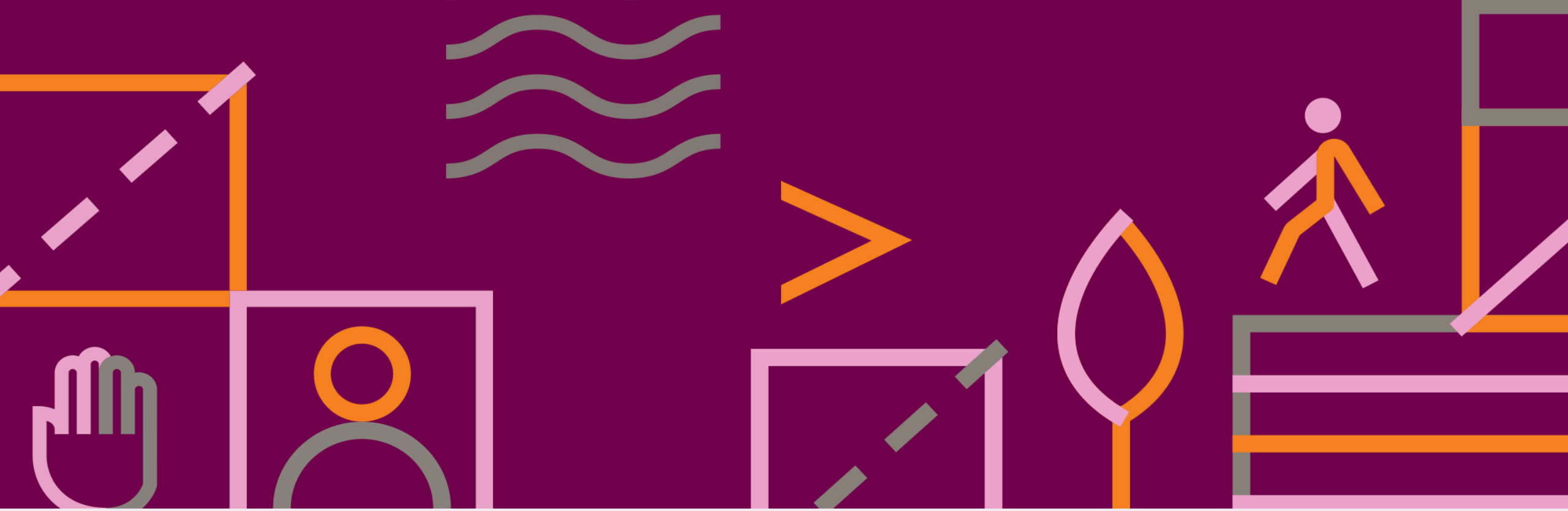
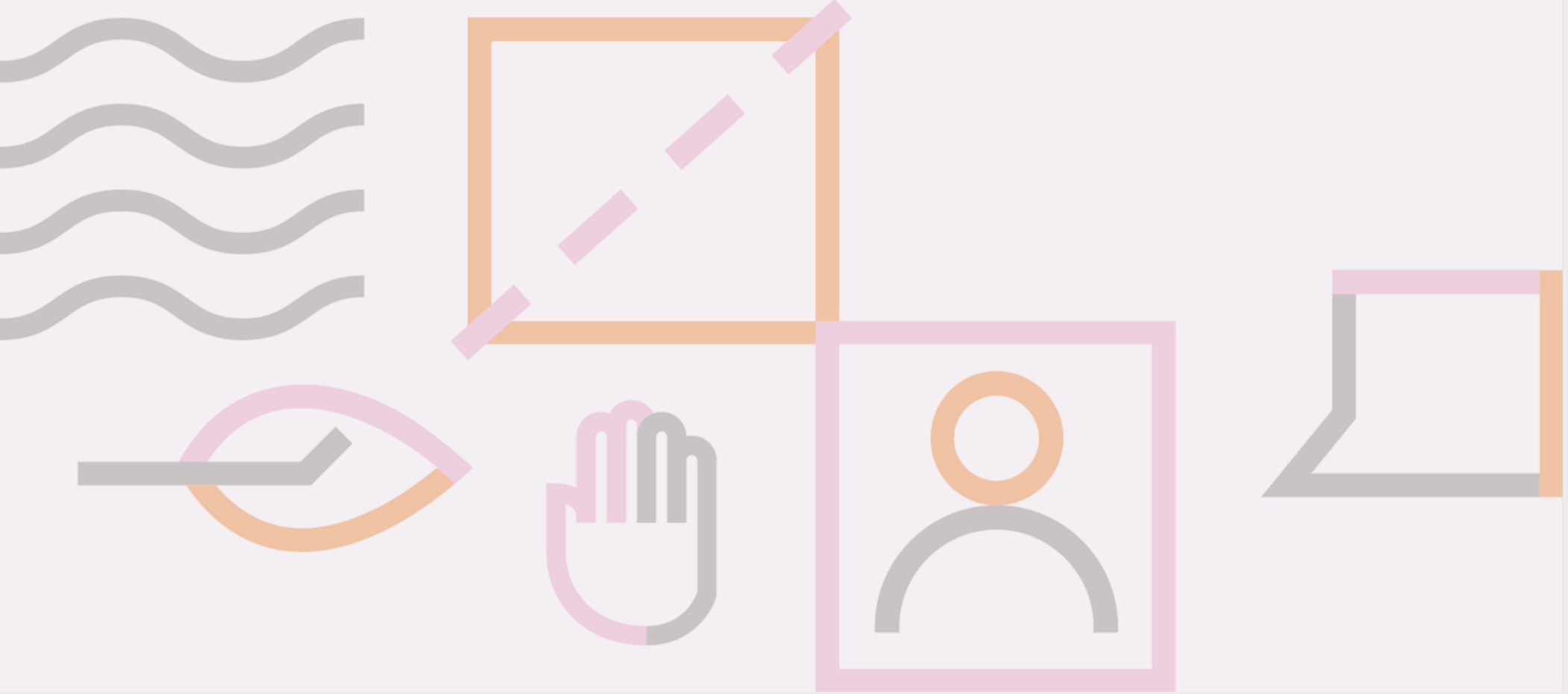


Local Government Financial Trends

Dashboard Information Sheet

The future of local government review



The future of local government review

Data sources and calculation methodologies

Ratio Sources and Calculations

The future of local government review

Measure	Purpose	Benchmark	Calculation	Notes
Underlying surplus/deficit	This summarises revenue transactions and expense transactions incurred in a given financial year and calculates the difference.	Positive	Operating Revenue less Operating Expenses	
Underlying surplus ratio	This shows the operating surplus as a percentage of total operating revenue. A positive result indicates a surplus with the larger the surplus the stronger the assessment of sustainability. However, too strong a result could disadvantage ratepayers. A negative result indicates a deficit which cannot be sustained in the long-term.	> 0	Net Operating surplus (deficit) divided by total operating revenue	
Asset consumption ratio	This shows the depreciated replacement cost of a council's depreciable assets relative to their "as new" (replacement) value. It therefore shows the average proportion of 'new condition' left in the depreciable assets.	>60%	Depreciated replacement cost of asset divided by current replacement cost of asset	Where a total number was not presented, the ratio was calculated using the cumulative totals of all applicable categories using figures from audited financial statements
Asset renewal funding ratio	This measures the capacity of councils to fund their asset replacement requirements. An inability to fund future requirements will result in revenue, expense or debt consequences, or a reduction in service levels. This measure relies on information contained in councils' long-term financial and asset management plans	90%-100%	Future (planned) asset replacement expenditure divided by future asset replacement expenditure (actual) required	Where a total number was not presented, the ratio was calculated using the cumulative totals of all applicable categories using figures from audited financial statements
Asset sustainability ratio	This provides a comparison of the rate of spending on existing infrastructure, property, plant and equipment through renewing, restoring and replacing existing assets, with depreciation. Ratios higher than 100% indicate that spending on existing assets is greater than the depreciation rate. This is a long-term indicator, as capital expenditure can be deferred in the short-term if there are insufficient funds available from operations and borrowing is not an option.	100%	Payments for Property, plant and equipment on existing assets divided by Depreciation Expenses	Where a total number was not presented, the ratio was calculated using the cumulative totals of all applicable categories using figures from audited financial statements

Ratio Sources and Calculations

The future of local government review

Measure	Purpose	Benchmark	Calculation	Notes
Cash expense cover ratio	This indicates the number of months a council can continue operating based on current monthly expenditure without additional cash inflow. The ratio does not take into consideration capital expenditure requirements or other sources of finance. Unrestricted cash reflects cash and cash equivalents, less grants received in advance and other externally restricted cash balances.	3-6 months	Total unrestricted cash divided by the sum of total cash payments to suppliers, employees and financing costs multiplied by 12	Unrestricted cash balances have been calculated by adding cash and financial assets, less financial assistance grants received in advance, trust funds and deposit and aged person tenancy bonds sourced from the audited financial statements. This methodology is adopted by the Tasmania Audit Office (TAO).
Current ratio	This compares current assets again current liabilities. Current assets should exceed current liabilities by a "considerable" margin. It is a measure of liquidity that shows a council's ability to pay its short-term debts.	>1	Current assets divided by Current liabilities	
Debt service cover ratio	This ratio is the measurement of a council's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a council to obtain debt finance.	>2 Basic standard >5 Advanced standard	Annual Operating Surplus BEFORE Interest and Depreciation divided by Principal and Interest	The ratio has been calculated by dividing the net result of recurrent revenue and expenses (excluding depreciation) by the repayment of interest bearing liabilities.
Net financial liabilities ratio	This indicates the extent to which net liabilities can be met by operating income. A falling ratio indicates that the entity's capacity to meet its financial obligations from operating income is strengthening.	0 – (50%)	Liquid assets less total financial liabilities divided by total operating income	
Own source revenue coverage ratio	This ratio is the measurement of a local government's ability to cover its costs through its own revenue efforts. Different standards have been established to recognise the varying revenue raising capacities across the sector, where some rural and remote local governments have limited rate bases and revenue raising capacity, whereas metropolitan and larger rural councils have significant rate bases and other own source revenues.	40%-60% - Basic standard 60%-90% - Intermediate Standard >90% - Advanced standard	Own Source Operating Revenue divided by Operating Expense	

Data Sources

The future of local government review

Measure	Data source	Calculation notes
Total revenue	Audited Financial Statement & TAO adjustments	Total revenue has been sourced from the council audited financial statements, as the sum of fees and charges, rate revenue, grant revenue, profit on disposal of assets, interest revenue, TasWater investment income, other revenue and capital income. These components may differ to those published in the audited financial statements due to adjustments performed by the TAO to account for timing differences in receipt of certain items, as well as adjustments to the recognition of capital income.
Operating revenue	Audited Financial Statement & TAO adjustments	Operating revenue has been sourced from the council audited financial statements, as total revenue above, less capital income. These components may differ to those published in the audited financial statements due to adjustments performed by the TAO to account for timing differences in receipt of certain items as well as adjustments to the recognition of capital income.
Own source revenue	Audited Financial Statement & TAO adjustments	Own source revenue has been sourced from the council audited financial statements, as operating revenue above, less grant revenue. These components may differ to those published in the audited financial statements due to adjustments performed by the TAO to account for timing differences in receipt of certain items as well as adjustments to the recognition of capital income.
Rate revenue	Audited Financial Statement & TAO adjustments & CDC (Tasmanian Local Government Consolidated Data Collection)	Rate revenue has been sourced from both the Consolidated Data Collection (CDC) and council audited financial statements (noting adjustments performed by the TAO to account for timing differences in receipt of certain items as well as adjustments to the recognition of capital income). In the absence of data supplied from the audited financial statements, figures from the CDC have been sourced specifically where rate revenue has been broken into its residential and non-residential components, whilst amounts from the audited financial statements have been used to report the total amount.
Fire Levy	CDC (Tasmanian Local Government Consolidated Data Collection)	Fire Levy amounts have been sourced from the CDC as these amounts were not able to be sourced from audited financial statements for all councils. Where rate revenue has been presented exclusive of Fire Levy, rate revenue has been sourced as indicated above, less any Fire Levy amounts as sourced from the CDC.
Capital Income	Audited Financial Statement & TAO adjustments	Capital income has been sourced from the council audited financial statements, as the sum of capital grants, financial assistance grant received in advance, offset financial assistance grant in advance, disaster recovery funding, recognition of assets, recognition of land under roads, contributions of non-current assets (incl donations, excl subdivisions) from another entity, contributions of non-current assets – subdivisions, insurance receipts / other capital receipts, rates in advance, unscheduled gain on sale of assets, and contribution of assets made by state government.

Data Sources

Measure	Data source	Calculation notes	
Operating Expenditure by Function --- Capital Expenditure by Function	CDC (Tasmanian Local Government Consolidated Data Collection)	Operating and capital expenditure by function has been sourced from the CDC, and classified as follows: Arts and Culture – expenditure on: • Art Museums • Community Centres and Halls • Cultural or Arts Services n.e.c. • Libraries • Other Museums and Cultural Heritage • Performing Arts • Recreation, Culture and Religion n.e.c. Community and Regional Development – expenditure on: • Community and Regional Development Environment and Parks – expenditure on: • Other Protection of the Environment • Protection of biodiversity and habitat • Recreation Parks & Reserves General Administration – expenditure on: • Agriculture, Forestry, Fishing and Hunting • Legislative, Executive, Financial & Fiscal Affairs • Mining, Manufacturing and Construction • Other Economic Affairs • Other Purposes • Sewerage • Water	Social Support – expenditure on: • Aged Services • Community and Public Health • Education • Housing • Nursing and convalescent home services • Nursing Homes/Aged care • Public Order, Fire and Safety • Welfare Sport and Recreation – expenditure on: • Community Amenities • Sport and Physical Recreation services n.e.c. • Sport and Physical Recreation venues and facilities Transport and Energy – expenditure on: • Air, Water, Rail Transport and Communications • Fuel and Energy • Road Plant, Parking and Other Road Transport • Road, Bridge and Street Infrastructure • Road, Bridge and Street Infrastructure - Commonwealth • Road, Bridge and Street Infrastructure - Local • Road, Bridge and Street Infrastructure - State Waste Management – expenditure on: • Household Garbage/Solid Waste Management

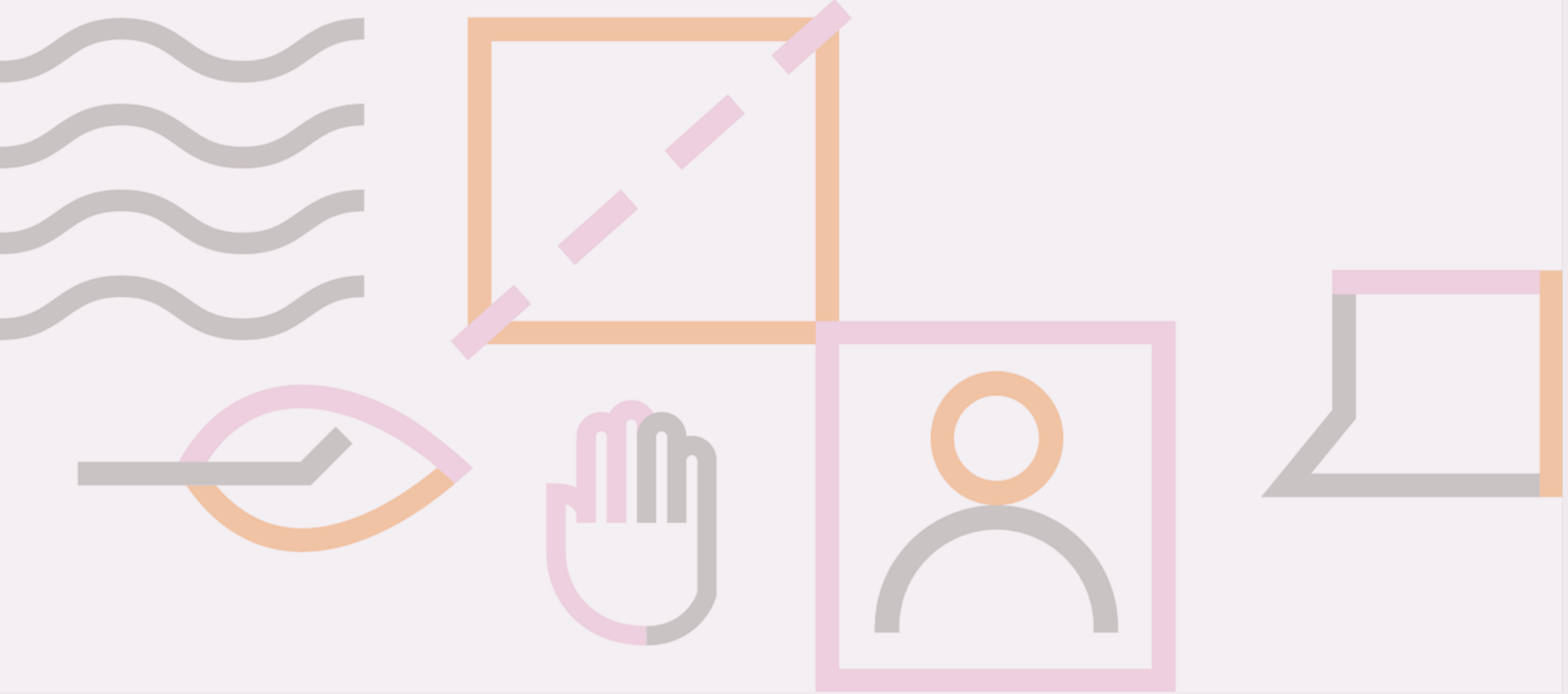
Data Sources

Measure	Data source	Calculation notes
Grant revenue	CDC (Tasmanian Local Government Consolidated Data Collection) & Audited Financial Statement	Grant revenue has been sourced from both the CDC and council audited financial statements (noting adjustments performed by the TAO to account for timing differences in receipt of certain items as well as adjustments to the recognition of capital income). In the absence of data supplied from the audited financial statements, figures from the CDC have been sourced specifically where grant revenue has been broken into its source components, whilst amounts from the audited financial statements have been used to report the total amount.
Unrestricted cash	Audited Financial Statement & TAO adjustments	Unrestricted cash balances have been calculated by adding cash and financial assets, less financial assistance grants received in advance, trust funds and deposit and aged person tenancy bonds sourced from the audited financial statements. This methodology is adopted by Tasmania Audit Office and has been applied to all councils across all years since 2013-2014. The consideration of financial assets and omission of certain bespoke council measurements results in a different figure reported to those in the audited financial statements, and should be noted when conducting council comparisons.
Underlying surplus/deficit	Audited Financial Statement & TAO adjustments	Underlying surplus/deficit has been sourced from the council audited financial statements, as operating revenue noted previously, less operating expenses (i.e. the sum of employee costs, depreciation, finance costs, other expenses, unwinding of tip provision/ reassessment, net loss on disposal). These components may differ to those published in the audited financial statements due to adjustments performed by the TAO to account for timing differences in receipt of certain items as well as adjustments to the recognition of capital income.
Rate Revenue % Increase	Audited Financial Statement & TAO adjustments	This measure has been calculated by dividing total rate revenue in a given year by the total rate revenue in the prior year, sourced by council audited financial statements as indicated previously.
Rates per Property % Increase	Audited Financial Statement / CDC (Tasmanian Local Government Consolidated Data Collection)	This measure has been calculated by dividing total rate revenue in a given year (sourced by council audited financial statements as indicated previously) by the total rateable properties (residential and non-residential properties) sourced by the CDC, and dividing this result by the prior year equivalent.

Data Sources

The future of local government review

Measure	Data source	Measure	Data source	Measure	Data source
Fees and charges	Audited Financial Statement & TAO adjustments	Employee costs	Audited Financial Statement & TAO adjustments	Repayment of interest bearing liabilities	Audited Financial Statement & TAO adjustments
Other revenue (including share of profit of associates)	Audited Financial Statement & TAO adjustments	Other expenses	Audited Financial Statement & TAO adjustments	Total Number of Rateable Properties	CDC (Tasmanian Local Government Consolidated Data Collection)
TasWater investment revenue	Audited Financial Statement & TAO adjustments	Depreciation	Audited Financial Statement & TAO adjustments	Number of Rateable Residential Properties	CDC (Tasmanian Local Government Consolidated Data Collection)
Interest revenue	Audited Financial Statement & TAO adjustments	Net loss on disposal	Audited Financial Statement & TAO adjustments	LGAT Council Cost Index	Local Government Association Tasmania
Profit on disposal	Audited Financial Statement & TAO adjustments	Finance Costs	Audited Financial Statement & TAO adjustments	CPI %	Department of Treasury & Finance
		Unwinding of tip provision/ reassessment	Audited Financial Statement & TAO adjustments		



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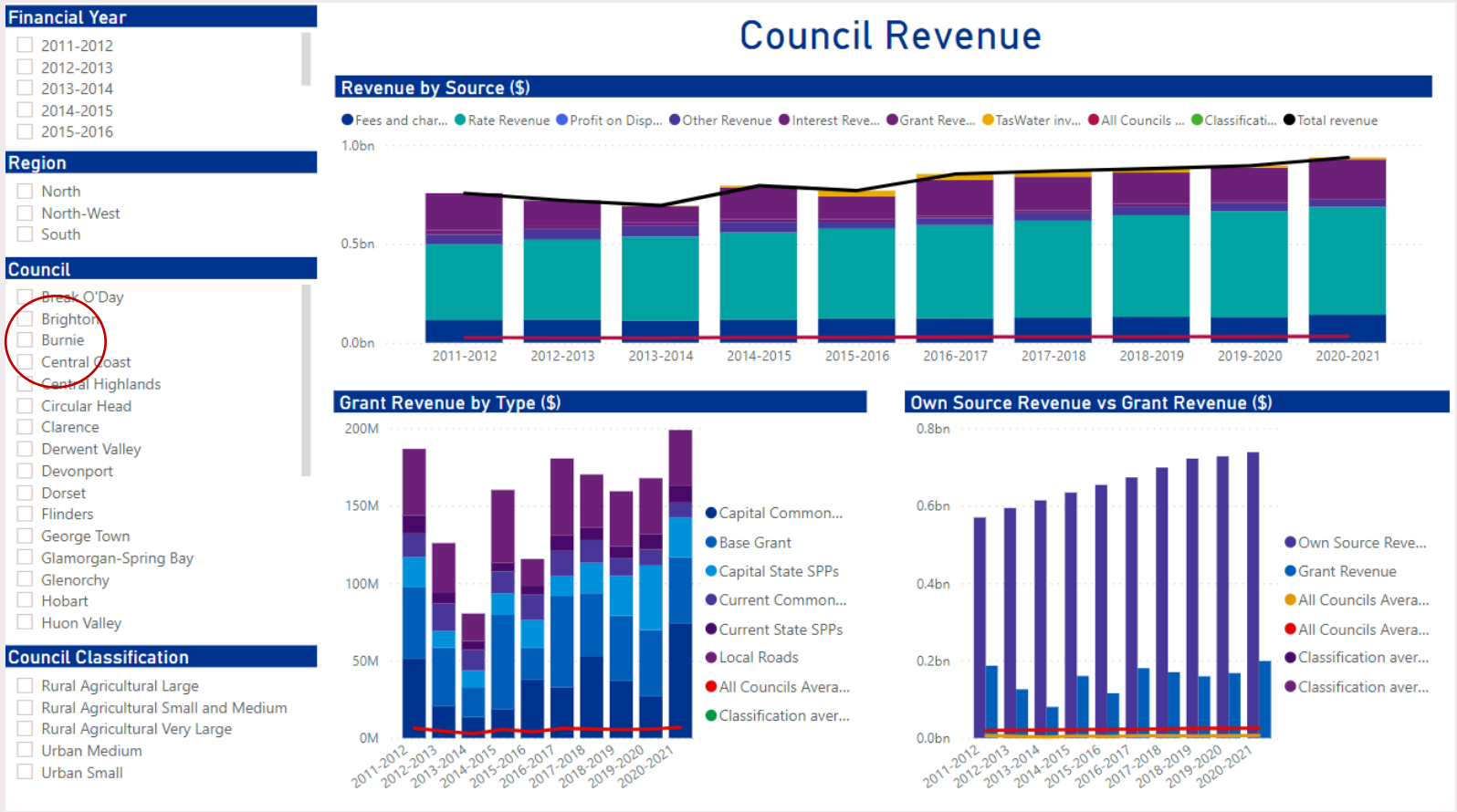
Dashboard Instructions

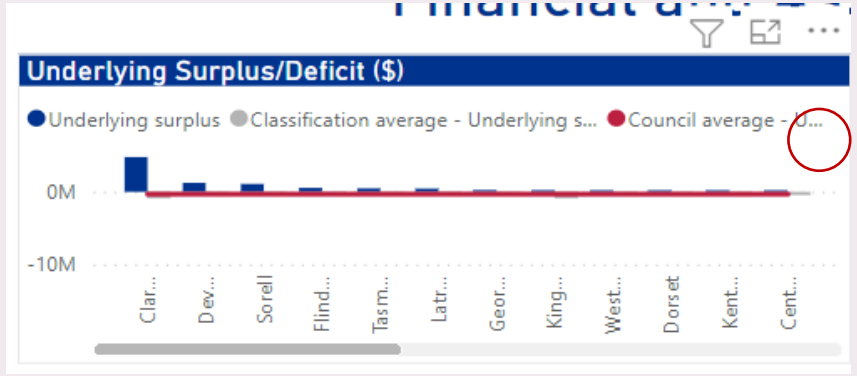
How to Navigate Pages

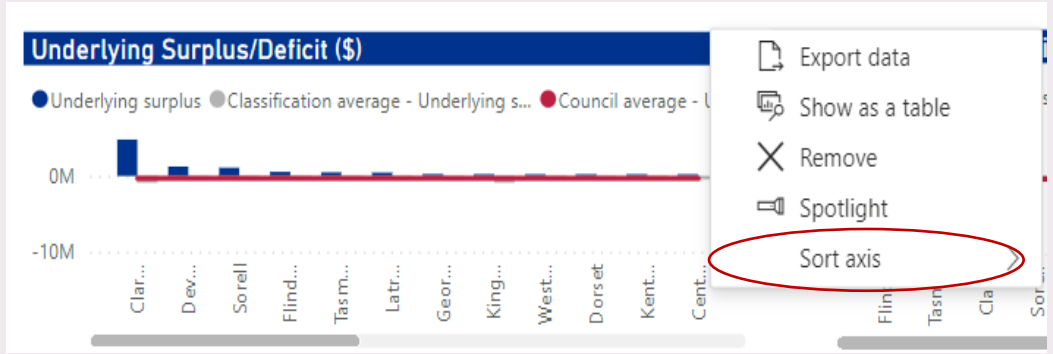
The future of local government review

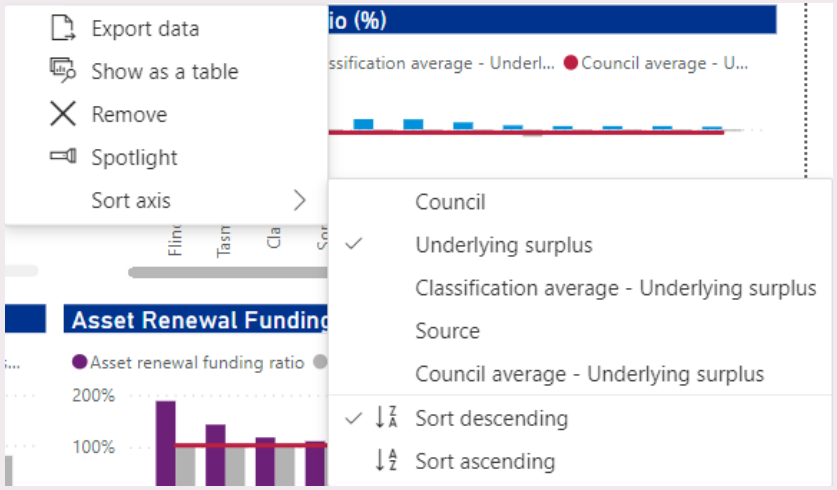


The default when opening the dashboard will be to show all available financial years' data. You can select individual financial years at the top left (please note that only one financial year can be viewed at a time when you make this selection) . You can also choose to filter by region, council or council classification by clicking in the box next to filter you wish to apply.

Sorting by Axis



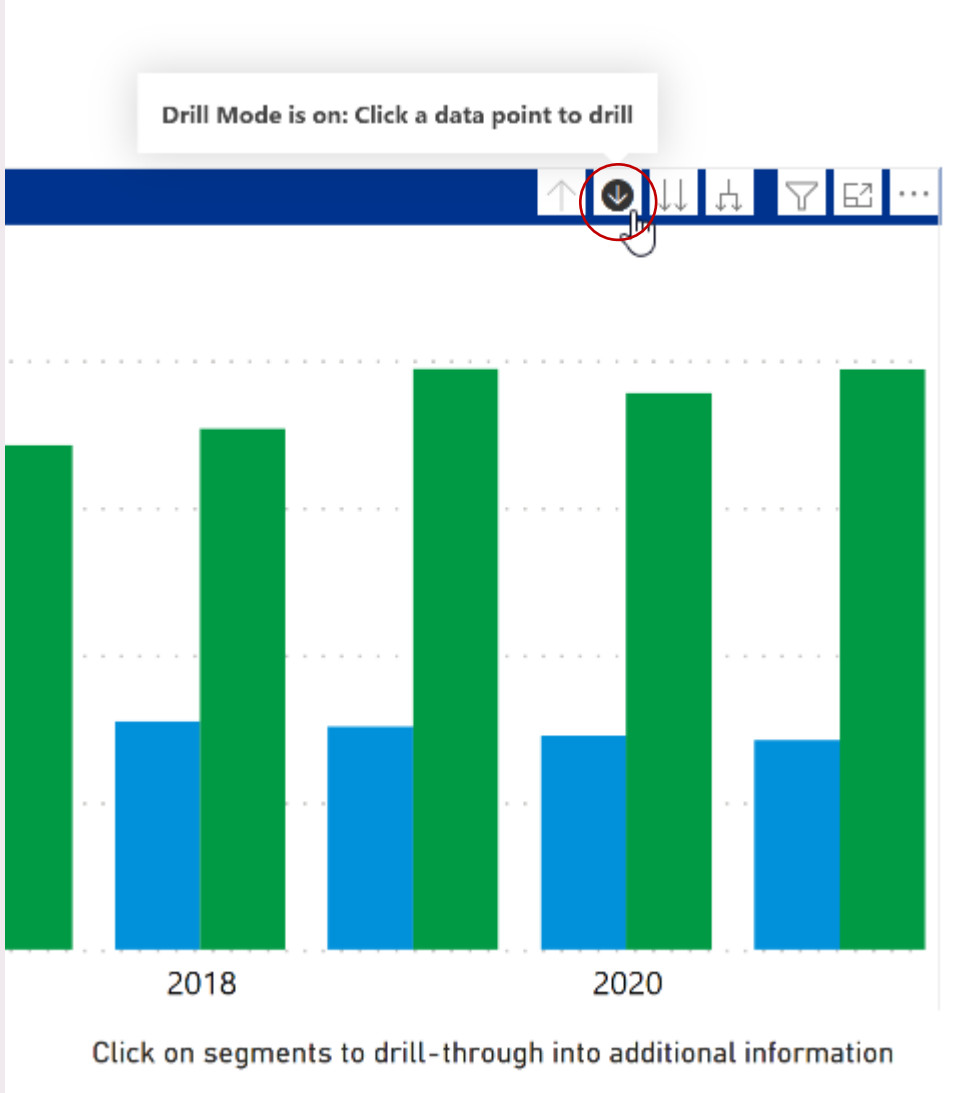




Hovering the mouse over a visual will bring up 3 icons on the top right of the visual. The "…" will bring up options to export the data, show as table, spotlight, or sort axis.

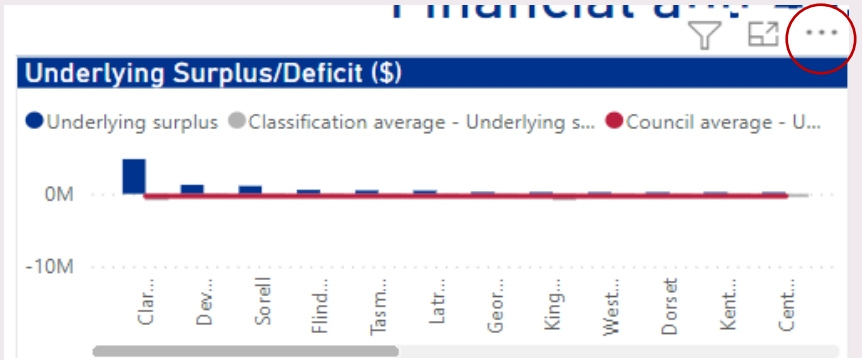
‘Drill through’ on a council basis – functional expenditure trend slide

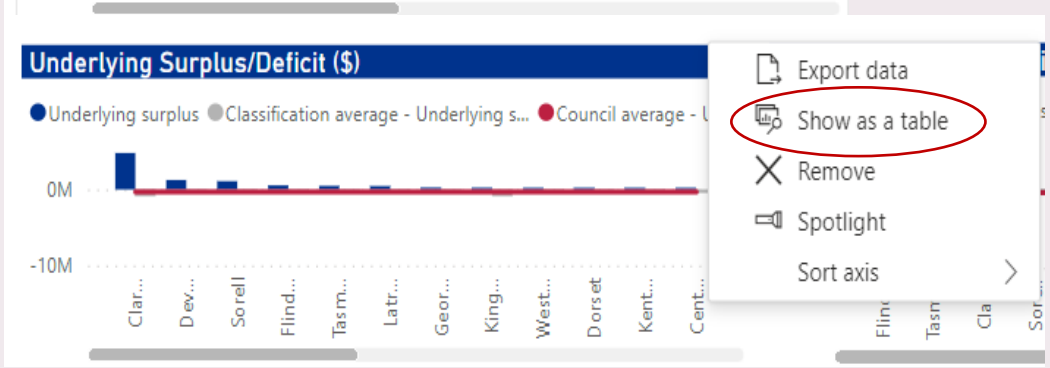
The future of local government review

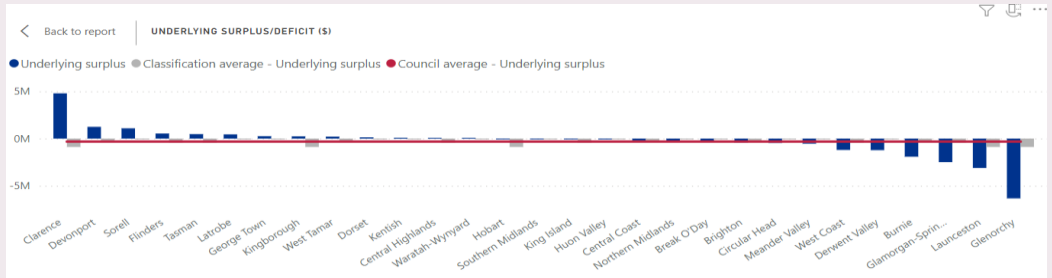


The ‘drill through’ feature on each visual enables a council-by-council comparison within a selected financial year.
For example, select multiple councils on the left, whilst holding in the CTRL key. Click the ‘drill through’ button as indicated, then click on a chart segment to ‘drill through’ the data presented on a council-by-council basis.

‘Show as table’



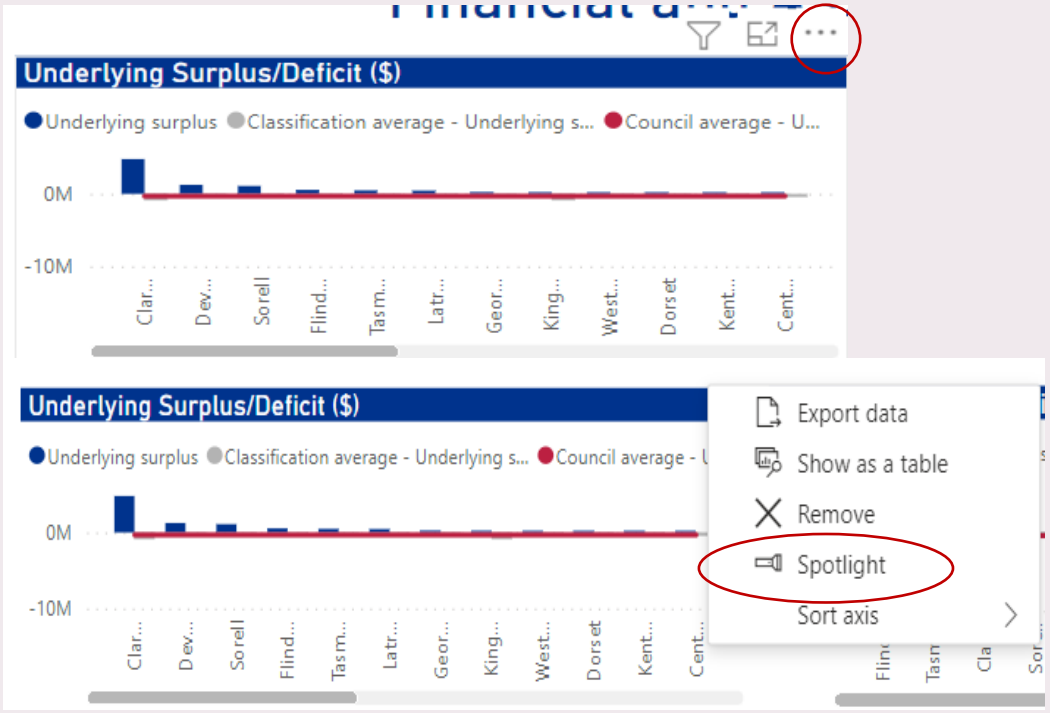


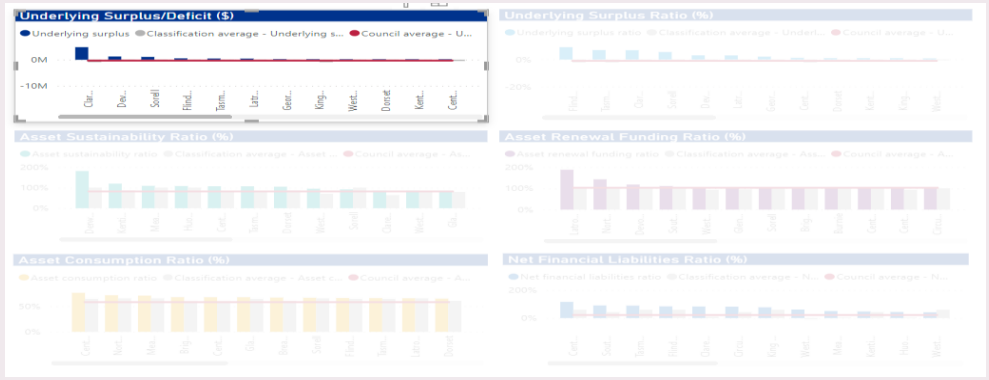


Council	Underlying surplus	Classification average - Underlying surplus	Council average - Underlying surplus	Source
Clarence	4,796,000.00	-885,400.00	-313,896.55	Audited Financial Statement
Devonport	1,245,000.00	-216,000.00	-313,896.55	Audited Financial Statement
Sorell	1,089,000.00	-77,428.57	-313,896.55	Audited Financial Statement
Flinders	538,000.00	-442,500.00	-313,896.55	Audited Financial Statement
Tasman	474,000.00	-442,500.00	-313,896.55	Audited Financial Statement
Latrobe	446,000.00	-77,428.57	-313,896.55	Audited Financial Statement
George Town	256,000.00	-66,500.00	-313,896.55	Audited Financial Statement
Kingborough	240,000.00	-885,400.00	-313,896.55	Audited Financial Statement
West Tamar	212,000.00	-216,000.00	-313,896.55	Audited Financial Statement
Dorset	134,000.00	-66,500.00	-313,896.55	Audited Financial Statement
Kentish	95,000.00	-66,500.00	-313,896.55	Audited Financial Statement
Central Highlands	85,000.00	-442,500.00	-313,896.55	Audited Financial Statement

Click on a visual and using the “…” button shown on the top right, you can view the visual as a table, which will provide values for each data series.

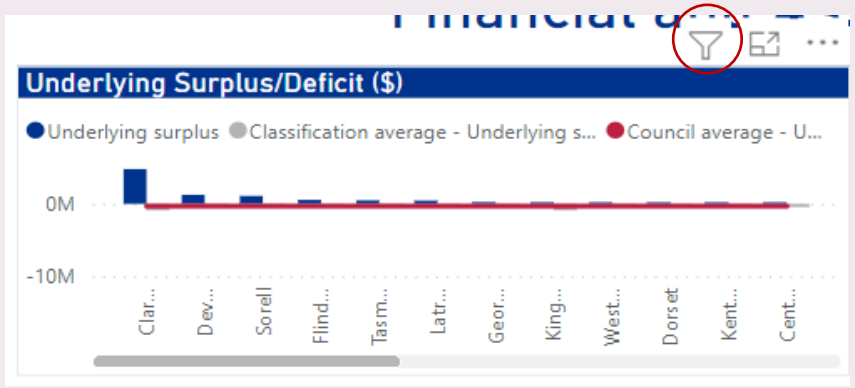
‘Spotlight’





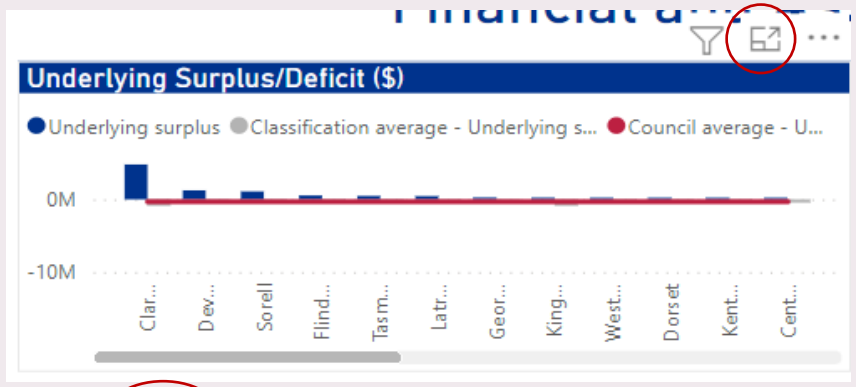
Click on a visual and using the “…” button, you can spotlight the visual which will make it easier to view against the other visuals.

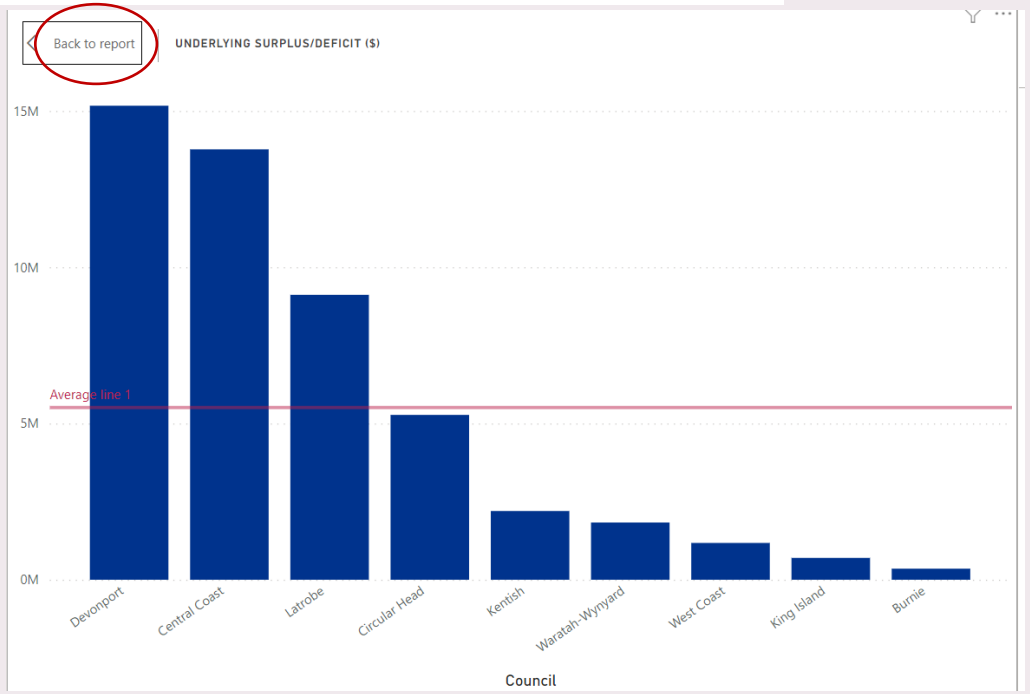
Check what filters are being applied



The filter button will show you what filters are currently being applied to the visual.

Expanding a visual

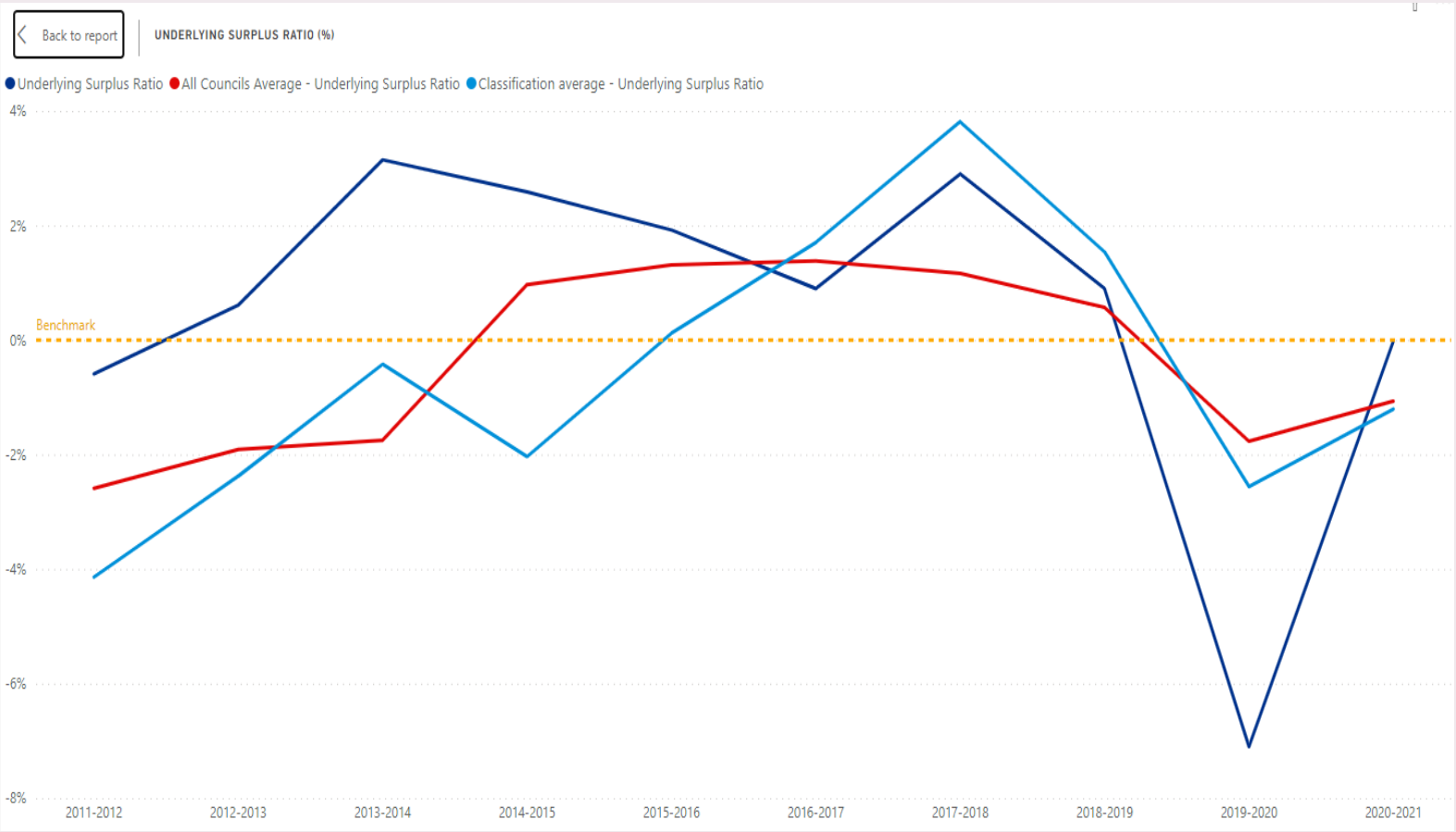




The 'expand visual' button will expand the visual to be full screen. 'The Back to report' button will take you back to the full page with all visuals.

The future of local government review

Understanding averages



A number of graphs in the Dashboard allow you to compare a single council's results against the 'all councils average' and the 'classification average'.

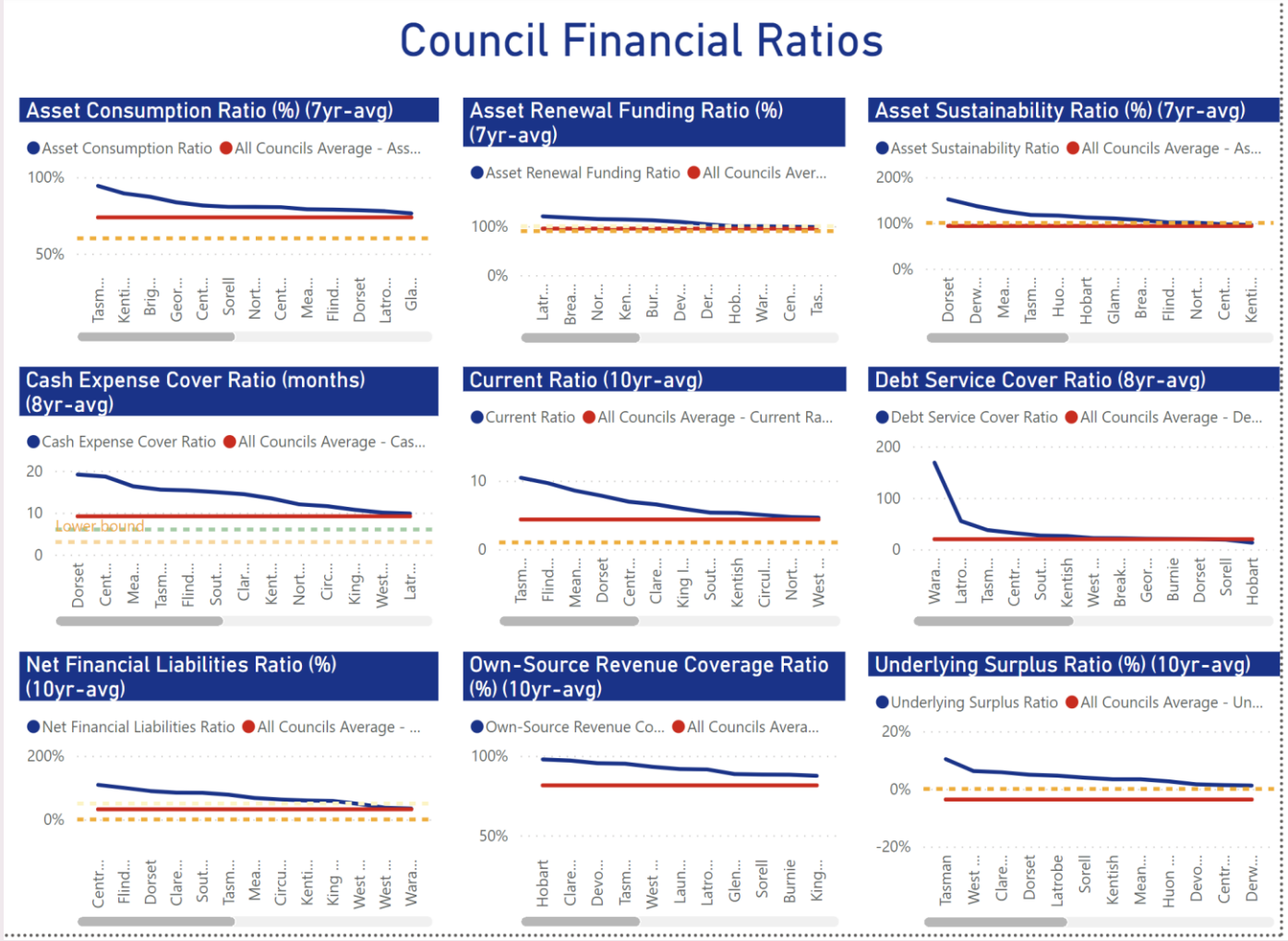
In this example:

- The dark blue line shows the result for the selected council
- The red line (Council average) represents the average across all 29 councils, regardless of which council has been selected
- The light blue (council classification average) represents the average result for all Tasmanian councils in the same Australian Classification of Local Governments (e.g. 'Urban Small', or 'Rural Agricultural Large').

The 'benchmarks' for each of the ratios shown in the dotted line are explained earlier in the information sheet.

The future of local government review

Understanding Averages (Average Financial Ratios)



The annual average financial ratios are calculated by taking the average figure of the 10 annual amounts (or 7-8 for some ratios as these were unable to be sourced for all councils).

For example, if a particular council recorded a current ratio (current assets / current liabilities) of 2.0 ($200k / $100k) in a particular year, and 3.0 ($450k / $150k) in the subsequent year, the reported average is 2.5 (i.e. not $650 / $250k = 2.6).

This logic applies to all the reported ratios.