



# MEDIA RELEASE

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## Council Cost Index Released

The Local Government Association of Tasmania today released its annual Council Cost Index in an effort to assist councils with their rate setting deliberations.

The President of the Association, Mayor Barry Easter, highlighted that the index seeks to assist councils in more appropriately reflecting the costs of councils doing business and providing services to the community.

“While the Consumer Price Index (CPI) is a useful tool in considering the shift in costs of organisations, it is important to understand the nature of the business and what the true cost movements have been over a period,” Mayor Easter said.

“The CPI appropriately reflects a general movement in costs for the average ratepayer in terms of groceries and other consumables. However, the business of councils has a broader range of impacts and extends to activities related to general construction in terms of infrastructure provision (roads, drainage, parks and community facilities) and maintenance.”

“Although the mix of construction and non-construction activity varies from council to council, it is apparent that costs for Local Government have increased at a rate higher than the CPI over the last twelve months. The Building Construction Index for Tasmania moved by 4.7% while the CPI shifted upward by 2.6%,” he said.

“On the basis of the known movement in prices and the general split of council costs, the Association is proposing that the average movement in costs for the average council in Tasmania would be in the vicinity of 3.65%. When considering budgets and the setting of rates, councils will be encouraged to consider this benchmark in their deliberations.”

“The release of the index is not a direction to councils to increase rates by this exact amount but provides them with an improved knowledge of the impacts of costs on their operations and the ability to better make choices in terms of service levels, asset maintenance levels and the resources needed to provide these services”, Mayor Easter said

The Council Cost Index of 3.655 follows postings of 4.35% last year and 3.56% the previous year.

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**For further information or interviews, please contact LGAT President,  
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