



COMMUNITY ASSOCIATION

BAWLEY POINT, KIOLOA AND TERMEIL

7th December 2023

Mr Stephen Dunshea

Chief Executive Officer

Shoalhaven City Council

Council's Application for A Special Rate Variation for 2024/2025

Dear Mr Dunshea,

At a well-attended general meeting of this association on Sunday, 26 November 2023, the Financial Sustainability Review by AEC (AEC Review) was discussed in detail. The association concluded that the current parlous state of Council's financial position is not primarily due to recent natural disasters, as Council's narrative would claim, but was already well entrenched in Council's published Financial Statements for the five years leading up to & including 2018/2019. The natural disasters – fires, COVID & flooding – commenced in December 2019, that is, in the following financial year to 2018/2019.

In early 2017, the Council made an application to IPART for an effective rate increase of about 29% to be spread over the financial years 2017/18 & 2018/19. The objective was to rectify Council's historic deficit position & to set the scene for balanced budgets into the future. IPART identified flaws in the Council submission but, in the end, approved a special rate increase in the percentage applied for. Table 3.4 of the AEC Review shows that this opportunity afforded by a 29% rate rise was squandered even before the end of the 2018/19 financial year.

Irrespective of the subsequent adverse financial effects of the natural disasters, our association is alarmed at the extent of apparent maladministration exposed in the AEC Review and will not support any Special Rate Variation until the underlying problems exposed by the AEC Review are urgently addressed by Council.

These underlying problems are exemplified by two of the KEY FINDINGS contained in pages iv & vi of the Executive Summary attached to the AEC Review. The first is at dot point 16 under the heading **"Council's Historical Performance"** which states, in part, **"....it appears that there is a lack of integration in the development of the Delivery Program and the Operational Plan and the development of the Annual Budget and Long Term Financial Plan (including the capital works plan)...."**. The second is at dot point 6 under the heading **"Vision of a Sustainable Scenario for Council"** which states **"It should be noted that a correction (Special Rate Variation) equivalent to 29.5% of ordinary rates was initially modelled and presented to Councillors and Executive members, however a recent decision of Council to include the \$30million Sanctuary Point Library in the capital works program has required an increase in the correction required by 2.5% resulting in an increase in rates in 2024/25 of 32% - to produce an additional \$3.5 million in cash to address the additional operational costs and the borrowing repayment requirements"**.

Taken together, these two key findings of the AEC Review point to significant failings on the part of the Council to develop and implement the rigorous governance and financial controls called for in Recommendations 4,7,10,15,21 & 22 of the AEC Review. Without their inclusion, the Council will not be able to return to a balanced budget in the long term and the current extent of the Council's apparent administrative shortcomings and consequent need for Special Rate Variations will extend indefinitely and untenably into the future.

Our association, therefore, resolved to give effect to the following:

A. Our association will oppose any rate variation above the rate pegging amount until Council:

1. Resolves to adopt those cost-saving, efficiencies and asset sales which are low-hanging fruit and which can be implemented immediately. These cost savings, efficiencies & asset sales are not necessarily limited to those identified in the AEC Review.
2. Undertakes an immediate investigation into what additional cost savings, asset sales & efficiencies are achievable & resolves to implement them within a specified timetable.
3. Resolves to expand its resolution of 20/11/2023 to include those other key findings and recommendations of the AEC Review, which will restore the Council's financial position back to balance over a reasonable period of time having regard to the current severe financial pressures being endured by Shoalhaven ratepayers. Those other key findings & recommendations from the AEC Review must include, at the very least, AEC's Recommendations 4,7,10,15,21 & 22.

B.

1. If the Council does not address these matters before or at its meeting scheduled for early February 2024, our association will make a submission to the IPART requesting that the IPART not approve any Special Rate Variation until the Council has demonstrated its ironclad commitment to the undertakings in A1, A2 & A3 above. This ironclad commitment is necessary to ensure that the General Fund does not slip back into a serious operating deficit as happened in 2018/2019 after an effective rate increase of approximately 29% was approved by the IPART.
2. Our association will include a copy of the AEC Review in its submission to the IPART, and
3. Our association will notify all other community associations in the Shoalhaven LGA of our submission to the Council and of its proposed submission to the IPART.

Our association can be contacted via email at secretarybpktca@gmail.com or by mobile phone at 0439 819 762, and it would assist in this process if a Council representative could attend our next General Meeting at Kioloa on Sunday, 25th February, to update the community on this matter.

Yours sincerely,



Secretary

Bawley Point, Kioloa and Termeil Community Association

CC: Mayor Amanda Findley & Cr Patricia White