



# **MINUTES OF THE MEETING OF THE FINANCE ADVISORY COMMITTEE**

commencing at 3pm on

**MONDAY 26 JUNE 2023**

Council Chambers  
11 Manning Street, KIAMA NSW 2533

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**MINUTES OF THE FINANCE ADVISORY COMMITTEE MEETING  
HELD IN THE COUNCIL CHAMBERS, KIAMA,  
ON MONDAY 26 JUNE 2023 AT 3PM**

**PRESENT:** Anna-Leena Risku (Chair), Elizabeth Kelly, Jim Thomson, Mark Greaves, and Councillors Neil Reilly and Jodi Keast

**VIA TEAMS:** Graeme Gherashe  
Karen Renkema -Lang (observer)

**IN ATTENDANCE:** Chief Executive Officer – Jane Stroud  
Chief Operating Officer – Joe Gaudiosi (via Teams)  
Chief Financial Officer – Olena Tulubinska  
Director Infrastructure and Liveability – Michael Malone  
Interim Chief Financial Officer – Daryl Hagger

## **1 APOLOGIES**

Nil

## **2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS**

The Chair declared the meeting open and acknowledged the traditional owners:

*“On behalf of those present, I would like acknowledge the Traditional Custodians of Dharawal Country, the Wodi Wodi people and recognise their continued connection to the land, paying respect to elders past, present and emerging and the contribution that they make to our community.”*

## **3 CONFIRMATION OF MINUTES OF PREVIOUS MEETING**

### **3.1 Finance Advisory Committee meeting held on 1 May 2023**

#### **23/017FAC**

**Resolved** that the Minutes of the Finance Advisory Committee meeting held on 1 May 2023 and endorsed by Council at the 16 May 2023 ordinary meeting, be received and accepted.

(Greaves and Kelly)

Noted:

- It was questioned if there was any progress on the ILU 75% market value strategy. The COO advised that when retirement village pricing was set, it was not aligned with the typical market rate within the community. KMC reviews the pricing on an annual basis.

- Future ILU pricing would consider market values. Implementation of the new pricing model will be effective from October 2023.
- **Action:** Valuation report on the Independent Living Units (ILUs) to be distributed to the Committee by COO.
- Blue Haven Project Control Group (PCG) has been established. The PCG is working through a process of EOI development, developing the probity plan and risk analysis. Focus on industrial matters is a priority and the Fair Work Process will be worked through with assistance from industrial specialist.
- Defined Benefits Scheme only relates to 12 staff.
- Waste Service review, will be completed subject to the budget being adopted and is expected to take approx 6 months to complete.
- Committee members are invited to consider sponsoring a business review (The Pavillion, Waste Services, Holiday Parks and the Leisure Centre) as part of the combined Project Control Group.
- **Action:** CEO to send Service Review project methodology to Committee members prior to the 4 July 2023 meeting – as per the methodology adopted at 28 February 2023.

## 4 DECLARATIONS OF INTEREST

Nil

## 5 FAC STANDARD REPORTS

### 5.1 Statement of Investments - May 2023

#### 23/018FAC

**Resolved** that the Finance Advisory Committee notes the:

1. Information relating to the Statement of Investments as at 31 May 2023.
2. Payment to NSW TCorp of \$15 million on 23 June 2023.
3. Progress of loan negotiations with NSW TCorp for the remaining \$15 million currently due in August 2023.

(Kelly and Thomson)

Noted:

- No funds currently restricted for the final \$15M to TCorp (being renegotiated); expect to fund via Blue Haven Bonaira sale.
- \$5M has been moved from Land Development (internal restriction) to unrestricted.
- A question was asked whether there are any targets in place for the asset restrictions. The CEO advised that a policy for infrastructure is currently in draft and will include a property divestment plan. Also there is a need to develop a working capital and debt policy. CEO advised KMC is aiming to complete work across various categories of assets in time for next year's budget.
- Awaiting delapidation report for Havilah Place.
- The Long Term Financial Plan will go to Council on 29 June 2023 with 3 scenarios being presented. A question was asked whether there are any council assets that can be used to improve commercial outcomes (versus community benefit).
- A Councillor workshop has been scheduled to work through all services – mandated and optional.

## 5.2 Monthly Financial Report - April 2023

### 23/019FAC

**Resolved** that the Finance Advisory Committee notes the Monthly Financial Report for April 2023.

(Greaves and Thomson)

Noted:

- A question was asked on the details of the substantive loss for the Residential Aged Care Facility with information noting the loss has increased this year due to reduced occupancy and increased staffing costs.
- **Action:** staff to advise the Committee on the quantum of the increased loss for this year (2022/2023)

## 5.3 2021 Final Audit Management Letter

### 23/020FAC

**Resolved** that the Finance Advisory Committee notes the issues identified in the Management Letter on the final phase of the audit for the year ended 30 June 2021.

(Kelly and Greaves)

Noted:

- The Committee thanked the Finance Team for their work on the audit process.
- Tracking of issues relating to the year end June 2021 will be performed by the Audit, Risk and Improvement Committee.
- A question was asked about Finance Team resourcing and whether they have capacity to address the audit items. The CFO explained that the current team is strong and KMC is working on succession and backfill planning. A new Systems Accountant will commence on 4 July 2023.
- Recommendation from an internal audit is that a dedicated procurement officer is required.

## 5.4 Financial Statements and Audit Update

### 23/021FAC

**Resolved** that the Finance Advisory Committee notes the update provided on the 2022 and 2023 audit of Council's Financial Statements.

(Keast and Kelly)

Noted:

- Future reports on financial statement audits will be reported to the Audit, Risk and Improvement Committee only.

## 5.5 IPART Rate Peg Methodology, Council rates and Short Term Rental Accommodation

### 23/022FAC

**Resolved** that the Finance Advisory Committee provides its response (as attached to the report) to the IPART draft report on the review of the rate peg methodology for consideration in the preparation of the submission by Council.

(Thomson and Greaves)

Noted:

- The CFO advised the largest concern about the use of historic data is now being addressed and inflation is being taken into account. The process is also being simplified.
- There is concern about the financial model used by councils and the delivery of services and a restriction on these that may impact KMC due to the provision of services outside the basic council deliverables.
- The IPART review provides an opportunity to communicate with ratepayers about charging for services going forward, using the new methodology as the basis.
- Important to support the aspects of the report which would be beneficial for KMC.
- Confirmation that the application to make the temporary increase permanent was refused.
- The Committee has provided feedback on the draft report which will be included with Management's response to the report.

## 6 FAC ACTIONS ARISING

### 6.1 Action tracker update - June 2023

#### 23/023FAC

**Resolved** that the Finance Advisory Committee notes the action tracker updates for June 2023.

(Kelly and Keast)

## 7 GENERAL BUSINESS

### Blue Haven Bonaira sale update

The COO provided an update on the timeframes and approach being undertaken for the divestment process. The project plan works towards December 2023 for the divestment to be finalised.

The EOI for the sale is scheduled for release in July 2023.

**Action:** COO to report on the project plan and status of the Blue Haven Bonaira sale to each Finance Advisory Committee meeting until completion of the sale.

**Spring Creek and Glenbrook Farm update**

Issues have been raised with the Minister for Local Government and lawyers have been engaged to investigate the matter further on Council's behalf.

**Long Term Financial Plan feedback to the Mayor**

The number of years it will take to get back into the black is not sustainable and the Finance Advisory Committee recommend addressing this issue needs to be a priority.

The Mayor thanked the Committee for their feedback.

The final Compliance Report has been drafted and sent to the Temporary Advisor, who has provided a separate report in response.

An extension of time was considered but ultimately not pursued, with the final compliance report due for submission on 30 June 2023.

**Audit, Risk and Improvement Committee yearly report**

The CEO has requested the Audit, Risk and Improvement Committee report is included in the Annual Report.

The Finance Advisory Committee will consider the opportunity to submit a report for inclusion in the Annual Report.

**Fair Work Commission 15% pay rise**

The 15% pay increase has been implemented at Blue Haven.

A 4.5% increase has been implemented for Council staff as part of the award.

**Short Term Rental Accommodation**

The Committee suggested that short term rental accommodation be discussed further by Councillors as a potential income stream going forward as well as a compliance issue. There may also be an option to undertake a Special Rate Variation on short term rental accommodation.

**Greater Cities Commission**

The Greater Cities Commission would have significant impact on the Kiama local government area. It will be important to consider the draft report to be released at the end of July.

**Land Value Caption Models**

Cr Renkema-Lang requested that the Committee look at the concept of land value caption models as a way of increasing revenue on development.

**8 CLOSURE**

There being no further business the meeting closed at 4.57pm.

These Minutes were confirmed at the Ordinary Meeting of Council held on 18 July 2023.



Chair