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Rates Snapshot

2018-19



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Rates Snapshot 2018–19

Introduction

This snapshot uses the latest available audited data to compare rates across Tasmania's 29 Local Government areas. This is the third rates snapshot, following the 2017-18 snapshot published in 2019. 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;
- 2017-18, showing change from the previous 12 months; and
- 2018-19, 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 2018-19, 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.

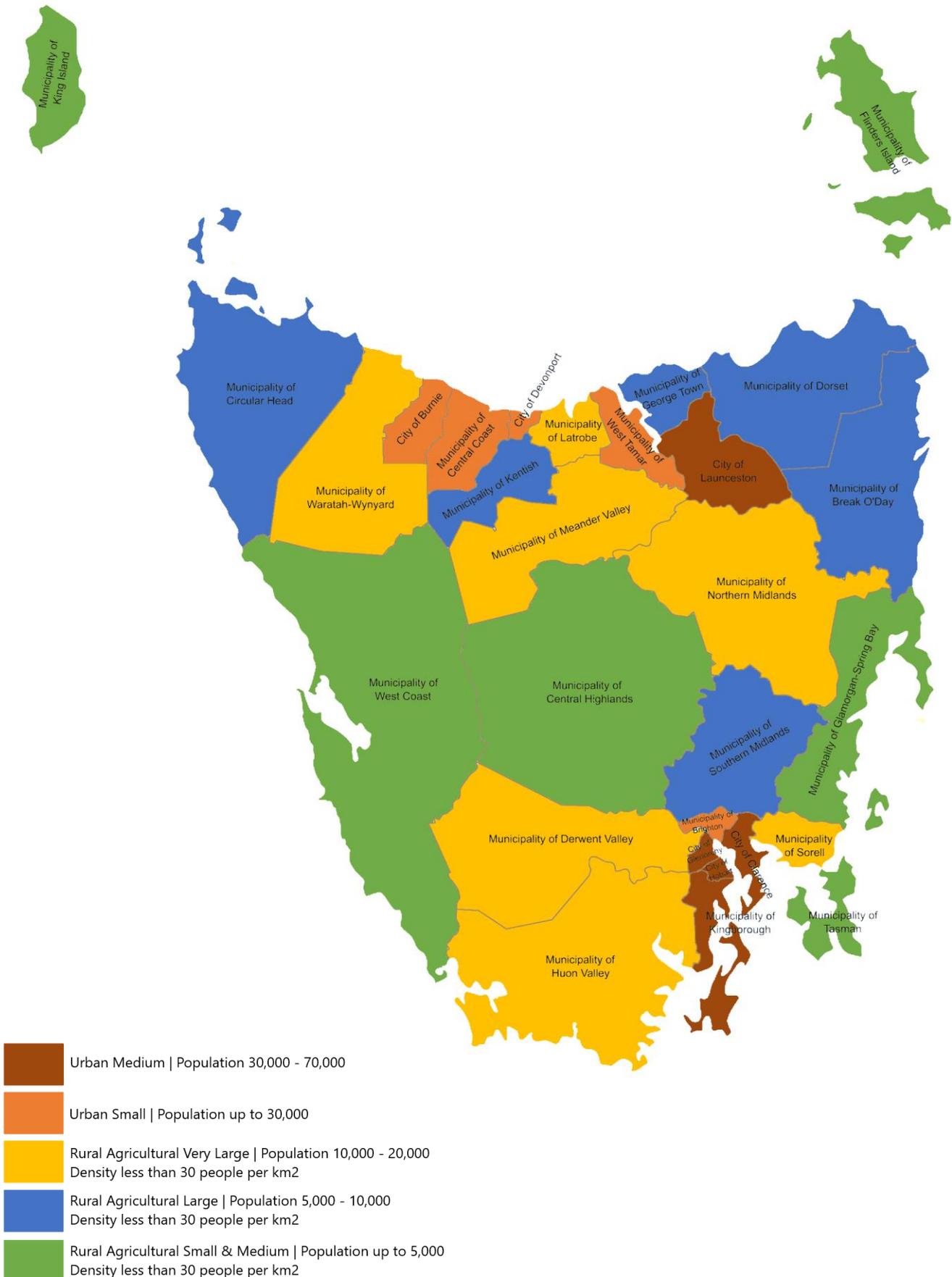
In 2018-19, Tasmanian councils fit into the five classifications shown below:

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 to 70,000	population 20,000 to 30,000, or up to 20,000 where density more than 30 people per km ²	population 10,000 to 20,000 density less than 30 people per km ²	population 5,000 to 10,000 density less than 30 people per km ²	population under 5,000 density less than 30 people per km ²
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 2018-19

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 \$
Urban Medium councils (UM)							
Clarence	56,945	25,336	49,818	1,966	875	73.4	2,506
Glenorchy	47,636	21,699	39,940	1,841	838	67.5	2,726
Hobart	53,684	24,424	84,780	3,471	1,579	63.1	5,450
Kingborough	37,734	17,332	28,609	1,651	758	69.1	2,420
Launceston	67,449	32,518	67,939	2,089	1,007	61.1	3,356
UM Average	52,690	24,262	54,217	2,204	1,012	66.8	3,292
Urban Small councils (US)							
Brighton	17,294	7,715	9,385	1,216	543	62.6	1,957
Burnie	19,348	9,847	22,778	2,313	1,177	67.7	3,547
Central Coast	21,904	10,919	15,687	1,437	716	55.3	2,632
Devonport	25,415	12,771	27,976	2,191	1,101	68.2	3,333
West Tamar	23,769	11,765	18,495	1,572	778	69.5	2,064
US Average	21,546	10,603	18,864	1,746	863	64.7	2,707
Rural Agricultural Very Large councils (RAVL)							
Derwent Valley	10,290	5,326	7,587	1,425	737	54.7	2,564
Huon Valley	17,219	10,740	13,227	1,232	768	53.8	2,322
Latrobe	11,329	6,395	7,380	1,154	651	52.9	2,058
Meander Valley	19,713	10,098	12,592	1,247	639	60.7	1,973
Northern Midlands	13,300	7,069	10,883	1,540	818	57.5	2,548
Sorell	15,218	8,940	13,708	1,533	901	70.4	2,042
Waratah-Wynyard	13,800	7,753	11,202	1,445	812	61.0	2,293
RAVL Average	14,410	8,046	10,940	1,368	761	58.7	2,257
Rural Agricultural Large councils (RAL)							
Break O'Day	6,232	6,470	9,315	1,440	1,495	65.2	2,053
Circular Head	8,066	5,038	8,207	1,629	1,017	56.5	2,892
Dorset	6,652	5,279	7,299	1,383	1,097	56.5	2,169
George Town	6,931	4,372	8,232	1,883	1,188	72.9	2,491
Kentish	6,324	3,666	5,304	1,447	839	50.8	2,664
Southern Midlands	6,118	3,675	5,415	1,473	885	48.0	3,140
RAL Average	6,721	4,750	7,295	1,542	1,087	58.3	2,568
Rural Agricultural Small & Medium councils (RASM)							
Central Highlands	2,144	3,765	3,473	922	1,620	48.6	1,865
Flinders	987	1,245	1,614	1,296	1,635	21.0	8,818
Glamorgan-Spring Bay	4,528	5,763	7,453	1,293	1,646	57.1	2,199
King Island	1,601	1,661	2,454	1,477	1,533	32.3	5,405
Tasman	2,404	3,502	4,782	1,366	1,989	68.9	1,692
West Coast	4,167	4,202	6,865	1,634	1,647	60.5	2,604
RASM Average	2,639	3,356	4,440	1,323	1,683	48.1	3,764
Average all councils	18,214	9,631	17,669	1,606	1,079	58.9	2,889

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:

$$\text{Average rate by rateable property} = \frac{\text{Total rate revenue}}{\text{Total number of rateable properties}}$$

Figures 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 (2018-19), removing the effect of year-on-year volatility. This is calculated using the 'compound annual growth rate (CAGR) formula:

$$\text{Compound annual rate of change} = \left(\frac{\text{Ending value}}{\text{Beginning value}} \right)^{\frac{1}{\text{Number of years}}} - 1$$

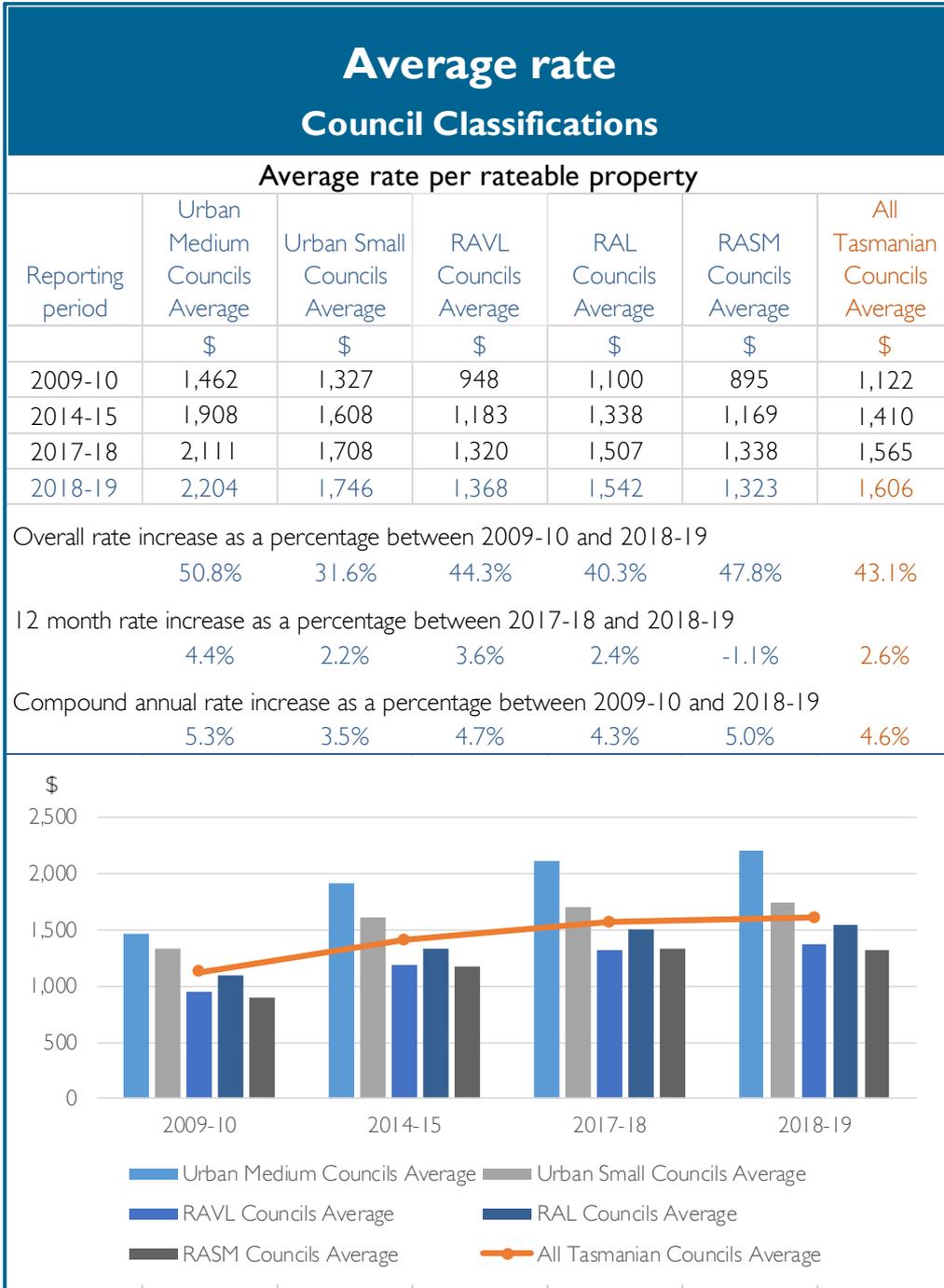
Key trends:

- **Rate range by classification**
 - The average rate per rateable property in Tasmania is \$1,606 ranging from \$3,471 in Hobart (Figure 3) to \$922 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. In 2018-19, Urban Medium and Urban Small council rates per property were above the Tasmanian average, while all other council categories' rates per property were 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 Kingborough. The average rate ranges from \$1,651 in Kingborough to \$3,437 in Hobart, with an average of \$2,204 (Figure 3).
 - Rates are most consistent between councils in the Rural Agricultural Very Large classification, ranging from \$1,154 in Latrobe to \$1,540 in Northern Midlands, with an average of \$1,368 (Figure 5).
- **Percentage change from 2009-10 to 2018-19**
 - Over the nine year period from 2009-10 to 2018-19 the average rate per rateable property rose by 43 per cent across all Tasmanian councils. The greatest percentage change occurred in Glenorchy, where rates rose by 94 per cent, from \$947 to \$1,841 over this period (Figure 3). The smallest percentage change occurred in Devonport and Latrobe, where rates rose by 24 per cent from \$1,766 to \$2,191, and \$928 to \$1,154 respectively (Figures 4 and 5).
 - By classification, Urban Medium councils experienced the largest average increase at 51 per cent. Urban Small councils experienced the smallest average increase, at 32 per cent (Figure 2).
- **Percentage change over past 12 months**
 - Over the 12 month period from 2017-18 to 2018-19 the average rate per rateable property increased by 2.6% across all Tasmanian councils. The greatest percentage change occurred in Glenorchy, where rates rose by 10 per cent from \$1,674 to \$1,841 (Figure 3). The greatest percentage decrease occurred in Tasman where rates dropped by three per cent across the period (Figure 7).

- By classification, Urban Medium councils experienced the largest average increase at four per cent. Rural Agricultural Small & Medium councils experienced an average decrease, with a one per cent fall over the 12 month period (Figure 2). This fall is due to Tasman Council and Central Highlands' 2.7% and one per cent falls respectively, with the remaining councils in this classification either maintaining their rates or with a change of less than one percent.
- Several councils reduced their rates in the twelve months to 2018-19. These councils were Devonport City Council (0.7% reduction), Latrobe Council (1.8% reduction), Kentish Council (0.9% reduction), Central Highlands Council (one per cent reduction) and Tasman Council (2.7% reduction)

Average rate by rateable properties: all classifications

Figure 2:



Average rate by rateable properties: councils by classification

Figure 3:

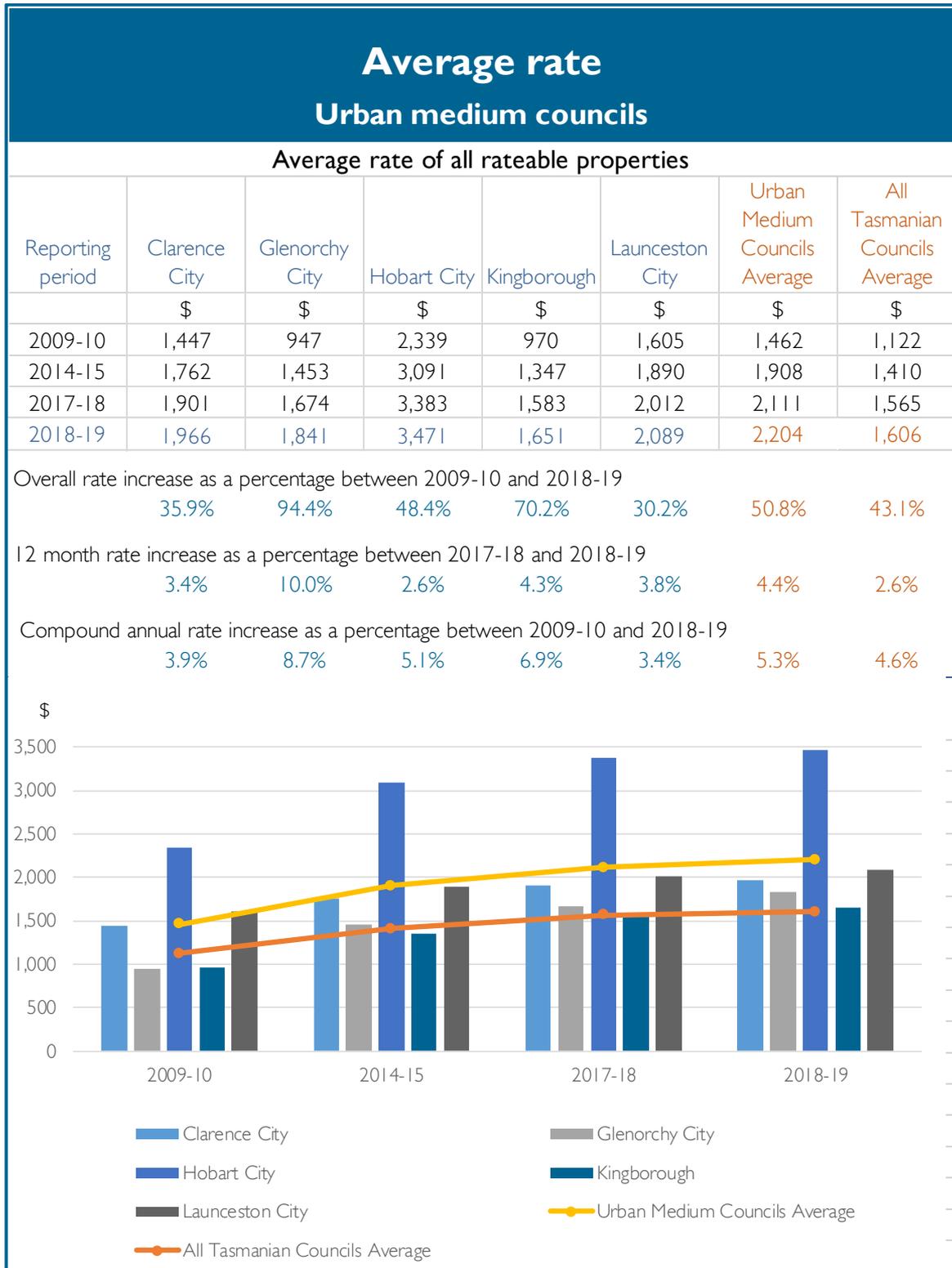


Figure 4:

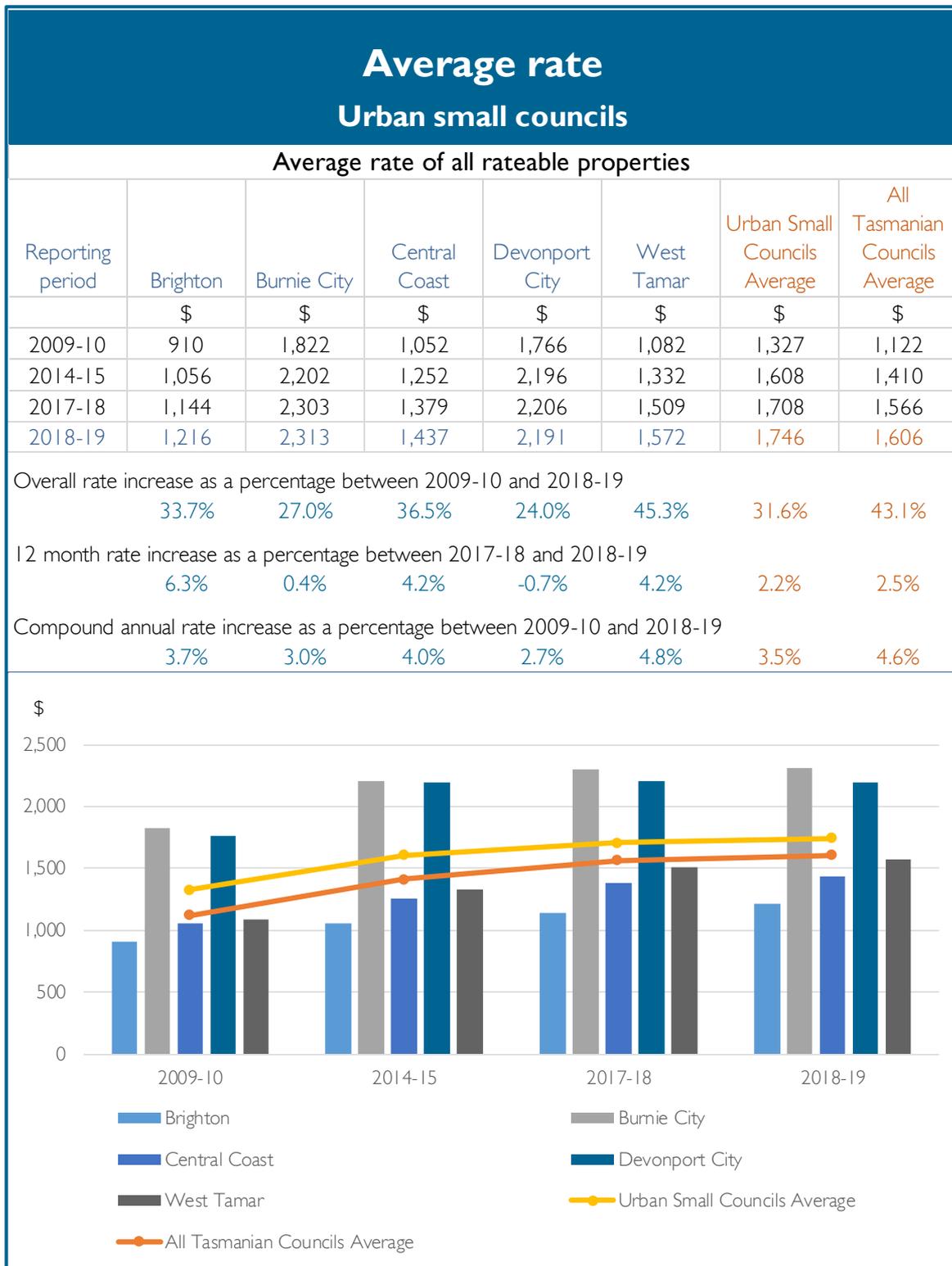


Figure 5:

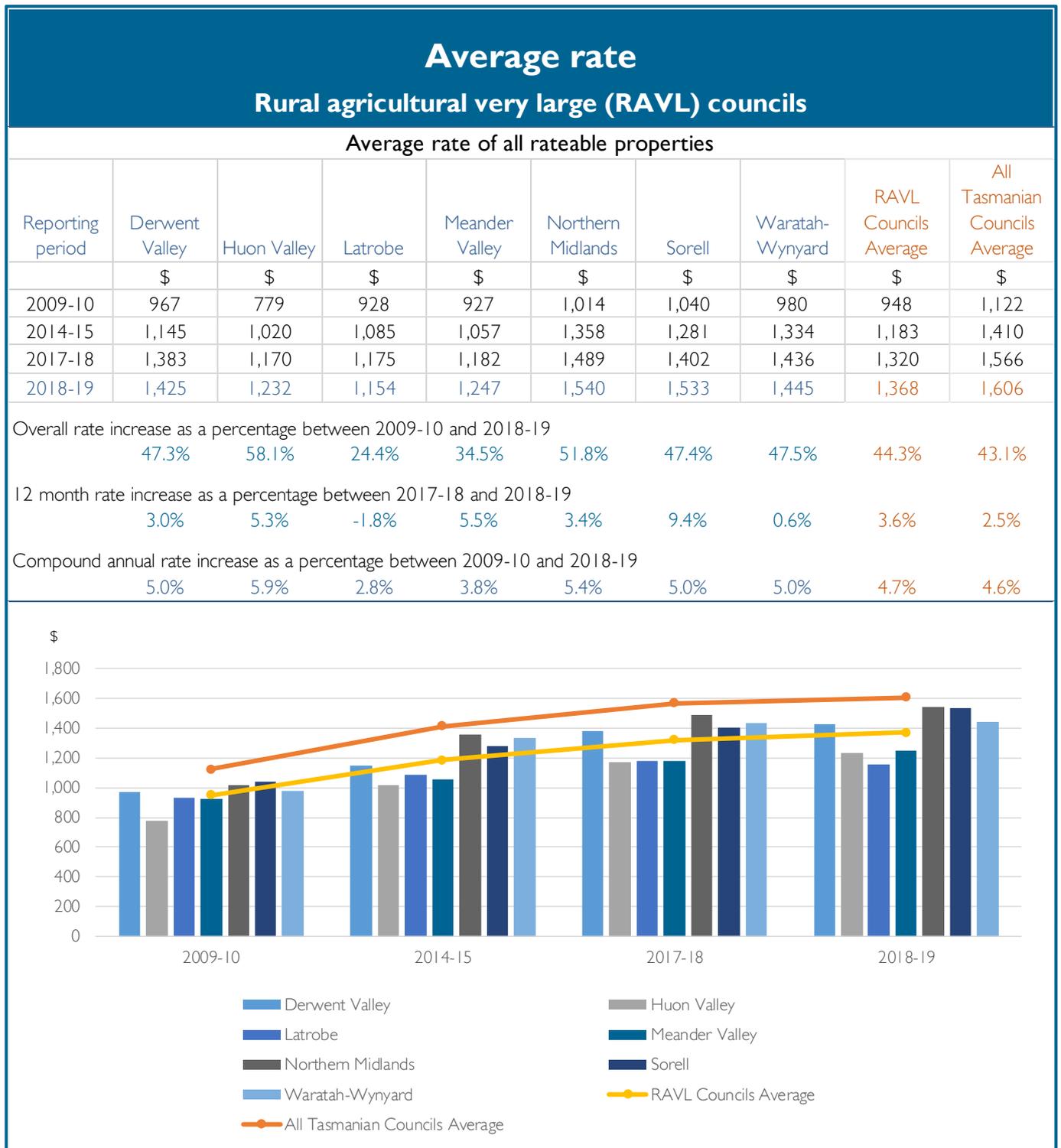


Figure 6:

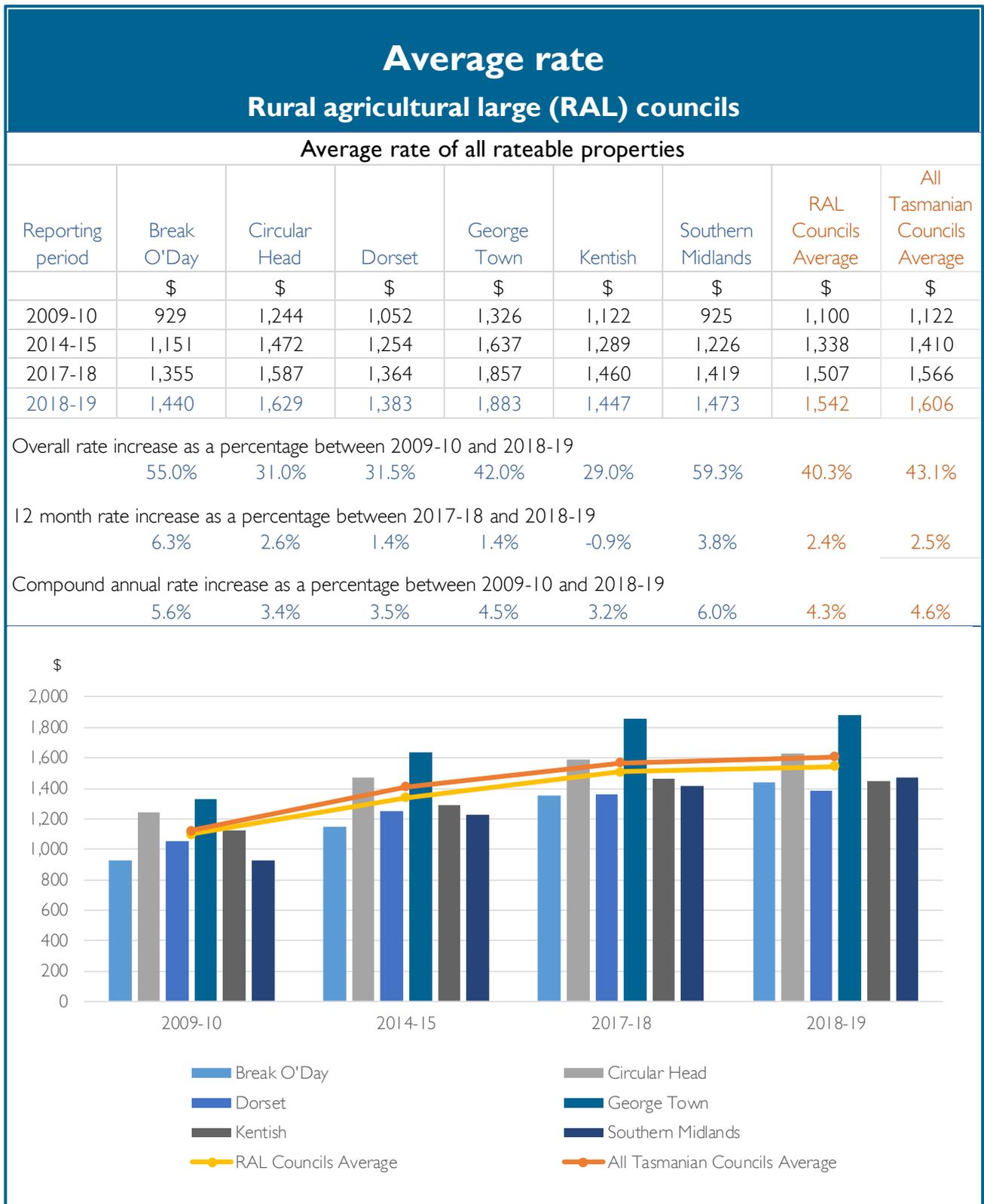
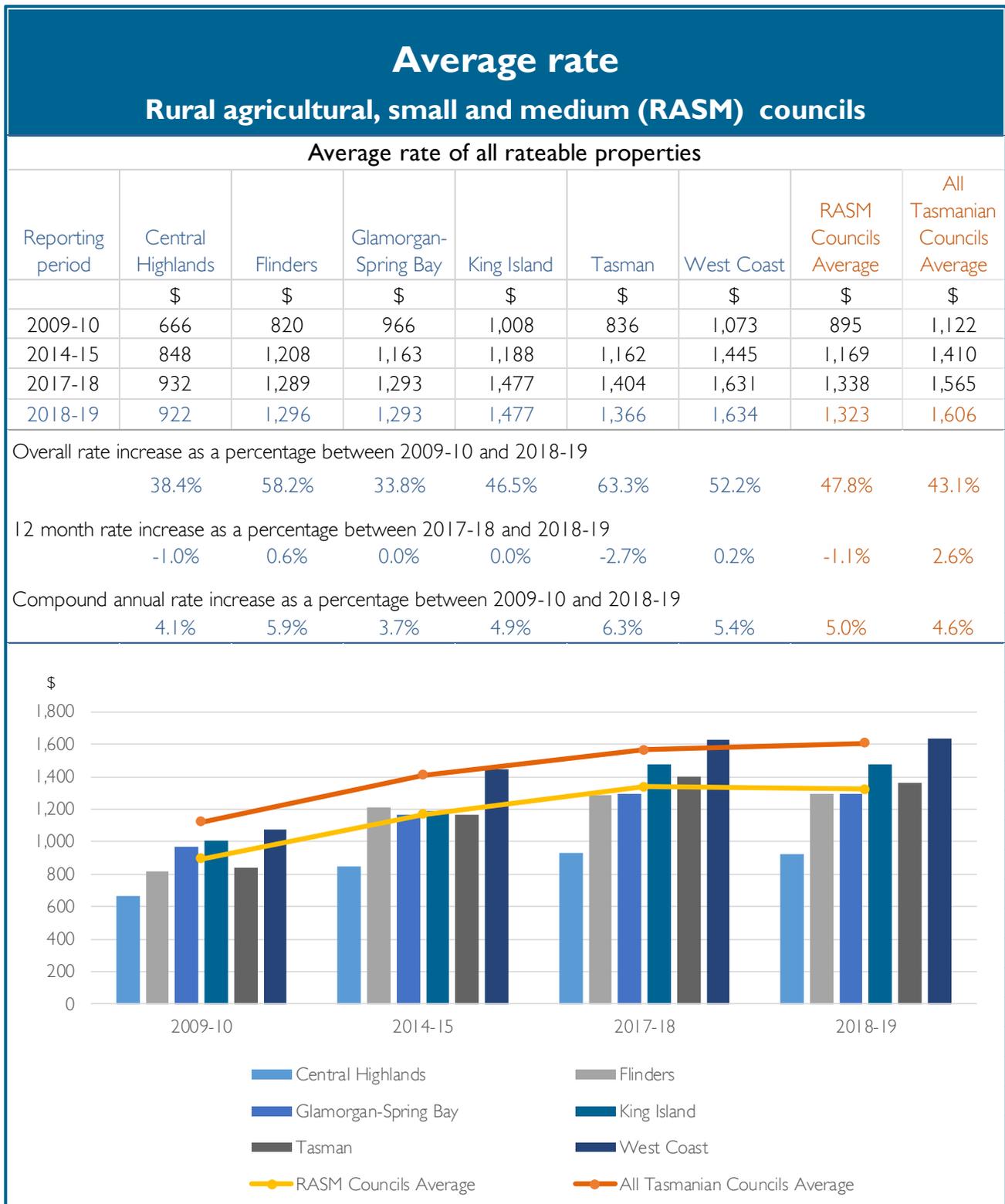


Figure 7:



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:

$$\text{Rate Revenue to Operating Revenue} = \frac{\text{Total Rate Revenue}}{\text{Total Operating Revenue}}$$

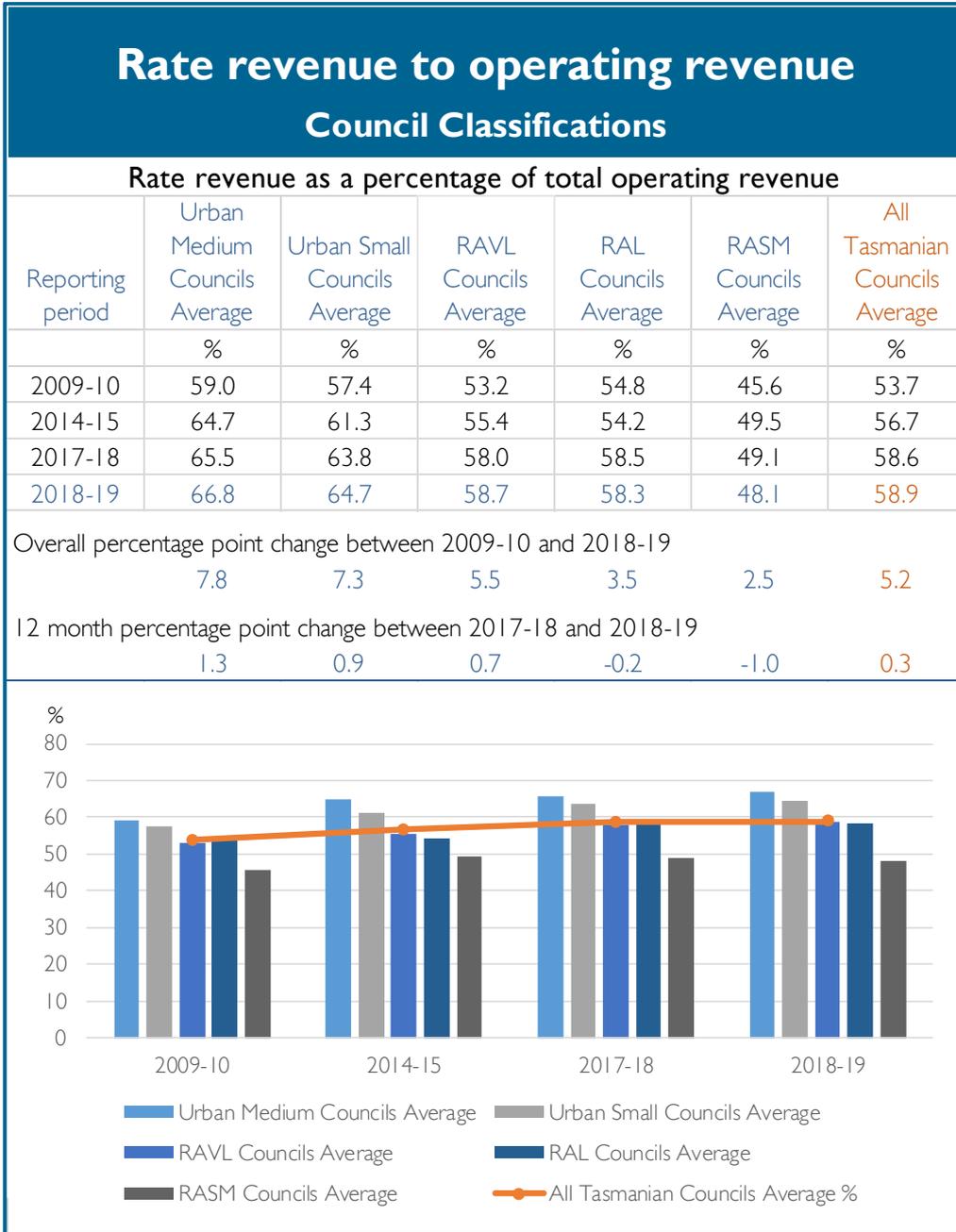
The percentage point change between the baseline year (2009-10) and the most recent data (2018-19) is also shown, as well as the percentage point change over the past 12 months.

Key trends:

- **Percentage range by classification**
 - On average, rate revenue as a percentage of operating revenue was 58.9 per cent across all Tasmanian councils (Figure 8), ranging from 73.4 per cent in Clarence City (Figure 9) to 21.0 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 occurred in the Rural Agricultural Small & Medium classification, ranging by 47.9 per cent, from 68.9 per cent in Tasman to 21.0 per cent in Flinders. The average for the classification was 48.1 per cent (Figure 13).
 - Rate revenue as a percentage of operating revenue was most consistent in the Urban Medium classification, ranging by 12.3 percent, from 73.4 per cent in Clarence to 61.1 per cent in Launceston. The average for the classification was 68.8 per cent (Figure 9).
- **Percentage point change from 2009-10 to 2018-19**
 - Rate revenue as a percentage of operating revenue increased by an average of 5.2 per cent across all Tasmanian councils between 2009-10 and 2018-19 (Figure 8). The greatest increase occurred in Glenorchy, where rate revenue to operating revenue increased by 25.8 per cent across the nine year period, from 41.6 to 67.5 per cent (Figure 9). Flinders experienced the largest decrease, with rate revenue to operating revenue decreasing by 6.3 per cent, from 27.3 to 21.0 percent (Figure 13).
 - By classification, Urban Medium councils experienced the largest average increase, with a 7.8 percentage point increase in rate revenue to operating revenue. Rural Agricultural Small & Medium councils experienced the smallest average increase at 2.5 per cent (Figure 8).
- **Percentage point change over past 12 months**
 - Rate revenue to operating revenue increased by an average of 0.3 per cent over the 12 month period from 2017-18 to 2018-19 across Tasmanian councils. The greatest increase in rate revenue to operating revenue occurred in Huon Valley, increasing by 3.4 per cent (Figure 11). Tasman experienced the greatest decrease, with rate revenue as a percentage of operating revenue declining by 2.7 percent (Figure 13).
 - By classification, Urban Medium councils experienced the largest average increase, with 1.3 per cent rise over the 12 month period (Figure 9). Rural Agricultural Small & Medium councils experienced the largest decrease of 1 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:

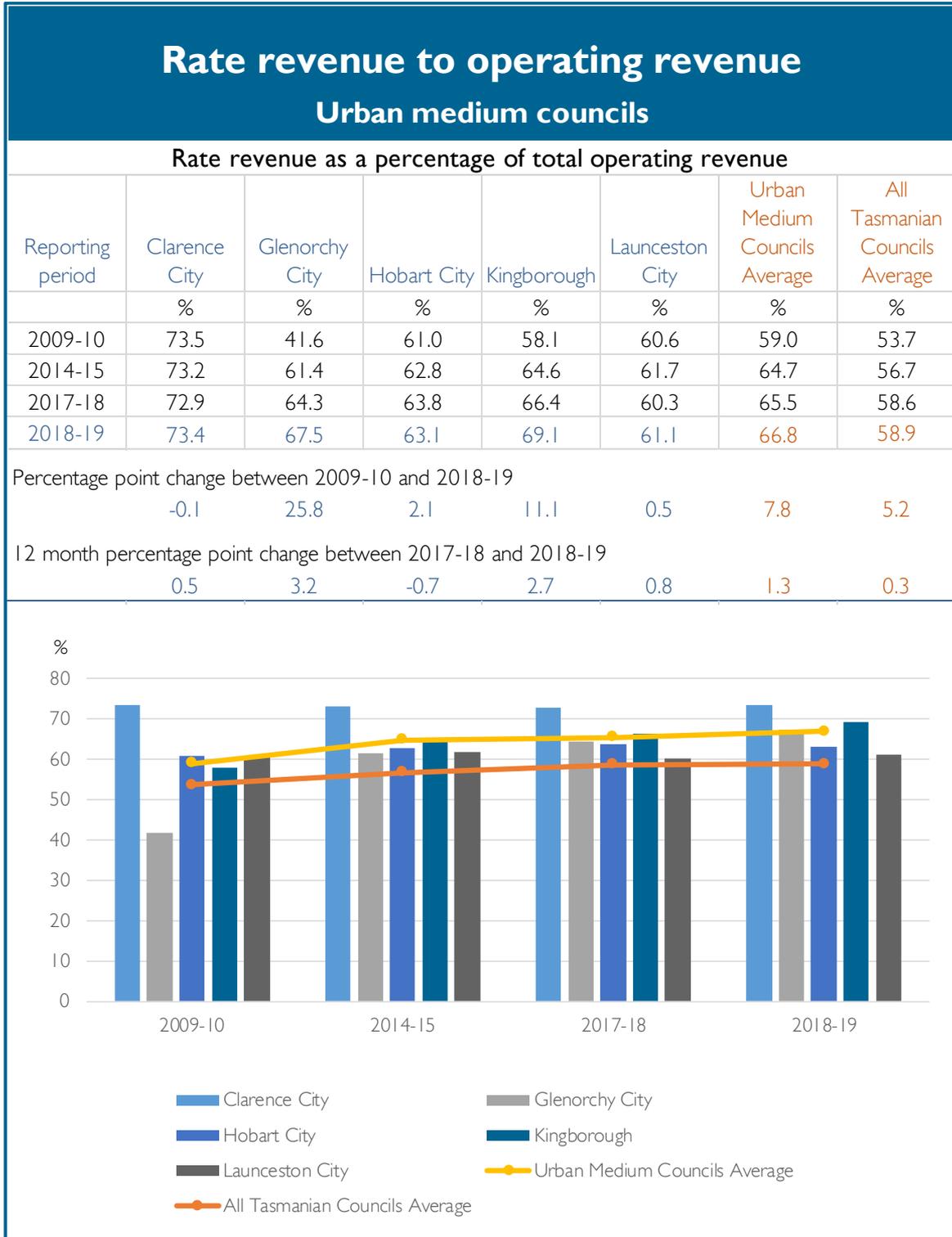


Figure 10:

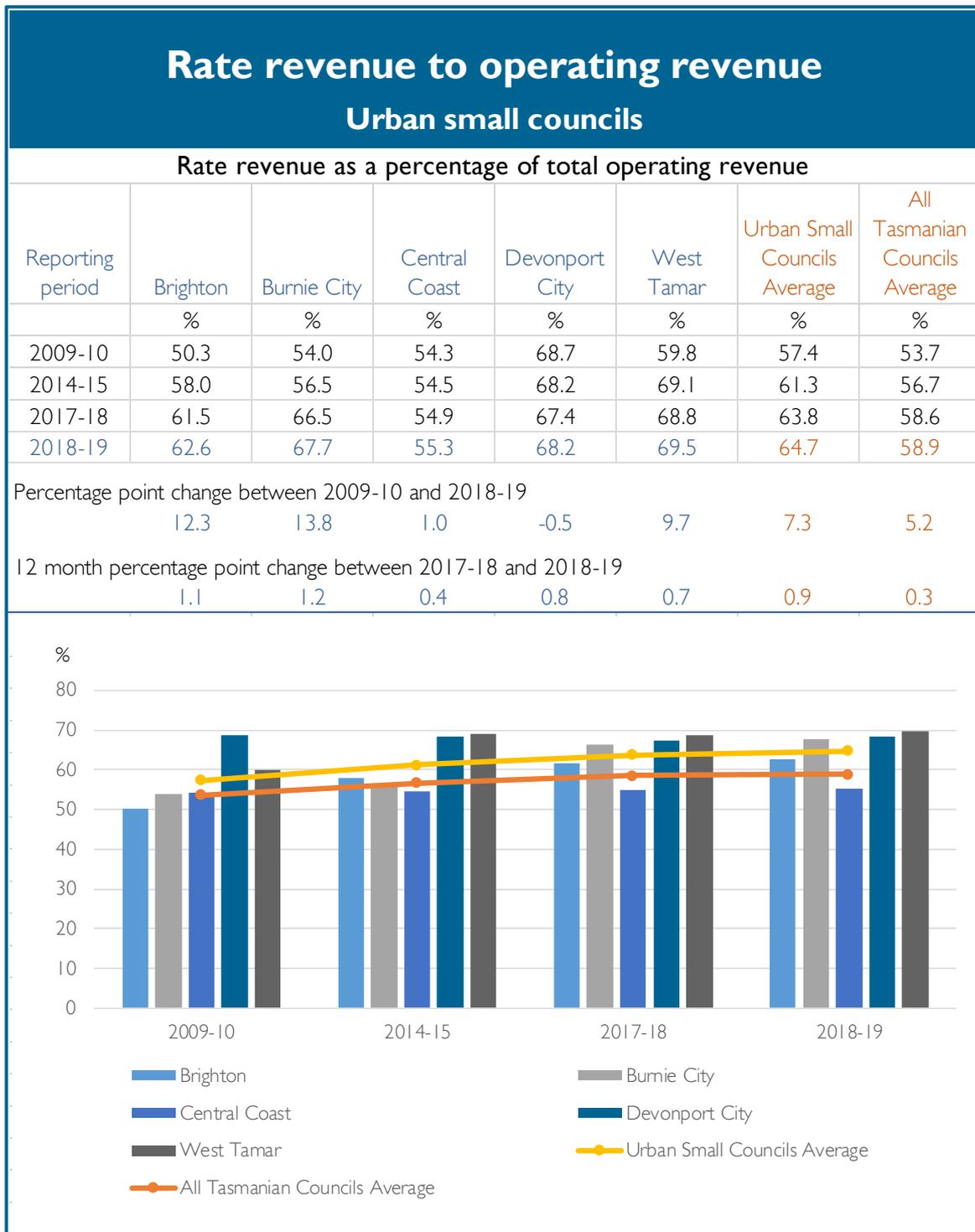


Figure 11:

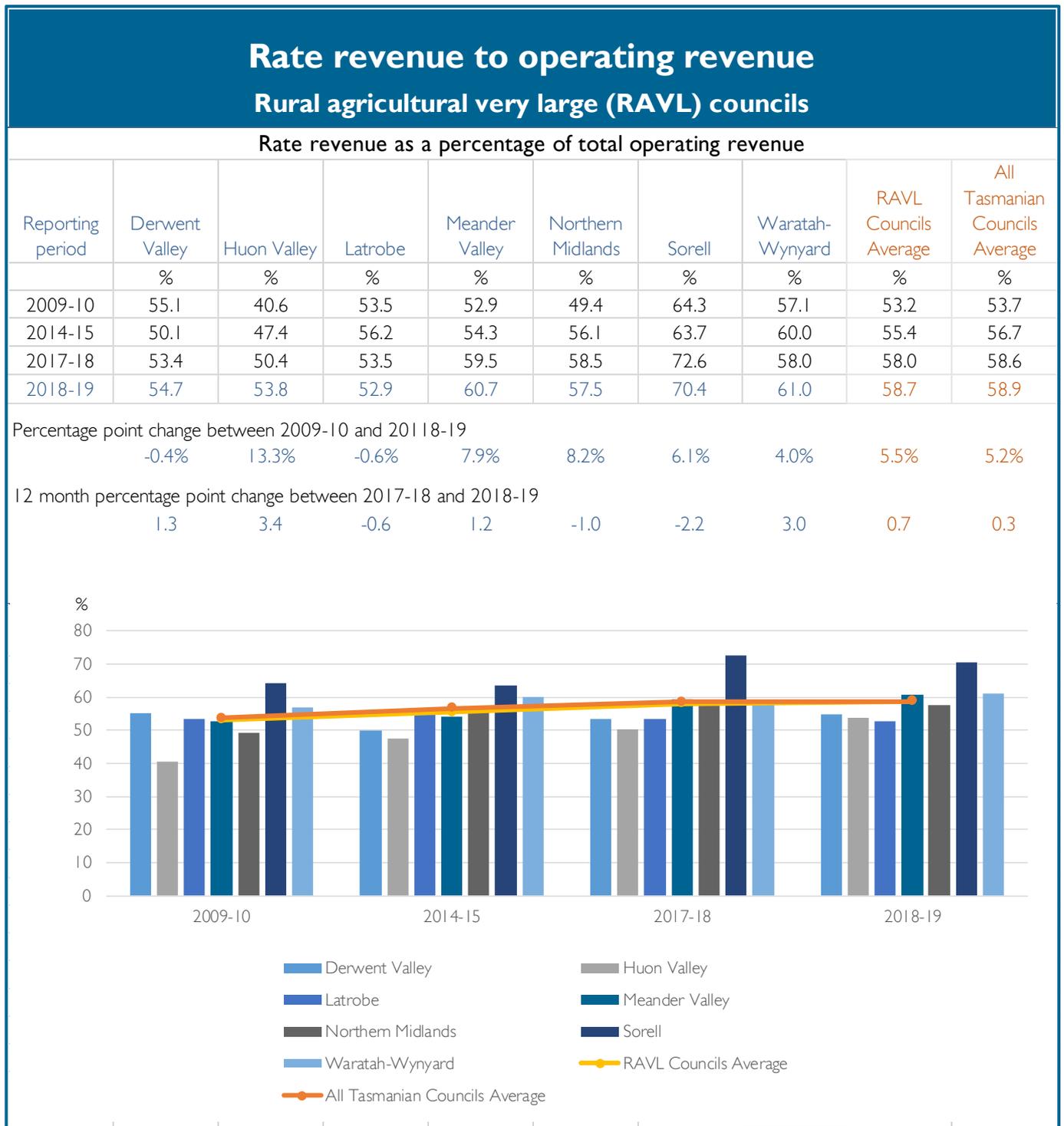


Figure 12:

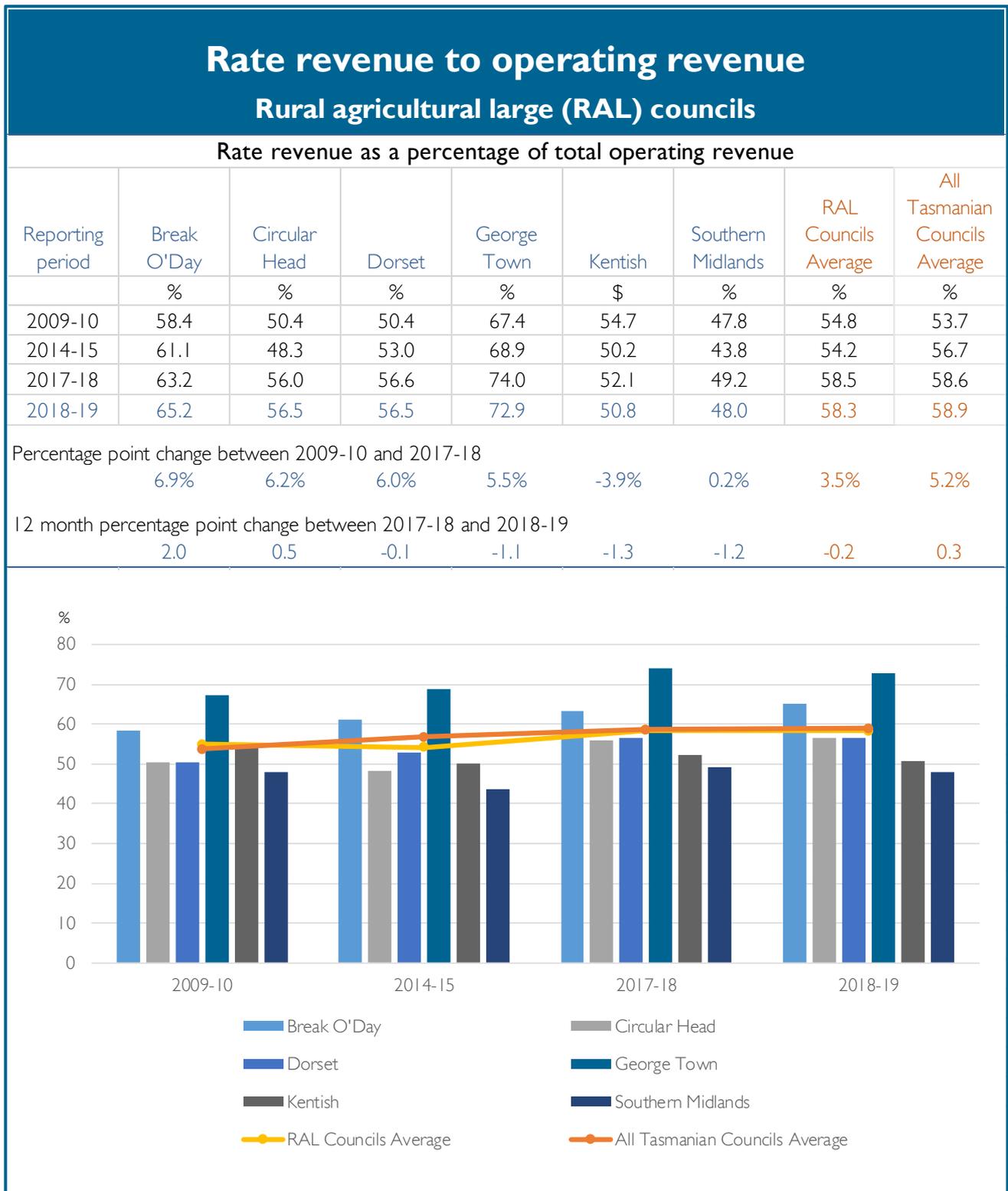
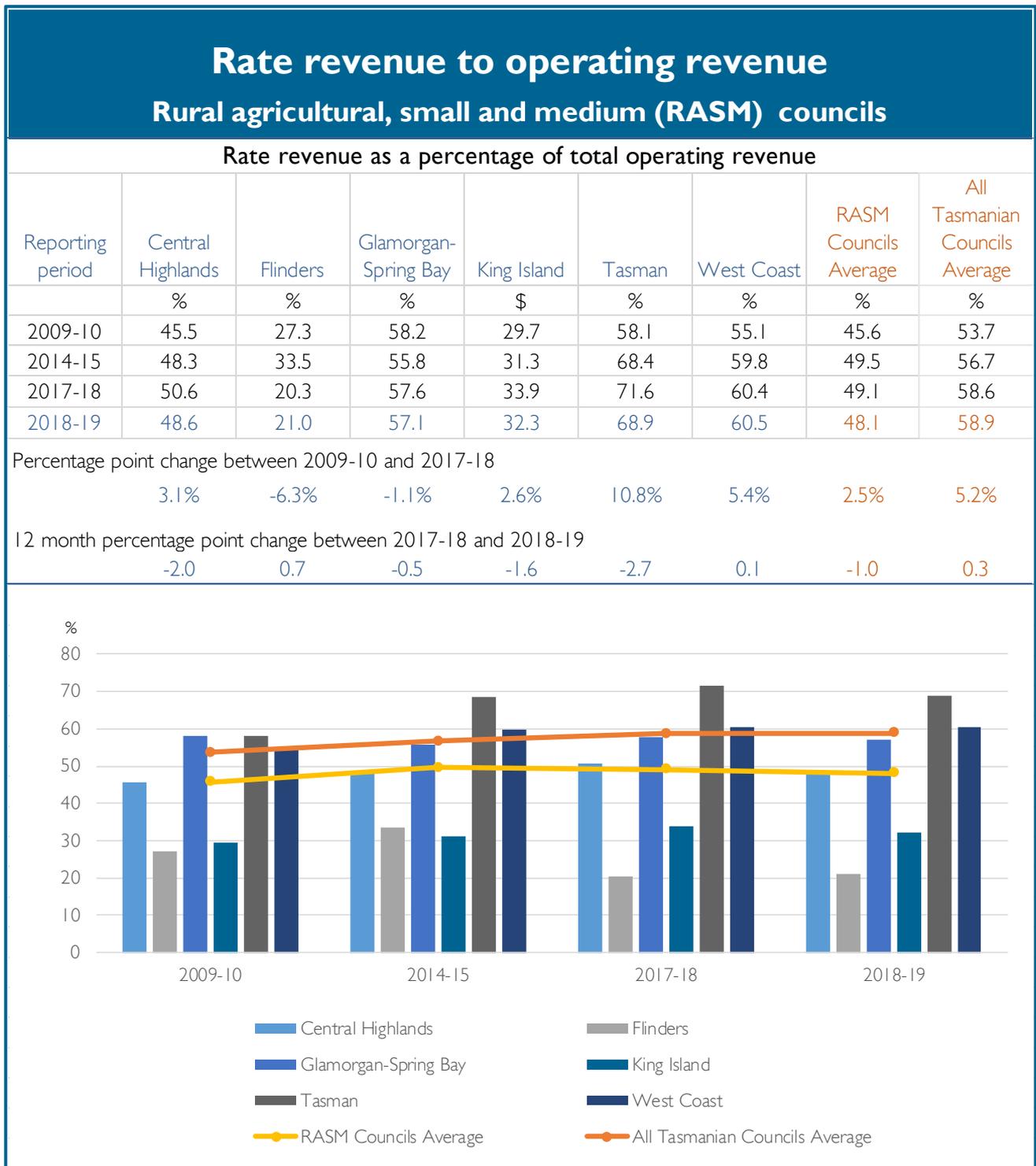


Figure 13:



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.

$$\text{Average Operating costs per rateable property} = \frac{\text{Total operating costs}}{\text{Total number of rateable properties}}$$

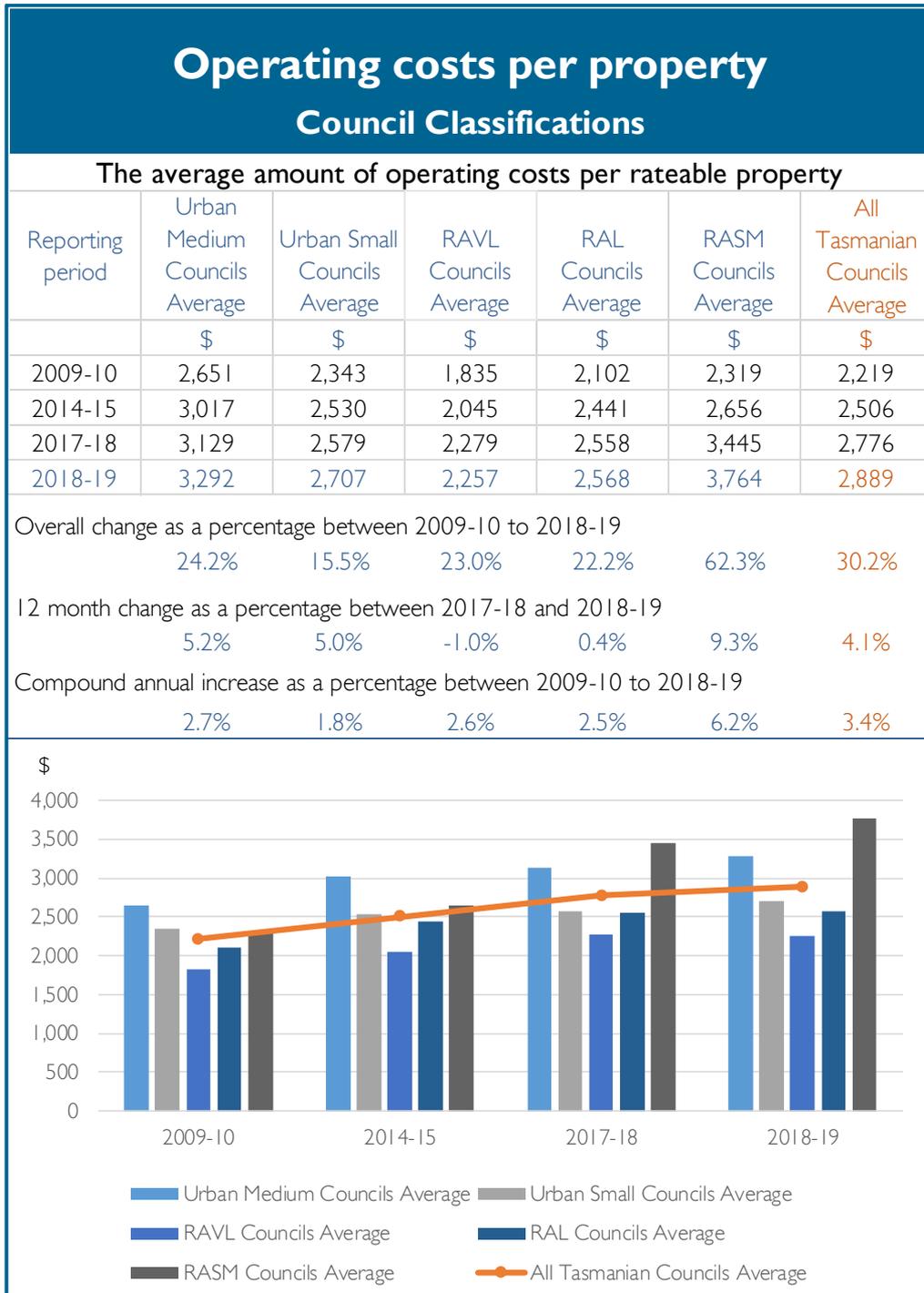
Figures 14 - 19 also show the change over time as a percentage between the baseline year (2009-10) and the latest data (2018-19), as well as the change over the past 12 months.

Key trends:

- **Average rate and range by classification**
 - The average amount of operating costs per rateable property is \$2,889 across all Tasmanian councils (Figure 14), ranging from \$8,818 in Flinders (Figure 19) to \$1,692 in Tasman (Figure 19).
 - 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.
 - 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 \$7,127, from \$1,692 per property in Tasman, to \$8,818 per property in Flinders (Figure 19).
 - The average operating costs per rateable property is most consistent in the Rural Agricultural Very Large classification, varying by \$591, from \$1,973 in Meander Valley to \$2,564 in Derwent Valley (Figure 17).
- **Percentage point change from 2009-10 to 2018-19**
 - Operating costs per rateable property increased by an average of 30.2 per cent across all Tasmanian councils between 2009-10 and 2018-19 (Figure 14). The greatest increase occurred in Flinders, which experienced a 176.8 per cent increase, from \$3,186 to \$8,818 (Figure 19). Central Highlands experienced the greatest decrease, with operating costs per rateable property decreasing by 23.3 per cent, from \$2,430 to \$1,865 (Figure 19).
 - By classification, Rural Agricultural Small & Medium councils experienced the largest average increase at 62.3 per cent (Figure 19). Urban Small councils experienced the smallest average increase, at 15.5 per cent (Figure 16).
- **Percentage change over past 12 months**
 - The average operating costs per rateable property has increased by 4.1 per cent across all Tasmanian councils in the 12 month period from 2017-18 to 2018-19 (Figure 14). The greatest increase occurred in King Island, where operating costs increased by 17.2 per cent per rateable property, from \$3,596 to \$5,405 (Figure 19). Tasman experienced the greatest decrease, where operating costs decreased by 10.9 per cent, from \$1,899 to \$1,692 (Figure 19).
 - By classification, Rural Agricultural Small & Medium councils experienced the largest average increase, at 9.3 per cent (Figure 19). Rural Agricultural Very Large councils experienced the largest average decrease, with one per cent decrease over the 12 month period (Figure 19).

Average operating costs per rateable property: all classifications

Figure 14:



Average operating costs per rateable property: councils by classification

Figure 15:

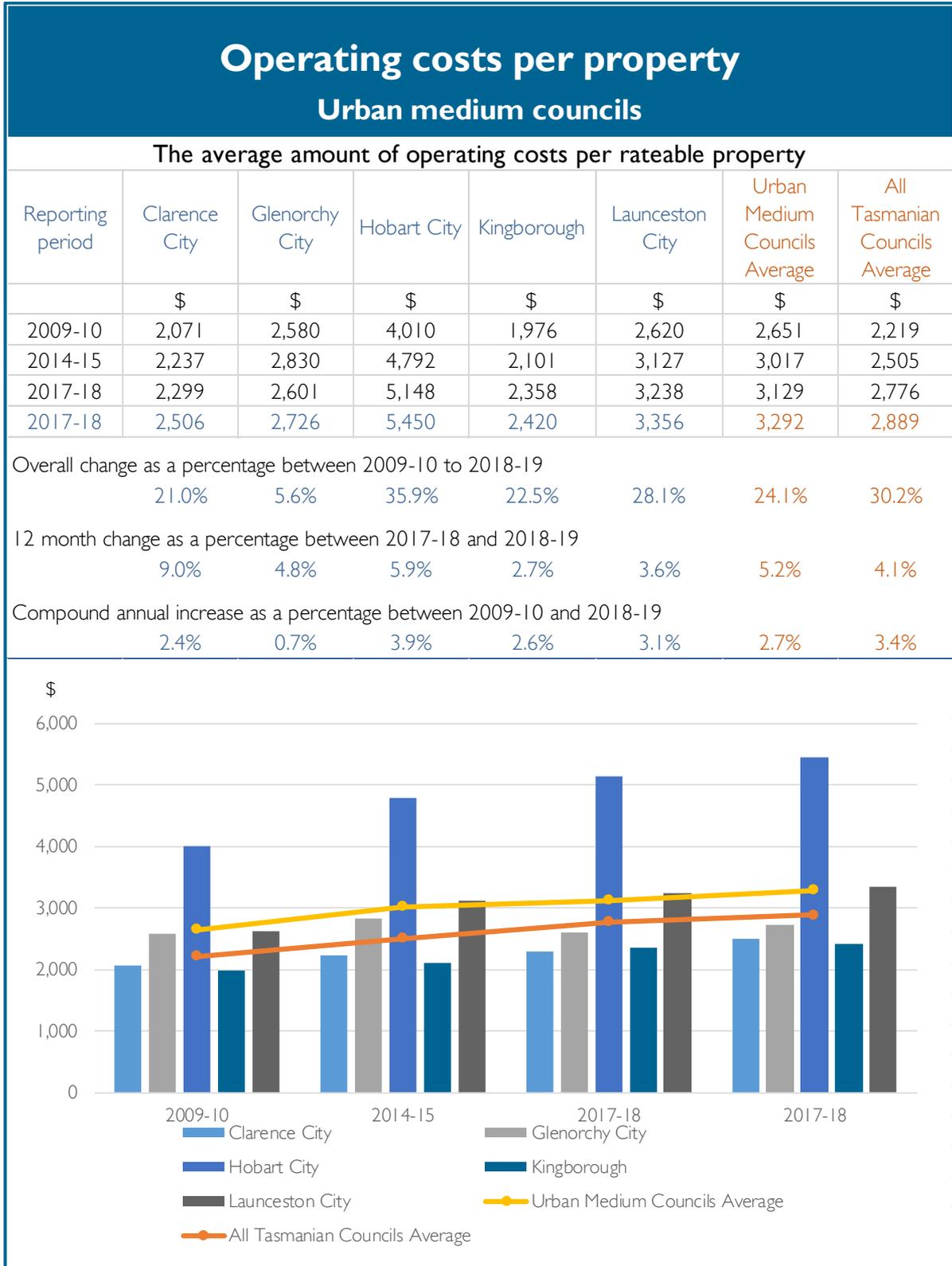


Figure 16:

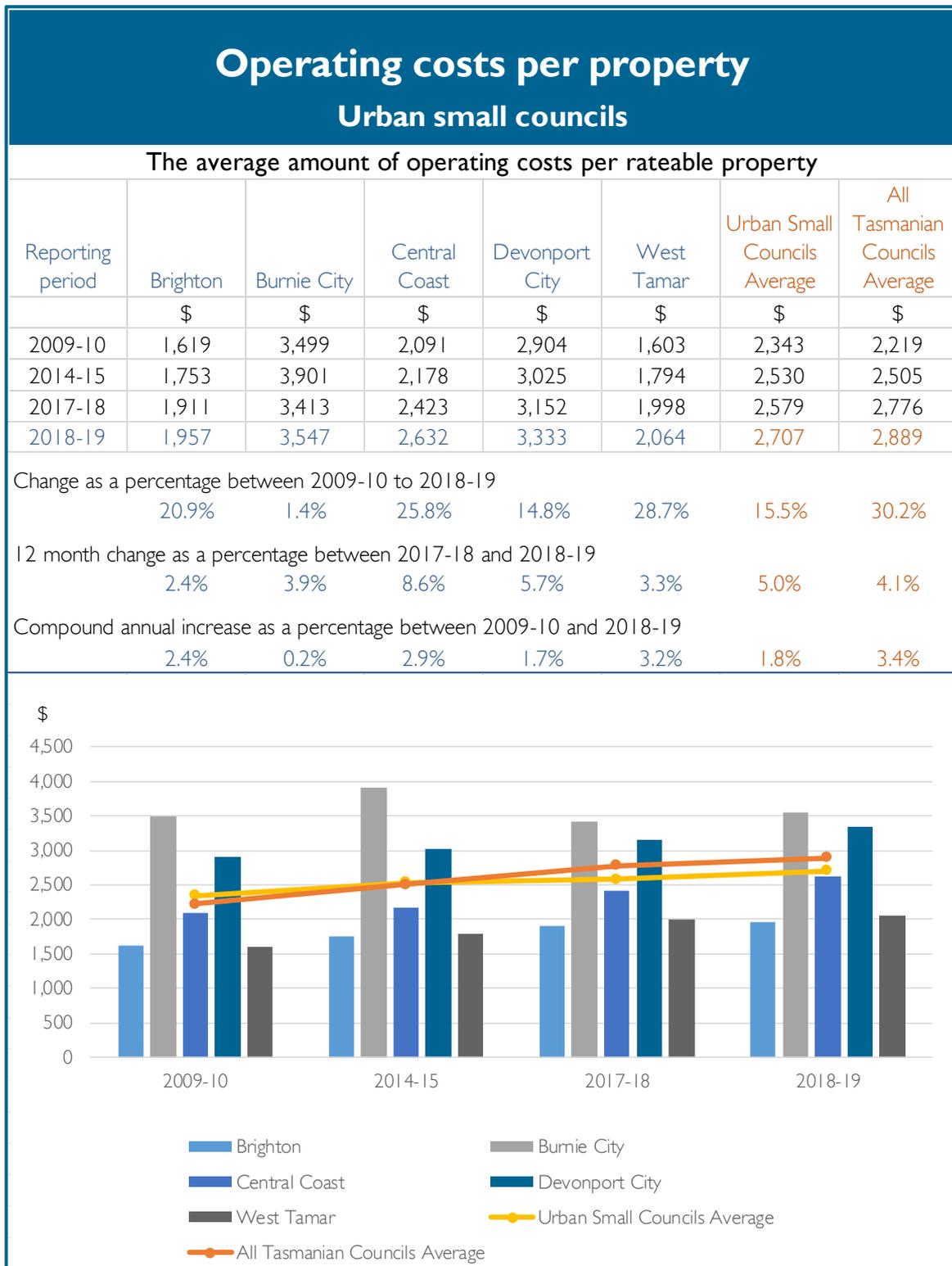


Figure 17:

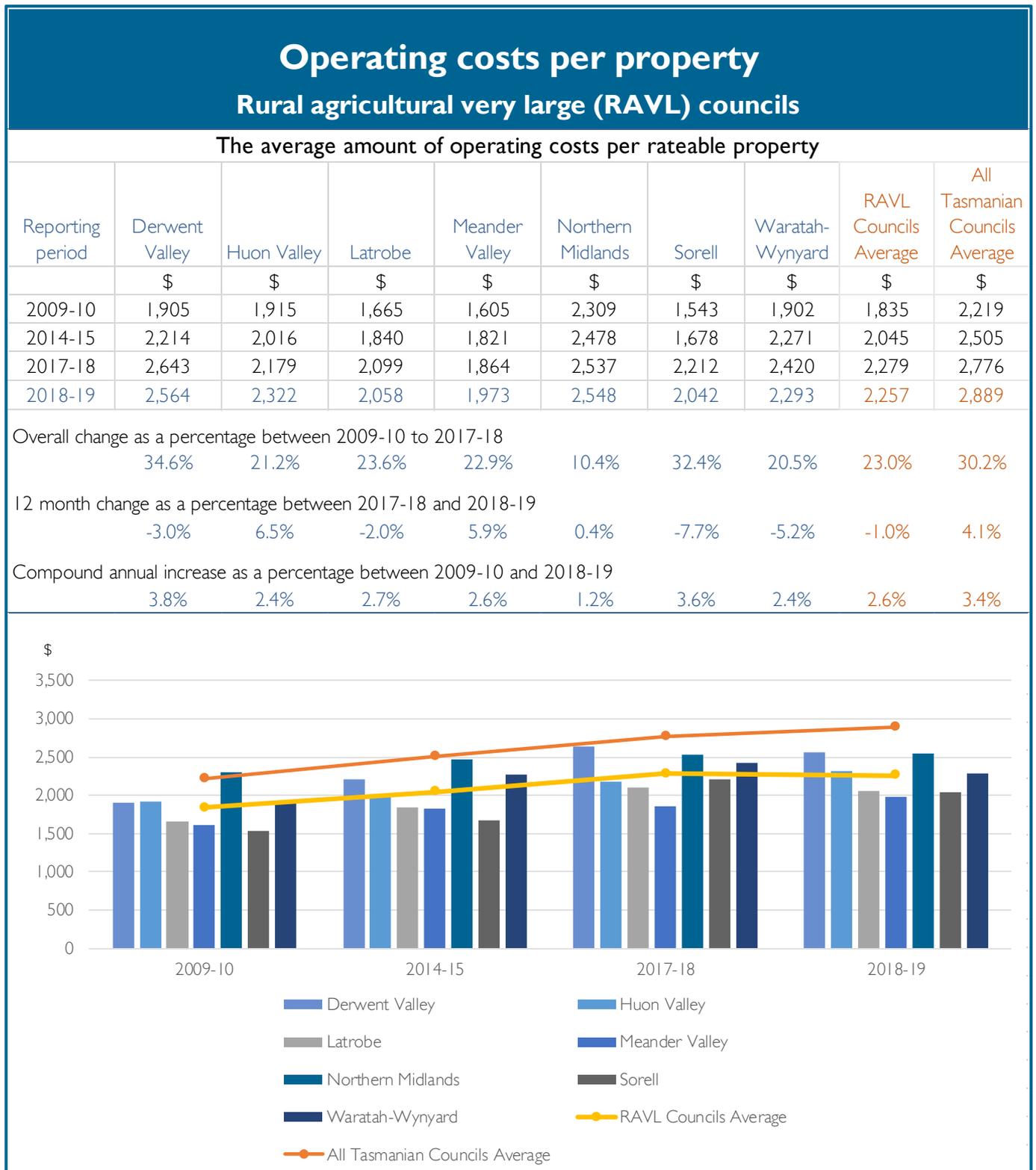


Figure 18:

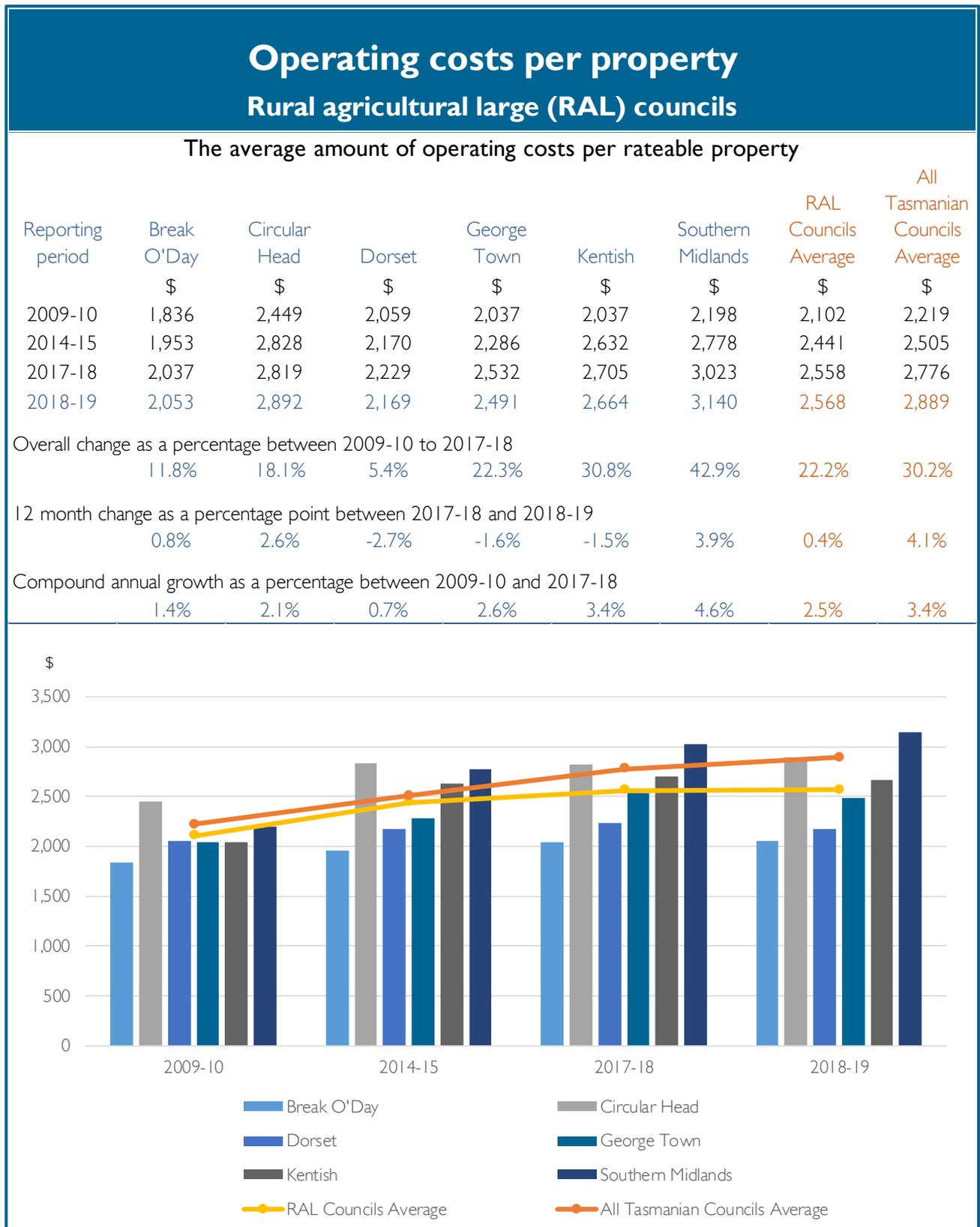
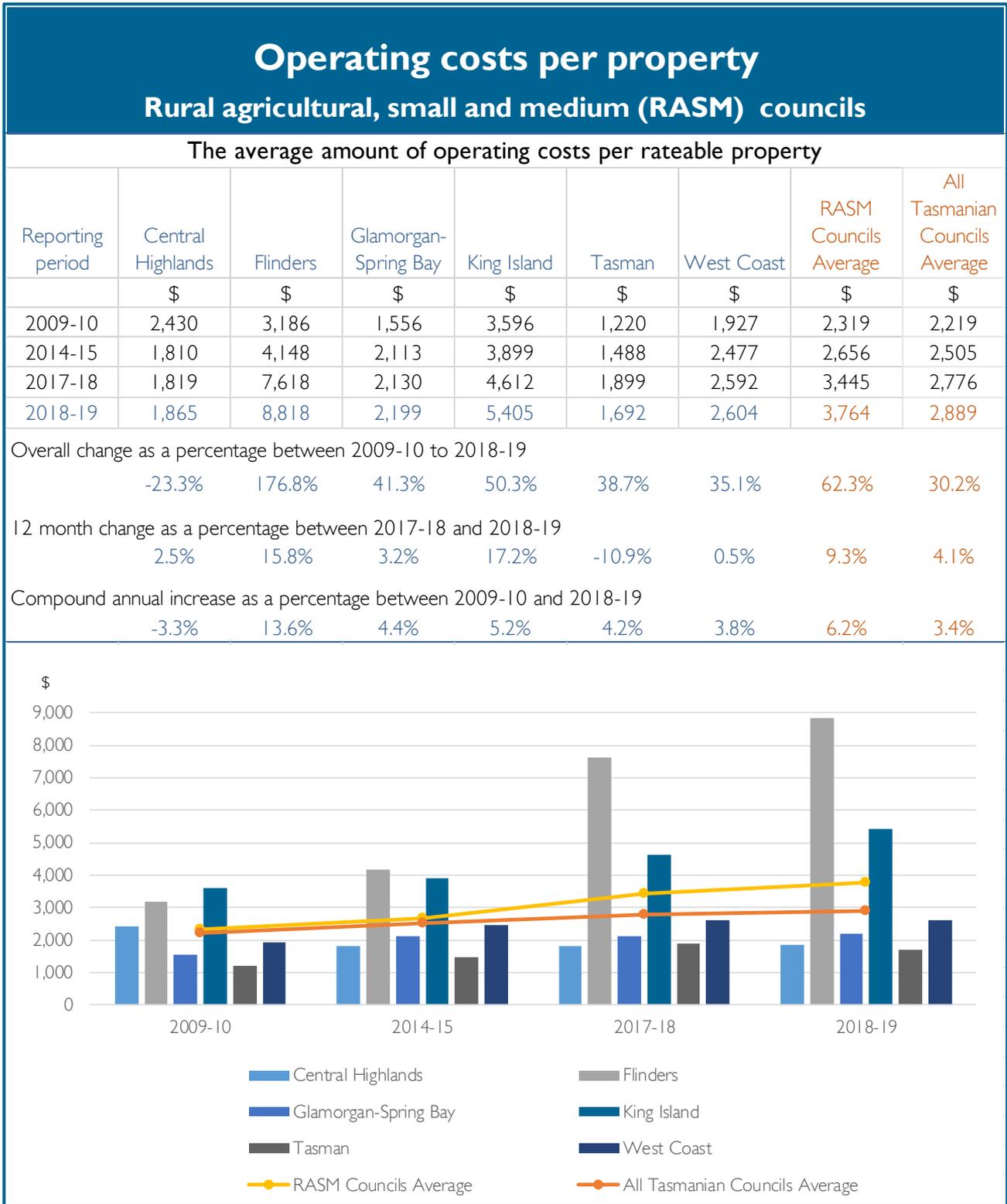


Figure 19:





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