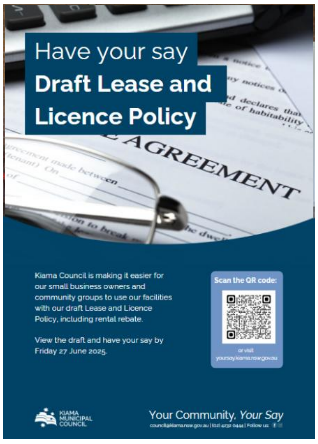
KIAMA MUNICIPAL COUNCIL
your council, your community

# Public Exhibition Engagement Report
## Draft Lease and Licence Policy

**Kiama Council owns a variety of community facilities designed to meet the different needs of its residents.**




Having a more user-friendly set of guidelines for people wanting to access these halls, sportsgrounds, parks and other facilities will benefit everyone in our community.

The draft policy lays out the purpose of the facilities, lease and licence categories, terms, responsibilities, rental charges and processes. It incorporates what type of tenants can lease a facility, the criteria for establishing a lease or licence. Importantly, the policy provides clearer terms and conditions for rental rebates.

This report summarises the community and stakeholder feedback received during the public exhibition period.

### Public exhibition period
Friday 30 May - Friday 27 June 2025.

### Promotional activities
Dedicated Your Say Page | Media release | Monthly newsletter (917 opens) | Social media posts (4 x 887 reach) | Posters distributed across the municipality | Two community pop-ups.

### How community got involved

| | | | | | |
|---|---|---|---|---|---|
| **98** | **917** | **1** | **887** | **10+** | **4** |
| website visitors | e-newsletter opens | media release | social media reach | pop-up interactions | submissions received |

### What we heard
Of the submission received 3 submissions supported the policy, 6 were unsure and 4 did not support the policy. Concerns were financial impact, compliance and reporting, policy clarity & consistency, accessibility, legal and administrative matter.

### Outcome
The draft has been updated where applicable. Please refer to the summary table for more details.

### What's next
Once adopted by Council, the Policy will set out the criteria for establishing a lease or licence on council owned facilities or Council owned and managed land, including Crown Land. It also sets out the rental rebate proposed under each tenant category.

## Summary table of feedback received and staff responses

### Financial Impact

| Feedback received | Response | Outcome |
|---|---|---|
| Introduction of *market rent* (even discounted) would cause financial hardship for small community and not-for-profit (NFP) organisations. | Noted | Valuations will only be undertaken for Category 6 and 7 |
| Rent increases such as *CPI or 5% (whichever is higher)* are excessive for volunteer-run groups. | Noted | Rent increases for Category 1, 2 and 5 will be by Council's endorsed Fees & Charges annually. Rent increases by CPI or 5% (whichever is higher) will be for Category 6 and7. |
| Rent-setting methodology is unclear and will make some organisations unviable. | Noted | Rent for Category 1,2 & 5 will be set by Council's endorsed Fees & Charges annually. Rent for Category 6 and7 will be market valuation. |
| Current *peppercorn rental* arrangements should remain for genuine community service providers. | Noted<br>Peppercorn rentals are no longer viable for Council & are being phased out. | As per Councils Fees & Charges schedule, "Leases and Licences to Local Based Community, Sporting, Charitable and Not-For Profit Groups On Community Land and Council Managed Crown Land" annual rent for lease or Licence of Council Property is currently $578pa including GST. |
| Policy prioritises revenue generation over community access and affordability. | Consideration has been made & confirm clear separation between Category 1,2 &5 remain community & 6 + 7 commercial and 8 residential. | Rental for Category 1,2 & 5 will be set by Council's endorsed Fees & Charges annually. |

### Compliance & Reporting

| Feedback received | Response | Outcome |
|---|---|---|
| Requirement for annual audited financial reports is too onerous and costly for small NFPs. | Agreed. | Policy changed to the following:<br>*Category 1 and 2 will be required to provide Council with either a Profit and Loss Statement or copy of financial statement submitted to Fair Trading NSW. This needs to be provided to Council by 30 September each year.*<br>*Category 3 will be required to provide Council with their* ***audited annual financial reports*** *by 30 September each year.* |
| Audits should only apply to *medium and large entities* as per ACNC/ATO definitions. | Agreed | Policy changed to the following:<br>*Category 1 and 2 will be required to provide Council with either a Profit and Loss Statement or copy of financial statement submitted to Fair Trading NSW. This needs to be provided to Council by 30 September each year.*<br>*Category 3 will be required to provide Council with their* ***audited annual financial reports*** *by 30 September each year.* |
| Excessive reporting will strain both community groups and Council resources. | Agreed | Policy changed to the following:<br>*Category 1 and 2 will be required to provide Council with either a Profit and Loss Statement or copy of financial statement submitted to Fair Trading NSW. This needs to be provided to Council by 30 September each year.*<br>*Category 3 will be required to provide Council with their* ***audited annual financial reports*** *by 30 September each year.* |
| The proposed annual survey and lease renewal reporting process is too burdensome for small volunteer groups. | Annual Surveys will assist both parties to alleviate issues and concerns. The surveys will be short and available online.<br>The lease renewal process is open and transparent. | No changes to the Policy related to this submission |

### Policy Clarity & Consistency

| Feedback received | Response | Outcome |
|---|---|---|
| Unclear whether policy applies to Council-owned buildings vs Crown Land. | Noted. Policy updated to include definition of Crown Land | Policy updated in definitions with Crown Land managed by Council - Land which Council has been appointed as Crown Land Manager. Council assumes responsibility for managing that land in accordance with both the *Crown Land Management Act 2016* and the *Local Government Act 1993*. |
| Missing references (e.g. *Schedule 1* Maintenance Schedule Example not attached). | Noted | Draft Maintenance Schedule now attached. Maintenance schedules will be amended on a case-by-case basis to each Lease and Licence Agreements |
| Unclear definitions for maintenance responsibilities, lease terms, and development obligations. | Noted. Policy updated to include definitions for maintenance responsibilities, lease terms and development obligations. | These definitions have been added to the Policy – *Maintenance Responsibilities* – Maintenance responsibilities refer to the duties involved in keeping facilities, equipment, and systems functional, safe, and efficient through regular upkeep, repairs, and compliance activities. *Lease Term* - A lease term is the non-cancellable period during which a lessee has the right to use an asset, plus any additional periods covered by extension or termination options that the lessee is reasonably certain to exercise or not exercise. *Development Obligations* - refers to the lessee's legally binding duties to undertake, complete, and potentially fund specific development works on the leased property within agreed timeframes and standards and has prior approval by Council. |

### Accessibility

| Feedback received | Response | |
|---|---|---|
| Concern that the focus on "economic" return will reduce community access to assets. | Noted - a further section has been added to the Policy to ensure equitable access, maximisation for community benefit, and supports efficient use of public assets. | A further section has been added to the Policy - 16. *Optimising Use of Council Property* Where an existing tenant holds exclusive use of a Council-managed property but is not utilising the premises to its full potential, Council reserves the right to assess alternative or complementary uses. If deemed appropriate, Council may initiate discussions with other community organisations offering similar or compatible services to explore co-tenancy or shared use arrangements. This ensures equitable access, maximises community benefit, and supports efficient use of public assets. |
| Need clearer distinction between *profit-generating* and *community* assets. | Community facilities are categorised under tenant type 1, 2 and 5. Profit generating asset are categorised under tenant type 6 and 7 | Examples of Community assets and profit generating assets have been added to the Policy at Table 1. |
| Community access should be prioritised even if Council bears financial cost. | Community access is prioritised in Community categorised buildings, not in Commercial properties. | Noted |
| Request to amend Vision Statement and Guiding Principles to better reflect affordability and community benefit. | Noted further statements added to Vision and Guiding Principles to reflect affordability and community benefit. | Added to *Vision Statement-* Facilities are provided to enable equitable, transparent, and community-focused access to council-managed land and facilities through lease and licence arrangements that prioritise affordability, inclusion, and long-term public benefit. Added to *Guiding Principles – Economic* - Apply concessional rental frameworks for eligible community groups, including tiered pricing based on financial capacity and service impact. *Multiple Use –* Promote access to facilities by diverse groups, including Aboriginal organisations, youth services, disability support providers, and culturally diverse communities. Encourage shared use models, co-tenancy, and partnerships that maximise facility utilisation and reduce duplication. |

### Legal & Administrative Duties

| Feedback received | Response | Outcome |
|---|---|---|
| Expectation that Council should cover or share legal costs for preparing agreements, particularly for small NFPs. | Noted - Council can offer in house Lease / Licence preparation for Category 1, 2 and 5 Tenants. Commercial agreements, each party responsible for own legal costs. | Council can offer in house Lease / Licence preparation for Category 1, 2 and 5 Tenants. It will then be at the tenant/s discretion to seek legal advice on the agreements. |
| 21-year lease limit may disadvantage long-term community tenants (e.g. sporting clubs). | The Local Government Act and Crown Land Management Act only support 21 lease terms. UP to 30 years can be considered however this is at the discretion of the Minister for Local Government. | Noted |
| Policy may discourage community groups from applying due to complex compliance and uncertain rent outcomes. | Noted. | See outcome changes above to ensure community groups are encouraged to apply. |

KIAMA MUNICIPAL COUNCIL
your council, your community

# Lease and Licence Policy including rental rebate

| | |
|---|---|
| Policy Owner | Manager Property & Recreation |
| Department | Infrastructure and Liveability |
| Date endorsed | TBA |
| Next review date | TBA |
| TRIM reference | 25/96258 |



## Contents



RESPECT • INTEGRITY • INNOVATION • TEAMWORK • EXCELLENCE •

## Policy statement/Objectives

To provide a clear, consistent and equitable approach to long term leasing, licensing and management of Council owned facilities and land.

Kiama Municipal Council provides a wide range of community facilities which help meet the diverse needs of its residents. It also owns, manages and leases land and buildings to provide these community facilities, and serve a commercial return.

This policy sets out the way community facilities, commercial buildings and residential properties may be leased and licensed by individuals, organisations and businesses. It provides direction on lease and licence terms, responsibilities and rental charges, as well as the process for offering new leases and licences.

## Vision

The following vision reflects what is most important to the community for the future use and management of facilities in the Kiama Local Government Area. Council provides and supports a network of affordable and well-maintained facilities which form the active hearts of local communities. Facilities are provided to enable equitable, transparent, and community-focused access to council-managed land and facilities through lease and licence arrangements that prioritise affordability, inclusion, and long-term public benefit.

## Guiding principles

Sustainability

- Leasing and licensing should contribute to quadruple bottom line outcomes.

Social

- Leases and licences should provide benefits to the community and must:
  - meet a demonstrated community need,
  - provide equitable and fair use of Council facilities, and
  - be consistent with Council's adopted ethical business policies and resolutions.

Environmental

- Lease and licences should support environmental sustainability to improve environmental performance such as installation of solar, energy and water efficiency devices and implementation of waste minimisation strategies, and

Economic

- Leases and licences must contribute positive economic outcomes for Council and the community and ensure maintenance of Council's facilities during the term of the lease/licence require payment of fair and reasonable rent.

- Leases and licenses should support not-for-profit organisations providing community services.
- Apply concessional rental frameworks for eligible community groups, including tiered pricing based on financial capacity and service impact.

Governance

- To maintain good governance, leases and licences must be managed to ensure: consistency and transparency in granting leases/licenses through a fair, transparent, and accountable leasing and licencing process, and compliance with applicable laws.

Multiple-use

- That Council encourage multiple and optimum use of its existing community buildings.
- Preference is to be given to the multiple occupations of buildings over one exclusive occupation.
- Promote access to facilities by diverse groups, including Aboriginal organisations, youth services, disability support providers, and culturally diverse communities.
- Encourage shared use models, co-tenancy, and partnerships that maximise facility utilisation and reduce duplication.

## Scope

This Policy applies to:

1. Community facilities and/or land which Council provides to help serve community needs.
2. Commercial buildings and/or land which Council owns or manages to deliver a financial benefit to Council.
3. Residential properties which Council owns.

For the purposes of this Policy, community facilities may include:

- Arts and cultural facilities
- Childcare facilities
- Community centres
- Community halls
- Sportsground buildings and facilities
- Tennis facilities
- Youth centres
- Surf life saving clubs.

This Policy **does not** apply to:

- Seasonal hire or short-term arrangements under 12 months
- Community facilities which are managed by staff or Section 355 committees
- Licences for exploration, land access and monitoring under the Mining Act 1992 (NSW)
- Consents for roads under the *Roads Act 1993* (NSW).

## References

- Aboriginal Land Rights Act 1983 (NSW)
- Conveyancing Act 1919 (NSW)

- Crown Land Management Act 2016 (NSW)
- Crown Land Management Regulation 2018 (NSW)
- Local Government Act 1993 (NSW)
- Local Government (General) Regulation 2021 (NSW)
- Native Title Act 1993 (Cth)
- Native Title (New South Wales) Act 1994 (NSW)
- Real Property Act 1900 (NSW)
- Residential Tenancies Act 2010 (NSW)
- Retail Leases Act 1994 (NSW)
- Roads Act 1993 (NSW)
- State Records Act 1998 (NSW)
- Telecommunications Act 1997 (Cth) Work Health and Safety Act 2011 (NSW)
- Public Land Management Policy
- Environmental Planning & Assessment Act 1979
- Kiama LEP 2011
- Kiama DCP 2020
- Plan of Management
- SEPP (Exempt & Complying)
- SEPP (Infrastructure)
- Code of conduct
- Complaints Handling Policy
- Complaints Handling Procedure
- Hardship Policy

## Consultations

- Management Leadership Team
- Executive Leadership Team
- Governance Team

## Definitions

| Term | Definition |
|---|---|
| Approvals | relating to NSW Local Government Act and NSW Environmental Planning & Assessment Act . |
| Consents | permission in writing to undertake something on Council's land or buildings |
| Expression of Interest (EOI) | refers to a transparent public process seeking written interest from individuals or operators to conduct a use or activity on approved public places under an agreement |

| Term | Definition |
|---|---|
| Community Land | means Council owned land must be classified as either Community Land or Operational Land under the Act. Conditions that apply to Community Land are:<br>• Community Land cannot be sold cannot be leased, licensed or have any other estate granted over the land for more than 21 years<br>• a plan of management must be prepared or applied.<br>All Community Land must be categorised in accordance with the Act. The categories are:<br>• park<br>• sportsground<br>• general community use<br>• area of cultural significance<br>• natural area |
| | Land categorised as natural area is to be further categorised as one or more of the following:<br>• bushland<br>• wetland<br>• watercourse<br>• foreshore<br>• escarpment. |
| Crown Land managed by Council | Land which Council has been appointed as Crown Land Manager. Council assumes responsibility for managing that land in accordance with both the *Crown Land Management Act 2016* and the *Local Government Act 1993.* |
| Development Obligations | refers to the lessee's legally binding duties to undertake, complete, and potentially fund specific development works on the leased property within agreed timeframes and standards and has prior approval by Council. |
| Deed of Agreement | is a type of legal instrument that expresses a party's pledge to accomplish something between themselves and another party or council. |
| Facility maintenance | means regular day-to-day work necessary to keep an asset safe, and operational, and to achieve its optimum life expectancy. Examples of facility maintenance include painting, glazing, replacing light globes and fittings, air conditioning repairs, tap seal repairs and cleaning gutters. |
| Facility renewal | means capital works which return an asset to its 'as new' condition and/or restore it to its original life expectancy. This includes renewal of related infrastructure such as pathways, retaining walls and drainage. |
| Facility upgrade | means capital works carried out to provide a higher level of service of an asset. |
| Fees & Charges | means those fees and charges which Council publishes annually. |

| Term | Definition |
|---|---|
| Land rates | means all local government rates, levies and other charges imposed in relation to the leased premises and/or the tenant's use of the land. Land rates exclude charges for the removal of waste. |
| Land-only lease | means a lease or licence over Council owned land on which a building or facility constructed by the lessee or licensee is located |
| Lease | means the exclusive right to use land and/or facilities for an agreed purpose and term. Similar meaning applies to Leased, Leasing, Leases. |
| Lease Term | A lease term is the non-cancellable period during which a lessee has the right to use an asset, plus any additional periods covered by extension or termination options that the lessee is reasonably certain to exercise or not exercise. |
| Licence | means the generally non-exclusive right to use land and/or facilities for an agreed purpose and term, in consultation with all relevant stakeholders. Similar meaning applies to licensing and licensed. |
| Maintenance Responsibilities | Maintenance responsibilities refer to the duties involved in keeping facilities, equipment, and systems functional, safe, and efficient through regular upkeep, repairs, and compliance activities. |
| Market rent | means the rent paid for leasing or licensing a facility on the private market as determined by an independent valuer. |
| Market rent appraisal | means an estimate of market rent based on an assessment of comparable properties in the current market. |
| Market valuation | means a valuation of market rent provided by an appropriately qualified and experienced professional independent to Council. |
| Memorandum of Understanding | is a formal agreement between two or more parties that outlines their intentions and expectations regarding a mutual collaboration or interest. |
| Minister | means the Minister having responsibility for the administration of the Act or such other Minister of the Crown or an authority to whom responsibility for a Lease or Licence may at any time be given. |
| Permit | Official document that allows you to do something. |
| Operational Land | means Council owned land must be classified as either Community Land or Operational Land under the Act. Operational Land has no special management restrictions other than those that may apply to any piece of land such as zoning. Operational Land does not require a plan of management. |
| Residential building | means a Council owned building Leased under the *Residential Tenancies Act 2010* (NSW). |
| Sportsground buildings and facilities | means a clubroom, grandstand, change room, kiosk, sports field, sports court or other building or works associated with a sportsground and primarily used to support recreation and leisure activities. |
| Structural repairs | means repair works that Council considers are essential to maintain the basic functions of stability and weather resistance in the floors, walls and roofs of a building. This includes repairs and replacements to the footings and foundations, columns, beams, joists, bearing walls, perimeter walls and floor slab and roof structure of the building. |

| Term | Definition |
|---|---|
| the Act | means the Local Government Act 1993 (NSW). |
| Utility service account | means an account for electricity, gas, telephone and internet services, as well as water usage. |
| Wider community services | means services or programs available to all Kiama residents and community members, beyond the specific members of an organisation or group. |
| Tender | means the process described by section 55 of the Local Government Act 1993 and Part 7 of the Local Government Regulation 2021 |
| Temporary licence | Less than or equal to 12 months in duration.<br>Includes Licences issued under S2.20 of the Crown Lands Management Act 2016 where Council is Crown Land Manager |



## Variation and review

Council reserves the right to review, vary or revoke this, Policy.

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document.

Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a KMC department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact.

**Review history**

| Date reviewed | Date adopted / endorsed | Brief detail of amendments |
|---|---|---|
| | | New policy |

## POLICY

### 1. Purpose of facilities

The following statements support the structure of this policy:

Kiama Municipal Council provides community facilities to encourage:

(a) activities which improve individual and collective health and wellbeing.

(b) provision of social, cultural, recreational, educational, environmental and other services which provide community benefits.

(c) events and activities which strengthen community connections and local identity.

Kiama Municipal Council provides commercial buildings to generate a financial return. This assists Council to fund its services and reduce pressure on other incomes sources, such as rates.

All organisations (including community groups) seeking to lease Operational Land will be required to pay market rent. Where appropriate community groups will receive the appropriate rebates in accordance with this policy for Community Land only.

Exclusive use or public green spaces and public playing fields are not included in agreements.

## 2. Principles of facilities

**Community**: Community facilities are provided for community benefit and to meet community need.

**Equity**: Access to community facilities is equitable for community members.

**Affordability:** Community members can afford to use community facilities.

**Utilisation**: Council seeks to maximise community use of community facilities.

**Quality**: Community facilities are managed, operated and maintained to a consistent quality.

**Transparency**: The management and governance of community facilities and commercial buildings is transparent, and decisions are based on clear policies and procedures.

**Accountability**: Responsibilities for the management, operation and governance of community and commercial buildings are clearly identified and undertaken legally and ethically.

## 3. Lease and licences of Community land – General

Council is obliged to comply with the Local Government Act 1993 with respect to the lease or licence of Council Property that is classified as "Community" land. The relevant sections of the Local Government Act 1993 have been set out below:

**Section 46 (Local Government Act 1993)**

(a) Prior to preparing the lease or licence, it must be established that a plan of management exists for the community land and that the plan expressly authorises the grant of a lease for the stated public purpose.

(b) Leases of community land cannot exceed 21 years, inclusive of any term(s).

**(c)** Leases or Licences for five years or less do not require advertising or the grant of the consent of the Minister for Local Government, subject to the Regulations and exceptions set out in those **Regulations.**

**Types of agreements will be offered on individual cases and merits.**

### 3.1. Submissions/Objections to the lease – Section 47(4) and (5)

Details of all submissions must be included in a report to Council to enable the proposal to be reconsidered, having regard to the content of each submission.

If possible, the advertising of the development application and the section 47 notice should occur at the same time. This will enable the public to comment on the lease and development proposal in one submission. Otherwise, an objector may end up making two similar submissions, requiring Council to consider the proposal on two separate occasions.

### 3.2. Application for the Minister's Consent - Section 47(6)

If a person makes a submission by way of objection, Council must obtain the Minister's consent prior to granting the lease or licence. If no objections are received, then the Minister's consent is not required.

### 3.3. Owner's consent and compliance

All tenants bear the cost of obtaining development consent and all necessary approvals to carry out works and use the facility. Additional 'owner's consent' from Council will be required for applications for approvals. Council retains the discretion to determine requests for owner's consent.

Council reserves the right to issue a tenant a notice of non-compliance of maintenance obligations in accordance with terms of the lease or licence. The failure by a tenant to unreasonably comply with the terms and timeframe of the notice may result in termination of the tenant's tenancy. A tenant has a right to appeal the termination of the tenancy in writing within 28-days from the date of the notice setting out grounds for the appeal.

An appeal will be determined by the Chief Executive Officer of Council.

## 4. Approvals

Decisions to grant agreements to occupy Council owned or managed land are made by resolution of Council.

The Chief Executive Officer is delegated authority to approve and execute leases and licences for a maximum term of 5 years and have an annual rental of $5,000 or less, and for telecommunications licences where the agreement relates to an existing telecommunications site

Approvals for the issue of S139A & S125 of the Roads Act 1993 Consents for the Commercial Use of Footpaths (A-Boards, Merchandise displays and outdoor dining) do not require a report to Council. Approval of these is delegated to the Chief Executive Officer.

## 5. Resolution of Council

Decisions to grant new leases and or licences of Council or renewals of leases and licences over Council owned or managed land which do not fit into the delegation of the Chief Executive Officer (as set out in 3. above )are to be made by formal resolution of Council. The resolution is to include that the Common Seal of the Council be affixed to the lease or licence and related real property dealings or supporting documents.

## 6. Occupation and execution of documents

No occupation is to commence on Council's land or buildings until the requirements of this policy have been fulfilled and agreements have been executed by both parties and bond, or security and initial rent have all been paid.

A time limit for the finalisation of a lease or licence will apply. After a lease or licence has been issued to the organisation or execution, the organisation must return the original signed lease or licence documents to Council within thirty (30) days.

## 7. Lease and licence categories

There are ~~nine~~ Seven categories of tenant to which Council may lease or licence a community facility or commercial building. These are set out in Table 1.

The most appropriate tenant category will be determined by Council, based on information provided by the prospective lessee or licensee and any other information Council considers relevant.

*Table 1 Categories of tenant to which facilities may be leased or licenced*

| Tenant category | Description | Example of Type of Group |
|---|---|---|
| 1. Local community group | This type of tenant is likely to:<br>• be leasing or licensing a community facility or land<br>• be an incorporated association<br>• have no paid staff<br>• have low or no membership fees<br>• receive no recurrent funding from government<br>• may receive project and/or program funding.<br>• not be a local community sporting group | • Men's Shed<br>• Community Garden<br>• Historical Society<br>• Bridge Club<br>• Community Associations<br>• Community Radio |

| Tenant category | Description | Example of Type of Group |
|---|---|---|
| 2. Local community sporting club | This type of tenant is likely to:<br>• be Leasing or Licensing a community facility or land<br>• be an incorporated association.<br>• focus on one sport or interest.<br>• have five or fewer paid staff who deliver coaching, administration and associated services, typically on a part time basis.<br>• receive limited income from local sources.<br>• not have a liquor licence other than a limited licence<br>• not have a gaming licence. | • Rugby League<br>• AFL<br>• Rugby Union<br>• Netball<br>• Swimming<br>• Soccer<br>• Tennis<br>• Croquet<br>• Cricket<br>• Little Athletics<br>• Oztag<br>• Touch Football |
| ~~3. Small to medium not-for-profit provider of community services~~ | ~~This type of tenant is likely to:~~<br>• ~~be leasing or licensing a community facility or land.~~<br>• ~~be operating on a not-for-profit basis.~~<br>• ~~be a registered charity.~~<br>• ~~provide wider community services (beyond members)~~<br>• ~~have paid staff, as well as volunteers.~~<br>• ~~be classified by the Australian Charities and Not-for-profits Commission having annual income under $1 million (averaged over the previous five years).~~ | |
| ~~4. Large not-for-profit provider of community services~~ | ~~This type of tenant is likely to:~~<br>• ~~be leasing or licensing a community facility or land~~<br>• ~~be operating on a not-for-profit basis~~<br>• ~~be a registered charity~~<br>• ~~provide wider community services (beyond members)~~<br>• ~~have paid staff, as well as volunteers~~<br>• ~~be classified by the Australian Charities and Not-for-profits Commission as having an annual income over $1 million (averaged over the previous five years).~~ | |
| 5. Surf clubs | This type of tenant is likely to: | • Kiama SLSC<br>• Gerringong SLSC<br>• Kiama Downs SLSC |

| Tenant category | Description | Example of Type of Group |
|---|---|---|
| | • be Leasing or Licensing Surf Life Saving facility.<br>• be operating on a not-for-profit basis<br>• be a registered charity<br>• provide Surf Life Saving services and activities including beach patrol<br>• have paid staff, as well as volunteers<br>• be classified by the Australian Charities and Not-for-profits Commission as having an annual income over $1 million.<br>(averaged over the previous five years). | |
| 6. Government entity providing community services | This type of tenant is likely to:<br>• be Leasing or Licensing a community or commercial facility or land<br>• be a government agency or government organisation<br>• provide multiple community programs and/or services. | • Community Transport |
| 7. Commercial business | This type of tenant is likely to:<br>• Leasing or licensing a Council facility or land for the purpose of generating a profit<br>• a sole trader, company, partnership, joint venture, or trust. | • Community College |
| 8. Residential tenant | This type of tenant is leasing a residential property. | |
| 9. Other | This type of tenant is not captured in any other category and generally has fees calculated from Council's published Fees & Charges each year.<br>This category includes but is not limited to agistment / grazing, Saddleback Telecommunications facilities. | |

Where there is more than one user group in a facility or on a 'precinct' Council will chair a meeting of all tenants three (3) times a year to discuss any issues in relation to the facility and its management.

## 8. Lease and licence terms

In all cases, Council will remain the owner or manager of the land and any assets constructed upon it. In signing a lease or licence agreement, the lessee or licensee must comply with all conditions within the agreement.

Leases and licences will generally only be available for facilities, including the land on which those facilities are located.

In exceptional circumstances, typically relating to legacy arrangements, Council may consider entering into a land-only lease. In all cases, Council will remain the owner or manager of the land, and any assets constructed upon it.

In signing a lease or licence agreement, the lessee or licensee must comply with all conditions within the agreement. Lessees and licensees must ensure maintenance and repairs are undertaken by appropriately qualified and registered tradespeople.

Lessees and licensees must report structural repair requests and facility damage to Council in a timely manner, in accordance with Council's processes.

Lessees and licensees may not undertake, or submit a funding or development application to undertake capital works without the prior written approval of Council in its capacity as owner and lessor of the asset and must hold current tenure over the facility.

Subletting will be permitted subject to prior written approval from Council consent and the conditions in the lease or licence agreement. An application for subletting must be on the approved council consent form and submitted to Council for consideration. For Category 1,2 & 5 leases and licences, subletting for a commercial purpose will trigger a market rent review.

Where Council proposes to enter into a new lease or licence for part of a community facility which is subject to an existing lease or licence, Council will communicate with the existing tenant before entering into the new lease or licence. Where there are seen to be a competitive use of a facility, Council may undertake an Expression of Interest.

The lease or licence terms recognise the need for Council to respond to changing community needs over time, as well as the need for tenants to have certainty of tenure if they are seeking to invest in capital improvements to a facility. The lease or licence terms also recognise the need for Council to minimise risk associated with the management of its assets.

Proposed large investments into or onto Council owned or managed assets may be subject to specific detailed agreements between Council and the proponent, and where a Council resolution has been obtained prior to application.

Before funding or grant applications will be considered the following elements must be provided to council:

- Current annual financial statements
- Organisation development plan
- Current membership
- Proof of outstanding debt to Council or any other organisation.

Lease and licence agreements will include processes relating to breaches of the agreement, along with the associated consequences. Council reserves the right to terminate any Lease or Licence of a community facility or commercial building for breach of agreement.

## 9. Lease and licence length

As set out in Table 2, Council's preferred length of tenure for a licence is 5 years and the preferred length of a tenure for a renewed term is 5 years. Where an applicant is financially contributing to the facility a longer tenure can be negotiated. Any extended lease tenure is to be determined by Council on a case by case basis dependent on the financial contribution to capital improvements and the level of community benefit.

New lease and licence agreements will not include as-of-right renewal options or entitlements to additional lease terms.

The lease or licence terms recognise the need for Council to respond to changing community needs over time, as well as the need for tenants to have certainty of tenure if they are seeking to invest in capital improvements to a facility. The lease or licence terms also recognise the need for Council to minimise risk associated with the management of its assets.

Proposed large investments into or onto Council owned or managed assets over $100,000 will be subject to specific detailed agreements between Council and the proponent. This will also include performance bonds.

*Table 2 Length of lease or licence by tenant category*

| Tenant category | Lease or licence term |
|---|---|
| 1. Local community group | 5 years, unless the lessee or licensee has documented evidence it plans to spend over $50,000 on facility renewal or facility upgrade, in which case the term is 10 years. |
| 2. Local sporting club | 5 years, unless the lessee or licensee has documented evidence it plans to spend over $50,000 on facility renewal or facility upgrade, in which case the term is 10 years. |
| ~~3. Small to medium not-for-profit provider of community services~~ | ~~5 years, unless the lessee or licensee has documented evidence it plans to spend over $50,000 on facility renewal or facility upgrade, in which case the term is 10 years~~ |
| ~~4. Large not-for-profit provider of community services~~ | ~~5 years, unless the lessee or licensee has documented evidence it plans to spend over $50,000 on facility renewal or facility upgrade, in which case the term is 10 years~~ |
| 5. Surf clubs | Up to 21 years ~~without~~ may require approval from the Minister Of Local Government (depending on submission) and subject to Council approval. |
| 6. Government entity providing community services | 5 years, unless the lease has been tendered, in which case the term is 10 years. |
| 7. Commercial business | 5 years, unless the lease has been tendered / EOI undertaken in which case the term is 10 years or as approved by Council resolution e.g. (5 years) + (5 years) + (5 years) |
| 8. Residential building | 6 to 12 months |

## 10. Lease and licence responsibilities

~~High level responsibilities of Council and of lessees and licensees are shown in Maintenance Responsibilities Schedule as shown in “Schedule 1” however may be amended from time to time. Further details on these~~ Maintenance responsibilities will be contained within the individual lease or licence agreement between Council and the tenant. Maintenance responsibilities for residential tenants (Category 8) will be in accordance with the Residential Tenancies Act 2010 (NSW).

~~In addition to the responsibilities set out in Schedule 1~~ Council will plan for and undertake structural repairs, facility upgrades and facility renewals in accordance with its adopted asset management plans, budgets, and capital works programs.

Council will undertake inspection of all facilities every 6 months and will notify tenants 1 month prior.

Condition audits will be undertaken every 1 – 2 years and will be used to inform:

- The lessees or licensees maintenance priorities
- The lease or licensees proposed development plans and associated support to be provided to Council
- Council’s masterplans and long term planning.

~~All tenants except Category 8 will be required to provide Council with their **audited annual financial reports** every 12 months.~~

Category 1 and 2 will be required to provide Council with either a Profit and Loss Statement or copy of financial statement submitted to Fair Trading NSW. This needs to be provided to Council by 30 September each year.

Category 3 will be required to provide Council with their **audited annual financial reports** by 30 September each year.

## 11. Insurance

Each lessee or licensee are responsibility for Public Liability Insurance and facility contents insurance. Copies of these insurances must be provided to Council yearly as they are renewed.

Building insurance will be covered by Council under its building insurance policy.

## 12. Assignment, transfer and sub-letting

Prior consent of Council is required to assign or transfer leased/licenced rights and for authority to sub-let part or whole of a leased/licenced facility. Not gaining Council prior consent could lead to non-compliance of lease obligations and could lead to termination of lease.

## 13. Lease and licence rental charges

Council seeks to ensure that costs associated with rental charges and subsidies are transparent for community facilities. It provides subsidies to community organisations based on their ability to raise revenue, and the subsequent level of support required from Council.

Table 3 sets out the rental payment ~~out the proportion of market rent which~~ will be charged to each category of tenant discussed in Table 1 of this policy, as well as the corresponding subsidy provided that category of tenant by Council. Market rent will be established through assessments undertaken or commissioned by Council.

~~Rental charges for facilities of the same type (such as community centres) will vary, based on both the market rent for that facility and the tenant category. Rental charges associated with any land-only leases will be based on the unimproved value of the land.~~

Any not-for-profit provider of community services that can provide evidence of financial hardship through the charging of rental charges under this policy may have phased increments or may be further supported by Council during this transition.

Commercial Rents will be increased each year by 5% or CPI (whichever is higher). Leases and licences for a term of more than five years will be subject to a market rent review every five years. ~~Where Council's current Fees & Charges are applicable to the facility, these fees and charges will be deemed as the market rent.~~

The minimum rental charge for any leased or licenced community facility, land or building shall be as per Council Fees & Charges each financial year ~~$500~~.

Regardless of the rebates show in Table 3, where a lessee requests consent from Council to sub-lease part of any premises and the subleasing will provide the lessee with an additional revenue stream, the terms of the lease and rebate rates will be reviewed to reflect that revenue stream including consideration of any additional asset (building) maintenance costs for Council.

Consideration of a request to reduce rent (not applicable below Council's minimum rent for endorsed fees & charges) or an extension of term (option) will be through a report provided to the Chief Executive Officer (including a copy of the request) prepared by property staff for determination. This would be limited to an extension of term request of not more than 5 years. Requests of more than 5 years would be by way of a report to Council and Council Resolution.

Where the request is for a reduction in rent (not applicable below Council's minimum rent for endorsed fees & charges) the Chief Executive Officer may consider a phased increase of rent over a negotiated and appropriate time period (an incremental progression to the proposed rent over time).

Objections received during any required public notification period will require a report to Council for rent reduction or term requests regardless of the amount or extension period requested.

All tenants will be responsible to pay all utility charges where applicable – electricity, water and gas.

Commercial leases and licences will be responsible for additional outgoings as per each agreement.

Council will be responsible for Fire Safety statements for each facility.

*Table 3 Lease and Licence rental charges and subsidies*

| Tenant category | ~~Percentage of market rent paid by tenant~~ Rental | ~~Subsidy provided by Council (this column to be removed)~~ |
|---|---|---|
| 1. Local community group | ~~10%~~ Council's minimum rent for endorsed fees & charges) pa | ~~90%~~ |
| 2. Local community sporting club | ~~20%~~ Council's minimum rent for endorsed fees & charges) pa | ~~80%~~ |
| ~~3. Small to medium not-for-profit provider of community services~~ | ~~30%~~ | ~~70%~~ |
| ~~4. Large not-for-profit provider of community services~~ | ~~50%~~ | ~~50%~~ |
| 5. Surf clubs | ~~10%~~ Council's minimum rent for endorsed fees & charges) pa | ~~90%~~ |
| 6. Government entity providing community services | 100% of market value pa | ~~0%~~ |
| 7. Commercial business | 100% of market value pa | ~~0%~~ |
| 8. Residential tenant | 100% of market value pa | ~~0%~~ |



## 14. Hardship

Council may resolve to defer rent and outgoings payable under a lease and/or licence where Council's Hardship Policy applies.

## 15. Legal costs

Unless otherwise resolved by Council, all tenants bear the cost of establishing a lease or licence agreement including legal costs and in accordance with Council's Fees and Charges and to cost of registering a lease.

## 16. Optimising Use of Council Property

Where an existing tenant holds exclusive use of a Council-managed property but is not utilising the premises to its full potential, Council reserves the right to assess alternative or complementary uses. If deemed appropriate, Council may initiate discussions with other community organisations offering similar or compatible services to explore co-tenancy or shared use arrangements. This ensures equitable access, maximises community benefit, and supports efficient use of public assets.

## 17. Leasing and licensing processes

The process Council will follow when leasing or licensing a new or vacant community facility or commercial building is shown in Figure 1.

*Figure 1 Process for a lease or licence for a new or vacant facility*

**Step 1:** Council staff identify there is a new or vacant community facility, commercial building or Council owned land for lease or licence. Council staff also determine which categories of tenant will be suitable.

⬇

**Step 2:** If the tenant is Category 1-2, Council staff prepare a market rent appraisal. If the tenant is Category 6 or 7, Council staff obtain an independent market valuation.

⬇

**Step 3:** Council publicly advertises for expressions of interest for the facility or, if required, undertakes a tender process in accordance with the Act.

⬇

**Step 4**: Council staff evaluate the expressions of interest or tender bids against the criteria set out in Table 4 of this Policy and recommend the preferred tenant and its category.

⬇

**Step 5:** Council staff prepare a draft lease or licence agreement using Council's standard template and any special conditions.

⬇

**Step 6:** Council publicly notifies its intent to lease or licence the property in accordance with the Act.

⬇

**Step 7:** Council staff consider any submissions received during the notification period. If the proposed lease or licence term is over 5 years and Council receives an objection to the proposal during the notification period, it must forward the proposal to the Minister for consent, as required in the Act.

⬇

**Step 8:** Council staff liaise with the tenant and complete the leasing or licensing process.

The process Council will follow on expiry of a Lease or Licence for a community facility or Council building is shown in Figure 2. If Council is transferring management of a community facility from a Section 355 committee to a lease or licence it will follow the Path A process set out in Figure 2.

*Figure 2 Process for a new lease or licence on expiry of an existing lease or licence*

| | |
|---|---|
| **Step 1:** | 12 months before the Lease or Licence expires: |

<table>
<tr><td colspan="2">Council staff contact the tenant requiring a report to be provided within 3 months on:<br>• Use of the facility and/or land and any community benefit provided.<br>• Legal status of the organisation and funding sources<br>• Any business, management, and development plans, as well as recent annual reports<br>• Any improvements made to the facility and/or land, including capital expenditure.<br>• Plans for future improvements and capital expenditure, including identified funding sources.</td></tr>
<tr><td colspan="2">Step 2: Council staff have 3 months to review the report, the Lease or Licence history and the criteria set out in Table 4 of this Policy and discuss any issues raised with the tenant.</td></tr>
<tr><td colspan="2">Step 3: At least 6 months before lease or licence expires, Council notifies the lessee or licensee of their intent to follow:<br>• Path A: publicly notify of intent to offer a new Lease or Licence to the existing lessee or licensee, or<br>• Path B: seek EOIs or tenders for the facility or building</td></tr>
<tr><th>Path A</th><th>Path B</th></tr>
<tr><td>Step 4:<br>If the tenant is a Category 1-2, Council staff prepare a market rent appraisal.<br>If the tenant is a Category 3-8, Council staff obtain an independent market valuation.</td><td>Step 4:<br>Council determines which categories of tenant will be suitable. If the tenant is Category 1 – 2, Council staff prepare a market rent appraisal. If the tenant is Category 3 – 8, Council staff obtain an independent market.</td></tr>
<tr><td>Step 5:<br>Council staff provide the tenant with a draft lease or Licence agreement, including annual rental charge and any special conditions.</td><td>Step 5:<br>Council staff prepare a draft lease or licence agreement, including special conditions.</td></tr>
<tr><td>Step 6:<br>Council publicly notifies of intent to lease or licence the property, in accordance with the Act.</td><td>Step 6:<br>Council publicly advertises for expressions of interest for the facility or, if required, undertakes a tender process in accordance with the Act. Existing lessees can submit as part of this process.</td></tr>
<tr><td>Step 7:<br>Council staff consider submissions received during the notification period. If the proposed lease or licence term is over 5 years and Council receives an objection to the proposal during the notification period, it must forward the proposal to the Minister for Local Government for consent, as required in the Act.</td><td>Step 7:<br>Council staff assess expressions of interest against the criteria set out in Table 4 of this Policy and recommend the preferred tenant and its category.</td></tr>
<tr><td>Step 8:<br>Council staff liaise with tenant and complete leasing process.</td><td>Step 8:<br>Council publicly notifies of intent to lease or licence the property, in accordance with the Act.</td></tr>
<tr><td></td><td>Step 9:<br>Council staff consider any submissions received during the notification period. If the</td></tr>
</table>

| | |
|---|---|
| | proposed lease or licence term is over 5 years and Council receives an objection to the proposal during the notification period, it must forward the proposal to the Minister for Local Government for consent as required in the Act. |
| | **Step 10:**<br>Council staff liaise with tenant and complete leasing process. |

Lessees and licensees will complete a short annual survey on their use and management of the facility.

The criteria Council will use when making decisions about the following matters are set out in Table 4 below:

- whether to offer a Lease or Licence for a new or vacant facility
- whether to offer a new Lease or Licence on expiry of an existing Lease or Licence
- the Lease or Licensing pathway to follow.

Where a facility is under a current lease or licence and the current tenant is seeking a renewal of that agreement, Council will set a floor limit where the renewal agreement shall not be less than that currently offered. The new fee shall not be less than the previous fee, however the fee will also not

increase until the conditions of this policy reach a fee that would result in an increase being applied (i.e., a fee will not be reduced but will be frozen until the terms of this policy result in a fee increase).

If a tenant or potential tenant believes any aspect of a lease or licensing processes under this policy have not been undertaken fairly, they should lodge a complaint, which will be managed in accordance with Council's Complaint Handling Policy.

*Table 4 Decision making criteria, eligibility and suitably for Leases and Licences*

| **Criteria** |
|---|
| Criteria Council will consider when making decisions about leases and licences include:<br>• Alignment with Council's Community Strategic Plan<br>• Alignment with the principles set out in Section 5 of this Policy<br>• Understanding of community needs in the area<br>• Strategic planning undertaken by Council<br>• Compliance with the terms of any previous lease or licence agreement<br>• Ability to manage the facility<br>• Ability to meet any rental charge payments<br>• Timeliness of any previous rental charge payments<br>• Compliance with any capital works expenditure commitments including performance bonds<br>• Compliance with legislative requirements.<br>**Note:** Leases and licences will not automatically be renewed. Council will undertake an assessment (as set out in section 5 of this policy) as to the appropriateness of the building, lessee's activities, and the community service they provide. |
| **Eligibility and suitability** |
| To be eligible the following principles must be met: |

| | |
|---|---|
| (a) | All applicants must be incorporated prior to a licence or lease being granted. |
| (b) | All applicants must provide evidence of public liability insurance in the amount as requested by Council. |
| (c) | In determining an application for a licence or lease, Council may take into account the following factors:<br>(i) priority will be given to organisations which:<br>• have capacity to lease the whole parcel of land<br>• have the ability to share facilities, fully activate and utilise the facilities and resources.<br>(ii) likely membership and participation from the community and/or the suitability of the activity or service to meet identified community needs<br>(iii) the suitability of the facility to accommodate the proposed activity or service, including the purpose of the reserve<br>(iv) demonstrated capacity to undertake development and maintenance of the facility |

## Reporting and review

Twelve months prior to the expiry of a lease or licence with a Category 1-7 tenant, Council will request a report from the tenant containing information about:

(a) Use of the facility and/or land and any community benefit provided.

(b) Legal status of the organisation and funding sources

(c) Annual financial ~~audited~~ reports requested by Council

(d) Any business, management, and development plans, as well as recent annual reports

(e) Any improvements made to the facility and/or land, including capital expenditure.

(f) Plans for future improvements and capital expenditure, including potential funding.

Council will review the report, the tenant's history and the criteria set out in Table 4 of this policy.

At least six months prior to the expiry date of the lease or licence, Council will inform the tenant of its intention to either offer a new lease or licence or seek expressions of interest for the facility or building.

## Related resources

There are a range of legislative requirements relating to the management and use of council-owned facilities and buildings in NSW. These include requirements under the Act related to leasing and licensing of facilities.

The Act authorises a council to grant a lease or licence for a community facility, if it is permitted within a plan of management that applies to the land. The maximum period for leases and licences on Community Land under the Act, without the approval of the Minister, is 21 years.

Community Land is also regulated by plans of management. Plans of management must be prepared for all Community Land, and must include, but is not limited to, the following:

(a) objectives and performance targets for the land

(b) means by which the council proposes to achieve the plan's objectives and performance targets

(c) way in which the council proposes to assess its performance against the plan

(d) activities which require the prior approval of the council before they can be carried out.

Under the *Crown Land Management Act 2016* (NSW), Crown land must be managed as if it were Community Land under the Act unless the land has been classified as Operational Land with the consent of the Minister.

This Policy will be implemented in accordance with the provisions of the Act and other legislation related to this Policy, in addition to regulations, policies and plans.

These include:

(a) Council policy documents

- Code of conduct
- Complaints Handling Policy
- Complaints Handling Procedure

(b) Council strategies and plans

- Asset Management Strategy
- Plans of management

## Related forms/Documents

- Property strategy
- Application for Consent to Sub-Lease or Sub Licence

## Authorisation

Name: Council Resolution No: ****

Date: Date adopted by Council

## Maintenance Responsibilities

Organisation Name:

Facility Name:

Facility Address:

| Maintenance Requirement | Responsibility | | Inspection Frequency (minimum) | Last Completed (date) | Completed by (name) | Next inspection (date) | Comments |
|---|---|---|---|---|---|---|---|
| | Organisation | Council | | | | | |
| Check electrical mechanical apparatus (includes any alterations or repairs) | | | | | | | |
| Fire services | | | | | | | |
| Electrical safety switches | | | | | | | |
| Roof access | | | | | | | |
| Asbestos auditing | | | | | | | |
| Grease traps | | | | | | | |
| Major capital or structural works (including major asset failure) – maintenance, replacement or repair | | | | | | | |
| Ensuring water supply, including (below) remain in good working order by way of proper usage, including the maintenance and repair of any blockages or leaks Any damage caused by improper usage of the water supply will be the Lessees responsibility to repair and/or replace. | | | | | | | |
| All plumbing and drainage fixtures | | | | | | | |
| Sewerage/septic system | | | | | | | |
| Security monitoring and lighting installed by Lessee | | | | | | | |
| Servicing, maintenance and replacement of air–conditioning units (excluding window units) | | | | | | | |
| Pest control, including termites and any other treatments as directed by Council, on a 12–monthly basis | | | | | | | |

**Enclosure 3** **Item 14.1**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Kitchen compliance with food service regulations | | | | | | | |
| Cleaning of all walls (interior and exterior) | | | | | | | |
| Painting (interior and exterior) | | | | | | | |
| Cleaning of all floors (interior and exterior) and ceilings | | | | | | | |
| Cleaning of doors and windows | | | | | | | |
| Professional floor clean | | | | | | | |
| Cleaning of verandas | | | | | | | |
| Replacement due to damage, breakage or regular use of:<br>Light bulbs<br>Light switches<br>Electrical fittings<br>Doors<br>Glass panels or panes<br>Washers & taps<br>Hot water systems<br>Furniture owned by lessee | | | | | | | |
| Replace all broken or damaged items listed above, where the damage has occurred as a result of third parties using the Premises | | | | | | | |
| Repairs required due to acts of vandalism/theft. Please notify Council immediately for insurance requirements. | | | | | | | |
| Replacement of any gas, water, oil or electrical fittings which become unfit for the purpose for which they are intended to be used | | | | | | | |
| Maintenance of fastenings (interior and exterior) | | | | | | | |
| External locks | | | | | | | |
| Fences | | | | | | | |
| Seating | | | | | | | |
| Retaining walls | | | | | | | |
| care of garden beds, landscaped areas and park areas | | | | | | | |
| sweeping/cleaning of paths | | | | | | | |
| general tidiness & maintenance of driveway and carpark | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| collection of refuse and proper disposal | | | | | | | |
| control of noxious weeds | | | | | | | |
| Lopping and removal of shrubs (subject to Council approval) | | | | | | | |
| Lopping and removal of trees (Parks Branch) | | | | | | | |
| Mowing of all areas inside lease area | | | | | | | |
| Maintain field condition | | | | | | | |
| Whipper snippering around fences, paths, buildings and other structures | | | | | | | |
| Dugouts cleaned and checked for any repairs, seating checked | | | | | | | |
| Fields checked for holes and filled | | | | | | | |
| Rubbish picked up around fields | | | | | | | |
| Maintenance of field lighting – including replacement of bulbs | | | | | | | |
| Hard surfaces cleaning | | | | | | | |
| Maintenance of safety netting | | | | | | | |
| Cleaning and inspection of Water tanks | | | | | | | |
| Irrigation and associated infrastructure | | | | | | | |

# Monthly Investment Review

KIAMA MUNICIPAL COUNCIL
your council, your community

## September 2025

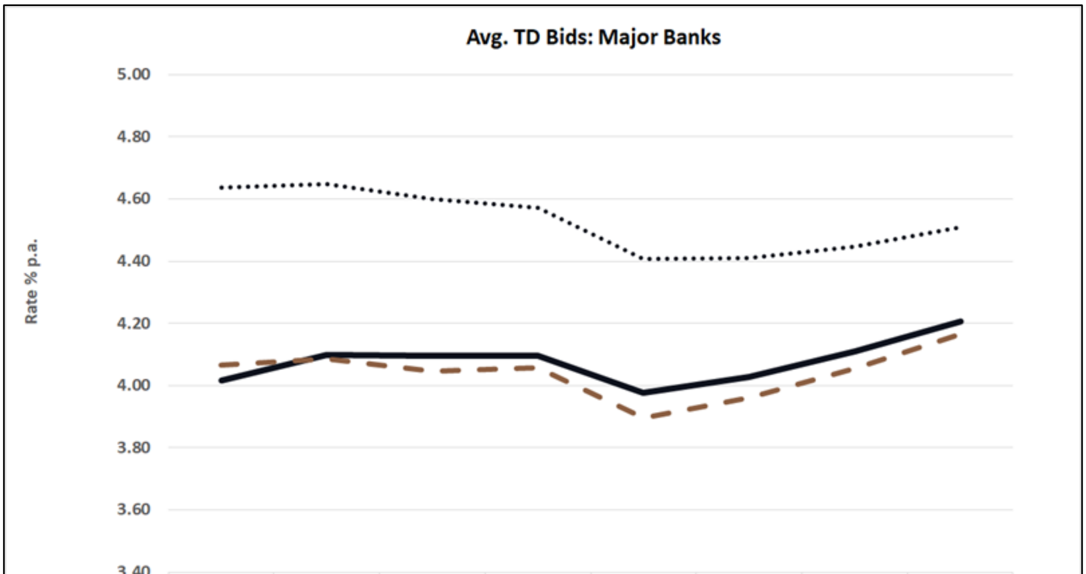
**Arlo Advisory Pty Ltd**
**ABN:** 55 668 191 795
Authorised Representative of InterPrac Financial Planning Pty Ltd
**AFSL 246 638**
**Phone:** +61 2 9053 2987
**Email:** michael.chandra@arloadvisory.com.au / melissa.villamin@arloadvisory.com.au
**Level 3, Suite 304, 80 Elizabeth Street, Sydney NSW 2000**

Arlo Advisory

## Market Update Summary

Various equity markets including the US main indices (S&P 500, NASDAQ and Dow Jones) reached new record highs during the month, partly led by AI optimism, after Nvidia's major investment in OpenAI (ChatGPT), as well as another US Fed rate cut. The positive sentiment was also brought on by expectations of further rate cuts over the next 12 months (albeit less than previously anticipated).

In the deposit market, over September, at the short-end of the curve (under 12 months), the average deposit rates offered by the domestic major banks were marginally higher compared to where they were the previous month (August), after the market pushed back on the number of future rate cuts (now only one) following the higher than expected monthly inflation figure. At the longer-end of the curve (2-5 years), the average rates were around ~5-8bp higher compared to where they were the previous month.




| | 3M | 6M | 9M | 12M | 2Y | 3Y | 4Y | 5Y |
|---|---|---|---|---|---|---|---|---|
| Sep-2025 | 4.02 | 4.10 | 4.10 | 4.10 | 3.98 | 4.03 | 4.11 | 4.21 |
| Aug-2025 | 4.07 | 4.08 | 4.05 | 4.06 | 3.90 | 3.96 | 4.05 | 4.16 |
| Mar-2025 | 4.64 | 4.65 | 4.60 | 4.57 | 4.41 | 4.41 | 4.45 | 4.51 |

*Source: Imperium Markets*

# Kiama Municipal Council's Portfolio & Compliance

## Asset Allocation

The majority of the portfolio is directed to term deposits (~76%), with the remainder in cash (~24%).

Senior FRNs are currently considered 'expensive' on a historical basis but new issuances should continue to be considered on a case by case scenario. In the interim, staggering a mix of fixed deposits between 12 months to 5 years remains a more optimal strategy to maximise returns over a longer-term cycle.

With global central banks remaining on an easing bias and further rate cuts priced in over the next 12 months, investors can choose to allocate a small proportion of medium to longer-term funds and undertake an insurance policy by investing across 1-5 year fixed deposits or fixed bonds, locking in and targeting yields above 4% p.a. Should inflation be within the RBA's target band of 2-3% over the longer-term, returns around 4% p.a. or higher should outperform benchmark.


## Term to Maturity

The portfolio is highly liquid with majority of the assets maturing within 12 months. We recommend a more diversified maturity profile to optimise the overall returns of the portfolio in the long-run.

All the maturity policy allocations are compliant, with substantial capacity to invest in 1-3 year terms particularly amongst the higher rated ADIs. Where ongoing liquidity requirements permit, we recommend Council to invest a higher proportion in deposits with a minimum term of 9-12 months, with a smaller allocation to 2-3 year deposits.

| Compliant | Horizon | Invested ($) | Invested (%) | Min Limit (%) | Max Limit (%) | Available ($) |
|---|---|---|---|---|---|---|
| ✓ | 0 - 365 days | $35,062,403 | 92.12% | 0% | 100% | $3,000,000 |
| ✓ | 1 - 3 years | $3,000,000 | 7.88% | 0% | 40% | $12,224,961 |
| ✓ | 3 - 5 years | $0 | 0.00% | 0% | 30% | $11,418,721 |
| ✓ | 5 - 10 years | $0 | 0.00% | 0% | 30% | $11,418,721 |
| | | **$38,062,403** | **100.00%** | | | |

## Counterparty

As at the end of the September, all individual counterparties were within policy limits. We stress that exposures are dependent on capital inflows/outflows which can be volatile and unexpected at times. Any potential 'breaches' are typically temporary and usually rectified within months.

| Compliant | Issuer | Rating | Invested ($) | Invested (%) | Max. Limit (%) | Available ($) |
|---|---|---|---|---|---|---|
| ✓ | ANZ | AA- | $1,000,000 | 2.63% | 40% | $14,224,961 |
| ✓ | Westpac | AA- | $11,062,403 | 29.06% | 40% | $4,162,558 |
| ✓ | NAB | AA- | $8,000,000 | 21.02% | 40% | $7,224,961 |
| ✓ | ING | A | $9,000,000 | 23.65% | 30% | $2,418,721 |
| ✓ | Australian Unity | BBB+ | $2,000,000 | 5.25% | 15% | $3,709,360 |
| ✓ | Bank of Us | BBB+ | $1,000,000 | 2.63% | 15% | $4,709,360 |
| ✓ | Hume Bank | BBB+ | $1,000,000 | 2.63% | 15% | $4,709,360 |
| ✓ | P&N Bank | BBB+ | $1,000,000 | 2.63% | 15% | $4,709,360 |
| ✓ | State Bank of India | BBB | $4,000,000 | 10.51% | 15% | $1,709,360 |
| | | | **$38,062,403** | **100.00%** | | |

## Fossil Fuel Investments

**What is Council's current exposure to institutions that fund fossil fuels?**

Using the following link http://www.marketforces.org.au/banks/compare, based on the Council's investment portfolio balance as at 30/09/2025 (~$38.1m), we can roughly estimate that ~76% of the institutions invested have some form of exposure. Note this is purely based on the institution/counterparty and not the actual underlying investments themselves.

Council's exposure is summarised as follows:

| Counterparty | Rating | Funding Fossil Fuel |
|---|---|---|
| ANZ (inc. Suncorp) | AA- | Yes |
| WBC | AA- | Yes |
| NAB | AA- | Yes |
| ING | A | Yes |
| Aus. Unity | BBB+ | No |
| Bank of Us | BBB+ | No |
| Hume Bank | BBB+ | No |
| P&N Bank | BBB+ | No |
| State Bank of India | BBB | No |

*Source: https://www.marketforces.org.au/info/compare-bank-table/*

| Summary | Amount Invested | Invested (%) |
|---|---|---|
| Yes | $29,062,403 | 76% |
| No | $9,000,000 | 24% |
| **Total** | **$38,062,403** | **100%** |

**Transition to investments without major exposure to fossil fuels**

Council has not made a formal decision to divest from the current portfolio of investments which have exposure to fossil fuels. To do so would have unfavourable implications to the credit quality, rating and interest income forecasts.

However, where possible, and within the ministerial and policy guidelines, Council will continue to favour newly issued fossil fuel free investment products, providing it does not compromise the risk and return profile.

In time, it is Councils intention to move to a more balanced portfolio which has less exposure to fossil fuels, providing it is prudent to do so.

**What would be implications on our portfolio credit rating?**

By adopting a free fossil fuel policy or an active divestment strategy, this would eliminate the major banks rated "AA-" as well as some other potential "A" rated banks (e.g. Macquarie and ING). Council would be left with a smaller sub-sector of banks to choose to invest with.

**What would be risks and implications on Council's portfolio performance?**

Some implications include:

- High concentration risk – limiting Council to a selected number of banks;
- Increased credit/counterparty risk;
- May lead to a reduction in performance (e.g. should Council choose to invest in securities, most of the senior FRN issues are with the higher rated ADIs);
- Underperformance compared to other Councils which could result in a significant loss of income generated – could be in excess of hundreds of thousands of dollars per annum.

It may actually be contrary to Council's primary objective to preserve capital as the investment portfolio's risk would increase (all things being equal). Council may not be maximising its returns – this is one of the primary objectives written in the Investment Policy.

## Credit Quality

The portfolio is diversified from a credit ratings perspective, with exposure down to the BBB category. All ratings categories are within the Policy limits:

| Compliant | Credit Rating | Invested ($) | Invested (%) | Max. Limit (%) | Available ($) |
|---|---|---|---|---|---|
| ✓ | AAA Category | $0 | 0.00% | 100% | $38,062,403 |
| ✓ | AA Category | $20,062,403 | 52.71% | 100% | $18,000,000 |
| ✓ | A Category | $9,000,000 | 23.65% | 70% | $17,643,682 |
| ✓ | BBB Category | $9,000,000 | 23.65% | 30% | $2,418,721 |
| ✓ | Unrated ADIs | $0 | 0.00% | 0% | $0 |
| | | **$38,062,403** | **100.00%** | | |

## Performance

Council's performance (excluding cash holdings) for the month ending September 2025 is summarised as follows:

| Performance (Actual) | 1 month | 3 months | 6 months | FYTD | 1 year |
|---|---|---|---|---|---|
| Cash Rate Index | 0.29% | 0.92% | 1.89% | 0.92% | 4.04% |
| AusBond Bank Bill Index | 0.29% | 0.92% | 1.94% | 0.92% | 4.19% |
| **Council's Portfolio^** | **0.39%** | **1.20%** | **2.44%** | **1.20%** | **5.03%** |
| **Outperformance** | **0.10%** | **0.28%** | **0.49%** | **0.28%** | **0.84%** |

^*Total portfolio performance excludes Council's cash account holdings.*

| Performance (Annualised) | 1 month | 3 months | 6 months | FYTD | 1 year |
|---|---|---|---|---|---|
| Cash Rate Index | 3.60% | 3.68% | 3.81% | 3.68% | 4.04% |
| AusBond Bank Bill Index | 3.62% | 3.69% | 3.92% | 3.69% | 4.19% |
| **Council's Portfolio^** | **4.86%** | **4.83%** | **4.92%** | **4.83%** | **5.03%** |
| **Outperformance** | **1.24%** | **1.14%** | **1.01%** | **1.14%** | **0.84%** |

^*Total portfolio performance excludes Council's cash account holdings.*

For the month of September, excluding cash, the total portfolio provided a return of +0.39% (actual) or +4.86% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.29% (actual) or +3.62% p.a. (annualised). All time periods are now comfortably above benchmark returns.

## Recommendations for Council

### Term Deposits

Going forward, Council may consider altering its longer-term strategy by placing a slightly larger proportion of deposits across 12-24 months terms. Over a cycle and in a normal market environment, this may earn up to ¼-½% p.a. higher compared to purely investing in shorter tenors (predominately under 6 months). There is ongoing belief that at least one more interest rate cut will be delivered in the next 12 months and so locking in yields close to or above 4% p.a. across 1-5 year tenors may provide some income protection against a lower rate environment in coming years.

As at the end of September 2025, Council's deposit portfolio was yielding around 4.68% p.a. (down 7bp from the previous month), with a weighted average duration of 186 days (~6 months). ***We continue to recommend Council to increase the portfolio's duration closer to 9 months incrementally over the remaining calendar year to optimise returns (with a view to extending closer to 12 months in the medium-term).***

Please refer to the section below for further details on the Term Deposit market.

### Securities

Primary (new) **FRNs** (with maturities between 3-5 years) are expensive on a historical basis but remains an option (particularly for those investors with portfolios skewed towards fixed assets) and should be considered on a case by case scenario. **Fixed Bonds** may also provide attractive opportunities from new (primary) issuances.

Please refer to the sections below for further details on each market.

# Term Deposit Market Review

## Current Term Deposits Rates

As at the end of September, we see value in the following:

| ADI | LT Credit Rating | Term | Rate % p.a. |
|---|---|---|---|
| ING | A | 5 years | 4.46% |
| ANZ | AA- | 5 years | 4.45% |
| BoQ | A- | 5 years | 4.37% |
| Westpac | AA- | 5 years | 4.27% |
| NAB | AA- | 4 years | 4.32% |
| ING | A | 4 years | 4.31% |
| BOQ | A- | 4 years | 4.29% |
| Westpac | AA- | 4 years | 4.24% |
| BOQ | A- | 3 years | 4.21% |
| ING | A | 3 years | 4.18% |
| ANZ | AA- | 3 years | 4.18% |
| Hume | BBB+ | 3 years | 4.15% |
| Aus. Military Bank | BBB+ | 2 years | 4.15% |
| BankVIC | BBB+ | 2 years | 4.15% |
| ING | A | 2 years | 4.10% |
| BOQ | A- | 2 years | 4.09% |

The above deposits are suitable for investors looking to maintain diversification and lock-in a slight premium compared to purely investing short-term.

For terms under 12 months, we believe the strongest value is currently being offered by the following ADIs (*we stress that rates are indicative, dependent on daily funding requirements and different for industry segments*):

| ADI | LT Credit Rating | Term | Rate % p.a. |
|---|---|---|---|
| Bank of Sydney | Unrated | 12 months | 4.26% |
| Police CU SA | Unrated | 12 months | 4.25% |
| NAB | AA- | 12 months | 4.23% |
| ICBC | A | 12 months | 4.19% |
| Westpac | AA- | 12 months | 4.17% |
| Suncorp | AA- | 9 months | 4.24% |
| Bank of Sydney | Unrated | 9 months | 4.22% |
| NAB | AA- | 9 months | 4.20% |
| Police CU SA | Unrated | 9 months | 4.20% |
| Westpac | AA- | 9 months | 4.16% |
| Police CU SA | Unrated | 6 months | 4.40% |
| Bank of Sydney | Unrated | 6 months | 4.35% |
| BankVIC | BBB+ | 6 months | 4.25% |
| BOQ | A- | 6 months | 4.24% |
| Bank of Us | BBB+ | 6 months | 4.23% |
| Police CU SA | Unrated | 3 months | 4.30% |
| Bank of Sydney | Unrated | 3 months | 4.26% |
| Warwick CU | Unrated | 3 months | 4.25% |
| NAB | AA- | 3 months | 4.10% |
| Heritage | BBB+ | 3 months | 4.10% |

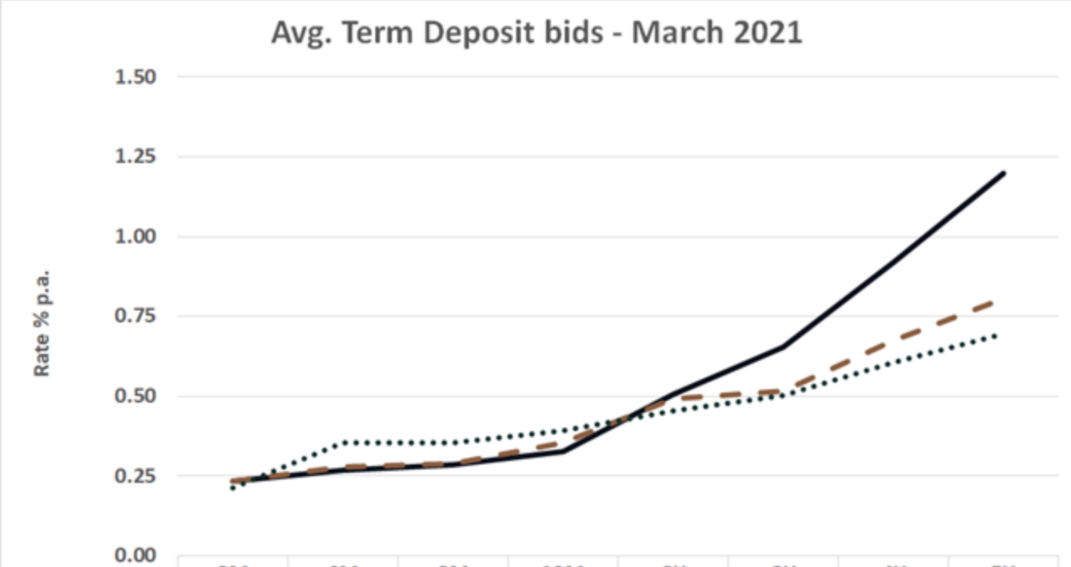
For those investors that do not require high levels of liquidity and can stagger their investments longer term, they will be rewarded over a longer-term cycle if they roll for an average min. term of 12 months, with a spread of investments out to 5 years (this is where we see current value). In a normal market environment (upward sloping yield curve), investors could earn over a cycle, on average, up to ¼-½% p.a. higher compared to those investors that entirely invest in short-dated deposits.

With at least one more rate cut priced in over the next 6-12 months domestically, investors should consider allocating some longer-term surplus funds and undertake an insurance policy by investing across 1-5 year fixed deposits and locking in rates above 4% p.a. This will provide some income protection if the RBA decides to continue cutting rates.

## Term Deposits Analysis

Pre-pandemic (March 2020), a 'normal' marketplace meant the lower rated ADIs (i.e. BBB category) were offering higher rates on term deposits compared to the higher rated ADIs (i.e. A or AA rated). But due to the cheap funding available provided by the RBA via their Term Funding Facility (TFF) during mid-2020, allowing the ADIs to borrow as low as 0.10% p.a. fixed for 3 years, those lower rated ADIs (BBB rated) did not require deposit funding from the wholesale deposit. Given the higher rated banks had more capacity to lend (as they have a greater pool of mortgage borrowers), they subsequently were offering higher deposit rates. In fact, some of the lower rated banks were not even offering deposit rates at all. As a result, most investors placed a higher proportion of their deposit investments with the higher rated (A or AA) ADIs over the past three years.

**Term Deposit Rates – 12 months after pandemic (March 2021)**



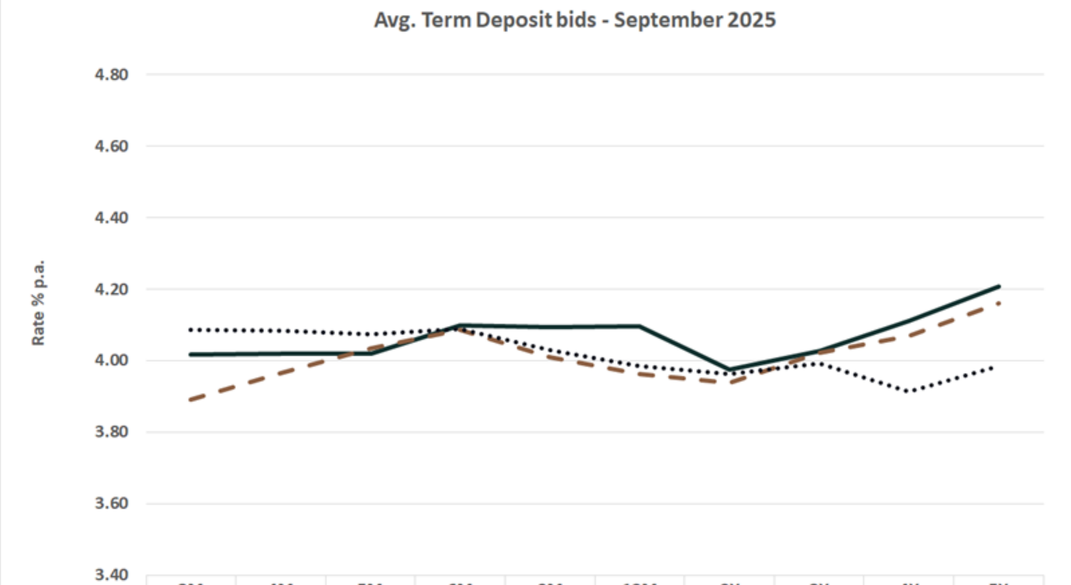

| | 3M | 6M | 9M | 12M | 2Y | 3Y | 4Y | 5Y |
|---|---|---|---|---|---|---|---|---|
| Majors | 0.23 | 0.27 | 0.29 | 0.33 | 0.51 | 0.65 | 0.92 | 1.20 |
| A Rated | 0.23 | 0.28 | 0.29 | 0.35 | 0.49 | 0.52 | 0.68 | 0.81 |
| BBB Rated | 0.21 | 0.36 | 0.35 | 0.39 | 0.45 | 0.50 | 0.61 | 0.70 |

*Source: Imperium Markets*

The abnormal marketplace experienced during the pandemic is starting to reverse as the competition for deposits slowly increases, partially driven by the RBA's term funding facility coming to an end. In recent months, we have started to periodically see some of the lower rated ADIs ("A" and "BBB" rated) offering slightly higher rates compared to the domestic major banks ("AA" rated) on different parts of the curve (i.e. pre-pandemic environment). Some of this has been attributed to lags in adjusting their deposit rates as some banks (mainly the lower rated ADIs) simply set their rates for the week.

Going forward, investors should have a larger opportunity to invest a higher proportion of its funds with the lower rated institutions (up to Policy limits), from which the majority are not lending to the Fossil Fuel industry or considered 'ethical'. We are slowly seeing this trend emerge, although the major banks always seem to react more quickly than the rest of the market during periods of volatility:

**Term Deposit Rates – Currently (September 2025)**




| | 3M | 4M | 5M | 6M | 9M | 12M | 2Y | 3Y | 4Y | 5Y |
|---|---|---|---|---|---|---|---|---|---|---|
| Majors | 4.02 | 4.02 | 4.02 | 4.10 | 4.10 | 4.10 | 3.98 | 4.03 | 4.11 | 4.21 |
| A Rated | 3.89 | 3.97 | 4.03 | 4.09 | 4.01 | 3.96 | 3.94 | 4.02 | 4.07 | 4.16 |
| BBB Rated | 4.09 | 4.09 | 4.07 | 4.09 | 4.03 | 3.98 | 3.96 | 3.99 | 3.91 | 3.99 |

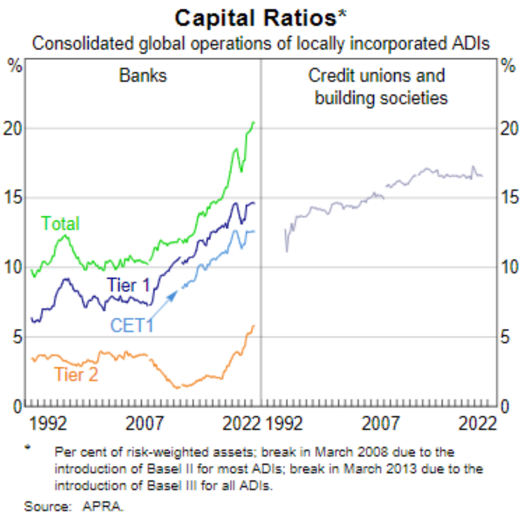
*Source: Imperium Markets*

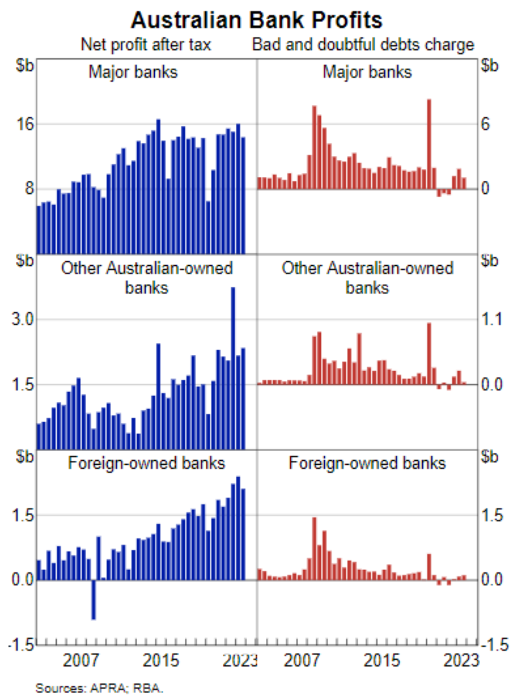
## Financial Stability of the Banking (ADI) Sector

The RBA's latest Financial Stability report of 2024 reaffirms the strong balance sheet across the ADI sector. They noted that the risk of widespread financial stress remains limited due to the generally strong financial positions of most (individual) borrowers. Very few mortgage borrowers are in negative equity, limiting the impact on lenders (ADIs) in the event of default and supporting their ability to continue providing credit to the economy. Most businesses that have entered insolvency are small and have little debt, limiting the broader impact on the labour market and thus household incomes, and on the capital position of lenders (ADIs).

Australian banks (collectively the APRA regulated ADIs) have maintained prudent lending standards and are well positioned to continue supplying credit to the economy. A deterioration in economic conditions or temporary disruption to funding markets is unlikely to halt lending activity. Banks have anticipated an increase in loan arrears and have capital and liquidity buffers well above regulatory requirements (*see Capita Ratios chart below*). APRA's mandate is to "*protect depositors*" and provide "*financial stability*".

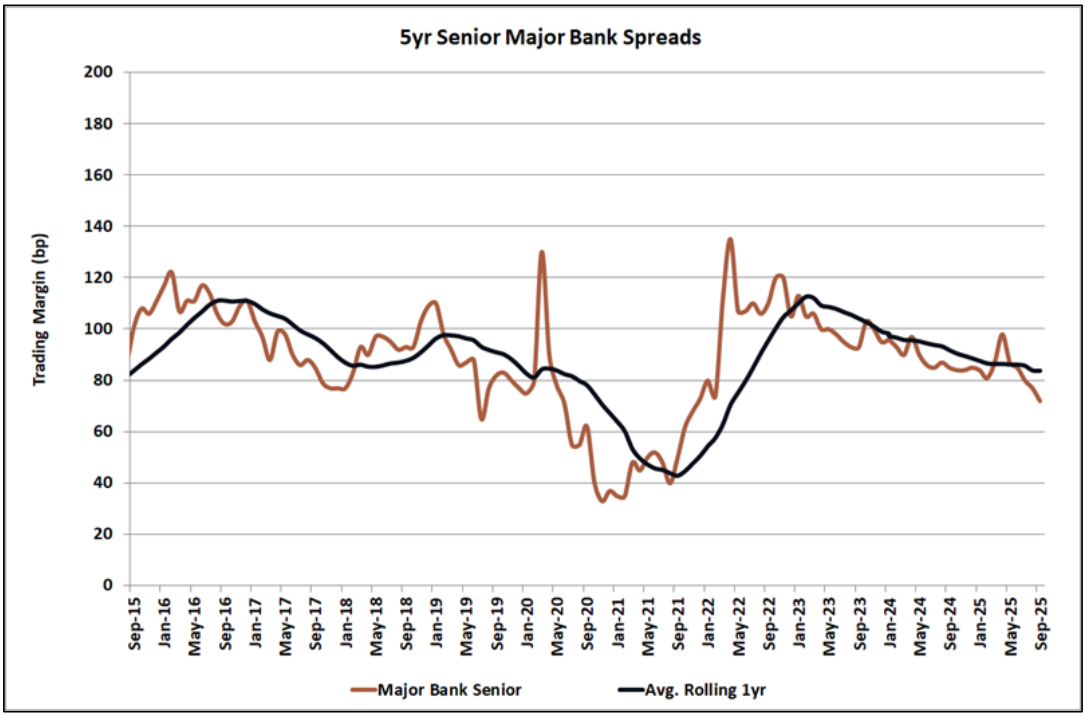
Over the past two decades, both domestic and international banks continue to operate and demonstrate high levels of profitability (*see Australian Bank Profits chart below*), which also includes two stress-test environments being the GFC (September 2008) and the COVID pandemic (March 2020):



## Senior FRNs Market Review

Over September, amongst the senior major bank FRNs, physical credit securities tightened up to 5bp at the long-end of the curve. Long-term major bank senior securities are looking 'expensive' on a historical basis, noting the 5yr margin has averaged around the +90bp level over a cycle (currently around +72bp).




*Source: IBS Capital*

During the month, there was minimal new issuances apart from the following:

- RBC (A): 6 non-call 5 year senior security at +115bp
- Sumitomo (A): 5 year senior FRN at +78bp
- Teachers Mutual (BBB+): 3 year senior FRN at +95bp

Amongst the "A" rated sector, securities tightened between 2-5bp in the 3-5 year part of the curve. Within the "BBB" rated sector, margins tightened up to 20bp at the 3 year part of the curve, lagging behind their higher rated counterparts, and partly driven by Teachers Mutual (BBB+) latest senior deal.

Overall, credit securities are slightly expensive on a historical basis but remain a good option for diversification purposes. FRNs will continue to play a role in investors' portfolios mainly based on their liquidity and the ability to roll down the curve and gross up returns over ensuing years (in a relatively stable credit environment), whilst also providing some diversification to those investors skewed towards fixed assets.

| Senior FRNs (ADIs) | 30/09/2025 | 31/08/2025 |
|---|---|---|
| "AA" rated – 5yrs | +72bp | +77bp |
| "AA" rated – 3yrs | +60bp | +62bp |
| "A" rated – 5yrs | +80bp | +85bp |
| "A" rated – 3yrs | +70bp | +72bp |
| "BBB" rated – 3yrs | +100bp | +120bp |

*Source: IBS Capital*

We now generally recommend switches ('benchmark' issues only) into new primary issues, out of the following senior FRNs that are maturing:

- On or before mid-2028 for the "AA" rated ADIs (domestic major banks);
- On or before 2026 for the "A" rated ADIs; and
- Within 6-9 months for the "BBB" rated ADIs (consider case by case).

Investors holding onto the above senior FRNs ('benchmark' issues only) in their last few years are now generally holding sub optimal investments and are not maximising returns by foregoing realised capital gains. In the current challenging economic environment, any boost in overall returns should be locked in when it is advantageous to do so, particularly as switch opportunities become available.

## Senior Fixed Bonds – ADIs (Secondary Market)

With global inflation softening and official interest rates starting to drop progressively, investors may look at some opportunities in the secondary market. We currently see value in the following fixed bond lines (please note supply in the secondary market may be limited on any day):

| ISIN | Issuer | Rating | Capital Structure | Maturity Date | ~Remain. Term (yrs) | Fixed Coupon | Indicative Yield |
|---|---|---|---|---|---|---|---|
| AU3CB0314763 | Bendigo | A- | Senior | 24/10/2028 | 3.07 | 4.79% | 4.38% |
| AU3CB0308955 | BoQ | A- | Senior | 30/04/2029 | 3.58 | 5.30% | 4.49% |
| AU3CB0319879 | Nova Sco. | A- | Senior | 21/03/2030 | 4.47 | 5.23% | 4.86% |

# Economic Commentary

## International Market

Various equity markets including the US main indices (S&P 500, NASDAQ and Dow Jones) reached new record highs during the month, partly led by AI optimism, after Nvidia's major investment in OpenAI (ChatGPT), as well as another US Fed rate cut. The positive sentiment was also brought on by expectations of further rate cuts over the next 12 months (albeit less than previously anticipated).

Across equity markets, the US S&P 500 Index rose +3.53%, whilst the NASDAQ gained +5.61%. Europe's main indices were mixed, with gains in UK's FTSE (+2.38%) and France's CAC (+1.60%), whilst Germany's DAX (-0.77%) gave up some ground.

The US FOMC cut rates by 25bp to 4.00%-4.25%, as widely expected. The post meeting statement said the rate cut was justified "*in light of the shift in the balance of risks*" and no longer described the labour market as "*solid*".

US August core CPI was +0.3% m/m (though within 1bp of rounding to +0.4%) and +3.1% y/y, as expected. The headline read was +2.9% y/y, also as expected. The US unemployment rate ticked up to 4.3% from 4.2% in August.

The Bank of Canada cut rates by 25bp to 2.50%, whilst also citing a shifting balance of risks.

The ECB held rates for a second consecutive meeting. There was little change to inflation projections compared to three months ago, with headline CPI expected to average +1.7% next year and +1.9% in 2027 and core figures of +1.9% and +1.8% respectively.

In the UK, CPI came in line with expectations, doing nothing to shift expectations from the Bank of England's decision to hold rates unchanged. Headline CPI was steady at +3.8% and core fell 0.2% to +3.6%. Services inflation slowed to +4.7%, helped by a fall in volatile airfare prices.

China's August CPI slipped back into negative territory at -0.4% y/y, below expectations, as food price deflation deepened. Core inflation edged up to +0.9%, but this was largely due to temporary factors such as a consumer goods trade-in scheme.

The MSCI World ex-Aus Index rose +3.31% for the month of September:

| Index | 1m | 3m | 1yr | 3yr | 5yr | 10yr |
|---|---|---|---|---|---|---|
| S&P 500 Index | +3.53% | +7.79% | +16.07% | +23.10% | +14.74% | +13.29% |
| MSCI World ex-AUS | +3.31% | +7.43% | +18.04% | +24.46% | +15.00% | +13.08% |
| S&P ASX 200 Accum. Index | -0.78% | +4.71% | +10.56% | +15.17% | +12.98% | +10.11% |

*Source: S&P, MSCI*

## Domestic Market

The Monthly CPI Indicator for August rose to +3.0% y/y, above consensus of +2.9% y/y, the highest level since July 2024. The annual trimmed mean fell to +2.6% y/y from +2.7%, but that is due to base effects (particularly travel) and should not be seen as good news. Market Services Inflation came in hot, a sharp shift from the pace of price growth over recent quarter in what tends to be more persistent components.

In a unanimous decision, the RBA's Monetary Policy Board left the cash rate on hold at 3.60% in September, as expected. The key observation was that "*inflation in the September quarter may be higher than expected at the time of the August Statement on Monetary Policy*".

The unemployment rate remained unchanged at 4.2% in August. To two decimal places, it stayed at 4.24% despite the drop in employment due to a fall in the participation rate. Employment fell 5.1k, as a large fall in full time employment (-40.9k) was only partially offset by a rise in part time employment (35.5k).

Q2 GDP surprised higher at +0.6% q/q and +1.8% y/y (consensus +0.5% q/q). Private demand drove growth in the quarter, with household consumption up +0.9% even as private investment contributed little to growth.

Dwelling prices rose +0.7% m/m in August to be +4.1% higher over the year. The reacceleration in growth has been reasonably broad-based. Melbourne has continued to lag other capitals, with +0.3% m/m growth being well behind top performers Brisbane and Perth (+1.2% and +1.1% m/m respectively).

Corporate profits fell -2.4% q/q. Mining industry profits were broadly steady, down -0.5% q/q, while declines across the non-mining economy were reasonably broad-based and generally unwinding gains in Q1.

The Australian dollar gained around +0.98%, finishing the month at US66.02 cents (from US65.38 cents the previous month).

## Credit Market

The global credit indices remained relatively flat this month. They remain near the levels seen in early-mid 2022 (prior to the rate hike cycle from most central banks):

| Index | September 2025 | August 2025 |
|---|---|---|
| CDX North American 5yr CDS | 52bp | 50bp |
| iTraxx Europe 5yr CDS | 56bp | 54bp |
| iTraxx Australia 5yr CDS | 66bp | 67bp |

*Source: Markit*

# Fixed Interest Review

## Benchmark Index Returns

| Index | September 2025 | August 2025 |
|---|---|---|
| Bloomberg AusBond Bank Bill Index (0+YR) | +0.29% | +0.32% |
| Bloomberg AusBond Composite Bond Index (0+YR) | +0.15% | +0.28% |
| Bloomberg AusBond Credit FRN Index (0+YR) | +0.43% | +0.46% |
| Bloomberg AusBond Credit Index (0+YR) | +0.06% | +0.60% |
| Bloomberg AusBond Treasury Index (0+YR) | +0.09% | +0.24% |
| Bloomberg AusBond Inflation Gov't Index (0+YR) | +0.91% | +0.83% |

*Source: Bloomberg*

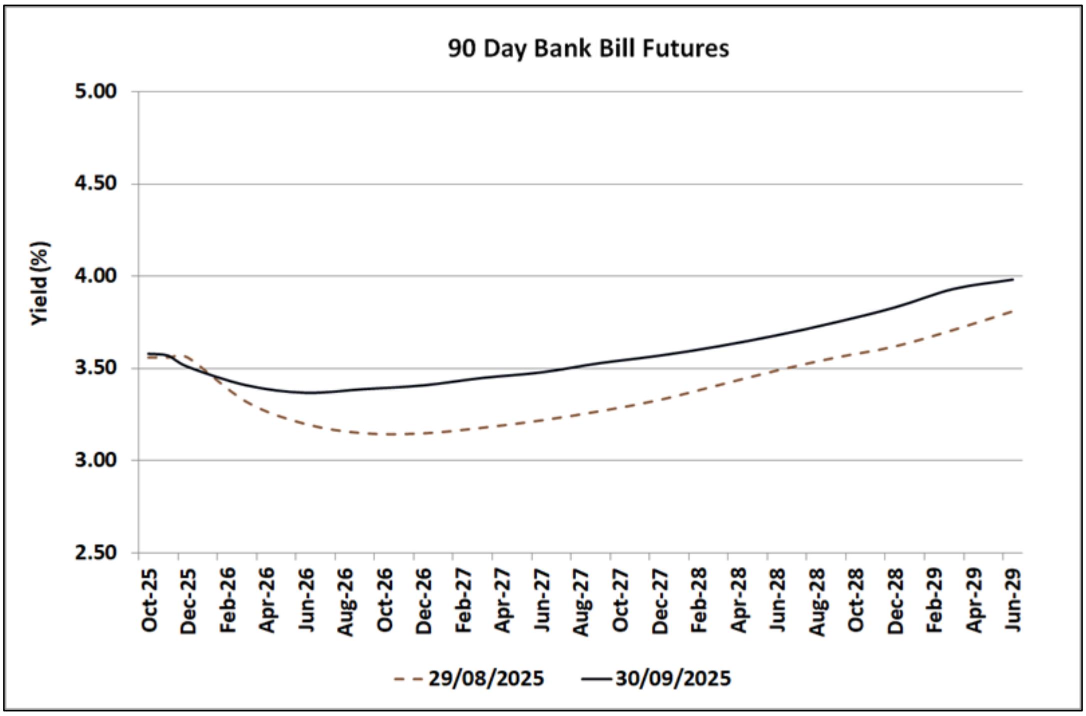
## Other Key Rates

| Index | September 2025 | August 2025 |
|---|---|---|
| RBA Official Cash Rate | 3.60% | 3.60% |
| 90 Day (3 month) BBSW Rate | 3.58% | 3.57% |
| 3yr Australian Government Bonds | 3.53% | 3.37% |
| 10yr Australian Government Bonds | 4.31% | 4.26% |
| US Fed Funds Rate | 4.00%-4.25% | 4.25%-4.50% |
| 2yr US Treasury Bonds | 3.60% | 3.59% |
| 10yr US Treasury Bonds | 4.16% | 4.23% |

*Source: RBA, ASX, US Department of Treasury*

## 90 Day Bill Futures

Bill futures rose across the board this month, as the market pushed back expectations not only on the timing of the next RBA rate cut, but also the number of rate cuts (down to one):



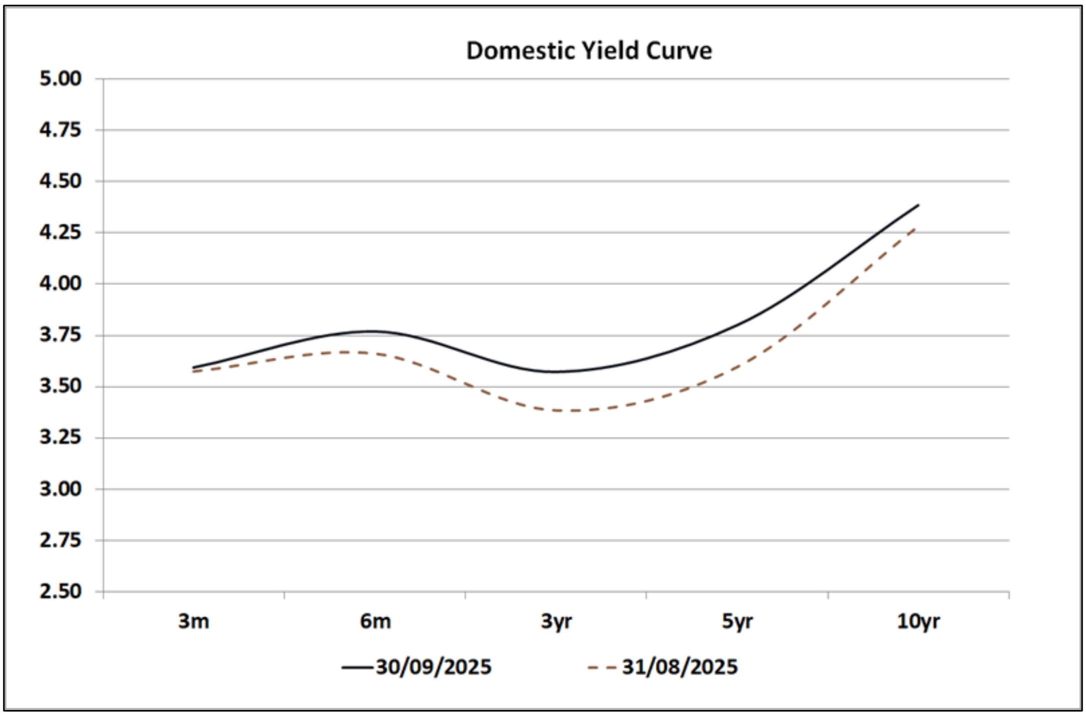

*Source: ASX*

## Fixed Interest Outlook

US Federal Reserve Chair Jerome Powell remains balanced, reiterating the Fed's dual mandate and the "*challenging situation*" posed by upside inflation risks and downside employment risks. He described policy as "*modestly restrictive*" and stressed the need to balance both sides of the mandate. The latest dot plots (both the median and distribution), has broadly shifted down 25bp relative to June. The 2025 median was at 3.625% (at least one more rate cut), whilst the median dot in 2026 showing 3.375%, implying a further 75bp of cumulative easing from current levels.

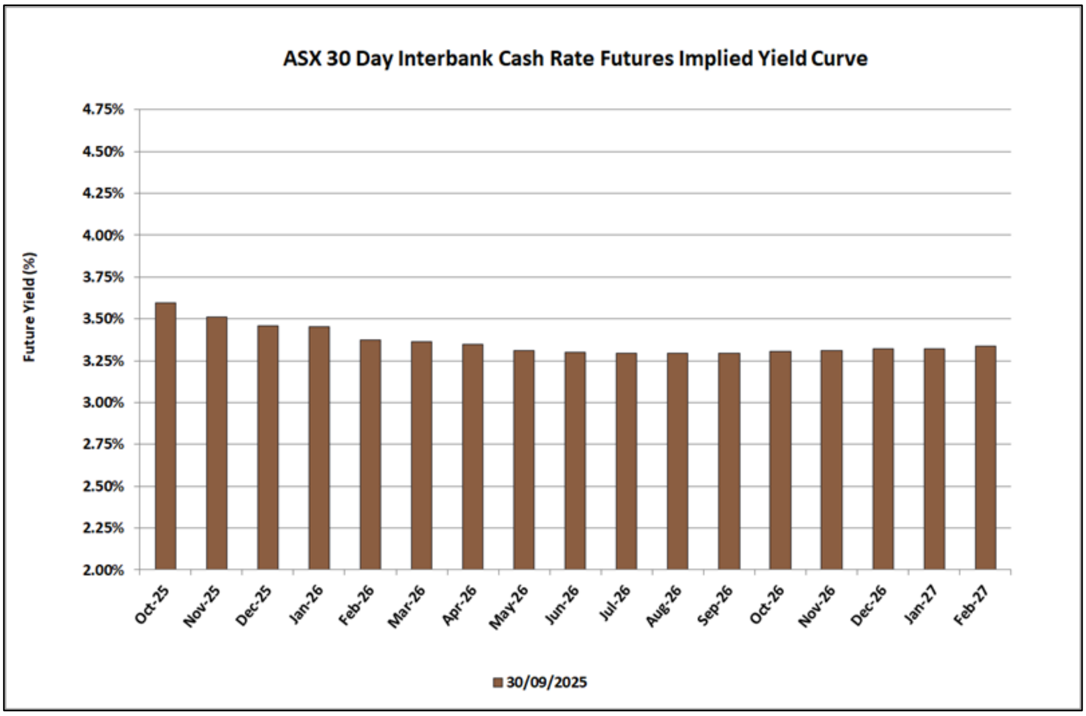
Domestically, after keeping rates unchanged in September, the RBA's accompanying statement denoted that "*the decline in underlying inflation has slowed*", after previously suggesting that "*inflation has continued to moderate*". This is a strong message that the RBA's narrative around core inflation has shifted in response to the signal in the latest monthly inflation indicator (August), which came in higher than expected. If inflation remains slightly elevated and higher than the previously forecasted, the RBA may well be on hold heading into 2026.

Yields rose by up to 15bp at the longer-end of the curve this month:




*Source: ASX, RBA*

Financial markets are now only factoring one additional rate cut by early-mid 2026, potentially taking the official cash rate down to 3.35%, pushing back on two additional rate cuts after the latest monthly inflation reading came up higher than anticipated:




*Source: ASX*

**DISCLAIMER**

This document has been prepared by Arlo Advisory Pty Ltd ("Arlo"), ABN 55 668 191 795, an authorised representative of InterPrac Financial Planning Pty Ltd (ABN 14 076 093 680) AFS Licence No. 246638. Arlo provides fixed income investment advisory services to wholesale investors only. The information in this document is intended solely for your use. This document may not otherwise be reproduced and must not be distributed or transmitted to any other person or used in any way without the express approval of Arlo.

**General Advice Warning**

The information contained in this document is general in nature and does not take into account your individual investment objectives and adopted policy mandate. Arlo monitors the fixed income market and recommends the best rates currently available to the investors. You are responsible for deciding whether our recommendations are appropriate for your particular investment needs, objectives and financial situation and for implementing your decisions.

**Accuracy & Reliability of Information**

Arlo sources and uses information provided by third parties from time to time, including from Imperium Markets Pty Ltd ABN 87 616 579 527, a sister company of Arlo. Although every effort has been made to verify the accuracy of the information contained in this document, Arlo, its officers, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from the information contained in this document or any loss or damage suffered by any person directly or indirectly through relying on this information.

# KIAMA MUNICIPAL COUNCIL

## Consolidated Income Statement

For the Period Ending 31 August 2025

| | Year to Date | | | | | Full Year | |
|---|---|---|---|---|---|---|---|
| | Actual 25-26 $'000 | Adopted Budget 25-26 $'000 | ---------- Variance ---------- 25-26 $'000 | % | Last Year Actual* 24-25 $'000 | Last Year Actual* 24-25 $'000 | Adopted Budget 25-26 $'000 |
| **Income from recurring operations** | | | | | | | |
| Rates, Levies & Annual Charges | 30,066 | 30,034 | 32 | 0% | 28,438 | 28,740 | 30,261 |
| User charges and fees | 2,343 | 2,255 | 88 | 4% | 2,506 | 18,317 | 18,845 |
| Interest & Investment Revenue | 286 | 361 | (75) | -21% | 416 | 2,382 | 2,051 |
| Other Revenue | 538 | 509 | 30 | 6% | 678 | 4,415 | 3,650 |
| Operating Grants and Contributions | 380 | 277 | 103 | 37% | 489 | 4,476 | 4,687 |
| Net Gain / Loss on Sale - Plant & Equipment | 0 | - | 0 | 100% | - | (593) | 536 |
| Net Gain / Loss on Sale - Other | - | - | - | 0% | - | (470) | - |
| **Total Income** | **33,613** | **33,436** | **177** | **1%** | **32,526** | **57,266** | **60,031** |
| **Expenses from recurring operations** | | | | | | | |
| Employee Benefits | 5,058 | 4,656 | (402) | -9% | 5,285 | 29,739 | 27,243 |
| Borrowing Costs | 13 | 10 | (3) | -28% | 11 | 177 | 216 |
| Materials & Contracts | 5,086 | 5,166 | 80 | 2% | 6,331 | 30,038 | 25,552 |
| Depreciation & Amortization | 1,526 | 1,555 | 29 | 2% | 1,603 | 11,559 | 9,153 |
| Other Expenses | 18 | 14 | (3) | -24% | 1 | 1,135 | 1,076 |
| **Total Expenses** | **11,700** | **11,401** | **(299)** | **-3%** | **13,231** | **72,648** | **63,240** |
| **Operating result from recurring operations** | **21,913** | **22,034** | **(121)** | **-1%** | **19,295** | **(15,382)** | **(3,209)** |
| Capital Grants & Contributions | 817 | 160 | 657 | 411% | 2,445 | 14,496 | 2,888 |
| Net Gain / Loss on Sale - Property | - | - | - | 0% | - | - | - |
| **Operating result including capital grants & contributions** | **22,730** | **22,194** | **536** | **2%** | **21,740** | **(886)** | **(321)** |
| **Operating result including capital grants & contributions & one-off sales** | **22,730** | **22,194** | **536** | **2%** | **21,740** | **(886)** | **(321)** |

**Last year actuals are preliminary and exclude discontinued operations (Blue Haven Bonaira and Hire Services Operations)*

# KIAMA MUNICIPAL COUNCIL

## Blue Haven Terralong Income Statement

For the Period Ending 31 August 2025

| | Year to Date | | | | | Full Year | |
|---|---|---|---|---|---|---|---|
| | Actual 25-26 $'000 | Adopted Budget 25-26 $'000 | ---------- Variance ---------- 25-26 $'000 | % | Last Year Actual 24-25 $'000 | Last Year Actual 24-25 $'000 | Adopted Budget 25-26 $'000 |
| **Income from recurring operations** | | | | | | | |
| User charges and fees | 177 | 187 | (10) | -5% | 189 | 1,110 | 1,121 |
| Interest & Investment Revenue | 1 | - | 1 | 100% | 1 | 1 | - |
| Other Revenue | 317 | 346 | (28) | -8% | 345 | 2,001 | 2,244 |
| Net Gain / Loss on Sale - Plant & Equipment | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Other | - | - | | | - | - | - |
| Internal Revenue | - | - | - | 0% | - | - | - |
| **Total Income** | **496** | **533** | **(37)** | **-7%** | **535** | **3,111** | **3,366** |
| **Expenses from recurring operations** | | | | | | | |
| Employee Benefits | 58 | 43 | (15) | -34% | 105 | 393 | 280 |
| Materials & Contracts | 134 | 88 | (46) | -53% | 173 | 1,975 | 499 |
| Other Expenses | - | - | - | 0% | - | 14 | - |
| Internal Expenditure | 114 | 111 | (2) | -2% | 56 | 584 | 668 |
| **Total Expenses** | **305** | **242** | **(63)** | **-26%** | **334** | **2,966** | **1,447** |
| **Operating result from recurring operations** | **191** | **291** | **(100)** | **-34%** | **201** | **145** | **1,919** |
| Capital Grants & Contributions | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Property | - | - | - | 0% | - | - | - |
| **Operating result including capital grants & contributions** | **191** | **291** | **(100)** | **-34%** | **201** | **145** | **1,919** |
| **Operating result including capital grants & contributions & one-off sales** | **191** | **291** | **(100)** | **-34%** | **201** | **145** | **1,919** |

# KIAMA MUNICIPAL COUNCIL

## Holiday Parks Income Statement

For the Period Ending 31 August 2025

| | Year to Date | | | | | Full Year | |
|---|---|---|---|---|---|---|---|
| | Actual 25-26 $'000 | Adopted Budget 25-26 $'000 | ---------- Variance ---------- 25-26 $'000 | % | Last Year Actual 24-25 $'000 | Last Year Actual 24-25 $'000 | Adopted Budget 25-26 $'000 |
| **Income from recurring operations** | | | | | | | |
| User charges and fees | 1,269 | 1,284 | (15) | -1% | 1,275 | 11,385 | 11,851 |
| Other Revenue | 0 | 0 | 0 | 27% | 1 | 2 | 2 |
| Net Gain / Loss on Sale - Plant & Equipment | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Other | - | - | | | - | (27) | - |
| Internal Revenue | 0 | - | 0 | 100% | 5 | 45 | - |
| **Total Income** | **1,269** | **1,284** | **(15)** | **-1%** | **1,281** | **11,406** | **11,853** |
| **Expenses from recurring operations** | | | | | | | |
| Employee Benefits | 75 | 71 | (4) | -6% | 58 | 449 | 459 |
| Borrowing Costs | 8 | 9 | 0 | 2% | 10 | 61 | 50 |
| Materials & Contracts | 916 | 961 | 46 | 5% | 985 | 6,284 | 5,794 |
| Depreciation & Amortization | 100 | 101 | 2 | 2% | 97 | 594 | 597 |
| Other Expenses | - | - | - | 0% | - | 529 | 472 |
| Internal Expenditure | 309 | 311 | 2 | 1% | 183 | 890 | 1,546 |
| **Total Expenses** | **1,407** | **1,453** | **46** | **3%** | **1,334** | **8,807** | **8,919** |
| **Operating result from recurring operations** | **(138)** | **(169)** | **31** | **18%** | **(53)** | **2,598** | **2,934** |
| Capital Grants & Contributions | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Property | - | - | - | 0% | - | - | - |
| **Operating result including capital grants & contributions** | **(138)** | **(169)** | **31** | **18%** | **(53)** | **2,598** | **2,934** |
| **Operating result including capital grants & contributions & one-off sales** | **(138)** | **(169)** | **31** | **18%** | **(53)** | **2,598** | **2,934** |

# KIAMA MUNICIPAL COUNCIL

## The Pavilion Income Statement

For the Period Ending 31 August 2025

| | Year to Date | | | | | Full Year | |
|---|---|---|---|---|---|---|---|
| | Actual 25-26 $'000 | Adopted Budget 25-26 $'000 | ---------- Variance ---------- 25-26 $'000 | % | Last Year Actual 24-25 $'000 | Last Year Actual 24-25 $'000 | Adopted Budget 25-26 $'000 |
| **Income from recurring operations** | | | | | | | |
| User charges and fees | 70 | 72 | (2) | -3% | 91 | 612 | 579 |
| Net Gain / Loss on Sale - Plant & Equipment | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Other | - | - | | | - | - | - |
| Internal Revenue | 3 | 3 | 0 | 8% | 6 | 37 | 17 |
| **Total Income** | **73** | **75** | **(2)** | **-3%** | **97** | **649** | **596** |
| **Expenses from recurring operations** | | | | | | | |
| Employee Benefits | 44 | 43 | (1) | -3% | 36 | 284 | 276 |
| Materials & Contracts | 46 | 48 | 2 | 5% | 45 | 423 | 311 |
| Depreciation & Amortization | 25 | 26 | 0 | 2% | 24 | 146 | 152 |
| Internal Expenditure | 108 | 107 | (0) | 0% | 2 | 31 | 643 |
| **Total Expenses** | **222** | **224** | **1** | **1%** | **107** | **883** | **1,381** |
| **Operating result from recurring operations** | **(150)** | **(149)** | **(1)** | **-1%** | **(11)** | **(235)** | **(785)** |
| Capital Grants & Contributions | - | - | - | 0% | - | 24 | - |
| Net Gain / Loss on Sale - Property | - | - | - | 0% | - | - | - |
| **Operating result including capital grants & contributions** | **(150)** | **(149)** | **(1)** | **-1%** | **(11)** | **(211)** | **(785)** |
| **Operating result including capital grants & contributions & one-off sales** | **(150)** | **(149)** | **(1)** | **-1%** | **(11)** | **(211)** | **(785)** |

# KIAMA MUNICIPAL COUNCIL

## Commercial Waste Income Statement

For the Period Ending 31 August 2025

| | Year to Date | | | | | Full Year | |
|---|---|---|---|---|---|---|---|
| | Actual | Adopted Budget | ---------- Variance ---------- | | Last Year Actual | Last Year Actual | Adopted Budget |
| | 25-26 | 25-26 | 25-26 | | 24-25 | 24-25 | 25-26 |
| | $'000 | $'000 | $'000 | % | $'000 | $'000 | $'000 |
| **Income from recurring operations** | | | | | | | |
| Rates, Levies & Annual Charges | 204 | 194 | 9 | 5% | 198 | 196 | 194 |
| User charges and fees | 51 | 37 | 14 | 39% | 24 | 176 | 240 |
| Other Revenue | 20 | 23 | (3) | -12% | 16 | 127 | 135 |
| Net Gain / Loss on Sale - Plant & Equipment | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Other | - | - | | | - | - | - |
| Internal Revenue | 48 | 44 | 4 | 9% | 62 | 391 | 265 |
| **Total Income** | **322** | **298** | **25** | **8%** | **299** | **890** | **834** |
| **Expenses from recurring operations** | | | | | | | |
| Employee Benefits | 42 | 27 | (15) | -57% | 34 | 254 | 167 |
| Materials & Contracts | 24 | 38 | 14 | 38% | - | 269 | 276 |
| Internal Expenditure | 27 | 27 | - | 0% | 59 | 381 | 161 |
| **Total Expenses** | **93** | **92** | **(1)** | **-1%** | **93** | **903** | **604** |
| **Operating result from recurring operations** | **230** | **206** | **24** | **11%** | **207** | **(13)** | **230** |
| Capital Grants & Contributions | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Property | - | - | - | 0% | - | - | - |
| **Operating result including capital grants & contributions** | **230** | **206** | **24** | **11%** | **207** | **(13)** | **230** |
| **Operating result including capital grants & contributions & one-off sales** | **230** | **206** | **24** | **11%** | **207** | **(13)** | **230** |

# KIAMA MUNICIPAL COUNCIL

## Leisure Centre Income Statement

For the Period Ending 31 August 2025

| | Year to Date | | | | | Full Year | |
|---|---|---|---|---|---|---|---|
| | Actual 25-26 $'000 | Adopted Budget 25-26 $'000 | ---------- Variance ---------- 25-26 $'000 | % | Last Year Actual 24-25 $'000 | Last Year Actual 24-25 $'000 | Adopted Budget 25-26 $'000 |
| **Income from recurring operations** | | | | | | | |
| User charges and fees | 321 | 335 | (14) | -4% | 453 | 2,709 | 2,674 |
| Net Gain / Loss on Sale - Plant & Equipment | - | - | - | 0% | - | - | - |
| Net Gain / Loss on Sale - Other | - | - | | | - | - | - |
| Internal Revenue | - | - | - | 0% | - | - | - |
| **Total Income** | **321** | **335** | **(14)** | **-4%** | **453** | **2,709** | **2,674** |
| **Expenses from recurring operations** | | | | | | | |
| Employee Benefits | 288 | 294 | 6 | 2% | 325 | 2,134 | 1,900 |
| Borrowing Costs | - | - | - | 0% | (0) | 9 | 9 |
| Materials & Contracts | 115 | 126 | 11 | 9% | 115 | 725 | 806 |
| Internal Expenditure | 146 | 143 | (2) | -2% | 108 | 685 | 859 |
| **Total Expenses** | **548** | **563** | **15** | **3%** | **548** | **3,553** | **3,574** |
| **Operating result from recurring operations** | **(227)** | **(228)** | **1** | **0%** | **(95)** | **(844)** | **(900)** |
| Capital Grants & Contributions | - | - | - | 0% | - | 72 | - |
| Net Gain / Loss on Sale - Property | - | - | - | 0% | - | - | - |
| **Operating result including capital grants & contributions** | **(227)** | **(228)** | **1** | **0%** | **(95)** | **(772)** | **(900)** |
| **Operating result including capital grants & contributions & one-off sales** | **(227)** | **(228)** | **1** | **0%** | **(95)** | **(772)** | **(900)** |

# KIAMA MUNICIPAL COUNCIL

## Income Statement by Program & Service (Includes Internal Transactions)

For the Period Ending 31 August 2025

| PROGRAM & SERVICE | REVENUE | | | EXPENDITURE | | | OPERATING RESULT | | |
|---|---|---|---|---|---|---|---|---|---|
| | Actual 25-26 $'000 | Budget 25-26 $'000 | Variance $ 25-26 $'000 | Actual 25-26 $'000 | Budget 25-26 $'000 | Variance $ 25-26 $'000 | Actual 25-26 $'000 | Budget 25-26 $'000 | Variance $ 25-26 $'000 |
| **Business Operations** | | | | | | | | | |
| Kendall Beach Holiday Park | 188 | 219 | (31) | 268 | 271 | 4 | (80) | (53) | (27) |
| Kiama Harbour Cabins | 179 | 173 | 5 | 251 | 258 | 7 | (72) | (85) | 12 |
| Seven Mile Beach Holiday Park | 373 | 414 | (41) | 320 | 326 | 6 | 54 | 88 | (35) |
| Showground Camping Grounds | 0 | - | 0 | - | - | - | 0 | - | 0 |
| Surf Beach Holiday Park | 199 | 181 | 18 | 296 | 316 | 20 | (98) | (135) | 38 |
| Werri Beach Holiday Park | 331 | 297 | 33 | 272 | 282 | 9 | 58 | 16 | 43 |
| Leisure Centre | 321 | 335 | (14) | 548 | 563 | 15 | (227) | (228) | 1 |
| The Pavilion | 73 | 75 | (2) | 222 | 224 | 1 | (150) | (149) | (1) |
| Blue Haven - Terralong ILU | 496 | 533 | (37) | 305 | 242 | (63) | 191 | 291 | (100) |
| Commercial Waste Services | 322 | 298 | 25 | 93 | 92 | (2) | 229 | 206 | 23 |
| **Business Operations** | **2,482** | **2,525** | **(44)** | **2,577** | **2,573** | **(3)** | **(95)** | **(48)** | **(47)** |
| **Core Council Administration** | **24,387** | **24,355** | **(32)** | **5,057** | **4,675** | **(382)** | **19,330** | **19,680** | **(350)** |
| **Regulatory** | **521** | **383** | **139** | **767** | **758** | **(9)** | **(245)** | **(375)** | **130** |
| **Public Services & Amenities** | **8,415** | **7,736** | **679** | **4,349** | **4,440** | **91** | **4,065** | **3,296** | **770** |
| **Other Community Services** | **113** | **63** | **50** | **437** | **420** | **(17)** | **(324)** | **(357)** | **33** |
| **Total Council** | **35,917** | **35,061** | **855** | **13,186** | **12,867** | **(320)** | **22,730** | **22,194** | **536** |

*Key:*
*Favourable*
*Unfavourable*

**Details on the specific services contained under each program can be found on the following page.*

Enclosure 1 Item 14.4

# KIAMA MUNICIPAL COUNCIL

## Programs & Services

**Contained below is a list of Kiama Council's main programs and the associated services which are provided under each.**

| Core Council Administration | Business Operations | Regulatory | Public Services & Ammenities | Other Community Services |
|---|---|---|---|---|
| Property Administration | Kendalls Beach Holiday Park | Lifeguards | Depreciation | Road Safety |
| Office of the CEO | Kiama Harbour Cabins | Internal Audit | Building Services & Maintenance | Community Development |
| Finance | Seven Mile Beach Holiday Park | Bushfire Services (RFS) | Construction & Works | Cultural Development |
| Corporate Savings | Showground Camping Ground | Building Development | Engineering & Works Administration | Youth Services |
| Training & Development | Surf Beach Holiday Park | Compliance | Design Project Contract Management | Tourism & Events |
| Rates & Charges | Werri Beach Holiday Park | Environmental Administration | Asset Management | Visitor Information Centre |
| Records Management | The Pavilion | Environmental Health | Engineering Assessment & Approvals | Economic Development |
| Fleet & Plant Administration | Blue Haven ILU Terralong | Strategic Planning | Parks Services | |
| Supply & Store | Commercial Waste Services | | Tree Preservation & Management | |
| Communications | Leisure Centre | | Kiama Works Depot | |
| Civic Activities | | | Library Services | |
| Information Technology | | | Domestic Waste Services | |
| Geographic Information Systems | | | Cleaning Services | |
| Customer Service | | | | |
| TechnologyOne Implementation and Maintenance | | | | |
| Corporate Planning | | | | |
| Governance | | | | |
| Human Resources | | | | |
| Organisational development | | | | |
| Risk Management | | | | |
| Operating Management | | | | |

Enclosure 1 Item 14.4

# KIAMA MUNICIPAL COUNCIL

## Consolidated Cash Flow Movements

For the Period Ending 31 August 2025

| | Year to Date<br>Actual<br>Movements<br>25-26<br>$'000 | Full Year<br>Full year Budget<br>Movements<br>25-26<br>$'000 |
|---|---|---|
| **Operating result including capital grants & contributions & one-off sales** | **22,730** | **(321)** |
| **Cash Adjustments** | | |
| Depreciation | 1,526 | 9,153 |
| Cost of Assets Sold - Plant & Equipment | - | 1,195 |
| Cost of Assets Sold - Property | - | 14,614 |
| Cost of Assets Sold - Other | - | - |
| Capital Works Program | (1,086) | (23,303) |
| Purchase of Investment Property | - | (1,933) |
| Loan Repayments | (125) | (679) |
| Deferred Management fees | (317) | (2,238) |
| Aged Care Bonds Movements | (760) | 4,500 |
| Net Movement in Debtors/Creditors | (23,611) | - |
| **Net Inc/(Dec) in Funds before Transfers** | **(1,644)** | **989** |
| **Net Reserve Movements** | | |
| **Externally Restricted** | **1,094** | **(5,474)** |
| Unexpended Grants | (91) | (5,074) |
| Crown Land | (86) | (2,133) |
| Blue Haven Terralong ILU Maintenance Levy | (83) | - |
| Roads Reserve | - | - |
| Domestic waste management | 1,121 | 1,154 |
| Unspent Loan Funding | - | - |
| Stormwater Levy | 91 | (128) |
| Security bonds, Deposits & Retentions | (42) | - |
| Developer contributions (Unexpended) | 184 | 708 |
| **Internally Restricted** | **(1,829)** | **(4,108)** |
| Blue Haven ILU Prudential Cover | - | - |
| Terralong ILU Capital Works | (787) | - |
| Plant Replacement | - | (934) |
| Employee Leave Entitlements | (1,500) | (1,500) |
| Land Development | - | (15) |
| Council Elections | - | 66 |
| Waste Business Unit | - | - |
| Risk Improvement Incentive | (37) | (30) |
| Temporary Funding Disaster Recovery Funding Agreement Works | 495 | (1,696) |
| **Total Net Reserve Movements** | **(735)** | **(9,582)** |
| **Net Inc/(Dec) in Unrestricted Funds** | **(909)** | **10,570** |
| **Net Inc/(Dec) in Unrestricted Funds excluding one-off sales** | **(909)** | **(4,043)** |

# KIAMA MUNICIPAL COUNCIL
## Consolidated
### Statement of Financial Position
### For the Period Ended 31 August 2025

| | Notes | YTD Actual 31 August 2025 2025-26 $'000 | Last year YTD Actual 31 August 2024 2024-25 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalants | C1-1 | **15,844** | 17,928 |
| Investments | C1-2 | **18,000** | 19,000 |
| Receivables | C1-4 | **24,836** | 2,964 |
| Inventories | C1-5 | **356** | 347 |
| Contract assets and contract cost assets | C1-6 | **513** | 513 |
| Current assets classified as 'held for sale' | C1-7 | **945** | 945 |
| Other | | **1,604** | 545 |
| **Total current assets** | | **62,097** | 42,243 |
| **Non current assets** | | | |
| Investments | C1-2 | **2,465** | 1,465 |
| Receivables | C1-4 | **2,952** | 2,951 |
| Infrastructure, property, plant and equipment | C1-8 | **580,799** | 583,589 |
| Investment property | C1-9 | **85,960** | 85,960 |
| Right of use assets | C2-1 | **280** | 280 |
| **Total non current assets** | | **672,456** | 674,245 |
| **Total assets** | | **734,553** | 716,487 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Payables | C3-1 | **65,441** | 70,130 |
| Contract liabilities | C3-2 | **4,940** | 4,694 |
| Lease liabilities | C2-1 | **77** | 77 |
| Borrowings | C3-3 | **2,519** | 2,519 |
| Employee benefit provisions | C3-4 | **5,923** | 6,022 |
| **Total current liabilities** | | **78,901** | 83,442 |
| **Non current liabilities** | | | |
| Lease liabilities | C2-1 | **226** | 226 |
| Borrowings | C3-3 | **8,029** | 8,154 |
| Employee benefit provisions | C3-4 | **513** | 513 |
| **Total non current liabilities** | | **8,768** | 8,893 |
| **Total Liabilities** | | **87,670** | 92,335 |
| **Net Assets** | | **646,883** | 624,152 |
| **EQUITY** | | | |
| Retained earnings | | **151,619** | 159,013 |
| Revaluation reserves | | **472,534** | 472,534 |
| Current Year Net Earnings | | **22,730** | -7,395 |
| **Total equity** | | **646,883** | 624,152 |