The Supplementary local road funding is calculated on the same basis. This Committee is responsible for assessing submissions from regional associations on local road funding. The Committee makes 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 the National Principles for the Allocation of General Purpose and Local Road Grants (which were established pursuant to the Commonwealth Local Government (Financial Assistance) Act 1995).

Identified Road Component = 85% Formula Grants + 15% Special Local Roads Grants

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. The Supplementary local road funding is calculated on the same basis.

COUNCIL VISITING PROGRAM

The Commission undertakes regular visits to Councils to provide information and the opportunity for discussion about the grant allocation process. The Commission has four main objectives in visiting Councils, these are:

• to explain the background and method of operation of the Commission;
• to enable the Commission to raise queries with Councils about information submitted by way of annual financial statements, general information returns and submissions;
• to provide a forum for discussion between the Commission and Council with regard to both the grant calculation procedures and any particular problems experienced by Councils which might not be adequately covered within current procedures, and
• if necessary, to inspect particular physical features or structures of the area which are considered relevant to the distribution of funds.

The Commission greatly values these occasions because of the contribution they make to improving the relevance of the grant process.

THE COMMISSION

The South Australian local government grants Commission’s main function 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 in accordance with the National Principles for the Allocation of General Purpose and Local Road Grants (which were established pursuant to the Commonwealth Local Government (Financial Assistance) Act 1995).

KEY DATES FOR 2007 - 2008

15 Aug 2007
First quarter instalment of 2007-08 grants

1 Nov 2007
Second quarter instalment of 2007-08 grants

15 Nov 2007
Third quarter instalment of 2007-08 grants

30 Nov 2007
National Conference of Local Government Grants

1 Dec 2007
Annual Report due

15 Jan 2008
Fourth quarter instalment of 2007-08 grants

The Grants Commission’s offices are located on:
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Telephone (08) 8204 8719, Fax (08) 8204 8735.
E-mail: grants@saugov.sa.gov.au

From left, Cr Jodie Flavel, Commission Executive Officer Jane Gascoigne, Council Infrastructure Mgr Tom Avery, Deputy Mayor Leon Stasinowsky, Commissioner Mary Patetsos and Commission Chairman Malcolm Germein during a Grants Commission visit to Loxton Waikerie Council, February 2007
For 2007-08, the Commonwealth Government distributed a total of $1.76 billion to the States. South Australia received $122 million, which includes a special local road component of $4.5 million. 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.

For the 2007-08 allocations there were 68 Councils, the Outback Areas Community Development Trust and five Aboriginal communities eligible for grants.

The Commission is keen to remain informed and believes the Commission needs to know about, please contact the Grants Commission.

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 per capita for each function.

Each function is identified by a main driver or unit of measure. This is the exception of the newly revised road lengths) are averaged over three years following amalgamation, should be the total of the amounts that they had remained separate entities.

Grants distributed should compensate Councils for differences in the costs of providing services and in differences in their revenue raising capacity. Equalisation refers to the financial capacity of the Council; it does not take account of relative cost advantages and disadvantages between Councils.

Cost Relativity Index

CRIs (Cost Relativity Indices) are a measure of a Council’s relative advantage or disadvantage to other Councils in providing similar services or functions. They measure the degree to which a Council’s costs for each function might be expected to exceed (or be less than) the average or standard cost because of factors outside the Council’s control. The Average Cost -1.0 and consequently they are centred around 1.0. In the case of roads, CRIs measure relative costs of factors such as material haulage, soil type, rainfall and drainage.

CRIs are used as a multiplier in the expenditure calculation. 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 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. A standard formula is used as a basis for both the revenue and expenditure component grants.

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The calculation for the expenditure component is based on the assumption of specific expenditure functions typically undertaken by Councils. It estimates a grants component, which depends on the standardised expenditure of the Council per capita is greater or less than the state average per capita and takes account of relative cost advantages and disadvantages between Councils.

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Expenditure components can be positive or negative. Councils whose standardised expenditure per capita is more than the state average per capita, in the cost of providing services or performing functions, will receive a positive assessment and vice versa.

Expenditure Grant Functions

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 entitlement as set out in the Act, ($17.81 for 2007-08), the grant is adjusted to bring it up to the per capita minimum entitlement. The balance of the allocated amounts, 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.

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