

MINUTES

South Australian Local Government Financial Management Group Executive Committee

15 March 2024

At 9:30am at the Local Government Association – 148 Frome Street, Adelaide

1. Present

Executive Committee

Office Bearers:

- Alexander Oulianoff (**President**), Mount Barker District Council
- Luke Harris (**Vice President**), City of Mitcham
- Grant Jennings (**Treasurer**), Whyalla City Council

Members:

- Alexander Brown, City of Unley
- Annette Martin, City of Charles Sturt
- Jade Bird, City of Onkaparinga
- Jodie Summer, District Council of Yankalilla
- Julie Scoggins, City of Mount Gambier
- Rajith Udugampola, Adelaide Plains Council
- Rebecca Baines, City of Tea Tree Gully
- Simon Zbierski, City of Campbelltown
- Trisca Price, City of Playford

Proxies:

Nil

LGA Representative:

- Jenny McFeat, LGA

Observers/Guests:

- Morgan Kris, City of Unley

Secretariat:

- Patricia Coonan, TPS

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 itebbbbbvm.

2. Apologies

- Alexandra Edmonds, Naracoorte Lucindale Council
- Amanda Barber, LGFA
- Anthony Spartalis, City of Adelaide
- Chris Birch, City of Burnside
- Clive Hempel (**Secretary**), Mid Murray Council
- Kate George, City of Salisbury
- Lisa Gilmartin, City of West Torrens

Luke assumed the position of Chair in Alex's absence from the start of the meeting.

3. Conflicts of Interest

Executive Committee Members are asked to advise if they have any perceived or actual conflicts of interest in relation to the items on this agenda.

Nil

4. Presentations

4.1 BillPay Services Webinar with Australia Post – LGA Procurement

Prior to the formal agenda of this meeting, the Executive Committee linked into the webinar.

5. Confirmation of Minutes

Moved: Grant Jennings

Seconded: Alex Brown

Recommendation: *That the minutes of the meeting held on 16 February 2024 be confirmed as a true and correct record of that meeting.*

CARRIED

6. Standing Items / Work Groups – Update/Status

6.1 Asset Management – Grant Jennings (Chairperson), Alex Brown (Deputy Chairperson)

The Asset Management Workshop organised by Alex Brown is being held on 11 April. The format and presentations are to be confirmed. Will likely be an overview followed by a panel session and Q & A. Tim Muhlhausler to be invited to participate.

Regarding the IPWEA asset management papers, one is on financial strategy and performance, there is an opportunity for the FMG to discuss the financial strategy paper. There is potential for a working group to be put together to discuss those papers.

6.2 Costing Principles – Alex Oulianoff (Chairperson), Julie Scoggins (Deputy Chairperson)

There is no update for this meeting.

6.3 Events & Membership – Alex Oulianoff (Chairperson), Kate George (Deputy Chairperson)

Patricia advised that the 12 April 2024 conference is fast approaching, and registrations are coming in. The next event will be the AGM on 30 August 2024. The workgroup will start discussing the AGM and end of year Workshop and Conference soon. The end of year event dates are yet to be confirmed as the workgroup will be working through venue options. It was noted that the preferred venue being Sky City only has dates available that aren't suitable.

Events and Membership			
Action Items	Meeting	Responsible	Status
Discuss FMG KPI's, an annual Member Survey and presentation of achievements at each AGM.	19/01/24	Workgroup	Data data for past events and memberships to be provided to Events Workgroup after the April Conference. Data for KPI's needs to include information received in feedback surveys.
Discuss innovation awards to be incorporated in the FMG major conference – discuss with the LGFA process and potential categories Collaboration, Innovation, Regional, Most Improved etc.	16/02/24	Workgroup / LGFA	

6.4 Financial Management Framework – Clive Hempel (Chairperson), Lisa Gilmartin (Deputy Chairperson)

The new timing for Model Financial Statements was provided in the most recent Member Update.

Patricia to provide a list of the workgroups but sorted by Executive Committee Members to ensure Executive Committee Members are represented evenly on the workgroups.

Financial Management Framework			
Action Items	Meeting	Responsible	Status
AASB: ED SR1 Disclosure of Climate-related Financial Information. The SALGFMG is trying to get some influence in relation to the Model Financial Statements and disclosures that we may be committed to in the future.	17/11/23	Workgroup	
Email potential Deputy Chairperson for the workgroup to offer them the position.	19/01/24	Secretary	Completed
LGA Financial information papers – a schedule will be organised by Clive and Patricia for the review of what is outstanding.	19/01/24	Secretary / Secretariat	

6.5 Internal Financial Controls (Better Practice Framework) – Annette Martin (Chairperson) and Julie Scoggins (Deputy Chairperson)

Annette is organising a meeting hopefully for the end of March.

6.6 Local Government Association Update / Local Government Reform – Tami Norman (LGA Representative)

Jenny McFeat provided an LGA update and the following was noted:

- Tami Norman has resigned from the LGA. A new LGA representative for the FMG Executive Committee Members will be confirmed in the coming months.
- Audit and Risk Committee Independent Members Superannuation requirements – this matter is being followed up with Norman Waterhouse.

- Participation Elections Ministerial Review – this is a priority. The LGA’s submission was endorsed by the LGA Board and will be submitted soon. The LGA is working with the OLG on potential legislative reforms that will come from that.
- Legislative compliance practical information for Councils is being put together for all of the pieces of legislation.

6.7 Local Government Price Index – Chris Birch (Chairperson), Rajith Udugampola (Deputy Chairperson)

Chris provided a report. The Local Government Price Index as at 31 December 2023 has recently been published by the Centre for Economic Studies. Overall, the movement in LGPI over the past 4 quarters has been as follows:

	March 23	June 23	September 23	December 23
LGPI – Recurrent	4.4%	3.9%	4.7%	4.8%
LGPI – Capital	11.0%	9.1%	5.0%	3.6%
LGPI – Combined	6.4%	5.6%	4.8%	4.4%
CPI – Adelaide	7.9%	6.9%	5.9%	4.8%

As part of their report the Centre for Economic Studies made the following observations. The LGPI rose by 1.1 per cent in the December quarter of 2023 and was 4.4 per cent higher compared to the corresponding quarter a year earlier. In comparison, the Adelaide CPI rose by 0.7 per cent in the December quarter and was up 4.8 per cent over the year.

The latest quarterly result is the first time in two years that the LGPI has outpaced the rise in the Adelaide CPI. It reflects a marked deceleration in the Adelaide CPI, from 1.7 per cent in the September quarter to 0.7 per cent in the December quarter. This could partly reflect statistical noise as there is a tendency for the Adelaide CPI to bounce around from quarter to quarter. Nonetheless, it is consistent with a general slowdown in the pace of price inflation.

Looking more closely at the latest quarterly results for the LGPI, there were noticeable increases in the price indices used for insurance (up 6.4 per cent), road, footpath, kerbing, bridge and drain building materials (2.3 per cent), and waste management contracts and waste management machinery and equipment (up 2.2 per cent respectively). Meanwhile, the wage price index for public administration sector rose by 1.0 per cent in the December quarter to be up 3.5 per cent through the year. This latest annual result is the strongest rise since 2012.

There was some minor relief in respect of utility prices, with minor falls for electricity (down 2.4 per cent) and gas (down 1.0 per cent) in the December quarter. However, prices for these utilities remain at historically high levels due to large price increases over the preceding two years.

Full details of this and historic publications can be found on their website (<https://www.adelaide.edu.au/saces/economic-and-social-indicators/local-government-price-index>).

The Centre expects to publish their LGPI forecast in the coming weeks.

Moved: Alex Brown

Seconded: Jade Bird

Recommendation:

That the SALGFMG Executive Committee notes the report.

CARRIED

Local Government Price Index			
Action Items	Meeting	Responsible	Status
Work with the Local Government Grants Commission to modernise/update the purpose codes naming and descriptions within Appendix B of the Model Financial Statements.	28/04/23	Workgroup	In progress – the LG Grants Commission is happy to discuss updates to Appendix B of the MFS.

6.8 Marketing & Communications – Rebecca Baines (Chairperson) Jade Bird (Deputy Chairperson)

Rebecca noted that the formal agreement to provide services for setting up the MS Teams and Member Engagement Tool has been received and is ready for signature by the President. Articles for the next Newsletter are currently being sought.

Marketing and Communications			
Action Items	Meeting	Responsible	Status
Seek a quote from the contractor to investigate the Member Engagement Tool i.e. Viva Engage as an example.	19/01/24	Workgroup	In progress
Create an email template to introduce Members to their FMG buddies.	19/01/24	Workgroup	
Discuss further the setup of the Long Term Financial Plan User Group and Strategic Group.	19/01/24	Workgroup	Potentially hold a LTFFP Online Session / Forum. See if this can be a channel through Yammer.

6.9 Rating and Valuation – Simon Zbierski (Chairperson), Luke Harris (Deputy Chairperson)

The minutes from the previous meeting were included in the agenda and the following was noted from that meeting:

Valuer General & Land Services SA Update

- Katherine and Talia presented at the RPSA Conference, discussing General Valuation update and grievance and objection processes.
- 2024/2025 General Valuation the audit team are working through documentation and data, liaising with LSSA where required to seek clarification. 16 Councils have received their annual file for 2024/2025; once provided, records are protected.
- Indicative Capital Valuation increases:
 - Metro Residential - 6% to 11%
 - Primary Production – 5% to 15%
 - Commercial/Industrial – 10% to 25%
- 2025/2026 visibility dates to be sent shortly by Natasha; please verify with the correct staff members in your Council to confirm visibility dates are suitable.
- Requests for date changes may not be guaranteed due to timelines for other Councils.
- Objection Statistics 2023/2024 – 300 still to process; including portfolio objections and site valuations.
- Year in Review – to be released on 1 July 2024, relating to the 2024/2025 valuation. Will be available on VG's website.
- VG's next Newsletter to be released in March.

- Natasha to be on leave from late March for 5 to 6 weeks, so please sure to use the enquiries portals; dates will be confirmed in March Newsletter.

RPSA Update

- RPSA Conference good feedback, venue was very accommodating and good to work with, sponsors were happy, good speakers. 80 delegates in attendance.
- AGM – Current board members are continuing with a new member (Megan Woolford – Holdfast Bay).
- Next meeting is in March where they will elect Executive Members.
- Reminder that this year is the last year to move to site valuations and rating by locality.

Open Session/Q&A

Confirmation of contribution to Valuation Roll for 2024/2025 – Valuer General contribution is based on ever \$10,000 worth of Capital Value of prior year (in this case 2023/2024), and rate in the dollar – to be Gazetted around March 2024 (note, this was published on 18 May 2023 last year).

6.10 Student Placement Program – Luke Harris (Chairperson), Kate George (Deputy Chairperson)

Luke confirmed that the future of the program still needs to be worked through with the LGFA.

Student Placement Program			
Action Items	Meeting	Responsible	Status
Negotiate and discuss the future of the Student Placement Program and the leftover funds with the LGFA.	19/01/24	President & Vice President	In progress.
Prepare a newsletter article about grad timings with Uni SA for this year with contact details.	19/01/24	Vice President	
Organise a presentation at the November/December Workshop on Luke’s experience with a graduate to encourage uptake.	19/01/24	Vice President	

7. Treasurer’s Report

The Executive Committee noted the profit and loss statement and that there hasn’t been a lot of changes from last month.

Moved: Trisca Price
Seconded: Simon Zbierski

Recommendation:

That the SALGFMG Executive Committee notes the monthly verbal Finance report for the period ending 29 February 2024.

CARRIED

Finance			
Action Items	Meeting	Responsible	Status
Prepare a budget for the end of year Workshop and Conference.	19/01/24	Treasurer & Secretariat	Completed

8. Other Business

8.1 Audit and Risk Committee Payment (Luke Harris)

It was noted that the LGA is having Norman Waterhouse look into this issue. Luke recently reached out to Executive Committee Members to seek feedback on what their Council is doing. Luke provided the Executive Committee the summary of responses and also the information below.

Advice recently provided by Genesis Accounting is twofold:

1. Under the legislation a 'member' must be a 'person', so Council should not be paying a 'company' ie. ABN Entities listed as Australian Private Companies etc. But Individual / sole traders are ok, and thus if registered for GST we pay GST.
2. Superannuation should be paid to members, (irrespective if they have an ABN or not).

In section 12 of the SGAA (*Superannuation Guarantee Administration Act 1992*) there are 3 circumstances where superannuation could apply on payments to audit committee members:

1. 12(1) – common law employees.
2. 12(3) – deemed employees where the payments to the members are wholly or principally for the labour of the member.
3. 12(9) - deemed employees where the payments are to members of a committee formed under state government legislation.

Basically the ATO has interpreted 12(3) as:

- the individual is remunerated (either wholly or principally) for their personal labour and skills;
- the individual must perform the contractual work personally (there is no right of delegation); and
- the individual is not paid to achieve a result.

This fits the requirement as an Audit & Risk Committee Member.

Interesting New South Wales Office of Local Government has provided advice to their Councils that *"Councils are obliged under the Superannuation Guarantee (Administration) Act 1992 to make compulsory superannuation guarantee contributions on behalf of audit, risk and improvement committee chairpersons and independent members where they are remunerated"*.

This is something we should be pushing from our OLG so we are consistent. Pat McCarthy from Genesis Accounting, who is leading an ATO class ruling on this matter for NSW, is talking at the our 12 April conference on FBT and has offered to spend 5 minutes or so discussing the audit committee issues.

8.2 External Consultant – Internal Audit Program (Jodie Summer)

A Council’s Audit and Risk Committee approached the FMG seeking information about how other Councils are approaching the internal audit requirement. The Executive Committee discussed this matter, and it was noted that some Councils are working with an external consultant to develop an Internal Audit Program.

Other Business			
Action Items	Meeting	Responsible	Status
Finalisation of the Fees and Charges ATO Class Rulings.	28/04/23	President & Treasurer	Grant has finalised the funding acquittal. The first final ruling has been completed but the second has not been completed.
Future Directions Strategy - FMG to look at its longer term objectives in the next 6-8 months.	29/09/23	Executive Committee	
Organise gift, letter and invitation to end of year lunch for Rebecca Muller.	29/09/23	Patricia Coonan	Invite to the next lunch.
Provide a list of the workgroups but sorted by Executive Committee Members to ensure Executive Committee Members are	15/03/24	Secretariat	

9. Monthly Member Update Email: Key Dates and Key Information

- Conference reminder

10. Confidential Discussion Items

Nil

11. Next Meeting

19 April 2024 – City of Charles Sturt

12. Close

The meeting closed at 12:47pm.

Standing and Future Items	Meeting	Frequency
• Presentation from the Local Government Grants Commission	April	Annually
• Sponsorship Proposal for the next financial year • Review Auditor ahead of recommendation at July meeting	April/May	Annually
AGM Matters and Recommendations: • Constitution Draft • Membership Guidelines Draft for adoption • Membership Fees Recommendation to AGM • Honorary & Life Member Nominations • Auditor Approach Recommendation • Executive Committee Nominations	June	Annually

Standing and Future Items	Meeting	Frequency
<ul style="list-style-type: none"> • Davin Lambert – LGFA update • Constitution Recommendation to AGM • Auditor Appointment Recommendation to AGM • Honorary & Life Member Recommendation • Event Registration Fees for the Financial Year • Consider Victorian Conference Representation – interstate reciprocal arrangement 	July	Annually
<ul style="list-style-type: none"> • Buddy List • New Committee Members • Workgroup allocations including Chair and Deputy Chair • Meeting dates for next 12 months • Consider Conference Representation – interstate reciprocal arrangements 	September	Annually

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

FMG President, Alex Oulianoff: aoulianoff@dcmtbarker.sa.gov.au

- Asset Management Workgroup Chairperson, Grant Jennings: grant.jennings@whyalla.sa.gov.au
- Costing Principles Workgroup Chairperson, Alex Oulianoff: aoulianoff@dcmtbarker.sa.gov.au
- Events & Membership Workgroup Chairperson, Alex Oulianoff: aoulianoff@dcmtbarker.sa.gov.au
- Financial Management Framework Workgroup Chairperson, Clive Hempel: chempel@mid-murray.sa.gov.au
- Internal Financial Controls (Better Practice Framework) Workgroup Chairperson, Annette Martin: amartin@charlessturt.sa.gov.au
- Local Government Price Index Workgroup Chairperson, Chris Birch: chris.birch@prospect.sa.gov.au
- Marketing & Communications Workgroup Chairperson, Rebecca Baines: rebecca.baines@cttg.sa.gov.au
- Rating and Valuation Workgroup Chairperson, Simon Zbierski: szbierski@campbelltown.sa.gov.au
- Student Placement Program Workgroup Chairperson: Luke Harris: lharris@mitchamcouncil.sa.gov.au