



Local Government Grants Commission  
South Australia

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**Annual Report**  
**2007 - 08**

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The Honourable Gail Gago, MLC  
Minister for State/Local Government Relations  
Parliament House  
ADELAIDE SA 5000

Dear Minister

As Chairman of the South Australian Local Government Grants Commission appointed under the *South Australian Local Government Grants Commission Act 1992*, I have pleasure in presenting you with the Commission's Annual Report for 2007-08.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M Germein', with a horizontal line underneath.

Malcolm Germein AM  
CHAIRPERSON

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## CHAIRPERSON'S INTRODUCTION

The main function of the South Australian Local Grants Commission is to make recommendations to the Minister for State/Local Government Relations on the distribution of untied Commonwealth Financial Assistance Grants to local governing authorities in South Australia. Recommendations are made in accordance with the Commonwealth *Local Government (Financial Assistance) Act 1995*.

In 2007-08, the Commission made recommendations on the distribution of Financial Assistance Grants for 2008-09 totalling \$129 million. Of this, \$97.5 million was provided for general financial assistance and \$31.6 million provided for identified local road funding. This represents an increase in general financial assistance from the previous year's grants of 4.41 per cent and an increase in identified local road funding of 4.97 per cent.

State shares for the distribution of the general purpose grants are determined on an equal per capita basis, and the Commonwealth *Local Government (Financial Assistance) Act 1995* provides for the continuation of this arrangement. South Australia and the other less populous states have continued to maintain a firm stance on these arrangements for a number of years, holding the view that distribution of grant funding on an equalisation basis would be more equitable and economically efficient method of allocating Commonwealth funding.

The Commission endeavours to continually improve its methodology in allocating funds to local governing authorities. In 2006-07 the Commission completed its review of the expenditure assessment of the current methodology. This involved examining functional expenditure categories to determine whether a wider range of local government functions could be assessed and whether functional units of measure could be more accurately identified.

Following completion of the expenditure review, the Commission also undertook a review of the cost relativity indices for the stormwater maintenance expenditure function. The object of the review was to enhance and update the cost relativity indices (CRI's) and to review the cost driver to provide a more objective and accurate assessment of the relative advantage/disadvantage experienced by each local governing authority in the State for the maintenance of stormwater.

To facilitate the review, a reference group with representatives from councils, the Department of Transport, Energy and Infrastructure and consultants Tonkin Engineering was established and met on four occasions to assist with the development of the updated CRI's. The review confirmed the number of urban properties as the key driver to be used by the Commission in its assessment process.

The revised methodology was implemented for the 2008-09 grant recommendations. The Commission recommended no council receive a decreased grant in 2008-09 greater than minus 0.1%, and increases in grant were capped at 10%. This approach has ensured that the outcomes of the expenditure review are phased into the grant allocation process in future years to minimise the impact on council budgetary processes.

The Commission annually collects a broad range of financial and other data from local governments in South Australia. This data is fundamentally used in the grant calculations, but can also assist councils and other levels of government (and the private sector) in planning, reporting and managing projects affecting the local government sector.

Further work was undertaken throughout 2007-08 to ensure that the Commission's financial data collection form aligned with the sector's Model Financial Statements as they are updated each year. The Commission gratefully acknowledge Mr Max King from the Australian Bureau of Statistics for his assistance with this project, ongoing contribution to the development and refinement of the Commission's data collection tools and processes. Changes to the Supplementary Return are designed to reflect the current reporting practices in place in councils and make the process of preparing the next round of returns easier.

2007-08 has also been significant for the Commission in terms of its staffing. The most significant move during this time has been the promotion of the Commission's Executive Officer, Jane Gascoigne. Jane joined the Grants Commission in 1996 and has occupied the position of Executive Officer for over 10 years.

Working with the Commission, Jane has been instrumental in ensuring that the Grants Commission is well informed of developments within local government and had the necessary tools to ensure that Financial Assistance Grants have been provided to councils within South Australia in line with the National Principles.

Jane's work has seen a number of significant developments within the Commission, including:

- A major review of the Grants Methodology in 1998 and continual review of elements of the Methodology in the years since the major review;
- Development of accurate road length data and GIS mapping for local government starting in 2002;
- Taking over the collection of local government finance statistics from the Australian Bureau of Statistics in 2003;
- Working with Grants Commission staff from across Australia to ensure that South Australia benefits from the latest developments; and
- Canvassing the Commonwealth at every opportunity on behalf of councils to secure additional road funding for South Australia.

Jane's work to develop strong relationships with Councils, the Local Government Association, the Australian Local Government Association, the Commonwealth Grants Commission, the National Office of Local Government, Australian Bureau of Statistics and many other organisations have greatly enhanced the Commissions ability to provide appropriate grant outcomes for local councils.

While Jane has taken on a greater role in the office as Director, Local Government Grants and Regional Communities, she retains overall responsibility for the staff of the Commission and will be of enormous support. The Commission and staff thank Jane for her hard work over a long period of time and wish her well in her new role.

Project Officers Alex Sgro and Paul Nikou have also moved on to other challenges within the State Government. Their contributions to the work of the Commission have been significant and the Commission also wishes them well in their new roles.

The appointment of a new Executive Officer was finalised toward the end of the year and Mr Peter Ilee will join the Commission at the beginning of July. Peter comes back to the Commission having occupied the role of Project Officer from 2003 to 2005. The Commissioners look forward to working with Peter. Peter will be responsible for appointing other staff when he commences.

In closing, I would like to acknowledge the efforts of Commissioners Mary Patetsos and John Ross and thank Commission staff, Executive Officer Jane Gascoigne and Project Officers Alex Sgro, Paul Nikou and Lyn Skouborg for their contribution during the year.

**MALCOLM GERMEIN**  
**CHAIRPERSON**

## CHAPTER 1 - THE COMMISSION

### Membership

The South Australian Local Government Grants Commission is an independent statutory authority established under the *South Australian Local Government Grants Commission Act 1992*, which provides for three members who are appointed in a part-time capacity by the Governor. Members are appointed for a five-year term. At the conclusion of this time members are eligible for renomination. Members during 2007-08 were:

- Malcolm Germein, Chairperson from 1 August 1995 until 31 July 2010, joint nominee of the Local Government Association and Minister for State/Local Government Relations (Commissioner since 1992).
- Mary Patetsos, Commissioner from 8 August 2002 until 31 August 2012, nominee of the Minister for Local Government.
- John Ross, Commissioner from 11 August 2005 until 31 July 2010, nominee of the Local Government Association

For member profiles see *Appendix 1*.

### Location

The Commission's offices are located on Level 7 Roma Mitchell House, 136 North Terrace, Adelaide. Telephone (08) 8204 8719, Fax (08) 8204 8735. E-mail: [grants@saugov.sa.gov.au](mailto:grants@saugov.sa.gov.au).

### Staff

The Commission is funded for four full time staff members employed under the Public Sector Management Act. As at 30 June 2008, the position of Executive Officer had just been filled and Peter Ilee is due to return to the Commission in July 2008. Lyn Skouborg continues as Project Officer and selection processes are underway to fill the two remaining project officer positions.

### Purpose

The Commission is responsible for making recommendations to the Minister for State/Local Government Relations on the distribution of untied Commonwealth Financial Assistance Grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements, which are set out in *Chapter 3*.

### Reporting Arrangements and Funding

Administratively, staff of the Commission report to the Director, Local Government Grants and Regional Communities.

The Commission's operations are funded by the State Government from annual budget appropriations. A copy of the Commission's Financial Statements is included in *Appendix XI* of this report.

### Freedom of Information

The Commission's Executive Officer is the Principal Officer as defined in the *Freedom of Information Act 1991*. An appointment can be made by phoning (08) 8204 8719 during office hours.

No requests under the *Freedom of Information Act 1991* were received in 2007-08. In accordance with Section 9 of the Act an information statement is provided at *Appendix II*.

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## CHAPTER 2 - COMMISSION ACTIVITIES 2007-08

### Grant Allocation

The total 2007-08 allocation of \$122,095,970 was increased following the end of the financial year by \$1,349,911 after adjustment for CPI. This increase will be passed on to councils in the four quarterly instalments during 2007-08. The actual allocation figure, which includes the adjusted 2007-08 allocations, is shown in *Appendix III*.

For 2008-09 the Commission made recommendations on the distribution of \$129,058,490 that included both the general financial assistance and identified local road grants. A full list of allocations is contained in *Chapter 6*.

The general financial assistance component was \$97,445,421, an increase of 4.41 per cent on 2007-08. The identified local road component was \$31,613,069, an increase of 4.97 per cent.

Allocations were prepared in accordance with national distribution principles, under the Commonwealth *Local Government (Financial Assistance) Act 1995*. The principles are detailed in *Chapter 4*.

### Methodology Review (ongoing refinement)

During 1997-98 the Grants Commission completed the first stage of a major review of its general purpose grant methodology. The new methodology was introduced in line with the grant allocations for 1998-99. Changes were phased in over a seven-year period, concluding in 2004-05.

This comprehensive review of the general purpose grant methodology highlighted the need to focus further work on a range of factors associated with roads, in particular the differences between councils in the cost of reconstruction and maintenance of roads and accurately reflecting councils' road lengths.

During 1999-00, the Commission sought the assistance of consultants in undertaking an audit of councils' road length data. This enabled the Commission to map all councils' hard copy road network data into a Geographical Information System (GIS) format. This consistently mapped framework provided a firm foundation for future work.

The consultants worked closely with the data councils supplied to the Commission as part of their General Information Return i.e. road maps and summary data on road lengths by type. The consultants then liaised with councils over the data, to ensure that the information the consultants were mapping was accurate.

While the Commission used the outcome of the road length audit in the allocation of the 2000-01 general purpose grants, the Commission believed that the data would need further refinements and an ongoing commitment to its maintenance.

Early in 2001, the Commission engaged the services of an Engineer on a part time basis to refine the road length data (following updates supplied to the Commission by Councils) and address other ongoing Engineering related concerns and to authenticate the data used in the calculation process.

The revisions to the road length data (as at 30 June 2007) were used in the calculation of the 2007-08 general purpose grants. An updated list of road lengths can be found in *Appendix VIII - Units of Measure - Expenditure*.

A by-product of the road length audit process has been the production of detailed maps by council, prepared in a GIS format, consistently mapped across the State. The Commission was again able to give councils a copy of their map for their own use, either in hard copy or GIS format.

A listing of road lengths by council by surface type can be found at *Appendix IV*.

Work commenced in 1999 into the factors influencing councils' road reconstruction and maintenance costs and this was continued in 2003-04. The Cost Relativity Indices (CRI's) established in 1999, took into account four of the five factors the Commission believed were influencing councils' road reconstruction and maintenance costs.

These five factors were soil, rainfall, drainage, materials haulage and traffic volume. As a result of the 1999 review, the methodology used for calculating councils' CRI's was refined, however there has been insufficient data to reliably incorporate the influence of traffic volumes in the CRI's. The

Commission continues to believe that traffic volume has a significant impact on the deterioration of the local road network and will continue to explore the use of traffic volume in the future.

A project was commenced in October 2002 to review the indicator used in the methodology to reflect councils' capacity to raise revenue from its community. Currently the Commission uses property values as the sole indicator. The objective of this project was to develop an alternative indicator or an index, which could be used in conjunction with property values, and which would provide, as far as possible, an objective reflection of the capacity of individual councils to raise revenue from their communities.

Following further research, circulation of a summary of findings paper and consultation workshop, the review concluded in early 2004, with the outcomes used in the calculations for the 2004-05 and 2005-06 grant recommendations.

2005-06 saw the Commission embark on a project to review the expenditure assessments used in the current methodology. Tony Ward of Milbur Consulting Pty Ltd worked with the Commission to review two related aspects of the expenditure assessment.

Part one of the project involved the examination and documentation of the method of depreciation used by local government in South Australia and the benefit or otherwise of its inclusion into the Commission's calculations.

Part two of the project required an examination of the range of expenditure functions currently included in the Commission's assessments and the potential to either include additional expenditure functions or expand the existing functions to include an additional range of expenditure data.

A Reference Group comprising representatives from rural and metropolitan councils, the Local Government Association and Department of Treasury and Finance was formed to assist with the process. Two workshops were conducted which involved council consultation and participation.

Work undertaken in 2006-07 saw the Commission incorporate the results from the methodology review. The inclusion of depreciation in place of capital expenditure and the expansion of the range of expenditure functions currently included were incorporated in the assessment for the 2007-08 grant calculations.

In 2007-08, staff continued to research and develop drivers for those expenditure functions where suitable drivers were not found. As a result, the expanded expenditure functions were included in the 2008-09 grant calculations.

The Commission also undertook a review of the cost relativity indices (previously known as disability factors) for the stormwater maintenance expenditure function. The object of the review was to enhance and update the cost relativity indices (CRI's) and review the cost driver to provide a more objective and accurate assessment of the relative advantage/disadvantage experienced by each local governing authority in the State in relation to maintaining stormwater. Rod Ellis and Drew Jacobi of Tonkin Consulting worked with the Commission to review the CRI's.

As part of the review, a reference group comprising representatives from councils and the Department of Transport, Energy and Infrastructure was established, and met on four occasions to assist with the development of the updated CRI's.

### **Information Collection and Storage**

The Commission maintains an electronic database for calculating grants and for information distribution to councils and other users. The current database contains information including data from annual financial statements and supplements to those statements dating back to 1997-98. Data prior to 1997-98 is at pre-amalgamated council level where appropriate.

Other data includes rates information, valuations and data contained in the General Information Return (employees, road lengths, health inspections, development applications etc.). The Commission received 204 requests for information for the financial year ended 30 June 2007.

Continued refinement of the database occurred during the year to enhance the efficiency of the Commission's operations.

In addition, the Commission maintains a Geographical Information System, road centreline database off site at Tonkin Consulting (see Methodology Review ongoing refinement above).



A by-product of the road length audit process was the development of the Geographical Information System (GIS) in ArcInfo. Each year the Commission produces detailed hard copy maps by council, prepared in a GIS format, consistently mapped across the State. Should councils prefer, the maps can be downloaded into a range of difference formats e.g. MapInfo.

### Council Visits

The Commission undertakes regular visits to councils to provide information and the opportunity for discussion about the grant allocation process. The Commission greatly values these occasions because of the contribution they make to improve the relevance of the granting process.

During 2007-08 Commission members and staff attended 21 meetings at the councils listed below. In addition to these meetings the Grants Commission Executive Officer met with some Chief Executive Officers and Finance Managers to discuss methodological issues.

<p><b>Visited in September 2007</b>            Flinders Ranges Council            District Council of Mt Remarkable            District Council of Orroroo/Carrieton            District Council of Peterborough            Port Augusta City Council</p>	<p><b>Visited in November 2007</b>            Barossa Council            Town of Gawler            Light Regional Council            District Council of Mallala</p>	<p><b>Visited in April 2008</b>            Alexandrina Council            City of Victor Harbor            District Council of Yankalilla            Kangaroo Island Council            City of Marion            City of Adelaide</p>
<p><b>Visited in October 2007</b>            Town of Walkerville            City of Burnside</p>	<p><b>Visited in March 2008</b>            Campbelltown City Council            Coorong District Council</p>	<p><b>Visited in May 2008</b>            City of Unley</p>
		<p><b>Visited in June 2008</b>            City of Onkaparinga</p>

### Special Local Roads Program and the Local Government Transport Advisory Panel

The Special Local Roads Program was established under the joint approvals of the South Australian Government, Commonwealth Government and Local Government. The program commenced in 1985-86 and facilitates funding of significant works throughout the State.

Responsibility for preparation and monitoring of a continuing program of projects rested with the Local Roads Advisory Committee until December 2004, when at the request of the Local Government Association, responsibility moved to the Local Government Transport Advisory Panel.

The Local Government Transport Advisory Panel is a Committee of the Local Government Association (LGA), and executive support is provided to the Committee by the LGA. The Committee's main role is to make recommendations to the South Australian Local Government Grants Commission on the allocation of the Special Local Road component of the Financial Assistance Grants. Formal reporting of funding allocations is contained within *Chapter 6* of this report.

The Committee comprises Mayor Brian Hurn, (Mayor, Barossa Council), as Chairperson, Mr Mark Elford (Director, Road Transport Planning, Department of Transport Energy and Infrastructure), Wally Iasiello (Director, Technical Services, Port Adelaide Enfield Council), Mayor Kym McHugh (Alexandrina Council) and Ms Jane Gascoigne (Director, Local Government Grants and Regional Communities). The Committee's Executive Officer is Mr David Hitchcock, an officer of the Local Government Association.

Each year the Committee calls for submissions from Local Government Regional Organisations, which are asked to determine regional priorities within their areas.

For 2008-09 \$4.74 million was allocated to specific projects under the Financial Assistance Grants program, \$2.14 million under the Supplementary Local Road Funding Grant and \$3.75 million under the Special Projects component of the Roads to Recovery Grants. In total \$10.63 million was allocated for 2008-09.

### **Local Roads Advisory Committee**

The Local Roads Advisory Committee is a committee of Transport SA. It no longer has a role to play in making recommendations to the Grants Commission on the prioritisation of roads for funding under the Special Local Roads Program.

It does however still have responsibility for advising the Minister for Transport, Energy and Infrastructure on the reclassification of roads. For example, where a council wishes a road to be reclassified from local to arterial, this request would go to the Local Roads Advisory Committee.

The Committee comprises Mayor Brian Hurn, (Mayor of the Barossa Council) as Chairperson, Mr Mark Elford (Director, Road Transport Planning, Department of Transport, Energy and Infrastructure), and Ms Jane Gascoigne (Director, Local Government Grants and Regional Communities). The Committee's Executive Officer is Mr Silvio Visentin, an officer of the Department of Transport.

During 2007-08, the Committee continued work to enhance its methodology for reclassifying roads. The new Guidelines were published by the Minister for Transport, Energy and Infrastructure in July 2008.

### **Matters Referred By The Minister**

Under Section 20 of the State Act, the Minister for State/Local Government Relations may refer matters to the Commission for report. There were no references to the Commission under this section during 2007-08.

### **The Year Ahead**

While the Commission endeavours to continually improve its methodology in allocating funds to local governing authorities, the appointment of a new Executive Officer and new project officers represent a year of consolidation for the Commission in 2008-09.

The new Executive Officer and staff will use 2008-09 to become fully conversant with the methodology used by the Commission and sources of information used in developing recommendations. Some preparatory work will be done to identify areas of the methodology to be reviewed in 2009-10.

Working with the Local Government Association, the Commission has identified approximately 30 councils who require assistance in the development of their asset management plans. Financial assistance of approximately \$8,000 will be provided to each council in 2008-09.

The Commission will be developing and launching its own independent website in 2008-09. The website will help to better meet the needs of the South Australian Grants Commission's audience and provide extra information not previously accessible to the wider community.

Collection and dissemination of South Australia's Local Government Finance Statistics will again be a major focus in 2008-09. The Commission will continue to work with the Local Government Association, Office for State/Local Government Relations, Local Government Financial Management Group and the Australian Bureau of Statistics on standardising data collection forms and making the provision of information as easy as possible for councils.

Accurate road length data is an essential element in the grant calculations. Existing data stored on the Commission's offsite Geographical Information System (GIS) will continue to be refined in association with councils during the year. The Commission will offer the road length data to councils in either CD format or hard copy map.

Understanding the needs and funding requirements of Aboriginal Communities is an ongoing responsibility of the Commission. The Commission will continue to monitor developments in the administration of the Aboriginal Communities in 2008-09 and respond to changes in grant funding in line with the National Principles as necessary.

The Commission will sustain its active council visiting program in 2008-09. These sessions provide a unique opportunity to discuss the grant allocation process. The Commission values the chance to explain to councils methodology details, and be advised of specific issues facing council.

## **Local Government Disaster Fund**

The Commission's staff provides administrative support to the Local Government Disaster Fund Management Committee on a fee for service basis. For the financial year ended 30 June 2008, the Management Committee made recommendations to the Treasurer for payments of \$6.2 million to councils primarily in respect of storm damage and bushfires. Approved by the Treasurer, the recommendations were \$5 million in excess of the original \$1.2 million budget provision for the year.

## **CHAPTER 3 - LEGISLATIVE FRAMEWORK**

### **Commonwealth Local Government (Financial Assistance) Act 1995**

*The Commonwealth Local Government (Financial Assistance) Act 1995* came into effect on 1 July 1995.

The Act provides for:

- a per capita distribution (to the States) for the general financial assistance component;
- the continued separate identification of local road funding and maintenance of existing state shares for that funding;
- a national report on the operation of the Act, specifically the achievement of horizontal equalisation, the methods used by the Commissions, the performance of councils including their efficiency, and the provision of services to Aboriginal & Torres Strait Islander communities; and
- a set of national principles governing the distribution of grants between councils replacing the previous state by state principles. The principles, which provide for a distribution based on horizontal fiscal equalisation (subject to the minimum grant entitlement) are discussed in detail in *Chapter 4*.

The Commission allocated the grants for 2008-2009 in accordance with these principles.

Detailed information about Financial Assistance Grants to local government since 1976 may be found in previous annual reports of the Commission, in special reports of the Commonwealth Grants Commission and in the report of the National Inquiry into Local Government Finance, 1985.

Distribution of the general financial assistance component to States is on a per capita basis. South Australia's share has been reducing as its population as a proportion of the Australian population declines, (see Table 1). State shares of identified local road funding are based on those existing prior to 1991-92, and South Australia receives less than a per capita share, see Table 2.

The total level of grants to Local Government in 2008-2009 has increased in line with estimated inflation and the underlying growth in Commonwealth General Purpose payments to the States.

Entitlements for all States for 2007-2008 and for 2008-2009 are set out in Tables 1 and 2.

**TABLE 1 - Commonwealth General Purpose Financial Assistance for Local Government, State and Territory Entitlements 2007-08 and 2008-09**

State	2007-08		2008-09		% change 07/08 to 08/09. (%)
	Proportion (%)	Allocation (Actual) (\$mill)	Proportion (%)	Allocation (Estimate) (\$mill)	
New South Wales	32.88	406.05	32.71	424.02	4.42
Victoria	24.77	305.91	24.77	321.12	4.97
Queensland	19.82	244.75	19.97	258.82	5.75
Western Australia	9.98	123.30	10.06	130.43	5.78
<b>South Australia</b>	<b>7.56</b>	<b>93.33</b>	<b>7.52</b>	<b>97.45</b>	<b>4.41</b>
Tasmania	2.36	29.13	2.34	30.35	4.18
Northern Territory	1.02	12.59	1.03	13.32	5.78
Australian Capital Territory	1.61	19.93	1.61	20.86	4.70
<b>TOTAL</b>	<b>100.00</b>	<b>1234.99</b>	<b>100.00</b>	<b>1296.36</b>	<b>4.97</b>

**TABLE 2 - Commonwealth Identified Local Road Grants for Local Government, State and Territory Entitlements 2007-08 and 2008-09**

State	2007-08		2008-09		% change 07/08 to 08/09. (%)
	Proportion (%)	Allocation (Actual) (\$mill)	Proportion (%)	Allocation (Estimate) (\$mill)	
New South Wales	29.01	158.99	29.01	166.89	4.97
Victoria	20.62	112.98	20.62	118.59	4.97
Queensland	18.74	102.68	18.74	107.78	4.97
Western Australia	15.29	83.79	15.29	87.95	4.97
<b>South Australia</b>	<b>5.50</b>	<b>30.12</b>	<b>5.50</b>	<b>31.61</b>	<b>4.97</b>
Tasmania	5.30	29.04	5.30	30.48	4.97
Northern Territory	2.34	12.84	2.34	13.47	4.97
Australian Capital Territory	3.21	17.57	3.21	18.45	4.97
<b>TOTAL</b>	<b>100.00</b>	<b>548.00</b>	<b>100.00</b>	<b>575.24</b>	<b>4.97</b>

### **South Australian Local Government Grants Commission Act 1992**

The original State Act was proclaimed in 1976 to establish the Commission, its membership, functions and responsibilities in accordance with the provisions of the Commonwealth Act.

It was repealed and replaced with the present Act in 1992 to, amongst other things, embody new arrangements agreed with local government in the areas of membership and reporting.

### **Eligible Bodies**

For the 2008-2009 allocations there were 68 councils, the Outback Areas Community Development Trust and five Aboriginal communities eligible for grants.

## CHAPTER 4 - National Principles, General Purpose & Road Grants

The national principles contained within the *Commonwealth Local Government (Financial Assistance) Act 1995* underpin the methodology employed by the Commission in the distribution process.

There are six main principles for general purpose grants and an additional one for road grants. They are:

### General Purpose National Principles

#### (i) Horizontal Equalisation

The equalisation component of the Financial Assistance Grants will be allocated to local governing bodies, as far as practicable, on a full horizontal equalisation basis as defined by the *Local Government (Financial Assistance) Act, 1995*. This is a basis that ensures that each local governing body in the State/Territory is able to function by reasonable effort, at a standard not lower than the average standard of other local governing bodies in the State. It takes account of differences in the expenditure required by those local governing bodies in the performance of their function and in the capacity of those local governing bodies to raise revenue.

#### (ii) Effort Neutrality

An effort or policy neutral approach will be used in assessing expenditure requirements and revenue raising capacity of each local governing body. This means as far as practicable, policies of individual local governing bodies in terms of expenditure and revenue effort will not affect the grant determination.

#### (iii) Minimum Grant

The minimum general purpose grant allocation for a local governing body will be not less than the amount to which the local governing body would be entitled if 30% of the total amount of equalisation component funds for the State/Territory were allocated on a per capita basis.

#### (iv) Other Grant Support

Other relevant grant support provided to local governing bodies to meet any of the expenditure needs assessed should be taken into account using an inclusion approach.

#### (v) Aboriginal Peoples and Torres Strait Islanders

Financial assistance shall be allocated to councils in a way that recognises the needs of Aboriginal and Torres Strait Islander people within their boundaries.

#### (vi) Council Amalgamation (New Principle from 2006-07)

Where two or more local governing bodies are amalgamated into a single body, the general purpose grant provided to the new body for each of the four years following amalgamation, should be the total of the amounts that would have been provided to the former bodies in each of those years if they had remained separate entities.

### Identified Road Component National Principle

#### (vii) Identified Road Component

The identified road component of the Financial Assistance Grants should be allocated to local governing bodies as far as practicable on the basis of the relative needs of each local governing body for roads expenditure and to preserve its road assets. In assessing roads needs relevant considerations include length, type and usage of roads in each local governing area.

## CHAPTER 5 - METHODOLOGY

### General Purpose Grant

The methodology used to assess the general purpose component of the Local Government Financial Assistance Grants is intended to achieve an allocation of grants to local governing bodies in the State consistent with the National Principles. The over-riding principle is one of Horizontal Fiscal Equalisation, which is constrained by a requirement that each local governing body must receive a minimum entitlement per head of population as prescribed in the Commonwealth legislation.

The South Australian Local Government Grants Commission uses a direct assessment approach to the calculations. This involves the separate estimation of a component revenue grant and a component expenditure grant for each council, which are aggregated to determine each council's overall equalisation need. Available funds are distributed in accordance with the relativities established through this process and adjustments are made as necessary to ensure the per capita minimum entitlement is met for each council. For local governing bodies outside the incorporated areas (the Outback Areas Community Development Trust and five Aboriginal Communities) allocations are made on a per capita basis.

A standard formula is used as a basis for both the revenue and expenditure component grants.

### Formulae

#### *General financial assistance*

The formula for the calculation of the raw revenue grants can be expressed as:

$$G = P_c \times S \times \left[ \left( \frac{U_s}{P_s} \times RRI_s \right) - \left( \frac{U_c}{P_c} \times RRI_c \right) \right]$$

Similarly, the formula for the calculation of the raw expenditure grants can be expressed as:

$$G = P_c \times S \times \left[ \left( \frac{U_c}{P_c} \times CRI_c \right) - \left( \frac{U_s}{P_s} \times CRI_s \right) \right]$$

Subscripts of s or c are used to describe whether it applies to the state or a particular council.

$G$  = council's calculated relative need assessment

$P$  = population

$U$  = unit of measure. Some units of measure are multiplied by a weight.

$S$  = standard, be it cost or revenue =  $\frac{\text{expenditure or income}}{U}$

$RRI$  = Revenue Relativity Index.  $CRI$  = Cost Relativity Index (previously known as the disability factor). They are centred around 1.00, i.e.,  $RRI_s$  or  $CRI_s$  equals 1.00. If more than one  $CRI$  exists for any function then they are multiplied together to give an overall  $CRI$  for that function.

In the revenue calculations for both residential and rural assessments, the Commission has calculated a revenue relativity index based on the SEIFA Index of Economic Resources. Where no revenue relativity index exists the  $RRI_c = 1.0$ . For a list of the Revenue Relativity Indices applied to this year's valuation data, see *Appendix VI*.

Currently in all expenditure calculations with the exception of roads, stormwater and waste management there are no disability factors applied, and consequently  $CRI_c = 1.0$ .

The raw grants, calculated for all functions using the above formulae, both on the revenue and expenditure sides, are then totalled to give each council's total raw grant figure. Any council whose raw calculation per head is less than the per capita figure, (\$18.45 for 2008-09), then has the per capita figure applied. The balance of the allocated amount is then apportioned to the remaining councils based on their calculated proportion of the raw grant. Commission determined limits are then applied to minimise the impact on council's budgetary processes.

In the calculation of the 2008-09 grants, the Commission constrained changes to councils between positive 10% and minus 0.1%. An iterative process is then undertaken until the full allocation is determined.

### ***Component Revenue Grants***

Component revenue grants compensate or penalise councils according to whether their **capacity to raise revenue** from rates is less than or greater than the State average. Councils with below average capacity to raise revenue receive positive component revenue grants and councils with above average capacity receive negative assessments.

The Commission estimates each council's component revenue grant by applying the State average rate in the dollar to the difference between the council's improved capital values per capita multiplied by the  $RRI_c$  and those for the State as a whole, and multiplying this back by the council's population. The State average rate in the dollar is the ratio of total rate revenue to total improved capital values of rateable property. The result shows how much less (or more) rate revenue a council would be able to raise than the average for the State as a whole if it applied the State average rate in the dollar to the capital values of its rateable properties. This calculation is repeated for each of five land use categories, namely;

- residential;
- commercial;
- industrial;
- rural; and
- other.

To overcome fluctuations in the base data, valuations, rate revenue and population are averaged over three years. Revenue Relativity Indices ( $RRI_c$ ) are only applied to the residential and rural valuations.

### ***Subsidies***

Subsidies that are of the type that most councils receive and are not dependent upon their own special effort i.e. they are effort neutral, are treated by the "inclusion approach". That is, subsidies such as those for library services, and roads are included as a revenue function.

### ***Component Expenditure Grants***

Component expenditure grants compensate or penalise councils according to whether the costs of providing a standard range of local government services can be expected to be greater than or less than the average cost for the State as a whole due to factors outside the control of councils. The Commission assesses expenditure needs and a component expenditure grant for each of a range of functions and these are aggregated to give a total component expenditure grant for each council.

The methodology compares each council per capita against the State average. This enables the comparison to be consistent and to compare like with like.

Each function is identified by a main driver or ***unit of measure***. This is divided into the total expenditure on the function for the State as a whole to determine the average or ***standard cost*** for the particular function. For example, in the case of the expenditure function **built-up sealed roads**, "kilometres of built-up sealed roads" is the unit of measure.

Using this example, the length of built-up sealed roads per capita for each council is compared with the State's length of built-up sealed road per capita. The difference, be it positive, negative or zero, is then multiplied by the average cost per kilometre for construction and maintenance of built up sealed roads for the State as a whole (standard cost). This in turn is multiplied back by the council's population to give the component expenditure grant for the function. As already indicated this grant can be positive, negative or zero.

In addition, it is recognised that there may be other factors beyond a council's control which require it to spend more (or less) per unit of measure than the State average, in this example to reconstruct or maintain a kilometre of road. Accordingly, the methodology allows for a ***cost relativity index (CRI)***, to be determined for each expenditure function for each council. Indices are centred around 1.0, and are used to inflate or deflate the component grant for each council. In the case of roads, CRI's measure relative costs of factors such as material haulage, soil type, rainfall and drainage.

To overcome fluctuations in the base data, inputs into the expenditure assessments (with the exception of the newly revised road lengths) are averaged over three years.

The following table details the approach taken to expenditure functions included in the methodology.

<b>Expenditure Function</b>	<b>Standard Cost</b>	<b>Units of Measure</b>
Waste Management	Reported expenditures <sup>1</sup>	Number of residential properties
Aged Care Services	Reported expenditures <sup>1</sup>	Population aged 65+ from the ABS Census and estimated resident population
Services to Families and Children	Reported expenditures <sup>1</sup>	Population aged 0-14 yrs from the ABS Census and estimated resident population
Health Inspection	Reported expenditures <sup>1</sup>	Establishments to inspect
Libraries	Set at 1.00.	Number of library visitors
Sport and Recreation	Reported expenditures <sup>1</sup>	Population aged 5-49 years from the ABS Census and estimated resident population
Sealed Roads – Built-Up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of built-up sealed road as reported in GIR
Sealed Roads - Non-built-up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of non-built-up sealed road as reported in GIR
Sealed Roads - Footpaths etc	Set at 1.00.	Kilometres of built-up sealed road as reported in GIR
Unsealed Roads – Built-up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of built-up unsealed road as reported in GIR
Unsealed Roads - Non-built-up <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of non-built-up unsealed road as reported in GIR
Unformed Roads <sup>5</sup>	Reported expenditures <sup>1</sup>	Kilometres of unformed road as reported in GIR Roads
Stormwater Drainage Maintenance 2,3	Reported expenditures <sup>1</sup>	Number of urban properties <sup>4</sup>
Community Support	Set at 1.00.	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	Set at 1.00	Number of jetties and wharves
Public Order and Safety	Set at 1.00	Total number of properties
Planning and Building Control	Reported expenditures <sup>1</sup>	Number of new developments and additions
Bridges	Set at 1.00	Number of bridges as reported in GIR
Other Needs Assessments	Set at 1.00.	Based on Commission determined relative expenditure needs in a number of areas <sup>6</sup>

1 Councils' expenditures reported in the Commission's Supplementary returns.

2 Includes both construction and maintenance activities.

3 The Commission has also decided, for these functions, to use CRI's based on the results of a previous consultancy by BC Tonkin and Associates.

4 Urban properties = sum [residential properties, commercial properties, industrial properties, exempt residential properties, exempt commercial properties, exempt industrial properties].

5 The Commission has for these functions, used CRI's based on the results of a consultancy led by Emcorp and Associates, in association with PPK Environment and Infrastructure. Tonkin Consulting has since refined the results. For a breakdown of each cost relativity indices by type of road, refer *Appendix V*.



- 6 Comprises Commission determined relative expenditure needs with respect to the following:
- Non-Resident Use / Tourism / Regional Centre – assessed to be high, medium or low;
  - Duplication of Facilities – identified by the number of urban centres and localities (as determined by the Australian Bureau of Statistics (ABS));
  - Isolation – measured as distance from the GPO to the main service centre for the council (as determined by the RAA);
  - Additional recognition of needs of councils with respect to Aboriginal people – identified by the proportion of the population identified as Aboriginal or Torres Strait Islander;
  - Unemployment – identified by the proportion of the population unemployed;
  - Capital City status – gives recognition to such things as the ability of the council to raise revenue from sources other than rates i.e. car parking and from the Wingfield dump, and their extraordinary expenditure need i.e. due to the requirement that they maintain the entire road network within the City, and due to the daily influx of non-resident population.

This final factor *Other Needs Assessment* (also known as *Function 50*) originates from awareness by the Commission that there are many non-quantifiable factors, which may influence a council's expenditure, and that it is not always possible to determine objectively the extent to which a council's expenditure is affected by these factors. The Commission is aware that there are many factors, which may influence a council's expenditure and that it is not always possible to determine objectively the extent to which a council's expenditure is affected by inherent or special factors. Therefore, in determining units of measure and cost relativity indices, the Commission must exercise its judgement based on experience, the evidence submitted to the Commission, and the knowledge gained by the Commission during visits to council areas and as a result of discussions with elected members and staff.

The calculated standards by function are outlined in the next section.-

## Summary of figures by function

Total Population = 1584413

Function	Standard in Dollars	Unit of Measure per Capita	Total Units of Measure	Unit of Measure
<b>Expenditure Functions</b>				
Waste Management	123.40	0.40945	635,970	No of residential properties
Aged Care Services	89.58	0.15096	234,473	Population aged more than 65
Services To Families And Children	44.26	0.18327	284,666	Population aged 0 to 14
Health Inspection	298.76	0.01341	20,823	Establishments to inspect
Libraries	5.18	7.32830	11,382,448	Number of visitors
Sport and Recreation	122.28	0.60711	942,976	Population aged 5 to 49
Sealed Roads - Built Up	8,164.07	0.00649	10,080	Kilometres of sealed builtup
Sealed Roads - Non Built Up	8,164.07	0.00447	6,950	Kilometres of sealed non-builtup
Sealed Roads - Footpaths etc	8,776.56	0.00649	10,080	Kilometres of sealed builtup
Unsealed Roads - Built Up	1,325.29	0.00050	784	Kilometres of formed and surfaced, and natural surface formed builtup road
Unsealed Roads - Non Built Up	1,325.29	0.03060	47,521	Kilometres of formed and surfaced, and natural surface formed non-builtup road
Roads - Unformed	114.01	0.00582	9,042	Kilometres of natural surfaced unformed road
Stormwater Drainage - Maintenance	45.70	0.44224	686,902	No of urban, industrial and commercial properties including exempt
Community Support	20.59	1.00026	1,553,629	3yr average population * SEIFA Advantage Disadvantage CRI
Jetties and Wharves	10,164.16	0.00005	75	Number of jetties and wharves
Public Order and Safety	12.94	0.56174	872,502	Total no of properties
Planning And Building Control	684.41	0.03429	53,258	No of new developments and additions
Bridges	2,461.33	0.00065	1,005	Number of bridges
Other Special Needs	1.00	26.38276	40,978,200	Total of dollars attributed
<b>Revenue Functions</b>				
Rates - residential	0.0030	112,859	174,377,746,955	Valuation of residential
- commercial	0.0056	14,015	21,766,197,038	Valuation of commercial
- industrial	0.0079	2,268	3,522,622,573	Valuation of industrial
- rural	0.0030	18,515	28,430,047,649	Valuation of rural
- other	0.0022	7,431	11,540,227,830	Valuation of other
Subsidies	1.00	24.29682	37,738,289	The total of the subsidies

## Calculated standards by function

The Commission uses the above table to enable it to calculate a council's raw grant for each of the given functions. To do this we calculate each individual council's unit of measure per capita, compare it with the similar figure from the table and then multiply the difference by the standard from the table and its own population. If *CRIs* are applicable then they must be included as a multiplier against the council's unit of measure per capita.

It must be stressed that this only allows the calculation of the raw grant for the individual function, not the estimated grant. The calculation of the estimated grant is not possible as per capita minimums need to be applied and the total allocation apportioned to the remaining councils.

### ***Aggregated Revenue and Expenditure Grants***

Component grants for all revenue categories and expenditure functions, calculated for each council using the method outlined above, are aggregated to give each council's total raw grant figure. Where the raw grant calculation per head of population for a council is less than the per capita minimum established as set out in the Act, (\$18.45 for 2008-09), the grant is adjusted to bring it up to the per capita minimum entitlement. The balance of the allocated amount, less allocation to other local governing bodies outside the incorporated areas, is then apportioned to the remaining councils based on their calculated proportion of the raw grant. Commission determined limits may then be applied to minimise the impact on council's budgetary processes. In the calculation of the 2008-09 grants, the Commission constrained changes between positive 10% and minus 0.1%. An iterative process is then undertaken until the full allocation is determined.

### **Identified Local Road Grant**

In South Australia, the identified local road grants pool is divided into formula grants (85%) and special local road grants (15%).

The formula component is divided between metropolitan and non-metropolitan councils on the basis of an equal weighting of road length and population.

In the metropolitan area, allocations to individual councils are determined again by an equal weighting of population and road length. In the non-metropolitan area, allocations are made on an equal weighting of population, road length, and area of council.

Distribution of the special local road grants is based on recommendations from the Local Government Transport Advisory Panel. This Committee is responsible for assessing submissions from regional associations on local road projects of regional significance.

### **Outback Areas Community Development Trust**

The Outback Areas Community Development Trust is prescribed as a local governing body for the purposes of the Grants Commission's recommendations.

The Trust was established in May 1978 under legislation of the South Australian Parliament. It has a broad responsibility for community development activities in the outback areas of the State and with particular emphasis on those functions that are at present normally undertaken by local councils elsewhere in the State.

Due to the lack of comparable data, the Commission is not able to calculate the grant to the Trust in the same manner as grants to other local governing bodies. Rather, a per capita grant has been established. The 2008-09 per capita grant is \$338.83.

### **Aboriginal Communities**

Since 1994-95 the Grants Commission has allocated grants to 5 Aboriginal communities recognised as local governing authorities for the purposes of the *Commonwealth Local Government (Financial Assistance) Act 1995*.

The Aboriginal communities are Anangu Pitjantjatjara, Gerard Community Council Inc., Maralinga Tjarutja, Nepabunna Community Council Inc., and Yalata Community Council Inc.

Again, due to the unavailability of data, grants for these communities are not calculated in the same manner as grants to other local governing bodies. Initially, the Commission utilised the services of a consultant, Alan Morton, of Morton Consulting Services, who completed a study on the expenditure needs of the communities and their revenue raising capacities. Comparisons were made with communities in other states and per capita grants were established. Grants have gradually been increased since the initial study. For 2008-09 the per capita grant varied from \$362.38 for Nepabunna to \$1,302.98 for Yalata Community Council.

## CHAPTER 6 – FINANCIAL ASSISTANCE GRANT ALLOCATIONS FOR 2008-09

Local Government Authority	Population as at 30-Jun-07	General Purpose Grant (\$)	Identified Road Grant (\$)	Special Local Road Grant (\$)	Total Estimated Grant (\$)
Adelaide City	18,575	342,709	189,287	110,000	641,996
Adelaide Hills Council	39,691	732,299	585,673	122,000	1,439,972
Alexandrina Council	22,026	406,380	434,908		841,288
Barossa Council	21,806	402,321	365,925		768,246
Barunga West District	2,622	262,584	169,946		432,530
Berri Barmera Council	11,372	1,828,035	183,180		2,011,215
Burnside City	43,888	809,734	391,986		1,201,720
Campbelltown City	48,287	890,895	427,593		1,318,488
Ceduna District	3,675	1,741,139	356,600		2,097,739
Charles Sturt City	104,464	1,927,361	939,615	300,000	3,166,976
Clare And Gilbert Valleys Dc	8,590	319,872	309,889	289,000	918,761
Cleve District	1,976	778,479	289,574		1,068,053
Cooper Pedy	1,962	776,851	39,597		816,448
Coorong District	5,835	1,906,675	537,236		2,443,911
Copper Coast District	12,238	1,373,772	240,691		1,614,463
Elliston District	1,170	623,399	330,944		954,343
Flinders Ranges Council	1,810	909,837	243,175		1,153,012
Franklin Harbour District	1,337	750,598	207,019		957,617
Gawler Town	19,841	873,116	231,975		1,105,091
Goyder Regional Council	4,302	1,921,857	546,449		2,468,306
Grant District	8,405	767,757	277,232	150,000	1,194,989
Holdfast Bay City	35,037	646,433	301,998		948,431
Kangaroo Island Council	4,469	1,393,364	319,624	600,000	2,312,988
Karoonda East Murray District	1,199	925,747	275,196		1,200,943
Kimba District	1,148	728,358	244,447	450,000	1,422,805
Kingston District	2,435	490,338	202,780		693,118
Light Regional	13,160	242,802	320,276		563,078
Lower Eyre Pen Dc	4,631	307,478	325,807		633,285
Loxton Waikerie District	12,111	2,520,035	600,440	590,000	3,710,475
Mallala District	8,360	810,672	201,920		1,012,592
Marion City	82,229	1,517,125	757,692		2,274,817
Mid Murray Council	8,381	2,431,371	523,896		2,955,267
Mitcham City	64,717	1,194,029	612,241		1,806,270
Mount Barker District	28,270	569,005	410,898		979,903
Mount Gambier City	24,640	1,439,991	305,505		1,745,496
Mount Remarkable District	2,935	1,250,922	295,389		1,546,311

<b>Local Government Authority</b>	<b>Population as at 30-Jun-07</b>	<b>General Purpose Grant (\$)</b>	<b>Identified Road Grant (\$)</b>	<b>Special Local Road Grant (\$)</b>	<b>Total Estimated Grant (\$)</b>
Murray Bridge District	18,595	2,598,880	362,939		2,961,819
Naracoorte Lucindale Dc	8,435	1,573,509	392,449	381,000	2,346,958
Northern Areas Council	4,883	929,728	329,110	347,000	1,605,838
Norwood, Payneham And St. Peters	35,571	656,285	293,398		949,683
Onkaparinga City	155,919	6,373,287	1,841,105		8,214,392
Orroroo/Carrieton District	954	638,196	206,479		844,675
Peterborough Dc	1,987	1,102,160	200,645		1,302,805
Playford City	73,162	7,828,369	931,100		8,759,469
Port Adelaide Enfield	107,970	1,992,047	1,026,596		3,018,643
Port Augusta City	14,215	2,934,927	234,277		3,169,204
Port Lincoln City	14,298	719,738	182,191		901,929
Port Pirie City And Districts	17,869	3,608,233	354,353		3,962,586
Prospect City	20,354	375,531	165,335		540,866
Renmark Paringa District	9,892	1,848,369	185,475		2,033,844
Robe District	1,457	26,882	88,065		114,947
Roxby Downs Municipality	4,383	80,866	57,897		138,763
Salisbury City	124,825	8,181,394	1,168,576		9,349,970
Southern Mallee District	2,243	859,819	325,697		1,185,516
Streaky Bay District	2,165	1,057,223	371,629		1,428,852
Tatiara District	7,176	1,526,566	457,591		1,984,157
Tea Tree Gully City	99,564	1,836,956	924,931	225,000	2,986,887
Tumby Bay District	2,664	444,697	211,854		656,551
Unley City	38,104	703,019	310,904	740,000	1,753,923
Victor Harbor District	12,811	236,363	195,686		432,049
Wakefield Regional Council	6,660	1,159,841	406,032		1,565,873
Walkerville Town	7,286	134,427	62,304		196,731
Wattle Range Council	12,408	1,199,212	447,654	438,000	2,084,866
West Torrens Cty	54,896	1,012,831	488,487		1,501,318
Whyalla City	22,612	4,254,728	324,113		4,578,841
Wudinna District	1,331	1,153,063	317,967		1,471,030
Yankalilla District	4,439	86,567	121,441		208,008
Yorke Peninsula District	11,567	1,060,724	661,038		1,721,762
Outback Areas Cdt	3,568	1,208,934			1,208,934
Anangu Pitjantjatjara	2,199	955,392	118,819		1,074,211
Gerard Cty Council	83	37,286	15,831		53,117
Maralinga Tjarutja	105	77,908	42,511		120,419
Nepabunna Cty Council	66	23,917	15,761		39,678
Yalata Cty Council	103	134,207	34,226		168,433
<b>STATE TOTAL</b>	<b>1,584,413</b>	<b>97,445,421</b>	<b>26,871,069</b>	<b>4,742,000</b>	<b>129,058,490</b>

## **APPENDIX I - Member profiles**

### **Malcolm Germein AM**

Farmer and Grazier at Ardrossan, currently living in Adelaide; Councillor of the District Council of Central Yorke Peninsula 1978-95; Chair of the Council Planning Committee 1989-92; Vice President of the SA Local Government Association 1986-88; President of the SA Local Government Association 1988-90; Chair of the Local Government Workers Compensation Scheme 1988 to 1997; Chair of the Local Government Mutual Liability Scheme 1990 to 1997; Chair of the Council Purchasing Authority 1991 to 1997, Vice President of the Australian Local Government Association 1990-92; Chair of the Local Roads Advisory Committee 1988-93; Member of the Development Policy Advisory Committee; Chair of the Yorke Peninsula Regional Development Board 1994 to 1996; and Chairman of the SA Local Government Grants Commission 1995 to present.

### **Mary Patetsos BSW Grad Dip Sociology, JP**

Principal Consultant Synthesis Consultancy since 1996 and Commissioner of the Local Government Grants Commission since 2002. Prior employment as Principal Consultant, Optimum Outcomes Consultancy (NSW); Senior Policy Adviser Aged Care Australia (ACT); Senior Adviser to the Department Secretary Health Department (WA); Senior Policy Officer Western Australian Municipal Association; Research and Development Officer City of Wanneroo (WA) and project Co-ordinator Royal Prince Alfred Hospital (NSW); Board Member Greek Community of SA – Ridleyton Nursing Home since 2004. Board Member SA Housing Trust, 2005; South Australian Affordable Housing Board, 2006; Social Inclusion Board - SA, 2007.

### **John Ross, Cr**

Councillor of Tatiara Council since 1979; Chairman of Tatiara Council 1989-1992 and 2003 to present; President of the SA Local Government Association 1995-1997; President of the Australian Local Government Association 1999-2002; President of the South East Local Government Association 1990-1995; Chair of the Local Government Mutual Liability Scheme since 1997; Chair of the Local Government Workers Compensation Scheme since 1997; Australian Transport Council member 1997-2002; Austroads board member 1997-2002; Chair of Forestry SA board since 2003; Member of Council of Australian Governments 1999-2002; LGA representative on State Water Resources Council 1990-1996; Chairman of STEDs scheme 1992-1996; Chairman of South East Relief Trust 1993-1995; Chairman of SA Council Purchasing Co-Op 1997-1998; and Commissioner of the SA Local Government Grants Commission August 2005 to present.

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## **APPENDIX II - Freedom of Information Act 1991**

### ***Statement Section 9***

#### ***Structure and functions of the Commission***

Refer Chapter 1 of this report.

#### ***Effect of Commission's decision making on members of the public***

The Commission's primary function is to make recommendations to the responsible Minister on the distribution of untied Commonwealth general revenue assistance grants to local governing authorities in South Australia. Consequently the Commission's decision making has no direct effect on members of the public.

#### ***Arrangements for members of the public to participate in Commission policy formulation***

As mentioned in Chapter 2 of this report, public hearings are incorporated into council visits. Members of the public are invited to attend these meetings and to make submissions to the Commission.

#### ***Categories of documents***

Annual reports of the Commission are available for perusal at the Commission's offices.

Other documents held by the Commission:

- Corporate files containing correspondence, memoranda, minutes etc on the Commission's operations;
- Administrative Policies and Procedures (many of which are prepared by other agencies), and files;
- registry files containing information and data returns;
- statistical and comparative reports prepared for councils and interested parties.

Information is stored both electronically and on hard copy.

In general, where information held by the Commission is available from a primary source, e.g. Australian Bureau of Statistics or individual councils, then enquiries are redirected to that source.

#### ***Facilities for access and initial contact point***

Inquiries concerning access to the above-mentioned documents or other matters relating to Freedom of Information should be directed to:

	The Executive Officer
	Local Government Grants Commission
	Level 7, Roma Mitchell House
	North Terrace
	ADELAIDE SA 5000
Postal Address	PO Box 8326
	Station Arcade SA 5000
Telephone	(08) 8204 8719
Fax	(08) 8204 8735

Business hours are 9.00 am to 5.00 pm. An appointment is necessary. The Executive Officer, as Principal Officer, has power under Section 20 of the Freedom of Information Act 1991 to refuse access to a document.

**APPENDIX III - Final allocations for 2007-2008**

<b>Local Government Authority</b>	<b>2007/2008 Actual General Purpose Grant \$</b>	<b>2007/2008 Actual Road Grant \$</b>	<b>2007/2008 Special Road Grant \$</b>	<b>2007/2008 Total Actual Grant \$</b>
Adelaide City	275,484	167,279		442,763
Adelaide Hills Council	703,125	562,189	175,000	1,440,314
Alexandrina Council	391,345	408,273		799,617
Barossa Council	379,221	346,462		725,683
Barunga West District	238,712	162,297		401,010
Berri Barmera Council	1,661,850	177,305		1,839,155
Burnside City	774,036	374,675		1,148,710
Campbelltown City	855,767	409,789		1,265,557
Ceduna District	1,582,853	342,466		1,925,319
Charles Sturt City	1,871,651	905,726		2,777,377
Clare And Gilbert Valleys Dc	290,792	295,089		585,882
Cleve District	707,708	276,038		983,746
Cooper Pedy	749,435	39,597		789,032
Coorong District	1,733,341	513,101	224,000	2,470,442
Copper Coast District	1,248,883	229,112		1,477,996
Elliston District	566,726	315,513		882,240
Flinders Ranges Council	827,125	231,454		1,058,579
Franklin Harbour District	682,361	198,000		880,362
Gawler Town	881,935	222,736	80,800	1,185,471
Goyder Regional Council	1,747,143	520,273		2,267,416
Grant District	783,425	263,572		1,046,997
Holdfast Bay City	624,868	290,449		915,318
Kangaroo Island Council	1,407,438	307,751		1,715,190
Karoonda East Murray District	841,589	262,465		1,104,053
Kimba District	662,144	233,621	481,000	1,376,765
Kingston District	445,762	192,836		638,598
Light Regional Council	221,410	299,171	346,000	866,581
Lower Eyre Pen Dc	279,525	310,747	142,500	732,772
Loxton Waikerie District	2,290,941	575,999	400,000	3,266,940
Mallala District	736,975	190,358		927,333
Marion City	1,469,004	728,115		2,197,119
Mid Murray Council	2,210,337	502,562		2,712,899
Mitcham City	1,123,887	580,342		1,704,229
Mount Barker District	574,753	381,473		956,226
Mount Gambier City	1,309,083	291,127		1,600,210
Mount Remarkable District	1,137,202	281,516		1,418,718



<b>Local Government Authority</b>	<b>2007/2008 Actual General Purpose Grant</b>	<b>2007/2008 Actual Road Grant \$</b>	<b>2007/2008 Special Road Grant \$</b>	<b>2007/2008 Total Actual Grant \$</b>
Murray Bridge District	2,446,570	345,916		2,792,486
Naracoorte Lucindale Dc	1,430,463	374,856		1,805,319
Northern Areas Council	845,207	312,139	552,200	1,709,546
Norwood, Payneham And St. Peters	615,199	277,135		892,334
Onkaparinga City	6,437,664	1,774,265		8,211,930
Orroroo/Carrieton District	580,178	197,132		777,310
Peterborough Dc	1,001,963	190,036		1,191,999
Playford City	7,907,443	888,718		8,796,162
Port Adelaide Enfield	1,897,653	979,664		2,877,317
Port Augusta City	2,964,573	223,757		3,188,330
Port Lincoln City	719,738	182,191		901,928
Port Pirie City And Districts	3,644,680	338,590		3,983,269
Prospect City	347,061	154,837		501,898
Renmark Paringa District	1,688,234	178,707		1,866,941
Robe District	25,389	83,902		109,291
Roxby Downs Municipality	65,634	48,011		113,645
Salisbury City	8,264,034	1,116,734	1,441,500	10,822,269
Southern Mallee District	781,654	310,856		1,092,510
Streaky Bay District	961,112	353,919		1,315,031
Tatiara District	1,387,788	437,239	225,000	2,050,027
Tea Tree Gully City	1,800,759	895,276		2,696,034
Tumby Bay District	404,270	203,578		607,848
Unley City	658,883	293,602		952,485
Victor Harbor District	225,588	186,809		412,397
Wakefield Regional Council	1,054,401	388,315		1,442,717
Walkerville Town	128,099	59,438		187,537
Wattle Range Council	1,090,193	429,969	400,000	1,920,162
West Torrens Cty	956,155	463,940		1,420,095
Whyalla City	4,297,706	298,161		4,595,866
Lehunte District	1,048,239	304,546		1,352,785
Yankalilla District	78,698	114,090		192,788
Yorke Peninsula District	964,294	635,671		1,599,965
Outback Areas Cdt	1,151,695			1,151,695
Anangu Pitjantjatjara	910,158	113,412		1,023,570
Gerard Cty Council	35,521	15,111		50,632
Maralinga Tjarutja	74,220	40,577		114,797
Nepabunna Cty Council	22,785	15,044		37,829
Yalata Cty Council	127,853	32,669		160,521
<b>STATE TOTAL</b>	<b>93,329,591</b>	<b>25,648,290</b>	<b>4,468,000</b>	<b>123,445,881</b>

**APPENDIX IV - Road lengths by council by surface type at 30 June 2007  
(includes laneways)**

<b>Council name</b>	<b>Sealed</b>	<b>Formed</b>	<b>Unformed</b>	<b>TOTAL</b>
Adelaide City	134	0	0	134
Adelaide Hills Council	605	476	10	1,091
Alexandrina Council	501	805	24	1,329
Barossa Council	328	587	48	963
Barunga West District	72	890	93	1,056
Berri Barmera Council	257	118	38	413
Burnside City	234	5	0	239
Campbelltown City	253	0	0	253
Ceduna District	71	1377	260	1,709
Charles Sturt City	562	5	0	567
Clare And Gilbert Valleys Dc	209	1428	187	1,824
Cleve District	57	1222	116	1,396
Coober Pedy	27	131	263	421
Coorong District	332	1551	1	1,884
Copper Coast District	254	558	128	940
Elliston District	44	967	136	1,147
Flinders Ranges Council	18	908	336	1,261
Franklin Harbour District	61	837	37	935
Gawler Town	154	25	2	180
Goyder Regional Council	144	2877	226	3,248
Grant District	450	829	319	1,598
Holdfast Bay City	175	0	0	175
Kangaroo Island Council	237	1074	51	1,362
Karoonda East Murray District	87	1163	48	1,298
Kimba District	59	1021	636	1,716
Kingston District	119	559	57	735
Light Regional	150	1239	59	1,448
Lower Eyre Pen Dc	114	1123	130	1,367
Loxton Waikerie District	376	1739	200	2,315
Mallala District	122	696	136	954
Marion City	469	0	0	469
Mid Murray Council	311	2090	981	3,382
Mitcham City	389	1	2	392
Mount Barker District	324	363	33	721
Mount Gambier City	193	1	0	194
Mount Remarkable District	86	1545	432	2,063

<b>Council name</b>	<b>Sealed</b>	<b>Formed</b>	<b>Unformed</b>	<b>TOTAL</b>
Murray Bridge Rural City	377	567	23	968
Naracoorte Lucindale Dc	489	1085	41	1,614
Northern Areas Council	120	1802	274	2,197
Norwood, Payneham And St. Peters	170	0	0	170
Onkaparinga City	1203	222	2	1,427
Orroroo/Carrieton District	40	891	696	1,628
Peterborough Dc	40	805	385	1,230
Playford City	645	110	6	761
Port Adelaide Enfield City	653	5	0	658
Port Augusta City	175	141	93	409
Port Lincoln City	149	7	2	158
Port Pirie City And Districts	309	650	212	1,171
Prospect City	90	0	0	90
Renmark Paringa District	306	139	51	496
Robe District	42	337	56	435
Roxby Downs Municipality	30	4	0	34
Salisbury City	730	7	0	737
Southern Mallee District	92	1094	144	1,330
Streaky Bay District	61	1445	219	1,725
Tatiara District	499	1208	225	1,932
Tea Tree Gully City	569	10	6	585
Tumby Bay District	49	962	96	1,107
Unley City	170	0	0	170
Victor Harbor City	238	135	2	375
Wakefield Regional Council	191	2178	313	2,681
Walkerville Town	36	0	0	36
Wattle Range Council	500	1401	559	2,460
West Torrens City	293	0	0	293
Whyalla City	209	129	3	341
Wudinna District	81	1265	356	1,702
Yankalilla District	126	368	48	542
Yorke Peninsula District	446	3202	236	3,884
<b>TOTAL</b>	<b>17,105</b>	<b>48,379</b>	<b>9,042</b>	<b>74,526</b>

## APPENDIX V –Cost Relativity Indices for the 2008-09 Financial Assistance Grants

	Sealed Built-up Roads	Sealed Non-Built-up Roads	Unsealed Built-up Roads	Unsealed Non-Built-up Roads	Unformed Roads	Waste Management	Stormwater Maintenance
Adelaide City	1.02	0.96	1.00	1.00	1.00	0.98	1.32
Adelaide Hills Council	1.04	1.07	1.17	1.08	1.14	1.03	0.72
Alexandrina Council	0.91	0.97	1.02	1.03	1.04	1.05	1.12
Barossa Council	1.00	1.02	1.03	1.03	1.05	1.07	1.04
Barunga West District	0.87	0.92	0.98	0.98	1.00	1.01	1.13
Berri Barmera Council	1.05	0.99	1.00	1.05	1.05	1.05	1.24
Burnside City	1.14	0.96	0.99	0.93	0.90	1.01	0.79
Campbelltown City	1.24	0.96	1.00	1.00	1.00	1.01	0.71
Ceduna District	0.89	0.95	1.01	1.01	1.00	1.12	1.12
Charles Sturt City	0.93	0.97	1.00	1.00	1.00	0.98	1.26
Clare And Gilbert Valleys Dc	1.01	0.97	0.99	1.00	1.04	1.07	0.99
Cleve District	0.87	0.92	0.98	0.98	1.00	0.98	1.11
Coober Pedy	0.90	0.94	0.98	0.98	1.00	1.10	1.27
Coorong District	0.90	0.95	1.00	1.00	1.02	1.10	1.09
Copper Coast District	0.87	0.92	0.98	0.98	1.00	1.02	1.07
Elliston District	0.84	0.83	0.96	0.95	0.92	1.05	1.25
Flinders Ranges Council	0.86	1.04	0.97	0.94	0.92	1.02	1.02
Franklin Harbour District	0.87	0.92	0.99	0.98	1.00	1.02	1.05
Gawler Town	0.89	0.99	1.01	1.04	1.11	1.01	0.70
Goyder Regional Council	0.89	0.91	0.99	0.99	1.00	1.12	1.06
Grant District	0.88	0.86	0.98	0.94	0.93	1.08	1.11
Holdfast Bay City	1.09	0.98	1.00	1.00	1.00	0.98	0.88
Kangaroo Island Council	0.94	0.98	1.00	1.03	0.99	1.14	1.33
Karoonda East Murray District	0.87	0.90	0.98	0.98	0.99	1.33	1.07
Kimba District	0.87	0.92	0.98	0.99	1.00	0.97	1.12
Kingston District	1.03	1.02	1.00	0.96	1.06	1.05	1.31
Light Regional Council	0.85	0.94	0.98	0.99	1.02	1.08	1.04
Lower Eyre Pen Dc	0.91	0.95	0.98	0.99	1.00	1.17	1.02
Loxton Waikerie District	0.88	0.98	0.98	0.99	0.98	1.14	1.10
Mallala District	0.84	0.90	0.98	0.98	1.00	1.14	1.22
Marion City	1.08	0.96	0.98	0.98	1.00	0.98	0.96
Mid Murray Council	1.04	1.08	1.09	1.03	1.02	1.03	0.98
Mitcham City	1.11	0.99	0.94	0.98	1.01	1.00	0.85
Mount Barker District	0.96	0.99	0.98	1.00	1.03	1.02	0.99
Mount Gambier City	0.81	0.79	0.99	0.89	0.90	0.99	1.06
Mount Remarkable District	0.88	0.93	0.99	0.99	0.99	1.09	1.06
Murray Bridge District	0.85	1.00	1.00	1.01	1.03	1.04	1.05
Naracoorte Lucindale Dc	0.96	1.11	1.03	1.07	1.18	1.05	1.02
Northern Areas Council	0.88	0.91	1.01	1.01	1.01	1.08	0.99
Norwood, Payneham And St. Peters	1.18	0.96	1.00	1.00	1.00	0.99	0.68
Onkaparinga City	1.00	1.04	0.99	1.02	1.06	0.98	0.81
Orroroo/Carrieton District	0.87	0.90	0.98	0.97	0.96	1.12	1.09
Peterborough Dc	0.88	0.91	1.00	1.00	0.96	1.01	1.20
Playford City	1.09	1.03	1.07	1.01	1.05	0.98	0.93
Port Adelaide Enfield	1.05	0.97	1.19	1.00	1.00	0.98	1.42
Port Augusta City	0.87	0.90	0.98	0.98	1.00	1.01	1.15
Port Lincoln City	0.78	0.89	0.95	0.99	0.95	1.01	1.07
Port Pirie City And Districts	0.88	0.91	1.00	1.01	1.00	1.00	1.47
Prospect City	0.97	0.97	1.00	1.00	1.00	0.98	0.80
Renmark Paringa District	1.21	1.20	1.21	1.08	1.09	0.99	1.42
Robe District	0.98	0.94	0.98	1.04	1.08	1.03	1.54
Roxby Downs Municipality	0.88	0.90	0.99	0.98	1.00	0.98	1.18
Salisbury City	1.04	0.95	1.12	1.05	1.00	0.98	0.99
Southern Mallee District	0.88	0.94	1.01	1.00	0.97	1.09	1.13
Streaky Bay District	0.76	0.82	0.95	0.95	0.97	1.00	1.16
Tatiara District	1.06	1.07	1.15	1.04	1.05	1.03	1.13
Tea Tree Gully City	1.07	1.07	1.07	1.01	1.08	0.99	0.69
Tumby Bay District	0.88	0.92	1.01	1.01	1.00	1.07	1.04
Unley City	1.26	0.97	1.00	1.00	1.00	0.98	0.82
Victor Harbor District	0.88	0.95	0.94	0.98	0.92	1.02	1.04
Wakefield Regional Council	0.88	0.90	1.00	1.01	1.00	1.06	1.11
Walkerville Town	1.06	0.96	1.00	1.00	1.00	0.98	0.62
Wattle Range Council	0.98	1.15	1.00	1.04	1.11	1.11	1.17
West Torrens Cty	0.93	0.97	1.00	1.00	1.00	0.98	1.08
Whyalla City	0.84	0.89	1.00	1.01	1.00	0.99	1.14
Wudinna District	0.88	0.92	1.00	0.98	0.99	1.01	1.21
Yankalilla District	0.99	1.08	0.99	1.02	1.05	1.02	1.08
Yorke Peninsula District	0.87	0.89	0.99	0.99	0.97	1.02	1.04

## APPENDIX VI – Revenue relativity index

	SEIFA Index of Economic-Resources	Converted to be centred around 1
Adelaide City	951.11	0.973416996
Adelaide Hills Council	1069.99	1.095085165
Alexandrina Council	988.1	1.011274546
Barossa Council	1021.27	1.045222503
Barunga West District	967.33	0.990017414
Berri Barmera Council	947.31	0.969527872
Burnside City	1065.01	1.089988366
Campbelltown City	990.31	1.013536379
Ceduna District	920.64	0.942232363
Charles Sturt City	952.64	0.97498288
Clare And Gilbert Valleys Dc	993.95	1.01726175
Cleve District	1010.93	1.034639993
Cooper Pedy	894.23	0.915202952
Coorong District	962.75	0.985329996
Copper Coast District	936.8	0.958771374
Elliston District	995.54	1.018889041
Flinders Ranges Council	939.05	0.961074145
Franklin Harbour District	991.4	1.014651943
Gawler Town	970.07	0.992821677
Goyder Regional Council	967.07	0.989751316
Grant District	1044.65	1.06915085
Holdfast Bay City	997.53	1.020925714
Kangaroo Island Council	981.13	1.004141074
Karoonda East Murray District	999.18	1.022614412
Kimba District	1016.05	1.039880075
Kingston District	981.58	1.004601628
Light Regional Council	1043.81	1.068291148
Lower Eyre Pen Dc	1003.64	1.027179016
Loxton Waikerie District	968.68	0.991399076
Mallala District	1027.89	1.051997766
Marion City	964.74	0.987366669
Mid Murray Council	954.92	0.977316354
Mitcham City	1038.94	1.063306929
Mount Barker District	1016.11	1.039941483
Mount Gambier City	929.33	0.951126175
Mount Remarkable District	982.3	1.005338515
Murray Bridge District	928.11	0.949877562
Naracoorte Lucindale Dc	995.36	1.018704819
Northern Areas Council	966.66	0.9893317
Norwood, Payneham And St. Peters	981.1	1.00411037
Onkaparinga City	985.26	1.008367938
Orroroo/Carrieton District	979.27	1.00223745
Peterborough Dc	867.29	0.887631111
Playford City	910.3	0.931649852
Port Adelaide Enfield	909	0.930319363
Port Augusta City	898.93	0.920013184
Port Lincoln City	941.06	0.963131287
Port Pirie City And Districts	903.01	0.924188875
Prospect City	999.75	1.023197781
Renmark Paringa District	955.91	0.978329573
Robe District	1014.07	1.037853637
Roxby Downs Municipality	1075.47	1.100693691
Salisbury City	960.02	0.982535968
Southern Mallee District	1000.9	1.024374753
Streaky Bay District	959.79	0.982300573
Tatiara District	1008.23	1.031876668
Tea Tree Gully City	1017.72	1.041589243
Tumby Bay District	985.66	1.008777319
Unley City	1025.68	1.049735934
Victor Harbor District	974.8	0.997662612
Wakefield Regional Council	979.23	1.002196512
Walkerville Town	1039.27	1.063644669
Wattle Range Council	964.48	0.987100571
West Torrens Cty	950.11	0.972393542
Whyalla City	868.22	0.888582923
Wudinna District	970.6	0.993364107
Yankalilla District	985.05	1.008153012
Yorke Peninsula District	955.41	0.977817846

## APPENDIX VII– Revenue Units of Measure by function - Valuation per capita (incorporating the SEIFA index of Economic Resources)

Data sourced from Valuer General as at January each year (data from 2006, 2007 and 2008 are averaged)

Unit of Measure :	Residential	Commercial	Industrial	Rural	Other
Adelaide City	204,535	289,271	1,144	1	75,628
Adelaide Hills Council	130,555	4,127	516	39,578	5,496
Alexandrina Council	140,205	5,547	978	63,739	21,110
Barossa Council	93,179	8,699	11,358	49,121	6,984
Barunga West District	88,382	4,538	1,182	183,491	9,120
Berri Barmera Council	57,328	8,363	2,184	23,791	6,672
Burnside City	248,126	14,946	155	102	8,205
Campbelltown City	133,653	4,447	607	81	5,171
Ceduna District	45,609	9,568	404	18,332	7,261
Charles Sturt City	133,910	14,906	2,966	37	4,745
Clare And Gilbert Valleys Dc	66,240	9,049	1,109	134,424	6,887
Cleve District	46,503	12,202	31	128,277	5,553
Coober Pedy	29,517	10,074	38	-	2,715
Coorong District	49,854	4,976	175	141,869	7,368
Copper Coast District	109,163	9,033	830	21,912	21,037
Elliston District	70,185	8,533	98	153,915	9,126
Flinders Ranges Council	44,291	4,534	304	33,233	4,815
Franklin Harbour District	64,339	6,629	225	64,963	12,336
Gawler Town	88,534	9,308	343	5,865	5,825
Goyder Regional Council	36,984	3,274	321	147,411	2,172
Grant District	55,843	1,957	2,562	176,018	5,924
Holdfast Bay City	200,792	17,789	686	-	9,434
Kangaroo Island Council	116,919	12,878	768	91,337	27,954
Karoonda East Murray District	17,999	3,880	850	138,872	2,661
Kimba District	26,838	10,815	-	135,267	4,066
Kingston District	96,033	6,838	463	167,583	16,291
Light Regional Council	77,458	5,169	5,753	88,430	6,241
Lower Eyre Pen Dc	95,922	6,505	260	144,872	17,770
Loxton Waikerie District	55,259	5,224	1,376	53,284	4,543
Mallala District	72,719	1,534	396	58,192	6,919
Marion City	116,634	14,215	2,055	83	5,040
Mid Murray Council	114,917	4,100	725	57,534	16,308
Mitcham City	155,444	8,066	1,135	577	7,126
Mount Barker District	94,791	9,740	1,009	31,724	7,887
Mount Gambier City	73,780	12,741	2,312	295	4,442
Mount Remarkable District	47,206	4,111	108	96,554	4,808
Murray Bridge District	64,714	9,340	3,387	20,030	6,143
Naracoorte Lucindale Dc	53,178	7,705	818	171,355	5,150
Northern Areas Council	37,050	6,395	640	171,790	3,152
Norwood, Payneham And St. Peters	178,780	33,796	2,470	12	10,236
Onkaparinga City	94,559	6,332	1,401	6,587	5,707
Orroroo/Carrieton District	30,287	3,048	238	113,273	3,102
Peterborough Dc	30,960	4,224	315	30,071	1,830
Playford City	59,782	7,409	1,881	10,045	3,833
Port Adelaide Enfield	103,414	17,598	8,521	48	8,539
Port Augusta City	59,319	9,351	244	703	3,346
Port Lincoln City	93,543	17,461	3,270	839	9,970
Port Pirie City And Districts	51,425	6,405	975	14,334	3,325
Prospect City	162,161	13,826	166	-	3,221
Renmark Paringa District	57,181	6,942	1,422	43,421	2,929
Robe District	240,593	18,942	2,159	194,986	47,096
Roxby Downs Municipality	106,466	9,174	120	-	11,596
Salisbury City	80,582	9,712	2,627	612	4,825
Southern Mallee District	25,414	5,625	237	137,399	2,502
Streaky Bay District	61,175	9,213	278	64,923	12,476
Tatiara District	38,850	6,996	1,515	186,068	4,361
Tea Tree Gully City	106,427	8,590	825	734	3,126
Tumby Bay District	77,915	9,373	141	138,065	12,305
Unley City	202,218	21,737	307	2	9,046
Victor Harbor District	160,627	12,753	611	21,128	26,112
Wakefield Regional Council	42,291	6,292	720	158,962	3,954
Walkerville Town	256,489	7,587	-	-	12,019
Wattle Range Council	56,255	5,424	6,395	149,385	5,502
West Torrens City	129,636	20,772	5,593	78	6,676
Whyalla City	55,757	7,483	646	351	1,872
Wudinna District	19,929	9,752	55	98,739	2,273
Yankalilla District	178,559	8,785	599	83,818	37,432
Yorke Peninsula District	142,830	6,442	728	164,893	13,143
<b>State</b>	<b>112,859</b>	<b>14,015</b>	<b>2,268</b>	<b>18,515</b>	<b>7,431</b>

## APPENDIX VIII – Units of Measure by function - Expenditure

Data sourced from Councils and the Australian Bureau of Statistics as at 30 June 2007.

<i>Function</i> :	Waste Management	Aged Care Services	Services to Families & Children	Health Inspection	Libraries	Sport and Recreation
<i>Unit of Measure</i> :	Number of Residential Properties	Population Aged > 65 years	Population Aged 0-14 years	Establishments to Inspect	Number of Library Visitors	Population Aged 5-49 years
Adelaide City	8,420	1,764	922	1,344	668,641	11,435
Adelaide Hills Council	12,222	4,341	7,828	874	294,199	23,846
Alexandrina Council	10,287	4,203	3,812	195	211,894	11,029
Barossa Council	7,303	3,123	4,192	501	137,918	12,738
Barunga West District	1,369	549	458	77	62,400	1,291
Berri Barmera Council	3,873	1,759	2,328	227	186,563	6,718
Burnside City	18,239	8,024	6,791	552	369,396	24,195
Campbelltown City	19,713	8,660	7,897	402	216,012	28,323
Ceduna District	1,186	383	851	62	69,090	2,207
Charles Sturt City	45,732	19,256	16,631	1,091	740,415	60,540
Clare And Gilbert Valleys Dc	2,709	1,402	1,619	266	136,114	4,718
Cleve District	606	297	408	30	23,000	1,111
Coober Pedy	1,279	272	343	34	32,000	1,086
Coorong District	1,877	864	1,231	129	89,883	3,324
Copper Coast District	6,552	2,704	2,084	184	145,189	6,025
Elliston District	511	135	266	34	24,356	710
Flinders Ranges Council	746	329	343	46	27,255	894
Franklin Harbour District	543	213	263	21	39,928	695
Gawler Town	7,987	3,264	3,793	382	97,776	11,937
Goyder Regional Council	1,374	741	815	53	50,520	2,324
Grant District	2,225	859	1,802	145	50,193	5,170
Holdfast Bay City	16,901	7,624	4,289	478	314,875	18,700
Kangaroo Island Council	2,625	629	882	162	31,703	2,579
Karoonda East Murray District	297	206	227	14	13,850	626
Kimba District	320	223	214	41	9,109	660
Kingston District	1,135	423	454	41	67,825	1,285
Light Regional Council	3,646	1,255	2,915	213	58,976	8,168
Lower Eyre Pen Dc	1,540	564	982	20	133,296	2,699
Loxton Waikerie District	4,041	1,933	2,473	253	27,300	7,021
Mallala District	2,423	708	1,804	106	2,067	5,373
Marion City	34,953	13,803	13,310	711	458,804	48,854
Mid Murray Council	4,840	1,469	1,399	244	42,440	4,410
Mitcham City	24,821	10,530	10,697	827	530,182	37,006
Mount Barker District	8,905	2,814	6,060	561	189,153	17,494
Mount Gambier City	10,436	3,353	5,023	290	100,387	15,138
Mount Remarkable District	1,324	530	529	43	-	1,515
Murray Bridge District	6,988	2,920	3,650	238	141,242	10,961
Naracoorte Lucindale Dc	2,590	1,124	1,697	191	38,183	5,268
Northern Areas Council	1,503	860	982	50	40,000	2,601
Norwood, Payneham And St. Peters	16,227	6,281	4,653	533	185,624	21,051
Onkaparinga City	59,489	18,379	31,115	1,546	1,080,583	97,738
Orroroo/Carrieton District	344	217	174	27	21,670	474
Peterborough Dc	946	384	352	60	15,576	956
Playford City	26,438	8,703	16,729	621	450,946	47,609
Port Adelaide Enfield	46,825	17,142	17,972	1,241	656,646	64,778
Port Augusta City	6,039	1,650	2,935	242	116,100	8,830
Port Lincoln City	6,047	2,050	3,108	225	96,675	9,072
Port Pirie City And Districts	7,357	3,053	3,713	255	97,070	10,121
Prospect City	8,574	2,534	3,352	220	108,698	12,874
Renmark Paringa District	3,224	1,463	2,064	171	56,668	5,855
Robe District	1,117	253	264	24	35,500	781
Roxby Downs Municipality	1,340	19	1,061	44	65,000	3,095
Salisbury City	47,222	13,339	25,241	1,091	596,732	80,684
Southern Mallee District	618	350	480	29	9,900	1,265
Streaky Bay District	901	281	444	35	42,551	1,221
Tatiara District	1,838	926	1,601	165	114,805	4,473
Tea Tree Gully City	36,991	11,722	18,966	748	391,533	62,775
Tumby Bay District	994	564	448	30	49,500	1,347
Unley City	16,032	5,766	5,730	543	328,944	22,527
Victor Harbor District	6,584	3,966	1,732	260	75,236	5,214
Wakefield Regional Council	2,167	1,094	1,352	195	147,867	3,714
Walkerville Town	3,067	1,494	1,046	64	64,639	3,899
Wattle Range Council	4,471	1,779	2,659	146	162,000	7,416
West Torrens City	25,013	10,168	7,620	728	153,135	32,495
Whyalla City	10,390	2,902	4,657	205	107,407	13,657
Wudinna District	380	191	295	29	22,340	833
Yankalilla District	2,759	893	665	76	73,600	2,072
Yorke Peninsula District	8,535	2,802	1,972	138	183,369	5,476

<i>Function</i> :	Sealed Built Up Roads	Sealed Non Built Up Roads	Sealed Built-Up Roads (Footpaths, kerbing, street lighting etc)	Unsealed Built Up Roads	Unsealed Non Built Up Roads	Unformed Roads
<i>Unit of Measure</i> :	Sealed Built Up Kms	Sealed Non Built Up Kms	Sealed Built Up Kms	Unsealed Built Up Kms	Unsealed Non Built Up Kms	Unformed Kms
Adelaide City	130	-	130	-	-	-
Adelaide Hills Council	205	397	205	6	469	10
Alexandrina Council	226	273	226	25	780	24
Barossa Council	136	191	136	12	575	48
Barunga West District	32	40	32	7	883	93
Berri Barmera Council	67	190	67	1	116	38
Burnside City	228	-	228	-	5	0
Campbelltown City	252	-	252	-	0	-
Ceduna District	37	35	37	4	1,373	260
Charles Sturt City	560	-	560	5	-	0
Clare And Gilbert Valleys Dc	74	135	74	13	1,415	187
Cleve District	21	37	21	8	1,214	116
Cooper Pedy	24	3	24	30	101	263
Coorong District	54	278	54	11	1,540	1
Copper Coast District	146	105	146	46	508	128
Elliston District	22	22	22	8	960	136
Flinders Ranges Council	18	-	18	13	895	336
Franklin Harbour District	18	43	18	-	837	37
Gawler Town	127	26	127	5	19	2
Goyder Regional Council	67	77	67	33	2,845	226
Grant District	30	420	30	2	827	319
Holdfast Bay City	172	-	172	-	-	-
Kangaroo Island Council	52	186	52	56	1,017	51
Karoonda East Murray District	8	80	8	6	1,156	48
Kimba District	12	47	12	10	1,011	636
Kingston District	38	82	38	6	553	57
Light Regional Council	64	85	64	29	1,211	59
Lower Eyre Pen Dc	41	72	41	17	1,106	130
Loxton Waikerie District	68	309	68	16	1,724	200
Mallala District	69	54	69	50	646	136
Marion City	468	-	468	0	-	-
Mid Murray Council	72	237	72	29	2,061	981
Mitcham City	373	15	373	0	1	2
Mount Barker District	157	166	157	18	346	33
Mount Gambier City	185	8	185	-	1	0
Mount Remarkable District	20	66	20	23	1,523	432
Murray Bridge District	137	240	137	7	560	23
Naracoorte Lucindale Dc	80	408	80	3	1,082	41
Northern Areas Council	61	59	61	32	1,771	274
Norwood, Payneham And St. Peters	157	-	157	-	-	-
Onkaparinga City	947	251	947	9	213	2
Orroroo/Carrieton District	18	22	18	7	884	696
Peterborough Dc	31	8	31	7	799	385
Playford City	414	230	414	1	109	6
Port Adelaide Enfield	651	-	651	5	-	-
Port Augusta City	135	39	135	31	110	93
Port Lincoln City	142	6	142	4	3	2
Port Pirie City And Districts	177	131	177	11	640	212
Prospect City	87	-	87	-	-	-
Renmark Paringa District	49	257	49	5	133	51
Robe District	29	13	29	2	336	56
Roxby Downs Municipality	24	6	24	-	4	-
Salisbury City	706	22	706	3	4	-
Southern Mallee District	25	67	25	7	1,087	144
Streaky Bay District	33	28	33	14	1,431	219
Tatiara District	81	418	81	12	1,195	225
Tea Tree Gully City	549	17	549	3	8	6
Tumby Bay District	28	21	28	5	958	96
Unley City	164	-	164	-	-	-
Victor Harbor District	127	111	127	11	124	2
Wakefield Regional Council	66	124	66	7	2,170	313
Walkerville Town	35	-	35	-	-	-
Wattle Range Council	142	356	142	36	1,362	559
West Torrens City	290	-	290	0	-	-
Whyalla City	192	13	192	5	58	3
Wudinna District	18	63	18	7	1,258	356
Yankalilla District	51	75	51	4	365	48
Yorke Peninsula District	159	287	159	61	3,141	236



<i>Function</i> :	Stormwater Drainage - Maintenance	Community Support	Jetties and Wharves	Public Order and Safety	Planning & Building Control	Bridges
<i>Unit of Measure</i> :	No. of Urban, Industrial & Commercial Properties (excluding exempt)	Population x CRI (SEIFA Index of Advantage/Disadvantage)	Number of Jetties and Wharves	Total Number of Properties	Number of New Developments & Additions	Number of Bridges
Adelaide City	17,668	14,273	-	21,296	1,314	11
Adelaide Hills Council	12,848	35,354	-	18,157	1,247	29
Alexandrina Council	10,795	21,605	3	17,582	1,619	54
Barossa Council	7,958	21,081	-	11,962	1,018	30
Barunga West District	1,433	2,787	-	2,790	152	-
Berri Barmera Council	4,309	12,021	5	6,568	299	-
Burnside City	19,283	36,979	-	21,579	765	6
Campbelltown City	20,344	46,305	-	22,338	1,321	15
Ceduna District	1,352	3,804	3	2,435	88	-
Charles Sturt City	48,895	104,672	-	53,601	3,480	-
Clare And Gilbert Valleys Dc	3,078	8,583	-	6,987	505	28
Cleve District	691	1,957	1	1,647	59	1
Cooper Pedy	1,396	2,230	-	1,965	39	-
Coorong District	2,046	6,172	4	4,733	196	-
Copper Coast District	6,971	12,910	1	10,738	778	-
Elliston District	566	1,184	1	1,486	39	-
Flinders Ranges Council	801	1,865	-	2,233	80	-
Franklin Harbour District	578	1,400	-	1,235	67	2
Gawler Town	8,468	20,143	-	9,878	879	7
Goyder Regional Council	1,540	4,440	-	4,866	110	10
Grant District	2,335	8,290	-	5,754	347	1
Holdfast Bay City	18,260	32,410	1	21,201	1,216	4
Kangaroo Island Council	2,829	4,676	1	5,698	354	35
Karoonda East Murray District	332	1,226	-	1,432	33	-
Kimba District	373	1,184	-	1,052	29	-
Kingston District	1,227	2,481	1	2,554	130	-
Light Regional Council	4,005	12,402	-	7,270	652	36
Lower Eyre Pen Dc	1,639	4,567	3	3,629	254	2
Loxton Waikerie District	4,389	12,841	-	8,509	370	-
Mallala District	2,494	8,428	-	4,696	393	3
Marion City	36,642	80,776	-	40,775	2,971	5
Mid Murray Council	5,024	9,058	12	10,677	664	12
Mitcham City	26,056	56,601	-	29,108	1,901	19
Mount Barker District	9,633	26,270	-	13,874	1,082	67
Mount Gambier City	11,525	25,539	-	13,052	663	1
Mount Remarkable District	1,413	3,017	1	3,409	124	9
Murray Bridge District	7,536	19,932	5	10,955	780	80
Naracoorte Lucindale Dc	2,924	8,483	-	6,523	224	27
Northern Areas Council	1,669	4,942	-	4,438	211	16
Norwood, Payneham And St. Peters	18,460	31,955	-	20,423	1,162	-
Onkaparinga City	62,410	156,001	1	72,788	4,499	49
Orroroo/Carrieton District	392	987	-	1,619	10	1
Peterborough Dc	1,032	2,173	-	1,935	39	-
Playford City	27,375	79,402	-	33,083	2,315	3
Port Adelaide Enfield	51,049	110,996	-	58,214	3,774	-
Port Augusta City	6,492	14,984	3	7,691	632	9
Port Lincoln City	6,814	15,167	2	8,374	400	1
Port Pirie City And Districts	7,881	19,281	5	10,707	568	7
Prospect City	9,175	18,123	-	9,974	533	-
Renmark Paringa District	3,503	10,519	1	5,474	272	5
Robe District	1,212	1,450	1	2,422	129	-
Roxby Downs Municipality	1,429	3,438	-	1,669	137	-
Salisbury City	49,437	128,846	-	54,946	3,414	13
Southern Mallee District	709	2,288	-	1,998	53	-
Streaky Bay District	980	2,179	1	2,363	109	-
Tatiara District	2,116	7,272	-	4,926	182	16
Tea Tree Gully City	38,455	95,897	-	41,473	2,171	5
Tumby Bay District	1,068	2,829	2	2,303	133	240
Unley City	17,517	32,678	-	19,181	1,100	47
Victor Harbor District	7,008	12,908	-	10,136	733	26
Wakefield Regional Council	2,371	7,020	-	5,629	184	24
Walkerville Town	3,185	6,262	-	3,572	384	-
Wattle Range Council	4,877	13,168	-	9,707	453	-
West Torrens City	27,338	52,921	-	30,617	1,422	15
Whyalla City	11,020	23,632	3	11,756	864	-
Wudinna District	452	1,432	-	1,329	35	-
Yankalilla District	2,893	4,401	2	5,340	336	34
Yorke Peninsula District	8,927	12,530	12	14,173	762	-

## APPENDIX IX - Background of Financial Assistance Grants to local government

- i) Annual reports of the interim State Grants Commission and the South Australian Local Government Grants Commission presented since 1976 have contained detailed information on the history of the provision of Commonwealth general Financial Assistance Grants to local government in Australia.
- ii) Further information particularly with regard to the general methodology is also available in the 1974, 1975, 1976 and 1977 reports of the Commonwealth Grants Commission dealing with financial assistance for local government, the Report of the National Inquiry into Local Government Finance (Self Report) published in 1985<sup>1</sup> and the 1991 report of the Commonwealth Grants Commission on the Distribution of General Purpose Grants for Local Government.<sup>2</sup>
- iii) The following is a summary of important events since the commencement of the Commonwealth's involvement in the provision of financial assistance to local government:

- *Commonwealth Grants Commission Act, 1973* - Commonwealth Grants Commission given the power to assess Financial Assistance Grants to local government with a view to promoting fiscal equalisation between regions. Applications for assistance under Section 96 of the Constitution could be made by 'approved regional organisations' of local government.
- *1974-75* - First Commonwealth general-purpose grant of \$56.345 million distributed to local government authorities on the basis of recommendations by the Commonwealth Grants Commission. South Australia received \$4.774 million or 8.4728 per cent of the total allocation.
- *1975-76* - \$79.908 million distributed by the Commonwealth Grants Commission. South Australia received \$6.785 million or 8.4910 per cent of the total allocation.
- *May 1976* - Special report of the Commonwealth Grants Commission included recommendations on tax-sharing grants to local government.
- *Commonwealth Grants Commission Act, 1976* - Replaced the 1973 Act. Deleted reference to 'approved regional organisations'. Introduced new definition of a grant of assistance to a State for local government purposes.
- *Local Government (Personal Income Tax Sharing) Act, 1976* - Provided for continuation of general-purpose grants to local government with the level of funding being linked to Commonwealth personal income tax collections. Relevant percentages were:

1976 to 1978-79	1.52%
1979-80	1.75%
1980-81 to 1984-85	2.00%

South Australia's share of funds set at 8.5178 per cent from 1 July 1976.

Each State was required to establish a Local Government Grants Commission to make recommendations on the distribution of funds. Allowed for a per capita minimum grant to councils based on at least 30 per cent of funds, with the remaining funds to be allocated on a fiscal equalisation basis.

- *July 1976* - Interim SA Grants Commission established to recommend allocation of \$11.925 million in South Australia for 1976-77.
- *South Australian Local Government Grants Commission Act, 1976* - Enacted 21 October 1976 and proclaimed 19 May 1977. The Commission's main function was to recommend on the distribution of grants.

<sup>1</sup> National Inquiry into Local Government Finance Report, AGPS, Canberra, 1985; Peter Self, Chairman

<sup>2</sup> Report on the Interstate Distribution of General Purpose Grants for Local Government, Commonwealth Grants Commission, AGPS, Canberra 1991

- *May 1977* - Special report by Commonwealth Grants Commission concerned with the interstate distribution of funds, which established an apportionment of funds between the States and increased the share of funds to South Australia to 8.6010 per cent from 1 July 1977.
- *May 1984* - Commonwealth Government set up National Inquiry into Local Government Finance, chaired by Professor Peter Self.
- *May 1985* - Commonwealth Local Government (Personal Income Tax Sharing) Act amended to provide for an increase in funding for 1985-86 based on the 1984-85 allocation adjusted for any changes in the Consumer Price Index in the year ended March 1986, plus a 2 per cent real increase.
- *October 1985* - Self Inquiry report presented to Commonwealth Government.
- *Local Government (Financial Assistance) Act, 1986* - Came into operation on 1 July 1986 and replaced the Local Government (Personal Income Tax Sharing) Act, 1976.

It embodied a number of the recommendations of the Self Inquiry and changed the basis of funding by the Commonwealth and included a requirement that each State develop and submit to the Commonwealth by 1 July 1987 principles for the distribution of funds amongst local governing authorities.

South Australia's share of funds set at 8.5212 per cent for 1986-87 rising to 8.7890 per cent in 1988-89. Thereafter funds to be distributed between the States on an equal per capita basis using estimated resident populations at 31 December in the previous year.

Amended in June 1988 and June 1989 to provide new base funding levels for 1988-89 and 1989-90 respectively.

Amended in June 1991 to give effect to the Special Premiers' Conference decision to untie local roads funds and pay these through general purpose grants, and to provide the Treasurer with a discretion to set base funding at a level consistent with the underlying growth in general revenue assistance to the States.

- *February 1991* Report by the Commonwealth Grants Commission on the Interstate Distribution of General Purpose Grants for Local Government.
- *South Australian Local Government Grants Commission Act 1992*, was assented to on 21 May 1992, and replaced the South Australian Local Government Grants Commission Act 1976.
- *Local Government (Financial Assistance) Act 1995* - Came into operation on 1 July 1995, replaced the Local Government (Financial Assistance) Act 1986 and embodied recommended arrangements contained in the Discussion Paper conducted as part of the review of the previous Act.

It retained horizontal fiscal equalisation (subject to a minimum grant entitlement) as the primary mechanism for grant distribution and an equal per capita interstate distribution and replaced state by state principles with a set of national principles prepared by the Commonwealth Minister. It provided for the making of an annual report to the Federal Parliament on the operation of the Act and the performance of councils including their efficiency and services provided for Aboriginal & Torres Strait Islander Communities.

- *April 1998* – The South Australian Local Government Grants Commission's comprehensive methodology review of the general-purpose grant calculation was completed. The revised methodology was used, albeit constrained to minus 10% and plus 20% change, for the first time for the 1998-99 allocations.
- *April 1999* – refinement of the South Australian methodology, as it relates to the differences between councils in the cost associated with the reconstruction and maintenance of roads, was completed. The newly calculated cost relativity indices (previously known as disability factors) were used in the calculation of the South Australian grant allocations for 1999-2000.
- *May 2000* – refinement of the South Australian methodology, in relation to road lengths. The Commission with the assistance of a consultant mapped all councils' roads into a Geographical Information System format. The newly calculated road lengths were used in the calculation of the South Australian grant allocations for 2001-2002.

- *June 2000* – the Commonwealth Minister announced the review into the Local Government (Financial Assistance) Act 1995. The Commonwealth Grants Commission was commissioned to undertake the review. The final report was completed in June 2001.
- *June 2001* – the Commonwealth Minister received the report from the Commonwealth Grants Commission into the operations of the Commonwealth Local Government (Financial Assistance) Act 1995
- *June 2002* – the Commonwealth Minister announced the ‘*Inquiry into Local Government and Cost Shifting*’. The inquiry was conducted by the House of Representatives Standing Committee on Economics, Finance and Public Administration and was requested to inquire into, and report upon, cost shifting onto Local Government by State governments and the financial position of Local Government.

This included an examination of: Local Government’s current roles and responsibilities and current funding arrangements. It also included an assessment of the findings of the Commonwealth Grants Commission’s review of the *Local Government (Financial Assistance) Act 1995* of June 2001.

- *February 2003* – the House of Representatives Standing Committee on Economics, Finance and Public Administration, as part of its “*Inquiry into Local Government and Cost Shifting*’ issued a discussion paper entitled ‘At the Crossroads.’
- *October 2003* - the House of Representatives Standing Committee on Economics, Finance and Public Administration, “Rates and Taxes: A Fair Share for Responsible Local Government, Final Report.
- *March 2004* – the Prime Minister announced \$26.25 million (over three years) in financial assistance to Local Government in South Australia to supplement the Identified Local Road Grants. This was made up of \$4.25 million in 2004-05, \$9 million in 2005-06 and \$13 million in 2006-07.
- *June 2005* – Government Response to the Report of the House of Representatives Standing Committee on Economics, Finance and Public Administration, *Rates and Taxes*.
- *August 2005* - *Rising to the Challenge, Towards: Financially Sustainable Local Government in South Australia – final report. Overview and supporting analysis*. Commissioned by the SA Local Government Association with the support of local government.
- *September 2005* – Commonwealth Grants Commission asked by the Commonwealth Government to review the interstate distribution of the Identified Local Road Grants
- *January 2006* – Submission by South Australia to the Commonwealth Grants Commission regarding the review of the interstate distribution of Local Road Grants.
- *June 2006* - Commonwealth Grants Commission report to the Commonwealth Government completed.
- *June 2006* – Commonwealth Grants Commission presented its report to the Commonwealth Government into the interstate distribution of the Identified Local Road Grants.
- *July 2006* – New Council Amalgamations principle added.
- *November 2006* – Issues Paper “*Review of the Interstate Distribution of Local Road Grants*” circulated by the Commonwealth Grants Commission.
- *June 2007* – Commonwealth Government’s response to the Commonwealth Grants Commission Report.
- *June 2007* – announcement of the continuation of the Roads to Recovery 2 program for the next four years (2005-06 to 2008-09). South Australia’s share is worth over \$57 indexed in line, to reflect the change in the Financial Assistance Grants.
- *July 2007* – The Commission’s methodology review of the general-purpose grant calculation (inclusion of depreciation and additional expenditure functions) was completed. The revised methodology was used, albeit constrained to 0% no change and plus 10% change, for the first time for the 2007-08 allocations.

- *September 2007* – The Executive Officer and Staff of the Commission visited the Victorian Grants Commission to assess Victoria’s “Balanced Budget” methodology against the “Direct Assessment” methodology used in South Australia. Outcomes of the assessment demonstrated clear similarities between the two methodologies.
- *March 2008* – the Commission undertook a project in conjunction with the Local Government to provide grant support (approximately \$8,000) to councils identified as needing assistance with the development of their Asset Management Plans.
- *June 2008* – The Commission’s methodological review of the stormwater maintenance expenditure function was completed. The review re-assessed the cost driver for stormwater maintenance and the factors, which influence the costs associated with the maintenance of stormwater. The revised methodology was used for the 2008-09 allocations. Changes in grants were constrained to minus 1% and positive 10% as a result of the changes.

## **APPENDIX X - 2007 General Information, Supplementary Return & Financial Statements**

The South Australian Local Government Grants Commission would like to extend its sincere thanks to those local governments who submitted their 2007 General Information, Supplementary Returns and their Audited Financial Statements by the due date of 30 November 2006 and thereby facilitated the timely determination of grants.

The local governments responsible are:-

- |                          |                                  |
|--------------------------|----------------------------------|
| 1. Adelaide City         | 21. Mallala                      |
| 2. Alexandrina           | 22. Marion                       |
| 3. Barossa               | 23. Mid Murray                   |
| 4. Barunga West          | 24. Mount Barker                 |
| 5. Burnside              | 25. Mount Gambier                |
| 6. Ceduna                | 26. Murray Bridge                |
| 7. Charles Sturt         | 27. Naracoorte / Lucindale       |
| 8. Cleve                 | 28. Norwood, Payneham, St Peters |
| 9. Coorong               | 29. Onkaparinga                  |
| 10. Copper Coast         | 30. Playford                     |
| 11. Elliston             | 31. Port Lincoln                 |
| 12. Goyder               | 32. Port Pirie                   |
| 13. Grant                | 33. Prospect                     |
| 14. Holdfast Bay         | 34. Renmark Paringa              |
| 15. Karoonda/East Murray | 35. Streaky Bay                  |
| 16. Kimba                | 36. Tatiara                      |
| 17. Kingston District    | 37. Tea Tree Gully               |
| 18. Le Hunte             | 38. Tumby Bay                    |
| 19. Light Regional       | 39. Unley                        |
| 20. Lower Eyre           | 40. Victor Harbor                |

41. Wattle Range

42. West Torrens

43. Whyalla

44. Yankalilla

45. Yorke Peninsula

**APPENDIX XI - Financial Statements**

**SA LOCAL GOVERNMENT GRANTS COMMISSION**

# Financial Statements

Financial Year Ended 30 June 2008

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**SA LOCAL GOVERNMENT GRANTS COMMISSION**
**INCOME STATEMENT**
**For the Year Ended 30 June 2008**

	Note	2008 \$' 000	2007 \$' 000
<b>Expenses</b>			
Employee benefits costs	5.	414	312
Supplies and services	6.	150	137
Grants and subsidies		16	-
<b>Total Expenses</b>		<b>580</b>	<b>449</b>
<b>Income</b>			
Revenue from fees and charges	8.	20	20
Advances and grants	9.	441	432
Interest revenue	10.	155	265
Other income	11.	6	6
<b>Total Income</b>		<b>622</b>	<b>723</b>
<b>Net Result</b>		<b>(42)</b>	<b>(274)</b>

**The net result is attributable to the SA Government as owner**

The above statement should be read in conjunction with the accompanying notes.

**BALANCE SHEET**

As at 30 June 2008

	Note	2008 \$' 000	2007 \$' 000
<b>Current Assets</b>			
Cash	12.	619	492
Receivables	13.	15	14
<b>Total Current Assets</b>		<b>634</b>	<b>506</b>
<b>Total Assets</b>			
		<b>634</b>	<b>506</b>
<b>Current Liabilities</b>			
Payables	14.	42	10
Employee benefits	15.	51	29
<b>Total Current Liabilities</b>		<b>93</b>	<b>39</b>
<b>Non-Current Liabilities</b>			
Payables	14.	5	2
Employee benefits	15.	51	22
<b>Total Non-Current Liabilities</b>		<b>56</b>	<b>24</b>
<b>Total Liabilities</b>		<b>149</b>	<b>63</b>
<b>Net Assets</b>		<b>485</b>	<b>443</b>
<b>Equity</b>			
Retained earnings		485	443
<b>Total Equity</b>		<b>485</b>	<b>443</b>

**The Total Equity is attributable to the SA Government as owner.**

Commitments	16.
Contingent assets and liabilities	17.

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2008

	Note No.	Retained earnings \$'000	Total \$'000
Balance at 30 June 2006		169	169
Net result for 2006-07		274	274
Balance at 30 June 2007		443	443
Net result for 2007-08		42	42
Balance at 30 June 2008		485	485

**All changes in equity are attributable to the SA Government as owner**

The above statement should be read in conjunction with the accompanying notes

**CASH FLOW STATEMENT**  
**For the Year Ended 30 June 2008**

	Note	2008 \$' 000	2007 \$' 000
		Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from Operating Activities</b>			
<b>Cash Outflows</b>			
Employee benefit payments		(356)	(312)
Supplies and services		(121)	(137)
Grants and subsidies		(16)	-
<b>Cash used in operations</b>		<b>(493)</b>	<b>(449)</b>
<b>Cash Inflows</b>			
Fees and charges		20	20
Advances and grants		439	432
Interest received		155	265
Other receipts		6	6
<b>Cash generated from operations</b>		<b>620</b>	<b>723</b>
<b>Net Cash provided by operating activities</b>	18.	<b>127</b>	<b>274</b>
<b>Net Increase in cash</b>		<b>127</b>	<b>274</b>
Cash at 1 July		492	218
<b>Cash at 30 June</b>	12.	<b>619</b>	<b>492</b>

The above statement should be read in conjunction with the accompanying notes.

**SA LOCAL GOVERNMENT GRANTS COMMISSION**

# Notes to the Financial Statements

Financial Year Ended 30 June 2008

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## SA LOCAL GOVERNMENT GRANTS COMMISSION

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### Notes to the Financial Statements

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#### 1. Objectives of the SA Local Government Grants Commission

The Commission is responsible for making recommendations to the Minister for State/Local Government Relations on the distribution of untied Commonwealth financial assistance grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements.

#### 2. Summary of significant accounting policies

##### a) Statement of compliance

The financial report is a general purpose financial report. The accounts have been prepared in accordance with the applicable Australian Accounting Standards and Treasurer's Instructions and Accounting Policy Statements promulgated under the provisions of the *Public Finance and Audit Act 1987*.

Australian accounting standards include Australian equivalents to International Financial Reporting Standards and AAS 29 Financial Reporting by Government Departments. Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Commission for the reporting period ending 30 June 2008. These are outlined in note 4.

##### b) Basis of preparation

The preparation of the financial report requires:

- the use of certain accounting estimates requires management to exercise its judgement in the process of applying the Commission's accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, these are outlined in the applicable notes; and
- compliance with accounting policy statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*, by authority of Treasurer's Instruction 19 *Financial Reporting*. In the interest of public accountability and transparency the accounting policy statements require the following note disclosures, that have been included in this financial report:
  - a) revenues, expenses, financial assets and liabilities where the counterparty/transaction is with an entity within the SA Government as at reporting date, classified according to their nature.
  - b) expenses incurred as a result of engaging consultants (as reported in the Income Statement);
  - c) employee target voluntary separation package information;
  - d) employees whose normal remuneration is \$100 000 or more (within \$10 000 bandwidths) and the aggregate of the remuneration paid or payable or otherwise made available, directly or indirectly by the entity to those employees; and
  - e) board/committee member and remuneration information, where a board/committee member is entitled to receive income from membership other than a direct out-of-pocket reimbursement.

The SA Local Government Grants Commission's Income Statement, Balance Sheet and Statement of Changes in Equity have been prepared on an accrual basis and are in accordance with the historical cost convention.

The Cash Flow Statement has been prepared on a cash basis.

The financial report has been prepared based on a twelve month operating cycle and presented in Australian currency.

**c) Reporting Entity**

The South Australian Local Governments Grants Commission (the Commission) was established by the *South Australian Local Governments Commission Act 1992*, which prescribes its responsibilities in accordance with the provisions of the *Commonwealth Local Government (Financial Assistance) Act 1995*.

The Commission distributes Commonwealth financial assistance grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements. The assistance grants are an Administered function of the Commission. All revenues and expenditures from the receipt and disbursement of grant funds, and any year end cash balances are reflected separately in note 21.

In the process of reporting on the Department as a single unit, all internal transactions have been eliminated in full.

**d) Comparative Information**

The presentation and classification of items in the financial report are consistent with prior periods except where a specific accounting policy statement or Australian accounting standard has required a change.

Where presentation or classification of items in the financial report has been amended comparative amounts have been reclassified unless reclassification is impracticable.

The restated comparative amounts do not replace the original financial report for the preceding period.

**e) Rounding**

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

**f) Taxation**

The Commission is not subject to income tax. The Commission is liable for payroll tax, fringe benefits tax, goods and services tax (GST), emergency services levy, land tax equivalents and local government rate equivalents.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of the GST receivable/payable to the Australian Taxation Office is not recognised as a receivable/payable in the Balance Sheet as the Commission is a member of an approved GST group of which the Department of Primary Industries and Resources SA is responsible for the remittance and collection of GST.

Cash flows are included in the Cash Flow Statement on a gross basis and there are cash flows relating to GST transactions with the Australian Taxation Office in the Cash Flow Statement.

Unrecognised contractual commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to the Australian Taxation Office. If GST is not payable to, or recoverable from the Australian Taxation Office, the commitments and contingencies are disclosed on a gross basis.

**g) Income and Expenses**

Income and expenses are recognised in the Commission's Income Statement to the extent that it is probable that the flow of economic benefits to or from the entity will occur and can be reliably measured.

Income and expenses have been classified according to their nature and have not been offset unless required or permitted by a specific accounting standard, or where offsetting reflects the substance of the transaction or other event.

The notes accompanying the financial statements disclose income, expenses, financial assets and financial liabilities where the counterparty/transaction is with an entity within the SA Government as at the reporting date, classified according to their nature.

The following are specific recognition criteria:

**Revenues from/Payments to SA Government**

Appropriations for program funding are recognised as revenues when the Commission obtains control over the funding. Control over appropriations is normally obtained upon their receipt.

**Resources received/provided free of charge**

Resources received/provided free of charge are recorded as revenue and expenditure in the Income Statement at their fair value. Resources provided free of charge are recorded in the expense line items to which they relate.

**Fees and charges**

Revenues from fees and charges are derived from the provision of goods and services to other SA government agencies and to the public. This revenue is recognised upon delivery of the service to the clients or by reference to the stage of completion.

**Employee benefits**

Employee benefit expense includes all cost related to employment (except on-costs) including wages and salaries and leave entitlements. These are recognised when incurred.

**Superannuation**

The amount charged to the Income Statement represents the contributions made by the Commission to the superannuation plan in respect of current services of current Commission staff. The Department of Treasury and Finance centrally recognises the superannuation liability.

**h) Current and Non-Current Classification**

Assets and liabilities are characterised as either current or non-current in nature. The SA Local Government Grants Commission has a clearly identifiable operating cycle of twelve months. Assets and liabilities that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the reporting date have been classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

**i) Cash**

Cash in the Balance Sheet includes cash at bank and on hand and in other short-term, highly liquid investments with maturities of three months or less that are readily converted to cash and which are subject to insignificant risk of changes in value.

Cash is measured at nominal value.

**j) Receivables**

Receivables include amounts receivable from goods and services, prepayments and other accruals.

Trade receivables arise in the normal course of selling goods and services to other agencies and to the public. Trade receivables are generally receivable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Other debtors arise outside the normal course of selling goods and services to other agencies and to the public.

Collectibility of trade receivables is reviewed on an ongoing basis. An allowance for doubtful debts is raised when there is objective evidence that the Commission will not be able to collect the debt. Bad debts are written off when identified.

**k) Payables**

Payables include creditors, accrued expenses and employment on-costs.

Creditors represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period. Creditors include all unpaid invoices received relating to the normal operations of the Commission.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received.

All payables are measured at their nominal amount, are unsecured and are normally settled within 30 days from the date of the invoice or date the invoice is first received.

Employment on-costs include superannuation contributions and payroll tax with respect to outstanding liabilities for salaries and wages, long service leave and annual leave.



The Commission makes contributions to several State Government and externally managed superannuation schemes. These contributions are treated as an expense when they occur. There is no liability for payments to beneficiaries as they have been assumed by the respective superannuation schemes. The only liability outstanding at balance date relates to any contributions due but not yet paid to the South Australian Superannuation Board.

**l) Employee benefits**

These benefits accrue for employees as a result of services provided up to the reporting date that remain unpaid. Long-term employee benefits are measured at present value and short-term employee benefits are measured at nominal amounts.

*Wages, salaries, annual leave and sick leave*

Liability for salary and wages are measured as the amount unpaid at the reporting date at remuneration rates current at reporting date.

The annual leave liability is expected to be payable within twelve months and is measured at the undiscounted amount expected to be paid. In the unusual event where salary and wages and annual leave are payable later than 12 months, the liability will be measured at present value.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees is estimated to be less than the annual entitlement for sick leave.

*Long service leave*

The liability for long service leave is recognised after an employee has completed 6.5 years of service. An actuarial assessment of long service leave undertaken by the Department of Treasury and Finance based on a significant sample of employees throughout the South Australian public sector determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This calculation is consistent with the Commission's experience of employee retention and leave taken.

The unconditional portion of the long service leave provision is classified as current as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date. The unconditional portion of long service leave relates to an unconditional legal entitlement to payment arising after ten years of service.

*Employee benefit on-costs*

Employee benefit on-costs (payroll tax, workcover and superannuation) are recognised separately under payables.

*Provisions*

Provisions are recognised when the Commission has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Commission expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted for the time value of money and the risks specific to the liability.

**m) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement. The Commission has assessed whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The Department has entered into operating leases.

*Operating leases*

Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term. The straight-line basis is representative of the pattern of benefits derived from the leased assets.

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### **3. Financial risk management**

The Commission has a low level of non-interest bearing and interest bearing assets (deposits with the Treasurer) and liabilities. The Commission's exposure to market risk and cash flow interest risk is minimal.

#### **Credit risk**

Credit risk arises when there is the possibility of the Commission's debtors defaulting on their contractual obligations resulting in financial loss to the department. The Commission measures credit risk on a fair value basis and monitors risk on a regular basis.

The Commission has minimal concentration of credit risk. The Commission has policies and procedures in place to ensure transactions occur with customers with appropriate credit history.

#### **Liquidity risk**

Liquidity risk arises where the Commission is unable to meet its financial obligations as they fall due. The continued existence of the Commission is dependent on State Government policy and on continuing appropriations by Parliament for the Commission's administration and programs. The Commission settles undisputed accounts within 30 days from the date of the invoice or date the invoice is first received. In the event of a dispute, payment is made 30 days from resolution.

The Commission's exposure to liquidity risk is insignificant based on past experience and current assessment of risk.

#### **Market risk**

Market risk for the Commission is primarily through interest rate risk. Exposure to interest rate risk may arise through its interest bearing liabilities, including borrowings. The Commission's interest bearing liabilities are managed through SAFA and any movement in interest rates are monitored on a daily basis. There is no exposure to foreign currency or other price risks.

A sensitivity analysis has not been undertaken for the interest rate risk of the Commission as it has been determined that the possible impact on profit and loss or total equity from fluctuations in interest rates is immaterial.

### **4. Changes in accounting policies**

Except for the amendments to AASB 101, which the Department has early adopted, the AAS's and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Department for the reporting period ending 30 June 2008. The Department has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial report of the Department.

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**SA LOCAL GOVERNMENT GRANTS COMMISSION**


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**5. Employee benefit expenses**

	2008 \$' 000	2007 \$' 000
Salaries and wages	250	207
Annual leave	35	16
Long service leave	31	3
Employment on-costs - superannuation	33	26
Employment on-costs - other	20	16
Board fees	45	44
<b>Total Employee benefits costs</b>	<b>414</b>	<b>312</b>

**Targeted Voluntary Separation Packages (TVSPs)**

There were no TVSPs paid to employees during the reporting period.

**Remuneration of Employees**

	2008 Number of Employees	2007 Number of Employees
The number of employees whose total remuneration received or receivable falls within the following bands:		
\$110 000 - \$119 999	1	-
<b>Total Number of Employees</b>	<b>1</b>	<b>-</b>

The table includes all employees who received remuneration of \$100,000 or more during the year. Remuneration of employees reflects all costs of employment including salaries and wages, superannuation contributions, fringe benefits tax and any other salary sacrifice benefits. The total remuneration received by the above employees for the year was \$0.112 million.

The above table of Remuneration of Employees categorised by the number of Executive and non-Executive employees is provided below:

	2008	2007
Executives	1	-
<b>Total Number of Employees</b>	<b>1</b>	<b>-</b>

**6. Supplies and services**

	2008 \$' 000	2007 \$' 000
<b>Supplies and Services provided by entities within SA Government</b>		
Professional and technical services <sup>(1)</sup>	41	2
Administrative and operating costs	-	2
Utility and property costs	29	17
Computing and communications costs	4	3
Vehicle and equipment operating costs	3	1
<b>Total Supplies and Services - SA Government entities</b>	<b>77</b>	<b>25</b>
<b>Supplies and Services provided by entities external to the SA Government</b>		
Professional and technical services <sup>(1)</sup>	49	74
Administrative and operating costs	11	10
Utilities and property costs	-	1
Travel <sup>(2)</sup>	11	25
Staff development and safety <sup>(2)</sup>	2	2
<b>Total Supplies and Services - Non SA Government entities</b>	<b>73</b>	<b>112</b>
<b>Total Supplies and Services</b>	<b>150</b>	<b>137</b>

(1) Includes consultancies costs which are further broken down below.

(1) Includes audit fees paid/payable to the Auditor-General (refer Note 7.).

(2) Includes payments to SA Government entities totalling less than \$100,000.

The total supplies and services amount disclosed includes any GST amounts which are not recoverable from the ATO.

The number and dollar amount of Consultancies paid/payable (included in supplies and services expense) that fell within the following bands:

	2008 Number	2008 \$' 000	2007 Number	2007 \$' 000
Between \$10,000 and \$50,000	-	-	1	33
<b>Total paid / payable to the consultants engaged</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>33</b>

<b>7. Auditor's remuneration</b>		
	<b>2008</b>	2007
	<b>\$' 000</b>	\$' 000
Audit fees paid/payable to the Auditor-General's Department.	17	5
<b>Total Audit Fees</b>	<b>17</b>	<b>5</b>

**Other Services**

No other services were provided by the Auditor-General's Department.

<b>8. Revenues from fees and charges</b>		
	<b>2008</b>	2007
	<b>\$' 000</b>	\$' 000
<b>User charges and fees received/receivable from entities within SA Government</b>		
Consultancy and service	20	-
Other	-	20
<b>Total Fees and Charges - SA Government entities</b>	<b>20</b>	<b>20</b>
<b>Total Fees and Charges</b>	<b>20</b>	<b>20</b>

<b>9. Advances and grants</b>		
	<b>2008</b>	2007
	<b>\$' 000</b>	\$' 000
Intra government transfer	441	432
<b>Total Advances and Grants Revenue</b>	<b>441</b>	<b>432</b>

The Department receives appropriation for its Administered Funds in accordance with the Appropriation Act for the financial year. Appropriation for the 'Administered Items for the Department of Primary Industries and Resources' is received into a special deposit account and paid across as an intra-government transfer to the Local Government Grants Commission.

The Treasurer approved the establishment of special deposit accounts for administered items appropriation on 23 October, 2005 and implementation of these accounts occurred during 2006-07. The transfer of appropriation is now reflected under this note, and the 2007 comparative for 'Revenues from SA Government' has been restated to reflect this.

<b>10. Interest revenues</b>		
	<b>2008</b>	2007
	<b>\$' 000</b>	\$' 000
Interest from entities within the SA Government	155	265
<b>Total Interest</b>	<b>155</b>	<b>265</b>

<b>11. Other revenues/income</b>		
	<b>2008</b>	2007
	<b>\$' 000</b>	\$' 000
<b>Other Income received/receivable from entities external to SA Government</b>		
Other	6	6
<b>Total Other Income - Non SA Government entities <sup>(1)</sup></b>	<b>6</b>	<b>6</b>
<b>Total Other Income</b>	<b>6</b>	<b>6</b>

(1) Includes revenues from SA Government entities totalling less than \$100,000.

<b>12. Cash</b>	<b>2008</b>	<b>2007</b>
	<b>\$' 000</b>	<b>\$' 000</b>
Deposits with the Treasurer	619	492
<b>Total Cash</b>	<b>619</b>	<b>492</b>

**Interest rate risk**

Cash on hand is non-interest bearing. Deposits at call and with the Treasurer are bearing a floating interest rate between 6.17% and 7.09%. The carrying amount of cash and cash equivalents approximates fair value.

<b>13. Receivables</b>	<b>2008</b>	<b>2007</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Current</b>		
Receivables	4	2
	<b>4</b>	<b>2</b>
Accrued interest on loans and deposits	11	11
Prepayments	-	1
	<b>11</b>	<b>12</b>
<b>Total Current Receivables</b>	<b>15</b>	<b>14</b>
<b>Receivables from SA Government entities</b>		
Accrued interest revenues	11	11
<b>Total Receivables from SA Government entities</b>	<b>11</b>	<b>11</b>
<b>Receivables from Non SA Government entities</b>		
Receivables	4	1
Other	-	2
<b>Total Receivables from Non SA Government entities</b>	<b>4</b>	<b>3</b>
<b>Total Receivables</b>	<b>15</b>	<b>14</b>

**Interest rate and credit risk**

Receivables are raised for all goods and services provided for which payment has not been received. Receivables are normally settled within 30 days. Trade receivables, prepayments and accrued revenues are non-interest bearing. Other than as recognised in the provision for doubtful debts, it is not anticipated that counterparties will fail to discharge their obligations. The carrying amount of receivables approximates net fair value due to being receivable on demand. In addition, there is no concentration of credit risk.

**Provision for Doubtful Debts**

There was no doubtful debts expense at 30 June 2008.

<b>14. Payables</b>	<b>2008</b>	<b>2007</b>
	<b>\$' 000</b>	<b>\$' 000</b>
<b>Current</b>		
Creditors	1	-
Accrued expenses	32	5
Employment on-costs	9	5
<b>Total Current Payables</b>	<b>42</b>	<b>10</b>
<b>Non-current</b>		
Employment on-costs	5	2
<b>Total Non-current Payables</b>	<b>5</b>	<b>2</b>
<b>Total payables</b>	<b>47</b>	<b>12</b>

**Government / Non Government Payables****Payables to SA Government entities**

Employment on-costs	14	7
<b>Total Payables to Other SA Government entities</b>	<b>14</b>	<b>7</b>

**Payables to Non SA Government entities**

Creditors	1	-
Accrued expenses	32	5
<b>Total Payables to Non-SA Government entities</b>	<b>33</b>	<b>5</b>

<b>Total Payables</b>	<b>47</b>	<b>12</b>
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**Interest rate risk**

Creditors and accruals are raised for all amounts billed but unpaid. Creditors are normally settled within 30 days and employment on-costs are settled when the related employee benefit is discharged. All payables are non-interest bearing. The carrying amount of payables represents fair value due to the amounts being payable on demand.

**15. Employee benefits**

	2008 \$' 000	2007 \$' 000
<b>Current</b>		
Annual leave	41	22
Long service leave	4	3
Accrued salaries and wages	6	4
<b>Total Current Employee Benefits</b>	<b>51</b>	<b>29</b>
<b>Non-Current</b>		
Long service leave	51	22
<b>Total Non-Current Employee Benefits</b>	<b>51</b>	<b>22</b>
<b>Total Employee Benefits</b>	<b>102</b>	<b>51</b>

The total current and non-current employee expense (i.e. aggregate employee benefit in Note 15 plus related on-costs in Note 14) for 2008 is \$116,000 (2007 \$58,000).

Based on an actuarial assessment performed by the Department of Treasury and Finance, the benchmark for the measurement of the long service leave liability is 6.5 years (2007 6.5 years).

**16. Commitments**

	2008 \$' 000	2007 \$' 000
<b>Operating Lease Commitments</b>		
Commitments in relation to operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:		
Within one year	30	28
Later than one year and not later than five years	112	120
Later than five years	-	48
<b>Total Operating Lease Commitments</b>	<b>142</b>	<b>196</b>
Representing:		
Cancellable operating leases		
Non-cancellable operating leases	142	196
<b>Total operating lease commitments</b>	<b>142</b>	<b>196</b>

Operating leases relate to property, which are non-cancellable leases, with rental payable monthly in advance. Contingent rental provisions within the lease agreements allow for the review of lease payments every two years. Any changes in lease payments would be based on market rates. Options exist to renew the leases at the end of their terms.

The Local Government Grants Commission is charged a proportional sum of the lease rent charged to the Office of Local Government who is the principal lessor of the accommodation.

**Remuneration commitments**

Commitments for the payment of salaries and other remuneration under fixed-term employment contracts in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	136	-
Later than one year but not longer than five years	474	-
<b>Total remuneration commitments</b>	<b>610</b>	<b>-</b>

Amounts disclosed include commitments arising from executive and other service contracts. The department does not offer fixed-term remuneration contracts greater than five years.

**Other commitments**

Within one year	9	-
Later than one year but not longer than five years	16	-
<b>Total other commitments</b>	<b>25</b>	<b>-</b>

Other commitments include agreements with FleetSA for Long Term Hire of light vehicles

**17. Contingent assets and contingent liabilities**

The SA Local Government Grants Commission is not aware of any contingent assets or liabilities.

**18. Cash flow reconciliation**

	2008	2007
	\$000	\$000
<b>Reconciliation of Cash – Cash at year end as per:</b>		
Cash Flow Statement	619	492
Balance Sheet	619	492
<b>Reconciliation of Net Cash provided by Operating Activities to Net result:</b>		
Net cash provided by operating activities	127	274
<b>Add (Less) Non-cash items:</b>		
<b>Changes in Assets / Liabilities (net of restructure transfer)</b>		
Increase in receivables	1	-
(Increase) in payables and provisions	(35)	-
(Increase) in employee benefits	(51)	-
<b>Net result</b>	<b>42</b>	<b>274</b>

**19. Remuneration of board and committee members**

Members who were entitled to receive remuneration for membership during the 2007/08 financial year were:

Members of the South Australian Local Grants Commission were:

M. Germein  
M. Patetsos  
J. Ross

The number of members whose remuneration received or receivable falls within the following bands:

	2008	2007
\$10 000 - \$19 999	3	2
\$20 000 - \$29 999	-	1
<b>Total number of members</b>	<b>3</b>	<b>3</b>

Remuneration of members reflects all costs of performing board/committee member duties including sitting fees, superannuation contributions, fringe benefits tax and any other salary sacrifice arrangements. The total remuneration received or receivable by members was \$48,763 (\$52,000).

Amounts paid to a superannuation plan for board/committee members was \$4,026 (\$4,000).

In accordance with the Department of Premier and Cabinet Circular No. 016, government employees did not receive any remuneration for board/committee duties during the financial year.

Unless otherwise disclosed, transactions between members are on conditions no more favourable than those that it is reasonable to expect the entity would have adopted if dealing with the related party at arm's length in the same circumstances.

## 20. Events after balance date

No events have occurred after balance date that would affect the financial statements of the SA Local Government Grants Commission as at 30 June 2008.

## 21. Disclosure of Administered Items

	2008 \$' 000	2007 \$' 000
<b>Administered Revenues</b>		
<b>Total Commonwealth Receipts</b>		
Commonwealth Financial Assistance Grants	122,560	116,773
Commonwealth Roads to Recovery Grants	5,713	2,500
Commonwealth Specific Purpose Grants	13,592	13,000
<b>Total Administered Revenues</b>	<b>141,865</b>	<b>132,273</b>
<b>Administered Expenses</b>		
<b>Total Commonwealth Payments</b>		
Local Government Financial Assistance Grants	122,560	116,773
Local Government Roads to Recovery Grants	6,765	4,170
Commonwealth Specific Purpose Grants	13,592	13,000
<b>Total Administered Expenses</b>	<b>142,917</b>	<b>133,943</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(1,052)</b>	<b>(1,670)</b>
<b>Cash held at the commencement of the year</b>	<b>2,080</b>	<b>3,750</b>
<b>Cash held at the end of the year</b>	<b>1,028</b>	<b>2,080</b>



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**SA LOCAL GOVERNMENT GRANTS COMMISSION**

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**Certification of the Financial Report**

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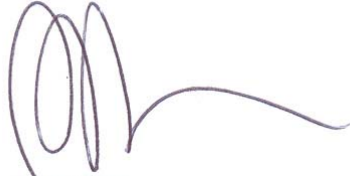
We certify that the attached general purpose financial report for the SA Local Government Grants Commission :

- complies with any relevant Treasurer's instructions issued under section 41 of the *Public Finance and Audit Act 1987* , and any relevant Australian accounting standards;
- are in accordance with the accounts and records of the Commission; and
- presents a true and fair view of the financial position of the SA Local Government Grants Commission as at 30 June 2008 and the results of its operation and cash flows for the financial year.



Malcolm Germein  
**Chairman**  
**SA Local Government**  
**Grants Commission**

10 March 2009



Peter Ilee  
**Executive Officer**  
**SA Local Government**  
**Grants Commission**

10 March 2009

**INDEPENDENT AUDITOR'S REPORT**

Government of South Australia  
Auditor-General's Department

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**To The Chairman  
South Australian Local Government Grants Commission**

As required by section 31 of the *Public Finance and Audit Act 1987*, I have audited the accompanying financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2008. The financial report comprises:

- An Income Statement
- A Balance Sheet
- A Statement of Changes in Equity
- A Cash Flow Statement
- A summary of significant accounting policies and other explanatory notes
- A Certificate from the Chairman and the Executive Officer.

**The Responsibility of the South Australian Local Government Grants Commission for the Financial Report**

The Commission is responsible for the preparation and the fair presentation of the financial report in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the requirements of the *Public Finance and Audit Act 1987* and Australian Auditing Standards. The Auditing Standards require that the auditor complies with relevant ethical requirements relating to audit engagements and plans and performs the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commission, as well as the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion.

**Auditor's Opinion**

In my opinion, the financial report presents fairly, in all material respects, the financial position of the South Australian Local Government Grants Commission as at 30 June 2008, and its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards (including the Australian Accounting Interpretations).



**S O'Neill**  
**AUDITOR-GENERAL**  
18 March 2009