

STRATEGIC BUDGET WITH A FUTURE FOCUS

ISAAC REGIONAL COUNCIL 2026-2027 BUGDET



ISAAC REGIONAL COUNCIL

OUR VISION

To pursue long-term sustainable futures for Isaac's communities

OUR GOAL

Helping to energise the world
A region that feeds, powers and builds communities, now and for the future

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EXECUTIVE SUMMARY

The Local Government Act 2009 (the Act) and *Local Government Regulation 2012* require local governments to consider the longer term when managing their finances.

Copies of the relevant sections of the legislation and the requirements of Council has been included in this document for the purpose of informing the community of this obligation.

Isaac Regional Council has taken this responsibility seriously and has been working to ensure that while this is a legislative requirement, it is also a good governance and management practice to ensure that the Council remains financially viable and planning becomes part of the way that we regularly do business.

The Act provides autonomy in preparing their budgets. However, with autonomy comes accountability, and a set of Local Government principles are contained, within Section 4 of the Act.

To ensure the system of local government is accountable, effective, efficient and sustainable, Parliament requires:

- (a) anyone who is performing a responsibility under this Act to do so in accordance with the local government principles; and
- (b) any action that is taken under this Act to be taken in a way that –
 - (i) is consistent with the local government principles; and
 - (ii) provides results that are consistent with the local government principles, in as far as the results are within the control of the person who is taking the action.

The local government principles are –

- (a) transparent and effective processes, and decision making in the public interest; and
 - (b) sustainable development and management of assets and infrastructure, and delivery of effective services; and
 - (c) democratic representation, social inclusion and meaningful community engagement; and
 - (d) good governance of, and by, local government; and
 - (e) ethical and legal behaviour of councillors, local government employees and councillor advisors.
- Council's 2026-2027 Budget has been prepared in accordance with these guiding principles.

PLAN OBJECTIVES

The Budget for the 2026-27 financial year is derived from the key strategies defined in 5-year Corporate Plan, and our Annual Operational Plan.

The 2023-2028 Corporate Plan will act as a building block towards successfully delivering these objectives through the identification of key goals, strategies and performance indicators to achieve our vision.

The Annual Operational Plan is a framework for our operational delivery and targets over the next 12 months.

Council's key themes across our suite of strategic planning documents are:

- Leading and enabling
- Engaged communities
- Progressive economy
- Urban design and infrastructure
- Natural assets
- Governance for accountability

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FINANCIAL MANAGEMENT AND ACCOUNTABILITY

In accordance with the *Local Government Act 2009* section 104, each local government must establish a system of financial management that complies with the requirements prescribed under a regulation and must regularly review the performance of its system of financial management.

- (1) To ensure it is financially sustainable, a local government must establish a system of financial management that—
 - (a) ensures regard is had to the sound contracting principles when entering into a contract for—
 - (i) the supply of goods or services; or
 - (ii) the disposal of assets; and
 - (b) complies with subsections (5) to (7).
- (2) A local government is financially sustainable if the local government is able to maintain its financial capital and infrastructure capital over the long-term.
- (3) The sound contracting principles are—
 - (a) value for money; and
 - (b) open and effective competition; and
 - (c) the development of competitive local business and industry; and
 - (d) environmental protection; and
 - (e) ethical behaviour and fair dealing.
- (4) A contract for the supply of goods or services includes a contract about carrying out work.
- (5) The system of financial management established by a local government must include—
 - (a) the following financial planning documents prepared for the local government—
 - (i) a corporate plan that incorporates community engagement;
 - (ii) a long-term asset management plan;
 - (iii) a long-term financial forecast;
 - (iv) an annual budget including revenue statement;
 - (v) an annual operational plan; and
 - (b) the following financial accountability documents prepared for the local government—
 - (i) general purpose financial statements;
 - (ii) asset registers;
 - (iii) an annual report;
 - (iv) a report on the results of an annual review of the implementation of the annual operational plan; and
 - (c) the following financial policies of the local government—
 - (i) investment policy;
 - (ii) debt policy;
 - (iii) revenue policy.
- (6) A local government must ensure the financial policies of the local government are regularly reviewed and updated as necessary.
- (7) A local government must carry out a review of the implementation of the annual operational plan annually.
- (8) To remove any doubt, it is declared that subsection (1)(a) does not require equal consideration to be given to each of the sound contracting principles.

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In accordance with the Local Government Regulation 2012 section 169 the following documents are to be included in the budget presented to Council –

- (1) A local government's budget for each financial year must—
 - (a) be prepared on an accrual basis; and
 - (b) include statements of the following for the financial year for which it is prepared and the next 2 financial years—
 - (i) financial position;
 - (ii) cash flow;
 - (iii) income and expenditure;
 - (iv) changes in equity.
- (2) The budget must also include—
 - (a) a long-term financial forecast; and
 - (b) a revenue statement; and
 - (c) a revenue policy.
- (3) 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.
- (4) Subject to subsection (5), the budget must include a measure of financial sustainability for –
 - (a) the financial year for which the budget is being prepared; and
 - (b) the 9 financial years following the financial year for which the budget is being prepared.
- (5) A measure of financial sustainability applies to a local government for a financial year to the extent the financial management (sustainability) guideline states the measure applies to the local government for the financial year.
- (6) The measures of financial sustainability are the following measures described in the financial management (sustainability) guideline –
 - (a) council controlled revenue ratio;
 - (b) population growth ratio;
 - (c) operating surplus ratio;
 - (d) operating cash ratio;
 - (e) Unrestricted cash expense cover ratio;
 - (f) asset sustainability ratio;
 - (g) asset consumption ratio;

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- (h) asset renewal funding ratio;
- (i) leverage ratio.

(7) The budget must include the total value of the change, expressed as a percentage, in the rates and utility charges levied for the financial year compared with the rates and utility charges levied in the budget for the previous financial year.

(8) For calculating the rates and utility charges levied for a financial year, any discounts and rebates must be excluded.

- (9) The budget must be consistent with the following documents of the local government—
- (a) its 5-year corporate plan;
 - (b) its annual operational plan.

ADOPTION AND AMENDMENT OF BUDGET

In accordance with the *Local Government Regulation 2012* section 170 –

- (1) A local government must adopt its budget for a financial year—
- (a) after 31 May in the year before the financial year; but
 - (b) before—
 - (i) 1 August in the financial year; or
 - (ii) a later day decided by the Minister.

(2) If the budget does not comply with section 169 when it is adopted, the adoption of the budget is of no effect.

(3) The local government may, by resolution, amend the budget for a financial year at any time before the end of the financial year.

- (4) If the budget does not comply with the following when it is amended, the amendment of the budget is of no effect—
- (a) section 169;
 - (b) the local government's decision about the rates and charges to be levied for the financial year made at the budget meeting for the financial year.

Note—

A local government may only decide the rates and charges to be levied for a financial year at the budget meeting for the financial year. See the *Local Government Act 2009* section 94(2).