

# LG DATA

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## Rates Snapshot

2017-18

Local Government Division  
Government of Tasmania

ISBN 978-1-925906-03-5  
Published 2019

Published by the Department of Premier and Cabinet  
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19/42584



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# Rates Snapshot 2017 – 18

## Introduction

This snapshot uses the latest available audited data to compare rates across Tasmania's 29 Local Government areas. This is the second rates snapshot, following the 2016-17 snapshot published in 2018. The decision to update the rates snapshot and provide more recent analysis is due to the strong level of ongoing community interest in the subject.

Three performance indicators are used in this snapshot to compare council rates: average rate per rateable property; rate revenue to operating revenue; and operating costs per rateable property. Data is presented for the following years:

- 2009-10, chosen as the baseline year for data as it was the first reporting period after council owned water and sewerage assets and corresponding revenues were transferred to the water corporations;
- 2014-15, showing change after a five year interval;
- 2016-17, showing change from the previous 12 months; and
- 2017-18, showing the latest available data.

All data is sourced from publicly available information, including the Tasmanian Local Government Consolidated Data Collection, Tasmanian Auditor-General reports and Australian Bureau of Statistics catalogues. Figures in tables may be subject to rounding, which may cause some rounded figures to appear as discrepancies between totals within data tables.

This document describes and summarises key trends from 2009-10 to 2017-18, but does not seek to analyse or explain the changes that have occurred. A number of factors can cause changes within or between councils and influence comparisons. Any queries about individual council performance should be directed to the council in question.

## Council rates explained

Council rates are a property-based tax collected by councils from property owners in their council area. Rateable properties include residential and business properties.

The money raised through rates goes towards paying for the services and infrastructure provided by councils. Every council provides different types of infrastructure and services because of differences in community needs and expectations, land area, population size, location, number of properties and industry mix. Councils make budget decisions taking into account the demand for services and the capacity of ratepayers. Councils are accountable to their communities for these decisions.

Property values are used as the basis for levying rates across the municipality. The Tasmanian Government Valuer-General assesses the value of properties across Tasmania. Approaches to assessing property values include:

- **Capital value** (CV), which is the total value of the property, including the land, building and other improvements, but excluding plant and machinery; and
- **Assessed annual value** (AAV), which is the estimated rental value of the property in a year. This cannot be less than 4 per cent of the capital value.

Councils can choose which type of rateable valuation they use to set their rates. Councils can also choose the way they distribute rates across their ratepayers. For example, some councils use a flat rating system where the same rating formula is used for all ratepayers. Other councils use a differential rating system that takes into account the diversity in ratepayers' access to and demand for council

services. To find out more about a specific council's data, including which type of rating valuation or system a council uses, please visit the council's website or contact the council directly.

## How rates are calculated

To calculate rates, a council prepares a budget and determines how much money is needed to provide the services, and maintain the facilities and infrastructure it intends to provide in the next reporting year. The amount needed is called the council's 'total operating revenue'.

The council determines how much money it expects to receive from sources other than rates, such as government grants, fees, rents, fines or investments. This is called 'other revenue', which varies between councils and from year to year. Other revenue is typically higher for rural councils.

Other revenue is subtracted from total operating revenue. The amount that is left is what a council needs to collect from its rate payers. This is called a council's 'rate revenue'.

Rate revenue is then divided by the total value of all rateable properties in the council area, resulting in a 'rate in the dollar'. The council applies the rate in the dollar to each rateable property to enable the fair distribution of rates across a council area.

In practice, the calculating of expenditure, revenue, and rates is an iterative process in the development of a council's budget, which balances expenditure needs with the community's capacity to pay.

## Council classifications

Councils are grouped into five classifications in this snapshot, in line with the *Australian Classification of Local Governments*, to ensure that accurate comparisons can be made between similar councils. The classifications take into account population size and density.

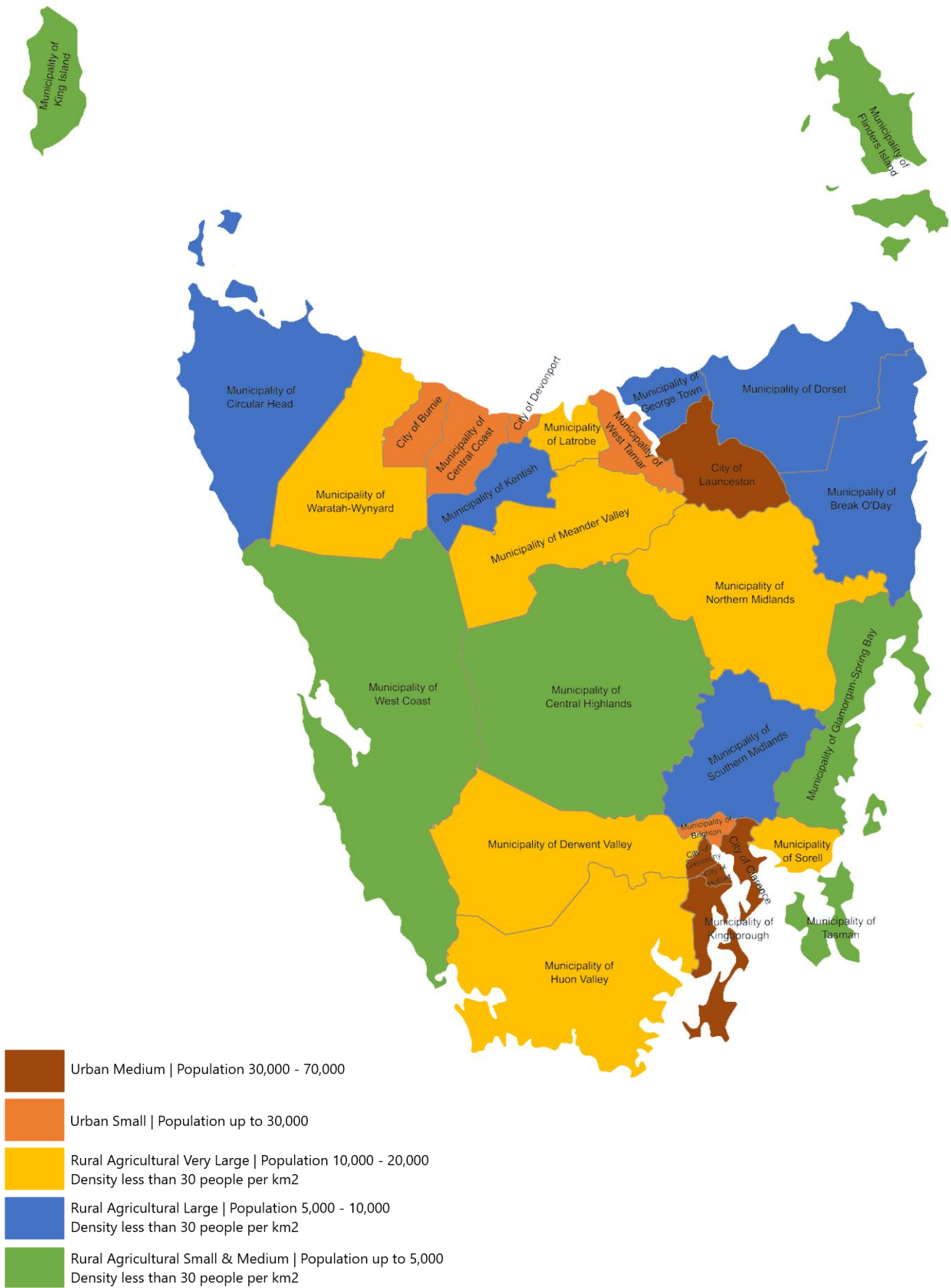
In 2017-18, Tasmanian councils fit into the five classifications shown below:

Urban medium councils (UM)	Urban small councils (US)	Rural agricultural very large councils (RAVL)	Rural agricultural large councils (RAL)	Rural agricultural, small & medium councils (RASM)
population 30,000—70,000	population 20,000 to 30,000, or up to 20,000 where density more than 30 people per km <sup>2</sup>	population 10,000—20,000 density less than 30 people per km <sup>2</sup>	population 5,000—10,000 density less than 30 people per km <sup>2</sup>	population under 5,000 density less than 30 people per km <sup>2</sup>
Clarence City Glenorchy City Hobart City Kingborough Launceston City	Brighton Burnie Central Coast Devonport West Tamar	*Derwent Valley Huon Valley *Latrobe Meander Valley Northern Midlands Sorell Waratah-Wynyard	Break O'Day Circular Head Dorset George Town Kentish Southern Midlands	Central Highlands Flinders Island Glamorgan-Spring Bay King Island Tasman *West Coast

\* Changes to population figures have resulted in movements between classifications for:

- Derwent Valley Council, from RAL to RAVL – population increased to above 10,000 people in 2014;
- Latrobe Council, from RAL to RAVL – population increased to above 10,000 people in 2010; and
- West Coast Council, from RAL to RASM – population declined to below 5,000 people in 2011.

Figure 1: Tasmanian councils as classified under the *Australian Classification of Local Governments*



## Comparative table – all councils rates data 2017-18

Figure 1

Council	Population No.	Number of Rateable Valuations No.	Rate Revenue \$'000	Average rate per rateable property \$	Average rate per head of population \$	Rate revenue to operating revenue %	Operating costs per rateable valuation \$
<b>Urban Medium councils (UM)</b>							
Clarence	55,659	25,336	48,168	1,901	865	72.9	2,299
Glenorchy	46,790	21,222	35,531	1,674	759	64.3	2,601
Hobart	52,191	24,297	82,187	3,383	1,575	63.8	5,148
Kingborough	36,734	16,903	26,758	1,583	728	66.4	2,358
Launceston	67,004	32,362	65,115	2,012	972	60.3	3,238
UM Average	51,676	24,024	51,552	2,111	980	65.5	3,129
<b>Urban Small councils (US)</b>							
Brighton	16,872	7,810	8,931	1,144	529	61.5	1,911
Burnie	19,245	9,764	22,490	2,303	1,169	66.5	3,413
Central Coast	21,908	10,902	15,035	1,379	686	54.9	2,423
Devonport	25,317	12,385	27,327	2,206	1,079	67.4	3,152
West Tamar	23,721	11,641	17,561	1,509	740	68.8	1,998
US Average	21,413	10,500	18,269	1,708	841	63.8	2,579
<b>Rural Agricultural Very Large councils (RAVL)</b>							
Derwent Valley	10,148	5,049	6,983	1,383	688	53.4	2,643
Huon Valley	16,919	10,740	12,570	1,170	743	50.4	2,179
Latrobe	11,108	6,135	7,208	1,175	649	53.5	2,099
Meander Valley	19,583	10,119	11,957	1,182	611	59.5	1,864
Northern Midlands	13,128	6,981	10,395	1,489	792	58.5	2,537
Sorell	14,648	9,341	13,099	1,402	894	72.6	2,212
Waratah-Wynyard	13,791	7,656	10,991	1,436	797	58.0	2,420
RAVL Average	14,189	8,003	10,458	1,320	739	58.0	2,279
<b>Rural Agricultural Large councils (RAL)</b>							
Break O'Day	6,167	6,470	8,770	1,355	1,422	63.2	2,037
Circular Head	8,145	5,107	8,104	1,587	995	56.0	2,819
Dorset	6,715	5,218	7,117	1,364	1,060	56.6	2,229
George Town	6,846	4,296	7,976	1,857	1,165	74.0	2,532
Kentish	6,319	3,527	5,151	1,460	815	52.1	2,705
Southern Midlands	6,103	3,675	5,214	1,419	854	49.2	3,023
RAL Average	6,716	4,716	7,055	1,507	1,052	58.5	2,558
<b>Rural Agricultural Small &amp; Medium councils (RASM)</b>							
Central Highlands	2,139	3,726	3,473	932	1,624	50.6	1,819
Flinders	943	1,252	1,614	1,289	1,712	20.3	7,618
Glamorgan Spring Bay	4,555	5,763	7,453	1,293	1,636	57.6	2,130
King Island	1,614	1,661	2,454	1,477	1,520	33.9	4,612
Tasman	2,389	3,405	4,782	1,404	2,002	71.6	1,899
West Coast	4,176	4,208	6,865	1,631	1,644	60.4	2,592
RASM Average	2,636	3,336	4,440	1,338	1,690	49.1	3,445
<b>Average all councils</b>	<b>17,961</b>	<b>9,550</b>	<b>16,941</b>	<b>1,566</b>	<b>1,060</b>	<b>58.6</b>	<b>2,776</b>

**Source**

Population figures derived from Australian Bureau of Statistics (ABS) cat. 3281.0 Regional Population Growth, 28 July 2017

Rates information derived from the Tasmanian Local Government Consolidated Data Collection and Tasmanian Auditor-General Reports

## Average rate by rateable property:

This measure shows the average rate of all rateable properties within the council area. It is calculated by taking the total rate revenue of the council and dividing it by the total number of rateable properties:

$$\text{total rate revenue} \div \text{total number of rateable properties}$$

Figure 2 - 7 also show the compound annual rate of change, which is a smoothed overall annual rate of change between the baseline year (2009-10) and the latest data (2017-18), removing the effect of year-on-year volatility. This is calculated using the 'compound annual growth rate (CAGR) formula:

$$[(\text{ending value} \div \text{beginning value}) ^ (1 \div \text{number of years}) - 1]$$

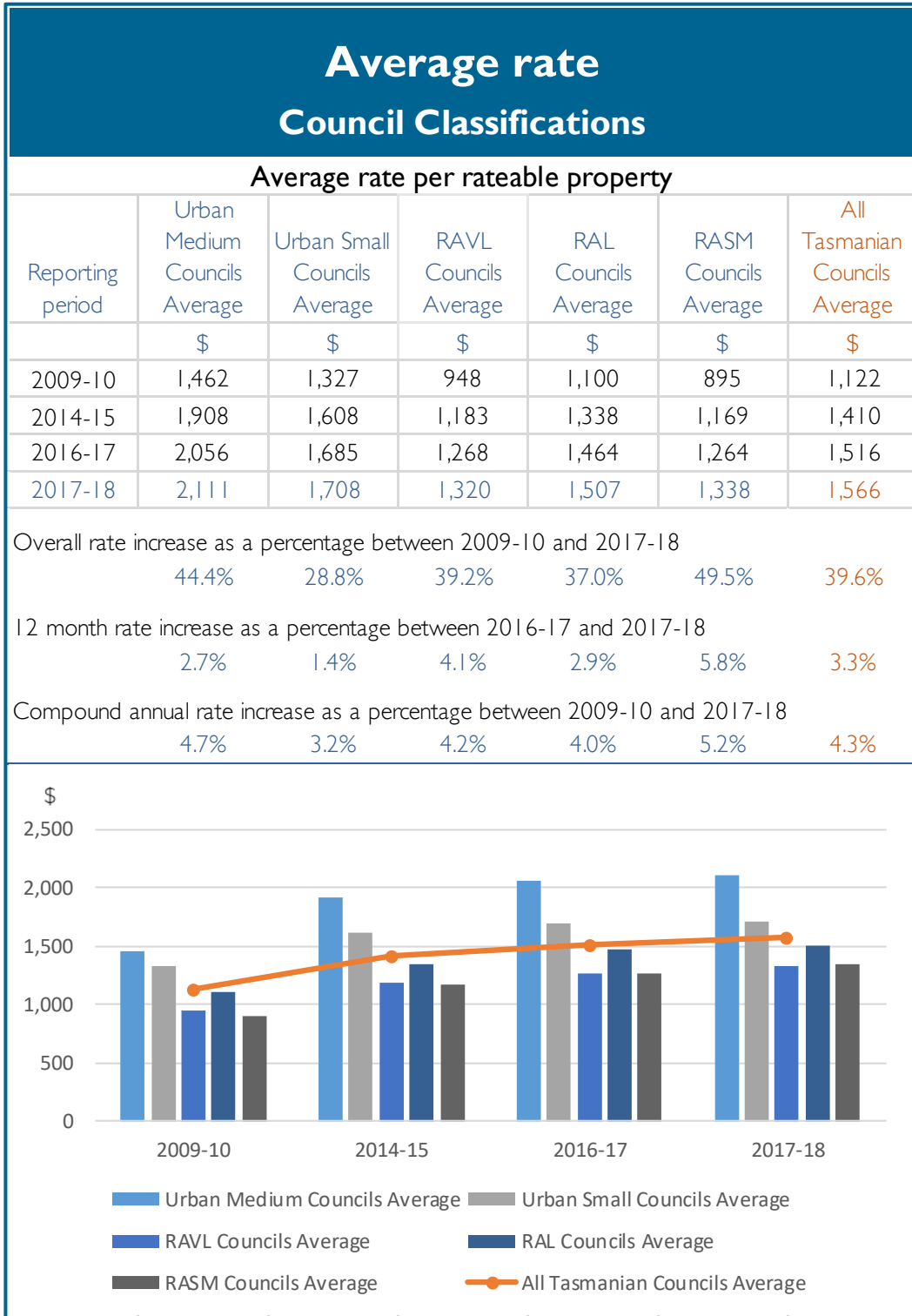
### Key trends:

- **Rate range by classification**
  - The average rate per rateable property in Tasmania is \$1,566, ranging from \$3,383 in Hobart (Figure 3) to \$932 in Central Highlands (Figure 7).
  - As seen in Figure 2, by classification, the average rate per rateable property consistently decreases as council classifications get smaller, with the exception of Rural Agricultural Large councils where the average rate is higher than the preceding classification. Overall, Urban council rates per property are above the Tasmanian average, while rural council rates per property are below the Tasmanian average.
  - Variation in the average rate per rateable property between councils within the same classification is greatest in the Urban Medium classification. The average rate in Hobart is more than double that of both Glenorchy and Kingborough. The average rate ranges from \$1,583 in Kingborough to \$3,383 in Hobart, with an average of \$2,111 (Figure 3).
  - Rates are most consistent between councils in the Rural Agricultural Very Large classification, ranging from \$1,170 in Huon Valley to \$1,489 in Northern Midlands, with an average of \$1,320 (Figure 5).
- **Percentage change from 2009-10 to 2017-18**
  - Over the eight year period from 2009-10 to 2017-18 the average rate per rateable property rose by 40 per cent across all Tasmanian councils. The greatest percentage change occurred in Glenorchy, where rates rose by 77 per cent, from \$947 to \$1,674 over this period (Figure 3). The smallest percentage change occurred in Launceston and Devonport, where rates rose by 25 per cent from \$1,605 to \$2,012, and \$1,766 to \$2,206 respectively (Figures 3, Figure 4)
  - By classification, Rural Agricultural Small & Medium councils experienced the largest average increase at 50 per cent. Urban Small councils experienced the smallest average increase, at 29 per cent (Figure 2).
- **Percentage change over past 12 months**
  - Over the 12 month period from 2016-17 to 2017-18 the average rate per rateable property increased by three per cent across all Tasmanian councils. The greatest percentage change occurred in King Island, where rates rose by 12 per cent from \$1,314 to \$1,477 (Figure 7). The greatest percentage decrease occurred in Launceston, Devonport and Burnie where rates all dropped by one per cent across the period (Figure 3, Figure 4).
  - By classification, Rural Agricultural Small & Medium councils experienced the largest average increase at six per cent. Urban Small councils experienced the smallest average increase, with a one per cent rise over the 12 month period (Figure 2).



Average rate by rateable properties: all classifications

Figure 2:



Average rate by rateable properties: councils by classification

Figure 3:

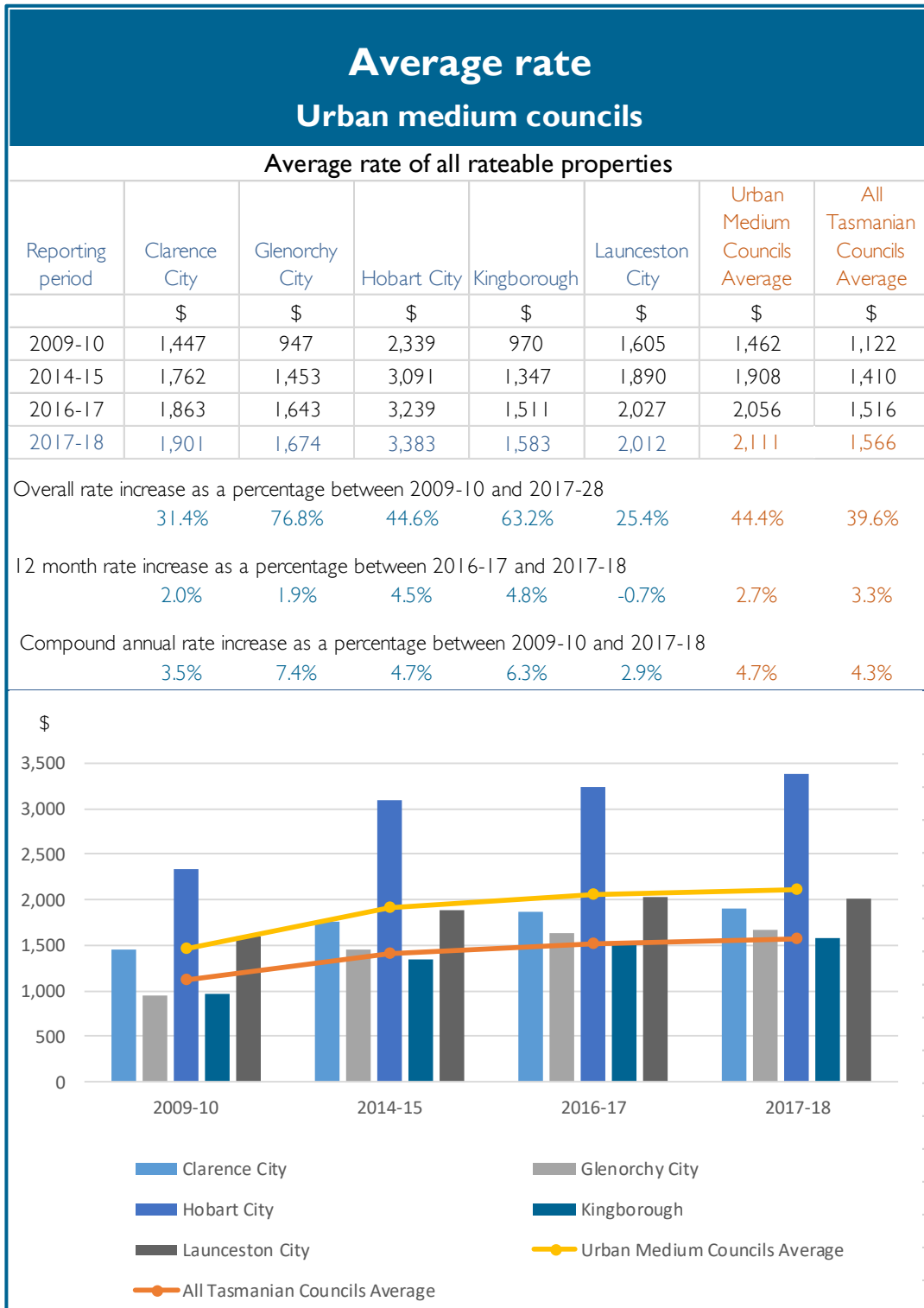


Figure 4:

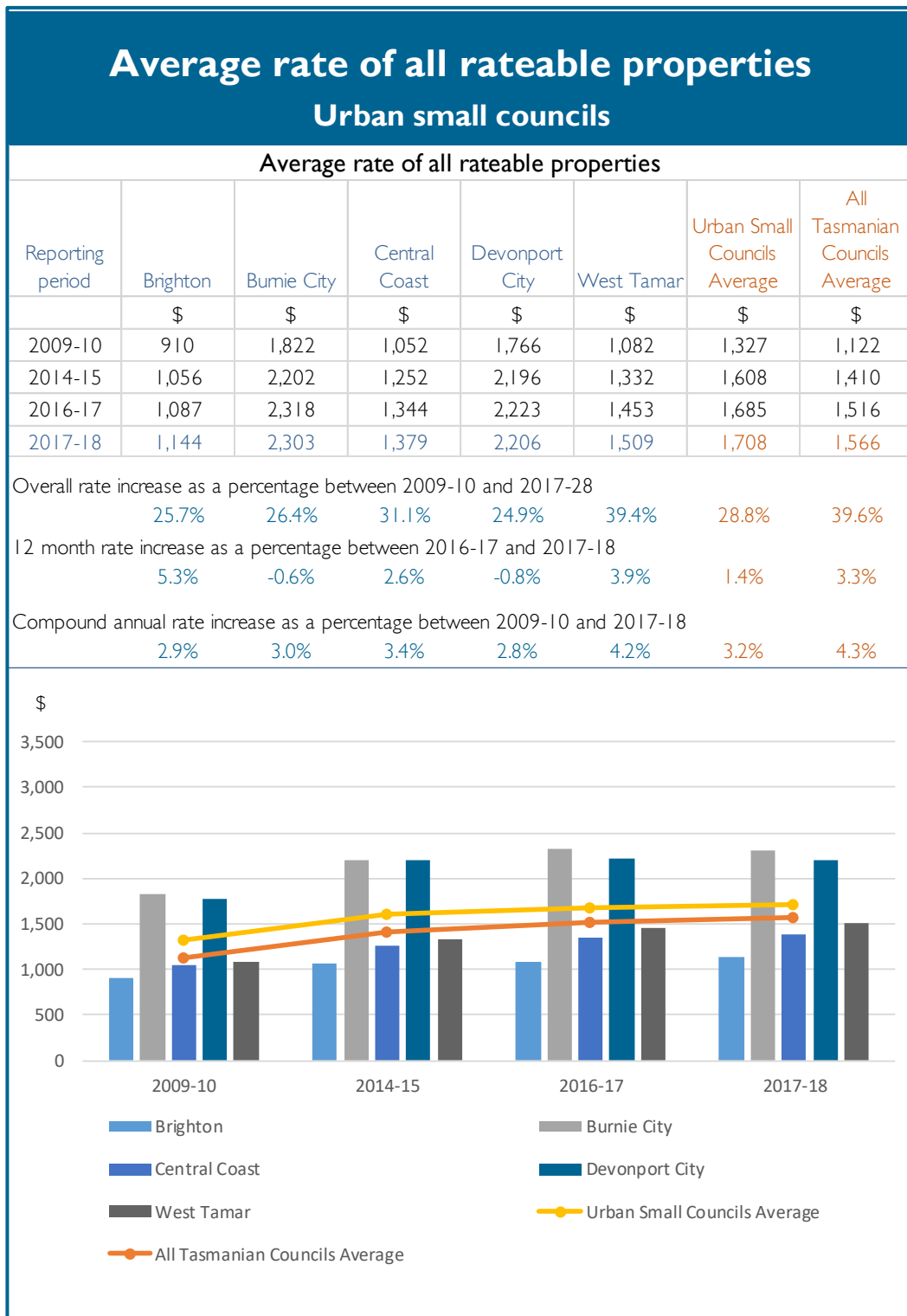


Figure 5:

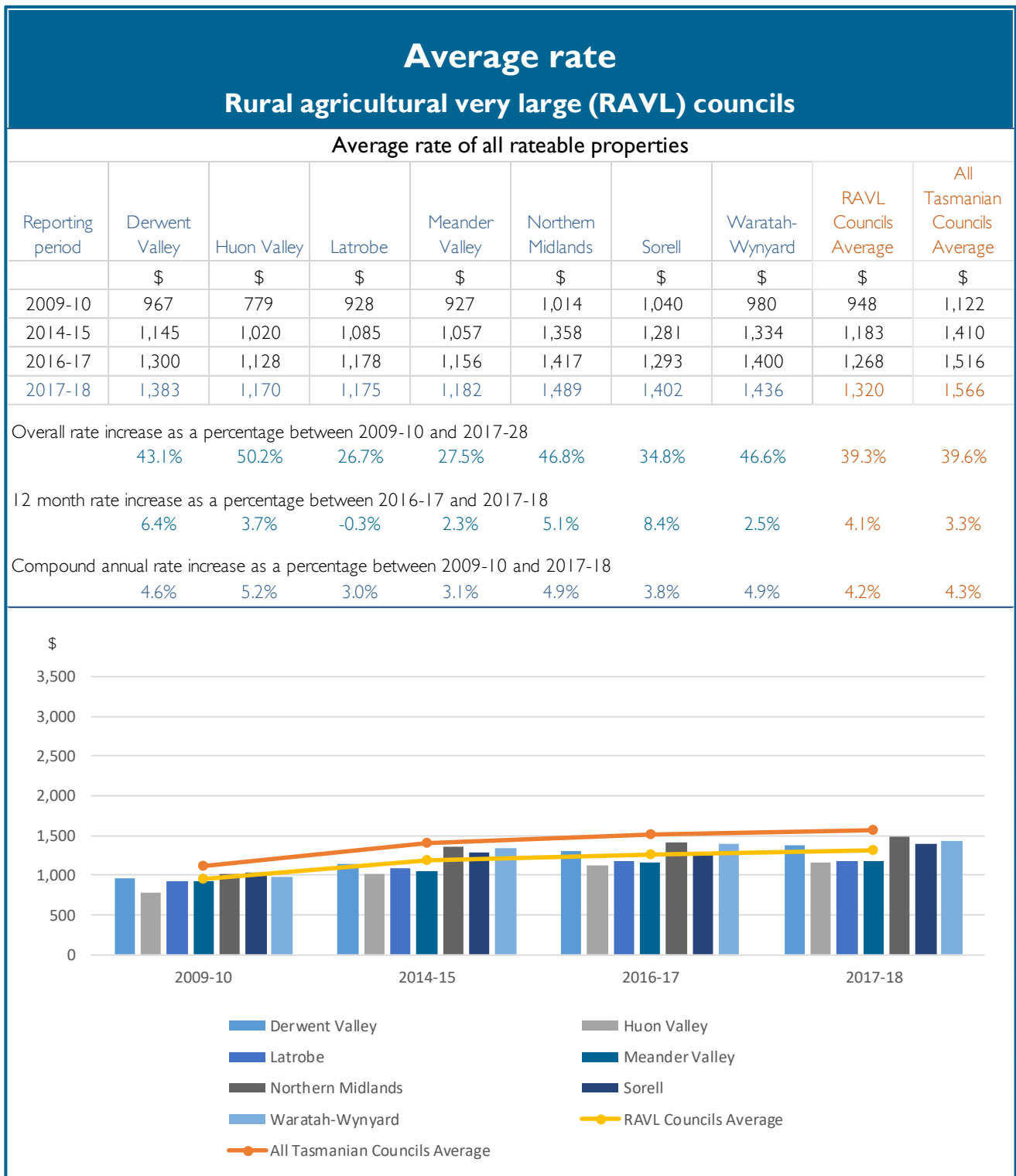


Figure 6:

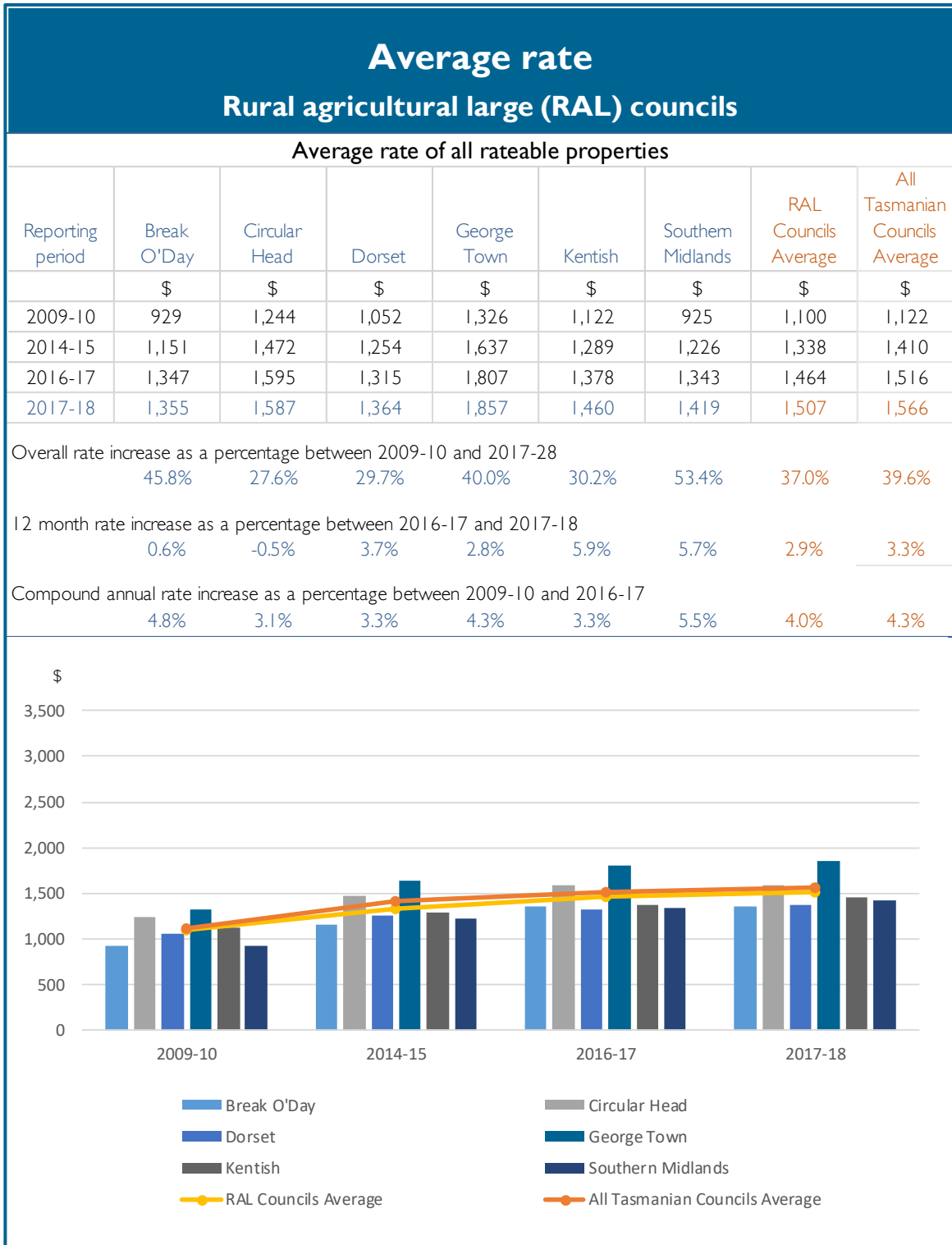
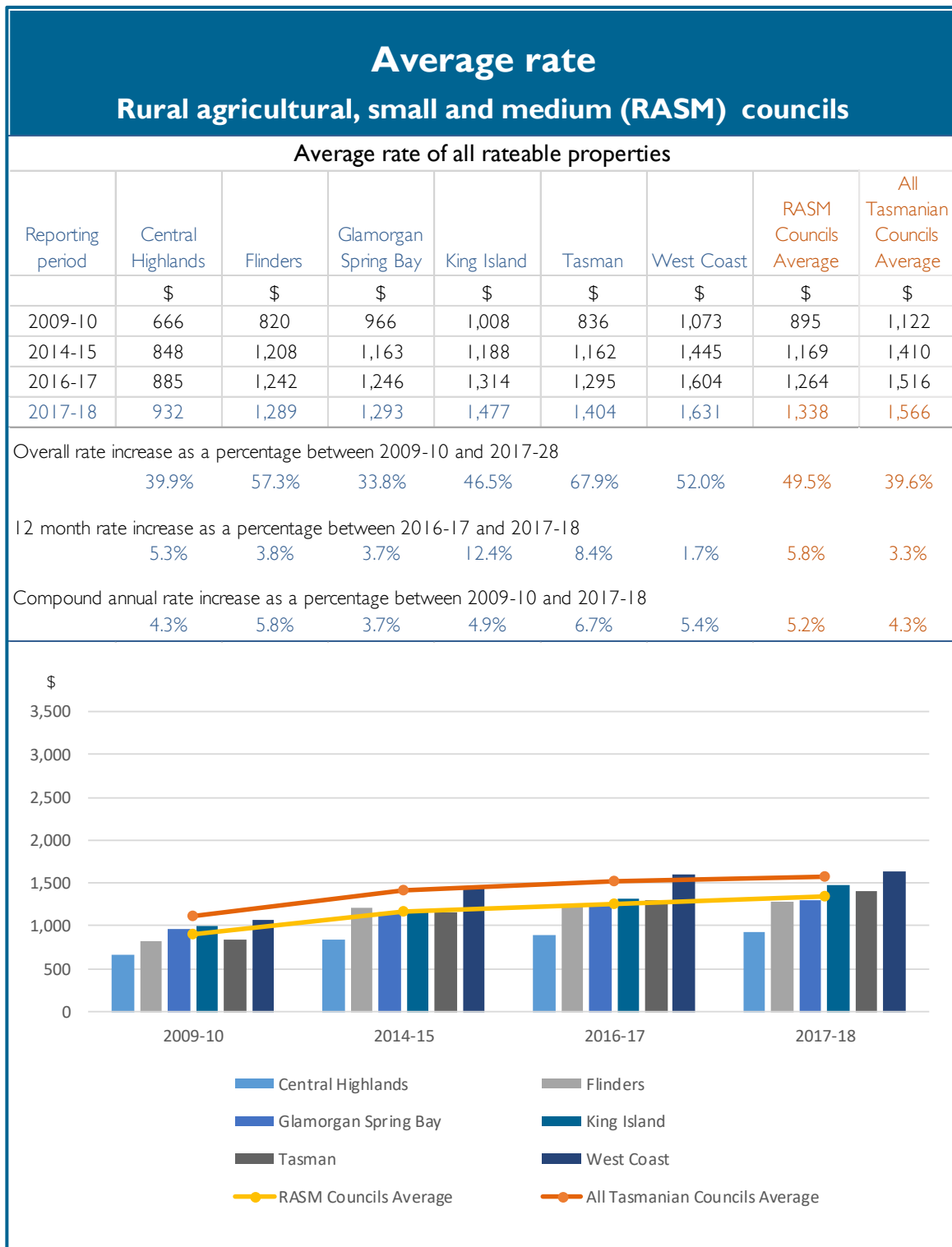


Figure 7:



## Rate revenue as a percentage of operating revenue:

This ratio shows rate revenue as a percentage of total operating revenue. In other words, how much of a council's total operating revenue is made up by the collection of rates. This measure is calculated by dividing the rate revenue by the total operating revenue:

$$\text{total rate revenue} \div \text{total operating revenue}$$

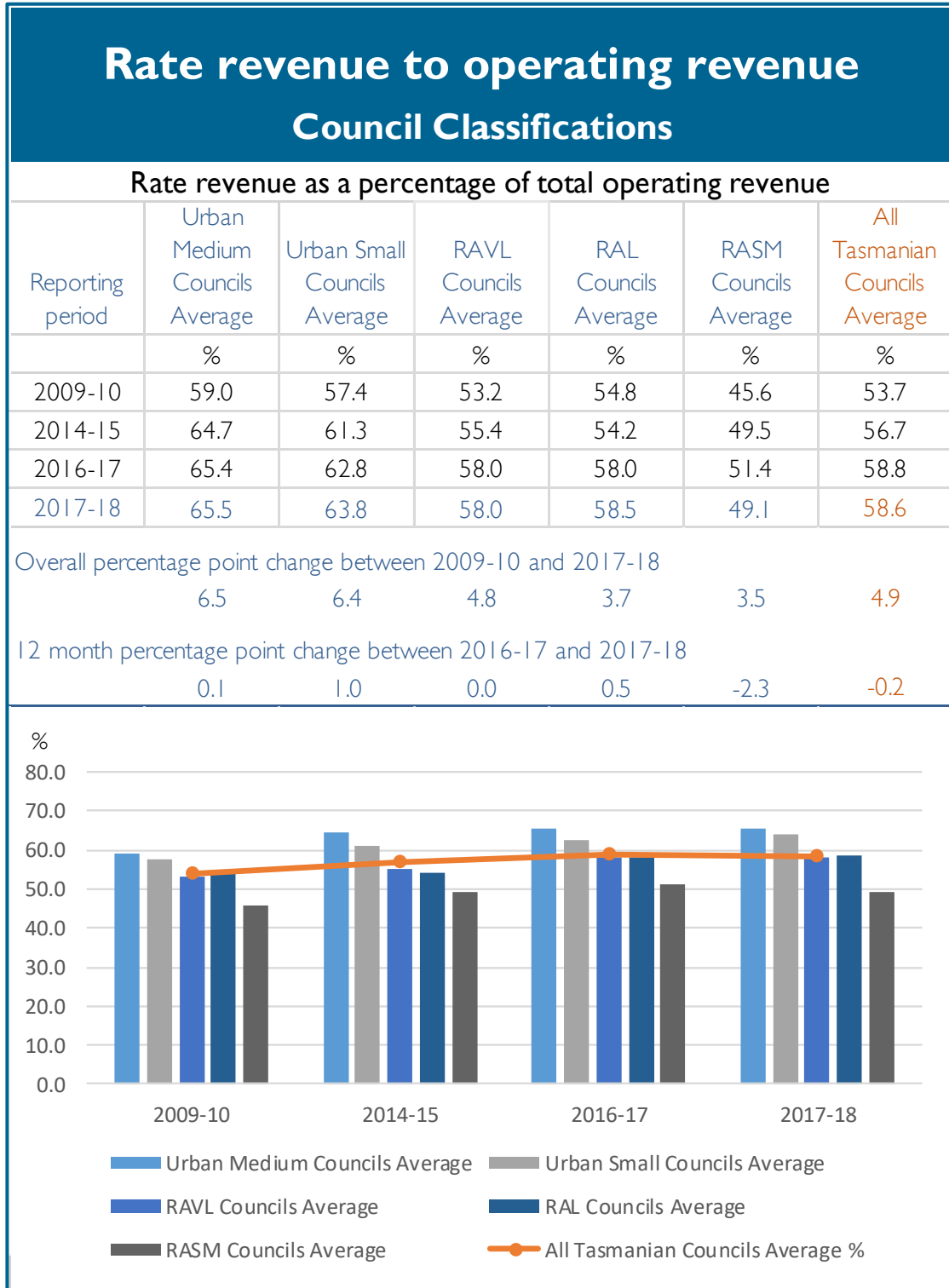
The percentage point change between the baseline year (2009-10) and the most recent data (2017-18) is also shown, as well as the percentage point change over the past 12 months.

### Key trends:

- **Percentage range by classification**
  - On average, rate revenue as a percentage of operating revenue is 58.6 per cent across all Tasmanian councils (Figure 8), ranging from 72.9 per cent in Clarence City (Figure 9) to 20.3 per cent in Flinders (Figure 13). Rate revenue as a percentage of operating revenue consistently decreases as council classifications become smaller.
  - By Classification, the greatest variance in rate revenue as a percentage of operating revenue occurs in the Rural Agricultural Small & Medium classification, ranging by 51.3 per cent from 71.6 per cent in Tasman to 20.3 per cent in Flinders. The average for the classification is 49.1 per cent (Figure 13).
  - Rate revenue as a percentage of operating revenue is most consistent in the Urban Medium classification, ranging by 12.6 percent from 72.9 per cent in Clarence to 60.3 per cent in Launceston. The average for the classification is 65.5 per cent (Figure 9).
- **Percentage point change from 2009-10 to 2017-18**
  - Rate revenue as a percentage of operating revenue increased by an average of 5.3 per cent across all Tasmanian councils between 2009-10 and 2017-18 (Figure 8). The greatest increase occurred in Glenorchy, where rate revenue to operating revenue increased by 22.7 per cent across the eight year period, from 41.6 to 64.3 per cent (Figure 9). Flinders experienced the largest decrease, with rate revenue to operating revenue decreasing by 7 per cent, from 27.3 to 20.3 percent (Figure 13).
  - By classification, Urban Small councils experienced the largest average increase, with a 6.5 percentage point increase in rate revenue to operating revenue. Rural Agricultural Small & Medium councils experienced the smallest average increase at 3.5 per cent (Figure 8).
- **Percentage point change over past 12 months**
  - Rate revenue to operating revenue remained stable over the 12 month period from 2016-17 to 2017-18, only decreasing by an average of 0.2 per cent across Tasmanian councils. The greatest increase in rate revenue to operating revenue occurred in Brighton, which increased by 3.3 per cent (Figure 10). Flinders experienced the greatest decrease, with rate revenue as a percentage of operating revenue declining by 15.6 percent, from 35.9 per cent in 2016-17 to 20.3 per cent in 2017-18 (Figure 13).
  - By classification, Urban Small councils experienced the largest average increase, with a one per cent rise over the 12 month period (Figure 10). Rural Agricultural Small & Medium councils experienced the largest average decrease, at 2.3 per cent (Figure 13).

Rate revenue as a percentage of operating revenue: all classifications

Figure 8:





Rate revenue as a percentage of operating revenue: councils by classification

Figure 9:

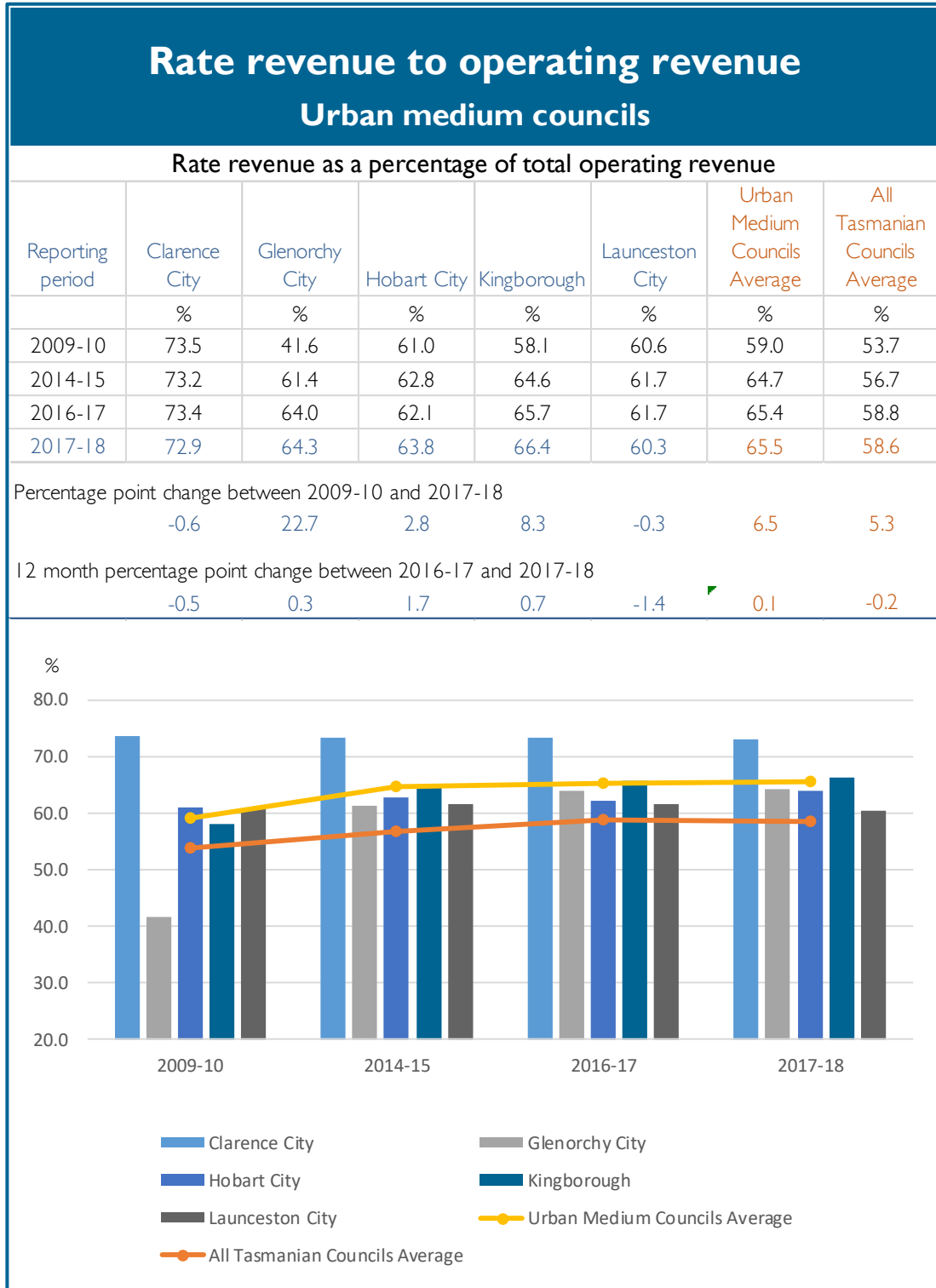


Figure 10:

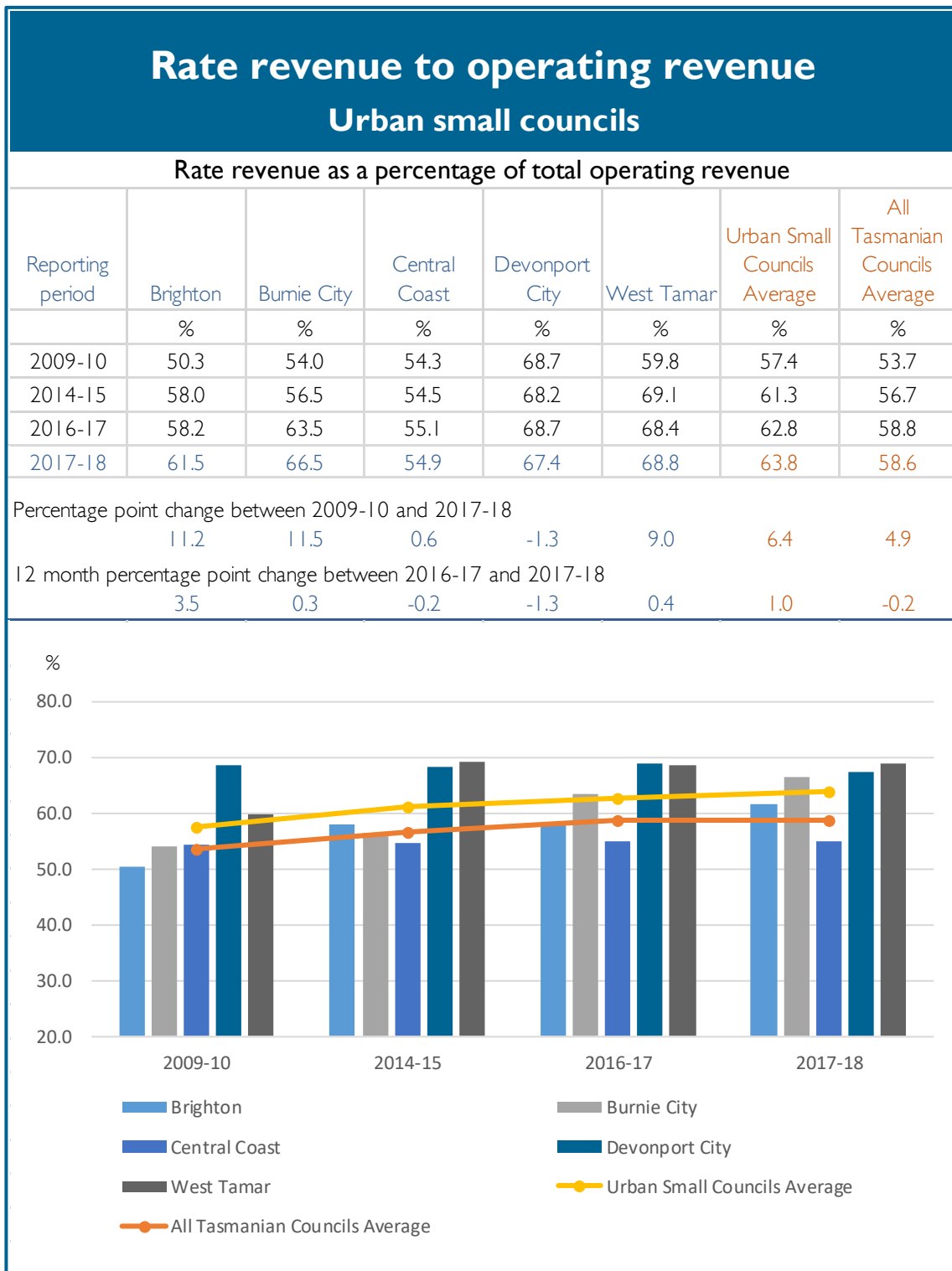


Figure 11:

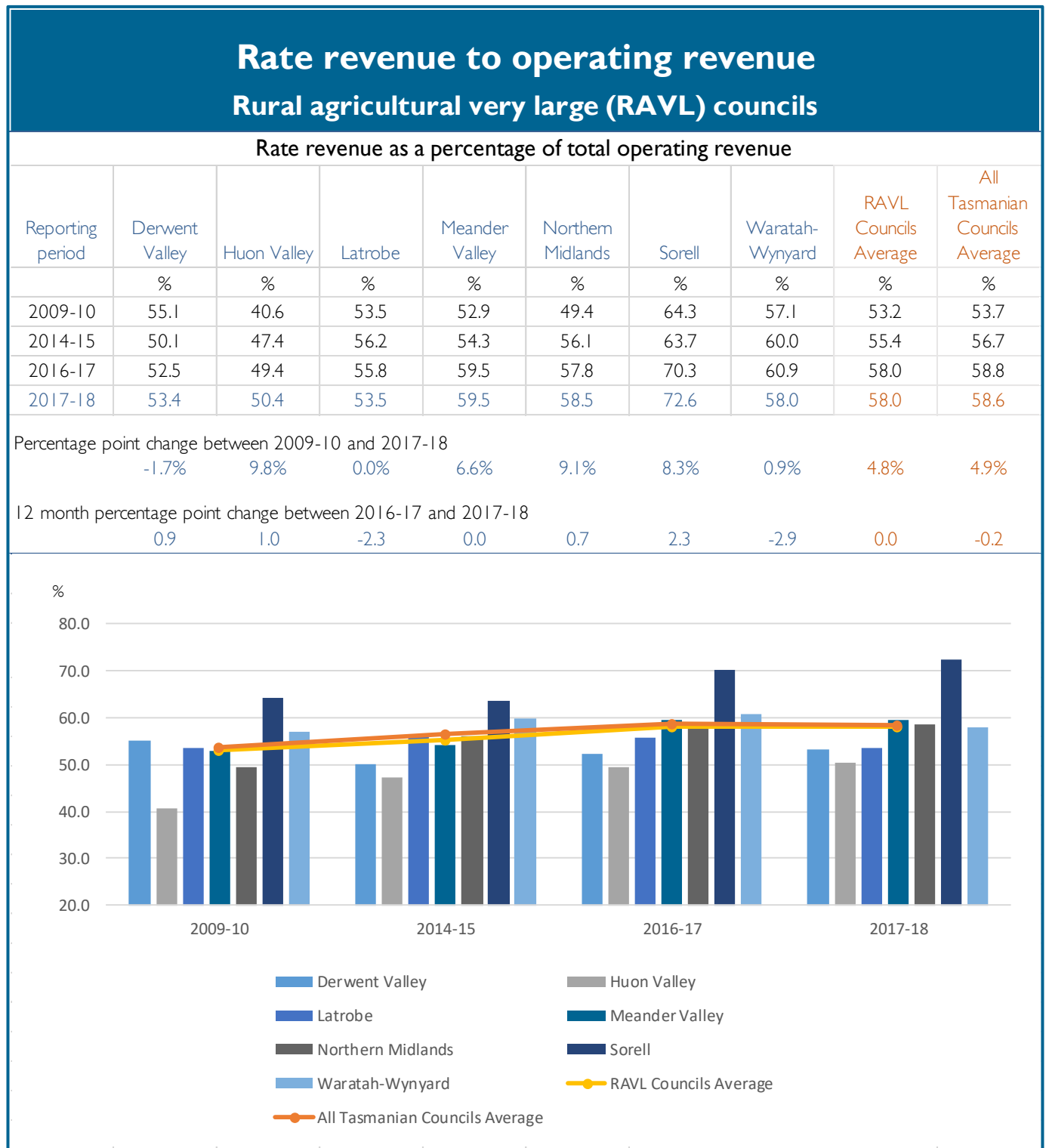


Figure 12:

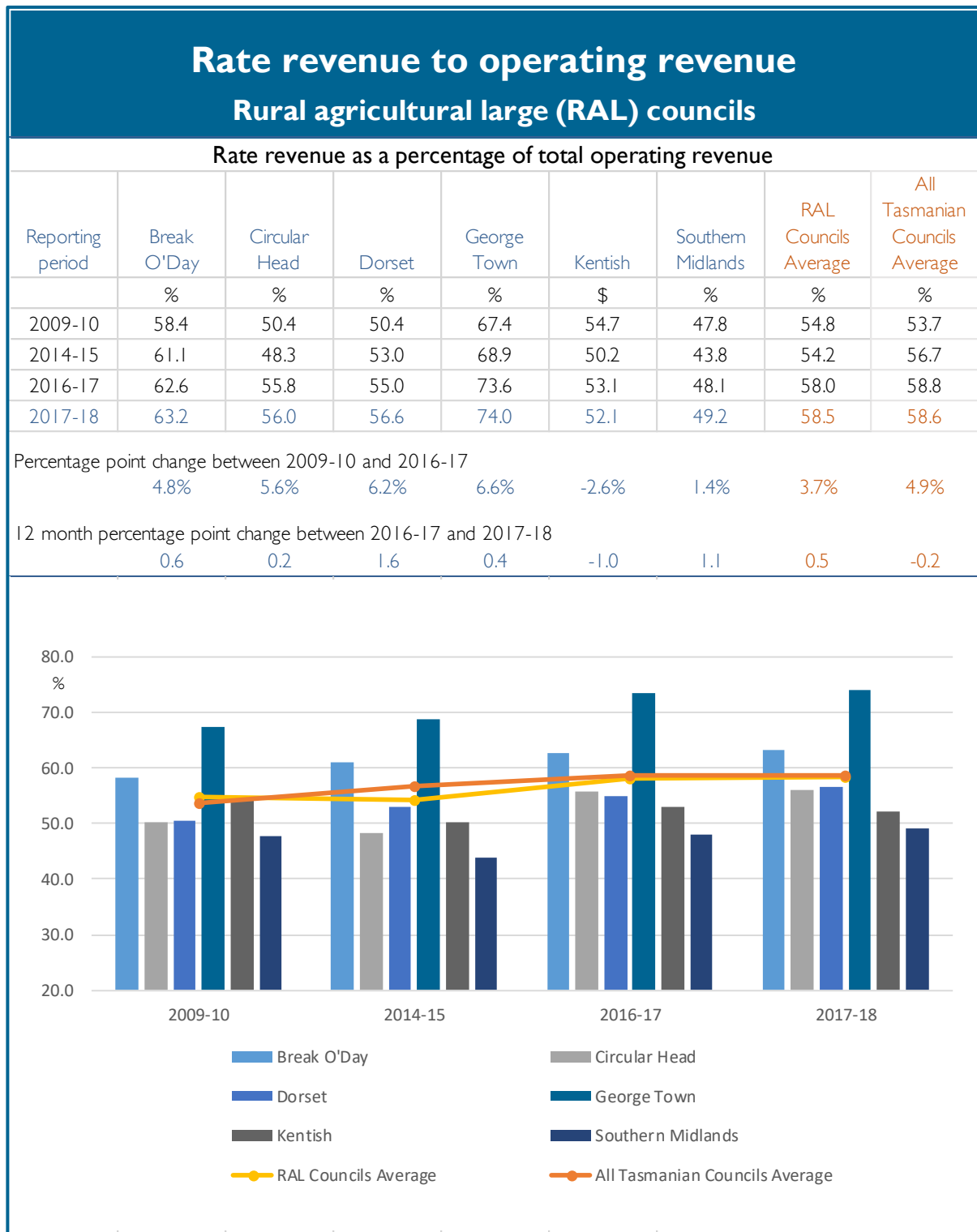
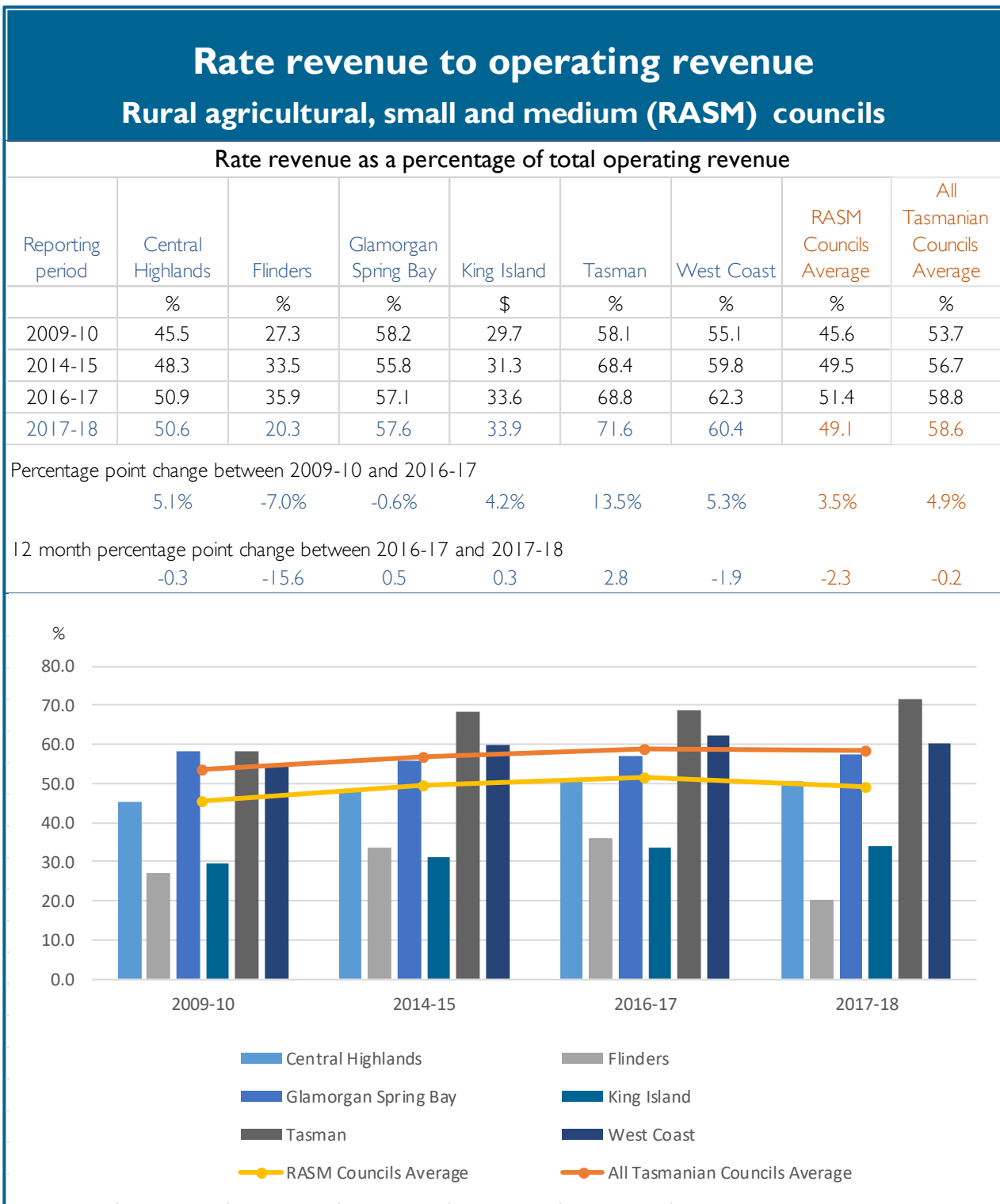


Figure 13:



## Average operating costs per rateable property:

This measure shows the average amount each council spends per rateable property in its municipality to provide such services and infrastructure to its ratepayers.

$$\text{total operating costs} \div \text{total number of rateable properties}$$

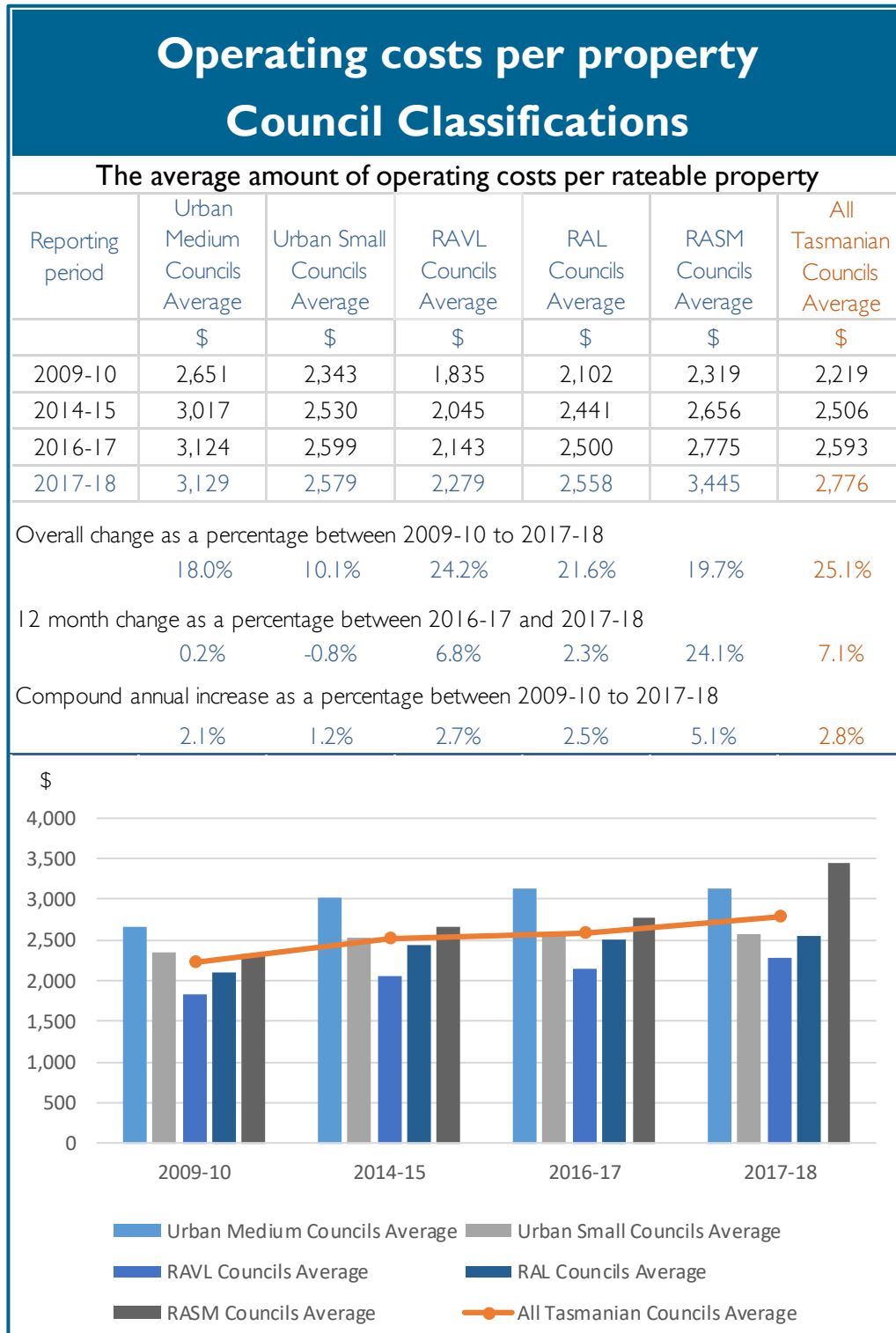
Figures 14 - 19 also show the change over time as a percentage between the baseline year (2009-10) and the latest data (2017-18), as well as the change over the past 12 months.

### Key trends:

- **Average rate and range by classification**
  - The average amount of operating costs per rateable property is \$2,776 across all Tasmanian councils (Figure 14), ranging from \$7,618 in Flinders (Figure 19) to \$1,864 in Meander Valley (Figure 17).
  - Figure 14 shows that for council classifications with a population greater than 10,000, operating costs per rateable property decrease as councils become smaller. However, for smaller council classifications with a population less than 10,000, operating costs per rateable property increase as councils become smaller and more rural. Operating costs for councils in the Rural Agricultural Small & Medium classification increased considerably in the 12 months from 2016-17 to 2017-18, overtaking all other council classifications.
  - By Classification, the greatest variance in the average amount of operating costs per rateable property occurs in the Rural Agricultural Small & Medium classification, where operating costs vary by \$5,799, from \$1,819 per property in Central Highlands, to \$7,618 per property in Flinders (Figure 19).
  - The average amount of operating costs per rateable property is most consistent in the Rural Agricultural Very Large classification, varying by \$779, from \$1,864 in Meander Valley to \$2,643 in Derwent Valley (Figure 17).
- **Percentage point change from 2009-10 to 2017-18**
  - The average amount of operating costs per rateable property increased by an average of 25.1 per cent across all Tasmanian councils between 2009-10 and 2017-18 (Figure 14). The greatest increase occurred in Sorell, which experienced a 43.4 per cent increase, from \$1,543 to \$2,212 (Figure 17). Central Highlands experienced the greatest decrease, with operating costs per rateable property decreasing by 29.8 per cent, from \$2,430 to \$1,819 (Figure 19).
  - By classification, Rural Agricultural Very Large councils experienced the largest average increase at 24.2 per cent (Figure 17). Urban Small councils experienced the smallest average increase, at 10.1 per cent (Figure 16).
- **Percentage change over past 12 months**
  - The average amount of operating costs per rateable property has increased by seven per cent across all Tasmanian councils in the 12 month period from 2016-17 to 2017-18 (Figure 14). The greatest increase occurred in Flinders, where operating costs increased significantly by 75 per cent per rateable property, from \$4,358 to \$7,618 (Figure 19). George Town experienced the greatest decrease, where operating costs decreased by seven per cent, from \$2,712 to \$2,532 (Figure 18).
  - By classification, Rural Agricultural Small & Medium councils experienced the largest average increase, at 24 per cent (Figure 19). Urban Small councils experienced the largest average decrease, with a one per cent decrease over the 12 month period (Figure 16).

Average operating costs per rateable property: all classifications

Figure 14:



Average operating costs per rateable property: councils by classification

Figure 15:

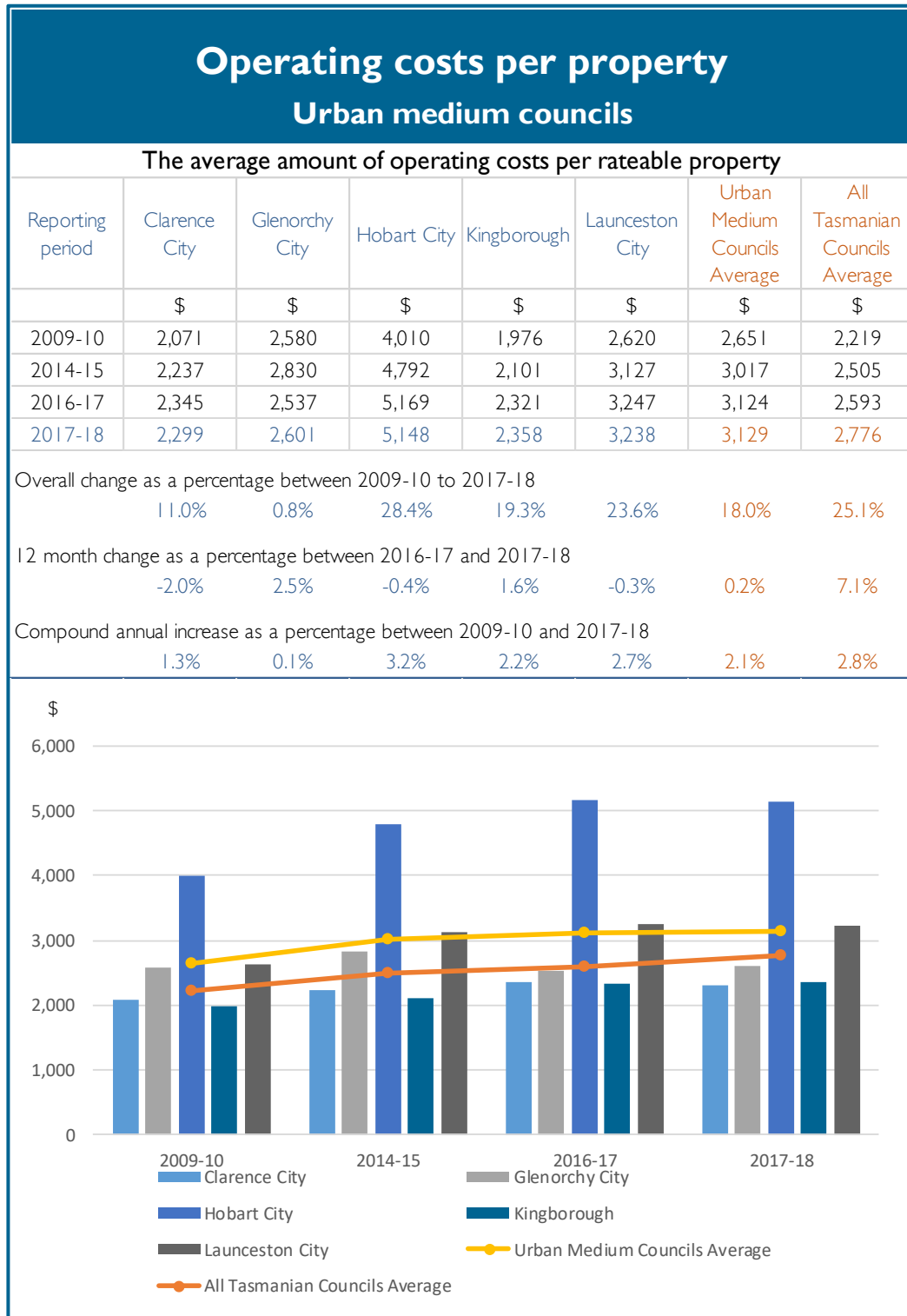




Figure 16:

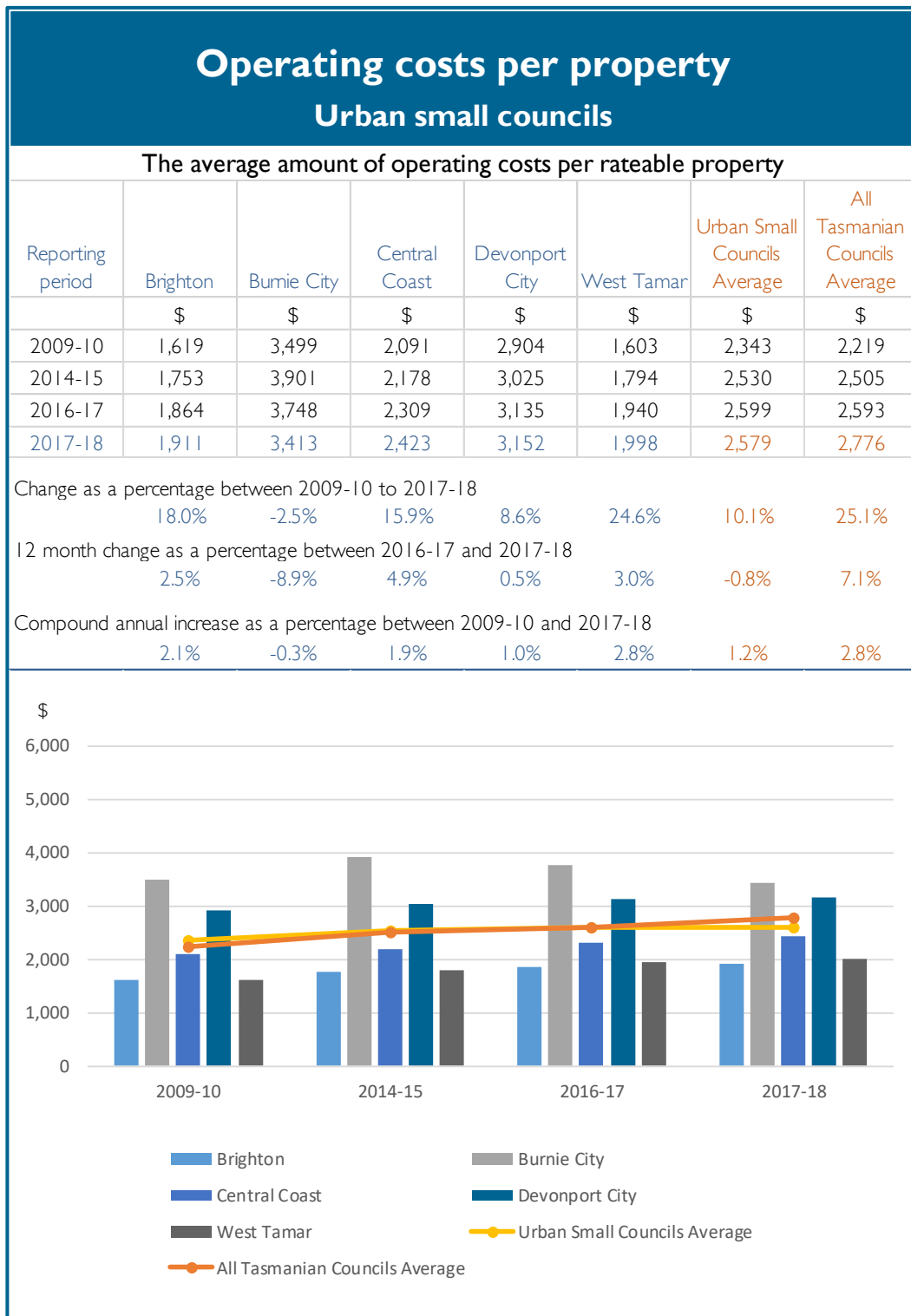


Figure 17:

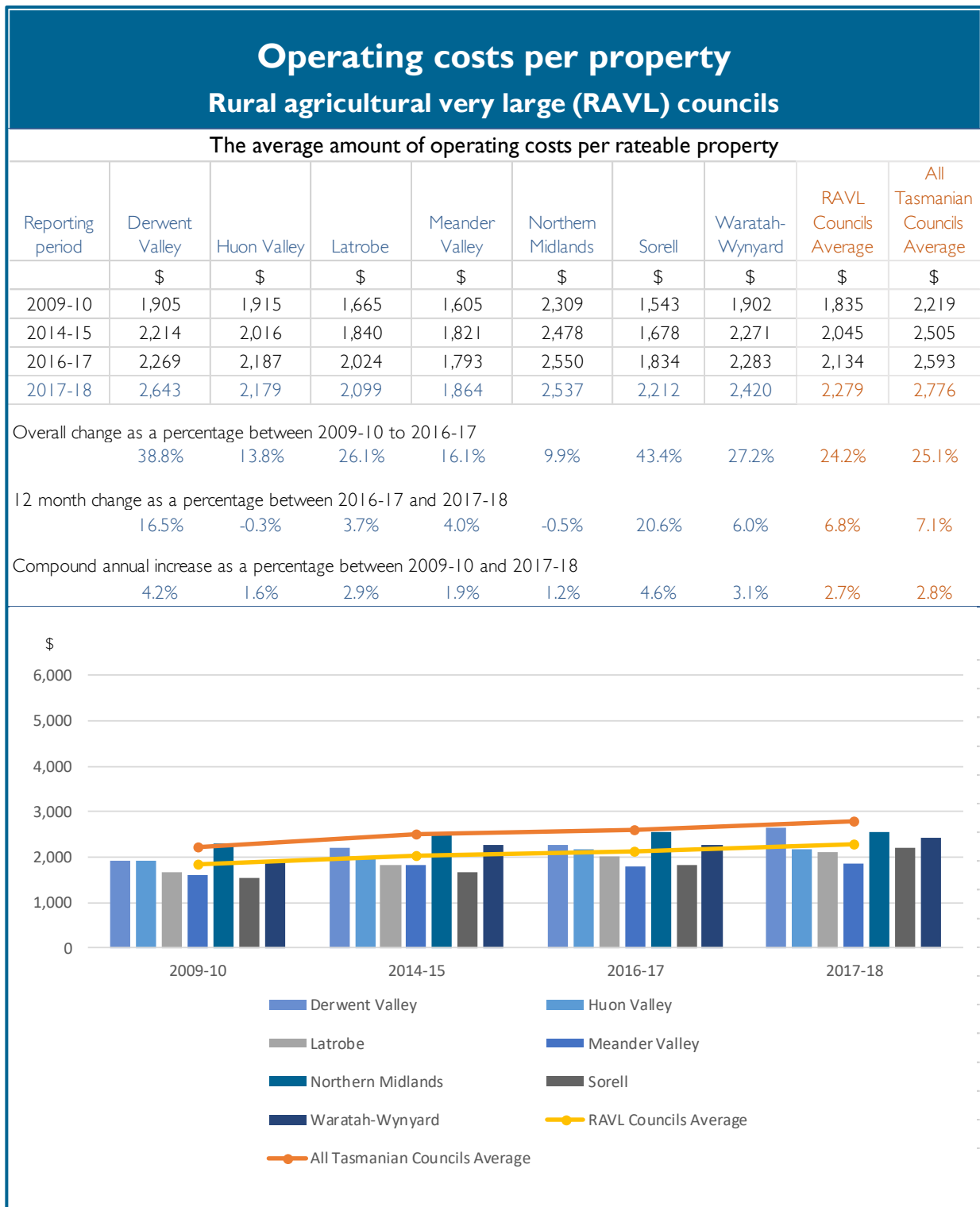


Figure 18:

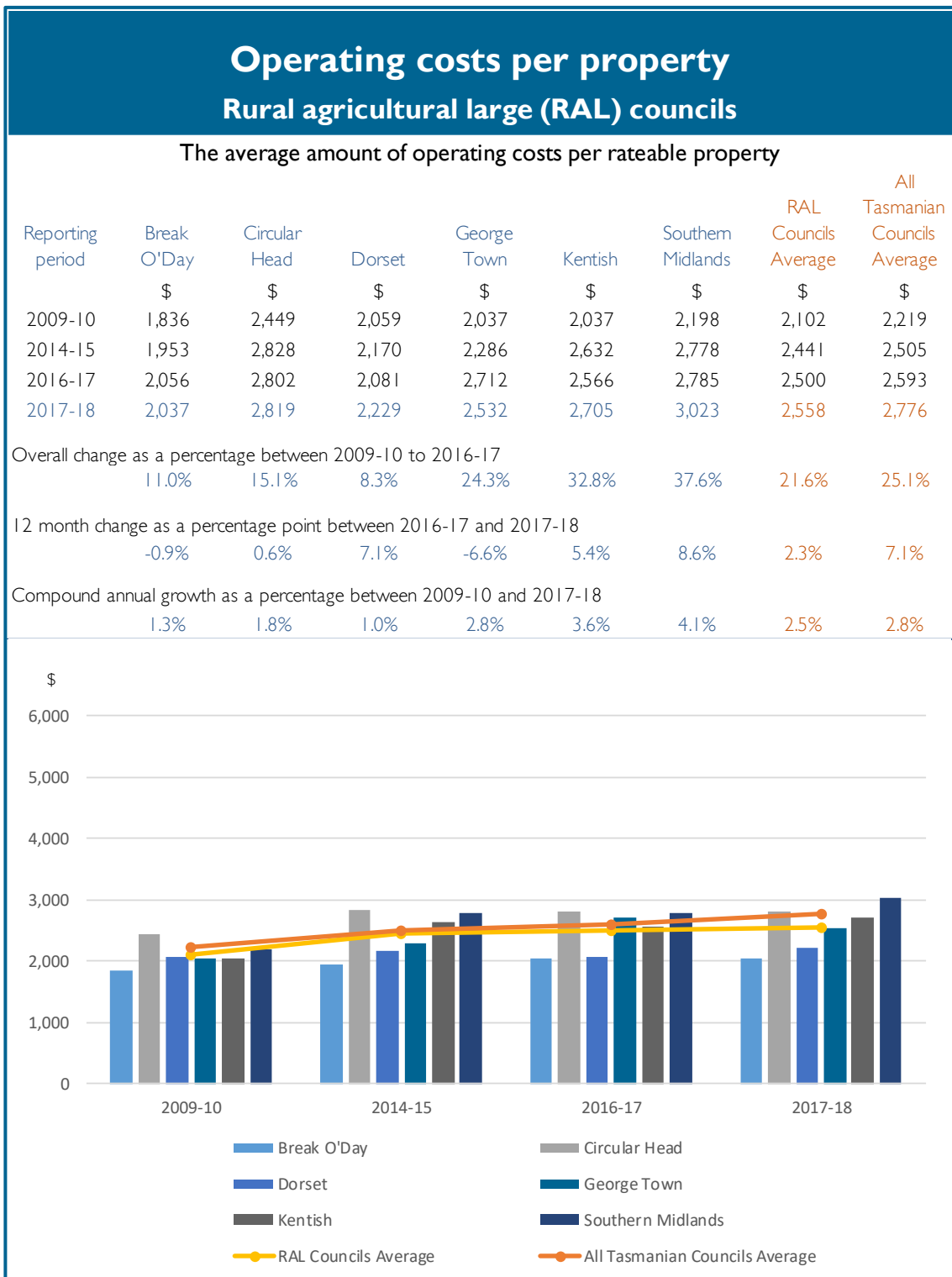
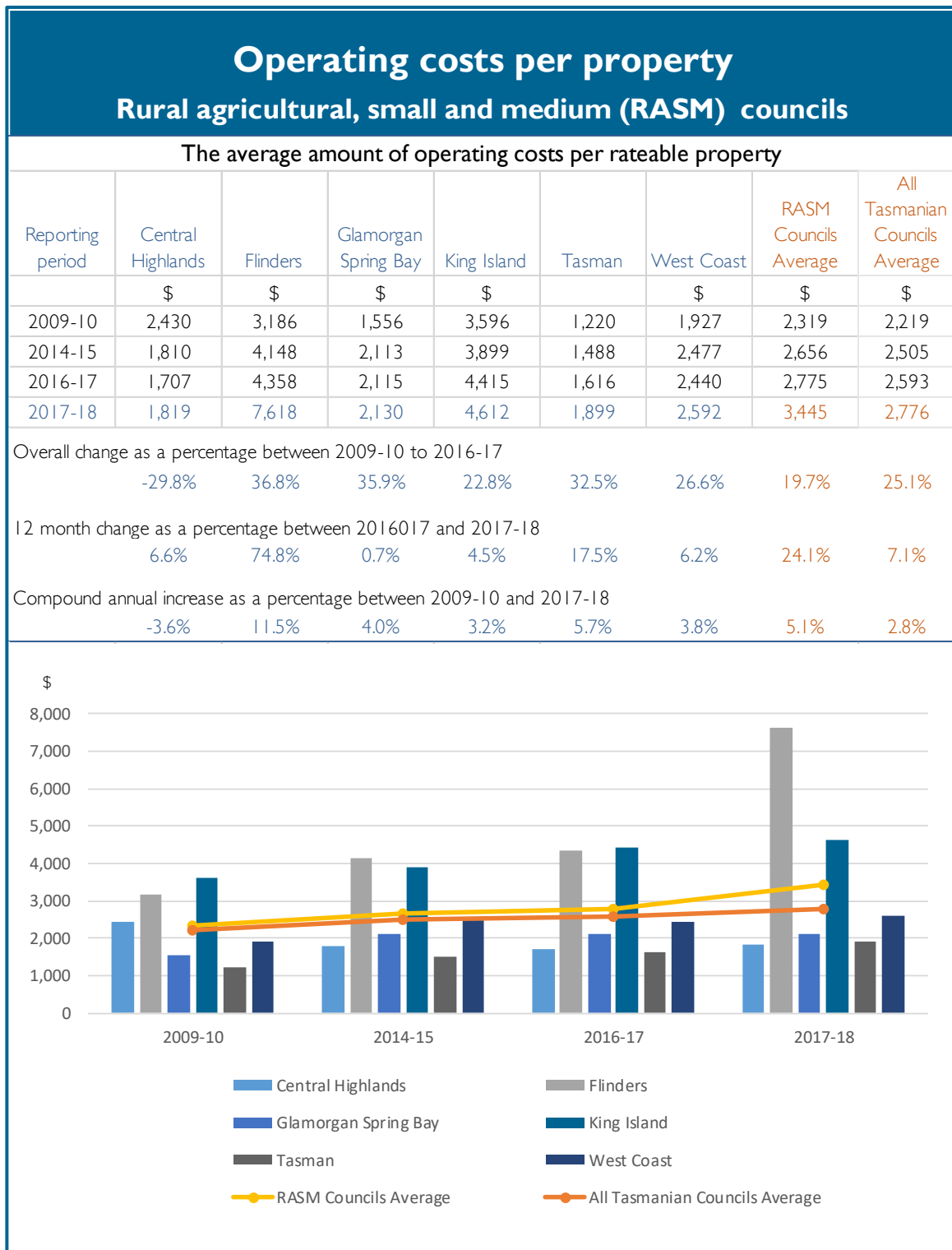


Figure 19:





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