



MEDIA RELEASE

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No Council Black Holes

“It is frustrating when people speak on subjects of which they have no, or seemingly little knowledge”, President of the Local Government Association of Tasmania, Mayor Barry Easter, commented today.

“Tasmanians For Reform campaigner, Mary Massina, has accused Devonport City Council of bringing forward government grants to improve its bottom line and to cover financial black holes. Her usual scant regard for detail, or even facts, is again on display when if she only took some time to ask some questions, rather than shooting from the hip, she would be so much better informed.”

“All Australian councils receive Financial Assistance Grants from the Commonwealth Government. It is in recognition of the tax redistribution that needs to occur to provide local communities some return on the taxes they pay to have local services and infrastructure provided. However, these grants are hardly enough to sustain all the services and infrastructure provided by local councils,” said Mayor Easter.

“Of the estimated 250 taxes in Australia, Local Government has only one tax – the rates levied on property. This accounts for only 3 per cent of Australia’s total taxation revenue. The States raise 15 per cent and the Commonwealth Government raises 82 per cent of taxation revenue. Funding from the Commonwealth accounts for around 7 per cent of Local Government revenue but this funding is vital to providing local services.”

“What Ms Massina failed to discover was that the Commonwealth Government pre-paid half of the FAGs grants to all councils throughout the country in the past financial year – meaning that all councils have had an extraordinary surge in their grant funds received. This will be offset by the receipt of only half their usual allocation this year – which will result in many councils carrying deficit budgets for the year,” he said.

“This is not financial mismanagement by councils but managing the flow of funds from another source that has made financial choices of its own.”

“I can assure communities throughout Tasmania that council expenditure is subject to significant scrutiny by the Auditor General, the State Government and ratepayers themselves. The reporting requirements for councils are comprehensive and transparent and available for all ratepayers to see,” Mayor Easter said.

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For media enquiries, please contact LGAT President, Barry Easter, on 0408 334 936.