14 REPORT OF THE DIRECTOR CORPORATE AND COMMERCIAL

14.1 2025-26 End of Financial Year Report

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 commentary on preliminary year-end results comparing to the adopted budget and offering insights into Council's financial performance and cash position.

This report also notes the operational and capital carry forwards from 2025-26 to 2026-27.

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

Monitoring of financial performance and cash flow ensures prudent financial management and mitigates financial, regulatory and operational risk.

Policy

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)

Executive Leadership Team, Management Leadership Team and Management Accounting & Finance Team

Communication/Community engagement

N/A

Attachments
Nil

Enclosures

1 Monthly Financial Statements - June 2026⇨

RECOMMENDATION

That Council:

1. Receives and adopts the Monthly Financial Report for June 2026.
2. Note the operational budget carry forwards of $26,000 into the 2026-27 budget, reflecting existing contractual commitments and projects that have commenced prior to year end June 2026.
3. Note the capital budget carry forwards of $3.8M into the 2026-27 budget, reflecting existing contractual commitments and projects that have commenced prior to year end June 2026.
4. Approve capital budget revotes of $60,000 into the 2026-27 budget in respect of projects not commenced at year end June 2026.
5. Note that with respect to the above adjustments, the Chief Executive Officer will identify possible savings of $1.61M to offset the adverse impact to unrestricted cash, and split $1.584M in capital expenditure and $26,000 in operating expenditure, which will then be presented to Council through upcoming quarterly business reporting processes in 2026-27.

Background

Council's original adopted budget for 2025-26 forecast a net operating deficit before capital grants of $2.8M. Through the September, December and March Quarterly Budget Review (QBR), the projected deficit increased by $1.8M, reaching $4.6M at QBR 3.

Preliminary year-end results as at June 2026 indicate an actual net operating deficit before capital grants of $4.5M, broadly in line with the adopted budget.

Overview

It is noted that the financial results and associated variance analysis presented in this report are preliminary and subject to revision. This is due to the ongoing end-of-financial-year processes, including the preparation of financial statements and the external audit.

This report highlights preliminary year-end financial results against the adopted budget (QBR 3), plus any changes made by way of Council resolution at ordinary meetings. In addition, the report sets out operational and capital carry forwards (and revotes), which move budget from 2025-26 to 2026-27.

As at 30 June 2026, preliminary results present a Net Operating result before capital grants and contributions of $4.5M compared to the $4.6M budgeted deficit, resulting in a minor favourable variance of $96K (2%).

Carry forwards

Table 1 below notes the carry forward of both operational and capital budgets in line with the *Local Government (General) Regulation 2005* (Clause 211). These adjustments reflect work that has been contracted to commence or has already commenced and not been completed in 2025-26, with the expenditure now expected to occur in 2026-27.

Operational carry forwards

Operational budget carry forwards from 2025-26 to 2026-27 are minimal, totalling $26K. These relate to multiple minor projects under materials and contracts expenses that commended prior to year end and will have some remaining cost into 2026-27. These are funded by general revenue. The amount is small however given unrestricted cash is critical, savings will be identified to offset these additional costs.

Capital carry forwards

The total capital carry forwards from 2025–26 to 2026–27 amount to $3.8M. These noted adjustments are funded through a combination of grants ($1M), restricted funds ($1.2M), and unrestricted cash ($1.5M). Again these are projects that commenced during the year but are incomplete at year end June 2026. The impact on unrestricted funds at $1.534M is significant therefore corresponding savings (including possible omissions from the current capital works program) will be identified during the year and reported to Council through the QBR process.

Capital revotes

The total capital revotes proposed for Council adoption from 2025–26 to 2026–27 amount to $60K. These noted adjustments are funded through a combination of restricted funds ($10K), and unrestricted cash ($50K). These are projects that had not commenced at June 2026. As with the carry forwards, savings of $50K will also be identified by Management.

The above-mentioned proposed capital changes will subsequently increase the 2026-27 capital budget from $22.8M to $26.7M. It is expected that an equivalent capital expenditure will be deferred beyond the budget year when the budget is re-assessed at future QBRs.

Table 1: The following table presents a summary of how the operational and capital carry forwards will impact the 2026-27 budget

($'000)	Adopted budget (FY27)	Carry forwards/Revotes	Forecast budget (FY27)
Operational Result including capital grants – Surplus/(Deficit)	3,460	(26)	3,434
Operational Result before capital grants – Surplus/(Deficit)	(3,849)	(26)	(3,875)
Capital Program	22,837	3,836	26,673
Unrestricted Cash Movement – Increase/(Decrease)	4,869	(1,610)	3,259

Table 2: The following table presents funding sources of the operational and capital carry forwards & revotes.

($'000)	Amount	Grants	Restricted Funds	Unrestricted cash
Operational Carry Forwards	26	0	0	(26)
Capital Carry Forwards	3,776	(1,046)	(1,196)	(1,534)
Capital Revotes	60	0	(10)	(50)
Total	**3,862**	**(1,046)**	**(1,206)**	**(1,610)**

Table 3: The following table provides a detailed breakdown of the capital carry forwards by project.

Capital Carry Forwards ($'000)	Amount	Grants	Restricted Funds	Unrestricted cash
Major Plant & equipment replacement (already on order)	885	0	0	(885)
OneCouncil - Regulatory, ECM & CRM - Phase 2	848	0	(620)	(229)
Infrastructure Betterment Fund BP_0244 - Foxground Road	616	(616)	0	0
OneCouncil - Revenue & ECR - Phase 1	430	0	(97)	(332)
Seven Mile Beach - Compliance	248	0	(248)	0
Infrastructure Betterment Fund BP_0244- Jamberoo Mountain Rd	162	(162)	0	0
Infrastructure Betterment Fund BP_0244 - Wallaby Hill Road	127	(127)	0	0
Minnamurra - Rock Wall Remediation	85	0	(85)	0
Jamberoo Mtn Rd geo investigation - Storm Event-Risk Flood- OLG	51	(51)	0	0
Seven Mile HP - General cabin renewal	45	0	(45)	0
Gerry Emery Lighting (Office of Sport)	39	0	0	(39)
Foxground Rd geo investigation -Storm Event - Risk Flood- OLG	32	(32)	0	0
Landslide repair-Wallaby Hill Rd- Natural Disaster &Recovery	30	0	(30)	0
DFRA AGRN1212 May 25 - Wyalla Road Jamberoo EPAR Works	29	0	(29)	0

Capital Carry Forwards ($'000)	Amount	Grants	Restricted Funds	Unrestricted cash
Jamberoo Floodplain Risk Study-Storm Event - OLG83 & DPIE	24	(24)	0	0
DFRA AGRN1212 May 25-Free Selector Road Foxground EPAR Work	24	0	(24)	0
Hardware replacement program	20	0	(4)	(16)
Bonaira Lighting (Office of Sport)	17	0	0	(17)
Terralong St - Drainage Upgrade (Thompson to Collins)	14	0	(14)	0
Wallaby Hill Rd geo investigation- Storm Event-Risk Flood- OLG	13	(13)	0	0
Kiama Coastline CMP – Preparation & Response Coastal Hazards	10	(7)	0	(3)
Crooked River Bridge Restoration Works	8	0	0	(8)
Jamberoo flood study- Wyalla - Severe Weather & Flood - OLG	6	(2)	0	(4)
Bridges Rd Gerringong flood study-Severe Weather & Flood-OLG	5	(5)	0	0
Jamberoo flood study infra -Severe Weather & Flood- OLG	4	(4)	0	0
Kiama Netball Courts Refurbishment (Office of Sport)	1	(1)	0	0
Total Capital Carry Forwards	**3,776**	**(1,046)**	**(1,196)**	**(1,534)**

Table 4. The following table provides a detailed breakdown of the capital Revotes by project for Council resolution

Capital Revotes ($'000)	Amount	Grants	Restricted Funds	Unrestricted cash
Holiday Parks WiFi Upgrade	10	0	(10)	0
Fleet Telemetric System	50	0	0	(50)
Total Capital Revotes	**60**	**0**	**(10)**	**(50)**

Operating results

As at 30 June 2026, Council's operating result from continuing operations, which includes depreciation is $405K unfavourable to budget, representing a material variance of 22%. When income from capital grants is excluded, the net operating result is on track, with a minor favourable of $96K (2%). These results highlight that Council has managed to achieve its operational budget objectives within the parameters of the adopted budget for 2025-26.

Total income from continuing operations

At a consolidated level, total income from continuing operations is $113K (<1%) unfavourable to budget. This result is primarily driven by a $501K unfavourable variance in capital grants and contributions income, partially offset by a $431K favourable variance in user charges and fees. Variances across all other income categories are immaterial, either individually or in aggregate.

Expenses from continuing operations excluding depreciation

Expenses from continuing operations, excluding depreciation, were $345K (1%) unfavourable to budget. This variance was primarily driven by higher employee costs of $919K (3%), partially offset by reduced materials and contracts of $576K (2%). All other expenditure categories were collectively $3K unfavourable, with no individual variance considered material.

Table 5. 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	$431K F (2%)	$355K F (6%) • Cost recovery income relating to emergency harbour contamination clean-up $74K F • Property income $75K F – relating to lease contracts • Increased Section 138 and asset protection fee revenue driven by construction growth and larger subdivision developments $68K F • Higher-than-forecast development application fee revenue $67K F • Additional event bookings secured by the Pavilion $65K F • Public Cemeteries fees $52K F • Leisure Centre income $55K U, reflecting the closure for maintenance of aquatic area. • Others $9K F	$150K F (1%) On track	$73K U (7%) Asset and maintenance backlog
Capital Grants and Contributions	$504K U (8%)	$504K U (8%) • Developer Contributions $200K F • Natural Disaster & Recovery Funding $598K F, driven by earlier-than-anticipated project completion. • Reduced income for Essential Community Sport Assets Program	NA	NA

Financial Reporting Level	Consolidated variances	General Fund (Council operations Excluding Holiday Parks & Blue Haven Terralong operations)	Holiday Parks	Blue Haven
		$210K U, as final project cost less than budget • Roads To Recovery $145K U due to lower income recognised, reflecting final project costs being below budget. The projects are completed and in the close-out phase. • Infrastructure Betterment Fund $906K U, due to delayed income recognition, consistent with the timing of capital works carry forwards. • Other multiple grants $40K U		
Other Income	$130K U (100%)	$130K U (100%) • Timing on revaluation of investment properties yet to be processed	NA	NA
Employee Benefits	$919K U (3%)	$894K U (2%) • Lower vacancies $377K U • Casuals $211K U • Penalty Rates $113K U • Allowances $94K U • Overtime $68K U • Lump Sum Payments $74K U • Capitalised wages $29K U • Training & Study $74K F • StateCover workers compensation Insurance $94K F • Other minor variances $96K U	$9K F (2%) On track	$33K U (11%) Overtime $13K U - Emergency maintenance and callouts
Materials and Contracts	$576K F (2%)	$686K F (4%) • Lower asset revaluation costs due to fewer asset classes revalued than planned, $138K F • Kiama Coastal Management Program $306K F due to revised projects timelines (included in budget carry forwards) • Block Grant funded projects $353K F resulting from lower project expenditure • Park Services maintenance $193K F • Increased fleet maintenance and costs $227K U	$22K F (<1%) On track	$132K U (23%) • Essential maintenance and repairs ($123K U) • Other minor variances $9K U

Financial Reporting Level	Consolidated variances	General Fund (Council operations Excluding Holiday Parks & Blue Haven Terralong operations)	Holiday Parks	Blue Haven
		• Other minor variances $77K U		

Cash flow

Table 6: This table summarises the 2025-26 full year cash, reserves and unrestricted cash position of Council versus the adopted budget.

Consolidated Cash Balances ('000s)	Actual			Forecast (QBR 3)	
	30/06/2025	**30/06/2026**	**YTD Change**	**Budget**	**Budget Variance**
Total Cash, Cash Equivalents and Investments	38,394	43,106	4,712	42,435	671
Net Reserves (Internal and External)	37,471	37,941	470	37,485	456
Unrestricted Cash	**923**	**5,164**	**4,241**	**4,950**	**214**

Council has recorded a net inflow of cash, cash equivalents and investments of $4.7M over the 12 months to June 2026.The unrestricted cash component has increased by $4.2M to $5.2M, up from $923K at the beginning of the financial year.

The increase in unrestricted cash is primarily driven by land sales for Glenbrook Drive and Akuna Lane. The unrestricted cash balance includes $470K drawn from restricted reserves (both internal and external).

The above highlights that Council has marginally exceeded its forecast target balance for both total cash and investments and unrestricted cash in 2025-26 (prior to end of year adjustments). This is a mix of operating cashflows (excluding depreciation) with lower capital expenditure, offsetting lower property divestment and Terralong ILU sales.

14.2 Statement of Investments - July 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 31 July 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

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Enclosures
Nil

RECOMMENDATION

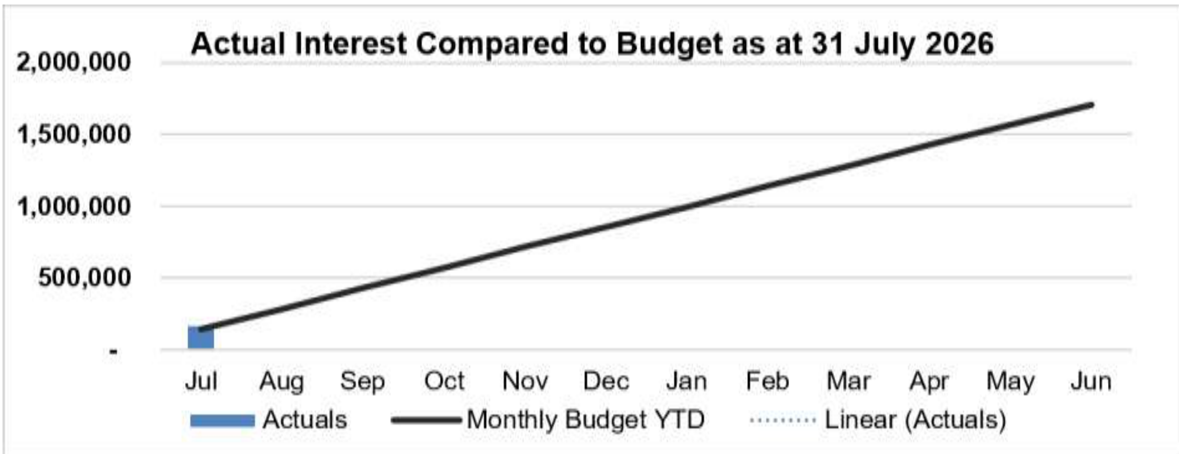
That Council receives the information relating to the Statement of Investments as at 31 July 2026.

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 July, excluding cash, the total portfolio provided a return of +0.43% (actual) or +5.18% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.38% (actual) or +4.51% p.a. (annualised). All time periods are now comfortably above benchmark returns.



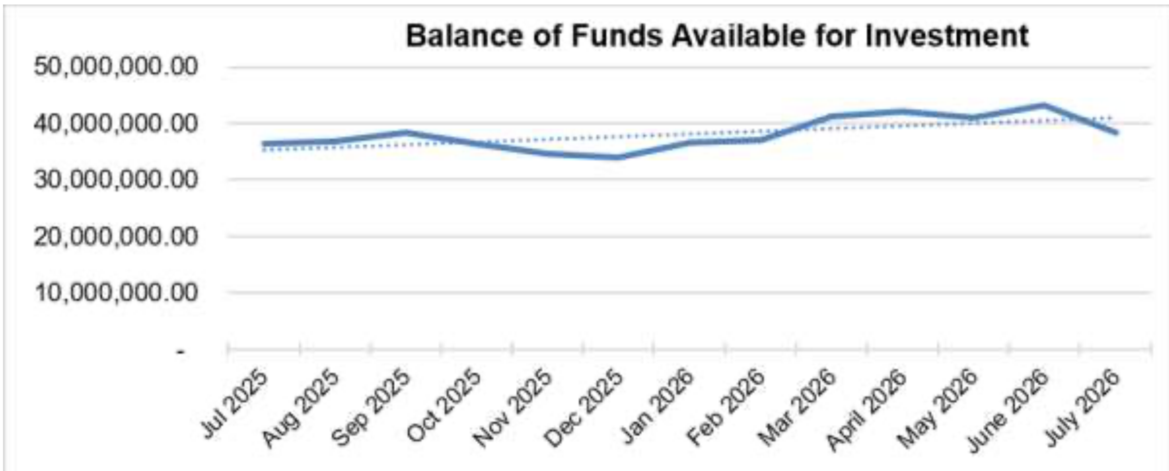
Council's portfolio has begun the 2026-27 financial year by outperformed benchmarks and overall interest income performance in line with the adopted 2026-27 Budget.

Portfolio compliance

As at month-end, all individual counterparties were within policy limits. We have opened a new deposit account with Heritage Bank (BBB+) during the month, thus diversifying. Going forward, a continued effort to further diversification with new banks if they are competitive at the time of investment.

Compliant	Issuer	Rating	Invested ($)	Invested (%)	Max. Limit (%)	Available ($)
✓	Westpac	AA-	$3,287,419	8.59%	40%	$12,027,549
✓	NAB	AA-	$10,000,000	26.12%	40%	$5,314,967
✓	ING	A	$8,000,000	20.89%	30%	$3,486,226
✓	Bendigo and Adelaide	A-	$1,000,000	2.61%	30%	$10,486,226
✓	BOQ	A-	$4,000,000	10.45%	30%	$7,486,226
✓	Heritage Bank	BBB+	$2,000,000	5.22%	15%	$3,743,113
✓	Hume Bank	BBB+	$1,000,000	2.61%	15%	$4,743,113
✓	P&N Bank	BBB+	$5,000,000	13.06%	15%	$743,113
✓	State Bank of India	BBB	$4,000,000	10.45%	15%	$1,743,113
			$38,287,419	**100.00%**		

Movement in investments



Trades matured in July:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
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
Total							**3,000,000**

New trades were entered into in July:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
Heritage and Peoples Choice Limited	BBB+	TD	At Maturity	08/07/2026	12/05/2027	5.35	2,000,000
Total							**2,000,000**

Portfolio summary:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
NAB	AA-	TD	At Maturity	06/08/2025	05/08/2026	4.16	1,000,000
NAB	AA-	TD	At Maturity	11/03/2026	09/09/2026	5.06	1,000,000
BOQ	A-	TD	Annual	08/04/2026	07/10/2026	5.34	1,000,000
BOQ	A-	TD	At Maturity	08/04/2026	07/10/2026	5.34	2,000,000
NAB	AA-	TD	Annual	14/01/2026	14/10/2026	4.5	1,000,000
P&N Bank	BBB+	TD	Annual	08/04/2026	21/10/2026	5.38	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
NAB	AA-	TD	Annual	24/06/2026	09/12/2026	5.24	2,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	29/04/2026	18/12/2026	5.35	2,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	07/01/2026	06/01/2027	4.64	1,000,000
P&N Bank	BBB+	TD	Annual	08/04/2026	13/01/2027	5.38	1,000,000
P&N Bank	BBB+	TD	Annual	08/04/2026	20/01/2027	5.38	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
ING Bank (Australia) Ltd	A	TD	At Maturity	11/03/2026	10/03/2027	5.14	1,000,000
NAB	AA-	TD	At Maturity	29/04/2026	24/03/2027	5.45	2,000,000
ING Bank (Australia) Ltd	A	TD	Annual	08/04/2026	07/04/2027	5.43	1,000,000
Bendigo and Adelaide	A-	TD	Annual	08/04/2026	14/04/2027	5.39	1,000,000
NAB	AA-	TD	Annual	27/05/2026	12/05/2027	5.35	1,000,000
Heritage and Peoples Choice Limited	BBB+	TD	At Maturity	08/07/2026	12/05/2027	5.35	2,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	28/05/2025	28/05/2027	4.25	1,000,000
P&N Bank	BBB+	TD	At Maturity	04/06/2026	09/06/2027	5.45	1,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	30/06/2026	23/06/2027	5.60	1,000,000
P&N Bank	BBB+	TD	Annual	10/06/2026	23/06/2027	5.40	1,000,000
Hume Bank	BBB+	TD	Annual	06/08/2025	04/08/2027	3.95	1,000,000
NAB	AA-	TD	Annual	27/05/2026	24/05/2028	5.35	1,000,000
Westpac	AA-	CASH	Monthly	31/07/2026	31/07/2026	4.29	3,287,419

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
Total 38,287,419							

Restricted Funds movements

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

Cash and Investments Held	**30/06/2026**	**Movement**	**31/07/2026**
Cash at Bank - Transactional Account	7,121,854	(3,834,436)	3,287,419
Other Cash and Investments	36,000,000	(1,000,000)	35,000,000
Total Portfolio Balance (agrees to Arlo Advisory report)	**43,121,854**	**(4,834,436)**	**38,287,419**
Cash on Hand	5,400	-	5,400
Unpresented cheques & other items	(21,666)	922,773	901,107
Book Value of Cash and Investments	**43,105,588**	**(3,911,663)**	**39,193,925**
Unspent Loan Funding	400,000	-	400,000
Unexpended Grants	4,563,996	424,672	4,988,668
Developer Contributions (Unexpended)	15,609,822	90,373	15,700,195
Stormwater Levy	660,852	8,351	669,202
Security bonds, Deposits & Retentions	2,287,973	222,122	2,510,095
Crown Reserve	2,881,016	336,858	3,217,874
Domestic Waste Management	8,688,314	(30,863)	8,657,451
Blue Haven Terralong ILU Maintenance Levy	1,788,824	-	1,788,824
Roads Reserve	35,200	-	35,200
External Restrictions	**36,915,997**	**1,051,513**	**37,967,510**
Employee Leave Liabilities	1,440,502	-	1,440,502
Land Development	-	-	-
Temporary Funding of Disaster Recovery Funding Agreement Works	(998,420)	-	(998,420)
Blue Haven Terralong ILU Prudential Cover	500,000	-	500,000
Plant Replacement	-	-	-
Risk Improvement Incentive	83,171	13,783	96,954
Terralong ILU Capital Works	-	-	-
Internal Restrictions	**1,025,252**	**13,783**	**1,039,035**
Unrestricted Cash	**5,164,339**	**(4,976,959)**	**187,380**

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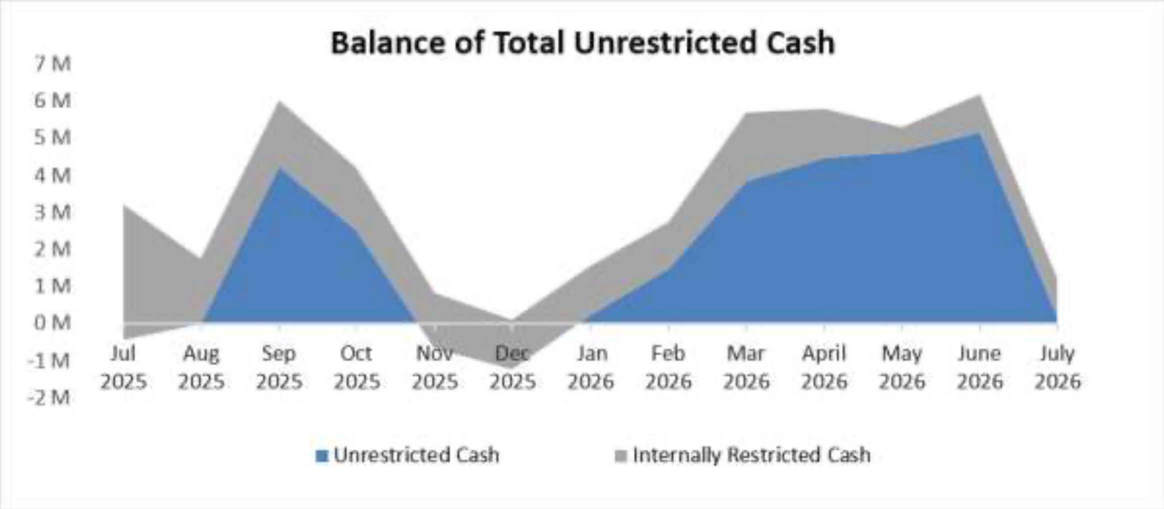
Unrestricted funds



Like previous years, cash reserves and unrestricted cash decrease in the month of July. Catch-up of year end invoice payments and new year annual subscriptions without any new year rate receipts being the main cause. Overall cash balance decreased by $3.9M during July from $43.1M to $39.2M. The first instalment of Council rates and charges is due on 31 August 2026. In addition, the following significant events reduced cash balances:

- Capital works of $529K
- Software application subscriptions eg Microsoft, Technology One - $1.2M

As a result, Council's unrestricted cash decreased by $4.98M during July to $187k. The cash forecast for 2026-27 shows that cash flow management will again be critical. As a result, Council may need to balance its unrestricted cash position against its internal restricted cash position and draw from internal reserves at times during the year, until cash proceeds from operating surplus or planned divestments are realised. The chart above shows the combined balance of unrestricted + internal restricted of $1.2M for July 2026; this combined measure is the more significant measure in terms of compliance and sustainability.

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 2026/27 with a coinciding review of all restricted reserves.

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

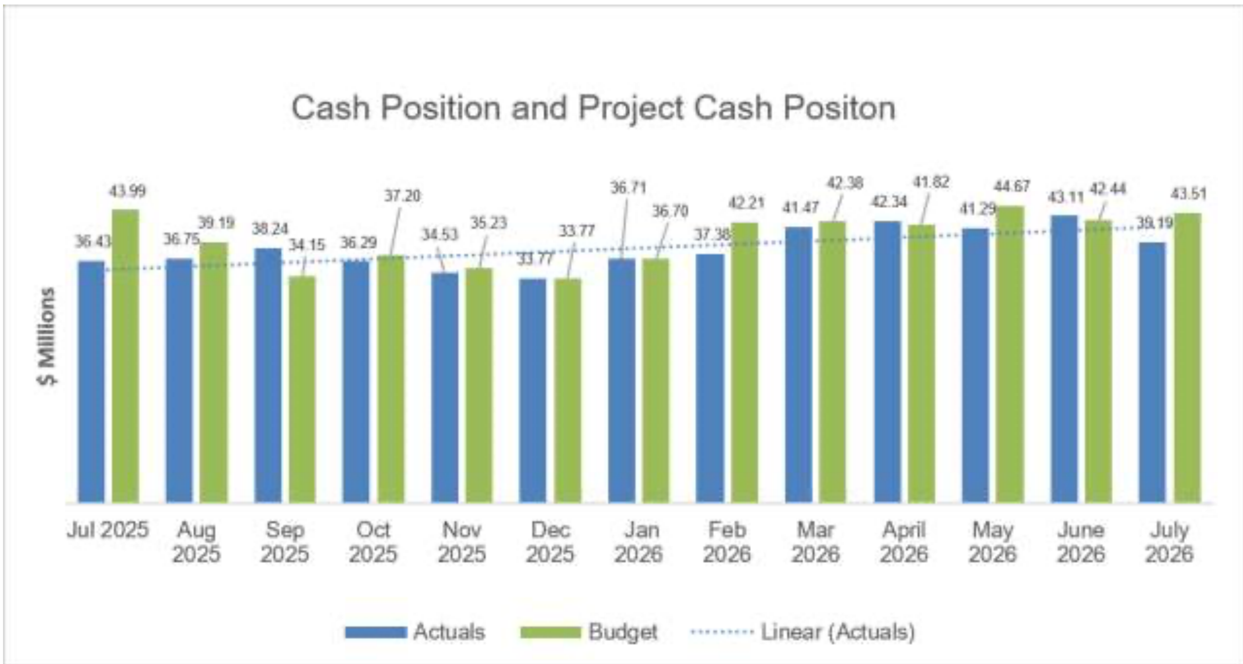
Reference	Date effective	Reserve	Amount	Reason
25/144OC	30/04/2025	Land Development	**-476,308**	Insufficient unrestricted cash balance – to be repaid when funds available
25/144OC	30/04/2025	Plant Replacement	**-900,000**	Insufficient unrestricted cash balance – to be repaid when funds available
25/144OC	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. While the unrestricted cash position in the earlier table is positive, any possible transfer to the above reserves is not recommended at this stage. A review will be undertaken after the first Quarterly Budget Review to determine appropriate balance targets for each internal reserve and a report presented to Council. This information is a requirement of the varied performance improvement order and will be actioned as a priority.

Consolidated cash position and cash flow forecast

The below graph depicts the historical cash balances for a period of 12 months including July 2026, comparing to budget.

Note: The monthly profiling for the FY27 budget is in the process of being finalised.



Item 14.2

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

11/08/2026

14.3 Submission on Crown Land Management Amendment (Statutory Review) Bill 2026

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

CSP Strategy: 4.1.3 Council delivers local government functions and sustainable services that meet community expectations, with regular service reviews per Integrated Planning and Reporting requirements.

Delivery Program: 4.1.3.1 Maintain compliance with all relevant legislation and requirements, including the Office of Local Government risk management and framework, the Audit, Risk and Improvement Committee and internal audit operation.

Summary

The purpose of this report is for Council to endorse the draft submission (attached) on the Crown Land Management Amendment (Statutory Review) Bill 2026 (The Bill).

The Bill is intended to:

- Maximise public value from Crown land and ensure it meets current and future community needs.
- Strengthen Crown Land Management organisations by providing clearer guidance and governance.
- Modernise the legislative framework to reflect contemporary standards, technology and administrative practices.

For councils and Crown land managers, the Bill is broadly a facilitation and efficiency reform package. It is intended to provide more flexible leasing and licensing powers, streamline reserve management, simplify administrative processes and improve the ability to activate Crown land for community, recreational, infrastructure and commercial purposes, while maintaining the overarching public-interest purpose of the Crown estate. The most significant area of stakeholder debate relates to Bill's interaction with Aboriginal land rights and land claim processes.

Financial implication

The proposed reforms are not expected to have any immediate material financial impact on Council. However, the amendments may provide future opportunities to improve cost recovery and generate additional revenue through more flexible leasing and licensing arrangements for Crown land managed by Council. There may also be minor implementation costs associated with reviewing governance frameworks, updating procedures and staff training should the legislation be enacted.

Council should also be aware that certain dealings on Crown land may continue to require consideration of native title rights and interests. Depending on the nature of future land dealings, development proposals or tenure arrangements, there may be financial implications associated with native title processes, Indigenous Land Use Agreements (ILUAs), legal advice, consultation requirements or potential compensation obligations under the *Native Title Act 1993 (Cth)*. While the Bill does not create a direct compensation liability for Council, any future Crown land transactions undertaken pursuant to the amended framework may require assessment of native title risks and associated costs on a case-by-case basis. The Bill also contains provisions dealing with land transfers under Indigenous Land Use Agreements, highlighting the continuing interaction between Crown land management and native title arrangements.

Overall, the reforms have the potential to improve the financial sustainability of Crown land assets through more efficient and flexible management arrangements, although any future native title, Aboriginal land claim or compensation-related matters could result in additional costs that would need to be separately assessed.

Risk implication

The proposed reforms present a low to moderate governance and compliance risk for Council. While the amendments may provide greater flexibility in managing Crown land, future land dealings may require consideration of Aboriginal land claims, native title interests, compensation risk, and evolving regulatory requirements. The extent of any risk exposure will depend on the final form of the legislation and its application to Crown land managed by Council.

Policy

Crown Land Management Act 2016

Consultation (internal)

Property Coordinator

Property Officer

Communication/Community engagement

Nil

Attachments
Nil

Enclosures

1 Submission on Crown Land Management (Statutory Review) Bill 2026⇨

RECOMMENDATION

That Council

1. Endorse the draft submission on the proposed Crown Land Management (Statutory Review) Bill 2026 as per the enclosure in this report
2. Delegate to the Chief Executive Officer to monitor the progress of the Bill and provide a further report should the legislation be enacted and require changes to the management of Crown Land in the municipality.

Background

The *Crown Land Management Act 2016* (CLM Act) commenced on 1 July 2018 and provides the legislative framework for the administration, management and use of Crown land in New South Wales. Under the Act, a statutory review was required to be undertaken after five years to determine whether the policy objectives of the legislation remained valid and whether the provisions of the Act continued to be appropriate for achieving those objectives.

The statutory review was undertaken by the NSW Government's Crown Lands division and involved consideration of the operation of the Act since its commencement. The review identified a range of opportunities to improve the management of Crown land, strengthen governance arrangements, modernised administrative processes and provide greater flexibility for Crown land managers, including local councils acting as Crown Land Managers.

In response to the review, the NSW Government introduced the Crown Land Management Amendment (Statutory Review) Bill 2026 into the NSW Parliament on 17 March 2026. The Bill proposes a range of amendments to the CLM Act, including changes to the objects and principles of the Act, reserve management processes, leasing and licensing powers, governance arrangements and administrative provisions relating to Crown land management.

The NSW Government has stated that the proposed reforms are intended to:

- maximise public value from Crown land and ensure it continues to meet community needs;
- strengthen and support Crown land managers through improved governance and operational flexibility; and
- modernise the legislative framework to reflect contemporary land management practices and community expectations.

As a Council that manages Crown land on behalf of the State, the proposed reforms have the potential to affect Council's management responsibilities, governance obligations, leasing and licensing activities, and future dealings involving Crown land. The proposed amendments may also have implications for Aboriginal land claims, native title interests and associated consultation and compliance requirements

In March 2026 the Crown Land Management Amendment (Statutory Review) Bill 2026 was deferred during Parliamentary debate to allow for further consultation with the community. The closing date for submissions was 31 July 2026, however Kiama Council has been given an extension to align with its Council meeting in August and the outcome of the resolution of this report.

Key points

Governance and compliance risks

The Bill proposes broader powers and greater flexibility in relation to Crown land management, leasing and licensing. While these changes may improve efficiency, they may also increase Council's governance obligations and require careful oversight to ensure that land dealings remain consistent with reserve purposes, legislative requirements and public interest outcomes.

Aboriginal Land Claims and Native Title

Several stakeholders have raised concerns regarding the Bill's interaction with Aboriginal land rights and native title interests. Council may need to consider unresolved Aboriginal land claims, native title rights, Indigenous Land Use Agreements (ILUAs) and future compensation considerations when dealing with Crown land. These matters have the potential to increase legal, administrative and project delivery risks and may require resourcing beyond current establishment allocations.

Increased administrative burden

The reforms may require Council to review existing policies, delegations, management plans, leasing arrangements and operational procedures to ensure compliance with any new legislative framework. This could result in additional staff resources and implementation costs.

Expanded Ministerial powers

The Bill includes provisions that would enable reserve purposes and certain Crown land management arrangements to be altered through administrative mechanisms. Council may have concerns regarding the extent of local input into future decisions affecting Crown land that is managed on behalf of the community.

Financial exposure

While the reforms may create opportunities for increased revenue and cost recovery, there is potential for additional costs associated with:

- legal advice and due diligence.
- native title and Aboriginal land claim assessments.
- consultation requirements.
- compensation-related matters where applicable.
- implementation of new governance requirements.

Council generally supports measures that improve the efficiency and effectiveness of Crown land management, concerns remain regarding the potential impacts of the proposed reforms on local governance, Aboriginal land claims, native title interests, future compensation liabilities, administrative burden and the protection of community interests in Crown land. Council's submission seeks to ensure that the legislative framework maintains appropriate safeguards, supports local decision-making and provides clarity regarding the responsibilities and risks of councils acting as Crown Land Managers.

Draft submission.

This draft submission is based on the Bill published on NSW Parliament website (Bill Details | Parliament of NSW). The following sets out the highlights of the draft submission:

Matters supported by Council.

- Simplification of the Crown Land Manager framework and reduced administrative complexity.
- A more streamlined process for obtaining Ministerial consent as landowner on behalf of the Crown.
- Modernisation of the definition and permitted uses of public recreation land.
- Increased opportunities to appropriately commercialise Crown land and generate revenue to support Crown asset maintenance and renewal.
- Enhanced compliance and enforcement provisions that improve tenant accountability and protect Crown assets.

Key concerns raised by Council

- Significant reliance on future regulations and Crown land management rules that have not yet been released, creating uncertainty regarding the practical impacts on councils.
- Potential for regulations to modify the operation of the Local Government Act 1993 without the same level of Parliamentary scrutiny as legislative amendments.
- Automatic revocation of reserved or dedicated Crown land through Indigenous Land Use Agreements without community consultation or Parliamentary oversight.
- Uncertainty regarding native title compliance obligations, compensation liabilities and potential financial exposure for councils acting as Crown Land Managers.
- Possible duplication of reporting and compliance requirements for councils that already operate under comprehensive audit and governance frameworks.
- Expanded Ministerial powers relating to management plans, business plans and operational decision-making for Crown reserves.
- Opportunity for more Commercial opportunities and improved yield.
- Length of lease terms to be reviewed and considered on a case-by-case basis.
- Ministerial approvals and sign-off timeframes need to be consistent.
- Distribution of the Crown Reserve Improvement Program needs to be reviewed.
- Unsolicited proposals need a clearer framework established.
- Need for a better-established proactive tenancy management measures.

The submission generally supports the objectives of the proposed Crown Land Management Amendment (Statutory Review) Bill 2026, including modernising Crown land management, reducing red tape, improving transparency and providing Crown

Land Managers with greater flexibility. The submission focuses on the practical implications for councils managing Crown reserves and does not address broader Aboriginal land rights matters, which are being advocated by the NSW Aboriginal Land Council and other Aboriginal organisations.

The submission identifies several concerns and opportunities arising from the proposed reforms.

A key consideration is that the Bill would allow significant changes to the operation of the Local Government Act 1993 and the management of Crown reserves through future regulations that have not yet been released. Council considers that important changes affecting local government should remain subject to Parliamentary scrutiny and notes that similar concerns were raised by the NSW Parliament's Legislation Review Committee.

Council also believes the reforms should modernise the meaning of “public recreation" to reflect contemporary community use of Crown land. Current interpretations can limit uses that clearly provide a public benefit, such as holiday parks, cafes, restaurants, community halls, museums and galleries. Updating this definition would provide greater certainty for councils managing Crown reserves.

The submission seeks clarification regarding proposed provisions that would allow the transfer of Crown land through an Indigenous Land Use Agreement (ILUA). Council's view is that land reserved for public recreation should not be transferred without appropriate community consultation and transparency, regardless of the mechanism used to facilitate the transfer.

The submission supports reforms that simplify the Crown Land Manager framework, provide greater autonomy for council Crown Land Managers, streamline Ministerial approval processes and create more opportunities to generate revenue from Crown land where this is appropriate and consistent with community benefit. These reforms have the potential to improve the financial sustainability of Crown assets and reduce unnecessary administrative burden.

The submission also supports stronger compliance and enforcement provisions. Council's experience is that poorly managed crown leases can negatively affect communities through inadequate maintenance, unresolved complaints, poor asset management and increased compliance issues. Crown lands leases can sometimes be set for lengthy periods of time, and have limited ability to remove tenants, ie nonpayment of lease fees. There is no information or exchange of information between council as the regulatory authority for food licensing / public health to inform Crown lands of lessee concerns. This aspect could be changed in the act to allow for referral processes / pathways for crown leases of concern for local government authorities. Council considers that lease arrangements should better support asset management outcomes and provide councils (and Crown Lands) with greater capacity to address poor tenant performance.

Several provisions are identified as creating uncertainty for councils. These include proposed changes to council-specific management arrangements, new reporting requirements that may duplicate existing council reporting obligations, and performance improvement orders that should incorporate procedural fairness protections before any intervention occurs.

The submission has also raised concerns regarding proposed native title provisions. In particular, the Bill allows future regulations to determine the nature and amount of compensation that may be payable by a council in relation to native title matters. Council considers that greater clarity is required regarding potential liabilities, recognising that councils manage Crown land on behalf of the State and do not own Crown land.

Council would like to see the opportunity to create greater opportunities for appropriate commercial activities on Crown land. Broader permitted uses can improve the financial sustainability of Crown assets, provide greater returns to the community and assist councils in funding maintenance and renewal of public facilities. Council supports a review of Crown land lease arrangements to ensure lease lengths are appropriate for modern investment and business needs. Longer lease terms may encourage investment in Crown assets and improve long-term asset management outcomes. This should also be reviewed with the *Local Government Act 1993* lease provision to ensure consistency in relation to lease lengths which are appropriate for modern investment and business needs.

Council supports more streamlined approval processes and consistent timeframes for Ministerial decisions, lease execution and Crown consent matters. Greater certainty would reduce project delays and improve delivery of community and commercial outcomes.

Working collaboratively with Crown Lands NSW and reviewing opportunities to improve the distribution of Crown Reserve Improvement Program funding would be a great advantage to Councils and also ensuring councils managing significant Crown assets continue to have equitable access to funding support.

Council recommends the development of a clearer framework for assessing unsolicited proposals on Crown land. A transparent and consistent approach would provide greater certainty for councils and potential investors.

Council supports stronger tenancy management and compliance measures. Poorly managed leases can negatively affect community facilities, Crown assets and local amenity. Councils having the local knowledge of its community and business operations, should form part of the tenancy review decision process and have greater ability to influence lease conditions and address tenant performance issues before they become significant problems.

Finally, Council is concerned that proposed Ministerial powers relating to management plans, business plans and other operational documents may extend beyond strategic oversight into day-to-day management of Crown reserves. This could increase administrative burden, affect council decision-making and potentially require councils to share commercially sensitive information with Crown Lands.

Overall, Council supports the intent of the reforms but seeks greater certainty regarding the proposed regulations, protection of public recreation land, clear native title responsibilities, retention of existing local government systems where appropriate, and a balanced approach that supports both local decision-making and effective Crown land management.