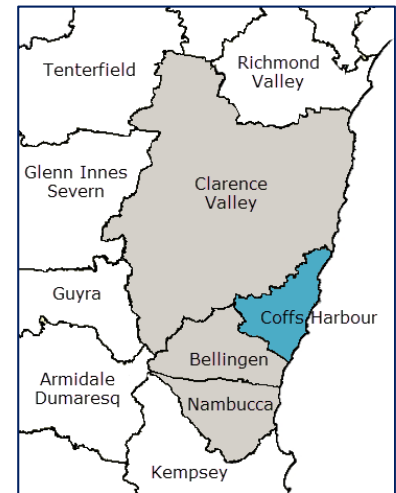


COFFS HARBOUR CITY COUNCIL – CIP

FIT			
Area (km ²)	1,174	Population 2011	71,798
OLG Group	5	(2031)	88,100
ILGRP Group	G		
Operating revenue (2013-14)	\$94.6m	TCorp assessment	Weak FSR Negative Outlook
ILGRP option	Council in the North Coast JO (all shaded).		
Assessment summary	Scale and capacity	Satisfies	
	Financial criteria:	Satisfies overall	
	• Sustainability	Satisfies	
	• Infrastructure and service management	Satisfies	
	• Efficiency	Satisfies	



Fit for the Future – FIT

- The council satisfies the scale and capacity criterion.
- The council satisfies the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.

Scale and capacity - satisfies

- The council's proposal is consistent with the ILGRP's option to stand alone.
- As the ILGRP did not propose another option for this council, Coffs Harbour was not required to demonstrate how it met each of the elements of scale and capacity. We consider the council currently meets or partially meets most of the elements of scale and capacity.
- Our analysis has not identified evidence for a better alternative to the council's proposal to stand alone.

Sustainability – satisfies

- The council satisfies the criterion for sustainability based on meeting the benchmarks for the operating performance ratio and the own source revenue ratios by 2019-20.
- We estimate that adjusting the operating performance ratio by removing interest income on section 94 Reserves would reduce the ratio by approximately one percentage point to 0.7% in 2019-20, which is still above the benchmark.
- The building and infrastructure asset renewal ratio shows improvement from 59.2% in 2014-15 to 91.2% in 2019-20, which is close to but below the benchmark.

Infrastructure and service management - satisfies

- The council satisfies the criterion for infrastructure and service management based on meeting the benchmarks for the infrastructure backlog and debt service ratios by 2019-20.
- Its asset maintenance ratio is forecast to improve from 80.2% in 2014-15 to 94% in 2019-20, which is close to the benchmark.

Efficiency - satisfies

- The council meets the criterion for efficiency based on the Real Operating Expenditure per Capita showing a declining trend.

Other relevant factors

Social and community context	Coffs Harbour is a major regional city on the mid north coast. The LGA's economy is driven by tourism, retail, manufacturing, construction, government services, education and the health industry. The city's extensive coastlines have presented climate change issues. Traffic congestion is also a growing concern according to the council's proposal.
Community consultation	The council engaged with the community in preparing its strategic action plan, but did not directly address the Fit for The Future requirements. Key priorities for the community include the local workforce, climate change, transport and enhancing cultural facilities.
Water and/or sewer	The council states it water and sewerage businesses meet the Best Practice Management Framework. However they do not operate on a break-even basis. Over the last ten years, capital expenditure for the water and sewer business has been in excess of \$300m, funding for which includes borrowing of \$221m. Although the businesses have an accounting deficit, they have positive cash flows, low maintenance capital requirements over the next ten years and a low gearing ratio.
Submissions	There were no submissions received in relation to Coffs Harbour's proposal.