

## MINUTES

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

23 February 2018 at 9:30am

Alexandrina Council (Strathalbyn Library Community Centre - 1 Colman Terrace, Strathalbyn)

#### 1. Present

##### Executive Committee:

- Clive Hempel (President), Mid Murray Council
- Alexander Oulianoff (Treasurer), Mount Barker District Council
- Elizabeth Williams (Secretary), Alexandrina Council
- Anna-Lucia Draper, City of Burnside
- Annette Martin, City of Charles Sturt
- Mark Lague, The Barossa Council
- Michael Wetherall, City of Port Adelaide Enfield
- Mike Carey, Adelaide Hills Council
- Ray Barnwell, City of Marion
- Simon Zbierski, City of Campbelltown

##### Proxies:

NIL

##### Observers/Guests:

- Grant Jennings, Alexandrina 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

- Anthony Amato, Town of Gawler
- Chris Birch, City of Prospect
- Craig Mudge, District Council of Mount Remarkable
- Diane Eckermann, City of Onkaparinga
- Eion Williamson, District Council of Grant
- Kate George (Vice President), City of Salisbury
- Leta Northcott, City of Unley
- Norman Biggs, City of West Torrens
- Pep Piscioneri, City of Adelaide
- Shane Sody, Local Government Association of SA

### 3. Presentations

Nil

### 4. Confirmation of Minutes

**Moved:** Elizabeth Williams

**Seconded:** Simon Zbierski

**Recommendation:** *That the minutes of the meeting held on 19 January 2018 be confirmed as a true and correct record.*

**CARRIED**

### 5. Business Arising from the Minutes

Nil

### 6. Treasurer's Report

- Alex provided an update.
- The financial statements show that the FMG is still currently in a good position with its budget for this financial year.
- The Long Term Financial Plan funding has been added as a possible expense for the FMG.
- The committee discussed new software that will cover finances, event registrations and membership renewals, noting that the current membership renewal software is somewhat problematic. Alex will get quotes together for the next meeting for appropriate software to consider.

**Moved:** Anna-Lucia Draper

**Seconded:** Mick Wetherall

**Recommendation:** *That the financial statements for January 2018 be noted.*

**CARRIED**

| Treasurer's Report                                                                  |          |             |                                                                 |
|-------------------------------------------------------------------------------------|----------|-------------|-----------------------------------------------------------------|
| Action Items                                                                        | Meeting  | Responsible | Status                                                          |
| Investigate future options for an automated finance and event registrations system. | 28/07/17 | Treasurer   | <b>Quotes to be provided by Alex at the March 2018 meeting.</b> |

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

#### 7.1 Seminars – Clive Hempel (Chairperson)

- Clive provided an update.
- Conference – 16 March 2018:
  - The conference is being held at the Adelaide Convention Centre.
  - Theme: Bulletproof.
  - Official program and registrations released – approximately 60 registrations so far.
  - Committee Members were impressed with the look of the program and the content.

| Seminars                                                      |          |                   |                                                                 |
|---------------------------------------------------------------|----------|-------------------|-----------------------------------------------------------------|
| Action Items                                                  | Meeting  | Responsible       | Status                                                          |
| Setup a Facebook group for the workgroup to see how it works. | 31/03/17 | Seminar Workgroup | <b>Facebook group created – yet to complete active testing.</b> |
| Discuss regional workshops                                    | 24/11/17 | Seminar Workgroup | <b>March meeting.</b>                                           |

### 7.2 Membership & Communication – Diane Eckermann (Chairperson)

- Clive advised that Diane is currently on extended leave and has requested that another Committee Member take over the role of Chairperson of the Workgroup until she returns. i
- The committee nominated Eion Williamson.
- Clive will approach Eion regarding the Chairperson role.
- Sonia Sghendo from Onkaparinga will be acting as proxy while Diane is on extended leave.

| Membership & Communication                                                                                                                 |          |                      |                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------|-----------------------------------------------------------------|
| Action Items                                                                                                                               | Meeting  | Responsible          | Status                                                          |
| Review the Executive Committee visiting Regional LGA meetings to discuss topical issues.                                                   | 29/05/15 | Membership Workgroup | <b>To investigate further.</b>                                  |
| LinkedIn, Facebook or a website forum to be investigated with the help of Irene Scales before an information sharing platform is selected. | 31/03/17 | Membership Workgroup | <b>Seminars Workgroup to trial Facebook Group.</b>              |
| New Chairperson for the Membership and Communication Workgroup in Diane’s absence.                                                         | 23/12/18 | Clive Hempel         | <b>Approach Eion Williamson regarding the Chairperson role.</b> |

### 7.3 Rating and Valuation – Norm Biggs (Chairperson)

- Norm was an apology.
- The next meeting of the workgroup will be held on 27 February.
- Mark Lague raised the issue of valuations in general. The committee discussed the Valuer-General providing valuations for Council sites (land and buildings). It takes 2 to 3 days and a few thousand dollars for the Valuer-General to provide the valuations. A number of Councils are already using the Valuer-General for valuations and overall the experience has been very good.

| 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>LG R&amp;D funding to be applied for in 2018, if unsuccessful then consideration of funding jointly by FMG &amp; RPSA. Expressions of interest would be sought for the rewrite of the Rebate Information Paper.</b> |

#### 7.4 Local Government Price Index – Chris Birch

- Chris was an apology.

| 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<br>&<br>29/04/16 | Chris Birch /<br>LGPI<br>Workgroup | <b>Request for quote has been submitted. Chris Birch will follow up with Chris Russell at the LGA.</b> |

#### 7.5 Newsletter / Website – Elizabeth Williams (Chairperson)

- Elizabeth provided an update.
- The Summer edition of Focus on Finance has been issued.
- Member profiles are required for future issues. Members are encouraged to put forward a profile for the newsletter.
- The committee agreed that the newsletter looks very good in its new format, though the image in the email didn't transfer to PC (came out as a block of colour) but was fine on Mac's and smartphones. There is also an issue with site access direct from the email. Elizabeth will speak to the Web Administrator about these issues prior to the next newsletter release.

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

##### 7.6.1 Draft Model Financial Statements 2018 – Review Workgroup Feedback/Comments (Mark Lague)

- Mark worked through the draft changes to the 2018-19 Model Financial Statements and received committee feedback.
- Mark will provide the committee's feedback to David Maxwell and John Wright.

**Moved:** Mark Lague

**Seconded:** Mike Carey

**Recommendation:** *That the FMG endorses the suggested amendments to the 2018-19 Model Financial Statements and that Mark Lague is to provide the committee's feedback to David Maxwell and John Wright.*

**CARRIED**

| 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<br>Management<br>Framework<br>Workgroup |        |

### 7.7 Internal Controls & Risk Management – Annette Martin (Chairperson)

- The Workgroup has now finished with the Better Practice Model project and will be disbanded.
- Annette will email the Workgroup to see if a user group should be formed in the future.

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

- Elizabeth provided an update.
- Information has been provided yesterday from the ATO. The ATO are nearly ready to provide a draft ruling.
- The ATO would like to know if the FMG would like a short version or a long version. The committee agreed that it would like both versions - the short version as the official published ruling and the long ruling to provide all of the information and data cross-referenced/linked to the short version.
- The draft ruling is being requested for the end of February 2018.
- There are two fees that haven't come through yet so they won't be included in the initial draft version.
- The committee congratulated Elizabeth on her hard work on this project.

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

- Alex provided an update.
- A meeting of the workgroup was held after the January FMG Executive Committee meeting.
- New members of the workgroup attended the meeting and are very keen to be involved.
- The primary discussion was around future changes to rating for commercial properties:
  - Councils want to see a fair and equitable way of charging and a few different methods were discussed.
  - Not many Councils are charging the cost of capital at the moment.
  - David Hope needs to clarify how the calculation should be determined.
  - The Valuer-General valuations are based on the highest and best potential use of the property, but other valuations that can be used are for the actual/current use of the property and the Annual Value being based on the gross annual rental of the land.
- There was discussion regarding Councils being charged for their own use of their wastewater.

### 7.10 Asset Management – Pep Piscioneri (Chairperson)

- Pep was an apology.

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

- Clive provided an update.
- An agenda and meeting timetable has been drafted to work with LG Solutions.
- The workgroup has been provided with an update on the project and FMG Members have been provided with an update through the Focus on Finance newsletter
- The agreement between the FMG and LG Solutions needs to be finalised before the development can take place.

| Long Term Financial Plan                                                                                |          |                |                                                                   |
|---------------------------------------------------------------------------------------------------------|----------|----------------|-------------------------------------------------------------------|
| Action Items                                                                                            | Meeting  | Responsible    | Status                                                            |
| Executive Committee to review the Long Term Financial Model Agreement with David Maxwell.               | 25/11/16 | LTFP Workgroup |                                                                   |
| Seek clarity on IPWEA's involvement and work with LG Solutions to negotiate on pricing for their model. | 22/09/17 | LTFP Workgroup | <b>Agreement and pricing under negotiation with LG Solutions.</b> |

## 7.12 Dog and Cat Management – Simon Zbierski (Chairperson)

- Simon provided an update.
- A meeting will be held next Thursday to confirm if they will be going “live”. There is no indication at this stage that this will be held up, discussions are more around making sure there is nothing that will stop the “go live” date
- As dogs will be legislatively required to be microchipped from 1 July and desexed (if born after 1 July), this may impact future registration fees. Essentially, the dogs that will pay a higher registration fee for being undesexed will only live a certain amount of years so that in approximately 10 years’ time, all dogs will be paying the discounted registration fee and Councils will essentially be subsidising dog registrations if they don’t increase fees over those ten years. Dog tags getting lost in the mail – dog regos people will receive a letter, if a tag is lost in the mail and another one is reissued – the council has to pay for it.
- Approximately 2% of the registration notices that are sent to residents are lost in the mail – should Australia post be subsidising this loss given it’s out of the control of DACO and Councils?
- Dog registration tags under the new system will be grey with black writing.
- At the moment gross income and gross contribution to the Dog and Cat Management Board are separate. DACO will just give Councils the income. Councils should still show their income and contribution to show what is being provided to the State Government. The DCMB are just a collector of fees on behalf of Councils. Councils want the system to show both. The invoice from DCMB needs to show gross income and contributions.
- Councils will be reimbursed by the DCMB five times a year (first monthly then later on a quarterly basis).
- For cash payments, the DCMB will invoice for the full amount initially, Councils will receive their income when reimbursements are made by DCMB.

## 8. Correspondence

Nil

## 9. Confidential Discussion Items

## 10. Other Business

### 10.1 Style Guide Items

- Patricia confirmed a quote received from Quisk for the design of FMG branded letterhead, with compliments slips, website images and a PowerPoint presentation.

**Moved:** Elizabeth Williams

**Seconded:** Annette Martin

**Recommendation:** That the FMG agrees to proceed with having Quisk design the FMG branded letterhead and PowerPoint presentation being \$520 for the letterhead and \$390 for the PowerPoint presentation.

**CARRIED**

## 10.2 CITB Levy

- The CITB Board are considering allowing Councils to pay the levy at the end of the year instead of upfront but it hasn't gone through as yet. The Department of Treasury and Finance has been in contact and is trying to come up with a solution and is also looking to have the legislation changed to a percentage fee or a set fee that is capped for Councils.

## 10.3 Term Deposits

- David Lambert from LGFA has advised that term deposits will no longer be paid quarterly. Term deposits will be paid annually that have a longer period than one year. A financial statement (like a bank statement) will be provided to Councils. The FMG Executive Committee Members have no issue with the proposed change.

| Other Business                                                                                                                                                                                                                                                                                                                          |          |             |                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------|-------------------------------------------------|
| Action Items                                                                                                                                                                                                                                                                                                                            | Meeting  | Responsible | Status                                          |
| Possibility of having an Eyre Peninsula Financial Managers Group (sub group of LGFMG) to assist with keeping in touch with industry changes and Eyre Peninsula city counter parts - President to contact Michelle Tucker and advise her of the Executive Committee's discussion and then contact Regional LGA's to seek their feedback. | 31/10/14 | President   | <b>Continue to investigate options.</b>         |
| Invite Peter Ilee to a future Executive Committee meeting to discuss Grants Commission payments once meeting locations are known for 2017/18.                                                                                                                                                                                           | 23/06/17 | President   | <b>Will be attending the September meeting.</b> |

## 11. Next Meeting

23 March 2018 at Campbelltown City Council.

| Standing Items                                                                                                                                                                                                                                                                                  | Meeting   | Frequency       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------|
| Sponsorship Proposal for the next financial year                                                                                                                                                                                                                                                | March     | <b>Annually</b> |
| AGM Matters and Recommendations: <ul style="list-style-type: none"> <li>Constitution Adoption</li> <li>Membership Guidelines Adoption</li> <li>Membership Fees</li> <li>Honorary &amp; Life Member Nominations</li> <li>Auditor Appointment</li> <li>Executive Committee Nominations</li> </ul> | June      | <b>Annually</b> |
| Davin Lambert – LGFA update                                                                                                                                                                                                                                                                     | July      | <b>Annually</b> |
| <ul style="list-style-type: none"> <li>New Committee Members</li> <li>Workgroup allocations</li> <li>Meeting dates for next 12 months</li> <li>Event registration fees for the financial year</li> </ul>                                                                                        | September | <b>Annually</b> |

## 12. Close

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

FMG President, Clive Hempel: [chempel@mid-murray.sa.gov.au](mailto:chempel@mid-murray.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)
- Dog and Cat Management Chairperson, Simon Zbierski: [szbierski@campbelltown.sa.gov.au](mailto:szbierski@campbelltown.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)
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- Seminars Workgroup Chairperson, Clive Hempel: [chempel@mid-murray.sa.gov.au](mailto:chempel@mid-murray.sa.gov.au)