

FinPro Member Update – Edition 24, 2022

President's Message

Last Friday we held our AGM and end of year Luncheon. It was a great day for all those in attendance who certainly made the most of a great opportunity to network and collaborate. Thank you to TechnologyOne who came on board and sponsored the day.

The highlight was certainly the keynote presentation from Australian of the Year, Dylan Alcott. Dylan entertained us, challenged us, informed us and reminded many of us how lucky we are – thank you!

You can find more out about Dylan, his foundation and his musical festival Ability Fest at [Dylan Alcott Foundation - Helping young Australians with disabilities](#)

At the meeting your Executive Committee for 2023 were also elected –

- Aaron Gerrard City of Whittlesea
- Alan Wilson Melbourne City Council
- Belinda Johnson Southern Grampians Shire Council
- Binda Gokhale Contractor
- Bradley Thomas Hepburn Shire Council
- Danny Wain Monash City Council
- Fiona Rae Golden Plains Shire
- Melissa Baker South Gippsland Shire
- Nathan Kearsley Latrobe City Council (new)
- Nathan Morsillo Greater Bendigo City Council
- Simone Wickes City of Casey
- Tony Rocca Maroondah City Council
- Wei Chen Yarra City Council
- Gabrielle Gordon FinPro

The Executive will meet on 16.12.22 to elect the Office Bearers for the year ahead and start planning for an even bigger and better 2023! A huge thanks to Charles Nganga (City of Casey) who stepped down from the Executive Committee after 6 years serving the sector. Thank-you for the work you have done for the sector and for our members over that time.

Congratulations to Minister Melissa Horne who will become Minister for Roads and Road Safety, as well as keeping the portfolios of Ports and Freight, **Local Government** and Casino, Gaming and Liquor Regulation. FinPro will write to Minister Horne to congratulate her and note we look forward to working in a partnership, especially as we tackle the current financial challenges of the sector. We will also look forward to her announcement of the rate cap prior to 31 December.

Cheers, Bradley



Bradley Thomas, President FinPro and CEO Hepburn Shire

Membership News

Congratulations to member **Fiona Hayden** on her new role at Whitehorse CC as Coordinator Financial Accountant. Fiona was previously at Bass Coast Shire.

Congratulations to member **Aileen Douglas** on her new role at the City of Ballarat as Executive Manager Business Services. Aileen was previously at Buloke Shire.

DATE FOR YOUR DIARY – Friday 24 February 2023 – First PD for the year

FinPro's first live professional development day for 2023 will be held on Friday 24 February 2023 at the Melbourne Convention and Exhibition Centre.

Our Professional Development Team are already hard at work putting together the program for this day. If you have any suggestions for topics, please let us know by emailing Gab (gabrielle@finpro.org.au) or ring her on her mobile: 0400 114 015

Technical Updates

Local Government Legislation Amendment (Rating and Other Matters) Act 2022

The Act received Royal Assent in August 2022 and makes changes to the arrangements for unpaid rates and charges, consideration of ratepayers facing financial hardship, service rates and charges and special rates and charges. The Act also introduces a new public benefit criteria for councils to offer rate rebates and concessions.

LGV have prepared fact sheets on the Act and can be [viewed here](#).

FinPro has been made aware that there is further work happening on the 'next steps' of the Rating review, and there are likely to be announcements and details from LGV over coming months.

FinPro - System Transformation group

System transformation seemed to be the buzz word at our FinPro conference. We received strong feedback from our members calling for a special interest group related to System Transformation.

In response to that, we have created a FinPro - System Transformation group on Yammer and are inviting interested members to join that group. The idea is to exchange ideas, learnings and experiences. It will also be the communication channel for group meetings. Please use the link below to join the group if you are interested in this topic.

Kindly note that you might need to join Yammer first if you haven't previously. Gab can assist with this – just email her and let her know you are keen to join. gabrielle@finpro.org.au

Vision Super – VBI Update

The following information was distributed to Councils by Vision Super on Thursday 1 December 2022 and is shared here for Member Information

Local Authorities Superannuation Fund Defined Benefit Plan (LASF DB) - Vested Benefit Index (VBI) update

Since our 30 June 2022 update on 17 August 2022, financial markets have experienced a minor decline up until 30 September 2022.

The 30 September 2022 VBI results have been finalised as follows:

As at	30 Jun 2020 (actual)	30 Jun 2021 (actual)	30 Jun 2022 (actual)	30 Sept 2022 (est.)
LASF DB	104.6%	109.7%	102.2%	101.50%

The 30 September 2022 VBI has decreased compared to that at 30 June 2022. This is mainly due to:

- Negative investment returns for the quarter of -0.38% which have decreased the asset pool supporting the defined benefit liabilities of the sub-plan, and
- Salary increases of 0.87% advised to Vision Super during the quarter, which have increased the value of the active member benefit liabilities.

The VBI of 101.5% as at 30 September 2022 satisfies APRA's Superannuation Prudential Standard 160 (SPS 160).

Vision Super is closely monitoring the investment markets to identify potential threats/opportunities that we may be able to avoid/take advantage of to improve the funding position of the sub-plan.

This [video from Stephen Rowe](#), Chief Executive Officer and Michael Wyrsh, Chief Investment Officer and Deputy CEO, talks about the Vested Benefit Index (VBI) and the factors currently affecting the investment markets and what to expect in the months ahead.

Shortfall limit

Under the superannuation prudential standards, VBIs must generally be kept above a fund's nominated shortfall threshold, currently 97%. When an actuarial review/investigation is in progress, a fund's VBI must be at least 100%. The 30 September 2022 VBI calculation of 101.5% exceeded the applicable 97% shortfall limit.

In the event the VBI falls below the shortfall threshold, the fund's Trustee is required under the superannuation prudential standards (SPS 160) to formulate a restoration plan to restore the VBI to 100% within three years.

Next update

The next VBI review is scheduled as at 31 December 2022, with results expected to be distributed to employers around mid-February 2023.

Vision Super will continue to monitor the sub-plan's VBI at least quarterly and daily during periods of high market volatility. As outlined by Michael Wyrsh, we are currently seeing increased volatility in the market and are currently developing a monthly update.

Action required (if any)

At this stage, no action is required by you.

We're here to help

If you want to know more about the VBI or LASF DB, in addition to the quarterly updates, we encourage you to get in touch. We understand that defined benefit plans can be complicated, and our dedicated team can answer your questions and provide you with information for both member and employer related queries.

If you have any queries or need assistance, please contact the Employer Services team on 1300 304 947 or employerservices@visionsuper.com.au.

Stephen Rowe
Chief Executive Officer

External Webinar Opportunities**Essential Services Commission (ESC) – Fair Go Rates System 9.12.22 @ 10.30am**

The ESC will be holding a webinar on 9 December 2022 from 10:30am to midday. This webinar is an opportunity for council staff and councillors to learn more about the Fair Go Rates system and the commission's role and processes. It is also an opportunity to ask any questions you may have about complying with the rate cap or applying for a higher cap.

The webinar will cover:

1. Complying with the rate capping framework
2. Reporting on the outcomes of rate capping
3. Applying for a higher cap

If you would like to attend this webinar, please click on the button below to register. This will also give you a chance to provide us with any questions regarding the topics listed above. Once registered, you will receive an email the day before with a link to join the webinar.

[Webinar registration](#)

CBA Webinar – Payble Webinar - 6 strategies to improve revenue, rates and resident satisfaction - 9.12.22 @ 11.30am

The CBA are hosting a webinar with [Payble](#). CBA is an investor in Payble.

The webinar topic is '**6 strategies to improve revenue, rates and resident satisfaction: insights from around the globe**' and will be chaired by Dom Natoli (Head of Local Government, CBA) and featuring Elliott Donazzan (Managing Director, Payble), Beth Moylan (Marketing and Consumer Psychology Consultant), and Adam Black (Team Leader Rates, City of Kingston).

It's an incredibly educational and interesting webinar that I think you will enjoy. **The content and examples from other councils and governments are fascinating.**

Through their significant research, the webinar identifies tried and tested strategies that you could use to increase resident satisfaction and also influence when and how your residents pay their rates.

For example, Adam Black, Team Leader Rates at City of Kingston will demonstrate how he's implemented some of these strategies and as a result now:

- receives outstanding resident feedback about their rates
- the payment process is easier than ever
- And they are reducing costs and admin for his team.

It's on Friday 9 December, at 11:30am to 12:30pm AEDT.

[Webinar registration](#)

Note: your registration information will be shared with Payble

Rating and Sustainability

This article is provided by Malcolm Lewis, FinPro member

On the 9 August 2022 the new Local Government Amendment (Rating and Other Matters) Act 2022 received royal ascent. The new Act is mainly in response to the recent Rating System Review as well as the Ombudsman's investigation into how councils respond to ratepayers in financial hardship.

In essence the new Act places further restrictions on how a council may recover unpaid rates and charges by:

- Focusing on the financial hardship of ratepayers.
- Formalising payment plans as an alternate way for ratepayers to pay outstanding rates.
- Legislating that the Minister now sets the penalty interest rate.

- Limiting the use of court orders including the need for rates and charges to be outstanding for 24 months prior to recovery action.

Contrast these new Act provisions with a recent news release from the Municipal Association of Victoria (MAV) lobbying the state government to provide Local Government with more financial independence and to better recognise the economic challenges faced by sector. The MAV news release listed a range of issues facing councils including the need for reform of the rate capping system and support the ongoing financial sustainability challenges faced by councils.

So what is the status of the rate capping system and its impact to Local Government?

Since the inception of rate capping, during the 2016/17 financial year, there has been a gradual reduction in the number of council applications seeking to increase rates by more than the ministerial directed ceiling of the consumer price index.

The current higher rate cap application process requires significant council resourcing that is often outside the capacity of many councils to manage. The loss of spending power resulting from the rate cap, and flow on impact to council services including deterioration of community assets, is now a key issue for the future of local government's financial sustainability.

While the MAV lobbies for financial independence and rate capping reform, the state is gradually implementing greater control over the Local Government sector using legislation such as the new LG amendment Act.

However, there are opportunities to leverage recently introduced state legislation to enhance Local Government financial independence. The new Local Government Act 2020, with its integrated framework approach, includes important strategic documents such as the long-term financial plan. While this plan is mandated within the legislation and adds an additional layer to the annual reporting process, it is also an important strategic tool to articulate a council's long-term planning and long-term funding needs.

The lack of council appetite to seek variations to the state-imposed rate cap is partly due to deficiencies in the ability to articulate a longer-term financial framework. Such a framework is necessary to demonstrate sound strategic financial management principles that is a key determinant in the rate cap assessment process. The ongoing challenges to articulate sound financial management principles could be improved by developing the mandated financial plan model into a more strategically focused document. To the extent that the sector continues to take a compliance-based approach to the long-term financial plan, often means this documents' primary function is restricted to satisfying an annual box ticking exercise to meet legislative obligations.

So, while the recent focus may be on rating related matters, the broader approach is to focus on developing more robust financial management practices across the sector including the need for a more strategically focused long-term financial plan.

TCV Loan Rates as at 30 November 2022

Maturity	Fixed Rate (Interest Only)		Fixed Rate (Principal and Interest)*		Floating Rate (margin to BBSW)	
	Quarterly	Semi	Quarterly	Semi	Quarterly	Semi
1 year	3.6743	3.6898	3.6650	3.7200	0.0874	-0.1040
3 year	3.8674	3.8836	3.8100	3.8350	0.1767	0.0099
5 year	4.0486	4.0663	3.9150	3.9400	0.3255	0.1804
7 year	4.2630	4.2828	4.0400	4.0650	0.4125	0.2885
10 year	4.5481	4.5708	4.2350	4.2650	0.5548	0.4538
12 year	4.7186	4.7430	4.3700	4.4000	0.6526	0.5614
15 year	4.9017	4.9282	4.5550	4.5850	0.7885	0.7040
11am (at Call)	3.1650				BBSW	
30 day	3.2050				1 Month	2.9489
60 day	3.2550				3 Month	3.0885
90 day	3.3450				6 Month	3.5591
180 day	3.7850					

TCV Investment rates

Cash	2.8000		4 Month	3.2250
1 Month	2.9389		5 Month	3.3750
2 Month	2.9975		6 Month	3.5491
3 Month	3.0785		1 Year	3.3648

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.

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The indicative rates information provided by TCV is not, without TCV's prior written consent, to be disclosed to any other person.

Current positions advertised on the FinPro Website

Role	Council	Web Link	Closing Date
Manager Financial Strategy	Buloke Shire	See here	Until filled
Manager Finance and Commercial	Maroondah City Council	See here	11 December 2022
Financial Accountant	Stonnington City Council	See here	11 December 2022
Valuations Specialist	Manningham City Council	See here	12 December 2022
Revenue Coordinator	Colac Otway Shire	See here	15 December 2022
Management Accountant	Yarra City Council	See Here	16 December 2022

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FinPro Executive Team 2023

- Aaron Gerrard, Whittlesea CC
- Alan Wilson , Melbourne CC
- Belinda Johnson, Southern Grampians Shire
- Binda Gokhale, Consultant
- Bradley Thomas , Hepburn Shire Council
- Chen Wei, Yarra CC
- Danny Wain, Monash CC
- Fiona Rae , Golden Plains Shire
- Gabrielle Gordon, FinPro
- Melissa Baker , South Gippsland Shire
- Nathan Kearsley, Latrobe CC
- Nathan Morsillo, City of Greater Bendigo
- Simone Wickes, Casey Shire
- Tony Rocca, Maroondah CC

NOTE: The Election for the Executive Team for 2023 was held on 2.12.22, and the abovementioned people are the newly formed team. They will internally hold their first meeting on 16.12.22 and at that time, elect the FinPro Office Bearers – President, Vice-President/s, Treasurer and Secretary.

FinPro Contact Details

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