



Sustainable Financial Futures Plan 2024-29

June 2025 update

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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.



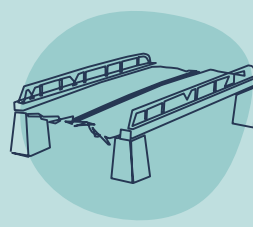
What contributed to the financial *challenges*?



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>

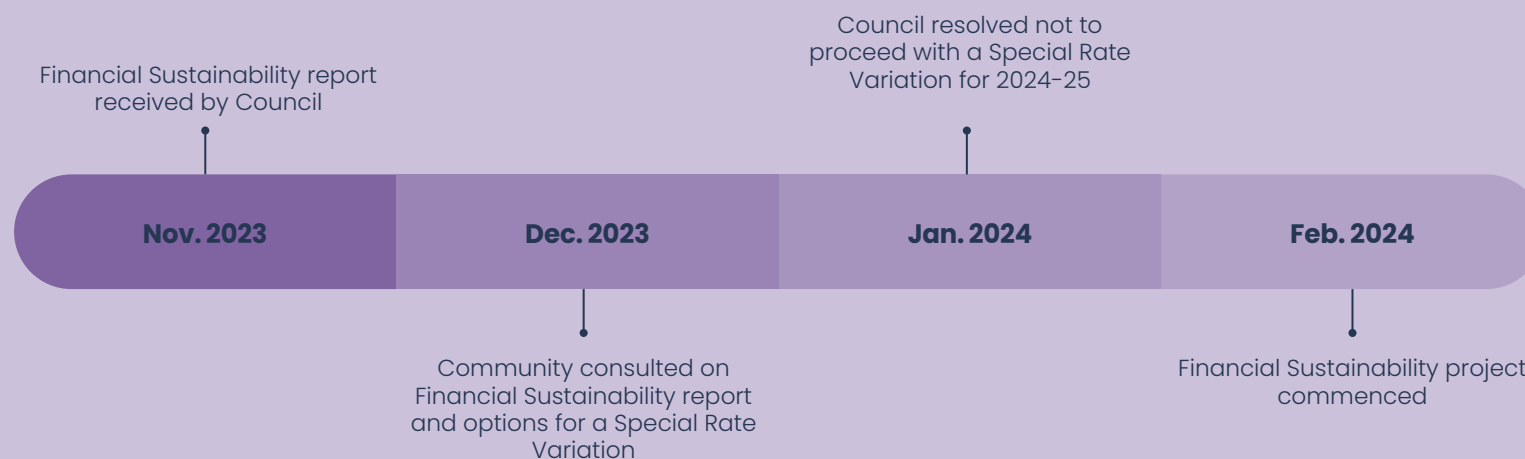




After receiving the independent Financial Sustainability Review in November 2023, Council carried out community consultation to hear from the community throughout December 2023 and January 2024, which included:

- 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

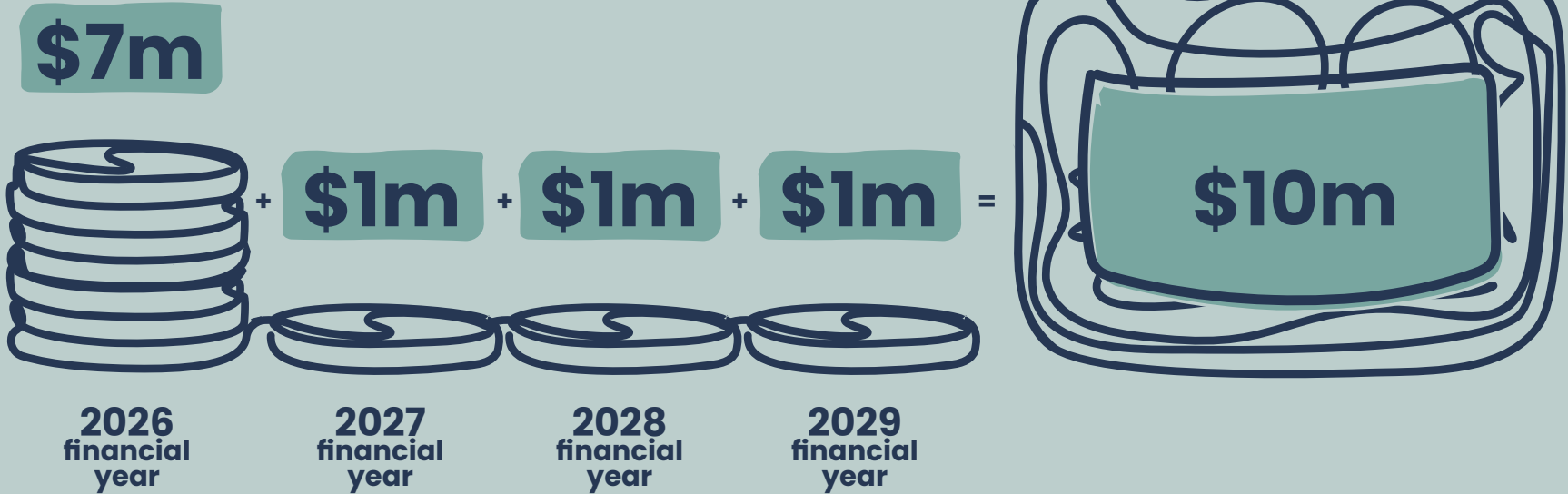


Our commitment to delivering operational savings

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 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 |
| | | | completion of the executive level restructure (reducing 20 positions) | | \$1,600,000 |
| | | | a critical vacancy and recruitment review | | \$3,500,000 |
| | Review and improve corporate functions | | Delivering results of the plant and fleet service review – savings through reduced fleet, fuel efficiencies and reducing FBT payable | | \$ 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 |
| TOTAL SAVINGS PLANNED | | | | | \$8,431,000 |

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 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 | \$ – |
| | | | a targeted service review program | | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| | Implement initiatives to realise service efficiencies | | organisation-wide procurement improvements including PPE, uniform, credit card limits, and external plant hire | | \$ 50,000 | \$ 50,000 | \$ – |
| | Review non-core services | | the commercial service review program | | \$ 400,000 | \$ 200,000 | \$ 200,000 |
| | TOTAL SAVINGS PLANNED | | | | | \$ 1,375,000 | \$ 725,000 |

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"> Identification of operational efficiencies through 3% challenge | Complete ✓ | \$500,000 reduction to Tourism budget in FY25 (not included in SFFP savings target) \$1,250,000 general fund recurrent savings in FY25/FY26 budget so far \$975,000 Shoalhaven Water recurrent savings to date |
| | <ul style="list-style-type: none"> Implement agreed 2024-25 3% challenge cost saving initiatives | Complete ✓ | Internal reserve established in FY25 QBRI. |
| | <ul style="list-style-type: none"> Internal reserve to be established to track operational efficiencies | Complete ✓ | |
| | <ul style="list-style-type: none"> Quarantine identified savings and report progress against savings target quarterly | Ongoing throughout project | |
| Implement Council-wide cost controls to reduce operational spend | <ul style="list-style-type: none"> No discretionary spending | Complete ✓ | \$1,700,000 one-off savings reported in FY24 |
| | <ul style="list-style-type: none"> Recruitment freeze process in place | Complete ✓ | \$3,293,557 general fund one-off savings through cost control measures in FY25 |
| | <ul style="list-style-type: none"> No overtime, except for emergency repairs | Complete ✓ | |
| | <ul style="list-style-type: none"> Encourage leave use to reduce excess leave balances | Complete ✓ | \$12,100 Shoalhaven Water one-off savings through cost control measures in FY25 |
| | <ul style="list-style-type: none"> Complete review of high-value procurement categories, provide recommendations to EMT and implement recommendations. | September 2025 | \$100,000 general fund recurrent procurement savings in FY26 |



| Activity to achieve objective | Sub-activity | Target completion | Outcome achieved to date |
|--|--|-------------------|--|
| Review of corporate functions, focused on areas with largest cost base | • 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. | September 2025 | Fleet and mechanical services review, workers compensation review, visitor services and asset custodian review complete so far. Executive restructure complete, \$1.6 million savings achieved. Critical vacancy and recruitment review completed, with \$3.5 million savings to be achieved in FY26 |
| | • Complete executive level restructure | Complete ✓ | |
| | • Complete critical vacancy and recruitment review | Complete ✓ | |
| Budget framework improvements – including activity-based budgeting and increased budget accountability | • Formalise budget parameters in line with principles of financial sustainability | Complete ✓ | FY25 budget parameters set with financial sustainability emphasis. Minimum of 7.5% increase in general fund fees and charges in FY25 and a minimum of 5% in FY26 |
| | • Define and measure key productivity and efficiency metrics to benchmark with comparable councils and complete trend analysis as part of budget process | December 2025 | |
| | • Implement oversight and control of the funded organisation chart | Complete ✓ | |
| | • Build a roadmap and implement best practice budget processes. | July 2025 | |
| Rationalisation of under-utilised and excess assets | • Phase 1 – sale of under-utilised plant and equipment determined from the service review | Complete ✓ | \$737,924 received to date through sale of general fund under-utilised plant and fleet \$170,000 received to date through sale of Shoalhaven Water under-utilised plant and fleet |
| | • Phase 2 – determine future plant and fleet under-utilised asset sales from asset custodian model changes. | September 2025 | |

| 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"> Implement new calculator for leases and licenses for Council-owned buildings | September 2025 | 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"> Apply new calculator to determine rent as leases and licenses come up for renewal | June 2026 | |
| Review fees and charges to reflect cost for services where practical to do so | <ul style="list-style-type: none"> Fees and charges % increase for FY 2024/25 UPDATED: Complete a service review of Aquatic, leisure and sporting facilities, incorporating a review of revenue and costs to provide sports and fitness services Coordinated review of all fees and charges prior to FY26 budget process. Present proposal in a Councillor workshop. 3% challenge revenue generation ideas | Complete ✓ | Increase in general fund user fees and charges FY25 \$1,303,000, FY26 \$593,000 |
| | | September 2026 | Increase in Shoalhaven Water user fees and charges FY25 \$9,783,000, FY26 \$1,180,000 |
| | | Complete ✓ | Increase in Sewer user fees and charges FY25 \$2,463,000, FY26 \$1,175,000 |
| | | Complete ✓ | \$60,000 additional general fund revenue generation ideas implemented in FY25 \$28,000 Shoalhaven Water revenue increase in FY25 |
| Review of deferred rates | <ul style="list-style-type: none"> Review of deferred rates currently in place and present findings in a Councillor workshop | 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"> Agree comprehensive calendar of service reviews | Complete ✓ | \$100,000 general fund recurrent savings from targeted service review program in FY26 |
| Complete service reviews of Council's Commercial business entities | <ul style="list-style-type: none"> Complete Family Day Care review | Complete ✓ | Family Day Care complete, with Council endorsing service review recommendation to transition out of the service, will save \$90,000 in future years. |
| | <ul style="list-style-type: none"> Complete Bereavement Services review | Complete ✓ | |
| | <ul style="list-style-type: none"> Complete Holiday Haven service review Complete Shoalhaven Entertainment Centre service review | December 2025 July 2025 | |
| Review of operating hours at Council facilities | <ul style="list-style-type: none"> Review of proposed changes to facility operating hours and consider community impact and cost savings | Complete ✓ | \$250,925 recurrent savings realised to date (reduced due to reversal of some operating hours changes) |
| | <ul style="list-style-type: none"> Communicate results of operating hours review | Complete ✓ | |
| Continue work on the Business Improvement Review Framework, by documenting and reviewing service levels | <ul style="list-style-type: none"> As service reviews are completed, the agreed service levels will be captured. | 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"> Non-core service review with current service levels and budget in Councillor workshop | July 2025 | |

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. | Complete ✓ | Land sales realised so far \$11,300,000 12 category one land sales achieved (plus one to settle in July 25) |
| | • Execute sales of category one land. | Complete ✓ | |
| | • Investigate and report back on category two land sales opportunities. | Complete ✓ | |
| | • Progress category two land planning and sale. | June 2028 | |
| Review capital projects and place on hold | • Review partially funded and unfunded capital works, consider deferral until Council's financial position improves. | Complete ✓ | 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. | December 2025 | Enterprise asset management committee established. A project management plan has been developed for asset management plan updates which includes prioritisation and timing of work. Revised asset management responsibilities have been implemented under the new functional asset management model. This supersedes the previous asset custodian model. |
| | • Agree process and timeframes for community consultation and adoption of asset management plans. | Complete ✓ | |
| | • 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 | Complete ✓ | |
| | • 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 | Complete ✓ | Finance and asset management system integration complete and additional management reports to support financial statements developed. |
| | • Integration of maintenance and inspection systems with asset management system | December 2025 | |
| | • 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. | June 2026 | |
| Improvement in asset data collection to drive strategic decision-making. | • Update remaining life for all assets. | June 2026 | Roads asset condition data collection completed, and summary of key findings published on Councils' website. |
| | • Undertake stocktakes as identified and condition data audits. | June 2026 | Sealed Road Capital Intervention Plan with four-year Renewal Program will received by July 2025. |
| | • Define current and ideal levels of service and performance measures for each asset management plan. | December 2025 | Footpaths condition data collection completed and returned to Council. Stormwater condition capture to commence from mid-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 | <ul style="list-style-type: none">Complete community infrastructure audit.Complete community infrastructure needs analysis.Preparation of draft Community Infrastructure Strategic Plan.Final Community Infrastructure Strategic Plan. | Complete ✓ December 2025 December 2025 June 2026 | Community infrastructure audit and community engagement activity are complete. Infrastructure needs analysis is underway. |
| Review developer contributions plans to ensure that the current contribution levels are able to support the future development costs | <ul style="list-style-type: none">Complete business case for software to better manage contributionsPresent the progress on the new Contributions Plan in a Councillor workshopFinalise contributions plan review | Complete ✓ Complete ✓ March 2026 | Business case for software is complete. |

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 | Complete ✓ | ePMO established in February 2024. |
| | Project Lifecycle Management (PLM) implemented and in place for FY25 budget process | Complete ✓ | Project Lifecycle Management (PLM) was implemented April 2024. |
| | Monthly project reporting implemented | Complete ✓ | Monthly project reporting was implemented in August 2024. |
| | Implement standard project management framework across Council | Complete ✓ | Project Management framework is complete. |
| | 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. | Complete ✓ | All projects require a business case for approval via ePMO. |
| Form Budget Review Committee | Develop terms of reference | Complete ✓ | Budget Review Committee terms of reference established, committee members selected, and committee meetings commenced. |
| | Appoint members and launch committee | Complete ✓ | |



| Activity to achieve objective | Sub-activity | Target completion | Outcome achieved to date |
|---|---|-------------------|---|
| Implement a framework for grant applications | • Develop new grants policy and framework. | Complete ✓ | Grants policy and framework in place. Staff are trained on new process. |
| | • Train staff. | Complete ✓ | |
| | • Implement process to ensure all internal funding sources are identified and approved. | Complete ✓ | |
| Develop the financial governance (defined roles, financial planning processes, performance reporting and accountability) and the financial acumen of staff all levels of management. | • Develop a budget policy | September 2025 | In progress, work rescheduled to complete in late 2025. |
| | • Internal reporting system improvements | December 2025 | |
| | • Develop training plan for managers and supervisors for financial management | December 2025 | |
| Review internal reserves to ensure alignment with the intended purpose | • Complete review of internal reserves and present findings in a Councillor workshop. | December 2025 | Not started, work rescheduled to complete in late 2025. |
| Implement a monthly reconciliation and reporting process for all external restrictions. | • Develop an external restriction reporting and reconciliation process. | December 2025 | Not started, work rescheduled to complete in late 2025. |
| Revise the Resourcing Strategy including the Long-Term Financial Plan (LTFP) informed by funding requirements from strategic asset management, workforce planning and strategic service planning. | • Revise the resourcing strategy and LTFP once Asset Management Plans are updated, and financial sustainability led service planning is complete. | 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.



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