Somerset Regional Council Budget 2025-2026 FAQs

Somerset
REGIONAL COUNCIL

Why do I have to pay rates?

While Council receives some grant funding from the State and Federal Governments, its main source of income is from rates which are 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 sufficient level to pay expenses over time. Quite simply, if our communities did not pay rates, Council could not afford to provide essential 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 for our town centres and across our vast region. 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 the whole of Somerset.

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

Under the Local Government Act 2009, a Council 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 town centres. These discussions must also consider the affordability of rates for our communities and Council's financial sustainability.

Why does property value impact the rates 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, Somerset Regional Council uses differential rating, which means the general rates charged vary for different categories of land types and 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, which is outlined on every rates notice.

Within each rating category a minimum general rate is applied to ensure that all owners contribute a minimum amount towards the costs of delivering infrastructure and services.

Who determines land value?

Land valuations are calculated by the Queensland State Government's Valuer-General. Land valuation is usually based on site value. Site value is the market value of the land in its present state. It includes the value of any improvements made to the land including filling, clearing, levelling and drainage works. The site value does not, however, include structural improvements such as houses, sheds, and other buildings. The land valuation for each property is provided to Council. Councils do not influence the calculation or timing of the property valuation.

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. Cost increases, changing service expectations, increases in population and infrastructure, and the availability of materials and suppliers drive Council's costs.

Somerset Regional Council is in a sound 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 provide services at the standard our community expects.

To put the rate rise in context, over the last 5 years :

- Non-residential construction prices have increased by 37.6%
- Heavy and civil engineering construction prices have increased by 26.9%
- Road and bridge construction prices (Brisbane) have increased by 28.9%

What if Council does not remain financially sustainable?

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 which would need to be sustained over time.

Keeping rates too low over time will result in financial pressure in the future. In other words, short term gain will buy long term pain. This is why Council prepares a 10-year long term financial forecast to ensure our decisions today do not adversely impact tomorrow.

It should be noted 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 consider when setting its budget?

Council can cut the budget 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 keep the assets functioning while awaiting replacement or renewal;
- Council could delay the construction of new infrastructure to reduce its capital expenses, but this could 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 not as functional.

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