

# Special Schedules

## Requirements

Councils must prepare the following special schedules:

- Schedule 1 – Net cost of services
- Schedule 2(a) – Statement of long-term debt
- Schedule 2(b) – Statement of internal loans
- Schedule 3 – Water supply operations
- Schedule 4 – Water supply – net assets committed
- Schedule 5 – Sewerage service operations
- Schedule 6 – Sewerage service – net assets committed
- Schedule 7 – Report on Infrastructure Assets
- Schedule 8 – Permissible income

**Schedule 1–8** must be submitted to the Office by no later than the close of business 31 October each year.

The special schedules (SS) have been designed to meet the requirements of special purpose users such as the NSW Grants Commission, the Australian Bureau of Statistics (ABS), the Department of Primary Industries Water (DPIW) and the Office of Local Government (OLG). The financial data is collected for various uses, including the allocation of Financial Assistance Grants (FAGs), incorporation in national statistics, monitoring of loan approvals, allocation of borrowing rights, and monitoring of financial activities of specific services.

All references to the Act in this document relate to the *Local Government Act 1993 (NSW)*.

**Schedule 1** is required by the NSW Grants Commission and must be provided after eliminating all internal transactions such as rates raised by the general fund on water and sewerage functions, and administration costs charged by one function in servicing another. Data from this schedule are also used by ABS.

Councils should be aware that several line items (swimming pools, aerodromes and street lighting) within Special Schedule 1 play a significant role in the calculation of a council's grant allocation. Accordingly, councils should ensure that this data is accurate and is correctly transposed into the annual electronic Financial Data Collection Return. Otherwise, the grant allocation could be adversely affected.

Schedule 1 must be prepared on a consolidated basis net of internal transactions.

**Schedule 2 (a) and (b)** is required by the OLG for monitoring loan allocations and their use.

**Schedules 3 to 6 inclusive** are collected by the OLG primarily on behalf of DPIW. The financial information specifically relates to water and sewerage services and must be provided on a gross basis inclusive of internal receipts and charges. Some guidelines to assist in the completion of Special Schedules 3 and 5 precede Special Schedule 6.

Schedules 3 to 6 must be prepared on a gross basis inclusive of internal transactions.

**Schedule 7:** The Report on Infrastructure Assets provides information on a council's assets in addition to that contained in Note 9 – *Infrastructure, Property, Plant and Equipment*. The nature of the information in the Report on Infrastructure Assets is related to the condition, maintenance and renewal of infrastructure assets.

The format of Special Schedule 7 is mandatory. Detailed commentary has been provided to assist councils in completing the Schedule.

**Schedule 8** The purpose of Special Schedule 8 is to report the permissible income for the current reporting year and for the following year. The permissible income is calculated in accordance with the rate-peg limit and/or other adjustments in accordance with the Act and appropriate approvals by IPART or the Minister. Special Schedule 8 calculates any excess or catch-up results from the forward-looking permissible income and the carry forward total amount. The data in Special Schedule 8 is derived from Schedule 3 in the Special Schedule 8 Permissible Income Work papers. This Schedule is required to be audited in conjunction with the financial statements and the audit report included.

# NSW Council

## Special Schedules

### for the year ended 30 June 2017

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# NSW Council

## Special Schedule 1 – Net cost of services for the year ended 30 June 2017 \$'000

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non-capital) \$'000	Income from continuing operations (capital) \$'000	Net cost of services \$'000
<b>Governance</b>				
<b>Administration</b>				
<b>Public order and safety</b>				
Fire Service Levy, fire protection, emergency services				
Beach control				
Enforcement of Regulations				
Animal control				
Other				
<b>Total public order &amp; safety</b>				
<b>Health</b>				
<b>Environment</b>				
Noxious plants and insect/vermin control				
Other environmental protection				
Solid waste management				
Street cleaning				
Drainage				
Stormwater management				
<b>Total environment</b>				
<b>Community services and education</b>				
Administration and education				
Social protection (welfare)				
Aged persons and disabled				
Children's services				
<b>Total community services and education</b>				
<b>Housing and community amenities</b>				
Public cemeteries				
Public conveniences				
Street lighting				
Town planning				
Other community amenities				
<b>Total housing and community amenities</b>				
<b>Water supplies</b>				
<b>Sewerage services</b>				

## Net cost of services (continued)

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non-capital) \$'000	Income from continuing operations (capital) \$'000	Net cost of services \$'000
<b>Recreation and culture</b>				
Public libraries				
Museums				
Art galleries				
Community centres and halls				
Performing arts venues				
Other performing arts				
Other cultural services				
Sporting grounds and venues				
Swimming pools				
Parks and gardens (lakes)				
Other sport and recreation				
<b>Total recreation &amp; culture</b>				
<b>Fuel and energy</b>				
<b>Agriculture</b>				
<b>Mining, manufacturing and construction</b>				
Building control				
Other mining, manufacturing and construction				
<b>Total mining, manufacturing and construction</b>				
<b>Transport and communication</b>				
Urban roads (UR) – local				
Urban roads – regional				
Sealed rural roads (SRR) – local				
Sealed rural roads (SRR) – regional				
Unsealed rural roads (URR) – local				
Unsealed rural roads (URR) – regional				
Bridges on UR – local				
Bridges on SRR – local				
Bridges on URR – local				
Bridges on regional roads				
Parking areas				
Footpaths				
Aerodromes				
Other transport and communication				
<b>Total transport and communication</b>				
<b>Economic affairs</b>				
Camping areas and caravan parks				
Other economic affairs				
<b>Total economic affairs</b>				
<b>Total – Functions</b>				
<b>General Purpose revenue<sup>(1)</sup></b>				
<b>Share of interests in joint ventures and associates accounted for using the equity method<sup>(2)</sup></b>				
<b>Net operating result for the year<sup>(2)</sup></b>				

Notes:

- (1) The definition of general purpose income for the purposes of disclosure in Note 2(a) is the aggregation of specific income items disclosed in Note 3 of the GPFS: ordinary rates; general purpose untied grants; interest on overdue rates and annual charges, internally restricted assets, and general council cash and investments and ex gratia rates.

(2) As reported on the Income Statement.

## Commentary – Special Schedule 1

Special Schedule 1 is required by the ABS and the Grants Commission, and must be provided after eliminating all internal transactions such as rates raised by the general fund on water and sewerage functions, and administration costs charged by one function in servicing another.

Councils should ensure this schedule is completed accurately as follows.

### Function/Activity

**Governance:** includes costs relating to Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

**Administration:** includes corporate support and other support services, engineering works, and any council policy compliance.

**Public order and safety:** includes Council's fire services and emergency levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

**Health:** includes immunisation, food control, health centres etc.

**Environment:** includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

**Community services and education:** includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration; youth services; aged persons and disabled; children's' services, including family day care and child care.

**Housing and community amenities:** includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development, accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

**Water:** water services.

**Sewerage:** sewer services.

**Recreation and culture:** includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting and recreational services.

**Fuel and energy:** includes gas supplies.

**Agriculture:** includes the administration of agricultural services; supervision and regulation of the agricultural industry; operation of flood control and irrigation systems; and operation of support services to farmers, including vet services, pest control services, crop inspection, and crop grading services.

**Mining, manufacturing and construction:** includes building control, quarries and pits, mineral resources, and abattoirs.

**Transport and communication:** includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

**Economic affairs:** includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

# NSW Council

## Special Schedule 2(a) Statement of long-term debt (all purpose) for the year ended 30 June 2017 (\$'000)

Classification of debt	Principal outstanding at beginning of year \$'000 <sup>(1)</sup>			New loans raised during the year \$'000 <sup>(2)</sup>	Debt redemption during the year \$'000 <sup>(3)</sup>		Transfers to sinking funds \$'000	Interest applicable for year \$'000	Principal outstanding at end of year \$'000		
	Current	Non-current	Total		From revenue	Sinking funds			Current <sup>(4)</sup>	Non-current <sup>(5)</sup>	Total
<b>Loans</b>											
Commonwealth Government											
NSW Treasury Corporation											
Other State Government											
Financial institutions											
Other											
<b>Total loans</b>											
<b>Other long-term debt</b>											
Ratepayers' advances											
Government advances											
Finance leases											
Deferred payment											
<b>Total long-term debt</b>											

Exclude: Internal loans and refinancing of loans, except for any additional borrowings.

Please check that for each debt line category:

Principal Outstanding (previous year) + New Loans Raised – Debt Redemption = Principal Outstanding (current year).

- (1) Show same values as reported for last year's closing balances. If values are different, please provide reason for variation.
- (2) Values should agree with 'proceeds from loans' and 'other borrowings' shown on the Statement of Cash Flows (Financing Activities).
- (3) Values should agree with 'reduction of loans' and 'other liabilities' shown on the Statement of Cash Flows (Financing Activities).
- (4) Total should agree with 'current liabilities – borrowings' (Statement of Financial Position).
- (5) Total should agree with 'non-current liabilities' – 'borrowings' (Statement of Financial Position).

## NSW Council

### Special Schedule 2(b) Statement of internal loans (section 410(3) the Act 1993) for the year ended 30 June 2017 (\$'000)

#### Summary of internal loans

Borrower (by purpose)	Amount originally raised \$'000	Total repaid during the year (principal and interest) \$'000	Principal outstanding at end of year \$'000
General			
Water			
Sewerage			
Domestic waste management			
Other			
Totals			

The summary of internal loans (see above) represents the total of the council's internal loans categorised according to the purpose of the borrower. Councils must also provide details of each individual internal loan, including identification of the borrower and lender (by purpose) in the format provided below and attach to this schedule.

#### Details of individual internal loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's approval	Date raised	Term years	Dates of maturity	Rate of interest (%)	Amount originally raised \$'000	Total repaid during the year (principal and interest) \$'000	Principal outstanding at end of year \$,000
Totals									

**NSW Council**  
**Special Schedule 3 – Water supply Income Statement**  
**(Gross including internal transactions)**  
**for the year ended 30 June 2017**

	2017	2016
	\$'000	\$'000
<b>A Expenses and Income</b>		
<b>Expenses</b>		
1 Management expenses		
a. Administration		
b. Engineering and Supervision		
2 Operation and Maintenance		
- Dams and weirs		
a. Operation expenses		
b. Maintenance expenses		
- Mains		
c. Operation expenses		
d. Maintenance expenses		
- Reservoirs		
e. Operation expenses		
f. Maintenance expenses		
- Pumping stations		
g. Operation expenses (excluding energy costs)		
h. Energy costs		
i. Maintenance expenses		
- Treatment		
j. Operation expenses (excluding chemical costs)		
k. Chemical costs		
l. Maintenance expenses		
- Other		
m. Operation expenses		
n. Maintenance expenses		
o. Purchase of water		
3. Depreciation		
a. System assets		
b. Plant and equipment		
4. Miscellaneous expenses		
a. Interest expenses		
b. Other expenses		
c. Aboriginal Communities Water & Sewerage Program		
5. <b>Total expenses</b>		
<b>Income</b>		
6. Residential charges		
a. Access (including rates)		
b. Usage charges		
7. Non-residential charges		
a. Access (including rates)		
b. Usage charges		
8. Extra charges		
9. Interest income		
10. Other income		
10a Aboriginal Communities Water and Sewerage Program		
11. Grants		
a. Grants for acquisition of assets		
b. Grants for pensioner rebates		
c. Other grants		

# NSW Council

## Special Schedule 3 (continued) – Water supply Income Statement (Gross including internal transactions) for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
<b>A Expenses and Income (continued)</b>		
<b>Income</b>		
12. Contributions		
a. Developer charges		
b. Developer provided assets		
c. Other contributions		
13. <b>Total income</b>		
14. Gain or loss on disposal of assets		
15. Operating result		
15a. <b>Operating result</b> (less grants for acquisition of assets)		
 <b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
16. Acquisition of fixed assets		
a. New assets for improved standards		
b. New assets for growth		
c. Renewals		
d. Plant and equipment		
17. Repayment of debt		
18. <b>Total non-operating expenditures</b>		
<b>Non-operating funds employed</b>		
19. Proceeds from disposal of assets		
20. Borrowing utilised		
21. <b>Total non-operating funds employed</b>		
 <b>C Rates and charges</b>		
22. Number of assessments		
a. Residential (occupied)	.....	
b. Residential (unoccupied, i.e. vacant lot)	.....	
c. Non-residential (occupied)	.....	
d. Non-residential (unoccupied, i.e. vacant lot)	.....	
23. Number of Equivalent Tenements for which developer charges were received	.....	
24. Total amount of pensioner rebates	\$ .....	

# NSW Council

## Special Schedule 4 – Water supply – Statement of Financial Position (Gross including internal transactions) as at 30 June 2017

	Current \$'000	Non-current \$'000	Total \$'000
<b>ASSETS</b>			
25. Cash and investments			
a. Developer charges			
b. Special purpose grants			
c. Accrued leave			
d. Unexpended loans			
e. Other			
26. Receivables			
a. Specific purpose grants			
b. Rates and charges			
c. User charges			
d. Other			
27. Inventories			
28. Infrastructure property, plant and equipment			
a. System assets			
b. Plant and equipment			
29. Other assets			
30. <b>Total assets</b>			
<b>LIABILITIES</b>			
31. Creditors			
32. Borrowings			
33. Provisions			
a. Tax equivalents			
b. Dividend			
c. Other			
34. <b>Total liabilities</b>			
35. <b>Net assets committed</b>			
<b>EQUITY</b>			
36. Retained earnings			
37. Revaluation reserves			
38. <b>Total equity</b>			
<b>Note to system assets</b>			
39. Current replacement cost			
40. Accumulated depreciation			
41. Written down cost			

**NSW Council**  
**Special Schedule 5 – Sewerage Income Statement**  
**(Gross including internal transactions)**  
**as at 30 June 2017**

<b>A Expenses and Income</b>	<b>2017</b>	<b>2016</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Expenses</b>		
1. Management expenses		
a. Administration		
b. Engineering and supervision		
2. Operations and Maintenance Expenses		
- Mains		
a. Operation expenses		
b. Maintenance expenses		
- Pumping stations		
c. Operation expenses (excluding energy costs)		
d. Energy costs		
e. Maintenance expenses		
- Treatment		
f. Operation expenses (excluding chemical, energy, effluent and biosolids management costs)		
g. Chemical costs		
h. Energy costs		
i. Effluent management		
j. Biosolids management		
k. Maintenance expenses		
- Other		
l. Operation expenses		
m. Maintenance expenses		
3. Depreciation		
a. System assets		
b. Plant and equipment		
4. Miscellaneous		
a. Interest expenses		
b. Other expenses		
c. Aboriginal Communities Water and Sewerage Program		
5. <b>Total expenses</b>		
<b>Income</b>		
6. Residential charges (including rates)		
7. Non-residential charges		
a. Access (including rates)		
b. Usage charges		
8. Trade waste charges		
a. Annual fees		
b. Usage fees		
c. Excess mass charges		
d. Re-inspection fees		
9. Extra charges		
10. Interest income		
11. Other income		
11a. Aboriginal Communities Water and Sewerage Program		
12. Grants		
a. Grants for acquisition of assets		
b. Grants for pensioner rebates		
c. Other grants		

# NSW Council

## Special Schedule 5 (continued) – Sewerage Income Statement (Gross including internal transactions) as at 30 June 2017

	2017	2016
	\$'000	\$'000
<b>A Expenses and Income (continued)</b>		
<b>Income</b>		
13. Contributions		
a. Developer charges		
b. Developer provided assets		
c. Other contributions		
14. <b>Total income</b>		
15. Gain or loss on disposal of assets		
16. Operating result		
16a. <b>Operating result</b> (less grants for acquisition of assets)		
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
17. Acquisition of fixed assets		
a. New assets for improved standards		
b. New assets for growth		
c. Renewals		
d. Plant and equipment		
18. Repayment of debt		
19. <b>Total non-operating expenditures</b>		
<b>Non-operating funds employed</b>		
20. Proceeds from disposal of assets		
21. Borrowing utilised		
22. <b>Total non-operating funds employed</b>		
<b>C Rates and charges</b>		
23. Number of assessments		
a. Residential (occupied)		
b. Residential (unoccupied, i.e. vacant lot)		
c. Non-residential (occupied)		
d. Non-residential (unoccupied, i.e. vacant lot)		
24. Number of ETs for which developer charges were received		
25. Total amount of pensioner rebates	\$	

## Notes to Special Schedules 3 and 5

**Administration<sup>(1)</sup>** (item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
  - salaries and allowance
  - travelling expenses
  - accrual of leave entitlements
  - employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services.

**Engineering and supervision<sup>(1)</sup>** (item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
  - salaries and allowance
  - travelling expenses
  - accrual of leave entitlements
  - employment overheads.
- Other technical and supervision staff:
  - salaries and allowance
  - travelling expenses
  - accrual of leave entitlements
  - employment overheads.

**Operation expenses** (item 2 of Special Schedules 3 and 5) include day-to-day operational expenses, excluding maintenance expenses.

**Maintenance expenses** (item 2 of Special Schedules 3 and 5) include day-to-day repair and maintenance expenses.

**Other expenses** (item 4b of Special Schedules 3 and 5) include all expenses not recorded elsewhere, including impairment losses (used when the carrying amount of an asset exceeds its recoverable amount) and revaluation decrements (used when infrastructure assets have decreased in value and there is no related revaluation reserve).

**Aboriginal Communities Water and Sewerage Program** (item 4c of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program, and is not part of council's water supply and sewerage revenue.

**Residential charges<sup>(2)</sup>** items 6a and 6b of Special Schedule 3, and item 6 of Special Schedule 5 include all income from residential charges. Exclude non-residential charges.

**Non-residential charges<sup>(2)</sup>** items 7a and 7b of Special Schedules 3 and 5 include all income from non-residential. Exclude residential charges.

**Trade waste charges** item 8 of Special Schedule 5 include all income from trade waste charges

**Other income** (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

**Other contributions** (items 12c and 13c of Special Schedules 3 and 5 respectively) include capital contributions for water supply or sewerage services received by council under section 565 of the Act.

*Notes:*

- (1) Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure i.e. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b.
- (2) To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) and non-residential (item 7) charges.

# NSW Council

## Special Schedule 6 – Sewerage service – Statement of Financial Position (Gross including internal transactions) as at 30 June 2017

	Current \$'000	Non-current \$'000	Total \$'000
<b>Assets</b>			
26. Cash and investments			
a. Developer charges			
b. Special purpose grants			
c. Accrued leave			
d. Unexpended loans			
e. Other			
27. Receivables			
a. Specific purpose grants			
b. Rates and charges			
c. User charges			
d. Other			
28. Inventories			
29. Infrastructure property, plant and equipment			
a. System assets			
b. Plant and equipment			
30. Other assets			
31. <b>Total assets</b>			
<b>Liabilities</b>			
32. Creditors			
33. Borrowings			
34. Provisions			
a. Tax equivalents			
b. Dividend			
c. Other			
35. <b>Total liabilities</b>			
36. <b>Net assets committed</b>			
<b>Equity</b>			
37. Retained earnings			
38. Revaluation reserves			
39. <b>Total equity</b>			
<b>Note to system assets</b>			
40. Current replacement cost			
41. Accumulated depreciation			
42. Written down cost			

# NSW Council

## Special Schedule 7 Report on infrastructure assets as at 30 June 2017

Asset class	Asset category	Estimated cost to bring to assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by council	2016/17 Required maintenance <sup>^</sup>	2016/17 Actual maintenance	Net Carrying amount	Gross replacement cost (GRC)	Asset condition as % of Gross Replacement Cost					
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	1	2	3	4	5	
Buildings *													
Other structures *													
Roads *	Sealed roads												
	Unsealed roads												
	Bridges												
	Footpaths												
	Other road assets (incl. bulk earth works)												
	Sub-total												
Water supply network *													
Sewerage network *													
Stormwater drainage *													
Open space/ recreational assets *	Swimming pools												
	Other open space /recreational assets												
	Sub-total												
Other infrastructure assets *													
<b>Total classes</b>	<b>Total – all assets</b>												

	Condition	IP &R description
1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

\* Must reconcile with Note 9.

<sup>^</sup> Required maintenance is the amount identified in Council's asset management plans.

# NSW Council

## Special Schedule No. 7 – Report on infrastructure assets as at 30 June 2017

### Infrastructure asset performance indicators\* – consolidated

\$'000	Amounts	Current year indicators	2017	2016	Benchmarks
<b>Building and infrastructure renewals ratio</b>					>100%
<u>Asset renewals (renewals <b>only</b> for Infrastructure Assets listed above)</u>	\$				
Depreciation, amortisation and impairment	\$				<2%
<b>Infrastructure backlog ratio</b>					>100%
<u>Estimated cost to bring to satisfactory standard</u>	\$				
<b>Net</b> carrying <b>amount</b> of infrastructure assets	\$				
<b>Asset maintenance ratio ^</b>					>100%
<u>Actual asset maintenance</u>	\$				
Required asset maintenance	\$				
<b>Cost to bring assets to agreed service level</b>					
<u>Estimated cost to bring assets to an agreed level of service set by council</u>	\$				
Gross replacement cost	\$				

### Infrastructure asset performance indicators – general, water & sewer funds\*

	General		Water		Sewer		Benchmarks
	2017	2016	2017	2016	2017	2016	
<b>Building and infrastructure renewals ratio</b>							>100%
<u>Asset renewals</u>							
Depreciation, amortisation and impairment							<2%
<b>Infrastructure backlog ratio</b>							>100%
<u>Estimated cost to bring to satisfactory standard</u>							
<b>Net</b> carrying <b>amount</b> of infrastructure assets							
<b>Asset maintenance ratio ^</b>							>100%
<u>Actual asset maintenance</u>							
Required asset maintenance							
<b>Cost to bring assets to agreed service level</b>							
<u>Estimated cost to bring to satisfactory standard</u>							
Gross replacement cost							

\* All indicators are calculated using the asset classes identified in the above table – do not include any other asset classes

## Commentary – Report on Infrastructure Assets

The Report on Infrastructure Assets provides additional information on a council's infrastructure assets to that contained in Note 9 Infrastructure, Property, Plant and Equipment. The nature of the information in the Report on Infrastructure Assets is related to maintenance, renewal, condition and costs. This information should be consistent and derived from the council's asset management plans.

The format of Special Schedule 7 is mandatory. The detailed commentary has been provided to assist councils in completing the Schedule and to ensure a consistent approach across the sector.

### Asset Classes

- 'Other structures' is designed for such infrastructure assets as: statues, fences, monuments, clock towers and so on.
- 'Open space/recreational assets' include assets such as swimming pools (but not including buildings, plant and equipment, car parks etc. that are associated with the swimming pool complex), playground equipment, BBQs and outdoor fitness facilities.
- 'Other infrastructure' includes jetties, boat ramps, sea/rock/retaining walls etc.

### **Asset Renewal**

The cost of renewal shall include renewal and major rehabilitation works. Renewal shall be defined as the works required to replace existing assets or facilities with assets or facilities of equivalent capacity or performance capability. Where renewal is undertaken, provision may be made to provide the modern engineering equivalent replacement asset (MEERA) and the estimate of **gross** replacement cost calculated accordingly.

Renewal under the MEERA may address functional improvements and network deficiencies as part of the work. For example, were an existing toilet block is to be **renewed within the existing footprint**, the new toilet block may incorporate an accessible toilet that did not exist previously as required under the *Disability Inclusion Act 2014* (NSW).

Council should include that proportion of costs attributable to renewing an upgraded asset. For example, where a road upgrade undertaken to provide additional lanes to address capacity, the road pavement within the existing traffic lanes are renewed as part of the works. The component of costs attributable to the renewal of the existing lanes should be included in the actual expenditure to determine the asset renewal ratio.

Where major rehabilitation works are undertaken to restore an asset to an accepted condition state, such works may also be included in the renewal expenditure, provided these works extend the life of the asset beyond the previously predicted useful life. Otherwise, these costs should be incorporated within the asset maintenance costs and ratio calculations.

Examples of renewals and major rehabilitation works are provided in Appendix B.

**Renewal** is defined by the **International Infrastructure Management Manual** (IIMM) as "works to upgrade, refurbish or replace existing facilities with facilities of equivalent capacity or performance capability".

**Major rehabilitation** is expenditure on an existing asset, or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally, and extends its useful life. It is periodically required expenditure, and relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service capacity it generally has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

**Enhancement** means to "heighten, intensify or improve the facilities".

### **Estimated cost to bring to a satisfactory standard (BTS):**

'Satisfactory' is defined as "affording satisfaction; fulfilling all demands or requirements" (The Australian Macquarie Dictionary). The estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset that is currently not at the condition determined to be satisfactory by the council and community. This should not include any planned enhancements. However, it is noted that in practical terms, the asset will be renewed to condition 1 at the time of work.

Unless the council has undertaken consultation with their community and has agreed to a condition level for Council's assets, the BTS should be measured against the condition 2 rating of 'Good' as stated in the Integrated Planning and Reporting Manual for local government in NSW.

**Carrying value:** is the amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses (AASB116).

### Gross Replacement Cost

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured with reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business, or the minimum it would cost to replace/construct the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) as the existing asset had when it was new, allowing for any differences in the quantity and quality of output and in operating costs.

**Useful life** is determined in accordance with AASB116.

**Asset condition assessment** is the process of continuous or periodic inspection, assessment, measurement and interpretation of the data to indicate the condition of a specific asset, so as to determine the need for some preventative or remedial action.

Councils are strongly encouraged to use the asset condition rankings as set out in the Asset Condition Assessment table in the Integrated Planning and Reporting Manual for local government in NSW. Asset conditions are assessed using a scale of one to five. Assets in condition 'one' are considered to be 'excellent' with no work required beyond normal maintenance, while assets in condition 'five' are considered to be 'very poor', with urgent renewal or upgrading required. Asset conditions should be based on up-to-date asset condition assessments.

This assessment should apply to each class of assets or asset components identified by council.

Condition rating	Condition	IP & R Manual description	IPWEA IIMM- International Infrastructure Management Manual description
1	Excellent	No work required (normal maintenance)	New or as new condition. Only planned cyclic inspection and maintenance required.
2	Good	Only minor maintenance work required	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance.
3	Average	Maintenance work required	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.
	Poor	Renewal required	Poor condition with asset requiring significant renewal/rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.
5	Very Poor	Urgent renewal/upgrading required	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required.

### Required Maintenance

Council shall include those costs identified in the asset management plans (AMPs) (for the reporting period) of routine activities that should be undertaken to sustain the asset in a functional state, ensuring the assets reach the predicted useful life, excluding rehabilitation or renewal. This shall include:

- i. routine inspection and maintenance activities and minor rehabilitation required to achieve the predicted useful life of the asset or asset component
- ii. operating expenses required to keep the asset, or asset components, in a functional state for community use.

These costs should include resources such as manpower, energy, chemicals and materials. Examples of maintenance activities and costs to be included in the ratio are provided in Appendix A.

Major rehabilitation or renewal activities should be excluded (see below). These costs should be included in the Asset Renewal Ratio. The cost of staffing a facility for the business purpose should be excluded (e.g. staffing of a tourist information centre for the business of providing tourist information services should be excluded).

### Actual Maintenance

Councils shall include the actual expenditure incurred (for the reporting period) of routine activities undertaken to sustain the asset in a functional state and to ensure the asset reaches the predicted useful life, excluding rehabilitation or renewal. This shall include:

- i. routine inspection and maintenance activities and minor rehabilitation required to achieve the predicted useful life of the asset or asset component
- ii. operating expenses required to keep the asset, or asset component, in a functional state for community use.

These costs should include resources such as manpower, energy, chemicals and materials. Examples of maintenance activities and costs to be included under this column are provided in Appendix A.

Major rehabilitation or renewal activities should be excluded (see below). These costs should be included in the Asset Renewal Ratio. The cost of staffing a facility for the business purpose should also be excluded (e.g. staffing of a tourist information centre for the business of providing tourist information services should be excluded).

#### **Reason for inclusion of maintenance and operation expenses**

The inclusion of maintenance and operation together provides the total cost to keep the asset in a functional state in service to the community, and to ensure the asset reaches the predicted useful life.

Many 'operational' tasks are considered by councils to be 'maintenance'. For instance, mowing an oval – if this were not done, as well as being unusable, the field would develop a wide range of grasses and weeds requiring other works to bring it back to a reasonable condition. It makes no sense to exclude the mowing costs. Another example often talked about is activities such as roadside mowing (another is street sweeping). Without this, the road becomes unsafe, woody species invade the area and begin to impact the road surfacing, pavement, pipes and other components. Clearly such activities are part of 'maintaining' the road and keeping it in a functional state and ensuring the asset reaches its useful life.

The key element though is the inclusion of such items significantly reduces the wide ranging inconsistencies seen previously in completing SS7, bringing improved repeatability and comparability.

The inclusion of 'operational' costs such as power, water and other consumables also allows review of the potential areas of significant savings in running costs that might be re-directed to 'maintenance'.

Also, this approach provides a far better reflection of the actual costs of looking after the asset and is thus far more transparent to the community.

#### **Cost to bring to the accepted level of service set by Council**

The cost to bring to level of service is an estimate of the cost to renew or rehabilitate existing assets that have reached the condition-based intervention level adopted by Council. This figure is a snapshot at a point in time, being the end of the financial year. To provide flexibility to adequately manage external changes in condition (such as the impacts of varying climatic conditions) and allow good project planning, it is anticipated that councils will have works outstanding to bring to level of service as a normal part of managing infrastructure assets on behalf of the community.

The cost to bring to accepted level of service provides a basis for councils to reset the 10-year long-term financial plan (LTFP). The LTFP and the council's asset management plans and strategies lay out how it intends to address the cost to bring asset condition to level of service using methods including, but not limited to:

- i. fully funding the annual infrastructure cycle for short lived assets to progressively lower the cost to bring to level of service with time
- ii. budgeting for capital works to renew or rehabilitate long lived assets, typically prioritised taking account of risk
- iii. prudent use of loan funding
- iv. partnering with government through grants to fund infrastructure replacement/upgrades
- v. adjusting the level of service in consultation with the community
- vi. strategic review of assets to optimise the asset portfolio under councils control, including clustering and/or removal of some assets
- vii. use of new technologies, e.g. sewer relining
- viii. implementation of risk management strategies (e.g. higher inspection regimes)
- ix. improved asset management, e.g. improved data accuracy, condition assessment, etc.

In future long-term financial planning, the requirement to fund maintenance, operation and renewal of existing assets will need to be considered along with other demands to upgrade or provide new infrastructure to address functionality and capacity issues. These matters are beyond the scope of Special Schedule 7.

The cost to bring asset condition to level of service shall be calculated based on the cost to renew or rehabilitate those existing assets, or asset components, that have reached the intervention level set by Council, based on condition.

The cost will be based on calculating the estimated cost to undertake the work as it would be done. That is, if the proposed method of work involves a full renewal, then this should be included in the estimated cost. Where full renewal is undertaken, provision may be made to provide the modern engineering equivalent replacement asset

and the estimate of cost calculated accordingly.

Each council will set their own intervention levels based on community needs, available funds, the council's risk appetite, and the whole-of-life costs of owning and/or managing the infrastructure assets under their control.

Councils may establish varying intervention levels for different infrastructure, or within infrastructure classes, based on an adopted hierarchy of assets. For instance, for a highly utilised public building or road, a council may choose to intervene earlier to maintain and/or renew an asset to provide a higher level of service. For a low use asset, a council may choose to adopt a lower level of service.

In making decisions regarding intervention levels, councils should give consideration to matters including, but not limited to:

- i. the impacts on the whole-of-life costs of sustaining the asset, or asset component. In some cases it may be cheaper in the long run to intervene more frequently than to allow an asset to fall into a condition requiring major works
- ii. the risk to the community, safety, the environment, financial sustainability, and Council's reputation
- iii. the affordability of managing the overall suite of assets under council's control.

For example, regular resealing/resurfacing of a road protects the underlying road pavement from moisture intrusion, and also provides a safer driving surface for the community. Council may, however, provide a lower frequency of resealing/resurfacing to a quiet local street compared with a busy high speed distributor road to effectively manage risk of pavement failure and provide for a safer road network.

This approach is one example of focusing resources on effectively managing the risk of asset failure, lowering the overall whole-of-life cost, and reducing the risk to the community.

Guidance on managing levels of service and assets in different classes can be found at the Institute of Public Works Engineering Australasia website (<http://ipwea.org>) and the NSW Roads & Transport Directorate website (<http://ipwea.org/roadstransportdirectorate>).

#### Infrastructure asset performance indicators

The Office of Local Government requires a minimum number of prescribed indicators in relation to infrastructure asset management to be presented as follows and includes all asset classes identified in Special Schedule 7 as at 30 June 2017 table above. **The ratios are to be calculated using asset classes identified in the Special Schedule 7 only. Do not include other asset classes identified in Note 9.**

#### **1 Building and infrastructure renewal ratio**

Purpose: To assess the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark is greater than 100%.

$$\frac{\text{Asset renewals}}{\text{Depreciation, amortisation and impairment}}$$

#### **2. Infrastructure backlog ratio**

Purpose: This ratio shows what proportion the infrastructure backlog is against the total value of a council's infrastructure. The benchmark is less than 2%.

*Estimated cost to bring assets to a satisfactory condition*

*Carrying value of infrastructure, building, other structures and depreciable land improvement assets*

#### **3. Asset maintenance ratio (see actual maintenance and required maintenance definitions above and Appendix A)**

Purpose: This ratio compares actual versus required annual asset maintenance. A ratio of above 100% indicates that the council is investing enough funds that year to halt the infrastructure backlog from growing. The benchmark is greater than 100%.

$$\frac{\text{Actual asset maintenance}}{\text{Required asset maintenance}}$$

#### **4. Cost to bring assets to agreed service level**

Purpose: The ratio indicates proportion of the gross replacement cost of Council assets that have reached the intervention level set by Council based on the condition of the asset. This ratio is simply the sum of the outstanding renewal works, valued as the work will be undertaken, compared to the total replacement cost of Council's assets.

This ratio provides a meaningful snapshot of the proportion of outstanding renewal works compared to the total suite of assets that Council has under its care and stewardship. Council will need to make future budgeting decisions in relation to these outstanding works with those decisions likely to be prioritised in Council's forward plans based on social, economic and environment factors,

including risk to the community, Council and/or the asset (or interdependent assets). Council should give consideration to social equity of service delivery in prioritising renewal works.

The use of the gross replacement cost as the denominator in this ratio provides a more stable measure over time and is easier for Councils to calculate with greater consistency year to year.

This ratio provides greater meaning to both infrastructure and finance teams within councils as it reflects the actual value of identified renewal works needing to be delivered in the future, calculated at a point in time, being the end of each financial year. The ratio allows the community to monitor short and long-term trends in relation to a council's management of community infrastructure in a transparent manner.

This ratio has been introduced following industry feedback.

$$\frac{\textit{Estimated cost to bring assets to an agreed level of service set by council}}{\textit{Gross replacement cost}}$$

#### Infrastructure asset performance indicators by fund

General Fund refers to all council activities except water and sewer services. Where councils do not have water and sewer funds, this is not required.

#### Auditing infrastructure asset information

OLG is continuing the requirement of auditing infrastructure asset information. The approach will be developed taking into account the requirements of the Fit for the Future program, the importance of infrastructure assets in the delivery of services and the need to ensure that the auditing process is appropriate.

A review of the IP&R asset management will also take place to ensure there is consistency between the two.

## Appendix A – Examples of maintenance and operational activities

This appendix outlines those items to be included under the heading of ‘maintenance’ within Special Schedule 7.

For the purpose of Special Schedule 7, Council shall include the budgeted and actual costs of routine activities undertaken and costs incurred to sustain the asset in a functional state. This shall include:

- i. routine maintenance activities and minor rehabilitation required to achieve the predicted useful life of the asset or asset component
- ii. operating expenses required to keep the asset, or asset component, in a functional state for community use.

### Maintenance

All routine activities necessary for retaining an asset as near as practicable to its original condition, but excluding rehabilitation or renewal. Maintenance does not increase the service potential of the asset or keep it in its original condition. Rather, it slows down deterioration and delays the necessity of rehabilitation or renewal. Maintenance is a routine activity that ensures the asset reaches its useful life.

### Operation

The active process of utilising an asset which will consume resources such as manpower, energy, chemicals and materials. This includes asset-related overheads, but excludes depreciation and corporate/general overheads.

Major rehabilitation or renewal activities should be excluded. The cost of staffing a facility for its business purpose should also be excluded. For example, staffing of a tourist information centre for the business of providing tourist information services should be excluded.

Following are examples of maintenance and operational costs and activities applicable to all asset classes including cleaning, repair of surfaces (where the useful life remains unchanged), asset inspections, associated stores, wages and salaries of staff undertaking operation and maintenance, associated staff training, legal costs, printing and stationary, insurance costs, litter and dumped rubbish removal, waste costs.

The following are example maintenance and operational costs and activities specific to particular asset classes:

**Table A1 – Examples of maintenance and operational activities**

Asset class	Asset category	Example costs and activities
Buildings		Painting (minor), air conditioning, changing light fixtures, furniture repair, pest control, drain clearing, water and energy charges, elevator servicing, water and sewer charges, signage, security costs, mowing, waterproofing, fire protection servicing, parking, goods delivery, phone servicing, IT servicing.
Other structures		
Roads	Sealed Roads	Pothole repair, crack sealing, heavy patching (where the useful life remains unchanged), street lighting energy and operating costs, pavement markings, guide posts, vegetation control, mowing, roadside slashing, table drain clearing, grading unsealed surfaces, enrichment seals, traffic control, signage (individual placement), kerb and gutter repair, footway and cycleway maintenance, street furniture repair, clearing subsoil drains, tree inspection and maintenance, grout injection for rigid pavements, paver sealing, utility works inspections, utility works and associated betterment (where useful life unchanged).
	Unsealed Roads	
	Bridges	
	Other Road Assets including paths and carparks	
Water supply network		Routine activities such as water treatment plant operations, pump maintenance, water main and water service repairs, valve exercising, hydrant inspections, reservoir inspections, power consumption, chemical use, water meter reading, water sampling and testing, vegetation control/mowing, licensing, payment for bulk water supply.
Sewerage network		Routine activities such as sewage treatment plant operations, pump maintenance, sewer main repairs, clearing sewer chokes, pump station inspections/cleaning, CCTV sewer inspections, power consumption, chemical use, licensing, effluent re-use operations.
Stormwater drainage		CCTV, pipe blockage cleaning and associated disposal costs, pipe repair, tree root removal, relining (which does not extend useful life), repair pits and lids, clear/repair gross pollutant traps (GPTs), rain garden soil cleaning, rain garden plants, flood control device maintenance, traffic control, management of new connections.
Open space/recreational assets	Swimming pools	Water cleaning costs, chemicals, membrane and tile repair, repairing pool devices, repairing gym equipment, repairing shade structures, kiosk operations, advertising signs, and all building asset class example costs and activities..
	Other open space/recreational	Mowing, signage, pest control, play/sports equipment repair, path repair, lighting energy and operating costs, tree maintenance, garden

	assets	<p>plants, gardening, line marking, fence painting and repair, events management, furniture repairs, water feature servicing, footbridges repair.</p> <p>For associated kiosks, grandstands and amenities, refer to the 'Buildings' asset class; for associated drains, refer to the 'Stormwater drainage' asset class; for associated carparks, refer to the 'Roads' asset class.</p>
Other infrastructure assets		

## Appendix B – Examples of renewal and rehabilitation costs and activities

### Renewal

Works to replace existing assets or facilities with assets or facilities of equivalent capacity or performance capability. Renewal costs are based on the modern engineering equivalent asset. They include the disposal of the former asset and exclude upgrades. When an asset is partially renewed, if doing so extends the useful life it is considered renewal.

### Rehabilitation

Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. Rehabilitation generally involves repairing an asset to deliver its original level of service without resorting to significant upgrading or renewal, using available techniques and standards.

Following are example renewal and rehabilitation costs and activities that are applicable to all asset classes: design, planning approval, procurement costs, wages and salaries of staff completing renewal and rehabilitation, associated staff training, legal costs, printing and stationary, insurance costs, waste costs.

The following are example renewal and rehabilitation costs and activities specific to certain asset classes:

**Table B1 – Examples of renewal and rehabilitation costs and activities**

Asset class	Asset category	Example costs and activities
Buildings		Replacement of whole components such as windows, roofs, walls, doors, floor coverings, furniture, bathrooms, kitchens, stages, railings, fences, external landscape, electrical systems, security systems, air conditioners and elevators, <b>painting of entire interior and exterior areas.</b>
Other structures		
Roads	Sealed Roads	Micro-surfacing, resealing, rejuvenation, stabilisation, asphalt, gravel re-sheeting, major rehabilitation (that extends the useful life compared to that predicted), guardrail replacement, signage group replacement, base/sub-base replacement, full bridge component replacement, footway replacement, rigid pavement replacement, light pole replacement, kerb and gutter replacement, traffic island replacement, street furniture replacement.
	Unsealed Roads	
	Bridges	
	Other Road Assets including pathways and carparks	
Water supply network		Water treatment plant and pumping station augmentations, pump replacement, water main replacement, hydrant and valve replacement, telemetry and control system replacement, water meter replacement, reservoir replacement, major rehabilitation on structures/dams. (For buildings, roads and pathways, see elsewhere in this table).
Sewerage network		Sewage treatment plant and pumping station augmentations, pump replacement, sewer main replacement or relining, manhole replacement, telemetry and control system replacement, major rehabilitation on structures. (For buildings, roads and pathways, see elsewhere in this table).
Stormwater drainage		Replacement of whole components such as pipes, pits, GPTs, rain gardens, flood control monitoring and control equipment, pipe relining (that extends useful life).
Open space/recreational assets	Swimming pools	Replacement of whole components such as tiling, pumps, heating equipment, water treatment equipment, pool shells, sporting equipment, shade structures, furniture, paths. (For building structures, see the 'Buildings' asset class).
	Other open space/recreational assets	Replacement of whole components such as turf, field surfacing, trees, paths, lighting, recreational/sport facilities and fences. (For associated kiosks, grandstands and amenities, refer to the 'Buildings' asset class; for associated drains, refer to the 'Stormwater drainage' asset class; for associated carparks, refer to the 'Roads; asset class.)
Other infrastructure assets		Replacement of water harvesting and reticulation, energy reticulation, levees, transport interchanges, livestock sale yards, and waste handling facilities; creation of new air space in landfills.

## Special Schedule 8 – Permissible income for general rates

	2017/18 \$'000	2016/17 \$'000
<b>Notional general income calculation<sup>(1)</sup></b>		
Last year notional income yield	\$	\$
Plus/minus adjustments <sup>(2)</sup>	\$	\$
<b>Notional general income</b>	<b>\$</b>	<b>\$</b>
<b>Permissible income calculation</b>		
Special variation <sup>(3)</sup>	%	%
OR Rate peg	%	%
OR Crown land adjustment incl. rate peg	%	%
Less expiring special variations amount	\$	\$
Plus special variation amount	\$	\$
OR plus rate peg amount	\$	\$
OR plus crown land adjustment and rate peg amount	\$	\$
Sub-total	<b>\$</b>	<b>\$</b>
Plus or minus last year's carry forward total	\$	\$
Less valuation objections claimed in previous year	\$	\$
Sub-total	<b>\$</b>	<b>\$</b>
<b>Total permissible income</b>	<b>\$</b>	<b>\$</b>
Less notional income yield	\$	\$
Catch up or (excess) result	<b>\$</b>	<b>\$</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	\$	\$
Less unused catch up <sup>(5)</sup>	\$	\$
Carry forward to next year <sup>(6)</sup>	<b>\$</b>	<b>\$</b>

Notes:

- The 'notional general income' will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis, which include amounts that relate to prior years' rates income.
- Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916* (NSW).
- The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the Crown land adjustment.
- Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- Unused catch up amounts will be deducted if they are not caught up within two years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- Carry forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the NSW Government Gazette in accordance with section 512 of the Act. The OLG will extract these amounts from councils' Special Schedule 8 in the Financial Data Return (FDR) to administer this process. Please check that data are transferred accurately to the Special Schedule 8 of the Financial Statements and FDR.

## COMMENTARY – Permissible income for general rates

Under the provisions of the Act, all councils are required to calculate the annual permissible rates income based on the adjusted notional general income from the previous year.

Special Schedule 8 has been developed to improve reporting and accountability to the community. The addition of SS8 to the Financial Statements and FDR also streamlines both the external audit process and councils' annual reporting processes.

As part of this process councils will first need to complete the Special Schedule 8 Permissible Income Work papers to calculate the annual permissible income. The General Manager and Responsible Accounting Officer must sign the Statement of Compliance (included in the Work papers) confirming that the calculation complies with the Act. A summary of the calculation is then transferred to SS8 in the Financial Statements and the FDR.

The signed Statement of Compliance is submitted to the auditors, together with the Work papers and Financial Statements. The auditor completes a compliance checklist for the permissible income calculation and signs the Independent Auditor's Report. The checklist is returned to council and the Auditor's Report is lodged as part of the Financial Statements.

Councils must comply with Chapter 15 of the Act, which includes compliance with the maximum permissible general income for a year within the rate-peg limit and any approved variations to the rate-peg that may be applied.

When councils calculate rates above the permissible amount, the rates go into an 'excess' result, which is a contravention of the Act.

Under section 512 of the Act, councils with excess results require an exemption by the Minister to validate the rates. These exemptions are published in the *New South Wales Government Gazette*. The OLG will capture the council's excess results for reporting to the Minister through the Financial Statements and the FDR process.

SS8 is forward looking, and also calculates the total amount available (starting point) to calculate the following year's rates.