Review of Revenue Capacity in the Base Grant Model

Discussion Paper – DP15-01

December 2014

Tasmania
Explore the possibilities

STATE GRANTS COMMISSION

Contents

Review Background

The State Grants Commission is an independent statutory body 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.

To provide some structure to updating the distribution methods of the Australian Government Financial Assistance Grants (FAGs), the Commission operates a triennial review policy whereby major method changes are introduced only every three years, with data updates and minor changes applied every year.

Overview of Triennial Review Period (FAGs)

Distribution	Action
2012-13	Method Changes + Data Updates
2013-14	Data Updates
2014-15	Data Updates
2015-16	Method Changes + Data Updates

As part of the Commission's review process, the Commission is reviewing aspects of its base grant model, with a focus on its methodologies for determining council revenue capacity. The Commission wishes to discuss these matters with councils prior to determining any changes it may make to its model.

1. Introduction

The Commission makes recommendations for the distribution of base grant funding based on the national principles governing the distribution of base grants (Section 9 payments under the *Local Government (Financial Assistance) Act 1995* (Commonwealth)). The national principles are reproduced in Appendix 1.

The base grant portion of financial assistance grants to councils is distributed on the basis of a "two pool" approach, by firstly allocating the per capita grant (30 per cent of total base grant) on the basis of council population shares, and then distributing the remainder (70 per cent of total base grant) on a relative needs or "equalisation" basis.

The Commission uses an equalisation model, also referred to as a "balanced budget" approach, to calculate the distribution of the relative needs portion of the base grant pool. This means the Commission assesses both each council's 'expenditure requirement' necessary to provide services to a common standard with all other councils, and each council's 'revenue capacity', being their capacity to raise revenue to provide such services. The difference between each council's revenue capacity and expenditure requirement determines each council's relative needs requirement and thus the extent to which, if any, each council receives a share of the relative needs pool.

The Commission currently determines each council's "revenue capacity" as the sum of three components as follows:

Revenue Capacity

Each council's 'revenue capacity' is calculated using three-year averages of the following:

1. **Standardised Revenue** i.e. the revenue that the council could raise by applying a standard or average rate per dollar of assessed annual value (AAV) to all rateable property in its area; *plus*
2. **Minimum Grant** i.e. the council's per capita grant allocation.; *plus*
3. **Other Financial Support** (OFS) i.e. grants and other payments to councils that have not been deducted from council expenditures in the process of calculating standardised expenditure.

This paper will discuss:

- what the Commission includes in council revenues to determine Standardised Revenue;
- the continued use of AAV in determining Standardised Revenue; and
- whether a Revenue Adjustor to adjust a council's revenue capacity should be adopted to recognise "capacity to pay".

2. Revenue Capacity – current methodology

For the purposes of determining the annual revenue capacity of councils in the base grant model, the Commission adopts the following principles for classifying revenues received by councils:

- all revenues should be included in the base grant assessment, except where a case is made for its exclusion; and

- those revenues that are within the scope of council's sphere of influence are included in the ***Standardised Revenue*** calculation (refer section 2.1); or

- those revenues and grants that are received from sources where the council has no influence over what revenue or grant is derived are included as ***Other Financial Support*** (OFS) (refer section 2.2).

Grants that relate to capital expenditure are ignored for the purposes of the Commission's base grant methodology.

2.1 Standardised Revenue

The Commission currently calculates councils' standardised revenue each year by applying the State's average revenue in the dollar, as calculated by the Commission, to the AAV of all rateable properties in each municipality. The three-year average of council's Standardised Revenue is then used in the Commission's calculation of Revenue Capacity.

The State average revenue in the dollar is calculated using the following formula:

State average revenue in the dollar = State Total of Council Revenues / State Total of AAV

And Standardised Revenue is calculated as follows:

Standardised Revenue = State average revenue in the dollar x Council AAV

The revenue categories included in calculating the State Total of Council Revenues are as follows:

- General Rates;
- Special Rates;
- Garbage Charges;
- User Fees and Charges (Net of Parking);
- Total Interest Received;
- Fines (Net of Parking);
- Current Revenue (Not Elsewhere Classified); and
- Profit on Sale of Assets.

Details of the revenues received by councils which were included in the State average revenue in the dollar calculation as part of the 2014-15 grant distribution are provided at Appendix 2.

The AAV for each council is determined as:

(a) the total AAV as provided by the Valuer-General; minus

(b) fully exempt properties and a proportion of the partially exempt AAV for each council.

2.2 Other Financial Support

The National Principles require the Commission to include the receipt of grant funding in its deliberations for grant outcomes. Generally, councils are unable to influence the outcome or the amount of grant funding they receive and therefore this funding is classified as Other Financial Support (OFS). The Commission treats such funding by either:

- the 'inclusion' approach; or
- the 'deduction' approach.

2.2.1 OFS by Inclusion

The Commission uses the following criteria to determine if funding received by councils should be taken into account using the inclusion approach, i.e treating the funding received as a revenue source:

- all councils have access to the funding pool;
- the funding finances activities which fall within the ordinary scope of local government activity; and
- the funding is untied, that is, councils are able to spend the funds as they see fit.

The Commission currently classifies the following financial receipts by councils using the "Inclusion" approach:

- State Heavy Vehicle Motor Tax Revenue (HVMTR);
- Road Grants;
- Commonwealth Roads to Recovery (R2R) payments; and
- financial payments from TasWater.

Details of the revenues received by councils to which the OFS by inclusion approach was applied in the calculation of the 2014-15 grant distribution, are provided at Appendix 3.

2.2.2 OFS by Deduction

The Commission uses the following criteria to determine if funding received by councils should be taken into account using the deduction approach, i.e. treating the funding received as an offset against its associated expenditure:

- the revenues are received by councils from sources such as another level of government or government authority;
- the revenues are received by only a relatively small number of councils;
- the funding results in the provision of a service that is beyond the scope of ordinary local government activity, such that the council is effectively acting as an agent of the State or Commonwealth Government and the service would not have been provided if not for the receipt of the financial assistance; or
- the funding may represent a reimbursement of costs incurred or be tied in some manner.

Examples of grant revenues assessed using the deduction approach include funding related to nursing home/aged care services, childcare services and digital hub funding.

Assessing grant funding using the deduction approach results in the reduction of the reported expenditure against the respective expenditure category for the council. This results in a Net (less OFS) expenditure result. This treatment reflects the fact that the expenditure would not have occurred were it not for the receipt of the funding. Tied or shared funding arrangements are treated using the deduction approach.

A summary of the grant revenues received by councils which were assessed using the OFS by deduction approach in the calculation of the 2014-15 grant distribution is provided at Appendix 4.

3. Components of Council Revenues

The Commission uses revenue sources that are available to all councils that fund services that are provided by councils generally in its assessment of council revenue. The Commission sums the total of each council's actual revenues as reported in the respective council's Consolidated Data Collection (CDC) return.

The Commission wishes to focus on two components of council revenue, namely User Fees and Charges and the treatment of car parking revenues, to consider whether a case for modification to existing methodologies or reclassification as OFS, either in part or in full, is warranted.

3.1 User Fees and Charges

User Fees and Charges include a range of council revenues, including some significant revenues, from internally operated council business activities such as council operated waste management facilities. Based on data from the 2012-13 CDC, user fees and charges arising from waste management functions represents over $14 million of total user fees and charges, and $8.8 million of the total waste management revenues are attributable to the Launceston, Hobart and Glenorchy City Councils' operations.

The Commission considers it a council policy decision as to whether it structures its operations as either internally run business arms/departments of council, or externally administered local government authorities, or indeed contracts the function out altogether. The Commission however, is concerned that there is an inconsistency in the treatment of waste management returns, depending on whether the service is provided "in house" or not.

The Commission wishes to discuss with councils whether revenues from internally run waste management operations, or indeed any internally operated business functions generally, should continue to be recognised or accounted for in User Fees and Charges. Alternatively, should the Commission be assessing such returns as a component of OFS by deduction? That is, should the revenue be offset against expenditure? The effect of such treatment would be to reduce the State average revenue in the dollar figure (ie reducing revenue capacity assessments) and also reduce overall expenditure (ie reducing assessed expenditures).

3.2 Treatment of car parking revenue

Historically, car parking revenue was quarantined for use on car parking expenditure by legislation. This restriction no longer exists.

The Commission currently excludes car parking revenue from the base grant model methodology. It is neither included in the standardised revenue assessment or OFS.

The vast majority of councils do not have the capacity to raise car parking revenue. In the data informing the 2014-15 base grant assessment, only five councils reported car parking revenues, three of which were minimum grant councils. If car parking revenues had been included in total assessed revenues in 2012-13, they would have represented 3.9% of total revenues.

If car parking had been included in total council revenue for determining the distribution of the 2014-15 grant allocations, the average assessed revenue in the dollar revenue figure would have increased the Commission's assessment of all councils' revenue raising capacity.

The grounds for car parking revenues continued exclusion by the Commission from total council assessed revenues, and thus the state average rate in the dollar calculation, warrants review. The Commission would like to discuss with councils whether it should continue to exclude car parking revenues from its assessment of revenue capacity.

3.3 Other revenue components

As noted in section 2.1, the Commission operates on the principle that all revenue received by councils is assessed as part of revenue capacity unless a basis for exclusion applies.

The Commission wishes to establish whether there are any other components of council revenues or OFS that councils consider should be discussed. For example, do Fines (net of parking), profit on sale of assets or any aspects of Revenue not elsewhere classified (NEC) warrant scrutiny? Are there any other revenue components or categories that warrant the Commission excluding it or reviewing its methodology for determining revenue capacity?

3.4 Revenue components used in other jurisdictions

Based on the most recently released Local Government National Report from the Australian Government[1], each jurisdiction recognises the following matters as revenue in some form of their assessments.

[1] 2010-11 Local Government National Report published by the Department of Infrastructure and Regional Development, Australian Government, November 2013

Table 1: Assessed Revenue in each jurisdiction

	Jurisdiction						
Revenue	**NSW**	**VIC**	**QLD**	**WA**	**SA**	**Tas**	**NT**
Rate Revenue	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Operation subsidies	No	No	No	No	Yes	Yes	Yes
Garbage Charges	No	Yes	Yes	No	Yes	Yes	Yes
Airport Charges	No	No	Yes	No	No	Yes	No
Parking fees and fines	No	Yes	Yes	Yes	No	No	Yes
Other User Charges	No	Yes	Yes	Yes	No	Yes	Yes

3.5 Revenue components - Points for discussion

1. *Should the Commission alter its existing treatment of returns from internally operated business functions which are currently recognised in User Fees and Charges? Alternatively, should the Commission treat these returns as a component of OFS by deduction?*

2. *Is there merit in continuing to exclude car parking revenues from the Commission's assessment of revenue for the purposes of its base grant model?*

3. *Are there any components in the other revenue categories that councils would like to discuss or have the Commission review?*

4. *Are there any other revenue components or categories that warrant the Commission excluding it from its revenue assessment?*

4 Valuation methodology

4.1 Current valuation methodology

To determine the State average revenue in the dollar, the Commission uses AAV data supplied by the Office of the Valuer-General, and revenues and partially exempt AAV information reported in council CDC returns. An adjustment is made to account for the value of properties that are partially exempt from rates, that is, liable for service charges only.

The Valuer-General operates a six year revaluation cycle of councils, with one third of councils being revalued every second year. This is the longest revaluation cycle in Australia. Currently the Valuer-General uses six land use categories, namely commercial, community services, industrial, other, primary production and residential.

Some exemptions from the levying of rates are provided, either partially or fully by law, for example forestry reserves and TasNetworks. Other concessions councils provide are reimbursed by the State or Commonwealth Governments, one being for example, those concessions provided to pensioners.

4.2 Recent changes to council rating policies

The Valuation and Local Government Rating Review, which commenced in 2009 and issued its final report in April 2013, found that the scale and inconsistency of the change in property values over the last decade, including the disparity between growth in capital values and rental values, highlighted the inadequacy of using AAV as a useful proxy or indicator of a council's capacity to raise revenue.

In 2011, changes were made to the *Local Government Act 1993* to enable councils to adopt an increased degree of flexibility and choice in how rates can be levied and collected from rate payers. The changes included the introduction of differential rating and area average rating.

Appendix 6 indicates that in 2013-14, three councils used Capital Value (CV) for rating purposes and more than two thirds of councils levied a minimum rate rather than a fixed rate.

Almost two thirds of councils are currently using differential rates along with service rates and charges while one third of councils used a single rate with service rates and charges.

4.3 Valuation policies used in other jurisdictions

Table 2 provides a summary of the approaches adopted by other commissions for determining revenue raising capabilities of councils:

Table 2: Valuation policies used in selected jurisdictions*

NSW	Vic	QLD	WA	SA
Land Value using 2 categories (urban and non-urban)	Capital Value using 3 categories (Residential, Commercial/ Industrial/ Other and Farm	Land Value	Method dependent on category (Residential/ Commercial/Industrial (Gross Rental Value); Agricultural (unimproved value); Pastoral (formula); Mining(rateable mining assessment)	Capital Value using 5 categories (residential, commercial, industrial, rural and other)

Notes: *The Northern Territory faces a unique challenge due to the ownership of the land on which many communities are located being vested in Land Trusts in accordance with the Commonwealth *Aboriginal Lands Rights (Northern Territory) Act 1976*. As such, it is not, for all intents and purposes, feasible to use a land valuation system solely as the means for assessing revenue raising capacity for the Northern Territory.

4.4 Valuation Options

Councils have the option to use either Land Value, AAV or Capital Value to levy rates. The Commission seeks to use the average policy of councils, to ensure policy neutrality in its distributions.

At this stage, and with only limited adoption of CV, the Commission is not persuaded that it should move away from using AAV for determining revenue capacity. However, as the Commission seeks to reflect the majority council policy while also aiming for simplicity, the Commission's methodology of using AAV for determining the standardised revenue is due for review. The Commission would like to discuss with councils how it might reflect a transition from AAV to CV in its processes as the number of councils adopting CV for rating purposes, is anticipated to increase.

The Commission also seeks to discuss with councils the merits and reasonableness of using a differential calculation for determining revenue capacity. Would it be appropriate for the Commission to determine revenue capacity based on land use categories, similar to that used in other jurisdictions e.g. commercial/industrial, residential and agricultural? Or is the use of differential rates based on the various land use categories simply a policy decision of councils and not a matter that the Commission needs to take into account in determining its valuation methodology for determining revenue capacity?

The Commission also seeks to discuss with councils its current methodology of calculating revenue capacity based on treating all the revenue components as a factor of the valuation methodology used (currently AAV). Should the Commission consider alternatives to linking all revenue components to valuation data to calculate the State average revenue in the dollar? Should different components of State total council revenues be assessed using another measure besides property valuation? For example should waste disposal revenue be based on the number of bins provided rather than property valuation?

4.5 Points for discussion

1. *Does AAV continue to be a relevant measure on which to assess council revenue raising capacity? Should CV be adopted rather than AAV? How do you suggest the Commission address the anticipated increased adoption of CV over time?*

2. *Should the Commission use a composite calculation of values that recognises different property categories in its methodology to determine standardised revenue or is this simply a policy decision of councils and a matter that the Commission does not need to take into account in its assessment?*

3. *Should the Commission determine council's revenue capacity based on calculating the individual components of revenue on a basis other than the valuation methodology in use? If yes, what approach would be appropriate for which components of revenue? Would such changes result in an improved revenue assessment outcome?*

5. Revenue Adjustor

5.1 Current methodology

Some jurisdictions apply a revenue adjustor in an endeavour to recognise resident's capacity to pay in each municipality. The Tasmanian Commission does not currently apply any revenue adjustors to its calculation of revenue raising capacity.

A number of councils have suggested to the Commission that it should introduce a revenue adjustment to recognise the capacity of ratepayers to pay rates and thus council's capacity to raise rate revenue.

5.2 Revenue adjustors used in other jurisdictions

Table 3 summarises those jurisdictions which use a revenue adjustor of some form or other. While Tasmania is in the minority for not applying a revenue adjustor, this should also be noted in the context of Tasmania being the only jurisdiction using AAV for determining revenue capacity.

Table 3: Use of Revenue Adjustors in selected jurisdictions

NSW	VIC	QLD	WA	SA	Tas
Yes	Yes	Yes	No	Yes (limited)	No

For example, in Queensland the assessed revenue is adjusted to allow for a council's capacity to raise rates based on the Socio-Economic Indexes for Areas (SEIFA).

5.3 Discussion

The Commission has traditionally used AAV as the basis for assessing revenue raising capacity in the base grant model, as it indicates the rental (income producing) value of properties in each municipality.

Revenue assessment was last considered by the Commission in 2007 (see the Discussion Paper 07-01). That Discussion Paper referred to the *Assessment of Revenue-Raising Capacity of*

Local Government Services report (Morton Consulting Services 1996), which was produced following the revision of the *Local Government (Financial Assistance) Act 1995*. This report concluded that incomes in the community are most closely approximated by rental value, followed by improved capital values, followed by unimproved values.

Over time the Commission has accepted that AAV reflects the prosperity of the community itself and that rental values reflect a community's capacity to pay rather than a council's capacity to levy rates. However, some contend that CV is a better indicator of a property owners' capacity to pay rates, as concluded by Access Economics in its October 2010 Report[2]. It has been argued previously that a revenue adjustor, based on measures such as SEIFA, applied to an AAV figure would constitute double-counting. Perhaps a revenue adjustor is more appropriate in an environment where CV or LV informs the assessment of revenue capacity rather than in an environment using AAV.

5.4 Points for discussion

1. *Does AAV already reflect "capacity to pay" such that a revenue adjustor is not warranted?*
2. *Is a revenue adjustor to reflect capacity to pay, more relevant in an environment where revenue capacity is informed by CV rather than AAV?*
3. *Should the Commission consider the inclusion of a Revenue Adjustor in its Base Grant Model to reflect a municipality's capacity to pay? If so, what do you suggest be the revenue adjustor?*

[2] October 2010 Report *"Valuation and local government rating in Tasmania: a robust framework for the future"*

Submissions and timeframes

The Commission invites comments and input from councils on the issues raised within this discussion paper. However, council input need not be confined to the issues identified. Councils should feel free to provide comments on other pertinent issues regarding the Commission assessment methodologies.

Submissions should be forwarded to the Commission Secretary, Ms Pam Marriott as follows:

- By post: Secretary
  State Grants Commission
  GPO Box 147
  HOBART TAS 7001

- By email: pam.marriott@treasury.tas.gov.au

Further details regarding the annual assessments can be found in the 2014-15 Annual Report that is available on the Commission website. Go to the Department of Treasury and Finance webpage (www.treasury.tas.gov.au) and click the State Grants Commission 'Quick Link', then click Publications.

Submissions close on Wednesday 18 February 2015.

Any queries should be directed to the Secretary on (03) 6166 4274.

2015 Hearings and Visits

The Commission will provide councils with an opportunity to discuss this paper and any other concerns during the 2015 Hearings and Visits program that will begin in February 2015.

Appendices

Appendix 1

National Principles for the Distribution of Base Grants

The national principles for the distribution of base grants (Section 9 payments under the Commonwealth Act) are shown below.

1. Horizontal Equalisation

General-purpose grants will be allocated to local governing bodies, as far as practicable, on a full horizontal equalisation basis as defined by the Act. This 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 functions and in the capacity of those local governing bodies to raise revenue.

2. 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.

3. Minimum Grant

The minimum general purpose grant allocation for a local governing body in a year will not be less than the amount to which the local governing body would be entitled if 30 per cent of the total amount of general purpose grants to which the State or Territory is entitled under Section 9 of the Act in respect of the year were allocated among local governing bodies in the State/Territory on a per capita basis.

4. 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.

5. Aboriginal Peoples and Torres Strait Islanders

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

6. Council Amalgamation

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

TOTAL ASSESSED REVENUES 2012-13

Used as part of the 2014-15 Assessments*

	General Rates	Special Rates	Garbage Charges	USER FEES net of Parking	Total Interest Received	FINES (net of Parking)	Current Revenue NEC	Profit on Sale of Assets	TOTAL REVENUE ALL PROPERTIES
Break O'Day	5 782 151	0	823 294	588 889	324 912	20 453	442 503	- 41 097	7 941 105
Brighton	5 603 749	24 326	830 953	2 450 849	181 559	0	0	- 8 764	9 082 672
Burnie	14 440 000	1 478 000	2 394 000	9 068 000	700 000	412 000	0	84 000	28 576 000
Central Coast	11 026 071	0	1 338 453	3 088 578	325 113	9 872	78 725	63 835	15 930 647
Central Highlands	2 319 360	0	478 848	257 665	309 237	0	357 136	- 10 446	3 711 800
Circular Head	5 917 370	46 415	816 824	1 658 322	487 334	0	747 422	- 341 455	9 332 232
Clarence	31 646 559	0	4 911 445	4 114 875	2 741 324	258 584	450 135	-36 948 000	7 174 922
Derwent Valley	4 855 894	16 577	432 319	1 245 019	79 474	0	0	21 538	6 650 821
Devonport	19 705 510	0	3 228 870	3 998 868	787 586	91 852	0	-1 337 706	26 474 980
Dorset	4 779 000	0	977 000	1 155 000	1 075 000	0	0	- 58 000	7 928 000
Flinders	1 048 460	0	144 145	901 566	315 946	0	0	13 096	2 423 213
George Town	5 708 859	0	758 792	372 022	169 567	2 231	320 845	124 295	7 456 611
Glamorgan Spring Bay	4 612 000	250 749	942 000	2 467 651	99 234	1 806	0	24 000	8 397 440
Glenorchy	24 484 130	0	2 854 428	5 264 697	2 261 370	84 040	985 177	-1 865 008	34 068 834
Hobart	52 401 883	1 239 126	5 892 880	19 273 383	1 788 486	32 305	543 359	-1 397 090	79 774 332
Huon Valley	8 262 119	279 134	912 051	2 533 916	544 701	0	3 605 125	518 857	16 655 903
Kentish	3 817 509	0	494 761	350 717	252 748	0	360 614	- 43 288	5 233 061
King Island	1 546 166	0	237 924	2 635 004	195 825	1 142	0	- 406 572	4 209 489
Kingborough	18 886 440	0	1 607 173	3 868 670	620 798	34 000	0	484 877	25 501 958
Latrobe	4 977 321	0	712 076	1 339 314	404 169	2 409	605 601	376 189	8 417 078
Launceston	45 515 733	465 567	3 859 167	16 110 539	3 156 719	64 739	1 912 164	- 529 520	70 555 108
Meander Valley	7 776 328	0	814 131	1 102 992	1 384 279	0	0	- 68 916	11 008 814
Northern Midlands	7 273 458	100 055	587 999	2 077 483	539 244	1 430	0	- 929 532	9 650 137
Sorell	8 081 837	325 547	1 640 065	1 063 442	948 199	25 417	0	- 105 583	11 978 924
Southern Midlands	3 342 725	334 847	187 717	887 139	265 503	0	393 270	79 376	5 490 577
Tasman	3 100 000	0	554 000	1 020 000	161 000	0	0	- 539 000	4 296 000
Waratah-Wynyard	6 849 197	485 600	1 441 562	2 215 987	439 249	0	0	- 456 978	10 974 616
West Coast	4 604 176	377 742	1 108 634	1 385 163	290 145	4 595	0	31 909	7 802 364
West Tamar	11 200 797	117 205	1 890 856	2 527 795	584 617	2 185	0	40 283	16 363 738
STATE TOTAL	**329 564 801**	**5 540 890**	**42 872 367**	**95 023 545**	**21 433 338**	**1 049 060**	**10 802 076**	**-43 224 700**	**463 061 375**

Appendix 3

12-13 CDC DATA	OFS - INCLUSION TREATMENT whole dollars HVMTR (AUG 2012 RECOMMENDATION)	Road Grant 2012-13	ROADS TO RECOVERY 2013-14 (average annual amt)	W&S Priority & Residual Distributions 2011-12#	TOTAL OFS INCLUDED
Break O'Day	68 642	1 436 933	453 101	3 598	**1 962 274**
Brighton	2 523	486 929	155 198	1 069 999	**1 714 649**
Burnie	44 152	1 116 661	373 165	342 000	**1 875 978**
Central Coast	99 768	1 834 884	600 570	484 560	**3 019 782**
Central Highlands	54 753	1 250 945	381 127	0	**1 686 825**
Circular Head	173 555	1 661 141	508 808	843 912	**3 187 416**
Clarence	21 350	1 489 893	468 521	0	**1 979 764**
Derwent Valley	35 333	724 496	220 470	0	**980 299**
Devonport	50 660	1 126 525	331 456	1 966 774	**3 475 415**
Dorset	146 175	1 625 140	541 893	2 000	**2 315 208**
Flinders	0	674 380	193 938	23 428	**891 746**
George Town	29 720	747 242	241 337	83 004	**1 101 303**
Glamorgan Spring Bay	19 778	866 672	292 465	0	**1 178 915**
Glenorchy	28 175	1 309 020	448 093	8 887 733	**10 673 021**
Hobart	73 193	1 623 703	562 385	1 975 906	**4 235 187**
Huon Valley	38 981	1 346 784	419 584	844 063	**2 649 412**
Kentish	71 828	1 071 422	330 963	29 414	**1 503 627**
King Island	0	776 828	224 402	66 509	**1 067 739**
Kingborough	12 321	1 264 451	387 402	1 200 000	**2 864 174**
Latrobe	18 804	715 434	234 231	750 588	**1 719 057**
Launceston	199 924	2 605 148	884 153	2 464 671	**6 153 896**
Meander Valley	77 539	2 056 057	663 041	567 326	**3 363 963**
Northern Midlands	100 529	2 200 793	715 234	4 325	**3 020 881**
Sorell	19 532	906 500	283 064	658 336	**1 867 432**
Southern Midlands	19 699	1 408 507	441 001	0	**1 869 207**
Tasman	11 758	456 350	116 552	0	**584 660**
Waratah-Wynyard	45 322	1 231 153	395 441	41 668	**1 713 584**
West Coast	4 596	608 468	181 880	677 839	**1 472 783**
West Tamar	31 390	1 076 964	350 527	2 130 492	**3 589 373**
STATE TOTAL	**1 500 000**	**35 699 423**	**11 400 000**	**25 118 145**	**73 717 568**

The Commission applied full backcasting of the water and sewerage returns for the 2014-15 grant determinations to reflect the change from priority dividend arrangements to equity proportions which is now in effect.

Appendix 4

OTHER FINANCIAL SUPPORT - 2012-13

12-13 CDC DATA	**OFS - DEDUCTION TREATMENT** (STATE AND FED CURRENT SPPs) WHOLE DOLLARS GENERAL ADMINISTRATION	HEALTH HOUSING & WELFARE	LAW ORDER & PUBLIC SAFETY	PLANNING & COMMUNITY AMENITIES	WASTE MANAGEMENT & ENVIRONMENT	RECREATION AND CULTURE	OTHER (EXCL BASE FAGS)	ROADS* These are C'wealth & State Current Grants	**2012-13TOTAL FOR DEDUCTION**
Break O'Day	0	0	0	1 545	1 200	4 127	38 360	0	**45 232**
Brighton	1 500	0	0	0	3 100	91 536	105 000	0	**201 136**
Burnie	0	52 000	0	1 363 000	0	84 000	0	44 000	**1 543 000**
Central Coast	0	715 351	1 623	0	0	0	4 000	144 144	**865 118**
Central Highlands	0	145 685	0	0	14 836	26 900	0	0	**187 421**
Circular Head	2 750	1 500	0	161 585	5 000	2 248	0	192 889	**365 972**
Clarence	0	2 157 958	0	0	20 000	5 727	0	0	**2 183 685**
Derwent Valley	0	1 139 114	0	121 982	0	0	0	0	**1 261 096**
Devonport	0	109 950	21 118	60 000	0	74 932	0	50 660	**316 660**
Dorset	0	282 000	0	1 000	43 000	1 000	194 000	0	**521 000**
Flinders	0	73 157	0	2 727	40 000	0	0	161 293	**277 177**
George Town	0	0	0	5 340	0	0	0	0	**5 340**
Glamorgan Spring Bay	0	404 218	0	0	388 345	0	0	19 778	**812 341**
Glenorchy	0	2 235 130	0	1 643 944	0	277 685	20 633	0	**4 177 392**
Hobart	31 500	194 045	10 000	0	45 000	60 000	314 017	100 000	**754 562**
Huon Valley	0	1 564 601	0	0	0	0	0	0	**1 564 601**
Kentish	0	9 500	10 726	0	33 500	3 000	0	71 828	**128 554**
King Island	0	296 858	3 075	0	5 990	4 818	0	406 571	**717 312**
Kingborough	0	1 867 767	74 190	33 782	42 364	10 000	0	0	**2 028 103**
Latrobe	0	9 200	9 140	11 370	3 600	0	0	0	**33 310**
Launceston	3 400	88 975	0	4 500	464 353	1 332 167	588 818	221 924	**2 704 137**
Meander Valley	0	1 000	0	0	0	0	0	38 281	**39 281**
Northern Midlands	0	235 057	0	0	0	0	6 500	100 529	**342 086**
Sorell	0	1 017 544	0	0	5 000	0	16 000	19 532	**1 058 076**
Southern Midlands	0	0	0	0	38 535	22 269	0	0	**60 804**
Tasman	10 000	0	0	0	0	0	0	0	**10 000**
Waratah-Wynyard	16 000	74 552	0	0	14 432	0	0	0	**104 985**
West Coast	0	317 355	0	0	54 300	0	0	4 596	**376 251**
West Tamar	0	4 806	0	0	0	2 000	0	31 390	**38 196**
STATE TOTAL	**65 150**	**12 997 324**	**129 872**	**3 410 775**	**1 222 555**	**2 002 410**	**1 287 328**	**1 607 415**	**22 722 828**

2014-15 Base Grant Model – Assessed Surplus/Deficit calculation

Appendix 5

	Pop for Min Grant 2013	Per Capita Minimum Grant	REVENUE Assessed Revenue (3 yr avg)	OFS by Inclusion (3 yr avg)	Minimum Grant (3 yr avg)	Revenue Capacity	EXPENDITURE Assessed Expenditure (3 yr avg)	Allowances	BUDGET RESULT TERM	Expenditure Requirement	RESULT Assessed Surplus/Deficit
Break O'Day	6 430	131 356	7 778 614	2 325 575	129 405	**10 233 594**	14 248 149		- 215 311	**14 032 838**	3 799 243
Brighton	15 813	323 038	9 295 157	1 374 550	322 897	**10 992 605**	14 329 969		- 529 504	**13 800 465**	2 807 860
Burnie	19 986	408 287	14 590 458	2 574 093	401 376	**17 565 927**	21 195 094		- 669 239	**20 525 855**	2 959 929
Central Coast	22 347	456 519	15 234 478	3 630 899	440 830	**19 306 208**	25 753 250		- 748 298	**25 004 952**	5 698 744
Central Highlands	2 355	48 109	4 587 129	1 689 755	46 748	**6 323 632**	9 678 898	70 000	- 78 858	**9 670 040**	3 346 408
Circular Head	8 287	169 292	9 361 878	2 587 385	166 246	**12 115 508**	16 281 836		- 277 493	**16 004 343**	3 888 834
Clarence	53 582	1 094 608	44 797 950	4 626 865	1 062 406	**50 487 222**	43 578 152		-1 794 214	**41 783 938**	-8 703 284
Derwent Valley	9 886	201 958	6 873 537	1 229 372	201 562	**8 304 471**	12 127 038		- 331 037	**11 796 002**	3 491 531
Devonport	25 628	523 546	19 860 938	2 820 242	513 718	**23 194 897**	24 873 086		- 858 164	**24 014 922**	820 025
Dorset	7 158	146 228	6 639 953	2 447 710	145 965	**9 233 628**	15 315 449		- 239 688	**15 075 760**	5 842 132
Flinders	784	16 016	1 295 975	840 562	17 260	**2 153 797**	4 506 978	70 000	- 26 253	**4 550 725**	2 396 928
George Town	6 828	139 487	5 725 091	1 266 631	137 558	**7 129 281**	10 410 255		- 228 638	**10 181 617**	3 052 336
Glamorgan-Spring Bay	4 437	90 642	7 474 717	1 678 790	89 739	**9 243 247**	10 141 407	**105 000**	- 148 575	**10 097 833**	854 586
Glenorchy	45 537	930 260	37 710 176	4 439 981	902 410	**43 052 568**	37 043 478		-1 524 824	**35 518 654**	-7 533 914
Hobart	50 473	1 031 096	73 482 042	4 980 410	1 005 731	**79 468 183**	43 693 817		-1 690 108	**42 003 709**	-37 464 474
Huon Valley	16 159	330 107	12 105 192	2 197 292	312 146	**14 614 630**	20 606 848	105 000	- 541 090	**20 170 757**	5 556 127
Kentish	6 495	132 684	4 715 054	1 494 802	125 904	**6 335 761**	11 397 932	35 000	- 217 488	**11 215 445**	4 879 684
King Island	1 605	32 788	2 568 524	997 902	33 308	**3 599 734**	6 184 821	70 000	- 53 744	**6 201 077**	2 601 343
Kingborough	35 201	719 109	30 499 424	3 075 841	691 858	**34 267 124**	31 262 255		-1 178 719	**30 083 536**	-4 183 588
Latrobe	10 655	217 667	9 033 529	1 405 457	202 934	**10 641 919**	12 689 618		- 356 787	**12 332 832**	1 690 912
Launceston	67 035	1 369 435	58 818 301	7 000 595	1 329 974	**67 148 871**	63 633 888		-2 244 693	**61 389 195**	-5 759 676
Meander Valley	19 543	399 237	15 448 588	3 357 056	394 327	**19 199 971**	26 160 981		- 654 405	**25 506 576**	6 306 605
Northern Midlands	12 754	260 547	13 294 607	3 470 360	254 415	**17 019 381**	21 514 259		- 427 073	**21 087 186**	4 067 805
Sorell	13 537	276 543	10 554 891	1 554 787	269 221	**12 378 900**	15 899 339		- 453 292	**15 446 047**	3 067 148
Southern Midlands	6 271	128 108	4 896 451	1 912 380	123 847	**6 932 678**	13 200 825		- 209 987	**12 990 838**	6 058 161
Tasman	2 363	48 273	3 524 992	575 225	48 445	**4 148 661**	5 625 633	35 000	- 79 126	**5 581 507**	1 432 846
Waratah-Wynyard	14 291	291 946	10 416 777	2 286 845	284 319	**12 987 941**	17 931 613		- 478 540	**17 453 074**	4 465 133
West Coast	4 707	96 158	3 535 151	1 219 197	101 531	**4 855 879**	9 125 638		- 157 616	**8 968 022**	4 112 143
West Tamar	23 012	470 104	15 538 571	2 205 005	453 357	**18 196 933**	23 876 651		- 770 566	**23 106 085**	4 909 152
STATE TOTAL	**513 159**	**10 483 148**	**459 658 146**	**71 265 565**	**10 209 438**	**541 133 150**	**582 287 159**	**490 000**	**-17 183 330**	**565 593 829**	**24 460 679**

Council	Valuation Basis	Rate Strategy	Minimum or Fixed?	Average Rating?
Break O'Day	AAV	Differential	Minimum	
Brighton	AAV	Differential	Minimum	Yes
Burnie City	AAV	Differential	Minimum	
Central Coast	AAV	Single	Minimum	
Central Highlands	AAV	Single	Fixed	
Circular Head	AAV	Single	Minimum	
Clarence City	CV	Differential	Fixed	
Derwent Valley	AAV	Single	Minimum	
Devonport City	AAV	Differential	Neither	
Dorset	AAV	Single	Minimum	
Flinders	AAV	Single	Minimum	
George Town	CV	Differential	Minimum	Yes
Glamorgan Spring Bay	AAV	Differential	Minimum	Yes
Glenorchy City	AAV	Single	Minimum	
Hobart City	AAV	Single	Neither	
Huon Valley	AAV	Single	Minimum	
Kentish	AAV	Differential	Fixed	
Kingborough	AAV	Differential	Minimum	
King Island	AAV	Single	Fixed	
Latrobe	AAV	Differential	Minimum	
Launceston City	AAV	Differential	Minimum	
Meander Valley	AAV	Single	Minimum	
Northern Midlands	AAV	Differential	Minimum	
Sorell	CV	Differential	Fixed	
Southern Midlands	AAV	Differential	Minimum	
Tasman	AAV	Single	Fixed	
Waratah-Wynyard	AAV	Single	Minimum	
West Coast	AAV	Differential	Fixed	
West Tamar	AAV	Differential	Fixed	

Totals		
Valuation Basis	**CV**	**3**
	AAV	**26**
Rating Strategy	**Differential**	**16**
	Single	**13**
Minimum or fixed?	**Minimum**	**19**
	Fixed	**8**
	Neither	**2**

Service Rates and Charges: All Tasmanian Councils levy differential service rates and charges.