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TO ALL LOCAL GOVERNMENTS

CIRCULAR N^o 02-2017

BUDGET CONSIDERATION IN RATE SETTING 2017-18

As local governments commence their annual budget setting process for the 2017-18 financial year it is an opportune time for a reminder about how the budget process influences rating models.

In accordance with section 6.36(3)(a) of the *Local Government Act 1995* the advertised rates of a local government are to apply based on an estimate of the budget deficiency. This means that local governments need to consider the budget requirements and review efficiencies as per Section 5.2(c) of the *Financial Management Regulations 1996* before determining the rating model and rates in the dollar.

The rate in the dollar should be supported by the budgeted deficiency, which is based on the expected expenditure for the provision of community services and amenities as outlined in the strategic community plan and corporate business plan.

Additionally, as part of the budget review and planning process, it is important that in accordance with section 3.18(3)(c) the local government is satisfied that the services and facilities it provides are managed efficiently and effectively.

To assist local governments with the budget process including timeframes and legislative considerations, the Department of Local Government and Communities has prepared a [factsheet](#). This document highlights times when legislative compliance is necessary and when council consideration or a resolution is required.

For more information, please contact Ms Darrelle Merritt, senior legislation and strategy officer on 6552 1479, or email darrelle.merritt@dlgc.wa.gov.au.

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4 January 2017