

## Local Government Act 2020 – Draft Regulations

### FinPro Submission

Thank you for the opportunity to provide a submission to the recently published draft Regulations to the Local Government Act 2020. It is a great opportunity for the sector to provide direct feedback and contribute to the future reporting requirements and how the sector can best meet the requirements of the new Act. The notations, recommendations or points raised above are representative of the FinPro Working Group and Executive, who has been nominated to represent FinPro members. If there are any points of clarity that are required to the above commentary, FinPro would be more than willing to provide further feedback and support towards the finalisation of the regulations document.

It is also worth acknowledging that the 2014 Regulations on the most part have held Councils in a good position to manage such requirements. Having them mostly overlaid into the 2020 Regulations document would then result in a positive outcome. However, where improvements can be made, or, where there are new regulations required, due to new requirements of the Act, this paper aims to provide some contextual feedback from a representative group.

1. This submission is made on behalf of FinPro and its members, because of the work undertaken by the FinPro Local Government Act 2020 Working Group (the Group).
2. The Group has been established to assist in the following:
  - 2.1 Understand the requirements of the Act and Regulations and continue to influence the sector needs where possible;
  - 2.2 Provide information, advice and guidance for the sector, via FinPro and other sector agencies to derive the best result for Councils; and
  - 2.3 Provide input into what would be required in the form of strategies, checklists, templates to achieve compliance with the Act and the Regulations.
3. This submission looks to provide some input into the draft regulations and what the Group considers are important elements worthy of discussion and commentary.
4. The submission is divided into clear and distinctive elements of the regulations.
5. Some of the suggestions may not directly impact the Regulations, however, they hopefully may influence and template documents that are developed going forward.

FinPro looks forward to providing further input through the co-design process.

### Budget: Four-Year Budget (and Revised Budget)

6. It would be of assistance if the Capital Works Statement format was not prescriptive - the Local Government Model Financial Report format is accounting based asset statement, which does not lend itself to being well understood by the Community. By not being so prescriptive, it provides flexibility to all Council types and sizes to manage

the document to meet the needs internally as well as for their Community. This comment would apply to everywhere where the Capital Works Statement is noted in the Regulations. A recommended template, that is not fixed but flexible, however, still provides general guidance of expectations would be of assistance.

7. That the regulations assist in holding Councils accountable for the initial strategic direction, however, at the same time, look to provide Council with an opportunity to review and make amendments along the way as required. Is the intent to reset the four-year budget annually, like SRP and is this then considered a 'Revised' four-year budget?
8. It needs to be clear that there is a level of flexibility, given what Councils budget for in twelve months changes, let alone in four years.
9. List of Grants by type and source, can be difficult to establish, even over a twelve-month period, given some grants are received during the year and difficult to plan for ahead of time. Hence, we would not want this to be too prescriptive.

## **10-Year Financial Plan**

10. Clarity required in this section, as to whether an Income Statement and Balance Sheet is required across the full 10-year period, or whether this is just for the four years as per the four-year Budget requirement.
11. Further clarity is required, in relation to the assumptions built into Council's long-term financial plans. Further clarity would assist, to communicate whether Councils will be required to document and publicise the assumptions across the 10-year period. Also, keeping in mind that assumptions may be more reliable over a 12-36-month period, and less so over an extended period.
12. In relation to the Statement of Capital Works, there should be options for Councils to keep it broad, given some Councils have not got the resource to maintain a complex or overly prescribed document.
13. Even though it is a 10-year financial plan, it should be clear that there will be the opportunity to review the plan on a regular and ongoing basis. Without this opportunity, it would make it extremely difficult to have a plan that is useful and at the same time flexible to respond to changing or unforeseen events. Given that any financial plan that extends over such a period of time, would be considered only indicative in nature.
14. Conceptually, it makes sense to keep Councils accountable for longer planning assumptions and priorities. However, it needs to be strongly acknowledged that it can be revised, as there is no point in following an outdated plan. There are several factors that can change, for example:
  - 14.1 Change of priorities;
  - 14.2 New funding opportunities arise; and
  - 14.3 New challenges emerge requiring Council to respond.

15. As per the four-year budget, FinPro would be keen to understand the discussion and principles of what templates would be required for the statements and whether they would be set-out in a consistent manner to other documents being prescribed, as part of the co-design work.
16. In the other information section of the regulations - some further information as to what a list of capital works expenditure as opposed to a summary means. Given it seems to be requesting both.
17. Whether the Statement of Human Resources needs to be a prescribed element, or more of an optional component.
18. Further, there seems to be a high focus on tracking from regulators on employee numbers when the focus should just be on overall expenditure. Councils work within a rate capped environment, hence, there should be the focus to deliver at a lower cost/best value with internal staff.
19. In relation to Revenue and Rating Plan/Asset Plan - are there minimum requirements to be prescribed for and what should be included in these documents, as this detail wouldn't currently be available in the 2014 regulations.

## Other

20. It is not totally clear where performance measures should be budgeted for - for example, Council Plan, Four-Year Budget, 10 Year Financial Plan or Annual Budget.
21. Potentially, a list of grants by type and source or funder could be excessive as most of the time these are not locked in when the budget is prepared and/or adopted.
22. For Fees and Charges, it is not currently clear whether they should be adopted by Council - perhaps this should be clearer in the guidance materials provided to the sector.

For any queries in relation to this submission, please contact Tony Rocca, Chairperson FinPro Local Government Act 2020 Working Party on 0429 137 698 or via email [tony.rocca@maroondah.vic.gov.au](mailto:tony.rocca@maroondah.vic.gov.au)

**Bradley Thomas**  
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A handwritten signature in black ink, appearing to be 'Bradley Thomas', with a long horizontal line extending to the right.