



MINUTES

Finance Committee

held at

Council Administration Centre
Committee Room
180 Mort Street, Lithgow

on

Tuesday 9 May 2023

at 5:00 PM

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1. Acknowledgement of Country

Lithgow City Council acknowledges Wiradjuri Elders past and present of the Wiradjuri nation - the original custodians of the land on which the Lithgow's communities reside. The Council also extends our respects to our neighbouring nations.

2. Present

Present: Councillor E Mahony, Councillor M Statham, Councillor A Bryce, Ross Gurney - Acting General Manager

Officers: Jonathon Reid - Finance Manager, Trinity Newton - Minutes.

3. Apologies

Apologies: Councillor D Goodsell

Officers: Craig Butler – General Manager

MOVED: Councillor E Mahony

SECONDED: Ross Gurney

4. Declaration of Interest

The Chair called for any declarations of interest.

There were Nil declarations of interest.

PROCEDURAL MOTION

THAT Item 5.6 is moved to this point in the meeting.

MOVED: Ross Gurney

SECONDED: Councillor E Mahony

CARRIED

5.6. 2022/23 Quarter Three Budget Review

The CFIO presented the Quarter Three Budget Review report and highlighted the following key points:

- Council's projected financial position at 30 June 2023 will be satisfactory compared with the original budget.
- The reasons for the significant change in Council's projected operating result (before capital) from original budget \$3.6M surplus to \$10.3M surplus, substantively relate to the extraordinary extent of road repairs following multiple natural disasters.
- On target to achieve the employment cost savings target.
- Depreciation expense for the Red Fleet assets has been added.
- With natural disaster income and expenses budgets excluded, the 2022/23 original budget

consolidated operating result (before capital) would have been a deficit of approx. (\$3.2M), rather than a surplus of \$3.6M. The SRV will help if it is approved.

- Total budget for Natural Disasters is up to \$21M.
- \$8.8M nett increase in operating income over Quarters One to Three.
- The capital expenditure budget is up to \$43.3M

Council has sufficient cash in working capital at the end of March. Around \$36M is held in term deposits which are accruing better interest rates now. End of March total cash & Investments was \$37M.

Staff will continue to manage cash flow carefully due to the high quantity of natural disaster and grant funded projects.

ACTION / RECOMMENDATION

THAT the Finance Committee note and endorse the recommendation proposed for the 22 May 2023 Council meeting:

THAT Council:

1. Note the contents of the report and the projected consolidated operating result (before capital) of \$10.3M surplus for the 2022/23 Operational Plan as detailed in the Quarterly Budget Review Report for the period 1 January 2023 to 31 March 2023.
2. Note that the reasons for the significant change in Council's projected operating result over Quarters One, Two and Three substantively relate to the extraordinary event of road repairs following multiple natural disasters.
3. Adopt the income, expenditure and capital budget variations to the 2022/23 Council budget as outlined in the attached report.

MOVED: Councillor E Mahony

SECONDED: Councillor M Statham

CARRIED

5. Staff Reports

5.1. Review of Insurance Provider

The CFIO reported that the comprehensive review of insurance providers has been completed. The scope of the review included consideration of value for money and the services / cover provided by the two available mutual schemes (Statewide and Civic Risk Mutual).

Management has determined that a recommendation can be made to Council to remain with Statewide on the basis of responses received to date.

ACTION / RECOMMENDATION

THAT the Finance Committee note and endorse the recommendation proposed for the 22 May 2023 Council meeting:

THAT Council:

1. Remain with StateWide Mutual as its insurance provider on the basis of obtaining best value for Council's insurance needs.
2. Rescind its notice of intention to retire from the StateWide Mutual Scheme effective from 1 July 2023.

3. Note that the next review of review of insurance value and performance is proposed for 5 years time (i.e. in 2028).
4. Note that the General Manager will inform the Executive of Civic Risk Mutual of Council's decision to remain with StateWide and thank Civic Risk Mutual for their assistance with Council's review.

MOVED: Councillor E Mahony

SECONDED: Ross Gurney

CARRIED:

5.2. Audit Action List

The audit action lists were provided for the Committee to note progress towards completing the actions arising from each completed audit project.

ACTION / RECOMMENDATION

THAT progress towards completing internal and external audit actions be noted by the Committee.

MOVED: Councillor E Mahony

SECONDED: Ross Gurney

CARRIED:

5.3. Annual Audit Engagement Plan

The CFIO presented the 2022/23 Annual Audit Engagement Plan.

There is nothing unforeseen in the Plan. The administration is planning for participation in the audit with all information and resources scheduled to be available to satisfy the specified timelines.

ACTION / RECOMMENDATION

THAT the Finance Committee note the 2022/23 Annual Audit Engagement Plan, as well as the key audit issues and risks included in the Plan.

MOVED: Councillor E Mahony

SECONDED: Ross Gurney

CARRIED:

5.4. Loan - Cullen Bullen Sewer Scheme

The CFIO stated that the purpose of this report is for the Finance Committee to consider endorsement of a proposed planned loan of \$1,000,000 for the completion of the Cullen Bullen Sewer Scheme project.

ACTION / RECOMMENDATION

THAT the Finance Committee note and endorse the recommendation proposed for the 22 May 2023 Council meeting:

THAT Council approve the sourcing of a \$1,000,000 loan for the Cullen Bullen Sewer Scheme project from a lending institution approved by the Office of Local Government.

MOVED: Councillor E Mahony

SECONDED: Ross Gurney

CARRIED

5.5. Investment Report April 2023

The CFIO presented the Investment Report and explained the movements in the cash & investments balance and high value Accounts Payable transactions.

ACTION / RECOMMENDATION

THAT:

1. Investments of \$39,884,753 and cash of \$278,508 for the period ending 30 April 2023 be noted.
2. The enclosed certificate of the Responsible Accounting Officer be noted.
3. The commentary on cashflow and funding requirements for restricted reserves be noted.

MOVED: Councillor E Mahony

SECONDED: Ross Gurney

CARRIED

5.6. 2022/23 Quarter Three Budget Review

This item was dealt with earlier in the meeting.

6. General Business

There were no items raised in general business.

7. Meeting Close

There being no further business the Chairperson declared the meeting closed at 5:52.