

FinPro Member Update January 2021 (Edition 1 2021)

President's Message

Good afternoon,

Welcome to the first member update for 2021. I hope you have taken an opportunity to relax over the Christmas/New Year period and catch up with family and friends.

As we said goodbye to one of the weirdest years in our memory, we should look forward to the challenges and opportunities that are ahead of us for 2021. Councils are well into the planning and rollout of the new Integrated Strategic Planning and Reporting Framework. Although this might make things a touch busier over the coming months, it does provide a great opportunity for financial thinking to be at the forefront of decision making. For the first time in Victorian Local Government history, it is now mandatory to have a 10-year financial plan that is supported by asset and workforce plans, assisting in the development of Councils Plans and a Council Vision. As Finance Professionals we should see this as a great opportunity to be there while the decisions are being made.

A massive thanks to our working groups who have progressed a lot of work over the break and have created a draft Model Budget; Model Financial Plan (LTFP) and a Model Revenue and Rating Plan. These are going through some final checks and review and then will be made available for feedback from the sector before we finalise and launch them at our FinPro PD Day in February.

At our FinPro PD Day on the 26th February we will also hold our AGM and elect your new Executive for 2021. We will have details out shortly about the nomination process but if you have thinking about putting your hand up and joining the Executive, I would highly encourage you to have a chat to myself, Gab or another member of the Executive. It's a really rewarding opportunity to work with and assist the sector.

Cheers, Bradley



Bradley Thomas - FinPro President
Interim CEO – Hepburn Shire



Membership News

With Council's updating and renewing their membership for the coming year, we are very pleased and appreciative of the 76 Councils and 3 libraries that have renewed their membership for 2020/21.

We welcome the following new members to FinPro:

Jill Glenister has joined the team at Wodonga City Council as Accountant.

Tony Wu has joined Banyule City Council as Financial Data Analyst.

Alex Pettolino has joined Yarra Ranges Shire as an Executive Officer Finance

We congratulate the following members on their new roles and wish them all the best as they navigate new organisations and roles:

- **Natalie Martin** has moved from Northern Grampians Shire to Southern Grampians Shire to take up the role as Revenue Coordinator.
- **Mark Montague** is leaving Yarra City Council where he was CFO, to take up the role of CFO at Whittlesea City Council. Mark is also a member of the FinPro Executive.
- **Wei Chen** has left Wyndham City Council where she was Finance Manager to take up the role of Manager Financial Services at Yarra City Council. Chen has 'hit the ground running' at Yarra, having been appointed Acting Chief Financial Officer almost as soon as she arrived!
- **Linda Rosendale** has left Melton City Council where she was Systems Accountant to join the team at Ballarat City Council in a similar role, and
- **Bradley Thomas** (President FinPro) has been appointed as the Interim CEO at Hepburn Shire for the next few months as the council seek to find a replacement for Even King who has taken up the role of CEO at Ballarat City Council.

If you have any news to share with the FinPro membership please forward this to [Gab](#).

Membership Renewal information [available here](#)

Corporate Partnership information [available here](#)

FinPro Technical Committee News / Updates

Rating Review and Rating Cap

A reminder that the much-awaited Rating Review and Rate Cap was released by the Victorian Government on 21 December 2020 – [read more here](#).

The FinPro Executive are reviewing this document and will provide a summary of the report shortly.

Local Government Act Implementation

The FinPro Local Government Act 2020 Working Group is meeting for the third time today.

A reminder to go to <https://engage.vic.gov.au/local-government-act-2020> for all LG Act information.

LG Act Implementation Working Group Update

'As some of us were holidaying over the Christmas and New Year break, the Local Government Act Subgroup leads were hard at work meeting and completing draft templates for their various streams of responsibility.

The overall working group is now reviewing the draft templates for the following documents:

- Model Budget and Better Practice guide
- Model Financial Plan and Better Practice guide
- Model Revenue and Rating Plan and Better Practice guide

The working group will complete its review by Friday 29 January 2021 - with the intention of having the draft templates available for comment and feedback in February 2021. The documents will be available on the engage.vic website and will be finalised and launched at the FinPro PD at the end of February.

Financial Policies

Did you know that under section 102 of the Local Government Act a Council must prepare and adopt financial policies that give effect to the financial management principles. These financial policies must include any matters prescribed by the regulations.

FinPro is in discussion with LGV around what policies must be in place and how some templates can be created to streamline these being developed.

Meeting with the Minister Local Government – The Hon. Shaun Leane MP

This week President Bradley Thomas and Vice-President Binda Gokhale met with the Minister Local Government and the LGV Acting Executive Director Local Government. The meeting was a fantastic opportunity to meet the new Minister, explain who FinPro are and chat about some of the difficulties and opportunities for the sector. A whole range of topics were covered including FinPro's rates and budget survey from 2020 and how helpful this was in telling a story about the sector; Financial Sustainability, especially that of rural Councils; Challenges of COVID-19; Rating Review; and the LG Act Implementation.

FinPro will continue our advocacy efforts with the State Government throughout 2020.



The Hon. Shaun Leane MP

- Minister for Local Government
- Minister for Suburban Development
- Minister for Veterans

Council's December Finance Reports

We have been fielding queries from members regarding the new **Local Government Act 2020** (the Act) and mid-year reporting. The Act, under Section 97 (3) requires that, for the second quarterly report of a financial year, must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

97 Quarterly budget report

(1) As soon as practicable after the end of each quarter of the financial year, the Chief Executive Officer must ensure that a quarterly budget report is presented to the Council at a Council meeting which is open to the public.

(2) A quarterly budget report must include—

- (a) a comparison of the actual and budgeted results to date; and*
- (b) an explanation of any material variations; and*
- (c) any other matters prescribed by the regulations.*

(3) In addition, the second quarterly report of a financial year must include a statement by the Chief Executive Officer as to whether a revised budget is, or may be, required.

Revised Budget Determination:

It is FinPro's understanding that variances to income/expenditure for an adopted action/outcome, whether material or not, is not a determining factor requiring Councils to undertake a revised budget process. An example would be, a Council adopting a budget in June, would have experienced COVID impacts that significantly reduced income and increased expenditure more than anticipated - this would not trigger a revised budget process.

The Act provisions for a Revised Budget are;

95 Revised Budget

(1) A Council must prepare and adopt a revised budget before the Council—

- (a) can make a variation to the declared rates or charges; or*
- (b) can undertake any borrowings that have not been approved in the budget; or*
- (c) can make a change to the budget that the Council considers should be the subject of community engagement.*

In essence, undertaking community engagement for a material shortfall in budgets due to Covid impacts for which you have had no control or influence would be meaningless.

Finally, some suggested wording for your mid-year reports could be along these lines and possibly in the recommendation section of your mid-year report;

“The Chief Executive Officer, as required under Section 97(3) of the Local Government Act 2020 is of the opinion a revised budget is not required”

2020-21 Community Infrastructure Loans Scheme

The 2020-21 Victorian State Budget has allocated another \$100 million to the Community Infrastructure Loans Scheme (CILS) to continue to support councils in delivering critical infrastructure to communities across the state.

All Victorian councils will be able to achieve savings through having access to low-interest loans between \$500,000 and \$10 million financed through Treasury Corporation of Victoria (TCV).

In addition, participating councils will receive an interest subsidy from the Victorian Government that will further reduce the interest rate paid by 50 per cent, up to 150 basis points (or 1.5 per cent).

Applications open on 9 February 2021, and close at 2pm on 23 March 2021.

For further information, please visit the CILS webpage [here](#). Guidelines for the program are available [here](#).

If you have any questions, please contact Local Government Victoria on 0411 752 071 or CILS@ecodev.vic.gov.au

Update from VAGO

The following information was distributed to councils by VAGO on 21 January 2021 and is shared with members today in case they missed it elsewhere.

Happy New Year! I hope you had a nice break.

1. VAGO performance audit and other integrity bodies - January 2021 update is **attached** for your reference.
2. 2020-21 audit focus for LG sector:

New audit risks for 2020-21 audit cycle:

- COVID 19 impact on financial report (accounting and disclosure) and performance statement (presentation and disclosure).
- Impact of October 2020 council elections and audit implications - changes to strategic direction, changes to the internal control environment, new related party relationships / transactions etc.,

Accounting and other areas relevant for 2020-21 audit cycle (*points below are not meant to be an exhaustive list*):

- Impact of the LG Act 2020 changes:
 - Councils – no significant impact on Council's financial report and performance statement noted from implementation of LG Act 2020.
 - Regional Library Corporations (RLC) are not a specific type of entity under LGA 2020, but has a **provision** for any new RLCs to be formed up until 1 July 2021 and existing RLCs to continue to operate under LGA 1989 for the next 10 years (until 1 July 2031). This will have an impact on financial reporting for 2020-21. Management to determine and provide auditors with its plans for RLCs as at 30 June 2021/ financial report signing date.
- Expected financial report (accounting and disclosure) matters include:

- Impact of any changes to systems, processes and internal controls due to COVID 19 (e.g. approval process changes due to WfH arrangements, changes to financial delegations etc.,)
 - COVID 19 impact on account balances that involve significant management accounting estimates, judgements and assumptions
 - accounting and presentation of rates revenue adjustments (e.g. % waiver on levied rates).
 - accounting for grant income (expecting the sector to receive additional funding in response to COVID 19) and consideration of sufficiently specific performance obligations to account for these transactions.
 - process to identify and account for any embedded leases when contracts are renewed (e.g., new waste contracts) under AASB 16 *Leases*.
 - any rental relief provided to tenants in response to COVID 19 to comply with requirements of AASB 16 *Leases* (as potentially lease modifications).
 - potential challenges associated with asset revaluation process due to COVID 19 restrictions to be addressed early.
 - any additional year-end provisioning requirements (e.g. we are working with EPA on ‘Financial Assurance for Local Governments managing Landfills’ project).
 - specific financial report disclosures and presentation highlighting the impact of COVID 19 on financial report.
 - new related party transactions and relationships due to council elections.
 - Expected performance statement impact include:
 - Impact of any changes to systems, processes and internal controls due to COVID 19 (e.g., review process changes due to WfH arrangements)
 - additional disclosure requirements to present impact of COVID 19 in the performance statement.
3. Other matters:
- All 79 Councils will receive new VAGO engagement letters (to reflect LG Act 2020 changes) in the next week or so.
 - VAGO audit fees letters for 2020-21 will be issued sometime in late February/ early March.

Kind regards, Sanchu

This email is sent to audit committee members, senior management in local government sector, LGV and FinPro. This email with additional audit related matters will also be forwarded to our audit service providers (ASPs). Feel free to pass this information to anyone who will benefit from it.

Sanchu Chummar

Acting Sector Director, Local Government

Victorian Auditor-General's Office

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Update from Vision Super

The following information was distributed to councils at the end of December 2020:

Local Authorities Superannuation Fund Defined Benefit Plan (LASF DB) - Vested Benefit Index (VBI) update (COVID-19 #9)

Since our 30 June 2020 VBI update on 14 August 2020, equity markets have improved following relaxation of COVID-19 restrictions around the world. However, the lockdown in Victoria and the increasing spread of COVID-19 throughout the world with second wave lockdowns in Europe have resulted in market volatility in the quarter ended 30 September 2020 and during the month of October 2020. However, recent announcements about the effectiveness of a number vaccines under development have been positively received even though the threat of the pandemic remains.

The 30 September 2020 VBI results have been finalised as follows:

As at	30 Jun 2019 (actual)	30 Sep 2019 (est.)	31 Dec 2019 (est.)	31 Mar 2020 (est.)	30 Jun 2020 (actual)	30 Sep 2020 (est.)
LASF DB	107.1%	107.3%	107.7%	102.1%	104.6%	104.5%

The 30 September 2020 VBI has remained relatively unchanged compared to that at 30 June 2020. This is mainly due to:

- Investment returns of 1.7% for the quarter which have increased the asset pool supporting the defined benefit liabilities of the sub-plan
- Salary increases of 1.3% advised to Vision Super during the quarter, which have increased the value of the active member benefit liabilities, and
- An increase in the number of pensioners commencing lifetime during the quarter, which increase the value of the pension member benefit liabilities.

The VBI of 104.5% as at 30 September 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.

Triennial valuation

The triennial 30 June 2020 actuarial investigation has been completed. The Fund Actuary found that the LASF DB plan was in a satisfactory financial position at 30 June 2020 and recommended that all contributions to the plan continue based on the current arrangements that are in place. A copy of the report is available [here](#).

Shortfall limit

Under the superannuation prudential standards, VBIs must generally be kept above a fund's nominated shortfall threshold. When an actuarial review/investigation is in progress the fund's VBI must be at least 100%. As the triennial investigation has been completed, the VBI shortfall threshold is now 97% until the next investigation occurs at 30 June 2020.

In the event the VBI falls below this threshold, an interim investigation is required to be carried out by the Fund Actuary and 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.

Vision Super's new website

We have recently updated our website at www.visionsuper.com.au and the LASF DB employer-sponsor webpage can be found at www.visionsuper.com.au/employers/db/.

Next update

The next VBI review is scheduled as at 31 December 2020. We expect to distribute an update by mid-February 2021. If the equity markets increase in volatility, we will consider more regular VBI updates based on the level of volatility.

Action required (if any)

At this stage, no action is required by you.

If you have any queries, please contact the Employer Services team on 1300 304 947 or employerservices@visionsuper.com.au.

Yours sincerely,

Stephen Rowe
 Chief Executive Officer, Vision Super

FinPro Professional Development

Upcoming Events

FinPro Professional Development Day – 26 February 2021 (incorporating the FinPro AGM) – This event is planned as a hybrid event, run in regions throughout Victoria.

The planned venues at this stage are:

- North Central Victoria – Bendigo
- South West Victoria – Warrnambool
- Eastern Victoria – Traralgon or Morwell
- Metro – Melbourne

The option will also be available to live-stream all morning sessions.

Morning sessions will be the same for all attendees and will be live-streamed to all venues. Planned topics for the morning will be:

- The Victoria Economy, recovery and funding opportunities for LG
- Local Government Act Implementation
- Launch of the Model Budget and Model Financial Statements
- Looking after the most vulnerable in our communities – Victorian Ombudsman and the ESC
- AGM

Following a lunch break, the afternoon sessions will be run separately for each region, with topics to be discussed including:

- Budget Preparation updates

- Community Consultation case studies, and
- How organisations are managing the move back to work / working from home arrangements.

If you have any ideas of speakers, or would be willing to lead any of the above discussions for your region please contact [Gab](#).

Further information about this event will be distributed towards the end of January 2021.

FinPro Leadership Program 2021 – Our next Leadership Program will be held from **16 – 19 May 2021**. Proudly supported by Vision Super, this program will offer the opportunity for up to 12 Emerging Leaders from within the FinPro Membership to take part in a 3-day residential program, onsite at Country Place Kalorama. We encourage all our members to consider applying for this program, or encouraging someone within their Council who they believe would be suitable to apply. Applications will open in February 2021.

FinPro Conference 2021 – This event is booked in at RACV Cape Schanck for **Wednesday 20 – Friday 22 October 2021**.

Previous events

Budget Preparation for 2021/22 –

[Watch now](#). (you may need to go back to the start of the recording – for some reason it wants to start half way through!)

CPD Points for 2020

Throughout 2020 FinPro has continued to provide Professional Development Opportunities for our members. The following is a listing of what we provided during 2020.

Event	CPD Hrs
Seminar – 29 February 2020 at the Melbourne Convention Centre	5.0 hrs
Online Mental Health Session with Wayne Schwass - 1 April 2020	0.5 hrs
Online Mental Health Session with Wayne Schwass – 8 April 2020	0.5 hrs
Online Mental Health Session with Wayne Schwass – 15 April 2020	0.5 hrs
Online Mental Health Session with Wayne Schwass – 22 April 2020	0.5 hrs
Online LGV Update – 27 May 2020	0.5 hrs
Online VAGO Update – 27 May 2020	0.5 hrs
Online FinPro Q&A Session – 29 May 2020	1.0 hr.
Online Session – Setting a new work mindset – 31 July 2020	1.5 hrs
Online FinPro Q&A Session – 6 August 2020	1.0 hr.
Online Webinar – Councillor Onboarding – 1 October 2020	1.0 hr.
Online Webinar – LTFP Session 1 – 22 October 2020	1.0 hr.
Online Webinar – LTFP Session 2 – 22 October 2020	1.0 hr.
Online Mini-Conference – 23 October 2020	3.0 hrs
Online Webinar – Budget Preparation – 10 December 2020	1.0 hr.

Job Vacancies

FinPro is happy to place advertisements on our website for any finance related positions our members councils are advertising. Please send the details through to [Gab](#)

Current positions

- **Chief Financial Officer**
- Yarra City Council
- <https://www.seek.com.au/job/51278977?type=standout#searchRequestToken=b8880a00-90c0-4f62-89f1-0d85f6a4d506>
- For further enquiries please email Jessica Charles at Jessica.Charles@davidsonwp.com
- Closing Date – Saturday 23 January 2021

FinPro Executive Team for 2020

President – Bradley Thomas (Hepburn Shire Council)

Executive Officer – Gab Gordon

Vice-President: Chair Technical Committee – Tony Rocca (Maroondah City Council)

Technical Committee members:

- Danny Wain (Monash City Council)
- Kristy Stephens (Bass Coast Shire)
- Liz Rowland (Western Water)
- Mark Montague (Yarra City Council)
- Nathan Morsillo (Greater Bendigo City Council)
- Vishantri Perera (Yarra Ranges Shire Council)

Vice-President: Chair Professional Development committee – Binda Gokhale (Wyndham CC)

Professional Development Committee members:

- Belinda Johnson (Southern Grampians Shire)
- Charles Nganga (Casey City Council)
- John Brockway (Surf Coast Shire) – also leads the FinPro Mentoring Program
- Kim Jaensch (Frankston City Council) – leads the FinPro Leadership Program

We thank our 2020 Corporate Partners

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

For further information please contact Gabrielle Gordon on 0400 114 015 or at gabrielle@finpro.org.au