

# Municipal Association of Victoria

# Strategic Work Plan 2012-13

May 2012

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### Introduction

The Municipal Association of Victoria (MAV) is the peak body for local government in Victoria. A small team of 45 specialist staff focuses on achieving gains for Victoria’s councils through advocacy, collaboration, policy development and effective governance.

This strategic plan sets out the state of play for local government in Victoria in the short, medium and long term and outlines the actions of the MAV in the year ahead that add most value to the work of its members in providing for the peace, order and good governance of their municipalities.

The broad work plan addresses core issues impacting local government in Victoria. Actions are based on their capacity to assist councils effectively and efficiently carry out their operations in the context of persistent economic uncertainty and fiscal constraint.

A smaller number of issues are identified as high priority. These are based on issues consistently identified by members through consultation sessions and assessed as rating highly against the following criteria:

* the magnitude of impact the issue is likely to have on councils and their communities;
* the number of councils affected by the issue;
* the political ramifications of the issue for effective intergovernmental cooperation;
* the immediacy of the issue; and
* the likelihood of influencing an outcome in local government’s favour.

Focusing this way will enhance the capacity of the MAV to direct its limited resources towards achieving the best outcomes for Victoria’s councils and their communities.

A critical characteristic of the MAV is its ability to remain flexible and adaptable enough to achieve its set priorities and respond in a timely manner to issues affecting the sector as they arise. Accordingly, the plan may be adjusted throughout the year to incorporate emerging issues.

Emerging issues may be identified by the MAV or more formally in the context of State Council. State Council is councils’ opportunity to raise motions of business for incorporation into the MAV’s work plan. It is the MAV Board’s role, using the same criteria described above, to prioritise emerging matters in the context of the agreed work program with input from members.

Consultation sessions were conducted in nine locations across Victoria to inform the development of this plan. A draft was circulated to members for their feedback ahead of the plan being put to the State Council meeting for endorsement on Thursday 17 May 2012.

The MAV will report its achievements against this plan in its Annual Report 2012-13.

### Priority issues

Focusing on a small number of high priority issues will enhance the capacity of the MAV to apply its limited resources on achieving the best outcomes for Victoria’s councils and their communities.

The following issues, presented in alphabetical order, were consistently identified by members through the regional consultation process as priority areas for action and assessed as rating highly against the predetermined criteria.

The actions proposed have the dual purpose of seeking change or support from other levels of government and building the capacity of the local government to seek improvement from within the sector.

**Constitutional recognition of local government**

*Objective: To help councils better understand the potential benefits, likelihood and possible costs of achieving constitutional recognition.*

Actions:

* Update the members brief on the benefits of achieving constitutional recognition and the likelihood of success, including the implications of the High Court ‘Williams’ case
* Seek agreement from Victorian councils for financial commitments towards the ALGA campaign
* Seek the agreement of Victorian councils on governance arrangements for overseeing the expenditure of funds
* Convene a working group of local government communicators to provide input to the ALGA campaign plan

**Councillor attraction and training**

*Objective: To improve the demographic representation of councillors and ensure councillors have the skills and aptitudes required to carry out their roles*

Actions:

* Conduct awareness campaign to encourage people to stand for election, based on survey outcomes and reference group inputs
* Update campaign and community education materials based on survey results and reference group in puts
* Conduct induction program for new and returning councillors
* Complete process to register accredited Diploma of Local Government (Elected Member) course
* Conduct core councillor training program as part of accredited program
* Offer localised and regional training

*For further governance and professional development related actions see page 27 - 28*

**Emergency management**

*Objective: To define the role of local government in emergency management and to ensure that councils are properly resourced to meet their obligations.*

Actions:

* Influence the state government emergency management reform agenda
* Advocate changes to legislation and policy so that there is better alignment to the agreed role of local government in emergency management
* Increase awareness and recognition of the value and investment made by councils in emergency management activities
* Negotiate agreement on adequate funding and support models for councils’ emergency management responsibilities
* Conduct a baseline survey of councils’ emergency management capability and performance

*For further emergency management related actions see page 25 - 26*

**Financial sustainability**

*Objective: To focus advocacy efforts on targeted cost pressures to ease the financial stresses on councils*

Actions:

* Seek agreement for future superannuation shortfalls to be repaid over a period of five years through APRA and provide early advice to councils on the likely magnitude of future superannuation calls
* Campaign against the fire services levy being collected by councils
* Present a case for additional funding of local government through the review of financial assistance grants
* Convene a working group to develop and oversee the implementation of a strategy with councils to approach the state and federal governments to seek a resolution for financially stressed councils

*For further finance related actions see page 11 - 12*

**Kindergarten funding**

*Objective: To secure adequate support for councils in the planning and implementation of reforms to kindergarten services, including increasing staff-student ratios and the move to the universal provision of 15 hours per week*

Actions:

* Produce an updated report on the status of councils’ planning for the implementation of the reforms for use as an advocacy tool for additional planning resources for councils and funding for delivery and infrastructure
* Seek changes in the bilateral agreement between the Victorian and Australian governments to address local government issues
* Advocate for state/national workforce strategies to increase, align and address Productivity Commission recommendations
* Conduct a campaign for adequate capital funding from the Australian and Victorian governments to provide the required early years’ service infrastructure
* Conduct quarterly central briefings and three regional briefings to share innovative planning and service delivery models to meet community demand for early years services

*For further early years reform related actions see page 14*

**Library funding**

*Objective: To restore recurrent funding of public libraries to sustainable levels*

* Maintain community awareness campaign regarding the role of libraries and support councils to promote increased community participation
* Commission research and develop a comprehensive policy position on public libraries to form the basis of input to State Government’s review of public libraries, including the adequacy of recurrent funding to public libraries
* Advocate for a commitment by the State Government to developing a Public Library Partnership Agreement, and jointly identify potential areas of funding assistance to put to the Commonwealth

**Productivity**

*Objective: To pursue reforms that achieve whole of sector productivity gains*

Actions:

* Complete research on councils’ strategies for managing their efficiency and productivity
* Compile and distribute best practice efficiency and productivity initiatives in the sector
* Report to the sector annually on cost movements and the offset impacts of productivity gains
* Identify common issues impacting the productivity of local government
* Develop a local government action plan to address issues in common that impact the productivity of local government

*For further productivity related actions see page 11 - 12*

**State planning policy and implementation**

*Objective: To influence the Government’s policy and reform agenda for planning in Victoria for improved implementation and a simpler and more certain operating environment for councils and their communities.*

Actions:

* Coordinate local government input to an integrated transport, infrastructure and land use plan for Melbourne and Victoria
* Influence the regional growth planning and metropolitan planning processes as a strong basis or platform for infrastructure investment
* Seek support for the local government vision and priorities for planning reform
* Continue to campaign for cost recovery through planning fees

*For further planning related actions see page 18 - 19*

**Transport**

*Objective: To demonstrate the importance of planning the transport and infrastructure requirements of communities for maximising economic opportunities and managing growth.*

Actions:

* Advocate for a state-wide transport and infrastructure plan
* Promote existing regional transport plans as an input to the statewide plan
* Seek a partnership approach with the Victorian Government to advocate nation building investments in passenger and rail freight improvements
* Advocate improving access to and connectivity of services via timely provision of bus services, timetabling innovation and support for community transport

*For further transport related actions see page 21*

**Waste management**

*Objective: To increase investment and support for innovation in waste management that reduces emissions and increases resource recovery.*

Actions:

* Actively participate in the statewide waste review
* Advocate the need to reinvest landfill levies into innovative resource recovery and landfill rehabilitation
* Identify sustainable solutions to managing and rehabilitating landfills under higher environmental management and reporting requirements
* Evaluate the needs of councils in carbon emissions management
* Support councils to help them understand and reduce their landfill emission liabilities

*For further environment related actions see page 23*

### The state of play for Victoria’s councils

Uncertainty pervades the political and economic landscape locally, nationally and globally. In order to ensure local government continues to function effectively, it is crucial that we plan ahead and prioritise actions that address the issues most affecting Victoria, Australia and the world.

While Australia escaped the worst of the global financial crisis and emerged in a stronger position than many other first world countries, Victoria has suffered more than some other states in the second dip in economic conditions.

Australia’s primary reliance on the continuing minerals boom to maintain economic performance is creating a two speed economy whereby other sectors are waning under the high Australian dollar, supply pressures and upward pressure on wages bought to bear by the minerals success. Employment growth is limited to the mining states of Western Australia and Queensland while flat or declining employment pervades manufacturing and service oriented economies like Victoria.

In the face of economic uncertainty, the Australian Government remains committed to returning the federal budget to surplus. This has particular implications for funding of Victorian councils in the context of a commitment to review financial assistance grants to rectify distribution anomalies impacting South Australia without increasing the quantum of funds available nationally. In any redistribution of these grants Victoria looks set to be a loser.

Meanwhile any federal funding of local infrastructure is likely to continue to flow through the regional development authorities process, particularly while uncertainty remains as to the legal capacity of the Australian Government to fund councils directly. Resolution of constitutional arrangements is progressing slowly and the government is reluctant to move forward with a referendum while a further High Court challenge with implications for its capacity to fund certain initiatives remains outstanding.

Australia’s recent pattern of severe weather events has maintained pressure on already tight government budgets at all levels as well as impacting household budgets through significantly increased insurance premiums. Local government’s role in emergency management, particularly in recovery, has seemingly expanded without close consideration of councils’ capacity to undertake or fund the work.

These events have reinvigorated debate about our changing climate and generated a sense of urgency for action. Legislation has now passed the Australian Parliament to introduce a fixed carbon price by 1 July 2012. This will have long term consequences for local government services and operations that will require significant adaptation both within council and at the broader community level.

The looming problem of our ageing population is starting to affect councils with the leading edge of the baby boomer generation having reached retirement age. This will have serious consequences for councils’ workforce with about 30 per cent of employees predicted to retire over the next decade.

The progressive retirement of long term local government staff is already impacting council budgets through obligations to top up shortfalls in superannuation funds to meet defined entitlements. With fewer contributors and continued poor performance of financial markets, this problem is set to persist for some years and strategies are needed for councils to manage the impacts.

An increasing focus on productivity at the Federal level is also impacting local government service provision. Productivity is likely to stay on the agenda with little to no real increase in national productivity in recent years. Local government can expect to come under increasing pressure to deliver productivity gains and should be trying to drive its own reforms in this regard.

In Victoria, increasing budget pressures have cast doubt on the future of some existing programs and large infrastructure projects. It is unlikely that the Victorian Government will embark on any significant new initiatives in the short term. It is more likely that some initiatives will be delayed or abandoned as the government looks to rein in spending. Instead the government looks likely to extend its austerity measures and cost of living agenda to local government through a renewed focus on the performance of councils.

Council elections in October 2012 will place local government in a temporary holding pattern of service delivery only while councils go into caretaker mode and as newly formed councils are inducted and review their directional plans.

### Finance and productivity

The next twelve months is expected to bring some large cost pressures to bear on local government that need to be prepared for and carefully managed.

The Australian Government has signaled it will review the distribution of financial assistance grants without increasing the total funds available. Under the current distribution methodology, Victoria is likely to lose out under any changes.

The continued poor performance of international finance markets will impact councils with obligations to top up shortfalls in superannuation funds to meet defined entitlements. Strategies will be needed to manage the impacts of what is expected to be the biggest call yet on council budgets and to broker alternative pathways wherever possible.

It also appears increasingly likely that councils will be forced to collect the fire services levy on behalf of the Victorian Government which will have added costs for valuing non rateable land and will load up rate notices by an average of 19 per cent without any improvement in service.

The financial sustainability of small rural councils remains a critical issue. It is widely recognised that there is no easy answer to the structural factors that make these councils more susceptible to financial distress. These councils are typically small in population and large in geographic area with large road networks to maintain off a small rate base.

A two-pronged approach to reforming local government operations and seeking a more sustainable funding model for councils is considered to have most likelihood of success. If local government can demonstrate whole of sector productivity gains it will make it much easier to mount the case for sustainable funding.

The reform pathway faltered last year when the critical mass of councils needed to implement a common IT platform was not achieved. Renewed attempts to implement shared service opportunities will focus on smaller targets whereby any exposures can be more closely managed.

Further reform is proposed in rolling out a pilot that involved benchmarking financial data for ten councils and integrating this with their asset management systems. This has been shown to help councils better understand their financial position and more accurately forecast the costs of delivering services to the community and likely impacts on rates. It provides a more realistic basis for setting long term financial strategies and making effective decisions about the financial future of municipalities.

With increased financial pressure on councils, reforms in procurement are shifting in focus from developing councils’ core capabilities, systems and processes to delivering tangible financial savings through competitive commercial outcomes which maximise business efficiency. Collaborative procurement opportunities are driving economies of scale for councils, leading to lower prices for product and services and reduced administration and compliance costs. The focus of these opportunities is shifting to areas of higher expenditure for councils, such as roads and other key infrastructure, waste management, utilities and fleet.

Analysis of the financial position of councils will continue to inform advocacy efforts and to assist councils track improvements over time. Councils have identified a need to better understand constitutional restrictions on federal funding for local government and the potential benefit, likelihood and possible costs of achieving a form of constitutional recognition that would enable federal funding to flow directly to councils as the national campaign for recognition moves towards a referendum.

A number of external factors are impacting the cost of doing local government business. Instability in the Middle East is driving up oil prices, increasing the costs of road construction and maintenance and running transport, fleet and plant equipment. The introduction of a carbon price will also significantly impact costs, particularly in waste management.

Cost shifting remains an issue across many community services delivered on behalf of and/or in response to changes in policy by other levels of government. With local government’s own costs on the rise it is imperative to reenergise the cost shifting debate.

## Priorities 2012/13

Cost pressures

* Seek agreement for future superannuation shortfalls to be repaid over a period of five years through APRA
* Provide early advice to councils on the likely magnitude of future superannuation calls
* Campaign against the fire services levy being collected by councils
* Undertake costing studies in Maternal and Child Health and Home and Community Care to inform advocacy for funding that keeps pace with movements in real costs
* Negotiate a revised Victorian State Local Government Agreement that strengthens protections for councils against cost shifting
* Establish a working group to develop the case for improved funding of school crossing monitors
* Conduct a targeted campaign to restore funding levels in public libraries
* Conduct a campaign seeking adequate funding for implementing kindergarten reforms

Seeking a sustainable funding model

* Conduct financial analysis of councils to identify funding shortfalls and improvement over time
* Present a case for additional funding of local government through the Australian Government’s review of financial assistance grants
* Advocate the continuation of the status quo in the interstate distribution of financial assistance grants to ensure Victorian councils do not have a reduction in grants
* Write a policy paper to underpin future advocacy on financial sustainability including an agreed definition of adequate funding levels
* Prepare a members brief on the benefits of achieving constitutional recognition and the likelihood of success
* Develop and commence implementation of a strategy with councils to approach the state and federal governments to seek a resolution for financially stressed councils
* Provide templates for councils to document the projects funded through the Country Roads and Bridges Fund as an advocacy tool for securing further funds
* Produce an advocacy document profiling outcomes of community infrastructure grants as an advocacy tool for seeking an ongoing program of grants
* Support ALGA efforts to extend Roads to Recovery beyond June 2014
* Prepare an updated members brief on the benefits of achieving constitutional recognition and the likelihood of success following the Williams case
* Convene a working group of local government communicators to provide input to the ALGA campaign
* Test the appetite of councils to fund a campaign for financial recognition of local government in the constitution

Reforming local government operations

* Complete research on councils’ strategies for managing their efficiency and productivity
* Compile and distribute best practice efficiency and productivity initiatives in the sector
* Maintain a watching brief on any new proposals for performance reporting and respond to opportunities to influence proposals and provide support and coordination for councils Scope further opportunities for shared services
* Identify and facilitate opportunities for collaborative procurement, particularly in areas of high expenditure or strategic importance to realise some of the $350 million savings identified by Ernst and Young
* Drive cultural change within councils to ensure recognition of the strategic importance and outcomes achievable through more effective procurement practices
* Pursue opportunities for national or interstate collaboration to drive commercial savings
* Manage existing procurement contracts to ensure councils are maximising value
* Provide councils with ongoing policy and procedural support including the development of standard procurement guidelines which can be adopted across the sector
* Lobby the State Government for changes to procurement guidelines to simplify access to aggregated contracts and give parity for local government with State Government agencies
* Provide regular procurement training and workshops
* Identify ongoing opportunities for sector development in procurement
* Provide ongoing procurement support and guidance to councils

Ensuring a capable workforce

* Maintain involvement in national approach to employment branding
* Coordinate Victorian response to the national workforce strategy
* Use workforce data to advocate the need for a national approach

### Human services and public health

Federal and state reform agendas continue to impact significantly on local government in the areas of health, preventive health, primary care, aged care, disability and early years. Major reforms are proposed, which require the active development of a negotiation position given councils’ roles in planning, coordination and service delivery across these areas.

Advocacy targeting all political parties is underway at the federal level to urge more appropriate investment and transition arrangements to implement the national early childhood education policy to provide all children with ‘universal access’ to 15 hours of preschool in the year before they start school.

Despite the proposed federal ‘takeover’ of responsibility for aged care, a commitment has been obtained to retain the current arrangements for the Home and Community Care (HACC) program in Victoria.  Vigilance will be needed to protect the interests of Victorian councils in negotiating agreements on HACC. Partnership arrangements need to be formalised to ensure local government’s voice is heard in the national reform debate. The Victorian Government has confirmed its support for local government positions on HACC and early childhood education.

Last year the Victorian Government unexpectedly cut funding to public libraries despite previously giving in principle support for increasing funding to councils for these services. The government reversed its decision in response to a public campaign and has put a long term review in place to consider future funding of public library services in Victoria. A renewed campaign to restore levels of recurrent funding for public libraries is needed to support public libraries as an essential platform to lifelong learning.

The critical leadership role that local government plays in impacting preventive health, promoting positive ageing, supporting family friendly environments, cultural development and access and inclusion for all is being increasingly recognised. However, insufficient resources and capacity is available, particularly in smaller rural councils, to enable this role to be adequately fulfilled.

As the costs and harms resulting from alcohol and drug misuse become more widely understood, councils have found themselves under increasing pressure to support and provide initiatives that address drug and alcohol issues within their municipality. Alcohol-related harms now feature as a priority issue in Municipal Public Health Plans, and many councils have, with strong input from their communities, developed their own alcohol and drug action plans. A lack of available data is hampering policy development and attempts to discourage the proliferation of packaged liquor outlets and late-night licenses within their communities.

The increasing number and concentration of electronic gaming machines in vulnerable communities is of grave concern to councils, with the current regulatory framework for gambling providing little protection to Victoria’s most socio-economically disadvantaged. While councils can raise their concerns about the negative social and economic impacts of a proposed venue or increase in gaming machine numbers in their municipal district, councils’ experience to date has been that these submissions, which are costly and time-consuming to prepare, are given little weight by decision-makers.

Considerable changes have been made to food safety laws over the last few years. Mandatory reporting of food safety regulatory activities has been introduced and systems put in place to capture statewide data which is expected to lead to increased scrutiny.

The introduction of a single online system for registering temporary and mobile food businesses will also be introduced. While there may be some transitional issues that have to be carefully managed, the system will allow councils to share regulatory information in real time and to cooperate and coordinate their regulatory activity with individual food businesses in a way that reduces significant duplication of effort.

Councils have entered service agreements with the Victorian Government to reduce the incidence of smoking in Victoria from 30 per cent in 1997 to 17 per cent on 2009. There is a renewed push to ban smoking in some outdoor areas. While some councils have already taken their own initiative in this regard, the Victorian Government is open to considering a statewide policy.

Priorities 2012/13

Early Years Reform

* Produce an updated report on the status of councils’ planning for the implementation of the reforms for use as an advocacy tool for additional planning resources for councils and funding for delivery and infrastructure
* Seek changes in the bilateral agreement between the Victorian and Australian governments to address local government issues
* Advocate for state/national workforce strategies to increase, align and address Productivity Commission recommendations
* Conduct a campaign for capital funding from the Australian and Victorian governments to provide the required early years’ service infrastructure
* Conduct quarterly central briefings and three regional briefings to share innovative planning and service delivery models to meet community demand for early years services
* Continue to resource and support councils in developing innovative planning and service delivery models to meet community demand for early years services, and to implement the early childhood quality reforms
* Advocate to retain the Victorian model of provision of the Maternal and Child Health service in the national health/primary care reform scenario, and review service focus to respond to vulnerable children in the next memorandum of understanding

Library funding

* Maintain community awareness campaign regarding the role of libraries and support councils to promote increased community participation
* Commission research and develop a comprehensive policy position on public libraries to form the basis of input to State Government’s review of public libraries, including the adequacy of recurrent funding to public libraries
* Advocate for a commitment by the State Government to developing a Public Library Partnership Agreement, and jointly identify potential areas of funding assistance to put to the Commonwealth

Health and Aged Care Reform

* Advocate local government position in negotiating new HACC agreement from 2012
* Negotiate acknowledgment of the role of local government in the new bilateral agreement
* Maintain a watching brief on any implications of further health reforms
* Await Australian Government’s response to the Productivity Commission and announcement on next steps in aged care reform
* Work with Victorian Government re HACC services price review to take pressure off councils’ level of contribution and encourage continuation of involvement and role
* Keep a watching brief on the implications of the National Disability Insurance Scheme for local government’s role as a service provider in an expanded disability sector
* Work together with the Victorian Department of Health on the framework for, and support the development of Municipal Health and Wellbeing Plans and the emerging preventive health agenda, and advocate for federal and state resources to councils to support them in undertaking this role.
* Progress primary prevention work across local government in preventing violence against women, in conjunction with the community sector.

Youth

* Advocate for more State Government funding to expand youth services across Victoria
* Progress more integrated support for young people, and planning for schools as community hubs (including joint use agreements)
* Contribute to State Government review of programs for vulnerable children and young people and advocate for continuation of School Focused Youth Service

Alcohol

* Broker access for councils to State Government held data, including alcohol-related ambulance and police attendance data and alcohol sales data, to enable councils to develop evidence-based policy, submissions and responses
* Seek funding for research into the economic and social impacts of the proliferation of packaged liquor outlets, particularly in disadvantaged communities
* Advocate for improved access to alcohol and drug treatment services, particularly in rural, growth and outer metropolitan areas
* Convene quarterly meetings for councils to share information and ideas, analyse key issues affecting local government and strengthen partnerships with government, non-government organisations and key service providers

Gaming

* Advocate legislative change to require the Commission to consider the social and economic impacts on communities in the vicinity of any proposed new gaming venue or application to increase gaming machines and be required to consider whether the application will drive the number of gaming machines within a particular neighbourhood above the state average
* Advocate changes to the range of activities that constitute community purposes to ensure that only activities that deliver clear economic or social benefits to the local community, not including upgrading the venue’s facilities.
* Seek state government funding for independent research into the social and economic impacts of gaming machines

Food safety

* Advocate appropriate support for councils to manage the impact of regulatory changes in food safety
* Manage transitional issues associated with the introduction of an online single registration system for mobile and temporary food businesses

Tobacco

* Advocate for a statewide framework for smoking in outdoor areas
* Seek funding and support for councils to implement any legislative proposals being considered by the State Government

Cultural diversity

* Review and update MAV’s Statement of Commitment to Cultural Diversity
* Produce a self assessment guide in consultation with councils to plan for diversity and integrate a pro-diversity/anti-discrimination approach across all local government functions

### Planning and building

Planning and building are key policy levers for councils and other levels of government to implement economic, social and environmental policy objectives and deliver more accessible, affordable and sustainable places and buildings.

The change of government in Victoria signaled significant change in planning policy and priorities affecting councils. However, there is ambiguity about the scope and timing of reform and delivery of election commitments. Influencing the Government’s reform and policy agenda remains a key objective.

Councils remain concerned that planning objectives of affordable living, access to transport, services and employment are not being achieved due to over-reliance on green-field sites and a lack of forward investment in state government infrastructure, causing congestion, social disadvantage and higher costs of living.

A strong basis or platform for infrastructure investment is needed to respond to these challenges. The development of regional growth plans and a new metropolitan strategy will set major long term strategic policy directions for both metropolitan and country Victoria. It will be important to identify the most critical outcomes for the local government sector that these strategies should address and work to ensure they are achieved.

Councils must deliver an ever increasing quality, range and level of planning and building services, in an environment of scarce resources, increased scrutiny and raised community and government expectations. Councils need to be supported to improve the consistency, quality and efficiency of planning services.

The challenges for councils in planning and managing growth, and in delivering the infrastructure and services that new communities need, while responding to existing communities changing needs, are persistent and increasing.

Strategic planning at the local level has been identified as unreasonably cumbersome and not resulting in more efficient planning permit assessment processes. Integrating transport and infrastructure planning is as important at the local level as the statewide level for producing statutory plans that are clear and able to be effectively implemented.

A clear focus must remain on improving local government performance and reforming planning and building instruments and processes to support councils’ planning roles. Creating opportunities for councils to directly input to the development of improved planning tools, to provide the certainty that communities and the development industry want will be key to ensuring practical outcomes.

As access to and retention of skilled labour remains a challenge, most pronounced in the smaller and more remote council areas, cooperative approaches and shared services will become more common. Victorian Government support in the form of a ‘flying-squad’ will need to be monitored and lessons learned, as this initiative is time limited and the underlying challenge will persist.

The role of planning in mitigating fire and flood is becoming better understood and is broadening to encompass other hazards including coastal erosion and inundation. Advancing this work needs to focus on ways that support community awareness and do not create additional risks for councils.

At the national level the focus on cities has broadened from discussion about population policy and cities to include regional planning, and broader urban planning issues.

## Priorities 2012/13

Local government performance

* Double the number of councils participating in the MAV STEP Planning Process Improvement program
* Utilise STEP councils and program outcomes across project and advocacy work
* Utilise performance data to defend and stop the erosion of councils planning roles and the case for reform at state level.
* Request cost recovery through planning fees
* Support new councillors to quickly understand and develop competencies needed for their roles as a planning and responsible authority

Regional and metropolitan planning

* Document and advocate what councils expect from government through metropolitan strategy and regional growth planning processes
* Support rural councils effectively participate in regional growth planning processes
* Defend the utility of a fixed Urban Growth Boundary to enable effective delivery and use of infrastructure and for social cohesion, environmental protection and avoidance of risk
* Advocate for an integrated transport, infrastructure and land use plan for Melbourne and Victoria
* Call for bipartisan and tripartite commitment to implementation so that the widening infrastructure and service gap for new and established communities is lessened
* Build on the findings of the MAV ‘When and how we grow’ report to assist council understand service and infrastructure implications of different development options
* Contribute to national urban policy issues of benefit to councils
* Pursue affordable housing solutions through the metropolitan planning councillor reference group and rural planning forums

Planning and building instruments and processes

* Continue to pursue the local government vision and priorities for planning articulated to the Underwood committee
* Advocate for improved tools for councils such as zoning and overlay controls, particularly for residential, rural zones and for ecologically sustainable development.
* Ensure the rollout of new provisions do not undermine or dilute policy work already undertaken by councils
* Ensure that councils have adequate time and support to operationalise any new process such as code assess.
* Support councils and facilitate their input to the review of the new bushfire planning framework
* Support councils dealing with wind farms, extractive industries, rooming houses, contaminated land and other challenging issues
* Work with DPCD, Building Commission and councils to assist respond to the recommendations from the Auditor General's report on the Building System
* Work with councils and enforcement experts to develop guidance and materials to enable more effective enforcement practices by councils

### Transport and infrastructure

Growth in Melbourne’s outer areas is outstripping all other areas of Australia. Integrated land-use and transport planning will be imperative to managing this growth in the current economic conditions to avoid supply constraints and ensure the timely provision of service infrastructure. Regional growth and industry opportunities rely too on planning and investment ahead of the game.

Access to a safe and efficient transport system is fundamental to a liveable and prosperous Victoria. The growing and ageing population, multiplying freight task, climate change, road congestion and peak oil all contribute to the urgency for smart transport planning and sustained long-term investment.

It is critical that the Victorian Government meaningfully engages and works with local government to ensure that both new communities and existing metropolitan, regional and rural communities are sustainable. Major infrastructure projects must be forecast within a long-term planning strategy to allow councils to identify and deliver complementary projects and achieve the most efficient use of their resources.

A long-term transport plan is required which identifies the state’s transport requirements and establishes an implementation plan. Long-term planning strategies must recognise the benefits of increased walking, cycling and reduced car dependency. Access to transport options other than the private vehicle is essential for quality of life and the prevention of social exclusion.

Responsibility for the planning and provision of public transport in Victoria lies squarely with the State Government. Many councils deliver highly utilised community transport services. These programs target transport disadvantaged groups in all areas, but are critical in outer-metropolitan areas, rural and regional areas. The continuing availability of these initiatives is dependent on government funding.

As the owners and managers of approximately 85 per cent of Victoria’s road network, local government has its own critical role in providing and maintaining transport infrastructure. Almost all road journeys start and finish on a local road. With a trend towards larger trucks and on-farm grain storage, and expectations of freight volume doubling by 2020, the growing importance of local roads cannot be denied.

The Victorian Government has committed $160 million for rural roads and bridges targeted at 40 smaller, sparsely populated rural municipalities in addition to $100 million over four years for local government infrastructure projects. It will be important to acquit these funds efficiently and effectively and demonstrate the importance of this funding to secure this commitment long term. A similar need exists at the federal level in planning for an extension of the Roads to Recovery program beyond 2013/14.

The infrastructure gap continues to be the biggest source of financial challenge for local government. Councils must continually make long term provision for renewing and rebuilding this infrastructure at the rate it degrades. Climate change is likely to reduce the lifespan of infrastructure and drive up maintenance and repair costs, speeding up the backlog of works.

An emerging discourse supporting rate capping threatens to derail the significant inroads that Victorian councils have made to reducing the infrastructure backlog from $350 billion to $100 billion. In these increasingly tight economic conditions, councils will have to consider their investment returns and borrowings carefully to ensure against substandard infrastructure and prevent transfer of the burden to rebuild infrastructure or pay borrowings to future generations.

Asset management practices will benefit from federal funding to extend a successful pilot that involved benchmarking financial data for ten councils and integrating this with their asset management systems. Further funding will be used to identify potential for collaboration and the development of regional action plans to improve the capacity of councils to manage their vast infrastructure portfolios.

## Priorities 2012/13

Improve intergovernmental relations

* Define the sector’s roles and responsibilities in transport
* Develop mechanisms for more effective two-way communication and consultation between the state and local government for transport projects that specifically impact councils
* Collaborate with other local government networks focused on transport-related advocacy
* Advocate for a state-wide transport and infrastructure plan
* Promote existing regional transport plans as an input to the statewide plan

Increase investment in infrastructure

* Monitor State Government promises and policy positions for the transport system and the progress made on delivering those promises
* Support a national campaign for the continuation of the Roads to Recovery Program
* Seek a partnership approach with the Victorian Government to advocate nation building investments in passenger and rail freight improvements
* Advocate improving access to and connectivity of services via timely provision of bus services, timetabling innovation and support for community transport
* Seek prioritisation of grade separation to relieve congestion and improve safety and reliability of services in metropolitan areas
* Identify a statewide list of unsignalled crossings to be removed to improve safety and reliability of freight and passenger services in rural areas
* Broker data exchange between councils and the Victorian Government to improve planning for service and transport infrastructure in growth areas of outer Melbourne and regional cities
* Support the development of sustainable transport options through creating opportunities for councils to share practice
* Develop case studies that demonstrate the need for accelerated planning for investment in freight transport infrastructure to take advantage of new industry opportunities and ease the burden on local and arterial roads
* Develop case studies that demonstrate the need for accelerated planning for investment in service infrastructure to meet the needs of growing communities
* Provide templates for councils to document the projects funded through the Country Roads and Bridges Fund as an advocacy tool for securing further funds

Electric line clearance

Actions:

* Complete a draft risk management framework
* Achieve approval of the framework from regulators
* Provide assistance to councils using the framework to seek exemptions in their electric line clearance management plans
* Hold a workshop with councils and regulators to review the risk management framework after six months

### Environment

The Australian Government’s price on carbon commences on 1 July 2012. This will be a fixed price ‘tax’ transitioning to an emissions trading scheme in three years. This will have an impact on councils’ service costs across the board, with the median impact on council costs 1.5%.

While the Victorian Government has indefinitely postponed its $20 million program to assist councils with the costs of upgrading to more energy efficient street lighting, many councils will still want to pursue upgrades.

The science of climate change continues to firm. The rate of sea level rise has accelerated and rates of change in most observable responses of the physical and biological environment are at, or above, expectations. Councils will need to work with other levels of government to plan for, and reduce vulnerability to these impacts, which may be heightened by peak oil constraints.

Reforms to landfill management and licensing, whilst lifting the bar on environmental performance, have caused significant cost increases for councils’ waste management. A wholesale review of waste in Victoria incorporating institutional, legislative and financial arrangements is underway.

At a national level, waste and resource recovery continues to have a high priority with the National Waste Policy and associated activities, the national television and computer product stewardship scheme commencing, and Ministers considering the Consultation Regulatory Impact Statement on container deposits and other measures to reduce litter and increase recycling.

The MAV and councils are working with State Government agencies to maintain a balance between managing fire risk and protecting native vegetation and biodiversity values following the Bushfire Royal Commission. The State’s native vegetation framework will be reviewed to assess how well it is meeting its objectives, and the impact this may have on business.

The Murray Darling Basin Plan will be finalised this year. Local government supports the principle of ensuring the environmental health of the river system, balanced against the impacts on local communities and food security. The legislation is scheduled to be tabled in 2012, with state sustainable diversion limits to commence 2019.

Priorities 2012/13

Climate Change

* Evaluate the needs of councils in carbon emissions management as an outcome of the training program conducted with councils in 2011/12.
* Support local government to reduce their corporate carbon footprint through cost effective measures and to consider carbon pricing in their budgeting processes. Support might include data management tools and networks.
* Support councils to upgrade to energy efficient street lighting by running a collaborative tender for the purchase and installation of energy efficient street lighting and application support.
* Conduct a survey and modeling of councils’ expenditure on carbon impacted goods and services to understand the likely financial impacts of the proposed carbon price on councils
* Advocate for local government support from the Victorian and Australian Government to undertake and implement climate change adaptation planning
* Foster cross-government collaboration in mitigation and adaptation strategies through the delivery of and advancing the recommendations from the Port Phillip Bay coastal adaptation pathways project
* Promote tools that will allow councils to translate climate change impacts on assets into strategic and operational and asset management plans
* Communicate the impacts of carbon pricing on rate movements
* Continue to work with the Australian Local Government Association and the Federal Government to support councils to help them understand and reduce their landfill emission liabilities.
* Seek clarity on accessing carbon credits under the Carbon Farming Initiative with EPA Victoria and the Federal Government.

Waste management

* Actively participate in the statewide waste review, highlighting the key issues, such as the need to reinvest landfill levies  into innovative resource recovery and landfill rehabilitation
* Work with councils and EPA Victoria to find sustainable solutions to managing and  rehabilitating landfills under higher environmental management and reporting  requirements
* Develop an improved relationship between the Environment Protection Authority and  local government

Native vegetation and biosecurity

* Support the use of appropriate, risk-based approaches of managing native vegetation on roadsides to reduce bushfire risk
* Seek opportunities for local government to provide input into the review of Victoria’s Native Vegetation Framework.
* Work with councils to increase the accessibility of native vegetation offsets for councils and their residents
* Continue to advocate for a fair deal for local government that supports efforts for improved weed and pest management

### Emergency management

Recent emergencies along with a predicted increase in severe weather events in years to come have brought the role and capacity of local government in emergency management response and recovery more sharply into focus. A program of work has commenced to achieve agreement within the sector on what this role should be in order to positively influence imminent legislative and regulatory reviews of emergency management arrangements.

Legislative change is expected to propose reforms in governance, planning and control aspects of existing arrangements as well as long term changes to relief and recovery arrangements. Advocacy has already commenced for recurrent funding in recognition of the increased workload for councils. Further work will be required to secure adequate, ongoing funding for broader council responsibilities in emergency management and to support the development of shared or common systems to enhance capabilities moving forward.

New requirements on councils emerging from the Bushfires Royal Commission are significant, including provision of shelter options, evacuation planning, planning for vulnerable communities, new approaches to roadside risk assessment and vegetation management and changes to the planning and building regime. Monitoring the implementation of these will continue for some years and will be important in reviewing the efficacy of the recommendations and councils’ capacity to implement them.

Similar significant changes are expected to be made to flood management in Victoria. A review has already made 93 recommendations and a parliamentary inquiry is expected to make further recommendations. Many Victorian councils are dealing with the considerable recovery task in this dynamic policy environment. The recovery process has been hampered by policy failures in existing national disaster funding arrangements and highlighted the need for a coordinated, whole of government process to support recovery for local government.

## Priorities 2012/13

Emergency management reform

* Participate in the state government emergency management reform agenda and advocate on behalf of councils to achieve:
	+ changes to legislation and policy so that there is better alignment to the agreed role of local government in emergency management (the MAV position paper)
	+ acceptance of the value and investment made by councils in emergency management activities
	+ finalisation of funding and support models
* Participate and support councils in implementation of recommendations from the Review of the 2010-11 Flood Warnings and Response
* Coordinate local government reporting to the VBRC Implementation Monitor
* Respond to the final report of the Parliamentary Inquiry into Flood Mitigation and Infrastructure

Improving capability and capacity

* Develop good practice tools and guides to improve council officers’ capability and capacity in emergency management
* Develop an information resource for council CEOs, mayors and councillors that explains their role in emergency management
* Build a targeted curriculum framework that enables council EM officers to undertake structured professional development, training and programs
* Conduct a baseline survey of councils’ emergency management capability and performance
* Develop a robust set of performance measures for councils’ emergency management roles, both for internal use by councils, and a subset for reporting to the State Government
* Based on the ‘costs of emergency management’ survey, develop and implement a communications strategy to advocate appropriate funding models for local government responsibilities in emergency management including advocating on councils’ behalf for the continuation of the Emergency Management Fire Coordinators (or similar) program, in a structure supported by councils.

Planning and procedures

* Work with councils and other stakeholders to ensure privacy laws are understood and do not stand in the way of sharing information during or after an emergency
* Represent the local government sector in the review of the State Government’s policy relating to vulnerable people in emergencies and in the development of a web-based register of vulnerable people

### Governance and councillor development

Professional development for councillors continues to experience a life cycle of strong engagement in the year after elections with gradual drop off in the subsequent years.

Specialised opportunities for councillors wanting to extend their learning have been developed in partnership with recognised training providers to meet the changing and developing demands of councillors.

The introduction of a training platform to coincide with the next general elections where all training provides credits towards a nationally accredited award based on a reviewed set of competencies will strengthen the depth and attraction of training offers.

On past experience 30 per cent of councillors can be expected not to contest the elections and through further attrition at the ballot box we can expect a 50 per cent turnover in councillors in October 2012.

While anecdotal concerns have been expressed about the impacts of four year terms on the decision of people to stand for council including existing councillors, this is not born out in the analysis of nominations for previous elections. More work is progressing to better understand the councilor attraction challenge.

The campaign to encourage people to stand for council in 2008 was successful in reducing the number of uncontested vacancies by 40 per cent from previous elections. However, the demographic profile of councillors remains largely unchanged, indicating a need for different approaches to target a more representative spread of the population. A campaign plan has been developed to take account of hard to reach groups.

Councils’ willingness and desire to try and resolve internal disputes through councillor conduct panels is being tested by issues arising from the implementation this new legislative mechanism. A review of the panels will provide options for solving some of these outstanding matters.

Imminent changes to the structure of the Local Government Inspectorate will require close attention and agreement among councils to influence the Victorian Government’s proposed changes to ensure effective mechanisms for improving behaviour.

Conflicts of interest provisions continue to be a source of frustration for councillors. Providing advice to councillors and council governance personnel on legislative and regulatory requirements continues to be an important value proposition for the MAV. Advice is provided regularly on an individual basis and in forums that discuss topical issues.

## Priorities 2012/13

Preparing for elections

* Conduct a broad awareness campaign to encourage people to stand for council based on survey outcomes and reference group inputs
* Identify relevant community organisations and media to spread campaign message into harder to reach communities

Professional Development

* Conduct induction program for new and returning councillors
* Register accredited Diploma of Local Government (Elected Member) course
* Conduct core councillor training program as part of accredited program
* Offer localised and regional training
* Develop training skill sets in line with revised competencies
* Continue to develop strategic training partnerships with relevant organisations
* Provide mentoring training for councillors that wish to become mentors for first time councillors

Governance support for councils

* Complete the review of the operation and costs of councillor conduct panels
* Advocate changes to address costs and gaps in the legislative framework for councillor conduct panels and/or guidance for councils
* Provide timely advice about changes to legislation and/or regulations which may impact on council governance
* Provide timely and responsive advice to councillors and council staff seeking advice and guidance on governance issues
* Support governance officers in councils through forums to discuss topical issues and issues of specific concern
* Seek a review of the Local Government Act
* Build a case for State Government funding for expert advice for councillors in understanding the practical application of conflicts of interest provisions
* Assess proposed changes to the Local Government Inspectorate, identify a sector position and advocate that position

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### Insurance

Natural disasters at home and overseas have continued to significantly impact the worldwide reinsurance market. In recent years all insurance schemes have had to deal with an increasing number of claims, major natural disasters and a difficult investment environment.

Throughout this period MAV Insurance has continued to deliver its members value for money. While premiums can fluctuate significantly from year to year depending on the claims and investment climate, the average increase in premiums over the last ten years has been a very modest 1.1%.

Even though the scope of council services and obligations has grown significantly over the last decade, premium levels, measured as a percentage of total council rates revenue, are lower than they were ten years ago.

Natural disasters cost the worldwide insurance market an estimated $366 billion in 2011 with major earthquakes in Japan and New Zealand, catastrophic flooding in Thailand and Brazil and Hurricane Irene in the United States.

In Australia insurance companies are facing more than 300,000 claims at a cost of around $5billion from a series of cyclones, floods, bushfires and hailstorms last year. The potential for risk exposure in the southern hemisphere, and Australia in particular, as a result of natural disasters and the heavy burden of these disasters on local authorities has become a focus of concern among international reinsurers. This has led to significant increases in the cost of reinsuring – a critical component of all insurance coverage including MAV Insurance.

In recent months the Australian insurance industry has flagged significant premium increases across the board and substantial drops in profitability. Australia's largest insurance company, QBE, slashed its profit guidance in January this year by 50 per cent.

The Insurance Council of Australia has indicated that even for properties and businesses without any risk of flooding, premiums are expected to rise by 15% this year. Major insurers such as AAMI, GIO and CGU have all indicated they will be raising premiums and the RACV has already written to members flagging substantial increases.

MAV Insurance is no different in facing these pressures with reinsurers looking to recoup their losses by increasing their premiums across the board. The ability for MAV Insurance members to be able to demonstrate quality risk management strategies and processes remains crucial if we are to minimise the size of the increase in reinsurance costs.

## Priorities 2012/13

Risk management

* Continue to enhance risk management processes
* Implement CEO risk management certification at the time of each policy renewal
* Monitor claim lodgment trends and ensure risk management focus aligns with key drivers

Cover

* Ensure councils are receiving the optimum level insurance coverage
* Facilitate a stand-alone pollution liability and asbestos cover option for MAV Insurance members

Improved communication with members

* Make better use of existing communication forums to share information on the benefits and performance of the scheme at member CEO, councillor and risk manager levels.

### Corporate

Aligning the strategic planning process and resolutions of State Council is an evolving necessity and a difficult task given the spectrum of matters now raised at State Council and the available resources of the Association. Progressing State Council resolutions can have significant resource implications for the MAV. It is important to consider the workload required for progressing resolutions in the context of the strategic plan set in consultation with members on an annual basis.

When the MAV’s value proposition is tested, its advocacy and policy roles are repeatedly most persuasive for members. Communication is integral to this role to ensure that impacts of changes in government policy are understood, minimised and managed, and councils are supported to optimise any opportunities presented by change. Strategies to improve the targeting and delivery of communication will continue to be implemented.

Seminars, forums and conferences provide important opportunities for councils to collaborate on topics of shared importance and learn from each other’s experiences. With an influx of new councillors in October 2012 it will be important for the MAV to review its marketing strategies and renew its efforts to avail new councillors of the opportunities to network with and learn from their peers.

## Priorities 2012/13

Improving communications

* Continue to enhance an improve the MAV website
* Implement interactive insurance documents to improve communications between MAV members and MAV Insurance
* Expand and enhance communications to members through social media platforms
* Improve member knowledge by utilising video on the website
* Continue to build useful ‘member only’ sections on the extranet
* Provide training and support for staff to monitor and edit their content
* Monitor site statistics to use as an evaluation tool to monitor ongoing content improvement and management
* Continue to upgrade our IT hardware and software

Events

* Ensure that seminars, forums and conferences are tailored to the needs of members
* Enhance opportunities for connecting and sharing ideas provoked by events using social media
* Build on sustainability practices for event resources and communications
* Refine and improve the events registration system
* Conduct analysis of registration data to identify patterns of attendance and improve marketing strategies
* Develop new strategies to attract sponsors in the flat economic environment