




FINANCIAL SUSTAINABILITY PROGRAM


2024-25 Quarterly Report - Quarter 2


Reporting Period: October - December 2024


Financial Sustainability Plan


Delivering Best Value to our Community



Action Code	Action Name	Performance Measure	Due Date	Progress	Status	Comments
17.1.1	FSP Action 2 - Delivery of identified cost savings: Implement actions to achieve the \$500,000 General Fund cost saving target included within the LTFP	Cost saving items amounting to \$500,000 identified	30/06/2025	100%		<p>The initial \$500,000 savings have been identified by not filling vacated positions including Corporate Projects Manager, Corporate Services Group Manager and several other lower level positions.</p> <p>A further \$1.0M savings have been identified and included in the December Quarterly Budget Review.</p> <p>This amounts to \$1.5M of savings in this initiative to date. Of this \$1.3M relates to general fund and \$0.2M to Water and Sewer.</p>
		Progress on achievement reported to Council as part of Quarterly Corporate Performance reporting	20/08/2024 19/11/2024 18/02/2025 20/05/2025			



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17.1.2	FSP Action 3 - Asset management: Implementation of actions identified within Council's adopted Strategic Asset Management Plan (SAMP)	SAMP reviewed	31/10/2024	15%		Review of the SAMP is underway. The Asset Management team has received updated condition data for roads, kerb and footpaths.
		Asset management workshop with newly elected Council	31/01/2025			
		Revised SAMP adopted as part of 2025-26 IP&R document suite	30/06/2025			<p>Inspections are currently being undertaken for road ancillary assets and stormwater networks. High priority asset strategies have been discussed, with roads and buildings the main focus.</p> <p>The SAMP is on track to meet the time requirements for the development of the new suite of IP&R documents, which will be presented to Council in April 2025.</p> <p>A workshop with Councillors has been planned for 5 February 2025.</p>



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17.1.3	FSP Action 4 - Service reviews: Development and implementation of a prioritised service review framework	Service Review methodology, approach and prioritised plan reported to council	31/07/2024	25%		<p>Resourcing challenges have delayed this project which is why it is marked as behind schedule. The service review methodology, approach and prioritised plan are well developed and being finalised but have not yet been presented to Council. It is anticipated these will be presented before 30 June 2025.</p> <p>Development of a comprehensive service and sub-service list has been completed, as well as consideration around core and non-core services.</p> <p>A pilot service review will be delivered by 30 June 2025 and a new 4-Year program of services to be reviewed will be included in the new Delivery Program. Several high priority services (such as the airport) have been separately identified for review in the 2024-25 financial year as part of the financial sustainability program.</p>
		Service reviews undertaken as per Council adopted plan and results reported to Council quarterly as part of the quarterly Corporate Performance report	19/11/2024 18/02/2025 20/05/2025			
		Review non-core services and recommend to Council any that can be ceased and \$ savings that will be achieved	31/03/2025			

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17.1.4	FSP Action 5 - Fees and Charges: Review appropriateness of fees and charges	Fees and Charges reviewed as part of 2025-26 IP&R process and improved financial outcomes quantified and included in draft IP&R 2025-26 council report	31/03/2025	20%		<p>The Fees and Charges for 2025-26 are about to be reviewed in detail prior to reporting to the April 2025 Council Meeting.</p> <p>Engagement with senior staff is being undertaken regarding the Fees and Charges to ensure council is charging appropriately, and to identify any areas of potential missed revenue opportunities.</p> <p>A management requested internal audit also reviewed fees and charges for possible additional revenue opportunities, with these recommendations currently being reviewed.</p>



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17.1.5	FSP Action 16 - Procurement and Contract Management: a) Develop and implement a procurement strategy to support sustainable service delivery, reduction in third party costs and improved supplier relationships b) Implement a contract management framework to support sustainable service delivery, reduction in third party costs and improved supplier relationships	Procurement Strategy and updated Procurement Policy reported to Council	30/06/2025	20%		<p>The Procurement Team held a further Strategy Planning workshop in early December 2024 and confirmed our agreed future state, mapping out a 12-month action plan broken into quarters.</p> <p>We are now working on meeting the actions identified for quarter 1. In relation to Ready Community, the IT Strategy is currently being developed, which will address this item.</p>
		Plan and prepare for the implementation of Ready Community to replace SynergySoft and Altus, improving functionality, integration and data quality	30/06/2025			
		Review the service delivery model for Procurement services within Council	30/06/2025			
		Continued embedding of the Procurement and Contract Management Framework (PCMF) within Council	Ongoing			
		Continue to optimise monitoring and reporting delivered to Management, the Executive, Procurement Advisory Committee and ARIC to deliver increased accountability and transparency of procurement processes	Ongoing			


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17.1.6	FSP Action 17 - Development Contribution Plans: Develop rolling program of review and refinement of Developer Contribution Plans to ensure future development pays for growth related infrastructure	Implementation of developer contribution business process improvements	30/06/2025	75%		South West Rocks Contribution Plan update: Further refinement of the draft schedule of works is in process and nearing completion.
17.1.7	FSP Action 19 - Financial management: Sewer Funding Model	Continue to advocate to State and Federal governments to secure additional grant funding	Ongoing	50%		<p>Council has continued to advocate at State and Federal Government level for further grant funding for the Sewer major capital works program.</p> <p>An application was submitted in September for the Australian Government's Housing Support Program.</p> <p>\$90M in funding has been recently secured for water and sewer infrastructure projects which will help deliver essential capital projects for our community.</p>


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17.1.8	FSP Action 20 - Kempsey Airport: Airport feasibility review	Project plan developed	30/06/2024	100%		<p>Project plan has been developed, and consultation with user groups and government agencies has concluded.</p> <p>Aviation consultant, Aviation Projects, has prepared a draft feasibility report, which was presented to Councillors in November 2024; Council accepted the report's recommendations.</p>
		Feasibility undertaken and recommendations reported to Council	28/02/2025			
17.1.9	FSP Action 21 - Slim Dusty Centre (SDC): Operational and business plan review of all SDC functions in café, retail, functions and events, gallery and museum	Operational and business plan review completed and reported to Council with recommended financial improvements	30/09/2024	50%		<p>Initial review conducted in conjunction with preparation of SDC annual report which was reported to Council in August 2024.</p> <p>Savings measures, including reduced hours of operation and the closure of the cafe were identified and have now been implemented.</p> <p>Negotiations with a third-party operator for the cafe are in progress. A more detailed review is underway to identify further opportunities.</p>


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17.1.10	FSP Action 22 - Aquatic Facilities: Aquatic Strategy	Develop a longer-term Aquatic Strategy that considers long-term suitability and financial sustainability of all swimming pools	30/06/2025	15%		A tender for specialist Aquatic Engineers assessment and design project has been completed. Next steps following assessment are now underway.
17.1.11	FSP Action 23 - Property portfolio: Review of property assets	Undertake a review of Council's property portfolio to identify properties that are of no strategic or operational value	31/12/2024	15%		Review of council's property portfolio has been undertaken to identify what assets could potentially be disposed of and identify properties that may be suitable for future development. Some properties require further assessment for a recommendation to be made.
		Develop a plan to dispose of unneeded properties to increase unrestricted cash reserves	30/06/2025			
		Develop plan for properties that may be suitable for future development	30/06/2025			



Excellence in Financial Management



Action Code	Action Name	Performance Measure	Due Date	Progress	Status	Comments
17.2.1	FSP Action 1 - Vision for a financially sustainable future for Kempsey Shire Council: Facilitated workshop with Councillors and senior Council staff to define the future vision for a financially sustainable Kempsey Shire Council	Initial workshop within three months of 2024 council election	31/12/2024	60%		Workshop with Councillors held 4 November 2024. Financial sustainability report addressing key 2025-26 planning assumptions being prepared for presentation to the February 2025 council meeting to confirm, amongst other things, proposed rate increase from 1 July 2025. This will then enable completion of draft LTFP and other IP&R documents for consideration at the April 2025 council meeting prior to public exhibition. Draft IP&R documents will include proposed financial and asset management targets.
		Finalise vision and updated Financial Sustainability Program adopted as part of 2025-26 IP&R document suite	30/06/2025			
		Define and adopt integrated financial and asset management targets such as: (i) Operating Result %; (ii) unrestricted cash balance; (iii) asset renewal ratio; and (iv) infrastructure backlog %.	30/06/2025			
17.2.2	FSP Action 6 - Treasury management: a) Establish and adopt a Restricted Assets Policy b) Develop a Debt Policy outlining how debt will be used, linking intergenerational equity and the consumption of assets across the useful life c) Develop an Investment Strategy that outlines how Council will invest available resources	Strategies and policies presented to councillors and workshopped within three months of 2024 council election	31/12/2024	25%		First drafts of Restricted Assets, Borrowings and Investment Policies completed and awaiting review by senior staff.

Action Code	Action Name	Performance Measure	Due Date	Progress	Status	Comments
17.2.3	FSP Action 7 - Treasury management: Obtain access to NSW Treasury Corporation (T-Corp) for future loan borrowings	Continue working with T-Corp to negotiate access for future loan borrowings	30/06/2025	35%		<p>There is no change to the prior quarter comment as no further action is due yet.</p> <p>An initial face to face meeting with NSW Treasury Corporation (T-Corp) was held to discuss accessing lower cost loans in the future.</p> <p>T-Corp recommended we send council's 2025-26 Long-Term Financial Plan to them in April 2025 to be assessed by their credit department for potential borrowings before 30 June 2025.</p>



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17.2.4	FSP Action 8 - Employee cost management: Implementation of enhanced processes and controls to manage employee costs	Review organisation establishment to baseline and align with service outcomes	30/06/2024	100%		<p>The Executive Leadership Team (ELT) in consultation with the Senior Leadership Team and People & Culture have undertaken a full review of the staff establishment. A process is now in place for all vacant positions to be presented to ELT for consideration prior to any changes/recruitment or reductions to the overall establishment level.</p> <p>The Workforce Management Plan is currently under review as part of the new suite of IP&R documents with a revised plan due to be presented to Council in April 2025.</p> <p>Leave management performance data continues to be collected, reviewed and shared on a quarterly basis.</p>
		Implement revised oversight and controls of establishment	31/07/2024			
		Revised Workforce Management Plan adopted with clear actions to enable employee cost management	30/06/2025			
		Leave management performance targets included in 2024-25 KPIs and reported to Council as part of Quarterly Corporate Performance reporting	20/08/2024 19/11/2024 18/02/2025 20/05/2025			



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17.2.5	FSP Action 9 - Grants: Grant funding strategy, policy and framework is developed to clearly align with long-term financial sustainability objectives	Grants policy revised and adopted by Council	31/12/2024	35%		<p>A draft Grants Policy has been prepared and will be reported to the March council meeting. A grants procedure has also been prepared, but a decision has been made to not adopt the procedure until Pulse has been implemented as Pulse will see the need for the procedure to be updated again.</p> <p>Pulse Grant Management System implementation is currently in the final testing phase and administrator training has been scheduled for January 2025. At this stage, Pulse is scheduled to go live in March 2025.</p> <p>This system implementation will include a pre-approval process to ensure the impact of financial sustainability is considered before grant applications are lodged. A grants framework and procedures are also in development to support the new system / improved grants process rollout.</p>
		Grants procedures, framework and systems implemented to ensure improved grants management and that the impacts of grants on financial sustainability are considered before being lodged	31/12/2024			

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17.2.6	FSP Action 11 - Macleay Valley Coast Holiday Parks (MVCHP): MVCHP commercial and financial management	Where appropriate, revise and exhibit Holiday Park Concept Plans to improve profitability	30/06/2025	15%		<p>The Crescent Head Holiday Park Revised Concept Plan was adopted by Council. Delivery of Holiday Park infrastructure projects is ongoing.</p> <p>The Crown Land Reserve funding, largely generated by the Macleay Valley Coast Holiday Park revenue is under review.</p>
		Execute on 2024-25 financial year actions identified in adopted holiday park concept plans	30/06/2025			
		Commence planning for end of current 10-year management agreement in 2027	30/06/2025			
17.2.7	FSP Action 12 - Corporate governance: Audit, Risk & Improvement Committee (ARIC) scope is extended to include an increased focus on longer term financial sustainability outcomes	Status of delivery of Financial Sustainability Program actions reported to ARIC quarterly	As per ARIC meeting timetable	50%		<p>ARIC is being provided with updates on the status of the Financial Sustainability Program at each ARIC meeting. Some cost saving opportunities were identified in the recent Council Works Depot audit.</p> <p>One specific item was included in the new Innovation Portal. Internal Audit has recently completed a management - requested desktop review which identified several potential opportunities to increase revenue at Council.</p> <p>The report will be provided to the new Council Revenue Taskforce.</p>

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17.2.8	FSP Action 14 - Financial management: Continuous improvements are made to Council's budgeting and forecasting processes	Further integration of annual budgets and LTFPs with Delivery Program, Operational Plan, SAMP and Workforce Management Plans	30/06/2025	35%		<p>There is no change to the prior quarter comment as the work mentioned below continues to progress.</p> <p>Work is underway as part of the Integrated Planning and Reporting (IP&R) process to use asset management data to draft the 10-year capex replacement programs.</p> <p>Further budgeting and forecasting improvements are being made including building detailed labour establishment models for more accurate labour forecasting, as well as cross skilling across the team.</p>
17.2.9	FSP Action 24 - Waste management: Commercial and operational review of waste services (including domestic waste, commercial waste, landfill operations, waste transfer stations)	Undertake a review of the operational and commercial performance of waste services to identify operational and financial improvements	30/06/2025	25%		<p>Consultant has been engaged to scope the Waste Management Centre 30 Year Master plan with a site visit expected 12 February 2025 to discuss / finalise scope of works. This will then progress with KSC supplying information as required to instigate the plan.</p>

Striving to Deliver Better Practices

Action Code	Action Name	Performance Measure	Due Date	Progress	Status	Comments
17.3.1	FSP Action 10 - Project Management: Continued implementation of project management improvements	Identified Internal Audit actions (Q1 2024 internal audit report) are closed by due dates	All actions closed by due dates	90%		<p>There is no change to the prior quarter's comment as no further action is due yet.</p> <p>All internal audit actions have been closed by the due dates. There is one internal audit action that has been deferred to 30 June 2025 which is the implementation of the existing Project Management Framework into council's corporate reporting system 'Pulse'.</p>
17.3.2	FSP Action 13 - Fleet management: Fleet optimisation and efficiency improvements	Investigate use of electric vehicles with recommended strategy developed	30/06/2025	60%		<p>Electric vehicle (EV) charging station location and funding agreed in December 2024. Order being placed.</p> <p>This will allow EV to be purchased and trialled. GPS installation being finalised with vendor and development of business processes to ensure accurate fuel rebate capture underway.</p>
		Implement fleet management system to optimise fleet utilisation and achieve increased diesel fuel rebates	30/06/2025			

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17.3.3	FSP Action 15 - Innovation portal: Develop and implement an innovation portal to allow capture and refinement of business improvement initiatives from staff across the organisation, inclusive of cost reduction opportunities	Innovation portal developed and launched to staff	31/12/2024	100%		<p>The innovation portal was implemented in October 2024 and innovation ideas with a focus on financial sustainability are being received from staff and assessed by the Senior Leadership Team on a monthly basis.</p> <p>Where appropriate, ideas will be included and considered as a part of the development of the new IP&R suite of documents.</p>
		Ideas assessed and included in future IP&R documents where appropriate	30/06/2025			
17.3.4	FSP Action 18 - Financial management: Rating structure review	Design, review, and implement rating structure(s) that are fair and equitable, across and within the residential, farmland and business categories	30/06/2025	10%		<p>The review of the rating structure will continue to progress this financial year as planned, however, due to the complex nature of this body of work and the fact that there is no direct impact on financial sustainability outcomes, implementation of any proposed changes will be deferred to a future year.</p> <p>Progress on this item was impacted by the absence of the Director Corporate & Commercial from June to September 2024.</p>