About our 2024-25 Budget

moretonbay.qld.gov.au

CITY OF MORETON BAY

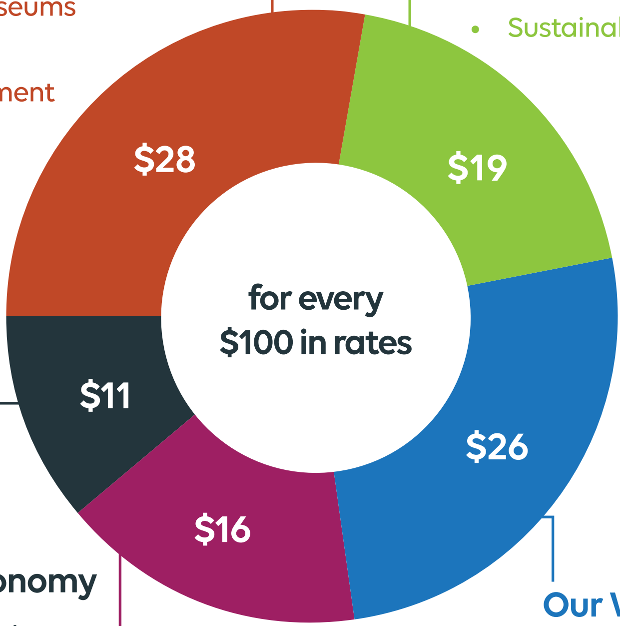
Where your rates go

Our Vibrant Communities

- Sporting Facilities
- Cemeteries
- Public Health
- Libraries
- Disability Access & Inclusion Planning
- Art Galleries & Museums
- Community Halls
- Disaster Management
- Major Venues
- Local Laws

Our Healthy Environments

- Pest & Weed Management
- Waste & Recycling Services
- Beaches & Coastal Areas
- Bushland Conservation
- Mosquito Management
- Environmental Centres
- Sustainability Planning



Our Progressive Economy

- Local Business Support
- Investment Attraction
- Major Event Attraction
- Regional Promotion
- Job Creation

Our Engaged Council

- Customer Service
- Technology Services
- Citizenship Ceremonies
- Anzac Day Services
- Community Engagement
- Council Operations

Our Well-Planned Places

- Road Construction & Maintenance
- Transport Planning & Design
- Cycleways & Pathways
- Neighbourhood Planning
- Building & Plumbing Services
- Landscape & Street Design
- Fauna Infrastructure
- Traffic Management

For more information on our Corporate Plan and Pillars scan the QR code or visit moretonbay.qld.gov.au

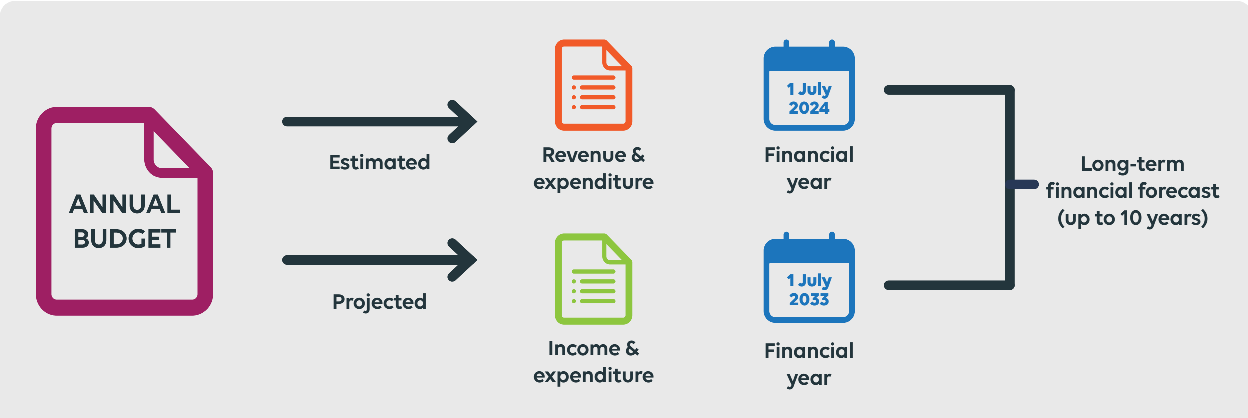
Council's rates rise in context

In March 2024, new property valuations were issued by the State Government for the City of Moreton Bay. While the average rise was 36%, the distribution between suburbs and property types was very diverse with property increases ranging from below 20% to in excess of 100%. The diversity in the property valuation increases has resulted in a large variation in the rate rises residents will see. To try and moderate the impact of significant rises in property values, Council has decreased the rate in the dollar applied across all rating categories to help offset the impact of the increases in property values, and maintained rates capping for residential properties at 9%.

The increase in the general rate for an owner-occupied house is 4.9% with the minimum general rate increasing by $56 per annum to $1,205 in 2024-25. This is, however, offset by the $50 financial relief rebate for eligible owner-occupied residential properties. This rebate is being fully funded through the sale of Australian Carbon Credit Units (ACCUs) generated from the capture of methane gas at our landfill sites. This means that the average total rate rise, inclusive of the financial relief rebate and all utilities and special charges, for an owner-occupied residential property (R1) is 3.8% or $70.21 per annum/$1.35 per week.

About the budget

In many respects, Council's budget is like a family budget you create to ensure the money you earn covers the money you spend and allows you to achieve certain goals.



What does the budget include?

The budget is divided into two main parts:

1. Operating budget: covers the costs of the day-to-day running of Council and the services it provides including the maintenance of community assets.

2. Capital budget: covers money spent on capital projects such as new or upgraded roads, buildings and other infrastructure.

Day-to-day running including:

- Waste
- Maintenance of parks, open spaces, sporting and recreational facilities, roads and infrastructure assets
- Environmental centres
- Libraries, galleries and museums
- Disaster management
- Staff wages

Capital projects including:

- New or upgraded transport, community buildings, stormwater and coastal infrastructure
- Upgrades to parks, playgrounds, sport and recreational infrastructure
- Environment and green infrastructure projects

Frequently asked questions

Why does Council need a budget?

Under the *Local Government Act 2009* and the Local Government Regulation 2012, Council is required to prepare and adopt an annual budget between 31 May and 31 July each year. The annual budget must also include a long-term financial forecast (LTFF) of at least 10 years. Council needs to charge rates to raise revenue to provide services and infrastructure to our communities.

The budget is a detailed outline of what services, projects and programs Council will allocate funds to.

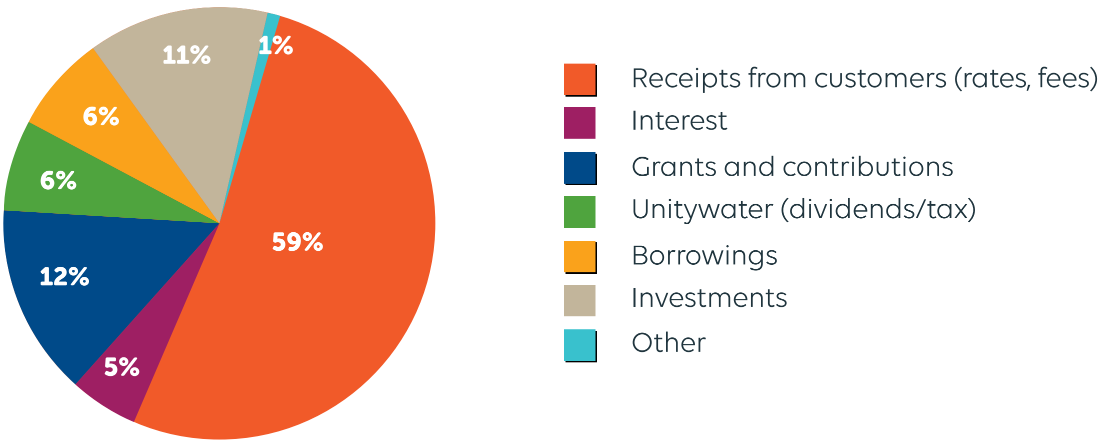
What guides the Budget?

The *Local Government Act 2009* provides a system of rules and regulations on how councils implement their annual budgets.

Councils are required to adopt a budget for each financial year, detailing the their budgeted income and expenditure. The budget is adopted at a budget meeting, where Council decides the rates and charges for the year. The budget meeting is usually held in June before the start of the new financial year.

The budget must be consistent with Council's:

- 5 year Corporate Plan; and
- Annual Operational Plan.



Why do I have to pay rates?

Like other local governments, Council's main source of income is from rates which are levied on all rateable properties across the city in accordance with the *Local Government Act 2009* and the supporting Local Government Regulation 2012. Council sets rates at a level that is sufficient to pay expenses over time, including meeting its requirements to repay debt. Quite simply, if our communities did not pay rates, Council could not afford to provide services and infrastructure.

I don't use all of Council's services so why should I have to pay for them?

Council has a responsibility to deliver services both locally as well as regionally. Just as income taxes are used to fund services and infrastructure across the country, rates paid by property owners fund the cost of services and infrastructure across our city.

They are not collected and acquitted for each local area or individual.

Under the *Local Government Act 2009*, a Councillor must represent the current and future interests of the residents of the entire local government area. As such, when considering operational and capital budgets each year, Council must consider both the needs and priorities of the city, balanced with the needs of local areas. This is done through discussion and feedback from each Divisional Councillor. These discussions must also consider the affordability of rates for our communities and the financial sustainability of Council.

Why does a change in the value of my property impact the rates that I pay?

Under the *Local Government Act 2009* Council must levy general rates on all rateable land and under the Local Government Regulation 2012 the value of the property must be used as the basis of this calculation.

Like most councils, City of Moreton Bay uses differential rating which means that the general rates charged are different for different categories of land types/uses.

The value of each property, and the rating category of the property, is used as the basis for calculating what each property owner pays. Each rating category has a different rate in the dollar applied to the property value to calculate the general rate, and this is detailed on your rates notice.

Within each rating category a minimum general rate is applied to ensure that all owners contribute a minimum equitable amount towards the costs of delivering infrastructure and services. In fact, over one third of all properties in our city pay the minimum general rate.

This year, City of Moreton Bay was one of 20 local government areas where new valuations were issued*. On average property values increased by 36%. To try and moderate the impact of significant rises in property values, Council has decreased the rate in the dollar applied across all rating categories to help offset the impact of the increases in property values, and maintained rates capping for residential properties at 9%.

**It is important to note that land valuations are issued by the State Government. Council has no input or ability to influence the valuation of properties or the timing of the process.*

Why did my rates increase by more than $1.35 per week?

The rate increase of $1.35 per week is the average total rate rise for an owner-occupied residential property, as this reflects the majority of ratepayers. Your rate increase may differ if:

1. Your property is in a different rating category to that of an owner-occupied residential property (R1);
2. Your rates include applicable special charges; and/or
3. Your rates have had capping* applied to limit the impact of changes that have occurred to your property valuation.

**In the event that you have had a large increase in your rates resulting from an increase in your valuation, Council recognises the difficulties this may cause and implements an upper limit on the rate of rise per annum that can be charged in most instances. This is referred to as rates capping. Rates capping has the effect of spreading the change in general rates from a large valuation increase over more than one year. Council has applied a 9% per annum cap to provide relief to affected residential properties.*

Who is eligible for the Financial Relief Rates Concession?

As a result of the hardship being caused by the wide-ranging cost of living impacts, a $50 concession will be granted to all owner–occupied residential properties that fall into one of the rating categories below as at 1 July 2024 as a one-off concession:

- Single Residential Owner Occupied/Single Household - R1
- Units Owner Occupied - U1O, U2O, U3O, U4O, U5O and U6O
- Retirement Villages – RV1

(Note: Your rating category can be found on your rates notice.)

The concession will be automatically applied to the rate notice issued in July 2024 and is being fully funded through the sale of Australian Carbon Credit Units (ACCUs) generated from the capture of methane gas at our landfill sites.

The concession will not be applied:

- pro-rata to properties moving into these categories post 1 July 2024;
- to individual units/flats on a lot where there are multiple residences managed under a Body Corporate. This is because owners are not individually rated. There is only one rate notice is issued to the Body Corporate; and
- to individual dwellings within a retirement village that does not operate under a community title scheme. This is because the dwelling owners are not individually rated. There is only one rate notice issued to the Retirement Village Operator.

Why do my rates need to increase?

Just as your household budget varies over time, and is affected by changes in supply and demand, so does Council's. Costs increase, services and service expectations change, increases in population and infrastructure, and the availability of materials and suppliers all drive Council's costs to change.

Costs also rise over time. In order to continue to provide services and deliver infrastructure, it is important that rates increase to try and keep pace with costs.

City of Moreton Bay is in an enviable financial position compared to many councils. However to remain financially sustainable, rates need to keep pace with the changes in costs for Council to continue to afford to provide services at the standard the community expects.

What if Council does not remain financially sustainable?

In many respects it would be like any business experiencing financial hardship. Tough decisions would need to be made in order to improve Council's position.

This could entail significant reductions in costs and services and increases in rates that would need to be sustained over time.

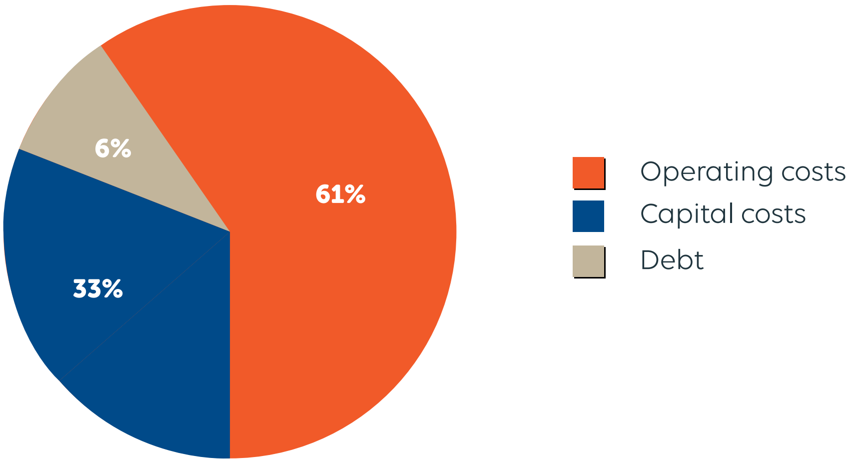
Keeping rates at a level that is too low over time will result in financial pressure in the future. In other words, short term gain will buy long term pain. That is why Council prepares a 10-year long term financial forecast to ensure that the decisions of today do not adversely impact tomorrow. To illustrate the cumulative impact of decisions, Council has over 190,000 rateable properties. Assume we decided to reduce rates by $100 per annum. This would reduce Council's revenue by $19,000,000 each year, and over 10 years the cumulative reduction would be $190,000,000.

This is very simple maths. The cumulative difference is far greater when you take into account the compounding impact of inflation over time. Regardless of how you do the maths, it illustrates a big gap is generated by a relatively small reduction in rates.

It should be noted that the State Government does not underwrite Local Government. They will not simply step in and cover the costs of a financially mismanaged Council. The Queensland Audit Office (QAO) audits Council's financial statements each year and provides a report to the State Government on Council's overall financial position and its sustainability.

What does Council have to consider when setting its budget?

Council can cut the pie differently, however there are consequences to those decisions. For example:



- Council could spend less on asset renewal projects to reduce its capital expenses, however this would mean an increase in maintenance costs would be required to try and keep the assets functioning while awaiting replacement/renewal;
- Council could delay the construction of new infrastructure to reduce its capital expenses, but this would likely mean placing demands on existing infrastructure (like roads) beyond what is acceptable;
- Council could reduce its service standard. For example mowing less frequently would mean that our parks and natural spaces would be less inviting and/or not as functional.

The challenge each year for Council is to try and deliver a budget that meets the needs and expectations of our communities, while remaining affordable.

Council's costs seem high - why?

Council delivers hundreds of different services to the communities across Moreton Bay, all of which cost money to provide.

Additionally, Council has about $7.2 billion in assets - and is projected to increase by about $2.2 billion over the next 10 years as our city grows.

All these assets need to be maintained - which increases Council's operating costs.

They also need to be renewed/replaced as they reach the end of their useful life - which increases Council's capital budget.

The population in our city is projected to grow by 50% over the next 20 years. These new ratepayers will be expecting Council services to be delivered and expanded as required to meet the needs of communities. And as new developments come online, assets such as new roads, footpaths and parks will be transferred from developers to Council to maintain and renew in the future, which will add to Council's costs over time.

Council makes every effort to minimise the rates burden on our residents - in fact City of Moreton Bay is one of the lowest rating councils in South East Queensland.

Do the extra rates Council receive from new properties cover the increase in costs?

Our city continues to grow, and while that means having a greater number of properties paying rates, it also means that there is more demand for services and infrastructure.

And while more people means that the additional costs can be spread across more ratepayers, it doesn't necessarily mean the additional income will cover the additional costs. There is often a timing difference.

Capital projects often require a significant outlay upfront. This means Council needs to use borrowings to pay for some projects. Rates received over time are used to pay the interest costs and repay the debt as it is due.

Council also works with other levels of government to ensure that the state and federal taxes we pay as a community are reinvested in local projects wherever possible to ease the cost burden on ratepayers.

Why doesn't Council borrow more and spread the payment over a long period to reduce rates?

Council does this already. There is, however, a limit to how much Council can borrow and comfortably pay interest and repayments as they are due. This is measured by the leverage ratio which we need to have at the State Government's target level of 0-4 times. This ratio is an indicator of a Council's ability to repay its existing debt. It measures the relative size of the Council's debt to its operating performance.

Having a projected ratio of 1.5 for 2024-25, Council is in a strong financial position and has capacity to borrow. Over the coming 10-year period, we are projecting to increase borrowings to about $598 million so we can responsibly plan and deliver the new infrastructure required by our communities.

It is also important that Council manages its finances to ensure there is some capacity to respond to significant events. In recent times Council has been able to divert funds to response measures to assist communities and businesses through COVID and extreme weather events.

So is our debt level sustainable?

Compared to other South East Queensland local governments, Moreton Bay has a low level of debt. Forecasts also highlight it will remain manageable over the coming years, despite borrowings increasing to ensure our essential infrastructure like roads and parks can continue to grow or be upgraded to meet the needs of our communities.

	2012	2025	2034
Total Debt $ ('000)	382,441	235,680	598,127
Total Assets $ ('000)	5,725,916	9,875,496	12,470,219

The total assets currently owned by Council on behalf of our communities are valued at over $9 billion , while the debt on these assets is only around $235 million.

To put this into perspective, this is the equivalent of owning a house today valued at $400,000 and having a mortgage of just $9,545.

How do City of Moreton Bay's staff levels compare to other councils?

City of Moreton Bay is the third largest local government in the country, servicing a population of over half a million people. To put this in context this is:

- More than twice the size of Ipswich;
- More than triple the size of Darwin; and
- Bigger than Canberra - the nation's capital

The table below shows staffing levels compared to other local government areas in SEQ based on the latest publicly available information on the Department of Local Government's website.

FTE - Full Time Equivalent staff member

City of Moreton Bay's staffing levels are one of the leanest in SEQ and our dedicated team members deliver services that address a wide array of needs across the entirety of Moreton Bay.

Participants in the Moreton Says community survey rated their contact with Council team members as either positive or very positive. Almost two-thirds went on to confirm consistent or very consistent experiences when dealing with our team members on different issues or across parts of Council.

Why doesn't Council just charge big business more in order to lower the rates for residents?

Nearly 95% of our rates revenue comes from the residential ratepayers of Moreton Bay. Unlike some other councils in SEQ, there are not a lot of commercial ratepayers in our city that can offset residential rates. Council also recognises that many of our businesses are small businesses and already contribute significantly to Moreton Bay communities by providing much-valued local jobs.

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