

# Budget checklist 2020/21



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

Requirement	Reference	
<b>Timing</b>		
Each council must adopt a budget for the financial year <ul style="list-style-type: none"> <li>after 31 May, in the year before the financial year; and</li> <li>before 1 August, in the financial year to which the budget relates; or</li> <li>before a later day decided by the Minister.</li> </ul>	LGR s170(1)(a) and (b)	<input type="checkbox"/>
The budget can be amended, by resolution, at any time before the end of the financial year.	LGR s170(3)	<input type="checkbox"/>
<b>Validity</b>		
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 s170(2)	<input type="checkbox"/>
If the budget is amended, the amended budget must comply with: <ul style="list-style-type: none"> <li>S169 of the <i>Local Government Regulation 2012</i> (see content); and</li> <li>the council's decision about the rates and charges levied for the financial year made at the budget meeting.</li> </ul> Otherwise the amended budget is of no effect.	LGR s170(4)(a); LGA s94(2)	<input type="checkbox"/>
<b>Content</b>		
The budget must be prepared on an accrual basis.	LGR s169(1)(a)	<input type="checkbox"/>
It must be prepared for the financial year and the next 2 financial years, and include the following: <ul style="list-style-type: none"> <li>Statement of financial position</li> <li>Statement of cashflow</li> <li>Statement of changes in equity; and</li> <li>Statement of income and expenditure, which must state:               <ol style="list-style-type: none"> <li>rates and utility charges excluding discounts and rebates;</li> <li>contributions from developers;</li> <li>fees and charges;</li> <li>interest;</li> <li>grants and subsidies;</li> <li>depreciation;</li> <li>finance costs;</li> <li>net result;</li> <li>the estimated costs of—                   <ol style="list-style-type: none"> <li>the local government's significant business activities carried on using a full cost pricing basis; and</li> <li>the activities of the local government's commercial business units; and</li> <li>the local government's significant business activities.</li> </ol> </li> </ol> </li> </ul>	LGR s169 (1)(b) LGR s169 (3)	<input type="checkbox"/>

Requirement	Reference	
<b>Content</b>		
The budget must include:		
<p>A long-term financial forecast for a period of at least 10 years, which includes:</p> <ul style="list-style-type: none"> <li>• Forecast income</li> <li>• Forecast expenditure</li> <li>• the forecast value of assets, liabilities and equity; and</li> <li>• the council's long-term asset management plan, which must               <ul style="list-style-type: none"> <li>• provide for strategies to ensure the sustainable management of the assets mentioned in the council's asset register and council's infrastructure; and</li> <li>• state the estimated capital expenditure for renewing, upgrading and extending the assets for the period covered by the plan</li> </ul> </li> </ul> <p>The long-term asset management plan is part of, and must be consistent with, the long-term financial forecast.</p>	LGR s168, s169 (2) (a) and s171	<input type="checkbox"/>
<p>Calculations of the following ratios, for the budget year and each of the following 9 years:</p> <ul style="list-style-type: none"> <li>• Asset sustainability ratio</li> <li>• Net financial liabilities ratio</li> <li>• Operating surplus ratio</li> </ul> <p>These ratios must be calculated as described in the Financial Management (Sustainability) Guideline 2013.</p>	LGR s169 (5) and (9)	<input type="checkbox"/>
<p>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) and (7)	<input type="checkbox"/>
<p>A revenue policy which must state:</p> <ul style="list-style-type: none"> <li>• the principles that the local government intends to apply in the financial year for               <ul style="list-style-type: none"> <li>• levying rates and charges</li> <li>• granting concessions for rates and charges</li> <li>• recovering overdue rates and charges</li> <li>• cost-recovery methods</li> </ul> </li> <li>• if the local government intends to grant concessions for rates and charges, the purpose for the concessions</li> <li>• the extent to which physical and social infrastructure costs for a new development are to be funded by charges for the development</li> </ul> <p>The revenue policy may also state guidelines that may be used for preparing the local government's revenue statement.</p>	LGR s169 (2), s193	<input type="checkbox"/>

Requirement	Reference	
<b>Content</b>		
The budget must include:		
<p>A revenue statement which must state:</p> <ul style="list-style-type: none"> <li>• an outline and explanation of the measures that the local government has adopted for raising revenue, including <ul style="list-style-type: none"> <li>• the rates and charges to be levied in the financial year; and</li> <li>• the concessions for rates and charges to be granted in the financial year;</li> </ul> </li> <li>• whether the local government has made a resolution limiting an increase of rates and charges</li> <li>• if the local government levies differential general rates <ul style="list-style-type: none"> <li>• the rating categories for rateable land in the local government area; and</li> <li>• a description of each rating category</li> </ul> </li> <li>• if the local government levies special rates or charges for a joint government activity, a summary of the terms of the joint government activity</li> <li>• if the local government fixes a cost-recovery fee, the criteria used to decide the amount of the cost-recovery fee</li> <li>• 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.</li> </ul>	LGR s169 (2)(b), s172	<input type="checkbox"/>
<p>The budget must also be consistent with the council's:</p> <ul style="list-style-type: none"> <li>• 5-year corporate plan; and</li> <li>• annual operational plan.</li> </ul>	LGR s169(8)	<input type="checkbox"/>

Requirement	Reference	
<b>Content</b>		
<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"> <li>• the estimated revenue that is payable to <ul style="list-style-type: none"> <li>• the local government; or</li> <li>• anyone else;</li> </ul> </li> <li>• the estimated expenses, including all items taken into account under the pricing provisions (other than return on capital)</li> <li>• the estimated surplus or deficit for the financial year</li> <li>• if community service obligations are to be carried out during the business activity <ul style="list-style-type: none"> <li>• a description of the nature of the community service obligations</li> <li>• the estimated cost of performing the community service obligations, less the estimated revenue for the community service obligations.</li> </ul> </li> </ul> <p>The competitive code of conduct must be applied to:</p> <ul style="list-style-type: none"> <li>• a building certifying activity</li> <li>• a roads activity, other than a roads activity for which business is conducted only through a sole supplier arrangement</li> <li>• 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 competitive code of conduct</li> </ul> <p>Council may decide to apply the competitive code of competitive conduct to other business activities.</p>	<p>LGR s34(1) and (2), LGA s47</p>	<p><input type="checkbox"/></p>

Requirement	Reference	
<b>Expenditure outside of budget</b>		
Money spent in a financial year before council adopts its budget must be included in the budget.	LGR s173(1)	<input type="checkbox"/>
A council may spend money, not authorised in its budget, for genuine emergency or hardship but must: <ul style="list-style-type: none"> <li>make a resolution about spending the money before, or as soon as practicable after, the money is spent</li> <li>the resolution must state how the spending is to be funded; and</li> <li>any amendment to the budget after the money is spent must include the money spent.</li> </ul>	LGR s173(2),(3) and (4)	<input type="checkbox"/>
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: <ul style="list-style-type: none"> <li>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</li> <li>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"> <li>the amount of the disbursement; and</li> <li>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</li> <li>any fees, charges, penalties or other expenses incurred by the local government in relation to the disbursement</li> </ul> </li> <li>those amounts may be recovered as a debt payable to the local government.</li> </ul>	LGA s110	<input type="checkbox"/>
<b>Public access to budget</b>		
The public must be able to inspect council's budget: <ul style="list-style-type: none"> <li>at council's public office; and</li> <li>on council's website.</li> </ul>	LGR s199(1)(b); LGR s199(2)(a)	<input type="checkbox"/>
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.	LGR s199(1)(b); LGR s199(2)(b) LGR s199(3)	<input type="checkbox"/>