

Ordinary Meeting

Meeting Date: Monday, 29 January, 2024
Location: Council Chambers, City Administrative Building, Bridge Road, Nowra
Time: 5.30pm

Membership (Quorum - 7)
All Councillors

Please note: The proceedings of this meeting (including presentations, deputations and debate) will be webcast, recorded and made available on Council's website, under the provisions of the Code of Meeting Practice. Your attendance at this meeting is taken as consent to the possibility that your image and/or voice may be recorded and broadcast to the public.

Shoalhaven City Council live streams its Ordinary Council Meetings and Extra Ordinary Meetings. These can be viewed at the following link

<https://www.shoalhaven.nsw.gov.au/Council/Meetings/Stream-a-Council-Meeting>.

Statement of Ethical Obligations

The Mayor and Councillors are reminded that they remain bound by the Oath/Affirmation of Office made at the start of the council term to undertake their civic duties in the best interests of the people of Shoalhaven City and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act or any other Act, to the best of their skill and judgement.

The Mayor and Councillors are also reminded of the requirement for disclosure of conflicts of interest in relation to items listed for consideration on the Agenda or which are considered at this meeting in accordance with the Code of Conduct and Code of Meeting Practice.

Agenda

1. **Acknowledgement of Country**
2. **Moment of Silence and Reflection**
3. **Australian National Anthem**
4. **Apologies / Leave of Absence**
5. **Confirmation of Minutes**
 - Ordinary Meeting - 22 January 2024
6. **Declaration of Interests**
7. **Presentation of Petitions**
8. **Mayoral Minute**

9. Deputations and Presentations

10. Call Over of the Business Paper

11. A Committee of the Whole (if necessary)

12. Committee Reports

Nil

13. Reports

CEO

CL24.20 Application to Lodge a Special Rate Variation..... 1

CL24.21 Adoption of 2022-2026 Revised Resourcing Strategy 9

City Futures

CL24.22 Post-Exhibition Report: Planning Proposal to facilitate a Transitional Group Home at 100 St Vincent Street, Ulladulla..... 13

Shoalhaven Water

CL24.23 Classification of Land - Lot 2 DP 538290, 80 Railway Street Bomaderry 16

CL24.24 Tenders - Bream Beach Water Main & Naval Parade Sewer Main Relocations 18

14. Notices of Motion / Questions on Notice

Notices of Motion / Questions on Notice

CL24.25 Notice of Motion - Investigate the Potential Re-zoning and/or Sale and/or Future use for Muir House Berry 21

15. Confidential Reports

Reports

CCL24.3 Tenders - Bream Beach Water Main and Naval Parade Sewer Main Relocation

Local Government Act - Section 10A(2)(d)(i) - Commercial information of a confidential nature that would, if disclosed prejudice the commercial position of the person who supplied it.

There is a public interest consideration against disclosure of information as disclosure of the information could reasonably be expected to reveal commercial-in-confidence provisions of a contract, diminish the competitive commercial value of any information to any person and/or prejudice any person's legitimate business, commercial, professional or financial interests.

CL24.20 Application to Lodge a Special Rate Variation

HPERM Ref: D23/523500

Department: Finance

Approver: Jane Lewis, Acting Chief Executive Officer

Reason for Report

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

Recommendation

That Council

1. Note the actions taken to effect the Council Resolution of 20 November 2023 (MIN23.667) to undertake community consultation with respect to 3 options for a possible Special Rate Variation (the results of which are included in Report CL24.21 'Adoption of 2022-2026 Revised Resourcing Strategy' on the agenda of this meeting)
2. Lodge an application with the Independent Pricing and Regulatory Tribunal for a Special Variation as outlined in Option 1 in the Long Term Financial Plan, namely a one-off permanent 32%, 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 32%, including rate peg, increase in total rates. This is the option recommended by staff.

2. Council could choose to lodge an application with IPART for a three year staged SRV of 18%, 13% and 8% (including rate peg).

Implications: Council lodges an application with the Independent Pricing and Regulatory Tribunal (IPART) for a permanent three year staged Special Rate Variation (SRV) of 18%, 13% and 8% (including rate peg).

3. Council could choose not to endorse a 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.

Background

Council resolved at the 26 June 2023 Council meeting to (MIN23.326):

"Ensure the comprehensive review of Council's long-term financial plan scheduled for the first quarter of 2023/24 addresses the budget deficit and includes the development of a 10 year strategic financial and capital works plan. A report on the process to be used and key objectives be brought to Council for consideration ideally by September 2023".

CL24.20

In response to the Council resolution, AEC Group (AEC) was engaged by Council to undertake a Financial Sustainability Review. AEC had previously assisted Council in the preparation of its 2022-2032 Long Term Financial Plan. The primary objective of the Financial Sustainability Review was 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.

The review took place over a four-month period and included meetings with Council staff, and a series of weekend workshops with the Councillors, Executive Management Team and Chief Financial Officer. Workshops were held 22 July, 2 September and 16 September 2023. Briefings with Councillors were also held on 26 October and 9 November 2023.

The Financial Sustainability Review has made the following findings:

- Over the past five years, Council has experienced consecutive disasters, most notably the COVID pandemic, bushfires and floods. These disasters have significantly impacted on the normal business operations including asset maintenance and 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.
- Council has produced a net operating deficit in the last three financial years. The General Fund net operating position has been in a deficit position over the past eight years. The Water and Sewer operating performance continues to deteriorate.
- Financial forecasts indicate a significantly deteriorating operating performance. Without intervention, Council will continue to generate operating deficits over the next 10 years. As shown in the attached updated draft Resourcing Strategy, the General Fund under the Base Model will produce an average deficit across the forecast period of \$25.6 million. This is not a sustainable scenario for Council.
- 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.
- 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.
- Council has a lower average rate for residential and business rating categories comparable to neighbouring councils. While each council is different, and it is difficult to compare levels of service, a general comparable lifestyle is offered by Shoalhaven compared to neighbouring councils (such as Shellharbour) but is provided from a lower comparable rate base.
- A comparison of Shoalhaven City Council rates to its neighbouring council's and the average of its Office of Local Government Group (OLG Group 5) is reported below. Kiama Municipal Council has not submitted information for the 2021/2022 financial year and cannot be used for comparative purposes.

Council	Average Residential Rate	Average Business Rate	Average Farmland Rate \$
Shoalhaven	\$1,316.38	\$2,183.14	\$2,654.31
Shellharbour	\$1,610.00	\$5,191.98	\$3,521.13
Wollongong	\$1,561.46	\$11,607.13	\$2,735.54
OLG Group 5	\$1,447.16	\$5,815.15	\$2,446.51

(source OLG Time Data Series 2021/22)

CL24.20

- The trend of low rates has been prevalent since 2004, which is the earliest this comparable information was publicly available through the OLG website. During this 20 year period Shoalhaven rates have been on average \$200-\$300 less than its neighbouring Councils and a minimum of \$100 less than the OLG Group 5 average.
- Through the acquisition of new and upgraded assets the Council has significantly increased the annual cost of ownership, including operating costs, interest expense on borrowings, maintenance and depreciation expense. There has been significant investment, \$149.5 million, in new assets in the past 5 years. Investment in new roads (\$43.3 million), stormwater (\$5.9 million) and waste management (\$26.9 million) would appear to be reasonable based on growth and service plans. The investment of \$43.1 million in new parks and sporting and recreation areas has also impacted upon the operating position of the Council in the past five years.
- The structural deficit means that assets are not being replaced at the rate required.
- The large majority of asset renewals is funded by external grants and this is not sustainable.

Not dissimilar to many other NSW councils, Council has experienced in recent years a growing gap between operating revenue and operating expenditure. The growth in the cost base of current services provided has exceeded the growth in revenue.

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 significantly increase the revenue generated from operations. Given the quantum of the correction required this will need to be predominantly through increases in the general rate revenue to improve the operating performance of the General Fund.

The above information confirms that the Council is not financially sustainable in its current state and that intervention by the Council is essential.

The recommendations made by AEC follow four key themes:

1. Improve the operating position of Council and the availability of cash.
2. Improve Council's investment in assets.
3. Enhance governance, prioritisation and decision making of the Council.
4. Enhance productivity and efficiency of Council services.

The list of 27 recommendations is extensively detailed in the Executive Summary (page vi) of the independent Financial Sustainability Review report (attached to CL23.420 - 20 November 2023). These 27 recommendations are not a selection of options Council can choose to implement. It is not possible to choose some and not others. Rather, all 27 recommendations must be implemented to ensure Council remains financially sustainable into the future. This includes the adoption of an SRV.

The findings of the Financial Sustainability Review are that Council will need to consider a permanent SRV under s508A of the Local Government Act, 1993, to reinstate its unrestricted cash reserves, fix the structural operating deficit position and to generate sufficient cash from operations. This is an unavoidable option and is urgently required to be implemented in the 2024/25 financial year.

The current lack of available cash and the intervention that the Council is taking in the 2023/24 financial year to avoid using restricted cash puts Council at considerable financial risk. Council should also expect that natural disasters will continue to occur, and it needs to build resilience and planned mitigation strategies to be able to manage the impact disasters are likely to have upon the financial position of the Council.

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.

Whilst efficiency targets and service level reviews will provide Council with some cost savings and subsequent cash increases, these options will not provide Council with the amount of cash it urgently needs.

Council has an obligation to employ sound financial management principles under section 8B of the Local Government Act 1993 (the Act), which includes the requirement to ensure that it generates sufficient revenue to provide the level and scope of services and infrastructure agreed with its community. It is critical that Council acts urgently to ensure its ongoing financial sustainability in accordance with the Act.

Council officers are of the view that Council must apply to the Independent Pricing and Regulatory Tribunal (IPART) for an SRV above the usual rate peg commencing from the 2024/25 financial year and that it does so in accordance with the recommendations of staff in this report.

Special Rate Variation Options

At the Council meeting held on 20 November 2023, Council resolved (MIN23.667) to consult the community on a possible Special Rate Variation with 3 options to consider:

1. A 32% rate increase (including rate peg to be paid in 2024/25 (Option 1)

This option enables an additional investment of \$332 million (over 10 years) in asset renewal to stabilise the current infrastructure backlog and to undertake additional renewal and maintenance of our roads and other community assets. Current service levels will be maintained while also progressively improving the operating result, i.e. financial sustainability. This is the recommendation from staff.

2. Three Year Staged SRV (including rate peg) of 18%, 13% and 8% starting from 2024/25 (Option 2)

This option enables an additional staged investment of \$354 million (over 10 years) in asset renewal to progressively stabilise the current infrastructure backlog and to undertake additional renewal and maintenance of our roads and other community assets. Over time, current service levels will be maintained while also progressively improving the operating result, i.e. financial sustainability.

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

That Council lodge an application with IPART for a Special Rate Variation as outlined in “Forecast – Scenario Three - Enhanced Asset Investment – Three (3) Years SRV” in the Long Term Financial Plan, namely 18% (including rate-peg) in 2024/25, 13% (including rate peg) in 2025/26, and 8% (including rate peg) in 2026/27.

3. No SRV, Rate Peg Only (Base Case)

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 reduce services and close unsafe facilities.

Impact of SRV Options

The impact on rates of the two special variation options were advertised to the Community as follows:

What options are being considered?

Based on an average residential rate charge of \$1459.40 in 2023-24, the table below shows the impact of the three rate rise options and average total difference in rate charges.

	Annual Rate peg increase each year	Cumulative increase after 3 years	Average \$ increase 2024/25	Average \$ increase 2025/26	Average \$ increase 2026/27	Average total \$ impact on residential rates
Base case (Rate peg only) Council is at high risk of not being able to maintain roads and infrastructure. Significant reduction in service levels.	3%	9.27%	\$44	\$45	\$46	\$135
Option 1 (one year SRV) Achieve financial stability. Renewal and replacement of assets, buildings, roads and open space. Capacity to respond to unplanned events such as natural disasters and maintain service levels.	32% 2024-25	40%	\$467	\$58	\$60	\$585
Option 2 (three year SRV) Achieve financial stability. Delay Renewal and replacement of assets until year 3. This option considered financial sustainable.	18% 2024-25 13% 2025-26 8% 2026-28	44%	\$263	\$224	\$156	\$643

During the community engagement process, IPART announced that the rate peg for 2024/25 is 4.5%. Council had assumed that the rate peg for 2024/25 would be 3%. The consequence of the rate peg being 4.5% is that the base case (rate peg only) scenario now results in a higher cumulative increase, and a higher average increase in rates.

Based on an average residential rate charge of \$1,459.40 in 2023/24, the impact of the base case (rate peg only) scenario with a 4.5% rate peg is as follows:

	Annual Rate peg increase each year	Cumulative increase after 3 years	Average \$ increase 2024/25	Average \$ increase 2025/26	Average \$ increase 2026/27	Average total \$ impact on residential rates
Base case (Rate Peg Only)	4.5%	10.89	\$66	\$46	\$47	\$159

The consequences of the different options (scenarios) can be seen in the following table, and are included in Council's Draft Asset Management Strategy:

Option 1 (one year SRV)	Option 2 (three year SRV)	Base Case (no SRV)
This option entails an increased commitment to investing in the renewal and replacement of assets. This higher level of investment is strategically designed to ensure the sustained functionality of our assets, while also factoring in the present capacity of Council. There is a substantially increased investment in roads, to address part of the backlog, as well as increased investment in buildings, stormwater, footpaths, open	This option entails an increased commitment to investing in the renewal and replacement of assets, as identified in Option 1, however this investment does not occur to the same level in the first 1-3 years, due to the lower SRV applicable in year 1. This reduction is temporary, with increased investment in later years, but initially affects transport assets (kerb & gutters, roads, footpaths), coastal management	The Base Model is the continued delivery of services and provision of infrastructure based on a revenue base that does not increase the general rates income above the projected rate peg (as set by IPART) and current service charges only increasing each year by the projected annual indexation. The capital works program, being constrained by the cash generated from operations (including rates,

CL24.20

<p>space, and maritime assets over the 10 years.</p>	<p>programs, Council’s depots & administration buildings, library resources, and office furniture.</p> <p>There is an element of risk in the initial years of this scenario, and Council will develop mitigation plans to reduce this where possible.</p> <p>This scenario does enable increased investment in outer years, above that provided in Option 1, largely in roads, bridges, stormwater, and open space.</p>	<p>grants, and charges) and financing (borrowings) activities, is below what is necessary to maintain the current levels of service provided by the infrastructure.</p> <p>Assets such as roads, buildings and stormwater are expected to deteriorate over time, requiring future Councils to make decisions on rationalisation of assets when assets begin to fail.</p> <p>This is not considered to be a sustainable approach over the long term.</p>
------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

CL24.20

Council started to report on its infrastructure renewal ratio in 2008. During the 16 years Shoalhaven City Council failed to meet the required benchmark for this ratio (of 100%) in each of the 16 years the ratio has been publicly reported.

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 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 recently adopted 30 June 2023 financial statements, Council assets now hold 51.3% in category 1 and 2, with 48.7% of assets now reported in categories 3 (satisfactory) to 5 (very poor).

Both Council’s draft Long Term Financial Plan and AEC’s Financial Sustainability Review Report highlight that the proposed SRV options do not address the significant infrastructure backlog Council needs to address. These two options only increase our future investment in asset renewal to an amount closer to the OLG benchmark of 100%. It is imperative that Council still determine a way to address the significant backlog, and the other recommendation made by AEC in its financial sustainability review report will assist Council in achieving this.

Community Engagement

Community engagement was undertaken during the period 23 November 2023 to 24 January 2024. The community was invited to complete a survey and ask questions via the Get Involved section on Council’s website.

Council received 2,175 survey responses and the stated preferences were:

- 55.5% selected Option 3 (Prefer not to choose)
- 33.1% selected Option 2 (Staged Implementation of SRV over Three Years being a permanent 18% in 2024/25, 13% in 2025/26 and 8.0% in 2026/27 including rate peg)
- 11.4% selected Option 1 (One Year SRV as a permanent 32% in 2024/25 including rate peg)

In total there were 468 responders who used the ‘Make a Submission’ form of the Council’s website, or made a submission via email to Council. There were 1,640 feedback comments

(total responders were 2,175) on the Special Rate Variation and Financial Sustainability Review online survey.

The most common issues raised overall feedback related to organisational management, staff performance and restructure. The community has expressed their concern on how Council has been managed and seeking a need to review management and staff performance. Some comments have requested for an organisational restructure resulting in reduction in positions, review of salary levels, audit of staff incompetencies and work ethics.

The second most common issue raised in the questions seeks better asset management and concerns around Council's infrastructure assets. The third most common issue is affordability of increased rates when there is perceived cost of living concerns, including high interest rates and inflation on household goods and services.

Other issues raised include:

- Concerns with impact of increased rates on ratepayers, specifically pensioners
- Request to clarify or further explain the proposed SRV
- Concern regarding the design and integrity of the survey
- The current service delivery in terms of what is promised through Council's strategic documents
- Seeking response to why Council is in a poor financial position
- Requesting information about efficiencies savings and productivity improvements Council can achieve prior to seeking additional rate revenue
- Expressing views that Council should reduce expenditure rather than rely on increasing rates
- Concern with increased rates and a perceived lack of service provided
- Suggestion that Council should rationalise its assets, i.e. the number of Council office buildings and number of pools provided
- Requesting whether Council has applied to State and Federal Government for grant funding
- Council's use of contractors and consultants
- And requesting more accountability and ownership of the current financial position it is in.

Community engagement results are included in the Community Engagement Report which is included as an attachment to CL24.21 'Adoption of 2022-2026 Revised Resourcing Strategy' on the agenda of this meeting.

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 2024/25 SRV applications is 5 February 2024. If an application is lodged with IPART for a special rate variation, IPART will undertake its own community consultation during February and March 2024. IPART will provide a final report and outcome of their assessment of Council's application in May 2024. 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.

Council would be required to immediately cease all capital works projects which are funded using Council General Fund revenue. Further the Chief Executive Officer would need to prepare a report for Council's consideration of service changes that would achieve financial sustainability by addressing the underlying structural deficit of \$25-\$35 million within the General Fund.

Financial Implications

The Financial Sustainability Review has outlined the projected financial position. The review indicates that Council needs to act immediately to address its financial challenges, or it will become financially unsustainable.

There is great 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 \$15 million ensuring Council is equipped to respond to future natural disasters or other unexpected expenses. Further, Council's current financial position does not allow for Council to actively deal with its backlog of infrastructure, 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 action in a reactive manner it is likely to result in negative reputational damage and a further erosion in the services it provides to the community.

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.

CL24.20

CL24.21 Adoption of 2022-2026 Revised Resourcing Strategy

HPERM Ref: D23/523482

Department: Corporate Performance & Reporting
Approver: Jane Lewis, Acting Chief Executive Officer

Attachments: 1. Draft Resourcing Strategy 2022/26 (under separate cover) [⇒](#)
2. Draft Long Term Financial Plan 2024/2034 (under separate cover) [⇒](#)
3. Community Engagement Report (under separate cover) [⇒](#)

Reason for Report

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

The report provides an overview of the community engagement outcomes held between 20 November 2023 and 24 January 2024, including the Community Engagement Report on the Special Rate Variation proposal and updated Resourcing Strategy documents.

Recommendation

That Council:

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

Options

1. To endorse the updated 2022-2026 Resourcing Strategy (2023/24 version) as presented.

Implications: Updated Resourcing Strategy adopted following public exhibition.

2. Not endorse the updated 2022-2026 Resourcing Strategy (2023/24 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 5 February 2024.

Not endorsing the 2022-2026 Resourcing Strategy (2023/24 version) and resolving to make changes to elements of the strategy in such a way as to reduce the rate variation

CL24.21

sought would further negatively impact the sustainability of the available financial resources to serve the needs of the community.

Background

At Council's Extraordinary meeting on 20 November 2023, Council received the final report of the independent Financial Sustainability Review into Council's financial position and resolved to put on public exhibition the updated Resourcing Strategy (MIN23.667).

Council resolved to undertake Community engagement on the proposed Special Rate Variation Options and Council's updated Resourcing Strategy 2022-2026 (including draft Long Term Financial Plan 2024-2034). That consultation closed at 5pm on 24 January 2024.

Plain english summaries were developed for the updated Resourcing Strategy 2022-2026 and FAQs made available on Council's Get Involved website.

Council reports were subsequently provided at Council's 22 January Ordinary Council meeting to endorse an approach for Council's Land Sales Strategy (CL24.11) and progress update on the work underway on Council's financial sustainability improvement initiatives (CL24.3). This report included progress updates on Council's action to improve its asset management capability and the establishment of a dedicated enterprise Project Management Office. Both of these reports directly address key recommendations from the Financial Sustainability Review report 20 November 2023 (Attachment 1 to CL23.420).

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 2024-2034** - A 10-year rolling plan that informs decision-making and demonstrates how objectives of the *Community Strategic Plan – Shoalhaven 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.

Overview of Community Engagement

The "*Planning for a Sustainable Future*" website for Shoalhaven was used by Council to communicate and inform community members of the updated Resourcing Strategy documents and SRV Options was visited approximately 8,992 times. Of the total visits 7,095 are considered to be "Aware" – defined by taking further action on the website (for example, downloading a document, visiting FAQs, or visited multiple pages). In total 2,413 visitors to the *Planning for Sustainable Future* website were considered to be "Engaged" – defined by asking a question through the Council's website.

In total there were 468 responders who used the 'Make a Submission' form of the Council's website, or made a submission via email to Council. There were 1,640 feedback comments (total responders were 2,175) on the Special Rate Variation and Financial Sustainability Review online survey.

The most common issues raised in the overall feedback related to organisational management, staff performance and restructure. The community has expressed their concern on how Council has been managed and seeking a need to review management and staff performance. Some comments have requested for an organisational restructure resulting in reduction in positions, review of salary levels, audit of staff incompetencies and work ethics.

The second most common issue raised in the questions seeks better asset management and concerns around Council's infrastructure assets. The third most common issue is affordability of increased rates when there is perceived cost of living concerns, including high interest rates and inflation on household goods and services.

Other issues raised include:

- Concerns with impact of increased rates on ratepayers, specifically pensioners
- Request to clarify or further explain the proposed SRV
- Concern regarding the design and integrity of the survey
- The current service delivery in terms of what is promised through Council's strategic documents
- Seeking response to why Council is in a poor financial position
- Requesting information about efficiencies savings and productivity improvements Council can achieve prior to seeking additional rate revenue
- Expressing views that Council should reduce expenditure rather than rely on increasing rates
- Concern with increased rates and a perceived lack of service provided
- Suggestion that Council should rationalise its assets, i.e. the number of Council office buildings and number of pools provided
- Requesting whether Council has applied to State and Federal Government for grant funding
- Council's use of contractors and consultants
- And requesting more accountability and ownership of the current financial position it is in.

The attached Community Engagement Report provides a detailed analysis of the engagement outcomes provided is a table of summary of high-level issue tags for both 1,640 online surveys comments and 468 submissions.

The engagement report also provides details on the Special Rate Variation Options survey.

[Attachment 3](#) provides the Community Engagement Report on the engagement outcomes following the exhibition of the Resourcing Strategy and on the Special Rate Variation options.

Service Review Program

As part of the community engagement on the Special Rate Variation Options, Council established a "Service Review Program" [Get Involved page](#)

The purpose of the webpage is to provide ongoing engagement with the Shoalhaven Community regarding the development of Council's ongoing Service Review Program. An initial survey has been conducted to provide input to developing this program.

Amendments following public exhibition

Following public exhibition, Council's Workforce Management Planning Strategy, Asset Management Strategy and Information Communication Technology Strategy within the Draft Resourcing Strategy remain unchanged from the versions that were placed on public exhibition. Format updates were made, but no changes to content were made.

Further refinement of Council's Resourcing Strategy will occur during the development of the draft Delivery Program Operational Plan and Budget 2024/25, due to be placed on public exhibition in May 2024.

Attachment 1 includes the final Draft Resourcing Strategy.

Long Term Financial Plan 2024-2034

The amendment to the exhibited version of the Draft Long Term Financial Plan 2024-34 relates to the 'Base Case (rate peg only)' scenario which was updated to represent the announced rate peg change from 3% to 4.5%. Further information on the rate peg and how it is determined can be found on [IPART's website](#)

Attachment 2 includes the Draft Long Term Financial Plan 2024/2034.

Community Consultations

Future community consultation and engagement will occur as part of the annual preparation of the draft 2024/25 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.

Council encourages all community members to register on Council's online community engagement space [Get Involved](#) to receive updates on Council projects.

Financial Implications

The Financial Sustainability Review has outlined the projected financial position. The review indicates that Council needs to act immediately to address its financial challenges, or it will become unsustainable. The Draft Long-Term Financial Plan 2024-2034 outlines the preferred scenario for an increase to rate revenue to address these challenges.

There is considerable financial risk to the organisation if corrective action is not taken, including Council breaching its restricted cash requirements. Council's current financial position does not allow for Council to actively deal with its backlog of infrastructure, not 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 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.

Also, as the conditions of assets continues to deteriorate and funding needs to be diverted to increased reactive maintenance, the community will experience a greater rate of declining 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.

CL24.22 Post-Exhibition Report: Planning Proposal to facilitate a Transitional Group Home at 100 St Vincent Street, Ulladulla

HPERM Ref: D23/493745

Department: Strategic Planning

Approver: Coralie McCarthy, Acting Director - City Futures

Reason for Report

The purpose of this report is to present the outcome of the public exhibition of the Planning Proposal recommending amendments to permit, subject to Council's development consent, a transitional group home at 100 St Vincent Street, Ulladulla. The report recommends finalising the Proposal and amending the planning controls in the City-wide Local Environmental Plan.

Recommendation

That Council:

1. Finalise the Planning Proposal recommending planning controls to permit, subject to Council's development consent, a transitional group home at 100 St Vincent Street, Ulladulla (PP0700) and make the necessary amendments to *Shoalhaven Local Environmental Plan 2014*.
2. Notify stakeholders, including the Ulladulla & Districts Community Forum Inc (a Community Consultative Body) and adjoining landowners, of this decision and when the amendment to the planning controls will be published.

Options

1. As recommended.

Implications: The preferred option as it enables the amendment of planning controls to be finalised. Updated planning controls enable Council to consider a development application for a Transitional Group Home providing temporary accommodation for persons who are homeless or at risk of homelessness in an area of need.

2. Adopt an alternative recommendation.

Implications: Depending on its nature, this could delay the finalisation of the amendments to the planning controls.

3. Not proceed to finalise the Planning Proposal.

Implications: This option would not deliver the necessary amendments to planning controls. It would not allow Council to consider a development application to use the existing building to provide a transitional group home, ultimately preventing the delivery of much needed temporary accommodation for persons who are homeless or at risk of homelessness.

Background

Council has considered the opportunity presented by the site to provide temporary accommodation for persons experiencing homelessness in Shoalhaven. Council acquired the site in 2021 for the purpose of community use, registering a 15-year restriction on the title

for community and not-for-profit purposes. Safe Waters Community Care Inc., a local temporary and crisis accommodation provider, expressed interest in using the site as a temporary shelter for persons experiencing homelessness in Ulladulla and the broader Shoalhaven.

On 9 October 2023 Council resolved (MIN23.580) in part:

That Council:

- 1. Support a rezoning of 100 St Vincent St Ulladulla, through lodgement of a formal Planning Proposal, in order to meet the objectives of Safe Waters nominated use of the site.*
- 2. Give the CEO delegated authority to prepare and lodge the Planning Proposal as soon as practicable.*
- 3. Should a favourable gateway determination be received, Council lodge a Development Application concurrent to the Planning Proposal to facilitate a timely determination.*

A Planning Proposal was prepared in accordance with this resolution. The proposal recommends the adjustment of the planning controls to include *Group Homes (Transitional)* as an *Additional Permitted Use* for the site (within *Schedule 1 Additional Permitted Uses of Shoalhaven Local Environmental Plan 2014*). The planning controls define a transitional group home as a dwelling:

- 1. That is occupied by persons as a single household with or without paid supervision or care and whether or not those persons are related or payment for board and lodging is required, and*
- 2. That is to be used to provide temporary accommodation for the relief or rehabilitation of people with a disability or for drug or alcohol rehabilitation purposes, or that is used to provide half-way accommodation for persons formerly living in institutions or temporary accommodation comprising refuges for men, women, or young people.*

The NSW Department of Planning and Environment issued a Gateway Determination for the Planning Proposal, setting conditions for its public exhibition and consultation with public authorities. The Determination also granted Council authority to finalise the amendment to the planning controls.

The Planning Proposal was exhibited between 15 November and 15 December 2023, with exhibition information and material published on Council's website. The Ulladulla and Districts Community Forum Inc. (a Community Consultative Body) and adjoining landowners were notified in writing. The following agencies were consulted on the Proposal:

- Department of Planning and Environment: Biodiversity & Conservation Division (Floodplain Team), and
- State Emergency Service.

Exhibition and Consultation Response

No submissions were received from the community or Ulladulla and Districts Community Forum Inc. The Biodiversity and Conservation Division (Floodplain Team) confirmed it did not object to the Planning Proposal. The feedback from the State Emergency Service is summarised and considered in Table 1. The consideration of this feedback demonstrates a range of flood risk management options to support the proposal, including evacuation and shelter-in-place, are available due to the:

- Type of flooding – flash flooding,
- Use of an existing building outside of areas at risk from flooding, and

- Rising road access providing access to the site for residents and emergency services.

Summary	Response
<p>The State Emergency Service notes the site is subject to isolation during a flash flood with little to no warning time for future occupants to take protective actions. As such, it recommends:</p> <ul style="list-style-type: none"> • There should be adequate space above the Probable Maximum Flood event level within the site to accommodate all occupants, staff, and visitors where the facility is not intended to be evacuated outside the floodplain, and • Any additional parking should be above ground level to facilitate safe and effective vehicular evacuation and have pedestrian access to a podium level above the probable maximum flood event level, to increase human safety. <p>The Service identifies that as the proposal is likely to affect significantly vulnerable community members, the consent authority should carefully consider the development type, likely users, and their ability to respond to minimise their risks. Observing that ideally access and egress routes should have rising road access and/or be passable during at least a 1 in 500-year flood event.</p>	<p>Council’s Millards Creek Flood Study identifies parts of the site may experience flooding during a probable maximum flood event. The location of the existing building is outside of the extent of the probable maximum flood event.</p> <p>The site also benefits from rising road access, providing evacuation opportunities for residents and access for emergency services.</p> <p>The existing building is sited above the Probable Maximum Flood event level, providing the opportunity for residents to shelter-in-place if evacuation doesn’t occur.</p> <p>Due to the small size of the catchment and the “flash flooding” nature of the flood risk, it is not practical to condition a flood warning system for the site.</p> <p>The Planning Proposal enables the reuse of an existing building; it does not propose any new development or parking on site. Future development proposals or works on the site would need to consider and manage the risk to life from flooding. Council’s assessment of any development application(s) would also consider this matter.</p>

Table 1: Summary and consideration of Agency Feedback

Development Application

Council’s Building Services Department has prepared and submitted a development application for a Transitional Group Home on the site. Council’s Development Services Department is assessing this application with a view to determine it on finalisation of the Planning Proposal.

Conclusion

The Planning Proposal does not need adjustments to respond to the results of the public exhibition or Agency feedback. The finalisation of the Proposal is essential to facilitate a solution to address increasing homelessness experienced across Shoalhaven. It provides the opportunity to provide safe, transitional housing for some of the most vulnerable people in Shoalhaven. It is recommended Council resolve to finalise the Proposal and make the necessary amendments of the planning controls.

CL24.22

CL24.23 Classification of Land - Lot 2 DP 538290, 80 Railway Street Bomaderry

HPERM Ref: D24/7529

Department: Technical Services

Approver: Robert Horner, Executive Manager Shoalhaven Water

Reason for Report

The reason for this report is to provide Council with an opportunity to consider the classification of land, being Lot 2 DP 538290 known as 80 Railway Street Bomaderry, as “Operational Land” within the meaning of the Local Government Act 1993.

Recommendation

That Council classify the land described as Lot 2 DP 538290, 80 Railway Street Bomaderry, as Operational Land within the meaning of the Local Government Act 1993.

Options

1. Resolve as recommended.

Implications: The operational classification will provide Council with flexibility for expansion, and any future strategic redevelopments of the site.

2. Not resolve as recommended.

Implications: The classification of the land will default to Community Land and be subject to the Community Land provisions as outlined in the Local Government Act 1993. This would then limit the future redevelopment potential.

Background

Council MIN23.254 dated 31 July 2023 resolved to acquire 80 Railway Street Bomaderry, as a property identified within the inner odour contour levels (20OU) of the Bomaderry Wastewater Treatment Plant (WWTP).

The purchase of the property aligns with Council’s approach to improve odour buffers around the Bomaderry Wastewater Treatment plant.

The classification of 80 Railway Street Bomaderry as Operational Land will remove restrictions that normally apply to community-classified land. This will allow Council to retain an asset with flexibility for, expansion, and any future strategic redevelopments of the site.

80 Railway Street Bomaderry is a rectangular shaped parcel 796.72m² in size, zoned Business – E4 – General Industrial, and highlighted in the plan below in blue outline.



Community Consultations

In accordance with Section 34 of the Local Government Act 1993, a public notice of Council's intention to classify the land as Operational was placed in the South Coast Register, Council's website and at the Nowra Administration Building and Nowra Library, allowing 28 days for written submissions. No submissions have been received.

It should be noted that while the notice of intent can be placed under officer delegation, reclassification of the land can only occur by resolution of the Council.

Policy Implications

Section 31(2) of the Local Government Act 1993 (LGA 1993) provides that before Council acquires land, or within 3 months after it acquires land, Council may resolve to classify it.

There are two classifications available:

1. Operational Land – land which Council owns as a business entity and upon which it conducts Council business, and
2. Community Land – land in Council's ownership which is held for and on behalf of the Community subject to the Community Land provisions of the LGA 1993.

A resolution of Council, within the time frame prescribed in the LGA 1993, is required to finalise the classification of land as Operational.

Financial Implications

Should the recommendation not be resolved, the land will default to community classification in accordance with the LGA 1993. Any future reclassification to operational land to enable future use or development, will require a Local Environmental Plan (LEP) amendment under the Environmental Planning and Assessment Act 1979. This is a time-consuming and costly exercise that would require a budget allocation.

Risk Implications

Nil for the proposed classification as Operational Land.

CL24.24 Tenders - Bream Beach Water Main & Naval Parade Sewer Main Relocations

HPERM Ref: D24/12436

Department: Water Asset Planning & Development

Approver: Robert Horner, Executive Manager Shoalhaven Water

Reason for Report

To inform Council of the tender process for the Bream Beach Water Main & Naval Parade Sewer Main Relocations Project.

In accordance with Section 10A(2)(d)(i) of the Local Government Act 1993, some information should remain confidential as it would, if disclosed, prejudice the commercial position of the person who supplied it. It is not in the public interest to disclose this information as it may reveal commercial-in-confidence provisions of a contract, diminish the competitive commercial value of any information to any person and/or prejudice any person's legitimate business, commercial, professional or financial interests. This information will be considered under a separate confidential report.

Recommendation

That Council consider a separate confidential report in accordance with Section 10A(2)(d)(i) of the Local Government Act 1993.

Options

1. Accept the recommendation

Implications: Consider a separated confidential report on the matter.

2. Council make a different resolution

Implications: This is not recommended as an extensive evaluation process has been undertaken by the tender evaluation team in accordance with the tender evaluation plan.

Details

Project Description

Separable Portion 1:

The water main through Bream Beach is identified as a critical main on Council's asset management system (being the only water main that supplies Wrights Beach); with the existing service becoming increasingly problematic due to its age, pipe type (white PVC) and current location (underneath a caravan park). Shoalhaven Water has now completed the detailed design and environmental assessment for the proposed relocation of this water main. and wishes to upgrade the main to improve useful service and reduce risk of ongoing breakages.

Separable Portion 2:

The existing sewer rising main from SPS 22 in Wrights Beach currently discharges into the existing sewer gravity main located along the St Georges Basin foreshore. This existing sewer main continues to be impacted from changing water levels within the basin and identified in the associated Coastal Management Plan; where it is proposed that the sewer

CL24.24

main be relocated to Naval Parade Rd to reduce the risk of unforeseen discharges into St Georges Basin.



CL24.24

Tendering

Council called tenders for Bream Beach Water Main & Naval Parade Sewer Main Relocations on 14 November 2023 which closed at 10:00 am on 12 December 2023. Five (5) tenders were received at the time of closing. Tenders were received from the following:

Tenderer	Location
Civil & Civic Pty Ltd	Canberra, ACT, 2609
Hisway Pty Ltd	Nowra, NSW, 2541
J Group Corporation Pty Ltd	Jamisontown, NSW, 2750
Killard Infrastructure Pty Ltd	Auburn, NSW, 2144
Utilstra Pty Ltd	Fyshwick, ACT, 2609

Details relating the evaluation of the tenders are contained in the confidential report.

Community Engagement:

The Review of Environmental Factors (REF) for Separable Portion 1 and Separable Portion 2 were publicly exhibited in July 2023 and October 2023 respectively. Residents were notified of the exhibition period by letter, and the document was available for viewing on Council's website.

Further community and stakeholder engagement prior to and during construction is proposed. A dedicated project webpage is to be established under Council's 'Major Projects & Works' Portal.

Policy Implications

Nil. The tender process has followed the requirements under the provisions of the Local Government Act 1993.

Financial Implications:

Sufficient funds have been allocated in the Bream Beach Water Main and Naval Parade Sewer Main Relocations budgets for FY23/24 and FY24/25. Funding is available to cover the tender amount including other project costs via the respective Water and Sewer Funds.

Risk Implications

Details relating to the Risk Implications are contained in the confidential report.

CL24.25 Notice of Motion - Investigate the Potential Re-zoning and/or Sale and/or Future use for Muir House Berry

HPERM Ref: D24/13905

Submitted by: Cllr Tonia Gray

Purpose / Summary

The following Notice of Motion, of which due notice has been given, is submitted for Council's consideration.

Recommendation

That Council

1. Commence investigations of "Muir House" (Lot 1 in DP 572830) with regards to options for:
 - a. Seeking alternative premises for the current tenant and their future needs;
 - b. Potential planning proposal to reclassify the land from Community to Operational classification and Rezoning of the land from RE1 (Public Recreation) to R2 (Low Density Residential) or suitable alternative zoning;
 - c. Obtaining a valuation with regards to proposed future zone and use.
2. Receive a future report detailing the outcome of these investigations.

Background

Council owns "Muir House" (Lot 1 DP 572830 – refer to Image 1 below) located on the corner of Prince Alfred and Albert St in Berry. Council purchased the land in 1976 from a private land owner following a resolution of Council. It was Council's intention at the time to acquire the property to house the Berry Museum. The land benefits from a heritage house and refurbished heritage sheds (formally stables) and is currently leased to the Berry Community Activity Centre, with the peppercorn lease ending on 9 May 2025.

Council records reveal there is no documentation confirming Muir House was ever used for Berry Museum. Presently, the Berry Museum operates out of 135 Queen St Berry (which is another heritage property owned by Council).

Given Council's financial situation currently, it is proposed that this property be investigated by Council staff to be considered either for sale or commercial lease at market rate as part of its measures for financial recovery.

CL24.25



Image 1 - "Muir House" (Lot 1 in DP 572830)

CL24.25

LOCAL GOVERNMENT ACT 1993

Chapter 3, Section 8A Guiding principles for councils

(1) Exercise of functions generally

The following general principles apply to the exercise of functions by councils:

- (a) Councils should provide strong and effective representation, leadership, planning and decision-making.
- (b) Councils should carry out functions in a way that provides the best possible value for residents and ratepayers.
- (c) Councils should plan strategically, using the integrated planning and reporting framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.
- (d) Councils should apply the integrated planning and reporting framework in carrying out their functions so as to achieve desired outcomes and continuous improvements.
- (e) Councils should work co-operatively with other councils and the State government to achieve desired outcomes for the local community.
- (f) Councils should manage lands and other assets so that current and future local community needs can be met in an affordable way.
- (g) Councils should work with others to secure appropriate services for local community needs.
- (h) Councils should act fairly, ethically and without bias in the interests of the local community.
- (i) Councils should be responsible employers and provide a consultative and supportive working environment for staff.

(2) Decision-making

The following principles apply to decision-making by councils (subject to any other applicable law):

- (a) Councils should recognise diverse local community needs and interests.
- (b) Councils should consider social justice principles.
- (c) Councils should consider the long term and cumulative effects of actions on future generations.
- (d) Councils should consider the principles of ecologically sustainable development.
- (e) Council decision-making should be transparent and decision-makers are to be accountable for decisions and omissions.

(3) Community participation

Councils should actively engage with their local communities, through the use of the integrated planning and reporting framework and other measures.

Chapter 3, Section 8B Principles of sound financial management

The following principles of sound financial management apply to councils:

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following:
 - (i) performance management and reporting,
 - (ii) asset maintenance and enhancement,
 - (iii) funding decisions,
 - (iv) risk management practices.
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
 - (i) policy decisions are made after considering their financial effects on future generations,
 - (ii) the current generation funds the cost of its services

Chapter 3, 8C Integrated planning and reporting principles that apply to councils

The following principles for strategic planning apply to the development of the integrated planning and reporting framework by councils:

- (a) Councils should identify and prioritise key local community needs and aspirations and consider regional priorities.
- (b) Councils should identify strategic goals to meet those needs and aspirations.
- (c) Councils should develop activities, and prioritise actions, to work towards the strategic goals.
- (d) Councils should ensure that the strategic goals and activities to work towards them may be achieved within council resources.
- (e) Councils should regularly review and evaluate progress towards achieving strategic goals.
- (f) Councils should maintain an integrated approach to planning, delivering, monitoring and reporting on strategic goals.
- (g) Councils should collaborate with others to maximise achievement of strategic goals.
- (h) Councils should manage risks to the local community or area or to the council effectively and proactively.
- (i) Councils should make appropriate evidence-based adaptations to meet changing needs and circumstances.