

MINUTES

South Australian Local Government Financial Management Group Executive Committee

23 November 2018 at 9:30am

City of Port Adelaide Enfield Town Hall – 34 Nile Street, Port Adelaide

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
- Chris Birch, City of Prospect
- David Harman, City of Marion
- Katy Bone, Town of Walkerville
- Mark Lague, The Barossa Council
- Mike Carey, Adelaide Hills Council
- Pep Piscioneri, City of Adelaide
- Rajith Udugampola, Adelaide Plains Council
- Sarah Taylor, City of Unley
- Simon Zbierski, City of Campbelltown

Proxies:

Nil

Observers/Guests:

- Rebecca Muller, LGA
- Grace Pelle, City of Playford
- Marc Sodomka, City of Port Adelaide Enfield
- Suman Setty, City of Port Adelaide Enfield
- Tina Lambert, City of Port Adelaide Enfield
- Steve Uva, City of Port Adelaide Enfield
- Mark Stueve, City of Port Adelaide Enfield
- Joanna Chen, City of Port Adelaide Enfield

2. Apologies

- Anthony Amato, Town of Gawler
- Craig Mudge, District Council of Mount Remarkable
- Leta Northcott, City of Mitcham
- Norm Biggs, City of West Torrens
- 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: David Harman

Seconded: Sarah Taylor

Recommendation: That the minutes of the meeting held on 26 October 2018 be confirmed as a true and correct record.

CARRIED

5. Business Arising from the Minutes

Nil

6. Treasurer's Report

Alex advised that we are in a good financial position. With the retirement of our previous Finance Officer there have been some teething issues with access to information and authority to make changes with accounts and the ATO. Corporate card transactions at the moment are limited, access is being worked through with the NAB and we should be able to access the information through Xero soon. It is worth discussing how many credit cards we actually need.

A final warning will be issued to the sponsor that has not paid their 2017/18 fees and then a Stat Demand will be issued.

Treasurer's Report			
Action Items	Meeting	Responsible	Status
Purchase and setup XERO and Arlo.	27/04/18	Treasurer	In progress.
Commence legal action to recover unpaid sponsorship for 2017/18	21/09/18	President/ Treasurer	

7. Projects/Work Groups – Update/Status

7.1 Asset Management – Pep Piscioneri (Chairperson)

7.1.1 Updated Local Government Financial Sustainability Guidance Paper – AASB13 Fair Value Measurement and Revaluation Considerations

The Financial Sustainability Guidance Paper has been reviewed by John Comrie to refresh and update it and expand on some areas. A template was also added for land and building valuations.

Moved: Chris Birch

Seconded: Mark Lague

Recommendation: That the Executive Committee endorses the updated Financial Sustainability Guidance Paper.

CARRIED

7.1.2 Challenges with the Asset Sustainability Ratio – Upgrades vs Renewal

A meeting was held in early November. Currently looking at a survey to understand what other Councils do and their different approaches. The CPA Asset Paper should be looked at and perhaps this issue could be referred to IPWEA. Hopefully the survey can go out next week and responses back before the December Workgroup meeting. We need to understand the current process, general methodology and alternatives. The next meeting will be held on 8 December.

7.1.3 Modern Equivalence

This issue was touched upon in relation to the renewal process and what Councils do relative to their asset management plans and what is allowed for. There is still some uncertainty. We need this issue resolved. Asset Management Plans need to be accurate to assist with the ratio.

7.2 Costing Principles – Alex Oulianoff (Chairperson)

There has been no meeting since the last Executive Committee meeting.

7.3 Events – Kate George (Chairperson)

7.3.1 Workshop and Conference to be held on 29 and 30 November 2018 at Adelaide Oval

All arrangements are in place for the event and the registration numbers are very good.

7.3.2 Registration Fees for Sponsors – Free Ticket Benefit and Additional Tickets

To be discussed at the next workgroup 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.

7.4 Fees and Charges – Elizabeth Williams (Chairperson)

There is no further update at this stage as we are still waiting for the ATO. Elizabeth will try to get a timeframe from them.

7.5 Financial Management Framework – Mark Lague (Chairperson)

A few emails have been sent to the group regarding accounting statements, one from the board for AASB16 which starts in January regarding leases.

In terms of the related party issue, Tim Muhlhausler at SALGAG has been emailed and it is on next week's agenda regarding issues that we can perhaps communicate to the Members or adding a sample document/questionnaire on the website.

Note 10 will be added to considerations for next year to better define what “restrictions” means. Members are encouraged to send any other items found through the audit process or their Audit Committees through to Mark.

There is one more year on the current contractual agreement the LGA has for model financial statements. The FMG wants to be included in the tender information that is sent out for a replacement. Rebecca will check with Shane Sody at the LGA as to what communication has been had with the contracted party. The committee discussed possible parties to include in any future tendering process including universities or the CPA (who could also become a sponsor of the FMG). The current provider also looks after the statements in NSW, and we will monitor whether the current arrangement continues.

Adjusting operating ratio has been added to the list of issues. Mark will provide a draft email to Patricia to send out to FMG Members.

Calculation for Note 13 on the LGFA portal has been fixed now (advice received from Davin Lambert).

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	Mark has received information from John Wright, Tim Muhlhausler and David Maxwell. It is still confusing so it is recommended that a paper, guide or a table ideally needs to be prepared.
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	
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	
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	

7.6 Local Government Price Index – Chris Birch (Chairperson)

The latest publication was released a few days ago with CPI dropping from 2.9% previous quarter to 1.8% and fuelled by Capex. A reminder to Councils to get their returns into the Grants Commission. The LGPI workgroup hasn't met yet, the work starts in January. It is worth discussing if there are another two or three indicators we should be using for Local Government.

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	

7.7 Long Term Financial Plan – Kate George (Chairperson)

Progress has been made. The 'Lite' version has been implemented with a few Councils. The last demo with the workgroup was held and the model has been signed off. Draft instructions were due on 21/11, Kate is drafting some contextual information and will send it all through to the workgroup, it will then be put through to John Comrie to get his feedback. The 'Lite' version is being presented at the FMG Workshop on 29 November.

Long Term Financial Plan			
Action Items	Meeting	Responsible	Status
When the LTFP LG Solutions Lite Model is released, Councils to be notified.	21/09/18	LTFP Workgroup	

7.8 Membership & Communication – Craig Mudge (Chairperson)

Craig is an apology but advised by email that the 2018 Spring Newsletter has been released. The next newsletter edition will be the Summer edition and they are aiming for an end of February release.

The Buddy List will be updated in the new year and distributed to the workgroup.

Katy raised an issue with the last newsletter, the 'Key Dates' section advises that audited financial statements need to be submitted to the Minister and the Grants Commission by 30 November, but they only need to be lodged to the Grants Commission.

For the 2019 FMG Workshop, we should include a presentation on internal control framework for smaller Councils and Clive Hempel could possibly present. Mark Lague will check how many Councils were qualified last financial year and as usual offer the FMG's assistance with any issues identified.

There is a new model policy for credit cards and hospitality from the LGA. The committee has some concerns with the policy. Rebecca will check if it is going out for consultation.

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	

7.9 Rating and Valuation – Simon Zbierski (Chairperson)

No meeting of the workgroup has been held since the last Executive Committee meeting. A meeting will be held on 11 December with the Valuer-General.

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	Revenue Professionals SA have applied for LG R&D funding for the rewrite of the Rebate Information paper.
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	
Provide FMG submission to ESCOSA regarding the South Australian Local Government Rate Oversight Scheme Guidelines	21/09/18	President	

7.10 DACO Update – Simon Zbierski and Clive Hempel

7.10.1 Agenda Items for the User Group Meeting to be held on 29-11-2018

Payments to Councils are still outstanding. Simon will provide this item for the November meeting.

8. Correspondence

Nil

9. Confidential Discussion Items

Nil

10. Other Business

10.1 LGR&DS Submission – Asset Management – IPWEA SA (Kate George)

An LGA Circular has been released requesting submissions for the LGR&DS business plan for areas of interest. IPWEA will be putting in a submission for asset management (quality of plans, asset funding ratio, understanding between new, modern equivalent, renewal and upgrade). It would be worth adding the rate rebates policy, maintaining funding for policy updates, information papers for KPI (changing of names at least changed 1st July last year) and benchmarking – reporting on service levels, and information papers update. Kate will draft a submission based on the discussion at the meeting.

Moved: Elizabeth Williams

Seconded: Pep Piscioneri

Recommendation: *That the FMG prepares a submission detailing areas of interest for potential funding to the Local Government Research and Development Scheme for consideration in the Scheme's future Business Plan.*

CARRIED

10.2 Amendments to the Local Government (Ratepayer Protection and Related Measures) Amendment Bill (Annette Martin)

The amendments to the Bill create implications for credit card expenditure. The 14 day turn around for transaction reports is too tight and they have to stay up publicly for 5 years. The State Government aren't prescribed to do the same, for the State Government it is voluntary, why does Local Government need to provide this level of information in such a tight timeframe? Feedback needs to be put forward to the LGA to assist in negotiations for an alternative outcome. Councils are tightening up their credit card policies to where they need to be. If bank statements are required, they will need to be redacted due to personal and commercial sensitivities. Statements can be taken out of context which may force Councils to not use credit cards. Credit cards are a cost-effective way to conduct business and they may not be used in future. Annette will draft a response for the committee to look at. Clive has a working document also. These changes are an inefficient use of public resources - there are already significant controls in place and the information can already be made available under an FOI request.

Moved: Annette Martin

Seconded: Sarah Taylor

Recommendation: *That the FMG prepares a submission to the LGA with regards to the publication of credit card expenditure under the Local Government (Ratepayer Protection and Related Measures) Amendment Bill.*

CARRIED

10.3 FBT and GST Training (Rajith Udugampola)

Rajith would like to see the FMG consider running an FBT and GST information session specifically for Local Government. Other training/information sessions that exist are not relevant purely designed for Local Government and aren't often relevant.

The Events Workgroup will discuss this issue at its next meeting.

10.4 Internal Controls Benchmarking (Mark Lague)

There is a survey happening, but it is not capturing the wider audience. It is suggested that the survey be sent to the LGA to do a survey on our behalf. The survey questions have been suggested and can be provided to the Executive Committee to add further questions and provide feedback. The survey can then be created in survey monkey with a link provided to the LGA so that it can be issued via an LGA Circular.

10.5 Accounting for the Urban Tree Fund (Mike Carey)

Accounting for the urban tree fund - 12 responses that were received were all different. Issue to be raised at the next meeting of the Financial Framework Workgroup.

10.6 Post Box

Approval was sought from Think Purple Solutions for a shared arrangement for the current FMG Post Box.

Patricia Coonan left the room while the matter was discussed.

Moved: Clive Hempel

Seconded: Rajith Udugampola

Recommendation: That the FMG share its current Post Box with ownership of the PO Box being held by the FMG, with Think Purple Solutions able to share the mail box in exchange for Think Purple Solutions checking the Post Box at least twice a week, free of charge which will be a saving to the FMG.

CARRIED

10.7 Home/Aged Care Assistance ATO Contractors Issue

To be added as an item to the agenda for the next Executive Committee meeting.

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	In progress for all outgoing Executive Committee Members.
Home/Aged Care Assistance ATO Contractors Issue – add to January agenda.	23/11/18	Secretariat	
That the FMG prepares a submission detailing areas of interest for potential funding to the Local Government Research and Development Scheme for consideration in the Scheme's future Business Plan.	23/11/18	President	
That the FMG prepares a submission to the LGA with regards to the publication of credit card expenditure under the Local Government (Ratepayer Protection and Related Measures) Amendment Bill.	23/11/18	Annette Martin	

11. Next Meeting

18 January 2019 – City of Onkaparinga

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

12. 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, Pep Piscioneri: p.piscioneri@adelaidecitycouncil.com
- 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