

LG DATA

Local Government | Data | Analysis | Transparency | Accountability

Rates Snapshot

2016-17



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Government of Tasmania

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Message from the Director of Local Government

In 2017, the Minister for Local Government, the Hon Peter Gutwein MP, issued to me as the Director of Local Government a direction under the *Local Government Act 1993* to publish local government performance information. The Local Government Data, Analysis, Transparency, Accountability (LG DATA) project forms a key part of my response to the Minister's direction.

The first phase of LG DATA was to make publicly available council data that has been collected since 2000 by the Local Government Division of the Department of Premier and Cabinet. Known as the *Consolidated Data Collection* (CDC), the information includes finance, functions, total capital expenditure, specific purpose payments and infrastructure data. The full set of CDC datasets was made available on the LIST in December 2017 and will be updated annually.

Through the LG DATA project, I have also undertaken to publish, on a regular basis, a series of data 'snapshots' across a range of key themes and areas. The snapshots are designed to be easily digestible and complement the Auditor-General's annual report on financial sustainability. The overall objective in producing the snapshots is that communities will be better informed in relation to council performance, and that councils can use this information to identify areas where there is scope for improvement.

I have decided that the first of these snapshots should focus on rates, given the strong level of community interest in the subject. I welcome feedback from the local government sector, other stakeholders and the broader Tasmanian community on suggestions for focus areas for future snapshots. This feedback will assist me in developing an annual publication plan of snapshots that will allow councils and the community to see changes in performance over time.



Alex Tay
Director of Local Government

Rates snapshot 2016-17

Introduction

This snapshot uses the latest available audited data to compare rates across Tasmania's 29 local councils. Similar councils are grouped together for the purposes of comparison.

Three performance indicators include average rates 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 sewage assets, and corresponding revenues, were transferred to the water corporations;
- 2014-15, showing change over a five-year interval; and
- 2016-17, being the latest available audited data.

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

See Appendix 1 for more information about data presentation and Appendix 2 for how the performance indicators are calculated.

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.

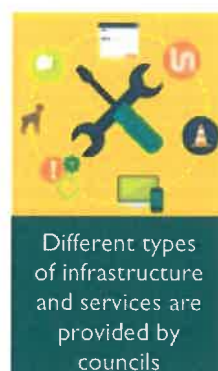
Every council provides different types of infrastructure and services because of differences in community needs and expectations, land area, population size, location, number of properties and industry mix. Councils make budget decisions taking into account the demand for services and the capacity of ratepayers to pay rates. 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, buildings 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.

See Appendix 3 for more information about how rates are calculated.

Council classifications

Information in this snapshot is grouped under five council classifications, based on population size and density and in line with the *Australian Classification of Local Governments* (ACLG). See Appendix 1 for more information about the classifications.

This map describes each classification and shows how the groupings appear across Tasmania.

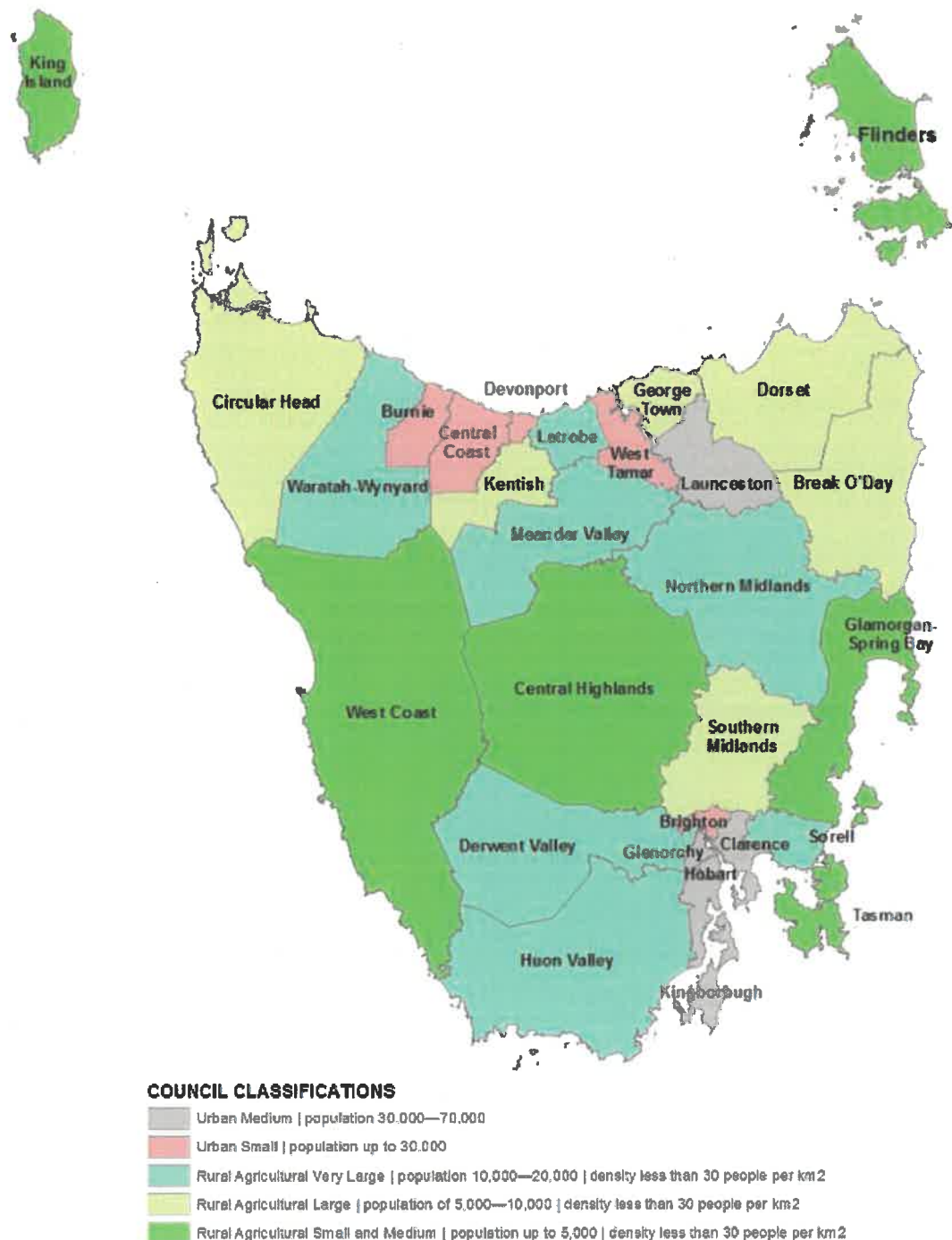


Figure 1. Tasmanian councils classified under the Australian Classification of Local Governments

Council	Population No.	Number of Rateable Valuations No.	Rate Revenue \$'000	Average rate per rateable property \$	Average rate per head of population \$	Median weekly household income \$
Urban medium (UM)						
Clarence	55,085	24,822	46,251	1,863	840	1,306
Glenorchy	46,397	21,048	34,582	1,643	745	1,019
Hobart	51,750	24,158	78,241	3,239	1,512	1,439
Kingborough	36,263	16,755	25,310	1,511	698	1,364
Launceston	66,864	31,366	63,568	2,027	951	1,042
UM Average	51,272	23,630	49,590	2,056	949	n/a
Urban small (US)						
Brighton	16,610	7,698	8,364	1,087	504	1,111
Burnie	19,304	9,734	22,563	2,318	1,169	993
Central Coast	21,851	10,823	14,543	1,344	666	1,002
Devonport	25,259	12,295	27,334	2,223	1,082	949
West Tamar	23,352	11,510	16,724	1,453	716	1,139
US Average	21,275	10,412	17,906	1,685	827	n/a
Rural agricultural, very large (RAVL)						
Derwent Valley	10,091	5,226	6,795	1,300	673	998
Huon Valley	16,675	10,578	11,933	1,128	716	987
Latrobe	10,940	5,881	6,930	1,178	633	1,078
Meander Valley	19,596	9,949	11,499	1,156	587	1,045
Northern Midlands	13,043	6,970	9,879	1,417	757	1,042
Sorell	14,393	9,341	12,079	1,293	839	1,132
Waratah-Wynyard	13,883	7,656	10,721	1,400	772	942
RAVL Average	14,089	7,943	9,977	1,268	711	n/a
Rural agricultural, large (RAL)						
Break O'Day	6,193	6,393	8,614	1,347	1,391	746
Circular Head	8,173	4,938	7,874	1,595	963	1,083
Dorset	6,746	5,269	6,930	1,315	1,027	822
George Town	6,817	4,327	7,818	1,807	1,147	854
Kentish	6,303	3,638	5,014	1,378	795	995
Southern Midlands	6,140	3,667	4,925	1,343	802	1,048
RAL Average	6,729	4,705	6,863	1,464	1,021	n/a
Rural agricultural, small and medium (RASM)						
Central Highlands	2,164	3,767	3,335	885	1,541	820
Flinders	926	1,252	1,555	1,242	1,679	1,021
Glamorgan Spring Bay	4,521	5,725	7,136	1,246	1,578	854
King Island	1,617	1,634	2,147	1,314	1,328	1,199
Tasman	2,396	3,392	4,392	1,295	1,833	788
West Coast	4,236	4,185	6,711	1,604	1,584	910
RASM Average	2,643	3,326	4,213	1,264	1,591	n/a
Average all councils	17,848	9,448	16,337	1,516	1,018	*1100

Source

Population figures derived from Australian Bureau of Statistics (ABS) cat. 3281.0 Regional Population Growth, Australia 2016, 28 July 2017

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

Local Government Area median household income figures obtained from ABS - Quick Stats, Census 2016 (* Tasmanian median)

Average rate Urban medium (UM) councils

Average rate of all rateable properties

Reporting period	Clarence City	Glenorchy City	Hobart City	Kingborough	Launceston City	UM Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$
2009-10	1,447	947	2,339	970	1,605	1,462	1,122
2014-15	1,762	1,453	3,091	1,347	1,890	1,908	1,410
2016-17	1,863	1,643	3,239	1,511	2,027	2,056	1,516

Compound annual rate of change as a percentage between 2009-10 and 2016-17

3.7%	8.2%	4.8%	6.5%	3.4%	5.0%	4.4%
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Rate revenue to operating revenue Urban medium UM councils

Rate revenue as a percentage of total operating revenue

Reporting period	Clarence City %	Glenorchy City %	Hobart City %	Kingborough %	Launceston City %	UM Councils Average %	All Tasmanian Councils Average %
2009-10	73.5	41.6	61.0	58.1	60.6	59.0	53.7
2014-15	73.2	61.4	62.8	64.6	61.7	64.7	56.7
2016-17	73.4	64.0	62.1	65.7	61.7	65.4	58.8

Percentage point change between 2009-10 and 2016-17

-0.1%	22.4%	1.1%	7.7%	1.0%	6.4%	5.1%
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Operating costs per property

Urban medium (UM) councils

The average amount of operating costs per rateable property

Reporting period	Clarence City	Glenorchy City	Hobart City	Kingborough	Launceston City	UM Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$
2009-10	2,071	2,580	4,010	1,976	2,620	2,651	2,219
2014-15	2,237	2,830	4,792	2,101	3,172	3,017	2,505
2016-17	2,345	2,537	5,169	2,321	3,247	3,124	2,593

Change as a percentage between 2009-10 and 2016-17

13.3%	-1.7%	28.9%	17.4%	23.9%	17.8%	16.9%
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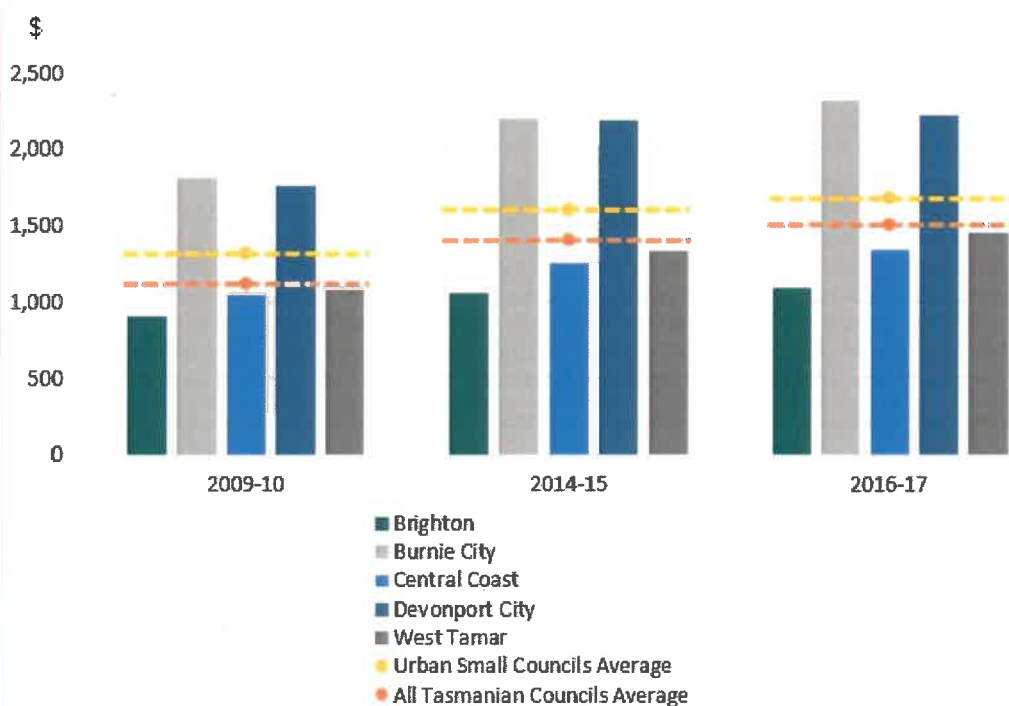
Average rate Urban small (US) councils

Average rate of all rateable properties

Reporting period	Brighton	Burnie City	Central Coast	Devonport City	West Tamar	US Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$
2009-10	910	1,882	1,052	1,766	1,082	1,327	1,122
2014-15	1,056	2,202	1,252	2,196	1,332	1,608	1,410
2016-17	1,087	2,318	1,344	2,223	1,453	1,685	1,516

Compound annual rate increase as a percentage between 2009-10 and 2016-17

2.6%	3.5%	3.6%	3.3%	4.3%	3.5%	4.4%
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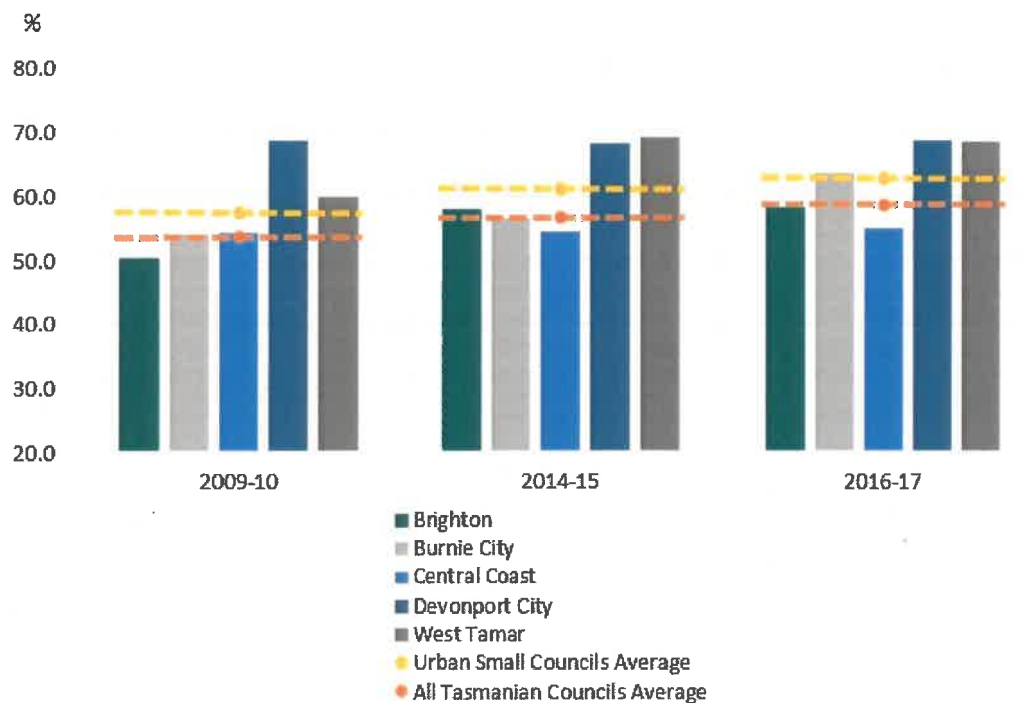
Rate revenue to operating revenue Urban small (US) councils

Rate revenue as a percentage of total operating revenue

Reporting period	Brighton	Burnie City	Central Coast	Devonport City	West Tamar	US Councils Average	All Tasmanian Councils Average
	%	%	%	%	%	%	%
2009-10	50.3	54.0	54.3	68.7	59.8	57.4	53.7
2014-15	58.0	56.5	54.5	68.2	69.1	61.3	56.7
2016-17	58.2	63.5	55.1	68.7	68.4	62.8	58.8

Percentage point change between 2009-10 and 2016-17

8.0%	9.5%	0.8%	0.0%	8.7%	5.4%	5.1%
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Operating costs per property

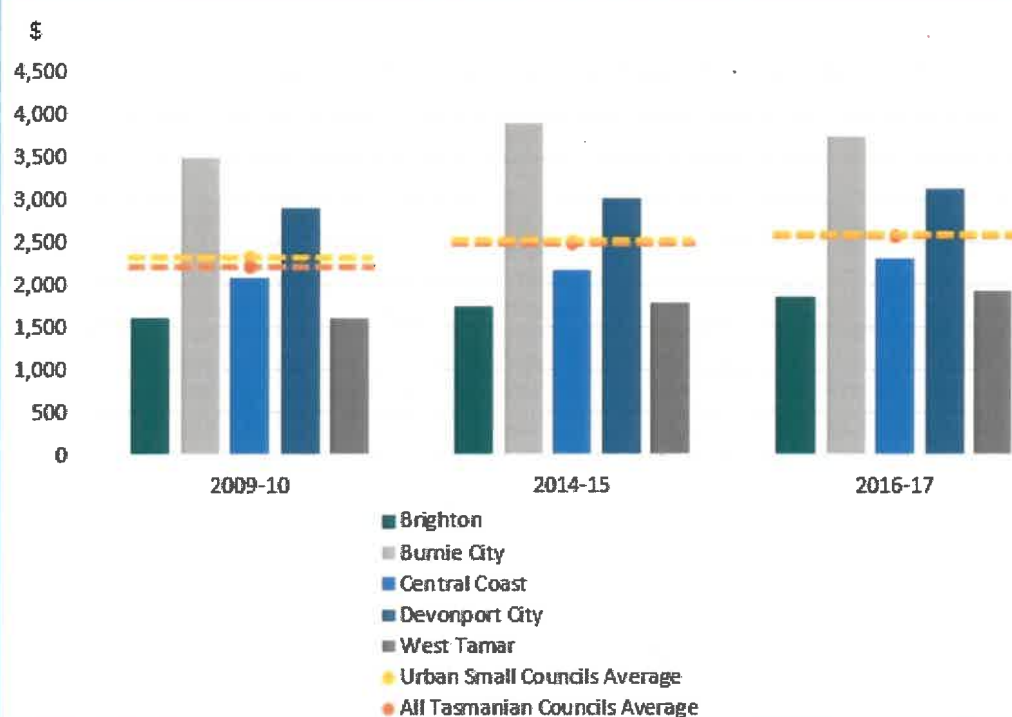
Urban small (US) councils

The average amount of operating costs per rateable property

Reporting period	Brighton	Burnie City	Central Coast	Devonport City	West Tamar	US Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$
2009-10	1,619	3,499	2,091	2,904	1,603	2,343	2,219
2014-15	1,753	3,901	2,178	3,025	1,794	2,530	2,505
2016-17	1,864	3,748	2,309	3,135	1,940	2,599	2,593

Change as a percentage between 2009-10 and 2016-17

15.1%	7.1%	10.4%	8.0%	21.0%	10.9%	16.9%
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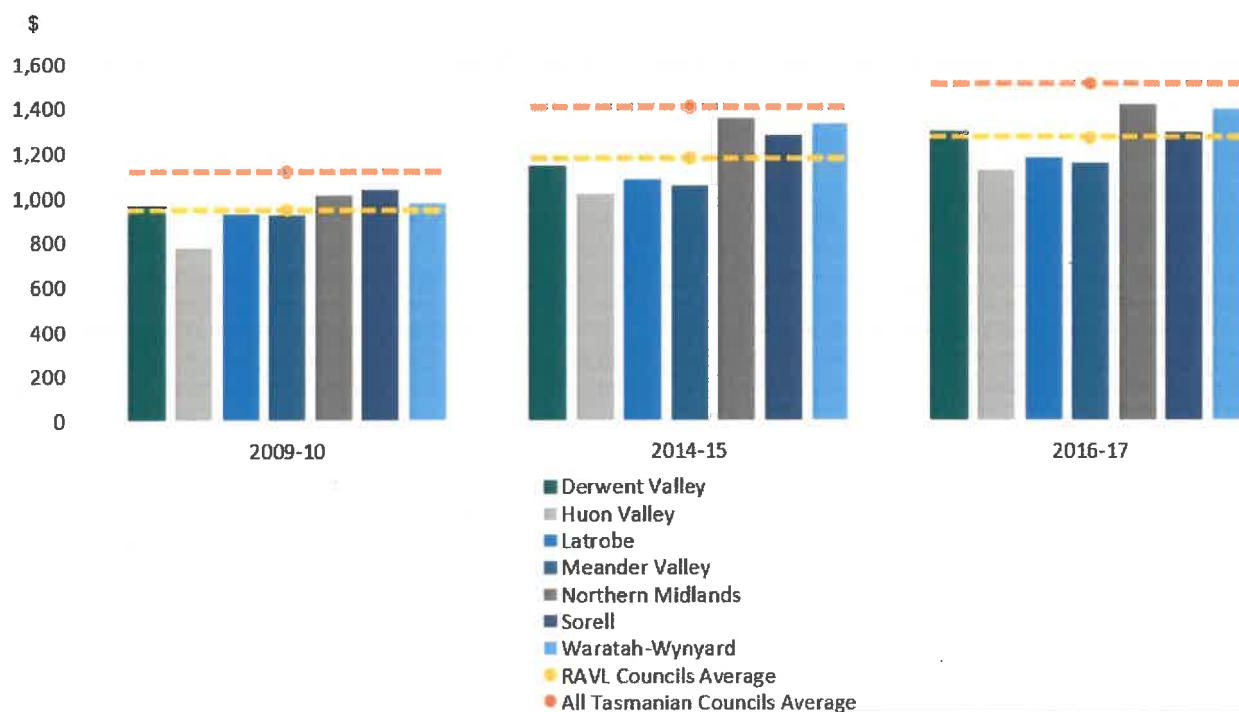
Average rate Rural agricultural very large (RAVL) councils

Average rate of all rateable properties

Reporting period	Derwent Valley	Huon Valley	Latrobe	Meander Valley	Northern Midlands	Sorell	Waratah-Wynyard	RAVL Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009-10	967	779	928	927	1,014	1,040	980	948	1,122
2014-15	1,145	1,020	1,085	1,057	1,358	1,281	1,334	1,183	1,410
2016-17	1,300	1,128	1,178	1,156	1,417	1,293	1,400	1,268	1,516

Compound annual rate increase as a percentage between 2009-10 and 2016-17

4.3%	5.4%	3.5%	3.2%	4.9%	3.2%	5.2%	4.2%	4.4%
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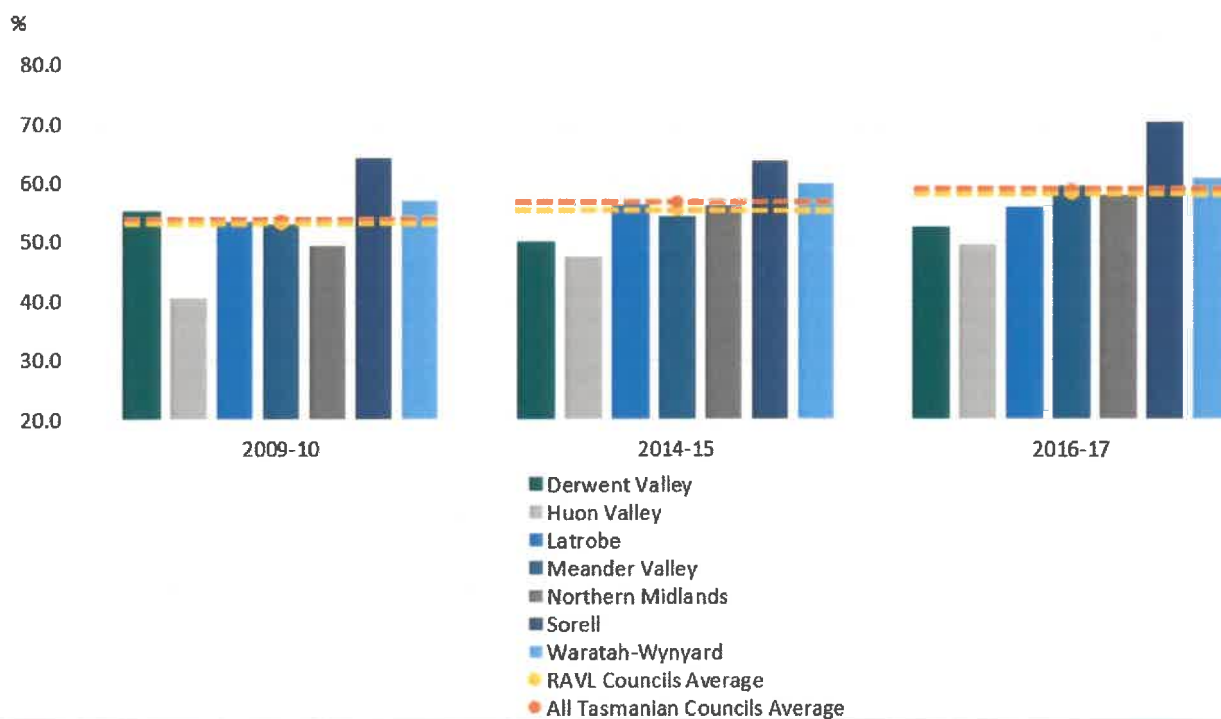
Rate revenue to operating revenue Rural agricultural very large (RAVL) councils

Rate revenue as a percentage of total operating revenue

Reporting period	Derwent Valley	Huon Valley	Latrobe	Meander Valley	Northern Midlands	Sorell	Waratah-Wynyard	RAVL Councils Average	All Tasmanian Councils Average
	%	%	%	%	%	%	%	%	%
2009-10	55.1	40.6	53.5	52.9	49.4	64.3	57.1	53.2	53.7
2014-15	50.1	47.4	56.2	54.3	56.1	63.7	60.0	55.4	56.7
2016-17	52.5	49.4	55.8	59.5	57.8	70.3	60.9	58.0	58.8

Percentage point change between 2009-10 and 2016-17

-2.7%	8.9%	2.3%	6.6%	8.4%	6.0%	3.8%	4.8%	5.1%
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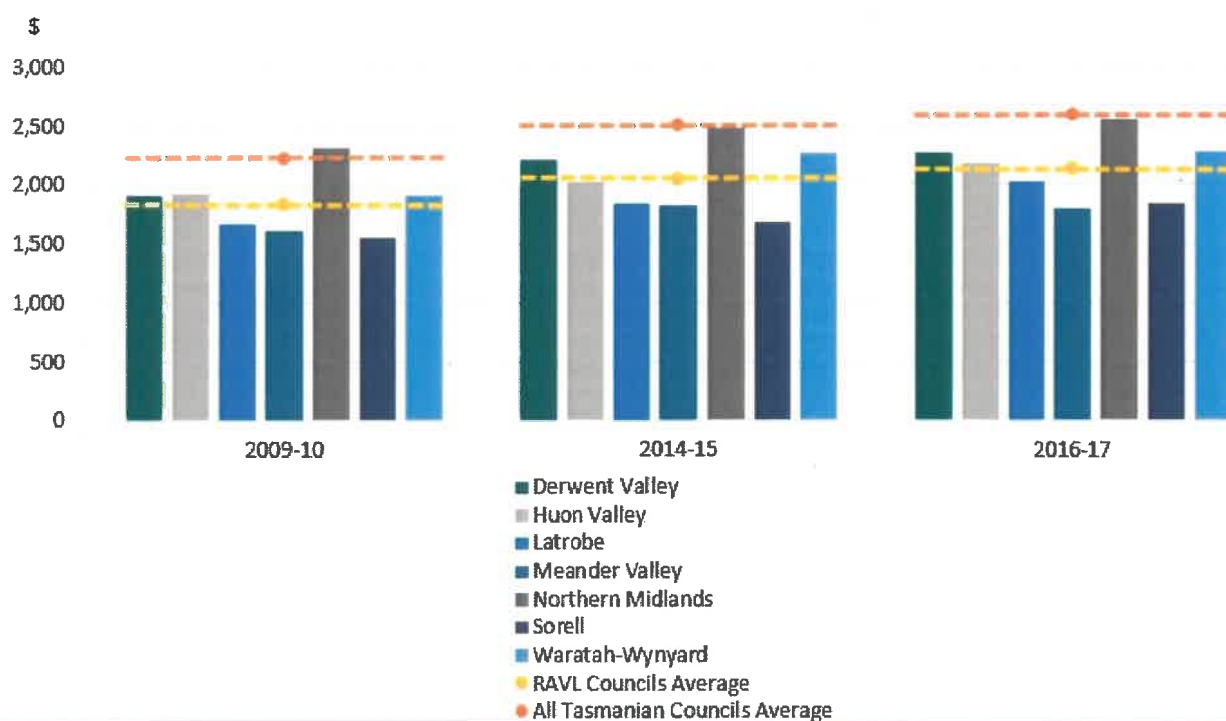


Operating costs per property

Rural agricultural very large (RAVL) councils

The average amount of operating costs per rateable property

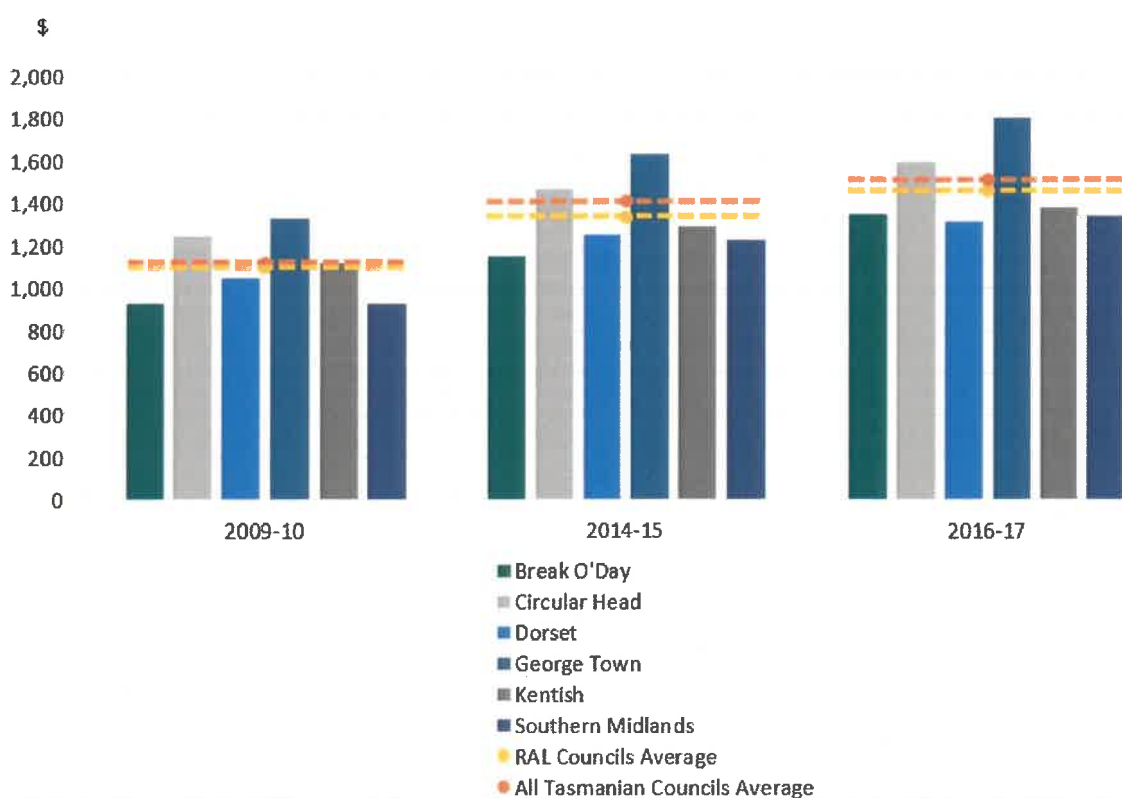
Reporting period	Derwent Valley	Huon Valley	Latrobe	Meander Valley	Northern Midlands	Sorell	Waratah-Wynyard	RAVL Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$	\$	\$
2009-10	1,905	1,915	1,665	1,605	2,309	1,543	1,902	1,835	2,219
2014-15	2,214	2,016	1,840	1,821	2,478	1,678	2,271	2,045	2,505
2016-17	2,269	2,187	2,024	1,793	2,550	1,834	2,283	2,134	2,593
Change as a percentage between 2009-10 to 2016-17									
	19.1%	14.2%	21.5%	11.7%	10.5%	18.9%	20.0%	16.3%	16.9%



Average rate Rural agricultural large (RAL) councils

Average rate of all rateable properties

Reporting period	Break O'Day	Circular Head	Dorset	George Town	Kentish	Southern Midlands	RAL Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$	\$
2009-10	929	1,244	1,052	1,326	1,122	925	1,100	1,122
2014-15	1,151	1,472	1,254	1,637	1,289	1,226	1,338	1,410
2016-17	1,347	1,595	1,315	1,807	1,378	1,343	1,464	1,516
Compound annual rate increase as a percentage between 2009-10 and 2016-17								
	5.5%	3.6%	3.2%	4.5%	3.0%	5.5%	4.2%	4.4%



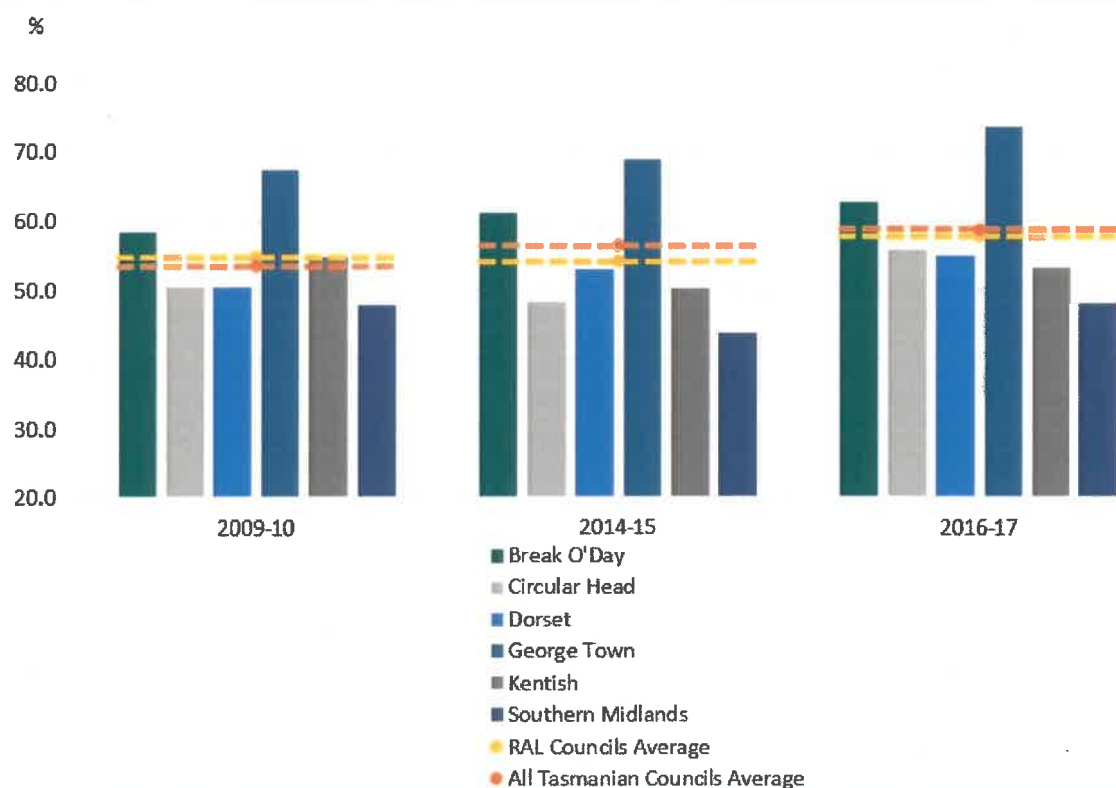
Rate revenue to operating revenue Rural agricultural large (RAL) councils

Rate revenue as a percentage of total operating revenue

Reporting period	Break O'Day %	Circular Head %	Dorset %	George Town %	Kentish \$	Southern Midlands %	RAL Councils Average %	All Tasmanian Councils Average %
2009-10	58.4	50.4	50.4	67.4	54.7	47.8	54.8	53.7
2014-15	61.1	48.3	53.0	68.9	50.2	43.8	54.2	56.7
2016-17	62.6	55.8	55.0	73.6	53.1	48.1	58.0	58.8

Percentage point change between 2009-10 and 2016-17

4.3% 5.4% 4.5% 6.2% -1.6% 0.3% 3.2% 5.1%



Operating costs per property

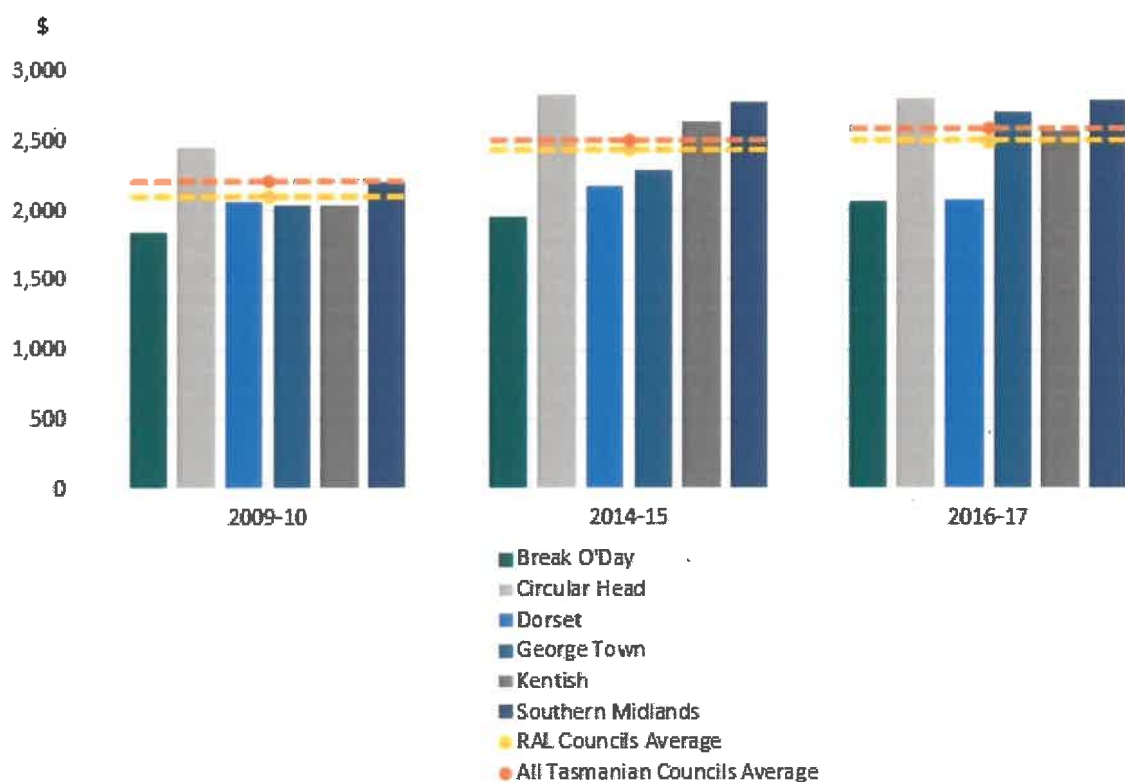
Rural agricultural large (RAL) councils

The average amount of operating costs per rateable property

Reporting period	Break O'Day	Circular Head	Dorset	George Town	Kentish	Southern Midlands	RAL Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$	\$
2009-10	1,836	2,449	2,059	2,037	2,037	2,198	2,102	2,219
2014-15	1,953	2,828	2,170	2,286	2,632	2,778	2,441	2,505
2016-17	2,056	2,802	2,081	2,712	2,566	2,785	2,500	2,593

Change as a percentage between 2009-10 to 2016-17

12.0%	14.4%	1.1%	33.2%	26.0%	26.7%	18.9%	16.9%
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Average rate

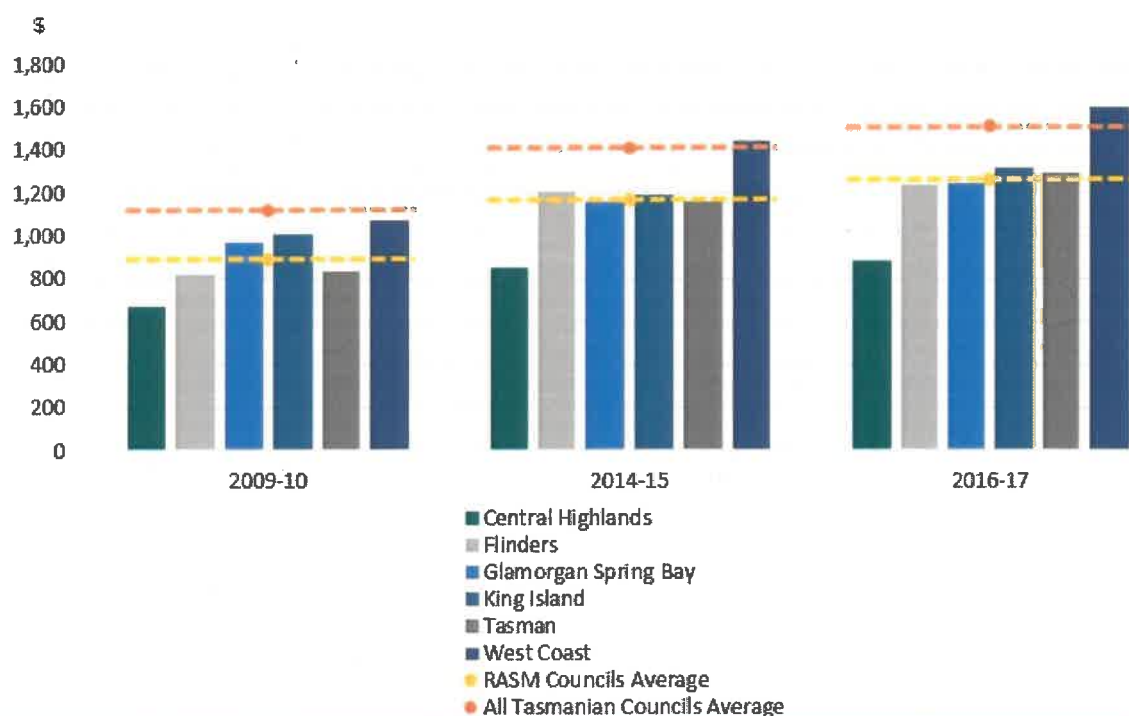
Rural agricultural, small and medium (RASM) councils

Average rate of all rateable properties

Reporting period	Central Highlands	Flinders	Glamorgan Spring Bay	King Island	Tasman	West Coast	RASM Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$	\$
2009-10	666	820	966	1,008	836	1,073	895	1,122
2014-15	848	1,208	1,163	1,188	1,162	1,445	1,169	1,410
2016-17	885	1,242	1,246	1,314	1,295	1,604	1,264	1,516

Compound annual rate increase as a percentage between 2009-10 and 2016-17

4.1%	6.1%	3.7%	3.9%	6.4%	5.9%	5.1%	4.4%
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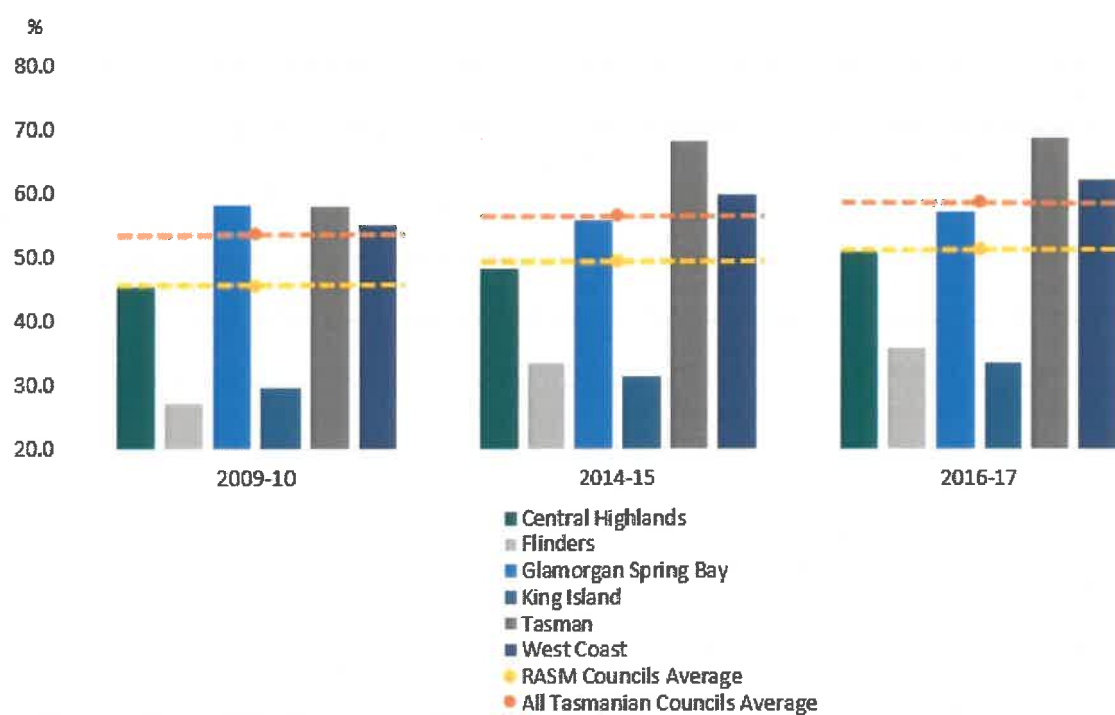
Rate revenue to operating revenue Rural agricultural, small and medium (RASM) councils

Rate revenue as a percentage of total operating revenue

Reporting period	Central Highlands %	Flinders %	Glamorgan Spring Bay %	King Island %	Tasman %	West Coast %	RASM Councils Average %	All Tasmanian Councils Average %
2009-10	45.5	27.3	58.2	29.7	58.1	55.1	45.6	53.7
2014-15	48.3	33.5	55.8	31.3	68.4	59.8	49.5	56.7
2016-17	50.9	35.9	57.1	33.6	68.8	62.3	51.4	58.8

Percentage point change between 2009-10 and 2016-17

5.4%	8.7%	-1.1%	4.0%	10.6%	7.2%	5.8%	5.1%
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Operating costs per property

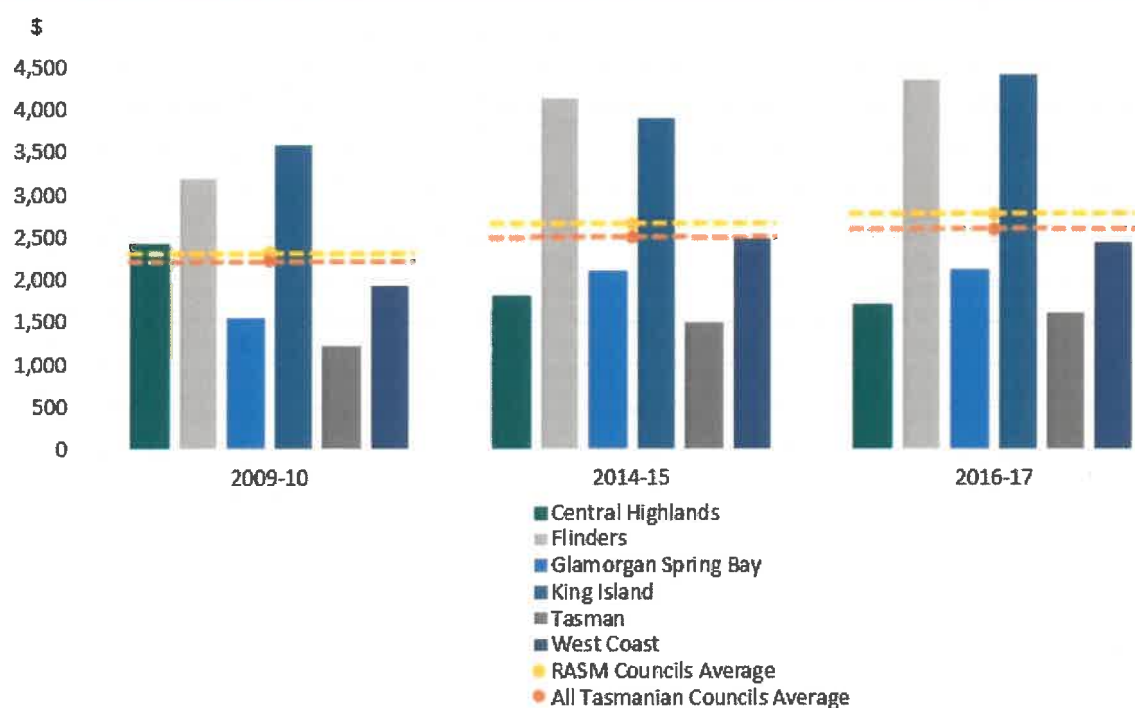
Rural agricultural, small and medium (RASM) councils

The average amount of operating costs per rateable property

Reporting period	Central Highlands	Flinders	Glamorgan Spring Bay	King Island	Tasman	West Coast	RASM Councils Average	All Tasmanian Councils Average
	\$	\$	\$	\$	\$	\$	\$	\$
2009-10	2,430	3,186	1,556	3,596	1,220	1,927	2,319	2,219
2014-15	1,810	4,148	2,113	3,899	1,488	2,477	2,656	2,505
2016-17	1,707	4,358	2,115	4,415	1,616	2,440	2,775	2,593

Change as a percentage between 2009-10 and 2016-17

-29.8%	36.8%	35.9%	22.8%	32.5%	26.6%	19.7%	16.9%
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Data presentation

Data is presented in council groupings which are based on the *Australian Classification of Local Governments*, first published in September 1994 to help the Australian Government understand the needs of local government across Australia. The classifications take into account population size and density.

In 2016-17, 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 up to 30,000	population 10,000—20,000 density less than 30 people per km ²	population 5,000—10,000 density less than 30 people per km ²	population up to 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.

For consistency, 2016-17 classifications are used throughout the snapshot.

The comparative table on page 3 provides information about all Tasmanian councils for the 2016-17 financial year. It includes selected population, demographic and rates information sourced or derived from the Australian Bureau of Statistics, the Tasmanian Local Government Consolidated Data Collection and the Tasmanian Audit Office.

Performance indicators are grouped according to council classifications, with similar council and all council averages shown for comparative purposes.

Data from the following reporting years is presented in the tables and graphs:

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

How performance indicators are calculated

1. Average rate

This measure shows the average rate of all rateable properties, within the council area.

The average rate is calculated by taking the total rate revenue of the council and dividing it by the total number of rateable properties in the council area.

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

Also shown is the **compound annual rate of change**, that is, a smoothed *overall* annual rate of change between the baseline year (2009-10) and the latest data (2016-17). This compound measure removes the effect of year-on-year volatility.

The compound annual rate of change assumes a constant rate of change over the eight year period and is calculated using the 'compound annual growth rate' (CAGR) formula.

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

2. Rate revenue to 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.

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

Also shown is the **percentage point change** between the baseline year and current year, by deducting the baseline data from the latest data.

$$\text{ending value} - \text{beginning value}$$

3. Operating costs per property

In Tasmania, councils provide a range of services and infrastructure to their local communities such as road construction and maintenance, street lighting, rubbish collection, stormwater drainage, planning and building services, public health services, animal control, recreational facilities, festivals and similar. This measure shows the average amount each council spends per rateable property in its municipality to provide such services and infrastructure to its ratepayers.

The average amount of operating costs per rateable property is calculated by dividing the total amount spent by the Council to provide services and infrastructure by the number of rateable properties in the council area.

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

Also shown is the **change over time as a percentage** between the baseline year (2009-10) and the latest data (2016-17). This is calculated deducting the baseline data from the latest data, then showing the change as a percentage by dividing the result by the baseline data.

$$(\text{ending value} - \text{beginning value}) \div \text{beginning value}$$

How rates are calculated

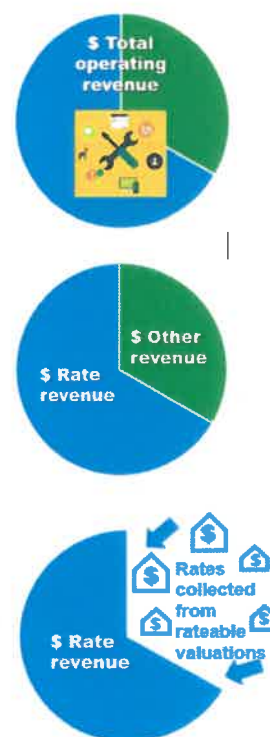
To calculate rates, a council determines how much money is needed to pay for the services and infrastructure it will provide in the next reporting year. The amount needed is called the council's 'total operating revenue'.

The council determines how much money it expects to receive from sources other than rates—for example, through 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 non-urban 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 therefore rates) is an iterative process in the development of a council's budget, which balances expenditure needs with the community's capacity to pay.





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