



The Hon Paul Toole MP
Minister for Local Government

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Clr Katie Milne & Mr Troy Green
Mayor & General Manager
Tweed Shire Council
PO Box 816
MURWILLUMBAH NSW 2484



6 DEC 2016

Dear Clr Milne and Mr Green

I would like to thank Tweed Shire Council for submitting its reassessment proposal under the July 2016 *Fit for the Future* reassessment program.

The Government is committed to real and meaningful reform that will strengthen the system of local government across the State. The *Fit for the Future* (FFTF) program is a key reform initiative aimed at ensuring that councils are able to deliver the quality services and infrastructure that NSW communities deserve.

The Office of Local Government (OLG) has assessed Council's proposal against the Financial Sustainability criteria and associated benchmarks and has found Tweed Shire Council to be 'fit'.

The assessment has been made based on Council's FFTF reassessment proposal, Council's Long Term Financial Plan and other available data.

The OLG FFTF Reassessment Report, including Council summaries, will be published on the NSW Government's *Fit for the Future* website.

Key results from the reassessment of Tweed Shire Council are as follows:

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, infrastructure and service management following the initial Independent Pricing and Regulatory Tribunal (IPART) assessment.
- Council met the criteria for efficiency in the original IPART assessment, and was not required to be reassessed against that benchmark.
- OLG's assessment of Council as 'fit' 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 Operating Performance Ratio (OPR) and Own Source Revenue (OSR) by 2020-21, and the Building and Infrastructure Renewal Ratio (BIRR) by 2023-24.
- Council has forecast the OPR to be 2% in 2020-21, which meets the required benchmark.
- Council has a one-year on-going SRV in 2016-17 of 2.77% (including the 1.8% rate-peg) to raise \$550K for the Cobaki development (which was excluded from Council's original IPART proposal).
- Increased income worth \$2M was found in interest income on overdue fees and charges, section 94 contributions, Tweed Coast Holiday Parks, unrestricted interest, the art gallery and pools.
- Council met the OSR in the original IPART assessment and is forecast to be 85% in 2021, which meets the required 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 as meeting the benchmark by 2023-24. Council's results against this benchmark will be monitored into the future.
- Council has reported more realistic financial forecasting based on actual historical results, rather than earlier conservative estimates in its original proposal to IPART.

Infrastructure and service management – Satisfied

- Council satisfies the criteria for infrastructure and service management based on meeting the benchmarks for the Asset Maintenance Ratio (AMR) and Debt Service Ratio (DSR).
- Council is considered sufficiently close to meeting the benchmark for Infrastructure Backlog Ratio (benchmark <2%, Council 2.7%).
- Council has forecast the AMR to be 100% from 2015-16 to 2020-21 and beyond, which meets the required benchmark.
- Council undertook a review of asset maintenance requirements, as well as the basis of the calculation.
- As a result of the 2014-15 revaluation process for transport and stormwater drainage assets, depreciation expense has fallen \$2.5M.
- Following the NSW Local Government Asset Management Audit Preparedness Assessment in 2015, Council has been making progress in areas of asset management compliance.
- 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.

The 'fit' categorisation allows Council to access TCorp's competitive rate loan facilities, subject to TCorp's credit criteria.

OLG will continue to monitor performance to ensure that councils in NSW are performing to a high standard and continue to strengthen their financial position.

I trust that Council will continue to implement strategies which ensure it remains financially sustainable and increases its capability and capacity to deliver services and infrastructure into the future.

Yours sincerely

A handwritten signature in black ink that reads "Paul Toole". The signature is written in a cursive, flowing style with a large initial 'P'.

Paul Toole MP
Minister