

MINUTES

South Australian Local Government Financial Management Group Executive Committee

23 March 2018 at 9:30am

Campbelltown City Council (Council Chambers – 172 Montacute Road, Rostrevor)

1. Present

Executive Committee:

- Clive Hempel (President), Mid Murray Council
- Alexander Oulianoff (Treasurer), Mount Barker District Council
- Annette Martin, City of Charles Sturt
- Anthony Amato, Town of Gawler
- Craig Mudge, District Council of Mount Remarkable
- Kate George (Vice President), City of Salisbury
- Leta Northcott, City of Unley
- Mark Lague, The Barossa Council
- Michael Wetherall, City of Port Adelaide Enfield
- Mike Carey, Adelaide Hills Council
- Simon Zbierski, City of Campbelltown

Proxies:

- Gary Long, City of Prospect (for Chris Birch)
- Katy Bone, Town of Walkerville (for Anna-Lucia Draper)
- Sonia Sghendo, City of Onkaparinga (for Diane Eckermann)

Observers/Guests:

- Andrew Ngo, City of Mitcham
- Grace Pelle, City of Playford
- Raffaella Brown, City of Burnside
- Samantha Grieve, City of Playford

2. Apologies

- Anna-Lucia Draper, Town of Walkerville
- Chris Birch, City of Prospect
- Diane Eckermann, City of Onkaparinga
- Eion Williamson, District Council of Grant
- Elizabeth Williams (Secretary), Alexandrina Council
- Norman Biggs, City of West Torrens
- Pep Piscioneri, City of Adelaide
- Ray Barnwell, City of Marion
- Shane Sody, Local Government Association of SA

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.

3. Presentations

3.1 9:30am to 10am – Transition Model - new service provider for the State Valuation Office

Presenters: Delfina Lanzilli, Valuer-General and Anthony Smit, Deputy to the Valuer-General

- Post commercialisation is currently very busy. There is a 40 year proposal. Macquarie Bank and the Canadian Pensioner Fund (Land Services SA (LSSA) are the service provider. A project plan for the next 5 years will be submitted to the government by the end of April.
- There is currently a vacancy with the Registrar General and in addition, the change of government has created some uncertainty on a strategic level. The Valuer-General is currently based with the Department of Treasury and Finance. Under the new government, agencies will be recalibrated which may mean another move for the Valuer-General's office.
- All LLSA recommendations have to be approved by the Valuer-General. There are 4 phases that the LLSA undertakes before the Valuer-General considers the approval:
 - Scope
 - Preparation – initial view of the valuation
 - Calculation phase
 - Produce documents of what is being proposed
- The Valuer-General is currently unpacking its operations manual in terms of service delivery and the Revaluation Initiative which will affect all Councils.
- Revaluation Initiative:
 - The Valuer-General will consult with each Council as the initiative moves forward.
 - There will be 3 cycles of work. The first cycle will be 2 Local Government levels being 1. Approach and 2. New Technologies. Each Local Government area will be tackled as a whole and will be completed by 30 June 2022.
 - The Valuer-General will also look to engage with Elected Members.
 - It is anticipated that objectives will follow.
 - They are looking to centralise all Council concerns particularly with Council rates officers and they will also be working closely with Revenue Professionals SA.
 - The Valuer-General's office will become a 'one stop shop' for State Government valuations.
- Site contamination is a risk. More successful objections occur when people disclose the actual issues on the site (white ants for example). The valuations need to be defensible. The objections are currently contained in the report, but if the objection moves over to the next phase at SACAC, the Valuer-General doesn't currently disclose that and that needs to change.
- Councils with concerns should contact the Valuer-General's office and in particular can speak directly to Delfina or Anthony.

3.2 10am to 10:30am – Benchmarking Council facilities to achieve performance excellence

Presenter: Sandra Klein, Commercial Manager CERM PI, University of SA

- Sandra provided background on CERM-PI, who they are and what they do. CERM-PI is a research centre that provides benchmarking for aquatic, leisure and recreation centres. CERM-PI also provides customer service quality surveys and operational management surveys. Sandra provided a few case studies on operational management and customer service quality in relation to the SA Aquatic Centre.
- The system provides evidence-based data to help Councils think strategically and facilitates effective management to assist to implement and drive change. Data is benchmarked against similar facilities around Australia and some facilities in New Zealand. The final report provided at the end of the process includes information about the Council facility compared against the rest of the facilities. There are 71 indicators available.

- There is currently an LG R&D Scheme project to explore the issue of non-usage of Council owned/and or operated aquatic and recreation centres within South Australia. The project includes Tea Tree Gully, Alexandrina, Port Lincoln and Barossa Councils. The research places a particular focus on the barriers and constraints to access of groups within the community and how they may be overcome.
- In terms of cost, there are different rates for different sized Councils (\$3,174 for large and \$2,270 for small regional Councils excl. GST). If at least 20 Councils sign up, this may reduce the costs.

3.3 10:30am to 11am – Construction Industry Training Levy

Presenters: Julie Holmes, Director Simpler Regulation Unit, Department of Treasury and Finance and Frances Thompson, Principal Policy Officer - Simpler Regulation Unit, Department of Treasury and Finance

- The Department of Treasury and Finance (DTF) has established a task force called the Red Tape Task Force (consisting of 8 Council CEOs, the LGA, Department of Treasury and Finance, the Department of Planning, Transport and Infrastructure and the Office of Local Government). They meet monthly to discuss key issues that have come through to them from businesses and Local Government.
- The construction industry training levy issue has become a top priority. The issue has been discussed with the taskforce and the administration of the Construction Industry Training Board. From a bigger picture perspective they are looking for opportunities for bigger reform that may or may not involve regulatory or legislative change. The taskforce has agreed that it needs a better idea and evidence of reform. They need to know about how widespread the issues are and what the issues are for each Council.
- Mark Lague has distributed a paper to the Executive Committee Members for feedback. There is another paper that Mark will distribute with ideas for reform.
- Councils aren't looking to minimise the levy they have it's about the process of how it is collected and developed.
- One option is to have a fixed amount that needs to be paid instead of having to assess a whole raft of activities. A change in the regulations on how Local Government is treated is preferable.
- The Red Tape Task Force will need to discuss options with industry associations in terms of what rules they are subject to and what rules Local Government would be subject to if there was a change made. There could potentially be benefits for those businesses in terms of administrative savings.

4. Confirmation of Minutes

Moved: Mick Wetherall

Seconded: Anthony Amato

Recommendation: *That the minutes of the meeting held on 23 February 2018 be confirmed as a true and correct record.*

CARRIED

5. Business Arising from the Minutes

Nil

6. Treasurer's Report

Moved: Kate George

Seconded: Craig Mudge

Recommendation: That the financial statements for February 2018 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	Quotes to be provided by Alex at the April 2018 meeting.

7. Projects/Work Groups – Update/Status

7.1 Seminars – Clive Hempel (Chairperson)

- Conference held on 16 March 2018.
 - There were 134 attendees.
 - Feedback has been very positive.
 - Committee Members discussed the success of the conference and how pleased they were with the program content.
- AGM to be held on 31 August 2018 at the Adelaide Zoo Sanctuary
 - Presenter confirmed as Andrew Leunig. Andrew a Business Model Architect. He is an expert in disruption and new business models and work models. He works with organisations large and small, old and new, to help them figure out how they might redesign their business model and avoid disruption. He is a Board Adviser to a number of technology and mid-sized companies and a mentor for a number of business incubators including both Adelaide & Flinders Universities. He is a Graduate Member of the Australian Institute of Company Directors, Member of the International Forum of Visual Practitioners, Trustee member of CEDA and a Post CA (Chartered Accountant).

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.

7.2 Membership & Communication – Eion Williamson (Chairperson)

7.2.1 Engagement with Distant FMG Members (Clive Hempel)

- It is proposed that as a method to engage and understand issues of distant FMG Members that on a trial basis distant members (located >100km? from the CBD) attend a FMG meeting and that associated cost of traveling, accommodation etc be reimbursed by the FMG. An expression of interest would be sought from FMG Members that would like to attend a future FMG meeting, the following information would be supplied in the expression of interest: Estimated cost of travel (vehicle, flights, Taxi etc), accommodation and any other associated costs along with a preferred list of meeting dates.
- An application form will need to be developed.

Membership & Communication			
Action Items	Meeting	Responsible	Status
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.
Draft an application form for the engagement of distant FMG Members. The form will act as an 'expression of interest' for those members to request to attend FMG Executive Committee meetings free of travel expenses.	23/03/18	Clive Hempel	

7.3 Rating and Valuation – Norm Biggs (Chairperson)

- Norm was an apology for this meeting.
- Clive provided an update on Norm's behalf.
- A meeting of the workgroup was held on 27 February.
- The majority of the meeting was spent discussing the changes to the Valuer-General structure and the relationship between Land Services SA (LSSA) and the Valuer-General, and the implications to Councils.
- All land divisions will be completed by LSSA, but will be forwarded to the Valuer-General who will review them before forwarding to Council. Likewise, all reports will be produced by LSSA and sent to the Valuer-General for distribution. The Valuation timeline should be similar to previous years.

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 was an apology for this meeting.
- Gary advised that we are still waiting on 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 was an apology for this meeting.
- Clive provided an update.
- Next edition scheduled for Winter 2018. Any suggestions for content or articles are invited to be sent through to Elizabeth.
- It was suggested that Tim Muhlhausler as SALGAG President could write an article to help Members prepare for the AASB16 leasing standard: what needs to be collected and noted and what needs a decision. (ACTIONED TO ELIZABETH)

Newsletter / Website			
Action Items	Meeting	Responsible	Status
Speak with Tim Muhlhausler as SALGAG President about writing an article to help Members prepare for the AASB16 leasing standard: what needs to be collected and noted and what needs a decision.	23/03/18	Elizabeth Williams	

7.6 Financial Management Framework – Mark Lague (Chairperson)

7.6.1 Consultation Draft Model Financial Statements 2017- LGA Circular 11.9

- Reminder to all Members that the document is out for consultation if you want to provide feedback.

7.6.2 CITF Levy – spreadsheet back by 6 April

- Discussed during item 3.3.

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	Mark has received information from John Wright, Tim Muhlhausler and David Maxwell. It is still confusing so it is recommended that a paper, guide or a table ideally needs to be prepared.

7.7 Fees and Charges – Elizabeth Williams (Chairperson)

- Elizabeth was an apology for this meeting.
- Clive provided an update.
- Elizabeth is in discussions with the ATO as to how we can progress finalisation of the ruling. The workgroup are working through some outstanding questions in relation to Water, Waste and Private Works.

7.8 Costing Principles – Alex Oulianoff (Chairperson)

- Mark provided an update in relation to CWMS and charging CWMS in a different way for non-residential sites. The Local Government Act 1999 states that you can charge on rate value and site value. They are now looking at property loading types to see if it can be charged by loading type and valuation. The findings will then be sent to David Hope to inform his paper.
- Alex confirmed that this will be discussed at the next meeting and the group will table some key points.

7.9 Asset Management – Pep Piscioneri (Chairperson)

- Pep was an apology for this meeting.
- Mark raised the issue of fair value. The AASB has invited Mark to discuss fair value and Mark will provide a copy of the AASB13 paper. The AASB may be looking at a separate document that applies to Local Government.

7.10 Long Term Financial Plan – Kate George (Chairperson)

- Kate provided an update.
- The Workgroup is meeting this afternoon to scope out the 'lite model'. Some ideas have already been provided to the workgroup. The model needs to:
 - be reflective of SA requirements only;
 - calculate interest calculations on CADS built into the model, ability to enter amount of cash to be held;
 - ability to have an end date for operating projects; and
 - the model structure needs to deal with data entry efficiently.
- The training and support materials need more work including methodology and guidance to help make sense of them.
- Kate is drafting a formal agreement with LG Solutions.
- A letter is also being drafted to the LGA Board regarding IPWEA's involvement and the LGR&DS funding.

Long Term Financial Plan			
Action Items	Meeting	Responsible	Status
Review the Coalface Long Term Financial Model and its future.	25/11/16	LTFP Workgroup	To be looked at in June.
Further request to LGA regarding the LGR&DS funding and developing the LG Solutions 'lite' model and finalise the agreement.	22/09/17	LTFP Workgroup	Agreement and pricing under negotiation with LG Solutions.

7.11 Dog and Cat Management – Simon Zbierski (Chairperson)

- Simon provided an update.
- As at last night, DACO is in week 4 of data migration with 220,000 (74%) dogs uploaded. 716 cats have been uploaded.
- There are still another 21 Councils to migrate. Steph Jeuken is following up outstanding Councils.
- Steph's looking at taking over the uploading of dogs into the system to ensure they are entered correctly.
- The FMG will need to look at communication for DACO to Members: provide scenarios, impacts on Councils, cash handling options, impact on future income due to the future requirement to desex all dogs, payments in advance etc.

Dog and Cat Management			
Action Items	Meeting	Responsible	Status
Draft scenario information on DACO for FMG Members: provide scenarios, impacts on Councils, cash handling options, impact on desexing of dogs, payments in advance etc.	23/03/18	Simon Zbierski and Kate George	

8. Correspondence

Nil

9. Confidential Discussion Items

10. Other Business

10.1 Sponsorship Proposal 2018/19 (Clive Hempel)

Moved: Anthony Amato

Seconded: Simon Zbierski

Recommendation: *That the Sponsorship Proposal for 2018/19 be adopted and that sponsorship be increased by 2.3% rounded to the nearest \$10.*

CARRIED

10.2 LGITSA Relationship (Tony Amato)

- It is acknowledged that there are synergies between LGITSA and the FMG.
- The committee discussed options for communication with LGITSA including:
 - inviting LGITSA to Executive Committee meetings if they can input into specific topics being discussed;
 - sending a list of FMG projects that are being worked on and ask them to do the same periodically; and
 - possibly having a reciprocal arrangement with them for conferences.
- Clive to chat to Chris James (President of LGITSA) to see how we can communicate and work together.

10.3 Outstanding Block Clearing Fees (Clive Hempel)

- Presently there is an inconsistency with the way Councils seek to recover the cost associated with the removal of inflammable undergrowth under “The Fire and Emergency Services Act 2015” with some Councils keeping the outstanding amounts on a sundry debtor account while other Councils after 14 days place the outstanding cost against the property (transfer the debt to appear as an outstanding amount on the rates notice).

The Fire and Emergency Services Act 2015 S105J (9) states:

*(9) If an amount is recoverable from a person by a council or the Minister under subsection (8)—
(a) in the case of an amount recoverable by a council—the council may recover the amount as if it were rates in arrears;*

The Local Government Act 1999 Section 144 (2) Recovery of Amounts due to Council states:

If a fee, charge, expense or other amount payable to a council relates to something done in respect of rateable or other property, or is payable by a person as the owner or occupier of rateable or other property within the area of the council, the council may, after giving at least 14 days’ notice requiring payment of the fee, charge, expense or other amount, recover the fee, charge, expense or other amount as if it were a rate declared on the property at the time of the notice requiring payment.

The Executive Committee discussed whether a legal opinion should be sought to clarify if the debt can be transferred against the appropriate property, if so then can interest also be raised against the outstanding block clearing fee as per other rate in arrears. Because the debt is against the property theoretically you should be able to link them as a property debt and possibly add it to the rates notice, they would then incur fines and interest. Clive will go back to the LGA to seek clarification on this piece of legislation and possibly other such as the South Australian Health Act etc.

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.
Contact Chris James (President of LGITSA) to see how we can communicate and work together.	23/03/18	President	
Speak with the LGA regarding 'Outstanding Block Clearing Fees'	23/03/18	President	

11. Next Meeting

27 April 2018 at the Barossa 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	Annually
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 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
- 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
- Membership & Communication Workgroup Chairperson, Eion Williamson:
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- Newsletter & Website Workgroup Chairperson, Elizabeth Williams:
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- Seminars Workgroup Chairperson, Clive Hempel: chempel@mid-murray.sa.gov.au