



**MUNICIPAL ASSOCIATION OF VICTORIA
ANNUAL REPORT 2011/12**

PURPOSE

TO PROMOTE THE EFFICIENT CARRYING OUT OF MUNICIPAL GOVERNMENT THROUGHOUT THE STATE OF VICTORIA AND TO WATCH OVER AND PROTECT THE INTERESTS, RIGHTS AND PRIVILEGES OF MUNICIPAL CORPORATIONS.

Municipal Association Act 1907



MUNICIPAL ASSOCIATION OF VICTORIA

THE VOICE OF LOCAL GOVERNMENT

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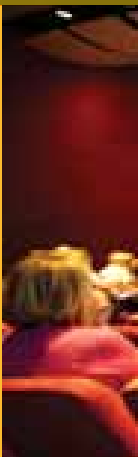
VALUABLE COMMITMENT TO HEALTH

Our detailed costing study informed negotiations that secured a \$79 million State Budget commitment for maternal and child health services. This included an eight per cent increase in hourly rates to maintain the 50/50 State-local funding ratio.

FUNDING A GOOD BEGINNING

Strong advocacy secured a record \$76 million commitment of National Partnership funds for kindergarten infrastructure. Flexible transition to universal access national reforms was advanced with the State committing to fund 10.75 and 15 hour services for 2013.

YEAR IN REVIEW



RIDING THE LIBRARY-COASTER

In the two weeks following the State's public library funding cut, our high profile 'Save our Libraries' campaign persuaded the reinstatement of the library funding and simultaneously secured an extra \$3.1 million in recurrent funding for 2012, and a long awaited Ministerial review.

COUNCILS' CARBON UNDERSTANDING

Carbon price analysis of 38 municipalities informed governments and communities of the impacts on council operations and costs. Fifty-one councils attended MAV carbon management training to boost the sector's carbon understanding and capabilities.

SAFETY REMAINS CENTRAL

MAV procurement of MECC Central software improved emergency response and recovery capabilities for 74 participating councils. \$2 million was also secured to establish fire refuges in high-risk locations where no Neighbourhood Safer Place could be identified.

ENCOURAGING VICTORIA'S FUTURE LEADERS

The 'Stand for Council' campaign provided leadership and guidance to all prospective candidates. Over 80 candidate information sessions were booked, a new website launched and key resources developed to increase council election candidate numbers.

PROCUREMENT BLITZ

Twelve tenders over a broad range of products were conducted with 100 per cent member participation. Superior suppliers have been engaged, processes streamlined and best value for council dollars ensured.

EMERGENCY MANAGEMENT BY THE BOOK

The Improving Emergency Management in Local Government program addressed the increased demands facing councils regarding state and municipal emergency situations. A sector-wide position was achieved and officer induction handbook produced.



CARING FOR THOSE IN NEED

An Australian-first Prevention Community Model was developed with the State Government to combat the rise of preventable chronic diseases, and the launch of our leadership statement promotes gender equity and the prevention of violence against women. \$10.4 million was also secured to support vulnerable people in emergencies.

ENVIRONMENTAL WARRIORS

Securing a refocus of the State landfill levy priorities has seen \$15 million reinvested back into local organic recycling initiatives to date. \$7.9 million committed over three years will also manage roadside weeds and pests, while the Recycled Roads to Zero Waste initiative continues to improve sustainable council practices.

ROADS TO RENEWAL

Stronger relationships have been built and local government importance recognized through MAV participation in national advocacy on road infrastructure. \$40 million State funding was secured to improve country roads and bridges from Melbourne to regional centers, and the federal Roads to Recovery program was extended until 2019.

BUILDING THE NETWORK

We worked hard to initiate and build productive relationships with the new Victorian Government, developing a program of regular meetings with key Coalition Ministers to boost our effectiveness, engagement and capacity to inform and influence government policy.

PRESIDENT'S REPORT

During the year we achieved considerable advancement on many of our key priorities. Our focus was threefold: to engage – with members; to build – better relationships; and to deliver – improved outcomes for the sector.

Productive member engagement saw new partnerships formed, committees established and networking opportunities expanded. These actions played a strong role in helping to secure some major wins for the sector, most notably in our human services, environment, planning, emergency management and procurement areas.

Previously realised benefits from the MAV's rural forums led to the introduction of successful metro forums. These have facilitated more connected discussion between metropolitan mayors, CEOs and MAV representatives on critical issues facing the sector. The carbon tax, fire services levy, transport and infrastructure, planning and waste management were addressed through productive debate and sharing of knowledge and experiences. We appreciate opportunities to better engage with members in this way and to work more cohesively as a sector.

More than 7 000 registrations at 120 events drove record attendance figures this year. Our breadth of workshops, training, conferences and forums provided diverse resources and development opportunities to all members, and boosted sector engagement. Our ground-breaking, tailored and recognised Company Director's Course, and the MAV-Swinburne graduate diploma, demonstrate the professionalism and highly valuable opportunities developed to build-up the sector.

We continued to foster productive relationships with the Victorian Government and reinforced the need for improved dealings with local government when policy reforms impact on the sector. Our hopes for stronger State-local partnerships to improve delivery of Government priorities at the local level has amplified, together with our pursuit of a renewed *Victorian state-local government agreement* to provide councils with more confidence in state policies and decision-making.

...THESE HAVE FACILITATED MORE CONNECTED DISCUSSION BETWEEN METROPOLITAN MAYORS, CEOS AND MAV REPRESENTATIVES ON CRITICAL ISSUES FACING THE SECTOR...

Our resolute advocacy successfully and influentially delivered local government's message and, in the midst of falling State Government revenue, the 2012 Victorian Budget delivered additional funding for core community services provided in partnership with councils.

In a significant win for the sector, \$79 million was secured in maternal and child health funding to ensure the continuation of an equal funding partnership between State and local government. The State also allocated \$76 million for kindergarten infrastructure to support delivery of the national universal access reforms.

Reinforcing local government's broad roles in reducing preventable diseases, we developed the innovative Prevention Community Model with the Victorian Government. In an Australian-first partnership, 14 Victorian councils are working with community health services and 40 communities to deliver local health and disease prevention programs.



Further collaborative efforts also resulted in the Government agreeing to reinvest landfill levies into local resource and waste recovery initiatives. Long-sought by the sector, the redirection of this funding is a win for councils, the community and the environment.

Our short but effective library campaign succeeded in reversing the State's original decision to cut library funding, secured an extra \$3 million in recurrent funding and a much overdue Ministerial Advisory Committee review of public libraries. With the campaign heavily influenced by the MAV's mobilisation of community involvement driven by social media, it was rewarding to see the sector unite to save our libraries.

At the national level, slow and steady progress has moved us closer towards constitutional recognition of local government. We are ready and waiting for the Australian Government to provide its formal response to the expert panel report, which supported our preference for financial recognition of local government. The form of the Australian Government's commitment will greatly influence our approach to a national 'Yes' campaign to ensure we have the best chance of achieving recognition in the Australian Constitution.

Hard work and effective cooperation also secured the extension of vital Roads To Recovery funding until 2019. This win is further evidence of the power of our collective voice.

On a more personal note, as an official ambassador for the White Ribbon campaign, I was proud to launch the *Promoting Gender Equity: MAV Prevention of Violence Against Women Leadership Statement*. The MAV is supporting the admirable work of councils to focus and improve community intolerance of the unacceptable social issues surrounding violence against women.

As this annual report concludes the four-year term of councillors, I would like to acknowledge the commitment and hard work of our sector's elected representatives, giving up many hours each week to admirably fulfill your civic duties.

Finally, my congratulations and thanks to the MAV team, and Rob especially, for their diligent and untiring efforts to advance outcomes that matter for our members. In tough economic times, we have risen to the challenges and achieved many positive and tangible results. We will continue to represent the collective and influential voice of local government responsibly, ethically and passionately.

CR BILL MCARTHUR President

MAV BOARD



CR BILL MCARTHUR

Golden Plains Shire Council

PRESIDENT

MAV Audit Committee

MAV Insurance Committee

Councillor 1991 - 1994 (Grenville),
1996 - present

Mayor 2004, 2005

Australian Local Government
Association Board

Victorian Councillor Service Awards,
15 years

White Ribbon Ambassador for the
Prevention of Violence Against Women



CR GEOFF GOUGH

Manningham City Council

DEPUTY PRESIDENT
(METROPOLITAN)

METROPOLITAN EAST
REPRESENTATIVE



Chair, Transport and Infrastructure
Committee

Councillor 1997 - present

Mayor 2002, 2007, 2011

Australian Local Government
Association Board

Councillor Workcover Committee

VITS Language Link

Victorian Local Government

Sustainability Accord



CR LISA MAHOOD

Wodonga City Council

DEPUTY PRESIDENT
(RURAL)

RURAL NORTH EAST
REPRESENTATIVE



Deputy Chair, Multicultural Committee

Councillor 2000 - present

Mayor 2002, 2003, 2004, 2005,
2006

Deputy Mayor 2001

Alternate, Australian Local Government
Association Board

Victorian Councillor Service Awards,

Mayor Emeritus



CR JEFF AMOS

Wellington Shire Council

RURAL
GIPPSLAND
REPRESENTATIVE



Environment Committee

Deputy Chair, Professional
Development Reference Group

Deputy Chair, Planning Committee

Councillor 2003 - present

Mayor 2004, 2010-2011

Deputy Mayor 2005, 2007

Chair, CEO Performance Review
Committee

Chair, Remuneration Committee

Chair, Strategic Land Use Planning
Committee

Deputy Chair, Place Names Committee

Asset Management Strategic Group

Access & Inclusion Advisory Group

Chair, WGCMA Catchment Ecosystem
Advisory Group

RoadSafe Gippsland



CR DAVID CLARK

Pyrenees Shire Council

RURAL
SOUTH CENTRAL
REPRESENTATIVE



Deputy Chair, Environment Committee

Deputy Chair, Emergency Management
Councillor Reference Group

Councillor 1992-1994, 1996-2004,
2008 - present

Mayor 1999, 2003, 2004, 2010

Pyrenees Shire Audit Committee

Western Highway Action Committee

Chair, North Central Catchment
Management Authority

Chair, Victorian Farm Tree and Land
Care Association

Treasurer, Conservation Volunteers
Australia



CR ROD FYFFE

Greater Bendigo City Council

RURAL
NORTH CENTRAL
REPRESENTATIVE



MAV Insurance Committee
 Chair, Environment Committee
 Chair, Arts and Culture Committee
 Professional Development Reference Group
 Councillor 1996 - present
 Mayor 2004, 2005, 2011
 Ministerial Advisory Council on Libraries
 State Library Public Libraries Advisory Committee
 Alternate representative, Australian Packaging Covenant Council
 Victorian Councillor Service Award, 20 Years

CR KEN GALE

Moyness Shire Council

RURAL
SOUTH WEST
REPRESENTATIVE



Chair, Human Services Committee
 Councillor 2004 - present
 Mayor 2008, 2009
 Chair, Rural Councils Victoria
 Timber Towns Victoria
 White Ribbon Ambassador for the Prevention of Violence Against Women

CR GAETANO GRECO

Darebin City Council

METROPOLITAN
CENTRAL
REPRESENTATIVE



Chair, Multicultural Committee
 Deputy Chair, Arts and Culture Committee
 Councillor 2008 - present
 Inner North Training Group Board
 Chair Bundoora Homestead Board
 APlus Apprentice and Trainee Services Board
 Italian Consular Advisory Council for Victoria and Tasmania
 2009 McArthur Fellowship Award
 2004 Multicultural Excellence Award
 2001 Centennial Medal

CR GEOFF LAKE

Monash City Council

METROPOLITAN
SOUTH
REPRESENTATIVE



Councillor 2000 - present
 Mayor 2002, 2003
 Trustee Director, Vision Super
 Lawyer, Minter Ellison Lawyers



CR MARY LALIOS

Whittlesea City Council

INTERFACE
REPRESENTATIVE



MAV Audit Committee
 Chair, Emergency Management Councillor Reference Group
 Councillor 2005 - present
 Mayor 2008-09, 2009-10
 Victorian Bicycle Advisory Committee
 Yarra Plenty Regional Library Board
 YMCA (Whittlesea)
 Plenty Valley Community Health Board
 2010 Professional of the Year (awarded by Professions Australia)

CR REID MATHER

Buloke Shire Council

RURAL
NORTH WEST
REPRESENTATIVE



Councillor 2003 - present
 Mayor 2005, 2006, 2007, 2008, 2009
 Chair, North Western Municipalities Association
 Country Fire Authority Board
 Victorian Councillor Service Awards, Mayor Emeritus

CR CORAL ROSS

Boroondara City Council

METROPOLITAN
SOUTH EAST
REPRESENTATIVE



Alternate, MAV Audit Committee
 Chair, Planning Committee
 Deputy Chair, Human Services Committee
 Councillor 2002 - present
 Mayor 2007, 2008
 President Australian Local Government Women's Association (Victorian)

CR JOHN SIPEK

Moonee Valley City Council

METROPOLITAN
WEST
REPRESENTATIVE



Chair, Professional Development Reference Group
 Councillor 2005 - present
 Mayor 2010-2011
 Deputy Mayor 2009
 Alternate, Australian Local Government Association Board
 Chairman, Australian Packaging Covenant Council
 Metropolitan Waste Management Group Board
 Director, Qantas Superannuation Plan and Audit Committee
 Director, ISIS Primary Care

CEO'S REPORT

While it's been an eventful year for local government, we have delivered many tangible outcomes and made significant headway in delivering on key and emerging priority issues facing the sector.

The Victorian Government's mid-year Budget Update confirmed that access to funding programs is constricting. To combat this, the MAV worked tirelessly towards stronger relationships with the Victorian and Australian governments, particularly on delivery of the Coalition's much promised Victorian State-local government agreement. The maturing of these relationships helped to secure funding wins for fire refuges, maternal and child health services, kindergartens, recycling initiatives, weeds and pests, roads, bridges and more.

Our critical activity in the emergency management space continued and we contributed to a once-in-a-generation opportunity to reform emergency management policy and the legislative framework guiding it. Our strong advocacy paid off, with local government's capacity constraints and concerns about expanding roles being thoroughly explored in Mr Comrie's final report of the Victorian Floods Review.

Further endeavours have reduced the pressures facing rural and regional council budgets, through retention of State funding for vital capital infrastructure programs and a further 10 emergency management staff for high bushfire risk councils. At a time when many programs were cut or abolished, these wins are significant.

TO COMBAT THIS, THE MAV WORKED TIRELESSLY TOWARDS STRONGER RELATIONSHIPS WITH THE VICTORIAN AND AUSTRALIAN GOVERNMENTS, PARTICULARLY ON DELIVERY OF THE COALITION'S MUCH PROMISED VICTORIAN STATE-LOCAL GOVERNMENT AGREEMENT.

This year the MAV also focused on new ways to achieve sector goals. MAV Procurement's workload took off as councils embraced the opportunities on offer. Twelve successful tenders achieved 100 per cent member participation and our collaborative procurement programs provided some formidable results. Our efforts have increased the efficiency of local government procurement practices, the quality of service providers, and delivered significant cost savings to our members.



Financially the year was satisfactory. MAV Insurance survived well through international losses, with insurer and reinsurer capital back to peak levels and claims numbers stabilising. Our Liability Mutual Insurance put a stronger focus on risk assessment to ensure individual member needs were effectively covered, particularly as we move into what is expected to be a hardening insurance market.

We successfully dealt with a number of large sector-wide issues that arose during the year including landfill levies, the carbon price, and funding for public libraries. The 'Stand for Council' campaign reached a large population, with a record 83 candidate information sessions booked across the state and social media expanding our contact with hard-to-reach audiences.

A frustrating issue this year emerged within the superannuation space, with the largest shortfall being recorded in the Local Authorities Superannuation Fund's history. This impacted the MAV budget by \$670 000.

Supporting our members to respond to this challenge, we commenced a vigorous advocacy strategy to minimise the impact of the superannuation call facing councils and began pursuing options to make the scheme more sustainable into the future.

The MAV has delivered some great outcomes for members this year. I expect the coming 12 months could prove a tough balancing act for many newly elected councils, but we are ready and eager to work with our members and other levels of government.

The momentum built throughout this year will hold us in good stead to influence reforms and respond to challenges in the year ahead. The MAV will continue to champion a sustainable future for local government.

ROB SPENCE Chief Executive Officer

HUMAN SERVICES AND PUBLIC HEALTH



PUTTING THE 'FUN' IN LIBRARY FUNDING

Victorian Budget cuts to recurrent public library funding were reversed following our influential 'Victorians Love Libraries' and 'Save our Libraries' campaigns. The MAV convened a library summit to identify a sector-wide position and quickly activated a united response. More than 300 news stories, community petitions and an active social media campaign supported our advocacy efforts. Within two weeks, the Victorian Government agreed to increase library funding in the 2012-13 budget by over \$3 million per annum and established a long awaited review of public libraries. The MAV's input to the State's Ministerial Advisory Council (MAC) review put councils at the centre of negotiations regarding new directions and investment for libraries. We continue to build the case for sustainable public libraries in the second phase of the review.

STRIVING FOR HEALTHIER HOME CARE

The Victorian Government continued to value Victoria's unique Home and Community Care (HACC) model. Quarterly meetings with the Health Minister secured agreement that local government's role in HACC planning, delivery and funding will be acknowledged in the reviewed HACC Agreement. The need for adequate indexation and joint planning processes between the three levels of government will also be included. In response to Commonwealth health reforms and the establishment of Medicare Locals, the MAV developed and signed a memorandum of understanding with General Practice Victoria (GPV). Our participation on GPV's Medicare Locals Transition Committee also promoted local government's health-related roles to new CEOs of Victorian Medicare Locals.

PREVENTION IS THE BEST INVESTMENT

Local government's innovative work to stop the increase in preventable chronic diseases was boosted through an Australian-first partnership program. The MAV worked with the State Government to design the Prevention Community Model (PCM), and a Statement of Commitment supporting investment in preventative health was signed by the MAV president, Minister for Health and 14 mayors. The PCM is active on 12 sites, led by local government and delivered through community partnerships. We hosted forums to support senior council staff progress negotiations, introduce the initiative, and develop their 2013 Municipal Public Health and Wellbeing Plans.





FRUITION OF KINDERS CAMPAIGN

Councils' planning for national kindergarten reforms continued to go from strength to strength as a result of the MAV's advocacy and support. Ongoing meetings with federal and state ministers detailed the need for increased capital funding and staged implementation of 15 hour kindergarten services. The MAV provided input to the Victorian Government Kindergarten Funding Review and stressed the importance of local government's key roles as major facility owners, planners and cluster managers in a future Commonwealth-State Government Bilateral Agreement. In response to MAV advocacy \$76 million in State capital works grants were secured. The majority of funds were allocated to councils with additional grants to support councils to implement the 15 hour services. Change management strategies developed in the Rural Capacity Building project will also help councils with the transition. More than 250 participants attended our planning sessions and workshops on the national quality reforms, workforce and industrial arrangements, leases and licenses, and kindergarten cluster management.

BUTTING OUT OUTDOORS

The MAV distributed over \$900 000 to councils through the continuing tobacco education and enforcement program with the Victorian Government. This program supports councils educate establishments and tobacco retailers on, and enforce, State tobacco laws. Following the submission of our state-wide framework for smoking in outdoor public places, the MAV's advocacy continued to work towards the introduction of new State smoke-free laws for public outdoor areas.

FUTURE SECURED FOR NEW FAMILIES

The MAV addressed councils' concerns about the impact of population growth on maternal and child health (MCH) funding, securing an additional \$79 million for the MCH program in the 2012 State Budget. Our comprehensive costing study was critical to achieving an eight per cent increase in MCH hourly rates and maintaining the 50-50 State-local funding commitment. We then worked with councils and the Department of Education and Early Childhood Development to finalise the 2012-2015 Memorandum of Understanding (MoU), signed in June. An increased commitment to respond to the needs of vulnerable children and their families underpins the action plan within the MoU.

FEEDING INTO SAFETY REPORTS

The MAV continued to partner with the Department of Health to implement reforms that will make it easier for businesses to comply with food safety regulation. The MAV facilitated the input of local government data in the inaugural *Department of Health food safety report* and ensured councils' role in food safety regulation was effectively promoted. The MAV also managed the development of a single registration system for temporary and mobile food businesses. The system will simplify the registration process and give councils access to performance histories of businesses across the state, helping them streamline inspection regimes. As a member of the Victorian Committee of Food Regulators, the MAV signed a revised Memorandum of Understanding towards enhanced Victorian food regulation systems and cooperation.

YOUTHFUL PARTNERSHIPS

Following on from our joint research with the Department of Education and Early Childhood Development (DEECD) on council youth services spending, we further examined local government's work with vulnerable young people. With DEECD grant funding, the MAV held a two-day conference and met with over 50 councils to ascertain current policies, programs and activities developed to respond to community needs. A comprehensive report will be delivered and used to inform State Government responses and programs targeting vulnerable young people.

GENDER EQUITY

The *Promoting Gender Equity: MAV Prevention of Violence Against Women Leadership Statement* was launched to support and encourage council work on preventing violence against women, and the associated health and social impacts. The Statement formed part of the Local Government Prevention of Violence Against Women (PVAW) project, funded by the Office of Women's Policy, to acknowledge councils' vital role in creating safe and healthy communities and their capacity to influence gender equity through local policy and programs. We also convened a state-wide PVAW network and Executive Leadership Group to help promote the messages in our Leadership Statement.



CONVERSATIONS ON CULTURAL DIVERSITY

A multicultural committee was established by the MAV to promote and respond to cultural diversity. Forums for members highlighted the benefits of sport in refugee settlement and social inclusion, as well as local government's role in migrant settlement and multicultural affairs. MAV support also proved integral to the success of a 'United Nations Alliance of Civilizations' forum on inclusive integration convened in Melbourne. Continued advocacy, such as our submission to a multicultural policy parliamentary inquiry, continues to strengthened inter-governmental engagement on settlement planning and coordination issues. The MAV took part and encouraged participation in initiatives such as Harmony Day, A Taste of Harmony and Cultural Diversity Week.

WORKING WITH NEW DOG LAWS

The Victorian Government's unilateral decision to change restricted breed dog laws significantly impacted on councils' workloads. The MAV convened an officers working group, and a series of meetings with councils to share the lessons learned and develop an assessment checklist. The MAV also obtained and provided councils with legal advice on the restricted breed dog declaration procedure and potential liability. Following advocacy from the MAV, the Minister for Agriculture announced \$135 000 in funding support for eight councils that experienced an immediate increased workload as a result of the legislative changes.

FINANCE AND PRODUCTIVITY



CASE FOR RECOGNITION BUILDS

A second High Court ruling lent further weight to the case for constitutional recognition of local government. A decision in the Williams case placed further doubt over the Australian Government's ability to fund organisations outside its direct constitutional responsibility. Advocacy by the MAV and national counterparts led to the Australian Government establishing an Expert Panel to examine options for constitutional recognition. While we support the preferred Panel option for financial recognition, their referendum recommendation depends upon state and territory government support. Victorian councils agreed in principle to contribute voluntary levies towards a national 'Yes' campaign. Our input to the national strategy for a referendum at the 2013 federal election continues while we await the Government's response to the Expert Panel.

FIRE LEVY IN LIMBO

Backed by extensive financial modelling, the MAV conducted vigorous advocacy on implementation options to meet the Bushfires Royal Commission recommendation of a new property-based fire services levy, transitioning from an insurance-based levy. We strongly emphasised councils' opposition to collecting this State levy. Our analysis of collection costs provides a solid argument for full cost recovery if local government is required through legislation to be the collection agency. A MAV forum provided further member input to the ongoing sector advocacy on this critical State tax reform. Despite committing to pass legislation in early 2012, no Bill was introduced to Parliament by 30 June.

INFORMING SUSTAINABLE FUTURES

Ongoing collection and analysis of sector financial data continued to fortify the case for financial assistance reforms for rural councils facing significant sustainability challenges. Steady improvement in financial strength was recorded for almost all councils, with ongoing assistance from the MAV's asset management and other continuous improvement programs. Detailed costing studies were undertaken for maternal and child health services, carbon tax impacts, public library funding and home and community care. These studies provided critical input to secure better funding outcomes for the sector in negotiations with governments.



PROCUREMENT



PROCUREMENT POSSIBILITIES REALISED

MAV Procurement continued to support members to achieve better value for money, minimize compliance risks and improve procurement practices. This service was developed after the Local Government Victoria and Ernst and Young *Local Government Procurement Strategy* identified potential sector-wide savings in excess of \$350 million per annum. MAV Procurement seized upon opportunities to deliver 35 collaborative tenders, equating to more than 900 individual tenders. Having sourced the most competent service providers and best value for members, we now manage more than 160 contracted suppliers for councils.

COLLABORATION DELIVERS

Twelve tenders this year delivered significant value and efficiency gains to all 78 member councils involved. Collaborative tenders covered a broad scope of materials and deliverables including building and construction equipment, public maintenance vehicles, IT and administration systems, and work wear. Through the National Procurement Network (NPN), MAV Procurement established strong links with other state and territory Local Government Association procurement divisions. This relationship realised some outstanding savings for our members by aggregating council requirements nationally, particularly in the fleet and heavy equipment areas.

TENDER OPPORTUNITIES

The 12 successful tenders conducted by MAV Procurement this year were:

- > Electricity for Contestable Sites, Green Power and Street Lighting
- > Microsoft Whole of Local Government Software Licensing
- > Incident Management System (MECC)
- > Corporate Wardrobe (NPN Contract)
- > Small Plant and Machinery (NPN Contract)
- > Road and Bridge Making Equipment (NPN Contract)
- > Earth Moving and Material Handling Equipment (NPN Contract)
- > Workwear and Personal Protective Apparel (NPN Contract)
- > Park and Playground Equipment
- > IT Policy System
- > Gas and Buildings and Facilities
- > Bill Payment Services





PROCURING A SAFER SYSTEM

MAV Procurement managed the development and roll-out of the MECC Central Incident Management System to 74 councils. This project implemented a common emergency management system providing ongoing improvements to the operation of Municipal Emergency Coordination Centres. Originally funded through a \$250 000 grant from the Victorian Natural Disaster Resilience Grant Scheme, additional funding provided by the Department of Human Services will further enhance the system's functionality during 2012-13.

SAVINGS INFORM TECHNOLOGY

A joint procurement process between MAV Procurement and the Local Government Information Communications Technology Committee (LGICT) sourced a provider to assist councils develop and manage their IT policies. The successful contracting of Kaon Security delivered significant cost savings to all participating councils and provided access to a wide range of IT policies, which councils are adapting to reflect their individual needs.

BOOSTING PERFORMANCE AND PRACTICE

Sector-wide procurement capabilities continue to be advanced by MAV Procurement. Working with a consultant, we developed a best practice contract management guide and training program for councils to implement better and more consistent contract management processes. A *Doing business with local government* guide was produced to educate contractors and encourage potential suppliers to form profitable, long-term partnerships with councils. MAV Procurement implemented innovative procurement systems to deliver a robust and efficient process for suppliers and councils. A Vendor Panel quotation management system ensured a fair and competitive process and increased the usage of preferred suppliers. It also provided unprecedented transparency and governance over the procurement process.

PARTNERSHIPS LIGHTEN THE BULK CHANGE

Plans are underway to realise cost savings and reduce greenhouse gas emissions by making the change to more energy efficient street lighting. While replacements are available for most street lights, changing to these energy efficient options takes time, large expense and complex negotiations with suppliers, retailers and distributors. A partnership between MAV Procurement and consultants Ironbark Sustainability provided councils with technical and practical advice, and offered bulk purchasing or tendering options to help manage the change process. This project will be ongoing over the next three years.

EVENTFUL YEAR

MAV Procurement events helped to inform and develop councils' understanding on procurement opportunities, policy and projects. These included:

Procurement Policy workshop - Revised the Model Procurement Policy initially developed in 2009 and discussed procurement issues faced by councils.

MECC Central workshops - Facilitated sessions to assist in the development of councils' understanding of the MECC Central system through hands-on training and role playing.

Evaluation Insight training - Focused on qualitative tender evaluation and covered value for money, quantitative evaluation and determining risk profiles.

Fleet Contracts information session - Provided an overview of the contracts and engagement process for councils accessing MAV-NPN fleet contracts.

Electricity Tender information session - Informed participants of the procurement process, carbon tax implications and other pricing considerations for the supply of Electricity for Contestable Sites, Green Power and Street Lighting tender.

Energy Efficient Street Lighting information session - Provided further detail on the MAV street lighting project, including support services provided through this process, the legislative framework, and opportunities for council collaboration.

Contract Management Guidelines forum - Launched the contract management guidelines, discussed training opportunities available, and heard from both the private and public sector on key topics related to contract management.

PLANNING



STEPPING INTO TIME AND COST SAVINGS

Councils in the MAV's STEP planning process improvement program (STEP Planning) delivered significant improvements to permit assessment. Consistency of timeframes increased and the time required to process straightforward applications reduced by 30 to 50 per cent, also reducing application backlogs. The 2012 annual forum enabled STEP Planning councils to share their improvement ideas with the sector. As participation increased, the MAV reviewed delivery options and went to the market to improve member value. STEP Planning data supported many MAV submissions including two Productivity Commission reviews into performance benchmarking of planning systems and local government as a regulator.

PLANNING REFORM NOW

Extensive member consultation informed the MAV's submission to the Ministerial Advisory Committee on the Planning System. We argued for improved governance, greater accountability and stronger spatial resolution of State policy. The Committee's report drew heavily on local government and MAV submissions. It focused on achieving a stronger and simpler system that rewards good strategic planning and reduces reliance on the permit process to deal with conflicting policy objectives. The MAV also coordinated local government input into the development of new bushfire planning provisions and supported funding bids to assist with implementation. Contributions were made to the *Victoria Planning Provisions* in car parking, wind farms and community development. Councils' direct participation in the long awaited review of developer contributions was supported by the MAV and benefits of that process are expected in the next year.





BUILDING COOPERATION

The MAV supported councils to undertake their building control functions through our participation on project committees, direct representation and work with the Victorian Municipal Building Surveyors Group (VMBSG). The MAV successfully broadened the Victorian Home Pool and Spa Safety Committee's strategy to improve pool safety. We contributed to the Destination Excellence group's pragmatic and cooperative response to the Victorian Auditor General's audit into building permit compliance. This audit led to a focus on improved information exchange between councils and the Building Commission, a more effective audit program and better documentation. The MAV continues to provide feedback to Local Government Victoria about their Building Site Management project. Work is ongoing to deliver practical resolutions to councils' concerns and uncertainty about onerous requirements for public place of entertainment occupancy permits.

OUT IN THE REGIONS

The MAV's persistence on long standing rural and regional issues helped to achieve better rural council support, fewer restrictions for farming uses in farming zones, and a joint program to address wind farm compliance. Our quarterly rural planning forums advanced the rural policy platform and enabled broader government and private sector engagement. Research was conducted into the effects of settlement patterns on council infrastructure and service provision costs. This work informed regional growth plans, supported councils' strategic work and provided an evidence base for further sector advocacy. Councils and affected property owners look set to receive real benefits through a streamlined process to fix rural planning schemes where the land use, subdivision and strategic intent don't match the current zone. Following MAV advocacy, the Department of Planning and Community Development is considering including this process in the implementation of Regional Growth Plans. Through the scoping, funding and coordination of the Port Phillip Bay Coastal Adaptation Pathways project we progressed member concerns on coastal planning.

DREAMING OF BETTER CITIES

The Government's Housing Growth Requirements project wound up in the first half of the year despite the data and other products not yet being released. However, the MAV published a case study report that showcased metropolitan councils' innovative housing projects to help other councils facing similar challenges. With local government eager for the commencement of the new metropolitan planning strategy, the MAV held two 'Melbourne I Dream' events to stimulate broader community debate. The forums explored the challenges of growth in Melbourne, best practice metropolitan planning, and highlighted the importance of councils in building strong communities. A Metropolitan Planning Strategy Councillor Reference Group was established to develop a cohesive sector view on local government priorities.

ENVIRONMENT



MANAGING CARBON PRICING IMPACTS

The financial effects of the carbon price on Victorian councils were analysed, showing a modest impact across the sector. We hosted emissions management and reduction training for 140 representatives from 51 councils, based on the MAV's updated *Victorian local government guide to reducing carbon emissions*. Six case study videos were produced highlighting local government's successful management and reduction of its carbon footprint. Twenty-eight councils and four Waste Management Groups benefited from two technical workshops on landfills and carbon price liability run by the MAV and the Clean Energy Regulator. Members briefs on the carbon price framework, carbon price liability and landfills kept councils informed throughout the transition and introduction of the carbon price.

GREEN STREET LIGHTING

The MAV hosted a procurement information workshop and engaged a technical advisor to assist councils upgrade to energy efficient streetlights. Victorian councils were awarded \$6.4 million for green street lighting through the Community Energy Efficiency Program following our 2010-11 campaign encouraging the Australian Government to fund energy efficient street lighting. The MAV Public Lighting Customer Innovation Committee is the first of a two-part process reviewing public lighting technology in Victoria. Over 50 technologies, including over 30 LED lights were assessed. Six of these technologies were recommended for councils' use, with the tender for lights and installation to commence in 2012-13.

SHIFTING ROADSIDE WEEDS

Lobbying by the MAV for a fair deal on roadside weed and pest management saw councils awarded \$7.9 million over three years in the May 2012 State Budget. However, the funding is intended to be tied to legislative changes that make local government responsible for noxious pests and weeds on local roadsides. The MAV made strong representations in the media and to the Government that any new responsibilities on councils must be directly contingent on State provision of commensurate long-term funding.





MEETING CLIMATE CHANGE CHALLENGES

The study *Supporting Victorian Local Government Manage Climate Risks and Plan for Change* enhanced the sector's understanding of successful climate change adaptation responses, also identifying key needs and barriers. Eleven coastal climate adaptation workshops were run for over 200 council representatives focusing on coastal challenges, areas of risk, planning and building, and health impacts. A comprehensive submission was developed for the Productivity Commission's inquiry into barriers to climate change adaptation. The Australian Government provided \$500 000 to conduct economic assessments of adaptation responses at five sites around Port Phillip Bay. The MAV also helped to improve spatial mapping for coastal councils; this included boating infrastructure, coastal action plan locations, coastal management boundaries and defining a coastal line.

GROWTH IN NATIVE VEGETATION

The significant negative financial implications for local government were highlighted in the MAV's submission to the Australian Government on its proposed reforms to the *Environment Protection and Biodiversity Conservation Act 1999*. A partnership with the Victorian Government also delivered forums on native vegetation offsetting. A local government working group was established, meeting regularly to facilitate the establishment of council-owned offset schemes. Another fruitful partnership with the State instigated the Two Million Trees program that supports local government tree planting projects.

WASTE-LESS FUTURE

Over 120 people participated in the annual environment policy forum, helping to shape local government's 20-year vision for waste management. MAV advocacy persuaded the State to refocus its landfill levy reinvestment, with \$11 million announced for recycling initiatives and another \$3.87 million to assist rural and regional councils meet Environment Protection Agency (EPA) landfill standards. The relationship between EPA Victoria and local government was strengthened by the MAV Environment Committee and our participation on the EPA Business Reference Group. In response to State Council motions, the MAV also made two key submissions to the *Packaging Impacts Consultation Regulatory Impact Statement*.

ROADSIDE BUSHFIRE ASSESSMENT TOOL

In response to the Bushfires Royal Commission, the MAV formed the Local Government Native Vegetation Reference Group with the Victorian Government. The group identified a consistent approach to bushfire mitigation works on roadsides and sought to modify the guidelines. A risk assessment tool was developed and planning exemptions negotiated, ensuring more efficient allocation of council resources and improved community safety outcomes. The MAV engaged with road management agencies to assess and apply the guidelines, and to develop work plans. Continued support is being provided to councils where findings impact on municipal road management.

EMERGENCY MANAGEMENT



FACING FLOODS

Extensive consultation informed MAV submissions to two major flood reviews conducted by the State Government. The Victorian Floods Review agreed with the MAV view that formal municipal emergency management roles no longer reflect the capacity or reality of modern municipalities and need revising. The MAV's long-held position that the State's Natural Disaster Financial Arrangements require review was also supported. In our submission to the State Parliament Environment and Natural Resources Committee (ENRC) Inquiry into Flood Mitigation Infrastructure we recommended a review of the legislation to clarify responsibilities for waterways maintenance, and other essential water management and flood mitigation infrastructure. During the 2011-12 floods, the MAV continued to represent councils on the State Emergency Management Team and provided assistance to flood-affected councils, with resource support as requested.



SUCCESSFUL STAFFING IN EMERGENCY MANAGEMENT

Funding was secured to assist councils implement new responsibilities arising from the 2009 Victorian Bushfires Royal Commission. We coordinated the recruitment and induction process for 25 State-funded Emergency Management (Fire) Coordinator positions for high bushfire risk councils, and negotiated flexibility for councils to target assistance where it was needed most. Further lobbying resulted in another 10 positions being funded in May 2012, with a broadened scope from fire to emergency management. The funding for 35 coordinators is now being shared across the 64 councils covered by the *Country Fire Authority Act* as a direct outcome of MAV advocacy.



SUPERIOR INCIDENT MANAGEMENT SYSTEMS

MECC Central incident management software was procured by the MAV to provide councils with a better operational and management system for Municipal Emergency Coordination Centres. The software improves task tracking, financial reporting, and resource and record management. It also supports councils to establish emergency relief centres and manage the delivery of recovery services. Seventy four councils have purchased MECC Central, improving council resource-sharing capabilities in an emergency.

ROLES REDEFINED

Following valuable member consultation, the MAV produced a position paper on the role of local government in emergency management. The paper was submitted to the State Government for consideration in their reform agenda for emergency management, and served as a key input for defining the sector's future in this changing environment. To ready ourselves for the next stage of reform we reviewed Australian and international legislation to look for better models, surveyed councils to ascertain the true cost of delivering emergency management services, and researched ways for better performance measurement.

BY THE BOOK

To assist councils' emergency services delivery, efforts were focused on creating tangible capability-building resources. The *Local government emergency management handbook* was extensively reviewed and reissued with funding from the Australian Government's Natural Disaster Resilience Grants Scheme. It provides an overview of councils' emergency management obligations; guidance on council emergency management planning, structures and roles; and assistance to select and develop the right emergency management personnel. The MAV also established an e-library for council emergency management practitioners, making a wide range of guidelines, templates, proformas and other documents easily accessible.



TRANSPORT AND INFRASTRUCTURE



POSITIONING TRANSPORT POLICY

The need for a Victorian Transport Plan remains a core theme of our advocacy to Government. We defined the sector's vision for transport infrastructure investment and policy through the *MAV Transport Position Paper (TPP)*. The TPP identified actions to achieve the vision, and is a strong statement to the Victorian Government discussing major challenges for our transport system. Our TPP calls for the renewal of a partnership between all levels of government, led by the State Government. As a collaborative project with members, the TPP was endorsed as a 'living document' by the MAV Board for review annually.

ROADS TO FURTHER RECOVERY

The case was successfully put by the MAV and Australian Local Government Association (ALGA) to secure an extension of the national Roads To Recovery (R2R) program from 2014 to 2019. Funding of \$350 million annually will be maintained, with Victorian councils to receive \$71.2 million in 2012-13. R2R, together with \$40 million from the Victorian Government's Country Roads and Bridges program, helped to fill the gap in council budgets to cover the growing costs to maintain 129 000 kms of local road networks. The Federal Budget included specific R2R commitments for the 2014-15 and 2015-16 financial years, as well as funding over the forward estimates until 2018-19.





ELECTRIC LINE CLEARANCE

Negotiations continued with Energy Safe Victoria (ESV) on the acceptance of a risk-based approach to electric line clearance that balances safety considerations with environmental and amenity values. The model developed for use by councils in low bushfire risk areas has been further refined following its application in two municipalities. Through discussions with ESV and participation on the Electric Line Clearance Consultative Committee, the MAV continued to pursue an empirically and scientifically sound regulatory regime that takes into account the real economic, social and environmental benefits of street trees to communities.

COUNT ON COUNCIL SUSTAINABILITY

A joint application from the MAV and Department of Planning and Community Development secured Federal Government funding to undertake the Local Government Reform Fund program. All 79 councils were involved in the Regional Asset Management Planning project and the Financial Sustainability project that the MAV delivered as part of this program. The latter project highlighted the nature and scope of the financial challenges facing local government, identifying an enormous asset renewal backlog. Options arising from the project will help councils to manage their \$2.75 billion unfunded liability to maintain council assets over the next 15 years.

IDENTIFYING THE STRATEGIC ROUTE

Significant impacts of heavy freight vehicles on local roads led to a MAV project that created a web-based route assessment tool and guidelines for councils to identify roads suitable for higher productivity freight vehicles use. The Performance Based Standards (PBS) Route Assessment Tool was funded by the Department of Infrastructure and Transport, National Timber Councils Association, Victorian Department of Transport, Port of Melbourne Corporation and VicRoads. The MAV managed the project and tool development. A pilot to be rolled out to specific councils in early 2012-13 is expected to then expand nationally. Our work also continues to prepare councils for the advent of the National Heavy Vehicle Regulator in January 2013.

VEHICLES POWERING AHEAD

The MAV established a Local Government Working Group to identify key issues to progress council use of electric vehicles, which are forecast to constitute 10 per cent of new vehicle sales by 2020. On behalf of the sector, we became involved in the State Government Electric Vehicle Trial Planning Group. Challenges and benefits of switching vehicle fleets to electric have been pinpointed, and guidelines created to simplify transition.

GOVERNANCE AND PROFESSIONAL DEVELOPMENT



EFFECTIVE ELECTORAL SERVICES

Following the success of a single electoral services tender in 2008, another tender was conducted for the provision of electoral services for the October 2012 local government elections. The MAV provided a standard suite of documentation including specifications of core and additional electoral services, required tenders, and contract terms and conditions. The 54 participating councils were provided with an evaluation and assisted to finalise the contract with the preferred service provider.

PANELS UP, COSTS DOWN

Conduct panels were established in response to 10 requests from Councillor Conduct Panel Registrars. The frequent referral of matters reinforced the need for amendments to the *Victorian Civil and Administrative Tribunal (VCAT) Act*, which stipulates that a council be responsible for proceedings costs unless VCAT orders otherwise. Continued representations to the Minister on this issue contributed to amendments proposed in the *Local Government Legislation Amendment (Miscellaneous) Bill 2012*, which lessen councils' cost issues. Ongoing guidance was provided to the sector on issues relating to the councillor conduct panel application processes.

COUNCILLORS COVERED

Councillors and CEOs continued to source councillor workcover advice from the independent service provider appointed by the MAV, with additional professional advice provided upon request. The 24/7 injury reporting line has ensured early management of injuries, resulting in good outcomes for councillors and little financial impact on councils. Additional information packs have also been provided to councillors and CEOs on a needs basis.





AGREEING ON A SOLID STATE-LOCAL RELATIONSHIP

The current *Victorian state-local government agreement* remains in place while the Government undertakes the review it promised in the lead up to the 2010 state election. The State's consultation with local government, was welcomed. However, work continues to ensure the proposed agreement provides an effective overall framework for managing the future relationship between the State and local government, and includes appropriate consultation where State decisions impact local government. The MAV is currently awaiting further consultation with the Minister on this matter.

ACCREDIT WHERE CREDIT'S DUE

The MAV developed an accredited training program for councillors, which we've aligned with Government Skills Australia's development of a new Diploma of Local Government. The process has seen national agreement from the other state's local government associations. Once accreditation from the national training authority is achieved in early 2012-13, the proposal will underpin all future MAV councillor training opportunities.

PREPARING CANDIDATES FOR COUNCIL

The 'Stand for Council' campaign was launched with an updated website in May 2012 to increase the interest and diversity in nominating for council elections. All members were supplied with campaign kits and the MAV commissioned advertising in regional and rural papers to supplement a media partnership with Leader Newspapers. We booked and commenced a record 83 community and candidate briefing sessions across the state. Sessions for the Ethnic Communities Council of Victoria and Aboriginal Affairs Victoria were also coordinated to broaden opportunities for community participation. The *Citizen to councillor guide* was updated and 2 000 copies distributed to potential candidates. Social media played a critical role to strengthen and extend the campaign's reach to younger audiences.

FORGING FURTHER OPPORTUNITIES

The Professional Development Reference Group reviewed current professional development opportunities to ensure ongoing relevance, while partnerships with a variety of providers expanded the traditional development opportunities on offer. The MAV and registered training organisation, BEST Community Development, joined forces to deliver a specific local government accredited training program. The MAV signed memorandums of understanding with Open Universities Australia and the Australian Institute of Company Directors to develop a specialist mayors program.

UPDATING DEVELOPMENT

The MAV Councillor Competency Framework was reviewed and updated by the Professional Development Reference Group to guide all future professional development opportunities. The framework also provided a platform for discussion and negotiation regarding accreditation of a nationally recognised councillor training package. A councillor survey to better understand the drivers and challenges facing elected representatives informed content for the MAV's community and candidate information sessions. The survey findings were published in a series of exclusive Leader Newspaper stories supporting the Stand for Council campaign, focusing on hard to reach groups.

A FUTURE DEFINED

The MAV's innovative Future of Local Government (FOLG) program was formed in 2005 in response to an identified need for the sector to lead the strategic change process rather than react to decisions made by other levels of government. The 2012 FOLG summit focused on identifying new solutions to issues emerging in local government and agreed on future actions to deliver a cooperative sector strategic plan by 2013-14.

WORKFORCE



DEFINED BENEFIT EXEMPTION

Unlike other public sector schemes, since 1997 councils have been required to fully fund the Defined Benefit Plan (DBP) of the Local Authorities Superannuation Fund. This resulted in several significant shortfalls that required funding from employers and has led to increasing sector concern about future shortfalls. An actuarial review conducted as of 31 December 2011 and finalised in June 2012 found the largest shortfall in the fund's history. This was primarily due to deteriorating global market investment performance, changed actuarial standards, and a reduction in the expected earning rate. The MAV briefed the Commonwealth and Victorian governments on the shortfall and consulted the Australian Prudential Regulation Authority, with the objective of raising awareness of the shortfall and its unsustainable effect on communities. We are pursuing options to remove future uncertainty for councils, including the return to an exempt public sector fund; allowing exemptions from contributions tax and WorkCover premiums; and mechanisms to reduce the cost of borrowing to help councils repay the shortfall due in 2013.

BENCHMARKING HUMAN RESOURCES

Forty five councils participated in the MAV's third annual benchmarking survey. This valuable management tool assists councils to make comparative assessments with like councils, identify human resources issues and develop relevant responses. The MAV analysed data from 2009-2011 and reported on trends in workforce retention, age groups and work safety, helping to inform councils' workforce strategies.





SECURING SKILLED STAFF

Australia faces a decreasing supply and increasing demand for skilled labour, local government must identify ways to attract and retain a skilled workforce. The MAV partnered with the Australian Centre of Excellence for Local Government and other key stakeholders to develop the 2012-2020 *National Local Government Workforce Strategy*. National minimum data sets for local government will also be established and relevant data analysed on a state and national level. The strategy is expected to be finalised during the second half of 2012 to help boost and diversify the council workforce.

IMPROVING ABORIGINAL EMPLOYMENT PROSPECTS

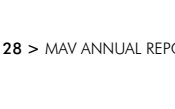
A council network was established through the MAV's Aboriginal Employment Project. A report on improved employment outcomes for Aboriginal people and a local government job scan were undertaken to assist councils' employment of Aboriginal people. Activity and analysis concentrated on balancing the demand of councils' workforce requirements and supply of potential Aboriginal candidates. The MAV also acted as a Local Government Broker in the Victorian Government's Aboriginal Employment Broker Network.

TRENDY RETIREMENT

Research by the MAV found that local government in Victoria has an aged workforce and faces substantial risks in the future as many staff move into retirement age. About 40 per cent of councils' current employees will be older than the Australian-wide average retirement age within a decade. However, with more employees transitioning to retirement through part-time work, it provides an opportunity for councils to secure the service of experienced workers and reduce the risk of workforce shortages. Workforce trends analysis informed our advocacy to other levels of government about policies that result in expansion of sector responsibilities.

STAFF CODE OF CONDUCT

Under the *Local Government Act 1989* each council must have a code of conduct for council staff. The MAV and Department of Planning and Community Development partnered to produce guidance material for councils in developing their own staff codes. A framework for the development and review of council staff codes was developed to assist CEOs to review and update their current staff code, and meet individual and legislated requirements.



THE MAV TEAM

Rob Spence 1
Chief Executive
Officer

Alison Lyon
Deputy Chief
Executive Officer

Alison Standish 2
Manager,
HR & Corporate
Services

**Owen
Harvey-Beavis** 3
Manager,
Research &
Strategy

Ben Morris 4
Manager,
Environment

Liz Johnstone 5
Manager,
Planning

**Emma
Fitzclarence** 6
Manager,
Emergency
Management

**Clare
Hargreaves** 7
Manager,
Social Policy

Geoff Pawsey 8
Manager,
Workforce
& Risk
Management

**Cameron
Spence** 9
Manager,
MAV Procurement

MAV STAFF

Zara Ahmed 36
Corporate Services Officer

Kate Bebbington 29
Corporate Services Officer

Francesca Bennett 13
Public Relations Officer

Lloyd Brady
Swift Systems

James Cleaver 18
Policy Adviser

Claire Dunn 42
Policy Adviser

Jaclyn Felton 44
Legal and Governance Support
Officer

Hannah Fitzgerald 49
Executive Assistant

Max Fonovic 28
Marketing Manager, MAV
Procurement

Michael Green 51
Electronic Records Officer

Rosemary Hancock 52
Policy Adviser

Trevor Koops
Senior Economist

Gavin Mahoney 21
Senior Projects Officer

Janet Metcalf 50
Online Communications
Coordinator

Eliza Nolan 27
Corporate Services Officer

Candice Ong 20
Finance Officer

Chestine Ong 37
Procurement Officer

Andrew Rowe 14
Councillor Development Officer

Paul Rozario 26
Governance and Legislation Adviser

David Shields 19
Contracts Manager, MAV
Procurement

Debbie Smith 11
Senior Communications Adviser

Simone Stuckey 35
Policy Adviser

Julie-Ann Undrill 43
Manager, Events and Sponsorship

Steve Vasilevski 12
IT Coordinator

Jay Westfold 34
Event Coordinator



GRANT FUNDED ROLES

Wendy Allan 31
Early Years Adviser

Naree Atkinson 30
Policy Adviser

Jan Barrett 39
Early Years Consultant

Lisa Bennetto 22
Executive Officer, Local Government
Information Communications
Technology

Adrian Birch 24
Quality and Performance
Analyst

Jan Black 47
Policy Adviser

Jan Bruce 16
Positive Ageing Policy Adviser

Bernie Cotter 48
Executive Officer, Association
of Bayside Municipalities

Michelle Croughan 46
Planning Project Officer

Sophie Gale
Project Coordinator, Prevention of
Violence Against Women

Ros Handley 17
Project Coordinator

Gareth Hatley 33
Rural Planning Policy Officer

Elizabeth Jackson 40
Executive Officer, Public Libraries
Victoria Network

Claudia Laidlaw
Project Officer

Maxine Morrison 23
Program Adviser, Rural Councils
Victoria

Kellie Nagle 32
Policy Adviser

Con Pagonis 38
Multicultural Policy Adviser

Kevin Peachey 15
Coordinator, Timber Towns Victoria
and National Timber Councils
Association

Russell Rees 10
Risk Adviser

Helen Rowe 45
Maternal and Child Health Policy
Adviser

Clare Smith 41
Policy Adviser

Derryn Wilson 25
Home and Community Care Adviser

MAV GOVERNANCE

MUNICIPAL ASSOCIATION ACT 1907

The *Municipal Association Act 1907* defines the purpose of the MAV 'to promote the efficient carrying out of municipal government throughout the state of Victoria and watch over and protect the interests, rights and privileges of municipal corporations'. It establishes the MAV as a corporation with perpetual succession and requires it to provide a mutual liability insurance scheme for local government and empowers it to provide fidelity (crime) insurance.

MAV RULES

The Act requires the MAV to set rules for:

- > the management of the Association
- > the regulation of proceedings
- > fixing the annual subscription paid by each municipality
- > fixing of contributions to the Municipal Officers' Fidelity Guarantee Fund (crime fund)
- > other matters affecting the management of the Association.

STATE COUNCIL

The Act provides that each member council may appoint a councillor as its representative, and these representatives constitute the Association. The representatives come together twice a year to form State Council, which sets the policy direction of the Association and monitors its performance. The State Council Annual General Meeting was held in October 2011 and received a report from the President on the activities and financial affairs of the Association and voted on 49 motions from member councils.

In May 2012 the State Council met and approved the Strategic Work Plan for the MAV for 2012-13 and considered a further 63 motions from member councils. For a list of MAV representatives at 30 June 2012 see page 36.

BOARD

Thirteen board members are elected for a two-year term. Twelve board members are elected to represent a geographic grouping of councils. The representatives in each grouping elect their regional board member. The thirteenth member of the board is the President who is popularly elected by the representatives of each member council. The Rules prescribe the functions of the Board which include ensuring the directions set by State Council are met, setting the budget and overseeing the manner by which the MAV engages with its membership. The term of the current board commenced in March 2011 and will end in March 2013.

BOARD MEETING ATTENDANCE 2011/12

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Bill McArthur	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
Jeff Amos	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
David Clark	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	X
Rod Fyffe	✓	✓	X	✓	✓	✓	-	✓	✓	✓	✓	✓
Ken Gale	✓	✓	✓	X	✓	X	-	✓	✓	X	✓	✓
Geoff Gough	✓	✓	✓	✓	✓	✓	-	✓	X	✓	X	✓
Gaetano Greco	✓	✓	X	✓	✓	✓	-	X	✓	✓	✓	X
Geoff Lake	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓
Mary Lalios	X	X	X	✓	✓	✓	-	✓	✓	X	✓	✓
Lisa Mahood	✓	✓	✓	✓	✓	X	-	✓	✓	✓	✓	✓
Reid Mather	✓	✓	✓	✓	✓	X	-	✓	X	✓	✓	✓
Coral Ross	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	X	✓
John Sipek	X	✓	X	✓	✓	✓	-	✓	✓	X	✓	✓

** No meeting held in January 2012

BOARD ALLOWANCES AND EXPENSES

The *Board allowance and expense policy* makes provision for board members to receive an annual allowance paid quarterly in advance. Board members are provided with a data allowance for accessing business papers via iPads and can claim out-of-pocket expenses for travel, parking, accommodation and meals when undertaking duties as a board member. Expenses also reflect costs associated with representations on the Australian Local Government Association Board, Ministerial Advisory Council on Public Libraries, State Library Advisory Committee on Public Libraries and the Australian Packaging Covenant Council. The policy also allows for board members to attend MAV events including the Annual Conference, Councillor Development Weekend, Asset Management Conference and Future of Local Government Summit.

	ANNUAL ALLOWANCE	DATA ALLOWANCES	EXPENSES	TOTAL
Jeff Amos	8,044.20	360.00	6,077.25	14,481.45
Rod Fyffe	8,044.20	360.00	6,202.50	14,606.70
Ken Gale	8,044.20	360.00	10,742.99	19,147.19
Gaetano Greco	8,044.20	360.00	359.46	8,763.66
Geoff Lake	8,044.20	360.00	704.57	9,108.77
Mary Lalios	8,044.20	360.00	1,317.18	9,721.38
Reid Mather	8,044.20	360.00	9,898.57	18,302.77
David Clark	8,044.20	360.00	3,548.38	11,952.58
John Sipek	8,044.20	360.00	3,005.15	11,409.35
Coral Ross	8,044.20	360.00	490.75	8,894.95
Geoff Gough	11,814.20	360.00	2,925.18	15,099.38
Lisa Mahood	11,814.20	360.00	5,286.59	17,460.79
Bill McArthur	57,312.00	360.00	16,303.51	73,975.51

* President Cr Bill McArthur was also provided with full private use of a motor vehicle at a cost of \$26,377.66

The amounts listed do not correlate to the allowance and expense payment figures in the financial statements as they include some payments made to board members for expenses incurred in 2010-11 and claimed in 2011-12. Some expenses are also charged to other areas in the MAV accounts. Payments for expenses were made directly to board members, to their council for travel where they have utilised a council fleet vehicle, or directly to the hotel for some accommodation expenses. It should be noted that board members may lodge claims after 30 June 2012 for expenses incurred in the 2011-12 year, details of which will be reflected in the 2012-13 Annual Report.

COMPLIANCE

In addition to the requirements of the *Municipal Association Act 1907* and *MAV Rules*, the MAV must comply with relevant regulations and obligations applicable to statutory and public bodies. The MAV is also required to comply with the provisions of its Australian Financial Services Licence (AFSL). The MAV has established a significant compliance and governance structure to ensure it meets its obligations under the AFSL. This structure includes a compliance and risk management strategy; compliance and risk management plan; compliance and risk analysis table; and disaster recovery and business continuity plan. An electronic risk management and compliance system operates within MAV Insurance to ensure compliance with its AFSL obligations. Compliance with this system is audited annually by the MAV's independent, external auditor and findings are reported to both the MAV Insurance Committee and the MAV Board.

AUDIT COMMITTEE

The Audit Committee is an independent committee established at the direction of the MAV Board in 2004. The Committee operates under a charter approved by the Board, which was reviewed and updated this year. Its primary objective is to assist MAV management in maintaining good governance, compliant financial reporting, management of risk, maintaining a reliable system of internal controls and monitoring organisational performance. The Committee meets quarterly and additional meetings are convened as required.

The Committee comprises three independent members and two board members. Terry Makings AM FIEAust was appointed independent chair from February 2010 to September 2012. Michael Ulbrick was appointed as an independent member in October 2010 to September 2013. The third independent member is Michelle Dowsett, appointed May 2012. The Board was represented by the MAV President, Cr Bill McArthur and Cr Mary Lalios. Cr Coral Ross is the alternate for both the President and Cr Lalios.

In addition to monitoring the financial and risk management performance of the MAV and reviewing the annual work program of the internal and the external auditors, in 2011-12 the MAV Audit Committee received reports on the Disaster Recovery and Business

Continuity Plan, the IT Event Credit Card Payments Security Audit, the Event Management Audit and MAV insurance capital requirements. It also reviewed the performance of the MAV's external auditor.

Independent committee members receive a sitting fee for each meeting attended. In 2011/12 the sitting fees were:

- > Chair: \$891.15 (2011 calendar year) and \$918.00 (2012)
- > Independent committee members: \$594.10 (2011) and \$612.00 (2012).

MAV BOARD ADVISORY COMMITTEES

Seven advisory groups have been established since 2009 to provide strategic advice to the MAV Board. Committees and reference groups were resolved in July 2011. A board member chaired each group and provided a conduit for feedback between the group and the Board.

The MAV Board has established a number of advisory committees to provide advice in the following areas:

MAV HUMAN SERVICES COMMITTEE

To inform and progress strategic human services issues impacting on local government as prioritised by the MAV Strategic Plan. The committee also facilitates consultation with regional groupings of councils on current state-wide issues.

MAV PLANNING COMMITTEE

Provides advice to the MAV Board on strategic and statutory planning issues affecting local government, and guides MAV policy and position development on planning related issues.

MAV ENVIRONMENT COMMITTEE

To inform and help progress MAV work on environment priorities identified by the sector in the MAV Strategic Plan, State Council resolutions and as nominated by the Board.

MAV TRANSPORT AND INFRASTRUCTURE COMMITTEE

To inform and help progress MAV work on the transport and infrastructure priorities identified by the sector in the MAV Strategic Plan, State Council resolutions and as nominated by the Board.

MAV ARTS AND CULTURE COMMITTEE

To inform and progress arts and cultural policy issues impacting on local government as prioritised by the MAV Strategic Plan.

MAV MULTICULTURAL COMMITTEE

To inform and progress multicultural policy issues impacting on local government as prioritised by the MAV Strategic Plan.

MAV EMERGENCY MANAGEMENT COUNCILLOR REFERENCE GROUP

Provides advice to the MAV Board on emergency management policy issues, including the role and function of local government in emergency management. The group is also the councillor reference group for the Improving Emergency Management in Local Government program.

OTHER MAV COMMITTEES

The MAV has also established and supported several other committees across major policy areas and projects, including:

MAV PROFESSIONAL DEVELOPMENT REFERENCE GROUP

Provides advice on the MAV's professional development program for councillors, identifies ongoing areas of need within the sector to be addressed, and encourages participation of colleagues in the MAV professional development program.

MAV INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE

Plans, co-ordinates and supports information and communication technology initiatives that deliver better council services and reduce costs.

MAV LOCAL GOVERNMENT ALCOHOL AND OTHER DRUGS ISSUES FORUM

Brings councils and other relevant stakeholders together to build the capacity of the local government sector to manage, prevent and reduce harms associated with alcohol and other drug use.

MAV COUNCIL ALLIANCE FOR SUSTAINABLE BUILT ENVIRONMENTS (CASBE)

Supports and guides councils to advance assessment of sustainable design in the planning permit assessment process.

MAV DISABILITY INCLUSION STRATEGY GROUP

Guides the MAV on issues relating to disability access and inclusion policies and programs.

MAV COAG WORKING PARTY (HUMAN SERVICES)

Advises MAV advocacy into Council Of Australian Governments policy directions, and monitors progress of agreements being developed with the Victorian Government.

MAV-DEPARTMENT OF HEALTH FOOD SAFETY COORDINATION PROJECT STEERING COMMITTEE

Facilitates collaboration between State and local government regarding food regulations in Victoria.

MAV EARLY YEARS ADVISORY GROUP

Guides the MAV on issues relating to early years policy, service provision and planning.

MAV HACC AND AGEING ADVISORY GROUP

Guides the MAV on issues relating to governments' ageing policies, Home and Community Care and related aged programs, and positive ageing issues.

MAV SWIFT CONSORTIUM MANAGEMENT GROUP

Manages the ongoing implementation of the contract for supply and operation of a shared library management system for public libraries.

MAV ELECTRIC LINE CLEARANCE REFERENCE GROUP

Provides input into the development of a risk management model that would allow councils to deliver safety outcomes and preserve streetscape amenity in urban areas.

MAV-DEPARTMENT OF PLANNING AND COMMUNITY DEVELOPMENT WINDFARM JOINT WORKING GROUP

Engages councils to improve the assessment, compliance and public confidence in wind farm development.

MAV-DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT LOCAL GOVERNMENT NATIVE VEGETATION REFERENCE GROUP

Provides advice on native vegetation management, principally on private land and roadsides which impact on local government.

LOCAL GOVERNMENT NATIVE VEGETATION WORKING GROUP

Facilitates discussion between State and local government on native vegetation management issues and the development of over-the-counter native vegetation offset schemes.

MAV PUBLIC LIGHTING CUSTOMER INNOVATION COMMITTEE

Reviews public lighting technology to reduce costs and reduce greenhouse emissions.

MAV IMPROVING EMERGENCY MANAGEMENT IN LOCAL GOVERNMENT PROGRAM STEERING COMMITTEE

Oversees projects to define the role of local government in emergency management, improve capability and capacity of performance and develop robust performance measures.

MAV COUNCILLOR WORKCOVER COMMITTEE

Provides guidance on issues about councillor workers compensation.

MAV-DEPARTMENT OF HEALTH TOBACCO ADVISORY COMMITTEE

Advises the MAV and Department of Health on funding arrangements between State and local government for tobacco enforcement and education measures.

MAV PREVENTING VIOLENCE AGAINST WOMEN LEADERSHIP GROUP

Provides advice on progressing the MAV leadership agenda on preventing violence against women, and building capacity with councils at a strategic level.

MECC CENTRAL JOINT MANAGEMENT PANEL

Oversees the relationship between the MAV, participant councils and Datalink to identify and create opportunities for continuous improvement and innovation.

MAV RURAL LAND USE PLANNING FORUM

Provides a quarterly forum for councillors and planners to discuss and address priority rural land use planning issues.

EXTERNAL COMMITTEES

As the peak body for local government, the MAV represents or nominates representatives for the sector on a range of external committees and other bodies.

In 2011/12, these included:

Animal Welfare Advisory Committee	Heart Foundation (Vic) and Quit Victoria Smoke-Free Policies Advisory Group	Transport Accident Commission – Community Road Safety Grants Reference Panel
ANZAC Commemorative Naming Program Committee	Independent Panel of Experts to Assess Authority to Control Wildlife Applications	Two Million Trees Project Partners Group
Association of Regional Waste Management Groups (observer status)	Local Coastal Hazard Assessments Project Control Group	UN Global Compact Cities Programme Advisory Council
Building Regulation Advisory Committee	Melbourne Bushfire Protection Program Project Control Group	VicHealth Alcohol Strategy Advisory Group
Bushfire Land Acquisition Panel	Metropolitan Local Government Waste Forum	VicRoads – Speed Limit Advisory Group
Climate Change and the Emergency Management Sector: Building Research Capacity Steering Group	Metropolitan Transport Forum	VicRoads – Victorian Community Road Safety Alliance
Community Emergency Risk Management Review and Redevelopment Committee	Ministerial Advisory Council on Public Libraries	Victorian Childcare Industry Liaison Group
Community Recovery Fund	Ministerial Utilities Infrastructure Reference Panel	Victorian Children’s Council
Community Road Safety Reference Group	Mosquito Borne Virus Taskforce	Victorian Climate Change Coastal Hazard Guidelines
Country Fire Authority Board	Municipal Emergency Management Enhancement Group	Victorian Coastal Strategy Implementation Coordination Committee
Development Assessment Forum	Australian Packaging Covenant Council	Victorian Committee of Food Regulators
Department of Education and Early Childhood Development Roundtable	National Waste Policy – Data Working Group	Victorian Feedlot Committee
Department of Human Services Aids and Equipment External Advisory Committee	National Television and Computer Product Stewardship Scheme Stakeholder Reference Group	Victorian Home Pool and Spa Safety Committee
Department of Planning and Community Development Procurement Technical Advisory Group	Office for Children Early Childhood Development Advisory Group	Victorian Medicare Locals Transition Advisory Committee
Department of Planning and Community Development Sustainable Procurement Working Group	Planning Fees Review Technical Reference Group	Victorian Primary and Community Health Network
Department of Transport Maintaining Mobility Steering Group	Powerline Bushfire Safety Taskforce Stakeholder Reference Group	Project Steering Group Victorian Community Road Safety Alliance
Destination Excellence Building Industry Group	Project Board Evaluating Trials of Community Warning Sirens	Victoria Emergency Management Council
Developer Contributions Review Project	Railway Crossing Project Delivery Committee	Victorian Feedlot Committee
Domestic Animal Management Implementation Committee	Railway Crossing Technical Group Committee	Victorian Food Safety Council (observer status)
Domestic Wastewater Review Steering Committee	Road Freight Advisory Council	Victorian Freight and Logistics Council
Essential Service Commission Customer Consultative Committee	Sex Work Ministerial Advisory Committee	Victorian Government Fire and Emergency Communications Committee
Fire Safety in Public Buildings Committee	State Emergency Mitigation Committee	Victorian Prevention and Population Health Advisory Board
Flood Warning Consultative Committee Victoria	State Emergency Relief and Recovery Planning Committee	Victorian Litter Action Alliance
Forests and Timber Biosecurity Working Group	State Emergency Relief Sub-committee	Victorian Local Sustainability Accord Committee
Green Light Plan Reference Group	State Emergency Response Planning Committee	Victorian Myrtle Rust Coordination Committee
Infringements Standing Advisory Committee	State Emergency Management Team	Victorian Sex Industry Strategic Management Group
HACC Departmental Advisory Committee (Victorian Department of Health)	State Fire Management Planning Committee	Victorian Strategy for Healthy Rivers Estuaries and Wetlands Stakeholder Reference Group
	State Flood Policy Committee	Victorian Railway Crossing Safety Steering Committee
	State Social, Health and Community Recovery Planning Sub-committee	Electric Line Clearance Consultative Committee
	State Library Advisory Committee on Public Libraries	Women’s Participation in Local Government Coalition
	State Natural and Built Environment Recovery Planning Committee	Worksafe Stakeholder Reference Group
	Regional Growth Plans State-wide Program Control Group	
	Swift Consortium Management Committee	

CORPORATE

HUMAN RESOURCES

The MAV retained a mix of staff and consultants to advocate the interests of members, raise the sector's profile, provide advice and capacity building programs to support local government activities, and supply insurance and procurement services to councils. In 2011-12 the staffing profile of the MAV included:

- > 35 staff (28 full-time and seven part-time) funded from membership subscriptions. Core staff focus on delivering the MAV's Strategic Work Plan ratified by State Council; provide policy support, advice and capacity-building programs to councils; and maintain representation of Victorian local government views to other governments and stakeholders.
- > 15 staff (nine full-time and six part-time) funded from Victorian and Australian government grants, or external organisations to deliver specific projects and programs to support Victorian councils
- > Seven specialist consultants who supplement the skills of staff and provide support in areas such as insurance, financial management, information technology and policy advice.

During the year 14 staff left the organisation. The employment term of two staff concluded with the end of grant funded projects. Ten staff moved on to new career opportunities and two retired. These positions were filled through recruitment or reorganisation of tasks.

EVENTS

In a tighter financial climate the MAV attracted more than 7 000 registrations, running over 120 conferences, forums, workshops, and training events to support the ongoing professional development of councillors and senior officers. The Councillor Development Weekend, Annual Conference, Future of Local Government Summit and Infrastructure and Asset Management Conference were among the major events staged.

MEDIA AND COMMUNICATIONS

Reinforcing our position as the voice of local government, the MAV's total mentions across Victorian print, TV and radio media grew by 10 per cent. We received in excess of 2 340 total mentions in mainstream media including 1 600 print news stories, 570 radio stories and 68 TV reports. Widespread positioning of councils' views was secured on the critical sector issues of library funding, changes to restricted breed dog laws, landfill levy rises, council rates and cost pressures, outdoor smoking bans, and carbon price impacts.

We ventured into social media through Twitter, Facebook and Vimeo to enhance our traditional media relations and advocacy efforts. The MAV's social media following continues to steadily build as we share our campaigns, engage with members and stakeholders, correct misinformation, and inform communities of the challenges facing local government. An Australian-first social media policy template was finalised for local government, which has been adapted for use by over 40 member councils, and was purchased by the South Australian Local Government Association for use by its members.

Two media workshops on council budgets, rates and revaluations were held to inform and improve journalists' reporting and build community understanding of how councils work. Positive feedback from participants led to an online workshop video to broaden access to this free training resource.

An IT software and hardware upgrade delivered more reliable technology to enhance our service to members and reduce downtime. The MAV's power consumption reduced as we keep at the forefront of information technology. A new website and members only website improved and simplified members' access to information, including confidential documents. As a popular starting point for people wanting to find out more about local government, the MAV website received over 80 500 visits since its launch in September 2011.

SECRETARIATS

The MAV hosts the secretariat functions for several local government groups. While agreements vary, the MAV generally provides office space, facilities and support services at an affordable cost for an officer employed to support the activities and governance arrangements of each group.

TIMBER TOWNS VICTORIA (TTV)

In recognition of Timber Towns Victoria's Timber Industry Road Evaluation Study, \$1 million was allocated to timber-impacted roads in the Victorian State Budget. Two priority projects have been selected for commencement in 2012-13: \$255 000 will be invested to widen Casterton-Dartmoor Road and \$402 000 to widen Dorodong Road, near Dergholm. TTV will coordinate and fund upcoming regional and state committee meetings, including nomination of potential roads for improvement works in the next State Budget. Cr Jan Vonarx of Alpine Shire was voted in as the association's president, with Cr Jenny Blake of Golden Plains Shire voted in as vice president. TTV also held the secretariat for the National Timber Councils Association for the fifth consecutive year.

COUNCIL ALLIANCE FOR SUSTAINABLE BUILT ENVIRONMENT (CASBE)

The Alliance moved from an informal network to a formal association, housed and administered within the MAV. A memorandum of understanding developed by CASBE and the MAV provided a general framework for cooperation, and was signed by nine councils. The Alliance prepared submissions to the review of the Victorian Planning System and the Australian Government's regulatory impact statement for *Mandatory Disclosure of Residential Building Energy, Greenhouse and Water*. Both submissions highlighted the importance of national and state programs and policy frameworks that build on existing local government work to encourage ecological sustainable development. CASBE also provided advice and support to a range of programs to implement sustainable design assessment in the planning process.

RURAL COUNCILS VICTORIA (RCV)

In this first year of the Victorian Government's four-year Networked Rural Councils program RCV scoped, researched and mobilised 13 projects. With rural planning consistently rated as the number one issue by rural councils, regular meetings were secured with both the Deputy Premier and the Planning Minister, and RCV welcomed the Planning Minister's request to provide input into a planning review. A significant pilot project commenced alongside the Country Education Project working with councils in the Grampians region. More than 200 people attended another successful Rural Summit in Port Fairy, and the East Gippsland Shire was awarded hosting rights to the 2014 Rural Summit in Lakes Entrance. RCV also conducted two forums for mayors, councillors and CEOs to communicate program developments and address future issues of concern for rural councils.

ASSOCIATION OF BAYSIDE MUNICIPALITIES (ABM)

The 2012-16 strategic directions were established with core priorities to address environmental challenges ahead and improve community value of the Bayside region. Technical workshops delivered skills development and capacity building on coastal processes and hazards, climate challenges and council planning to combat future coastal climate impacts. A study examined the impacts of inundation on developed areas around Port Phillip Bay and considered other climate change challenges. The ABM's commitment to information sharing, networking and skills development has seen effective advocacy and partnership building among the ten member councils. The City of Greater Geelong was the presidential council in 2011-12, with Cr John Doull as ABM President.

PUBLIC LIBRARIES VICTORIA NETWORK (PLVN)

PLVN continued to advocate for public libraries as a key local government service through work with the MAV to coordinate a campaign opposing funding cuts announced by the State Government. The cuts were reversed and a Ministerial Advisory Council on Public Libraries was re-established to conduct a review of current and future issues impacting on the sector. To complement the review, a Victorians Love Libraries campaign was launched by PLVN and the MAV to showcase the role of libraries in local communities. Public libraries were also supported through collaborative purchasing and the Swift shared library management system. PLVN also worked with the State Library of Victoria on a number of state-wide library development projects.

LOCAL GOVERNMENT INFORMATION COMMUNICATIONS TECHNOLOGY (LGICT) GROUP

The LGICT group is comprised of IT practitioners from 76 Victorian councils. Established by the MAV eight years ago, LGICT membership subscriptions support and fund IT projects, such as the model smartphone and tablet best practice policy. These projects deliver important business outcomes for councils and their communities. LGICT collaboration achieved sector-wide cost-savings through group procurement contracts and established innovative social media networks to share ideas and experiences. Major events such as the LGICT Annual Conference were also coordinated, promoting information communications technology innovation across all council business areas.

MAV REPRESENTATIVES

Alpine Shire Council - Cr Peter Roper
Ararat Rural City Council - Cr Colin McKenzie
Ballarat City Council - Cr Cheryl Bromfield
Banyule City Council - Cr Jenny Mulholland
Bass Coast Shire Council - Cr John Duscher
Baw Baw Shire Council - Cr Diane Blackwood
Bayside City Council - Cr James Long
Benalla Rural City Council - Cr Peter Dunn
Boroondara City Council - Cr Coral Ross
Brimbank City Council - Ms Joanne Anderson
Buloke Shire Council - Cr Reid Mather
Campaspe Shire Council - Cr Kevin Simpson
Cardinia Shire Council - Cr Ed Chatwin
Casey City Council - Cr Beverley Hastie
Central Goldfields Shire Council - Cr John Smith
City of Greater Bendigo Council - Cr Rod Fyffe
Colac Otway Shire Council - Cr Stephen Hart
Corangamite Shire Council - Cr Matt Makin
Darebin City Council - Cr Steven Tsitas
East Gippsland Shire Council - Cr Jane Rowe
Frankston City Council - Cr Brad Hill
Gannawarra Shire Council - Cr Max Fehring
Glen Eira City Council - Cr Margaret Esakoff
Glenelg Shire Council - Cr Gilbert Wilson
Golden Plains Shire Council - Cr David Cotsell
Greater Dandenong City Council - Cr Peter Brown
Greater Geelong City Council - Cr Andy Richards
Greater Shepparton City Council - Cr Geoff Dobson
Hepburn Shire Council - Cr Bill McClenaghan
Hindmarsh Shire Council - Cr Michael Gawith
Hobsons Bay City Council - Cr Tony Briffa
Horsham Rural City Council - Cr Mandi Stewart
Hume City Council - Cr Helen Patsikatheodorou
Indigo Shire Council - Cr Larry Goldsworthy
Kingston City Council - Cr John Ronke
Knox City Council - Cr Joe Cossari
Latrobe City Council - Cr Bruce Loughheed
Loddon Shire Council - Cr Allen Brownbill
Macedon Ranges Shire Council - Cr John Letchford
Manningham City Council - Cr Stephen Mayne
Mansfield Shire Council - Cr Jeff Whyte
Maribyrnong City Council - Cr Michael Clarke
Maroondah City Council - Cr Rob Steane

Melton Shire Council - Cr Kathy Majdlik
Mildura Rural City Council - Cr John Arnold
Mitchell Shire Council - Cr Sue Marstaeller
Moira Shire Council - Cr Alex Monk
Monash City Council - Cr Geoff Lake
Moonee Valley City Council - Cr John Sipek
Moorabool Shire Council - Cr Tom Sullivan
Moreland City Council - Cr Oscar Yildiz
Mornington Peninsula Shire Council - Cr Bev Colomb
Mount Alexander Shire Council - Cr Michael Redden
Moyne Shire Council - Cr Jim Doukas
Murrindindi Shire Council - Cr John Walsh
Nillumbik Shire Council - Cr Helen Coleman
Northern Grampians Shire Council - Cr Dorothy Patton
Port Phillip City Council - Cr John Middleton
Pyrenees Shire - Cr David Clark
Queenscliffe Borough Council - Cr Bob Merriman
South Gippsland Shire Council - Cr Warren Raabe
Southern Grampians Shire Council - Cr Bob Penny
Stonnington City Council - Cr Claude Ullin
Strathbogie Shire Council - Cr Graeme Williams
Surf Coast Shire Council - Cr Libby Coker
Swan Hill Rural City Council - Cr Gary Norton
Towong Shire Council - Cr Mary Fraser
Wangaratta Rural City Council - Cr Roberto Paino
Warrnambool City Council - Cr Jacinta Ermacora
Wellington Shire Council - Cr Jeff Amos
West Wimmera Shire Council - Cr Evaline van Breugel
Whitehorse City Council - Cr Mark Lane
Whittlesea City Council - Cr Mary Lalios
Wodonga City Council - Cr Lisa Mahood
Wyndham City Council - Cr Bob Fairclough
Yarra City Council - Cr Geoff Barbour
Yarra Ranges Shire Council - Cr Graham Warren
Yarriambiack Shire Council - Cr Andrew McLean



MAV INSURANCE - CHAIR'S REPORT

In a tough insurance environment, Liability Mutual Insurance (LMI) continues to provide quality and low cost insurance to local government and other public authorities across Victoria and Tasmania. We signed a new 10 year agreement with our service provider, Jardine Lloyd Thompson (JLT), to provide continuity of service to members and ongoing access to the national local government reinsurance arrangements. The long-term agreement provided a significant financial benefit to the scheme.

Internationally, the insurance market has suffered from significant reinsurance losses caused by unprecedented catastrophes. Along with falling investment returns, this has triggered a world-wide increase in reinsurance premiums.

Global market performance significantly impacted on LMI's reinsurance cover costs. In years leading up to 2011 there has been a sharp rise in claim numbers. Together with the increases in reinsurance premiums, these factors caused the LMI Scheme to increase its contributions for the 2013 financial year.

LMI claims stabilised this year, with some tempering of the sharp increases experienced in the past two years. Claim numbers continued to be above long-term trends and will present an ongoing challenge for the scheme. Our successful strategy of proactively defending local government at the Victorian Bushfires Royal Commission continues to pay dividends to the scheme and its members.

In response to increasing claim numbers, MAV Insurance focused on strengthening its risk management activities. We developed a comprehensive risk register to focus on the current key claims drivers, and identify new or emerging claim risks, management strategies and successful mitigation activities. Key to this approach is strengthening the relationship between the MAV's policy work and the risk management activities undertaken by MAV Insurance.

With the insurance market likely to be hardening over the foreseeable future, MAV Insurance will continue its focus on strengthening members' risk management processes, refining the pricing model for the scheme and working with members to reduce claims.

ONE OF OUR MAIN AIMS IS TO ENSURE OUR MEMBERS HAVE THE BROADEST POSSIBLE INSURANCE COVER, INTERNATIONALLY BACKED AND OF THE HIGHEST FINANCIAL SECURITY, BEING PROVIDED AT REASONABLE PRICES.

It is pleasing to note that all councils in both Victoria and Tasmania are members of the LMI Scheme.

For nearly 20 years LMI has been part of an Australia-wide shared service arrangement that brings together the seven state Local Government Associations and some 550 Australian local authorities to acquire reinsurance within the international insurance market.

I acknowledge and thank all of our service providers, contractors and staff who work so diligently to ensure that LMI delivers an excellent service at a reasonable cost year after year.

JOHN WARBURTON MAV Insurance Chair

MAV INSURANCE COMMITTEE



JOHN WARBURTON

APPOINTED 1995
 Chair, MAV Insurance Committee 2005 - present
 Director, Lend Lease Real Estate Investments Limited
 Director, Health Super Financial Services
 Director, Emergency Services Foundation
 Chairman, Vision Super Audit Committee



RON FARRELL

APPOINTED 2001
 General Manager, Australian Eagle Insurance Co Ltd
 Chairman and Non Executive Director, Utilities Insurance Co Pty Ltd
 Non Executive Director, connect.com.au Pty Ltd
 Non Executive Director, Metropolitan Fire and Emergency Services Board
 Member, Professional Standards Councils (All States and Territories)



CR ROD FYFFE

APPOINTED 2004
 MAV Regional Representative for Rural North Central
 Councillor, Greater Bendigo City Council
 Mayor 2004, 2005, 2011



ALLAN GARCIA

APPOINTED 2003
 CEO Local Government Association of Tasmania
 Local Government Association of Tasmania representative
 Quadrant Superannuation



MICHAEL GUILMARTIN

APPOINTED 2009
 Company Director Lake Eildon Country Club Ltd
 Chief Executive Officer, Victorian Managed Insurance Authority 1997 - 2007
 President, Association of Risk Insurance Managers of Australia 1980
 Risk Manager, Alcoa of Australia Ltd 1971 - 1997



DR MICHAEL KENNEDY OAM

APPOINTED 1995
 Chief Executive Officer, Mornington Peninsula Shire Council
 Chairman, Frankston Mornington Peninsula Local Learning and Employment Network
 Chairman, GAMUT (Centre for the Governance and Management of Urban Transport) University of Melbourne
 Director, LifeSaving Victoria
 Director, Inner East Community Health



CR BILL MCARTHUR

APPOINTED 2009
 MAV President
 Councillor, Golden Plains Shire Council
 Mayor 2004, 2005
 Director, Australian Local Government Association
 Member, MAV Audit Committee



ANNE MURPHY OAM

APPOINTED 1993
 Chair, MAV Insurance Committee 1993 - 2005
 Past President, MAV
 Principal, Anne Murphy Strategy and Facilitation
 Board member, KYM Employment Services Inc
 Board member, Calvary Health Care Bethlehem Advisory Board



ROB SPENCE

APPOINTED 1997
 Chief Executive Officer, Municipal Association of Victoria
 Trustee, Vision Super
 Member, Victorian Children's Council

MAV INSURANCE COMMITTEE

INSURANCE COMMITTEE

The Board has delegated authority and responsibility for the operation of the MAV Insurance business to the MAV Insurance Committee (MAVIC). A Deed of Establishment requires the formation of a management committee, and formalises authorities, duties and powers of delegation by the committee and provides guidance as to the day-to-day operation of the insurance business.

MAVIC has oversight of the operation of the insurance schemes and monitors the MAV's compliance with its Australian Financial Services Licence (AFSL). It comprises nine members – four independent insurance experts, one council CEO, one MAV board member, one representative of the Local Government Association of Tasmania, and the President and CEO of the MAV. The Committee oversees the operations of the MAV Insurance business.

Independent committee members receive a sitting fee for each meeting attended. In 2011/12 the sitting fee was:

- > Chair: \$900
- > Independent committee members: \$636

In addition, an allowance of \$1,200 was paid to the independent committee members for attendance at other insurance-related meetings.

MAV INSURANCE COMMITTEE ATTENDANCE

	SEP	OCT*	NOV	FEB*	MAR	APR	JUN
John Warburton	✓	✓	✓	✓	✓	✓	✓
Ron Farrell	✓	X	✓	X	✓	✓	✓
Rod Fyffe	✓	✓	✓	✓	✓	✓	✓
Allan Garcia	✓	X	✓	X	✓	✓	✓
Michael Guilmartin	✓	✓	✓	✓	✓	✓	X
Michael Kennedy	✓	✓	✓	✓	✓	✓	✓
Bill McArthur	✓	✓	✓	✓	X	X	✓
Anne Murphy	✓	✓	✓	✓	✓	✓	✓
Rob Spence	✓	✓	✓	✓	✓	✓	✓

* Denotes special meetings of the MAV Insurance Committee. The special meeting in October was to consider the financial statements for MAV Insurance. The special meeting in February was to consider contribution methodology.

MAV Board			
MAV Insurance Committee			
Rob Spence Chief Executive Officer			
Alison Lyon Deputy Chief Executive Officer			
CLAIMS John Smith Claims Adviser	POLICY Owen Harvey-Beavis Contribution Setting (p/t) James Cleaver Water Industry Liaison (p/t)	LEGAL PANEL Minter Ellison DLA Piper Moray & Agnew King & Wood Mallesons Ligeti Partners Hunt & Hunt (Tasmania) Shaun McElwaine (Tasmania) Dobson Mitchell Allport (Tasmania)	SERVICE PROVIDER Jardine Lloyd Thompson (JLT) Risk Management

MAV INSURANCE - LIABILITY MUTUAL INSURANCE (LMI)



REINSURANCE TRENDS

Despite 2011-12 being the second costliest year for insured losses internationally, insurer and reinsurer capital seems relatively unscathed and is back to peak levels. Liability insurance prices have registered their first increase since 2004 according to a Barclays Capital survey. A Marsh survey has indicated the long depression in liability pricing may be coming to an end with rates mostly stable in the major territories. There has been no change in underwriting stance from reinsurers, who remain careful in their pricing of the local authority risk, which includes both councils and water authorities.

The LMI reinsurance program currently consists of 16 international reinsurers with Standard and Poors ratings of A- or better. The MAV and our reinsurance brokers are constantly surveying the market place for reinsurers and insurance syndicates interested in underwriting local authority risk. Reinsurers must accept the LMI Insurance Policy, developed specifically to cover the broad range of risks for local authorities. Evidence suggests that insurance markets will harden in the next few years, with prices firming and insurers trying to restrict cover. LMI will leverage its strong membership across Victoria and Tasmania and our relationships with the other six Local Government Associations to moderate spikes in future reinsurance premiums.

CLAIMS TRENDS

The trend of increasing claim numbers over the past two years stabilised in 2011-12, with the same number of new claims received as the previous year. Compared to the 2007-08 financial year however, the last two years represent an increase of more than 65 per cent. Claim settlement activity and timelines remain dependable, with the average time to resolve claims dropping by almost 10 per cent and the average unit cost per claim also lowered by eight per cent compared to last financial year.



PRICING REVIEW

MAV Insurance commissioned and endorsed an independent review of the pricing strategy adopted for Liability Mutual Insurance (LMI) conducted by Ernst and Young. The review examined how the scheme manages its capital, how the overall level of contributions affect the capital position of the scheme, and the preferred methodology for setting member contributions. The new capital policy takes a conservative approach that ensures sufficient capital to cover unexpected claims, while safeguarding councils against paying excessive contributions to meet private sector capital levels.

The current contribution setting process adjusts contributions based on the overall movement in reinsurance premiums, claims performance, council revenue and risk audit scores. Ernst and Young's recommended new approach will achieve a more sophisticated method of apportioning administration, claims management, reinsurance and other costs between members. It will be developed further by the scheme's independent actuaries in 2012-13 and implemented in time for the 2013-14 renewals.

CLAIMS MANAGEMENT

Significant savings were achieved with over half of all claims managed directly by Jardine Lloyd Thompson (JLT) without the need for lawyers to act for the scheme. Where lawyers are required, their costs are certified by independent legal cost consultants to ensure the scheme only pays what is necessary. Our management of claims has proven very effective in maintaining good resolution numbers, significant reductions in the time to resolve claims and stable average claim values with no super inflation.

IMPROVING THE MANAGEMENT OF COUNCIL DAMS

Following the floods of early 2011, the MAV and the Department of Sustainability and Environment began a joint project to identify all the council-owned dams in Victoria and ensure they are safely managed. The success of this project demonstrates the benefits to members of combining MAV Insurance risk management with MAV policy advocacy. So far, the collaboration has involved a series of council-only dam safety seminars and development of a council dam-owner toolkit, including: a hazard rating guide; a dam safety emergency management plan template; and a dam surveillance and maintenance guide. Maintaining council dam safety standards will be an ongoing responsibility for MAV Insurance. Later in 2012 councils will have the opportunity to report on their dam safety activities, ahead of their inclusion in ongoing MAV Insurance risk management processes.

WATER AUTHORITY RISK WORK

Water corporation members of MAV Insurance operate some of the largest dams in the state and participate in comprehensive government programs to ensure dams are well maintained and water supplies are safe. A review investigated major risks to water corporations, as well as Victorian and Tasmanian regulatory arrangements, to inform and improve the relevance of MAV Insurance risk management services to water corporation customers. This knowledge will guide future risk management services for water corporations, resulting in more targeted risk audits and the provision of better services.

RISK MANAGEMENT REVIEW IMPLEMENTATION

Following an independent review of the risk management services provided to our members last year, MAV Insurance established an LMI risk register and overseeing committee. The register identifies and monitors risk mitigation strategies for the key claims drivers, as well as new and emerging risks through improved liaison between MAV policy staff, MAV Insurance and our service provider JLT. MAV Insurance revised its 'Best Practice Forums' to include greater involvement from members sharing their experiences. A monthly MAV Insurance bulletin was introduced to improve information to members, while continued cooperation with the Victorian Managed Insurance Authority (VMIA) provides members with access to at least one major risk management conference annually.

MAV INSURANCE - OTHER



COMMERCIAL CRIME

The Commercial Crime Fund covers local authorities against losses from a fraudulent or dishonest act committed by an employee or third party. Like MAV Insurance's LMI scheme, the Commercial Crime Fund is a mutual insurance scheme that exists solely for the benefit of its members. As there is no profit built into the contribution setting model, the scheme will inevitably be more cost effective in the long term. The Commercial Crime Fund utilises the market power of its 90 members to obtain the broadest insurance cover, with significant sums insured at very competitive rates. While some years incur a shortfall, in other years a surplus is generated, with the aim to balance the pool over the long term. Members who have contributed to the Fund for five years or more have an entitlement to a share of the capital based on the member's share of the total premium. Importantly, capital attributed to a member who departs the Fund is distributed back amongst the remaining members. Capital attributed to each member currently amounts to around 70 per cent of members' premiums.

LG EMPLOYEE HEALTH PLAN

The Local Government Employees (LGE) Health Plan is delivered in partnership with Health Link to help position councils as an employer of choice. Eligible local government employees and other specified organisations that participate in the health plan benefit through reduced hospital premiums, and in the event of hospitalisation, a refund of the member's excess payment by the MAV. Funds are held in an account known as an Excess Refund Pool, with employees benefitting from excess reimbursements of \$108 701 in 2011-2012. At 30 June 2012 the LGE health plan had 77 member organisations, covering 4 000 employees and family members.



LIABILITY MUTUAL INSURANCE MEMBERS

VICTORIA

Alpine Shire Council
Ararat Rural City Council
Ballarat City Council
Banyule City Council
Bass Coast Shire Council
Baw Baw Shire Council
Bayside City Council
Benalla Rural City Council
Boroondara City Council
Brimbank City Council
Buloke Shire Council
Campaspe Shire Council
Cardinia Shire Council
Casey City Council
Central Gippsland Region Water Corporation
Central Goldfields Shire Council
Central Highlands Region Water Corporation
City West Water Corporation
Colac Otway Shire Council
Coliban Region Water Corporation
Corangamite Shire Council
Darebin City Council
East Gippsland Region Water Corporation
East Gippsland Shire Council
Eastern Regional Libraries Corporation
Frankston City Council
Gannawarra Shire Council
Glen Eira City Council
Glenelg Shire Council
Golden Plains Shire Council
Goulburn Valley Region Water Corporation
Goulburn Valley Regional Library Corporation
Goulburn-Murray Rural Water Corporation
Grampians Wimmera Mallee Water Corporation
Greater Bendigo City Council
Greater Geelong City Council
Greater Shepparton City Council
Hepburn Shire Council
Hindmarsh Shire Council
Hobsons Bay City Council
Horsham Rural City Council
Hume City Council
Indigo Shire Council
Kingston City Council
Knox City Council
Latrobe City Council
Loddon Shire Council
Lower Murray Urban and Rural Water Corporation
Macedon Ranges Shire Council
Manningham City Council

Mansfield Shire Council
Maribyrnong City Council
Maroondah City Council
Melbourne City Council
Melton Shire Council
Mildura Rural City Council
Mitchell Shire Council
Moira Shire Council
Monash City Council
Moonee Valley City Council
Moorabool Shire Council
Moreland City Council
Mornington Peninsula Shire Council
Mount Alexander Shire Council
Moyne Shire Council
Municipal Association of Victoria
Murrindindi Shire Council
Nillumbik Shire Council
North Central Goldfields Library Service
North East Region Water Corporation
Northern Grampians Shire Council
Port Phillip City Council
Pyrenees Shire Council
Queenscliffe Borough Council
South Gippsland Region Water Corporation
South Gippsland Shire Council
Southern Grampians Shire Council
Southern Rural Water Corporation
Stonnington City Council
Strathbogie Shire Council
Surf Coast Shire Council
Swan Hill Rural City Council
Towong Shire Council
Victorian Water Industry Association Inc.
Wangaratta Rural City Council
Wannon Region Water Corporation
Warrnambool City Council
Wellington Shire Council
West Gippsland Regional Library Service
West Wimmera Shire Council
Western Region Water Corporation
Westernport Region Water Corporation
Whitehorse City Council
Whitehorse Manningham Regional Library Corporation
Whittlesea City Council
Wodonga City Council
Wyndham City Council
Yarra City Council
Yarra Plenty Regional Library Service
Yarra Ranges Shire Council
Yarriambiack Shire Council

TASMANIA

Ben Lomond Water Corporation
Break O'Day Council
Brighton Council
Burnie City Council
Central Coast Council
Central Highlands Council
Circular Head Council
Clarence City Council
Cradle Mountain Water Corporation
Derwent Valley Council
Devonport City Council
Dorset Council
Flinders Council
George Town Council
Glamorgan/Spring Bay Council
Glenorchy City Council
Hobart City Council
Huon Valley Council
Kentish Council
King Island Council
Kingborough Council
Latrobe Council
Launceston City Council
Local Government Association of Tasmania
Meander Valley Council
Northern Midlands Council
Onstream Rivers and Water Supply Commission
Sorell Council
Southern Midlands Council
Southern Water Corporation Tasman Council
Waratah-Wynyard Council
West Coast Council
West Tamar Council

COMMERCIAL CRIME MEMBERS

Alpine Shire Council
Ararat Rural City Council
Ballarat City Council
Bass Coast Shire Council
Baw Baw Shire Council
Bayside City Council
Benalla Rural City Council
Boroondara City Council
Brimbank City Council
Buloke Shire Council
Cardinia Shire Council
Casey City Council
Central Goldfields Shire Council
Central Highlands Region Water Corporation
Citywide Service Solutions Pty Ltd
Colac-Otway Shire Council
Coliban Region Water Corporation
Corangamite Regional Library Corporation
Corangamite Shire Council
Crowlands Water Supply Co-operative
Darebin City Council
East Gippsland Region Water Corporation
East Gippsland Shire Council
Eastern Regional Libraries
Frankston City Council
Gannawarra Shire Council
Geelong Regional Library Corporation
Glenelg Shire Council
Golden Plains Shire
Goulburn Valley Region Water Corporation
Goulburn-Murray Rural Water Corporation
Grampians Wimmera Mallee Water Corporation
Greater Bendigo City Council
Greater Geelong City Council
Greater Shepparton City Council
Hepburn Shire Council
Hindmarsh Shire Council
Hobsons Bay City Council
Horsham Rural City Council
Hume City Council
Indigo Shire Council
Kingston City Council
Knox City Council
Latrobe City Council
Loddon Shire Council
Lower Murray Urban and Rural Water Corporation
Macedon Ranges Shire Council
Manningham City Council
Mansfield Shire Council
Maribyrnong City Council
Melbourne City Council
Melbourne Wholesale Fish Market
Melton Shire Council
Mildura Rural City Council
Mitchell Shire Council
Moirra Shire Council
Monash City Council
Moonee Valley City Council
Moorabool Shire Council
Moreland City Council
Mornington Peninsula Shire Council
Mount Alexander Shire Council
Moyne Shire Council
Municipal Association of Victoria
Murrindindi Shire Council
Nillumbik Shire Council
North East Region Water Corporation
Northern Grampians Shire Council
Port Phillip City Council
Pyrenees Shire Council
Queen Victoria Market
Queenscliffe Borough Council
South Gippsland Region Water Corporation
South Gippsland Shire Council
Southern Grampians Shire Council
Southern Rural Water Corporation
Stonnington City Council
Strathbogie Shire Council
Surf Coast Shire Council
Swan Hill Rural City Council
Tanjil Bren Water Co-op Ltd & Committee of Management - Recreation Reserve
Towong Shire Council
Wannon Region Water Corporation
Warrnambool City Council
Wellington Shire Council
West Gippsland Regional Library Corporation
West Wimmera Shire Council
Western Region Water Corporation
Westernport Region Water Corporation
Whitehorse City Council
Whittlesea City Council
Wodonga City Council
Wyndham City Council
Yarra City Council
Yarra Ranges Shire Council
Yarriambiack Shire Council

FINANCIAL OVERVIEW

REPORT ON FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2012

In accordance with the requirements of the *Municipal Association Act 1907*, and applicable accounting standards, the economic activity of the MAV and MAV Insurance is reported to the members as an economic entity within the annual accounts. The combined activities are shown as the combined accounts and the MAV, being the parent entity, is shown separately as the MAV General Fund.

The Association represents local government in Victoria. One of the activities of the MAV is that it seeks out, applies for, and administers grant funds for, and on behalf of its members, for the benefit of both local government and the Victorian community. The MAV financial statements include the activities of MAV Procurement, which provides procurement services and training in procurement for MAV members; and MAV Insurance, which operates the Liability Mutual Insurance Scheme (LMI) and the Commercial Crime Fund.

Both insurance activities are nondiscretionary mutual funds and are subject to the oversight of the Association's Board, which acts through a committee of management established by the Board, the MAV Insurance Committee (MAVIC). MAVIC carries out oversight and management of the operational activities of MAV Insurance. Jardine Lloyd Thompson Pty Ltd provides claims and risk management services to the MAV.

MUNICIPAL ASSOCIATION OF VICTORIA

The financial result of the MAV in 2012 was impacted significantly by the Defined Benefit Superannuation Fund liability of \$671,964 (2011 \$136,000) and the spending of grant funds in excess of grant receipts for the year totalling \$2.1 million. The operating deficit for the year was \$2,744,976 (2011 deficit \$84,908).

The year also saw the continued development and expansion of MAV Procurement with sales increasing by 84 per cent on the 2011 financial year. This entity continues to improve and make major gains in contracted services resulting in increased revenues. Combined net assets of the MAV, before including the MAV Insurance business, reduced to \$3.99 million (2011 \$6.74 million). During 2012, the MAV received a further \$7.5 million in grants and other grant-related income (2011 \$11.1 million). The MAV delivered on several significant projects during the year that were funded by grants from both Australian and Victorian governments and funds contributed by members. These grants and contributions are managed by the MAV for the betterment of the local government sector and Victorian communities. As at 30 June 2012, the MAV had a commitment to spend \$3.96 million (2011 \$6.09 million).

The operating deficit of the combined entity has been further impacted by events in MAV Insurance including increasing claims costs and increasing costs of re-insurance premiums. The operating deficit of the combined entity was \$4.02 million (2011 deficit \$0.587 million) with net assets reducing from \$14.39 million in 2011 to \$10.37 million in 2012.

MAV INSURANCE

The MAV Insurance business consists of the Liability Mutual Insurance Scheme (LMI) and the Commercial Crime Fund (the Fund). The Association is required under the *Municipal Association Act 1907* to provide both public liability and fidelity insurance to local government and other statutory authorities. MAV Insurance is not subject to Australian Prudential Regulatory Authority (APRA) regulations. However, the MAVIC views compliance with these regulations as being good business governance and practice, and has a policy of complying with several, but not all, of the APRA regulations.

The MAV holds an Australian Financial Services Licence (AFSL No 27143). The MAV and MAV Insurance have AFSL compliant processes and activities in place to maintain the highest standards of governance, provide operational efficiency and enhance the future viability of the MAV Insurance business. The combined deficit for 2012 was \$1.28 million (2011 \$0.501 million). The net asset position at the end of 2012 was \$6.37 million (2011 \$7.65 million).

MAV PROCUREMENT

The objective of MAV Procurement is to assist members to access significant benefits through improved purchasing and procurement processes and activities. This year procurement continued to develop and provide remarkable results. Sales increased by 84 per cent from last year and 100 per cent membership participation was achieved. Twelve tenders provided major cost savings for the sector; and the continued improvement of MAV Procurement and its member services is delivering increased revenue. The surplus for 2012 was \$190,915 (2011 deficit \$143,715).

GUIDE TO FINANCIAL REPORT

COMPONENTS OF THE FINANCIAL REPORT

The financial report contains three main sections:

- > financial statements
- > notes to the financial statements
- > statements by the directors and auditor.

The financial statements consist of three main statements - income statement, balance sheet and statement of cash flows.

The notes to the financial statements detail the Association's accounting policies and set out the detailed values that are carried into the financial statements.

The statements by directors and auditor provide the views of the directors of the MAV and the independent auditor on the financial report.

The statement by directors confirms the view of the directors that the financial report presents fairly in all material respects, the financial performance and financial position of the Association, and also confirms that the Association can pay its debts as and when they fall due.

The audit report by the independent auditor expresses the auditor's opinion on whether the financial statements presents fairly in all material respects, the financial position of the Association as at 30 June 2012, and the results of the various business operations and cash flows for the year ended 30 June 2012, in accordance with accounting standards and other mandatory professional reporting requirements.

FINANCIAL STATEMENTS

1. INCOME STATEMENT

The income statement shows:

- > the MAV's revenue from its various activities
- > expenses incurred in running the MAV and its business activities.

These expenses relate only to the business operations and do not include costs associated with the purchase of assets. The expense item 'depreciation' spreads the cost of the assets over the estimated life of the assets. The most important figure is the surplus for the year. Where it is positive, this means that revenues were greater than expenses.

2. BALANCE SHEET

The balance sheet shows the assets the Association owns and the liabilities it owes at 30 June. The balance sheet separates the assets and liabilities into current and non-current. Current means those assets or liabilities that will be either collected or that fall due within the next 12 months. The components of the balance sheet are:

2.1 CURRENT AND NON-CURRENT ASSETS

Cash assets include cash held in the bank, petty cash, cash deposits and cash investments. Receivables are monies owed to the Association.

Prepayments are payments made in the current financial year which relate to the next financial year; for example, annual subscriptions etc.

Property, plant and equipment represents the value of the equipment, furniture and fittings, computers, web site and intranet and motor vehicles owned by the Association.

Intangible assets are trademarks, educational programs and other intellectual property owned by the Association.

2.2 CURRENT AND NON-CURRENT LIABILITIES

Bank overdraft indicates the amount the Association owes its bankers on its daily operating account.

Payables are monies owed by the Association to its suppliers as at 30 June.

Premiums in advance are insurance premiums relating to the next financial year billed to members of the insurance fund before 30 June.

Provision for employee entitlements is the accounting term for annual leave, long service leave and retirement gratuities owed to staff.

Provision for claims outstanding represents insurance claims reported by members, together with an estimate of claims incurred but not yet reported including an estimate of the costs of settlement for these claims.

2.3 NET ASSETS

This term describes the difference between total assets and total liabilities. It represents the net worth of the Association as at 30 June.

3. STATEMENT OF CASH FLOWS

The statement of cash flows summarises cash payments and cash receipts for the year. The values may differ from those shown in the income statement because the income statement is prepared on an accrual basis. Cash is derived from, and is used in, two main areas:

3.1 CASH FLOWS FROM OPERATING ACTIVITIES

Receipts relate to all cash received into the Association's bank account from members and others who owed money to the Association in the form of fees or premiums. Receipts also include interest earned from the Association's cash investments. It does not include receipts from the sale of assets.

Payments relate to all cash paid out of the Association's bank account to staff, creditors and others. It does not include cash paid for the purchase of assets.

3.2 CASH FLOWS FROM INVESTING ACTIVITIES

This relates to cash receipts and cash payments resulting from either the sale or purchase of property, plant and equipment. The statement of cash flows concludes with cash at end of year which indicates the cash the Association has at 30 June to meet its debts and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

To enable the reader to understand the basis on which the values shown in the statements are established it is necessary to provide details of the Association's accounting policies. These are described in note 2. Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the statements. The note numbers are shown beside the relevant items in the income statement, balance sheet and the statement of cash flows.

Where the Association wishes to disclose information which cannot be incorporated into the statements, this is shown in the notes. The notes should be read at the same time as the financial statements in order to get a full and clear picture of the financial statements.

STATEMENTS BY DIRECTORS

The statement by directors is made by two directors on behalf of the Board of the Municipal Association of Victoria. The statement states that, in the opinion of the Board, the financial statements present a true and fair view of the operations of the Association and that the Association can pay its debts as and when they fall due.

INDEPENDENT AUDIT REPORT

This report is the independent auditor's opinion on the financial statements. It provides the reader of the financial statements a completely independent opinion of the financial statements of the Association. The opinion covers all statutory and accounting standards compliance requirements, as well as providing a view on the truth and fairness of the financial statements.

