About Our 2022-23 Budget

MORETONBAY.QLD.GOV.AU

Moreton Bay Regional Council

Investing in Our Communities

Moreton Bay is a great place to live, work and play and your Council is responsible for keeping it that way, by using all its resources wisely and investing in our communities, now and into the future.

Council's spending is most often recognised through our frontline services - like roads, rubbish collection and park maintenance.

We:

- Service over 3700km of local roads (enough to span from Morayfield to Melbourne and back)
- Service 1600km of footpaths (nearly the distance from Caboolture to Cairns)
- Collect around 11.9 million bins
- Support almost 1.1 million trips through our waste facilities each year
- Maintain 3464 hectares of park and open space for recreation
- Provide 196 sports fields across 84 sports complexes for our community to enjoy with their team on the weekends.

However, there is so much more that Councils deliver to communities - and this is all achieved using around only 3% of the total taxes and rates collected by all levels government.

Less obvious examples include our economic development and investment attraction programs that are creating jobs and business opportunities close to home, as well as the detailed and complex planning work underway to best manage growth while meeting Moreton Bay's State Government dwelling targets.

Our 10 libraries and the popular mobile service, along with Council's six galleries and museums, remain among of our biggest attractions, providing so much more than just books or displays. Our 45 community halls are supporting all kinds of groups and importantly helping to connect locals. And who doesn't love a celebration, with Council hosting 43 much-loved events for our communities to enjoy as well as another ten tourism and business events.

Creating better communities requires Council to continually invest in infrastructure and capital works. This is a key element of Council's strategy to deliver effective services, grow our region, create jobs, and improve the long-term wellbeing of our communities.

In 2022-23 Council is investing a record $259 million to deliver a capital program to help ensure the Moreton Bay Region continues to support and improve our amazing places and our natural spaces.

Did you know?

the average Australian pays almost $20,000* each year in income tax, while the average annual rates bill per person in Moreton Bay is only $775#

*Australian Bureau of Statistics, Individuals - median and average key items, by sex, 2017-18 and 2018-19 income years.

#2022-23 financial year.

Budget highlights

Council's **$816 million budget** will deliver a record **$259 million capital works program** with a focus on the five pillars highlighted in our Corporate Plan.
Here's a snapshot of the 2022-23 budget:

$174.2M
Road and transport networks
same as 21-22 FY

$69M
Parks and the environment
12% increase*

$62.4M
Sustainable waste management
4% increase*

$43M
Towards 155 projects including road rehabilitation, resurfacing and construction

$31.8M
Waterways and coastal areas
22% increase*

$20.4M
Libraries, arts, community facilities and history
1% increase*

$19.7M
Sport and recreation

148
Footpath projects - construction planned or underway

$1M
to convert gravel to sealed roads

$350K
to develop a new Food Organics Garden Organics (FOGO) business case and facility design

53
Festivals and events - including 43 FREE community events

Free Tipping
capped at 3 tonnes or 26 visits each financial year per eligible household#

*increase from 2021-22 Financial Year

#For eligible residents and eligible ratepayers. Up to 3 tonnes or 26 loads (whichever is reached first) total domestic general waste, green waste, clean concrete, clean soil, per household, per financial year. Additional limits apply to select products, as per current fee schedule and/or Council's website. See details of the Disposal of Waste Free of Charge Policy here www.moretonbay.qld.gov.au/files/assets/public/services/policies/disposal-of-waste-free-of-charge-1-7-22.pdf

Keeping it affordable

Our Vibrant Communities

- Sporting Facilities
- Cemeteries
- Public Health (immunisation)
- 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 new Corporate Plan and Pillars scan the QR code or visit **moretonbay.qld.gov.au**

Council's rates rise in context

The demand for services and infrastructure across our fast-growing region continues to grow and change.

Every budget requires Council to reassess both the available revenue and the needs of our communities.

This often requires difficult decisions that may prioritise one project or program over others.

This year, the total average increase in rates for an owner-occupied residential property is $1.71 per week. Even with this increase MBRC remains one of the lowest rating councils in SEQ.

Council is very aware of the cost of living pressures our communities face and keeping rates affordable is always front of mind. We recognise that the current economic conditions are going to be challenging for many, but it is important to consider this rates rise in context.

The Consumer Price Index (CPI) for the March Quarter for Brisbane is 6%, compared to an average increase in total rates of 5.6% for an owner-occupied residential property in Moreton Bay. This lower than CPI increase has been achieved despite the cost of goods and materials required by Council increasing 14% for 2022-23, due to supply and other market factors.

MBRC is in a strong financial position. To remain financially sustainable, rates need to keep pace with the changes in costs so Council can continue to afford to provide services at the standard expected by our communities.

About the Budget

In many respects, Council's budget is like the family budget that 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 Council's implement their annual Budgets.

Councils are required to adopt a budget for each financial year, detailing the council's 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.

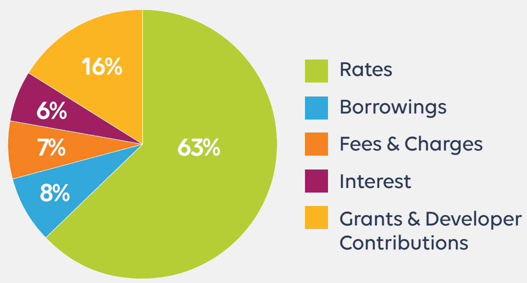
The budget must be consistent with Council's:

- 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 is levied on all rateable properties across the region 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.

Where does the cash come from?



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 region.

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 region, 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 the value of the property is the basis of this calculation.

Like most Councils MBRC 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 × 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, 48% of Moreton Bay residential properties pay the minimum general rate.

The Queensland Department of Natural Resources, Mines and Energy (DNRME) issues the land valuation for each property and advises property owners and Council accordingly. It is important to note that Council has no input or ability to influence the valuation of properties.

This year all properties within our region were revalued and property values increased by 21.9% on average. While the average increase in property value was 21.9%, Council does not automatically increase rates by this amount.

This year Council determined that a 4.8% rise in the general rate is appropriate given the budget outlook. To achieve this, the 2021-22 rates in the dollar were all reduced by the 21.9% average property increase to create a new baseline. The 4.8% rise was then applied to this new baseline.

Why did my rates increase by more than $1.71 per week?

The rate increase of $1.71 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); and/or

2. The movement in the valuation of your property differed from the average of 21.9%.

The impact of a change in property valuations will impact ratepayers differently. By the very nature of an average, some properties will have increased by more than 21.9% and some by less.

In the event that you may face a large increase in your rates resulting from an increase in your valuation, Council recognises the difficulties this may cause and has implemented 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. Currently Council applies a 9% per annum cap to provide relief to affected residential properties.

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. A dollar will buy more today than it will in 10 years.

Over the last few years, we have been in a low inflation environment, with low interest rates. As we are entering 2022-23, this is changing. Inflationary pressures are increasing costs. In order to continue to provide services and deliver infrastructure, it is important that rates increase to keep pace with costs.

MBRC 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 about 180,000 rateable properties. Assume we decided to reduce rates by $100 per annum. This would reduce Council's revenue by $18,000,000 each year, and over 10 years the cumulative reduction would be $180,000,000.

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.

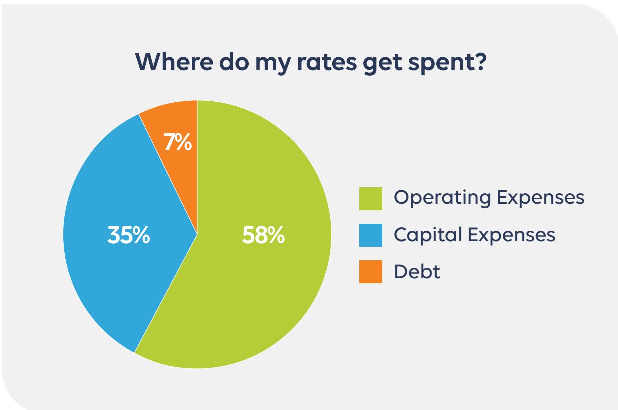
Moreton Bay is one of only four South East Queensland councils rated 'lower risk' by the QAO - meaning there is a lower risk of concerns about Council's financial sustainability, based on current income, expenses, asset investment, and debt financing policies.

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 in our region, all of which cost money to provide.

Additionally, Council has about $5.8 billion in assets - an increase of $1.9 billion since 2008-09 - and is projected to increase by about $2.5 billion over the next 10 years as our region 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 region 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 Moreton Bay Regional Council 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?

Obviously having a greater number of properties paying rates means Council receives more income and additional costs are more equitably spread across all ratepayers. The important point to note however, is there is often a timing difference - the additional income doesn't necessarily equal the additional costs.

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 net financial liabilities ratio which we need to have at or below the State Government's target level of 60%.

Having a projected ratio of 27% for 2022-23, 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 $660 million so we can responsibly plan and deliver the new infrastructure required by our communities.

Borrowings	Est. FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Drawdown	-	$65M	$30M	$80M	$120M	$100M	$90M	$90M	$85M	$85M
Total Debt	$313M									$660M

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 the recent extreme weather event. This is in addition to keeping rates very low during COVID given the future economic impacts were not known at the time. This was possible due to the strong financial position that Council is in.

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 extremely 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	2022	2032
Total Debt $ ('000)	382,441	312,898	660,494
Total Assets $ ('000)	5,725,916	8,055,687	10,998,401

The total assets currently owned by Council on behalf of our communities are valued at over $8 billion, while the debt on these assets is only around $313 million.

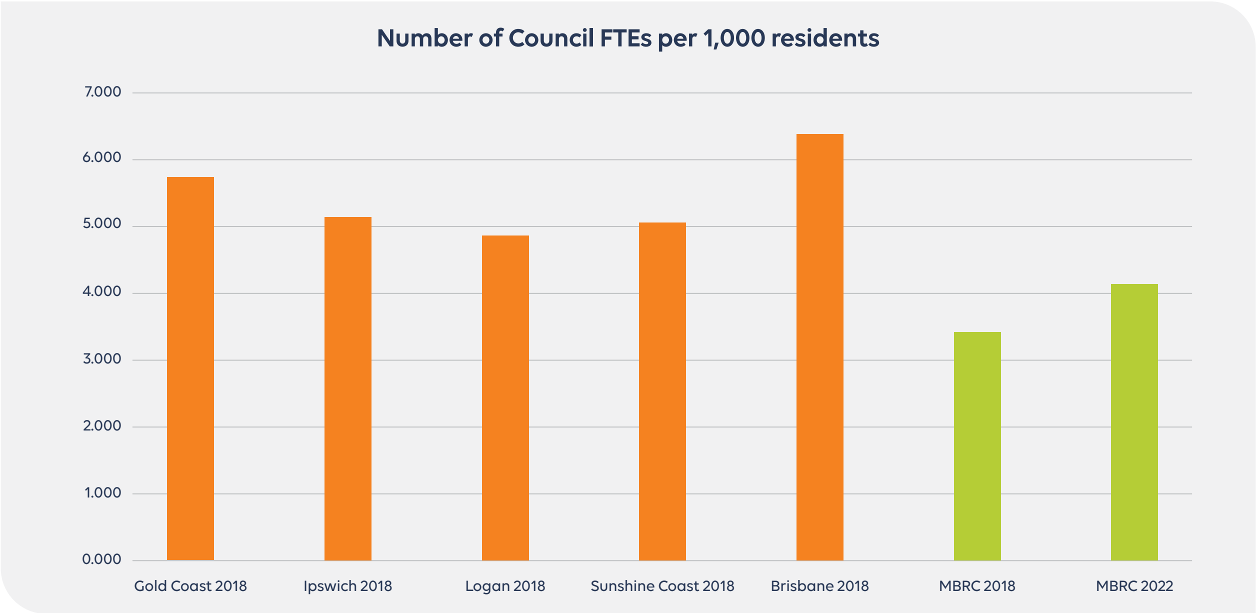
To put this into perspective, this is the equivalent of owning a house today valued at $800,000 and having a mortgage of just $31,074.

Council has a lot of staff. How do MBRC's staff levels compare to other councils?

MBRC is the third largest local government in the country, servicing a population of nearly 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

MBRC'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 recent Moreton Says community survey overwhelming 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 region 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.

Moreton Bay
Regional Council