The Hon. Gabrielle Upton MP
Minister for the Environment
Minister for Local Government
Minister for Heritage

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Clr Mark Honey and Mr Michael Forsyth
Mayor and General Manager
The Council of the Municipality of Kiama
PO Box 75
KIAMA NSW 2533

By email: [redacted] and [redacted]

Dear Clr ~~Honey~~ Mark and Mr ~~Forsyth~~ Michael

I would like to thank Kiama Municipal Council for submitting its reassessment proposal in the November 2016 *Fit for the Future* reassessment program.

The Government remains committed to programs 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 Kiama Municipal 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 – Round 2, including council summaries will be published on the NSW Government's FFTF website.

Key results from the reassessment of Kiama Municipal Council are as follows:

Fit for the Future Reassessment – FIT

- Council satisfied the financial criteria overall as the Council meets the sustainability, infrastructure and service management and efficiency criteria.
- Council has implemented a number of strategies to address its sustainability following the initial IPART review.
- Council met the criteria for infrastructure and service management in the original IPART assessment and was not required to be reassessed against those benchmarks.
- The strategies proposed by Council appear to be sustainable.

Sustainability – Satisfied

- Council's OPR was 2.6% in 2015-16 and is forecast to be 6.8% in 2020-21 which meets the benchmark.
- Council met the OSR ratio in the original IPART assessment and it is forecast to be 76% in 2020-21 which meets the benchmark.
- Council's BIRR was 244% in 2015-16 and is forecast to be 106% in 2020-21 which meets the benchmark.

Infrastructure and service management – Satisfied

- Council satisfied the infrastructure and service management criteria overall in the original IPART assessment.
- Council's IBR was 1.6% in 2015-16 and is forecast to be 1.3% in 2020-21 which continues to meet the benchmark.
- Council's AMR was 102% in 2015-16 and is forecast to be 102% in 2020-21 which continues to meet the benchmark.
- Council's DSR was 4% in 2015-16 and is forecast to be 6% in 2020-21 which continues to meet the benchmark.

Efficiency – Satisfied

- Council's real operating expenditure per capita was $1,960 in 2015-16 and shows a decline to $1871 in 2018-19. The ratio increases to $1,955 in 2019-20 and $1,958 in 2020-21 due to the opening of Councils new aged care facility. Council's LTFP indicates the ratio will decline over the term of the plan.

The 'Fit' categorisation allows Council to access Treasury Corporation's (TCorp) competitive rate loan facilities, subject to TCorp's credit criteria.

OLG will continue to monitor and assess the performance of all councils in NSW to ensure they continue to meet performance benchmarks, deliver the improvements committed to within the FFTF process and continue to strengthen their financial position overall.

I would also like to take this opportunity to highlight that, as Council undertakes its current cycle of Integrated Planning and Reporting, it ensures the strategies and actions identified in its FFTF Improvement Plan are reflected in Council's new Delivery Program and Resourcing Strategy.

It is the development of these documents and the associated consultation processes that enables Council and the community to continue to work together in determining the main priorities and aspirations of the community and ensures Council delivers the services and infrastructure its community requires into the future.

At my request, [redacted] from the Office of Local Government is available on [redacted] or [redacted] should you have any further enquiries.

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Ga[redacted]
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16.5.17