

## FinPro Member Update – Edition 17, 2021

Good afternoon members,

Well, the last fortnight certainly has not been what we wanted to hear from the lockdown perspective. I hope you are all hanging in there as well as you can and trying to take some positives out of it all! I do feel incredibly sorry for our Metro members and their family and friends who continue to experience very tough restrictions. I do not lose sight of how lucky I am to live in Regional Victoria.

Although there is plenty going on in the COVID world, it certainly doesn't slowdown in LG land either, especially in our Finance world. We were disappointed to have to move our June PD day to online, but hope you will still get plenty of benefit out of the program on 18 June. We will hear from both the Ombudsman and the ESC and run a practical panel session on how Councils are putting together their Financial Plan.

In the last couple of days, we have been contacted by the MAV to partner with them on the impact of Social Housing and rating arrangements and also by VAGO to look at how Councils manage fraud risk in grants. We will take both opportunities up and provide insight to these areas for our members and the discussions progress.

Look after yourself!

**Bradley Thomas**  
**President – FinPro**  
**CEO Hepburn Shire**



### Upcoming events

**Friday 18 June 2021** – Free online event for all FinPro Members – [Further details here](#)

Topics include:

- The Ombudsman's Investigation into how Councils deal with Financial Hardship
- The ESC Report on Local Government Outcomes 2021, and
- A practical session on finalising Council / City Plans and LTFP's by 31 October 2021

**5 – 8 September 2021** – Leadership Program at Country Place Kalorama

**20 – 22 October 2021** – FinPro Annual Conference at RACV Cape Schanck

## Membership

Welcome to **Natasha Donohue** who has joined the team at Wodonga City Council as Manager Finance.

We also welcome **Simon O'Connor** who has joined the team at Moreland City Council as Finance Unit Manager.

Congratulations to the following membership who have taken on new roles:

**Jason Clissold** - Executive Manager Financial Services with the City of Ballarat (was at Colac Otway)

**Leah Mullins** - Coordinator Management Accounting and Analysis at Greater Bendigo (was at MRSC), and

**Gabby Spiller** – Manager Finance at Surf Coast Shire (was Management Accounting Coordinator at Surf Coast)

## Technical Update

### New Procurement Policies under the Local Government Act 2020

Members should be aware that after 30 June 2021, all councils, are required to comply with S108 & 109 of the Local Government Act 2020 and adopt a new Procurement Policy. The Policy will need to be adopted by 31 December 2021 and will need to be reviewed at least once every four years thereafter.

Under the 2020 Act, Council's will have to establish their own public tender thresholds & exemptions and Council's must consider opportunities for collaboration. The Act also allows greater powers for Councils to engage in beneficial enterprises or co-operative business opportunities which deliver increased public value. There has been significant collaborative work done in preparation for this change with regional groups preparing either one policy or policy guidelines in preparation of their new policies to their council. Check with your procurement team(s) on the progress for your council.

### Local Government Victoria Update – Bulletin 27/2021

**The Bulletin included below was issued by LGV on 28 May 2021 and is included her for your information:**

Note from FinPro: This Bulletin was unexpected and following receipt, the FinPro Executive team has contacted LGV to get further clarity on the content.

The current Budget Document Template and Best Practice Guide provide guidance on how to treat Differential Rates. The point of clarification being sought from LGV is 'where Councils have opted to disclose the legislated requirements in their new Revenue and Rating Plan and not in their four-year budget, whether that will suffice.

We are hoping to gain this clarity over the coming week.

#### **BULLETIN: 27/2021: DISCLOSURE REQUIREMENTS – DIFFERENTIAL RATES**

*Local Government Victoria reviews all council draft budgets annually to identify areas of best practice, concerns and trends. This year's budget process has included new requirements of the Local Government Act 2020.*

*It has come to our attention that a number of council budgets reviewed do not appear to have met all the requirements of s.94(2). Specifically, this is the omission of the required disclosures to specify the objectives of any proposed differential rates. These requirements are described in s.161(2) of the Local Government Act 1989 which remains in force.*

*It is essential that councils ensure their budget documents comply with all requirements of s.94(2) of the Local Government Act 2020 to ensure they are valid, including the validity of any proposed rates and charges.*

*Local Government Victoria has developed updated guidance to support councils through the 2021-22 budget process available here: <https://www.localgovernment.vic.gov.au/strengthening-councils/sector-guidance-planning-and-reporting>.*

*Local Government Victoria is available to provide advice to councils via [lqv@ecodev.vic.gov.au](mailto:lqv@ecodev.vic.gov.au).*

**Julie Reid, Executive Director,  
Local Government Victoria**

## VAGO Update – May 2021

The following update was distributed by VAGO on 27 May 2021 and is included here for your information:

VAGO performance audit and other integrity bodies – [May 2021 update is attached](#) for your reference.

### Cyber security risks in an audit of financial report:

- The cyber security risk is at the **top in the risk agenda for most entities** in an environment where cyber-criminals are increasingly targeting government entities. The AUASB released a [new Bulletin on the Consideration of Cyber Security Risks in an Audit of a Financial Report](#). This Bulletin provides guidance on identifying the cyber security risk to the certain amounts and disclosures in the financial report to assess and respond to the cyber security related material misstatements.
- The computer systems of 50 Western Australian local government entities were probed and the result was the finding of 328 control weaknesses, with 33 considered as significant by the WA Auditor-General. A [news article on this is here](#). Refer to the attached May 2021 update for the link to the report.
- Couple more recent cyber security breach examples- [here](#) and [here](#) to highlight the **increasing nature of this risk**.

### Land and building cost indexation factors

- DTF has released the **land and building cost indexation** factors issued by the Valuer-General Victoria (VGV) for the financial year ending 30 June 2021.
  - The building cost indexation factors are available on [DTF's website](#).
  - You will be able to access Land indexation factors [using your username and password on DTF website](#). I have also attached copies for your reference.

### Streamlining financial reports:

- VAGO recently released an article that **provides you with practical tips and insights** on how to approach and overcome some of the practical challenges of streamlining financial report. This article can be accessed at [the 'Public Sector Perspectives' section](#) of VAGO's website and is part of a new external thought leadership publication series initiative.

### Other matters:

- VAGO **engagement letters** for Councils are now released. We issued few 2020-21 **audit fees letters** this week, with remaining fee letters expected to be issued next week.
- Reminder that VAGO **audit committee forum is on 4 June 2021**. If you are an LG sector audit committee member and would like to attend this session (this is an online session from 9:30 AM- 11:30 AM), please drop me an email.

**Sanchu Chummar**

**Acting Sector Director, Local Government, Victorian Auditor-General's Office**

0472 838 905 | (03) 8601 1636 | [sanchu.chummar@audit.vic.gov.au](mailto:sanchu.chummar@audit.vic.gov.au)

## Vision Super Update

The following information was distributed to councils on Friday 28 May 2021 and is included here for your information:

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

Since our 31 December 2020 update on 11 March 2021, equity markets have continued to improve with a decrease in volatility compared to the previous calendar year which was an unprecedented year with the spread of COVID-19 around the world.

The 31 March 2021 VBI results have been finalised as follows:

As at	30 Jun 2019 (actual)	30 Jun 2020 (actual)	30 Sep 2020 (est.)	31 Dec 2020 (est.)	31 Mar 2021 (est.)
LASF DB	107.1%	104.6%	104.5%	109.6%	111.5%

The 31 March 2021 VBI has improved compared to that at 31 December 2020. This is mainly due to:

- Investment returns of 3% 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 111.5% as at 31 March 2021 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.

### Investment update

As you can see from the above, the performance of the investment markets can have a significant impact of the VBI. Our investment team have prepared a short video on the investment outlook and the flow on impact of this to the management of the sub-plan.

### Next VBI update

The next VBI review is scheduled as at 30 June 2021, with results expected to be distributed to employers around mid-August 2021.

As part of our 30 June year end work, we consider the financial assumptions that underpin the VBI calculations. This includes consideration of the expected future net investment returns and we are currently working with our asset consultant on this. As previously indicated, a drop in the net investment return assumption can lead to a drop in the VBI. At this stage, we are expecting that the net investment return assumption will be reduced

which will have a flow-on effect on the VBI. As a rule of thumb, a 1% drop in the net investment return assumption is currently likely to cause a 5% drop in the VBI.

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.

If you have any queries or need assistance, 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, Vision Super**

## MAV Update – Victorian Budget 2021-22

The following information was distributed to councils from the MAV on 26 May 2021 and is included here for your information:

### Victorian Budget 2021-22

We have [welcomed](#) this year's Victorian Budget which puts the health and wellbeing of Victorian communities at its centre with significant new state spending on mental health and new infrastructure projects. There are many initiatives across the state which will be welcomed by individual councils and regions.

We have prepared a [Members Brief](#) which draws out the main issues and initiatives of interest to local government. We have also noted alignment where relevant with the advocacy recommendations in our [Pre-Budget Position Statement](#).

In summary, funding directly to local government is largely business-as-usual. Sufficient housing supply to attract the significant numbers of professional staff who will be providing new mental health services will be a key issue for rural and regional councils. All councils will continue to have to deal with infrastructure cost pressures due to high labour and materials demand arising from the infrastructure projects being delivered through the Commonwealth/State Government stimulus measures.

I hope this assists your consideration of the Budget and its implications for your council.

**Kerry Thompson | Chief Executive Officer, MAV**

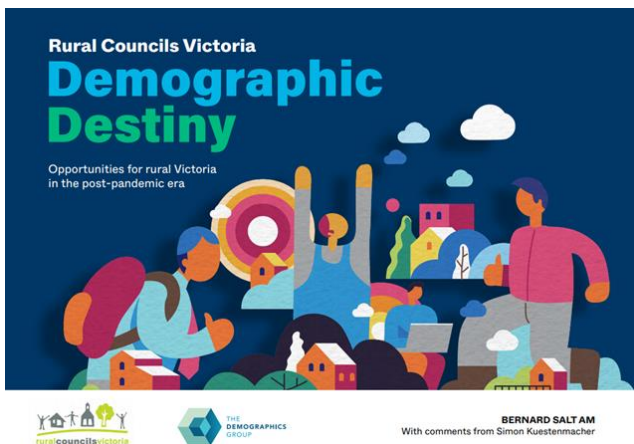
## Local Government Act Implementation Update

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. Copies of relevant information is available on the [LGV website](#)

## General Information

### Rural Councils Victoria Demographic Report

Congratulations to Rural Councils Victoria, who commissioned a report from Bernard Salt who has looked at trends of the 38 Rural Councils. It's a fantastic, easy to read document that provides some key data and comments. Bernard includes a quote that "The future for rural Victoria looks brighter than it has in a long time. Local communities that proactively woo young families, that advertise their benefits loudly and proudly, and that ensure housing availability will most likely fare the best in the coming decade."



The report is available [here](#).

*It is with great pleasure that we can announce that Bernard has been confirmed as a key speaker for this year's FinPro Conference. We look forward to hearing him describing local, state and national trends, especially in a post-COVID environment.*

### What are Gender Pronouns?

Pronouns are used in language all the time when we refer to ourselves or other people. For transgender, genderqueer, and non-binary employees, among others, colleagues using their correct pronoun(s) is vital to feeling respected and ensuring a more inclusive environment. Remember that terminology is more about respect than getting it right. If you make a mistake – for example you use the wrong pronoun – it is best to apologise, thank the person for correcting you, and move on.

Examples of pronouns you might use refer to others are:

- he/him/his (used for most people who identify as a man);
- she/her/hers (used for most people who identify as a woman); and
- they/them/their (for someone who might not identify as strictly a man or woman, or for multiple people).

Other gender-neutral pronouns can include zie or hir. Language continues to evolve, and people may choose to identify with different pronouns that are non-binary. Others prefer not to use pronouns at all, using their name as a pronoun instead.

Why Include Gender Pronouns in your email signatures?

While it might seem like a small step, having the option to include gender pronouns to staff's email signatures is one way we can build inclusivity at work. It helps us promote LGBTIQ+ inclusion by normalising gender pronouns through our work when communicating with colleagues and members of the Monash community. It also brings awareness to something that many people might not have thought about before, and is a visual

reminder in our emails not to make assumptions about someone's gender identity based on their appearance, the sound of their voice, or their name. While mistakes happen, refusing to use someone's correct pronouns is hurtful, and may also be considered discrimination.

"This isn't about political correctness or snowflakes. Imagine if someone relentlessly called you by the wrong name or gender – even just for one day." - Teddy Cook of LGBTQ health organisation ACON

We know that not everyone will feel comfortable in sharing their pronouns in their email signature (or in person – and please remember that if you do need to ask someone's pronouns, please do it politely and preferably privately.) However, for those staff that are comfortable to share their own gender pronouns and opt-in to doing so, it is one small way they can help their colleagues and community feel more accepted, and normalise inclusive practice. This initiative may also be an opportunity to introduce internal discussion about Council's aim to be more inclusive and to also help those colleagues who might have a gender-neutral name (like Andi or Shannon!).

***Thanks to Tracey Egan, Gender Equity Coordinator at Monash City Council for providing this article for us.***

***It is with great pleasure that we can announce that Dr Niki Vincent, the newly appointed Commissioner for Gender Equality in Victoria is also confirmed as a key speaker for this year's FinPro Conference. We are looking forward to hearing her speak about the work she is doing in this important space.***



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

- **Asset Accountant**
- Northern Grampians Shire
- [Link to website for more information](#)
- If you'd like to know more contact Stephanie Burns, People and Culture Officer at [stephanie.burns@ngshire.vic.gov.au](mailto:stephanie.burns@ngshire.vic.gov.au) or call 03 5358 8700.
- Applications close 12.00pm Monday 7 June 2021
  
- **Team Leader Corporate Performance**
- Kingston City Council
- Refer to the [Council website](#) for more information
- Please contact Ange Marshall, Manager Finance and Corporate Performance on 9581 4300 for any queries
- Applications close on Monday 7 June 2021
  
- **Finance Business Partner**
- Rural City of Wangaratta
- Refer to the [Council website](#) for more information
- Please contact Claire Barnes, Manager Finance on 0428 301 120 if you have any further enquiries
- Applications close 13 June 2021

- **Management Accountant (2 positions)**
- City of Ballarat
- Refer to the [Council website](#) for more information
- Additional questions? Contact Luke Wheeler, Senior Management Accountant on 0417 363 493.
- Applications close Sunday 13 June 2021 at 11.59pm
- **Management Accounting Coordinator**
- Surf Coast Shire
- Refer to the [Council website](#) for more information
- Additional questions should be directed to Gabby Spiller on 5261 0600.
- Applications close 5pm on 20 June 2021

## FinPro Executive Team 2021

<b>President</b>	Bradley Thomas (Hepburn SC)
<b>Vice-President – Chair Professional Development</b>	Binda Gokhale (Wyndham CC)
<b>PD Committee Members</b>	Alan Wilson (Melbourne CC) Belinda Johnson (Southern Grampians SC) Charles Nganga (Casey CC) Melissa Baker (South Gippsland SC)
<b>Vice-President – Chair Technical</b>	Tony Rocca (Maroondah CC)
<b>Technical Committee Members</b>	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)
<b>Secretary / Treasurer</b>	Gabrielle Gordon

## Thank-you to our 2021 Corporate Partners

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| <ul style="list-style-type: none"> <li>• APV Valuers and Asset Management</li> <li>• Commonwealth Bank</li> <li>• CT Management</li> <li>• .id informed decisions</li> <li>• Ibis Information Systems</li> <li>• MAGIQ Software</li> </ul> | <ul style="list-style-type: none"> <li>• LG Solutions</li> <li>• Maia Financial</li> <li>• New Era Management</li> <li>• VOTAR Partners</li> <li>• Vision Super</li> <li>• Westpac</li> </ul> |
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## FinPro Contact Details

FinPro (Local Government Finance Professionals Inc.)  
 Executive Officer – Gabrielle Gordon  
 Email: [gabrielle@finpro.org.au](mailto:gabrielle@finpro.org.au)  
 Mobile: 0400 114 015 Web: [www.finpro.org.au](http://www.finpro.org.au)