



AGENDA SPECIAL MEETING

Friday 3 JULY 2020 10.30am

Attendance via Zoom and to register

<https://us02web.zoom.us/j/83048450443?pwd=QngwT2RUbIRVU0VrRGpTSjQyWE9iUT09>

Meeting ID: 830 4845 0443 Password: 695688

Notice is given that a Special Meeting of the Legatus Group will be held on Friday 3 July 2020 commencing at 10.30am via Zoom meeting

Note the Charter allows for the contemporary linking together by telephone, audio-visual or other instantaneous means ('telecommunications meeting') of the Board Members provided that at least a quorum is present, is deemed to constitute a meeting of the Board. Each of the Board Members taking part in the telecommunications meeting, must at all times during the telecommunications meeting be able to hear and be heard by each of the other Board Members present. At the commencement of the meeting, each Board Member must announce his/her presence to all other Board Members taking part in the meeting. A Board Member must not leave a telecommunications meeting by disconnecting his/her telephone, audio-visual or other communication equipment, unless that Board Member has previously notified the Chair of the meeting.

As meetings of the Board are open to the public this agenda including the links to the meeting have been published on the Legatus Group Website and distributed to all Constituent Councils, RDA Yorke Mid North, RDA Barossa Light Gawler Adelaide Plains, RDA Far North, Northern and Yorke Landscape Board, LGA and all six South Australian Members of Parliament who have seats in the Legatus Group region.

Simon Millcock

Chief Executive Officer

I. MEETING PRELIMINARIES

MEETING ATTENDANCE AND APOLOGIES

The online meeting procedures will be outlined

Meeting Attendance

A roll call will be held at the start of the meeting to confirm attendance.

Apologies: CEOs Andrew MacDonald (Wakefield), Martin McCarthy (Barossa) and Brian Carr (Light)

Reports for Discussion

From: Simon Millcock, CEO, Legatus Group

Recommendation: For information

2. 2020/2021 Legatus Group Business Plan and Budget

Reports for Discussion

From: Simon Millcock, CEO, Legatus Group

Recommendation:

- a. That the meeting notes the report including that the Legatus Group is able to operate after 1 July 2020 without the adoption of a budget due to the reference to the Legatus Group Charter with specific requirements that must be considered at: Clause 5.1.2, the budget must be adopted within 6 weeks of endorsement of the draft budget by all of the Constituent Councils and Clause 5.1.3 Legatus Group may incur expenditure before adoption of its budget for the year but the spending must be provided for in the appropriate budget for the year. In that event, any spending which is expected to be incurred after 1 July 2020 which has not been approved by all of the Constituent Councils in an adopted budget, must be provided for in the budget which is to be adopted by the Constituent Councils.
- b. That the Legatus Group waits on a response from The Barossa Council before being able to further consider adopting the Legatus Group 2020/2021 Annual Business Plan and Budget.
- c. That the Legatus Group seeks legal advice from an external legal firm on compliance of the budget practices in both the current and proposed Charter to confirm that they meet the requirements of the Act.

Background

I. Budget approval

The unconfirmed minutes of the Legatus Group meeting held on 5 June 2020 included that the Legatus Group hold a meeting on Friday 3 July 2020 to consider any comments from Constituent Councils and to adopt the draft 2020/2021 Annual Business Plan and Budget. The minutes show that the Legatus Group CEO provided a report with the agenda outlining the process and responses from constituent councils to the draft business plan and budget and that endorsement had been received from twelve of the councils. The meeting noted that the draft business plan and budget has yet to be considered by Northern Areas and Barunga West Councils. The meeting noted the response from The Barossa Council and that an update of the Long-Term Financial Plan had been provided. Mayor Bim Lange indicated that The Barossa Council were looking forward to receiving the response to their questions and that they were re-thinking services in general to their council. Other sections of the motion included:

- 1) That the Legatus Group agrees in principal to the draft Business Plan and Budget for 2020/2021 subject to endorsement by all Constituent Councils.
- 2) That all Constituent Councils who have not responded regarding the draft 2020/2021 Business Plan and Budget and Strategic Plan and three-year Action Plan provide their response by Friday 26 June 2019.
- 3) That the Legatus Group CEO provides a response to The Barossa Council on their resolution regarding the Legatus Group Business Plan and Budget from their meeting held on 19 May 2020.

The Legatus Group CEO provided the following response (in italics) to The Barossa, Barunga West and Northern Areas Councils on Friday 5 June 2020.

Today's board meeting approved the following with regards the Legatus Group 2020/2021 Business Plan and Budget:

- 1. That the Legatus Group agrees in principal to the draft Business Plan and Budget for 2020/2021 subject to endorsement by all Constituent Councils.*
- 2. That all Constituent Councils who have not responded regarding the draft 2020/2021 Business Plan and Budget and Strategic Plan and three-year Action Plan provide their response by Friday 26 June 2019.*
- 3. That the Legatus Group CEO provides a response to the Barossa Council on their resolution regarding the Legatus Group Business Plan and Budget from their meeting held on 19 May 2020.*
- 4. That the Legatus Group hold a zoom conference meeting on Friday 3 July 2020 to consider any comments from Constituent Councils and to adopt the draft 2020/2021 Annual Business Plan and Budget.*

This was based on the following: The Charter requires that the Legatus Group must before the 30 April prepare and submit a draft annual business plan and budget to councils for the ensuing financial year for endorsement by the Constituent Councils and must adopt after 31 May and within 6 weeks of endorsement by councils.

The Board along with the Audit and Risk Management Committee, Legatus Management Group, Road Transport and Infrastructure Advisory Committee and Community Wastewater Management Committee were aware through previous recommendations and feedback from a working group with the need to expend some of the carry over

reserves and accumulated surplus. This includes the requirement to expend all the funds as per the agreements of the LGA for Rubble Royalties and Capacity Building Grants by June 2021. These funds are required to be expended in the year received although they can be extended to one further year but need to be commenced in the second year. It has been noted previously that there is no funding from Rubble Royalties after June 2020.

The Legatus Group CEO distributed on 16 April 2020 the draft business plan and budget to all Constituent Councils and offered to meet with all Councils to provide them with an update and discuss questions on the 2020/2021 Business Plan. The Legatus Group CEO was invited to attend some council meetings undertaken via on-line formats.

The report provided to Councils includes that it has been recognised by the Board, Audit Committee and Management Group that many of the carry over reserves have been long standing projects and programs that have been acquitted with some dating back several years. These amounts are now to be rolled into general reserves allowing them to be utilised over the coming years for allocations to specific projects. This can allow for leveraging in partnership with councils and or others to gain increased dollars for the region via grants. Noted there will need to be flexibility in the 2020/2021 process due to the impacts of drought and coronavirus which can be addressed in the midterm review.

The proposed deficit is based on utilising the income generated during the past four year and requirement that the Rubble Royalties reserves gained in the past two years need to be acquitted in 2020/2021. The projects have been identified through the recent reports and research projects. As such this would still place the Legatus Group by 30 June 2021 in a sound financial position with cash reserves of around \$745,000 which was the position it was in on 30 June 2017.

Key Assumptions

1. Membership fees no increase.
2. LGA regional capacity grant of \$42,000 continues with no other annual funds from LGA.
3. LGA R&D funding will need to be applied for.
4. RDAYMN unlikely to provide and NY Landscape Board have yet to confirm climate change contribution.
5. CWMS funding for the year is confirmed.
6. State Government and councils yet to confirm a new Brighter Futures project.
7. There would be no contracts entered for project officer roles or commencement of projects until external funding secured for those identified projects.
8. There will be a carryover of funds \$22,000 for Brighter Futures and \$10,000 Youth Volunteering plus subject to when the 2 grants from Green Industries SA and LGA for the Regional Waste Strategy of \$60,000 combined but this is identified as income for 20/21 and if it does come in 19/20 it will just need to be carried over.

On the 3 June 2020 the Legatus Group CEO following receipt from the Finance Officer and with reference to item 11 of the agenda of the Legatus Group Ordinary Meeting being held on 5 June distributed the attached 20/21 Legatus Group Business Plan and Budget and in response to the request from The Barossa Council seeking to know what the Long Term Financial Position (LTFP) was relating to the draft budget. Noting this included the following adjustments:

- Superannuation adjusted back from 10 per cent to 9.5 per cent for 20/21
- Note 14 Regional Waste Strategy - \$30k has been taken out of the Budgeted Income (LGA Grant) as it is included in the current year actuals and full year forecast figures now that it has been received
- \$15k project management income

Responses endorsing the business plan and budget were received from the following 12 councils: Adelaide Plains, Clare & Gilbert Valleys, Copper Coast, Flinders Ranges, Goyder, Light, Mt Remarkable, Orroroo Carrieton, Peterborough, Port Pirie, Wakefield and Yorke Peninsula.

Northern Areas Council advised this will be an agenda item at their 16 June 2020 meeting
 Barunga West Council advised this will be an agenda item at their 9 June 2020 meeting

The Barossa Council advised the Legatus Group CEO on 26 May 2020 of the resolution from their meeting held 19 May 2020.

That Council having reviewed the Legatus Group draft Budget and Business Plan for 2020-21 makes the following comments, given times of potentially constrained revenue generation:

1. Seek response on the following matters:
 - (a) what the long term financial position of the organisation is based on this budget;
 - (b) why superannuation is being paid at 10% when the superannuation guarantee is 9.5% and legislated increases do not commence until the 2021/22 financial year;
 - (c) a comparison of regional executive office wages and duties is undertaken over the next 12 months and provided to each Council for review similar to that undertaken by the Local Government Association previous for Council Chief Executive Officer packages and the McArthur Australian survey.
2. That Legatus reduce its fees by 5% to facilitate the utilisation of cash reserves and continues to address the cash surplus position and provide relief to its member Councils; and

Reserves its right to endorse the Budget and Business Plan until the above matters are addressed.

The meeting was made aware that the next Barossa Council meeting is scheduled for Tuesday 16 June 2020 and please see below the attached response to the Barossa Council questions.

Question 1

- a) attached
- b) correction noted and updates made
- c) comparison of regional executive office wages and duties will be undertaken over the next 12 months and provided to each Council for review similar to that undertaken by the Local Government Association previous for Council Chief Executive Officer packages and the McArthur Australian survey. Whilst noting the current comparison of remuneration as of 5 June 2020 is:

Organisation	Hours	Hourly rate	Notional vehicle value
Legatus Group 15 member councils	Full time	\$77.96	\$15,000
Limestone Coast 7 member councils	Full time	\$79.85	\$8,500
Murray and Riverland 8 member councils	30 hrs / week	\$75.00	Nil
Southern & Hills 6 member councils	25 hrs / week	\$95.00	\$13,623
Eyre Peninsula	23 hrs / week	\$60.72	\$9,000

11 member councils	
Spencer Gulf Cities	<p>Information from Upper Spencer Gulf is that given that the details of the contract between their CEO and USGCPG for supply of services is confidential, it was appropriate for their CEO to consult with the Chair before providing any information.</p> <p>The view is, that the USGCPG is unique in terms of how it engages Executive Officer services, and noting the confidential nature of the information, there is no advantage in benchmarking the terms of that engagement as a comparison.</p>

Q2 - That the proposed subscriptions in the draft budget were set at the same rate as 19/20 and as such no increase is forecasted in the 20/21 budget. The Charter says the Board can raise revenue through subscriptions and levies from Constituent Councils. Every Constituent Council shall be liable to contribute monies to the Legatus Group each financial year. The amount of each Constituent Council's subscription will be decided at the **Annual General Meeting** and will be due and payable within one month of a written request from the Chief Executive Officer for payment. The draft budget for 20/21 was developed based on the current year's subscription of \$11,135. The Barossa Council recommendation of a 5% reduction if proposed at the AGM would make the subscription fee \$10,580. If this is supported it which would require a reduction of income of \$8,325 to the budget.

Please let me know if there is any further information is required and if you would like me to attend your meetings.

The long term financial position of the organisation based on this budget was distributed to all Legatus Group Mayors and CEOs on 3 June 2020 and again to The Barossa, Barunga West and Northern Areas Councils with the above 5 June 2020 response.

The Barunga West Council meeting on 9 June 2020 and the Northern Areas Council on 16 June 2020 both endorsed the 2020/2021 Legatus Group Business Plan and Budget. The Legatus Group CEO made further contact with The Barossa Council re this matter being considered at their 16 June meeting and was advised on 11 June that it wasn't on the agenda as it will most likely go to a special meeting in late June as the Mayor is still thinking about what he wants to explore.

The Legatus Group CEO made contact with The Barossa Council on 23 June 2020 to check on the progress re a special meeting and was advised that the matter did not make their agenda as it was past their date. They confirmed their prior position that the Council at this time does not support the budget and business plan and has reserved it decision. They reiterated prior correspondence that they await a full response to the issues raised most notably a review of the role of Legatus and a review across the regional sector.

The Legatus Group CEO advised The Barossa Council that this would be noted in the report with the agenda to the Legatus Group meeting and that he would seek guidance on the ability to be able to progress with operations in being able to spend before the budget is adopted as the budget requires endorsement by all of the Constituent Councils. Whilst he noted that the review of the role of Legatus and a review across the regional sector was to be done before May 2021 as per The Barossa Councils request which said:

“A comparison of regional executive office wages and duties is undertaken over the next 12 months and provided to each Council for review similar to that undertaken by the Local Government Association previous for Council Chief Executive Officer packages and the McArthur Australian survey.”

The Legatus Group CEO advised that his approach was to have this work undertaken in conjunction with the Review of the Strategic Plan and the Long-Term Financial Plan. The Legatus Group work plan has these reviews scheduled for November 2020. Following consultation with the Legatus Group Chair an approach was made to the Legatus Group Auditors to gain advice. Mr John Jovicevic Partner at Dean Newberry & Partners Chartered Accountants provided the following written advice on 25 June 2020.

I am following up with this email to confirm the following:

- *Per your Charter, there are provisions which enable LEGATUS to operate after 1 July without the adoption of a budget however there are specific requirements that must be considered being:*
 - *Per Clause 5.1.2, the budget must be adopted within 6 weeks of endorsement of the draft budget by all of the Constituent Councils; and,*
 - *Per Clause 5.1.3 LEGATUS Group may incur expenditure before adoption of its budget for the year but the spending must be provided for in the appropriate budget for the year.*
- *In that event, any spending which is expected to be incurred after 1 July which has not been approved by all of the Constituent Councils in an adopted budget, must be provided for in the budget which is to be adopted by the Constituent Councils.*

Also, to note, under the Act, Schedule 2 Section 25(2)(d) states that each budget of a subsidiary — ‘must be adopted after 31 May for the ensuing financial year, and before a date fixed by the constituent councils’. As noted in our discussion, you may wish to consider obtaining advice from an external legal firm on the compliance of your budget practices to confirm that they meet the requirements of the Act. If I can be of any further assistance, let me know.

2. Charter variations re budget

The Legatus Group meeting of 5 June 2020 endorsed a change to the Legatus Group Charter Item 5 and the Legatus Group CEO distributed the following to Legatus Group members on the 12 June 2020.

The Legatus Group meeting 5 June 2020 received a report from the Legatus Group Audit and Risk Management Committee and the following item was approved:

- 1) That the Legatus Group endorses a change to the Legatus Group Charter Item 5 as outlined in Item 3.2 of the Legatus Group Audit and Risk Management Committee meeting held on 22 May 2020 and that the Legatus Group CEO be requested to provide a report to the Constituent Councils seeking a resolution from each council.

The changes to Item 5 of the Legatus Group Charter which are seeking a resolution from your council is to replace the current item 5 with the following: Item 5: The Budget

- a) The proposed Annual Business Plan and the Budget must be referred to the Constituent Councils at least eight (8) weeks prior to the date of the meeting at which the budget is to be adopted.
- b) Constituent Councils may comment on the Annual Business Plan and the Budget in writing to the Chief Executive Officer at least ten (10) business days before the meeting at which the budget is to be adopted or through its Board Member at that meeting.

- c) The Legatus Group must adopt the Annual Business Plan and Budget after 31 May and before 30 June for the ensuing Financial Year.
- d) The Legatus Group must provide a copy of its adopted Budget to the Constituent Councils within five (5) business days after the adoption of the Budget by the Legatus Group.
- e) Reports summarising the financial position and performance of the Legatus Group against the Budget must be prepared and presented to the Board at each ordinary meeting of the Board and copies provided to the Constituent Councils.
- f) The Legatus Group must reconsider its Budget in accordance with the Act and in a manner consistent with the Act and may amend its Budget for a Financial Year at any time before the year ends.
- g) The Legatus Group must submit to each Constituent Council for approval, any proposed amendment to the Budget that provides for an additional financial contribution by the Constituent Councils.
- h) The contents of the Budget must be in accordance with the Act.

3. 2020/2021 Project updates

Since the 5 June 2020 Legatus Group meeting where the following 2020/2021 projects were supported it can now be confirmed that the following grants have been approved for the Legatus Group:

- LGA Board approved an allocation of \$26,000 towards a Local Government Information Linkages and Capacity Building Program titled: “Inclusive and accessible tourism experiences for the Yorke Peninsula”
- Department Environment and Water (Landscape Board) approved an allocation of \$140,000 towards on stage 2 of the Yorke Mid North Coastal Management Action Plan.

The Yorke and Mid North Alliance meeting on 25 June 2020 discussed the Regional Projects for consideration re the Drought Futures Fund which is being led by the Northern and Yorke Landscape Board. This was to include opportunities for the two Legatus Group projects titled the Smart Irrigation Scheduling and Temperature Sensor System Project and Stormwater Harvesting Project to be included. Given the timing of the delivery of these projects being September – October to link with the summer season and that there are still no guidelines for the Regional Drought Future Fund it was recommended that the Legatus Group projects should proceed as it may be some months before the grant round opens.

Discussions have commenced with Legatus Group CEOs (being led by Dylan Strong) and PIRSA regarding the Open Your World - Community Wellbeing and Resilience Grants program which closes on 17 July 2020. Funding of between \$10,000 and \$100,000 is available for community-based projects that contribute to the wellbeing and resilience of South Australians, with an emphasis on mental, physical (activity and nutrition) and/or social wellbeing. Local government, non-government organisations and community groups (such as arts, sporting and community clubs and associations) in partnership with non-government organisations or local government are eligible to apply. Project proposals should be consistent with the principles of the Statewide Wellbeing Strategy and demonstrate a clear focus on a group or groups who have been disproportionately impacted by COVID-19. Funding is available for the 2020-21 financial year only, with all grant funds to be expended by 30 June 2021. The Grants, administered by Wellbeing SA are not designed to support existing programs or services, or for service delivery to individuals, but are to support new initiatives that contribute to community wellbeing and resilience in response to COVID-19.

3. CLOSE OF MEETING

