

CL24.403 Application to Lodge a Special Rate Variation

HPERM Ref: D24/529678

Approver: James Ruprai, Acting CEO

Attachments: 1. Community Engagement Report - Proposed Special Rate Variation 2024 (under separate cover)

Purpose:

The reason for this report is to consider submitting a Special Rate Variation application to the Independent Pricing and Regulatory Tribunal.

Summary and Key Points for Consideration:

On 5 November 2024 Council resolved the following points with respect to a Special Rate Variation consultation (MIN24.591):

- *Place the updated draft Resourcing Strategy 2022-2026 (version 2024-25), which includes the draft Long Term Financial Plan 2025-2034, attached to the report on public exhibition for 28 days commencing 7 November 2024.*
- *Commence extensive community consultation regarding the proposed Special Rate Variation in accordance with IPART “Guidelines for the Preparation of an Application for a Special Variation to General Income” For the same period (28 days).*

Since the community engagement concluded on 5 December 2024, all submissions and feedback have been reviewed and the outcomes are presented in [Attachment 1](#) - Community Engagement Report – Proposed Special Rate Variation.

On the basis of the information in these reports, together with the information already contained in the updated Resourcing Strategy 2022-2026 (version 2024-25), a permanent one-off SRV increase of 12% for the 2025-2026 financial year assists Council to improve its long term financial sustainability. However, it does not secure Council long term financial sustainability. There is a need to consider further SRV applications for the 2026-2027 financial year.

Recommendation

That Council

1. Receive and note this report and the actions taken to effect the Council Resolution of 5 November 2024 (MIN24.591) to undertake community consultation with respect to 3 options for a possible Special Rate Variation.
2. Lodge an application with the Independent Pricing and Regulatory Tribunal for a Special Variation as outlined in Option 3 in the Long Term Financial Plan, namely a one-off permanent 12%, including rate peg, increase in total rates.

Options

1. As recommended

Implications: Council lodges an application with the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of a one-off permanent increase of 12%, including rate peg, increase in total rates. This is the option recommended by staff.

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2. Council could choose to lodge an application with IPART for a one-off permanent increase of 8%, including rate peg, increase in total rates.

Implications: Council lodges an application with the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) of a one-off permanent increase of 8%, including rate peg, increase to total rates. This is not recommended by staff as will not address the current financial situation and general fund shortfall.

3. Council could choose not to endorse an SRV application and apply the rate peg only.

Implications: This is not supported by staff and does not address the significant and serious financial situation that exists. In this Option, Council's financial reserves would soon be unsustainably drained, risks would escalate, and services would need to be cut by more than the \$10m already included within each of the 3 proposed scenarios.

Background and Supplementary information

Council's financial position has been progressively deteriorating over time. The combined effects of ongoing rate pegging at levels below actual cost, fair value accounting for assets, increasing compliance cost, impacts of natural disasters and growing community expectations have impacted Council's financial position.

The impact of these financial pressures is that Council's General Fund is now under unsustainable pressure, and a substantial change in the income/expenditure balance is required.

A summary of Council's most recent financial performance is summarised below:

- Council has produced a net operating deficit in the last four financial years. The General Fund's net operating position has been in a deficit position over the past nine years. Financial forecasts indicate a significantly deteriorating operating performance. Without intervention, Council will continue to generate operating deficits over the next 10 years.

There is an underlying structural deficit of \$25-\$35 million within the General Fund, whereby the recurrent revenue is not able to fund the recurrent expenditure. The impact of inflation and relatively flat revenue growth will only continue to increase the structural deficit.

A comparison of Council's base rate peg, construction purchase price index, and the consumer price index over the past 5 years is summarised below:

	CPI annual increase	PPI annual increase	Base rate peg
2023/2024	3.8	6.3	3.7
2022/2023	6	6.5	0.7
2021/2022	6.1	12.2	2
2020/2021	3.8	3.3	2.6
2019/2020	-0.3	0.3	2.7
5 year increase	19.4	32	11.7

- Council's unrestricted cash position has deteriorated from \$19m on 30 June 2019 to NIL on 30 June 2024 in 2024. Had Council's grants spent in advance not been funded through the temporary reallocation of internally restricted Financial Assistance Grants, the unrestricted cash position on 30 June 2024 would have been negative \$9m.
- Over the past five years, Council has experienced consecutive disasters, most notably the COVID pandemic, bushfires and floods (15 declared natural disasters). These disasters have significantly impacted on the normal business operations

including asset maintenance, asset renewal programs and impacting upon the availability of cash. Council's revenue base was also impacted due to restricted operations during COVID and the provision of substantial subsidies and waivers to the community and industry.

- The net cost of the 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.
- Each natural disaster declaration costs Council in excess of \$600k in unbudgeted works. Access to Disaster Recovery Funding (DRF) requires the payment of an "Opt In Fee" which is not recoverable. This fee equates to 0.75% of rateable income and is capped at 2% per annum if 3 or more disasters are declared. In FY2023/24, Council had 3 disaster declarations, capping our opt in fees at 2% of rateable income totalling \$1.7m in non-reimbursable costs. This was compared to a 3.7% base rate peg applicable that year.
- Council started to report on its building and infrastructure renewal ratio in 2008. During the 16 years Shoalhaven City Council failed to meet the required benchmark (on a consolidated basis) for this ratio (of 100%) in each of the 17 years the ratio has been publicly reported.
- The structural deficits and decrease in cash means that assets are not being replaced at the rate required. This lack of investment in asset renewal has led to a significant deterioration in the condition of Council's assets and has created infrastructure backlog issues.
- In the 2008 audited financial statements, all of Council's infrastructure assets were rated as either category 1 or 2, category 1 being assets of excellent condition requiring normal maintenance and category 2 being assets in good condition requiring only minor maintenance work. As reported in the 30 June 2024 financial statements, Council assets now hold 49.9% in category 1 and 2, with 50.1% of assets now reported in categories 3 (satisfactory) to 5 (very poor). The longer this trend continues, the cost to renew and address the backlog increases exponentially, creating a risk that Council will never be able to repair assets & infrastructure and will be forced to decommission them. If not corrected it will impact service levels and available assets in the community for future generations.
- The large majority of asset renewals is funded by external grants - and this is not sustainable.

In addition to the matters noted above, Shoalhaven City Council has a number of demographic challenges.

Council took steps commencing in June 2023 to assess the long-term sustainability of the Council's existing financial settings and direction, identify key drivers and determinants of future sustainability and facilitate the development of an improved sustainable long-term financial plan with strategies to avert potential issues from emerging in the future.

Council engaged AEC Group (AEC) to undertake a Financial Sustainability Review in late 2023. AEC facilitated a workshop with Councillors, Executive Management Team and Chief Financial Officer to define a vision for a financially sustainable Shoalhaven City Council. It was agreed:

- That Council needs at least \$15 million in unrestricted cash to be able to appropriately respond to future disaster events
- Would achieve a building and infrastructure renewal ratio of at least 85%
- Whilst maintaining an infrastructure backlog ratio of below 2%
- Was to achieve an operating surplus of 4%

A number of recommendations were made in AEC's independent financial sustainability review (CL23.420) and through resolutions of Council when considering whether to apply for an SRV in January 2024 (MIN24.44).

The financial sustainability project coordinates the organisations efforts to address its financial sustainability challenges, through the delivery of agreed actions and initiatives.

Council has considered many options for improving its financial position. These were reported to Council on 28 October 2024 via the "Productivity and Efficiency Savings Report". To date Council's general fund has saved \$2.4m through recurring operational expenditure savings/additional income generation and has achieved a one-off cash increase of \$698k through asset sales and one-off budget reductions.

Other key priorities Council staff are working on to implement the AEC recommendations and Council resolutions include:

- Implementing targeted operational savings goal of \$10m over 4 years –staff will continue to implement savings initiatives at each quarterly review. These savings will be quarantined in an internal reserve endorsed as part of the July-September 2024 Quarterly Budget Review, ensuring transparency to the community and easy tracking of Council's financial achievements.
- Land sales strategy – a combination of industrial and operational land sales have been resolved by Council. \$7m in industrial land sales were achieved in FY2024. A further \$17m is budgeted to be sold in FY2025, and a further \$37m is forecast to be sold between FY2026 and FY2030.
- A detailed review of fees & charges was performed ahead of their implementation from 1 July 2024. Services provided by Council, where a statutory fee does not apply, were reviewed to ensure maximum costs recovery was being achieved where it could be. Council acknowledged that not all services provided can achieve full cost recovery, and many fees will always require subsidisation from Council's general revenue base.
- Structural reform is underway, with a proposal currently being progressed which will, when implemented, achieve \$1.6M in savings. Further to this, a review of vacant positions and looking to reduce employee expenses will be required. As part of this work, avoiding the costs of redundancies where possible will be a consideration. This will be completed prior to the end of the financial year. Council's cash position cannot currently support substantial redundancy or termination payments, and so careful consideration must be given to further structural changes.
- Council has commenced the sale of its underutilised fleet assets, generating \$500k in additional fleet sales. Council's ongoing operational savings will reduce when assets are disposed of.
- The Material Resource Facility will be operational in late 2025 and will generate a proposed additional income stream of \$77m over 15 years.
- Council's cash position has improved significantly throughout FY2023/24. Negotiation of advance payments for grant funded projects, particularly in the natural disasters space, resulted in several internal reserves being reinstated during the year. Whilst improvements have been made, more work is underway to ensure Council's unrestricted cash can not only fund grants in advance, but also have a healthy balance available to deal with emergency situations when they arise.
- Council has reduced its reliance on loan borrowings. The FY2024/25 Delivery Program Operational Plan includes \$3.8m in borrowing for waste funded projects. No other loan borrowings are endorsed for FY2024/25.

- Council has budgeted to utilise cash generated from land sales in FY2024/25 to early repay its loan borrowings. Council has budgeted for \$30m in loan repayments compared to the \$19m actually repaid in FY2023/24. This is noted in the cash flows statement included in the FY2024/25 Delivery Program Operational Plan.
- Significant progress in the governance of capital work plannings has been made. Council has established its Enterprise Project Management Office (ePMO) and implemented Project Lifecycle Management (PLM) software to assist in the forecasting and ongoing management of individual projects.
- A new Asset Strategy team will be responsible for the management and collection of asset data and preparation of Asset Management Plans (AMP's), and new Asset Planning teams will be responsible for strategic planning of asset renewals and upgrade of Council assets within their respective portfolios.
- A road condition survey is currently being undertaken through an engagement with Infrastructure Management Group, which will provide condition data for road pavements, kerb and gutter and other roadside furniture.
- A governance framework has been established whereby grant applications must be approved prior to an application being submitted. Grant applications must have an identified funding source for any co-contribution required of Council.
- Further, if the project is not already budgeted within the Council's adopted capital works program (and therefore already vetted by the ePMO), a full business case is required, and Council endorsement is to be obtained.
- Council has developed and resourced a formal Business Improvement Program. Reviews will work through a staged approach to understand the performance of each service, assess appropriate levels of service, investigate process improvements and embed efficiency metrics in order to track any improvements. Savings anticipated to be achieved through the service review program are \$1m.
- While improvements to the efficiency and productivity of service delivery will assist in closing the gap between revenue and costs, there is a need for Council to increase the revenue generated from operations. This needs to include an increase in the general rate revenue to improve the operating performance of the General Fund.

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Special Rate Variation Options

At the Council meeting held on 5 November 2024, Council resolved (MIN24.591) to consult the community on a possible Special Rate Variation with 3 options to consider:

1: No SRV, Rate Peg Only (Base Case)

This option enables investment of \$247.9 million (over 10 years) in asset renewal to assist in stabilising the current infrastructure backlog and to undertake additional renewal and maintenance of our roads and other community assets. Further unrestricted cash will reach \$15m in year 9 (FY2032/33).

This option does not provide a sustainable level of investment in Council assets, achieving an average building and infrastructure renewal ratio of 57% will be achieved over the life of the plan.

This is not supported or recommended as it does not address the significant financial situation that exists. Council's financial reserves would soon be unsustainably drained, risks would escalate, and services would need to be cut.

Assets and service levels will deteriorate, and the current infrastructure backlog will continue to grow as additional assets deteriorate below satisfactory condition. Council will be required to further reduce services and close unsafe facilities.

2: A 8% rate increase (including rate peg to be paid in 2025-26)

This option enables investment of \$288.7 million (over 10 years) in asset renewal to assist in stabilising the current infrastructure backlog and to undertake additional renewal and maintenance of our roads and other community assets. Further unrestricted cash will reach \$15m in year 9 (FY2032/33).

This option does not provide a sustainable level of investment in Council assets, achieving an average building and infrastructure renewal ratio of 63% will be achieved over the life of the plan.

If Councillors wish to adopt this option, the suggested motion is:

“Lodge an application with the Independent Pricing and Regulatory Tribunal for a Special Variation as outlined in Option 2 in the Long Term Financial Plan, namely a one-off permanent 8%, including rate peg, increase in total rates”.

3: A 12% rate increase (including rate peg to be paid in 2025-26)

This option enables investment of \$327.5 million (over 10 years) in asset renewal to assist in stabilising the current infrastructure backlog and to undertake additional renewal and maintenance of our roads and other community assets. Further unrestricted cash will reach \$15m in year 8 (FY2031/32).

This option does not provide a sustainable level of investment in Council assets, achieving an average building and infrastructure renewal ratio of 68% will be achieved over the life of the plan.

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Impact of SRV Options

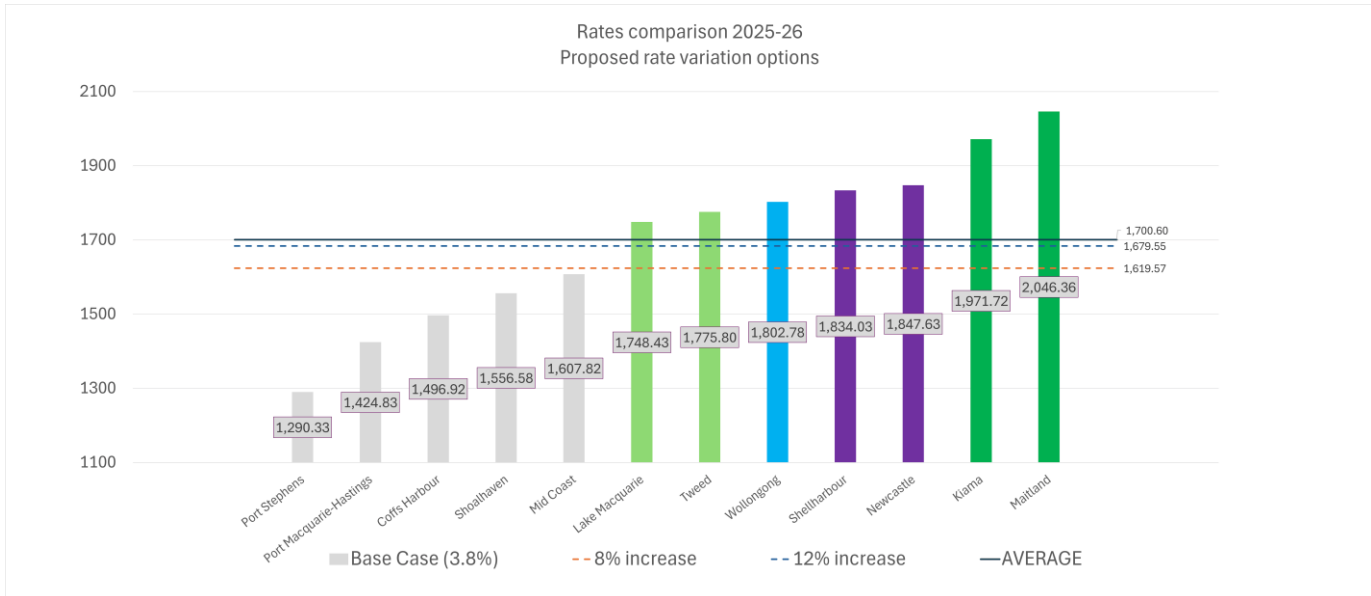
The impact on rates of the two special variation options, plus 3.8% rate peg only, was advertised to the Community as follows:

Proposed rate increase options and costs for average residential properties in 2025–26

Options	Savings (unrestricted cash)	Infrastructure renewal (Capital spend)	Average residential property annual rate 2025–26	Average residential property annual increase compared to 2024–25	Average residential property weekly increase compared to 2024–25
3.8% Rate Peg only (base case)	\$2.2m	\$6.79m	\$1,556.58	\$56.98	\$1.10 per week
8% includes Rate Peg	\$2.2m	\$10.7m	\$1,619.57	\$119.97	\$2.30 per week (\$1.20 above base case)
12% includes Rate Peg	\$4m	\$12.7m	\$1,679.55	\$179.95	\$3.46 per week (\$2.36 above base case)

The 2024/25 average residential rate as levied 01/07/2024 was \$1,519.12. The average residential rate drops by \$19.52 to \$1,499.60 on 30/06/2025 due to an expiring special rate (the expiry forming a new baseline). This provides a financial benefit to each residential rate payer.

A comparison of proposed FY2025/26 Shoalhaven City Council rates to its neighbouring councils and those within SCC’s OLG Group (Group 5), was advertised to the community as follows:



Even with the proposed 12% (including rate peg) rate increase, Council will still be below the average rate of comparable councils.

Outcomes of Community Engagement

Community engagement was undertaken during the period 7 November 2024 to 5 December 2024 and included a range of engagement activities, including six Pop-up kiosks at different locations across the city, two community workshops and an online survey on the Get Involved Shoalhaven website, to gather feedback.

Council received 1,966 survey responses and the stated preferences were:

- 64.8% selected Option 1 (3.8% Rate Peg base case)
- 17.3% selected Option 2 (8% inclusive of Rate Peg)
- 17.9% selected Option 3 (12% inclusive of Rate Peg)

In total there were 168 responders who used the 'Make a Submission' form of the Council's website, or made a submission via email to Council. There were also 1,455 feedback comments in the open-ended question on the Special Rate Variation online survey.

In response to other questions in the survey:

- 98.3% are aware of the financial position of Council
- 41.4% agree that in addition to operational savings and productivity improvements, an increase in rates is necessary
- 89% live in the Shoalhaven

Respondents could select multiple options for which assets they wanted more investment. The top three responses were:

- 62.9% urban roads
- 59% rural roads
- 42.9% stormwater drainage.

The most common issues raised in the submissions and the feedback related to financial management and staff issues, cost of living and affordability of a rate increase. Comments also included wanting greater transparency about where the funding would be spent and reassurance that the funding would be monitored wisely.

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The feedback has been themed into 16 key areas, with examples included in the report. The volume of these issues is also represented in the order listed below:

1. Financial management
2. Economic pressures / Cost of Living
3. Financial and staff management
4. Agree to increase
5. Alternative revenue generation ideas
6. Concentrate on core services
7. Road repair
8. Disagree with increase
9. Past and present Councillor decisions relating to finances
10. Asset management
11. Cost management
12. Excessive land values
13. Better communication
14. Increased services
15. Public works
16. Consultants and contractors

A total of 50 people attended the Financial Sustainability Workshops, held in both Nowra and Ulladulla during the first two weeks of consultation. These were constructive sessions that involved participants generating ideas for improved financial efficiencies, selecting services valued most and services valued least and a visioning exercise about what they would like to see more of in the future.

Full commentary on all community engagement results are included in the Community Engagement Report included as [Attachment 1](#).

Next steps in the SRV process

Council must apply to IPART for approval to increase rates through an SRV.

IPART assesses the SRV applications using the following criteria:

1. The need and purpose of a different rate path for the council's General Fund is clearly articulated and identified in the council's Integrated Planning and Reporting (IP&R) documents, including the LTFP.
2. Evidence that the community is aware of the need for, and the extent of, a rate rise.
3. The impact on affected ratepayers must be reasonable.
4. The relevant IP&R documents must be exhibited, approved, and adopted by the council.
5. The IP&R documents or the council's application must explain and quantify the productivity improvements and cost containment strategies.
6. Any other matter that IPART considers relevant.

The IPART deadline for 2025/26 SRV applications is 3 February 2025. If an application is lodged with IPART for a special rate variation, IPART will undertake its own community consultation during February and March 2025. IPART will provide a final report and outcome

of their assessment of Council's application in May-June 2025. At the June Council meeting, Council will then need to determine whether to go ahead with any approved special rate variation, or not.

If an application for a special rate variation is not lodged with IPART, the process ends at this time.

Internal Consultations

Technical Services
Media and Communications
Corporate Performance and Reporting

External Consultations

AEC Group were engaged to provide an independent report on the Financial Sustainability of Council. A copy of this report can be found on Council's website: <https://www.shoalhaven.nsw.gov.au/Council/What-guides-us/Plans-for-the-future/Financial-sustainability/Reviewing-our-financial-sustainability>

Policy Implications

Nil.

Financial Implications

There is considerable financial risk to the organisation if corrective action is not taken, including Council breaching its restricted cash requirements. Council needs to restore its unrestricted cash to a minimum of \$15m ensuring Council is equipped to respond to future natural disasters. Further, Council's current financial position does not allow for Council to actively deal with its backlog of building and infrastructure renewals, nor the adequate funding of asset renewals moving forward.

Risk Implications

Council does not hold sufficient unrestricted cash impacting on the ability to respond effectively to natural disaster events. If Council reaches the point where it has to take drastic actions in a reactive manner it is likely to result in negative media attention as seen with other councils in recent times.

Also, as the conditions of assets continues to deteriorate and funding needs to be diverted to increased reactive maintenance, the community will have a worse experience from poorer quality infrastructure and reduced service over time. Poor reputation not only affects Council and its employees, but the future workforce and the ability to attract good applicants to work with Council.

Coastal Management Programs (CMPs)

Council is required to implement four CMPs over the next ten financial years with costs in the vicinity of \$100m. It is anticipated that grant funding would meet more than half of these costs. Due to the current financial situation of the Council the LTFFP does not make any provision for the costs associated with these four CMP's. In order to meet this \$100m obligation, Council would need commitment of additional grant monies up to the value of the \$100m requirement, or a significant Special Rate Variation increase.

CL24.404 Adoption of 2022-2026 Revised Resourcing Strategy

HPERM Ref: D24/529692

Approver: James Ruprai, Acting CEO

Attachments: 1. Draft Resourcing Strategy - 2024-25 Version - post exhibition (under separate cover)
2. Draft Long Term Financial Plan 2025-2034 - post exhibition (under separate cover)

Purpose:

The reason for this report is to seek Council's adoption of the Resourcing Strategy 2022-2026 (2024/25 version), including the revised Long Term Financial Plan 2025-2034.

The report provides an overview of the community engagement outcomes held between 7 November 2024 and 5 December 2024, including the Community Engagement Report on the Special Rate Variation proposal and updated Resourcing Strategy documents.

Summary and Key Points for Consideration:

- Public exhibition of Council's updated Resourcing Strategy has been undertaken in conjunction with extensive community engagement on potential Special Rate Variation options.
- The updated Resourcing Strategy includes the Long Term Financial Plan 2025-2034 which outlines Council's historical financial performance, highlights issues and risks to financial sustainability and models three different financial scenarios including two rate variations above the rate peg.
- A summary of feedback received on submissions is included with this report with the comprehensive Community Engagement Report included as an attachment in Report 'Application to Lodge a Special Rate Variation'.
- The updated Resourcing Strategy is required to be adopted by Council if a Special Rate Variation application is made to IPART.

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Recommendation

That Council:

1. Notes the outcomes of the public exhibition of the updated Draft Resourcing Strategy (2024/25 version).
2. Adopt the Resourcing Strategy 2022-2026 (2024/25 version) which includes the following documents:
 - a. Workforce Management Planning Strategy
 - b. Asset Management Strategy
 - c. Information Communication Technology Strategy
 - d. Long Term Financial Plan 2025-2034
3. Notes that further refinement of Council's Resourcing Strategy will occur during the development of the draft Delivery Program Operational Plan and Budget 2025/26, due to be placed on public exhibition in April/May 2025.

4. Notify the community of the outcome of the exhibition process.

Options

1. To endorse the updated 2022-2026 Resourcing Strategy (2024/25 version) as presented.

Implications: Updated Resourcing Strategy adopted following public exhibition. This is required as part of an application to IPART for a Special Rate Variation.

2. Not endorse the updated 2022-2026 Resourcing Strategy (2024/25 version) and resolve to make changes to elements of the strategy.

Implications: Council would need to provide direction to staff in relation to necessary adjustments, noting that if a Special Rate Variation application is to be made, significant rework of the Long Term Financial Plan would be required and further steps to meet the community notification requirements would be needed to meet IPART's SRV application deadline of 3 February 2025.

Not endorsing the 2022-2026 Resourcing Strategy (2024/25 version) and resolving to make changes to elements of the strategy in such a way as to reduce the rate variation sought would further negatively impact the sustainability of the available financial resources to serve the needs of the community.

Background and Supplementary information

At Council's Extraordinary meeting on 5 November 2024, Council resolved to undertake Community engagement on the proposed Special Rate Variation Options and exhibition of Council's updated Resourcing Strategy 2022-2026, including the draft Long Term Financial Plan 2025-2034 (MIN24.591). That consultation closed at 5pm on 5 December 2024. This report outlines an overview of submissions on the Resourcing Strategy which should also be read in conjunction with accompanying report 'Application to Lodge a Special Rate Variation'.

Resourcing Strategy Overview

Council's Resourcing Strategy is the link between the longer term vision in the [Community Strategic Plan - Shoalhaven 2032](#) and Council's four-year [Delivery Program 2022-26](#). It outlines how we will help achieve the Community's long-term priorities in terms of time, money, assets, and people. The Resourcing Strategy contains the following elements:

- **Workforce Management Planning Strategy** - Builds the capability and capacity of the workforce to achieve Council's strategic goals and objectives. It considers what people, with what capabilities and experience are required to deliver Council's four-year Delivery Program.
- **Asset Management Strategy** - Includes the Asset Management Policy, strategy direction for continuous improvement in the asset management of Council's \$5.5 billion in infrastructure, community, operational and commercial assets.
- **Information Communication Technology Strategy** - Outlines opportunities to build on the investments made in systems and technologies to create an exceptional customer experience.
- **Long Term Financial Plan 2025-2034** - A 10-year rolling plan that informs decision-making and demonstrates how objectives of the *Community Strategic Plan 2032* and Delivery Program commitments will be resourced and funded. It outlines Council's

ability to deliver cost-effective services to our community with a focus on financial sustainability.

The Resourcing Strategy, including the Long Term Financial Plan (LTFP), was last adopted by Council in June 2022. A resourcing strategy was reported to Council in November 2023, however, was not adopted after a consultation period was conducted on a proposed SRV application.

The updated draft LTFP 2025-2034 recognises the decreased unrestricted cash reserves, the escalation in current and future costs, and the subsequent impacts on building and infrastructure renewal. Other components of the Resourcing Strategy have been updated, ensuring that the strategies align with the updated draft LTFP and the key Financial Sustainability Review recommendations including improvement of asset maturity in our workforce and ICT systems.

Overview of Community Engagement

Feedback on the updated Resourcing Strategy can be considered as part of the overall engagement on the Special Rate Variation options.

In total there were 168 responders who used the 'Make a Submission' form on Council's website (100), sent a direct email (48) or posted a letter to Council (20). Submissions were received on behalf of the Burrill Lake Community Association, the Shoalhaven Business Chamber and a local business, NowChem. The remaining submissions were provided by individuals.

Issues raised in these submissions are similar to the themes outlined in the SRV Option survey comments and are captured in the Community Engagement Report. Seven submissions directly referred to the Resourcing Strategy, and five submissions referred to the Long Term Financial Plan. These submissions were provided to staff for review and consideration. Where possible within available timeframes, answers to questions raised in submissions were provided.

Figure 1 outlines the number of mentions across the top issues raised in the 168 submissions.

Figure 1: Analysis of submissions

Top issues raised in submissions	Mentions
Governance or organisational management	46
Financial management	38
Cost of living or economic pressures	34
Assets or infrastructure upgrades needed, primarily road assets	30
Operating efficiency suggestions, including staff reductions	29
Impact on Seniors	22
Concentrate on core services	19

A copy of the Community Engagement Report is included as Attachment 1 in the accompanying report - 'Application to Lodge a Special Rate Variation'. This is a comprehensive report on the engagement activities and outcomes following the exhibition of the updated Resourcing Strategy and the Special Rate Variation options.

A collated list of submissions and SRV options survey comments has been provided to Councillors.

Amendments following public exhibition

Following public exhibition, Council's Workforce Management Planning Strategy, Asset Management Strategy and Information Communication Technology Strategy within the Draft

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Resourcing Strategy remain unchanged from the versions that were placed on public exhibition.

Whilst the documents were on exhibition, Council underwent a structural change which resulted in the disestablishment of two Directorates – City Lifestyles and City Futures. Updates to reflect these changes will be made to the workforce distribution data in the Workforce Management Planning Strategy as part of developing the 2025-2029 Resourcing Strategy in 2025.

Attachment 1 includes the final Draft Resourcing Strategy 2022-26 (2024/25 version).

Long Term Financial Plan 2025-2034

The consolidated income statements, and income statements for general fund in all three scenarios of the LTFP were amended after Council adopted the September 2024 Quarterly Budget Review Report. Grant income carried forward into the 2025 financial year originally allocated as operational income was reclassified as capital. The financial ratios under all three scenarios was amended to reflect this change.

Attachment 2 includes the amended Draft Long Term Financial Plan 2025-2034.

Internal Consultations

Finance; People & Culture; Technical Services; Information Systems; Media & Communications.

External Consultations

No external organisations were consulted in developing the updated Resourcing Strategy.

Community Consultations

Outcomes of the community engagement process is provided in the body of this report. Future community consultation and engagement will occur as part of the annual preparation of the draft 2025/26 Delivery Program Operation Plan, Budget and Capital Works Program. This occurs during April/May annually following Council's resolution to place the draft documents on 28 day public exhibition.

Policy Implications

This report seeks to progress a key component of the IP&R framework, which is a statutory requirement for Local Government in NSW.

Financial Implications

There is considerable financial risk to the organisation if corrective action is not taken, including Council breaching its restricted cash requirements. Council needs to restore its unrestricted cash to a minimum of \$15m ensuring Council is equipped to respond to future natural disasters. Further, Councils current financial position does not allow for Council to actively deal with its backlog of building and infrastructure renewals, nor the adequate funding of asset renewals moving forward. Adoption of the updated Resourcing Strategy will also Council to consider an application to IPART for one of the special rate variation scenarios.

Risk Implications

Council does not hold sufficient unrestricted cash impacting on the ability to respond effectively to natural disaster events. If Council has to take actions in a reactive manner it is likely to result in reputational damage and disruption to the community. The updated Draft Resourcing Strategy outlines how Council will address the findings of the recent financial review through the updated Asset Management Strategy and related initiatives in Council's Workforce Management Planning Strategy.

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MINUTES OF THE ORDINARY MEETING

Meeting Date: Tuesday, 17 December 2024
Location: Council Chambers, City Administrative Building, Bridge Road, Nowra
Time: 5.30pm

The following members were present:

Clr Patricia White – Chairperson
Clr Selena Clancy
Clr Denise Kemp
Clr Luciano Casmiri
Clr Karlee Dunn
Clr Jason Cox
Clr Peter Wilkins
Clr Bob Proudfoot
Clr Jemma Tribe
Clr Matthew Norris
Clr Gillian Boyd
Clr Natalee Johnston – Joined meeting 5:37pm (Remotely)
Clr Ben Krikstolaitis

The Chairperson read a statement advising those present that the proceedings of this meeting (including presentations, deputations and debate) will be webcast and may be recorded and broadcast under the provisions of the Code of Meeting Practice.

The meeting was opened by an Acknowledgement of Country by the Chairperson, followed with a Moment of Silence & Reflection and the playing of the Australian National Anthem.

Apologies / Leave of Absence

Nil

Confirmation of the Minutes

Note: Clr Johnston joined the meeting remotely, the time being 5:37pm.

RESOLVED (Clr Tribe / Clr Cox)

MIN24.683

That the Minutes of the Ordinary Meeting of Ordinary Meeting held on Tuesday 10 December 2024 be confirmed, with the following amendments:

- Clr Dunn be recorded as voting *against* item MM24.38 - Mayoral Minute - Fee Waiver for Nowra CBD Christmas Activation.
- Clr White be recorded as voting *against* item CL24.385 Notice of Motion - Call in DA MA24/1370 - Huskisson Hotel.

Minutes Confirmed Tuesday 21 January 2025 – Chairperson

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis
AGAINST: Nil
CARRIED

Motion – Use of Electronic Voting Tools

RESOLVED (Clr Tribe) MIN24.684

That Councillors use the electronic voting tool to ensure accurate minute taking.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis
AGAINST: Nil
CARRIED

Declaration of Interests

Clr Tribe – CL24.401 - Notice of Motion - Local Charities Be Offered As Round Up To The Nearest Dollar – Less than significant non-pecuniary interest declaration – Clr runs a small charity called the Nowra Community Food Store – will remain in the room and will take part in discussion and vote.

DEPUTATIONS AND PRESENTATIONS

CL24.403 - Application to Lodge a Special Rate Variation

Mr Ronald Cox (representing Burrill Lake Community Association) addressed the meeting to speak AGAINST the recommendation.

CL24.409 – Proposed Finalisation Strategic Growth Principles Part of New Land Use Planning Scheme Stage 1

Mr Rob Barrel (representing Callala Matters) addressed the meeting to speak FOR the recommendation.

NOTICES OF MOTION / QUESTIONS ON NOTICE

CL24.401 Notice of Motion - Local Charities Be Offered As Round Up To The Nearest Dollar	HPERM Ref: D24/526016
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Note: Clr Tribe - Less than significant non-pecuniary interest declaration – Clr Tribe runs a small charity called Nowra Community Food Store – remained in the room and took part in discussion and vote.

Recommendation

That Council request that the Mayor write to all major national retailers operating in Shoalhaven, requesting their community responsibility to extend to smaller local charities.

RESOLVED (Clr Clancy / Clr Kemp) MIN24.685

That Council request that the Mayor write to all major national retailers operating in Shoalhaven, requesting their community responsibility to extend to smaller local charities.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Norris, Clr Boyd and Clr Krikstolaitis

AGAINST: Clr Tribe and Clr Johnston

CARRIED

CL24.402 Notice of Motion - Suspension of Invitations to Comment on DA's during Summer Holiday Period

HPERM Ref: D24/534701

Recommendation

That Council, to facilitate the fullest possible participation of residents and community organisations in the consultation process:

1. Not seek public comment on documents on exhibition with a deadline that falls due during the period 15 December in any year to 15 January, inclusive, in the following year.
2. A variation of exhibition time is sought from external planning agencies if exhibition and submission between 15 December in any year to 15 January, inclusive, in the following year, is required.

RESOLVED (Clr Boyd / Clr Norris)

MIN24.686

That Council, to facilitate the fullest possible participation of residents and community organisations in the consultation process, resolve that for any documents on exhibition between the period of 15 December and 15 January, the public exhibition and submission period be extended to 31 January at a minimum.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

Procedural Motion - Introduction of Item as a Matter of Urgency and Bring Items Forward

RESOLVED (Clr White / Clr Wilkins)

MIN24.687

That

1. The addendum report, CL24.410 Structuring Councils Financial Future – A Sustainable Financial Futures Plan, be introduced as a matter of urgency.
2. The following items be brought forward for consideration, and be dealt with in this order following the call over of business paper:
 - a. CL24.410 - Structuring Councils Financial Future – A Sustainable Financial Futures Plan
 - b. CL24.404 - Adoption of 2022-2026 Revised Resourcing Strategy
 - c. CL24.403 - Application to Lodge a Special Rate Variation

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

CALL OVER OF THE BUSINESS PAPER

Call Over of Business Paper

RESOLVED (Clr Cox / Clr Norris)

MIN24.688

That the following item from the business paper be resolved without debate:

- CL24.405 - Ongoing Register of Pecuniary Interest Returns - November 2024

Note – the item will be marked with an asterisk (*) in these Minutes.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

REPORTS

CL24.410 Structuring Councils Financial Future – A Sustainable Financial Futures Plan

HPERM Ref:
D24/534179

Recommendation

That Council receive and note this report and the Sustainable Financial Futures Plan, which is the organisation's strategy to make significant improvements towards the \$25 - \$35 million per annum structural deficit that was identified in the November 2023 Financial Sustainability Review (CL23.420).

RESOLVED (Clr Proudfoot / Clr Krikstolaitis)

MIN24.689

That Council receive and note this report and the Sustainable Financial Futures Plan, which is the organisation's strategy to make significant improvements towards the \$25 - \$35 million per annum structural deficit that was identified in the November 2023 Financial Sustainability Review (CL23.420).

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

CL24.404 Adoption of 2022-2026 Revised Resourcing Strategy

HPERM Ref:
D24/529692

Recommendation

That Council:

1. Notes the outcomes of the public exhibition of the updated Draft Resourcing Strategy (2024/25 version).
2. Adopt the Resourcing Strategy 2022-2026 (2024/25 version) which includes the following documents:
 - a. Workforce Management Planning Strategy
 - b. Asset Management Strategy
 - c. Information Communication Technology Strategy
 - d. Long Term Financial Plan 2025-2034

3. Notes that further refinement of Council's Resourcing Strategy will occur during the development of the draft Delivery Program Operational Plan and Budget 2025/26, due to be placed on public exhibition in April/May 2025.
4. Notify the community of the outcome of the exhibition process.

RESOLVED (Clr Proudfoot / Clr Clancy)

MIN24.690

That Council:

1. Notes the outcomes of the public exhibition of the updated Draft Resourcing Strategy (2024/25 version).
2. Adopt the Resourcing Strategy 2022-2026 (2024/25 version) which includes the following documents:
 - a. Workforce Management Planning Strategy
 - b. Asset Management Strategy
 - c. Information Communication Technology Strategy
 - d. Long Term Financial Plan 2025-2034
3. Notes that further refinement of Council's Resourcing Strategy will occur during the development of the draft Delivery Program Operational Plan and Budget 2025/26, due to be placed on public exhibition in April/May 2025.
4. Notify the community of the outcome of the exhibition process.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

CL24.403 Application to Lodge a Special Rate Variation

**HPERM Ref:
D24/529678**

Note: A deputation was received on this item.

Recommendation

That Council

1. Receive and note this report and the actions taken to effect the Council Resolution of 5 November 2024 (MIN24.591) to undertake community consultation with respect to 3 options for a possible Special Rate Variation.
2. Lodge an application with the Independent Pricing and Regulatory Tribunal for a Special Variation as outlined in Option 3 in the Long Term Financial Plan, namely a one-off permanent 12%, including rate peg, increase in total rates.

RESOLVED (Clr Proudfoot / Clr Casmiri)

MIN24.691

That Council

1. Receive and note this report and the actions taken to effect the Council Resolution of 5 November 2024 (MIN24.591) to undertake community consultation with respect to 3 options for a possible Special Rate Variation.
2. Lodge an application with the Independent Pricing and Regulatory Tribunal for a Special Variation as outlined in Option 3 in the Long Term Financial Plan, namely a one-off permanent 12%, including rate peg, increase in total rates.

FOR: Clr White, Clr Casmiri, Clr Dunn, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr

Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Clr Clancy, Clr Kemp and Clr Cox

CARRIED

CL24.404 Adoption of 2022-2026 Revised Resourcing Strategy

**HPERM REF:
D24/529692**

Item dealt with earlier in the meeting see MIN24.690

Items marked with an * were resolved without debate.

**CL24.405 Ongoing Register of Pecuniary Interest Returns -
November 2024**

**HPERM Ref:
D24/495873**

RESOLVED* (Clr Cox / Clr Norris)

MIN24.692

That the report of the Chief Executive Officer regarding the Ongoing Register of Pecuniary Interest Returns lodged for the period of 1 November to 30 November 2024 be received for information.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

CL24.406 Investment Report - November 2024

**HPERM Ref:
D24/512094**

Recommendation

That Council receive the Record of Investments for the period to 30 November 2024.

RESOLVED (Clr Proudfoot / Clr White)

MIN24.693

That Council receive the Record of Investments for the period to 30 November 2024.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

**CL24.407 Report Back - Financial Review Panel - Establishment of
Committee**

**HPERM Ref:
D24/535543**

Recommendation

That Council note and receive for information:

1. The formation of the Financial Review Panel.
2. The adopted Terms of Reference (Attachment 1).
3. The Minutes of the Meeting of the Financial Review Panel held on 3 December 2024.

RESOLVED (Clr White / Clr Dunn)

MIN24.694

That Council note and receive for information:

1. The formation of the Financial Review Panel.

2. The adopted Terms of Reference (Attachment 1).
3. The Minutes of the Meeting of the Financial Review Panel held on 3 December 2024.
4. That the following Members have been appointed,
 - The Mayor
 - The Deputy Mayor
 - Clr Jason Cox
 - Clr Jemma Tribe
 - Clr Karlee Dunn
 - Mr Stuart Coughlan
 - Mr Ian Foreman
 - Mr Mark Crowther
 - Mr Keith Brodie
 - Mr Peter Dun
 - Chief Executive Officer (non-voting)
 - Director City Performance (non-voting)
 - Chief Financial Officer (non-voting)

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

CL24.408 Community-Led Projects - Policy and Guidelines

**HPERM Ref:
D24/479492**

Recommendation

That Council

1. Adopt the **Community-Led Projects Policy** as presented in **Attachment 1** of the *Community-Led Projects – Policy and Guidelines* report;
2. Adopt the **Guidelines for Community-Led Projects** as presented in **Attachment 2** of the *Community-Led Projects – Policy and Guidelines* report;
3. Note the additional work to be undertaken by Council officers in regard to community-led projects.

RESOLVED (Clr Proudfoot / Clr Boyd)

MIN24.695

That Council

1. Adopt the **Community-Led Projects Policy** as presented in **Attachment 1** of the *Community-Led Projects – Policy and Guidelines* report;
2. Adopt the **Guidelines for Community-Led Projects** as presented in **Attachment 2** of the *Community-Led Projects – Policy and Guidelines* report;
3. Note the additional work to be undertaken by Council officers in regard to community-led projects.

FOR: Clr White, Clr Clancy, Clr Kemp, Clr Casmiri, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Nil

CARRIED

**CL24.409 Proposed Finalisation - Strategic Growth Principles -
Part of New Land Use Planning Scheme (Stage 1)**

**HPERM Ref:
D24/513439**

Note: A deputation was received on this item.

Recommendation

That Council:

1. Adopt the exhibited draft Strategic Growth Principles (**Attachment 1**) with the amendments recommended in **Attachment 2 Recommended amendments to exhibited Strategic Growth Principles**.
2. Proceed to publish the Strategic Growth Principles in Council's Local Strategic Planning Statement (known as *Shoalhaven 2040*).

RESOLVED (Clr Tribe / Clr Boyd)

MIN24.696

That Council:

1. Adopt the exhibited draft Strategic Growth Principles (**Attachment 1**) with the amendments recommended in **Attachment 2 Recommended amendments to exhibited Strategic Growth Principles**, with these further amendments:
 - a. Principle 9 be amended to the original wording, which was, "Council will consider alternative ways to increase dwelling supply in constrained locations to meet the communities housing need instead of further urban expansion".
 - b. Principle 8 be amended to read as follows, "Development will maximise opportunities to conserve and protect biodiversity and indigenous values and habitats in accordance with contemporary environmental legislation".
2. Proceed to publish the Strategic Growth Principles in Council's Local Strategic Planning Statement (known as *Shoalhaven 2040*).

FOR: Clr White, Clr Clancy, Clr Dunn, Clr Cox, Clr Wilkins, Clr Proudfoot, Clr Tribe, Clr Norris, Clr Boyd, Clr Johnston and Clr Krikstolaitis

AGAINST: Clr Kemp and Clr Casmiri

CARRIED

ADDENDUM REPORTS

**CL24.410 Structuring Councils Financial Future – A Sustainable
Financial Futures Plan**

**HPERM REF:
D24/534179**

Item dealt with earlier in the meeting see MIN24.689

There being no further business, the meeting concluded, the time being 7:58pm.

Clr White
CHAIRPERSON