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Office of Local Government (OLG)

By email: olg@olg.nsw.gov.au

Endorsed by the LGNSW Board
in July 2025.

Quarterly Budget Review Statements (QBRS) Guidelines for Local Government

Local Government NSW (LGNSW) provided initial feedback to the Office of Local Government (OLG) in October 2024. LGNSW welcomes the opportunity to provide further input on the [Draft Quarterly Budget Review Statement \(QBRS\) Guidelines](#) following its release for sector wide consultation. Please note this submission is provided in draft form, subject to approval by the LGNSW Board. If there are any changes following Board endorsement, these will be separately provided.

LGNSW supports in principle, the objectives of the draft QBRS guidelines, including:

- Effective oversight
- Transparency
- Timeliness
- Builds trust
- Minimises risk

QBRS is designed to enable councillors to make timely, informed decisions to help ensure they stay on track to deliver strategic objectives within budget for their councils. The QBRS process is not new. It was introduced in 2010 as part of the Integrated Planning and Reporting (IP&R) framework. However, it is important to note that the latest draft guidelines represent the first significant revision to the QBRS reporting requirements since inception.

LGNSW acknowledges the need for the updated guidelines to be fit for purpose and to support a robust performance monitoring framework. Enhancing transparency, building community trust and minimising financial risk are critical to ensuring strong financial management by elected councillors.

LGNSW has responded to the consultation questions below.

In preparing this response, LGNSW consulted with councils and key sector stakeholders, including Local Government Professionals (LGP) and Local Government Solutions (LGS). As the peak body, LGNSW's focus is on broader finance policy implications. Technical aspects and operational requirements of the QBRS process are best addressed by individual council finance teams.

Effective oversight:

- 1. Does the revised process proposed in the draft Guidelines enable effective oversight and strengthen transparency? If no, outline the reasons why?**

LGNSW agrees that the revised process outlined in the draft guidelines supports effective oversight and strengthens transparency of the QBRs.

The proposed changes introduce a consistent statutory reporting format for councils to report financial performance against the original budget on a quarterly basis. However, implementing the new format may require significant adjustments to existing reporting templates and systems. Councils would require sufficient time and support to make this transition effectively. Further comments on this issue are provided throughout the submission.

- 2. Would you like additional training or capability development for councillors and council staff to apply the QBRs guidelines? If yes, what recommendations do you suggest?**

LGNSW strongly supports the need for additional training and capability development for both councillors and council staff to effectively implement the revised QBRs guidelines. As raised in previous submissions, revising the guidelines and templates alone will not be sufficient to achieve the intended outcomes without the additional training for councillors and staff, educational materials for the community and financial support for councils.

This is particularly important given the high turnover in councillors following the 2024 local government elections. Financial literacy and a strong understanding of council finances are critical to enabling councillors to make informed decisions and fulfil their governance responsibilities.

Further, LGNSW supports councillors by offering relevant training courses, such as the 'Understanding Local Government Finances for Councillors' course. We recommend that the OLG develop webinars, guidance notes and presentation materials to support additional training and capability development for councillors and council staff.

Transparency:

- 1. What is the role of the Responsible Accounting Officer (RAO) in your council and what assurance should the RAO provide when signing the QBRs?**

The Responsible Accounting Officer (RAO) plays a key role in maintaining budgetary control systems and monitoring council financial performance in accordance with the *Local Government Act 1993* and the *Local Government (General) Regulation 2021*. This role is typically held by a council's General Manager (GM) or delegated to an authorised person, such as the Chief Financial Officer (CFO).

By signing the QBRs, the RAO is assuring council that it can meet its financial obligations, as required under Clause 203(2) of the Regulation. This includes providing a formal statement that the projected financial position of the council at year-end is satisfactory (or not). Where the

position is deemed unsatisfactory, the RAO must make recommendations for remedial action, which councillors must consider.

2. Should the reference in the Regulation at 203 (2)(b) to 'estimate of income and expenditure' be extended? If so, should cash, reserves, assets, liabilities or other considerations be included?

LGNSW seeks further clarification from the OLG on the intent of extending this reference in the Regulation. Any proposed extension should be carefully balanced to ensure it enhances oversight without imposing unnecessary administrative burden on councils.

While expanding the scope to include items such as cash, reserves, assets and liabilities could provide a more holistic view of a council's financial position, the provision of extra information could complicate the reporting of QBRS. The QBRS should only highlight major changes such as updates to timing or reflect new decisions made since the last report. Including extra information could dilute this focus.

3. What, if any, changes to the Regulation would be beneficial to strengthen the QBRS process?

There may be benefits in reporting financial ratios such as the operating performance ratio, own source revenue ratio and unrestricted current ratio as it provides important insights into a council's financial sustainability position.

LGNSW notes the draft guidelines acknowledge the current absence of a 'key performance indicator statement' in the QBRS framework. It is understood that the OLG is proposing to consult separately on this matter in the future. LGNSW will consider our position further based on council feedback once consultation commences.

Timeliness:

1. Do you think a 4th quarter QBRS process should be implemented to improve effective oversight and the timeliness of year-round reporting to councillors? Please provide reasons for your response.

Based on LGNSW's consultation with stakeholders, there are differing views on this.

For example, Local Government Solutions (LGS) supports the mandate of a 4th quarter QBRS as it enables a direct comparison between the QBRS results and the year-end financial statements. Without this information, councillors may lack a complete view of a council's financial performance across the entire year. Further, it appears inconsistent to require quarterly reporting throughout the year but not report the final position after the 4th quarter.

Some councils support this proposal in principle as it supports standardised year-round reporting. However, it is noted that the 4th quarter QBRS was previously removed to streamline the end-of-year financial reporting processes such as the preparation of the annual financial statements and audit procedures. These are resource intensive exercises that may strain

council resources, particularly during reporting season. LGNSW is concerned about adding to the reporting burden.

As such, LGNSW supports an approach that provides councils with flexibility. In line with LGS' position, councils could instead be provided with the option to provide a non-statutory and high-level summary of total income, expenses and cash balances compared to budget, accompanied with brief commentary. This would provide transparency without placing additional administrative burden on councils during peak reporting activity.

2. Alternatively, should an end of year summary report be implemented? Please provide reasons for your response.

LGNSW is of the view that a mandated end-of-year summary report would add limited value while increasing the administrative burden on councils. It would require council staff to prepare and present the same financial information in multiple formats, duplicating effort without improving transparency. LGNSW also shares the concerns raised by LGP that a mandated end of year summary report would rely on unaudited data. This risks confusion among councillors due to potential discrepancies between preliminary and final audited figures.

Councillors do not require more reports. They require clear, concise, and meaningful financial information that reflects the council's financial position, performance and financial sustainability. The annual report and audited financial statements are sufficient to meet end of year reporting obligations.

3. What financial reporting information do you provide to your councillors on a monthly basis?

This question is best addressed by individual councils.

It should be a decision of councils as to whether they provide monthly reports and what contents should be included. As previously raised, LGNSW is concerned that imposing additional requirements would place further strain on council resources.

Builds trust:

1. Is a mid-2025 release of the final Guidelines and the November commencement date feasible? If not, why not?

Councils should receive the final guidelines as soon as practicable to ensure that they have adequate time to prepare for transition. While it is achievable, a November commencement date may be challenging for some councils, particularly if the changes require major system or software updates, internal process changes and staff training. These adjustments often require significant lead time and resource allocation.

LGNSW will be guided by further feedback from councils on the feasibility of the proposed timeline once the final guidelines are released. It is important that have councils have the capacity and adequate lead time to transition successfully.

2. **Should councils ensure the QBRS and other publicly available financial reports are available as stand-alone documents on council websites, in addition to through council business papers? If not, why not?**

LGNSW supports this as making the QBRS and other financial reports accessible enhances transparency.

Minimises risk:

1. **What impediments, if any, would you have to provide accurate and timely reporting at a fund level on a quarterly basis? If so, how could these be overcome?**

As noted from feedback received, councils were previously able to report at the Consolidated, Fund or Function/Activity level. The draft guidelines now require reporting at both the council **Consolidated** and **Fund** levels (i.e. General, Water, Sewer, Waste). While reporting at the fund level may offer clearer insights into fund-specific performance, this may not be preferred by all councils.

Further, for councils with multiple funds, system limitations may prevent extraction of data at the required level. Software changes may take time and carry additional costs, in addition to resourcing constraints, especially for councils in rural and regional NSW.

LGNSW believes that flexibility and support will be essential for the successful implementation of fund-level reporting across the local government sector. The OLG should also work with the major finance reporting software providers used by councils to minimise costs of and streamline any required upgrades.

2. **Do the standardised templates include the right information to understand how council is tracking against its intended plan and to make decisions, including any necessary budget adjustments? If no, what information should be reported in a QBRS?**

The proposed standardised templates provide useful high-level financial information that can be supplemented with council-specific data where required. Any technical adjustments or refinements to the reporting templates are best considered in consultation with councils directly. LGNSW will continue to be guided by further council feedback on such matter.

However, LGNSW has previously raised concerns regarding the inclusion of a 'Summary of Developer Contributions' in the QBRS framework. Developer contributions operate like a revolving door and are not consistent. In many cases, significant interest income is only provided and recognised annually.

3. **Should additional financial information be reported in the state-wide standardised QBRS templates? If so, what additional information should be mandated?**

LGNSW's main concern is that adding more financial reporting requirements will increase the already heavy administrative burden on councils. According to the recently released [2024 Local](#)

Government Report by the NSW Auditor-General, councils in NSW continue to face a higher regulatory burden in financial reporting compared to their counterparts in other Australian states and territories. As a result, the report recommends that the Department of Planning, Housing and Infrastructure take steps to reduce this burden by removing non-value adding disclosures from council financial statements.

Standardised QBRS templates should only include the minimum necessary information, with any additional details provided only if requested by councillors.

Going forward:

1. What analysis do you do at the end of the financial year to inform the development of the next year's budget?

Generally, councils need to start the budget process well in advance of the end of the financial year. Some councils begin planning for the next year's budget before completing the annual financial reports and audits. In such cases, LGNSW understands that councils use the analysis of the March QBRS and the available actual results from the previous year to help inform the development of the new budget.

2. What additional support or resources would assist local councils to improve the quality, availability and consistency of the financial information they provide to their councillors and community?

As aforementioned, providing additional training and educational resources for councillors would be helpful. LGNSW supports the use of standardised templates that align with the Code of Accounting Practice, which would also integrate with council financial systems to help councils produce consistent financial reports.

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LGNSW is committed to working closely with OLG to support councils on this matter. We look forward to the release of the final QBRS guidelines.

For further information please contact Anthony Luu, Senior Policy Officer at anthony.luu@lgnsw.org.au or 02 9242 4064 or Shaun McBride, Chief Economist at shaun.mcbride@lgnsw.org.au or 02 9242 4072.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Thomas'.

Damian Thomas
Director Advocacy