

**state grants** commission  
annual report for 06-07

enter



Tasmania

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ISSN 1327-4406



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The Hon. Michael Aird MLC

TREASURER

Dear Treasurer

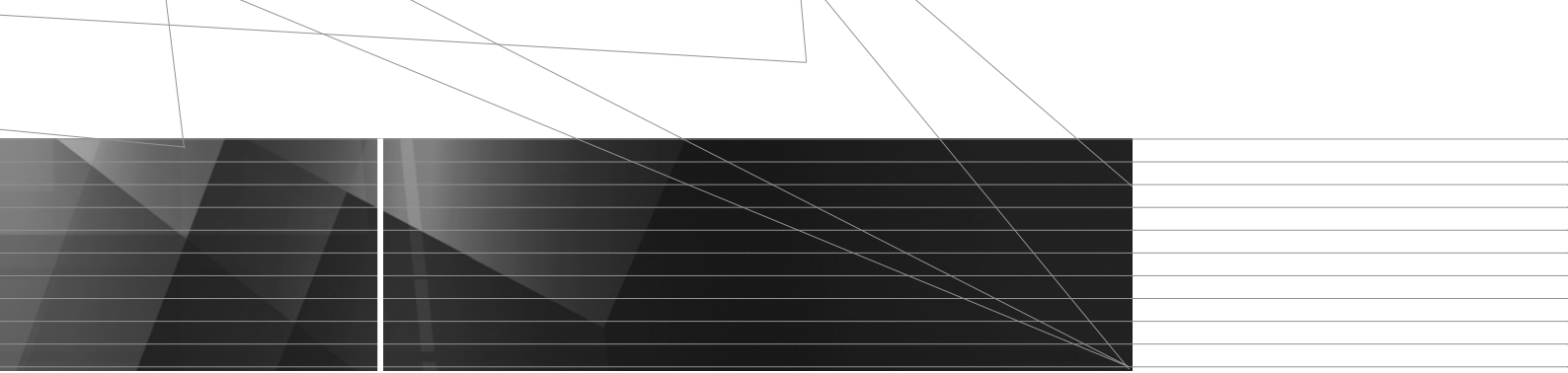
In accordance with Section 9(3) of the *State Grants Commission Act (No. 40 of 1976)*, I have pleasure in presenting the State Grants Commission's Annual Report and recommendations of financial assistance for local government authorities in Tasmania. This is the thirty first Annual Report of the Commission, and relates to grants for payment in the 2006-07 financial year.

Yours sincerely



**R C Close**

**CHAIRMAN**



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## 1 - INTRODUCTION

The State Grants Commission was established under the *State Grants Commission Act 1976*. It is responsible for making recommendations to the Treasurer concerning the distribution of Commonwealth financial assistance grants and identified local road funds to local government.

In performing its task the Commission, *inter alia*, adopts the principle of horizontal fiscal equalisation to ensure that as far as possible, the grants which it recommends are sufficient to enable a municipality to function, by reasonable effort, at a standard not lower than the average standard of other municipalities within the State.

The abovementioned Act provides that the Commission comprise four members: a Chairman, who is appointed by the Governor; two representatives of local government nominated by the Minister responsible for the *Local Government Act 1993* from a list of four names submitted by the Local Government Association of Tasmania; and one person nominated by the Secretary of the Department of Treasury and Finance and approved by the Treasurer.

The current members of the Commission are:

<b>Mr R C Close</b>	<b>Chairman</b>
<b>Mr G P Appleyard</b>	<b>nominee of the Secretary of the Department of Treasury and Finance</b>
<b>Mr B A Southorn PSM</b>	<b>representative of local government</b>
<b>Mr G H K Denny</b>	<b>representative of local government</b>



## 2 - LEGISLATION GOVERNING THE GRANTS

The Commonwealth *Local Government (Financial Assistance) Act 1995* replaced the earlier 1986 Act in April 1995, which had in turn replaced the *Local Government (Personal Income Tax Sharing) Act 1976*. The Act prescribes the conditions that must be fulfilled for the states to receive funds, and stipulates the basis for distributing the funds among local governing bodies.

The Act also provides that a set of national principles governing the distribution of grants be developed in consultation with the states, territories and local government. The principles came into effect on 1 July 1996.

The most important principle is horizontal fiscal equalisation (HFE). However, the achievement of full HFE is compromised to some extent by the minimum grant principle which ensures that no local governing body will be allocated a base grant less than that which it would receive if 30 per cent of the State entitlement was allocated amongst local governing bodies in the State on an equal per capita basis.

The other principles include the need for effort neutrality in the assessments, inclusion of other grant support, recognition of the needs of Aboriginal and Torres Strait Islanders and the distribution of Identified Local Road Funds (ILRF). These principles are described in full in Section 6 of this Report.

The principle regarding identified local road funds recognises the relative needs of councils for roads expenditure and the preservation of their road assets, but has no regard to councils' fiscal capacities. These funds remain separately identified but are untied, so these funds do not need to be spent on roads.

The Commonwealth Act provides for the base grant to be distributed on a population share basis among the states and the Northern Territory. This share is determined by the Commonwealth Statistician, based on state populations as at 31 December in the year prior to the application of the grants. Road funds are distributed between the states and territories on the basis of historical shares as defined in the *Australian Land Transport Development Act 1988*.

The Commonwealth Act also provided for a review of the operation of the Act to be carried out by no later 30 June 2001. The Commonwealth Grants Commission was appointed to undertake the required review and its final report was publicly released on 4 July 2001. Section 4 of this Report provides a summary of the changes made to the Commission's equalisation method in response to the findings of this Review.



### 3 - LEVEL OF ASSISTANCE FOR 2006-07

The amount of general purpose financial assistance provided for local government by the Commonwealth is shown in Table 1 below.

**TABLE 1: Financial Assistance for Local Government 2006-07**

	<b>National pool of funds</b> \$	<b>Tasmanian grant entitlement</b> \$	<b>Proportion of national pool</b> %	<b>Increase on 2005-06 actual entitlement.*</b> %
Base grant	1,166,595,749	27,792,546	2.4	3.5
Road grant	517,652,864	27,431,944	5.3	4.1
Total grant	1,684,248,613	55,224,490	3.3	3.8

\* This column shows the 2006-07 year estimated entitlement compared to the 2005-06 actual entitlement

Since the reforms of Commonwealth-State financial arrangements arising from the introduction of *A New Tax System (ANTS)* in 2000-01, the national quantum of local government general purpose financial assistance has been linked to annual changes in both the Australian population and the consumer price index, so that the pool is maintained in "real per capita" terms.

Tasmania's base grant increased by slightly less than the level of the indexation applied to the national pool, as the estimated Tasmanian population decreased as a proportion of the national population. According to the latest Australian Bureau of Statistics (ABS) estimates, Tasmania's population grew by 0.6 per cent over the year to 31 December 2005, compared to an Australian growth rate of 1.0 per cent.

The Commonwealth has determined that there will be a positive adjustment of \$74,771 to the 2005-06 estimated grant entitlement of \$53,128,304 as the estimate of inflation and population growth of 3.97 per cent used to determine last year's pool was lower than the actual level of 4.08 per cent. Therefore, the "final" 2005-06 grant entitlement for Tasmania has been calculated by the Commonwealth as \$53,203,075 (which is \$53,128,304 plus \$74,771). Details of the components of Financial Assistance Grants (FAGs) payments for 2005-06 are provided in Appendix 1.

This adjustment will be added to the 2006-07 quarterly payments, based on the distribution of the 2005-06 grants. This will mean that the funds paid to councils in 2006-07 will be the estimated 2006-07 entitlement of \$55,224,490 plus the adjustment to the 2005-06 grants of \$74,771, which is a total of \$55,299,261.

## 4 - REFORMS TO THE DISTRIBUTION MODELS

### REVISED EQUALISATION MODEL APPLIED TO THE DISTRIBUTION OF GENERAL PURPOSE GRANTS (INTRODUCED 2005)

The State Grants Commission introduced a revised Equalisation Model for the 2005-06 distribution of general-purpose grants. For the 2006-07 general-purpose distribution, the revised model is in its second year of phase-in.

The review of the Equalisation Model was in response to the 2001 report by the Commonwealth Grants Commission (CGC) entitled *Review of the Operation of The Local Government (Financial Assistance) Act 1995*. The CGC's findings were aimed at ensuring that Local Government Grants Commissions more accurately and transparently achieve equalisation objectives.

The State Grants Commission conveyed its in-principle decision to review the Equalisation Model in the discussion paper "The State Grants Commission's Response to the Review of *The Local Government Financial Assistance Act 1995*", provided to councils in November 2001. Prior to the introduction of the revised Equalisation Model in 2005, the Commission released an additional nine discussion papers, which dealt with elements of the revision. These discussion papers and other consultative material are detailed in Section 4 of the 2005-06 State Grants Commission Annual Report.

#### *Phase-in of the Distribution associated with the Revised Equalisation Model.*

As advised to councils in January 2005, the distribution associated with the reformed Equalisation Model is being phased-in over four years, so that the reformed model will be fully implemented for the 2008-09 base grant distribution.

The phase-in is proceeding on the basis of a progressive introduction of 25 per cent of the revised distribution of the relative needs component of the base grant per year over the four-year phase-in period. The distribution of the per capita grant component of the base grant is not subject to phase-in, and will continue to be determined on the basis of shares of the total state population.

**TABLE 2: Phase-in of the Revised Base Grant Model**

	2005-06	2006-07	2007-08	2008-09
<b>Per Capita Grant Component.</b>	30 per cent share of Base Grant Pool, allocated on the basis of council populations only, and not dependent on Equalisation Model outcomes.			
<i>plus:</i>				
<b>Relative Needs Component – former model.</b>	70 per cent of the Base Grant Pool, multiplied by the share in relative needs grants indicated by the former model, multiplied by the proportions below.			
Proportion of the former model shares used	75%	50%	25%	0%
<i>plus:</i>				
<b>Relative Needs Component – revised model.</b>	70 per cent of the Base Grant Pool, multiplied by the share in relative needs grants indicated by the revised model, multiplied by the proportions below.			
Proportion of the revised model shares used	25%	50%	75%	100%

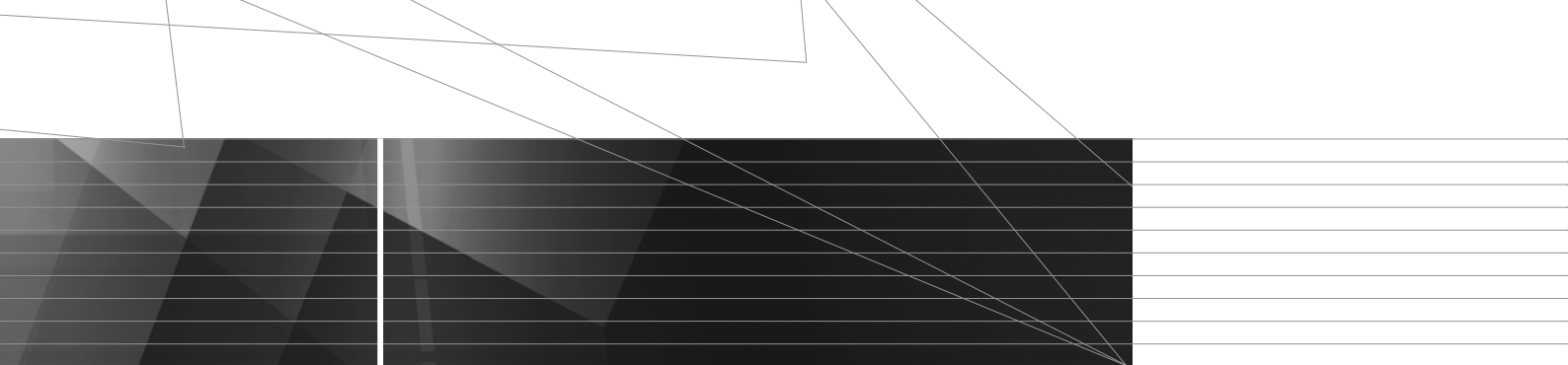
**REVISED ASSET PRESERVATION MODEL APPLIED TO THE DISTRIBUTION OF IDENTIFIED LOCAL ROAD FUNDS (INTRODUCED 2006)**

Following a comprehensive review, the State Grants Commission introduced a revised Asset Preservation Model for the 2006-07 Identified Local Road Funds (ILRF) distribution. For the 2006-07 ILRF distribution the revised model is in its first year of a three-year phase-in.

The revision of the previous model, known as the Modified Mulholland Model (MMM) comprised a review of specific cost and performance standards in the model, an improvement in raw data inputs, and a re-specification of cost adjusters used in the model – including the deletion of three cost adjusters. The review of the model was progressed concurrently with review of the CGC-related reforms to the Equalisation Model, but was independent of that review.

The following consultation material was distributed to councils, and was the subject of discussions at the 2004, 2005 and 2006 council Hearings.

- Discussion Paper “Cost Adjustors in the MMM” (March 2004). This paper explored the proposition that the use of cost adjusters for Materials, Drainage and Soils be discontinued. Broad agreement was reached with councils supporting the discontinuation of these cost adjusters at that time.
- A Report to the State Grants Commission by a committee representing members of the Institute of Public Works Engineers Australia (IPWEA) entitled “On Elements of Cost Adjustors for the Modified Mulholland Model used for the allocation of Identified Local Road Funds” (October 2004). This report supported the



abolition of the materials, drainage and soils cost adjustors, and recommended values for the remaining rainfall, terrain and traffic cost adjustors. The IPWEA group also considered the proposition that the definition of a bridge might be changed, and ultimately recommended a new bridge definition.

- Discussion Paper “Proposed Revisions to the MMM” (March 2006). This paper outlined the proposed specification of the revised MMM, and detailed the decisions made by the Commission in respect of matters raised by the Commission and by councils over the course of consultation on this issue.

Changes proposed in this discussion paper were:

- Cost adjustors for materials, soils and drainage to be discontinued.
- The cost adjustors for rainfall to be calculated on the basis of data obtained from the Geographic Information System (GIS).
- The cost adjustor for terrain to be calculated on the basis of data obtained from the GIS
- The determination of the traffic cost adjustor for each road type to be based on data provided by the Major Freight Demanders Survey (MFDS) conducted by the Department of Infrastructure, Energy and Resources (DIER).
- The remoteness cost adjustors to be calculated on the same basis as previously but with the following changes:
  - Removal of the 3 per cent threshold;
  - Adoption of a location which the Commission considers reflects the centre of the road network relative to the nearest regional centre, rather than the administrative centre for selected municipalities; and
  - Ranging the cost adjustor so the most disadvantaged council receives a cost adjustor of 1.20.
- The calculation of bridge deck area to be varied through the adoption of a revised definition of a bridge to include pipe culverts with a horizontal opening to water of 3.0 metres or more as recommended by the IPWEA group. This variation followed consideration of concerns expressed by councils during the 2004 and 2005 council Hearings in relation to the exclusion of deck areas of pipe culverts from the calculation of total bridge deck areas.
- The allocation of 5 per cent of the ILRF pool to ‘betterment’ to be discontinued. The ILRF pool to be allocated on the basis of 70 per cent MMM expenditure and 30 per cent bridge deck areas.
- The Commission’s intention to phase-in the new distribution over 3 years, commencing in 2006-07.

The discussion paper also included indicative ILRF outcomes for 2006-07, based on the proposed revised MMM model.

After receiving evidence from councils during the 2006 council hearings, the Commission undertook a review of the following:

- The application of the Remoteness cost adjustor
- The split between roads and bridges in the allocation of ILRF pool; and
- The performance standards in relation to rural and urban sealed roads.

Following this review, the Commission finalised the specification of the revised MMM, incorporating the following amendments:

- The split between roads and bridges for the ILRF distribution be changed from 70 per cent roads and 30 per cent bridges to 90 per cent and 10 per cent respectively. These proportions reflect the current breakdown, between roads and bridges, of maintenance expenditure and asset values averaged across all councils.
- The performance standard for urban sealed road reconstruction be changed from 55 years to 60 years.
- The performance standard for rural sealed road reseals to be changed from 20 years to 15 years
- The upper limit for rural (sealed and unsealed) road Traffic cost adjustor be set at 1.25.
- The fraction of urban sealed roads, presumed to be resealed using Thin Asphalt Overlay, be set at 34 per cent for all councils. This percentage is an estimate of the average proportion of urban roads resealed using this method across all councils. The fractions were previously set at 3.44 per cent for rural councils, and 32.25 per cent for metropolitan councils.

The Commission also incorporated an update of specific costs and performance standards for council roads. Mr Chee Liew, of CSL Engineers, provided these updates.

The Commission will, in future, refer to the revised MMM model as the Roads Preservation Model (RPM).

*Phase-in of the Distribution associated with the Revised ILRF Model.*

As advised to councils in July 2006, the distribution associated with the RPM is to be phased-in over three years, such that the reformed model will be fully implemented for the distribution of Financial Assistance Grants in 2008-09.

The phase-in will proceed on the following basis:

**TABLE 3: Phase-in of the Revised ILRF Model**

	2006-07	2007-08	2008-09
ILRF - former model (MMM).			
Proportion of the former model shares used	80%	40%	0%
<i>plus</i>			
ILRF - revised model (RPM).			
Proportion of the revised model shares used	20%	60%	100%



## 5 - INVESTIGATIONS AND INQUIRIES

Section 8 of the *State Grants Commission Act 1976* provides that, for the purpose of making recommendations to the State Treasurer, the Commission may hold such inquiries and make such investigations as it considers necessary.

Under Section 11 of the Commonwealth Act, a state is not entitled to its grant unless the Commission has held public hearings in connection with the recommendations and permitted or required local governing bodies in the state, or associations of those bodies, to make submissions to it in connection with the recommendations.

In accordance with these requirements, the Commission conducted a series of regional hearings which councils, the public and media representatives were free to attend.

The dates of the hearings were:

Burnie	11-12 April 2006 - for northwestern councils;
Launceston	19-21 April 2006 - for northern councils;
Hobart	8-11 May 2006 - for southern councils.

In conjunction with council Hearings, the Commission considered written submissions from 12 councils. Attendance by councillors and council staff at the 2006 Hearings is shown at Appendix 17 of this report.

The Commission's investigations relating to the revision of the ILRF model and the relevant consultation with councils are detailed in Section 4 of this report. The Commission also investigated and considered a number of issues relating to its base grant model arising from the 2006 council hearings:

- The applicability of the Isolation cost adjustor in the Base Grant model to Waste Management.

Following investigation, the Commission decided not to apply the Isolation cost adjustor to Waste Management and Environment. As this matter has been discussed in previous years, and as no new evidence was available, the Commission's position in relation to this issue is unchanged. The Commission has moved to distinguish waste management collection costs from disposal costs, separately within Waste Management and Environment expenditure for future assessments. Disposal costs can be affected by distance from the disposal site, while collection costs of domestic waste are not. The Commission will reconsider its position as these costs are identified.

- The recognition of anti-terrorist expenditures in the Base Grant model for those councils operating airports.

Following investigation, the Commission decided not to compensate councils on this basis as part of the 2006-07 distribution, as there was insufficient evidence to support claims that significant anti-terrorist expenditures had been undertaken at Airports in 2004-05. The Commission will reconsider its position in relation to this matter for future assessments.

- The recognition of council responsibilities in relation to funding general medical practice.

Following an examination of actual costs by affected councils, the Commission decided not to vary allowances to those councils in respect of support for general medical practice.

- Application of a Regional Responsibility cost adjustor in recognition of the services provided by Meander Valley Council to residents of neighbouring municipalities at Blackstone Park.

The Commission decided to allow a 5 per cent weighting to Meander Valley in the calculation of the Regional Responsibility cost adjustor.

During the 2006 council hearings, councils provided feedback in relation to a discussion paper entitled "Natural Disaster Relief", distributed to councils in March 2006. The discussion paper outlined the State government policy on Natural Disaster Relief and proposed that, in view of this policy, the Commission would not treat expenditure incurred by councils due to such disasters separately for grant allocation purposes.

Given the overwhelming support this proposition received at the 2006 council hearings, the Commission will no longer make any special allowance or provision in relation to natural disasters.

## 6 - PRINCIPLES AND METHODS

### BASE GRANT DISTRIBUTION

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

#### **National principles for the distribution of base grants**

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.

Under the revisions introduced in 2005, the base grant is distributed on the basis of a “two pool” approach. This method allocates the per capita grant on the basis of council population shares as a first step, and independently of the equalisation process. This method ensures simplicity and transparency in the calculation of the separate components of the base grant.

The Equalisation Model calculates a distribution of the relative needs pool based on the ‘balanced budget’



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approach. That is, each council's relative needs grant entitlement is derived from the difference between the council's expenditure 'requirement' necessary to provide services to a common standard with all other councils, and the council's revenue 'capacity' based on the statewide average rate per dollar of Assessed Annual Value.

Each council's 'expenditure requirement' is calculated as follows:

- the expenditure 'required' to provide a common range of services, given that council's unique cost conditions (standardised expenditure), plus
- any allowances made in respect of the cost of providing services which are not adequately captured as 'standardised expenditure', plus
- the 'Budget Result Term', which is a per capita allocation of the difference between all statewide sources of revenue, including the grant pool, and all statewide expenditure requirements. The inclusion of the Budget Result Term enables a 'balanced budget' at the state level.

Each council's 'revenue capacity' is calculated as follows:

- the revenue that the council could raise by applying a standard or average rate per dollar of assessed annual values to all rateable property in its area (standardised revenue), plus
- Specific Purpose Payments (SPPs) that have not been deducted from expenditures in the process of calculating standardised expenditure.

SPPs are treated by either the 'inclusion' or 'deduction' approach. The 'inclusion' approach recognises funds received by councils as contributing to normal expenditure for the purpose of calculating expenditure standards. SPP funds are treated as a source of revenue and are applied to reduce a municipality's standardised deficit. Using the 'deduction' approach, funds are excluded from expenditure and revenue data prior to the determination of expenditure standards. The deduction approach is employed where:

- a council is effectively acting as an agent of the State or Commonwealth Government and the SPP is a reimbursement of costs incurred; or
- grants for a particular service are received by only a relatively small number of councils to provide a service that is beyond the scope of ordinary local government activity, and the service is generally provided only where grants are received.

Equalisation therefore occurs on the basis of "net" expenditures where this particular approach to the treatment of SPPs is adopted.

A detailed explanation of the calculation of standardised revenue and expenditure is provided below. It should be noted that no matter how sophisticated the Commission's methodology might become, there is always the need for the Commission to exercise broad judgement as it considers the various issues which confront it each year as it goes about its task of grant assessments.

### ***Calculation of standardised revenue***

Each council's standardised revenue is determined by multiplying the rateable assessed annual value (AAV) of properties in the municipality by the average revenue per dollar of AAV as calculated by the Commission. The Commission uses AAV data, adjustment factors and exempt AAV information supplied by the Office of the Valuer-General, and rate revenue information obtained from the Local Government Division's Consolidated Data Collection. 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 rateable AAV for each council is determined and then adjusted using the Valuer-General's adjustment factors so that all figures are expressed in terms of a common valuation year. Additional adjustment factors are applied to adjust valuations made under the revised definition of AAV in section 3 of the *Valuation of Land Act 2001*, to include the taxation component now excluded from land values. The Valuer-General has undertaken to provide such 'grossing' adjustment factors to the Commission each year until all councils have been revalued according to the new definition.

The total revenue from all sources, which the Commission has determined should be included in the model, is summed and divided by the total AAV (as modified by the Valuer-General's adjustment factors) to arrive at a state average revenue per dollar of AAV. This is multiplied by each council's adjusted AAV to arrive at the council's standardised revenue.

The final standardised revenue measure used in the base grant assessments is the relevant three-year averaged standardised revenue for each council. The standardised revenue of each council is shown in Appendix 6, while adjusted rateable AAV and rate revenues are shown in Appendices 4 and 5, respectively.

### ***Calculation of standardised expenditure (non-roads expenditure)***

In general, the cost of providing council services varies depending upon the number of residents. Therefore, to determine standard expenditures "required" to provide services, the Commission multiplies state average expenditures per person by the number of residents in each municipality.

Many councils face a range of unavoidable cost and demand pressures in providing services. This means that they cannot provide a service at the standard level of expenditure. This is recognised by the Commission through the application of council-specific cost adjustors, which represent these unavoidable cost pressures, to standard expenditures to determine standardised expenditures for each council.

This method of estimating standardised expenditure is applied to all expenditure categories except the road category. The method of estimating standardised roads expenditures is described on page 22 of this report.

An explanation of the types of expenditure that comprise each expenditure function follows:

**TABLE 4: Base Grant Model: Description of Expenditure Functions**

<b>Expenditure function</b>	<b>Explanation of expenditure function</b>
General Administration	Legislative, executive, financial and fiscal affairs relating to general purposes only (that is, not solely related to any one of the purposes listed below).
Health, Housing and Welfare	Services for the aged, community health services, health inspections; family and child welfare; housing services.
Waste Management and the Environment	Household and other garbage services, urban storm water drainage, street cleaning, flood mitigation and other protection of the environment.
Planning and Community Amenities	Planning and building services, street lighting, public conveniences, shopping malls, cemeteries and crematoria.
Recreation and Culture	Public halls and civic centres, swimming pools, parks and playing grounds, sports assistance and promotion; libraries and other cultural services.
Water	Provision of water services.
Sewerage	Provision of sewerage services.
Roads	Re-construction and maintenance of roads and bridges.
Law, Order and Public safety	Fire protection, support of the State Emergency Service, animal control and other public order and control.
Other	Expenditure on items not elsewhere classified. Includes: saleyards and markets; tourism and area promotion; aerodrome operations; communications; and natural disaster relief.

***Application of council-specific cost adjustors***

Cost adjustors are used to reflect the inherent relative cost advantages or disadvantages councils face in providing services. A range of adjustors have been developed to account for differences between councils in the demand for a service as well as variations in the per unit cost of supplying that service.

An adjustor is calculated for each municipality by comparing its demand or supply disadvantage with the State average. Councils that demonstrate the average level of advantage/disadvantage for each expenditure category are assigned a cost adjustor of 1.00. All other councils are compared to the average councils to determine their relative cost adjustors, which are always less than one if the council is assessed to enjoy a cost advantage, and greater than one if the council is assessed to suffer a cost disadvantage.

The following cost adjustors have been recognised by the Commission and a method adopted to quantify them:

- Absentee Population
- Regional Responsibility
- Climate
- Scale (Administration)
- Dispersion
- Scale (Other)
- Equivalent Tenements (Water)
- Daytripper Tourism
- Equivalent Tenements (Sewerage)
- Unemployment
- Isolation
- Worker Influx
- Population Decline

The application of cost adjustors to each expenditure category is detailed below.

**TABLE 5: Base Grant Model: Allocation of Cost Adjustors to Expenditure Standards**

<b>Expenditure Category</b>	<b>Cost Adjustors</b>	
General Administration	Absentee Population Isolation	Population Decline Scale-Administration
Education, Health, Housing & Welfare	Population Decline	Unemployment
Law, Order & Public Safety	Dispersion Population Decline	Daytripper Tourism Unemployment
Planning & Community Amenities	Absentee Population Climate Dispersion Isolation	Population Decline Scale-Other Daytripper Tourism Worker Influx
Waste Management & Environment	Absentee Population Climate Dispersion	Population Decline Regional Responsibility Scale-Other Daytripper Tourism Worker Influx
Sewerage	Absentee Population Climate Dispersion Equiv. Tenements (Sewerage)	Isolation Population Decline Scale-Other
Water	Absentee Population Climate Dispersion Equiv. Tenements (Water)	Isolation Population Decline Scale-Other
Other	No cost adjustors are applied to 'Other' Expenditure	

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An outline of the approach developed by the Commission to quantify each of the above-mentioned cost adjusters is provided below. Details of calculations made in the determination of each cost adjuster are included in the electronic copy of the Commission's revised Equalisation Model, which is available to councils on compact disk or by e-mail.

*(i) Absentee Population*

The Commission makes an allowance for the additional population, which is not captured in the Census statistics, but which nevertheless must be serviced. Specific reference is made to those municipalities that have a significant number of holiday residences.

The calculation of this cost adjuster is based on the proportion of unoccupied dwellings in each municipality at the time of the 2001 Census.

The Commission has continued to make an adjustment to raw data determining the absentee population cost adjuster, in order to recognise the situation faced by the West Coast Council where mineworkers reside outside the municipality between shifts. It was accepted that the existing statistics do not adequately reflect this phenomenon, and an additional 800 dwellings are added to the unoccupied dwelling data used for West Coast, to compensate for this.

*(ii) Climate*

The Climate cost adjuster recognises additional costs arising from climatic factors, such as excessive 'downtime' of outdoor work due to rain, as well as increased maintenance costs on council infrastructure through adverse weather. The calculation of the Climate cost adjuster is based on the total annual rainfall in each municipality's administrative centre, as indicated by Bureau of Meteorology data. Cost adjusters greater than one occur only for those centres recording greater than one thousand millimetres precipitation per annum.

*(iii) Dispersion*

The dispersion cost adjuster relates to the additional costs incurred in servicing a widely scattered population within a municipality. The Commission recognises that associated costs arise from the need to both duplicate services and incur greater travelling and communication costs than would otherwise be the case.

The cost adjuster is determined according to:

- the number of population centres in each municipality;
- the population-weighted distance between those centres and the municipality's administrative centre; and
- the dwelling-weighted distance between those centres and the municipality's administrative centre.

*(iv) Equivalent Tenements*

The use of population to estimate standard water and sewerage expenditure does not recognise expenditures incurred in providing water and sewerage services to non-residential establishments. Therefore, a cost adjuster has been developed to recognise the cost of providing these services to commercial properties. This has been

done by dividing the total value of serviced commercial properties by the modal residential assessed annual value in each water and sewerage district to determine the number of residential “equivalent tenements”.

*(v) Isolation*

This cost adjustor recognises the increased costs that arise from geographical isolation. Such costs are associated with attracting staff to remote areas, communicating with relevant bodies, travelling and the supply of necessary construction and maintenance materials.

The cost adjustor is calculated according to a weighted sum of distances between each municipality’s main centre, the relevant regional centres and Hobart, being the main focus for administrative and political activities within the State. The weighting of distances from each municipality’s administrative centre to regional centres for the purposes of calculating this cost adjustor is:

Southern Councils:	<i>Hobart (100%)</i>
Northern Councils:	<i>Hobart (10%), Launceston (90%)</i>
North-western Councils:	
- closer to Devonport than to Burnie:	<i>Hobart (10%), Launceston (20%), Devonport (70%)</i>
- closer to Burnie than to Devonport:	<i>Hobart (10%), Launceston (20%), Burnie (70%)</i>

For the purposes of calculating this cost adjustor, the air travel component of the kilometre distances from King Island to Burnie and from Flinders Island to Launceston are inflated by 100 per cent in order to reflect the additional expense of travelling by air.

*(vi) Population Decline*

The Commission recognises that a local governing body faces certain disadvantages as a result of fluctuations in population levels. Managing such fluctuations typically require planning horizons of several years or more. Some councils are faced with excess capacity in certain service areas when subject to rapid population decline. This is believed to confront councils with added expenditure burdens.

The cost adjustors for population decline are determined by comparing the average annual rate of population decline for a particular municipality over a five-year period, against the average rate of population decline for all councils experiencing a decline over that five-year period.

*(vii) Regional Responsibility*

A cost adjustor is applied to the relevant expenditures of those municipalities that provide particular services not only for its own residents but also for the residents of surrounding municipalities. Formerly, this cost adjustor applied to General Administration, Planning and Community Amenities, and Recreation and Culture, but it now has application only to the latter expenditure category. The extent of cost adjustment is based on Commission judgement.

*(viii) Scale*

The scale cost adjustor accounts for the diseconomies of scale that smaller councils face in providing some services. Diseconomies occur where the cost per person of a certain activity is greater for councils with a small population than those with larger ones. For example, each council requires a general manager whether the municipal population is 1,000 or 100,000. The cost per person of the general manager is therefore much greater for smaller councils than for larger ones.

Different expenditure categories show varying degrees of diseconomy, so two scale cost adjustors have been developed – Scale Admin, which relates only to General Administration expenditure, and Scale Other, which is applied to some non-General Administration expenditure. The application of these to the different expenditure categories is detailed in Table 5.

*(ix) Daytripper Tourism*

The Commission recognises that councils generally incur additional costs as a result of tourist influx through increased use of council resources and infrastructure. In particular, significant numbers of day-trippers who make use of council facilities are recognised as increasing council costs. Data on the number of daytrippers visiting each municipality are sourced from Tourism Research Australia (formerly the Bureau of Tourism Research), and form the basis for the calculation of this cost adjustor. The Commission no longer uses estimates of overnight stays or bed numbers as part of the calculation of this cost adjustor.

*(x) Unemployment*

The Commission has calculated a cost adjustor reflecting the level of unemployment within a municipality, using data on unemployment rates and labour force numbers from the Commonwealth Department of Employment and Workplace Relations. This cost adjustor has been calculated to capture the additional costs which councils incur by virtue of having a higher than average proportion of unemployed working-age residents. For example, additional expenditure might be incurred in the provision of welfare programs as a result of the need to cater for unemployed residents.

*(xi) Worker Influx*

This cost adjustor reflects the additional costs imposed on those municipalities that have significant daily net influxes of non-resident workers.

Determination of this cost adjustor involves estimating, from 2001 Census data provided by the ABS, both the number of residents working outside the municipality and the number of non-residents working within the municipality. The difference, or the net worker inflow, is then used to derive a cost adjustor in relation to actual total population.

### ***Allocation of Expenditure Allowances***

Expenditure allowances are included in the measure of a council's expenditure requirement where the cost of providing a service is not adequately captured in standardised expenditure. Calculated standardised expenditure may fail to adequately reflect the relative cost of providing a service if; (a) the service is not provided by all councils; or (b) if there is inadequate data on which to base the calculation of a cost adjustor to reflect cost differences between councils in providing the service.

For 2006-07, expenditure allowances totalling \$210,000 were allocated to councils, representing less than 0.05 per cent of the total expenditure requirement across all councils. The quantum of allowances is based on established cost benchmarks or on information sourced directly from affected councils. For 2006-07, expenditure allowances were included in councils' expenditure requirements, as follows:

**TABLE 6: Base Grant Model: Expenditure Allowances**

<b>Allowance Description</b>	<b>Allowance Amount</b>	<b>Recipient Councils</b>
Provision of services in support of General Practitioners	\$20,000 per GP	Central Highlands (x2) Glamorgan Spring Bay (x2) Huon Valley (x1) Tasman (x1)
Provision of Airport Services	\$35,000 per airport	Flinders King Island
Provision of Services to Cape Barren Island	\$20,000	Flinders

Allowances allocated in previous years in respect of communication costs associated with location, have been discontinued given that these costs are recognised via the expenditure reallocation associated with the Dispersion cost adjustor.

An allowance in respect of the cost of maintaining and operating airport facilities was introduced in 2005-06 following the deletion of the Scale-Low cost adjustor, which was previously applied to Flinders and King Island councils in recognition of these costs.

### ***Calculation of standardised roads expenditure.***

The Commission uses an asset preservation model to assess standardised road expenditure. This model, known as "the Roads Preservation Model", is also used to determine the distribution of ILRF grants.

Standardised roads expenditure for each council is determined by applying the ILRF distribution proportions indicated by the Roads Preservation Model to the total of all councils' actual roads expenditures.



## IDENTIFIED LOCAL ROAD FUND DISTRIBUTION

The national principle governing the distribution of road grants (Section 12 payments under the Commonwealth Act) is shown in the box below:

### **National principle for the distribution of road grants**

#### *Identified Road Component*

The identified road component of the financial assistance grants should be allocated to local governing bodies as far as practicable on the basis of the relative needs of each local governing body for roads expenditure and to preserve its road assets. In assessing road needs, relevant considerations include length, type and usage of roads in each local governing area.

To accord with this principle, while ensuring that the grant distribution reflects the particular mix of road and bridge assets maintained by Tasmanian councils, ILRF grants are distributed in the following manner:

Road preservation component - 90% of funds

based on the relative road expenditure needs of each council as determined using the Roads Preservation Model.

Bridge expenditure component - 10% of funds

based on relative bridge deck areas (including all concrete and wooden bridges, and culverts over 3 metres total span).

#### *Determination of the Roads Preservation Component*

The roads preservation component of the ILRF distribution is determined using the Roads Preservation Model (RPM), which is a revised version of the previous model, known as the Modified Mulholland Model (MMM).

The RPM assesses the total asset preservation requirement for each council in four road classes: urban sealed, urban unsealed, rural sealed and rural unsealed roads.

Councils report Road lengths for each of the four road classes through the Consolidated Data Collection. Performance standards and specific costs are applied in relation to maintenance, rehabilitation and reconstruction tasks for each of the road classes as detailed in Table 7 below:

**TABLE 7: ILRF Model: Performance Standards and Specific Costs**

		Estimated Life	Performance Standard	Cost per Km (\$)
<b>URBAN SEALED</b>				
Maintenance	Thin asphalt overlay	15	0.0667	109 200
	Reseals	15	0.0667	33 600
	Other Maintenance	15	0.0667	2 400
Rehabilitation		30	0.0333	414 120
Reconstruction		60	0.0167	677 720
<b>RURAL SEALED</b>				
Maintenance	Reseals	15	0.0667	24 000
	Other Maintenance	15	0.0667	1 200
Rehabilitation		25	0.0400	99 060
Reconstruction		50	0.0200	279 940
<b>UNSEALED ROADS (URBAN AND RURAL)</b>				
Maintenance	Regrading	0.5	2.0000	480
	Resheeting	5	0.2000	21 600
	Other Maintenance	1	1.0000	1 200

*Note: Rehabilitation and Reconstruction tasks do not apply to unsealed roads*

The application of the performance standards and specific costs shown in Table 7 to each council's reported road lengths provides a measure of unadjusted cost for each road type. Cost adjustors are applied to unadjusted cost for each road type, to provide a measure of costs adjusted to account for 'disabilities' assessed in respect of the following four cost elements; Rainfall, Terrain, Traffic and Remoteness. Cost adjustors calculated for each of the four cost elements are applied to all maintenance, rehabilitation and reconstruction tasks. These are discussed in turn, below.

*(i) Rainfall Cost Adjustor.*

The cost adjustor for rainfall provides a measure of the relative cost advantage or disadvantage associated with the rainfall incidence on each council's road network.

The rainfall cost adjustor is calculated from road rainfall data provided by the Geographic Information System (GIS) operated by the Department of Primary Industries and Water. The GIS provides, for each council, a measure of road lengths subject to total rainfall in the following bands for each road class; less than 600 millimetres per annum, 600 to 1000 millimetres per annum, and greater than 1000 millimetres per annum. The rainfall thresholds were recommended by the IPWEA group.

Road lengths within the rainfall bands are weighted by cost factors to provide an overall rainfall cost adjustor for each road type. The cost factors were recommended by the IPWEA and are shown in the table below. :

**TABLE 8: ILRF Model: Cost Factors for Calculation of Rainfall Cost Adjustors**

Rainfall Bands	Sealed Roads	Unsealed Roads
Less than 600 mm	0.95	1.05
600-1000 mm	1.00	1.00
Greater than 1000 mm	1.05	1.05

Councils endorsed the cost factors shown in Table 8 during the 2006 council hearings. The cost factors indicate that low rainfall confers a cost disadvantage in respect of unsealed roads, as regrading unsealed roads in dry weather requires dust management. Low rainfall is seen to provide a cost advantage in respect of works on sealed roads. High rainfall is seen to confer a cost disadvantage for both sealed and unsealed road works.

*(ii) Terrain Cost Adjustor.*

The cost adjustor for terrain provides a measure of the relative cost advantage or disadvantage associated with the various terrains on which councils' road networks are built.

The cost adjustor is calculated from terrain data provided by the Geographic Information System (GIS) operated by the Department of Primary Industries and Water. The GIS provides, for each council and road class, a measure of road lengths built on terrain in the following slope bands; less than 0.5 degrees, 0.5 to 9.0 degrees, and greater than 9.0 degrees. These terrain bands were recommended by the IPWEA group.

Road lengths within these terrain bands are weighted by cost factors as follows to provide an overall terrain cost adjustor for each road type as follows:

**TABLE 9: ILRF Model: Cost Factors for Calculation of Terrain Cost Adjustors**

Terrain Bands	Urban Sealed Roads	Rural Sealed Roads	Unsealed Roads (Urban and Rural)
Less than 0.5 degrees	1.00	1.10	1.10
0.5 –9.0 degrees	1.00	1.00	1.00
Greater than 9.0 degrees	1.10	1.10	1.15

The cost factors reflect terrain disadvantage for all rural roads and unsealed urban roads in flat country, and all roads in steep country.

Disadvantages associated with flat country include:

- Problems with surface drainage
- Groundwater management
- Localised flooding
- Pavement break-up

Disadvantages associated with steep country include:

- Traffic management during maintenance
- Shoulder stability
- Drainage scouring
- Wear due to 'shoving and heaving' of reticulated vehicles in steep country
- Corrugations due to braking on steep terrain

*(iii) Traffic Cost Adjustor.*

The cost adjustor for traffic provides a measure of the relative cost disadvantage associated with heavy traffic which impacts on each council's road network.

The cost adjustor is calculated from data provided by the Major Freight Demanders Survey (MFDS) undertaken by the Department of Industry Energy and Resources (DIER). The MFDS is a survey of the largest 120 freight demanders in Tasmania, and provides detailed road length and tonnage data associated with the actual routes used to transport freight to those demanders.

Categorising each identified route into the four road classes disaggregates the MFDS tonnage and kilometre data. Relative positions for each council are established by dividing each council's total tonne-kilometres by its road length for each road type. The traffic cost adjustor for each road class is calculated by ranging these relative positions between limits established for the previous model. These limits are shown in Table 10 below.

**TABLE 10: ILRF Model: Traffic Cost Adjustor Limits**

	Urban Sealed	Rural Sealed	Urban Unsealed	Rural Unsealed
Upper Limit (Maximum Cost Adjustment)	1.11	1.25	1.16	1.25
Lower Limit (Minimum Cost Adjustment)	0.93	0.96	0.91	0.91

*(iv) Remoteness Cost Adjustor.*

The model adjusts costs equally in all road classes by a cost adjustor calculated in respect of remoteness.

The cost adjustor provides a measure of the relative cost disadvantages associated with distance from suppliers of road-making materials. Cartage costs are a significant cost component of all road works.

The Remoteness cost adjustor is calculated directly from a series of distances recorded between a central point in each council's road network and one of the four major centres of Burnie, Devonport, Launceston or Hobart,

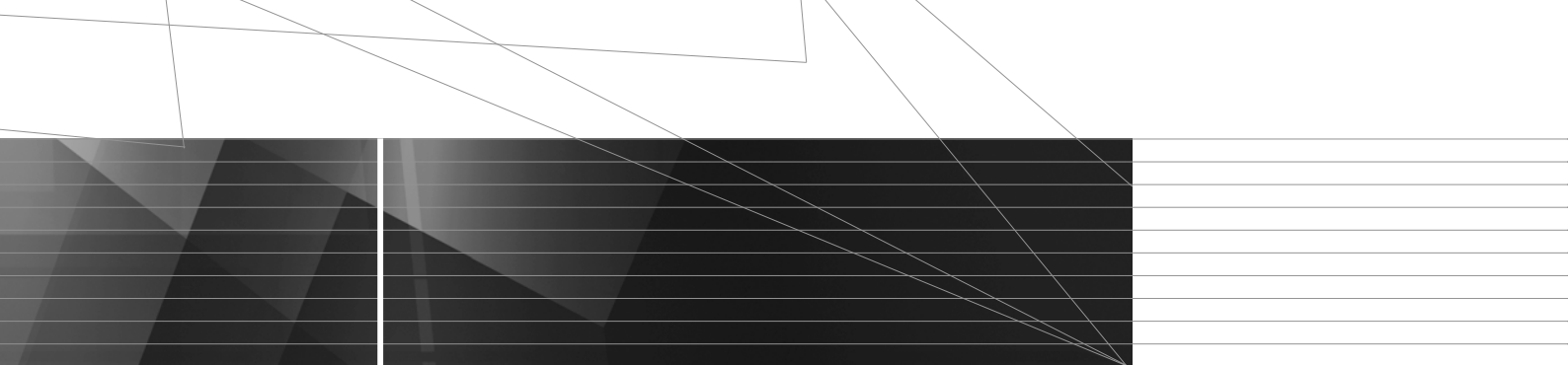
whichever is the closer, to where the largest suppliers are located. The 'non-land' component of distances from Flinders and King Island to their respective regional centres is inflated by 50 per cent in recognition of the higher cost of transport to the two island councils.

The central road network locations, selected regional centre and measured distances are shown for each council in Table 11 below.

**TABLE 11: ILRF Model: Distance Measurements for the Calculation of the Remoteness Cost Adjustor**

<b>Council</b>	<b>Central Point</b>	<b>Regional Centre</b>	<b>Distance (km)</b>
Break O'Day	St Helens	Launceston	163
Brighton	Bridgewater	Hobart	22
Burnie	Burnie	Burnie	0
Central Coast	Ulverstone	Devonport	22
Central Highlands	Hamilton	Hobart	73
Circular Head	Smithton	Burnie	85
Clarence	Rosny Park	Hobart	8
Derwent Valley	New Norfolk	Hobart	38
Devonport	Devonport	Devonport	0
Dorset	Branxholm *	Launceston	85
Flinders #	Whitemark	Launceston	271
George Town	George Town	Launceston	51
Glamorgan Spring Bay	Swansea *	Hobart	137
Glenorchy	Glenorchy	Hobart	12
Hobart	Hobart	Hobart	0
Huon Valley	Geeveston *	Hobart	60
Kentish	Sheffield	Devonport	29
King Island #	Currie	Burnie	333
Kingborough	Margate *	Hobart	20
Latrobe	Latrobe	Devonport	10
Launceston	Launceston	Launceston	0
Meander Valley	Deloraine *	Launceston	50
Northern Midlands	Epping Forest *	Launceston	55
Sorell	Dodges Ferry *	Hobart	39
Southern Midlands	Oatlands	Hobart	85
Tasman	Nubeena	Hobart	100
Waratah Wynyard	Wynyard	Burnie	19
West Coast	Zeehan	Burnie	139
West Tamar	Exeter *	Launceston	23

*Note: locations marked \* are different from the administrative centres used for dispersion measurement in the Equalisation Model. These locations have been selected where the administrative centres are not close to the geographic centres of councils' road networks. The councils marked # (Flinders and King Island) include an additional 50 per cent weighting of the non-road component of the measured distance.*



For the purposes of cost adjustor calculation, the distances shown in Table 11 represent the relative position of councils, which are re-ranged to confer a 20 per cent maximum and zero minimum cost adjustment in relation to Remoteness.

#### *ILRF Distribution Shares*

Under the Commission's revised methodology, 90 per cent of ILRF funds are allocated on the basis of each council's share of the assessed roads expenditure calculated by the RPM. The remaining 10 per cent of the ILRF funds are distributed on the basis of each council's share of total bridge deck areas.

For 2006-07, only 20 per cent of the ILRF funds have been distributed in accordance with the method outlined above. The remaining 80 per cent is distributed according to the shares shown in the 2005-06 MMM model. Details of the phase-in arrangement applying to the revised model (RPM) are shown in Table 3

## 7 - OUTCOMES OF THE 2006-07 ASSESSMENTS

### ***Total Entitlements (Base + ILRF)***

For 2006-07, the increase in the estimated total FAGs pool (base grant plus ILRF) over actual FAGs payments made in respect of 2005-06 was 3.8 per cent. All but five councils received grant increases for 2006-07. The largest increase was 10.9 per cent (Break O'Day) and the largest reduction was 4.3 per cent (Kingborough). The other four councils to receive a reduction in estimated total grant entitlements were Clarence (-2.2 per cent), Devonport (-2.7 per cent), Glamorgan Spring Bay (-2.7 per cent) and Launceston (-0.1 per cent).

Four of the five councils receiving reductions in total grants for 2006-07 are large city councils which were scheduled to move to a minimum grant position as the result of the revised base grant Equalisation Model introduced for the 2005-06 distribution.

In addition to these large "minimum grant" councils, Glamorgan Spring Bay council received a reduction in total grants, due mainly to the large increase in AAV (+75 per cent) recorded by the Valuer-General for that council for the year ending 30 July 2005. The increase in AAV impacted on the assessment of Glamorgan Spring Bay council's revenue capacity in the base grant Equalisation Model, resulting in a significant reduction in that council's base grant for 2006-07.

### ***Base grants***

For 2006-07, the increase in the estimated base grant pool over actual base grant payments made in respect of 2005-06 was 3.5 per cent. The largest increase in estimated base grant entitlements was for Break O'Day (21.0 per cent). Declines in estimated base grant allocations were experienced by Burnie (2.2 per cent), Clarence (9.3 per cent), Devonport (12.2 per cent), Glamorgan Spring Bay (11.2 per cent), Kingborough (11.9 per cent), Latrobe (0.4 per cent) and Launceston (6.4 per cent).

Increases and declines in base grant entitlements reflect, principally, the impact of phasing-in of the revised methodology for the determination of base grants. The phase-in base grant for some councils has changed from that anticipated in 2005, when the revised base grant model was first introduced. For some councils, this is due to the revision of the MMM model, which determines standardised roads expenditure in the base grant model, while for others the base grant changes are the result of annual data input changes, the effects of which are independent of the structure or phase-in of the revised base grant model.

Table 12 below shows the 2006-07 base grant shares anticipated in the Commission's 2005-06 Annual Report (Appendix 2, page 37), alongside the council shares calculated from the recommended base grant distribution for 2006-07. Variations from the 2006-07 shares provided in the 2005-06 Annual Report range from -0.3 percentage points (Glamorgan Spring Bay and Northern Midlands) to +0.3 percentage points (Break O'Day, Dorset and Huon Valley). Each 0.1 per cent change in the base grant pool share is equivalent to a grant change of \$28,000 based on the current base grant pool.

**TABLE 12: Comparison of actual 2006-07 base grant shares and predictions of 2006-07 shares from the 2005-06 Annual Report**

	SHARE OF BASE GRANT POOL (%)	
	2006-07 recommendations	2005-06 Annual Report estimation for 2006-07
Break O'Day	3.9	3.6
Brighton	3.7	3.8
Burnie	3.4	3.4
Central Coast	6.2	6.4
Central Highlands	2.4	2.4
Circular Head	3.9	3.7
Clarence	4.4	4.4
Derwent Valley	2.9	2.7
Devonport	2.5	2.5
Dorset	3.8	3.5
Flinders	1.8	1.9
George Town	2.9	2.9
Glamorgan Spring Bay	1.7	2.0
Glenorchy	2.8	2.8
Hobart	3.0	3.0
Huon Valley	4.8	4.5
Kentish	3.2	3.3
King Island	1.7	1.8
Kingborough	3.0	3.0
Latrobe	2.1	2.1
Launceston	5.2	5.2
Meander Valley	5.0	4.8
Northern Midlands	4.8	5.1
Sorell	2.6	2.7
Southern Midlands	3.6	3.4
Tasman	1.3	1.3
Waratah Wynyard	4.5	4.7
West Coast	3.4	3.6
West Tamar	5.4	5.6



***Identified Local Road Fund (ILRF) Grants.***

For 2006-07, the overall increase in estimated ILRF entitlements over actual payments made in respect of 2005-06 was 4.1 per cent across all councils. All councils received an increase in their ILRF allocation, with the exception of Southern Midlands (-1.3 per cent). The increases in ILRF entitlements for 2006-07 ranges from 4.0 per cent (Kentish) to 8.2 per cent (Clarence).

The changes reflect the commencement of the phasing in of the Commission's revised ILRF methodology. Only 20 per cent of this year's allocation has been distributed according to the new methodology, with 80 per cent distributed according to the previous methodology. Next year, when 60 per cent of the funds will be distributed in accordance with the revised methodology, the extent of the changes for individual councils will be significantly greater.



## 8 - ISSUES FOR FUTURE ASSESSMENTS

The Commission has been progressing investigations towards a review of Water and Sewerage assessments in the base grant Equalisation Model,

Following the release to councils of an Information Brief *Review of Water and Sewerage Assessment* in 2004, and on the basis of comments received subsequently at council hearings, the Commission has decided to further its investigations into the adoption of a property-based approach to these assessments.

To this end, the Commission engaged consultants Sinclair Knight Mertz to prepare advice on the assessment of council water and sewerage expenditures, in March 2006. The Commission expects to receive this advice early in the second half of the 2006 year, and to provide discussion material on a proposed new assessment method to councils prior to the 2007 council hearings.

## 9 - THE DISTRIBUTION OF HEAVY VEHICLE MOTOR TAX REVENUES TO COUNCILS

The *State Grants Commission Act 1976* requires the Commission to recommend the distribution amongst councils of State motor taxes collected on the registration of heavy vehicles (known as “NRTC funds”)<sup>1</sup>. This function of the Commission is separate from its responsibility to recommend the distribution of Financial Assistance Grant funds. The distribution of NRTC funds is not governed by the *Local Government (Financial Assistance) Act 1995*, and NRTC funds are not a component of the Financial Assistance Grants pool.

Since 1996-97, the State Government has distributed \$1.5 million per annum of heavy vehicle motor taxes to councils. The amount distributed to councils is the sum of the reimbursement of payments of Motor Tax to the State plus the balance of the NRTC pool net of this reimbursement.

The Commission bases its distribution of the net NRTC pool on data from the *Major Freight Demanders Survey* (MFDS) which is conducted by the Department of Infrastructure, Energy and Resources (DIER). The MFDS survey provides a measure of *tonne-kilometres (T-K)* – being the product of the tonnage carried over local roads and the distance over which it is carried, as identified by the 120 largest freight demanders in Tasmania.

The Commission distribution method has been phased in so that in 2006-07, the distribution of the net NRTC pool is for the first time determined fully on the basis of each council’s *tonne-kilometre* outcome from the Major Freight Demanders Survey. In previous years, combinations of alternative measures, developed since 1996 for this purpose, have determined the distribution of the net pool.

### *Causes of Inter-year Variations.*

Some councils experience substantial inter-year variation in their recommended NRTC payments. This is caused partly by variation in the magnitude of the reimbursement of the motor tax paid to the State by these councils. Variations in Motor Tax payments typically arise when a council, over two financial years, makes Motor Tax payments at the beginning of the first year which relate to registrations in the previous year (late payment), or payments at the end of the second year which relate to registrations in the subsequent year (early payments), or vice versa.

A further significant component of the overall variation in recommended NRTC payments to councils for the current year is due to the phasing-out of earlier distribution methods. The development of methodologies for distributing net NRTC pool funds, in consultation with councils and the Local Government Association of Tasmania, is detailed in Section 9 of the 2005-06 State Grants Commission Annual Report.

<sup>1</sup> After the National Road Transport Commission, which determines the nationally uniform taxation rates.



*Adjustments Made in Respect of the 2005-06 Distribution.*

In 2004-05, the Local Government exemption from payment of light vehicle motor tax was removed as part of State-local government financial reforms. Registration payments for light vehicles were included in motor tax payment data provided to the Commission in respect of the 2004-05 year, and the 2005-06 NRTC distribution inadvertently included reimbursement of those light vehicle payments.

Having become aware of the reimbursement of the light vehicle motor tax payments, the Commission decided to effect an adjustment to the 2006-07 distribution equivalent to a reversal of light vehicle motor tax reimbursements made as part of the 2005-06 distribution. The adjustment is redistributed to all councils on the basis of the net pool shares for 2005-06.

*Treatment of Flinders And King Island Councils*

The Commission has completely excluded Flinders and King Island Councils when calculating both the tonne-kilometre and motor tax reimbursement elements of the new distribution. The basis for this approach lies in the *Roads and Jetties Act 1935*, under which these councils alone receive full reimbursement from the State Government of all motor tax paid in respect of vehicles registered to addresses within their boundaries. In light of this long-standing arrangement, the Commission considers that it would be inequitable for Flinders and King Island to also receive a share of the local government 'NRTC funds'.

It should be noted that, as with the Financial Assistance Grants, the Commission has no role in determining the quantum of funds available for distribution, but only the distribution of a given amount. In 2006-07, it is understood that this amount will again be \$1.5 million.

*Change in Components of Recommended 2006-07 NRTC distribution.*

The components of the 2006-07 NRTC distribution, including adjustments, are shown in Table 13. The difference between 2005-06 and 2006-07 NRTC distributions are shown in Table 14.

**TABLE 13: Components of 2006-07 NRTC Distribution**

<i>Council</i>	<i>Heavy Vehicle Motor Tax Reimbursement</i>	<i>Share of Net Pool (\$1.5M minus motor tax)</i>	<i>Adjustment for 2005-06 NRTC Distribution</i>	<i>2006-07 NRTC Distribution</i>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Break O'Day	10 573	76 952	+ 6 561	94 086
Brighton	1 782	1 715	- 2 832	665
Burnie	10 715	56 012	- 744	65 983
Central Coast	25 335	63 909	- 584	88 661
Central Highlands	13 798	80 275	+ 10 160	104 233
Circular Head	8 697	127 459	+ 11 666	147 821
Clarence	4 455	8 991	- 7 475	5 971
Derwent Valley	17 140	27 172	- 408	43 904
Devonport	9 016	43 965	- 6 160	46 820
Dorset	481	141 506	+ 12 679	154 666
Flinders	0	0	+ 69	69
George Town	16 183	32 559	+ 755	49 497
Glamorgan Spring Bay	3 636	5 147	- 2 349	6 434
Glenorchy	2 253	25 435	- 8 038	19 649
Hobart	24 381	42 653	- 11 645	55 389
Huon Valley	18 639	51 257	+ 1 750	71 646
Kentish	3 551	25 336	+ 1 929	30 816
King Island	0	0	+ 65	65
Kingborough	9 996	7 790	- 6 957	10 829
Latrobe	7 535	11 520	- 2 281	16 774
Launceston	28 604	172 303	+ 8 291	209 198
Meander Valley	10 972	46 308	+ 982	58 261
Northern Midlands	3 788	58 909	+ 5 037	67 734
Sorell	8 883	16 285	- 989	24 179
Southern Midlands	10 038	8 924	- 1 750	17 212
Tasman	557	6 368	- 1 557	5 369
Waratah/Wynyard	11 020	23 398	- 1 913	32 506
West Coast	11 219	1 031	- 4 913	7 337
West Tamar	11 354	52 222	+ 651	64 226
<b>Total</b>	<b>284 600</b>	<b>1 215 400</b>	<b>0</b>	<b>1 500 000</b>

**TABLE 14: Change in NRTC Distribution: 2006-07**

<i>Council</i>	<i>2006-07 NRTC Distribution</i>	<i>2005-06 NRTC Distribution</i>	<i>Change in NRTC Distribution 2006-07</i>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Break O'Day	94 086	83 521	+ 10 565
Brighton	665	7 023	- 6 358
Burnie	65 983	72 777	- 6 795
Central Coast	88 661	70 454	+ 18 206
Central Highlands	104 233	104 771	- 539
Circular Head	147 821	112 450	+ 35 371
Clarence	5 971	20 238	- 14 267
Derwent Valley	43 904	39 400	+ 4 504
Devonport	46 820	51 949	- 5 129
Dorset	154 666	124 178	+ 30 488
Flinders	69	457	- 388
George Town	49 497	31 591	+ 17 906
Glamorgan Spring Bay	6 434	12 833	- 6 399
Glenorchy	19 649	31 466	- 11 816
Hobart	55 389	73 980	- 18 591
Huon Valley	71 646	72 894	- 1 249
Kentish	30 816	27 770	+ 3 046
King Island	65	436	- 370
Kingborough	10 829	23 774	- 12 945
Latrobe	16 774	19 177	- 2 403
Launceston	209 198	202 095	+ 7 103
Meander Valley	58 261	62 139	- 3 877
Northern Midlands	67 734	79 787	- 12 053
Sorell	24 179	27 441	- 3 262
Southern Midlands	17 212	30 432	- 13 220
Tasman	5 369	7 584	- 2 215
Waratah/Wynyard	32 506	36 023	- 3 517
West Coast	7 337	14 235	- 6 898
West Tamar	64 226	59 123	+ 5 103
<b>Total</b>	<b>1 500 000</b>	<b>1 500 000</b>	<b>0</b>

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## **10 - GENERAL OBSERVATIONS**

### **Application of Grants**

As in the past, the grants for 2006-07 are of a general nature and may be used for recurrent or capital expenditure purposes or to support revenue requirements. They may be applied in whatever manner a council sees fit, subject only to the provisions of the Tasmanian *Local Government Act 1993*.

### **National Conference of Local Government Grants Commissions**

The Western Australian State Grants Commission hosted the Annual Conference of Local Government Grants Commissions (LGGC) in Fremantle, from 19 to 20 October 2005. As is the normal practice, the Conference included reports by each Commission on its activities during the year. The agenda for the conference featured speakers and discussions on a diverse range of topics, including:

- Prof Greg Craven – “Local Government and Federal Theory – The Missing Link”
- Mr Alan Stokes – National Seachange Taskforce. “The Seachange Phenomenon”.
- Mr Tim Shanahan – WA Chamber of Minerals and Energy. “WA Resources Sector and Local Government – Expanding Horizons”.

The Hon John Bowler MP – Western Australian Minister for Local Government and Regional Development, opened the conference.

## 11 - RECOMMENDATIONS

In accordance with Section 3(2) of the *State Grants Commission Act 1976*, the Commission has proposed the payment of grants as indicated in Table 15. The Commission's recommendations of financial assistance for councils for 2006-07 were conveyed to the Treasurer on 10 July 2006, and his acceptance thereof was advised to the Chairman by a letter dated 31 July 2006.

**TABLE 15: Recommended Financial Assistance Grants for 2006-07**

Council	Base Grant Components			Per Capita Total Base Grant	Identified Local Roads Component	Total Grant
	Per Capita (30%)	Relative Needs (70%)	Total Base Grant			
	\$	\$	\$	\$	\$	\$
Break O'Day	106 425	968 755	1 075 180	173.58	1 181 380	2 256 560
Brighton	237 437	780 000	1 017 437	73.63	355 698	1 373 136
Burnie	330 186	620 698	950 883	49.48	862 908	1 813 791
Central Coast	359 343	1 368 009	1 727 352	82.59	1 316 237	3 043 589
Central Highlands	40 154	630 770	670 925	287.09	978 593	1 649 518
Circular Head	139 157	946 655	1 085 811	134.07	1 283 891	2 369 702
Clarence	869 389	349 109	1 218 499	24.08	980 452	2 198 951
Derwent Valley	163 521	640 012	803 532	84.43	582 782	1 386 314
Devonport	434 119	254 319	688 438	27.25	756 163	1 444 601
Dorset	122 335	933 506	1 055 841	148.29	1 363 678	2 419 519
Flinders	15 412	498 719	514 132	573.17	466 832	980 963
George Town	114 758	681 709	796 467	119.25	521 065	1 317 532
Glamorgan Spring Bay	73 814	411 997	485 810	113.08	587 504	1 073 314
Glenorchy	766 573	3 243	769 815	17.25	998 390	1 768 205
Hobart	838 376	0	838 376	17.18	1 322 670	2 161 046
Huon Valley	250 289	1 086 115	1 336 404	91.74	1 180 271	2 516 675
Kentish	99 380	801 995	901 375	155.84	851 568	1 752 943
King Island	26 976	435 220	462 196	294.39	537 037	999 233
Kingborough	541 747	299 886	841 633	26.69	951 698	1 793 331
Latrobe	150 669	438 376	589 044	67.17	487 599	1 076 643
Launceston	1 117 187	332 828	1 450 015	22.30	2 057 775	3 507 790
Meander Valley	319 945	1 076 458	1 396 403	74.99	1 528 162	2 924 565
Northern Midlands	209 053	1 124 616	1 333 669	109.61	1 708 047	3 041 716
Sorell	196 802	531 431	728 233	63.58	639 186	1 367 419
Southern Midlands	98 556	889 444	987 999	172.25	1 356 928	2 344 927
Tasman	37 457	321 571	359 028	164.69	325 868	684 895
Waratah/Wynyard	228 829	1 010 773	1 239 602	93.08	990 420	2 230 022
West Coast	84 982	873 209	958 190	193.73	478 274	1 436 464
West Tamar	364 893	1 145 363	1 510 256	71.11	780 869	2 291 124
<b>Total</b>	<b>8 337 764</b>	<b>19 454 782</b>	<b>27 792 546</b>	<b>57.27</b>	<b>27 431 944</b>	<b>55 224 490</b>



## 12 - CONCLUSION

Attached to this Report are appendices that contain information used for the grant assessments. Also appended are details of the hearings conducted by the Commission during 2006 and statistical tables relating to local government activities in Tasmania, which are presented for the benefit of interested persons reading this Report.

The Commission wishes to express its appreciation to all local governing bodies throughout the State for their co-operation and assistance in 2005-06.

The Commission is appreciative of the support given by the Secretary of the Department of Treasury and Finance, Mr D W Challen, and the staff of the Economic and Financial Policy Division.



**R C Close**  
**CHAIRMAN**



**G P Appleyard**  
**MEMBER**



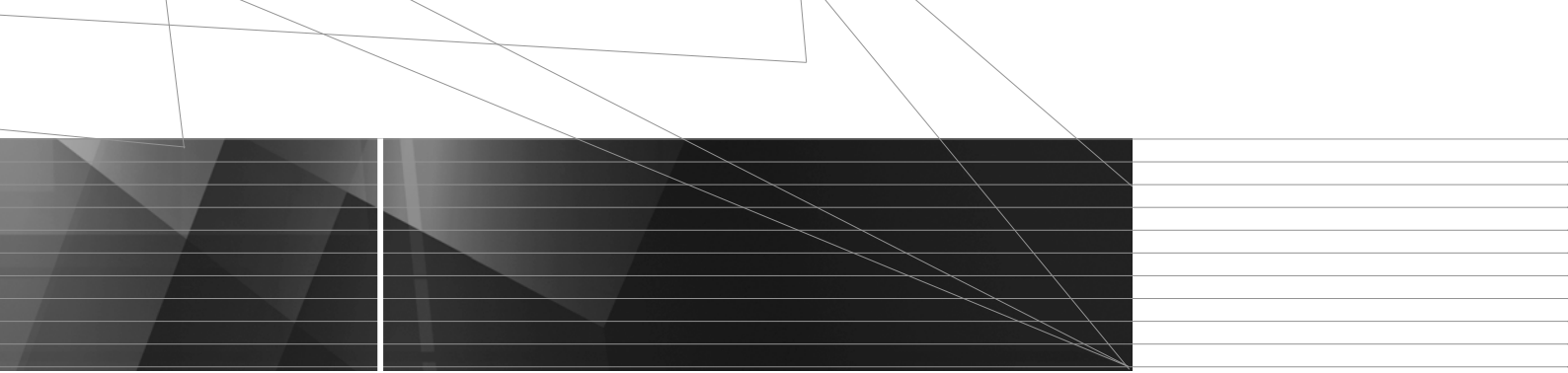
**B A Southorn**  
**MEMBER**



**G H K Denny**  
**MEMBER**



**Jeremy Threlfall**  
**SECRETARY**  
**October 2006**



## APPENDIX 1

### TOTAL GRANTS PROVIDED IN 2005-06

Council	Base Grant Components			Road Grant 2005-06	Base Grant adjustment	Road Grant adjustment	Total Grant Provided 2005-06**
	Per Capita (30%)	Relative Needs (70%)	Total Base Grant 2005-06				
	\$	\$	\$	\$	\$	\$	\$
Break O'Day	100 646	787 857	<b>888 503</b>	<b>1 145 619</b>	+ 1 556	+ 1 212	<b>2 036 889</b>
Brighton	224 035	756 253	<b>980 288</b>	<b>341 151</b>	+ 1 716	+ 361	<b>1 323 516</b>
Burnie	319 128	652 992	<b>972 120</b>	<b>816 733</b>	+ 1 702	+ 864	<b>1 791 419</b>
Central Coast	351 476	1 328 866	<b>1 680 342</b>	<b>1 241 442</b>	+ 2 942	+ 1 313	<b>2 926 039</b>
Central Highlands	38 267	580 913	<b>619 180</b>	<b>943 207</b>	+ 1 084	+ 998	<b>1 564 469</b>
Circular Head	135 144	821 938	<b>957 083</b>	<b>1 220 672</b>	+ 1 676	+ 1 291	<b>2 180 722</b>
Clarence	837 996	504 859	<b>1 342 855</b>	<b>905 938</b>	+ 2 351	+ 958	<b>2 252 102</b>
Derwent Valley	155 520	554 073	<b>709 593</b>	<b>571 499</b>	+ 1 242	+ 605	<b>1 282 939</b>
Devonport	416 505	367 779	<b>784 284</b>	<b>699 893</b>	+ 1 373	+ 740	<b>1 486 290</b>
Dorset	118 904	790 491	<b>909 395</b>	<b>1 317 305</b>	+ 1 592	+ 1 394	<b>2 229 685</b>
Flinders	14 623	476 911	<b>491 534</b>	<b>445 947</b>	+ 861	+ 472	<b>938 813</b>
George Town	112 501	614 943	<b>727 444</b>	<b>485 045</b>	+ 1 274	+ 513	<b>1 214 275</b>
Glamorgan Spring Bay	69 782	477 344	<b>547 125</b>	<b>556 016</b>	+ 958	+ 588	<b>1 104 687</b>
Glenorchy	749 089	4 689	<b>753 778</b>	<b>934 490</b>	+ 1 320	+ 989	<b>1 690 577</b>
Hobart	809 249	0	<b>809 249</b>	<b>1 259 450</b>	+ 1 417	+ 1 332	<b>2 071 448</b>
Huon Valley	239 225	898 971	<b>1 138 196</b>	<b>1 170 057</b>	+ 1 993	+ 1 238	<b>2 311 484</b>
Kentish	94 643	739 536	<b>834 179</b>	<b>840 698</b>	+ 1 460	+ 889	<b>1 677 227</b>
King Island	27 212	424 069	<b>451 281</b>	<b>508 525</b>	+ 790	+ 538	<b>961 134</b>
Kingborough	516 250	439 394	<b>955 644</b>	<b>918 553</b>	+ 1 673	+ 972	<b>1 876 842</b>
Latrobe	145 232	446 252	<b>591 484</b>	<b>452 257</b>	+ 1 036	+ 478	<b>1 045 255</b>
Launceston	1 068 100	481 314	<b>1 549 414</b>	<b>1 961 371</b>	+ 2 713	+ 2 075	<b>3 515 572</b>
Meander Valley	310 324	996 760	<b>1 307 084</b>	<b>1 445 615</b>	+ 2 288	+ 1 529	<b>2 756 516</b>
Northern Midlands	202 175	1 126 270	<b>1 328 445</b>	<b>1 649 220</b>	+ 2 326	+ 1 745	<b>2 981 736</b>
Sorell	188 485	537 551	<b>726 036</b>	<b>634 454</b>	+ 1 271	+ 671	<b>1 362 432</b>
Southern Midlands	96 043	764 045	<b>860 088</b>	<b>1 375 104</b>	+ 1 506	+ 1 455	<b>2 238 153</b>
Tasman	37 050	295 638	<b>332 688</b>	<b>323 766</b>	+ 582	+ 343	<b>657 380</b>
Waratah-Wynyard	224 868	963 490	<b>1 188 358</b>	<b>967 891</b>	+ 2 081	+ 1 024	<b>2 159 354</b>
West Coast	84 822	839 854	<b>924 676</b>	<b>467 221</b>	+ 1 619	+ 494	<b>1 394 010</b>
West Tamar	351 059	1 083 102	<b>1 434 160</b>	<b>734 663</b>	+ 2 511	+ 777	<b>2 172 111</b>
<b>Total</b>	<b>8 038 351</b>	<b>18 756 153</b>	<b>26 794 504</b>	<b>26 333 800</b>	<b>+ 46 911</b>	<b>+ 27 860</b>	<b>53 203 075</b>

\*\* The final grant entitlement for 2005-06 was \$53,203,075 based on actual inflation for the year, whereas the estimated entitlement was \$53,128,304. Consequently, the 2005-06 recommended grants have been scaled up by the amounts shown in the adjustments columns to reflect 'actual' final grant entitlements. The underpayment of \$74,771 is to be added in equal quarterly instalments over the 2006-07 financial year as specified in the Commonwealth Local Government (Financial Assistance) Act 1995.

## APPENDIX 2

### INDICATIVE BASE GRANT, ILRF AND TOTAL POOL SHARES

	Shares of Base Grant				Shares of ILRF Grant				Shares of Total FAGs			
	2005-06	2006-07	2007-08	2008-09	2005-06	2006-07	2007-08	2008-09	2005-06	2006-07	2007-08	2008-09
	%	%	%	%	%	%	%	%	%	%	%	%
Break O'Day	3.3	3.9	4.3	4.7	4.4	4.3	4.2	4.1	3.8	4.1	4.2	4.4
Brighton	3.7	3.7	3.7	3.7	1.3	1.3	1.3	1.3	2.5	2.5	2.5	2.5
Burnie	3.6	3.4	3.2	3.0	3.1	3.1	3.2	3.3	3.4	3.3	3.2	3.2
Central Coast	6.3	6.2	6.3	6.3	4.7	4.8	5.0	5.1	5.5	5.5	5.6	5.7
Central Highlands	2.3	2.4	2.5	2.6	3.6	3.6	3.5	3.5	2.9	3.0	3.0	3.1
Circular Head	3.6	3.9	4.1	4.4	4.6	4.7	4.8	4.9	4.1	4.3	4.5	4.6
Clarence	5.0	4.4	3.8	3.1	3.4	3.6	3.8	4.1	4.2	4.0	3.8	3.6
Derwent Valley	2.6	2.9	3.0	3.2	2.2	2.1	2.0	1.9	2.4	2.5	2.5	2.6
Devonport	2.9	2.5	2.0	1.6	2.7	2.8	3.0	3.2	2.8	2.6	2.5	2.4
Dorset	3.4	3.8	4.1	4.3	5.0	5.0	4.9	4.8	4.2	4.4	4.5	4.6
Flinders	1.8	1.8	1.9	1.9	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8
George Town	2.7	2.9	3.0	3.2	1.8	1.9	2.0	2.1	2.3	2.4	2.5	2.7
Glamorgan Spring Bay	2.0	1.7	1.6	1.4	2.1	2.1	2.2	2.3	2.1	1.9	1.9	1.8
Glenorchy	2.8	2.8	2.8	2.8	3.5	3.6	3.8	4.0	3.2	3.2	3.3	3.4
Hobart	3.0	3.0	3.0	3.0	4.8	4.8	4.9	5.0	3.9	3.9	4.0	4.0
Huon Valley	4.2	4.8	5.2	5.6	4.4	4.3	4.0	3.7	4.3	4.6	4.6	4.7
Kentish	3.1	3.2	3.4	3.5	3.2	3.1	2.9	2.8	3.2	3.2	3.2	3.1
King Island	1.7	1.7	1.7	1.7	1.9	2.0	2.0	2.1	1.8	1.8	1.8	1.9
Kingborough	3.6	3.0	2.5	1.9	3.5	3.5	3.4	3.4	3.5	3.2	3.0	2.7
Latrobe	2.2	2.1	2.0	2.0	1.7	1.8	1.9	2.0	2.0	1.9	2.0	2.0
Launceston	5.8	5.2	4.6	4.0	7.4	7.5	7.6	7.7	6.6	6.4	6.1	5.9
Meander Valley	4.9	5.0	5.1	5.1	5.5	5.6	5.7	5.9	5.2	5.3	5.4	5.5
Northern Midlands	5.0	4.8	4.8	4.7	6.3	6.2	6.2	6.1	5.6	5.5	5.5	5.4
Sorell	2.7	2.6	2.6	2.5	2.4	2.3	2.2	2.0	2.6	2.5	2.4	2.3
Southern Midlands	3.2	3.6	3.8	4.1	5.2	4.9	4.4	3.8	4.2	4.2	4.1	4.0
Tasman	1.2	1.3	1.4	1.4	1.2	1.2	1.1	1.0	1.2	1.2	1.2	1.2
Waratah-Wynyard	4.4	4.5	4.6	4.7	3.7	3.6	3.5	3.4	4.1	4.0	4.0	4.0
West Coast	3.5	3.4	3.5	3.6	1.8	1.7	1.7	1.6	2.6	2.6	2.6	2.6
West Tamar	5.4	5.4	5.6	5.8	2.8	2.8	3.0	3.1	4.1	4.1	4.3	4.4

Outcomes for 2005-06 and 2006-07 are actual outcomes. Outcomes for 2007-08 and 2008-09 are projected outcomes. Projections have been made using council relativities calculated during the 2006-07 assessments. It is important to note that these relativities will change following the 2006-07 assessments, and hence the indicative grant shares shown above will vary. For example, changes in cost adjustors, revenue capacity or the methodology would affect these indicative grants. These estimates are provided only to indicate the likely trend in grants, based on the current situation, and should provide some assistance to councils for budgeting purposes.

## APPENDIX 3

### POPULATION OF LOCAL GOVERNMENT AREAS

Council	Estimated Residential Population at 30 June			
	2002	2003	2004	2005
Break O'Day	5 849	5 938	6 036	6 194
Brighton	12 966	13 071	13 436	13 819
Burnie	18 827	19 030	19 139	19 217
Central Coast	20 913	21 033	21 079	20 914
Central Highlands	2 306	2 341	2 295	2 337
Circular Head	7 999	8 086	8 105	8 099
Clarence	49 647	49 863	50 257	50 599
Derwent Valley	9 317	9 402	9 327	9 517
Devonport	24 201	24 568	24 979	25 266
Dorset	7 322	7 254	7 131	7 120
Flinders	868	875	877	897
George Town	6 482	6 680	6 747	6 679
Glamorgan Spring Bay	3 987	4 071	4 185	4 296
Glenorchy	44 124	44 579	44 925	44 615
Hobart	47 478	48 071	48 533	48 794
Huon Valley	13 979	14 081	14 347	14 567
Kentish	5 500	5 533	5 676	5 784
King Island	1 689	1 677	1 632	1 570
Kingborough	29 712	30 328	30 961	31 530
Latrobe	8 347	8 518	8 710	8 769
Launceston	62 582	63 339	64 057	65 021
Meander Valley	18 164	18 276	18 611	18 621
Northern Midlands	11 957	12 035	12 125	12 167
Sorell	11 075	11 155	11 304	11 454
Southern Midlands	5 736	5 742	5 760	5 736
Tasman	2 249	2 199	2 222	2 180
Waratah-Wynyard	13 564	13 486	13 486	13 318
West Coast	5 352	5 189	5 087	4 946
West Tamar	20 420	20 674	21 054	21 237
<b>Total</b>	<b>472 612</b>	<b>477 094</b>	<b>482 083</b>	<b>485 263</b>

Source: Australian Bureau of Statistics (ABS) Regional Population Growth, Cat. No. 3218.0.

## APPENDIX 4

### LENGTH OF LOCAL GOVERNMENT ROADS AS AT 1 JANUARY 2006

<i>Council</i>	<i>Urban Sealed</i>	<i>Urban Unsealed</i>	<i>Rural Sealed</i>	<i>Rural Unsealed</i>	<i>Total Roads</i>	<i>Bridge Deck Areas</i>
	<b>km</b>	<b>km</b>	<b>km</b>	<b>km</b>	<b>km</b>	<b>m2</b>
Break O'Day	88	33	123	304	548	8 221
Brighton	63	0	59	35	157	1 265
Burnie	130	0	160	48	338	2 032
Central Coast	127	1	400	136	664	5 660
Central Highlands	16	2	79	655	752	4 131
Circular Head	51	1	240	495	787	6 159
Clarence	247	4	129	60	440	834
Derwent Valley	32	4	65	229	330	4 107
Devonport	160	0	66	15	241	1 047
Dorset	46	9	206	478	739	8 722
Flinders	6	3	67	309	385	1 381
George Town	68	9	98	94	269	2 865
Glamorgan Spring Bay	71	16	78	180	345	2 004
Glenorchy	245	1	37	16	299	2 186
Hobart	288	8	0	0	296	6 926
Huon Valley	24	10	134	589	757	7 862
Kentish	18	2	220	245	485	5 127
King Island	11	6	36	383	436	973
Kingborough	118	0	132	271	521	3 499
Latrobe	58	2	158	71	289	1 922
Launceston	352	0	135	235	722	6 634
Meander Valley	110	6	482	247	845	8 611
Northern Midlands	99	13	465	403	980	9 566
Sorell	36	37	92	172	337	4 208
Southern Midlands	30	13	132	628	803	8 493
Tasman	6	2	54	145	207	1 871
Waratah-Wynyard	68	4	194	258	524	4 986
West Coast	67	17	15	76	175	2 723
West Tamar	80	4	200	166	450	3 225
<b>Total</b>	<b>2 715</b>	<b>207</b>	<b>4 256</b>	<b>6 943</b>	<b>14 1210</b>	<b>127 241</b>

*Source: State Grants Commission Local Road Lengths, updated in 2006 to reflect additions, deletions and changes in road status. These figures reflect the road and bridge definitions introduced for the 2000-01 assessments. The definition of a bridge for the purposes of estimating bridge deck areas changed for the 2006-07 assessments, and now includes pipe culverts over 3.0 metres diameter (up to a maximum 6 metres in length).*

## APPENDIX 5

### MUNICIPAL PROPERTY VALUATIONS: DATA AVERAGED FOR 1 JULY 2004 AND 1 JULY 2005

<i>Council</i>	<i>Adjusted Rateable AAV</i>	<i>Year of last Revaluation (as at 1/7/2005)</i>	<i>AAV Adjustment*</i>
	\$		
Break O'Day	34 640 672	2001	1.41
Brighton	45 461 305	2000	1.33
Burnie	94 381 822	2003	1.31
Central Coast	82 611 663	2000	1.33
Central Highlands	24 826 370	2004	1.13
Circular Head	46 515 381	2000	1.32
Clarence	254 680 811	2001	1.38
Derwent Valley	40 512 584	1998	1.33
Devonport	127 146 173	2004	1.17
Dorset	40 663 270	2005	1.13
Flinders	5 228 563	1999	1.48
George Town	29 986 784	2000	1.33
Glamorgan Spring Bay	43 915 618	2005	1.13
Glenorchy	236 851 734	2005	1.17
Hobart	480 433 792	2002	1.42
Huon Valley	62 559 126	2003	1.37
Kentish	24 647 529	2004	1.13
King Island	13 646 441	1998	1.35
Kingborough	160 065 109	2003	1.34
Latrobe	45 418 325	2003	1.35
Launceston	370 609 407	2005	1.18
Meander Valley	92 814 590	1999	1.43
Northern Midlands	63 844 042	2000	1.45
Sorell	58 753 483	2004	1.18
Southern Midlands	25 611 173	2002	1.29
Tasman	14 446 573	1999	1.33
Waratah-Wynyard	59 199 265	2005	1.12
West Coast	23 443 552	2004	1.18
West Tamar	87 965 226	2001	1.40
<b>Total</b>	<b>2690 880 385</b>		

Source: Raw data sourced from the Office of the Valuer-General, Tasmania

\* This is the ratio of the average adjusted AAV to the average unadjusted AAV, and incorporates Valuer-General's 'gross-up' adjustments to account for taxation elements excluded under the new definition of AAV embodied in the Valuation of Land Act 2001

## APPENDIX 6

### REVENUE ASSESSMENTS LOCAL GOVERNMENT 2006-07\*

<i>Council</i>	<i>General Rates and Special Rates</i>	<i>Rates and Charges - Water and Sewerage</i>	<i>Other Revenue**</i>	<i>Total Assessed Revenue</i>
	\$	\$	\$	\$
Break O'Day	2 659 522	1 694 622	2 326 265	6 680 409
Brighton	3 356 942	4 006 094	2 362 589	9 725 625
Burnie	10 884 655	6 600 674	9 020 895	26 506 224
Central Coast	7 445 067	4 732 714	4 089 043	16 266 824
Central Highlands	1 464 781	314 166	563 084	2 342 031
Circular Head	4 272 494	2 690 205	2 071 189	9 033 888
Clarence	18 099 463	13 520 950	7 630 717	39 251 130
Derwent Valley	3 244 776	2 373 234	1 498 896	7 116 907
Devonport	12 125 129	9 504 223	5 450 167	27 079 518
Dorset	2 949 780	1 434 777	1 583 207	5 967 764
Flinders	582 956	91 965	688 518	1 363 439
George Town	3 362 546	1 609 395	1 889 901	6 861 842
Glamorgan Spring Bay	2 640 000	2 144 000	514 776	5 298 776
Glenorchy	13 183 718	20 742 968	6 424 396	40 351 082
Hobart	32 571 801	17 272 194	20 203 385	70 047 380
Huon Valley	5 373 474	2 669 006	2 173 312	10 215 792
Kentish	2 319 316	733 292	610 194	3 662 802
King Island	1 036 735	441 545	1 334 331	2 812 611
Kingborough	9 636 260	8 227 808	5 062 766	22 926 834
Latrobe	2 994 123	2 680 507	1 705 101	7 379 731
Launceston	28 274 126	22 496 201	13 562 351	64 332 678
Meander Valley	5 717 404	3 014 193	2 205 122	10 936 719
Northern Midlands	4 130 051	2 338 633	2 018 099	8 486 783
Sorell	4 558 318	1 640 769	2 385 401	8 584 488
Southern Midlands	2 132 322	831 859	692 599	3 656 780
Tasman	1 385 000	0	762 000	2 147 000
Waratah-Wynyard	5 015 785	3 425 009	2 270 506	10 711 300
West Coast	2 572 286	2 072 131	2 149 829	6 794 246
West Tamar	5 547 269	4 831 500	2 750 693	13 129 462
<b>Total</b>	<b>199 536 098</b>	<b>144 134 634</b>	<b>105 999 333</b>	<b>449 670 065</b>

\*These are the values for the latest (2004-05) year only. The Grant calculations use an average of the latest three years' values.

\*\* Other Revenue is: Garbage Charges, User Fees (net of Water and Parking), Interest Received, Fines, Profit of the Sale of Assets, and Current Revenue NEC.

Source: Tasmanian Local Government Division – Consolidated Data Collection 2004-05



## APPENDIX 7

### STANDARDISED REVENUE AND SPECIFIC PURPOSE PAYMENTS 2006-07 ASSESSMENTS\*

<i>Council</i>	<i>Standardised Revenue</i>	<i>Specific Purpose Payments** Treated by Inclusion</i>
	\$	\$
Break O'Day	5 788 765	1 580 271
Brighton	7 596 989	489 533
Burnie	15 772 043	1 271 958
Central Coast	13 805 144	1 878 796
Central Highlands	4 148 707	1 409 357
Circular Head	7 773 134	1 807 121
Clarence	42 559 431	1 457 111
Derwent Valley	6 770 013	767 726
Devonport	21 247 257	1 152 242
Dorset	6 795 194	1 902 188
Flinders	873 739	624 787
George Town	5 011 059	766 024
Glamorgan Spring Bay	7 338 691	809 213
Glenorchy	39 580 033	1 448 533
Hobart	80 284 763	1 789 033
Huon Valley	10 454 187	1 526 809
Kentish	4 118 821	1 070 206
King Island	2 280 442	726 370
Kingborough	26 748 304	1 251 655
Latrobe	7 589 806	709 094
Launceston	61 932 131	2 990 830
Meander Valley	15 510 144	2 161 365
Northern Midlands	10 668 908	2 308 379
Sorell	9 818 230	797 803
Southern Midlands	4 279 855	1 639 975
Tasman	2 414 151	373 084
Waratah-Wynyard	9 892 724	1 277 371
West Coast	3 917 626	602 384
West Tamar	14 699 772	1 123 715
<b>Total</b>	<b>449 670 065</b>	<b>37 712 934</b>

\* These are the values for the latest (2004-05) year only. The grant calculations use an average of the latest three years' values.

\*\* This amount now includes \$10 million funds allocated pursuant to the Roads to Recovery Program and reflects the Commission's decision to assume that councils will receive these funds in four annual instalments over the life of the program. This amount does not include the Per Capita Grant for 2003-04, which is now also classed as Other Grant Support and treated by inclusion.

## APPENDIX 8

### STANDARD EXPENDITURE IN THE 2006-07 ASSESSMENTS\*

Council	<i>General Administration</i>	<i>Education Health Housing and Welfare</i>	<i>Waste Management and the Environment</i>	<i>Recreation and Culture</i>	<i>Planning and Community Amenities</i>	<i>Law Order and Public Safety</i>
	\$	\$	\$	\$	\$	\$
Break O'Day	928 836	202 363	655 044	862 802	434 740	58 928
Brighton	2 072 260	451 477	1 461 423	1 924 937	969 918	131 469
Burnie	2 881 730	627 834	2 032 286	2 676 859	1 348 789	182 824
Central Coast	3 136 207	683 276	2 211 752	2 913 245	1 467 897	198 969
Central Highlands	350 450	76 352	247 149	325 536	164 028	22 233
Circular Head	1 214 504	264 601	856 507	1 128 162	568 447	77 051
Clarence	7 587 690	1 653 108	5 351 078	7 048 260	3 551 407	481 381
Derwent Valley	1 427 144	310 928	1 006 467	1 325 684	667 973	90 541
Devonport	3 788 821	825 460	2 671 996	3 519 463	1 773 352	240 372
Dorset	1 067 696	232 616	752 973	991 791	499 734	67 737
Flinders	134 512	29 306	94 862	124 949	62 958	8 534
George Town	1 001 565	218 208	706 335	930 361	468 781	63 542
Glamorgan Spring Bay	644 217	140 354	454 322	598 417	301 525	40 871
Glenorchy	6 690 345	1 457 606	4 718 242	6 214 710	3 131 407	424 452
Hobart	7 317 017	1 594 137	5 160 191	6 796 829	3 424 719	464 209
Huon Valley	2 184 428	475 915	1 540 527	2 029 131	1 022 418	138 585
Kentish	867 353	188 968	611 685	805 690	405 963	55 027
King Island	235 433	51 293	166 035	218 695	110 194	14 936
Kingborough	4 728 154	1 030 109	3 334 443	4 392 016	2 213 006	299 966
Latrobe	1 314 976	286 490	927 362	1 221 490	615 472	83 425
Launceston	9 750 374	2 124 286	6 876 271	9 057 192	4 563 649	618 587
Meander Valley	2 792 355	608 362	1 969 257	2 593 839	1 306 958	177 154
Northern Midlands	1 824 531	397 505	1 286 716	1 694 820	853 969	115 753
Sorell	1 717 611	374 211	1 211 313	1 595 501	803 925	108 969
Southern Midlands	860 155	187 400	606 608	799 004	402 594	54 570
Tasman	326 907	71 222	230 545	303 666	153 008	20 740
Waratah-Wynyard	1 997 131	435 109	1 408 440	1 855 150	934 755	126 703
West Coast	741 689	161 590	523 062	688 960	347 146	47 055
West Tamar	3 184 643	693 829	2 245 911	2 958 238	1 490 568	202 041
<b>Total</b>	<b>72 768 732</b>	<b>15 853 914</b>	<b>51 318 800</b>	<b>67 595 398</b>	<b>34 059 302</b>	<b>4 616 625</b>

## STANDARD EXPENDITURE IN THE 2006-07 ASSESSMENTS continued

Council	Sewerage	Water	Other Non-roads	Total Non-roads	Roads "Standard" **	Total including roads
	\$	\$	\$	\$	\$	\$
Break O'Day	721 400	907 919	300 554	5 072 585	4 855 285	9 927 870
Brighton	1 609 466	2 025 594	670 544	11 317 089	1 919 468	13 236 557
Burnie	2 238 158	2 816 835	932 473	15 737 789	4 263 599	20 001 388
Central Coast	2 435 804	3 065 582	1 014 817	17 127 550	6 538 676	23 666 225
Central Highlands	272 185	342 558	113 399	1 913 889	4 099 684	6 013 573
Circular Head	943 271	1 187 154	392 990	6 632 687	5 477 916	12 110 604
Clarence	5 893 146	7 416 820	2 455 232	41 438 122	6 111 171	47 549 293
Derwent Valley	1 108 422	1 395 005	461 797	7 793 960	2 497 303	10 291 263
Devonport	2 942 671	3 703 500	1 225 991	20 691 626	3 936 134	24 627 760
Dorset	829 250	1 043 652	345 486	5 830 934	5 350 740	11 181 674
Flinders	104 471	131 483	43 525	734 599	2 075 411	2 810 010
George Town	777 887	979 010	324 087	5 469 776	2 753 303	8 223 079
Glamorgan Spring Bay	500 345	629 709	208 456	3 518 215	2 972 192	6 490 407
Glenorchy	5 196 203	6 539 683	2 164 869	36 537 517	5 456 270	41 993 787
Hobart	5 682 922	7 152 243	2 367 648	39 959 915	6 611 630	46 571 545
Huon Valley	1 696 584	2 135 236	706 839	11 929 665	4 787 468	16 717 133
Kentish	673 649	847 821	280 659	4 736 815	3 534 687	8 271 502
King Island	182 854	230 131	76 182	1 285 754	2 228 979	3 514 732
Kingborough	3 672 224	4 621 679	1 529 941	25 821 538	4 741 168	30 562 706
Latrobe	1 021 305	1 285 363	425 501	7 181 385	2 781 765	9 963 150
Launceston	7 572 842	9 530 802	3 155 036	53 249 039	9 717 302	62 966 341
Meander Valley	2 168 744	2 729 473	903 553	15 249 694	7 607 926	22 857 620
Northern Midlands	1 417 062	1 783 443	590 383	9 964 182	8 060 926	18 025 108
Sorell	1 334 020	1 678 932	555 786	9 380 269	2 681 347	12 061 616
Southern Midlands	668 058	840 785	278 330	4 697 505	5 129 916	9 827 421
Tasman	253 899	319 545	105 781	1 785 314	1 326 964	3 112 278
Waratah-Wynyard	1 551 116	1 952 157	646 234	10 906 795	4 351 225	15 258 020
West Coast	576 049	724 987	239 996	4 050 534	2 064 862	6 115 395
West Tamar	2 473 423	3 112 927	1 030 490	17 392 071	4 057 193	21 449 264
<b>Total</b>	<b>56 517 431</b>	<b>71 130 030</b>	<b>23 546 579</b>	<b>397 406 813</b>	<b>127 990 509</b>	<b>525 397 322</b>

\* These are the values for the 2004-05 year only.

\*\* "Standard" Expenditure for Roads is not calculated in the Equalisation Model. This figure is the MMM outcomes modified by removal of cost adjusters and normalised to the total for all actual roads expenditure. This measure is included here to enable a complete comparison of Standard expenditure outcomes.

## APPENDIX 9

### STANDARDISED EXPENDITURE - 2006-07 ASSESSMENTS

<i>Council</i>	<i>General Administration</i>	<i>Education, Health Housing and Welfare</i>	<i>Waste Management and the Environment</i>	<i>Recreation and Culture</i>	<i>Planning and Community Amenities</i>	<i>Law Order and Public Safety</i>
	\$	\$	\$	\$	\$	\$
Break O'Day	1 610 657	226 487	921 408	1 178 064	647 074	72 334
Brighton	2 236 176	493 712	1 320 880	1 483 238	866 681	135 392
Burnie	3 088 829	700 569	2 025 859	2 873 061	1 363 681	196 422
Central Coast	3 133 373	694 972	2 081 506	2 437 621	1 408 828	197 125
Central Highlands	828 677	101 969	471 349	587 561	316 234	35 722
Circular Head	1 786 066	256 110	1 079 516	1 357 517	753 944	79 039
Clarence	5 614 225	1 534 442	4 598 791	5 928 401	2 985 384	438 208
Derwent Valley	1 828 845	358 258	1 092 859	1 275 686	724 956	104 447
Devonport	3 598 076	882 282	2 435 828	3 228 625	1 625 929	242 845
Dorset	1 544 790	220 162	914 374	1 107 205	619 366	68 574
Flinders	431 329	28 686	164 221	226 489	121 866	8 437
George Town	1 539 428	241 357	855 211	1 030 312	576 814	70 195
Glamorgan Spring Bay	1 240 640	162 122	804 694	1 003 831	542 895	61 506
Glenorchy	5 097 708	1 492 618	3 849 975	4 972 472	2 503 928	395 928
Hobart	5 558 149	1 472 434	4 769 237	7 803 466	3 084 207	406 087
Huon Valley	2 536 943	555 747	1 821 144	2 148 046	1 208 117	179 172
Kentish	1 292 681	195 240	732 069	877 195	491 935	60 029
King Island	615 572	46 517	235 918	346 340	188 067	13 126
Kingborough	4 199 110	908 510	3 194 860	3 864 571	2 082 818	268 635
Latrobe	1 755 039	284 238	981 261	1 153 836	657 100	80 807
Launceston	7 081 151	2 109 642	6 290 965	9 863 672	4 122 208	603 103
Meander Valley	2 863 760	569 333	2 069 759	2 592 781	1 386 493	181 153
Northern Midlands	2 151 639	362 836	1 391 179	1 626 317	924 510	110 943
Sorell	2 163 219	372 566	1 344 550	1 561 240	885 563	109 279
Southern Midlands	1 277 237	215 986	762 062	927 906	517 072	71 747
Tasman	754 326	77 642	400 482	501 445	271 487	27 079
Waratah-Wynyard	2 365 253	446 880	1 494 524	1 788 120	1 015 976	131 216
West Coast	1 345 983	185 588	825 300	1 061 034	577 330	60 738
West Tamar	3 229 851	657 011	2 389 019	2 789 343	1 588 840	207 336
<b>Total</b>	<b>72 768 732</b>	<b>15 853 914</b>	<b>51 318 800</b>	<b>67 595 398</b>	<b>34 059 302</b>	<b>4 616 625</b>

\* These are the values for the latest (2004-05) year only. The grant calculations use an average of the most recent three years' values.

**STANDARDISED EXPENDITURE 2006-07 ASSESSMENTS continued**

<i>Council</i>	<i>Sewerage</i>	<i>Water</i>	<i>Other Non-roads</i>	<i>Total Non-roads</i>	<i>Roads</i>	<i>Total including roads</i>
	\$	\$	\$	\$	\$	\$
Break O'Day	993 530	1 245 129	300 554	7 195 237	5 287 836	12 483 073
Brighton	1 385 493	1 735 334	670 544	10 327 449	1 665 592	11 993 041
Burnie	2 237 743	2 809 565	932 473	16 228 203	4 252 239	20 480 442
Central Coast	2 217 977	2 799 180	1 014 817	15 985 399	6 570 958	22 556 357
Central Highlands	487 032	610 929	113 399	3 552 872	4 492 216	8 045 088
Circular Head	1 161 610	1 457 763	392 990	8 324 555	6 220 166	14 544 721
Clarence	5 043 465	6 425 845	2 455 232	35 023 992	5 260 140	40 284 131
Derwent Valley	1 103 547	1 381 166	461 797	8 331 562	2 484 920	10 816 482
Devonport	2 633 511	3 318 101	1 225 991	19 191 187	4 033 543	23 224 730
Dorset	950 139	1 191 463	345 486	6 961 560	6 202 821	13 164 381
Flinders	195 784	245 874	43 525	1 466 212	2 220 827	3 687 039
George Town	898 777	1 126 682	324 087	6 662 864	2 725 899	9 388 763
Glamorgan Spring Bay	778 038	978 609	208 456	5 780 790	2 896 092	8 676 882
Glenorchy	4 463 971	5 549 994	2 164 869	30 491 462	5 123 515	35 614 976
Hobart	5 995 933	7 596 080	2 367 648	39 053 240	6 370 936	45 424 176
Huon Valley	1 829 588	2 305 063	706 839	13 290 659	4 786 851	18 077 510
Kentish	757 265	947 095	280 659	5 634 168	3 521 791	9 155 959
King Island	302 225	379 048	76 182	2 202 994	2 642 028	4 845 023
Kingborough	3 331 524	4 182 475	1 529 941	23 562 442	4 344 085	27 906 528
Latrobe	1 035 360	1 298 134	425 501	7 671 275	2 582 633	10 253 908
Launceston	7 456 906	9 429 836	3 155 036	50 112 519	9 873 785	59 986 303
Meander Valley	2 209 903	2 775 981	903 553	15 552 716	7 545 519	23 098 235
Northern Midlands	1 419 773	1 781 359	590 383	10 358 940	7 783 662	18 142 603
Sorell	1 384 497	1 733 624	555 786	10 110 325	2 576 826	12 687 151
Southern Midlands	806 848	1 010 496	278 330	5 867 685	4 921 662	10 789 348
Tasman	385 926	483 790	105 781	3 007 959	1 307 656	4 315 615
Waratah-Wynyard	1 614 128	2 022 055	646 234	11 524 387	4 288 229	15 812 615
West Coast	927 427	1 163 363	239 996	6 386 761	2 074 157	8 460 918
West Tamar	2 509 511	3 145 996	1 030 490	17 547 398	3 933 924	21 481 322
<b>Total</b>	<b>56 517 431</b>	<b>71 130 030</b>	<b>23 546 579</b>	<b>397 406 813</b>	<b>127 990 509</b>	<b>525 397 322</b>

## APPENDIX 10

### EQUALISATION MODEL COST ADJUSTORS 2006-07 ASSESSMENTS

<i>Council</i>	<i>Absentee Population</i>	<i>Climate</i>	<i>Dispersion</i>	<i>Equivalent Tenements - Sewerage</i>	<i>Equivalent Tenements - Water</i>	<i>Isolation</i>	<i>Population Decline</i>
Break O'Day	1.20	1.00	1.07	0.92	0.92	1.08	0.99
Brighton	0.96	1.00	0.97	0.93	0.92	0.99	0.99
Burnie	0.99	1.00	0.96	0.99	0.99	1.01	1.04
Central Coast	0.97	1.00	0.99	0.93	0.93	1.02	1.00
Central Highlands	1.34	1.00	1.21	0.92	0.91	1.02	1.07
Circular Head	1.05	1.03	1.03	0.93	0.93	1.07	1.04
Clarence	0.97	1.00	1.01	0.96	0.97	0.98	0.99
Derwent Valley	0.99	1.00	0.98	0.92	0.92	1.00	1.04
Devonport	0.97	1.00	0.94	0.98	0.98	1.01	1.01
Dorset	1.07	1.00	1.05	0.92	0.92	1.03	1.00
Flinders	1.20	1.00	1.03	0.92	0.91	1.20	1.10
George Town	1.07	1.00	1.00	0.92	0.92	1.02	1.04
Glamorgan Spring Bay	1.24	1.00	1.18	0.92	0.92	1.03	1.03
Glenorchy	0.96	1.00	0.94	1.03	1.02	0.98	0.99
Hobart	0.98	1.00	0.94	1.22	1.23	0.98	0.99
Huon Valley	1.05	1.00	1.09	0.93	0.93	1.00	0.99
Kentish	1.00	1.03	1.04	0.92	0.91	1.01	0.99
King Island	1.09	1.00	0.99	0.92	0.91	1.29	1.08
Kingborough	1.00	1.00	1.03	0.93	0.93	0.98	0.99
Latrobe	1.02	1.00	0.99	0.92	0.92	1.01	0.99
Launceston	0.98	1.00	0.96	1.11	1.12	0.99	1.00
Meander Valley	0.98	1.00	1.10	0.94	0.93	1.01	0.99
Northern Midlands	1.01	1.00	1.03	0.93	0.92	1.00	0.99
Sorell	1.08	1.00	1.01	0.92	0.92	0.99	0.99
Southern Midlands	1.00	1.00	1.16	0.92	0.91	1.03	0.99
Tasman	1.29	1.00	1.04	0.92	0.91	1.04	0.99
Waratah-Wynyard	1.01	1.00	1.02	0.93	0.92	1.03	1.02
West Coast	1.12	1.07	1.15	0.94	0.93	1.09	1.12
West Tamar	1.01	1.00	1.09	0.92	0.92	1.00	0.99

**EQUALISATION MODEL COST ADJUSTORS 2006-07 ASSESSMENTS continued**

<i>Council</i>	<i>Regional Respon- sibility</i>	<i>Scale - Admin</i>	<i>Scale - Other</i>	<i>Daytripper Tourism</i>	<i>Unem- ployment</i>	<i>Worker Influx</i>
Break O'Day	<b>0.88</b>	<b>1.46</b>	<b>1.12</b>	<b>1.04</b>	<b>1.13</b>	<b>1.00</b>
Brighton	<b>0.88</b>	<b>1.15</b>	<b>1.04</b>	<b>0.97</b>	<b>1.11</b>	<b>0.99</b>
Burnie	<b>1.06</b>	<b>1.03</b>	<b>1.01</b>	<b>1.00</b>	<b>1.07</b>	<b>1.00</b>
Central Coast	<b>0.88</b>	<b>1.00</b>	<b>1.00</b>	<b>0.99</b>	<b>1.01</b>	<b>0.99</b>
Central Highlands	<b>0.88</b>	<b>1.93</b>	<b>1.23</b>	<b>1.06</b>	<b>1.27</b>	<b>1.00</b>
Circular Head	<b>0.88</b>	<b>1.31</b>	<b>1.08</b>	<b>1.03</b>	<b>0.92</b>	<b>1.00</b>
Clarence	<b>1.00</b>	<b>0.80</b>	<b>0.95</b>	<b>0.97</b>	<b>0.94</b>	<b>0.97</b>
Derwent Valley	<b>0.88</b>	<b>1.25</b>	<b>1.06</b>	<b>1.02</b>	<b>1.11</b>	<b>0.99</b>
Devonport	<b>1.00</b>	<b>0.96</b>	<b>0.99</b>	<b>1.00</b>	<b>1.06</b>	<b>1.00</b>
Dorset	<b>0.88</b>	<b>1.36</b>	<b>1.09</b>	<b>1.02</b>	<b>0.95</b>	<b>1.00</b>
Flinders	<b>0.88</b>	<b>2.70</b>	<b>1.42</b>	<b>0.98</b>	<b>0.88</b>	<b>1.00</b>
George Town	<b>0.88</b>	<b>1.40</b>	<b>1.10</b>	<b>1.00</b>	<b>1.06</b>	<b>1.00</b>
Glamorgan Spring Bay	<b>0.88</b>	<b>1.62</b>	<b>1.16</b>	<b>1.17</b>	<b>1.12</b>	<b>1.00</b>
Glenorchy	<b>1.00</b>	<b>0.83</b>	<b>0.96</b>	<b>0.97</b>	<b>1.03</b>	<b>1.00</b>
Hobart	<b>1.25</b>	<b>0.82</b>	<b>0.95</b>	<b>1.01</b>	<b>0.94</b>	<b>1.05</b>
Huon Valley	<b>0.88</b>	<b>1.13</b>	<b>1.03</b>	<b>1.04</b>	<b>1.18</b>	<b>0.99</b>
Kentish	<b>0.88</b>	<b>1.49</b>	<b>1.12</b>	<b>1.02</b>	<b>1.05</b>	<b>0.99</b>
King Island	<b>0.88</b>	<b>2.16</b>	<b>1.29</b>	<b>0.98</b>	<b>0.83</b>	<b>1.00</b>
Kingborough	<b>0.94</b>	<b>0.92</b>	<b>0.98</b>	<b>0.99</b>	<b>0.90</b>	<b>0.98</b>
Latrobe	<b>0.88</b>	<b>1.31</b>	<b>1.08</b>	<b>0.98</b>	<b>1.01</b>	<b>0.99</b>
Launceston	<b>1.19</b>	<b>0.76</b>	<b>0.94</b>	<b>1.02</b>	<b>0.99</b>	<b>1.02</b>
Meander Valley	<b>0.94</b>	<b>1.05</b>	<b>1.01</b>	<b>0.99</b>	<b>0.95</b>	<b>0.99</b>
Northern Midlands	<b>0.88</b>	<b>1.18</b>	<b>1.04</b>	<b>1.02</b>	<b>0.93</b>	<b>0.99</b>
Sorell	<b>0.88</b>	<b>1.20</b>	<b>1.05</b>	<b>1.00</b>	<b>1.01</b>	<b>0.99</b>
Southern Midlands	<b>0.88</b>	<b>1.47</b>	<b>1.12</b>	<b>1.00</b>	<b>1.17</b>	<b>0.99</b>
Tasman	<b>0.88</b>	<b>1.99</b>	<b>1.25</b>	<b>1.18</b>	<b>1.10</b>	<b>1.00</b>
Waratah-Wynyard	<b>0.88</b>	<b>1.13</b>	<b>1.03</b>	<b>0.98</b>	<b>1.01</b>	<b>0.99</b>
West Coast	<b>0.88</b>	<b>1.48</b>	<b>1.12</b>	<b>0.99</b>	<b>1.02</b>	<b>1.00</b>
West Tamar	<b>0.88</b>	<b>1.01</b>	<b>1.00</b>	<b>0.99</b>	<b>0.96</b>	<b>0.98</b>

## APPENDIX 11

### ROADS PRESERVATION MODEL COST ADJUSTORS

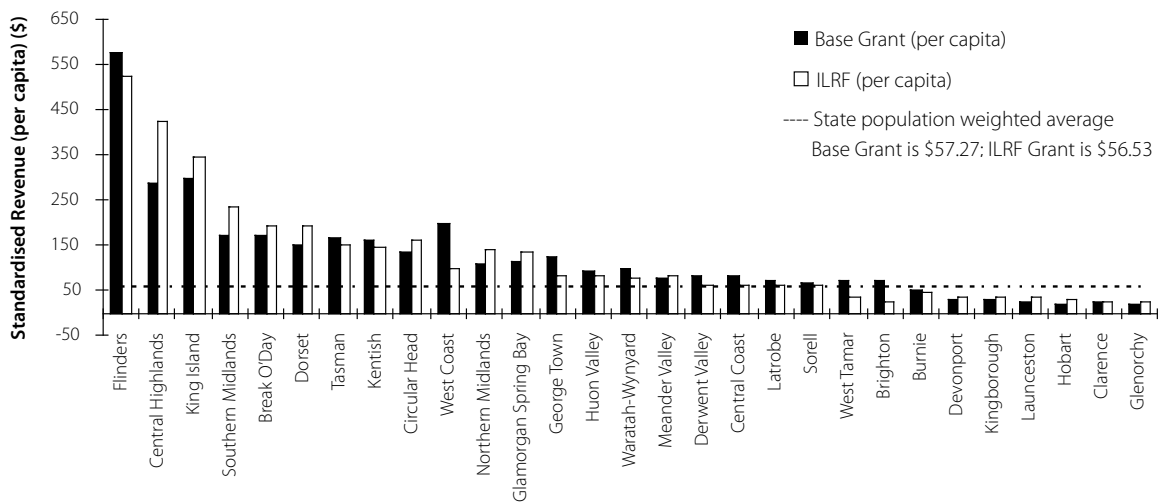
<i>Council</i>	URBAN SEALED ROADS			URBAN UNSEALED ROADS		
	<i>Rainfall</i>	<i>Terrain</i>	<i>Traffic</i>	<i>Rainfall</i>	<i>Terrain</i>	<i>Traffic</i>
Break O'Day	1.00	1.00	0.93	1.00	1.06	0.91
Brighton	0.95	1.00	0.93	1.05	1.02	0.91
Burnie	1.05	1.00	0.95	1.04	1.08	0.91
Central Coast	1.03	1.00	0.97	1.02	1.07	0.91
Central Highlands	0.95	1.00	0.93	1.05	1.08	0.99
Circular Head	1.04	1.00	1.01	1.05	1.10	0.91
Clarence	0.95	1.00	0.94	1.04	1.06	0.91
Derwent Valley	0.99	1.00	0.93	1.01	1.05	1.16
Devonport	1.00	1.00	1.11	1.00	1.08	0.91
Dorset	1.03	1.00	0.94	1.02	1.05	0.91
Flinders	1.00	1.00	0.93	1.00	1.06	0.91
George Town	1.00	1.00	0.99	1.00	1.06	0.91
Glamorgan Spring Bay	1.00	1.00	0.93	1.00	1.07	0.91
Glenorchy	0.99	1.00	1.00	1.01	1.04	0.91
Hobart	1.00	1.01	1.02	1.01	1.03	0.91
Huon Valley	1.01	1.00	0.94	1.01	1.05	0.91
Kentish	1.04	1.00	0.93	1.05	1.05	0.91
King Island	1.00	1.00	0.96	1.00	1.08	0.91
Kingborough	1.00	1.00	0.94	1.00	1.05	0.91
Latrobe	1.00	1.00	0.93	1.00	1.06	0.91
Launceston	1.00	1.00	1.03	1.01	1.05	0.91
Meander Valley	1.01	1.00	0.99	1.01	1.05	0.91
Northern Midlands	0.98	1.00	0.93	1.04	1.06	0.91
Sorell	0.97	1.00	0.93	1.02	1.05	0.93
Southern Midlands	0.96	1.00	0.93	1.03	1.04	0.91
Tasman	1.00	1.00	0.93	1.00	1.04	0.91
Waratah-Wynyard	1.05	1.00	0.98	1.05	1.07	0.91
West Coast	1.05	1.00	0.93	1.05	1.06	0.91
West Tamar	1.00	1.00	0.93	1.00	1.05	0.91



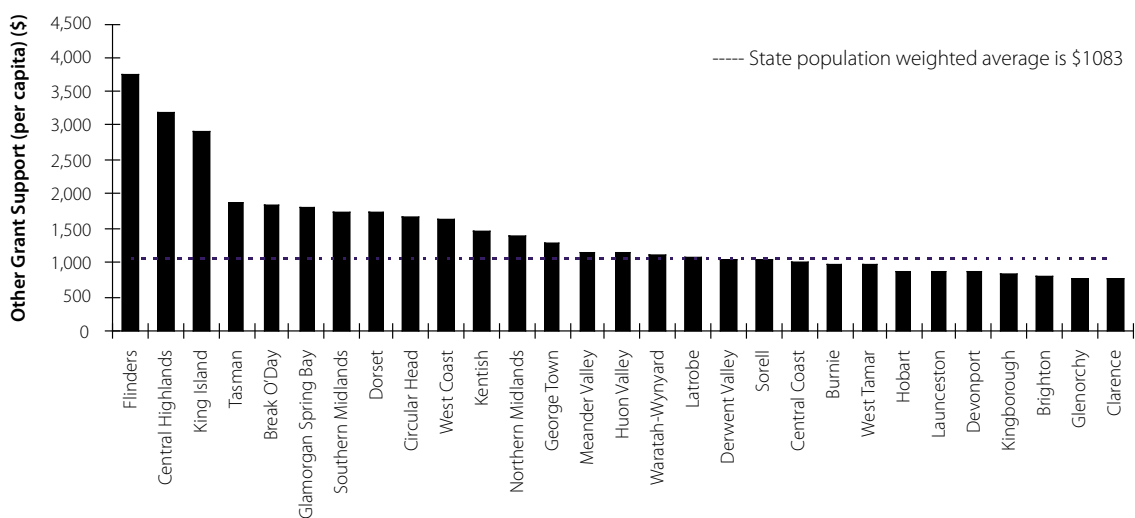
**ROADS PRESERVATION MODEL COST ADJUSTORS continued**

<i>Council</i>	<i>RURAL SEALED ROADS</i>			<i>RURAL UNSEALED ROADS</i>			<i>ALL ROADS</i>
	<i>Rainfall</i>	<i>Terrain</i>	<i>Traffic</i>	<i>Rainfall</i>	<i>Terrain</i>	<i>Traffic</i>	<i>Remoteness</i>
Break O'Day	1.01	1.05	1.10	1.02	1.05	1.16	1.10
Brighton	0.96	1.03	0.97	1.03	1.04	0.91	1.01
Burnie	1.05	1.04	1.10	1.05	1.04	1.20	1.00
Central Coast	1.05	1.04	1.03	1.05	1.04	1.03	1.01
Central Highlands	0.98	1.04	1.12	1.02	1.04	1.10	1.04
Circular Head	1.05	1.06	1.25	1.05	1.06	0.95	1.05
Clarence	0.96	1.05	0.97	1.04	1.05	0.91	1.00
Derwent Valley	1.00	1.04	1.06	1.02	1.04	1.04	1.02
Devonport	1.03	1.04	0.97	1.04	1.05	0.91	1.00
Dorset	1.03	1.05	1.12	1.02	1.04	1.25	1.05
Flinders	1.00	1.07	1.00	1.00	1.06	0.91	1.16
George Town	1.00	1.05	1.08	1.00	1.05	0.95	1.03
Glamorgan Spring Bay	0.99	1.06	0.98	1.01	1.05	0.93	1.08
Glenorchy	1.02	1.03	0.97	1.03	1.04	0.91	1.01
Hobart	1.05	1.02	0.96	1.02	1.04	0.91	1.00
Huon Valley	1.01	1.04	1.00	1.02	1.04	0.99	1.04
Kentish	1.05	1.04	1.01	1.05	1.04	0.93	1.02
King Island	1.03	1.06	0.99	1.03	1.07	0.99	1.20
Kingborough	1.02	1.03	0.98	1.02	1.04	0.91	1.01
Latrobe	1.00	1.05	0.99	1.00	1.05	0.93	1.01
Launceston	1.02	1.04	1.24	1.03	1.04	1.19	1.00
Meander Valley	1.02	1.05	0.99	1.03	1.04	0.92	1.03
Northern Midlands	0.98	1.06	1.02	1.02	1.04	0.91	1.03
Sorell	0.97	1.04	0.99	1.01	1.04	1.06	1.02
Southern Midlands	0.97	1.04	0.97	1.02	1.04	0.94	1.05
Tasman	1.00	1.05	1.01	1.00	1.05	0.93	1.06
Waratah-Wynyard	1.05	1.04	1.01	1.05	1.04	0.91	1.01
West Coast	1.05	1.04	0.97	1.05	1.06	0.93	1.08
West Tamar	1.01	1.05	1.07	1.01	1.04	0.96	1.01

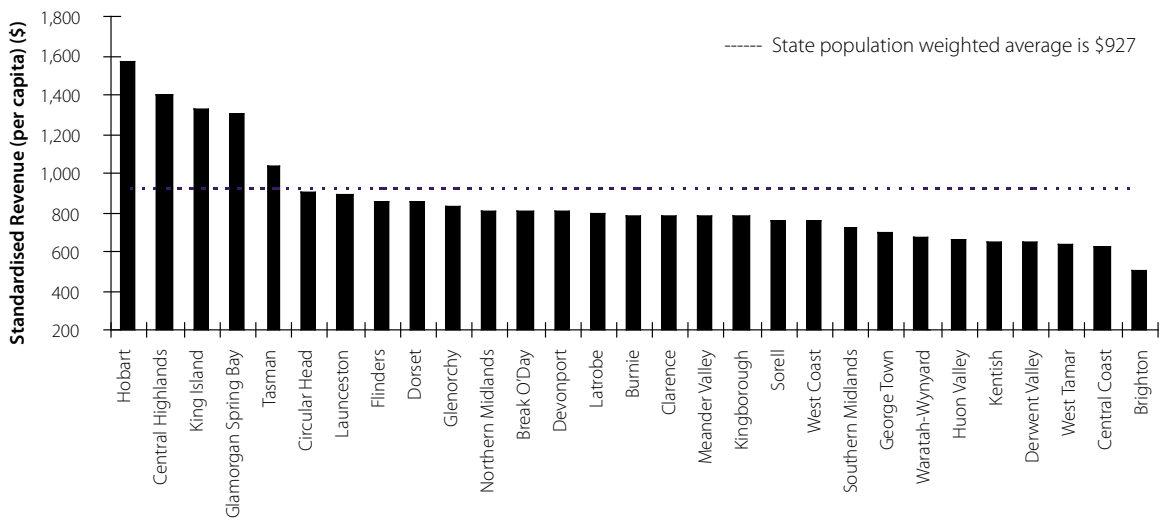
## APPENDIX 12 - BASE AND ILRF GRANTS (PER CAPITA) 2006-07



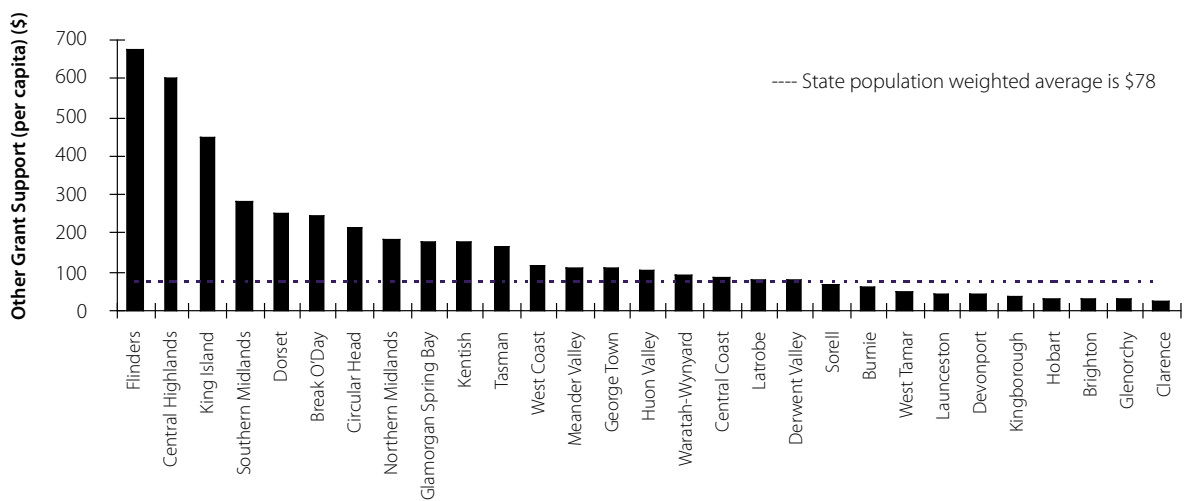
## APPENDIX 13 - STANDARDISED EXPENDITURE (PER CAPITA) IN THE 2006-07 ASSESSMENTS



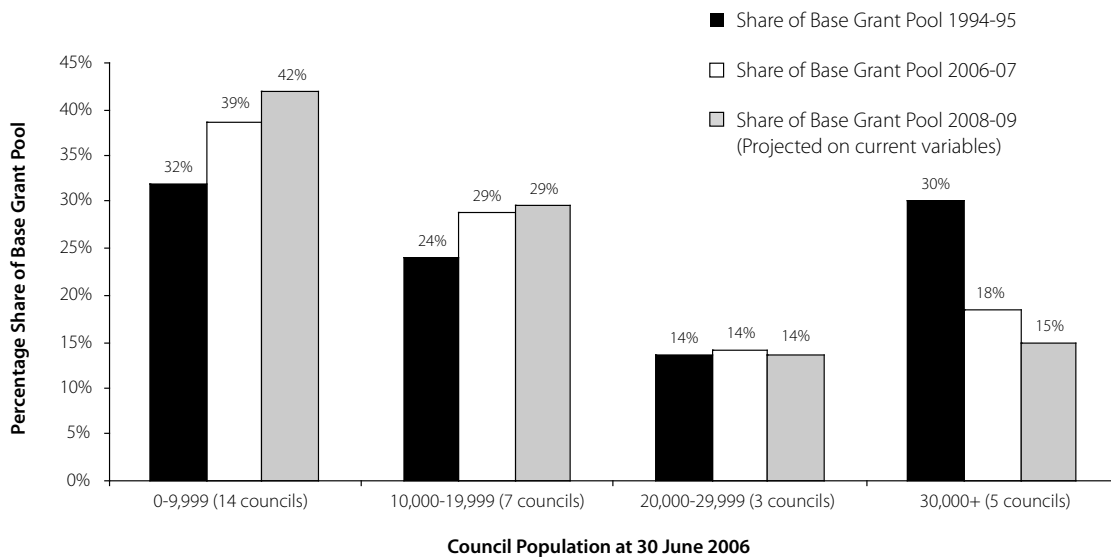
## APPENDIX 14 - STANDARDISED REVENUE (PER CAPITA) IN THE 2006-07 ASSESSMENTS



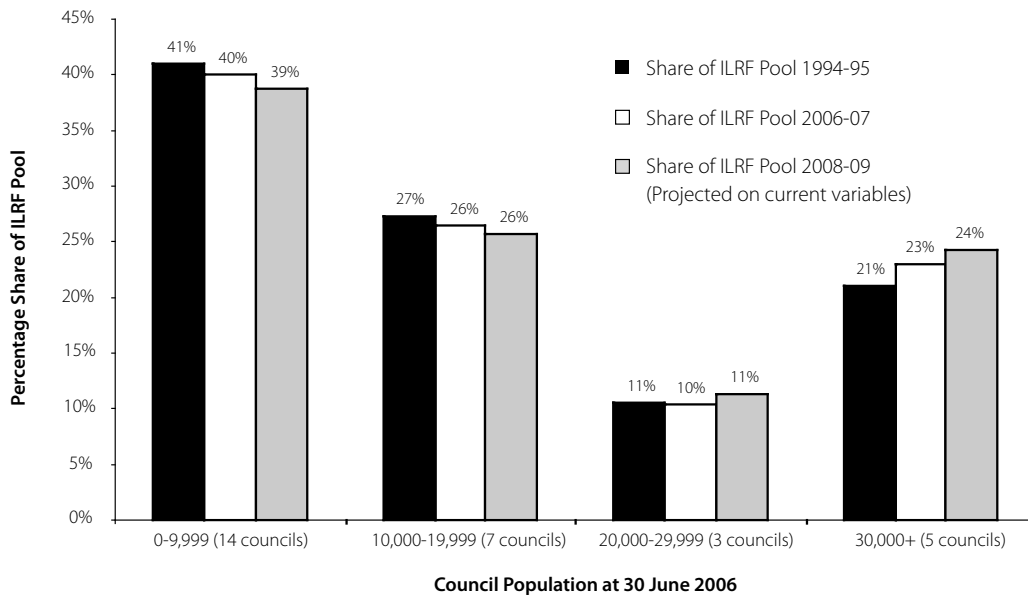
## APPENDIX 15 - SPECIFIC PURPOSE PAYMENTS (PER CAPITA) IN THE 2006-07 ASSESSMENTS



**APPENDIX 16 - SHARE OF BASE GRANT POOL BY POPULATION  
1994-1995, 2006-07 AND PROJECTED 2008-09**



**APPENDIX 17 - SHARE OF ILRF POOL BY POPULATION 1994-95,  
2006-07 AND PROJECTED 2008-09**



## APPENDIX 18

### REPRESENTATION AT COMMISSION HEARINGS AND VISITS IN 2006

#### Round 1 – North-west Councils

Tuesday 11 April 2006

**King Island Council** (Hearing)

In attendance: Cr Charles Arnold (Mayor)  
Mr Andrew Wardlaw (General Manager)  
Mr Chris Barrett (Acting Director Corporate Services)

**West Coast Council** (Hearing)

In attendance: Cr Darryl Gerrity (Mayor)  
Mr David Metcalf (General Manager)

**Central Coast Council** (Hearing)

In attendance: Ms Sandra Ayton (Corporate Services Manager)  
Mr Bevin Eberhardt (Engineering Services)

Wednesday 12 April 2006

**Circular Head** (Visit)

In attendance: Cr Ross Hine (Mayor)  
Cr Bernard Charles (Councillor)  
Cr Jeannie Murrell (Councillor)  
Mr John Van Gaaleen (Manager Corporate Service)  
Mr Ian Ferris (Manager Technical Solutions)

**Waratah Wynyard Council** (Visit)

In attendance: Cr Kevin Hyland (Mayor)  
Mr Paul West (General Manager)  
Mr Gary Neil (Director Engineering Services)

**Burnie City Council** (Visit)

In attendance: Cr Alwyn Boyd (Mayor)  
Mr Andrew Beswick (Corporate Secretary)  
Mr Shane Crawford (Director Corporate Services)  
Miss Samantha Davis (Corporate Accountant)

Thursday 13 April 2006

**Latrobe Council** (Hearing)

In attendance: Mr Grant Atkins (General Manager)  
Ms Jan Febey (Manager Corporate Services)  
Ms Cathy Stubbs (Accountant)

**Devonport City Council** (Hearing)

In attendance: Mr David Sales (General Manager)  
Mr Noel Hammond (Manager Engineering Services)

**Kentish Council** (Hearing)

In attendance: Cr Ian Braid (Mayor)  
Mr Tony Bickford (Manager Corporate Services and Finance)

**Round 2 – Northern Councils**

Wednesday 19 April 2006

**Launceston City Council** (Hearing)

In attendance: Cr Ivan Dean (Mayor)  
Mr Rod Sweetnam (A/General Manager)  
Mr Michael Tidey (Manager Corporate Services)  
Mr Harry Galea (Manager Planning and Development)  
Mr Geoff Brayford (Group Manager Infrastructure)

Thursday 20 April 2006

**Dorset Council** (Visit)

In attendance: Cr Peter Partridge (Mayor)  
Cr Ron Rice (Councillor)  
Cr Roger McLennen (Councillor)  
Cr Max Hall (Councillor)  
Mr John Martin (General Manager)  
Mr Guy Jetson (Corporate Services Manager)  
Ms Katrina Gofton (Executive Officer – Finance)  
Mr Larry Smith (Works and Infrastructure Manager)

**George Town Council** (Visit)

In attendance: Ms Ngaire McCrindle (General Manager)  
Mr Steven Brown (Manager Engineering Services)  
Mr Kim Barker (Manager Corporate Services)

Friday 21 April 2006

**Meander Valley Council** (Visit)

In attendance: Cr Ray Johnston (Councillor)  
Mr Greg Preece (General Manager)  
Mr Malcolm Salter (Corporate Services Manager)  
Mr Ian Howard (Infrastructure Services Manager)

**Flinders Council** (Hearing)

In attendance: Cr Terence Klug (Mayor)

**Northern Midlands Council** (Visit)

In attendance: Mr Gerald Monson (General Manager)  
Ms Marie Bricknell (Manager Corporate Services)

**Round 3 – Southern Councils**

Monday 8 May 2006

**Clarence Council** (Hearing)

In attendance: Cr Jock Campbell (Mayor)  
Mr Andrew Paul (General Manager)  
Mr Frank Barta (Manager Corporate Services)

**Derwent Valley Council** (Hearing)

In attendance: Cr Nick Cracknell (Mayor)  
Mr Stephen Mackey (General Manager)  
Mr John McCrossin (Deputy General Manager)  
Mr John Bradley (Accountant)  
Mr Matt Hill (Youth Worker)

Tuesday 9 May 2006

**Huon Valley Council** (Hearing)

In attendance: Mr Geoff Cockerill (General Manager)  
Mr Mike Norman (Manager Corporate Services)

**Southern Midlands Council** (Hearing)

In attendance: Cr Tony Bisdee (Mayor)  
Mr Tim Kirkwood (General Manager)

**Central Highlands Council** (Hearing)

In attendance: Cr Diedre Flint (Mayor)  
Mr Rod Walsh (General Manager)

Wednesday 10 May 2006

**Glamorgan Spring Bay Council** (Visit)

In attendance: Cr Howard Harris (Mayor)  
Mr Gordon Mallett (General Manager)  
Ms Belinda Daly (Manager Business Services)

**Tasman Council** (Visit)

In attendance: Mr Steve Gray (A/ General Manager)  
Mr David Doyle (Corporate Services Manager)

Thursday 11 May 2006

**Brighton Council** (Visit)

Mr Ron Sanderson (General Manager)  
Mr Greg Davoren (Manager Corporate Services)

The following Councils did not attend a hearing in 2006:

Break O'Day Council  
Glenorchy City Council  
Hobart City Council  
Kingborough Council  
Sorell Council  
West Tamar Council





