

# Budget checklist

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 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)	
<b>Validity</b>		
The budget must comply with S169 of the Local Government Regulation 2012 (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"> <li>• S169 of the Local Government Regulation 2012 (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 s.170(4)(a); LGA s.94(2)	
<b>Content</b>		
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"> <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:                             <ul 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> </ul> </li> </ul>	LGR s169(1)(a) LGR S169 (1)(b) LGR s169 (3)	

<sup>1</sup> 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"> <li>○ the estimated costs of:             <ul 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> </ul> </li> </ul>		
<p>The budget must include:</p>		
<ul style="list-style-type: none"> <li>• A long-term financial forecast for a period of at least 10 years, which includes:             <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> </li> </ul>	<p>LGR S 168, ss169 (2) (a) &amp; S171</p>	
<ul style="list-style-type: none"> <li>• Calculations of the following ratios, for the budget year and each of the following 9 years:             <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 <b><u>Financial Management (Sustainability) Guideline 2013</u></b>.</p> </li> </ul>	<p>LGR S169 (5) &amp; (9)</p>	
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p>LGR S169 (6) &amp; (7)</p>	
<ul style="list-style-type: none"> <li>• A revenue policy which must state:             <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> </li> <li>• The revenue policy may also state guidelines that may be used for preparing the local government’s revenue statement.</li> </ul>	<p>LGR S169 (2), S193</p>	
<ul style="list-style-type: none"> <li>• A revenue statement which must state:             <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> </ul> </li> </ul>	<p>LGR S169 (2)(b), S172</p>	

<ul style="list-style-type: none"> <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>		
<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 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"> <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 code of competitive 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 code of competitive conduct.</li> </ul> <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	
<b>Expenditure outside of budget</b>		
<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"> <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 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"> <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> </ul> </li> </ul>	LGA s.110	

<ul style="list-style-type: none"> <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> <li>• those amounts may be recovered as a debt payable to the local government.</li> </ul>		
<b>Public access to budget</b>		
<p>The public must be able to inspect council's budget:</p> <ul style="list-style-type: none"> <li>• at council's public office; and</li> <li>• on council's website.</li> </ul>	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)	

