

# Non Resident Impacts in the Base Grant Model

## Regional Service Industry Employment Cost Adjustor - 2021 Proposal

Discussion Paper DP21-01

December 2020

## Contents

Executive Summary.....	3
Review Context .....	5
Background to Review .....	7
Decision so far regarding other Non-Resident Impact Cost Adjustors.....	9
Revisions to Regional Service Industry Employment Cost Adjustor Proposal .....	10
Tourism impacts.....	13
Questions to councils.....	14
Submissions Due date.....	15
Appendices .....	16
Appendix 1: Regional Service Industry Employment Cost Adjustor .....	17
Appendix 2: Regional Responsibility Cost Adjustor Impacts (Current Cost Adjustor) .....	18
Appendix 3: Regional Service Industry Cost Adjustor Impacts .....	19
Appendix 4: Comparison of Regional Responsibility and Regional Service Industry Cost Adjustor Redistributive effects .....	20

## Executive Summary

While councils are impacted by non-residents to differing degrees and for a wide range of reasons, the current Regional Responsibility Cost Adjustor is not well defined and does not provide a measurement system which is capable of being effectively applied across all councils. While the Commission understands that it needs to apply judgement where necessary, the Commission is of the view that the expenditure re-allocative "power" of the current Regional Responsibility CA is too large for a measure based largely on judgement.

Over recent years, the Commission has been seeking to develop of measure of the impact of non-residents using a data-informed indicator. In 2020 the Commission issued DP20-01 Non-Resident Impacts - The Bigger Picture, in which the Commission discussed with councils how the four non-resident type cost adjustors interplayed. The Commission has taken on board the feedback it received on its 2020 Discussion Paper and further finessed its proposed Regional Service Industries (RSI) Cost Adjustor, based on employment in service industries. It further considered how the issues councils raised related to the interplay of the Commission's other cost adjustors.

This paper provides the next step in the discussion of a proposed solution for recognising the disadvantages for councils created by non-resident people movements.

This paper proposes the replacement of the existing Regional Responsibility Cost Adjustor only with a modified RSI Cost Adjustor, which is now proposed to "operate" without a minimum floor or regional centre uplift factor as had been illustrated in 2020. The RSI Cost Adjustor does however, contain a Major City Cap.

The proposal is now also to retain both the existing Worker Influx and Absentee Population Cost Adjustors. The Tourism Cost Adjustor is also still under review.

The Commission believes a RSI Cost Adjustor is a more logical and defensible way of estimating irregular flows of non-resident impacts on councils, and enables the Commission to better assess all councils relative needs in accordance with the major criteria of its decision making, that is, horizontal fiscal equalisation (HFE) and effort neutrality.

The Commission is now seeking feedback from councils on the revised options proffered in this Discussion Paper.

While the Commission is still consulting on solutions with councils, it will not be making any immediate methodology changes to its Base Grant Model in respect of this issue. Consistent with the Commission's Strategic Framework and Operating Plan, the Commission will issue a Preliminary Decision Paper advising councils of its intended solution prior to implementing any changes. This Preliminary Decision Paper will provide councils with a final opportunity to provide feedback on any solution before any implementation will occur.

Whilst encouraging written feedback from councils on the latest proposal by 22 January 2021 for the Commission to consider prior to it commencing the 2021 hearings and visits, the Commission is very aware of the complexity of this issue and will also receive verbal feedback on the proposal as part of the 2021 hearings and visits.

The closing date for final written submissions is Wednesday, 10 March 2021.

Following feedback from councils and assuming the Commission is in a position to enable decisions to be made, the Commission expects to publish its proposed position on this issue later in 2021. This will provide councils with a further opportunity to comment before any solution is implemented.

## Review Context

The State Grants Commission (the Commission) is an independent statutory body established under the *State Grants Commission Act 1976* and is responsible for recommending the distribution of Australian Government and State Government funds to Tasmanian local government authorities. To ensure that the distribution of available funds is as equitable and contemporary as possible, the Commission continually monitors council practices and updates assessment methods and data where appropriate. Based on these reviews, the Commission implements changes as they are determined.

As part of the Commission's review process, and in accordance with the Commission's Work Plan, the Commission has been reviewing the impact of non-residents on councils. This initially commenced as a review of the Regional Responsibility Cost Adjustor, but has subsequently broadened to become a review of the Commission's cost adjustors that are designed to account for councils having to service populations that are larger than their normal residential base. Location, facilities and services attract non-residents to enter a council area.

The Commission has previously prepared some scenarios as to how it could progress a solution to this issue and is now seeking council feedback on the scenarios canvassed in this paper.

The Commission, in deciding how it operates and applies the National Principles, has developed its own set of principles to guide its decision making. These are the State Principles, which are detailed in Attachment 2 of the Commission's methodology publication: [Financial Assistance Grant Distribution Methodology](#). One such principle relates to Data quality and sources, and has been replicated below for the purposes of understanding a key factor in the Commission's objectives from this review.

- ***Data quality and sources***

*The Commission takes the accuracy and consistency of data very seriously and actively seeks to increase the integrity of the data used within its assessments. The Commission has a strong preference for independent measures and data sources to inform its modelling, while being able to exercise broad judgement in its deliberations in relation to sources of data.*

The Commission actively seeks to increase the integrity of the data used within the Commission's assessments and ensure its methods are contemporary and equitable across

councils. The Commission may exercise its judgement and adopt alternative information sources where it considers such to be justified.

## Background to Review

The current Regional Responsibility Cost Adjustor is not well defined and does not provide a measurement system which is capable of being effectively applied across all councils. Every council will provide services to non-residents, whether they be short or longer term visitors, whether they are there for business or pleasure, and whether they impact upon current services or the planning for future services and facilities. While the Commission understands that it needs to apply judgement where necessary, the Commission is of the view that the expenditure re-allocative "power" of the current Regional Responsibility Cost Adjustor is too large for a measure based largely on judgement.

Therefore, the Commission has determined that the current manner of recognising the impact of non-residents on councils using the Regional Responsibility Cost Adjustor needs to change.

### **Initial review of the Regional Responsibility Cost Adjustor and consultation with councils**

The Commission commenced this review in 2018 as a periodic review of the Regional Responsibility Cost Adjustor by issuing Discussion Paper DP18-01 - Regional Responsibility - The obligations that come with being a major regional hub. This review looked at current Regional Responsibility Cost Adjustor and the basis on which the judgement of weightings assigned to councils have been determined.

The 2018 review failed to identify any independent measures or data sources that were available for many municipalities on which to base or assign weightings used by the Regional Responsibility Cost Adjustor in the Commission's Base Grant Model

### **Further review and consultation with councils on non-resident impacts**

The Commission then engaged with councils in 2019 about the broader impacts of non-residents on councils (Conversation Starter CS19 02 - Provision of Services to Non-Residents). The Commission's intent was to have more extensive conversations with councils as to the specific impact on council operations of the various streams of non-residents in their respective municipalities. While councils responded by continuing to report a range of areas in which they were impacted by non-residents (e.g. waste management, public facilities, sport and recreation facilities; roads), councils were generally unable to quantify these impacts in a way which would help the Commission to independently model the related disadvantage.

### **Other Commission observations**

In 2020 the Commission issued DP20-01 Non-Resident Impacts - The Bigger Picture, in which the Commission discussed with councils how the four non-resident type cost adjustors interplayed. The Commission canvassed several scenarios including the design of a new Regional Service Industries (RSI) Cost Adjustor, based on employment in service industries, similar to the approach used by the Victorian Grants Commission.

The Commission heard that most councils leant towards the general concept of the RSI Cost Adjustor proposal, although feedback indicated that there was still a role for some of the Commission's existing cost adjustors. There were also issues raised regarding the "floors" and uplift factors which the Commission had used in its sample of the RSI Cost Adjustor. These triggered several queries as to how they were determined, and councils generally preferred using the raw data instead of including artificial floors. After considering the input from councils, the Commission decided that "floors" and uplift factors were not necessary.

In the design of the RSI Cost Adjustor included in this proposal, the Commission has also reviewed the use of caps in determining the service industry value to be used in the cost adjustor. The previous illustration of the RSI Cost Adjustor used a "Capital City Cap" as is currently used in the Victorian model. This cap, originally set at 35%, as for Victoria, recognises that capital cities service industry employment reaches very high levels which may not produce additional proportionate flows of non-residents consuming services. This may be due to the higher proportion of employees providing state administration rather than direct services to residents. The Commission also noted that economies of scale and sponsorship or business recoveries may affect the disadvantage suffered where very high levels of RSI employment occur in major cities. After reviewing this issue, the Commission decided that such a cap should apply not just to the capital city but to any major city with an exceptionally high RSI index. A "Major City Cap" of 40% has been used in this paper.

Councils also raised the impact of non-residents on road maintenance costs. This issue is flagged as a project in the Commission's Strategic and Operational Framework Priority Work Plan. The timing of this work will be determined in accordance with the Commission's work plan priorities.



## Decision so far regarding other Non-Resident Impact Cost Adjustors

The Commission has committed to keeping the Absentee Population Cost Adjustor.

The Commission is also committed to keeping the Worker Influx Cost Adjustor as the Commission recognises that this cost adjustor includes all industries and effectively captures the routine normal population movements that relate to cross-boundary employment.

The Commission also recognises that a Tourism Cost Adjustor should be retained. This might be by potentially using Tourism type service industry employment data and evaluating the resultant employment profile results as a potential solution for the current Tourism Cost Adjustor data concerns, that is, the absence of relevant data related to bed numbers and day-trippers.

The Commission does recognise that the RSI measure, being informed by the Census every five years, is a measure that does not capture the seasonal worker influxes that typically occur during the Spring-Summer fruit and similar seasons, or the itinerant worker influx from drive in/drive out and fly in/fly out work forces.

The issue of seasonal worker influx will be considered by the Commission when it is able to determine a reliable data source for measuring seasonal and drive-in/drive-out and fly-in/fly-out workers.

## Revisions to Regional Service Industry Employment Cost Adjustor Proposal

The Commission's current proposal to discuss with councils is a variant on the a RSI employment informed cost adjustor presented as Option 4 in DP20-01.

Option 4 in DP20-01 considered a RSI Based Cost Adjustor proposal that used the following parameters:

1. the ABS Census Place of Work by LGA data as its basis (reflecting the 2016 Census results). Those classed as service industries are shaded in the following Table:

**Table 1: 2006 ANZSIC – Industry of Employment by Divisions**

Agriculture, Forestry & Fishing	Financial & Insurance Services
Mining	Rental, Hiring & Real Estate Services
Manufacturing	Professional, Scientific & Technical Services
Electricity, Gas, Water and Waste Services	Administrative & Support Services
Construction	Public Administration & Safety
Wholesale Trade	Education & Training
Retail Trade	Health Care & Social Assistance
Accommodation & Food Services	Arts & Recreation Services
Transport, Postal & Warehousing	Other Services
Information Media & Telecommunications	

2. a Capital City cap of 35 per cent, which was the same percentage as used by the Victorian Grants Commission;

3. an uplift factor of 40 per cent was applied to the non-capital city councils considered as providing regional services, namely Burnie, Clarence, Devonport, Glenorchy and Launceston. The uplift factor was the same percentage as used by the Victorian Grants Commission. The uplift factor in the Tasmanian proposal was applied to those councils with “city” status;
4. a floor to the percentage of population employed in the service industry of 10 per cent. The floor was set at the same percentage as used by the Victoria Grants Commission; and
5. for all other LGAs, using the actual percentages employed in service industries.

Feedback received from councils at the 2020 Hearings and Visits indicated strong support for the use of actual employment ratios rather than the use of arbitrarily imposed floor and uplift factors. The Commission’s 2021 RSI Cost Adjustor proposal does not contain any floor and uplift factors, and only contains a Major City cap of 40 per cent.

The Commission considers that the raw data on service industry employment is arguably the preferred data to be used to measure the impacts of non-residents on the delivery of council services. It does however see a need to place a high level cap on the RSI employment rate used as noted in detail under “Other Commission observations” on page 8.

It is therefore proposed that a Major City cap of 40 per cent be applied. The Commission considers that this will better represent the relative advantages and disadvantages incurred by councils across Tasmania due to the impact of non-residents on council services and facilities.

The 2020 Hearings and Visit included considerable discussion on why some industries were not included in the dataset informing the 2020 RSI Cost Adjustor proposal. The 2020 discussions had considered introducing a RSI Cost Adjustor as a replacement for both the Commission’s Regional Responsibility Cost Adjustor and Worker Influx Cost Adjustor. Given the Commission has now decided to retain the Worker Influx Cost Adjustor, which is based on all worker inflows and outflows for work based on the Census, the non-resident impacts from these regular worker movements across all industries will still be reflected in the Commission’s methodology.

The Commission’s 2021 RSI proposal is still based on the same industries as the 2020 RSI Cost Adjustor proposal. The Commission proposes it now be a replacement for only the current Regional Responsibility Cost Adjustor.

#### **Category Application and Redistributive effects:**

The Commission’s 2021 RSI Cost Adjustor proposal is for the new cost adjustor to apply as follows:

- to the Recreation and Culture expenditure category, being the same category that the Regional Responsibility Cost Adjustor applies; and
- for approximately a similar total redistributive effect as the Regional Responsibility Cost Adjustor, namely approximately \$6.5 million.

The Commission modelled the inclusion of its RSI Cost Adjustor as applying to both the Recreation and Culture expenditure category and the Waste Management and Environment

expenditure category (both in total and in part<sup>1</sup>) and found that the impact of adding the Waste Management and the Environment category was immaterial. This accords with the discussions the Commission had with councils in 2020, in that most of the expenditure impact is in the Recreation and Culture categories, and expenditure incurred in the Waste Management and Environmental expenditure category attributable to the non-residents that are not part of the typical worker influx flow, would be using services that are generally part of user-pays or cost recovery systems (e.g. businesses paying for waste removal through rates)<sup>2</sup>.

Appendix 1 shows the 2021 version of the Commission's RSI Cost Adjustor proposal. Appendix 2 shows the Regional Responsibility Cost Adjustor Impacts (the Commission's current methodology) based on the 2020-21 Base Grant Model, whereas Appendix 3 provides an indication of the impacts of the 2021 proposal for the RSI Cost Adjustor, based on the 2020-21 Base Grant Model. Appendix 4 provides a simple comparison on the cost adjustor impacts of both the current and the proposed changes.

It should be noted that the cost adjustor impact value does not represent the dollar impact on any council's grant outcomes. The grant impacts will be less than the cost adjustor impacts due to the level of funding available for distribution being less than the net expenditure requirement of the entire local government sector.

### **COVID-19 impacts on tourism and all sectors of service delivery**

The Commission notes that COVID-19 has had significant impacts and it is likely to change how all service industries will look in the future (e.g. tele-health services). The 2021 Census results are also likely to be very different to the 2016 Census results.

The Commission will review the Census data and, if the 2021 data appears to be unrepresentative, it is possible that the Commission may consider options such as using the 2016 Census data in implementing the RSI Cost Adjustor.

While the Commission is still consulting on solutions, it will not be making any immediate methodology changes to its Base Grant Model in respect of this issue. Consistent with the Commission's Strategic Framework and Operating Plan, the Commission will issue a Preliminary Decision Paper advising councils of its intended solution prior to implementing any changes. This Preliminary Decision Paper will provide councils with a final opportunity to provide feedback on any solution before any implementation will occur.

---

<sup>1</sup> The Commission's Base Grant Model now provides the ability to apply cost adjustors at a different proportion to other expenditure categories e.g. 25 per cent for one category and 100% for another expenditure category) rather than the previous on/off only cost adjustor application mechanism.

<sup>2</sup> Car parking activities are already excluded from the Commission's methodology.

## Tourism impacts

The Commission notes that the predominant council feedback supported assessing tourism impacts separately from the RSI Cost Adjustor as they have slightly different impacts. This will be covered in a later DP which will include issues such as:

- how should tourism impacts be recognised;
- discussion on whether different tourists have similar or different impacts on service industries (e.g. tourists at Port Arthur versus shack owners or non-residents attending a football match);
- which expenditure categories should be included in the Tourism Cost Adjustor; and
- Road maintenance impacts.

## Questions to councils

1. What are your views on the structure of the proposed RSI Cost Adjustor?
2. Do you support the retention of the Absentee Population, Worker Influx and Tourism Cost Adjustors, to account for these routine non-resident people movements?
3. Do the expenditure categories of the proposed RSI Cost Adjustor (Recreation and Culture only) appear appropriate?
4. Does the total amount redistributed and ranking of disadvantaged councils of the proposed RSI Cost Adjustor look appropriate?
5. Should the RSI Cost Adjustor be applied to different or additional expenditure categories at a different level (percentage) and if so, which and how much (e.g. Waste Management and the Environment expenditure category as compared to Recreation and Culture)?

## Submissions Due date

Note that the Commission now has a policy of continuously improvement of its methodology and implements methodology changes as and when its research and consultation processes have addressed all the issues and the Commission is ready to implement a change.

Whilst encouraging written feedback from councils on the latest proposal by 22 January 2021 for the Commission to consider prior to it commencing the 2021 hearings and visits, the Commission is very aware of the complexity of this issue and will also receive verbal feedback on the proposal as part of the 2021 hearings and visits.

The closing date for final written submissions is Wednesday, 10 March 2021.

Following feedback from councils and assuming the Commission is in a position to enable decisions to be made, the Commission expects to publish its preliminary position on this issue later in 2021. This will provide councils with a further opportunity to comment before any solution is implemented.

## Appendices



Appendix 1: Regional Service Industry Employment Cost Adjustor												
Name	Population POP2018- 19	EmployServiceIndustry	PersonsPlaceUsual Residence	Employed/per Population	100 Population	Employed/per 100 Population with Capital City Cap	Primary Index	Population Weighted Average	Raw Cost Adjustor	Ranged Cost Adjustor	Ranged Cost Adjustor Rank	
ID				EmployServiceRaw		EmployServiceA djusted						
Break O'Day	6 288	1 127	6 104	18.46		18.46	1.4616	9 190	0.923	0.951	12	
Brighton	17 675	1 645	16 512	9.96		9.96	1.2491	22 077	0.789	0.866	28	
Burnie	19 550	7 352	18 894	38.91		38.91	1.9728	38 568	1.246	1.155	3	
Central Coast	21 938	3 444	21 362	16.12		16.12	1.4031	30 780	0.886	0.928	18	
Central Highlands	2 130	228	2 145	10.63		10.63	1.2657	2 696	0.799	0.873	27	
Circular Head	8 078	1 402	7 920	17.70		17.70	1.4426	11 653	0.911	0.944	14	
Clarence	57 807	10 950	54 818	19.98		19.98	1.4994	86 675	0.947	0.966	11	
Derwent Valley	10 424	1 316	10 022	13.13		13.13	1.3283	13 846	0.839	0.898	22	
Devonport	25 633	7 322	24 702	29.64		29.64	1.7410	44 628	1.099	1.063	4	
Dorset	6 634	1 120	6 619	16.92		16.92	1.4230	9 440	0.898	0.936	15	
Flinders	1 010	215	899	23.92		23.92	1.5979	1 614	1.009	1.006	5	
George Town	6 968	825	6 763	12.20		12.20	1.3050	9 093	0.824	0.889	23	
Glamorgan-Spring Bay	4 602	933	4 400	21.20		21.20	1.5301	7 042	0.966	0.979	7	
Glenorchy	47 969	10 809	46 246	23.37		23.37	1.5843	75 998	1.000	1.000	6	
Hobart	54 649	44 053	50 443	87.33		40.00	2.0000	109 298	1.263	1.166	1	
Huon Valley	17 561	2 196	16 199	13.56		13.56	1.3389	23 513	0.845	0.902	21	
Kentish	6 315	721	6 126	11.77		11.77	1.2942	8 173	0.817	0.884	24	
King Island	1 610	327	1 583	20.66		20.66	1.5164	2 441	0.957	0.973	9	
Kingborough	38 310	5 858	35 852	16.34		16.34	1.4085	53 959	0.889	0.930	17	
Latrobe	11 638	1 950	10 700	18.22		18.22	1.4556	16 940	0.919	0.949	13	
Launceston	68 007	26 180	65 274	40.11		40.00	2.0000	136 014	1.263	1.166	1	
Meander Valley	19 844	3 176	19 281	16.47		16.47	1.4118	28 016	0.891	0.931	16	
Northern Midlands	13 437	1 755	12 821	13.69		13.69	1.3422	18 035	0.847	0.903	20	
Sorell	15 603	1 594	14 415	11.06		11.06	1.2764	19 916	0.806	0.877	25	
Southern Midlands	6 290	505	6 042	8.36		8.36	1.2090	7 604	0.763	0.850	29	
Tasman	2 414	479	2 372	20.19		20.19	1.5048	3 633	0.950	0.968	10	
Waratah-Wynyard	13 828	1 932	13 575	14.23		14.23	1.3558	18 748	0.856	0.909	19	
West Coast	4 175	868	4 152	20.91		20.91	1.5226	6 357	0.961	0.976	8	
West Tamar	24 070	2 452	22 719	10.79		10.79	1.2698	30 565	0.802	0.874	26	
State Total	534 457	142 734	508 960					846 513	PWA = 1.000	PWA = 1.000		
				Lower Limit		1		PWA = 1.584	Minimum = 0.763	Minimum = 0.850		
				Upper Limit		2			Maximum = 1.263	Maximum = 1.166		

## DP21-01 Regional Service Industry Employment Cost Adjustor - 2021 Proposal

Appendix 2: Regional Responsibility Cost Adjustor Impacts (Current Cost Adjustor)										
Regional Responsibility Recreation & Culture expenditure category only										
Title Year	General Administration	Health, Housing and Welfare	Law, Order and Public Safety	Planning and Community Amenities	Waste Management and Environment	Recreation and Culture	Other	Total Expenditure Effect of cost adjustor	Impact on Applicable Expenditure Categories	Rank - Percentage impact of cost adjustor on non-roads expenditure
Unit	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19	2018-19
	\$	\$	\$	\$	\$	\$	\$	\$	%	
Cost Adjustor 6 Regional Responsibility										
Break O'Day	+ 0	+ 0	+ 0	+ 0	+ 0	- 155 973	+ 0	- 155 973	-9.8%	7
Brighton	+ 0	+ 0	+ 0	+ 0	+ 0	- 438 427	+ 0	- 438 427	-9.8%	7
Burnie	+ 0	+ 0	+ 0	+ 0	+ 0	+ 57 689	+ 0	+ 57 689	+1.2%	2
Central Coast	+ 0	+ 0	+ 0	+ 0	+ 0	- 544 170	+ 0	- 544 170	-9.8%	7
Central Highlands	+ 0	+ 0	+ 0	+ 0	+ 0	- 52 834	+ 0	- 52 834	-9.8%	7
Circular Head	+ 0	+ 0	+ 0	+ 0	+ 0	- 200 374	+ 0	- 200 374	-9.8%	7
Clarence	+ 0	+ 0	+ 0	+ 0	+ 0	+ 170 581	+ 0	+ 170 581	+1.2%	2
Derwent Valley	+ 0	+ 0	+ 0	+ 0	+ 0	- 258 567	+ 0	- 258 567	-9.8%	7
Devonport	+ 0	+ 0	+ 0	+ 0	+ 0	+ 75 640	+ 0	+ 75 640	+1.2%	2
Dorset	+ 0	+ 0	+ 0	+ 0	+ 0	- 164 556	+ 0	- 164 556	-9.8%	7
Flinders	+ 0	+ 0	+ 0	+ 0	+ 0	- 25 053	+ 0	- 25 053	-9.8%	7
George Town	+ 0	+ 0	+ 0	+ 0	+ 0	- 172 841	+ 0	- 172 841	-9.8%	7
Glamorgan-Spring Bay	+ 0	+ 0	+ 0	+ 0	+ 0	- 114 152	+ 0	- 114 152	-9.8%	7
Glenorchy	+ 0	+ 0	+ 0	+ 0	+ 0	+ 141 550	+ 0	+ 141 550	+1.2%	2
Hobart	+ 0	+ 0	+ 0	+ 0	+ 0	+ 161 262	+ 0	+ 161 262	+1.2%	2
Huon Valley	+ 0	+ 0	+ 0	+ 0	+ 0	- 435 599	+ 0	- 435 599	-9.8%	7
Kentish	+ 0	+ 0	+ 0	+ 0	+ 0	- 156 643	+ 0	- 156 643	-9.8%	7
King Island	+ 0	+ 0	+ 0	+ 0	+ 0	- 39 936	+ 0	- 39 936	-9.8%	7
Kingborough	+ 0	+ 0	+ 0	+ 0	+ 0	- 950 277	+ 0	- 950 277	-9.8%	7
Latrobe	+ 0	+ 0	+ 0	+ 0	+ 0	- 288 680	+ 0	- 288 680	-9.8%	7
Launceston	+ 0	+ 0	+ 0	+ 0	+ 0	+5 863 444	+ 0	+5 863 444	+34.2%	1
Meander Valley	+ 0	+ 0	+ 0	+ 0	+ 0	- 492 229	+ 0	- 492 229	-9.8%	7
Northern Midlands	+ 0	+ 0	+ 0	+ 0	+ 0	- 333 304	+ 0	- 333 304	-9.8%	7
Sorell	+ 0	+ 0	+ 0	+ 0	+ 0	- 387 031	+ 0	- 387 031	-9.8%	7
Southern Midlands	+ 0	+ 0	+ 0	+ 0	+ 0	- 156 023	+ 0	- 156 023	-9.8%	7
Tasman	+ 0	+ 0	+ 0	+ 0	+ 0	- 59 879	+ 0	- 59 879	-9.8%	7
Waratah-Wynyard	+ 0	+ 0	+ 0	+ 0	+ 0	- 343 003	+ 0	- 343 003	-9.8%	7
West Coast	+ 0	+ 0	+ 0	+ 0	+ 0	- 103 561	+ 0	- 103 561	-9.8%	7
West Tamar	+ 0	+ 0	+ 0	+ 0	+ 0	- 597 055	+ 0	- 597 055	-9.8%	7
Sum Redistributed	0	0	0	0	0	6 470 166	0	6 470 166		
as a proportion of categorised expenditure	0.000%	0.000%	0.000%	0.000%	0.000%	4.802%	0.000%		4.802%	

Appendix 3: Regional Service Industry Cost Adjustor Impacts										
RSI applied to Recreation & Culture expenditure category only	General Administration	Health, Housing and Welfare	Law, Order and Public Safety	Planning and Community Amenities	Waste Management and Environment	Recreation and Culture	Other	Impact on Applicable Expenditure	Impact on Non- roads Expenditure	
	2018-19 Unit \$	2018-19 Unit \$	2018-19 Unit \$	2018-19 Unit \$	2018-19 Unit \$	2018-19 Unit \$	2018-19 Unit \$	2018-19 Unit %	2018-19 Unit %	
Cost adjustor 13										
Service Industry Employment										
Break O'Day	+ 0	+ 0	+ 0	+ 0	- 77 481	+ 0	- 77 481	-1.3%	12	
Brighton	+ 0	+ 0	+ 0	+ 0	- 596 277	+ 0	- 596 277	-3.5%	28	
Burnie	+ 0	+ 0	+ 0	+ 0	+ 766 113	+ 0	+ 766 113	+4.1%	3	
Central Coast	+ 0	+ 0	+ 0	+ 0	- 399 702	+ 0	- 399 702	-1.9%	18	
Central Highlands	+ 0	+ 0	+ 0	+ 0	- 68 279	+ 0	- 68 279	-3.3%	27	
Circular Head	+ 0	+ 0	+ 0	+ 0	- 115 029	+ 0	- 115 029	-1.5%	14	
Clarence	+ 0	+ 0	+ 0	+ 0	- 492 151	+ 0	- 492 151	-0.9%	11	
Derwent Valley	+ 0	+ 0	+ 0	+ 0	- 268 458	+ 0	- 268 458	-2.7%	22	
Devonport	+ 0	+ 0	+ 0	+ 0	+ 405 902	+ 0	+ 405 902	+1.6%	4	
Dorset	+ 0	+ 0	+ 0	+ 0	- 107 519	+ 0	- 107 519	-1.7%	15	
Flinders	+ 0	+ 0	+ 0	+ 0	+ 1 426	+ 0	+ 1 426	+0.1%	5	
George Town	+ 0	+ 0	+ 0	+ 0	- 195 818	+ 0	- 195 818	-2.9%	23	
Glamorgan-Spring Bay	+ 0	+ 0	+ 0	+ 0	- 24 929	+ 0	- 24 929	-0.6%	7	
Glenorchy	+ 0	+ 0	+ 0	+ 0	+ 2 154	+ 0	+ 2 154	+0.0%	6	
Hobart	+ 0	+ 0	+ 0	+ 0	+2 291 348	+ 0	+2 291 348	+4.4%	1	
Huon Valley	+ 0	+ 0	+ 0	+ 0	- 433 450	+ 0	- 433 450	-2.6%	21	
Kentish	+ 0	+ 0	+ 0	+ 0	- 184 295	+ 0	- 184 295	-3.0%	24	
King Island	+ 0	+ 0	+ 0	+ 0	- 10 942	+ 0	- 10 942	-0.7%	9	
Kingborough	+ 0	+ 0	+ 0	+ 0	- 677 022	+ 0	- 677 022	-1.8%	17	
Latrobe	+ 0	+ 0	+ 0	+ 0	- 150 411	+ 0	- 150 411	-1.3%	13	
Launceston	+ 0	+ 0	+ 0	+ 0	+2 851 428	+ 0	+2 851 428	+4.4%	1	
Meander Valley	+ 0	+ 0	+ 0	+ 0	- 344 050	+ 0	- 344 050	-1.8%	16	
Northern Midlands	+ 0	+ 0	+ 0	+ 0	- 327 188	+ 0	- 327 188	-2.5%	20	
Sorell	+ 0	+ 0	+ 0	+ 0	- 483 321	+ 0	- 483 321	-3.2%	25	
Southern Midlands	+ 0	+ 0	+ 0	+ 0	- 237 616	+ 0	- 237 616	-3.9%	29	
Tasman	+ 0	+ 0	+ 0	+ 0	- 19 222	+ 0	- 19 222	-0.8%	10	
Waratah-Wynyard	+ 0	+ 0	+ 0	+ 0	- 317 776	+ 0	- 317 776	-2.4%	19	
West Coast	+ 0	+ 0	+ 0	+ 0	- 25 760	+ 0	- 25 760	-0.6%	8	
West Tamar	+ 0	+ 0	+ 0	+ 0	- 761 675	+ 0	- 761 675	-3.3%	26	
Sum Redistributed	0	0	0	0	6 318 371	0	6 318 371			
as a proportion of categorised expenditure	0.000%	0.000%	0.000%	0.000%	4.689%	0.000%		0.923%		

## Appendix 4: Comparison of Regional Responsibility and Regional Service Industry Cost Adjustor Redistributive effects

	Current methodology RR Cost Adjustor applying to Rec & Culture	Changed methodology RSI Cost Adjustor applying to R&C 100% only Major City Cap 40%	Cost Adjustor Impact Difference
<i>Council</i>	\$	\$	\$
Break O'Day	- 155 973	- 77 481	+ 78 492
Brighton	- 438 427	- 596 277	- 157 850
Burnie	+ 57 689	+ 766 113	+ 708 423
Central Coast	- 544 170	- 399 702	+ 144 469
Central Highlands	- 52 834	- 68 279	- 15 444
Circular Head	- 200 374	- 115 029	+ 85 345
Clarence	+ 170 581	- 492 151	- 662 732
Derwent Valley	- 258 567	- 268 458	- 9 891
Devonport	+ 75 640	+ 405 902	+ 330 262
Dorset	- 164 556	- 107 519	+ 57 037
Flinders	- 25 053	+ 1 426	+ 26 479
George Town	- 172 841	- 195 818	- 22 977
Glamorgan-Spring Bay	- 114 152	- 24 929	+ 89 223
Glenorchy	+ 141 550	+ 2 154	- 139 396
Hobart	+ 161 262	+2 291 348	+2 130 086
Huon Valley	- 435 599	- 433 450	+ 2 149
Kentish	- 156 643	- 184 295	- 27 652
King Island	- 39 936	- 10 942	+ 28 994
Kingborough	- 950 277	- 677 022	+ 273 254
Latrobe	- 288 680	- 150 411	+ 138 268
Launceston	+5 863 444	+2 851 428	-3 012 016
Meander Valley	- 492 229	- 344 050	+ 148 179
Northern Midlands	- 333 304	- 327 188	+ 6 115
Sorell	- 387 031	- 483 321	- 96 289
Southern Midlands	- 156 023	- 237 616	- 81 593
Tasman	- 59 879	- 19 222	+ 40 657
Waratah-Wynyard	- 343 003	- 317 776	+ 25 227
West Coast	- 103 561	- 25 760	+ 77 801
West Tamar	- 597 055	- 761 675	- 164 620
<b>State Total</b>	<b>+6 470 166</b>	<b>+6 318 371</b>	<b>- 151 795</b>

This page has been intentionally left blank



Tasmanian  
Government

State Grants Commission

21 Murray Street  
HOBART TAS 7000

Phone: 03 6166 4274

Fax: 03 6173 0219

Visit: [www.treasury.tas.gov.au/state-grants-commission](http://www.treasury.tas.gov.au/state-grants-commission)