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To the Presiding Member South Australian Local Government Grants Commission

Opinion

I have audited the financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2025.

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the South Australian Local Government Grants Commission as at 30 June 2025, its financial performance and its cash flows for the year then ended in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2025
- a Statement of Financial Position as at 30 June 2025
- a Statement of Changes in Equity for the year ended 30 June 2025
- a Statement of Cash Flows for the year ended 30 June 2025
- notes, comprising material accounting policy information and other explanatory information
- a Certificate from the Presiding Member and the Acting Executive Officer.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the South Australian Local Government Grants Commission. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* have been met.

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

Responsibilities of the Executive Officer and the members of the Commission for the financial report

The Executive Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with relevant Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards – Simplified Disclosures, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Executive Officer is responsible for assessing the entity's ability to continue as a going concern, taking into account any policy or funding decisions the government has made which affect the continued existence of the entity. The Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

The members of the Commission are responsible for overseeing the entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the South Australian Local Government Grants Commission for the financial year ended 30 June 2025.

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the South Australian Local Government Grants Commission's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Officer
- conclude on the appropriateness of the Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify the opinion. My conclusion is based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Executive Officer and Presiding Member about, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.



Daniel O'Donohue
Deputy Auditor-General

Sep 25, 2025

South Australian Local Government Grants Commission

Financial Statements

For the year ended 30 June 2025

South Australian Local Government Grants Commission
Certification of the Financial Statements
for the year ended 30 June 2025

We certify that the:

- Financial statements of the South Australian Local Government Grants Commission (The Commission):
 - are in accordance with the accounts and records of the Commission;
 - comply with relevant Treasurer's Instructions;
 - comply with relevant accounting standards; and
 - present a true and fair view of the financial position of the Commission at the end of the financial year and the result of its operation and cash flows for the financial year.
- Internal controls employed by the Commission for the financial year over its financial reporting and its preparation of financial statements have been effective.



Alex Sgro
Acting Executive Officer
South Australian Local Government Grants Commission
25 September 2025



Robert Donaldson
Presiding Member
South Australian Local Government Grants Commission
25 September 2025

South Australian Local Government Grants Commission
Statement of Comprehensive Income
for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Income			
Intra-Government transfers	3.1	487	491
Resources received free of charge	3.2	38	22
Interest	3.3	59	72
Other Income	3.4	267	108
Total income		851	693
Expenses			
Employee related expenses	4.1	401	417
Supplies and services	4.2	410	263
Total expenses		811	680
Net result		40	13
Total comprehensive result		40	13

The accompanying notes form part of these financial statements. The net result and total comprehensive result are attributable to the SA Government as owner.

South Australian Local Government Grants Commission
Statement of Financial Position
As at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Current assets			
Cash and cash equivalents	5.1	1 496	1 530
Receivables	5.2	155	100
Total current assets		1 651	1 630
Total assets		1 651	1 630
Current liabilities			
Employee related liabilities	6.2	41	50
Payables	6.1	25	42
Total current liabilities		66	92
Non-current liabilities			
Employee related liabilities	6.2	133	126
Total non-current liabilities		133	126
Total liabilities		199	218
Net assets		1 452	1 412
Equity			
Retained earnings		1 452	1 412
Total equity		1 452	1 412

The accompanying notes form part of these financial statements. The total equity is attributable to the SA Government as owner.

South Australian Local Government Grants Commission
Statement of Changes in Equity
for the year ended 30 June 2025

	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2023	1 399	1 399
Net result for 2023-24	13	13
Total comprehensive result for 2023-24	13	13
Balance at 30 June 2024	1 412	1 412
Net result for 2024-25	40	40
Total comprehensive result for 2024-25	40	40
Balance at 30 June 2025	1 452	1 452

The accompanying notes form part of these financial statements. All changes in equity are attributable to the SA Government as owner.

South Australian Local Government Grants Commission
Statement of Cash Flows
for the year ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Cash flows from operating activities			
<u>Cash inflows</u>			
Intra-government transfers		487	491
Interest received		69	67
Net GST recovered from the Department for Housing and Urban Development		13	-
Other receipts		202	20
<u>Cash outflows</u>			
Employee related payments		(403)	(391)
Payments for supplies and services		(402)	(215)
Net cash from / (used in) operating activities		(34)	(28)
Net increase / (decrease) in cash and cash equivalents		(34)	(28)
Cash and cash equivalents at the beginning of the period		1 530	1 558
Cash and cash equivalents at the end of the period	5.1	1 496	1 530

South Australian Local Government Grants Commission

Notes to the financial statements

For the year ended 30 June 2025

1. About the Local Government Grants Commission

The South Australian Local Government Grants Commission (the Commission) is a not-for-profit government entity established pursuant to the *South Australian Local Government Grants Commission Act 1992*, which prescribes its responsibilities in accordance with the provisions of the *Commonwealth Local Government (Financial Assistance) Act 1995*.

The Commission does not control any other entity and has no interests in unconsolidated structured entities. The Commission has not entered into any contractual arrangements which involve the sharing of control or significant influence over another entity.

The Commission has administered activities and resources. Transactions and balances relating to administered items are presented separately and are disclosed at note 8. Administered items are accounted for on the same basis as the Commission transactions.

1.1. Basis of Preparation

These financial statements are general purpose statements and have been prepared in accordance with:

- section 23 of the *Public Finance and Audit Act 1987*;
- Treasurer's Instructions and Accounting Policy Statements issued by the Treasurer under the *Public Finance and Audit Act 1987*; and
- relevant Australian Accounting Standards applying simplified disclosures.

The financial statements have been prepared based on a twelve month reporting period and presented in Australian currency. The historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Assets and liabilities that will be sold, consumed or realised as part of the normal operating cycle are classified as current assets or current liabilities. All other assets and liabilities are classified as non-current.

All financial assets and liabilities are measured at amortised cost.

Material accounting policies are set out throughout these notes.

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 (ATO), 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.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities are recoverable from, or payable to, the ATO are classified as operating cash flows.

The net amount of the GST receivable/payable to the ATO is not recognised as a receivable/payable in the Statement of Financial Position as the Commission is a member of an approved GST group of which the Department for Housing and Urban Development is responsible for the remittance and collection of GST.

South Australian Local Government Grants Commission

Notes to the financial statements

For the year ended 30 June 2025

1.2. Objectives and programs

The Commission is responsible for making recommendations to the Minister for Local Government on the distribution of untied Commonwealth financial assistance grants to local governing authorities in South Australia in accordance with State and Federal legislative requirements. The Commission is also responsible for making recommendations on the distribution of the Supplementary Local Road Funding in accordance with the Project Agreement established between the Federal and State Government. The Commission also makes recommendations on the distribution of funding under the Special Local Roads Program, which includes a proportion of funding from the Identified Local Road Grants component of the Financial Assistance Grants, the Supplementary Local Road Funding and the Commonwealth's Roads to Recovery Program.

The Commission's grant recommendations under the three above mentioned programs form the basis of the administered items (revenue and expenditure) outlined in note 8. All Financial Assistance Grants and Supplementary Local Road Funding received by the State, and paid to eligible bodies by the Commission, is passed on in full. Funding provided under the Roads to Recovery Program is drawn down by the Commission when requested by councils with approved grants.

The Commission is also the body responsible for undertaking the assessment of boundary change proposals, overseeing investigations and making recommendations to the Minister in accordance with the requirements of the *Local Government Act 1999* and the Commission's Guidelines.

1.3. Changes to the Commission

The Commission transferred from the Department for Infrastructure and Transport to the Department for Housing and Urban Development effective 1 July 2024.

2. Board, committees and staff

2.1. Key Management Personnel

Key management personnel of the Commission include the Minister for Local Government, three Commission members and the Executive Officer who have responsibility for the strategic direction and management of the Commission.

Total compensation for the Commission's key management personnel in 2025 was \$184 581 (2024: \$185 667). Salaries and other benefits the Minister for Local Government receives are excluded from this total. The Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account via the Department of Treasury and Finance under section 6 the *Parliamentary Remuneration Act 1990*.

Transactions with Key Management Personnel and other related parties

There were no transactions with key management personnel and other related parties during the year.

2.2. Board and Committee members

Members during the 2024-25 financial year were:

Campana W A
Donaldson R T
Vickery E J

South Australian Local Government Grants Commission
Notes to the financial statements
For the year ended 30 June 2025

2.2. Board and Committee members (continued)

Board and committee members Remuneration

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

	2025	2024
	No	No
\$0 - \$19 999	3	2
\$20 000 - \$39 999	-	1
Total number of members	3	3

The total remuneration received or receivable by members in 2025 was \$42 472 (2024: \$46 365). Remuneration of members includes sitting fees, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

3. Income

3.1. Intra-government transfers

	2025	2024
	\$'000	\$'000
Intra-government transfers	487	491
Total intra-government transfers	487	491

Intra-government transfers are recognised as income on receipt.

3.2. Resources received free of charge

	2025	2024
	\$'000	\$'000
Accommodation	22	22
Audit fees	16	-
Total resources received free of charge	38	22

Resources received free of charge relate to accommodation provided by the Department for Housing & Urban Development. The Commission also receives audit services free of charge from the Audit Office of South Australia in relation to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Audit Office of South Australia.

3.3. Interest Revenue

	2025	2024
	\$'000	\$'000
Interest from the Department of Treasury and Finance	59	72
Total interest	59	72

3.4. Other Income

	2025	2024
	\$'000	\$'000
Sundry recoveries	267	108
Total other income	267	108

Recoveries for project related expenditure and 2023-24 audit fees waived.

South Australian Local Government Grants Commission
Notes to the financial statements
For the year ended 30 June 2025

4. Expenses

4.1. Employee Related Expenses

	2025	2024
	\$'000	\$'000
Salaries and wages	275	264
Commission fees	42	48
Superannuation	40	38
Annual Leave	27	28
Long service leave	5	15
Skills and experience retention leave	-	4
Other staff related expenses	12	20
Total employee related expenses	401	417

Superannuation

The superannuation employment on-cost charge represents the Commission's contributions to superannuation plans in respect of current services of current staff.

Remuneration of staff

Remuneration of staff reflects all costs of employment including salaries and wages, payments in lieu of leave, superannuation contributions, salary sacrifice benefits, fringe benefits and any related fringe benefits tax.

No staff received remuneration greater than the base executive remuneration level during the year.

4.2. Supplies and Services

	2025	2024
	\$'000	\$'000
Service contracts	302	150
Service Level Agreement	33	31
Travel	25	33
Accommodation*	22	22
Audit fees**	16	15
Other	12	12
Total supplies and services	410	263

*Accommodation is provided free of charge by the Department for Housing and Urban Development.

**Audit services are provided free of charge by the Audit Office of South Australia relating to work performed under the *Public Finance and Audit Act 1987*. No other services were provided by the Audit Office of South Australia.

South Australian Local Government Grants Commission
Notes to the financial statements
For the year ended 30 June 2025

5. Financial Assets

5.1. Cash

	2025	2024
	\$'000	\$'000
Deposits at call with the Treasurer	1 496	1 530
Total cash	1 496	1 530

Cash is measured at nominal amounts. Deposits at call with the Treasurer earn a floating interest rate, based on daily banking deposit rates.

5.2. Receivables

	2025	2024
	\$'000	\$'000
Current		
Contractual receivables		
Receivables	153	88
Accrued Interest on deposits	2	12
Total contractual receivables	155	100
Total current receivables	155	100
Total receivables	155	100

Receivables arise in the normal course of selling goods and services to other government agencies and to the public. Receivables are normally settled within 30 days after the issue of an invoice, or the goods/services have been provided under a contractual arrangement. Receivables are non-interest bearing. Receivables are held with the objective of collecting contractual cash flows and they are measured at amortised cost.

Collectability of receivables is reviewed on an ongoing basis.

6. Liabilities

6.1. Payables

	2025	2024
	\$'000	\$'000
Current		
Accrued expenses	24	42
Creditors	1	-
Total current payables	25	42
Total payables	25	42

Payables and accrued expenses are recognised for amounts owing but unpaid. Contractual payables are normally settled within 30 days from the date the invoice is first received. All payables are non-interest bearing. The carrying amount of payables represents fair value due to their short-term nature. Payables are measured at nominal amounts.

South Australian Local Government Grants Commission
Notes to the financial statements
For the year ended 30 June 2025

6.2. Employee related liabilities

	2025	2024
	\$'000	\$'000
Current		
Annual leave	23	25
Long service leave	9	17
Employment on-costs	6	6
Skills and experience retention leave	2	2
Accrued salaries and wages	1	-
Total current staff related liability	41	50
Non-current		
Long service leave	121	114
Employment on-costs	12	12
Total non-current staff related liability	133	126
Total employee related liabilities	174	176

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

Long service leave

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by staff up to the end of the reporting period using the projected unit credit method.

The actuarial assessment performed by the Department of Treasury and Finance has provided a basis for the measurement of long service leave and is based on actuarial assumptions on expected future salary and wage levels, experience of employee departures and periods of service. These assumptions are based on employee data over SA Government entities.

AASB 119 *Employee Benefits* requires the use of the yield on long-term Commonwealth Government bonds as the discount rate in the measurement of the long service leave liability. The yield on long term Commonwealth Government bonds remains unchanged at 4.25%.

The long service leave liability has been allocated between current and non-current liabilities using the leave pattern history of previous years.

Employment On-Costs

Employment on-costs include payroll tax and superannuation contributions and are settled when the respective staff benefits that they relate to are discharged.

The Commission contributes 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 reporting date relates to any contributions due but not yet paid to the South Australian Superannuation Board and other superannuation funds.

As a result of an actuarial assessment performed by the Department of Treasury and Finance the proportion of long service leave taken as leave remains the same as the 2024 rate of 44% and the average factor for the calculation of employer superannuation on-costs has increased in 2025 to 12% (2024: 11.5%). These rates are used in the employment on-cost calculation. The net financial effect of the changes in the current financial year on employment on-costs and staff benefits expense are immaterial. The impact on future periods is impractical to estimate but is not expected to be material.

South Australian Local Government Grants Commission
Notes to the financial statements
For the year ended 30 June 2025

7. Outlook

7.1. Contingent Assets and Liabilities

The Commission is not aware of any contingent assets or liabilities as at 30 June 2025.

7.2. Events After the Reporting Period

No events after the reporting period to report.

8. Disclosures of Administered Items

South Australia receives grant funding from the Commonwealth based on recommendations by the Commission on the distribution of the funding which have been endorsed by the state minister for Local Government and approved by the Federal Minister. The Commission manages the distribution of the grant funding in full to eligible and approved bodies that have been approved by the Federal Minister for Local Government. Further details have been provided in note 1.2.

Statement of Administered Comprehensive Income

	Note	2025 \$'000	2024 \$'000
Administered Income			
Commonwealth Financial Assistance Grants	a)	145 275	189 860
Supplementary Local Road Funding Grants	a)	20 000	20 000
Commonwealth Roads to Recovery Grants	a)	10 376	6 475
Interest on cash deposits		208	52
Other Revenue	b)	1 462	20
Total administered income		177 321	216 407
Administered Expenses			
Commonwealth Financial Assistance Grants		147 945	190 687
Supplementary Local Road Funding Grants		20 000	20 000
Commonwealth Roads to Recovery Grants		10 376	6 475
Other Expenses	c)	67	983
Total administered expenses		178 388	218 145
Net Result		(1 067)	(1 738)
Total comprehensive result		(1 067)	(1 738)

- a) Commonwealth funding is recognised on receipt.
- b) Other revenue relates to the return of unspent Special Local Roads Program funding upon the completion of a project. The commission recognises this on receipt or when a right to receive the unspent funds has been established.
- c) Other expenses relate to the payment of the unspent funds returned in b) to the South Australian Local Government Grants Commission.

South Australian Local Government Grants Commission
Notes to the financial statements
For the year ended 30 June 2025

8. Disclosures of Administered Items (continued)

Statement of Administered Financial Position

	2025	2024
	\$'000	\$'000
Administered Current Assets		
Cash	4 772	9 242
Receivables	1 340	-
Total Administered Current Assets	6 112	9 242
Administered Current Liabilities		
Payables	-	2 063
Total Administered Current Liabilities	-	2 063
Net Assets	6 112	7 179
Administered Equity		
Retained Earnings	6 112	7 179
Total Administered Equity	6 112	7 179

Statement of Administered Cash Flows

	2025	2024
	\$'000	\$'000
Cash Flows from Operating Activities		
<u>Cash Inflows</u>		
Commonwealth Grants	175 651	216 335
Interest Received	204	52
Other revenue	126	67
<u>Cash Outflows</u>		
Commonwealth Grants	(180 384)	(215 099)
Other expenses	(67)	(983)
Net cash (used in) / from operating activities	(4 470)	372
Net decrease / (increase) in cash and cash equivalents	(4 470)	372
Cash and cash equivalents at the beginning of the period	9 242	8 870
Cash and cash equivalents at the end of the period	4 772	9 242