

state grants commission
annual report for 08-09

CONTENTS



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The Hon. Michael Aird MLC

TREASURER

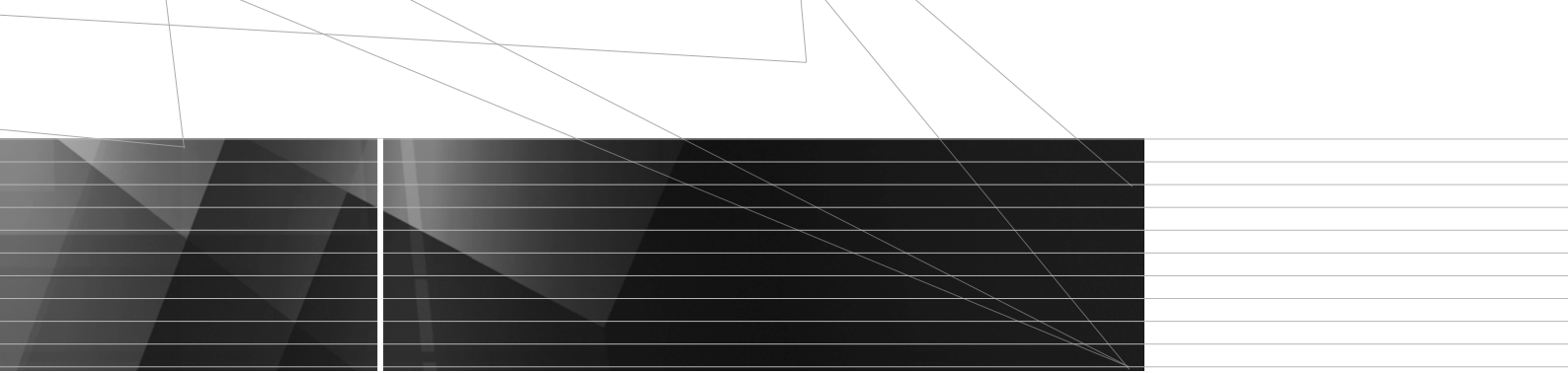
Dear Treasurer

In accordance with Section 9(3) of the *State Grants Commission Act 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 2008-09 financial year.

Yours sincerely



R C Close
CHAIRMAN



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1 - INTRODUCTION

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

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

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

In October 2007, the term of appointment of Mr Glenn Appleyard expired after six years of very valuable service to the Commission. Mr Peter Williams was appointed as the nominee of the Secretary of the Department of Treasury and Finance for a three year term commencing on 25 October 2007.

The current members of the Commission are:

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

2 - LEGISLATION GOVERNING THE GRANTS

The Commonwealth *Local Government (Financial Assistance) Act 1995* 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 for a set of national principles governing the distribution of grants, which were 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 requires that 30 per cent of the State's base grant entitlement is distributed among Tasmania's local governing bodies on an equal per capita basis.

The other principles include the need for effort neutrality in the assessments, inclusion of other grant support and recognition of the needs of Aboriginal and Torres Strait Islanders. An additional principle relating to the treatment of amalgamating municipalities was included as from 1 July 2006. 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, therefore do not need to be spent on roads.

The Commonwealth Act provides for the national base grant pool 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 than 30 June 2001. The Commonwealth Grants Commission was appointed to conduct the review and its final report was publicly released on 4 July 2001. Further details regarding this review can be found in section 4 of this report.

3 - LEVEL OF ASSISTANCE FOR 2008-09

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 2008-09

	National pool of funds	Tasmanian grant entitlement	Proportion of national pool	Increase on 2007-08 actual entitlement. *
	\$	\$	%	%
Base grant	1 296 364 811	30 347 259	2.3	4.2
Road grant	575 235 217	30 483 401	5.3	5.0
Total grant	1 871 600 028	60 830 660	3.3	4.6

** This column shows the 2008-09 year estimated entitlement compared to the 2007-08 actual entitlement*

Since the reforms to 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 2008-09 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 0.8 per cent over the year to 31 December 2007, compared to an Australian growth rate of 1.6 per cent.

The Commonwealth has determined that there will be a positive adjustment of \$645 019 to the 2007-08 estimated grant entitlement of \$57 524 741, as the estimate of inflation and population growth used to determine last year's pool was lower than the actual level of 5.71 per cent. Therefore, the "actual" 2007-08 grant entitlement for Tasmania has been calculated by the Commonwealth as \$58 169 760 (which is \$57 524 741 plus \$645 019). Details of the components of Financial Assistance Grants (FAGs) payments for 2007-08 are provided in Appendix 1.

This adjustment will be added to the 2008-09 quarterly payments, based on the distribution of the 2007-08 grants. This will mean that the funds paid to councils in 2008-09 will be the estimated 2008-09 entitlement of \$60 830 660 plus the adjustment to the 2007-08 grants of \$645 019, which is a total of \$61 475 679.

4 - REFORMS TO THE DISTRIBUTION MODELS

BASE GRANT MODEL

The State Grants Commission introduced a revised equalisation methodology to the Base Grant Model (BGM) for the 2005-06 distribution of general-purpose grants. This revised methodology was phased into the BGM over a four year period. 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 revised BGM has been fully phased-in for the 2008-09 distribution. The relative needs requirement for councils, which comprises 70 per cent of the total base grant available, is based solely on the BGM. The remaining 30 per cent of the base grant is distributed on a per capita basis.

ROADS PRESERVATION MODEL

The Commission introduced a revised asset preservation model for the 2006-07 Identified Local Road Funds (ILRF) distribution, known as the Roads Preservation Model (RPM). The RPM was phased-in over a three year period. Therefore, for the 2008-09 ILRF distribution, the RPM is fully phased-in.

TRIENNIAL REVIEW PERIOD

In accordance with the Commission's triennial review of methodology, both the BGM and the RPM will be reviewed over the next 12 months, with the view to incorporating any required methodological change on and from the 2009-10 recommendations. See section 8 of this report for a summary of the issues for future assessments.

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 arranged and conducted a series of regional hearings which councils, the public and media were free to attend.

The dates of the hearings were:

Burnie and Devonport	8 April 2008 – for north-western councils;
Launceston	9 April 2008 – for northern councils; and
Hobart	17-18 April 2008 – for southern councils.

In conjunction with council hearings, the Commission considered written submissions from 8 councils. Attendance by councillors and council staff at the 2008 hearings is shown at Appendix 18 of this report.

The Commission issued one discussion paper to councils prior to the 2008 council hearings:

DP08-01 Change of Basis for Standardised Revenue Calculation from Gross to Net AAV.

Discussion paper DP08-01 outlined the proposal to alter the method of calculating standardised revenue by changing from Gross AAV to a Net AAV calculation. Since the introduction of *The Valuation of Land Act 2001*, the Valuer-General has been required to provide current valuations net of tax elements associated with the goods and services tax (GST) and land tax.

As councils had already indicated in-principle support for the proposal during the 2007 Hearings and Visits, the Commission wished to provide councils with more comprehensive modelling to show the effect this change would have on grant outcomes. Therefore, grant outcomes were provided based on the 2007-08 distribution and calculated using both gross and net AAV data.

The majority view following the 2008 council hearings was that the proposal to change the Commission revenue calculation to Net AAV data should be adopted.



Other issues raised by the Commission

In addition to consideration of councils' views in relation to the discussion paper, the Commission raised a number of issues relating to its methodology for brief consultation with councils at the hearings:

- Due to the Water and Sewerage Reform process underway in Tasmania, the Commission raised the issue of how the final structure of the reforms would impact the distribution of the relative needs component of the Base Grant. There are various issues that will impact a council's standardised deficit, which will in turn impact shares of statewide relative needs. With a shift in the distribution of statewide relative needs comes a re-distribution of grant entitlements between all non-minimum grant councils.
- The Department of Infrastructure, Energy and Resources released a new Freight Demander Survey which contained updated data on the incidence of heavy vehicle traffic on local roads. Survey outcomes pointed to significant changes from the previous survey, which contributed to shifts in ILRF entitlements.

Issues raised by councils

- Launceston City Council raised the issue of growth in neighbouring municipalities, and the fact that as a result of this, the council has had to accept greater responsibility for regional services in the north. The Commission considered the argument put forward by Launceston, and decided to increase its Regional Responsibility cost adjustor from 1.25 to 1.40 for application in the 2008-09 distribution.
- The Commission reviewed and upheld the level of allowance for the provision of GP services by some councils. However, the Commission did increase the allowance for Huon Valley as it now supports two GP practices.

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

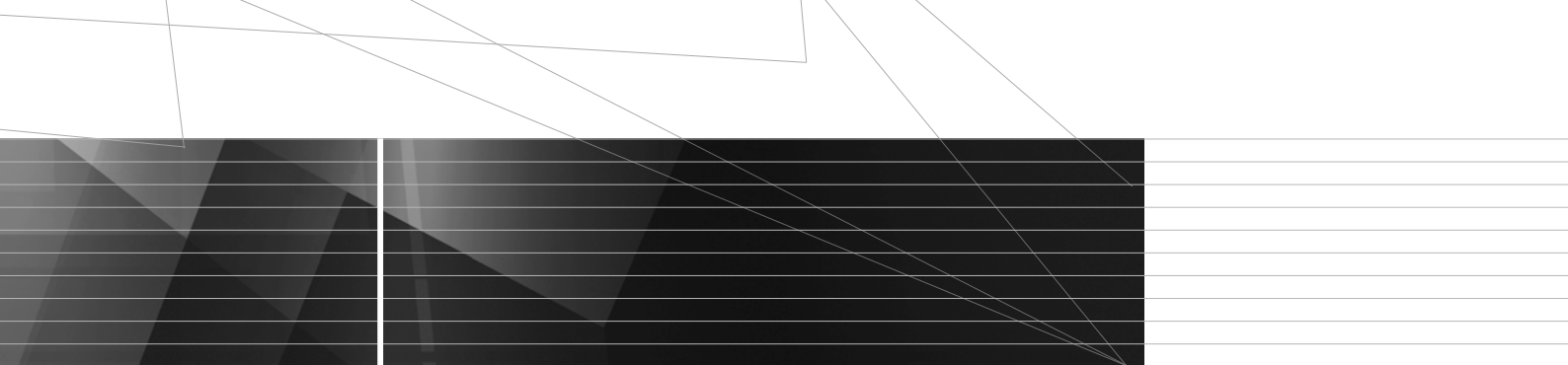
Other relevant grant support provided to local governing bodies to meet any of the expenditure needs assessed should be taken into account using an inclusion approach.

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.

6. Council Amalgamation

Where two or more local governing bodies are amalgamated into a single body, the general purpose grant provided to the new body for each of the four years following amalgamation should be the total of the amounts that would have been provided to the former bodies in each of those years if they had remained separate entities.



The base grant is distributed on the basis of a “two pool” approach. This method firstly allocates the per capita grant on the basis of council population shares, and distributes the remainder as part 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, so these councils receive 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’, this 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
- Other Grant Support payments (OGS) that have not been deducted from expenditures in the process of calculating standardised expenditure.

OGS payments or Specific Purpose Payments (SPPs) are treated by either the ‘inclusion’ or ‘deduction’ approach.

Inclusion Approach - recognises funds received by councils as contributing to normal expenditure for the purpose of calculating expenditure standards. These funds are treated as a source of revenue and are applied to reduce a municipality’s standardised deficit.

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
- the grants 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 grants 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 the negative standardised deficits from the total relative needs requirement, the available funds are insufficient to cover all of the assessed standardised deficits (currently 38 per cent).

A detailed explanation of the calculation of standardised revenue and expenditure is provided below. It should be noted that despite the sophistication of the Commission’s methodology, there is always a need for the Commission to exercise broad judgement as it considers the various issues which arise each year.

Calculation of standardised revenue

The standardised revenue for each council 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 also 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 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 ‘gross’ adjustment factors to the Commission each year until all councils have been revalued according to the new definition.

The total revenue from all sources, as determined by the Commission, 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 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 5 and 6, respectively.

Calculation of standardised expenditure (non-roads expenditure)

In general, the Commission works on the principle that the cost of providing council services varies in proportion to the number of residents. Therefore, to determine standard expenditures “required” to provide services, the Commission multiplies state average expenditures per person by the number of residents in each municipality.

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

This method of estimating standardised expenditure is applied to all expenditure categories except the road category. The method of estimating standardised roads expenditures is described in the ILRF section of this chapter.

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

TABLE 2: 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 faced by councils in providing services. A range of cost adjustors have been developed to account for differences between councils in the demand for a service, as well as variations in 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. The State average is calculated and any council's that demonstrate the average level of advantage/disadvantage for each expenditure category are assigned a cost adjustor of 1.00. Cost adjustors are always less than 1.00 if the council is assessed to enjoy a cost advantage and greater than 1.00 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 3: Base Grant Model: Allocation of Cost Adjustors to Expenditure Standards.

Expenditure Category	Cost Adjustors	
General administration	Absentee population Isolation	Population decline Scale-administration
Education, health, housing & welfare	Population decline	Unemployment
Law, order & public safety	Dispersion Population decline	Daytripper tourism Unemployment
Planning & community amenities	Absentee population Climate Dispersion Isolation	Population decline Scale-other Daytripper tourism Worker influx
Waste management & environment	Absentee population Climate Dispersion	Population decline 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. Full details of calculations made in the determination of each cost adjustor are contained within the equalisation model itself, a condensed version of which can be provided to councils on request.

(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 1.00 are applied only for those centres recording greater than 1000 mm of 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 additional costs arise through the need to service a scattered population and also greater travelling and communication costs would be incurred 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 is 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, travel 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. Councils, therefore, face proportionally higher expenditure burdens per capita, mainly due to fixed costs that do not reduce in line with declining population.

The cost adjustors for population decline for each council are determined by comparing the average annual rate of population decline 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 certain services not only for its own residents but also for the residents of surrounding municipalities. This cost adjustor is only applied to expenditure relating to recreation and culture. 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 providing a service is greater for councils with a small population than for those councils with larger populations. 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.

Different expenditure categories show varying degrees of diseconomy, so two scale cost adjustors have been developed – “scale administration” (applied to general administration expenditure only), and “scale other” (applied to some non-general administration expenditure). The application of these cost adjustors to the expenditure categories is detailed in Table 3.

(ix) *Daytripper tourism*

The Commission recognises that councils generally incur additional costs as a result of tourism through increased use of council resources and infrastructure. In particular, day-trippers from one part of Tasmania to another are recognised as causing an increase in council costs. Data on the number of day-trippers visiting each municipality are sourced from Tourism Research Australia and form the basis 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 that 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 2008-09, expenditure allowances totalling \$210 000 were allocated to councils, representing less than 0.04 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 2008-09, expenditure allowances were included in councils' expenditure requirements, as follows:

TABLE 4: 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 (x2) Tasman (x1)
Provision of Airport Services	\$35 000 per airport	Flinders King Island

An allowance to Flinders for providing particular services to Cape Barren Island has been discontinued for the 2008-09 distribution due to a recent initiative by the State Government, which has altered the land ownership and tenure status of the Island.

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 RPM to the total of all councils' actual roads expenditures.

Identified Local Road Fund (ILRF) 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, and to ensure that the grant distribution reflects the mix of road and bridge assets maintained by councils, ILRF grants are distributed in the following manner:

Road preservation component - 90% of funds

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

Bridge expenditure component - 10% of funds

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

Determination of the Roads Preservation Component

The 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 5 below:

TABLE 5: 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 to each council's reported road lengths provides a measure of unadjusted cost for each road type. Cost adjustors are then applied to provide a measure of costs adjusted to account for 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 specific amounts of rainfall for each road class.

Road lengths within the rainfall bands are weighted by cost factors to provide an overall rainfall cost adjustor for each road type. The rainfall thresholds and the cost factors were recommended by the Institute of Public Works Engineering Australia (IPWEA) and are shown in the table below.

TABLE 6: 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 6 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 various terrains on which council 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 specific terrain gradients. These terrain bands were recommended by the IPWEA group.

Road lengths within these terrain bands are weighted by cost factors to provide an overall terrain cost adjustor for each road type. Table 7 below details these cost factors.

TABLE 7: 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 roads constructed on steep terrain, flat rural sealed roads and all unsealed roads in flat 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 on council road networks.

The cost adjustor is calculated from data provided by the Freight Demanders Survey (FDS) undertaken by the Department of Infrastructure, Energy and Resources (DIER). The FDS is a survey of the largest 120 freight demanders in Tasmania. The survey collects origin and destination information as well as tonnage data for the freight movements.

The FDS also utilises the Geographic Information System operated by the Department of Primary Industries and Water. This enables the categorising of each identified route into the four road classes, and therefore enables the extraction of tonnage and kilometre data within each road class.

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 8 below.

TABLE 8: 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

Remoteness cost adjustor.

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 between a central point in each council's road network and one of the four major population centres of Burnie, Devonport, Launceston or Hobart, whichever is closest, where the largest suppliers are located. The 'non-land' component 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 9 below.

TABLE 9: 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, which represent the relative position of councils, are re-ranged to confer a 20 per cent maximum and zero per cent minimum cost adjustment in relation to remoteness.

7 - OUTCOMES OF THE 2008-09 ASSESSMENTS

Total entitlements (Base + ILRF)

For 2008-09, the increase in the estimated total FAGs pool (base grant plus ILRF) over actual FAGs payments made in respect of 2007-08 was 4.6 per cent. Actual payments for 2007-08 include adjustments determined retrospectively by the Commonwealth, which are described in Section 3.

The increase in the estimated FAGs pool for 2008-09 was 5.7 per cent over the estimated FAGs pool for 2007-08, before adjustments. On this basis, a majority of councils received grant increases for 2008-09. Increases in total grant entitlements range from 0.1 per cent (Break O'Day) to 12.6 per cent (Kentish). However, total grants declined between 0.3 per cent and 3.8 per cent for Central Highlands, Devonport, Kingborough and Tasman.

Base grant

For 2008-09, the increase in the estimated base grant pool over the estimated 2007-08 pool was 5.4 per cent. The largest increase in base grant entitlements was for Southern Midlands (20.4 per cent). Declines in base grant entitlements were experienced by Clarence, Glamorgan Spring Bay, and Kingborough (10.0 per cent), Devonport (9.3 per cent), Launceston (9.2 per cent), Tasman (6.1 per cent), Flinders (5.0 per cent), Central Highlands (4.2 per cent), King Island (2.5 per cent), Break O'Day (1.5 per cent) and Burnie (1.2 per cent).

The changes in base grant entitlements partially reflect the final phase-in of a revised Base Grant Model, which was introduced in 2005-06. Further information regarding the phase-in can be found in section 4 of this report.

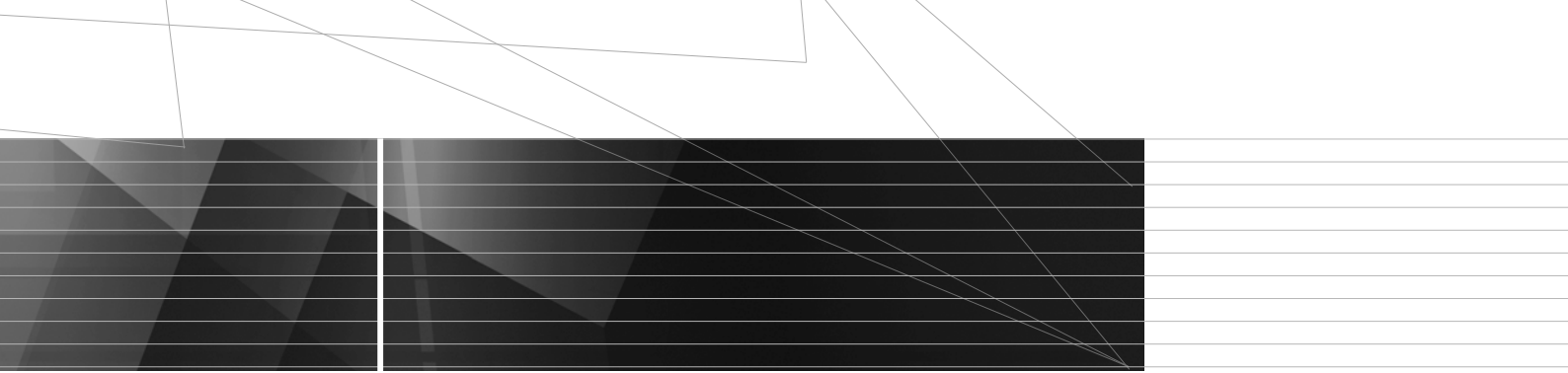
Another factor contributing to the declines in base grants is the increase in property valuations over recent years that has caused higher than average increases in revenue raising capacity, as assessed in the Base Grant Model.

The reductions in base grant for Clarence, Glamorgan Spring Bay, and Kingborough were limited to 10 per cent through the retention of a 'collar' on base grants such that no council received a reduction in base grant of more than 10 per cent in 2008-09. The current collar was first implemented for the 2007-08 distribution 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 2008-09 base grants principally assists Glamorgan-Spring Bay with Clarence and Kingborough being assisted to a lesser extent. Devonport was assisted by the collar in 2007-08, but requires no assistance from the collar in 2008-09.

Identified Local Road Fund (ILRF) Grant

For 2008-09, the overall increase in estimated ILRF entitlements over estimated 2007-08 entitlements was 6.1 per cent across all councils. The largest increases in ILRF allocations were for Latrobe (17.1 per cent), Glamorgan Spring Bay (16.3 per cent), Clarence (13.5 per cent) and Central Coast (13.2 per cent). Declines in ILRF allocations were experienced by Southern Midlands (6.1 per cent), Huon Valley (2.3 per cent), Tasman (1.2 per cent) and Circular Head (0.1 per cent).



The changes to ILRF entitlements between 2007-08 and 2008-09 reflect both the full phasing of the Roads Preservation Model and the incorporation of an updated Freight Demander Survey (FDS) supplied by the Department of Infrastructure, Energy and Resources. The previous FDS utilised by the Commission was collected in 2002-03, while the updated survey was collected in 2005-06. The differences between the surveys reflect changes in freight movements that occurred during the intervening three year period.

8 - ISSUES FOR FUTURE ASSESSMENTS

As was reported in the 2007-08 Annual Report, the Commission commenced a review of water and sewerage assessments in the base grant equalisation model in 2003. However, following consultation with councils at the 2007 hearings and visits, and the prospect of significant changes in ownership structure and responsibility, the Commission's review was put on hold pending the outcome of the State Government's Water and Sewerage Task Force review.

The Commission considers that a review is required as the Tasmanian Government has now legislated to remove the responsibility for the provision of water and sewerage services from local government with effect from 1 July 2009. With the removal of this responsibility, a number of factors, which currently feed into the model, will either change or be eliminated. The Commission will be consulting with councils during 2008-09 on the effect this legislative change will have on grant outcomes.

Also as previously raised with councils, the Commission will be calculating the revenue raising capacity of councils based on an assessed annual value (AAV) provided by the Valuer-General under The Valuation of Land Act 2001. Given that all councils will have been valued under the new Act from 1 July 2008, the Commission will assess all councils based on AAV data excluding tax elements associated with the Goods and Services Tax (GST) and land tax for the 2009-10 distribution.

The Commission aims to commence a review into the application of certain Base Grant Model cost adjustors, and will consult with councils further on this issue in 2008-09.

A review will also be conducted over the coming months in relation to the Roads Preservation Model (RPM). The Commission will be investigating the general applicability of the RPM cost adjustors, the performance standards and the basis of the 90/10 split between roads and bridges in the distribution of the ILRF grant.

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 these funds 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. However, following consultation with councils at the 2007 hearings and visits, the Commission altered the method of distributing NRTC funds for the 2007-08 distribution by calculating the distribution based wholly on heavy vehicle road usage. This change was considered necessary as the previous method did not recognise the different practices of local governments in relation to the leasing of heavy vehicles, or the outsourcing of heavy vehicle work.

The allocation method for the 2008-09 Distribution

The Commission's distribution for 2008-09 will be based solely on heavy vehicle road usage utilising data from the Freight Demanders Survey (FDS) which is conducted by the Department of Infrastructure, Energy and Resources (DIER). The FDS 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 distribution for 2008-09 can be found in Table 10.

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

TABLE 10: 2008-09 NRTC Distribution

	Tonne-Kilometres ⁽¹⁾	Share of State Total	2008-09 Distribution
			\$
Break O'Day	10 978 807	5.0%	75 373
Brighton	410 537	0.2%	2 818
Burnie	7 240 019	3.3%	49 705
Central Coast	13 187 138	6.0%	90 534
Central Highlands	8 640 343	4.0%	59 319
Circular Head	24 391 204	11.2%	167 452
Clarence	2 534 990	1.2%	17 403
Derwent Valley	5 114 715	2.3%	35 114
Devonport	7 073 345	3.2%	48 561
Dorset	24 865 863	11.4%	170 710
Flinders	708 747	0.0%	0
George Town	4 077 769	1.9%	27 995
Glamorgan-Spring Bay	2 900 788	1.3%	19 915
Glenorchy	4 048 064	1.9%	27 791
Hobart	10 179 273	4.7%	69 884
Huon Valley	4 135 658	1.9%	28 393
Kentish	8 452 580	3.9%	58 029
King Island	1 776 683	0.0%	0
Kingborough	1 696 142	0.8%	11 645
Latrobe	3 505 199	1.6%	24 064
Launceston	29 193 386	13.4%	200 420
Meander Valley	10 896 490	5.0%	74 808
Northern Midlands	16 057 725	7.3%	110 241
Sorell	3 216 721	1.5%	22 084
Southern Midlands	2 754 375	1.3%	18 910
Tasman	1 322 109	0.6%	9 077
Waratah-Wynyard	6 183 389	2.8%	42 451
West Coast	667 993	0.3%	4 586
West Tamar	4 765 642	2.2%	32 718
Total	220 975 696	100.0%	1 500 000

⁽¹⁾ Source: 2006-07 Freight Demander Survey

10. GENERAL OBSERVATIONS

Application of Grants

As in the past, the grants for 2008-09 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 New South Wales Local Government Grants Commission hosted the Annual Conference of Local Government Grants Commissions (LGGC) in Wollongong, from 30 October to 1 November 2007. 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 Bruce Helman – NSW Department of Lands “The NSW Valuation System”;
- Mr Dermot Doherty – Commonwealth Grants Commission “The 2010 Review”; and
- Mr Alec Bamber – Australian Bureau of Statistics “Reforming Australia’s Statistical Geography”.

The conference was opened by Mr Ross Woodward, Deputy Director General of the New South Wales Department of Local Government.

11. RECOMMENDATIONS

In accordance with Section 3(2) of the State Grants Commission Act 1976, the Commission proposed the payment of grants as indicated in Table 12. The Commission’s recommendations of financial assistance for councils for 2008-09 were conveyed to the Treasurer on 23 July 2008, and his acceptance thereof was advised to the Chairman by a letter dated 4 August 2008.

TABLE 11: Recommended Financial Assistance Grants for 2008-09

	Base Grant Components					
	Per Capita (30%)	Relative Needs (70%)	Total Base Grant	Per Capita Total Base Grant	Identified Local Roads Component	Total Grant
	\$	\$	\$	\$	\$	\$
Break O'Day	115 043	1 022 855	1 137 898	182.53	1 211 585	2 349 483
Brighton	272 955	880 480	1 153 435	77.98	414 996	1 568 431
Burnie	363 399	548 179	911 578	46.29	997 837	1 909 414
Central Coast	392 206	1 571 509	1 963 714	92.40	1 605 915	3 569 629
Central Highlands	42 721	574 430	617 152	266.59	1 019 128	1 636 280
Circular Head	151 841	1 041 047	1 192 888	144.98	1 360 544	2 553 432
Clarence	944 353	42 631	986 984	19.29	1 252 816	2 239 800
Derwent Valley	180 297	777 396	957 693	98.02	589 533	1 547 226
Devonport	460 633	101 489	562 122	22.52	886 307	1 448 429
Dorset	133 700	1 133 037	1 266 737	174.84	1 449 012	2 715 749
Flinders	16 184	469 783	485 967	554.12	518 586	1 004 554
George Town	124 381	797 468	921 849	136.77	645 332	1 567 181
Glamorgan Spring Bay	80 884	312 622	393 506	89.78	782 046	1 175 552
Glenorchy	816 595	0	816 595	18.45	1 198 193	2 014 788
Hobart	917 539	0	917 539	18.45	1 503 807	2 421 346
Huon Valley	269 947	1 512 430	1 782 377	121.85	1 121 959	2 904 336
Kentish	111 684	1 046 164	1 157 848	191.32	884 988	2 042 836
King Island	31 796	417 564	449 361	260.80	600 047	1 049 407
Kingborough	594 740	86 983	681 723	21.15	1 035 906	1 717 629
Latrobe	167 397	481 889	649 287	71.58	626 329	1 275 616
Launceston	1 198 245	0	1 198 245	18.45	2 364 211	3 562 456
Meander Valley	352 917	1 316 216	1 669 132	87.28	1 772 959	3 442 092
Northern Midlands	230 344	1 200 758	1 431 103	114.65	1 912 523	3 343 626
Sorell	229 348	628 471	857 819	69.02	756 907	1 614 726
Southern Midlands	108 344	1 267 691	1 376 035	234.38	1 179 230	2 555 265
Tasman	42 463	302 762	345 225	150.03	311 658	656 883
Waratah/Wynyard	256 309	1 356 764	1 613 074	116.14	1 057 402	2 670 475
West Coast	95 002	1 007 121	1 102 123	214.09	486 344	1 588 467
West Tamar	402 909	1 345 341	1 748 250	80.07	937 302	2 685 552
Total	9 104 178	21 243 081	30 347 259	61.51	30 483 401	60 830 660

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 2008 and statistical tables relating to local government activities in Tasmania, which are presented for the benefit of interested persons reading this Report.

The Commission has been assisted in its work by many individuals and organisations during 2007-08. The Commission wishes to express its appreciation to all those who contributed to its work, and especially would like to thank all Tasmanian local governing bodies for their cooperation and assistance.

In June 2008, Mr Jeremy Threlfall resigned as Secretary to the Commission to take up an employment opportunity interstate. The Commission wishes to record its appreciation of his hard work and dedication during his tenure as Secretary.

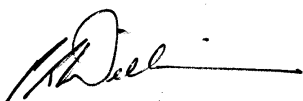
The Commission is also appreciative of the continued support given by the Secretary of the Department of Treasury and Finance, Mr DW Challen, and the staff of the Economic and Financial Policy Division.



R C Close
CHAIRMAN



B A Southorn
MEMBER



P R Williams
MEMBER



G H K Denny
MEMBER



Rod Malcomson
SECRETARY
October 2008

APPENDIX 1

TOTAL GRANTS PROVIDED IN 2007-08

Council	Base Grant Components						Total Grant Provided 2007-08*
	Per Capita (30%)	Relative Needs (70%)	Total Base Grant 2007-08	Road Grant 2007-08	Base Grant adjustment	Road Grant adjustment	
	\$	\$	\$	\$	\$	\$	\$
Break O'Day	111 938	1 042 900	1 154 839	1 192 329	+ 13 085	+ 13 229	2 373 482
Brighton	247 894	847 602	1 095 496	377 256	+ 12 412	+ 4 186	1 489 350
Burnie	341 700	580 746	922 446	916 657	+ 10 452	+ 10 170	1 859 725
Central Coast	375 349	1 477 879	1 853 227	1 418 448	+ 21 000	+ 15 738	3 308 413
Central Highlands	40 594	603 591	644 185	1 011 589	+ 7 299	+ 11 224	1 674 297
Circular Head	142 282	1 025 766	1 168 049	1 362 517	+ 13 234	+ 15 117	2 558 917
Clarence	902 576	194 073	1 096 649	1 103 592	+ 12 425	+ 12 245	2 224 911
Derwent Valley	171 212	681 429	852 641	579 839	+ 9 661	+ 6 433	1 448 574
Devonport	443 971	175 623	619 594	833 691	+ 7 020	+ 9 250	1 469 555
Dorset	124 504	1 031 884	1 156 387	1 403 086	+ 13 102	+ 15 567	2 588 142
Flinders	15 534	496 037	511 571	490 479	+ 5 796	+ 5 442	1 013 288
George Town	118 318	743 434	861 752	579 172	+ 9 764	+ 6 426	1 457 114
Glamorgan Spring Bay	76 982	360 247	437 229	672 294	+ 4 954	+ 7 459	1 121 936
Glenorchy	793 500	1 658	795 158	1 098 663	+ 9 009	+ 12 190	1 915 020
Hobart	862 565	0	862 565	1 401 048	+ 9 773	+ 15 545	2 288 931
Huon Valley	260 653	1 280 767	1 541 420	1 148 690	+ 17 465	+ 12 745	2 720 320
Kentish	104 056	880 522	984 579	829 704	+ 11 156	+ 9 206	1 834 645
King Island	27 923	432 910	460 833	573 951	+ 5 221	+ 6 368	1 046 373
Kingborough	566 531	190 939	757 470	979 745	+ 8 582	+ 10 870	1 756 667
Latrobe	160 520	441 771	602 292	534 789	+ 6 824	+ 5 934	1 149 839
Launceston	1 149 621	170 131	1 319 753	2 201 872	+ 14 953	+ 24 431	3 561 009
Meander Valley	331 096	1 158 021	1 489 118	1 637 602	+ 16 872	+ 18 169	3 161 761
Northern Midlands	217 603	1 155 478	1 373 081	1 759 851	+ 15 557	+ 19 526	3 168 015
Sorell	207 795	528 718	736 512	710 077	+ 8 345	+ 7 878	1 462 812
Southern Midlands	101 034	1 042 292	1 143 327	1 256 088	+ 12 954	+ 13 936	2 426 305
Tasman	39 887	327 640	367 527	315 569	+ 4 164	+ 3 501	690 761
Waratah-Wynyard	238 209	1 143 499	1 381 708	1 001 208	+ 15 655	+ 11 109	2 409 680
West Coast	87 002	905 387	992 389	479 759	+ 11 244	+ 5 323	1 488 715
West Tamar	380 138	1 241 367	1 621 505	851 874	+ 18 372	+ 9 452	2 501 203
Total	8 640 991	20 162 311	28 803 302	28 721 439	+ 326 350	+ 318 669	58 169 760

*The final grant entitlement for 2007-08 was \$58 169 760 based on actual inflation and population figures for the year, whereas the entitlement was estimated to be \$57 524 741. Consequently, the amounts shown in the adjustment columns should be added to 2007-08 estimates to reflect 'actual' final grant entitlements. The total underpayment of \$645 019 is to be paid in equal quarterly instalments over the 2008-09 financial year as specified in the Commonwealth Local Government (Financial Assistance) Act 1995.

APPENDIX 2

BASE GRANT, ILRF AND TOTAL POOL SHARES

	Shares of Base Grant			Shares of ILRF Grant			Shares of Total FAGs		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Break O'Day	3.9	4.0	3.7	4.3	4.2	4.0	4.1	4.1	3.9
Brighton	3.7	3.8	3.8	1.3	1.3	1.4	2.5	2.6	2.6
Burnie	3.4	3.2	3.0	3.1	3.2	3.3	3.3	3.2	3.1
Central Coast	6.2	6.4	6.5	4.8	4.9	5.3	5.5	5.7	5.9
Central Highlands	2.4	2.2	2.0	3.6	3.5	3.3	3.0	2.9	2.7
Circular Head	3.9	4.1	3.9	4.7	4.7	4.5	4.3	4.4	4.2
Clarence	4.4	3.8	3.3	3.6	3.8	4.1	4.0	3.8	3.7
Derwent Valley	2.9	3.0	3.2	2.1	2.0	1.9	2.5	2.5	2.5
Devonport	2.5	2.2	1.9	2.8	2.9	2.9	2.6	2.5	2.4
Dorset	3.8	4.0	4.2	5.0	4.9	4.8	4.4	4.4	4.5
Flinders	1.8	1.8	1.6	1.7	1.7	1.7	1.8	1.7	1.7
George Town	2.9	3.0	3.0	1.9	2.0	2.1	2.4	2.5	2.6
Glamorgan Spring Bay	1.7	1.5	1.3	2.1	2.3	2.6	1.9	1.9	1.9
Glenorchy	2.8	2.8	2.7	3.6	3.8	3.9	3.2	3.3	3.3
Hobart	3.0	3.0	3.0	4.8	4.9	4.9	3.9	3.9	4.0
Huon Valley	4.8	5.4	5.9	4.3	4.0	3.7	4.6	4.7	4.8
Kentish	3.2	3.4	3.8	3.1	2.9	2.9	3.2	3.2	3.4
King Island	1.7	1.6	1.5	2.0	2.0	2.0	1.8	1.8	1.7
Kingborough	3.0	2.6	2.2	3.5	3.4	3.4	3.2	3.0	2.8
Latrobe	2.1	2.1	2.1	1.8	1.9	2.1	1.9	2.0	2.1
Launceston	5.2	4.6	3.9	7.5	7.7	7.8	6.4	6.1	5.9
Meander Valley	5.0	5.2	5.5	5.6	5.7	5.8	5.3	5.4	5.7
Northern Midlands	4.8	4.8	4.7	6.2	6.1	6.3	5.5	5.4	5.5
Sorell	2.6	2.6	2.8	2.3	2.5	2.5	2.5	2.5	2.7
Southern Midlands	3.6	4.0	4.5	4.9	4.4	3.9	4.2	4.2	4.2
Tasman	1.3	1.3	1.1	1.2	1.1	1.0	1.2	1.2	1.1
Waratah-Wynyard	4.5	4.8	5.3	3.6	3.5	3.5	4.0	4.1	4.4
West Coast	3.4	3.4	3.6	1.7	1.7	1.6	2.6	2.6	2.6
West Tamar	5.4	5.6	5.8	2.8	3.0	3.1	4.1	4.3	4.4

APPENDIX 3

POPULATION OF LOCAL GOVERNMENT AREAS

Council	Estimated Residential Population at 30 June			
	2004	2005	2006	2007
Break O'Day	6 036	6 194	6 334	6 234
Brighton	13 436	13 819	14 027	14 791
Burnie	19 139	19 217	19 335	19 692
Central Coast	21 079	20 914	21 239	21 253
Central Highlands	2 295	2 337	2 297	2 315
Circular Head	8 105	8 099	8 051	8 228
Clarence	50 257	50 599	51 072	51 173
Derwent Valley	9 327	9 517	9 688	9 770
Devonport	24 979	25 266	25 122	24 961
Dorset	7 131	7 120	7 045	7 245
Flinders	877	897	879	877
George Town	6 747	6 679	6 695	6 740
Glamorgan Spring Bay	4 185	4 296	4 356	4 383
Glenorchy	44 925	44 615	44 900	44 250
Hobart	48 533	48 794	48 808	49 720
Huon Valley	14 347	14 567	14 749	14 628
Kentish	5 676	5 784	5 888	6 052
King Island	1 632	1 570	1 580	1 723
Kingborough	30 961	31 530	32 057	32 228
Latrobe	8 710	8 769	9 083	9 071
Launceston	64 057	65 021	65 051	64 931
Meander Valley	18 611	18 621	18 735	19 124
Northern Midlands	12 125	12 167	12 313	12 482
Sorell	11 304	11 454	11 758	12 428
Southern Midlands	5 760	5 736	5 717	5 871
Tasman	2 222	2 180	2 257	2 301
Waratah-Wynyard	13 486	13 318	13 479	13 889
West Coast	5 087	4 946	4 923	5 148
West Tamar	21 054	21 237	21 510	21 833
Total	482 083	485 263	488 948	493 341

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

APPENDIX 4

LENGTH OF LOCAL GOVERNMENT ROADS AS AT 1 JANUARY 2008

Council	Urban Sealed	Urban Unsealed	Rural Sealed	Rural Unsealed	Total Roads	Bridge Deck Areas
	km	km	km	km	km	m2
Break O'Day	89	27	123	307	546	7 371
Brighton	67	0	67	33	167	1 204
Burnie	135	0	149	50	334	2 208
Central Coast	128	1	414	133	676	5 463
Central Highlands	16	2	79	655	752	4 126
Circular Head	26	0	255	492	773	5 988
Clarence	249	4	134	60	447	834
Derwent Valley	32	4	65	229	330	3 929
Devonport	155	0	72	14	241	984
Dorset	46	9	199	485	739	8 853
Flinders	6	3	67	309	385	1 381
George Town	68	3	104	98	273	2 891
Glamorgan Spring Bay	100	17	58	168	343	1 933
Glenorchy	251	2	38	16	307	2 427
Hobart	290	6	0	0	296	6 931
Huon Valley	24	10	134	599	767	7 723
Kentish	41	7	225	177	449	4 579
King Island	11	6	36	383	436	981
Kingborough	124	0	134	270	528	2 909
Latrobe	65	1	160	61	287	1 617
Launceston	365	0	139	235	739	5 933
Meander Valley	110	6	482	247	845	8 644
Northern Midlands	101	14	465	399	979	9 705
Sorell	73	38	70	210	391	4 062
Southern Midlands	30	13	147	613	803	8 356
Tasman	6	2	54	145	207	1 845
Waratah-Wynyard	71	3	196	258	527	5 181
West Coast	67	17	15	76	175	2 629
West Tamar	84	5	204	165	458	3 392
Total	2 830	200	4 285	6 886	14 201	124 079

Source: State Grants Commission Local Road Lengths, updated in 2008 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 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 2006 AND 1 JULY 2007

Council	Adjusted Rateable AAV	Year of last revaluation (as at 1 July 2007)	AAV Adjustment *
	\$		
Break O'Day	56 997 118	2007	1.03
Brighton	69 138 589	2007	1.12
Burnie	126 865 227	2007	1.12
Central Coast	117 713 686	2007	1.08
Central Highlands	33 295 714	2004	1.42
Circular Head	66 590 347	2007	1.04
Clarence	355 767 315	2007	1.11
Derwent Valley	49 313 883	2006	1.05
Devonport	150 129 780	2004	1.30
Dorset	54 618 526	2005	1.18
Flinders	12 338 226	2006	1.10
George Town	43 640 639	2007	1.07
Glamorgan Spring Bay	62 647 949	2005	1.13
Glenorchy	286 718 931	2005	1.22
Hobart	624 726 977	2002	1.67
Huon Valley	80 508 420	2003	1.61
Kentish	32 171 883	2004	1.37
King Island	21 348 957	2006	1.16
Kingborough	210 423 716	2003	1.61
Latrobe	58 855 545	2003	1.61
Launceston	444 929 900	2005	1.14
Meander Valley	119 291 121	2007	1.08
Northern Midlands	90 684 521	2007	1.06
Sorell	75 410 571	2004	1.45
Southern Midlands	32 139 803	2002	1.58
Tasman	24 614 796	2006	1.05
Waratah-Wynyard	71 530 355	2005	1.09
West Coast	30 373 612	2004	1.45
West Tamar	116 616 581	2007	1.07
Total	3 519 402 687		

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 definition of AAV embodied in the Valuation of Land Act 2001.

APPENDIX 6

ACTUAL COUNCIL REVENUES 2006-07

Used as part of the 2008-09 Assessments*

Council	General Rates and Special Rates	Rates and Charges - Water and Sewerage	Other Revenue **	Total Assessed Revenue
	\$	\$	\$	\$
Break O'Day	3 196 171	2 238 087	2 292 966	7 727 224
Brighton	3 744 428	4 154 685	2 399 207	10 298 320
Burnie	11 103 278	7 256 669	9 409 054	27 769 001
Central Coast	8 142 469	5 064 753	4 460 832	17 668 054
Central Highlands	1 682 760	402 566	1 870 444	3 955 770
Circular Head	4 747 815	2 774 896	3 650 651	11 173 362
Clarence	20 614 941	15 576 235	9 826 031	46 017 207
Derwent Valley	3 564 543	2 448 630	1 475 100	7 488 273
Devonport	13 282 870	10 207 107	4 911 303	28 401 280
Dorset	3 770 276	1 710 439	2 075 281	7 555 996
Flinders	702 663	92 546	1 191 589	1 986 798
George Town	3 782 910	1 555 639	1 952 060	7 290 609
Glamorgan Spring Bay	3 518 000	2 447 973	2 272 027	8 238 000
Glenorchy	14 322 792	22 981 876	9 907 012	47 211 680
Hobart	32 665 414	19 700 080	20 720 904	73 086 398
Huon Valley	5 872 439	2 965 863	4 926 619	13 764 921
Kentish	2 633 683	969 803	1 037 190	4 640 676
King Island	1 085 625	461 253	1 686 640	3 233 518
Kingborough	11 733 180	9 622 014	5 944 771	27 299 965
Latrobe	3 300 530	3 032 385	2 825 846	9 158 761
Launceston	30 692 196	24 484 872	16 178 283	71 355 351
Meander Valley	6 301 123	3 310 188	2 740 846	12 352 157
Northern Midlands	4 464 796	2 466 621	2 516 213	9 447 630
Sorell	5 238 853	2 213 587	2 792 417	10 244 856
Southern Midlands	2 400 724	949 452	679 898	4 030 074
Tasman	2 304 000	8 000	1 421 000	3 733 000
Waratah-Wynyard	5 134 389	3 878 975	2 565 378	11 578 742
West Coast	2 153 107	2 725 174	1 997 216	6 875 497
West Tamar	6 145 895	5 644 284	4 001 509	15 791 688
Total	218 301 869	161 344 652	129 728 287	509 374 808

Source: Tasmanian Local Government Division – Consolidated Data Collection 2006-07

* These are actual values for the 2006-07 year only. The Commission uses this data to calculate standardised revenues for each of the three base years (ie. 2004-05, 2005-06, 2006-07), the average of which is then used within the grant calculation.

** 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,

APPENDIX 7

STANDARDISED REVENUE AND OTHER GRANT SUPPORT 2006-07

Used as part of the 2008-09 Assessments*

Council	Standardised Revenue	Other Grant Support **
	\$	Treated by Inclusion \$
Break O'Day	8 432 023	1 713 766
Brighton	10 168 447	486 762
Burnie	18 257 266	1 234 223
Central Coast	17 157 993	1 878 381
Central Highlands	4 861 117	1 442 707
Circular Head	9 778 876	1 897 608
Clarence	51 832 965	1 331 521
Derwent Valley	7 327 206	844 827
Devonport	21 880 693	1 070 703
Dorset	7 989 292	2 021 066
Flinders	1 665 765	637 035
George Town	6 339 118	755 910
Glamorgan Spring Bay	9 261 874	806 257
Glenorchy	41 621 148	1 372 001
Hobart	87 770 526	1 859 189
Huon Valley	11 799 522	1 698 306
Kentish	4 677 024	1 203 303
King Island	3 149 570	731 690
Kingborough	30 918 138	1 310 716
Latrobe	8 601 913	676 079
Launceston	63 601 826	3 009 082
Meander Valley	17 562 502	2 138 598
Northern Midlands	13 214 405	2 405 428
Sorell	11 090 334	904 194
Southern Midlands	4 727 549	1 898 685
Tasman	3 586 733	454 450
Waratah-Wynyard	10 424 492	1 387 634
West Coast	4 421 018	664 008
West Tamar	17 255 472	1 125 676
Total	509 374 808	38 959 804

* These are values for the 2006-07 year only. The Commission calculates a three year average of both standardised revenue and Other Grant Support (ie. 2004-05, 2005-06, 2006-07), which is then used within the grant calculation.

** This amount includes funds allocated to the Roads to Recovery Program for 2006-07 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 2006-07, which is also classed as Other Grant Support and treated by inclusion.

APPENDIX 8

STANDARD EXPENDITURE 2006-07 Used as part of the 2008-09 Assessments*

Council	General	Education	Waste	Recreation	Planning and	Law Order
	Admin- istration	Health Housing and Welfare	Management and the Environment		and Culture	Community Amenities
	\$	\$	\$	\$	\$	\$
Break O'Day	1 063 547	266 627	694 033	949 805	455 573	84 353
Brighton	2 523 407	632 608	1 646 687	2 253 540	1 080 907	200 140
Burnie	3 359 538	842 222	2 192 317	3 000 251	1 439 065	266 456
Central Coast	3 625 851	908 986	2 366 104	3 238 083	1 553 141	287 579
Central Highlands	394 949	99 012	257 730	352 711	169 177	31 325
Circular Head	1 403 731	351 910	916 026	1 253 609	601 291	111 335
Clarence	8 730 329	2 188 657	5 697 107	7 796 661	3 739 656	692 432
Derwent Valley	1 666 803	417 861	1 087 697	1 488 546	713 979	132 200
Devonport	4 258 451	1 067 576	2 778 916	3 803 030	1 824 117	337 752
Dorset	1 236 027	309 867	806 588	1 103 840	529 455	98 034
Flinders	149 620	37 509	97 637	133 619	64 090	11 867
George Town	1 149 872	288 268	750 366	1 026 899	492 550	91 200
Glamorgan Spring Bay	747 758	187 460	487 961	667 789	320 304	59 307
Glenorchy	7 549 236	1 892 562	4 926 367	6 741 880	3 233 732	598 756
Hobart	8 482 441	2 126 512	5 535 344	7 575 283	3 633 472	672 771
Huon Valley	2 495 598	625 636	1 628 540	2 228 706	1 068 995	197 934
Kentish	1 032 497	258 843	673 771	922 076	442 272	81 891
King Island	293 951	73 692	191 822	262 514	125 915	23 314
Kingborough	5 498 232	1 378 384	3 587 954	4 910 222	2 355 180	436 083
Latrobe	1 547 551	387 964	1 009 877	1 382 047	662 897	122 741
Launceston	11 077 501	2 777 083	7 228 790	9 892 814	4 745 072	878 594
Meander Valley	3 262 635	817 929	2 129 081	2 913 711	1 397 557	258 771
Northern Midlands	2 129 482	533 852	1 389 625	1 901 743	912 168	168 896
Sorell	2 120 269	531 543	1 383 613	1 893 516	908 222	168 166
Southern Midlands	1 001 617	251 101	653 620	894 499	429 045	79 442
Tasman	392 560	98 413	256 171	350 578	168 154	31 135
Waratah-Wynyard	2 369 522	594 029	1 546 267	2 116 112	1 014 990	187 935
West Coast	878 270	220 179	573 129	784 343	376 209	69 659
West Tamar	3 724 802	933 792	2 430 675	3 326 451	1 595 527	295 427
Total	84 166 047	21 100 076	54 923 818	75 164 879	36 052 712	6 675 495

APPENDIX 8

STANDARD EXPENDITURE 2006-07 CONTINUED Used as part of the 2008-09 Assessments*

Council	Sewerage	Water	Other non-roads	Total non-roads	Roads "Standard" **	Total Including Roads
	\$	\$	\$	\$	\$	\$
Break O'Day	757 350	872 879	443 964	5 588 130	5 088 048	10 676 178
Brighton	1 796 913	2 071 022	1 053 363	13 258 587	2 165 560	15 424 146
Burnie	2 392 321	2 757 255	1 402 395	17 651 822	4 566 848	22 218 670
Central Coast	2 581 962	2 975 825	1 513 564	19 051 095	7 042 141	26 093 236
Central Highlands	281 242	324 144	164 866	2 075 156	4 358 505	6 433 661
Circular Head	999 595	1 152 077	585 969	7 375 543	5 400 361	12 775 904
Clarence	6 216 852	7 165 196	3 644 362	45 871 251	6 552 246	52 423 497
Derwent Valley	1 186 928	1 367 986	695 785	8 757 785	2 643 128	11 400 912
Devonport	3 032 436	3 495 016	1 777 635	22 374 930	4 105 169	26 480 098
Dorset	880 173	1 014 438	515 964	6 494 386	5 696 471	12 190 857
Flinders	106 544	122 797	62 457	786 139	2 203 368	2 989 506
George Town	818 822	943 728	479 999	6 041 706	2 968 678	9 010 384
Glamorgan Spring Bay	532 477	613 704	312 142	3 928 902	3 530 539	7 459 441
Glenorchy	5 375 798	6 195 844	3 151 330	39 665 504	5 946 775	45 612 279
Hobart	6 040 331	6 961 748	3 540 885	44 568 788	7 063 419	51 632 207
Huon Valley	1 777 111	2 048 199	1 041 755	13 112 474	5 134 373	18 246 848
Kentish	735 239	847 395	431 002	5 424 986	3 918 535	9 343 521
King Island	209 322	241 253	122 706	1 544 490	2 364 895	3 909 384
Kingborough	3 915 281	4 512 534	2 295 166	28 889 036	5 102 386	33 991 422
Latrobe	1 102 008	1 270 113	646 005	8 131 204	3 027 832	11 159 036
Launceston	7 888 269	9 091 578	4 624 159	58 203 861	10 534 321	68 738 182
Meander Valley	2 323 316	2 677 725	1 361 944	17 142 669	8 097 428	25 240 096
Northern Midlands	1 516 400	1 747 718	888 924	11 188 810	8 620 358	19 809 168
Sorell	1 509 840	1 740 157	885 079	11 140 404	3 602 958	14 743 362
Southern Midlands	713 250	822 052	418 112	5 262 738	5 504 617	10 767 356
Tasman	279 541	322 184	163 869	2 062 606	1 410 550	3 473 157
Waratah-Wynyard	1 687 332	1 944 725	989 126	12 450 038	4 718 850	17 168 888
West Coast	625 415	720 818	366 623	4 614 644	2 188 134	6 802 778
West Tamar	2 652 425	3 057 036	1 554 870	19 571 004	4 440 805	24 011 809
Total	59 934 494	69 077 145	35 134 022	442 228 687	137 997 297	580 225 984

* These are values for the 2006-07 year only. The Commission uses standard expenditure data to calculate standardised expenditure for each council for the three base years (ie. 2004-05, 2005-06, 2006-07), which is then averaged and used within the grant calculation.

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

APPENDIX 9

STANDARDISED EXPENDITURE 2006-07 Used as part of the 2008-09 Assessments*

Council	General Administration	Education, Health Housing and Welfare	Waste Management and the Environment	Recreation and Culture	Planning and Community Amenities	Law Order and Public Safety
	\$	\$	\$	\$	\$	\$
Break O'Day	1 826 773	285 047	970 280	1 269 567	674 094	98 480
Brighton	2 699 719	677 372	1 498 450	1 704 961	972 354	201 729
Burnie	3 470 298	978 622	2 089 675	3 016 149	1 391 930	298 360
Central Coast	3 620 442	982 114	2 203 626	2 612 606	1 475 236	301 981
Central Highlands	923 383	110 129	484 415	619 777	321 468	44 388
Circular Head	2 027 930	338 866	1 105 058	1 415 530	764 943	112 136
Clarence	6 552 414	2 036 622	4 948 437	6 450 651	3 177 435	631 397
Derwent Valley	2 075 109	434 369	1 133 565	1 337 459	743 611	137 571
Devonport	3 983 148	1 230 669	2 493 253	3 346 746	1 645 938	369 665
Dorset	1 848 301	300 059	1 022 303	1 268 685	684 236	100 659
Flinders	472 427	32 738	158 790	225 506	117 329	10 299
George Town	1 721 884	308 895	880 008	1 077 537	587 275	98 283
Glamorgan Spring Bay	1 406 845	190 168	835 700	1 067 659	557 905	79 591
Glenorchy	5 838 993	1 911 383	4 049 745	5 280 666	2 604 972	549 013
Hobart	6 498 899	1 949 426	5 165 400	8 548 539	3 304 168	583 865
Huon Valley	2 897 621	660 477	1 934 660	2 327 444	1 269 224	233 396
Kentish	1 528 884	294 229	817 793	1 000 985	543 367	98 850
King Island	764 913	63 711	259 744	392 905	206 463	19 416
Kingborough	4 853 517	1 234 082	3 462 125	4 248 214	2 232 307	396 690
Latrobe	2 043 429	429 701	1 080 800	1 294 431	715 668	134 038
Launceston	7 982 784	2 741 648	6 577 098	12 246 465	4 261 563	852 697
Meander Valley	3 356 438	764 508	2 245 305	2 860 156	1 487 379	263 089
Northern Midlands	2 527 109	493 100	1 504 216	1 789 048	988 557	162 336
Sorell	2 654 684	528 568	1 550 008	1 834 208	1 009 653	169 202
Southern Midlands	1 500 907	262 140	834 277	1 038 813	559 620	96 528
Tasman	914 800	98 454	462 105	595 269	309 566	39 505
Waratah-Wynyard	2 789 734	626 796	1 668 447	2 034 946	1 121 205	199 542
West Coast	1 603 947	253 613	887 748	1 169 496	614 746	90 561
West Tamar	3 780 716	882 569	2 600 789	3 090 461	1 710 500	302 229
Total	84 166 047	21 100 076	54 923 818	75 164 879	36 052 712	6 675 495

APPENDIX 9

STANDARDISED EXPENDITURE 2006-07 CONTINUED Used as part of the 2008-09 Assessments*

Council	Sewerage	Water	Other Non-roads	Total Non-roads	Roads	Total including roads
	\$	\$	\$	\$	\$	\$
Break O'Day	1 044 052	1 198 255	443 964	7 810 512	5 482 168	13 292 680
Brighton	1 556 457	1 785 357	1 053 363	12 149 762	1 877 686	14 027 448
Burnie	2 289 534	2 632 245	1 402 395	17 569 209	4 514 757	22 083 966
Central Coast	2 336 295	2 700 272	1 513 564	17 746 136	7 266 153	25 012 289
Central Highlands	486 026	558 256	164 866	3 712 707	4 611 208	8 323 915
Circular Head	1 190 654	1 368 246	585 969	8 909 333	6 156 029	15 065 362
Clarence	5 382 969	6 280 057	3 644 362	39 104 344	5 668 302	44 772 646
Derwent Valley	1 130 245	1 295 127	695 785	8 982 840	2 667 534	11 650 374
Devonport	2 669 724	3 080 544	1 777 635	20 597 321	4 010 074	24 607 395
Dorset	1 061 819	1 219 599	515 964	8 021 626	6 556 476	14 578 102
Flinders	190 078	218 580	62 457	1 488 204	2 346 382	3 834 586
George Town	908 880	1 043 229	479 999	7 105 989	2 919 924	10 025 913
Glamorgan Spring Bay	808 657	931 449	312 142	6 190 116	3 538 415	9 728 531
Glenorchy	4 661 489	5 308 121	3 151 330	33 355 712	5 421 263	38 776 975
Hobart	6 428 804	7 458 283	3 540 885	43 478 270	6 804 270	50 282 539
Huon Valley	1 929 770	2 226 527	1 041 755	14 520 873	5 076 685	19 597 559
Kentish	829 673	950 291	431 002	6 495 074	4 004 334	10 499 407
King Island	332 770	382 156	122 706	2 544 784	2 714 917	5 259 701
Kingborough	3 575 915	4 111 322	2 295 166	26 409 337	4 687 044	31 096 381
Latrobe	1 121 802	1 288 091	646 005	8 753 966	2 904 080	11 658 045
Launceston	7 718 261	8 938 780	4 624 159	55 943 455	10 697 024	66 640 479
Meander Valley	2 386 751	2 745 698	1 361 944	17 471 267	8 022 130	25 493 397
Northern Midlands	1 533 723	1 762 332	888 924	11 649 344	8 653 641	20 302 985
Sorell	1 575 740	1 806 984	885 079	12 014 126	3 424 809	15 438 934
Southern Midlands	869 445	997 236	418 112	6 577 076	5 335 840	11 912 916
Tasman	428 806	492 291	163 869	3 504 666	1 410 182	4 914 848
Waratah-Wynyard	1 789 496	2 053 138	989 126	13 272 431	4 784 441	18 056 872
West Coast	985 142	1 131 604	366 623	7 103 480	2 200 582	9 304 062
West Tamar	2 711 519	3 113 075	1 554 870	19 746 729	4 240 948	23 987 677
Total	59 934 494	69 077 145	35 134 022	442 228 687	137 997 297	580 225 984

* These are the values for 2006-07 only. The grant calculations use an average of the most recent three years' values (ie. 2004-05, 2005-06, 2006-07).

APPENDIX 10

BASE GRANT MODEL COST ADJUSTORS 2006-07

Used as part of the 2008-09 Assessments*

Council	Absentee Population	Climate	Dispersion	Equivalent Tenements - Sewerage	Equivalent Tenements - Water	Isolation	Population Decline
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	1.00
Circular Head	1.05	1.03	1.03	0.93	0.93	1.07	1.00
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	1.02	1.02
Flinders	1.20	1.00	1.03	0.92	0.91	1.20	1.00
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	1.00
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	1.12	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	1.00
West Coast	1.12	1.07	1.15	0.94	0.93	1.09	1.08
West Tamar	1.01	1.00	1.09	0.92	0.92	1.00	1.00

APPENDIX 10

BASE GRANT MODEL COST ADJUSTORS 2006-07 CONTINUED

Used as part of the 2008-09 Assessments*

Council	Regional Responsibility	Scale - Admin	Scale - Other	Daytripper Tourism	Unemployment	Worker Influx
Break O'Day	0.86	1.44	1.11	1.03	1.07	1.00
Brighton	0.86	1.13	1.03	0.97	1.07	0.99
Burnie	1.04	1.03	1.01	1.00	1.16	1.00
Central Coast	0.86	1.01	1.00	0.98	1.08	0.99
Central Highlands	0.86	1.98	1.25	1.10	1.11	1.00
Circular Head	0.86	1.33	1.08	1.02	0.96	1.00
Clarence	0.98	0.80	0.95	0.97	0.93	0.97
Derwent Valley	0.86	1.26	1.07	1.02	1.04	0.99
Devonport	0.98	0.96	0.99	1.00	1.15	1.00
Dorset	0.86	1.38	1.10	1.01	0.95	1.00
Flinders	0.86	2.75	1.44	0.97	0.87	1.00
George Town	0.86	1.41	1.10	1.01	1.07	1.00
Glamorgan Spring Bay	0.86	1.61	1.15	1.15	1.02	1.00
Glenorchy	0.98	0.83	0.96	0.97	1.01	1.00
Hobart	1.22	0.81	0.95	1.01	0.92	1.05
Huon Valley	0.86	1.12	1.03	1.04	1.06	0.99
Kentish	0.86	1.46	1.12	1.03	1.14	0.99
King Island	0.86	2.23	1.31	0.97	0.87	1.00
Kingborough	0.92	0.90	0.98	0.99	0.90	0.98
Latrobe	0.86	1.29	1.07	0.99	1.11	0.99
Launceston	1.34	0.76	0.94	1.02	0.99	1.02
Meander Valley	0.92	1.04	1.01	0.99	0.94	0.99
Northern Midlands	0.86	1.17	1.04	1.01	0.92	0.99
Sorell	0.86	1.19	1.05	1.00	1.00	0.99
Southern Midlands	0.86	1.47	1.12	1.01	1.05	0.99
Tasman	0.86	2.00	1.25	1.23	1.00	1.00
Waratah-Wynyard	0.86	1.14	1.04	0.98	1.06	0.99
West Coast	0.86	1.54	1.14	1.00	1.07	1.00
West Tamar	0.86	1.00	1.00	0.99	0.95	0.98

* These are the cost adjustors applied to the 2006-07 standard expenditure only. Cost adjustors are calculated for each data year and applied to the standard expenditures to calculate standardised expenditure.

APPENDIX 11

ROADS PRESERVATION MODEL COST ADJUSTORS 2006-07*

Council	URBAN SEALED ROADS			URBAN UNSEALED ROADS		
	Rainfall	Terrain	Traffic	Rainfall	Terrain	Traffic
Break O'Day	1.00	1.00	0.93	1.00	1.06	0.91
Brighton	0.95	1.00	0.94	1.05	1.02	0.91
Burnie	1.05	1.00	0.97	1.04	1.08	0.91
Central Coast	1.03	1.00	1.11	1.02	1.07	0.95
Central Highlands	0.95	1.00	0.93	1.05	1.08	0.91
Circular Head	1.04	1.00	0.93	1.05	1.10	0.91
Clarence	0.95	1.00	0.96	1.04	1.06	0.95
Derwent Valley	0.99	1.00	0.97	1.01	1.05	0.93
Devonport	1.00	1.00	1.06	1.00	1.08	0.91
Dorset	1.03	1.00	0.93	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	1.03	1.00	1.06	1.16
Glamorgan Spring Bay	1.00	1.00	0.93	1.00	1.07	0.91
Glenorchy	0.99	1.00	0.98	1.01	1.04	1.14
Hobart	1.00	1.01	1.03	1.01	1.03	0.97
Huon Valley	1.01	1.00	0.93	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	0.93	1.00	1.08	0.91
Kingborough	1.00	1.00	0.96	1.00	1.05	0.91
Latrobe	1.00	1.00	1.03	1.00	1.06	0.92
Launceston	1.00	1.00	1.05	1.01	1.05	0.91
Meander Valley	1.01	1.00	0.95	1.01	1.05	0.91
Northern Midlands	0.98	1.00	0.95	1.04	1.06	0.91
Sorell	0.97	1.00	0.95	1.02	1.05	1.01
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	1.06	1.05	1.07	1.01
West Coast	1.05	1.00	0.93	1.05	1.06	0.91
West Tamar	1.00	1.00	0.97	1.00	1.05	0.93

APPENDIX 11

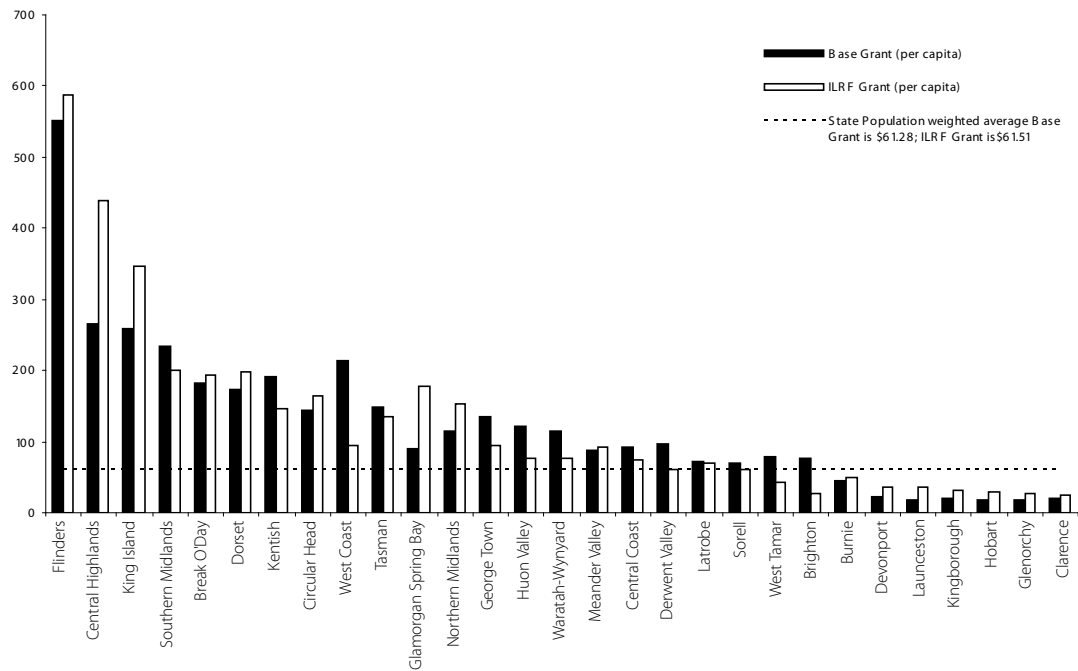
ROADS PRESERVATION MODEL COST ADJUSTORS 2006-07* CONTINUED

Council	RURAL SEALED ROADS			RURAL UNSEALED ROADS			ALL ROADS
	Rainfall	Terrain	Traffic	Rainfall	Terrain	Traffic	Remoteness
Break O'Day	1.01	1.05	1.16	1.02	1.05	1.09	1.10
Brighton	0.96	1.03	0.96	1.03	1.04	0.91	1.01
Burnie	1.05	1.04	1.06	1.05	1.04	1.17	1.00
Central Coast	1.05	1.04	1.00	1.05	1.04	0.95	1.01
Central Highlands	0.98	1.04	1.05	1.02	1.04	1.07	1.04
Circular Head	1.05	1.06	1.25	1.05	1.06	0.96	1.05
Clarence	0.96	1.05	0.96	1.04	1.05	0.91	1.00
Derwent Valley	1.00	1.04	1.09	1.02	1.04	1.06	1.02
Devonport	1.03	1.04	0.96	1.04	1.05	0.91	1.00
Dorset	1.03	1.05	1.24	1.02	1.04	1.17	1.05
Flinders	1.00	1.07	0.98	1.00	1.06	0.92	1.16
George Town	1.00	1.05	1.01	1.00	1.05	0.93	1.03
Glamorgan Spring Bay	0.99	1.06	1.01	1.01	1.05	1.11	1.08
Glenorchy	1.02	1.03	0.96	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	0.99	1.02	1.04	0.99	1.04
Kentish	1.05	1.04	1.07	1.05	1.04	0.98	1.02
King Island	1.03	1.06	1.03	1.03	1.07	0.95	1.20
Kingborough	1.02	1.03	0.97	1.02	1.04	0.92	1.01
Latrobe	1.00	1.05	0.98	1.00	1.05	0.97	1.01
Launceston	1.02	1.04	1.15	1.03	1.04	1.25	1.00
Meander Valley	1.02	1.05	1.03	1.03	1.04	0.93	1.03
Northern Midlands	0.98	1.06	1.04	1.02	1.04	1.05	1.03
Sorell	0.97	1.04	0.97	1.01	1.04	1.06	1.02
Southern Midlands	0.97	1.04	0.98	1.02	1.04	0.96	1.05
Tasman	1.00	1.05	1.01	1.00	1.05	0.97	1.06
Waratah-Wynyard	1.05	1.04	1.00	1.05	1.04	0.96	1.01
West Coast	1.05	1.04	1.07	1.05	1.06	0.94	1.08
West Tamar	1.01	1.05	1.01	1.01	1.04	0.97	1.01

The Roads Preservation Model uses the latest years data only (ie. 2006-07). The cost adjustors are applied to the unadjusted cost of maintenance for each road type.

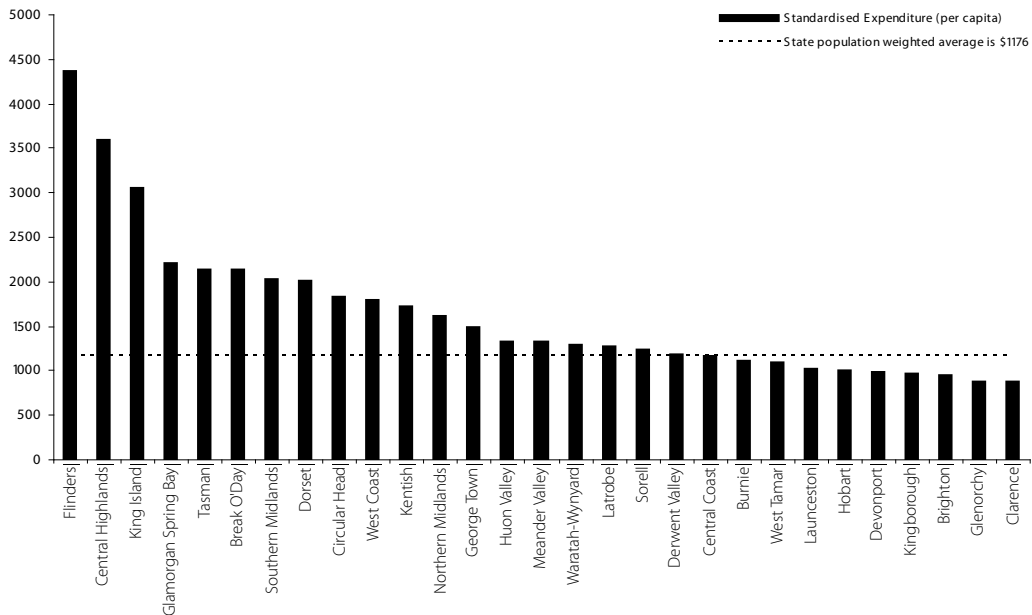
APPENDIX 12

2008-09 BASE AND ILRF GRANTS (PER CAPITA)



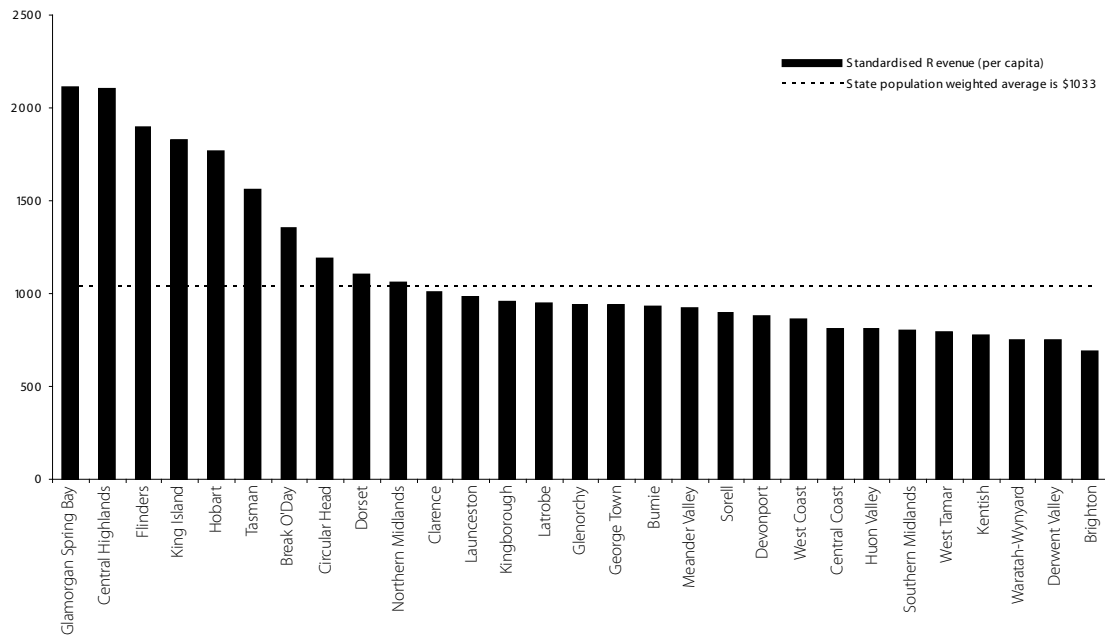
APPENDIX 13

STANDARDISED EXPENDITURE (PER CAPITA) 2008-09 ASSESSMENTS



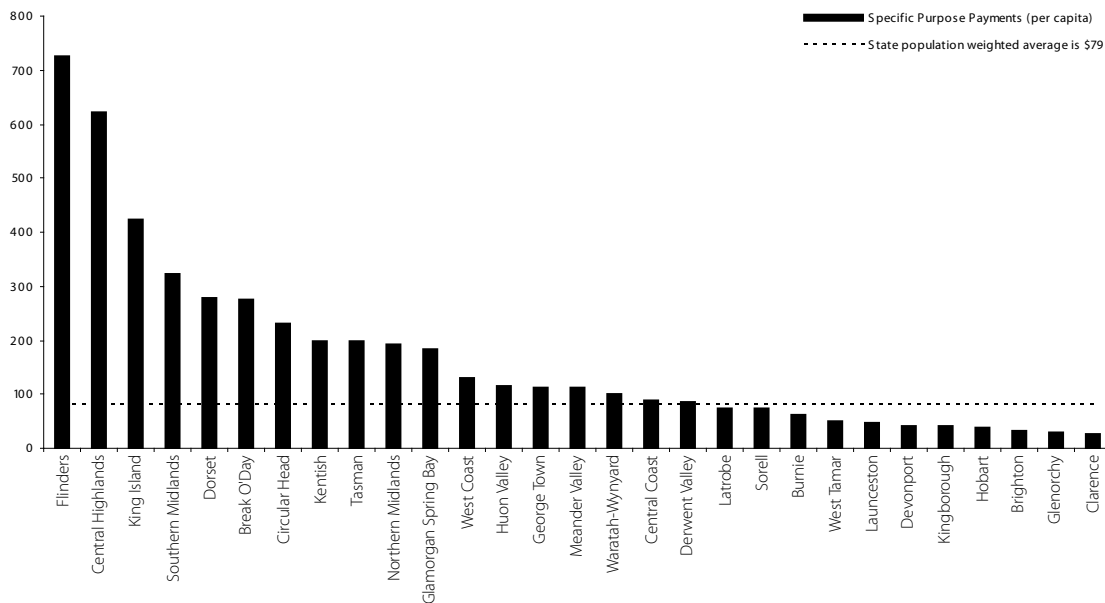
APPENDIX 14

STANDARDISED REVENUE (PER CAPITA) 2008-09 ASSESSMENTS



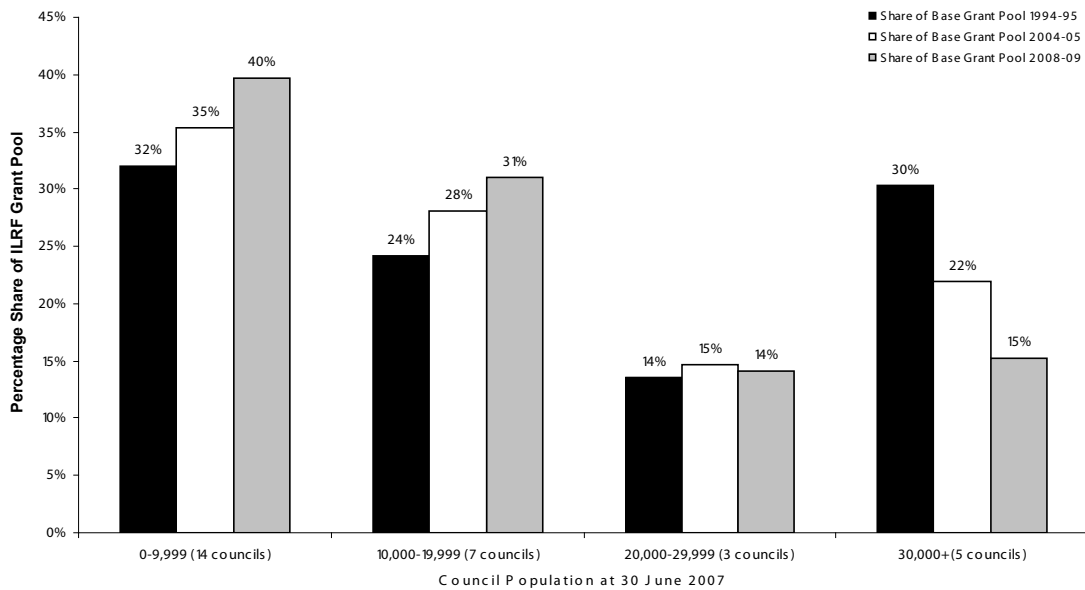
APPENDIX 15

OTHER GRANT SUPPORT (PER CAPITA) 2008-09 ASSESSMENTS



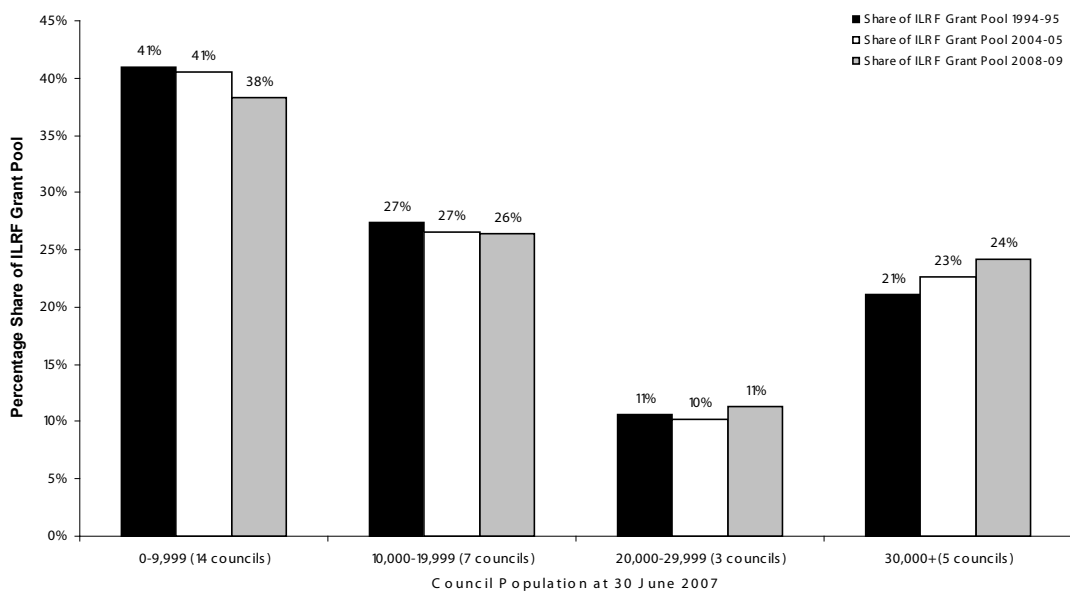
APPENDIX 16

SHARE OF BASE GRANT POOL BY POPULATION



APPENDIX 17

SHARE OF ILRF POOL BY POPULATION



APPENDIX 18

REPRESENTATION AT COMMISSION HEARINGS AND VISITS IN 2008

Round 1 – North West and Northern Councils

Tuesday 8 April 2008

Burnie City Council (Visit)

In attendance: Mr Paul Arnold (General Manager)
Mr Andrew Beswick (Corporate Secretary)
Mr John Van Gaalen (Manager Corporate Services)

West Coast Council (Hearing)

In attendance: Mr Peter Harder (General Manager)

Central Coast Council (Visit)

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

Devonport City Council (Visit)

In attendance: Mr Eric Groth (Manager Corporate Services)

Latrobe Council (Hearing)

In attendance: Mr Gerald Monson (General Manager)
Ms Jan Febey (Manager Corporate Services)

Wednesday 9 April 2008

Launceston City Council (Hearing)

In attendance: Ald Albert Van Zetton (Mayor)
Mr Frank Dixon (General Manager)
Mr Mike Tidey (Manager Corporate Services)

Northern Midlands Council (Hearing)

In attendance: Mr Mark Pitt (General Manager)
Ms Maree Bricknell (Manager Corporate Services)

Dorset Council (Hearing)

In attendance: Mr John Martin (General Manager)
Mr Guy Jetson (Manager Corporate Services)

Round 2 – Southern Councils

Thursday 17 April 2008

Central Highlands Council (Hearing)

In attendance: Cr Deirdre Flint (Mayor)
Ms Lyn Eyles (Acting General Manager)

Derwent Valley Council (Hearing)

In attendance: Cr Tony Nicholson (Mayor)
Mr Stephen Mackey (General Manager)
Mr Robert McCrossin (Deputy General Manager)
Mr John Bradley (Manager Corporate Services)
Mr Ian Brown (Economic Development Officer)

Glamorgan Spring Bay Council (Hearing)

In attendance: Cr Bertrand Cadart (Mayor)
Mr David Metcalf (General Manager)

Friday 18 April 2008

Huon Valley Council (Hearing)

In attendance: Mr Geoff Cockerill (General Manager)
Mr Mike Norman (Manager Corporate Services)
Mr Glenn Doyle (Manager Economic Development)

Sorell Council (Hearing)

In attendance: Mr Bill Costin (General Manager)
Ms Sue Charles (Manager Corporate Services)

Clarence Council (Hearing)

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

Monday 28 April 2008

King Island Council (Hearing via Videoconference)

In attendance: Cr Charles Arnold (Mayor)
Mr Andrew Wardlaw (General Manager)

The following Councils did not attend a hearing in 2008:

Break O'Day Council

Circular Head Council

George Town Council

Hobart City Council

Kingborough Council

Southern Midlands Council

Waratah-Wynyard Council

Brighton Council

Flinders Council

Glenorchy City Council

Kentish Council

Meander Valley Council

Tasman Council

West Tamar

