



FINANCE – RATING STRATEGY AND POLICY

Type:	Council Policy		
Owner:	Chief Executive Officer		
Responsible Officer:	Director, Corporate Services		
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Legislation Reference:	Chapter 11 of the <i>Local Government Act 2019</i>		

1 PURPOSE

Katherine Town Council must implement the principles of sound financial management. These include managing financial risks, pursuing spending and policies that are consistent with a reasonable degree of stability, ensuring decisions are made with future generations in mind and openly disclosing financial information through publishing annual financial statements.

Council rates are a property tax. Rates are paid by all property owners within the Katherine municipality to help pay for services provided by Council and to maintain local roads, council facilities and public open spaces such as parks and gardens. Property owners (ratepayers) in Katherine municipality pay rates based on an assessed value of their property. Rates are the major revenue source for the delivery of Council services and activities.

The purpose of this policy is to outline Council's approach to setting rates and waste collection charges.

2 SCOPE

The policy applies to all Elected Members and Council employees with responsibility for making and implementing decisions on Council rates and waste collection charges.

3 DEFINITIONS

Northern Territory Planning Scheme means the scheme adopted in 2020 (and updated periodically) under the *Planning Act 1999* and published by the Northern Territory Government.

Overriding statutory charge means the same as Chapter 11, Part 11.9, Division 4 of the *Local Government Act 2019*.

Unimproved Capital Value (UCV) means the valuation of a land without any above ground improvements such a home, shed, pool, carport or other structures. It is assessed every three years by the NT Valuer-General based on the property market and analysing sales in the relevant local area to determine how much the land alone would be worth.

The *Local Government Act 2019* (Chapter 11) outlines the way in which Council can apply rates as a source of income. Under the Act, Council may adopt one of three methodologies which include:

- a fixed amount for each allotment, or
- an amount (a valuation-based charge) calculated as a proportion of the assessed value of each allotment, or
- a combination of a fixed charge and a valuation-based charge.

Council is currently using the valuation-based charge. However, under the Act, Council may base the methodology on a specified minimum and the valuation-based charge and state, 'whichever is the greater'. The valuation-based methodology allows Council to consider the locality of a property and the accessibility to facilities and services.

Council's rate setting structure is based on the following principles:

- **Equity** – an appropriate balance of the principles of user pays versus capacity to pay
- **Effectiveness/Efficiency** – meeting the financial, social, economic, environmental, or other corporate objectives of Council as stated in the Long-Term Financial Plan
- **Simplicity** – to ensure widespread community or stakeholder understanding and to minimise perceived inequities and hidden costs
- **Sustainability** – revenue decisions support the financial strategies for the delivery of infrastructure and services identified in Council's Municipal Plan.

Council considers the impact of rate increases on residential, commercial, general, light industry, organised recreation, rural and agricultural zones as well as other zones within the municipality. Therefore, changes in the valuation of different types of properties and the equity balance of the distribution of the rate burden are reflected in Council's decision to set a differential general rate based on the zone types across the entire municipality.

Each year Council seeks to raise an amount in general rate revenue that will provide a level of funding to enable Council to meet all its operating expenses (including depreciation) and to make a significant contribution towards the capital works program. Council endeavours to ensure that annual rate increases are reasonable and consistent across all land types.

Council will review its approach to the setting of rates annually, as part of the annual Municipal Plan and Budget and when reviewing the Long-Term Financial Plan. Council will continue to actively seek alternate funding sources to reduce the impact of the rate burden on the community.

BASIS OF RATES

Council carries out the following processes to help determine what level of rates should be charged:

- evaluate and determine the range of services it needs to support the community as a whole; for example, waste management and local road maintenance
- decide how much money is needed to fund services and infrastructure
- establish how much funding it can expect to receive from the Commonwealth and Northern Territory governments and other income sources
- determine how much money is required from rates and charges to cover the balance of expenditures, and
- decide on the best mix of rates and charges to provide services to the community.

Council adopts the Unimproved Capital Value (UCV) as it appears on the valuation roll prepared by the NT Valuer-General under the *Valuation of Land Act 1963* as the basis of the assessed value of allotments in the Katherine municipality.

Council levies a general or differential general rate on all rateable land. Council sets a rate to be levied equally on the UCV of the land and this is expressed as a number of cents per dollar of valuation or a fixed minimum rate, whichever is the greater.

In recognition of the variation in the level of services provided or available to occupiers of the different zones throughout Katherine municipality, a differential rating factor is applied. In setting the variable rate, Council is mindful to apply consistency across all properties and to ensure that the rate burden does not shift significantly from one zone to another.

Council applies the following differential rating strategies across the entire municipality, according to principal use of the land:

- the assumption that residential properties represent the majority number of properties
- acknowledgement that businesses can generate a greater relative consumption of Council’s infrastructure and services, therefore being a greater draw on Council’s resources
- acknowledgement that land owned by community groups and sporting associations are often eligible to receive rate concessions from Council, and
- acknowledgement of the economic and social importance of primary production to the Katherine municipality and the need to support its long-term viability.

Council prepares a budget for each financial year which determines how much it needs to raise in rates. The total amount of money to be raised in general rates is divided by the total value of all rateable properties in Katherine municipality. The resulting figure is called the ‘Rate in the Dollar’.

Council then determines how much each property would need to pay by multiplying the ‘Rate in the Dollar’ by the Unimproved Capital Value (UCV) of each property. If the rates are lower than a certain amount, a minimum rate would apply. Council publishes the amount of rates for each relevant category through the annual Rates and Charges Declaration.

Rating Categories

The categories (zones) are determined regardless of tenure, as any parcel of land has the potential to be developed for whatever purpose. For the purpose of rating, Council may apply all or any of the following rating categories to differentiate properties by planning zones as set under the NT Planning Scheme.

RATING CATEGORY (ZONE)	PLANNING DESCRIPTION
Low Density Residential (LR)	Predominantly for low rise urban residential development comprising individual houses and uses compatible with residential amenity, in locations where full reticulated services are available
Low-Medium Density Residential (LMR)	A range of low-rise housing options that contribute to the streetscape and residential amenity in locations supported by community services and facilities, and where full reticulated services are available
Medium Density Residential (MR)	A range of mid-rise housing options close to community facilities, commercial uses, public transport, or open space, where reticulated services can support medium density residential development
Specific Use	As outlined in Schedule 4 of the NT Planning Scheme
Agriculture (A)	Land with productive capability for a diverse range of agriculture
Water Management (WM)	Restricted development within a water catchment area or other area providing surface or ground water for protection of public water supply
Rural (R)	Residential, horticultural, agricultural and other rural activities on large lots to provide separation between potentially incompatible uses and restrict closer settlement in areas where access to reticulated water and sewerage may not be available

RATING CATEGORY (ZONE)	PLANNING DESCRIPTION
Rural Living (RL)	A range of rural lifestyle choices and rural activities, in areas where access to reticulated water and sewerage may not be available
Community Living (CL)	Provides for community living that provides temporary and permanent accommodation, and non-residential facilities for the social, cultural and recreational needs of residents
Community Purpose (CP)	Provide for community services and facilities, whether publicly or privately owned or operated, in locations that are accessible to the community
Central Business (CB)	An active and attractive mixed-use environment that maximises its function as the commercial, cultural, administrative, tourist and civic centre for the surrounding region that is integrated with high density residential development
Commercial (C)	Mix of activities and services well connected to a surrounding community at varying scales including retail, entertainment, community, and business activities that serve the broader community and residential development commensurate to the scale of the commercial precinct
Service Commercial (SC)	Destination retailing, commercial and other activities that individually require a large floor area for the handling, display and storage of bulky goods, or activities, in locations that enable convenient access by the broader regional population
Future Development (FD)	Area intended for future rezoning and development in accordance with the Strategic Framework. Development is limited to a level that will not prejudice future development or is compatible with planned future purposes
Railway (RW)	Restricted development on land that is reserved for current or future development of a railway or railway corridor
Caravan Parks (CV)	Caravan parks that cater for short term tourist accommodation and long-term residents and their needs
Tourist Commercial (TC)	Facilitates commercial and residential development that cater for the needs of visitors, supports tourism activities, and is of a scale and character compatible with surrounding development
Light Industry (LI)	Provides for low impact industrial and compatible non-industrial developments that will not by the nature of their operations, detrimentally affect adjoining or nearby land
General Industry (GI)	Provides for industrial developments that require separation from more sensitive uses as the nature of activities may detrimentally impact on the amenity of the locality, in locations with access to services and transport networks capable of supporting heavy industry
Organised Recreation (OR)	Provides for the development of community and commercial facilities for organised recreation activities.
Highway Control Plan (HCP)	Provides for the development of agriculture, detached dwellings, forestry or sports and recreation.

Other rating categories applied by Council include:

- Royal Australian Air Force (RAAF) Base Tindal
- Binjari Community
- pastoral leases as defined in the *Pastoral Land Act 1992*
- mining tenements
- feedlots
- shopping centres

- quarries, and
- allotments not covered by the NT Planning Scheme.

Rates are charged as one, **OR** the amount of rates multiplied by the separate parts or units that are adapted for separate residential occupation on each such allotment of rateable land, for each zone.

In respect of those classes of allotments known as Agriculture (A) under the NT Planning Scheme, where a fixed dwelling or multiple dwelling is used solely to provide workers' accommodation, rates will be raised by application of a differential rate, **OR** the amount of rates multiplied by the separate parts or units that are adapted for separate occupation.

There may be other rates, charges or levies that apply to a particular property. These could include waste collection charges or other levies. These costs are applied on top of the general rates charge and are only applied to affected ratepayers.

Assessment Record

Council maintains a database of records referred to as 'assessment records' containing:

- a brief description of each allotment within the Katherine municipality and a statement of its assessed value
- the name and address of the owner of the land (or if the owner is not the principal ratepayer for the land, the name and address of the principal ratepayer)
- the land use
- all rates and charges levied on the allotment
- any interest imposed
- the amount of rates written off (if any)
- the amount of payments made
- any rates concessions granted on the allotment, and
- any legal action taken in relation to the assessment record.

A person with sufficient interest in the assessment record may inspect the assessment record at Council's office. Refer to the Sufficient Interest in the Assessment Record policy.

Notice of assessment

Council issues an annual rate notice for each rateable assessment to ratepayers as listed in the assessment record.

Annual rates notices (1 July – 30 June) are issued every August with the option to pay in four (4) instalments.

Instalment dates are:

- 30 September
- 31 November
- 31 January, and
- 31 March.

Payment reminders are advertised in local print media and ratepayers can sign up for a free quarterly SMS reminder service.

Ratepayers experiencing financial difficulty

Council recognises that individuals can experience difficulty in meeting their responsibilities for the payment of rates and that it may be appropriate where financial hardship has been demonstrated to grant a concession to the payment of rates. Concessions may also be applied to meet public benefits, or to correct anomalies in the rating system.

Council strongly encourages ratepayers to meet their rate and charges payment responsibilities. However, ratepayers experiencing financial hardship may apply for a special payment arrangement or rate concession including:

1. deferment in whole or part of an obligation to pay rates or a component of rates, or
2. waiver in whole or part of rates or a component of rates, or
3. Public Benefit Concession for community organisations.

The Chief Executive Officer will make decisions about special payment arrangements and rate concessions and provide a regular report to Council on the number, type and financial implications of rate concessions being applied. Refer to the Rates Concession Policy for further information.

Interest and penalty for late payment

If rate payments are not received by the due date, the account will be in arrears. Accounts in arrears will incur a penalty (the 'relevant interest rate') calculated daily on the outstanding amount, from the date on which the missed instalment was due until the date the payment is made in full.

The interest rate is determined through Council resolution and published in the annual Rates and Charges Declaration.

Recovery of outstanding rates and charges

A ratepayer who fails to pay rates and charges on the due date for payment may face legal action for recovery of the principal amount of the rates and charges, interest accrued on the late payment and costs reasonably incurred by Council in recovering or attempting to recover rates and charges.

Under section 258 of the *Local Government Act 2019*, if rates and charges have been in arrears for at least three (3) years, and an overriding statutory charge securing liability for the rates and charges has been registered for at least six (6) months, Council may sell the land.

WASTE MANAGEMENT CHARGES

Council charges fees for its waste management services. These fees are published in the annual Rates and Charges Declaration.

Residents can access the waste management facility at no charge, except for excluded items as outlined in the Fees and Charges Schedule.

All residential properties receive a full waste collection charge where the property receives a weekly kerbside collection service. The waste collection charge will be applied to each separate part or unit within an allotment.

There is a minimum charge for vacant residential land or land outside of the kerbside collection service boundary.

There is also a minimum charge per allotment that is not residential land, such as Crown Land or commercially identified or zoned land.

If the ratepayer requests an additional kerbside collection, there is an additional charge per annum for each additional bin. The additional charge amount is outlined in the annual Fees and Charges Schedule and will be invoiced separately to the ratepayers' annual rates notice as it is a 'fee for service' charge.

5 ASSOCIATED POLICIES/DOCUMENTS

Rates and Charges Declaration published annually
Financial Management Practice Handbook
Sufficient Interest in the Assessment Record Policy
Rates Concession Policy
Fees and Charges Schedule published annually
Katherine Town Council Municipal Plan published annually

6 REFERENCES AND RELATED LEGISLATION

Local Government Act 2019
Valuation of Land Act 1963
Local Government (General) Regulations 2021
Planning Act 1999
Northern Territory Planning Scheme 2020
Pastoral Land Act 1992

Revision History

Version	Approval date	Details of change	Responsible officer
1	27/06/2017	Created	CEO
2	26/06/2018	Revised	CEO
3	08/07/2019	Revised	CEO
4	25/06/2020	Revised	CEO
5	22/06/2021	Revised	CEO
6	14/04/2023	Revision for compliance with new <i>Local Government Act 2019</i>	CEO
7	29/06/2023	Revision for compliance with the Rates and Charges Declaration 2023/24	CEO

