

7. Scale ‘Admin’

Total \$ Redistributed	Base	Proposed
Scale ‘Admin’	\$8 009 271	\$8 835 536

This CA accounts for diseconomies of scale experienced by smaller councils in providing administrative services. Scale ‘Admin’ CA applies to only one expenditure category, which is general administration.

The Scale ‘Admin’ CA is calculated using a regression formula that is applied to a rolling 3 year average population figure for each council. The formula was obtained by analysing the link between a council’s population and its general administration expenses.

The equation currently in use is:

$$y = 5.9761 x^{-0.3954}, \text{ with an } R^2 \text{ of } 0.5114$$

The coefficient of determination (0.5114) indicates that the current equation describes 51 per cent of the variation between the two variables x (population) and y (general admin expenses).

Recalculated Scale Equation

For the purposes of the recalculation, the data used for both general administration costs and population is a seven year average from 2000-01 to 2006-07. Appendix 3 shows the data used to calculate the 7 year averages. It should be noted that despite there being certain anomalies within the administration expense data in relation to year-to-year trends within councils, all available data has been included with one exception. Brighton has been excluded from the calculation because it reports an extremely small administration per capita average of \$57 (cell R86). Councils of similar size such as Huon Valley (\$121), Northern Midlands (\$144) and Waratah-Wynyard (\$183), all report per capita averages that are at least twice to three times that of Brighton.

A scatter graph of the recalculated scale equation can be found in Appendix 4, and Appendix 5 provides an updated CA calculation in column F.

The recalculated scale equation using seven year average CDC and population data is:

$$y = 8.5511 x^{-0.4151}, \text{ with an } R^2 \text{ of } 0.6984$$

The recalculated coefficient of determination (0.6984) is a good result, indicating that the updated equation describes almost 70 per cent of the variation between population and general administration expenses. Population cannot totally account for levels of administration expense. Therefore, being able to account for almost 70 per cent of administration expenses through the one variable is a statistically significant result.

Local Government Grants Commissions in other jurisdictions account for scale using various methods, some of which are explained below.

New South Wales determines scale through a straight line measure. Those councils with an estimated resident population of 1250 or less are given a disability factor of +125 per cent, and those councils with a population of 20 000 or greater are given a disability factor of 0 per cent. All councils in between are awarded a disability as determined by where its population crosses the line between the two extremes. This disability factor is only applied to the General Admin expenditure function.

Queensland uses a combination of a fixed cost (\$347 496 for administration and \$23 167 for community amenities) for all councils, as well as an area variable (\$5 per square kilometre for all councils up to \$200 000) and a population variable that is a sliding scale providing an increase of up to 50 per cent in expenditure for the smallest councils. Queensland applies its Scale CA to all expenditure categories.

Victoria uses a Scale CA that takes population and the number of dwellings into account. The Scale CA is applied to four expenditure categories and is weighted to a percentage of each expenditure category as follows: governance (20 per cent), waste management (30 per cent), other infrastructure services (10 per cent) and business and economic services (30 per cent).

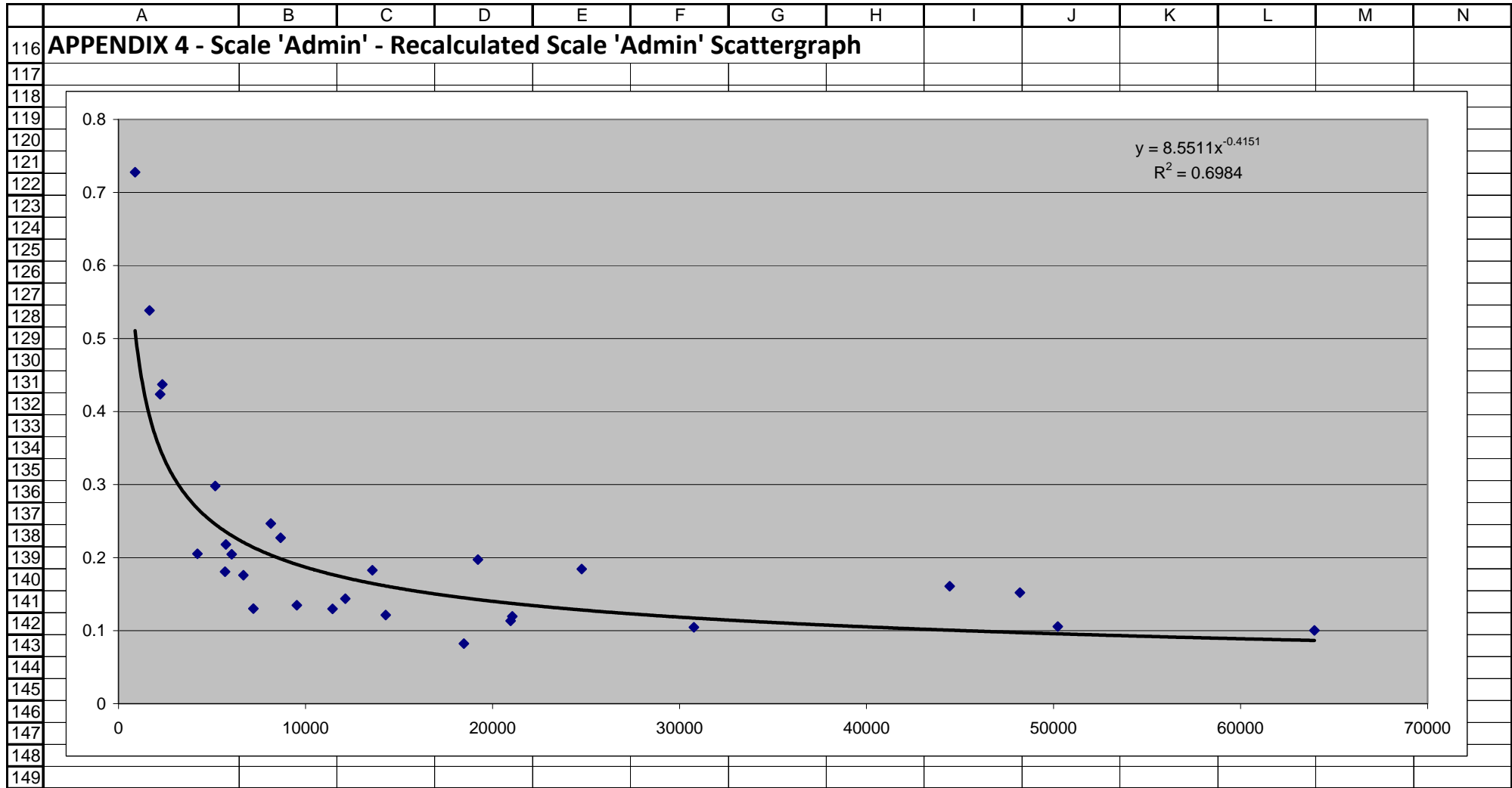
Range Factor Adjustment

The Commission determined to increase the effect of the Scale 'Admin' CA by altering the range factor. The effect of this adjustment can be seen between Appendices 1 & 2. In Appendix 1 the maximum impact on applicable expenditure categories is +175.4 per cent for Flinders. The Commission judged that Flinders is the most scale affected councils, and that an appropriate allowance would be to alter the range factor to increase this maximum redistribution to +200.0 per cent for Flinders. The resulting dollar and percentage impacts to all councils can be observed in columns K & L in Appendix 2.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	APPENDIX 1 - Scale 'Admin' - Cost Adjustor Impacts on 2006-07 Base Year Data													
2														
3		GENERAL ADMINISTRATION	EDUCATION HEALTH HOUSING AND WELFARE	LAW ORDER AND PUBLIC SAFETY	PLANNING & COMMUNITY AMENITIES	WASTE MANAGEMENT AND ENVIRONMENT	RECREATION AND CULTURE	SEWERAGE	WATER	OTHER	TOTAL EXPENDITURE EFFECT	IMPACT ON APPLICABLE EXPENDITURE CATEGORIES	IMPACT ON NON-ROADS EXPENDITURE	RANK - % IMPACT ON NON-ROADS EXP
4														
5	SCALE 'ADMIN' - The effect of the Scale 'Admin' Cost Adjustor on each expenditure category (2006-07 Data)													
6														
7	Break O'Day	+ 465 959	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 465 959	+43.8%	+11.8%	9
8	Brighton	+ 317 152	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 317 152	+12.6%	+3.4%	18
9	Burnie	+ 104 625	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 104 625	+3.1%	+0.8%	21
10	Central Coast	+ 26 688	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 26 688	+0.7%	+0.2%	22
11	Central Highlands	+ 387 180	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 387 180	+98.0%	+26.3%	4
12	Circular Head	+ 459 369	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 459 369	+32.7%	+8.8%	12
13	Clarence	-1 722 349	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-1 722 349	-19.7%	-5.3%	28
14	Derwent Valley	+ 433 607	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 433 607	+26.0%	+7.0%	14
15	Devonport	- 164 284	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	- 164 284	-3.9%	-1.0%	24
16	Dorset	+ 470 658	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 470 658	+38.1%	+10.2%	11
17	Flinders	+ 262 415	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 262 415	+175.4%	+47.1%	1
18	George Town	+ 468 604	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 468 604	+40.8%	+11.0%	10
19	Glamorgan-Spring Bay	+ 458 160	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 458 160	+61.3%	+16.5%	5
20	Glenorchy	-1 288 341	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-1 288 341	-17.1%	-4.6%	26
21	Hobart	-1 612 302	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-1 612 302	-19.0%	-5.1%	27
22	Huon Valley	+ 289 525	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 289 525	+11.6%	+3.1%	19
23	Kentish	+ 478 843	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 478 843	+46.4%	+12.5%	8
24	King Island	+ 362 096	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 362 096	+123.2%	+33.1%	2
25	Kingborough	- 536 301	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	- 536 301	-9.8%	-2.6%	25
26	Latrobe	+ 445 875	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 445 875	+28.8%	+7.7%	13
27	Launceston	-2 685 695	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-2 685 695	-24.2%	-6.5%	29
28	Meander Valley	+ 130 357	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 130 357	+4.0%	+1.1%	20
29	Northern Midlands	+ 368 453	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 368 453	+17.3%	+4.6%	16
30	Sorell	+ 393 374	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 393 374	+18.6%	+5.0%	15
31	Southern Midlands	+ 474 992	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 474 992	+47.4%	+12.7%	7
32	Tasman	+ 392 878	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 392 878	+100.1%	+26.9%	3
33	Waratah-Wynyard	+ 333 900	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 333 900	+14.1%	+3.8%	17
34	West Coast	+ 475 894	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 475 894	+54.2%	+14.6%	6
35	West Tamar	+ 8 666	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 8 666	+0.2%	+0.1%	23
36														
37	<i>SUM REDISTRIBUTED</i>	8 009 271	0	0	0	0	0	0	0	0	8 009 271			
38	<i>AS PROPN OF CAT EXP</i>	9.516%	0.000%	0.000%	0.000%	0.000%	0.000%	#DIV/0!	#DIV/0!	0.000%		9.516%	2.557%	
39														

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
40	APPENDIX 2 - Scale 'Admin' - Proposed Cost Adjustor Impacts on 2006-07 Base Year Data													
41														
42		GENERAL ADMINISTRATION	EDUCATION HEALTH HOUSING AND WELFARE	LAW ORDER AND PUBLIC SAFETY	PLANNING & COMMUNITY AMENITIES	WASTE MANAGEMENT AND ENVIRONMENT	RECREATION AND CULTURE	SEWERAGE	WATER	OTHER	TOTAL EXPENDITURE EFFECT	IMPACT ON APPLICABLE EXPENDITURE CATEGORIES	IMPACT ON NON-ROADS EXPENDITURE	RANK - % IMPACT ON NON-ROADS EXP
43														
44	SCALE 'ADMIN' - The effect of the Scale 'Admin' Cost Adjustor on each expenditure category (2006-07 Data)													
45														
46	Break O'Day	+ 516 522	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 516 522	+48.6%	+13.1%	9
47	Brighton	+ 344 334	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 344 334	+13.6%	+3.7%	18
48	Burnie	+ 107 507	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 107 507	+3.2%	+0.9%	21
49	Central Coast	+ 21 133	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 21 133	+0.6%	+0.2%	22
50	Central Highlands	+ 435 525	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 435 525	+110.3%	+29.6%	4
51	Circular Head	+ 506 899	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 506 899	+36.1%	+9.7%	12
52	Clarence	-1 897 653	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-1 897 653	-21.7%	-5.8%	28
53	Derwent Valley	+ 476 780	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 476 780	+28.6%	+7.7%	14
54	Devonport	- 189 924	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	- 189 924	-4.5%	-1.2%	24
55	Dorset	+ 520 577	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 520 577	+42.1%	+11.3%	11
56	Flinders	+ 299 268	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 299 268	+200.0%	+53.7%	1
57	George Town	+ 518 857	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 518 857	+45.1%	+12.1%	10
58	Glamorgan-Spring Bay	+ 510 736	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 510 736	+68.3%	+18.4%	5
59	Glenorchy	-1 423 426	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-1 423 426	-18.9%	-5.1%	26
60	Hobart	-1 777 672	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-1 777 672	-21.0%	-5.6%	27
61	Huon Valley	+ 313 805	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 313 805	+12.6%	+3.4%	19
62	Kentish	+ 531 292	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 531 292	+51.5%	+13.8%	8
63	King Island	+ 409 362	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 409 362	+139.3%	+37.4%	2
64	Kingborough	- 599 647	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	- 599 647	-10.9%	-2.9%	25
65	Latrobe	+ 491 045	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 491 045	+31.7%	+8.5%	13
66	Launceston	-2 947 213	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	-2 947 213	-26.6%	-7.1%	29
67	Meander Valley	+ 136 081	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 136 081	+4.2%	+1.1%	20
68	Northern Midlands	+ 402 457	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 402 457	+18.9%	+5.1%	16
69	Sorell	+ 430 194	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 430 194	+20.3%	+5.5%	15
70	Southern Midlands	+ 527 209	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 527 209	+52.6%	+14.1%	7
71	Tasman	+ 442 127	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 442 127	+112.6%	+30.3%	3
72	Waratah-Wynyard	+ 363 348	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 363 348	+15.3%	+4.1%	17
73	West Coast	+ 529 381	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 529 381	+60.3%	+16.2%	6
74	West Tamar	+ 1 096	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 0	+ 1 096	+0.0%	+0.0%	23
75														
76	<i>SUM REDISTRIBUTED</i>	8 835 536	0	0	0	0	0	0	0	0	8 835 536			
77	<i>AS PROPN OF CAT EXP</i>	10.498%	0.000%	0.000%	0.000%	0.000%	0.000%	#DIV/0!	#DIV/0!	0.000%		10.498%	2.821%	
78														

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
79	APPENDIX 3 - Scale 'Admin' - Administration and Population Data Used (Taken from CDC Sheets)																	
80																		
81		<u>Administration Expenses (Net SPPs) (000's)</u>							Avg Admin Expenses	<u>Population (at end of Financial Year)</u>							Average Population	Admin Per Capita Avg \$
82																		
83		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07		2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07		
84																		
85	BREAK O'DAY	1 082	1 010	1 111	1 167	1 285	1 351	1 659	1 238	5752	5849	5938	6036	6194	6334	6234	6 048	\$205
86	BRIGHTON	629	763	750	850	921	736	732	769	13050	12966	13071	13436	13819	14027	14791	13 594	\$57
87	BURNIE	3 872	2 762	3 527	3 656	4 504	3 882	4 331	3 791	19261	18827	19030	19139	19217	19335	19692	19 214	\$197
88	CENTRAL COAST	1 989	2 085	2 236	2 410	2 941	2 883	3 062	2 515	20971	20913	21033	21079	20914	21239	21253	21 057	\$119
89	CENTRAL HIGHLANDS	711	957	1 168	1 044	1 029	1 097	1 154	1 023	2488	2306	2341	2295	2337	2297	2315	2 340	\$437
90	CIRCULAR HEAD	1 485	1 438	1 563	1 837	1 769	2 379	3 594	2 009	8480	7999	8086	8105	8099	8051	8228	8 150	\$247
91	CLARENCE	1 150	4 807	5 628	6 226	6 233	5 903	7 169	5 302	48965	49647	49863	50257	50599	51072	51173	50 225	\$106
92	DERWENT VALLEY	1 192	1 160	1 274	1 184	1 211	1 580	1 385	1 284	9743	9317	9402	9327	9517	9688	9770	9 538	\$135
93	DEVONPORT	2 553	3 724	4 084	4 238	4 879	6 144	6 337	4 565	24334	24201	24568	24979	25266	25122	24961	24 776	\$184
94	DORSET	548	405	831	620	1 233	1 375	1 560	939	7409	7322	7254	7131	7120	7045	7245	7 218	\$130
95	FLINDERS	371	342	471	664	611	1 100	963	646	940	868	875	877	897	879	877	888	\$728
96	GEORGE TOWN	899	1 115	1 030	1 175	1 244	1 335	1 421	1 174	6728	6482	6680	6747	6679	6695	6740	6 679	\$176
97	GLAMORGAN/SPRING BAY	1 087	1 298	1 631	0	616	520	905	865	4248	3987	4071	4185	4296	4356	4383	4 218	\$205
98	GLENORCHY	4 553	4 691	7 175	7 393	8 149	8 909	9 109	7 140	43748	44124	44579	44925	44615	44900	44250	44 449	\$161
99	HOBART	13 810	8 547	9 122	6 680	7 860	2 050	3 189	7 323	45954	47478	48071	48533	48794	48808	49720	48 194	\$152
100	HUON VALLEY	1 236	1 450	1 323	1 800	1 379	1 287	3 663	1 734	13675	13979	14081	14347	14567	14749	14628	14 289	\$121
101	KENTISH	913	758	656	1 104	1 264	1 354	1 157	1 030	5505	5500	5533	5676	5784	5888	6052	5 705	\$180
102	KING ISLAND	834	1 019	1 357	803	677	689	881	894	1755	1689	1677	1632	1570	1580	1723	1 661	\$538
103	KINGBOROUGH	2 874	2 636	2 649	3 008	3 599	3 618	4 141	3 218	28582	29712	30328	30961	31530	32057	32228	30 771	\$105
104	LATROBE	1 686	1 925	2 057	1 652	1 622	2 181	2 649	1 967	8165	8347	8518	8710	8769	9083	9071	8 666	\$227
105	LAUNCESTON	8 929	5 027	5 160	4 273	6 134	6 288	9 054	6 409	62682	62582	63339	64057	65021	65051	64931	63 952	\$100
106	MEANDER VALLEY	1 203	1 184	1 229	1 466	1 669	1 999	1 871	1 517	17713	18164	18276	18611	18621	18735	19124	18 463	\$82
107	NORTHERN MIDLANDS*	1 277	1 368	1 810	1 811	1 756	1 988	2 207	1 745	11839	11957	12035	12125	12167	12313	12482	12 131	\$144
108	SORELL	948	1 595	1 642	643	1 283	2 578	1 715	1 486	10941	11075	11155	11304	11454	11758	12428	11 445	\$130
109	SOUTHERN MIDLANDS	903	1 084	1 252	1 386	1 414	1 379	1 340	1 251	5640	5736	5742	5760	5736	5717	5871	5 743	\$218
110	TASMAN	575	712	755	851	1 152	1 128	1 450	946	2222	2249	2199	2222	2180	2257	2301	2 233	\$424
111	WARATAH/WYNARD	1 940	2 063	2 201	2 677	2 683	3 180	2 612	2 479	13819	13564	13486	13486	13318	13479	13889	13 577	\$183
112	WEST COAST	1 377	853	1 015	878	2 137	2 296	2 249	1 544	5620	5352	5189	5087	4946	4923	5148	5 181	\$298
113	WEST TAMAR	2 022	2 480	2 059	2 348	2 482	2 651	2 607	2 378	20043	20420	20674	21054	21237	21510	21833	20 967	\$113
114																		



	A	B	C	D	E	F
150	APPENDIX 5 - Scale 'Admin' Cost Adjustor					
151	(after updates and changes)					
152			Population 3 Yr Avg	General Admin Continuous Scale Factor	Calculated Scale Index Cost Adj	Ranged Cost Adjustor
153						
154						
155						
156						
157						RF-> 0.0519
158	BREAK O'DAY		6 254	0.227	1.671	1.49
159	BRIGHTON		14 212	0.162	1.189	1.14
160	BURNIE		19 415	0.142	1.044	1.03
161	CENTRAL COAST		21 135	0.137	1.008	1.01
162	CENTRAL HIGHLANDS		2 316	0.343	2.524	2.10
163	CIRCULAR HEAD		8 126	0.204	1.499	1.36
164	CLARENCE		50 948	0.095	0.700	0.78
165	DERWENT VALLEY		9 658	0.190	1.395	1.29
166	DEVONPORT		25 116	0.128	0.938	0.96
167	DORSET		7 137	0.215	1.582	1.42
168	FLINDERS		884	0.512	3.764	3.00
169	GEORGE TOWN		6 705	0.221	1.624	1.45
170	GLAMORGAN/SPRING BAY		4 345	0.264	1.944	1.68
171	GLENORCHY		44 588	0.100	0.739	0.81
172	HOBART		49 107	0.097	0.710	0.79
173	HUON VALLEY		14 648	0.160	1.174	1.13
174	KENTISH		5 908	0.233	1.711	1.51
175	KING ISLAND		1 624	0.397	2.924	2.39
176	KINGBOROUGH		31 938	0.115	0.849	0.89
177	LATROBE		8 974	0.195	1.438	1.32
178	LAUNCESTON		65 001	0.086	0.632	0.73
179	MEANDER VALLEY		18 827	0.144	1.058	1.04
180	NORTHERN MIDLANDS		12 321	0.171	1.261	1.19
181	SORELL		11 880	0.174	1.280	1.20
182	SOUTHERN MIDLANDS		5 775	0.235	1.727	1.53
183	TASMAN		2 246	0.347	2.556	2.13
184	WARATAH/WYNYARD		13 562	0.165	1.212	1.15
185	WEST COAST		5 006	0.249	1.833	1.60
186	WEST TAMAR		21 527	0.136	1.000	1.00
187			489 184	PWA = 0.136	PWA = 1.000	PWA = 1.000
188						
189						max = 3.000
190						min = 0.734