

Budget checklist

For Queensland Councils governed by the *Local Government Act 2009* (LGA) and *Local Government Regulation 2012* (LGR)

Requirement	Reference	✓
Timing		
Each council must adopt a budget for the financial year: <ul style="list-style-type: none"> • after 31 May, in the year before the financial year; and • before 1 August, in the financial year to which the budget relates; or • before a later day decided by the minister. 	LGR s.170(1)(a) & (b)	
The budget can be amended, by resolution, at any time before the end of the financial year and must be amended if council makes an extraordinary decision 1.	LGR s.170(3)	
Validity		
The budget must comply with S169 of the <i>Local Government Regulation 2012</i> (see content), or the adoption of the budget is of no effect.	LGR S 170(2)	
If the budget is amended, the amended budget must comply with: <ul style="list-style-type: none"> • S169 of the <i>Local Government Regulation 2012</i> (see content); and • the council's decision about the rates and charges levied for the financial year made at the budget meeting, otherwise the amended budget is of no effect.	LGR s.170(4)(a); LGA s.94(2)	
Content		
The budget must be prepared for the financial year and the next 2 financial years, on an accrual basis. It must include the following: <ul style="list-style-type: none"> • Statement of financial position • Statement of cashflow • Statement of changes in equity; and • Statement of income and expenditure, which must state: <ul style="list-style-type: none"> ○ rates and utility charges excluding discounts and rebates ○ contributions from developers ○ fees and charges ○ interest ○ grants and subsidies ○ depreciation ○ finance costs ○ net result 	LGR s169(1)(a) LGR S169 (1)(b) LGR s169 (3)	

¹ For the 2021-22 financial year council may make an extraordinary decision, during the year, to change the rates and charges levied for the remainder of the financial year.



<ul style="list-style-type: none"> ○ the estimated costs of: <ul style="list-style-type: none"> ▪ the local government’s significant business activities carried on using a full cost pricing basis; and ▪ the activities of the local government’s commercial business units; and ▪ the local government’s significant business activities. 		
<p>The budget must include:</p>		
<ul style="list-style-type: none"> • A long-term financial forecast for a period of at least 10 years, which includes: <ul style="list-style-type: none"> ○ forecast income ○ forecast expenditure ○ the forecast value of assets, liabilities and equity; and ○ the council’s long-term asset management plan, which must: <ul style="list-style-type: none"> ▪ provide for strategies to ensure the sustainable management of the assets mentioned in the council’s asset register and council’s infrastructure; and ▪ state the estimated capital expenditure for renewing, upgrading and extending the assets for the period covered by the plan. <p>(The long-term asset management plan is part of, and must be consistent with, the long-term financial forecast.)</p> 	<p>LGR S 168, ss169 (2) (a) & S171</p>	
<ul style="list-style-type: none"> • Calculations of the following ratios, for the budget year and each of the following 9 years: <ul style="list-style-type: none"> ○ asset sustainability ratio ○ net financial liabilities ratio ○ operating surplus ratio. <p>These ratios must be calculated as described in the <u>Financial Management (Sustainability) Guideline 2013</u>.</p> 	<p>LGR S169 (5) & (9)</p>	
<ul style="list-style-type: none"> • The percentage change in rates and utility charges levied for the financial year compared with the previous budget. Any discounts and rebates must be excluded from this calculation. 	<p>LGR S169 (6) & (7)</p>	
<ul style="list-style-type: none"> • A revenue policy which must state: <ul style="list-style-type: none"> ○ the principles that the local government intends to apply in the financial year for: <ul style="list-style-type: none"> ▪ levying rates and charges ▪ granting concessions for rates and charges ▪ recovering overdue rates and charges ▪ cost-recovery methods ○ if the local government intends to grant concessions for rates and charges, the purpose for the concessions ○ the extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development. • The revenue policy may also state guidelines that may be used for preparing the local government’s revenue statement. 	<p>LGR S169 (2), S193</p>	
<ul style="list-style-type: none"> • A revenue statement which must state: <ul style="list-style-type: none"> ○ an outline and explanation of the measures that the local government has adopted for raising revenue, including: <ul style="list-style-type: none"> ▪ the rates and charges to be levied in the financial year; and ▪ the concessions for rates and charges to be granted in the financial year ○ whether the local government has made a resolution limiting an increase of rates and charges ○ if the local government levies differential general rates: <ul style="list-style-type: none"> ▪ the rating categories for rateable land in the local government area; and ▪ a description of each rating category ○ if the local government levies special rates or charges for a joint government activity, a summary of the terms of the joint government activity 	<p>LGR S169 (2)(b), S172</p>	

<ul style="list-style-type: none"> ○ if the local government fixes a cost-recovery fee, the criteria used to decide the amount of the cost-recovery fee ○ if the local government conducts a business activity on a commercial basis, the criteria used to decide the amount of the charges for the activity's goods and services. 		
<p>The budget must also be consistent with the council's:</p> <ul style="list-style-type: none"> • 5-year corporate plan; and • annual operational plan. 	LGR s 169(8)	
<p>Where a council applies the code of competitive conduct to a business activity, the council's budget must include an estimated activity statement, for each business activity.</p> <p>An estimated activity statement is a document that states, for the business activity:</p> <ul style="list-style-type: none"> • the estimated revenue that is payable to: <ul style="list-style-type: none"> ○ the local government; or ○ anyone else • the estimated expenses, including all items taken into account under the pricing provisions (other than return on capital) • the estimated surplus or deficit for the financial year • if community service obligations are to be carried out during the business activity: <ul style="list-style-type: none"> ○ a description of the nature of the community service obligations ○ the estimated cost of performing the community service obligations, less the estimated revenue for the community service obligations. <p>The code of competitive conduct must be applied to:</p> <ul style="list-style-type: none"> • a building certifying activity • a roads activity, other than a roads activity for which business is conducted only through a sole supplier arrangement • a business activity that is prescribed under the Local Government Regulation 2012, because expenditure has exceeded the threshold and the council has decided to apply the code of competitive conduct. <p>Council may decide to apply the code of competitive conduct to other business activities.</p>	LGR s.34(1) & (2) and LGA s.47	
Expenditure outside of budget		
<p>Money spent in a financial year before council adopts its budget must be included in the budget.</p>	LGR s. 173(1)	
<p>A council may spend money, not authorised in its budget, for genuine emergency or hardship but must:</p> <ul style="list-style-type: none"> • make a resolution about spending the money before, or as soon as practicable after, the money is spent • the resolution must state how the spending is to be funded; and • any amendment to the budget after the money is spent must include the money spent. 	LGR s. 173(2),(3)& (4)	
<p>If a disbursement is not provided for in the council's budget for the financial year; and is made without the approval of the council by resolution, then:</p> <ul style="list-style-type: none"> • the council must give the public notice of the disbursement in a newspaper that is circulating generally in the local government area, within 14 days after the disbursement is made • If the disbursement is not made for a genuine emergency or hardship, the councillors who knowingly agree to the disbursement are jointly and severally liable to pay the local government: <ul style="list-style-type: none"> ○ the amount of the disbursement; and 	LGA s.110	

<ul style="list-style-type: none"> ○ interest on the amount of the disbursement, at the rate at which interest accrues on overdue rates, calculated from the day of the disbursement to the day of repayment; and ○ any fees, charges, penalties or other expenses incurred by the local government in relation to the disbursement • those amounts may be recovered as a debt payable to the local government. 		
Public access to budget		
<p>The public must be able to inspect council's budget:</p> <ul style="list-style-type: none"> • at council's public office; and • on council's website. 	LGR s.199(1)(b); LGR s.199(2)(a)	
<p>The public must be able to purchase a copy of the budget, for no more than the cost of making the copy available for purchase.</p>	LGR s.199(1)(b); LGR s.199(2)(b) LGR s.199(3)	

