

MINUTES

South Australian Local Government Financial Management Group Executive Committee

29 March 2019 at 9:30am

West Wing Conference Room – Walkerville Town Hall - 66 Walkerville Terrace, Gilberton

1. Present

Executive Committee:

- Kate George (President), City of Salisbury
- Elizabeth Williams (Vice President), Alexandrina Council
- Alexander Oulianoff (Treasurer), Mount Barker District Council
- Clive Hempel (Secretary), Mid Murray Council
- Angela Papatheodorakis, City of Port Adelaide Enfield
- Annette Martin, City of Charles Sturt
- Anthony Amato, Town of Gawler
- Chris Birch, City of Prospect
- Craig Mudge, District Council of Mount Remarkable
- David Harman, City of Marion
- Grace Pelle, City of Playford
- Katy Bone, Town of Walkerville
- Mark Lague, The Barossa Council
- Norm Biggs, City of West Torrens
- Pep Piscioneri
- Simon Zbierski, City of Campbelltown

Proxies:

- Kevin Carter, City of Onkaparinga

Observers/Guests:

- Alicia Stewart, City of Port Adelaide Enfield
- Jane Hughes, City of Norwood Payneham & St Peters
- Peter Ilee, Local Government Grants Commission
- Alex Sgro, Local Government Grants Commission

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

- Karishma Reynolds, City of Burnside
- Leta Northcott, City of Mitcham
- Mike Carey, Adelaide Hills Council
- Rajith Udugampola, Adelaide Plains Council
- Rebecca Muller, LGA
- Sarah Taylor
- Sonia Sghendo, City of Onkaparinga

3. Presentations

3.1 Grants Commission Returns - Peter Ilee, Executive Officer, SA Local Government Grants Commission

Peter provided an overview on the structure and role of the Grants Commission as well as an update on issues that concern Local Government, in particular the annual returns.

There are only 2.6 staff at the Grants Commission – the Executive Officer Peter Ilee, Senior Project Officer Alex Sgro and Senior Administration Officer Fiona Mitchell. The function of the Commission is to make recommendations on the distribution of untied Commonwealth financial assistance grants to local governing authorities in South Australia. The Grants Commission visits every Council every few years to provide a presentation for approximately 1.5 hours.

Grants to Councils should compensate Councils for differences in the costs of providing services and in differences in their revenue raising capacity. Equalisation refers to the financial capacity of the Council, it does not mean that the level of services must be equal. Councils may choose to have higher or lower levels of service according to their own priorities. The Commission aims to equalise Councils financial capacity to provide a similar level of service to their communities. CWMS is not taken into account as part of the grant recommendations.

There are inconsistencies with data collection. An FMG Workgroup could be formed to discuss the data, returns and variations. The group would liaise with the Grants Commission and report back to the Executive Committee.

4. Confirmation of Minutes

Moved: Mark Lague

Seconded: Norm Biggs

Recommendation: *That the minutes of the meeting held on 22 February 2019 be confirmed as a true and correct record.*

CARRIED

5. Projects/Work Groups – Update/Status

5.1 Asset Management – Katy Bone (Chairperson)

Katy advised that the last meeting of the workgroup was held on 6 March. The workgroup discussed the following items:

- AMP survey results (35 in total received) – the results highlighted the importance of AMPs needing to be consistent across the board. The workgroup will look at the possibility of designing a new template.
- Ratios – should we include legislation changes into the calculations and how would that look? A definition has been circulated to the group and feedback is still being received. This will be discussed further at the next workgroup meeting in April.
- Fair Value Paper – the paper was discussed, and feedback has been sent to Mark Lague.

5.2 Costing Principles – Alex Oulianoff (Chairperson)

Alex advised that there is no specific update at this time and a meeting will be scheduled soon. One of the charges that needs to be looked at is the inconsistency in the Councils that do follow the principles and if they charge the cost of capital. The draft paper on Costing Principles deals with whether to charge for the cost of capital but this needs to be resolved before the paper is finalised. If Councils charge the cost of capital, they can't then charge the interest that is paid. We need to challenge the consideration.

5.3 Events – Kate George (Chairperson)

5.3.1 AGM – 30 August 2019

Tentative bookings have been made at the National Wine Centre and the Adelaide Pavilion. The two venue quotes will be compared with a booking to be made shortly. The committee agreed that we need to book the Adelaide Zoo Sanctuary for 2020 and 2021.

5.3.2 November Workshop & Conference – 28 & 29 November 2019

The program for November will be discussed over the coming months. The venue will likely be Adelaide Oval if we can secure the desired space.

5.3.3 March Conference – 15 March 2019

The feedback form for the conference has been issued. The feedback to date has been very positive.

5.3.4 Constitution and Sponsorship Proposal

The workgroup will discuss draft changes to the FMG Constitution and the 2019/20 Sponsorship Proposal at the next meeting.

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	Facebook group created – yet to complete active testing.
Registration fees for Sponsors at Member rate for additional tickets.	23/11/18	Seminar Workgroup	Completed. To be discussed again during the review of the Sponsorship Proposal for 2019/20.
Training by the FMG or the LGA on the accounting standards.	22/02/19	Seminar Workgroup	

5.4 Fees and Charges – Elizabeth Williams (Chairperson)

Elizabeth advised that we have received the first draft ruling from the ATO. The FMG needs to advise if we are happy with the layout so that the ATO can continue with the second ruling. There is a 4-week turnaround from when the FMG provides their feedback to when the ATO will actually release the ruling. Elizabeth has been discussing with BDO some strategies to get the ATO moving quicker on the second ruling, possibly a new contact. Elizabeth spoke to BDO regarding the actual date of the ruling, the date can be forward dated to the 1st of July. The ATO understand that we are working towards a consistent position. In terms of future auditing, it could be difficult and time consuming. The second ruling will cover the second half of the fees and charges. Elizabeth will request a 28-day turnaround for the ATO to provide the second ruling.

5.5 Financial Management Framework – Mark Lague (Chairperson)

Mark thanked Clive for sending off the draft Financial Management Statements feedback to David Maxwell while Mark was on leave. Responses to the feedback have been received from David and John Wright, with further feedback provided by Clive. The final submission has now been submitted to SALGAG.

There are still concerns regarding the continuation of the contract between the LGA and Coalface Software Solutions and its future. This needs to be raised again with the LGA.

5.5.1 Internal Control Survey – held over from the January meeting

Mark provided background on how the survey came about. The Committee discussed what the benefits of the survey are to the FMG if we do pursue it. Mark will initially send the questions to the Executive Committee to provide responses. We may need some training in this area or possibly organise a workshop session.

5.5.2 Financial Information Papers

Financial information papers are being distributed to working groups that are relevant to them. Papers will be sent to the wider FMG Executive Committee and Chairs of the Working Groups to seek volunteers to review the papers.

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	Completed
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	Completed
Internal Controls survey to be sent to the Executive Committee for additions and feedback. Prepare survey monkey survey once all feedback is received and provide the link to the LGA for distribution via an LGA circular.	23/11/18	Mark Lague / Patricia Coonan	Survey won't be issued at this stage. Look at training in this area or a Workshop session.

Financial Management Framework cont'd...			
Action Items	Meeting	Responsible	Status
Accounting for the urban tree fund - 12 responses that were received were all different. Issue to be raised at next meeting of the workgroup.	23/11/18	Financial Management Framework Workgroup	Completed

5.6 Local Government Price Index – Chris Birch (Chairperson)

Chris advised that a meeting will be held after this meeting. The workgroup will be looking at the outstanding action items. The workgroup will also need to provide some feedback to the LGA re the contract with their Uni that is due for renewal on 1 July as we would like to incorporate the forecasting issue. Chris thought the process with the Grants Commission data this year was very good. There were a couple of issues in last year's data, the data was very raw and the Grants Commission had to seek further data from a few Councils which didn't make its way back to us and that did affect the final figures.

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	Awaiting result of the Rate Capping Bill to determine whether a forecasting indicator is required.
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	

5.7 Long Term Financial Plan – Kate George (Chairperson)

Kate spoke to Manuel from LG Solutions regarding the manual. They are very busy issuing the Lite model to Councils and are yet to finalise the manual. The contract with LG Solutions states that payment won't be issued for the final 50% until we receive the finalised manual. Kate will organise to get the workgroup together in April and look at a central database to make sure that the issues being experienced by individual Councils are across the board so that consolidated feedback can then be provided to LG Solutions.

5.8 Membership & Communication – Craig Mudge (Chairperson)

Craig will organise for the Buddy List to be updated and distributed to the Executive Committee. We now have an FMG Member from Coober Pedy Council. There are only two Councils that don't currently have an FMG Member.

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	

5.9 Rating and Valuation – Simon Zbierski (Chairperson)

Simon advised that no meeting has been held since the last Executive Committee meeting. The next meeting of the workgroup will be held on 16 April at Campbelltown Council and the new Valuer-General will be there. Executive Committee Members are encouraged to provide any agenda items to Simon. RPSA are developing the Rate Rebate Policy through Kelledy Jones and will hopefully be able to provide an update at the April meeting of the workgroup.

Grace raised the work of the eConveyancing group and whether the workgroup can contact them to discuss what they are working on. Simon advised that it may be best to speak with RPSA as they discussed this issue at their recent meeting.

Rating and Valuation			
Action Items	Meeting	Responsible	Status
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	Completed

5.10 DACO Update – Simon Zbierski and Clive Hempel

Simon advised that another meeting will be held in May and Executive Committee Members are encouraged to provide agenda items. The new release for DACO is coming out on 2 April. Grossing up of dog registrations on the invoices is still an outstanding item. DACO have reminded Councils to keep June as a registration-free period. Councils can still charge dog registration in June but the money may not be received from DCMB until the following financial year as it is difficult to reconcile registrations in June.

6. Treasurer’s Report

Alex advised that Arlo is now set up. Reconciliation and migration with ATO. ATO Authorisers are not known.

Moved: David Harman

Seconded: Elizabeth Williams

Recommendation: *That all four Office Bearers (President, Vice-President, Secretary and Treasurer) be authorised to approve invoices for payment through the Xero Accounting Software.*

CARRIED

Treasurer’s Report			
Action Items	Meeting	Responsible	Status
Purchase and setup XERO and Arlo.	27/04/18	Treasurer	Completed

7. Correspondence

Nil

8. Confidential Discussion Items

Nil

9. Other Business

9.1 Local Government Reform Program – item held over from February meeting

Kate has been contacted by Alex Hart from the Office of Local Government to nominate to go on a working party. Several of the Executive Committee Members are keen to be part of an FMG workgroup: Grace, Elizabeth, Annette, Alex, Chris.

9.2 Home/Aged Care Assistance ATO Contractors (Grace Pelle) – item held over from November meeting

Grace is still waiting for information on this issue. The only thing that is holding it up is the super contribution. PAYG are ready to issue their ruling but issues with the payment of superannuation to contractors is holding it back. Through the audit process PAYG have confirmed that they won't rule retrospectively. An ATO Class Ruling would be the next step if we wanted to go down that path.

9.3 ePlanning Portal (Mark Lague)

Mark raised this system will be coming in soon (from 1 July, staggered through Councils) and will be a very similar structure payment wise to DACO. There will be one portal in the state for all applications and theoretically payments will be going through the portal, however it is suggested that Councils will still be managing payments. Executive Committee Members need to speak with their Council staff to see if anyone is attending information sessions or on any workgroups for the portal as we need to ensure there is representation from finance staff.

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	Completed. Emails were issued to resigning committee members at the end of 2018.
Home/Aged Care Assistance ATO Contractors Issue – add to March agenda.	23/11/18	Secretariat	Completed
Local Government Reform Program – create an FMG Workgroup	29/03/19	Secretariat	
ePlanning Portal – Executive Committee Members to speak with their Council staff to see if anyone is attending information sessions or on any workgroups for the portal. Add this item to the 3 May meeting.	29/03/19	All Executive Committee Members Secretariat	
Form a Data Collections – Annual Grants Commission Returns workgroup.	29/03/19	Executive Committee	

10. Next Meeting

3 May 2019 – Mount Barker District Council

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

11. Close

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.

- Asset Management Workgroup Chairperson, Katy Bone: KBone@walkerville.sa.gov.au
- Costing Principles Workgroup Chairperson, Alex Oulianoff: aoulianoff@dcmtbarker.sa.gov.au
- Events Workgroup Chairperson, Kate George: kgeorge@salisbury.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, Craig Mudge: finance@mtr.sa.gov.au
- Rating and Valuation Workgroup Chairperson, Simon Zbierski: szbierski@campbelltown.sa.gov.au