

Quarterly Report to the Inspector 31 July 2026

EXECUTIVE SUMMARY QUARTERLY REPORT – PERIOD ENDING 30 JUNE 2026

PURPOSE

This report provides a clear line of sight over the Shire of Coolgardie's current compliance status, financial position and key risks, in accordance with the Ministerial Expectations issued on 22 December 2025. It supports transparent reporting between the Shire and the Minister's office and specifically addresses the requirements arising from the Show Cause Notice.

Beyond meeting a statutory obligation, the report also serves as a strategic assessment of the Shire's recovery. It considers whether current operational outcomes are aligned with the governance reforms required to support long-term financial sustainability, municipal viability and restored confidence in the Shire's governance capacity.

BACKGROUND

The Shire of Coolgardie operates within a rigorous regulatory oversight framework administered by the Department of Local Government, Industry Regulation and Safety (LGIRS). This oversight was formalised following correspondence from the Minister for Local Government dated 22 December 2025, which set out specific Ministerial Expectations relating to the Shire's financial recovery, governance performance and reporting obligations.

The Shire acknowledges that this oversight is not elective. It arises from historical financial instability and requires the Shire to demonstrate measurable progress through disciplined governance reform, transparent financial reporting and the completion of key statutory planning documents.

This report is therefore a critical strategic instrument for the Chief Executive Officer and Council. It assesses the Shire's progress against the current regulatory requirements and provides evidence of the actions being taken to restore financial sustainability, strengthen governance capacity and rebuild confidence with the Minister, the Department, Council and the community.

The current reporting regime originated from Ministerial Show Cause Notice 84-08758, issued following escalating concerns about the Shire's financial position. Those concerns were compounded by the 2023 State Administrative Tribunal ruling regarding Polaris Metals, which found that the Shire had incorrectly applied valuation bases to mining assessments over four financial years, resulting in a liability of \$1,839,386.

The matter highlighted significant weaknesses in historical governance and financial oversight, including high staff turnover and a lack of awareness regarding the settlement status by former senior officers. In response, the Shire was required to develop a Financial Recovery Plan, restate its 2023/24 financial reports and provide ongoing evidence of recovery through quarterly reporting.

The Financial Recovery Plan reflects the Shire's commitment to good governance, financial responsibility and the long-term wellbeing of the Shire of Coolgardie.

CEO Assurance

The current administration has clear oversight of the Shire of Coolgardie's financial position, liabilities and key risks. All known historical matters have been disclosed, incorporated into current planning and are being addressed through disciplined, evidence-based decision-making.

The Shire remains committed to restoring the Minister's confidence in Council's governance capacity by maintaining transparency, meeting compliance obligations and demonstrating measurable progress against the required reforms.

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	07 August 2026
Quarter 4 (SoC Q1)	July to September 2026	31 October 2026

Ministerial Expectations for Q3 (SoC Q4) Report

Minister's Expectation	Status	Management Comment / Action Required
Quarterly Updates on FRP & LTFP Implementation	Met	Period ending 30 June 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 2027
Updated Debt Position & Reserve Balances	Met	Separated into 2 separate categories (1) Debt & (2) Reserves 1. Total Debt - \$249,474 - consisting of \$0 in loans and \$249,474 in lease liabilities. Existing borrowings of \$5,461,616 were refinanced, not newly borrowed; as the prior facilities had to be closed before the replacement could be established, the refinanced facility settled on 03 July 2026 and is recognised in 2026/27. Repaying the loan portfolio within the year means a full year of loan principal falls into debt service costs, and the Debt Service Coverage Ratio finished at 1.65 against a benchmark of 2.00. 2. Reserves - \$690,354 - increased from \$257,825 at 01 July 2025 following transfers of \$432,529 during the year, exceeding the budgeted closing balance of \$617,425. 3. The additional payment into the Aged Accommodation Reserve addressing the matter raised in the final audit management letter for the year ended 30 June 2025.
Adopted Long-Term Financial Plan (LTFP) & Asset Management Plan	Met	LTFP adopted by Council in September 2025. Reviewed and updated LTFP by Council 24 March 2026 before again being amended and endorsed at the OCM on 28 April 2026 to reflect the sale of Bluebush Village. Asset Management Plan adopted by Council 24 March 2026. 2026/27 Annual Budget adopted by Council 28 July 2026.

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
Quarterly Update (Apr–Jun 2026)	07 Aug 2026	Met
Strategic Community Plan (Minor Review)	31 Aug 2026	Not Met (On Target)
Corporate Business Plan	31 Aug 2026	Not Met (On Target)
Quarterly Update (Jul-Sep 2026)	31 Oct 2026	Not Met

Current Financial Position

1. The Shire recorded a closing funding deficit of (\$318,830) as at 30 June 2026, compared with an opening deficit of (\$3,544,614) at 01 July 2025 — a favourable movement of \$3.23 million across the year. The net result for the period was \$9.41million.
2. Operating revenue grew from \$30.70 million at SoC Q3 to \$36.02 million for the full year, finishing \$2.21 million (6.55%) ahead of the amended budget of \$33.81 million.
3. Revenue finished ahead of budget in every category; however the Shire remains in a recovery phase.
4. Total operating expenditure rose from \$21.31 million at SoC Q3 to \$29.14 million for the full year, finishing \$1.36 million (4.46%) below the amended budget of \$30.50 million.

5. This position reflects the transition from temporary stabilisation to long-term structural financial resilience. It has been driven by:
 - The divestment of Bluebush Village, which settled on 02 June 2026 for \$22,055,000 (GST inclusive), realising proceeds of \$20.05 million,
 - Positions left unfilled across the workforce, and
 - The application of the sale proceeds was used to extinguish significant loan facilities

6. Cash and cash equivalents of \$5.36 million at 30 June 2026, reducing from \$11.48 million at the end of SoC Q3. The SoC Q3 report correctly predicted this decline, noting that surplus cash would be consumed as the Shire cleared outstanding creditors, contract liabilities and capital infrastructure backlogs in the final quarter.

7. **Key areas of focus include:**
 - a. Capital Grant Funding finished below budget. Against an amended budget of \$5.78 million, \$4.04 million was recognised for the year — a negative variance of \$1.74 million (30.09%). Capital grant and contract liabilities of \$497,364 are carried forward at 30 June 2026. The reduction in funding is aligned with the reduced capital works program.
 - b. Capital Works Execution. Total capital expenditure for the year was \$7.44 million against an amended budget of \$9.03 million — a variance of \$1.59 million (17.65%). The Shire delivered \$5.03 million of capital works in the fourth quarter alone, substantially closing the backlog reported at SoC Q3, with the residual program carried forward into the 2026/27 capital works program adopted by Council on 28 July 2026.
 - c. Following settlement of the sale of the Bluebush Accommodation Village to Westgold Resources Ltd for \$22.055 million (GST inclusive) on 2 June 2026, the Statement of Comprehensive Income records a “Loss on Disposal of Asset” of \$1.59 million. While this sale was strategically necessary to eliminate debt, it has triggered a substantial accounting loss for this period.
 - d. Operational utility charges finished marginally under budget at \$2.01 million, \$26,793 (1.31%) below the amended budget.
 - e. In contrast to the position reported at SoC Q3, operational funding finished ahead of budget. Operating Grants, Subsidies & Contributions totaled \$2.92 million against an amended budget of \$2.70 million (a 7.88% positive variance), reflecting mining the advance payment of the Financial Assistance Grant.

Critical Revenue Analysis

- Revenue growth continued to be led by “Fees & Charges”, which increased from \$13.67 million at SoC Q3 to \$17.10 million for the full year, finishing \$1.40 million (8.93%) above the amended budget of \$15.70 million. This confirms earlier observations that the Shire’s short-term turnaround was dependent on the commercial performance and high occupancy of Bluebush Village up to settlement. Revenue from Bluebush Village has been removed from the revised LTFP endorsed by Council at the April 2026 Ordinary Council Meeting and from the 2026/27 Budget adopted on 28 July 2026.
- The Shire finished ahead of its amended operating grant budget. For the year, the Shire recognised \$2.92 million in operating grants, subsidies and contributions against an amended budget of \$2.70 million (a 7.88% positive variance).
- A 38.80% positive variance in interest earnings (\$120,891 above budget, \$432,491 in total) 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	38.80% Above Budget (\$432,491)	Additional interest generated from rates and the investment of surplus funds. Interest earnings will reduce in 2026/27.
Interest Expenses	4.77% Below Budget (\$1,507,780)	The favourable variance reflects the early payout of the loans, hence no interest accrual required for the period ended 30 June 2026. With the loan portfolio repaid in full on 30 June 2026, finance costs are forecast to fall to \$331,211 in 2026/27, and the Debt Service Coverage Ratio is expected to return above benchmark. The sale of the Village is estimated to save approximately \$5 million in interest payments over the next 10 years.

Expenditure Profile and Human Capital Risks

The Shire recorded a 17.48% underspend in Employee Costs (\$5.16 million actual vs \$6.26 million amended budget), compared with a 17.67% underspend reported at SoC Q3 (\$4.01 million actual vs \$4.87 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 leaving positions unfilled 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 continued (including CEO recruitment and the engagement of 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 positive variance in employee costs is expected to close; the adopted 2026/27 Budget provides for employee costs of \$7.28 million.

Bluebush Village – Divestment

On 24 March 2026, Council resolved to sell Bluebush Village to Westgold Resources Ltd for \$22,055,000 (GST inclusive), following a public tender process undertaken in September 2025. Settlement of the sale occurred on 02 June 2026. The financial implications for the Shire of the 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.

The transaction is reflected in the 2025/26 result through proceeds from sale of \$20.05 million, recognition of a \$1.59 million "Loss on Disposal of Asset". At the Ordinary Council Meeting held on 23 June 2026, Council further resolved that the net proceeds be applied to repay the Shire's existing borrowings. This sale represents the shift from "defensive austerity" to a long-term structural fix.

2. Key Financial Ratios and Ministerial Indicators

The Local Government Financial Indicator (LGFI) score and the specific ratios requested by the Minister serve as proxies for the SoC's long-term sustainability. At 30 June 2026, the Shire met the industry benchmark for three of the four ratios. The debt service coverage ratio finished below benchmark at 1.65 once lease principal repayments are counted as debt service costs. The three ratios met are materially influenced by a one-off asset sale and by continued expenditure restraint and sustaining them will require ongoing discipline.

The current ratio finished the year at 1.01, marginally above the industry benchmark of 1.0 and closely consistent with the 0.99 forecast in the LTFFP. The ratio has moderated from 2.20 at 31 March 2026 as surplus cash was consumed in the fourth quarter to clear backlogs in infrastructure capital works, outstanding creditors and contract liabilities.

The debt service coverage ratio finished the year at 1.65, below the benchmark of 2.00. Debt service costs include principal repaid on both loans and leases. The ratio fell from 6.93 at 31 March 2026 because the full \$25.46 million loan portfolio was repaid in the final quarter. Cash and cash equivalents at 30 June 2026 were \$5.36 million, well above the \$2.84 million forecast at SoC Q3.

In previous Quarterly Reports to the Inspector, the Shire committed to improved financial discipline through its reserve accumulation strategy. The position at 30 June 2026 is as follows:

- Transfers to reserves of \$432,529 were made during 2025/26 against a budget of \$359,600. This increased the reserve balance from \$257,825 at 01 July 2025 to \$690,354 at 30 June 2026, exceeding the budgeted closing balance of \$617,425 by \$72,929. The additional transfer relates primarily to the Aged Accommodation Reserve, which received \$103,875 against a budget of \$31,211. This additional transfer was strategically made to address a matter of non-compliance raised in the 2024-25 final audit management letter.
- Strategic Intent: Proactively “quarantining” these funds 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 OCM for the purpose of establishing funds to meet future loan repayments.
- A significant achievement incorporated within the adopted 2026/27 Annual Budget was the establishment of the Debt Management Reserve. The proposed transfer of \$726,739 represents the full amount of loan principal and interest repayments due during the 2027/28 financial year for the refinanced borrowings. This initiative forms an important component of the Shire's Financial Recovery Plan by demonstrating a proactive approach to future debt servicing, reducing financial risk and ensuring that future loan obligations are fully funded in advance. Importantly, it also continues to strengthen external confidence in the Council and management team's commitment and capacity to address the financial challenges facing the Shire through disciplined long-term financial planning and responsible fiscal management.

The Shire's accumulation strategy now redirects surplus operational funds toward service delivery, asset renewal and broad reserve strengthening. The LTFFP also prioritises the progressive rebuilding of reserve balances to ensure the Shire can manage unexpected costs or delays in external grant funding. The adopted 2026/27 Budget provides for transfers that would increase the reserve balance to \$2.33 million at 30 June 2027.

The Shire of Coolgardie has achieved a significant recovery across all financial ratios for the 2025/26 financial year. The data indicates a transition from severe financial distress in 2023/24 to a materially stabilised position at 30 June 2026, driven by the extinguishment of debt, operational cost controls and the sale of Bluebush Village.

Summary Of Local Government Financial Indicator (LGFI)

Ratio	Status	Key Driver
Current Ratio	Met	Ratio 1.01, down from 2.20 at 31 March 2026 as capital works consumed surplus cash and year-end payables increased.
Debt Service Ratio	Below	Ratio 1.65, against a benchmark of 2.00. The full \$25.46 million loan portfolio was repaid on 30 June 2026 from the Bluebush Village sale proceeds.
Operating Surplus	Met	Ratio 0.26. Strong non-rate revenue (Bluebush Village up to settlement) and unified positions reducing wage costs. The sale of the Village will negatively impact this ratio from 2026/27, as the \$10.96 million of Fees and Charges revenue derived from it in 25/26 will not recur.
Net Financial Liabilities	Met	Ratio 0.13, down from 1.13 at 30 June 2025. Total debt reduced from \$26.24 million as at 31 March 26 to \$249,474 (lease liabilities only) following repayment of all borrowings on 30 June 2026. Refinanced borrowings of \$5,461,616 settled on 03 July 2026.

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.

At 30 June 2026 the Shire met the industry benchmark for three of the four ratios, including the Net Financial Liabilities Ratio, which had previously been identified as the Shire's most challenging indicator. The debt service coverage ratio finished below benchmark at 1.65.

Current and Projected Performance

The SoC's LGFI scores reflect the trajectory of its recovery:

- **Prior Position (Financial Distress):**
 - The SoC LGFI score was 27 for the 2023/24 financial year and 36 for 2024/25.
 - These low scores acted as a prompt for scrutiny regarding revenue, expenses and service delivery, reflecting the Shire's liquidity challenges and high debt levels.
- **Current Position and Projected Recovery:**
 - The Shire recorded an LGFI score of 83 at 30 June 2026, above the score of 70 that indicates solid financial health and below the LTFP forecast of 87 for FY26.
 - The LTFP forecasts the score will reach 96 by FY36.

Current Ratio (Liquidity):

- **Benchmark: >1.0 (Standard: Met)**
- **Trend:** The Shire has moved from a critical liquidity crisis to a position marginally above benchmark.
 - FY24 Actual: 0.17 (**Severe distress**)
 - FY25 Actual: 0.57
 - FY26 Actual: 1.01

Analysis:

- The industry benchmark for a healthy current ratio is greater than 1.0. The Shire finished the year at 1.01, having moved through 2.48 at September 25, 2.11 at December 2025 and 2.20 at March 2026.
- These mid-year ratios were a sign of “temporary stabilisation, not structural recovery”. They were inflated by the front-loaded levying and collection of annual rates in the first half of the financial year, and by the refinancing of short-term debt into long-term interest-only facilities, which temporarily removed immediate repayment liabilities from the calculation.
- As forecast, this position did not hold. At 30 June 2026 current assets were \$9.27 million and current liabilities \$9.17 million. The reduction from SoC Q3 reflects the consumption of cash reserves in the final quarter to deliver the backlog of capital infrastructure projects and to pay down outstanding creditors and contract liabilities.

Debt Service Coverage Ratio (DSCR):

- **Benchmark:** >2.0 (Standard: Not met)
- **Trend:** The ratio has fallen below benchmark in the year the loan portfolio was repaid.
 - FY24 Actual: 0.68 (Distress)
 - FY25 Actual: 1.28
 - FY26 Actual: 1.65

Analysis:

- The ratios of 24.55 at September 25, 11.05 at December 25 and 6.93 at March 26 look strong but mean little. The Shire repaid no loan principal in those quarters, so the only debt costs in the calculation were interest and lease principal. With the full \$25.46 million loan portfolio repaid on 30 June 2026 from the proceeds of the Bluebush Village sale, the ratio finished at 1.65, below the benchmark of 2.00. The 2025/26 result would have been even stronger had the Shire not repaid all existing borrowings at 30 June 2026 as part of the refinancing process. As the replacement borrowings were not drawn until early July 2026, the adjusted operating result for 2025/26 continued to include the full cost of servicing the existing borrowings, while the financial benefits associated with the significantly reduced debt balance will not be fully reflected until the 2026/27 financial year.
- The Shire refinanced \$5,461,616 of existing borrowings, drawn on 3 July 2026. Principal and interest obligations on that facility will be reflected in the 2026/27 ratio.

Operating Surplus Ratio:

- **Benchmark:** Greater than 0.00 (**Standard: Met**)
- **Trend:** The Shire has converted a structural deficit into a reported surplus.
 - FY24 Actual: (0.23)
 - FY25 Actual: (0.02)
 - FY26 Actual: 0.26

Analysis:

- The Shire finished the year at 0.26, comfortably above the industry benchmark of greater than 0.00 and ahead of the 0.21 forecast in the LTFP. This compares with a structural deficit of (0.23) in the 2023/24 financial year crisis and (0.02) in 2024/25. The ratio moderated through the year from 0.63 at September 25 and 0.44 at December 25 to 0.32 at March 26.
- The sale of Bluebush Village will have a negative impact on this ratio from 2026/27, as the Shire will lose this non-rate revenue stream. The adopted 2026/27 Budget forecasts a net result of (\$1.66 million) and sustaining a positive operating surplus ratio will depend on maximising other own-source revenue.

Net Financial Liabilities Ratio (Debt Burden):

- **Benchmark:** Less than 0.30 (**Standard: Met**)
- **Trend:** Previously the Shire's most challenging ratio; now met following full repayment of borrowings.
 - FY24 Actual: 1.43 (Very High Risk).
 - FY25 Actual: 1.13
 - FY26 Actual: 0.13

Analysis:

- Net financial liabilities have reduced from \$35.23 million at 30 June 2025 to \$4.64 million at 30 June 2026.
- Following settlement of the Bluebush Village sale on 2 June 2026, Council resolved at the Ordinary Council Meeting held on 23 June 2026 to apply the net proceeds to repay the Shire's borrowings. The full \$25.46 million loan portfolio was repaid on 30 June 2026 and the ratio has fallen to 0.13, well inside the 0.30 industry benchmark.

Operating Revenue:

While the sale of Bluebush Village has reduced outstanding borrowings to nil at 30 June 2026, it also removes a valuable revenue stream, which contributed \$10.96 million of Fees & Charges revenue 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. The adopted 2026/27 Budget forecasts

total operating revenue of \$22.60 million.

For the period ended 30 June 2026, the Shire's total operating revenue was \$36.02 million, representing a positive variance of \$2.21 million (6.55%) against the amended budget of \$33.81 million.

Key components of this performance include:

- **Fees and Charges:** This was the primary driver of the revenue surplus, totalling \$17.10 million. This exceeded the amended budget of \$15.70 million by \$1.40 million (8.93%), largely reflecting the reimbursement of utility costs.
- **Interest Revenue:** Interest earnings performed strongly at \$432,491, which was \$120,891 (38.80%) above the amended budget of \$311,600.
- **Other Revenue:** Actual receipts were \$450,447, a 94.69% (\$219,076) increase over the amended budget of \$231,371.
- **Operating Grants, Subsidies & Contributions:** This stream brought in \$2.92 million, exceeding the amended budget of \$2.70 million by \$213,051 (7.88%), reflecting mining contributions towards road maintenance.
- **General Rates:** Revenue from rates was \$15.12 million, a positive variance of \$258,423 (1.74%) against the amended budget. The Shire is waiting on valuations requested from Landgate which will result in a reduction in rate revenue when these interim rates are processed.
- Overall, every operating revenue category finished ahead of the amended budget, producing a full-year operating revenue position \$2.21 million better than forecast.

Operating Expenditure:

The Shire's operating expenditure profile for FY2025/26 reflected a deliberate strategy of financial restraint. The surplus was largely achieved through unfilled positions 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 was 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) were 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 30 June 2026, the Shire's total operating expenditure was \$29.14 million, which is \$1.36 million (4.46%) below the amended budget of \$30.50 million.

The performance across major expenditure categories is as follows:

- **Employee Costs:** Actual spending was \$5.16 million, representing a saving of \$1,093,908 (17.48%) compared to the amended budget of \$6.26 million, reflecting budgeted positions that were not filled.
- **Materials and Contracts:** Expenditure was \$11.18 million, which is \$507,350 (4.34%) under the amended budget of \$11.69 million, reflecting lower maintenance costs relating to roads, waste and other operating activities.
- **Utility Charges:** These costs came in at \$2.01 million, \$26,793 (1.31%) below the amended budget of \$2.04 million.
 - **Depreciation:** Actual depreciation was \$6.94 million, which is \$367,184 (5.59%) higher than the amended budget of \$6.57 million, reflecting the right-of-use asset relating to the Bluebush Village lease that was paid out during the year.
 - **Finance Costs:** These totalled \$1.51 million, a saving of \$75,460 (4.77%) against the amended budget of \$1.58 million, reflecting the early repayment of all loans hence there being no interest accrued at 30 June 2026.
 - **Insurance:** Costs were \$569,843, slightly over the amended budget of \$563,000 by \$6,843 (1.22%), reflecting a workers compensation adjustment.
 - **Other Expenses:** Actual expenditure was \$1.77 million, which is \$29,483 (1.64%) below the amended budget of \$1.80 million.

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

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.

For the year ended 30 June 2026, capital grant revenue recognised totalled \$4.04 million against the amended budget of \$5.78 million — a negative variance of \$1.74 million (30.09%). The reduced level of revenue is due to several projects being deferred and revenue still be recognised at a later date once works have been completed.

Contract grant and contract liabilities of \$603,586 are recognised at 30 June 2026. While this is a significant reduction from the \$2,089,524 there are still funds to be expenses relating to the road projects and other minor programs.

The Regional Road Group, LRCI Phase 4 liabilities were fully released to revenue during the year as the works were completed and invoiced.

Capital Expenditure:

Capital expenditure for the year ended 30 June 2026 totalled \$7.44 million against an amended budget of \$9.03 million — a variance of \$1.63 million (19.16%). This represents a substantial acceleration from the \$2.37 million reported at 31 March 2026, with \$5.07 million delivered in the final quarter.

The road program accounted for \$6.57 million of total capital expenditure against an amended budget of \$7.51 million. Major works completed include the Regional Road Group program on Coolgardie North Road, Victoria Rock Road and Nepean Road, together with the LRCI Phase 4 works on Jaurdi Hills Road. Specialised buildings expenditure of \$667,842 was substantially the construction of three units at 11 Goodenia Court.

Cash and Cash Equivalents:

The Shire has completed the year in a materially stronger liquidity position. Cash holdings have recovered from a critical unrestricted deficit of \$0.93 million in June 2024 to \$5.36 million at 30 June 2026, of which \$690,354 is restricted as cash-backed reserves. The recovery has been driven by the sale of Bluebush Village, the strong commercial performance of the Village up to settlement, and disciplined expenditure management.

The cash and cash equivalents balance of \$5.36 million at 30 June 2026 represents a favourable movement of \$1.44 million against the \$3.92 million held at 01 July 2025, and is \$2.52 million above the \$2.84 million forecast in the SoC Q3 report. The balance has moderated from \$11.48 million at 31 March 2026, reflecting the delivery of \$5.03 million of capital works and the settlement of creditor and contract liability balances in the final quarter.

Additional details regarding the Shire's cash position include:

- **Year-to-Date Performance:** The closing cash balance is \$1.44 million higher than the \$3.92 million held at the beginning of the financial year.
- **Net Cash Flow:** For the year ended 30 June 2026, the Shire recorded a net increase in cash held of \$1.44 million.
- **Restricted Cash (Reserves):** Of the total cash held, \$690,354 is restricted in reserve accounts, leaving unrestricted cash of \$4.67 million.
- **Operating Inflows:** Net cash provided by operating activities reached \$13.75 million, driven largely by receipts from rates (\$14.52 million) and fees and charges (\$17.10 million).
- **Investing and Financing Flows:** Investing activities generated a net inflow of \$14.97 million, reflecting \$20.05 million of proceeds from the sale of Bluebush Village offset by \$7.44 million of capital works. Financing activities recorded a net outflow of \$27.28 million, comprising \$25.46 million of loan principal repayments and \$1.82 million of lease principal repayments.

Surplus / (Deficit) Position:

For the year ended 30 June 2026, the Shire of Coolgardie's surplus/deficit position is as follows:

- **Closing Funding Position:** The Shire recorded a closing funding deficit of (\$318,830) as at 30 June 2026.
- **Opening Position:** This represents a significant improvement from the start of the financial year, which began with a deficit of (\$3,544,614) — a favourable movement of \$3.23 million.

- **Budget Comparison:** The adopted budget provided for a balanced position at 30 June 2026. The closing deficit of (\$318,830) represents a variance of \$318,830 against that position and arises principally from \$1.74 million of capital grant revenue that will now be recognised in 2026/27.
- **Net Result for the Period:** The net result for the period was \$9.43 million against an amended budget of \$7.58 million. Total comprehensive income was \$9.41 million after a \$12,104 reduction in the asset revaluation surplus.

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. The Shire finished the year marginally short of that position, recording a closing funding deficit of (\$318,830).

The improvement in the Shire's financial position across the year is the result of a combination of factors, including:

- The identification and implementation of cost efficiencies across operations during the financial year;
- The prioritisation of capital works, including the deferral of non-essential projects;
- Ongoing and proactive review and management of operational expenditure;
- Strong occupancy levels at Bluebush Village up to settlement, 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 the Shire has delivered a materially improved financial position at 30 June 2026, this result is not without inherent risk and will require ongoing monitoring and disciplined financial management.

Current Assets:

While the asset base has grown, the "Current Ratio" (Current Assets ÷ Current Liabilities) provides the true measure of solvency.

- FY24: 0.17 (the Shire was in severe distress)
- FY25 Actual: 0.57
- FY26 Actual: 1.01

The current asset position at 30 June 2026 is \$9.27 million, against current liabilities of \$9.17 million — a net current asset position of \$92,053. By way of comparison, the Shire reported a net current liability position of **(\$5.10 million)** as at 30 June 2025, representing a favourable movement of \$5.20 million. Net assets have increased from \$138.22 million to \$147.63 million over the same period.

A key area relates to the level of trade and other payables at 30 June 2026, which reflects the concentration of capital works delivery in the final quarter of the year.

The Shire will monitor the settlement of these balances during the first quarter of 2026/27, alongside the recognition of carried-forward capital grant revenue, to ensure that the liquidity position achieved at year end is maintained.

It is important to note that the 2025/26 financial year included the delivery of a significant backlog of infrastructure projects and the acquittal of a substantial portion of outstanding contract liabilities. Accordingly, the cash position at year end is lower than the mid-year peak would suggest, despite the Shire's improved underlying financial performance and liquidity management.

Current Liabilities:

The SoC's liabilities position has undergone a significant structural shift. Total liabilities have reduced from \$42.05 million at 30 June 2025 to \$14.18 million at 30 June 2026, driven by the repayment of the entire loan portfolio and the payout of the Bluebush Village lease.

As at 30 June 2026, current liabilities totalled \$9.17 million. This compares with \$6.73 million at 31 March 2026 and \$11.74 million at 30 June 2025. The movement from the March position reflects trade and other payables of \$7.12 million arising from the concentration of capital works delivery in the final quarter.

Trade & Other Receivables:

As at 30 June 2026, total current receivables stood at \$3.76 million, comprising rate receivables of \$954,203 and trade receivables of \$2.81 million. Trade and other receivables totalled \$3.76 million as at 30 June 2026, compared with \$2.54 million at 30 June 2025. The increase is largely attributable to trade receivables associated with the final road works invoiced in June 2026. These balances are being actively followed up and are expected to reduce during the first quarter of 2026/27, with the adopted 2026/27 Budget forecasting a closing balance of \$1.96 million.

Trade & Other Payables:

The profile of Trade and Other Payables reflects the concentration of capital works delivery in the final quarter of the year. Payables have increased from \$5.36 million at 30 June 2025 to \$7.12 million at 30 June 2026, having reduced to \$2.16 million at 31 March 2026. The adopted 2026/27 Budget forecasts this balance reducing to \$2.69 million by 30 June 2027 as the year-end capital works creditors are settled.

The trade payables balance as at 30 June 2026 reflects the timing of capital works delivery, with a number of projects finalised in late May and June. This has resulted in a higher than normal level of invoices falling within the 30-day payment period at year end. Contract liabilities of \$603,586 are also recognised within current liabilities.

Borrowings (Principal Outstanding):

As at 30 June 2026 the SoC has no outstanding borrowings. The Shire commenced the year with a loan portfolio of \$25,463,497.00 held with the Commonwealth Bank of Australia, the majority of which related to the Bluebush Village worker accommodation facility. The portfolio was structured across two facilities: a \$12.96 million facility at a fixed interest rate over a 10-year term incorporating a 3-year interest-only period, carrying quarterly interest of \$174,000; and a \$12.50 million facility on 5-year interest-only terms, carrying quarterly interest of approximately \$175,000. No principal repayments were made during the first three quarters as a result of these interest-only arrangements.

Following settlement of the sale of Bluebush Village on 2 June 2026, Council resolved at the Ordinary Council Meeting held on 23 June 2026 that the net proceeds of the sale be applied to repay the Shire's existing borrowings. In accordance with that resolution, both Commonwealth Bank of Australia facilities were closed and repaid in full on 30 June 2026.

As the refinancing arrangement required the existing debt to be discharged before the new facility could be established, the refinanced funds were not drawn down until 03 July 2026. Consequently, the Shire had no outstanding borrowings as at 30 June 2026, with the refinanced debt of \$5,461,616 recognised in the 2026/27 financial year following receipt of the loan proceeds. Lease liabilities of \$249,474 remain outstanding at 30 June 2026, reduced from \$2,066,011 at 01 July 2025 following the payout of the Bluebush Village Stage 2 buildings lease.

Cash Reserves:

Cash and cash equivalents totalled \$5.36 million as at 30 June 2026. This balance includes cash-backed reserves of \$690,354, following transfers of \$432,529 during the 2025/26 financial year against a budget of \$359,600.

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. The adopted 2026/27 Budget provides for further transfers that would increase the reserve balance to \$2.33 million at 30 June 2027.

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.

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 Ordinary Council Meeting, 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.
- **Council Plan (Strategic Community Plan (SCP) and Corporate Business Plan (CBP):** The Shire's overarching 2018–2028 SCP is currently undergoing a full review, which is scheduled to be completed by the end of August 2026. The inaugural workshop was held with Councillors on 28 April 2026. Community feedback sessions have been held in August 2026. The Council Plan will be submitted to the August 2026 OCM for adoption.
- **Annual Report:** 2024/2025 Annual Report was 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:

- Cr Corey Matthews resigned from Council on 25 June 2026.
- The Shire President has set an election date of 3 December 2026.
- Councillors completed 'Managing the CEO' training in May 2026.

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 aligning workforce, asset and financial planning to ensure services remain effective, sustainable and deliverable. This includes identifying capability gaps, critical-role coverage and succession needs, while using asset and financial plans to guide long-term service impacts. Improved data reliability and resource alignment will strengthen organisational capability and support sustainable service delivery.

Actions taken to date:

- The Workforce Plan was reviewed, updated and then endorsed at the 26 May 2026 OCM.

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 and will be presented to the 25 August 2026 OCM.

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:
 - The Culture Pulse Survey closed on 01 May 2026. Results have been shared with staff. A working group has been established to respond to survey results.
 - A human resources / workplace requirements audit is currently being conducted.
 - A whistleblowers hotline will be launched end of August 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 Delivering Outcomes report have substantially been addressed.
 - The results have been reported to the Audit, Risk and Improvement Committee (ARIC) and Council on 28 April 2026.
- CEO recruitment has been substantially completed with contract negotiations underway with the successful candidate. It is anticipated that a public announcement will be made after the 25 August 2025 OCM.

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, the Shire is strengthening governance systems to ensure transparent, evidence-based decisions aligned with resourcing capacity. This includes disciplined planning, robust internal controls, integrated asset, workforce and financial planning, and reliable compliance and reporting systems to support accountability and continuous improvement.

Actions taken to date:

- ARIC meeting was held on 28 April 2026 and next meeting scheduled for 12 August 2025.
- The interim independent Audit Report has been received and will be submitted to the 12 August 2026 ARIC meeting. The report identified 5 findings 2 moderated (self-reported by the Shire) and 3 Minor, none of which will impact the audit opinion

SHIRE OF COOLGARDIE

PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

Index of findings	Potential impact on audit opinion	Rating	Year first raised
1. Ineffective reconciliation review process	No	Moderate	2026
2. Non-compliance with terms of a joint arrangement	No	Moderate	2025
3. Purchase of gifts without formal approval	No	Minor	2026
4. Absence of contract	No	Minor	2026
5. Outstanding rates from a religious group	No	Minor	2025

- The Compliance Audit Return (CAR) has been completed and will be submitted to the 12 August 2026 ARIC. The employee code of conduct was identified as non-compliant as it was not available on the Shire's website.

Pillar: Risk Assurance and Compliance Uplift

Key Related Documents

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

To meet the Risk Assurance and Compliance Uplift pillar, the Shire is strengthening governance systems to identify risks early, meet compliance obligations and ensure internal controls operate effectively. This includes improving compliance reporting, information accuracy for Council and system-based controls to support transparent, accountable decision-making and proactive risk management.

Actions taken to date:

- Long Term Financial Plan was adopted by Council at the 28 April 2026 OCM.
- Council Plan will be submitted to the 25 August 2026 OCM for adoption.
- Planning has commenced to enhance staff capability in governance, risk 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 Systems, Technology and Information Management pillar, the Shire is strengthening the reliability, integration and governance of its information systems to ensure accurate, timely data supports planning, reporting and decision-making. This includes improving data integrity, record-keeping, reporting systems and system-based controls to reduce manual workarounds and support transparent, accountable governance.

Actions taken to date:

- Long Term Financial Plan was adopted by Council at the 28 April 2026 OCM.
- Council Plan will be submitted to the 25 August 2026 OCM for adoption.
- 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 through transparent reporting, proactive engagement and clear communication aligned with the IPRF. Ongoing engagement with the Department, the Inspector, Council and the community demonstrates the Shire's commitment to open governance, accountability and responsive, evidence-based decision-making.

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.
- Council Plan will be submitted to the 25 August 2026 OCM for adoption.

Strategic Outlook

The SoC has completed 2025/26 with a net result of \$9.43 million, a materially strengthened balance sheet and no outstanding borrowings, having transitioned from the net operating loss of 2024/25. The underlying position nevertheless remains dependent on disciplined expenditure management and on replacing the own-source revenue previously derived from Bluebush Village. The move from a "defensive" posture to long-term sustainability now depends on the disciplined execution of the adopted 2026/27 Budget and the LTFP.

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 contractors to backfill Executive Manager, Community, Development & Regulatory Service, Executive Manager Infrastructure and Assets, Executive Manager Governance & Workplace and Waste Management Manager in place; while we prepare to go to market to recruit for full time employees.

Addressing workforce vacancies remains essential to maintaining operational stability, service continuity and compliance with the Shire's governance, work health and safety, and risk management obligations. Strengthening organisational culture, staff wellbeing and workforce capability will support improved performance, resilience and the proactive identification and management of operational and compliance risks.

Key Risks Requiring Active Management

Active management of the Shire's key risks is essential to maintaining operational stability, service continuity and long-term financial sustainability. Ongoing oversight of human capital, capital program delivery and debt exposure supports compliance, strengthens governance accountability and provides assurance that emerging risks are identified, monitored and addressed in a timely and transparent manner.

1. **Liquidity Risk:** The Shire finished the year with unrestricted cash of \$4.67 million, above the LTFP target range of \$3 million to \$4 million. Maintaining this position depends on continued expenditure restraint and on replacing the own-source revenue previously derived from Bluebush Village.
2. **Human Capital Risk:** Prolonged understaffing is unsustainable and presents a medium-term risk to service delivery and organisational resilience.
3. **Capital Program Risk:** Capital grant revenue of \$4.04 million was recognised against an amended budget of \$5.78 million, with \$497,364 of capital grant and contribution liabilities carried forward. Recognition of \$444,093 of that amount is dependent on completion of the associated works during 2026/27.
4. **Debt Exposure:** Borrowings were extinguished at 30 June 2026 and the Net Financial Liabilities Ratio has fallen to 0.13, inside the industry benchmark. The Debt Service Coverage Ratio finished at 1.65, below the benchmark of 2.00, because the whole loan portfolio was repaid within a single year. Existing borrowings of \$5,461,616 were refinanced and settled on 3 July 2026; debt levels will need to be managed within the parameters of the LTFP.

These risks are known, quantified and actively monitored.

Closing Assurance Statement

As Chief Executive Officer, I provide this assurance that the report presents a full, accurate and transparent account of the Shire of Coolgardie's financial position, governance performance, compliance status and operational progress for the reporting period. All known historical matters, liabilities and material risks have been identified and disclosed to the best of the administration's knowledge, based on the information available at the time of reporting. The Shire has taken deliberate and measurable steps to strengthen internal controls, improve the reliability of financial and governance reporting, and embed disciplined planning and oversight consistent with the Integrated Planning and Reporting Framework.

The Shire remains fully committed to meeting both the intent and the requirements of the Ministerial Expectations and the Inspector's oversight. Management will continue to monitor financial, governance, workforce and compliance risks through structured reporting, timely escalation and evidence-based decision-making. The administration will maintain open, timely and constructive engagement with the Department and the Inspector, including early disclosure of emerging matters and clear reporting on the progress of required reforms.

The Shire is firmly focused on restoring long-term financial sustainability, strengthening governance capability and rebuilding stakeholder confidence through transparent, accountable and compliant administration. As Chief Executive Officer, I acknowledge responsibility for driving the organisational reforms underway and for ensuring that the Shire continues to act with candour, discipline and professionalism throughout this period of regulatory oversight. Council, the Minister, the Department, the Inspector and the community can be assured that the administration remains committed to stable, ethical and competent leadership, supported by ongoing monitoring, continuous improvement and a clear focus on sustainable service delivery.



Sabine Taylor

Chief Executive Officer

Email: ceo@coolgardie.wa.gov.au

Mobile: 0401 450 101