



UV Method Review

June 2025

Agenda

- Overview - Rates and Revenue Plan
- Why a UV properties review?
Current inequity examples
- Staged review of UV properties
- Financial impact
- Consulting with affected property owners
- Concessions
- Next steps / how to provide feedback



Rates and Revenue Plan



Council Resolution December 2024



Council resolved to:

1. Undertake community consultation and engagement prior to Council considering to endorse the Revenue and Rating Plan.
2. Not approve the review of the City's UV properties to determine the predominant use of the land, until community consultation and engagement has occurred in advance about the proposed changes, especially in relation to affected ratepayers within rural areas.
3. Authorise the CEO to prepare a report on the option of Council creating a new rural residential zone prior to Council endorsing the Revenue and Rating Plan for 2024/25.
4. Authorise the CEO to engage and consult with all affected property owners and to present any submissions received to Council prior to Council making a decision as to whether to apply to the Minister for a change in valuation method.

Draft Rates and Revenue Plan



Rates and Revenue Policy

- Recent changes to the Local Government Act will require local governments to approve a Rates and Revenue **Policy** each year which will link the cost of services and maintenance of assets to the setting of rates.

Objectives of the Rates and Revenue Plan

- The Rates and Revenue **Plan** outlines how the City generates revenue, with rates being the principal source.
- The Plan aims to provide information to help the community understand the City's different revenue sources and the process it follows to determine the level of rates revenue required each year.
- The City's rating decisions are **underpinned by principles** which are detailed in the Plan.
- The Plan will be informed by the Policy and act as a key **decision-making tool** for Council through the annual budget process.

City of Swan - Rating Principles



- Revenue will be sufficient to fund the City's estimated **budget deficiency**.
- Responsibility to apply rating principles **fairly and equitably**
- **Benefit principle** through the imposition of differential rates. (e.g. Commercial/Industrial rate)
- **Minimum payment** to ensure every ratepayer makes a reasonable contribution
- Accountability and **transparency**
- **Flexible payment options** including special payment arrangements are available to support ratepayers experiencing financial hardship
- **Concessions** may be applied in special circumstances or for specific group of ratepayers. (e.g. sporting clubs 75% discount, heritage properties 50% discount, Swan Valley farmland 30% discount)
- In addition, Council may elect to impose a **Specified Area Rate or Service Charge** for a local area infrastructure project or service. (e.g. Hazelmere industrial area, Guildford/Midland Drainage)

Why is there a
requirement for
a review of UV
properties? –
Examples of
inequity



s6.28 of the Local Government Act

6.28 Basis of rates

- (1) The Minister is to –
 - (a) determine the method of valuation of land to be used by a local government as the basis for a rate; and
 - (b) publish a notice of the determination in the *Government Gazette*.
- (2) In determining the method of valuation of land to be used by a local government the Minister is to have regard to the general principle that the basis for a rate on any land is to be –
 - (a) where the land is used predominantly for **rural purposes**, the **unimproved value** of the land; and
 - (b) where the land is used predominantly for **non-rural purposes**, the **gross rental value** of the land.

s6.28 - Rural Purposes

- The Minister Determines the method of valuation of land
 - The Department of Local Government has issued guidelines – *Changing Methods of Valuation Land* to assist local governments through this process. In accordance with those guidelines and as detailed in the City's Rates and Revenue Plan ...
-
- A **'rural purpose'** means a purpose pertaining to agriculture
 - **'Agriculture'** is defined as the **use or cultivation of land for any purpose of husbandry or horticulture, including the raising of livestock and the growing of crops.**
 - **Non-rural use** is any use other than agriculture which includes residential, commercial, industrial, and tourist-related activities

Predominant Use – Judgement Call



- In the City's rural areas many properties will have characteristics of both Rural and Non-Rural Use. It is a question of **Fact and Degree** to determine the predominant use.
- It is the **predominant physical use of the land** which must be demonstrated
- **Activity conducted on the land:** The nature scale, and extent of each activity should be taken into account. Small scale rural activities, like keeping some livestock and growing produce mainly for personal consumption, typically mean the predominant use is residential, not rural, especially if the occupier is not deriving their livelihood from 'working the land'
- **Town planning restrictions:** For example, planning schemes which limit the clearing on small holdings may effectively determine the land cannot be used for rural purposes.
- **Development of land:** If a significant portion of the property is occupied by non-rural development (like chalets), it may be difficult to determine the predominant use is rural.
- **Vacant land:** Must consider the predominant use of surrounding land and any restrictions on the use of that land

How does the City compare to other Perth Local Governments?

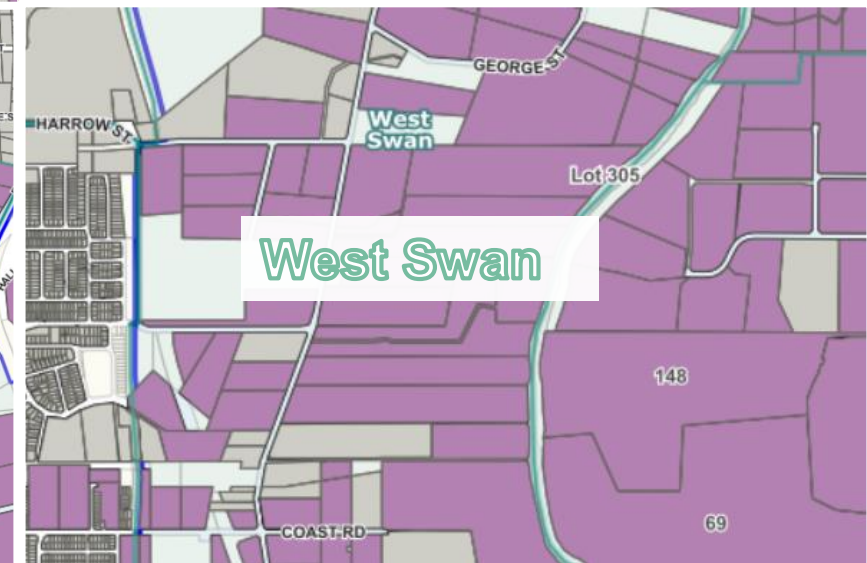
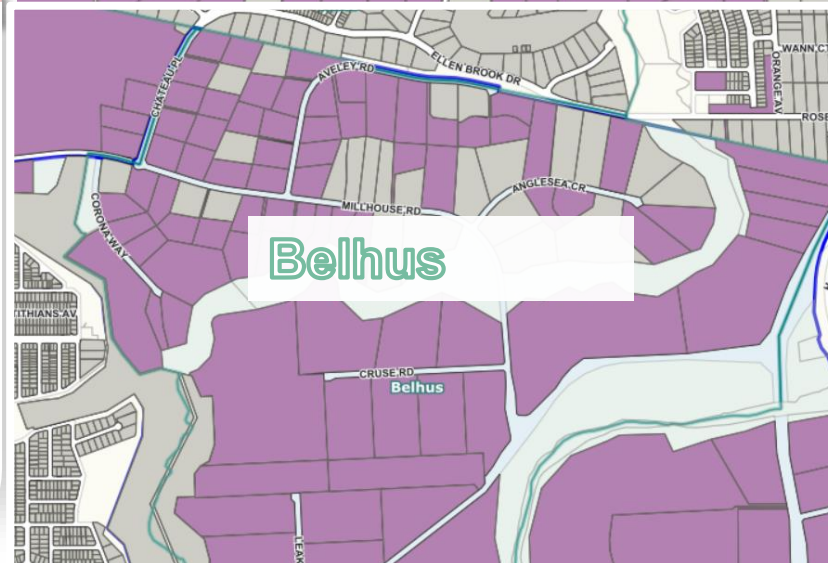
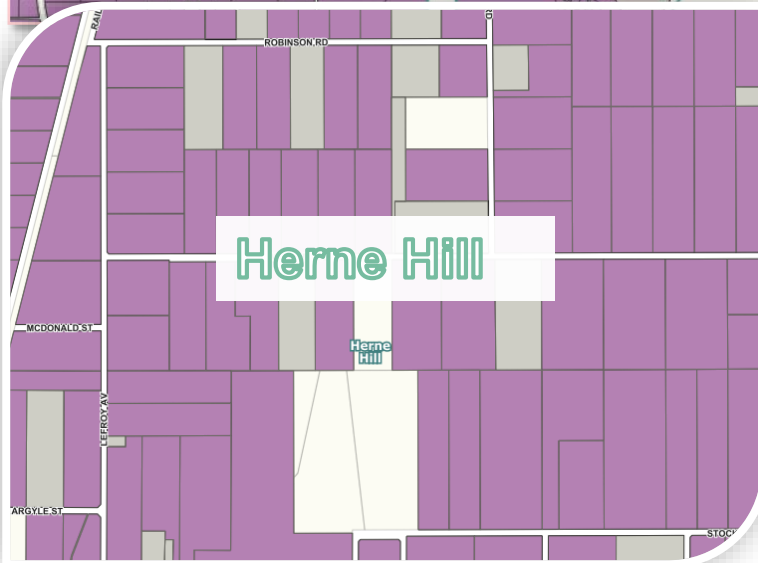
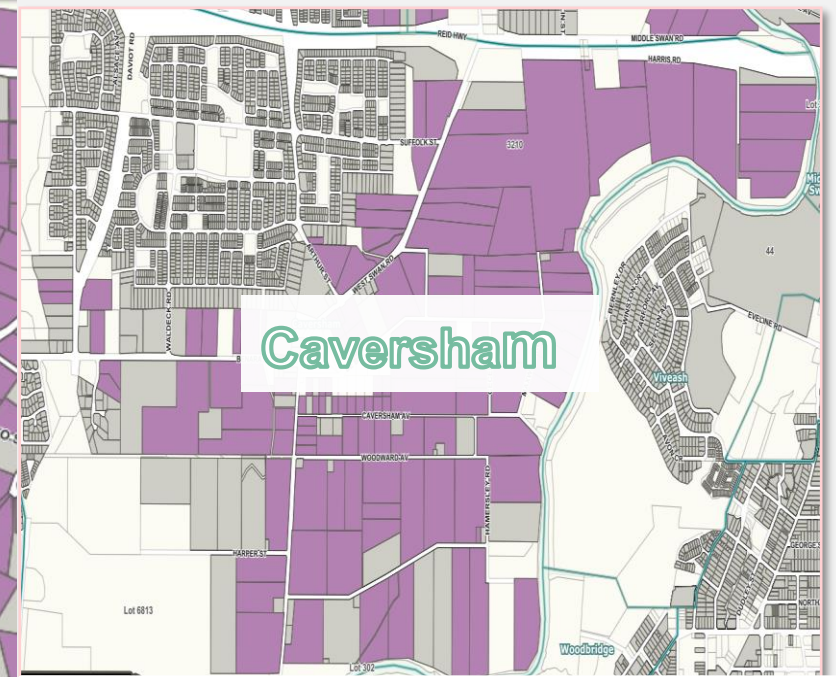
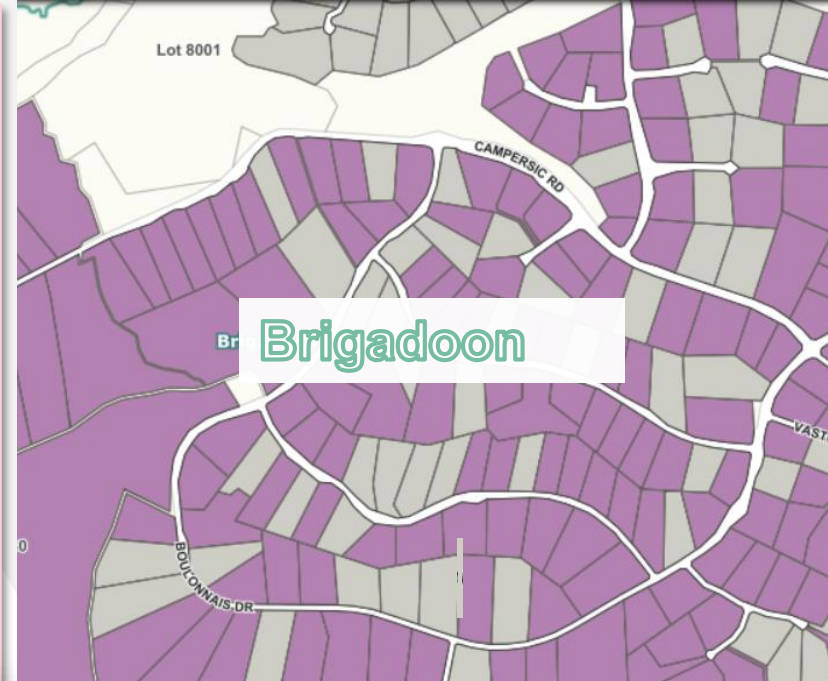
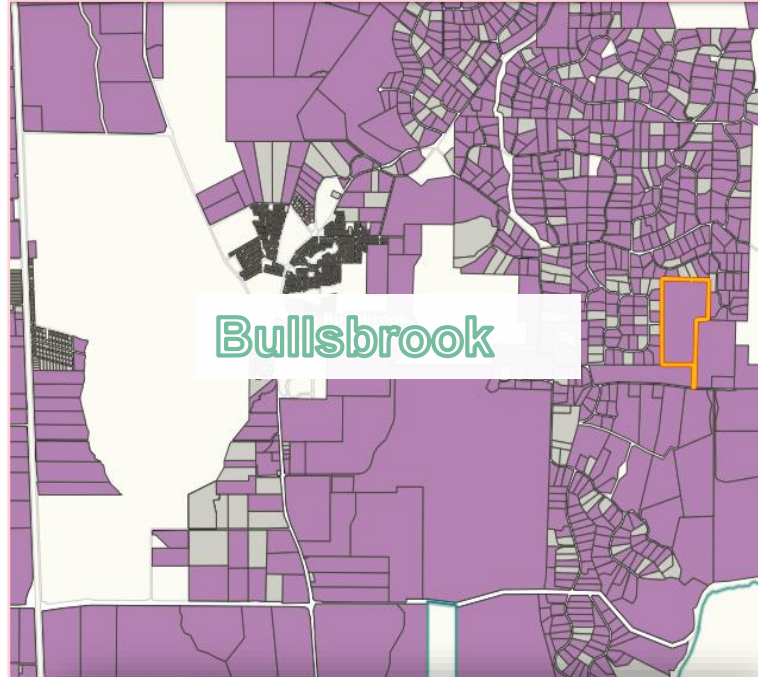
Council	Total Props	UV props	% UV props
Swan	69,147	4,003	5.8%
Armadale	46,710	189	0.4%
Kalamunda	23,874	340	1.4%
Kwinana	20,273	183	0.9%
Mundaring	15,971	245	1.5%
Rockingham	59,208	226	0.4%
Wanneroo	88,623	976	1.1%

City's responsibility – Must resolve rating inequity issue

- Each local government has a crucial role in ensuring that **rural land is rated on its UV and non-rural land is rated on its GRV.**
- To fulfill this role effectively, the City should have systems and procedures in place to:
 - Identify and record any changes in land use
 - Review the predominant use of land affected by significant land use changes
 - Ensure timely applications for the Minister's approval
- In implementing these procedures, the City must observe the principles of **objectivity, fairness, consistency, transparency, and administrative efficiency.**
- In accordance with the Rates and Revenue Plan, any review of UV properties will be undertaken in accordance with the Department of Local Government – *Changing Methods of Valuation guidelines.*
- Currently the City has many examples where neighbouring properties with similar use are not valued by the same method leading to very different rates charges. **This inequity is must be addressed.**

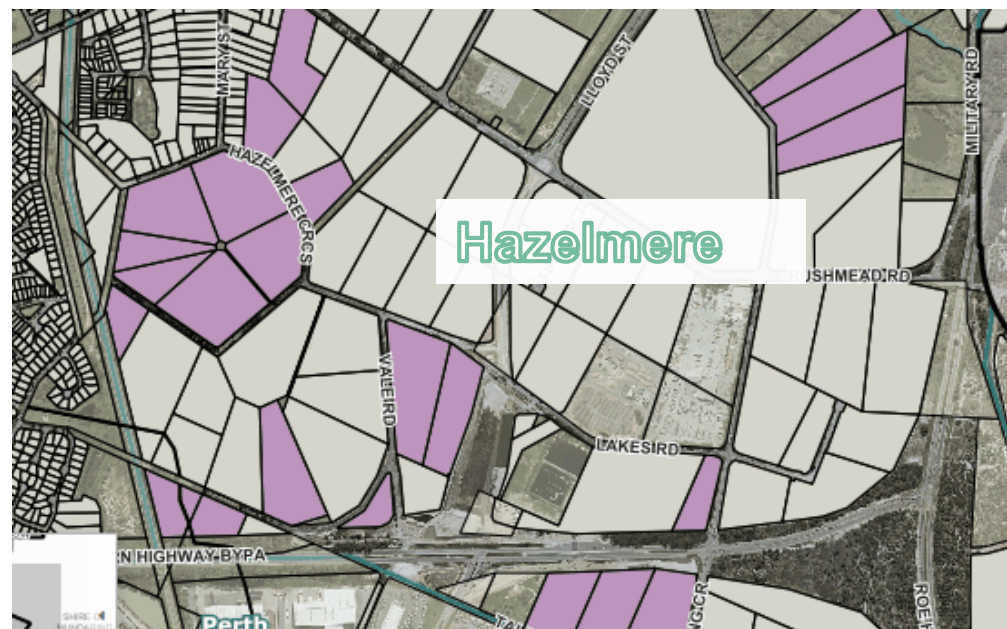
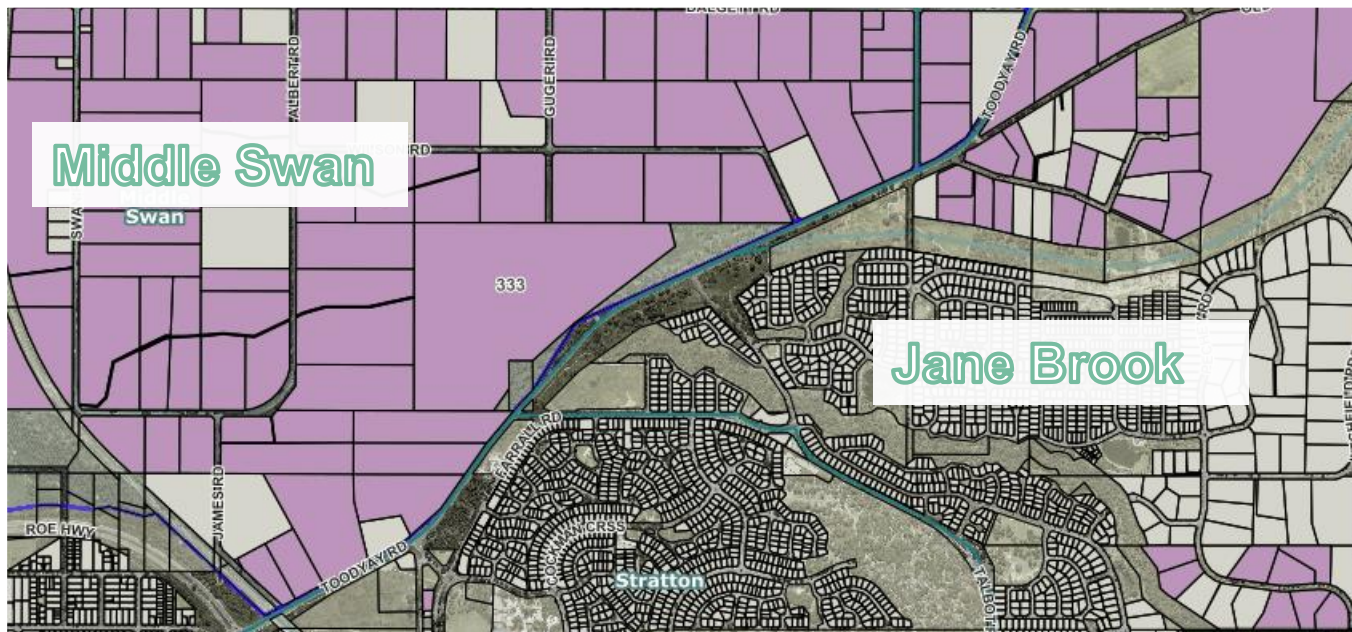
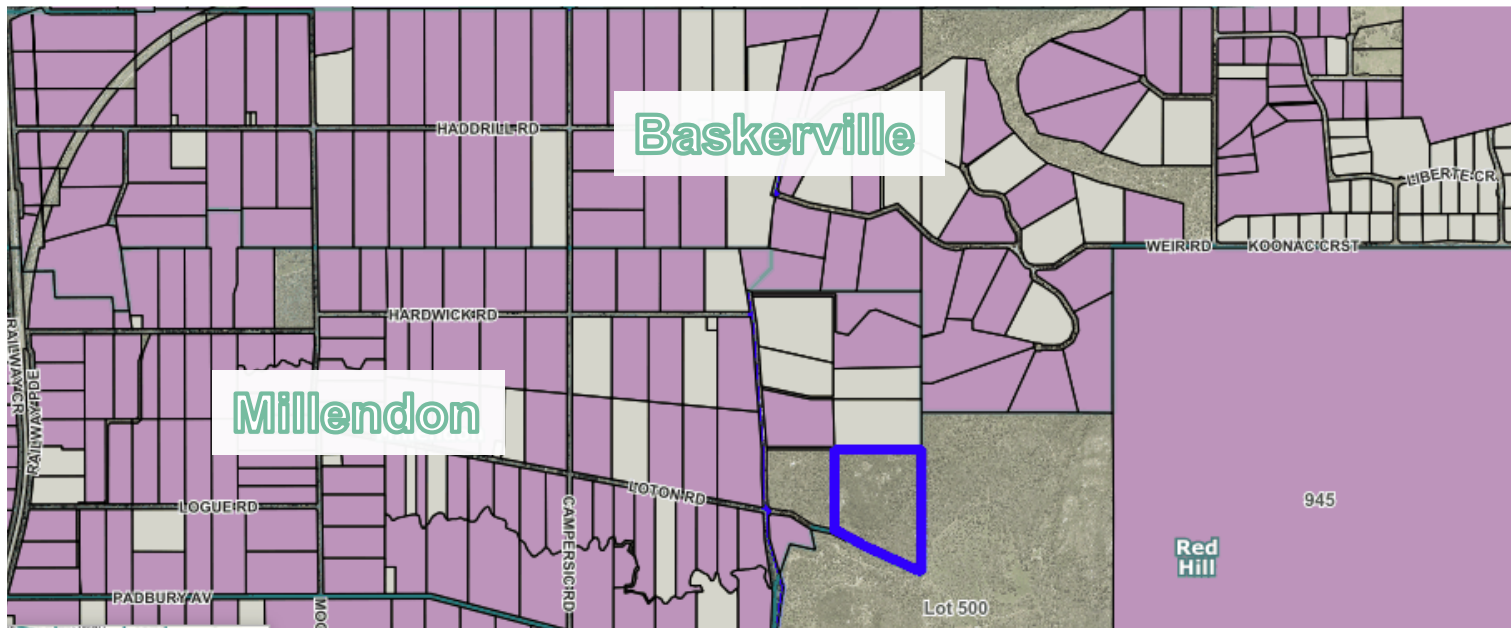
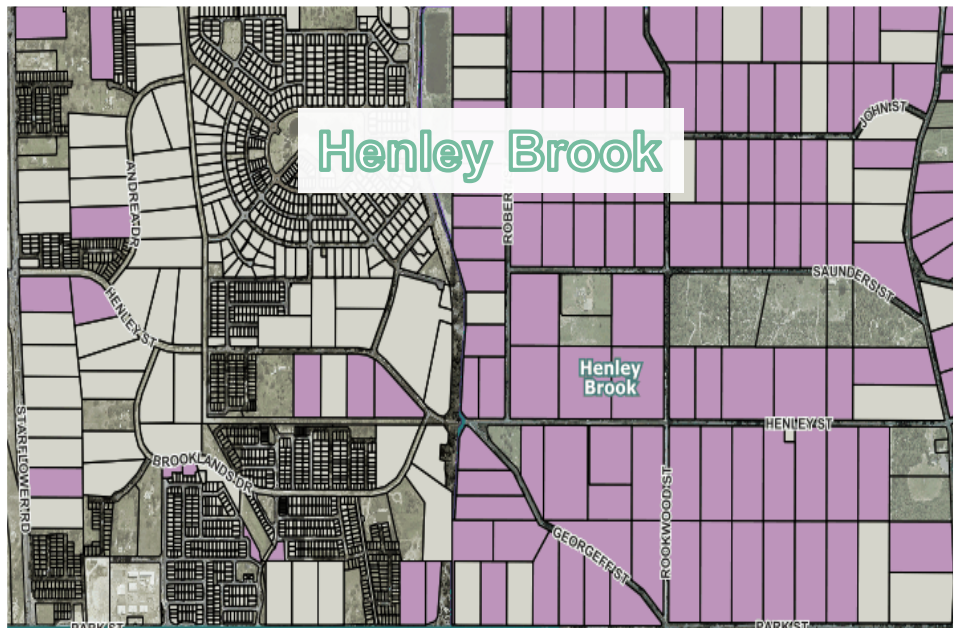
UV Rated: **Purple**
GRV Rated: **Grey**

Rating inequity across suburbs



UV Rated: **Purple**
GRV Rated: **Grey**

Rating inequity across suburbs



Phased approach UV Review – Properties less than 2 Hectares



Landgate indicative GRV values

- The City has approximately 4000 UV properties
- As part of the City's obligations to ensure objectivity, fairness, consistency, transparency, when consulting with property owners who may be affected by a change the City must provide an estimate of the likely financial impact due to any proposed change.
- Landgate has limited resources and can't provide notional values for 4000 select properties. Therefore, a staged approach is the only option.
- Indicative GRV valuations have been provided by Landgate for 436 UV properties that are less than 2 hectares in size in the suburbs of...

Baskerville	Bullsbrook	Henley Brook	Middle Swan	Upper Swan
Belhus	Caversham	Herne Hill	Millendon	West Swan
Brigadoon	Hazelmere	Jane Brook	Red Hill	

- Landgate has advised that this is the last batch of properties they can review until at least July 2026 due to resourcing constraints and other projects.

Staged Review – Smallest Sized properties first



Year	Less than 2 hectares	Between 2 and 4 hectares	Between 4 and 10 hectares	Greater than 10 hectares
2025/26	436	-	-	-
2026/27	-	800	-	-
2027/28	-	343	457	-
2028/29	-	-	604	196
2029/30	-	-	-	800

Likely Financial
Impact – 436
Properties
Notional GRV
Values received



Financial impact UV vs GRV

	VE USE	No. of prop	UV value \$000'	GRV value \$000'	UV rates \$	GRV rates \$	Var. \$
→	<i>Residential</i>	361	232,130	9,620	687,935	749,567	61,632
	Commercial	6	4,190	300	15,189	25,113	9,925
	Industrial	5	1,779	198	6,339	18,231	11,893
	Resi/Comm	4	2,680	162	7,699	13,377	5,677
	Farming	3	1,174	49	3,982	6,412	2,430
→	<i>Vacant</i>	52	35,164	1,237	104,726	99,239	-5,488
	Mining	5	14	-	4,850	-	-4,461
	TOTAL	436	277,130	11,566	830,721	911,940	81,219

Financial impact continued

VE USE	No. that will pay less	No. that will pay more	No. on minimum UV	No. on minimum GRV
Residential	143	218	9	2
Vacant	26	26	5	13

2 x Examples of residential properties on *minimum* UV rate

Use: Residential with no rural use
Recommendation: Should be rated by GRV method
Rates difference: Rates will increase on GRV

Use: Residential with minimal or no rural use
Recommendation: Should be rated by GRV method
Rates difference: Rates will increase on GRV



Residential properties by suburb

Suburb	Total No. Props	Variance > -15% and < +15%	Increase > 15%	Decrease < -15%	Increase > \$750
Brigadoon	71	1	69	1	58
Herne Hill	51	9	13	29	7
Belhus	50	35	10	5	4
West Swan	29	8	8	13	5
Bullsbrook	25	1	22	2	17
Caversham	25	2	6	17	2
Middle Swan	21	11	9	1	5

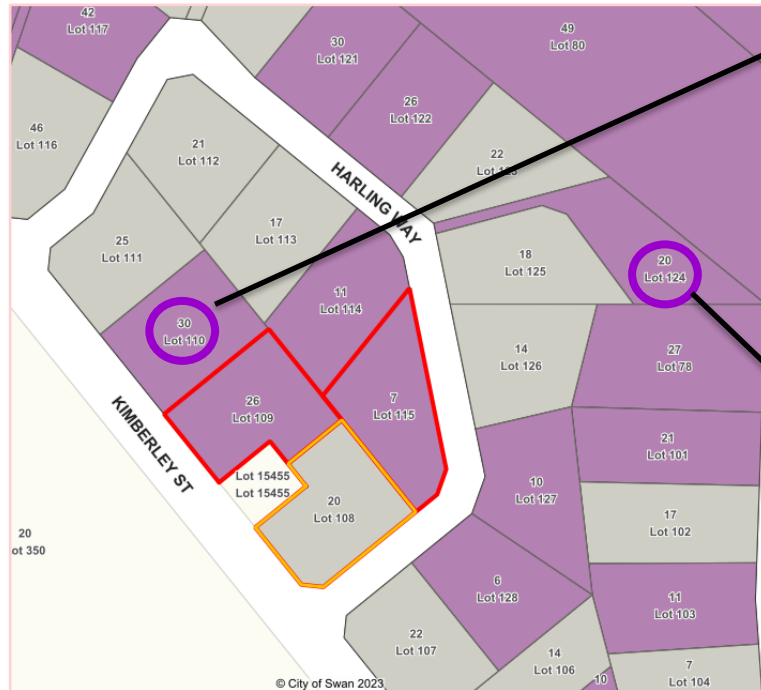
Residential properties by suburb (cont.)



Suburb	Total No. Props	Variance > -15% and < +15%	Increase > 15%	Decrease < -15%	Increase > \$750
Millendon	19	5	2	12	2
Baskerville	18	0	15	3	14
Henley Brook	17	8	0	9	0
Red Hill	12	2	10	0	6
Hazelmere	10	2	0	8	0
Jane Brook	8	0	8	0	8
Upper Swan	5	3	1	1	0

Examples – Estimated rates increase

UV - **Purple**
GRV - **Grey**



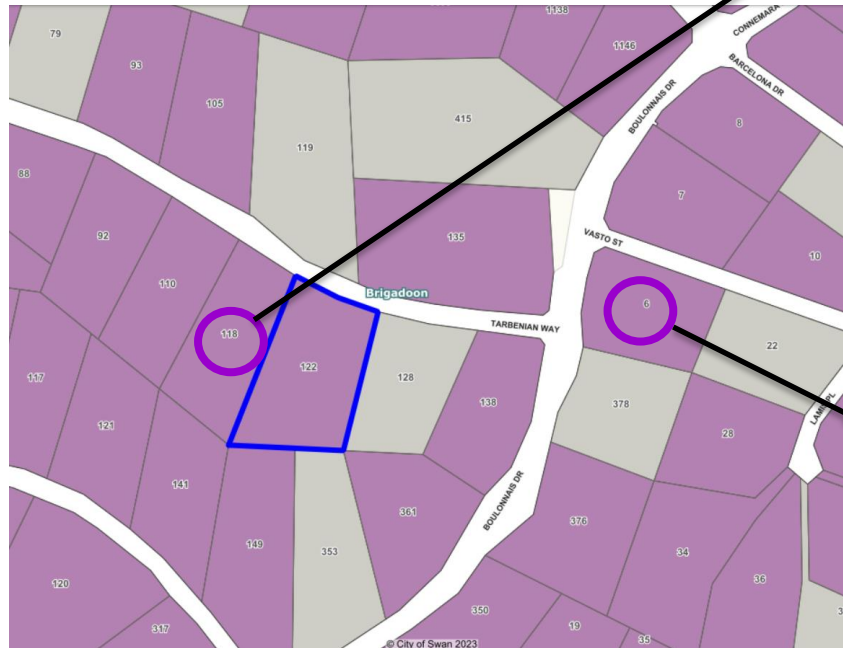
Use: Residential with no rural use
Recommendation: Should be rated by GRV method
Rates difference: Increase



Use: Residential with no rural use
Recommendation: Should be rated by GRV method
Rates difference: Increase

Examples – Estimated rates increase (cont.)

UV - Purple
GRV - Grey



Use: Residential with no rural use
Recommendation: Should be rated by GRV method
Rates increase



Use: Residential with some rural use
Recommendation: Should be rated by GRV method
Rates increase

Examples – estimated rates **decrease**

Use: Residential with some rural use
Recommendation: Predominant use most likely residential. Should be rated GRV method.
Rates decrease

Use: Residential with some rural use
Recommendation: Predominant use most likely residential.
Should be rated GRV method
Rates decrease



UV vacant land lots (less than 2 HA) by suburb



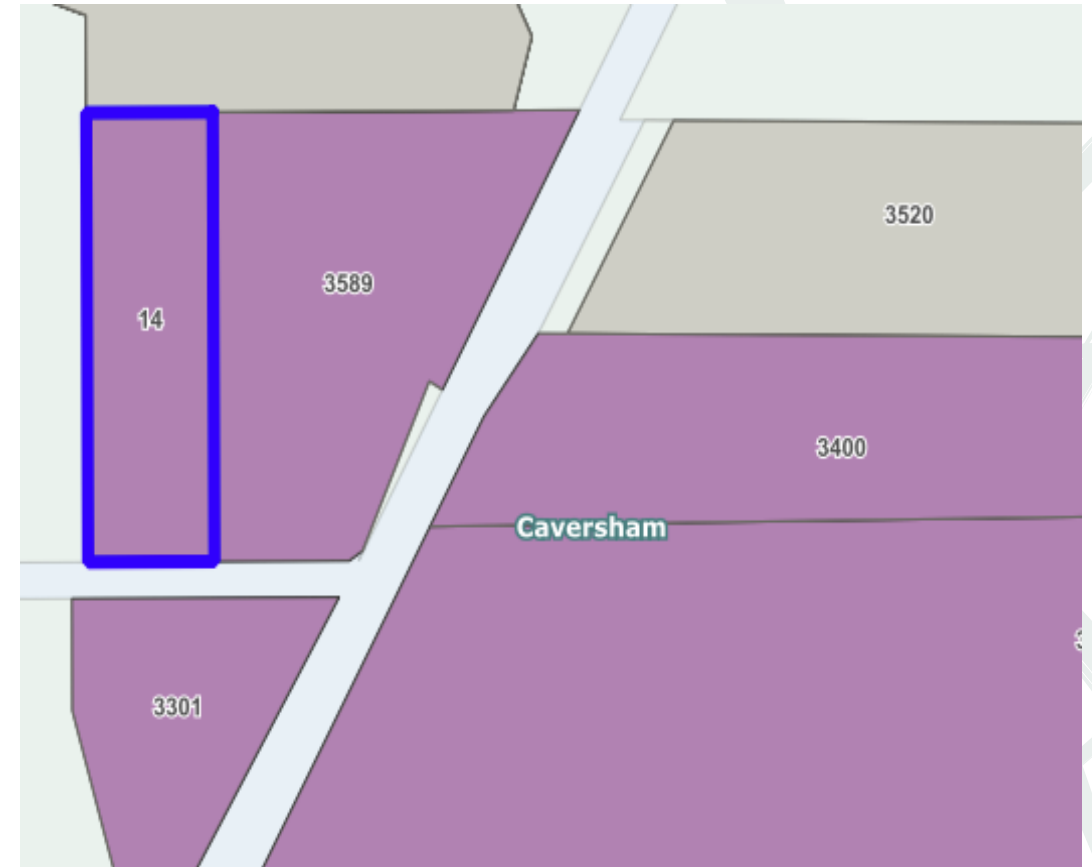
Suburb	Total No. Props	Variance > -15% and < +15%	Increase > 15%	Decrease < -15%	Increase > \$750
Caversham	14	0	12	2	8
Bullsbrook	10	3	3	4	1
Henley Brook	6	3	0	3	0
Baskerville	5	1	0	4	0
Upper Swan	5	0	3	2	0
Herne Hill	3	1	2	0	1
West Swan	4	2	0	2	1
Hazelmere	3	0	0	3	0
Brigadoon	2	0	0	2	0

Vacant lot examples

Use: Lot forms part of larger rural use property
Recommendation: Predominant use rural. Should remain UV rated.



Use: Vacant lot and adjacent lots to the South and East are UV/rural
Recommendation: Predominant use most likely rural. Should remain UV rated



Consulting with affected property owners



Initial Desktop Assessment



- The City will apply the following assessment criteria in its initial desktop review to identify properties likely to change from the UV valuation method to the GRV valuation method.
- Any property with a dwelling that is **less than 4 hectares** in size will be assessed as having a predominantly **non-rural use**.
- Any property with a dwelling that **is between 4 hectares and 20 hectares** in size will be assessed as having a predominantly **non-rural use**, *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 are assessed based on the nature, scale, and extent of activities undertaken from those developments
- The Overall goal is to ensure that rating principles are applied consistently and fairly, so that like properties are valued in a like manner.
- The review process is designed to identify properties where the current valuation method may no longer align with the predominant physical use of the land.

Land Use Declaration Form / Lodging an objection



- The City's process involves sending affected property owners a **Land-use declaration form** along with a covering letter.
- The letter clearly indicates that the City is reviewing the property's current land use and intends to apply to the Minister to change the valuation method (to GRV) if the review concludes the land is no longer used for rural purposes.
- The letter also states the **likely financial impact** based on notional valuations provided by Landgate.
- Property owners are given a specified date (no less than six weeks) by which they can **submit the land-use declaration form and any other submission they wish to make regarding the land use**
- If a property owner disagrees with the City's initial assessment of predominant use, they **must indicate this on the form and provide supporting information** to substantiate their claim that the predominant use of their land is different
- The Land-use declaration form and any supporting information provided by the owner are then used by City officers to make a final determination before **a report is submitted to Council for approval**

Council Report – Recommendation to the Minister - Gazettal



- Property owners will receive a second letter advising if and when their property will be submitted in the report to Council for approval to apply to the Minister.
- Copies of all submissions received are presented to Council.
- **Prior to Council making a decision as to whether to apply to the Minister. The Council considers the submissions received**
- The application from Council to the Minister includes details of the consultation undertaken with affected ratepayers and their views. **The application is then subject to a further review by the Department before a final recommendation is made to the Minister.**
- Ultimately, the Minister will determine the method of valuing the land in accordance with the provisions of section 6.28, meaning the final decision is based on the Minister's assessment of the predominant use, informed by the comprehensive information provided by the local government in their application and the department's assessment.
- Following the Minister's approval, the decision is published in the Government Gazette.

Concessions /
phasing in any
significant
increase



Concessions / phased increase



- **Granting a concession** - s6.47 of the *Local Government Act 1995* give Council the authority to grant concessions on rates or services charges.
- There is no legislative limit on the amount of concession that can be granted and it can range from 1% to 100%.
- It must be approved each year as part of the Annual Budget process.
- The Rates and Revenue Plan proposes a rates concession to phase in any annual increase greater than \$500 over two financial years.
- **Phasing in of Valuations** - s6.31 of the Act allows valuations to be phased in according to Schedule 6.1. Clause 2 of Schedule 6.1 deals with phasing in where the Minister determines a change in valuation method from UV to GRV under s6.28.
- **Differential Rating** – The City can use differential rating to modify the impact of a change in valuation method. This involves applying different rates in the dollar based on categories like zoning, use, or whether the land is vacant. It can be used to address perceived rating anomalies or inequities. **It should NOT be a substitute for applying the correct valuation method principles.**

Next Steps



Next Steps

- **Information Sessions seeking comments and submissions on the Draft Rates and Revenue Plan**
 - West Swan Hall, Thursday, June 5, 6-7pm
 - Ethel Warren Community Centre, Monday, June 9, 6-7pm
 - Gidgegannup Hall, Saturday, June 21, 9.30-10.30am
 - Baskerville Hall Saturday, June 21, 4-5pm
 - Gumnuts Family Centre, Tuesday, June 24, 6-7pm
- Please head to Swan Engage swanengage.swan.wa.gov.au/ to make any submissions and comments on the City's Plan and the proposed UV review.
- All submissions and comments will be presented to Council at an Ordinary Council Meeting in 2025
- The UV Review **cannot commence without the approval of Council**



Questions?

