



FMWP News June 2009

The SOLGM Financial Management Working Party (FMWP) met on 12 June. The following were the key items of interest”

TAFM

FMWP discussed the future direction of the TAFM project with two key DIA staff members. At the time of writing none of the discussion papers had been released for comment – so far all we’ve seen is what appears to be the first of the next level of papers covering financial strategies.

FMWP affirmed its commitment to robust long-term planning as a key “bottom line” in its approach to TAFM. It considers long-term planning is good for the economy, for the community and for the sector. Having said that it also welcomes ideas that sharpen the focus of plans while retaining their robustness.

FMWP will be having a joint meeting with members of the Strategic Planning Working Party at the end of the month to sort out its response to TAFM.

Exposure Drafts

The exposure draft of SOLGM’s proposed guidance on charging – *The Price is Right* is now open for comment. Submissions will close on Monday 10 August.

Submissions on the discussion paper *A Template for Reporting Local Government Finances* have been extended to close of play on Friday 7 August.

Submissions on both should be sent to Raymond Horan email rhoran@solgm.org.nz or fax 04-978-1285.

Financial Reporting Framework Under Review

We have been advised that the Ministry of Economic Development is reviewing the financial reporting framework. At this point we don’t know too much about this other than a discussion document is to due for issue in the second half of the year.

Accounting Issues About to Resurface

NZICA has released a request for comment on a joint New Zealand – Australian document *Process for Modifying or Introducing Additional Requirements to IFRSs for PBE/NFPs*

The proposed process establishes that the primary focus for making any modification for PBEs would be differences in the user's information needs (which is more or less what we have been saying for some time). In considering differences in needs ASRB proposes three criteria – the nature of the transaction/event and its impact on PBEs, the costs of compliance and the benefits of compliance. There is some helpful discussion around non-cash generating activity and non-exchange transactions that appear to be “right up our alley”.

The approach involves making an estimation of the significance of modification to reporting requirements would have on the financial statements and consistency within the suite of IFRS documents.

While the proof of the pudding is in how the ASRB applies the criteria and process that they set out in this document, it appears to be a reasonable summary of the issues the sector has been concerned about. The Working Party has agreed to lodge a submission – which was circulated by email on 12 June. We think it would be helpful if as many as possible also lodged submissions – even if it is only to say that you agree with the SOLGM submission.

This is one of a number of developments that lead us to believe that accounting standards, and the processes through which these are set are likely to come under some public scrutiny. We understand a report putting one (particularly informed) perspective on the process will be released in the last week of June.

SOLGM is boosting the level of resources it devotes to these matters and would like to announce the appointment of the following to the SOLGM Accounting Issues Subcommittee:

- Bernie Biggs, Christchurch City Council
- Billy Kingi, South Waikato District Council
- Frazer Smith, Tauranga City Council
- Murray Staite, Tasman District Council.

Membership Changes

David Ward, Chief Executive of Horowhenua District Council, will take over as Chairperson of FMWP from 1 July. David replaces Phillipa Wilson, who is standing down both as Chairperson and as a member.

FMWP unanimously elected Blair Bowcott, Deputy Chief Executive of Hamilton City Council to the position of Deputy Chair.

Helen Sellwood, Environment Canterbury replaces Phillipa as a member of the Working Party.