8 REPORT OF THE CHIEF EXECUTIVE OFFICER

8.1 Parameters for 2026-27 Budget and Long Term Financial Plan

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 presents the proposed budget parameters for the 2026-27 financial year, to comply with Part 9, Division 3, Clause 203 (1) of the Local Government (General) Regulation 2021. This report details recommended parameters, to set the direction for the preparation of the budget for the 2026-27 financial year.

The report presents the key business parameters designed to improve operating performance, achieve breakeven without relying on capital grants and meet the expectations of the Office of Local Government Performance Improvement Order (PIO).

Council has not previously set a budget parameters report. Due to the impending requirement of the PIO to achieve a balanced budget and a projected Quarterly Budget Review (QBR) deficit of $4.5M as at December 2025, combined with the impact of the Blue Haven Terralong condition audit report it became apparent that Councillors needed to workshop ideas on how to achieve a balanced budget, the consequences of not meeting the PIO, and the intense organisational challenges being experienced. Council direction on priorities for funding is required to be able to build a balanced budget for community consultation in line with the Office of Local Government (OLG) timing requirements of 30 June 2026.

Financial implication

The annual budget enables timely financial management and longer-term financial sustainability to effectively manage the resources available to Council to provide public services and amenities. Achieving a balanced budget will result in service level changes that will likely have staff and community impacts.

Risk implication

Not meeting the legislative requirements as set out in the varied PIO can result in further interventions from the Minister for Local Government and failure to comply with the PIO. All decisions contain risks, the following risks are noted:

- Employee and community reaction to reduced service levels and costs.
- Industrial processes and reactions from unions concerned for members.
- Further interventions from the Minister and / or compliance action from OLG.

- Workplace changes and reactions arising.
- Unrealised efficiencies.
- Reputational risks.
- Taking no action will result in an ongoing operating deficit.
- Delays in realising cash savings due to industrial and market processes.
- Instability and concern in the workplace over job security.
- Community confidence in Council's decision making.

The CEO and Executive wish to note that any change to workplace structures, reductions in establishment and job losses will be particularly challenging for the workplace, in terms of culture and productivity. As one of Kiama's largest employers this impact will have ripple effects within the community as well. Noting it is a public servant's role to give frank and fearless advice, this report specifically identifies those activities and staffing that are non-core, not legislated or essential to the operation of a local government. These roles are important and do have significant other intangible value and are performed well. All employees are highly valued. It is a case of needing to ensure that the organisational establishment is appropriate for the scale and context of the current Council circumstance. Potentially in the future, Council may re-invest in these non-core areas when financial sustainability is more secure and stable.

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

Executive Leadership Team

Audit, Risk and Improvement Committee

Finance and Major Projects Advisory Committee

Communication/Community engagement

Two councillor workshops

Executive and Management Leadership Team workshops

Finance and Major Projects Advisory Committee workshop and presentation to Councillors

Initial briefing on parameters / workshop with OLG Deputy Secretary and Compliance Director.

Attachments

Nil

Item 8.1

Enclosures

Nil

RECOMMENDATION

That Council adopts the parameters and strategic direction outlined in this report, with the objective of achieving a balanced operating budget for financial year 2026-27 by:

1. Implementing Level 1 initiatives (Budget Control Improvements) as per the report to improve results by circa $3.4M, and reduce the draft loss result to $3.6M.
2. Implementing Level 2 initiatives (Discretionary Services) as per the report reducing the scope of non-core or discretionary services to improve the draft loss result by $2.7M to a draft loss of $854K, including a reduction in staff establishment FTEs in the range of 5%.
3. Implementing Level 3 initiatives (Staff Establishment and Legislated Operations) as per the report further reducing staff establishment to improve results by circa $1.8M ongoing but reduced to $1M after allowing for redundancy costs, representing a reduction in staff establishment FITEs in the range of 9% and resulting in a draft budget surplus of $146K.
4. Delegate authority to the Chief Executive Officer to undertake the following to create a balanced budget and progress other requirements in line with the performance improvement order:
   (a) seek debt finance of $10M for the purposes of undertaking the program of works required for the Fire Safety Order at Blue Haven Terralong and provide a separate report to Council for final signing of any loan agreement.
   (b) proceed to a market sounding process in line with the *Local Government Act 1993* to understand potential options and opportunities for catalyst sites inclusive of 11 Manning Street, the Shoalhaven Street site, Havilah Place inclusive of Blue Haven Terralong, merging the works depot to Minnamurra, consideration of future Council administration office location, and provide a further report to council on process and outcomes.
   (c) Undertake market tendering in line with Section 173 ‘changes to the Local Government (General) Regulation 2021’ for the purposes of comparing internal versus external waste management options.
   (d) implement the findings of the plant fleet service review and move fleet to novated leases with a set range of 20,000 kms per year, noting the need to invest and install telemetric monitoring for vehicles to accurately capture movement data.
   (e) implement the findings of the commercial waste services review and prioritise the collection of domestic waste for ratepayers, exiting commercial waste services and reducing associated overtime costs.

Background

Kiama Municipal Council (KMC) has been operating under the current varied Performance Improvement Order (PIO) since May 2022. Two key financial measures under the PIO include:

- Taking actions in FY 2024-25 and FY 2025-26 to break the practice of adopting deficit operating budgets without relying on property sales.
- Implementing a financial strategy which will culminate in Council increasing its unrestricted cash balance to a sustainable level by FY 2026-27.

Compliance and achievements to date

KMC has achieved significant improvement in operating results over the last three (3) financial years, with operating results (excluding capital grants) improving by 83% in that time (from a deficit of $26.6M in FY24 to a projected deficit of $4.5M in FY26 (QBR2). The FY24 result did include an asset write down of $10M, but allowing for that, the improvement of $12.1M from $16.6M in FY24 to $4.5M in FY26 remains significant.

Over this time, KMC has implemented measures to improve financial performance, including the divestment of non-core operations (e.g. Bonaira aged care and hire services), improving commercial operations like holiday parks, Blue Haven Terralong and the Kiama Leisure Centre, as well as tightly managing headcount (establishment)and corporate costs. Introduction of centralised oversight of some corporate costs like consultancy, legal costs, training costs and communications have greatly assisted. Two restructures reduced the management team by five (5) roles and improved operational line reporting. The Executive was reduced to three (3) directors, after trialling for 18 months a two director model and receiving overwhelming feedback from staff, councillors and public that the two-director model was insufficient. The divestment of Blue Haven Bonaira also achieved a reduction in employee expenses and year-on-year operating losses.

At the same time, significant improvements have occurred across organisational governance, systems, processes and information management. Procedures, policies and delegations have been installed. All bar seven (7) of the 64 actions of the PIO's Strategic Finance & Governance Improvement Plan have been completed.

Additionally, $60M in debt was paid off to TCorp and audit qualifications and disclaimers of opinion were removed in record time. All statutory requirements for IPART reporting and auditing have also been consistently met in the past 4 years.

Despite these notable improvements, further incremental cash improvements year on year will not be sufficient to achieve the objective of a balanced budget by FY27. This will require a step-change reduction in delivery of discretionary services, versus essential services, alongside a corresponding reduction in direct and indirect employee and materials costs

Essential services context

The issue of core and non-core services has been discussed and considered over the past three years of budget cycles, having been first raised by the Finance Advisory Committee, CEO and OLG-appointed Financial Advisor in 2022 and 2023. Since then and as noted, incremental improvements, corporate and operational, and the removal of Blue Haven Bonaira and hire services have resulted in the improved current operating position.

Service reviews across many Council operations and departments have also highlighted opportunities for further savings or efficiencies. All service reviews were discussed with the Finance Advisory Committee, presented to Council and developed with staff and management. Some decisions were made whilst other more challenging findings were not adopted for actioning. These matters now need to be considered.

Legislated or regulated services of local government include staffing roles related to the functions of cemeteries, roads, rates, waste, libraries, environmental health, planning, development assessment, building inspection, customer service, engineering, records management, regulatory services, compliance, rates, swimming pool inspections, etc. Local governments then tend to branch into a range of functions that provide internal support services to those functions such as IT, communications, human resources, corporate support etc. They also provide other valuable and vital community services and economic benefit to their local communities, community development services, youth services, indigenous services, community engagement, tourism, visitor information services, events, leisure centres, community facilities etc.

Current operating result

KMC's current operating position is not financially sustainable in the near-term, with the current cost base growing at a higher rate than revenue. This is the structural deficit that needs to be resolved and which has been consistently communicated to Council and the public since 2021-22.

For example, regulated rates revenue is pegged to 3.2% in FY 2026-27, whereas employee costs are set to increase by 4%, with other costs increasing above 3.5% CPI such as insurance and utilities increasing by over 5%. Water alone has increased by 18%, with electricity costs likewise risen. Each year the cost of running the essential service of Council grows. Unlike a lot of other areas, our population growth has stayed low and so too the rate base.

As a result, the draft 2026-27 budget submission from Management projected an increased deficit of $6.9M, compared to the current $4.5M in FY 2025-26. This has since been reviewed and reduced to a loss of $3.6M but that does not address the breakeven target nor meet the PIO. Management must provide options and information to Council on how the PIO could be met, and the range of measures required to reduce costs and achieve the target.

In the longer-term, KMC could generate additional revenue streams through the monetisation of its land and property holdings, specifically the sites referred as **catalyst sites**; however, these strategic opportunities cannot be realised in the timeframe required by the PIO. They do form a critical part of addressing structural deficit and likewise action must be taken on these so that the Long-Term Financial Plan (LTFP) can factor this in.

The PIO also stated that Council cannot move to consider a Special Rate Variation (SRV) application until all other options had been considered and all steps taken to improve the position. This report makes it plain all those steps have now been taken and there are no other options. There is no guarantee that an SRV application would be approved by IPART, nor supported by the community. In fact, in the current costs of living crisis that is gripping the nation, it is entirely reasonable to expect that any proposal to undertake an SRV for any purpose may potentially be roundly rejected by the community.

Current Unrestricted Cash position

The QBR forecasts unrestricted cash balances of $5.8M for FY 25/26. The FY 26/27 Budget considers 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. In short Council cash reserves have been used to repay residents and have not been replenished by incoming sales until compliance work can be undertaken.

Recent workshops and discussions with Councillors, Finance and Major Projects Advisory Committee and ARIC (Audit, Risk and Improvement Committee) have covered the overall budget and cash position of Council and specifically the issue and impact of the Blue Haven Terralong building fire safety compliance issues. The works program per the Fire Safety Order is estimated at $10M and the impact on past and current unit refurbishments and future resale is significant, requiring a deliberate financing strategy involving debt financing to be included as part of the 2026-27 Budget.

The Asset Condition Report (the subject of a separate report) and the capital upgrade costs of $35M over the 10-year LTFP are additional to the building compliance and fire safety costs of $10M noted above. This needs to be factored into the LTFP and critically managed to mitigate the pressure and risk on future cash positions.

The property divestment program has progressed with potential non-strategic parcels identified. Some of these will require planning proposal preparation but divestment have been included over the next 3 years and a general allocation included in the remaining years until further clarification of amounts and timing are determined.

Budget workshops

KMC leadership have held a series of internal and external workshops with Councillors and the Finance and Major Projects Advisory Committee (particularly after considering the impacts of the Blue Haven Terralong condition report) to consider opportunities to bridge the operational deficit.

At these workshops, Councillors have verbally re-affirmed an intent and willingness to meet the PIO and to avoid further interventions from the State Government.

Date	Workshop
6 February 2026	ELT Emergency Meeting
11 February 2026	KMC Management Business Planning Workshop
5 March 2026	Councillor Budget Workshop 1

Date	Workshop
23 March 2026	Councillor Budget Workshop 2
24 March	ELT Emergency Meeting
31 March 2026	Out of Session Finance and Major Projects Committee

The review and workshops have considered:

- Level 1: Budget Control Improvements and opportunities to reduce the initial draft budget result from a loss of $6.9M to $3.6M
- Level 2: Non-core Discretionary Service level review and potential adjustments that would reduce the loss to $0.85M
- Level 3: Employee establishment percentage adjustments that would reduce the loss and produce a small surplus of $146K ie essentially breakeven

Budget Parameters

At the budget workshops noted above, and notably the last workshop on 23 March 2026, Council have re-affirmed the intent of meeting the breakeven target and the conditions of the PIO. Importantly it needs to be added that reliance on capital grants is not best practice and the breakeven target is a prudent initiative irrespective of regulatory authority oversight or compliance monitoring, to ensure financial sustainability. To this end, a series of budget parameters are proposed, as outlined below. The implementation of all of these measures would be required to achieve a balanced budget.

In recent years including the previous Council, the potential grouping of savings initiatives between operational efficiency improvements (Level 1) along with other potential improvements involving non-core discretionary services (Level 2) and staff establishment (Level 3) have been discussed. However the focus in the first 2 years has been on securing the sale of Blue Haven Bonaira and broader organisational and corporate efficiency improvements, taking an incremental approach to the budget repair process and reducing the operating loss to the much-improved QBR2 December 2025 operating loss of $4.5M for 2025-26.

The position today is that Budget 2026-27 is the third and final year of the PIO timeframe and after the significant improvement from a net operating loss of $16M in 2024 to the current $4.5M loss, the remaining component to achieving breakeven will require tough decisions concerning non-core services and staff establishment levels.

Level 1 - Budget Control Improvements

Implement budget control measures to improve efficiency, reduce material costs and optimise cost recovery for services provided by Council. These measures are estimated at $3.4M per annum, bringing the initial draft loss of $6.9M to $3.6M.

Level 1 - Budget Control Improvements	**$3,361,628**
Description	**P&L savings**
Increase Blue Haven Terralong DMF income due to new higher prices for future residents	720,000
Blue Haven Terralong Materials & Contracts reduction from original submission and capex	500,000
Review IT subscriptions to eliminate non-essential software; re-phase programs	300,000
Procurement efficiencies	660,000
Legal cost reduction reflecting improvement in governance and controls	225,000
Increase Blue Haven Terralong recurrent fees (Maintenance Levy) due to higher occupancy and increased fee for new residents	102,600
Conduct more service reviews internally to reduce consultant costs	100,000
Align training and developments budget in line with FY25 actuals	88,992
Pay out TCorp loan early (currently in restricted reserve)	8,000
Introduce annual cap on leaseback of Council light vehicle fleet	125,000
Increase motor vehicle leaseback contributions	24,000
Move leaseback vehicles to novated lease - saving and timing TBD – grandparenting provisions per Award	-
Consider reductions in Councillor training budget in line with KMC reductions for staff	5,000
Reduce budget for uninsured property loss - small claims	30,000
Consider modest increase financial services fee to ISJO	20,000
Banking tender review - investigate offerings of other banks to reduce merchant fees	30,000
Rationalise consulting budget	45,000
Gain/losses on revaluation of investment property	135,035
Additional Interest Revenue relating to Property Divestment	210,000
Additional rates revenue from Housing Growth strategy	33,000

Level 2 – Discretionary Services proposals

Focus on the provision of core services as defined by the Local Government Act. To this end, seek an in-principle agreement for a reduction in discretionary services outside the scope of the Act. These measures are estimated to improve operating results by circa $2.7M per annum, including FTE reductions in the range of 5% (~12 FTEs) from a loss of $3.6M to a loss of $0.9M.

Level 2 – Discretionary Services	**$2,732,000**
Description	**P&L savings**
Cessation of non-legislated services (Community) - Youth - Cultural - Community	941,500
Reduce scope of Visitor Services - explore potential for online presence, relocate to smaller facility	365,000
Re-size Tourism Services and consider regionalisation	180,000
Library - reduce operating hours	40,000
Leisure Centre – reduce span of operating hours	42,000
Cease Council contributed pensioner rebate of $25 per pensioner	42,300
Cease patrolling Easts Beach caravan park (or recover costs, as services are provided to a commercial venture)	20,000
Cease Destination Kiama, RADO, and all other sponsorships	140,000
Pilot's Cottage and VIC relocation - co-locate within the Kiama Library site in the down stairs history and family history hub; opportunity for rental revenue to be generated through lease of both the Pilots Cottage and the VIC. Re-use both the Pilots Cottage and the vacant VIC for leasing as a source of revenue	200,000
Cease community donations and sponsorships - Community	102,500
Cease community donations - Property	60,000
Cost recovery of Sports field maintenance	67,500
Higher Holiday park rates over & above CPI net of commission	176,800
Leisure Centre - Fees and Charges effective 5% increase to reflect costs	53,400
Cease organisational celebrations	12,000
Merchant fees recovery (previously not charged)	210,000
Cemetery income increase	51,000

Level 2 – Discretionary Services	$2,732,000
Description	**P&L savings**
Exit Commercial Waste - implement Service Review (net of internal costs)	148,000

Level 3 – High risk staffing establishment and legislated services proposals

A further reduction in KMC staff establishment over the next 12 months to achieve the saving target of $850K is required following the Level 2 adjustments, noting that Management may pursue a range of options to achieve this outcome, including incentivised retirement, management of vacant roles, critical reviews prior to filling roles and redundancies. Obviously industrial processes need to occur as per the award, and the workplace rights will be protected. Consultation with staff and Union will naturally form part of any process.

A further review of the management team will be undertaken to assess any further opportunities for efficiencies and consolidation of functions at the management/ director level. This will be expedited as part of establishment reductions.

These measures are estimated to improve operating results in the range of $1.8M per annum (offset by $0.8M redundancy payments in the first year). Estimated reduction ~20FTEs.

Level 3 - High Risk (Legislated Services)	$-
Description	**P&L savings**
Consider price comparison of outsourced waste service versus in house delivery - timing and savings TBD after market testing	TBD
Level 3 - High Risk (Staffing Establishment)	**$1,000,000**
Description	**P&L savings**
Reduction in establishment headcount and review of organisational structure and opportunities for functional groupings and efficiencies in corporate and administrative support functions, non-essential services. Focusing on implementing service reviews findings from tourism, visitor information, leisure centre, pavilion, legal services, waste services, corporate and administrative support services, further management and coordinator consolidation etc circa 9%.	1,800,000
Regionalised models of service delivery for the following areas: tourism, events, animal management services, local emergency management, IT, cybersecurity, finance and payroll, swimming pool compliance, waste management, destination services, project management, internal audit, ombudsmen, legal in-house counsel.	TBD

One-off redundancy allowance	- 800,000

In addition to the proposals and information above:

1. Review the scope and delivery mechanism for domestic waste collection. Proceed to market tendering to better understand relative costs of outsourcing versus in-house delivery of waste. KMC is the only Illawarra council operating in-source domestic waste collection. Review potential revenue opportunities such as trialling a voucher system for bulky household waste services
2. Conduct a market sounding exercise on highest and best use / potential options for catalyst sites. This information can then be provided to Council and the community to consider in due course. Governance processes including probity requirements as and where required under the *Local Government Act* will be followed. The intention being not to direct or point the market to a preconceived outcome but rather to receive feedback and ideas in an open manner. The key strategic or catalyst sites would include:
   (a) Manning Street Council Building
   (b) Shoalhaven Street (depot site and adjoining property at back)
   (c) Havilah Place
   (d) Shoalhaven Street site requires a decision that the Works Depot site is to move to the Minnamurra Waste Depot being the preferred location with the final concept to consider operational needs and commercial opportunities.
   (e) Manning Street Council Building will require consideration of future location of Council Administration Office, noting that this could be at any of the above locations pending overall considerations.
3. As noted earlier in the report, debt financing is required and proposed to address the significant costs (ie circa $10M) for the building Fire Safety Compliance rectification issues identified in Blue Haven Terralong Stage 5.
4. Actively pursue collaborations and partnerships with regional Council's for regional services for:
   - animal management
   - swimming pool compliance
   - project management
   - in-house legal counsel
   - internal audit
   - ombudsman
   - Destination Kiama and associated tourism and events
   - Local Emergency Management Officer
   - Finance, IT, payroll and cyber security.

The tables attached explain cash flow and draft budget position with all of the above factored in from Level 1, 2, and 3 adjustments complete.

Special Rate variation is an option that has not been considered due to Kiama LGA being one of the highest per capita rating areas in NSW. A 20% SRV increase would result in circa $4.5M for the years in which it applied and would certainly assist the operating result of Council but this not a preferred strategy. Additionally, the SRV requires a basis other than general financial sustainability and more specific in terms of a specific project. It would be most likely suited to the Blue Haven Terralong condition audit issue, however it is then expected that other aged essential asset / services such as sporting facilities, waste, roads, footpaths, stormwater etc would need to take a back seat while priority is given to funding the retirement village aged assets.

Service reviews have been conducted across Council with many having service and financial improvement opportunities. These have already commenced to be actioned where possible and will be further actioned. A recent example being the Fleet Management Review and opportunities to improve cost recovery and the introduction of lease arrangements. These require strong staff and organisational consultation, implementation planning and have been referred in the above budget proposals. Likewise previous reviews into tourism and visitor services, Kiama Leisure Centre and The Pavilion should be revisited.

Commercial services such as Kiama Coast Holiday Parks, The Pavilion, Blue Haven Terralong and the Kiama Leisure Centre, will continue to seek operating improvements during the year noting that they too have facilities and assets requiring attention.

Conclusion

It is imperative that Council addresses the structural deficit position of its operations. Long term revenue must increase. Short term costs must be controlled and reduced.

The ratios of employee costs and materials to rates and operating revenue is too high compared to councils that have a stronger financial operating result. The catalyst sites present an opportunity to address the longer-term revenue position, through securing an ongoing recurrent revenue source. With increased revenue, the above ratios will improve. Potentially the improvement may provide opportunity for the re-introduction of additional services. In the short term however, the focus must be costs and service reductions.

This report presents a range of difficult decisions and will be challenging for the community and our staff. Unfortunately, to achieve the PIO requirements all operations and services must be considered.

Draft Income Statement - Consolidated

Description	Current Year FY26 QBR 2	FY27 DRAFT	27/28	28/29	29/30	30/31	31/32	32/33	33/34	34/35	35/36
		Long Term Financial Plan (LTFP)									
Income											
Rates, Levies & Annual Charges	30,387	31,571	33,381	34,502	35,716	36,922	38,171	39,542	40,858	42,214	43,663
User charges and fees	18,884	20,103	20,851	21,475	22,087	22,717	23,365	24,033	24,721	25,430	26,160
Interest & Investment Revenue	1,840	1,780	2,107	2,482	2,587	2,705	2,835	2,979	3,135	3,305	3,488
Other Revenue	4,088	5,250	5,434	5,583	5,726	5,874	6,026	6,179	6,341	6,504	6,670
Operating Grants and Contributions	4,780	4,611	4,017	4,022	4,026	4,032	4,037	4,041	4,048	4,053	4,058
Capital Grants and Contributions	5,348	7,309	4,110	4,112	4,114	4,116	4,118	4,120	4,122	4,124	4,126
Net Gain / (Loss) from disposal of assets	536	228	0	0	0	0	0	0	0	0	0
Total Income from continuing operations	65,863	70,854	69,900	72,178	74,256	76,365	78,552	80,894	83,225	85,631	88,165
Expenses											
Employee Benefits	28,100	26,922	27,164	28,207	29,133	30,401	31,556	32,582	33,987	35,267	36,405
Borrowing Costs	245	392	100	92	96	81	68	53	57	72	58
Materials & Contracts	26,430	25,929	26,565	27,396	28,219	29,102	30,033	31,043	32,117	33,250	34,458
Other Expenses	1,088	926	944	959	973	987	1,002	1,017	1,033	1,049	1,065
Total Expenses from continuing operations excluding depreciation, amortisation and impariment of non-financial assets	**55,862**	**54,170**	**54,773**	**56,653**	**58,421**	**60,572**	**62,659**	**64,695**	**67,194**	**69,638**	**71,986**
Operating result from continuing operations excluding deprecation, amortisation and impairment of non-financial assets	**10,000**	**16,684**	**15,127**	**15,525**	**15,835**	**15,793**	**15,893**	**16,199**	**16,031**	**15,993**	**16,179**
Depreciation & Amortisation	9,153	9,228	9,505	9,790	10,084	10,387	10,698	11,019	11,350	11,690	12,041
Operating result from continuing operations	**847**	**7,456**	**5,622**	**5,734**	**5,750**	**5,407**	**5,195**	**5,180**	**4,681**	**4,302**	**4,138**
Net Operating result before grants and contributions provided for capital purposes	**(4,501)**	**146**	**1,512**	**1,622**	**1,636**	**1,291**	**1,077**	**1,060**	**560**	**179**	**12**

Income Statement - Base Case Build-up

Management submission	(4,501)	(6,948)	(6,380)	(6,497)	(6,769)	(7,824)	(8,598)	(8,960)	(10,355)	(11,491)	(12,177)
Level 1 - Budget Control Opportunities	0	(3,362)	3,087	3,144	3,275	3,786	4,160	4,335	5,011	5,560	5,892
Net Operating result before grants and contributions provided for capital purposes (after Level 1)	(4,501)	(3,586)	(3,293)	(3,353)	(3,493)	(4,038)	(4,438)	(4,624)	(5,345)	(5,931)	(6,285)
Level 2 - Discretionary Service Opportunities	0	2,732	2,814	2,909	2,995	3,101	3,202	3,297	3,414	3,525	3,630
Net Operating result before grants and contributions provided for capital purposes (After Level 2)	(4,501)	(854)	(479)	(445)	(498)	(937)	(1,235)	(1,327)	(1,930)	(2,405)	(2,655)
Level 3 High-risk Opportunities	0	1,000	1,990	2,067	2,135	2,227	2,312	2,387	2,490	2,584	2,667
Net Operating result before grants and contributions provided for capital purposes (After Level 3)	(4,501)	146	1,512	1,622	1,636	1,291	1,077	1,060	560	179	12

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Draft Cash Flow - Consolidated

Cash Adjustments												
Depreciation	9,153	9,228	9,505	9,790	10,084	10,387	10,698	11,019	11,350	11,690	12,041
Cost of Assets Sold - Plant & Equipment	1,195	870	0	0	0	0	0	0	0	0	0
Cost of Assets Sold - Property	4,810	4,151	6,411	7,364	2,000	2,250	2,500	2,750	3,000	3,250	3,500
Cost of Assets Sold - Other	0	0	0	0	0	0	0	0	0	0	0
Capital Works Program (Inc Blue Haven Terralong)	(21,206)	(22,146)	(17,530)	(14,530)	(14,530)	(14,530)	(10,847)	(10,847)	(10,847)	(10,847)	(9,000)
Purchase of Investment Property	(1,933)	(1,933)	(1,933)	0	0	0	0	0	0	0	0
Loan Repayments	(679)	(679)	(683)	(687)	(692)	(446)	(201)	(205)	(210)	(215)	(220)
Deferred Management fees	(2,238)	(2,958)	(3,061)	(3,144)	(3,222)	(3,303)	(3,385)	(3,470)	(3,557)	(3,646)	(3,737)
Blue Haven Terralong ILU Net Deposits	10,500	10,608	10,608	6,528	6,528	6,528	6,528	6,528	6,528	6,528	6,528
Net Movement in Debtors/Creditors		3,000	0	0	0	0	0	0	0	0	0
Net Inc/(Dec) in Funds before Transfers	**449**	**7,696**	**8,939**	**11,055**	**5,919**	**6,292**	**10,488**	**10,955**	**10,946**	**11,063**	**13,251**
Net Reserve Movements											
Externally Restricted	**(4,686)**	**(1,232)**	**(282)**	**3,683**	**3,962**	**4,708**	**5,227**	**5,518**	**5,783**	**6,071**	**6,384**
Unexpended Grants	(3,562)	(3,500)	(3,700)	0	0	0	0	0	0	0	0
Crown Land	(2,533)	1,191	103	248	390	762	1,144	1,284	1,414	1,552	1,700
Blue Haven Terralong ILU Maintenance Levy	(250)	(250)	(250)	(250)	(250)	0	0	0	0	0	0
Domestic waste management	937	2,103	2,748	2,880	3,029	3,167	3,318	3,482	3,633	3,798	3,978
Stormwater Levy	(48)	(118)	(239)	(246)	(254)	(261)	(269)	(277)	(285)	(294)	(303)
Security bonds, Deposits & Retentions	0	0	0	0	0	0	0	0	0	0	0
Developer contributions (Unexpended)	770	(657)	1,057	1,051	1,046	1,040	1,034	1,029	1,021	1,015	1,009
Internally Restricted	**224**	**6,047**	**7,280**	**8,178**	**2,766**	**2,963**	**3,160**	**3,357**	**3,549**	**3,742**	**3,935**
Terralong ILU Capital Works	1,000	0	0	0	0	0	0	0	0	0	0
Plant Replacement	66	1,911	884	830	782	729	677	625	567	510	454
Employee Leave Entitlements	(1,500)	0	0	0	0	0	0	0	0	0	0
Land Development	(15)	4,151	6,411	7,364	2,000	2,250	2,500	2,750	3,000	3,250	3,500
Risk Improvement Incentive	24	(15)	(16)	(16)	(16)	(17)	(17)	(18)	(18)	(18)	(19)
Temporary Funding Disaster Recovery Funding Agreement Works	649	0	0	0	0	0	0	0	0	0	0
Total Net Reserve Movements	(4,462)	4,815	6,998	11,860	6,728	7,670	8,386	8,876	9,333	9,813	10,319
Net Inc/(Dec) in Unrestricted Funds	**4,911**	**2,880**	**1,941**	**(805)**	**(809)**	**(1,378)**	**2,102**	**2,080**	**1,613**	**1,251**	**2,932**

FY25 C/B - Unrestricted Cash	923										
FY26 QBR 2 - Projected Unrestricted Cash movement	4,911										
Forecast Closing Balance	**5,834**	**8,714**	**10,655**	**9,850**	**9,041**	**7,663**	**9,765**	**11,845**	**13,458**	**14,709**	**17,640**