

## FinPro Member Update – Edition 5, 2024

### President's Message

We hope your budget development is going to plan!

There continues to be much going on in the sector between each fortnight's members update. This fortnight we have celebrated the significant impact that women make in the sector through International Women's Day, we saw the release of the 2022/23 VAGO report into Local Government Audits and we thank the Minister for listening to the sector regarding the timing of the waste/service charges with her announcement of the ability to delay implementation. We look forward to working with our members over the coming 12 months to further understand the guidelines as we move towards compliance.

Today we are excited and proud to announce the opening of applications for our [2024 FinPro Leadership Program](#). We are delighted to offer 12 local government finance professionals a 3-day leadership experience once again with leading practitioners free of charge. We know that attracting and retaining staff is getting harder and harder across many sectors, but especially within finance in Local Government. This leadership program invests directly in the future for our sector.

Over the years we have seen many recipients of the leadership program go on CFO, Director or even CEO roles within the sector and many have even joined our FinPro Executive. We encourage you or someone in your team to think about submitting an application. Applications are open now and close on Monday 1 April 2024 (Easter Monday)!

Enjoy the weekend!



**Bradley Thomas,**  
**President FinPro and CEO Hepburn Shire**

### Membership News

**We welcome the following new members:**

**Ed Small**, Director Corporate & Governance Services at Moyne Shire,

**Mandy Huang**, Senior Accountant at Banyule City Council,

**Andrew Lovett**, Corporate Planning & Governance Specialist at Wangaratta RCC, and

**Yan Zheng**, Senior Accountant at Banyule City Council.

## Professional Development

### 2024 FinPro Leadership Program – applications now open

New Year! New career aspirations!

FinPro are delighted to offer 12 local government finance professionals a 3-day leadership experience once again with leading practitioners. The program is delivered for free to our members.

This year's program will commence on Sunday 5 May and conclude on Wednesday 8 May. The Program takes place in beautiful Kalorama where you can escape the everyday work pressures to focus on key skill development and knowledge sharing with a group of like-minded people.

Professional development sessions help to increase your depth of knowledge in finance, governance & rates (amongst others) with personal development sessions focused on understanding yourself as a leader and applying those skills within your own teams and the broader organisation.

[Find out more about the program here](#)

Applications close 5pm on Monday 1 April 2024 (Easter Monday)

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## Technical Update

### FinPro Advocacy: Waste service charge and legal advice

The Minister for Local Government, the Hon. Melissa Horne issued the [attached letter](#) to councils last week.

We thank the Minister for listening to the sector regarding the timing and look forward to working with our members over the coming 12 months to further understand the guidelines as we move towards compliance.

Thanks to all the members who joined us for a Webinar last week to discuss the waste charges, along with other advocacy topics. FinPro is very aware that there is the need for more definition and clarity around some elements of the guidelines in the future. Although we're not quite there yet, please have a think about a working group representative from your Council if you have someone who is across the relevant rates, finance and Waste related issues.

## FinPro Advocacy: Inquiry into Local Government funding and services

The FinPro Executive has partnered with the AEC group [AEC Group | ECONOMICS | FINANCE | MARKET RESEARCH | Australia \(aecgroup ltd.com\)](#) to prepare and release a discussion paper for the sector to inform a submission to the upcoming Legislative Council Economy and Infrastructure Committee Inquiry in local Government Funding and Services.

A copy of the discussion paper is available - [AEC Report \(finpro.org.au\)](#)

FinPro encourages our members and the sector to review the discussion paper and provide input to assist in the development of the final submission to the inquiry, via this survey <https://forms.office.com/r/XxmHqkhYHu> by 22<sup>nd</sup> March.

## VAGO – Status Report February 2024

**The following information was distributed to councils on March 6 2024 and is shared here for member information:**

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Please [find attached](#) the VAGO status report for February 2024.

## VAGO – Results of the 2022-23 Audits: Local Government

**VAGO tabled their 2022-23 Audit results on March 7, 2024. A summary of the results has been prepared for member information:**

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The Victorian Auditor General has issued their Results of the 2022-23 Audits: Local Government.

The landing page and full report can be found here: [Results of 2022–23 Audits: Local Government | Victorian Auditor-General's Office](#)

A summary of the key points are as follows:

- 78 of the 79 Councils received clear audit opinions for 2022/23 for both financial statements and performance statements
- It was noted in the 2022/23 Audits of Local Government Report has a number of reporting improvement area including the following areas:
  - Better documented processes for year-end, that can be picked up by all staff
  - Greater levels of communication across key stakeholders
  - With both these points being integral, it was noted that there has been significant staffing changes for particular Councils

- Other findings were that more errors were found in council financial reports and performance statements, noting the need to fix these material errors so that VAGO can issue clear audit opinions.
- Some consistent issues or errors also found in previous years included the following:
  - Quality of disclosures, either incomplete or missing content
  - Property, infrastructure assets, plant and equipment balances in error
- Key recommendations from the report for all Councils were as follows:
  1. Arrange for training sessions to be held with key to be held with key internal stakeholders before 30 June 2024 - as a means to enhance their understanding of financial reporting processes
  2. Assess the adequacy of financial reporting plan, namely:
    - i. Task allocation and timeliness
    - ii. Nature and timing of liaison with other areas in the organisation
    - iii. Quality assurance process
  3. Critically assess whether adequate resource and expertise is available throughout the year and if not, consider engaging an external party.

There were other recommendations for Local Government Victoria and the MAV to consider, which can also be found on page 14 of the report.

## Local Government Bulletin: 3/2024

The following Bulletin was issued on 14 March 2024 and is shared here for member information.

### RESULTS OF 2022-23 AUDITS: LOCAL GOVERNMENT

*On 7 March 2024, the Victorian Auditor-General tabled in Parliament an audit titled Results of 2022-23 Audits: Local Government. The audit report is now available at [www.audit.vic.gov.au](http://www.audit.vic.gov.au).*

*The Victorian Auditor-General's Office (VAGO) has reported clear audit opinions on both the financial and performance statements for 78 Victorian councils. As of 29 February 2024 three audits remained in progress, including one council.*

*The report finds that Councils' short term financial health is fine. The report states that councils face longer-term challenges that require sound financial planning and management to maintain this financial health.*

*The report includes six recommendations addressed to councils, finance teams, audit and risk committees and Local Government Victoria. The recommendations address the following themes:*

- *Planning for and education around the financial reporting process and legislative obligations;*
- *A documented approach to asset valuation and related accounting policies;*
- *The asset valuation oversight role of the council's audit and risk committee; and*
- *The prompt resolution of identified internal control and financial reporting issues.*

*The other recommendations directed to Local Government Victoria relate to enhancements to the model performance statement and the development of a governance training program with the Municipal Association of Victoria.*

*The audit also includes commentary around how councils can improve their reporting processes.*

*VAGO has reported that twenty of the 79 councils did not present their finalised 2022-23 annual report at a council meeting open to the public by 31 October 2023.*

*Please review this audit report and distribute it to councillors, audit and risk committee members and relevant staff. All councils should consider their response to each of the VAGO recommendations and their approach to ensuring timely annual reporting.*

*As per LGV Bulletin 2/2024, councils are required to ensure their budget's financial statements are presented in accordance with the [Local Government Model Financial Report](#).*

**Mike Gooley**

**Executive Director, Local Government Victoria**

## **ESC – Consultation on Maximum interest rate charged on unpaid rates and charges**

Two members of the FinPro Executive team met with the Essential Services Commission, as part of the consultation prior to the ESC providing advice to the Minister for Local Government on the maximum interest rate charged on unpaid rates and charges.

The Minister is seeking, as per the Act, advice on the following points:

- the needs of ratepayers facing financial hardship; and
- the need for disincentives for late payment of rates and charges for those not facing financial hardship; and
- the financing costs incurred by Councils; and
- prevailing commercial rates of interest.

The aim of the meeting was to talk through these points, noting that the interest rate is one of the only levers remaining to disincentivise late or non-payment. Also, making it clear that interest doesn't really get applied to instances of hardship, so in reality should be less of an issue. Lastly, that the rate should consider the cost of Councils processes as they improve them, in terms of rate payer contact, as well as the cost on a lack of cashflow.

## TCV Loan and Investment Rates as of 13 March 2024

	Fixed Rate (Interest Only)		Fixed Rate (Principal and Interest)*		Floating Rate (margin to BBSW)	
Maturity	Quarterly	Semi	Quarterly	Semi	Quarterly	Semi
1 year	4.5212	4.5435	4.6000	4.6200	0.3511	0.1673
3 year	4.3409	4.3613	4.4050	4.4250	0.4906	0.3184
5 year	4.4791	4.5009	4.4100	4.4350	0.6249	0.4755
7 year	4.7164	4.7409	4.5100	4.5400	0.7402	0.6150
10 year	5.0620	5.0904	4.7250	4.7600	0.9199	0.8208
12 year	5.2447	5.2753	4.8700	4.9050	1.0221	0.9332
15 year	5.4533	5.4866	5.0650	5.1000	1.1645	1.0838
11am (at Call)	4.6650				BBSW	
30 day	4.5450				1 Month	4.2950
60 day	4.5850				3 Month	4.3480
90 day	4.6050				6 Month	4.4909
180 day	4.7450					

### TCV Investment rates

TCV note the current TCV 11am/At Call deposit rate has recently increased to 4.30%. The 11am deposit can be easily utilised for council's daily working capital requirements. Instructions to invest/withdraw funds are requested prior to 3pm for transactions to be processed on the same day. We encourage councils to review the rates currently paid on their at-call accounts with their transactional bank and consider this facility to maximise returns on any surplus cash balances.

### TCV Investment rates

Cash	4.3000		4 Month	4.3775
1 Month	4.2850		5 Month	4.4499
2 Month	4.3152		6 Month	4.4809
3 Month	4.3380		1 Year	4.2185

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. Yields have begun to drift higher recently, as stickier than expected US CPI makes it harder for the Fed to begin cutting rates. And with a resilient economy and record equity valuations, the Fed's job is even harder. While we still see three Fed cuts and two RBA cuts this year, there is an increasing risk that these could be pushed out – particularly for the Fed. This puts something of an upside risk on our current forecast track for domestic bond yields.

#### Disclaimer

Treasury Corporation of Victoria (TCV) provides indicative borrowing rates information to its clients for general information purposes only, based on facts and data available to TCV at the time of preparation. Rates, market values, yields and outcomes will be subject to variations due to fluctuations and changed market conditions. TCV therefore does not warrant or represent that these rates will be complete, accurate or suitable for use for any Client purposes. The information provided is not to be taken as indicative of the actual trading price at which TCV, or a third party, is or would be prepared to execute a new transaction or to liquidate or unwind and existing transactions.

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## General Information

### FBT Electric Vehicle Home Charging Rate

**The following information was included in a recent HLB Mann Judd Advisory and Accounting Newsletter and may be of interest to some members who work with FBT.**

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*With the rise in businesses purchasing electric vehicles (EVs) for the use of their employees, the ATO has finalised its guidelines setting out the methodology for calculating the cost of electricity for FBT purposes when an eligible EV is charged at an employee's or an individual's home. The rate of 4.20 cents per kilometre now applies (from 1 April 2022 and for later FBT years). To use this rate, employers will need to keep a record of the distance travelled by the car, and a valid logbook must be maintained if the operating cost method is used.*

*In terms of FBT, the employer now has the choice of either using the methodology outlined in the guidelines or determining the cost of the electricity by determining the actual cost incurred. Once made, this choice applies to each vehicle for the entire year, although the choice can be changed from one FBT year to another.*

***TIP: These ATO guidelines only apply to zero emission EVs and not to plug-in hybrid vehicles which have an internal combustion engine, or to electric motorcycles or electric scooters.***

*A transitional approach applies for the 2022–2023 and 2023–2024 FBT years, whereby if odometer records have not been maintained, a reasonable estimate may be used based on service records, logbooks or other available information. After the transitional period ends, employers will need to keep a record of the distance travelled by each car and a valid logbook must be maintained if the operating cost method is used.*

*Employers are reminded that even if an EV is eligible for an FBT exemption, the benefit must still be included in an employee's reportable fringe benefits amount. Therefore, the taxable value must be determined, and where the employee home-charged the EV throughout the year and paid their electricity bills and provided the employer with the necessary declaration for electricity costs, the home charging electricity cost will form a part of the recipient contribution amount.*

Source: <https://hlb.com.au/media/2024/03/Tax-Alert-March-2024.pdf>

## Current Job Vacancies

FinPro is happy to provide information about any relevant employment opportunities available at our member councils.

To have your organisation's employment vacancies included on our website and in our Member Update please contact our Executive Officer, [Gabrielle Gordon](#)

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[Senior Finance Business Partner](#) – Port Phillip CC    Applications close 17.3.24

[Chief Financial Officer](#) – Yarra City Council    Applications close 28.3.24

[Coordinator Revenue](#) – Bass Coast Shire    Applications close 1.4.24

## Thank-you to our 2023 Conference sponsors.

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## FinPro Executive Team 2024

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<b>Secretary / Treasurer</b>	Gabrielle Gordon

## FinPro Contact Details

Email: [gabrielle@finpro.org.au](mailto:gabrielle@finpro.org.au)

Mobile: 0400 114 015

Web: [www.finpro.org.au](http://www.finpro.org.au)