

2.1 Monthly Finance Report December 2025

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Recommendation

That Council receives the Monthly Financial Report – December 2025.

Report Purpose

To present to Council the monthly financial report for December 2025.

Executive Summary

For 2025-26 FY Council has budgeted, on a consolidated basis, an adopted operating surplus before capital income of \$11.8M. As at 31 December 2025, Council has an operating deficit of less than \$0.1M, compared to a YTD budgeted operating deficit of \$3.8M. The budgeted net operating position will fluctuate throughout the financial year, reflecting timing of income and expenditure. In the first half of financial year, Council's year-to-date budgeted operating position will remain as a deficit, mainly due to timing of approximately half of the Financial Assistance Grant advance payment budget (\$16.8M) currently phased in June 2026 based on past advance payment experience. These budget assumptions will be reviewed closely as part of the December 2025 Quarterly Budget Review process and budget adjustments will be proposed where required. The YTD favourable variance of \$3.7M represents less than 1% of Council's gross annual operating expenditure budget of \$894.4M.

Background

The monthly financial report has been prepared in accordance with the requirements of the *Local Government Act 1993*, the *Local Government (General) Regulation 2021*, and the relevant accounting and reporting requirements of the Office of Local Government prescribed Code of Accounting Practice and Financial Reporting, and Australian Accounting Standards.

Report


FY2025-26 Year to Date Summary- December

Consolidated Operating Statement

As at 31 December 2025, Council has a consolidated net operating deficit of less than \$0.1M, before capital income, which is favourable to YTD budget by \$3.7M. The overall variance is predominantly driven by a YTD favourable variance in operating expenses, being a favourable YTD variance of \$3.8M (1% of YTD operating expenses budget), partly offset by YTD unfavourable variance in operating income against budget of \$0.1M. Whilst YTD income and YTD expenses are within 5% variance compared to YTD Budget, there are line items which are greater than 5% variance, and the reasons are discussed in detail under variance analysis. The net operating surplus including capital income is \$56.7M which is favourable to YTD budget by \$31.1M. Most YTD Budget variances before capital income reported as of 31 December 2025 are deemed to be predominantly timing.

It is further noted that most of timing and true variances identified in this report are being addressed as part of December 2025 Quarterly Budget Review (QBR) and will be tabled at the February Ordinary Meeting of Council.

Table 1 – Consolidated (all Funds) Operating Statement December 2025

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: center;"> <h2 style="margin: 0;">Consolidated</h2> <h3 style="margin: 0;">Operating Statement</h3> <h4 style="margin: 0;">December 2025</h4> </div>  </div>							
	2024-25 Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
Operating Income							
Rates and Annual Charges	459,605	483,772	484,352	241,596	242,483	887	0%
User Charges and Fees	181,232	189,240	191,311	77,249	75,817	(1,431)	2%
Other Revenue	21,111	18,131	22,385	9,782	9,950	168	2%
Interest	45,062	40,975	44,114	14,185	14,061	(125)	1%
Grants and Contributions	44,393	44,993	45,856	12,912	13,632	719	6%
Gain on Disposal	1,428	1,000	1,000	575	588	14	2%
Other Income	11,276	11,231	11,704	6,282	6,272	(10)	0%
Internal Revenue	108,577	105,794	105,471	51,258	50,913	(346)	1%
Total Income attributable to Operations	872,685	895,136	906,194	413,839	413,716	(123)	0%
Operating Expenses							
Employee Costs	225,356	234,265	233,622	114,338	115,361	(1,023)	1%
Borrowing Costs	13,214	14,069	14,074	3,862	3,843	19	0%
Materials and Services	240,236	256,748	266,915	121,231	113,803	7,428	6%
Depreciation and Amortisation	211,448	228,071	228,616	111,868	113,067	(1,199)	1%
Other Expenses	46,109	52,794	52,301	19,128	17,620	1,508	8%
Loss on Disposal	9,410	3,500	3,551	394	2,546	(2,152)	546%
Internal Expenses	98,414	95,920	95,338	46,768	47,507	(738)	2%
Overheads	-	-	-	0	-	0	100%
Total Expenses attributable to Operations	844,186	885,367	894,417	417,590	413,746	3,844	1%
Operating Result after Overheads and before Capital Amounts	28,499	9,769	11,776	(3,751)	(30)	3,721	
Capital Grants	78,236	75,015	65,617	15,588	12,680	(2,908)	19%
Capital Contributions	51,222	29,748	28,932	13,749	44,032	30,283	220%
Grants and Contributions Capital Received	129,459	104,764	94,548	29,337	56,712	27,375	93%
Net Operating Result	157,958	114,532	106,324	25,587	56,682	31,095	

Variance analysis of the consolidated operating result is as follows:

Key Variances from Operating Income YTD

Timing variances:

- Water and Sewer user charges - \$1.4M unfavourable
- Development Assessment Fees - \$0.6M favourable
- State Library per capita grant - \$1.0M favourable
- Holiday Parks and Parking Stations income – \$0.5M favourable

True variances:

- Waste Management Facility gate fees - \$1.4M unfavourable

Q2 budget adjustments are being proposed for true variances and Q2 phasing adjustments are being proposed to address timing variances identified during the review.

Key Variances from Operating Expenditure YTD

Timing variances:

- Materials and Services - \$7.4M favourable
 - Waste and Resource Recovery - \$1.5M favourable
 - Road Maintenance and Constructions (mainly timing of Road Maintenance Council Contracts (RMCC) expenses) - \$0.8M favourable
 - Environmental Compliance Services - \$0.8M favourable
 - Plant and Fleet - \$0.7M favourable
 - Environmental Management operating projects - \$0.7M favourable (mainly timing variance \$0.5M and 0.2M true variance)
 - Community and Culture - \$0.7M favourable
 - Commercial Property and Business Enterprise - \$0.5M favourable
 - Facilities and Asset Management - \$0.4M favourable
 - Staff Training and other employee related cost - \$0.4M favourable
 - Information and Technology system implementation - \$0.4M favourable
- Depreciation and Amortisation - \$1.2M unfavourable
- Loss on Disposal (scheduled asset replacements) - \$2.2M unfavourable

True variances:

- Water and Sewer Employee cost - \$1.0M unfavourable
- EPA waste levy - \$2.0M favourable
- Water and Sewer operating expenses - \$0.7M unfavourable
- Fair Value Decrements on Investments - \$0.5M unfavourable

Q2 budget adjustments are being proposed for true variances and Q2 phasing adjustments are being proposed to address timing variances identified.

Key Variances from Capital Grants and Contributions YTD

Timing variances:

- Capital Grants - \$2.9M unfavourable
- Capital Contributions - \$30.3M favourable

Financial Performance by Fund

The following Tables summarise the financial performance for the reporting period by Fund.

Table 2 – General (including Drainage and Waste) Fund Operating Statement – December 2025

Total General (+Drainage & Waste) Fund							
Operating Statement							
December 2025							
	PRIOR YEAR Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
Operating Income							
Rates and Annual Charges	329,283	346,440	347,020	174,285	174,903	617	0%
User Charges and Fees	84,512	91,275	93,346	42,477	42,440	(37)	0%
Other Revenue	20,276	18,131	22,242	9,639	9,781	142	1%
Interest	32,670	30,667	32,989	10,556	10,311	(245)	2%
Grants and Contributions	44,247	44,993	45,763	12,819	13,520	701	5%
Gain on Disposal	1,428	1,000	1,000	575	588	14	2%
Other Income	11,276	11,231	11,704	6,282	6,272	(10)	0%
Internal Revenue	104,259	101,361	101,258	49,889	49,512	(376)	1%
Total Income attributable to Operations	627,950	645,098	655,323	306,522	307,327	806	0%
Operating Expenses							
Employee Costs	181,667	188,362	187,542	91,246	91,301	(55)	0%
Borrowing Costs	4,780	4,314	4,294	588	585	3	1%
Materials and Services	188,759	199,441	204,889	92,173	84,059	8,114	9%
Depreciation and Amortisation	125,130	133,183	136,552	68,655	69,854	(1,198)	2%
Other Expenses	45,551	52,794	52,291	19,118	17,402	1,716	9%
Loss on Disposal	6,475	2,000	2,051	394	2,546	(2,152)	546%
Internal Expenses	80,415	82,396	84,101	40,693	41,402	(709)	2%
Overheads	(27,456)	(26,889)	(26,889)	(13,444)	(13,445)	0	0%
Total Expenses attributable to Operations	605,322	635,602	644,831	299,423	293,703	5,720	2%
Operating Result after Overheads and before Capital Amounts	22,629	9,496	10,491	7,099	13,624	6,525	
Capital Grants	66,948	57,556	52,943	12,121	9,094	(3,027)	25%
Capital Contributions	39,547	22,662	21,637	9,998	38,800	28,802	288%
Grants and Contributions Capital Received	106,495	80,218	74,580	22,119	47,894	25,775	
Net Operating Result	129,124	89,714	85,072	29,218	61,519	32,301	

The overall variance in Total General Fund operating result before capital income is predominantly driven by a YTD favourable variance in operating expenses, being a favourable YTD variance of \$5.7M (2% of YTD operating expenses budget), and YTD favourable variance in operating income against budget of \$0.8M. (less than 1% of YTD operating income budget). Main reasons for these variances are outlined in the variance analysis section above.

Table 3 – Water and Sewer Fund Operating Statement - December 2025

Total Water & Sewer Fund							
Operating Statement							
December 2025							
	2024-25 Actuals	Original Budget	FULL YEAR Budget	YTD Budget	YTD Actuals	YTD Variance (excluding commitments)	YTD Variance (excluding commitments)
	\$'000	\$'000		\$'000	\$'000	\$'000	%
Operating Income							
Rates and Annual Charges	130,323	137,332	137,332	67,310	67,580	270	0%
User Charges and Fees	96,720	97,965	97,965	34,772	33,377	(1,394)	4%
Other Revenue	835	-	143	143	169	26	18%
Interest	12,392	10,308	11,125	3,629	3,750	120	3%
Grants and Contributions	146	-	93	93	112	19	20%
Gain on Disposal	-	-	-	-	-	-	100%
Other Income	-	-	-	-	-	-	100%
Internal Revenue	4,319	4,433	4,213	1,370	1,400	31	2%
Total Income attributable to Operations	244,735	250,038	250,871	107,317	106,388	(929)	1%
Operating Expenses							
Employee Costs	43,689	45,903	46,080	23,092	24,061	(968)	4%
Borrowing Costs	8,433	9,755	9,780	3,273	3,258	16	0%
Materials and Services	51,477	57,307	62,026	29,058	29,744	(686)	2%
Depreciation and Amortisation	86,318	94,887	92,064	43,213	43,213	(0)	0%
Other Expenses	558	-	10	10	218	(208)	2153%
Loss on Disposal	2,935	1,500	1,500	-	-	-	100%
Internal Expenses	17,998	13,524	11,237	6,075	6,105	(29)	0%
Overheads	27,456	26,889	26,889	13,445	13,445	-	0%
Total Expenses attributable to Operations	238,865	249,765	249,586	118,167	120,043	(1,876)	2%
Operating Result after Overheads and before Capital Amounts	5,870	273	1,285	(10,850)	(13,655)	(2,805)	
Capital Grants	11,288	17,459	12,673	3,467	3,586	119	3%
Capital Contributions	11,675	7,086	7,295	3,751	5,232	1,481	39%
Grants and Contributions Capital Received	22,963	24,545	19,968	7,218	8,818	1,600	22%
Net Operating Result	28,834	24,818	21,253	(3,631)	(4,837)	(1,205)	33%

The overall variance in Total Water and Sewer Fund operating result before capital income is predominantly driven by a YTD unfavourable variance in operating expenses, being an unfavourable YTD variance of \$1.9M (2% of YTD operating expenses budget), and YTD unfavourable variance in operating income against budget of \$0.9M (0.9% of YTD operating income budget).

YTD variance in operating income is mainly timing of water billing cycles compared to budgeted timing assumptions. YTD variance in operating expenses is driven by unfavourable variance in Employee Costs and Materials and Services, due to a combination of timing and true variances. Q2 budget adjustments are being proposed for true variances and Q2 phasing adjustments are being proposed to address timing variances identified.

Cash and Investments

Details on cash and investments as at 31 December 2025 are included in the Monthly Investment Report December 2025.

Loans

As at 31 December 2025 Council has borrowings totalling \$168.2M, across all Funds.

Table 4 – Outstanding loan borrowings by Fund – December 2025

Fund	General Fund	Drainage Fund	General Fund Consolidated with Drainage Fund	Water and Sewer Fund
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
External Loans – Current	3,293	1,268	4,561	25,975
External Loans – Non-Current	9,045	4,729	13,774	123,865
Total external loans	12,338	5,997	18,335	149,840

Current loans refer to loans payable in the next 12 months, while non-current loans are those payable after that.

Borrowing for infrastructure assets such as sewer, water, and drainage assets, which benefit multiple generations is appropriate, and is good practice, to achieve intergenerational equity.

General Fund Debt

Although Council has sufficient unrestricted cash to extinguish all General Fund loans, it is not prudent to do so as early payment would result in breaking costs, and the investment portfolio is returning a higher rate than the holding costs of the loans.

Council has a relatively low level of debt considering the size of this Council.

Capital Works Program

For 2025-26, Council has a FY capital budget of \$296.6M. As at 31 December 2025, capital expenditure is \$102.9M against a YTD budget of \$114.9M for the same period. Commitments (approved purchase orders to external suppliers) of \$57.4M have been raised for delivery this financial year.

Delivery of works is impacted by several factors including inclement weather conditions including natural disasters, availability of suppliers, and any required planning and approval processes.

The current expenditure against budget indicates that delivery of works is tracking behind the budget. As part of the QBR, budget assumptions will be reviewed to ensure that Council's capital works program remains within the organisation's capacity to resource and deliver the adopted Operational Plan.

Table 5 – Capital Expenditure – December 2025

Department	Original Budget	FULL YEAR Budget	YTD Budgets	YTD Actuals	Current FY Commitments	YTD Variance * (excluding commitments)	YTD Variance % (excluding commitments)
	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	\$ 000s	%
01. Office of the Chief Executive Officer	-	-	-	-	-	-	-
02. Community and Recreation Services	33,328	32,680	10,734	9,431	6,583	(1,303)	(12%)
03. Infrastructure Services	122,122	118,199	48,148	38,459	19,196	(9,690)	(20%)
04. Water and Sewer	132,192	111,124	41,041	41,504	20,842	463	1%
05. Environment and Planning	11,641	13,764	6,259	5,852	2,419	(407)	(6%)
06. Corporate Services	20,828	20,878	8,739	7,626	8,372	(1,112)	(13%)
Total	320,111	296,645	114,920	102,872	57,411	(12,049)	(10%)

* Negative variance denotes an underspend in capital budget

Figure 1 – Capital Expenditure by Directorate

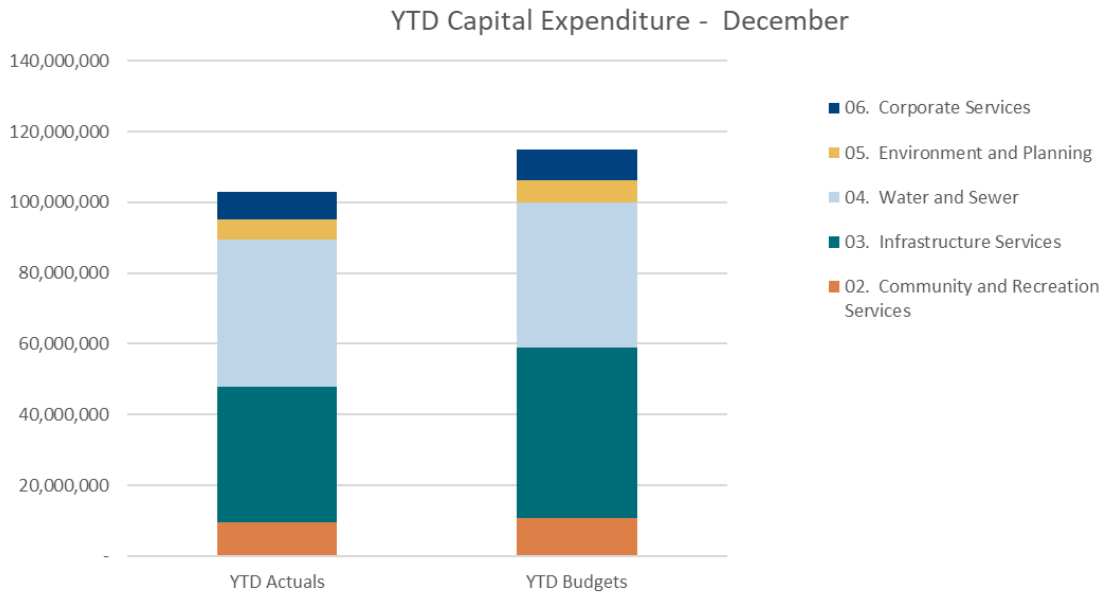
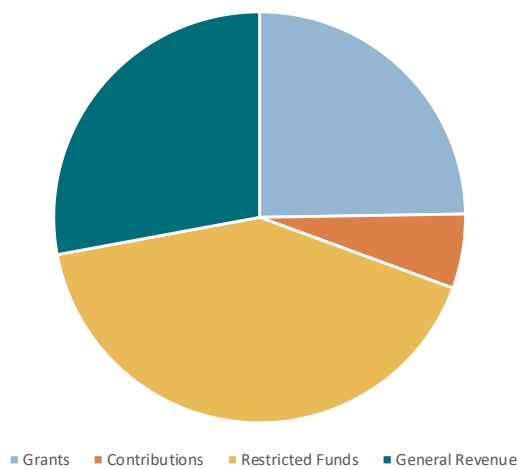


Figure 2 – Capital Expenditure by Funding Source

YTD Capital expenditure by funding source



General Revenue	28%
Restricted Funds	41%
Contributions	6%
Grants	25%

Stakeholder Engagement

The annual budget is formulated in response to community engagement regarding desired service provision and forms part of the Resourcing Strategy to support the implementation of the Operational Plan. Monthly financial reports do not require further consultation.

Financial Considerations

Financial Year (FY) Implications

This proposal has cost and revenue financial implications for the current FY and outer years in the LTFP.

Budget and Long-Term Financial Plan (LTFP) Impact

This proposal has cost and revenue financial implications for the current FY and outer years in the LTFP.

Link to Community Strategic Plan

Our Leadership - The systems, processes and partnerships that ensure genuine community participation, financial stewardship and excellent service deliver to our community.

Goal - LE1: Good governance, strong partnerships, and a transparent Council.

Strategy - LE 1.1: Ensure Council is financially sustainable and provides transparent and accountable reporting and audit process.

Risk Management

Council's financial management framework includes the monthly review and reporting of significant variances to budget. This ensures that any issues are identified and rectified in a timely manner, with any necessary adjustments being captured in the appropriate Quarterly Budget Review.

This process mitigates the risk of Council's financial performance deviating from the adopted budget and ultimately altering the trajectory of Council's Long Term Financial Plan.

Critical Dates or Timeframes

Council receives monthly financial reports to ensure that Council is kept up to date with Council's financial performance.

Attachments

Nil