

## MINUTES

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

3 May 2019 at 9:30am

Mount Barker Council Chambers – Mount Barker Homemaker Centre, 6 Dutton Road, Mount Barker

#### 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
- David Harman, City of Marion
- Karishma Reynolds, City of Burnside
- Leta Northcott, City of Mitcham
- Mark Lague, The Barossa Council
- Mike Carey, Adelaide Hills Council
- Norm Biggs, City of West Torrens
- Pep Piscioneri
- Rajith Udugampola, Adelaide Plains
- Sarah Taylor
- Simon Zbierski, City of Campbelltown

##### Proxies:

- Elise Woolcock, City of Playford (for Grace Pelle)
- Kevin Carter, City of Onkaparinga (for Sonia Sghendo)

##### Observers/Guests:

- Shane Sody, LGA
- Julie Scoggins, Mount Barker District Council

*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

- Craig Mudge, District Council of Mount Remarkable
- Grace Pelle, City of Playford
- Katy Bone, Town of Walkerville
- Sonia Sghendo, City of Onkaparinga
- Rebecca Muller, LGA

### 3. Presentations

Nil

### 4. Confirmation of Minutes

**Moved:** Anthony Amato

**Seconded:** Elizabeth Williams

***Recommendation:** That the minutes of the meeting held on 29 March 2019 be confirmed as a true and correct record.*

**CARRIED**

### 5. Projects/Work Groups – Update/Status

#### 5.1 Asset Management – Katy Bone (Chairperson)

Katy is an apology for this meeting. At the last meeting, the group discussed improving the AMP and better training/guidance on the Financial Indicators and their definitions. The group also discussed the Asset Management paper written by John C and as questions are raised, the group will refer any questions back to him as the author. FMG is eager to have AMP information that is dynamic on an annual basis that can be used for the review of the LTFP. Concise AMP (NAMS) link to be included.

#### 5.2 Costing Principles – Alex Oulianoff (Chairperson)

Alex advised that a meeting has not been held in the last month.

#### 5.3 Events – Kate George (Chairperson)

##### 5.3.1 AGM – 30 August 2019 – Stamford Plaza Adelaide

Kate advised that the venue has been booked.

##### 5.3.2 December Workshop & Conference – 5 & 6 December 2019 – Adelaide Oval

Kate advised that the program is being progressed. The workshop will be less technical and more about test cases of what is happening in the real world of SA Councils.

##### 5.3.3 Sponsorship Proposal

Kate advised that the group is presently considering changes in relation to the different levels of sponsorship and CPI will be applied to the sponsorship fees. A draft will be supplied by the workgroup for presentation to the May 31 Executive Committee meeting.

The group is also investigating the FMG having pages on the website dedicated to discussions and news – the pages would only be available to Members (non-sponsors or potential sponsors). This will also require a review of the definition of who is entitled to be an FMG member.

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>Completed. Irene investigating the website forum option with workgroup pages to be created.</b>
Registration fees for Sponsors at Member rate for additional tickets.	23/11/18	Seminar Workgroup	<b>Completed. Sponsor rate for additional tickets proposed for the new financial year.</b>
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 contact with the ATO for Stage 1 of the ruling (expecting release in May with an effective day 1 July 2019). The FMG has provided feedback on the format, and obtaining a commitment on the timetable of stage 2.

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

Mark advised that a second email has been sent out regarding the review of the LGA information papers, all FMG Members are welcome to be part of the review. A list of the information papers up for review is available and Mark can be contacted by Members interested in assisting in the review. Paul Francis has made contact regarding changes of AASB9 Financial Instruments (power point with YouTube links), the workgroup will meet in the next month to discuss the changes – only applies to non-taxed income (excludes Rate Debtors).

Consultation on the Draft Model Financial Statements for 2019 closed on Wednesday 1 May 2019.

Financial Management Framework			
Action Items	Meeting	Responsible	Status
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	<b>Survey won't be issued at this stage. Look at training in this area or a Workshop session.</b>

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

Chris advised that the group met after the last FMG meeting and discussed the LGPI. The University contract is ending and contact will be made with the LGA to ensure that the contract is continued. LGPI is expected to be released in approximately two weeks following the release of the CPI.

The group discussed the valuation exercise that is occurring at various Councils. As an example the Adelaide Plains Council different land uses are increased in the range of 5% to 7%. Unfortunately it looks like the previous year's sales are influencing this year's valuations (one year lag between market increases and valuation increases).

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	

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

Kate advised that we are in the final steps of the project and are now progressing finalisation of the LTFP manual and any issues that may have been found in the model. A meeting will be held to discuss these items. Executive Committee Members are encouraged to contact Kate if they have used the LTFP, and advise what their experience has been in using the model that can be used for feedback to LG Solutions.

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

Craig is an apology for this meeting but has advised that there is no update for this workgroup since the last meeting of the Executive Committee.

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 the last meeting was held two weeks ago. Most revisits programs are underway. Joint committee for aged care and the Valuer-General, waiting on how to treat these in the future. No updates from RPSA. A model rates notice has been circulated for compliance to all Councils from the LGA, word changing regarding the Valuer-General's office. Discussion also held in relation to issues for mandatory rebates, with the change of ownership of public housing.

### 5.10 DACO Update – Simon Zbierski and Clive Hempel

Simon advised that the next meeting will be held on 22 May. The group will be discussing reconciliations of money being received. Overall the system is now very stable and is entering the phase of "bedding down the system" – which means no major changes just fixes and tweaks to the enhancements released this past year and minor changes.

## 6. Treasurer's Report

Alex advised that by using the Xero accounting software, the Debtors levels have been reduced now and all are less than 30 days with the system sending automatic reminder emails. The Arlo events module has been implemented with good results being integration directly to the Xero software. Still currently following up with AusKey to have the new ATO Administrators appointed.

## 7. Correspondence

Nil

## 8. Confidential Discussion Items

Nil

## 9. Other Business

### 9.1 ePlanning Portal (see action from the March meeting)

At the March meeting of the Executive Committee, Executive Committee Members were asked to speak with their Council staff to see if anyone is attending information sessions or on any workgroups for the portal.

Clive Hempel read an email that had been received from Chad King, ePlanning Consultant Planning and Land Use Services - Department of Planning, Transport and Infrastructure

*The portal will be configured to take payments where applicants have lodged online, where an applicant lodges in hard copy or simply prefers to pay at the Council front counter those payments will also be supported.*

*In the case of payments at the Council, the officer will tick a box (similar to Dogs and Cats Online) to show that it was a cash payment.*

*The fee split will work through a negative disbursement process, the details still needs to be signed off by Treasury, however this is the likely scenario:*

- *Say that 100 applications are lodged via the portal; and*
- *20 applications lodged at Council.*

*When the fees are disbursed (the frequency hasn't been settled yet):*

- *The Council will keep fees paid for the 20 applications; and*
- *Any amount payable to DPTI will be deducted from the payment to Council for the remaining 100 applications.*

*This will provide flexibility to Councils in taking payments and reduce the accounting overhead.*

Kate will make contact with the consultant Chad King to ensure the FMG has input to the development of the system in relation to the payment/reconciliation of fees.

### 9.2 Contributions of Member Councils to Stormwater Related Subsidiaries (Mike Carey)

Mike advised that there are several defined stormwater regions such as Brown Hill Creek, Gawler River etc. The Stormwater fees that are being calculated by the different stormwater regions are inconsistent in how Capital, Operating (maintenance) and Depreciation costs are being treated in calculating the Council contributions. Conclusion was that the financial management of the various affected Councils should meet together to ensure that future funding (depreciation/future asset renewal) is adequately covered.

### 9.3 50% Advance FAG Payment (Tony Amato)

Tony advised that the advance FAGs payments caused issues for setting budgets, reporting at year end and confused Elected Members and ratepayers.

### 9.4 Other Business

Elise Woolcock, City of Playford notified that superannuation on leave loading must now be paid in certain circumstances (depending on the wording of Enterprise Bargaining Agreements) due to a taxation ruling if the workforce is normally paid overtime. It is recommended that Councils examine their Enterprise agreements to see if they are liable for leave loading superannuation payments.

An update of ATO audit of Playford Council in relation to contractor's vs employees (HACC contractors) was not available due to Grace Pelle being an apology.

Discussions in relation to the treatment of Liabilities vs Reserves for "Urban Tree Funds" of trees, this was clarified by David Maxwell's response to FMG's comments on the Model Annual Financial Statements (AFS). Stating that Urban Tree Funds that are presently being held by Unley, Adelaide Plains, Charles Sturt and Mitcham are the incorrect treatment referring Revenue Recognition in Additional Materials. Council has control of the funds and there is no enforceable contract with sufficiently specific conditions. In this regard AASB 15 / 1058 is identical to AASB 1004, only referred to the Additional Materials because it is set out clearly in more detail there. In the Model AFS David will insert a specific reference to Urban Tree Fund and other Development Contributions.

LG Reform Working Group, Kate George will send an email to have the first meeting of the Grants Commission Working Group to investigate the variations and level of accuracy of data that the commission receives, the group will consist of the members of the LGPI Working Group.

**Moved:** Annette Martin

**Seconded:** Simon Zbierski

**Recommendation:** *That the FMG recognises the sudden and unexpected passing away of Steve Wilkinson of the Mid Murray Council, who contributed to over 27 years to Local Government as an employee and 8 years as an Elected Member. The President is authorised to make a donation to a suitable charity to the amount of \$100.*

**CARRIED.**

Other Business			
Action Items	Meeting	Responsible	Status
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

31 May 2019 – City of Playford

Standing and Future Items	Meeting	Frequency
Presentation from the Local Government Grants Commission	March	Annually
Sponsorship Proposal for the next financial year	April/May	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

## 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](mailto:kgeorge@salisbury.sa.gov.au).

- Asset Management Workgroup Chairperson, Katy Bone: [KBone@walkerville.sa.gov.au](mailto:KBone@walkerville.sa.gov.au)
- 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)
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- 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)