17 LATE ITEMS

17.1 Endorse for public exhibition: Integrated planning and reporting suite of documents

CSP Objective: Outcome 5.1: Public funds and assets are managed strategically, transparently and efficiently

CSP Strategy: 5.1.1 Public funds are managed in accordance with Financial Management Standards and the Local Government Act.

Delivery Program: 5.1.1.2 Maintain compliance with the Office of Local Government risk management and internal audit framework, including the Audit, Risk and Improvement Committee and internal audit operation in accordance with legislation.

Summary

The purpose of this report is to seek Council's endorsement for the following documents to be placed on public exhibition for 28 days, as required under the Integrated Planning and Reporting (IP&R) guidelines, in accordance with the Local Government Act 1993:

- 2025-29 Delivery Program and 2026-27 Operational Plan (DPOP)
- 2026-27 Budget
- 2026-27 Fees & Charges
- Revenue Policy (statement)

Financial implication

The budget provided within the DPOP is attached to the suite of documents.

Risk implication

It is a requirement of all councils to complete and adopt the documents required within the IP&R Framework by 30 June each year. Failure to do so would be a breach of the Local Government Act.

There are significant risks associated with the draft budget all of which were articulated in the extraordinary report concerning public and staff reactions, reduction in services, non compliance with the State imposed performance improvement order.

Policy

- Local Government Act 1993
- Office of Local Government – Integrated Planning & Reporting Framework

Consultation (internal)

- Councillors
- Chief Executive Officer
- Directors and Chief Financial Officer

- Managers and staff

Communication/Community engagement

In accordance with the legislation, Council must publicly exhibit the documents for a period of 28 days to allow stakeholder and community input and consideration of the proposed draft documents.

During the consultation period Council will actively promote the documents and provide the opportunity for feedback through digital channels aligned with Council's Community Engagement Strategy.

A summary of submissions outlining any comments received and noting changes to the draft documents in response will be provided to Council following the exhibition period together with a further report seeking final adoption.

Attachments

1 DRAFT 2026-27 Delivery Program and Operational Plan⇩
2 DRAFT Budget Summary 2026-27⇩
3 DRAFT Fees and Charges 2026-27⇩
4 DRAFT Statement of Revenue Policy 2026-27⇩
5 DRAFT budget and Long Term Financial Plan 2026-27⇩

Enclosures
Nil

RECOMMENDATION

That Council:

1. Endorses the suite of Integrated Planning and Reporting documents to be placed on public exhibition for the purposes of community feedback for a period of 28 days, commencing 27 April 2026.
2. Notes the Draft Budget 2026-27 reflects the budget parameters resolved at Council's extraordinary meeting held on 7 April 2026 including reductions to services and staff establishment.
3. Receives a further report prior to 30 June 2026 seeking final adoption of the documents.
4. Delegates to the Chief Executive Officer to actively pursue all other options available to meet the Performance Improvement Order requirement for a balanced budget in 2026/27 inclusive of meeting with the unions and Local Government Minister and exploring alternative sources of revenue.

Background

Integrated Planning and Reporting is required by all NSW Councils under the *Local Government Act 1993* (the LG Act).

The intent of the framework and associated documents is to ensure coordinated, transparent and accountable planning is undertaken taking into consideration the community's expectations and priorities that are balanced with Council's financial position, resources and ability to deliver the services and actions that the community seek.

Each year Councils are required to:

- Develop and adopt by 30 June an Operational Plan (OP) including a detailed budget and Statement of Revenue Policy for the year
- Review the Delivery Program (DP) when preparing the OP.
- Review the Fees & Charges.

The framework is integrated and includes ongoing monitoring, reporting and review. Council reports annually on the framework, specifically the Operational Plan, and our progress in achieving the actions for the year through 6 monthly progress reports and the Annual Report at the end of each year.

Council is committed to delivering the varied Performance Improvement Order (PIO) with a focus on meeting a balanced budget in 2026-27. This required Council to set Budget parameters for next year's budget that may result in a reduction in non-essential services. The services that may be altered or removed have been highlighted within the plans pending final budget decisions.

Delivery Program (4 Year) and Operational Plan (1 Year)

The Delivery Program is a statement of commitment to the community from the elected body and translates the community's strategic goals into clear actions. It is the primary reference point for all activities undertaken by Council during its term of office. It allows Council to determine what is achievable, what the priorities are, and how programs will be scheduled.

The Delivery Program is designed as the single point of reference for all principal activities undertaken by Council during its term of office. All plans, projects, activities and funding allocations must be directly linked to this Program. Within the DPOP Council also identifies the projects, programs and activities that will be undertaken each year to meet Council's and the community's priorities.

A budget, information about Council's rating structure and revenue policy are also included in the document. Details around the budget are provided in the section below.

The plan also includes measures to assist in tracking our performance and progress to the completion of the actions specified. These measures will continue to be enhanced and developed as Council's organisational capacity and capability improves over time.

The Delivery Program has been reviewed, with only one minor amendment:

- Change of wording to 4.2.2.3 to more broadly reflect Council's approach to Governance and transparency.

Draft Operating Plan (1 Year)

The operating plan (OP) has been developed to reflect on what Council plans to deliver for 2026-27 with available budget and resources.

This year's version of the operating plan includes deliverables that may be altered or removed pending final budget decisions. These have been highlighted within the documents to ensure that the community is aware of where the changes may occur.

There are a total of 131 OP deliverables across the four focus areas:

- Liveable 45
- Sustainable 25
- Resourceful 25
- Responsible 36

Draft Budget 2026-27

The budget for 2026-27 was developed in alignment with Council's Strategic Finance & Governance Improvement Plan. Parameters and strategies set out in this budget also incorporate the key action of the Performance Improvement Order (PIO), achieving financial sustainability by the 2026-27 financial year.

Key strategies outlined in the budget include:

- Continued operational efficiencies and improvements
  - Council has made significant improvement to its operating result in recent years, and this will continue through further operational and service review improvement opportunities. Centralisation of further services and procurement savings are planned.
- Service reductions.
  - Due to a relatively small revenue base of 10,000 residential ratepayers, Council has had to address the tough decision of service reductions for those services not specifically legislated by the Local Government Act. The operational savings alone cannot deliver the breakeven financial sustainability required.
- Staffing establishment reductions.
  - Following on from above, and despite service reductions, Council's total employment costs are too high for its revenue base. A full staff establishment review will be undertaken to 'rightsize' Council's operations following the Bonaira divestment last year.
- Special rate variation.
  - This is included as an alternate in the Long Term Financial Plan. NSW Government Funding Guidelines require SRVs to be project or specific activity oriented rather than to support operations and financial

sustainability. An application directed to asset maintenance backlog could be considered.

- However, Kiama is a high rate per capita community compared to most other LGAs in NSW, and an SRV will likely not be accepted by the community.

- Capital works reductions.
  - Due to financial constraints, capital works program shown below will be heavily reliant on capital grants and reserve funding with minimal allocation from general or unrestricted funds (other than works relating to Terralong Fire Safety and Condition Report).
- Terralong Building Fire Safety Work.
  - This important work is needed for safety and compliance with fire safety regulations. While capital expenditure in nature, debt financing of $10M has been included as an option in the LTFP and will add borrowing costs to the base case Budget.
- One Council Implementation
  - This important project continues to progress implementation of the financial and operating software platform.

Structural deficit

Many councils across NSW are dealing with financial sustainability issues and are heavily reliant on capital grants. Analysis of Council results for year ended June 2025 shows that 70% of Councils are running at an operating loss if capital grants are excluded. This compares to approximately 50% in 2024.

Rate pegging for Kiama at 3.2% in 2026/27 compares to Award wage increases of (estimated) 4% or up to 4.5% including superannuation. Trade materials, utilities and general CPI exceeds the rate peg. This simply means that each year there is a decline in operating performance unless efficiencies can be found. Alternately grant funding or an SRV is pursued by some Councils.

For KMC, with the added requirement of the PIO, the Budget contains the challenging decisions and initiatives referred above.

Draft Fees & Charges

The Fees & Charges document for 2026-27 reflects statutory and user pays services for specific Council operations. This is Council's third largest source of revenue.

Each fee has been reviewed individually to ensure that it is relevant to the community. New fees have been identified in holiday parks, reserves, leases, hall hire and the leisure centre. Approximately 40 fees and charges from last year have been discontinued.

The fees and charges are currently in draft and subject to feedback during the consultation phase.

The Revenue Policy has been reviewed and is included within the report.

Long Term Financial Plan

While not a formal requirement of the IP&R reporting framework, the LTFP is also provided as an accompanying document. The LTFP provides a longer-term view of the financial position based on the Draft Budget base case incorporating the service and staffing establishment reductions. Various scenarios or options are also considered including not actioning the service and staffing reductions, potential alternatives to apply for an SRV of 20% and 40%, and a final option covering the debt financing of $10M for fire safety work at Terralong.

To achieve a breakeven operating result in 2026/27, only the base case including service and staffing reductions or the 40% SRV provide either sufficient cost savings or sufficient additional revenue increase required.

Conclusion

This suite of documents are a work in progress and Council officers will continue to refine elements during the public exhibition period. All documents are subject to feedback and consultation.

Council welcomes feedback from the community and stakeholders during the exhibition period.