



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

**commencing at 3pm on**

**MONDAY 27 FEBRUARY 2023**

Council Chambers  
11 Manning Street, KIAMA NSW 2533

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**MINUTES OF THE FINANCE ADVISORY COMMITTEE  
HELD IN THE COUNCIL CHAMBERS, KIAMA,  
ON MONDAY 27 FEBRUARY 2023 AT 3PM**

**PRESENT:** Graeme Gherashe (Chair), Anna-Leena Risku, Elizabeth Kelly, Mark Greaves, and Councillor Neil Reilly

**BY ZOOM:** Jim Thomson and Councillor Jodi Keast

**IN ATTENDANCE:** Jane Stroud | Chief Executive Officer  
Joe Gaudiosi | Chief Operating Officer  
Daryl Hagger | Interim Chief Financial Officer  
Jessica Rippon | Director Environmental Services

**OBSERVER:** Councillor Imogen Draisma  
Peter Tegart | Temporary Advisor

## **1 APOLOGIES**

Mike Dowd | Director Engineering and Works  
Councillor Kathy Rice  
Councillor Matt Brown

The Chair thanked staff for the quality of the business papers.

## **2 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS**

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

*“On behalf of those present, I would like to show my respect and acknowledge the traditional owners of the Land, of Elders past and present, on which this meeting takes place, and extend that respect to other Aboriginal and Torres Strait Islander people present.”*

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

### **3.1 Finance Advisory Committee meeting held on 28 November 2022**

#### **23/001FAC**

**Resolved** that the Minutes of the Finance Advisory Committee meeting held on 28 November 2022 and endorsed by Council at the 20 December 2022 ordinary meeting, be received and accepted.

(Kelly and Risku)

Noted:

- COO has been working with the Audit Office on FY21 requested disclosures, explaining aged care liabilities, actions KMC has taken and that KMC is on track for cash flow projections.

- AO Director met with the Deputy Auditor General on Friday 24 February 2024 and expects to finalise the accounts within the next fortnight.
- Finance team is working hard to have the FY22 financial statements completed by 30 June 2023 and the COO will seek a further extension from the Office of Local Government.
- Recruiting contract staff to help complete FY22 and meet this timeline.
- Temporary Advisor has made some comments on how our financial statements are presented and some adjustments are required, such as categorisation of the waste business unit and descriptors needing amendments. Changes will need Council approval.
- Temporary Advisor is presenting to Councillors on 28 February 2023 on current progress on resetting the organisation.
- Blue Haven financial statements remain consolidated but will be shown as a stand alone entity as well.

## 4 DECLARATIONS OF INTEREST

Nil.

## 5 STANDARD REPORTS

### 5.1 Monthly Financial Report - December 2022

**23/002FAC**

**Resolved** that the Finance Advisory Committee note the Monthly Financial Report for December 2022.

(Greaves and Risku)

Noted:

- The community needs clarity on the Deferred Management Fee income at the ILUs
- There is a perception that the ILUs are profitable however there are a number of hidden issues including: there is a 10-15 year lag before Bonaira ILUs have any regular turnover; there are no cash reserves dedicated for replacement at either site; and there is an impact from depreciation costs that have not been disclosed.
- The sale strategy for Blue Haven Terralong to sell at 75% which has affected profits and there is a clear difference between KMC weekly maintenance fees and what competitors charge.
- There is no commensurate strategic asset management plan for either site – no replacement or emergency provisions.

### 5.2 Financial quarterly budget review - quarter ending December 2022

**23/003FAC**

**Resolved** that the Finance Advisory Committee note the quarterly budget review for the quarter ending 31 December 2022.

(Gherashe and Greaves)

Noted:

- \$3M from the Hindmarsh Park delays will be pushed into next year which effectively means the capex is only 60% behind to 30 June 2023.
- Staffing vacancy rates continue to impact capital works and service levels.

- KMC salary system is out of date (over 20 years old) and affects market payment positions and salary structure.
- Currently recruiting for over 20 vacancies, sometimes having to advertise 3 times to fill a role.
- Need to improve KMC's place in the market as an employer of choice.
- HR are working on policies for attraction and retention of staff, staff recognition and hybrid work.
- CFO has been recruited and starts on 3 April 2023.
- CEO is currently exploring possibilities with ISJO for shared services where required.
- CEO met with managers who are conducting recruitment panels for the week to discuss expectations and set tone for engagement with panels.
- The FAC acknowledged the KMC Grants Officer's success and thanked her for all her hard work in achieving this.

Councillor Keast entered the meeting at 3.40pm.

### 5.3 Statement of Investments - January 2023

#### 23/004FAC

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

1. The information relating to the Statement of Investments for January 2023.
2. The movement in the restricted funds position as outlined in the report.

(Gherashe and Greaves)

Noted:

- Results are positive.
- **Action:** COO to change the format of the Council investments table to a chronological order and remove the green dot next to the Westpac investment as this is a historical indication and is no longer valid.

### 5.4 Cash Flow and Sustainability Strategy

#### 23/005FAC

**Resolved** that the Finance Advisory Committee note the strategy report that shows Council can rectify its current financial adversity and provide any relevant feedback for Council consideration.

(Gherashe and Greaves)

Noted:

- KMC financial position is temporarily improved due to asset sale but the structural deficit remains. The CEO and Temporary Advisor have workshopped this with Councillors.
- The FAC will hold an out of session meeting to discuss the strategy and report back to Council.
- KMC owes \$45M to TCorp payable in August 2023.
- CEO and COO have developed a positive relationship with TCorp.
- Subject to a public report to the Extraordinary General meeting, as a show of good faith KMC will make an early payment of \$30M and negotiate the remaining \$15M. TCorp have indicated they will consider a 12-18 month term. KMC will be seeking 2-3 years to allow time to work through the divestment strategy and service reviews.

- A consultant has been engaged to negotiate with the four (4) major banks and put us in a competitive position.

## 6 ACTIONS ARISING

### 6.1 Action tracker update - February 2023

#### 23/006FAC

**Resolved** that the Finance Advisory Committee note the action tracker updates for February 2023.

(Kelly and Greaves)

## 7 REPORTS FOR INFORMATION

#### 23/007FAC

**Resolved** that the Finance Advisory Committee note the information provided in the following reports:

7.1 Timeframes for sale of Blue Haven Bonaira

7.2 Procurement Policy

7.3 Energy costs review

7.4 Blue Haven 12 month forecast

9.1 Confidential report on Blue Haven keep, partner, sell review update.

(Gherashe and Greaves)

Noted for 7.1:

- Planning Proposal for the reclassification of Blue Haven Bonaira land has progressed to Gateway and public consultation will occur in April. Subject to a public report to the Extraordinary Council meeting.
- Appointed consultants, StewartBrown to work through the whole process – probity lawyers, EOI/tenders, appointing real estate agents, etc. Noted in the Extraordinary Council meeting report.
- KMC learned critical lessons from Akuna Street sale process and the tender will be specific around the exchange of contracts with penalties embedded in the terms of the contract.
- KMC is on track to meet the timeframes for the Blue Haven Bonaira divestment.
- The decision of the Extraordinary Council meeting held on 28 February 2023 may impact timings.

Peter Tegart, Temporary Advisor entered 4.18pm.

Noted for 9.1:

- Community has limited understanding of the asset replacement and asset management plan issues for Blue Haven.
- Havilah Place, the community garden and Blue Haven Terralong are all one parcel.

**8 GENERAL BUSINESS**

Nil.

**9 CLOSURE**

There being no further business the meeting closed at 4.35pm.

These Minutes were confirmed at the Ordinary Meeting of Council held on 21 March 2023.



Chair