

IP&R Community Presentation and Livestream

May 2026



Acknowledgement of Country

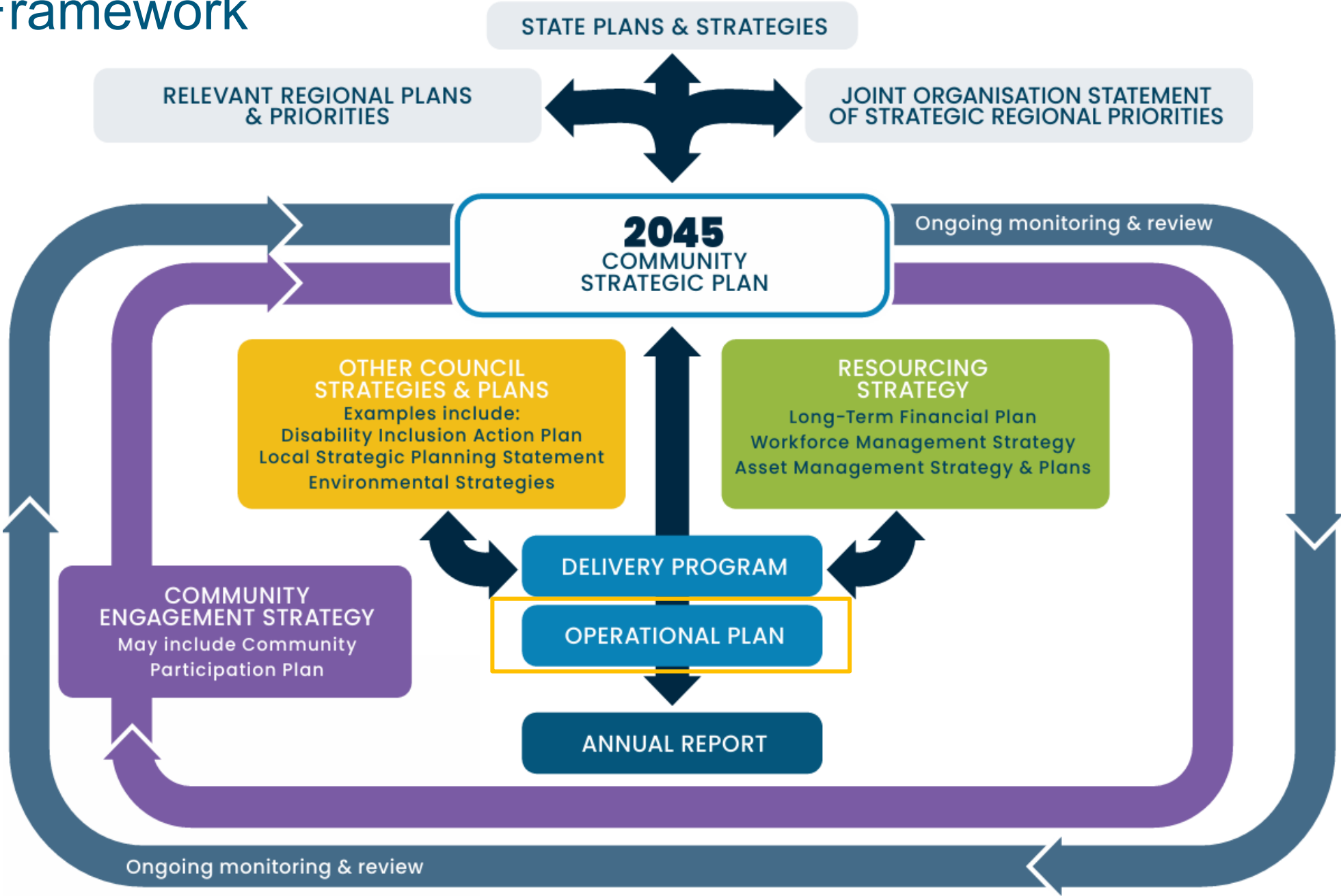


Kempsey Shire Council acknowledges the land of the Thunggutti / Dunghutti Nation. We pay respect to Elders past and present. We acknowledge the role of emerging leaders to continue to guide us in the future. We acknowledge the Stolen Generations and the need to change practices to be inclusive. This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



Introduction to 2026-27 Operational Plan

IP&R Framework



4-Year Term / Overview



2026-27 draft suite of IP&R documents



Appendix 1: Detailed operational plan table with performance measures

Appendix 2: Capital Works Projects >\$50,000



Our Challenges

Special Rate Variation



Stable Services & Infrastructure Investment



Financial Risks facing Council

Day to day Cost increases

Day-to-day costs are rising faster than income in the general fund which accounts for most Council services except Water and Sewer

Waste Regulations and Costs

Waste services are becoming more expensive due to regulation and the cost of upgrading facilities

Project Cost Escalations

Replacing roads, buildings and other assets now costs much more than in the past.

Major Water and Sewer Projects

Major water and sewerage projects are large and complex, with some risk of costs increasing.

Natural Disaster Impacts

Natural disasters disrupt services and add to repair, maintenance and asset replacement backlog.

Geopolitical uncertainty

Geopolitical uncertainty poses risks to supply and construction costs affecting project timing and affordability

2026-27 Capital Budget reductions

- The draft LTFP capital expenditure program was originally \$169M
- From a delivery capacity perspective, this represented an unacceptably high level of risk
- Combined with potential supply chain uncertainty and market affordability pressures due to geopolitical events a decision was made to change the original draft capital budget
- The revised draft capital program has been reduced to \$63M, a reduction of \$106M.

\$169M

Original Draft 2026-27
Capital Budget


-\$106M

\$63M

Revised Draft 2026-27
Capital Budget

Quarterly Budget Reviews

The Local Government Act provides for three annual budget reviews, enabling Council to report on performance and adjust capital spending in response to changing costs, ensuring financially responsible decisions.

2026-27 Budget

The story in the Long-Term Financial Plan (LTFP) - the next ten years

General Fund (includes Waste services)

- Even after the final approved rate increase, the LTFP shows ongoing shortfalls over the next 10 years
- This is mainly because costs are rising faster than income and asset replacement is more expensive
- The rate increases approved through the SRV were \$4.5M less than we required to generate a small surplus
- Council has to find ways to reduce expenditure or increase other revenue streams
- \$1.9M in ongoing savings and \$1.6M in one off costs have already been found.
- A program is in place to find the remaining savings and this will be explained later
- Waste services are becoming more costly, and waste charges will increase next year to keep the service sustainable.

Key numbers in the Long-term financial plan

General Fund (includes Waste services)

- General rates increase by the final 7.5% approved rate rise, plus the 3.1% annual rate peg
- Waste charges increase by around 30% to better match service costs and similar council's
- A total \$26M shortfall is forecast over 10 years - meaning around \$3M per year in ongoing savings is required
- About \$70M in overdue asset renewals needs to be addressed over 10 years
- New loans of around \$127M support asset backlogs and key capital works
- \$106M of capital works were deferred from the original 2026-27 plan to reduce risk

The story in the Long-term financial plan (the next ten years)

Water Fund

- Water income is sufficient to cover operating costs and service loan repayments over the long term
- Loans and grants support major projects like the Steuart McIntyre Dam and Crescent Head Water Treatment Plant (total cost around \$75M)
- As with all major projects, escalating construction costs are the primary financial risk, particularly when compounded by extended delivery timelines
- A variety of mitigation strategies are available to support effective project delivery.

Sewer Fund

- Income covers operating costs for the next five years
- Deficits then occur due to borrowing needed to fund major sewer projects
- From the mid-2030s, the position improves and the fund gradually moves back toward surplus. But surpluses only expected sometime after year 10 (2035-36)
- Major investments include the Stuarts Point Sewer Scheme and Central Kempsey Sewer Treatment Plant (about \$250 million)
- As with all major projects, escalating construction costs are the primary financial risk, particularly when compounded by extended delivery timelines
- A variety of mitigation strategies are available to support effective project delivery.

Key numbers in the Long-term financial plan

Water Fund

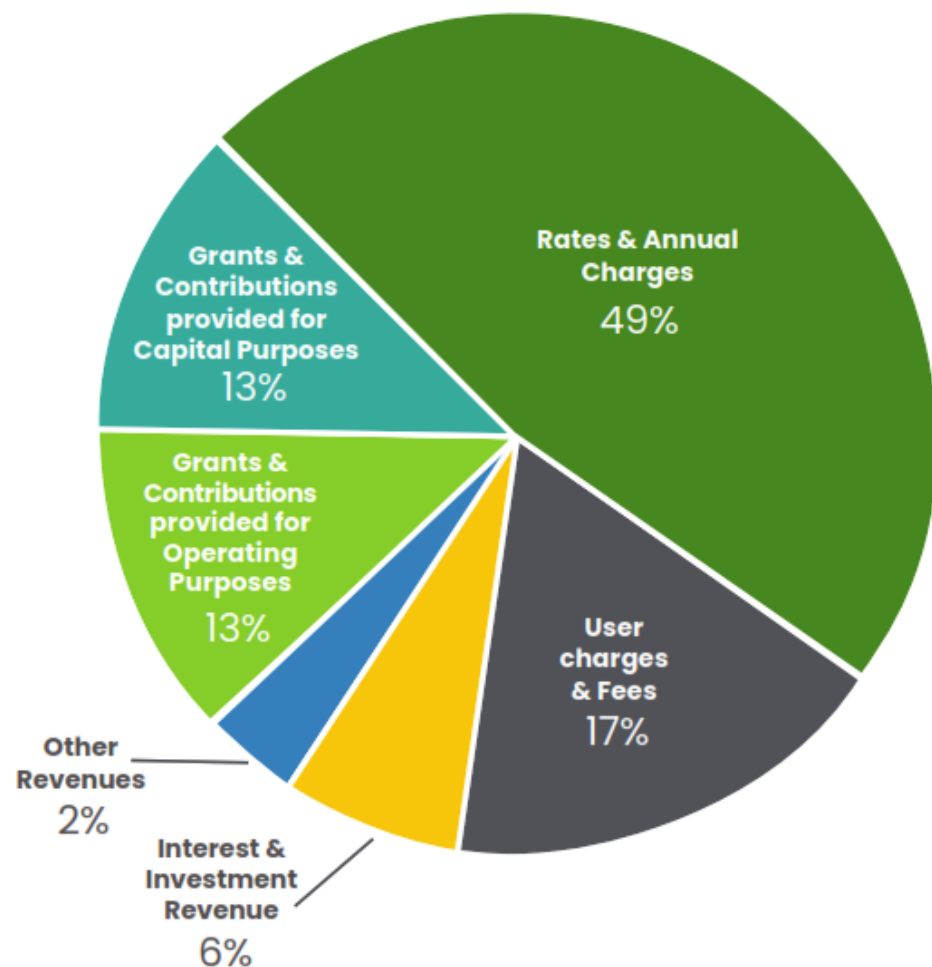
- Small total surplus of around \$6M over the next 10 years.
 - Medium size capital program of about \$93M over that time.
 - Funded by \$10M in new loans, \$39M in grants and \$44M in cash
-

Sewer Fund

- Small total surplus of around \$9M over the next 10 years.
- Very large capital program of about \$284M over that time.
- Funded by \$125M in new loans, \$92M in grants and \$67M in cash and cash reserves.

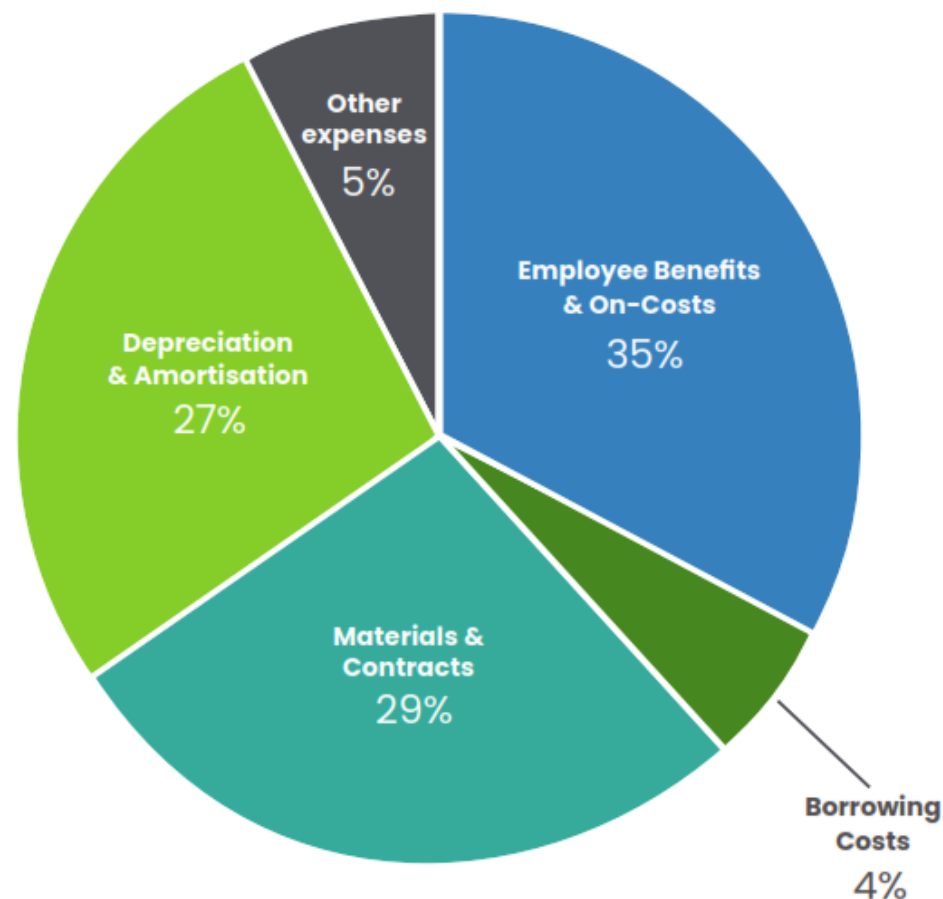
REVENUE FORECAST

This graph shows how Council anticipates receiving income including Rates and Annual Charges (\$65.9M), Grants and Contributions, (\$18M for Operating Projects and \$17.7M for Capital Projects).



EXPENDITURE FORECAST

The graph shows the key costs Council expects for the year including Employee Benefits and On-Costs (\$38M), Materials and Contracts (\$32M) and Depreciation and Amortisation (\$28.9M).



New Projects for 2026-27

New projects starting in 2026-27

Environment

Enhancing And Protecting Our Natural And Built Environment

- Deliver the Community Infrastructure Strategy review
- Deliver the Kundabung Feasibility Study
- Prepare a Heritage Strategy
- Sherwood Environmental Airport Precinct sewerage upgrades
- Installation of flood mitigation monitoring cameras at Toorooka and Temagog

Economy

Growing And Developing Kempsey Shire's Prosperous Economy

- Finalise and secure the future management and operation of the Macleay Valley Coast Holiday Parks beyond 30 June 2027
- Parking Action Plan for coastal settlements

Community

Creating And Celebrating A Supportive, Connected Community

- Mattys Flat reserve and boat ramp upgrade design
- Replacement of Belgrave Street, Kempsey and SWR CBD public toilet facilities
- Support the work of the Sport4All Inclusion Coach to improve inclusivity within local sports clubs and schools
- Investigation and negotiation of the purchase of land in South West Rocks for future sporting fields

Leadership

Valued, Knowledgeable And Responsive Leadership That Engages And Inspires The Community

- Deliver the Biennial Community Satisfaction Survey

Projects by Place

Combined both operational and capital projects



Kempsey Projects

- Belgrave Street Public Toilet Replacement
- West Kempsey Tennis Club Masterplan
- Verge and Eden Street Pavilions
- Revitalise Train Station Project
- Riverside Finger Wharf replacement project
- Central Kempsey wastewater treatment plant and the connection of the Frederickton and South Kempsey sewerage schemes to this plant
- Sherwood Environmental Airport precinct sewerage upgrades
- Steuart McIntyre Dam water treatment plant
- Kempsey Airport including construction on airport runway resurfacing, lighting and drainage project
- Upgrade of Frederickton Cemetery

South West Rocks Projects

- Replacement of CBD Public Toilets
- Implement key actions in the South West Rocks Horseshoe Bay Master Plan / commence carpark construction
- Muluman Trail (Five Headlands) completion of segments of upgraded trail between Mattys Flat and Smoky Cape Campground
- Parking Action Plan for coastal settlements
- Investigation and negotiation of the purchase of land in South West Rocks for future sporting fields





Stuarts Point Projects

- Stuarts Point Sewerage Scheme
- Kinki Cemetery Columbarium Wall

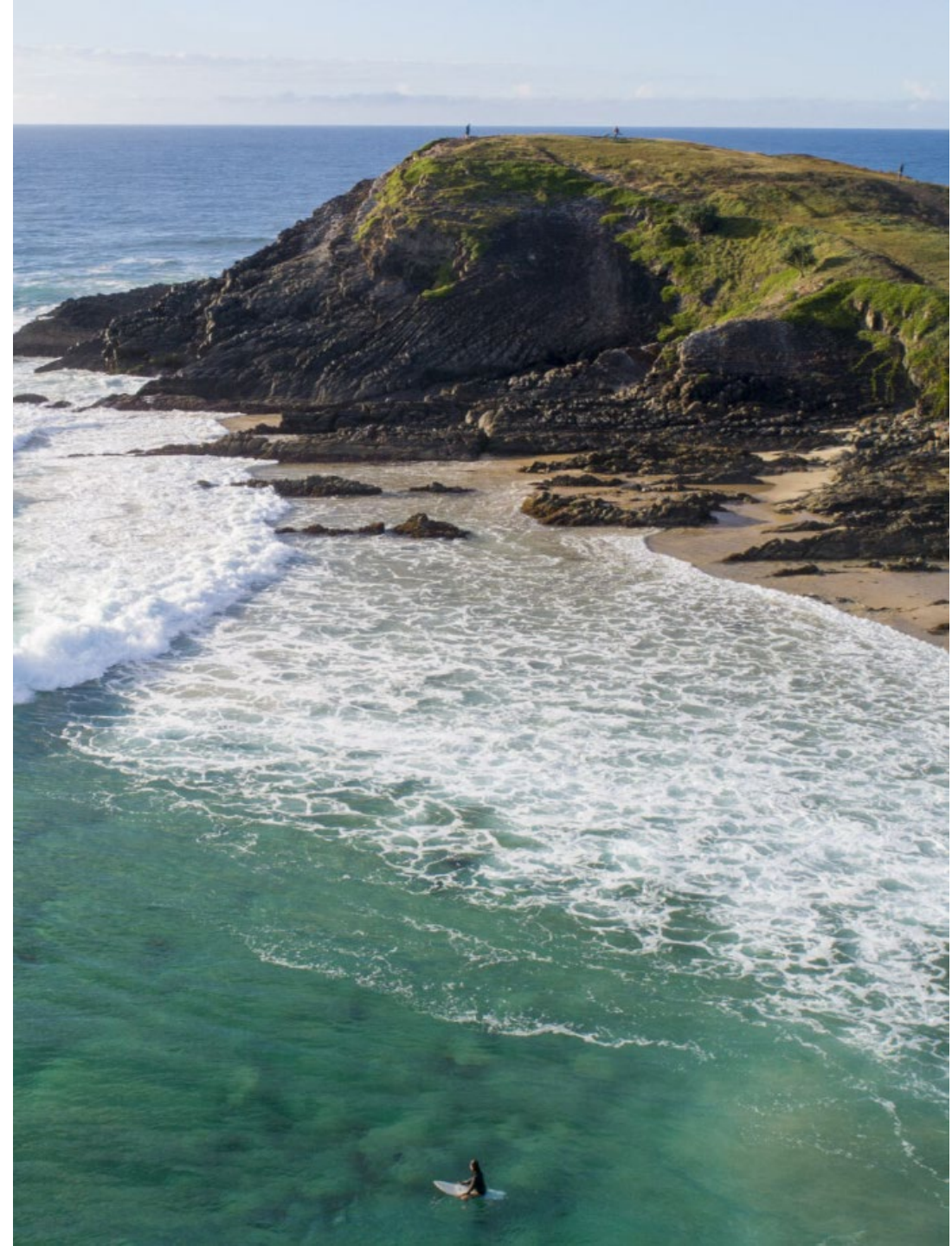
Stuarts Point Sewerage Scheme Project Timeline



Stuarts Point Sewerage Scheme - Kempsey Shire Council working
with the Macleay Valley community

Crescent Head Projects

- Refurbished surfside amenities and completion of Area 8 Cabins at Crescent Head Holiday Park
- New Crescent Head Water Treatment Plant
- Lloyd Park Revitalisation Project
- Parking Action Plan for coastal settlements
- Remediation of contaminated land at the Crescent Head foreshore as the first stage of works for the Crescent Head Foreshore Master Plan



Making a submission

Documents on Public Exhibition



**Public Exhibition
Closes
Monday, 1 June 2026**

Fact Sheets available



How to make a submission



Online via **Your Say Macleay**
ksc.pub/draft-operational-plan-2026-27



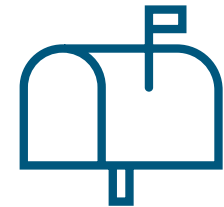
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In writing

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WEST KEMPSEY NSW 2440

What's next

Closing the deficit gap

Find \$3M in ongoing savings

There are a range of initiatives in the Financial Sustainability program, but the main change next year will be to:

- Target setting for budgets, senior leaders responsible for meeting targets and driving financial accountability to deliver their operational plan objectives
- Focusing on controlling contracts, consultants, materials and understanding staff resourcing capabilities and capacity to deliver objectives
- More consistent policy enforcement and monitoring to contain and reduce costs, including stores, overtime, training and conferences

Questions



kempsey.nsw.gov.au