

MINUTES

South Australian Local Government Financial Management Group Executive Committee

26 July 2019 at 9:30am

Linden Room (1st first floor), City of Burnside – 401 Greenhill Road, Tasmore

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
- David Harman, City of Marion
- Grace Pelle, City of Playford
- Karishma Reynolds, City of Burnside
- Katy Bone, Town of Walkerville
- Mike Carey, Adelaide Hills Council
- Norm Biggs, City of West Torrens
- Rajith Udugampola, Adelaide Plains
- Sarah Taylor
- Simon Zbierski, City of Campbelltown

Proxies:

- Nil

Observers/Guests:

- Rebecca Muller, LGA
- Davin Lambert, LGFA
- Sam Grieve, City of Playford
- Sven Liu, City of Burnside
- Raffaella Brown, City of Burnside

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

- Chris Birch, City of Prospect
- Craig Mudge, District Council of Mount Remarkable
- Leta Northcott, City of Mitcham
- Mark Lague, The Barossa Council
- Pep Piscioneri
- Sonia Sghendo, City of Onkaparinga

3. Presentations

3.1 LGFA Update – Davin Lambert

Davin provided an update on what the LGFA is currently working on. The biggest change they have been implementing is the online portal. There have been some teething issues with the portal, but it is being well utilised, and feedback has been positive. Transactional capability is the next step, but this is still a few months away. Transactional reference and audit history are available through the portal and they are looking in to 'single sign on' which is more like a banking product.

The LGFA Board is trying to be more proactive in the space of Treasury Management. They are aware that in the regional space there may still be 10M of debt and 10M sitting in the account. They would like to provide support for regional Councils to attend FMG conferences and are happy to sponsor this to the value of \$5,000. The FMG conferences give participants so much information and assistance for the Local Government sector and they believe this will assist. The Events Workgroup at its August meeting will discuss this option and speak with the LGFA.

The committee discussed loans and the offsetting account issue. Davin advised that the LGFA borrows money from the state to fund their shortfall every year, so offsetting accounts would cost the LGFA more and in turn would then cost Councils more to use the LGFA services. However, if the pressure is there from Councils, the LGFA can investigate it further.

Davin also discussed the take up under the LG Reform review with the LGA – State and Federal Government requiring separate bank accounts. Some Councils are setting up systems to run this manually offline and the committee would like to see a platform to do this automatically.

Davin raised an issue with semi-annual instalments on debenture loans and that they feel a quarterly instalment would be more beneficial for Councils and would be cheaper for Councils (lower rate for if you pay more frequently). The committee suggested having different options for Councils to choose from and that perhaps the LGFA should survey Councils. Davin clarified that the change of payment option would only be available for new loans not current loans.

The current loan approval process means that applications are filled in manually, LGFA then go through the Councils financials, then look at their limits and make a decision, this would be more automatic if the Grants Commission data was available earlier (takes the Grants Commission almost 18 months to get the consolidated Council data together before it is released to the sector). The LGFA would like loan applications to be able to be completed online in the next 3-4 years. Perhaps LGFA can partner with the LGA to create a platform for Councils to input their data to ensure they can get the data quicker. Interest rates are still going down. A lower cash rate will transfer to a lower CAD rate. Councils are encouraged to review fixed vs variable in their Treasury Management policies – consider locking away 20-30% of loans to fixed in case interest rates go up.

4. Confirmation of Minutes

Moved: Tony Amato

Seconded: Angela Papatheodorakis

Recommendation: *That the minutes of the meeting held on 21 June 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 the next meeting will be held in early August. Annette raised a question regarding the treatment of footpaths and whether Councils have the asset separated into parts in their asset register, i.e. to Councils replaced a part and have that entered as maintenance or capital. After some discussion the committee agreed that most Councils would treat the replaced part as maintenance until it is up to 70-80% replaced, it would then of course have a longer life and would need to be identified during an asset condition test. With respect to the value for capitalisation on footpaths – the majority of the Councils on the committee are at \$5,000.

5.2 Costing Principles – Alex Oulianoff (Chairperson)

Alex raised the issue of SA Water and the State Government risk with methodology of using valuations for CWMS. Some Councils don't apply the valuation as they are still querying the return on investment with ESCOSA.

5.3 Events – Kate George (Chairperson)

No meeting has been held since the last Executive Committee meeting. The next meeting is scheduled to be held in two weeks.

5.3.1 AGM – 30 August 2019 – Stamford Plaza Adelaide

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

5.3.3 May Conference – 15 May 2020 – Adelaide Convention Centre

Events			
Action Items	Meeting	Responsible	Status
Training by the FMG or the LGA on the accounting standards.	22/02/19	Seminar Workgroup	
LGFA sponsorship of regional attendees to attend FMG Conferences.	26/07/19	Seminar Workgroup	

5.4 Fees and Charges – Elizabeth Williams (Chairperson)

Elizabeth confirmed that there has been no progress as such. A new Case Officer has been assigned with respect to the ATO ruling.

5.5 Financial Management Framework – Mark Lague (Chairperson)

5.5.1 Contract for the Model Financial Statements

Kate advised that an FMG sub-committee has been requested to assist the LGA for RFT. A draft request for tender has been put together by the LGA. The sub-committee will need to review the tender. Any Executive Committee Members wanting to join the sub-committee should advise Mark Lague. Patricia to confirm the following sub-committee members: Katy Bone, Elizabeth Williams, Karishma Reynolds, David Harman and Annette Martin.

Financial Management Framework			
Action Items	Meeting	Responsible	Status
<p>Wastewater reserves, people who have them are starting to discuss going into negative. Advice from auditors is that you can have a reserve in negative however in the notes when it comes to reserves, in the model statements a reserve can't be at a negative number.</p> <p>Alex will discuss this matter with SALGAG for clarification.</p> <p>Workgroup to pick up as feedback for the MFS's next financial year.</p>	21/06/19	<p>Treasurer</p> <p>FMF Workgroup</p>	

5.6 Local Government Price Index – Chris Birch (Chairperson)

Rebecca mentioned that the LGA will be arranging a meeting with Chris Birch and the Uni to discuss the potential extension to the scope where the forecasting issue is concerned. The committee would like the LGA to collate all of the finance data for Councils and have it available via the LGA website or create a portal where Councils can input the data. It was agreed that the outcome of the LG Reform review and Productivity Commission Inquiry might drive the information that is required from Councils and therefore we should look at this issue after that has been resolved. The FMG's website survey function could also be used.

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	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	
LGPI – to be provided to Secretariat once confirmed for distribution to the membership.	21/06/19	Chris Birch	

5.7 Local Government Reform – Kate George (Chairperson)

Kate advised that a paper was prepared by the Office of Local Government (OLG) regarding reform and Councils provided responses. Kate is organising a meeting with Alex from the OLG if any Executive Committee Members are interested in attending. Andrew Lamb would also like to meet with the FMG to hear our views about reform. The four discussion papers are being released on 2 August and feedback will be expected by October.

5.8 Long Term Financial Plan – Kate George (Chairperson)

Kate has provided all feedback to LG Solutions and sent the introductory part to John Comrie who has confirmed that he is happy with it.

5.9 Membership & Communication – Craig Mudge (Chairperson)

Craig advised via email that the group is pulling together the next edition of the newsletter and will issue it in August.

5.9.1 Expression of Interest Form for Attendance at FMG Executive Committee Meetings

Clive drafted a form for consideration by the Executive Committee. The committee made changes to the form.

Moved: David Harman

Seconded: Katy Bone

Recommendation: *That the amended 'Expression of Interest Form for Attendance at FMG Executive Committee Meetings' form be added to the FMG website, be provided to the LGA and added to the FMG Newsletter.*

CARRIED

5.9.2 Honorary Membership Nomination

Nominations were called from FMG Members for Honorary and Life memberships. One nomination was received for Honorary Membership for Clive Hempel.

Moved: Annette Martin

Seconded: Katy Bone

Recommendation: *That the SALGFMG Executive Committee recommends to the Annual General Meeting that Clive Hempel be offered Honorary Membership.*

CARRIED

Membership & Communication			
Action Items	Meeting	Responsible	Status
A draft application form for the engagement of distant FMG Members has been produced. The form will act as an 'expression of interest' for those members to request to attend FMG Executive Committee meetings with reimbursement of accommodation and travel expenses.	31/05/19	Membership & Communication.	Completed
Buddy list to be reviewed and distributed to Executive Committee.	21/06/19	M&C Workgroup	

Membership & Communication			
Action Items	Meeting	Responsible	Status
Upload the Expression of Interest Form for attendance at FMG Executive Committee meetings to the website, provide it to Rebecca at the LGA and add a link to it in the FMG newsletter.	26/07/19	Secretariat	

5.10 Rating and Valuation – Simon Zbierski (Chairperson)

Simon advised that a meeting has been scheduled for next month. They are currently seeking an update from Revenue Professionals SA (RPSA) on the rate rebate policy update. Katherine from Salisbury will be attending the next meeting to discuss the MOU with the Valuer-General on the land use codes.

5.11 DACO Update – Simon Zbierski and Clive Hempel

Simon advised that an email was issued yesterday regarding the treatment of late fees. Crown Solicitors advice suggests that the late fee is included as part of the registration fee. It is implied that the FMG was supportive of this decision but that is not the case. Simon will provide a response regarding this. Simon will forward the email to the Executive Committee. The committee agreed that DACO should be sending reminder notices and the committee would like to seek LGA advocacy on this issue.

Moved: Alex Oulianoff

Seconded: Simon Zbierski

Recommendation: *That the SALGFMG respond to the Dog and Cat Management Board acknowledging that they will receipt a percentage of the income from late fees that they must now also conduct the administration for which this fee relates and that the FMG approaches the LGA to advocate for the industry in this regard.*

CARRIED

6. Treasurer's Report

Alex advised that the year-end figures need to be audited. Alex will coordinate with the Auditors and send through the draft to the Executive Committee by email.

Finance			
Action Items	Meeting	Responsible	Status
Complete outstanding BAS statements once journal and receipt issues are resolved.	21/06/19	Treasurer	
Prepare financial reports monthly for the Executive Committee.	21/06/19	Treasurer	
Contact Ian McDonald in advance of the AGM to seek his interest in providing accountant services for 2019/20.	21/06/19	Treasurer	
Organise for the Executive Committee Office Bearers to be signatories on the NAB account.	21/06/19	Treasurer	Forms to be signed today.

7. Correspondence

Nil

8. Confidential Discussion Items

Nil

9. Other Business

9.1 Draft Constitution Feedback

Moved: Elizabeth
Seconded: Norm

Recommendation:

That:

- 1. The proposed changes to clause 4.1 be reversed.*
- 2. It be a recommendation to the SALGFMG AGM that the amended Constitution be adopted.*
- 3. The Membership Guidelines be amended to reflect the changes of the reversal of 4.1.*
- 4. Respond to Members who provided feedback and who were not present with this resolution.*

CARRIED

9.2 LG Research & Development Scheme Funding Submission – IAMP Templates

Simon advised that a funding application has been developed to obtain \$20,000 in funding through the Local Government Research and Development Scheme to improve the IAMP templates and outputs. Katy reviewed the application and provided feedback. Applications close on Monday.

Moved: Katy Bone
Seconded: Norm Biggs

Recommendation: *That the SALGFMG endorses the application to the LG R&D Scheme for funding to the value of \$20,000 (ex GST) for the purposes of improving and updating IAMP templates and outputs.*

CARRIED

9.3 Rate Capping

Clive advised that the information collated on Rate Capping will be sent to the Executive Committee and the LGA.

9.4 Financial Sustainability Papers

Rebecca advised that the minor draft changes to the Financial Sustainability Information Papers require feedback to Shane Sody at the LGA by 31 August 2019.

Other Business			
Action Items	Meeting	Responsible	Status
Local Government Reform Program – create an FMG Workgroup	29/03/19	Secretariat	Not required. The LGPI Workgroup will be looking after this issue.
Form a Data Collections – Annual Grants Commission Returns workgroup.	29/03/19	Executive Committee	Chris to send email to organise a meeting – same members of the LGPI workgroup.
That submissions for the Local Government Research and Development Scheme be prepared in consultation with the Executive Committee out of session.	21/06/19	Simon Zbierski	Completed
Send collated Rate Capping information to the Executive Committee and the LGA.	26/07/19	Clive Hempel	

10. Next Meeting

27 September 2019 – City of Salisbury

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"> • 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

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