



# Annual Report

## Board & Governance Reports

### 2018-19

## Our Charter

We are the MAV – the voice of local government in Victoria since 1879. Our purpose is to advocate for local government interests; build the capacity of councils; protect and support the viability of councils and promote the role of local government.

### We value:

- Integrity
- Collaboration
- Accountability
- Innovation
- Respect.

### Our role is to:

Represent and advocate for local government interests

- Establish and maintain alliances with key stakeholders
- Respond to arising issues
- Mediate, facilitate and advise
- Lead sector development
- Support councillor development
- Host and facilitate educational and training events
- Provide collaborative procurement opportunities
- Provide insurance services.

### We are successful when:

- Our members receive a high value return for their subscription
- Our people are inspired by a sense of purpose and accomplishment
- Our members, consultation networks and suppliers value their relationship with us
- Our operational discipline and financial strength ensures our ongoing role in serving our members efficiently and effectively.

## Provenance

The Parliament of Victoria passed the **Municipal Association Act** in 1907, officially recognising the MAV as the voice of local government in the state. Our role is 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.

Today, the MAV is an influential force supporting a strong and strategically positioned local government sector. Our role is to represent and advocate the interests of local government, lobby for a 'fairer deal' for councils, raise the sector's profile, ensure its long-term security and provide policy advice, strategic advice, capacity building programs and insurance services to local government.

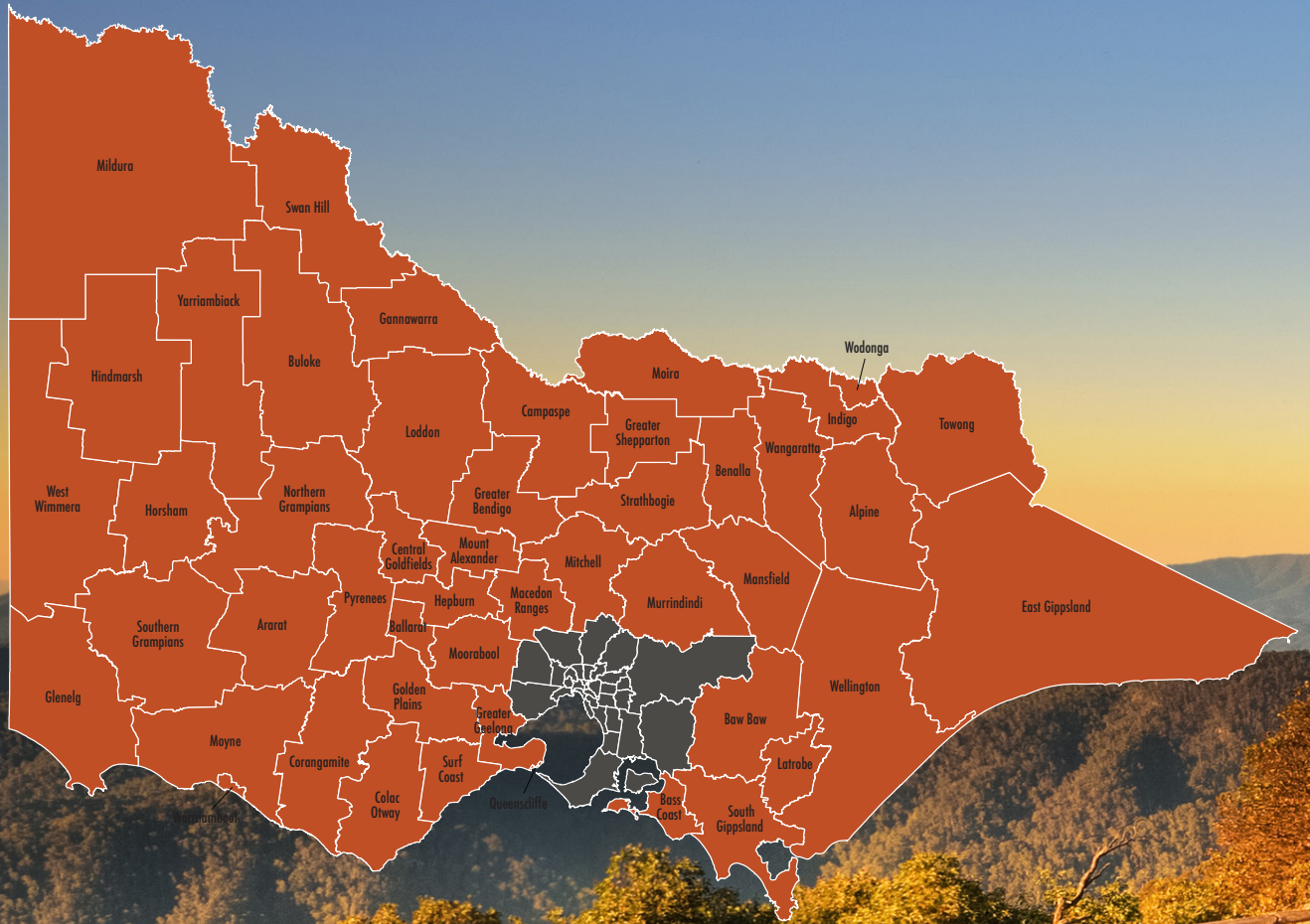
The MAV is a membership association, accountable to its constituent members through State Council and an elected Board. Membership of the MAV is discretionary (at 30 June 2019 all 79 Victorian councils were current financial members), and participation in our insurance schemes, procurement program, events and other activities is voluntary.

## Our members

Local government is interwoven in the fabric of community life. It is the most trusted level of government and has a vital leadership role to play in facilitating economic development and improving quality of life for the people it serves.

Victorian local government is made up of 79 councils representing over 6.4 million people. They operate with a legislative and electoral mandate to manage local issues, plan for the community's needs and advocate to realise their aspirations. In partnership with their communities, councils manage more than \$110 billion worth of community infrastructure and assets.

Victorian local government has annual revenue of \$11 billion. Councils employ more than 43,000 people and provide more than 100 different services to people who visit, live and work in their area. Key functions include health and community services; land use planning; environmental services; recreational and cultural services; local roads, footpaths and street lighting services; domestic animal management; and emergency management planning.



The MAV was incorporated in 1907 by an Act of State Parliament. The Act defines our purpose, sets out how we operate and empowers our members to make rules to further clarify our role and processes.

It requires the MAV to set rules for the regulation of proceedings, subscriptions and other matters affecting the management of the Association.

Each member council may appoint a councillor as its MAV representative. These representatives come together twice a year to form State Council, at which the policy direction of the MAV is set, including through the endorsement of a Strategic Work Plan. Details of State Council resolutions for the reporting period are available at [mav.asn.au](http://mav.asn.au).

## MAV Board

The MAV Board consists of 13 members who are elected for a two-year term. Twelve board members are elected to represent different regions of Victoria. They are elected by the MAV representatives from the councils of each region. The 13th member of the board is the President, who is popularly elected by the representatives of all member councils.

The MAV Board sets and evaluates directions, priorities and performance standards for the MAV, appoints and monitors the performance of the CEO and defines the detail of policies, objectives and strategies determined by State Council. Board members liaise with the MAV representatives from their regions.

The current MAV Board was established in March 2019.

## MAV Insurance Board (MAVIB)

The MAV Board has delegated authority and responsibility for MAV Insurance to the MAV Insurance Board (MAVIB). The LMI scheme's deed of establishment enables the formation of a management committee, formalises duties and powers of delegation by the Board and provides guidance on the day-to-day operation of the insurance business.

MAVIB members are appointed by the MAV Board from the insurance industry and local government. 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 MAV Insurance.

The MAVIB carries out oversight and management of the operational activities of MAV Insurance. JLT provides claims, risk management and reinsurance placement services. Taylor Fry is the scheme's actuary. Janus Henderson Australia provides investment management services and Frontier Advisors provide investment consultant services.

## MAV WorkCare Board

The MAV WorkCare local government workers' compensation self-insurance scheme was approved by WorkSafe Victoria on 3 May 2017 for an initial three-year period which commenced on 1 November 2017. As the licence holder, the MAV holds overall accountability and responsibility for achieving improved performance and delivering safety outcomes for all member councils and their employees.

In October 2017, the MAV Board appointed a WorkCare Board to oversee the operations of the scheme, in accordance with the Participation Agreement between the MAV and Scheme participants. The WorkCare Board is comprised of eight members with skills/backgrounds in local government, insurance and risk.

JLT is the scheme's appointed agent for OHS services, claims management and Return to Work (RTW) support. Finity Consulting is the scheme's actuary and Frontier Advisors provide investment consultancy services.

# MAV Board

As at 30 June 2019



**Cr Coral Ross**

City of Boroondara

**President**

- Councillor: 2002 - present
- Mayor: 2007-08, 2013-14, 2014-15
- Board Member, MAV Insurance
- Board Member, MAV WorkCare
- MAV Audit & Risk Committee Member
- Deputy Chair, MAV Human Services Advisory Committee
- Chair, MAV Professional Development Reference Group
- Board Member, Australian Local Government Association



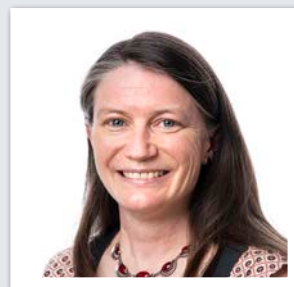
**Cr Ruth Gstrein**

Corangamite Shire Council

**Deputy President Rural**

**Rural South West Representative**

- Councillor: 2002 - present
- Mayor: 2007-08, 2008-09, 2009-10
- Deputy Chair, MAV Planning Advisory Committee
- Chair, MAV Transport and Infrastructure Advisory Committee
- Board Member, Australian Local Government Association

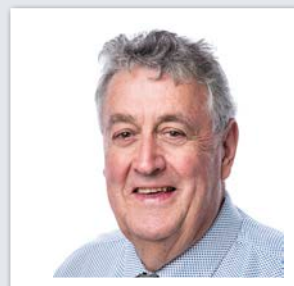


**Cr Jennifer Anderson**

Macedon Ranges Shire Council

**Rural North Central Representative**

- Councillor: 2012 - present
- Mayor: 2014-15, 2016-17, 2017-18
- Chair, MAV Environment Advisory Committee

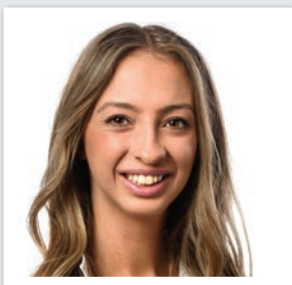


**Cr Murray Emerson**

Northern Grampians Shire Council

**Rural North West Representative**

- Councillor: 2012 - present
- Mayor: 2019 - present
- Board Member, MAV Insurance



**Cr Jami Klisaris**

City of Stonnington

**Deputy President Metropolitan**

**Metropolitan South East Representative**

- Councillor: 2012 - present
- Mayor: 2016-17



**Cr Josh Gilligan**

Wyndham City Council

**Metropolitan West Representative**

- Councillor: 2016 - present
- Mayor: 2019 - present



**Cr Nathan Hansford**

Golden Plains Shire Council

**Rural South Central Representative**

- Councillor: 2012 - present
- Board Member, MAV WorkCare
- Chair, MAV Emergency Management Advisory Committee
- Chair, MAV Human Services Advisory Committee



**Cr Ron Janas**

Alpine Shire Council

**Rural North East Representative**

- Councillor: 2012 - present
- Deputy Mayor: 2014-15
- Mayor: 2015-16, 2016-17, 2017-18, 2018-19
- Deputy Chair, Professional Development Reference Group

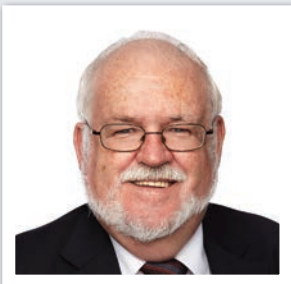


**Cr Sean O'Reilly**

City of Greater Dandenong

**Metropolitan Southern Representative**

- Councillor: 2012 - present
- Mayor: 2015-16

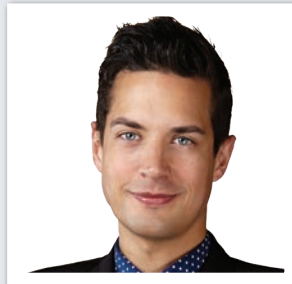


**Cr Malcolm Hole**

Wellington Shire Council

**Rural Gippsland Representative**

- Councillor: 2000 - present
- Mayor: 2002-03, 2006-07
- Deputy Chair, MAV Emergency Management Advisory Committee



**Cr Rohan Leppert**

City of Melbourne

**Metropolitan Central Representative**

- Councillor: 2012 - present
- Deputy Chair, MAV Environment Advisory Committee
- Chair, MAV Planning Advisory Committee



**Cr Peter Perkins**

Nillumbik Shire Council

**Interface Representative**

- Councillor: 2010- present
- Mayor: 2012-13



**Cr Mike Symon**

City of Maroondah

**Metropolitan East Representative**

- Councillor: 2016- present
- Deputy Mayor: 2017-18
- Mayor: 2019-20
- MAV Audit & Risk Committee Member
- Deputy Chair, MAV Transport and Infrastructure Advisory Committee

## Board meeting attendance 2018-19

	Jul	Aug	Sep	Oct	Nov	Dec	Feb	Mar	Apr	May	Jun
Coral Ross (President)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Jennifer Anderson	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	X	✓	✓
David Clark	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Murray Emerson	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Rod Fyffe	✓	✓	✓	X	X	✓	✓	n/a	n/a	n/a	n/a
Josh Gilligan	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	X
Ruth Gstrein	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
Nathan Hansford	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Malcom Hole	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓
Ron Janas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jami Klisaris	X	✓	✓	X	X	X	X	✓	✓	X	✓
Geoff Lake	X	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mary Lalios	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Rohan Leppert	✓	X	✓	X	X	✓	✓	✓	✓	X	✓
Tom Melican	X	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Gary Norton	X	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Sean O'Reilly	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Peter Perkins	✓	✓	✓	✓	✓	✓	✓	✓	X	X	✓
Mike Symon	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓

No meeting held in January. n/a = Not a Board member at this time.

## Board allowances and expenses

The Board Allowance and Expense Policy provides 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, meals and child-care 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. Board expenses represent 0.33 per cent of the total expenditure of the MAV.

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 2017-18 and claimed in 2018-19. 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 2019 for expenses incurred in the 2018-19 year, details of which will be reflected in the 2019-20 Annual Report.

### Audit & Risk Committee

The Audit & Risk Committee is an advisory 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 in 2019. 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 and facilitating the organisation's continued ethical development.

The Committee meets quarterly and additional meetings are convened as required. Membership of the Committee from 1 July 2018 continued with the two independents, the Chair, John Watson and Sue Friend, along with the then MAV President, Cr Mary Lalios and MAV Board Member, Cr David Clark (both until March 2019).



Board member	Annual Allowance	Data Allowance	Expenses	TOTAL
Coral Ross <sup>1</sup> (President)	\$22,741.75	\$136.00	\$5,183.17	\$28,060.92
Jennifer Anderson	\$3,192.42	\$136.00	\$857.07	\$4,185.49
David Clark <sup>3</sup>	\$9,416.09	\$273.13	\$5,861.17	\$15,550.39
Murray Emerson	\$3,192.42	\$136.00	\$4,338.58	\$7,667.00
Rod Fyffe	\$6,411.43	\$273.13	\$5,375.24	\$12,059.80
Josh Gilligan	\$9,577.25	\$408.00	\$1,550.57	\$11,535.82
Ruth Gstrein <sup>3</sup>	\$11,073.34	\$408.00	\$13,845.81	\$25,327.15
Nathan Hansford	\$3,192.42	\$136.00	\$4,316.32	\$7,644.74
Malcolm Hole	\$9,577.25	\$408.00	\$6,611.36	\$16,596.61
Ron Janas	\$9,577.25	\$408.00	\$5,261.96	\$15,247.21
Jami Klisaris <sup>3</sup>	\$14,065.53	\$408.00	\$514.25	\$14,987.78
Geoff Lake	\$4,788.62	\$204.00	\$1,177.27	\$6,169.89
Mary Lalios <sup>2</sup>	\$45,666.89	\$273.13	\$10,549.65	\$56,489.67
Rohan Leppert	\$9,577.25	\$408.00	\$1,495.45	\$11,480.70
Tom Melican	\$6,411.43	\$273.13	\$2,814.91	\$9,499.47
Gary Norton	\$6,411.43	\$273.13	\$7,524.54	\$14,209.10
Sean O'Reilly	\$5,152.98	\$219.52	\$323.09	\$5,695.59
Peter Perkins	\$9,577.25	\$408.00	\$1,758.52	\$11,743.77
Mike Symon	\$3,192.42	\$136.00	\$78.60	\$3,407.02
<b>Total</b>	<b>\$192,795.42</b>	<b>\$5,325.17</b>	<b>\$79,437.52</b>	<b>\$277,558.11</b>

<sup>1</sup> President Cr Coral Ross was also provided with full private use of a motor vehicle at a cost of \$8,922.39

<sup>2</sup> Former President Cr Mary Lalios was also provided with full private use of a motor vehicle at a cost of \$20,127.77

<sup>3</sup> Deputy President for all or part of 2018-19

The third independent, Paul O'Connor, and the new MAV President, Cr Coral Ross and MAV Board Member, Cr Mike Symon, commenced in March 2019.

The work of the Committee is governed by an annual work program, aligned with the Audit & Risk Committee Charter, adopted at the start of each year. The last review of the Charter was undertaken in 2018-19.

The Committee reviews and oversees the most current monthly financial statements for MAV's operations.

Risk is a standing item on the agenda with the Chief Executive Officer reporting on emerging risks. Risk management is also a focus of the Committee's financial oversight, Internal Audit Program and policy review.

In 2018-19, the Internal Audit Plan provided for the following audits:

- Accounts Payable and Accounts Receivable & Treasury Management
- Privacy
- IT Environment.

In 2018-19 the sitting fees per meeting were:

**Chair – \$1,045.**

**Independent committee members – \$696.30.**

## Compliance

In addition to the requirements of the *Municipal Association Act 1907* and MAV Rules, the MAV must comply with certain 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, plan and 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 Board and the MAV Board.

# MAV Insurance Board

As at 30 June 2019



**Rob Spence**

**Chair** (appointed 21 August 2018)

Independent representative

- Appointed 1997

- Board Member, MAV WorkCare
- Former Chief Executive Officer, Municipal Association of Victoria (until 20 August 2018)
- Trustee, Vision Super



**John Bennie**

Victorian Council representative

- Appointed 2016

- Chief Executive Officer, City of Greater Dandenong
- Past Chair Southern Melbourne Regional Development Australia Committee
- State President, LGPro 2005-06
- National President, LGMA 2011
- Public Service Medal 2014



**Murray Emerson**

MAV Board representative

- Appointed 2019

- Board Member, Municipal Association of Victoria
- Councillor: 2012 - present
- Mayor: 2019 - present



**Michael Guilmartin**

Independent representative

- Appointed 2009

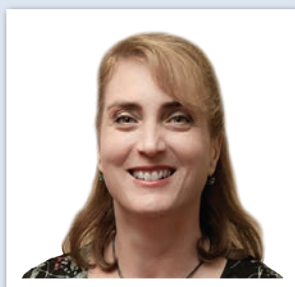
- Chief Executive Officer, Victorian Managed Insurance Authority 1997-2007
- President, Association of Risk Insurance Managers of Australia 1980
- Risk Manager, Alcoa of Australia Ltd 1971-97



**Andrew Paul**

Tasmanian Council representative  
- Appointed 2016

- General Manager, Clarence City Council
- Graduate of Williamson Community Leadership Program
- Fellow of the Australian Institute of Company Directors
- Board Member, Cancer Council Tasmania



**Dr Katrena Stephenson**

Tasmanian Association representative - Appointed 2015

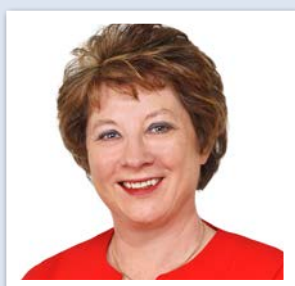
- Chief Executive Officer, Local Government Association of Tasmania
- Board Member (Observer), Local Government Professionals Tasmania



**Kerry Thompson**

Victorian Association representative  
- Appointed 2018

- Chief Executive Officer, Municipal Association of Victoria
- Board Member, MAV WorkCare
- Member, State Crisis and Resilience Council
- Chair, cohealth
- Acting Chief Executive Officer, VicRoads 2018
- Deputy Secretary Investment and Business Transport for Victoria 2016-18
- Chief Executive Officer, Lost Dogs Home 2015-16
- Chief Executive Officer, Wyndham City Council 2010-15
- Chief Executive Officer, Maribyrnong City Council 2003-10



**Coral Ross**

MAV Board representative  
- Appointed 2019

- President, Municipal Association of Victoria
- Councillor: 2002 - present
- Mayor: 2007-08, 2013-14, 2014-15
- Board Member, MAV WorkCare
- MAV Audit & Risk Committee Member
- Deputy Chair, MAV Human Services Advisory Committee
- Chair, MAV Professional Development Reference Group
- Board Member, Australian Local Government Association

## MAV Insurance Board attendance

	24 Aug	17 Oct	26 Oct	14 Dec	14 Mar	24 Apr	10 May	14 Jun
Rob Spence* (Chair)	✓	✓	✓	✓	✓	✓	✓	✓
John Bennie	X	✓	X	✓	✓	✓	✓	✓
Steve Crawcour	X	X	✓	✓	✓	X	X	✓
Murray Emerson	n/a	n/a	n/a	n/a	n/a	✓	X	✓
Rod Fyffe	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Michael Guilmartin*	✓	✓	✓	✓	✓	✓	✓	✓
Mary Lalios	✓	✓	X	✓	n/a	n/a	n/a	n/a
Anne Murphy*	✓	X	X	n/a	n/a	n/a	n/a	n/a
Andrew Paul	✓	✓	✓	✓	X	✓	✓	✓
Katrena Stephenson	✓	X	✓	X	X	✓	✓	X
Coral Ross	n/a	n/a	n/a	n/a	n/a	✓	✓	X
Kerry Thompson	✓	✓	✓	✓	✓	✓	X	✓

## Board sitting fees

\*Independent Board members receive a sitting fee. In 2018-19 the annual sitting fee was:

### Chair

\$25,000

### Independent Board Member

\$15,000

## MAV Insurance Team

### EXECUTIVE TEAM

#### Owen Harvey-Beavis

General Manager

#### Alison Lyon

MAV Deputy CEO  
& General Counsel

#### Kristine Minghella

MAV Insurance Counsel

#### John Smith

MAV Insurance Claims Adviser

#### Kerry Thompson

MAV Chief Executive Officer

### SERVICE PROVIDERS

#### Jardine Lloyd Thompson

#### Taylor Fry Pty Ltd

Actuary

#### Janus Henderson Australia

Investment Manager

#### Frontier Advisors

Investment Adviser

#### EY

Auditor

#### National Australia Bank

#### Asset Servicing

Custodian Services

### LEGAL PANEL

#### Minter Ellison

#### DLA Piper

#### Moray & Agnew

#### Ligeti Partners

#### Barry Nilsson

(Tasmania)

#### Shaun McElwaine

(Tasmania)

## Performance overview

The MAV Insurance Liability Mutual Insurance (LMI) scheme offers public liability and professional indemnity insurance to Victorian and Tasmanian councils and other local government authorities.

The scheme is not-for-profit, which means any excess revenue is held in the fund to help keep premiums down for members – rather than paying income tax and dividends to shareholders like commercial providers.

The LMI scheme is tailored specifically to the local government sector. This is achieved using 25 years of claims data, and regular monitoring of new and emerging risks and exposures facing local government. For example, the LMI scheme policy coverage was recently extended to include the use of drones, which has been identified as an emerging risk for local government. This demonstrates the LMI scheme's ability to adapt to the changing needs of local government to ensure members have appropriate coverage.

## Financial summary

The combined operating deficit for MAV Insurance for 2019 was \$1.85 million, resulting in capital at 30 June 2019 of (\$83,000). The Commercial Crime scheme returned a modest operating deficit in line with budget, resulting from member departures from the scheme. The LMI scheme produced a deficit of \$1.83 million, strongly driven by the market conditions which limited the scheme's ability to increase contributions to appropriate levels. The scheme incurred \$23.7 million in claims for the year against a contribution pool of \$22.6 million (inclusive of stamp duty), with adverse movement in discount rates contributing \$4.33 million. In addition, unbudgeted, one-off expenses incurred in responding to the recommendations of the VAGO audit report contributed to the operating deficit.

## Liability Mutual Insurance Scheme

We commissioned PricewaterhouseCoopers (PwC) to review the optimum structural options for public liability and professional indemnity insurance for the sector. Their report recommended that a member-owned mutual be retained as the best option for the sector, the community and the Victorian Government and restructured as a compulsory scheme for the state's councils. In response to the review, we also reviewed the composition and expertise requirements of the MAV's Insurance Board and commenced a recruitment process for additional independent members; implemented an improved assurance framework to assess the performance of MAV Insurance's key service provider; and commissioned a review of the optimum prudential standards that should apply to the scheme. These reforms also assisted in the MAV responding to recommendations of the Auditor General's performance review of local government's insurances. We commenced a significant program of work action recommendations directed at the MAV, including reviewing the capital management plan for the LMI scheme; assessing the best practice options for public liability and professional indemnity insurance for the sector; reviewing internal expenses and adopting a tenure and composition policy for the Insurance Board. These reforms strengthened the operations of MAV Insurance.



## Service Delivery

We supported members' risk management activities through the implementation of a comprehensive package of risk and legal services. The two-year compliance review process was concluded with almost all members having received a comprehensive review of their compliance with key internal policies and plans that influence liability risks. Following completion of the reviews, we designed and commenced implementation of a new three-year risk management services plan that will continue to support councils' operational staff to incorporate key risk controls into their work, with a particular focus on areas of high liability risk. These services also support member collaboration by supporting regional groupings to receive more comprehensive services. We provided 19 Best Practice Forums across Victoria and Tasmania, which briefed members on key risk and claim issues, legal developments and information on the scheme and a conference in Tasmania. We continued to provide members with help desks for claims, legal, underwriting and risk and responded to over 1,000 queries in the year.

In total, \$16.4 million was paid in claims for the 2019 year, with an additional \$7.3 million in claim costs incurred by the scheme. 182 new claims were received over the course of the year, which was a 13 per cent reduction against the 2018 year claim lodgements.

We completed a public tender with the assistance of MAV Procurement for the LMI scheme's legal panel. Five panel firms were appointed for a period of three years, with an optional three year term. A further tender to appoint a cost consultant, who reviews the legal panel firm's bills to ensure compliance with the charging schedule, was completed with two firms appointed. These competitive procurement processes provide assurance to members that our service providers deliver value to members and support key strategic objectives of the scheme.

## Implementation of Financial Strategy

Over the 2018-19 year, we progressively implemented a strategy to secure and stabilise the financial position of the LMI scheme. We reviewed our Capital Management Plan to focus on stabilising the scheme through contribution increases, internal efficiencies and continuing cost negotiations with our commercial providers. We strongly targeted the retention and growth of our membership and were pleased to increase the number of Victorian councils that participate in the scheme to 70.

We developed a reinsurance strategy to provide financial security for the scheme, minimising the capital requirements and protecting against deterioration in claims development. We fully implemented the reinsurance strategy, with underlying reinsurance costs moving by less than 10 per cent in a hardening market.

Our successful development and implementation of the financial strategy for LMI is expected to return the scheme to a surplus capital position by the end of the upcoming year.

## Commercial Crime Scheme

We continued to provide members with a cost efficient and effective fidelity insurance product through the Commercial Crime scheme, which has market-leading coverage and operates at low cost. Our review of the key risk areas for the sector indicate that members' major areas of exposure will continue to be in the area of social engineering frauds, where frauds are occurring through fake invoices, fraudulent changes to the accounts and through the online impersonation of council officers.

# MAV WorkCare Board

As at 30 June 2019



**Marilyn Duncan**

**Chair**

Independent representative

- Appointed 2017

- Former Chief Executive Officer, City of Brimbank



**Prue Digby**

Independent representative

- Appointed 2017

- Board member, Chisholm TAFE
- Board member, Birrarung Council
- Board member, Hillview Quarries
- Board member, Ross Trust (Trustee)
- Former Municipal Monitor, Frankston City Council
- Former Chief Executive Officer, Victorian Building Authority
- Former Chief Executive Officer, City of Yarra
- Former Deputy Secretary, Department Environment, Land, Water and Planning



**Janet Dore**

Independent representative

- Appointed 2017

- Former Chief Executive Officer, City of Ballarat
- Former Chief Executive Officer, City of Newcastle
- Former Chief Executive Officer, Transport Accident Commission
- Former Non-Executive Director, nib Health Funds, Newcastle Airport and Institute for Safety Compensation and Recovery Research
- Fellow Australian Institute of Company Directors (AICD)
- Former Municipal Monitor, Ararat Rural City Council
- Director, Central Highlands Water Corporation



**Nathan Hansford**

MAV Board representative

- Appointed 2019

- Board Member, Municipal Association of Victoria
- Councillor: 2012 - present
- Chair, MAV Emergency Management Advisory Committee
- Chair, MAV Human Services Advisory Committee





**Coral Ross**

MAV Board representative  
- Appointed 2019

- President, Municipal Association of Victoria
- Councillor: 2002 - present
- Mayor: 2007-08, 2013-14, 2014-15
- Board Member, MAV Insurance
- MAV Audit & Risk Committee Member
- Deputy Chair, MAV Human Services Advisory Committee
- Chair, MAV Professional Development Reference Group
- Board Member, Australian Local Government Association



**Kerry Thompson**

MAV representative  
- Appointed 2018

- Chief Executive Officer, Municipal Association of Victoria
- Board Member, MAV Insurance
- Member, State Crisis and Resilience Council
- Chair, cohealth
- Acting Chief Executive Officer, VicRoads 2018
- Deputy Secretary Investment and Business Transport for Victoria 2016-18
- Chief Executive Officer, Lost Dogs Home 2015-16
- Chief Executive Officer, Wyndham City Council 2010-15
- Chief Executive Officer, Maribyrnong City Council 2003-10



**Michael Ulbrick**

Independent representative  
- Appointed 2017

- Former Chief Executive Officer, Darebin City Council
- Former Chief Executive Officer, Surf Coast Shire Council
- Former Executive Director, WorkCover
- Independent member of a number of council and public sector audit and risk committees
- Independent member, Victoria Grants Commission



**Rob Spence**

Independent representative  
- Appointed 2017

- Chair, MAV Insurance
- Trustee, Vision Super
- Former Chief Executive Officer, Municipal Association of Victoria (until 20 August 2018)

## MAV WorkCare Board attendance

	17 Oct	10 Dec	18 Dec	13 Feb	10 Apr	16 Apr	12 Jun
Marilyn Duncan	✓	✓	✓	✓	✓	✓	✓
Prue Digby	✓	✓	✓	X	✓	✓	✓
Janet Dore	✓	✓	✓	✓	✓	✓	✓
Nathan Hansford	n/a	n/a	n/a	n/a	✓	X	✓
Mary Lalios	X	✓	✓	X	n/a	n/a	n/a
Tom Melican	✓	✓	✓	✓	n/a	n/a	n/a
Coral Ross	n/a	n/a	n/a	n/a	✓	✓	✓
Rob Spence	✓	✓	✓	X	✓	✓	✓
Kerry Thompson	✓	✓	✓	✓	X	✓	✓
Michael Ulbrick	X	✓	✓	✓	✓	✓	✓

## Board sitting fees

Independent Board members receive a sitting fee. In 2018-19 the annual sitting fee was:

### Chair

\$25,000

### Independent Board Member

\$15,000

## MAV WorkCare Team

### EXECUTIVE TEAM

#### Chris Banks

General Manager

#### Tehn Chin

Senior Manager – Scheme Performance

#### Bernadette Brennan

OHS Manager

#### Nabeel Nizam

Claims Manager

#### Melissa Kuy

Executive Assistant

#### Kerry Thompson

MAV Chief Executive Officer

### SERVICE PROVIDERS

#### Jardine Lloyd Thompson

Safety, RTW and claims management services

#### Finity Consulting

Scheme Actuary

#### Frontier Advisors

Investment Adviser

#### EY

Auditor

#### National Australia Bank Asset Servicing

Custodian Services

### LEGAL PANEL

#### Hall and Wilcox

#### Wisewould Mahony

#### Minter Ellison

#### Lander and Rogers

### OCCUPATIONAL REHABILITATION PROVIDER (ORP) PANEL

#### IPAR

#### Nabenet

#### Workable Consulting

#### Rehab Management

## Performance overview

During 2018-19, the MAV WorkCare self-insurance scheme delivered services and support to the scheme's 31 members to improve workplace safety and quality of life outcomes for member employees who have experienced workplace injury or illness.

The scheme's suite of prevention programs evolved throughout the year with continued emphasis on supporting members to enhance their OHS management systems arrangements.

Twenty-five OHS forums were held across Victoria focussing on key safety topics specific to local government, including mental health and wellbeing, manual handling, contractor management and hazardous substances management.

Sector-specific guidelines in the areas of mental health and wellbeing and contractor management were commenced with a consultative working group and council partnerships established to ensure delivery of the right type of products.

These initiatives are in line with the shift that MAV WorkCare is making to a more risk-based approach to safety. The Scheme's commitment to supporting members to focus on continuous improvement and safety performance (beyond compliance) are at the heart of this strategic shift.

MAV WorkCare paid approximately \$11.5 million in entitlements to support injured workers to return to work safely and sustainably. Over the course of the year, the scheme supported 77.14 per cent of injured workers to return to work (RTW) within six months of claim lodgement, which was a strong result.

A scheme-wide return to work framework is expected to be rolled out in December 2019. The framework will include procedural documentation and related tools designed to support members in achieving successful return to work outcomes.

In 2018-19, MAV WorkCare achieved an overall compliance rate of 86 per cent in its first regulatory claims and RTW audit. The RTW criteria covered in the audit achieved a compliance rate of 93 per cent which is representative of the Scheme members' sophistication in planning and supporting injured workers to return to work. These high compliance rates are an indication of the Scheme's legislative compliance and timeliness in delivering entitlements to injured workers.

MAV WorkCare uses claims history and RTW trends to inform the development of training and education resources. In 2018-19, WorkCare partnered with two panel providers to deliver tailored training covering 'managing an ageing workforce' and 'workplace psychological injury'.

MAV WorkCare recorded a 75 per cent satisfaction rate across its member councils in its second *Member and Injured Worker Satisfaction Survey*, which is a significant increase from our first survey.

Overall, the claims and RTW division of MAV WorkCare recorded a successful 2018-19 year culminating in the independent actuarial valuation confirming a claims liability release of approximately \$900,000.

## Development plans

The Scheme has been in operation for less than two years and has achieved some significant results in that time. Positive trends are evident in the Scheme's overall claims performance (enabling a modest actuarial release in July 2019) with improvements in claims management and RTW regulatory compliance (as assessed by WorkSafe Victoria) also observed.

These early results bode well for the future in terms of supporting MAV's longer-term objective to build a high-performing, sustainable, workers' compensation scheme that brings tailored benefits to the local government sector.

The Scheme's current self-insurance approval (as granted by WorkSafe Victoria) is due to expire on 31 October 2020. Plans are well advanced to seek a renewal of the approval for a further term of either four or six years.

The Scheme has maintained its strong focus on improving workplace health and safety performance across the current membership. The ambition is to grow consistently over the next few years until all 79 councils are members of the mutual. Promotion of the Scheme's benefits and pursuit of new members remain key priorities for the MAV WorkCare team.



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