

SUBMISSION RESPONSE TO DISCUSSION PAPER PART B

This response relates specifically to the proposed amendments outlined in Chapter 6 regarding conditional rating and rates exemptions.

Katherine Town Council appreciates the opportunity to provide a submission on the matter of conditionally rateable land within the Katherine Municipality.

Purpose of Conditional Rating

The intent behind conditional rating is to strike a balance between the economic benefits of mining and the financial burdens borne by local communities. It is designed to ensure that mining companies contribute fairly to the maintenance and improvement of local infrastructure—such as roads and community facilities—that are directly impacted by their operations.

Complexities in the Current Framework

Conditionally rateable land is governed by a complex legislative framework. Rating conditions may include exemptions for exploration-only leases, or variable rates depending on the size, type, or stage of mining activity. In some jurisdictions, legislative provisions limit councils' ability to levy rates that reflect the actual wear and tear on infrastructure, through mechanisms such as capped or reduced rates. These provisions, while aimed at encouraging investment in the mining sector, can result in significant revenue shortfalls for local governments.

Local Context and Challenges

In the Katherine Municipality, most quarries are located on rural, water management, or agricultural allotments, as defined under the Northern Territory Planning Scheme. These areas are typically serviced by low-grade roads not designed for the frequent heavy vehicle traffic associated with quarrying operations.

Tindal is a major economic driver in the region, and the expansion of its facilities is heavily reliant on materials sourced from local quarries. These materials are transported via Council-maintained roads, which are experiencing rapid deterioration due to constant heavy vehicle use. This places a significant financial burden on Council to maintain and upgrade infrastructure that was not designed for such loads.

Community Perception and Revenue Imbalance

Katherine Town Council has raised concerns about the impact of quarry operations through development application processes. However, there remains a common misconception among ratepayers that quarries are rated adequately to cover their impact on infrastructure. In reality, analysis of zoning and allotment data reveals that quarries and pastoral leases often pay significantly lower rates than other landholders in the area, despite relying heavily on Council services.

Legislative Inconsistencies and Lack of Clarity

Further complicating matters are legislative conditions that exempt certain mining tenements

from rates if they are inactive or used solely for exploration. Additionally, governments may adjust rating requirements for tenements in remote locations with limited infrastructure, further reducing the ability of local councils to generate necessary revenue.

In 2024, Council officers attended the LGANT Rating and Finance Forum to better understand the application of conditional rating. The forum revealed a lack of consistent guidance—particularly in relation to quarries—and confirmed that councils across the Northern Territory apply differing methods and criteria when calculating rates. Some council’s base rates on inconsistent variables, while others choose not to rate certain tenements at all.

Katherine Town Council is advocating for a more standardised, transparent, and equitable approach to conditional rating.

This may involve:

- Establishing clearer legislative guidelines for conditionally rateable land;
- Ensuring consistency in how mining tenements are rated across jurisdictions;
- Empowering and enabling councils to apply **rating categories** or **differential rating** powers that reflect both land use and the intensity of the activities conducted on the land;
- Or, if these objectives cannot be met, considering the removal of conditional rating provisions altogether.

Council believes it is essential that all stakeholders—particularly those involved in resource extraction—contribute proportionately to the cost of the infrastructure they rely upon. We are eager to collaborate with the Department, other councils, and industry representatives to help shape a framework that is fair, consistent, and sustainable.

Rates Exemptions

Agree with proposed change

The proposed clarifications to section 222(1)(g) of the *Local Government Act 2019 (NT)* would improve the current framework by enhancing clarity, consistency, and alignment with policy objectives:

1. **Clearer Definition of “Non-Commercial” Use**
Explicitly defining “non-commercial” in the context of rent-charging charitable housing providers would reduce ambiguity and support consistent application of rate exemptions across the Territory.
2. **Clarified Liability for CEO (Housing)**
Confirming that the CEO (Housing) remains liable for rates on Crown land regardless of direct occupation ensures legislative intent is upheld and prevents unintended cost burdens on local councils.
3. **Consistency Across Jurisdictions**
Standardised criteria would promote fair and predictable application of exemptions, reducing legal uncertainty and disparities between local government areas.

4. **Alignment with Social and Affordable Housing Goals**

These changes support the broader objectives of housing policy by recognising the charitable nature of affordable housing while ensuring local government revenue stability.

Overall, the reforms would strengthen the legislative framework by balancing financial sustainability with social impact and legal clarity.

The proposed changes to section 222(1)(g) of the *Local Government Act 2019 (NT)* would have the following impacts:

For Local Councils:

- Provide greater clarity and consistency in applying rate exemptions.
- Protect rate revenue, particularly on Crown land used for public housing.
- Improve administrative efficiency by reducing ambiguity and legal disputes.

For the Community:

- Support the ongoing delivery of affordable and community housing by giving providers legal certainty.
- Promote fairness and transparency in how rate exemptions are applied.
- Help balance social housing goals with the need for councils to fund essential local services.

Overall, the changes would create a more sustainable, equitable, and transparent framework that benefits both local governments and the communities they serve.

Potential Unintended Consequences and Implementation Issues

While the proposed changes aim to improve clarity and consistency, several potential risks and implementation challenges should be considered:

- **Ambiguity May Remain:** Even with a clearer definition, it may still be difficult to distinguish between commercial and non-commercial activities for some charitable housing providers.
- **Increased Administrative Burden:** Councils may face additional workload in reassessing exemptions, updating procedures, and training staff especially in smaller or regional areas.
- **Revenue Risks for Councils:** Misclassification or expanded exemptions could reduce rate income, possibly shifting the burden to other ratepayers and impacting community support.
- **Transitional Challenges:** Without clear guidance or phasing, there may be short-term confusion, disputes, or disruptions in service delivery.
- **Reliance on Ministerial Discretion:** Heavy reliance on Ministerial oversight may slow decisions and lead to inconsistent outcomes over time.

To mitigate these risks, clear guidelines, support for councils, transitional arrangements, and periodic reviews should be considered as part of implementation.

Additional Comments

There remains significant ambiguity in distinguishing between non-commercial and commercial use when determining eligibility for rates exemptions. Councils are often required to exercise a high degree of discretion, particularly in assessing applications from charities and Public Benevolent Institutions (PBIs).

Katherine Town Council regularly receives exemption applications for ministerial housing provided by churches. In some cases, the ministers are fly-in fly-out (FIFO) and may not be permanently based in the community. However, because the property is owned by a registered charity and designated for use by a minister or priest, it is typically granted an exemption. The concern is that if PBIs and charities continue to acquire residential properties and classify them as exempt based on their stated charitable use, councils could face increasing uncertainty and ongoing loss of rate revenue.

Currently, the Katherine Municipality has approximately 205 rate-exempt properties, of which 111 are Crown land.

The potential revenue from these exempt properties is significant:

- Without including Crown land, rateable revenue is approximately \$433,000.00.
- If Crown land were rated, the total potential revenue would increase to approximately \$1,624,893.14.

A further challenge arises with undeveloped Crown land. When a developer begins construction, the land remains exempt until the individual allotments are titled and valued, a process that has no defined timeframe. During this period, councils are expected to manage and provide services to the new subdivision without the ability to collect rates placing additional financial strain on local government.

There is also uncertainty around exempt land being used for commercial activities, such as hospitals operating private imaging services, cafés, or gift shops. The current legislation does not provide a clear framework for councils to assess whether these commercial uses on otherwise exempt land should be rated, leading to confusion and inconsistent application across the sector.