


The logo for Shoalhaven City Council, featuring the name 'Shoalhaven' in a stylized script font above 'City Council' in a simpler sans-serif font.

Shoalhaven  
City Council

# Sustainable Financial Futures Plan

2024 - 2029

A small icon of a camera, indicating a photograph or video source.

Huskisson Mangrove Boardwalk

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# Introduction

Financial sustainability continues to be the key risk that defines Local Government in NSW. Managing ageing assets and infrastructure while rebuilding and recuperating from the natural disasters of COVID, floods and bushfires of 2020–23, has put significant pressure on the financial health of Shoalhaven City Council.

During the last few decades, the role of local governments has undergone significant changes in response to evolving community needs and the occurrence of cost shifting. Local governments are now responsible for delivering more than 150 services, despite minimal increases in funding to support these additional responsibilities

Councils also face challenges in meeting community expectations in the delivery of not only essential services but also providing other services that make the community a great place to live.





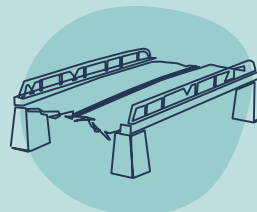
# What contributed to the financial *challenges*?



## Cost shifting

Councils across the state are required to do more without any additional resources.

This has increased the cost to Council for waste and emergency services levies, libraries, rate exemptions, development assessment and regulation.



## Aging infrastructure

A growing infrastructure backlog has resulted from insufficient investment and assets not being replaced at the rate required.

In 2023, almost half of our assets were categorised as being in 'satisfactory to poor' condition.



## Costs increasing faster than income

Growth in construction costs (5 yr increase 32%) and inflation (19.4%) has been higher than the 'rate peg' (11.7%), which is the amount rates are allowed to increase. Developer contributions have been frozen since 2012.



## Additional infrastructure

Acquisition of new and upgraded assets has increased the asset maintenance costs each year.

Council acquired \$149m in new and upgraded assets between 2018 to 2023.



## Inadequate grant funding

The Financial Assistance Grant from Federal Government has eroded as a percentage of federal taxation revenue from 1% to 0.53%. In FY2022, 54 of 128 councils had an operating deficit.



## Density challenges

Compared with Group 5 councils, Shoalhaven has a very low population density, which means there are less households per square km but more road to maintain.

Shoalhaven has 2nd longest road length and 3rd lowest rates income per square km.



## Lower than average rates

Compared with Group 5 councils, Shoalhaven had the lowest rates from 1995 to 2018, when an SRV brought them up to the 3rd lowest.

If the Group 5 average was charged, this would have generated an additional \$200m over 30 years.



## Impact of natural disasters

COVID and 15 natural disasters in the last 5 years has taken significant financial resources.

Three disasters in 2023/24 cost \$1.7 million. Without savings, other projects were paused to cover this cost.

The Office of Local Government has classified councils into 11 groups, to allow comparison with like councils based on broad demographic variables. Shoalhaven City Council is classified as group 5.



In November 2023, Council received an independent Financial Sustainability Review which identified that:

**The general fund net operating position has been in a deficit position over the past eight years**

This means that, for each of the last eight years, money spent was more than income received.

**There is a structural deficit to fund recurrent expenditure of \$25–35 million per annum.**

This indicates that expected income is not enough to cover the full cost each year to provide agreed services and maintain our infrastructure to the required standard.

**A list of 27 recommendations, including a Special Rate Variation, all needed to be implemented to ensure Council's financial sustainability.**

All 27 actions in the list are required to ensure Council will have money to continue delivering services into the future. One of the actions that is required is a Special Rate Variation, which is an increase of the rates charges above the increase already allowed by IPART.

A council can apply for a Special Rate Variation which allows them to increase land rates charges above the rate peg that is set by Independent Pricing and Regulatory Tribunal (IPART). For more information about the process and requirements for applying, and how IPART assesses these applications, visit: <https://www.ipart.nsw.gov.au/Home/Industries/Local-Government/Special-Variations>

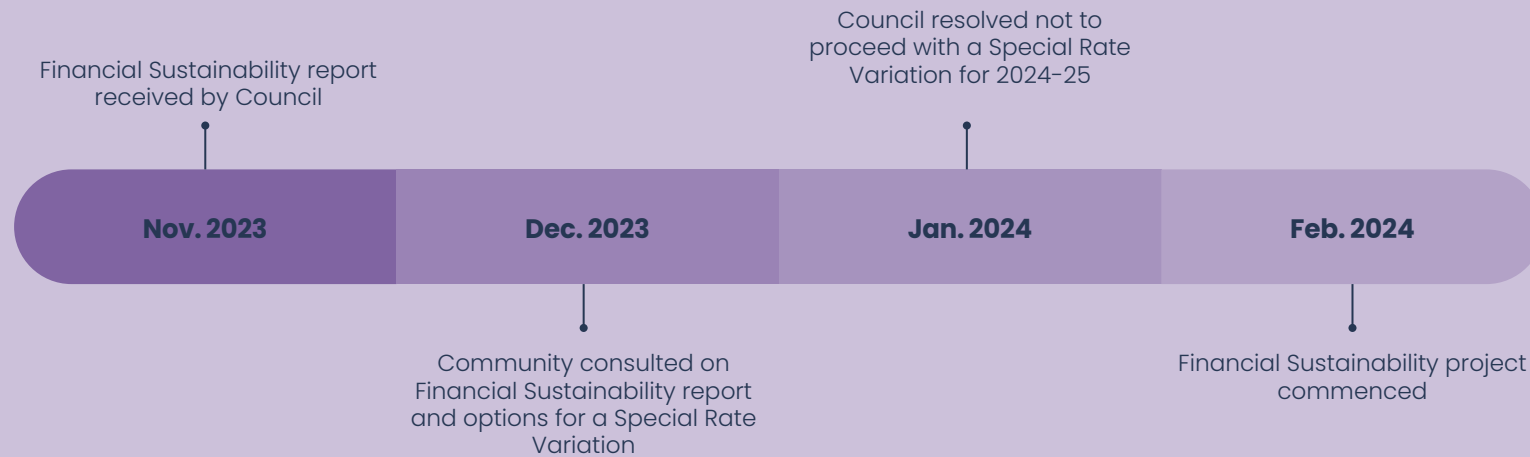




After receiving the independent Financial Sustainability Review in November 2023, Council carried out community consultation to hear from the community throughout December 2023 and January 2024, which included:

- Community input sought on proposed Special Rate Variation options,
- Community invited to have their say on the value they place on the wide range of services provided by Council.

After receiving the community's input, on 29 January 2024, Council decided to prioritise implementing the actions identified in the Financial Sustainability Review, but not to proceed with a Special Rate Variation at that time. Appendix 1 provides the details of the relevant Council resolutions from November 2023 and January 2024.



A Financial Sustainability project was established in February 2024 to coordinate Financial Sustainability actions and initiatives. The project covers:

1. Asset and Project Management
2. Financial Management
3. Service Planning



# Financial sustainability *vision*

Shoalhaven City Council is committed to being a financially sustainable organisation. This means having sufficient funds to deliver services for the community at the agreed level and properly maintaining our assets.

## Shoalhaven City Council's measures of financial sustainability are:

### Improvement in unrestricted cash balance of \$15 million

This is money that is not reserved or allocated to be used – it is money that can be spent freely if there are unexpected costs (e.g. for disaster recovery)

### Improvement asset renewal ratio at 85%

For every dollar of depreciation in that financial year, 85 cents is to be reinvested in the replacement of that asset.

### Achieve and maintain an operating surplus of at least 4%

For every dollar spent, there is approximately one dollar and four cents income – this indicates that there is money left after covering costs each year.

### Maintain infrastructure backlog under 2% benchmark

Less than 2% of assets are in need of significant renewal or replacement.





### These are the objectives for Council to achieve the financial sustainability measures:

1. Council operations are effective, efficient and lean – optimising productivity and efficiency to manage operating costs.
2. Council optimises our revenue-generating services and assets to generate revenue, balancing both cost of service-delivery and accessibility of services to the community.
3. Council delivers services that are relevant, that are delivered at the appropriate service level and that provide value for money to the community.
4. Council generates and maintains sufficient cash reserves to enable community infrastructure and capacity to respond to unforeseen events.
5. Council effectively manages assets, with a focus on investment in and renewal of the right assets.
6. Council effectively manages our finite financial resources through good governance; enabling responsible budget allocation and quality project delivery that aligns to our strategic plans.

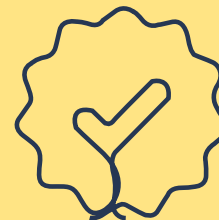
### This will involve action in the following areas:



**Reduce our costs and improve our efficiency**



**Improve how we manage and allocate finances**



**Ensure we are delivering services at the right level**



**Increase the income we receive**



**Improve our processes for better planning and delivery**



**Improve how we manage our assets**





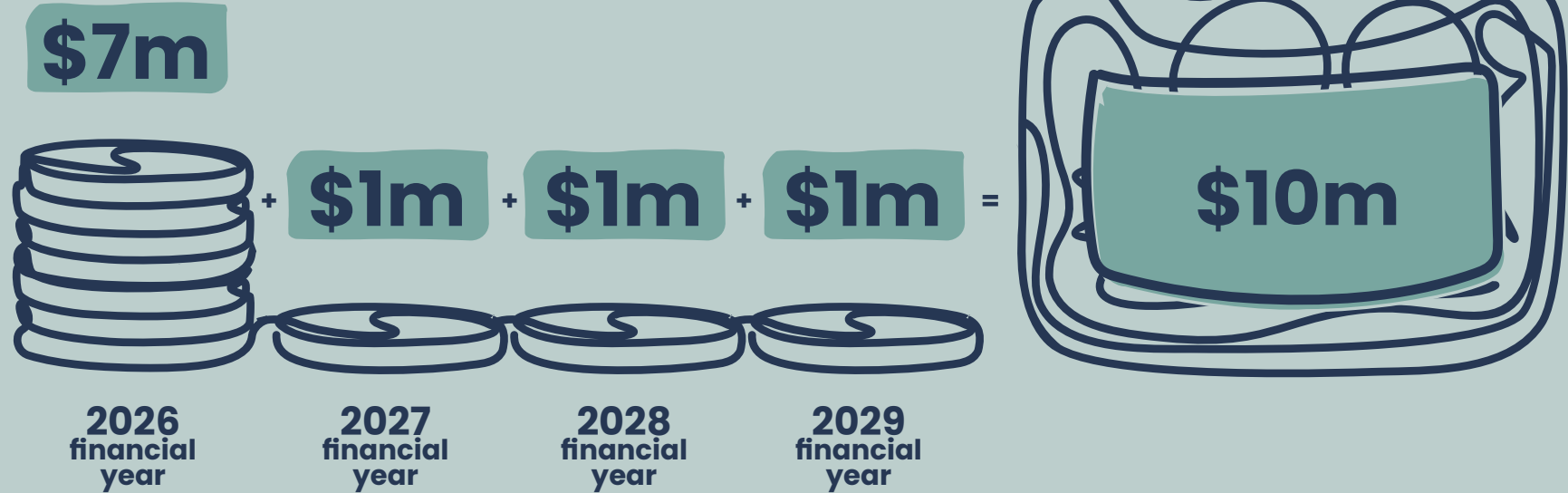
# Our commitment to delivering operational savings

Council has committed to a minimum of \$10 million in operational savings over the next four years and this is reflected in the Long Term Financial Plan, which was adopted by Council on 17 December 2024.

This will be delivered through \$7m in general fund operational savings in the 2026 financial year and a further \$1m per annum in savings for the three years after that.



The planned reduction to General Fund operating expenses, along with the land sales program and proposed 12% SRV for the 2026 financial year will reduce Council's structural deficit from \$31 million to less than \$10 million by 2028 financial year.





# Savings plan

Savings – financial year 2026			\$7 million committed savings		
In 2026 financial year we will	Increase generation of revenue	through	a further review of general fund fees and charges	saving	\$ 500,000
	Decrease operating costs		continuing to implement staff efficiency ideas through the 3% challenge		\$1,250,000
	Review and improve corporate functions		completion of the executive level restructure (reducing 20 positions)		\$1,600,000
			a critical vacancy and recruitment review		\$3,500,000
			Delivering results of the plant and fleet service review – savings through reduced fleet, fuel efficiencies and reducing FBT payable		\$ 575,000
	Review non-core services		the commercial service review program		\$ 400,000
	Consider the levels of Council's non-mandated services to reduce the cost of the service		a review of our facilities operating hours		\$ 456,000
	Implement initiatives to realise service efficiencies		a targeted service review program		\$ 100,000
organisation-wide procurement improvements including PPE, uniform, credit card limits, and external plant hire		\$ 50,000			
<b>TOTAL SAVINGS PLANNED</b>				<b>\$8,431,000</b>	

The current savings plan aims to attain savings above the target in the first year, to achieve impact sooner.

**This savings plan is complimented by \$28 million in planned land sales (FY25 \$17m and FY26 \$11m) and \$600,000 in plant and fleet sales. This one-off income will be used to fund critical capital works and repay existing debt.**



Savings – financial year 2027, 2028 and 2029			\$1 million savings per year delivering \$3 million total	FY2027	FY2028	FY2029	
Across the 2027 – 2029 financial years we will	Increase generation of revenue	through	a further review of general fund fees and charges	saving	\$ 500,000	\$ 250,000	\$ 250,000
	Decrease operating costs		continuing to implement staff efficiency ideas through the 3% challenge		\$ 250,000	\$ 150,000	\$ 100,000
	Review and improve corporate functions		Delivering results of the plant and fleet service review – savings through reduced fleet, fuel efficiencies and reducing FBT payable		\$ 125,000	\$ 25,000	\$ -
	Implement initiatives to realise service efficiencies		a targeted service review program		\$ 50,000	\$ 50,000	\$ 50,000
	Review non-core services		organisation-wide procurement improvements including PPE, uniform, credit card limits, and external plant hire		\$ 50,000	\$ 50,000	\$ -
			the commercial service review program		\$ 400,000	\$ 200,000	\$ 200,000
<b>TOTAL SAVINGS PLANNED</b>				<b>\$ 1,375,000</b>	<b>\$ 725,000</b>	<b>\$ 600,000</b>	

The current savings plan aims to attain savings above the target in the first year, meaning the balance of target above will be achieved in FY2026.

**This savings plan is complimented by \$23 million in planned land sales across the 3 years. This one-off income will be used to fund critical capital works and repay existing debt.**

# ≡ Action plan

Actions we are taking to achieve our vision of financial sustainability

## Objective 1: Council operations are effective, efficient and lean – optimising productivity and efficiency to manage operating costs.

Outcome: Expenditure is managed more effectively leading to reduced wastage and delivery of better value services to the community.

Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Define Council Productivity and Efficiency Improvement Plan and track the delivery of the agreed actions	<ul style="list-style-type: none"> <li>Identification of operational efficiencies through 3% challenge</li> </ul>	June 2024	\$322,934 general fund recurrent savings to date  \$500,000 reduction in Tourism budget (FY25 original budget)  \$975,000 Shoalhaven Water recurrent savings to date
	<ul style="list-style-type: none"> <li>Implement agreed 2024-25 3% challenge cost saving initiatives</li> </ul>	June 2025	Internal reserve established in FY25 QBRI.
	<ul style="list-style-type: none"> <li>Internal reserve to be established to track operational efficiencies</li> </ul>	October 2024	
	<ul style="list-style-type: none"> <li>Quarantine identified savings and report progress against savings target quarterly</li> </ul>	Ongoing throughout project	
Implement Council-wide cost controls to reduce operational spend	<ul style="list-style-type: none"> <li>No discretionary spending</li> </ul>	March 2024	\$368,975 general fund one-off savings through cost control measures in FY25
	<ul style="list-style-type: none"> <li>Recruitment freeze process in place</li> </ul>	June 2025	
	<ul style="list-style-type: none"> <li>No overtime, except for emergency repairs</li> </ul>		\$1,700,000 general fund one-off savings through cost control measures in FY24
	<ul style="list-style-type: none"> <li>Encourage leave use to reduce excess leave balances</li> </ul>		
	<ul style="list-style-type: none"> <li>Complete review of high-value procurement categories, provide recommendations to EMT and implement recommendations.</li> </ul>		\$12,100 Shoalhaven Water one-off savings through cost control measures



Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Review of corporate functions, focused on areas with largest cost base	<ul style="list-style-type: none"> <li>Complete review of fleet and mechanical services, legal services, workers compensation, visitor services, asset custodian model and customer experience, provide recommendations to EMT and implement recommendations.</li> <li>Complete executive level restructure</li> <li>Complete critical vacancy and recruitment review</li> </ul>	<p>March 2025</p> <p>November 2024</p> <p>June 2025</p>	<p>Service reviews completed for fleet and mechanical services, workers compensation and visitor services. Implementation of the service review recommendations underway.</p> <p>\$1.6 million saving achieved through implementation of the executive level restructure</p>
Budget framework improvements - including activity-based budgeting and increased budget accountability	<ul style="list-style-type: none"> <li>Formalise budget parameters in line with principles of financial sustainability</li> <li>Define and measure key productivity and efficiency metrics to benchmark with comparable councils and complete trend analysis as part of budget process</li> <li>Implement oversight and control of the funded organisation chart</li> <li>Build a roadmap and implement best practice budget processes.</li> </ul>	<p>March 2024 (annual action required)</p> <p>June 2025</p> <p>June 2024</p> <p>March 2025</p>	<p>FY25 budget parameters set with financial sustainability emphasis. Minimum of 7.5% increase in general fund fees and charges in FY25.</p>
Rationalisation of under-utilised and excess assets	<ul style="list-style-type: none"> <li>Phase 1 – sale of under-utilised plant and equipment determined from the service review</li> <li>Phase 2 – determine future plant and fleet under-utilised asset sales from asset custodian model changes.</li> </ul>	<p>March 2025</p> <p>September 2025</p>	<p>\$330,000 received to date through sale of general fund under-utilised plant and fleet</p> <p>\$170,000 received to date through sale of Shoalhaven Water under-utilised plant and fleet</p>



**Objective 2: Council optimises our revenue-generating services and assets to generate revenue, balancing both cost of service-delivery and accessibility of services to the community.**

Outcome: Council has adequate revenue to deliver services at agreed levels to the community.

Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Under-performing and excess asset disposal	<ul style="list-style-type: none"> <li>Implement new calculator for leases and licenses for Council-owned buildings</li> </ul>	December 2024	New calculator for leases and licenses in place from November 2024, will be used in the proposed rental calculations for new and re-newed Council building leases.
	<ul style="list-style-type: none"> <li>Apply new calculator to determine rent as leases and licenses come up for renewal</li> </ul>	June 2026	
Review fees and charges to reflect cost for services where practical to do so	<ul style="list-style-type: none"> <li>Fees and charges % increase for FY 2024/25</li> </ul>	June 2024	<p>\$1,303,000 in FY25 from increase in general fund user fees and charges (original budget)</p> <p>\$9,783,000 in FY25 from increase in Shoalhaven Water user fees and charges</p> <p>\$2,463,000 in FY25 from increase in Sewer user fees and changes</p> <p>\$50,000 general fund revenue generation ideas implemented</p> <p>\$28,000 Shoalhaven Water revenue increase</p>
	<ul style="list-style-type: none"> <li>Complete sports fees and charges review and present findings in a Councillor workshop</li> </ul>	January 2025	
	<ul style="list-style-type: none"> <li>Coordinated review of all fees and charges prior to FY26 budget process. Present proposal in a Councillor workshop.</li> </ul>	March 2025	
	<ul style="list-style-type: none"> <li>3% challenge revenue generation ideas</li> </ul>	June 2025	
Review of deferred rates	<ul style="list-style-type: none"> <li>Review of deferred rates currently in place and present findings in a Councillor workshop</li> </ul>	September 2025	



**Objective 3: Council delivers services that are relevant, that are delivered at the appropriate service level and that provide value for money to the community.**

Outcome: Value for money services delivered to the community.

Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Conduct a Service Review Program to strategically assess the range and levels of service provided to the community	<ul style="list-style-type: none"> <li>Agree comprehensive calendar of service reviews</li> </ul>	April 2024	Calendar of service reviews agreed and published on Council's financial sustainability website.
Complete service reviews of Council's Commercial business entities	<ul style="list-style-type: none"> <li>Complete Family Day Care review</li> </ul>	December 2024	Family Day Care review complete and will be reported to Council in early 2025.
	<ul style="list-style-type: none"> <li>Complete Bereavement Services review</li> </ul>	January 2025	Bereavement Services review in progress.
	<ul style="list-style-type: none"> <li>Complete Holiday Haven service review</li> </ul>	August 2025	
	<ul style="list-style-type: none"> <li>Complete Shoalhaven Entertainment Centre service review</li> </ul>	April 2025	Shoalhaven Entertainment Centre review in scope definition.
Review of operating hours at Council facilities	<ul style="list-style-type: none"> <li>Review of proposed changes to facility operating hours and consider community impact and cost savings</li> </ul>	June 2024	\$320,758 recurrent savings realised to date.
	<ul style="list-style-type: none"> <li>Communicate results of operating hours review</li> </ul>	July 2024	
Continue work on the Business Improvement Review Framework, by documenting and reviewing service levels	<ul style="list-style-type: none"> <li>As service reviews are completed, the agreed service levels will be captured.</li> </ul>	July 2025	In progress. Service level changes captured through service review program.
Review non-core service levels and recommendations to be presented to a Councillor workshop	<ul style="list-style-type: none"> <li>Non-core service review with current service levels and budget in Councillor workshop</li> </ul>	March 2025	To be reviewed during FY26 budget workshops



#### Objective 4: Council generates and maintains sufficient cash reserves to enable community infrastructure and capacity to respond to unforeseen events.

Outcome: Council retains a sufficient buffer of cash to respond to unexpected events.

Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Under-performing and excess asset disposal	• Agree land sales strategy in a Councillor workshop.	May 2024	Land sales strategy agreed.
	• Execute sales of category one land.	June 2025	Sales of category one land is underway, updates on property sales outcomes are reported via Council's financial sustainability website.
	• Investigate and report back on category two land sales opportunities.	May 2025	
Review capital projects and place on hold	• Review partially funded and unfunded capital works, consider deferral until Council's financial position improves.	May 2024	Project cost of \$90 million deferred.

#### Objective 5: Council effectively manages assets, with a focus on investment in and renewal of the right assets.

Outcome: Strategically manage assets to operate the asset base at the lowest lifecycle cost and provide infrastructure that supports services in line with community needs.

Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Improve the strategic and technical asset management capability and practices with a focus on planning to manage assets at the most optimal whole of life cost.	• Asset management policy to be reviewed and updated focusing on training, and roles and responsibilities across the asset lifecycle.	September 2025	Enterprise asset management committee established.
	• Agree process and timeframes for community consultation and adoption of asset management plans.	March 2025	A project management plan is being developed for asset management plan updates which will include prioritisation and timing of work.
	• All asset management plans to be updated to better inform the resourcing strategy and long-term financial plan.	June 2026	
	• Establish enterprise asset management committee to ensure successful implementation of the asset management strategy	October 2024	Revised asset management responsibilities being drafted to supersede the asset custodian model.
	• Develop a state of the assets report.	September 2025	





Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Enhance asset management system integration to enable full asset lifecycle visibility.	• Integration of financial and asset management system	June 2025	Technical integration is complete.
	• Integration of maintenance and inspection systems with asset management system	June 2025	Additional actions to ensure business processes are being consistently applied to ensure accuracy of the information in both systems is underway.
	• Develop & implement an asset service investment model for all new and replaced or proposed to be replaced assets, with whole of life costs.	December 2025	
	• Develop a capital works database to show the priority and whole of life costs of all identified future projects with projects able to be viewed spatially.	December 2025	
Improvement in asset data collection to drive strategic decision-making.	• Update remaining life for all assets.	June 2026	
	• Undertake stocktakes as identified and condition data audits.	June 2026	From early in 2025, a Sealed Road Capital Intervention Plan with four-year Renewal Program will be developed.
	• Define current and ideal levels of service and performance measures for each asset management plan.	December 2025	Footpaths and Stormwater data collection will commence in 2025.
	• Undertake community engagement to review levels of service and agree on the sustainable levels of service for each asset category .	December 2025	



Update Community Infrastructure Strategic Plan	• Complete community infrastructure audit.	July 2024	Community infrastructure audit complete and infrastructure needs analysis is underway.
	• Complete community infrastructure needs analysis.	March 2025	
	• Preparation of draft Community Infrastructure Strategic Plan.	December 2025	
	• Final Community Infrastructure Strategic Plan.	June 2026	
Review developer contributions plans to ensure that the current contribution levels are able to support the future development costs	• Complete business case for software to better manage contributions	February 2025	Business case for software is being developed.
	• Complete review of current contribution levels and present findings in a Councillor workshop	June 2025	

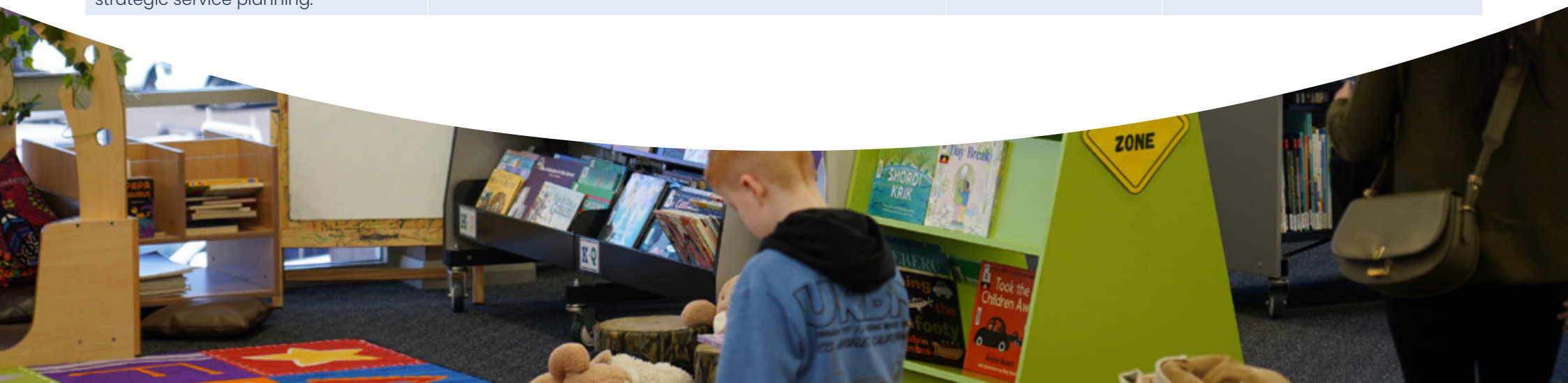
**Objective 6: Council effectively manages our finite financial resources through good governance; enabling responsible budget allocation and quality project delivery that aligns to our strategic plans.**

Outcome: Expenditure is managed more effectively leading to the right investment in assets for the community, reduced wastage and the delivery of better value services to the community.

Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Implement Enterprise Portfolio Management Office (ePMO) and establish a project management framework	• ePMO established	February 2024	ePMO established in February 2024.
	• Project Lifecycle Management (PLM) implemented and in place for FY25 budget process	April 2024	Project Lifecycle Management (PLM) was implemented April 2024.
	• Monthly project reporting implemented	August 2024	Monthly project reporting is implemented in August 2024.
	• Implement standard project management framework across Council	December 2024	Project Management framework is being finalised.
	• ePMO to implement requirement for a Business Case and/or Capital Expenditure Review prior to approving projects that deliver new or upgraded services and assets.	March 2024	All projects require a business case for approval via ePMO.
Form Budget Review Committee	• Develop terms of reference • Appoint members and launch committee	November 2024	Budget Review Committee terms of reference established, committee members selected, and committee meetings commenced.



Activity to achieve objective	Sub-activity	Target completion	Outcome achieved to date
Implement a framework for grant applications	<ul style="list-style-type: none"> <li>Develop new grants policy and framework.</li> <li>Train staff.</li> <li>Implement process to ensure all internal funding sources are identified and approved.</li> </ul>	<p>June 2024</p> <p>July 2024</p> <p>December 2024</p>	Grants policy and framework in place. Staff are trained on new process.
Develop the financial governance (defined roles, financial planning processes, performance reporting and accountability) and the financial acumen of staff all levels of management.	<ul style="list-style-type: none"> <li>Develop a budget policy</li> <li>Internal reporting system improvements</li> <li>Develop training plan for managers and supervisors for financial management</li> </ul>	<p>March 2025</p> <p>January 2025</p> <p>July 2025</p>	In progress, work to complete in early 2025 in line with FY26 budget preparation.
Review internal reserves to ensure alignment with the intended purpose	<ul style="list-style-type: none"> <li>Complete review of internal reserves and present findings in a Councillor workshop.</li> </ul>	June 2025	Not started, work scheduled for mid-2025.
Implement a monthly reconciliation and reporting process for all external restrictions.	<ul style="list-style-type: none"> <li>Develop an external restriction reporting and reconciliation process.</li> </ul>	August 2025	Not started, work scheduled for mid-2025.
Revise the Resourcing Strategy including the Long-Term Financial Plan (LTFF) informed by funding requirements from strategic asset management, workforce planning and strategic service planning.	<ul style="list-style-type: none"> <li>Revise the resourcing strategy and LTFF once Asset Management Plans are updated, and financial sustainability led service planning is complete.</li> </ul>	February 2026	Not started, work scheduled for early 2026.





# Appendix A

In November 2023, Council considered a report (CL23.420) on its financial sustainability. In this report, Council was informed that the general fund net operating position has been in a deficit position over the past eight years and there is a structural deficit to fund recurrent expenditure of \$25–35 million per annum. The report made 27 recommendations, including a Special Rate Variation, and all recommendations needed to be implemented to ensure Council's financial sustainability.

## **Resolution MIN23.667 – 20 November 2023**

The following resolution from 20 November 2023 Ordinary Meeting was adopted:

### **RESOLVED (RECOMMENDATION FROM THE COMMITTEE OF THE WHOLE)**

(Clr Christen / Clr Findley)

MIN23.667

#### **That Council:**

1. Thank the staff and AEC for the work done to date on the financial sustainability of Shoalhaven City Council. The work presented is a good starting place to investigate all options available to council to return council to a better financial position. In this acknowledgement we also understand that Council has been through the most tumultuous period in its history so far and has been heavily impacted upon by unforeseen events globally and locally. We further acknowledge that in responding to these events, Council has received significant financial support from the State and Federal Government. However even with that financial support the net cost of disasters, including the subsidies and waivers on fees and charges, and the \$300 per ratepayer COVID reimbursement reduced the unrestricted cash position of Council by \$14.6 million.
2. Receive the Financial Sustainability Review November 2023 report prepared by AEC Group which informs the community of the financial position of council.
3. Adopts the following policy positions:
  - a. Council should budget for and maintain an unrestricted cash reserve of at least \$15 Million to enable management of unforeseen circumstances such as those experienced between 2019/2022, mainly natural disaster and global pandemic.
  - b. That no new or increased services or infrastructure be taken on without a full business case being in place, including full assessment of lifecycle costs of the service or asset.
  - c. Grant applications must focus on projects that have a full business case and lifecycle costs and have been supported by the community and council. Grant applications that have a negative impact on the financial position of Council must be approved by Council.
  - d. In the event of a capital project not having commenced at the end of a financial year, that the project's priority be reconsidered and Council (re)vote on its continuation or otherwise.
  - e. Commit to reducing any duplication and rationalisation of services delivered with a structural review once a new Chief Executive Officer commences. This will provide much needed continuity on a project that will require full focus over the coming years.



4. Prepare a priority report to explore options to rationalise land and facilities assets with a clear timeline and budget for achieving swift results, including any efficiency savings that have already been identified with staff as part of the AEC Group review, that can be implemented swiftly and cost effectively.
5. Implements the asset management improvements identified in the financial sustainability review including the establishment of a project management office and project management framework, in order for projects to have tighter fiscal management and implementation.
6. Creates a program to strategically review/update its asset management plans and asset condition data, commencing with road assets in early 2024. Report back to council on a strategy to include other asset classes with quarterly reporting to council.
7. Adopts a minimum target of \$3 million in efficiency savings to be found over the next four years. This will be underpinned by a comprehensive calendar of service review with a quarterly report to council.
8. Engages with the community to obtain their input on the service areas which Council may reduce or increase service to and therefore either cut or increase costs.
9. Engages with the community for no less than 28 days on the proposed Special Rate Variation (SRV) noting that if Council applies for an SRV, and if approved by IPART, this will be the maximum rate Council can levy. Where cost savings (as outlined in this report), or proceeds from any potential asset sales is identified, Council may choose to not levy the maximum approved rate increase in accordance with s511 of the Local Government Act.
10. Place the Financial Sustainability Review (Nov 2023) and updated draft Resourcing Strategy 2022–2026 attached to the report on public exhibition for no less than 28 days. When placed on public exhibition there should also be a plain English summary and FAQs of these documents.
11. Receives a report on the outcomes and feedback from the exhibition of the updated draft Resourcing Strategy at the Council meeting scheduled for 29 January 2024, with the understanding that further refinement of the draft Resourcing Strategy will take place during 2024.
12. The report back on 29 January also include clear precise details of efficiency measures already underway and those proposed for the remainder of the Financial Year ending 30 June 2024 noting that as the service review program evolves options for ongoing efficiencies and productivity measures will be matters for consideration for each annual budget preparation period
13. Establish a get involved page and a community engagement plan to obtain community feedback on infrastructure and associated service costs for input into the finalisation of the long term financial plan. This page should also include the progress report and a projections report on how Council is moving forward with the above.
14. Address the following areas of concern as raised by the Councillors:
  - a. Internal legal team vs outsourcing.
  - b. Holiday Haven Parks as a business entity with defined dividend to Council.
  - c. Bereavement services as a business entity with defined dividend to Council.
  - d. Quantity of deferred rates.
  - e. Areas of major/significant procurement are assessed for cost efficiency.

## Community Engagement – December 2023 to January 2024

The Financial Sustainability Report and 2022 – 2026 draft Resourcing Strategy was put on public exhibition throughout December 2023 and January 2024. In the same period, the community was engaged on the proposed Special Rate Variation options and was invited to have their say on the value they place on the wide range of services provided by Council.

### Resolution MIN24.44 – 29 January 2024

On the 29 January 2024 Ordinary Meeting, Council considered the results of the community consultation, held through December 2023 and January 2024, and adopted the following resolution:

RESOLVED (Clr Christen / Clr Findley)

MIN24.44

That:

1. Council not submit an application for a Special Rate Variation (SRV) to the Independent Pricing and Regulatory Tribunal (IPART) at this time.
2. Council continue the practice of workshops and briefings to:
  - a. Progress and monitor the outcomes of the report prepared by AEC titled Financial Sustainability Review and dated November 2023.
  - b. Determine and formalise ongoing budget parameters in line with principles of ongoing financial sustainability.
  - c. Apply financial efficiencies and savings in the organisation commencing immediately and ongoing over the next four years. A report is to be provided to the Council every quarter to outline efficiencies and savings. Savings Target of \$5 million per year. i.e. Motor fleet, Outdoor Staff precinct model back to basic.
  - d. Consider placing a staffing freeze on all recruitment positions except where the EMT determines whether the position is required or to be filled by internal recruitment to provide a career path for existing staff. There will be no redundancies.
  - e. Cap the capital budget in financial years 2023/24, 24/25 and 25/26 at \$120 million depending on available grant fundings.
  - f. Review Council's Commercial Undertakings and Services to a conservative return on capital of at least 10% or 5% on selected asset classes where there is clear additional social, or community benefit and this benefit is stated as a note in the financial statements.
  - g. Dispose of the under-performing or excess assets, commencing immediately.
  - h. Substantially reduce annual revotes/carry forwards unless approved by Council and should not represent more than \$10 million of the capital works/renewals budget for the previous year. Secured grant funding projects to take priority in any approved revotes/carry forwards. A Project Manager to design a project plan to significantly reduce the carry-overs of capital works/recurrent projects each year.
3. The budget review committee be stood up, a terms of reference be developed and recommendations from the committee to be reported to Council.
4. Councillors assume a greater political discipline in the nomination of priority projects, not putting forward additional unfunded projects and calling for reports and investigations which may jeopardise existing priority projects and the Council's financial position. The Community Strategic Plan, Delivery Program and Annual Operational Plan are the avenues whereby councillors can define their priorities.
5. Every new expenditure proposal to be accompanied by an assessment of impact on the Long-Term Financial Plan prior to the Council considering the proposal – in particular the consideration of whole of life costs, both capital and recurrent.



6. Council implement a well-resourced asset management process and a proficient road pavement management system as a matter of high priority.
7. Capital projects to be placed on hold and identified into-redundant for future years once the financial position of the Council improves. Projects to be identified into-redundant include but may not be limited to:
  - a. Consideration of the new Sanctuary Point Library facilities.
    - i. Following the workshops and briefings, an urgent meeting be held with Fiona Phillips MP, Liza Butler MP, available Councillors, staff to discuss the way forward including the scope and budget for the project.
  - b. Boongaree; Bay and Basin Leisure Centre Expansion; BMX/Pump track projects.
  - c. Focus on assets renewal and rehabilitation with transitioning the organisations priority to fixing and maintaining assets over next 3 to 4 years.
8. Councillors assume greater financial discipline in nominating projects on an as needs basis, accompanied by a business case including assessment of whole of life cycle costs, both initial capital and recurrent operational and maintenance.
9. Council prioritise the assessment and disposal of underperforming assets to continue on while there is work going on the briefing.
10. Council prioritise the progression of a Project Management Office, and Asset Management Framework review to ensure clear asset maintenance and management priorities.
11. In conjunction with the executive staff, Council review the capital works program and give priority to asset renewal and rehabilitation.
12. Council directs the CEO to pursue actions 1(b) to 27, as appearing on pages 6 to 9 inclusive of the report prepared by AEC titled Financial Sustainability Review and dated November 2023.
13. Council acknowledge that the discussion of rates within the community has had a negative impact on staff within the organisation and it is not the Council's intention to see job losses.
14. Council support the staff to respond appropriately to abuse and harassment and request that any incidents be reported under the organisation's Zero Tolerance approach.
15. Council staff provide a monthly report back to Council on all of the above matters.
16. Council expresses its thanks to the community in the next rates notice for its patience during this process.
17. Council expresses its thanks to staff during this process.



Address all correspondence to:  
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