

FinPro Member Update – Edition 30, 2021

Welcome to the new Executive Committee Team for 2022

We held our AGM last Friday 3 December 2021 at Leonda by the Yarra and were lucky both that we were able to 130 members attend the event in person and that the weather was beautiful.

During the AGM our Executive Committee for the coming year were elected.

1. Aaron Gerrard, Acting CFO, City of Whittlesea
2. Alan Wilson, Financial Controller, City of Melbourne
3. Belinda Johnson, Manager Finance, Southern Grampians Shire
4. Binda Gokhale, CFO, City of Wyndham
5. Bradley Thomas, CEO, Hepburn Shire
6. Charles Nganga, Deputy CFO, City of Casey
7. Chen Wei, CFO, City of Yarra
8. Danny Wain – CFO, City of Monash
9. Fiona Rae, Manager Finance, Golden Plains Shire
10. Nathan Morsillo, Manager Financial Strategy, City of Greater Bendigo
11. Gabrielle Gordon – Executive Officer, FinPro
12. Melissa Baker, Manager Financial Strategy, South Gippsland Shire
13. Simone Wickes, Manager Financial and Corporate Planning, City of Frankston, and
14. Tony Rocca – Manager Finance and Governance, City of Maroondah

The group will hold their first meeting today, Friday 10 December and during this meeting will elect the FinPro Office Bearer positions from within the group:

- President,
- Vice-President - Tech
- Vice-President – PD
- Treasurer, and
- Secretary



Membership

Hello and welcome to new FinPro Members:

Allan Walia who has joined the team and Northern Grampians Shire Council as Finance Officer.

Congratulations to **Blake Paget** on his new role at Hepburn Shire as Senior Accountant. Blake has moved to Hepburn from the City of Ballarat.

Lincoln Fitzgerald, CEO Loddon Shire. In Edition 29 Lincoln's surname was listed as Fairbanks. Our apologies for this error.

Congratulations to **Anushka Lal** who has moved to a new role as Financial Accounting Coordinator at Manningham City Council. Anushka moves there from Boroondara City Council.

Farewell and thank-you from the sector to **Sanchu Chummar**, Acting Sector Director, Local Government at VAGO who is transferring within VAGO to another Directorate. We welcome **Travis Derricott** who will be taking over the role from Sanchu. Travis transfers from the Health Sector.

Upcoming Professional Development

We are excited to be developing out PD Program for 2022, and are planning on running a combination of Live events and webinars throughout the year.

Webinars for 2022 will include:

- Early February – webinar on borrowings and accessing funds through TCV
- 23 – 25 February – FinPro Conference – RACV Cape Schanck
- March – webinar on Climate Change
- May – Professional Development Day at the Melb Convention Centre



If you have any suggestions for webinar topics please send your ideas through to gab.

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](#)

Important Dates in relation to the LG Act:

December 2021

- Workforce Reporting Template – 1 December
- [Chief Executive Officer Employment and Remuneration Policy – 31 December](#)
- [Workforce Plan –31 December](#)
- Recruitment Policy – 31 December
- Staff Code of Conduct – 31 December
- Complaints Policy – 31 December
- [Procurement Policy – 31 December](#)

2022

Asset Plan – 30 June 2022

Federal Budget Announcement

The federal budget will be brought forward to March 29, as the prime minister weighs up an election in early May.

Vision Super VBI Update

The following information was distributed to councils on 2 December and is shared for member information:

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

Since our 30 June 2021 update on 27 August 2021, equity markets continued to improve with only moderate volatility experienced up until 30 September 2021.

The 30 September 2021 VBI results have been finalised as follows:

As at	30 Jun 2019 (actual)	30 June 2020 (actual)	30 June 2021 (actual)	30 Sept 2021 (est.)
LASF DB	107.1%	104.6%	109.7%	109.9%

The 30 September 2021 VBI has increased marginally compared to that at 30 June 2021. This is mainly due to:

- *Positive investment returns for the quarter of 1.45% which have increased the asset pool supporting the defined benefit liabilities of the sub-plan, and*
- *Salary increases of 0.8% advised to Vision Super during the quarter, which have increased the value of the active member benefit liabilities.*

The VBI of 109.9% as at 30 September 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%. The 30 September 2021 VBI calculation of 109.9% exceeded the applicable 97% shortfall limit. 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 December 2021, with results expected to be distributed to employers around mid-February 2022.

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.

Michael Wyrsh . Acting Chief Executive Officer, Vision Super

VAGO Report: Council Waste Management Services and Results of Audits 2020-2021

New audit reports were tabled by VAGO on 2 December 2021. Included here are the basic details of the reports, as well as links to the full reports.

1. [Council Waste Management Services](#)

Do local councils' waste management services provide value for money?

Why this review is important

Local councils are responsible for waste collection, processing and disposal. In 2019–20, Victorian councils spent over \$706 million on delivering waste management services.

Victoria's approach to waste management is undergoing significant reform following our 2019 Recovering and Reprocessing Resources from Waste audit.

What we concluded

Nothing has come to our attention to indicate that councils' waste management services are not providing value for money. This is due to current policy settings as well as market and capacity constraints around kerbside waste collection, which makes up almost 80 per cent of council waste spending. The wide use of competitive procurement through tendering and the small number of potential suppliers means most councils have limited options to make substantial savings.

2. [Results of 2020-21 Audits: Local Government](#)

Each year VAGO provide an audit opinion on the results of financial statements for local governments.

Results of audits

We provided clear audit opinions for financial and performance reports across the local government sector. Parliament and the community can use these reports with confidence.

As at 26 November 2021, the financial audits of one regional library corporation and five associated entities are in progress.

Financial performance

In 2020–21, Victorian councils collectively posted a combined net surplus of \$2.13 billion, compared to \$2.05 billion in the 2019–20 financial year.

This was the result of:

- *\$11.93 billion in revenue (compared to \$11.46 billion in 2019–20)*
- *\$9.80 billion of expenses (compared to \$9.42 billion in 2019–20).*

Key audit matters

In 2020–21, the sector average for net payments on property, infrastructure, plant and equipment was \$0.35 billion, down 5.40 per cent from \$0.37 billion in 2019–20.

In comparison, the sector average for net payments on assets has increased by more than 9 per cent over the last four years.

The decline in asset spending during 2020–21 was greater in growth councils, with a 17.39 per cent decrease in the interface council average. These decreases are mainly due to restrictions on maintenance and construction activity due to COVID-19.

Overall, councils' internal controls remain adequate for reliable reporting, but there are areas for improvement.

What we recommended

We did not make any recommendations in this review, as nothing came to our attention to indicate that councils' major waste management services are not providing value for money given market and capacity constraints, and policy settings.



VAGO Update November 2021

The following update was sent to councils on 29 November 2021 and is shared with members for information:

Hi all,

I hope you are safe and well.

VAGO performance audit and other integrity bodies — [November 2021 update attached](#) for your reference.

2020-21 'LG model financial report' feedback survey:

- *LGV and FinPro are seeking feedback on the 2020-21 model financial report for councils. The **results from this short survey will be used to update the 2021-22 model financial report**. Responses close at COB 7 December 2021. If interested in providing feedback, please complete the survey at: <https://survey.alchemer.com/s3/6558048/Model-Accounts-2020-21-and-Model-Budget-2021-22-Feedback-Survey>*

LG Report to Parliament

- We will table Results of 2020–21 Audits: Local Government Report in Parliament on 2 December 2021. This year we have produced **a shorter and simplified report**. Please do **let us know your feedback** on the new format after you had a chance to go through the report.

Grant acquittals:

- All R2R audit opinions for 2020-21 are released. Audit opinions for LRCI acquittals that are with us will be released this week.

Other matters:

International sustainability standards board (ISSB)

- Climate action and sustainability reporting matters are coming up in many council audit and risk committee agendas that I attend. From a financial (and performance) reporting perspective, there are **some developments that may be of interest to you**. The IFRS Foundation announced the establishment of the International Sustainability Standards Board (ISSB) to develop globally consistent and comparable sustainability disclosure standards. This is a significant global development and public sector reporting will also need to evolve as part of this sustainability reporting journey over the next few years. For a copy of the IFRS Foundation's announcement, please see the [link here](#).

Welcome Travis Derricott to LG

- This is my last monthly update for LG sector as Travis is moving in as LG sector director (from Health sector) and I am rotating into Health sector as a director starting 1 December 2021 (this is a 'soft' transition date as both of us are wrapping up 2020-21 audits for a smooth changeover). Local Government is the only sector I have worked after joining VAGO in 2016. It has been a fantastic experience and I am going to miss it a lot! In the last five years, it has been a **privilege to know about all the important and amazing work Councils do** for the community. In my mind, people make the biggest difference in everything we do, and LG sector **has** the most supportive and collaborative people I have known! I have met most of you (face to face / virtually) during my time in LG. **I thank you for your time, support, and patience** with me. My email address and mobile number are unchanged. So, if there are any loose ends that I need to wrap up for you, please reach out.

I hope we all **have a great (lockdown free) festive season** !! Please do keep in touch.

If you have any queries, feel free to reach out. Have a great week ahead!

Kind regards, Sanchu

Sanchu Chummar

Acting Sector Director, Local Government

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Speakers Corner

We welcome you all to a new section we have titled 'Speakers Corner.' The purpose of this section is to provide an opportunity for members to contribute a story, thought piece or some learnings they have which they feel would be of value for our membership. Whilst the pieces included in this section may not necessarily be the opinion of the FinPro Executive, they are certainly worthwhile sharing and a great basis for discussion and, at times, debate.

Shared Services and the Spirit of Christmas by Malcolm Lewis, FinPro member

As we approach the festive season, the thought of sharing with family and friends is an integral part of the spirit of Christmas. From a local government perspective, the concept of sharing is based on our ability to collaborate with colleagues including the ongoing opportunities to share our collective expertise and resources as we deliver services to the community.

Many councils have undertaken some form of shared services, that, to date, has mainly comprised joint procurement initiatives with some limited form of shared external service delivery.

When rate capping was first introduced, much of the rhetoric suggested that pegging rate increases to CPI would result in some councils becoming financially unsustainable. At the time, it was suggested that a more radical shift to the sharing of both front of house as well as back of house services would be necessary to enable councils to reduce their costs in order to offset the loss of revenue from rate capping.

So, five years on from rate capping where are we now? While many councils continue to be financially challenged, except for the impact from covid, we are generally operating 'business as usual' with limited application of shared services, while continuing to deliver most of the outcomes from five years ago.

For shared services to work, council management would often need to relinquish their day-to-day control to either one of the participating councils, a third-party provider or even a new entity owned and controlled by the member councils. Without a compelling mandate it is difficult for management and elected representatives to relinquish this control particularly for services that directly impact their ratepayers and their community stakeholder groups.

On the flip side, as we continue to collaborate and develop the standardisation to key activities, we should be better placed to alleviate the uncertainty associated with relinquishing control of day-to-day functions. For example, we now operate with standard reporting for the Victorian Grants Commission return, the model financial report, the model budget and more recently standard templates and guides to support the implementation of the new local government act.

During the last two years, an impact of the Covid-19 pandemic was to provide council staff with a compelling mandate to work from home. Prior to covid, there was a generally accepted view that not all tasks could be performed by staff working from home. One of the impacts of covid therefore, was a paradigm shift as to what could and could not be achieved when staff operated from home and were restricted to online meetings and communications.

So as we approach the end of a very eventful year and reset for 2022, there will be ongoing opportunities to rethink how we can mitigate the risks, that are sometimes perception rather than evidence based, to better collaborate and share the use of scarce resources.

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

Coordinator Financial Services

- Northern Grampians Shire
- [More information](#)
- Applications close Monday 13 December 2021 at 12.00pm

Finance and Improvement Officer

- Maroondah City Council
- [More information](#)
- Applications close Friday 10 December 2021

Senior Finance Analyst

- Department of Jobs, Precincts and Regionals (Location Gippsland, Latrobe Valley)
- [More information](#)
- Applications close midnight, Monday 13 December 2021.

Team Leader – Commercial Services

- Mornington Peninsula Shire Council
- [More Information](#)
- Applications close 10 December 2021 at 6pm

Director Corporate Services

- Macedon Ranges Shire Council
- [More information](#)
- Applications close Friday 7 January 2022

Thank-you to our 2021 Corporate Partners

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|------------------------------------|----------------------|
| * APV Valuers and Asset Management | * LG Solutions |
| * Commonwealth Bank | * Maia Financial |
| * CT Management | * New Era Management |
| * .id informed decisions | * VOTAR Partners |
| * Ibis Information Systems | * Vision Super |
| * MAGIQ Software | * Westpac |

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