

MINUTES

South Australian Local Government Financial Management Group Executive Committee

19 January 2018 at 9:30am

Council Chambers, Mount Barker District Council – 6 Dutton Road, Mount Barker

1. Present

Executive Committee:

- Clive Hempel (President), Mid Murray Council
- Kate George (Vice President), City of Salisbury
- Alexander Oulianoff (Treasurer), Mount Barker District Council
- Elizabeth Williams (Secretary), Alexandrina Council
- Anna-Lucia Draper, City of Burnside
- Anthony Amato, Town of Gawler
- Chris Birch, City of Prospect
- Eion Williamson, District Council of Grant
- Leta Northcott, City of Unley
- Mark Lague, The Barossa Council
- Michael Wetherall, City of Port Adelaide Enfield
- Mike Carey, Adelaide Hills Council
- Norman Biggs, City of West Torrens
- Ray Barnwell, City of Marion
- Simon Zbierski, City of Campbelltown

Proxies:

NIL

Observers/Guests:

- Andrew Ngo, City of Mitcham
- David Peters, Mount Barker District Council
- Grace Pelle, City of Playford
- Jonathan Crook, City of Tea Tree Gully
- Shane Sody, Local Government Association of SA
- Steph Jeuken, DACO

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

- Annette Martin, City of Charles Sturt
- Craig Mudge, District Council of Mount Remarkable
- Diane Eckermann, City of Onkaparinga
- Pep Piscioneri, City of Adelaide

3. Presentations

3.1 10:30am: Declining Dog Revenue – Steph Jeuken, DACO

- Steph reminded the committee regarding fees and revenue from the system.
- The revenue stream for Councils will change dramatically if Councils don't look at changing their rates to suit the new way the system operates.
- Dogs born after 1 July must be desexed and microchipped.
- Councils are encouraged to create two different rates. A Standard rate for dogs that are desexed and microchipped and a Non-Standard rate for the rest. As an example of the financial impact, last financial year only 67% of dogs were microchipped, meaning 33% of dogs will get rebates if there are not two separate rates. 71% of dogs are desexed. Roughly 25% of the dog population are likely to be Non-Standard.
- Councils should be looking at their percentages to work out their rebates – animal management officers should have this data.
- The rebate for dogs that are desexed and microchipped is 50%.
- Data migration – 17 Councils still need to start data migration. 6 have completely finished data migration and 45 are data cleansing.
- On 27 of February there will be a trial run with all 68 Councils.
- Microchip numbers can't be longer than 15.
- No cross breeds can be entered into DACO. The system is set up with standardised breeds ie primary breed/secondary breed.
- 1 March is the 'go' date. 100% of development is now complete and they are currently fixing any bugs.
- Pre-payment notification will be sent out late March/April – 50% of this year that we are in.
- Metro contributions to the board will go from 20% to 24% and regional from 10% to 12%. The Dog and Cat Management Board receives nothing for expiations or for cats, all of that revenue goes straight to Councils.
- DACO allows BPay and credit card – both through BPoint (Commonwealth Bank).
- Residents can still come into Councils for registrations. DACO encourages Councils to have self-serve kiosks in place.
- Cash payments and cheques and eftpos can still be received by Council. The Council would record the receivables in their accounts system with the reference number from DACO, then remittance statements will need to be produced. Accounts are remitted monthly Councils get back 76% (metro) or 88% (regional).
- There will be up to 5 registration renewal releases so that Councils don't suffer with resourcing during the first DACO registration period.
- Information will be released to Councils and training sessions will be held in April and May. The May session is currently scheduled for 23 May, the day before the Authorised Persons Association conference.
- The Dog and Cat Management Board communications person commences on 1 February. Their number one priority will be communication to owners and Councils for DACO.

4. Confirmation of Minutes

Moved: Kate George

Seconded: Elizabeth Williams

Recommendation: *That the minutes of the meeting held on 24 November 2017 be confirmed as a true and correct record.*

CARRIED

5. Business Arising from the Minutes

Nil

6. Treasurer's Report

- Alex provided a brief summary.

Moved: Elizabeth Williams

Seconded: Kate George

Recommendation: *That the financial statements for December 2017 be noted.*

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)

- Conference – 16 March 2018:
 - Being held at the Adelaide Convention Centre.
 - Theme: Bulletproof.
 - Draft program to be released approximately the week beginning 22 January.
 - The committee discussed the conference fees.

Moved: Kate George

Seconded: Ray Barnwell

Recommendation: *That the conference fees remain unchanged - \$375 incl. GST for Members and \$530 incl. GST for Non-Members*

CARRIED

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.
Discuss regional workshops	24/11/17	Seminar Workgroup	March meeting.

7.2 Membership & Communication – Diane Eckermann (Chairperson)

- No update provided. Diane was an apology.

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 Workgroup to trial Facebook Group.

7.3 Rating and Valuation – Norm Biggs (Chairperson)

- Norm provided an update.
- No meetings have been held since November.
- The next meeting is scheduled for 24 February.
- The Valuer-Generals office sent notification to all Revenue Professionals SA Members regarding the transfer of privatisation work. The Valuer-General received, from Land Services SA, 1.75 billion for the contract for the next 40 years.
- The workgroup will be discussing the LGR&DS funding submission for the rate rebate policy at its next meeting.

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	LG R&D funding to be applied for in 2018, if unsuccessful then consideration of funding jointly by FMG & RPSA. Expressions of interest would be sought for the rewrite of the Rebate Information Paper.

7.4 Local Government Price Index – Chris Birch

- Chris provided an update.
- Still waiting for Grants Commission data. It is usually received around Australia day. The SA Centre for Economics will then confirm the data.

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	Request for quote has been submitted. Chris Birch will follow up with Chris Russell at the LGA.

7.5 Newsletter / Website – Elizabeth Williams (Chairperson)

- Elizabeth provided an update.
- Currently working on the Summer edition of the newsletter, to be released towards the end of February.
- Seeking articles and content and also a Member profile to be included in the newsletter.
- David Hope has offered to write an article re asset management and valuations.

7.6 Financial Management Framework – Mark Lague (Chairperson)

7.6.1 Draft 2018 Model Financial Statements (Mark Lague)

- Expecting financial statements soon.
- The workgroup will hold a few sessions to work through them.
- Members can provide feedback to Mark Lague.
- Mark will send advice out to the workgroup very soon to start discussing the statements and the changes.
- The committee is encouraged to review the changes and statements to be able to provide feedback to Mark.

7.6.2 Prudential Management – Project Capital Cost \$4m Index (Mark Lague)

- LGA information paper no 27, as at 2015 the amount was \$4.5m.
- Using similar maths it's now approximately \$4.7m.
- Can we do an annual circular updating the figure?
- Shane advised that they are due for review in 2018 – funding for updates has expired.
- The FMG could put in a LGR&DS funding submission to review the financial information papers.
- Perhaps the information paper should include a sample index/report/standard scope of what is expected from an independent consultant.
- Report can be short if there is a detailed business case covering the risks and research.

7.6.3 Local Government (Financial Management) Variation Regulations 2017 (Mark Lague)

- Will come into operation on 31 May 2018.
- Main change – delete "asset sustainability ratio" and substitute: asset renewal funding ratio and couple of other changes.
- This information will need to be updated in the LGA financial information papers.

7.6.4 Renewal of Model Financial Statements tender agreement (Clive Hempel)

- Approximately three years ago David Maxwell was appointed the successful tender for the preparation of the Model Financial Statements being for 3 years (expiring 30 June 2018) with an option to extend for another two years (one year at a time).
- The SALGFMG has been asked by the Local Government Association to provide feedback on the past performance of the supplier prior to the decision to either extend the current agreement by one year or to test the market with a new tender.
- It is worth having a conversation with SALGAG regarding succession planning/plan B. LGA to consider options moving forward if David Maxwell decides he will no longer be undertaking the work.

Moved: Kate George
Seconded: Eion Williamson

Recommendation: That the FMG fully supports the extension of the current agreement with David Maxwell.

CARRIED

7.6.4 AASB124 Best Practice (Mark Lague)

- AASB124 best practice in relation to Related Party Disclosures – should we have SALGAG provide one example that can be distributed.

Financial Management Framework			
Action Items	Meeting	Responsible	Status
Discuss ideas from Councils for best practice in relation to AASB124 Related Party Disclosures.	22/09/17	Financial Management Framework Workgroup	

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

- Annette was an apology.
- The committee discussed the possibility of submitting an award nomination for the LG Professionals finance award for the Better Practice Model now that it has been completed.

Internal Controls & Risk Management			
Action Items	Meeting	Responsible	Status
Add final Better Practice Model to the FMG website with a link and provide it to the membership once the LGA version has been reformatted.	28/07/17	Secretariat	Completed.

7.8 Fees and Charges – Elizabeth Williams (Chairperson)

- Elizabeth provided an update.
- BDO provided a presentation at the FMG December Workshop.
- Still trying to confirm timeline from the ATO for the ruling.
- The majority of queries for the ruling have now been answered.
- The environment health and community safety fees are yet to be received from the ATO.

7.9 Costing Principles – Alex Oulianoff (Chairperson)

- Alex advised that a meeting will be held this afternoon.

7.10 Asset Management – Pep Piscioneri (Chairperson)

- No update provided. Pep was an apology.

7.11 Long Term Financial Plan – Kate George (Chairperson)

- To be discussed during the confidential items section.

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	
Seek clarity on IPWEA's involvement and work with LG Solutions to negotiate on pricing for their model.	22/09/17	LTFP Workgroup	

7.12 Dog and Cat Management – Simon Zbierski (Chairperson)

- The update was covered during Steph's presentation.

8. Correspondence

Nil

9. Confidential Discussion Items

9.1 Long Term Financial Plan Model

- Kate provide an update and background.
- An EOI was sent a few years ago for a Long Term Financial Plan Model.
- The workgroup reviewed the EOI options.
- A LGR&DS funding submission was created.
- The FMG received \$20,000 funding with a condition that the FMG will need to work with IPWEA.
- The workgroup undertook a process to see if working with IPWEA on a joint model was feasible.
- The group had a number of meetings with John Comrie in his capacity as IPWEA representative
- Option 1 – develop a co-branded model (shared between FMG and IPWEA).
- Option 2 – LG Solutions model.
 - LG solutions have come back with a proposal and continual engagement has occurred with John Comrie who is happy to be involved.
 - A demo of the product was provided last Friday. John's view is that if the LG Solutions model was scoped back to a 'LITE' version it would be appropriate for South Australia and he is supportive in the engagement of LG Solutions.
 - John recognises that the time and effort in developing a model would be very difficult and not sustainable and therefore John is happy to speak with the LGA re removing the LGR&DS funding restriction.
- The LGR&D Scheme Advisory Committee meeting is scheduled for April and the LGA Board meeting will follow in May. The Advisory Committee will need to take advice from John Comrie.
- The preferred option would be to award the contract for development to LG Solutions.
- The model would then be something that Councils would need to pay for.
- The workgroup will need to work on the materials to support the rollout, as the current materials are a bit limited.

Moved: Norm Biggs

Seconded: Ray Barnwell

Recommendation: *That the FMG:*

1. *Approaches the LGR&D Scheme to remove the funding special condition 'to produce a single co-branded model jointly with IPWEA' as IPWEA are comfortable with the approach and do not see a need or benefit from being involved.*
2. *Will contribute, in the interim and if point 1 is unsuccessful (LGR&D Scheme decision April/May) \$20k to the development of the LTFP LG Solutions Lite model rather than updating the FMG's existing LTFP model.*
3. *LTFP working group Chairperson be authorised to advise LG Solutions that they are awarded the contract.*
4. *LTFP Chairperson prepare a communication to go to all 68 Councils advising the status of the project so that they can budget as necessary for a new model in 18/19 if they decide to opt in.*

CARRIED

10. Other Business

10.1 Tutor for Intermediate Financial Reporting Course (Clive Hempel)

- Sabine Schuhrer of Adelaide University is looking for a Tutor.
- The course is Intermediate Financial Reporting.
- Topics include fair value, revenue recognition, leases, tax effect accounting, introduction to financial instruments, ethics, provisions, etc.
- Currently, available tutorials are:
 - Mondays: 8-9am and 9-10am
 - Tuesdays: 8-9am
 - Wednesdays: 5-6pm and 6-7pm
- Sabine is looking for someone suitable (accounting degree and CPA/CA or masters) who might be interested.
- Executive Committee Members are encouraged to contact Sabine.

10.2 External Audit Tender (Mike Carey)

- Mike discussed Auditors that cover all SA Councils and a spreadsheet he has created with some of the statistics.

10.3 Recycled Products – China (Clive Hempel)

- China are banning a lot of recycled products going into their country.
- The cost of recyclables could increase which will affect Council budgets.

10.4 Section 10 Climate Grants Commission Return (Eion Williamson)

- General discussion regarding Councils completing the optional part of the return.

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.
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	Will be attending the September meeting.

11. Next Meeting

23 February 2018 at Alexandrina Council

Standing Items	Meeting	Frequency
Sponsorship Proposal for the next financial year	March	Annually
AGM Matters and Recommendations: <ul style="list-style-type: none"> • Constitution Adoption • Membership Guidelines Adoption • Membership Fees • Honorary & Life Member Nominations • Auditor Appointment • Executive Committee Nominations 	June	
Davin Lambert – LGFA update	July	Annually
<ul style="list-style-type: none"> • New Committee Members • Workgroup allocations • Meeting dates for next 12 months • Event registration fees for the financial year 	September	Annually

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, Kate George: kgeorge@salisbury.sa.gov.au
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