Opinion Editorial

Understanding Local Government Rates

Each year when the Council Cost Index (CCI) is released and Tasmanian councils look to set their rates, it is understandable there is close community scrutiny. Nobody wants to pay more for what they receive. However, let's take a minute to consider what councils deliver for communities and what can cause the costs of these activities to rise.

On any given day, your Council is managing roads, bridges and car parks, making sure stormwater systems don't fail, managing your waste, and ensuring that development aligns with community expectations. It is considering how climate change might impact on the community and undertaking local environmental management initiatives and helping communities prepare for and recover from natural disasters.

Your Council provides cultural and sporting venues, community events and activities. It is immunising your children and ensuring that where you eat is not going to make you sick. Most councils also provide social welfare and community programs such as childcare, aged care, community gardens and youth programs. Councils are actively working to ensure vibrant communities through economic development and tourism strategies.

There is a common misconception that council rates represent charges for services provided. Under the Local Government Act 1993, however, rates are clearly identified as a form of taxation. As such, rates must balance the key taxation principles of efficiency and simplicity, sustainability and equity. With a dwindling share of Federal taxation revenue, rates also remain the main source of council funding.

Not every community member will use all the infrastructure and services provided by their council. However, when it comes to planning and setting rates, councils think about how the community is growing, what people are saying they want, as well as the need to plan for what will be important to the community in the future.

Councils have a strict and transparent operating environment and must take a long-term view of community asset requirements, financial planning, budget management and sustainability. Additionally, they have a high level of oversight by the independent Auditor General and the Director of Local Government.

Councils don't set their rates in isolation from the community. All councils provide opportunities for ratepayers to participate in the setting of the Council's strategic direction, enabling community influence on service delivery and standards.

The LGAT CCI is an indication for councils and the broader community of the true cost of council activities. The consumer price index is not a good benchmark for council rates as it does not consider costs such as the provision and maintenance of infrastructure, which are significant. Even the CCI is not fully comprehensive; for example, the current rapid escalation of recycling costs with the narrowing of the China market, is not reflected in the CCI which considers the year gone not the year ahead.

Ultimately councils are community focused when setting rates. They must balance budget efficiencies with community priorities, as identified through strategic planning and long-term infrastructure requirements. Communities should be assured that their council will be diligently trying to balance the need to minimise rate increases with the ever-escalating demands of what communities need them to provide.

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