# FinPro Member Update – Edition 18, 2024

## President's Message

Good morning,

We hope you've had a fantastic couple of weeks and that your year-end audit processes are progressing smoothly. We're starting to see draft financial reports appearing on public agendas, and it's clear that the return of Financial Assistance Grants to their appropriate fiscal year is affecting Council surpluses, deficits, and creating tighter cash positions. While this shift was expected, it will be interesting to review sector-wide analysis once all financials are finalised. We're also looking forward to further progress on both the State and Federal reports into Financial Sustainability in the coming months.

Yesterday was R U OK? Day, and it's encouraging to see the emphasis shifting to checking in on each other any day. We highly recommend exploring the available resources online at Plan your R U OK?Day activities | R U OK? and, most importantly, make sure you're taking care of yourself!

As this Council term draws to a close with the Election Period beginning next week, it's worth reflecting on the challenges we've faced. This term may go down as one of the most difficult on record—starting amidst a pandemic, navigating lockdowns, and now contending with a tough financial climate. Local government work is rarely easy, but you should all be proud of the way you represent the sector and tirelessly serve our communities.

Looking ahead, our 2024 FinPro Conference is now open for bookings, and spots are filling quickly. I encourage you to secure your place soon: 2024 FinPro Conference - FinPro. We're excited about our diverse speaker lineup, including many of your peers, and are grateful for the support from a fantastic range of sponsors, including some new faces—please take a moment to check them out 2024 FinPro Conference - FinPro.

A big thank you to those who attended our recent Senior Finance Leaders' Summit and provided valuable feedback. The Executive Team is working on the next steps.

As we enter the induction period with new Councillors, we'd love to hear from anyone with effective documents, presentations, or innovative ideas for finance training programs for incoming councillors. If you have any resources or suggestions, please reach out to Gab.

Enjoy your weekend, take some time to recharge, and keep smiling.

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

## Membership News

We welcome as new members to the FinPro family:

**<u>Lance Mustafa</u>** and **<u>Kent Hodder</u>** have both joined the team at Yarra City Council as Senior Finance Business Partners,

**<u>Yvonne Cypser</u>** who has joined the team at Wangaratta RCC as Financial Controller, and

**<u>Samantha Sibande</u>** who has joined the Bass Coast SC team as a Graduate Accountant.

We congratulate Member **<u>Kyle Schache</u>** who on his new role Wodonga CC as Team Leader Management Accounting and Payroll. Kyle finishes up at Wangaratta RCC today.

We congratulate **<u>Janelle Reichelt</u>** (belatedly) who has moved to Hindmarsh SC as Manager People and Performance. Janelle was previously at Yarriambiack SC.

We farewell **<u>Trent Sayers</u>**, Financial Controller at Wangaratta RCC who is moving to Clarence Valley Council (NSW) as Finance Manager – Wishing you well with the new role.

We welcome back **<u>Gen Conlan</u>**, Accountant at Macedon Ranges SC who has returned from Maternity Leave.

## R U OK? Day was yesterday – 12 September 2024

We note that yesterday was R U OK? Day.

This day is a very important reminder for us all about the importance of not only looking after our own mental health, but also on checking in with family, friends, work colleagues, neighbours – anyone you see really, and just taking the time to ask how they are doing.

Hopefully yesterday you were able to reach out to someone. If not, then make today the day to do this.


## Bookings now open for our Annual Conference – [more information here](#).

This year's theme, "The Big Reset," invites us to prepare for a new four-year council term with fresh perspectives and bold strategies. Over the course of three days, attendees will be equipped with the tools, insights, and strategies needed to navigate the complexities and seize the opportunities ahead.

Join us as we bring together a dynamic lineup of industry experts, experienced CEOs, and finance leaders who will guide you through the essential steps of preparing for the future. This is your chance to gain fresh perspectives, collaborate with peers, and set the foundation for success in the years to come.

Accommodation is limited and is being offered only to members until 30 September, when it will then be opened up to general admission.

Get in quick – bookings are going fast!

### A big thank-you to all our sponsors for the 2024 Conference:

**Exhibitor Sponsors:**

- The AEC Group
- Attura
- Bank of Queensland
- Commonwealth Bank
- CT Management
- Curve
- Datacom
- Genesis Accounting
- Ibis Information Systems
- Imperium Markets
- LG Solutions
- MAGIQ software
- National Australia Bank
- Nelnet
- Novoplan
- Payble
- Perpetual (Laminar)
- Readytech
- TCV
- Westpac

**Secretariat Sponsor** – APV

**Lanyard Sponsor** – JLL (Jones Lang LaSalle Advisory Services PL)

**Opening Dinner Sponsor** – Payble

**Closing Keynote Speaker Sponsor** - TechnologyOne

## Senior Finance Leaders’ Summit

We held our inaugural Senior Leaders’ Financial Sustainability Summit at the Windsor on 29 August and were thrilled with the turn out: 65 attendees, representing 51 Councils plus the MAV and VLGA, and we thoroughly enjoyed Jenny Scicluna’s engaging facilitation.

The workshop involved blue sky thinking to address the financial sustainability challenges facing our sector currently. We also heard from Glenn Patterson, CEO at City of Casey and Davidson’s Business Advisory Manager, Leonie Ellinger, about the ever-changing role of a CFO and the shared services opportunities happening in the sector.

We really believe that this is the exciting start to what will be an ongoing conversation.

When attendees were asked what they saw as the financial challenges impacting sustainability in LG right now there were many and varied responses as per the inclusion below:

**What are the financial challenges impacting sustainability in Local Government right now?**


Some key themes emerged from the day including further training and development opportunities around the Changing role of the CFO, as well as Collaboration opportunities.

**Training and Development Opportunities**

Overwhelmingly the two areas we saw from the day that the group would like FinPro to provide support are:

1. **Change management**
   What does it take to be a change management leader/driver?

2. **Strategic thinking session:**
   Learning how to influence.

**Collaboration Opportunities**

Many ideas were put forward as to how councils and indeed attendees could collaborate to work on solutions to council's financial sustainability issues, and just work better and smarter together more generally.

There seems to be a desire to develop a financial sustainability strategy around:

1. Revenue levers when creating a good financial outlook
2. Cost control related to service based budgeting

Following on from a Blue Sky Thinking / newspaper headline activity, the three top favourite ideas to be identified were:

1. Rationalisation of assets by reducing the capital footprint of the organisation ,
2. Developing a shared common systems platform which will assist with standardising services, and
3. Shared services, leading to cost efficiencies.

The Finpro Exec are now developing up a roadmap to consider these opportunities, watch this space.

# Technical Updates

## State Inquiry – Upcoming Public Hearing Dates

The State and Federal Parliament reviews into LG sustainability continue. The Committee for the Victorian inquiry is currently holding public hearings, with the following dates, I encourage you to keep an eye out on these and I know many Councils are presenting at the hearings. Public hearing dates still to come are:

- 18 September - Frankston
- 19 September - Broadmeadows
- 25 September – Melton

## Vision Super Note for year-end accounts

Employee Benefits. To help employers participating in LASF DB, Vision Super prepare a sample note as a guide each year. Downloadable PDF copies of these sample notes as well as other information are available here both in short and long form. Refer to the sample employee superannuation notes for financial statements section of the page.

https://www.visionsuper.com.au/employers/db/

## Rate Cap Compliance – ESC return

**The following is a reminder from the ESC that is copied here for member information.**

*As the end of financial year approaches, we would like to remind councils that the annual compliance submission for 2024-25 is due on Monday 30 September 2024.*

***Valuations to reflect 30 June and 1 July***

*As a reminder, rating system reports must include:*

- *Total valuations as at 30 June 2024 and 1 July 2024 for each differential category*
- *Number of rateable properties as at 30 June 2024 and 1 July 2024 for each differential category*
- *Number of municipal charge properties as at 30 June 2024 and 1 July 2024 (if this does not appear on your council's rating system reports, other supporting documentation is acceptable)*

*For councils that cannot provide rating system reports, the numbers must be reconciled to the Valuer General's report of general valuation.*

***CEO certification and signed rating system reports***

*Please ensure that both the CEO certification form and valuation reports are signed by the CEO. Any changes made to the template after it is submitted will require a new certification.*

***Distribution of rate increases***

*The template now also includes a data request on the distribution of rate increases for our biennial outcomes report. We previously requested this data as a separate process. Please see page 2 of our council fact sheets to see how we use this data.*

***Relevant links***

*The guidance and annual information template can be found on our website. The direct links to the documents are below:*

- *Compliance Monitoring and Reporting: Guidance for Councils 2024-25*
- *Annual compliance information template 2024-25*
- *Better Practice Property & Rates Database checklist*
- *CEO certification statement form*

*If you have any issues or queries about compliance with the rate cap in 2024-25, please contact us at localgovernment@esc.vic.gov.au.*

***Local Government Team***

*Price Monitoring & Regulation*

ESSENTIAL SERVICES COMMISSION

## AASB 13 - Fair Value Measurement Working Group

The FinPro AASB 13 Working Group has been formed and is looking to book their first meeting in the coming weeks. We would like to thank those that have put up their hand to assist in formulating some simple, sector wide information on the standard and the impacts it will have. We would also like to thank CPA Australia and VAGO, who have offered to be involved and be a part of the working group.

As progress is made, we will share updates with all our members.

By way of background, this is the basic information about AASB 13 that was included in our last Member Update:

Recent amendments to AASB 13, Fair Value Measurement, introduce several key changes that will impact the sector. These updates aim to enhance clarity and consistency of fair value measurement, with a particular focus on asset valuation and disclosure practices.

*Key Amendments Include:*

- Enhanced disclosure requirements: more detailed information potentially required on the valuation techniques and inputs used in determining fair value, including the disclosure of significant unobservable inputs.
- Unobservable inputs: greater scrutiny is placed on the use of such inputs, where observable market data is not available. This reinforces the need for robust, justifiable assumptions when market data is limited.
- Application of the Cost Approach: amendments provide clearer guidance on the application of the cost approach, emphasising its use for valuing assets where market or income approaches are not applicable.
- Highest and Best Use Concept: the amendments also reinforce the need to consider the highest and best use of non-financial assets in fair value measurement.

## Waste and the Essential Services Commission

In August 2024, the ESC appointed its new Commissioner and Chairperson, Gerard Brody.

FinPro representatives met with the ESC during the week to discuss the possibility of a simplified process where councils are seeking a rate cap variation that specifically relates to the new Waste Guidelines. This may not be an achievable outcome, however, the ESC is still engaging with FinPro to understand the implications of the Waste Guidelines on the sector as well as what other advocacy looks like.

In the meantime, the new ESC Chairperson, Gerard, will be meeting with the LG Minister, Melissa Horne, to discuss the Waste Guidelines and provide further input and suggestions regarding the guidelines for future consideration.

## TCV Loan and Investment Rates as at 10 September 2024

| | Fixed Rate (Interest Only) | | Fixed Rate (Principal and Interest)* | | Floating Rate (margin to BBSW) | |
|---|---|---|---|---|---|---|
| **Maturity** | **Quarterly** | **Semi** | **Quarterly** | **Semi** | **Quarterly** | **Semi** |
| **1 year** | 4.3951 | 4.4157 | 4.5200 | 4.5150 | 0.3823 | 0.1797 |
| **3 year** | 4.1322 | 4.1505 | 4.2100 | 4.2250 | 0.5904 | 0.4180 |
| **5 year** | 4.3019 | 4.3219 | 4.2100 | 4.2350 | 0.7254 | 0.5782 |
| **7 year** | 4.6053 | 4.6285 | 4.3400 | 4.3700 | 0.8909 | 0.7684 |
| **10 year** | 4.9984 | 5.0260 | 4.6000 | 4.6350 | 1.0992 | 1.0031 |
| **12 year** | 5.1830 | 5.2128 | 4.7650 | 4.8000 | 1.1932 | 1.1085 |
| **15 year** | 5.3710 | 5.4032 | 4.9700 | 5.0050 | 1.2996 | 1.2202 |
| | | | | | | |
| **11am (at Call)** | 4.6650 | | | | **BBSW** | |
| **30 day** | 4.4950 | | | | **1 Month** | 4.3025 |
| **60 day** | 4.5750 | | | | **3 Month** | 4.4210 |
| **90 day** | 4.6150 | | | | **6 Month** | 4.5626 |
| **180 day** | 4.7550 | | | | | |

### TCV Investment rates

TCV note the current TCV 11am/At Call deposit rate has recently increased to 4.30%. The11am 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.

| | | | | |
|---|---|---|---|---|
| **Cash** | 4.3000 | | **4 Month** | 4.4525 |
| **1 Month** | 4.2925 | | **5 Month** | 4.5100 |
| **2 Month** | 4.3712 | | **6 Month** | 4.5526 |
| **3 Month** | 4.4110 | | **1 Year** | 4.0907 |

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.

# General Information

## Addressing Financial Sustainability at Hepburn Shire

This week Hepburn Shire Council took a giant step forward in regard to securing its long term financial sustainability.  Councillors adopted a Financial which has put in place steps to apply to the ESC for a 10% (including the rate cap) variation and seek $2.6m in operational savings, services changes or additional revenue for the 2025/26 financial year.  More details available at Adopted Financial Vision strives for financial sustainability Hepburn Shire Council and please feel free to share key decisions or reports you have provided at your Council to be able to share with the FinPro network.

## Local Government CEO Index

Davidson have released the 2024 Local Government CEO Index. This year's Index explores eight critical themes shaping local governments including Financial Sustainability, Leadership, Cultural Transformation, Shared Services, Sustainability, Customer and Community, AI and Technology.

Discover the trends, challenges, and opportunities shaping the future of local government.

Download your copy today - https://www.davidsonwp.com/2024-local-government-ceo-index

## Upcoming FinPro Executive Committee Meetings

The FinPro Executive Committee formally meet every 4 – 6 weeks and discuss both technical issues and professional development opportunities.

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.

Following meetings for the year are:

- Friday 20 September (online)
- Friday 29 November (in person)
- Friday 6 December 2024 – AGM and end of year luncheon

## Current Job Vacancies

Accountant Moyne Shire Council  Applications close 16 September 2024

Senior Financial Analyst Yarra Ranges Shire  Applications close 22 September 2024

## FinPro Executive Team 2024

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

## FinPro Contact Details

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