

MINUTES

South Australian Local Government Financial Management Group Executive Committee

30 October 2020 at 9:30am
Via Zoom Virtual Conferencing

1. Present

Executive Committee:

Office Bearers:

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

Members:

- Annette Martin, City of Charles Sturt
- Chris Birch, City of Prospect
- Grant Jennings, Whyalla City Council
- Karishma Reynolds, City of Burnside
- Kellie-Knight Stacey, City of Victor Harbor
- Kevin Carter, City of Onkaparinga
- Luke Harris, City of Mitcham
- Mark Lague, The Barossa Council
- Mike Carey, Adelaide Hills Council
- Rajith Udugampola, Adelaide Plains
- Rebecca Baines, City of Tea Tree Gully
- Samantha Grieve, City of Playford
- Simon Zbierski, City of Campbelltown

Proxies:

Nil

Observers/Guests:

- Larissa Walker, ATO
- Rebecca Muller, LGA
- Aaron Peek, Wattle Range Council

Secretariat:

- Patricia Coonan, TPS

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

- Kate George, City of Salisbury

3. Welcome New Committee Members

The President welcomed Rebecca Baines to her first Executive Committee meeting.

4. Presentations

4.1 Peppol e-invoicing – Larissa Walker, ATO

The Morrison Government is continuing to invest in e-invoicing and is mandating e-invoicing for federal agencies to encourage greater adoption among suppliers and supply chains, helping to lower the cost of doing business. The Government will also consult with State and Local Government on mandating options and on impact of mandating e-invoicing for businesses. Source <https://www.pmc.gov.au/sites/default/files/digital-business-plan-summary.pdf>

Larissa provided some background on Peppol e-invoicing and the following was noted:

- The Australian and New Zealand Governments have agreed on implementing a common standard and the Australian official standard that has been adopted is 'Peppol'. The ATO is the Peppol Authority in Australia by law. The project will attempt to address market imbalance as there are too many complex, proprietary standards.
- There are Peppol e-invoicing and full Procure to Pay sets of specifications for Australia and there are twenty-two (22) service providers (access points) accredited by the ATO.
- The Commonwealth Government Mandate is to adopt e-invoicing by 1 July 2022 with 5-day payment terms for e-invoicing. There will be consultation with Local Government in relation to the mandate.
- The key drivers for the project are, streamlining and reducing resources in the accounts payable processes, consistency in invoices, quicker payments and cost savings.
- The standard opportunities and benefits for Councils include productivity and efficiency (no manual entry and less errors), making better business decisions (real time, line item invoice information), reliable and secure exchange (buyer's and supplier's agreements on joining the network), less impact (e-invoices can't get lost).
- Over \$1.2 billion invoices are exchanged annually in Australia. There are significant delays in the current invoicing systems due to incorrect information, invoices being sent to the wrong people and invoices being sent by post.
- The Peppol system uses a standardised invoicing format that aligns with international open standard (the Peppol framework). An organisations system can be matched to the Peppol standard and the fields in the systems will have the same meaning (mapped to whatever they are called in the Peppol system).
- The Peppol network connects business systems through established business document standards and supporting common business processes and technical standards.
- A whole of government panel will be set up in due course.

Committee Members asked questions and the following was noted:

- Take up from the small business community? The ATO is working with software providers that work with small businesses (Xero and MYOB for example). There will be free portal solutions available for people who don't use an accounting package.
- The access point will work out how best to receive invoicing information and it will be integrated based on the Council's business requirements. Currently a scanned invoice comes in and is coded, set up for authorisation etc. In the new system, the workflow still needs to apply when an e-invoice is received.

- How will the invoicing integrate, particularly small companies or self-service people who are not likely to turn to electronic invoicing? Consultation with Local Government will occur, but the system is not currently mandatory. Councils could potentially use the system for their top suppliers (most used, large). Best Practice guides are available and will be provided with the presentation notes to the Executive Committee.

5. Confirmation of Minutes

Moved: Karishma Reynolds

Seconded: Clive Hempel

***Recommendation:** That the minutes of the meeting held on 25 September 2020 be confirmed as a true and correct record.*

CARRIED

6. Projects/Work Groups – Update/Status

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

Annette advised that a meeting has been held between Annette, David and Rebecca from the LGA following discussions with IPWEA contacts about what the scope of the project would entail. They are looking at the basic IPWEA template, rather than recreating a new asset management template, and will be aiming to build information papers to assist people. There will be two main outputs being an overview/consultative document in relation to how we consult (guidance and information papers) and education tools (for external ratepayers). In looking at the original template, they will be taking information from those who are doing it well and putting it into the information paper and consultative document that Councils can use when communicating with the community.

AASB staff have contacted the LGA and are seeking to obtain opinion of the LGA, as users of local governments' financial statements, on whether it is more important for local governments' financial statements to reflect the value of its non-cash generating assets (such as land, buildings and infrastructure) at:

- (a) the asset's current service potential; or
- (b) the asset's current cash-generating ability.

Any input from the FMG and LGA needs to be sent to the AASB urgently as the AASB Board is meeting on 10 & 11 November to review all input. They are happy to do a video link up early next week as the timeframe for feedback is very tight.

The Executive Committee discussed the matter and agreed to put together feedback to be provided to the AASB, particularly issues that we are struggling with. Members of the workgroup will catch up early next week on Monday or Tuesday.

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

There is no update for this meeting.

6.3 Events & Membership – Elizabeth Williams (Chairperson), Alex Oulianoff (Deputy Chairperson)

An update report was provided for discussion.

6.3.1 November Workshop & Conference – 26 and 27 November 2020

The program is in its final draft stage and there are still a few sessions to confirm. Registrations will open with the flyer being sent on 30 October 2020.

6.3.3 Membership

More than 100 renewals have been processed so far and five new Members have signed up since the last Executive Committee meeting.

Moved: Clive Hempel

Seconded: Grant Jennings

Recommendation: That the SALGFMG Executive Committee notes the report.

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	

6.4 Fees and Charges – Elizabeth Williams (Chairperson), Clive Hempel (Deputy Chairperson)

Elizabeth is still waiting to hear back from the ATO on the final fees and charges. The regular report due to be sent to the LGA for the Local Government Research and Development Scheme funding has been completed.

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

6.5.1 AASB – Measurement of Public Sector's Restricted Assets

This matter was discussed as part of item 6.1 above.

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

There is no update for this meeting.

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

An update report was provided for discussion.

Chris advised that the SALG Grants Commission have previously compiled a list of items to be considered by the committee. These are as follows:

1. Review of elements of the Commission's methodology for distribution Financial Assistance Grants (specific elements to be identified).
2. Review of inconsistencies in data reporting in the Supplementary Return and General Information Return.
3. Review of the content of the General Information Return.
4. Review the lodgement process and form completion of the Supplementary Return.

5. Review the reporting requirements from the functional classification of the Supplementary Return (purpose codes).
6. Review of Appendix B of the Model Financial Statements.

Ongoing Items:

1. Interpretation and analysis of Council's Annual Audited Financial Statements.
2. Consultation on methodology issues including data sources, measures of relativities, etc.
3. Information exchange on Grants Commission Issues (deadlines for returns, changes to data requirements, opportunities to improve processes etc.).

A joint meeting between the working party and the LG Grants Commission has been organised for 13 November. This will primarily be used for Peter Ilee to present to the group the above list, the reasons why the list has been drawn up and how the working party can assist the Grants Commission in addressing the items identified.

It is envisaged that a series of workshops will be held following this initial session to work through the list, most likely with one item per workshop.

LGPI Update

The CPI calculation for September 2020 was published this week. Adelaide CPI was calculated to be 1.0%. The LGPI for the same quarter will now be updated by the University of Adelaide with the data from a number of sources including the ABS.

Adelaide CPI vs LGPI for the past 4 quarters has been as follows:

Quarter Ending	LGPI	Adelaide CPI
September 2019	1.9%	1.9%
December 2019	1.6%	2.1%
March 2020	1.6%	2.4%
June 2020	0.7%	0.8%
September 2020	TBC	1.0%

*All data is % change from corresponding quarter of previous year

Some notable items in the ABS's report that may affect Councils were:

- Automotive Fuel +8.2%
- Water & Sewerage -16.7%

As always, we encourage Councils to submit their Grants Commission returns on time (30 November) as some of this information is used in the calculation of LGPI. Delays in receiving this data may lead to inaccuracies for the LGPI forecasting project.

Moved: Chris Birch

Seconded: Kevin Carter

Recommendation: That the SALGFMG Executive Committee notes the report.

CARRIED

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.
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.

6.8 Local Government Reform – Kate George (Chairperson)

Rebecca advised that Andrew Lamb is working on a table including each element of the Reform Bill. Councils are encouraged to provide feedback to the LGA on staging issues i.e. if the changes go through, will Councils be able to setup processes and systems easily: what will take time and what can be done quickly.

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

Samantha advised that LG Solutions held their virtual training session on the 'Lite' model a few weeks ago and participants found it to be very beneficial.

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	

6.10 Marketing & Communications – David Harman (Chairperson), Kevin Carter (Deputy Chairperson)

David advised that the handover is still to occur from the previous Chairperson. The Summer newsletter will start to be prepared soon.

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

Clive advised that the Planning Code that firstly must be in place for the Metro and Regional Councils is back on public consultation sometime in 'early November' for a period of 6 weeks. Once the Code is in place then ePlanning can be implemented for the Metro and Regional Councils (Phase 3).

The only real update we have is that the Liaison Officer in the Department for Infrastructure and Transport (DIT) advised us that they are working toward a 1 April 2021 'go live' date for the implementation of Phase 3.

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

Simon advised that a meeting was held last week. The Valuer-General is getting ready for the next round of the revaluation initiative. They will be holding a series of webinars and they are also working on the valuation of independent living units, information should be available by the end of January.

With respect to mandatory rebates for community housing associations, they are looking to review if they are compliant under legislation. Andrew Lamb from the LGA discussed setting up a standard template or questionnaire to find out if an association is eligible.

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	Discussed with Andrew Lamb
Adopting rate growth throughout the year rather than waiting until the end of the year.	24/04/20	Simon Zbierski	Discussed with RPSA
Explore options to prepare a submission on reforms of rating valuations of the rating system.	29/05/20	R&V Workgroup	

7. Treasurer's Report

A profit and loss statement from 1 July to 30 September was provided. The Treasurer noted that he events income will likely be down due to COVID affecting the ability of Council participants attending the August event.

Moved: Alex Oulianoff

Seconded: Mike Carey

Recommendation: That the SALGFMG Executive Committee notes the report.

CARRIED

Finance			
Action Items	Meeting	Responsible	Status
Organise for the Executive Committee Office Bearers to be signatories on the NAB account.	25/09/20	Treasurer	Forms to be signed.

8. Correspondence

8.1 WLA Connect – Complimentary Membership

The Executive Committee discussed the complimentary membership and agreed that we will be declining this offer.

9. Other Business

Various items were discussed and the following was noted:

- Burnside Council is currently discussing the capitalisation of trees as assets. Burnside would like to set up a communications group for issues and projects to be able to share ideas. The committee agreed that an informal network of contacts to discuss finance issues would be worthwhile.
- The LGA COVID survey closes today.
- The Secretariat will revisit the 'forum' on the FMG website and organise a promotion of the forum for the next newsletter.

10. Confidential Discussion Items

Nil

Other Business			
Action Items	Meeting	Responsible	Status
LGA Circular regarding the benefits of membership.	25/10/19	Secretariat	
Email proxy details to the Secretariat	25/09/20	All Committee Members	

11. Next Meeting

20 November 2020 – Mid Murray Council

12. Close

The meeting closed at 11:44am.

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 for adoption • Membership Fees Recommendation to AGM • Honorary & Life Member Nominations • Auditor Approach Recommendation • Executive Committee Nominations 	June	Annually
<ul style="list-style-type: none"> • Davin Lambert – LGFA update • Constitution Recommendation to AGM • Auditor Appointment Recommendation to AGM • Honorary & Life Member Recommendation 	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
<ul style="list-style-type: none"> • Buddy List 	October	Annually

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

FMG President, Elizabeth Williams: elizabeth.williams@alexandrina.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, Elizabeth Williams:
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- Fees and Charges Workgroup Chairperson, Elizabeth Williams:
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- 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 & Communications Workgroup Chairperson, David Harman:
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- Planning Portal Contacts: Clive Hempel and Samantha Grieve: chempel@mid-murray.sa.gov.au;
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- Rating and Valuation Workgroup Chairperson, Simon Zbierski: szbierski@campbelltown.sa.gov.au