



KATHERINE TOWN COUNCIL RATING STRATEGY 2022/2023

Rates are a major revenue source for the delivery of the many Council services and activities.

Periodically, Council will review its approach to the setting of rates, particularly as part of the annual Municipal Plan and Budget and when reviewing the Long-Term Financial Plan.

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 of its operating expenses (including depreciation) and to make a significant contribution towards the capital works program.

The *Local Government Act 2019* (the Act) allows Council to raise revenue for the purposes of its operations. Part 11.5 of the Act describes the requirements for the setting of rates. Council is able to raise revenue through a general rate, which applies to all rateable properties.

Council calculates its general rates by using a combination of the valuation-based amount and differential fixed amounts methodology, using the assessed value of the unimproved capital value (UCV) of each allotment within the Katherine Municipality.

Council sets differential rates to be levied equally on the UCV of the land and zoning category and is expressed as a number of cents per dollar of valuation or a fixed minimum levy, whichever is the greater. The UCV that Council uses in this calculation is provided by the Valuer-General.

This method also involves using the NT Planning Scheme to categorise the rateable land by each allotments land use zone. Each zoning category must have its own description and a fixed minimum rate with a cent in the dollar. Council utilises these amounts to ensure ratepayers are charged equitably across the Katherine Municipality, whilst ensuring sufficient revenue is being collected to operate council services.

Council currently has the most differential rating categories in the Territory with a total of 27, compared to other Local Government Associations (LGAs) who have an average of 8 -15 categories. Council envisages bringing alike categories closer together within the rate in the dollar. Continuing this method, Council should see results, whereby the alike categories are grouped together with the same differential rate in the dollar.

It is not uncommon for LGAs categories to have a differential minimum amount applied, i.e., commercial minimum rates are higher than residential rates. Council has opted to remove the same minimum rate for all its categories and will now use two minimum rates: one (1) being for commercial activities at \$1,400.00 and two (2) for residential living purposes of \$1,325.00.

The minimum rate amounts will be utilised to ensure all ratepayers are contributing to the operations of Council regardless of their land valuation.

Council considers the impact of rate increases on residential, commercial, general, and light industry, organised recreation, rural and agricultural zones as well as other zones within the municipality. It

takes into account the goals set out in the Municipal Plan, comments received from the community, and the current economic conditions.

Council's rates are based on the following principles, where applicable:

- **Equity** – Derived from an appropriate balance of the principals of user pays versus capacity to pay.
- **Effectiveness/Efficiency** – defined as 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.

In recognition of the variation in the level of services provided or available to occupiers of the different zones throughout Council's municipality, a differential rating factor has been 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.
- Acknowledgement of the economic and social importance of primary production to the municipality and therefore to support its long-term viability.

Council will endeavour to ensure that future rate increases will be both reasonable and consistent across all land types. Council will also continue to actively seek alternate funding sources in an effort to reduce the impact of the rate burden on the community.