

# CITY OF PALMERSTON RATES STRATEGY CONSULTATION

Council is committed to working with ratepayers to develop a rating model that is supported by the community.

## ABOUT THE RATES STRATEGY

Council is preparing a Rates Strategy that sets out how rates are calculated for each type of property. This includes residential, rural residential, industrial and commercial properties.

Based on feedback and ideas from a volunteer-based Community Reference Group (CRG) on the best way to calculate rates, three different options are being considered in this consultation. The options are guided by the following principles of rating: **administrative simplicity, economic efficiency, equity.**

Council is now seeking further feedback to help determine which model will be implemented for all ratepayers going forward (*from 2020/21 financial year*).

This community consultation is open from 2 September to 13 October 2019.

## HOW RATES ARE CALCULATED

Council prepares a budget for each financial year which determines how much we need to raise in rates. The total amount to be raised is divided by the total value of all rateable properties in Palmerston. This 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.

## RATING OPTIONS FOR THE CITY OF PALMERSTON

The three rating options being considered are:

### KEY TERMS



**Rate in the Dollar** – Council assesses how much it needs to raise in rates each year and that amount is divided by the total value of all rateable properties in Palmerston. This figure is the Rate in the Dollar.



**Unimproved Capital Value (UCV)** is the amount your land alone would be expected to sell for without any improvements.

### Option 1: Valuation-based charge with a differential (current method)

Using this model, all ratepayers would pay an amount based on a rate in the dollar set by Council *and* their property's Unimproved Capital Value (UCV). If your rates are lower than a certain amount, a minimum rate would apply. The UCV, used by the City of Palmerston and most municipal Councils in the Northern Territory, are independently set by the Northern Territory Valuer-General every three years.

#### How does option 1 affect me?

- As this is the current rating method used by City of Palmerston, ratepayers would see no change to the way their rates are calculated.
- Properties with higher UCVs pay higher rates than those with lower UCVs.

## Option 2: Flat rate for Residential, UCV for remaining properties (used prior to 2015)

Using this model, all residential ratepayers would pay the same flat rate. Industrial and commercial properties would pay rates based on their UCV with a minimum rate.

### How does option 2 affect me?

- For residential ratepayers, this system follows the **equality** principle, all residential ratepayers pay the same amount.
- This option does not take into account the **equity** principle as it does not consider a ratepayer's ability to pay.
- Most residential ratepayers would see their rates increase using this model.
- There would be no changes to the way commercial and industrial rates are calculated.
- This is the system that was used by City of Palmerston prior to the 2015-16 financial year.



Use the rating calculator at [www.palmerston.nt.gov.au](http://www.palmerston.nt.gov.au) to see how your rates would be affected under this model.

## Option 3: Combination Fixed Rate and UCV Rate

Under this option, Council would select a percentage of the total rates revenue that would be raised from a fixed rate, and this would be evenly shared across all ratepayers. The rest would be raised from a valuation-based charge, calculated in a similar way to Option 1. Generally, the higher the fixed charge the more low valued properties will pay, and higher value properties will pay less.

### How does option 3 affect me?

- This option balances equity and equality as it combines a flat rate that means all ratepayers would pay the same flat rate, and a valuation rate that takes into account people's capacity to pay.
- Option 3 is a more complicated rating system as it combines two charges which are calculated differently – fixed rate plus UCV rate.



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## HOW RATES ARE USED TO MAKE PALMERSTON 'A PLACE FOR PEOPLE'

(SNAPSHOT FROM 2019/20 FINANCIAL YEAR BUDGET)

**\$9.84M**   
**CAPITAL BUDGET**

**\$770,000** **IN ROAD RESEALING**

**4,700** **STREET AND PUBLIC LIGHTS**  
TO BE REPLACED WITH ENERGY EFFICIENT LEDS

**\$2M SMART CITIES PROGRAM**  TO IMPROVE LIVEABILITY, AND DETER CRIME AND ANTI-SOCIAL BEHAVIOUR

**\$605,000**   
ON SHARED PATHWAYS AND DRIVEWAYS

**\$150,000**   
IN DRAINAGE UPGRADE AND MAINTENANCE



INCREASE IN COUNCIL'S INVESTMENT

**\$250,000**  
IN TREE PLANTING TO

**\$130,000**  
FOR PARK SHADING

**\$1.7M**   
ON LIBRARY SERVICES

**\$1.6M**   
ON COMMUNITY ENGAGEMENT & EVENTS

More information on how rates are used in Palmerston can be found in the Municipal Plan and Budget 2019/20 which is available on Council's website.

To provide feedback on the rating options or for further information:

- Complete the rating strategy survey online at [www.palmerston.nt.gov.au](http://www.palmerston.nt.gov.au) (You will be required to enter the reference number on your current rates notice to participate.)
- Visit us at a discussion kiosk, see the website for times and locations.
- Request a hardcopy of the survey at the contact details below.
- Email True North Strategic Communication at [feedback@truenorthcomm.com.au](mailto:feedback@truenorthcomm.com.au) or phone (08) 8981 6445.