

FinPro Member Update – Edition 13, 2022

President's Message

Good morning,

Happy Friday, hope you have all had a good week.

Today marks nearly the 100-day countdown to our conference, well 108 but who is counting. The PD Committee met this week and locked most of the agenda in and we will have further announcements over the coming updates.

Sara Harbidge finishes up today as the LGV Executive Director, with Colin Morrison in the Acting role until a permanent recruitment process is finalised. Many of you will have heard directly from Sara at our recent seminar in Melbourne where she provided a LGV Update. We wish Sara well with her new role within State Government, and thank her for her time with LGV.

I'm sure most of you are into audit preparation works, finishing June management accounts, working out how much carry-forwards there is – so plenty to do. Remember, it's always important to take that five minutes out of your day for a cup of coffee/tea, phone call to a friend or family you haven't spoken to for a while, or just to relax a bit. It's amazing how we can get super engrossed in our work and taking the occasion small step for ourselves can give us a bit of perspective.

Enjoy your weekend



Cheers, Bradley

Bradley Thomas
President – FinPro and CEO, Hepburn Shire

Upcoming FinPro Webinar

Assets and ED320 – Online on Friday 22 July, 2 – 4pm

Presented by David Edgerton, Director APV, this free webinar for all FinPro members will provide further detail on ED320 and is a must for all finance professionals responsible for accounting for assets.

[More information here](#)

Membership News

Congratulations to member **Claire Barnes** who has been appointed as Manager- Finance & Rates at Greater Shepparton City Council. Claire was previously at Wangaratta Rural City.

Congratulations to member **Bernard Rohan** who has taken up the role as CFO at Kingston CC. Bernard was previously at the City of Casey.

Technical Updates

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](#)

Rating Reform Working Group

Members of the FinPro Executive Committee have been engaging with LGV as part of their work in drafting Better Practice Guide as support to the Local Government Rating Reform Legislation.

These discussions have covered topics including Service pricing principles, Community and Councillor engagement, Financial Hardship policy settings Debt Recovery practices.

LGV is planning further sessions through July/August with indications that the Rating Reform legislation is currently scheduled to be debated in parliament in early August.

FinPro Advocacy/consultation

FinPro is working with LGV to provide insight and input into any draft Guidance document they are developing in relation to section 110 of the Local Government Act 2020, Entrepreneurial activities.

Once a draft is developed, Finpro will be further consulted with for any guidance.

The Local Government Amendment (Rating Reform and Other Matters) Bill

This Bill progressed through Parliament on 23 June 2022 and is awaiting final assent.

In our last edition of the FinPro Member Update we included a copy of the letter FinPro sent to the Minister Local Government in response to the Bill.

The RMA (Revenue Managers Association) have also responded to the bill with a letter to the Minister, of copy of which follows for member information:

Dear Minister Leane,

RE: Local Government Legislation Amendment (Rating and Other Matters) Bill 2022

I write on behalf of the members of Revenue Management Association Inc. (RMA). With over 200 members, the RMA represents the interests of Local Government Revenue Services teams across all 79 Councils within Victoria.

The RMA fully support the implementation of hardship policies that are fair and equal for our ratepayers. In response to the Ombudsman's findings, the RMA worked in conjunction with FinPro to establish a template Hardship Policy and checklist for Council's to utilise. The RMA also conducted information sessions for our members.

If the proposed legislation is passed in its current form, the RMA feels that there may be unintentional consequences

- *Reduction in interest rate: Ratepayers will not be motivated to pay their Rates by the due date and fall further behind. Council's services will be impacted if there is no incentive to pay Rates by the due date and this will cause a further burden to those ratepayers who did pay on time. Although there is currently an interest rate of 10% per annum, the amount of interest that is charged on overdue rates in year 1 is equivalent to approximately 4% per annum due to interest being calculated from the instalment dates. If the rate goes to 4% for example, interest in year 1 equates to approximately 1.75%.*
- *Circumstances preventing the ability to proceed under section 180A: The Requirement to wait 24 months from a cancelled payment plan, or payment made via a payment option before issuing a complaint will adversely impact ratepayers. They may ignore that they have Rates owing, causing them to fall further behind to a point where it is financially difficult to recover from. Councils also must follow the rules set by the Australian Competition and Consumer Commission and Australian Securities and Investments Commission regarding debt collection, these requirements must also be taken into consideration when Councils initiate debt collection proceedings. These rules already provide a significant amount of guidance and oversight over Council's debt collection practices, and these should be considered alongside any potential legislative changes. A further and real unintended consequence of this potential change is that Councils may become reluctant to provide temporary payment plans to assist those ratepayers most in need.*
- *Minister to make guidelines relating to the payment of rates and charges: Allowing the Minister to make guidelines relating to hardship, interest, processes for applying for payment plans and circumstances in which relief may be provided to ratepayers is too overarching. Our members have a wealth of knowledge and despite the public's perception, aim to act in the best interest of ratepayers. Allowing the Minister to make decisions without extensive consultation with our sector will result in ineffective management of Rates and poor governance.*
- *Councils will no longer be able to use debt collection agencies until all other options have been exhausted: Of the Councils who utilise Debt Collection Agencies, they engage their services to provide gentle early intervention measures, such as text messages, emails, and engagement letters to give ratepayers the opportunity to set up payment plans prior to potential*

Magistrates' Court action. Debt Collection Agencies spend considerable resources to ensure that their staff are effectively trained in the identification of hardship indicators, as well as having the resources to provide flexible arrangements and collection methods. If Councils were required to do this in-house, it places a large resourcing burden on Councils who are already doing it tough under a rate capping environment and skills shortages within the industry.

The RMA feel that the proposed legislation has been based on a few 'bad' examples provided in the Ombudsman's Report. Prior to the Ombudsman's report, those Councils were already moving towards responsible collection of outstanding balances to ensure that Ratepayers based on the MAV Financial Hardship Guidelines. This has been a regular topic of conversation with our members and something that we have provided training and development on over the years. Following COVID and the Ombudsman's Report, most Councils have further developed robust Financial Hardship Policies and practices that support our ratepayers. This legislation has not considered the steps the industry has taken since the Ombudsman's Report was released to further align and improve our hardship policies.

It is most disappointing that this legislation has been tabled in the middle of consultation with Local Government Victoria. The RMA has been involved with a working group; this was set up by Local Government Victoria as a Consultation Group. This group continues to meet, however - legislation has already been tabled before this consultation period has ended and before the scheduled date for discussion about hardship and collection practices. When forming this working group, Local Government Victoria encouraged the RMA to be a part of it and explained that this would enable the RMA to provide input before decisions were made.

If you have any questions, please feel free to contact us via our Secretary, Paul Jones: info@rma.org.au or on 8571 5232.

Kind regards,

***Kolina Johnson on behalf of the Revenue Management Association Inc
RMA President***

VAGO Update – June 2022

VAGO issued their June 2022 Local Government Status Report on 28 June 2022 and a copy is included here for member information – [see link](#)

As well as the Status report, VAGO also included information about approach VAGO at taking to hybrid working – [see link](#)

VAGO also noted: On 22 June 2022, the NSW Audit Office tabled a report relating to the audit of local councils with respect to the 2020-21 financial year. [The status report](#) (page 24 of 28) contains a link to the report. If you have a moment, please check it out as it's always good to have an awareness of issues within a sector, even if in a different jurisdiction.

TCV loan rates as at 6th of July 2022

Maturity	Fixed Rate (Interest only)		Fixed Rate (Principal and Interest*)		Term Floating Rate (Margin to BBSW)	
	Fixed Rate (quarterly)	Fixed Rate (semi)	Fixed Rate (quarterly)	Floating Rate (semi)	Floating Rate (quarterly)	Floating Rate (semi)
1 year	3.0802	3.0914	2.8850	3.0050	0.0551	-0.1333
3 year	3.5769	3.5910	3.3450	3.3900	0.2349	0.0779
5 year	3.8456	3.8616	3.6150	3.6450	0.3714	0.2356
7 year	4.0370	4.0548	3.7850	3.8150	0.4180	0.3016
10 year	4.2863	4.3064	3.9950	4.0200	0.5505	0.4493
12 year	4.4327	4.4543	4.1150	4.1400	0.6526	0.5550
15 year	4.5841	4.6072	4.2750	4.3000	0.8002	0.6978
11am (at call)	1.6650%					
30 days	1.4450%					
60 days	1.7150%					
90 days	2.0150%					
180 days	2.2950%					

These loan interest rates and margins are indicative only and current as at the time of calculation. The rates and margins indicated include the TCV administration fee of 0.115%, the DTF Guarantee Fee of 0.15% and Execution of 0.05%.

*Fixed rate (Principal and Interest) assumes principal balance is reduced to zero over equal instalments until maturity.

Commentary

Bond yields have seen dramatic, and historic, sized moves over the past month. It is a tumultuous time for markets, driven by the cause and effect of globally high inflation pressures being met with a supersized monetary policy cycle. The Australian Government generic 10-year yield hit a multi-year peak of 4.20% mid-June, after a rapid rise. But, since then, has seen an 80bps fall back to 3.4%. Moves this fast are rare, with a two week move of that size only occurring 0.1% of the time over the last 30 years. The moves in shorter dated yields have been almost as rapid, with the 3 year peaking at 3.8% in mid-June and moving back down to 3% in early July.

Volatility in financial markets remains high amid a great deal of economic uncertainty. Markets haven't seen a rise in cash rates of the current speed for many decades, while inflation levels are at multi-decade highs. With the RBA moving interest rates 125bps over three months, to its current rate of 1.35%, this represents the fastest rise since 1994, and there is more to come. Meanwhile, as the forward indicators of economic growth start to show signs of turning over, there remains the tussle between higher inflation risk versus the future prospect of weaker economic growth. It is these competing pressures which are likely to maintain unusual moves in yields, while near term the risks are for higher yields.

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Current positions advertised on the FinPro Website

Management Accountant

- Cardinia Shire Council
- [More information](#)
- Applications close 10 July 2022 (or sooner if position is filled before that date)

Coordinator Financial Accounting and Revenue

- Cardinia Shire Council
- [More Information](#)
- Applications will be accepted up until 10 July 2022 or until this position has been filled.

Management Accounting Coordinator

- Moreland City Council
- [More Information](#)
- Applications close 25 July 2022

Other information

Victorian Ombudsman's Office

The Victorian Ombudsman, Deborah Glass, completes a range of investigations each year. Some relate to Local Government, whilst others relate to other sectors. Generally there is information within these investigations which is of interest and value for our members.

The Victorian Ombudsman's latest investigation relates to complains about public and community housing and a copy of their media release is [available here](#).

2022 FinPro Conference – 26 – 28 October 2022

We are excited to be preparing for our first conference since 2019. The program should be finalised by early August and information as well as registration details will be sent to all members then. In the meantime, we welcome on board the following organisations who have signed up to sponsor this fantastic event:

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|------------------------------------|---------------------------|
| • APV Valuers and Asset Management | • Lygon |
| • Curve Securities | • National Australia Bank |
| • Imperium Markets | • Satori Assured |
| • Inlogik | • TechnologyOne |
| • Insightsoftware | • TCV, and |
| • IT Vision | • Zipform |
| • LG Solutions | |

These organisations join a group of sponsors who had already committed to support our postponed February Conference:

- Commonwealth Bank
- CT Management
- Laminar Capital
- MAGIQ
- NelNet, and
- Westpac, along with
- Sector Partners LGV and
- VAGO

Thank-you to our 2022 Corporate Partners

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FinPro Executive Team 2022

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Chair Advocacy and Vision	Binda Gokhale (Contractor)
Secretary / Treasurer	Gabrielle Gordon

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