



BUDGET REQUIREMENTS

This Budget is prepared in accordance with the requirements of Chapter 4, Part 3, Section 104, of *The Local Government Act 2009* and *The Local Government (Finance, Plans and Reporting) Regulation 2010*.

Chapter 4 Finances and accountability

Part 3 Financial sustainability and accountability

S104 (2) *The financial management documents include the following documents:*

- (a) *an annual budget;*
- (b) *a general purpose financial report;*
- (c) *a financial forecast;*
- (d) *an asset register that records –*
 - (i) *capital expenditure; and*
 - (ii) *depreciation charges; and*
 - (iii) *revaluation increments and decrements;*
- (e) *a revenue statement.*

Local Government (Finance, Plans and Reporting) Regulation 2010

Chapter 3 – Financial sustainability and accountability

Part 2 Financial management documents

Division 1: Annual budget

98 Requirements for annual budget

- (1) *A local government must prepare a budget for its operating fund for each financial year.*
- (2) *The budget must be prepared on an accrual basis.*

99 Budget contents

- (1) *The budget must include statements of the following for the financial year for which it is prepared and the next 2 financial years –*
 - (a) *financial position;*
 - (b) *cash flow;*
 - (c) *income and expenditure;*
 - (d) *changes in equity.*

- (2) The statement of income and expenditure must state each of the following –
 - (a) rates and utility charges excluding discounts and rebates;
 - (b) contributions from developers;
 - (c) fees and charges;
 - (d) interest;
 - (e) grants and subsidies;
 - (f) depreciation;
 - (g) finance costs;
 - (h) net result;
 - (i) the estimated costs of –
 - (i) the local government's significant business activities carried on using a full cost pricing basis; and
 - (ii) the activities of the local government's commercial business units; and
 - (iii) the local government's significant business activities.
- (3) The budget must include each of the following (the relevant measures of financial sustainability) for the financial year for which it is prepared and the next 9 financial years –
 - (a) asset consumption ratio;
 - (b) asset sustainability ratio;
 - (c) interest coverage ratio;
 - (d) net financial liabilities ratio;
 - (e) operating surplus ratio;
 - (f) working capital ratio.
- (4) The budget must be consistent with the following documents of the local government –
 - (a) its long-term financial forecast;
 - (b) its financial plan;
 - (c) its 5-year corporate plan;
 - (d) its annual operational plan;
 - (e) its long-term community plan.

This Legislation took effect from 1 July 2010 and during the course of the 2010/11 year, plans have been formulated to comply with all aspects. To guide the Budget process and to meet the new legislative requirements, Council has also produced the following:

1. Revenue Statement – Appendix A;
2. Schedule of Rates & Charges – Appendix B;
3. Debt Policy – Appendix C;
4. National Competition Policy – Appendix D;
5. Long Term Financial Forecasts – Appendix E;
6. Significant Business Activities – Appendix F;
7. Financial Sustainability Ratios – Appendix G;
8. Differential Rating Maps - Appendix H; and
9. Declared Service Area Maps –Sewerage & Water – Appendix I.



RATING REQUIREMENTS

In accordance with the Revenue Policy adopted on 5 July 2011 Council's Rates and Charging structures are based on the following principles:

“4.1 Principles used for the making of Rates and Charges

In deciding the General Rate, Council will consider the total projected expenditure and other revenues received when providing its services to the community.

Where possible, Council will be guided by the principle of user pays for the making of Rates and Charges for Water, Sewerage and Cleansing to minimise the impact of rating on the efficiency of the local economy.

In accordance with the Fire and Rescue Service Act 1990, Council is required to collect a fire levy on behalf of the Queensland Fire and Rescue Service. The levy is not a Council charge and the funds collected are remitted to the Queensland Fire and Rescue Service.

Council will also have regard to the principles of:

- *Transparency in the making of rates and charge;*
- *Having in place a rating regime that is simple and inexpensive to administer;*
- *Equity by taking account of the different levels of capacity to pay within the local community;*
- *Flexibility to take account of changes in the local economy.*

In determining rates and charges the Council will have regard to reserves held or desired to be held in respect of asset replacement and/or specific purpose reserve funds. Reserves will be used for designated purposes, funding of “internal” loans when surplus reserves are available, and balancing of under or over expenditure against the original budget estimates.

In making Water Service Charges Council may consider the community benefits (health, safety, aesthetics, etc) gained by classes of landowner using this service”.

The:

- Principles for the making of Rates and Charges are set out in the Revenue Statement Policy – Appendix A; and
- Rates and Charges for 2011/2012 are attached as Appendix B.