

Quarterly Report to the Inspector 30 April 2026

EXECUTIVE SUMMARY QUARTERLY REPORT – PERIOD ENDING 31 MARCH 2026

PURPOSE

This summary provides a clear line of sight to the Shire of Coolgardie's (SoC) current compliance status, financial position and key risks, consistent with the Ministerial Expectations issued on 22 December 2025. It ensures transparency between the SoC and the Minister's office, specifically addressing the mandates of the Show Cause Notice. Beyond statutory obligation, this analysis functions as a strategic diagnostic of the Shire's recovery, assessing whether operational results align with the governance reforms required for long-term municipal viability.

BACKGROUND

The SoC operates under a rigorous regulatory oversight framework mandated by the Department of Local Government, Industry Regulation and Safety (LGIRS). This environment was formalised following correspondence from the Minister for Local Government dated 22 December 2025, which detailed explicit "Ministerial Expectations" regarding the SoC's financial recovery and governance. The SoC understands that this oversight is not elective; it is a direct response to historical financial instability and requires the Shire to demonstrate measurable progress through the completion of statutory planning documents and transparent financial reporting.

The SoC is committed to working closely with the LGIRS Inspector. The Shire will continue to communicate openly with our residents, businesses and stakeholders as we progress through the recovery period.

This report is a critical strategic instrument for the CEO and Council, designed to assess the Shire of Coolgardie's progress against the rigorous regulatory requirements currently in force. For a local government operating under intense scrutiny, absolute transparency and reporting precision are not merely compliance exercises; they are the fundamental mechanisms for maintaining the Shire's long-term solvency and restoring the Minister's confidence in the Council's governance capacity.

The current reporting regime originated from a Ministerial Show Cause Notice (84-08758), issued following escalating concerns regarding the Shire's financial position. This situation was compounded by the 2023 State Administrative Tribunal (SAT) ruling regarding Polaris Metals (Mineral Resources Ltd), which identified that the Shire had incorrectly applied valuation bases to mining assessments over four financial years. This resulted in a \$1,839,386 liability. Critically, this oversight was attributed to a significant governance failure, specifically high staff turnover and a lack of awareness regarding the settlement status by the former CEO and CFO. Consequently, the Shire was required to develop a Financial Recovery Plan (FRP) and restate its 2023/24 financial reports.

The Financial Recovery Plan (FRP) reflects our commitment to good governance, financial responsibility, and the long-term wellbeing of the SoC.

CEO Assurance

The current administration has full visibility of the SoC’s financial position, liabilities and risks. All known historical issues have been disclosed, incorporated into planning and are being addressed through disciplined, deliberate decision-making. The SoC remains committed to restoring the Minister’s confidence in the Council’s governance capacity through transparency, compliance and demonstrable progress.

1. Compliance Status

The Shire acknowledges that Ministerial oversight is not elective and remains fully committed to meeting both the intent and the details of the reporting framework.

Ministerial Reporting Milestones

Reporting Period	Data Coverage	Submission Deadline
Quarter 1 (SoC Q2)	October to December 2025	31 January 2026
Quarter 2 (SoC Q3)	January to March 2026	30 April 2026
Quarter 3 (SoC Q4)	April to June 2026	31 July 2026
Quarter 4 (SoC Q1)	July to September 2026	31 October 2026

Ministerial Expectations for Q2 (SoC Q3) Report

Minister's Expectation	Status	Management Comment / Action Required
Quarterly Updates on FRP & LTFP Implementation	Met	Period ending 31 March 2026 update provided via this report.
Statement of Comprehensive Income (with Estimated Actuals)	Met	Compliant & Reported Separately in template
Statement of Cash Flows (including Estimated Actuals)	Met	Compliant & Reported Separately in template
Statement of Financial Position (with Estimated Actuals)	Met	Compliant – Including Forecast to 30 June 2026
Updated Debt Position & Reserve Balances	Met	<p>Separated into 2 separate categories (1) Debt & (2) Reserves</p> <ol style="list-style-type: none"> 1. Total Debt - \$26.24m - <i>consisting of \$25.46 million in loans and \$0.78 million in lease liabilities.</i> 2. Reserves - \$263,950k
Adopted Long-Term Financial Plan (LTFP) & Asset Management Plan	Met	<p>LTFP adopted by Council in September 2025 Reviewed and Updated LTFP adopted by Council 24 March 2026 Reviewed and updated LTFP adopted by Council 28 April 2026 Asset Management Plan adopted by Council 24 March 2026</p>

Compliance Progress: Reporting & Planning Milestones

Item Description	Due Date	Current Status (Met/Not Met)
Submit high-level timetable for Integrated Planning and Reporting Framework (IPRP)	17 Nov 2025	Met
Quarterly Update (Oct–Dec 2025)	31 Jan 2026	Met
Workforce Plan	31 Mar 2026	Met
Long-Term Financial Plan (LTFP)	31 Mar 2026	Met
Asset Management Plan (AMP)	31 Mar 2026	Met
Quarterly Update (Jan-Mar 2026)	30 April 2026	Met
Strategic Community Plan (Minor Review)	30 Jun 2026	Not Met (Work has commenced)
Corporate Business Plan	30 Sept 2026	Not Met (Work has commenced)

Current Financial Position

- The Shire reported an \$8.37 million year-to-date operating surplus as at 31 March 2026 compared to deficit position of \$3.54 million at 30 June 2025.
- Operating revenue grew robustly from \$25.95 million in Q2 to \$30.70 million in Q3.
- While revenue is exceeding targets, the Shire remains in a recovery phase characterised by defensive expenditure management.
- Total operating expenditure outpaced this growth, jumping from \$14.49 million in Q2 to \$21.31 million in Q3.
- This position reflects temporary stabilisation, moving to structural financial reset. It has been driven by:
 - High occupancy at Bluebush Village, (noting that in March 2026 the Council resolved to sell Bluebush Village for \$22,055,000 (GST inclusive))
 - Vacancy management across the workforce and
 - Strategic refinancing of debt on interest only terms.
- Cash and cash equivalents of \$11.41 million (including term deposits) decreasing from \$12.55 at the end of SoC Q2. The SoC Q2 report correctly predicted this decline, noting that the cash peak in December was temporary and would be consumed as the Shire cleared outstanding creditors, contract liabilities, and capital infrastructure backlogs in the second

half of the year.

5. Key areas of focus include:

- a. A continued shortfall in Capital Grant Funding. The Shire had a Year to Date (YTD) budget expectation of \$4.4 million, but only \$908,832 has been received. This represents a negative variance of 79.35% but does not take into accounts \$1.78 million shown as a contract liability at 30 March 2026 that will be recognised as revenue in Q4 as capital works are completed.
- b. Delays in Capital Works Execution. Total capital expenditure YTD is \$2.36 million against a YTD budget of \$6.69 million. This underscores that the Shire's capital works program is heavily delayed, pushing a significant backlog of infrastructure spending into the final quarter of the year. The delays are now further impacted by increases in diesel prices, gravel and other materials due to the War in Iran.
- c. The Council's resolution to sell the Bluebush Accommodation Village to Westgold Resources for \$22.055 million, the Statement of Comprehensive Income now records a "Loss on Disposal of Asset" of \$1.603 million. While this sale was deemed strategically necessary to eliminate debt, it has triggered a substantial accounting loss for this period.
- d. Operational utility charges are running over budget. The performance assessment against the Long-Term Financial Plan (LTFP) anticipates a \$200,000 negative variance in utilities for the full year, however 75% of these costs will be reimbursed.
- e. In addition to the capital grant deficit, the Shire is experiencing an underperformance in operational funding. The LTFP comparison notes a \$721,398 shortfall in Operating Grants, Subsidies & Contributions, which is attributed to lagging mining contributions and issues with the CDC Support Hub.

Critical Revenue Analysis

- Revenue growth was heavily reliant on "Fees & Charges", which increased from \$9.59 million in Q2 to \$13.67 million in Q3 (15.89% positive variance against the Shire's YTD budget expectations for the period), validating earlier observations that the Shire's short-term turnaround was dependent on the commercial performance and high occupancy of the Bluebush Village. Revenue from Bluebush Village has been removed from the revised LTFP endorsed by Council at the 28 April 2026 Ordinary Council Meeting.
- The Shire is tracking slightly ahead of its amended operating grant budget. By the end of Q3, the Shire had collected \$1.34 million in operating grants, subsidies, and contributions against a YTD budget expectation of \$1.29 million (a 3.60% positive variance).
- A 34.33% positive variance in interest earnings (\$213,684) reflects the active investment of surplus funds generated by early rate collections and deferred spending.

Interest and Cash Flow Management

Category	Performance	Strategic Impact
Interest Earnings	47.15% Above Budget (\$311,719)	<p>Effective investment of cyclical surplus funds from rates.</p> <p>These cash reserves are projected to be rapidly consumed in the final quarter of the year to clear the capital works backlog and outstanding creditors, this high rate of interest generation will likely drop significantly as cash balances tighten leading into June 2026.</p>
Interest Expenses	23.79% Below Budget (\$906,287)	<p>Favourable variance is the result of interest costs accrued at 30 June 2025 that were included as costs in 25/26 Budget. Variance will sort itself at 30 June 2026 following accrual of interest costs in 25/26 financial year.</p> <p>A significant portion of this ongoing interest burden is directly tied to the multi-million dollar loans taken out for the Bluebush Accommodation Village. The sale of the Village is estimated to save approximately \$5 million in interest payments over the next 10 years.</p>

Expenditure Profile and Human Capital Risks

The Shire recorded a 17.6% underspend in Employee Coss (\$4.01 million actual vs \$4.87 million budget), compared to a 21.79% underspend in Soc Q2 reporting (\$2.59 million actual vs. \$3.31 million budget). While this improves the bottom line, it presents a strategic risk:

- This variance follows a "deliberate continued decision to suspend recruitment" in 2024/25 to preserve cash.
- While vacancy management provides a short-term cash benefit, continuing this trend risks institutional burnout and compromised service delivery. The Financial Recovery Plan's goal of "restoring positions" is being sacrificed for immediate liquidity, which is unsustainable for long-term Shire health.
- Backfilling and recruitment for critical vacancies have commenced (including CEO recruitment and engaging contractors for executive roles), as the Shire recognises that filling these positions is essential to maintain operational stability and support the delivery of high-quality services. As these roles are progressively filled, the high positive variance in employee costs is expected to close.

Bluebush Village – Divestment

On 24 March 2026 Council resolved to sell Bluebush Village to Westgold Resources Ltd for \$22,055,000 (GST inclusive). The financial implications to the Shire of the proposed transaction are significant. They are detailed in full within the “Business Plan for a Major Land Transaction and Major Trading Undertaking, Proposed Disposal of Bluebush Village to Westgold Resources Ltd” which was approved by Council at the 16 December 2025 Ordinary Council Meeting.

This resolution triggered significant changes to the SoC Q3 amended budget, including the recognition of a \$1.6 million "Loss on Disposal of Asset" alongside large adjustments to depreciation and materials and contracts. This sale represents the Shire's shift from "defensive austerity" to a long term structural fix.

2. Key Financial Ratios and Ministerial Indicators

The Local Government Financial Indicator (LGF1) score and the specific ratios requested by the Minister serve as proxies for the SoC's long-term sustainability. Financial ratios serve as the ultimate diagnostic for the Shire's recovery. While the YTD surplus is high, it is cyclical and masks underlying liquidity pressures.

The current ratio is currently at 2.20, the highest level it has been for many years and well above the industry benchmark. We forecast that the Current Ratio will drop marginally below the benchmark to 0.99 by June 2026. This is because surplus cash will be rapidly consumed in the fourth quarter to clear backlogs in infrastructure capital works, outstanding creditors, and contract liabilities

The debt service coverage ratio is currently sitting at 16.76. The benchmark score is 2. This ratio is currently overstated as the Shire has strategically refinanced its core loans to defer principal repayments. The forecast shows that cash and cash equivalents will drop to \$2.84 million by 30 June 2026. This is a critical strategic trigger, as it falls below the Unrestricted Cash Target of \$3 million to \$4 million established in the LTFP.

In the first Quarterly Report to the Inspector the Shire demonstrated improved financial discipline through its reserve accumulation strategy:

- Transfers to Reserves of \$617,425 have been budgeted for but have not taken place. They are forecast to be made in June 2026. Total budgeted transfers for 25/26 are \$359,600 which will increase the reserve balance at 30 June 2026 from \$257,825 to \$617,425. Currently transfers to reserves is only \$6,125 which is the interest component earned on existing funds held on term deposit.
- Strategic Intent: Proactively "quarantining" these funds for future debt repayment ahead of the original 2026/27 FRP schedule is a positive signal to the Minister.
- A Debt Management Reserve was established at the October 2025 for the OCM for the purpose of establishing funds to meet future loan repayments.

The formal resolution to sell the Bluebush Accommodation Village fundamentally altered this accumulation strategy. Because the sale proceeds will be used to massively reduce the Shire's outstanding loan obligations, the Long-Term Financial Plan (LTFP) notes that a dedicated Debt Management Reserve is no longer considered necessary.

The Shire's accumulation strategy now redirects surplus operational funds toward service delivery, asset renewal, and broad reserve strengthening. The LTFP also prioritises the progressive rebuilding of reserve balances to ensure the Shire can manage unexpected costs or delays in external grant funding.

The Shire of Coolgardie is tracking towards a significant recovery across most financial ratios for the 2025/26 financial year. The data indicates a transition from severe financial distress in 2023/24 to a stabilised position in 2025/26, largely driven by debt restructuring, operational cost controls and the sale of Bluebush Village.

Summary Of Local Government Financial Indicator (LGFI)

Ratio	Status	Key Driver
Current Ratio creditor backlog cleared.	Recovered	Refinancing shifted short-term liability to long-term;
Debt Service Ratio	Strong	Interest-only loan terms have temporarily removed principal repayment obligations. The ratio is currently sitting well above the industry benchmark score but is currently overstated as no loan principal repayments are being made.
Operating Surplus	Positive	Strong non-rate revenue (Bluebush Village) and strict vacancy management reducing wage costs. Selling Bluebush Village will have a negative impact on this ratio since it is dependent on deriving additional revenue outside of rates, ie. Fees & Charges of which \$9.99 million forecast to come from Bluebush Village in 25/26.
Net Financial Liabilities	Lagging	Total debt (\$26.24 million) remains high relative to revenue; requires long-term pay-down or asset sale to fix. Acknowledged that this ratio will only improve as debt is reduced.

The LGFI assesses a local government's liquidity, solvency, and financial flexibility through a score out of 100, where a result of 70 or above indicates solid financial health.

The LGFI is calculated using four specific financial ratios:

LGFI Ratios	
Current Ratio	The Current ratio provides insights to the ability of a local government to meet its short-term financial obligations out of unrestricted current assets. The benchmark score is 1.
Debt Service Coverage	The Debt Service Coverage ratio is the measurement of a local government's ability to repay its debt including lease payments. The benchmark score is 2.
Operating Surplus	The Operating Surplus ratio is a measure of a local government's ability to cover its operational costs and generate funds available for capital funding or other purposes. The benchmark score is 0.
Net Financial Liabilities	The Net Financial Liabilities ratio contrasts the level of debt of a local government to its operating revenue. The benchmark score is 0.3.

The Shire projects that it will meet the industry benchmarks for all ratios in the near term, noting that meeting the Net Financial Liabilities Ratio is dependent on debt principal being paid down from the Bluebush Village proceeds.

Current and Projected Performance

The SoC's LGFI scores reflect its current financial distress and the projected trajectory of its recovery:

- **Current Status (Financial Distress):**
 - The SoC LGFI score for the 2023/24 financial year was 27.
 - These low scores act as a prompt for scrutiny regarding revenue, expenses, and service delivery, reflecting the Shire's recent liquidity challenges and high debt levels.
- **Projected Recovery:**
 - The Shire projects a significant improvement over the next decade as it implements its Financial Recovery Plan.
 - The LTFP forecasts the score will be 87 by FY26 and 96 by FY36.

Current Ratio (Liquidity):

- Benchmark: >1:0 (*Standard: Met*)
- Trend: The Shire has moved from a critical liquidity crisis to a surplus position.
 - FY24 Actual): 0.17 (*Severe distress*)
(0.17 as 23/24 restated for prior year error and rate provisions)
 - FY25 Actual: 0.57
 - **FY26 Actual: 2.20**
 - **FY26 Forecast: 0.99**

Analysis:

- The industry benchmark for a healthy current ratio is greater than 1.0. Both the Q2 (2.11) and Q3 (2.20) results indicate that the Shire is currently performing exceptionally well

against the standard, demonstrating robust short-term liquidity to cover its immediate obligations.

- These high current ratios are a sign of "temporary stabilisation, not structural recovery". The ratios in both quarters are highly inflated by the front-loaded levying and collection of annual rates in the first half of the financial year. Additionally, the ratio appears strong because the Shire strategically refinanced short-term debt into long-term, interest-only loans, which temporarily removed immediate repayment liabilities from the current ratio calculation.
- The Shire projects that this strong liquidity position will not last. By 30 June 2026 Current Assets will plummet to roughly \$5.05 million, while Current Liabilities will sit at \$5.12 million. This projected drop is because the Shire expects to consume its current cash reserves in the final quarter to clear a significant backlog of delayed capital infrastructure projects and pay down outstanding creditors and contract liabilities.

Debt Service Coverage Ratio (DSCR):

- Benchmark: >2:0 (*Standard: Met*)
- Trend: The ratio is tracking significantly above benchmark due to strategic debt restructuring.
 - FY24 Actual: 0.78 (Distress)
 - FY25 Actual: 1.28
 - **FY26 Actual: 16.76**
 - **FY26 Forecast: 6.66**

Analysis:

- The forecast ratio of 16.76 is exceptionally high, but this is artificial rather than structural. It is the result of the Shire refinancing loans to "interest-only" terms for the next 3 to 5 years. By deferring principal repayments until January 2028, the denominator in this ratio (debt service cost) is temporarily reduced, inflating the coverage ratio to provide a "critical recovery window".
- Ultimately, this ratio will drop significantly when loans are paid off and / or the "interest only" grace period expires and standard principal loan repayments commence.

Operating Surplus Ratio:

- Benchmark: Greater than 0.00 (Standard: Met)
- Trend: The Shire has turned a structural deficit into a forecast surplus.
 - FY24 Actual: (0.23)
 - FY25 Actual: (0.02)
 - **FY26 Actual: 0.32**
 - **FY26 Forecast: 0.21**

Analysis:

- Despite the drop from Q2 to Q3, the Shire is tracking exceptionally well against the industry benchmark of >0. In the 2023/24 financial year crisis, the Shire posted a structural deficit of **(0.23)**. For the current 2025/26 financial year, the Shire forecasts an end-of-year Operating Surplus Ratio of 0.21 once all final quarter expenditures are fully realised.
- The decision to sell Bluebush Village will have a negative impact on this ratio as the Shire will lose this non rate revenue stream.

Net Financial Liabilities Ratio (Debt Burden):

- Benchmark: 0.30 (Standard: Met)
- Trend: This remains the Shire's most challenging ratio and is not expected to meet the benchmark immediately.
 - FY24 Actual: 1.44 (Very High Risk).
 - FY25 Actual: 1.13
 - **FY26 Actual: 0.72**
 - **FY26 Forecast: 0.28**

Analysis:

- The SoC Q3 YTD actuals show the debt is still sitting on the balance sheet, the Q3 reporting period introduces a transformative structural change for this ratio moving forward.
- At the March 2026 Ordinary Council Meeting, the Shire officially resolved to sell the Bluebush Accommodation Village; once this sale is fully settled and the \$20 million in debt is erased, this critically lagging ratio will finally crash back down toward the healthy < 30% industry benchmark.
- The reduction of debt increases the Shire's capacity to meet the benchmark standard for this ratio.

Operating Revenue:

While the sale of Bluebush Village will reduce outstanding debt, it also removes a valuable revenue stream, with forecast revenue of \$9.99 million in 2025/26. Although some operating costs associated with Bluebush Village will also be avoided, the loss of this revenue places additional pressure on the Shire to maximise and sustain income from its other significant non-rates revenue sources, particularly landing fees at the Kambalda Aerodrome and revenue from the receipt of Class II waste at the Coolgardie Waste Facility.

For the period ended 31 March 2026, the Shire's total operating revenue was \$30.70 million, representing a positive variance of \$2.06 million (7.20%) against the year-to-date (YTD) budget of \$28.64 million.

Key components of this performance include:

- **Fees and Charges:** This was the primary driver of the revenue surplus, totalling \$13.67 million. This exceeded the YTD budget of \$11.79 million by \$1.88 million (15.89%).
- **Interest Revenue:** Interest earnings performed strongly at \$311,719, which was \$99,882 (47.15%) above the YTD budget of \$211,836.
- **Other Revenue:** Actual receipts were \$222,699, a 38.30% (\$61,670) increase over the YTD budget of \$161,028.
- **Operating Grants, Subsidies & Contributions:** This stream brought in \$1.39 million, slightly exceeding the YTD budget of \$1.29 million by \$46,477 (3.60%).
- **General Rates:** Revenue from rates was nearly on target at \$15.16 million, showing a minor negative variance of \$19,218 (0.13%) against the YTD budget.

Overall, the strong performance in fees, charges, and interest more than offset the negligible shortfall in rate revenue, leading to a healthy YTD operating position.

Operating Expenditure:

The Shire's operating expenditure profile for FY2025/26 reflects a deliberate strategy of financial restraint. The forecast surplus is largely being achieved through vacancy management within employee costs and the benefits of debt restructuring reducing finance costs, rather than through structural changes to service delivery or efficiency gains. While this approach is effective in restoring short-term financial stability, the continued suppression of labour expenditure is unlikely to be sustainable over the longer term without impacting service capacity and organisational capability.

Increased management costs associated with Bluebush Village (linked directly to a percentage of revenue and therefore rising in line with improved performance) have been largely offset by savings realised across other areas of the organisation. This demonstrates a proactive approach to cost control; however, it also reinforces the reliance on internal expenditure reductions rather than broader service transformation to maintain financial balance.

For the period ended 31 March 2026, the Shire's total operating expenditure was \$21.31 million, which is \$969,833 (4.35%) below the year-to-date (YTD) budget of \$22.28 million.

The performance across major expenditure categories is as follows:

- **Employee Costs:** Actual spending was \$4.01 million, representing a significant saving of \$860,173 (17.67%) compared to the YTD budget of \$4.87 million.

- **Materials and Contracts:** Expenditure was \$7.79 million, which is \$58,720 (0.75%) under the YTD budget of \$7.85 million.
- **Utility Charges:** These costs came in at \$1.50 million, exceeding the YTD budget of \$1.41 million by \$89,479 (6.32%).
 - **Depreciation:** Actual depreciation was \$5.27 million, which is \$331,668 (6.72%) higher than the YTD budget of \$4.93 million.
 - **Finance Costs:** These totalled \$906,287, showing a saving of \$282,939 (23.79%) against the YTD budget of \$1,189,226.
 - **Insurance:** Costs were \$569,843, slightly over the YTD budget of \$563,000 by \$6,843 (1.22%).
 - **Other Expenses:** Actual expenditure was \$1.27 million, which is \$195,990 (13.41%) below the YTD budget of \$1.46 million.

Overall, the total operating expenditure remained below the budget, primarily due to lower-than-anticipated employee and finance costs.

Capital Revenue:

The original budget for capital grants and contributions was \$5.87 million, which was revised to \$5.78 million at the March 2026 budget review. This adjustment primarily reflects the continuation of additional funding for Main Roads and Roads to Recovery projects, with some works now deferred to the 2026/27 financial year.

As at 31 March 2026, year-to-date actual capital grant revenue totalled \$908,832, which is significantly below the budgeted \$4.40 million for the same period. This variance is largely attributable to timing differences rather than funding shortfalls. Specifically, approximately \$1.78 million is currently recorded as a contract liability and will be recognised as revenue in the fourth quarter as the associated works are progressed. In addition, a substantial portion of road funding is milestone-based and will only be invoiced and recognised in Q4 once the relevant project milestones have been achieved.

Based on current project delivery schedules and funding arrangements, it remains anticipated that the revised capital grant funding will be substantially received and recognised by 30 June 2026.

Capital Expenditure:

Year-to-date capital expenditure as at 31 March 2026 totalled \$2.37 million. While this represents a significant increase from \$1.04 million reported at 31 December 2025, it remains \$4.32 million below the forecast budget expenditure for the period.

This variance is primarily due to the delayed commencement of major road projects earlier in the financial year. These projects are now fully underway and are expected to be substantially completed by 30 June 2026, which will result in a significant uplift in capital expenditure in the final quarter.

Where necessary, certain non-critical capital projects may be carried forward into the 2026/27 financial year without materially impacting the Shire's overall financial position, particularly where those projects are not tied to external grant funding or strict delivery timeframes.

Cash and Cash Equivalents:

The Shire is currently in a period of liquidity stabilisation. Cash holdings have recovered from a critical unrestricted deficit of \$0.93 million in June 2024 to a positive position. However, the current cash balance is highly cyclical (inflated by annual rates levying) and is forecast to erode significantly by June 2026. The recovery is heavily reliant on the strategic refinancing of debt (interest-only terms) and the strong performance of Bluebush Village, while a significant shortfall in capital grant receipts poses a material risk to cash reserves for the remainder of the 2025/26 financial year.

The cash and cash equivalents balance of \$11.48 million represents a favourable movement of \$10.25 million compared to the same position 12 months earlier. While it is pleasing to report a strong liquidity position as at 31 March 2026 this outcome is largely expected, reflecting the receipt of a significant portion of 2025/26 rates revenue in the first half of the financial year and the forecast delivery of \$6.72 million in capital works expenditure in the last quarter of the 25/26 financial year.

Additional details regarding the Shire's cash position include:

- **Year-to-Date Performance:** The current cash balance is significantly higher than the \$3.66 million held at the beginning of the financial year.
- **Net Cash Flow:** For the period ending 31 March 2026, the Shire experienced a net increase in cash held of \$7.82 million.
- **Restricted Cash (Reserves):** Of the total cash and financial assets, \$263,949 is held in reserve accounts.
- **Operating Inflows:** Net cash provided by operating activities reached \$10.62 million, driven largely by receipts from rates (\$14.54 million) and fees and charges (\$13.37 million).
- **Investing and Financing Outflows:** The Shire utilised \$1.77 million for investing activities (primarily infrastructure construction) and \$1.29 million for financing activities (mainly lease principal repayments).

Surplus / (Deficit) Position:

For the period ended March 31, 2026, the Shire of Coolgardie's surplus/deficit position is as follows:

- **Closing Funding Surplus:** The Shire recorded a closing funding surplus of \$8.37 million as of 31 March 2026.
- **Opening Position:** This represents a significant improvement from the start of the financial year, which began with a deficit of **(\$3,544,614)**.
- **Year-to-Date (YTD) Budget Comparison:** The actual surplus of \$8.37 million is notably higher than the YTD budget estimate, which projected a surplus of \$4.07 million for this period.

- **Net Result for the Period:** The total comprehensive income for the period was \$10.39 million exceeding the YTD budget of \$9.25 million.

During the budget review process, Council endorsed a series of amendments to address the forecast **(\$991,664)** deficit position reported at the December 2025 Ordinary Council Meeting. These adjustments resulted in the budget being revised back to a balanced budget position.

This significant improvement is the result of a combination of factors, including:

- The identification and implementation of cost efficiencies across operations during the first six months of the financial year;
- The prioritisation of capital works, including the deferral of non-essential projects;
- Ongoing and proactive review and management of operational expenditure;
- Continued strong occupancy levels at Bluebush Village, contributing positively to revenue; and
- A disciplined organisational focus on financial sustainability and improved financial management practices.

This outcome demonstrates the Shire's continued commitment to strengthening its financial position while maintaining the delivery of essential services and progressing key strategic priorities.

While it is a positive outcome to present a Budget Review forecasting a balanced position at 30 June 2026, this result is not without inherent risk and will require ongoing monitoring and disciplined financial management.

A key area of risk relates to the Shire's road capital works program, which remains in the early stages of delivery. Over the final three months of the financial year, approximately \$5.85 million in capital infrastructure works is scheduled for completion.

While these projects are currently on track to be delivered by 30 June 2026, there remains inherent risk associated with timing, particularly in relation to tied funding. Should any projects not be completed within required timeframes or fail to meet funding conditions, there is potential for delays in grant recognition, the need to seek funding extensions, or, in some cases, the risk of funding being deferred or returned. This underscores the importance of close project management and ongoing monitoring to ensure delivery milestones are achieved and funding obligations are met.

Current Assets:

While the asset base has grown, the Current Ratio provides the true measure of solvency.

- FY24: 0.17 (the Shire was in severe distress)
- FY26 Actual: 2.20

- FY26 Forecast: 0.99

The current asset position is \$14.84million. By way of comparison, the Shire reported a net liability position of (\$3,899,575) as at 31 March 2025, representing a favourable variance of \$12.01 million compared to the same reporting period in the prior year.

A key area of risk relates to the Shire's road capital works program, which remains in the early stages of delivery. Over the final three months of the financial year, approximately \$5.85 million in capital infrastructure works is scheduled for completion.

While these projects are currently on track to be delivered by 30 June 2026, there remains inherent risk associated with timing, particularly in relation to tied funding. Should any projects not be completed within required timeframes or fail to meet funding conditions, there is potential for delays in grant recognition, the need to seek funding extensions, or, in some cases, the risk of funding being deferred or returned. This underscores the importance of close project management and ongoing monitoring to ensure delivery milestones are achieved and funding obligations are met.

It is important to note that the 2025/26 financial year includes the delivery of a significant backlog of infrastructure projects and the acquittal of all outstanding contract liabilities.

Accordingly, the cash position at year end is expected to be lower than would ordinarily be anticipated when considered in isolation, despite the Shire's improved underlying financial performance and liquidity management.

Current Liabilities:

The SoC's current liabilities position has undergone a significant structural shift. The data indicates a reduction in immediate obligations, largely driven by the strategic clearing of trade creditors and the restructuring of debt.

As at 31 March 2026, current liabilities totalled \$6.73 million. This represents a reduction from \$8.06 million at 31 December 2025 and a significant improvement from \$11.76 million at 30 June 2025, reflecting the Shire's ongoing efforts to reduce short-term obligations and strengthen its liquidity position.

Trade & Other Receivables:

The SoC's receivables profile reflects its strategic transition from a traditional local government relying on rates to a commercially active entity generating significant "own-source" revenue. As of 31 March 2026, Total Current Receivables stood at \$3.20 million, a figure inflated by the cyclical levying of rates. However, the composition of these receivables highlights a growing exposure to commercial credit risk (Trade Receivables) alongside statutory tax collection (Rates), with both streams heavily concentrated in the mining sector.

Trade and other receivables totalled \$3.20 million as at 31 March 2026. This balance is expected to reduce over the remainder of the financial year as outstanding rates continue to be collected, and other receivables are actively followed up in a timely manner.

Trade & Other Payables:

The profile of Trade and Other Payables demonstrates that the Shire has successfully utilised its cash inflow to clear a significant backlog of creditor payments. Payables have reduced by \$2.78 million from the crisis levels of June 2025 (\$2.16 million as of March 2026). However, forecasts indicate this balance will creep back up to \$2.58 million by year-end as cash reserves tighten, before stabilizing at lower structural levels in future years.

The forecast trade payables balance as at 30 June 2026 reflects the timing of capital works delivery, with a number of projects expected to be finalised or completed in late May and June. This is anticipated to result in a higher than normal level of invoices falling within the 30-day payment period at year end.

Borrowings (Principal Outstanding):

As of 31 March 2026, the SoC's total borrowings principal outstanding is \$25.46 million. The balance has remained static throughout the first half of the financial year due to strategic refinancing that has implemented an "interest-only" period. The debt portfolio is heavily skewed toward the Bluebush Village worker accommodation facility.

At the March 2026 Ordinary Council Meeting, Council resolved to proceed with the sale of Bluebush Village for \$20.05 million (GST exclusive). The revised LTFP assumes that the full proceeds from this sale will be applied toward debt reduction. While the borrowings directly attributable to Bluebush Village are approximately \$16 million, the application of the full sale proceeds is projected to reduce total outstanding debt to approximately \$5.46 million.

It is important to note, however, that at the time of preparing the LTFP, Council had not formally resolved its intentions regarding the allocation of the total sale proceeds. As such, the assumption to fully apply the proceeds to debt reduction represents a prudent, best case financial management scenario for modelling purposes and may be subject to change pending future Council decisions.

Cash Reserves:

Cash and cash equivalents are forecast to be \$2.84 million as at 30 June 2026. This balance includes cash-backed reserves totalling \$617,425, incorporating transfers of \$359,600 during the 2025/26 financial year.

Council remains committed to building cash reserves in a disciplined and sustainable manner to ensure adequate funding is set aside to support future infrastructure renewal and replacement requirements.

Statutory Liabilities and Risk Mitigation

Accounting for historical liabilities is essential to the integrity of the draft LTFP and satisfying Ministerial scrutiny regarding past oversights.

SAT Polaris Metals Valuation Ruling

A State Administrative Tribunal ruling verified a \$1.83 million liability (discounting the \$2.4M estimate in the Show Cause Notice) due to incorrect mining rate assessments over four years.

- A repayment plan is scheduled in two equal instalments across the 2025/26 and 2026/27 financial years.
- The initial omission of this liability from the budget was due to a "lack of awareness by the former CEO and CFO" regarding the settlement status. The current administration has corrected this by integrating the liability into revised planning, demonstrating superior data control and a commitment to transparency.
- Any failure to finalise the proposed Bluebush Village sale or secure capital grants will leave the Shire unable to absorb these repayments without compromising basic services.

To management's knowledge, discussions with Mineral Resources Ltd have only recently commenced, and there remains some uncertainty as to whether the correct outstanding amount has been agreed, noting that an incorrect valuation was included in Mineral Resources' original calculation. In its correspondence to the Shire, Mineral Resources sought repayment of the full amount.

Section 6.40(3) of the Local Government Act 1995 provides that overpaid rates may be offset against future rate liabilities (currently approximately \$230,000 per annum). The Shire's initial response proposed repayment over a four-year period.

For the purposes of the Long-Term Financial Plan and cash flow projections, management has conservatively assumed repayment over a two-year period.

At this stage, Shire has agreed to repay over a 4 year period \$450,000 before June 2026, \$900,000 June 2027, \$450,000 June 2028 & Balance of \$39,395.80 before June 2029.

Integrated Planning and Reporting Framework (IPRF) Alignment

The Shire is actively integrating its core planning documents to ensure that community aspirations align with its financial reality and recovery efforts. The primary purpose of this process is to assess whether the strategic intent outlined across the Shire's various plans can be achieved without compromising long-term financial stability. As of the latest reporting, the status of the key IPRF pillars is as follows:

- **Asset Management Plan (AMP):** A revised AMP was endorsed at the March 2026 OCM, ensuring that infrastructure funding requirements and renewal backlogs are accurately reflected in the Shire's forward financial projections.
- **Long-Term Financial Plan (LTFP):** The LTFP has been fully prepared and models the 10-year financial trajectory (including the strategic sale of Bluebush Village), serving as the critical link between strategic intent and actual resourcing. The updated LTFP was endorsed at the March 2026 Ordinary Council Meeting then updated further and endorsed at the April 2026 OCM to reflect the sale of Bluebush Village.
- **Strategic Community Plan (SCP):** The Shire's overarching 2018–2028 SCP is currently undergoing a full review, which is scheduled to be completed by the end of June 2026. The

inaugural workshop was held with Councillors on 28 April 2026.

- **Corporate Business Plan (CBP):** The CBP, which translates the community's strategic direction into practical, funded actions and measurable commitments, is scheduled for completion by September 2026.
- **Annual Report:** 2024/2025 Annual Report adopted by Council in December 2025.

Pillar: Leadership, Governance and Council Effectiveness

Key Related Documents:

- Strategic Community Plan
- Corporate Business Plan
- Annual Report

To strengthen leadership, governance and council effectiveness, the Shire implemented targeted mentoring and coaching for Councillors to build capability, improve decision-making and clarify roles and responsibilities. These initiatives align with IPRF expectations for transparent, disciplined performance monitoring that translates community aspirations into long-term strategic direction and sound governance.

Actions taken to date:

- Councillors have completed a workshop with Dr Lynda Folan on 24 March 2026. The workshop provided structured support to strengthen governance capability, improve decision making discipline and build a shared understanding of roles and responsibilities; including shared values.
- Completed WALGA training courses:
 - Understanding Local Government
 - Conflicts of Interest
 - Meeting Procedures
 - Serving on Council
 - Understanding Financial Reports and Budgets
 - CEO Recruitment Training
- Training courses to be completed:
 - Managing the CEO (Scheduled for May 2026)
- Two Councillor's were unable to complete a portion of the training and will do so online.

Pillar: Organisational Capability and Service Sustainability

Key Related Documents:

- Strategic Community Plan
- Corporate Business Plan
- Workforce Plan
- Asset Management Plan
- Long Term Financial Plan

To meet the Organisational Capability and Service Sustainability pillar, the Shire is strengthening internal capacity by integrating workforce, asset and financial planning so services remain effective and sustainable over the long term. The IPRF requires evidence-based planning, transparent resourcing and performance monitoring that align community aspirations with strategic direction. This includes ensuring the Strategic Community Plan and Corporate Business Plan are deliverable, supported by a Workforce Plan that identifies capability gaps, succession needs and critical-role coverage, and by asset and financial plans that clearly articulate long-term service implications. By improving data reliability and aligning resources to priority services, the Shire will strengthen service sustainability and demonstrate enduring organisational capability.

Actions taken to date:

- The Workforce Plan is currently under review to align with organisational requirements and will be presented to Council in due course.
- A full review of the Strategic Community Plan and Corporate Business Plan (Council Plan) has commenced. The inaugural workshop with Councillors was held on 28 April 2026.
- The AMP was endorsed at the March 2026 Ordinary Council Meeting.
- The LTFP was endorsed at March 2026 Ordinary Council Meeting.
- The LTFP was endorsed at the April 2026 Ordinary Council Meeting to reflect the sale of Bluebush Village.

Pillar: People, Culture and Workforce Stability

Key Related Documents:

- Corporate Business Plan
- Workforce Plan
- Long Term Financial Plan

To meet the People, Culture and Workforce Stability pillar, the Shire is strengthening workforce capability by aligning staffing levels, skills and structures to long-term service needs. Consistent with IPRF expectations, this is supported by evidence-based planning and ongoing performance monitoring, with a focus on addressing capability gaps, improving recruitment and retention, supporting an ageing workforce, and strengthening training, performance management and succession planning.

Actions taken to date:

- Previous reports by Consultants reviewing cultural and other issues have been reviewed. The Delivering Outcomes Report had significant impact on the organisation with a number of senior staff exiting.
- Actions implemented:
 - A Culture Pulse Survey is currently underway closing on 1 May 2026. Staff can complete online or via a telephone call with a consultant.
 - A human resources / workplace requirements audit is currently being conducted.
 - A whistleblowers hotline will be launched mid-May 2026 and will provide a confidential option for any staff to report matters causing them concern, allegations of wrong doing or any other matters.
 - The Work Health and Safety Issues identified in the report have substantially been addressed.
 - The results will be reported to the next Audit, Risk and Improvement Committee (ARIC) and noted by Council on 28 April 2026.
- CEO recruitment has commenced with interviews being conducted late April / early May 2026.
- “Lunch and Learn” sessions for senior leaders at Shire of Coolgardie. Initial sessions focusing on the role of a manager and values.
- A full review of the Strategic Community Plan and Corporate Business Plan (Council Plan) has commenced. The inaugural workshop with Councillors was held on 28 April 2026.

Pillar: Financial Governance and Management Discipline

Key Related Documents:

- Long Term Financial Plan
- Annual Budget & Reporting
- Corporate Business Plan
- Asset Management Plan
- Workforce Management Plan

To meet the Financial Governance and Management Discipline pillar (non-financial lens), the SoC is strengthening governance systems to ensure decisions are transparent, evidence-based and aligned to resourcing capacity. The IPRF requires disciplined planning, robust internal controls and effective performance monitoring, including integrating assets, workforce and long-term financial planning into decision-making and maintaining reliable compliance and reporting systems to support accountability and continuous improvement.

Actions taken to date:

- ARIC meeting was held on 28 April 2026.
- Independent Audit Report and Annual Financial Report for year ended 30 June 2025 were received by Council in December 2025. To note:
 - In total, four findings were raised in the Final Audit Management Letter. None of the findings were assessed as significant. This represents a material improvement from the 2023/24 financial year where six of the findings were deemed to be significant.

Pillar: Risk Assurance and Compliance Uplift

Key Related Documents:

- Long Term Financial Plan
- Annual Reporting and Performance Management
- Corporate Business Plan

To meet the pillar of Risk Assurance and Compliance Uplift, the Shire is improving its governance systems to ensure risks are identified early, compliance obligations are met, and internal controls operate reliably. The IPRF requires disciplined planning, strong organisational capability and effective performance monitoring to support transparent, accountable decision-making. This includes strengthening compliance reporting, improving the accuracy of information provided to Council and embedding consistent, system-based controls to ensure risks are proactively monitored and managed.

Actions taken to date:

- Long Term Financial Plan was adopted by Council in 2025.
- Planning has commenced to commit to a new Strategic Community Plan and Corporate Business Plan (Council Plan).
- 2024 / 2025 Annual Report adopted by Council in December 2025.
- Inquiries have commenced to identify a proactive risk management system to improve the tracking and visibility at Executive and Council level.
- Risk Management is a scheduled topic of discussion for 'lunch and learn' sessions with senior staff at SoC.
- Identified Work Health and Safety issues have been closely managed and are in the process of being closed out and a report will be submitted to ARIC.
- Planning has commenced to enhance staff capability in governance and compliance.
- Inquiries are being conducted on strengthening system-based controls including contractor and procurement compliance.

Pillar: Systems, Technology and Information Management

Key Related Documents:

- Long Term Financial Plan
- Asset Management
- Corporate Business Plan

To meet the pillar of Systems, Technology and Information Management, the SoC is strengthening the reliability and integration of its information systems to ensure accurate, timely data underpins planning, reporting and decision-making. The IPRF requires disciplined, evidence-based processes supported by strong organisational capability and effective performance monitoring. This includes improving data integrity, enhancing record-keeping and reporting systems and embedding system-based controls to reduce manual workarounds and support transparent, accountable governance.

Actions taken to date:

- Long Term Financial Plan was adopted by Council on 28 April 2026.
- Planning has commenced to commit to a new Strategic Community Plan and Corporate Business Plan (Council Plan).
- Asset Management Plan was adopted by Council in March 2026.
- Exploration has commenced on the stabilisation of core systems supporting finance, payroll and reporting
 - Current Information, Communications and Technology systems are not supporting a modern way of working, rather increasing manual workarounds that increase governance risk
 - Exploration includes laying foundations for future digital uplift (without committing to cost)
 - Ensure that framework covers governance, cybersecurity, data quality, business continuity, system integration and digital capability uplift.
 - Develop a 3 – 5-year system stabilisation and digital uplift roadmap, including integration improvements for the organisation.

Pillar: Community / Stakeholder Confidence and Regulatory Engagement

Key Related Documents:

- Annual Reporting
- Performance Management
- Corporate Business Plan

The Shire of Coolgardie is strengthening community and stakeholder confidence by embedding transparency, disciplined reporting and proactive engagement in line with the IPRF, which emphasises clear communication, reliable performance monitoring and genuine community involvement. Through consistent, timely interactions with the Department, the Inspector, Council and the Community, the SoC is demonstrating a commitment to open governance, improved accountability and responsive decision-making grounded in strategic planning obligations

Actions taken to date:

- Formalised meeting and reporting protocol with the Inspector to ensure timely, accurate submissions for performance monitoring and ongoing review.
- Research and design has commenced to publish a ‘plain English’ summary of key financial updates
- Improved responsiveness, clarity and candour in communications.
- Commitment to early disclosure of emerging issues.
- Building confidence through behaviour, not just compliance.
- 2024 / 2025 Annual Report adopted by Council in December 2025.
- Planning has commenced to commit to a new Strategic Community Plan and Corporate Business Plan (Council Plan).
- Performance Reporting is scheduled to the Inspector on a quarterly basis.

Strategic Outlook

The SoC is successfully transitioning from the net operating loss of 2024/25 toward a stabilising trend. However, this stabilisation is solvent but fragile, reliant on vacancy management and high-occupancy fees that do not yet compensate for the capital grant shortfall. The move from a "defensive" posture to long-term sustainability depends entirely on the disciplined execution of the Bluebush Village sale, which is anticipated to occur prior to June 30 2026.

The SoC remains resilient and committed to a culture of financial discipline and transparency, ensuring that no further historical liabilities remain hidden from Ministerial or public view. The Pillars above are reform initiatives and are intentionally aligned to the IPRF to ensure that financial recovery is supported by strengthened governance, organisational capability and sustainable service planning.

The backfilling and recruitment for vacancies has commenced, with engagement of a contractors to backfill Executive Manager, Community, Development & Regulatory Service, Manager Governance & Workplace, and Works Supervisor completed. The recruitment process for the CEO role is well underway with interviews being held late April / early May 2026. A full review of the Strategic Community Plan and Corporate Business Plan (Council Plan) have commenced and are on track to be delivered as per the agreed schedule.

Filling staff vacancies is essential to maintain operational stability and support the delivery of high-quality services. A positive organisational culture, underpinned by robust work health and safety practices, not only enhances staff's wellbeing but also fosters greater engagement and resilience across the team. Effective risk management ensures that potential issues are identified and addressed proactively, safeguarding both the organisation and its workforce. To reinforce these principles, Culture Pulse Check is currently underway and the Whistleblowers Hotline will be implemented by mid May 2026; providing clear channels for feedback and ensuring transparency and accountability at all levels.

Key Risks Requiring Active Management

Actively managing the identified key risks is critical to ensuring the ongoing stability and resilience of the Shire. Addressing human capital, capital program, and debt exposure risks allows Council to safeguard service delivery, maintain organisational capability, and protect long-term financial sustainability. Proactive risk management not only minimises the likelihood of operational disruptions and financial setbacks but also strengthens stakeholder confidence in Council's governance and strategic direction. By prioritising these areas, the Shire demonstrates a commitment to transparent, accountable leadership and positions itself to respond effectively to emerging challenges.

- 1. Liquidity Risk:** The recovery remains fragile and dependent on continued expenditure restraint and asset performance, as well as continued review of fees & charges estimates from operating activities.
- 2. Human Capital Risk:** Prolonged vacancy management is unsustainable and presents a medium-term risk to service delivery and organisational resilience.
- 3. Capital Program Risk:** Capital grant receipts are materially underperforming to budget, constraining delivery of the approved capital works program. Noting that SoC has already received \$1.78 million in grant funding and the capital works program has been delayed more because of only recently appointing a contractor.
- 4. Debt Exposure:** Net Financial Liabilities remain elevated and above benchmark, limiting financial flexibility.

These risks are known, quantified and actively monitored.

Closing Assurance Statement

As Chief Executive Officer, I affirm that this report provides a full, accurate and transparent account of the SoC's financial position, governance performance and operational progress. All known historical issues, liabilities and risks have been disclosed, and the information presented reflects the best available data at the time of reporting. The administration has taken deliberate steps to strengthen internal controls, embed disciplined planning and reinforce the integrity of our reporting in line with the IPFR.

The SoC remains fully committed to meeting both the intent and the requirements of the Ministerial Expectations and the Inspector's oversight. We will continue to monitor risks closely, respond proactively to emerging matters, and maintain open, timely and constructive engagement with the Department and the Inspector. I take responsibility for ensuring the Shire's ongoing compliance, for driving the organisational reforms underway, and for leading a culture grounded in accountability, evidence-based decision-making and continuous improvement.

The SoC is firmly focused on restoring financial sustainability, strengthening governance and rebuilding stakeholder confidence. The administration will continue to act with candour, discipline and professionalism as we progress through this period of regulatory enforcement, ensuring that Council and the community can be assured of stable, ethical and competent leadership.



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