

MINUTES

South Australian Local Government Financial Management Group Executive Committee

24 April 2020 at 9:30am
Via Zoom Video Conferencing

1. Present

Executive Committee:

Office Bearers:

- Elizabeth Williams (Vice President), Alexandrina Council
- Clive Hempel (Secretary), Mid Murray Council
- Alexander Oulianoff (Treasurer), Mount Barker District Council

Members:

- Anthony Amato, Town of Gawler
- Chris Birch, City of Prospect
- David Harman, City of Marion
- Luke Harris, City of Mitcham
- Marc Sodomka, City of Port Adelaide Enfield
- Mark Lague, The Barossa Council
- Mike Carey, Adelaide Hills Council
- Norm Biggs, City of West Torrens
- Samantha Grieve, City of Playford
- Simon Zbierski, City of Campbelltown

Proxies:

- Kevin Carter, City of Onkaparinga (for Sonia Sghendo)

Observers/Guests:

- Rebecca Muller, LGA

Secretariat:

- Patricia Coonan

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

- Annette Martin, City of Charles Sturt
- Karishma Reynolds, City of Burnside
- Kate George (President), City of Salisbury
- Rajith Udugampola, Adelaide Plains
- Sonia Sghendo, City of Onkaparinga

Elizabeth assumed the position of Chair in Kate's absence.

3. Presentations

Nil

4. Confirmation of Minutes

Moved: Chris Birch

Seconded: Norm Biggs

Recommendation: *That the minutes of the meeting held on 27 March 2020 be confirmed as a true and correct record.*

CARRIED

5. Projects/Work Groups – Update/Status

5.1 Asset Management – Annette Martin (Chairperson), Deputy Chairperson TBC

There is no update for this meeting.

Asset Management			
Action Items	Meeting	Responsible	Status
Confirm Deputy Chairperson of this group.	21/06/19	Annette Martin	

5.2 Costing Principles – Alex Oulianoff (Chairperson), Mark Lague (Deputy Chairperson)

Alex advised that there is no update this month.

5.3 Events – Kate George (Chairperson), Elizabeth Williams (Deputy Chairperson)

An update report was provided for discussion. Patricia advised that a meeting was held last week, and the following items were discussed

5.3.1 August AGM & Conference

It is currently proposed that the Annual General Meeting and the Conference day (previously planned for May) be combined into a one-day event to be held on 28 August 2020. Venues are currently being considered and will likely be confirmed by the work group at their next meeting scheduled for May.

Both the MC and the keynote speaker (Dan Gregory) that were booked for May are confirmed for the August date and their deposits have been transferred over, meaning there is no current monetary loss.

The program for this event will be confirmed over the coming months.

5.3.2 November Workshop & Conference

The dates for the November Workshop and Conference are now confirmed for 26 and 27 November 2020 and the Adelaide Convention Centre has been booked. The Centre has transferred over the deposit held for the May event to this event meaning there is no current monetary loss.

The program for this event will be developed over the coming months.

5.3.3 Sponsorship

The workgroup worked through the draft 2020/21 Sponsorship Proposal and it is now presented to the committee for adoption.

The Executive Committee discussed the draft 2020/21 Sponsorship Proposal. It was noted that given the COVID-19 pandemic, the workgroup is not proposing any increase to the sponsorship fees for 2020/21 apart from tweaking some figures that were not quite accurate.

Moved: Simon Zbierski

Seconded: Marc Sodomka

Recommendation: *That the SALGFMG Executive Committee:*

1. *Adopts the Sponsorship Proposal and associated fees for 2020/21.*
2. *Notes the venue and dates of the November Workshop and Conference to be held at the Adelaide Convention Centre on 26 and 27 November 2020.*
3. *Notes the update on the August AGM and Conference.*

CARRIED

5.4 Fees and Charges – Elizabeth Williams (Chairperson), Anthony Amato (Deputy Chairperson)

An update report was provided for discussion. Elizabeth advised that she is continuing to meet with our ATO representative regularly to assess and finalise the fees and charges remaining from the first class ruling. This is a methodical process that requires much discussion to determine the basis of the fee being charged before aligning it to relevant legislative provisions.

With the resignation of Stephen Nisbet from BDO, Elizabeth contacted BDO to find out who our new representative is, and we have been advised that it is Tim Sandow. Elizabeth will arrange a catch up with Tim to reconcile our progress on the project.

Moved: Simon Zbierski

Seconded: David Harman

Recommendation: *That the SALGFMG Executive Committee notes the report.*

CARRIED

5.5 Financial Management Framework – Mark Lague (Chairperson), Clive Hempel (Deputy Chairperson)

An update report was provided for discussion.

5.5.1 Draft Model Financial Statements 2020

Mark advised that initial feedback on the draft Model Financial Statements for 2020 was provided by the workgroup to Ernst and Young. The workgroup has now been provided with a spreadsheet from Mark containing 20-30 items with further questions from Ernst and Young. Mark needs feedback from the group and we have until 1 May to provide the feedback. It was agreed that Members of the workgroup will discuss the items after this meeting.

The LGA has also released a circular providing the Draft Model Financial Statements for consultation. Circular 16.6: <https://www.lga.sa.gov.au/news-and-events/news/latest-news/public-access-and-public-consultation-notice-no-2-2020-local-government-act-emergency-variations2>.

Moved: Mike Carey

Seconded: Chris Birch

Recommendation: That the SALGFMG Executive Committee:

1. Notes that the Draft Model Financial Statements (MFS) 2020 have been made available by the LGA for consultation (LGA Circular 16.6).
2. Authorises the Financial Management Framework workgroup to continue to work through MFS items that still require feedback for Ernst and Young.

CARRIED

Financial Management Framework			
Action Items	Meeting	Responsible	Status
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. Alex will discuss this matter with SALGAG for clarification. Workgroup to pick up as feedback for the MFS's next financial year.	21/06/19	Treasurer FMF Workgroup	Completed. Alex advised that it has been confirmed that the Reserve can't go into negative – off ledger spreadsheets need to be used to keep track of the movements.
Finalise feedback on the draft Financial Statements to Ernst and Young.	27/03/20 24/04/20	FMF Workgroup	

5.6 Fines Enforcement Recovery Unit – Annette Martin (Primary Contact)

There is no update for this meeting.

Fines Enforcement Recovery Unit Workgroup			
Action Items	Meeting	Responsible	Status
Additional reporting information to be provided to the Fines Enforcement Recovery Unit for discussion on how we can implement those changes.	27/03/20	FERU Workgroup	

5.7 Local Government Price Index – Chris Birch (Chairperson), Michael Carey (Deputy Chairperson)

Chris advised that approval has been made for distribution of the LGPI forecast indicator. Chris will provide some words to form an email to the membership. The committee noted that there was no consideration for COVID-19 when the forecast was made.

Local Government Price Index			
Action Items	Meeting	Responsible	Status
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	Chris has met with Peter Ilee, the workgroup will now discuss the six issues put forward.
LGPI – to be provided to Secretariat once confirmed for distribution to the membership.	21/06/19	Chris Birch	Ongoing.
Contact the Grants Commission to see if there is a guide for the return for how the administration allocations are being entered (operating expenses section). It would be valuable to have a consistent approach to provide to the Grants Commission.	25/10/19	LGPI Workgroup	Chris will discuss this with Peter Ilee.
Check if the update of the LGPI forecast indicator information can be released to the membership.	27/03/20	Rebecca Muller	Completed

5.8 Local Government Reform – Kate George (Chairperson)

See item 9.2.

Local Government Reform			
Action Items	Meeting	Responsible	Status
Update on the Local Government Reform Bill to be provided to the April meeting.	27/03/20	Rebecca Muller	Completed

5.9 Long Term Financial Plan – Kate George (Chairperson), Samantha Grieve (Deputy Chairperson)

There is no update for this meeting.

5.10 Membership & Communication – Anthony Amato (Chairperson), Marc Sodomka (Deputy Chairperson)

An update report was provided for discussion. Tony advised that the primary activity of this workgroup at present is the preparation of the 2nd (Autumn) edition of the e-newsletter. Distribution of the e-newsletter is planned for distribution to Members in late April 2020.

All eligible sponsors were contacted to provide articles if they wished to and four articles were received. All other standard e-newsletter inclusions, articles, etc have been prepared by workgroup members, being tasks as previously allocated to them.

The various e-newsletter components have now been edited and consolidated and forwarded to the web administrator for layout design / upload. Once we have had an opportunity to review the web draft it will then be sent out.

Moved: Clive Hempel

Seconded: Sam Grieve

Recommendation: That the:

1. *Membership and Communication Workgroup name be changed to Marketing and Communication.*
2. *Events Workgroup name be changed to Events and Membership.*
3. *SALGFMG Executive Committee notes the workgroup report.*

CARRIED

Membership and Communication			
Action Items	Meeting	Responsible	Status
Prepare an email for review of the President to be emailed to all on the Buddy List outlining the Buddy Program and any upcoming events.	28/02/20	Secretariat	
Change the Events Workgroup and Membership and Communication Workgroup names on the website workgroup listing and future agendas.	24/04/20	Secretariat	Completed

5.11 Planning Portal – Clive Hempel and Samantha Grieve (Primary Contacts)

An update report was provided for discussion. Clive advised that a meeting was held between Piero Sparapani (Manager, Financial Control & Improvements) Department of Planning, Transport and Infrastructure, Sam Grieve and Clive on Wednesday 22 April. At the meeting they discussed finance issues relating to the new ePlanning system, various elements of transacting with the system, what it may mean for Local Government front counter staff, what are the mechanics of monies collected by either party, legal components regarding GST and the adjustment and disbursements processes. The following points were noted:

- A flow chart was presented at the meeting displaying the process for development applications under the new system.
- An agreement will need to be put in place with Councils to work around the issues with GST, the agreement will outline the need to have reciprocal created invoices. Similar to DACO, Councils will be able to identify that they have made a payment on the portal and a reciprocal created tax invoice will be generated – this will mean that an A4 printer to print the invoices will need to be available near the cashiers.
- Samples of reports, mock-ups of the file formats and the draft agreement for Councils will be provided to the FMG for feedback. The RCTI copy will be the standard ATO format.
- The current timeframe is the end of July for Phase 1 Councils and end of September for Phase 2 Councils. There will be a transitional period and existing development applications will not be migrated.
- Training will be provided for customer service staff and it will need to cover the identification of what applications are in the new system, what one's aren't and how this will be managed. There is a team working on communications and training.
- Clive and Sam asked for an overview of the different stages of the application from a finance perspective as there are a lot of unknowns. DPTI were provided with a list of things we would like to know.
- Sam and Clive will meet with DPTI each fortnight and provide feedback to the Executive Committee meetings. Urgent issues will be sent to the committee out of session.

Moved: Norm Biggs

Seconded: Mike Carey

Recommendation: That the SALGFMG Executive Committee notes the report.

CARRIED

Planning Portal			
Action Items	Meeting	Responsible	Status
Provide information from DPTI regarding frequently asked questions document to the Executive Committee.	27/03/20	Clive Hempel	

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

An update report was provided for discussion. Simon advised that the Rating and Valuation working group met on 21 April 2020 and discussed the following matters:

- SA Financial Counsellors Association
 - Members of the association discussed their free service.
 - 2 out of 5 people wanting service cannot access it in a timely manner.
 - National Debt Helpline – 1800 007 007.
- Valuer General
 - Cycle 2 of the Revaluation Initiative has been suspended and will be rolled into Cycle 3.
 - New valuations for Cycle 2 and Cycle 3 will be ready for the 2021/2022 financial year.
 - Any objections will not take into account COVID-19 as valuations are dated 1 January 2020.
 - Work being done to revamp website and information papers.
- Land Services SA
 - Meeting rating teams to improve process relating to revisit programs.
 - Revisit program is in full swing.
- RPSA
 - New President (Caroline Moffatt – Campbelltown) and Vice President (Michael Moyle – Mount Barker) elected.
- LGA
 - Use of Rates Survey data
 - Required to only be used internally, but some Councils are using comparative data publicly.
 - Does the FMG have a position on making this data public?
- Regional Landscape Levy
 - The Levy will commence in 1 July.
 - Flat fee rate per rateable property – the cost of this service should be reviewed in terms of cost recovery.
 - Andrew Lamb provided feedback he has received relating to the LGA's observations and comments on the associated legislation and regulations.
 - Does the FMG want to provide feedback on calculation of Council's reimbursement of Regional Landscape Levy costs?

The committee discussed the Rates Survey data and whether the data should be made public. The committee agreed that some of the questions in the survey are not very clear and so when the data is being reviewed, incorrect assumptions can be drawn from it. For example, rural areas have different charges, and, in those instances, the survey is not likely being completed correctly. Councils use the survey data as a guide but rely on the gazette notices for accuracy. The committee agreed that the data is to be used for internal purposes only.

The committee discussed the valuation legislation and feedback from some Councils about changing the valuation role. The legislation requires use of the most recent valuation from the Valuer-General, but the valuation information needs to be provided earlier to allow time for Councils to finish the process in time. Land Services SA will look at doing revisits throughout the year. Changing the legislation may create other problems, removing flexibility for example. The committee discussed whether Councils could adopt rate growth throughout the year rather than waiting until the end of the year as this will add less pressure at the end of the year. The committee agreed that we may need to get legal advice through RPSA about what the legislation will allow.

Moved: Mike Carey

Seconded: Sam Grieve

Recommendation:

That the SALGFMG Executive Committee:

1. *Notes the report.*
2. *Supports the collection of data as part of the LGA Rates Survey but for internal purposes only and not for further distribution to the public.*

CARRIED

Rating and Valuation			
Action Items	Meeting	Responsible	Status
Flat fee rate per rateable property – the cost of this service should be reviewed in terms of cost recovery.	24/04/20	R&V Workgroup	Simon will follow up with Andrew Lamb at the LGA to see what has been done.
Adopting rate growth throughout the year rather than waiting until the end of the year – discuss with RPSA.	24/04/20	Simon Zbierski	

6. Treasurer’s Report

Alex advised that the profit/loss for month ended March 2020 is at \$2,420 break even. It was noted that expenditure for events will distort the result for now given the COVID-19 pandemic restrictions meaning that the May event is being postponed into the next financial year.

Moved: Sam Grieve

Seconded: Mike Carey

Recommendation: *That the SALGFMG Executive Committee notes the verbal update.*

CARRIED

Finance			
Action Items	Meeting	Responsible	Status
Prepare financial reports monthly for the Executive Committee.	21/06/19	Treasurer	Ongoing.
Organise for the Executive Committee Office Bearers to be signatories on the NAB account.	21/06/19	Treasurer	Forms to be signed.
Undertake steps required to transition away from AUSkey.	27/03/20	Treasurer	Completed.

7. Correspondence

Nil

8. Confidential Discussion Items

Nil

9. Other Business

9.1 LGRS Insurance Renewal 2020/21

An update report was provided for discussion. Clive advised that the annual renewal request has been received from Local Government Risk Services. The Executive Committee discussed the proposed cover and agreed to proceed with the renewal.

Moved: Clive Hempel

Seconded: Alex Oulianoff

Recommendation:

That the SALGFMG Secretary is authorised to advise Local Government Risk Services that:

- 1. The SALGFMG has no known claims or circumstances that may give rise to a claim that have been reported or need to be reported.*
- 2. There has been no change to the current Professional Business as previously declared.*
- 3. The declared fees of SALGFMG of \$198,000 given last year has not increased by more than 20%.*
- 4. The SALGFMG accepts the terms provided and wishes to proceed with the insurance renewal proposed for Associations Liability, Public Liability and Professional Indemnity.*

CARRIED

9.2 Local Government Reform Update

An update report was provided for discussion. Rebecca advised that at the request of the LGA, the State Government took a Bill through all stages of Parliament, giving Minister Knoll power to exempt Councils from most statutory obligations in the *Local Government Act 1999*. The Minister has already exercised this power to enable Councils to conduct meetings remotely.

Unfortunately, the focus on the Emergency Bill diverted resources within the Office of Local Government and we now expect delays in the release of the larger Bill dealing with Local Government Reform.

Moved: Mike Carey

Seconded: Clive Hempel

Recommendation: *That the SALGFMG Executive Committee notes the report.*

CARRIED

9.3 COVID-19

The Executive Committee noted the New Temporary Powers of the Treasurer that have been released that provide temporary relief for Councils, specifically deferring financial reporting deadlines. See Section 12 of the *COVID-19 Emergency Response Act 2020*.

Other Business			
Action Items	Meeting	Responsible	Status
LGA Circular regarding the benefits of membership.	25/10/19	Secretariat	

10. Next Meeting

29 May 2020 – via Zoom Video Conferencing

11. Close

The meeting closed at 10:45am.

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 • Buddy List • 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

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, Annette Martin: amartin@charlessturt.sa.gov.au
- Costing Principles Workgroup Chairperson, Alex Oulianoff: aoulianoff@dcmtbarker.sa.gov.au
- Events & Membership 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
- Marketing & Communication Workgroup Chairperson, Anthony Amato: tony.amato@gawler.sa.gov.au
- Planning Portal Contacts: Clive Hempel and Samantha Grieve: chempel@mid-murray.sa.gov.au;
sgrieve@playford.sa.gov.au
- Rating and Valuation Workgroup Chairperson, Simon Zbierski: szbierski@campbelltown.sa.gov.au