



PORT MACQUARIE-HASTINGS
COUNCIL



Extraordinary Council

Business Paper

date of meeting: Thursday 28 April 2022

location: Council Chambers, 17 Burrawan Street, Port Macquarie

time: 5.30pm

Note: Council is distributing this agenda on the strict understanding that the publication and/or announcement of any material from the Paper before the meeting not be such as to presume the outcome of consideration of the matters thereon.

Community Vision

A sustainable high quality of life for all

Community Mission

Building the future together
People Place Health Education Technology

Council's Corporate Values

- ★ Sustainability
- ★ Excellence in Service Delivery
- ★ Consultation and Communication
- ★ Openness and Accountability
- ★ Community Advocacy

Community Themes

- ★ Leadership and Governance
- ★ Your Community Life
- ★ Your Business and Industry
- ★ Your Natural and Built Environment

Extraordinary Council Meeting

Thursday, 28 April 2022

Items of Business

Item	Subject	Page
01	Acknowledgement of Country	<u>1</u>
02	Remote Attendance at Meeting.....	<u>1</u>
03	Apologies.....	<u>1</u>
04	Disclosures of Interest.....	<u>2</u>
05	Mayoral Minute	
06	Leadership and Governance	<u>6</u>
	06.01 Draft Community Strategic Plan	<u>7</u>
	06.02 Draft Delivery Program 2022-2026, Draft Resourcing Strategy, Draft Operational Plan and Budget 2022-2023	<u>14</u>
07	Your Community Life	
	Nil	
08	Your Business and Industry	
	Nil	
09	Your Natural and Built Environment	<u>25</u>
	09.01 Illaroo Road Stormwater Redirection Project Community Engagement.....	<u>26</u>
10	Confidential Matters	
	Nil	

Item: 01**Subject: ACKNOWLEDGEMENT OF COUNTRY**

"I acknowledge that we are gathered on Birpai Land. I pay respect to the Birpai Elders both past and present. I also extend that respect to all other Aboriginal and Torres Strait Islander people present."

Item: 02**Subject: REMOTE ATTENDANCE AT MEETING**

RECOMMENDATION

That Council accede to the request of Councillors to attend the meeting by remote means.

Item: 03**Subject: APOLOGIES**

RECOMMENDATION

That the apologies received be accepted.

Item: 04
Subject: DISCLOSURES OF INTEREST

RECOMMENDATION

That Disclosures of Interest be presented

DISCLOSURE OF INTEREST DECLARATION

Name of Meeting:	
Meeting Date:	
Item Number:	
Subject:	
I, the undersigned, hereby declare the following interest:	
<input type="checkbox"/> Pecuniary: Take no part in the consideration and voting and be out of sight of the meeting.	
<input type="checkbox"/> Non-Pecuniary – Significant Interest: Take no part in the consideration and voting and be out of sight of the meeting.	
<input type="checkbox"/> Non-Pecuniary – Less than Significant Interest: May participate in consideration and voting.	
For the reason that:	
Name: Signed:	Date:
Please submit to the Governance Support Officer at the Council Meeting.	

(Refer to next page and the Code of Conduct)

Pecuniary Interest

- 4.1 A pecuniary interest is an interest that you have in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to you or a person referred to in clause 4.3.
- 4.2 You will not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision you might make in relation to the matter, or if the interest is of a kind specified in clause 4.6.
- 4.3 For the purposes of this Part, you will have a pecuniary interest in a matter if the pecuniary interest is:
- (a) your interest, or
 - (b) the interest of your spouse or de facto partner, your relative, or your partner or employer, or
 - (c) a company or other body of which you, or your nominee, partner or employer, is a shareholder or member.
- 4.4 For the purposes of clause 4.3:
- (a) Your "relative" is any of the following:
 - i) your parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child
 - ii) your spouse's or de facto partner's parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child
 - iii) the spouse or de facto partner of a person referred to in paragraphs (i) and (i)
 - (b) "de facto partner" has the same meaning as defined in section 21C of the *Interpretation Act 1987*.
- 4.5 You will not have a pecuniary interest in relation to a person referred to in subclauses 4.3(b) or (c)
- (a) if you are unaware of the relevant pecuniary interest of your spouse, de facto partner, relative, partner, employer or company or other body, or
 - (b) just because the person is a member of, or is employed by, a council or a statutory body, or is employed by the Crown, or
 - (c) just because the person is a member of, or a delegate of a council to, a company or other body that has a pecuniary interest in the matter, so long as the person has no beneficial interest in any shares of the company or body.

Non-Pecuniary

- 5.1 Non-pecuniary interests are private or personal interests a council official has that do not amount to a pecuniary interest as defined in clause 4.1 of this code. These commonly arise out of family or personal relationships, or out of involvement in sporting, social, religious or other cultural groups and associations, and may include an interest of a financial nature.
- 5.2 A non-pecuniary conflict of interest exists where a reasonable and informed person would perceive that you could be influenced by a private interest when carrying out your official functions in relation to a matter.
- 5.3 The personal or political views of a council official do not constitute a private interest for the purposes of clause 5.2.
- 5.4 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 you to identify any non-pecuniary conflict of interest you may have in matters that you deal with, to disclose the interest fully and in writing, and to take appropriate action to manage the conflict in accordance with this code.
- 5.5 When considering whether or not you have a non-pecuniary conflict of interest in a matter you are dealing with, it is always important to think about how others would view your situation.

Managing non-pecuniary conflicts of interest

- 5.6 Where you have a non-pecuniary conflict of interest in a matter for the purposes of clause 5.2, you must disclose the relevant private interest you have in relation to the matter fully and in writing as soon as practicable after becoming aware of the non-pecuniary conflict of interest and on each occasion on which the non-pecuniary conflict of interest arises in relation to the matter. In the case of members of council staff other than the Chief Executive Officer, such a disclosure is to be made to the staff member's manager. In the case of the Chief Executive Officer, such a disclosure is to be made to the mayor.
- 5.7 If a disclosure is made at a council or committee meeting, both the disclosure and the nature of the interest must be recorded in the minutes on each occasion on which the non-pecuniary conflict of interest arises. This disclosure constitutes disclosure in writing for the purposes of clause 5.6.
- 5.8 How you manage a non-pecuniary conflict of interest will depend on whether or not it is significant.
- 5.9 As a general rule, a non-pecuniary conflict of interest will be significant where it does not involve a pecuniary interest for the purposes of clause 4.1, but it involves:
- a) a relationship between a council official and another person who is affected by a decision or a matter under consideration that is particularly close, such as a current or former spouse or de facto partner, a relative for the purposes of clause 4.4 or another person from the council official's extended family that the council official has a close personal relationship with, or another person living in the same household
 - b) other relationships with persons who are affected by a decision or a matter under consideration that are particularly close, such as friendships and business relationships. Closeness is defined by the nature of the friendship or business relationship, the frequency of contact and the duration of the friendship or relationship.
 - c) an affiliation between the council official and an organisation (such as a sporting body, club, religious, cultural or charitable organisation, corporation or association) that is affected by a decision or a matter under consideration that is particularly strong. The strength of a council official's affiliation with an organisation is to be determined by the extent to which they actively participate in the management, administration or other activities of the organisation.
 - d) membership, as the council's representative, of the board or management committee of an organisation that is affected by a decision or a matter under consideration, in circumstances where the interests of the council and the organisation are potentially in conflict in relation to the particular matter
 - e) a financial interest (other than an interest of a type referred to in clause 4.6) that is not a pecuniary interest for the purposes of clause 4.1
 - f) the conferral or loss of a personal benefit other than one conferred or lost as a member of the community or a broader class of people affected by a decision.
- 5.10 Significant non-pecuniary conflicts of interest must be managed in one of two ways:
- a) by not participating in consideration of, or decision making in relation to, the matter in which you have the significant non-pecuniary conflict of interest and the matter being allocated to another person for consideration or determination, or
 - b) if the significant non-pecuniary conflict of interest arises in relation to a matter under consideration at a council or committee meeting, by managing the conflict of interest as if you had a pecuniary interest in the matter by complying with clauses 4.28 and 4.29.
- 5.11 If you determine that you have a non-pecuniary conflict of interest in a matter that is not significant and does not require further action, when disclosing the interest you must also explain in writing why you consider that the non-pecuniary conflict of interest is not significant and does not require further action in the circumstances.
- 5.12 If you are a member of staff of council other than the Chief Executive Officer, the decision on which option should be taken to manage a non-pecuniary conflict of interest must be made in consultation with and at the direction of your manager. In the case of the Chief Executive Officer, the decision on which option should be taken to manage a non-pecuniary conflict of interest must be made in consultation with and at the direction of the mayor.
- 5.13 Despite clause 5.10(b), a councillor who has a significant non-pecuniary conflict of interest in a matter, may participate in a decision to delegate consideration of the matter in question to another body or person.
- 5.14 Council committee members are not required to declare and manage a non-pecuniary conflict of interest in accordance with the requirements of this Part where it arises from an interest they have as a person chosen to represent the community, or as a member of a non-profit organisation or other community or special interest group, if they have been appointed to represent the organisation or group on the council committee.

SPECIAL DISCLOSURE OF PECUNIARY INTEREST DECLARATION

This form must be completed using block letters or typed.

If there is insufficient space for all the information you are required to disclose, you must attach an appendix which is to be properly identified and signed by you.

By <i>[insert full name of councillor]</i>	
In the matter of <i>[insert name of environmental planning instrument]</i>	
Which is to be considered at a meeting of the <i>[insert name of meeting]</i>	
Held on <i>[insert date of meeting]</i>	
PECUNIARY INTEREST	
Address of the affected principal place of residence of the councillor or an associated person, company or body <i>(the identified land)</i>	
Relationship of identified land to councillor <i>[Tick or cross one box.]</i>	<input type="checkbox"/> The councillor has interest in the land (e.g. is owner or has other interest arising out of a mortgage, lease, trust, option or contract, or otherwise). <input type="checkbox"/> An associated person of the councillor has an interest in the land. <input type="checkbox"/> An associated company or body of the councillor has interest in the land.
MATTER GIVING RISE TO PECUNIARY INTEREST¹	
Nature of land that is subject to a change in zone/planning control by proposed LEP <i>(the subject land²)</i> <i>[Tick or cross one box]</i>	<input type="checkbox"/> The identified land. <input type="checkbox"/> Land that adjoins or is adjacent to or is in proximity to the identified land.
Current zone/planning control <i>[Insert name of current planning instrument and identify relevant zone/planning control applying to the subject land]</i>	
Proposed change of zone/planning control <i>[Insert name of proposed LEP and identify proposed change of zone/planning control applying to the subject land]</i>	
Effect of proposed change of zone/planning control on councillor or associated person <i>[Tick or cross one box]</i>	<input type="checkbox"/> Appreciable financial gain. <input type="checkbox"/> Appreciable financial loss.

[If more than one pecuniary interest is to be declared, reprint the above box and fill in for each additional interest]

Councillor's Signature: **Date:**

This form is to be retained by the council's Chief Executive Officer and included in full in the minutes of the meeting

Last Updated: 3 June 2019

Important Information

This information is being collected for the purpose of making a special disclosure of pecuniary interests under clause 4.36(c) of the Model Code of Conduct for Local Councils in NSW (the Model Code of Conduct).

The special disclosure must relate only to a pecuniary interest that a councillor has in the councillor's principal place of residence, or an interest another person (whose interests are relevant under clause 4.3 of the Model Code of Conduct) has in that person's principal place of residence.

Clause 4.3 of the Model Code of Conduct states that you will have a pecuniary interest in a matter because of the pecuniary interest of your spouse or your de facto partner or your relative or because your business partner or employer has a pecuniary interest. You will also have a pecuniary interest in a matter because you, your nominee, your business partner or your employer is a member of a company or other body that has a pecuniary interest in the matter.

"Relative" is defined by clause 4.4 of the Model Code of Conduct as meaning your, your spouse's or your de facto partner's parent, grandparent, brother, sister, uncle, aunt, nephew, niece, lineal descendant or adopted child and the spouse or de facto partner of any of those persons.

You must not make a special disclosure that you know or ought reasonably to know is false or misleading in a material particular. Complaints about breaches of these requirements are to be referred to the Office of Local Government and may result in disciplinary action by the Chief Executive of the Office of Local Government or the NSW Civil and Administrative Tribunal.

This form must be completed by you before the commencement of the council or council committee meeting at which the special disclosure is being made. The completed form must be tabled at the meeting. Everyone is entitled to inspect it. The special disclosure must be recorded in the minutes of the meeting.

¹ Clause 4.1 of the Model Code of Conduct provides that a pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person. A person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision the person might make in relation to the matter, or if the interest is of a kind specified in clause 4.6 of the Model Code of Conduct.

² A pecuniary interest may arise by way of a change of permissible use of land adjoining, adjacent to or in proximity to land in which a councillor or a person, company or body referred to in clause 4.3 of the Model Code of Conduct has a proprietary interest

1 Leadership and Governance

What we are trying to achieve

A community that works together in decision making that is defined as ethically, socially and environmentally responsible.

What the result will be

We will have:

- A community that has the opportunity to be involved in decision making
- Open, easy, meaningful, regular and diverse communication between the community and decision makers
- Partnerships and collaborative projects, that meet the community's expectations, needs and challenges
- Knowledgeable, skilled and connected community leaders
- Strong corporate management that is transparent

How we will get there

- 1.1 Inform and engage with the community about what Council does using varied communication channels
- 1.2 Maintain strong partnerships between all stakeholders - local, state and federal — so that they are effective advocates for the community
- 1.3 Demonstrate leadership
- 1.4 Use innovative, efficient and sustainable practices
- 1.5 Ensure strong corporate and financial management that is transparent and accountable

Item: 06.01

Subject: DRAFT COMMUNITY STRATEGIC PLAN

Presented by: Community, Planning and Environment, Melissa Watkins

Alignment with Delivery Program

1.1.3 Engage with the community on impacts and changes to services.

RECOMMENDATION

That Council:

1. Thank community members who provided feedback on the draft Community Strategic Plan *Imagine2050* during the public exhibition period in 2021.
2. Note that feedback received from the community during the public exhibition period showed strong support for the direction of *Imagine2050*.
3. Note the amendments to the exhibited draft Community Strategic Plan *Imagine2050* as a result of community feedback during the public exhibition period.
4. Note the amendments to the exhibited draft Community Strategic Plan *Imagine2050* as a result of changes to the Integrated Planning and Reporting (IP&R) Guidelines by the Office of Local Government (OLG).
5. Note that it is a Local Government statutory requirement for NSW Councils to develop the Integrated Planning and Reporting (IPR) suite of documents (including the Community Strategic Plan), and for them to be endorsed by Council, by 30 June in the year following a Council election.
6. Adopt Council's Community Strategic Plan *Imagine2050*.

Executive Summary

Council's draft Community Strategic Plan *Imagine2050* is the roadmap devised by our community for the future of the Port Macquarie-Hastings region.

The culmination of extensive community input, *Imagine2050* defines our community's vision, and provides a description of the route we need to take to reach this vision, without being prescriptive about the itinerary on how to get there.

Imagine 2050 is the culmination of an extensive community engagement program, which sought to understand our community's priorities and aspirations for the future, through a range of different activities and opportunities over a 15-month period between 2019 and 2021.

The draft Community Strategic Plan was placed on public exhibition for a period of 28 days from 26 July 2021 until 27 August 2021.

It was expected that following review of submissions received during the public exhibition period, a report would be presented to Council at the 13 October 2021 Ordinary Council Meeting summarising the community submissions and including a recommendation to adopt the final Community Strategic Plan.

In early September however, the NSW Office of Local Government issued updated Integrated Planning and Reporting Guidelines and an associated Handbook to assist Councils in the development of their Community Strategic Plan. While this update was being issued, the local government elections scheduled to take place on 4 September 2021 were postponed to 4 December 2021.

This necessitated a review of the draft Community Strategic Plan in light of the guideline changes, to reflect feedback from the community during the public exhibition period and to ensure the draft Community Strategic Plan was presented to the incoming elected body.

Changes to the draft document have now been made and this report presents the final draft.

Discussion

Imagine2050 - the Community Strategic Plan (CSP) for the Port Macquarie Hastings LGA is the roadmap devised by the community for the future of the Port Macquarie-Hastings region.

The culmination of extensive community feedback, this Plan:

- identifies and documents the aspirations and priorities of our community;
- establishes strategic objectives and strategies to achieve the community's vision
- addresses civic leadership, social, environmental and economic issues in an integrated manner,
- is based on social justice principles of equity, access, participation and rights
- provides an opportunity for participation by the community in decision-making processes;
- coordinates decision making and resourcing by Council and other organisations working with and in the community;
- provides a long-term focus for the delivery of facilities and services by Council and other organisations working with and in the community;
- is a mechanism by which the community can hold Council and other key stakeholders to account
- aligns with regional and state plans.

At the 21 July 2021 Ordinary Council Meeting the draft Community Strategic Plan *Imagine 2050* was presented to Council and it was resolved as follows:

09.07 DRAFT COMMUNITY STRATEGIC PLAN

RESOLVED: Intemann/Griffiths

That Council

1. Note the Engagement Report outlining the engagement approach that supported the development of the Draft Community Strategic Plan.
2. Note the Draft Community Strategic Plan.
3. Place the Draft Community Strategic Plan on public exhibition from 26 July 2021 until 27 August 2021.
4. Request that a future report be presented to the October 2021 Ordinary Council meeting with a review of community submissions and to adopt the final Community Strategic Plan.

CARRIED: 6/0

FOR: Alley, Griffiths, Hawkins, Intemann, Pinson and Turner

AGAINST: Nil

The draft Community Strategic Plan was placed on public exhibition in accordance with Council's resolution.

In early September 2021, Council received advice from the Office of Local Government (OLG) that the Integrated Planning and Reporting (IP&R) Guidelines which were first issued in 2010, had been updated to reflect legislative changes enacted through the Local Government Amendment (Governance and Planning) Act 2016.

All councils in NSW are required to use the IP&R framework to guide their planning and reporting activities. The requirements for IP&R are set out in the Local Government Act 1993 (the Act) and the Local Government (General) Regulation 2021 (the Regulation).

These Guidelines explain what councils, county councils and joint organisations must do to ensure they comply with their planning and reporting requirements set out in the Act. The Guidelines are issued under section 406 of the Act and the Regulation.

The Guidelines include:

- Requirements under the Act
- Requirements under the Regulation
- Essential Elements which are also mandatory requirements

In addition to the Guidelines, the OLG also issue Councils with the Integrated Planning and Reporting Handbook which is a practical guide for the preparation of the suite of IP&R documents which includes the Community Strategic Plan.

The Handbook identifies standards ('good', 'better', 'best') for the Community Strategic Plan including a self-assessment checklist for each of these standards (see further detail later in this report).

An initial review of our draft Community Strategic Plan against the Guidelines and Handbook indicated that it was close to meeting the 'good standard' and that Council would be able to move towards the 'best standard' with further work on detailing assessment methods for measuring success and the integration of all Council activities and services with community aspirations.

A further report was presented to the October 2021 Ordinary Council Meeting advising of a revised timetable for presentation of the final draft due to these changes and it was resolved as follows:

09.12 DRAFT COMMUNITY STRATEGIC PLAN

BLOCK RESOLVED: Alley/Intemann

That Council:

1. Note that the Office of Local Government (OLG) has revised the Integrated Planning and Reporting Guidelines.
2. Note that Council staff are reviewing the draft Community Strategic Plan *Imagine 2050* to ensure alignment with the revised Integrated Planning and Reporting Guidelines.
3. Note the proposed timetable for the adoption of the IP&R suite of documents including finalisation of the Community Strategic Plan
4. Note that a future report will be presented to the March 2022 Ordinary Council Meeting with a review of community submissions and the final Community Strategic Plan with a recommendation for its adoption.

Changes have now been made to the draft Community Strategic Plan to integrate all of Council's services while further work is required by Council to develop a set of effective indicators to show progress against the objectives set out in the Plan. This work has been identified as part of Council's transformation journey. As indicated on page 46 of the draft CSP, Council will be developing a Community Indicators Framework and Dashboard which will help to assess progress towards achieving the outcomes for each Strategic Theme outlined in *Imagine2050*. Indicators will not solely be measures of Council's performance, rather a gauge for the community and stakeholders to determine whether we are moving closer to, or further away from, our community's vision. When this Framework is adopted by Council it will be appended to *Imagine2050*.

There have been a number of changes to the draft document which was exhibited, however these are largely structural. While some of the wording, number and content of the strategies and objectives do differ from that in the original document (to ensure that all of Council's activities are included) the strategic intent remains the same. The document is more comprehensive than previously and will drive greater levels of transparency to the community. For this reason, it is not considered necessary for the final draft Plan to be re-exhibited.

A summary of the changes made to *Imagine2050* as a result of the changed IP&R guidelines are detailed in **Attachment 1** to this report.

The table below provides an assessment of the final draft of the Community Strategic Plans against the good, better, best standards previously referred to.

Requirement	IP&R Guidelines Evaluation	Achievement / Notes
Must give due regard to NSW Government's State Priorities and other relevant state and regional plans.	Good	Yes - reflected on pages 11 and 47
A community vision statement	Good	Yes - see page 18
Strategic objectives for the community that address social, environmental, economic and civic leadership issues identified by the community (commonly referred to as "the quadruple bottom line" (QBL))	Good	Yes - objectives outlined for each of the 6 themes
Strategies for achieving each objective	Good	Yes - accompanying each strategy for each of the 6 themes
An explanation of who is responsible for delivering each strategy. Where council has an oversight role for a strategy but is not the key delivery agent, the Community Strategic Plan should explain the role council will play in facilitating delivery of the strategy and how it will monitor delivery	Good	Yes
Identify assessment methods for determining whether the objectives are being achieved	Good	Partially - see notes regarding the development of the Indicators Framework detailed on page 46
Reflects the community engagement undertaken to inform it (e.g. with quotes or pictures submitted by community members for veracity)	Better	Yes - refer engagement journey on page 14 and quotes from the community integrated within the document
Identifies high-level objectives and strategies, rather than relying on operational detail	Better	Yes - see strategies defined for each of the 6 themes
Considers a wide range of relevant state and regional plans, including Joint Organisation Statement of Strategic Priorities, Local Strategic Planning Statement	Better	Yes - see diagrams on pages 11 and 47 These plans have been consulted in the development of the objectives and strategies
Is informed by engagement with more than 10% of the community and using a variety of tools and methods	Better	Yes - the methodology is described page 14 "engagement journey". The 10% target was not attained - engagement was impacted by COVID and other emergency events
Is accessible to all community members and uses plain language, graphics and other visual devices to aid comprehension	Better	Includes how to read this plan, plus use of graphics and colours
Is translated into community languages where needed	Better	N/A
Integrates all activities and services with community aspirations	Best	Yes
Effectively achieves community objectives.	Best	Strategies and objectives are in alignment with the community objectives and vision

As before, the final draft articulates the community's vision for Port Macquarie Hastings to be "the most liveable, sustainable and innovative place in Australia".

The community's vision is supported by the following six themes:

- Environmentally sustainable
- Resilient
- Liveable
- Connected
- Thriving
- Authentic & High-Performing

The final draft is appended to this report as **Attachment 2**.

Options

Council could:

1. Adopt the recommendation as proposed *or*
2. Seek additional information on the content of the Community Strategic Plan *Imagine2050* prior to adopting, noting this would have an impact on the delivery of the supporting Delivery Program and Operational Plan which have been tabled separately on the Council Business Paper.

Community Engagement and Internal Consultation

As reported previously to Council, *Imagine2050* is the culmination of an extensive community engagement program which took place between early December 2019 to January 2021 to understand our community's priorities and aspirations for the future of Port Macquarie-Hastings.

Details of the community engagement activity and feedback received during the public exhibition of the draft *Imagine2050* are shown in the Community Engagement Report (**Attachment 3**).

The following extract from the conclusion of the Community Engagement Report provides a good summary:

- *Overall, the feedback received was positive of the draft IMAGINE2050 Community Strategic Plan. The community is excited by the draft vision and is encouraged by the objectives, strategies and measures outlined in the draft CSP.*
- *Whilst the community is inspired to see Council having a vision to aspire to, they do have concerns and lack of trust that Council will be able to achieve the vision, and objectives and strategies outlined in the draft Community Strategic Plan. They would like to see Council take practical measures and collaborate with the community and state and federal government to achieve the outcomes outlined in the draft CSP.*

- *Priority areas that the community would like to see Council take action within the next four years are more shared paths for walking and cycling, improve our road networks and traffic congestion, improve major infrastructure, address climate change and disaster mitigation, and protect the natural environment.*

Council's response to the community feedback including the written submissions - which also notes changes made to the CSP - are summarised in the Community Engagement Report appended to this report as **Attachment 3**. The changes made to the draft Imagine2050 as a result of community feedback are summarised in appendices 3 & 4 of that Attachment.




Planning and Policy Implications

This report is aligned with Council's obligations under the NSW Integrated Planning and Reporting Framework legislative requirements.

Financial and Economic Implications

There are no financial and economic implications specifically in relation to this report. There is a subsequent financial impact associated with the supporting IP&R documents including; the Delivery Program, Operational Plan, the Resourcing Strategy and Revenue Policy and Fees and Charges documents. These impacts however are not fully known at this time and will be considered further in the development of the future Delivery Program and future Operational Plans for this term of Council.

Attachments

1.  Changes to Draft Community Strategic Plan - Imagine2050 due to IP&R Guideline Changes
2.  Final Draft Community Strategic Plan-Imagine2050
3.  Community Engagement Report - Draft Community Strategic Plan - Imagine 2050

Item: 06.02

Subject: DRAFT DELIVERY PROGRAM 2022-2026, DRAFT RESOURCING STRATEGY, DRAFT OPERATIONAL PLAN AND BUDGET 2022-2023

Presented by: Community, Planning and Environment, Melissa Watkins

Alignment with Delivery Program

1.1.3 Engage with the community on impacts and changes to services.

RECOMMENDATION

That Council:

1. Place the following Draft Integrated Planning and Reporting (IP&R) documents on public exhibition for a period of not less than 28 days:
 - (a) Draft Delivery Program 2022 - 2026
 - (b) Draft Resourcing Strategy 2022 - 2026, with the following components:
 - i) Long Term Financial Plan
 - ii) Workforce Management Strategy
 - iii) Asset Management Strategy
 - (c) Draft Operational Plan 2022 - 2023
 - (d) Draft Fees and Charges 2022 - 2023
 - (e) Draft Revenue Policy 2022 - 2023
 - (f) Draft Rating Maps 2022- 2023.
2. Note that as per the Council Resolution dated 16 February 2022 Item 09.09 Notice of Motion - Rate Freeze, the draft 2022 - 2023 Operational Plan has been prepared with Ordinary and Special Rates retained at the 2021 - 2022 level, and the draft Long Term Financial Plan has been prepared with Ordinary and Special Rates retained at the 2021 - 2022 level for the period 1 July 2022 to 30 June 2025 inclusive.
3. Note that as per the Council Resolution dated 16 February 2022 Item 12.03 Notice of Motion - Town Centre Master Plan, the draft 2022 - 2023 Operational Plan (and the draft Long Term Financial Plan) have been prepared with the removal of the Town Centre Master Plan (TCMP) component from the Port Macquarie CBD business rate sub-category.
4. For the reasons outlined in the body of the report, note that the Chief Executive Officer will prepare an Improvement Plan to address the general fund operating performance ratio over the coming years and will present a report to a future meeting of Council for consideration.
5. Note that a further report will be tabled at the June 2022 meeting of Council detailing the submissions received from the public during the exhibition period.

Executive Summary

This report provides to Council for consideration prior to seeking community input, the Draft Delivery Program 2022-2026, the Resource Strategy and Operational Plan and budget for 2022-2023.

These documents are required by Council and prescribed by the NSW Local Government Act and integrated Planning and Reporting Regulation.

The total 2022-2023 budgeted expenditure, (excluding depreciation and loss on disposal of assets), is proposed to be \$288.9m, with total revenues expected to be \$256.3m.

Council has drawn down Council reserves to meet the budgeted shortfall and minimise the impact on the program deliverables.

This recommends that the draft Integrated Planning and Reporting (IP&R) documents on public exhibition for a period of not less than 28 days and notes that a further report will be presented to Council detailing the results of the exhibition once concluded.

Discussion

In 2009, the NSW Government adopted a new Integrated Planning and Reporting (IP&R) framework within the Local Government Act (1993) which legislates the way councils draw their plans together in consultation with their community, while also preserving local identity and working towards a sustainable future.

In compliance with this legislation, we have completed a review and revised this suite of planning documents following the December 2021 NSW Local Government Elections.

The Integrated Planning suite of documents attached to this report as **Attachments 1-6** are as follows:

- Draft Delivery Program 2022-2026 (DP)
- Draft Resourcing Strategy (RS) consisting of the Asset Management Strategy, Long Term Financial Plan (LTFP), Workforce Management Strategy and
- Draft Operational Plan 2022-2023(OP) which includes the Fees and Charges, Revenue Policy and Rating Maps

The legislation prescribes that these documents must align to the quadruple bottom line addressing civic leadership, social, environmental and economic issues in an integrated manner.

Imagine2050, our Community Strategic Plan represents the community's aspirations and priorities over a long term timeframe. The Delivery Program, Resourcing Strategy and Operational Plan are Council's response to this plan and reflect our statement of commitment to the community via specific actions, objectives and strategies with accompanying resource commitment and financial outlook.

The Delivery Program, Resourcing Strategy and Operational Plan represent Council's response to the Community Strategic Plan (Imagine2050) and reflect our statement of commitment to the community via specific actions, objectives and strategies with accompanying resource commitment and financial outlook.

The Delivery Program is designed as the single point of reference for the principal activities to be undertaken by Council over the years 2022-2026.

The Resourcing Strategy articulates how the Council will allocate resources to deliver the objectives under its responsibilities identified within the Community Strategic Plan (Imagine2050). The Resourcing Strategy is where we explain to the community how we intend to perform all of our functions including implementing the strategies set out in imagine2050. It is comprised of three distinct parts:

- The Asset Management Strategy
- The Long Term Financial Plan
- The Workforce Planning Strategy

The Operational Plan provides specific information about the year ahead and includes a useful table that illustrates the cost of each service delivered to the community. Additionally, it highlights the specific spend across key projects in the region and includes a summary of projects being delivered across the 3 key localities.

Council's proposed total expenditure for the draft Operational Plan is \$288.9m whilst estimated income is \$256.3m. Accordingly, it is proposed that Council draws down Council reserves to meet the budgeted shortfall and minimise the impact on the program deliverables

The full listing of rates, fees and charges, relevant statutory regulations and the proposed income generated is contained in the Revenue Policy and Fees and Charges documents. The supplementary documents to the Operational Plan are:

- Draft Fees and Charges;
- Draft Revenue Policy; and
- Draft Rating Area Maps.

Despite facing some significant challenges over recent years, with natural disasters and the COVID-19 pandemic, we report strong financial performances for the consolidated operations. The general fund operations however have been tested and long term financial projections show some ongoing financial challenges in this space.

In the shorter term, Council plans to leverage its strong balance sheet position and strategically use a number of internal reserves to deliver some key works, in particular across the maintenance and renewal of roads, storm water and footpath networks, as well as the parks and recreation spaces.

To ensure that Council can meet the Community's service expectations and maintain infrastructure through higher investment in asset maintenance and renewals into the future, there needs to be a focus on generating operating surpluses moving forward to ensure ongoing financial sustainability. This will be addressed by developing and then implementing a comprehensive Improvement Plan which will cover a number of initiatives, many of which are already underway.

Fees and Charges and Revenue Policy

Council delivers a wide range of chargeable services to the community. In determining the appropriate level of fees to be charged, a range of issues are considered such as what is fair and equitable, and how much the service costs to provide.

Taking these principles into account, the draft 2022-2023 fees and charges for services in a number of categories have been reviewed and adjusted as appropriate. These adjustments apply to categories where the individual costs are met by the user of the service, where Council operates in a competitive marketplace or Council provides services on a commercial basis.

Rates

The Local Government Minister's allowable increase for the 2022-2023 financial year has been set at 1.7%. Our Community has however experienced significant challenges over recent times from drought, fires, floods and the COVID-19 pandemic. To assist our Community and aid economic recovery, Ordinary Rates have been maintained at 2021-2022 levels, with no rate peg applied for 2022-2023. The impacts of this are discussed in further detail in the financial implications sections below.

Water Charges

Water charges will continue to be charged under the current two-tier water pricing tariff structure. The 20mm access charge and the usage charges have been increased in line with IPART's general fund rate peg of 1.7%. The access charge for all other meters have been increased in line with the best practice calculation. Recycled water will be charged at 50% of the potable water charge for non-residential properties and 80% for residential properties.

Sewer Charges

All properties connected or capable of connection to the sewerage system will be subject to an annual charge. In addition, properties such as major regional shopping centres, caravan parks, flats, retirement homes, motels, clubs, hotels, schools and backpacker hostels will be required to pay an additional charge based on the amount of water consumed. The annual sewerage charge has been increased by 1.7% in line with the general fund rate peg approved by IPART.

Onsite Effluent charges

Properties with an on-site effluent management system will be charged an on-site effluent management fee based on the risk of the system. This fee is proposed to be increased by 1.7% for 2022–2023.

Stormwater charges

Council charges a stormwater levy on all urban properties (except vacant land) that are in the residential and business rating categories and where a stormwater

management service is provided. The base stormwater levy has remained unchanged since it was introduced by the State Government in 2006-2007.

Domestic Waste Management charges

The charges to apply to domestic waste management are determined in accordance with the Reasonable Cost guidelines issued by the Office of Local Government. All properties with a domestic waste management service available to their property will be charged an annual charge under Section 496 of the *Local Government Act 1993*.

Other Waste Management charges

All properties with a non-domestic waste management service will be charged an annual charge under Section 501 of the *Local Government Act 1993*.

Other fees

A number of new fees have been introduced, a summary of which has been attached to this report for further information.

Community Engagement and Internal Consultation

If the draft Integrated Planning and Reporting (IP&R) documents are adopted they will be placed on public exhibition for a period of not less than 28 days to receive community feedback.

An Engagement Plan has been developed to ensure we provide diverse opportunities for the community to provide input into these plans. The engagement activities will be promoted via our communication channels. The Plan is provided as **Attachment 7**.

Planning and Policy Implications

Once adopted, the IP & R documents are designed to guide the way that council provides leadership, plans for the future and make decisions about services and resources.

Financial and Economic Implications

2022-2023 Operational Plan

The 2022-2023 budget forecasts a balanced position as shown below:

Budget Summary Table Surplus/(Shortfall)	
	2022 - 2023 Draft Budget \$'000
Operating Budget	
Total Income	256,294^
Operating Expenses (excl. Interest Expense, Depreciation, Loss on Disposal of Assets)	(125,250) *

Interest Expense	(1,068) *
Net Operating Budget	129,976
Capital Items	
Net transfers from reserves	29,103
Purchase of Assets	(151,082) ^*
Proceeds from New Loans	3,500
Loan Principal Repayments	(11,497) *
Net Capital Result	(129,976)
Budget Result surplus/(shortfall)	-

^Includes \$8.0m in Developer Provided Assets

Total projected income is \$256.3m and includes \$78.7m in capital grants, noting that a number of these are not yet secured, however have been included as they relate to high strategic priorities - these have been highlighted in the Operation Plan.

Excluding depreciation and loss on disposal of assets, the total expenditure is \$288.9m which includes the items in the above table marked with an *. Council will also take out new loans of \$3.5m, as well as utilising \$79.8m of reserves to fund a variety of projects, (noting that this is offset by current year revenue such as developer contributions that must be put into reserves for use on future projects).

Despite a balanced budget position, the 2022-2023 budget forecasts an operating loss of \$2,459k on a consolidated basis which is driven by an operating loss of \$8,868k for Council's general fund. There are a number of factors impacting this result including:

- In recent years, expenditure has grown at a faster rate than income;
- Natural disasters and the COVID-19 pandemic have impacted material and resource costs, as well as supply chains;
- Strategic increases in maintenance expenditure across core areas such as roads, drainage and parks;
- Impact of cost shifting from other levels of government;
- Freezing rates at 2021-2022 levels.

The above factors are discussed in more detail in the Long Term Financial Plan section below.

The impacts of the above have been mitigated in the short term in part by the strategic use of Council's internal reserves. Although a negative operating result is manageable in the short-term, in light of the above factors and in light of Council's overall financial position, the importance of ensuring Council's ongoing financial sustainability is recognised. On this basis, Council will continue to focus on improving the general fund operating result, with the development and implementation of an improvement plan. This and the above factors are discussed in more detail in the Long Term Financial Plan section below.

Financial Assistance Grant

It should be noted that the 2022-2023 draft budget includes grant funding from the Federal Government in the form of a Financial Assistance Grant, (\$10.1m). The budget has assumed an uplift from the 2021-2022 levels. Any reduction to this funding could impact upon Council's ability to deliver services.

It should also be noted that the Federal Government has in recent years made advance payments of the annual allocation of the Financial Assistance Grant. Council is required to bring these revenues to account in the year in which they are received as opposed to the year to which they relate. The 2022-2023 draft revenue budget in effect includes the second half of the 2022-2023 annual allocation and the first half of the 2023-2024 annual allocation (assuming the latter, which will be held in restricted cash until 2023-2024, is paid in advance). Should the Federal Government cease payment in advance, this will have a significant impact on the monies actually received in 2022-2023 and therefore on the operating result for this period. It is noted however that this is a timing issue only and overall monies received across the 2 years will not be impacted.

Draft Works Program

As part of the development of the 2022-2023 Operational Plan, a review of the 2021-2022 works program has been ongoing. This review has focused on the current and projected status of projects and the latest data has identified a number of projects which need to be re-prioritised to the next financial year. As such projects totalling \$12.5m will be reallocated from the 2021-2022 works program and considered for incorporation into the 2022-2023 Operational Plan.

A certain amount of carry-overs is to be expected each year when projects are impacted by, for example, adverse weather conditions. The delivery of some of the projects within the 2021-2022 Operational Plan has been delayed due to impacts associated with local flooding and wet weather conditions. Indeed, recent flood emergencies across the State have resulted in significant procurement / contractor mobilisation delays and supply chain issues. In addition, the COVID-19 pandemic and global economic environments have further exacerbated supply chains and the availability of materials and resources. These factors have impacted the timing of projects originally scheduled in 2021-2022.

The specific projects moving to the 2022-23 Operational Plan are outlined in the Monthly Budget Review - March 2022, which is included in the agenda for the April 2022 Ordinary Council Meeting.

The Town Centre Master Plan (TCMP) Levy

Council's current rating structure incorporates a Business Category that is further split into 3 sub-categories:

- Port Macquarie CBD
- Defined Urban Centres (Bonny Hills, Camden Haven, Kew & Kendall, Lake Cathie, Port Macquarie, Thrumster, Wauchope)
- Other Hastings

In relation to the Port Macquarie CBD rate, it is noted that these rates are subject to a higher rate in the dollar as is commonly applied to CBD areas due to the fact that they often receive a higher level of service.

In addition to this, the Port Macquarie CBD rate also incorporates a TCMP component. The TCMP component was introduced to facilitate the funding of a range of works specific to the Port Macquarie CBD and an even higher level of maintenance. The monies collected from this component of the rate are quarantined in a specific internal reserve and used each year to pay for specific works as resolved by Council, based on recommendations of the TCMP Committee. Since 1994, \$5.2m in CBD maintenance works and \$19.7m in CBD capital works have been funded, the latter including projects such as Kooloonbung Creek, the Town Square, the Town Green Master Plan Implementation and Foreshore works.

At the 16 February 2022 Ordinary Council meeting, and in relation to Rates and Charges, Council resolved as follows:

12.03 NOTICE OF MOTION - TOWN CENTRE MASTER PLAN

THE MOTION WAS PUT AND CARRIED

RESOLVED: Roberts/Griffiths

That Council:

1. Request the Chief Executive Officer to commence a general review of the business sub-categories under s523(1)(a) of the Local Government Act 1993 and prepare a report on that review for consideration of the Council.
2. Note that subject to the review (referred to in 1), should Council resolve to re-categorise the land within the business category as a result of such review, whereby all land within the Port Macquarie CBD Business Sub-Category has been re-categorised to Business - Defined Urban Centres, request the Chief Executive Officer draft an Operational Plan for the 2022-2023 financial year as part of the Integrated Planning & Reporting process with the removal of the Town Centre Master Plan business rate.
3. Undertake an independent review of the historical Town Centre Master Plan processes, practices, fees, charges, management structures and outcomes achieved by the Town Centre Master Plan.
4. Provide a report to Council on the findings of the independent review and undertake community consultation on a pathway forward for the future development and maintenance of the Port Macquarie CBD.

CARRIED: 6/3

FOR: Griffiths, Lipovac, Maltman, Pinson, Roberts and Slade

AGAINST: Edwards, Intemann and Sheppard

The general review has commenced and a briefing to Councillors highlighting the general information and the preliminary financial impacts of the TCMP rates was held 6 April 2022.

This review is ongoing, however on the basis of the resolution above, and noting the additional resolution to freeze ordinary rates, the draft 2022-2023 Operational Plan and ongoing Long Term Financial Plan have been developed with the removal of the TCMP component of the business rate. The impacts of this is as follows:

- Removal of rating revenue totalling \$1.2m
- The separate Port Macquarie CBD sub-category has been maintained for rating purposes, however the rate in the dollar applied to individual rating assessments has been lowered to reflect the removal of the TCMP component
- Removal of specific Port Macquarie CBD capital works funded from the TCMP reserve from the works program
- Noting all current commitments to capital projects have been maintained
- The final repayments of the TCMP loan will need to be funded from general fund
- The level of maintenance works provided to the Port Macquarie CBD will need to be reviewed and funded from existing maintenance budgets.

Long Term Financial Plan (LTFP)

As noted above, Council has reported strong financial performances for the consolidated operations in recent years despite significant challenges arising from drought, fires, floods and the COVID-19 pandemic. The general fund operations however have been tested, with operating losses reported in the last four years. The LTFP indicates that there are some continuing financial challenges in this space, with projected operating losses in the general fund, and as a result also the consolidated operations. Significant factors impacting the LTFP include the following:

- Our Community has faced drought, fires and floods in recent times. These have also impacted Council with significant costs in asset repairs and community support.
- Similarly, the pandemic has had a financial impact cross the Community, local businesses and Council operations. Council has provided a number of relief measures across this period and continues to assess and respond to emerging issues.
- The above challenges have led to costs of materials and contractors increasing significantly over recent months, as well as supply chain challenges. This is expected to continue for some time.
- Councils' main revenue stream of rates and annual charges is restricted each year by a Rate Peg set by IPART. This can present challenges in meeting increased service delivery expectations from a growing community, whilst having limited revenue raising avenues, and in recent years has seen costs increase at a higher rate than the revenue has been generated.
- Despite the above, Council recognizes the significant burden our community has faced and in order to assist them through these challenges, this plan has been built on the basis of holding rates at 2021-2022 levels for the next 3 years. The impacts of this are detailed further below.
- With a focus on improving and maintaining Council's assets, significant investment has been made through this plan in asset maintenance and renewals across our core areas, including roads, storm water, water, sewer, footpaths and open spaces. Investment in improved asset management planning will enhance this further.

Despite the above, Council does however have a strong balance sheet position and strong cash and investment reserves. The majority of these reserves are restricted for use on significant Water and Sewer projects, and a number of these will be delivered, with significant infrastructure investment over the next few years. In order to mitigate the above impacts in the short term, a number of our internal reserves will also be

leveraged to deliver on some key works, in particular across the maintenance and renewal of our roads, storm water and footpath networks, as well as our parks and recreation spaces.

Although a negative operating result is manageable in the short-term, the projection of ongoing operating losses in the general fund, despite balanced budgets in 6 of the years, indicates a need to focus on financial sustainability moving forward. Council needs to generate operating surpluses into the future to ensure that our Community's service expectations are met and important infrastructure is maintained through higher investment in asset maintenance and renewals.

Council plans to focus on returning to surplus in the general fund operations and generating sustained balanced budgets by developing and then implementing a comprehensive Improvement Plan. This will cover things such as improved asset management planning, efficiency reviews of operational areas, enhanced technology solutions and more efficient procurement solutions. Many of these initiatives are already underway and they will all flow into improved long term planning and financial modelling, as well as providing greater transparency and certainty to our Community.

Impact of Rates Freeze

At the 16 February 2022 Ordinary Council meeting, and in relation to Rates and Charges, Council resolved as follows:

09.09 NOTICE OF MOTION - RATE FREEZE

That Council:

1. Request the Chief Executive Officer prepare as part of the Integrated Planning and Reporting process, a draft Operational Plan for the 2022-2023 financial year that freezes Ordinary and Special Rates at the 2021-2022 level.
2. Request the Chief Executive Officer prepare a draft Long Term Financial Plan to accompany (1) above as part of the Integrated Planning & Reporting process for the 2022-2023 financial year, that freezes Ordinary and Special Rates at the 2021-2022 levels for the period 1 July 2022 to 30 June 2025 inclusive and that the report to Council addresses how the financial impact of the rate freeze might be mitigated.

CARRIED: 7/2

FOR: Griffiths, Lipovac, Maltman, Pinson, Roberts, Sheppard and Slade

AGAINST: Edwards and Intemann

As such the Long Term Financial Plan, as well as the 2022-2023 Operational Plan, have been developed with Ordinary and Special Rates frozen for the period 1 July 2022 to 30 June 2025.








Briefings to Councillors highlights the impacts of the above were held 23 March 2022 and 6 April 2022.

The Local Government Minister's allowable increase for the 2022-2023 financial year has been set at 1.7%. In not applying this increase, the reduction to rates revenue in

2022-2023 is \$940k. It is noted that each year the rate peg is applied to the base revenue from the previous year. Therefore, where rates are frozen, the reduction in revenue is carried forward to each year thereafter. Similarly, if rates are frozen for 2 years, 2 years of reductions will be carried forward, if rates are frozen for 3 years, 3 years of reductions will be carried forward and so on. On this basis, there is a cumulative effect moving forward into the year after a freeze has been applied. In freezing rates for 3 years, total revenue collected across the 10 year LTFP is \$32.0m lower than it would have been had the rate peg been applied each year.

The impact of the above has been mitigated in the short term by leveraging internal reserves as detailed above. The impact over the longer term will need to be mitigated as part of the broader improvement plan. Although savings from continuous improvement initiatives are expected to contribute in part, it is unlikely than savings of the magnitude required would alone be sufficient. Therefore, the solution is likely to be multi-faceted and will need to incorporate consideration of services provided and service levels.

Attachments

1.  DRAFT Delivery Program 2022-2026
2.  DRAFT Resourcing Strategy 2022-2026
3.  DRAFT Operational Plan 2022-2023
4.  DRAFT Fees and Charges 2022-2023
5.  DRAFT Revenue Policy 2022-2023
6.  DRAFT Rating Maps 2022-2023
7.  Engagement and Communication Plan

4 Your Natural and Built Environment

What we are trying to achieve

A connected, sustainable, accessible community and environment that is protected now and into the future.

What the result will be

We will have:

- Effective management and maintenance of essential water, waste and sewer infrastructure
- A community that is prepared for natural events and climate change
- Sustainable and environmentally sensitive development outcomes that consider the impact on the natural environment
- Accessible transport network for our communities
- Infrastructure provision and maintenance that meets community expectations and needs
- Well planned communities that are linked to encourage and manage growth
- Accessible and protected waterways, foreshores, beaches and bushlands
- An environment that is protected and conserved for future generations
- Renewable energy options that are understood and accessible by the community

How we will get there

- 4.1 Provide (appropriate) infrastructure and services including water cycle management, waste management, and sewer management
- 4.2 Aim to minimise the impact of natural events and climate change, for example, floods, bushfires and coastal erosion
- 4.3 Facilitate development that is compatible with the natural and built environment
- 4.4 Plan for integrated transport systems that help people get around and link our communities
- 4.5 Plan for integrated and connected communities across the Port Macquarie-Hastings area
- 4.6 Restore and protect natural areas
- 4.7 Provide leadership in the development of renewable energy opportunities
- 4.8 Increase awareness of issues affecting our environment, including the preservation of flora and fauna



Item: 09.01

**Subject: ILLAROO ROAD STORMWATER REDIRECTION PROJECT
COMMUNITY ENGAGEMENT**

Presented by: Community, Planning and Environment, Melissa Watkins

Alignment with Delivery Program

4.2.1 Develop and implement coastal, estuary, floodplain, and bushfire management plans.

RECOMMENDATION

That Council:

- 1. Note the findings of the Illaroo Road Stormwater Redirection Project Engagement.**
- 2. Note the revised cost estimates for the Illaroo Stormwater Redirection Project.**
- 3. Address the long-term erosion around the two stormwater outlets off Illaroo Road as a component of the Illaroo Road Coastal Hazard Protection Options Review and Co Design.**
- 4. Address the short-term erosion hazard around the southern stormwater outlet off Illaroo Road by using dredged material from lower Cathie Creek to nourish the shoreline around the outlet utilising the existing approved dredging Development Application.**
- 5. Undertake emergency works around the existing stormwater outlet if engineering advice determines there is an imminent risk to Illaroo Road.**
- 6. Proceed to undertake the Asbestos Remediation Works to the extent that addresses immediate risk and within the available budget.**
- 7. Agree to waive the waste disposal fees (excluding the waste levy) associated with Asbestos Removal on the Illaroo Road embankment.**

Executive Summary

The Lake Cathie Coastal Zone Management Plan 2016 (CZMP) identified the two existing stormwater outlets along Illaroo Road as posing a risk for localised erosion of the shoreline profile. Council received partial funding to direct the stormwater from these two locations towards a new outlet off Bundella Avenue in 2018. The project was proposed to commence by mid-2022.

Following representations from the community both for and against the works proposed, at the Extraordinary Council Meeting on 7 March 2022 Council resolved to defer the commencement of this project until an assessment of the coastal hazard protection options along Illaroo Road had been undertaken. It was also noted that urgent community engagement on the Illaroo Road Stormwater Redirection Project was required, given the varying views within the community about the project.

Community engagement was carried out during March via a survey to impacted residents and the wider community. A total of 61 participants provided feedback via the online survey and hard copy. The engagement report and appendices outlining the full results are provided attached to this report as **Attachment 1** and **Attachment 2**.

While a majority of the directly affected residents support the proposed redirection, the broader community is split on the whether the proposed stormwater redirection should proceed. Some want to see the stormwater issue resolved as soon as possible as per the proposed alignment. Other community members would like the Lake Cathie/Bonny Hills chapter of the Coastal Management Program to include the stormwater redirection as part of the preferred coastal hazard protection option for Illaroo Road at the same time. Overall, it can be clearly seen that the community support a similar end result in that they would like to see Council take action with best practice solutions and make informed decisions supported by expert advice. They want to see the area restored to an environmentally healthy state and the long-term issue of coastal erosion resolved.

The viability of the project proceeding is further complicated by revised cost estimates which show a shortfall of over \$1,000,000 for the redirection works and additional \$172,000 - \$520,00 for asbestos remediation. If the project was to proceed as planned Council would need to contribute a minimum of 50% of this shortfall and possibly more if grant funding was not successful.

This report therefore recommends that the Stormwater Redirection project and associated long term erosion be addressed as a component of the Coastal Hazard Options Review and Co-design.

Discussion

Background

Erosion of the coastline can occur from natural coastal processes as well as scouring from stormwater being directed onto the beach. At present, stormwater infrastructure on Illaroo Road directs runoff from the surrounding catchment onto Lighthouse Beach (Lake Cathie Beach) via two stormwater outlets.

The Lake Cathie Coastal Zone Management Plan 2016 (CZMP) identified the two existing outlets as posing a risk for localised erosion of the shoreline profile. Accordingly, a detailed design was completed in 2017 to decommission the two outlets and redirect stormwater to a new outlet towards lower Cathie Creek at the far eastern end of Bundella Avenue. The CZMP stated the other stormwater outlets south of Illaroo Road cannot be effectively redirected (west into Lake Cathie).

Project Delays

Council received partial funding to complete the Illaroo Road Stormwater Redirection works on 10 September 2018. Subsequent to the funding application being made by Council, illegally dumped asbestos containing material (ACM) was identified in the area of the proposed outlet. The presence of ACM was confirmed along the embankment off the far eastern end of Bundella Avenue by GHD (2019) via a contamination assessment report. A Remedial Action Plan (RAP) was then developed by GHD (2019) to determine the most appropriate way of managing the ACM.

In addition, the due diligence Aboriginal Cultural Assessment included in the Review of Environmental Factors for the works was deemed insufficient and a detailed Aboriginal Cultural Heritage Assessment (ACHA) was required to meet the requirements of the National Parks Wildlife Act 1974.

Artefacts (middens) were identified during the ACHA which triggered an Aboriginal Heritage Impact Permit (AHIP) to undertake further initial investigation works. This phase of work involved archaeological test excavation works across the study area. The ACHA was finalised in early 2021.

In response to the March 2021 flood event, the project was postponed until November 2021. Council staff also received requests from the community for the project to avoid peak holiday periods in light of the recent hardships caused by the flood event and COVID 19 restrictions. As such, the project was postponed to commence after Easter 2022.

Community Consultation

At the Extraordinary Council Meeting held on 7 March 2022, Item 05.01 Illaroo Road, Lake Cathie Stormwater Redirection Project, Council resolved as follows:

RESOLVED: Pinson

That Council:

1. *Defer commencement of works in relation to the Illaroo Road Stormwater Redirection Project until an assessment of the coastal hazard protection options has been identified.*
2. *Request the Chief Executive Officer to facilitate an urgent briefing with Councillors to consider the coastal hazard protection options for Lake Cathie and Illaroo Road and specifically the Illaroo Road Stormwater Redirection Project.*
3. *Note that there are varying community views regarding the Illaroo Stormwater Redirection Project in particular, and that urgent community engagement on this project is required.*
4. *Request the Chief Executive Officer to undertake urgent community engagement on the Illaroo Road Stormwater Redirection Project.*

CARRIED: 9/0

FOR: Edwards, Griffiths, Intemann, Lipovac, Maltman, Pinson, Roberts, Sheppard and Slade

AGAINST: Nil

In response to the outcomes of the abovementioned items, Council undertook consultation with local residents to seek feedback on the proposed stormwater alignment. The engagement project was designed to inform the community of the proposed stormwater realignment and to involve the community so that their thoughts and concerns could be understood and considered by Council to inform the next steps in the management of the identified hazard at Lake Cathie. Local residents and the community were invited to provide feedback via a short survey (included in **Attachment 2**) from Tuesday 15 to Monday 28 March 2022. Participants were made aware of the consultation via the Council 'Have Your Say' webpage, letters were sent to 46 directly and 95 non directly affected residents and via email to key stakeholders and social media.

The consultation process also invited directly and indirectly impacted residents as well as general community to attend an information session on 27 April 2022 about both the Stormwater Redirection Project and the Coastal Hazard Protection Options Review and Co-design.

Survey Results

A total of 61 participants provided feedback via the online survey and hard copy. Of these 61 participants 24 were directly affected residents, 4 were indirectly and 29 where the General Community.

Participants were asked "Do you support the current alignment of the stormwater redirection?" to which a total of 61 participants responded. 35 responses were supportive and 26 responses did not support the proposed realignment. Of the 61 respondents who completed the survey the responses were from:

Respondents	Total responses	Breakdown
Directly affected residents	24	Supportive = 18 Not supportive = 6
Indirectly affected residents	4	Supportive = 2 Not supportive = 2
General residents	29	Supportive = 13 Not supportive = 16

Comments provided by respondents are included in **Attachment 2** and are summarised below.

Residents who support the project would like to see Council proceed with the proposed stormwater realignment because of the following reasons:

- The existing stormwater pipes have caused long term dune and coastal erosion
- Some feedback is showing that it was the best solution since 2016
- Concerned about continual coastal erosion and beach loss
- Concerned about the impact to their property and safety
- Concerned about community safety
- The delay of commencing the stormwater works
- Believe the directly impacted residents should have more say then general community
- Help with stabilisation and reduce damage
- Will reduce the impact of coastal erosion from all the scouring under the current pipes and wave action
- Redirection would improve quality of the beach
- Reality of ongoing damage to the beach outweighs any concerns about realignment
- Studies have shown stormwater drains contribute to beach erosion and should be relocated

Residents who do not support the proposed stormwater realignment have concerns about:

- Would prefer to see Council complete the Lake Cathie / Bonny Hills component of the Coastal Management Plan before proceeding with any works
- Would prefer to see Council come up with a long-term solution that considers the stormwater and the revetment wall together
- Need to consider and plan for management of the lake
- Would like Council to upgrade stormwater infrastructure and not to relocate the stormwater
- No guarantee the realignment will fix stormwater issues and worry about further coastal erosion issues
- Would like to see Council use the funding to fix lake health issues
- Concerned about water quality and access to the beach due to erosion in new location
- Concerned about pollutants and affecting water quality
- Will result in hydraulic engineering problems and more stress on the lake
- Concerned at the scouring around this concrete when the lake is open to the south
- Concerned about the construction timeframe and the negative impacts this could have on residents and accommodation businesses.

While a majority of the directly affected residents support the proposed redirection, the broader community is split on the whether the proposed stormwater redirection should proceed. Overall, it can be seen that the community support a similar end result in that they would like to see Council take action with best practice solutions and make informed decisions supported by expert advice. They want to see the area restored to an environmentally healthy state and the long-term issue of coastal erosion resolved.

Revised Cost Estimate

Currently Council has been awarded matching funding of \$360,000 under the NSW Government Coastal and Estuary Implementation Grant to undertake the stormwater diversion construction works (total project funding \$720,000). Council has also been awarded matching funding of \$60,767 under the same NSW Government Coastal and Estuary Implementation Grant to undertake the asbestos remediation around the proposed stormwater outlet (total project funding \$121,554).

A revised cost estimate to undertake the project was undertaken in late 2021 to determine current costs associated with the civil works associated with the construction of the proposed stormwater diversion and removal of Asbestos Containing Material (ACM) limited to the proposed outlet area only. The revised cost estimate for the works (including 20% contingency) was \$1,929,000. If this project is to proceed, a variation request would be need to be submitted to and approved by NSW DPE or Council would need to fund the shortfall in its entirety. Given the new value of the project a Cost Benefit Analysis may be required prior to any further funding being granted by NSW DPE.

Project	Initial Estimate	Allocated Grant funding	Allocated Council funding	Current Estimate	Shortfall
Stormwater Redirection Project	\$720,000	\$360,000	\$360,000	\$1,545,000	\$825,000
Asbestos Remediation (outlet area only)	\$122,000	\$60,000	\$60,000	\$100,000	-\$20,000
Contingency 20%				\$284,000	\$284,000
	\$842,000	\$420,000	\$420,000	\$1,929,000	1,089,000

A revised costing was also undertaken to remediate the entire area along the embankment where GHD (2019) identified ACM, referred to the GHD Report as "Stage 1".

The preferred method identified in the Remediation Action Plan (RAP) developed by GHD (2019) requires the removal of the top 500mm of material from the embankment. This translates to 1,140 tonnes of material that would need to be treated as ACM.

At current market rates, the complete restoration of this area including transportation, tip fees (\$390 per tonne) and landscaping would cost \$640,123. There is the potential to reduce the tipping fees to the current waste levy of \$84.70 per tonne. If this is possible, the overall cost to remediate this area would reduce significantly to \$292,081. This report recommends that the tipping fee be waived.

Asbestos Remediation alternatives	Initial Estimate	Allocated Grant funding	Allocated Council funding	Current Estimate	Shortfall
Entire contaminated area	\$122,000	\$60,000	\$60,000	\$640,000	\$520,000
Entire area with tip fees reduced to waste levy only	\$122,000	\$60,000	\$60,000	292,000	\$172,000



Proposed SW outlet and surrounding area containing ACM

Interim Coastal Erosion Works

Following recent weather events there is heightened community concern regarding the impact of ongoing erosion on the safety of Illaroo Road and requests for Council to implement interim measures to reduce the impact of further erosion.

Sand nourishment of this area is currently considered the most appropriate and cost effective short term option. The timing of this replenishment work would be best done utilising the Development Consent for dredging of lower Cathie Creek. However, this consent requires the lake to be closed for this work to be carried out and Council must have a Crown Licence which is anticipated to be received within days.

Dredging undertaken by Council in lower Cathie Creek in 2018 cost \$350,000. Given the estimated costs the procurement pathway will be via formal tender. The tender procurement process will commence once Council receives a Crown Licence and licence conditions are known. It is expected the tender process will take at least two months depending on the tender period.

Preliminary inspections of the erosion around the southern stormwater outlet by Council infrastructure staff has confirmed that Illaroo Road remains to be safe to use. Geotechnical investigations to confirm the roads stability have been commissioned and results are expected in the coming weeks. If conditions change and the infrastructure is identified as being at imminent risk, emergency stormwater drainage works can be implemented within a short timeframe using Section 191A of the Local Government Act.

Summary

The community engagement has highlighted the concerns that the community have in relation to whether the project proceeds or does not. The revised cost estimates further complicate the viability of the project moving forward in a timely manner and makes a stronger case to incorporate the project into the Coastal Hazard Options Review and Co-design process.

If the project proceeds as previously planned under the current NSW Department of Planning and Environment approved workplan, the following implications must be considered:

- The project is required to be completed by 30 November 2022. Construction works are likely to take approximately six months, therefore an extension

variation would be required, given the procurement process to undertake the works has not commenced.

- A cost variation is required to be submitted and approved by NSW Department of Planning and Environment (DPE) which may require a Cost Benefit Analysis, or further funding would need to be provided by Council.
- The lake needs to be closed to undertake the works for safety reasons and to access the sand associated with the ACM remediation works if insufficient volumes are located on the berm on the southern side of the current entrance.

If the Illaroo Road Stormwater Redirection project is deferred and incorporated into the Illaroo Road Coastal Hazard Protections Options Review and Co-design project, the following implications must be considered:

- The stormwater re-direction could be incorporated into the preferred coastal hazard protection option and captured in the CMP. The preferred coastal hazard protection option is expected to be determined in August 2022.
 - Projects under the CMP would attract additional funding at 2:1 (compared with 1:1 funding under the CZMP).
 - The CMP will not likely be certified by the Minister until 2024/2025.
- The stormwater re-direction could be incorporated into the preferred coastal hazard protection option and captured in the current Lake Cathie CZMP. This is expected to be determined in August 2022.
 - Projects under the CZMP only attract funding of 1:1
 - The CZMP expires in December 2023. Works would need to be completed by this date.
 - A significant financial variation would be required (>\$1,000,000) based on updated cost estimates which may require a Cost Benefit Analysis.
 - DPE would need to approve the both the financial and scope variation. In the last approved variation for this project on 3/11/21, DPE indicated that additional timeline extensions would not be granted beyond 30 November 2022.
- Short term interim works could be undertaken around the two existing stormwater outlets to address the current impacts coastal erosion processes have caused. Using approved DA2013.151.2, dredged material could be used to nourish the shoreline adjacent to Illaroo Road to provide infrastructure with additional protection against coastal hazards. As noted previously, the above works are dependent on the entrance to the lake (ie Lower Cathie Creek) being closed to the ocean. In addition, this work requires a Crown Lands Licence. As of 21 April 2022 a Crown Licence had not been provided. Advice was provided by Crown Lands staff on this date that Council may receive a licence in the next week. The tender procurement process will commence once a Crown Lands Licence is received and is likely to take at least 2 months depending on the tender period.
- Emergency works using Councils powers under Section 191A of the Local Government Act 1993 could be undertaken if conditions around the stormwater outlets deteriorate and infrastructure is at imminent risk.

Options

This report is provided for information of Council to assist in the consideration of the future of the Illaroo Road Stormwater Redirection project.

Options for the Illaroo Road Stormwater Redirection project include that Council may resolve to:

- Proceed with the project as previously planned which will include the need to apply for a significant funding variation outside the guidelines of the grant program, or for the additional funds to be provided by Council; or
- Incorporate the Illaroo Road Stormwater Redirection project into the Illaroo Road Coastal Hazard Protections Options Review and Co-design project. The long-term management of erosion associated with the stormwater outlets will be captured in the identified preferred coastal hazard protection option to be implemented under the CMP.
- Note that if the project does not proceed, short-term management of erosion associated with the stormwater outlets could be addressed by sand nourishment using Development Application (DA2013.151.2) that allows Council to dredge lower Cathie Creek and use the dredged material to nourish the shoreline adjacent to Illaroo Road.
- Continue or postpone the Asbestos Remediation Works until the Coastal Hazard Option is known.

Community Engagement and Internal Consultation

Following the community survey outlined in this report, the progress of this project and results of the survey were included in a Councillor Briefing held on 14 April 2022.

Council is also hosting an information session on 27 April 2022 with the Lake Cathie community to discuss the Illaroo Road Coastal Hazard Protection Options Review & Co-Design process and will also provide an update on the Illaroo Road Stormwater Redirection.

Internal consultation has occurred between the Natural Resource Management Team and the Engagement Team to develop and implement the survey. Input from the Community Infrastructure team has also been fundamental in determining costings and appropriate interim measures to address short term erosion and determine the risk and impact on Illaroo Road.

Discussions have also been required with the Waste Team in relation the possibility of reducing waste disposal fees for the asbestos remediation.

Planning and Policy Implications

There are no planning and policy implications in relation to the Engagement Report itself however a decision on the integration of the Stormwater Redirection Project into the coastal hazard protection options co-design project will result in the project being included in the Coastal Management Program.



Financial and Economic Implications

As detailed in the report the revised cost estimates show a shortfall in project funding of \$1,089,000. Up to an additional \$520,000 could be incurred if the Asbestos Containing Material is removed from the entire contaminated area.

The total Asbestos remediation costs are largely due to the fees for disposal of the contaminated soil removed. As these are internal charges it is recommended that only the waste levy (currently \$84.70/tonne) be charged to the job which will enable the project to be achieved within the budget currently allocated to the stormwater diversion works, rather than needing to find additional Council funding.

Delaying the Stormwater redirection project may require forfeiting current funding of up to \$420,000 allocated by DPE, however incorporating the project into the CMP will likely result in significant cost efficiencies and would attract 2:1 funding as opposed to 1:1 funding under the CZMP. It is possible that a portion of DPE funding can be retained, as well as budget currently allocated by Council, to undertake interim works to address the erosion occurring at the southern stormwater outlet, and to undertake asbestos remediation of the embankment.

Attachments

1.  Illaroo Road Coastal Hazard Protection Options Review & Stormwater Redirection Works Community Engagement Report
2.  Illaroo Road Coastal Hazard Protection Options Review & Stormwater Redirection Works Community Engagement Report - Appendices