

nhulunbuy corporation



RATING STRATEGY **POLICY – FM09**

Title	Rating Strategy Policy
Policy number	FM09
Type	Financial
Owner	Chief Executive Officer
Responsible Officer	Manager Corporate Services
Approval date	November 2024
Review date	November 2027

1. Purpose

The Rating Strategy relates to NC ('Nhulunbuy Corporation Limited') and, where relevant, operates in conjunction with other related financial policies and procedures.

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 NC's strategic plans for the community, its budget and the rates and charges structure.
2. Nhulunbuy Corporation's consideration of consistency in the imposition of rates on various sectors (zones) of the community.
3. Providing clear information around rate setting and unimproved capital value (UCV) assessments, thereby gaining greater community understanding of the issues.

2. Scope

The Strategy relates to all properties on Town and Industrial Special Purpose Leases (SPL) 214 and 250.

Zonings are as follows;

- Single Dwelling Residential
- Medium Density Residential
- High Density Residential
- Commercial
- Light Industry
- General Industry
- Community Purpose
- Future Development
- Open Space
- Organised Recreation
- Reserves & Walkways

3. Definitions

CEO means Chief Executive Officer of the Nhulunbuy Corporation, or such a person referred to as the 'Town Administrator'.

NC means the Nhulunbuy Corporation Limited

Act – refer to the Local Government Act.

UCV means Unimproved Capital Value - "the capital sum which the 'leasehold' of the land might be expected to realise, assuming that any improvements had not been made. This valuation is based on the Analysed Sales Movement methodology by zone, if offered for sale on such reasonable terms and conditions as a seller in good faith would require.

GST means goods and services tax

4. Principles

Rates are a major revenue source for the delivery of the NC services and activities. Periodically NC will review its approach to the setting of rates, particularly as part of the annual Operational and Corporate Plans and Capital Budget.

The Nhulunbuy Corporation issues rate notices in January each year. The rating year commences 1 January and concludes 31 December.

There are two main ways that NC raises money to provide infrastructure and services to the community:

- Rates and Service Charges
- Fees and Charges

NC will actively seek value for money and efficiencies in an effort to reduce the impact of the rate burden on the community.

Each year NC seeks to raise an amount in general rate revenue that will provide a level of funding to enable NC to meet all of its operating expenses (including depreciation) and to meet the capital works program.

NC has been deemed to perform the functions of a Local Government Council. The Act allows for NC 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. NC is able to raise revenue through a general rate, which applies to all rateable properties. NC 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.

NC is currently using the valuation-based charge. However, under the Act, NC may base the methodology on a specified minimum and the valuation-based charge and state: 'whichever is the greater'.

Authority

NC is granted the authority to charge rates and levies under its Memorandum of Association, to meet the obligations of providing municipal services as set in SPL 214, Town lease and SPL 250 Industrial Estate.

Valuations

Independent general valuations are conducted every three (3) years. Due to the leasehold land tenure, the process is conducted by an independent Valuer recommended by the NT Valuer General.

The basis for valuations is the Northern Territory of Australia Valuation of Land Act, at 2nd June 2014.

Valuations are issued under the principles of the Northern Territory Valuations of Land Act. The basis of valuation is the Unimproved Capital Value (UCV) for all zones.

New valuation movements are analysed and reviewed by property and by zone. Due to the limited sales data in the General Industry Sector, there may be a requirement to amend valuations with a significant increase from time to time. NC will endeavour to ensure that rate increases will be both reasonable and consistent for all property zones.

Application of UCV valuations, discounts, concessions or subsidies for any zone are at the discretion of the Nhulunbuy Corporation.

The final UCV assessment may be used by NC in the calculation of rates formula.

Supplementary valuations are carried out under certain circumstances, in between the general valuations to ensure valuations reflect the current property value. Examples of circumstances which may incur a supplementary valuation, include:

- Reconfiguration of lots
- Parcel of land sold off
- Rezoning
- Buildings erected, demolished or physically altered

A notice of valuation is issued for each property, to allow at least 30 days for feedback or objections from property owners, before rates notices are issued.

Rates Setting

NC considers the impact of rate increases on all zones within the lease areas. It takes into account the goals set in the Nhulunbuy Township Management Agreement and the Corporate Plan, comments received from the community and the current economic conditions.

NC'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.
- **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 the Nhulunbuy Township Management Agreement.
- **Comparability** - NC reviews the rating strategy periodically to ensure comparability with other jurisdictions to ensure practices are equitable with other Councils listed under the Act.

Nhulunbuy Corporation Limited 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 other income sources;
- determine how much money is required from rates and charges to cover the balance of expenditures (including the capital program); and
- decide on the best mix of rates and charges to provide services to the community.

Nhulunbuy Corporation Limited must level a general or differential general rate on all rateable land. For each year, NC 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 (Rate in the dollar-RID).

The RID is adopted by the Board of Directors with the annual budget.

Rates calculation formula = (UCV x RID) + 10% GST

GST

Under the GST Act NC does not qualify as a Government Authority, thus rates charges are taxable as a supply of services.

GST is payable on the rates, rubbish and tip levy components of the rates notice.

Service Charges

Waste

NC has two waste collection levies for properties within the lease areas.

- Rubbish Services – Applicable to properties that receive a kerbside collection service.
- Tip Levy – Applicable to properties that were previously outside of the kerbside collection service, covering the domestic waste charges deposited from these properties at the Waste Management Facility. The Tip Levy does not cover commercial waste.

Commercial property owners must make their own arrangements for rubbish collection.

An additional charge per annum is applicable for additional garbage bin/s upon request

from the ratepayer.

The revenue from rubbish charges is used to provide kerbside collection at residential properties, waste management services and to maintain the Gove Peninsula Waste Management Facility.

Town Centre Gardening Levy

NC charges a Town Centre Gardening Levy to those specifically receiving the service. Fees cover the cost of cleaning and gardening in the Town Centre.

Charges are based on full recovery of the Town Centre operations. The percentage allocation to each property is based on labour resource consumption required for each outside space.

Sewerage Charges

Sewerage charges recover the costs of operations and maintenance of the sewer infrastructure.

Charges are levied per water closet (WC) unit per lot.

5. Notices and Instalments

Annual rates notices are issued in January for that calendar year. Payments can be made either in full or via 4 equal instalments payable at 28 Feb, 31 May, 31 August, 30 November. There is no financial penalty to paying via instalments.

6. Financial Difficulties

Ratepayers who are experiencing financial hardship may apply on a case-by-case basis, using the prescribed form for more flexible payment options.

7. Variations

Nhulunbuy Corporation Limited reserves the right to vary, replace or terminate this Strategy from time to time.

Date	Director (Name)	Signature
20 January 2025	Andres Hoffman	<i>Andres Hoffman</i>
Chief Executive Officer (Name)		Signature
Shane Whitten		<i>Shane Whitten</i>