



MINUTES

South Australian Local Government Financial Management Group Executive Committee

28 July 2017 at 9:30am

City of Prospect Council Chamber – 128 Prospect Road, Prospect)

1. Present

Executive Committee:

- Clive Hempel (President), Wakefield Regional Council
- Kate George (Vice President), City of Salisbury
- Marcus Smith (Treasurer), Mount Barker District Council
- Alexander Oulianoff, Mount Barker District Council
- Anna-Lucia Draper, City of Tea Tree Gully
- Annette Martin, City of Charles Sturt
- Anthony Amato, Town of Gawler
- Chris Birch, City of Prospect
- Craig Mudge, District Council of Mount Remarkable
- Diane Eckermann, City of Onkaparinga
- Elizabeth Williams, Alexandrina Council
- Gary Lewis, Town of Walkerville
- Gary Long, City of Prospect
- Mark Lague, The Barossa Council
- Rajith Udugampola, Adelaide Plains Council
- Ray Barnwell, City of Marion
- Simon Zbierski, City of Campbelltown

Proxies:

- Sunny Lim, City of Playford (for Anita Futterer)

Observers/Guests:

- Davin Lambert, Local Government Finance Authority

It is important to note that on occasion it may be necessary for the Executive Committee to discuss an item in confidence and in those circumstances, observers and guests will be asked to leave the room for that item.

2. Apologies

- Anita Futterer, City of Playford
- Eion Williamson, District Council of Grant
- Karishma Reynolds (Secretary), City of Burnside
- Leta Northcott, City of Unley
- Mick Wetherall, City of Port Adelaide Enfield
- Norm Biggs, City of West Torrens
- Pep Piscioneri, Adelaide City Council
- Stephanie Juhas, City of Victor Harbor
- Shane Sody, Local Government Association of SA

3. Presentations

3.1 Davin Lambert – Local Government Finance Authority (LGFA)

- Davin provided a presentation to the Executive Committee by way of an update on what the LGFA are up to now.
- The Committee would like the LGFA economic update sent out to FMG Members when it's received monthly. The Committee also suggested that the LGFA publish the update on their website. It could also be added to the FMG website and newsletters.
- Transactional data on statements – in the next 2 weeks there will be an update on the website. Search for a longer period of time will be available and will also be available in CSV format. There are some issues with granular line by line information, 2013 survey respondents asked for line by line information. They are looking to remove settlement netting and replace it with line by line.
- They are looking to post interest monthly instead of quarterly.
- Self-service for audit certificates will hopefully be available next year.
- New website will have the consolidated investment report / month end snapshot available.
- Stage 1 of the new website will have a master account user and additional users can be created.
- Stage 2 of the new website will establish a hierarchy for transfers online.
- Long term loans – Davin discussed some different options that Councils can consider. There is not a best fit answer for all Councils.
- Davin would like to provide an update to the Executive Committee in July each year.

4. Confirmation of Minutes

Moved: Tony Amato

Seconded: Mark Lague

***Recommendation:** That the minutes of the meeting held on Friday, 23 June 2017 be confirmed as a true and correct record.*

CARRIED

5. Business Arising from the Minutes

Nil

6. Treasurer's Report

- Draft EOFY financials provided – Marcus is following up a few issues that need attention.

Moved: Gary Long

Seconded: Elizabeth Williams

***Recommendation:** That the draft financial statements for year ending 30 June 2017 be noted.*

CARRIED

Moved: Craig Mudge
Seconded: Anna-Lucia Draper

Recommendation: That the hourly rate for the contract Finance Officer be increased from \$34 to \$35 from 1 July 2017.

CARRIED

Treasurer's Report			
Action Items	Meeting	Responsible	Status
Investigate future options for an automated finance and event registrations system.	28/07/17	Treasurer	

7. Projects/Work Groups – Update/Status

7.1 Seminars – Clive Hempel (Chairperson)

- New FMG Logo
 - Final two logos selected by the Executive Committee.
 - Final two logos and original logo to be provided to Membership for feedback via survey.
 - Announce at AGM.
- AGM – 25 August 2017 – Adelaide Zoo Sanctuary
 - 75 registrations have been received so far.
- Conference & Workshop – 7 & 8 December 2017 – National Wine Centre
 - Program confirmation underway.

Seminars			
Action Items	Meeting	Responsible	Status
Setup a Facebook group for the workgroup to see how it works.	31/03/17	Seminar Workgroup	Facebook group created – yet to complete active testing.
Invite the Valuer-General to the next conference to discuss changes to the land valuations office.	28/07/17	Seminar Workgroup	

7.2 Membership & Communication – Diane Eckermann (Chairperson)

- Alex provided an update.
- The Buddy system has received good results so far. Members who haven't replied yet may be contacted again via email.
- Non-member Councils are also being approached.

Membership & Communication			
Action Items	Meeting	Responsible	Status
Review the Executive Committee visiting Regional LGA meetings to discuss topical issues.	29/05/15	Membership Workgroup	To investigate further.
LinkedIn, Facebook or a website forum to be investigated with the help of Irene Scales before an information sharing platform is selected.	31/03/17	Membership Workgroup	Seminars working group to trial Facebook Group.

7.3 Rating and Valuation – Norm Biggs (Chairperson)

- Next meeting to be held on 8 August.
- Privatisation of the land valuations office – redundancies will occur and in future will consist of a small office that only handles objections, everything else will be outsourced. 85 staff will remain and they are evaluating tenders at the moment. This is the information known as at 22 June.
- Invite the Valuer-General to the next conference.

Rating and Valuation			
Action Items	Meeting	Responsible	Status
Rate rebate policy – a possible LGR&D Scheme application to be prepared for funding to update the 2008 policy. Workgroup to seek a quote from Michael Kelledy (original author of the policy) to see how much it would cost to have the policy updated.	24/02/17	Rating & Valuation Workgroup	

7.4 Local Government Price Index – Chris Birch & Rajith Udugampola

- Chris provided an update.
- CPI for June released for Adelaide 1.6. The Grants Commission data will be out in January. The LGPI figure should be ready in early February.
- Adelaide University were questioning waste collection costs.
- Forecasting issue – LGA are looking into it. Chris will chase up.

Local Government Price Index			
Action Items	Meeting	Responsible	Status
Speak with the SA Centre for Economics regarding forecasting and commentary for the LGPI and provide feedback to the Executive Committee.	18/03/16 & 29/04/16	Chris Birch / LGPI Workgroup	Forecasting model in place by Feb/March 2017 for the 2017/18 financial year. Request for quote has been submitted.

7.5 Newsletter / Website – Elizabeth Williams (Chairperson)

- Next newsletter will be going out in Spring.

7.6 Financial Management Framework – Mark Lague (Chairperson)

- AASB124 – Related Party Disclosures – compliance (comments/issues/approach) (Mark and Tony)
 - Committee Members discussed what is the appropriate approach and what action their Councils have taken as well as the ALGA motion. The Committee agreed that Councils don't need a policy but do need a process. Checks and balances need to be in place and Councils can complete cross checks with accounts receivable. Councils need to show due diligence if they know of information that has possibly been omitted.
- R&D Funding – Specifications for External Audit (Clive Hempel)
 - Two documents, published by the LGA (with assistance from FMG) and prescribed in regulations as requirements for all Local Governments to use:
 - The Model Financial Statements.
 - The Better Practice Model – Internal Financial Controls.

- Do we need a third one? Specifications for External Audit?
 - There is an LGA information paper – Information Paper 4 ‘Specifications for External Audits (2015)’.
 - There is currently no requirement in the regulations for all Councils to use this information paper.
- The closing date for Local Government Research and Development Scheme applications is 28 July 2017.

Moved: Mark Lague

Seconded: Kate George

Recommendation: *That the Executive Committee acknowledges that many Councils use the LGA Information Paper 4 ‘Specifications for External Audit’ (revised February 2015) and that the Framework Workgroup will review the information paper in the future with advice from the Local Government Association (LGA) and the SA Local Government Auditors Group (SALGAG) of any improvements that may be required.*

CARRIED

7.7 Internal Controls & Risk Management – Annette Martin (Chairperson)

- The Minister has adopted the Better Practice Model for Internal Financial Controls.
- Councils will use the updated version of the Better Practice Model in 2017/18.
- Councils are encouraged to start with the document fresh when undertaking a review – fresh assessment of controls.
- ControlTrack upload – Councils should request that they want the new product (information in the model). The new software has a risk based approach which is conducive with the new Better Practice Model.
- The December conference will provide a presentation including a case study and demonstration.
- It is noted that the LGA altered the final format of the Better Practice Model from what was presented by the FMG and this has changed the documents pagination.
- Add our final document to the FMG website with a link and provide it to the membership

Asset Management			
Action Items	Meeting	Responsible	Status
<ul style="list-style-type: none"> • Add our final document to the FMG website with a link and provide it to the membership 	28/07/17	Secretariat	

7.8 Fees and Charges – Elizabeth Williams (Chairperson)

- FMG Members have been consulted for feedback on some of the fees.
- Feedback is currently being worked through.
- Community based fees should be sent to the membership in the next few weeks.
- Environmental area fees haven’t come through as yet.

7.9 Costing Principles – Alex Oulianoff (Chairperson)

- No further updates.

7.10 Asset Management – Pep Piscioneri (Chairperson)

- IPWEA would welcome an FMG representative.

Asset Management			
Action Items	Meeting	Responsible	Status
Send a letter to IPWEA in relation to an FMG representative for IPWEA.	28/07/17	Pep Piscioneri	

7.11 Long Term Financial Plan – Anna-Lucia Draper (Chairperson)

- The group is currently focussing on three actions:
 - Write to successful tenderer – drafted.
 - Write to additional tenderer regarding costings.
 - Write to John Comrie re co-branded model – feedback to be provided by the Workgroup.

Long Term Financial Plan			
Action Items	Meeting	Responsible	Status
Executive Committee to review the Long Term Financial Model Agreement in the new year with David Maxwell.	25/11/16	LTFP Workgroup	

7.12 Dog and Cat Management – Simon Zbierski (Chairperson)

- Anna and Simon are on the DACO Board.
- There are currently 6 phases of the project – completing stage 1 (sprint 1) at the moment and getting ready for stage 2:
 - Project Board issue – registration process to commence in the 2018/19 financial year. DACO to fund fees for preparation. Councils that have prepaid their 2017/18 funding early can use it towards preparation fees. DACO needs \$300k to do this for the entire state.
 - LGA circulars will be released by way of an update.
 - DACO is concerned that Councils won't sign up for the system. A contact person for each Council is being provided to DACO.
 - Dog tags will be the same number for the life of the dog.

8. Correspondence

8.1 Letter from Hon Geoff Brock MP, Minister for Local Government – Better Practice Model Internal Financial Controls.

- The letter was noted.

9. Confidential Discussion Items

Nil

10. Other Business

10.1 Secretariat Arrangements (Clive Hempel)

- The Secretariat left the room to allow discussion over the proposed agreement.

Moved: Kate George
Seconded: Anthony Amato

Recommendation: That the Executive Committee acknowledges the effort and continual high quality of work provided by Think Purple Solutions (TPS).

CARRIED

Moved: Simon Zbierski
Seconded: Craig Mudge

Recommendation: That the FMG extend the existing arrangements with Think Purple Solutions (TPS) by an extra three years to 30 June 2020, in accordance with the conditions contained within the agreement.

CARRIED

10.2 LGA Rate Capping Session (Mark Lague)

- Being held next week at Adelaide University and Port Pirie.

10.3 Mark Lague - GST on overseas supplies

- The ATO has changed its rules with respect to overseas suppliers. An LGA Circular was released a while ago explaining that the onus used to be on Councils to check that GST was correct – now Councils need to advise suppliers that the Council is registered with an ABN and registered for GST and not to charge GST on their invoices. Councils should not collect GST from overseas suppliers. See report: <https://www.ato.gov.au/Business/International-tax-for-business/GST-on-imported-services-and-digital-products/>.

Other Business			
Action Items	Meeting	Responsible	Status
Possibility of having an Eyre Peninsula Financial Managers Group (sub group of LGFMG) to assist with keeping in touch with industry changes and Eyre Peninsula city counter parts - President to contact Michelle Tucker and advise her of the Executive Committee's discussion and then contact Regional LGA's to seek their feedback.	31/10/14	President	Continue to investigate options.
Email other states to ask what their issues are with residual values.	18/03/16	President	WA Finance Professionals have indicated a willingness to work together. Clive to follow up.
Invite Peter Ilee to a future Executive Committee meeting to discuss Grants Commission payments once meeting locations are known for 2017/18.	23/06/17	President	
LGFA economic update to be sent out to FMG Members when it's received monthly. Also add to the FMG website & newsletters.	28/07/17	Secretariat	
Add Davin Lambert to July Executive Committee meeting standing items so he can provide an LGFA update annually.	28/07/17	Secretariat	

11. Next Meeting

22 September 2017 – Mid Murray Council

12. Close

For further information regarding topics raised at the FMG Executive Committee meetings, please see the contact details below:

FMG President, Clive Hempel: chempel@mid-murray.sa.gov.au.

- Asset Management Workgroup Chairperson, Pep Piscioneri: p.piscioneri@adelaidecitycouncil.com
- Costing Principles Workgroup Chairperson, Alex Oulianoff: aoulianoff@dcmtbarker.sa.gov.au
- Dog and Cat Management Chairperson, Simon Zbierski: szbierski@campbelltown.sa.gov.au
- Fees and Charges Workgroup Chairperson, Elizabeth Williams: elizabeth.williams@alexandrina.sa.gov.au
- Financial Management Framework Workgroup Chairperson, Mark Lague: mlague@barossa.sa.gov.au
- Internal Controls & Risk Management Workgroup Chairperson, Annette Martin:
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- Local Government Price Index Workgroup Chairperson, Chris Birch: chris.birch@prospect.sa.gov.au
- Long Term Financial Plan Workgroup Chairperson, Anna-Lucia Draper: anna.draper@cttg.sa.gov.au
- Membership & Communication Workgroup Chairperson, Diane Eckermann:
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- Newsletter & Website Workgroup Chairperson, Elizabeth Williams:
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- Rating and Valuation Workgroup Chairperson, Norm Biggs: nbiggs@wtcc.sa.gov.au
- Seminars Workgroup Chairperson, Clive Hempel: chempel@mid-murray.sa.gov.au