

MINUTES

South Australian Local Government Financial Management Group Executive Committee

22 February 2019 at 9:30am

West Wing Conference Room – Adelaide Hills Council, 63 Mt Barker Road, Stirling

1. Present

Executive Committee:

- Kate George (President), City of Salisbury
- Alexander Oulianoff (Treasurer), Mount Barker District Council
- Clive Hempel (Secretary), Mid Murray Council
- David Harman, City of Marion
- Katy Bone, Town of Walkerville
- Mark Lague, The Barossa Council
- Mike Carey, Adelaide Hills Council
- Norm Biggs, City of West Torrens
- Rajith Udugampola, Adelaide Plains Council

Proxies:

- Marc Sodomka, City of Port Adelaide Enfield (for Angela Papatheodorakis)
- Rebecca Talbot, Campbelltown City Council (for Simon Zbierski)

Observers/Guests:

- Karishma Reynolds, City of Burnside
- Rebecca Muller, LGA

2. Apologies

- 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
- Elizabeth Williams (Vice President), Alexandrina Council
- Grace Pelle, City of Playford
- Leta Northcott, City of Mitcham
- Pep Piscioneri
- Sarah Taylor
- Simon Zbierski, City of Campbelltown
- Sonia Sghendo, City of Onkaparinga

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

Nil

4. Confirmation of Minutes

Moved: Norm Biggs

Seconded: Mike Carey

***Recommendation:** That the minutes of the meeting held on 18 January 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 no meeting has been held since the last Executive Committee meeting. The next meeting will be held on 6 March 2019. 25 responses to the survey have been received so far, the next meeting will look at results and ways of measuring assets. Secretariat to extend the survey deadline and send a reminder to Members.

5.2 Costing Principles – Alex Oulianoff (Chairperson)

Alex advised that ESCOSA have informed Councils this week of whether or not they were compliant with their returns. A meeting of the group will be held soon.

5.3 Events – Kate George (Chairperson)

Kate provided an update on the 2019 events.

5.3.1 March Conference – 15 March 2019, Adelaide Convention Centre

The Program for the conference has been released and a reminder to register issued.

5.3.2 AGM – 30 August 2019, Venue TBA

The Adelaide Zoo Sanctuary is unfortunately unavailable for the AGM and breakfast presentation. The workgroup is discussing a new venue. Suggestions for a venue are welcome.

5.3.3 November Workshop & Conference – 28 & 29 November 2019

The workgroup will be commencing the draft program soon. Suggestions for program sessions are welcome.

5.3.4 Sponsorship Proposal 2019/20

The sponsorship proposal for 2019/20 will be reviewed by the workgroup shortly. We've had some interest for new sponsors in 2019/20 already.

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 provided an update by email. In late January 2019 the ATO were in touch with BDO regarding the Class Ruling advising that a Draft Class Ruling is at an advanced stage and they will update us again in the near future. BDO have passed on to the ATO the FMG's frustrations with the length of time it is taking to progress the Class Ruling.

Kate has spoken with Pat McCarthy from Genesis regarding his presentation at the March Conference. He will touch on the ruling if it comes through before the conference.

The Department of Treasury and Finance have advised that the preliminary rate for this year's fees and charges is 2%. They have provided the below list of fees/reg's on the Local Government list:

Attorney-General				
Attorney General				
	Regulated	167	Freedom of Information Act, 1994	Freedom of Information (Fees and Charges) Regulations 2003
		274	Land and Business (Sale and Conveyancing) Act 1994	Land and Business (Sale and Conveyancing) Regulations 2010
Health and Wellbeing				
Minister Wade				
	Regulated	187	Food Act 2001	Food Regulations 2017
		190	South Australian Public Health Act 2011	South Australian Public Health (Legionella) Regulations 2013
		191	South Australian Public Health Act 2011	South Australian Public Health (Wastewater) Regulations 2013
Human Services				
Minister Lensink				
	Regulated	272	Supported Residential Facilities Act, 2009	Supported Residential Facilities Regulations 2009
Planning, Transport and Infrastructure				
Attorney General				
	Regulated	181	Land and Business (Sale and Conveyancing) Act, 1994	Land and Business (Sale and Conveyancing) (Fees) Regulations 2017

Minister Knoll				
	Regulated	162	Development Act, 1993	Development Regulations 2008
		237	Local Government Act, 1999	Local Government (General) Regulations 2013
		238	Private Parking Areas Act, 1986	Private Parking Areas Regulations 2014
		254	Valuation of Land Act, 1971	Valuation of Land Regulations 2005
Police				
Minister Knoll/Wingard				
	Regulated	220	Expiation of Offences Act, 1996	Expiation of Offences Regulations 2011

Shane Sody of the LGA is liaising with Human Services to see if we can get action to lift the regulated fees under the Supported Residential Facilities Regulations 2009 which had no indexation for 8 years.

5.5 Financial Management Framework – Mark Lague (Chairperson)

5.5.1 Internal Control Survey

The committee agreed to hold discussion on this item until the March meeting. The survey is quite complex and the needs we are trying to meet are not clear. The purpose of the survey is purely to share information and can be completed anonymously.

5.5.2 2019 Draft Model Financial Statements (MFS)

Mark advised that the working group met a few weeks ago and the full draft Model Financial Statements were provided as part of this agenda together with proposed changes from the working group. Clive will send the spreadsheet of FMG recommendations to David Maxwell while Mark is on leave and they will then go to SALGAG for consideration. There is still the general consultation phase for Councils to provide feedback also.

A big item discussed relative to the statements was the decision trees and they have been added to the draft set of model financial statements. Clarification is required for Councils on certain issues that have been considered as part of the review as well as how we handle open space contributions. There has been a lot of discussion around the ratios and on how they are handling the advanced payment or not and how it is being reflected in the operating position and NFL. There are three options to choose from or we can include all in the review information – the committee agreed that it should be an optional disclosure if it is material. In relation to the Urban Tree Fund, the working group has suggested that we go back to SALGAG for an opinion.

Related party disclosures reporting is not consistent across Councils. An example of how to complete note 23 would be useful to show consistency. As per note 21 we would like an example for note 23.

Mark worked through the rest of the changes and suggestions and Committee Members discussed the items and noted the feedback.

Moved: Clive Hempel
Seconded: David Harman

Recommendation: *That the Executive Committee accepts the recommended changes to the Model Financial Statements provided by the Financial Management Framework workgroup and that the previous recommendations from the workgroup in relation to the decision trees be endorsed for further consideration in the development of the Model Financial Statements.*

CARRIED

5.5.3 AASB15, AASB16, AASB1058

Mark advised that the workgroup will assist in preparing a document on these standards. David Harman has volunteered to assist the workgroup in developing a worksheet for initial recognition of leases. The sheet will be sent to the workgroup and SALGAG for feedback.

Decision trees should assist Councils to know where to go in relation to the income recognition in the Model Financial Statements.

Alex suggested that we provide training for the accounting standard changes via the FMG or the LGA. It needs to be facilitated and consistency needs to be provided. This will be discussed at the next events workgroup meeting.

5.5.4 LGA Financial Sustainability Information Papers

Mark advised that Shane Sody has provided batches of the information papers. Because there are 26-27 working papers, the workgroup will split into a few teams and go through a group of papers each and then provide feedback to the workgroup. There are some workgroups that will need to be involved with the review of certain papers. When Mark gets back from leave, he will email the workgroup to get volunteers to form groups to work through the papers. The last review was in 2015 and feedback was provided by the authors also back then. Legislation and KPIs have changed so the review is timely. Mark will also send specific papers to the other relevant FMG workgroups. The committee agreed that the indicators paper needs to be reviewed every 12 months.

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	Added to the draft MFS 2019 review consideration.
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	Added to the draft MFS 2019 review consideration.

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	For discussion at the March Executive Committee Meeting
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	Added to the draft MFS 2019 review consideration.

5.6 Local Government Price Index – Chris Birch (Chairperson)

Chris provided an update by email. The year-end process has been finalised with the University of Adelaide. They will be publishing the results on the website today. These are:

December 2018

Total recurrent expenditure	2.5
Total capital expenditure	3.1
Total (recurrent+capital)	2.7
Adelaide CPI all groups	1.6

The true up of costings through the Grants Commission process identified a 0.1% adjustment to the June 2018 rate.

Chris will circulate the calculations to the working group 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	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 advised that the 'Lite' model has been implemented. Gaps and issues with the instructions need to be fed back to Kate so that we can ensure LG Solutions are aware of what needs to be addressed. We need to ensure the instructions are good quality. There is a contextual piece to be put in the front of the instructions, this has been provided to the workgroup for feedback and will then come back to the Executive Committee. John Comrie will also be given an opportunity to provide feedback on the instructions.

5.8 Membership & Communication – Craig Mudge (Chairperson)

Craig provided an update by email. The newsletter has been sent to Irene for compiling, and we are just waiting on a couple of updates before we can send the draft to the workgroup for final proofing.

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)

Norm advised that at the last meeting, Anthony from the Valuer-General's office attended and spent time talking about the progress of the roll out. The new Valuer-General will attend the next workgroup meeting. In terms of the Rate Oversight Bill, a submission was sent from the FMG and shared with those who were at the meeting, RPSA haven't provided a submission and there is no response on the FMG submission received so far.

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	

5.10 DACO Update – Simon Zbierski and Clive Hempel

Clive advised that a meeting was held yesterday. They reviewed the renewal notice email and SMS and looked at the reconciliation and invoicing facilities that are getting put into the system. The system now shows unreconcilable items and you can cancel and alter transactions. Reconciliations can be cancelled and reissued if there is an error. Councils can merge owners and dogs together now. There is still no report available for grossing up the income and the associated DACO levy. There will be two releases in April and October. DCMB will be recommending that Councils review their registration fees for the new financial year in the next few Council meetings. DCMB showed the group some statistics on revenue for all Councils and the effect of the registration fees on this. The 2017/18 invoices from DCMB haven't all come through for the Councils who didn't pay in advance. The Committee discussed the payment options and that they need to be broader (not just pay by credit card). Steph Jeuken from DACO has advised that Visa debit and Mastercard debits can will be able to be taken as part of the next release. EFTPOS cards still can't be used.

6. Treasurer's Report

Alex advised that we have now followed up the outstanding debt from one of our past sponsors and have received payment in full for both the outstanding invoice and cancellation fees. Legal action did not need to be pursued. Alex has a webinar with Xero this week to work through the rest of the teething issues so that reporting can start to take place. Patricia is working with the ATO to provide required information to set up the AUSKey which has been difficult in the absence of a list of current authorised contacts for the organisation.

Moved: Mike Carey

Seconded: Mark Lague

Recommendation: *That the Executive Committee per the FMG Constitution recognises that Patricia Coonan is the Public Officer for the group and an authorised contact for the ATO and the Office Bearers (elected at the 2018 Annual General Meeting) who are also authorised contacts are:*

- *Kate George – President*
- *Elizabeth Williams – Vice-President*
- *Clive Hempel – Secretary*
- *Alex Oulianoff – Treasurer*

CARRIED

Treasurer's Report			
Action Items	Meeting	Responsible	Status
Purchase and setup XERO and Arlo.	27/04/18	Treasurer	Arlo setup complete. Xero setup complete – only a few areas left to update.

7. Correspondence

Nil

8. Confidential Discussion Items

Nil

9. Other Business

9.1 FinPro Conference 14-15 March 2019, Western Australia – Reciprocal Arrangement

One Executive Committee Member can attend the conference on the interstate reciprocal arrangement (free conference ticket and accommodation - SALGFMG pays for flights and car hire if required). Representatives need to provide a one-page report on their return.

The Committee discussed the event and while we would like to send a representative it is not possible this time given our own conference is being held on the 15th of March. Secretariat to contact interstate equivalents for a list of any known conference dates so that we can organise representatives early.

9.2 Executive Committee Nominations for Vacant Positions

A call for nominations for the vacant 'Committee Member' positions for the duration of the existing term was sent to all FMG Members on 18 January 2019 with a deadline for nominations of 15 February 2019. At the close of nominations, two nominations were received being:

Nominations Received:

- Grace Pelle, City of Playford
- Karishma Reynolds, City of Burnside

Karishma left the room to allow for open discussion on this matter.

The committee agreed to confirm appointments for Grace and Karishma.

Moved: Clive Hempel

Seconded: Mike Carey

Recommendation: *That Grace Pelle and Karishma Reynolds be appointed to the Executive Committee in the position of Committee Member for the duration of the existing term expiring at the 2019 SALGFMG AGM.*

CARRIED

9.3 Accounts Payable Payment to Councils – EFT or Cheque (Mike Carey)

Mike asked whether Councils are currently paying bills by cheque or by EFT. The Committee discussed difference methods of payment and agreed that when it comes to EFT payments, EFT details need to at a minimum provide a debtor number and invoice number to ensure payments are easy to reconcile. The Committee also agreed that payments between Councils should be paid by EFT.

Moved: Mike Carey

Seconded: Clive Hempel

Recommendation: *That the Executive Committee supports the approach for Councils to provide bank account details to each other to enable EFT payments provided the appropriate remittance information is provided.*

CARRIED

9.4 Home/Aged Care Assistance ATO Contractors Issue

This item is to be carried forward to the March meeting given Grace's absence.

9.5 Long Term Financial Plan (Mike Carey)

Mike asked the question as to whether Councils consult on the Long Term Financial Plan given the legislation requires it. The Committee discussed their own Council consultations and it is noted that some Councils undertake the LTFP consultation with the annual business plan and some do their Budget, Annual Business Plan and LTFP all together at the same time.

9.6 Local Government Reform Program (Karishma Reynolds)

Karishma advised that the Office of Local Government met earlier this week and have come up with four key areas to amend. They would like Councils to come up with ideas and changes for the Act and Regulations. Secretariat to circulate Karishma's email to the Executive Committee and add the issue to the March agenda for discussion.

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	
Home/Aged Care Assistance ATO Contractors Issue – add to March agenda.	23/11/18	Secretariat	

10. Next Meeting

29 March 2019 – Town of Walkerville

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"> • 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