2026/2027 Business Plan and Budget



City of Mount Gambier

Public consultation

The public consultation period for the Draft 2026/2027 Business Plan and Budget occurred between 21 May 2026 extending for 22 days up to and including 11 June 2026. Verbal submissions were heard at a special meeting of Council held 16 June 2026.

Members of the public were invited to engage via a number of platforms including:

Online: Have Your Say webiste

The Have Your Say online platform was the primary method used to access, download and submit responses for the purposes of consultation. Statics show that the community engaged with:

- 156 Aware Participants – visited at least one page
- 81 Informed Participants – downloaded a document or visited multiple pages
- 2 Engaged Participants – provided digital submission

Email Correspondence

10 emails were received from 5 individual community members or organisations and included feedback, comments and questions. Over 111 questions were received from two individual members of the public during consultation.

In person

No members of the public made submissions in person at the Civic Centre.

Public information sessions and meetings

Public information sessions were held on Tuesday 2 June 2026 at 6:00pm and Wednesday 3 June 2026 at 12:00pm at the Mount Gambier City Hall, with a total of 11 attendees across the two sessions and 10 individual members of the public. The information sessions allowed an opportunity for direct questioning and feedback with elected members and members of Council's executive and management personnel.

Verbal Submissions

A special meeting of Council was held **Tuesday 16 June 2026 at 5:00pm** to receive verbal submissions. Of which, four members of the public registered intent to speak, with three members attending in person.

Post consultation amendments

The following amendments were made to the Business Plan and Budget following release of the draft document for consultation purposes:

- Public consultation section updated to reflect breadth of engagement.
- General rates were updated to reflect the latest information provided by the Office of the Valuer General and the final figures for adoption. Additional data has been incorporated including cents in the dollar, the number of assessments including growth and average rates. Whilst concentrated in the "our budget" section, this information is updated in a number places throughout the plan.
- Waste Service Charge was updated to reflect the latest information provided by the Office of the Valuer General in conjunction with Council Policy for the application to relevant assessments.
- Statement under influences regarding the proposed legislative change to postpone the local government periodic elections.
- Updated Financial Statements referencing recently adopted Budget Revision 3 values and incorporating minor adjustments based on changes to rates revenue and operational expenditure to bring back to balanced budget.
- Other minor grammatical and wording improvements that do not materially change the document.

City of Mount Gambier acknowledges the Boandik people as the Traditional Custodians of the land and water our city sits upon today.

We respect and recognise the deep feelings of attachment and the spiritual relationship our Aboriginal and Torres Strait Islander people have with the land and water.



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A message from the Mayor



As Mayor of the City of Mount Gambier, I am pleased to present the City of Mount Gambier's adopted Annual Business Plan and Budget for 2026/2027.

Each year, our Annual Business Plan and Budget provides an opportunity to pause, reflect and refocus on what matters most to our community. It sets our roadmap for the year ahead, outlining how Council will deliver services, programs and projects that support our city.

Our strategic plans inform every decision we make, helping ensure that the services and infrastructure our community relies on are delivered in a sustainable and responsible way. This plan is guided by the Mount Gambier 2035 Community Vision, our Strategic Plan 2024 - 2028, and the financial principles outlined in our Long Term Financial Plan (LTFP). By aligning with these long term strategies, we ensure that our actions are considered, financially sound and consistent with the priorities our community has helped shape.

Elected Members and Council staff have worked collaboratively to develop this year's budget and project program, with a continued focus on maintaining essential service delivery while supporting the city's future growth and development.

The 2026/2027 plan includes a range of projects and initiatives that will strengthen our infrastructure, enhance community spaces and support economic activity. Council will continue to invest in connectivity and liveability through projects such as extending the Rail Trail and delivering improvements identified in the Shared Path Master Plan. Planning for our future remains a priority, with continued progress on the CBD Master Plan and master planning for key community spaces including Vansittart Park.

Further investment will support the activation and enjoyment of our city, including enhancements to play spaces, open spaces, signage and wayfinding, and activation of areas such as the Railway Lands precinct. At the same time, Council is strengthening its environmental focus through continued investment in waste management infrastructure and delivery of initiatives aligned with our Waste and Resource Recovery Strategy.

The Annual Business Plan and Budget reflects a balanced and measured approach, with restrained expenditure across operational services and capital works, and a continued emphasis on asset renewal, prudent financial management and intergenerational equity.

Above all, we remain committed to ensuring Mount Gambier continues to be a place where people feel proud to live, work, invest and visit.

Lynette Martin OAM
MAYOR

Our City

28,057
Population ABS ERP 2025

33.88 km²
Total land area

$1.85b
Gross Regional Product

2,082
Local businesses

41
Median resident age

$1,547.14
Average residential rates

162.59 FTE
Council employees (excl. casuals)

$448.6m
2024/2025 total asset value

5.9%
General rate increase (excl. growth & state government cost shifting)

Sources:
i.d (informed decisions), NEMA.



The Business Plan and Budget sets out Council's priorities, services, programs and projects for the 2026/2027 financial year. Although in its third year, this is the second budget aligned with the 2024-2028 Strategic Plan since its adoption and details what Council plans to provide to the community for the year ahead, including measures for success.

Reflecting the aspirations, priorities and values articulated in the Community Vision, Mount Gambier 2035, the Strategic Plan 2024–2028 will guide Council's work to deliver on its vision and purpose over the four year term. The Business Plan and Budget is an important part of the City of Mount Gambier's suite of strategic planning documents. Informed by Council's Strategic Plan and Long Term Financial Plan, the Business Plan and Budget serves as the key annual operational and financial document. It is the fourth business plan and budget for this Council term, as we contribute to delivery of the community's vision.

Council provides a wide range of services to the community, some mandated under legislation, such as the *Local Government Act 1999* and others on the basis of community need or expectation. The program of services provided by Council are presented in this plan per portfolio and business unit and include capital and strategic projects. The financial information which underpins this plan is provided at the end of this document.

Our budgeted expenditure of $56.97 million across operating and capital budgets focuses on maintaining service delivery. Renewal capital projects are first priority to ensure investment in existing assets are sustained and do not burden future generations of ratepayers.

Key budget influences

In the development of the plan we have undertaken a review of our internal environment and broader external environment that includes social, environment, economic and planning elements.

Following historical financial pressures associated with rates below inflation and the COVID-19 pandemic, 2026/2027 focuses on maintaining the long-term sustainability within current targets. This review identifies key issues that help provide the context for the development of this plan.

- The current economic environment remains volatile due to factors largely outside of Council's control. Ongoing supply chain disruptions, alongside broader global events, continue to place upward pressure on the availability and cost of materials, contractors and resources required to deliver operating and capital works programs. If these conditions persist, there is an increased risk of cost escalation and additional contingencies may be required to support delivery of the capital works program included in this Annual Business Plan and Budget.
    - Inflation remains uncertain and more variable than in recent years, creating risk of cost escalation across goods, services, labour and construction. The 2026/2027 budget has been prepared using inflation assumptions based on Deloitte Access Economics' March 2026 ten-year forecasts; however, continued volatility may result in higher-than-assumed cost increases that would place additional pressure on operating and capital budgets.
    - Interest rate settings also remain subject to change in response to global conditions and monetary policy. The 2026/2027 budget adopts interest rate assumptions based

on current Local Government Financing Authority (LGFA) interest rates using references to Deloitte Access Economics forecasts. If rates remain higher for longer, or rise further, borrowing costs and financing pressures may increase and affect Council's capacity to deliver planned capital works within current funding settings.

- Impacts of underground services continue to influence time, cost and resource requirements to deliver the capital works program.

- A cross-government approach to the development of access to Mount Gambier's natural attractions has been advocated, supported by coordinated scoping, master planning, and approval processes for infrastructure development and marketing.

- The Limestone Coast Regional Plan has been released, providing a comprehensive long term strategic framework for land use and infrastructure development in the region. This plan outlines a vision for sustainable growth, identifying key areas for housing, employment, and infrastructure needs over the next 15 to 30 years.

  Significant concerns regarding the provision and timing of enabling infrastructure, including water and sewer (noting ageing assets and capacity constraints), continue to present challenges for development across the region. These constraints remain a key risk to the pace of growth anticipated in the Limestone Coast Regional Plan and may impact projected planning and development income. A conservative approach to forecasting development-related revenue is therefore required until greater certainty is achieved. Council will continue to advocate for, and engage with, key stakeholders to progress solutions that support sustainable development for the City of Mount Gambier and the broader region.

- Global influences, political shifts, the increasing adoption of Artificial Intelligence (AI) and supply chain logistics will continue to materially influence opportunities and risks for regional growth. At the same time, the State Government's priority to increase housing supply is driving continued planning reform and streamlining of development assessment processes, which may change the nature and extent of Council's role in housing regulation over time.

- In recent years in accordance with LTFP principals Council has adjusted rating to address earlier periods where rate revenue did not keep pace with rising costs and to support Council's long term financial sustainability. The increase for 2026/2027 reflects the outlook for higher inflation driven by ongoing market volatility, the continued transfer of costs from other levels of government, and is intended to help manage cost pressures, support service delivery and maintain progress against Council's Long Term Financial Plan.

  City of Mount Gambier's average residential rates remain below the metro, rural and state average for South Australia.

- A review was undertaken on the cost of providing waste collection services to the community. Due to inflationary pressures that have impacted both operating and capital costs and implementation of waste reduction strategies required to meet Government mandates an increase above consumer price index (CPI) for 2026/2027 is required.

Council has not been previously charging the full cost of waste collection, kerbside recycling and green waste, including the cost of disposal to Caroline Landfill. An increase to the waste service charge will ensure that Council is able to cover the cost of service and also charge at a level that is more consistent with other South Australian Councils.

- Council has completed a Rating Review, which is available on the City of Mount Gambier website. The outcomes of the review inform this Annual Business Plan and Budget by guiding the approach to rating structure and settings, improving transparency and equity, and supporting the revenue assumptions used to fund service delivery and the capital works programs. 2026/2027 is year 1 of a 5 year staged implementation plan to amend differential rating application and improve equity while also advancing towards Council's broader strategic goals and plans.

- Council has not increased its budget to accurately reflect assessment growth and the rising cost of existing services in prior years. Assessment growth above the conservative estimate included in the adopted Long Term Financial Plan, is not absorbed. This improves Council's ability to maintain financial sustainability in relation to increases in required service provision.

- Council continues to engage specialist consultants to review electricity contracts to advantage Council's green power and reduce or limit the impacts of cost pressures seen in prior years. The desired outcome from this engagement in 2025/2026 was to reduce Council's overall electricity and potential for an increased revenue source. Forecasts continue to show improvements to Council's expenditure, even when usage has increased.

- This year, Council continues to invest in detailed condition assessments to refine our capital renewal program for major infrastructure. These adjustments are aimed at maintaining assets to a standard that meets both legislative requirements and community expectations, while improving the alignment of Council's asset consumption and informing future asset management planning.

- To meet financial targets while responding to community needs and strengthening the organisation's capacity to deliver services efficiently and effectively, additional capacity is required. The adopted budget includes provision for:

    - Priority work plan projects (as per the strategic work plan and detailed in the key assumptions section).
    - Additional resource capacity.
    - CBD planning and activation.
    - Master planning of key precincts, 2026/2027 set to focus on Vansittart Park.
    - Strategic work plan delivery (beyond those projects already identified).

    These investments are essential to build the organisational capability necessary to support long-term service delivery and strategic outcomes.

- At the time of preparing this Annual Business Plan and Budget, the outcome of the proposed legislative change to postpone the local government periodic elections was unknown. The budget includes resources for election-related costs based on the most recent advice received from the Electoral Commission of South Australia.

Highlights

Key highlights in the 2026/2027 budget include:

Civic Centre

Council intends to undertake required capital renewal works to the Civic Centre roofing. This project is in partnership with Country Arts South Australia.

Central Business District (CBD)

Council undertook community consultation with PlaceScore in the 2024/2025 financial year to provide evidence-based metrics, strengths, challenges and opportunities for the Mount Gambier CBD. This was the first step towards informing the development of a Master Plan to guide the future direction for the CBD. Throughout 2025/2026 Council engaged Tract Landscape Architects and Planners to undertake the preparation of the CBD master plan, supported by specialist consultants in urban design, housing, traffic and movement, heritage, place activation and economic development. Council intends to complete the Master Plan for the CBD in the 2026/2027 financial year.

To further support work started in the 2026/2027 financial year, Council has maintained an allocation to support rapid activation and immediate implementation of actions following finalisation of the master plan.

Infrastructure grant funding

Council will use funding from the Roads to Recovery (RTR) initiative to renew existing infrastructure assets, including road reconstruction project for Lake Terrace East. In addition to funding from RTR, Council will use Special Local Road Funding (if successful) for the stage two reconstruction of Davison Drive.

Investment Attraction

To improve Council's ability to secure external funding. Increasing other sources of revenue will reduce pressure on rates in future years and maintain ability to improve and grow the city.

Valley Lake Conservation Park public toilet

Council intends to undertake capital renewal works on the public toilets located adjacent to the Valley Lake Conservation Park as part of asset management planning.

Shared paths

The Shared Path Master Plan was developed in 2024 in consultation with the community to improve connectivity and shared pathway networks that can be used by a variety of active transport users. Council intends to maintain its capital investment in new footpaths to meet objectives outlined in the Shared Path Master Plan. In 2026/2027, this investment will be used to extend the Rail Trail from O'Leary Road to Wireless Road.

Master planning - Sport Recreation and Open Space

To continue to provide quality, well-planned spaces and guide the future direction of open spaces and facilities in Mount Gambier, Council intends to complete a Master Plan for Vansittart Park with further master planning identified for Olympic Park and Hastings Cunningham Reserve in future years.

Playgrounds

Providing opportunities to play is a priority for Council. A capital allocation is included to deliver on the Play Space Implementation Plan, established following work undertaken on the Sport Recreation and Open Space Strategy which identified needs, opportunities and improvements for play spaces around the city.

Railway Lands

Council has incorporated a capital allocation for the Railway Lands precinct to help leverage external funding (including grant applications) and support community-led investment. This investment is intended to enable activation of underutilised assets and spaces across the precinct.

Signage

To improve ease of navigation throughout the city and ensure both residents and visitors can effortlessly access key destinations and attractions, Council intends to deliver wayfinding signage.

Priority Work Plan Projects

There are three foundational projects underpinning the strategic work plan that have been identified as priority 'projects' that will create both capacity and capability in Council to deliver and develop services in an efficient and effective manner. These multi-year projects started in 2024/2025 and continue to 2026/2027 where three projects are expected to deliver the following:

1) Asset management planning approach

Understanding our assets and consumption to improve efficient asset management and strategies including:

- Establishment of new asset classes.
- Asset policy framework and supporting procedures and service levels.
- Detailed condition assessments.
- Review rates of asset consumption.
- Draft asset management plans.

2) Business systems and infrastructure

Upgrading systems to improve efficiency, service delivery and customer experience including:

- Upgrade and transition to Civica Authority Altitude and selected support applications.
- Upgrade of Enterprise Records Management System, and
- Transition to a SaaS (software as a service) solution.

3) Workforce planning framework

Ensuring Council has the right skills and capability to deliver future services.

- Undertake strategic assessment of services.
- Develop organisational workforce plan and begin implementation.

Visitor Servicing Model

Council is currently reviewing its service delivery, Visitor Servicing Model.

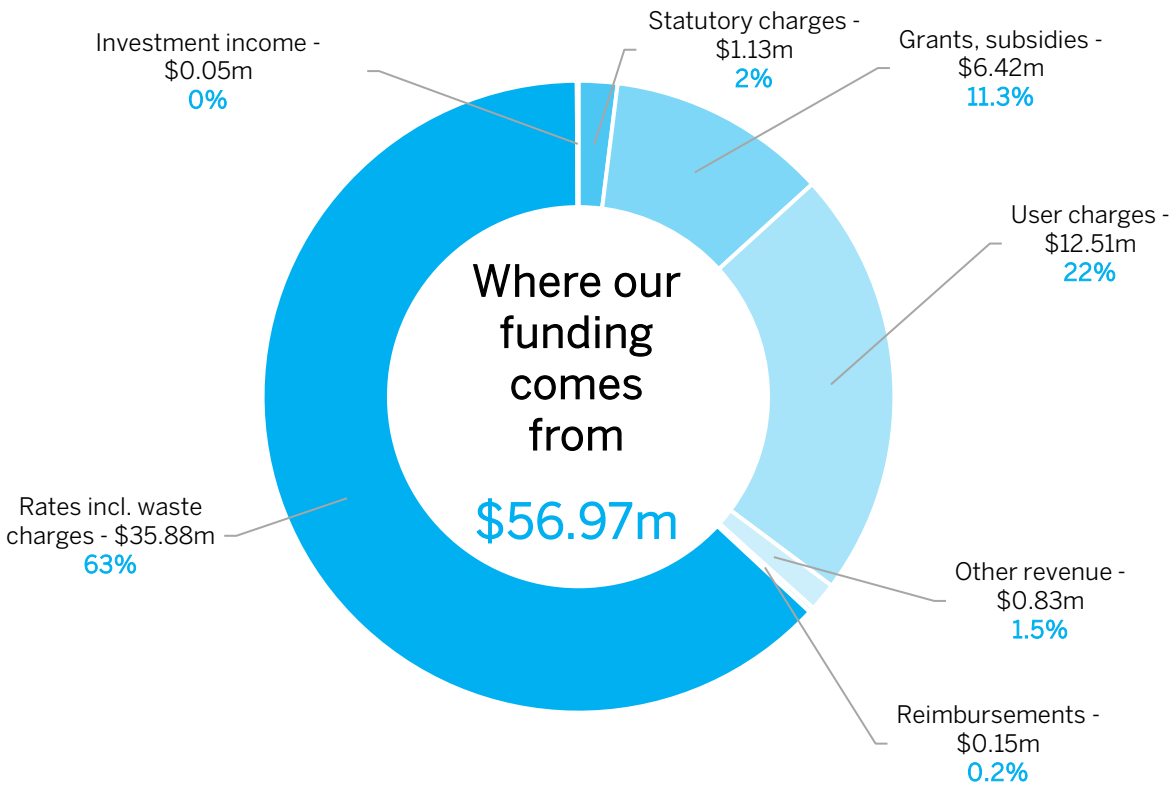
Waste Management

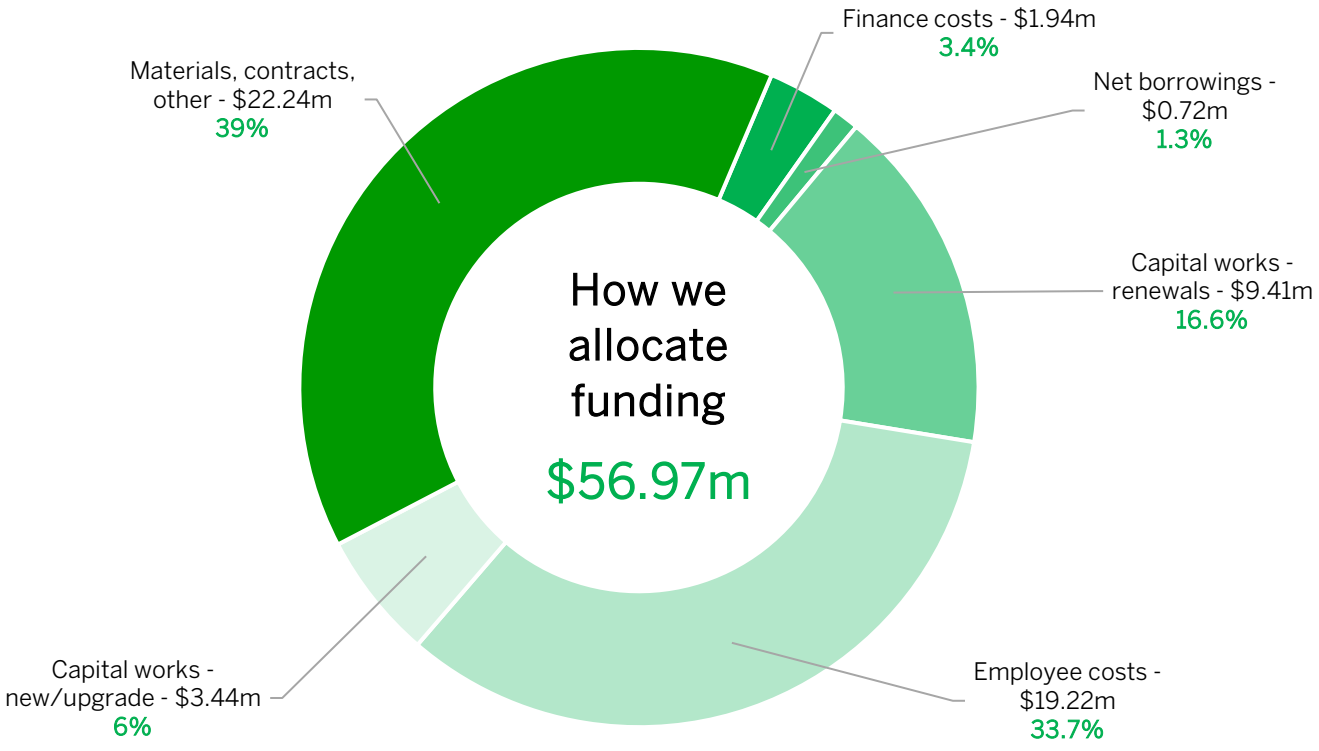
During 2025/2026 Council adopted the Waste and Resource Recovery Master Plan. This plan identified leachate management at Caroline Landfill as a major risk with an action to investigate alternate leachate management options. Council has included a leachate pond as part of its capital program for 2026/2027 following investigations.

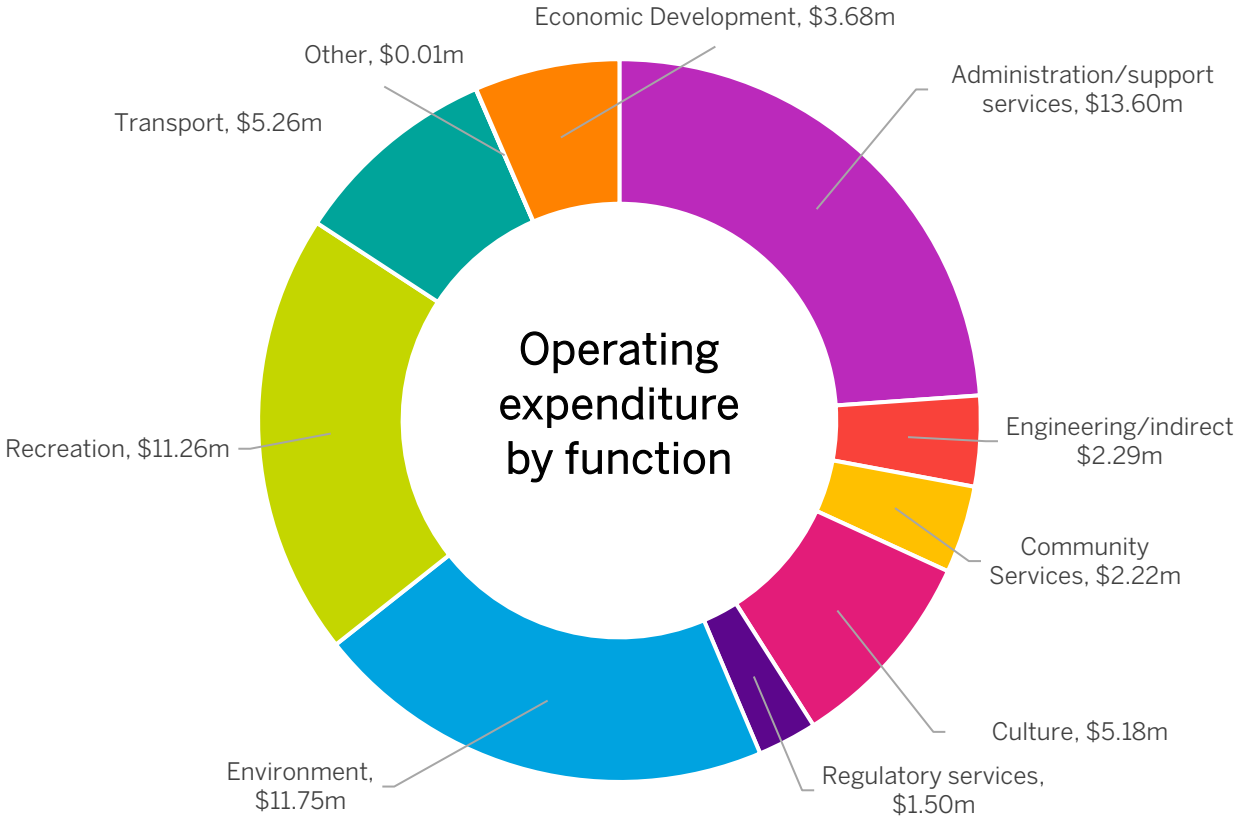
Wulanda Recreation and Convention Centre

Continued operation and activation of the Wulanda Recreation and Convention Centre will increase the ability for Mount Gambier to host major sporting competitions, conferences, events and performances providing significant social and recreational benefits and broader economic opportunities for local business. Council has included capital funding for an outdoor pool cover to increase usability and improve heating efficiencies.




Where our funding comes from
$56.97m
Investment income - $0.05m
0%
Statutory charges - $1.13m
2%
Grants, subsidies - $6.42m
11.3%
User charges - $12.51m
22%
Other revenue - $0.83m
1.5%
Reimbursements - $0.15m
0.2%
Rates incl. waste charges - $35.88m
63%


How we allocate funding
$56.97m
Finance costs - $1.94m
3.4%
Net borrowings - $0.72m
1.3%
Capital works - renewals - $9.41m
16.6%
Employee costs - $19.22m
33.7%
Capital works - new/upgrade - $3.44m
6%
Materials, contracts, other - $22.24m
39%



Definitions

Administration / Support Services - Governance, Elected Members, organisational, support services, accounting/finance, payroll, human resources, information technology, communication, rates administration, records, occupancy, customer service, other support services, revenues, separate and special rates.

Community Services - Public order and safety, crime prevention, emergency services, other fire protection, other public order and safety, health services, pest control – health, immunisation, preventive health services, other health services, community support, senior citizens facilities, children and youth services, community assistance, other community support, community amenities, bus shelters, cemeteries / crematoria, public conveniences, car parking – non-fee-paying and other community amenities.

Culture - Library services, other library services, cultural services, cultural venues, heritage, museums and art galleries and other cultural services.

Economic development - Regional development, tourism, visitor information and other economic development.

Environment - Animal/plant boards, waste management, domestic waste, green waste, recycling, transfer station, other waste management, other environment, stormwater and drainage, street cleaning, street lighting, street-scaping, Natural Resource Management levy, and other environment.

Recreation - Parks and gardens, sports facilities – indoor, sports facilities – outdoor, swimming centres – Outdoor, and other recreation.

Regulatory services - Dog and cat control, building control, town planning, clean air/pollution control, litter control, health inspection, parking control, and other regulatory services.

Transport - Footpaths and kerbing, roads – sealed, roads – formed, roads – natural formed, roads – unformed, traffic management and other transport.

Engineering / Indirect - Depot management, indirect and general plant cost not included in other functions.

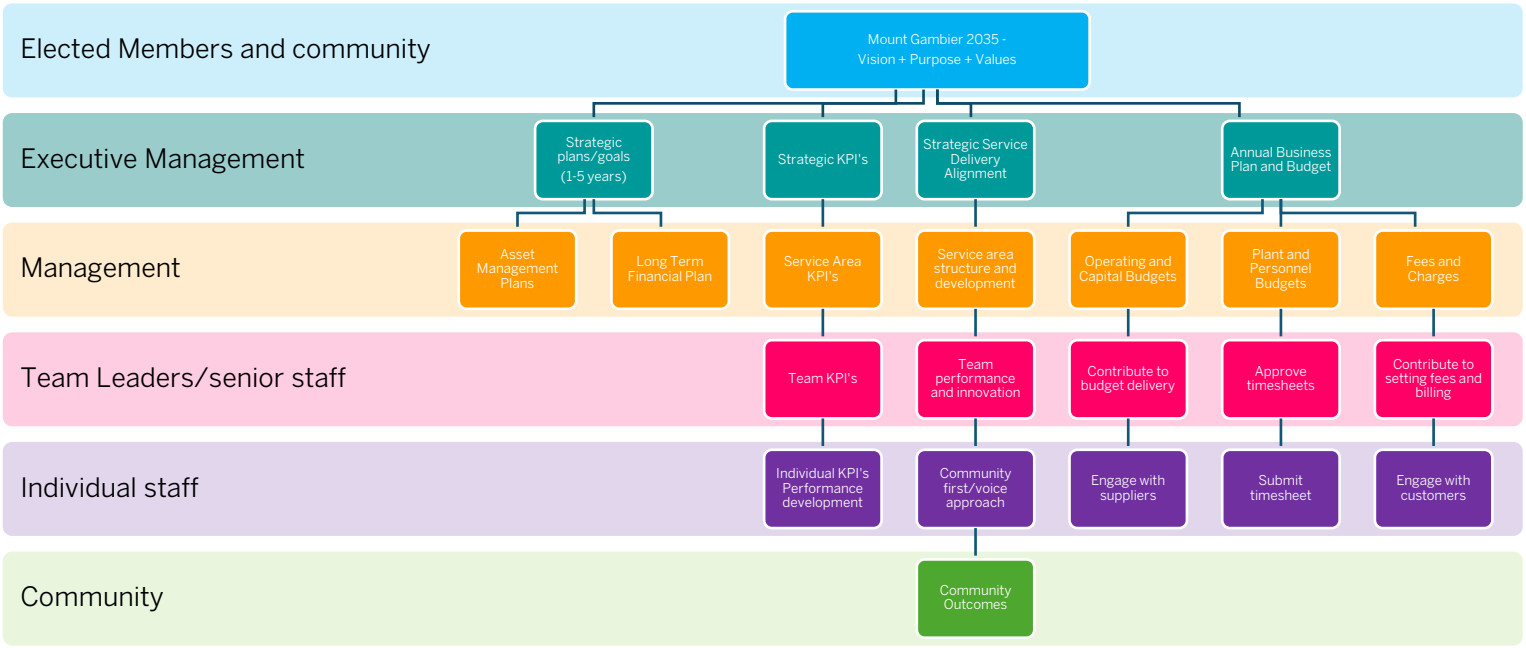
Our Strategic Framework



Shaping the future of Mount Gambier requires both vision and commitment to long term planning. As South Australia's largest regional capital, our city plays a pivotal role in driving development and prosperity for the Limestone Coast region.

The 2024-2028 Strategic Plan, adopted in November 2024, focuses on six strategic priorities and responds to what the community told us we should focus on as we work towards the Community Vision, Mount Gambier 2035. It charts a path to achieve our long term goals, focusing on the environment and liveability, fostering learning and innovation, enhancing infrastructure and services, stimulating economic and business growth and building a vibrant community—all guided by responsible leadership and governance.

Strategic document hierarchy



Mount Gambier 2035 – A community vision for our regional capital

*- **A volcanic past with a crystal clear future**. In 2035, Mount Gambier is a connected hub nestled on the slopes of an ancient volcano; a haven of natural beauty. It is a place of stories, where our community is family, nurtured through growth, opportunity and connection.*

The Mount Gambier community has developed a vision, Mount Gambier 2035, to shape our city's future based on its inherent strengths and shared values. This vision represents a collective agreement on what we want our community to look like in 2035.

The Mount Gambier 2035 Community Vision was developed through extensive community engagement and serves as a foundational document for Council. It informs our overarching strategic planning and reporting framework, ensuring that all Council activities and decisions are aligned with the community's goals and aspirations. Council is proud to be the custodian of this community-led vision and is committed to using it as a guiding document for planning and decision-making. This vision informs our strategic plan, which in turn guides all of Council's strategic documents.

Strategic Plan 2024 - 2028 – Four years

Council's Strategic Plan 2024 – 2028 outlines the overarching goals for the next four years, guiding resource allocation and establishing a framework for measuring and reporting progress.

The plan responds directly to the community's vision, addressing the needs and aspirations of those who live, work, study, or visit Mount Gambier. It reflects the core principles of connection, accessibility and sustainability, which the community has identified as essential to everything we do.

These priorities include the five from the Community Vision – Mount Gambier 2035, along with a sixth priority highlighting Council's commitment to strong, accountable leadership and governance.



Long Term Financial Plan (LTFP) - 10 year forecast

The LTFP shows the financial impact of the implementation of the Strategic Plan over the next 10 years and incorporates key assumptions from the Strategic Plan and Asset Management Plans. The LTFP is reviewed by Council annually.

Asset Management Plans – 10 year forecast

Asset Management Plans identify the required future expenditure on infrastructure and funding required to maintain service levels. They are aligned with the LTFP.



Environment and Liveability

'We are custodians of the landscape, committed to protecting and preserving our natural environments, creating a liveable city.'

What success looks like as we work towards 2028:

- Our environment is protected and restored, with the volcanic landscape, unique aquifer, volcanic soils and ancient heritage preserved as key natural areas of our identity and character.
- Our city is a leader in resource sustainability.
- Our city's green corridors and urban biodiversity are enhanced through sustainable land management and the seamless integration of path networks.

Strategic objectives and projects to prioritise this year:

- Work with key stakeholders to progress the Vision and Guiding Principles of the Crater Lakes Activation Plan.
- Implementation of agreed actions under our Waste and Resource Recovery Strategy.
- Master planning for our resource recovery and waste management services to ensure best practice for the future.

Measures of success for this year:

- Cultural Heritage Management Plan developed for the Crater Lakes Precinct, in consultation with Traditional Owners, identifying sites of cultural significance, management responsibilities and protection measures.
- Reduction in waste to landfill from the previous year.
- Reduce waste stream contamination and improve FOGO participation through targeted community education and engagement.
- Design, secure EPA approval, award tender, and confirm construction commencement for additional leachate storage capacity by June 2027 to support improved landfill operations and environmental management.



Learning and Innovation

'A regional learning hub that fosters innovation and local industries.'

What success looks like as we work towards 2028:

- Local businesses and entrepreneurial activities flourish through opportunities for collaboration and development.
- Our city attracts and retains a skilled workforce for regional growth, development and succession planning.
- Our community members are inspired to learn at any age, achieving a holistic and comprehensive approach to personal growth and development.

Strategic objectives and projects to prioritise this year:

- Implementation of the Mount Gambier Library Strategy 2023 -2027 so that our library fosters curiosity and builds connections that deliver life shaping experiences for all.
- Address the diverse needs of our community with accessible and inclusive spaces that promote creativity, learning, build connections and ensure a welcoming and safe environment.
- Deliver programs and services that enhance engagement across all age groups including creating better community connection and skill sharing.

Measures of success for this year:

- Enhance the Mount Gambier Library as a culturally welcoming place by delivering a co-designed cultural storytelling mural that acknowledges Aboriginal history and languages, in partnership with the Traditional Owners, South Australian Aboriginal Secondary Training Academy students and a local artist.
- Support vulnerable families by delivering a co-designed *Words Grow Minds* parenting workshop series at the Mount Gambier Library in partnership with local service providers.
- Enable young people to drive social impact in Mount Gambier by growing the Youth Activation Group to 10 members and supporting the delivery of four youth-led events per year using library spaces, resources, and mentorship.



Infrastructure and Services

A high quality, affordable lifestyle where people are happy, healthy and housed and able to access all available resources.'

What success looks like as we work towards 2028:

- Our city is connected through a safe, inclusive and seamless integrated transport network.
- Our quality infrastructure provides equitable access to information, services, activities and facilities.
- Our urban environment is thoughtfully designed to adapt to our diverse and growing city, ensuring access to affordable and varied housing options that meet community needs.
- Our community spaces are inclusive, safe and accessible, promoting active, healthy and connected lifestyles through enhanced open spaces, quality recreation areas and supportive infrastructure.

Strategic objectives and projects to prioritise this year:

- Continued advocacy to enhance connectivity within and beyond our city through investment and infrastructure that supports accessible public bus services, reliable air travel and rail networks for both freight and passenger transport.
- Continued implementation of the goals and priorities outlined in our Sport, Recreation and Open Space Strategy.
- Achieve a well-planned, liveable and inclusive city by influencing State and regional planning frameworks to incorporate local urban priorities.
- Commence and progress a Planning and Design Code to enable higher-density development opportunities within the City of Mount Gambier.
- Review and update our asset management planning framework to enhance our Infrastructure and Asset Management Plans ensuring that work programs are well planned and budgeted for delivery.
- Support the maintenance, development and operation of bold and interesting community, cultural and civic places and infrastructure, including the Wulanda Recreation and Convention Centre.
- Delivery of a refreshed Regional Public Health Plan underpinning our approach to the health and wellbeing of our community.
- Progression and the implementation of the priorities and actions in the Shared Path Master Plan.
- Development of a play strategy that informs the provision of play experiences that are attractive to a range of ages.

Measures of success for this year:

- Provide a formal Council response to the State Government's Regional Review of Public Transport to advocate for improved regional public transport connectivity.
- Develop and deliver a Landscape Design Framework to guide the management and development of Mount Gambier open spaces, endorsed by Council by September 2026.
- Contribute to the Greater Mount Gambier Master Plan to influence State and regional planning frameworks so that Council-identified planning priorities are appropriately considered and reflected.
- Proposal endorsed by Council and formally accepted by Department for Housing and Urban Development (DHUD) for progression to public consultation.
- Complete condition audits and valuations for infrastructure asset classes, strengthening asset condition, risk and service life data used in Council's Asset Management Plans.
- Update the Infrastructure Asset Management Plan and the 10-year Forward Works Program to reflect expanded asset segmentation, enabling improved alignment between asset consumption, renewal timing and funding within the Long Term Financial Plan.
- Deliver the adopted capital works program with regular reporting on Council progress.
- Enhance the functionality, safety and longevity of the Civic Centre by delivering roof replacement works and spatial review.
- Optimise the performance of the Wulanda Recreation and Convention Centre by prioritising maintenance works and developing a forward maintenance works program to support long term asset sustainability.
- Develop a refreshed Regional Public Health Plan (RPHP) and supporting implementation plan for Council's endorsement.
- Implementation of the shared path from O'Leary Road to Wireless Road West in accordance with Shared Path Master plan.
- Finalise a Play Strategy and use it to inform the planning and delivery of one play space.



Economic and Business Growth

'A creative, entrepreneurial mindset that creates a thriving, resilient community.'

What success looks like as we work towards 2028:

- Our resilient local economy is supported by diverse industries and employment opportunities, enhanced by connectivity through modern freight networks and efficient transport.
- Our visitor economy thrives through collaboration in sharing our storey via immersive experiences with our unique natural and cultural assets.

Strategic objectives and projects to prioritise this year:

- Work with key stakeholders to create a Master Plan for Umpherston Sinkhole/Balumbul.
- Work with key stakeholders to create a Master Plan for Vansittart Park.
- Implementation of a hub and spoke visitor servicing model.
- Implementation of signage and wayfinding that improves ease of navigation throughout the city
- Advocacy for and support of the development of modern, efficient intermodal freight networks and transport systems to improve supply chain connections and the movement of goods in and out of Mount Gambier.

Measures of success for this year:

- Develop a Master Plan for Umpherston Sinkhole/Balumbul by September 2026.
- Develop a Master Plan for Vansittart Park.
- Complete a review of the tourism hub and spoke model and present recommendations and action plan to Council for endorsement by December 2026.
- Prepare and secure Council endorsement of a Wayfinding Strategy Implementation Plan, including priorities and timeframes by September 2026.
- Prepare and present a discussion paper to support advocacy for modern, efficient intermodal freight networks that strengthen supply chain connectivity for Mount Gambier.



A Vibrant Community

'Events, activities, sport and recreation all contributing to a vibrant city during the day, at night and across the seasons.'

What success looks like as we work towards 2028:

- Our CBD and key inner-city spaces are thriving, welcoming, functional and sustainable, fostering a sense of belonging while celebrating our diversity, culture and history.
- We are a city renowned for our social and cultural diversity, creativity and heritage, supporting diverse events and experiences that bring people together and enhance social connection.
- Our city is known as a regional destination for arts and cultural experiences with a community enriched by arts, culture and live entertainment initiatives.

Strategic objectives and projects to prioritise this year:

- Delivery of a CBD activation and master plan.
- Implementation of a Riddoch Arts and Cultural Centre Strategy.
- Recognise, encourage and support artists, emerging artists, writers and performers through promotion of the arts and supporting opportunities to exhibit and perform.
- Pursue programs and opportunities that enhance the live entertainment in our city.
- Continue to pursue opportunities to reactivate the Mount Gambier Railway Station.

Measures of success for this year:

- CBD Master Plan is consulted and endorsed by Council by September 2026.
- Strengthen governance of arts and cultural experiences by developing and adopting best-practice policies for Collections, Exhibitions, Retail, and Public Art.
- Establish the Riddoch Arts and Cultural Centre as a nationally recognised flagship regional gallery through a new brand and identity.
- Activate the Riddoch Arts and Cultural Centre foyer as a vibrant retail and programming hub that supports local artists and strengthens community engagement.
- Support MusicSA in the delivery of the 2026 Regional and Remote Music Summit in October 2026.



Excellence in Leadership and Governance

'We are a professional and innovative Council, valued for our progressive, responsive and sustainable management in delivering meaningful outcomes for the community.'

What success looks like as we work towards 2028:

- We are a transparent and accountable organisation that makes informed decisions and demonstrates integrity through effective governance.
- We are a financially responsible organisation delivering sustainable, value-for-money services that meet community needs and uphold the principle of intergenerational equity.
- We care about our people ensuring we support, develop and motivate our workforce to meet community needs with capability and confidence.
- We are easy to do business with, committing to a customer-centric approach that delivers positive experiences and builds trust.

Strategic objectives and projects to prioritise this year:

- Deliver business systems and infrastructure improvements that support us to deliver our services more efficiently and effectively to the community.
- Develop and implement a workforce planning framework that informs the skill and capability requirements Council needs to deliver its services and programs.
- Develop and deliver our next Reconciliation Action Plan in partnership with the Yerkalalpata Community Reference Group.
- Update Council's Community Consultation and Engagement Policy to align with Local Government Association South Australia and Local Government Act Reforms.
- Strengthen Council's capability to secure external grant through a coordinated grant attraction strategy, supported by robust governance, accountability and acquittal frameworks.
- Continue to develop the leadership capability of our workforce in accordance with the Leadership Capability Framework.
- Ensure Council-administered grants, sponsorships and events are managed through clear, consistent and transparent policy frameworks that align funding decisions with Council priorities and deliver strong community outcomes.
- Continue the implementation of Council's Volunteer Management Plan to support and expand our volunteer workforce.
- Improve asset stewardship and decision-making by strengthening Council's asset management governance framework, policies and standards.

Measures of success for this year:

- Continue transition to Civica Altitude through the implementation of Procure to Pay, Actus and Citizen Central modules.
- Deliver a practical, evidence-based Workforce Plan endorsed by Council and embedded in future strategic financial planning by December 2026.

- Progress the next Reconciliation Action Plan in partnership with the Yerkalalpata Community Reference Group.
- Update and seek endorsement for Council's Community Consultation and Engagement Policy and Framework.
- Establish a grant attraction strategy with supporting governance policies and procedures to enable effective pursuit, management and accountability of grant funding.
- Embed consistent leadership behaviours that support a positive culture and workforce engagement through the ongoing development of leaders in accordance with the Leadership Capability Framework.
- Review and update Council's Grants and Sponsorship Policy and develop an Events Policy to ensure clear, consistent and transparent governance for Council-administered funding and event support.
- Deliver a Council-endorsed Volunteer Management Plan that strengthens and supports volunteer participation across council services and the broader community.
- Relevant asset-related policies reviewed and updated to improve Asset Management practices, Engineering Standards, Gifted Asset acceptance and permit compliance.



Our **Organisation**



The City of Mount Gambier will deliver the 2026/2027 Business Plan and Budget through our organisational structure, facilities and partnerships. The organisational structure comprises the Office of the Chief Executive Officer (CEO) and three portfolios each containing business units that deliver services and key focus areas supporting the Community, Strategic Plans, and legislative requirements.

Office of the Chief Executive Officer

The Office of the Chief Executive Officer (CEO) supports the CEO to lead the City of Mount Gambier in making informed decisions to deliver on Council's priorities and to foster productive partnerships with community, commerce, industry and government entities.

The Office of the CEO is supported by 4.76 FTEs . Key service functions provided by this portfolio include:

- Oversight and strategic direction,
- Organisational capacity building,
- Advocacy, partnerships and government relationships,
- Communication and media relations,
- Mayor, Elected Member and Council administration and support, and
- Civic protocols and events.

Office of the CEO	Income '$000	Expense '$000	TOTAL (net) '$000
Elected Members	-	(549)	(549)
Organisational	346	(1,406)	(1,060)
Media and Communications	-	(384)	(384)
Total	**346**	**(2,339)**	**(1,993)**
% of overall budget	**1%**	**4%**	

Strategic Work Plan	Operating /Capital	Expense '$000
Capacity building and resourcing	Operating	(455)
Investment and attraction	Operating	(100)
Media and Communications Strategy implementation	Operating	(20)
Total		**(575)**



Corporate and Regulatory Services

The Corporate and Regulatory Services portfolio plays a critical role in supporting the efficient, high-quality services and strategic insights that enhance the City of Mount Gambier's organisational capability, while fostering a culture of accountability, transparency and innovation.

The Corporate and Regulatory Services portfolio is supported by 41.11 FTEs. Key service functions provided by this portfolio include:

- Customer service,
- Development and health services,
- General inspectorate,
- Financial services and procurement,
- Corporate governance and risk management,
- Compliance and Freedom of Information,
- Technology infrastructure and records management,
- Human resource management,
- Organisational performance and development, and
- Business and strategic planning.

	Income '$000	Expense '$000	TOTAL (net) '$000
General Manager Corporate and Regulatory Services	-	(383)	(383)
Financial Services/Revenue*	39,968	(5,165)	34,803
Organisational Development	-	(4,019)	(4,019)
Governance and Property	46	(965)	(919)
Development Services	481	(972)	(491)
General Inspectorate	679	(444)	235
Environmental Health	9	(261)	(252)
Total	**41,183**	**(12,209)**	**28,974**
% of overall budget	72%	22%	

*For the purposes of this table, Financial Services includes rates revenue and interest expense on all borrowings. Following the consultation period, an internal process is undertaken to apply full cost attribution to all outward facing services.

Strategic Work Plan	Operating / Capital	Expense '$000
Leadership and Capability Framework	Operating	(16)
Internal Audit	Operating	(35)
Workforce Plan	Operating	(35)
Business Systems Review	Operating	(200)
Dog and Cat Management Plan	Operating	(10)
Workplace Strategy	Capital	(250)
Total		**(546)**

City Infrastructure

The City Infrastructure portfolio delivers many essential services for our community, providing and maintaining infrastructure and waste management for our community to conduct business, live and work, partake in recreational activities in a clean, safe and attractive environment.

The City Infrastructure portfolio is supported by 82.88 FTEs. Key service functions provided by this portfolio include:

- Capital Works program,
- Parks and Gardens,
- Waste facility management,
- Kerbside collections – waste, recycling, Food Organics, Garden Organics (FOGO),
- ReUse Market,
- Building maintenance,
- Infrastructure maintenance,
- Asset management planning,
- Environment and sustainability,
- Streetscaping, cleaning and lighting,
- Traffic management and maintenance,
- Public conveniences,
- Cemeteries, and
- Plant, machinery and fleet management and maintenance.

	Income '$000	Expense '$000	TOTAL (net) '$000
General Manager City Infrastructure	-	(1,776)	(1,776)
Council Works Administration	(177)	(554)	(731)
Waste and Reuse	7,684	(9,721)	(2,037)
Environmental Sustainability	61	(357)	(296)
Operations and Engineering	2,642	(12,842)	(10,200)
Cemeteries	1,007	(929)	78
Total *	**11,217**	**(26,179)**	**(14,962)**
% of overall budget	**20%**	**46%**	

*For the purposes of this table, following the consultation period, an internal process is undertaken to apply full cost attribution to all outward facing services. Revenue from the Waste Service Charge is reflected with all rates revenue raised in the Corporate and Regulatory Services Portfolio.

Strategic Work Plan	Operating / Capital	Expense '$000
Asset Management Planning	Operating	(180)
Crater Lakes Bushfire Rehabilitation	Operating	(80)
Cultural Assessments	Operating	(20)
Shared Path Master Plan	Capital	(234)
Waste Education Program	Operating	(80)
Waste Master Plan – Leachate	Capital	(1,200)
Total		**(1,794)**

People, Place and Liveability

The People, Place and Liveability portfolio value adds, by leading and enhancing a vibrant culture, thriving economy, creative and inclusive community. It leverages partnerships to build on opportunities to create positive experiences for all who choose to live, work and enjoy our city.

The People, Place and Liveability portfolio is supported by 33.84 FTEs. Due to the nature of services provided by this portfolio, Council estimates casual staff at an additional 4.19 FTE may be utilised. Key service functions provided by this portfolio include:

- Library operations and programming,
- Community engagement,
- Community development and assistance,
- Riddoch Arts and Cultural Centre,
- Economic development,
- Investment and attraction,
- Tourism activation and operations,
- Events and activations,
- Master planning and place making, and
- Cultural heritage and venues.

	Income '$000	Expense '$000	TOTAL (net) '$000
General Manager People, Place and Liveability	-	(719)	(719)
Economy Strategy and Engagement	572	(3,719)	(3,147)
Riddoch Arts and Cultural Centre	120	(2,338)	(2,218)
Library and Community Development	219	(2,483)	(2,264)
Wulanda Recreation and Convention Centre*	3,094	(6,764)	(3,670)
Total	**4,005**	**(16,023)**	**(12,018)**
% of overall budget	**7%**	**28%**	

*All interest on borrowings has been included under Corporate and Regulatory Services. Interest covers both debt incurred for the construction of Wulanda and required in working capital as outlined below.

Wulanda Recreation and Convention Centre	'$000
Operating (net)	(1,865)
Depreciation	(1,805)
Subtotal excl. Interest	**(3,670)**
Interest	(1,577)
Total	**(5,247)**

Strategic Work Plan	Operating / Capital	Expense '$000
Railway Lands precinct	Capital	(200)
Master planning and activation	Operating	(380)
Reconciliation Action Plan	Operating	(5)
Grants attraction	Operating	(151)
Play Strategy	Capital	(275)
Signage and wayfinding	Capital	(250)
Total		**(1,261)**

Capital Works and Projects

Council is responsible for the management of a diverse asset portfolio that provides services and facilities for residents and visitors. It is essential that we manage and maintain our assets responsibly to maximise the value and service the community derives from them.

The annual capital works program is informed by:

- Elected Members and community input,
- Strategic Plan,
- The suite of Asset Management Plans,
- Long Term Financial Plan, and
- Prioritisation and capacity to deliver.

The capital works and projects budget identifies the amount of money that Council will invest in its long term physical assets including renewal and new or upgraded assets.

Renewal – refers to the amount of money that Council will spend in maintaining and replacing its existing asset base.

New/upgrade – refers to the amount of money Council will invest in new assets, or the upgrading of existing assets as identified through Council's strategies and plans.

Capital works and projects summary	Renewal '$000	New/Upgrade '$000	TOTAL '$000
Buildings and structures	(2,995)	(715)	(3,710)
Caroline Landfill	-	(1,200)	(1,200)
Infrastructure	(4,118)	(433)	(4,551)
Office equipment (IT, furniture and fittings)	(485)	(55)	(540)
Other	(220)	(100)	(320)
Plant and equipment	(1,628)	(2,334)	(3,962)
Total capital	**(9,446)**	**(4,837)**	**(14,283)**
% of overall capital budget	**66%**	**34%**	

Capital works and projects		Expenditure '$000	Funding '$000	Net '$000
Corporate and Regulatory Services		**(626)**	**-**	**(626)**
Buildings and Structures				
Civic Centre	Office accommodation	(286)	-	(286)
IT Furniture and Fittings				
IT	IT refresh program and new	(240)	-	(240)
Office Furniture	Civic Centre	(100)	-	(100)
City Infrastructure		**(12,884)**	**1,419**	**(11,465)**
Buildings and structures				
Playgrounds		(301)	-	(301)
Carinya Gardens	Chapel/crematorium, mowing strips	(450)	-	(450)
Civic Centre roof		(623)	-	(623)

Capital works and projects		Expenditure '$000	Funding '$000	Net '$000
Depot	Guttering, animal holding facility safety, shed extension	(147)	-	(147)
Public toilets	Valley Lakes Conservation	(539)	-	(539)
Bus shelter		(101)	-	(101)
Sustainability initiatives	Annual renewals, various buildings	(50)	-	(50)
Waste Transfer Station and ReUse	Security gates, weighbridge deck, awnings, shed extension	(379)	-	(379)
Wulanda Recreation and Convention Centre	Annual renewals, outdoor pool cover	(332)	-	(332)
Other	AED's, Stables, Railway Station, Wehl St Theatre, BBQ renewal	(249)	-	(249)
Infrastructure				
Roads	Roads to Recovery, reseal program, traffic control, road reconstruction including Davison Dr, Lake Tce, Banksia St.	(3,281)	1,419	(1,862)
Footpaths	Shared Path Master Plan, reseal program, 3 pedestrian crossings	(455)	-	(455)
Kerbing and channel		(54)	-	(54)
Other infrastructure	Retaining walls, Valley Lake boat ramp and embankment	(611)	-	(611)
Carparks	Mel Hirth and Marks Lookout, James St, Senior Citizens	(76)	-	(76)
Stormwater drainage		(74)	-	(74)
Waste Management				
Leachate Management	Leachate Pond	(1,200)	-	(1,200)
Plant and equipment				
Fleet	Includes x3 garbage compactors, x2 mowers, loader, street sweeper, tractor, tip truck, various utilities, vans and pool cars	(3,904)	-	(3,904)
Minor plant		(58)	-	(58)
People, Place and Liveability		**(773)**	**-**	**(773)**
Buildings and structures				
Railway Lands	Leverage funds for grant applications	(200)	-	(200)
Riddoch Arts and Cultural Centre	Accessibility doors	(53)	-	(53)
IT Furniture and Fittings				
IT	Dress Circle	(200)	-	(200)
Other				
Signage	Wayfinding (city wide)	(200)	-	(200)
Public Realm Works	Rapid activation	(100)	-	(100)
Christmas decorations	Annual renewal program	(20)	-	(20)
TOTAL		**(14,283)**	**1,419**	**(12,864)**



Our **Budget**

Summary

The net operating position will result in a **balanced budget.**

Projected operating income is sufficient to meet projected operating expenses. Sufficient funds are available to meet Council's program priorities, services, programs and projects for the 2026/2027 financial year.

Increased revenue and careful review of costs support:

- Market volatility due to current world events,
- Inflationary pressures, and
- Additional capacity.

The **general rate increase** will result in a 5.90% general rate increase and 0.50% to cover the impacts of Electoral Commission of South Australia cost shifting to determine the next Local Government General Election. The number of rateable assessments has grown by 1.64% over 2025/2026 period.

A **decrease** of 4% will be applied to the fixed charge component of general rates. This considers balancing equity and affordability particularly for lower-value properties.

The **Waste Service Charge** will result in a increase from $344 to **$390** per applicable assessment.

How the business plan and budget was prepared

The budget process was built from the bottom up using 2025/2026 operating budget as a base, with an update to incorporate ongoing changes. The LTFP was used to guide the preparation of the budget, setting targets for control and to ensure financial sustainability. The LTFP is paramount to assist Council in meeting borrowing covenants set by the Local Government Financing Authority (LGFA). This approach is consistent with previous years.

The strategic work plan was separately prioritised, with cost estimates applied and added to the base budget. These were also modelled through the LTFP where known cost implications could be reasonably applied.

At the same time, revenue assumptions, particularly fees and charges were reviewed to ensure cost recovery of user pay services to drive the relevant revenue components of the budget. Rates and the waste service charge - the most significant revenue input - was reviewed and modelled throughout the budget process.

Financial Sustainability Ratios

Operating Surplus Ratio – 0%, target positive by 2026/2027

The Operating Surplus Ratio indicates whether current ratepayers are funding the full cost of the services and programs delivered by Council in each financial year. A positive ratio reflects that ongoing revenue is sufficient to meet operational expenditure without reliance on reserves or one-off funding sources.

Council has set a target of achieving a positive operating result by 2026/2027, consistent with its Treasury Management Policy and the loan conditions established with the Local Government Finance Authority (LGFA) for the construction of the Wulanda Recreation and Convention Centre.

Council has achieved a balanced operating budget for the second consecutive year, resulting in a forecast Operating Surplus Ratio of 0% for 2026/2027. This represents a continued improvement in Council's financial performance and reflects strong fiscal discipline and prudent financial management.

How is this ratio calculated?

Operating surplus before capital revenues as a percentage of total operating revenue.

Net Financial Liabilities Ratio – 73%, target less than 100%

This financial indicator is useful in determining the level of indebtedness that Council has in comparison to its operating revenue. Council continues to achieve a net financial liabilities ratio of less than 100% of total operating revenue, with a forecast result of 73%. This is in alignment with Council's Treasury Management Policy.

How is this ratio calculated?

Net financial liabilities as a percentage of total operating revenue.

Asset Renewal Funding Ratio – 118%, target 90-110% (average 123% over life of LTFP)

This financial indicator is useful in determining if Council is maintaining all its assets. This is best demonstrated by comparing total capital renewal expenditure planned against Asset Management Plan requirements. Council will maintain an asset renewal funding ratio of greater than or equal to 100% of Asset Management Plan (aligned with Council's Treasury Management Policy), forecasting a 118% result for the 2026/2027 financial year.

The ratio being above 100% has inclusions above the asset management plans due to a timing difference between when the asset management plans were last adopted, changed assumptions included in the LTFP and need that has arisen when preparing the annual business plan and budget. This timing issue will be rectified when the asset management plans are next updated.

How is this ratio calculated?

Capital expenditure on renewal or replacement of existing assets as a percentage of Asset Management Plan allocations.

Together, these Financial Sustainability Ratios show that Council is managing its finances carefully and making decisions that balance today's needs with the needs of future generations. A balanced operating budget, a manageable level of borrowings, and strong investment in maintaining existing infrastructure all indicate that Council is living within its means while continuing to deliver essential services and projects. Council is also maintaining its assets at an appropriate standard, helping to ensure roads, buildings and facilities remain safe, reliable and fit for purpose over time.

Importantly, this approach has been formally recognised by the Local Government Finance Authority (LGFA). In correspondence dated 7 April 2026, the LGFA confirmed that all special conditions attached to Council's Wulanda-related loan facilities were met by 30 June 2025, two years earlier than required. This early achievement provides confidence that Council's finances are well managed, reduces financial risk, and demonstrates Council's ability to responsibly plan for, deliver and manage major community infrastructure now and into the future.

Borrowings

Council undertook its largest borrowings to date in recent years to fund the Wulanda Recreation and Convention Centre, a significant new infrastructure project that the community will benefit from for many years to come. These borrowings are incorporated in our budget and longer term planning.

Borrowing is undertaken in accordance with our Treasury Management Policy.

Council has established a set of guiding principles for the latest version of the LTFP, which in conjunction with the Treasury Management Policy specifies preference for when new borrowings will be considered and is mainly centred around investment in new capital projects.

Fees and charges

Our fees and charges are reviewed annually as an input to the Annual Business Plan and Budget. In recent years, Council has experienced increases in costs and in response to this, fees and charges need to be adjusted accordingly.

The review ensures that fees and charges:

- Recover the cost of service or incrementally move toward recovery,
- Are comparable with market rates and competitor neutrality,
- Are aligned with strategic and operational plans and policies,
- Take into account other influences such as environmental, community expectations, relevant legislation.

There are a number of fees and charges Council cannot directly influence. These are Statutory Fees and are set by the Government prescribed under other Acts.

A complete list of fees and charges for 2026/2027 will be available online at www.mountgambier.sa.gov.au from 1 July 2026.

Risks

It should be noted that there are a number of risks that cannot yet be quantified in this year's Annual Business Plan and Budget as their impact at this time is unknown or pending further advice.

- Market volatility due to world events outside Council control.
- Ongoing inflationary pressures and interest rates.
- The Waste and Resource Recovery Master Plan, together with the Waste and Resource Recovery Strategy 2023–2030, has charted Council's whole-of-life roadmap for waste management services and assets, including the Waste Transfer Station, ReUse Market, Caroline Landfill and kerbside collections. Following endorsement of this work, Council has proceeded to develop detailed implementation strategies (including costings and prioritisation) for key projects such as waste reduction initiatives, leachate management, improved material diversion and recovery, optimisation of the Caroline Landfill layout, and optimisation of kerbside collection services.

- Last year, costing principles for the allocation of internal costs to capital projects were introduced. While a base approach has been implemented and reflected in this budget, this will be reviewed, refined and improved over the coming years.
- Supply chain lead time on significant plant and equipment items may exceed the span of the financial year. This is due to Euro 6 compliance requirements on plant introduced and world events prolonging volatility.
- SA Water infrastructure remains a pertinent issue for the region and could result in reduced development revenue for Council.
- There are a number of service reviews underway with the outcome of these reviews unknown at the time of preparation of this Annual Business Plan and Budget.

Rates and Service Charges

Rate revenue is an integral part of Council's resourcing, accounting for approximately 63% of total revenue for 2026/2027. As a result, Council's rating strategy and policies are a key component of the annual planning process.

In determining rate revenue, consideration is given to both internal and external influences on Council including strategic management plans, stewardship of assets and infrastructure, provision of services to meet community expectation, taxation principles, capacity to pay and legislative compliance.

Every resident benefits in some part from the general amenity of the Council area. This amenity includes the local economy, general Council operations and the ability of every resident to use Council facilities and infrastructure including parks, gardens, libraries, etc.

The 2026/2027 Annual Business Plan and Budget includes a general rate increase of 5.90% and 0.50% increase to cover the impacts of Electoral Commission of South Australia cost shifting to determine the next Local Government Election. The number of rateable assessments has grown by 1.64% over 2025/2026 period.

The Waste Service Charge will result in an increase from $344 to $390.

Council plans to raise $28.96 million from general rates (excluding Regional Landscape Levy and service charges).

Rates modelling

Methodology

Our rates are determined by multiplying the applicable **rate in the dollar** by the **capital valuation** of rateable land in the council area plus a **fixed charge** (as detailed below).

Valuation methods

Council has the option of adopting one of two valuation methodologies to assess the properties in its area for rating purposes:

- **Capital value** - The value of the land and all improvements on the land; or,
- **Annual value** - A valuation of the rental potential of the property.

Capital value is used as the basis for valuing land within the Council area. This method is the most commonly used in South Australia and values the land and all of the improvements on the land. It is considered the fairest and most efficient method of distributing the rate responsibility across all ratepayers because:

- Relative wealth - Is the most appropriate measure of relative wealth in the community.
- Capacity to pay - As a measure of wealth, it most closely reflects the property owners' capacity to pay.
- Taxation principle - It equates with the taxation principle that people should contribute to community, social and physical infrastructure in accord with their capacity to pay as measured by property wealth.

Fixed charge

A component of the total rate will be a fixed charge on every rateable property. This fixed charge applies to all ratepayers and continues to raise less than half of the total rate revenue (before rebates and remissions) required for the 2026/2027 financial year. The reasons for including a fixed charge component are:

- Range of services - To deliver a range of services to the community, Council must maintain various internal support, infrastructure and administrative services. No particular group of ratepayers benefits more than any other from the provision of these services.
- Equal contribution – It is appropriate that all ratepayers contribute equally to the cost of administering Council's services and activities.

A fixed charge ensures all rateable properties pay a base amount to the cost of administering Council activities and maintaining the services and infrastructure that supports each property.

Council is limited to the amount that can be raised by the fixed charge in that it cannot raise more than 50% of its general rate revenue from the fixed charge component. In 2026/2027 Council proposes to raise 34% of its general rate revenue by way of a fixed charge, a reduction of 4% on the last financial year. This reduction was endorsed as part of the recently completed Review of the Basis of Rating 2026 and considers balancing equity and affordability, particularly for lower-value properties while ensuring all ratepayers contribute to shares services. This is a good outcome for lower-valued properties resulting in a decrease of $34 for the fixed charge component.

Total expected revenue							
	2025/2026	2026/2027	Change	2025/2026	2026/2027		Change
Fixed charge	$10,183,955	$9,844,998	-3.33%	$684	$650	(q)	-$34

(q) Fixed charge - A fixed charge can be levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge can be levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. Refer to the Rating Policy for details.

Differential (rate in the dollar)

In addition to a fixed charge, Council will declare differential general rates in the dollar according to the use of the land within the Council area. In applying differential general rates,

Council has considered and is satisfied that the rating system addresses the issue of consistency and comparability across all Council areas, particularly as it relates to the various sectors of the business and wider community.

Council will declare differential general rates in the dollar based on the use of the land, as follows:

Category	Land Use Description
1	Residential
2	Commercial - Shop
3	Commercial – Office
4	Commercial – Other
5	Industrial - Light
6	Industrial – Other
7	Primary Production
8	Vacant Land
9	Other

The main reasons for applying differential rates are:

- Ability to pay,
- Potential income taxation deductions,
- Materially heavier/lighter use of services by, ratepayers/employees/customers/suppliers, and,
- Provide a disincentive to withholding land from development.

Changes to the application of differential rating were recently endorsed by Council as part of the strategic review of the basis of rating. The outcome of the review resulted in a staged implementation plan to amend differential rating application and improve equity over a 5 year period, with 2026/2027 being the first year of implementation.

Summary of differential rates

Land Use	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Residential	100%	100%	100%	100%	100%
Commercial (office, shop and other)	250%	230%	220%	210%	200%
Industrial (other and light)	250%	230%	220%	210%	200%
Primary Production	130%	160%	190%	220%	250%
Vacant Land	250%	250%	250%	250%	250%
Other	100%	100%	100%	100%	100%

	Total expected revenue			No. of rateable properties		Average per rateable property				Cents in the $
	2025/2026	2026/2027	Change	2025/2026	2026/2027	2025/2026	2026/2027		Change	2026/2027
Land Use (General Rates - GROSS)										
Residential	$18,841,035	$20,445,500	8.52%	13,067	13215	$1,441	$1,547	(p)	$106	.195275
Commercial - Shop	$2,332,589	$2,372,363	1.71%	470	467	$4,962	$5,080	(p)	$118	.4881880
Commercial - Office	$539,586	$579,037	7.31%	163	169	$3,310	$3,426	(p)	$116	.4881880
Commercial - Other	$2,417,099	$2,534,787	4.87%	475	496	$5,088	$5,110	(p)	$22	.4881880
Industry – Light	$598,419	$678,435	13.37%	144	147	$4,155	$4,615	(p)	$460	.4881880
Industry - Other	$975,497	$987,274	1.21%	99	95	$9,852	$10,392	(p)	$540	.4881880
Primary Production	$59,970	$38,536	-35.74%	28	14	$2,142	$2,752	(p)	$610	.253858
Vacant Land	$769,277	$908,211	18.06%	419	460	$1,835	$1,974	(p)	$139	.4881880
Other	$267,562	$411,733	53.88%	59	106	$4,534	$3,884	(p)	-$650	..195275
Total Land Use	$26,801,034	$28,955,876	8.04%	14,924	15169	$1,796	$1,909	(p)	$113	

Expected Rates Revenue

	2025/ 2026 (as adopted)	2026/ 2027	Notes	Change
General Rates Revenue				
General rates (existing properties)	$26,801,034	$28,516,300	(a)	6.4%
General rates (new properties)	$0.00	$439,576	(b)	1.64%
General rates (GROSS)	$26,801,034	$28,955,876	(c)	8.04%
Less: Mandatory rebates	($355,000)	($460,000)	(d)	
General rates (NET)	$26,446,034	$28,495,876	(e)	7.75%
	(e)=(c)+(d)			
Other Rates (Incl. Service Charges)				
Regional Landscape Levy	$1,497,501	$1,544,358	(f)	3.13%
Waste collection	$4,973,208	$5,702,970	(g)	14.67%
	$31,419,242	$34,198,846		
Less: Discretionary rebates	($40,000)	($50,000)	(l)	
Expected total rates revenue	$31,379,242	$34,148,846	(m)	8.83%
	(m)= (e)+(g)+(l)			

Notes

(a) General rates (existing properties) - In 2026/2027 this will reflect the revenue from properties that existed in 2025/2026. Please note that 2025/2026 has been restated so that year on year numbers are comparable.

(b) General rates (new properties) - In 2026/2027 this will include newly created assessments. New assessments calculated for 2025/2026 do not carry forward.

(c) General rates (GROSS) - General rates revenue prior to the application of any rebates, remissions or objections.

(d) Mandatory rebates - Councils are required under the *Local Government Act 1999* to provide a rebate to qualifying properties under a number of categories. The rates which are foregone via mandatory rebates are redistributed across the ratepayer base (i.e. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R155 Rate Rebate Policy for further details.

(e) General rates (NET) - Presented as required by the Local Government (Financial Management) Regulations 2011 reg 6(1)(ea). Please note: The percentage figure in (e) relates to the change in the total amount of general rates revenue to be collected from all rateable properties, not from individual rateable properties (i.e. individual rates will not necessarily change by this figure).

(f) Regional Landscape Levy - Councils are required under the Landscape South Australia Act 2019 to collect the levy on all rateable properties on behalf of the State Government. The levy

helps to fund the operations of regional landscape boards who have responsibility for the management of the State's natural resources. Council collects this levy on behalf of State Government and does not retain the revenue nor determine how the revenue is spent.

(g) Waste collection (Waste Service Charge) Waste management is one of the largest costs to the community and Council encourages ratepayers to consider their personal environmental impact and the associated costs. This service charge of $390 is intended to be cost recovery including bin collection, waste treatment and disposal and maintaining, improving and replacing the service.

(l) Discretionary rebates - A Council may grant a rebate of rates or service charges in a number of circumstances. The rates which are foregone via Discretionary Rebates are redistributed across the ratepayer base (ie. all other ratepayers are subsidising the rates contribution for those properties who receive the rebate). Please refer to R105 Rating Policy and R155 Rate Rebate Policy for further details.

(m) Expected total rates revenue - Excludes other charges such as penalties for late payment and legal and other costs recovered. It also excludes a provision for objections. The amount recorded on the financial statements, is inclusive of all these items.

Estimated growth in number of rateable properties

	2025/ 2026 (as adopted)	2026/ 2027	Notes	Change
Number of rateable properties	14,924	15169	(n)	245
	Actual			

Notes

(n) "Growth" - As defined in the Local Government (Financial Management) Regulations 2011 reg 6(2) is defined in the regulations as where new properties have been created which has added rateable properties to Council's ratepayer base. Growth can also increase the need and expenditure related to infrastructure, services and programs which support these properties and residents.

(o) Average per rateable property - Calculated as general rates for a category, including any fixed charge but excluding any separate rates, divided by number of rateable properties within that category in the relevant financial year.

Estimated average general rates per rateable property

	2025/ 2026 (as adopted)	2026/ 2027	Notes	Change
Average per rateable property	$1,796*	$$1,909*	(o)	$113
	(o)=(c)/(n)			

*Does not include WSC.

Property valuations - Councils use property valuations to calculate each rateable property's contribution to the required rate revenue total.

Rates apportionment - Councils do not automatically receive more money because property values increase, but this may alter how rates are apportioned (or divided) across each ratepayer (ie. some people may pay more or less rates, this is dependent on the change in value of their property relative to the overall valuation changes across the Council area).

Total general rates - The total general rates paid by all rateable properties will equal the amount adopted in the budget.

The estimated 'average' - This is based on the total of all rateable properties and is therefore not necessarily indicative of either the rate or change in rates that individual ratepayers will experience. It should be noted (as above) that Council has not calculated an estimate of number of rateable properties. At this stage, the calculations have been estimated on the most recent data provided by the Office of the Valuer General.

Appendices



$'000 Statement of Comprehensive Income	Jun-25 Act	Jun-26 Act/Fcst	Jun-27 Bud
Income			
Rates	30,388	33,065	35,877
Statutory Charges	923	798	1,130
User Charges	10,408	11,237	12,506
Grants, Subsidies and Contributions - Capital	1,225	1,293	1,419
Grants, Subsidies and Contributions - Operating	7,091	5,019	5,002
Investment Income	79	72	50
Reimbursements	1,141	388	147
Other Income	697	1,436	620
Net Gain - Equity Accounted Council Businesses	-	-	-
Total Income	**51,952**	**53,307**	**56,751**
Expenses			
Employee Costs	17,811	18,535	19,217
Materials, Contracts & Other Expenses	19,110	20,318	22,241
Depreciation, Amortisation & Impairment	11,902	12,416	13,357
Finance Costs	1,883	1,920	1,936
Net Loss - Equity Accounted Council Businesses	-	-	-
Total Expenses	**50,706**	**53,189**	**56,751**
Operating Surplus / (Deficit)	**1,246**	**118**	**0**
Asset Disposal & Fair Value Adjustments	(1,321)	(12)	-
Amounts Received Specifically for New or Upgraded	67	217	-
Physical Resources Received Free of Charge	1,933	1,200	1,200
Operating Result from Discontinued Operations	-	-	-
Net Surplus / (Deficit)	**1,925**	**1,523**	**1,200**
Other Comprehensive Income			
Changes in Revaluation Surplus - I,PP&E	3,228	5,605	17,761
Share of Other Comprehensive Income - Equity Accou	-	-	-
Movements in Other Reserves	(113)	-	-
Total Other Comprehensive Income	**3,115**	**5,605**	**17,761**
Total Comprehensive Income	**5,040**	**7,128**	**18,961**

$'000 Statement of Financial Position	Jun-25 Act	Jun-26 Act/Fcst	Jun-27 Bud
Current Assets			
Cash and Cash Equivalents	192	500	500
Trade and Other Receivables	2,861	2,961	3,165
Inventories	84	86	89
Assets Held for Sale	-	-	-
Total Current Assets	**3,137**	**3,547**	**3,754**
Non-Current Assets			
Infrastructure, Property, Plant & Equipment	448,597	455,409	473,835
Other Non-Current Assets	-	-	-
Total Non-Current Assets	**448,597**	**455,409**	**473,835**
Total Assets	**451,734**	**458,956**	**477,589**
Current Liabilities			
Trade & Other Payables	4,687	6,588	6,731
Borrowings	6,135	15,319	17,503
Provisions	5,171	5,300	5,507
Other Current Liabilities	-	-	-
Total Current Liabilities	**15,993**	**27,207**	**29,740**
Non-Current Liabilities			
Borrowings	26,068	15,898	12,604
Provisions	3,331	2,353	2,785
Total Non-Current Liabilities	**29,399**	**18,251**	**15,389**
Total Liabilities	**45,392**	**45,458**	**45,130**
Net Assets	**406,342**	**413,498**	**432,459**
Equity			
Accumulated Surplus	89,588	91,112	92,312
Asset Revaluation Reserves	315,808	321,440	339,201
Other Reserves	946	946	946
Total Equity	**406,342**	**413,498**	**432,459**

$'000 Statement of Changes in Equity	Jun-25 Act	Jun-26 Act/Fcst	Jun-27 Bud
Accumulated Surplus			
Balance at the end of previous reporting period	87,287	89,588	91,112
Net result for the year	1,925	1,524	1,200
Transfers from other reserves	376	-	-
Balance at the end of the period	**89,588**	**91,112**	**92,312**
Asset Revaluation Reserve			
Balance at the end of previous reporting period	312,693	315,808	321,440
Gain (Loss) on Revaluation of I, PP&E	3,115	5,632	17,761
Balance at the end of period	**315,808**	**321,440**	**339,201**
Other Reserves			
Balance at the end of previous reporting period	946	946	946
Transfers from Accumulated Surplus	-	-	-
Balance at the end of period	**946**	**946**	**946**
Total Equity at end of reporting period	**406,342**	**413,498**	**432,459**

$'000 Statement of Cash Flows	Jun-25 Act	Jun-26 Act/Fcst	Jun-27 Bud
Cash Flow from Operating Activities			
Receipts			
Rates	30,227	32,965	35,673
Statutory Charges	864	798	1,130
User Charges	10,320	11,237	12,506
Grants, Subsidies and Contributions - Operating	7,091	5,020	5,002
Investment Income	79	72	50
Reimbursements	1,141	388	147
Other Income	746	1,436	620
Payments			
Payments for Employees	(17,159)	(18,535)	(19,217)
Payments for Materials, Contracts & Other Expenses	(19,692)	(19,469)	(21,803)
Finance Payments	(1,728)	(1,721)	(1,595)
Net Cash Provided By (or Used In) Operating Activities	**11,889**	**12,190**	**12,513**
Cash Flow from Investing Activities			
Receipts			
Amounts Received Specifically for New / Updgraded Assets	1,279	1,293	-
Grants, Subsidies and Contributions - Capital	67	217	1,419
Sale of Replaced Assets	479	627	213
Payments			
Expenditure on Renewal / Replacement of Assets	(7,691)	(9,533)	(9,410)
Expenditure on New / Upgraded Assets	(1,596)	(3,319)	(3,444)
Net Cash Provided By (or Used In) Investing Activities	**(7,174)**	**(10,715)**	**(11,222)**
Cash Flow from Financing Activities			
Receipts			
Proceeds from CAD	-	-	6,920
Proceeds from Borrowings	4,750	1,705	-
Payments			
Repayment of CAD	-	-	-
Repayment of Borrowings	(9,482)	(5,691)	(8,030)
Repayment of Lease Liabilities	(144)	(181)	(181)
Net Cash Provided By (or Used In) Financing Activities	**(4,793)**	**(1,167)**	**(1,291)**
Net Increase (Decrease) in Cash Held	**(78)**	**308**	**0**
Cash & Cash Equivalents at the Beginning of Period	270	192	500
Cash & Cash Equivalents at the End of Period	**192**	**500**	**500**

$'000 Uniform Presentation of Finances	Jun-25 Act	Jun-26 Act/Fcst	Jun-27 Bud
Income			
Rates	30,388	33,065	35,877
Statutory Charges	923	798	1,130
User Charges	10,408	11,237	12,506
Grants, Subsidies and Contributions - Capital	1,225	1,293	1,419
Grants, Subsidies and Contributions - Operating	7,091	5,019	5,002
Investment Income	79	72	50
Reimbursements	1,141	388	147
Other Income	697	1,436	620
Total Income	**51,952**	**53,307**	**56,751**
Expenses			
Employee Costs	17,811	18,535	19,217
Materials, Contracts & Other Expenses	19,110	20,318	22,241
Depreciation, Amortisation & Impairment	11,902	12,416	13,357
Finance Costs	1,883	1,920	1,936
Total Expenses	**50,706**	**53,189**	**56,751**
Operating Surplus / (Deficit)	**1,246**	**118**	**0**
Less: Grants, Subsidies and Contributions - Capital	2,347	(1,293)	(1,419)
Adjusted Operating Surplus / (Deficit)	**3,593**	**(1,175)**	**(1,419)**
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(7,691)	(9,512)	(9,410)
Depreciation, Amortisation and Impairment	11,902	12,416	13,357
Grants, Subsidies and Contributions - Capital Renewal	479	1,293	1,419
Proceeds from Sale of Replaced Assets	-	(12)	213
	4,690	**4,185**	**5,580**
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	(1,596)	(3,340)	(3,444)
Amounts Received Specifically for New and Upgraded Assets	1,225	217	-
Grants, Subsidies and Contributions - Capital New / Upgraded	67	-	-
Proceeds From Sale Of Surplus Assets	288	-	-
	(16)	**(3,123)**	**(3,444)**
Net Lending / (Borrowing) for Financial Year	**8,267**	**(113)**	**716**

$'000 Financial Indicators	Jun-25 Act	Jun-26 Act/Fcst	Jun-27 Bud
Operating Surplus Ratio			
Total Income	51,952	53,307	56,751
Operating Surplus / (Deficit)	1,246	118	0
Operating Surplus Ratio	**2.4%**	**0.2%**	**0.0%**
Net Financial Liabilities Ratio			
Add: Total Liabilities	45,392	45,458	45,130
Less: Cash and Cash Equivalents	(192)	(500)	(500)
Less: Trade and Other Receivables	(2,861)	(2,961)	(3,165)
Net Financial Liabilities	**42,339**	**41,997**	**41,465**
Total Income	51,952	53,307	56,751
Net Financial Liabilities Ratio	**81%**	**79%**	**73%**
Asset Renewal Funding Ratio			
Expenditure on Renewal / Replacement of Assets	7,691	9,533	9,410
Infrastructure & Asset Management Plan required expenditure	-	-	7,944
Asset Renewal Funding Ratio	**0%**	**0%**	**118%**

1. INTRODUCTION

Councils are required to raise revenue for governance, administration and the delivery of goods and services to the community.

Council's major source of revenue is Rates, derived as a tax on land within the Council area. All ratepayers receive benefits from paying rates, but those benefits are consumed in different quantities and types over the life of the ratepayer.

This document sets out the policy of the City of Mount Gambier ("Council") for setting and collecting rates from its community.

2. PURPOSE

Chapter 10 of the *Local Government Act 1999* ("the Act") prescribes Council's powers to raise rates. The Act provides the framework within which the Council must operate, but also leaves room for the Council to make a range of policy choices. This document includes reference to:

- Compulsory features of the rating system.
- The policy choices that the Council has made on how it imposes and administers the collection of rates.

3. SCOPE

Strategic Focus

In determining a suitable Rating Policy, Council has taken into consideration:

- The Council's Strategic Management Plan
- Council's Long Term Financial Plan
- Council's Annual Business Plan and Budget
- Council's Treasury Management Policy
- Required funding for future Asset Replacement (Infrastructure and Asset Management Plan)
- The current economic climate of our City and its district
- The specific issues faced by our community
- The impact of general rate increases upon our community, either generally or for specific classes of the community
- The impact of rates on our community and the need to balance our community's capacity to pay with the needs and desires of the wider interests that form our community.
- Local Government advice from Essential Services Commission of South Australia (ESCOSA)

There will continue to be economic pressures applying to the Council in a number of ways that will have an impact on the Council's budget and as a result will place pressure on rates.

4. POLICY STATEMENT

4.1 Communication of the Policy

Section 123 of the Local Government Act 1999 requires a Council to prepare an Annual Business Plan and Budget. As per Section 123 (2) (d) of the Act, the Annual Business Plan must set out the rates structure and polices for the financial year. A summary of the Annual Business Plan must be included with the first rates notice.

4.2 Method Used to Value Land

Councils may adopt one of two valuation methodologies to value the properties in their areas. They are:

- Capital Value – the value of the land and all the improvements on the land.
- Annual Value – a valuation of the rental potential of the property.

The City of Mount Gambier has decided to continue to use Capital Value as the basis for valuing land within the Council area. The Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers because property value is considered a reasonable indicator of income and capital value, which closely approximates the market value of a property and provides the best indicator of overall property value.

4.3 Adoption of Valuation

The City of Mount Gambier will adopt the most recent valuations made by the Valuer-General. If a ratepayers dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the valuation referred to in the rate notice by writing served personally or by post on the Valuer-General within 60 days after the date of service of the notice, provided they have not:

(a) previously received a notice or notices under the *Local Government Act 1999* referring to the valuation and informing them of a 60-day objection period, the objection period is 60 days after service of the first such notice; or

(b) Previously had an objection to the valuation considered by the Valuer-General.

The Valuer-General may extend the 60-day objection period where it be shown there is reasonable cause to do so by a person entitled to make an objection to a valuation.

Objections can be submitted to the Office of the Valuer-General via:

Online:	www.valuergeneral.sa.gov.au
Email:	OVGobjections@sa.gov.au
Post:	GPO Box 1354, Adelaide 5001
Fax:	08 8115 5709
In Person:	Land Services SA, Level 9, 101 Grenfell Street, Adelaide

4.4 Objection to Valuation

A person may object to a valuation of the Valuer-General by notice in writing, setting out the full and detailed grounds for objection, including any supporting information, and the Valuer-General must consider the objection. If the person then remains dissatisfied with the valuation the person has a right to a review. Applications must be made within 21 days of receipt of the notice of the decision (in relation to the objection) from the Valuer-General. A payment of the prescribed fee for the review to be undertaken together with the review application must be lodged in the State Valuation Office, who will then refer the matter to an independent Valuer. If the person remains dissatisfied with the valuation then they may apply to the South Australian Civil and Administrative Tribunal (SACAT) for a review of the decision.

The address of the Office of the Valuer-General is:

Online: www.valuergeneral.sa.gov.au
Email: OVGObjections@sa.gov.au
Post: GPO Box 1354, Adelaide 5001
Fax: 08 8115 5709
In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

The Council has no role in the valuation review process & the lodgement of an objection does not change the due date for payment of rates.

4.5 Notional Values

Certain properties may be eligible for a notional value under the Valuation of Land Act 1971. This can relate to certain primary production land or where there is State heritage recognition. A notional value is generally less than the capital value and generally results in a reduced rate liability being incurred.

Application by the ratepayer for a notional value must be made to the Office of the Valuer-General.

The address of the Office of the Valuer-General is:

Online:	www.valuergeneral.sa.gov.au
Email:	OVGObjections@sa.gov.au
Post:	GPO Box 1354, Adelaide 5001
Fax:	08 8115 5709
In Person:	Land Services SA, Level 9, 101 Grenfell Street, Adelaide

4.6 Business Impact Statement

Current Economic Environment

Council will consider the impact of rates on all businesses in the Council area, including industry, commercial and primary production sections. In considering the impact, Council will assess the following matters:

- Those elements of Council's Strategic Management Plan relating to business development.

- Relevant economic forecast reports.
- Council's recent development approval trends.
- The operating and capital projects and new programs for the coming year that will principally benefit industry and business development.
- Valuation changes.
- Consumer Price Index (CPI) and Local Government Price Index (LGPI) Movements.

Council recognises the importance of supporting and encouraging a diverse and healthy business sector.

4.7 Council's Revenue Raising Powers

All land within a council area, except for land specifically exempt (e.g. Crown land, Council occupied land and other land prescribed in the Local Government Act – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or service rates or charges for specific services. The Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Mount Gambier Civic Centre, 10 Watson Terrace, Mount Gambier or on our website at www.mountgambier.sa.gov.au. A Goods and Services Tax at a rate determined under the Goods and Services Tax Act 1999 will be charged on those fees not given exemption under the Act.

4.8 Fixed Charge

Council has decided that a component of the total rate will be a fixed charge on every eligible rateable property.

Each year Council declares a fixed charge as part of its rating strategy.

Section 152 of the Act provides for a fixed charge component of rates. Council's reasons for including a fixed charge component are:

- To be able to deliver a range of services to the community, Council must maintain a range of internal support and administrative services. No particular group of ratepayers benefit more than any other group of ratepayers by the provision of the support and administrative services.
- The Council therefore considers it appropriate that all ratepayers contribute equally to the cost of administering Council's activities and services.

The fixed charge will affect all eligible ratepayers and is set to raise less than one half of total rate revenue (before rebates and remissions, in accordance with legislative provisions.

The fixed charge is uniformly paid by each eligible ratepayer, irrespective of capital value, has the effect of limiting the impact changes in valuation have on individual assessments.

Where two or more adjoining properties have the same owner and occupier only one fixed charge is payable by the ratepayer.

Applications for "adjoining properties" must be in writing addressed to Chief Executive Officer (as per 4.25 of this Policy) and will only be considered by Council within the relevant financial year received.

No application will have an effect on past fixed charges levied.

4.9 Differential General Rates

In addition to the use of a Fixed Charge, Council will declare differential general rates in the dollar according to the use of the land. The Local Government Act 1999, allows councils to differentiate rates based on the use of the land, the locality of the land or on the use and locality of the land. Current categories of land use defined by the Local Government (General) Regulations 1999 are:

1. Residential
2. Commercial-Shops
3. Commercial-Office
4. Commercial-Other
5. Industrial-Light
6. Industrial-Other
7. Primary Production
8. Vacant Land
9. Other.

Councils rationale for differential rates is to provide consideration to:

- Capacity to pay;
- Benefits received from Council resources;
- Potential income taxation deductions;
- Materially heavier/lighter use of services by ratepayers/employees/ customers/suppliers; and,
- Provide a disincentive to withholding land from development.

4.10 Land Use

Land use is a factor to levy differential rates and is provided by the Office of the Valuer-General.

As part of the valuation process the Office of the Valuer-General applies a land use to each assessment to identify the predominant use of the land. This land use is applied by various taxing authorities. Council generally applies this land use for rating purposes, however under the Act, Council is the relevant authority that determines land use for rating purposes. The rating land use applied by Council must meet the definitions under Development Regulations. As such the local government land use may vary from that used by other taxing authorities.

If a ratepayer is of the opinion that a particular land use has been wrongly attributed to the ratepayer's land by the council for the purpose of levying differential rates, the ratepayer may object to the attribution of that land use.

Your objection must be lodged in writing and directed to Council within 60 days of being notified of the land use.

The Office of the Valuer General provides "Objection to Land Use" fact sheets in an aim to provide assistance in understanding the process to undertake if you are dissatisfied with the land use. Details are available from the Office of the Valuer General online via FactSheet-LandUseCodes.PDF (valuergeneral.sa.gov.au) or by contacting the Office of the Valuer General directly:

Online: www.valuergeneral.sa.gov.au
Post: GPO Box 1354, Adelaide 5001
Fax: 08 8115 5709
In Person: Land Services SA, Level 9, 101 Grenfell Street, Adelaide

Note: Lodgement of an objection does not change the due date for the payment of rates.

4.11 Land Use Category Primary Production

From 01/07/2026 any property with a land use category of Primary Production that contains a "principal place of residence" will be deemed as having a predominate land use of Residential. Accordingly, the differential residential rate to be applied.

If a ratepayer is of the opinion that a particular land use has been wrongly attributed to the ratepayer's land by the council for the purpose of levying differential rates, the ratepayer may object to the attribution of that land use.

The objection must be lodged in writing and directed to Council within 60 days of being notified of the land use. The objection must include supporting evidence that the property does not meet Council's criteria.

4.12 Minimum Rate

Council does not use the minimum rate provisions, instead Council uses the combination of fixed charge and valuation based rating.

4.13 Limestone Coast Landscape Levy

From 1 July, 2020 the new *Landscape South Australia Act 2019* replaced the *Natural Resource Management Act 2004.* The Council is in the new Limestone Coast Landscape area and is required under the new Act to make a specified annual contribution to their Regional Landscape Board. As such, Council collects the levy on behalf of the State Government for no gain to Council.

The Council is simply operating as a revenue collector for the Landscape Levy in this regard. It does not retain this revenue nor determine how the revenue is spent.

4.14 Service Charges

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a ***prescribed service.*** A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service or not. The WSC will be for a full financial year i.e. 1st July to 30th June with no pro rata charged applied.

The charge includes:

- a 140L domestic waste bin and weekly collection service
- a 240L recycling bin and fortnightly collection service
- a 240L green waste bin and fortnightly collection service * (bin not included)

Where two or more adjoining properties have the same owner and occupier only one waste service fee is payable by the ratepayer.

Rateable recreational or sporting activities (community groups) will be provided x1 general waste and x1 recycle bin.

A rate rebate will not be available on Waste Service Charge.

The provision for Waste Service Collection is not available for properties receiving 100% Council rebate.

4.15 Cost of Living Concessions

Eligible Pensioners, Low Income Earners and Self-Funded Retirees

Pensioners, low income earners or Self-Funded Retirees may be entitled to a State Government cost of living concession. The cost of living concession helps those on low or fixed incomes with their cost of living expenses, whether that be electricity, gas, water bills or council rates.

Eligibility is based on living arrangements as at 1 July each year. Applications for the each financial year can be submitted by contacting the Concession Hotline on 1800 307 758.

Applications are administered by the State Government. Payment of rates must not be withheld pending assessment of an application by the State Government as penalties apply to unpaid rates.

4.16 Payment of Rates

The Council will collect rates quarterly on the dates to be specified on the rates notice, in the following months:

- September
- December
- March
- June

Rate notices will be issued quarterly however the total outstanding balance of rates may be paid at any time.

Rates may be paid:

- Over the Internet - www.mountgambier.sa.gov.au
- By telephone: using credit card, phone 1300 276 468, 24 hours a day 7 days per week (BPoint Number 1345263)
- By BPay: Use Biller Code 464263
- By direct debit: from savings or cheque account
- By post: P O Box 56, Mount Gambier SA 5290
- In person: at the Council Offices during Council business hours Monday to Friday excluding public holidays
- By Centrepay deductions from social security payments
- Any Australia Post outlet.
- Flexipay

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard instalments and due dates can contact the Council to discuss alternative payment arrangements. Note, fines and interest may still be levied in accordance with the Act.

4.17 Late Payment of Rates

The Local Government Act provides that Councils impose a penalty of 2% on any payment for rates, whether instalment or otherwise, that is received late. A payment that continues to be late is then charged an interest rate, set each year according to a formula in the Act, for each month it continues to be late. Interest charged on late payments is charged on both the amount of the rate arrears and any interest that has previously been imposed. The purpose of this penalty is to act as a genuine deterrent to ratepayers who might otherwise fail to pay their rates on time, to allow councils to recover the administrative cost of following up unpaid rates and to cover any interest cost the Council may incur because it has not received the rates on time.

The City of Mount Gambier imposes late payment penalties strictly in accordance with the Local Government Act. The ability to remit penalties in whole or part is a power vested in Council. At the City of Mount Gambier each case will be considered on its merit based on the information provided.

4.18 Fines on Unpaid Rates

If an instalment of rates is not paid on or before the date on which it falls due—

(a) the instalment will be regarded as being in arrears; and
(b) a fine of 2 per cent of the amount of the instalment is payable; and
(c) on the expiration of each full month from that date, interest at the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fines and including interest from any previous month) accrues.

In respect of unpaid Council rates no fines and/or interest charges will arise where the arrears amount is less than $40.

4.19 Outstanding Rates

Council will apply prudent debt collection practices in the recovery of outstanding rates in compliance with the Local Government Act 1999 and follow an ongoing assessment of arrears and systematic approach to debt recovery.

In accordance with the provisions of the Local Government Act, where an instalment of Rates is not paid on or before the date on which it falls due, Council will:

(a) Send a reminder notice to the principal ratepayer with outstanding rate balances advising that payment is overdue;

(b) Proceedings for collection of outstanding rate balances after that time may be collected by legal process.

The Chief Executive Officer is empowered to exempt this Policy in necessitous circumstances, in accordance with the delegated powers issued pursuant to the provisions of the Local Government Act.

The Chief Executive Officer is empowered to take the necessary action to instigate collection by legal process where principal ratepayers have made no genuine attempt to respond to the requests for payment.

The Chief Executive Officer is authorised to write off outstanding and/or bad debts provided:

(a) The debt is considered by the Chief Executive Officer to be unrecoverable;

(b) The outstanding debt is less than $100.

4.20 Appeals Against Assessments

Pursuant to the provisions of the Local Government Act 1999, Council shall refund any rate amount overpaid as a result of an objection, review or appeal in respect of a valuation.

Council shall not apply or credit any such amount overpaid against future liabilities for rates on the land subject to the rates, unless requested to do so by the ratepayer.

4.21 Debt Recovery

Council has determined that Rate Payments will be applied in accordance with the provisions of Section 183 of the Act.

When Council receives a payment in respect of overdue rates the Council applies the money received in accordance with Section 183 of the Local Government Act, as follows:

- Firstly – to satisfy any costs awarded in connection with court proceedings
- Secondly – to satisfy any interest costs
- Thirdly – in payment of any fines imposed; and
- Fourthly – in payment of rates, in date order of their imposition (starting with the oldest account first).

4.22 Rebate of Rates - Mandatory

The Local Government Act requires councils to rebate the rates payable on some land uses. Specific provisions are made for land used for health services, community services, religious purposes, public cemeteries, the Royal Zoological Society and educational institutions. These rebates vary from 75% to 100% and will be applied upon application and on verification.

Councils Rate Rebate Policy (incorporating Rate Rebate Application) is available from the Council website - www.mountgambier.sa.gov.au.

Rate rebates do not apply to Council Waste Service Charge.

The provision for Waste Service Collection is not available for properties receiving 100% Council rebate.

4.23 Rebate of Rates - Discretionary

The Local Government Act 1999 enables Council (upon application and subject to certain eligibility criteria) to grant discretionary rebates of up to 100% for land used for the purposes of a community benefit and that meet certain legislative and Council Policy criteria.

Council (by Policy) has agreed to grant specific Rate Rebates pursuant to the said Act.

Councils Rate Rebate Policy (incorporating Rate Rebate Application) is available from the Council website - www.mountgambier.sa.gov.au.

Rate Rebates do not apply to Council Waste Service Charge.

4.24 Rate Relief Options

4.24.1 Rate relief options apply where an owner/occupier/principal place of residence property with a Category 1 (Residential) Land Use experiences an increase in general rates payable, for the preceding financial year as compare to the general rates payable for the current financial year (excluding any rebates/remissions) and where that increase, in monetary terms, is greater than 15%.

The amount of the rate rebate is the amount of gross rates for the current year over and above the calculation referred to above. I.e. the difference (in monetary terms) between the general rates imposed in the preceding financial year plus 15%. (All calculations referenced herein are gross rates figures. I.e. exclusive of any rebates/remissions/concessions).

The rebate will not apply where:

(a) Any such increase is due in whole or part to an increase in valuation of the land in the Assessment because of improvements made to it worth more than $20,000. or
(b) Any such increase is in whole or part because the zoning or land use category of the land has changed. or

(c) Any such increase is due in full or part to the use of the land being different for rating purposes on the date the Council declared its general rates for the current financial year than on the date the Council declared its general rates for the preceding financial year. or
(d) The ownership of the rateable property has changed since 1st July in the preceding financial year i.e. the residential property has changed ownership and the new owners have purchased the residential property at the new current market value. or
(e) The subject property boundary(s) have been altered in some way e.g. subdivision, boundary alignment etc. i.e. the subject property is not the exact same property, for valuation purposes, as assessed in the previous financial year. or
(f) Other factors considered relevant by the Chief Executive Officer that do not warrant the granting of the discretionary rate rebate.

The rebate will only apply to:

(a) A ratepayer in respect of their principal place of residence only, excluding second and subsequent properties and all other non principal place of residence properties.

(b) The current financial year only then subject to an annual review.

Where an entitlement to a Residential Rate Capping ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for the financial year. ~~(Refer Section 4.25)~~

4.24.2 Vacant Land

The vacant land rate in the dollar is set higher than the residential rate in the dollar.

For those owners of vacant land who intend to develop that land, in the short term as their principal place of residence (as opposed to land speculation), may be entitled to a rebate on Council rates.

Applications must be in writing with the maximum rebate calculated so that the rates payable are equivalent to the average residential land use.

4.24.3 First Home Buyers – New Dwellings

Council has endorsed a Rebate of 100% of the differential residential component of rates for a maximum period of two (2) years, to those ratepayers in respect of their rateable land who meet the following minimum requirements:

a) Have built a new residential dwelling (or purchased off the plan) on the rateable land; and
b) Are a first home buyer who has received financial support through the Australian Government's First Home Buyers Scheme towards their newly built home; and

c) They retain the property as their principal place of residence during the entire period of receiving the rate.

Applications must be in writing addressed to The Chief Executive Officer and include documents confirming receipt of the Australian Government's First Home Buyers Scheme and confirmation property to be their principal place of residence.

The Fixed Charge, Waste Service Charge and Regional Landscape Levy to still apply.

Where an entitlement to a First Home Buyers rebate ceases or no longer applies during the course of a financial year, the Council is entitled to recover full rates for the financial year

4.24.4 Postponement of Rates - Seniors

Section 182A of the Act provides for applications to be made to Council for a postponement of the payment of the prescribed proportion of rates for the current or future financial years if:

(a) the person is a prescribed ratepayer, or is the spouse of a prescribed ratepayer; and
(b) the rates are payable on land that is the principal place of residence of the prescribed ratepayer; and
(c) the land is owned by the prescribed ratepayer and his or her spouse and no other person has an interest, as owner in the land.

The Act defines a 'prescribed ratepayer' as a person who holds a current State Seniors Card issued by the State Government; or who has the qualification(s) to hold such a card and has applied for the card but has yet to be issued with the card.

All Postponement Applications will be considered and must comply with the provisions of Section 182A of the Act and Regulation 18 of the Local Government (General) Regulations 2013.

4.25 Hardship

Any ratepayer experiencing difficulties in meeting rates payments or experiencing hardship will be able to access payment plans tailored to meet their particular circumstances. All arrangements will be strictly confidential.

4.26 Applications

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290 and include sufficient details to identify the relevant property and support the application.

Application forms are available from Council's website www.mountgambier.sa.gov.au .

Please refer to Council's *Rate Rebate Policy* for further information.

4.27 Sale of Land for Non-Payment of Rates

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is required to provide the principal ratepayer and the owner (if not the same person) with details of the outstanding amounts and advise the owner of its intention to sell the land if payment of the outstanding amount is not received within one month. The City of Mount Gambier enforces the sale of land for non-payment of rates after 3 years or more in accordance with the provisions of the Act.

4.28 Changes to Assessment Records

All changes to postal address of ratepayer/owner and changes of ownership of a property must be notified promptly to Council in writing.

4.29 Disclaimer

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact Council's General Manager Council Business Services on (08) 8721 2555 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Chief Executive Officer, City of Mount Gambier, P O Box 56, Mount Gambier SA 5290, or email rates@mountgambier.sa.gov.au.

5. REVIEW & EVALUATION

This Policy is scheduled for review by Council annually and will be reviewed as required by any legislative changes which may occur.

6. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to interested members of the community upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

File Reference:	**AF18/48**
Applicable Legislation:	Local Government Act, 1999 - Chapter 10
Reference: Strategic Plan – Beyond 2015	Goal 5, Strategic Objective 5
Related Policies:	R105 Rating Policy R155 Rates - Rebate Policy and Application Process R130 Rates - General Policy (Amalgamated with R105)
Related Procedures:	Nil
Related Documents:	Nil

DOCUMENT DETAILS

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1. INTRODUCTION

It is the policy of the City of Mount Gambier (the Council) that a rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Local Government Act 1999 (the Act) and where appropriate, the requirements of this Policy.

2. SCOPE

2.1 The Act sets out in Chapter 10, Division 5 (Sections 159 to 166) those provisions applicable to the Council granting a rebate of rates to persons or bodies.

2.2 The Council has decided to adopt a Policy to assist it in its decision making functions relative to the operation of the rate rebate provisions contained in the Act.

2.3 This Policy is intended to provide guidance to the community as to the grounds upon which a person or body is, or may be entitled to receive a rebate of rates and the matters that the Council will take into account in deciding an application for a rebate.

2.4 In accordance with the rebate provisions contained in the Act, this Policy sets out the type of use in respect of land where the Council must grant a rebate of rates and the amount of that rebate and these types of land use where the Council has a discretion to grant a rebate of rates.

3. DEFINITIONS

Act the *Local Government Act 1999* (SA)

Council the elected Council Body

Discretionary Rebate rebates where Council may apply a rebate in accordance with criteria specified in the Act

Mandatory Rebate rebates where Council must grant in accordance with the Act

Rating the overall process of raising revenue by way of levying rates and charges

Rebate/s an amount that a rate or charge may be reduced in accordance with sections 159-166 of the Act

4. PURPOSE

4.1 Section 159(3) of the Act provides that the Council may grant a rebate of rates under the Act if it is satisfied that it is appropriate to do so.

4.2 The Act provides for a mandatory rebate of rates in specified cases and the amount of that mandatory rebate (see Clause 5 below).

4.3 The Act also provides that where the Council must grant a rebate of rates under the Act, and the amount of that rebate if fixed by the Act at less than 100%, the Council **may** increase the amount of the rebate.

4.4 The Act provides, at Section 166 for the Council to provide a discretionary rebate of rates in the cases set out in that Section.

5. MANDATORY REBATES

5.1 The Council must grant a rebate in the amount specified in respect of land uses which the Act provides will be granted a rebate.

5.2 Rates on the following land will be rebated at **100%**:

5.2.1 *Health Services*

Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the *South Australian Health Commission Act 1976.*

5.2.2 *Religious Purposes*

Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes.

5.2.3 *Public Cemeteries*

Land being used for the purposes of a public cemetery.

5.2.4 *Royal Zoological Society of SA*

Land (other than land used as domestic premises) owned by, or under the care, control and management of the Royal Zoological Society of South Australia Incorporated.

5.3 Rates on the following land will be rebated at **75%**:

5.3.1 *Community Services*

Land being predominantly used for service delivery or administration (or both) by a community services organisation. A "*community services organisation*" is defined in the Act as a body that –

5.3.1.1 *Is incorporated on a not for profit basis for the benefit of the public; and*

5.3.1.2 *Provides community services without charge or for a charge that is below the cost to the body of providing the services; and*

5.3.1.3 *Does not restrict its services to persons who are members of the body.*

It is necessary for a community services organisation to satisfy all of the above criteria to be entitled to the mandatory rebate.

The Act further provides that eligibility for a rebate by a community services organisation is subject to it providing one or more of the following community services:

5.3.1.4 Emergency accommodation;
5.3.1.5 Food or clothing for disadvantaged persons;
5.3.1.6 Supported accommodation:
Local Government Act defines as:
(a) Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth); or

(b) Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or
(c) Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body:
(i) that has as a principal object of the body the provision of housing for members of the body; or
(ii) that is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette;
5.3.1.7 Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;
5.3.1.8 Legal services for disadvantaged persons;
5.3.1.9 Drug or alcohol rehabilitation services; or
5.3.1.10 the conduct of research into, or the provision of community education about, diseases or illnesses, or the provision of palliative care to persons who suffer from diseases or illnesses.
5.3.1.11 Disadvantaged person are persons who are disadvantaged by reason of poverty, illness, frailty or mental, intellectual or physical disability.

5.3.2 Educational Purposes

5.3.2.1 Land occupied by a government school under a lease or licence and being used for educational purposes; or
5.3.2.2 Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes; or
5.3.2.3 Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.

5.4 Where the Council is satisfied from its own records or from other sources that a person or body meets the necessary criteria for a mandatory 100% or 75% rebate, the Council will grant the rebate of its own initiative. Where the Council's records or other sources do not meet the criteria, it will require the person or body to apply for the rebate in accordance with Clause 10 of this Policy.

5.5 Where a person or body is entitled to a rebate of 75% the Council may, pursuant to Section 159(4) of the Act, increase the rebate up to a further 25%. The Council may grant the further 25% rebate upon application or on its own initiative. In either case the Council **will** take into account those matters set out at Clauses 6 of this Policy and **may** take into account any or all of those matters set out at Clause 6 of this Policy.

5.6 Where an application is made to the Council for a rebate of up to a further 25% the application will be made in accordance with this Policy and the Council will provide written notice to the applicant of its determination of that application.

57 Council has delegated the determination of entitlement to Mandatory Rebates to the Chief Executive Officer.

6. DISCRETIONARY REBATES

6.1 The Council may in its absolute discretion grant a rebate of rates or service charges in any of the following cases pursuant to Section 166 of the Act: -

6.1(a) where it is desirable for the purpose of securing the proper development of the area (or a part of the area);
6.1(b) where it is desirable for the purpose of assisting or supporting a business in its area;
6.1.(c) where it will be conducive to the preservation of buildings or places of historic significance;
6.1.(d) where the land is being used for educational purposes;
6.1(e) where the land is being used for agricultural, horticultural or floricultural exhibitions;
6.1(f) where the land is being used for a hospital or health centre;
6.1(g) where the land is being used to provide facilities or services for children or young persons;
6.1(h) where the land is being used to provide accommodation for the aged or disabled;
6.1(i) where the land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1997 (Commonwealth) or a day therapy centre;
6.1(j) where the land is being used by an organisation which, in the opinion of the Council, provides a benefit or service to the local community;
6.1(k) where the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;

6.1(l) where the rebate is considered by the Council to be appropriate to provide relief against what would otherwise amount to a substantial change in rates payable due to:

(i) a redistribution of the rates burden within the community arising from a change to the basis or structure of the Council's rates; or

(ii) a change to the basis on which land is valued for the purpose of rating, rapid changes in valuations, or anomalies in valuations.

6.1(m) where the rebate is considered by Council to be appropriate to provide relief in order to avoid a liability to pay a rate or charge that is inconsistent with liabilities that were anticipated in the annual Business Plan or a liability that is unfair or unreasonable;

6.1(n) where the rebate is to give effect to a review of a decision of the Council under Chapter 13 Part 2; and

6.1.(o) where the rebate is contemplated under another provision of this Act.

6.2 A council must, in deciding whether to grant a rebate of rates or charges under Section 166, subsection (1)(d), (e), (f), (g), (h), (i) or (j), take into account:

(a) The nature and extent of council services provided in respect of the land for which the rebate is sought in comparison to similar services provided elsewhere in its area; and

(b) The community need that is being met by activities carried out on the land for which the rebate is sought; and

(c) The extent to which activities carried out on the land for which the rebate is sought provides assistance or relief to disadvantaged persons; and

(d) May take into account other matters considered relevant by the council.

The Council may take into account, but not limited to, the following:

(i) Why there is a need for financial assistance through a rebate;

(ii) The level of rebate (percentage and dollar amount) being sought and why it is appropriate;

(iii) The extent of financial assistance, if any, being provided to the applicant and/or in respect of the land by Commonwealth or State agencies;

(iv) Whether the applicant has made/intends to make applications to another Council;

(v) Whether, and if so to what extent, the applicant is or will be providing a service within the Council area;

(vi) Whether the applicant is a public sector body, a private not for profit body or a private for profit body;

(vii) Whether there are any relevant historical considerations that may be relevant for all or any part of the current Council term;

(viii) The desirability of granting a rebate for more than one year in those circumstances identified at Clause 4.2 of this policy;

(ix) Consideration of the full financial consequences of the rebate for the Council;

(x) The time the application is received;

(xi) the availability of any community grant to the person or body making the application;

(xii) whether the applicant is in receipt of a community grant; and

(xiii) Any other matters, and policies of the Council, which the Council considers relevant.

6.3 The Council has an absolute discretion to:

(a) *Grant a rebate of rates or service charges in the above cases; and*

(b) Determine the amount of any such rebate to a maximum of 100% of the relevant rate.

6.4 A Discretionary rebate of rates or charges provided under subsection 166(1)(a),(b) or (k) may be granted for a period exceeding one year, but not exceeding 10 years.

6.5 A Discretionary rebate of rates or charges provided under subsection 166(1) (l) may be granted for a period exceeding one year, but not exceeding three years.

6.6 Discretionary rebates granted under this policy will be reviewed in accordance with Section 166(3) (3a) or at the time of reviewing the policy (Section 10).

6.7 Persons or bodies that or who seek a discretionary rebate will be required to submit an application form to the Council and provide such information as stipulated on the application form and any other information that the Council may reasonably require.

7. RECREATIONS GROUNDS RATES AND TAXES EXEMPTION ACT 1981

The Recreations Grounds Rates and Taxes Exemption Act 1981 exempts certain land used for sport or recreation in South Australia from rates and taxes. Such land is, therefore, not rateable pursuant to section 147(d) of the Recreation Grounds Rates and Taxes Exemption Act 1981.

To be eligible, certain criteria **must** be met.

7.1 the land must be vested in a council; or under the care, control or management of a Council, and the public is entitled to access to the land for the purpose of sport or recreation; **and**

7.2 The land vested in trustees or in an association and the public is entitled, in pursuance of rights granted in perpetuity, to access the land for the purpose of sport or recreation; **and**

7.3 The land Occupied under a lease, licence or permit granted by a council and used by the occupier for the purposes of sport or recreation; **and**

7.4 The whole of the income derived from the land used for the maintenance, repair or improvement of the land.

Enquiries and application for Recreation Grounds Rates and Taxes Exemption should be directed to Council.

8. LIMESTONE COAST LANDSCAPE LEVY

From 1 July, 2020 the new *Landscape South Australia Act 2019* (the Act) replaced the *Natural Resource Management Act 2004*. Local Government continues to play a key role in collection of the Regional Landscape Levy. Councils are required under the Act to make a specified contribution to their Regional Landscape Board. Council recovers this contribution by imposing a separate rate on individual rateable properties in the Council area.

The Council will provide a concession or rebate off the Landscape levy for rateable properties who presently receive a mandatory or discretionary rebate of rates. The level of the Landscape Levy concession will be equivalent (in percentage terms) to the level of rate rebate Council has granted to those same rateable properties.

9. SERVICE CHARGE

In accordance with Section 155 of the Act a Council may impose a service rate on rateable land within its area for a ***prescribed service.*** A prescribed service is described as treatment or provision of water, collection, treatment or disposal of waste, a television transmission service or any other service prescribed by the regulations for the purposes of this definition.

Council is focused on environmentally sound waste management practices and will impose a Waste Service Charge (WSC) as a tool to become more responsive to waste management related costs and share the costs and benefits within the community.

The WSC will be charged on the basis of the service being available at the property. It will exclude vacant land and primary production where there is no dwelling on the land and will be charged irrespective if the land owner/occupier is using the service.

A rate rebate will not be available on Council Waste Service Charge.

The provision for Waste Service Collection is not available for properties receiving 100% Council rebate.

10. APPLICATIONS

10.1 The Council will inform the community of the provisions for rate rebates under the Act by the inclusion of suitable details in the Council's Business Plan (and on the Draft Annual Business Plan) in accordance with Council's adopted Public Consultation Policy.

10.2 Application forms are available from the Council Office located at The Civic Centre, 10 Watson Terrace, Mount Gambier, telephone 8721 2555 or download from the Council website www.mountgambier.sa.gov.au.

10.3 All persons or bodies that/who want to apply to the Council for a rebate of rates must do so by completing and lodging a Rate Rebate Application on or before 31st March in each year to be considered for a rebate in the new rating year commencing 1st July of each year. The Council reserves the right to refuse to consider applications received after that date. However, applicants which satisfy the criteria for a mandatory 100% rebate will be granted the rebate at any time.

10.4 The Act provides that the Council may grant a rebate of rates or charges on such conditions as the Council considers fit.

10.5 The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

10.6 It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act.

The maximum penalty for this offence is $5,000.

10.7 If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases. If a person or body fails to do so that person or body is guilty of an offence.

The maximum penalty for this offence is $5,000.

If an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

10.8 The Council will, in writing, advise an applicant for a rebate of its determination of that application within sixty (60) business days of receiving the application or of receiving all information requested by the Council. The advice will state whether the application:

10.8.1 Has been granted and the amount of the rebate; or

10.8.2 Has not been granted and the reason(s) why.

10.9 A person or body that is aggrieved by a determination of Council in respect of an application for a rate rebate may seek a review of that determination by writing to the Council in accordance with Council's Internal Review of Decisions Policy.

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, 10 Watson Terrace, Mount Gambier SA 5290 or emailed to "rates@mountgambier.sa.gov.au"

11. DELEGATION

11.1 The Council has delegated its power, pursuant to Section 44 of the Act, to grant applications for mandatory rebates which meet the requirements of the Act.

11.2 The Council has delegated its power to refuse applications for an increase of mandatory rebates to a greater percentage than that provided by the Local Government Act.

11.3 The Council has delegated its power, pursuant to Section 44 of the Act, to determine applications for discretionary rebates.

12. RATE RELIEF OPTIONS

12.1 Retirement Villages

For the purpose of providing a rebate to Retirement Villages, particularly upon issues arising from circumstances where the ratepayer(s) claim to provide or maintain infrastructure that might otherwise be maintained by the Council, a rebate does not generally apply. The power to provide a rebate will be exercised as appropriate and in accordance with the Act.

All applications for rebates, remissions or postponements must be in writing, addressed to the Chief Executive Officer, City of Mount Gambier, 10 Watson Terrace, Mount Gambier SA 5290 or emailed to: "rates@mountgambier.sa.gov.au"

13. REVIEW AND EVALUATION

This Policy is scheduled for review by the Council annually. However, the Policy will be reviewed as required by any legislative changes which may occur.

14. AVAILABILITY OF POLICY

This Policy will be available for inspection at Council's principal office during ordinary business hours and on the Council's website www.mountgambier.sa.gov.au. Copies will also be provided to interested members of the community upon request and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.

RATE REBATE APPLICATION

1. DETAILS OF APPLICANT

Organisation Name .....

Postal Address .....

..... Postcode .....

Telephone ..... Email .....

Please provide details of a contact person for the Applicant

Given Name ..... Surname .....

Postal Address .....

..... Postcode .....

Telephone ..... Email .....

2. DETAILS OF LAND

Council Assessment Number .....

Certificate of Title Reference .....

Address .....

.....

Owner of Land (if not you) .....

3. CATEGORIES OF REBATE

Please tick ☑ the category of rebate under which you are seeking a rebate.

3.1 Mandatory - 100%

☐ *Health Services – Land being predominantly used for service delivery or administration by a hospital or health centre incorporated under the South Australia Health Commission Act 1976 (Section 160 of the Local Government Act 1999);*

☐ *Religious Purposes – Land containing a church or other building used for public worship (and any grounds), or land solely used for religious purposes (Section 162 of the Local Government Act 1999);*

☐ *Public Cemeteries – Land being used for the purposes of a public cemetery (Section 163 of the Local Government Act 1999);*

☐ *Royal Zoological Society of SA – Land (other than land used as domestic premises) owned by, or under the care, control and management of, the Royal Zoological Society of South Australia Incorporated (Section 164 of the Local Government Act 1999).*

3.2 Mandatory - 75%

☐ *3.2.1 Community Services – Land being predominantly used for service delivery or administration by a community services organisation (Section 161 of the Local Government Act 1999).*

To qualify as a Community Service Organisation under the rebate provisions of the Local Government Act 1999 an organisation MUST MEET ALL THREE of the following criteria. (See section 'Additional Information' at end of this form).

(a) is incorporated on a not for profit basis for the benefit of the public; ***and***

YES ☐ NO ☐

(b) provides community services without charge or for a charge that is below the cost to the body of providing the services; ***and***

YES ☐ NO ☐

(c) does not restrict its services to persons who are members of the body.

YES ☐ NO ☐

If you have ticked (a), (b) and (c) above which of the following services does your organisation provide from the property specified in this application. If these services apply only to part of your property, please supply additional details. You must answer these below questions in respect of your application.

☐ *Emergency accommodation;*

☐ *Food or clothing for disadvantaged persons (i.e., persons who are disadvantaged by reason of poverty, illness, frailty, or mental, intellectual or physical disability);*

☐ *Supported accommodation - Local Government Act defined as:*

(a) Residential care facilities that are approved for Commonwealth funding under the Aged Care Act 1997 (Cwlth); or

(b) Accommodation for persons with mental health difficulties, intellectual or physical difficulties, or other difficulties, who require support in order to live an independent life; or

(c) Without limiting paragraph (b), accommodation provided by a community housing provider registered under the Community Housing Providers National Law that is incorporated on a not-for-profit basis for the benefit of the public, other than accommodation provided by such a body that:

(i) has as a principal object of the body, the provision of housing for members of the body; or

(ii) is excluded from the ambit of this paragraph by the Minister by notice published in the Gazette.

☐ *Essential services, or employment support, for persons with mental health disabilities, or with intellectual or physical disabilities;*

☐ *Legal services for disadvantaged persons;*

☐ *Drug or alcohol rehabilitation services; and/or*

☐ *Research into, or community education about, diseases or illnesses, or palliative care to persons who suffer from diseases or illnesses.*

☐ *Disadvantaged person are persons who are disadvantaged by reasons of poverty, illness, frailty, or mental, intellectual or physical disability.*

☐ *<u>3.2.2 Educational Purposes</u> - (Section 165 of the Local Government Act 1999)*

Which of the following criteria apply:

☐ *Land occupied by a government school under a lease or licence and being used for educational purposes; **or***

☐ *Land occupied by a non-government school registered under The Education and Early Childhood Services (Registration and Standards) Act 2011 and being used for educational purposes; **or***

☐ *Land being used by a University or University College to provide accommodation and other forms of support for students on a not for profit basis.*

3.3 ***Discretionary*** *- (Section 166 of the Local Government Act 1999)*

The Council may in its discretion grant a rebate of rates or service charges in any of the following cases. Please indicate which of the following is applicable to your application:

☐ *The rebate is desirable for the purpose of securing the proper development of the area (or a part of the area);*

☐ *The rebate is desirable for the purpose of assisting or supporting a business in its area;*

☐ *The rebate will be conducive to the preservation of buildings or places of historic significance;*

☐ *The land is being used for educational purposes;*

☐ *The land is being used for agricultural, horticultural or floricultural exhibitions;*

☐ *The land is being used for a hospital or health centre;*

☐ *The land is being used to provide facilities or services for children or young persons;*

☐ *The land is being used to provide accommodation for the aged or disabled;*

☐ *The land is being used for a residential aged care facility that is approved for Commonwealth funding under the Aged Care Act 1987 (Commonwealth) or a day therapy centre;*

☐ *The land is being used by an organisation which, in the opinion of the Council provides a benefit or service to the local community;*

☐ *the rebate relates to common property or land vested in a community corporation under the Community Titles Act 1996 over which the public has a free and unrestricted right of access and enjoyment;*

☐ *the rebate is appropriate to provide relief against what would otherwise amount to a substantial change in rates payable by a rate payer due to a change in the basis of valuation used for the purposes of rating, rapid changes in valuations, or anomalies in valuations.*

4. AMOUNT OF REBATE

4.1 If you are seeking a mandatory rebate under Clause 3.2 of this Application, for which you are entitled to a 75% rebate, are you also applying to the Council to increase that rebate?

YES ☐ NO ☐

Please specify the amount of rebate that you are applying for: $_____

4.2 If you are applying for a discretionary rebate under Clause 3.3 of this Application, please specify the rebate amount you are applying for:

$_____

Please specify why you (or the organisation you represent) need financial assistance through a rebate and why the amount of rebate you have applied for is appropriate.

.....

.....

.....

.....

.....

5. ADDITIONAL INFORMATION REQUIRED

The Council requires you to attach the following additional information to this Application:

5.1 Where you are seeking a rebate under Clause 3.2 of this Application – Community Services:

5.1.1 Evidence that the land is being used for service delivery and/or administration;

5.1.2 A copy of the organisation's Constitution and/or other documentation establishing that it is incorporated on a not-for-profit basis;

5.1.3 A copy of the organisation's latest Annual Report;

5.1.4 Evidence that the organisation provides services free of charge or below cost;

5.1.5 Evidence that the organisation provides services to persons other than its members.

5.2 Where you are seeking a rebate in any other case:

5.3.1 Evidence that the land is being used for the purpose for which the rebate is being sought;

5.3.2 Information as to whether, and if so, to what extent you (or the organisation you represent) will be providing a service within the Council area;

5.3.3 Whether you have made or intend to make an application to another council;

5.3.4 The extent of financial assistance (if any) being provided by Commonwealth or State agencies;

5.3.5 Whether you are in receipt of a community grant;

5.3.6 Any other information that you believe is relevant in support of this Application.

6. APPLICATION FORMS

Application forms and all additional information must be submitted to the Council on or before the 31 March annually to be considered for a discretionary Rebate of Rates or a mandatory rebate of 75% in the new rating year commencing 1 July of each year.

The application date does not apply to applicants which satisfy the criteria for a mandatory 100% rebate.

Failure to submit application forms or to provide the additional information required by the Council to assess the application by the due date may result in the Council declining to consider the application.

IMPORTANT INFORMATION

It is an offence for a person or body to make a false or misleading statement or representation in an application or to provide false or misleading information or evidence in support of an application made (or purporting to be made) under the Act. The maximum penalty for this offence is $5,000, (Section 159 (2) of the Local Government Act 1999).

The Council may grant a rebate of rates or charges on such conditions as the Council considers fit.

If a person or body has the benefit of a rebate of rates and the grounds on which the rebate has been granted cease to exist, the person or body must immediately inform the Council of that fact and (whether or not the Council is so informed) the entitlement to a rebate ceases.

If a person or body fails to notify the Council that person or body is guilty of an offence and liable to a maximum penalty of $5,000, (Section 159 (7) and (8) of the Local Government Act 1999).

The Council may, for proper cause, determine that an entitlement to a rebate of rates under the Act no longer applies.

Where an entitlement to a rebate of rates ceases or no longer applies during the course of a financial year, the Council is entitled to recover rates, or rates at the increased level (as the case may be), proportionate to the remaining part of the financial year.

I declare that the information I have provide on and attached to this application form is true and correct.

DATED this day of 20

Print Name ……..……..

Signature ……..…….

Position Title ……

Applicable Legislation:	Local Government Act, 1999 Chapter 10, Division 5 (Sections 159 to 166) Recreation Ground Rates and Taxes Exemption Act 1981
Reference: Strategic Plan – Beyond 2015	Goal 5, Strategic Objective 5
Related Policies:	R105 Rating Policy R130 Rates - General Matters (amalgamed with R105)
Related Procedures:	Nil
Related Documents:	Nil

DOCUMENT DETAILS

Responsibility:	General Manager Corporate and Regulatory Services
Version:	17.0
Last revised date:	25 June 2026
Effective date:	25 June 2026
Minute reference:	25 June 2026 - Item No. 5.1 - Resolution SCM 2026/8
Next review date:	June 2027
<u>Document History</u> First Adopted By Council: Reviewed/Amended:	 May 2002 Annually

Advice

Local Government Advice

City of Mount Gambier

February 2025

Enquiries concerning this advice should be addressed to:

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City of Mount Gambier

AT A GLANCE

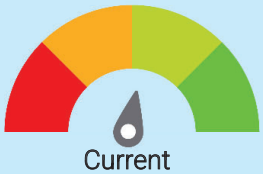
OVERVIEW

The Essential Services Commission finds the City of Mount Gambier's historical, current and projected financial performance **mostly sustainable.** This takes into account the Council's completion of the Wulanda Recreation and Convention Centre in 2022, a significant infrastructure project for the community, and planned average rate increases of **4.8** percent per property over the next 10 years (well above forecast CPI of 2.6 percent per annum). There are some risks for ratepayer affordability if operating costs are not constrained through a strategic approach to efficiency and savings initiatives. Asset sustainability risks may also emerge if past asset management planning practices of potentially under-funding asset renewal and replacement continue.

FINANCIAL PERFORMANCE



Past 10 years
Mostly Sustainable



Current
Mostly Sustainable



Projected
Mostly Sustainable

RISKS IMPACTING SUSTAINABILITY

⚠ Financial sustainability is dependent upon rates growth well above CPI.

⚠ Constraint in the level of operating expenses is needed to ensure affordability risks are minimised.

⚠ Proposed further investment in new and upgraded assets will create a stream of future renewal requirements (including repairs and maintenance) that will increase ongoing costs.

⚠ Not prioritising the renewal of its assets, which may increase asset sustainability risks or result in lower service levels to its community.

KEY FACTS

- ▶ Population in 2023 was **27,846 residents** (1)
- ▶ Council covers **33.9 square kilometres** (1)
- ▶ **14,534** rateable properties in 2022-23 (2)
- ▶ **$24.9 million** of rates income in 2022-23 (2)
- ▶ Value of assets held in 2022-23 equals **$399.8 million** (2)

Source: (1) Australian Bureau of Statistics, *Data by region*, available at https://dbr.abs.gov.au/ (2) The Council's Financial Reporting Template provided to the Commission.

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1 Executive summary

1.1 Summary of observations

The Essential Services Commission of South Australia finds the City of Mount Gambier projected financial performance and position to be **mostly sustainable**, but notes the Council's sustainability relies on community support for average rate increases well above forecast Consumer Price Index (**CPI**) inflation. The Council is forecasting an operating surplus by 2026-27, despite a much higher operating cost base that relates to the recently constructed Wulanda Recreation and Convention Centre.

The City of Mount Gambier had relatively low operating surplus ratios from 2013-14 to 2022-23, which were at times negative, but averaging 0.7 percent per annum over that period. While operating surpluses appear on average modest but positive, the Commission notes that historical asset renewal and replacement requirements, set out in Infrastructure and Asset Management Plans, were not fully funded. The Council's investment in new and upgraded assets has resulted in depreciation increasing, indicating that future renewal and replacement costs will be higher in real terms over the long run, commensurate with the larger asset base. The Council has forecast an average operating surplus ratio of 2.5 percent over the period from 2024-25 to 2032-33, supported by average annual rate increases of 4.8 percent per property.

The Commission recommends that the Council develop a plan detailing cost savings measures and targets to ensure financial sustainability is maintained and to reduce the reliance on ratepayers. There is some concern for future ratepayer affordability, given the relatively lower socio-economic conditions, however, historically there have been relatively lower average residential rates in the Mount Gambier region compared to similar councils.

The Commission also observes the pace at which the City of Mount Gambier proposes to repay borrowings accrued in the development of the Wulanda Recreation and Convention Centre might represent an unnecessary burden for current ratepayers. It might be prudent for the City of Mount Gambier to consider a longer repayment period, noting the intergenerational nature of the asset.

The Commission commends the City of Mount Gambier for its well-developed strategic planning processes and commitment to community consultation.

1.2 Summary of Recommendations

The Commission acknowledges the City of Mount Gambier's good planning and asset management practices, in particular:

- annually updating and developing its Strategic Management Plans, in consultation with stakeholders and the community
- developing separate Asset Management Plans for each asset group and coordinating the data in the Asset Management Plans with the Infrastructure and Asset Management Plan, budget, and Long-Term Financial Plan, and
- holding community consultations and conducting surveys to identify community priorities and desired service levels as part of the planning process for its strategic management plans.

The Commission recommends that the City of Mount Gambier:

1. **Disclose** material changes to its capital expenditure forecasts as part of its annual review and update to its Long-Term Financial Plans.
2. **Develop** a plan to achieve cost saving measures and targets and report annually in the budget and the Long-Term Financial Plans as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

3. **Review** its planned pace of repayment of debt, balancing rate increases, financial costs, and intergenerational equity.
4. **Review** its depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.
5. **Review** its pace of development of new and upgraded assets, having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets, and the need to prioritise and fully fund asset renewal and replacement.
6. **Review** its approach to addressing financial sustainability risks, in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.

2 About the advice

2.1 Background

State Parliament has tasked the Essential Services Commission (**Commission**), South Australia's independent economic regulator and advisory body, to provide advice on material changes proposed by local councils in relation to elements of their strategic management plans (**SMP**), and on the proposed revenue sources, including rates, which underpin those plans.[1]

A primary purpose of the Local Government Advice Scheme (**Advice** or **the Scheme**) is to support councils to make financially sustainable strategic decisions in their annual business plans (**ABP**) and budgets, in the context of their long-term financial plans (**LTFP**) and infrastructure and asset management plans (**IAMP**).[2] The LTFP and the IAMP are both required as part of a council's SMP.[3] Financial sustainability encompasses intergenerational equity,[4] program (service level) and rates stability in this context.[5] The other main purpose is for the Commission to consider ratepayer contributions in the context of all revenue sources, as outlined in the LTFP.[6] In addition, the Commission has discretion to provide advice on any other aspect of a council's LTFP or IAMP it considers appropriate, having regard to the circumstances of that council.[7]

The first cycle of the scheme extends over four years from 2022-23 to 2025-26, and the Commission has selected 17 councils for advice in the third year (2024-25) of the Scheme, including the City of Mount Gambier (**Council**).

This report provides the Local Government Advice for the Council in 2024-25.

The Council is obliged under the *Local Government Act 1999* (**LG Act**) to publish this advice and its response, if applicable, in its 2025-26 Annual Business Plan (including any draft ABP) and in subsequent plans until the next cycle of the Scheme.[8] The Council is not compelled under the **LG Act** to follow the advice.

The Commission thanks the Council for meeting with Commission staff and for providing information to assist the Commission in preparing this advice.

2.2 The Commission's approach

In providing the Advice for the Council, the Commission has followed the approach it previously explained in the Framework and Approach – Final Report (**F&A**).[9]

The Commission has considered the Council's SMP documents (set out in the box below), with a particular focus on its performance and outlook against three financial indicators: the Operating Surplus Ratio (**OSR**), the Net Financial Liabilities Ratio (**NFLR**) and the Asset Renewal Funding Ratio (**ARFR**).[10]

---

1 Amendments to the LG Act (s122(1c) to (1k) and (9)) specify the responsibilities for the Commission and local councils for the Local Government Scheme Advice. The Commission must provide advice to each council in accordance with the matters outlined in s122(1e), (1f) and (1g).

2 Commonly referred to as asset management plans.

3 The objectives of the advice with reference to a council's LTFP and IAMP are presented under LG Act, s122(1g). LG Act s122(1) specifies the requirements of a council's SMP, including the LTFP and IAMP.

4 'Intergenerational equity' relates to fairly sharing services and the revenue generated to fund the services between current and future ratepayers.

5 Commission, *Framework and Approach – Final Report*, August 2022, pp. 2-3, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

6 LG Act s122(1f)(a) and (1g)(a)(ii).

7 LG Act s122(1f)(b) and (1g)(b).

8 LG Act s122(1h).

9 Commission, *Framework and Approach – Final Report*, August 2022, available at www.escosa.sa.gov.au/advice/advice-to-local-government.

10 The indicators are specified in the Local Government (Financial Management) Regulations 2011. Since 2011, each council has been required to refer to these three indicators in its plans, annual budget, mid-year budget review and annual financial statements. The councils can adopt their own target range for each ratio, but the

Analysis of these three indicators captures financial and service sustainability, in addition to cost control and affordability risk.[11]

The City of Mount Gambier – Strategic Management Plan Documents

- Annual Business Plan and Budget 2024/2025 (June 2024)
- Annual Business Plan and Budget Summary 2024/2025 (June 2024)
- Long-Term Financial Plan 2025 – 2034 (June 2024)
- Asset Management Summary 2025 – 2034 (June 2024)
- Building and Structures Asset Management Plan 2025 – 2034 (June 2024)
- Infrastructure Asset Management Plan 2025-2034 (June 2024)
- Plant and Equipment Asset Management Plan 2025 – 2034 (June 2024)
- Long-Term Financial Plan 2024 – 2033 (June 2023)

The Commission notes that most of the Council's asset base is covered by its existing asset management plans (AMP), and asset valuations for those assets have been conducted within the last four years.

Given that the Commission must, in providing advice, have regard to the objective of councils maintaining and implementing their IAMP (usually termed AMP) and LTFP,[12] it has also considered the Council's performance in that context. Findings regarding the content of the Council's AMP, and the alignment between its LTFP and AMP,[13] are discussed in section 5.

The Commission has also reviewed the Council's template data which contains its 2023-24 LTFP forecasts for 2023-24 to 2032-33, as well as its 2022-23 LTFP forecasts, historical financial data, the number of rateable properties and Council staff (Full Time Equivalent or FTE) numbers from 2012-13 onwards.[14] [15] The charts and tables in the Advice are primarily sourced from these datasets. In addition, the Commission has reviewed the Council's audit committee reports, and other public information, as appropriate.

The Commission has reported estimates in nominal terms, for consistency with the Council's plans and actual rate levels, but it has compared estimated inflation impacts to these trends as a guide to identify 'real' rather than 'inflationary' effects. In the charts, the Consumer Price Index (CPI) line shows the cumulative growth in the CPI (Adelaide) series from 2012-13, and then projections of this series from 2023-24 based on the Reserve Bank of Australia (RBA) (Australia-wide) inflation forecasts (to the December quarter 2026), and the midpoint of the RBA target range (2.5 percent) thereafter.

Finally, in formulating this Advice, the Commission has had regard to all discussions and engagement with the Council, including the face-to-face onsite meeting at the Council offices and the individual circumstances of the Council, consisting of:

- its location as an urban regional council

Commission has adopted the previously suggested Local Government Association (LGA) target ranges as a basis for its analysis, which were established and agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

11 The F&A listed 29 analytical questions that the Commission has answered in assessing the Council's performance against these indicators to determine affordability, cost control and other sustainability risks.

12 LG Act s122(1g)(a)(i).

13 As required under s122(1b) of the LG Act.

14 Sourced from the Local Government Grants Commission (including data reported by the Office of the Valuer-General) and the Council's data.

15 The Council's estimates for the 2023-24 financial year, relied on at the time of preparing this advice, were unaudited.

- its income level ($42.1 million in 2022-23), and
- the size of its rates base (14,534 rateable properties as at 2022-23[16]).

Throughout this paper the Commission has identified several key points and assigned the following risk category to those points:

Legend:  Low-risk  Moderate-risk  High-risk

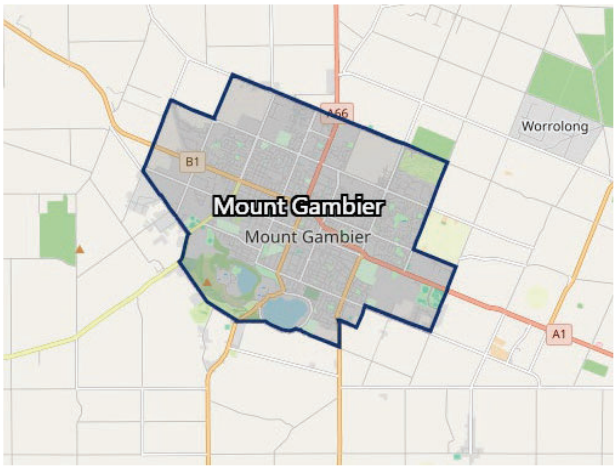
[16] Based on the estimated number of property assessments in 2022-23.

3 Council profile

The City of Mount Gambier is classified by the Commission as an 'Urban Regional' council and is one of nine in this category in South Australia.[17] The Council encompasses a total land area of 33.9 square kilometres and is located in the South-East of South Australia, approximately 420 kilometres from Adelaide and approximately 17 kilometres from the Victorian border. It has an estimated resident population of 27,846 (at 30 June 2023),[18] and 14,534 rateable properties (at 30 June 2023).[19]

The City of Mount Gambier was established as a council in 1876 and is uniquely encircled by the District Council of Grant.

Figure 1: Council area



The Council region also has the following attributes:

- stable rateable property growth of approximately 0.8 percent per annum[20]
- population density of 822 persons per square kilometre[21]
- 231.5 kilometres of sealed roads and laneways, and 1.0 kilometres of unsealed roads and laneways[22]
- its largest employment sectors are in health care and social assistance (16.7 percent), retail trade (12.6 percent), manufacturing (9.5 percent), and education and training (8.7 percent),[23] and
- a median population age of 41.2 years.[24]

17 Commission, *Fact Sheet - Local Government Advice Scheme – Schedule of Councils*, May 2023, available at https://www.escosa.sa.gov.au/ArticleDocuments/21947/20240731-Advice-ScheduleOfCouncils-FactSheet.pdf.aspx?Embed=Y.

18 Refer to Australian Bureau of Statistics, Data by region, available at https://dbr.abs.gov.au/region.html?lyr=lga&rgn=41060.

19 Based on the Council's Financial Reporting template provided to the Commission.

20 Based on the compound average annual growth rate formula (which is the adopted approach to calculating average annual growth rates throughout the Commission's advice) for the period from 2013-14 to 2023-24. Based on the Council's Financial Reporting template provided to the Commission.

21 Footnote 18 applies.

22 Refer to the Department of Infrastructure and Transport - Local Government Grants Commission, 2022-23 Database Reports, available at: https://www.dit.sa.gov.au/local-government/grants-commission/publications#database.

23 Footnote 18 applies.

24 Footnote 18 applies.

4 Material plan amendments in 2024-25

Council has made several amendments to its 2024-25 budget and forward projections, partly for inflation and partly for other revenue and spending initiatives. The material amendments to some of its main financial forecasts are listed in the table below (in nominal terms).[25] To ensure a comparable analysis of estimates between the 2023-24 and 2024-25 LTFPs, the Commission has reviewed the nine overlapping years' statistics: 2024-25 to 2032-33 and identified material amendments accordingly.

4.1 Key points

- Good practice of annually updating and developing its strategic management plans in consultation with stakeholders and community.
- Increased forecast capital expenditure by 55.4 percent (or $39.9 million) in its 2024-25 LTFP estimates.

Table 1: Summary of Material Plan Amendments

Selected Financial Item	Sum of 2024-25 to 2032-33 estimates in 2023-24 LTFP ($ million)	Sum of 2024-25 to 2032-33 estimates in 2024-25 LTFP ($ million)	Change in 2024-25 estimates ($ million)	Change in 2024-25 estimates (percent)
Rates	305.7	346.4	+40.8	+13.3
Grants, subsidies and contributions	47.9	52.5	+4.6	+9.6
Total operating income	464.6	524.7	+60.2	+12.9
Employee costs	161.6	179.3	+17.7	+11.0
Materials, contracts and other expenses	174.5	199.5	+25.0	+14.3
Depreciation, amortisation and impairment	104.9	123.1	+18.2	+17.3
Total operating expenses	451.2	513.2	+62.0	+13.7
Capital expenditure on renewal of assets[26]	57.7	78.7	+21.0	+36.4
Capital expenditure on new and upgraded assets[27]	14.3	33.1	+18.9	+132.3

[25] This table shows only selected financial items to demonstrate the material amendments made by the Council in its 2023-24 estimates. It excludes various financial items and individual items do not sum to totals.
[26] The capital expenditure estimates are based on the 2023-24 LTFP estimates provided by the Council to the Commission (in an Excel template).
[27] Footnote 26 applies.

4.2 General observations on the LTFP, ABP and IAMP

The Commission has observed that the Council has employed a consultative process when developing its SMP and budgets. Each year the Council undertakes a review and update of its LTFP, which is considered by Council's Audit and Risk Committee, with recommendations further considered by Council.[28] The first year of the adopted LTFP provides the high-level framework for the development of the Council's annual budget. The LTFP and ABP (and Budget) are developed within the Council's overall strategic planning framework.

From February to June each year, the Council's AMP are reviewed and updated, having regard to any forecast expenditure changes resulting from changed circumstances. The Council advises that all major AMP have been updated in 2024, in line with legislative requirement to review these within two years of council elections.[29] Most infrastructure assets have undergone an asset revaluation within the last three years.

The Commission noted that the Council's IAMP does not include all assets, and that there are separate AMP for buildings and structures, and plant and equipment (among others), and these are summarised together in the Council's Asset Management Summary document.

The Commission commends the Council's approach to updating and developing its SMP, ABP and budgets.

4.3 Changes to operating performance

The Council has projected in its 2024-25 LTFP an increase in total operating income of $60.2 million (or 12.9 percent) across the nine-year comparative period to 2032-33 compared to the 2023-24 LTFP (as shown in the table above). This reflects a range of changes to its income forecasts, notably:[30]

- an increase in rates income by 13.3 percent (compared to the previous LTFP projections), which are driven by the Council's need to recover rising costs, including higher capital expenditure estimates following an update to its AMP, and
- an increase in 'grants, subsidies and contributions' by 9.6 percent, reflecting federal grants in 2024-25 and 2025-26 for the design and implementation of the Sport, Recreation and Open Space Strategy.

The Council projects a total increase in operating expenses of $62.0 million (or 13.7 percent) across the nine-year comparative period to 2032-33. The Council has provided some explanations to the Commission, summarised below:

- Employee costs reflect the insourcing of cleaning services previously undertaken by external contractors. In 2024-25 an additional 1.5 FTE were added as ongoing positions to meet strategic requirements for volunteer management and parks/gardens. Overall, an additional two FTE per annum are being forecast by the Council to meet increased services due to population growth and to implement future strategic initiatives. This proposed cumulative increase in staffing seems high and could be an area in which savings could be identified over the forecast period.
- 'Materials, contracts and other' expenses, increase (of 14.3 percent) reflects a review of running costs of Wulanda Recreation and Convention Centre, which has been in operation for more than 12 months (the increase in reimbursement income offset some of this). There has also been an increase in costs across purchases for infrastructure items, plant and equipment and contracting services.

[28] Under s.122(4)(a)(i) of the LG Act the Council must undertake a review of its long-term financial plan on an annual basis.
[29] LG Act s122(4)(a) and (b). General elections were last held for SA councils on 11 November 2022.
[30] Based on the Council's Financial Reporting template (including its reasons for material amendments) provided to the Commission.

- Depreciation expenses reflect updates following asset condition audits and valuations undertaken in 2023 for infrastructure and buildings, which were not incorporated into the previous (2023-24) LTFP.

4.4 Observations on Indexation

The Council applies CPI-based inflation adjustments to its cost and revenue estimates. It assumes CPI increases of 2.9 percent in 2024-25, 2.6 percent in 2025-26, and then reverts to approximately the mid-point of the RBA target range of 2.5 percent over the remaining planning period.[31] These CPI projections are generally consistent with the Council's previous (2023-24) LTFP, and do not appear to account for the material changes in Council's financial forecasts.[32] The Council's inflation forecasts are also generally consistent with current RBA forecasts averaging 2.6 per annum between 2023-24 and 2033-34.[33]

The Council's stated assumptions for indexation in its 2024-25 LTFP are transparent and based on its annual review of estimates. Overall, the Commission considers the documentation of these assumptions are appropriate, and the Council should continue to review inflation forecasts in its budget and forward projections. This will assist interested parties in identifying 'real' rather than inflationary effects in material plan amendments.

4.5 Increase to capital expenditure estimates

The Council's 2024-25 LTFP projections indicate a material increase in capital expenditure for asset renewals (by $21.0 million or 36.4 percent) and for new and upgraded assets (by $18.9 million or 132.3 percent), compared to the previous years' LTFP projections (for the period from 2024-25 to 2032-33). This gives rise to a total capital expenditure increase of $39.9 million or 55.4 percent.

The Council advises that the proposed higher spend arises from:

- recent updates to AMPs for asset renewals, including reflecting higher asset values for buildings, stormwater and retaining walls, and
- higher investment in new and upgraded assets in 2027-28 for the design and implementation of the Sport, Recreation and Open Space Strategy.

The Commission's review of the Council's LTFP indicates that further transparency around the key reasons for its capital expenditure estimates (between annual updates) may be of benefit to stakeholders and allow for future assessments of financial sustainability. These material changes should be clearly documented as part of its annual LTFP reviews, and accordingly, the Commission recommends that Council:

1. **Disclose** material changes to its capital expenditure forecasts as part of its annual review and update to its Long-Term Financial Plans.

[31] City of Mount Gambier, *Long-Term Financial Plan 2025-2034*, June 2024, p. 29.
[32] City of Mount Gambier, *2024 – 2033 Long-Term Financial Plan,* June 2023, p. 23.
[33] The forecast average annual growth in the CPI from 2024-25 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2025-26.

5 Financial sustainability

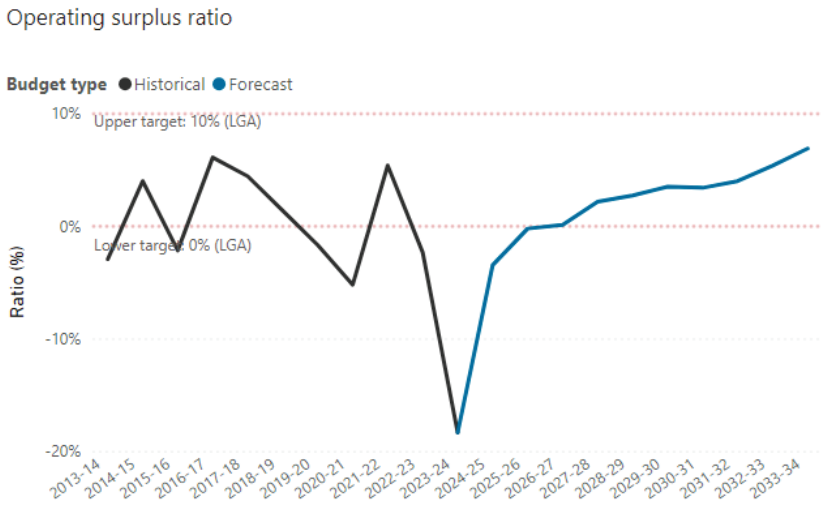
5.1 Operating performance

5.1.1 Key points

- Operating surpluses were reported in five of the last 10 years (between 2013-14 and 2022-23), resulting in an average OSR of 0.7 percent.
- The projected turnaround in forecast operating performance is driven by sharp increases in rates income in 2024-25 and 2025-26, and ongoing annual increases by 5.3 percent per annum (including growth in rateable properties of 0.5 percent per annum).
- From 2013-14 to 2022-23, total operating expenses increased at an average annual rate of 7.0 percent (in part due to the commencement of operation of the Wulanda Recreation and Convention Centre) and are forecast to increase by 3.0 percent per annum on average over the next 10 years. There are risks to the Council's operating performance if expenses are not constrained.

5.1.2 Operating Surplus Ratio

Figure 2: Operating surplus ratio – historical and forecast



The Council's OSR[34] has fluctuated over the historical period. It has been negative at times, and below the target range suggested by the Local Government Association (LGA). It has averaged 0.7 percent over the period from 2013-14 to 2022-23. This indicates the Council has marginally operated sustainably, that is, its accumulated operating income has marginally exceeded its accumulated operating expenses (see Figure 3).

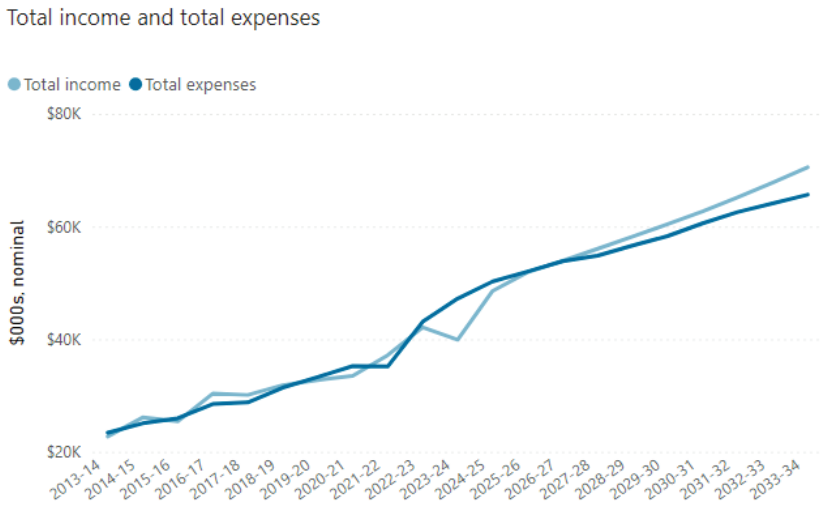
The key reason for past operating deficits, particularly in 2020-21 (at the start of the pandemic) is due to the Council keeping the increase in rates below the rate of inflation.[35] At the same time, the Council

[34] The operating surplus ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income. The general target is to achieve, on average over time, an operating surplus ratio of between zero and 10 percent (Local Government Association of South Australia, *Financial Sustainability Information Paper 9 - Financial Indicators Revised,* May 2019 (LGA SA Financial Indicators Paper), p. 6).

[35] City of Mount Gambier, *2020/21 Annual Business Plan and Budget*, June 2020, p. 10, available at: https://cdn.mountgambier.sa.gov.au/docs/2020-2021-Annual-Business-Plan-Budget.pdf.

increased capital expenditure on new and upgraded assets, such as for the Wulanda Recreation and Convention Centre.

Figure 3: Total income and expenses – historical and forecast



The Council's unaudited financial information for 2023-24 shows an operating deficit of $7.3 million (or OSR of negative 18.4 percent). Over half of this deficit is attributed to the timing and recognition of the 2023-24 Financial Assistance Grants of $4.4 million, which was paid to the Council in advance in 2022-23.[36] Thereafter, the Council is forecasting a return to an operating surplus in 2026-27, and this progressively increases resulting in an OSR of 6.9 percent in 2033-34. This relies on annual increases in rates income materially above forecast inflation. It will be important for Council to consider how to increase income from non-rate sources and / or seek to reduce operating expenditure, to reduce the reliance on ratepayers.

5.1.3 Operating Income

The Council's primary source of income over the period from 2013-14 to 2022-23 was from rates, which on average, accounted for 66.7 percent of total operating income. Rate income increased on average by 4.4 percent per annum from 2013-14 to 2022-23 (when growth in the number of rateable properties averaged 0.8 percent and CPI growth averaged 2.6 percent). Over the same period, user charges (accounting for 15.3 percent of total operating income) increased by an average of 7.8 percent per annum, in part, driven by income from Wulanda Recreation and Convention Centre. 'Grants, subsidies and contributions' (accounting for 13.8 percent of total operating income historically) can be 'lumpy' from year to year[37] and the three-year average of $173 per rateable property in 2015-16 is compared with the three-year average of $430 per rateable property in 2022-23, reflecting an increase in value in real terms (or 13.9 percent increase per annum in nominal terms).

Over the forecast period from 2024-25 to 2033-34, total income is increasing at an annual average of 4.2 percent, incorporating income from rates increasing by an average of 5.3 percent per annum, which includes growth in the number of rateable properties of 0.5 percent per annum. This means that the average rates revenue per property is forecast to increase by 4.8 percent per annum, almost double the RBA's average forecast inflation of 2.6 percent per annum over the same period.

The Council's forecasts indicate higher average increases in rates income relative to other income sources, and it is not clear whether conservative estimates are being made by the Council in its LTFP for

[36] The Local Government Grants Commission sets out the quarterly payment schedule for Financial Assistance Grants (among other grants), available at https://www.dit.sa.gov.au/local-government/grants-commission/grant-payments.

[37] Due to the timing of different grants and sometimes advance grant payments (as for the 2023-24 Financial Assistance grant allocation, which was received and accounted for in 2022-23).

non-rate income sources, such as for grants or statutory charges. There may be an opportunity for Council to review and optimise user charges to ensure cost recovery, however overall, the Commission recognises there may be limitations in achieving higher income from non-rate sources, given the generally lower socioeconomic environment of the region.

5.1.4 Expenditure

Total operating expenses increased at an average annual rate of 7.0 percent over the historical period (over two and half times the rate of historical inflation), and, in part, is driven by the operating costs associated with the Wulanda Recreation and Convention Centre. Over the forecast period, total operating expenses are forecast to increase at an average annual rate of 3.0 percent. This is due, in part, to forecast increases in employee costs at an annual average rate of 4.7 percent; increases in 'materials, contracts and other' expenses at an average annual rate of 2.3 percent; and increases in depreciation expenses at an average annual rate of 3.3 percent.

Council notes that employment costs are increasing, in part due to cleaning services being insourced, which derives a corresponding saving, as well as allowing for an additional 1.5 FTE for ongoing positions to meet strategic requirements for volunteer management and parks/gardens in 2024-25. Overall, the Council assumes it will increase staff by two FTE per annum over the period to 2033-34 to meet increased services due to population growth and for future strategic initiatives. Figure 4 shows the forecast increase in all expense types.

Figure 4: Expenses by category – historical and forecast

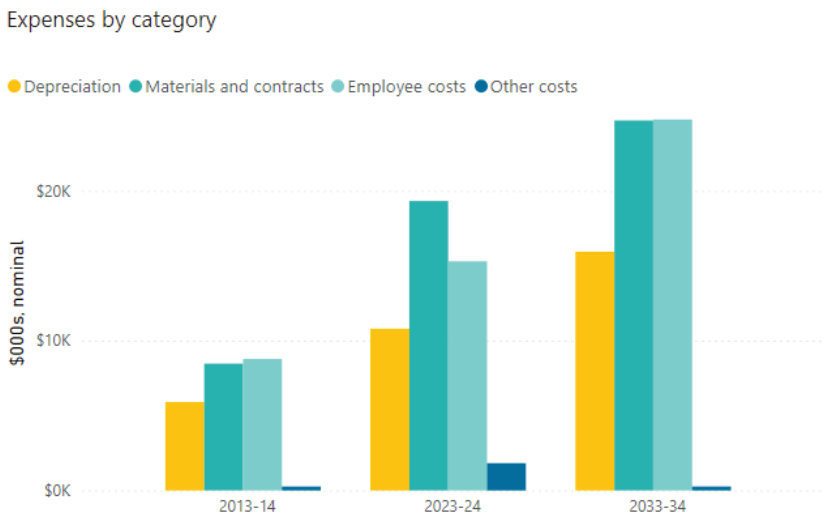


Figure 5: Expenses by category – proportions

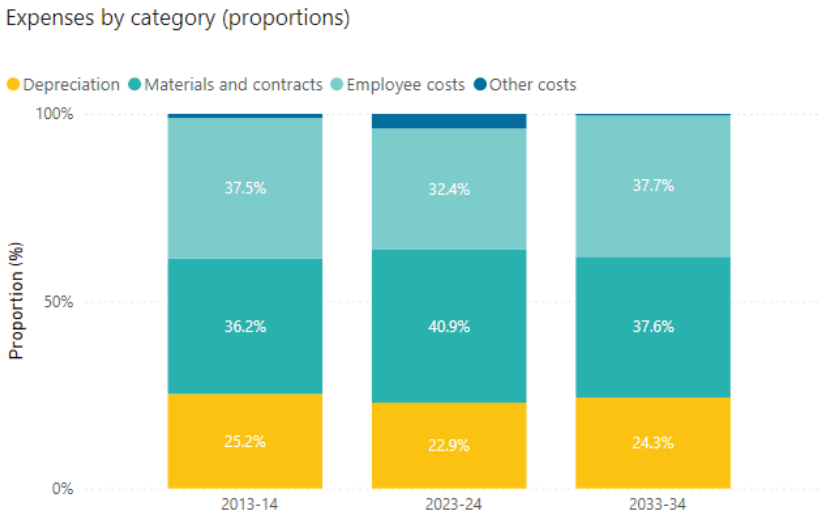


Figure 5 shows the proportional share of expenses by category and indicates that historical shares from 2013-14 are generally consistent with forecast shares in 2033-34.

Figure 6: Expense by rated property - historical and forecast

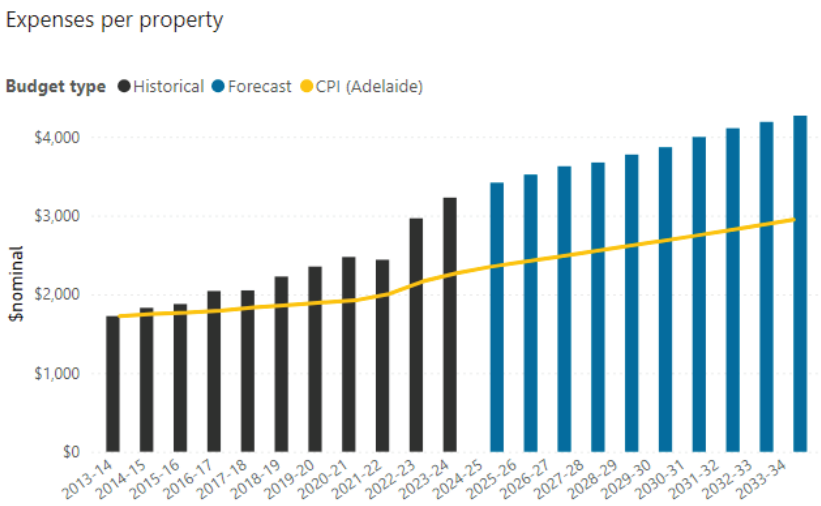


Figure 6 illustrates that expenses per property increased above CPI for the historical period at an average of 6.2 percent per annum; however, is projected to increase by only 2.5 percent per annum, on average, over the period from 2024-25 to 2033-34 (which is broadly consistent with average forecast CPI over this period). While the Council is projecting a smaller rate of growth in operating costs, it is forecasting these on a much larger cost base, in part due to the costs associated with the Wulanda Recreation and Convention Centre.

It is noted that the Council has reported a full years' financial performance for the Wulanda Recreation and Convention Centre, which resulted in a gross operating deficit of $1.2 million in 2023-24.[38] The Council has recognised that while it anticipated an initial operating deficit for the Wulanda Recreation and Convention Centre, it has worked to reduce the Centre's deficit.

[38] Available at https://www.mountgambier.sa.gov.au/news/wulanda-operations-financial-performance-and-costs.

5.1.5 Commission's recommendations on operating performance

The Council's forecast operating surpluses relies on growth in rates income as well as lower rate of growth in operating expenses. However, the Commission observes the Council does not provide an explanation for the strategies or initiatives (in its LTFP) to achieve this lower rate of cost growth. In general, it might be beneficial for the Council to develop additional cost reduction plans with annual cost reduction targets, and with achievements reported against budgets, to demonstrate accountability and provide transparency to the ratepayers. If the Council fails to restrain costs, its sustainability will be at risk.

Accordingly, the Commission recommends that the Council:

2. **Develop** a plan to achieve cost savings measures and targets and report annually in the budget and the Long-Term Financial Plan as appropriate, to provide evidence of controlling the growth in costs and achieving efficiencies across its operations and service delivery.

5.2 Net financial liabilities

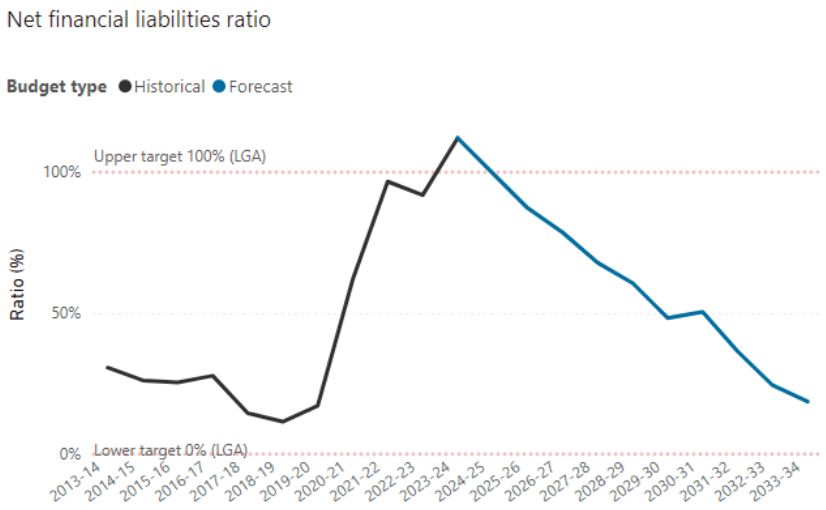
5.2.1 Key points

- Between 2013-14 and 2022-23, the NFLR averaged 40.3 percent.
- In 2023-24 the Council's borrowings peak at $37.1 million and resulting in the NFLR of 112.1 percent.
- Between 2023-24 and 2032-33, the NFLR is forecast to trend downwards, and to average 57.2 percent.

Over the historical period from 2013-14 to 2022-23, the Council's NFLR[39] has remained within the LGA target range of zero to 100.0 percent, with an average ratio of 40.3 percent. After peaking at 112.1 percent in 2023-24 (unaudited), over the forecast period from 2024-25 to 2033-34, the NFLR progressively reduces from 99.7 percent in 2023-24 (unaudited) to 18.6 percent (or averages 57.2 percent). The ratio indicates that the Council is generally able to fund its financial obligations from operating income over the historical period, and will do so over the forecast period (see Figure 7).

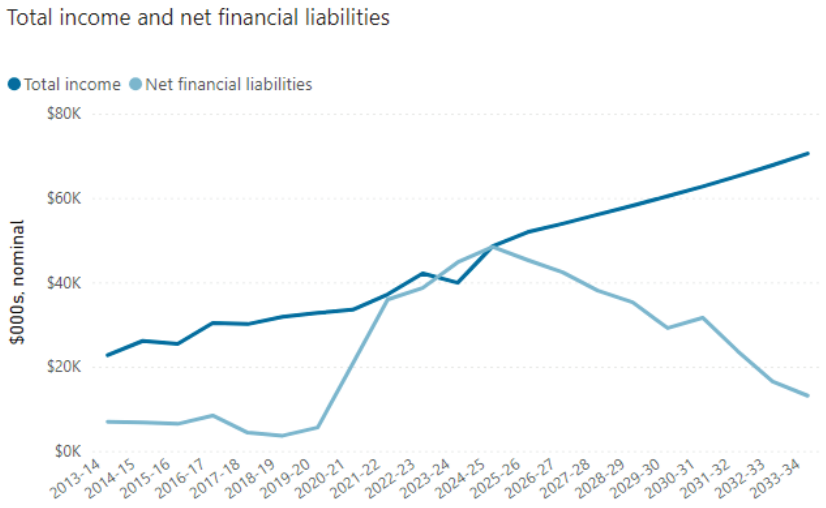
[39] The net financial liabilities ratio is defined as: Net financial liabilities ÷ Total operating income. This ratio measures the extent to which a council's total operating income covers, or otherwise, its net financial liabilities. The suggested LGA target range is between zero and 100.0 percent of total operating income, but possibly higher in some circumstances (LGA SA Financial Indicators Paper, pp. 7-8).

Figure 7: Net financial liabilities ratio – historical and forecast



The Council has predominantly used borrowings from the Local Government Finance Authority of South Australia (LGFA) for its operating and investment needs. The progressive increase in borrowings from 2020-21 is mainly associated with the construction and operating needs of the Wulanda Recreation and Convention Centre. As a result, the Council has reported borrowings to have peaked in 2023-24 (unaudited) at $37.1 million (with a NFLR of 112.1 percent), followed by rapid repayment over the forecast period, to a borrowing balance of $2.8 million in 2033-34.

Figure 8: Total income and net financial liabilities – historical and forecast



Net Financial Liabilities are financial liabilities offset by cash and other financial assets. As seen in Figure 8, after reaching a peak of $48.4 million in 2024-25, net financial liabilities are forecast to decrease in line with the Council reduction in borrowings.

It appears from the Council's budget and LTFP that it seeks to reduce debt through rate increases (materially above forecast CPI inflation) and through lower rate of growth in operating expenses (although this is on a much larger cost base).

In the Commission's view, the planned rapid pace of repayment of debt might represent an unnecessary burden for ratepayers, evidenced by the planned high annual growth in rates payable, leading to concerns about affordability and intergenerational equity.

5.2.2 The Commission's recommendations on financial liabilities

The Commission notes that the Wulanda Recreation and Convention Centre is a long-term asset that will benefit current and future generations. Council could consider longer-term debt assumptions to reduce intergenerational equity risk (where current ratepayers pay for assets that will benefit future ratepayers). The Commission recommends that the Council:

3. Review its planned pace of repayment of debt, balancing rate increases, financial costs, and intergenerational equity.

5.3 Asset renewals expenditure

5.3.1 Key points

- Between 2013-14 and 2022-23, the ARFR averaged 73.1 percent.
- From 2024-25 to 2033-34, the Council is forecasting to align its asset renewal and replacement spending to its asset management plans, averaging $8.9 million per annum (in nominal terms).
- An emerging gap exists in renewal expenditure (relative to depreciation) which may indicate issues with asset valuations, assessed remaining useful lives, or proposed capital expenditure.

5.3.2 Council's approach to asset management

The Council advises that as part of its asset revaluations in 2023, it reviewed the useful life of its assets for the purposes of the forward work program and incorporated this asset condition and useful life of assets into the AMP. The Council also stated that it intends to review the useful life of its assets annually, moving forward. The Commission notes and encourages this good practice.

The Council currently has AMP for all major asset classes and has implemented a rolling schedule to update its plans in line with its legislative commitments.[40] The Council has advised that, following the community consultation phase, most of its AMP were reviewed and updated and were endorsed by its Audit and Risk Committee and the Council during calendar year 2024.[41]

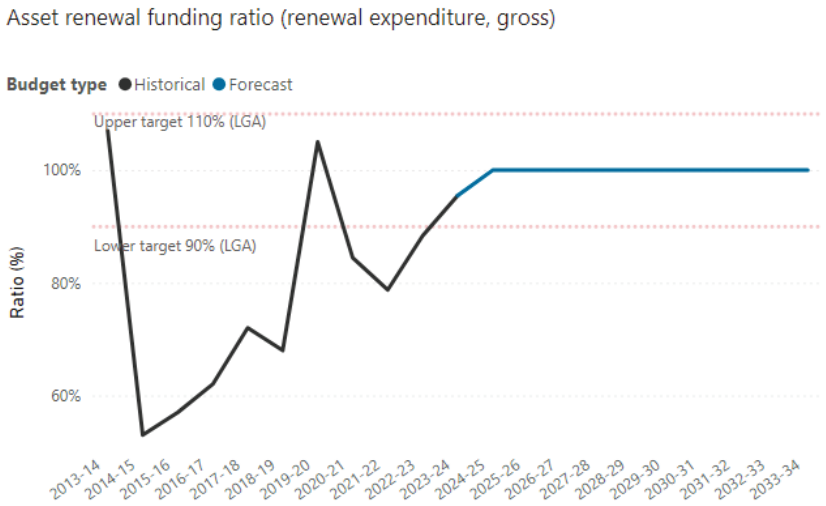
The Council has asset class AMP for: infrastructure, buildings and structures, plant and equipment, Caroline landfill, and library information technology and sundry. The AMPs provide a breakdown of the assets within each respective asset class and the proposed capital works and repairs and maintenance expenditure are included into the Council's LTFP.

The Council's capital works program includes 10 years of asset renewal projections, in alignment with the Council's LTFP, with the exception of the Caroline Landfill, which had not been updated at the time the Asset Management Summary was prepared. The Council's Strategic Workplan 2024-2027 indicates that significant work will be undertaken on asset management planning and the approach will be reviewed.

[40] Under s.122(1a)(b) of the LG Act the council must in effect develop and adopt an IAMP, relating to the management and development of infrastructure and other major asset classes by the council for a period of at least 10 years.

[41] These include individual AMPs cover buildings and structures, infrastructure, plant and equipment, Caroline Landfill, and library information technology and sundry.

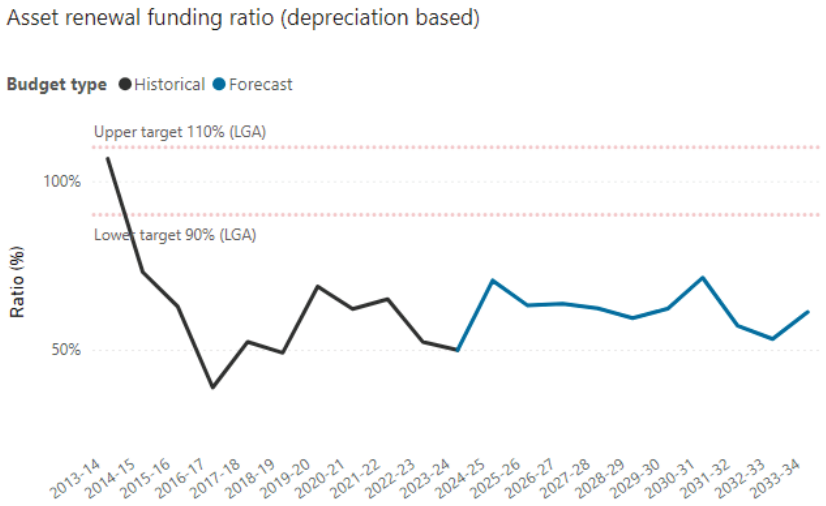
Figure 9: Asset renewal funding ratio (renewal expenditure gross) – historical and projected



An ARFR of 100.0 percent indicates that a council is fully funding the asset renewal and replacement requirements set out in its IAMP. The LGA suggests a range of 90.0 percent to 110.0 percent in any year, noting that the ratio should average out at 100.0 percent over time.

As shown in Figure 9, the ARFR (gross) was volatile over the 10-year historical period and averaged 77.6 percent, indicating that the Council's asset renewal and replacement requirements may not be sufficiently funded (or aligned to its AMP). This creates a risk of deterioration of existing assets, with potential reduction in the level of services and potential additional costs for maintenance.

Figure 10: Asset renewal funding ratio (depreciation based) – historical and forecast



Asset renewals can also be evaluated by the depreciation-based ARFR, which has tracked lower than the recommended minimum level (for the IAMP-based ratio) of 90.0 percent, averaging 63.1 percent in the period to 2023-24, and forecast to average only 62.4 percent per annum to 2033-34.

Figure 11: Net asset renewal expenditure and depreciation – historical and forecast

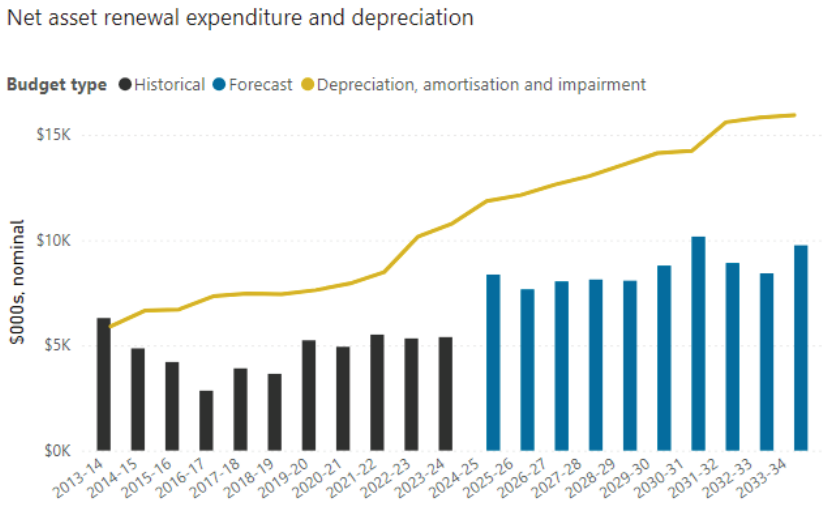


Figure 11 shows that historically (between 2013-14 to 2022-23) depreciation expenses outpaced renewal capital expenditure by $28.9 million over ten years and the gap is projected to increase over the forecast period by a further $52.7 million. This may indicate an underspend in asset renewal and replacement expenditure, or a greater focus on expenditure on new or upgraded assets, or recorded asset lives are understated (thereby overstating depreciation), or a combination of these.

Figure 12: Total capital expenditure by category – historical and projected

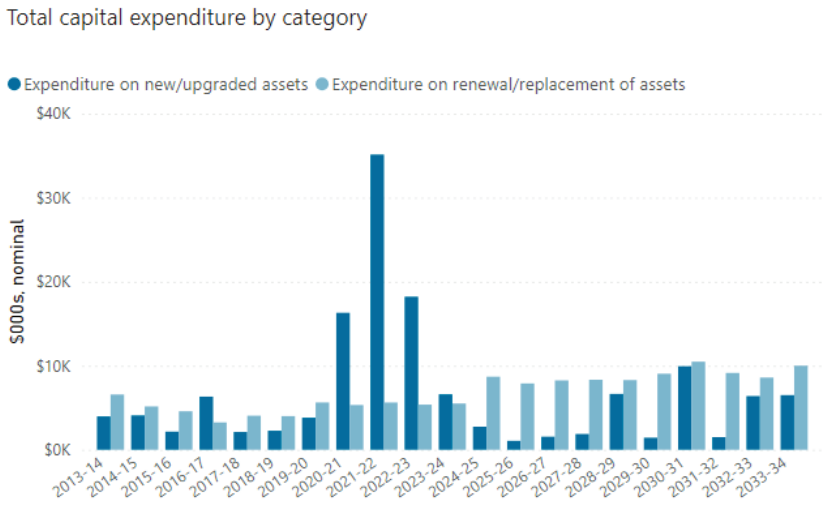


Figure 12 shows the expenditure on new and upgraded assets relative to renewal and replacement of existing assets. Capital expenditure on new or upgraded assets over the historical period (from 2020-21 to 2022-23) totalled $69.6 million and peaked in 2021-22 with expenditure of $35.1 million for new and upgraded assets. This related to the Wulanda Recreation and Convention Centre, which opened to the public in December 2022. The construction cost of $62.5 million was funded by a combination of grants and debt.[42]

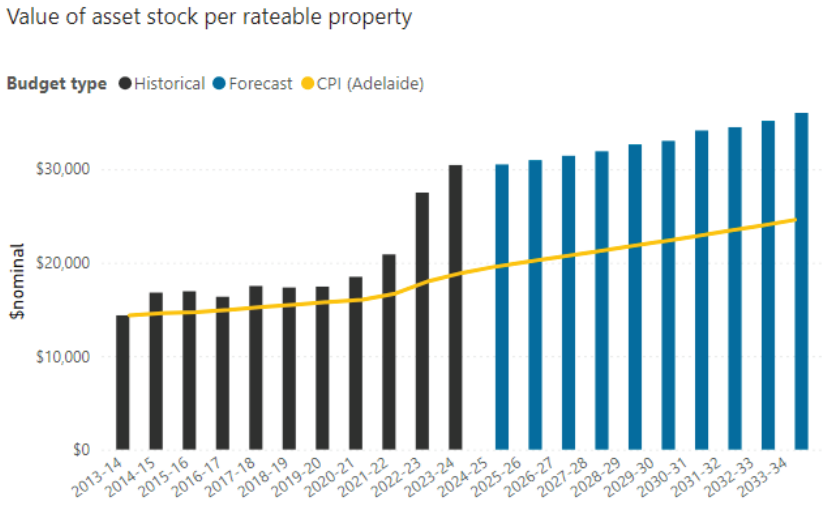
[42] $25 million from a combination of Federal and State Government and $350,000 from the District Council of Grant with the balance funded by Council debt.

Over the forecast period (from 2024-25 to 2033-34), capital expenditure on new or upgraded is forecast to average $4.0 million per year which is an increase of 24.3 percent from the historical period when Wulanda Recreation and Convention Centre is excluded.[43]

The Commission is concerned with the historical level of spending on new and upgraded assets, while expenditure on asset renewal and replacement appears to be under-funded. For the forecast period, the Council plans to fully fund asset renewal and replacement requirements (in line with its AMP), as indicated by Figure 9.

Further, a consequence of spending on new and upgraded assets creates a stream of future liabilities, as the community must continue to fund the renewal and replacement of those new assets as well as the existing asset base. This must be considered relative to affordability for the community and the Council's capacity to renew and replace the existing and new assets.

Figure 13: Value of asset stock per rateable property – historical and projected



Asset stock per rateable property increased sharply in 2022-23 with the development of the Wulanda Recreation and Convention Centre. The Council forecasts that the value of asset stock per rateable property will increase on average by 1.9 percent per annum from 2024-25 to 2033-34.

5.3.3 The Commission's recommendations on asset renewals expenditure

The Commission recommends that the Council:

4. **Review** its depreciation assumptions and the underlying valuations and useful life data to ensure that depreciation accurately reflects the rate of asset consumption and ensure that asset renewal and replacement is fully funded.

5. **Review** its pace of development of new and upgraded assets, having regard to rates affordability, the affordability of the stream of future liabilities created by new and upgraded assets and the need to prioritise and fully fund asset renewal and replacement.

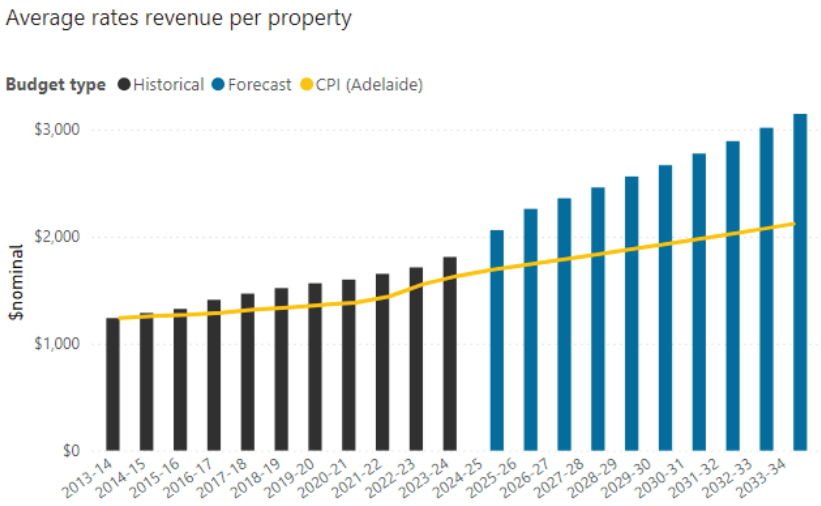
[43] Capital expenditure for new assets averaged $3.2 million per annum when the $62.5 million for the construction of the Wulanda Recreation and Convention Centre is excluded.

6 Advice on current and projected rate levels

6.1 Key points

- Growth in rate revenue per property averaged 3.7 percent or $53 per annum for each property between 2013-14 and 2022-23, which is 1.1 percentage points above average CPI for the same period.
- The budgeted general rate increase for 2024-25 is 10.0 percent per property, which is materially higher than the Council anticipated charging in previous forecasts.
- The forecast rate increases per property from 2024-25 to 2033-34 are projected to be an average of 4.8 percent per annum or a cumulative increase of $1,086 over this period, which is well above the RBA's CPI inflation forecast of an average of 2.6 percent per annum.
- Affordability risk among the community for the further rate increases appears to be moderate to high, based on a range of factors, including an assessment of the economic resources available to the community, the current relatively low average residential rates, and the forecast increases in rates over the term of the LTFP.

Figure 14: Average rates revenue per property – historical and projected



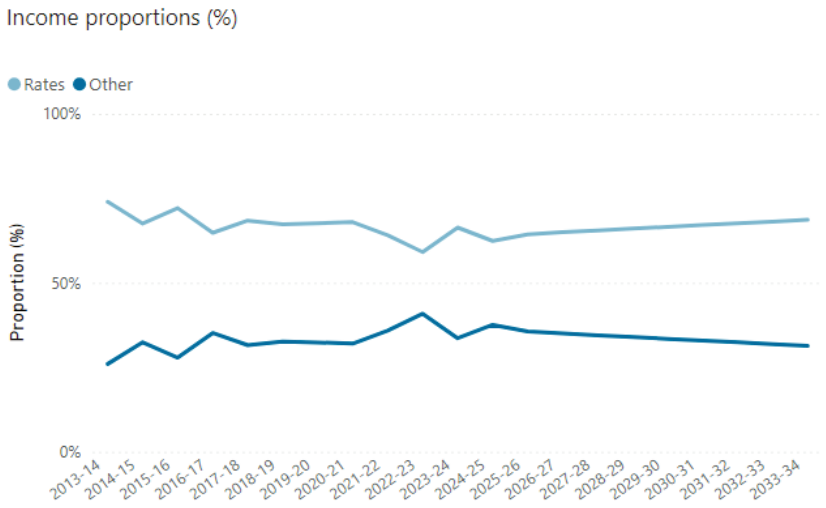
6.2 Historical rates growth

The Council's growth in rate revenue per property has averaged 3.7 percent per annum or $53 per annum for each property over the past 10 years,[44] to reach an estimated average of $1,713 per property in 2022-23 (see Figure 14). This growth rate was higher than the average CPI increase of 2.6 percent annually during the same period.[45]

[44] From 2013-14 to 2022-23.

[45] CPI Adelaide (all groups) increased by 2.6 percent per annum on average over the period from 2013-14 to 2022-23, based on historical ABS statistics. Available at https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/.

Figure 15: Income Proportions (%)



Rate revenue represented 66.7 percent on average over the 10-year period from 2013-14 to 2022-23 (see Figure 15). Over this period income from grants represented approximately 13.8 percent, and income from user charges approximately 15.3 percent. The Council also had income from 'amounts received specifically for new and upgraded assets' (such as for the Wulanda Recreation and Convention Centre) which has been significant at times.[46]

As previously noted, the number of rateable properties increased from 13,584 (in 2013-14) to 14,534 (in 2022-23) representing an average growth of 0.8 percent per annum. It is forecast to increase to 15,380 rateable properties, at an average growth rate of 0.5 percent per annum, over the period from 2024-25 to 2033-34.

The Council also has relatively lower 'general rates' compared to similar councils; however, this also reflects its relatively higher average rates for commercial ratepayers, and lower average rates for residential ratepayers.[47]

6.3 Proposed rate increases for 2024-25

The Council has budgeted for average general rates increase of 10.0 percent or $152 per property in 2024-25.[48] The rates increase recognises the Council's higher cost base and financial sustainability risks and is 9.7 percentage points higher than the Adelaide CPI for the annual period to March 2024 of 4.3 percent. This proposed rate increase is also higher than the Council anticipated charging for the year 2024-25 (in its previous LTFP projections of 6.2 percent). The Council also assumes 1.1 percent growth in the number of rateable properties (which is approximately 0.3 percentage points higher than its historical average).

The Council has adopted differential rate categories to apply to ratepayers based on the land use category of rateable property.[49] The Council has adopted 'rate in the dollar'[50] amounts which are applied across its land use categories, and these are expected to be comprehensively reviewed during 2024-25.

46 Not accounted for in Figure 15.

47 Refer to Councils in Focus rates data for 2021-22 available at https://councilsinfocus.sa.gov.au/councils/city_of_mount_gambier. The Commission is not relying on these rate comparisons for its advice; the data source provides one indicator, among many, which has informed its advice on the appropriateness of the rate levels. Other rate charges such as for waste management and the regional landscape levy do not form part of this comparison.

48 City of Mount Gambier, Annual Business Plan 2024/2025, June 2024, pp. 45-47.

49 The categories of rateable property consist of: residential, primary production, and other; and commercial, industry, and vacant land.

50 Section 152(1) of the LG Act provides that a general rate may be a rate based on the value of the land subject to the rate (commonly referred to as the 'rate in the dollar').

On a proportional revenue basis, residential ratepayers are expected to account for around 70.5 percent of 2024-25 general rates revenue, followed by commercial (19.3 percent), industry (5.8 percent), vacant land (3.1 percent), and primary production and other (1.3 percent).[51]

Other than general rates income (which represents around 80.6 percent of total rates income in 2024-25),[52] the Council collects income from waste collection (around 14.8 percent) and from the Regional Landscape Levy (around 4.7 percent), though the Regional Landscape Levy funds are passed through to the State Government. Rates income from waste collection is anticipated to increase by 43.9 percent in 2024-25 or $92 per rateable property.

6.4 Projected further rate increases

The Council has projected further average increases in rates income of 5.3 percent per annum over the period from 2024-25 to 2033-34, including growth in rateable properties. As a result, the average rates per property are forecast to increase by 4.8 percent per annum over the forecast period, which is 1.8 times the forecast average inflation of 2.6 percent per annum.[53]

As noted previously, the Council appears to have considered several long-term planning assumptions, and importantly is seeking to address financial sustainability risks (and forecasting a return to an operating surplus by 2026-27), predominantly through modelling high long-term increases in rates based on RBA's CPI inflation forecast plus 2.0 percent.[54] The Council is also looking to pay down the borrowings accrued through the construction of the Wulanda Recreation and Convention Centre, primarily repaid through rates and user charges over the next 10 years.

The Council is seeking to undertake a comprehensive review of its rating strategy,[55] and the Commission suggests that community support for the significant rate increases is obtained (and affordability is considered). Further, to reduce the reliance on ratepayers, the Council could explore additional strategies to generate income, such as ensuring appropriate cost recovery on services for the Wulanda Recreation and Convention Centre or explore other revenue sources.

The Council's 2024-25 LTFP effectively projects a cumulative increase of $1,086 per existing ratepayer (to $3,148 per annum) by 2033-34 (refer to Figure 14).[56]

6.5 Affordability risk

The affordability risk among the Council's community for these further rate increases appears to be moderate to high, on balance, when considering:

- the Council's relatively low socio-economic indexes for areas (SEIFA) economic resources ranking for the council area[57]
- the relatively low average general rates for residential ratepayers compared to similar councils

51 City of Mount Gambier, *Annual Business Plan 2024/2025,* June 2024, p. 48.
52 Net of discretionary rebates.
53 The forecast average annual growth in the CPI from 2025-26 to 2033-34 is estimated to be 2.6 percent based on the RBA forecasts for the CPI (Australia-wide) to December 2026 (and the Commission's calculations of average annual percentage growth) and the midpoint of the RBA's target range (2.5 percent) from 2026-27.
54 City of Mount Gambier, *Long-Term Financial Plan 2025-2034*, June 2024, p. 16.
55 City of Mount Gambier, *Long-Term Financial Plan 2025-2034*, June 2024, pp. 4-5.
56 The CPI forecasts in the chart are based on RBA forecasts and then a return to long term averages (2.5 percent per annum), and this can be different to Council's own inflation and rate increase assumptions.
57 The City of Mount Gambier area is ranked 13 among 71 South Australian '*local government areas*' (including Anangu Pitjantjatjara and Maralinga Tjarutja Aboriginal community areas and 'unincorporated SA') on the Australian Bureau of Statistics SEIFA Index of Economic Resources (2021), where a lower score (e.g., 1) denotes relatively lower access to economic resources in general, compared with other areas, available at https://www.abs.gov.au/statistics/people/people-and-communities/socio-economic-indexes-areas-seifa-australia/2021.

- the potential bill shock for rate payers in 2024-25 due to budgeted increase in general rates of $152 per rateable property, and in waste management charges by $92 per rateable property,
- the effect of cumulative increases in rates per property of approximately 4.8 percent per annum over the period to 2033-34, almost double the forecast rate of inflation, and
- a number of community concerns, with several submissions received by Council during the 2024-25 budget process, some ratepayers expressing concerns about the 2024-25 rate increase.[58]

6.5.1 The Commission's advice on affordability risk

Affordability risk can also be viewed in the context of the Council's financial and asset sustainability risks, specifically, the Council is not projecting an operating surplus until 2026-27 and will rely on significant step-up in rates in 2024-25 to 2025-26. Its past asset management planning also suggests further investment in asset renewals is required to maintain existing service levels. The community's capacity to pay for these increases appears to be low (based on the SEIFA index), and as previously noted Council should consider increasing non-rate income sources and/or implement cost savings initiatives to reduce the reliance on ratepayers.

Accordingly, the Commission recommends that the Council:

6. **Review** its approach to addressing financial sustainability risks, in consultation with its community, with a view to limiting future increases in rates and improving affordability for ratepayers.

[58] See City of Mount Gambier, *Special Council Meeting Agenda – 18 June 2024, Item 4.1 2024/2025 Draft Annual Business Plan and Budget – Community Consultation Feedback – Report No. AR24/38805,* pp. 4-13, available at https://cdn.mountgambier.sa.gov.au/agendas-minutes/Notice-and-Agenda-Special-Council-Meeting-18-June-2024-Website-PDF.pdf.

7 The Commission's next advice and focus areas

In the next cycle of the scheme, the Commission will review and report upon the Council's:

- ongoing performance against its LTFP estimates and how it has incorporated updates to asset valuations and depreciation, including the sequencing of the plan updates to ensure that the LTFP is informed by current values
- the identification and reporting of cost savings and operating efficiencies
- capital expenditure programs, including how it has continued to provide funding to the renewal of assets, and
- the Council's efforts to minimise any emerging affordability risks.

8 Appendix: Glossary of terms

Item	Explanation
ABS	Australian Bureau of Statistics
AMP	Asset management plan (also called an IAMP)
ARFR	Asset Renewal Funding Ratio Since 2013, the asset renewal funding ratio has been defined as: Asset Renewal Expenditure ÷ IAMP Renewal Expenditure Where IAMP Renewal Expenditure is that required according to the IAMP.
Commission	Essential Services Commission, established under the *Essential Services Commission Act 2002*
CPI	Consumer Price Index (Adelaide, All Groups)
Council	City of Mount Gambier
CWMS	Community Wastewater Management System
ESC Act	*Essential Services Commission Act 2002*
F&A	Local Government Advice: Framework and Approach – Final Report
FTE	Full Time Equivalent
IAMP	Infrastructure and asset management plan (also called an AMP)
LG Act	*Local Government Act 1999*
LGA SA Financial Indicators Paper	Local Government Association of South Australia, Financial Sustainability Information Pa per 9 - Financial Indicators Revised May 2019
LGPI	Local Government Price Index
LTFP	Long-term financial plan
NFLR	Net Financial Liabilities Ratio Net Financial Liabilities are defined as: Total Liabilities LESS Current Assets (Cash and Cash Equivalents) LESS Current Assets (Trade and Other Receivables) LESS Current Assets (Other Financial Assets) LESS Non-Current Assets (Financial Assets - excluding equity accounted investments in council businesses) The net financial liabilities ratio is: Net financial liabilities ÷ Total Operating Income
OSR	Operating Surplus Ratio The Operating Surplus (Deficit) is defined as: Total Operating Income LESS Total Operating Expenses28

Item	Explanation
	The Operating Surplus Ratio is defined as: Operating Surplus (Deficit) ÷ Total Operating Income
Regulations	*Local Government (Financial Management) Regulations 2011*
RBA	Reserve Bank of Australia
SEIFA	Socio-Economic Indexes for Areas
SMP	Strategic management plan
The scheme or advice	Local Government Advice Scheme



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