

## FinPro Member Update – Edition 8, 2021

Hello all,

Doesn't a short work week (with a public holiday) just fly!! It gives me great pleasure to write this week's Presidents welcome. The 2021 FinPro Executive meet late last week to start planning for 2021 and also to elect the Office Bearers for 2021.

### **President**

Bradley Thomas (Hepburn SC)

### **Vice-President – Chair Professional Development**

Binda Gokhale (Wyndham CC)

### **Vice-President – Chair Technical**

Tony Rocca (Maroondah CC)

### **Secretary / Treasurer**

Gabrielle Gordon

### **PD Committee Members**

Alan Wilson (Melbourne CC)

Belinda Johnson (Southern Grampians SC)

Charles Nganga (Casey CC)

John Brockway (Surf Coast SC)

Melissa Baker (South Gippsland SC)

### **Technical Committee Members**

Danny Wain (Monash CC)

Fiona Rae (Golden Plains SC)

Mark Montague (Whittlesea CC)

Nathan Morsillo (Greater Bendigo CC)

Simone Wickes (Frankston CC)

Wei Chen (Yarra CC)

I'm thrilled to continue in the role of President and thank the Executive for putting their continued faith in me. 2020 was certainly challenging, but it also made us really think about what we (FinPro) can do to "make our members lives easier".

We hope that the Professional Development program we are now able to offer, especially in a virtual environment, really helps you in your daily work. Please feel free to provide feedback to us about potential topics or how we can do our training better or differently.

In April the FinPro Executive will come together for a planning session. During the session we will look at how we can restart meeting in person for some future networking and PD opportunities, whilst also continuing our online offerings. You will see our friends at the Revenue Managers Association (RMA) are coming together for their annual conference in April and we wish them well for their [conference](#).

I'm sure many of you are deep into the development of Budgets, Financial Plans and Revenue and Rating Plans right now. I know this is a busy time, however, I hope you are able to also see this time an opportunity to directly input and shape your Council and Community!

**Have a great weekend everyone,**

**Bradley Thomas    President – FinPro**

## Membership News

All councils have now renewed their FinPro Membership. Thank-you for your support.

We welcome the following new members to FinPro:

**Ros Humphrey**, Revenue Business Support Co-Ordinator at Mornington Peninsula Shire

**Blake Paget**, Accountant at Ballarat City Council

**Ross McKean**, Treasurer at Melbourne City Council

If you have any news to share with the FinPro membership please forward this to **Gab**.

## Thank-you to our 2021 Corporate Partners

- Commonwealth Bank
- CT Management
- MAGIQ Software
- LG Solutions
- VOTAR Partners
- Vision Super
- Westpac

Membership Renewal information [available here](#)

Corporate Partnership information [available here](#)

## FinPro Online Professional Development

Following on from a successful event last Friday 26 February, 2021, we have an action-packed online program for March. We hope some or all of these will be of interest to you.

### **Completed:**

- Friday 26 February 2021 - FinPro Online Seminar & AGM – completed. Recordings available
- Friday 5 March 2021 completed. Recordings available
- Wednesday 10 March - Budget Preparation Progress - completed. Recordings available

### **Upcoming**

- Friday 12 March 2021 from 12.30 – 2.00pm Financial Plan Webinar **TODAY**
- Thursday 18 March 2021 from 9.30 – 10.30am - Fraud Awareness
- Friday 19 March 2021 from 12.30 – 2.00pm - Revenue and Rating Plan Webinar

Registration is separate for each event and free for all FinPro Members who are enrolled in the online PD Program.

All sessions will be recorded and shared with members asap after the event.

## **DETAILS OF EVENTS:**

### **FinPro Online Seminar & AGM – held Friday 26 February 2021**

This seminar concentrated on two main topics:

- The Economy
- Local Government Act 2020 Update (including the launch of the Model Budget 2021/22, Model Financial Statements)

**[Further details including slides and recordings of each session are available here.](#)**

### **Model Accounts and Model Budget – held Friday 5 March 2021**

This webinar covered the following:

- Key changes to the 2020-21 Model Accounts and associated better practice guidance;
- Key changes to the 2021-22 Model Budget and associated better practice guidance, including new requirement for a 4-Year Budget;
- Other topical planning and reporting matters; and
- Opportunity to raise any questions or queries you have about the Model Accounts or Model Budget.

**[Further details including slides and recordings of each session are available here.](#)**

**See also on page 5 of this edition of the Member Update some additional answers to questions asked during the webinar that we not answered on the day.**

### **Budget Preparation Progress – held Wednesday 10 March**

Following from our webinar panel in December, FinPro ran follow up session to discuss how Councils are progressing with the preparation of their 2021/22 Annual Budgets.

Danny Wain facilitated this session where we heard from a range of councils about their progress, the challenges they are facing and the timelines they are following.

Speakers were Fiona Rae, Finance Manager at Golden Plains Shire, Dennis O’Keeffe, CFO at Port Phillip City Council and Simon Rennie, Director Corporate Services at Moira Shire.

**Further details including slides and recordings of each session will be available on our website shortly**

### **Financial Plan – **Friday 12 March 2021 from 12.30 – 2.00pm****

#### **REGISTER NOW**

This webinar will cover the following:

- An introduction to the key aspects of the Financial Plan template and associated better practice guidance;
- A summary of the legislative and regulatory requirements; and
- Opportunity to raise any questions or queries you have about the Financial Plan.

**Fraud Awareness – Thursday 18 March 2021 from 9.30 – 10.30am**

**[REGISTER NOW](#)**

Fraud awareness training is one of the main tenets of a fraud strategy. Educating members in respect of what to look for and how fraud happens, empower them to take the necessary action to mitigate the risk of it occurring, or, when it does occur, address it in the correct way.

Join the team from Crowe Australasia, led by Andrew Zavitsanos, Partner Risk Consulting, as we delve into the topic of fraud awareness.

**Revenue and Rating Plan – Friday 19 March 2021 from 12.30 – 2.00pm**

**[REGISTER NOW](#)**

This webinar will cover the following:

- An introduction to the key aspects of the Revenue and Rating Plan better practice guidance;
- A summary of the legislative and regulatory requirements and how the Revenue and Rating Plan supplements the previous 2014 Revenue and Rating Strategy guidance; and
- Opportunity to raise any questions or queries you have about the Revenue and Rating Plan.

## Technical Update

### Local Government Act Implementation Update

The new Local Government Act 2020 is the most ambitious reform to the local government sector in over 30 years. The Act will improve local government democracy, accountability and service delivery for all Victorians.

The FinPro Local Government Act 2020 Working Groups have completed their respective projects:

- Model Accounts (for year-end 30.6.21)
- Model Budget (for year-end 30.6.22)
- Long Term Financial Plan (The Financial Plan), and
- Revenue and Rating Strategy

Copies of each of the documents are available now on the LGV website – [at this link](#)

In order to keep up to date with the Implementation of the Local Government Act 2020 go to <https://engage.vic.gov.au/local-government-act-2020> for all LG Act information.

# The new Local Government Act 2020



## Follow up questions from the Model Budget / Model Finance Statements Webinar (5.3.21)

Whilst the panel were able to address most of the questions raised during the webinar on 5 March (Model Budget / Model Financial Statement), there were a couple of questions left outstanding at the end of the session which the panellists took on notice to provide responses at a later date.

### **Question 1: Can we please get some clarification with regards to the treatment of “Unearned income” in the Model Statements?**

Response: At this stage the Model Statements have a separate sub note 5.3 (c) Unearned Income that is not going to the Balance Sheet. It might be worth considering for the 5.3 (c) Unearned Income to be a specific line in the Balance Sheet, just like 5.3 (a) and 5.3 (b) have their own specific lines in the Balance Sheet.

The Model Accounts Better Practice Guide allows for councils to use professional judgement in preparing their financial statements and states that the Model represents the “minimum disclosure requirements”. On this basis it is appropriate for councils to determine, based on materiality, whether to add a line item to the Balance Sheet for Unearned income. In the event that unearned income exists but is deemed immaterial the best approach is to amend the existing Balance Sheet line item for “Trust funds and deposits” to “Trust funds and deposits and other” and link unearned income to this line item. It is recommended that councils discuss their proposed approach with their auditors.

### **Question 2: Section 115 of the LG Act 2020 required the inclusion of proposals to lease land (of sufficient size) to be included in the budget. Is this included in the model and if so in which section?**

Response: The Model Budget does not illustrate the requirement under section 115 of the Local Government Act 2020 to include any proposal to lease land (subject to certain criteria) in the budget. While not expected to impact all Victorian councils, it is nevertheless important for each council to assess whether the provisions of section 115 (and related provisions in section 116) apply and require disclosure in the budget. Any changes to reflect this will be considered as part of the development of the 2022/23 Model Budget.

### **Question 3: Is there any guidance that will be provided around assumptions that could be made around fair valuation of assets given the severity of COVID and also around impairment of assets?**

Response: The Australian Accounting Standards set out the requirements in relation to valuation and impairment of assets. It is difficult to provide guidance through the Model Accounts template given the impacts of COVID-19 on Victorian councils are varied and subject to local factors. The development of support and guidance on the requirement for development of an Asset Plan under the Local Government Act 2020 provides an opportunity to consider further guidance on accounting for assets.



## Vision Super VBI Update

The following information was distributed to councils on 1 March and is shared here as information for members:

### **Local Authorities Superannuation Fund Defined Benefit Plan (LASF DB) - Vested Benefit Index (VBI) update**

Since our 30 September 2020 update on 23 December 2020, equity markets have improved significantly following the US election and the commencement of COVID-19 vaccinations around the world. However, there is a continuing sense of unease and ongoing market volatility which we are monitoring.

The 31 December 2020 VBI results have been finalised as follows:

As at	30 Jun 2019 (actual)	30 June 2020 (actual)	30 Sep 2020 (est.)	31 Dec 2020 (est)
LASF DB	107.1%	104.6%	104.5%	109.6%

The 31 December 2020 VBI has improved significantly compared to that at 30 September 2020. This is mainly due to:

- Investment returns of 6.5% for the quarter which have increased the asset pool supporting the defined benefit liabilities of the sub-plan, and
- Minimal salary increases advised to Vision Super during the quarter, which have only marginally increased the value of the active member benefit liabilities.

The VBI of 109.6% as at 31 December 2020 satisfies APRA's Superannuation Prudential Standard 160 (SPS 160).

Vision Super is closely monitoring the investment markets to identify potential threats/opportunities that we may be able to avoid/take advantage of to improve the funding position of the sub-plan.

### **Shortfall limit**

Under the superannuation prudential standards, VBIs must generally be kept above a fund's nominated shortfall threshold, currently 97%. When an actuarial review/investigation is in progress, a fund's VBI must be at least 100%.

In the event the VBI falls below the shortfall threshold, the fund's Trustee is required under the superannuation prudential standards (SPS 160) to formulate a restoration plan to restore the VBI to 100% within three years.

### **Next update**

The next VBI review is scheduled as at 31 March 2021, with results expected to be distributed to employers around mid-May 2021.

Vision Super will continue to monitor the sub-plan's VBI at least quarterly and daily during periods of high market volatility.

### **Action required (if any)**

At this stage, no action is required by you.

### **We're here to help**

*If you want to know more about the VBI or LASF DB, in addition to the quarterly updates, we encourage you to get in touch. We understand that defined benefit plans can be complicated and our dedicated team can answer your questions and provide you with information for both member and employer related queries.*

*In the next quarterly update, there will be a link to a short video from the investment team which will provide an update on the investment outlook and the flow on impacts to the management of LASF DB. This will be followed by a short question and answer session for those that are interested.*

*In the meantime, if you have any queries, please contact the Employer Services team on 1300 304 947 or [employerservices@visionsuper.com.au](mailto:employerservices@visionsuper.com.au) .*

*Yours sincerely,*

**Stephen Rowe**  
**Chief Executive Officer**

### **Current positions advertised on the [FinPro Website](#)**

- **EOI – Audit and Risk Committee Member**
- Alpine Shire Council
- <https://www.alpineshire.vic.gov.au/council/careers/current-vacancies/eoi-independent-audit-and-risk-committee-members>
- For further information please contact Nathalie Cooke, Director Corporate at Alpine Shire on 03 5755 0555
- EOI's close on 14 March 2021
  
- **Financial Accountant**
- Alpine Shire Council (Bright)
- <https://www.alpineshire.vic.gov.au/council/careers>
- For further information please contact Dena Vlekkert, Manager Corporate on 0429 065 192
- Applications close 14 march 2021
  
- **Management Accountant**
- City of Greater Bendigo
- [www.bendigo.vic.gov.au/About/Working-at-the-City-of-Greater-Bendigo/Current-vacancies](http://www.bendigo.vic.gov.au/About/Working-at-the-City-of-Greater-Bendigo/Current-vacancies)
- If you require any further information regarding this position, please contact Kate Fox, Coordinator Management Accounting & Analysis on (03) 5434 6322.
- Applications close COB Tuesday March 16, 2021.
  
- **Financial Coordinator**
- Wangaratta Rural City Council
- <https://candidate.aurion.cloud/wangaratta/production/vacancies/2914206661261499~1/edit>
- Further enquiries about this position should be directed to Claire Barnes, Finance Manager on 0428 301 120
- Applications close on March 21, 2021

- **Coordinator Revenue Services**
- Maribyrnong City Council
- <https://maribyrnong.recruitment.com.au/Vacancies/>
- Further enquiries about this position should be directed to Mark Connor, Manager Finance on 0423 845 187 for a confidential discussion.
- Applications close 24 March 2021

**We are also aware of a number of regional and rural councils who are seeking both short term and longer-term assistance. If you are looking for a sea / tree / or other change, please let us know and we can put you in touch with some councils looking for finance professionals.**

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