

Business Paper

An Ordinary Council Meeting will be held on Tuesday 20 May 2025 in the Council Chambers located Corner Tozer and Elbow Streets, West Kempsey commencing at 9:00 AM



kempsey.nsw.gov.au



NOTICE OF MEETING

Dear Mayor and Councillors,

In accordance with section 367 of the *Local Government Act 1993* notice is hereby given that an Ordinary Council Meeting will be held on Tuesday 20 May 2025 in the Council Chambers located Corner Tozer and Elbow Streets, West Kempsey commencing at 9:00 am

Michael Jackson

General Manager

Date: 13 May 2025

ORDER OF BUSINESS

10.1. Presentations by School Leaders

10.2. Community Strategic Plan 2045: Your Future and Community Engagement and Participation Strategy

10.3. Corporate Performance Report - Quarter 3 2024-25

10.4. Loan Borrowings - May 2025 Report

10.5. Kempsey Shire Coastal Management Program

10.6. Kempsey Airport Fly Neighbourly Agreement

10.7. Mayoral and Councillor Fees for 2025-26

10.8. Australia Day Committee - Appointment of Community Representatives

10.9. Recognition of Dave Sands

10.10. Code of Conduct

10.11. Councillor Expenses and Facilities Policy

10.12. Internal Audit Charters

10.13. Development Activity and LEP Variations - Quarterly Snapshot 3rd Quarter

10.14. Statement of Cash and Investments - April 2025

11.1. Notice of Motion - Community Engagement RE Service Reduction

11.2. Notice of Motion - Flying Fox Management

12.1. Legal Matters

12.2. Audit, Risk & Improvement Committee Meeting Minutes - 9 April 2025

12.3. Oven Mountain Pumped Hydro Scheme Community Benefits Program

REMINDER OF OATH OR AFFIRMATION

Under Clause 3.37, Statement of Ethical Obligations, in Kempsey Shire Council's Code of Meeting Practice, business papers for all ordinary and extraordinary meetings of the Council and Committees of the Council must contain a statement reminding Councillors of their oath or affirmation of office made under section 233A of the *Local Government Act 1993* and their obligations under the Council's Code of Conduct to disclose and appropriately manage conflicts of interest.

Councillors are therefore reminded of the oath or affirmation which was taken by each of them.

Oath of Councillor

I swear that I will undertake the duties of the office of Councillor in the best interests of the people of the Kempsey local government area and the Kempsey Shire Council and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the *Local Government Act 1993* or any other Act to the best of my ability and judgment.

Affirmation of Councillor

I solemnly and sincerely declare and affirm that I will undertake the duties of the office of Councillor in the best interests of the people of Kempsey local government area and the Kempsey Shire Council and that I will faithfully and impartially carry out the functions, powers, authorities and discretions vested in me under the *Local Government Act 1993* or any other Act to the best of my ability and judgment.

REMINDER OF REQUIREMENT TO DECLARE CONFLICTS OF INTEREST

Under Clause 3.37, Statement of Ethical Obligations, in Kempsey Shire Council's Code of Meeting Practice, business papers for all ordinary and extraordinary meetings of the Council and Committees of the Council must contain a statement reminding Councillors of their oath or affirmation of office made under section 233A of the *Local Government Act 1993* and their obligations under the Council's Code of Conduct to disclose and appropriately manage conflicts of interest.

Councillors are therefore reminded of their obligations to disclose and appropriately manage conflicts of interest.

Council's currently adopted Code of Conduct (the Code) may be found on Council's website.

The guidance below is intended for Councillors and only discusses their obligations. Members of Committees of Council, staff, advisers, and any other designated persons also have similar obligations.

This guidance is not a substitute for the full requirements of the Code, and in the event of any inconsistency between this guidance and the Code then the Code prevails. Councillors, staff, members of Committees of Council, advisers, and other designated persons must read and understand the Code.

A disclosure made at a meeting must be recorded in the minutes of the meeting. Disclosure must be made at briefing sessions, whether closed or open to the public, public forums, Council meetings, meetings of Committees or in any other forum in which the interest arises.

Pecuniary Interests

Part 4 of the Code relates to the identification, disclosure, and management of pecuniary interests.

A pecuniary interest is an interest that a Councillor has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to that Councillor or a person close to them.

There are a limited set of types of pecuniary interests that do not need to be disclosed, these are outlined in clause 4.6 of the Code.

Councillors must provide both written returns of interest in accordance with clause 4.21 of the Code and declare interests at each meeting where they arise in accordance with clause 4.28 of the Code.

Under clause 4.29 of the Code, a Councillor who declares a pecuniary interest must not be present, or in sight of, the meeting of Council at any time during which the matter is being considered or discussed by the Council or at any time during which the Council is voting on any question in relation to the matter.

The Minister for Local Government may, conditionally or unconditionally, allow a Councillor who has a pecuniary interest in a matter with which the Council is concerned to be present at a meeting of the Council, to take part in the consideration or discussion of the matter and to vote on the matter under certain circumstances.

Non-Pecuniary Interests

Part 5 of The Code relates to the identifications, disclosure, and management of non-pecuniary interests.

Non-pecuniary interests are a Councillor's private or personal interests that do not amount to a pecuniary interest (as previously defined). A non-pecuniary conflict of interest exists where a reasonable and informed person would perceive that a Councillor could be influenced by a private interest when carrying out their official functions in relation to a matter. The personal or political views of a Councillor do not constitute a private interest.

Non-pecuniary conflicts of interest must be identified and appropriately managed to uphold community confidence in the probity of Council decision-making. The onus is on Councillors to identify any non-pecuniary conflict of interest they may have in matters that they deal with, to disclose the interest fully and in writing, and to take appropriate action to manage the conflict in accordance with the Code.

When considering whether a Councillor has a non-pecuniary conflict of interest in a matter they are dealing with, it is always important to think about how others would view their situation.

Non-pecuniary conflicts of interest may be either significant or not significant. Clause 5.9 provides guidance on the types of conflict that may be regarded as significant.

A significant non-pecuniary interest that arises in relation to a matter under consideration at a Council meeting must be managed in the same manner as a pecuniary interest. That is, a Councillor who declares a significant non-pecuniary interest must not be present, or in sight of, the meeting of Council at any time during which the matter is being considered or discussed by the Council or at any time during which the Council is voting on any question in relation to the matter.

A non-pecuniary interest that is not significant does not require further action. A Councillor disclosing such an interest must explain in writing why they consider the interest not to be significant.

Political Donations

Councillors should be aware that matters before Council or committee meetings involving their political donors may also give rise to a non-pecuniary conflict of interest.

Councillors must ensure that they are familiar with clauses 5.15 to 5.19 of the Code if Council is to consider a matter concerning an entity that has made a political donation to them.

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1 OPENING PRAYER

“Dear Lord, help us in our deliberations today so that our decisions will be for the greater good for the whole of Kempsey Shire - Amen”

2 ACKNOWLEDGEMENT OF COUNTRY

“Kempsey Shire Council acknowledges the land of the Thunggutti/Dunghutti Nation. We pay respect to Elders past and present. We acknowledge the role of emerging leaders to continue to guide us in the future. We acknowledge the Stolen Generations and the need to change practices to be inclusive. This land always was and always will be Thunggutti/Dunghutti land.”

3 ACKNOWLEDGEMENT OF SERVICE MEN, WOMEN AND FAMILIES

“Council acknowledges the sacrifice made by Australian service men and women, and their families, in particular, those who gave their lives in defence of the freedom we enjoy today.”

4 APOLOGIES AND APPLICATIONS FOR A LEAVE OF ABSENCE OR ATTENDANCE BY AUDIO-VISUAL LINK BY COUNCILLORS

That any apologies submitted by Councillors for non-attendance at the meeting be accepted and leave of absence granted.

That any applications for attendance by audio-visual link submitted by Councillors be accepted and permission granted.

5 CONFIRMATION OF MINUTES

RECOMMENDATION:

That the minutes of the Ordinary Meeting of Kempsey Shire Council dated 15 April 2025 be confirmed.

Attachments:

1. Ordinary Council Meeting - 15 April 2025 - Draft Minutes for Adoption [5.1.1 - 11 pages]

6 DISCLOSURES OF INTEREST

That any declared interests be noted.

7 ITEMS PASSED BY EXCEPTION

The Council or a Committee of Council may, at any time, resolve to adopt multiple items of business on the agenda together by way of a single resolution.

Before the Council or Committee resolves to adopt multiple items of business on the agenda together, the Chairperson must list the items of business to be adopted and ask Councillors to identify any individual items of business listed by the Chairperson that they intend to vote against the recommendation made in the business paper or that they wish to speak on.

The Council must not resolve to adopt any item of business that a Councillor has identified as being one they intend to vote against the recommendation made in the business paper or to speak on.

RECOMMENDED:

That the recommendations contained in the following items be adopted:

10.5 Kempsey Shire Coastal Management Program

10.6 Kempsey Airport Fly Neighbourly Agreement

10.7 Mayor and Councillor Fees for 2025-26

10.8 Australia Day Committee – Appointment of Community Representatives

10.9 Recognition of Dave Sands

10.10 Code of Conduct

10.11 Councillor Expenses and Facilities Policy

10.12 Internal Audit Charters

10.13 Development Activity and LEP Variations – Quarterly Snapshot 3rd Quarter

10.14 Statement of Cash and Investments – April 2025

12.1 Legal Matters

12.2 Audit, Risk & Improvement Committee Meeting Minutes – 9 April 2025

12.3 Oven Mountain Pumped Hydro Scheme Community Benefits Program

8 MAYORAL MINUTES

Nil

9 REPORTS OF COMMITTEES

Nil

10 REPORTS TO COUNCIL

10.1 Presentations by School Leaders

Officer	Tahlia Randle, Governance Advisor
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File Number	F18/611
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PURPOSE

Receive a presentation from School Leaders of Kempsey Shire High Schools and Colleges.

RECOMMENDATION

That Council receives presentations from School Leaders of Kempsey Shire High Schools and Colleges.

ATTACHMENTS

Nil

10.2 Community Strategic Plan 2045: Your Future and Community Engagement and Participation Strategy

Officer Carissa Graham, Integrated Planning and Reporting Manager

File Number F25/3802

PURPOSE

Provide council with an overview of the feedback received during the public exhibition of the draft Community Strategic Plan 2045 and draft Community Engagement and Participation Strategy along with a summary of changes proposed and bring the final draft documents to council to be adopted.

RECOMMENDATION

That Council:

- 1. notes the public exhibition of the draft Community Strategic Plan 2045: Your Future and Community Participation Strategy from 19 March 2025 – 15 April 2025;**
- 2. notes the feedback received during the public exhibition period and proposed changes to the draft documents;**
- 3. adopts the updated Community Strategic Plan 2045: Your Future; and**
- 4. adopts the updated Community Engagement and Participation Strategy.**

BACKGROUND

Under the Integrated Planning and Reporting guidelines, at the beginning of a new term, Council is required to review and update key documents to support the strategic direction of the new term of council. This includes review of the Community Strategic Plan and Community Engagement Strategy.

Community Strategic Plan

Significant community engagement was undertaken throughout 2021-22 which resulted in the current “Community Strategic Plan 2042: Your Future”, which was adopted by council in April 2022. The plan aims to outline the long-term hopes, aspirations and dreams for the Kempsey Shire. Given the amount of engagement and work undertaken to develop the existing plan and limited time elapsed since adoption, it was agreed to conduct a review of the document rather than a complete re-write.

Building on the extensive engagement conducted in 2021-22 and in preparation for development of the new suite of Integrated Planning and Reporting documents for the next 4-year term, Council undertook a range of community engagement activities in October 2024 to check in with the community and councillors to understand if priorities had changed.

The review highlighted that the adopted plan was still very relevant to our community, with current priorities focused on financial sustainability, investing in our young people, safer communities, supporting the local economy, protecting our environment, and prioritising quality engagement with the community.

These priorities have been reflected in the updated draft “Community Strategic Plan 2045: Your Future”. The plan has been placed on public exhibition for 28 days with feedback received and summarised under the key considerations section. The updated plan is now being presented for adoption.

It should be noted that whilst council has a custodial and legislative role in preparing and reporting on the Community Strategic Plan on behalf of the community, we are not solely responsible for the implementation of the plan. As a result, the Plan identifies the range of community, government and other stakeholders with whom Council intends to work to achieve the plan's vision and objectives.

Community Engagement Strategy

Currently council has two adopted guiding engagement documents, the Community Engagement Strategy 2022, and the Community Participation Plan 2022. As a part of the review of council's engagement approach, the decision was made to combine these documents into one, resulting in the final Community Engagement and Participation Strategy which is being presented to council for consideration.

The decision to have the Community Engagement Strategy 2022 and Community Participation Plan 2022 combined in one document is considered best practice, by, providing one central location to outline our approach on how and when we will undertake community participation when exercising relevant planning functions, as well as our approach and key principles on engaging the community to gather views and feedback on a range of council priorities, policies and projects.

The draft Community Engagement and Participation Strategy meets council's obligations detailed in section 402 of the *Local Government Act 1993* and section 2.23 of the *Environmental Planning and Assessment Act 1979*.

The development of the combined strategy has been informed by feedback and information gathered council's website, Your Say Macleay page, social media, face-to-face community activities, the Learning the Macleay community survey, stakeholder/reference group conversations and the 2024 Micromex survey.

We used this information to define our approach to engagement and how we decide when and on what we engage about.

The draft plan has been placed on public exhibition for 28 days with feedback received summarised under the key considerations section. The updated plan is now being presented for adoption.

KEY CONSIDERATIONS

Public Exhibition Period

The draft Community Strategic Plan and Community Engagement and Participation Strategy were placed on public exhibition for 28 days during the period of 19 March 2025 – 15 April 2025. The documents were available to view/download via council's engagement platform Your Say Macleay and hard copies of the documents were also made available at council's customer service centre, and all three council libraries.

Submissions were able to be submitted through Your Say Macleay and in writing to council. Below is an overview of the submissions received:

PUBLIC EXHIBITION SUBMISSIONS TABLE	
Your Say Macleay submissions	7
Written Submissions via email	4

Councillor Submissions*	2
Total Submissions	13

*Submissions were made on both documents, by Councillor Wyatt and Councillor Coburn.

Councillor feedback has been considered and any changes made, have been outlined in the Summary of Changes to the Community Strategic Plan section below.

Attached is the report from Your Say Macleay, council's engagement system which provides an overview of the online engagement, and a redacted copy of all submissions received on both the draft Community Strategic Plan and draft Community Engagement and Participation Strategy.

Council has an internal project control group which provides a framework for decisions around changes made to the key documents.

Engagement Feedback Summary - Community Strategic Plan

Below table provides a high-level summary of the feedback received from the community on the draft Community Strategic Plan during the public exhibition period:

Theme	Feedback Summary	Response
Drainage concerns	Drainage concerns on Phillip Drive and concerns around further drainage and run off due to Rise Development.	These concerns are operational in nature and have been referred to the relevant council team to consider/respond.
Focus Area Environment	Flood mitigation strategies to prevent any future flooding in the CBD is imperative to the businesses and community. Increase levy heights to the west and north, fix and maintain the drainage along Stuart Street, Kempsey.	Covered under objective 1.4. Further details on actions being undertaken can be found in the current 2024-25 Operational Plan, and draft 2025-26 Operational Plan.
	Concerns around Stuarts Point and surrounds flooding issues and request to prioritise this issue.	Covered under objective 1.4. This suggestion is more operational in nature and can be considered under the draft Delivery Program and 2025-26 Operational Plan.
	Suggestion to make affordable housing and housing availability more prominent as it is a real concern for our community.	Covered under objective 1.2 and in the 'what the community wants, we need and what we are concerned about' sections. Additional wording added under the 'what the community wants/we need' section.
	Concerns around the river quality at Stuarts point. There have been large deposits of sand upstream and	The aspirational goal of 'Our rivers, beaches, water catchments, and natural

Theme	Feedback Summary	Response
	downstream of Stuarts point bridge, meaning there is less tidal saltwater flushing to and from. Visual observation from locals suggests that water quality is already being adversely affected, impacting tourism and the natural environment. Can council make representations to the local MP to seek assistance to bring fresh water into the river.	ecosystems are protected and thrive is covered in the draft CSP under objective 1.1. We will pass this information on to Council's strategic planning team for consideration.
	Illegal dumping at Stuarts point is a concern, would like council to consider establishing a local recycling drop off and implement community education programs focused on reducing single use plastics.	Covered under objective 1.3. More details on councils' investment in waste management can be found in the draft Delivery Program and 2025-26 Operational Plan currently on public exhibition. Implementing our 30-year waste management strategy is a key project highlighted in our 4-year delivery program and a 2025-26 Operational Plan action on waste education has been included.
Focus Area Economy	Integration into the Opal Network and Increased and reliable public transport services, both rail and bus for the shire.	Objective 2.4 focuses on transport infrastructure. Additional wording specifically around public transport has been added to further highlight this concern. This issue is also raised under the 'what the community wants' page.
	More investment in transport infrastructure and public transport / transport options for Stuarts Point area.	Objective 2.4 focuses on transport infrastructure across the shire. More details on councils' investment in transport infrastructure can be found in the draft Delivery Program and 2025-26 Operational Plan.
	Economic development that addresses retention and growth of the community and support for local business.	Objectives 2.1 and 2.2 focus on economic development and under 'what the community wants', we value section. Further details on specific actions

Theme	Feedback Summary	Response
		planned to be undertaken can be found in the draft Delivery Program and draft 2025-26 Operational Plan.
	Utilise our beautiful river frontage by creating areas for recreation and fitness. Incorporate business along the riverbank.	Objective 2.1 and 2.2 focuses on economic development. The current project addressing the riverbank stabilisation may support additional use.
	Attract more businesses to the area for kids and youth as there is nothing for kids/youth to really do in our town.	Objective 2.1 and 2.2 focuses on economic development and activation. An additional objective under community, objective 3.5 has been added to include focus on young people.
	Suggestion to include focus on supporting / building capacity of local event organisers to deliver arts, cultural and education programming.	Objective 2.3, first statement has been updated to incorporate this feedback, refer to changes section for more details.
	Idea to move the CBD to the Slim Dusty area, away from flooding risks and to encourage business to town. Include an electric battery exchange depot and rest area for semi-trailers. Consider turning the airport into a housing estate and expansion of the correctional centre with training school to generate employment opportunities. Retain the airport as a refuelling station.	Not included in the CSP at this stage. Shared with strategic planning team for consideration.
Focus Area Community	Access to essential health services for Stuart's point remains a critical issue, we are advocating for regular visiting GP service, establishment of telehealth facilities at the community centre, mental health outreach services particularly for the youth and elderly residents.	The need for access to health services has been included under 'What the community Wants', we need section, and under 1.3 of the Environment Focus area which includes the statement: government and business working together to deliver health services that the community needs.
	Recommendation to include making better use of existing creative spaces e.g. halls,	Additional wording added to incorporate this feedback, refer

Theme	Feedback Summary	Response
	libraries for activities, invest in public art and creative signage to tell stories and bring creativity into public spaces, continue to support local artists and groups to lead cultural programs and events.	to changes section for more details.
	Request for CCTV in Stuarts point and concerns with unsavoury behaviour primarily from young adults, and the need for more local amenities to give them something to do with a sense of purpose.	<p>This was noted as a key issue for the community overall during the engagement activities. An additional objective under the focus area community, objective 3.5 has been added to include focus on young people.</p> <p>The request for CCTV is a more detailed request than would be included in the CSP, and can be considered under future Delivery Program and Operational Plan/s.</p>
	Ngambaa recognition, spelling of Danghatti and consider the use of 'local indigenous language'?	Danghatti is the correct spelling. Council has plans to review recognition of local clans with the proposed First Nations Advisory Group, when established.
	Utilisation of the community stage at the Stuarts Point Foreshore, improvement to walking tracks and upgrade of the Joe Donovan Oval at Stuarts Point.	<p>The Community Strategic Plan focuses on high level aspirations that the community wants to see over a 20-year period.</p> <p>Supporting arts, culture and events is covered under objective 2.3 and sporting facilities are covered under the community objective 3.4.</p> <p>Specific requests for upgrades can be considered under the draft delivery program and 2025-26 operational plan which are currently on public exhibition.</p>
Focus Area Leadership	Improvements to the customer experience around responding to customer enquiries.	This is covered under objective 4.2. Improvements to Customer Experience. This is also a key project in Council's draft 4-year

Theme	Feedback Summary	Response
		delivery program which is currently on public exhibition.
	Staff retention, capability and engagement.	Comments will be considered as part of the review of the draft Workforce Management Plan .
	Transparency in Council decision making and planning.	Covered under objective 4.2, touched on under 'What the community wants', we need section and addressed in more detail under Council's draft 4-year delivery program, draft 2025-26 Operational Plan and the Community Engagement and Participation Strategy.
Performance Measures	Local Jobs and Local Businesses - How is this measured and is this an effective performance measure.	The performance measures chosen are those where there is an existing, reliable data source to support ongoing data capture and trend analysis. These data for these performance measures will be obtained from Profile ID who use data from the ABS. Businesses by industry Kempsey economy.id . Specifics on the data collected and methodology can be found here: Economic terms Kempsey economy.id
	No measurement criteria for each of the specific CSP objectives.	The performance measures chosen are those where there is an existing, reliable data source to support ongoing data capture and trend analysis across each of the four focus areas. Implementing performance measures for all the objectives would require the establishment of new data capture methods and reporting by Council which

Theme	Feedback Summary	Response
		we not have the resources to deliver.

It should also be noted that the Community Strategic Plan outlines the aspirations for our community through a 20-year plan and vision – where we want to be in 2045. As the above table illustrates, a lot of the feedback received on the draft is more relevant to the level of detail provided in the draft Delivery Program and Operational Plans and can be considered in our review of those drafts.

Engagement Feedback Summary - Community Engagement and Participation Strategy

Below table provides an overview of the feedback received on the Community Engagement and Participation Strategy during the public exhibition period:

Theme	Feedback Summary	Response
Your Say Macleay (YSM) Engagement System & KSC Website	Your Say Macleay is not user friendly.	Ongoing improvements are being investigated, including increasing the number of projects on display. We recently removed the need to register and sign in to Your Say Macleay which allows anonymous submissions and makes the process easier.
	Not easy to find the documents on KSC website.	We will continue to work on ways to improve access to information. Currently, direct links are shared with key stakeholders where possible, we are more actively using QR codes to connect people with documents and for higher profile projects, hard copy documents are placed in council's customer service and libraries.
Engagement and Communication methods	Acknowledgement that there has been considerable improvement by Council over the last 12 months.	Noted.
	Not everyone has a computer to access information.	Noted. Council's customer service centre and libraries offer access to PCs. For higher profile projects, hard copies of documents are placed at the customer service and libraries including for this suite of IP&R documents. We have paper form survey options, use letter box drop, posters and signage as well

Theme	Feedback Summary	Response
		as share communications with Community groups to re-share within their networks.
	That Council understand Community sentiment better and use the IAP2 methodology fully.	Council will endeavour to understand community sentiment and embed the IAP2 engagement principles into how it engages with the community.
	To increase Council's approach to Involve & Collaborate with the community	Consideration is given to the level and method of engagement used, with recognition that Council has limited engagement resources.
	That 'Collaboration' should always be considered before 'Consult'	Noted, and recognise this would be ideal, however, Council has limited engagement resources, so prioritisation is often needed.
	The Council's engagement timing often does not align with community realities.	There can be resourcing, timing and operational constraints for the roll out of engagement matters. Council does, where possible, vary the methods and times it engages and will aim take this feedback into consideration.
	The IAP2 Engagement Approach's eleven steps are seen as unrealistic for an under-resourced council like Kempsey.	How we engage is always assessed on what level of consultation is required, community expectations and council resources.
	The Council should encourage the use of 'pick and tick' forms for submissions and consider the role of AI in future engagement processes.	Council is open to receiving Form style letters and the feedback is acknowledged, however the matters raised do not hold additional weight. Council encourages genuine, considered, individual responses. AI is something that is being considered in the future.
	Community should be made aware when hard copies of documents that are on exhibition are available to view in hard copies.	Noted and agreed.
Community Resource Limitations	The community struggles with limited resources and volunteer capacity, making it difficult to	Council acknowledges this challenge and regrets that other deadlines sometimes mean we are not able to extend engagement timeframes (e.g. IP&R

Theme	Feedback Summary	Response
	<p>provide feedback within the given timeframes.</p> <p>The Council is asked to extend engagement timeframes to better reflect the constraints faced by residents.</p>	<p>document exhibition and adoption by 1 July). Where possible, we will aim to further consider the engagement window.</p>
	<p>In-person meetings should be scheduled outside of working hours to accommodate more community members.</p>	<p>Council remains committed where possible to work with the community in the timing of engagement. Resourcing and availability can impact this.</p>
Community Participation	<p>The current participation approach does not adequately reach all demographic groups, especially elderly residents, young families, and agricultural workers.</p> <p>Limited internet access and digital literacy in rural areas hinder effective participation.</p>	<p>The type of engagement can vary, but Council provides opportunities for the sharing of information via different mediums such as KSC Website, E-News, Mail outs, Your Say Macleay website, Community Forums, Engagement information sessions, Surveys, Face to Face, Reference groups etc. We aim to maximise our reach with the resources available.</p>
The document size, imagery and design	<p>General feedback that the document is too long and consider having a summary document.</p>	<p>We have combined two separate documents (engagement and participation) into one, reducing the overall total pages from 84 pages down to 44.</p> <p>We have developed an information flyer to support understanding of the documents. Developing a Strategy specific summary sheet will be considered in the future.</p>
	<p>Too many images, unwarranted coloured graphics etc.</p>	<p>Non-content image pages have been removed to address this and reduce the length of the document.</p>
	<p>Positive feedback that the document is very comprehensive and well-constructed.</p>	<p>Noted.</p>
Referencing / citation	<p>Inconsistencies with using full name of the Strategy versus Acronym.</p>	<p>Changes have been made to the document based on this feedback to provide more consistency.</p>

Summary of Changes to the Draft Community Strategic Plan

The below table provides an overview of the proposed changes to the draft document following the public exhibition period:

Section / Page	Change Summary	New Page No.
Cover Page	Removal of draft watermark.	Cover page
Contents page	Update of numbering based on removal of image-only pages.	03
	Including new contents page line of 'Accountability' and adding word 'diagram' to the Integrated Planning and Reporting line / updating page reference.	03
About the Community Strategic Plan	Replacement of the wording strategic planning framework with 'Integrated Planning and Reporting Framework' in the last paragraph.	05
Photo Pages	Removal of photo/quote pages that do not have content, to reduce the overall size of the document from 41 pages to 34.	Various
Formatting and spelling/grammar	Various formatting, spelling and grammatical changes that do not change the structure or the content of the document.	Various
Focus Area Numbering	Removal of numbering in front of Focus Area Statements.	03, 18
Community Profile	Addition of further statistics - households owned outright and rental household.	09
Disaster Risk Profile	Removal of second last paragraph on the page beginning with Limitations to disaster... and addition of reference at the bottom of the page.	11
What the Community Wants	Fourth statement under 'We Need' section reworded, same intent, but in plain English - Vibrant business community that creates jobs. Addition of a new statement under 'We Need' - Affordable, safe and secure housing and removal of wording 'affordable housing' on dot point 3 to avoid duplication.	16
Focus Area Your Environment	Objective 1.1 – third 'How will we get there statement', removal of the word agricultural land.	19
	Objective 1.3 - Replacement of first point to: Key services and infrastructure are maintained to support a healthy community.	19
	'Who can help' section, change of name The Department of Climate Change, Energy, the Environment and Water.	19
	'Who can help' section, addition of NSW Heritage.	19
	'Who can help' section, removal of community sporting groups as listed under community.	19

Section / Page	Change Summary	New Page No.
Focus Area Economy	Objective 2.1 - Addition of new 'How we will get there statement' - We value and support local agriculture.	21
	'Who can help' section, addition of NSW Department of Primary Industries and Regional Development (DPIRD).	21
	Objective 2.3 - Change of first 'How we will get there statement' to: Support event and business development for the benefit of locals and visitors.	22
	Objective 2.4 – 'How we will get there statement': First statement, addition of the word Infrastructure after the word transport and inclusion of Public Transport at the end of the third statement.	22
Focus Area Your Community	Objective 3.1 - Addition of new 'How we will get there statement' - We support local artists and organisations to lead cultural programs and events.	24
	Objective 3.3 - 'How we will get there statement', second statement - addition of lighting and subsequent rewording of sentence to support this inclusion.	25
	Objective 3.4 - 'How we will get there statement', second statement - addition of the word's arts and culture.	25
	'Who can help' section, change of name The Department of Climate Change, Energy, the Environment and Water.	24, 25
Focus Area Your Leadership	'Who can help section', addition of community representative groups.	27
How can you help make the plan a reality?	Addition of two dot points: Buy local and Support locally owned and operated businesses.	29
How does the community strategic plan fit?	Re-ordering of the tables, to have Leader box first position, Collaborator box Second position and Provider box third position.	30
Local Strategies	Updating name of engagement strategy to 'Community Engagement and Participation Strategy'.	32

Summary of changes to the Draft Community Engagement and Participation Strategy

Below table provides an overview of the changes made to the draft document following the public exhibition period:

Section	Change Summary	New Page No.
Cover Page	Removal of draft watermark.	Cover page

Section	Change Summary	New Page No.
Image Pages	Removal of image only pages.	11, 15, 19 47
How we engage	The last text box updated to: We are genuine in the value we place on community feedback and consider it important in our decision-making process. We recognise we have limited resources and cannot engage on all Council business. Our commitment to continuous improvement means we are always striving to enhance our engagement practices and to be open and honest in all our interactions. We acknowledge that community feedback is sometimes not the only matter considered in Council decision making but that it plays a key role in shaping Council's direction.	5
Legislative Framework	Update last sentence to: In engaging with our community under this Strategy, council will manage personal information under the <i>Privacy and Personal Information Protection Act 1998</i> (NSW). This includes the collection, storage, use, disclosure and amendment of personal information that Council holds. Addition of: The Strategy will be reviewed at the start of each new Council term (every four years at a minimum) and made available on council's website.	6
Who do we engage with?	Updated paragraph - organisation, industry to organisation, all forms of industry.	7
Community Engagement	In the section Our Community include People Who...Addition of a bubble for Primary Producers.	8
How will we engage?	Second paragraph, correct the use of full name and abbreviations and include the acronym CSP.	9
	Second paragraph addition of: the four categories Environment, Economy, Community & Leadership.	
Levels of Impact	Sections updated to include: <ul style="list-style-type: none"> <u>inform</u> add: Mail outs, Fact Sheets, use of YSM <u>Consult</u> add: Community briefings, face to face engagement, Your Say Macleay <u>Involve</u> add: Community / Public Forums 	10

Section	Change Summary	New Page No.
Submission is Effective	In the fourth dot point addition of: Submissions in writing must also contain the signature /electronic signature of each person making the submission.	12
	Addition of a note on this page, that Submissions can be emailed to ksc@kempsey.nsw.gov.au or mailed directly to the General Manager.	
Feedback via YSM	In Section 2 – addition of: All submission received are provided an email notification and acknowledgement.	13
Window for Participation	Update second last paragraph to say: While some projects, planning and development matters are required...	14
	Last paragraph removal of 'best practice suggests a minimum of'.	
Section heading	Changed Exhibition Windows to Exhibition Period.	15
Document Planning	Updated to include Delivery Program, Operational Plan & associated documents.	15
IAP2 Approach	Step 1 – Replacement of the word 'issue' with 'matter' (points 1,3,4,5 & 6 in the highlighted section).	18
	Step 2- Addition of at the bottom of Level 1: Very high Note: All these examples must be placed on Public Exhibition.	20
	Step 3 - Updated Business Community to Local Industries / Business communities.	22
	Step 4 - Changed the word current to recorded (second last question in text box).	23
	Step 5 - in the list under the 'Involve' heading changed Community Forums to Community / Public forums.	24
	Step 10 - Changed sentence to: at the end of the engagement process we will evaluate engagement undertaken to determine if the agreed objectives have been met.	26
	Step 11 – Addition of box for Reports to Councillors via Council meeting.	27
Which DAs can I have a say on	In the paragraph "please note"- removal of a two-story urban dwelling and replace with 'a development'.	30

Section	Change Summary	New Page No.
What happens when Council is the applicant	Addition of another box at the bottom left - Advertising Period: The Advertising period is 28 days –the same as those on page 36.	37
DA engagement process Flow Chart	Two missing links (arrows) from one step to another at the bottom of the flow chart have now been included.	41
Acronyms	Addition of CSP - Community Strategic Plan and IAP2 - <u>International Association for Public Participation</u>	43

Policy and Legislation

This report and the attached plans were prepared in accordance with the *Local Government Act 1993* and its regulations and requirements for integrated planning and reporting.

Additionally, the Community Engagement and Participation Strategy meets council’s obligations detailed in section 402 of the *Local Government Act 1993* and section 2.23 of the *Environmental Planning and Assessment Act 1979*.

Strategic Alignment

As noted above, both the Community Strategic Plan and Community Engagement Strategy are legislated requirements under the Integrated Planning and Reporting Guidelines set out by the office of local government as noted under Policy and Legislation.

Impact on Financial Sustainability

Community Strategic Plan 2045

Financial Sustainability has been highlighted by councillors, council staff and the community as a key priority for council and has been reflected in this plan, and other integrated planning and reporting documents, with key objectives and actions focused on improving financial sustainability outcomes.

Community Engagement and Participation Strategy

With the level of resources dedicated to the Community Engagement and Participation Strategy, it does not have a material impact on councils’ financial sustainability position, however, communicating and engaging with our community on our financial sustainability journey is an important part of the process.

Stakeholder Engagement

Community Engagement undertaken to prepare the documents

Significant community engagement was undertaken to prepare and update the 20-year Community Strategic Plan 2042 which was adopted by council in 2022.

To build on this extensive engagement and in preparation for development of the new suite of Integrated Planning and Reporting documents for the next 4-year term, council undertook a range of community engagement activities in October 2024 to check in with the community to understand if their priorities had changed. These activities included:

- Face-to-face sessions in the community including visits to Willawarrin, Kempsey CBD, Crescent Head, South West Rocks and Stuarts Point
- Shaping our Future and Council Priorities online survey (council's online survey)
- Micromex Community Satisfaction Research Survey (Micromex telephone survey)
- Workshops with the senior leadership team and councillors.

Feedback was received from 516 community members, with 47 people attending the face-to-face sessions, 169 people completing council's online survey and 300 people participating in the Micromex Telephone survey. A copy of the Micromex and council survey reports can be found on Council's website under the February 2025 council meeting attachments section.

Approach to Community Engagement for developing the new suite of Integrated Planning and Reporting documents

The below graphic outlines Councils' approach to undertaking engagement for developing the new suite of Integrated Planning and Reporting documents including the review of the Community Strategic Plan and Community Engagement and Participation Strategy:



Councillor Engagement in developing the new suite of Integrated Planning and Reporting documents

The below graphic outlines how council staff have worked with councillors in developing the new suite of Integrated Planning and Reporting documents including the Community Strategic Plan and Community Engagement and Participation Strategy:



Upcoming Integrated Planning and Reporting council reports

Below outlines the recent and upcoming council reports planned to bring key Integrated Planning and Reporting documents to council for consideration:



Other Matters

Nil

CONCLUSION

Community Strategic Plan 2045

The Community Strategic Plan 2045 reflects the opinions, values, and aspirational desires of our wide and diverse community. The plan is a key element of our Integrated Planning and Reporting suite of documents that drives council's 4-year delivery program and annual operational plans over the next term of council.

Community Engagement and Participation Strategy

This new combined strategy sets out Council's key principles and our commitment to community engagement using the International Association for Public Participation (IAP2) Spectrum of public participation. It also steps out opportunities where the community can participate in decision making.

Closing statement

Both documents are required by legislation and critical in providing strategic direction and outlining how we engage with our community to support the development and implementation of council's new suite of Integrated Planning and Reporting documents for the new term of council. These documents have been exhibited publicly with feedback considered and where appropriate, incorporated into the final draft documents attached to this report to be adopted by Council.

ATTACHMENTS

1. Your Say Macleay Report and all submissions redacted [**10.2.1** - 32 pages]
2. Community Strategic Plan 2045: Your Future [**10.2.2** - 35 pages]
3. Community Engagement and Participation Strategy [**10.2.3** - 44 pages]

10.3 Corporate Performance Report - Quarter 3 2024-25

Officer Carissa Graham, Integrated Planning and Reporting Manager

File Number F23/3642/05

PURPOSE

Report to Council the third Quarterly Progress Report for the 2024-25 financial year.

RECOMMENDATION

That Council:

1. **adopts the Quarterly Budget Review for the period ended 31 March 2025 and approve the variations contained therein;**
2. **notes the progress achieved in delivering the Delivery Program 2022-26 and Operational Plan 2024-25;**
3. **notes the Financial Sustainability Program Status Report;**
4. **notes the Grants Status Summary; and**
5. **notes the Councillor Expenses Report.**

BACKGROUND

This is the third quarterly progress report on the adopted Delivery Program 2022-26 and Operational Plan 2024-25. Attached to this report are the following reports that are provided to Council on a quarterly basis:

- Quarterly Budget Review Statements (QBRs);
- Financial Sustainability Program Status Report;
- Delivery Program 2022-26 and Operational Plan Report 2024-25;
- Grants Status Summary, and
- Councillor Expenses Report.

The Delivery Program 2022-26 and Operational Plan 2024-25 details the activities, along with the associated performance measures and budgets, which are planned to be delivered over the 2024-25 financial year. This plan is organised by the community themes in the adopted Community Strategic Plan, 2042: Your Future, including Environment, Economy, Community and Leadership.

KEY CONSIDERATIONS

Quarterly Budget Review

Each quarter Council reviews and revises its annual budget for the current financial year and reports these variations to Council for adoption. This Quarterly Budget Review has been performed at the end of the third quarter of the 2024-25 financial year, being 31 March 2025.

Summary

Income and Expenses Budget Review Statements

Council is proposing to revise the consolidated full year operating budget (excluding capital grants) by a net favourable movement of \$0.2M.

This will take the current full year budgeted operating result surplus of \$3.0M to a surplus of \$3.2M (excluding capital grants).

The favourable \$0.2M budget variation by fund is shown in the table below.

Fund	Revision to the full year budget: Operating result (excluding capital grants) \$'M
General	(0.4)
Water	(0.3)
Sewer	0.9
Consolidated (total)	0.2

The main themes for the variations this quarter are:

- Waste cell 4 at the Waste Management Centre became operational toward the end of December 2024 with waste disposal tip revenue analysed for the last three months. Due to a downward trend compared to pre-cell closure levels and lost revenue to end of December 2024 the revenue forecast has been downgraded by \$1.3M for the full year. This situation will be further monitored for revenue and cell tonnage impacts.
- Budgets for interest and investment revenue are set using rate and cash flow assumptions available at the time and are increased with successful grant applications during the year. Performance of the investment portfolio has been strong throughout the year, which has led to a \$0.5M budget increase for interest on invested funds and the general fund account. It should be noted that Council has just received \$63M cash upfront as part of the Water and Sewer Housing Support Program grant application and this has already been invested. The funds were received at the end of April, therefore the impact on budgeted interest revenue and capital grants are not included in this March quarterly budget review.
- Management have reviewed operating project delivery timelines. Operating expenditure of \$0.8M will be deferred to 2025-26. Additionally, one off savings of \$0.4M have also been removed from the budget this quarter mainly related to consultancy spend and labour.

Capital Budget Review

The consolidated capital budget is proposed to decrease by \$10M from \$88M to \$78M.

The proposed Capex variations by fund is shown in the table below.

Fund	Revision to the annual Capex budget \$'M
General	(11.4)
Water	2.4
Sewer	(1.2)
Consolidated (total)	(10.2)

Capex variations this quarter are the result of changes to project delivery timeframes which has resulted in project spend for some projects being brought forward from the 2025-26 financial year to 2024-25, or in other cases deferral from this financial year to 2025-26.

Greater detail regarding proposed capital expenditure changes is included in the Capital Budget Review Statements section of this report. However, some of the larger budget increases required for projects being brought forward from 2025-26 to this financial year are:

- \$2.0M for the Willawarrin water treatment plant project which is progressing with site works.
- \$0.9M for the Steuart McIntyre Dam emergency water treatment plant due to contract being awarded in January.

Some of the larger reductions to project budgets that are being rolled into next financial year are:

- \$5.2M for local sealed rural road multiyear projects (Armidale, Bellbrook, Pee Dee and Towal Creek Road sections) funded by NSW Transport – Essential Public Asset Reconstruction Works (EPAR).
- \$1.5M for bridge replacement of Dungay Creek causeway funded by the Transport NSW - Regional Roads and Transport Recovery Package.
- \$1.1M for the Lloyd Park revitalisation project which is due to be completed next financial year.
- \$0.7M for sewer mains renewal at Short Street West Kempsey which is currently entering design phase.
- \$0.5M for the East St Kempsey water main replacement of booster pumps to pressure valves.
- \$0.5M for road rehabilitation of section at Middleton Street from the railway overpass to Queen Street.

Detail

Income and Expense Budget Review Statements

The annual budgeted operating result has a net variation of \$0.2M this quarter (excluding capital grants), increasing the consolidated revised budget surplus from \$3.0M to \$3.2M.

Income

Total full-year income is projected to decrease by \$4.5M, from \$138.3M to \$133.8M.

The table below outlines the variations to annual income for this quarter¹.

Income line item – reason for proposed budget change	\$'M
Rates and annual charges	(0.2)
The decrease to the budget relates to lower domestic waste charges year to date than originally budgeted.	

¹ Note that as only material items have been reported in the detail of the table, they may not always add up to the amount in the total column for that line item.

Income line item – reason for proposed budget change	\$'M
<p>User charges and fees</p> <p>The net decrease relates to:</p> <ul style="list-style-type: none"> • (\$1.3M) from a revision of waste disposal tip revenue (based on 3 months trend to 31 March) and lost revenue to end of December 2024. The main driver being waste cell 4 closure and diversion of mixed waste to Port Macquarie Cairncross facility. • (\$0.5M) for a downgrade of expected water user charge revenue, based on year-to-date results which have been adversely impacted by higher rainfall. • \$0.2M increase from higher sewerage and liquid trade waste user charges income received year to date. • \$0.2M increase due to higher than expected holiday park bookings year to date. 	(1.4)
<p>Interest and investment revenue</p> <p>The increase relates to:</p> <ul style="list-style-type: none"> • \$0.5M from higher rates of return than budgeted on cash and investments. • \$0.2M increase for higher than budgeted rates interest penalties levied on outstanding rates. <p>It should be noted that Council has just received \$63M cash upfront as part of the Water and Sewer Housing Support Program grant application and has already been invested. The funds were received at the end of April, therefore the impact on budgeted interest revenue and capital grants are not included in this March quarterly budget review.</p>	0.7
<p>Other revenues</p> <p>This increase to the revenue budget relates to proceeds from sale of council owned land at South West Rocks that was not originally budgeted for.</p>	0.4
<p>Grants and Contributions – Capital</p> <p>\$3.9M (net) decrease in capital grant income relates to reductions and rollover of grant budgets to next financial year to align to revised delivery schedules of those projects that will not be delivered this financial year. This is offset by additional funding awarded this quarter which has been applied to the current year in proportion to project delivery timeframes.</p> <p>Capital grant budgets deferred to next financial year to align to revised project delivery times are:</p> <ul style="list-style-type: none"> • (\$5.2M) for NSW Transport – Essential Public Asset Reconstruction Works (EPAR) funding for local sealed rural road multiyear projects (Armidale, Bellbrook, Pee Dee and Towal Creek Road sections). 	(3.9)

Income line item – reason for proposed budget change	\$'M
<ul style="list-style-type: none"> • (\$1.5M) for Transport NSW - Regional Roads and Transport Recovery Package funding for replacement of Dungay Creek causeway with a bridge works. • (\$1.1M) for the Stronger Country Communities Fund - Round 5 funding of the Lloyd Park revitalisation project. <p>The larger variations to capital grant funded projects are:</p> <ul style="list-style-type: none"> • \$0.4M NSW Government – Safe and Secure Water Program funding brought forward for the Willawarrin water treatment plant project. <p>Additional Capital grants income changes are detailed below with budget increases relating to the current year:</p> <ul style="list-style-type: none"> • \$1.2M from the Department of Planning, Housing & Infrastructure - Housing Support Program for multi-year water projects (Crescent Head, Steuart McIntyre Dam and Willawarrin water treatment plants). • \$0.8M from the Department of Planning, Housing & Infrastructure - Housing Support Program for multi-year sewer projects (Stuart's Point and Central Kempsey sewerage schemes). • \$0.7M from the National Water Grid Fund 2024 – Round 2 for Steuart McIntyre Dam emergency water treatment plant and water desalination. <p>Higher levels of Section 64 water and sewer developer contributions year to date have resulted in a budget increase of \$0.6M.</p>	
Total proposed variation to the current annual budget	(4.5)

Expenses

Total full year expenditure is projected to decrease by \$0.8M from \$99.6M to \$98.8M.

The table below outlines the variations to annual operating expenditure for this quarter.

Expense line item – reason for proposed budget change	\$'M
Employee benefits and oncosts This relates to the removal of budget for a position which has not been filled this year.	(0.1)
Materials and Contracts The net decrease relates to: <ul style="list-style-type: none"> • (\$0.5M) for budget carried forward for the sewer sludge management project at West Kempsey. • (\$0.2M) removed for sewer planning servicing strategies which will not be undertaken this year. 	(0.7)

Expense line item – reason for proposed budget change	\$'M
Legal Costs Legal fees have been increased by \$0.3M to reflect costs incurred by active development legal matters and employee related legal and compliance advice.	0.3
Consultants The reductions in consultant spend are for planned engagements which will now be carried forward to next year.	(0.4)
Total proposed variation to the current annual budget	(0.8)

Capital Budget Review Statements

Total full year capital expenditure (including loan repayments) is projected to decrease by \$10.2M from \$87.9M to \$77.6M.

The actual capital expenditure year to date is \$44M against the new projected full year budget of \$78M, leaving \$34M in Capex to be delivered in the last three months of the financial year.

Of the \$34M several projects were due to be delivered in the second half of the financial year, with the capital budget phased accordingly. Listed below are some of the larger projects with remaining budgets to delivered in the last quarter:

- \$2.7M for leachate treatment drains and onsite treatment at the waste management centre.
- \$2.6M for the Kempsey regional saleyards infrastructure upgrade project.
- \$2.1M for the aeration and automation upgrade at the Crescent Head sewer treatment plant.
- \$1.9M for Willawarrin water treatment plant.
- \$1.5M for Dungay Creek Bridge/Gowing Hill Road landslip remediation works.
- \$1.4M for Steuart McIntyre Dam water treatment plant.

Additionally, other larger programs of capital works that are in progress and will continue to be delivered this financial year include:

- \$6.2M for roads.
- \$2.2M for sewer infrastructure projects.
- \$1.4M for water infrastructure projects.
- \$1.1M for Riverside Park foreshore and riverbank stabilisation.
- \$0.5M for projects across our five Macleay Valley Coast Holiday Parks.

The table below outlines the proposed variations to annual capital expenditure for this quarter².

² Note that as only the major items have been listed, the sum of individual projects may not exactly equal the line-item totals.

Capital Expense line item – reason for proposed budget change	\$'M
New – Land and Buildings This relates to the part deferral of \$0.2M for the RFS building at South West Rocks. This project is expected to be completed next financial year.	(0.3)
New – Other A few projects in the crown land holiday parks will not be completed this financial year (\$0.3M) and as a result budgets have been carried over to next year. This is offset by \$0.4M increases in several infrastructure projects which have full external funding.	0.1
Renewals – Plant & Equipment This relates to approved fleet budget increases funded by water fund, sewer fund and onsite sewerage management reserves.	0.1
Renewals – Land & Buildings This relates to the deferral of some the budget for the South West Rocks library refurbishment project to next financial year.	(0.1)
Renewals – Roads, Bridges and Footpaths The following projects have budget which will not be spent this year. This budget will roll into the 2025-26 year. <ul style="list-style-type: none"> • (\$5.2M) for fully funded road renewals (Armidale, Bellbrook, Pee Dee and Towal Creek Road sections). • (\$1.5M) for fully funded Dungay Creek causeway replacement with a bridge. • (\$0.5M) for New Entrance Road bridge replacement at South West Rocks. • (\$0.5M) for Winstead Road bridge replacement at Kundabung. • (\$0.5M) for rehabilitation of the section of Middleton St (from Railway Overpass to Queen St). • (\$0.5M) for concrete causeways at selected crossings on Fifes Creek Road and Toorumbee Road. (\$0.4M) removal of budget for the completion of roads renewal at Plummers Lane Turf Farm which came in under budget.	(9.1)
Renewals – Other <ul style="list-style-type: none"> • (\$1.1M) for the Lloyd Park revitalisation project which is due to be completed next financial year. 	(2.2)

Capital Expense line item – reason for proposed budget change	\$'M
<ul style="list-style-type: none"> • (\$0.3M) for the partial deferral of the airport runway upgrade partly funded under Regional Airport Program Round 3 (RAP3) to next year; further advice on design and cost to be clarified before proceeding. • (\$0.2M) removal of budget for Horseshoe Bay Holiday Park area 2 which has come in under budget (this was for the tiny homes in sites 1 to 6). • (\$0.1M) for swimming pools expenditure deferred to next year. • (\$0.5M) across a range of smaller infrastructure projects. 	
Renewals - Water <ul style="list-style-type: none"> • \$2.0M budget brought forward (from 2025-26) for the Willawarrin water treatment plant project which is progressing with site works • \$0.9M budget brought forward for the Steuart McIntyre Dam emergency water treatment plant due to the contract being awarded in January. • (\$0.5M) for the deferral of the East St water main replacement of booster pumps to pressure valves to next year. 	2.4
Renewals – Sewer <ul style="list-style-type: none"> • (\$0.7M) for deferral to next year of sewer mains renewal in Short Street, West Kempsey which is entering design phase. • (\$0.2M) removal of sewer pump station and treatment capex budget which is no longer required this year. 	(1.2)
Total proposed variation to the current annual budget	(10.2)

Cash & Investments

Cash and investments amounted to \$105M on 31 March 2025, of which \$99M is in restricted reserves (which are only allowed to be used for the specific purposes for which they have been collected). This leaves \$6M in unrestricted general fund cash. This cash allows Council to cover its regular short term debt obligations (like creditors and payroll), as well as providing a modest cash buffer should any unforeseen costs arise. The unrestricted cash balance at the end of the year is forecast to be ~\$23M. The expected \$17M increase from the current \$6M relates mainly to a combination of new loan borrowings of \$10M, the Financial Assistance Grant (FAG) of ~\$7M which is usually received in May or June, cash receipts from the last rates instalment due on 31 March 2025, less normal operating outgoings.

Key Performance Indicators (KPIs)

Two sets of KPIs are included in the QBRS attachment. One is consolidated, encompassing all three funds, while the other is for General Fund only. Whilst it is not a requirement to report KPIs by fund, due to the General Fund's ongoing financial sustainability issues, these have been reported to provide additional visibility.

The projected KPIs (at financial year end) and the benchmarks are summarised below:

Key Performance Indicator (KPI)	Consolidated	General Fund	Benchmark
Operating performance	3.1%	-5.1%	>0%
Own source operating revenue	64.0%	53.9%	>60%
Debt service cover ratio	4.5	6.6	>2.0
Building and infrastructure renewals ratio	255.2%	351%	>100%
Infrastructure backlog ratio	6.8%	3.6%	<2%
Asset maintenance ratio	96.0%	100.0%	>100%

The consolidated KPI projections are mostly favourable except for the infrastructure backlog ratio; which despite being unfavourable to benchmark, is still on a downward trend compared to historical results.

The General Fund continues to face challenges with a forecast operating ratio of -5.1%. This reflects the current operating deficit position where forecast operating expenditure exceeds income despite the 7.9% rate increase that was implemented from 1 July 2024. Own source revenue is also below benchmark, reflecting the current high level of external grant funding.

The General Fund infrastructure backlog ratio is projected to be unfavourable but is approaching the 2% benchmark. It should be noted that water and sewer funds contribute more weight to the unfavourable consolidated backlog ratio, meaning there is a higher asset backlog in these funds. This is explained by the large capital programs forecast for these funds over the next 10 years to renew and replace ageing infrastructure.

The buildings and infrastructure renewals ratio are much higher than benchmark, mainly due to the large amount of grant funded capex renewal projects forecast this year.

Financial Sustainability Program 2024-25

In recent years, Council's General Fund has recorded net operating deficits as rising costs have outpaced revenue growth, due to constraints imposed on councils by the pricing regulator, the Independent Pricing and Regulatory Tribunal (IPART). Rising costs can be attributed to inflation, wage increases, the cost of construction, emerging costs like cyber security and new regulatory and compliance costs.

Council has been implementing a Financial Sustainability Program since 2019. Given the maturity of the Council organisation, this program has focused on implementing foundational system and process improvements, understanding and addressing key strategic and operational risks, and ensuring an appropriate level of corporate governance exists across all aspects of Council's operations.

These actions have resulted in financial improvements in several cases, as was detailed in the Integrated Planning and Reporting (IP&R) report to Council in June 2024. However, these Financial Sustainability Program actions have also resulted in increased expenditure in some situations, where investment has been needed to better manage risk to acceptable levels, or to provide the structures, systems and information to simply manage Council's operations (e.g. asset management).

Council's Financial Sustainability Program has been revised in the adopted 2024-25 Long Term Financial Plan (LTFP) to focus on areas that will have the most beneficial financial impact. The revised

Financial Sustainability Program has been shaped by both community feedback received throughout the Special Rate Variation (SRV) investigation process and identified actions from Council's continued pursuit of operational and financial efficiencies.

The Financial Sustainability Program now includes 24 initiatives consisting of 46 actions with clearly defined delivery targets in 2024-25. An internal steering committee has been established to oversee the delivery of these items, and quarterly updates are reported to Council as part of this quarterly Corporate Performance report.

Council has found additional savings this year of \$1.9M (\$1.5M reported last quarter plus \$0.4M of one-off savings this quarter). These savings relate to not filling certain vacant positions, a senior management full budget reduction exercise and additional savings identified through the recurring Quarterly Budget Review (QBR) process. Savings opportunities will be reviewed every QBR for the foreseeable future.

Quarterly update

The Financial Sustainability Program attachment provides a detailed update on the progress of the revised 2024-25 program. Overall, it indicates that satisfactory progress is being made in implementing the current program of initiatives. Of the 24 initiatives, 5 are complete, 17 are in progress, and 2 are behind schedule. As noted above, the program has so far generated \$1.9M in savings this year.

Delivery Program 2022-26 and Operational Plan 2024-25

Council's adopted Delivery Program 2022-26 and Operational Plan 2024-25 details the activities, along with the associated performance measures that are planned to be delivered during the financial year.

Delivery Program 2022-26 and Operational Plan 2024-25 Quarterly Update

There are 160 actions identified in this year's Operational Plan 2024-25. Actions include annual programs, new projects and multi-year projects, which for the purpose of this report, are all referred to as actions.

As of 31 March 2024, of the 160 Operational Plan actions, council has completed 12 actions, and 126 actions are in progress. There are 14 actions identified as 'Behind Schedule', predominately due to delays with approvals, resourcing challenges, and contractor and supplier delays. A further seven actions are reported as being 'deferred' due to project design concerns, funding challenges and dependency on other strategies being finalised. One action is reported as 'not started' as further project needs and requirements are further assessed.

A summary of the Operational Plan actions is provided below:

Focus Area/Status	Environment	Economy	Community	Leadership	Total
Completed	4	2	1	5	12
In Progress	55	24	22	25	126
Behind Schedule	4	3	2	5	14
Not Started	1	0	0	0	1

Deferred	2	0	2	3	7
Grant Total	66	29	27	38	160

Grants Status Summary

The updated Grants Status Summary as of 31 March 2025 is attached to this report. This report provides a summary of:

- The status of the delivery of those grants where Council has been successful in accessing grant funding;
- Those grants which are in the application phase and/or which have yet to be decided;

There were no unsuccessful grant applications in the past quarter.

The financial data contained within the document is as per the most recent funding deed Council holds at time of report publication.

Due to the significant works program, due dates have been fully reviewed resulting in changes to expected completion dates for some of the reported grant funded projects. To enable the easy identification of new grants, changes from the previous quarter are noted in blue font at the top of each section.

Councillor Expenses

The Quarterly Report on the Payment of Expenses to Councillors is attached to this report as required by the Councillor Fees and Expenses Policy.

Policy and Legislation

This report has been provided in accordance with the requirements of the *Local Government Act 1993*, and budget review statements and revision of estimates in accordance with section 203 of the *Local Government (General) Regulation 2021*.

Strategic Alignment

This report provides evidence of Council's continuing alignment with its adopted Community Strategic Plan 2042: Your Future, four-year Delivery Program 2022-26, and Delivery Program and Operational Plan 2024-25. It is consistent with the requirements of the Office of Local Government's integrated planning and reporting guidance material and framework.

Impact on Financial Sustainability

This report has no direct impact on Council's financial sustainability. However, as noted within this report and the associated attachments, Council is demonstrating that it is working hard to achieve considerable financial progress with its adopted Financial Sustainability Program.

Stakeholder Engagement

The development of the attachments to this report required significant input from, and engagement with, key internal stakeholders, being the various departments within Council responsible for service delivery outcomes.

Other Matters

There are no other matters to be considered in this report.

CONCLUSION

This report provides a comprehensive summary of the status of Council's corporate performance at the conclusion of the third quarter of the 2024-25 financial year, being March 2024.

ATTACHMENTS

1. Q3 2024-25 Quarterly Budget Review Statements (QBRs) [**10.3.1** - 23 pages]
2. Q3 Financial Sustainability Program Status Report [**10.3.2** - 17 pages]
3. Q3 Delivery Program 2022-26 and Operational Plan 2024-25 Report [**10.3.3** - 48 pages]
4. Q3 Councillor Expenses and Facilities [**10.3.4** - 1 page]
5. Q3 Grants Status Summary [**10.3.5** - 7 pages]

10.4 Loan Borrowings - May 2025 Report

Officer Stacey Milligan, Finance Manager

File Number F22/1809

Report on Council's loan borrowing program for the 2024-25 financial year.

RECOMMENDATION

That Council:

1. **approves the additional proposed borrowings for the General Fund of \$10 million over 20 years;**
2. **authorises the General Manager to accept the loan offer from the institution providing the most advantageous outcome to Council; and**
3. **authorises the Council seal to be affixed to the loan documents.**

BACKGROUND

The *Local Government Act 1993* (the Act) requires that the borrowing of monies is a function that Council must determine and cannot delegate.

The proposed borrowings for the General Fund of \$10 million is \$3 million lower than the Council's Proposed Loan Borrowings Return for 2024-25 as advised to the Office of Local Government (OLG) but aligns to the draft long term financial plan which is a more up to date forecast of the borrowings currently required. Council had also advised OLG of proposed borrowings for the Water Fund of \$5 million but due to additional grant funding secured this year it is no longer required.

Three of the major banks, National Australia Bank (NAB), Commonwealth Bank of Australia (CBA) and Westpac, were asked to quote on these borrowings. Council enquiries in previous years have indicated that, outside of NSW Treasury Corporation (TCorp), the major banks provide the optimum borrowing rates to local government. The advantage that the major banks enjoy is attributed to the size of their portfolios, the lower risk rating applicable to local government borrowings, and the regulatory capital adequacy requirements applicable to these institutions which make lending to local government attractive to the banks. Council has also made an application to TCorp this year; the outcome of the application is not yet known. TCorp advised that the outcome will be known before the May 2025 Council meeting.

Council requested the quotations detailed in the table below based on quarterly principal and interest. The decision to borrow either on the fixed term or renewal³ basis is dependent upon Council's aversion to risk associated with future interest rate variation. The determination is a subjective one based upon the differential in the cost of borrowings under the fixed and renewal terms and the assessed potential variations in market borrowing rates.

General Fund quotations - \$10 million

³ For example: A loan that is "10 years fixed with a 5-year renewal" typically means that the interest rate is fixed for the first 10 years, providing stability in your monthly payments during this period. After the initial 10 years, the loan is subject to renewal every 5 years. At each renewal, the interest rate may be adjusted based on current market conditions

General Fund quotations - \$10 million	
Term:	
1. 10 years fixed	
2. 10 years fixed with 5-year renewal	
3. 20 years fixed	
4. 20 years fixed with 5-year renewal	

KEY CONSIDERATIONS

At the time of writing this report, indicative quotes had been supplied by Westpac, CBA and NAB. These quotes are summarised below. These fixed rates will need to be updated on the day of the meeting to reflect the latest market rates on offer.

Based on the indicative rates provided below, and factoring in Council's aversion to risk associated with future interest rate variation, the 20-year fixed rate provided by TCorp is most advantageous, followed by CBA at the time this paper was published.

Loan Option for \$10M (nil residual and quarterly principal and interest repayments)	Westpac indicative rate per annum	NAB indicative rate per annum	CBA indicative rate per annum	TCorp indicative rate per annum
10 years fixed rate only	5.41%	5.28%	5.57%	4.89%
10 years fixed rate with 5-year renewal	5.15%	4.91%	NA	NA
20 years Fixed rate only	5.61% Maximum fixed rate term of 10 years	6.15%	6.00%	5.62%
20 years fixed rate with 5-year renewal	5.17%	4.97%	NA	NA

Policy and Legislation

The Act requires that the borrowing of monies is a function that Council must determine and cannot delegate. Loan borrowings are required to be finalised by 30 June each year for the next and future financial years.

Strategic Alignment

This item aligns with the following 2022-26 Delivery program action item:

- LE.DP4 - Manage our money and assets to be sustainable now and in the future.

The borrowings outlined in this report align with Council's Integrated Planning and Reporting documents, and particularly the Long-Term Financial Plan.

Impact on Financial Sustainability

There have been limited General Fund borrowings in recent years, with capital expenditure programs funded via a combination of grants, operating cash flows and internal reserves (such as the Holiday Park Reserve which has funded all capital expenditure associated with the holiday parks), with a limited reliance of loans.

The proposed borrowings will enable the General Fund capital program to be delivered in 2025-26 while ensuring that Council is not in breach of the Act and that it has adequate levels of unrestricted working capital.

The impacts of these borrowings have been incorporated into Council's budget and Long-Term Financial Plan.

Stakeholder Engagement

Three of the major banks, NAB, CBA and Westpac, and TCorp were asked to quote on these borrowings.

Other Matters

Nil.

CONCLUSION

Council should resolve to approve the additional loan borrowings to ensure that Council has sufficient funds available to deliver its planned capital expenditure program in 2025-26 and maintains an appropriate level of unrestricted cash available as working capital.

ATTACHMENTS

Nil

10.5 Kempsey Shire Coastal Management Program

Officer Jack Hiscock, Natural Resources Officer

File Number F23/3456

PURPOSE

The draft Coastal Management Program (CMP) was placed on public exhibition for a period of 54 days over the period 2 August 2024 to 24 September 2024.

Council is to consider whether to proceed with the adoption of the CMP and associated Entrance Management Plans (EMP's), having considered the submissions received through the public exhibition process.

Formally adopting the CMP is essential for certification and unlocking the 2:1 funding opportunity to implement the management actions outlined within the document.

RECOMMENDATION

That Council:

- 1. adopts the Coastal Management Program;**
- 2. endorse the Coastal Management Program to proceed to the Minister for the Environment to enable certification;**
- 3. adopts the Killick Creek, Korogoro Creek and Saltwater Creek Entrance Management Plans.**

BACKGROUND

As a result of an amendment to the Coastal Management Act (CM Act) in 2016, local councils are required to prepare and submit their strategies for managing their coastal and estuary ecosystems to the NSW Government. This is done via a Coastal Management Program (CMP).

The purpose of the CMP is to set the long-term strategy for coordinated land management within the coastal zone of Kempsey Shire. The coastal zone includes approximately 80km of open coast, Killick Creek estuary at Crescent Head, Korogoro Creek estuary at Hat Head, Saltwater Creek and Lagoon at South West Rocks, and the Macleay River Estuary, including Kempsey, Stuarts Point, Fishermans Reach, and Back Creek (South West Rocks).

The coastal management framework represented by the CM Act, the State Environmental Planning Policy (Resilience and Hazards) (RH SEPP) and the related Coastal Management Manual (CMM) commenced in April 2018. Since that time, coastal councils throughout NSW have been gaining experience with the revised requirements. The most effective way to apply the framework for individual councils has become clearer in the past few years.

It was initially assumed that:

- Council would prepare separate CMPs for each estuary.
- That the existing Kempsey Coastal Zone Management Plan, developed under the previous, now repealed, Coastal Protection Act 1979, could be translated into a CMP for the open coast part of Kempsey's coastal zone without major modification.

However, experience gained since commencement of the new coastal management framework has resulted in Council deciding to prepare a CMP which covers both the open coast of the Kempsey LGA

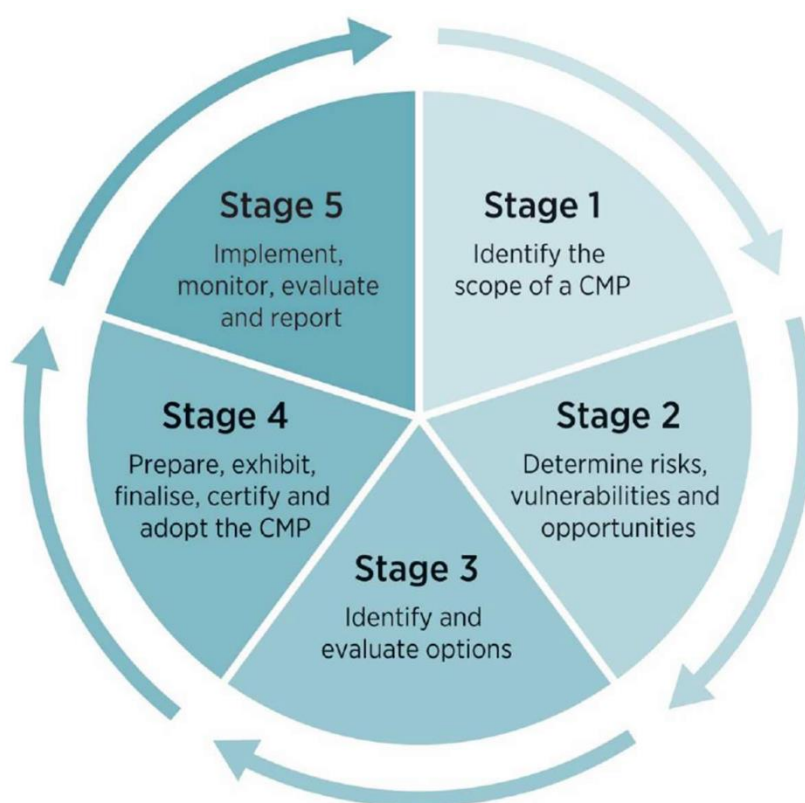
and all estuaries which flow to the ocean within the LGA boundary, the most significant being Macleay River (and Back Creek, South West Rocks), Saltwater Creek and Lagoon, Korogoro Creek and Killick Creek.

The CM Act (section 15(1)(E)) outlines that a coastal zone emergency action subplan (CZEAS) must be included in a CMP if the local council's local government area contains land within the coastal vulnerability area (CVA), and beach erosion, coastal inundation or cliff instability is occurring on that land.

Council is yet to formalise a CVA as defined in the CM Act and the RH SEPP. Formalisation is proposed by a planning proposal via an action in this CMP (if Council decides to pursue). Whilst a CZEAS is not currently compulsory, Council has decided to prepare this subplan as part of the CMP.

CMP Staging

Kempsey Shire Council has prepared a draft CMP, as defined under the CM Act and RH SEPP. The CMP has been prepared under guidance provided by the CMM following the five-step process below:



Stage 1 - Identify the Scope of the CMP - involved the preparation of several scoping studies:

- Killick Creek Estuary CMP Stage 1 Scoping Study
- Korogoro Creek Estuary CMP Stage 1 Scoping Study
- Macleay River Estuary CMP Stage 1 Scoping Study (including Back Creek, South West Rocks)
- Open Coast CMP Scoping Study (completed during Stages 2 & 3).

Stage 2 - Risks, Vulnerabilities and Opportunities - involved technical investigations to address data gaps identified by the scoping studies:

- Saltwater Creek and Lagoon Estuary Hydrodynamic Processes Assessment
- Saltwater Creek and Lagoon Estuary 2 Water Quality Assessment
- Saltwater Creek Vegetation Mapping and Condition Assessment
- Kempsey Coastal Vulnerability Area assessment

Entrance Management Plans (EMPs) were also developed during Stage 2:

- Korogoro Creek Entrance Management Plan
- Killick Creek Entrance Management Plan
- Saltwater Creek Entrance Management Plan
- Back Creek, South West Rocks – Review of Entrance Management Considerations
- Review of Kempsey LGA – Miscellaneous Estuary Entrances and Outlets

Stage 3 – Identify and Evaluate Options

During Stage 3, issues identified in the Stage 1 scoping studies were reviewed and consolidated. A detailed risk assessment followed to pinpoint the highest priority issues. The risk assessment was informed by the Coastal Vulnerability Study completed during Stage 2, which considered hazards for present, 2050, and 2100 planning horizons. Potential management options were developed for those issues identified as priority issues by the risk assessment.

A long list of over 150 potential management actions was compiled from actions identified during the risk assessment and several other sources.

All management options were subject to an assessment for viability, feasibility, and acceptability, following the guidelines of the CMM. The remaining options following this evaluation were forwarded to stakeholders for their feedback, from which a shortlist of actions was compiled. Shortlisted actions were subject to a final evaluation of planning, legal and organisational constraints, and taken forward into a Business Plan.

The Stage 3 report describes the detailed risk assessment and the development and assessment of management options.

Stage 4 – Prepare, Exhibit, Finalise and Certify

The Kempsey Shire CMP has been prepared under the guidance of Council and the Department of Climate Change, Energy, the Environment, and Water (DCCEEW). Furthermore, other state government agencies have been contacted to confirm that they are committed to supporting execution of the CMP.

A CMP must be placed on public exhibition for a minimum of 28 days and any comments of relevance considered and addressed. Following exhibition, the CMP is finalised and submitted to Council for adoption. Once adopted by Council, the CMP is forwarded to the Minister for the Environment for certification.

Council may now consider the draft CMP and draft EMPs as revised after public exhibition and proceed to adoption, and certification by the Minister for the Environment. The certified CMP will then be published in the Gazette.

Adopting the CMP is essential for certification and unlocking the 2:1 funding opportunity to implement management actions.

KEY CONSIDERATIONS

Policy and Legislation

- Coastal Management Act 2016
- Coastal Management Manual 2018
- State Environmental Planning Policy (Resilience and Hazards) 2021 (RH SEPP)

Other NSW legislation is relevant to the management of the environmental, social and economic values of the coastal zone, including:

- Environmental Planning and Assessment Act 1979
- Local Government Act 1993
- Crown Land Management Act 2016
- National Parks and Wildlife Act 1974
- Fisheries Management Act 1994
- Marine Estate Management Act 2014
- Local Land Services Act 2013
- Biodiversity Conservation Act 2016

Strategic Alignment

This project is identified in Council's Operational Plan as EN.OP40 - Prepare Coastal Management Program (CMP) for the Kempsey LGA Coastal Zone in accordance with State Government requirements.

Impact on Financial Sustainability

Councils Executive Leadership Team (ELT) were previously briefed on the draft CMP prior to public exhibition in 2024. Decisions made at that time regarding management actions have been incorporated, resulting in a cost saving of over \$835,000 across the CMP's lifespan.

The CMP includes a 10-year works program jointly funded by Council and external funding sources, primarily through the Coast & Estuary Grants Program, which operates on a 2:1 funding model (State Government contributes \$2 for every \$1 from Council). The anticipated cost to Council over 10 years is approximately \$1,738,000, expected to be funded via the Environmental Levy.

The Environmental Levy IPART determination expires at the end of June 2028. Should it not be renewed, Council would need to allocate funds from the General Fund. The strategy is to deliver as much as possible before the current levy expires, while also securing external grants where available.

Stakeholder Engagement

The Kempsey LGA Coastal Zone Coastal Management Program "Community and Stakeholder Engagement Strategy" has been prepared compliant to and consistent with the core principles of the Kempsey Shire Council Community Engagement Strategy (2019) developed in accordance with Section 402 of the Local Government Act (1993), the Kempsey Shire Council 'Community Engagement Toolkit, Part 3 of the Coastal Management Bill 2016 and the NSW Coastal Management Manual.

The Strategy was prepared according to guidelines issued by the NSW Government titled 'Guidelines for community and stakeholder engagement in coastal management'(OEH 2018).

The Strategy has been formulated based on a revision and amalgamation of the Community and Stakeholder Engagement Strategies prepared for the Macleay River, Killick Creek, Korogoro Creek, Saltwater Creek estuary and Kempsey Coast scoping studies, and subsequent investigations and represents the second (2nd) of three intended document revisions.

This Strategy was intended to formulate a strategic approach for the purpose of community and coastal management stakeholder engagement to:

- 1) provide a clear approach to community and stakeholder engagement and to ensure the community has a meaningful opportunity to participate
- 2) assist Council in the preparation of the Coastal Management Program, in accordance with the NSW Coastal Management Manual (2017), and
- 3) raise awareness of coastal management reforms and legislative requirements.

The final version (3rd Revision) of the Kempsey LGA Coastal Zone CMP 'Community and Stakeholder Engagement Strategy' has been prepared to address Level 2 impact (as per Councils 2019 Community Engagement Strategy) to inform the community, and to inform, consult and involve relevant stakeholders during the implementation of Stage 4 of the CMP process.

Council have also engaged via the Natural Resources Consultative Group where all relevant State Government agencies were represented.

The draft Kempsey Shire CMP and draft EMPs were placed on public exhibition for a total of 54 days. The exhibition period was widely advertised online and in local media. Exhibition commenced on 2nd August 2024 and was completed 24th September.

A Submission Report (attached) has been prepared detailing how all relevant comments have been considered or addressed. Changes to the draft EMPs were recommended by Crown Lands. The changes reflected legislation and departmental name changes and have been approved by that department.

CONCLUSION

Council's CMP project has now been publicly exhibited and relevant amendments made in response to submissions received.

Adoption of the draft CMP will enable a 10-year works program jointly funded by Council and external funding sources, primarily through the Coast & Estuary Grants Program, which operates on a 2:1 funding model (State Government contributes \$2 for every \$1 from Council).

Council cannot apply for Coast & Estuary Grants until the CMP has been certified by the Minister and gazetted.

Adoption is a prerequisite for certification.

ATTACHMENTS

1. CMP Final For Adoption [10.5.1 - 132 pages]

2. Saltwater Creek EMP [**10.5.2** - 70 pages]
3. Korogoro Creek EMP [**10.5.3** - 63 pages]
4. Killick Creek EMP [**10.5.4** - 67 pages]
5. CMP Exhibition Comments. [**10.5.5** - 7 pages]
6. Combined Submissions [**10.5.6** - 41 pages]
7. Your Say Macleay Survey and Summary [**10.5.7** - 11 pages]

10.6 Kempsey Airport Fly Neighbourly Agreement

Officer Peter Allen, Group Manager Commercial Business

File Number F22/1895

PURPOSE

Present the results of our review of Fly Neighbourly Advice (FNA) and seek endorsement of minor amendments to the FNA.

RECOMMENDATION

That Council:

1. **thanks airport users and members of the community who contributed to the Fly Neighbourly Advice (FNA) review;**
2. **notes the attached FNA Review report prepared by Aviation Projects, including the summary of Stakeholder Engagement (Section 6);**
3. **renews the FNA, with minor changes to add Warne Drive residential area as a noise sensitive area and reword undertaking #3 to clarify the intent of using the full runway length for take-off; and**
4. **submits the revised noise abatement procedures within the FNA to Airservices Australia to be replicated in the En Route Supplement Australia (ERSA).**

BACKGROUND

In 2019, Council developed the Kempsey Airport Noise Management Plan to address community concerns over increased aircraft activity, particularly repetitive circuit training, at Kempsey Airport. The development of the plan included extensive consultations and noise monitoring in the vicinity of the airport. The initiative aimed at minimising noise impacts on the community, without unduly restricting aviation operations' economic and community benefits.

The FNA was published for aircraft operators using Kempsey Airport as part of the Noise Management Plan. The FNA is a set of voluntary guidelines that encourage responsible flying practices around Kempsey Airport, strongly focusing on noise mitigation.

Kempsey Airport's FNA includes guidelines on circuit training hours of operation, engine ground running, simulated engine failures and altitude, and identifies noise-sensitive areas around the airport.

These noise mitigation measures were replicated in the En Route Supplement Australia (ERSA), a publication of Airservices Australia that provides vital information for flight planning on all licensed aerodromes.

Most mitigation measures within the FNA focus on the operating hours and procedures for repetitive circuit training. Circuit training is the first stage of practical pilot training, focused on take-offs and landings. It involves the pilot approaching the runway, touching down and then applying power to take off again. When undertaking circuit training at the airport, an aircraft could repeatedly pass over an area (e.g. a neighbouring property) every five or six minutes, with multiple aircraft able to conduct training at one time.

The FNA has been highly successful in reducing the level of noise complaints and community concern. Since 2021, Council has received eight aircraft noise complaints, with only two complaints

since January 2024, both coming from the Warne Drive residential area. Council received very little interest from the community during the review, with those few respondents showing general support for the continuation of the FNA. In contrast, when the Noise Management Plan and FNA were first established in 2019, Council received a robust response from 175 community members, voicing their strong objection to circuit training and associated aircraft noise.

Correspondingly, there has been a significant reduction in aircraft movements. However, while there has been a substantial reduction in flight training movements and flight training is not actively encouraged, the FNA still permits visiting aircraft to operate between 55 and 75 hours per week.

The proposed addition of Warne Drive addresses the remaining area of community concern. It is considered a minor adjustment, adding a small area to an existing list of noise-sensitive areas. The recommendation to reword undertaking #3 regarding using the whole runway clarifies the intent that pilots should commence take-off at the start of the runway (as opposed to also ensuring wheels-up is delayed to the far end of the runway).

KEY CONSIDERATIONS

Policy and Legislation

Airservices Australia describes the FNA as "a voluntary code of practice established between the airport, aircraft operators and communities, or authorities interested in reducing the disturbance caused by aircraft within a particular area. Aviation operating and safety procedures have precedence over an FNA in all circumstances."

Council has no authority over aircraft operators or aircraft operating procedures. The Civil Aviation Safety Authority (CASA) governs aviation safety, procedures, aircraft registration and pilot licensing.

Air Services Australia, regulated by CASA, manages air traffic safety and procedures. Air Services Australia also manages aircraft and airport noise data and complaints services.

The Deed transferring ownership of the airport to the Council requires Council to "permit open, unrestricted and non-discriminatory access to the aerodrome by airline and aircraft operators".

Strategic Alignment

Delivery Program and Operational Plan - EC.OP13 Management of the Kempsey Airport

Impact on Financial Sustainability

The Airport Feasibility Review assessed the airport's usage, needs, and capabilities and reviewed the high cost to the community of operating and maintaining the airport. The review committed Council to continue operating the airport and resolved that Council continue to explore opportunities to increase revenue.

Removing the restrictions of the FNA (including circuit training hours of operation) would make Kempsey Airport more appealing and suitable for use by visiting commercial pilot training providers. However, increased landing fee revenue associated with increased circuit training activity is relatively minor and would have significant community and environmental impacts. A modest increase in pilot training activity (and associated revenue) could be achieved under the proposed FNA with appropriate noise mitigation controls.

Stakeholder Engagement

Engagement with residents, stakeholders and operators included an online survey on Council's website throughout April and face-to-face workshops with operators, community members and groups on 14 April 2025, led by specialist aviation consultants, Aviation Projects.

We encouraged participation in the review through social media posts and email notifications to all Kempsey Airport aircraft operators. We also wrote to neighbouring schools, Booroongen Djugun Nursing Home, the Save Kempsey Airport Action Group and residents who had previously submitted complaints to notify them of the review and invite them to share their feedback online, in writing and/or participate in the workshops.

The engagement process attracted very little response, with no objections received against the FNA.

Council received no formal written submissions via the Your Say Macleay online community engagement portal during the engagement period.

Two survey responses were received during the period:

1. The first acknowledged that the airport has been in its current location for many years and that an element of aircraft noise should be expected in the vicinity of the airport
2. The second response was from a resident who lives within 2 km of the airport, stating that they don't have any complaints about aircraft noise and that the occasional low-flying aircraft after take-off does not cause them any concern.

Feedback was sought from the three identified noise-sensitive facilities: Aldavilla Primary School, Greenhill School, and the Booroongen Djugun Aged Care Facility. Aldavilla Primary School confirmed that they do not have any issues with the airport's operation. No responses were received from the Greenhill School or the Booroongen Djugun Aged Care Facility.

Three airport users attended the Aviation Stakeholder workshop. Participants were generally accepting of the current arrangements and provided valuable feedback, including:

- The FNA isn't necessary with such low aircraft movements
- The same rules should be applied to both visiting and local aircraft
- Requested approval to operate circuit training on Saturdays
- Agreement that the wording regarding full use of the runway is ambiguous

Save Kempsey Airport Action Group attended the community workshop. Participants were also generally satisfied with the current arrangements and provided valuable feedback, including:

- Residents of Warne Drive continued to be sensitive to noise
- No changes to permitted circuit training for visiting aircraft should be considered, and if anything, the late evening hours should be reduced
- Agreed that the wording regarding full use of the runway is ambiguous

Aviation Projects has summarised the feedback received through this engagement in the attached report (Section 6).

Other Matters

Nil

CONCLUSION

The Airport's Noise Management Plan and the mitigation measures contained in the FNA have successfully reduced community angst and complaints against aircraft noise. The review

recommends renewing the FNA, with a minor amendment to add Warne Drive as a noise-sensitive area.

ATTACHMENTS

1. YKM P 04 Kempsey Airport Fly Neighbourly Advice Review v 1.0 250507 [**10.6.1** - 17 pages]

10.7 Mayoral and Councillor Fees for 2025-26

Officer Vicki Thomas, A/Group Manager Governance and Information Services

File Number F25/2261

PURPOSE

Set Mayor and Councillor fees for Kempsey Shire Council for 2025-26 following the determination of the Local Government Remuneration Tribunal.

RECOMMENDATION

That Council:

1. **fix the fees payable to a Councillor for the 2025-26 financial year to be the maximum allowed for regional rural categorised Councils as determined by the Local Government Remuneration Tribunal, being \$23,220, in accordance with s248 *Local Government Act 1993*;**
2. **fix the fees payable to the Mayor for the 2025-26 financial year to be the maximum allowed for regional rural categorised Councils as determined by the Local Government Remuneration Tribunal, being \$50,680 in accordance with s249 *Local Government Act 1993*;**
3. **resolves that superannuation payments are to be made to Councillors in accordance with s254B *Local Government Act 1993*; and**
4. **notes that the Mayor receives both the Mayor and Councillor fee, and as such, receives the superannuation payments for both the Councillor and Mayoral fee.**

BACKGROUND

The Local Government Remuneration Tribunal is required to report to the Minister for Local Government by 1 May each year as to its determination of categories and the maximum and minimum amounts of fees to be paid to Mayors, Councillors, and chairpersons and members of county Councils.

The Tribunal delivered its report on 17 April 2025, and it was published on 2 May 2025. The determination is attached.

Following amendment of the *Local Government Act 1993* in 2021, Councils may, by resolution, determine to make superannuation guarantee payments to Councillors, at the same rate as if they were staff members, commencing on 1 July 2022.

The making of superannuation payments is optional, and at each Council's discretion.

If resolved, superannuation payments will be made at the same interval as the annual fee is paid to Councillors. To receive a superannuation contribution payment, each Councillor must first nominate a superannuation account for the payment before the end of the month to which the payment relates. The superannuation account nominated by Councillors must be an account for superannuation or retirement benefits from a scheme or fund to which the *Superannuation Guarantee (Administration) Act 1992 (Cth)* applies. Councils must not make a superannuation contribution payment for a Councillor if the Councillor fails to nominate an eligible superannuation account for the payment before the end of the month to which the payment relates. Individual

Councillors may opt out of receiving superannuation contribution payments or opt to receive reduced payments by doing so in writing.

KEY CONSIDERATIONS

Policy and Legislation

The Local Government Remuneration Tribunal (the Tribunal) each year sets the range of fees for all Councillors and Mayors in New South Wales. The Tribunal's attached report provides an update on local government reform, review of categories – including criteria for categories and allocation of Councils into categories and fees.

The Tribunal has determined that there will be a 3% increase in the minimum and maximum fees applicable to each existing category.

The report concludes that Kempsey Shire Council is listed as a regional rural Council. The levels of fees for this category for 2025-26 are:

Mayor		Councillor	
Minimum	Maximum	Minimum	Maximum
\$22,420	\$50,680	\$10,530	\$23,220

It has been this Council's past practice to adopt the maximum fee determined by the Tribunal.

A resolution to fix fees, or to pay Councillors superannuation, must be made in an open meeting of Council.

Strategic Alignment

Not applicable.

Impact on Financial Sustainability

The total Mayoral and Councillor fees payable if the maximum limit is adopted is \$259,660, which has been budgeted for in the current 2025-26 draft budget. This represents an increase from 2024-25 of \$7,600, from \$252,060.

An allocation has also been made to allow for the payment of superannuation to Councillors, at the superannuation guarantee rate of 12.00% for 2025-26, totalling \$31,159.

Stakeholder Engagement

Nil.

Other Matters

Nil.

CONCLUSION

It is recommended that the Kempsey Shire Council Mayor and Councillor fees payable for the 2025-26 year be the maximum allowed for regional rural categorised Councils as determined by the Local Government Remuneration Tribunal.

ATTACHMENTS

1. LGR T-2025- Annual- Determination [10.7.1 - 47 pages]

10.8 Australia Day Committee - Appointment of Community Representatives

Officer Liesa Davies, Group Manager Community Partnerships

File Number F22/1826

PURPOSE

Appoint new community representatives to the Australia Day Committee.

RECOMMENDATION

That Council:

- 1. thanks the outgoing members of the Australia Day Committee for their contribution over the previous term of Council and to February 2025;**
- 2. appoints as community representatives to the Australia Day Committee:**
 - a. Judy Beilby,**
 - b. Peter Chambers,**
 - c. Ross Foster OAM,**
 - d. Anika Malcolm,**
 - e. Cameron Rodwell, and**
 - f. Jane Walsh;**
- 3. appoints these representatives until February 2029, to allow the oversight and wrap up of the 2029 Australia Day event; and**
- 4. thanks all community members who expressed interest in the roles for their interest.**

BACKGROUND

The Australia Day Awards Committee (the Committee) plans, conducts and reviews the annual Australia Day Awards and Citizenship Ceremony. Additionally, the Committee serves a crucial role in determining the eligibility for awards, assessing the nominations, and selecting the winners of each Australia Day award category. The Committee is formed under section 355 of the *Local Government Act 1993*.

The Committee membership includes the Mayor, two Councillor representatives (Councillors Lawrence and Selby), one staff representative (Group Manager Community Partnerships) and up to seven community representatives. Over the last term of Council, community representatives contributing to the Committee included Peter Chambers, Ross Foster, Aden Harris, Philip Harvey, Anika Malcolm and Tania Powick. The term of these community representatives on the Committee wrapped up in February 2025, following the successful January 2025 Australia Day Awards and Citizenship Ceremony and subsequent debrief.

KEY CONSIDERATIONS

Council undertook an Expression of Interest process to seek new community representatives for the Australia Day Committee. Staff, the Mayor, several Councillors and committee members promoted this opportunity from 8 April to 5 May 2025. Council also promoted it through established communication channels, including our website, the Your Say Macleay website, e-news, social media, and the Macleay Argus notices.

The Terms of Reference allow up to seven community members to be appointed to the Committee by Council. Further, it notes that the appointments should be made on the recommendation of the Committee. Where there is no existing Committee in place or the Committee cannot form a quorum,

then community representatives are appointed by the Council on the recommendation of the General Manager. Noting the Committee wrapped up at its February meeting and there are several re-nominations, the recommendations for appointment are being made by staff, via the Acting General Manager.

Seven expressions of interest were received and have been reviewed by staff. It is recommended that six of these people be appointed to the Committee, with one who resides outside of the shire being notified that they are unsuccessful. Refer to the confidential attachment for further information on those who completed expressions of interest for the Committee.

Policy and Legislation

The Australia Day Awards Committee operates under s355 *Local Government Act 1993* and the attached Terms of Reference.

Strategic Alignment

The 2024 Australia Day Awards and Citizenship Ceremony aligns with 2022-26 Delivery Program Action *CO.DP1 - Build capacity and support for cultural opportunities, sports, and events*

Impact on Financial Sustainability

The appointment of community representatives has no impact on the financial sustainability of Council. The Australia Day event is typically jointly funded by Council within existing budget allocations and the National Australia Day Council Community Grants Program. No fees are paid to Committee members.

Stakeholder Engagement

Community representatives on the Committee are appointed to enable decisions to reflect community sentiment.

Other Matters

Nil.

CONCLUSION

The report proposes the appointment of six community representatives to the Australia Day Committee to support its continued work in planning Kempsey Shire's annual Australia Day Awards and Citizenship Ceremony, and importantly, recognising the significant contributions made by our local community members.

ATTACHMENTS

1. Australia Day Awards Committee - Terms of Reference [**10.8.1** - 4 pages]
2. CONFIDENTIAL REDACTED - Community Representatives EOIs received [**10.8.2** - 7 pages]

10.9 Recognition of Dave Sands

Officer Michael Jackson, A/ General Manager

File Number F12/1474

PURPOSE

Kempsey's Dave Sands was inducted into the World Boxing Hall of Fame in 1998 but has not been appropriately recognised in his hometown. It is proposed to confirm the intended location of a memorial statue honouring Dave Sands to enable pursuit of grant funding opportunities.

RECOMMENDATION

That Council confirms support for Dave Sands to be recognised in the Avenue of Honour area of the Verge 1 masterplan.

BACKGROUND

In May 2022 Council resolved to liaise with the Ritchie family on an appropriate plan for due and deserving recognition in Kempsey of the Sands brothers boxers for their sporting feats & seek support from The Honourable Melinda Pavey MP, Member for Oxley, The Honourable Stuart Ayres MP, Minister for Tourism and Sport, and any other relevant bodies in gaining financial support to implement the plans for recognition.

Brothers Clem, Ritchie, George, Dave, Alfie and Russell Sands all had the ability and courage above the ordinary, but the star and most gifted of the brothers was Dave whose boxing career commenced in Newcastle in 1941. His career ended when he died at Dungog on 11 August 1952, in a motor vehicle accident.

Dave Sands was one of three Australians to have held three national titles simultaneously. Although a natural middleweight, he held the middle, light heavy and heavyweight championships at the same time, from 1950 until his untimely death at age 26.

Various locations for a memorial statue have been under discussion with the family over time and in a meeting on 9 April 2025 been agreed that the proposed memorial statue would be best located in the Avenue of Honour area identified in the Verge 1 masterplan and illustrated below.

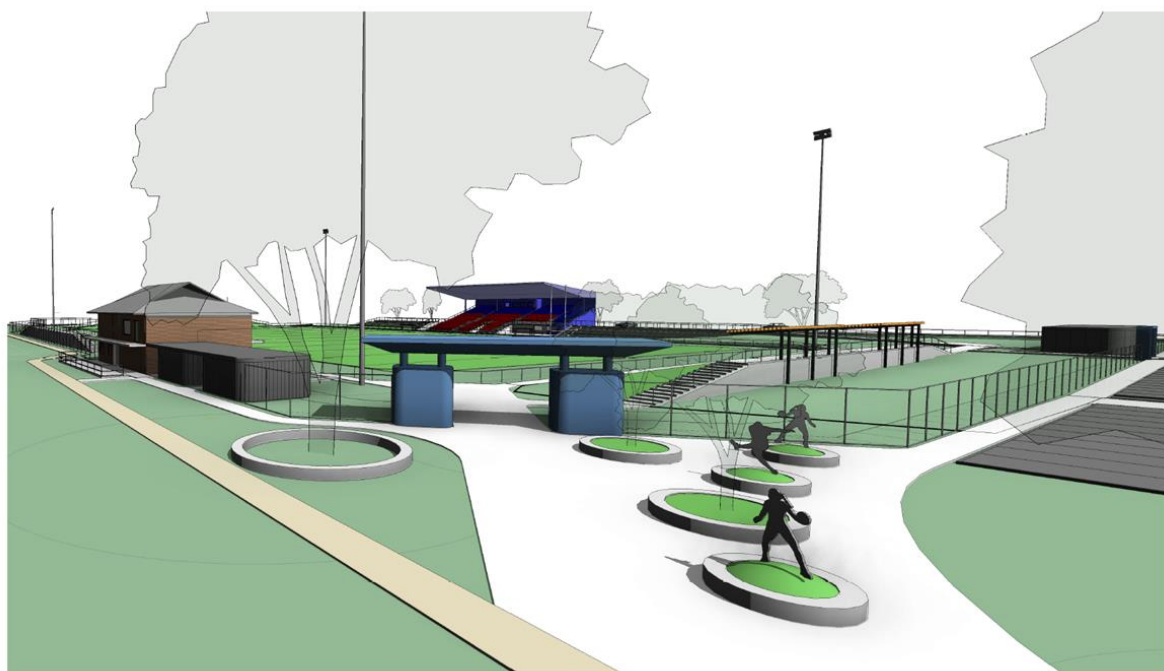
This location places the proposed statue at a key location in the sporting complex with the popular perimeter footpath passing the corner at what will become the main public entry to the Verge 1 field.

The former Girl Guides Hall near that location was damaged by fire and will shortly be demolished.

With an agreed location confirmed by Council as recommended in this report, the Ritchie family representatives will update cost estimates and Michael Kemp MP has undertaken to make introductions to the relevant State Government ministers so that the family can advocate for grant funding to realise the memorial.



06 FINAL MASTERPLAN



VERGE 1 MASTERPLAN
MAIN ENTRY | 40

KEY CONSIDERATIONS

Strategic Alignment

Recognition of a world renowned local indigenous sportsman aligns with Reconciliation Action Plan objectives.

Impact on Financial Sustainability

At this point the proposed location will be cleared using insurance funds for the demolition of the former Girl Guides Hall. It is not proposed for council to fund the memorial statue.

Stakeholder Engagement

The family of Dave Sands have been represented by Phil Dotti, Chad Ritchie and Shane Hickey who have confirmed their strong support for the location proposed.

Other Matters

Nil.

CONCLUSION

It is proposed to confirm the Avenue of Honour area in the Verge 1 masterplan as the intended location of a memorial statue honouring Dave Sands, to enable the pursuit of grant funding opportunities.

ATTACHMENTS

Nil

10.10 Code of Conduct

Officer Vicki Thomas, A/Group Manager Governance and Information Services

File Number F23/1930

PURPOSE

Adopt a code of conduct as required by the *Local Government Act 1993*.

RECOMMENDATION

That Council adopts the attached draft Code of Conduct, effective at the start of Wednesday 21 May 2025

BACKGROUND

Section 440 of the *Local Government Act 1993* requires all councils to adopt a code of conduct that has provisions that are consistent with the model code prescribed under the *Local Government (General) Regulation 2021*. It states:

440 Codes of conduct

- (1) The regulations may prescribe a model code of conduct (the model code) applicable to councillors, members of staff of councils and delegates of councils.
- (2) The regulations may provide that the provisions of the model code relating to the disclosure of pecuniary interests are also to apply to the following persons—
 - (a) a member of a committee of a council (including the Audit, Risk and Improvement Committee),
 - (b) an adviser to a council.
- (3) A council must adopt a code of conduct (the adopted code) that incorporates the provisions of the model code. The adopted code may include provisions that supplement the model code.
- (4) A council's adopted code has no effect to the extent that it is inconsistent with the model code as in force for the time being.
- (5) Councillors, members of staff and delegates of a council must comply with the applicable provisions of—
 - (a) the council's adopted code, except to the extent of any inconsistency with the model code as in force for the time being, and
 - (b) the model code as in force for the time being, to the extent that—
 - (i) the council has not adopted a code of conduct, or
 - (ii) the adopted code is inconsistent with the model code, or
 - (iii) the model code contains provisions or requirements not included in the adopted code.
- (6) A provision of a council's adopted code is not inconsistent with the model code merely because the provision makes a requirement of the model code more onerous for persons required to observe the requirement.
- (7) A council must, within 12 months after each ordinary election, review its adopted code and make such adjustments as it considers appropriate and as are consistent with this section.
- (8) (Repealed)

- (9) This section applies to an administrator of a council (other than an administrator appointed by the Minister for Water, Property and Housing under section 66) in the same way as it applies to a councillor.

KEY CONSIDERATIONS

Policy and Legislation

As stated above, the *Local Government Act 1993*, requires Council to adopt a code of conduct that incorporates the provisions of the model code, and none that are inconsistent, within 12 months of the ordinary election.

Strategic Alignment

This action is required by legislation and aligns with the governance theme in Council's adopted delivery program and operational plan.

Impact on Financial Sustainability

There is not expected to be any impact on Council's financial sustainability. A budget allocation is made each year for management of the code of conduct; if there are any substantial complaints requiring investigation this budget may require review during the quarterly budget review.

Stakeholder Engagement

Councillors received an induction session covering the model code of conduct on 9 October 2024. The proposed draft code of conduct does not contain any varied provisions and therefore do not require public notice or further consultation.

Other Matters

No operational changes have been made to the code of conduct, only changes include updated version, date and template.

CONCLUSION

Council needs to adopt a code of conduct based upon the current model code within 12 months of the 14 September 2024 local government election. As there have been no changes to the current model code of conduct it is recommended that the existing code of conduct be readopted.

ATTACHMENTS

1. 5 1 1 V8 Code of Conduct [**10.10.1** - 45 pages]

10.11 Councillor Expenses and Facilities Policy

Officer Vicki Thomas, A/Group Manager Governance and Information Services

File Number F25/2261

PURPOSE

Resolve to give public notice of the draft Councillor Expenses and Facilities Policy as required by the *Local Government Act 1993*.

RECOMMENDATION

That Council:

1. **provides public notice of its intention to adopt the attached draft Councillor Expenses and Facilities Policy for a period of not less than 28 days; and**
2. **receives a report at the July ordinary meeting of Council concerning the draft Councillor Expenses and Facilities Policy, and any submissions received, for adoption.**

BACKGROUND

Council is required to adopt a policy concerning the payment of expenses incurred by, and the provision of facilities to, the Mayor, the Deputy Mayor (if there is one) and the other Councillors within the first 12 months of each term of Council.

Before adopting or amending such a policy the Council must give at least 28 days public notice of its intention to do so, and before adopting or amending the policy, it must consider any submissions made within the time allowed and make any appropriate changes to the draft policy or amendment.

The Office of Local Government (the OLG) has issued Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors in NSW. Council's must consider these guidelines when drafting their policy.

The OLG has also provided a Model Councillor Expenses and Facilities Policy as part of its best practice governance policies. The model policy is designed to comply with all the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021* and the Guidelines. The draft policy proposed for public notification is based upon the model policy.

KEY CONSIDERATIONS

Policy and Legislation

Council is required under s252(1) *Local Government Act 1993* to adopt a new policy within the first 12 months of its term, that is by 14 September 2025.

252 Payment of expenses and provision of facilities

- (1) Within the first 12 months of each term of a Council, the Council must adopt a policy concerning the payment of expenses incurred or to be incurred by, and the provision of facilities to, the Mayor, the Deputy Mayor (if there is one) and the other Councillors in relation to discharging the functions of civic office.

Further, under s253(1) and s253(2) Council is required to give at least 28 days public notice of its intention to do so and consider any submissions made.

253 Requirements before policy concerning expenses and facilities can be adopted or amended

- (2) A Council must give public notice of its intention to adopt or amend a policy for the payment of expenses or provision of facilities allowing at least 28 days for the making of public submissions.
- (2) Before adopting or amending the policy, the Council must consider any submissions made within the time allowed for submissions and make any appropriate changes to the draft policy or amendment.

Strategic Alignment

N/A

Impact on Financial Sustainability

Council's budget is based upon prior expenditure, adjusted for the particular circumstances estimated at the time the budget was made. Council does not allocate the maximum amount permissible under the policy at the time the budget is adopted. The change in policy will not directly result in any change to the adopted, or draft, budget.

Stakeholder Engagement

Public notice is required to be given of Council's intention to adopt an updated policy and the public may make submissions on the draft policy at this time.

Other Matters

The previous policy was based on the model policy provided by OLG, adjusted for Council's particular circumstances. New changes that are recommended are:

1. To increase general travel expenses per year for all Councillors. This is based on claims made by Councillors in the previous term. It is a fundamental principle that Councillors should not be required to meet expenses out of pocket to undertake their civic duties. In the previous term some Councillors were unable to claim expenses as they exceeded the annual limit.
2. To provide additional flexibility for Councillors to undertake professional development in any given year that exceeds \$2,000 by setting the cap to apply to a term, rather than annual. This does not increase the amount allocated to any individual Councillor over their term but allows them to spend more than \$2,000 in any one year.

CONCLUSION

It is recommended that Council place this policy on public exhibition for the 28 days required, and a report be returned to Council's ordinary meeting of 15 July 2025.

ATTACHMENTS

1. 5 18 Councillor Expenses and Facilities Policy v9 [10.11.1 - 17 pages]

10.12 Internal Audit Charters

Officer Matthew Bentley, Internal Auditor

File Number F23/2510

PURPOSE

Recommend the adoption of revised Audit, Risk and Improvement Committee (ARIC) and Internal Audit Charters.

RECOMMENDATION

That Council adopt the revised:

- 1. Audit, Risk and Improvement Committee Charter; and**
- 2. Internal Audit Charter.**

BACKGROUND

The ARIC and Internal Audit Charters underwent a major revision in February 2022. The charters were brought into alignment with the new OLG internal audit guidelines which included expanding the coverage of the ARIC and incorporating a skills matrix to guide recruitment and appointment of future ARIC members. The charters were reviewed and updated with some minor modifications in February 2024.

In accordance with the new OLG guidelines for risk management and internal audit for local government in NSW, the charters are to be reviewed annually by the ARIC.

The Internal Auditor has reviewed the two charters and made some further modifications taking into consideration the new reporting requirements outlined in the OLG guidelines and the attestation statement to be signed by the general manager annually.

The revised charters were endorsed by the ARIC at its 9 April 2025 meeting.

The revised charters have been provided to Council for adoption with changes tracked in the documents to enable easy identification of the changes.

KEY CONSIDERATIONS

Policy and Legislation

The revised charters have been developed in accordance with model OLG charters and the new OLG guidelines for risk management and internal audit for local councils in NSW.

Strategic Alignment

The revised charters support the effective operation of the ARIC and Internal Audit function which is a key action of Councils delivery program and operational plan 2024-2025.

Impact on Financial Sustainability

Nil.

Stakeholder Engagement

The revised draft charters have been approved by the Executive Leadership Team and endorsed by the ARIC at its 9 April 2025 meeting.

Other Matters

Nil.

CONCLUSION

The revised charters have been endorsed by the ARIC and are recommended for adoption by Council.

ATTACHMENTS

1. Audit, Risk and Improvement Committee Charter- Feb 25- Final Draft [**10.12.1** - 11 pages]
2. Internal Audit Charter- Feb 25- Final Draft [**10.12.2** - 5 pages]

10.13 Development Activity and LEP Variations - Quarterly Snapshot 3rd Quarter

Officer Lisa Kennedy, Team Leader Office Support

File Number F19/1831

PURPOSE

Report to Council quarterly on any approvals that included variations to Council's Kempsey Local Environmental Plan (KLEP) 2013, which involved the use of Clause 4.6, and to provide information on development approvals for the period of January, February and March 2025.

RECOMMENDATION

That Council receives and notes the report.

BACKGROUND

In accordance with Department of Planning, Housing and Infrastructure, all development applications determined involving clause 4.6 of KLEP 2013 to vary a development standard are required to be reported to Council for information.

During the January, February and March quarter there has been one application approved which involved a variation to the KLEP 2013.

The variation was reported to the February Ordinary Council Meeting for determination (DA2300826 Rev01 – 492 Fishermans Reach Road, Fishermans Reach), which was approved and involved a variation in relation to Building Height.

Development Activity Information and Statistics

The Environmental Planning and Assessment (Statement of Expectations) Order 2024 states the Minister's expectations of approval times for a development application. Clause 5(1) sets out the expectations from 1 July 2024 – 30 June 2025 to determine Development Applications which is set at 107 days for Kempsey Shire Council.

Month	Average Assessment Days	Total No. Of DA's determined	% DAs meeting expectation	Value Approved (Approx.)	~ No. Of new dwellings approved(approx.)
January	153	13	31%	\$2.6 M	4
February	107	14	57%	\$4.2 M	12
March	116	18	44%	\$2 M	1
YTD TOTALS 2024-25 (up to end of March)	137	145	48%	\$37.2	33

The performance figures including the YTD for this report have been taken directly from the NSW Planning League Table website to ensure that there is no inconsistency between those published figures and the information presented in this report. Previous reports have been compiled using internal data which does feed directly into that NSW Planning League Table however there were

minor inconsistencies noted. Due to some issues with the Planning Portal some applications have not been finalised in that system and therefore won't show in the Departments reporting. Council staff are working on clearing the cases with issues and putting processes into place to ensure that the data is correct.

As per previous reports, the Average Assessment Days figures are the total of all Calendar days (including weekends and holidays) and includes periods where the applicant is to supply further information for the assessment to progress and where other agencies have to supply a response.

Private certifier determinations or CDCs are not included in the figures. Private certifiers are required to lodge through the NSW Planning Portal. During this quarter there have been 20 Complying Development Certificate (CDC) lodged through the Planning Portal by private certifiers with a value of approximately \$6.5 M.

During March, key Council planning resources was taken up by preparation of the Rise Hearing in April which impacts on assessment of development applications.

Due to the ongoing reduced staff resources in the planning team, we have continued to take measures to use other resources to keep applications progressing. As indicated in the last report we have two new planners settling into the planning team and we continue to outsource to local external consultants to try and alleviate the delays in getting determinations issued.

Staff are undertaking a review of processes and procedures to improve the lodgement time frames for development applications. This should assist in our aim to meet the Ministers expectations for lodgement and determination of DAs. Note a copy of the Ministers expectations letter has been **attached** for reference. Processes have already been implemented to reject applications that do not meet the basic requirements for lodgement, for example, quality of information submitted is insufficient. If they are minor matters Council has provided the opportunity to submit further information before it was rejected, however this process is impacting on our time frames and requires further streamlining. We have also changed our process to accept the application as lodged, once it has been vetted, instead of waiting for fees to be paid. The application will be on the status of Additional Information Requested until this payment has been received but will be in line with other Councils processes.

In this quarter, 84 new development applications were submitted to Council for processing which includes our intake review process and takes time away from the assessment of development applications.

As a result of increased assessment timeframes for development applications in general, applicants are provided information up front with respect to current typical assessment timeframes and other procedural information to assist them in understanding the development assessment process.

KEY CONSIDERATIONS

Policy and Legislation

In accordance with a Department of Planning, Housing and Infrastructure direction, all applications determined involving Clause 4.6 to vary a development standard are required to be reported to Council for information.

Strategic Alignment

Nil.

Impact on Financial Sustainability

Nil.

Stakeholder Engagement

Public notification is conducted in accordance with the controlling legislation and Council policy.

Other Matters

Nil.

CONCLUSION

Council should receive and note the information on development standard variations and development activity.

ATTACHMENTS

1. Ministers Expectations Kempsey [**10.13.1** - 2 pages]

10.14 Statement of Cash and Investments - April 2025

Officer Wayne Douglass, Group Manager Corporate Performance

File Number F22/3106

PURPOSE

In accordance with the *Local Government (General) Regulation 2021* (the Regulation), a report on investments is to be provided monthly to Council.

RECOMMENDATION

That Council receives and notes the report.

BACKGROUND

Section 212 of the Regulation states:

Local Government (General) Regulation 2021

Part 9 Division 5 Section 212

212 Reports on Council investments

- (1) The responsible accounting officer of a Council:
 - (a) must provide the Council with a written report (setting out details of all money that the Council has invested under section 625 of the Act) to be presented:
 - (i) if only one ordinary meeting of the Council is held in a month, at that meeting, or
 - (ii) if more than one such meeting is held in a month, at whichever of those meetings the Council by resolution determines, and
 - (b) must include in the report a certificate as to whether or not the investment has been made in accordance with the Act, the regulations and the Council's investment policies.
 - (2) The report must be made up to the last day of the month immediately preceding the meeting.
- Note: Section 625 of the Act specifies the way in which a Council may invest its surplus funds.

KEY CONSIDERATIONS

Policy and Legislation

The *Local Government (General) Regulation 2021*, Part 9 Division 5 Section 212 requires the responsible accounting officer of a Council to provide the Council with a written report setting out details of all money that the Council has invested under section 625 of the Act to be presented. This report satisfies that requirement.

Council's investments are in accordance with the *Local Government Act (1993)* and Council's investment policy.

Strategic Alignment

Robust investment and cash management aligns with Council's objective to be financially sustainable.

Impact on Financial Sustainability

The effective management of cash and investments is a key contributor to Council's financial operating result and consequently, financial sustainability.

Stakeholder Engagement

Nil.

Other Matters

Council held \$161.7M of cash and investments on 30 April 2025, comprising \$6.1M of cash at bank and \$155.6M of investments.

Our investment portfolio has substantially increased this month due to Council receiving \$63.0M on 29 April 2025. The \$63M is grant funding relating to mainly sewer but also water projects. These funds are restricted to the sewer and water fund and are to be used solely for the purpose of the grants.

The market valuation of Council's investments is reported in section 5 of the attached Investment Report Pack.

In March, the weighted average running investment yield was 4.55%. The weighted average running yield increased to 4.70% for April 2025.

Investment income for the financial year-to-date is \$4.1M which is below the revised year-to-date budget of \$4.3M. It is expected that interest income will increase over the next couple of months due to the increased cash levels mainly from the recent \$63M grant funding (which is estimated to return about \$2.8M over the next 12 months which equates to about \$0.5M over the next two months).

As previously advised to Council, a review of the investment strategy is to be conducted. The intention is to ensure best practice management of cash and investments to optimise returns while maintaining an appropriate level of operational funds. Currently a review of quotations from investment advisory services is being undertaken.

CONCLUSION

Council held \$161.7M in cash and investments on 30 April 2025.

Details of investments, and investment performance are included in the attachment to this report.

ATTACHMENTS

1. Statement of Cash & Investments - April 2025 [**10.14.1** - 27 pages]

11 REPORTS FROM COUNCILLORS

11.1 Notice of Motion - Community Engagement RE Service Reduction

Councillor Cr Bain, Councillor

File Number F23/1930

PURPOSE

To provide an opportunity for community input to Councillors, the Chief Executive Officer and Executive Team in making informed decisions regarding alternatives to rate rises by co-designing a questionnaire to ascertain community views by ranked appetite for reducing Council services.

RECOMMENDATION

That Council:

1. **facilitates a meeting, via Expressions of Interest, for representatives of community groups to discuss their views regarding the potential for reducing or eliminating Council services, or divestment or downgrading of assets, as an alternative to a rate rise in the 2026-27 financial year; and**
2. **uses the outcome of this meeting to draft a questionnaire for distribution to ratepayers and residents, via Council's various communications mechanisms, to ascertain priorities for the reduction of Council services.**

BACKGROUND

Council's move to foreshadow rate rises as tranches of IPART's approved Special Rates Variation (SRV) is creating rising concerns and distress in the community.

At the February 2025 Council meeting, Council effectively set a rate rise of 7.5% (including the rate peg) for the 2025-26 year, enabling staff to prepare the IP&R suite of documents on that basis.

Council also foreshadowed an 11.52% rate rise (including the prevailing rate peg) for 2026-27, pending any favourable turn in Council's financial fortunes.

Different sectors of the community have differing ideas as to what else Council could be doing to reduce costs and/or to garner revenue from yet unidentified sources to collectively prevent the need for further rate rises.

Potentially, this might include reductions in services currently provided, or possibly the sale or development of underutilised assets.

Councillors need good information from the community to help make informed decisions – especially any decisions involving a reduction or removal of Council services.

KEY CONSIDERATIONS

Policy and Legislation

Local Govt Act 1993 Chapter 2
Section 7

(d) to facilitate engagement with the local community by councils, councillors and other persons and bodies that constitute the system of local government,

(e) to provide for a system of local government that is accountable to the community and that is sustainable, flexible and effective.

Section 8

(b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.

Strategic Alignment

DP/OP

EC.DP1 - Work with business and community to build economic and employment capacity

CO.DP4 - Partner with others to support and develop our community

LE.DP1 - Meet community needs and expectations and fulfill Council's responsibilities

LE.DP4 - Manage our money and assets to be sustainable now and in the future

Impact on Financial Sustainability

Allocation of staff time. Outcome has potential to improve financial sustainability.

Stakeholder Engagement

Discussion with representatives of community groups and Councillors.

Other Matters

Nil.

CONCLUSION

If a reduction in Council services becomes necessary, Councillors need to base their considerations on broad community feedback, it is important that community are fully advised of the potential impact of resolving to not raise rates.

ATTACHMENTS

Nil

GENERAL MANAGERS COMMENT

The proposed course of action overlaps the Terms of Reference of the Revenue and Review Task Force.

If Councillors wish to canvass options for potential service reductions it would be recommended in the first instance that this question be referred to the task force. If the task force was of a view that service reductions would be effective, then further community consultation would be undertaken before such measures were brought to Council for endorsement.

11.2 Notice of Motion - Flying Fox Management

Councillor Cr Bain, Councillor

File Number F23/1930

PURPOSE

Provide information to the residents of Bellbrook regarding the options for managing the impact of the Flying Fox Camp that currently exists in Bellbrook Park and surrounds.

RECOMMENDATION

That Council facilitates an information/community engagement meeting to discuss concerns and outline options for managing the Flying Fox camp, and the impacts on residents/businesses in the high impact area in Bellbrook.

BACKGROUND

The camp was first observed and locally recorded in December 2019 and is permanently occupied. The maximum total number of flying-foxes has not been officially recorded. No Bellbrook specific information was found on the Australian Government National Flying-fox monitoring viewer. No population count has been recorded.

The local consensus is that the flying foxes arrived in Bellbrook after the first fires in November/December 2019. They stayed in the village (Park) for approximately 18 months then left the area for about a year. Mid-year 2022 the flying foxes return to Bellbrook (Park) and the numbers have increased exponentially, moving from the middle of the park and closer surrounds, including, behind the school, RFS station, Police Station and Bellbrook Hotel.

The following community impacts are as follows:

- noise as flying foxes depart and return to the camp
- noise from the camp during the day; particularly late afternoon
- flying foxes overhanging pathways/residential properties
- concentrated faecal droppings on outdoor areas, cars, yards and outdoor washing areas
- concentrated Urea smell across Bellbrook surrounds
- fear of Disease
- health and/or wellbeing impacts (e.g. associated with lack of sleep, anxiety)
- reduced general amenity visits, including parks, attractions and facilities
- damage to vegetation and residential fruit and vegetable growing
- impacts on other native animals
- impacts on businesses and tourism
- property devaluation (likely)
- diminished rental returns and conflict of rental agreement impacts
- costs of cleaning products and alike for those effected most.

KEY CONSIDERATIONS

Policy and Legislation

Local Govt Act 1983

Chapter 2 Section 7

(d) to facilitate engagement with the local community by councils, councillors and other persons and bodies that constitute the system of local government

Chapter 3 Section 8A

(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

Strategic Alignment

DP/OP

CO.DP3 - Partner with others to support and promote community events, education and entertainment opportunities

CO.DP6 - Provide and maintain recreation facilities to support an active and healthy community

CO.DP7 - Protect our community and improve public safety

Impact on Financial Sustainability

Staff time to arrange and facilitate community meeting.

Stakeholder Engagement

Bellbrook Progress Assn (report attached).

Other Matters

Nil.

CONCLUSION

It is important that Bellbrook residents feel heard and are provided with accurate information regarding the options for management of the identified Flying Fox Camp.

ATTACHMENTS

1. Flying Fox Management Request [**11.2.1** - 5 pages]

11.3 Question on Notice: Councillor Questions - Keeping Community Informed

Councillor Cr Wyatt, Councillor

File Number F23/1930

QUESTION FROM Cr Wyatt, Councillor:

In 2024, Council introduced an online portal allowing Councillors to submit questions to staff, receive a reference number, and track responses. Questions are assigned to relevant staff and answered in a timely manner. All Councillors can view submitted questions and responses.

The system has been well received and is functioning effectively.

However, I've received feedback that the number of questions on notice has significantly declined. This may impact perceived transparency and give the impression that Councillors are not actively representing community interests.

My Question: -

1. Can Council please provide a table report including the following fields:

- Number of questions asked
- Subject matter
- Councillor name
- Status (open/closed)
- Number of representations made to Mayor
- Subject matter of representations made to Mayor
- Status resolved / ongoing

2. Following this initial can this report please be provided quarterly (with the suite of reports provided with the budget reports)

RESPONSE FROM DIRECTOR CORPORATE AND COMMERCIAL, DANIEL THOROUGHGOOD:

Below is a record of requests currently lodged in the portal.

Councillor	Closed	Open	Total
Alexandra Wyatt	15	7	22
Annette Lawrence	7		7
Arthur Bain	17	1	18
Julie Coburn	25	2	27

Noel Selby	1		1
Total	65	10	75

It is important to note that not all questions asked by Councillors are received via the Portal and therefore this is not representative of the total number of questions asked by any given Councillor.

We do not currently record subjects against questions, and therefore this information is not available.

Council does not centrally record all representations made to the Mayor, these are received through many channels including phone calls, walk-ins, e-mail, and post – additionally, many are made direct to the Mayor herself.

At this time, it's not considered that providing this report on a quarterly basis would be the best use of Council's resources and it is not proposed to include this in the quarterly report on an ongoing basis.

ATTACHMENTS

Nil

11.4 Question on Notice: Understanding Accounting/ Funding Categories used by Council

Councillor Cr Wyatt, Councillor

File Number F23/1930

QUESTION FROM Cr Wyatt, Councillor:

Councils' primary funding categories are general fund, water fund and sewer fund.

However, there are other fund names/categories listed as funding sources in Draft Operation Plan 25/26 and the current Operation Plan 24/25; such as environmental levy, stormwater levy, waste reserve and Crown Land reserves.

1. Are there any others not listed in these documents?
2. Which primary funding category does each of those secondary fund names/categories sit within?
3. Are there business rules or statutory regulations associated with expenditure against those secondary funds such as tied to specific programs / ring fenced. What ones are those?
4. Are business as usual staff salaries, employee related costs, IT, plant/equipment usage, office expenses and vehicles etc costed/charged to those secondary categories or are they purely for project/program delivery?
 - a. Which ones do
 - b. Which ones do not
5. Assuming those secondary fund categories make up the total revenue forecast for the general fund; where is the Crown Land revenue represented in the pie chart segment and what percentage of does it represent within its pie chart segment?
6. Referring to the image for the general fund and those secondary funding categories that are assigned to general; are all the revenue sources (on the left) contributing to each of the pie chart segments in the expenses (on the right) proportional to use.
7. Referring to image what types of revenue make up other revenues (2%)?

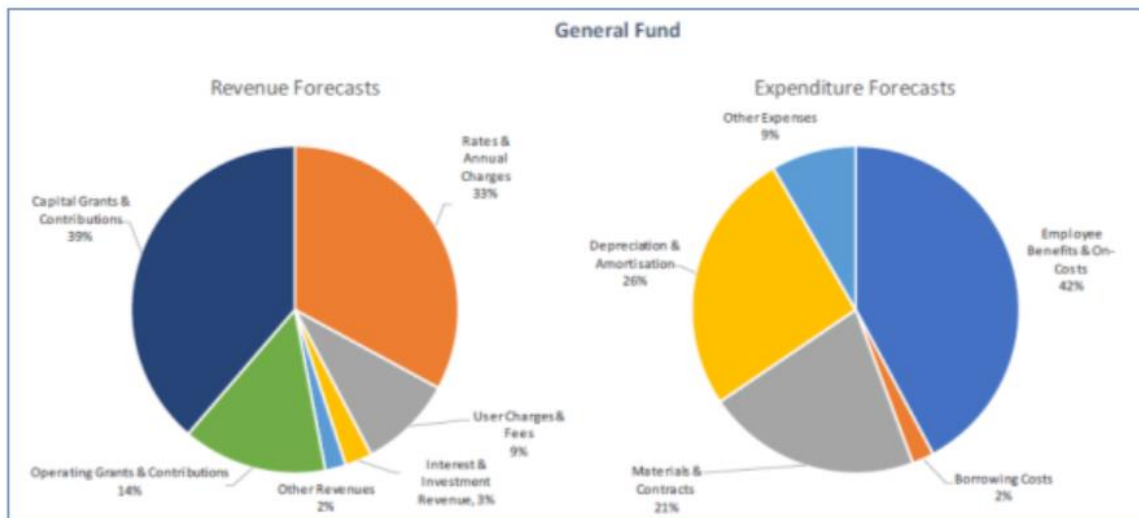


Image copied from the Draft Revenue Policy 2025-26

RESPONSE FROM DIRECTOR CORPORATE AND COMMERCIAL, DANIEL THOROUGHGOOD:

Council operates three funds, the General Fund, Water Fund and Sewer Fund.

There several externally restricted reserves, these include:

- Unexpended grants
- Developer Contributions
- Domestic Waste Management
- Environmental Levy
- Crown Lands Reserve
- Onsite Sewerage Management Reserve
- Stormwater Levy
- Deposits, Retentions and Bonds

Unexpended Grants and Developer Contributions are held in all three funds; however, the remainder are in the general fund.

Additionally, the cash held in the water and sewer funds is restricted to those purposes.

All the above are subject to statutory restriction and the money held in those reserves may only be expended in line with those restrictions.

Further to this Council maintains three internally restricted reserves, for Cemetery Headstone Restoration, Employee Leave Entitlements and Fleet.

Predominately Council's oncosts and overheads are recovered from these reserves for works expended on them. The key exception being specific purpose grants which sometimes prohibit recovery of certain costs, these generally being costs Council would have incurred anyway such as existing staff wages and overheads.

There isn't direct correlation between the proportion of income and proportion of expenses that any income stream makes. For example, water and sewer fees have both been utilised to build capital reserves to fund future capital expenditure. Developer Contributions are another example that collect over time.

Crown Land revenue is in User Charges and Fees and makes up approximately 14% of 9%.

Other revenue is any revenue that does not fit the other descriptions, it includes leases and licences, fines, workers compensation, insurance rebates, etc.

ATTACHMENTS

Nil

12 CONFIDENTIAL MATTERS

MOTION FOR CONFIDENTIAL SESSION

In accordance with the *Local Government Act 1993* (the Act) and the *Local Government (General) Regulation 2021*, in the opinion of the General Manager, the following business is of a kind as referred to in section 10A(2) of the Act and should be dealt with in a part of the meeting closed to the media and public.

Set out below is section 10A(2) of the Act in relation to matters which can be dealt with in the closed part of a meeting.

The matters and information are the following:

- (a) personnel matters concerning particular individuals (other than Councillors)
- (b) the personal hardship of any resident or ratepayer
- (c) information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business
- (d) commercial information of a confidential nature that would, if disclosed;
 - (i) prejudice the commercial position of the person who supplied it, or
 - (ii) confer a commercial advantage on a competitor of the Council, or
 - (iii) reveal a trade secret
- (e) information that would, if disclosed, prejudice the maintenance of law
- (f) matters affecting the security of the Council, Councillors, Council staff or Council property
- (g) advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the grounds of legal professional privilege
- (h) information concerning the nature and location of a place or an item of Aboriginal significance on community land.
- (i) alleged contraventions of any code of conduct requirements applicable under section 440.

Councillors are reminded of their statutory obligations in relation to the non-disclosure to any outside person of matters included in this section.

That Council form itself into the Confidential Session, and at this stage, the meeting be closed to the public to permit discussion of the confidential business items listed for the reasons as stated in the agenda.

12.1 Legal Matters

Officer	Vicki Thomas, A/Group Manager Governance and Information Services
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File Number	F22/1960
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Section 10A(2)(g) – Legal Proceedings

This report is submitted on a confidential basis as it involves advice concerning litigation, or advice that would otherwise be privileged from production in legal proceedings on the ground of legal professional privilege. (*Local Government Act 1993*, section 10A(2)(g))

On balance, the public interest in preserving the confidentiality of the advice outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in an open meeting.

12.2 Audit, Risk & Improvement Committee Meeting Minutes - 9 April 2025

Officer Matthew Bentley, Internal Auditor

File Number F23/2510

Section 10A(2)(e) – Maintenance of Law

This report is submitted on a confidential basis as it involves information that would, if disclosed, prejudice the maintenance of law. (*Local Government Act 1993*, section 10A(2)(e))

On balance, the public interest in preserving the confidentiality of the information which relates to matters of law outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in an open meeting.

12.3 Oven Mountain Pumped Hydro Scheme Community Benefits Program

Officer Daniel Thoroughgood, Director Corporate and Commercial

File Number F23/1930

Section 10A(2)(c) – Commercial Advantage in Business Dealing

This report is submitted on a confidential basis as it involves information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business. (*Local Government Act 1993*, section 10A(2)(c))

On balance, the public interest in preserving the confidentiality of the commercial information supplied, outweighs the public interest in openness and transparency in Council decision-making by discussing the matter in an open meeting.

13 CONCLUSION OF THE MEETING