



**General Purpose
Financial Statements**

For the year ended 30 June 2026



KIAMA MUNICIPAL COUNCIL
your council, your community

Kiama Municipal Council
General Purpose Financial Statements
for the year ended 30 June 2026

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Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2026

Statement by Councillors and Management for the year ended 30 June 2026 made pursuant to
Section 413 (2c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 20 October 2026.

Cameron McDonald
Mayor
20 October 2026

Melissa Matters
Deputy Mayor
20 October 2026

Jane Frawley
Chief Executive Officer
20 October 2026

Jose Diaz
Chief Financial Officer
20 October 2026

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Kiama Municipal Council | Income Statement | for the year ended 30 June 2026

Kiama Municipal Council

Income Statement

for the year ended 30 June 2026

Original unaudited budget 2026	\$ '000	Notes	Actual 2026	Actual 2025
Income from continuing operations				
30,261	Rates and annual charges	B2-1	30,332	28,741
18,845	User charges and fees	B2-2	19,144	19,567
3,650	Other revenues	B2-3	3,902	4,329
4,687	Grants and contributions provided for operating purposes	B2-4	4,916	3,454
2,888	Grants and contributions provided for capital purposes	B2-4	6,952	15,517
2,051	Interest and investment income	B2-5	1,726	2,382
–	Other income	B2-6	39	92
536	Net gain from the disposal of assets	B4-1	453	–
62,918	Total income from continuing operations		67,464	74,082
Expenses from continuing operations				
27,242	Employee benefits and on-costs	B3-1	30,581	30,853
25,178	Materials and services	B3-2	27,910	30,044
216	Borrowing costs		420	177
1,076	Other expenses	B3-4	1,594	1,135
–	Net loss from the disposal of assets	B4-1	–	1,063
53,712	Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		60,505	63,272
9,206	Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets		6,959	10,810
9,153	Depreciation, amortisation and impairment of non-financial assets	B3-3	9,347	11,557
53	Operating result from continuing operations		(2,388)	(747)
Discontinued operations				
–	Operating result from discontinued operations		–	(6,643)
53	Net operating result for the year attributable to Council		(2,388)	(7,390)
(2,835)	Net operating result for the year before grants and contributions provided for capital purposes		(9,340)	(22,907)

The above Income Statement should be read in conjunction with the accompanying notes.

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Kiama Municipal Council | Statement of Comprehensive Income | for the year ended 30 June 2026

Kiama Municipal Council

Statement of Comprehensive Income
for the year ended 30 June 2026

\$ '000	Notes	2026	2025
Net operating result for the year – from Income Statement		(2,388)	(7,390)
Other comprehensive income:			
Amounts which will not be reclassified subsequent to operating result			
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	C1-7	11,094	24,011
Total items which will not be reclassified subsequent to operating result		11,094	24,011
Total other comprehensive income for the year		11,094	24,011
Total comprehensive income for the year attributable to Council		8,706	16,621

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

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Kiama Municipal Council | Statement of Financial Position | as at 30 June 2026

Kiama Municipal Council

Statement of Financial Position

as at 30 June 2026

\$ '000	Notes	2026	2025
ASSETS			
Current assets			
Cash and cash equivalents	C1-1	11,649	17,928
Investments	C1-2	29,000	19,000
Receivables	C1-4	5,191	3,274
Inventories		335	347
Contract assets and contract cost assets	C1-5	2,077	513
Non-current assets classified as held for sale	C1-6	–	945
Prepayments		598	545
Total current assets		48,850	42,552
Non-current assets			
Investments	C1-2	2,504	1,465
Receivables	C1-4	156	2,950
Infrastructure, property, plant and equipment (IPPE)	C1-7	586,538	583,583
Investment property	C1-8	88,239	85,960
Right of use assets		312	279
Total non-current assets		677,749	674,237
Total assets		726,599	716,789
LIABILITIES			
Current liabilities			
Payables	C2-1	73,411	69,807
Contract liabilities	C2-2	4,492	4,694
Lease liabilities		138	77
Borrowings	C2-3	2,435	2,519
Employee benefit provisions	C2-4	6,565	6,006
Provisions	C2-5	–	633
Total current liabilities		87,041	83,736
Non-current liabilities			
Lease liabilities		211	226
Borrowings	C2-3	5,892	8,154
Employee benefit provisions	C2-4	604	528
Total non-current liabilities		6,707	8,908
Total liabilities		93,748	92,644
Net assets		632,851	624,145
EQUITY			
Accumulated surplus		151,130	153,518
IPPE revaluation surplus		481,721	470,627
Council equity interest		632,851	624,145
Total equity		632,851	624,145

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Kiama Municipal Council | Statement of Changes in Equity | for the year ended 30 June 2026

Kiama Municipal Council
Statement of Changes in Equity
for the year ended 30 June 2026

	2026			2025		
	Accumulated surplus	IPPE revaluation surplus	Total equity	Accumulated surplus	IPPE revaluation surplus	Total equity
Notes						
\$ '000						
Opening balance at 1 July	153,518	470,627	624,145	160,908	446,616	607,524
Opening balance	153,518	470,627	624,145	160,908	446,616	607,524
Net operating result for the year	(2,388)	-	(2,388)	(7,390)	-	(7,390)
Net operating result for the period	(2,388)	-	(2,388)	(7,390)	-	(7,390)
Other comprehensive income						
Gain / (loss) on revaluation of infrastructure, property, plant and equipment	-	11,094	11,094	-	24,011	24,011
Other comprehensive income	-	11,094	11,094	-	24,011	24,011
Total comprehensive income	(2,388)	11,094	8,706	(7,390)	24,011	16,621
Closing balance at 30 June	151,130	481,721	632,851	153,518	470,627	624,145

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Kiama Municipal Council | Statement of Cash Flows | for the year ended 30 June 2026

Kiama Municipal Council

Statement of Cash Flows

for the year ended 30 June 2026

Original unaudited budget 2026	\$ '000	Notes	Actual 2026	Actual 2025
Cash flows from operating activities				
Receipts:				
30,261	Rates and annual charges		30,390	28,616
18,960	User charges and fees		20,494	20,554
2,051	Interest received		2,041	2,469
7,675	Grants and contributions		10,309	15,332
–	Bonds, deposits and retentions received		342	–
1,198	Other		593	4,802
–	Proceeds from retirement village (loan licence agreements)		11,440	5,323
Payments:				
(27,231)	Payments to employees		(30,050)	(32,380)
(25,167)	Payments for materials and services		(31,666)	(35,411)
(216)	Borrowing costs		(421)	(277)
–	Bonds, deposits and retentions refunded		–	(223)
(1,099)	Other		1,977	2,847
–	Discontinued operations		–	(931)
–	Repayment of retirement village (loan licence agreements)		(6,050)	(2,408)
6,432	Net cash flows from operating activities	F1-1	9,399	8,313
Cash flows from investing activities				
Receipts:				
–	Redemption of term deposits		14,000	28,000
16,345	Proceeds from sale of IPPE		6,965	1,465
–	Discontinued operations		–	10,261
Payments:				
–	Acquisition of term deposits		(25,000)	(18,000)
–	Purchase of investment property		(2,562)	(500)
–	Other investing activity payments		–	(2,132)
(18,001)	Payments for IPPE		(6,605)	(13,286)
(1,656)	Net cash flows from investing activities		(13,202)	5,808
Cash flows from financing activities				
Payments:				
(2,612)	Repayment of borrowings		(2,346)	(676)
–	Principal component of lease payments		(130)	(138)
–	Discontinued operations		–	(14,430)
(2,612)	Net cash flows from financing activities		(2,476)	(15,244)
2,164	Net change in cash and cash equivalents		(6,279)	(1,123)
38,393	Cash and cash equivalents at beginning of year		17,928	19,051
40,557	Cash and cash equivalents at end of year	C1-1	11,649	17,928
–	plus: Investments on hand at end of year	C1-2	31,504	20,465
40,557	Total cash, cash equivalents and investments		43,153	38,393

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Kiama Municipal Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 20 October 2026. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the Office of Local Government (OLG) directs Council to amend the financial statements.

The material accounting policy information related to these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Council is a not-for-profit entity.

The financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain infrastructure, property, plant and equipment, and investment property.

Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- i. estimated fair values of investment property – refer Note C1-8
- ii. estimated fair values of infrastructure, property, plant and equipment – refer Note C1-7
- iii. employee benefit provisions – refer Note C2-4.

Significant judgements in applying the Council's accounting policies

- (i) Impairment of receivables (refer Note C1-4)
- (ii) Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Holiday Parks
- Pavilion function centre operations
- Retirement Village operations

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A1-1 Basis of preparation (continued)

Volunteer services

Council engages a range of volunteers from the community to provide support in the running of our visitor information centre, library programs, engineering and environmental services. Volunteer services are required to be recognised in the financial statements if their value is material or if Council would purchase the service if it was not provided by volunteers. In most instances, Council would not purchase the service if it was not provided by volunteers and the overall quantifiable volunteered amount is not considered to be material, therefore the value is not required to be disclosed in these financial statements.

New accounting standards and interpretations issued but not yet effective

Certain new interpretations have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2026 reporting period.

As at the date of authorisation of these financial statements Council considers *AASB 18 Presentation and Disclosure in Financial Statements* to impact presentation of financial statements, effective 1 January 2028 for Council year ended 30 June 2029. The standard replaces AASB 101 and changes the structure of the income statement and related disclosures, including the application of fundamental concepts such as materiality and mandatory disclosure of management performance measures.

Council also considers AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments, effective 1 January 2026 for Council year ended 30 June 2027, to amend the related requirements in AASB 7 and the classification and measurement requirements in AASB 9, including the requirements related to the settlement of financial liabilities using an electronic payment system, the assessment of contractual cash flow characteristics of financial assets with environmental, social and corporate governance (ESG) and similar features.

AASB 17 Insurance Contracts and associated amendments, effective 1 July 2026, for changes to accounting for insurance contracts.

AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature dependent Electricity, effective 1 January 2026, to amend AASB 7 and AASB 9 to clarify the application of the 'own-use' criteria to nature-dependent electricity contracts, permit hedge accounting in certain conditions and adds new disclosure requirements.

New accounting standards adopted during the year

There were no new standards relevant to Council that became mandatorily effective for the year ended 30 June 2026.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

B Financial Performance**B1 Functions or activities****B1-1 Functions or activities – income, expenses and assets**

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
\$ '000	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Functions or activities										
Office of Chief Executive Officer ^(*)	144	126	5,559	4,781	(5,415)	(4,655)	–	–	–	–
Corporate and Commercial	42,190	42,071	25,760	28,264	16,430	13,807	2,545	1,904	58,128	57,344
Strategy and Communities	17,697	26,308	26,254	30,419	(8,557)	(4,111)	7,115	16,413	101,723	100,350
Infrastructure and Operations	7,433	5,577	12,279	11,365	(4,846)	(5,788)	2,209	654	566,746	559,095
Total functions and activities	67,464	74,082	69,852	74,829	(2,388)	(747)	11,868	18,971	726,599	716,789

(*) Operating loss due to Office of Chief Executive Officer responsible for Performance Improvement Order Implementation team and legal expenses.

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B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Office of Chief Executive Officer

Governance costs relating to Council's role as a component of democratic government; including elections, meetings of council and policy making committees, members' fees and expenses, subscriptions to local authority associations, area representation and public disclosure, governance, communication, and tourism.

Corporate and Commercial

Corporate and other support services, human resources, finance, information technology, member services, holiday and caravan parks, real estate development, risk management, Blue Haven Terralong.

Strategy and Communities

Animal control, building control, compliance, enforcement of local government regulations, food control, public conveniences, public halls, immunisation, town planning, environmental protection, community centre, indoor sports complex, leisure centre, youth services, family history centre, public libraries and other community services.

Infrastructure and Operations

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters, fire protection, RTA works, street lighting, emergency services, street cleaning, public cemeteries, swimming pools, sporting grounds, parks and gardens, private works, stormwater drainage, engineering support services, waste unit and waste management, property maintenance and beach control.

The functions are based on the Council's structure as at the date of authorisation of financial statements.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

B2 Sources of income**B2-1 Rates and annual charges**

\$ '000	2026	2025
Ordinary rates		
Residential	20,071	19,296
Business	1,739	1,668
Farmland	839	808
Less: pensioner rebates (Council policy)	(37)	(24)
Less: pensioner rebates (mandatory)	(295)	(301)
Rates levied to ratepayers	22,317	21,447
Pensioner rate subsidies received	162	176
Total ordinary rates	22,479	21,623
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	7,423	6,712
Commercial waste management services	204	196
Stormwater management services	232	231
Sewerage services	58	57
Less: pensioner rebates (Council policy)	(16)	(10)
Less: pensioner rebates (mandatory)	(107)	(129)
Annual charges levied	7,794	7,057
Pensioner annual charges subsidies received:		
– Domestic waste management	59	61
Total annual charges	7,853	7,118
Total rates and annual charges	30,332	28,741

Council has used 2022 year valuations provided by the NSW Valuer General in calculating its rates and 3.7% rates increase.

During the 2025-2026 Financial Year the NSW Valuer General released their updated valuation results. This valuation will be applied during the 2026-2027 Financial Year.

Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

B2-2 User charges and fees

\$ '000	2026	2025
User charges		
Domestic waste management services	79	35
Contract plant and truck hire *	–	1,245
Waste management services (non-domestic)	372	174
Total user charges	451	1,454
Other user charges and fees		
Planning and building regulation	831	637
Building services – other	196	161
Registration fees	73	86
Inspection services	83	47
Section 603 certificates	48	53
Holiday parks	12,048	11,385
Blue Haven ILU	930	1,110
Leisure centre	2,482	2,531
Council properties	1,147	1,178
Public cemeteries	459	446
Waste disposal tipping fees	147	147
Engineering services	126	112
Saddleback mountain tower	4	118
Other	119	102
Total other user charges and fees	18,693	18,113
Total user charges and fees	19,144	19,567

(*) Council resolved to discontinue Hire services portion of Commercial Waste as at 30 June 2025

B2-3 Other revenues

Deferred Management Fees	1,958	2,001
Visitor Information Centre	87	94
Motor vehicle leaseback	229	200
Fines – other	193	77
Recycling income (non-domestic)	199	198
Insurance claims recoveries	40	312
Diesel fuel rebate	62	108
Legal Settlements	191	202
Rental income	348	231
Commissions and agency fees	3	4
Return & Earn	14	15
Income relating to financial services for joint organisations	30	–
Other	96	409
Workers Compensation Rebate	124	130
Sales – general	328	348
Total other revenue	3,902	4,329

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

B2-4 Grants and contributions

\$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
General purpose grants and non-developer contributions (untied)				
Financial Assistance Grant				
Relating to current year	1,113	378	-	-
Prepayment received in advance for subsequent year	2,078	1,260	-	-
Amount recognised as income during current year	3,191	1,638	-	-
Special purpose grants and non-developer contributions (tied)				
Cash contributions				
Aged Care & Health	-	266	-	-
Bushfire and emergency services	140	137	-	-
Community services	25	-	-	167
Cultural development	42	173	-	-
Environmental programs	121	-	-	-
Flood Study	-	-	-	336
Library	124	124	-	-
Parks, gardens & open spaces	-	-	1,783	419
General subsidies & other	311	-	586	12
Recreation and culture	-	59	-	2,142
Storm/flood damage	-	-	-	6,297
Tourism	-	66	-	-
Transport (roads, bridges & other)	887	938	3,006	547
Youth opportunities	75	53	-	-
Non-cash contributions				
Contributed asset	-	-	-	5,509
Total special purpose grants and non-developer contributions (tied)	1,725	1,816	5,375	15,429
Total grants and non-developer contributions	4,916	3,454	5,375	15,429
Comprising:				
- Commonwealth funding	-	282	-	1,145
- State funding	4,898	3,172	5,375	8,775
- Other funding	18	-	-	5,509
	4,916	3,454	5,375	15,429

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

B2-4 Grants and contributions (continued)

Developer contributions

\$ '000	Notes	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Developer contributions:					
(s7.4 & s7.11 & s7.12 - EP&A Act):					
s7.11 & s7.12 contributions ¹	F3	–	–	1,550	64
Other developer contributions		–	–	27	24
Total developer contributions		–	–	1,577	88
Total grants and contributions		4,916	3,454	6,952	15,517

(1) Developer Contributions revenue is offset by significant refunds issued during the 2025FY

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2026	Operating 2025	Capital 2026	Capital 2025
Unspent grants and contributions				
Unspent funds at 1 July	233	101	4,563	4,186
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	–
Add: Funds received and not recognised as revenue in the current year	262	132	2,144	377
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	–	–	–	–
Less: Funds received in prior year but revenue recognised and funds spent in current year	(34)	–	(2,340)	–
Unspent funds at 30 June	461	233	4,367	4,563

Funds relate to unspent capital grants. These funds are externally restricted.

Contributions

Unspent funds at 1 July	–	–	12,282	12,691
Add: contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	–	–	–	64
Less: contributions recognised as revenue in previous years that have been spent during the reporting year	–	–	–	(473)
Unspent contributions at 30 June	–	–	12,282	12,282

Unspent developer contributions were restricted as required by legislation.

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B2-4 Grants and contributions (continued)**Material accounting policy information****Grants and contributions – enforceable agreement with sufficiently specific performance obligations**

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligation is recognised as and when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include performance obligations within AASB 15 grants such as completion of milestones. Payment terms vary depending on the terms of the grant; cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

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B2-5 Interest and investment income

\$ '000	2026	2025
Interest on financial assets measured at amortised cost		
– Cash and investments	1,657	2,324
– Overdue rates and annual charges (incl. special purpose rates)	69	58
Total interest and investment income	1,726	2,382

B2-6 Other income**Fair value increment on investments**

Fair value increment on investments through profit and loss (Civic Risk Mutual)	39	92
Total fair value increment on investments	39	92
Total other income	39	92

B3 Costs of providing services**B3-1 Employee benefits and on-costs**

\$ '000	2026	2025
Salaries and wages	22,185	21,983
Employee leave entitlements (ELE)	4,958	4,943
Superannuation	3,068	2,854
Workers' compensation insurance	759	1,150
Training costs (other than salaries and wages)	297	373
Fringe benefit tax (FBT)	108	114
Other	85	143
Total employee costs	31,460	31,560
Less: capitalised costs	(879)	(707)
Total employee costs expensed	30,581	30,853
Number of 'full-time equivalent' employees (FTE) at year end	252	255

Material accounting policy information

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note D3-1 for more information.

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B3-2 Materials and services

\$ '000	Notes	2026	2025
Raw materials and consumables		13,465	14,203
Contractor costs		6,036	5,556
Computer software charges		2,467	2,332
Insurance		1,264	1,467
Electricity and heating		1,144	962
Other expenses		118	237
Audit Fees	E2-1	304	313
Telephone and communications		470	509
Subscriptions and publications		430	548
Street lighting		233	187
Cleaning		185	200
Advertising		364	446
Councillor and Mayoral fees and associated expenses	E1-2	357	338
Election expenses		–	172
Bank charges		254	226
Postage		91	70
Printing and stationery		47	65
Cost of sales		70	15
Travel expenses		6	37
Waste Disposal		25	25
Legal expenses:			
– Legal expenses: planning and development		33	25
– Legal expenses: other		478	2,019
– Legal expenses: debt recovery		69	92
Total materials and services		27,910	30,044

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B3-3 Depreciation, amortisation and impairment of non-financial assets

\$ '000	2026	2025
Depreciation and amortisation		
Plant and equipment	1,347	1,880
Office equipment	220	124
Furniture and fittings	80	141
Land improvements (depreciable)	9	81
Infrastructure:		
– Roads	2,267	4,082
– Stormwater drainage	883	953
– Bridges	701	682
– Footpaths	203	308
– Other open space/recreational assets	198	376
– Other structures	613	167
– Swimming pools	40	35
– Buildings	2,581	2,409
Right of use assets	143	153
Other assets:		
– Other	–	94
– Library books	62	72
Total gross depreciation and amortisation costs	9,347	11,557
Total depreciation, amortisation and impairment of non-financial assets	9,347	11,557

Material accounting policy information**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-7 for IPPE assets.

A review of Traffic Management Assets useful lives within the Roads asset class was completed and thus resulting in a decrease in depreciation in 2025-26 as compared to 2024-25.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

Other non-financial assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

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B3-4 Other expenses

\$ '000	Notes	2026	2025
Impairment of receivables			
User charges and fees		320	66
Reversal of prior year doubtful debt		(66)	(76)
Total impairment of receivables	C1-4	254	(10)
Fair value decrement on investment properties			
Fair value decrement on investment properties		283	—
Total fair value decrement on investment properties	C1-8	283	—
Other			
Contributions/levies to other levels of government			
– Crown reserve levy		471	529
– Emergency services levy (includes FRNSW, SES, and RFS levies)		450	448
Donations, contributions and assistance to other organisations (Section 356)		136	168
Total other		1,057	1,145
Total other expenses		1,594	1,135

B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

\$ '000	Notes	2026	2025
Gain (or loss) on disposal of plant and equipment	C1-7		
Proceeds from disposal – plant and equipment		1,753	908
Less: carrying amount of plant and equipment assets sold/written off		(791)	(1,644)
Gain (or loss) on disposal		962	(736)
Gain (or loss) on disposal of property (excl. investment property)	C1-7		
Proceeds from disposal – property		5,184	557
Less: carrying amount of property assets sold/written off		(5,575)	(557)
Gain (or loss) on disposal		(391)	—
Gain (or loss) on disposal of infrastructure	C1-7		
Proceeds from disposal – infrastructure		28	—
Less: carrying amount of infrastructure assets sold/written off		(146)	(327)
Gain (or loss) on disposal		(118)	(327)
Net gain (or loss) from disposal of assets		453	(1,063)

B5 Performance against budget**B5-1 Material budget variations**

Council's original budget was adopted by the Council on 16 June 2025 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

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B5-1 Material budget variations (continued)

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2026 Budget	2026 Actual	2026 ----- Variance -----	
Revenues				
Rates and annual charges	30,261	30,332	71	0% F
User charges and fees	18,845	19,144	299	2% F
Other revenues	3,650	3,902	252	7% F
Council received additional revenue from legal recoveries (which are not budgeted), compliance (parking fines), visitor services, property income, more than offsetting lower Deferred Management Fees from the Blue Haven Independent Living Units.				
Operating grants and contributions	4,687	4,916	229	5% F
Increased proportion of Financial Assistance Grants received in FY26 (80%) relating to FY27				
Capital grants and contributions	2,888	6,952	4,064	141% F
Council received a slight increase in Developer Contributions as well as the following grants; Betterment Fund, Office of Sport, Natural Disaster Recovery & Floods				
Interest and investment revenue	2,051	1,726	(325)	(16)% U
Council's lower investment balances resulted in a decline in investment revenue, outweighing the positive effect of higher interest rates received.				
Net gains from disposal of assets	536	453	(83)	(15)% U
Minor movements in the value of land sales, offsetting the benefit from the sales of plant.				
Other income	—	39	39	∞ F
Council's investment in Civic Risk Mutual has resulted in a Fair value increment of 39K.				
Expenses				
Employee benefits and on-costs	27,242	30,581	(3,339)	(12)% U
Council has experienced lower vacancies than assumed for budget, higher casual and relief requirements and end of year updates to employee entitlement provisions.				
Materials and services	25,178	27,910	(2,732)	(11)% U
Materials and services main variances are due to OneCouncil ERP project re-classified to operating, and Fleet running expenses.				
Borrowing costs	216	420	(204)	(94)% U
The increase documented is in relation to a revaluation increase for assets leased by Council.				
Depreciation, amortisation and impairment of non-financial assets	9,153	9,347	(194)	(2)% U

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

B5-1 Material budget variations (continued)

\$ '000	2026 Budget	2026 Actual	2026 ----- Variance -----	
Statement of cash flows				
Cash flows from operating activities	6,432	9,399	2,967	46% F
Cash flows from operating activities are favourable against the original budget due to increased receipts for grants and developer contributions, more than offsetting unfavourable variances in employee costs and materials and services.				
Cash flows from investing activities	(1,656)	(13,202)	(11,546)	697% U
Cash flows from investing activities were unfavourable against budget, with a net increase in investments held as term deposits, while budget assumed a neutral position.				
Cash flows from financing activities	(2,612)	(2,476)	136	(5)% F

C Financial position

C1 Assets we manage

C1-1 Cash and cash equivalents

\$ '000	2026	2025
Cash on hand and at bank	6,649	10,928
Cash equivalent assets		
– Short-term deposits	5,000	7,000
Total cash and cash equivalents	11,649	17,928

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	11,649	17,928
Balance as per the Statement of Cash Flows	11,649	17,928

C1-2 Financial investments

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Debt securities at amortised cost				
Long term deposits	29,000	2,000	19,000	1,000
Total	29,000	2,000	19,000	1,000
Other financial assets				
Interest in CivicRisk Mutual	–	504	–	465
Total	–	504	–	465
Total financial investments	29,000	2,504	19,000	1,465
Total cash assets, cash equivalents and investments	40,649	2,504	36,928	1,465

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C1-2 Financial investments (continued)**Material accounting policy information**

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's investment in CivicRisk Mutual Limited is valued at fair value through profit and loss. Its value in the Statement of Financial Position by comparison with the face value of CivicRisk Mutual Limited's accounts at 30 June 2026. The valuation of CivicRisk Mutual Limited investment was undertaken by Alycia Jeffrey FIAA and Mark Hurst FIAA from Finity Consulting.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2026	2025
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(a) Externally restricted cash, cash equivalents and investments

Total cash, cash equivalents and investments	43,153	38,393
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Less: External restrictions	(37,114)	(33,916)
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Cash, cash equivalents and investments not subject to external restrictions	6,039	4,477
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External restrictions included in cash, cash equivalents and investments above comprise:

Specific purpose unexpended loans – general	400	400
Specific purpose unexpended grants – general fund	4,828	4,796
External restrictions – included in liabilities	5,228	5,196

External restrictions – other

External restrictions included in cash, cash equivalents and investments above comprise:

Developer contributions - general	15,708	13,883
Stormwater Levy Management	661	439
Security bonds, Deposits & Retentions	2,288	1,959
Crown Land Reserve	2,881	3,334
Domestic waste management	8,708	7,272
Blue Haven - ILU Maintenance Levy carried forward surplus (Terralong)	1,605	1,798
Road Reserve	35	35
External restrictions – other	31,886	28,720
Total external restrictions	37,114	33,916

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

\$ '000	2026	2025
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(b) Internal allocations

Cash, cash equivalents and investments not subject to external restrictions	6,039	4,477
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Internal restrictions	(1,025)	(3,554)
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Unrestricted and unallocated cash, cash equivalents and investments	5,014	923
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At 30 June, Council has internally allocated funds to the following:

Terralong ILU Capital Works	–	787
Employees leave entitlement	1,440	2,941
Temporary Funding of Disaster Recovery Funding Agreement Works	(998)	(711)
Blue Haven ILU Prudential Cover (Terralong)	500	500
Risk Improvement Incentive	83	37
Total internal allocations	1,025	3,554

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

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C1-4 Receivables

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Rates and annual charges	861	–	911	–
User charges and fees	973	–	1,070	–
– Other asset sales	2,738	–	–	2,738
Accrued revenues				
– Interest on investments	592	–	907	–
– Other income accruals	27	–	39	–
Net GST receivable	–	–	347	–
Other – advances to public	–	156	–	212
Total	5,191	156	3,274	2,950
Total net receivables	5,191	156	3,274	2,950

\$ '000	2026	2025
Movement in provision for impairment of receivables		
Balance at the beginning of the year	66	98
Movement through provision	254	(33)
Balance at the end of the year	320	65

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 15 days.

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 2 years past due, whichever occurs first.

Where Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

C1-5 Contract assets

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Contract assets	2,077	–	513	–
Total contract assets	2,077	–	513	–

Material accounting policy information**Contract assets**

A contract asset is the equivalent of work in progress or accrued income. A contract asset is recognised in relation to grants when Council has performed the work and believes that the costs expended are recoverable, however an invoice has not yet been raised. Therefore, the amounts cannot be classified as a receivable, although it is assessed for impairment using the Expected Credit Loss model in AASB 9.

C1-6 Non-current assets classified as held for sale

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Land and Building	–	–	945	–
Total non-current assets classified as held for sale	–	–	945	–

Material accounting policy information

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use and are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

C1-7 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2025						Asset movements during the reporting period					At 30 June 2026		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ⁽¹⁾	Carrying value of disposals	Depreciation expense	WIP Capitalised	Reclassifi- cation	Revaluation to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount		
\$ '000														
Capital work in progress	21,236	–	21,236	6,690	963	–	(4,309)	–	–	24,580	–	24,580		
Plant and equipment	19,730	(11,774)	7,956	–	686	(1,347)	–	56	–	16,865	(10,247)	6,618		
Office equipment	5,702	(5,391)	311	–	162	(220)	–	(7)	–	1,198	(999)	199		
Furniture and fittings	3,597	(2,835)	762	–	–	(80)	–	7	–	4,026	(3,341)	685		
Land:														
– Operational land	48,598	–	48,598	457	–	–	–	–	10,671	54,151	–	54,151		
– Community land	107,654	–	107,654	–	–	–	–	–	–	107,654	–	107,654		
– Land under roads (post 30/6/08)	28	–	28	–	–	–	–	–	–	28	–	28		
Land improvements – non-depreciable	1,337	–	1,337	–	–	–	–	–	–	1,337	(1)	1,336		
Land improvements – depreciable	461	(298)	163	–	–	(9)	–	–	–	461	(299)	162		
Infrastructure:														
– Bridges	69,663	(28,884)	40,779	–	–	(701)	–	–	5	69,681	(29,598)	40,083		
– Bulk earthworks (non-depreciable)	22,568	(15)	22,553	–	–	–	–	–	–	22,568	(21)	22,547		
– Footpaths	16,634	(6,671)	9,963	–	–	(203)	–	2	519	17,470	(7,191)	10,279		
– Buildings	166,882	(55,959)	110,923	1,578	218	(2,581)	–	–	(128)	159,584	(49,572)	110,012		
– Other structures	36,328	(16,330)	19,998	95	–	(613)	–	9,916	(89)	48,425	(19,119)	29,306		
– Stormwater drainage	100,849	(34,980)	65,869	–	–	(833)	–	(9,983)	52	88,852	(33,796)	55,056		
– Swimming pools	5,599	(2,214)	3,385	–	–	(40)	–	–	–	5,599	(2,254)	3,345		
– Other open space/recreational assets	16,771	(5,152)	11,619	267	–	(198)	–	–	–	16,945	(5,322)	11,623		
– Roads	202,211	(92,275)	109,936	732	–	(2,267)	–	9	64	203,101	(94,678)	108,423		
Other assets:														
– Library books	2,323	(2,016)	307	–	–	(62)	–	–	–	2,323	(2,078)	245		
– Other	250	(44)	206	–	–	–	–	–	–	250	(44)	206		
Total infrastructure, property, plant and equipment	848,421	(264,838)	583,583	9,819	2,029	(9,204)	(4,309)	–	11,094	845,098	(258,560)	586,538		

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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C1-7 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	Asset movements during the reporting period											At 30 June 2025		
	At 1 July 2024	Accumulated depreciation and impairment	Net carrying amount	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP Capitalised	Transferred to held for sale	Reclassification on	Revaluation to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
\$ '000														
Capital work in progress	20,530	–	20,530	14,330	54	–	–	(13,678)	–	–	–	21,236	–	21,236
Plant and equipment	26,539	(18,147)	8,392	3,109	–	(1,665)	(1,880)	–	–	–	–	19,730	(11,774)	7,956
Office equipment	5,705	(5,271)	434	1	–	–	(124)	–	–	–	–	5,702	(5,391)	311
Furniture and fittings	3,277	(2,779)	498	445	–	(40)	(141)	–	–	–	–	3,597	(2,835)	762
Land:														
– Operational land	50,187	–	50,187	633	–	(557)	–	–	(36)	–	(1,629)	48,598	–	48,598
– Community land	107,654	–	107,654	–	–	–	–	–	–	–	–	107,654	–	107,654
– Land under roads (post 30/6/08)	28	–	28	–	–	–	–	–	–	–	–	28	–	28
Land improvements – non-depreciable	3,379	–	3,379	188	–	(45)	–	–	–	(121)	(2,064)	1,337	–	1,337
Land improvements – depreciable	3,103	(1,980)	1,123	–	–	(15)	(81)	–	–	(590)	(274)	461	(298)	163
Infrastructure:														
– Bridges	67,887	(27,465)	40,422	–	–	–	(682)	–	–	–	1,039	69,663	(28,884)	40,779
– Bulk earthworks (non-depreciable)	20,707	(1)	20,706	1,022	–	–	–	–	–	257	568	22,568	(15)	22,553
– Footpaths	15,981	(6,212)	9,769	281	–	(74)	(308)	–	–	34	261	16,634	(6,671)	9,963
– Buildings	153,601	(46,312)	107,289	482	5,900	–	(2,409)	–	–	119	(458)	166,882	(55,959)	110,923
– Other structures	4,889	(2,611)	2,278	–	–	(43)	(167)	–	–	2,540	15,390	36,328	(16,330)	19,998
– Stormwater drainage	97,902	(33,023)	64,879	212	–	–	(953)	–	–	14	1,717	100,849	(34,980)	65,869
– Swimming pools	1,208	(409)	799	1	–	–	(35)	–	–	243	2,377	5,599	(2,214)	3,385
– Other open space/recreational assets	10,895	(4,980)	5,915	3,543	–	–	(376)	–	–	(1,773)	4,310	16,771	(5,152)	11,619
– Roads	193,374	(85,891)	107,483	3,984	–	(350)	(4,082)	–	–	29	2,872	202,211	(92,275)	109,936
Other assets:														
– Library books	2,148	(1,944)	204	–	175	–	(72)	–	–	–	–	2,323	(2,016)	307
– Other	1,746	(594)	1,152	–	–	(2)	(94)	–	–	(752)	(98)	250	(44)	206
Total infrastructure, property, plant and equipment	790,740	(237,619)	553,121	28,231	6,129	(2,791)	(11,404)	(13,678)	(36)	–	24,011	848,421	(264,838)	583,583

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

continued on next page ...

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C1-7 Infrastructure, property, plant and equipment (continued)**Material accounting policy information**

Infrastructure, property, plant and equipment are held at fair value. Independent comprehensive valuations are performed at least every five years, however the carrying amount of assets is assessed by Council at each reporting date to confirm that it is not materially different from current fair value. As in previous years, the accounting policy has not changed.

Increases in the carrying amounts arising on revaluation are credited to the revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

When infrastructure, property, plant and equipment are acquired by Council for nil or nominal consideration, the assets are initially recognised at their fair value at acquisition date.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Plant and equipment	Years	Other equipment	Years
Office equipment	2 to 35	Playground equipment	5 to 20
Furniture & fittings	3 to 50	Benches, seats etc.	10 to 25
Computer equipment	3 to 5		
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings	50 to 117
Other plant and equipment	5 to 40		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	25 to 35	Bulk earthworks	infinite
Sealed roads: structure	30 to 180	Swimming pools	10 to 30
Road traffic control devices	25 to 80	Other open space/ recreational assets	10 to 50
Parking areas	25 to 120	Other infrastructure	15 to 95
Traffic management assets	25 to 78		
Bridge: concrete	80 to 100		
Bridge: other	60 to 100		
Kerb, gutter and footpaths	78 to 80		
Stormwater assets			
Drains	80 to 120		
Culverts	50 to 100		
Flood control structures	20 to 120		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

C1-7 Infrastructure, property, plant and equipment (continued)

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, “all firefighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the firefighting equipment has been purchased or constructed”.

Council has performed an assessment of its Rural Fire Service "red fleet assets" and concluded that they are not material. On this basis, Council has elected not to recognise the red fleet assets. Buildings however continue to be recognised.

C1-8 Investment properties

\$ '000	Notes	2026	2025
At fair value			
Opening balance at 1 July		85,960	80,200
Acquisitions ¹		–	5,760
Net gain/(loss) from fair value adjustments	B3-4	(283)	–
Capital Improvements		2,562	–
Closing balance at 30 June		88,239	85,960

(1) Purchase of Shoalhaven Street Property

Material accounting policy information

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Changes in fair values are recorded in the Income Statement as part of other income or other expenses.

C2 Liabilities of Council**C2-1 Payables**

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Payables				
Prepaid rates	522	–	514	–
Goods and services	2,171	–	2,532	–
Accrued expenses:				
– Borrowings	4	–	5	–
– Salaries and wages	529	–	633	–
– Other expenditure accruals	2,256	–	2,050	–
Retirement village loan licence agreement	65,210	–	61,784	–
Security bonds, deposits and retentions	2,529	–	2,187	–
ATO – net GST payable	118	–	–	–
In-home aged care unspent client funds	–	–	52	–
Other	72	–	50	–
Total payables	73,411	–	69,807	–

Current payables not anticipated to be settled within the next twelve months

\$ '000	2026	2025
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – retirement village loan licence agreement	58,589	55,605
Total payables	58,589	55,605

Material accounting policy information

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

C2-2 Contract Liabilities

\$ '000	Notes	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Unexpended capital grants (to construct Council controlled assets)	(i)	4,829	–	4,797	–
Other user fees and charges	(ii)	(337)	–	(103)	–
Total contract liabilities		4,492	–	4,694	–

Notes

(i) Council has received funding under enforceable agreements to construct and upgrade Council-controlled community and sports infrastructure. Major funding receipted during the year includes the **Jamberoo Sporting Precinct lighting upgrade, Gerry Emery Oval and Bonaira sports field lighting, Kiama Netball Courts refurbishment, Gainsborough Oval sports facility upgrades, the Special Entertainment Precinct (SEP) trial, Jamberoo Valley Cycleway (Browns Lane to Jamberoo), and the Joyce Wheatley Community Centre refurbishment**, alongside local road resealing and community asset renewals. The funds received are under enforceable contracts that require Council to construct identified assets that remain under Council's control upon completion. In accordance with AASB 1058 and AASB 15, revenue is recognized over time as Council constructs the assets and satisfies milestones; the contract liability reflects upfront grant funding received for which construction and performance obligations remain incomplete at year-end. The remaining revenue is expected to be recognised over the next 12 months.

(ii) Deposits received in advance for the Holiday Parks do not meet the definition of a performance obligation and therefore the funds received are recorded as a contract liability on receipt and recognised as revenue in the following financial year.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

C2-3 Borrowings

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Loans – secured	2,435	5,892	2,519	8,154
Total borrowings	2,435	5,892	2,519	8,154

(a) Changes in liabilities arising from financing activities

\$ '000	2025		Non-cash movements				2026
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Re-measurement	Closing balance
Loans – secured	10,673	(2,346)	–	–	–	–	8,327
Lease liability	303	(169)	–	–	–	215	349
Total liabilities from financing activities	10,976	(2,515)	–	–	–	215	8,676

\$ '000	2024		Non-cash movements				2025
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Re-measurement	Closing balance
Loans – secured	6,089	(675)	5,259	–	–	–	10,673
Lease liability	404	(138)	–	–	–	37	303
Total liabilities from financing activities	6,493	(813)	5,259	–	–	37	10,976

(b) Financing arrangements

\$ '000	2026	2025
Total facilities		
Total financing facilities available to Council at the reporting date are:		
Bank overdraft facilities ¹	2,000	2,000
Credit cards/purchase cards	400	400
Total financing arrangements	2,400	2,400

Drawn facilities

Financing facilities drawn down at the reporting date are:

Bank overdraft facilities	–	–
Credit cards/purchase cards	44	43
Total drawn financing arrangements	44	43

Undrawn facilities

Undrawn financing facilities available to Council at the reporting date are:

Bank overdraft facilities	2,000	2,000
Credit cards/purchase cards	356	357
Total undrawn financing arrangements	2,356	2,357

Breaches and defaults

During the current and prior year, there were no defaults or breaches on any of the loans.

Security over loans

Loans secured over future cash flows

(1) The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

C2-4 Employee benefit provisions

\$ '000	2026 Current	2026 Non-current	2025 Current	2025 Non-current
Annual leave	2,206	–	2,109	–
Sick leave	135	–	161	–
Long service leave	3,006	530	2,637	466
TOIL Leave	417	–	401	–
ELE on-costs	801	74	698	62
Total employee benefit provisions	6,565	604	6,006	528

Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2026	2025
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	4,924	4,498
Other	453	396
	5,377	4,894

Description of and movements in provisions**Material accounting policy information**

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

C2-5 Provisions

\$ '000	2026 Current	2026 Non-Current	2025 Current	2025 Non-Current
Asset remediation/restoration:				
Asset remediation/restoration (future works) ¹	-	-	633	-
Sub-total – asset remediation/restoration	-	-	633	-
Total provisions	-	-	633	-

(1) Relates to Havilah Place provision for demolition

Description of and movements in provisions

\$ '000	Movement in provisions Total
2026	
Opening Balance at 1 July	633
Amounts used (payments)	(633)
Closing Balance at 30 June	-

Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

Item 14.1

Enclosure 1

C3 Reserves

C3-1 Nature and purpose of reserves

IPPE Revaluation Surplus

The infrastructure, property, plant and equipment (IPPE) revaluation surplus is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

D Risks and accounting uncertainties

D1-1 Risks relating to financial instruments held

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

\$ '000	Carrying value 2026	Carrying value 2025	Fair value 2026	Fair value 2025
Financial assets				
Measured at amortised cost				
Cash and cash equivalents	11,649	17,928	11,649	17,928
Receivables	5,347	6,224	5,347	6,224
Investments				
– Debt securities at amortised cost	31,000	20,000	31,000	20,000
Fair value through other comprehensive income				
Investments				
– Equity securities at fair value through other comprehensive income	504	465	504	465
Total financial assets	48,500	44,617	48,500	44,617
Financial liabilities				
Payables	73,411	69,807	73,411	69,087
Loans/advances	8,327	10,673	8,327	10,673
Total financial liabilities	81,738	80,480	81,738	79,760

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and measure at amortised cost investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified **at fair value through other comprehensive income** – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

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D1-1 Risks relating to financial instruments held (continued)

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the Local Government Act 1993 and Minister's investment order 625. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Market risk** - Interest rate risk – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.
- **Liquidity risk** – the risk that Council will not be able to pay its debts as and when they fall due.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – interest rate

\$ '000	2026	2025
The impact on the result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	432	384
Impact of a 10% movement in price of investments		
– Equity / Income Statement	4,315	3,839

D1-1 Risks relating to financial instruments held (continued)**(b) Credit risk**

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

Credit risk profile**Receivables – rates and annual charges**

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

\$ '000	Not yet overdue	overdue rates and annual charges			Total
		1 - 2 years	2 - 5 years	≥ 5 years	
2026					
Gross carrying amount	—	751	64	46	861
2025					
Gross carrying amount	—	795	67	49	911

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	Overdue debts				Total
		0 - 30 days	31 - 60 days	61 - 90 days	> 90 days	
2026						
Gross carrying amount	3,303	2,896	16	65	283	6,563
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	1.00%	0.04%
ECL provision	—	—	—	—	3	3
2025						
Gross carrying amount	3,133	2,104	313	64	212	5,826
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.47%	0.02%
ECL provision	—	—	—	—	1	1

(c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

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Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

D1-1 Risks relating to financial instruments held (continued)

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cash flows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in: 1 - 5 Years	> 5 Years	Total cash outflows	Actual carrying values
2026							
Payables	0.00%	2,529	5,672	65,210	–	73,411	73,411
Borrowings	2.34%	–	2,435	3,898	1,821	8,154	8,327
Total financial liabilities		2,529	8,107	69,108	1,821	81,565	81,738
2025							
Payables	0.00%	2,187	5,836	61,784	–	69,807	69,807
Borrowings	2.34%	–	2,519	6,128	2,026	10,673	10,673
Total financial liabilities		2,187	8,355	67,912	2,026	80,480	80,480

Item 14.1

Enclosure 1

D2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

During the reporting period, Council has also fair value measured the following assets on a non-recurring basis:

- Non-current assets classified as 'held for sale'

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

D2-1 Fair value measurement (continued)

		Fair value measurement hierarchy					
\$ '000	Notes	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2026	2025	2026	2025	2026	2025
Recurring fair value measurements							
Financial assets							
Other financial assets (Civic Risk Mutual)		504	465	–	–	504	465
Total financial assets		504	465	–	–	504	465
Investment property							
Blue Haven ILU	C1-8	82,479	80,200	–	–	82,479	80,200
Other		5,760	5,760	–	–	5,760	5,760
Total investment property		88,239	85,960	–	–	88,239	85,960
Infrastructure, property, plant and equipment							
Operational land	C1-7	54,151	48,598	–	–	54,151	48,598
Community land		–	–	107,654	107,654	107,654	107,654
Land under roads		–	–	28	28	28	28
Land improvements – non-depreciable		–	–	1,336	1,337	1,336	1,337
Land improvements – depreciable		–	–	162	163	162	163
Buildings		–	–	110,012	110,923	110,012	110,923
Roads bridges footpaths		–	–	158,785	160,678	158,785	160,678
Stormwater drainage		–	–	55,056	65,869	55,056	65,869
Bulk earthworks – non depreciable		–	–	22,547	22,553	22,547	22,553
Other Open Space		–	–	–	–	–	–
Recreation Assets & Swimming Pools		–	–	14,968	15,004	14,968	15,004
Other structures		–	–	29,306	19,998	29,306	19,998
Other		–	–	206	206	206	206
Total infrastructure, property, plant and equipment		54,151	48,598	500,060	504,413	554,211	553,011
Non-recurring fair value measurements							
Non-current assets classified as held for sale							
Land and Building	C1-6	–	945	–	–	–	945
Total NCA's classified as held for sale		–	945	–	–	–	945

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Item 14.1

Enclosure 1

D2-1 Fair value measurement (continued)

Valuation techniques

Pre-amble

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs), Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Cost Approach – A valuation technique that reflects the amount that would be required to replace the service capacity of an asset (current replacement cost)

Income Approach – Valuation technique that converts future amounts (cash flow inflows/outflows) to signal the current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about these future amounts.

Market Approach – A valuation technique that uses prices and other relevant information, generated by market transactions involving identical or comparable (similar) assets, liabilities or a group of assets and liabilities such as a business.

Investment property

Council continued to apply a conservative approach in reviewing the in-house valuation of Blue Haven Terralong Independent Living Units, which was independently reviewed by StewartBrown Advisory as at 30 June 2025. The review determined that the fair value of the investment property has increased by \$2.28 million. In addition to updates in economic parameters, the increase reflects higher unit prices as of 1 July 2026, which recover higher refurbishment costs per unit, aligned with Council's Long-Term Financial Plan.

Council acquired the properties located at 113 and 117 Shoalhaven Street via a vendor finance arrangement in the 2025 financial year. It was determined that there were no material movement and therefore no change is required for the fair value of these assets.

Recognition of the associated financial liability has also been recorded in accordance with relevant accounting standards.

Infrastructure, property, plant and equipment (IPPE)**Operational Land**

This asset class comprises all Council's land classified as Operational Land under the NSW Local Government Act 1993. Operational land was revalued on 30 June 2022 based off land values provided by Valuer General. Along with the application of market approach, the key unobservable input into the valuation is the price per square metre.

Community Land

All Council's Community Land and Council managed land under the NSW Local Government Act 1993 were listed under this asset category. The "Market Approach" has been utilised whereby the primary unobservable factors considered in the valuation are level of restriction, land area and land value. The asset class of Community Land was revalued as of 30 June 2023 by using data obtained from the NSW Valuer-General.

Land under Roads

Council has elected to recognise Land under Roads where the road was acquired on or after 1 July 2008. 'Land under Roads' have been valued using the square metre rates applicable for nearby or adjacent Community Land, having regard to the highest and best use for this land. There has been no change to the valuation process during the reporting period.

Land Improvements – non depreciable

Land Improvements – Non-depreciable are permanent enhancements to land, such as landscaping or site preparation, that have an indefinite life and therefore are not depreciated. The asset class Land Improvement - Non-Depreciable assets was undertaken on June 2025 by independent valuers, Australis.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Land Improvements – depreciable

This asset class comprises land improvements such as playgrounds. These assets may be located on parks, reserves and also within road reserves, for which a full revaluation of Land Improvements - Depreciable assets was undertaken on June 2025 by independent valuers, Australis.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in

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D2-1 Fair value measurement (continued)

accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Buildings – Specialised and Non Specialised

APV, an independent valuer, performed valuation for buildings on 30 June 2022 with the approach of componentising each building into significant parts with different useful lives and took into account a range of factors. For example, a pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. As such, these assets are classified as being valued using Level 3 valuation inputs.

Open Space/Recreational Assets

Assets within this class include playground equipment, BBQs and outdoor fitness facilities. A full revaluation of Open Space assets was undertaken on June 2025 by independent valuers, Australis.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Other Structures

Australis performed a full revaluation of Other Structures on June 2025. This asset class includes sporting facilities, park furniture, signs, skate facilities etc.

The cost approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers, Australia's International Infrastructure Management Manual (IIMM). Inputs such as estimates of the pattern of consumption, residual value, asset condition and useful life required extensive professional judgement and impacted significantly on the final determination of fair value.

Roads, Bridges, Footpaths

AssetVal (Mercer), an independent valuer, performed valuation for Roads, Bridges, Footpaths on 30 June 2023 with the 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's, International Infrastructure Management Manual (IIMM). As such, these assets are classified as being valued using Level 3 valuation inputs.

Bulk Earthworks – non depreciable

On June 2023, AssetVal (Mercer), an independent valuer, performed valuation based on the 'Cost Approach' which estimated the replacement cost for each asset. The level of componentisation adopted by Council is in accordance with OLG Circular 09-09 and the Institute of Public Works Engineers Australia's International Infrastructure Management Manual (IIMM). Additionally, due to limitations in the historical records of very long lived assets, there is uncertainty regarding the actual design, specifications and dimensions of some assets.

Stormwater Drainage

Stormwater drainage assets, including pipelines, pits, headwalls and other drainage structures. A full revaluation of these assets was conducted in June 2024 by Australis, an independent valuer, using the *Cost Approach*. This approach estimated the replacement cost by componentising the assets into significant parts with varying useful lives and factoring in a range of considerations. The level of componentisation adopted by Council is consistent with OLG Circular 09-09 and the Institute of Public Works Engineering Australasia's *International Infrastructure Management Manual* (IIMM). Inputs such as asset condition, pattern of consumption, residual value, and useful life required extensive professional judgement and had a significant impact on the final determination of fair value.

Non-current assets classified as 'held for sale'

This asset class comprises of standalone parcels of land and a combination of land with buildings, both classified as "held for sale" and valued at fair market value.

Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

D3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named Vision Super Defined Benefit Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors set out above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such we do not believe that there is sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

As a result we believe that each sponsoring employer should account for the subgroup under paragraph 34 of the Standard and in particular the additional disclosure requirements set out in paragraph 148 apply.

Disclosure items under paragraph 148

We have set out below the disclosure requirements under paragraph 148 of the Standard for each sponsoring employer. These disclosure requirements should be verified with the sponsoring employers' relevant auditors.

(a) Description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.

Pooled Employers are required to pay future service employer contributions and past service employer contributions to the Fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% of salaries
Division D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contributions, which are paid in addition to members' defined benefits.

The adequacy of contributions is assessed at each actuarial investigation which will be conducted annually, the next of which is due effective 30 June 2026.

(b) Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding past service contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

continued on next page ...

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D3-1 Contingencies (continued)

(c) *Description of any agreed allocation of a deficit or surplus on:*

(i) *Wind-up of the plan*

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

(ii) *The council's withdrawal from the plan*

There is no provision for allocation of any surplus which may be present at the date of withdrawal of an employer.

(d) *Given the council accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information:*

(i) *the fact that the plan is a defined benefit plan*

We confirm the plan is a defined benefit plan.

(ii) *the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan*
Detailed under (i) Defined benefit superannuation contribution plans.

(iii) *the expected contributions to the plan for the next annual reporting period.*

See cover letter

(iv) *information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the council.*

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ended 30 June 2026 was \$71,667.66. Council's expected contribution to the plan for the next annual reporting period is \$119,932.81.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2026 is:

Defined Benefit Employer reserves only *	\$ (millions)	Asset Coverage
Assets	2,127.6	
Past Service Liabilities	1,966.9	108.2%
Vested Benefits	2,007.4	106.0%

* excluding other accumulation member accounts and reserves in both assets and liabilities.

The key economic assumptions used to calculate the present value of accrued benefits are:

Investment return	6.25% per annum
Salary inflation	4.00% 2026/27, 4.00% 2027/28, 4.00% 2028/29, 3.50% per annum thereafter.
Increase in CPI	4.10% 2025/26, 3.75% 2026/27, 2.50% per annum thereafter.

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, an adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by Richard Boyfield as the Fund's Actuary, the final end of year review will be completed by December 2026.

(v) *an indication of the level of participation of the entity in the plan compared with other participating councils*

An employer's share of any funding surplus or deficit (see cover letter) that can be attributed to each organisation provides an indication of the level of participation of that employer compared with other employers in the Pooled Employer sub-group.

(ii) **CivicRisk Mutual Limited**

continued on next page ...

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D3-1 Contingencies (continued)

Council is a member of CivicRisk Mutual Limited, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30/06 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities

(i) Third party claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

continued on next page ...

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D3-1 Contingencies (continued)**ASSETS NOT RECOGNISED****(i) Land under roads**

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/06/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

E People and relationships**E1 Related party disclosures****E1-1 Key management personnel (KMP)**

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2026	2025
Compensation:		
Short-term benefits	1,996	2,023
Post-employment benefits	—	—
Other long-term benefits	128	167
Termination benefits	40	410
Total	2,164	2,600

Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

There are no other disclosures to be made by KMP.

E1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2026	2025
The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:		
Mayoral fee	51	47
Councillors' fees	208	194
Other Councillors' expenses (including Mayor)	98	97
Total	357	338

E2 Other relationships**E2-1 Audit fees**

\$ '000	2026	2025
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During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council - NSW Auditor-General:

Audit and review of financial statements	238	–
Audit and review of 2024/25 financial statements	–	260
Audit and review of 2023/24 financial statements	–	20
Remuneration for audit and other assurance services	238	280
Total fees paid or payable to the NSW Auditor-General	238	280

Non NSW Auditor-General audit firms

Other audit and assurance services	66	33
Total remuneration of non NSW Auditor-General audit firms	66	33
Total audit fees	304	313

F Other matters**F1-1 Statement of Cash Flows information****Reconciliation of net operating result to cash provided from operating activities**

\$ '000	2026	2025
Net operating result from Income Statement	(2,388)	(7,390)
Add / (less) non-cash items:		
Depreciation and amortisation	9,347	11,557
(Gain) / loss on disposal of assets	(453)	1,063
Non-cash capital grants and contributions	(27)	(5,533)
Deferred Management Fees	(1,958)	(2,001)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(39)	(92)
– Investment property	283	–
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	877	23
(Increase) / decrease of inventories	12	(18)
(Increase) / decrease of other current assets	(53)	6,527
(Increase) / decrease of contract asset	(1,564)	975
Increase / (decrease) in payables	(361)	(617)
Increase / (decrease) in accrued interest payable	(1)	(100)
Increase / (decrease) in other accrued expenses payable	102	(2,103)
Increase / (decrease) in other liabilities	3,864	2,641
Increase / (decrease) in contract liabilities	(202)	329
Increase / (decrease) in employee benefit provision	635	418
Increase / (decrease) in other provisions	(633)	633
Net cash flows from operating activities	7,441	6,312

F2-1 Commitments

Capital commitments (exclusive of GST)

\$ '000	2026	2025
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Holiday parks	-	26
Plant and equipment	415	159
Roads and Bridges	1,312	314
Open space and recreation	-	216
Other	215	357
Investment property		
Buildings	841	91
Total commitments	2,783	1,163

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Enclosure 1

Kiama Municipal Council | Notes to the Financial Statements 30 June 2026

F3 Statement of developer contributions

F3-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2025	Contributions received during the year		Non-cash Other	Interest and investment income earned	Amounts expended	Transfers and Adjustments	Held as restricted asset at 30 June 2026	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
\$7.12 levies – under a plan	13,883	1,550	-	-	635	(360)	-	15,708	-
Total \$7.11 and \$7.12 revenue under plans	13,883	1,550	-	-	635	(360)	-	15,708	-
Total contributions	13,883	1,550	-	-	635	(360)	-	15,708	-

Under the *Environmental Planning and Assessment Act 1979*, Council levies development contributions under Section 7.11 and Section 7.12 towards the cost of providing additional infrastructure to meet the needs of the growing population.

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End of the audited financial statements

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G Additional Council disclosures (unaudited)

G1-1 Council information and contact details

Principal place of business:
11 Manning Street
Kiama NSW 2533

Contact details

Mailing Address:
PO Box 75
Kiama NSW 2533

Telephone: 02 4232 0444
Facsimile: 02 4232 0555

Opening hours:
8:45am - 4:15pm
Monday to Friday

Internet: www.kiama.nsw.gov.au
Email: council@kiama.nsw.gov.au

Officers

Chief Executive Officer
Jane Frawley

Responsible Accounting Officer
Jose Diaz

Auditors
Audit Office of NSW
GPO Box 12, Sydney NSW 2001

Elected members

Mayor
Cameron McDonald

Councillors
Melissa Matters (Deputy Mayor)
Matt Brown
Mike Cains (Former)
Imogen Draisma
Stuart Larkins
Melinda Lawton
Yasmin Tatrai
Erica Warren

Other information

ABN: 22 379 679 108

Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2026

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

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Kiama Municipal Council

General Purpose Financial Statements

for the year ended 30 June 2026

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

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Enclosure 1

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Special Purpose Financial Statements

For the year ended 30 June 2026



KIAMA MUNICIPAL COUNCIL
your council, your community

Kiama Municipal Council

Special Purpose Financial Statements

for the year ended 30 June 2026

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Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activity).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).

Kiama Municipal Council

Special Purpose Financial Statements

for the year ended 30 June 2026

Statement by Councillors and Management made pursuant to the Local Government Code of
Accounting Practice and Financial Reporting

The attached special purpose financial statements have been prepared in accordance with:

- NSW Government Policy Statement, *Application of National Competition Policy to Local Government*
- Division of Local Government Guidelines, *Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality*
- The Local Government Code of Accounting Practice and Financial Reporting

To the best of our knowledge and belief, these statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year; and
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 20 October 2026.

Cameron McDonald
Mayor
20 October 2026

Melissa Matters
Deputy Mayor
20 October 2026

Jane Frawley
Chief Executive Officer
20 October 2026

Jose Diaz
Chief Financial Officer
20 October 2026

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Kiama Municipal Council | Income Statement of Holiday Parks | for the year ended 30 June 2026

Kiama Municipal Council

Income Statement of Holiday Parks

for the year ended 30 June 2026

\$ '000	2026 Category 1	2025 Category 1
Income from continuing operations		
User charges and fees	12,007	11,432
Total income from continuing operations	12,007	11,432
Expenses from continuing operations		
Employee benefits and on-costs	499	427
Borrowing costs	49	61
Materials and services	6,774	6,616
Calculated taxation equivalents	134	130
Other expenses	1,687	1,130
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	9,143	8,364
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	2,864	3,068
Depreciation, amortisation and impairment of non-financial assets	581	639
Surplus (deficit) from continuing operations before capital amounts	2,283	2,429
Surplus (deficit) from continuing operations after capital amounts	2,283	2,429
Surplus (deficit) from all operations before tax	2,283	2,429
Less: corporate taxation equivalent [based on result before capital]	(594)	(651)
Surplus (deficit) after tax	1,689	1,778
Plus accumulated surplus	25,212	23,330
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	134	130
– Corporate taxation equivalent	594	651
Less:		
– Dividend paid (distribution to the general fund)	(921)	(677)
Closing accumulated surplus	26,708	25,212
Return on capital %	6.9%	6.3%

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Kiama Municipal Council | Income Statement of Blue Haven Terralong | for the year ended 30 June 2026

Kiama Municipal Council

Income Statement of Blue Haven Terralong

for the year ended 30 June 2026

\$ '000	2026 Category 1	2025 Category 1
Income from continuing operations		
User charges and fees	1,048	1,110
Interest and investment income	7	1
Other income - deferred management fees (DMF)	1,962	2,001
Total income from continuing operations	3,017	3,112
Expenses from continuing operations		
Employee benefits and on-costs	359	393
Materials and services	1,261	2,297
Other expenses	280	255
Fair value decrement - investment property	283	—
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	2,183	2,945
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	834	167
Surplus (deficit) from continuing operations before capital amounts	834	167
Surplus (deficit) from continuing operations after capital amounts	834	167
Surplus (deficit) from all operations before tax	834	167
Less: corporate taxation equivalent (25%) [based on result before capital]	(209)	(42)
Surplus (deficit) after tax	625	125
Plus accumulated surplus	(15,180)	(15,347)
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	209	42
Closing accumulated surplus	(14,346)	(15,180)
Return on capital %	0.0%	0.0%

(*) Prior year accumulated surplus includes Blue Haven Bonaira

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Enclosure 1

Kiama Municipal Council | Income Statement of Commercial Waste | for the year ended 30 June 2026

Kiama Municipal Council

Income Statement of Commercial Waste

for the year ended 30 June 2026

\$ '000	2026 Category 2	2025 Category 2
Income from continuing operations		
Annual charges	204	196
User charges and fees	615	1,679
Other income	238	754
Total income from continuing operations	1,057	2,629
Expenses from continuing operations		
Employee benefits and on-costs	364	1,217
Materials and services	596	2,647
Calculated taxation equivalents	20	66
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	980	3,930
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	77	(1,301)
Depreciation, amortisation and impairment of non-financial assets	49	214
Surplus (deficit) from continuing operations before capital amounts	28	(1,515)
Surplus (deficit) from continuing operations after capital amounts	28	(1,515)
Surplus (deficit) from all operations before tax	28	(1,515)
Less: corporate taxation equivalent [based on result before capital]	(7)	–
Surplus (deficit) after tax	21	(1,515)
Plus accumulated surplus	(82)	1,367
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	20	66
– Corporate taxation equivalent	7	–
Closing accumulated surplus	(34)	(82)
Return on capital %	1.7%	(114.2)%
Subsidy from Council	–	1,597

(*) Council resolved to discontinue Hire services portion of Commercial Waste as at 30 June 2025

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Enclosure 1

Kiama Municipal Council | Income Statement of The Pavilion | for the year ended 30 June 2026

Kiama Municipal Council

Income Statement of The Pavilion

for the year ended 30 June 2026

\$ '000	2026 Category 2	2025 Category 2
Income from continuing operations		
User charges and fees	584	649
Grants and contributions provided for capital purposes	—	24
Total income from continuing operations	584	673
Expenses from continuing operations		
Employee benefits and on-costs	276	282
Materials and services	416	456
Calculated taxation equivalents	24	24
Other expenses	598	—
Total expenses from continuing operations excluding depreciation, amortisation and impairment of non-financial assets	1,314	762
Operating result from continuing operations excluding depreciation, amortisation and impairment of non-financial assets before capital amounts	(730)	(89)
Depreciation, amortisation and impairment of non-financial assets	155	141
Surplus (deficit) from continuing operations before capital amounts	(885)	(230)
Surplus (deficit) from continuing operations after capital amounts	(885)	(230)
Surplus (deficit) from all operations before tax	(885)	(230)
Surplus (deficit) after tax	(885)	(230)
Plus accumulated surplus	(437)	(231)
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	24	24
Closing accumulated surplus	(1,298)	(437)
Return on capital %	(8.7)%	(3.2)%
Subsidy from Council	885	230

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Kiama Municipal Council | Statement of Financial Position of Holiday Parks | as at 30 June 2026

Kiama Municipal Council

Statement of Financial Position of Holiday Parks

as at 30 June 2026

\$ '000	2026 Category 1	2025 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	2,881	3,672
Receivables	7,645	334
Total current assets	10,526	4,006
Non-current assets		
Infrastructure, property, plant and equipment	33,757	39,478
Total non-current assets	33,757	39,478
Total assets	44,283	43,484
LIABILITIES		
Current liabilities		
Borrowings	500	500
Payables	628	863
Employee benefit provisions	56	31
Total current liabilities	1,184	1,394
Non-current liabilities		
Borrowings	1,250	1,750
Employee benefit provisions	5	2
Intercompany loan	—	—
Total non-current liabilities	1,255	1,752
Total liabilities	2,439	3,146
Net assets	41,844	40,338
EQUITY		
Accumulated surplus	26,708	25,212
Revaluation reserves	15,136	15,126
Total equity	41,844	40,338

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Enclosure 1

Kiama Municipal Council | Statement of Financial Position of Blue Haven Terralong | as at 30 June 2026

Kiama Municipal Council

Statement of Financial Position of Blue Haven Terralong

as at 30 June 2026

\$ '000	2026 Category 1	2025 Category 1
ASSETS		
Current assets		
Cash and cash equivalents	2,289	4,152
Receivables	16	246
Total current assets	2,305	4,398
Non-current assets		
Receivables	156	212
Investment property	82,479	80,200
Total non-current assets	82,635	80,412
Total assets	84,940	84,810
LIABILITIES		
Current liabilities		
Payables	65,388	62,061
Employee benefit provisions	50	32
Total current liabilities	65,438	62,093
Non-current liabilities		
Intercompany loan	16,062	20,113
Employee benefit provisions	4	2
Total non-current liabilities	16,066	20,115
Total liabilities	81,504	82,208
Net assets	3,436	2,602
EQUITY		
Retained earnings	(14,346)	(15,180)
Revaluation reserves	17,782	17,782
Total equity	3,436	2,602

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Kiama Municipal Council | Statement of Financial Position of Commercial Waste | as at 30 June 2026

Kiama Municipal Council

Statement of Financial Position of Commercial Waste

as at 30 June 2026

\$ '000	Notes	2026 Category 2	2025 Category 2
ASSETS			
Current assets			
Receivables		42	278
Total current assets		42	278
Non-current assets			
Infrastructure, property, plant and equipment		1,647	1,327
Total non-current assets		1,647	1,327
Total assets		1,689	1,605
LIABILITIES			
Current liabilities			
Intercompany loan		915	783
Employee benefit provisions		708	765
Total current liabilities		1,623	1,548
Non-current liabilities			
Employee benefit provisions		66	57
Total non-current liabilities		66	57
Total liabilities		1,689	1,605
Net assets		—	—

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Kiama Municipal Council | Statement of Financial Position of The Pavilion | as at 30 June 2026

Kiama Municipal Council

Statement of Financial Position of The Pavilion

as at 30 June 2026

\$ '000	Notes	2026 Category 2	2025 Category 2
ASSETS			
Current assets			
Receivables		13	42
Total current assets		13	42
Non-current assets			
Infrastructure, property, plant and equipment		10,206	7,178
Total non-current assets		10,206	7,178
Total assets		10,219	7,220
LIABILITIES			
Current liabilities			
Payables		23	36
Employee benefit provisions		102	108
Intercompany loan		4,236	356
Total current liabilities		4,361	500
Non-current liabilities			
Employee benefit provisions		12	13
Total non-current liabilities		12	13
Total liabilities		4,373	513
Net assets		5,846	6,707
EQUITY			
Retained earnings		(1,298)	(437)
Revaluation reserves		7,144	7,144
Total equity		5,846	6,707

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Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2021* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

Declared business activities

In accordance with Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality, Council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Blue Haven

Independent Living Units

b. Holiday Parks

Caravan and Camping Parks

Category 2

(where gross operating turnover is less than \$2 million)

a. Commercial Waste

Commercial waste services

b. The Pavilion

Venue hire

Taxation equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

Note – Material accounting policy information (continued)

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 25%

Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

Local government rates and charges

A calculation of the equivalent rates and charges for all Category 1 businesses has been applied to all assets owned, or exclusively used by the business activity.

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

(i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of IPPE as at 30 June 2026

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.74% at 30/06/26.

Kiama Municipal Council | Special Purpose Financial Statements 2026

Kiama Municipal Council

Special Purpose Financial Statements for the year ended 30 June 2026

Independent Auditor's Report

Please upift Council's Audit Report PDF (opinion) for inclusion in the SPFS report (via the Home screen).

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Special Schedules Financial Statements

For the year ended 30 June 2026



KIAMA MUNICIPAL COUNCIL
your council, your community

Kiama Municipal Council

Special Schedules
for the year ended 30 June 2026

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Kiama Municipal Council | Permissible income for general rates | for the year ended 30 June 2026

Kiama Municipal Council

Permissible income for general rates

\$ '000	Notes	Calculation 2025/26	Calculation 2026/27
Notional general income calculation ¹			
Last year notional general income yield	a	21,840	22,719
Plus or minus adjustments ²	b	74	34
Notional general income	c = a + b	21,914	22,753
Permissible income calculation			
Percentage increase	d	3.70%	3.20%
Plus percentage increase amount ³	f = d x (c + e)	811	728
Sub-total	g = (c + e + f)	22,725	23,481
Plus (or minus) last year's carry forward total	h	2	2
Less valuation objections claimed in the previous year	i	(6)	—
Sub-total	j = (h + i)	(4)	2
Total permissible income	o = k + n	22,721	23,483
Less notional general income yield	l	22,719	23,477
Catch-up or (excess) result	m = k - l	2	6
Plus income lost due to valuation objections claimed ⁴	n	—	—
Carry forward to next year ⁶	p = m + n + o	2	6

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (3) The 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Permissible income for general rates

Permissible income for general rates: PLUS PDF inserted here

Council needs to uplift custom PDF here - please uplift via "PLUS PDF" choice in the Home/TOC screen?

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Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2025/26 Required maintenance ^a	2025/26 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Asset condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	2,795	2,795	2,690	2,690	110,012	159,754	50.0%	42.0%	4.0%	4.0%	0.0%
	Sub-total	2,795	2,795	2,690	2,690	110,012	159,754	50.0%	42.0%	4.0%	4.0%	0.0%
Other structures	Other structures	235	235	445	445	29,306	48,372	50.0%	29.0%	16.0%	4.0%	1.0%
	Sub-total	235	235	445	445	29,306	48,372	50.0%	29.0%	16.0%	4.0%	1.0%
Roads	Roads	4,332	4,332	1,687	1,687	108,423	203,099	27.0%	50.0%	15.0%	4.0%	4.0%
	Bridges	288	288	—	—	40,083	69,681	25.0%	40.0%	28.0%	7.0%	0.0%
	Footpaths	121	121	104	104	10,279	17,473	24.0%	44.0%	31.0%	1.0%	0.0%
	Bulk earthworks	—	—	—	—	22,547	22,547	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	4,741	4,741	1,791	1,791	181,332	312,800	24.4%	43.8%	17.7%	4.2%	9.9%
Stormwater drainage	Stormwater drainage	402	402	429	429	55,056	88,852	30.0%	58.0%	10.0%	1.0%	1.0%
	Sub-total	402	402	429	429	55,056	88,852	30.0%	58.0%	10.0%	1.0%	1.0%
Open space / recreational assets	Swimming pools	—	—	680	680	3,345	5,599	71.0%	29.0%	0.0%	0.0%	0.0%
	Recreation	1,387	1,387	2,149	2,149	11,623	16,937	75.0%	13.0%	11.0%	1.0%	0.0%
	Sub-total	1,387	1,387	2,829	2,829	14,968	22,536	74.0%	17.0%	8.3%	0.8%	0.0%
Total – all assets		9,560	9,560	8,184	8,184	390,674	632,314	35.4%	43.3%	12.7%	3.6%	5.0%

(a) Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

#	Condition
1	Excellent/very good
2	Good
3	Satisfactory
4	Poor
5	Very poor

Integrated planning and reporting (IP&R) description

No work required (normal maintenance)
Only minor maintenance work required
Maintenance work required
Renewal required
Urgent renewal/upgrading required

Kiama Municipal Council | Report on infrastructure assets as at 30 June 2026

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2026	Indicator 2026	Indicator 2025	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ^{1, 2}	10,543	140.84%	264.72%	> 100.00%
Depreciation, amortisation and impairment	7,486			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	9,560	2.30%	2.39%	< 2.00%
Net carrying amount of infrastructure assets	415,254			
Asset maintenance ratio				
Actual asset maintenance	8,184	100.00%	100.00%	> 100.00%
Required asset maintenance	8,184			

(*) All asset performance indicators are calculated using classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(2) The balance of Infrastructure Property Plant and Equipment as at 30 June 2022 and as at 30 June 2021 could not be fully verified by management.

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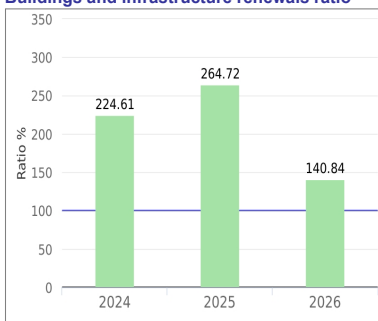
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Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Kiama Municipal Council | Report on infrastructure assets as at 30 June 2026

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result

25/26 ratio 140.84%

The buildings and infrastructure renewals ratio remained well above the benchmark in 2025/26. Council's focus on delivering grant-funded capital projects during the year contributed to a lower level of asset renewal expenditure, while the ratio continued to exceed the benchmark.

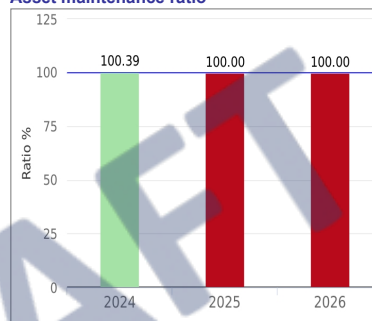
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result

25/26 ratio 100.00%

Council maintains its commitment to asset maintenance, supporting satisfactory asset conditions and service levels. The asset maintenance ratio remains on benchmark.

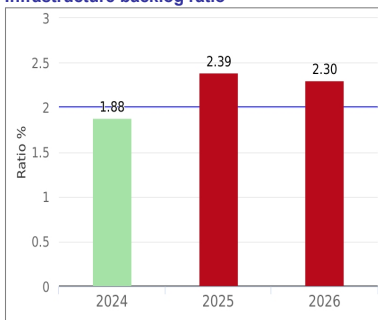
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result

25/26 ratio 2.30%

The infrastructure backlog ratio remained above the benchmark in 2025/26. Council continued to manage its backlog assets despite reducing the funding allocated to these assets during the year.

Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Kiama Municipal Council

Report on infrastructure assets as at 30 June 2026

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Benchmark
	2026	2025	
Buildings and infrastructure renewals ratio			
Asset renewals ¹			
Depreciation, amortisation and impairment	140.84%	264.72%	> 100.00%
Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard			
Net carrying amount of infrastructure assets	2.30%	2.39%	< 2.00%
Asset maintenance ratio			
Actual asset maintenance			
Required asset maintenance	100.00%	100.00%	> 100.00%
Cost to bring assets to agreed service level			
Estimated cost to bring assets to an agreed service level set by Council			
Gross replacement cost	1.51%	1.56%	

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.