Item 13.1

13 REPORT OF THE DIRECTOR CORPORATE AND COMMERCIAL

13.1 Endorse for public exhibition: Amended Council Cemetery Operations Policy

CSP Objective: Outcome 3.4: Our infrastructure is well planned, well managed, safe and inclusive.

CSP Strategy: 3.4.1 Advocate for better planned transport infrastructure to create safe travel routes whether we are walking, cycling, driving or using public transport to key destinations and facilities.

Delivery Program: 3.4.1.1 Work to improve Council's ability to meet increase in demand for public infrastructure and assets.

Summary

The Cemetery Operations Policy has been amended to reflect the changes in the *Cemeteries and Crematoria Act 2013,* in particular the interment of animals. This report seeks Council's support to publicly exhibit the amended Policy. A copy of the amended Policy is enclosed for Councillors' information.

Financial implication

There are no financial implications for the changes to the Cemetery Operations Policy.

Risk implication

The risk implications for Council are if the changes to the Policy are not supported Council incurs the acceptance of the interment of animals in Council's cemeteries. At this stage there is limited space for human remains. If animal interments are permissible the Council will be in a position where we may have a significant shortfall for the interment of humans in the very near future.

Policy

Local Government Act 1993

Cemeteries and Crematoria Act 2013.

Consultation (internal)

Park & Gardens Coordinator

Governance Specialist

Executive Leadership Team

Cemetery Administration Officer

Communication/Community engagement

It is proposed to place the amended Cemetery Operations Policy on public exhibition for 28 days to seek any submissions to the changes.

Attachments
Nil

Enclosures

1 DRAFT Cemetery Operations Policy⇨

RECOMMENDATION

That Council:

1. Endorse the amended Cemetery Operations Policy be placed on public exhibition for 28 days calling for submissions.
2. Following conclusion of the exhibition period in relation to amended Cemetery Operations Policy:
   (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 Cemetery Operations Policy if there are no relevant submissions received and there are no substantial changes proposed for any other reasons.

Background

The Cemetery Operating Policy was adopted on 21 November 2023.

Since that time there have been some minor changes to the *Cemeteries and Crematoria Act 2013*. The policy has been updated to reflect these changes.

The following changes have been made to the Policy:

1. **Policy name** – changed from Cemetery Operating Policy to Cemetery Operations Policy (Policy) – suggested by Governance to better reflect the content of the Policy
2. **Interment of animals** – the *Cemeteries and Crematoria Act 2013* changed late in 2025 to allow for the interment of animals or the interment of animals' ashes in operating cemeteries in NSW. As the majority of KMC Cemeteries are near to capacity it is suggested that the Policy states the following: *Animal remains including ashes of animals are not permitted to be interred within all Kiama Local Government Area Cemetery grounds. Scattering of animal ashes on any Council owned or managed property is by prior approval of Council only.*
3. **Scattering of ashes –** Policy has been updated to include the following: *Scattering of ashes on any Council owned or managed property is by prior approval of Council only.*
4. **Interment rights –** the following has been updated in relation to interment rights due to the limited capacity in some of Council's cemeteries:
   - Council may grant an interment right in relation to one or (~~more)~~ up to two (2) interment sites in all Kiama Local Government Area cemeteries where

the applicant completes the appropriate form (application to purchase an interment right) and pays the fee.

- ~~*A maximum of four (4) double depth Interment Rights to graves on a beam can be purchased on behalf of a family at Jamberoo Cemetery*~~ (is removed). Due to space limitations at Jamberoo Cemetery, Council may grant an approved applicant interment rights to a maximum of two (2) double depth vacant plots. Further, a family with two or more separate interment right holders may be granted interment rights to a maximum of four (4) double depth plots.
- An applicant can only hold interment rights to two (2) vacant sites or ten (10) sites in total across Kiama Local Government Area cemeteries inclusive or inherited sites.
- Quad garden plots and double garden plots for ash interment are sold as a whole only.
- Interment of bodily and cremated remains may occur between 9:30am and 3pm on normal working days, Monday to Friday, or by arrangement with Council, with the approval from the Property and Commercial Manager, on Saturdays, Sundays and Public Holidays except for Good Friday and Christmas Day. Arrangements outside of normal working days (i.e Monday to Fridays between 9.30am – 3pm) will incur an additional fee.

5. **Authorisation of interment** - Identification of the applicant is to be submitted and must be to the satisfaction of Council.
6. **Memorials, headstones, monuments and plaques** - All changes to headstones, monuments, memorials and plaques must be accompanied by proof of interment right as pursuant to the *Cemeteries and Crematoria Act 2013.*
7. **Interment right holders** may request a no work order which restricts any future modifications to headstones/monuments/plaques.
8. **Removal of memorials -** Methods for securing plaques to columbarium walls are designed for long term adherence and Council cannot guarantee removal is possible. Where an authorised person has applied for the removal of a plaque from a columbarium wall and is granted by Council, they are responsible for any damage caused by the removal and costs incurred for its rectification. Where Council deems a plaque cannot be removed, the site cannot be resold.

13.2 Monthly Financial Report - January 2026

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 YTD 31 January 2026 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

Budgeting and Analysis Team

Communication/Community engagement

N/A

Attachments

Nil

Enclosures

1 Monthly Financial Statements - January 2026⇨

RECOMMENDATION

That Council receives and adopts the Monthly Financial Report for January 2026.

Executive summary

Council's 2025-26 budget continues to rely on asset sales and grant funding to deliver cash flow to cover asset depreciation and for critical reinvestment 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 one-off divestments and maintaining positive unrestricted cash balances by the 2026-27 financial year.

As at 31 January 2026, Council's YTD operating results from continuing operations excluding depreciation are on track. When considering depreciation and capital grants in the operating result, the result is marginally unfavourable.

In contrast, Council's YTD unrestricted cash position currently highlights a shortfall against the annual budget forecast, primarily due to the timing of property divestments & Blue Haven Terralong ILU settlements. (Refer to cash flow section for further details).

Operating results

As at 31 January 2026, YTD consolidated operating results from continuing operations excluding depreciation show Council remains aligned with its adopted budget, recording a minor unfavourable variance of $57K.

When considering operating results from continuing operations including depreciation, the result is $711K (6%) unfavourable. We are currently reviewing asset life cycles and corresponding depreciation policy following recent work pertaining to asset management plan and valuation assessments. We expect that the depreciation charge may reduce.

Income from continuing operations

At the consolidated level, Council's total YTD income is reasonably in line with budget. Income from continuing operations is marginally unfavourable at $616K (1%) under budget. This is due lower interest revenue from lower investment balances and lower fees and charges due to timing issues and expected to align before year end.

Expenses from continuing operations excluding depreciation

Expenses from continuing operations, excluding depreciation, are $673K favourable. This result is driven by a $1M favourable variance in materials and contracts, considered to be mostly timing related at this stage, offset by a $335K overspend in employee costs due mainly to a lower vacancy rate across the staffing establishment. Further details can be found in Table 1.

Depreciation

YTD depreciation is unfavourable by $767K, due to the asset and depreciation review noted earlier. The budget reflects the higher depreciation amount until the review is undertaken and any budget reduction can be substantiated by and to that review process. Additionally $14M of previously unidentified assets were recognised during the 2024/25 financial statement audit concluded in October 2025, resulting in additional depreciation not reflected in the original budget.

Table 1. This table provides further explanation of the identified material budget variances

Financial Reporting Level	Consolidated Variances	General Fund (Council operations Excluding Holiday Parks & Blue Haven Terralong operations)	Holiday Parks	Blue Haven
User charges and fees	$161K (1%) (U)	$71K U (2%) • Pavilion revenue – Timing $79K U • Leisure centre revenue – Timing $58K U • Compliance – Reduction in income from compliance with notice and orders income $47K U • Property & Commercial – Additional revenue relating to various leases & contracts $70K F	$49K F (1%) • Revenue on track across all parks overall with some offsetting variances over some individual parks.	$41K U (6%) • ILU Maintenance Levy revenue lower due to multiple vacant units.
Interest & Investment Revenue	$206K (18%) (U)	$210K U (18%) • Budget adjusted at QBR 2 to reflect current market conditions and lower than original forecast cash balances. Expected to align by year end.	N/A	$4K F (0%) • On track
Employee Benefits	$335K (2%) (U)	$305K U (2%) • Vacancy rate $231K U – Less vacancy than forecast • Overtime, Casuals and Allowances $185K U – Across all departments • Training $148K F - Timing • Other $37K U	<$1K U (<1%) • On track	$30K U (18%) • Additional hours during the year due to building compliance works and emergency maintenance / callouts

Financial Reporting Level	Consolidated Variances	General Fund (Council operations Excluding Holiday Parks & Blue Haven Terralong operations)	Holiday Parks	Blue Haven
Materials and Contracts	$1M (7%) (F)	$593K F (6%) • Significant timing-related underspends relating to utilities costs ($157K F), subscriptions ($59K F), telephone ($127K), software maintenance ($98K) across multiple cost centres due in part to the timing of invoice receipt and entry • Delayed invoicing for several small community projects 98K F • Other minor variances $54K F	$419K F (12%) • Significant timing-related underspends relating to utilities ($93K F), linen costs ($35K) in part due to timing of invoice receipt and entry • Maintenance spending ($132K F), as some works could not be carried out during the peak season and are expected to occur later in the financial year • Marketing costs ($46K U) due to vacancy • Delayed invoicing for park management expenses $103K F - timing • Other minor variances $37K U	$16K F (5%) • Net favourable variance across maintenance, repairs, utility costs
Depreciation & Amortisation	$767K (14%) (U)	$868K U (17%) • Budget based on asset review, useful life update and adjusted depreciation charge. Review is underway but budget will remain until review is completed and asset depreciation schedules are changed. • Additional assets identified during the 2024/25 audit also impacting	$100K F (29%) • Relating to asset depreciation mapping & allocation	N/A

Table 2. This table categorises the YTD variances and classifies the cash impact under restricted, unrestricted or non-cash.

Total Variances explained (A)	**$442K (U)**	Total of material variances listed above
Other Variances (B)	**$269K (U)**	Total of other remaining immaterial variances

Total variance per Consolidated Income Statement (Continuing Operations) (A+B)	**$711K (U)**	
Unrestricted Fund Variance	**$201K (U)**	**Net impact on unrestricted cash position, including:** - $206K U - Interest & Investment Revenue - $486K U - Employee Benefits - $647K F - Materials & Contracts - $156K U - Other immaterial variances
Restricted Fund Variance	**$320K (F)**	**Net impact on restricted cash position, including:** - $106K U User charges and fees (Domestic Waste and Crown Land Reserves) - $75K U Operational and Capital grants (Unspent Grant Reserve) - $151K F Employee Benefits (Domestic Waste, Crown Land and Plant Reserves) - $380K F – Materials and Contracts (Domestic Waste, Crown Land and Plant Reserves) - $30K U – Other immaterial variances
Non-Cash Variance	**$830K (U)**	**Net impact - No impact on cash position** - $767K U – Depreciation - $62K U – Cost of assets sold for Plant & Equipment

Cash flow

Council's cash balance has recorded a net outflow of $1.7M over the seven months to January 2026. The annual budget assumes a $449K inflow by June 2026.

Of the total year-to-date movements, $999K has been drawn from restricted reserves (both internal and external) and $685K from unrestricted cash. As a result, the unrestricted cash balance has declined to $235K, down from $923K at the start of the financial year. However, the unrestricted cash balance is forecast to increase by $4.9M. Council's unrestricted cash is significantly dependent on additional net deposits from Blue Haven ILUs and property divestment.

The cash flow forecasts will continue to be closely monitored and updated across Council's entire operations, with particular focus on the timing of key matters such as the Blue Haven Terralong building compliance issue and upcoming unit sales, both of which continue to materially impact cash reserves. The Fire Safety Order has resulted in unit refurbishment delays which are in turn delaying unit sales. The overall impact of the building compliance and fire safety matters is that the current number of vacant units has required refund of previous resident loan balances, which normally depend on the new incoming resident entry contribution as part of the retirement village business model.

Recent workshops and discussions with Councillors, Finance Major Projects Committee and ARIC (Audit Risk Improvement Committee) have covered the overall budget and cash position of Council and specifically the issue and impact of the Terralong building fire safety compliance issues. The works program per the Fire Safety Order and the impact on past and current unit refurbishments and future resale is significant requiring a deliberate financing strategy which is being developed at the same time as Budget processes for 2026/27 (and beyond).

13.3 Proposed licence agreement: White Constructions & Development - Lots 112 & 113 DP 245502, Lot 2 DP 707300 - Hillview Circuit Kiama

CSP Objective:	Outcome 3.4: Our infrastructure is well planned, well managed, safe and inclusive.
CSP Strategy:	3.4.1 Advocate for better planned transport infrastructure to create safe travel routes whether we are walking, cycling, driving or using public transport to key destinations and facilities.
Delivery Program:	3.4.1.1 Work to improve Council's ability to meet increase in demand for public infrastructure and assets.

Summary

The purpose of this report is for Council to endorse entering into a Licence Agreement with White Constructions & Developments Pty Ltd (WC&D) for access to Council owned Community land – **See Diagram 1** - to construct and commission wastewater infrastructure to service the South Kiama development Urban Release Area (URA).

Sydney Water is responsible for providing wastewater infrastructure within the Kiama LGA. The infrastructure required for the South Kiama development URA is not listed as a commitment in their 2024–2029 plan. To enable timely development and ensure adequate servicing for future residents within and around the South Kiama development URA, an agreement has been reached with Sydney Water for the applicant – WC&D to plan, deliver, and fund the necessary upgrades and extensions of the infrastructure on Sydney Water's behalf.

The proposed works involve installing wastewater infrastructure from the development site, under the Princes Highway, and along Council's public reserve corridor to connect with the existing DN225 sewer main located near South Kiama Drive.

Financial implication

There is no financial cost to Council for this proposed licence agreement. All costs will be borne by the applicant. Council will receive a licence fee as per Council's 2025-26 fees & charges being $10,000.

Risk implication

The risk implications are mitigated by the Licensee to maintain a minimum $20 million Public Liability Insurance policy, noting Kiama Council as an interested party for the duration of the Licence.

The Review of Environmental Factors (REF), prepared on behalf of Sydney Water concludes that the proposed works are unlikely to have a significant impact on the environment. The infrastructure will facilitate the provision of reliable wastewater servicing to support projected growth within the South Kiama Urban Release Area.

Policy

Local Government Act 1993

Local Government (General) Regulation 2021

Roads Act 1993

Community Land Plan of Management

Consultation (internal)

Director Infrastructure & Operations, Senior Asset Engineer, Subdivision & Development Engineer, Manager Property & Commercial, Property Coordinator, Property Projects Officer, Planning Coordinator, Environment & Health Coordinator

Communication/Community engagement

Pursuant to clause 117 of the Local Government Regulation 2021, Council is exempt from the public notification requirements under section 47A of the Local Government Act 1993 in circumstances where a lease, licence or other estate is granted for:

> *the provision of pipes, conduits or other connections under the surface of the ground for the connection of premises adjoining community land to a facility of the council or other public utility provider situated on that community land.*

Notwithstanding this exemption, Council staff undertook community notification due to the size and duration of the project. This included notifying adjoining property owners within Hillview Circuit advising of the proposed works and providing a 28-day notification period for any comments or queries.

The proposed licence has also been listed on Council's website.

Attachments
Nil

Enclosures

1 Aerial of works schedule - Sewer lead in Kiama - Council works zones - relevant dates accessing public land⇨

RECOMMENDATION

That Council

1. Enter into a Licence Agreement with White Constructions & Developments to provide access to part Lot 112 and Lot 113 in DP 245502, and part Lot 2 in DP 707300 for the purpose of providing adequate wastewater infrastructure to support the planned development of the South Kiama Development Urban Release Area.
2. Approve the licence term of 7 April 2026 to 17 December 2026, with a licence fee of $10,000 including GST and security bond of $5,000.
3. Delegate to the Chief Executive Officer to sign any documentation necessary to give effect to this resolution.

Background

Sydney Water is responsible for providing wastewater infrastructure across the Illawarra region and delivers services progressively in line with the authorities Growth Servicing Plan. The infrastructure required for the South Kiama URA is not listed as a commitment in the 2024–2029 plan, which focuses on alternate Illawarra locations therefore to enable timely development and ensure adequate servicing for future residents of the Kiama municipality, an agreement has been reached with Sydney Water for the applicant White Constructions and Developments to plan, deliver, and fund the necessary upgrades and extensions on Sydney Water's behalf.

The key driver of the proposal is to ensure sufficient wastewater capacity to service the planned development of the South Kiama Urban Release Area (URA). This urban development area is zoned for residential use and identified as a residential growth area.

The proposed works involve installing wastewater infrastructure from the development site, under the Princes Highway, and along Council's public reserve corridor to connect with the existing DN225 sewer main located near South Kiama Drive.

The objectives of the proposal are to:

- Deliver wastewater services in a timely manner to support the URA
- Facilitate orderly land release and infrastructure rollout
- Ensure Sydney Water meets its statutory and regulatory obligations.

The scope of works include construction of:

- 6 x 3m launch pit 3.2m deep
- 3 x 3m receive pit 3.3m deep;
- Open trenched sewer DN225 sewer line
- 3 x 3m receive pit 3.3m deep
- 6 x 3m launch/receive pit 5.0m deep
- 6 x 6m launch pit 5.5m deep
- 6 x 3m receive pit 5.9m deep
- Under bores.

The launch and receive pits will be subsequently used to construct maintenance holes before being backfilled, compacted and revegetated to Sydney Water and Council standards and requirements.

The sewer alignment will cross the Princes Highway, classified as a State and Regional Road under the *Roads Act 1993* with concurrence for under-boring obtained from Transport for NSW.

This proposal will ensure a reliable sewerage supply service to service the projected growth of the western township of Kiama, resulting in long term stability and safe operations of these assets. The proposal will not result in the degradation of the quality of the environment and will not pose a risk to the safety of the environment.

Diagram 1 - Proposed Licence area

Sewer design and construction dates

13.4 Revocation and reissue of Crown Land Licence: Kiama Boat Harbour

CSP Objective:	Outcome 4.2: Our governance is transparent and trusted, supported by the right structures, technology and processes to effectively serve the community.
CSP Strategy:	4.2.2 Communicate transparently to inform, build trust and respect.
Delivery Program:	4.2.2.2 Information management is transparent and builds trust. Council's records are managed as per legislative requirements.

Summary

The purpose of this report is for Council to endorse the revocation and the reissue of a Crown Lands Licence at the Kiama Boat Harbour. Council holds a Crown Lands Licence agreement, issued in 2013 over Crown land for the purposes of Council infrastructure, comprising a jetty (98.41sqm), jetty (37m x 2m), jetty ramp (20m x 10m) and associated public access.

Crown Lands NSW has undertaken a review of the licensed area and identified that Council infrastructure extends beyond the boundaries of the existing licence area.

To ensure all Council assets are appropriately authorised and compliant with the Crown Lands Management Act 2016, Crown Lands has proposed revoking the existing licence and issuing a new licence with an expanded licensed area. The new licence will take effect immediately upon revocation of the existing licence to ensure continuity of tenure.

Financial implication

The are no fees associated with the revocation and re-issue of the licence. The annual rental remains unchanged being the statutory minimum rent, resulting in no additional financial impact to Council.

Risk implication

Entering into the new licence agreement ensures Council’s infrastructure is properly authorised and mitigates potential compliance or tenure risks. The new licence safeguards both Council and NSW Crown Lands legislative requirements for licensing are covered.

Policy

Local Government Act 1993

Local Government Regulation 2021

Crown Land Management Act 2016

Crown Land Management Regulation 2018

Crown Land Plan of Management

Consultation (internal)

Director Infrastructure & Operations

Manager Property & Commercial

Property Coordinator

Property Projects Officer

Communication/Community engagement

NA

Attachments
Nil

Enclosures
Nil

RECOMMENDATION

That Council:

1. Endorse the proposal from Department of Planning, Housing and Infrastructure (Crown Lands) to revoke the existing Crown Lands Licence - RI 516374.
2. Endorse the issuing of a new Crown Lands Licence to Council capturing the full area of existing Council infrastructure.
3. Agree to an initial annual statutory minimum rental of $674.30.
4. Delegate to the Chief Executive Officer to execute all necessary documentation to have effect to the revocation and re-issue of the Crown Lands Licence.

Background

An existing Licence agreement RI 516374 exists between NSW Crown Lands as Licensor and Kiama Municipal Council as Licensee, dated 18 November 2013 for Kiama Boat Harbour Infrastructure.

The Licence consists of an existing boat ramp and jetty located north east of Lot 7013 in DP 1074739 (Part Reserve 1011268) and a proposed jetty located north west of Lot 7304 in DP 1162128 (Reserve 1012608) as illustrated in Diagram 1 below.

Crown Lands has undertaken a review of the licensed area and identified that Council infrastructure extends beyond the boundaries of the existing licence area.

To ensure all Council assets are appropriately authorised and compliant with the *Crown Lands Management Act 2016*, Crown Lands has proposed revoking the existing licence and issuing a new licence with an expanded licensed area as shown in Diagram 2 below. The new licence will take effect immediately upon revocation of the existing licence to ensure continuity of tenure.

Under the Crown Land guidelines any expansion of licensed area requires cancellation and a new licence to be issued to authorise the expanded area.

Diagram1: Map of existing licensed area

The existing licensed area is highlighted in green with the proposed jetty expansion area in red.

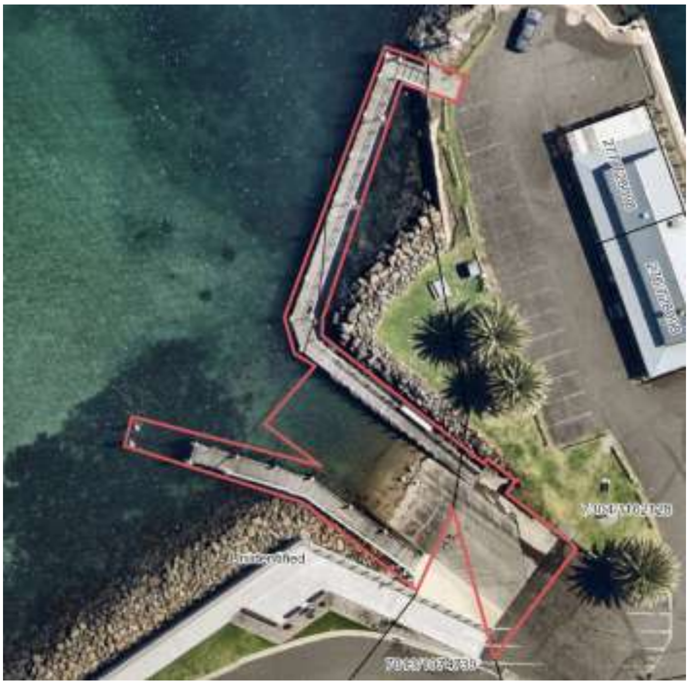
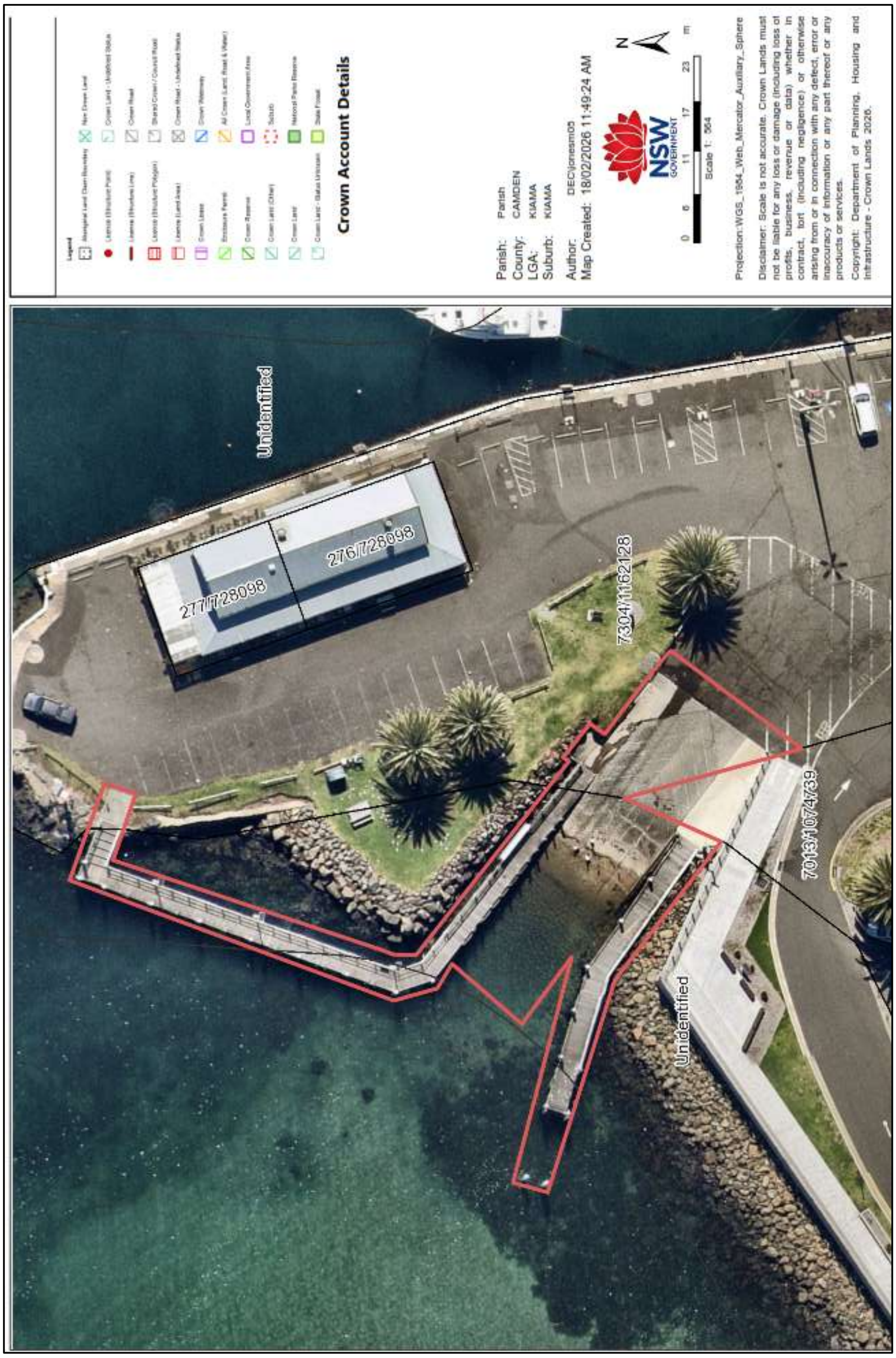


Diagram 2: Map of proposed licensed area expansion

The inclusion of the area highlighted in red formally reflects the completion of the relevant works and ensures the licensed footprint accurately aligns with the constructed infrastructure.

The proposed extension of the licensed area to the south, as shown in Diagram 2, incorporates the southern jetty infrastructure, including two poles installed by Council as part of the former jetty structure. This extension does not alter the applicable licence fee, however, it provides appropriate tenure to enable Council to lawfully undertake maintenance or removal of these assets as required.



Map of licensed area

Item 13.4

13.5 Statement of Investments - February 2026

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 28 February 2026 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 Officer

Senior Financial Accountant

Communication/Community engagement

N/A

Attachments

Nil

Enclosures

Nil

RECOMMENDATION

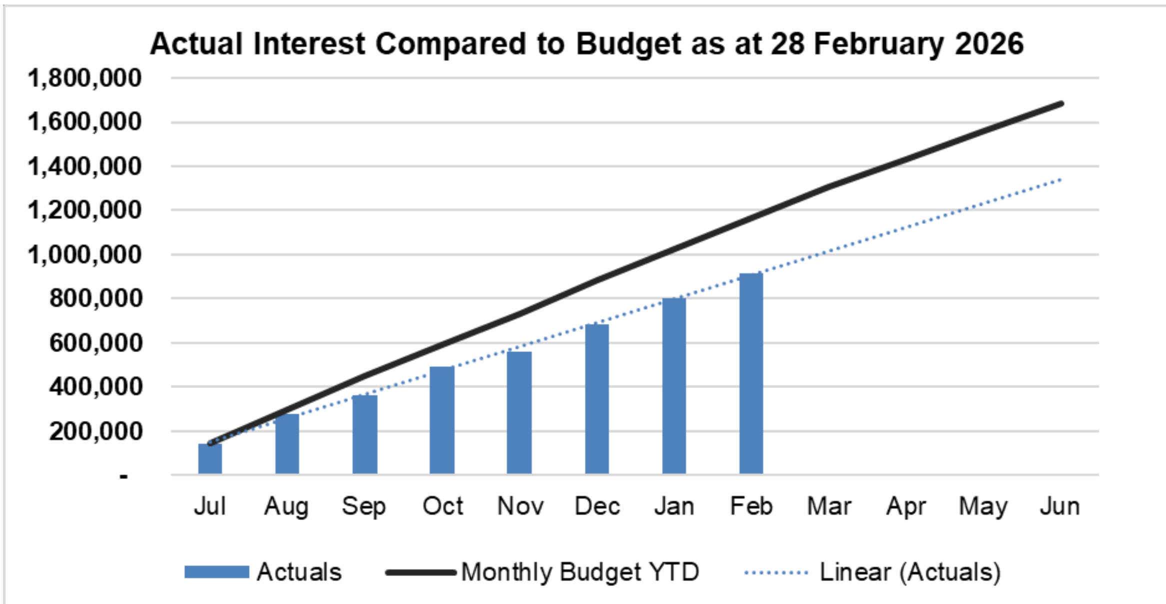
That Council receives the information relating to the Statement of Investments as at 28 February 2026.

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 February, excluding cash, the total portfolio provided a return of +0.35% (actual) or +4.59% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.28% (actual) or +3.76% p.a. (annualised). All time periods are now comfortably above benchmark returns.



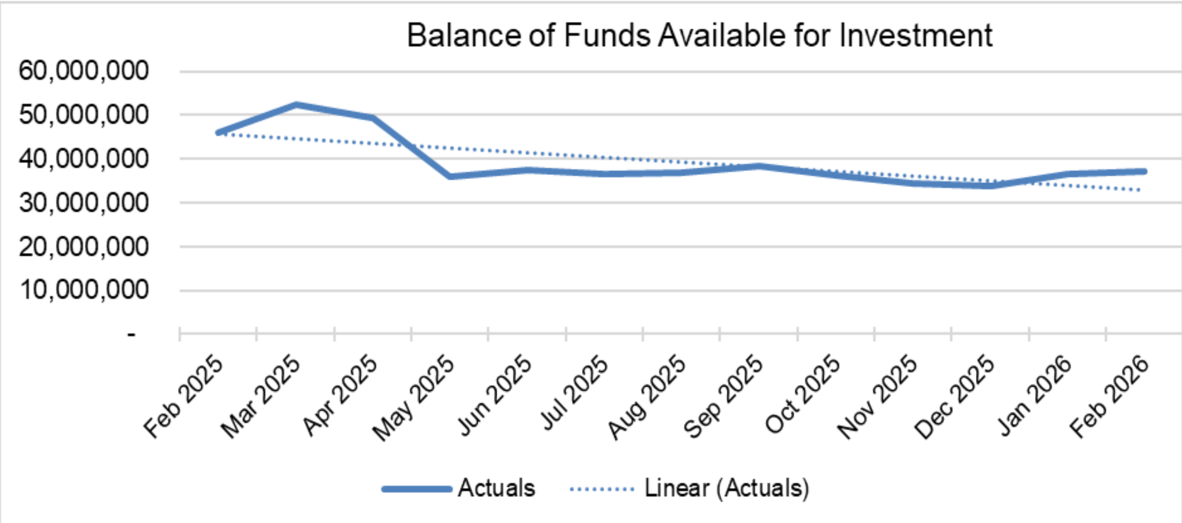
Even though the total portfolio continues to perform above benchmarks, surplus cash and investment balances have been lower than forecast in February, therefore interest income is lower than the adopted QBR2 budget.

Portfolio compliance

As at the end of the February, all individual counterparties were within policy limits except for Westpac (AA-) due to a higher cash balance. Such temporary breaches are dependent on capital inflows/outflows, which can be volatile and unexpected at times. In line with the Investment Policy, the portfolio will be rebalanced to within the policy limits within a short timeframe through either upcoming maturities (redeemed) or surplus cash being invested as soon as practically feasible with complying counterparties.

Compliant	Issuer	Rating	Invested ($)	Invested (%)	Max. Limit (%)	Available ($)
☒	Westpac	AA-	$15,135,990	40.76%	40%	-$281,594
✓	NAB	AA-	$4,000,000	10.77%	40%	$10,854,396
✓	ING	A	$9,000,000	24.24%	30%	$2,140,797
✓	BOQ	A-	$3,000,000	8.08%	30%	$8,140,797
✓	Bank of Us	BBB+	$1,000,000	2.69%	15%	$4,570,399
✓	Hume Bank	BBB+	$1,000,000	2.69%	15%	$4,570,399
✓	State Bank of India	BBB	$4,000,000	10.77%	15%	$1,570,399
			$37,135,990	**100.00%**		

Movement in investments



Trades matured in February:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
NAB	AA-	TD	At Maturity	12/02/2025	11/02/2026	4.78	2,000,000
NAB	AA-	TD	Annual	18/12/2024	04/02/2026	4.95	1,000,000
Total							**3,000,000**

New trades were entered into in February:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
ING Bank (Australia) Ltd	A	TD	At Maturity	04/02/2026	03/02/2027	4.83	1,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	11/02/2026	10/02/2027	4.89	2,000,000
Total							**3,000,000**

Portfolio summary:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
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
BOQ	A-	TD	At Maturity	27/11/2025	27/05/2026	4.34	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	4.30	1,000,000
Westpac	AA-	TD	Semi-Annual	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	Annual	14/01/2026	14/10/2026	4.50	1,000,000
NAB	AA-	TD	At Maturity	04/09/2025	04/11/2026	4.11	1,000,000
ING Bank (Australia) Ltd	A	TD	Annual	18/12/2025	18/11/2026	4.55	2,000,000
BOQ	A-	TD	Annual	04/12/2025	02/12/2026	4.39	1,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	07/01/2026	06/01/2027	4.64	1,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	04/02/2026	03/02/2027	4.83	1,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	11/02/2026	10/02/2027	4.89	2,000,000
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	28/02/2026	28/02/2026	3.75	13,135,990
Total 37,135,990							

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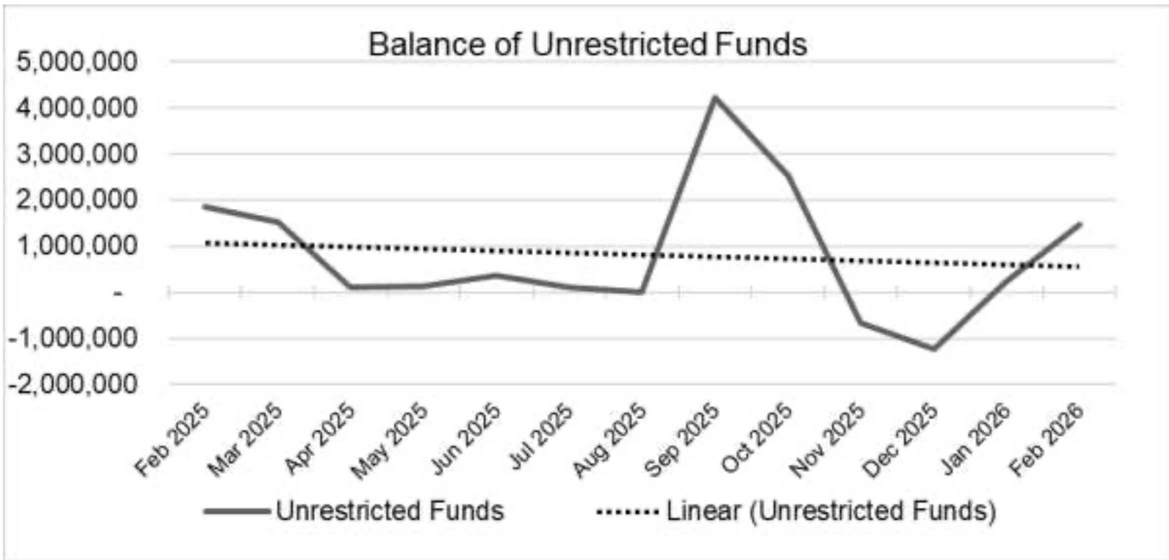
Restricted Funds movements

The restricted funds movement for February 2026 are presented in the tables below.

Cash and Investments Held	31/01/2026	Movement	28/02/2026
Cash at Bank - Transactional Account	12,594,704	541,287	13,135,990
Other Cash and Investments	24,000,000	-	24,000,000
Total Portfolio Balance (agrees to Arlo Advisory report)	**36,594,704**	**541,287**	**37,135,990**
Cash on Hand	5,550	-	5,550
Unpresented cheques & other items	108,012	126,120	234,132
Book Value of Cash and Investments	**36,708,266**	**667,407**	**37,375,673**
Unspent Loan Funding	400,000	-	400,000
Unexpended Grants	4,534,128	(127,407)	4,406,721
Developer Contributions (Unexpended)	14,528,285	(27,454)	14,500,831
Stormwater Levy	583,376	19,309	602,685
Security bonds, Deposits & Retentions	1,912,495	(25,846)	1,886,649
Crown Reserve	3,514,368	(372,237)	3,142,131
Domestic Waste Management	7,927,510	(1,368)	7,926,141
Blue Haven Terralong ILU Maintenance Levy	1,715,405	-	1,715,405
Roads Reserve	35,200	-	35,200
External Restrictions	**35,150,767**	**(535,004)**	**34,615,764**
Employee Leave Liabilities	1,440,502	-	1,440,502
Land Development		-	
Temporary Funding of Disaster Recovery Funding Agreement Works	(618,223)	(36,968)	(655,192)
Blue Haven Terralong ILU Prudential Cover	500,000	-	500,000
Plant Replacement	-	-	-
Risk Improvement Incentive	-	-	-
Terralong ILU Capital Works	-	-	-
Internal Restrictions	**1,322,278**	**(36,968)**	**1,285,310**
Unrestricted Cash	**235,221**	**1,239,379**	**1,474,599**

Unrestricted funds



Council's overall cash balance increased during February from $36.7M to $37.3M. The $667K increase is a result of business-as-usual operations and the following significant events:

- Grant funding received of $960K,
- Property Sales of $863K,
- Capital works of $797K,

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.

The chart maps only unrestricted funds but internal restricted reserves have provided the buffer at particular times during the year. The following table shows the formal use of these internal restricted reserves. No repayment of previous drawdowns of internal restricted reserves is planned at this stage until available funds exist. This will be reviewed during 2027 budget and LTFP preparations.

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 noted earlier and as per each resolution in accordance with the policy, above transfers will be repaid as soon as unrestricted funds become available.

Consolidated cash position and cash flow forecast

The below graph depicts the historical cash balances for a period of 12 months including February 2026 and a forecast until 30 June 2026, whilst comparing the current cash reserve balance to the budgeted cash reserve balance.

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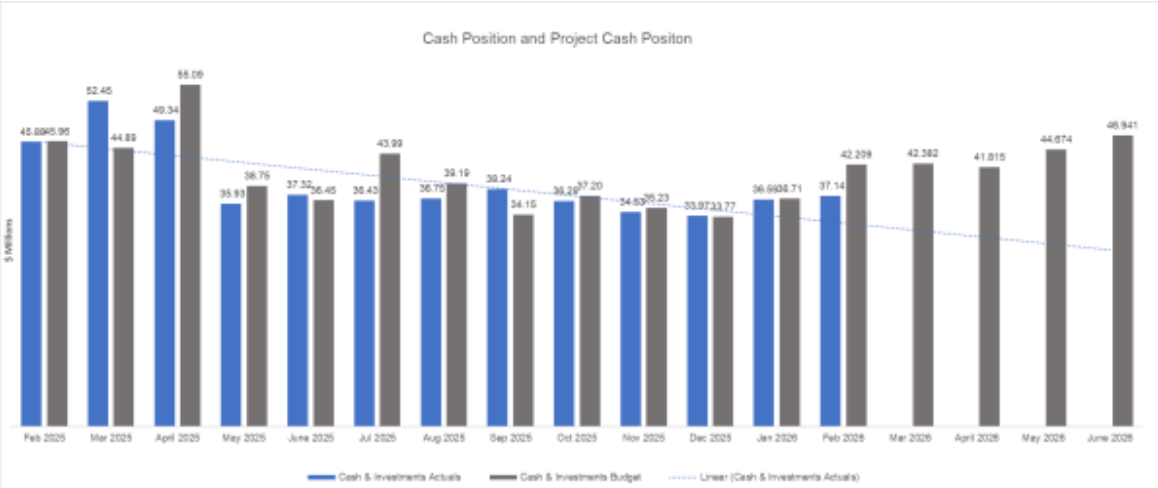
The cash position at the end of February 2026 is $5M unfavourable to forecast. This is also reflected in lower interest earnings.

The cash flow forecast will continue to be tightly monitored and updated across Council's entire operations, but notably to reflect the timing issues of key matters such as the Blue Haven Terralong building compliance issue and the upcoming unit sales, which have a significant impact on cash reserves. 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.



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.

Jose Diaz
Chief Financial Officer

05/03/2026