



2025/26 Mid-Year Budget Review Detail

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FY26 Mid-Year Budget Summary



The MYR includes:

- The Impact of forecast adjustments identified by General Managers.
- Approved organisational chart changes.
- Full organisational chart refresh for employee costs (at 01/11/25).
- Approved capital works program changes identified via IRC / CGC.
- Updated assumptions around delivery of Major Projects.
- Revised DRFA forecast.
- Identification of efficiencies.
- Correction of timing adjustments.
- Council Decisions.
- Revision of long-term financial plan and associated sustainability ratios.

Efficiencies & Savings



Councils FY26 Adopted budget included an efficiency target across all services totalling \$2.5m.

This target is being achieved, which is demonstrated in the November financial performance and treasury report.

The MYR includes additional efficiencies and savings:

- Inventory repatriation - \$2m operating revenue. This involves the allocation of unrecorded inventory into the system which will result in savings when future items are required by the business.
- Introduction of GPS for fleet vehicles to identify underutilisation thus reducing the replacement requirements - \$2m capital reduction and subsequent depreciation reductions.
- Insurance policy review resulting in savings on premiums - \$0.3m.
- Reduction in waste levy expenditure reflecting less waste entering the landfill - \$0.6m.
- Cost savings achieved for delivery of events and performing arts - \$0.4m.
- Savings identified in water treatment costs - \$0.9m.
- Savings realised for landfill remediation costs at Hervey Range - \$1m.

Operating Overview



<u>Excluding</u> Disaster Events	Adopted Budget (\$000)	Mid-Year Budget (\$000)	Variance (\$000)
Operating Revenue	\$560,970	\$568,714	\$7,924
Operating Expenditure	\$575,176	\$570,697	\$4,479
Operating Surplus / (Deficit)	(\$14,386)	(\$1,983)	\$12,403 Favorable

Disaster Events	Adopted Budget (\$000)	Mid-Year Budget (\$000)	Variance (\$000)
Operating Revenue	\$3,737	\$23,261	\$19,525
Operating Expenditure	\$800	\$31,970	\$31,168
Operating Surplus / (Deficit)	\$2,934	(\$8,709)	\$11,643 Unfavorable

Operating Overview



<u>Total</u>	Adopted Budget (\$000)	Mid-Year Budget (\$000)	Variance (\$000)
Operating Surplus / (Deficit)	(\$11,452)	(\$10,692)	\$706 Favorable

Operating Overview - Revenue (ex DRFA)



REVENUE (ex DRFA) ↑ \$7.9m

- Interest revenue based on higher than forecast cash holdings ↑\$5.8m
- **Grant Funding & Other Revenue ↑\$2.4m**
 - Stocktake and allocation of Council inventory ↑\$2m.
 - Regional Drought Resilience Planning Scheme (New) ↑\$0.5m.
 - Revision of grant funding expectations for P&D, Events, P&C and CMO ↓\$0.2m.
 - RMPC contract additional funding ↑\$0.2m.
- **Fees & Charges ↑ \$2m**
 - Inclusion of additional landfill revenue from commercial customers ↑\$1.4m.
 - Inclusion of additional fees & charges received for planning & development ↑\$0.8m.
 - Increased revenue of infringements ↑\$0.2m.
 - Revision of assumptions for predicted ticket sales for theatre performances ↓\$0.3m.
- **General Rates & Utility Charges ↓\$2.3m** (*1% overall adjustment*)
 - Revision of property assumptions for refuse & recycling utility charges ↓\$0.3m.
 - Reduction of revenue predicted for commercial water consumption based on actuals ↓\$0.3m.
 - Revision of connection assumptions for commercial sewerage utility charges ↓\$2.0m.
 - Increased expectation of commercial water revenue ↑\$0.3m.

Operating Overview - Expenditure (ex DRFA)

Net Decrease ↓\$4.5m

- **Employee costs net movement ↓\$5m** - See Slide 14 onwards.
- **Materials and Services ↓\$2m**
 - **Engineering, Assets & Infrastructure Planning ↑\$0.8m**
 - Reallocation of external labour hire (Employee Costs) to external consultancy (Net Nil Impact to Council)
 - **Commercial & Financial Services ↑\$0.8m**
 - Inclusion of by-election expenditure ↑ \$0.8m.
 - Increased costs for joint venture and bank fees ↑ \$0.3m.
 - Reduction in insurance premiums ↓ \$0.3m.
 - **Environmental & Sustainability Services ↑\$0.5m**
 - Regional Drought Resilience Planning Scheme (Fully Funded).
 - **People & Culture ↑\$0.5m**
 - Increased requirement for workers compensation payments.
 - **Planning & Development ↑\$0.2m**
 - Realignment of TEL Partnership in line with contract.
 - **Health, Safety & Wellbeing ↓\$0.2m**
 - Removal of driver training contract and reduction of medical expenses.

Operating Overview - Expenditure (ex DRFA)



- **Materials and Services (*Continued*) ↓\$2m**
 - **Resource Recovery ↓\$0.3m**
 - Revision of waste levy liability in line with actual tonnages received ↓\$0.6m.
 - Inclusion of Clean fill (Soil) expenditure for Stuart Landfill (regulatory requirement) ↑\$0.3m.
 - **Community & Lifestyle ↓\$0.5m**
 - Revision of expenditure across events and performing arts and Inclusion of “Light up Flinders Street Event” ↓\$0.3m.
 - Removal of Sports Marketing Australia budget to strategic reserve ↓\$0.2m.
 - **Construction, Maintenance & Operations ↓\$0.6m**
 - Reallocation of usual service delivery to DRFA activity. Cost savings realised.
 - **Water ↓\$0.7m**
 - Reduction of expected water treatment costs ↓\$0.9m.
 - Recycled Water Treatment Facility maintenance costs ↑\$0.2m.
 - **Capital Delivery ↓\$2.4m**
 - Deferral of Nelly Bay Dredging works to FY26/27 ↓\$1.4m.
 - Savings realised for Hervey Range landfill remediation costs ↓ \$1.0m (in reserve) and Blue Green Algae project ↓ \$0.1m offset by North Rail Yards Development Costs ↑ \$0.4m.
 - Removal of rockpool planning works (already accounted for in capital budget) ↓\$0.4m.
 - Net impact of reallocation of budget for Jensen landfill rehabilitation ↑\$0.1m.
- **Depreciation ↑\$2.4m** - Revision of depreciation expenditure to correctly capture landfill useful lives.
- **Other expenses ↑\$0.2m** - Higher than predicted level of bad debts written off for infringements.

Establishment Overview

EMPLOYEE COSTS ↓\$2.4m (Inc. DRFA)

Included in the FY26 MYR



- Employee costs refreshed to reflect organisational chart as at 1/11/2025.
- Correction of Certified Agreement assumptions to align with current proposals.
 - Steam A - 5% (Effective from 1 July 2025)
 - Stream B - 11% (Effective from 1 July 2025)
 - Stream C - 14.15% (Effective from 1 July 2025)
- Allocation of budgets to DRFA related activity (Where delivered by Council).
- Vacancy realised YTD is currently higher than budgeted across Council and has been increased. The impact of these vacancies is a reduction in employee costs of \$1.3m.
- Net overall impact of changes is a reduction of employee costs of \$2.4m.

DRFA - Current Capital DRFA inclusions



Project Details	Revenue	CAPEX	Notes
Kelly Street Road Reconstruction	\$825,640	\$825,640	Project Funding.
Gastuv Creek Drainage Structure - Sooning Street Nelly Bay	\$15,176,960	\$15,176,960	Current QRA approved value of funding - \$7.4m. DRFA approval of market price updated not lodged and processed until the final progress report.
Supply & Installation of Emergency Generators / Water pumps for Water Services	\$3,770,500	\$3,770,500	
West Point Betterment Works	\$416,382	\$416,382	
Wil Win Park - Pathway & Handrail Upgrade	\$238,672	\$238,672	
Softall Compliance Program	\$493,460	\$493,460	
Totals	\$20,921,614	\$20,921,614	

Capital Overview



	Adopted Budget (\$m)	Mid-Year Budget (\$m)	Variance (\$m)
Capital Revenue	\$124.7	\$138.1	\$13.4 Increase
Capital Expenditure	\$352.2	\$286.6	\$65.6 Reduction
Net Capital	\$227.5	\$148.5	\$79.0 Reduction

Capital Overview - Revenue



Revenue Stream	FY Adopted Budget	FY MYR Budget	Budget Movement	Budget Movement Comments
Haughton Pipeline Stage 2	-	25,447,703	25,447,703	Recognition of grant funding reflects updated grant agreement.
Lansdown HVSPP	17,650,000	9,926,957	(7,723,043)	Reduction of revenue recognised in 25/26 in line with reduced forecast project expenditure.
W4Q (2024-27)	8,722,859	15,699,660	6,976,801	Revenue released in line with project expenditure. Some variations to projects with allocated funding + increased carry over from 24/25.
Roads to Recovery	3,759,470	3,865,682	106,212	
Blackspot	1,800,000	1,676,451	(123,549)	
Regional Activation Fund	17,400,000	7,982,578	(9,417,422)	Reduction of revenue recognised in 25/26 in line with reduced forecast project expenditure.
TIDS 2024/25	487,150	1,780,000	1,292,850	
Disaster Recovery	6,900,000	20,921,613	14,021,613	DRFA funding increase (noting this does not equate to approved funding).
Other - Roads & Transport Programs	27,000,000	1,967,084	(25,032,916)	Reduction Lionel Turner Drive. Project cancelled in 25/26 as funding was not obtained.
Other - Rest of Council	755,000	1,611,014	856,014	
Infrastructure Charges	16,382,229	22,104,684	5,722,455	Revision of forecast due to increased developer activity, taken to reserves.
Donated Assets	28,122,400	28,122,400	-	
Decommissioning of Assets	(4,245,000)	(3,004,476)	1,240,524	Decommissioning of existing Ross River Dam to DWTP Pipeline Year 2/3.
Grand Total	124,734,108	138,101,350	13,367,242	

Capital Overview - Expenditure (Significant Variances)



Core Service	Adopted Budget	MYR	Variance	Significant Variances
Roads and Transport Services	82,987,116	54,642,586	28,344,530	\$24.8m Lionel Turner Drive - Funding was not obtained in 25/26. Project deferred to FY31 & FY32.
Water Services	79,871,359	81,108,509	(1,237,150)	<p>\$6m Haughton Pipeline Stage 2 - Project cost increases.</p> <p>Offset By:</p> <p>\$1.7m reduction Ross River Dam PAC Dosing System (Design). Project cancelled in FY26.</p> <p>\$1.7m West End Reservoir Renewal. Forecast reduced due to ongoing native title investigations and land tendure issues. Project deferred to FY27.</p> <p>\$1.2m reduction Sunwater Water Allocation - Water rights not required this financial year - Required in FY27 onwards (impact from the timing of contract finalisation).</p> <p>\$1.6m reduction Stuart Drv/Diamantina St (Wulguru) Water Main.</p>
Resource Recovery	15,250,000	6,100,000	9,150,000	<p>\$6.6m reduction Stuart Landfill - Cells 4 & 5.</p> <p>\$1.1m reduction Stuart Landfill - Leachate Treatment & Disposal. Current Solution 18 week lead time upon order. Awaiting decision on procurement of proposed solution.</p> <p>\$1.0m reduction Stuart Landfill Sediment Pond 3.</p>
Drain and Stormwater Management	4,340,000	19,118,573	(14,778,573)	\$15.2m Gastuv Creek Drainage Structure Replacement, Sooning Street, Nelly Bay. New project in MYR - DRFA Funded. Noting, DRFA approved value currently \$7.4m. Resubmission required.
Lansdown Eco-Industrial Precinct	96,595,000	47,976,741	48,618,259	Rephasing of capital expenditure - timing difference between financial years

Other Projects Included

Henry Lawson Bridge

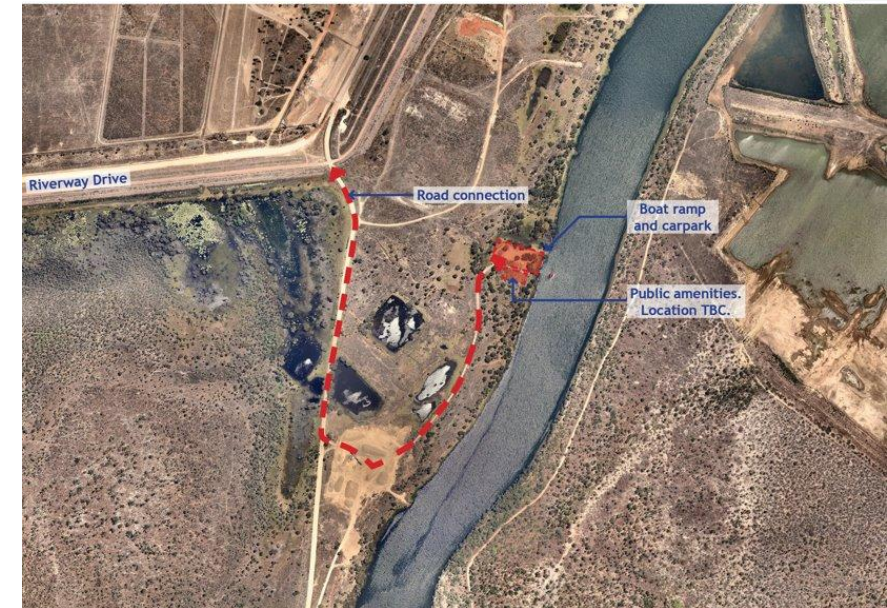
- Henry Lawson Bridge is a steel truss pedestrian bridge that crosses a small tidal creek between Pacific Drive and Henry Lawson Street, Horseshoe Bay, Magnetic Island.
- Constructed circa 1950.
- It has reached the end of its useful life and requires priority decommissioning to eliminate the risk of structure collapse.
- 3-person load limit placed on bridge Apr 22.
- Pedestrian traffic study 23 March 24 - 6 Apr24 recorded daily movements ranging from 86 to 572 per day.
- Current OPEX cost of \$48K per annum for inspections.
- Proposed replacement bridge estimated to cost \$750K. Funds available from Nelly Bay Boardwalk works.



Other Projects Included

Ross River Dam Boat Ramp

- \$250K requested for the design of a boat ramp at Ross River Dam to enable recreational boat access.
- Construction phase will be included in future years of the capital plan. Cost of construction will be informed from the design project.



Cash and Loan Balances



	Adopted Budget (\$000)	Mid-Year Budget (\$000)	Variance (\$000)
Closing Cash Balance	\$111,961	\$179,760	\$67,799 (Increase)
Loan Drawdowns	\$88,384	\$44,567	\$43,817 (Decrease)
Closing Loan Balances	\$478,417	\$433,773	\$45,644 (Decrease)

