

## Addendum Report

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### REPORTS FROM THE DIRECTOR CORPORATE SERVICES

a31 [CS-CM] Local Government Reforms - Fit for the Future Update

**SUBMITTED BY:** Financial Services

Validms



## Civic Leadership

### LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK:

- 1 Civic Leadership
  - 1.3 Delivering the objectives of this plan
  - 1.3.2 Council will seek the best value in delivering services
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### SUMMARY OF REPORT:

Having been previously deemed 'Not Fit' Under the NSW Government's "Fit for the Future" (FFTF) programme due to not meeting some of the benchmark financial criteria, Tweed Shire Council was invited to submit a new improvement plan for reassessment by 29 July 2016.

Council subsequently endorsed a revised Long Term Financial Plan as well as a FFTF reassessment proposal which was lodged by the due date.

Council has now received formal advice from the Minister for Local Government notifying it that it has been reassessed as "FIT" having met the key NSW Government benchmarks:

### RECOMMENDATION:

**That Council receives and notes the Local Government Reforms – Fit for the Future Update report.**

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### REPORT:

#### Background

Under the NSW Government's "Fit for the Future" (FFTF) process, all NSW councils (with the exception of eight councils in the Far West) were asked to put forward proposals that:

- assessed their scale and capacity against recommendations of the Independent Local Government Review Panel and put forward options to address this, where necessary; and
- assessed performance against FFTF benchmarks, and put forward strategies and actions to improve against the Sustainability, Infrastructure and Services, and Efficiency criteria.

The NSW Government requested the Independent Pricing and Regulatory Tribunal (IPART) to undertake the role of the Expert Advisory Panel in assessing local government FFTF proposals.

IPART found that 27 councils were 'Not Fit' due to not meeting one or more of the financial criteria (nine of these also did not meet the scale and capacity criteria).

IPART assessed Tweed Shire Council's submission at the time as meeting the scale and capacity criteria but not meeting some of the financial criteria.

The Office of Local Government subsequently identified those Councils that were eligible for reassessment (of which Tweed Shire Council was one) and encouraged them to take advantage of an opportunity to submit revised plans for reassessment by 29 July 2016.

At its Ordinary meeting held on 21 July 2016, Council endorsed a revised Long Term Financial Plan as well as a FFTF reassessment proposal which was lodged by the due date.

#### Reassessment Outcome

On 6 December 2016 Council received correspondence from the Minister for Local Government, the Hon Paul Toole MP (copy attached) notifying that Tweed Shire Council had been reassessed as "FIT" having met the key NSW Government benchmarks:

As Council has been able to demonstrate that it meets the financial benchmarks following reassessment, it will now have access to a TCorp borrowing facility, providing cheaper loans to fund important local projects.

As a "FIT" Council, Tweed Shire Council will now have to ensure that it is implementing its FFTF Improvement Plan and it will need to report against the FFTF measures to ensure it is delivering the improvements outlined in its proposal.

Following is an extract from the Office of Local Government's "Fit for the Future Reassessment Report" (the full document is attached to this report) outlining the reassessment findings for Tweed Shire Council.

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### TWEED SHIRE COUNCIL - FIT

#### Reassessment Summary

##### Fit for the Future Reassessment – FIT

- Council satisfied the financial criteria overall as the Council meets the criteria for sustainability and infrastructure and service management.
- Council has implemented a number of strategies to address its sustainability and infrastructure and service management following the initial IPART assessment.
- Council met the criterion for efficiency in the original IPART assessment, and was not required to be reassessed against that benchmark.
- The Office of Local Government assessment of Council as fit for the future is conditional. OLG will continue to monitor and assess the performance of Council to ensure it continues to meet its long term strategies and identified benchmarks, and deliver the improvements Council committed to in its FFTF proposal.

##### Sustainability - Satisfied

- Council satisfies the criteria for sustainability based on meeting the benchmarks for the OPR and OSR by 2020-21 and the BIRR by 2023-24.
- Council has forecast the OPR to be 2% in 2020-21, which meets the benchmark.
- Council met the OSR in the original IPART assessment and is forecast to be 85% in 2021 which meets the benchmark.
- Council has forecast the BIRR to be 134% in 2015-16 and 94% in 2020-21, which is slightly below the benchmark (100%). However the ratio trajectory shows Council meeting the benchmark by 2023-24. Council's results against this benchmark will be monitored into the future.

##### Infrastructure and service management – Satisfied

- Council satisfies the criteria for infrastructure and service management based on meeting the benchmarks for the AMR and DSR.
- Council is considered sufficiently close to meeting the benchmark for IBR (benchmark <2%, Council 2.7%).
- Council has forecast the AMR to be 100% from 2015-16 to 2020-21 and beyond which meets the benchmark.
- Council satisfied the DSR in the original IPART assessment and has remained within the benchmark in the reassessment.

##### Efficiency - Satisfied

- Council satisfied the efficiency criterion in the original IPART assessment, and is forecast to continue to decrease real operating expenditure until 2020-21.

##### Water and/or Sewer

Council states that it currently achieves the requirements of the NSW Government Best Practice Management of Water Supply and Sewerage Framework and operates on a break-even basis.

#### OPTIONS:

Not applicable.

#### CONCLUSION:

As a "FIT" Council, Tweed Shire Council will now have to ensure that it is implementing its FFTF Improvement Plan and it will need to report against the FFTF measures to ensure it is delivering the improvements outlined in its proposal.

#### COUNCIL IMPLICATIONS:

##### a. Policy:

Not Applicable

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**b. Budget/Long Term Financial Plan:**

Adopted by Council in July 2016 as part of the reassessment proposal.

**c. Legal:**

Not Applicable.

**d. Communication/Engagement:**

**Consult-**We will listen to you, consider your ideas and concerns and keep you informed.

**UNDER SEPARATE COVER/FURTHER INFORMATION:**

Attachment 1. Letter from the Hon Paul Toole MP, Minister for Local Government (ECM4344703)

Attachment 2. Office of Local Government "Fit for the Future Reassessment Report". (ECM4344704)

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