

# State Grants Commission

## 2018-19 Annual Report

Including 2019-20 Financial Assistance Grant  
Recommendations

September 2019

## State Grants Commission 2018-19 Annual Report

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This report is available on the Commission's internet site at:  
<http://www.treasury.tas.gov.au/state-grants-commission/publications>  
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Hon Peter Gutwein MP  
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 (the Commission)'s Annual Report and recommendations of financial assistance for local government authorities in Tasmania. This is the Forty Third Annual Report of the Commission, and relates to the Commission's activities during 2018-19 and its determination of the distribution of grants for payment in the 2019-20 financial year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D C Hudson', written in a cursive style.

D C Hudson  
CHAIR

September 2019

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## EXECUTIVE SUMMARY

The State Grants Commission (the Commission) Annual Report for 2018-19 describes the Commission's activities during the financial year, and provides the Commission's recommendations for the distribution of Australian Government Financial Assistance Grant (FAG) funding for Tasmania for 2019-20.

For 2019-20 the Australian Government has estimated Tasmania's entitlement of FAG funding to be \$78 397 138, which represents a 3.82 per cent increase on the final grant pool for 2018-19 of \$75 510 201.

The funding provided by the Australian Government consists of two elements, being the Base Grant and the Road Grant. The estimated Base Grant funding for 2019-20 is \$37 081 045, which is \$1 280 101, or 3.58 per cent, more than the finalised 2018-19 Base Grant funding of \$35 800 944. The estimated Road Grant funding for 2019-20 is \$41 316 093, which is \$1 606 836, or 4.05 per cent, more than the finalised 2018-19 Road Grant funding of \$39 709 257. Explanations of the drivers behind the change in these entitlements are provided in Section 3.

In 2018-19, Tasmanian councils were paid a total of \$77 655 781 in FAG funding from the Australian Government.

The Australian Government again made a "bring forward" payment of approximately 50 per cent of the forthcoming year's estimated FAG entitlements to the states and territories in the 2018-19 financial year. An amount of \$39 395 872 was paid to councils on 18 June 2019. The distribution of these funds among councils was determined by the Australian Government based on each council's relative share of the total 2018-19 FAG estimated entitlements. The impact of this prepayment is incorporated into the Commission's recommendations described in section 3 of this Report.

The balance of the 2019-20 entitlement will be paid to councils over 2019-20, after adjusting for the -\$503 023 (negative) adjustment to the 2018-19 entitlements and the brought forward payment made by the Australian Government in June 2019. This amount will be paid to councils over four quarterly instalments.

In accordance with the requirements of the *Local Government (Financial Assistance) Act 1995* (Australian Government 1995 Act), the Commission conducted hearings and visits and received submissions from councils. Details of these meetings and matters discussed are provided in Section 4.

During the year, the Commission reviewed and considered council submissions on the proposal to remove the Unemployment Cost Adjustor from the Commission's Base Grant Model and replace it with a broad Socio-Economic Cost Adjustor. The Commission also discussed with councils issues related to the provision of services and facilities to non-residents and the Commission's engagement with councils. The Commission also completed a desktop review of the Island Airport Allowance in its Base Grant Model. The Commission also undertook, with the assistance of the staff of the Local Government Association of Tasmania (LGAT) and council

officers, a review into the assumed road practices that underpin the Commission's Road Preservation Model.

The Commission has also made its 2019-20 recommendations for the distribution of the Heavy Vehicle Motor Tax Revenue (HVMTR) funding pool, which were based on the 2016-17 Traffic Freight Survey (TFS) results.

Many individuals and organisations have assisted the Commission during 2018-19. The Commission wishes to express its appreciation to all those who contributed to its work including all council officers and elected officials for their cooperation and assistance. The Commission is also appreciative of the support given by the Secretary of the Department of Treasury and Finance (Treasury), Mr Tony Ferrall, and other Treasury officers, in particular the Commission's Executive Officer, for their contribution during the year.

The support and advice provided by the LGAT, Tourism Tasmania, Department of State Growth (DSG), Office of the Valuer-General and the Local Government Division (LGD) of the Department of Premier and Cabinet (DPAC) is also appreciated.

The Commission also publishes data tables which do not form part of the Commission's Annual Report but provide further information for those wishing to understand the grant recommendations for 2019-20 in greater detail. The 2019-20 Data Tables and the Commission's Distribution Methodology paper are available from the State Grants Commission website: <https://www.treasury.tas.gov.au/state-grants-commission>.

A table of the acronyms used throughout this report is provided in Appendix 2.



D C Hudson  
CHAIR



G J Preece  
MEMBER



R A Fraser  
MEMBER

September 2019



## I - THE COMMISSION

### Financial Assistance Grants – Background

FAG funding is provided by the Australian Government, through the State Government, for the specific purpose of funding local government in accordance with the Australian Government's *Local Government (Financial Assistance) Act 1995* (the Australian Government 1995 Act). The Australian Government financial assistance is provided in two parts: a Base Grant component and a Road Grant component. The Australian Government determines each state and territory's share of the Base Grant pool based on population share. The Road Grant pool share is based on proportions historically agreed to by all jurisdictions. While there are two source pools, both pools of FAG funding are provided to councils as untied, general revenue.

The Australian Government 1995 Act requires a state to establish a local government grants commission, the membership of which must include two persons associated with local government, and for the grants to be distributed within states in accordance with seven National Principles reproduced as Appendix I of this Report.

### Role and Legislation

The Commission was established under the *State Grants Commission Act 1976* (the Act) and is responsible for making recommendations to the Treasurer concerning the distribution of the Australian Government FAG funding to local government. The Treasurer has administrative responsibility for the Act. There were no changes to the legislation during the reporting period.

The Commission consists of two local government nominated members and the third member (Chair) nominated by the Secretary of Treasury and approved by the Treasurer.

The current members of the Commission, and the expiry dates for current appointment terms, are detailed in Table I.

**Table I: Membership of the Commission**

| Name          | Position   | Current Appointment Expiry |
|---------------|--|----------------------------|
| Mr D C Hudson | Nominee of the Secretary of the Department of Treasury and Finance (Chair) | 4 Jan 2022                 |
| Mr R A Fraser | Representative of local government   | 11 Aug 2020                |
| Mr G J Preece | Representative of local government   | 31 Dec 2021                |

### Commission governance processes and performance

The Commission conducts regular meetings and operates an annual hearings and visits program. Attendance of Commission members at these events is reflected in Table 2.

**Table 2: Participation in Commission activities conducted during period 1 July 2018 – 30 June 2019**

| Type of activity    | Total number conducted | Number of Meetings Attended |          |          |
|---------------------|------------------------|-----------------------------|----------|----------|
|                     |                        | D Hudson                    | R Fraser | G Preece |
| Commission meetings | 9                      | 8                           | 8        | 9        |
| Hearings            | 17                     | 17                          | 17       | 17       |
| Visits              | 7                      | 7                           | 7        | 7        |

The Commission seeks to operate using best practice governance strategies. It actively promotes increased stakeholder interest in its activities, methodology and assessment calculations, and endeavours to ensure an environment of accountability and transparency. Full details on the corporate governance practices of the Commission are available on its [website](#).

The Commission conducts an annual member performance evaluation, both individually and as a group. It also periodically undertakes an external stakeholder assessment of its performance by way of a survey of councils. As part of the 2019 Hearings and Visits process, the Commission issued *Conversation Starter CS19-01 - Engagement with councils* and specifically sought view from councils on ways that the Commission could better engage with councils. The discussions covered all aspects of communications ranging from the provision of information and educational material for elected members and council staff using a variety of face-to-face and technological means through to the timing of the Commission’s annual processes. Similar discussions were also held with staff of the LGAT.

The Commission reports periodically to the Treasurer and the Secretary of Treasury on matters when circumstances warrant. This may include relaying issues that councils have raised with the Commission at the annual hearings and visits but which do not relate to Commission methodology matters.

### Funding arrangements

All FAG funds allocated to Tasmania pursuant to the Australian Government 1995 Act are fully distributed among Tasmanian local councils in accordance with Sections 11 and 14 of the Act. The operating costs of the Commission are fully met by the Tasmanian State Government, through Treasury. The operating budget for the Commission for 2018-19, excluding salaries and on-costs but including member expense claims, was \$21 720. The Commission’s remuneration for 2018-19 and 2017-18 is detailed in Table 3.

**Table 3: State Grants Commission Remuneration – 2018-19**

|                  | Salary & Allowances | Superannuation | Total       |
|------------------|---------------------|----------------|-------------|
| 2018-19          | \$'000              | \$'000         | \$'000      |
| D Hudson (Chair) | 39.2                | 3.7            | 42.9        |
| R Fraser         | 23.4                | 2.2            | 25.6        |
| G Preece         | 23.6                | 2.2            | 25.8        |
| <b>Total</b>     | <b>86.2</b>         | <b>8.1</b>     | <b>94.3</b> |

Executive support resources equivalent to 1.0 FTE are provided to the Commission by Treasury.

### **Commission methodology**

The Commission uses financial models designed to accord with the National Principles issued under the Australian Government 1995 Act to assist it in determining the distribution of funding provided by the Australian Government.

The Commission's methodology is explained in more detail and available for download on the Commission's website <http://www.treasury.tas.gov.au/state-grants-commission/publications>.

The Commission's models are primarily data driven, which means that changes in data can influence calculated grant shares. Incorrect data can result in inappropriate allocation of funding if not identified and rectified. It is for this reason that the Commission takes the accuracy and consistency of data seriously and actively seeks to increase the integrity of the data used within the assessments. The Commission continues to remind councils of their obligations in relation to providing quality data, largely through the Consolidated Data Collection (CDC) return coordinated by the LGD.

The Commission appreciates each council's efforts in ensuring its CDC data return is accurate and the responsiveness of councils when the Commission raises any queries regarding the data.

The Commission strives to identify, investigate and, where appropriate, correct data issues when they occur. As there has not been a significant reduction in the quantity of data quality issues over recent years, the Commission has decided to prepare some initial guidance material to assist council staff complete the Commission related sections of the CDC return. The objective of the guidance material is to help reduce the occurrence of data quality issues and equip council staff with information on how to correctly complete the return and avoid some typical data field population errors. This guidance material has recently been issued to councils to assist them in completing the 2018-19 CDC returns.

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

Following the 2015 National Conference of Local Government Grants Commissions, all jurisdictions agreed to hold national conferences every two years. A national conference was not held during 2018-19. The Queensland Local Government Grants Commission has volunteered to host the 2019 Conference in Brisbane in November 2019.

Commission Executive Officers meet annually. In years when conferences are held, these meetings are conducted in conjunction with the conference.

## 2018-19 in Review

The 2018-19 year has seen the Commission progress various aspects of its work plan as follows:

- In December 2018, the Commission issued *Discussion Paper DP19-01 - Socio-Economic Factors in the Base Grant Model - Proposal to replace the Unemployment Cost Adjustor with a SEIFA based Cost Adjustor*. This paper expanded upon the conversation commenced in the previous year relating to the adequacy, or otherwise, of unemployment data as a general indicator of socio-economic disadvantage for the Commission's Base Grant Model. The Discussion Paper reviewed the implications of utilising an indicator such as the Socio-Economic Indicator For Areas (SEIFA) index produced every five years by the ABS following each census. The Discussion Paper reviewed the various forms of SEIFA, relationships between the SEIFA indices and council expenditure reported by councils as being most impacted by socio-economic disadvantage, detailed SEIFA indicators used in other jurisdictions, proposed an example SEIFA based cost adjustor and modelled the possible implications of moving to such an indicator in the Commission's Base Grant Model. Council feedback and submissions on the proposal was the primary agenda item for discussion at the 2019 Hearings and Visits. Further information on the feedback received and results of these discussions are provided in Section 4;
- In December 2018, the Commission also issued two Conversation Starters, *CS19-01 Engagement with councils* and *CS19-02 - Provision of Services to Non-Residents*. Conversation Starter flyers are intended to act as thought provokers in order to initiate discussions on a topic. The intention is to gain council input early in the process of formulating any reviews to help the Commission determine the potential direction of any such reviews on these topics. The Conversation Starter approach has proven to be a very useful tool for initiating conversations with councils.

The Commission was due to undertake an external performance evaluation survey with councils. Rather than undertake another survey, the Commission decided that it would issue Conversation Starter *CS19-01 Engagement with councils* to engage directly with councils for comments and views on the Commission's engagement with councils. The Commission requested feedback from councils about the current form, timing and level of engagement between councils and the Commission. The Commission also requested comments and suggestions from councils on how the Commission could improve its educational and information resources to increase and improve council understanding of the Commission's models, activities, improve data quality and ultimately increase overall confidence in the system. Further information on the feedback received and results of these discussions are provided in Section 4.

The Commission issued Conversation Starter *CS19-02 - Provision of Services to Non-Residents* to continue the next phase of discussions started with councils in 2018 in relation to the Regional Responsibility review project, to discuss the broader aspects and cost implications of councils providing facilities and services to non-residents. Further information on the feedback received and results of these discussions are

provided in Section 4. In light of this review, the Commission decided to suspend its initial plan to phase out the Tourism Cost Adjustor from its Base Grant Model.

- The Commission's Road Costing Model calculates a cost per kilometre by road type (Urban Sealed, Rural Sealed and Unsealed). These costs per kilometre are then used to determine the road preservation costs for each council based on their respective road lengths. At previous hearings and visits the Commission had received feedback from some councils that the road practices assumed in the Road Costing Model were no longer reflective of the on-field practices used by councils for road construction. It was suggested that the costs may have not been recognising improvements in road construction techniques, most notably in terms of reuse of pavement stabilisation materials. As these assumptions impact the cost per kilometre rates that underpin the Commission's Road Preservation Model, the Commission undertook to conduct a review of its assumptions.

During the year, the Commission, via the LGAT, undertook a review of the assumed road practices it uses in its Road Costing Model. LGAT coordinated the issuing and collation of responses from council engineers on behalf of the Commission. LGAT received six responses from councils, which were provided intact but without council identifiers to the Commission. The submissions indicated differing views on the practices used, with some responding that the existing practices continue to be appropriate, and others suggesting some assumptions needed updating. Submissions indicated that some processes such as slurry seals needed a minimum of 10 kilometres of work to warrant the equipment being brought in from interstate to make it economical.

Based on the feedback received and using the low number of respondents to the Road Practices Review as an indicator of the low level of concern with the existing assumptions, the Commission concluded that its Road Costing Model is not significantly out of step with current practices and determined that its assumed road practices in its Road Costing Model did not require modification.

The Commission wishes to thank both LGAT staff (in particular Michael Edrich) and all councils that participated in the Commission's Road Practices Review for their input.

- The Commission currently provides in its Base Grant methodology an additional expenditure adjustment factor for the two island councils (Flinders and King Island), as a consequence of these councils having the additional obligation of operating their respective island airports. The Commission refers to this adjustment factor as an Island Airport Allowance. These allowances are added to the calculation of each island council's expenditure requirement as recognition that the cost of providing the service is not adequately captured by the Commission's standardised expenditure measures. The Island Airport Allowance is designed to increase the island councils' expenditure requirements, and therefore the relative need of the recipient councils for financial assistance in the Commission's Base Grant Model. As the Base Grant funding pool is

not sufficient to fully fund all assessed deficits of councils, the allowance does not result in additional funding equal to the amount of the allowance directly to these councils.

During 2018-19, the Commission reviewed the adequacy of its Island Airport Allowance in line with the commitment in the 2018-19 Triennium Work Plan. The Commission determined that it should increase the rate of the allowance from \$70 000 per island airport to \$100 000 per island airport. The increased rates were adopted by the Commission for determining the allocation of the 2019-20 Base Grant funding among councils.

The Commission continually reviews its Work Plan tasks and priorities taking into account feedback from councils, current circumstances and resourcing. The Commission periodically publishes revisions and updates to its Work Plan and reports on the status and progress against the Work Plan. The Commission's current Work Plan is available from the Commission's [website](#).

Details of the 2019 hearings and visits that the Commission undertook during the year, and the decisions taken following councils' submissions, are provided in Section 4.

## 2 – 2018-19 FINANCIAL ASSISTANCE GRANT FUNDING - RECEIVED

The finalised financial assistance entitlement to local government for 2018-19 is shown in Table 4 below.

**Table 4: Financial Assistance for Local Government - Finalised Entitlement 2018-19**

|                    | 2018-19 Estimated Entitlement | 2018-19 adjustments (to be paid in 2019-20) | Finalised 2018-19 Entitlement | Percentage Adjustment |
|--------------------|-------------------------------|---|-------------------------------|-----------------------|
|                    | \$                            | \$  | \$                            | %                     |
| Base Grant         | 35 988 453                    | -187 509                                    | 35 800 944                    | -0.52%                |
| Road Grant         | 40 024 771                    | -315 514                                    | 39 709 257                    | -0.79%                |
| <b>Total Grant</b> | <b>76 013 224</b>             | <b>-503 023</b>                             | <b>75 510 201</b>             | <b>-0.66%</b>         |

The Australian Government has determined the need for a negative adjustment of \$503 023 (-0.66 per cent) to Tasmania's 2018-19 estimated grant entitlement of \$76 013 224. The respective components and basis for the negative adjustment to the 2018-19 entitlements is as follows:

- a decrease in the Base Grant assessment of \$187 509 (-0.52 per cent); and
- a decrease in the Road Grant assessment of \$315 514 (-0.79 per cent).

While Tasmania's relative population share has declined slightly, the principle driver for the negative adjustment to the 2018-19 entitlements reflects an overestimation by Commonwealth Treasury of the national rate of inflation for the year to 31 March 2019. In June 2018, the then Federal Treasurer determined that the preliminary indexation factor for 2018-19 would be 3.85 per cent, comprising forecast national population growth of 1.63 per cent for the year to 31 December 2017 and a forecast national rate of inflation of 2.2 per cent for the year to 31 March 2019.

In June 2019, the Assistant Treasurer determined that the final indexation factor for 2018-19 would be 2.97 per cent, comprising actual national population growth of 1.61 per cent for the year to 31 December 2017 and an actual national rate of inflation of 1.3 per cent for the year to 31 March 2019. This overestimation of the inflation rate has driven the significant downwards revision of the final allocations for 2018-19. Nationally the 2018-19 FAG funding pool was reduced by \$19.372 million (-0.79 per cent). The reduced 2018-19 entitlements also reduces the base to which the 2019-20 indexation is applied.

Furthermore, the adjustment to the 2018-19 entitlements also includes a component of indexation adjustment due to the Australian Government's decision to pay approximately half of the 2019-20 funding in 2018-19. Tasmania's finalised 2018-19 FAG entitlement is \$75 510 201.

The 2018-19 adjustment has been apportioned across councils utilising the methodologies used to determine the Commission's 2018-19 recommendations, which include the application of

those caps and collars<sup>1</sup> as applied in that year. The amounts paid to councils in 2019-20 will include the distribution of the adjustments to the Base Grant and Road Grant entitlements attributable to 2018-19.

The funds paid to councils in 2018-19 consisted of the balance of the 2018-19 estimated entitlements and the adjustment to the 2017-18 entitlements, together with the advance payment of approximately half of the 2019-20 estimated entitlements paid to councils in June 2019. A summary of the financial assistance entitlements, and amounts paid to local government in 2018-19 by the Australian Government is shown in Table 5 below. A detailed breakdown of these amounts by council is provided in the Appendices section of this report.

**Table 5: Financial Assistance for Local Government - Cash Receipts for 2018-19**

|                    | <b>2018-19<br/>Estimated<br/>Entitlement</b> | <b>2018-19 Bring<br/>Forward<br/>Payment<br/>paid in<br/>2017-18<br/>(June 18)</b> | <b>2017-18<br/>Adjustment<br/>included in<br/>2018-19<br/>Instalments</b> | <b>2018-19<br/>Funding<br/>paid in four<br/>quarterly<br/>instalments</b> | <b>2019-20 Bring<br/>Forward<br/>Payment<br/>paid in<br/>2018-19<br/>(June 19)</b> | <b>Total Cash<br/>paid to<br/>councils in<br/>2018-19<br/>Financial<br/>Year</b> |
|--------------------|--|--|---|---|--|--|
|                    | \$   | \$   | \$  | \$  | \$   | \$   |
| Base Grant         | 35 988 453                                   | -17 953 045  | +211 215  | 18 246 623  | +18 629 849  | 36 876 472   |
| Road Grant         | 40 024 771                                   | -20 006 453  | -5 032  | 20 013 286  | +20 766 023  | 40 779 309   |
| <b>Total Grant</b> | <b>76 013 224</b>                            | <b>-37 959 498</b>   | <b>+206 183</b>   | <b>38 259 909</b>   | <b>+39 395 872</b>   | <b>77 655 781</b>  |

<sup>1</sup> Caps and Collars are explained further on page 24.



### 3 – 2019-20 FINANCIAL ASSISTANCE GRANT FUNDING - ESTIMATED

Increases in the total national FAG funding pool have historically been linked to annual changes in both the Australian population and the Consumer Price Index (CPI) so that the base grant and road grant pools are maintained in “real per capita” terms<sup>2</sup>. The total of estimated FAG entitlement to be provided by the Australian Government in respect of 2019-20 both nationally and to Tasmania is shown in Table 6 below.

**Table 6: Financial Assistance for Local Government – 2019-20 Estimate**

|                    | National Pool of funds | Tasmanian Proportion of National Pool | Tasmanian Grant Entitlement | Change on 2018-19 Actual Entitlement* |
|--------------------|------------------------|---------------------------------------|-----------------------------|---------------------------------------|
|                    | \$                     | %                                     | \$                          | %                                     |
| Base Grant         | 1 757 045 760          | 2.11                                  | 37 081 045                  | +3.58                                 |
| Road Grant         | 779 652 913            | 5.30                                  | 41 316 093                  | +4.05                                 |
| <b>Total Grant</b> | <b>2 536 698 673</b>   | <b>3.09</b>                           | <b>78 397 138</b>           | <b>+3.82</b>                          |

\* This column shows Tasmania's 2019-20 year estimated entitlement compared to the 2018-19 actual entitlement (accrual basis)

Each year the Australian Government estimates each state's share of the total funding pool, and finalises each state's annual entitlements for the prior year once final population and CPI data are known. The national FAG funding pool is normally indexed annually by a combined factor of population growth and a CPI factor as follows:

$$\text{Factor} = (\text{Population of Australia/previous Population of Australia}) \times (\text{CPI/previous CPI})$$

The national 2019-20 FAG funding pool has been indexed by 4.05 per cent. The national funding pool has increased from \$2.438 billion to \$2.537 billion.

The Base Grant funding component of the national FAG funding pool is allocated amongst all jurisdictions based on population shares. The Road Grant funding component of the national FAG funding pool is allocated based on proportions historically agreed to by all jurisdictions.

Based on population estimates as at 31 December 2018, the Australian Government has determined that the 2019-20 national funding pool be distributed amongst jurisdictions as detailed in Table 7.

<sup>2</sup> The Australian Government applied a three year freeze in indexation to the financial years 2014-15 to 2016-17.

**Table 7: 2019-20 Financial Assistance Grants – Estimated Entitlements by Jurisdiction**

|                              | Population as at 31 Dec 2018 | Population shares for General Purpose Entitlement | 2019-20 Estimated General Purpose Entitlement | Local Road Agreed Percentage Shares | 2019-20 Estimated Local Road Entitlement | 2019-20 Total Estimated Entitlement |
|------------------------------|------------------------------|---|---|-------------------------------------|--|-------------------------------------|
| Jurisdiction                 |                              | %   | \$  | %                                   | \$                                       | \$                                  |
| New South Wales              | 8 046 070                    | 31.96%  | 561 526 802                                   | 29.00%                              | 226 201 773                              | 787 728 575                         |
| Victoria                     | 6 526 413                    | 25.93%  | 455 581 222                                   | 20.60%                              | 160 736 232                              | 616 317 454                         |
| Queensland                   | 5 052 827                    | 20.07%  | 352 558 298                                   | 18.80%                              | 146 078 390                              | 498 636 688                         |
| Western Australia            | 2 606 338                    | 10.35%  | 181 901 718                                   | 15.30%                              | 119 210 077                              | 301 111 795                         |
| South Australia              | 1 742 744                    | 6.92%   | 121 611 213                                   | 5.50%                               | 42 847 209                               | 164 458 422                         |
| Tasmania                     | 531 529                      | 2.11%   | 37 081 045                                    | 5.30%                               | 41 316 093                               | 78 397 138                          |
| Northern Territory           | 245 854                      | 0.98%   | 17 180 555                                    | 2.30%                               | 18 263 231                               | 35 443 786                          |
| Australian Capital Territory | 423 811                      | 1.68%   | 29 604 907                                    | 3.20%                               | 24 999 908                               | 54 604 815                          |
| <b>Total</b>                 | <b>25 175 586</b>            | <b>100.00%</b>                                    | <b>1 757 045 760</b>                          | <b>100.00%</b>                      | <b>779 652 913</b>                       | <b>2 536 698 673</b>                |

*Note: The Commission uses population statistics as at June each year, as these figures align with the financial data that also informs the Commission's grant models.*

Notwithstanding that Tasmania's population grew at a greater rate (+1.30 per cent) than previously estimated (+0.94 per cent), it was still less than the national growth rate of +1.65 per cent. This has resulted in Tasmania's share of the Base Grant funding reducing from +2.12 per cent to +2.11 per cent and Tasmania only receiving an increase in Base Grant entitlement of \$1.280 million (+3.58 per cent) for 2019-20 rather than the indexation rate applied to the national FAG pool (+4.05 per cent).

The Australian Bureau of Statistics' population estimates, which have been used by the Australian Government for determining each jurisdiction's share of the Base Grant portion of the national FAG funding pools, are detailed in Table 8.

**Table 8: Australian Government Population Estimates by Jurisdiction**

|                              | Estimated<br>Population<br>as at<br>31 Dec 2017<br>* | Actual<br>Population<br>as at<br>31 Dec 2017<br>* | Estimated<br>Population<br>as at<br>31 Dec 2018<br>* | Change in<br>Population<br>- Actual v<br>Estimate | Estimated<br>Rate of<br>Population<br>Growth |
|------------------------------|--|---|--|---|--|
| New South Wales              | 7 915 069  | 7 922 257   | 8 046 070  | 123 813   | 1.563%                                       |
| Victoria                     | 6 385 849  | 6 386 983   | 6 526 413  | 139 430   | 2.183%                                       |
| Queensland                   | 4 965 033  | 4 962 922   | 5 052 827  | 89 905  | 1.812%                                       |
| Western Australia            | 2 584 768  | 2 582 377   | 2 606 338  | 23 961  | 0.928%                                       |
| South Australia              | 1 728 053  | 1 728 159   | 1 742 744  | 14 585  | 0.844%                                       |
| Tasmania                     | 524 677  | 525 030   | 531 529  | 6 499   | 1.238%                                       |
| Northern Territory           | 246 726  | 246 864   | 245 854  | -1 010  | -0.409%                                      |
| Australian Capital Territory | 415 916  | 416 237   | 423 811  | 7 574   | 1.820%                                       |
| <b>Total</b>                 | <b>24 766 091</b>                                    | <b>24 770 829</b>                                 | <b>25 175 586</b>                                    | <b>404 757</b>                                    | <b>1.634%</b>                                |

\* Source: Estimated populations as per June 2019 advice from the ABS to Department of Infrastructure, Transport, Cities and Regional Development (DITCRD). DITCRD uses these estimated population statistics for determining jurisdictional shares of the estimated funding pools. Actual Population statistics are used for finalising entitlements amongst jurisdictions.

Tasmania will receive 5.3 per cent of the national Road Grant pool. Tasmania's Road Grant entitlement for 2019-20 (\$41.316 million) increased by \$1.607 million (+4.05 per cent) on the finalised Road Grant entitlement for 2018-19, being the rate of increase in the national funding pool and reflects Tasmania's entitlement to a fixed share of the national Road Grant pool.

The total amount to be paid to councils in 2019-20 will be \$38.498 million. This amount has been derived by subtracting both the advance payment of \$39.396 million made in June 2019 from the 2019-20 Estimated Entitlement (\$78.397 million) and the reduction to the 2018-19 FAG entitlement.

A summary of the financial assistance to be paid to local government in 2019-20 by the Australian Government is shown in Table 9 below. A detailed breakdown of these amounts by council is provided in the Appendices section of this report.

**Table 9: Financial Assistance for Local Government - 2019-20 Estimate – Balance due**

|                    | Estimated<br>2019-20<br>Entitlement | Less 2019-20 bring<br>forward payment<br>(paid in 2018-19) | Plus 2018-19<br>adjustments (to be<br>paid in 2019-20) | Amount to be<br>paid over four<br>instalments in<br>2019-20 |
|--------------------|-------------------------------------|--|--|---|
|                    | \$                                  | \$   | \$   | \$  |
| Base Grant         | 37 081 045                          | -18 629 849  | -187 509   | 18 263 687  |
| Road Grant         | 41 316 093                          | -20 766 023  | -315 514   | 20 234 556  |
| <b>Total Grant</b> | <b>78 397 138</b>                   | <b>-39 395 872</b>   | <b>-503 023</b>  | <b>38 498 243</b>   |

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The Australian Government normally pays the FAG funding to the states and territories in four instalments, being mid-August, November, February and May. The Tasmanian Treasury makes payment of the funds to councils promptly after the receipt of each instalment.

## 4 – HEARINGS, VISITS AND COUNCIL SUBMISSIONS

### 2019 Hearings & Visits

Under Section 11 of the Australian Government 1995 Act, a state is not entitled to receive its grant unless that State's local government grants 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 annually conducts a series of regional hearings with councils which are open to the public and the media. All councils are invited to participate in the consultation process and attend regional hearings. In addition, the Commission aims to visit approximately one third of councils each year.

The Commission values face-to-face interaction with councils. Hearings and visits provide insights into relevant issues not discernible from the review of quantitative data alone and provide an opportunity to discuss issues raised by the Commission and councils in the discussion papers and council submissions.

Participation by councils in the 2019 Hearings and Visits processes are detailed in Tables 10-12.

**Table 10: Participation by councils in Commission's 2019 processes**

| Total No. of councils | No. of written submissions received | No. of councils attending Hearings | No. of Councils visited |
|-----------------------|-------------------------------------|------------------------------------|-------------------------|
| 29                    | 11                                  | 17                                 | 7                       |

**Table 11: Participation by councils in Commission's 2019 regional hearings**

| Region     | Location   | Date      | Councils attending  |
|------------|------------|-----------|---|
| North West | Burnie     | 20 Feb 19 | Central Coast Council, Devonport City Council, King Island Council, Latrobe Council, Warath-Wynyard Council, West Coast Council |
| North      | Launceston | 22 Feb 19 | Break O'Day Council, Dorset Council, George Town Council, Launceston City Council, Meander Valley Council                       |
| South      | Hobart     | 12 Mar 19 | Central Highlands Council, Clarence City Council, Huon Valley Council, Kingborough Council, Sorell Council, Tasman Council      |

**Table 12: Participation by councils in Commission's 2019 visits**

| Date               | Councils visited  |
|--------------------|---|
| 18-19, 21 Feb 2019 | Burnie City Council, Circular Head Council, Flinders Council, Kentish Council |
| 21-22 Feb 2019     | Northern Midlands Council, West Tamar Council                                 |
| 13 Mar 2019        | Glenorchy City Council  |

The Commission is pleased with the consistent level of engagement and interest shown by most councils in the Commission's processes and methodologies. The Commission strives to be transparent and is continuously reviewing and improving the documentation available to councils on its [website](#).

### **Major issues discussed during 2019 Hearings & Visits**

Under the Commission's triennium methodology approach, any decisions that the Commission makes during 2019, 2020 and 2021 that result in major methodology changes, will be implemented prior to the Commission determining the 2021-22 FAG recommendations. The Commission has a policy of implementing major methodology changes only every three years to minimise the potential impact of major allocation variations on grant allocations. The activities undertaken by the Commission during 2018-19 represent the first year of the Commission's current triennium research and analysis cycle.

To support the Commission's triennium cycle, the Commission has a practice of publishing documents related to aspects of its methodology it is reviewing or seeking to discuss with councils at the annual hearings and visits. In December 2018, the Commission released the following publications and asked councils to make submissions to the Commission either in writing or as part of the 2019 Hearings and Visits discussion process.

- *Discussion Paper DPI9-01 - Socio-Economic Factors in the Base Grant Model - Proposal to replace the Unemployment Cost Adjustor with a SEIFA based Cost Adjustor*

This Paper continued the discussions commenced in 2018 in which councils, in general, agreed that a broad range of socio-economic indicators should be incorporated into the Commission's Base Grant model to recognise the varying types and levels of services and facilities provided by councils to assist and support those with demographic and economic disadvantages. Currently, the Commission's model only utilises the unemployment rate as an indicator of such disadvantages.

In particular, the Commission's discussion paper examined the theory and potential impact of including a broad-range socio-economic indicator such as the ABS's SEIFA index which is published following each census. All councils consulted supported the proposal to adopt a SEIFA index. Further, there was general agreement that, of the range of SEIFA indices available, the Index of Regional Socio-economic Disadvantage (IRSD) index proposed for adoption was considered the most appropriate indicator for the varying levels of disadvantage. The IRSD is informed by 16 variables to develop its composite measure of disadvantage.

The discussion paper included a suggested design of an IRSD based SEIFA Cost Adjustor and modelling of the financial implications of using the cost adjustor in the Base Grant model compared to the current Unemployment Cost Adjustor. There was general agreement that this suggested design of SEIFA cost adjustor was appropriate for the majority of councils. However, a small number of councils expressed the view that using an index measure that is reflective of the disadvantage for the entire local government area would not be fully indicative of the resource demands councils face if they have suburban concentrations of significantly higher levels of disadvantage than the overall local government area indicator of disadvantage.

The Commission also discussed with councils the expenditure categories and the quantum of expenditure to be redistributed by a proposed SEIFA cost adjustor. Many councils noted that socio-economic disadvantage is linked to an ever increasing demand on resources as public expectations of councils' responses to those disadvantages had increased significantly.

Having considered the feedback received from councils on DP-19-01, the Commission has made a preliminary decision to replace its Unemployment Cost Adjustor with an IRSD based SEIFA Cost Adjustor measuring disadvantage based on Local Government Areas. The Commission has also decided to change the expenditure categories to which the new cost adjustor applied from those that the Unemployment Cost Adjustor applied (Health, Housing and Welfare, and Law, Order and Public Safety). The Commission will circulate a paper outlining the Commission's preliminary decisions on the form of the SEIFA Cost Adjustor, the expenditure categories to which it will apply and the expected redistributive effect it will have prior to its introduction at the conclusion of the current triennium.

- *Conversation Starter CS19-01 – Engagement with Councils*

As part of a process of performance review and improvement, the Commission issued CS19-01 to receive feedback from councils about the ways in which the understanding of, and communication between, the Commission and councils could be improved. The Commission continually seeks to improve councils' understanding of the operations of the Commission, both at a principle level and at a technical and data level. The Commission was interested in hearing from councils about the differing needs of elected members and staff at varying levels of the organisation in terms of their need for information about the Commission, and the most effective manner for that information to be transferred to and from the Commission.

A number of issues were discussed, including the content and format of documentation issued by the Commission, the means by which educational and informational needs might be improved, particularly in terms of timing and format, and potential modifications to the calendar of events and cycle of Commission activities to provide councils with better opportunities to respond and contribute in a meaningful manner to Commission deliberations.

The Commission is currently considering the suggestions and feedback received as part of its forward work plan and future processes.

- *Conversation Starter CS19-02 – Non-Resident Populations*

Discussions held in 2018 relating to the Commission's current allowance for Regional Responsibility resulted in little agreement among councils as to how to define and quantify the obligations of a council providing services to cater for a regional area. Discussions with councils indicated that the logic behind the current Regional Responsibility Cost Adjustor, the methodology used in the assessment (including the weightings currently applied) and current trends and developments in the delivery of regional services meant a review was needed.

The 2019 discussions were generally more focused on impacts than was the case in 2018. However, specific measurement of the impacts was typically missing from the analysis, with councils generally providing anecdotal evidence that service provision needed to be higher, but

having trouble separating the impacts between the base service level and the extra service level required due to non-residents. Some new examples of non-resident impacts however were provided, including:

- costs for improving intersections (the example cited related to an intersection that did not present a challenge for local residents, but traffic accident statistics clearly indicated tourists had problems negotiating it);
- the need to provide car parking capacity in the proximity to CBDs and boat ramps, marinas and pontoons at both ends of popular travel links;
- support for festivals and events and the need for councils to provide temporary services for a large influx of non-residents attending such events; and
- Forward planning requirements, with one council acquiring land adjoining State government owned facilities to facilitate future expansion plans for the State Government infrastructure.

Infrastructure provision continues to exhibit capacities beyond the size of the council where the infrastructure is located. The Commission noted that frequently the grant application process that results in the creation of such “regional” facilities actually focuses on the benefits of the project to the region. Councils are building major infrastructure projects which are designed not just to stimulate local activity, but are also designed to suit and cater for a regional catchment area, and the expected economic benefits from the project. One council mentioned approximately 25 per cent of users of a recently constructed facility servicing residents of an adjoining council.

In the absence of data, it is likely that measures of relative disadvantage associated with non-residents will continue to be based on "people-movement" rather than costs incurred by councils. Exceptions to this might be specific facility costs and waste disposal costs (where estimated percentage increases attributable to holiday periods was able to be provided by some councils).

Based on the feedback to date on this issue, the next phase of the Commission’s review into regional responsibility and the impact of non-residents is expected to consider the relationship between the current Regional Responsibility Cost Adjustor and the Commission’s other non-resident type cost adjustors, namely Absentee Cost Adjustor, Worker Influx Cost Adjustor, and Tourism Cost Adjustor, the expenditure categories to which each of these apply and their redistributive impacts both individually and collectively. Other matters such as the Scale cost adjustors and allowances may also be considered as part of this next phase of the review.

### **Other Issues raised by councils**

In addition to discussion papers, work plans and any other topics prepared by the Commission, councils are always invited to raise other relevant issues with the Commission as part of the annual hearings and visits program. Several issues were raised by councils in 2019 that may develop into research projects for the Commission in the future.



When matters are raised that do not fall within the Commission's remit, the Commission, where appropriate, may decide to convey the matter to other relevant bodies for their information and consideration.

Issues raised by councils during the 2019 Hearings and Visits that fall within the Commission's method of assessing relative advantage or disadvantage remit included:

- Island disadvantage;
- Resident capacity to pay;
- Climate change;
- Youth services;
- Impact of rapid growth;
- Fly In Fly Out and Drive In Drive Out workers;
- Housing and Itinerant worker impacts;
- Tourism impacts;
- Fire Service Levy; and
- TFS.

Issues raised by councils that fall within the Commission model data remit included:

- seeking to better understand the basis for the grant allocations and ability to compare across councils;
- concern regarding inconsistency in allocating and reporting across councils and the inability of some councils to allocate administrative overheads; and
- the CDC format and data collection requirements, in that the way councils operate has changed significantly over the years but the data collection template co-ordinated by the LGD has not been reviewed.

The Commission is appreciative of the interaction with councils and the amount of thought and effort that they make to ensure that the Commission is able to better understand the current issues and operating environments of councils. This enables the Commission to better plan, prioritise and target its research program and enable councils to have confidence in the workings of, and decisions made by, the Commission.

### **Issues for Future Assessments**

In 2019-20, the Commission anticipates issuing to councils its preliminary decision on the likely form of its proposed SEIFA based Cost Adjustor, which is expected to replace the Unemployment Cost Adjustor at the conclusion of the 2019-22 Triennium.

The Commission also intends to:

- further progress its review into the impact of non-residents and how its Regional Responsibility Cost Adjustor interacts with its other non-resident type cost adjustors in the Base Grant Model; and
- consider a proposal for an island isolation adjustor.

During the 2019 Hearings and Visits, the Commission received feedback regarding the timing of its processes. As a result, the Commission plans to implement new processes and arrangements to enable it to issue discussion and research papers earlier than has been past practice. Issuing Commission papers earlier will enable the due date for written submissions from councils to be brought forward to late December, rather than the current window of January-February. These changes may not be fully implemented in time for the 2020 Hearings and Visits processes.

The Commission's Work Plan is regularly reviewed and updated as work progresses or priorities change. A full work program review has been undertaken and the Commission will issue its current Work Plan for comment and feedback on an ongoing basis. The current work plan is available on the Commission's public website at <http://www.treasury.tas.gov.au/state-grants-commission/publications>.

## **5 – CHANGES TO THE DISTRIBUTION MODELS**

The Commission continuously monitors council practices with the objective of making its methods for distributing both the base grants and road grants funding both contemporary and equitable across councils. The Commission also monitors developments in local council policies, with the aim of reflecting, as much as possible, the current standard council policies in its models.

As previously mentioned, the Commission adopts a triennial review approach if circumstances deem it necessary that the Commission make methodology changes to its models for determining the distribution of the FAG funding. This means that major methodological changes are incorporated into its assessments every three years, with data updates and only minor methodological revisions incorporated each year. This policy is designed to balance the conflict between grant stability and the desirability of updating the Commission's modelling to best reflect horizontal fiscal equalisation principles and developments in council practices.

### **Triennium changes**

The 2019-20 financial year is the first year of the Commission's 2019-22 Triennium. Typically, the first year of a triennium would result in only data updates being adopted in making the FAG recommendations.

### **Base Grant Model**

The Commission's methodology change to phase out its Tourism Cost Adjustor over two years was first applied in making the 2018-19 Base Grant recommendations (being the third year, and thus implementation year of the then named 2018-19 Triennium). The second part of the phase out (which would have resulted in the Tourism Cost Adjustor having nil effect and effectively its removal from the Base Grant Model) was to have been implemented prior to making the 2019-20 Base Grant recommendations. However, the Commission has now determined it appropriate to suspend its plan to phase out the Tourism Cost Adjustor.

The Commission decided to suspend the phase out of the Tourism Cost Adjustor in light of the Commission's current review of the impact that non-residents have on councils more broadly. The need for a Tourism Cost Adjustor will be assessed following this review. For determining the 2019-20 Base Grant recommendations, the Commission retained its Tourism Cost Adjustor in its methodology at the same level it applied for making the 2018-19 Base Grant recommendations.

## **Key Data Changes**

### **Base Grant Model**

In making the 2019-20 FAG recommendations, the Commission adopted the following periodic data source updates:

#### *Airport Allowance rates*

Following a review of the rate that the Commission uses for its Airport Allowance, the Commission has increased the rate of the allowance from \$70 000 per island airport to \$100 000 per island airport. The Airport Allowance increases the expenditure requirements and therefore the relative need of the recipient councils in the Commission's Base Grant Model by the amount of the allowance. As the Base Grant funding pool is not sufficient to fully fund all assessed deficits of councils, the allowance does not result in the recipient councils directly receiving additional funding of the same dollar value as the allowance itself.

#### *Indexation of the GP Practice Allowance*

The 2019-20 Base Grant recommendations reflect the commencement of indexation of the GP Practice Allowance rate, using the rate of change in the Consumer Price Index (June 2017 to June 2018). This change was foreshadowed in the Commission's advice accompanying its 2018-19 FAG recommendations.

### **Road Grant**

#### *2016-17 Tasmanian Freight Survey*

The local government results from the 2016-17 TFS were released to the Commission by the DSG in November 2018. The 2019-20 Road Grant allocations reflect the first time adoption of this data update for its measure of the freight task that travels on council roads.

## **6 – APPROVED GRANT DISTRIBUTIONS FOR 2019-20**

### **Total entitlements (Base Grant + Road Grant)**

The 2019-20 FAG estimated distributions by council are detailed in Table 13. The 2019-20 Data Tables which are used to inform the distributions, and provide information on the Commission Distribution Methodology, are both available from the State Grants Commission's website: <http://www.treasury.tas.gov.au/state-grants-commission>.

### **Base Grant Estimated Entitlements**

The Australian Government has estimated Tasmania's Base Grant Entitlement for 2019-20 at \$78 397 138, which is 3.58 per cent more than the finalised 2018-19 Entitlement.

Twenty five councils will receive Base Grant increases for 2019-20 while four councils will receive Base Grant decreases. The movements in Base Grant allocations are largely a reflection of:

- the uneven nature of the population growth across the State (this affects not only the 30 per cent Minimum Grant entitlement a council receives, but also the calculation of the standard expenditure to which cost adjustors are then applied);
- the uneven distribution of increases in property values across jurisdictions resulting from the recent property boom; and
- to a lesser extent, the partial phasing out of the Tourism Cost Adjustor.

Thirty per cent of the Base Grant funding pool must be distributed based on population shares in accordance with the National Principles issued under the Australian Government 1995 Act. Uneven changes in population will therefore result in a direct change in the minimum grant allocation of FAG entitlements from year to year. Furthermore, the Commission's Base Grant Model expenditure assessment methodology for determining relative need is primarily based on an "average per capita" expenditure need, to which council relativities of disadvantage or advantage in the form of cost adjustors are then applied. While using population as the underlying basis for determining each council's relative need for assistance, this increases the Commission's Base Grant model sensitivity to uneven population changes. The use of three year's expenditure results moderate this to a degree, but does not neutralise the effect if there is a continuing trend in the population movement for a council or councils compared to other councils.

The Base Grant allocations are also affected by material changes in the relative road asset preservation needs of councils. Material changes in assessed road asset preservation costs impact on Base Grant allocations as the road and bridge asset preservation expenditure profile for each council determines the total road expenditure profile component of total council operating expenditure. Typical events that can result in changes in assessed road asset preservation needs include when significant changes in road lengths are reported, road, bridge and major culvert types are reclassified and TFS survey results are updated. In 2017-18, being the latest year's financial data available, roads expenditure represents in excess of 25 per cent of total operating expenditure of councils.

The Base Grant allocations also reflect the lagging effect of changes that have occurred in previous years, for example from the data updates from incorporating the 2016 Census results (which were predominantly first used for the 2018-19 Base Grant recommendations), and the rebasing of the population estimates by the ABS following the 2016 Census. The protection provided by caps and collars from current and prior year changes creates a tailing off or phasing in period before changes in methodology or data sources fully take effect in the Commission's Base Grant Model.

### **Road Grant Estimated Entitlements**

For 2019-20, the estimated Road Grant Entitlement is \$41 316 093, which is 4.05 per cent more than the finalised 2018-19 entitlement. This rate of increase reflects both the quantum of indexation of the national grant pool calculated by the Australian Government and the fixed share that Tasmania receives of the national Road Grant funding pool.

Twenty six councils will receive increases in their Road Grant allocations for 2019-20 while three councils will experience a decrease.

The changes in the distribution of the Road Grant funding reflect changes in relative road asset preservation needs. The main driver of the changes in Road Grant funding is the first time use of the 2016-17 TFS results, which informs the Commission's Traffic Cost Adjustor. The 2016-17 TFS results by council are published in the 2019-20 Data Tables. Other factors affecting the 2019-20 Road Grant funding allocations include:

- some material road length data changes. This is the principle reason for the decrease in Devonport City Council's road grant entitlement, and increase in Sorell Council and Central Coast Council's entitlements. For example Central Coast Council's road length has increased by 8.5 kilometres as a consequence of the former highway roads being transferred from State Growth to Central Coast Council. Devonport City Council's road length declined due to the correction of reported road length for Cliffden Court;
- some material bridge data corrections, reclassifications or replacement with assets with smaller dimensions than the minimum eligibility criteria for inclusion in the Commission's methodology calculations; and
- a continuation of the bridge replacement and upgrade program occurring across councils.

As the relative share of asset preservation needs change (either increase or decrease) for a council, this will have flow-on implications for the distribution of the Road Grant funding allocation for other councils.

### **Application of 'caps' and 'collars'**

To create some stability in annual base grant allocations to councils, the Commission has historically applied 'caps' and 'collars' within its Base Grant assessment model. The 'cap' limits the year on year increase in base grant funding for any council while the 'collar' restricts the year on year reduction in base grant funding for any council. The Commission's policy is to apply a 'collar' of no more than -10 per cent and a 'cap' of no more than +15 per cent.

Caps and collars effectively constrain the variation between the year-on-year allocations generated by the Base Grant Model to within the specified limits. Any variation outside these limits gets redistributed across all the other Relative Need Grant councils proportionally, until all Relative Need Grant councils receive an allocation which falls within these parameters. Depending on the level of extremity, caps and collars can result in a major data or methodology change gradually coming into effect over several years.

Only one council (Glamorgan Spring Bay) benefited from the protection of the -10.0 per cent collar limitation in arriving at the 2019-20 Base Grant recommendations. No councils were impacted by the +15.0 per cent cap limitation.

The Commission does not use any 'caps' and 'collars' in its Road Grant Model.

### **Approval of Recommendations**

The Commission's recommendations of financial assistance for councils for 2019-20 were conveyed to the Treasurer on 18 July 2019, and accepted by return letter on 24 July 2019. The recommendations were accepted by the Australian Government Minister for Regional Services, Decentralisation and Local Government, the Honourable Mark Coulton, MP on 12 August 2019.

Having taken account of the Australian Government's advance payment of approximately 50 per cent of the 2019-20 entitlement paid in June 2019, together with the adjustments made to the 2018-19 allocations, the balance of the entitlement will be paid in four instalments during 2019-20. The first instalment of the allocations was paid to the State Government on 16 August 2019 and this was distributed to councils by Treasury on 19 August 2019.

### 2019-20 Estimated Financial Assistance Grant allocations

The 2019-20 FAG allocations for Tasmania have been approved for distribution amongst Tasmanian councils as detailed in Table 13.

**Table 13: 2019-20 Financial Assistance Grant Estimate Allocation**

| Council              | Base Grant        |                      |                   | Per Capita Total Base Grant | Road Grant        |                  | Total Road Grant  | Total Grant       |
|----------------------|-------------------|----------------------|-------------------|-----------------------------|-------------------|------------------|-------------------|-------------------|
|                      | Per Capita (30%)  | Relative Needs (70%) | Total Base Grant  |                             | Roads             | Bridges          |                   |                   |
|                      | \$                | \$                   | \$                | \$                          | \$                | \$               | \$                | \$                |
| Break O'Day          | 131 251           | 1 180 710            | <b>1 311 961</b>  | 210.52                      | 1 468 862         | 140 211          | <b>1 609 073</b>  | <b>2 921 034</b>  |
| Brighton             | 364 225           | 945 718              | <b>1 309 943</b>  | 75.75                       | 587 522           | 34 635           | <b>622 157</b>    | <b>1 932 100</b>  |
| Burnie               | 407 484           | 730 922              | <b>1 138 406</b>  | 58.84                       | 1 200 503         | 31 255           | <b>1 231 758</b>  | <b>2 370 164</b>  |
| Central Coast        | 461 315           | 1 668 878            | <b>2 130 193</b>  | 97.25                       | 1 905 082         | 102 666          | <b>2 007 748</b>  | <b>4 137 941</b>  |
| Central Highlands    | 45 154            | 935 616              | <b>980 770</b>    | 457.45                      | 1 447 116         | 57 140           | <b>1 504 256</b>  | <b>2 485 026</b>  |
| Circular Head        | 169 876           | 1 077 815            | <b>1 247 691</b>  | 154.69                      | 1 976 096         | 91 058           | <b>2 067 154</b>  | <b>3 314 845</b>  |
| Clarence             | 1 199 305         | 0                    | <b>1 199 305</b>  | 21.06                       | 1 660 639         | 20 380           | <b>1 681 019</b>  | <b>2 880 324</b>  |
| Derwent Valley       | 216 715           | 1 233 348            | <b>1 450 063</b>  | 140.92                      | 882 187           | 73 469           | <b>955 656</b>    | <b>2 405 719</b>  |
| Devonport            | 535 259           | 544 076              | <b>1 079 335</b>  | 42.47                       | 1 174 401         | 21 833           | <b>1 196 234</b>  | <b>2 275 569</b>  |
| Dorset               | 140 096           | 1 400 552            | <b>1 540 648</b>  | 231.61                      | 1 799 191         | 126 698          | <b>1 925 889</b>  | <b>3 466 537</b>  |
| Flinders             | 20 787            | 664 470              | <b>685 257</b>    | 694.28                      | 737 405           | 22 323           | <b>759 728</b>    | <b>1 444 985</b>  |
| George Town          | 145 972           | 935 324              | <b>1 081 296</b>  | 156.01                      | 766 456           | 43 914           | <b>810 370</b>    | <b>1 891 666</b>  |
| Glamorgan Spring Bay | 95 363            | 156 336              | <b>251 699</b>    | 55.59                       | 975 221           | 57 813           | <b>1 033 034</b>  | <b>1 284 733</b>  |
| Glenorchy            | 1 003 250         | 0                    | <b>1 003 250</b>  | 21.06                       | 1 402 862         | 48 849           | <b>1 451 711</b>  | <b>2 454 961</b>  |
| Hobart               | 1 130 626         | 0                    | <b>1 130 626</b>  | 21.06                       | 1 549 576         | 106 731          | <b>1 656 307</b>  | <b>2 786 933</b>  |
| Huon Valley          | 362 645           | 1 652 741            | <b>2 015 386</b>  | 117.04                      | 1 556 130         | 125 057          | <b>1 681 187</b>  | <b>3 696 573</b>  |
| Kentish              | 133 188           | 1 420 051            | <b>1 553 239</b>  | 245.61                      | 1 153 472         | 69 673           | <b>1 223 145</b>  | <b>2 776 384</b>  |
| King Island          | 33 718            | 842 668              | <b>876 386</b>    | 547.40                      | 1 044 625         | 23 429           | <b>1 068 054</b>  | <b>1 944 440</b>  |
| Kingborough          | 794 707           | 0                    | <b>794 707</b>    | 21.06                       | 1 486 351         | 56 162           | <b>1 542 513</b>  | <b>2 337 220</b>  |
| Latrobe              | 238 597           | 651 300              | <b>889 897</b>    | 78.55                       | 755 653           | 38 382           | <b>794 035</b>    | <b>1 683 932</b>  |
| Launceston           | 1 420 527         | 0                    | <b>1 420 527</b>  | 21.06                       | 2 875 692         | 106 612          | <b>2 982 304</b>  | <b>4 402 831</b>  |
| Meander Valley       | 415 171           | 1 670 778            | <b>2 085 949</b>  | 105.82                      | 2 065 836         | 155 534          | <b>2 221 370</b>  | <b>4 307 319</b>  |
| Northern Midlands    | 280 108           | 871 881              | <b>1 151 989</b>  | 86.62                       | 2 283 358         | 157 842          | <b>2 441 200</b>  | <b>3 593 189</b>  |
| Sorell               | 320 503           | 929 230              | <b>1 249 733</b>  | 82.12                       | 987 955           | 63 309           | <b>1 051 264</b>  | <b>2 300 997</b>  |
| Southern Midlands    | 128 850           | 1 695 728            | <b>1 824 578</b>  | 298.23                      | 1 573 474         | 117 620          | <b>1 691 094</b>  | <b>3 515 672</b>  |
| Tasman               | 50 630            | 415 821              | <b>466 451</b>    | 194.03                      | 535 709           | 28 030           | <b>563 739</b>    | <b>1 030 190</b>  |
| Waratah-Wynyard      | 290 639           | 1 428 223            | <b>1 718 862</b>  | 124.56                      | 1 378 354         | 84 541           | <b>1 462 895</b>  | <b>3 181 757</b>  |
| West Coast           | 87 760            | 1 301 081            | <b>1 388 841</b>  | 333.30                      | 693 157           | 53 940           | <b>747 097</b>    | <b>2 135 938</b>  |
| West Tamar           | 500 593           | 1 603 464            | <b>2 104 057</b>  | 88.52                       | 1 281 824         | 52 278           | <b>1 334 102</b>  | <b>3 438 159</b>  |
| <b>Total</b>         | <b>11 124 314</b> | <b>25 956 731</b>    | <b>37 081 045</b> | <b>70.20</b>                | <b>39 204 709</b> | <b>2 111 384</b> | <b>41 316 093</b> | <b>78 397 138</b> |



## 7 – HEAVY VEHICLE MOTOR TAX REVENUES

The *State Grants Commission Act 1976* also requires the Commission to recommend the distribution amongst councils of State motor taxes collected on the registration of heavy vehicles. The distribution of the Heavy Vehicle Motor Tax Revenue (HVMTR) is not governed by the Australian Government 1995 Act and the funding is not a component of the FAG funding pool.

Since 1996-97, the State Government has allocated \$1.5 million per annum of heavy vehicle motor taxes for distribution to councils.

The Commission bases the distribution of the HVMTR on heavy vehicle road usage data from the TFS conducted by the DSG. The TFS provides a measure of *tonne-kilometres (T-K)* which is the product of tonnage carried over local roads and the distance over which it is carried, identified by the largest freight demanders in Tasmania.

In recognition of the pre-existing entitlement under the provisions of the *Roads and Jetties Act 1935* for the Flinders and King Island Councils to a full reimbursement from the State Government of all motor tax paid on vehicles registered within their boundaries, the Commission considers it as inequitable for Flinders and King Island to also receive a share of the HVMTR pool.

As Kingborough Council also receives a refund of motor tax under the *Roads and Jetties Act* for vehicles registered on Bruny Island, the Commission also excludes the Bruny Island portion of the freight task for Kingborough Council when determining that council's entitlement to the HVMTR funding.

The Commission has made its recommendations for the distribution of the 2019-20 HVMTR, based on the 2016-17 TFS results, being the most recent data available. These recommendations are detailed in Table 14. These were approved by the Commission at its meeting on 18 July 2019 and were approved by the Treasurer on 2 September 2019.

**Table 14: 2019-20 Heavy Vehicle Motor Tax Revenue Distribution**

|                      | Tonne-Kilometres (1) | Share of State Total | 2019-20 Distribution \$ |
|----------------------|----------------------|----------------------|-------------------------|
| Break O'Day          | 4 334 919            | 3.25%                | 48 809                  |
| Brighton             | 1 470 689            | 1.10%                | 16 559                  |
| Burnie               | 5 004 571            | 3.76%                | 56 350                  |
| Central Coast        | 6 392 695            | 4.80%                | 71 979                  |
| Central Highlands    | 1 971 769            | 1.48%                | 22 201                  |
| Circular Head        | 26 515 660           | 19.90%               | 298 556                 |
| Clarence             | 2 562 504            | 1.92%                | 28 853                  |
| Derwent Valley       | 5 974 331            | 4.48%                | 67 269                  |
| Devonport            | 7 017 251            | 5.27%                | 79 011                  |
| Dorset               | 12 453 884           | 9.35%                | 140 226                 |
| Flinders             | 728 258              | 0.00%                | 0                       |
| George Town          | 2 879 957            | 2.16%                | 32 427                  |
| Glamorgan Spring Bay | 56 148               | 0.04%                | 632                     |
| Glenorchy            | 2 355 673            | 1.77%                | 26 524                  |
| Hobart               | 5 136 797            | 3.86%                | 57 838                  |
| Huon Valley          | 3 828 854            | 2.87%                | 43 111                  |
| Kentish              | 5 240 182            | 3.93%                | 59 002                  |
| King Island          | 1 505 220            | 0.00%                | 0                       |
| Kingborough          | 841 547              | 0.63%                | 9 476                   |
| Latrobe              | 1 262 032            | 0.95%                | 14 210                  |
| Launceston           | 14 806 752           | 11.11%               | 166 718                 |
| Meander Valley       | 4 521 297            | 3.39%                | 50 908                  |
| Northern Midlands    | 6 624 783            | 4.97%                | 74 592                  |
| Sorell               | 1 218 885            | 0.91%                | 13 724                  |
| Southern Midlands    | 1 035 112            | 0.78%                | 11 655                  |
| Tasman               | 840 700              | 0.63%                | 9 466                   |
| Waratah-Wynyard      | 6 463 706            | 4.85%                | 72 779                  |
| West Coast           | 140 261              | 0.11%                | 1 579                   |
| West Tamar           | 2 268 828            | 1.70%                | 25 546                  |
| <b>Total</b>         | <b>135 453 265</b>   | <b>100.00%</b>       | <b>1 500 000</b>        |

(1) Source: Tonne-Kilometres from the 2016-17 Tasmanian Freight Survey

## **APPENDICIES**

## **APPENDIX I: NATIONAL PRINCIPLES FOR DETERMINING THE DISTRIBUTION OF GRANT FUNDING**

The national principles for the distribution of Base Grants (Section 9 of the *Australian Government 1995 Act*) are:

### **National Principles – Base Grant Distribution**

#### ***1. Horizontal Fiscal 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 national principle governing the distribution of Road Grants (Section 12 of the *Australian Government 1995 Act*) is:

**National Principle - Road Grant Distribution**

***Identified Road Component***

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

The Commission has also developed an additional set of State Principles, which are detailed in the Distribution Methodology Paper and available on the Commission's [website](#).

## **APPENDIX 2: ACRONYMS IN THIS ANNUAL REPORT**

Definitions of the abbreviated acronyms referenced in this Annual Report:

| Abbreviation | Description  |
|--------------|--|
| ABS          | Australian Bureau of Statistics  |
| BGM          | Base Grant Model   |
| CA           | Cost Adjustor  |
| CS           | Conversation Starter   |
| DITCRD       | Department of Infrastructure, Transport, Cities and Regional Development |
| DP           | Discussion Paper   |
| DSG          | Department of State Growth   |
| FAG          | Financial Assistance Grant   |
| FTE          | Full Time Equivalent   |
| HVMTR        | Heavy Vehicle Motor Tax Revenue  |
| IP           | Information Paper  |
| IRSD         | Index of Relative Socio-economic Disadvantage (ABS)                      |
| LGAT         | Local Government Association of Tasmania                                 |
| LGD          | Local Government Division (Department of Premier and Cabinet)            |
| NDRRA        | Natural Disaster Relief and Recover Arrangements                         |
| RPM          | Road Preservation Model  |
| SEIFA        | Socio-Economic Index For Areas (ABS)                                     |
| TFS          | Traffic Freight Survey   |

**APPENDIX 3: TOTAL FINAL GRANTS PROVIDED IN 2018-19**

| Council              | Base Grant                |                               |                           |                                | Road Grant        |                  |                           |                                | Total Grant<br>2018-19<br>\$ |
|----------------------|---------------------------|-------------------------------|---------------------------|--------------------------------|-------------------|------------------|---------------------------|--------------------------------|------------------------------|
|                      | Recommended               |                               |                           | Base Grant<br>Adjustment<br>\$ | Recommended       |                  |                           | Road Grant<br>Adjustment<br>\$ |                              |
|                      | Per Capita<br>(30%)<br>\$ | Relative Needs<br>(70%)<br>\$ | Total Base<br>Grant<br>\$ |                                | Roads<br>\$       | Bridges<br>\$    | Total Road<br>Grant<br>\$ |                                |                              |
| Break O'Day          | 127 827                   | 1 187 564                     | <b>1 315 391</b>          | - 6 501                        | 1 427 037         | 165 115          | <b>1 592 152</b>          | - 12 551                       | <b>2 888 491</b>             |
| Brighton             | 349 716                   | 872 567                       | <b>1 222 283</b>          | - 6 965                        | 583 140           | 30 615           | <b>613 755</b>            | - 4 838                        | <b>1 824 235</b>             |
| Burnie               | 398 903                   | 710 917                       | <b>1 109 820</b>          | - 6 650                        | 1 160 699         | 30 049           | <b>1 190 748</b>          | - 9 387                        | <b>2 284 531</b>             |
| Central Coast        | 454 101                   | 1 612 692                     | <b>2 066 793</b>          | - 11 228                       | 1 801 582         | 95 963           | <b>1 897 545</b>          | - 14 958                       | <b>3 938 152</b>             |
| Central Highlands    | 44 336                    | 906 706                       | <b>951 042</b>            | - 4 507                        | 1 393 895         | 54 934           | <b>1 448 829</b>          | - 11 421                       | <b>2 383 943</b>             |
| Circular Head        | 168 826                   | 1 088 504                     | <b>1 257 330</b>          | - 6 400                        | 1 884 304         | 91 092           | <b>1 975 396</b>          | - 15 572                       | <b>3 210 754</b>             |
| Clarence             | 1 153 678                 | 0                             | <b>1 153 678</b>          | - 6 011                        | 1 578 024         | 20 351           | <b>1 598 375</b>          | - 12 600                       | <b>2 733 442</b>             |
| Derwent Valley       | 210 344                   | 1 170 618                     | <b>1 380 962</b>          | - 7 130                        | 861 343           | 70 250           | <b>931 593</b>            | - 7 344                        | <b>2 298 081</b>             |
| Devonport            | 524 761                   | 490 075                       | <b>1 014 836</b>          | - 6 720                        | 1 224 044         | 22 153           | <b>1 246 197</b>          | - 9 824                        | <b>2 244 489</b>             |
| Dorset               | 139 186                   | 1 421 358                     | <b>1 560 544</b>          | - 7 663                        | 1 726 959         | 120 373          | <b>1 847 332</b>          | - 14 562                       | <b>3 385 651</b>             |
| Flinders             | 19 546                    | 621 192                       | <b>640 738</b>            | - 2 996                        | 715 263           | 19 827           | <b>735 090</b>            | - 5 795                        | <b>1 367 037</b>             |
| George Town          | 141 901                   | 883 461                       | <b>1 025 362</b>          | - 5 236                        | 772 802           | 46 396           | <b>819 198</b>            | - 6 457                        | <b>1 832 867</b>             |
| Glamorgan Spring Bay | 94 414                    | 185 252                       | <b>279 666</b>            | + 0                            | 936 663           | 49 718           | <b>986 381</b>            | - 7 776                        | <b>1 258 271</b>             |
| Glenorchy            | 969 845                   | 0                             | <b>969 845</b>            | - 5 053                        | 1 376 798         | 46 890           | <b>1 423 688</b>          | - 11 223                       | <b>2 377 257</b>             |
| Hobart               | 1 081 795                 | 0                             | <b>1 081 795</b>          | - 5 637                        | 1 582 594         | 102 336          | <b>1 684 930</b>          | - 13 282                       | <b>2 747 806</b>             |
| Huon Valley          | 350 690                   | 1 658 773                     | <b>2 009 463</b>          | - 10 553                       | 1 512 886         | 121 762          | <b>1 634 648</b>          | - 12 886                       | <b>3 620 672</b>             |
| Kentish              | 130 978                   | 1 403 568                     | <b>1 534 546</b>          | - 7 513                        | 1 082 396         | 68 197           | <b>1 150 593</b>          | - 9 070                        | <b>2 668 556</b>             |
| King Island          | 33 454                    | 793 208                       | <b>826 662</b>            | - 3 899                        | 996 737           | 22 710           | <b>1 019 447</b>          | - 8 036                        | <b>1 834 174</b>             |
| Kingborough          | 761 408                   | 0                             | <b>761 408</b>            | - 3 967                        | 1 414 005         | 51 977           | <b>1 465 982</b>          | - 11 557                       | <b>2 211 866</b>             |
| Latrobe              | 230 242                   | 609 409                       | <b>839 651</b>            | - 4 744                        | 728 084           | 36 901           | <b>764 985</b>            | - 6 031                        | <b>1 593 861</b>             |
| Launceston           | 1 388 833                 | 0                             | <b>1 388 833</b>          | - 7 236                        | 2 873 458         | 94 718           | <b>2 968 176</b>          | - 23 398                       | <b>4 326 375</b>             |
| Meander Valley       | 405 909                   | 1 715 164                     | <b>2 121 073</b>          | - 11 282                       | 1 996 358         | 153 872          | <b>2 150 230</b>          | - 16 950                       | <b>4 243 071</b>             |
| Northern Midlands    | 272 112                   | 844 820                       | <b>1 116 932</b>          | - 6 175                        | 2 195 094         | 168 118          | <b>2 363 212</b>          | - 18 629                       | <b>3 455 340</b>             |
| Sorell               | 303 618                   | 874 760                       | <b>1 178 378</b>          | - 6 581                        | 896 580           | 55 892           | <b>952 472</b>            | - 7 508                        | <b>2 116 761</b>             |
| Southern Midlands    | 126 501                   | 1 626 816                     | <b>1 753 317</b>          | - 8 489                        | 1 512 970         | 123 757          | <b>1 636 727</b>          | - 12 902                       | <b>3 368 653</b>             |
| Tasman               | 49 518                    | 406 753                       | <b>456 271</b>            | - 2 276                        | 482 783           | 29 441           | <b>512 224</b>            | - 4 038                        | <b>962 181</b>               |
| Waratah-Wynyard      | 285 854                   | 1 307 106                     | <b>1 592 960</b>          | - 8 396                        | 1 308 605         | 80 109           | <b>1 388 714</b>          | - 10 948                       | <b>2 962 330</b>             |
| West Coast           | 86 559                    | 1 247 568                     | <b>1 334 127</b>          | - 6 422                        | 698 488           | 49 817           | <b>748 305</b>            | - 5 898                        | <b>2 070 112</b>             |
| West Tamar           | 491 680                   | 1 553 067                     | <b>2 044 747</b>          | - 11 279                       | 1 228 070         | 49 777           | <b>1 277 847</b>          | - 10 073                       | <b>3 301 242</b>             |
| <b>Total</b>         | <b>10 796 535</b>         | <b>25 191 918</b>             | <b>35 988 453</b>         | <b>- 187 509</b>               | <b>37 951 661</b> | <b>2 073 110</b> | <b>40 024 771</b>         | <b>- 315 514</b>               | <b>75 510 201</b>            |

\* The final grant entitlement for 2018-19 was \$75 510 201 based on an accrual calculation using actual population and Consumer Price Index figures for the year, whereas the entitlement was estimated to be \$76 013 224. Consequently, the amounts shown in the adjustment columns should be subtracted from the 2018-19 estimates to reflect 'actual' final grant entitlements. The total overpayment of \$503 023 is to be added to the regular quarterly instalments over the 2019-20 financial year as specified in the Commonwealth Local Government (Financial Assistance) Act 1995.

**APPENDIX 4: COMPARISON OF 2019-20 RECOMMENDATIONS TO 2018-19 FINAL GRANT OUTCOMES**

| <b>Council</b>       | <b>Recommended<br/>2019-20<br/>Base Grant<br/>\$</b> | <b>Change from<br/>2018-19<br/>Base Grant<br/>\$</b> | <b>Change from<br/>2018-19<br/>Base Grant<br/>%</b> | <b>Recommended<br/>2019-20<br/>Road Grant<br/>\$</b> | <b>Change from<br/>2018-19<br/>Road Grant<br/>\$</b> | <b>Change from<br/>2018-19<br/>Road Grant<br/>%</b> | <b>Recommended<br/>2019-20<br/>Total Grant<br/>\$</b> | <b>Change from<br/>2018-19 Total<br/>Grant<br/>\$</b> | <b>Change from<br/>2018-19 Total<br/>Grant<br/>%</b> |
|----------------------|--|--|---|--|--|---|---|---|--|
| Break O'Day          | 1 311 961  | + 3 071  | +0.2%   | 1 609 073  | + 29 472   | +1.9%   | 2 921 034   | + 32 543  | +1.1%  |
| Brighton             | 1 309 943  | + 94 625   | +7.8%   | 622 157  | + 13 240   | +2.2%   | 1 932 100   | + 107 865   | +5.9%  |
| Burnie               | 1 138 406  | + 35 236   | +3.2%   | 1 231 758  | + 50 397   | +4.3%   | 2 370 164   | + 85 633  | +3.7%  |
| Central Coast        | 2 130 193  | + 74 628   | +3.6%   | 2 007 748  | + 125 161  | +6.6%   | 4 137 941   | + 199 789   | +5.1%  |
| Central Highlands    | 980 770  | + 34 235   | +3.6%   | 1 504 256  | + 66 848   | +4.7%   | 2 485 026   | + 101 083   | +4.2%  |
| Circular Head        | 1 247 691  | - 3 239  | -0.3%   | 2 067 154  | + 107 330  | +5.5%   | 3 314 845   | + 104 091   | +3.2%  |
| Clarence             | 1 199 305  | + 51 638   | +4.5%   | 1 681 019  | + 95 244   | +6.0%   | 2 880 324   | + 146 882   | +5.4%  |
| Derwent Valley       | 1 450 063  | + 76 231   | +5.5%   | 955 656  | + 31 407   | +3.4%   | 2 405 719   | + 107 638   | +4.7%  |
| Devonport            | 1 079 335  | + 71 219   | +7.1%   | 1 196 234  | - 40 139   | -3.2%   | 2 275 569   | + 31 080  | +1.4%  |
| Dorset               | 1 540 648  | - 12 233   | -0.8%   | 1 925 889  | + 93 119   | +5.1%   | 3 466 537   | + 80 886  | +2.4%  |
| Flinders             | 685 257  | + 47 515   | +7.5%   | 759 728  | + 30 433   | +4.2%   | 1 444 985   | + 77 948  | +5.7%  |
| George Town          | 1 081 296  | + 61 170   | +6.0%   | 810 370  | - 2 371  | -0.3%   | 1 891 666   | + 58 799  | +3.2%  |
| Glamorgan Spring Bay | 251 699  | - 27 967   | -10.0%  | 1 033 034  | + 54 429   | +5.6%   | 1 284 733   | + 26 462  | +2.1%  |
| Glenorchy            | 1 003 250  | + 38 458   | +4.0%   | 1 451 711  | + 39 246   | +2.8%   | 2 454 961   | + 77 704  | +3.3%  |
| Hobart               | 1 130 626  | + 54 468   | +5.1%   | 1 656 307  | - 15 341   | -0.9%   | 2 786 933   | + 39 127  | +1.4%  |
| Huon Valley          | 2 015 386  | + 16 476   | +0.8%   | 1 681 187  | + 59 425   | +3.7%   | 3 696 573   | + 75 901  | +2.1%  |
| Kentish              | 1 553 239  | + 26 206   | +1.7%   | 1 223 145  | + 81 622   | +7.2%   | 2 776 384   | + 107 828   | +4.0%  |
| King Island          | 876 386  | + 53 623   | +6.5%   | 1 068 054  | + 56 643   | +5.6%   | 1 944 440   | + 110 266   | +6.0%  |
| Kingborough          | 794 707  | + 37 266   | +4.9%   | 1 542 513  | + 88 088   | +6.1%   | 2 337 220   | + 125 354   | +5.7%  |
| Latrobe              | 889 897  | + 54 990   | +6.6%   | 794 035  | + 35 081   | +4.6%   | 1 683 932   | + 90 071  | +5.7%  |
| Launceston           | 1 420 527  | + 38 930   | +2.8%   | 2 982 304  | + 37 526   | +1.3%   | 4 402 831   | + 76 456  | +1.8%  |
| Meander Valley       | 2 085 949  | - 23 842   | -1.1%   | 2 221 370  | + 88 090   | +4.1%   | 4 307 319   | + 64 248  | +1.5%  |
| Northern Midlands    | 1 151 989  | + 41 232   | +3.7%   | 2 441 200  | + 96 617   | +4.1%   | 3 593 189   | + 137 849   | +4.0%  |
| Sorell               | 1 249 733  | + 77 936   | +6.7%   | 1 051 264  | + 106 300  | +11.2%  | 2 300 997   | + 184 236   | +8.7%  |
| Southern Midlands    | 1 824 578  | + 79 750   | +4.6%   | 1 691 094  | + 67 269   | +4.1%   | 3 515 672   | + 147 019   | +4.4%  |
| Tasman               | 466 451  | + 12 456   | +2.7%   | 563 739  | + 55 553   | +10.9%  | 1 030 190   | + 68 009  | +7.1%  |
| Waratah-Wynyard      | 1 718 862  | + 134 298  | +8.5%   | 1 462 895  | + 85 129   | +6.2%   | 3 181 757   | + 219 427   | +7.4%  |
| West Coast           | 1 388 841  | + 61 136   | +4.6%   | 747 097  | + 4 690  | +0.6%   | 2 135 938   | + 65 826  | +3.2%  |
| West Tamar           | 2 104 057  | + 70 589   | +3.5%   | 1 334 102  | + 66 328   | +5.2%   | 3 438 159   | + 136 917   | +4.1%  |
| <b>Total</b>         | <b>37 081 045</b>                                    | <b>+ 1 280 101</b>                                   | <b>+3.6%</b>  | <b>41 316 093</b>                                    | <b>+ 1 606 836</b>                                   | <b>+4.0%</b>  | <b>78 397 138</b>                                     | <b>+ 2 886 937</b>                                    | <b>+3.8%</b>   |



**APPENDIX 5: 2019-20 FINANCIAL ASSISTANCE GRANT ADVANCE PAYMENT**

| <b>Council</b>       | <b>General Purpose<br/>\$</b> | <b>Road Grant<br/>\$</b> | <b>Total<br/>\$</b> |
|----------------------|-------------------------------|--------------------------|---------------------|
| Break O'Day          | 669 896                       | 826 122                  | 1 496 018           |
| Brighton             | 686 870                       | 318 659                  | 1 005 529           |
| Burnie               | 554 346                       | 618 137                  | 1 172 483           |
| Central Coast        | 1 045 156                     | 984 737                  | 2 029 893           |
| Central Highlands    | 498 716                       | 752 435                  | 1 251 151           |
| Circular Head        | 637 969                       | 1 024 502                | 1 662 471           |
| Clarence             | 600 253                       | 834 448                  | 1 434 701           |
| Derwent Valley       | 723 213                       | 481 327                  | 1 204 540           |
| Devonport            | 574 779                       | 653 879                  | 1 228 658           |
| Dorset               | 759 708                       | 957 377                  | 1 717 085           |
| Flinders             | 338 894                       | 379 658                  | 718 552             |
| George Town          | 538 741                       | 425 301                  | 964 042             |
| Glamorgan Spring Bay | 122 588                       | 527 588                  | 650 176             |
| Glenorchy            | 507 119                       | 723 726                  | 1 230 845           |
| Hobart               | 569 242                       | 864 264                  | 1 433 506           |
| Huon Valley          | 1 005 788                     | 846 711                  | 1 852 499           |
| Kentish              | 780 349                       | 565 966                  | 1 346 315           |
| King Island          | 448 331                       | 531 161                  | 979 492             |
| Kingborough          | 398 435                       | 759 794                  | 1 158 229           |
| Latrobe              | 446 616                       | 396 935                  | 843 551             |
| Launceston           | 714 650                       | 1 546 530                | 2 261 180           |
| Meander Valley       | 1 069 730                     | 1 111 159                | 2 180 889           |
| Northern Midlands    | 585 338                       | 1 229 056                | 1 814 394           |
| Sorell               | 614 978                       | 482 551                  | 1 097 529           |
| Southern Midlands    | 904 911                       | 847 528                  | 1 752 439           |
| Tasman               | 227 076                       | 265 078                  | 492 154             |
| Waratah-Wynyard      | 827 193                       | 719 762                  | 1 546 955           |
| West Coast           | 700 261                       | 428 435                  | 1 128 696           |
| West Tamar           | 1 078 703                     | 663 197                  | 1 741 900           |
| <b>Total</b>         | <b>18 629 849</b>             | <b>20 766 023</b>        | <b>39 395 872</b>   |

\* There was an instalment payment brought forward of approximately 50 per cent of the 2019-20 Financial Assistance Grant Entitlements into June 2019.

**APPENDIX 6: 2019-20 FINANCIAL ASSISTANCE GRANT ENTITLEMENTS - BALANCE REMAINING AFTER ADVANCE PAYMENT**

| Council              | Recommended Entitlements |                   |                   | 2019-20 Brought Forward |                     |                     | 2019-20 Entitlement Balance |                   |                   |
|----------------------|--------------------------|-------------------|-------------------|-------------------------|---------------------|---------------------|-----------------------------|-------------------|-------------------|
|                      | 2019-20                  |                   |                   | Paid in 2018-19         |                     |                     | Less Brought Forward        |                   |                   |
|                      | Base Grant               | Road Grant        | Total Grant       | Base Grant              | Road Grant          | Total Grant         | Base Grant                  | Road Grant        | Total Grant       |
|                      | \$                       | \$                | \$                | \$                      | \$                  | \$                  | \$                          | \$                | \$                |
| Break O'Day          | 1 311 961                | 1 609 073         | <b>2 921 034</b>  | - 669 896               | - 826 122           | <b>-1 496 018</b>   | 642 065                     | 782 951           | <b>1 425 016</b>  |
| Brighton             | 1 309 943                | 622 157           | <b>1 932 100</b>  | - 686 870               | - 318 659           | <b>-1 005 529</b>   | 623 073                     | 303 498           | <b>926 571</b>    |
| Burnie               | 1 138 406                | 1 231 758         | <b>2 370 164</b>  | - 554 346               | - 618 137           | <b>-1 172 483</b>   | 584 060                     | 613 621           | <b>1 197 681</b>  |
| Central Coast        | 2 130 193                | 2 007 748         | <b>4 137 941</b>  | - 1 045 156             | - 984 737           | <b>-2 029 893</b>   | 1 085 037                   | 1 023 011         | <b>2 108 048</b>  |
| Central Highlands    | 980 770                  | 1 504 256         | <b>2 485 026</b>  | - 498 716               | - 752 435           | <b>-1 251 151</b>   | 482 054                     | 751 821           | <b>1 233 875</b>  |
| Circular Head        | 1 247 691                | 2 067 154         | <b>3 314 845</b>  | - 637 969               | - 1 024 502         | <b>-1 662 471</b>   | 609 722                     | 1 042 652         | <b>1 652 374</b>  |
| Clarence             | 1 199 305                | 1 681 019         | <b>2 880 324</b>  | - 600 253               | - 834 448           | <b>-1 434 701</b>   | 599 052                     | 846 571           | <b>1 445 623</b>  |
| Derwent Valley       | 1 450 063                | 955 656           | <b>2 405 719</b>  | - 723 213               | - 481 327           | <b>-1 204 540</b>   | 726 850                     | 474 329           | <b>1 201 179</b>  |
| Devonport            | 1 079 335                | 1 196 234         | <b>2 275 569</b>  | - 574 779               | - 653 879           | <b>-1 228 658</b>   | 504 556                     | 542 355           | <b>1 046 911</b>  |
| Dorset               | 1 540 648                | 1 925 889         | <b>3 466 537</b>  | - 759 708               | - 957 377           | <b>-1 717 085</b>   | 780 940                     | 968 512           | <b>1 749 452</b>  |
| Flinders             | 685 257                  | 759 728           | <b>1 444 985</b>  | - 338 894               | - 379 658           | <b>- 718 552</b>    | 346 363                     | 380 070           | <b>726 433</b>    |
| George Town          | 1 081 296                | 810 370           | <b>1 891 666</b>  | - 538 741               | - 425 301           | <b>-964 042</b>     | 542 555                     | 385 069           | <b>927 624</b>    |
| Glamorgan Spring Bay | 251 699                  | 1 033 034         | <b>1 284 733</b>  | - 122 588               | - 527 588           | <b>- 650 176</b>    | 129 111                     | 505 446           | <b>634 557</b>    |
| Glenorchy            | 1 003 250                | 1 451 711         | <b>2 454 961</b>  | - 507 119               | - 723 726           | <b>-1 230 845</b>   | 496 131                     | 727 985           | <b>1 224 116</b>  |
| Hobart               | 1 130 626                | 1 656 307         | <b>2 786 933</b>  | - 569 242               | - 864 264           | <b>-1 433 506</b>   | 561 384                     | 792 043           | <b>1 353 427</b>  |
| Huon Valley          | 2 015 386                | 1 681 187         | <b>3 696 573</b>  | - 1 005 788             | - 846 711           | <b>-1 852 499</b>   | 1 009 598                   | 834 476           | <b>1 844 074</b>  |
| Kentish              | 1 553 239                | 1 223 145         | <b>2 776 384</b>  | - 780 349               | - 565 966           | <b>-1 346 315</b>   | 772 890                     | 657 179           | <b>1 430 069</b>  |
| King Island          | 876 386                  | 1 068 054         | <b>1 944 440</b>  | - 448 331               | - 531 161           | <b>-979 492</b>     | 428 055                     | 536 893           | <b>964 948</b>    |
| Kingborough          | 794 707                  | 1 542 513         | <b>2 337 220</b>  | - 398 435               | - 759 794           | <b>-1 158 229</b>   | 396 272                     | 782 719           | <b>1 178 991</b>  |
| Latrobe              | 889 897                  | 794 035           | <b>1 683 932</b>  | - 446 616               | - 396 935           | <b>- 843 551</b>    | 443 281                     | 397 100           | <b>840 381</b>    |
| Launceston           | 1 420 527                | 2 982 304         | <b>4 402 831</b>  | - 714 650               | - 1 546 530         | <b>-2 261 180</b>   | 705 877                     | 1 435 774         | <b>2 141 651</b>  |
| Meander Valley       | 2 085 949                | 2 221 370         | <b>4 307 319</b>  | - 1 069 730             | - 1 111 159         | <b>-2 180 889</b>   | 1 016 219                   | 1 110 211         | <b>2 126 430</b>  |
| Northern Midlands    | 1 151 989                | 2 441 200         | <b>3 593 189</b>  | - 585 338               | - 1 229 056         | <b>-1 814 394</b>   | 566 651                     | 1 212 144         | <b>1 778 795</b>  |
| Sorell               | 1 249 733                | 1 051 264         | <b>2 300 997</b>  | - 614 978               | - 482 551           | <b>-1 097 529</b>   | 634 755                     | 568 713           | <b>1 203 468</b>  |
| Southern Midlands    | 1 824 578                | 1 691 094         | <b>3 515 672</b>  | - 904 911               | - 847 528           | <b>-1 752 439</b>   | 919 667                     | 843 566           | <b>1 763 233</b>  |
| Tasman               | 466 451                  | 563 739           | <b>1 030 190</b>  | - 227 076               | - 265 078           | <b>- 492 154</b>    | 239 375                     | 298 661           | <b>538 036</b>    |
| Waratah-Wynyard      | 1 718 862                | 1 462 895         | <b>3 181 757</b>  | - 827 193               | - 719 762           | <b>-1 546 955</b>   | 891 669                     | 743 133           | <b>1 634 802</b>  |
| West Coast           | 1 388 841                | 747 097           | <b>2 135 938</b>  | - 700 261               | - 428 435           | <b>-1 128 696</b>   | 688 580                     | 318 662           | <b>1 007 242</b>  |
| West Tamar           | 2 104 057                | 1 334 102         | <b>3 438 159</b>  | - 1 078 703             | - 663 197           | <b>-1 741 900</b>   | 1 025 354                   | 670 905           | <b>1 696 259</b>  |
| <b>Total</b>         | <b>37 081 045</b>        | <b>41 316 093</b> | <b>78 397 138</b> | <b>- 18 629 849</b>     | <b>- 20 766 023</b> | <b>- 39 395 872</b> | <b>18 451 196</b>           | <b>20 550 070</b> | <b>39 001 266</b> |

**APPENDIX 7: 2019-20 FINANCIAL ASSISTANCE GRANT ENTITLEMENTS - BALANCE DUE, ADJUSTMENT AND CASH PAYMENTS**

| Council              | 2019-20 Entitlement<br>Less Brought Forward |                   |                   | Adjustment<br>2018-19 |                  |                   | Cash Payments<br>2019-20 |                   |                   |
|----------------------|---|-------------------|-------------------|-----------------------|------------------|-------------------|--------------------------|-------------------|-------------------|
|                      | Base Grant<br>\$                            | Road Grant<br>\$  | Total Grant<br>\$ | Base Grant<br>\$      | Road Grant<br>\$ | Total Grant<br>\$ | Base Grant<br>\$         | Road Grant<br>\$  | Total Grant<br>\$ |
| Break O'Day          | 642 065                                     | 782 951           | <b>1 425 016</b>  | - 6 501               | - 12 551         | - <b>19 052</b>   | 635 564                  | 770 400           | <b>1 405 964</b>  |
| Brighton             | 623 073                                     | 303 498           | <b>926 571</b>    | - 6 965               | - 4 838          | - <b>11 803</b>   | 616 108                  | 298 660           | <b>914 768</b>    |
| Burnie               | 584 060                                     | 613 621           | <b>1 197 681</b>  | - 6 650               | - 9 387          | - <b>16 037</b>   | 577 410                  | 604 234           | <b>1 181 644</b>  |
| Central Coast        | 1 085 037                                   | 1 023 011         | <b>2 108 048</b>  | - 11 228              | - 14 958         | - <b>26 186</b>   | 1 073 809                | 1 008 053         | <b>2 081 862</b>  |
| Central Highlands    | 482 054                                     | 751 821           | <b>1 233 875</b>  | - 4 507               | - 11 421         | - <b>15 928</b>   | 477 547                  | 740 400           | <b>1 217 947</b>  |
| Circular Head        | 609 722                                     | 1 042 652         | <b>1 652 374</b>  | - 6 400               | - 15 572         | - <b>21 972</b>   | 603 322                  | 1 027 080         | <b>1 630 402</b>  |
| Clarence             | 599 052                                     | 846 571           | <b>1 445 623</b>  | - 6 011               | - 12 600         | - <b>18 611</b>   | 593 041                  | 833 971           | <b>1 427 012</b>  |
| Derwent Valley       | 726 850                                     | 474 329           | <b>1 201 179</b>  | - 7 130               | - 7 344          | - <b>14 474</b>   | 719 720                  | 466 985           | <b>1 186 705</b>  |
| Devonport            | 504 556                                     | 542 355           | <b>1 046 911</b>  | - 6 720               | - 9 824          | - <b>16 544</b>   | 497 836                  | 532 531           | <b>1 030 367</b>  |
| Dorset               | 780 940                                     | 968 512           | <b>1 749 452</b>  | - 7 663               | - 14 562         | - <b>22 225</b>   | 773 277                  | 953 950           | <b>1 727 227</b>  |
| Flinders             | 346 363                                     | 380 070           | <b>726 433</b>    | - 2 996               | - 5 795          | - <b>8 791</b>    | 343 367                  | 374 275           | <b>717 642</b>    |
| George Town          | 542 555                                     | 385 069           | <b>927 624</b>    | - 5 236               | - 6 457          | - <b>11 693</b>   | 537 319                  | 378 612           | <b>915 931</b>    |
| Glamorgan Spring Bay | 129 111                                     | 505 446           | <b>634 557</b>    | + 0                   | - 7 776          | - <b>7 776</b>    | 129 111                  | 497 670           | <b>626 781</b>    |
| Glenorchy            | 496 131                                     | 727 985           | <b>1 224 116</b>  | - 5 053               | - 11 223         | - <b>16 276</b>   | 491 078                  | 716 762           | <b>1 207 840</b>  |
| Hobart               | 561 384                                     | 792 043           | <b>1 353 427</b>  | - 5 637               | - 13 282         | - <b>18 919</b>   | 555 747                  | 778 761           | <b>1 334 508</b>  |
| Huon Valley          | 1 009 598                                   | 834 476           | <b>1 844 074</b>  | - 10 553              | - 12 886         | - <b>23 439</b>   | 999 045                  | 821 590           | <b>1 820 635</b>  |
| Kentish              | 772 890                                     | 657 179           | <b>1 430 069</b>  | - 7 513               | - 9 070          | - <b>16 583</b>   | 765 377                  | 648 109           | <b>1 413 486</b>  |
| King Island          | 428 055                                     | 536 893           | <b>964 948</b>    | - 3 899               | - 8 036          | - <b>11 935</b>   | 424 156                  | 528 857           | <b>953 013</b>    |
| Kingborough          | 396 272                                     | 782 719           | <b>1 178 991</b>  | - 3 967               | - 11 557         | - <b>15 524</b>   | 392 305                  | 771 162           | <b>1 163 467</b>  |
| Latrobe              | 443 281                                     | 397 100           | <b>840 381</b>    | - 4 744               | - 6 031          | - <b>10 775</b>   | 438 537                  | 391 069           | <b>829 606</b>    |
| Launceston           | 705 877                                     | 1 435 774         | <b>2 141 651</b>  | - 7 236               | - 23 398         | - <b>30 634</b>   | 698 641                  | 1 412 376         | <b>2 111 017</b>  |
| Meander Valley       | 1 016 219                                   | 1 110 211         | <b>2 126 430</b>  | - 11 282              | - 16 950         | - <b>28 232</b>   | 1 004 937                | 1 093 261         | <b>2 098 198</b>  |
| Northern Midlands    | 566 651                                     | 1 212 144         | <b>1 778 795</b>  | - 6 175               | - 18 629         | - <b>24 804</b>   | 560 476                  | 1 193 515         | <b>1 753 991</b>  |
| Sorell               | 634 755                                     | 568 713           | <b>1 203 468</b>  | - 6 581               | - 7 508          | - <b>14 089</b>   | 628 174                  | 561 205           | <b>1 189 379</b>  |
| Southern Midlands    | 919 667                                     | 843 566           | <b>1 763 233</b>  | - 8 489               | - 12 902         | - <b>21 391</b>   | 911 178                  | 830 664           | <b>1 741 842</b>  |
| Tasman               | 239 375                                     | 298 661           | <b>538 036</b>    | - 2 276               | - 4 038          | - <b>6 314</b>    | 237 099                  | 294 623           | <b>531 722</b>    |
| Waratah-Wynyard      | 891 669                                     | 743 133           | <b>1 634 802</b>  | - 8 396               | - 10 948         | - <b>19 344</b>   | 883 273                  | 732 185           | <b>1 615 458</b>  |
| West Coast           | 688 580                                     | 318 662           | <b>1 007 242</b>  | - 6 422               | - 5 898          | - <b>12 320</b>   | 682 158                  | 312 764           | <b>994 922</b>    |
| West Tamar           | 1 025 354                                   | 670 905           | <b>1 696 259</b>  | - 11 279              | - 10 073         | - <b>21 352</b>   | 1 014 075                | 660 832           | <b>1 674 907</b>  |
| <b>Total</b>         | <b>18 451 196</b>                           | <b>20 550 070</b> | <b>39 001 266</b> | <b>- 187 509</b>      | <b>- 315 514</b> | <b>- 503 023</b>  | <b>18 263 687</b>        | <b>20 234 556</b> | <b>38 498 243</b> |



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