

## MINUTES

### South Australian Local Government Financial Management Group Executive Committee

26 October 2018 at 9:30am

Campbelltown Council Chambers - 172 Montacute Road, Rostrevor

#### 1. Present

##### Executive Committee:

- Kate George (President), City of Salisbury
- Chris Birch, City of Prospect
- Craig Mudge, District Council of Mount Remarkable
- David Harman, City of Marion
- Katy Bone, Town of Walkerville
- Mark Lague, The Barossa Council
- Mike Carey, Adelaide Hills Council
- Sarah Taylor, City of Unley
- Simon Zbierski, City of Campbelltown
- Sonia Sghendo, City of Onkaparinga

##### Proxies:

- Grace Pelle, City of Playford (for Samantha Grieve)
- Alexander Brown, City of Adelaide (for Pep Piscioneri)
- Donna Stubbs, City of Charles Sturt (for Annette Martin)

##### Observers/Guests:

- Karishma Reynolds, City of Burnside

#### 2. Apologies

- Alexander Oulianoff (Treasurer), Mount Barker District Council
- Angela Papatheodorakis, City of Port Adelaide Enfield
- Annette Martin, City of Charles Sturt
- Anthony Amato, Town of Gawler
- Clive Hempel (Secretary), Mid Murray Council
- Elizabeth Williams (Vice President), Alexandrina Council
- Leta Northcott, City of Mitcham
- Norm Biggs, City of West Torrens
- Pep Piscioneri, City of Adelaide
- Rajith Udugampola, Adelaide Plains Council
- Rebecca Muller, Local Government Association
- Samantha Grieve, City of Playford

*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. Welcome to New Executive Committee Members**

Kate welcomed Sarah Taylor and Sonia Sghendo to their first committee meeting and provided their certificates.

**4. Presentations**

Nil

**5. Confirmation of Minutes**

**Moved:** Craig Mudge

**Seconded:** Chris Birch

***Recommendation:** That the minutes of the meeting held on 21 September 2018 be confirmed as a true and correct record.*

**CARRIED**

**6. Business Arising from the Minutes**

Nil

**7. Treasurer’s Report**

No update was provided, Alex is an apology. The legal action for the sponsor who hasn’t paid their sponsorship for 2017/18 is to be followed up.

<b>Treasurer’s Report</b>			
<b>Action Items</b>	<b>Meeting</b>	<b>Responsible</b>	<b>Status</b>
Purchase and setup XERO and Arlo.	27/04/18	Treasurer	<b>In progress.</b>
Commence legal action to recover unpaid sponsorship for 2017/18	21/09/18	President/ Treasurer	

**8. Projects/Work Groups – Update/Status**

**8.1 Asset Management – Pep Piscioneri (Chairperson)**

No update was provided, Pep is an apology. The next meeting of the workgroup is scheduled for November.

**8.2 Costing Principles – Alex Oulianoff (Chairperson)**

No update was provided, Alex is an apology. No meeting has been held since the last Executive Committee meeting, a meeting will likely be set for November.

### 8.3 Events – Kate George (Chairperson)

#### 8.3.1 Workshop and Conference to be held on 29 and 30 November 2018 at Adelaide Oval

Kate advised that the November Workshop and Conference is called 'The Labyrinth'. The program has now been received back from the designer and will be reviewed for any minor changes before being issued to the membership. The Arlo events software will be used for this event. The workgroup decided on a bundle price for Members but not for Non-Members as we would like to encourage delegates to become Members. The committee noted that the events are beneficial for Audit Committee Members to attend and we have had such participants at recent events. Executive Committee Members are encouraged to promote the events to their Audit Committee Members.

Events			
Action Items	Meeting	Responsible	Status
Information Sharing Platform - LinkedIn, Facebook or a website forum (to be investigated with the help of Irene Scales).	31/03/17	Seminar Workgroup	<b>Facebook group created – yet to complete active testing.</b>
Determine registration fees and discount package for Members for the November Workshop and Conference.	21/09/18	Seminar Workgroup	<b>Completed</b>

### 8.4 Fees and Charges – Elizabeth Williams (Chairperson)

No update. Elizabeth is an apology.

### 8.5 Financial Management Framework – Mark Lague (Chairperson)

#### 8.5.1 Financial Statements – reminder to check model for updates to notes

In relation to note 1, the impairment note, the wording has now changed (removed the words depreciated replacement costs). Council's need to check their notes in case they are using wording from last year's notes still. The wording has been changed in the model financial statements and in the LG Solutions software. Councils need to double check all of the wording used in their notes wording before it goes to the final audit.

The Asset Management Group and the FMG will need to clarify that under AASB 13 that in note 7 is still appropriate to use the wording "depreciated replacement value".

The workgroup will discuss what "restrictions" are relative to note 10 and also if practical examples should be developed to illustrate.

#### 8.5.2 Financial Statements – Note 15 Net Financial Liabilities ratio adjustments for FAGS early payments and other significant items

There have been some emails circulating between John Wright, the LGA, LG Solutions and the Grants Commission in relation to the NFL and FAGs early payments. Some Councils under note 15 for NFLs were taking off the grant amount of the NFL but forgetting to add back the early receipt from the prior year. The formula wasn't quite right in the LG Solutions model and this needs to be resolved so that Councils are using the correct option if paid early or not.

One option is to drop the adjustments all together and add a note. For a lot of Councils, the number of the amount paid early to them is significant and affects the bottom line. Can we just have a formula for the average operating surplus ratio over the last three years then put the comparatives in as an indicator as to whether Councils are sustainable. This will show a trend. The comparatives will need to be put in there manually. When the ratio is adjusted for the 2018/19 early receipt, and the prior year early receipt added back in terms of the amount there isn't a significant difference. In note 2 there is a question about what was received early, should that be the net amount or the adjusted amount? It can be covered in Notes 1 and 2 but it comes down to interpretation and linking back to the ratios. When the early receipt stops and restarts, the impacts can be very significant for some Councils, hence the need for the adjusted ratio.

The asset funding renewal ratio was raised at the last FMG meeting and discussed at the workgroup meeting. The workgroup would like to come up with some guidance/cheat sheets. An email was sent around from Annette with an alternative way of doing the ratio and that includes upgrades with the renewal and leaving 'new' on its own. Both options could be provided and pros and cons for both advised. A lot of Councils are doing just renew and upgrade.

In terms of financial sustainability indicators, a lot of Councils aren't meeting their targets.

Also it was noted that IPWEA are doing some work on their Asset Management Plan templates, and there has been some discussion that the current NAMS plus are not strategic, but a mix of strategic and operational, which is difficult to manage under the requirements of S122 of the LG Act.

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	<b>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.</b>
Discuss what the restrictions are relative to note 10 and also if practical examples should be developed to cover what the restrictions are.	26/10/18	Financial Management Framework Workgroup	

## 8.6 Local Government Price Index – Chris Birch (Chairperson)

Chris advised that no meeting has been held but there will be a meeting before Christmas to discuss the forecasting issue. The new CPI figure for the end of the quarter will be available next week.

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	<b>Awaiting result of the Rate Capping Bill to determine whether a forecasting indicator is required.</b>
Work on a set of definitions for data that feeds into the LGPI and supply it to the Grants Commission for their consideration.	21/09/18	LGPI Workgroup	

## 8.7 Long Term Financial Plan – Kate George (Chairperson)

Kate advised that after the last Executive Committee meeting a walk through was held of the “Lite” version. Most of the software looked good with little feedback. The software is nearly ready and it will be presented at the November FMG Workshop. The mapping part was delaying the software (budget uplift feature). If Councils are interested in procuring it, they can purchase it in addition to the Lite model. Grace advised that Playford Council received it this week. Final review and approval of the Lite model is pending work group sign off with a further GoTo meeting to be scheduled.

Long Term Financial Plan			
Action Items	Meeting	Responsible	Status
When the LTFP LG Solutions Lite Model is released, Councils to be notified.	21/09/18	LTFP Workgroup	

## 8.8 Membership & Communication – Craig Mudge (Chairperson)

Craig advised that the next newsletter is in the formal draft form and will be sent to Irene to be formatted on the website. It should be sent out the week commencing 12 November. For future newsletters we may do two member profiles instead of one given there are six new committee members. Craig will follow up the latest buddy list from Diane Eckermann to get it going again.

Membership & Communication			
Action Items	Meeting	Responsible	Status
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	

## 8.9 Rating and Valuation – Simon Zbierski (Chairperson)

Simon advised that the last meeting was held in October. The Valuer-General has offered to have the next meeting (in December) at their offices. At the last meeting the Valuer-General indicated that the objection activity is the same as last year. They talked about the revaluation project that has commenced, with meetings having occurred at a few of the metropolitan Councils at this stage. Another two cycles of this project will occur up until 2022. They have offered to provide workshops to Council Members to help them understand the process.

RPSA have advised that they weren't successful in their application for LG Research & Development Scheme funding for the rate rebate policy.

Playford discussed some of the work they are undertaking:

- Hardship Policy - adopted by Council
- Pathway customers - e-pathway direct debit setup - run a file through ComBiz, setup to pay by 4th quarter. Daily file to upload to take payments
- Looking to record rate calls - 3 months away
- SMS messaging for ratepayers - reminders sent a week after overdue notice sent out

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	<b>Revenue Professionals SA have applied for LG R&amp;D funding for the rewrite of the Rebate Information paper.</b>
Speak with the LGA regarding “Charge’s against the land”, such as Outstanding Block Clearing Fees and charges under the SA Health Act. Can these be placed on the assessment (rate notice) and charged fines/interest?	23/03/18	Rating & Valuation Workgroup	
Provide FMG submission to ESCOSA regarding the South Australian Local Government Rate Oversight Scheme Guidelines	21/09/18	President	

## 8. Correspondence

Nil

## 9. Confidential Discussion Items

Nil

## 10. Other Business

### 10.1 LG Finance 2018 - The Future Is Now Conference – LG Professionals NSW (Clive Hempel)

The FMG has been invited to send a representative to the 'The Future Is Now' conference to be held from 3 to 5 December 2018 at the Crowne Plaza Terrigal under the current reciprocal arrangements (accommodation and event subsidised).

**Moved:** Simon Zbierski

**Seconded:** David Harman

**Recommendation:** *That if anyone who is absent from today's meeting is interested in attending the 'The Future Is Now' conference under the reciprocal arrangements, they are approved to do so. If there is no interest, the Secretariat will advise LG Professionals NSW that we are declining and it is partly due to the closeness of our own Workshop and Conference.*

**CARRIED**

### 10.2 Executive Committee Vacancy – Samantha Grieve (Patricia Coonan)

**Moved:** Katy Bone

**Seconded:** David Harman

**Recommendation:** *That the Executive Committee notes the vacancy and that under the Constitution, the vacant position does not need to be filled.*

**CARRIED**

### 10.3 Internal Control Benchmark Exercise (Mark Lague)

The Barossa Council would like to conduct a benchmark exercise on the internal control environment of other Council's in SA. This information will be used for internal purposes only, no Council names to be listed (perhaps an average that can be compared by individual Councils) and will not be distributed to anyone other than those who have contributed to the information.

Executive Committee Members help with sharing this information is appreciated, although each Council has different levels of risk appetite and resources provided to monitor internal controls the no. of risks, controls and their overall rating(s) may help us understand the level of effort required and approach to manage this important area. If FMG Councils are willing to share the information, Mark will collate it and then put out an average for the sector.

### 10.4 SA LG Financial Indicators Report 2018 (Mark Lague)

John Wright produced a paper for the LGA – attached to the agenda. A survey was completed on the 2016/17 data re sustainability. Most of the Councils aren't getting up to 90% (renewal/replacement indicator).

**Moved:** Mark Lague

**Seconded:** Chris Birch

**Recommendation:** *That the paper be circulated to the FMG Members.*

**CARRIED**

**10.5 Late Notification of Financial Assistance Grants (FAGs) (Clive Hempel)**

The Executive Committee members agreed that this is a significant issue for Councils.

**Moved:** Sarah Taylor  
**Seconded:** David Harman

***Recommendation:** That the LGA be notified of concerns that SA Councils have not been notified yet of their FAGs 2019 allocation. Due to this delay most Councils will not be able to include any FAGs adjustments in their first quarterly review. The FMG requests that once the FAGs allocations are known that they be made available on the State Government website in line with the Federal Government publishing online the Roads to Recovery Grant allocations.*

**CARRIED**

**10.6 DACO**

Simon advised that Councils have started issuing invoices for the dog registrations revenue received by DACO to date. 'DACO Update' to be added as a standing item to future Executive Committee agendas with Simon Zbierski or Clive Hempel to provided updates.

**10.7 Simple Touch Payroll**

Conversions are occurring. There is an extension from the ATO until April next year (for TechOne users).

**10.8 Fuel Rebate**

Mark advised that Barossa completed a fuel rebate request and are getting a rebate. It doesn't cost Council anything. AIT Specialists are one of the companies that provide the service.

**10.9 Vehicle Exemptions - ATO**

David's Council is seeking guidance re vehicle exemptions. If you can get more salary in exchange for the vehicle – they are not exempt. NTAA software can be used in relation to this.

**10.10 General Items of Note**

Alex advised that Adelaide is currently undertaking a review of their Asset hand over process to better enable asset take-up. Playford use an electronic form, whereas Charles Sturt are trying to capture asset number as POs are raised. Asset Review and the work group will be having a meeting on 8 November.

Other Business			
Action Items	Meeting	Responsible	Status
Prepare a letter of thanks for Anna-Lucia Draper who has resigned from the Executive Committee.	22/06/18	Secretariat	<b>In progress for all outgoing Executive Committee Members.</b>

## 11. Next Meeting

23 November 2018 – Port Adelaide

Standing and Future Items	Meeting	Frequency
Sponsorship Proposal for the next financial year	March	Annually
AGM Matters and Recommendations: <ul style="list-style-type: none"><li>• Constitution Draft</li><li>• Membership Guidelines Draft</li><li>• Membership Fees Recommendation to AGM</li><li>• Honorary &amp; Life Member Nominations</li><li>• Auditor Appointment Recommendation to AGM</li><li>• Executive Committee Nominations</li></ul>	June	Annually
<ul style="list-style-type: none"><li>• Davin Lambert – LGFA update</li><li>• Constitution Recommendation to AGM</li><li>• Membership Guidelines adoption</li></ul>	July	Annually
<ul style="list-style-type: none"><li>• New Committee Members</li><li>• Workgroup allocations</li><li>• Proxy/Deputy Chairperson for each of the Workgroups and Executive Committee meetings</li><li>• Meeting dates for next 12 months</li><li>• Event registration fees for the financial year</li></ul>	September	Annually
DACO Update	Every Meeting	Every Meeting

## 12. Close

The meeting closed at 11:55am.

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

FMG President, Kate George: [kgeorge@salisbury.sa.gov.au](mailto:kgeorge@salisbury.sa.gov.au).

- Asset Management Workgroup Chairperson, Pep Piscioneri: [p.piscioneri@adelaidecitycouncil.com](mailto:p.piscioneri@adelaidecitycouncil.com)
- Costing Principles Workgroup Chairperson, Alex Oulianoff: [aoulianoff@dcmtbarker.sa.gov.au](mailto:aoulianoff@dcmtbarker.sa.gov.au)
- Events Workgroup Chairperson, Kate George: [kgeorge@salisbury.sa.gov.au](mailto:kgeorge@salisbury.sa.gov.au)
- Fees and Charges Workgroup Chairperson, Elizabeth Williams: [elizabeth.williams@alexandrina.sa.gov.au](mailto:elizabeth.williams@alexandrina.sa.gov.au)
- Financial Management Framework Workgroup Chairperson, Mark Lague: [mlague@barossa.sa.gov.au](mailto:mlague@barossa.sa.gov.au)
- Local Government Price Index Workgroup Chairperson, Chris Birch: [chris.birch@prospect.sa.gov.au](mailto:chris.birch@prospect.sa.gov.au)
- Long Term Financial Plan Workgroup Chairperson, Kate George: [kgeorge@salisbury.sa.gov.au](mailto:kgeorge@salisbury.sa.gov.au)
- Membership & Communication Workgroup Chairperson, Craig Mudge: [finance@mtr.sa.gov.au](mailto:finance@mtr.sa.gov.au)
- Rating and Valuation Workgroup Chairperson, Simon Zbierski: [szbierski@campbelltown.sa.gov.au](mailto:szbierski@campbelltown.sa.gov.au)