

# RATING STRATEGY



**TITLE: RATING STRATEGY**

**ADOPTED BY: COUNCIL**

**RESPONSIBILITY: CHIEF EXECUTIVE OFFICER**

**NEXT REVIEW DATE: 08/07/2020**

<b>Version</b>	<b>Decision Number</b>	<b>Adoption Date</b>	<b>History</b>
<b>1</b>	1	27/06/2017	<b>DRAFT</b>
<b>2</b>	2	26/06/2018	<b>1</b>
<b>3</b>	3	08/07/2019	
<b>4</b>			

## 1. RATING STRATEGY

The Rating Strategy relates to Council ('Katherine Town Council') and, where relevant, operates in conjunction with other related financial policies and procedures.

## 2. COMMENCEMENT OF STRATEGY

This Strategy will commence from 08/07/2019. It replaces all other strategies, if any, relating to rates (whether written or not).

## 3. SCOPE

The Strategy relates to all rateable properties as defined in the *Local Government Act*.

## 4. DEFINITIONS

4.1 In this Strategy:

**Act** – refer to the *Local Government Act*.

**Council** – refers to Katherine Town Council.

**Regulations** – refers to the Local Government (Accounting) Regulations.

## 5. PURPOSE

The purpose of the rating strategy and associated procedures is to provide considerations that include:

1. Assisting the community to better understand the relationship between Council's strategic plans for the community, its budget and the rates and charges structure.
2. Council's consideration of consistency and comparability in the imposition of rates on various sectors of the community, including but not limited to: residential, commercial, rural and agricultural.
3. Providing clear information around rate setting, thereby gaining greater community understanding of the issues.

## 6. PRINCIPLES

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 also when reviewing the Long Term Financial Plan.

There are four main ways that Council raises money to provide infrastructure and services to the community:

- Rates and Charges
- Fees and Charges
- Grants and Subsidies
- Developer contributions and infrastructure charges levied on land being developed to pay for roads and pathways and public recreation.

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.

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 Act allows for Council to raise revenue to be spent 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 may adopt one of three methodologies which include:

1. A fixed amount for each allotment; or
2. An amount (a valuation based charge) calculated as a proportion of the assessed value of each allotment; or
3. 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 take into account the locality of a property and the accessibility to facilities and services.

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 in the Municipal Plan, comments received from the community and the current economic conditions.

Council's rate setting and charges structure 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.

Therefore, changes in the valuation of different types of properties and the equity balance of the distribution of the rate burden are reflected in the Council decision to set a differential general rate based on the zone types across the entire municipality.

Katherine Town Council carries out the following processes in order 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 roads;
- decide how much money is needed to fund services and infrastructure;
- establish how much funding it can expect to receive from the Federal and 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.

Katherine Town Council must level a general or differential general rate on all rateable land. Council sets a rate to be levied equally on the unimproved capital value of the land and is expressed as a number of cents per dollar of valuation or a fixed minimum rate, whichever is the greater. The unimproved capital value that Council uses in this calculation is provided by the Department of Infrastructure Planning & Logistics. The fixed minimum rate component of individual properties will continue to provide approximately 30% of the total rate revenue and the remaining 70% is provided through the differential rates in the dollar.

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 has four waste collection levies for properties within the municipality.

1. A number of rural properties receive a discounted charge where their property is outside the weekly kerbside collection service area;
2. A number of residential properties receive a discounted charge where the land is certified as vacant and does not require a weekly kerbside collection service;
3. All other properties receive a full charge where the property receives a weekly kerbside collection service; and
4. An additional charge per annum, per additional garbage bin as per written request from a person liable to a charge in respect of a residential dwelling in conjunction with charge for the weekly kerbside collection service referred to in point 3.

Any surplus revenue over expense is kept in a dedicated reserve account for future replacement or upgrades of the Waste Management Facility.

## **7. CONSEQUENCES OF BREACHING THE RATING STRATEGY**

Any breach of the Strategy for employees may result in disciplinary action, including, but not limited to, issue of a warning, demotion, suspension or termination of employment and Elected Members disciplinary action in accordance with the *Local Government Act*.

## **8. KATHERINE TOWN COUNCIL CONTACT**

Any questions about this Policy should be directed to Chief Executive Officer 8972 5500.

## **VARIATIONS**

*Katherine Town Council reserves the right to vary, replace or terminate this Strategy from time to time.*

## **ASSOCIATED DOCUMENTS**

- Employee and Elected Members - Code of Conduct
- Instrument of Delegations Manual
- *Local Government Act*
- Local Government (Accounting) Regulations
- Multiple Dwelling Policy
- Rates Concession Policy

## **POLICY VERSION AND REVISION INFORMATION**

Policy Authorised by: Robert Jennings	Original issue: 27/06/2017
Title: Chief Executive Officer	
Policy Maintained by: Rosemary Jennings	Current version: 3
Title: Executive Manager – Corporate & Community Development	
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