



AGENDA

South Australian Local Government Financial Management Group Executive Committee meeting to be held on 24 February 2017 at 9:30am at the District Council of Mount Barker (Council Chambers – 6 Dutton Road, Mount Barker)

1. Present

Committee:

- Clive Hempel (President)
- Kate George (Vice President)
- Marcus Smith (Treasurer)
- Karishma Reynolds (Secretary)
- Anita Futterer
- Anna-Lucia Draper
- Annette Martin
- Anthony Amato
- Chris Birch
- Diane Eckermann
- Gary Lewis
- Gary Long
- Julie Campbell
- Kate George
- Leta Northcott
- Mark Lague
- Michael Wetherall
- Norm Biggs
- Pep Piscioneri
- Rajith Udugampola
- Ray Barnwell
- Simon Zbierski
- Stephanie Juhas

Proxies:

Grant Jennings, Alexandrina Council (for Elizabeth Williams)

Observers/Guests:

- Shane Sody, Local Government Association of SA
- Tim Muhlhausler, SA Local Government Auditors Group (SALGAG)
- Kevin Carter, City of Onkaparinga

2. Apologies

- Alexander Oulianoff
- Craig Mudge
- Eion Williamson
- Elizabeth Williams
- Sabine Schuhrer, University of Adelaide

3. Presentations

3.1 Tim Muhlhausler, SA Local Government Auditors Group (SALGAG)

- AASB124 Related Party Disclosures
- Library Debts
- Qualified Internal Control Opinions – lessons learnt 2015/16

4. Confirmation of Minutes

Recommendation: That the minutes of the meeting held on Friday, 20 January 2017 be confirmed as a true and correct record.

5. Business Arising from the Minutes

Nil

6. Treasurer's Report

Recommendation: That the financial statement for the month of January 2017 be noted.

| Treasurer's Report | | | |
|---|---------|-------------|--|
| Action Items | Meeting | Responsible | Status |
| Organise the appropriate licences for the Cloud based QuickBooks Plus and discuss the setup with the Finance Officer. | 26/6/15 | Treasurer | In Progress. Possibly going to use Xero. |

7. Projects/Work Groups – Update/Status

7.1 Seminars – Clive Hempel (Chairperson)

- Conference – 17 March 2017 – Glen Ewin Estate
- AGM – 25 August 2017 – Adelaide Zoo Sanctuary

| Seminars | | | |
|-------------------------------------|---------|-------------------|---|
| Action Items | Meeting | Responsible | Status |
| Discuss dinner sponsorship options. | 30/9/16 | Seminar Workgroup | Dinner sponsorship package to be developed. |

7.2 Membership & Communication – Stephanie Juhas (Chairperson)

| Membership & Communication | | | |
|--|---------|----------------------|---|
| Action Items | Meeting | Responsible | Status |
| Review the Executive Committee visiting Regional LGA meetings to discuss topical issues. | 29/5/15 | Membership Workgroup | To investigate further. |
| Investigate buddying up two members of the Executive Committee per Council to help keep Councils up to date with FMG issues. | 29/5/15 | Membership Workgroup | Clive will raise this in the next FMG newsletter. |

7.3 Rating and Valuation – Norm Biggs (Chairperson)

| Rating and Valuation | | | |
|--|----------------|--------------------|-------------------|
| Action Items | Meeting | Responsible | Status |
| Follow up new representative from City of Port Adelaide Enfield for the Rating and Valuation Workgroup | 20/01/17 | Secretariat | Completed. |

7.4 Local Government Price Index – Chris Birch & Rajith Udugampola

| 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. | 18/3/16 & 29/4/16 | Chris Birch / LGPI Workgroup | Forecasting model in place by Feb/March 2017 for the 2017/18 financial year. Request for quote has been submitted. |

7.5 Newsletter / Website – Elizabeth Williams (Chairperson)

- The Summer 2017 Newsletter, the first newsletter for this calendar year, was released on 19 February 2017. Thank you to the work group for another great edition. The next edition is scheduled for Autumn 2017. If anyone has ideas for future articles or areas of interest please contact one of the workgroup members.
- New look website.

Recommendation: *That the Executive Committee supports the new look of the website and approves that content now be moved over to the new site.*

| Newsletter / Website | | | |
|---|----------------|--------------------|---------------------|
| Action Items | Meeting | Responsible | Status |
| Clive to draft an FMG survey and send it to the workgroup chairpersons. | 31/7/15 | Clive Hempel | In progress. |

7.6 Financial Management Framework – Mark Lague (Chairperson)

- Review of the Draft 2017 Model Financial Statements– FMG Submission.
- AASB124 Related Party Disclosures – ongoing discussions for its implementation and communication within Councils and SALGAG requirements.
- AASB1058 - recognition of a liability for unexpended special purpose grants – preliminary discussion of implementation and application.
- Local Government (Financial Management) Variation Regulations 2017 – LGA Circular 7.1 <http://www.lga.sa.gov.au/page.aspx?c=75131> Note: Asset Renewal Funding Ratio change of name from Asset Sustainability Ratio, delay till the 2018-19 financial year.

| Financial Management Framework | | | |
|--|----------------|--|---------------|
| Action Items | Meeting | Responsible | Status |
| Net Financial Liabilities and AASB 124 to be discussed by the workgroup and report back to the Executive Committee meeting | 25/11/16 | Financial Management Framework Workgroup | |

7.7 Internal Controls & Risk Management – Annette Martin (Chairperson)

7.8 Fees and Charges – Elizabeth Williams (Chairperson)

- The Class Ruling was lodged with the ATO in December 2016. There has been a slight delay with the ATO as they require very specific authorisations from LGA and SALGFMG prior to liaising with BDO on the workgroups behalf. The workgroup is working through these authorisations and at this stage are still expecting the listing will be available for use for the preparation of 2017/18 Council fees and charges.

7.9 Costing Principles – Alex Oulianoff (Chairperson)

| Costing Principles | | | |
|---|----------------|--------------------|---|
| Action Items | Meeting | Responsible | Status |
| Send CWMS benchmarking document to Executive Committee via Google Docs. | 28/10/16 | Alex Oulianoff | To be discussed at the next workgroup meeting. |

7.10 Asset Management – Pep Piscioneri (Chairperson)

| Asset Management | | | |
|--|----------------|--------------------|---------------------|
| Action Items | Meeting | Responsible | Status |
| Develop a list of topics for the Executive Committee to consider for future conferences and workshops and for future agendas of the Executive Committee. | 26/6/15 | Pep Piscioneri | In progress. |
| Check that the CPA document has also been sent to John Comrie together with the Land & Building Valuation Tender document. | 20/01/17 | Secretariat | Completed. |

7.11 Long Term Financial Plan – Anna-Lucia Draper (Chairperson)

| Long Term Financial Plan | | | |
|---|----------------|--------------------|---------------|
| Action Items | Meeting | Responsible | Status |
| Executive Committee to review the Long Term Financial Model Agreement in the new year with David Maxwell. | 25/11/16 | LTFP Workgroup | |

7.12 Dog and Cat Management – Simon Zbierski (Chairperson)

8. Correspondence

Nil

| Correspondence | | | |
|--|----------------|--------------------|-------------------|
| Action Items | Meeting | Responsible | Status |
| Marcus Smith to be registered for the March 2017 WA Finance Professionals Conference | 20/01/17 | Secretariat | Completed. |

9. Other Business

- 9.1 Australia Post Payments (Simon Zbierski)
- 9.2 Digital Business Council - eInvoicing (Clive Hempel)
- 9.3 2017/18 Sponsorship Proposal

Recommendation: That the Executive Committee adopts the 2017/18 Sponsorship Proposal as amended at this meeting.

| Other Business | | | |
|---|----------------|--------------------|--|
| Action Items | Meeting | Responsible | Status |
| Possibility of having an Eyre Peninsula Financial Managers Group (sub group of LGFMG) to assist with keeping in touch with industry changes and Eyre Peninsula city counter parts - President to contact Michelle Tucker and advise her of the Executive Committee's discussion and then contact Regional LGA's to seek their feedback. | 31/10/14 | President | Continue to investigate options. Clive to attend EPLGA Conference |
| Email other states to ask what their issues are with residual values. | 18/03/16 | President | WA Finance Professionals have indicated a willingness to work together. Clive to follow up. |
| One Card Library System – speak with SALGAG regarding the debt issues and what needs to be recognised in the finances and bring an opinion back to the Executive Committee for discussion so that FMG can develop a recommendation/guidelines for all Councils to manage the debt. | 25/11/16 | President | |
| Invite Tim Muhlhausler from SALGAG to the next Executive Committee meeting to discuss AASB124 Related Party Disclosures. | 20/01/17 | Secretariat | Completed. |
| Approach SALGAG for a recommended approach for managing library debt. | 20/01/17 | President | |

10. Next Meeting

31 March 2017 – City of Salisbury

11. Close

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

FMG President, Clive Hempel: chempel@wakefieldrc.sa.gov.au

- Asset Management Workgroup Chairperson, Pep Piscioneri: p.piscioneri@adelaidecitycouncil.com
- Costing Principles Workgroup Chairperson, Alex Oulianoff: aoulianoff@dcmtbarker.sa.gov.au
- Dog and Cat Management Chairperson, Simon Zbierski: szbierski@campbelltown.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
- Internal Controls & Risk Management Workgroup Chairperson, Annette Martin: amartin@charlessturt.sa.gov.au
- Local Government Price Index Workgroup Chairperson, Chris Birch: chris.birch@prospect.sa.gov.au
- Long Term Financial Plan Workgroup Chairperson, Anna-Lucia Draper: anna.draper@cttg.sa.gov.au
- Membership & Communication Workgroup Chairperson, Stephanie Juhas: sjuhas@victor.sa.gov.au
- Newsletter & Website Workgroup Chairperson, Elizabeth Williams: elizabeth.williams@alexandrina.sa.gov.au
- Rating and Valuation Workgroup Chairperson, Norm Biggs: nbiggs@wtcc.sa.gov.au
- Seminars Workgroup Chairperson, Clive Hempel: chempel@wakefieldrc.sa.gov.au

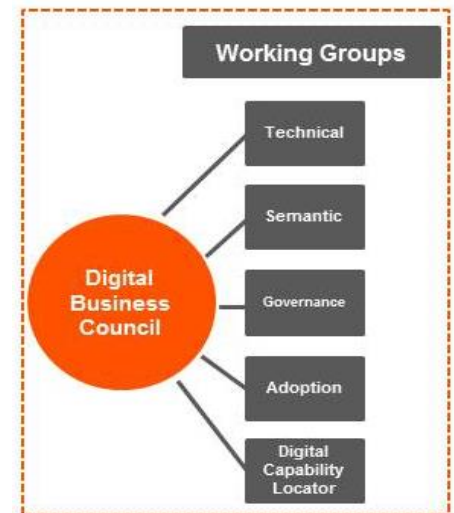
Digital Business Council Briefing Paper

The Digital Business Council (Council) and the ATO are creating an eInvoicing system, that allows a business to send and receive an invoice without any printing, posting, emailing or re-keying. It is faster, less likely to result in errors and cheaper than traditional paper or email invoices.

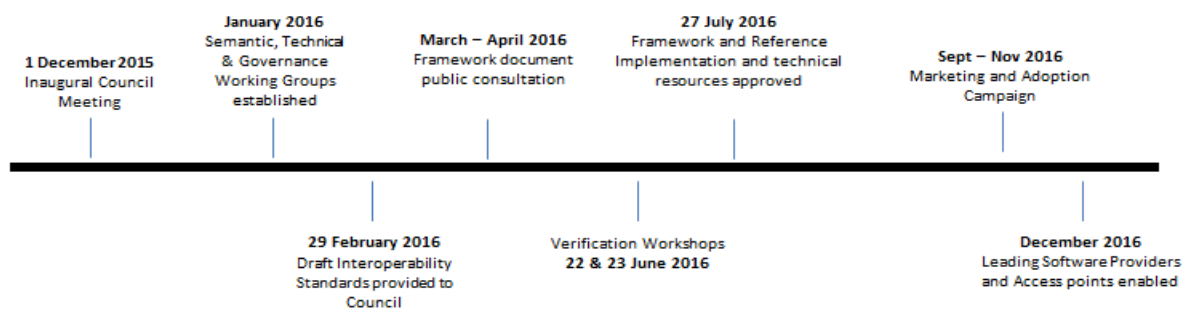
The only way to make this broadly available to businesses is by facilitating an interoperable eInvoicing environment that will allow lots of different technology providers and systems to recognise each other's eInvoices, while using a common directory to manage digital addresses.

Digital Business Council (Council)

- Is a multi-stakeholder consultative forum consisting of 15 representatives from various peak bodies, government agencies, software providers and industry. It is chaired by Peter Strong (COSBOA)
- Research and Secretariat support is provided by the ATO
- Council has 5 working groups with over 45 members, who voluntarily contribute to the work and provide expert advice to Council
- Is regarded as an exemplar of co-design between industry and government, having developed, agreed and published the eInvoicing Interoperability Framework (Framework) as its first significant project
- The Framework is available publicly at digitalbusinesscouncil.com.au



Digital Business Council – Timeline



eInvoicing

- Refers to the digital exchange of invoices and related documents - no paper or email needs to be sent, received or processed
- In Australia, an interoperability framework utilising existing international standards and incorporating implementation guides and governance agreements has been developed
- Small business will benefit from eInvoicing because it will reduce the cost of managing invoices, while requiring little or no investment
- Existing technologies will include eInvoicing and open up previously closed or restricted proprietary “islands of trade”

Digital Capability Locator (DCL)

- Is a single trusted 'digital yellow pages'. This will provide lookup functionality incorporating individual business's digital information, including their digital capability and address
- The DCL is similar to the ABR but with digital business information
- The DCL is a critical piece of centralised infrastructure which allows an access point to discover where a business's digital capabilities are located
- The DCL needs to be freely and openly available and meet high levels of availability

Current situation

- A minimum viable product (MVP) version of the Digital Capability Locator is available for early adopters that will meet test requirements. However, a production version needs to be developed - including agreement on hosting and maintenance as the MVP is not scalable
- eInvoicing was specifically referenced in the budget with a requirement to investigate the feasibility of eInvoicing - including to improve government efficiency
- Efficiencies are expected to be gained by agencies in back office operations
- The Council continues to engage with a range of government agencies and other stakeholders to encourage adoption
- A number of software developers and service providers have provided written support, and are provisionally accredited, in relation to the eInvoicing Framework

Key Outcomes

- Government enabled development of the production Digital Capability Locator (DCL) – including hosting (operations) and maintenance, as an expansion of the ABR
- Council would welcome certainty of ongoing government support. The response to the scope and implementation study announced in the budget should inform this decision

Ongoing work by the Council would include:

- Adoption activities, in particular for small business adoption – potentially in the form of targeted grants – would be a valuable lever to promote early engagement in the sector;
 - ongoing maintenance of the Framework; and
 - further development to enhance automation and increase efficiency across other aspects of the procure to pay cycle.
- There is a role for Australian and State/Territory governments to provide policy leadership as a large player and influencer in the eInvoicing market
 - Encourage confidence in business and government communities that the Framework is a key component in digitisation of the procure to pay lifecycle
 - The Framework and development of the DCL fit the Government's Digital by Default and Fintech strategic priorities

According to the Digital Business Council, eInvoicing could improve efficiency over the traditional paper invoicing process by 60-80% with widespread adoption leading to significant regulatory savings

*The Hon Kelly O'Dwyer
MP 3 May 2016*