



“FURTHER DISCUSSION PAPER ON REFINING THE NTGC METHODOLOGY.”

The purpose of this paper is to seek comment on the stark differences between the Northern Territory and the States in the outcomes of the respective Grants Commission allocations to local government bodies in their jurisdictions. In particular we seek suggestions as to how we might further improve the horizontal equalisation process, which is the prime objective of the Commonwealth’s *Local Government (Financial Assistance) Act 1995*.

THE LAST REVIEW

But first it would be useful to quickly trace the recent history of our last Methodology Review, and how the outcomes had really been overcome, or dated, by the Government’s announcements of major reform and its subsequent implementation.

The Northern Territory Grants Commission (NTGC) began a Review in 1998, however, because the Commonwealth shortly after announced a review of the *Local Government (Financial Assistance) Act 1995* by the Commonwealth Grants Commission, we postponed final consideration of the NTGC methodology pending the outcome of that review.

In 2002-03 the NTGC issued a discussion paper to facilitate the finalisation of our review. Workshops to explain the methodology were held during the 2003-04 year, but due to the late appointment of new Commission members the review was not finalised.

In January 2005, the Commission released a progress report, and a summary of submissions received, to local governing bodies. We followed this up with workshops in Darwin, Katherine, Tennant Creek and Alice Springs in February 2005.

During the 2005-06 year the Commission concluded the review of the methodology by looking at the expenditure categories and cost adjustors.

It was resolved that the expenditure categories be expanded to the 9 Australian Bureau of Statistics (ABS) categories, and that the cost adjustors be rearranged to apply to those categories.

The review highlighted the need for a regular process of continued improvement to further refine the revenue and expenditure categories and appropriate cost adjustors.

In 2006-07 the Minister for Local Government announced New Local Government in the Northern Territory. As a result the Commission issued a discussion paper to invite comments from interested Local Governing Bodies on the options available to the Commission in developing a methodology that adapts to the changed structure. The paper highlighted the need for the Commission to re-visit and amend the cost adjustors that are used in the methodology.

The affect of the changes we adopted has been to “move money from the bitumen to the bush”, as explained by the Chairman in a public meeting with the Alice Springs Town Council on 15 February 2006. Comparisons drawn from the Commonwealth’s Local Government National Report 2005-06, throws up questions about the adequacy of the measures we adopted.

NUMBER OF COUNCILS ON MINIMUM GRANT

The *Local Government (Financial Assistance) Act 1995* stipulates that each council is entitled to a grant no less than if 30% of the total funds available were allocated on a per capita basis.

Attachment A is an extract from the Local Government National Report 2005-06 showing, by State, the number of councils on minimum grant. Whilst accepting that the demographics of the Territory is like no other, and that our population is tiny compared to other jurisdictions, it is still possible to draw some conclusions from the comparisons. For example, approximately three quarters of the population of Western Australia lives in the major metropolitan areas, as does the population of the Northern Territory. Yet in WA there are thirty councils on minimum grant compared to only one in the NT. Are we over generous to the municipal councils?

COMPARING PER CAPITA ALLOCATIONS BY STATE

Attachment B is another extract from the Commonwealth Local Government National Report 2005-06 which shows the per capita allocations by council by State. Again comparisons with WA throw up starkly different results, with the highest per capita funded council in that State receiving 27 times more per head than the highest funded council in the NT. We are sure that nobody would argue that the neediest council in WA is 27 times worse off than the neediest council in the NT.

The difference in such allocations is partly a consequence of the size of the funding pool for that jurisdiction, which as everyone knows the Commonwealth allocates on a per capita basis. For that reason we have counselled in the past that comparing the size of the grants of, say, Hughenden and Katherine, is an invalid exercise.

But the difference is also a consequence of the value placed on the cost adjustors used to try and achieve *horizontal fiscal equalisation*, or in our terms funding based on need.

COST ADJUSTORS

The Commission in 2007-08 determined that the cost adjustors of Location, Dispersion and Aboriginality are to be used following the extensive review and data collection process.

The Location factor recognises the increased costs faced by local governments due to their location and isolation works, and will be calculated based on the following costs components:- Building Cost, Shire Service Travel and Transport/Freight. Current Location adjustors are at Attachment C.

The Dispersion factor considers the extent to which council services are extended to all areas serviced. That is the number of service delivery points and the extent of the service provided. The number of dump and transfer stations that a council maintains will also be taken into account. Importantly the relativities between Shires/Councils can easily be established based on hard data. Current Dispersion adjustors are at Attachment D.

The Aboriginality factor is determined by the proportion of indigenous residents within a council. Where possible the Commission will use the Australian Bureau of Statistics (ABS) figures. Current Aboriginality Adjustors are at Attachment E.

The uniqueness about these cost adjustors is that they can be explained and supported by meaningful and relevant information. Subjective measurements have finally been eliminated.

We would welcome thoughts about the weighting applied. We would also appreciate comments on the number of adjustors currently used bearing in mind that some States use in excess of forty adjustors. Remember of course, the greater the number of adjustors, the greater the complexity, and the greater the demands on councils etc. We also need to balance the extra administrative effort on all, against the size of any consequent variation in grant outcomes. Sometimes the extra effort is demonstrably not cost effective.

ROAD ALLOCATIONS

Firstly it is necessary to provide a brief history of road funding. The distribution of local roads grants between states is based on historical shares and is the same as that which applied under the previous tied grant arrangements. The original basis for this distribution is lost in the mists of time.

We believe that the original local road length for the Territory used in 1991-92 by the Commonwealth Grants Commission to calculate the payments under Section 12 of the *Local Government (Financial Assistance) Act 1995* was too low. The figure of approximately 7,600 km was based on poor data and an inequity has been perpetuated through to the present time.

For 2006 -07 the NT Grants Commission reported 14,162 km of local roads under the responsibility of the Local Governing Bodies (LGB).

Under New Local Government all of the Territory will become incorporated and the responsibility of a LGB (except for three special purpose towns and two wharf precincts). The Department of Planning

and Infrastructure (DPI) is managing 8,600 km of local roads in previously unincorporated areas that would normally be under the management of LGBs. These roads will be transferred to the new shires, and as this occurs the shires will become responsible for managing the roads.

Therefore in the future a figure of approximately 22,762 km could be used in the calculation of road funding under the *Local Government (Financial Assistance) Act 1995*. We understand the Department of Local Government Housing and Sport (DLGHS) has prepared submissions to the Commonwealth to seek additional recurrent funding, as well as continuing negotiations with DPI for the transfer of funds to the new shires.

This paper is not intended to interfere with the negotiations DLGHS is involved in. We simply wish to highlight the way the Commission currently uses its cost adjustors to calculate the Road Grants in order to stimulate thought about reform here too..

The National Principle for the allocation of local roads grants is as follows:-

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

As such the Commission applies a weighting to each council by road length and surface type. These weightings are:

10 x Kerbed and Sealed road + 8 x Sealed road + 4 x Gravel road +
1 x Formed road + 0.4 x Unformed road + 2 x Cycle Paths.

The previously used Isolation Works cost adjustor for each council is then applied to the total weightings for each council.

For 2008-09 the Commission after completing financial modelling, has determined that the best approach for the distribution of the local roads funds is simply to apply the same methodology as previously then aggregate the allocations of each LGB to the respective new shire.

This approach in the past succeeded in allocating the road funding in accordance to the National Principle.

An alternate approach could have been to assess the shire roads as a total and apply the “new” Location Cost adjustor that was developed for the new structure. Had the Commission done this it would have resulted in a number of councils, particularly the municipal councils, losing funding even though the total road lengths and the total funding available for distribution had increased. The results were as follows:-

COUNCIL/SHIRE	CALCULATED GRANT 2008-09	ACTUAL GRANT 2007-08	PERCENTAGE CHANGE	DOLLAR CHANGE
Municipality of Darwin	1,230,812	1,500,094	-17.95	-269,282
Tiwi Islands	575,109	718,510	-19.96	-143,401
Municipality of Palmerston	456,820	542,151	-15.74	-85,331
Litchfield	1,865,926	1,839,997	1.41	25,929
Belyuen	22,080	26,730	-17.40	-4,650
Coomalie	299,501	308,837	-3.02	-9,336
Cox Peninsula	37,552	41,068	-8.56	-3,516
West Arnhem	1,060,453	929,689	14.07	130,764
East Arnhem	1,020,984	843,341	21.06	177,643
Victoria River - Daly	1,527,653	1,192,708	28.08	334,945
Municipality of Katherine	543,218	500,928	8.44	42,290
Roper Gulf	994,144	780,075	27.44	214,069
Barkly	487,601	388,790	25.42	98,811
Municipality of Alice Springs	899,022	786,233	14.35	112,789
Central Desert	832,486	697,734	19.31	134,752
MacDonnell	795,704	662,431	20.12	133,273
LGANT	754,074	936,616	-19.49	-182,542
TOTAL	\$13,403,139	\$12,695,932		\$707,207

Obviously the funding paid to the Local Government Association of the NT (LGANT) to maintain roads that fell outside the previous LGBs which will in the future be maintained by the appropriate Shires, will need to go to the shires.

As everybody is now aware, following the introduction of new local government reform the Commission determined that the previously used cost adjustors under the general purpose allocations were no longer suitable for the new arrangements. The same applies with the road allocations, particularly when the extra road lengths which will eventually transfer from DPI and LGANT are added.

Given the magnitude of the variations thrown up by this modelling, the Commission determined that 2008-09 is a transition year and that the funding to LGANT would not change until appropriate negotiations for the road transfer between LGANT and the new Shires was complete. And until everybody affected has an opportunity for comment.

It is worth noting however that the new location cost adjustors has once again “move money from the bitumen to the bush”.

We again welcome thoughts about the weighting applied.

PRELIMINARY CONCLUSIONS

We know that most municipal councils in the NT are stressed, and we know that is even more the case with community government councils. It follows that the new shires will inherit all of the problems, and then some, of the community governments. For that reason we have always believed that arriving at suggested allocations for our new shires is a much more complex task than simply aggregating the previous entitlements of the subsumed community governments.

Whilst heeding our own caution about interstate comparisons of the entitlement of individual councils, we believe we cannot ignore comparisons of the number of councils on minimum grant, and of the per capita allocations, especially when they appear in a national publication there for the world to see.

To state the obvious, if a council is receiving more than its minimum entitlement then it is drawing down from the partitioned needs based pool. And if a municipal council is drawing down from the needs based pool it is reducing the funds available to distribute to those councils in greater need.

Has the Northern Territory Grants Commission finally achieved the perfect balance in our allocations between councils? We do not believe so.

We would appreciate constructive comments aimed at assisting us towards achieving an even better result.

The NT Grants Commission agrees to release this discussion paper out to all councils/shires for comment with a due back date of 31 August 2008.

Councils on the minimum grant

Councils receiving the minimum grant entitlement generally fall within the classification of capital city, urban developed or urban fringe as described in the ACLG. Councils on the minimum grant are identified with a hash (#) in Appendix D.

The per capita grant of these councils in 2005–06 was about \$16.70, with slight differences between jurisdictions. The differences arise from variations in data for population used by the Australian Government to calculate jurisdictions' share of general purpose grants and those used by local government grants commissions for allocations to individual councils.

Table 2.13 provides the number of councils on the minimum grant, by jurisdiction from 1996–97 to 2006–07. It shows an upward trend nationally in the number of minimum grant councils, the proportion of the population covered by minimum grant councils and the share of the general purpose grant received by minimum grant councils.

Despite the proportion of the general purpose grant received by minimum grant councils increasing, nationally there has been an increase in the per capita grant to non-minimum grant councils relative to that of minimum grant councils. This trend is consistent with the Act's objective of horizontal equalisation.

In some jurisdictions, notably Western Australia and South Australia, continuation of this trend will be increasingly constrained as the number of urban councils on the minimum grant reaches a limit so that there is less scope for non-minimum grant councils to receive further increases in their share of general purpose grants.

Table 2.13: Minimum grant council statistics by jurisdiction, 1996–97 to 2006–07

	NSW	Vic.	Qld	WA	SA	Tas.	NT	Total
1996–97								
No. of councils	21	5	0	14	4	0	0	44
% of population	22	10	0	43	10	0	0	15
% of general purpose grant received by minimum grant councils	7	3	0	13	3	0	0	5
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	3.99	3.60	n/a	5.09	3.59	n/a	n/a	3.75
1997–98								
No. of councils	22	6	2	17	4	2	0	53
% of population	24	15	6	53	10	19	0	20
% of general purpose grant received by minimum grant councils	7	4	2	16	3	6	0	6
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.07	3.74	3.49	5.93	3.59	3.90	n/a	3.91

	NSW	Vic.	Qld	WA	SA	Tas.	NT	Total
1998-99								
No. of councils	22	6	4	22	4	2	0	60
% of population	24	13	19	58	10	19	0	22
% of general purpose grant received by minimum grant councils	7	4	6	17	3	6	0	7
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.08	3.70	3.89	6.50	3.59	3.89	n/a	4.00
1999-2000								
No. of councils	22	7	7	24	5	2	0	67
% of population	24	15	52	61	10	19	0	29
% of general purpose grant received by minimum grant councils	7	4	16	18	3	6	0	9
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.08	3.74	5.85	7.04	3.59	3.89	n/a	4.29
2000-01								
No. of councils	22	8	9	24	5	2	0	70
% of population	24	17	57	61	10	19	0	31
% of general purpose grant received by minimum grant councils	7	5	17	18	3	6	0	9
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.09	3.82	6.43	7.05	3.60	3.89	n/a	4.38
2001-02								
No. of councils	21	8	10	23	7	2	0	71
% of population	24	18	59	57	14	19	0	31
% of general purpose grant received by minimum grant councils	7	5	18	17	4	6	0	9
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.09	3.83	6.76	6.47	3.70	3.88	n/a	4.40
2002-03								
No. of councils	21	6	11	26	14	2	0	80
% of population	25	12	62	67	37	19	0	33
% of general purpose grant received by minimum grant councils	7	3	18	20	11	6	0	10
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.09	3.64	7.23	8.13	4.86	3.88	n/a	4.52

	NSW	Vic.	Qld	WA	SA	Tas.	NT	Total
2003-04								
No. of councils	22	7	8	28	17	2	0	84
% of population	26	14	57	70	44	19	0	34
% of general purpose grant received by minimum grant councils	8	4	17	21	13	6	0	10
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.30	3.70	6.39	8.66	5.03	3.90	n/a	4.58
2004-05								
No. of councils	20	8	7	28	22	1	0	86
% of population	24	14	55	70	56	10	0	34
% of general purpose grant received by minimum grant councils	7	4	16	21	17	3	0	10
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.09	3.70	6.17	8.73	6.24	3.28	n/a	4.53
2005-06								
No. of councils	20	9	3	30	22	1	1	86
% of population	24	16	41	74	55	10	36	33
% of general purpose grant received by minimum grant councils	7	5	12	22	17	3	11	10
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.09	3.77	4.97	10.08	6.24	3.59	4.67	4.47
2006-07*								
No. of councils	21	10	2	30	22	1	1	87
% of population	25	18	37	75	55	10	36	33
% of general purpose grant received by minimum grant councils	8	6	11	22	17	3	11	10
Ratio of average per capita general purpose grant for non minimum grant councils to minimum grant councils	4.12	3.86	4.69	10.16	6.22	3.59	4.64	4.47

Note: a 2006-07 figures are based on estimated grant entitlement.
Source: Department of Transport and Regional Services.

Table 2.13 also shows a wide variation between jurisdictions in the proportion of the population covered by councils receiving the minimum grant. In 2005-06, the proportion ranged from 10 per cent in Tasmania to 74 per cent in Western Australia. This generally reflects the degree of concentration of a jurisdiction's population in their capital city, but can also arise because of the geographic structuring of local government and differences in the methodologies used by local government grants commissions.

ATTACHMENT B

Rank	Council name	Classification	Grant per capita	Rank	Council name	Classification	Grant per km
142	Mackay	UFL	\$25.22	142	Longreach	RTL	\$406.01
143	Beaudesert	UFM	\$25.19	143	Richmond	RTM	\$404.35
144	Rockhampton	URM	\$25.08	144	Booringa	RAS	\$403.91
145	Thuringowa	UFM	\$23.25	145	Winton	RTM	\$401.70
146	Noosa	URM	\$21.60	146	Warroo	RAS	\$401.10
147	Caloundra	URL	\$19.62	147	Quilpie	RTM	\$400.35
148	Cairns	URV	\$18.80	148	Aramac	RTS	\$398.70
149	Redcliffe	UDM	\$18.28	149	Diamantina	RTX	\$391.81
150	Caboolture	URV	\$18.24	150	McKinlay	RTM	\$391.62
151	Toowoomba	UDL	\$17.94	151	Barcoo	RTS	\$390.94
152	Pine Rivers	URV	\$17.77	152	Burke	RTS	\$389.53
153	Maroochy	URV	\$17.45	153	Boulia	RTS	\$389.27
154	Redland	URV	\$17.35	154	Chinchilla	RAL	\$389.17
155	Brisbane	UCC	\$16.84	155	Flinders	RTM	\$383.55
155	Gold Coast	URV	\$16.84	156	Dalrymple	RAM	\$376.54
155	Logan	UDV	\$16.84	157	Tambo	RTS	\$371.45

Table E.4: Western Australian councils ranked by financial assistance grant funding 2005–06

Rank	Council name	Classification	Grant per capita	Rank	Council name	Classification	Grant per km
* 1	Murchison (S)	RTX	\$7 459.80	1	Perth (C)	UCC	\$3 557.5
2	Sandstone (S)	RTX	\$5 989.74	2	Geraldton (C)	URS	\$2 407.4
3	Upper Gascoyne (S)	RTX	\$3 578.43	3	Capel (S)	RSG	\$2 203.9
4	Yalgoo (S)	RTX	\$2 713.13	4	Bunbury (C)	URM	\$1 966.8
5	Menzies (S)	RTX	\$2 223.24	5	Subiaco (C)	UDS	\$1 907.9
6	Cue (S)	RTS	\$1 799.91	6	Vincent (T)	UDS	\$1 868.3
7	Nungarin (S)	RAS	\$1 721.06	7	Narrogin (T)	URS	\$1 778.0
8	Westonia (S)	RAS	\$1 573.81	8	Canning (C)	UDL	\$1 742.6
9	Koorda (S)	RAS	\$1 516.39	9	Fremantle (C)	UDS	\$1 734.0
10	Trayning (S)	RAS	\$1 469.05	10	Northam (T)	URS	\$1 703.7
11	Mount Marshall (S)	RAS	\$1 226.52	11	Belmont (C)	UDM	\$1 683.0

Rank	Council name	Classification	Grant per capita	Rank	Council name	Classification	Grant per km
27	Launceston (C)	URM	\$24.23	27	Central Highlands (M)	RAM	\$1 255.58
28	Glenorchy (C)	URM	\$16.81	28	King Island (M)	RAS	\$1 167.56
29	Hobart (C)	UCC	\$16.70	29	Flinders (M)	RAS	\$1 159.51

Table E.7: Northern Territory councils ranked by financial assistance grant funding 2005–06

Rank	Council name	Classification	Grant per capita	Rank	Council name	Classification	Grant per km
1	Peppimenarti	RTX	\$275.75	1	Cox Peninsula	RTX	\$3 376.81
2	Ikuntji	RTX	\$221.04	2	Tennant Creek (T)	URS	\$3 112.81
3	Nyirripi	RTX	\$200.58	3	Darwin (C)	UCC	\$3 013.01
4	Wallace Rockhole	RTX	\$196.22	4	Alice Springs (T)	URS	\$2 930.91
5	Umbakumba	RTS	\$190.12	5	Palmerston (T)	UFS	\$2 792.11
6	Yuelamu	RTX	\$185.08	6	Borroloola	RTS	\$2 721.01
7	Yuendumu	RTM	\$184.47	7	Jabiru (T)	URS	\$2 676.91
8	Nyirranggulung Mardruk	RTS	\$183.88	8	Katherine (T)	URS	\$2 636.21
9	Walungurru	RTS	\$181.43	9	Binjari	RTX	\$2 617.61
10	Areyonga	RTX	\$180.58	10	Litchfield (S)	RAV	\$2 246.41
11	Warruwi	RTX	\$177.07	11	Daguragu	RTS	\$1 963.71
12	Kunbarlanjinja	RTS	\$176.62	12	Pine Creek	RTS	\$1 947.21
13	Imanpa	RTX	\$175.26	13	Coomalie (CGC)	RTM	\$1 773.41
14	Kaltukatjara	RTX	\$174.41	14	Mataranka	RTX	\$1 734.61
15	Tiwi Island	RTM	\$174.39	15	Amoonguna	RTX	\$1 571.11
16	Minjilang	RTX	\$171.98	16	Jilkminggan	RTX	\$1 524.81
17	Urapuntja	RTS	\$169.75	17	Marngarr	RTX	\$1 413.31
18	Aputula	RTX	\$169.41	18	Warruwi	RTX	\$1 248.31
19	Milyakburra	RTX	\$169.05	19	Alpururulam	RTS	\$1 235.01
20	Timber Creek	RTX	\$165.36	20	Peppimenarti	RTX	\$1 224.71
21	Nauiyu Nambiyu	RTS	\$163.92	21	Imanpa	RTX	\$1 156.01
22	Aherrenge (Arunga)	RTX	\$161.97	22	Timber Creek	RTX	\$1 149.31
23	Anmatjere	RTM	\$161.27	23	Nauiyu Nambiyu	RTS	\$1 064.41
24	Gapuwiyak	RTS	\$161.22	24	Milingimbi	RTS	\$1 037.61
25	Ramingining	RTS	\$160.60	25	Yirkkala–Dhanbul	RTS	\$1 024.01

CALCULATION OF LOCATION COST ADJUSTOR

SHIRE	A1 Building Cost (3 Bed Room)	A1 Weighting	B1 *Shire Service Travel (60 cents km)	B1 Weighting	C1 **Freight	C1 Weighting	A1+B1+C1 Total Weighting	Raw Cost Adjustor
Municipality of Darwin	\$300,000	1.00	N/A	1.00	N/A	1.00	3.00	1.00
Municipality of Palmerston	\$300,000	1.00	N/A	1.00	N/A	1.00	3.00	1.00
Municipality of Katherine	\$380,000	1.30	N/A	1.00	\$132.00	1.15	3.45	1.45
Municipality of Alice Springs	\$380,000	1.30	N/A	1.00	\$300.00	1.40	3.70	1.70
Tiwi Islands	\$345,000	1.10	\$42	1.05	\$110.00	1.15	3.30	1.30
Belyuen	\$350,000	1.20	N/A	1.00	\$77.00	1.09	3.29	1.29
Coomalie	\$350,000	1.20	N/A	1.00	\$80.00	1.1	3.30	1.30
Cox	\$350,000	1.20	N/A	1.00	\$77.00	1.09	3.29	1.29
Litchfield	\$350,000	1.20	N/A	1.00	\$77.00	1.09	3.29	1.29
West Arnhem	\$400,000	1.40	\$166	1.20	\$197.00	1.25	3.85	1.85
East Arnhem	\$400,000	1.40	\$279	1.30	\$268.00	1.40	4.10	2.00
Victoria Daly	\$400,000	1.40	\$270	1.30	\$259.00	1.30	4.00	2.00
Roper Gulf	\$440,000	1.50	\$285	1.35	\$211.00	1.25	4.10	2.00
Barkly	\$400,000	1.40	\$354	1.45	\$261.00	1.35	4.20	2.00
Central Desert	\$380,000	1.30	\$524	1.65	\$370.00	1.45	4.40	2.00
MacDonnell	\$380,000	1.30	\$389	1.50	\$370.00	1.45	4.25	2.00

Building cost information was provided by Territory Housing.

*Shire Service Travel calculated based on the Maximum Distance to a Community Service Centre from a Shire Headquarter.

Next financial year a refinement may be necessary to take into account the cost of employment - may be able to use district allowance variations and fares out.

** freight rates (Pallet 1 tonne)

A1 Weighting - All of the cost are measured on a scale of 1.0 to 2.0. The logic of this scale is that 1.0 represents "no disability" and 2.0 is the maximum disability. Therefore the minimum disability factors are generally given to municipal councils such as Darwin, Palmerston. The remainder of the councils receive one of ten levels (at 0.10 intervals for each increase of \$25,000 over \$300,000) that lie between 1.0 and 2.0.

B1 & C1 Weighting - Councils receive one of twenty levels (at 0.05 intervals for each increase of \$40 over \$0)

The Raw Cost Adjustors are average around 1 for use in the methodology.

Cost Adjustor Scale = 1.0 to 2.0. Cost Adjustor Ratio is 3=1. Weighting Ratio is 4 = 2.0 (Maximum Weighting).

CALCULATION OF DISPERSION COST ADJUSTOR

SHIRE	A1 *Distance from Shire Headquarter	Headquarter	A1 Weighting	B1 Number of Service Delivery Centre	B1 Weighting	C1 Number of Dump & Transfer Station	C1 Weighting	A1+B1+C1 Total Weighting	Raw Cost Adjustor
Municipality of Darwin	Less than 25km	Darwin	0	1	1	1	1.00	2	1.00
Municipality of Palmerston	Less than 25km	Palmerston	0	1	1	1	1.00	2	1.00
Municipality of Katherine	Less than 25km	Katherine	0	1	1	1	1.00	2	1.00
Municipality of Alice Springs	Less than 25km	Alice Springs	0	1	1	1	1.00	2	1.00
Tiwi Islands	Pirlangimpi - Not on M/Land	Nguiu	0.03	4	1.15	4	1.15	2.39	1.39
	Milikapiti - Not on M/Land	Nguiu	0.03					0	
	Wurankuwu - Not on M/Land	Nguiu	0.03					0	
Belyuen	Less than 25km	Belyuen	0	1	1	1	1.00	2	1.00
Coomalie	Less than 25km	Coomalie	0	1	1	1	1.00	2	1.00
Cox	Less than 25km	Cox	0	1	1	1	1.00	2	1.00
Litchfield	Less than 25km	Litchfield	0	1	1	3	1.10	2.1	1.10
West Arnhem	Maningrinda - 277km	Jabiru	0.03	5	1.2	5	1.20	2.52	1.50
	Gunbalanya - 50km	Jabiru	0.03					0	
	Minjilang - Not on Mainland	Jabiru	0.03					0	
	Warruwi - Not on Mainland	Jabiru	0.03					0	
East Arnhem	Milingimbi -Not on Mainland	Nhulunbuy	0.03	9	1.4	9	1.40	3.04	2.00
	Ramingining - 465km	Nhulunbuy	0.03					0	
	Galiwinku - Not on Mainland	Nhulunbuy	0.03					0	
	Gapuwiyak - 240km	Nhulunbuy	0.03					0	
	Gunyangara -Not on M/Land	Nhulunbuy	0.03					0	
	Angurugu - Not on M/Land	Nhulunbuy	0.03					0	
	Milyakburra -Not on M/land	Nhulunbuy	0.03					0	
	Umbakumba -Not on M/land	Nhulunbuy	0.03					0	
Victoria Daly	Daly River - 368km	Katherine	0.03	8	1.35	8	1.35	2.94	1.94
	Peppi - 367km	Katherine	0.03					0	
	Palumpa - 412km	Katherine	0.03					0	
	Wadeye - 445km	Katherine	0.03					0	
	Timber Creek - 285km	Katherine	0.03					0	
	Yarralin - 135km	Katherine	0.03					0	
	Kalkarindji - 450km	Katherine	0.03					0	
	Pine Creek - 90km	Katherine	0.03					0	
Roper Gulf	Borrooloola - 657km	Katherine	0.03	9	1.4	9	1.40	3.07	2.00
	Ngukurr - 320km	Katherine	0.03					0	
	Barunga - 80km	Katherine	0.03					0	
	Wugularr (Beswick) -110km	Katherine	0.03					0	
	Bulman - 308km	Katherine	0.03					0	
	Manyallaluk (Eva Vly)-102km	Katherine	0.03					0	
	Numbulwar - 475km	Katherine	0.03					0	
	Jilkminggan - 107km	Katherine	0.03					0	
	Mataranka - 107km	Katherine	0.03					0	

SHIRE	*Distance from	Headquarter	Weighting	Number of	Weighting	Number of Dump &	Weighting	Total	Cost Adjustor
Barkly	Elliott - 233km	T/Creek	0.03	6	1.25	6	1.25	0	1.65
	Ai Curung -164km	T/Creek	0.03					2.65	
	Ampilatwatja - 334km	T/Creek	0.03					0	
	Utopia - 591km	T/Creek	0.03					0	
	Alpurrurulam -640km	T/Creek	0.03					0	
Central Desert	Nyirripi - 472km	A/Springs	0.03	9	1.4	9	1.40	0	2.00
	Yuendumu - 293km	A/Springs	0.03					3.07	
	Lajamanu- 874km	A/Springs	0.03					0	
	Ti-Tree - 195km	A/Springs	0.03					0	
	Laramba - 193km	A/Springs	0.03					0	
	Engawala - 171km	A/Springs	0.03					0	
	Yuelamu - 281km	A/Springs	0.03					0	
	Willowra - 338km	A/Springs	0.03					0	
	Harts Range - 216km	A/Springs	0.03					0	
	MacDonnell	Docker River - 649km	A/Springs					0.03	
Imanpa - 285km		A/Springs	0.03	3.36					
Kintore -531km		A/Springs	0.03	0					
Mt Liebig - 317km		A/Springs	0.03	0					
Papunya - 242km		A/Springs	0.03	0					
Haasts Bluff - 252km		A/Springs	0.03	0					
Areyonga - 206km		A/Springs	0.03	0					
Hermansburg - 125km		A/Springs	0.03	0					
Wallace Rockhole - 106km		A/Springs	0.03	0					
Finke 420km		A/Springs	0.03	0					
Santa Teresa - 65km		A/Springs	0.03	0					
Titjikala 100km		A/Springs	0.03	0					
TOTAL					71		73		

* Shires are given weightings (0.03 per town) for each townsite populations greater than 50 and less than 5000 that were located more than 25 kilometres from the Headquarters. A maximum value of 2.0 is applied. The minimum distance for recognition of this factor is 25km. This broadly equates to a 15-minute travel time in country areas, which is no more travel time than can be experienced within some of the larger municipalities in metropolitan area.

** One Transfer Station in Top End Shire (Batchelor)

B1 & C1 ***Weightings are measured on a scale of 1.0 to 2.0. The logic of this scale is that 1.0 represents "no disability and 2.0 is the maximum disability. Therefore the minimum disability factors are given to municipal councils such as Darwin, Palmerston, Katherine and Alice Springs. The remainder of the councils receive one of twenty levels (at 0.05 intervals) that lie between 1.0 and 2.0.

Amoonguna, Yirrkala, Bees Creek, Jabiru, Nguiu and Tennant Creek are not included in the list as distance for these communities are less than 25km.

The Raw Cost Adjustors are average around 1 for use in the methodology.
 Cost Adjustor Scale = 1.0 to 2.0.
 Cost Adjustor Ratio is 2=1

Weighting Ratio is 3 = 2.0 (Maximum Weighting)

CALCULATION OF COST ADJUSTOR

ABORIGINALITY COST ADJUSTOR

SHIRE	NO. OF TOTAL POP	NO. OF IND POP	% IND SHIRE POP	*Weighting	RAW COST ADJUSTOR	**Re-Scaled
Municipality of Darwin	73,998	6663	9.00%	1.09	1.09	0.824
Municipality of Palmerston	26,471	3443	13.01%	1.13	1.13	0.854
Municipality of Katherine	9,804	2647	27.00%	1.27	1.27	0.96
Municipality of Alice Springs	26,681	8007	30.01%	1.3	1.3	0.983
Tiwi Islands	2,449	2376	97.02%	1.97	1.97	1.49
Belyuen	196	192	97.96%	1.98	1.98	1.497
Coomalie	1,233	333	27.01%	1.27	1.27	0.96
Cox	328	33	10.06%	1.1	1.1	0.831
Litchfield	17,856	1250	7.00%	1.07	1.07	0.809
West Arnhem	6,339	5140	81.09%	1.81	1.81	1.369
East Arnhem	9,134	8818	96.54%	1.97	1.97	1.49
Victoria Daly	6,152	5442	88.46%	1.88	1.88	1.422
Roper Gulf	6,217	5782	93.00%	1.93	1.93	1.46
Barkly	7,452	5560	74.61%	1.75	1.75	1.324
Central Desert	4,442	4286	96.49%	1.96	1.96	1.482
MacDonnell	6,554	6176	94.23%	1.94	1.94	1.467
TOTAL	205,306	66148			25.42	

*Percentages are measured on a scale of 1.0 to 2.0. The logic of this scale is that 1.0 represents "no disability and 2.0 is the maximum disability.

**The Raw Cost Adjustors are average around "1" for use in the methodology.

Calculation based on ABS+ ERP%