

## Notes

<sup>1</sup> This is a compilation of the *Local Government (Financial Management) Regulations 1996* and includes the amendments made by the other written laws referred to in the following table <sup>1a</sup>.

**Compilation table**

Citation	Gazettal	Commencement
<i>Local Government (Financial Management) Regulations 1996</i>	24 Jun 1996 p. 2681-2750	1 Jul 1996 (see r. 2)
<i>Local Government (Financial Management) Amendment Regulations 1996</i>	28 Jun 1996 p. 3169-70	1 Jul 1996 (see r. 3)
<i>Local Government (Financial Management) Amendment Regulations (No. 2) 1996</i>	30 Aug 1996 p. 4330-31	30 Aug 1996
<i>Local Government (Financial Management) Amendment Regulations 1997</i>	20 Jun 1997 p. 2837-45	1 Jul 1997 (see r. 2)
<i>Local Government (Financial Management) Amendment Regulations 1998</i>	19 Jun 1998 p. 3281-2	1 Jul 1998 (see r. 2)
<i>Local Government (Financial Management) Amendment Regulations 1999</i>	18 Jun 1999 p. 2639-40	1 Jul 1999 (see r. 2)
<i>Local Government (Financial Management) Amendment Regulations (No. 2) 1999</i>	29 Jun 1999 p. 2854	1 Jul 1999 (see r. 2)
<i>Local Government (Financial Management) Amendment Regulations 2000</i>	16 Jun 2000 p. 2950-1	1 Jul 2000 (see r. 2)
<i>Local Government (Financial Management) Amendment Regulations (No. 3) 2004</i>	30 Dec 2004 p. 7015	1 Jan 2005 (see r. 2 and <i>Gazette</i> 31 Dec 2004 p. 7130)
<i>Local Government (Financial Management) Amendment Regulations 2005</i>	7 Jan 2005 p. 71-2	7 Jan 2005

<sup>1a</sup> On the date as at which this compilation was prepared, provisions referred to in the following table had not come into operation and were therefore not included in this compilation. For the text of the provisions see the endnotes referred to in the table.

**Provisions that have not come into operation**

Citation	Gazettal	Commencement
<i>Local Government (Financial Management) Amendment Regulations (No. 2) 2005</i> <sup>2</sup>	31 Mar 2005 p. 1047-53	1 Jul 2005 (see r. 2)

<sup>2</sup> On the date as at which this compilation was prepared, the *Local Government (Financial Management) Amendment Regulations (No. 2) 2005* r. 3-21 had not come into operation. They read as follows:

“

**3. The regulations amended**

The amendments in these regulations are to the *Local Government (Financial Management) Regulations 1996*.

**4. Regulation 3 amended**

Regulation 3(1) is amended by inserting the following definitions in the appropriate alphabetical positions —

“

“**AAS 5**” means Australian Accounting Standard AAS 5  
“Materiality” issued by the Australian Accounting Research  
Foundation as amended from time to time;  
“**material**” has the meaning given to that term by AAS 5;

”.

**5. Regulation 5 amended**

Regulation 5(1)(g) is amended by inserting after “budgets,” —  
“ budget reviews, ”.

**6. Regulation 8 amended**

Regulation 8(1) is amended as follows:

- (a) after paragraph (b) by inserting —  
“ and ”;
- (b) by deleting the semicolon after paragraph (c) and  
inserting instead a full stop;
- (c) by deleting paragraph (d) and “and” after it;
- (d) by deleting paragraph (e).

**7. Regulation 11 amended**

Regulation 11(2) is repealed and the following subregulation is  
inserted instead —

“

- (2) A local government is to develop procedures for the approval of  
accounts to ensure that before payment of an account a  
determination is made that the relevant debt was incurred by a  
person who was properly authorised to do so.

”.

**8. Regulation 13 amended**

Regulation 13(4) is repealed.

**9. Regulation 22 amended**

Regulation 22(1)(d)(i) is amended by deleting “operating and  
non-operating income and expenses” and inserting instead —

“ sources and applications of funds ”.

**10. Regulation 27 amended**

Regulation 27 is amended as follows:

- (a) after paragraph (m) by inserting —  
“ and ”;

- (b) after paragraph (n) by deleting “; and” and inserting instead a full stop;
- (c) by deleting paragraph (o).

**11. Regulation 33A inserted**

After regulation 33 the following regulation is inserted in Part 3 —

“

**33A. Review of budget**

- (1) Between 1 January and 31 March in each year a local government is to carry out a review of its annual budget for that year.
- (2) Within 30 days after a review of the annual budget of a local government is carried out it is to be submitted to the council.
- (3) A council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.

*\*Absolute majority required.*

- (4) Within 30 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

”.

**12. Regulation 34 replaced**

Regulation 34 is repealed and the following regulation is inserted instead —

“

**34. Financial activity statement report — s. 6.4**

- (1) A local government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget under regulation 22(1)(d), for that month in the following detail —
  - (a) annual budget estimates, taking into account any expenditure incurred for an additional purpose under section 6.8(1)(b) or (c);
  - (b) budget estimates to the end of the month to which the statement relates;
  - (c) actual amounts of expenditure, revenue and income to the end of the month to which the statement relates;
  - (d) material variances between the comparable amounts referred to in paragraphs (b) and (c); and
  - (e) the net current assets at the end of the month to which the statement relates.
- (2) Each statement of financial activity is to be accompanied by documents containing —
  - (a) an explanation of the composition of the net current assets of the month to which the statement relates, less committed assets and restricted assets;
  - (b) an explanation of each of the material variances referred to in subregulation (1)(d); and
  - (c) such other supporting information as is considered relevant by the local government.

- (3) The information in a statement of financial activity may be shown —
  - (a) according to nature and type classification;
  - (b) by program; or
  - (c) by business unit.
- (4) A statement of financial activity, and the accompanying documents referred to in subregulation (2), are to be —
  - (a) presented to the council —
    - (i) at the next ordinary meeting of the council following the end of the month to which the statement relates; or
    - (ii) if the statement is not prepared in time to present it to the meeting referred to in subparagraph (i), to the next ordinary meeting of the council after that meeting;
  - and
  - (b) recorded in the minutes of the meeting at which it is presented.
- (5) Each financial year, a local government is to adopt a percentage or value, calculated in accordance with AAS 5, to be used in statements of financial activity for reporting material variances.
- (6) In this regulation —
  - “**committed assets**” means revenue unspent but set aside under the annual budget for a specific purpose;
  - “**restricted assets**” has the same meaning as in AAS 27.

”.

**13. Regulation 35 repealed**

Regulation 35 is repealed.

**14. Regulation 36 amended**

- (1) Regulation 36(1)(a) is amended by deleting “income, expenditure and”.
- (2) Regulation 36(2) is amended by deleting “include, adjacent to the end-of-year figures in the operating statement (required by AAS 27) and for the items referred to in the Table to this subregulation, the original budget estimates for those items for the financial year.” and inserting instead —

“

include —

- (a) the statement included in the annual budget to which the report relates under regulation 22(1)(d); and
- (b) adjacent to the end-of-year figures in the operating statement (required by AAS 27) and for the items referred to in the Table to this subregulation, the original budget estimates for those items for the financial year.

”.

**15. Regulation 48 amended**

Regulation 48(f)(v) is amended by deleting “financed by income other than” and inserting instead —

“ funded other than by revenue from ”.

**16. Regulation 50 amended**

(1) Regulation 50(1) is amended as follows:

- (a) after paragraph (d) by deleting “and”;
- (b) after paragraph (e) by deleting the full stop and inserting —

“

;

- (f) the gross debt to revenue ratio;
- (g) the untied cash to trade creditors ratio; and
- (h) the gross debt to economically realisable assets ratio.

”.

(2) After regulation 50(1) the following subregulation is inserted —

“

(1a) The ratios referred to in subregulation (1) may also be expressed as percentages or factors of one.

”.

(3) Regulation 50(2) is amended by inserting the following definitions in the appropriate alphabetical positions —

“

**“economically realisable assets”** means total assets other than infrastructure assets;

**“gross debt”** includes all borrowings under section 6.20 and all utilised overdrafts;

**“gross debt to economically realisable assets ratio”** means the ratio determined as follows —

$$\frac{\text{gross debt}}{\text{economically realisable assets}} ;$$

**“gross debt to revenue ratio”** means the ratio determined as follows —

$$\frac{\text{gross debt}}{\text{total revenue}} ;$$

**“infrastructure assets”** means all tangible assets of economic value that are not economically realisable, and includes roads, bridges, drains and recreational facilities;

**“total revenue”** means the total operating revenue excluding all specific purpose grants;

**“untied cash to unpaid trade creditors ratio”** means the ratio determined as follows —

$$\frac{\text{untied cash}}{\text{unpaid trade creditors}} .$$

”.

**17. Regulation 56 amended**

Regulation 56(4) is amended as follows:

- (a) after paragraph (h) by inserting —  
“ and ”;
- (b) by deleting the semicolon at the end of paragraph (i) and  
“and” after it and inserting instead a full stop;
- (c) by deleting paragraph (j).

**18. Regulation 66 amended**

- (1) Regulation 66(3)(b) is amended as follows:
  - (a) after subparagraph(ii) by deleting “and”;
  - (b) after subparagraph (iii) by deleting the full stop and  
inserting instead —

“  
     ; and  
     (iv) any right to impose interest on the cost of  
     proceedings to recover any unpaid rate.  
 ”.

- (2) Regulation 66(4) is repealed.

**19. Regulation 71 amended**

Regulation 71(1) is amended by deleting “that remain unpaid after  
the date determined in accordance with section 6.51(1)” and  
inserting instead —

“  
     , and the costs of any proceedings to recover such charges, that  
     remain unpaid after the date of becoming due and payable  
 ”.

**20. Schedule 1 amended**

Schedule 1 Part 2 is amended by deleting “/Income” in both places  
where it occurs.

**21. “Income” changed to “revenue”**

Each provision listed in the Table to this regulation is amended by  
deleting “income” in each place where it occurs and inserting  
instead “revenue”.

**Table**

r. 5(1)(d)(i)	r. 29(f)(v)
r. 7(b)	r. 45(b)
r. 27(j) and (k)(i)	■

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