About our 2025–26 Budget

moretonbay.qld.gov.au

CITY OF MORETON BAY

Your rates at work

Here's how we're putting your rates to work as our population grows.

Our Vibrant Communities

- Major sporting and aquatic centres
- Libraries, art galleries and museums
- Community facilities
- Community support
- Public safety and disaster management
- Public health and local laws

Our Healthy Environments

- Beaches and coastal areas
- Natural environment conservation
- Environmental Land buy back
- Catchment management
- Waste and Recycling
- Stormwater management
- Pest, weed, and mosquito control
- Waste, recycling, and garden organics services
- Environmental centres

Our Engaged Council

- Servicing our communities
- Customer support and engagement
- Asset management and fleet acquisitions
- Community events including Anzac Day and citizenships
- Depreciation and finance costs

Our Well-Planned Places

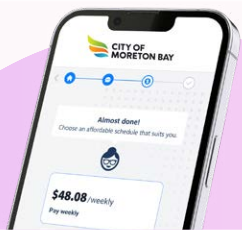
- Road network
- Transport improvement
- Road rehabilitation and resurfacing
- Active transport and footpaths
- Strategic land use and urban planning
- Parks and open spaces
- Council and community buildings
- Green infrastructure
- Building and plumbing compliance

Our Progressive Economy

- Economic development and supporting local business and innovation
- Investment attraction and tourism

Payble™

Want a flexible rate payment plan for no extra cost? **Sign up to Payble™ today!**



Go paperless! Receive your rates and reminders via email

Easy Convenient Sustainable

To register now scan the QR code or visit **moretonbay.qld.gov.au/eRates**.

Rating information

The increase in the minimum general rate for an owner occupier is $0.87 cents per week, or $45 per annum.

Effective July 2024, new property valuations were issued by the State Government for City of Moreton Bay. While the average valuation increase was 36%, the distribution between suburbs and property types was very diverse with property increases ranging from below 20% to in excess of 100%. Given general rates are calculated based on the land valuation, to moderate the impact on our ratepayers and to assist those still impacted by the latest valuation increase, rates capping for eligible residential properties will be 15% for 2025-26. This means that the maximum general rate rise for a residential property is 15% for 2025-26, even if the land valuation increased by more than this.

Council's pensioner remission will continue at $250 per eligible property per annum where the pensioner receives the maximum rate of pension, and $100 per eligible property per annum where the pensioner is in receipt of a part pension. Council will also continue the remission for self-funded retirees of $75 per eligible property per annum where the retiree holds a Commonwealth Seniors Health Card. These remissions will benefit over 31,000 properties across the city.

The City Infrastructure Charge for the rehabilitation and enhancement of transport and stormwater infrastructure will increase by $11, to $104 per property.

The City Environment Charge, which is used to fund a range of environmental initiatives including the acquisition of environmentally significant land, will remain unchanged at $26 per property.

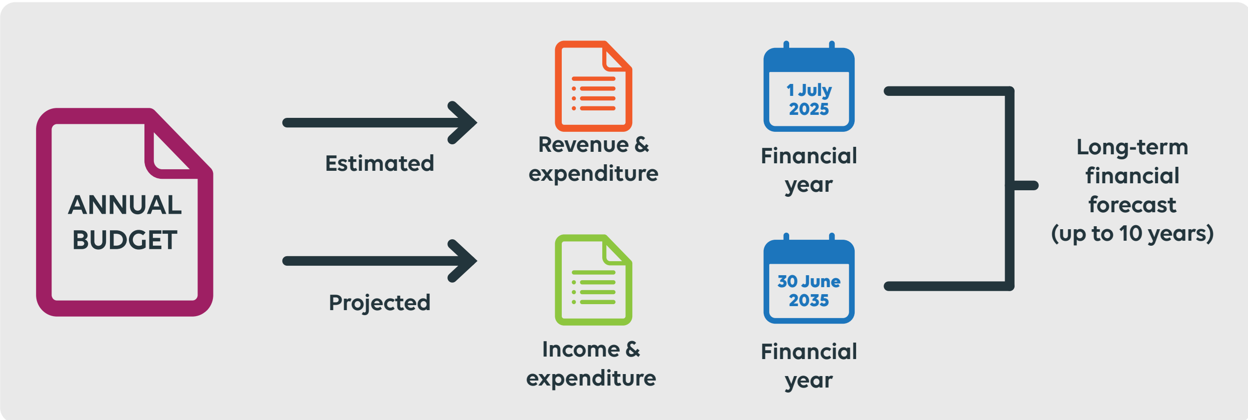
The most popular waste management service (240L refuse bin and 240L recycling bin) increased by $72, which at $391 per annum remains one of the lowest waste charges in SEQ and includes free tipping for eligible properties*. Council's Waste Charge covers costs associated with managing waste in the City of Moreton Bay, including the gap between the Queensland Government waste levy charged to Council and the partial rebate received by Council.

The Garden organics (GO) collection service charge has increased by $3 from $67 to $70 per annum.

*Up to 3 tonnes or 26 loads (whichever is reached first) in accordance with Council's Disposal of Waste Free of Charge Policy.

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:

- Bin collection, recycling and operation of waste management facilities
- 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 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.

General rate = Property valuation x Rate in the dollar

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.

Effective July 2024, new property valuations were issued by the State Government for City of Moreton Bay. While the average valuation increase was 36%, the distribution between suburbs and property types was very diverse with property increases ranging from below 20% to in excess of 100%. Given general rates are calculated based on the land valuation, to moderate the impact on our ratepayers and to assist those still impacted by the latest valuation increase, rates capping for eligible residential properties will be 15% for 2025-26. This means that the maximum general rate rise for a residential property is 15% for 2025-26, even if the land valuation increased by more than this.

**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 87 cents per week?

The rate increase of $0.87 per week is the minimum general rate rise for an owner-occupied residential property. 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 property is charged more than the minimum general rate due to your land valuation;
3. Your rates include applicable separate and/or special charges; and/or
4. 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 in July 2024, 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 15% cap to provide relief to residential property owners who have had a large valuation increase.*

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 a strong 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 create 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.

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 billion in assets – and is projected to increase by about $2.5 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 1.0 for 2025-26, 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 $614 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	2035
Total Debt $ ('000)	382,441	246,244	614,362
Total Assets $ ('000)	5,725,916	10,076,454	12,735,872

The total assets forecasted to be owned by Council at the end of June 2026 on behalf of our communities are valued at over $10.1 billion, while the debt on these assets is forecast to be around $246 million.

To put this into perspective, this is the equivalent of owning a house today valued at $800,000 and having a mortgage of just $19,550.

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

The majority of our rates revenue comes from the residential ratepayers of Moreton Bay. Unlike some other councils in South East Queensland, 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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