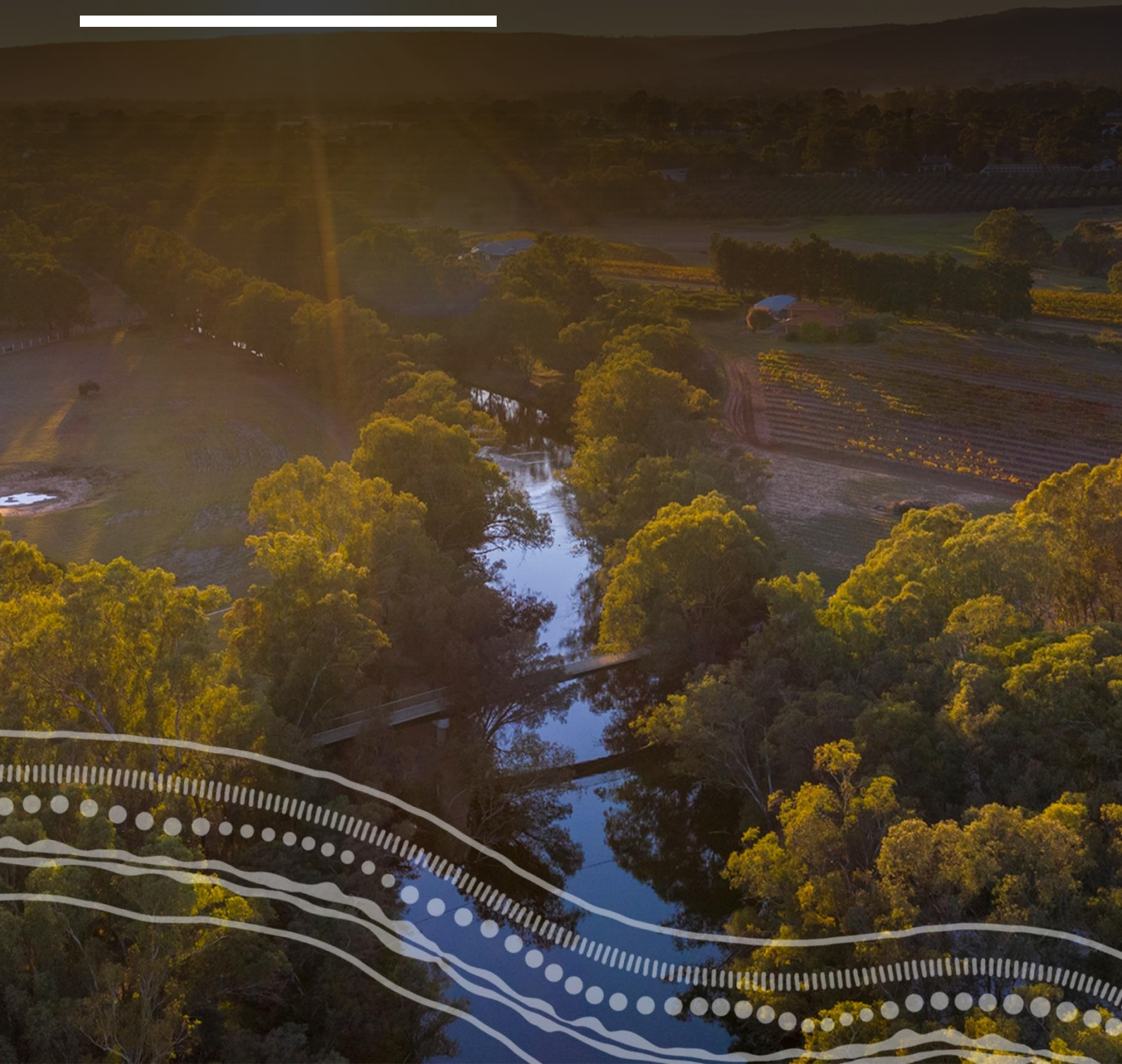




Rates and Revenue Plan

2025/26



Contents

1. Introduction	4
1.1 Integrated Reporting Framework – Informing Strategies, Plans and Policies	5
1.2 Revenue Sources	6
2. Rates	8
2.1 Background	8
2.2 Principles and framework	8
2.3 UV rates review	9
2.4 Differential rates and minimum payments	16
2.5 Calculating rates increase – annual budget	17
2.6 Specified area rates	18
2.7 Rates discounts and concessions	19
2.8 Payment arrangements / financial hardship	20
2.9 Other - Revenue in lieu of rates/Ex gratia	20
2.10 Rates analysis	20
3. Service charges	22
3.1 The Vines	22
3.2 Targeted Underground Power Program (TUPP)	22
4. Grants and contributions	23
4.1 Operating	23
4.2 Non-operating	23
4.3 Development contributions	23
5. Fees and charges	25
6. Interest on term deposits and property investments	26
7. Reserves and borrowings	27
7.1 Reserves	27
7.2 Borrowings	28
8. References/Key documents	29

Version control

Version	Date	Prepared by	Issue description	Issued to
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The City of Swan acknowledges the Traditional Custodians of this region, the Whadjuk people of the Noongar Nation and their continuing connection to the land, waters and community. We pay our respects to Elders past and present, and their descendants.

1. Introduction

As part of the Department of Local Government, Sport and Cultural Industries (DLGSC) local government reforms, all local governments are required to adopt a short Rates and Revenue Policy. The Policy will provide greater clarity for ratepayers by linking the cost of services and the maintenance of assets (such as roads and recreation facilities) to the setting of rates. DLGSC provides some guidance in the Introduction to Local Government Accounting manual which is available on their website and states ...

“A revenue policy (or strategy) is required by a local government to develop their longer-term revenue streams. It encompasses all revenue streams and provides a basis for ensuring local government rates and fees are being set in a consistent and clear manner. A revenue and rating strategy ideally comprises a number of components and may include information on:

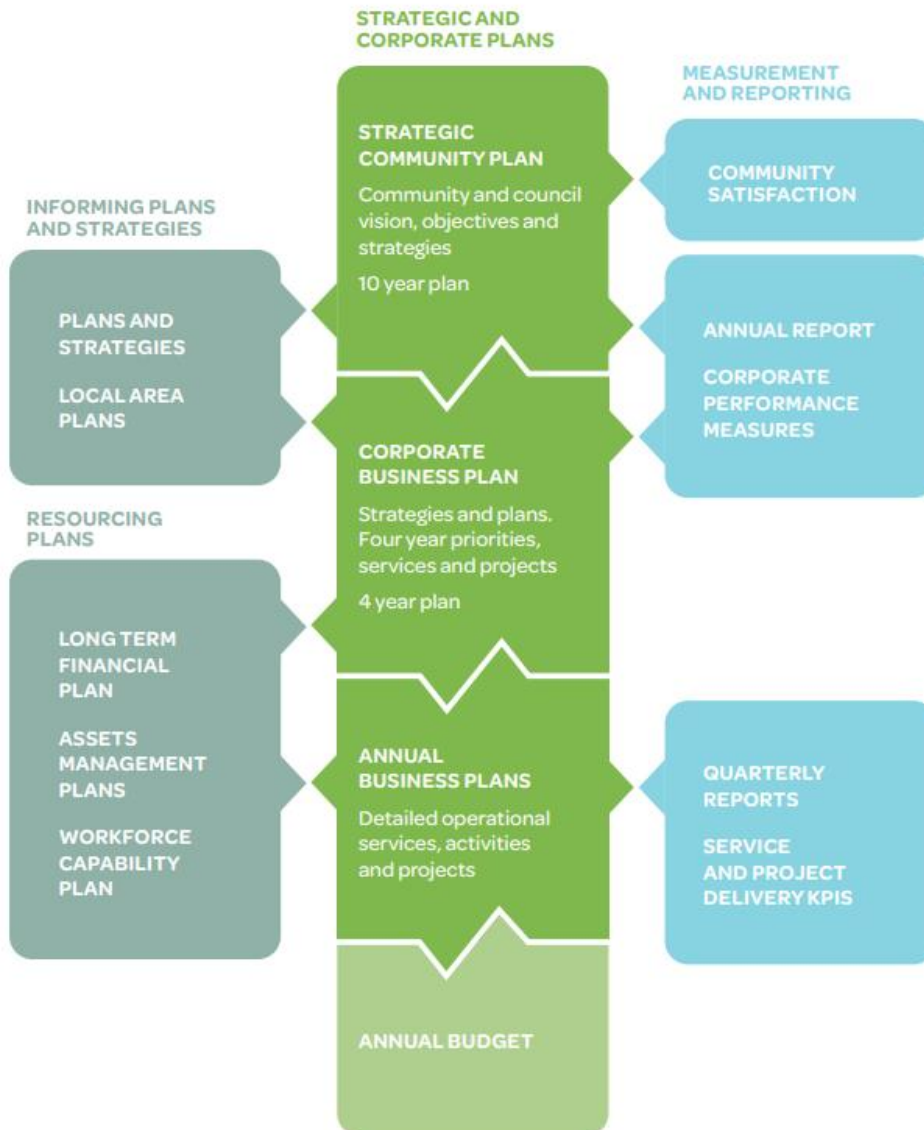
- *a Council’s rationale and objective discussion of its pricing policy and core components of its rating structure*
- *principles adopted for rating or fees and charges*
- *related research and background discussion on the local government and past practices*
- *comprehensive rates, fees and charges impact modelling*
- *explanatory material*
- *opportunity for public review/consultation.”*

This policy / strategy is one of the key informing documents to the Integrated Planning and Reporting framework, including the Long-Term Financial Plan (LTFP) and Corporate Business Plan (CBP).

Section 53 of the *Local Government Amendment Act 2024* inserted Section 5.56AA into the LG Act requiring local governments to prepare and adopt (by absolute majority) a rates and revenue policy before 1 March each year. Once adopted the policy may be amended (by absolute majority) with the most up-to-date version being published on the local government website.

The regulations and guidelines that will prescribe the information and content that must be contained in the rates and revenue policy has not yet been released. The purpose of the City’s Rates and Revenue Plan (Plan) is therefore to provide details of the City’s different revenue sources and the principles that guide the City when preparing the LTFP and imposing rates through the Annual Budget. The Plan has been prepared using two other local government Revenue and Rating Plans as a guide (City of Greater Geelong and City of Vincent) and will be reviewed annually. Any necessary adjustments to the Plan will be made once the regulations and guidelines are provided.

1.1 Integrated Reporting Framework – Informing Strategies, Plans and Policies



Long Term Financial Planning is a key element of the Integrated Planning and Reporting Framework. It enables the City to set priorities, based on their resourcing capabilities, for the delivery of short, medium and long-term community priorities. The LTFP is a 10-year rolling plan that informs the Corporate Business Plan (CBP) to activate Strategic Community Plan (SCP) priorities. The Annual Budget is developed from these planning processes and is aligned with the organisational strategic objectives.

The LTFP revenue estimates are based on a range of assumptions including population growth, community and demographic trends, inflation, and anticipated cost increases. The Plan provides guidance when preparing the LTFP on the following focus areas:

- The objectives of the City’s overall Rating Strategy to meet funding gaps as identified in the City’s LTFP.
- Engagement opportunities for the community to review and provide feedback on the rating strategy including deliberative engagement opportunities.

- Revenue raising practices covering both rates and other sources of income such as fees and charges, operating and capital grants and other non-rate income.

1.2 Revenue Sources

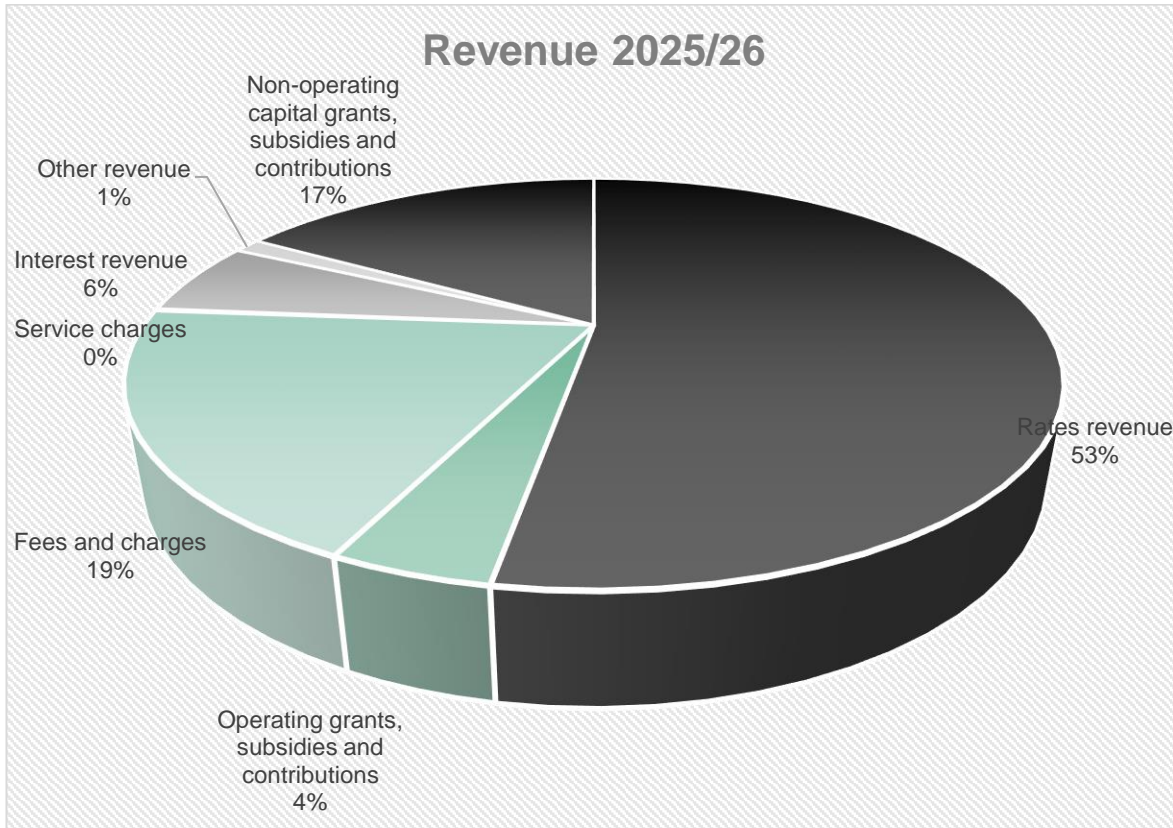
The City's annual budget and LTFP forecasts are prepared on a fully funded basis which requires sufficient revenue to satisfy its governance requirements, service delivery needs and ongoing infrastructure and asset management needs. The sources of these City funds can be summarised as:

Revenue Source	Description
Rates	All rates levied under the Local Government Act 1995. Includes general, differential, specific area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts offered. Exclude administration fees, interest on instalments, interest on arrears and service charges.
Service charges	Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1996 identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services. Excludes rubbish removal charges, interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.
Operating grants, subsidies and contributions	All amounts received as grants, subsidies and contributions that are not non-operating grants.
Non-operating grants subsidies and contributions	Amounts received specifically for acquisition, new construction or upgrading of non-current assets paid to a local government, irrespective of whether received as capital grants, subsidies, contributions or donations.
Fees and charges	Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.
Interest earnings	Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.
Profit on asset disposals	Gain on asset disposal including disposal of long-term investments. Losses are disclosed under expenditure.
Other revenue	Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates etc.

In addition, the City utilises Reserves and Borrowings as a funding strategy for strategic capital acquisitions.

The composition of City’s draft budget revenue for 2025-26 is shown in **figure 1** below.

Figure 1 – 2025/26 draft budget revenue sources



Revenue source	amount \$
Rates revenue	166,831,789
Operating grants, subsidies and contributions	13,863,826
Fees and charges	60,930,422
Service charges	521,950
Interest revenue	18,911,592
Other revenue	3,737,068
Non-operating capital grants, subsidies and contributions	52,167,270

2. Rates

2.1 Background

The purpose of a rating plan is for Council to consider how the City will fund its estimated budget deficiency each year. The plan provides details of the method by which the City informs its decisions about how it will raise revenue from properties within the local government area.

In accordance with the DLGSC's *Rating Policy – Rate Setting*, the amount of rates payable is determined by three (3) factors:

1. the method of valuing the land;
2. the valuation of the land and improvements; and
3. the rate in the dollar applied to that valuation by the local government.

The Minister for Local Government determines the appropriate method for the valuation of the land according to the relevant legislation and the rating policy on the valuation of land: that is, whether the unimproved value or the gross rental value of the land applies. This is based on the purpose for which the land is held or used. Land is rated according to its 'unimproved value' for land used predominantly for rural purposes, or 'gross rental value' for land used predominantly for non-rural purposes.

The Valuer-General values the land in line with the Valuation of Land Act 1978.

s6.32 of *the Local Government Act 1995* (the Act) requires the City, as part of its budgetary process, to establish its budget deficit and to set its rates to cover this shortfall. These will be imposed as a rate in the dollar, which will be applied to the valuation determined by the Valuer-General.

2.2 Principles and framework

The City's principles and decisions regarding rating are underpinned by:

- Revenue will be sufficient to fund the City's estimated budget deficiency after considering the resources required for the delivery of services and projects as detailed in the City's SCP, CBP and associated Annual Service Plans;
- Responsibility to apply rating principles fairly and equitably in compliance with relevant legislation;
- Benefit principle through the imposition of differential rates by imposing a higher rate on categories of ratepayers that receive a higher benefit from the City's activities.
- Minimum payment to ensure every ratepayer makes a reasonable contribution to the rate burden.
- Accountability and transparency via the annual advertisement of the City's proposed differential rates, specified area rates and objects and reasons statement to invite public submissions/comment;
- Where specified, local area infrastructure projects and services can be funded using Council adopted service charges and specified area rates;
- Flexible payment options including special payment arrangements are available to support ratepayers experiencing financial hardship

- Concessions will be applied only in special circumstances or for specific group of ratepayers as identified in annual budget.
- Rates will be minimised by maximising opportunities to realise non-rate revenue and continually improve efficiency and effectiveness of service delivery; and
- Regular benchmarking with other similar sized Perth metropolitan Councils.

2.3 UV rates review

2.3.1 Valuation method

Land is rated according to its unimproved value (UV) for land used predominantly for rural purposes or gross rental value (GRV) for land used predominantly for non-rural purposes.

Under the s6.28 of the Act, the Minister for Local Government is responsible for determining which method of valuation is to be used. This is based on the predominant use of land. As land use changes from predominantly rural to predominantly non-rural, or from predominantly non-rural to rural, a new determination is necessary. There is a statutory process the City must apply to gain Ministerial approval for any change.

Council has a role in ensuring that the rating principles of the Act are correctly applied to rateable land within their district such that rural land is rated on its UV and non-rural land is rated on its GRV. As the use of land can change from time-to-time, it is important for the City to have a system in place to detect land use changes so that it can modify the valuation method accordingly. Any review will be undertaken in accordance with the *Department of Local Government – Changing Methods of Valuation of Land* guidelines.

The City has 3997 properties out of approximately 70,000 which are rated based on the UV land valuation method. A summary of these properties is provided in the **figure 2** below:

Figure 2 – Summary of UV properties

Land size	Rating Category			Row Total
	UV Commercial	UV Farmland	UV General	
Less than 2 hectares	12	56	406	474
Between 2 and 4 hectares	7	102	1034	1143
Between 4 and 10 hectares	22	155	884	1061
Greater than 10 hectares	17	197	1105	1319
TOTAL	58	510	3429	3997

The City is aware of many examples across the district where neighbouring properties, both similar in size and land use characteristics, are rated by either the GRV or UV method and can be subject to significantly different annual rates charges. See below current examples highlighting this issue:

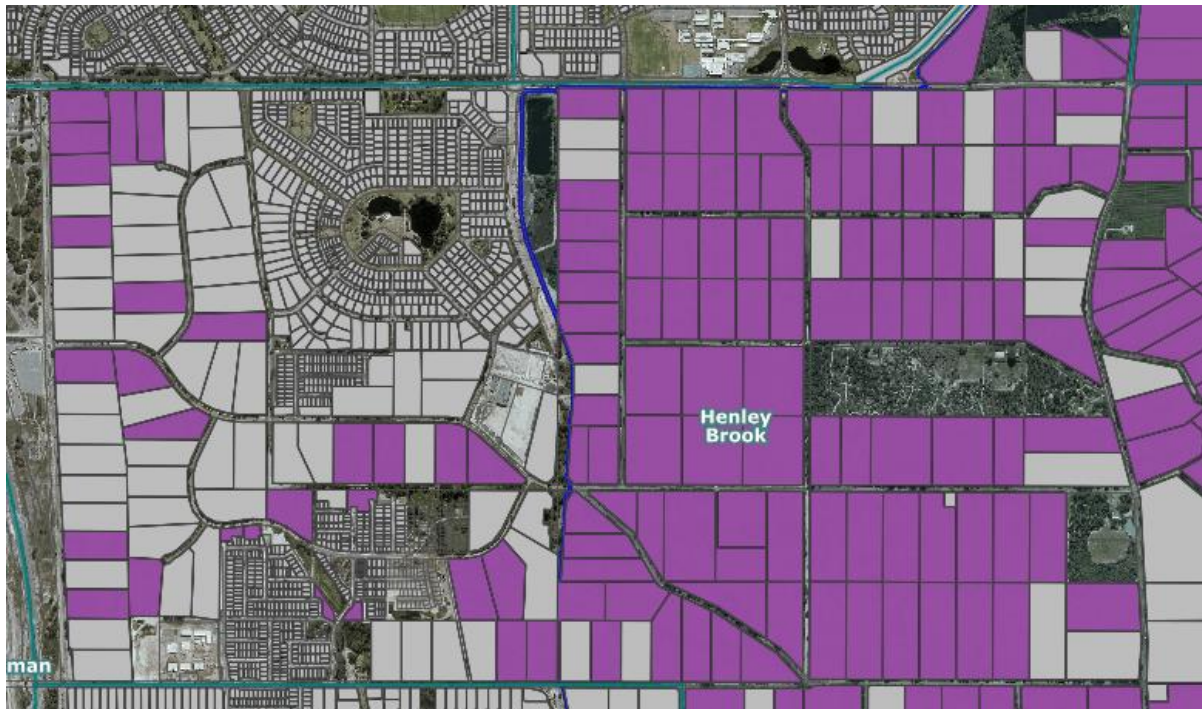


Aerial view of two similar neighbouring Brigadoon properties, one rated by GRV and the other UV. 2024/25 rates difference = \$716



Aerial view of two similar neighbouring Henley Brook properties, one rated by GRV and the other UV. 2024/25 rates difference = \$1022

To further illustrate the inconsistencies between properties rated on the two different valuation methods the below map shows properties rated via UV (Purple) and properties rated via GRV (Grey).



This inequity is not acceptable, and the City must ensure its rating principles are applied, and determinations made in a consistent manner so like properties are valued in a like manner.

2.3.2 Definition – predominant rural / non-rural land use

The City will apply the following principles when determining whether land is used predominantly for rural purposes:

- A 'rural purpose' means a purpose pertaining to agricultural and agricultural is defined to mean the use or cultivation of land for any purpose of husbandry or horticulture, including the raising of livestock and the growing of crops.
- It is the predominant physical use of the land which must be demonstrated (being a purpose pertaining to agriculture).
- The predominant use of land is one of fact and degree.
- Predominant use factors to be considered include the nature and scale of activities on the land and amount of income generated from each use, development on the property and Local Planning Scheme restrictions.
- Where persons live on the land, the land will not be used predominantly for rural purposes unless it can be shown that the rural use outweighs the residential use.
- Using land for open space is not permitted for agriculture and therefore would not be considered rural use of the land.
- Landholdings which are used for a person's place of residence with some ancillary hobby farm use do not satisfy the description of land 'used predominantly for rural purposes'.

The Local Government Guidelines – Changing Methods of Valuation of Land provides some examples to help define properties that are likely to be considered to have a predominantly non-rural use and therefore should be rated on the GRV method.

Example 1. A house is situated on a two-hectare property. On the property, there is a vegetable patch and some fruit trees. The occupier also keeps livestock, including a cow, two sheep, two horses and several chickens and ducks. There is no doubt some rural activities are undertaken on the property. However, these activities are undertaken on a small scale. The produce is mainly for personal consumption. Although from time to time the occupier may sell some produce at a roadside stall, the occupier is not deriving his/her livelihood from “working the land”. The predominant use can be said to be residential.

Example 2. More than half of a small rural property is occupied by chalets and associated developments. The rest of the lot is used occasionally to graze sheep and cattle. Given the scale of the chalet development it would be difficult to determine that the predominant use is rural.

Example 3. A portion of a property is being used for an agricultural purpose and the remainder is being used for holiday accommodation. The income generated from the holiday accommodation is significantly more than that from the agricultural pursuit. The predominant use could arguably be said to be non-rural.

Example 4. Some town planning schemes prohibit the keeping of livestock on certain small rural holdings. In addition, severe limitations may be placed on clearing of the land so that only a building envelope for a house may be cleared. It is arguable that these restrictions effectively determine that the land cannot be used for rural purposes.

Example 5. A vacant two-hectare property is situated in a special rural zone. The surrounding properties are of a similar size and zoning and most of them are developed for residential purposes with people living on them. Most of the residents of these properties keep some animals and grow produce mainly for personal consumption. However, due to the small scale of the “rural activities” the predominant use is residential. As many of the surrounding properties are used predominantly for non-rural purposes, the vacant land could be deemed to be predominantly non-rural.

2.3.3 Review predominant land use

The City must introduce an appropriate system to review the current land use of these properties and to also ensure that any future land use changes that may affect the predominant use of the land are identified and recorded. An individual assessment is required to determine each property’s predominant use. Due to the number of properties to be assessed, the review process is staged over a five-year period based on the following priorities and principles.

- UV properties less than two hectares to be reviewed commencing year one of the review;
- UV properties between two and four hectares to be reviewed commencing year two of the review;
- UV properties between four and ten hectares to be reviewed commencing year three of the review;
- UV properties greater than ten hectares to be reviewed commencing year five of the review;
- Applications to the Minister will specify, where possible, changes to take effect when gazetted. The effective date cannot be retrospective because approvals cannot be granted retrospectively; and
- Council may approve a rates concession to phase in any annual increase, that is greater than \$500, over two financial years. This would be calculated so that 50% of the increase was paid in year one and the balance of the increase in year two.

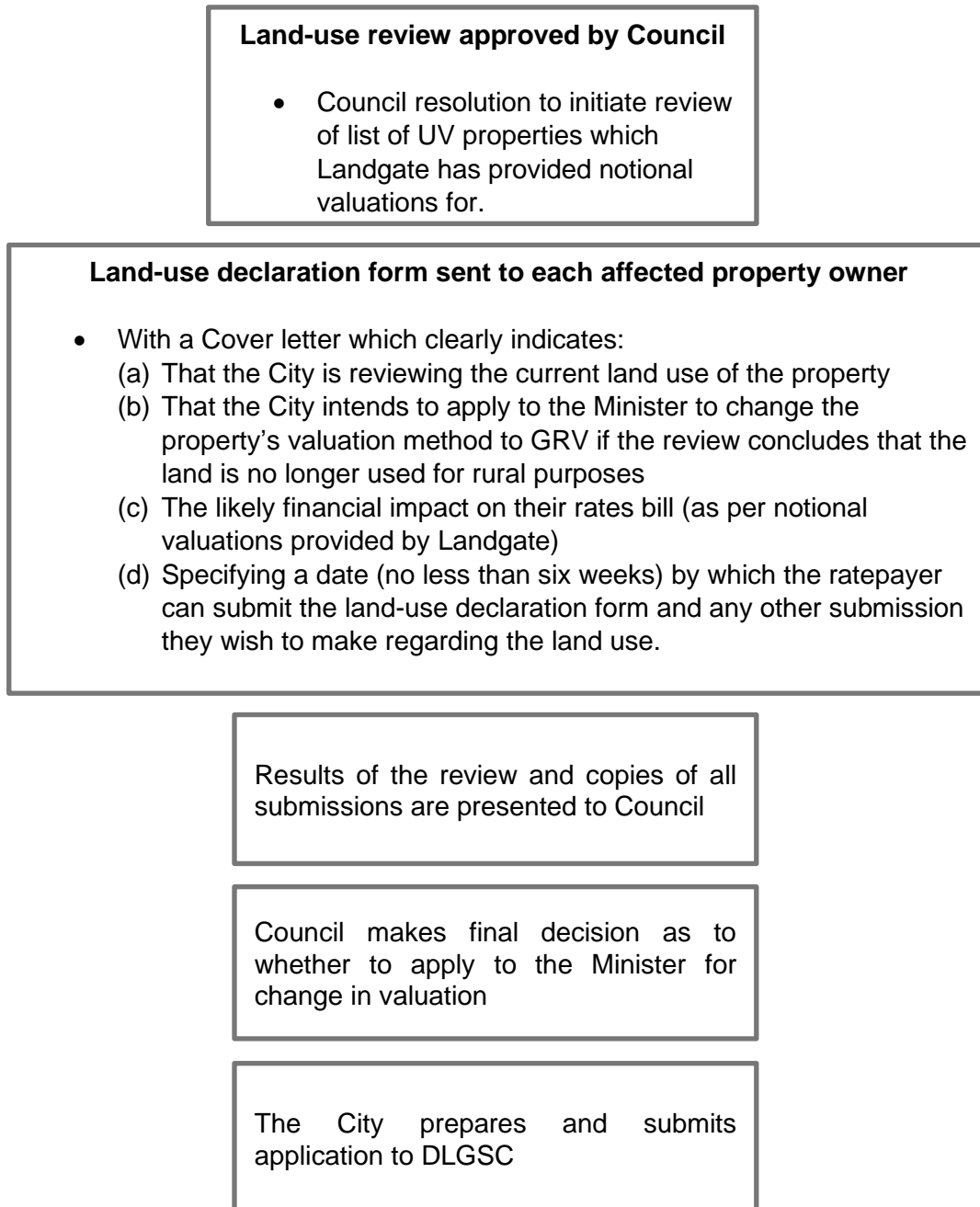
Rates and Revenue Plan

Prior to consulting with affected ratepayers, the City will liaise with the Valuer General to obtain notional values to ensure the City can model the financial effects of the changes for each property owner. The City has met with representatives from Landgate who have provided notional values for approximately 400 properties that are less than 2 hectares in size. Landgate has advised that they cannot supply any further notional values until at least July 2026 due to resourcing and other commitments.

Based on the above priorities, and limiting it to a review of 200 properties every three months, the planned number of properties to be reviewed will be staggered over the period 2025/26 to 2029/30 as follows (note, property numbers are subject to change):

Year	Less than 2 hectares	Between 2 and 4 hectares	Between 4 and 10 hectares	Greater than 10 hectares
2025/26	474	-	-	-
2026/27	-	800	-	-
2027/28	-	343	457	-
2028/29	-	-	604	196
2029/30	-	-	-	800

The land use review process is to follow a one-stage review as depicted in the flow chart below.



In addition to the above review of current UV properties the City must establish a link between the planning, building and health approval systems and the rating system to enable the City to readily identify approved changes to land use that may affect the predominant use of land. The approval of a subdivision, zoning or building application or a change in land use should also trigger a review process that concludes with an assessment of the need for a valuation or rating change.

2.3.4 Consulting with affected ratepayers

Prior to sending letters to affected property owners and prior to sending recommendation to the Minister, City officers will make a desktop assessment based on the following criteria:

- Any property with a dwelling and less than 4 hectares in size will be assessed as having a predominantly non-rural use and be recommended to be valued using the GRV valuation method.
- Any property with a dwelling and between 4 hectares and 20 hectares in size, will be assessed as having a predominantly non-rural use and be recommended to be valued using the GRV valuation method unless information available to officers indicates substantial agricultural activity on the land.
- Any vacant land properties will be assessed according to the predominant use that has been determined for the surrounding properties.
- Other properties with developments other than a dwelling will need to be assessed based on the nature, scale and extent of activities undertaken from these developments to make an initial assessment on the likely predominant use of the land as rural or non-rural.

Property owners will be advised via letter of the City's assessment of the predominant use of the land, the likely financial impact of any change to the valuation method and instructions on how to complete the Land Use Declaration Form.

If a property owner disagrees with the City's assessment, they must indicate this on the Land Declaration Form and provide supporting information to substantiate why the predominant use of their land is different to the City's assessment.

The Land Use Declaration Form and any other supporting information will then be used by City officers to make a final determination of the use of the land before a report is submitted to Council for approval to apply to the Minister to change the valuation method.

Supporting information to demonstrate predominantly rural use of the land and the activities undertaken at the property may include evidence of associated Australian Business Number (ABN), Property Identification Code (PIC), evidence of approved land tax exemption for land used for primary production business, or any other information that will help demonstrate the predominant use/activities undertaken at the property pertains to agriculture and generates an income that outweighs the residential use of the land. Any information received will be used and stored in accordance with the City's Privacy Statement which is published on the City's website.

Property owners will then receive a second letter from the City advising them if and when their property will be submitted in the report to Council for approval to apply to the Minister to change the valuation method.

2.4 Differential rates and minimum payments

2.4.1 Differential rates

A local government may impose a single general rate which applies to the properties in the UV or GRV category. Alternatively, the local government can distinguish between land in either category based on its zoning, use, whether it is vacant land, other characteristics set out in regulations, or a combination of these factors, and apply a differential general rate to each. The purpose of the imposition of a differential general rate is generally to ensure that every ratepayer makes a reasonable contribution to the rate burden.

When calculating the proposed rates revenue to fund the estimated budget deficiency the City imposes differential rates for both GRV and UV valued properties. The benefit principle is applied by the City when determining differential rates by charging a higher rate to those ratepayers who receive a higher service from City.

Before imposing a differential rate the City must strictly follow the requirements detailed in s6.33 of the Act. This includes Council endorsing a document which states the objects of, and reasons for, each rate and minimum payment. This should justify why one rate differs from another rate in each land valuation category (that is, each separately rated category within UV and GRV). Following Council endorsement, local public notice of the proposed rates must be advertised.

The notice cannot be published until 1 May in any year and the City must provide a minimum of 21 days after the advertisement appears for any elector or ratepayer to make a submission. Submissions must be considered by the council before imposing the proposed rate or minimum payment with or without modification. In addition, s6.33(3) requires the City to first receive approval from the Minister before imposing a differential general rate that is more than twice the lowest differential general rate imposed by it.

The City currently imposes the following differential general rates:

Rate Category	Characteristics	Objects and reasons
GRV residential	Predominant use of land is residential	The residential rate is the base rate for the calculation of all other GRV differential general rates
GRV commercial/industrial	Predominant use of land is commercial or industrial	Recognises the higher demand on City assets due to increased traffic generated through commercial/industrial activity
GRV Heavy industry	Predominant use of land is for heavy industrial purposes	Recognises the much higher demand on City assets as generated through heavy industry activity
UV general	Predominant use of land is rural and that does not fall into the category of UV commercial or UV farmland	To ensure ratepayers in this category make an equitable contribution to the City's revenue
UV commercial	Commercial UV purposes including commercial vineyard operations, phone towers, tourist accommodation, quarries and mining tenements	To ensure ratepayers in this category make an equitable contribution to the City's revenue
UV farmland	It relates to land used as farmland as defined by the City's Farmland Guidelines	It is the base rate for the calculation of all other UV differential rates.

2.4.2 Minimum payments

The City imposes a minimum payment for each differential general rate category irrespective of what the rate assessment would be if the rate is applied to the property valuation. This is to ensure that every ratepayer makes a reasonable contribution to the rate burden.

2.5 Calculating rates increase – annual budget

The first budget briefing session to Council members is held in February and briefing sessions continue until June. In addition to discussing fees and charges, operating and capital expenditure, guidance is given on the rating strategy for the annual increase in total rates revenue.

Council members provide feedback at the various budget workshops on the rate revenue increase that is required to fund the estimated budget deficit. Rates modelling is conducted using values provided by the Valuer General and loaded in the City's rates database. These models provide an indicative total rates revenue figure by applying different rate-in-the-dollar scenarios to the valuations in the data base.

When determining the percentage increase to rates, Council must consider both the proposed percentage change to the proposed differential rate-in the dollar and the increase to the 'rates yield' which will be different depending on whether properties were subject to a revaluation. The percentage change to the rate-in-the dollar represents the change compared to what was approved in the previous year's budget. The percentage 'rates yield' increase is calculated using, as the base year, a calculation of rates revenue immediately before the new valuations are uploaded to the system and by applying the previous year's approved rate-in-the dollar.

A revaluation of GRV properties is undertaken by the Valuer General every three years. The most recent re-valuation took effect on 1 July 2023 based on property market values as of August 2021. In years where no revaluation of properties occurs, a simple increase to the GRV rate-in-the dollar can be determined and applied in the rates model to determine an equivalent % increase to the 'rates yield'.

UV properties are subject to an annual revaluation. In a revaluation year, the City will use the rates model to calculate the specific rate-in-the dollar required to raise the desired rates yield percentage increase. In years where property values have significantly increased, this will often require a decrease in the rate-in-the dollar to be imposed. Revaluation changes are independently assessed for each property so the actual rates percentage increase calculated will not be uniform for properties subject to a revaluation.

Figure 3 provides an example of this calculation using the 2024/25 rates model data:

Figure 3 – rate-in-the-dollar calculation example

Category	2024/25 rateable valuation before revaluations	2023/24 RID	Rates revenue/yield including minimum rates (base)	2024/25 RID	2024/25 rateable valuations after revaluations	2024/25 rates revenue/yield including minimum rates	RID change %	Rates yield % change
GRV residential	1,135,724,293	0.07478	86,880,352	0.077397	1,135,724,293	89,916,012	3.5%	3.5%
UV general	2,315,145,850	0.0032844	7,621,431	0.0029721	2,647,672,150	7,887,979.00	-9.5%	3.5%

Minimum rates will generally be increased by the same percentage increase as sought for the rates yield increase and this change must also be factored into the rates modelling calculations presented to Council.

2.6 Specified area rates

Specified area rates are additional to general rates and apply to only a particular portion of the district. Specified area rates are imposed for a particular work, service or facility the City provides to a specified area within the district. There are three criteria of relevance: Ratepayers

1. Have benefited or will benefit from; or
2. Have access to or will have access to; or
3. Have contributed or will contribute to the need for, the work, service or facility.

The City has three Specified Area Rates that have been established for the following purpose:

- GRV and UV Hazelmere industrial area infrastructure rates for the purpose to fund the renewal and upgrade of infrastructure in the Hazelmere industrial area.
- Midland district drainage rate for the purpose to fund the renewal and upgrade of the stormwater drainage system in Koongamia, Bellevue, Midland, Woodbridge, Middle Swan, Viveash and Midvale in accordance with Council Policy POL-C-040.
- Hazelmere/Guildford district drainage rate for the purpose to fund the renewal and upgrade of the stormwater drainage system in Hazelmere and Guildford in accordance with Council Policy POL-C-062 and POL-C-096.

In accordance with ss6.37 and 6.11 of the Act, the City has established reserve accounts to hold money collected by the specified area rates to be used in future financial years. The City contributes matching funds at the following rates adopted annually and as stated in the relevant above policies:

- Hazelmere industrial area infrastructure matched by a \$3 to \$1 City contribution.
- Midland district drainage development matched by a 30c to \$1 City contribution.
- Hazelmere/Guildford drainage matched by a 30c to \$1 City contribution.

A summary of the budget for the Specified Area reserve accounts held during the period 1 July 2024 to 30 June 2025 is:

Reserve fund	Opening balance	Transfer in	Transfer out	Closing balance
Hazelmere industrial area	29,376,492	8,937,492	- 70,000	38,243,984
Midland district drainage	6,876,537	2,106,712	- 2,790,000	6,193,249
Hazelmere/Guildford Drainage	717,060	688,883	- 300,000	1,105,943

Council approves the Specified Area Rates to be imposed each year when adopting the annual budget. In accordance with Council Policy, they are to be imposed generally at a similar rate adopted by the Water Corporation for GRV properties in the Perth Metropolitan Area with any increases based on the Perth CPI adjustment, or more often should Council decide to do so.

Whilst there is no requirement to give public notice of its intent to impose a specified area rate, the City includes this in the advertising of the intended differential rates each year.

2.7 Rates discounts and concessions

2.7.1 Exempt rates

Organisations may apply to the City for a rates exemption which is provided strictly pursuant to s6.26(2) of the Act. Examples of non-rateable land includes ...

- Land which is the property of the crown and is held for a public purpose or is unoccupied.
- Land used exclusively by a religious body as a place of public worship
- Land used exclusively for charitable purposes
- Land which is declared by the Minister to be exempt from rates.

2.7.2 Concessions

The City may at the time of imposing a rate or service charge or later resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge. Discretionary concessions are designed to assist individuals facing financial hardships or in other special circumstances. The City approves the following concessions when adopting the annual budget.

Rate or fee to which the concession is granted	Discount %	Reason
Strata titled storage units	Approx. 58%	Strata titled storage units occupy a very small area and require little and infrequent use of City facilities and services
Heritage	50%	To assist owners with the care and maintenance of their heritage listed residential properties
Sporting club	75%	To assist sporting clubs that offer recreational activities to the community
Swan Valley farmland	30%	To assist property owners undertaking genuine farming activities whose land use is restricted due to being under the control of the Swan Valley Planning Act 2020

2.7.3 Pensioner rebate

Eligible pension and seniors card holders may receive a rebate in accordance with the provisions prescribed within the *Rates and Charges (Rebates and Deferrals) Act* and must be the owner and occupier of the property as at 1 July.

2.8 Payment arrangements / financial hardship

The City offers flexible payment arrangements in addition to the payment methods that are printed on the Annual Rate Notice (payment in full or by four instalments). Weekly or fortnightly payments can be arranged by special request. Any ratepayer who is experiencing financial difficulties is encouraged to contact the City’s rates department to discuss special payment arrangements and assistance which can be provided in accordance with the City’s Financial Hardship Policy (POL-C-198)

2.9 Other - Revenue in lieu of rates/Ex gratia

Annual ex gratia payment for Dampier to Bunbury pipeline is determined by the Department of Planning, Lands and Heritage.

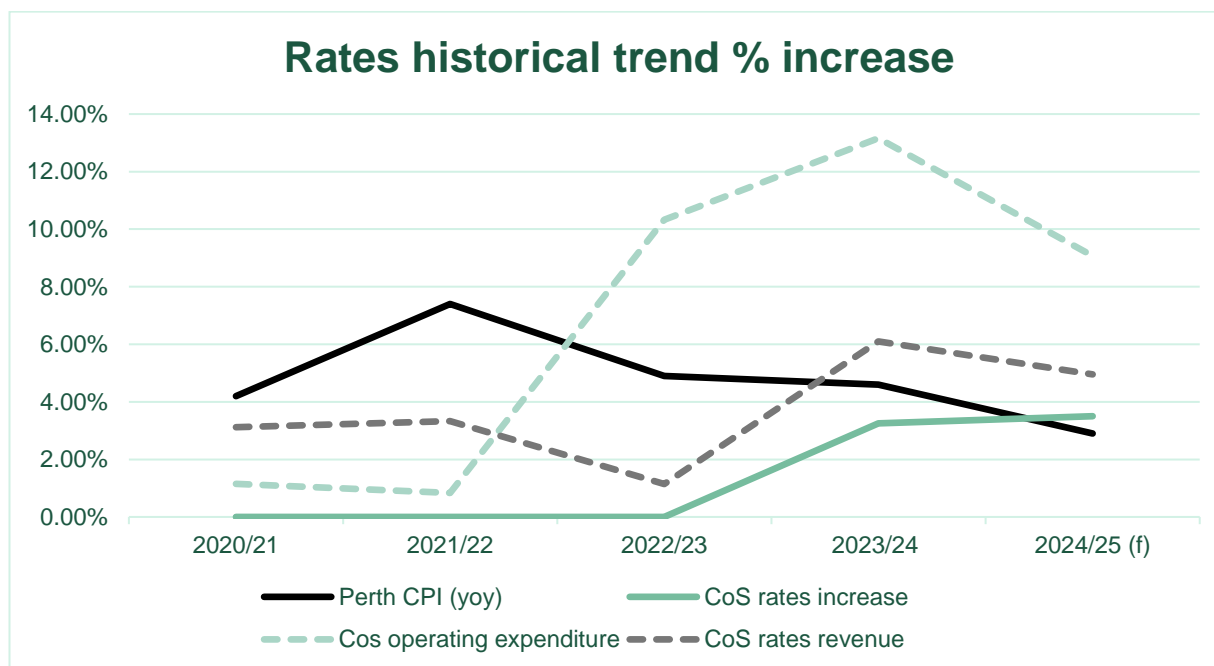
Schedule 4, Division 7 Section 36(3) of *The Dampier to Bunbury Pipeline Act 1997* makes provision for rate equivalent payments in the following manner:

The (DBNGP) Land Access Minister is to pay each local government in the district of which there is any utilised corridor land an amount equivalent to the rates that would have been assessable in the hands of an owner holding the fee simple in the land whose rates were assessable on the basis of unimproved value.

2.10 Rates analysis

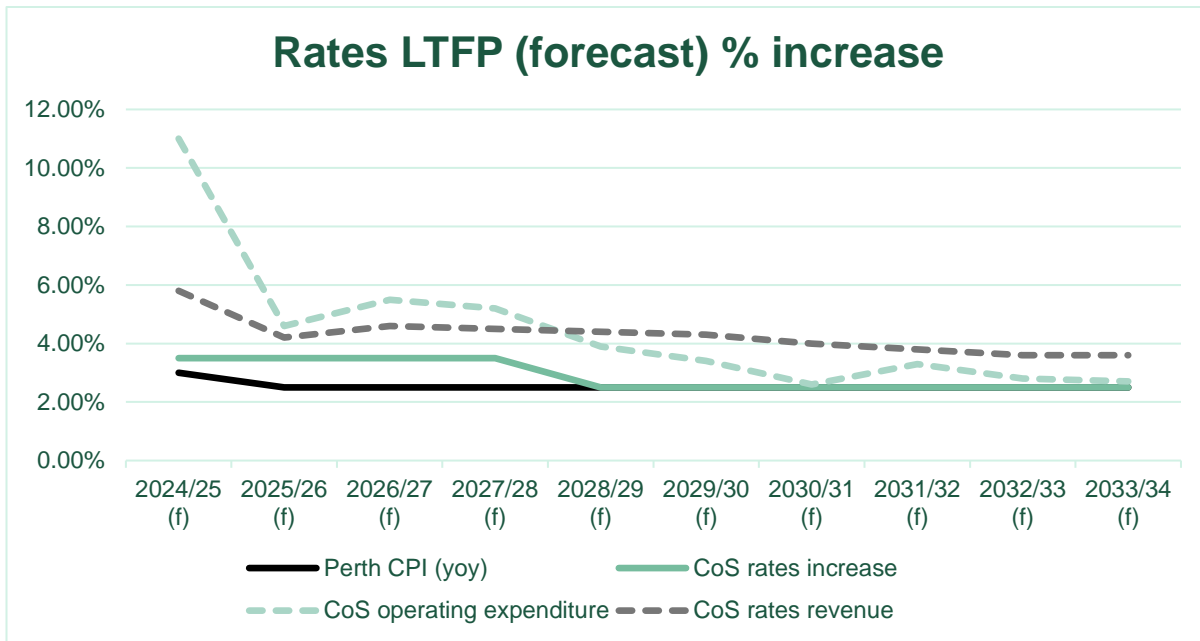
The graph below (**Figure 4**) compares the City’s approved rate increase to Perth CPI over the same period. The dotted lines show the City’s actual rate revenue % increase over this period compared to the % increase in operating expenditure.

Figure 4 – Rates historical trend



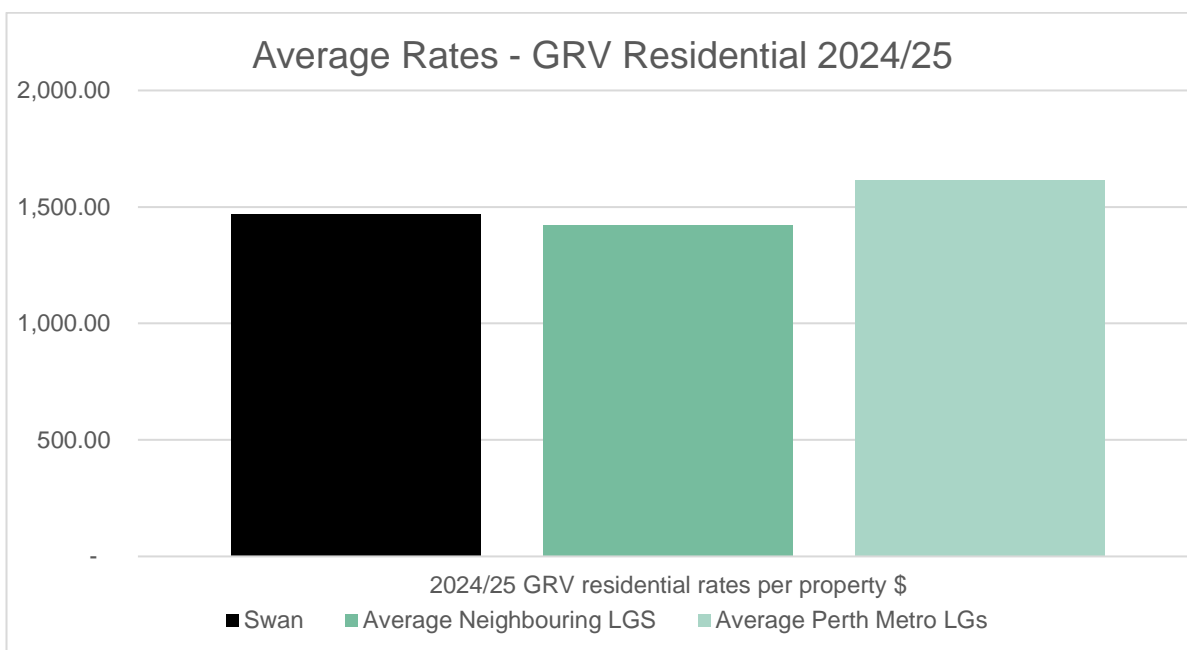
The City’s LTFP has been prepared based on a 3.5% increase in 2024/25 and then forward estimates based on CPI plus 1% for the three years 2025/26, 2026/27 and 2027/28 then CPI for the remainder of the plan.

Figure 5 – LTFP rates increase %



The City’s average residential GRV rate of \$1,470 per property for 2024/25 has been calculated by dividing total residential GRV rate revenue by the number of GRV residential rateable properties as per the City’s 2024/25 annual budget. As a comparison, the graph below shows the average for the 6 neighbouring local governments that share a boundary with the City (\$1421), and the average for the 29 Perth metropolitan local governments (\$1615) based on the 2024/25 budget published information.

Figure 6 – Average GRV residential rates per property



3. Service charges

3.1 The Vines

Service charges are imposed under s6.38 of the Act. The City currently imposes one service charge which is a security service charge for properties located in The Vines suburb. The service charge has been established to recover the costs of security patrol services within The Vines and is charged at a set fee per property as approved in the annual budget each year. The amount of the service charge fee in 2024/25 is \$222.70 per property.

3.2 Targeted Underground Power Program (TUPP)

The TUPP is a program established by Western Power for the delivery of underground distribution power lines. A portion of Midland and Woodbridge has been identified for upgrade under the program within the next 5 years. The program requires a contribution from the City however, Western Power and the State Government contribute most of the costs to the program. Typically, Local Government contributions are recovered directly from property owners in the project area.

At the Ordinary Council Meeting December 13, 2023, Council approved the TUPP in Midland and Woodbridge to be undertaken on a full cost recovery basis by implementing Service Charges under s6.38 of the Act. The City will offer payment terms of up to 15 years for the Service Charge to be paid by property owners. The estimated costs per property are between \$1,768.20 - \$3,283.80 for Project 235 (Midland) and between \$3,916.50 and \$7,273.50 for Project 317 (Woodbridge). The indicative project timelines are shown in the table below.

Project	Midland	Woodbridge
Design	January 2024 – July 2024	November 2024 – June 2025
Commence Construction	April 2025	November 2026
Construction Completion	February 2027	February 2028

It is expected that the City will fund this project by borrowings from WATC, to be repaid over a 15-year term, and for principal and interest costs to be fully funded by a Service Charge over this period. Based on the above timelines the City will most likely first approve a TUPP Service Charge as part of the 2026/27 annual budget.

4. Grants and contributions

Grant revenue represents income usually received from other levels of government. Grants that are received untied or for operational programs are classified as operating grants and grants received for the delivery of capital projects are non-operating grants.

4.1 Operating

Approximately 5% of the City's 2024/25 budgeted revenue was derived from operational grant income. The majority of this is the annual Federal Assistance Grant to local government which consists of a general-purpose component and an identified road component. Both components of the grant are untied and can be spent according to the City's priorities. The City's 2023/24 allocation was \$8.1m. In addition the City receives annual operational grants for the following programs:

- Department of Health (Commonwealth Home Support Program)
- Main Roads WA (direct road grant from the ongoing maintenance of City roads)
- DFES Local Government Grants Scheme

4.2 Non-operating

These grants are forms of tied capital payments given for a specific purpose / project. The City bids for grant funding from Commonwealth and State Governments, as well as entities such as Lotterywest.

Council approved the Financial Advocacy Priorities 2023-2025 at a Special Council Meeting held April 29, 2024. The priorities consist of a list of projects that have been identified as funding opportunities from these bodies. The priorities are determined by identifying suitable projects from the City's Capital Works program and had recorded community demand (through Local Area Plans or Councillor Ward Priorities).

The City also receives annual non-operating grants for road projects through the following programs.

- The Roads to Recovery Program, funded by the Australian Government, is delivered by local governments for the construction and maintenance of local road infrastructure. The City has been allocated \$14.8m for the period 2024/25 to 2028/29.
- The Metropolitan Regional Road Group, funded by a 67% contribution from the Western Australian Government, is for the delivery of approved road project grants.

4.3 Development contributions

The City receives significant developer contributions and gifted assets each year. The LTFP includes a forecast (indexed) of \$592m developer contributions and gifted assets for the period 2024/25 to 20233/34. The City currently has eight gazetted Developer Contribution Plans (DCPs), which are a legal arrangement between the City and specified landowner(s) to share the capital costs involved with building new infrastructure in new development areas.

Rates and Revenue Plan

Developer contributions can either be funded by a cash payment (contributions) to the City or by gifting assets and delivering capital works in-kind. All contributions are held separately by the City in reserve accounts established for the purpose of each DCP.

5. Fees and charges

A local government can impose and recover a fee or charge for any goods or service it provides in accordance with s6.16 of the Act. Regulation 5 of the Financial Management Regulations requires Council to undertake a review of the fees and charges not less than once in every financial year. Council reviews the proposed fees and charges throughout the budget preparation process and adopts the schedule of fees and charges when adopting the annual budget. s6.17 requires the City to take into consideration the following factors when setting the fees and charges:

- The cost to the local government of providing the services or goods;
- The importance of the service or goods to the community; and
- The price at which the service or goods could be provided by an alternative provider.

Where feasible the City's services are funded on user pays system and full cost recovery where appropriate. The City's fees and charges are derived from the following services, with the proportion each contributes to overall category revenue shown in brackets:

- Waste and recycling collection (63%)
- Swan Active leisure and aquatic centres (21%)
- Community care services (7%)
- Building and planning applications (4%)
- Other (5%)

As a local government authority, the City must adhere to the principle of competitive neutrality as per the National Competition Policy. The essence of competitive neutrality is that Government businesses should not enjoy a net competitive advantage simply as a result of their public sector ownership. However, this should not be at the expense of social welfare and equity, economic and regional development considerations, or the interests of consumers. The City has no local laws or policies that contain anti-competitive provisions.

6. Interest on term deposits and property investments

POL-C-018 Investment of Surplus Funds policy provides guidelines for the investment of funds which are surplus to the City's immediate requirements. A monthly report is provided to Council detailing the City's investment portfolio in terms of performance, portfolio balances and the percentage of category exposure. The report advises the income received and accrued year to date. An annual report is also submitted to Council reviewing the overall performance of the portfolio and benchmarked against the Bloomberg AusBond Bank Bill Index.

POL-C-157 Property Investment Policy provides guidelines for a structured and consistent approach to the increased generation and diversification of non-rate revenue through the development and management of a commercial investment portfolio. The City will consider an investment in land and property assets to achieve any of the following objectives:

- Delivery of an ongoing return on investment greater than can be achieved through the City's Investment of Surplus Funds Policy;
- Encourage economic development; or
- Increase commercial viability of existing facilities.

An annual report is submitted to Council (through the Audit Committee) reviewing the overall performance of the portfolio and benchmarked against the City's term deposit investments.

7. Reserves and borrowings

7.1 Reserves

The City has established many reserve accounts which are used to hold funds to be used in future years for a specified purpose. Any movements to a reserve account or from a reserve account is approved when the budget is adopted by Council. There are two types of reserve accounts maintained by the City, those restricted by legislation and those restricted by Council. The reserves restricted by legislation include the eight DCP funds, three specified area funds and various public infrastructure reserves accounts where the City has received cash contributions to fund specified works.

A summary of the City's reserve accounts which are restricted by Council is provided below.

Reserve name	Purpose of the reserve	Funding
Employee entitlements – LSL and AL reserve	To fund LSL and AL provisions	The fund maintained to fully fund the City's end of year provision for AL and LSL
Aged services asset replacement	Replacement of assets used for the provision of Aged Care Services	Any unspent grant funds for aged care services
General insurance	Insurance claim shortfall	LGIS dividend distribution, insurance reimbursements
Gravel pit rehabilitation	Remediation of the existing quarry and acquisition of land for future quarries	The City contributes an amount equal to value of gravel extracted and used for City works
Plant and equipment	Replacement of City motor vehicles, plant and equipment	The City contributes an amount equal to the annual depreciation charge for plant and equipment assets
Waste management	Operations and development of the City's sanitation service	The City contributes any annual 'net surplus' in relation to sanitation operations, and an amount equal to annual depreciation for associated plant and equipment assets
City asset replacement	Renewal and replacement of City's infrastructure assets	The City contributes an amount equal to 3% of Rate Revenue
Strategic development reserve	Acquisition, construction and development of freehold properties for the purposes of the City's strategic development	Proceeds received from asset sales as approved by Council
Strategic project reserve	Acquisition, construction and development of properties to meet the community infrastructure needs of growing population	City annual contribution approved by Council
Deferred project reserve	To hold surplus municipal funds to be used to complete approved carried forward capital works from prior year budget	Carried forward funds as approved by Council
Energy efficiency reserve	Capital initiatives that support the City's Energy Efficiency and Emission Reduction Plan	City annual contribution approved by Council

Elections reserve	Biennial local government elections	City contributes \$300,000 annually
Dayton DOS hockey synthetic turf	Renewal and replacement of synthetic hockey surface	Annual contribution from licence agreement
Ellenbrook DOS playing fields synthetic turf	Renewal and replacement of the sports playing field synthetic surface	Proceeds received from use of the facility
Aveley community	Community facilities and services within Aveley and nearby	Developer contributions of Vale matched \$1 for \$1 by the City
Ellenbrook community facilities	Community facilities and services within Ellenbrook Estate	Developer contributions of Ellenbrook Joint Venture matched \$1 for \$1 by the City

Money from different accounts may be placed in a common investment in accordance with the *Local Government (Financial Management) Regulations 1996*, Regulation 8(3). Any interest earnings are allocated proportionally to each account held as per the account balances on the day the investment was made.

7.2 Borrowings

Section 6.20 of the Act gives the City the power to borrow money to perform the functions and exercise the powers conferred on it under the Act. The City does not have a borrowing policy. Borrowings are approved through the annual budget when deemed necessary. The City plans for future borrowings when preparing the LTFP each year.

Details of borrowings are included in the Annual Budget and City's Financial Statements contained in the Annual Report.

8. References/Key documents

City of Greater Geelong [2021-2025 Revenue and Rating Plan](https://www.geelongaustralia.com.au/rates/documents/item/8d934d2825b8da1.aspx)

<https://www.geelongaustralia.com.au/rates/documents/item/8d934d2825b8da1.aspx>

City of Vincent [revenue-and-rating-plan-2022-2026](https://www.vincent.wa.gov.au/revenue-and-rating-plan-2022-2026) (vincent.wa.gov.au)

Department of Local Government, Sport and Cultural Industries (DLGSCI) [Local Government Reform – Improved Financial Management and Reporting](https://www.dlgsc.wa.gov.au/departments/publications/publication-(languages)/improved-financial-management-and-reporting)

[https://www.dlgsc.wa.gov.au/departments/publications/publication-\(languages\)/improved-financial-management-and-reporting](https://www.dlgsc.wa.gov.au/departments/publications/publication-(languages)/improved-financial-management-and-reporting)

Department of Local Government, Sport and Cultural Industries (DLGSCI) [Introduction to Local Government Accounting](https://www.dlgsc.wa.gov.au/local-government/local-governments/support-and-advice/financial-policy-and-accounting) <https://www.dlgsc.wa.gov.au/local-government/local-governments/support-and-advice/financial-policy-and-accounting>

Department of Local Government, Sport and Cultural Industries (DLGSCI) [Rates Setting – Information on setting rates for local governments](https://www.dlgsc.wa.gov.au/local-government/local-governments/support-and-advice/financial-policy-and-accounting) [Rates setting | DLGSC](https://www.dlgsc.wa.gov.au/local-government/local-governments/support-and-advice/financial-policy-and-accounting)

Department of Local Government, Sport and Cultural Industries (DLGSCI) [Rating Policy: Differential Rates](https://www.dlgsc.wa.gov.au/local-government/local-governments/support-and-advice/financial-policy-and-accounting) (dlgsc.wa.gov.au)

Department of Local Government, Sport and Cultural Industries (DLGSCI) [Rating Policy: Valuation of Land](https://www.dlgsc.wa.gov.au/local-government/local-governments/support-and-advice/financial-policy-and-accounting) (dlgsc.wa.gov.au)

Department of Local Government, Sport and Cultural Industries (DLGSCI) [Changing Methods of Valuation of Land](https://www.dlgsc.wa.gov.au/local-government/local-governments/support-and-advice/financial-policy-and-accounting) (dlgsc.wa.gov.au)

Department of Infrastructure, Transport, Regional Development, Communications and the Arts [Roads to Recovery Program | Infrastructure Investment Program](https://www.infrastructure.gov.au/roads-to-recovery)

Department of Infrastructure, Transport, Regional Development, Communications and the Arts [Financial Assistance Grant to Local Government | Department of Infrastructure, Transport, Regional Development, Communications and the Arts](https://www.infrastructure.gov.au/roads-to-recovery)

Government of Western Australia [Competitive neutrality Policy](https://www.wa.gov.au/government/publications/competitive-neutrality-policy) <https://www.wa.gov.au/government/publications/competitive-neutrality-policy>

Main Roads Western Australia [Local Government Road Funding | Main Roads Western Australia](https://www.mrw.gov.au/local-government-road-funding)



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