

FinPro Member Update – Edition 8, 2023

President's Message

We hope you are all well, and for some recharged after school holidays, for others maybe experiencing a sense of relief as we start to see of number of Councils draft budgets released for public comment. Certainly, we are starting to see some consistent themes in budgets being released with the tight financial position a focus for many on delivery of current projects and initiatives and maybe a slow down on trying to do too many new things....I know as finance professionals we will love to see a reduction in carry forwards!!!

Really exciting that we can announce the 12 FinPro members who will participate in this year's Leadership Program. We are very proud of the program and the assistance it brings to up and coming leaders or new people to the sector. Congratulations! We are now seeking 12 fantastic mentors to assist these individuals with their leadership journey over the next 12 months.

On a less joyful note, it has been really disappointing to see the extremely poor behaviour of a few people at Council Meetings over the last few months. There has been an increased media coverage over the last couple of weeks with Yarra Ranges decision to close meetings to the public, as well as protests at Monash this week. Community members having their respectful say is key to the democracy of Local Government, but the behaviour by a few has been nothing but disgraceful. We all have the right to go about our roles in a safe environment.

Enjoy your weekend!



Bradley Thomas,
President FinPro and CEO Hepburn Shire

Membership News

We welcome two new members from the Geelong Regional Library Corporation – **Amanda Daniels**, Coordinator Finance & Payroll, and **Claire Garimort**, Coordinator, Finance. Welcome aboard and we hope to meet you both soon at one of our upcoming events.

We welcome new member **Lucky Perera**, Financial Accounting at the City of Ballarat.

Congratulations to **Natalie Martin** who has commenced at Hepburn Shire as Coordinator Finance & Procurement this week. Natalie moves to Hepburn from Southern Grampians Shire.

Farewell to **Amanda Barber**, Manager Financial Services at Colac Otway Shire. Amanda is leaving to take up a role in her hometown of Adelaide and we wish her luck in this new role.

SAVE THE DATE: FinPro in-person Seminar – Friday 16 June 2023 @ MCEC

SAVE THE DATE: FinPro Conference – 25 – 27 October 2023 @ RACV Cape Schanck

2023 FinPro Leadership Program Announcement

We congratulate everyone who applied for this year's Leadership Program. Putting forward your name and intention to strive for such professional and personal development is a very brave move, and everyone is to be congratulated on this.

Having received a record 25 applications this year, our Assessment Panel had to make a difficult decision and select 12 from the group. All applications were assessed according to a rigorous checklist and we are pleased to announce the following FinPro members as our participants for this year's program which commences on Sunday 7 May 2023:

- Faith Denhere, Management Accountant at Brimbank City Council
- Tegan Finch, Financial Accountant at Melton City Council
- Sonia Giofches, Coordinator Financial Accounting at Colac Otway Shire
- Dylan Howard, Manager Finance at Towong Shire
- Joseph Kay, Finance Business Partner at Bass Coast Shire
- Abbas Mahr, CFO at West Wimmera Shire
- Beau Mittner, Manager Finance at Moira Shire,
- Leah Mullins, Coordinator Management Accounting & Analysis at Greater Bendigo SC
- Megan Prentice, Financial Accounting Officer at Latrobe Shire
- Zechariah Soon, Senior Corporate Finance Analyst at Melbourne City Council
- John Wacheke, Asset Accountant at Campaspe Shire and
- Katrina Wilson, Finance Manager at Stonnington City Council

Seeking mentors for our 2023 FinPro Mentoring Program

The FinPro Mentoring Program is an initiative that has been developed over the past 6 years to provide ongoing support to members who participate in the 'FinPro Leadership Program'.

In the Program, a mentor is paired with a mentee (participant in the Leadership Program). Over a period of 12 months, the paired mentor and mentee meet in person or virtually each month, providing them with the opportunity to develop the concepts learnt during the Leadership Program workshop (7-10 May 2023).

The Program also provides an opportunity for additional ongoing guidance, support and feedback to help develop local governments' future leaders.

We have developed a [2023 FinPro Mentoring Program. A best practice guide](#) to assist mentors and mentees to achieve the most they can from our program.

[Apply now](#) to be a Mentor for our 2023 Program - EOI's close Wednesday 3 May 2023. Further details about the program are [available here](#).



Upcoming Professional Development

FinPro Webinar: Thursday 18.5.23 @ 12.30 – 1.30pm – Windfall Gains Tax

[REGISTER NOW](#)

Windfall Gains Tax (WGT) is one of the most significant tax regime changes since the introduction of GAIC. WGT is however more challenging for councils than GAIC for a variety of reasons, including the fact that Council-owned land is not necessarily exempt from the tax.

During our one-hour webinar on **18 May 2023 @ 12.30pm** Maddocks partner Chris Cantor, along with Maddocks lawyer Zak Gaddie, will discuss key aspects of the new regime, including:

1. How the new tax will operate;
2. What is a rezoning that triggers the tax;
3. How land will be valued when assessing the tax, including how to derive CIV1 and CIV2, deductions, objections and other valuation challenges; and
4. How WGT risk can be managed by councils.

The presenters for this webinar will be Chris Cantor, Partner Maddocks and Zak Gaddie, Lawyer Maddocks.

[Register now](#) for this Free Webinar

Digital Transformation Programs – Do you have some learnings to share?

We hear from members that one of their key areas of frustrations is the implementation of new systems and transformation programs that Councils undertake. We use our finance systems on a daily basis, they are an integral part of what we do and how we do it, and things are certainly changing with the introduction of the likes of zoom meetings and ChatGPT in recent years.

At our next Professional Development Day in Melbourne on 16 June 2023 we plan to host a panel discussion about practical learnings from new system implementation, especially with a financial lense. To make this session really informative and focused we are asking you, our members, if you would like to share your learnings and experiences on the panel.

If you are interested in speaking, please reach out to Gab gabrielle@finpro.org.au to discuss. We are keen to hear from all angles – small, medium or big councils, regardless of the success or other of your implementation. All learnings are useful for us all!

Technical Updates

Model Budget 2023-24 and Financial Statements 2022-23 available now

The following documents are [available at this link](#):

- Asset Plan Guidance 2022

- Financial Plan 2023-24 to 2032-33
- Model Budget 2023-24
- Model Financial Report 2022-23
- Annual Report Performance Reporting 2022-23
- Performance Reporting Framework 2022-23
- Performance Reporting Framework 2023-24

Thank-you to all the sector representatives that played an active role in preparing these documents. LGV launched the Models at the FinPro Seminar on Friday 24 February 2023. A copy of the presentation slides is [available here](#):

Local Government Bulletin 07/2023: Maximum Interest Rate

The following information was distributed to councils on Thursday 20 April, and is included here for member information.

Councils are advised of the reforms to the setting of the maximum interest rate for unpaid rates and charges in the Local Government Legislation Amendment (Rating and Other Matters) Act 2022. The Minister for Local Government must fix a maximum rate of interest that councils may charge on unpaid rates and charges. The legislation takes effect on 20 June 2023.

Until a new interest rate is set by the Minister for Local Government, the current interest rate as set by the Attorney-General via the Penalty Interest Rate Act 1983 continues to apply under s.172(2) of the Local Government Act 1989. The current interest rate is set at 10 per cent and will apply for the 2023-24 financial year.

Councils are also advised that councils retain the ability to waive any part or all of the interest rate for unpaid rates and charges. Good practice guidance for councils is available as part of the revised Local Government Better Practice Guide - Revenue and Rating Plan available at https://www.localgovernment.vic.gov.au/council-innovation-and-performance/sector-guidance-planning-and-reporting#Revenue_and_Rating-164937-8

Colin Morrison
Acting Executive Director
Local Government Victoria

Rating Better Practice Guide

Work was undertaken over a number of months jointly between FinPro, Revenue Managers Association (RMA) and Local Government Victoria (LGV) across multiple working groups.

As per the LGV Bulletin above, LGV has now published the Rating Good Practice Guide along with all the other supporting documentation.

Good practice guidance for councils is available as part of the revised Local Government Better Practice Guide - Revenue and Rating Plan available [here](#).

This hopefully assists the sector in managing some of the challenging considerations that need to be made concerning rates. Noting that it is a guide and not regulation.

Additionally, the recent LGV Bulletin 07/2023 noted that until a new interest rate is set by the Minister for Local Government, the current interest rate as set by the Attorney-General via the Penalty Interest Rate Act 1983 continues to apply under s.172(2) of the Local Government Act 1989. The current interest rate is set at 10 per cent and will apply for the 2023-24 financial year.

CPI – March Quarter

This week the Australian Bureau of Statistics released the March quarter CPI results, which showed for Australia:

- The Consumer Price Index (CPI) rose 1.4% this quarter.
- Over the twelve months to the March 2023 quarter, the CPI rose 7.0%.
- The most significant price rises were Medical and hospital services (+4.2%), Tertiary education (+9.7%), Gas and other household fuels (+14.3%), and Domestic holiday travel and accommodation (+4.7%).

The increase for Melbourne was 1.2% for the quarter and 6.8% for the year....well above the rate cap.

VAGO Update – April 2023

VAGO have issued their April update this week. A full copy of the report can be found [here](#).

Of particular note for FinPro members, we encourage you to reflect on the 6 recommendations in the [Results of Audits 2021-22: Local Government report](#), if you have not already done so, noting that there is a recommendation for finance teams to prepare and present a briefing paper re asset valuations at an Audit and Risk Committee (ARC) meeting prior to balance date.

2023 Audits

HLB Mann Judd, in their recent Newsletter, The Bottom Line, included an article relating to this year's audit cycle titled 'Why you should expect your auditor to be asking more questions this year'. [Read the article here on page 4](#)

We referred the article to Travis Derricott, Sector Director, Financial Audit at VAGO to gauge the impact ASA 315 will have on our member's audit experience this year. His comments were as follows:

"The HLB Mann Judd article on ASA 315 provides a good overview of how the revised standard will impact an auditor's approach in the current year and beyond. The article also flags for agencies that the current year's audit might feel different to prior years. Audit teams in response to the revised ASA 315 are:

asking more questions to gain a greater understanding of the:

classes of transactions, account balances, and disclosures in the financial report

the composition of key account balances and the relationships between them and how this may impact the audit risk assessment and planned audit response

looking to meet with a wider array of individuals at an agency than may have traditionally been the case (i.e. Mayor, CEO, General Counsel / Legal / Governance team in addition to our Finance and Information Technology contacts)

gaining a greater understanding of a council's IT environment and key IT systems from a financial reporting perspective and assessing whether the IT systems are non-complex, moderately complex or complex and tailoring the audit response accordingly.'

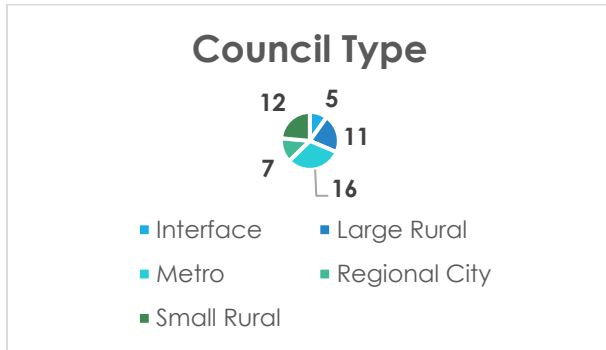
The VAGO Audit Strategy Memorandum for 2022-23, namely Appendix A - Planned Audit Approach, has been updated to include some commentary regarding the impact of the revised ASA 315 from an inherent risk, control risk and residual risk of material misstatement perspective.

FinPro recommends that councils are aware of the above and prepare accordingly.

Understanding what our Audit and Risk Committees look like (ARC)

Recently we have received a number of queries about Audit and Risk Committees (ARC) and how they operate at different councils. In order to be able to respond more accurately to such queries we prepared a survey which we circulated to the most senior person at each council so that we could obtain a clear understanding of how different councils run their ARC's and what kind of payments are made to their respective members.

Thank-you to the 51 councils that responded to the survey during this busy time of year. We are now able to provide the following observations:



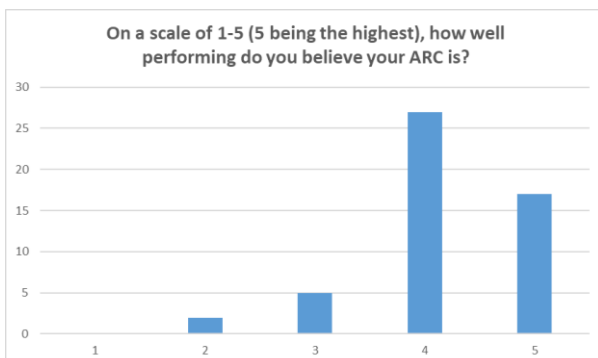
Type	Low	High	Average
Metro	1,000	3,872	2,308
Interface	500	3,000	1,990
Regional City	826	1,550	1,232
Large Rural	442	1,500	881
Small Rural	300	1,000	663
All	300	3,872	1,434

There was a significant range in what independent members were paid, as well as chairs of the committees. The lowest paid for Chairs was \$300, with the highest being \$3,872 per meeting; and average at \$1,434. The below table provides the minimum, maximum and average of each Council classification.

Type	Low	High	Average
Metro	1,000	2,904	1,813
Interface	350	2,250	1,539
Regional City	496	1,203	913
Large Rural	441	1,014	671
Small Rural	255	1,000	531
All	255	2,904	1,115

The lowest paid for an independent member was \$255 with the highest at \$2,904 per meeting, with an average of \$1,115. The below table provides the minimum, maximum and average of each Council classification.

Councils held between 3 and 6 meetings of the Committee with 53% holding 4 meetings and a further 42% holding 5.



The survey also asked members to detail on a scale of 1-5 (5 being the highest), how well performing do you believe your ARC is? It was pleasing to see that 86% of Councils believed they were performing at a high level (4 or 5 out of 5

Regional FinPro Catch-up in Bendigo

Our Central Victorian members held a full half-day Regional FinPro catch-up in late April on a Friday in Bendigo. Thanks to everyone that came along, particularly those that travelled many hours to and from home.

Had a great turnout with 30 people in person – included members from Northern Grampians; Shepparton; Mount Alexander; Macedon and many more.

Bendigo did the hosting again, with Mark Eeles coordinating the regional group and chairing the day.

We weren't organised enough to get a picture of lots of accountants sitting around tables – but the below is the Council built Canterbury Park (Eaglehawk) pavilion where this was hosted.

The Agenda for the day included some of the following topics:

1. **Introduction** and welcome (Chair: Mark Eeles)
2. Round the grounds and what are you looking to get out of the session.
3. **FinPro Update** – what's on & what's coming up
4. **Budget Engagement process** - A overview from COGB of what the engagement process looked like for the 23/24 Budget process. Challenges and opportunities discussions to follow
5. **Long Term Financial Plan** - What range of tools are being used for LTFP, do they suit each individual council
6. **Capitalisation** – Labour/Project Mngt/Design/Overheads
7. **Aged Care Exit** - COGB moving away from this at 30 June 2023 – Keen to hear on learnings from other Councils
8. **Long Service Leave transfer** - (LG to LG) and (State to LG)
9. **TCV Borrowings** – What are the benefits and what are councils current experience with TCV
10. **Interim (VAGO) audits** – progress to date, any learnings?
11. **Progress with your City's Asset Plans** (and linkage to Budget / Financial Plan)
12. **Management Assessment AASB15 & AASB1058** – Has anyone put together a really good decision process map... find it very difficult to complete a good assessment without reviewing hundreds of agreements.
13. **Other business** included:
 - i. Disaster Recovery Funding Arrangements (DRFA)
 - ii. Revenue recognition (again)

At this stage, the next regional catch-up in person will be at the FinPro Conference in October, however we will likely do an online catch-up in July or August with some more financial accounting topics.



TCV Loan and Investment Rates as at 26 April 2023

Maturity	Fixed Rate (Interest Only)		Fixed Rate (Principal and Interest)*		Floating Rate (margin to BBSW)	
	Quarterly	Semi	Quarterly	Semi	Quarterly	Semi
1 year	3.8469	3.8630	3.8950	3.9050	0.2299	0.0873
3 year	3.6775	3.6916	3.7150	3.7250	0.3030	0.1603
5 year	3.7727	3.7877	3.7200	3.7350	0.3844	0.2513
7 year	3.9791	3.9959	3.8050	3.8250	0.4366	0.3191
10 year	4.3193	4.3394	4.0000	4.0250	0.5831	0.4899
12 year	4.5575	4.5801	4.1500	4.1750	0.7350	0.6484
15 year	4.7763	4.8013	4.3600	4.3900	0.8954	0.8095
11am (at Call)	3.9150				BBSW	
30 day	3.8050				1 Month	3.6100
60 day	3.8850				3 Month	3.6761
90 day	3.8550				6 Month	3.8283
180 day	3.9850					

TCV Investment rates

Cash	3.5500		4 Month	3.7259
1 Month	3.6000		5 Month	3.7783
2 Month	3.6476		6 Month	3.8183
3 Month	3.6661		1 Year	3.5380

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.

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.

TCV accepts no responsibility or liability for any direct or indirect loss, damage, cost or expense whatsoever incurred by the Client or any other person as a result of any error, omission or misrepresentation (whether arising from negligence or otherwise) in the rates information or in connection with or relating in any way whatsoever to the rates information. The indicative rates information provided by TCV is not, without TCV's prior written consent, to be disclosed to any other person.

General Information

Webinar – Global Local Executive Panel – Finding long-term financial sustainability

VLGA have partnered with LGiU (Local Government Information Unit) to run a webinar with an international focus on long term financial sustainability.

Further details of this webinar are [available here](#)

Darren Fuzzard, CEO Mount Alexander Shire joins an international panel of speakers in this webinar and the key areas of exploration are:

- How to plan for costs you aren't now aware of,
- How to plan a long-term budget given the current economic landscape,
- How to allocate funds in a cost-of-living crisis or recession,
- How to make a 4-year plan when it's difficult to forecast the next six months, and
- Council decision-making in the post-pandemic era.

Regional population growing at the same rate as capital cities (a .id blog)

In their latest blog, .id (informed decisions) writes how a new data release from the ABS gives us insight into how population is changing in small areas across Australia. Their post includes an interactive map of population growth and decline for all local government areas.

Interested to see what the growth (positive or negative) has been in your LGA? The article includes a map with each LGA and their respective growth for 2021-22.

The LGA with the greatest population growth rate from June 2021 – June 2022 – **The City of Melton**, with a 6.4% increase. These kind of stats are so important for councils as they both provide their current services, and as they review what services they will provide in the future.

[Read more here](#)



Thank-you to our 2022 FinPro Conference Sponsors

- [APV Valuers & Asset Management](#)
- [Commonwealth Bank](#)
- [CT Management Group](#)
- [Curve](#)
- [Insightsoftware](#)
- [Imperium Markets](#)
- [ITVision](#)
- [Lygon](#)
- [LG Solutions](#)
- [Laminar Capital / Perpetual](#)
- [MAGIQ Software](#)
- [National Australia Bank](#)
- [Nelnet International](#)
- [Promaster](#)
- [Satori](#)
- [TCV](#)
- [TechnologyOne](#)
- [Westpac](#)
- [Zipform](#)

FinPro Executive Team 2023

President

Bradley Thomas (Hepburn SC)

Vice-President – Chair PD

Belinda Johnson (Southern Grampians SC)

PD Committee Members

Alan Wilson (Melbourne CC)

Melissa Baker (South Gippsland SC)

Nathan Kearsley (Lalor CC)

Aaron Gerrard (Whittlesea CC)

Vice-President – Chair Technical

Tony Rocca (Maroondah CC)

Technical Committee Members

Binda Gokhale (Contractor)

Danny Wain (Monash CC)

Fiona Rae (Golden Plains SC)

Nathan Morsillo (Greater Bendigo CC)

Simone Wickes (Frankston CC)

Secretary / Treasurer

Wei Chen (Yarra CC)

Gabrielle Gordon

FinPro Contact Details

Email: gabrielle@finpro.org.au

Mobile: 0400 114 015

Web: www.finpro.org.au