

Ordinary Meeting

Meeting Date: Tuesday, 29 July, 2025

Location: Council Chambers, City Administrative Building, Bridge Road, Nowra

Attachments (Under Separate Cover)

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Shoalhaven City Council

2025 CEO Organisation Performance Report

Reporting organisational performance and progress towards Council priorities

Financial *sustainability*

Our plan for the future



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A message from the Acting CEO



It is with great pride, enthusiasm and a deep sense of gratitude, being able to have led the Council for more than eight months, that I share the first CEO Organisation Performance Report with this term of Council. As we reflect on the time since the 2024 Local Government Elections, we have seen a period of resilience, financial progression and achievement across all areas of Council's services and functions. Looking back from the close of 2024 to present, I recognise not only the challenges we have collectively overcome, but the significant strides we have made as an organisation toward reinforcing our recovery towards financial sustainability. This time has been marked by unwavering dedication from staff, a focus on improvement, and above all, a commitment to continuing to provide for our community across the Shoalhaven.

We have seen significant financial success, resulting in a \$14 million reduction in projected operating deficit at the end of FY25 which far exceeds the projected reduction and achieved while maintaining a considered approach to delivering services, looking inwards to expenditure, reviewing our services, executive oversight of vacancies and recruitment, land sales, as well as looking outward to revenue needs. This reduction is a testament to the strategic progression of the Shoalhaven's Sustainable Financial Futures Plan (SFFP), a planned approach with defined actions developed and commenced in December 2024, driven by strong internal executive leadership and underpinned by the stewardship of staff right across the organisation. The ownership of our financial recovery by staff at all levels to benefit the community in which they live, work and play, has proven to be a strong foundation on which the organisation has built its road to fiscal recovery. We continue to review service offerings and focus on our core service needs to benefit the 50 towns and villages that comprise the unique and beautiful environment that is the Shoalhaven.

While the results of the SFFP are evident through the 2025-26 budget, they also reflect the many decisions that have positively impacted cashflow during the term of this Council so far. We have implemented a strong land sales strategy that has brought in \$11.3 million, ensuring we can continue to manage day-to-day cash. We have reduced grant funds paid in advance to around \$10 million - a marked reduction on previous years. We have operationally led and followed a prudent investment strategy that has seen continued returns on Council's investments, further positively impacting our overall financial position.

Our people are the driving force behind everything we have achieved, and I recognise that our workforce comprises a majority who reside within the Shoalhaven, with friends, family and networks across the Local Government Area (LGA) and greater region. They are invested in these outcomes and their ownership and drive, coupled with strong, positive leadership, has led to achieving these outstanding results.

Notwithstanding all of the above, financial sustainability continues to be at the heart of council's operating focus and will require a steadfast and considered strategic approach to ensure that operations are positioned to deliver on the expectations of the community. This journey requires a continued appraisal of both expenditure and revenue opportunities to bring the council back into a positive operating surplus.

Alongside managing finances, Council has delivered numerous actions and outcomes so far during its term. Noteworthy is the finalisation and adoption of our inaugural Reconciliation Action Plan (RAP), which has been several years in the making. This plan reinforces the organisation's commitment to reconciliation, reflecting on our past, and providing the foundations for Council to continue to build its partnership with our strong Indigenous communities. I am incredibly humbled to have been a part of this program and to see the RAP developed, adopted and now being delivered across the organisation. My hope is that as Council delivers this plan, the sentiment and outcomes permeate across the Shoalhaven to forge a more connected and stronger community based on recognition, relationships and respect.

In the midst of a Local Government election, in-depth Councillor induction program, and our financial focus, Council has developed, exhibited and adopted a new Community Strategic Plan (CSP), Delivery Program and Operational Plan (DPOP), as well as a landmark budget of \$510 million for the 2025-26 year. Not only does this ensure we are operating in line with our legislative requirements, but also the ongoing commitment of Council to the Shoalhaven community.

The delivery of a new Community Engagement Strategy and Framework is yet another milestone achievement. This strategy will help guide how council engages and consults with the community on projects of interest, as well as initiatives that are happening across the LGA. The work includes a Community Participation Plan (CPP), which outlines how council will engage on planning and development matters relevant to our locals and each of our communities.

Our targeted Service Review Program continues to uncover opportunities for financial savings and efficiency improvements across the organisation. Recent reviews have covered a diverse range of areas, including Visitor Services, Work Health & Safety, Bereavement Services, and Plant & Fleet. To support ongoing efforts, the Service Planning Framework has been reviewed and updated, providing clear guidance for the regular evaluation of our service offerings into the future.

As I depart from Council, I commend this CEO Organisation Performance Report to our community, inclusive of its content from across all of Council's directorates. I hope this report sheds light on the work that has been undertaken over the past eight and a half months, to give well earned confidence in the operations of Shoalhaven City Council. With the right blend of leadership and ownership, the future of the Shoalhaven is strong.

Sincerely,



James Ruprai

Chief Executive Officer (Acting)

CL25.230 - Attachment 1

Performance snapshot



General Fund Financials

	As at 1 October 2024 ¹	Current performance ²	Performance trend
Unrestricted Current Ratio (UCR) ³	1.21	1.31	▲
Financial Sustainability Reserve (FSR)	\$0	\$4.1m	▲
Operating performance ratio	-12.3%	-6.1%	▲
Debt service cover ratio	1.46	2.29	▲
Cash and investments	\$205M	\$213.1M	▲

¹Financial results from Quarterly Performance and Budget Report (July – September 2024)
²Financial results from Quarterly Performance and Budget Report (January – March 2025)
³UCR measures the ability of a council to satisfy its financial obligations in the short term. Benchmark is >1.5.



People

	As at 1 October 2024	Current performance	Performance trend
Actual full time equivalent staff (FTE) ⁴	1075.60	1032.47	▲
Turnover	16.54%	14.42%	▲
Average Employee Assistance Program (EAP) monthly hours ⁵	21.8	14.7	▲
Average WHS injury claims per month	14.3	12.8	▲

⁴Actual FTE is full time equivalent staff on Council's payroll, including Shoalhaven Water and Waste Services
⁵Council does not receive individual EAP data, but receives number of hours used for billing purposes



Customer Experience

	As at 1 October 2024	Current performance	Performance trend
CSAT	80.8%	89.4%	▲
Request completion	5 days	5 days	=
Monthly customer complaints	30	31	=
Customer Satisfaction (CSAT) ⁶	49 seconds	30 seconds	▲

⁶CSAT quantifies customer satisfaction with a specific experience (customer service interaction or request)

Progress against our priorities

Financial Sustainability

Significant strides have been made toward our financial sustainability following the introduction of the *Sustainable Financial Futures Plan (SFFP)* in December 2024. This plan, developed in response to AEC recommendations, is now well underway, with 40 of 75 key actions completed so far.

Revenue Initiatives

- Generated **\$11.3 million through the sale of operational land**, contributing to strategic financial repositioning.
- Realised **\$831,000 from plant and fleet sales**, improving cash flow and reducing depreciation costs.
- Implementation of a **12% special rate variation**, boosting revenue to support asset renewal efforts.

Cost Saving Measures

- **\$7m of operational savings** have been incorporated into FY26 budget.
- Implemented an **executive restructure in December 2024**, streamlining leadership and reducing employee costs.
- Conducted a **vacancy review in March 2025**, which will enable **\$3.5 million in employee cost savings** in FY26.
- Through the **fleet reduction efforts**, annual general fund operational savings of \$343,000 will be achieved from FY26 onwards.
- Lowered **future FBT liability** by purchasing more cost-effective fleet vehicles and increasing the employee contribution.

Commercial Service Reviews

- **Family Day Care**: In February 2025, a decision was made to close this service, resulting in projected savings of **\$90,000 per annum**. The service will be closed in early July.
- **Bereavement Services**: The service review has progressed to implementation, with actions in progress. This includes preparing an **Expression of Interest (EOI)** as recommended by the Finance Review Panel.
- **Shoalhaven Entertainment Centre (SEC)**: The current assessment of service delivery is complete. An options analysis is now in progress, aiming to inform future directions for the centre's operation.

Progress against our financial sustainability initiatives reflect a strong commitment to responsible financial management and position Shoalhaven City Council for a more sustainable future, reducing the budgeted FY25 operating deficit from **\$28 million** to a projected actual FY25 operating deficit of **\$12.8 million**.

Asset Management

The Asset Strategy team has undertaken a thorough review of Council's transport asset data through 2024-25. Starting with a comprehensive condition rating of the 1,900km road, 380 carparks and 1,061km length of kerb & gutter undertaken externally. The team then validated critical data such as asset lengths, pavement area and construction materials of over 30,000 asset records. The culmination of this effort is the comprehensive revaluation of Council's \$2 billion transport assets, which will feed directly into the audited financial statements and serve as the benchmark for Council's various sustainability ratios.

Additional achievements include the comprehensive condition inspections of some other asset types, including playground and bus shelters; defining the extents of Council's fire trail responsibilities; recording 19,000 new assets records and new mapping for 25,000 assets.

Investment in our Assets & Asset Renewal

The availability of the condition rating data for the road network is now being utilised by our recently centralised Engineering Asset Planning team to develop a significantly more sophisticated, strategic, data-driven program for road renewal investments.

In relation to capital works, the 2024-25 financial year has seen significant change to the way the organisation delivers its capital projects through the centralisation of project delivery. This operational adjustment has realised a more efficient procurement and project management framework implementation throughout delivery of Council's capital projects. It has also enabled the alignment of safety, quality and environmental aspects of projects.

With safety at the forefront of our delivery, the Contractor Safety Management Procedure for the group has been implemented to ensure best practice when managing contractors on our projects. A strong focus has also been placed on alignment of quality management of the projects we deliver. Through collaboration with our design and planning teams, detailed quality and surveillance plans being developed to ensure key quality deliverables are captured with a view to raising the bar in assuring our new assets are fit to achieve their expected life and performance at handover. Upskilling and knowledge sharing has been to great benefit in this process made more effective through the centralisation of project delivery within the organisation.

The total value of capital projects delivered for FY25 was \$65 million.

The change to centralised delivery has seen many great projects delivered for the community this year, including:

- **The Major Landslip Package** - The completion of the 38 worst landslips after the 2022/23 natural disaster events. The completion of these events marks the end of disruption for many of our community impacted by extended road closures and access limitation due to the significant damage to Council's road assets.
- **Myola Active Transport Improvement Program** - Improvement of active transport at the southern end of Myola where a ferry access links Round the Bay Walk from Huskisson to Callala Bay.
- **Material Recycling Facility** – delivery of this challenging project has continued throughout 2024/25, with a review of operating models currently underway to assist in guiding Council to the most effective method to deal with recyclable materials into the future.
- **Lake Conjola Fire Station Upgrade** - A major upgrade to Lake Conjola Fire Station has been completed five years after the Shoalhaven region was hit by the devastating Currowan bushfire.

Disaster Preparedness and Recovery

Over the past three years, Council's Natural Disaster team has managed a substantial volume of repair works stemming from multiple natural disaster events. Much of the initial emergency response was led by Council's Works and Services Department, with major follow-up repairs jointly delivered by the Natural Disaster team and Works and Services.

While there have been no new natural disasters recorded this financial year, Council has successfully completed over \$19 million in disaster repair works. An additional \$13 million in repairs is currently underway or awaiting approval and commencement. To date, the Natural Disaster Response Program has restored 50 km of roads across all districts, with approximately 40% of this work delivered in the current financial year.

Council's Works and Services team remains actively engaged with local emergency response agencies through participation in the Fire Access and Fire Trail (FAFT) Program, the Bush Fire Mitigation Committee, and the Local Emergency Management Committee.

Council's investment in a full-time Local Emergency Management Officer (LEMO) and Deputy LEMO continues to strengthen coordination with emergency agencies and enhances overall preparedness for emergency events. This commitment has led to notable improvements in the compliance of Council's Asset Protection Zones, as well as a stronger focus on prioritising bushfire trail maintenance to ensure optimal use of available budgets.

Housing Affordability and DA Performance

Housing Affordability

Council resolved to establish an Affordable Housing Action Taskforce and seek expressions of interest (EOI's) for membership and participation. EOI's were sought in March and April 2025, and the potential establishment of the Taskforce was reported to Council in June 2025. It is intended that the Taskforce will assist with the implementation of action in the Affordable Housing Strategy.

Council representatives appeared before the NSW Parliamentary inquiry into Key Worker Housing, from which a range of recommendations related to housing affordability and affordable housing resulted and are now with NSW Government for consideration.

The Draft Development Control Plan and Infrastructure Funding Options Paper for the Moss Vale Road North Urban Release Area were publicly exhibited. Following consideration of the exhibition outcomes, Council is working collaboratively with the group representing the major landowners in this area to resolve a range of matters. When ultimately released this area will contribute an additional 2000 plus residential lots to the market and assist housing affordability as a result.

In May 2025, Council was awarded \$250,000 in funding from the NSW Regional Strategic Planning Fund (Round 3) for the Nowra Estate Renewal Project in Partnership with Southern Cross Housing and Homes NSW. This project will consider opportunities for new and additional social, affordable and market housing through a broader renewal of the area.

Council continued to work with the NSW Government in regard to the announced Low & Mid Rise Housing Reforms that apply to areas of Nowra and Bomaderry and provide additional opportunities for additional low and mid-rise housing in these areas close to the centres.

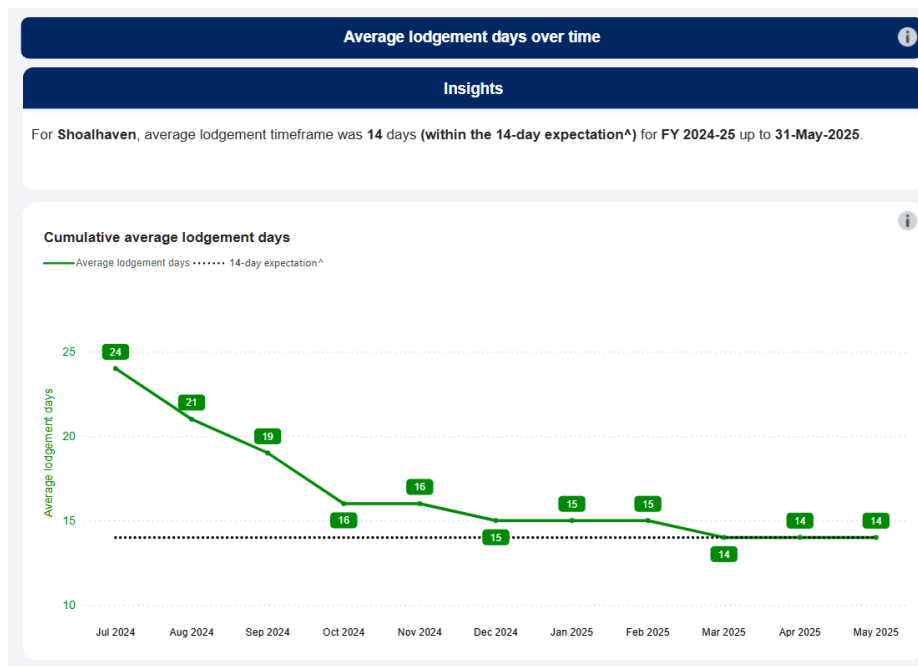
Council collaborated with the NSW Department of Planning, Housing and Infrastructure (DPHI) on a Strategic Roadmap for the Nowra City Centre that will identify a range of potential holistic actions/outcomes to increase the population and vibrancy in the centre, including addition future housing opportunities. A draft discussion paper will be released mid 2025 for community engagement.

In March 2025 the NSW Government announced two State Significant Rezoning Proposals within the broader Nowra Riverfront Precinct that have the potential to deliver additional well-located homes. Nowra Riverfront State Assessed Rezoning Project (approx. 300+ homes) and Homes NSW lead rezoning proposal for the Mandalay Avenue sub-Precinct (approx. 539 homes). Council staff are collaborating with relevant NSW Government Departments to progress these projects.

The partnership Affordable Housing Development at Coomea Street Bomaderry between Southern Cross Housing and Council is substantially progressed and close to completion. The development will provide 39 new affordable dwelling units. Council hosted a visit from Uralla Shire Council to view the project in March 2025.

DA Performance - Lodgement Timeframes

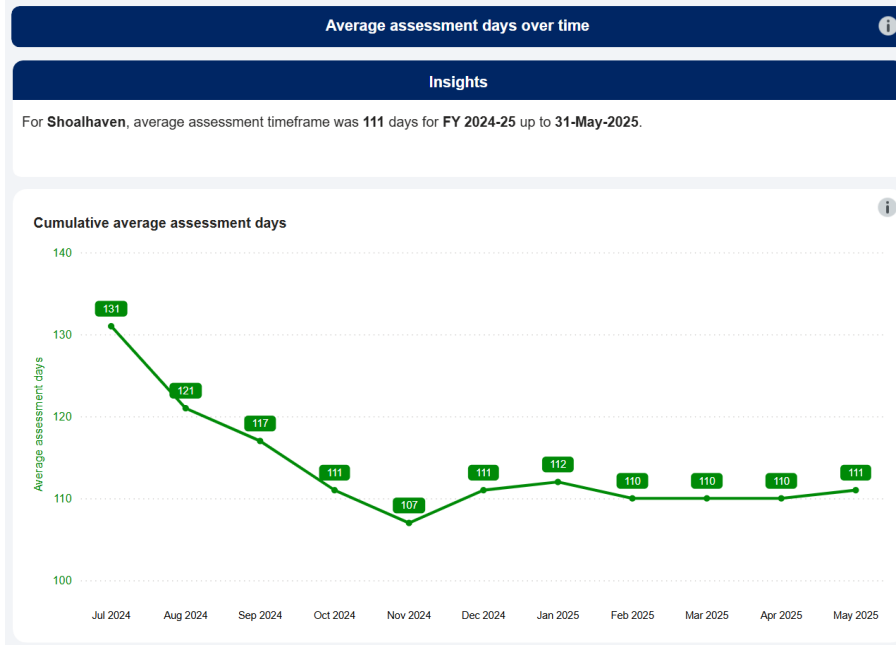
Council has significantly reduced average Development Application lodgement average timeframes from 24 to 14 days. This result demonstrates early compliance with the Ministerial Order of Expectations for Development Application lodgement.



CL25.230 - Attachment 1

DA Performance - Assessment Timeframes

Council is continuing to improve its assessment timeframes in line with the Government’s Statement of Expectations Order 2024. The target set by the Minister for the Shoalhaven is an average of 110 days from 1 July 2024 to 30 June 2025, which was exceeded by just one-day last month. We will be working to enhance performance and further reduce assessment timeframes over the course of the next financial year to meet the Minister’s new target of 105 days for 2025-26.



Community Engagement

Standards and requirements for community consultation have been set in the Community Engagement Strategy and Framework 2025-29, drafted and adopted by Council this year. The document provides a guide as to how Council interacts with and involves communities in the decision-making process. The strategy outlines goals, principles, methods and tools for building trust and fostering participation.

Since October 2024, Council has engaged on 55 initiatives, including city-wide projects and plans such as the Community Strategic Plan, Community Infrastructure Strategic Plan, and the Coastal Management Plan. During this time there have been 7,555 responses to 89 surveys hosted on the Get Involved website, which has 319 newly registered participants, bringing the current total to 4,714.

City Services

Enterprise Project Management Office (ePMO) and Community-Led Projects

FY25 has seen the full integration of the ePMO into Council's 'business as usual' processes. The implementation of two key systems, Capital Works Budgeting and Project Life Management (PLM) has realised immediate benefits. Capital Works Budgeting now allows budgets to be managed at a works project level, which enables project managers and senior leadership to have greater visibility of the status of available project budget and current spend. The requirement to provide monthly forecast spend updates has enabled us to minimise our end of year carry forwards to a much lower value than in previous years and identify budgetary issues much earlier.

The rigour applied in the assessment of project initiatives in PLM has resulted in a much more deliverable capital works program which helps to improve the community's confidence in Council. Systems have now also been developed to support the consideration of community-led projects.

Community Infrastructure Strategic Plan (CISP)

The Open Space & Recreation Planning (OSRP) team has made great progress on our key strategic project, the CISP Review, over the past 12 months. The CISP Review project, which commenced in early 2024, is on track for endorsement in mid-2026. The project's methodology is confirmed, discrete sub-projects have been completed, including an audit of all community infrastructure assets and multiple community engagement activities, completion of a round of direct engagement with key internal stakeholders, and commencement of needs analyses by district.

Over 4,500 engagements have been registered to date through various engagement activities undertaken as part of the CISP Review, and it is expected these numbers will continue to rise through subsequent project phases.

Aquatic and Leisure Facilities

Aquatic and leisure facilities have achieved significantly better than budget revenue performance throughout the year. By the end of FY25, income-generating activities are projected to exceed budget forecasts by approximately \$600,000. Notably, strong performance has been observed in the following service areas:

- Learn to Swim programs (+10,000 enrolments)
- Health & Fitness services (4,000 Members and 800,000 patrons overall)
- Catering and Café operations

The full allocation of the \$1,200,000 Capital Budget has been successfully utilised to support infrastructure investment across aquatic and leisure facilities. Capital works delivered include:

- Facility upgrades and embellishments
- Reactive maintenance
- Minor improvement projects
- Turf maintenance and enhancement programs.

These investments have supported continued service delivery improvements and asset sustainability across the Swim Sport Fitness portfolio.

Amalgamation of Parks and Precincts (Horticultural services)

During the 2024/25 financial year, the Shoalhaven Swim Sport Fitness Department completed a strategic review of open space operations in collaboration with the Works & Services, Building Services, and Bereavement Services departments. The focus of the review was to assess the benefits of amalgamating horticultural operations across departments.

As a result of this review, it was determined that the integration of the Works & Services Parks team, Bereavement Mowing functions, and open space / grounds maintenance performed by Building Services with the Swim Sport Fitness Precinct team would yield significant operational benefits. Key outcomes of the amalgamation include:

- Increased availability of shared resources
- Improved workforce flexibility
- Expansion of mowing work crews across districts
- Reduction in travel time between sites
- Optimised use of equipment and adaptability to changing priorities
- \$260,000 in annual operational savings.

Works and Services

Across all districts, Shoalhaven achieved substantial infrastructure improvements and recovery works. A combined 60.5 km of resealing and 24.4 km of gravel road re-sheeting were completed, alongside pathway, drainage, culvert, and carpark upgrades across key urban and regional sites. Notable projects included shared user paths in Myola, Callala Bay, and Matron Porter Drive; jetty renewals in Lake Tabourie, and a fenced dog park in Bomaderry.

Extensive natural disaster response works totalled over \$6.5 million, addressing culvert failures, potholes, slope stability, headwall repairs, and multiple sinkholes.

The Basin and Southern Districts led major pavement restoration efforts, while the Roads Unit delivered \$3.05 million worth of resealing, rehabilitation, and asphalt works, supplemented by \$1.92 million in targeted capital upgrades. These efforts reflect an integrated investment in resilience, accessibility, and essential infrastructure across the Shoalhaven region.

Waste Services

The forecast to the end of financial year indicates that operational income will be 5% (\$4 million) more than FY24 and 1% (\$0.8 million) more than FY25 Budget. Operational expenditure will be 11% (\$8 million) less than FY24 and 7% (\$5 million) less than FY25 Budget. One-off items (in particular waste levy rebates) account for the majority of the positive outcome.

Increased income and reduced expenditure have been achieved in FY25 thanks to a great effort by the whole team to identify savings and maximise income.

The kerbside domestic waste collection service has operated well. The service provided 2.56 million lifts of rubbish bins (31,000 tonnes of waste to landfill) and 1.25 million lifts of recycling bins (9,700 tonnes of recycling).

The West Nowra waste and recycling facility received almost 110,000 tonnes of waste, of which over 46,000 tonnes were diverted from landfill.

Plant & Fleet Service Review

As part of the Financial Sustainability project in 2023, AEC Group (AEC) was engaged to complete a service review of Council’s plant and fleet management and operations.

A project management plan was then developed and approved to support the organisation in delivering the recommendations from the plant and fleet service review.

The following table outlines the agreed project deliverables and status:

Project Deliverable	Status
Update Motor Vehicle Policy	Completed
Review leaseback contributions paid by staff	Completed
Coloured fleet (passenger vehicle) review	Completed
Establish Plant and Fleet Working Group (PFWG)	Completed
Sale of under-utilised plant and fleet	In progress
External plant hire	In progress
10-year Plant and Fleet Replacement Program	In progress
Performance reporting	In progress
Fleet system improvements	In progress
Revaluation and depreciation rates	Not started – December 2025
Adjusted hire rates	In progress
Fleet team changes	In progress

To date, total sales proceeds of \$737,924 has been reported from the sale of general fund plant and fleet assets. This reduction in Council fleet contributes to significant ongoing cost savings, with annual plant hire savings estimated at \$270,471 for the general fund, which will be realised from FY26.

City Development

Cultural and Community Services

- Council adopted and launched its first Reconciliation Action Plan (RAP) at the 'Reflect' level, which sets out 18 months of goals and 49 actions to strengthen relationships, demonstrate respect and provide opportunities for Council to work more collaboratively with Aboriginal and Torres Strait Islander communities.
- Council worked with Huskisson Chamber of Commerce to win Top Tiny Tourism Town Award for NSW for the third year running. Council also promoted Wine Whales and Foodie Trails for visitors to Shoalhaven and Go Grand which is a South Coast and Highlands campaign. Data shows occupancy down 25% in July and August so support of the industry is crucial.

Environmental Services

Coastal Management Program

- Sussex Inlet, St Georges Basin, Swan Lake and Berrara Creek CMP adopted by Council June 2025.
- Lake Conjola CMP adopted by Council June 2025.
- Lower Shoalhaven Rive CMP completed for Council determination in 2025.

Land Management

- Formation of the Shoalhaven Heads Dunecare

Floodplain Management

- Shoalhaven ICOLL Catchments Flash Flood Warning System Scoping Study completed, and NSW Government grant funding obtained to implement a Total Flood Warning System in the Lake Conjola, Burrill Lake and Tabourie Lake catchments.
- Clyde River Flood Study and Floodplain Risk Management Study and Plan completed and due for reporting to Council following Southern Floodplain Risk Management Committee endorsement.
- Willinga Lake Flood Study and Floodplain Risk Management Study and Plan completed and due for reporting to Council following Southern Floodplain Risk Management Committee endorsement.
- Lower Shoalhaven River and St Georges Basin Flood Evacuation Capability Assessment completed.

Business Support

- Developed real-time dashboards to monitor Development lodgement and approval activity across the Shoalhaven LGA.
- Reduced average Development Application lodgement timeframes from 24 to 14 days through process reengineering and system enhancements.
- Achieved early compliance with the Ministerial Order of Expectations for Development Application lodgement.
- Introduced online certificate requests, increasing revenue from Internal Drainage Diagram services.
- Enhanced Business Support service efficiency, meeting KPI targets and delivering cost savings.

Development Services

- Shoalhaven City Council is currently on target to meet the Minister's Statement of Expectation Order 2024 for the determination of development applications within 110 days (gross) from lodgement for the 2024-25 financial year.
- We are continuously reviewing our procedures and building capacity to address the lower 105-day target for DA determination for the 2025-26 financial year.

Strategic Planning

Council adopted Strategic Growth Principles in December 2024, and these were included in Shoalhaven's Local Strategic Planning Statement.

Work commenced and is well advanced on new Local Infrastructure Contributions Scheme for Shoalhaven.

Council adopted a significant Planning Proposal (zoning change) for a site at St. Vincent Street, Ulladulla (180+ dwellings) in May 2025.

Submissions were provided or advocacy occurred on behalf of Council to NSW Government regarding the following planning reforms or related matters: Proposed Cultural SEPP, Gateway process for Planning Proposals, Stricter Planning Regulation of Tobacco and Vape Stores, NSW Housing Delivery Authority, NSW Housing Targets, IPART Contributions Plan Review, NSW Homelessness Strategy, NSW Government low & Mid Rise Housing Reforms, Planning Pathway for NSW Housing Pattern Book, NSW Bushfire Risk Audit, Planning Responses to Climate Risk, Industrial Lands Action Plan, Nowra City Centre Strategic Planning Roadmap, NSW Office of Local Government: Affordable Housing Guide, Proposed Illegal Tree and vegetation clearing reforms, Codes SEPP High Priority Reforms.

Council representatives formally appeared before the NSW Parliamentary inquiries into Historic Development Consents and Key Worker Housing.

Amendment No. to Shoalhaven DCP 2014: 45 Degree Rule for Tree Clearing was finalised March 2025, and the Draft Berry DCP and associated Heritage Planning Proposal (PP) were finalised and adopted for exhibition pending a favourable Gateway determination from NSW Government (for the PP component).

In January 2025 the Australian Government announced that Council had been successfully awarded a grant of \$5 million from the Regional Precincts and Partnerships Program Grant Announcement to help progress the master planning work for the Nowra Riverfront.

The new Shoalhaven Community Participation Plan (CPP) for Planning and Development Decisions was formally exhibited and finally adopted by Council in May 2025 and the new Draft Shoalhaven Local Approvals Policy exhibited March to May 2025.

Council staff represented the Planning Institute of Australia (PIA) at the Ulladulla High School Careers Fair in June 2026 to promote urban planning as a career.

Council continued to process and issue a high volume of Planning Certificates (10.7 and dwelling entitlement) with 5,000+ certificates issued (or around 420 per month or 100 per week).

Certification & Compliance

Council's Swimming Pool Compliance Education Program launched in October 2024, promoting pool and spa safety with the slogan "*A Pool That Complies, Saves Lives*" and delivering a summer a safety message. The initiative featured a cohesive communications strategy, and an educational video designed for long-term use all completed utilising in-house resources.

Regional Illegal Dumping Officers and Ranger Services Unit secured over \$91,000 in EPA backed funding to boost Councils fight against illegal dumping through smart surveillance, bold education, and united community action.

Staff presented a detailed report to Council on 29 April 2025 recommending that Council rescind MIN19.150 and "opt-out" of the agreement 25% reduced penalty notice charges for overtime carparking, overtime street parking and not stand vehicle within marked space by as offered as an option by the State Government in 2019. This recommendation was carried and will restore more than \$160,000 to next year's budget without incurring additional costs, resources, or staffing resources.

City Performance

Assurance and Risk

- New Council onboarded, including training and induction.
- Success in Class 1 and 4 actions in the Land and Environment Court, resulting in reduced costs for Council.
- Continued excellent results achieved with respect to our audited requirements as a self-insurer for workers compensation.
- Councillor Expenses Policy adopted.
- Provision of discussion paper responses and amendments to Code of Meeting Practice.

Finance

- Successful 12% SRV application lodged 31 Jan 2025 and approved on 16 May 2025.
- Financial Sustainability reserve has grown to a balance of \$4.1m.
- Investments are on track to achieve the revised budgeted interest revenue forecast for this financial year.
- While Council will not achieve the mandated Office of Local Government (OLG) performance measures for 30 June 2025, there has been improvement in performance against the key ratios such as operating performance and unrestricted current ratio.

Customer Experience

- Decreased staff turnover rate in the Customer Experience team, resulting in more experienced Officers and improved Customer KPI results.
- Transfer of the Ulladulla Counter into Customer Experience in June 2025. This change will provide a consistent, streamlined customer service offering in Nowra and Ulladulla.
- As part of Council's continuous improvement efforts, a system change is being rolled out which gives the customer the ability to respond to system generated correspondence. This correspondence is then automatically registered and assigned to the staff member within minutes.
- Another customer-centric system change is underway, which means the corresponding customer request is automatically closed when the works team complete the job.

People & Culture

- Implementation of executive level workplace change.
- Implementation of the Vacancies and My Recruitment module in OneCouncil.
- Review of mandatory training completed.
- Diversity and Inclusion Training Package: Disability Awareness Training (released August 2024 before the new Council), Sexual Harassment Training (released October 2024), Zero Tolerance (released November 2024), Child Safety Awareness Training (released March 2025)
- Launch of Patrizia Cassiniti – Touched by Christopher presentations – Safety Talks.
- Overall Host Employer of the Year, Zeal Futures Excellence Awards 2025.

- Obtaining funding for 2 cadet positions in the Fresh Start Grant Applications Round 2.
- Implementation of new time and attendance payroll system and training is near completion.

Information Services

- Implementation of the mobility for Work Orders using OneCouncil and Worxonline for Works & Services. Implemented northern, central and southern districts.
- Implementation of Inspection Testing and Monitoring (ITM) system ITM which determines the scope and frequency for inspection testing and monitoring of plant and equipment along with health monitoring for required workers.
- Implementation of a grants preapproval process and grants register.
- Development of a portal for pilot of community-led projects capture.
- Transition from on-premises bespoke solution to OneCouncil integrated system for certificates and food shop inspections.
- IT Disaster Recovery Plan refreshed and successful walkthrough of two disaster scenarios carried out.
- Optimised the road naming and addressing process, enhance tracking, and improve customer communication for more efficiency.
- Developed Property GIS Layer, enabling the identification of all property types associated with the land, including strata, ancillary, leases, licenses, and more.

Shoalhaven Water

Development Servicing Plan (DSP) Review

A strategic update of the DSP has been completed to better align infrastructure planning with regional growth and development trends. The last update was completed 20 years ago. This ensures that water and wastewater services remain robust and future ready. The DSP's are currently on exhibition and will be reported back to Council later this year for adoption.

Section 64 Contributions Policy Reform

A significant policy shift was implemented with the revision of the Section 64 developer contributions discount policy. The changes promote fairer cost-sharing for infrastructure delivery and incentivize development in priority growth areas. The removal of the discount policy will provide additional revenue to a depleted Section 64 reserve.

Major Capital Works Projects

Shoalhaven Water has advanced several critical infrastructure projects as part of its \$56.4 million capital works program including:

- **Bamarang to Milton Stage 2 Water Pipeline Project** – Enhancing water security and supply resilience across the southern Shoalhaven.
- **Jervis Bay Territory Pipeline** – Supporting cross-jurisdictional water service reliability.
- **Culburra Wastewater Treatment Plant Upgrades** – Improving environmental outcomes and treatment capacity.
- **Moss Vale Road South Urban Release Area Infrastructure** – Completion of the project in April will facilitate new housing developments with essential water and sewer services.
- **Coonemia Sewage Treatment Plant** – Initial investigations into consolidating all REMS plants into one new treatment plant. Potential large savings in operational costs and capital expenditure.

Strategic Engagement and Planning

The team has actively engaged with DCCEEW through workshops and consultations, ensuring that planning decisions reflect community needs and long-term sustainability goals and we achieve assessment under the Regulatory and Assurance Framework.

Council has adopted to pay a dividend from the water and sewer funds in Shoalhaven Water's LTFP. Shoalhaven water is a large local government owned water utility and has the capability to fund this moving into the future.

Presentation of 10-year Long Term Financial Plan to councillors for Both water and Sewer fund including the delivery of 2 major projects – Bamarang to Milton Stage 2 water pipeline and the Northern water recycling plant at Coonemia. The LTFP including proposed rating structure is the first time Council has had visibility of future projects against proposed rating structure. Councillors have reviewed the proposed rating structure and made changes as appropriate based on community expectations.

Following the NSW Government Announcement in March 2025 for the Homes NSW Mandalay Avenue Precinct, staff have commenced working with the proponent to investigate the infrastructure requirements to cater for the large development. The development will require significant upgrades to pumping stations and gravity sewer mains.

Increased revenue from Manildra has been realised with an additional \$1.8m in additional water usage income. An increased pricing agreement and additional water consumption has made Manildra a major customer.

Secured funding for a Cadet data analyst from OLG fresh start program

Fleet Review

A complete review of Shoalhaven Water's fleet has been undertaken including utilisation, leasebacks and plant on hire. The review highlighted that some plant that had not been returned and was being hired weekly in addition to the approved fleet. 12 items of fleet were returned at a weekly cost of \$4,970 (\$258,000 per year) plus additional capital through sales.



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Monthly Investment Review



June 2025

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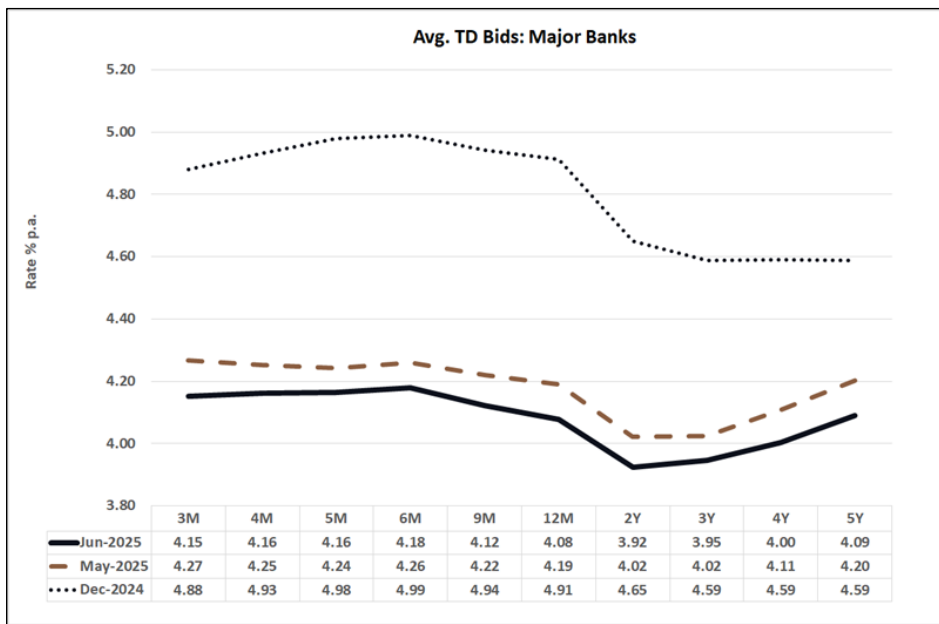
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Market Update Summary

Global equity markets set all-time highs again, despite the escalating tensions in the Middle East throughout the month. The global tariff wars seem to have taken a backburner for now, whilst market expectations are for further rate cuts to be delivered by most global central banks.

In the deposit market, over June, at the very short-end of the curve (less than 6 months), the average deposit rates offered by the domestic major banks fell between 7-10bp compared to the previous month (May). At the longer-end of the curve (1-5 years), the average rates dropped by 10-15bp compared to where they were in May, as the market continues to expect additional rate cuts over the next few months.



Source: Imperium Markets

With additional rate cuts and a global economic downturn priced in over 2025, investors should consider diversifying and taking an 'insurance policy' against a potentially lower rate environment by investing across 1-5 year fixed deposits and locking in rates close to or above 4% p.a. (small allocation only).



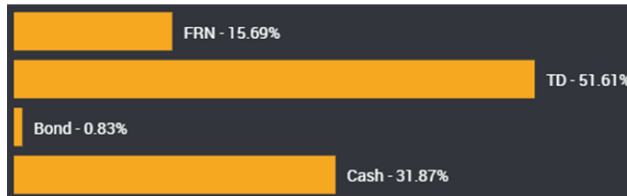
Shoalhaven City Council 's Portfolio & Compliance

Asset Allocation

The majority of the portfolio is directed to fixed term deposits and cash or cash notice accounts. The remainder of the portfolio is directed to liquid senior FRNs and fixed bonds.

Senior FRNs are now trading at a 'fair value' on a historical basis, and new issuances should be considered on a case by case scenario. For fixed interest investments, staggering a mix of fixed deposits between 12 months to 5 years remains a more optimal strategy to maximise returns over a longer-term cycle.

With additional interest rate cuts and a global economic downturn being priced in 2025, investors can choose to allocate a small proportion of longer-term funds and undertake an insurance policy against additional rate cuts by investing across 1-5 year fixed deposits, locking in and targeting yields above 4% p.a. Should inflation be within the RBA's target band of 2-3% over the longer-term, returns around 4% p.a. or higher should outperform benchmark.





Term to Maturity

All maturity limits (minimum and maximum) comply with the Investment Policy. Short-Medium Term (1-2 years) assets account for around 2% of the total investment portfolio, with capacity of ~\$163m remaining.

Any funds excess to surplus requirements should be placed in longer-dated tenors between 1-5 years across fixed term deposits along with any attractive new FRNs (3-5 years) as they come to market (refer to respective sections below).

Compliant	Horizon	Invested (\$)	Invested (%)	Min. Limit (%)	Max. Limit (%)	Available (\$)
✓	0 - 90 days	\$103,575,789	43.11%	0%	100%	\$136,690,655
✓	91 - 365 days	\$102,101,752	42.50%	0%	100%	\$138,164,692
✓	1 - 2 years	\$4,713,063	1.96%	0%	70%	\$163,473,448
✓	2 - 5 years	\$29,875,840	12.43%	0%	50%	\$90,257,381
✓	5 - 10 years	\$0	0.00%	0%	25%	\$60,066,611
		\$240,266,443	100.00%			



Counterparty

As at the end of June 2025, all counterparty exposures comply within the Policy limits. Capacity limits are also dependent on the movement in the cash balances. Overall, the portfolio is well diversified across the entire credit spectrum, including some exposure to the regional bank (lower rated) ADIs.

Compliant	Issuer	Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	DBS Cov	AAA	\$1,003,540	0.42%	100.00%	\$239,262,903
✓	Suncorp Cov	AAA	\$2,016,188	0.84%	100.00%	\$238,250,255
✓	NSW (SIRA)	AA+	\$6,675,000	2.78%	100.00%	\$233,591,443
✓	ANZ	AA-	\$38,990,649	16.23%	100.00%	\$201,275,794
✓	CBA	AA-	\$73,393,858	30.55%	100.00%	\$166,872,586
✓	HSBC Bank	AA-	\$2,017,066	0.84%	100.00%	\$238,249,377
✓	NAB	AA-	\$64,502,829	26.85%	100.00%	\$175,763,614
✓	Northern Terr.	AA-	\$2,000,000	0.83%	100.00%	\$238,266,443
✓	Westpac	AA-	\$4,007,928	1.67%	100.00%	\$236,258,515
✓	Macquarie Bank	A+	\$4,001,504	1.67%	100.00%	\$236,264,939
✓	Rabobank	A+	\$5,322,048	2.22%	100.00%	\$234,944,395
✓	ING Bank	A	\$20,714,159	8.62%	100.00%	\$219,552,285
✓	Bendigo	A-	\$10,601,260	4.41%	20.00%	\$37,452,029
✓	BoQ	A-	\$5,000,000	2.08%	20.00%	\$43,053,289
✓	AMP Bank	BBB+	\$20,414	0.01%	5.00%	\$11,992,908
			\$240,266,443	100.00%		

On 31st July 2024, ANZ’s takeover of Suncorp Bank was formalised, and ratings agency S&P upgraded Suncorp’s long-term credit rating to that of its parent company immediately (now rated AA-). Investor’s exposure to Suncorp is now reflected under the parent company being ANZ.



Credit Quality

The portfolio is well diversified from a credit ratings perspective. The portfolio is entirely invested amongst the investment grade ADIs (BBB+ or higher). There is no exposure to Unrated assets now following the disposal of the TCorp Long-Term Growth Fund in Q1 2024.

All ratings categories are within the Policy limits:

Compliant	Credit Rating	Invested (\$)	Invested (%)	Max. Limit (%)	Available (\$)
✓	AAA Category	\$3,019,728	1%	100%	\$237,246,715
✓	AA Category	\$191,587,330	80%	100%	\$48,679,113
✓	A+ to A Category	\$30,037,711	13%	100%	\$210,228,733
✓	A- Category	\$15,601,260	6%	40%	\$80,505,317
✓	BBB+ to BBB Category	\$20,414	0%	30%	\$72,059,519
✓	BBB- & NR ADIs	\$0	0%	5%	\$12,013,322
✓	TCorp LTGF	\$0	0%	100%	\$240,266,443
		\$240,266,443	100.00%		

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Performance

Council's performance for the month ending June 2025 (excluding cash) is summarised as follows:

Performance (Actual)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	0.31%	0.97%	1.99%	4.21%	4.21%
AusBond Bank Bill Index	0.32%	1.02%	2.10%	4.39%	4.39%
T/D Portfolio	0.40%	1.20%	2.43%	5.01%	5.01%
FRN Portfolio	0.42%	1.21%	2.35%	4.72%	4.72%
Bond Portfolio	0.10%	0.30%	0.60%	1.14%	1.14%
Council's Total Portfolio[^]	0.40%	1.19%	2.38%	4.84%	4.84%
Relative (to Bank Bills)	0.08%	0.17%	0.28%	0.45%	0.45%

[^]Council's total portfolio returns excludes Council's cash account holdings.

Performance (Annualised)	1 month	3 months	6 months	FYTD	1 year
Official Cash Rate	3.85%	3.93%	4.06%	4.21%	4.21%
AusBond Bank Bill Index	3.94%	4.15%	4.28%	4.39%	4.39%
T/D Portfolio	4.94%	4.90%	4.95%	5.01%	5.01%
FRN Portfolio	5.23%	4.93%	4.80%	4.72%	4.72%
Bond Portfolio	1.24%	1.21%	1.21%	1.14%	1.14%
Council's Total Portfolio[^]	4.95%	4.86%	4.86%	4.84%	4.84%
Relative (to Bank Bills)	1.01%	0.72%	0.58%	0.45%	0.45%

[^]Council's total portfolio returns excludes Council's cash account holdings.

For the month of June, the total portfolio (excluding cash) provided a return of +0.40% (actual) or +4.95% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.32% (actual) or +3.94% p.a. (annualised). The longer-term positive performance continues to be anchored by the handful of deposits that were originally placed for terms greater than 12 months.



Recommendations for Council

AMP Business Saver & Notice Account

We note the AMP Business Saver and AMP 31 Day Notice Account are now sub optimal investments given the rise in deposit yields in recent months. We recommend switching into short-dated fixed deposits with the major banks yielding a considerably higher rate of return, or simply just redeem to replenish capital reserves.

Term Deposits

As at the end of June 2025, Council's **deposit** portfolio was yielding 4.75% p.a. (down 9bp from the previous month), with a weighted average duration of ~187 days (~6½ months). We recommend extending the weighted average duration closer to 9-12 months to optimise returns in the long-run.

Going forward, a more optimal strategy would be staggering deposits across 1-5 year terms – this is likely to earn up to ¼-½% p.a. higher compared to shorter tenors in a normal market environment. There is growing belief that additional rate cuts and a global economic downturn is imminent and so locking in rates above 4% p.a. across 1-5 year tenors may provide some income protection against a lower rate environment.

Please refer to the section below for further details on the Term Deposit market.

Securities

Primary (new) **FRNs** (with maturities between 3-5 years) are now 'fair value' again and remain appealing (particularly for those investors with portfolios skewed towards fixed assets) and should be considered on a case by case scenario. **Fixed Bonds** may also provide attractive opportunities from new (primary) issuances.

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Council's FRN Portfolio

During the month, Council sold out of the following low yielding FRN, realising capital gains of \$12,560 and boosting overall returns:

Issuer	Rating	Maturity Date	ISIN	Face Value	Trading Margin	Capital Price (\$)	Realised Gain (\$)
NAB	AA-	25/02/2027	AU3FN0066528	\$4,000,000	+52.5bp	\$100.314	\$12,560

We recommend that Council retains most its FRNs at this stage. We will continue to monitor them individually and will advise when it is appropriate to sell to boost the overall returns of the portfolio in future. (We also remind Council that FRNs can also be sold in the case of an emergency for cash flow purposes).

The following FRNs (unrealised gains of ~\$26k) are up for consideration to be sold over the next few months. We recommend switching into a new attractive FRN when available or otherwise, medium-term fixed deposits (1-5 years) yielding above 4% p.a.

Issuer	Rating	Maturity Date	ISIN	Face Value	Trading Margin	~Capital Price (\$)	~Unrealised Gain (\$)
Macq	A+	09/12/2025	AU3FN0057709	\$4,000,000	+39.0bp	\$100.038	\$1,504
Sunc	AA-	24/02/2026	AU3FN0058343	\$2,100,000	+42.0bp	\$100.012	\$248
Rabo	A+	27/01/2027	AU3FN0065710	\$2,000,000	+56.5bp	\$100.248	\$4,952
Sunc	AA-	25/01/2027	AU3FN0065994	\$2,700,000	+57.5bp	\$100.300	\$8,111
DBS	AAA	16/08/2027	AU3FN0080313	\$1,000,000	+62.5bp	\$100.354	\$3,540
CBA	AA-	17/08/2028	AU3FN0080396	\$1,000,000	+68.0bp	\$100.790	\$7,901



Council's Senior Fixed Bonds

In August 2021, Council invested into the following NTTC (AA-) fixed bond:

Investment Date	Maturity Date	Principal	Rate % p.a.	Interest Paid
27/08/2021	15/12/2025	\$2,000,000	1.20%	Annually

We believe this was prudent at the time of investment given the low rate environment and particularly after the RBA's easing decision in early November 2020 to 0.10% and their forward guidance towards official interest rates (no rate rises "until at least 2024").

The NTTC bond is a 'retail' offering and not a 'wholesale' issuance. Given the lack of liquidity and high penalty costs if they were to be sold/redeemed prior to the maturity date, it is considered to be a hold-to-maturity investment and will be marked at par value (\$100.00) throughout the term of investment.



Term Deposit Market Review

Current Term Deposits Rates

As at the end of June, we see value in the following:

ADI	LT Credit Rating	Term	Rate % p.a.
ING Bank	A	5 years	4.27%
NAB	AA-	5 years	4.15%
Westpac	AA-	5 years	4.12%
BoQ	A-	5 years	4.10%
ING Bank	A	4 years	4.12%
NAB	AA-	4 years	4.10%
Westpac	AA-	4 years	4.01%
Hume Bank	BBB+	4 years	4.00%
NAB	AA-	3 years	4.00%
ING Bank	A	3 years	3.98%
Suncorp	AA-	3 years	3.93%
Westpac	AA-	3 years	3.92%
State Bank of India	BBB-	2 years	4.00%
NAB	AA-	2 years	3.95%
ING Bank	A	2 years	3.90%
Hume Bank	BBB+	2 years	3.90%

The above deposits are suitable for investors looking to maintain diversification and lock-in a slight premium compared to purely investing short-term.

For terms under 12 months, we believe the strongest value is currently being offered by the following ADIs (we stress that rates are indicative, dependent on daily funding requirements and different for industry segments):



ADI	LT Credit Rating	Term	Rate % p.a.
Bank of Sydney	Unrated	12 months	4.22%
State Bank of India	BBB-	12 months	4.15%
Suncorp	AA-	12 months	4.12%
NAB	AA-	12 months	4.10%
ICBC Sydney Branch	A	12 months	4.07%
Suncorp	AA-	9 months	4.29%
BankVIC	BBB+	9 months	4.20%
Bank of Sydney	Unrated	9 months	4.20%
NAB	AA-	9 months	4.18%
State Bank of India	BBB-	9 months	4.15%
Bank of Sydney	Unrated	6 months	4.40%
Suncorp	AA-	6 months	4.27%
State Bank of India	BBB-	6 months	4.25%
Bendigo-Adelaide	A-	6 months	4.25%
NAB	AA-	6 months	4.22%
Bank of Sydney	Unrated	3 months	4.40%
State Bank of India	BBB-	3 months	4.30%
NAB	AA-	3 months	4.25%
BankVIC	BBB+	3 months	4.20%

For those investors that do not require high levels of liquidity and can stagger their investments longer term, they will be rewarded over a longer-term cycle if they roll for an average min. term of 12 months, with a spread of investments out to 5 years (this is where we see current value). In a normal market environment (upward sloping yield curve), investors could earn over a cycle, on average, up to ¼-½% p.a. higher compared to those investors that entirely invest in short-dated deposits.

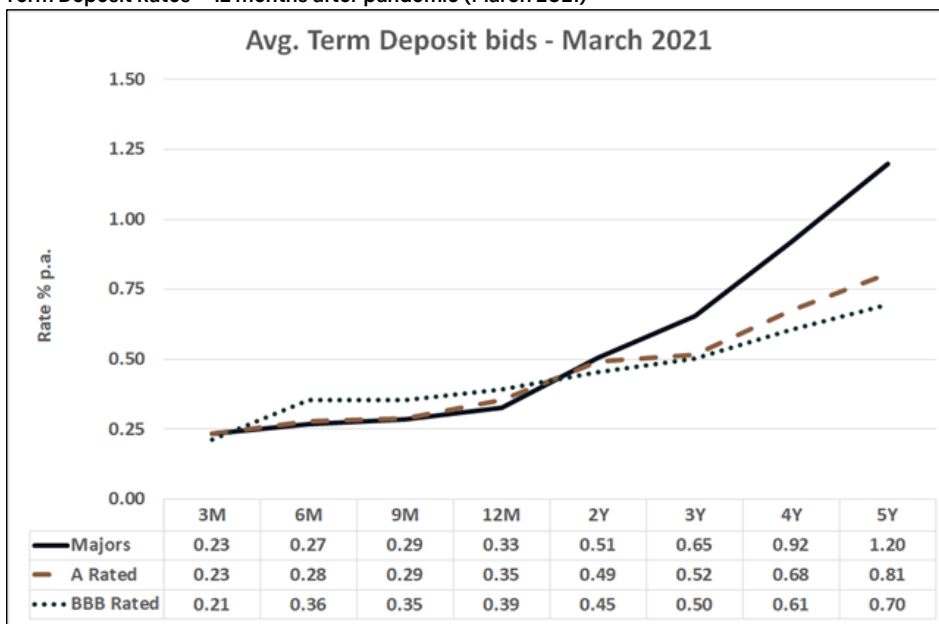
With additional rate cuts and a global economic downturn priced in over 2025, investors should consider allocating some longer-term surplus funds and undertake an insurance policy by investing across 1-5 year fixed deposits and locking in rates close to or above 4% p.a. This will provide some income protection if the RBA decides to continue cutting rates over 2025 and into 2026.



Term Deposits Analysis

Pre-pandemic (March 2020), a 'normal' marketplace meant the lower rated ADIs (i.e. BBB category) were offering higher rates on term deposits compared to the higher rated ADIs (i.e. A or AA rated). But due to the cheap funding available provided by the RBA via their Term Funding Facility (TFF) during mid-2020, allowing the ADIs to borrow as low as 0.10% p.a. fixed for 3 years, those lower rated ADIs (BBB rated) did not require deposit funding from the wholesale deposit. Given the higher rated banks had more capacity to lend (as they have a greater pool of mortgage borrowers), they subsequently were offering higher deposit rates. In fact, some of the lower rated banks were not even offering deposit rates at all. As a result, most investors placed a higher proportion of their deposit investments with the higher rated (A or AA) ADIs over the past three years.

Term Deposit Rates – 12 months after pandemic (March 2021)



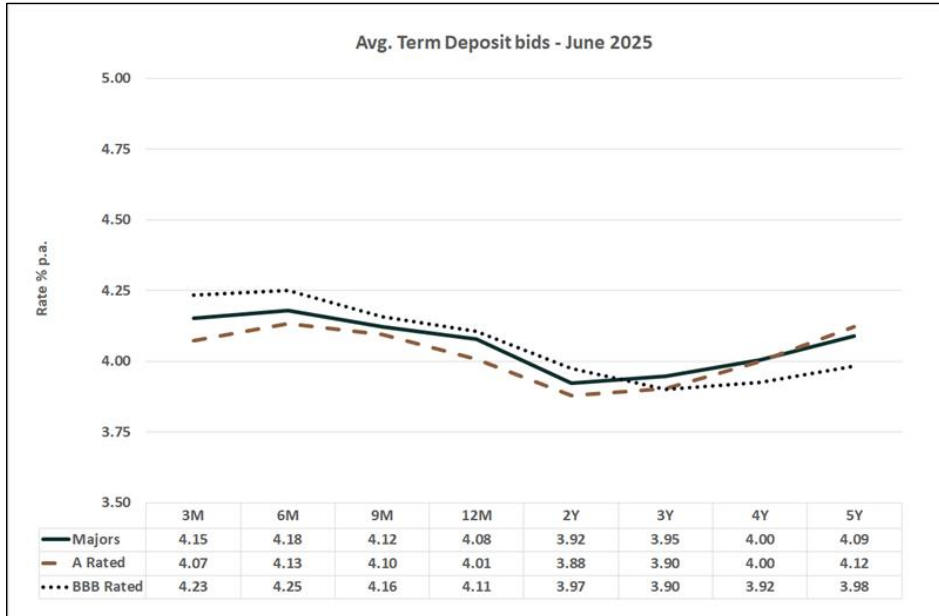
Source: Imperium Markets

The abnormal marketplace experienced during the pandemic is starting to reverse as the competition for deposits slowly increases, partially driven by the RBA's term funding facility coming to an end. In recent months, we have started to periodically see some of the lower rated ADIs ("A" and "BBB" rated) offering slightly higher rates compared to the domestic major banks ("AA" rated) on different parts of the curve (i.e. pre-pandemic environment). Some of this has been attributed to lags in adjusting their deposit rates as some banks (mainly the lower rated ADIs) simply set their rates for the week.



Going forward, investors should have a larger opportunity to invest a higher proportion of its funds with the lower rated institutions (up to Policy limits), from which the majority are not lending to the Fossil Fuel industry or considered 'ethical'. We are slowly seeing this trend emerge, although the major banks always seem to react more quickly than the rest of the market during periods of volatility:

Term Deposit Rates – Currently (June 2025)



Source: Imperium Markets

Financial Stability of the Banking (ADI) Sector

The RBA's latest Financial Stability report of 2024 reaffirms the strong balance sheet across the ADI sector. They noted that the risk of widespread financial stress remains limited due to the generally strong financial positions of most (individual) borrowers. Very few mortgage borrowers are in negative equity, limiting the impact on lenders (ADIs) in the event of default and supporting their ability to continue providing credit to the economy. Most businesses that have entered insolvency are small and have little debt, limiting the broader impact on the labour market and thus household incomes, and on the capital position of lenders (ADIs).

Australian banks (collectively the APRA regulated ADIs) have maintained prudent lending standards and are well positioned to continue supplying credit to the economy. A deterioration in economic conditions or temporary disruption to funding markets is unlikely to halt lending activity. Banks have anticipated an

