

Circular Details	Circular No 16-07 / 22 March 2016 / A446095
Previous Circular	15-16 and 14-19
Who should read this	General Managers / Rates and Finance Staff
Contact	Performance Team (02) 4428 4100
Action required	Determine and report Council's total permissible income

Reporting of Rates Permissible Income for 2016-17

What's new or changing

- The structure of the Financial Statements has been updated for 2015-16 and as a result Special Schedule 9 has become **Special Schedule 8** to fit in numerically with the Financial Statements.
- On 4 December 2015, the Independent Pricing and Regulatory Tribunal (IPART) announced the 2016-17 rate-peg limit of 1.8%.
- The Special Schedule 8 Permissible Income Workpapers have been updated accordingly. The rate-peg for 2016-17 will be used to calculate the Permissible Income that will be reported and audited with the Financial Statements for 2015-16.

What this will mean for your council

- The updated Workpapers are now available for councils to use in planning the rating structure for 2016-17.
- The reasonable cost calculation of Domestic Waste charges will continue to be audited and reported directly to Council.
- General Managers will need to sign the Statement of Compliance prior to the Workpapers being given to the Auditor. Councils are required to provide the Workpapers to their Auditor as part of the Financial Statements audit.
- The deadline for lodgement of the audited Financial Statements is 31 October 2016.

Key points

- The 2016-17 Workpapers are available on the Office's website.
- When councils have an 'excess result' (where a council's rate income exceeds the permissible amount) the 'excess result' must be approved by the Minister (under s512, *Local Government Act*) on the condition that council will make an appropriate adjustment to the permissible income in the following year. Excess results will be identified by the Office through the Financial Statements and the Financial Data Return. Where excess results occur, the Office will seek the Minister's approval and will arrange publishing in the NSW Government Gazette.

Where to go for further information

- The updated Workpapers are available on the OLG website: <http://www.olg.nsw.gov.au/strengthening-local-government/supporting-and-advising-councils/directory-of-policy-advice/rating-and-special-variations>.
- The "Local Government Code of Accounting Practice and Financial Reporting - Update 24" (the Code). Councils will be advised by circular when the Code is available.

A handwritten signature in blue ink, appearing to read 'Tim Hurst', located in the upper left quadrant of the page.

Tim Hurst
Acting Chief Executive