

FinPro Member Update – Edition 9, 2024

President's Message

Well, another big fortnight! We are all right in the thick of it with budget season, with many Councils' budget out for community consultation, we had the State Budget this week which, as the media reported, was a bit dark and gloomy, and next week we have the Federal Budget. I have my fingers and toes crossed for a bit more positive news for Local Government next week.

A great pleasure for me this week was being able to attend part of our Leadership Program. Thanks to the Executive Team and in particular, Belinda Johnson (Horsham) who put together a great program with a mix of personal skill development combined with technical information and networking opportunities. We look forward to seeing the career progression and development of these 12 fantastic individuals.

Once you have your budget sorted, no doubt its year-end decisions, audit process and preparation for the election and induction, so we have a couple of planned Professional Development Opportunities upcoming that we hope will assist – a technical [webinar on 6 June](#) and our [in-person PD Day](#) on 14 June.

Tony Rocca and I met with representatives of the ESC earlier this week to discuss streamlining of the rate cap variation application process in relation to waste charges, so that Councils can have a simplified process to comply with the new Ministerial Guidelines. It was a positive conversation, and we will now formally write to the Minister and the ESC to request this be progressed. We will keep you updated with progress.

There has been a lot of discussion around rates, including hardship, maximum interest rates, and how best to explain 'rates' to our community and we are speaking with the RMA about how best to have a group discussion on this.

Mid this week Nathan Morsillo (Bendigo) and I met with the AEC Group to discuss the finalisation of our report for the current State Inquiry. We expect the report to be finalised and distributed to members late next week and hope you will find it a useful document in relation to financial sustainability and assist with your submissions to the Federal and State inquiries.

Enjoy the weekend!



Bradley Thomas,
President FinPro and CEO Hepburn Shire

Membership News

We welcome the following new members:

Kristyn Debono has joined the team at Yarra Ranges as Executive Officer Financial Accounting,

Keith Caldwell has joined the team at Mount Alexander for 4 months as a senior Finance Consultant,

Rachael Hewish has joined the team at Corangamite Shire as an Accountant, and

Srini Krishnan joined the team at Darebin CC as CFO back in Feb this year, and we welcome him now.

We farewelled **Amy Montalti** since our last member Update. Amy was the CFO at Boroondara CC and previously was a member of the FinPro Executive Team. She has left us to take up the role of CFO with V/Line and we wish her luck in the new role and thank her for all the work she has done for the sector over many years.

Upcoming Professional Development

Thursday 6 June 2024 – FinPro Webinar – Accounting Standards Update

This will be a Local Government Specific webinar covering topics such as:

- New, revised and upcoming accounting standards,
- AASB 1058 post-implementation review,
- Sustainability reporting latest developments.

We are pleased to be partnering with HLB Mann Judd to present this webinar

Webinar details and registration – this is a free webinar for all FinPro Members

Friday 14 June 2024 – Professional Development Day at the Melbourne Convention Centre

Registrations are now open for this fantastic day of learning and networking. With topics like AI, Council Election Preparation, State and Federal LG Inquiries and a FinPro Update, this is a day not to be missed.

Full details including program and how to register available here

Other PD events coming up:

Wednesday 23 October to Friday 25 October 2024 – Annual Conference at RACV Cape Schnack

Friday 6 December 2024 – End of Year Luncheon, PD and AGM at Leonda by the Yarra

2024 FinPro Leadership Program

Well, that's a wrap!! Leadership 2024 completed.

What a fantastic 3 days spent learning, sharing, thinking and challenging. Congratulations to the 12 participants this year who came to the program ready and willing to learn and I'm sure took away a new level of confidence and additional skills to help them in their working lives – and into the personal realm too.

Thanks to our fantastic technical presenters who are true leaders in the sector and give their time to the program and beyond, preparing and presenting as well as answering queries and questions: Marc Giglio, Aaron Gerard, Simone Wickes, John Brockway, Tony Rocca and Bradley Thomas. The sessions covered off topics including the overall local government planning & reporting framework, the current political environment, legislation and regulations, financial planning, analysis and reporting, rates and valuations management and working with elected members amongst lots of other topics.

Thanks also to Julz Parkin from Hello People Co. who facilitates the personal development part of the program and provides real life context to tricky situations, helped participants navigate the world of self-understanding. Julz also provided advice and support around coaching, guiding and mentoring staff towards high performing cultures.

The 12 participants will now commence a 12-month mentoring program to support them over the coming year as they continue their local government career journey.

Fun Fact: The program has now seen 157 people participate over the past 14 years with around ½ of those people still in the sector today.



Technical Updates

FinPro Advocacy: Inquiry into LG funding and services

State Government – Inquiry into Local Government funding and services – [details here](#)
Submissions by 28 June 2024

Federal Government - Inquiry into local government sustainability – [details here](#) Submissions by 31 May 2024

As previously advised, FinPro Executive has partnered with the AEC group [AEC Group | ECONOMICS | FINANCE | MARKET RESEARCH | Australia \(aecgroupltd.com\)](#) 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. This will also be

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

Once the discussion paper is completed, we will share with all our members. Our aim is to distribute this at least a few weeks BEFORE submissions close (date yet to be released) in order that it may inform your own council's submission.

The FinPro submission is at final draft stage, and we'll email it out separately as soon as its available (hoping to be by end of the week of May 17th).

This report was prepared around the Victorian inquiry – however a number of the sections will be applicable for the Federal inquiry terms of reference – which is (now that we're here...) actually due earlier than the Victorian inquiry.

Any burning issues, contact Nathan Morsillo at n.morsillo@bendigo.vic.gov.au - otherwise look out for a copy over coming weeks that can assist with your own Council's submission.

LGV Bulletin: Introduction of Local Government Amendment (Governance and Integrity) Bill 2024

The following information was distributed to councils on May 1, 2024, and is included here for member information, along with an accompanying commentary from FinPro.

On 30 April 2024, the Government introduced the Local Government Amendment (Governance and Integrity) Bill 2024 into Parliament.

The Bill will make various amendments to the Local Government Act 2020 (the Act) to implement reforms in response to integrity body reports and recommendations, and other government initiatives relating to council integrity, accountability, and governance that are aimed at enhancing standards of governance and behaviour across the sector.

The Bill will:

- *introduce ongoing mandated training for mayors and councillors that expand the existing induction training requirements for councillors*
- *enable the suspension or disqualification of individual councillors found to have created a risk to health and safety, or prevented the council from performing its functions*
- *enhance the enforcement powers of the Chief Municipal Inspector (CMI), including by providing the CMI with the ability to issue infringement notices for certain offences under the Act*
- *make improvements to the councillor conduct framework. This will include creating a power to establish in regulations a model councillor code of conduct and increasing the severity of sanctions available for councillor misconduct, and*
- *improve the operation of provisions relating to Ministerial oversight, appointment powers and the councillor conduct framework.*

The Bill is available on the Victorian Legislation website: <https://www.legislation.vic.gov.au/bills/local-government-amendment-governance-and-integrity-bill-2024>

Further information about the Bill is available on the [Local Government Victoria website](#).

Electoral process timelines

The Bill includes an additional amendment to adjust the electoral process timeline for the 2024 general elections by bringing forward the close of the roll from 57 days before an election to 80 days before the election.

This follows urgent advice from the Victorian Electoral Commission (VEC) and will enable the timeline for other key electoral processes to be adjusted through the Local Government (Electoral) Regulations 2022 to reduce pressure on roll certification, nominations, ballot paper production and quality assurance processes for both the VEC and councils.

Further information about the changes to the electoral process timeline and what this means for councils' operations will be shared with the sector shortly.

Next steps

Local Government Victoria will soon commence work with the sector and other key stakeholders to develop the regulations for the Model Councillor Code of Conduct and for mayoral and councillor training.

This will comprise:

- *a steering committee, with representatives from the sector, to advise on the development of these regulations*
- *public consultations via EngageVic*
- *an opportunity to make a submission on the draft regulations once they have been developed.*

We look forward to sharing more details with you on ways to get involved in this work in due course.

For further information, please contact Hannah Wood, Senior Manager, Local Government Victoria via hannah.wood@ecodev.vic.gov.au for any queries.

Colin Morrison Acting Executive Director, Local Government Victoria

FinPro Commentary - Local Government Amendment (Governance and Integrity) Bill 2024

On 30 April 2024, the Government introduced the Local Government Amendment (Governance and Integrity) Bill 2024 into Parliament.

Some of the key points that the Bill will introduce and aligns with previous messaging from Local Government Victoria includes:

- introduce ongoing mandated training for mayors and councillors
- enable the suspension or disqualification of individual councillors
- enhance the enforcement powers of the Chief Municipal Inspector (CMI), including by providing the CMI with the ability to issue infringement notices for certain offences under the Act
- make improvements to the councillor conduct framework. This will include creating a power to establish in regulations a model councillor code of conduct and increasing the severity of sanctions available for councillor misconduct, and
- improve the operation of provisions relating to Ministerial oversight, appointment powers and the councillor conduct framework.

The actual templates of elements of these changes have not been developed as yet, and there may be opportunities to provide input to what the templates such as the Councillor Code of Conduct may look like.

Electoral Changes

As part of the communications, there were also some changes to the electoral process timelines, key ones noted below:

- Proposed Election Timeline attached
- election period will commence at 12 noon on 17 September 2024 (7 days earlier than under the current regulations). Hence, caretaker period commences at this revised time, no longer the 24/9
- date for the close of the roll will be extended from 57 days to 80 days
- nomination period is extended to 6.5 businesses days (currently 3.5 business days)

Given the change to proposed election period some Councils may look to change their September Council Meeting to not occur in this period. This may have a flow on impact of finance teams in relation to the timing of adoption of Financial Statement and Annual Report. FinPro has reached out to VAGO to make them aware of the changes and we encourage you to work with your Auditors and Governance team on any adjustments to timing.

Victorian State Budget 2024 – Analysis

The general headlines from the Victorian state budget are that there will be a net budget deficit of \$2.2 billion for 2024-25, with the state's debt forecast expected to reach \$187.8 billion by 2028.

General assumptions used in the 2024 budget:

	2023-24 Forecast	2024-25	2025-26	2026-27	2027-28
Unemployment rate %	4.00	4.25	4.50	4.75	4.75
CPI %	4.00	2.75	2.50	2.50	2.50
Wages Price Index %	3.75	3.75	3.25	3.25	3.25
Population growth %	2.30	1.80	1.70	1.70	1.70

There has obviously been plenty of media coverage about the budget, detailing 'winners and losers' but some of the projects, programs or changes included in the 2024/25 budget include -

- The introduction of new cost-of-living support measures for families with school children at Victorian state schools - including a \$400 credit for about 700,000 students. (The support will be in the form of a credit against education expenses such as uniforms, books etc – not a cash payment).
- \$700m over the next financial year to expand the state's shared-equity home ownership scheme to help Victorians purchase a home.
- \$11bn injection into the state's healthcare system.
 - This includes \$813m to begin construction at the Northern hospital, including a new emergency department, and \$535m to expand the Monash Medical Centre, including expanded maternity care facilities.
- \$211m in initiatives to help keep women and children safe, including intervention to prevent family violence, and assistance for survivors.
- Melbourne's airport rail project to be delayed for at least 4 years.
- The removal of casual and contract workers sick pay for 38 hours that was created during COVID-19.
- The delay of 35 walk-in mental health clinics which was to address the growing mental health issues – due to a lack of the 2,500 qualified staff that were required to run the facilities.
- Victoria will increase its waste levy in line with New South Wales and South Australia.
 - The state government will boost the metropolitan industrial and municipal waste levy to \$167.9 a tonne from mid-2025, up from the current \$129.27.
 - The levy will also be proportionally increased at rural landfills, which are lower than metropolitan areas.
- There will be an increase to the Fire Services Levy from 1 July this year –
 - Median residential ratepayers will pay an extra \$35 per year.
 - Primary producers will pay an extra \$150 per year.

The MAV prepared their media release in relation to the budget which we believes captures a number of the key impacts on Local Government – Some snippets below and the full media release available at [Councils key to implementation of State budget | MAV website](#)

- *The Budget also highlights the financial sustainability challenges councils currently face in Victoria. Throughout its budget material, the State Government is at pains to point out the 22 percent increase in infrastructure costs – an even more challenging weight to bear for local government with rates capped at just 2.75 percent.*
- *While the infrastructure challenges across the state are clear, councils are pleased to see the commitment to the 10-year roads program, with \$964m to be contributed in the 24/25 budget.*
- *And despite the rate cap, rates notices will rise significantly due to the State increasing total Fire Services Levy revenue by 22 percent next year and raising the landfill levy by 30 percent the following year, revenue which goes directly to the State Government.*

As an aside – it was noted that during the Budget announcement, local charity [Free 3D Hands](#) was chosen as the Victorian Budget 2024/25 Charity. This organisation, headed by **Matt Bowtell**, provides high-quality, low-cost assistive devices for people with upper limb differences, completely free of charge to anyone, anywhere in the world.

Members who attended the 2018 FinPro Conference will have been lucky enough to hear Matt speak when he provided the Closing Keynote Address at that conference. He is an amazing human being doing great things for our community and beyond. Well done Matt.

Victorian Local Government Elections – October 2024

We understand that the VEC has contacted some councils indicating that the due date for voter registration might be brought forward from the 30th of August to the 7th of August. We mention this as if this change occurs, this will impact rates teams who have been tasked with administering voter registrations.

We encourage councils to keep an eye out for updated information from the VEC.

Audit Paper for ARC on 30 June 2024 issues

In the April update, we replayed the VAGO recommendation that finance teams, prior to 30 June each year, prepare and present a paper to their audit and risk committee (ARC). That had a number of sub-headings and details. Jump back to April's member update if you need to, but here's the snip again of VAGO's recommendation:

Local government

Valuation of land, buildings and infrastructure assets

We recommend that finance teams, prior to 30 June each year, prepare and present a paper to their audit and risk committee that outlines:

- the requirements of the council's accounting policy with respect to property, infrastructure assets, plant and equipment
 - ☐ the asset capitalisation threshold
 - ☐ which asset classes are recorded at cost v's fair value
 - ☐ the frequency of assets valuations
- date of the last independent valuation by asset class
- their approach to assessing the fair value of each class of property, infrastructure assets, plant and equipment in the current year
 - ☐ the asset classes scheduled for an independent revaluation in the current year v's those subject to a desktop valuation
 - reference point for a desktop valuation (i.e. Rawlinsons construction guide or ABS producer price indice)
 - ☐ how asset condition data is captured and considered in the fair value assessment
 - ☐ key assumptions being adopted
 - ☐ key milestones being worked towards
- likely outcomes for the respective reporting cycle (expected movements in fair value relative to the existing carrying amount and resultant impact on the financial report).

Following on from that, a few Councils have provided a copy of the actual report they used to ARC for financial year end, in case it helps.

We understand this might already be past the time for many ARCs... but in case it assists many thanks to Gabby Spiller (Surf Coast) and Alan Wilson (Melbourne) and Nathan Morsillo (Bendigo) for sharing some of the details in their reports. You'll note that there's quite different emphasis and levels of detail in each of these:

- [Surf Coast Shire Example](#)
- [Melbourne City Council Example](#)
- [Greater Bendigo City Council Example](#)

FBT: Alternatives to employee declarations

In their May 2024 Tax Alert, HLB Mann Judd included an article related to FBT. Here is an extract from the article. We encourage those interested to read the full article which is [available here](#).

Employers that provide certain fringe benefits to their employees can now use appropriate alternative statutory evidentiary documents to satisfy FBT requirements from the FBT year ending 31 March 2025.

This has come about with the registration of ATO legislative instruments that specify acceptable recordkeeping obligations for certain FBT benefits. These instruments, along with complementary legislation passed in 2023, seek to reduce FBT compliance costs for employers. Under the FBT law, employees are required to provide information to employers about fringe benefits received, and employers are required to prepare declarations in an approved form. As a part of record-keeping obligations, information and declarations are required to be kept for five years and the ATO may request these records for compliance purposes at any time.

Source: <https://hlf.com.au/media/2024/04/Tax-Alert-May-2024.pdf>

Upcoming FinPro Executive Committee Meetings

The FinPro Executive Committee formally meet every 4 – 6 weeks and discuss both technical issues and professional development opportunities. The next meeting of the Committee will be Friday 24 May online.

If you have any questions or areas of interest / concern that you would like the Executive team to discuss, please contact our Executive Officer, Gab Gordon and let her know, and she will include on the agenda. She can be emailed via gabrielle@finpro.org.au

Following meetings for the year are:

- Friday 21 June (in person)
- Friday 26 July (online)
- Friday 30 August (in person)
- Friday 20 September (online)
- Friday 29 November (in person)
- Friday 6 December 2024 – AGM and end of year luncheon

General Information

Podcast Series – ‘The Accountant that Builds – A small business and finance podcast!’

Podcasts are very popular now, and great to listen to when you are driving, out walking, cooking or whatever you like to do. Gab came across this one which is produced in her local area of Mornington but is relevant across the globe. It covers a lot of subjects, from managing your own finances, managing a small business, and super. Some of the topics include:

- Investing in Property – The Tax and cashflow essentials,
- Business Structure: Getting it right for stability and growth, and
- Rebuilding After Divorce

More Information is available here: <https://www.smartbusinesssolutions.com.au/podcast/>

Latest Blog from .id – Australia’s migration boom: where are our new migrants coming from?

Australia is a nation of migrants, and migration has boomed since the end of COVID border restrictions. Where are our new migrants coming from? Last week, the ABS has released population estimates by country of birth for the year 2023.

[Today's blog](#) looks at how our migration "source countries" are changing.

TCV Loan and Investment Rates as of 8 May 2024

	Fixed Rate (Interest Only)		Fixed Rate (Principal and Interest)*		Floating Rate (margin to BBSW)	
Maturity	Quarterly	Semi	Quarterly	Semi	Quarterly	Semi
1 year	4.6983	4.7228	4.7300	4.7650	0.3055	0.1198
3 year	4.6434	4.6669	4.6700	4.6900	0.5041	0.3421
5 year	4.7854	4.8104	4.6950	4.7250	0.6568	0.5128
7 year	5.0516	5.0796	4.8200	4.8550	0.8169	0.6950
10 year	5.4080	5.4403	5.0550	5.0950	1.0265	0.9288
12 year	5.5972	5.6320	5.2050	5.2450	1.1422	1.0549
15 year	5.8004	5.8378	5.4050	5.4450	1.2876	1.2049
11am (at Call)	4.6650				BBSW	
30 day	4.4950				1 Month	4.3000
60 day	4.5150				3 Month	4.3787
90 day	4.5750				6 Month	4.6329
180 day	4.8250					

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	4.4625
1 Month	4.2900		5 Month	4.5400
2 Month	4.3100		6 Month	4.6229
3 Month	4.3687		1 Year	4.3978

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.

US yields have eased since last week's FOMC meeting, which was interpreted as dovish, and April payrolls, which undershot expectations. While official rates cannot be cut now, markets still expect that the first cut will come this year. Locally, the RBA held rates and retained a neutral bias, despite high Q1 CPI. But their own estimates have backed out rate cuts this year, with no cut assumed until mid-2025.

Disclaimer

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Current Job Vacancies

The following finance roles are currently being advertised at member councils:

Capital Portfolio Advisor City of Greater Bendigo Applications close 21 May 2024

Management Accountant City of Ballarat Applications close 26 May 2024

Senior Management Accountant Manningham City Council Applications close 26 May 2024

Thank-you to our 2023 Conference sponsors

- American Express – www.amex.com.au
- APV Valuers & Asset Management – [APV Case Study – October 2022](#)
- Australian Payments Plus – www.auspayplus.com.au
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- CT Management – www.ctman.com.au
- Curve Securities – [2023 FinPro Conference – Curve Case Study](#)
- Datacom – www.datacom.co.nz
- Ibis Information Systems – www.ibisinfosys.com.au
- Imperium Markets – www.imperium.markets
- Laminar Capital – [2023 FinPro Conference – Case Study Laminar Capital Perpetual](#)
- LG Solutions – [2023 FinPro Conference – Cloud Year End Case Study – Corangamite & LG solutions](#)
- Lighthouse Group – [2023 FinPro Conference – Lighthouse Local Government Case Study](#)
- MAGIQ Software – www.magiqsoftware.com

- **Mastek Ltd – [2023 FinPro Conference – Mastek Case Study 1 – Ipswich Council](#) and [2023 FinPro Conference – Mastek Case Study 2 – Moonee Valley City Council](#)**
- **National Australia Bank – www.nab.com.au**
- **NetNet International – www.xetta.com**
- **Satori – www.satoriassured.com**
- **TCV – www.tcv.vic.gov.au**
- **VFMC – [2023 FinPro Conference – Case Study VFMC](#)**
- **Westpac – www.westpac.com.au**
- **Maddocks Recoveries – www.maddocksrecoveries.com.au**
- **TechnologyOne Corp – www.technologyonecorp.com**

FinPro Executive Team 2024

President	Bradley Thomas (Hepburn SC)
Vice-President – Chair PD PD Committee Members	Belinda Johnson (Horsham Rural CC) Alan Wilson (Melbourne CC) Melissa Baker (Casey CC) Nathan Kearsley (Latrobe CC) Aaron Gerrard (Whittlesea CC) John Brockway (Warrnambool CC)
Vice-President – Chair Technical Technical Committee Members	Tony Rocca (Maroondah CC) Binda Gokhale (Contractor) Fiona Rae (Golden Plains SC) Nathan Morsillo (Greater Bendigo CC) Simone Wickes (Monash CC) Wei Chen (Yarra CC) Navec Lorkin (Knox CC)
Secretary / Treasurer	Gabrielle Gordon

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