

state grants commission
annual report for 07-08

CONTENTS

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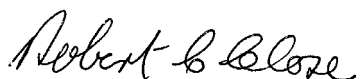
The Hon. Michael Aird MLC

TREASURER

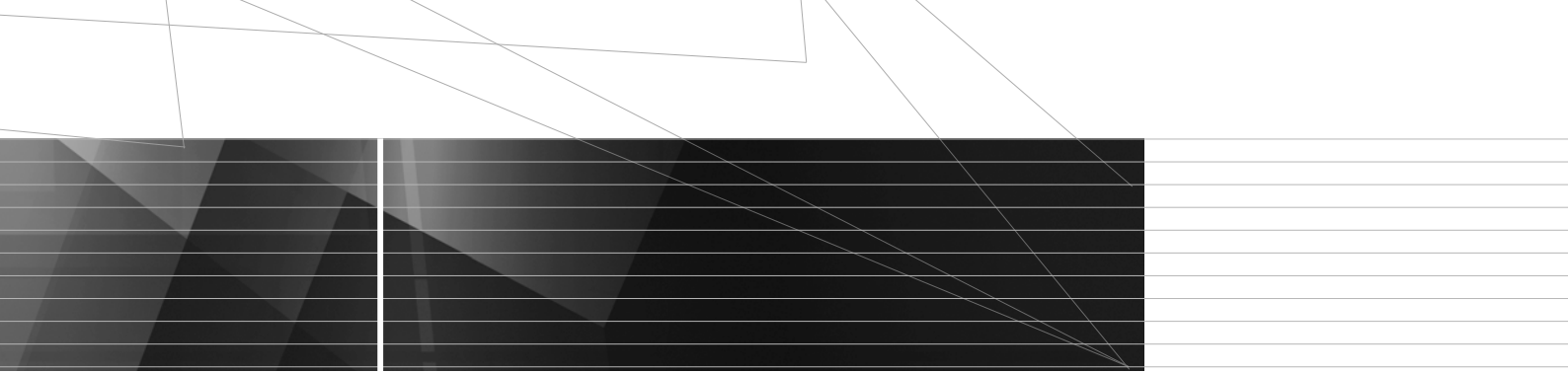
Dear Treasurer

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 second Annual Report of the Commission, and relates to grants for payment in the 2007-08 financial year.

Yours sincerely



R C Close
CHAIRMAN



CONTENTS

1.	INTRODUCTION	5
2.	LEGISLATION GOVERNING THE GRANTS	6
3.	LEVEL OF ASSISTANCE FOR 2007-08	7
4.	REFORMS TO THE DISTRIBUTION MODELS	8
5.	INVESTIGATIONS AND INQUIRIES	11
6.	PRINCIPLES AND METHODS	14
	Base grant distribution	14
	Identified Local Road Fund Distribution	24
7.	OUTCOMES OF THE 2007-08 ASSESSMENTS	31
8.	ISSUES FOR FUTURE ASSESSMENTS	32
9.	DISTRIBUTION OF HEAVY VEHICLE MOTOR TAX REVENUES TO COUNCILS	32
10.	GENERAL OBSERVATIONS	33
11.	RECOMMENDATIONS	33
12.	CONCLUSION	35

LIST OF TABLES

Table 1:	Financial Assistance for Local Government 2007-08	7
Table 2:	Phase-in of the Revised Base Grant Model	9
Table 3:	Phase-in of the Revised ILRF Model	10
Table 4:	Base Grant Model: Description of Expenditure Functions	18
Table 5:	Base Grant Model: Allocation of Cost Adjustors to Expenditure Standards	19
Table 6:	Base Grant Model: Expenditure Allowances	23
Table 7:	ILRF Model: Performance Standards and Specific Costs	25
Table 8:	ILRF Model: Cost Factors for Calculation of Rainfall Cost Adjustors	26
Table 9:	ILRF Model: Cost Factors for Calculation of Terrain Cost Adjustors	26
Table 10:	ILRF Model: Traffic Cost Adjustor limits	27
Table 11:	ILRF Model: Distance Measurements for the Calculation of the Remoteness Cost Adjustor	29
Table 12:	Recommended Financial Assistance Grants For 2007-08	34

APPENDICES

1.	Total Grants Provided in 2006-07	37
2.	Base Grant, ILRF and Total Pool Shares	38
3.	Population of Local Government Areas	39
4.	Length of Local Government Roads at 1 January 2007	40
5.	Municipal Property Valuations	41
6.	Revenue for the 2007-08 Assessments	42
7.	Standardised Revenue and Specific Purpose Payments 2007-08	43
8.	Standard Expenditure in the 2007-08 Assessments	44
9.	Standardised Expenditure 2007-08 Assessments	46
10.	Equalisation Model Cost Adjustors 2007-08 Assessments	48
11.	Roads Preservation Model Cost Adjustors 2007-08 Assessments	50
12.	Base and ILRF Grants (per capita) 2007-08 (Chart)	52
13.	Standardised Expenditure (per capita) in the 2007-08 Assessments (Chart)	52
14.	Standardised Revenue (per capita) in the 2007-08 Assessments (Chart)	53
15.	Specific Purpose Payments (per capita) in the 2007-08 Assessments (Chart)	53
16.	Share of Base Grant Pool by Population (Chart)	54
17.	Share of ILRF Pool by Population (Chart)	54
18.	Representation at Commission Hearings in 2007	55

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:

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

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 2007-08

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 2007-08

	National pool of funds	Tasmanian grant entitlement	Proportion of national pool	Increase on 2006-07 actual entitlement.*
	\$	\$	%	%
Base grant	1,221,433,989	28,803,302	2.4	3.7
Road grant	541,986,206	28,721,439	5.3	4.6
Total grant	1,763,420,195	57,524,741	3.3	4.1

** This column shows the 2007-08 year estimated entitlement compared to the 2006-07 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 base grant and road grant pools are maintained in "real per capita" terms.

Tasmania's base grant for 2007-08 increased by 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, the population of Tasmania grew by 0.9 per cent over the year to 31 December 2006, compared to an Australian growth rate of 2.0 per cent.

The Commonwealth has determined that there will be a positive adjustment of \$13,029 to the 2006-07 estimated grant entitlement of \$55,224,490, as the estimate of inflation and population growth of 4.06 per cent used to determine last year's pool was lower than the actual level of 4.21 per cent. Therefore, the "actual" 2006-07 grant entitlement for Tasmania has been calculated by the Commonwealth as \$55,237,519 (which is \$55,224,490 plus \$13,029). Details of the components of Financial Assistance Grants (FAGs) payments for 2006-07 are provided in Appendix 1.

This adjustment will be added to the 2007-08 quarterly payments, based on the distribution of the 2006-07 grants. This will mean that the funds paid to councils in 2007-08 will be the estimated 2007-08 entitlement of \$57,524,741 plus the adjustment to the 2006-07 grants of \$13,029, which is a total of \$57,537,770.

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 2007-08 general-purpose distribution, the revised model is in its third 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
Per Capita Grant Component.	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>				
Relative Needs Component – former model.	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>				
Relative Needs Component – revised model.	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 2007-08 ILRF distribution, the revised model is in its second year of a three-year phase-in. The revised model is referred to as the Roads Preservation Model (RPM)

The RPM incorporates updated specific cost and performance standards, an improvement in raw data inputs, and a re-specification of cost adjustors used in the model – including the deletion of three cost adjustors. 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.

As indicated in the Commission's 2006-07 Annual Report, the specification of the RPM was finalised following consultation with councils at the 2004, 2005 and 2006 hearings and visits, and following receipt of advice from the Institute of Public Works Engineers Australia (IPWEA). The key changes implemented to the RPM are detailed at pages 9-11 of the Commission's 2006-07 Annual Report.

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 being 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	<u>2008-09</u>
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:

Hobart	5-6 March 2007 - for southern councils.
Burnie and Devonport	20-22 March 2007 - for north-western councils;
Launceston	2-4 April 2007 - for northern councils;

In conjunction with council hearings, the Commission considered written submissions from 14 councils. Attendance by councillors and council staff at the 2007 hearings is shown at Appendix 18 of this report.

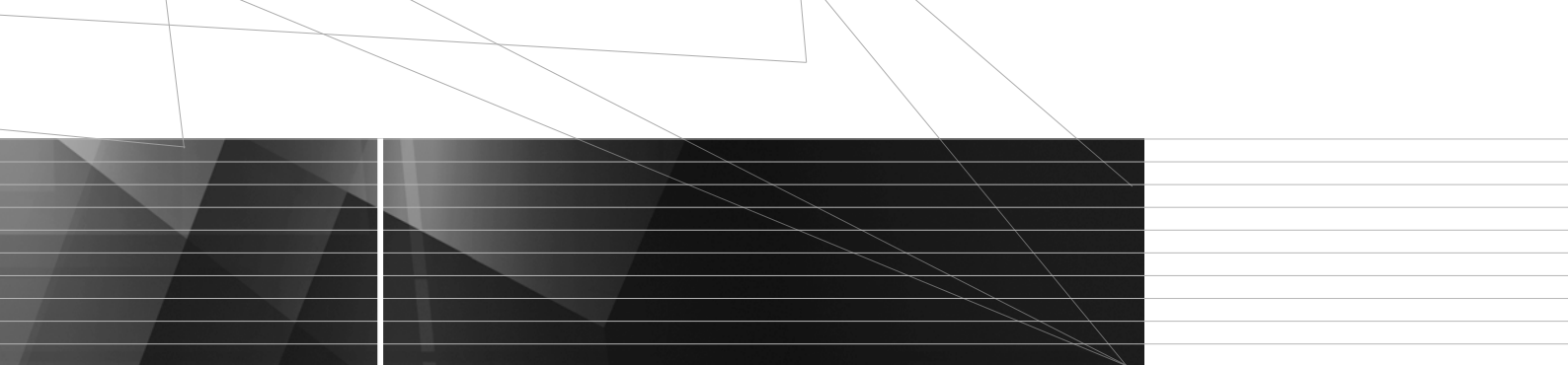
The Commission issued four discussion papers to councils prior to the 2007 council hearings:

DP07-01 Review of Revenue Assessment in the Base Grant Model.

Discussion paper DP07-01 outlined the current AAV-based method of assessing revenue capacity used by the Commission, and described the various approaches adopted by Local Government Grants Commissions in other states. The discussion paper canvassed three options for reform of the revenue assessment method.

- | | |
|----------|---|
| Option 1 | retain the current AAV-based revenue assessment method. |
| Option 2 | introduce a fixed charges component to the assessment of revenue raising capacity, to reflect changing council revenue raising practices. |
| Option 3 | introduce a revenue assessment weighting based on the Socio-Economic Index for Areas (SEIFA), published by the Australian Bureau of Statistics (ABS). The discussion paper proposed that this could be introduced in conjunction with Option 1 or Option 2. |

Almost all councils consulted at the 2007 hearings supported the retention of the current method (Option 1) based on AAV, and with no introduction of a fixed charge or SEIFA component. Following these discussions, the Commission decided not to alter the method for assessing revenue raising capacity for 2007-08.



The Commission canvassed council views in relation to the outcomes of the Local Government Association of Tasmania (LGAT) and Australian Local Government Association (ALGA) reports on local government financial viability. The Commission also noted that the Productivity Commission was to conduct an inquiry into the revenue raising capacity of local government.

Representatives of the Commission met with members of the Productivity Commission to provide an outline of the Commission's method of assessing revenue raising capacity.

The Commission will await with interest the release of the Productivity Commission's findings to determine whether or not they might provide some guidance into the manner in which the Commission assesses revenue capacity in the future.

DP07-02 Review of Water and Sewerage Assessment.

Discussion paper DP07-02 summarised consultation undertaken since 2003 in relation to development of an improved method for the assessment of water and sewerage revenues and expenditures. The paper outlined a draft property-based approach developed in line with suggestions from councils, and with reference to advice received from consultants Sinclair Knight Merz in 2006.

The proposed approach involved calculation of per-property expenditure standards using total expenditure net of large customer revenue on the basis that expenditures associated with the provision of water and sewerage services to large customers are, or should be, fully recoverable.

The paper proposed the retention of some existing cost adjustors for water and sewerage – namely, climate, dispersion, isolation and scale-other, and the deletion of cost adjustors for equivalent tenements, absentee population and population decline. The paper also canvassed the inclusion of additional cost adjustors for persons per dwelling, service density and pumping costs.

Subsequent to the Commission's release of its discussion paper, the Tasmanian Government has announced a review of the provision of water and sewerage services in the State. The result of this review may have significant implications for the Commission's methodology and the Commission has therefore decided that any further research into its water and sewerage methodology should be held in abeyance until the result of the Government's review is known. Further reference to this issue is made in Section 8 of this report.

DP07-03 Scheduling the Introduction of Methodological Changes.

Discussion paper 07-03 canvassed a proposal that future significant changes to the Commission's methodology be on the basis of three-year cycles commencing in 2009-10. The first determination would accordingly follow the full phase-in of the Commission's new base grant model and the Commission's new roads grant model.

Following discussion with councils at the 2007 hearings, the Commission decided to proceed with the implementation of this proposal. Minor methodological changes, correction of anomalies and the utilisation of updated data will continue to be implemented as and when required.

DP07-04 Review of NRTC Distribution Methodology.

Discussion paper 07-04 provided a history of the distribution of National Road Transport Commission (NRTC) funds in Tasmania. The paper proposed that the refunding of council motor tax payments as a component of each council's NRTC allocation be discontinued, and that the available pool be distributed to councils entirely on a tonne-kilometre basis.

The paper proposed that the reimbursement of council heavy vehicle motor tax as part of the NRTC distribution be discontinued, on the following grounds:

- In light of the introduction of State-Local Government financial reforms, reimbursement of council heavy vehicle motor tax effectively discriminates against councils which do not pay significant heavy vehicle motor tax, mainly because those councils outsource heavy vehicle-related work.
- The diminution of the net NRTC pool, arising from reimbursement of council motor tax, mitigates against the basic premise of the distribution of these funds, which is to help compensate councils for the damage to their road network caused by heavy vehicles.

The majority view following the 2007 council hearings was that the proposal should be adopted.

The Commission has discontinued the reimbursement of motor tax payments as part of the NRTC distribution, beginning with the current year (2007-08) distribution.

Other issues raised by Councils

In addition to consideration of councils' views in relation to the four discussion papers, the Commission considered a number of issues relating to its base grant model raised by councils at the hearings:

- King Island Council requested that the isolation cost adjustor impact on the expenditure assessment for King Island be reviewed by the Commission. Having regard to the evidence provided by King Island at the 2007 hearings, the Commission considered that the impact of the isolation cost adjustor was adequate.
- Latrobe and Dorset councils requested that the Commission reconsider its 2006 decision to not treat expenditure incurred by councils due to disasters separately for grant allocation purposes. The Commission reviewed and upheld its previous decision.
- The Commission reviewed and upheld the current level of allowances for the provision of GP services by some councils.

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' 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.

Councils which are assessed to have a negative 'standardised deficit' (i.e. revenue capacity is greater than their expenditure requirement) do not receive a relative needs grant component, and the total base grant for those councils consists of the per capita minimum amount only.

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.

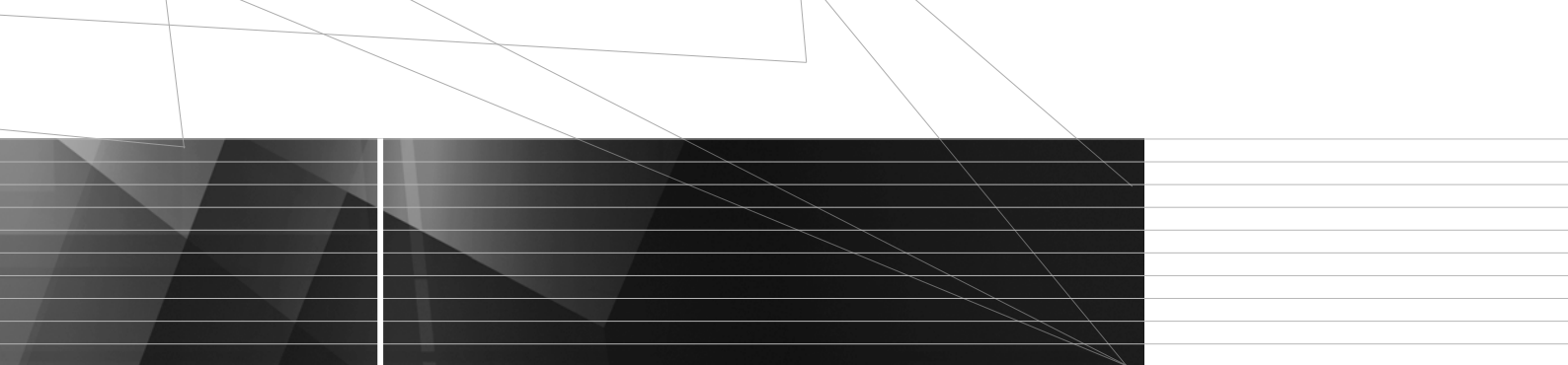
Each council's 'revenue capacity' is calculated as follows:

- 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.



The relative needs component of the base grant is allocated only amongst councils assessed to have positive standardised deficits, and is allocated in proportion to those standardised deficits. Due to the exclusion of negative standardised deficits from the total of relative needs requirements *after* the overall funds requirement is balanced with available funds, the available funds are sufficient to cover only a proportion of the assessed standardised deficits (currently 37 per cent).

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.

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

TABLE 4: Base Grant Model: Description of Expenditure Functions

Expenditure function	Explanation of expenditure function
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.

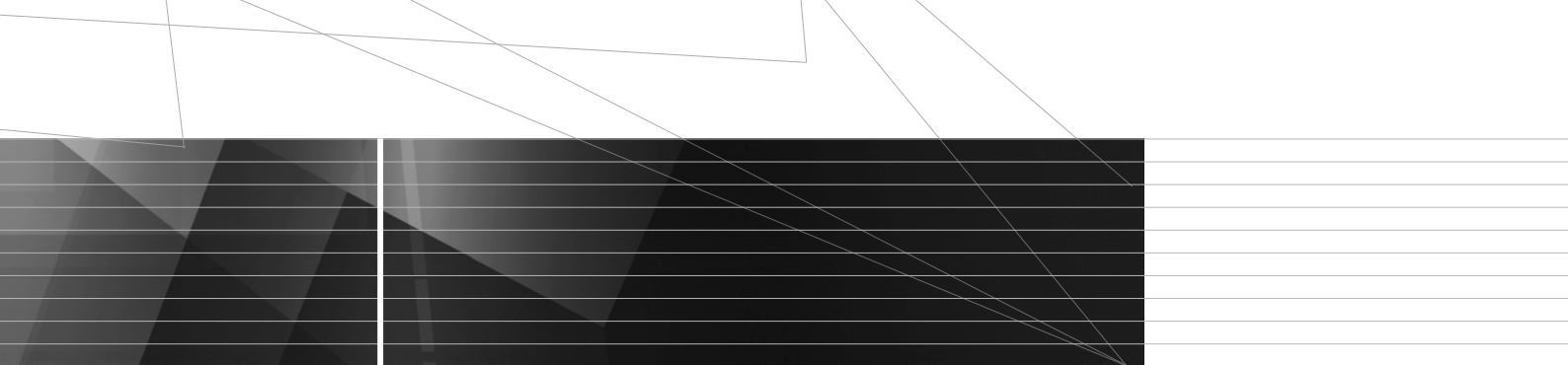
The following cost adjustors have been recognised by the Commission and a method adopted to quantify them:

- Absentee population
- Climate
- Dispersion
- Equivalent tenements (Water)
- Equivalent tenements (Sewerage)
- Isolation
- Population decline
- Regional responsibility
- Scale (administration)
- Scale (other)
- Daytripper tourism
- Unemployment
- Worker influx

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

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

Expenditure Category	Cost Adjustors
General administration	Absentee population Isolation
Education, health, housing & welfare	Population decline Unemployment
Law, order & public safety	Dispersion Population decline 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 Scale-other Daytripper tourism Worker influx
Recreation & culture	Absentee population Climate Dispersion Isolation 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



An outline of the approach developed by the Commission to quantify each of the above-mentioned cost adjustors is provided below. Details of calculations made in the determination of each cost adjustor 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 adjustor 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 adjustor, 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 adjustor 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 adjustor is based on the total annual rainfall in each municipality's administrative centre, as indicated by Bureau of Meteorology data. Cost adjustors greater than one occur only for those centres recording greater than one thousand millimetres precipitation per annum.

(iii) Dispersion

The dispersion cost adjustor 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 adjustor 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 adjustor has been developed to recognise the cost of providing these services to commercial properties. This has been done by dividing the total assessed annual 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 confronts councils with proportionally higher expenditure burdens per capita, mainly due to certain costs which are largely fixed and therefore do not reduce in line with declining population.

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 administration, 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 causing an increase in 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 2007-08, 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 2007-08, expenditure allowances were included in councils' expenditure requirements, as follows:

TABLE 6: Base Grant Model: Expenditure Allowances

Allowance Description	Allowance Amount	Recipient Councils
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.

The Commission is aware that a recent initiative by the State Government has altered the land ownership and tenure status of Cape Barren Island. The Commission will be pursuing this issue with the Flinders Council, as it appears that the allowance to the council for providing particular services to the island is no longer warranted.

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” (RPM), 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 per cent of funds

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

Bridge expenditure component - 10 per cent 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 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 (\$)
URBAN SEALED				
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
RURAL SEALED				
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
UNSEALED ROADS (URBAN AND RURAL)				
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

Traffic cost adjustor.

The cost adjustor for traffic provides a measure of the relative cost disadvantage associated with heavy vehicle 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, based closely on those determined by Mr P Mulholland from the Australian Road Research Board in 1989. 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.

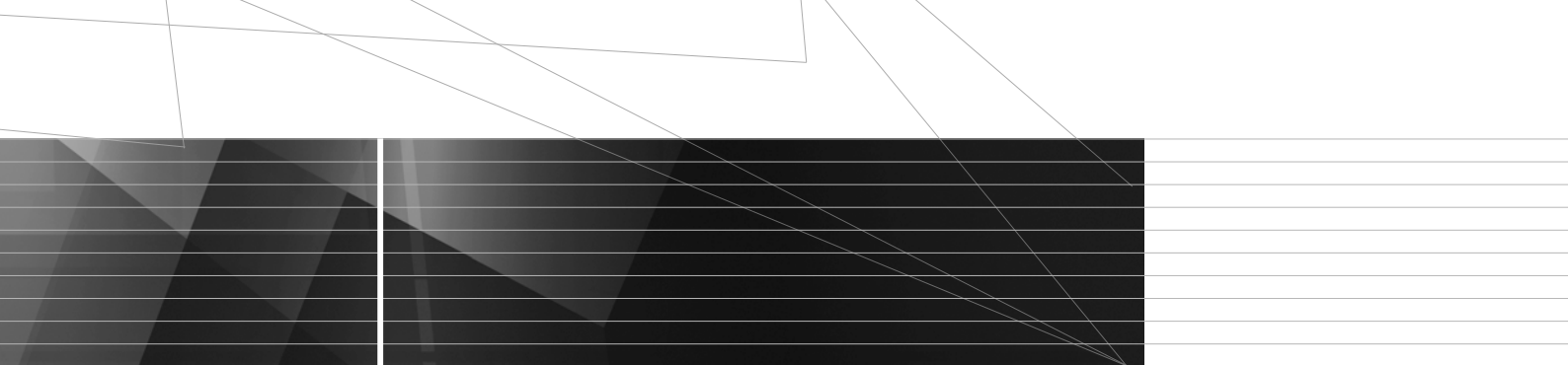
The remoteness cost adjustor is calculated from distances recorded between a central point in each council's road network and one of the four major centres of Burnie, Devonport, Launceston or Hobart, whichever is the closer, to where the largest suppliers are located. The 'non-land' component of distances 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:

Council	Central Point	Regional Centre	Distance (km)
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 2007-08, 60 per cent of the ILRF funds have been distributed in accordance with the method outlined above. The remaining 40 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 2007-08 ASSESSMENTS

Total entitlements (Base + ILRF)

For 2007-08, the increase in the estimated total FAGs pool (base grant plus ILRF) over actual FAGs payments made in respect of 2006-07 was 4.1 per cent. Actual payments for 2006-07 include adjustments determined retrospectively by the Commonwealth, which are described in Section 3.

The increase in the estimated FAGS pool for 2007-08 was 4.2 per cent over the estimated FAGs pool for 2006-07, before adjustments. On this basis, all but two councils received grant increases for 2007-08. The largest increase was 9.4 per cent (George Town) and the largest reduction was 3.1 per cent (Kingborough). The other council to receive a reduction in estimated total grant entitlements was Tasman (-0.3 per cent).

Base grants

For 2007-08, the increase in the estimated base grant pool over the estimated 2006-07 pool was 3.6 per cent. The largest increase in base grant entitlements was for Southern Midlands (15.7 per cent). Declines in base grant entitlements were experienced by Clarence, Devonport, Glamorgan Spring Bay, and Kingborough (10.0 per cent), Launceston (9.0 per cent), Central Highlands (4.0 per cent), Burnie (3.0 per cent), Flinders (0.5 per cent), and King Island (0.3 per cent).

The changes in base grant entitlements for most of the above councils reflect the continued phase-in of a revised distribution model, which was introduced in 2005-06. The phase-in of the revised methodology is described in Section 4.

The declines in base grants for the councils of Glamorgan Spring Bay and Central Highlands were principally due to increases in property valuations which caused much higher than average increases in revenue raising capacity, as assessed in the base grant model. The decline in base grant for Flinders Council was influenced by a 2 per cent reduction in population for that council over the year to 30 June 2006 (see Appendix 3).

The reductions in base grants for Clarence, Devonport, Glamorgan Spring Bay, and Kingborough were limited to 10 per cent by implementation of a 'collar' on base grants such that no council received a reduction in base grant of more than 10 per cent in 2007-08. The collar was implemented to soften the impact of rapid changes in valuations which impacted significantly on the assessment of 'revenue raising capacity' for some councils.

The collar on 2007-08 base grants impacted positively on the outcome for Glamorgan-Spring Bay Council, and to a lesser extent on the outcomes for Clarence, Devonport and Kingborough Councils. The maximum negative impact on remaining councils' grants of implementing the collar was 1.3 per cent.

Identified Local Road Fund (ILRF) Grants.

For 2007-08, the overall increase in estimated ILRF entitlements over estimated 2006-07 entitlements was 4.7 per cent across all councils. The largest increases in ILRF allocations were for Glamorgan Spring Bay (14.4 per cent), Clarence (12.6 per cent), George Town (11.2 per cent) and Sorell (11.1 per cent). Declines in ILRF allocations

were experienced by Derwent Valley (0.5 per cent), Huon Valley (2.7 per cent), Kentish (2.6 per cent), Southern Midlands (7.4 per cent) and Tasman (3.2 per cent).

The changes in ILRF entitlements largely reflect the continued phase-in of a revised distribution model, which was introduced in 2006-07. The phase-in of the revised methodology is described in Section 4.

A substantial increase in ILRF allocation to Sorell (11.1 per cent) was due to the addition of 55 kilometres of previously unincorporated roads to the rural unsealed road length of that council.

8 - ISSUES FOR FUTURE ASSESSMENTS

The Commission commenced a review of water and sewerage assessments in the base grant equalisation model in 2003. Following consultation with councils at the 2007 hearings and visits, and the prospect of significant changes in institutional arrangements, the Commission's review has been put on hold pending the outcome of the State Government's Water and Sewerage Task Force review.

The Commission has commenced a review of the revenue assessment methodology in the base grant model. A review of this methodology is deemed necessary due to the rapid and uneven changes in valuations resulting from the sustained property boom in Tasmania since 2003.

Rapid changes in property valuations impact on councils' revenue raising capacity, as it is assessed in the Commission's base grant model, and have caused significant changes to base grant entitlements since 2003. An information paper on this issue was provided to councils prior to the 2007 Hearings and Visits. Further work will be undertaken on this issue over 2007-08.

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")¹. 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 allocated \$1.5 million per annum of heavy vehicle motor taxes to councils. The Commission previously distributed this amount to councils on the basis of reimbursement of motor tax payments by councils, and a sharing of the 'net pool' based on measures of road usage by heavy vehicles.

¹ After the National Road Transport Commission, which determines the nationally uniform taxation rates.

The allocation method for the 2007-08 Distribution.

The Commission's distribution for 2007-08 will be based solely on heavy vehicle road usage utilising 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 most recent Major Freight Demanders Survey was not finalised for use by the Commission at the time of publication of this report.

10 - GENERAL OBSERVATIONS

Application of Grants

As in the past, the grants for 2007-08 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 Northern Territory Local Government Grants Commission hosted the Annual Conference of Local Government Grants Commissions (LGGC) in Alice Springs, from 11 to 13 October 2006. 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:

- Mr Adrian Beresford-Wylie – Australian Local Government Association “Viability of Councils – an ALGA Perspective”
- Dr Penny Burns – AMQ International. “Funding of Infrastructure Depreciation”.
- Mr John Howard – Jeff Roorda & Associates. “Infrastructure Theory and Practice”.

The Hon Elliot McAdam MLA – Northern Territory Minister for Local Government, Housing and Sport, 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 12. The Commission's recommendations of financial assistance for councils for 2007-08 were conveyed to the Treasurer on 23 July 2007, and his acceptance thereof was advised to the Chairman by a letter dated 31 July 2007.

TABLE 12: Recommended Financial Assistance Grants for 2007-08

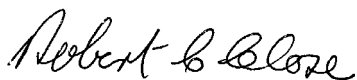
<i>Council</i>	<i>Base Grant Components</i>			<i>Per Capita Total Base Grant</i>	<i>Identified Local Roads Component</i>	<i>Total Grant</i>
	<i>Per Capita (30%)</i>	<i>Relative Needs (70%)</i>	<i>Total Base Grant</i>			
	<i>\$</i>	<i>\$</i>	<i>\$</i>			
Break O'Day	111 938	1 042 900	1 154 839	182.32	1 192 329	2 347 167
Brighton	247 894	847 602	1 095 496	78.10	377 256	1 472 752
Burnie	341 700	580 746	922 446	47.71	916 657	1 839 103
Central Coast	375 349	1 477 879	1 853 227	87.26	1 418 448	3 271 676
Central Highlands	40 594	603 591	644 185	280.45	1 011 589	1 655 773
Circular Head	142 282	1 025 766	1 168 049	145.08	1 362 517	2 530 566
Clarence	902 576	194 073	1 096 649	21.47	1 103 592	2 200 240
Derwent Valley	171 212	681 429	852 641	88.01	579 839	1 432 480
Devonport	443 971	175 623	619 594	24.66	833 691	1 453 285
Dorset	124 504	1 031 884	1 156 387	164.14	1 403 086	2 559 473
Flinders	15 534	496 037	511 571	581.99	490 479	1 002 050
George Town	118 318	743 434	861 752	128.72	579 172	1 440 924
Glamorgan Spring Bay	76 982	360 247	437 229	100.37	672 294	1 109 523
Glenorchy	793 500	1 658	795 158	17.71	1 098 663	1 893 821
Hobart	862 565	0	862 565	17.67	1 401 048	2 263 613
Huon Valley	260 653	1 280 767	1 541 420	104.51	1 148 690	2 690 111
Kentish	104 056	880 522	984 579	167.22	829 704	1 814 282
King Island	27 923	432 910	460 833	291.67	573 951	1 034 784
Kingborough	566 531	190 939	757 470	23.63	979 745	1 737 215
Latrobe	160 520	441 771	602 292	66.31	534 789	1 137 081
Launceston	1 149 621	170 131	1 319 753	20.29	2 201 872	3 521 625
Meander Valley	331 096	1 158 021	1 489 118	79.48	1 637 602	3 126 720
Northern Midlands	217 603	1 155 478	1 373 081	111.51	1 759 851	3 132 931
Sorell	207 795	528 718	736 512	62.64	710 077	1 446 589
Southern Midlands	101 034	1 042 292	1 143 327	199.99	1 256 088	2 399 415
Tasman	39 887	327 640	367 527	162.84	315 569	683 096
Waratah/Wynyard	238 209	1 143 499	1 381 708	102.51	1 001 208	2 382 917
West Coast	87 002	905 387	992 389	201.58	479 759	1 472 148
West Tamar	380 138	1 241 367	1 621 505	75.38	851 874	2 473 379
Total	8 640 991	20 162 311	28 803 302	58.91	28 721 439	57 524 741

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 2007 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 2006-07.

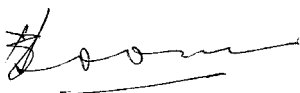
The Commission is appreciative of the support given by the Secretary of the Department of Treasury and Finance, Mr D W Challen, and the staff of the Economic and Financial Policy Division.



R C Close
CHAIRMAN



G P Appleyard
MEMBER



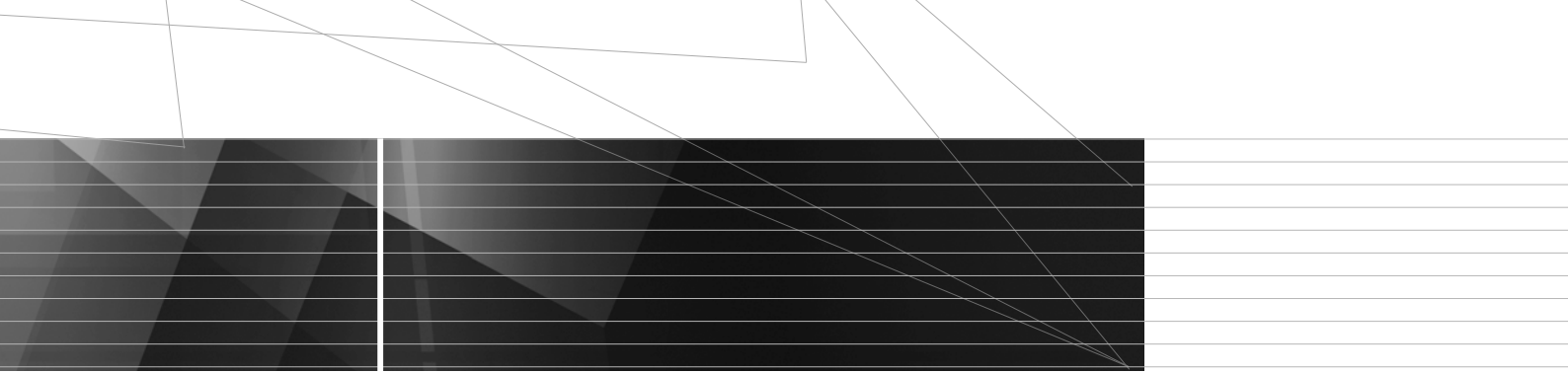
B A Southorn
MEMBER



G H K Denny
MEMBER



Jeremy Threlfall
SECRETARY
October 2007



APPENDIX 1

TOTAL GRANTS PROVIDED IN 2006-07

Council	Base Grant Components						Total Grant Provided 2006-07**
	Per Capita (30%)	Relative Needs (70%)	Total Base Grant 2006-07	Road Grant 2006-07	Base Grant adjustment	Road Grant adjustment	
	\$	\$	\$	\$	\$	\$	\$
Break O'Day	106 425	968 755	1 075 180	1 181 380	-1 026	+1 703	2 257 237
Brighton	237 437	780 000	1 017 437	355 698	- 971	+ 513	1 372 677
Burnie	330 186	620 698	950 883	862 908	- 907	+1 244	1 814 128
Central Coast	359 343	1 368 009	1 727 352	1 316 237	-1 647	+1 897	3 043 839
Central Highlands	40 154	630 770	670 925	978 593	- 640	+1 411	1 650 289
Circular Head	139 157	946 655	1 085 811	1 283 891	-1 036	+1 851	2 370 517
Clarence	869 389	349 109	1 218 499	980 452	-1 162	+1 413	2 199 202
Derwent Valley	163 521	640 012	803 532	582 782	- 767	+ 840	1 386 387
Devonport	434 119	254 319	688 438	756 163	- 657	+1 090	1 445 034
Dorset	122 335	933 506	1 055 841	1 363 678	-1 007	+1 966	2 420 478
Flinders	15 412	498 719	514 132	466 832	- 490	+ 673	981 147
George Town	114 758	681 709	796 467	521 065	- 760	+ 751	1 317 523
Glamorgan Spring Bay	73 814	411 997	485 810	587 504	- 463	+ 847	1 073 698
Glenorchy	766 573	3 243	769 815	998 390	- 734	+1 439	1 768 910
Hobart	838 376	0	838 376	1 322 670	- 800	+1 907	2 162 153
Huon Valley	250 289	1 086 115	1 336 404	1 180 271	-1 275	+1 701	2 517 101
Kentish	99 380	801 995	901 375	851 568	- 860	+1 227	1 753 310
King Island	26 976	435 220	462 196	537 037	- 441	+ 774	999 566
Kingborough	541 747	299 886	841 633	951 698	- 803	+1 372	1 793 900
Latrobe	150 669	438 376	589 044	487 599	- 562	+ 703	1 076 784
Launceston	1 117 187	332 828	1 450 015	2 057 775	-1 383	+2 965	3 509 372
Meander Valley	319 945	1 076 458	1 396 403	1 528 162	-1 332	+2 203	2 925 436
Northern Midlands	209 053	1 124 616	1 333 669	1 708 047	-1 272	+2 462	3 042 906
Sorell	196 802	531 431	728 233	639 186	- 695	+ 921	1 367 645
Southern Midlands	98 556	889 444	987 999	1 356 928	- 943	+1 956	2 345 940
Tasman	37 457	321 571	359 028	325 868	- 342	+ 470	685 024
Waratah-Wynyard	228 829	1 010 773	1 239 602	990 420	-1 183	+1 428	2 230 267
West Coast	84 982	873 209	958 190	478 274	- 914	+ 689	1 436 239
West Tamar	364 893	1 145 363	1 510 256	780 869	-1 441	+1 126	2 290 810
Total	8 337 764	19 454 782	27 792 546	27 431 944	-26 513	+39 542	55 237 519

** The final grant entitlement for 2006-07 was \$55,237,519 based on actual inflation for the year, whereas the estimated entitlement was \$55,224,490. Consequently, the 2006-07 recommended grants have been scaled up by the amounts shown in the adjustments columns to reflect 'actual' final grant entitlements. The underpayment of \$13,029 is to be added in equal quarterly instalments over the 2007-08 financial year as specified in the Commonwealth Local Government (Financial Assistance) Act 1995.

APPENDIX 2

BASE GRANT, ILRF AND TOTAL POOL SHARES

	<i>Shares of Base Grant</i>			<i>Shares of ILRF Grant</i>			<i>Share of Total FAGs</i>		
	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Break O'Day	3.3	3.9	4.0	4.4	4.3	4.2	3.8	4.1	4.1
Brighton	3.7	3.7	3.8	1.3	1.3	1.3	2.5	2.5	2.6
Burnie	3.6	3.4	3.2	3.1	3.1	3.2	3.4	3.3	3.2
Central Coast	6.3	6.2	6.4	4.7	4.8	4.9	5.5	5.5	5.7
Central Highlands	2.3	2.4	2.2	3.6	3.6	3.5	2.9	3.0	2.9
Circular Head	3.6	3.9	4.1	4.6	4.7	4.7	4.1	4.3	4.4
Clarence	5.0	4.4	3.8	3.4	3.6	3.8	4.2	4.0	3.8
Derwent Valley	2.6	2.9	3.0	2.2	2.1	2.0	2.4	2.5	2.5
Devonport	2.9	2.5	2.2	2.7	2.8	2.9	2.8	2.6	2.5
Dorset	3.4	3.8	4.0	5.0	5.0	4.9	4.2	4.4	4.4
Flinders	1.8	1.8	1.8	1.7	1.7	1.7	1.8	1.8	1.7
George Town	2.7	2.9	3.0	1.8	1.9	2.0	2.3	2.4	2.5
Glamorgan Spring Bay	2.0	1.7	1.5	2.1	2.1	2.3	2.1	1.9	1.9
Glenorchy	2.8	2.8	2.8	3.5	3.6	3.8	3.2	3.2	3.3
Hobart	3.0	3.0	3.0	4.8	4.8	4.9	3.9	3.9	3.9
Huon Valley	4.2	4.8	5.4	4.4	4.3	4.0	4.3	4.6	4.7
Kentish	3.1	3.2	3.4	3.2	3.1	2.9	3.2	3.2	3.2
King Island	1.7	1.7	1.6	1.9	2.0	2.0	1.8	1.8	1.8
Kingborough	3.6	3.0	2.6	3.5	3.5	3.4	3.5	3.2	3.0
Latrobe	2.2	2.1	2.1	1.7	1.8	1.9	2.0	1.9	2.0
Launceston	5.8	5.2	4.6	7.4	7.5	7.7	6.6	6.4	6.1
Meander Valley	4.9	5.0	5.2	5.5	5.6	5.7	5.2	5.3	5.4
Northern Midlands	5.0	4.8	4.8	6.3	6.2	6.1	5.6	5.5	5.4
Sorell	2.7	2.6	2.6	2.4	2.3	2.5	2.6	2.5	2.5
Southern Midlands	3.2	3.6	4.0	5.2	4.9	4.4	4.2	4.2	4.2
Tasman	1.2	1.3	1.3	1.2	1.2	1.1	1.2	1.2	1.2
Waratah-Wynyard	4.4	4.5	4.8	3.7	3.6	3.5	4.1	4.0	4.1
West Coast	3.5	3.4	3.4	1.8	1.7	1.7	2.6	2.6	2.6
West Tamar	5.4	5.4	5.6	2.8	2.8	3.0	4.1	4.1	4.3

APPENDIX 3 POPULATION OF LOCAL GOVERNMENT AREAS

<i>Council</i>	<i>Estimated Residential Population at 30 June</i>			
	2003	2004	2005	2006
Break O'Day	5 938	6 036	6 194	6 334
Brighton	13 071	13 436	13 819	14 027
Burnie	19 030	19 139	19 217	19 335
Central Coast	21 033	21 079	20 914	21 239
Central Highlands	2 341	2 295	2 337	2 297
Circular Head	8 086	8 105	8 099	8 051
Clarence	49 863	50 257	50 599	51 072
Derwent Valley	9 402	9 327	9 517	9 688
Devonport	24 568	24 979	25 266	25 122
Dorset	7 254	7 131	7 120	7 045
Flinders	875	877	897	879
George Town	6 680	6 747	6 679	6 695
Glamorgan Spring Bay	4 071	4 185	4 296	4 356
Glenorchy	44 579	44 925	44 615	44 900
Hobart	48 071	48 533	48 794	48 808
Huon Valley	14 081	14 347	14 567	14 749
Kentish	5 533	5 676	5 784	5 888
King Island	1 677	1 632	1 570	1 580
Kingborough	30 328	30 961	31 530	32 057
Latrobe	8 518	8 710	8 769	9 083
Launceston	63 339	64 057	65 021	65 051
Meander Valley	18 276	18 611	18 621	18 735
Northern Midlands	12 035	12 125	12 167	12 313
Sorell	11 155	11 304	11 454	11 758
Southern Midlands	5 742	5 760	5 736	5 717
Tasman	2 199	2 222	2 180	2 257
Waratah-Wynyard	13 486	13 486	13 318	13 479
West Coast	5 189	5 087	4 946	4 923
West Tamar	20 674	21 054	21 237	21 510
Total	477 094	482 083	485 263	488 948

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

APPENDIX 4

LENGTH OF LOCAL GOVERNMENT ROADS AS AT 1 JANUARY 2007

<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>
	km	km	km	km	km	m2
Break O'Day	88	27	123	309	546	7 259
Brighton	66	0	60	35	161	1 204
Burnie	126	0	161	48	335	2 208
Central Coast	128	1	403	133	665	5 463
Central Highlands	16	2	79	655	752	4 126
Circular Head	51	1	240	495	787	6 188
Clarence	249	4	134	60	447	834
Derwent Valley	32	4	65	229	330	3 973
Devonport	155	0	71	15	241	1 047
Dorset	46	9	199	485	739	8 853
Flinders	6	3	67	309	385	1 381
George Town	68	3	104	98	273	2 831
Glamorgan Spring Bay	100	17	58	168	343	2 042
Glenorchy	248	1	37	16	302	2 427
Hobart	290	6	0	0	296	6 931
Huon Valley	24	10	134	589	757	7 723
Kentish	18	2	220	245	485	4 579
King Island	11	6	36	383	436	981
Kingborough	121	0	134	270	525	2 909
Latrobe	57	2	161	62	282	1 701
Launceston	365	0	139	235	739	6 634
Meander Valley	110	6	482	247	845	8 644
Northern Midlands	99	13	465	403	980	9 665
Sorell	73	38	70	227	409	4 062
Southern Midlands	30	13	132	628	803	8 356
Tasman	6	2	54	145	207	1 845
Waratah-Wynyard	69	4	195	258	526	5 181
West Coast	67	17	15	76	175	2 649
West Tamar	82	4	201	164	451	3 402
Total	2 801	196	4 239	6 987	14 223	125 098

Source: State Grants Commission Local Road Lengths, updated in 2007 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 2005 AND 1 JULY 2006

<i>Council</i>	<i>Adjusted Rateable AAV</i>	<i>Year of last Revaluation (as at 1/7/2006)</i>	<i>AAV Adjustment *</i>
	\$		
Break O'Day	46 813 587	2001	1.70
Brighton	56 614 333	2000	1.53
Burnie	116 983 407	2003	1.48
Central Coast	99 993 065	2000	1.50
Central Highlands	30 596 937	2004	1.29
Circular Head	57 866 252	2000	1.50
Clarence	303 696 836	2001	1.55
Derwent Valley	47 094 210	2006	1.23
Devonport	145 481 967	2004	1.27
Dorset	50 698 049	2005	1.11
Flinders	9 368 189	2006	1.35
George Town	36 681 339	2000	1.50
Glamorgan Spring Bay	59 271 784	2005	1.08
Glenorchy	271 237 228	2005	1.17
Hobart	588 210 248	2002	1.58
Huon Valley	75 168 804	2003	1.53
Kentish	29 981 277	2004	1.29
King Island	17 838 608	2006	1.25
Kingborough	192 850 655	2003	1.53
Latrobe	54 890 115	2003	1.53
Launceston	432 722 871	2005	1.12
Meander Valley	108 788 749	1999	1.60
Northern Midlands	78 295 666	2000	1.68
Sorell	70 021 750	2004	1.37
Southern Midlands	29 697 972	2002	1.44
Tasman	20 416 965	2006	1.23
Waratah-Wynyard	69 270 793	2005	1.06
West Coast	28 526 171	2004	1.37
West Tamar	103 580 010	2001	1.58
Total	3 232 657 837		

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 FOR THE 2007-08 ASSESSMENTS*

<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	2 954 024	1 958 706	2 769 673	7 682 403
Brighton	3 612 141	3 842 315	1 987 599	9 442 055
Burnie	10 596 220	6 788 393	8 212 413	25 597 026
Central Coast	7 791 624	4 864 318	4 366 409	17 022 351
Central Highlands	1 509 141	351 158	1 895 063	3 755 362
Circular Head	4 503 467	2 640 502	3 258 638	10 402 607
Clarence	19 177 652	14 103 492	9 145 339	42 426 483
Derwent Valley	3 396 188	2 375 338	1 267 234	7 038 760
Devonport	12 592 058	9 595 726	5 838 722	28 026 506
Dorset	3 559 652	1 589 899	1 332 862	6 482 413
Flinders	617 274	86 176	1 046 388	1 749 838
George Town	3 553 032	1 448 687	2 071 171	7 072 890
Glamorgan Spring Bay	2 769 000	2 335 041	2 420 959	7 525 000
Glenorchy	13 246 402	21 409 391	9 198 306	43 854 099
Hobart	32 385 935	18 898 076	26 089 602	77 373 613
Huon Valley	5 594 089	2 842 653	4 701 986	13 138 727
Kentish	2 467 562	880 046	935 521	4 283 129
King Island	1 087 289	441 169	1 570 730	3 099 188
Kingborough	10 440 848	8 975 725	5 454 346	24 870 919
Latrobe	3 114 428	2 807 128	2 049 648	7 971 204
Launceston	29 723 405	23 397 259	16 315 414	69 436 078
Meander Valley	5 971 342	3 092 900	2 493 742	11 557 984
Northern Midlands	4 261 519	2 735 591	2 011 759	9 008 869
Sorell	4 818 663	1 909 531	2 338 988	9 067 182
Southern Midlands	2 264 192	844 058	675 535	3 783 785
Tasman	1 590 000	10 000	-2 244 000	- 644 000
Waratah-Wynyard	4 980 108	3 685 987	2 953 833	11 619 928
West Coast	2 083 449	2 658 411	2 236 664	6 978 524
West Tamar	5 731 811	4 994 749	2 843 196	13 569 756
Total	206 392 515	151 562 424	125 237 739	483 192 678

* These are the values for the 2005-06 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 2005-06

APPENDIX 7

STANDARDISED REVENUE AND SPECIFIC PURPOSE PAYMENTS 2007-08 ASSESSMENTS*

<i>Council</i>	<i>Standardised</i>	<i>Specific Purpose</i>
	<i>Revenue</i>	<i>Payments**</i> <i>Treated</i> <i>by Inclusion</i>
	\$	\$
Break O'Day	7 106 310	2 020 879
Brighton	8 542 077	617 776
Burnie	17 349 240	1 541 958
Central Coast	14 896 115	2 360 941
Central Highlands	4 605 982	1 743 815
Circular Head	8 714 814	2 315 848
Clarence	45 679 488	1 795 997
Derwent Valley	7 234 946	981 879
Devonport	21 926 778	1 397 037
Dorset	7 689 594	2 398 584
Flinders	1 346 167	794 092
George Town	5 407 434	965 545
Glamorgan Spring Bay	9 099 578	1 096 007
Glenorchy	41 010 981	1 798 203
Hobart	85 817 424	2 340 944
Huon Valley	11 289 774	1 943 017
Kentish	4 467 788	1 378 531
King Island	2 706 683	929 079
Kingborough	29 189 803	1 607 109
Latrobe	8 286 112	879 742
Launceston	63 841 940	3 748 845
Meander Valley	16 587 710	2 709 275
Northern Midlands	11 617 354	2 932 745
Sorell	10 679 703	1 172 940
Southern Midlands	4 504 549	2 083 979
Tasman	3 058 607	520 944
Waratah-Wynyard	10 432 082	1 652 198
West Coast	4 299 669	793 643
West Tamar	15 803 978	1 434 485
Total	483 192 678	47 956 040

* These are the values for the latest (2005-06) year only. The grant calculations use an average of the latest three years' values.

** This amount includes an additional \$10 million supplementary funds allocated to the Roads to Recovery Program for 2005-06 and reflects the Commission's decision to assume that councils will receive Roads to Recovery funds in four annual instalments over the life of the program. This amount does not include the Per Capita Grant for 2004-05, which is now also classed as Other Grant Support and treated by inclusion.

APPENDIX 8

STANDARD EXPENDITURE IN THE 2007-08 ASSESSMENTS*

<i>Council</i>	<i>General Admin-istration</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	956 808	252 523	633 977	955 107	467 576	71 373
Brighton	2 118 906	559 226	1 403 977	2 115 137	1 035 474	158 060
Burnie	2 920 728	770 844	1 935 260	2 915 533	1 427 310	217 871
Central Coast	3 208 345	846 752	2 125 833	3 202 638	1 567 864	239 326
Central Highlands	346 983	91 576	229 909	346 366	169 565	25 883
Circular Head	1 216 177	320 976	805 833	1 214 014	594 325	90 721
Clarence	7 714 891	2 036 128	5 111 849	7 701 169	3 770 137	575 492
Derwent Valley	1 463 461	386 239	969 682	1 460 858	715 168	109 167
Devonport	3 794 907	1 001 559	2 514 487	3 788 157	1 854 507	283 081
Dorset	1 064 211	280 869	705 141	1 062 319	520 062	79 385
Flinders	132 781	35 044	87 980	132 545	64 888	9 905
George Town	1 011 341	266 915	670 109	1 009 542	494 225	75 441
Glamorgan Spring Bay	658 014	173 664	435 997	656 843	321 560	49 084
Glenorchy	6 782 554	1 790 064	4 494 087	6 770 490	3 314 519	505 944
Hobart	7 372 893	1 945 867	4 885 243	7 359 779	3 603 008	549 980
Huon Valley	2 227 971	588 010	1 476 243	2 224 008	1 088 772	166 195
Kentish	889 436	234 742	589 336	887 854	434 652	66 347
King Island	238 673	62 991	158 144	238 249	116 636	17 804
Kingborough	4 842 502	1 278 042	3 208 618	4 833 889	2 366 449	361 226
Latrobe	1 372 070	362 119	909 127	1 369 629	670 507	102 349
Launceston	9 826 546	2 593 440	6 511 021	9 809 068	4 802 067	733 010
Meander Valley	2 830 093	746 923	1 875 205	2 825 059	1 383 018	211 110
Northern Midlands	1 859 991	490 892	1 232 421	1 856 682	908 946	138 746
Sorell	1 776 153	468 766	1 176 870	1 772 994	867 976	132 492
Southern Midlands	863 605	227 924	572 220	862 069	422 029	64 421
Tasman	340 940	89 982	225 905	340 334	166 612	25 432
Waratah-Wynyard	2 036 126	537 378	1 349 127	2 032 504	995 020	151 885
West Coast	743 664	196 269	492 748	742 341	363 416	55 474
West Tamar	3 249 282	857 556	2 152 958	3 243 502	1 587 869	242 380
Total	73 860 052	19 493 280	48 939 307	73 728 676	36 094 157	5 509 584

APPENDIX 8

STANDARD EXPENDITURE IN THE 2007-08 ASSESSMENTS* CONTINUED

<i>Council</i>	<i>Sewerage</i>	<i>Water</i>	<i>Other Non-roads</i>	<i>Total Non-roads</i>	<i>Roads "Standard" **</i>	<i>Total including roads</i>
	\$	\$	\$	\$	\$	\$
Break O'Day	799 212	769 644	401 145	5 307 365	5 034 509	10 341 874
Brighton	1 769 900	1 704 420	888 359	11 753 458	2 091 684	13 845 142
Burnie	2 439 654	2 349 395	1 224 525	16 201 120	4 452 531	20 653 651
Central Coast	2 679 897	2 580 750	1 345 109	17 796 514	6 928 027	24 724 541
Central Highlands	289 831	279 108	145 474	1 924 695	4 339 888	6 264 583
Circular Head	1 015 860	978 277	509 886	6 746 068	5 804 969	12 551 037
Clarence	6 444 169	6 205 756	3 234 494	42 794 084	6 531 486	49 325 570
Derwent Valley	1 222 414	1 177 188	613 561	8 117 737	2 634 737	10 752 475
Devonport	3 169 847	3 052 573	1 591 027	21 050 144	4 095 193	25 145 337
Dorset	888 925	856 038	446 174	5 903 123	5 667 481	11 570 604
Flinders	110 911	106 807	55 669	736 529	2 194 904	2 931 433
George Town	844 762	813 509	424 008	5 609 853	2 949 322	8 559 174
Glamorgan Spring Bay	549 632	529 297	275 874	3 649 965	3 529 256	7 179 221
Glenorchy	5 665 397	5 455 797	2 843 609	37 622 462	5 852 702	43 475 163
Hobart	6 158 501	5 930 658	3 091 110	40 897 040	7 032 918	47 929 958
Huon Valley	1 861 001	1 792 150	934 084	12 358 434	5 063 702	17 422 136
Kentish	742 937	715 451	372 899	4 933 654	3 687 624	8 621 278
King Island	199 361	191 986	100 065	1 323 908	2 355 612	3 679 521
Kingborough	4 044 892	3 895 244	2 030 235	26 861 097	5 022 471	31 883 568
Latrobe	1 146 076	1 103 675	575 245	7 610 798	2 883 424	10 494 222
Launceston	8 208 013	7 904 344	4 119 812	54 507 322	10 571 553	65 078 874
Meander Valley	2 363 947	2 276 489	1 186 526	15 698 370	8 061 523	23 759 893
Northern Midlands	1 553 631	1 496 152	779 807	10 317 269	8 550 129	18 867 398
Sorell	1 483 602	1 428 714	744 658	9 852 225	3 665 556	13 517 781
Southern Midlands	721 360	694 672	362 069	4 790 370	5 427 400	10 217 770
Tasman	284 784	274 248	142 940	1 891 178	1 403 839	3 295 017
Waratah-Wynyard	1 700 755	1 637 833	853 653	11 294 280	4 665 876	15 960 156
West Coast	621 175	598 193	311 784	4 125 064	2 180 237	6 305 301
West Tamar	2 714 091	2 613 679	1 362 272	18 023 589	4 351 213	22 374 802
Total	61 694 537	59 412 047	30 966 074	409 697 713	137 029 765	546 727 478

* These are the values for the 2005-06 year only.

** "Standard" Expenditure for Roads is not calculated in the Equalisation Model. This figure is the RPM 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 - 2007-08 ASSESSMENTS*

<i>Council</i>	<i>General Admin -istration</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	1 644 879	275 855	883 295	1 291 846	689 698	84 762
Brighton	2 282 501	592 856	1 277 380	1 643 641	931 477	157 634
Burnie	3 015 994	867 657	1 846 600	3 006 811	1 382 203	236 704
Central Coast	3 196 161	890 445	1 977 334	2 646 399	1 487 588	244 734
Central Highlands	834 592	128 537	448 828	640 950	334 548	44 376
Circular Head	1 810 531	314 518	1 005 031	1 445 493	780 440	92 721
Clarence	5 776 440	1 872 331	4 442 560	6 556 749	3 205 685	520 110
Derwent Valley	1 831 360	425 334	1 003 624	1 332 301	739 828	119 285
Devonport	3 537 795	1 119 332	2 249 816	3 413 567	1 669 060	299 950
Dorset	1 615 357	273 704	909 879	1 267 256	684 088	82 127
Flinders	426 342	31 860	148 381	234 415	122 706	9 015
George Town	1 514 348	283 384	786 829	1 081 611	590 040	80 627
Glamorgan Spring Bay	1 241 012	202 308	735 980	1 047 579	552 231	72 092
Glenorchy	5 218 802	1 797 142	3 684 000	5 446 891	2 662 857	461 212
Hobart	5 638 715	1 768 111	4 547 328	8 504 027	3 268 546	472 839
Huon Valley	2 584 513	733 396	1 744 763	2 354 981	1 286 244	227 168
Kentish	1 322 846	256 623	709 213	973 000	529 573	76 539
King Island	645 824	58 567	230 466	386 116	203 310	16 159
Kingborough	4 275 212	1 129 000	3 088 075	4 276 959	2 237 407	324 082
Latrobe	1 814 506	381 409	971 436	1 308 789	722 847	106 187
Launceston	7 060 218	2 514 874	5 905 828	10 612 939	4 299 998	698 329
Meander Valley	2 910 199	685 934	1 978 600	2 837 150	1 472 865	211 739
Northern Midlands	2 207 617	445 881	1 338 234	1 791 332	988 282	131 965
Sorell	2 238 060	464 482	1 320 086	1 756 634	966 278	133 023
Southern Midlands	1 293 809	275 872	729 413	1 017 514	549 818	89 021
Tasman	796 005	103 321	408 673	586 663	307 610	36 182
Waratah-Wynyard	2 442 606	575 361	1 489 695	2 047 724	1 124 342	164 377
West Coast	1 384 873	226 682	779 713	1 147 031	606 045	72 206
West Tamar	3 298 932	798 503	2 298 248	3 072 308	1 698 544	244 419
Total	73 860 052	19 493 280	48 939 307	73 728 676	36 094 157	5 509 584

*These are the values for the latest (2005-06) year only. The grant calculations use an average of the most recent three years' values.

APPENDIX 9

STANDARDISED EXPENDITURE - 2007-08 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	1 100 628	1 055 441	401 145	7 427 548	5 506 778	12 934 326
Brighton	1 533 038	1 469 288	888 359	10 776 174	1 816 342	12 592 517
Burnie	2 330 091	2 238 287	1 224 525	16 148 873	4 455 652	20 604 525
Central Coast	2 418 454	2 335 534	1 345 109	16 541 759	6 972 391	23 514 150
Central Highlands	520 202	499 310	145 474	3 596 816	4 771 773	8 368 589
Circular Head	1 253 802	1 203 981	509 886	8 416 403	6 599 699	15 016 102
Clarence	5 565 106	5 424 917	3 234 494	36 598 392	5 632 637	42 231 029
Derwent Valley	1 167 246	1 117 573	613 561	8 350 111	2 628 123	10 978 234
Devonport	2 782 349	2 682 498	1 591 027	19 345 395	4 201 264	23 546 659
Dorset	1 091 440	1 047 514	446 174	7 417 539	6 587 063	14 004 602
Flinders	203 900	195 927	55 669	1 428 215	2 353 110	3 781 325
George Town	938 196	899 777	424 008	6 598 821	2 922 733	9 521 554
Glamorgan Spring Bay	834 362	803 003	275 874	5 764 441	3 417 005	9 181 446
Glenorchy	4 896 350	4 658 408	2 843 609	31 669 270	5 494 398	37 163 668
Hobart	6 540 698	6 340 206	3 091 110	40 171 581	6 771 556	46 943 137
Huon Valley	2 017 010	1 944 454	934 084	13 826 613	5 075 007	18 901 619
Kentish	838 209	802 174	372 899	5 881 077	3 681 096	9 562 173
King Island	335 637	322 123	100 065	2 298 266	2 799 767	5 098 033
Kingborough	3 687 050	3 541 908	2 030 235	24 589 928	4 604 086	29 194 015
Latrobe	1 165 135	1 117 818	575 245	8 163 372	2 683 559	10 846 931
Launceston	8 011 321	7 752 340	4 119 812	50 975 659	10 704 435	61 680 094
Meander Valley	2 423 950	2 329 884	1 186 526	16 036 847	8 006 742	24 043 588
Northern Midlands	1 568 607	1 505 980	779 807	10 757 705	8 272 503	19 030 208
Sorell	1 548 629	1 483 831	744 658	10 655 680	3 445 334	14 101 014
Southern Midlands	877 965	841 390	362 069	6 036 871	5 217 678	11 254 549
Tasman	436 641	418 845	142 940	3 236 880	1 386 134	4 623 014
Waratah-Wynyard	1 838 357	1 762 469	853 653	12 298 584	4 603 604	16 902 187
West Coast	1 000 308	960 129	311 784	6 488 770	2 194 068	8 682 838
West Tamar	2 769 856	2 657 039	1 362 272	18 200 122	4 225 228	22 425 350
Total	61 694 537	59 412 047	30 966 074	409 697 713	137 029 765	546 727 478

APPENDIX 10

EQUALISATION MODEL COST ADJUSTORS 2007-08 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	1.00
Brighton	0.96	1.00	0.97	0.93	0.92	0.99	1.00
Burnie	0.99	1.00	0.96	0.99	0.99	1.01	1.00
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	1.06
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	1.00
Derwent Valley	0.99	1.00	0.98	0.92	0.92	1.00	1.00
Devonport	0.97	1.00	0.94	0.98	0.98	1.01	1.00
Dorset	1.07	1.03	1.05	0.92	0.92	1.03	1.04
Flinders	1.20	1.00	1.03	0.92	0.91	1.20	1.05
George Town	1.07	1.00	1.00	0.92	0.92	1.02	1.00
Glamorgan Spring Bay	1.24	1.00	1.18	0.92	0.92	1.03	1.00
Glenorchy	0.96	1.00	0.94	1.03	1.02	0.98	1.00
Hobart	0.98	1.00	0.94	1.22	1.23	0.98	1.00
Huon Valley	1.05	1.00	1.09	0.93	0.93	1.00	1.00
Kentish	1.00	1.03	1.04	0.92	0.92	1.01	1.00
King Island	1.09	1.00	0.99	0.92	0.91	1.29	1.09
Kingborough	1.00	1.00	1.03	0.93	0.93	0.98	1.00
Latrobe	1.02	1.00	0.99	0.93	0.92	1.01	1.00
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	1.00
Northern Midlands	1.01	1.00	1.03	0.93	0.93	1.00	1.00
Sorell	1.08	1.00	1.01	0.92	0.92	0.99	1.00
Southern Midlands	1.00	1.00	1.16	0.92	0.91	1.03	1.00
Tasman	1.29	1.00	1.04	0.92	0.91	1.04	1.00
Waratah-Wynyard	1.01	1.03	1.02	0.93	0.92	1.03	1.02
West Coast	1.12	1.07	1.15	0.94	0.93	1.09	1.11
West Tamar	1.01	1.00	1.09	0.92	0.92	1.00	1.00

APPENDIX 10

EQUALISATION MODEL COST ADJUSTORS 2007-08 ASSESSMENTS CONTINUED

<i>Council</i>	<i>Regional Responsibility</i>	<i>Scale - Admin</i>	<i>Scale - Other</i>	<i>Daytripper Tourism</i>	<i>Unemployment</i>	<i>Worker Influx</i>
Break O'Day	0.88	1.44	1.11	1.02	1.10	1.00
Brighton	0.88	1.14	1.03	0.97	1.06	0.99
Burnie	1.06	1.03	1.01	1.00	1.13	1.00
Central Coast	0.88	1.01	1.00	0.98	1.06	0.99
Central Highlands	0.88	1.98	1.25	1.10	1.34	1.00
Circular Head	0.88	1.33	1.08	1.01	0.94	1.00
Clarence	1.00	0.80	0.95	0.98	0.92	0.97
Derwent Valley	0.88	1.27	1.07	1.01	1.10	0.99
Devonport	1.00	0.96	0.99	1.00	1.12	1.00
Dorset	0.88	1.38	1.10	1.01	0.93	1.00
Flinders	0.88	2.75	1.44	0.97	0.86	1.00
George Town	0.88	1.41	1.10	1.01	1.06	1.00
Glamorgan Spring Bay	0.88	1.62	1.16	1.13	1.17	1.00
Glenorchy	1.00	0.83	0.96	0.97	1.01	1.00
Hobart	1.25	0.81	0.95	1.01	0.91	1.05
Huon Valley	0.88	1.12	1.03	1.03	1.25	0.99
Kentish	0.88	1.47	1.12	1.02	1.10	0.99
King Island	0.88	2.25	1.31	0.98	0.84	1.00
Kingborough	0.94	0.91	0.98	0.99	0.89	0.98
Latrobe	0.88	1.29	1.07	0.99	1.06	0.99
Launceston	1.19	0.76	0.94	1.02	0.97	1.02
Meander Valley	0.94	1.04	1.01	0.99	0.92	0.99
Northern Midlands	0.88	1.18	1.04	1.01	0.91	0.99
Sorell	0.88	1.20	1.05	1.00	0.99	0.99
Southern Midlands	0.88	1.48	1.12	1.01	1.21	0.99
Tasman	0.88	2.01	1.25	1.24	1.15	1.00
Waratah-Wynyard	0.88	1.14	1.04	0.99	1.05	0.99
West Coast	0.88	1.54	1.14	1.00	1.04	1.00
West Tamar	0.88	1.01	1.00	0.99	0.94	0.98

APPENDIX 11
ROADS PRESERVATION MODEL COST ADJUSTORS

<i>Council</i>	<i>URBAN SEALED ROADS</i>			<i>URBAN UNSEALED ROADS</i>		
	<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	0.92
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

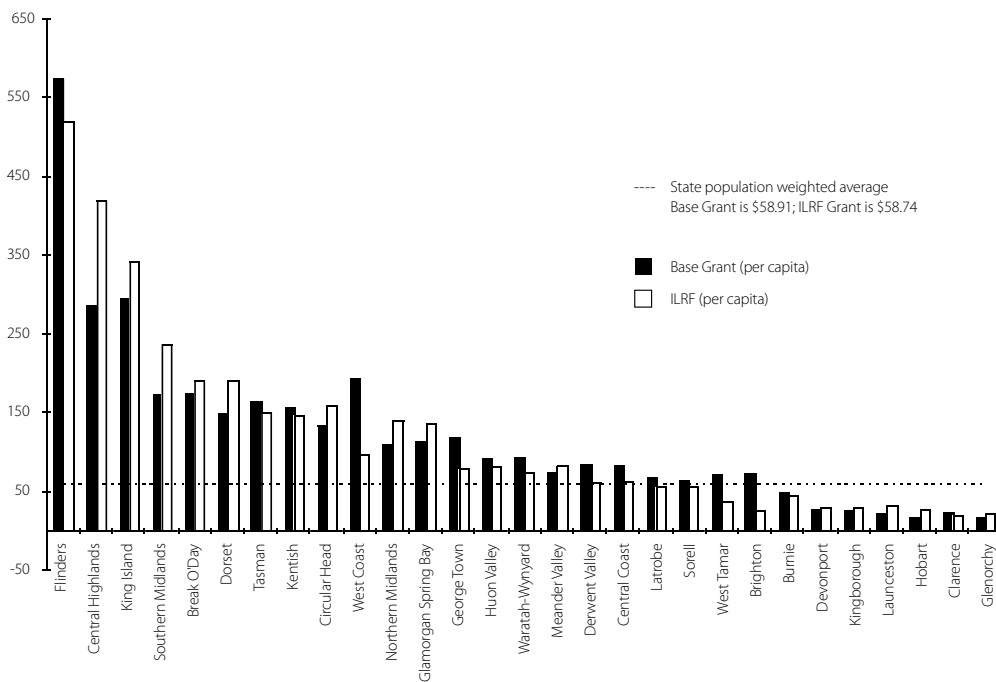
APPENDIX 11

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	1.09	1.05	1.04	1.21	1.00
Central Coast	1.05	1.04	1.02	1.05	1.04	1.03	1.01
Central Highlands	0.98	1.04	1.12	1.02	1.04	1.11	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	1.13	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	1.07	1.00	1.05	0.94	1.03
Glamorgan Spring Bay	0.99	1.06	0.99	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	1.23	1.03	1.04	1.20	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	1.00	1.01	1.04	1.02	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	1.00	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

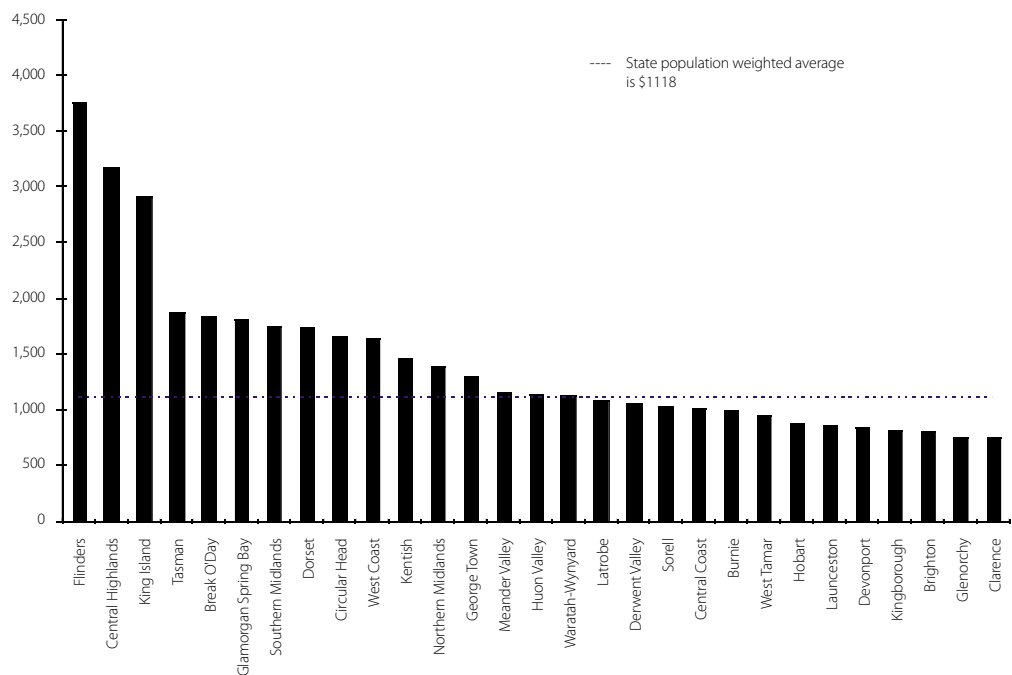
APPENDIX 12

BASE AND ILRF GRANTS (PER CAPITA) 2007-08



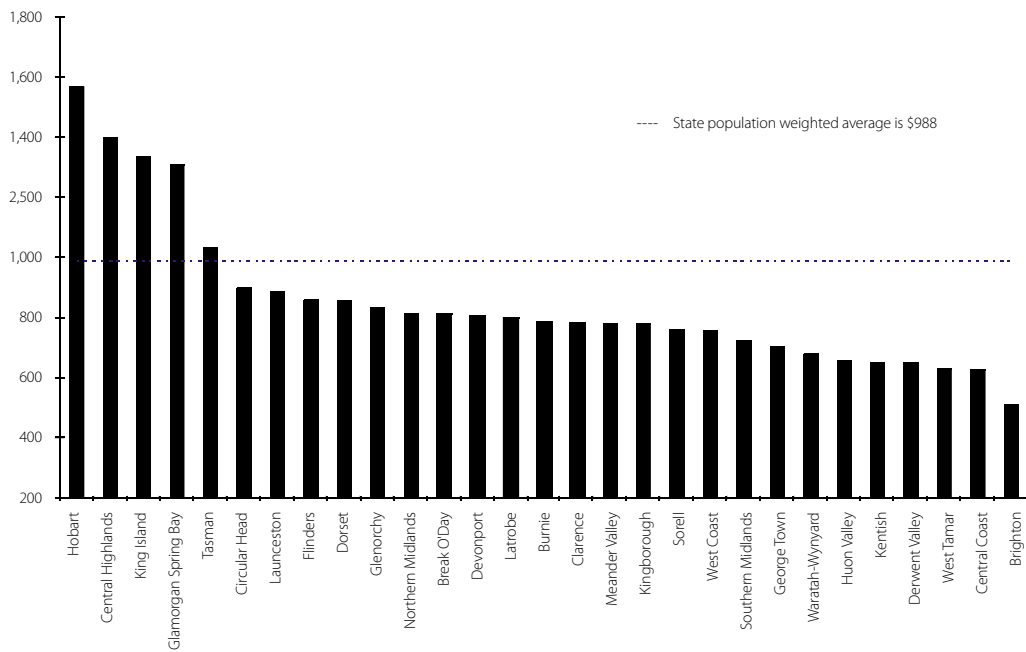
APPENDIX 13

STANDARDISED EXPENDITURE (PER CAPITA) IN THE 2007-08 ASSESSMENTS



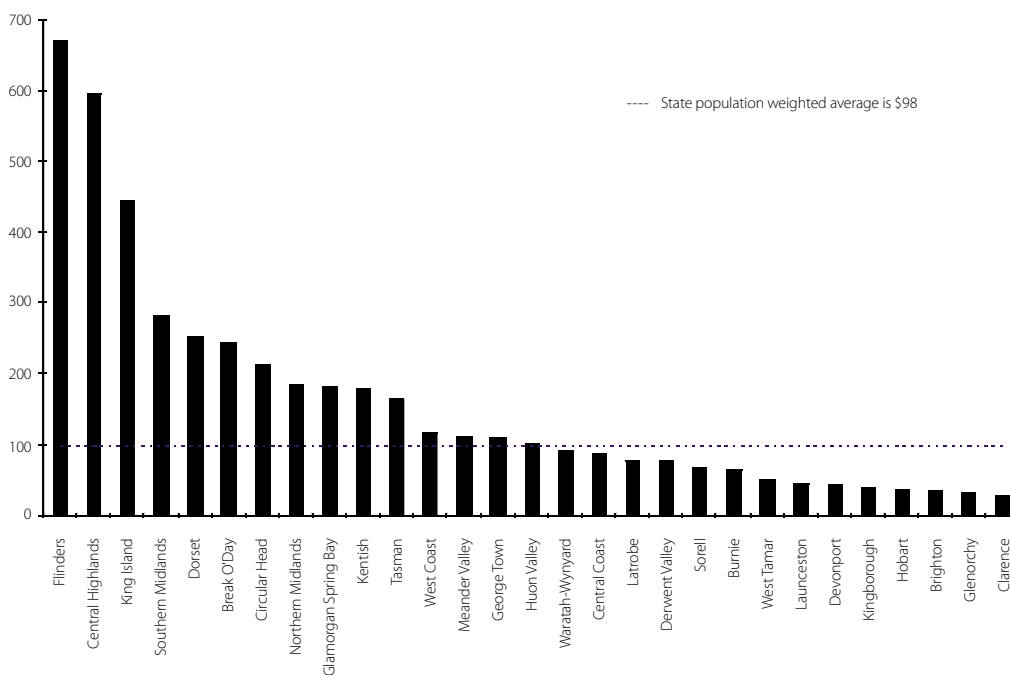
APPENDIX 14

STANDARDISED REVENUE (PER CAPITA) IN THE 2007-08 ASSESSMENTS



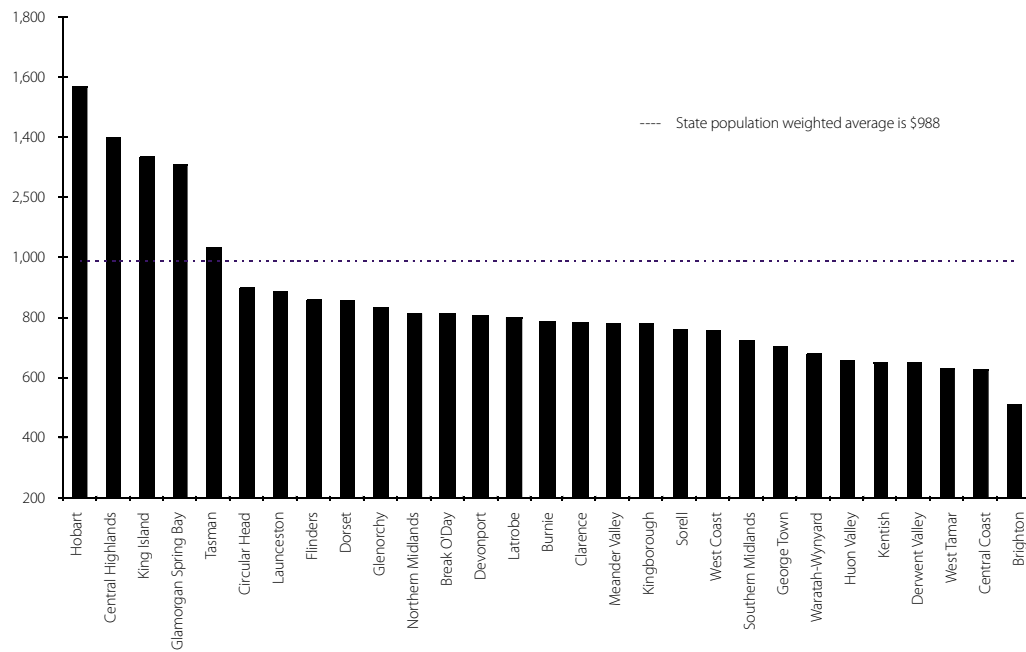
APPENDIX 15

SPECIFIC PURPOSE PAYMENT (PER CAPITA) IN THE 2007-08 ASSESSMENTS



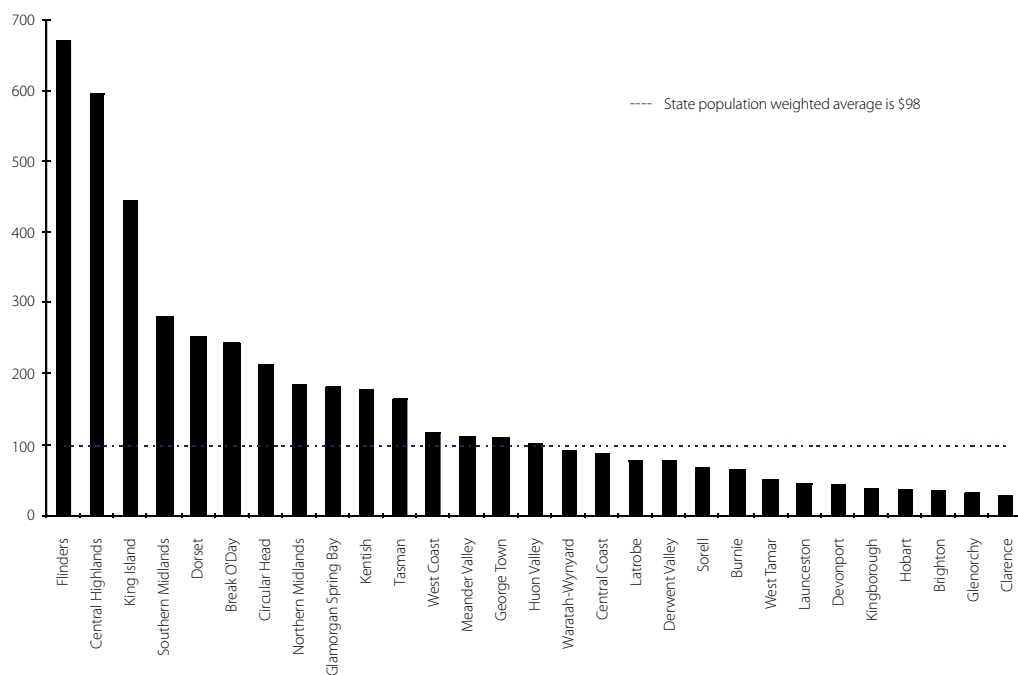
APPENDIX 16

SHARE OF BASE GRANT POOL BY POPULATION 1994-95, 2004-05 AND 2007-08



APPENDIX 17

SHARE OF ILRF POOL BY POPULATION 1994-95, 2004-05, 2007-08



APPENDIX 18

REPRESENTATION AT COMMISSION HEARINGS AND VISITS IN 2007

Round 1 –Southern Councils

Monday 5 March 2007

Clarence Council (Visit)

In attendance: Mr Andrew Paul (General Manager)
Mr Frank Barta (Corporate Treasurer)

Derwent Valley Council (Visit)

In attendance: Cr Scott Shaw
Mr Stephen Mackey (General Manager)
Mr John McCrossin (Deputy General Manager)
Mr John Bradley (Accountant)
Mr Barry Hardy (Works Manager)

Tuesday 6 March 2007

Brighton Council (Hearing)

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

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)

Round 2 – North West Councils

Tuesday 20 March 2007

Central Coast Council (Hearing)

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

Burnie City Council (Hearing)

In attendance: Mr Paul Arnold (General Manager)
Mr Andrew Beswick (Corporate Secretary)

Wednesday 21 March 2007

Waratah Wynyard Council (Hearing)

In attendance: Cr Kevin Hyland (Mayor)
Mr Paul West (General Manager)

King Island Council (Visit)

In attendance: Cr Charles Arnold (Mayor)
Mr Andrew Wardlaw (General Manager)
Mr Chris Barratt (A/Director Corporate Services)

Thursday 22 March 2007

Devonport City Council (Hearing)

In attendance: Mr Ian McCallum (General Manager)
Mr Noel Hammond (Manager Engineering Services)
Mr Graeme Gillam (Manager Corporate Services)

Latrobe Council (Hearing)

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

Kentish Council (Visit)

In attendance: Cr Ian Braid (Mayor)
Mr Mark Crouch (General Manager)
Mr Tony Bickford (Manager Corporate Services)

Round 2 – Northern Councils

Tuesday 3 April 2007

George Town Council (Hearing)

In attendance: Mr Steven Brown (Manager Engineering Services)
Mr Kim Barker (Manager Corporate Services)

Launceston City Council (Hearing)

In attendance: Cr Ivan Dean (Mayor)
Mr Frank Dixon (General Manager)
Mr Michael Tidey (Manager Corporate Services)

Dorset Council (Hearing)

In attendance: Cr Peter Partridge (Mayor)
Mr John Martin (General Manager)
Mr Guy Jetson (Corporate Services Manager)

Meander Valley Council (Hearing)

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

Central Highlands Council (Hearing)

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

Wednesday 4 April 2007

Northern Midlands Council (Hearing)

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

Break O'Day Council (Hearing)

In attendance: Cr Robert Legge (Mayor)
Mr Brian Inches (General Manager)
Mr Adam Wilson (Manager Corporate Services)

The following Councils did not attend a hearing in 2007:

Circular Head Council	Kingborough Council
Flinders Council	Sorell Council
Glamorgan Spring Bay Council	Tasman Council
Glenorchy City Council	West Coast Council
Hobart City Council	West Tamar Council

