18 QUESTIONS WITH NOTICE

18.1 Question with notice: Councillor Tatrai - Assessing Impact on Local Businesses and Community

Clr Yasmin Tatrai has submitted the following question with notice for consideration:

Question

Considering the vital role tourism plays in our local economy,

1. How does council justify job cuts in the tourism department?
2. What are the anticipated consequences for local businesses, employment, and community engagement if tourism services are dismantled?

Councillor information provided

Background

Tourism is a crucial component of our community's economy, providing significant revenue to local businesses and creating numerous job opportunities.

The Visitor Information Centre not only supports tourism but also employs local residents and engages volunteers, fostering a sense of community.

The recent Extra Ordinary Meeting 7 April 2026 proposed reductions in tourism funding, raising concerns about the potential negative impacts on local businesses and the overall health of our community.

Reducing Tourism Services could lead to:

- Economic Decline.
- Job loss across the sector and community.
- Community engagement - erode opportunities for local involvement and volunteerism, diminishing community spirit.
- Lower quality of life - the quality of community events and attractions that enhance residents' lives.
- Tourism cohesion - tourism facilitates cultural exchange and supports local initiatives, both of which are vital for community bonding.

Given these factors, it is crucial for the council to consider the broader implications of our budgetary decisions and the vital role tourism plays in sustaining our community.

Chief Executive Officer response

At the Extraordinary April 2026 Council meeting, Council resolved to set certain budget parameters to facilitate the delivery of a break-even budget for the 2026/2027 Financial Year. It is important to note that no decisions have been made and that there is still a consultation process to proceed through, Council decision making processes, as well as subsequent industrial / workplace processes. The report flagged areas of work that are discretionary services and not regulated or legislated services as per the Local Government Act and in line with the advice given in 2023 from the CEO and then State appointed financial advisor. Those areas which are legislated, regulated or discretionary services is not new information to Councillors. This information has been formally presented in 2023 and on multiple occasions in prior years to previous Councillors as well by the former Finance Advisory Committee, as well as more recently during service reviews and budget workshops.

Item 8.1 of the Extraordinary April 2026 Council meeting agenda outlines that the above services are not core services as outlined by the *Local Government Act 1993.* That information is not repeated as it is readily obtainable having only been recently reported. It is available online. It is acknowledged and understood that any changes to existing services will likely result in broader community impacts.

The reality is that Council continues to spend more money than it earns. Over the past three (3) years Council has reduced its operating budget from a deficit of $26.6M to projected $4.5M deficit. Much improvement has been achieved but the practice of deficit budgeting is to cease in order to comply with the State imposed Performance Improvement Order. I continue to work with the United Service Union and the executive to endeavour to find any possible solutions achievable and reassure staff, councillors and community that much collaboration is occurring to try to find alternative solutions and explore all available options.

It is noted that no decision to remove staff has yet been made and will not be until the final budget is handed down in June. After which time there will then need to be a workplace change industrial process completed. As noted in a different NoM to this month's meeting, all staff are greatly valued by the organisation but changes must be made in order to achieve a balanced budget by the required State Government deadline of 2026/27, as outlined in the PIO.

Attachments
Nil

Enclosures
Nil

18.2 Question with notice: Councillor Tatrai - Blue Haven Terralong Street, Kiama NSW 2533

Clr Yasmin Tatrai has submitted the following question with notice for consideration:

Question

1. Who is responsible for conducting repairs on Blue Haven Terralong, which is owned by Kiama Council.
2. Do we have staff available who can perform repairs such as painting, concreting, electricals, plumbing and gardening?
3. Has the option of conducting some repairs in-house been considered within the review? Or has it been assumed that all repairs will be outsourced?
4. Is all repair and maintenance work contracted out, or is any of it managed by in house council staff? If council staff conduct any maintenance work, what work do they do?
5. From 2020 to 2026, how much income has been generated from Blue Haven Terralong?
6. During the same period, how much has been spent on repairs? And how much of the maintenance has been outsourced?
7. What year was a dilapidation report requested by KMC Council?
8. When did the assessment for the report commence? How much did the report cost council?
9. Do residents pay a maintenance fee in addition to their initial purchase? If so, does all this fee go into necessary maintenance?
10. When a resident at Blue Haven Terralong Street, Kiama leave the complex, what percentage of their original investment is returned?
11. Will alternate accommodation be necessary for some residents during the lift replacement? If so, what will that arrangement look like?

Councillor information provided

<u>Background</u>

Blue Haven Terralong has been neglected for many years and is now in urgent need of fire compliance upgrades, among other repairs. To address these issues effectively and save on costs, I am looking at utilising council staff for some of the repair works.

The existing dilapidation report highlights critical areas requiring attention, and it is imperative that we move forward and begin the necessary repairs without further delay.

Timely action is essential to improve resident satisfaction, preserve the facility's integrity, and prevent further deterioration and increased costs.

Chief Executive Officer response

Responses are provided against each of the eleven (11) questions as marked. Some responses (or questions) require a greater analysis and presentation of information that cannot be provided in the timeframe to respond to this Question with Notice. Answers to the questions are as follows:

1. Kiama Council is responsible for Blue Haven Terralong and all aspects of its operations, as it has been for the past 40 to 50 years of operation. Terralong staffing in today's structure consists of:

   Village Manager – Full Time

   Maintenance Officer – Full Time

   Administration Assistant (0.8 FTE)

   Repairs and maintenance work is a mix of staff and external contractor. Unit refurbishment is performed by external contractors.

   Management oversight is through the relevant Director and CEO.

2. Terralong staff is described in Answer 1 above. Some of the trades noted in the question are employed by KMC's Parks & Gardens team – please refer Answer 3 below.

3. KMC has traditionally operated a 'distributed' organisation structure model with business units being largely responsible for their individual operational activities.

   In recent years we have introduced a 'centralised' approach across a few areas of KMC's operations and we are currently reviewing Terralong and greater in-source staffing through KMC's Infrastructure & Assets portfolio and specifically Parks & Gardens Team. The CEO asked for a full resourcing analysis for BH Terralong to be completed in order to better understand full lifecycle costs. This information was presented at a recent Executive meeting and will be publicly released alongside the strategic review of document at the May ordinary meeting.

4. Village Manager and Maintenance Officer will monitor and manage onsite trade contractor work and logistics. Maintenance Officer undertakes a level of repair works directly but any significant work requires external contractors.

5. The following extract shows fees and property / building maintenance expenditure (along with utilities and insurance being other key recurrent building expenses) for the past 3.5 years. The timeframe requested will not be able to be answered in full refer to sperate report on audit matters. Maintenance costs shown below are all external contractor / material costs, not employee costs.

Cost Centre Summary Extract

Description	Prior Year History			YTD
	2023 23POACT	2024 24POACT	2025 25POACT	YTD Dec 2025 26POACT
Income				
User charges and fees	1,036,272	1,055,375	1,109,970	613,385
Expenses				
Maintenance	340,763	812,592	838,917	317,774
Utilities & waste	172,695	129,044	189,846	111,413
Insurance	222,209	244,141	246,161	218,597
	735,667	1,185,777	1,274,924	647,784

6. Refer Answer 5 above.
7. Council resolved in February 2023 to complete the Asset Dilapidation Report.
8. This first step in the process was to complete an asset register which was undertaken in 2024. The scoping of the dilapidation report occurred in August with the work being completed November through to December 2025. The consultant cost for the report was $26K net. Completion of this report is a deliverable of the Performance Improvement Orders Part B Item 1 third dot point.
9. A maintenance fee is paid by all residents in addition to the unit price. The maintenance fee forms part of the recurrent operating budget to fund recurrent expenditure such as maintenance, utilities, cleaning, services and wages. The annual budget has to be presented to the village community for adoption as per the Retirement Villages Regulation.
10. Unit pricing model consists of a 30% DMF (deferred management fee) applied at 6%pa for 5 years meaning that 70% of the unit price is available for refund to the resident upon departure if departure is after 5 years. This is listed in the fees and charges annually and is adopted by Council each year.
11. The logistics of any lift replacement have not yet been determined.

18.3 Question with notice: Councillor Tatrai - Kiama Council fleet review in light of Performance Improvement Order 2026/2027

Clr Yasmin Tatrai has submitted the following question with notice for consideration:

Question

1. Fleet Review & Oversight
   a) Has Kiama Council undertaken a recent, forma fleet review?
   b) If so, when and was it completed and can Councillors be provided with the findings?
   c) If not, why not, given current financial pressures?
2. Vehicle Allowance & Purpose
   a) How many vehicles are currently in Councils Fleet?
   b) What are they categorised for (operational, executive, compliance, etc.)?
   c) Who are vehicles assigned to, and on what basis?
   d) Are all vehicles essential to service delivery, or are there opportunities to consolidate?
3. Lease Terms & Replacement Cycles
   a) What are the standard lease terms (e.g. 3-year, 5 year)
   b) Are we replacing vehicles on a fixed schedule, or based on actual need and condition?
   c) Could extending lease periods or adjusting replacement cycles deliver immediate savings?
4. Private Use Policy

   What is Council's policy regarding private use of vehicles?

   - Weekends
   - Public Holidays
   - Commuting

   a) How is private use tracked, approved and reported?
   b) Is there a cost recovery or fringe benefit consideration in place?
   c) Are these policies actively enforced and audited?
5. Fuel & Operating Costs
   a) What is the annual fuel cost across the fleet?
      Usage monitoring
   b) Are there controls or targets in place to reduce fuel usage
   c) Have we explored
   d) Fuel cares with tighter controls

e) Usage monitoring

f) Transition to more fuel-efficient or hybrid vehicles

g) Are there behavioural policies to reduce unnecessary use?

6. Benchmarking & Alternatives

a) How does our fleet size and cost compare to similar councils?

b) Have we explored:Vehicle pooling instead of individual allocation

c) Reducing utilised vehicle

d) Shared resources across departments.

My enquiry into fleet management arises from Kiama Councils looming Performance Improvement Order and the options presented to us on the 7 April 2026, which identified significant job losses along with service cuts that would affect the entire community.

Chief Executive Officer response

Council commenced a review of the Depot Operations and Fleet Management service in June 2025 as part of the rolling program of service reviews under the Continuous Improvement Framework.

The purpose of the review was to assess service delivery, financial sustainability, operational efficiency, risk management and compliance, asset management, fleet management practices, and site relocation impact of the depot move to Minnamurra.

A copy of the service review report was presented at a Councillor briefing on 11 December 2025 and again at a subsequent Audit, Risk and Improvement Committee (ARIC) meeting on 3 March 2026. The final report was tabled at the 16 December 2025 Council meeting, with a copy of the full review provided as a confidential attachment to this report. The report provided extensive background information into the operation of Council's fleet management.

The findings of this review were primarily related to operational recommendations, with no strategic recommendations requiring consideration by Council.

In response to the questions raised:

1. <u>Fleet Review & Oversight</u>

This was undertaken as part of the Service Review outlined above with a comprehensive program of councillor, staff and key stakeholder workshops and endorsement programs. All councillors have had access to this information since it was in draft in November 2025 and in final copy from early December 2025.

2. <u>Vehicle Allowance & Purpose</u>

Council currently operates 239 items in the vehicle fleet. This consists of a wide range of vehicles including heavy garbage collection trucks, prime movers, tippers, earthmoving equipment (ie, excavators and wheel loaders), mowing equipment ranging from tractors to ride on mowers, trailers, jet skis, golf carts, utilities and vans.

This includes 38 light passenger vehicles that are covered under the Council leaseback arrangements.

The employee use of Council vehicles is governed by the Motor Vehicle Management Operational (MVMO) Policy. The aim of this policy is to detail Council's approach to the provision and use of motor vehicles as a job requirement and/or benefit to employees.

Operational vehicles are assigned to specific staff on a day-to-day basis dependent on work schedules and priorities. Passenger vehicles under the leaseback arrangements are allocated to specific positions and are included in the position description as part of the employee's salary package. Any change to this arrangement constitutes a workplace change and has commensurate industrial processes attached.

3. Lease Terms & Replacement Costs

There are currently no lease terms as Council owns all vehicles in the fleet.

The changing motor vehicle market conditions necessitate a constant review of Whole of Life costs and optimum replacement criteria for all fleet vehicles. Vehicle change over cycles are constantly monitored by Council, which will determine the appropriate vehicle replacement cycle depending on strategies and market conditions.

The current passenger vehicles fleet are replaced after 6 years and/or as budgets permit. This action was taken in 2022 as a cost saving and has been in place for 4 years. This is longer than many other Councils who retain vehicles for 3 years or 60,000km, whichever occurs first.

Other large operational fleet vehicles have planned replacements every 6-7 years, again depending on budget allocations, though some specialised equipment is kept longer depending on their usage and condition. Smaller fleet items like ride on mowers are replaced every 3 years to allow maximisation of warranty periods and resale values.

4. Private Use Policy

Council staff who have a passenger vehicle allocated to their position are required to enter into a leaseback agreement and abide by the requirements set out in the MVMO policy. This is an operational matter.

The leaseback agreement permits conditional private use of the vehicle by the allocated staff member, on the basis that:

- The vehicle is kept clean and secure.
- The vehicle is to be brought onto the job every day during employment.
- The vehicle is made available as a pool vehicle by any other Council staff member for business use.
- The driver has a valid licence and is responsible for any traffic or parking infringements issued.
- Normal running items such as petrol, oil, battery, radiator, tyre pressure etc, are checked at regular intervals and appropriate maintenance undertaken.

Under the leaseback agreement, a fee is charged to the allocated staff member to recoup operating costs including Fringe Benefits Tax (FBT) and is payable weekly via payroll deductions. This leaseback fee is reviewed annually and increased in line with the provisions in the Local Government State Award. Currently the payment made by staff ranges from $4,160 pa to $6,864 pa depending on vehicle type and is anticipated to increase by 10% next financial year. This fee is consistent with other councils in the region. Access to fleet is also considered a retention and attraction strategy when recruiting, particularly when salaries are price pointed against other regional councils.

Council constantly assesses the cost-benefit implications in maintaining a motor vehicle fleet including the payment of Goods and Services Tax and FBT. The ATO governs FBT and there is rigid audit system used to verify use, which is consistent with national measures. The ongoing provision of motor vehicles may therefore change depending upon the circumstances prevailing at the time and the overall cost-benefit to Council. Ongoing management of the fleet is part of operational requirements and is governed accordingly.

5. <u>Fuel & Operating Costs</u>

In the 2024-25 financial year, the Council fleet used approx. 497,000 litres of diesel and 42,000 litres of petrol. As fuel is the single highest cost in operating the fleet, there is strong focus on purchasing the most fuel-efficient vehicles. This is achieved by including the latest emissions and efficiencies into the specifications when advertising for the purchase of heavy vehicles. Council currently has 26% of the passenger vehicle fleet as hybrid and employees at all levels are encouraged to opt for an appropriate four cylinder or hybrid vehicle when their existing vehicle is due for replacement. This is in line with the adopted Strategy for Corporate Emissions Reduction 2021-2031.

All Council vehicles are issued with fuel cards assigned to that vehicle. This allows centralised monitoring of fuel usage. Fuel is purchased under state government contract to take advantage of the bulk fuel discounts negotiated. Fuel audits have been routinely completed and reported to ARIC and onwards to Council.

Councillors will recall that at the 7 April 2026 extraordinary meeting it resolved that all Council owned vehicles will in future be installed with GPS telemetry to improve operational efficiencies and increased Workplace Health & Safety in case of accidents or breakdowns. All staff involved will be consulted as per the required industrial processes and made aware of the system. It is likely that the unions may oppose such a workplace change.

Recently Council's CEO gave all indoor staff with a Council car permission to work from home wherever possible to keep fuel costs down. Councillors were informed of this decision when made.

The single largest fuel expense is diesel fuel to run fleet associated with waste collection. This situation is being closely monitored on a weekly basis and staff are considering options / costs associated with closer drop off points and any contract break costs. That level of detail is an operational matter that the CEO and staff will work through.

6. Benchmarking & Alternatives

As noted above the Councillors have had access to the service review which contains this information since November 2025. Councillors are encouraged to access the portal and read the information, rather than require significant repeated information and rework from staff who already have full work programs.

Following the recommendations of the Fleet Service Review, Council staff are currently investigating vehicle fleet options, including novated leasing. Discussions have commenced with other councils on how they operate their vehicle fleet, with the view to seeking alternatives for the provision and operation of fleet vehicles, that meets operational needs, cost efficiencies and staffing recruitment.

As previously communicated to Councillors many of the Council fleet vehicles are part of existing employee salary packages, these are protected under the Local Government Award and will require further negotiation and agreement with affected staff and unions to ensure there is no net detriment to individuals.

Attachments

Nil

Enclosures

1 Depot and Fleet service review - Final (confidential enclosure)

18.4 Question with notice: Councillor Warren - Audit Office and financial management concerns of Kiama Council

Clr Erica Warren has submitted the following question with notice for consideration:

Question

1. Can the CEO please provide a timeline of audit office concerns being raised with Kiama Municipal Council and the NSW Parliament in the past 5-7 years regarding the PIO and the financial management of Council?
2. Can the dates the material was provided to Councillors and which Councillors were elected at that time be indicated.
3. Can the CEO please attach any copies of letters, auditors reports and management letters for information?

Councillor information provided

Background

I would like the Councillors and community to understand the context of the PIO and the responsibility of the previously elected council.

Chief Executive Officer response

Question 1: Can the CEO please provide a timeline of audit office concerns being raised with Kiama Municipal Council and the NSW Parliament in the past 5-7 years regarding the PIO and the financial management of Council?

The Auditor General provides a report to the State Parliament each year on local government audits. Kiama Municipal Council (KMC) has been mentioned separately in these reports over the past 7 years as follows:

2019 – KMC was reported as seeking an extension to submit financial statements, and this timeframe was met.

2020 – KMC was reported as requiring additional time due to: "*new software implementation that delayed financial reporting, delays in the asset revaluation and a change in council's finance team*".

KMC was listed as a high risk finding as Council was significantly delayed in providing documentation for the interim audit due to resourcing issues, migration of financial information to the new accounting system and the impact of COVID-19 on council operations.

It was also recorded that KMC met the timeframe extension.

2021 – (June 2021)

The Auditor General highlighted that the audit of KMC was still in progress as at the date of the report due to significant accounting issues. Issues to be resolved included:

- weaknesses in supporting working papers and reconciliations of key accounts and sub-ledgers
- presentation and disclosure deficiencies in the draft financial statements
- four prior period accounting errors in council's draft financial statements requiring supporting documentation
- liquidity and governance matters being considered by council.

The Auditor General also noted that KMC sought an extension due to new IT system(s) implemented that were not ready for financial reporting purposes, and resourcing issues impacting council and audit due to staff shortages affecting year-end financial reporting and audit timeframes

Kiama Council was recorded as having a modified opinion.

2021 – (December 2021)

The CEO writes to the Minister, Local Member and Office of Local Government (and other State agency) concerning potential maladministration and financial sustainability challenges being experienced. During December the Council is in caretaker and the CEO convenes a series of extraordinary ARIC, Blue Haven Advisory Committee and Finance Advisory Committee meetings to disclose issues.

2022 – **11th January 2022** all newly sworn in Councillors are given briefing by OLG and CEO. From this time onwards CEO meets weekly with OLG and TCorp.

February 2022 CEO releases State of the Organistion publicly. KMC prepares and releases its own Strategic Improvement Plan in April 2022. A series of Ministerial and Departmental briefings were held.

8th November 2022 Minister Tuckerman issued KMC with a Performance Improvement Order. This is attached. Fortnightly compliance meetings are scheduled and held with OLG. Reporting as per PIO compliance requirements.

The Auditor General mentioned KMC in the foreward stating, "*Resourcing issues impacting council and audit due to staff shortages affecting year-end financial reporting and audit timeframes."*

It was also highlighted in Audit Results that *"a disclaimer of audit opinion was issued to Kiama Municipal Council relating to the 30 June 2021 financial statements."*

The Auditor General reported:

> ***A disclaimed audit opinion was issued to Kiama Municipal Council relating to its 30 June 2021 financial statements.***
>
> *A disclaimer of opinion was issued for the 30 June 2021 financial statements of the Kiama Municipal Council.*
>
> *A disclaimed audit opinion is issued when the auditor is unable to obtain sufficient appropriate audit evidence upon which to form an opinion on the council's financial statements, and the auditor concludes that the possible effects of undetected misstatements in the financial statements could be both material and pervasive.*

> *Councillors and management declared, in the Statement required by Councillors and Management (the Statement) under Section 413(2)(c) of the LG Act, that they were unable to certify as to the completeness and reliability of the financial statements taken as a whole for the year ended 30 June 2021.*
>
> *In the period leading up to the preparation of the 30 June 2021 financial statements council implemented a new financial management information system. However, data was lost during the migration from the legacy system to the new system. During the implementation council also experienced high rates of staff turnover. The combination of these factors contributed to the loss of both data and corporate knowledge. As a result, there was insufficient data to support a significant number of financial statement line items, and the staff who might have provided explanations had left council's employment.*
>
> *There was an inadequate system of internal control to support accurate financial reporting and to mitigate the risk of fraud. Council's accounting records were insufficient to support reliable reporting or comply with legislative obligations.*
>
> *The deficiencies in books and records, which have been acknowledged by councillors and management in their Statement, mean we have been unable to obtain sufficient appropriate audit evidence or perform alternative testing procedures to enable us to conclude on the completeness and accuracy of the council's financial statements as a whole.*

KMC was listed as still in progress in 2021-22.

The commencement of the 2021–22 audit was delayed given the late completion of the 2020–21 audit in April 2023. The 2020–21 was delayed due to significant accounting issues and council responding to Performance Improvement Orders issued by the Minister for Local Government.

KMC was listed as a high risk finding, with the requirement that Council should continue to develop strategies to:

- *ensure it maintains sufficient liquidity*
- *regularly review and update cash flow projections using the best available data and relevant assumptions*
- *avoid using externally restricted cash for other purposes, or seek the Minister's permission, where required*
- *regularly report its cash flow position and projections to those charged with governance.*

And further:

> *Councillors and management were unable to attest as to whether the financial statements were a true and fair representation of the council's financial position and performance. As a result, we issued a Disclaimer of Opinion over the council's financial statements. The factors that led to this relate primarily to the loss of data and supporting documentation from an earlier migration of the financial management information system and significant staff turnover, which led to a loss of corporate knowledge.*

It was also recorded that KMC had a disclaimer of opinion and that the extension timeframe was not met.

2022 – The Auditor General recorded in the report highlights that a disclaimer of opinion was issued to KMC for the 30 June 2022 financial statements.

The following was also recorded:

> ***Disclaimer of opinion for Kiama Municipal Council's 30 June 2022 financial statements***
>
> *Councillors and management declared, in the Statement required by Councillors and Management under Section 413(2)(c) of the LG Act, that they were unable to:*
>
> - *rely on the prior year comparative information presented, which represent the opening balances for the 2021–22 financial statements*
> - *warrant the completeness, accuracy and valuation of the net carrying values of infrastructure, property, plant and equipment (IPPE), excluding buildings and operational land*
> - *attest to the completeness, accuracy and valuation of disclosures related to IPPE*
> - *verify the accuracy of restricted cash, cash equivalents and investments*
> - *certify the financial statements as a whole due to these issues.*
>
> *A disclaimer of opinion was issued for the 30 June 2022 financial statements of the Kiama Municipal Council.*
>
> *A disclaimed audit opinion is issued when the auditor is unable to obtain sufficient appropriate audit evidence upon which to form an opinion on the council's financial statements, and the auditor concludes that the possible effects of undetected misstatements in the financial statements could be both material and pervasive.*
>
> *An emphasis of matter was also included to draw attention to externally restricted funds being used for a purpose other than their intended use without Ministerial approval.*

October 2022 – Notice of Intention to issue Performance Improvement Order from OLG Minister Tuckerman. This was reported to Council at the time.

November 2022 – Performance Improvement Order issued by OLG Minister Tuckerman. This was reported to council at the time and available to the community on Council's website.

https://www.kiama.nsw.gov.au/Council/Plans-and-strategies/Performance-Improvement-Order-November-2022

December 2022 – Appointment of OLG Financial Advisor to review and assist Council

2023

The OLG Financial Advisor held various information sessions and workshops with Councillors between February and May 2023.

The Auditor General recorded that the commencement of the KMC 2022–23 audit was delayed given the Council signed its 2021–22 financial statements on 26 September 2023. Council concluded on the 2021–22 audit in September 2023. The 2021–22 and 2020–21 audits were delayed due to significant accounting issues as noted above.

High risk findings for KMC included:

- Inappropriate use of externally restricted cash
- Breach of policy by not externally restricting enough of the residential aged care bonds
- Inappropriate conflicts of interest disclosure.

Under status of audits KMC was listed as not having financial statements lodged as at the tabling date of the Auditor General's report.

January 2024 – OLG Financial Advisor undertakes further review and provides report to Minister Hoenig OLG.

May 2024 – OLG PIO Extension issued to Council. This was reported to council and the community at the time and remains current and available on Council's website https://www.kiama.nsw.gov.au/Council/Plans-and-strategies/Performance-Improvement-Order-Variation-May-2024

2024 – The Auditor General reported:

> *Two councils resolved issues that resulted in disclaimed or qualified audit opinions in previous years*
>
> *Since the tabling of our Local Government 2023 report, we have issued qualified audit opinions on the 30 June 2023 financial statements of Kiama Municipal and Narrabri Shire Councils. Both councils received disclaimers of opinion for their 30 June 2022 financial statements and Kiama Municipal Council was similarly disclaimed for its 30 June 2021 financial statements. During the current audit cycle, because of the resolution of issues described in the table below, we were able to issue unmodified audit opinions on both councils' 30 June 2024 financial statements.*
>
> *A disclaimer of opinion on the 2021–22 financial statements affected the auditor's ability to obtain sufficient appropriate audit evidence on the opening balances of infrastructure property, plant and equipment (IPPE) at 1 July 2022.*
>
> *Also, there were further limitations on the scope of the audit as the council certified it was unable to:*
>
> - *provide sufficient and appropriate audit evidence to support the carrying values of some classes of IPPE in the financial statements at 30 June 2023*
> - *confirm the completeness and accuracy of two sub classes within externally restricted cash at 30 June 2023.*

The 2024 Financial Statements were prepared on time and submitted to OLG by the due date of 31 October 2024. The Audit report was unqualified noting here all disclaimers and qualifications were essentially lifted in a two year window while staff resolved 3 years' worth of audits. This took a significant effort and was a very positive achievement.

2025 - For the year ended 30 June 2025, the Audit Office calculated whether Council's available cash and investments (not subject to external restrictions) were sufficient to meet 3 months of general fund expenses (excluding depreciation and borrowing costs). KMC was listed in the Auditor General's report to Parliament due to the cash balance being impacted by repayment of borrowings during 2024–25 and ongoing losses from the aged-care facility, which was subsequently sold during 2024–25.

KMC was recorded as having an unmodified opinion and submitting financial statements on time.

Question 2: Can the dates the material was provided to Councillors and which Councillors were elected at that time be indicated?

The Auditor General reports to Parliament are publicly available on the Audit Office website. When the reports are released they are generally circulated to Councillors, Directors and relevant staff at the time.

This information is all a matter of public record and has been reported to successive councils and the Audit, Risk and Improvement Committees over the last few years. Councillors do have access to this information and are encouraged to access this information either via the website, or Councillor portal rather than relying on repeated work from staff who do have full work programs and existing competing priorities.

Reports were released as follows:

Local government report 2025 – released on 28 January 2026

Local government report 2024 – released on 31 March 2025

Local government report 2023 – released on 26 March 2024

Local government report 2022 – released on 13 June 2023

Local government report 2021 – released on 22 June 2022

Local government report 2020 – released on 27 May 2021

Local government report 2019 – released on 5 March 2020

Councillor terms during these periods:

2016-21 Councillors Brown, Honey, Reilly, Rice, Sloan, Steel, Watson, Way and Sandifort-Westhoff.

2021-24 Councillors Brown, Croxford, Draisma, Keast, Larkins, Reilly, Renkema-Lang, Rice and Steel.

2024 – Councillors Brown, Larkins, Draisma, McDonald, Warren, Matters, Lawton, Cains and Tatrai.

Q3: Can the CEO please attach any copies of letters, auditors reports and management letters for information?

Management letters for the financial years from 2020 to 2025 are confidential and have been provided to Councillors in the business papers for the Audit, Risk and Improvement Committee (ARIC) meetings on the following dates:

2020 management letter – ARIC meeting on 25 May 2021

2021 management letter – ARIC meeting on 11 July 2023

2022 management letter – ARIC meeting on 12 December 2023

2023 management letter – ARIC meeting on 30 July 2024

2024 management letter – ARIC meeting on 4 December 2024

2025 management letter – ARIC meeting on 4 December 2025

A letter from the Auditor General to the Minister of Local Government in August 2022 is enclosed. The correspondence identified the Audit Office's concerns as to the current financial state of KMC as a going concern and more importantly, the causes and potential risks for the business.

Attachments

Nil

Enclosures

1 Letter from Auditor General to Office of Local Government dated 16 August 2022⇨