Deputy Lord Mayor, Councillor Noon - MoN - Mandatory Statutory Rate Exemptions and Rebates

Tuesday, 10 November 2026
Council

Council Member
Deputy Lord Mayor, Councillor Carmel Noon

Public

Contact Officer:
Anthony Spartalis, Chief Operating Officer

MOTION ON NOTICE

Deputy Lord Mayor, Councillor Carmel Noon will move a motion and seek a seconder for the matter shown below to facilitate consideration by the Council:

'THAT COUNCIL:

1. Notes the City of Adelaide's longstanding advocacy for a comprehensive review of mandatory statutory exemptions and rebates from council rates, including the City's successful Item of Business to the LGA Ordinary General Meeting in 2021 and subsequent advocacy through the LGASA and Capital City Committee.
2. Notes that the LGA subsequently prepared and consulted on an Issues Paper on Mandatory Statutory Rebates and Exemptions from Council Rates, with the original LGA resolution also contemplating an economic analysis and report to support advocacy to the State Government.
3. Notes that the City of Adelaide is estimated to forgo in the order of $50 million in rate revenue each year through statutory exemptions and mandatory rebates, and requests the Chief Executive Officer to provide Council with an update on:
    - the current verified annual value of those exemptions and rebates;
    - the outcome of the LGA consultation and whether the proposed economic analysis/report has been completed;
    - advocacy undertaken with the State Government and any response received; and
    - the impact of these arrangements on the City's rate base, financial sustainability and other ratepayers.
4. Requests the Chief Executive Officer, in consultation with the LGASA, to identify opportunities for renewed and coordinated advocacy to the State Government for a comprehensive review of the current statutory rating exemptions and mandatory rebate framework, including options for legislative reform or appropriate State Government compensation where councils are required to provide exemptions or rebates.
5. Requests that an update and proposed advocacy approach be presented to Council in the 4th quarter of the FY27.'

ADMINISTRATION COMMENT

1. The City of Adelaide has long advocated for reform of mandatory statutory exemptions and rebates from council rates. In April 2021, an Item of Business submitted by the City was carried at the Local Government Association of South Australia (LGASA) Ordinary General Meeting, calling for a comprehensive State Government review of statutory rate exemptions and rebates, preparation of an issues paper, and the commissioning of economic analysis to support further advocacy.

2. Since that time, the issue has been progressed through both sector-wide and direct advocacy channels. The City contributed to the development of the LGASA's 2023 Issues Paper on Mandatory Statutory Rebates and Exemptions from Council Rates, providing information requested during preparation of the paper through the South Australian Local Government Finance Managers Group.

3. Following completion of the Issues Paper, the LGASA commissioned further research regarding cost shifting to local government. Administration understands that this work was undertaken by SGS Economics in 2025 and included consideration of the impact of mandatory statutory rebates and exemptions on council revenues. The City provided substantial feedback on, and sought changes to, the draft report to ensure the disproportionate impact on the capital city was appropriately recognised and quantified.

4. LGASA has advised that it continues to advocate on behalf of the local government sector for review of statutory rate exemptions and mandatory rebates. To support this advocacy, LGASA in January 2025 finalised independent economic analysis of cost shifting impacts on councils and is currently updating this work to ensure the evidence base remains current. LGASA has indicated that the revised analysis will be used to further support sector advocacy with State Government regarding the financial impacts of statutory concessions, exemptions and other imposed costs.

5. Recent examples of LGASA advocacy include its response to the *Federal Inquiry into Local Government Funding and Fiscal Sustainability* (February 2026) to which the City of Adelaide also provided a submission, and the 2026 *LGA State Election Platform.*

6. Administration is not aware of any comprehensive review by the State Government of statutory exemptions and mandatory rebates, nor any legislative reform arising from the advocacy undertaken by councils or the LGASA to date. Similarly, Administration is not aware of any State Government commitment to introduce compensation arrangements for councils in respect of mandatory exemptions or rebates.

7. Notwithstanding the above, the issue continues to be raised directly with the State Government by the City. Administration previously advised Council that statutory exemptions and mandatory rebates remain a recurring matter of discussion through the Capital City Committee, regular engagements between the Lord Mayor and senior ministers, and discussions involving the Chief Executive Officer and senior State Government officials.

8. The most recent verified assessment available to Administration indicates that, in 2026/27, the City forwent approximately $52.5 million in annual rate revenue due to statutory requirements under the *Local Government Act 1999* (SA), comprising approximately $45.4 million in statutory exemptions (excluding Council-owned land) and $7.1 million in mandatory rebates.

9. The forgone revenue is highly concentrated in the capital city. Administration's analysis indicates that Adelaide accounts for the substantial majority of local government revenue forgone in South Australia for several exemption categories, including Crown land, universities, Adelaide Oval and Renewal SA holdings. This reflects the concentration of government, institutional, educational and civic assets within the City.

10. Statutory exemptions and mandatory rebates reduce the City's available rating base and require the remaining rate burden to be redistributed across other ratepayers. Administration previously advised Council that the current arrangements have the effect of transferring approximately $52.5 million of annual rate liability to other property owners, with the impact broadly reflected through the City's commercial and residential rate base in accordance with their relative contribution to total rates revenue.

11. Administration considers that the rationale for reform remains compelling. While the City's 2021 advocacy successfully secured sector-wide recognition of the issue, led to preparation of the LGASA Issues Paper and informed subsequent economic analysis, those efforts have not yet resulted in a State Government review or legislative change.

12. Administration will continue to engage with the LGASA regarding outcomes of the Issues Paper and associated economic research and will identify opportunities for renewed and coordinated advocacy. Particular focus will be given to options that recognise the disproportionate burden borne by the capital city and to mechanisms that either reduce statutory exemptions and mandatory rebates or provide appropriate State Government compensation where councils are required by legislation to forgo rate revenue.

13. Should Council resolve to support the proposed motion, a further report outlining advocacy options, stakeholder engagement opportunities and a proposed advocacy approach can be presented to Council during the fourth quarter of FY2026/27.

Should the proposed motion be supported by Council, the following implications of this motion should be considered. Note any costs provided are estimates only – no quotes or prices have been obtained:	
Public consultation	Not applicable

External consultant advice	Not applicable
Legal advice / litigation (eg contract breach)	Not applicable
Impacts on existing projects	Not applicable
Budget reallocation	Not applicable
Capital investment	Not applicable
Staff time in preparing the workshop / report requested in the motion	Approximately 5 hours would be required to prepare the report.
Other	Not applicable
Staff time in receiving and preparing this administration comment	To prepare this administration comment in response to the motion on notice took approximately 6.5 hours.

- END OF REPORT –