Item 14.1

14 REPORT OF THE DIRECTOR CORPORATE AND COMMERCIAL

14.1 Post Exhibition - Adoption of Lease and Licence Policy

CSP Objective: Outcome 4.1 Public funds and assets are managed strategically, transparently and efficiently.

CSP Strategy: 4.1.2 Effectively manage assets and commercial investments, ensuring their relevance, lifecycle needs, and value are optimised in accordance with legislative requirements.

Delivery Program: 4.1.2.4 Development of Lease and Licence Policy for lessee and licencing in property.

Summary

The purpose of this report is to seek Council's adoption of the Lease and Licence Policy. 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.

The draft policy was on public exhibition for 28 days from 30 May – 27 June 2025. During that time Council received 10 submissions. Concerns were around Financial Impact, Compliance & Reporting, Policy Clarity & Consistency, Accessibility, Legal & Administrative Matters.

The Policy has been updated to reflect many of the submissions received.

Financial implication

There is no significant financial implication to Council in adopting the Lease and Licence Policy. As leases or licences are renewed the new rental rebate will be applied and, in some cases, increase Council's revenue as set out in the Policy. This forms part of the annual Fees & Charges Policy and Budget processes.

Risk implication

This policy establishes a structured framework for Council's process of entering into and managing leases and licences and to minimise risks for Council and the community. The Policy seeks to ensure both Council and any Lessee (or Licensee / Tenant) are in a current Lease agreement template and aware of their rights and responsibilities. Categories of Lessee will ensure consistency and fairness in the arrangement entered into between Councill and respective community groups and organisations.

Policy

Local Government Act 1993

Local Government (General) Regulation 2005

Public Land Management Policy

Rental Tenancies Act

Consultation (internal)

Director Corporate and Commercial

Councilor briefing session 10 April 2025

Property Coordinator

Property Officer

Communication/Community engagement

All current lease and licence holders were notified in writing of the public exhibition period of the draft Lease and Licence Policy including rental rebate. Relevant Council officers helped facilitate with the current tenants and stakeholders to provide feedback.

In addition to the above, community engagement was undertaken resulting in:

• 195 website visits

• 917 e-newsletter openings

• one media release

• 887 social media reaches

• over 10 interactions with the public at the pop-up events

• 10 submissions received

Concerns were around Financial Impact, Compliance & Reporting, Policy Clarity & Consistency, Accessibility, Legal & Administrative Matters.

Please see enclosed Public Exhibition Engagement Report for all details.

Attachments
Nil

Enclosures

1 Updated Lease and Licence Policy including rental rebate - October 2025

2 Engagement Report - Lease and Licence Policy

3 Facility Management Responsibilities Template

RECOMMENDATION

That Council:

1.Adopt the updated Lease and Licence Policy.

2. Note the Public Exhibition Engagement Report.

3. Notify those who made submissions that the Lease and Licence Policy has been adopted.

4. Notify all current lease and licence holders of the adopted Lease and Licence Policy

5. Publish the Lease and Licence Policy on the Council website.

Background

Council has never previously had a documented Lease and Licence Policy that makes clear to tenants and groups their rights and obligations, Council's goals and aspirations, and how Council intends to manage and lease or license its facilities. The policy allows all parties to be clear of the rules for operating, tenanting and how activating a council owned facility is to occur.

Embedded in Council's current Land Management Policy (LMP) is a section on agreements, finance and maintenance obligations which is difficult for the community to quickly reference and understand. The LMP is not clear on criteria for rental rebates and there is a need for more clarity on terms and conditions for both parties before entering into agreements.

The policy sets out the following:

- Purpose and principles of Council facilities
- Lease and licence categories, terms, responsibilities, rental charges and process

The policy incorporates the following types of tenant categories to which Council may enter into a lease or licence in a commercial or community facility:

- Local community group
- Local community sporting group
- Small to medium not for profit provider of community services (removed after consideration of feedback)
- Large not for profit provider of community services (removed after consideration of feedback)
- Surf clubs
- Government entity providing community services
- Commercial business
- Residential tenant.

Also included are the criteria for establishing a lease or licence on council-owned facilities or council-owned and managed land including Crown Land under Council's care and control.

From a financial perspective, the policy includes the possible rental rebate proposed under each tenant category and also includes a hardship process.

This policy will ensure fair and efficient process and use of Council's assets and proposed rentals and will assist in increasing utilisation of Council's facilities.

Council currently has the following Leases and Licences:

14 Commercial Leases

14 Commercial Licences

17 Community Leases

15 Community Licences

This policy will apply as leases and licences are being renewed or commenced.

Council at its meeting on the 20th May 2025 resolved to:

1. Endorse the draft Lease and Licence Policy including Rental Rebate to be placed on public exhibition for 28 days calling for submissions.

2. Notify all current lease and licence holders of the exhibition of the draft Lease and Licence Policy including Rental Rebate and help facilitate the current tenants and stakeholders to provide feedback.

3. Following conclusion of the exhibition period:

(a) receive a further report for consideration, if any relevant submissions are received or if any substantial changes are proposed for any other reason, detailing the public exhibition outcomes and proposed changes with recommendations regarding adoption of the above documents, or

(b) adopt the Lease and Licence Policy including Rental Rebate if there are no relevant submissions received and there are no substantial changes proposed for any other reasons.

Following the above resolution the Draft Lease and Licence Policy was placed on public exhibition from 30 May – 27 June 2025.

During the exhibition period community engagement was undertaken resulting in 195 website visits, 917 e-newsletter openings, one media release, 887 social media reaches, over 10 interactions with the public at pop-up events and 13 submissions received.

Three (3) submissions supported the policy, six (6) were unsure and four (4) did not support the policy.

Of the submissions received concerns were financial impact, compliance and reporting, policy clarity & consistency, accessibility, legal and administrative matter.

In reviewing the submissions, changes have been made to the draft policy as set out in outcome column below and highlighted red in the enclosed policy. Strong feedback was received regarding Tenant categories 3 & 4 ie not for profit groups, and after consideration been decided that they be removed from the policy to ensure greater clarity and as they can be otherwise covered within the policy and remaining categories.

An outline of the submissions received and proposed changes to the draft policy are in the table below:

Financial Impact

Submission Received	Response	Outcome
• Introduction of *market rent* (even discounted) would cause financial hardship for small community and not-for-profit (NFP) organisations. • Rent increases such as CPI or 5% (whichever is higher) are excessive for volunteer-run groups. • Rent-setting methodology is unclear and will make some organisations unviable. • Current peppercorn rental arrangements should remain for genuine community service providers. • Policy prioritises revenue generation over community access and affordability.	Noted Peppercorn rentals are no longer viable for Council & are being phased out. Consideration has been made & confirm clear separation between Category 1,2 &5 remain community & 6 + 7 commercial and 8 residential.	Market Valuations will only be undertaken for Category 6 and 7. 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.

Item 14.1

Compliance & Reporting

Submission Received	Response	Outcome
• Requirement for annual audited financial reports is too onerous and costly for small NFPs. • Audits should only apply to medium and large entities as per ACNC/ATO definitions. • Excessive reporting will strain both community groups and Council resources.	Agreed.	Policy changed to the following: *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 November each year.* *Category 5 will be required to provide Council with their* ***audited annual financial reports*** *by 30 November 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. The lease renewal process is open and transparent.	No changes to the Policy related to this submission

Policy Clarity & Consistency

Submission 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.
• Missing references (e.g. Schedule 1 Maintenance Schedule Example not attached).		Draft Maintenance Responsibilities 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.	Policy updated to include definitions for maintenance responsibilities, lease terms and development obligations.	These definitions have been added to the Policy – Maintenance Responsibilities Lease Term and development obligations.

Accessibility:

Submission Received	Response	Outcome
• Concern that the focus on “economic” return will reduce community access to assets.	Noted	A further section has been added to the Policy - 16. *Optimising Use of Council Property*
• Need clearer distinction between profit-generating and community assets.		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.
• Request to amend Vision Statement and Guiding Principles to better reflect		Vision Statement and Guiding Principles added to better reflect affordability and community benefit.

affordability and community benefit.		

Legal & Administrative Matters

Submission Received	Response	Outcome
• Expectation that Council should cover or share legal costs for preparing agreements, particularly for small NFPs. • 21-year lease limit may disadvantage long-term community tenants (e.g. sporting clubs). • Policy may discourage community groups from applying due to complex compliance and uncertain rent outcomes.	Noted.	Council can offer in house draft Lease / Licence preparation for Category 1, 2 and 5 Tenants for terms of 5 years and under. It will then be at the tenant/s discretion to seek legal advice on the agreements. 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. See outcome changes above to ensure community groups are encouraged to apply.

Council has considered all the submission and made relevant changes to the Policy where it was equable and appropriate.

Lease Terms

Council needs to adhere to the lease terms as per the Local Government Act, 1993. The maximum term Council can offer is a 21-year lease. For categories 1 and 2 Council preference is for 5-year term only. This is because leases over 5 years must be registered on title. This then increases the tenants legal fees for Category 1 and 2 who are local community groups with little to no net income. Category 1 and 2 lessees who request a term of more than 5 years will be assessed on case by case basis.

Lease Preparation

Council can offer in-house draft Lease / Licence preparation for Category 1, 2 and 5 Tenants for terms of 5 years and under. It will then be at the tenant/s discretion to seek legal advice on the agreements.

Conclusion

This Policy has been long needed and provides a clear, consistent and equitable approach to long term leasing, licensing and management of Council owned and managed facilities and land including Council managed Crown 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.

This Policy will be reviewed every three (3) years.

14.2 Proposed Lease - Gerringong Surf Life Saving Club Inc.

CSP Objective:	Outcome 1.2: We embrace the natural beauty of our area which fosters a healthy, active lifestyle and a diverse range of activities to sustain our mental and physical well-being, supported by the services and facilities we rely on.
CSP Strategy:	1.2.1 Foster accessible, inclusive and safe community spaces, facilities and services that cater to a range of physical, mental and social needs for different ages and abilities.
Delivery Program:	1.2.1.1 The community has access to equitable and affordable facilities that meet their needs.

Summary

The purpose of this report is for Council to consider granting a twenty (20) year lease to Gerringong Surf & Life Saving Club Incorporated, for land and surf club building at Lot 1 DP 1075959, Pacific Avenue, Werri Beach.

The proposed lease is for the operation of a surf lifesaving clubhouse, including all associated lifesaving activities, as well as other cultural, educational, sporting, or community uses as approved by Lessor.

Financial implication

In accordance with Council's 2025–2026 Fees and Charges for a community group the annual rental fee will be $525.45 + GST per annum ($578.00 incl. GST), plus Outgoings. This rental will increase each year in accordance with Council's fees and charges.

The Lessee will be responsible for 100% of Outgoings, including electricity, garbage, sewerage and drainage charges, trade waste & grease trap servicing and agreed maintenance relating to the property. In addition, public liability and contents insurance will be the lessee's responsibility.

Council will be responsible for the building insurance. Both parties are responsible for their legal costs. These arrangements are consistent with those applied to other Surf Life Saving Clubs within the municipality.

Risk implication

Council needs to ensure that it follows good governance and ensure any tenancy is subject to the appropriate contract or lease arrangement. Council needs to make certain that the public building is occupied with an appropriate tenant and with clear understanding of Lessor and Lessee responsibilities and obligations.

Policy

Local Government Act 1993

Council's Public Land Management Policy

Consultation (internal)

Director Corporate and Commercial

Director Strategies and Communities

Manager Property & Recreation

Property Coordinator

Property Officer

Communication/Community engagement

Council staff have met with the executive of the GSLSC to discuss the lease proposal and the required process for Council to enter into a lease of public property on Community Land as per the Local Government Act. Discussions are going well with all parties working collaboratively and constructively.

Under the *Local Government Act 1993*, Council is required to advertise the proposal in accordance with Section 47 of this Act. This will allow the community to comment on the proposal within the twenty-eight (28) day advertising period.

In advertising the proposal Council must:

- place a public notice of the proposal on the council's website.
- exhibit notice of the proposal on the land to which the proposal relates (Surf Club building).
- give notice of the proposal to the adjoining landowners.
- give notice of the proposal to any other person, appearing to the council to be the owner or occupier of land in the vicinity of the community land, if in the opinion of the council the land the subject of the proposal is likely to form the primary focus of the person's enjoyment of community land.

The notice of proposal must include the following information:

- the purpose for which the land will be used under the proposed lease,
- the term proposed,
- the name of the person/organisation to whom Council proposed to grant the lease to
- a statement that Council will be open to submissions from the community concerning the proposal within a period, not less than 28 days.

Attachments

Nil

Enclosures

Nil

RECOMMENDATION

That :

1. Council commences the formal process including advertising the proposal to enter into twenty (20) year lease with Gerringong Surf Life Saving Club Incorporated, for the premises known as Lot 1 DP 1075959, Pacific Avenue, Werri Beach.
2. A further report be presented to Council in relation to any relevant submissions received prior to any final lease being executed.

Background

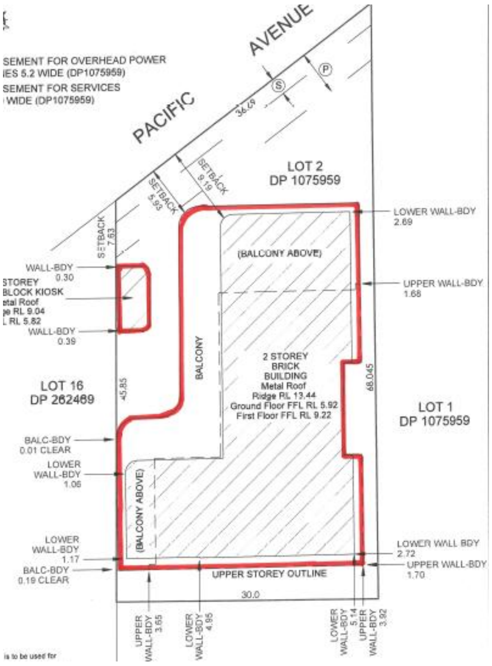
Gerringong Surf & Life Saving Club (GSLSC) commenced operations in 1978 on Community Land as part of the South Werri Reserve. The Club has maintained formal tenure at the site since 1982 through a series of leases and licences:

- **Lease:** 1 January 1982 – 31 December 2001
- **Lease:** 1 April 2005 – 15 January 2024 (when the old building was demolished)
- **Current Licence Agreement:** 14 February 2024- 13 February 2026

In 2023/24 GSLSC undertook a redevelopment of the site including a new clubhouse building and kiosk, through various grants from federal and state government departments and Kiama Municipal Council.

Now the building is completed Council, under the provisions of the *Local Government Act 1993*, must enter into a new lease for the use and occupation of the building and surrounding land within Lot DP 1075959, Pacific Avenue, Werri Beach (see diagram below).

Proposed Leased Area.



Proposed Lease Term

It is proposed to enter a 20-year lease with the GSLSC. This is in line with other Surf Club leases within the LGA.

Permitted Use

The proposed permitted use (Surf Club Building Usage and Associated Activities) is as set out below. This has been discussed at a joint meeting involving representatives from GSLSC, Council and President of NSW Surf Lifesaving.

Surf Life Saving Operations

- Lifesaving Rescue Training
- First Aid Training
- Lifesaving equipment training
- Lifesaving Equipment storage
- Lifesaving Operational response
- Lifesaving Patrol coordination
- Member Fitness preparation/maintenance (operational readiness)
- Nipper and Surf Sports Equipment storage

Emergency Service-related Operations

• Community Evacuation Centre

• Community Recovery Centre

• Flood and Bushfire coordination centre

• Flood/storm emergency support response/staging

• After Hours Call Out response

Community Engagement/Water Safety Awareness Activities

• Community group water safety training programs

• School education water safety programs

• Water Safety Educational Forums

Community Engagement/Inclusion Activities

• Building hire (fee and no fee) for community groups access (Seniors groups, Pilates/yoga groups, community groups meetings, trivia nights etc)

• Open Day Events

• Gazetted calendar celebration events

Surf Life Saving Administration related Activities

• Committee meetings

• Board meetings

• Annual General Meetings

• Member Lifesaving Awards functions

• Recruitment Events

Surf Club Member related Events

• Celebration of Life functions

• Celebratory Recognition Events

• Lifesaving Awards Events

• Social Functions - meaning any gathering of members of the club (and their guests) organized by the club for social purposes, e.g. Trivia Night

Other

Operation of a kiosk (in accordance with the Lease and operated by the club and/or volunteers)

Local Government Act 1993, - Section 47

Under the *Local Government Act 1993*, Council is required to advertise the proposal in accordance with Section 47 of this Act. This will allow the community to comment on the proposal within the twenty-eight (28) day advertising period.

In advertising the proposal Council must:

- place a public notice of the proposal on the council's website.
- exhibit notice of the proposal on the land to which the proposal relates (Surf Club building).
- give notice of the proposal to the adjoining landowners.
- give notice of the proposal to any other person, appearing to the council to be the owner or occupier of land in the vicinity of the community land, if in the opinion of the council the land the subject of the proposal is likely to form the primary focus of the person's enjoyment of community land.

The notice of proposal must include the following information:

- the purpose for which the land will be used under the proposed lease,
- the term proposed,
- the name of the person/organisation to whom Council proposed to grant the lease to
- a statement that Council will the lessee and be open to submissions from the community concerning the proposal within a period, not less than 28 days,

All of the above must be specified in the notice.

Submissions

All submissions will be reported back to Council both in support or objections. The report will outline submission details and other relevant information.

If a person makes a submission by way of objection to the proposal, details must be included in a report to the Council to enable the proposal to be reconsidered and then the proposal must be referred to the Minister of Local Government for consent to the proposal.

Proposed Rental and outgoings

The proposed rental will be in accordance with Council's 2025–2026 Fees and Charges for a community group. The annual rental fee will be $525.45 + GST per annum ($578.00 incl. GST), plus Outgoings. This rental will increase each year in accordance with Council's fees and charges.

The Lessee will be responsible for 100% of Outgoings, including electricity, garbage, sewerage and drainage charges, trade waste & grease trap servicing and agreed maintenance relating to the property.

Maintenance

The agreed maintenance schedule will form part of the lease agreement and will be in line with other Surf Clubs within the LGA.

Insurance

Public liability and contents insurance will be the lessee's responsibility.

Council will be responsible for the building insurance.

Legal Costs

Both parties are responsible for their legal costs.

These arrangements are consistent with those applied to other Surf Life Saving Clubs within the municipality.

All Users of South Werri Reserve

As part of the lease agreement all users of the South Werri Reserve including GSLSC and adjoining precinct users will be invited to meet quarterly to discuss any issues or use of the Reserve. The meeting will be chaired by Council.

Conclusion

Council will advertise the proposed lease as set out under Sec 47 of the *Local Government Act 1993* for 28 days, placing the relevant notices on site, on Council's website and notifying all relevant person/s as set out in the report.

A further report will be presented back to Council outlining all submissions received in relation to the proposed lease.

Item 14.3

14.3 Statement of Investments - September 2025

CSP Objective:	Outcome 4.1 Public funds and assets are managed strategically, transparently and efficiently.
CSP Strategy:	4.1.1 Public funds are managed in accordance with Financial Management Standards and the Local Government Act, with accurate and timely reporting.
Delivery Program:	4.1.1.1 Strengthen financial reporting, ensure legislative compliance, and promote long-term sustainability by enhancing scrutiny and oversight processes while optimising funding opportunities, and improving procurement practices.

Summary

This report provides an overview of Council's cash and investment portfolio and investment performance as at 30 September 2025 and endorsement of the restricted funds position.

Financial implication

Investments are undertaken based upon the best rate on the day and after consideration of spreading Council's Investment risk across various institutions as per the Investment Policy and section 625 of the Local Government Act 1993. The distinction between restricted and unrestricted funds is a key operational and financial understanding.

Risk implication

The risk related to this information is non-compliance with Council's Investment Policy and Office of Local Government guidelines for appropriate monitoring and reporting of changes and the position of restricted funds.

Policy

Clause 625 of the *Local Government Act 1993*

Clause 212 of the Local Government (General) Regulation 2021

Kiama Municipal Council – Investment Policy

Kiama Municipal Council – Restricted Funds Policy

Consultation (internal)

Chief Executive Officer

Director Corporate and Commercial

Chief Financial and Technology Officer

Financial Manager

Senior Financial Accountant

Communication/Community engagement

N/A

Attachments
Nil

Enclosures

1 Kiama Monthly Report - September 2025

RECOMMENDATION

That Council

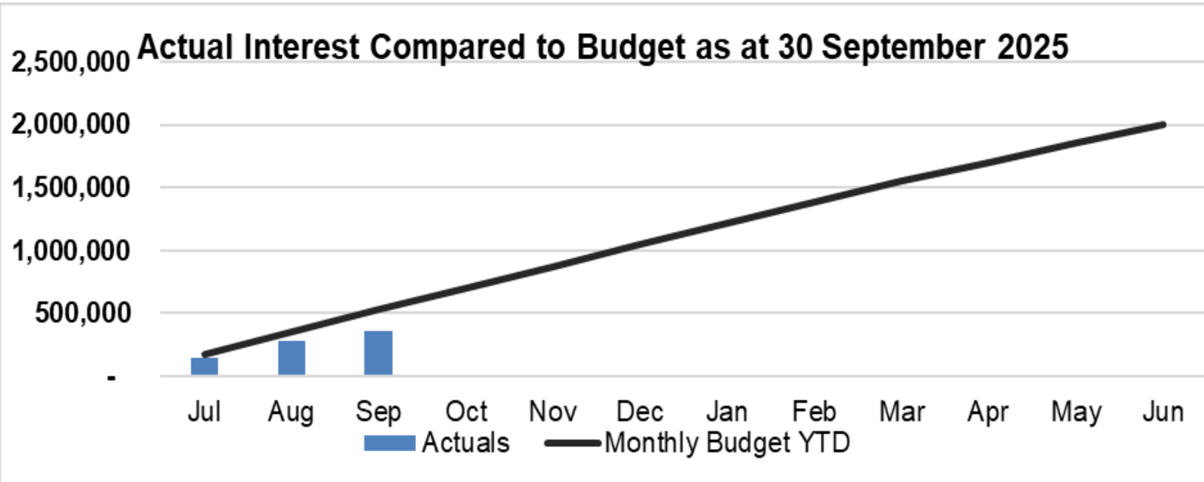
1. Receives the information relating to the Statement of Investments as at 30 September 2025.

Background

Council is required to invest its surplus funds in accordance with the Ministerial Investment Order and Office of Local Government guidelines. The Order reflects a conservative approach and restricts the investment types available to Council. Council's Investment Policy provides a framework for the credit quality, institutional diversification, and maturity constraints that Council's portfolio can be exposed to. Council's investment portfolio was controlled by Council's Finance Department during the period to ensure compliance with the Investment Policy. External investment advisor advice is also considered at the time.

Return on investments

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.



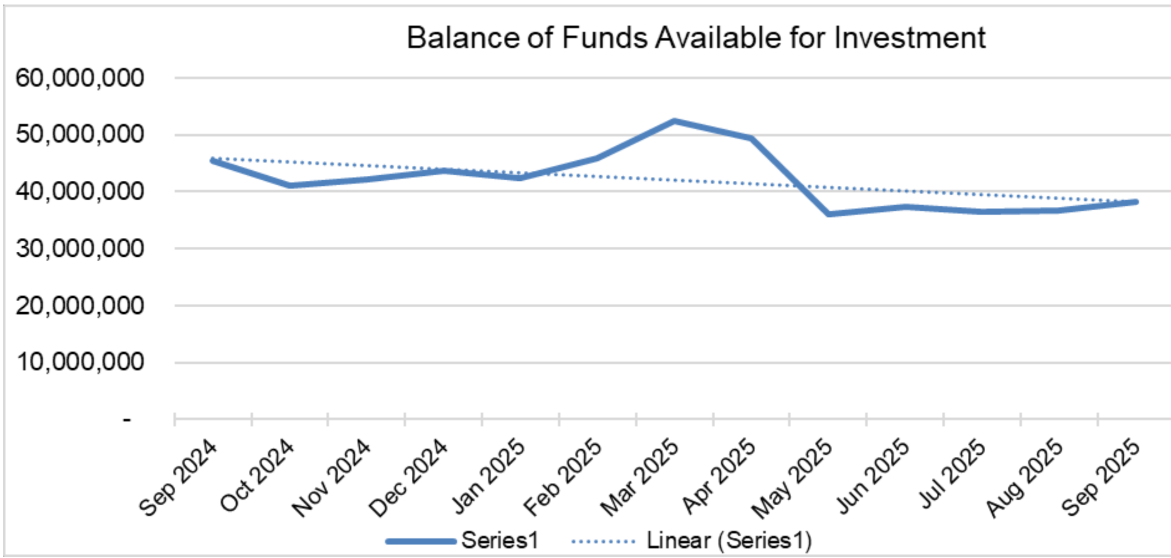
Even though the total portfolio performed above benchmarks, as advised in the August Monthly Finance Report the cash and investment balances have been steadily reducing, therefore interest returns are lower than forecasted budgets. The performance will continue to be monitored and reassessed at future QBR's.

Portfolio compliance

As at the end of September 2025, Council remains fully compliant with all investment limits.

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%**		

Movement in investments



A slight increase in funds available for investment in September was noted, please refer to the below unrestricted funds commentary for further detail.

Trades matured in September:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
Suncorp Bank	AA-	TD	At Maturity	04/12/2024	04/09/2025	5.15	1,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	22/11/2023	23/09/2025	5.35	1,000,000
Total							**2,000,000**

New trades entered in September:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
NAB	AA-	TD	At Maturity	04/09/2025	04/11/2026	4.11	1,000,000
NAB	AA-	TD	At Maturity	04/09/2025	04/06/2026	4.18	1,000,000
Total							**2,000,000**

Portfolio summary:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
Suncorp Bank	AA-	TD	At Maturity	04/12/2024	04/09/2025	5.15	1,000,000
NAB	AA-	TD	At Maturity	16/10/2024	15/10/2025	4.95	2,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	26/02/2025	29/10/2025	4.74	2,000,000
Suncorp Bank	AA-	TD	At Maturity	21/11/2023	21/11/2025	5.36	1,000,000
Australian Unity Bank	BBB+	TD	At Maturity	28/11/2024	27/11/2025	5.11	2,000,000
ING Bank (Australia) Ltd	A	TD	Annual	04/12/2023	04/12/2025	5.25	1,000,000
ING Bank (Australia) Ltd	A	TD	Annual	18/12/2023	18/12/2025	5.2	2,000,000
P&N Bank	BBB+	TD	At Maturity	13/12/2024	07/01/2026	5.02	1,000,000
ING Bank (Australia) Ltd	A	TD	Annual	10/01/2024	14/01/2026	4.96	1,000,000
NAB	AA-	TD	At Maturity	18/12/2024	04/02/2026	4.95	1,000,000
NAB	AA-	TD	At Maturity	12/02/2025	11/02/2026	4.78	2,000,000
Bank of Us	BBB+	TD	At Maturity	06/03/2024	11/03/2026	4.96	1,000,000
ING Bank (Australia) Ltd	A	TD	Annual	11/04/2024	08/04/2026	4.92	2,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	02/07/2025	29/04/2026	4.15	2,000,000
NAB	AA-	TD	At Maturity	04/09/2025	04/06/2026	4.18	1,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	11/06/2025	10/06/2026	4.3	1,000,000
Westpac	AA-	TD	At Maturity	10/07/2025	08/07/2026	4.15	2,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	22/07/2025	22/07/2026	4.15	1,000,000
NAB	AA-	TD	At Maturity	06/08/2025	05/08/2026	4.16	1,000,000
NAB	AA-	TD	At Maturity	04/09/2025	04/11/2026	4.11	1,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	28/05/2025	28/05/2027	4.25	1,000,000
Hume Bank	BBB+	TD	Annual	06/08/2025	04/08/2027	3.95	1,000,000
Westpac	AA-	CASH	Monthly	30/09/2025	30/09/2025	3.49	9,062,403
Total 38,062,403							

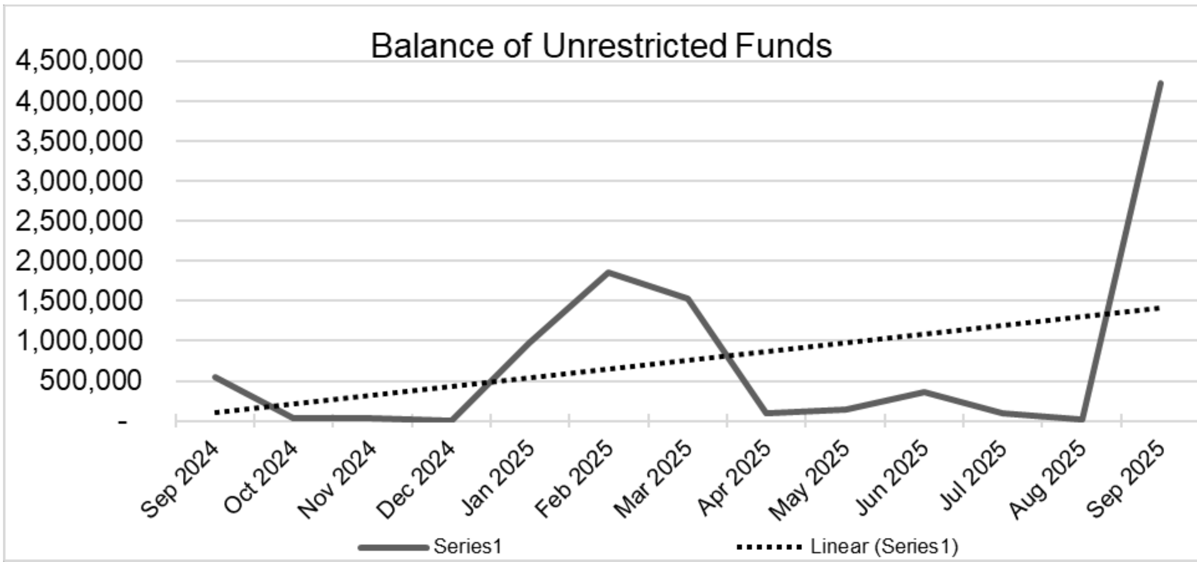
Item 14.3

Restricted Funds Movements

The restricted funds movement for this month and balances are presented in the table below.

Cash and Investments Held	31/08/2025	Movement	30/09/2025
Cash at Bank - Transactional Account	7,724,925	1,337,477	9,062,403
Other Cash and Investments	29,000,000	0	29,000,000
Total Portfolio Balance (agrees to Arlo Advisory report)	**36,724,925**	**1,337,477**	**38,062,403**
Cash on Hand	6,000	(450)	5,550
Unpresented cheques & other items	18,087	156,469	174,556
Book Value of Cash and Investments	**36,749,013**	**1,493,496**	**38,242,509**
Unspent Loan Funding	400,000	0	400,000
Unexpended Grants	4,705,426	2,792	4,708,218
Developer Contributions (Unexpended)	14,066,168	138,686	14,204,854
Stormwater Levy	530,053	(11,638)	518,415
Security bonds, Deposits & Retentions	1,916,857	(2,921)	1,913,936
Crown Reserve	3,248,161	(1,498,240)	1,749,921
Domestic Waste Management	8,393,861	(1,409,938)	6,983,923
Blue Haven Terralong ILU Maintenance Levy	1,715,405	0	1,715,405
Roads Reserve	35,200	0	35,200
External Restrictions	**35,011,131**	**(2,781,260)**	**32,229,872**
Employee Leave Liabilities	1,440,502	0	1,440,502
Land Development	0	0	0
Temporary Funding of Disaster Recovery Funding Agreement Works	(215,140)	57,715	(157,425)
Blue Haven Terralong ILU Prudential Cover	500,000	0	500,000
Plant Replacement	0	0	0
Risk Improvement Incentive	0	0	0
Terralong ILU Capital Works	0	0	0
Internal Restrictions	**1,725,362**	**57,715**	**1,783,077**
Unrestricted Cash	**12,520**		**4,229,561**

Unrestricted funds



Council's overall cash balance increased during September from $36.7M to $38.2M. The $1.5M increase is a result of business-as-usual operations and the following significant events:

- Receipts of outstanding rates revenue generated from reminder notices totalling $2.5M.
- Partly offset by annual subscription payments to TechOne, ISJO and State Cover of approximately $564K.
- Partly offset by ILU departure payment of $356K.

Council has adopted a deficit budget for the 2025/26 financial year, with an expected reduction in unrestricted cash of $5.4 million (excluding proceeds from asset sales). This equates to $450K per month. As a result, it is anticipated that Council will need to draw from internal reserves until cash proceeds from operating surplus or planned divestments are realised.

Following the Short Term Cash & Reserves Position Report last month the proposed initiative of bringing forward the annual recharge against external restricted reserves that is normally posted monthly, has also assisted the unrestricted reserve position. No repayment of previous drawdowns of internal restricted reserves are planned at this first stage of the current 3 month cash flow strategy.

The summary of extraordinary transfers from reserves to replenish unrestricted cash as per previous Council resolutions is summarised below:

Reference	Date Effective	Reserve	Amount	Reason
24/316OC	30/11/2024	Waste Business Unit Reserve	**-1,420,704**	Insufficient unrestricted cash balance – to be repaid when funds available
25/144OC	30/04/2025	Land Development	**-476,308**	Insufficient unrestricted cash balance – to be repaid when funds available
25/144OC	30/04/2025	Plant Replacement	**-900,000**	Insufficient unrestricted cash balance – to be repaid when funds available
25/144OC	30/04/2025	Terralong ILU Capital Works	**-1,100,000**	Insufficient unrestricted cash balance – to be repaid when funds available
25/259OC	31/07/2025	Plant Replacement	**-874,588**	Insufficient unrestricted cash balance – to be repaid when funds available
25/289OC	31/08/2025	Employee Leave Liabilities	**-1,500,000**	Insufficient unrestricted cash balance – to be repaid when funds available
25/289OC	31/08/2025	Terralong ILU Capital Works	**-1,000,000**	Insufficient unrestricted cash balance – to be repaid when funds available
		Total repayable transfers	**-7,271,600**	

As per each resolution, all tabled transfers will be repaid as soon as unrestricted funds become available.

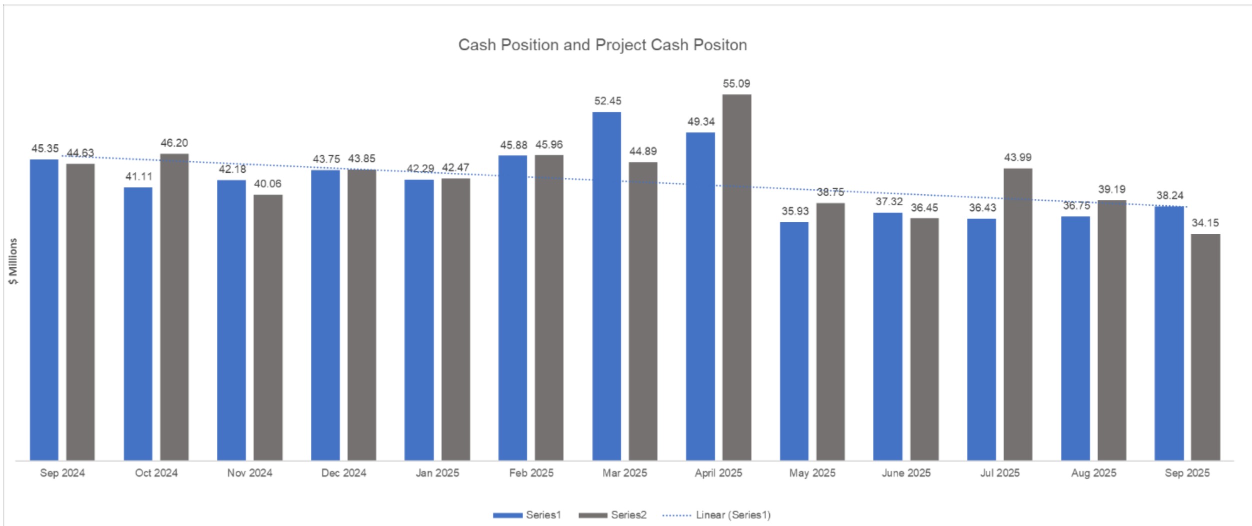
Consolidated cash position and cash flow forecast

The below graph depicts the cash forecast for a period of 12months including September 2025, whilst comparing the current cash reserve balance to the predicted cash reserve balance.

The cash position at the end of September 2025 is $4M above forecast. As anticipated, a portion of the variance is attributable to the timing of $2.4M shortfall catch-up from August.

A revised cash flow is being prepared to better reflect the known timing issues of key matters such as the Terralong building compliance issue and the upcoming unit sales. Additionally, a review of all internal and external reserves along with a review of internal corporate allocations will occur to ensure appropriate and equitable allocation across business units and corresponding reserves.

It is important to note the cashflow budget included $2M in September for capital spend, however as per the Short-term cashflow report presented to council at the September meeting, management implemented the endorsed actions resulting in only $698K on capital works during September verses the budgeted $2M.



Certification – Responsible Accounting Officer

I hereby certify that the investments listed in this report have been made in accordance with Section 625 of the *Local Government Act 1993*, clause 212 of the Local Government (General) Regulation 2021 and Council's Investment Policy.

Joe Gaudiosi
Director Corporate and Commercial

10/10/2025

14.4 Monthly Financial Report - August 2025

CSP Objective: Outcome 4.1 Public funds and assets are managed strategically, transparently and efficiently.

CSP Strategy: 4.1.1 Public funds are managed in accordance with Financial Management Standards and the Local Government Act, with accurate and timely reporting.

Delivery Program: 4.1.1.1 Strengthen financial reporting, ensure legislative compliance, and promote long-term sustainability by enhancing scrutiny and oversight processes while optimising funding opportunities, and improving procurement practices.

Summary

The Monthly Financial Report for the year-to-date (YTD) period ending 31 August 2025 includes both consolidated and individual Income Statements for Council's various business activities, along with program and service-level income statements. A consolidated Statement of Financial Position is also provided. This report highlights any material variances from the year-to-date budget and outlines any changes to the adopted budget that have been approved outside the formal Quarterly Budget Review process.

Financial implication

This report relates directly to the financial performance of Council. Monitoring of the budget monthly enables timely financial management to effectively manage the resources available to Council to provide public services and amenities.

Risk implication

The risk related to this information is non-compliance with legislation for monitoring and reporting of Council's financial performance.

Policy

Local Government Act 1993

Local Government (General) Regulation 2021

Part 9, Division 3, Clause 203 (1) of the Local Government (General) Regulation 2021 legislates the preparation of this report. As such Kiama council complies with the legislation by preparation of this report.

Consultation (internal)

Chief Executive Officer

Director Corporate and Commercial

Financial Manager

Management Accountants

Communication/Community engagement

N/A

Attachments
Nil

Enclosures

1 Financial Statements - August 2025

RECOMMENDATION

That Council receives and adopts the Monthly Financial Report for August 2025.

Executive summary

Consistent with the Strategic Finance & Governance Improvement Plan and Long-Term Financial Plan (LTFP), Council's 2025-26 budget continues to depend on asset divestments to achieve key performance indicators, maintain positive cash flow and to reinvest in future strategic revenue generating initiatives.

The current Performance Improvement Order (PIO) specifies that Council must demonstrate sustainable financial performance, including net surplus positions before capital grants and one-off divestments and maintain positive unrestricted cash balances by the 2026-27 financial year.

As at 31 August 2025, Council's year-to-date operating results from recurring operations are in line with the adopted budget. However, the current unrestricted cash position currently does not align with annual budget projections. This is primarily due to the timing of anticipated property divestments, which are expected to occur later in the year and are a key driver of Council's surplus cash position.

The Short Term Cash & Reserves Position report endorsed by Council at the September meeting contained some changes and strategies to improve the liquidity position. These will be reflected in the upcoming Quarterly Budget Review (QBR) and the initiative regarding reserves transfers further discussed in the Statement of Investments Report.

Operating results

Consolidated operating results including capital grants and contributions and one-off sales for YTD August 2025 of $22.7M compares to budget of $22.2M indicating that Council is performing in line with the adopted budget, with a minor favourable variance of 2% or $536K.

Operating results from recurring operations of $21.9M are also on track, being only $121K (-1%) unfavourable compared to budget of $22M.

<u>Income from recurring operations</u>

Income from recurring operations of $33.6M is favourable by $177K (1%) compared to budget of $33.4M. This is due to the successful application of multiple operational grants that were not anticipated in the original adopted budget. A proposal to formally incorporate these grants, along with the corresponding expenditure into the budget, will be presented to Council as part of the first QBR for 2025–26. Also additional income from Development Applications and Domestic and Commercial Waste income has bolstered user charges and fees income YTD.

Expenses from recurring operations

Expenses from recurring operations of $11.7M are unfavourable by $299K (-3%) compared to budget of $11.4M, caused mainly by a $402K overspend in employee benefits, which has been partially offset by favourable variances in materials and contracts of $80K. This is subject to further review and estimated at this stage to be split between permanent and timing in nature.

Income from non-recurring operations

Capital grants are currently tracking $657K favourable to budget, primarily due to the receipt of additional funding for the Disaster Recovery Funding Agreement, which was not known at the adoption of the original budget. This also includes a minor favourable variance in Developer Contributions, contributing approximately $49K.

Table 1. This table provides further explanation of the identified material budget variances and classifies the variance as either permanent or timing in nature

Financial Reporting Level	Material Variance	Permanent / Timing	Comments
User charges and fees	$88K (4%) (F)	Timing	• Holiday Parks **$15K U (-1%)** – On track • General Fund **$113K F (14%)** - Development Applications $47K F - Domestic and Commercial Waste $62K F • Blue Haven Terralong **$10K U (-5%)** – On track
Interest & Investment Revenue	$75K (21%) (U)	Permanent	• General Fund **$75K U (-21%)** - Cash rate steadily reducing - lower cash and investment balances than forecast (to be monitored and reassessed at future QBR if required)
Operational Grants & Contributions	$103K (37%) (F)	Permanent	• General Fund (37%): - **$78K F** NSW Heritage, Amplify Kiama, Crown Improvement & Community Cohesion Grants not budgeted due to approvals post original budget adoption. - **$25K F** Financial Assistance Grant. Original estimate lower than approved contribution amount. To be adjusted at QBR1

Capital Grants & Contributions	$657K (411%) (F)	Permanent	• General Fund: - **$580K F** Disaster Recovery Funding Agreement Grant receipt, not budgeted due to acquittal approval post original budget adoption. To be adjusted in QBR1. - **$77K F** Other small grants with immaterial amounts.
Materials and Contracts	$80K (2%) (F)	Timing	• Holiday Parks: **$46K F (5%)** – underspend on maintenance and other utility costs are offsetting unfavourable Holiday Park manager commission fees. To be addressed at a future QBR. • General Fund: **$82K F (2%)** timing related expenditure in Fleet, Park Services, Domestic & Commercial Waste. • Blue Haven: **$48K U (-53%),** Significant ILU maintenance costs incurred YTD (47% annual of annual maintenance budget already utilised) – due to ongoing cyclical and unexpected maintenance costs.
Employee Benefits	$402K (5%) (U)	Permanent /Timing (estimated 50% split)	• General Fund: **$383K U (-8%)** - **$111K U** Unused leave and termination payments - **$117K U** Budgeted vacancy rate higher than actual vacant position costs - **$115K U** Undercapitalisation of wages - **$40K U** Other immaterial variances • Blue Haven: **$15K U (-34%),** overtime contributed to 50% of the variance, with the remaining portion due to minor overspending in other categories. • Holiday Parks: **$4K U (-6%)** – On Track
Total Variances explained (A)	**$451K (F)**		Total of variances listed above

Table 2. This table categorises the year-to-date budget variances and classifies the cash impact under restricted, unrestricted or non-cash.

Total Variances explained (A)	**$451K (F)**	Total of material variances listed above
Other Variances (B)	**$85K (F)**	Total of other remaining immaterial variances
Total variance per Consolidated Income Statement (A+B)	**$536K (F)**	
Unrestricted Fund Variance	**$490K (U)**	**Net impact on unrestricted cash position, including:** - $437K U - Employee Benefits - $53K U – Other immaterial variances

Restricted Fund Variance	**$997K (F)**	**Net impact on unrestricted cash position, including:** - $103K F Operational grants (Unspent Grant Reserve) - $657K F Capital grants (Unspent Grant Reserve) - $143K F – Materials and Contracts (Domestic Waste, Crown Land and Plant Reserves) - $94K F – Other immaterial variances
Non-Cash Variance	**$29K (F)**	**Net impact - No impact on cash position** - $29K F – Depreciation

Cash flow

Council’s cash balance over the two months to August has been a net cash outflow of $1.6M. Rate receipts have been offset by significant annual licence and subscription payments such as IT software application, insurance and capital works.

Year-to-date to 31 August 2025, restricted reserves decreased by $735K, largely driven by the endorsed transfer of $2.5M from Internal Restricted Reserves to Unrestricted Funds. As reported in last month’s Statement of Investments Report, the transfer comprised of:

- $1.5M from the Employee Leave Liabilities reserve, and
- $1M from the Terralong ILU Capital Works reserve

As a result, unrestricted cash has declined by $909K YTD to 31 August, resulting in a $12K closing balance. For further details, please refer to the August 2025 Statement of Investments report. This resulted in the Short Term Cash & Reserves Position Supplementary Paper presented to Council in September. The adjusted cash flow forecast showed that original LTFP forecasts for FY 2025/26 can be achieved despite the current short term challenges.