

FinPro Member Update – Edition 2, 2022

President's Message

I hope you have had great week! Couple of cracking days of weather where I am, and Australia have won the Ashes.

Many of you will know that the State Government is undertaking a review of Culture in LG. We believe it is important that we feedback into this review given the importance of ensuring we operate in a great sector. We are asking members to complete a survey and will make a submission to the review. Please complete at [Local Government Culture Project - FinPro Submission \(office.com\)](https://office.com/LocalGovernmentCultureProject-FinProSubmission)

With the postponement of our February conference 😞 you will see dates of our online webinar sessions to be undertaken over the new few months in this week's Members Update.

Looking for something to relax over the weekend, maybe reminisce about the songs that will this year turn 20! [20 Songs That Turn 20 in 2022 - 3BA](#) Far out, even I'm feeling old.



Enjoy your weekend and stay safe,
Cheers, Bradley

Bradley Thomas
President – FinPro and CEO, Hepburn Shire

Membership

Welcome to the following people who have joined our FinPro membership recently:

- **Himani Ahlawat** has joined the team at the City of Ballarat as a Financial Accountant,
- **Steve Baker** has joined the team at Colac Otway Shire as an Accountant,
- **Faith Denhere** has joined the team at Brimbank City Council as an Assistant Financial Accountant,
- **Chris Saw** has joined the team at Colac Otway Shire as an Accountant, and
- **Chloe Willaton** has joined the team at Brimbank City Council as Assistant Financial Accountant.

We also congratulate the following members on taking on new roles:

Lynne Stevenson has joined the team at Colac Otway Shire as Accountant, and

Amy Montalti has moved to Boroondara City Council as CFO. Amy was at Whittlesea CC.

We farewelled Blair Phillips last week. Blair has left the sector after 10 years. He was Manager Finance at Towong Shire.

Upcoming Professional Development

- Local Government Lending Framework Webinar – speakers will be from both TCV and the FinPro Executive – **Thursday 3 February 2022 from 11.00am– 12.00noon**
- FinPro Conference – **Wednesday 26 – Friday 28 October 2022**

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.

[Link to LGV Local Government Act 2020 Website](#)

Recruitment Policy Guide

The *Recruitment Policy Guide for Local Government*, which has been drafted in collaboration with human resources professionals from across local government and the Australian Services Union, has been uploaded on [EngageVic](#) and the [LGV website](#). The Guide contains core principles of recruitment such as transparency, merit and equal opportunity which will assist Councils in developing their recruitment policies.

Asset Plan

The Asset Plan guidance material, *Making the Big Picture Simple – Asset Plans and the Local Government Act* will be released in January 2022 and made available on the [EngageVic](#) and the [LGV website](#). Note that Councils are expected to complete their Asset Plans by 30 June 2022 and that deliberative engagement is not required for the first iteration of the Asset Plan.

For queries and more information, please contact LGAct@ecodev.vic.gov.au.

Local Government Culture Project – FinPro Survey

The State Government is currently undertaking a Local Government Culture Project, and is asking individuals, peak bodies and Councils to have a say on how we can improve local government culture so that it continues to be inclusive, safe and a great place to work.

Although this is not directly a financial topic, ensuring that LG is a great place to work is important to FinPro. It would be great if you could complete the attached survey by COB 1 February and we will utilize your feedback to put together a submission to the review.

The survey will take between 5-20 minutes depending on how detailed your submission is and don't feel you need to answer all questions.

More information about the review can be found at - [Local Government Culture Project](#)

[The survey is available here.](#)

Victorian Council Rate Cap Announcement

The Victorian Council Rate Cap has been set for the 2022/23 financial year.

The following article was published by the MAV on 20.1.22 and is shared for member information:

Rate cap sets benchmark for all in COVID recovery

Publish date: 20 / 01 / 2022

By setting the 2022/23 rate cap at 1.75 per cent, the Victorian Government has set the benchmark for what all levels of government should be asking of their citizens as the Victorian economy moves into recovery mode over the next 18 months.

Given the rate cap, it's only right that every Victorian business and household seek to keep the increase in these state government-controlled levy charges capped to 1.75 per cent as well.

While council rates have been capped at an average 2.1 per cent per year since 2016, state government's landfill levy (11.7 per cent) and the fire services levy (5.4 per cent) have both increased by significantly more over the same period.

In a time of COVID recovery, councils are conscious of their role to minimise financial imposts on families and businesses, while we play a leading part in the community's recovery and supporting those most vulnerable.

However, since the introduction of the rate cap, additional ratepayer costs have been driven by these state government charges, levied through rates – rather than local governments.

The impact of ongoing rate capping is that councils around the state are now making serious decisions about service levels and resourcing for programs.

While operating costs continue to rise, the restraint on rates will likely only capture around 40 per cent of the upward cost pressures. In 2022/23, we anticipate staff wage pressures around 2.5 per cent, while materials and services are likely to escalate by 4-5 per cent in the coming year, as these are the trends playing out in the broader economy.

Many councils are facing a double hit of escalating cost pressures in the new financial year combined with major operating deficits in many councils for the last two years. This is particularly the case for those councils that operate significant community and leisure facilities.

With multiple cost pressures in mind, local government is stuck in a parallel universe on expectations. Completing deliberative engagements with our 79 diverse communities across the state, not one community has asked their council to do less.

The sector's concerns were recently backed up by The Centre for Future Work study Putting a Cap on Community: The Economic and Social Consequences of Victoria's Local Government Rate Caps Policy, which was released before the rate cap announcement in December.

The report describes the rate cap as “a one-size-fits-all, blunt instrument, which paid no heed to the budgetary positions of individual councils when it was introduced; and it has compounded any revenue shortfalls since.”

It calculates that “the rate caps have reduced employment in Victoria (counting both direct local government jobs, and indirect private sector positions) by up to 7425 jobs in 2021-22. They have also reduced GDP by up to \$890 million in 2021-22.”

The Fair Go rating approach has no capacity to link into the aspirations of local communities for their councils, or to build council revenue to levels that reflect the needs and concerns of individual communities. Instead, it uses irrelevant indicators like CPI to determine the rate. Costs for maintaining road networks, collecting rubbish and managing kindergartens don't increase at the same rate as groceries, rent or going to the movies.

MAV is calling for the state government to objectively review the rate cap and its implications, with the clear goal to restore financial independence for local government, in order that it can deliver on local community needs and aspirations.

For further information, contact the MAV Strategic Communications team on (03) 9667 5590.

ESC – Councils considering applying for a higher cap

The following information was distributed to councils last week:

This is a reminder to any council considering applying for a higher cap. Councils intending to apply for a higher cap can notify the commission by 31 January 2022. Notifying us helps the Local Government team provide early advice and support by meeting to discuss the higher cap application process. If you would like to arrange a pre-application meeting, please contact the team by email at localgovernment@esc.vic.gov.au .

LGPro Podcasts

LGPro are producing a series of podcasts which will be of interest to many of our members. They provide intimate conversations with local government leaders and sector experts as they tackle the big issues facing council leaders as they arise.

The podcasts are free and accessed via either apple podcasts or on Spotify (go to either apple podcasts or Spotify and type in LGProcast)

Episode 1 - Should Councils Mandate Vaccination for Staff?

Episode 2 - Local Government's Great Resignation

Episode 3 - Why Council Staff are Burning Out

Speakers Corner

We welcome you to 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.

If you have any thoughts you would like to share, please send them through for future FinPro Member Updates.

This week's article is contributed by Malcolm Lewis, a long-time member of FinPro who has worked at many different councils over the years.

Operating to a Budget

The start of the new year is often a trigger point for councils to draft their annual operating budget for the ensuing financial year. With the introduction of rate capping five years ago, Local Government was required to offset the subsequent loss of rate revenue by finding expenditure savings from their recurrent operating budgets.

While this practice identified some cost efficiencies, councils are faced with the ongoing challenge of increasing service demands that require further investment in new and expanded activities. The challenge is how to fund this investment in the context of rate capping as well as restrictions to alternate revenue sources such as government grants and user fees.

Due to time and resource constraints, next year's draft budget is often prepared using the current year budget as a baseline with the inclusion of escalations for expected annual cost movements as well as adjustments for specific service or expenditure demands. Local Government budgets by nature are set conservatively as, during the budget preparation phase, department managers take a risk adverse approach to estimating year-end expenditure. This approach recognises local government budget setting in the context of the political environment and designed as a risk management strategy to avoid an unfavourable outcome in the event of spending overruns.

At the completion of the budget year, the impact to this conservative and cyclical (using the prior year budget as the basis for the ensuing year) budgeting approach is often a year-end underspend. This in turn contributes to the overall higher than budget cash balance at the end of each financial year. Even a relatively small savings for each operating service area, up to say 5%, will often result in a significant year-end underspend that is not fully identified until the budget year is completed and the year-end financials are audited.

Service Based Budgeting is one approach to improve efficiency in operating budgets. Service Based Budgeting is a modified version of zero-base budgeting and designed to align spending levels with the services to be performed. Rather than commencing at a zero-base line for service delivery, as is the case with zero based budgeting, an appropriate starting point is often an agreed percentage of

current spending levels. Rather than focus on the justification of only the incremental increase in budget funding, the Service Based Budgeting approach is designed to assess service outputs in the context of prior years' actual expenditure.

While it is preferable to complete regular and detailed service reviews as the basis to inform the annual budget process, such reviews are time and resource intensive and generally not able to be completed on an annual basis. While some councils stage their services reviews over multiple years the practice to ensure operating budgets are prepared as efficiently as possible continues to remain a challenge.

Service Based Budgeting can be applied as a short-term substitute by matching spending levels with service requirements in the budget preparation phase.

FinPro Professional Development – CPD Points for 2021

Updating your CPD points for 2021? Here is a list of the offerings FinPro have made over the past 12 months:

26.2.21	Half Day Webinar (Economic Outlook, LG Act Implementation)	2 ½ hrs
4.3.21	FCVic Councils Rates Hardship Forum - online	1 ¾ hrs
5.3.21	Model Accounts and Model Budget Webinar	1 ½ hrs
10.3.21	Budget Preparation Progress Webinar	1 hr
12.3.21	Financial Plan Webinar	1 ½ hrs
18.3.21	Fraud Awareness Webinar	1 hr
19.3.21	Revenue and Rating Plan Webinar	1 hr
30.4.21	Financial Plan Support Webinar	1 hr
12.4.21	GST and Cyber Vulnerability Webinar	1hr
18.6.21	FinPro Update webinar	2 ¼ hrs
11.8.21	Let's talk all things deliberative engagement – online webinar	1 hr
14.10.21	Practical tools to help your wellbeing – Clare Desira	1 hr
21.10.21	Debt – Another Resource for Councils to Consider (VLGA Connect)	1 ½ hrs
14-17.11.21	Leadership Program Workshop – CountryPlace Kalorama	21 hrs
3.12.21	FinPro AGM and End of year Update – Leonda by the Yarra	2 hrs

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

Senior Accountant

- Mansfield Shire
- Applications close Monday 24 January 2022 at 5pm
- Details available [here](#)

Manager Business and Performance

- Mansfield Shire
- Applications close Monday 24 January 2022 at 5pm
- Details available [here](#)

Manager Corporate Services

- Alpine Shire Council
- Applications close 6 February 2022
- Details available [here](#)

Procurement Specialist

- Hepburn Shire Council
- Applications close COB Wednesday 2 February 2022
- Details available [here](#)

Accounts Payable Officer

- Moonee Valley City Council
- Applications close 11.45pm, Sunday 30 January 2022
- Details available [here](#)

Thank-you to our 2022 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 |

FinPro Executive Team 2022

President	Bradley Thomas (Hepburn SC)
Vice-President – Chair Professional Development	Belinda Johnson (Southern Grampians SC)
PD Committee Members	Alan Wilson (Melbourne CC) Charles Nganga (Casey CC) Melissa Baker (South Gippsland SC) Aaron Gerrard (Whittlesea CC)
Vice-President – Chair Technical	Tony Rocca (Maroondah CC)
Technical Committee Members	Danny Wain (Monash CC) Fiona Rae (Golden Plains SC) Nathan Morsillo (Greater Bendigo CC) Simone Wickes (Frankston CC) Wei Chen (Yarra CC)
Chair Advocacy and Vision	Binda Gokhale (Wyndham CC)
Secretary / Treasurer	Gabrielle Gordon

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