

MINUTES

South Australian Local Government Financial Management Group Executive Committee

29 May 2020 at 9:30am
Via Zoom Video Conferencing

1. Present

Executive Committee:

Office Bearers:

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

Members:

- Annette Martin, City of Charles Sturt
- Anthony Amato, Town of Gawler
- Chris Birch, City of Prospect
- David Harman, City of Marion
- Luke Harris, City of Mitcham
- Karishma Reynolds, City of Burnside
- 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:

Nil

Observers/Guests:

- Rebecca Muller, LGA
- Jade Bird, City of Onkaparinga
- Angela Papatheodorakis (for Marc Sodomka)

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

- Marc Sodomka, City of Port Adelaide Enfield
- Rajith Udugampola, Adelaide Plains
- Sonia Sghendo, City of Onkaparinga

3. Presentations

Nil

4. Confirmation of Minutes

Moved: Elizabeth Williams

Seconded: Anthony Amato

Recommendation: *That the minutes of the meeting held on 24 April 2020 be confirmed as a true and correct record.*

CARRIED

5. Projects/Work Groups – Update/Status

5.1 Asset Management – Annette Martin (Chairperson), David Harman (Deputy Chairperson)

There is no update for this workgroup, however Rebecca did advise that she will provide an update on the LGA's Asset Management project when progress is made.

David Harman volunteered to be Deputy Chairperson of this group.

Asset Management			
Action Items	Meeting	Responsible	Status
Confirm Deputy Chairperson of this group.	21/06/19	Annette Martin	Completed
Provide an update on the LGA's Asset Management project once progress has been made.	29/05/20	Rebecca Muller	

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

There is no update for this meeting.

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

An update report was provided for discussion.

Kate advised that the Events Workgroup met via Zoom on 8 May and the following items were discussed:

5.3.1 August AGM & Conference – 28 August 2020

Space has been obtained at the Adelaide Convention Centre for this event and the deposit from our May event has been directed to this date. The group discussed the proposed program and how the breakfast will fit in to the day and also options for if this event won't proceed. The program will be finalised at the next meeting and notification will be sent to Members and Sponsors soon.

5.3.2 November Workshop & Conference – 26 and 27 November 2020

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

5.3.3 Membership

With renewals all finalised, we currently have 202 FMG Members with 4 Non-Member Councils:

- Regional Council of Goyder
- District Council of Kimba
- District Council of Orreroo Carrieton
- Renmark Paringa Council

Membership renewal options are being investigated for the coming renewal period, this has included a review of our current Arlo Event Management software package. Arlo has recently released a Customer Portal under their 'Professional Plan' that has some potential for a membership base. The Professional Plan also includes advanced event management tools and the addition of custom fields which will allow for more flexibility in registrations and asking specific questions.

It is proposed that the FMG upgrade from the Simple Plan to the Professional Plan to allow for the additional benefits at an additional cost of approximately \$800 per year.

Moved: Norm Biggs

Seconded: Elizabeth Williams

Recommendation: That the SALGFMG Executive Committee:

1. Notes the report.
2. Approves the Arlo Event Management software upgrade to the Professional Plan.

CARRIED

Events and Membership			
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	
Upgrade the FMG Arlo event management platform to the Professional Plan.	29/05/20	Secretariat	Completed

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

An update report was provided for discussion. Elizabeth advised that she has been meeting 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.

The ATO have now distributed their summary of these discussions for confirmation. This has been distributed to the Fees and Charges workgroup in the first instance with comments to be returned to Elizabeth by 31 May 2020 for follow up with the ATO. Once these fees are finalised the second draft ruling will be issued for confirmation.

Elizabeth is still in discussions with the ATO about the inclusion of the Building Upgrade Finance Fees in the draft ruling. At this stage, given the length of time to finalise the ruling there is reluctance to include additional fees, but this continues to be discussed.

Elizabeth has also been in contact Tim Sandow, our new BDO representative, to reconcile our progress on the project.

Moved: Mike Carey
Seconded: Elizabeth Williams

Recommendation: That the SALGFMG Executive Committee notes the report.

CARRIED

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

Mark advised that the Model Financial Statements have now been handed over to the Minister for signing. A meeting of the workgroup will be held in November and Ernst and Young will be invited to work through some of the points that couldn't be finalised during this year's process and discuss areas of improvement.

Financial Management Framework			
Action Items	Meeting	Responsible	Status
Finalise feedback on the draft Financial Statements to Ernst and Young.	27/03/20 24/04/20	FMF Workgroup	Completed

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

Annette advised that the workgroup met recently and the recommendations for additional reporting information have been provided to FERU by letter on 25 May. We are now awaiting a response.

Fines Enforcement Recovery Unit			
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	Completed

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

There is no update for this meeting.

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.

Local Government Price Index cont'd...			
Action Items	Meeting	Responsible	Status
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	Confirmed that it can be released. Chris to provide draft Member email to Patricia.

5.8 Local Government Reform – Kate George (Chairperson)

Rebecca advised that we are waiting for the new draft Bill to be handed down and she will check on the timing and update the Executive Committee when there is any progress.

Local Government Reform			
Action Items	Meeting	Responsible	Status
Check on the timing of the new draft Local Government Reform Bill and update the Executive Committee if there is any progress	29/05/20	Rebecca Muller	

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

Kate advised that a meeting of the workgroup will be held after budget wrap up to discuss feedback that can be provided to LG Solutions on the lite model. LG Solutions have been approached to consider providing a face to face session the day before the FMG AGM/Conference. Instructions for the model need to be updated per the latest updates made to the model and Kate will speak with LG Solutions regarding this. The changes to the model are largely around the major projects section of the spreadsheet and they have changed the way it is fed through to the financial statements.

Long Term Financial Plan			
Action Items	Meeting	Responsible	Status
Speak with LG Solutions regarding updates to the instructions for the model per the latest updates made.	29/05/20	Kate George	

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

An update report was provided for discussion. Tony advised that the most recent primary activity of this workgroup was the preparation of the 2nd (Autumn) edition of the e-newsletter which was distributed to FMG Members in late April 2020.

The workgroup is now focussing on the preparation of the 3rd (Winter) edition of the e-newsletter which is planned to be distributed to FMG Members in early July 2020. All eligible sponsors will again be contacted to provide articles if they wish to do so, in accordance with their sponsorship level criteria. All other standard e-newsletter inclusions, articles, etc will also be prepared by workgroup members as allocated to them.

Moved: Mike Carey
Seconded: Elizabeth Williams

Recommendation: That the SALGFMG Executive Committee notes the report.

CARRIED

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

Clive and Samantha advised that there will be fact sheets and templates developed for review by the Executive Committee. At the last meeting with DPTI, Clive and Samantha discussed specific questions around how the sector will handle refunds (when someone comes into Council and wants to withdraw their application and ask for a refund). Samantha will provide the email regarding the refund process and the fact sheets ASAP. DPTI would also like some Councils to provide 'testers', people who actually undertake the application process within Council. More information regarding this will be available soon.

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	Completed
Provide fact sheets to the Executive Committee once available.	29/05/20	Samantha Grieve	Completed

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

There is no specific update for this meeting as the workgroup has not met since the last Executive Committee meeting, however Simon advised that a meeting is being held this afternoon with members of the workgroup and Revenue Professionals SA to discuss the regional landscape levy. The meeting will discuss recovery rates, how much the increase will be each year, contributions and refund of levies that haven't been paid.

The committee discussed the adopting of rates for the 2020/21 financial year and the following was noted:

- There is a debate around what valuations caps should apply and there are also concerns around the timing of the valuations process and when valuations are received from the Valuer-General.
- There are different interpretations over what Councils can and can't do, as the lateness of the information coming from the Valuer-General combined with the processes that Councils need to undertake, don't align timing wise and this makes it very difficult for Councils.
- The committee agreed that being able to capture growth during the year is important.
- The legislation is currently open for people to provide feedback when it comes through. It's an opportune time to develop a position on the valuations timing and process and provide feedback from the sector.
- Some Councils are sharing their strategies with each other and it was noted that the fallout from COVID-19 could last more than one year, two or three years with people being unemployed.
- Local Government needs to be seen as doing the right thing, however, Councils won't be able to sustain 0% increases.
- Some Councils are still increasing their rates, however they have targeted remissions for those who really need help and some Councils are providing relief in the first quarter.

- Mark Lague will send a reminder to the Councils he reached out to about sharing information to see if more information can be obtained.

The committee also discussed the Labor Bill regarding the waving of commercial rates. It was agreed that the Bill isn't workable for Local Government and the LGA is currently collecting examples of what Councils are doing in this space. Rebecca advised that she will provide an update on the progress of the gathering of information from Councils and the FMG may also want to provide evidence. Requests for the information was sent through as part of the CEO updates that are sent to Councils from the LGA.

Moved: Alex Oulianoff

Seconded: Annette Martin

Recommendation: That the SALGFMG Executive Committee Rating and Valuation Workgroup explore options to prepare a submission on reforms of rating valuations of the rating system.

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	
Explore options to prepare a submission on reforms of rating valuations of the rating system.	29/05/20	R&V Workgroup	

6. Treasurer's Report

Alex advised that the chart of accounts has now been reviewed and clarified. Conversion of the accounts from the old accounting software into Xero created an issue in this regard but it is all now reflective of the income and expense lines in place for FMG. The Profit and Loss statement for the period 1 July 2019 to 30 April 2020 was noted by the committee.

Moved: Alex Oulianoff

Seconded: Elizabeth Williams

Recommendation: That the SALGFMG Executive Committee notes the Treasurer's report.

CARRIED

Finance			
Action Items	Meeting	Responsible	Status
Organise for the Executive Committee Office Bearers to be signatories on the NAB account.	21/06/19	Treasurer	Forms to be signed.

7. Correspondence

Nil

8. Confidential Discussion Items

Nil

9. Other Business

9.1 Local Government Research & Development Scheme – Call for Applications

The LGA News item in relation to the call for applications was provided for discussion.

The committee discussed possible funding applications and the following possible application topics were noted:

- Waving of rates etc – to be discussed by the Rating and Valuation Workgroup.
- Supplementary valuations during the year, adoption and rating processes – provide evidence on how we do things the way we do. The Annual Business Plan of the R&D Scheme will need to be reviewed to see if an application around this will align with the plan.
- Reform Bill – will come out in the next few months and R&D Scheme applications close in July. The timing may be better for next year as it is not likely this piece will be ready for this round of reform. Financial benchmarking and Local Government reform – Rebecca will find out what the LGA is already doing in the space of financial benchmarking and Local Government reform.

9.2 SA Local Government Grants Commission Update

An update was provided by Peter Ilee for noting.

The committee noted that the grants came in on Wednesday, received with the last fourth quarter amount.

Correspondence has been received by some Councils confirming that the FAGs early payment was going to continue and needs to be treated as current income. The committee discussed additional R2R (Roads to Recovery) funding and agreed that most Councils will be treating the funding as untied/recurrent funding.

9.3 Executive Committee Resignations: Katy Bone and Marc Sodomka

It was noted that whilst Marc has resigned from his position at the City of Port Adelaide Enfield, that he has contacted the President to confirm that he will be staying on the committee for the rest of his term and will therefore remain an Executive Committee Member.

Moved: Mark Lague

Seconded: Norm Biggs

Recommendation: *That the SALGFMG Executive Committee thanks Katy Bone for her service on the Executive Committee, her work on the Asset Management workgroup as Chair and for her contributions to the FMG in general. The Executive Committee wishes Katy all the best with her future endeavours.*

CARRIED

9.4 Other Issues Raised and Noted

- DACO - Extra income on the expiation side. The committee discussed what happens with this income if there is any. Some Councils are spending the money on dog and cat issues.
- Regional Subsidiaries – The committee discussed whether regional subsidiaries need to adhere to the model set of accounts for their annual budgets. It was noted that the legislation intimates that subsidiaries need to do budget reviews but doesn't say that they have to follow a model set of accounts and a uniform budget template, however, the regulations do specify that subsidiaries need to be treated the same as Councils in this regard.
- Model Financial Statements and Adopting Budgets Early – Mark discussed providing some wording to Rebecca for the LGA to pass on to the COVID triage system in relation to Councils adopting their budgets late and that they need the right resolutions to do so. Rebecca advised that the LGA has issued circulars to support Councils who do choose to adopt their budgets late and this information is available through the COVID portal: <https://www.lga.sa.gov.au/member-services/emergency-management/COVID19/governance-resources>
- LGRS Annual Survey – information requested regarding payment card industry numbers. LGITSA have asked what the FMG is considering regarding this as the information comes from various sources. Councils need to consider how they are collecting the data, covering it off and if they have security over it.
- Advice from the LGFA regarding the additional CAD facility at the lower interest rate. The committee discussed if you could transfer existing CAD debt to take advantage of the new interest rate. You can annex a certain amount of the existing ones - 10% of their 2018/19 total operating income as per audited financial statements.
- Job Keeper Allowance – the committee discussed Temp agencies who are collecting the job keeper allowance and whether the Council then received that income. The employees are not that of Council and therefore Council's aren't eligible, however the Temp agencies can provide a credit to the Council for that service.

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

10. Next Meeting

26 June 2020 – via Zoom Video Conferencing

11. Close

The meeting closed at 11:30am.

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