



Municipal
Association
of Victoria

2022-23

Annual Report



Acknowledgment of Country

We acknowledge the traditional custodians of the land on which we work and live. We recognise their continuing connection to land, waters and culture, and pay our respects to their Elders past and present.

We support local government's commitment to strengthen relationships with Victoria's Aboriginal communities and for it to encourage greater unity, knowledge, cultural awareness and respect for the first occupants of our land — through its strong community links and local representation.

This annual report features artwork commissioned for our new office by three First Nations artists – Lisa Waup, Cassie Leatham and Charlie Miller.

We gratefully thank the artists for their contribution to our workplace. More about our connection to country on page 151.

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MAV – Voice for Local Government

Our purpose is to advocate for the local government sector, build the capacity of councils, protect and support the viability of councils, while promoting the role of local government. We also deliver insurance and procurement services to Victoria's councils.

In Victoria, local government is made up of 79 councils representing the state's more than six million people.

Councils are area-based, representative governments with a legislative and electoral mandate to manage local issues and plan for the community's needs. Local government enables the economic, social and cultural development of a municipal area. It represents and supports individuals and groups and provides a wide range of services for the wellbeing of the local community.

Each municipality served by a council is different. Its community may be young or old, established or still developing, rural or urban, and its population may vary from fewer than 3,000 people to more than 340,000.

Councils are designed to respond to local community needs. Each council has the powers to set their own local laws and provide a range of services. This includes the implementation of policies, regulations and programs set by other levels of government.

Councils collect rates from residents and businesses in their municipality to help fund the delivery of community infrastructure worth over \$110 billion as well as more than 100 local services.

It's important to note that, nationally, local governments receive just 3.6 cents of every tax dollar collected. This means councils rely on funding from other levels of government to fund services and infrastructure for their communities – through ongoing funding, specific grants, co-funding partnerships.

All Victorian councils broadly have similar roles and responsibilities, and derive their power from the same legislation, however not all municipalities are the same. In Victoria, local government is established by an Act of State Parliament – the *Local Government Act 2020* – which specifies council powers, duties and functions.

Today, the MAV is an influential force supporting a strong and strategically positioned local government sector.



Purpose, Aspiration and Values

Our Purpose

Lead,
support
and **empower**
councils to
best serve
Victorian communities.

Our Aspiration

We are the
influential and **trusted**
peak body for an
innovative, sustainable
and **high-performing**
Victorian local government sector.

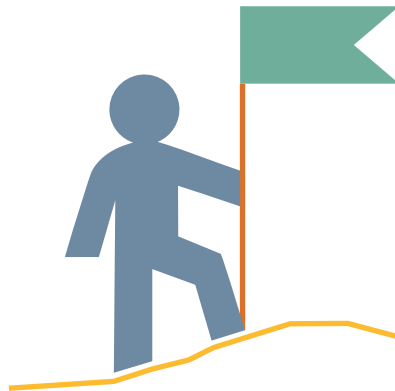


Our Values



Walk the talk

fairness, equity, respect, accountability and integrity.



Lead with impact

leadership, solutions focused, collaboration and consultation.



Service excellence

professional, approachable and responsive.



Our smarts

using our collective intelligence (EQ & IQ) and expertise to achieve results, being politically savvy, self-aware and resilient.



Care & responsibility

a safe and inclusive culture that is underpinned good governance and decision making that considers the environmental, reputational social, and financial impacts.

President's Overview



This Municipal Association of Victoria Annual Report 2023 details our performance, and what we've achieved to deliver better outcomes for communities in partnership with our member councils.

Top of the list for 2023 is our new home, and for you a home away from home, at 1 Nicholson Street. The facilities are terrific, so please come and utilise the members lounge next time you are in Melbourne.

Relationships are everything

We have a positive and expanding relationship with what is an engaged and driven Federal Government. We can always work to improve this relationship, especially in securing the financial sustainability of the sector.

From the funding and grants councils currently receive, there is potential for uplift – through fair increases in Financial Assistance Grants, the Local Roads and Community Infrastructure Program and recently announced regional funding programs.

With State Government relationships, we are pleased to have been positively received by almost every Minister with whom we have requested to meet since the November 2022 State Election. These relationships also

extend to the upper house cross bench and the Opposition.

We welcomed both the flood inquiry and local government costs and service delivery inquiry as significant opportunities to tell our stories from the front line. This enables us to convert the money conversation from cost shifting to lost opportunities that could enable communities to develop and grow.

It is our expectation that we will be facing significant planning reform that could be challenging. Council planning powers are an important vehicle for the community voice to be heard in the decision-making process.

There are issues - we are all tight for resources - but we must fight to protect within the planning process the:

- right for community to be heard and listened to with respect,
- need for decision making to be iterative and transparent, and
- place for local strategy and policy in the decision-making process to be at the heart of what we do.

Influence and impact

We all know we are stronger, more innovate and simply better working together. In this next year, we will certainly need to harness our shared know-how and resources – as well as yours - to win some of our critical issues.

Planning is just one. We also share concerns about achieving a proper funding model for M&CH services and other programs where costs are shared with the State Government. We are focused on a partnership approach where we can access data and case studies from you, and in return, we will provide information from a state-wide perspective.

This will enable us to successfully advocate on key matters in a timely manner, much as we did with the social housing rate exemption proposal in 2022.





MAV Board – MAV President Cr David Clark, Cr Rohan Leppert, Cr Jennifer Anderson, Cr Steve Staikos, Cr Kathy Majdlik, Cr Stuart James, Cr Nathan Hersey, Cr Murray Emerson, Cr Ruth Gstrein, Cr Joseph Hawell, Cr Aaron Scales.

Council disruptions

Possibly our most concerning trend of recent times is the disruption at council meetings. Council chambers are – quite purposely – open spaces, designed to facilitate direct interaction with the community. As the level of government closest to our communities, this accessibility is a key part of who we are and how we work.

But where the safety of our communities, councillors and council employees is threatened by unpredictable behaviour, the MAV supports a zero-tolerance approach.

While taking these safety precautions, we must remain fully committed to ensuring there are still options available for legitimate community visibility of what we do and questioning of our work.

Looking ahead

We faced some genuine challenges this year and achieved both operational and strategic success. We appreciate the full participation of our member councils and thank our mayors and councillors for their leadership and contribution.

I would also like to acknowledge the efforts of CEOs and their staff who have worked closely with us, especially with our policy and advocacy team, to help us navigate the political landscape.

In March, we bid farewell to Kerry Thompson. We sincerely thank Kerry for her extraordinary service, leadership and contribution to the local government sector.

In times of change, you can really appreciate the team around you. I would like to also acknowledge and

sincerely thank Troy Edwards and Domenic Isola for stepping into the acting CEO role and Claire Dunn and Daniel Skelton for backfilling their substantive roles.

MAV Board elections were also held in March. Thank you to our outgoing board members Cr Tom Melican and Cr Jami Klisaris, Cr Kristopher Bolam, Cr Brett Tessari and Cr Kylie Grzybek for their participation and contribution.

We now look forward to the future success of the MAV under the guidance of our newly appointed CEO, Kelly Grigsby.

On behalf of the MAV Board and representatives, I would like to sincerely thank the Executive team and MAV's staff for their efforts to support and guidance to the sector.

Cr David Clark
MAV PRESIDENT



CEO Update



Kelly Grigsby was announced as the next Chief Executive Officer at the Municipal Association of Victoria on 1 June 2023.

At the time the CEO of the City of Hobart, Kelly has extensive leadership experience in the local government sector and is a sought after thought leader. Her background includes city shaping, organisational transformation, service reform and, as a respected sector leading CEO, is experienced in intergovernmental influencing experience at state, national and international levels.

Kelly is also a Senior Honorary Fellow at the Melbourne School of Government and is a member of the Committee for Economic Development of Australia (CEDA) State Advisory Council.

She was selected by the Board after an extensive and highly competitive national recruitment process. Kelly has been appointed for a term of five years and will commence in the role on Monday 24 July 2023.



Year in Review

July 2022

MAV's Strategic Directions

Following the State Council meeting, the MAV and its 79 member councils put forward 99 motions advocating to the State and Federal governments to strengthen councils, communities and local businesses in every region of Victoria.

Role of local government in Emergency Management

A Position Paper on the Role of Local Government in Emergency Management, which was developed in close consultation with the sector, outlined growing concerns and necessity for change.

Push for greater sustainability

A planning scheme amendment from 24 Council Alliance for a Sustainable Built Environment (CASBE) councils was lodged to introduce planning policy that elevates sustainability requirements for new buildings. It also encouraged net zero carbon development.

August 2022

Xperience the Evolution

MAV Technology hosted a three-day conference on emerging technologies, data ethics, data governance, customer and employee experience, cyber security to collaborative ways of working as well as access, equity and diversity.

MAV Technology awards

Award winners included Kingston City Council (Customer Experience), Hume City Council (Employee Experience), Moorabool Shire Council (Collaboration and Partnership), Glenelg Shire Council (Emerging Technologies), Casey City Council (Data & Insights) and Banyule City Council (People's choice).

Victorian State Election

MAV called for local community aspirations to be at the forefront of voter's minds when at the ballot box in the November State Elections.

September 2022

Call for review of rate capping

MAV continued to advocate and push the State Government to objectively review the rate cap and its implications with the clear goal of restoring financial independence for local government.

State Council

A Special meeting of the State Council was held at the Melbourne Town Hall to endorse the proposed MAV Rules. Members voted in support of the changes.





October 2022

Communities hit by flooding

When floods affected 63 of 79 councils, the MAV stepped in to represent councils on recovery committees, and implemented a resource sharing protocol that was used extensively by the sector.

MAV Rules and State Council

The Governor in Council approved the MAV Rules 2022, which commenced on 20 October 2022. It was followed by meeting of State Council at the Arts Centre where MAV representatives considered 36 motions from the membership.

Annual Conference and Dinner

'Transcending Boundaries – A Bold New Era' reflected the significant disruption faced by councils during the global pandemic and inspired thinking about new ways of delivering critical services to the community. More than 200 delegates attended the conference and 250 people attended the Gala Dinner where 63 councillors were recognised for service ranging from 10 years to 35 years.





November 2022

MCH is a worthy investment

Ahead of the Victorian State Election, the MAV called for Maternal and Child Health (MCH) funding to return to the 50/50 model and an immediate review of the *Key Age and Stage Framework*. Additionally, almost 1500 nurses attended the MCH Conference online.

Leading healthy communities

Supported VicHealth to celebrate its Victorian Local Government Partnerships Program, this was an end of year showcase of council initiatives developed for and with young people for better health and wellbeing.

Understanding infrastructure pressures

The *MAV Infrastructure Pressures Summary Report* found that costs have rapidly risen, tender responses have weakened. Additionally, a MAV member survey found the annual maintenance cost to councils on its ageing fleet of buildings is more than \$28m. A total of 308 buildings will need to be renovated or replaced to implement State Government reforms.

December 2022

Walk Against Family Violence

MAV staff participated in the Walk Against Family Violence at the Royal Exhibition Building. This event raises awareness on the issue, shows support for victim-survivors and sends a message that violence will not be tolerated.

Mayoral Induction

A professional development day was held for new and existing Mayors from across Victoria to help them shape their approach to mayoral leadership and consider their role in many different situations such as an emergency.

New MAV Regions

Following the commencement of the new MAV Rules 2022, the number of MAV regions was reduced from 12 to 10. As a result, a seven-week consultation plan was implemented to consider the *MAV Board Regional Groupings of Councils Review – Options Paper*. The MAV Board then advised member councils of the new [MAV regions](#).

January 2023

Rate cap increase

Calls continue for an independent review of the way in which the Victorian Government's rate cap is allocated following the 3.5 percent rate cap increase for 2023/24.

Helping MPs better understand Local Government

Our *Local Government in Victoria – an introduction for Members of Parliament* was produced by the MAV to improve understanding within Parliament of the challenges councils face and the opportunities for partnership to deliver shared goals. It covers the role of the MAV, councils' legislative framework and financial sustainability as well as their role in delivering services and infrastructure and acting as regulators.

New look MAV Technology

After an extensive review, a new governance model and advisory committee was established for MAV Technology.

February 2023

Leading from the front

Several workshops were delivered including understanding council finances, meeting procedures and chairing meetings, media training and sexual harassment prevention. Additionally, the Councillor Leadership Conference offered insights on leadership through the media, ethical leadership, emotional intelligence, and good governance.

Data & Insights Summit

MAV Technology members gathered at Melbourne Town Hall to learn more about what some of councils are achieving with data. This one-day summit enabled presenters from the sector to share their findings and experience.

Australia's housing crisis

Along with the Australian Local Government Association (ALGA) and other community housing leaders, the MAV called for urgent funding in the upcoming Federal Budget to address Australia's affordable and social housing crisis.



March 2023

Board election

Cr David Clark was re-elected as President of the Municipal Association of Victoria, alongside seven other returning directors and three new directors making up the MAV Board for the next two years.

Severe weather on road network

The MAV made a submission and appeared at a committee hearing for the Federal Parliament's Road Resiliency inquiry, highlighting the challenges of councils recovering from last year's serious flood event. We outlined the financial challenges councils face, through rate capping, inflation - particularly brutal on infrastructure costs - and changes that could still be made to the Disaster Recovery Funding Arrangements (DRFA).

MCH Conference

Our first hybrid MCH Conference was delivered with an in-person MCH event back for the first time since 2019. Topics included e-cigarettes and health outcomes, improving outcomes in Spinal Muscular Atrophy (SMA); child injury prevention; supporting Aboriginal and Torres Strait Islander families to transform cycles of intergenerational trauma and viral respiratory infections in the young.

April 2023

Transparency on planning

The MAV called for increased transparency regarding important planning decisions. We also sought an urgent meeting with the planning minister to reiterate our calls for the State Government to work alongside councils to achieve reforms that deliver the best possible outcomes for communities, including more housing.

New MAV office

MAV staff moved into their new office building located at Orica House, Level 5, 1 Nicholson St, East Melbourne.

May 2023

Smart Urban Future Conference

Attendees explored the connections between the design of towns and suburbs and how safe, inclusive and environmentally friendly they are. The MAV presented the conference in partnership with Victoria Walks.

State Council

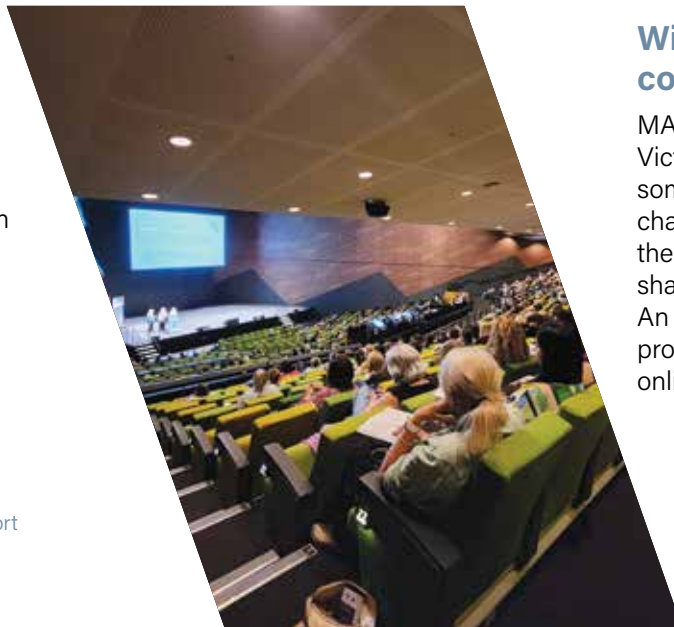
We held our first State Council meeting under the 2022 MAV Rules. A total of 71 MAV delegates considered 85 motions from the membership and participated in a workshop about the focus and priorities for the *MAV Strategy 2023-25*.

Guide to Prevent Family Violence

The MAV, in partnership with the Victorian Government, released *The Local Government Guide for Preventing Family Violence and All Forms of Violence Against Women*. This guide supports councils progress and contribution to preventing family violence and all forms of violence against women.

Wins and losses for local communities

MAV analysis found the 2023-24 Victorian State Budget provided some wins for local government, yet challenges remain, especially for the delivery of council services cost shared with the State Government. An extensive Members' Brief was produced along with a series of online briefings.



June 2023

Rural and Regional Planning Conference

Held over two days, this conference presented expert speakers on issues and opportunities facing rural and regional Victorians, including responding to disaster and planning for resilience in the face of climate change, working with Traditional Owners to preserve and enhance Country and rural and regional housing issues.

ICT Leadership Summit

MAV Technology hosted its first ever one-day ICT leadership summit bringing industry professionals together to explore knowledge and technology solutions with a focus on cyber security and artificial intelligence.

Older Not Alone Campaign Launch

Aimed at encouraging communities to check in on each other and access support, this campaign created a platform for councils and their community partners to spotlight the range of support available for older residents through local media, digital media and print. It was delivered in partnership with COTA Victoria and Seniors Rights Victoria.



Financial Overview

The MAV financial statements are approved by the MAV Board and audited by RSM Australia under contract from the Victorian Auditor General's Office each year.



The MAV financial statements include the:

- MAV General Fund
- MAV Insurance financial statements (Fidelity and LMI Insurance Schemes)
- MAV Work Care financial statements
- MAV Combined financial statements (includes MAV General, MAV Insurance and MAV Work Care)
- MAV LGE financial statements – noting these statements are not included in the MAV combined financial statements as they do not meet the accounting standard definition of control.

MAV Combined Result

The financial result of the MAV Combined entity for 2023 was a deficit of \$0.187 million (2022 = surplus of \$1.040 million), with net assets decreasing from \$9.6 million to 9.4 million.

These results include.

- A surplus from the MAV General Fund due to a strong procurement income result
- A deficit from MAV insurance, due to an overall increase in claims liabilities.

Consistent with the 2023-24 budget, it is expected that MAV Combined will achieve an operating surplus in 2023-24 and will remain in a positive net asset position throughout 2023-24.

MAV Insurance

The Combined MAV Insurance deficit for 2023 was \$0.787 million, with an overall decrease in the net asset position to \$4.089 million.

The Commercial Crime Scheme returned a small deficit of \$9 thousand, offsetting the \$9 thousand surplus from the previous year.

The LMI Scheme returned a deficit of \$0.778 million, decreasing the net asset position to \$3.978 million, following an increase of \$2.573 million in the previous year.

MAV Insurance expects the asset position to moderately improve during 2023-24.

MAV Work Care

MAV Work Care recorded a breakeven result in 2022-23 as all net costs were offset against the provision established at 30 June 2021 for all activities associated with being a ceased self-insurer. The net asset position remains as nil.

The ceased self-insurer provision has reduced from \$3.117 million at 30 June 2021 to \$1.689 million at 30 June 2023 with a further four years remaining as a ceased self-insurer (until 30 June 2027).

2021-25 MAV Strategy

Performance Highlights

THEME 1 ECONOMICALLY SOUND COUNCILS



Sustainability

The inaugural Sustainability Gap report, in partnership with FinPro, was delivered to provide an evidence base for advocacy on the sector's financial sustainability.

Funding

Through ALGA, achieved 100% of 2023-24 Financial Assistance Grants being brought forward to the current financial year to ensure no cash-flow issues.

Fairness

Campaigned for the State to pay its fair share for services and announcements dependent on council delivery, including maternal and child health services and libraries.

Regulation

An advocacy campaign to limit burdensome increases in scope for state-level regulation being delivered by councils. This included onsite wastewater and urban stormwater management planning.

THEME 2 HEALTHY, DIVERSE AND THRIVING COMMUNITIES



Recognition

The MAV Board confirmed support for the key principles of the Uluru Statement from the Heart, which are Voice, Treaty and Truth. It also supports a referendum to achieve recognition of Aboriginal and Torres Strait Islander peoples in the Australian Constitution.

Family

15 councils were supported to pilot the *Local Government Guide to Preventing Family Violence*. Quarterly meetings were hosted the Gender Equity and Prevention of Violence against Women Network with 67 councils participating.

Workshops

Three x 90-minute 'pint-sized PD' sessions were held for councils. This included *What Needs to be in Place Before Responding to Family Violence in the Workplace*, *What has Gender Equality got to do with Preventing Family Violence* and *Intersectionality 101*.

Regulation

A submission was lodged to the Department of Families, Fairness and Housing on the *Gender Equality Act (Amendment Regulations 2023)* on proposed regulations.

Emergency

A two-part summer preparedness briefing was delivered to councils. A fire management forum in partnership with fire agencies and support was given for 63 flood-affected councils.

Health

Tobacco education and enforcement activity service agreements were administered to deliver funding from the Department of Health. Support for councils was provided to undertake tobacco retailer audits and hosted three forums on the latest evidence and actions to reduce harm in e-cigarette use.

Well-being

10 communities of practice supported building better food systems, active living and healthy connected communities with the VicHealth Local Government Partnership Program. Culminated in an end of year showcase of council initiatives developed for and with young people for better health and wellbeing.

Ageing

Eight written advocacy papers were submitted to Ageing and Aged Care consultations.

Early Years

13 written advocacy papers were lodged to inquiries and consultations across the early years' portfolios. More than 40 meetings on early years were hosted including briefings and strategy / advisory groups.

Care

More than 20 separate briefings, networking opportunities and training sessions were held on positive ageing and community care.

THEME 3 WELL-PLANNED, CONNECTED AND RESILIENT BUILT ENVIRONMENT



Activity

Four-part webinar and call for investment in walking and bike riding was delivered as part of the second phase of the Local Government Walking and Bike Riding Project, in partnership with VicHealth.

Advocacy

Advocacy on freight and heavy vehicles, in partnership with Freight Victoria, included forums, webinars and meetings.

Water

36 councils in the Port Phillip and Westernport region attended one-on-one meetings on catchment delineations - with Melbourne Water - to improve urban stormwater and flood risk management.

Housing

27 forums were hosted to inform the draft State/Local Government Social and Affordable Housing Compact and support councils' response to housing issues.

Floods

Submissions to the Senate and Victorian Parliamentary Committee Inquiries on the 2022 Floods and Road Resiliency. MAV appeared at the hearing for the Senate Inquiry.

Regulation

After prolonged advocacy in partnership with other stakeholders, the Victorian Government publicly released the Stage One Report from the review into the State's building regulatory system.

Heritage

Partnered with Heritage Victoria to develop a guide for councillors on local government's role in heritage protection, following on from an earlier guide on councils' role in building regulation.

Housing

With LGIU, a forum was held on short-term rental accommodation and its impacts on local communities and the housing market.

Sustainability

Successfully advocated for increased environmental and accessibility standards to be adopted through the National Construction Code, ensuring buildings will be more suitable to changing communities and a changing climate.

THEME 4 CHANGING CLIMATE AND A CIRCULAR ECONOMY



Sustainability

A total of 24 councils were involved in lodging planning scheme amendments to promote environmentally sustainable development and bring us closer to net zero carbon development through the Council Alliance for a Sustainable Built Environment.

Renewables

Hosted a renewables roundtable for mayors and CEOs focused on ensuring that the rollout of large-scale renewable energy infrastructure benefits the communities hosting it.

Leadership

Issued a joint statement on the urgency of meaningfully addressing climate change mitigation and adaptation through the land-use planning system partnered with the Planning Institute of Australia, Australian Institute of Architects and Australian Institute of Landscape Architects

Recycling

Partnered with BehaviourWorks Australia, the MAV shared the results of a research project at a briefing session to explore how behaviour change interventions can help improve recycling habits.

Stewardship

A joint letter was issued with other peak bodies on concerns to be addressed in the implementation of the Victorian container deposit scheme. Additionally, aligned advocacy for more ambitious product stewardship at a national level.

Collaboration

Increased collaboration with the Victorian Greenhouse Alliances in advancing shared advocacy positions.

THEME 5 SECTOR CAPABILITY AND GOOD GOVERNANCE



Procurement

Continuation of the LEAP program and training program for councils, contributing to sector development and capacity.

Leadership

MAV Procurement initiated Regional Procurement Groups to support and connect with procurement professionals across the sector.

Value

MAV Procurement set up a Sector Reference Group to review and update the Best Practice Procurement Guidelines (2013).

Protection

78 Victorian and 29 Tasmanian councils renew their insurance through the Liability Mutual Insurance (LMI).

Review

Service provider tender for LMI was completed and new contract with JLT Risk Solutions Pty Ltd entered into, achieving significant benefits to members.

Service

More than \$30m in insurance claim payments paid and more than 1000 insurance help desk queries responded to.

Recognition

63 councillors were recognised for service ranging from 10 years to 35 years.

Events

196 training sessions, conferences and activities, which attracted more than 12,000 registrations.

Awards

Six MAV Technology Awards for Excellence to councils who technology to improve service delivery and efficiency.

THEME 6 EFFECTIVE AND RESPONSIVE MAV



Media

1756 media mentions of the MAV across TV, radio, print, and online (more than 300 percent increase on FY22). A 130 percent growth of media enquiries to the organisation while the number of media releases (35) issued annually by the MAV stayed steady.

Online

284,066 visitors to the MAV website and a further 355,865 visitors to the Vic Councils website.

Socials

49,285 social media followers (7% increase from FY22).

Expertise

15 submissions contributing to strategy development, discussion paper and proposed changes to legislation.

Newsletters

10,323 subscribers to MAV Bulletins and other newsletters, with 147 newsletters sent to members and subscribers. Plus, 79 tailored member benefit reports to member councils.



2021-25 MAV Strategy

2022-23 Achievements

Objective: 1.1 COVID-19 Recovery

Initiative: 1.1.2, 2.5.1 Represent councils in the COVID recovery process including on public health and local economy issues.

Year Two Status: Completed.

Achievements: Continued to promote COVID-19 vaccine take-up through MAV communication conduits to councils and the maternal and child health work force. Liaison maintained with the Department of Health to continue health promotion and population initiatives.

Objective: 1.2 Advocacy to Protect Councils' Financial Position

Initiative: 1.3.1 Undertake review of councils' current financial health of Victoria's 79 councils.

Year Two Status: Completed.

Achievements: Delivered the first Sustainability Gap report in partnership with FinPro to provide an evidence base for advocacy on the sector's financial sustainability.

Objective: 1.4 Asset Management Capacity & Capability

Initiative: 1.5.1 Develop sector management priorities and MAV plan.

Year Two Status: Completed.

Achievements: Sector priorities were documented in a paper shared with councils and state colleagues. The challenges and priorities were central to our transport infrastructure advocacy strategy

Locals Know what Locals Need ahead of the State election. The MAV also participated in Local Government Victoria's asset planning working group and supported LGV's Rural Roads Support Program.

Objective: 2.3 MCH Service

Initiative: 2.3.1 Secure new four-year MCH MOU including unit pricing (1.3.3).

Year Two Status: Ongoing.

Achievements: MCH MoU has been secured. Agreement on MCH Unit Pricing still to be determined.

Objective: 2.6 Emergency Management

Initiative: 2.6.1 Participate in the third phase of Department of Jobs, Precincts and Region's Councils and Emergencies project.

Year Two Status: Completed

Achievements: DJPR completed the Councils and Emergencies project in late 2021 with no tangible change to the councils expanding emergency management role or increase in support for councils' role. To support our emergency management advocacy, we updated our position paper on the Role of Councils in Emergency Management. We consulted with the sector to make updates to the municipal council role statement in the State Emergency Management Plan.

Initiative: 2.6.2 Collaborate with councils to influence and implement State Government reforms flowing from emergency management reviews, including the Royal Commission into National Natural Disaster Arrangements.

Year Two Status: Completed.

Achievements: Continued to represent councils on several reform projects stemming from the Royal Commission and IGEM Inquiries.

Also, made submissions to the *Parliamentary Inquiry into the 2022 Flood Event in Victoria* and the *Senate Inquiry into the Implications of Severe Weather Events on National, Regional, Rural and Remote Roads*.

Ongoing advocacy for Disaster Recovery Funding Arrangements (DRFA) contributed to day labour being included as an eligible expense under the program.

Initiative: 2.6.3 Participate in the development of the Whole-of-Government Bushfire Management Strategy and support council input.

Year Two Status: Completed.


Achievements: The MAV continues to participate in the Bushfire Risk Mitigation Committee which is overseeing the drafting of the Whole of-Government Bushfire Management Strategy. While the strategy has not yet been released for comment, the MAV hosted a Fire Management Forum in partnership with the fire services which included a briefing on the strategy and other fire reform projects.

Objective: 3.1 Planning System Advocacy

Initiative: 3.1.2 Pursue reforms to planning scheme amendment process.

Year Two Status: Completed.

Achievements: With legislative reforms to improve the scheme amendment process off the table in the last term of government, DELWP identified short-term (pre-election)



and medium-long term (post-election) priorities to focus on to address councils' many concerns. Continued to advocate for the legislative reform and additional improvements.

Objective: 3.2 Building Regulation

Initiative: 3.2.1 Advocate for increased role & funding for LG in building regulation

Year Two Status: Completed.

Achievements: The State Government's progress on building reform has slowed significantly. Stage One of the expert panel review was released. Continued to advocate for adequate resources and support be provided to local government for any potential role in addressing issues such as cladding rectification and orphaned permits.

Objective: 3.3 Housing needs

Initiative: 3.3.1 Influence development of Local Government housing compact on social and affordable housing.

Year Two Status: Completed.

Achievements: Negotiated draft compact form and content with Homes Victoria, in consultation with councils at forums held across the state. Supported consultation and hosted online session for councillors (39 attendees). Met with the new Housing Minister, the Hon Colin Brooks MP, to push for progress, resulting in an amended draft awaiting final approval.



Objective: 3.4 Strengthen advocacy and partnerships to influence key investments in freight productivity, first and last mile impediments, transport connectivity and road safety by all levels of government

Initiative: 3.4.1 Develop and implement local roads funding campaign.

Year Two Status: Completed.

Achievements: Worked with councils to design and deliver our 'Locals know what locals need' transport advocacy campaign ahead of the State Election. Also, developed a transport policy document for use in key stakeholder meetings.

Initiative: 3.4.2 Support Department of Transport (DoT) to engage effectively with local government to deliver Victorian Freight Plan and road safety priorities.

Year Two Status: Completed.

Achievements: Through a partnership with the Department of Transport and Planning, ran a Freight Policy Reference Group, delivered key projects including consultation on first and last kilometre impediments and opportunities, and urban freight consolidation. Hosted a webinar for councillors on freight and heavy vehicles. Also worked closely with councils, DTP and TAC on road safety initiatives including school crossings.

Objective: 3.5 Improve the capability of local government to plan, design and deliver walking and riding programs and projects

Initiative: 3.5.1 Hold at least three forums on walking and riding, and share information via an online resource hub.

Year Two Status: Completed.

Achievements: In the second year of our partnership with VicHealth, supported council walking and bike riding project delivery. Showcased initiatives involving safe routes to school, active transport leadership and regional projects. Also, developed a suite of resources to councils could use to support their advocacy on local active transport projects.

Objective: 4.2 Waste & recycling reforms

Initiative: 4.2.1 Influence State Government recycling reforms, including kerbside waste and e-waste.

Year Two Status: Completed.

Achievements: Represented local government on the container deposit scheme advisory group and worked closely with other peak bodies, including the Waste and Resource Recovery Association of Australia, to align advocacy on product stewardship more broadly. Continued to engage frequently with DEECA, Recycling Victoria and EPA to represent local government interests and advocate for reforms that reduce the cost burden on councils and drive meaningful change in terms of waste avoidance and minimisation.

Objective: 5.3 Framework for learning and events

Initiative: 5.3.1 Develop MAV Learning & Events Strategy.

Year Two Status: In progress.

Achievements: A *Learning and Events Policy* and *Sponsorship Policy* were adopted in May 2023. A *Learning and Events Strategy* will be developed in alignment with the refreshed MAV Strategy for 2023-25. Commenced work to implement a new Learning Management System and developing bespoke eLearning modules for the induction on new councillors.

Objective: 5.4 Delivery of learning and events program

Initiative: 5.4.1 Deliver the agreed events program.

Year Two Status: Completed.

Achievements: A total of 196 online, in-person and hybrid events and learning activities:

- 21 x Councillor Development Workshops
- AICD Company Directors Course
- Mayoral Induction – Dec 2022
- New Councillor Induction – Mar 2022
- Councillor Leadership Conference – February 2023
- MCH Conference – Nov 2022 & March 2023
- Smart Urban Futures Conference – May 2023
- Rural & Regional Planning Conference – June 2023
- State Council Meetings – Sept & Oct 2022, May 2023
- More than 60 forums and briefings

Initiative: 5.4.2 Deliver the agreed MAV Technology events.

Year Two Status: Completed.

Achievements:

Events delivered:

- MAV Technology National Annual Conference and Awards – Aug 2022
- MAV Technology ICT Leadership Summit – June 2023
- MAV Technology Data & Insights Summit – February 2023
- More than 10 forums and briefings

Objective: 6.1 Modernise the constitution of the MAV

Initiative: 6.1.1 MAV Rules Review.

Year Two Status: Completed.

Achievements: MAV Rules commenced on 20 October 2022 after a review that included an update to the objectives and the creation of a modern and contemporary set of Rules to govern the association.

Objective: 6.4 Insurance and procurement services

Initiative: 6.4.1 Complete negotiations with State Government on future structure of LMI insurance.

Year Two Status: Completed.

Achievements: A Working Group report on the strategic reform options was presented to members and its key findings discussed. Continued discussions with the Victorian Government seeking progression of reform.



Continuous Improvement

Special State Council Meeting

New MAV Rules were endorsed at a Special meeting of the State Council in September 2022.

This followed a rigorous review process that aimed to ensure that the Rules:

- be modernised, clearer and more widely understood, address oversights and unintended consequences of the current Rules and, most importantly, better enable the MAV to fulfil its role and function more effectively.
- provide for sound arrangements to elect and support the role of the MAV President.
- provide for sound arrangements to elect and support the role of the MAV Board.
- provide for sound arrangements to enable the MAV State Council to be an effective forum for creating local government policy.

Under the new Rules, the President and 10 Board Directors will be elected every two years. A three-step process is required to amend the MAV Rules that provides for a consultation process prior to State Council voting on a Rule change.

A Board policy was adopted that sets out the eligibility criteria for Board members, which is related to the requirements in the *Corporations Act 2001*. Member councils must now submit matters for consideration at meetings of State Council and to do so by Council resolution.

Voting at State Council is now on the basis of one vote per member and there is provision for extraordinary meetings of State Council to be held where there is an urgent need to do so.

Opening of our new office

The MAV was proud to open the custom fit out of a new office in East Melbourne. The design features a warm colour palette paired with timber elements, providing an appealing juxtaposition against the lighter open plan workstations areas. Breakout areas are located throughout the space for both formal and informal networking.

Members briefings

A series of online briefings on timely and topical advocacy issues was delivered by the MAV for members only.

Firstly, a briefing was held on [“Our home choices” report](#) with Infrastructure Victoria CEO Jonathan Spears.

It explored the implications of its suggested planning reforms that could significantly alter the system and councils' role within it.

Issues included expanding the Residential Growth Zone, changing infrastructure contributions, and streamlining or removing particular developments from the planning system altogether.

With several councils across the state experiencing increasingly unpredictable and large-scale protest activity, the MAV hosted an online forum to share insights on how best to provide a safe and secure workplace and meeting place.

Presentations were from David Clayton, Assistant Commissioner, State Emergencies and Support Command, Victoria Police and Dr Josh Roose, Centre for Resilient Communities, Deakin University. Mayors, councillors, CEOs and council governance managers attended to consider some of the challenges.

Lastly, within days of the the handing down of the Federal and State Budgets, an analysis brief and online forum was provided to Mayors, Councillors and council officers to help them understand the impacts for local government and advocacy responses.



MAV Stakeholder Engagement

Stakeholder engagement is a key part of the MAV's role as a driving and influential force behind our member councils.

Our role is to facilitate and engage with key stakeholders and networks to advocate, represent, and better support local government interests.

In 2022-23, the MAV either led or participated in several meetings of advisory committees, reference groups and external committees.

Board advisory committees:

Advisory committees are established to inform and progress issues impacting on local government as prioritised by the 2021-25 MAV Strategy and State Council. Each committee is chaired by an MAV Board member.

Our current Board advisory committee is the Emergency Management Committee. There were 19 member councils and two meetings held in 2022-23.

At its May 2023 meeting, the Board decided to continue the Emergency Management Committee and re-establish the Human Services Committee and the Professional Development Reference Group.

MAV-hosted committees or groups:

Several committees, reference/working groups and task forces - with expertise across major policy areas and projects - are hosted and supported by the MAV.

These committees or groups can involve councillors, CEOs and/or council officers with relevant specialist knowledge and expertise. Members are usually invited to participate in these networks through either an expression of interest or nomination process.

Our current MAV-hosted committees or groups and task forces are:

Group	Purpose	No of meetings 2022-23	Member councils involved
Crisisworks Joint Management Panel	Provides management advice on the Crisisworks incident management system, which provides a cost-effective IT system for Victorian councils to use in emergency management	2	
Emergency Management Planning Reference Group	To provide advice to MAV on emergency management planning matters and support our role as the representative of local government on the State Emergency Management Planning Committee	3	
Freight Policy Reference Group	Advises the MAV and Department of Transport on strategic freight issues affecting Victorian councils; facilitates greater collaboration between local and state governments; and support implementation of the Department of Transport's Victorian Freight Plan 'Delivering the Goods'	4	
Human Services Directors Forums	Provides councils with an insight into legislative changes, events and current consultations relevant to the social and community sectors		
Local Government Information Governance Committee	Improves the efficiency and effectiveness of information governance and records management		
Local Government Spatial Reference Group	Supports, promotes and lobbies on behalf of the local government spatial sector to drive appropriate and effective capability across all councils		
MAV Community Care Network	Connects councils delivering aged and disability community care services with State and Commonwealth representatives to support, inform and strengthen in-home care reforms		
MAV Early Years Strategy Group	Guides the MAV on issues relating to early years policy, service provision and planning.		
MAV Gender Equality and Preventing Violence Against Women and all forms of Gender-Based Violence Network	Brings councils and other relevant stakeholders together to share knowledge that develop skills and expertise to strengthen the capacity of the sector to drive change	7	67
MAV Health and Social Planners Forum	MAV hosted teams website and held regular forums to share initiatives, policy directions and advice to government	4	70
MAV Local Government Gambling, Alcohol and Other Drugs Issues Forum	Builds the capacity of the local government sector to manage, prevent and reduce harms associated with gambling, alcohol and other drug use.	Regular updates provided	40
MAV Positive Ageing Network	Leads and shares information to local government managers and officers		
MAV Technology	Plans, coordinates and supports information and communication technology, business transformation and innovation initiatives that deliver better council services and reduce costs	10	16

External Committees:

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

Representation on these committees provides an important opportunity to present local government views and input, as well as advocate and influence policy outcomes.

In 2022-23, the MAV or our nominated representative(s) were appointed to the following external committees:

- Aboriginal Maternal and Child Health Committee
- Anzac Commemorative Naming Program Committee
- Asbestos Disposal Management Plan Working Group
- Building Stakeholder Reference Group
- Bushfire Risk Mitigation Committee
- Children's Services Coordination Board. Aboriginal Families and Children's Working Group
- Commission for Gender Equality in the Public Sector - Implementation Support Advisory Committee
- Commissioner For Environmental Sustainability's Reference Group
- Container Deposit Scheme Advisory Group
- Councils and Emergencies PCG And Reference Group
- Dangerous Goods Stakeholder Reference Group
- Department of Education Early Childhood Education and Care Stakeholder Group
- Department of Education Early Years Management Stewardship Group
- Department of Families, Fairness and Housing Disability Act Review Advisory Group
- Department of Health Expert Advisory Committee - Mental Health and Wellbeing Promotion
- Domestic Animals Working Group
- Department of Social Services Vic Emergency Sub-Committee
- (Completed February 2023)
- Department Of Transport Hooning Community Reference Group
- Elder Abuse and Safeguarding Advisory Group
- Electric Line Clearance Consultative Committee
- Emergency Management Joint Public Information Committee
- Environmentally Sustainable Design (ESD) Roadmap Stakeholder Working Group
- Essential Services Commission – Engagement Technical Working Group
- Federal Blackspot Consultative Panel
- Food Relief Taskforce
- (Completed December 2022)
- Gender Equality Advisory Committee
- Healthy Waterways Strategy Regional Leadership Group
- High Risk and Hazardous Waste Executive Oversight Committee and Coordination Committee
- Infringements Standing Advisory Committee
- Best Start Best Life Taskforce Advisory Group
- Kidsafe Advisory Group
- Liquor Control Victoria Community Stakeholder Forum
- Local Government Information Group
- Local Government Performance Reporting Steering Committee
- Local Government Spatial Reference Group
- Marrung Central Governance Committee
- Melbourne Urban Stormwater Institutional Arrangements Review Project Intergovernmental Coordination Group
- Melbourne Water Flood Strategy Leadership Group
- Municipal Emergency Management Enhancement Group
- National Local Government Cultural Forum
- Open Government Partnership – Australia
- Planning For Sustainable Animal Industries Stakeholder Reference Group
- Planning Technical Working Group (last met July 22, now ceased)
- Primary Prevention Reference Group
- Public Service Medal Committee
- Royal Children's Hospital Child Safety and Family Violence Committee
- Regional Planning Hubs Project Control Board
- Roadmap Implementation Ministerial Advisory Group

- Road Safety Stakeholder Reference Group
- SCRC Policy And Strategy Sub-Committee
- Senior Victorians Advisory Group (attended throughout 2022, now ceased)
- Social Services Taskforce
- State Crisis and Resilience Council
- State Emergency Management Planning Committee
- State Emergency Management Team
- State Fire Management Planning Committee
- State Library Advisory Committee on Public Libraries
- State Relief and Recovery Team
- State Roadmap for Reform Ministerial Advisory Group
- State Vulnerable Children and Youth Implementation Group
- Tech Schools State-wide Policy Implementation Panel
- Victorian Building Authority Emergency Recovery and Rebuild Working Group
- VicRoads Rural Reference Group
- VicRoads Safety Alliance
- VicRoads Smart Roads Reference Group
- VicRoads Transport Users Forum
- Victoria Flood Warning Consultative Committee
- Victoria Police Seniors Portfolio Reference Group
- Victorian Aquatic and Recreation Industry Leaders Group
- Victorian Children's Council
- Victorian Community Care Advisory Committee
- Victorian Emergency Animal Welfare Committee
- Victorian Food Regulators Forum
- Victorian Gambling and Casino Control Commission – Gambling Stakeholder Forum
- Victorian Maternal and Child health Advisory Group
- Victorian Pedestrian Advisory Council
- Victorian Primary and Community Health Network
- Victorian Railway Crossing Safety Steering Committee
- Victorian School Safety Panel
- Victorian Volunteer Strategy Taskforce
- VPA Industry Stakeholder Forum
- WorkSafe Stakeholder Reference Group



Occupational Health and Safety Report 2022-23

The MAV is committed to fostering and promoting a healthy and safe working environment for all employees. We respect and care for our employees and the communities they live and work in.

Our foundation for managing workplace health and safety is the premise that all injuries are preventable, and our goal is to strive for zero harm to our employees, contractors and visitors.

We are committed to a proactive and positive safety culture, effectively balancing the need to reduce workplace hazards whilst focusing on creating a safety culture that promotes and encourages initiatives which lead to safer working environments.

OHS Management Plan

The OHS Management Plan outlines the basis on which we will improve our safety culture and performance. This plan details the MAV's objectives for OHS management and proactive measures and actions to be implemented over a two-year period from September 2021 to August 2023.

The four cornerstones it's built on are:

- Strong Committed Leadership
- Active and Mature OHS Culture
- A systematic approach
- Safe Workplaces and Equipment.

Performance Highlights

Strong Committed Leadership

Staff are encouraged to raise general health and safety matters, feedback or suggestions for future health, safety and wellbeing workplace initiatives with any member of the OHS Committee for discussion at a scheduled committee meeting, or with their manager if it's confidential. Managers monitor OHS issues with their team and report any concerns back to the Manager, HR and Corporate Services and/or the Executive Team.

Active and Mature OHS Culture

We ensured OHS is on everyone's radar by putting regular OHS items in the staff newsletter, *MAV Insider* and in our staff TEAMS site. We continued to provide updates regarding COVID and recommend COVIDSafe actions.

A systematic approach

The MAV Occupational Health and Safety (OHS) Committee was established in December 2020 to promote health, safety and well-being in the workplace.

It considers relevant information and strategies that may have organisational impact and discusses opportunities to improve OHS processes.

Two OHS committee meetings were held in 2022-23. The current membership of the OHS Committee is:

- Alison Standish, Manager, HR & Corporate Services
- Celia Robinson, Manager, Governance
- Anne-Maree Neal, Governance Adviser
- Emma Lake, Manager, Infrastructure & Community Resilience
- Jeannie Gill, Manager, Learning & Events Support
- Katrina Hinschen, Strategic Communications Coordinator
- Rachael Rodger, Procurement Manager, Programs and Training



Safe Workplaces and Equipment

Staff continued to have work from home and hybrid working arrangements in place due in this period. In November and December, most staff worked from home full-time whilst we cleaned out our former office and were waiting for our new office to be ready to move into.

General support was provided to staff in the following ways:

- Sharing ergonomic tips and health and well-being information to staff via emails,
- Sharing ergonomic tips and health and well-being information to staff via emails, TEAMS messages and in our fortnightly staff bulletin, 'MAV Insider'.
- Providing staff with appropriate ergonomic equipment at home and in the office,

Warden training was undertaken on 6 September 2022.

A test emergency evacuation of the 1 Nicholson Street building occurred on 20 April 2023 without prior notification. Staff in the building responded appropriately to instructions from Charter Hall under the management of the fire wardens. The incident highlighted the importance of staff undergoing training and participating in mock drills when required.

Hazard/Incident Summary

Category	2022	2021	2020	2019	2018
Hazards	0	0	0	0	1
First Aid	0	0	0	0	2
Incidents	0	3	0	0	2
Lost Time Incidents	0	0	0	0	0
Work Cover Claims	0	1	1	0	0

Quarterly OHS Inspection

There were no quarterly inspections of the office until February 2023 as everyone was predominantly still working from home. Corporate Services staff also attended to minor office cleaning issues and packing up the office issues as required (i.e. tripping hazards, maintaining access and egress).

Corrective Actions

The Corrective Actions Register provides a listing of all corrective actions identified from inspections, incident and hazard reports, risk assessments or observations. We continued to provide staff access to their work computers, monitors, keyboards, mouse pads and ergonomic office chairs to use at home. New staff employed were required to complete the working from home checklist and provided with the necessary equipment to work safely in a home office.

Other

A two-day Mental Health First Aid training course was offered to all staff and well attended. It was conducted by Workplace Interventions and gave participants a sound understanding of how to assist people struggling with their mental health.

The new office has several OHS resources including:

- defibrillators installed in the reception waiting area and one near the kitchenette,
- a new sanitising wipes dispenser to enable staff to wipe down the desk, keyboard and mouse at the end/beginning of the day,
- smaller HEPA filters are being purchased for the meeting rooms but there is a shortage of them in the market, and
- a duress button has been installed at reception in case a staff member ever feels unsafe and needs extra support from an MAV staff member.

The MAV Social Club continued to conduct events to keep our staff connected.



Board and Governance Report 2022-23

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 for the regulation of proceedings, subscriptions and other matters affecting the management of the Association.

The MAV is accountable to its members through State Council and an elected Board. State Council is when MAV delegates come together, usually twice a year, to form the policy direction of the MAV, which is set in alignment with the *2021-25 MAV Strategy*.

Changes to the Rules were determined at a Special meeting of State Council on 16 September 2022.

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 the quality of life for the people it serves.

Councillors play a vital leadership role in creating and implementing their community's vision, strategic direction and the values within which they operate. Each member council appoints a councillor as its MAV delegate.

Board Election

Cr David Clark was re-elected as President of the MAV, alongside 10 board directors, in March after the board elections were held. He was first elected President in 2021 and will be joined on the board by seven other returned directors and three new directors.

Our President and Board will now serve a two-year term at the MAV.

As at 30 June 2023, the MAV's member councils and their delegates are:

Alpine Shire Council	Cr John Forsyth	Mansfield Shire Council	Cr James Tehan
Ararat Rural City Council	Cr Jo Armstrong	Maribyrnong City Council	Cr Michael Clarke
Ballarat City Council	Cr Amy Johnson	Maroondah City Council	Cr Mike Symon
Banyule City Council	Cr Tom Melican	Melbourne City Council	Cr Rohan Leppert
Bass Coast Shire Council	Cr Michael Whelan	Melton City Council	Cr Kathy Majdlik
Baw Baw Shire Council	Cr Annemarie McCabe	Merri-bek City Council (formerly Moreland City Council)	Cr Lambros Tapinos
Bayside City Council	Cr Alex del Porto	Mildura Rural City Council	Cr Liam Wood
Benalla Rural City Council	Cr Danny Claridge	Mitchell Shire Council	Cr Fiona Stevens
Boroondara City Council	Cr Cynthia Watson	Moira Shire Council	-
Brimbank City Council	Cr Bruce Lancashire	Monash City Council	Cr Stuart James
Buloke Shire Council	Cr Alan Getley	Moonee Valley City Council	Cr Rose Iser
Campaspe Shire Council	Cr Colleen Gates	Moorabool Shire Council	Cr Tom Sullivan
Cardinia Shire Council	Cr Tammy Radford	Mornington Peninsula Shire Council	Cr Steve Holland
Casey City Council	Noelene Duff (Administrator Chair)	Mount Alexander Shire Council	Cr Tony Cordy
Central Goldfields Shire Council	Cr Anna De Villiers	Moyne Shire Council	Cr Karen Foster
Colac Otway Shire Council	Cr Stephen Hart	Murrindindi Shire Council	Cr John Walsh
Corangamite Shire Council	Cr Ruth Gstrein	Nillumbik Shire Council	Cr Peter Perkins
Darebin City Council	Cr Susan Rennie	Northern Grampians Shire Council	Cr Murray Emerson
East Gippsland Shire Council	Cr Mark Reeves	Port Philip City Council	Cr Robbie Nyaguy
Frankston City Council	Cr Nathan Conroy	Pyrenees Shire Council	Cr David Clark
Gannawarra Shire Council	Cr Travis Collier	Queenscliffe Borough Council	Cr Ross Ebbels
Glen Eira City Council	Cr Simone Zmood	South Gippsland Shire Council	Cr Nathan Hersey
Glenelg Shire Council	Cr Scott Martin	Southern Grampians Shire Council	Cr David Robertson
Golden Plains Shire Council	Cr Owen Sharkey	Stonnington City Council	Cr Jami Klisaris
Greater Bendigo City Council	Cr Rod Fyffe	Strathbogie Shire Council	Cr Laura Binks
Greater Dandenong City Council	Cr Lana Formoso	Surf Coast Shire Council	Cr Adrian Schonfelder
Greater Geelong City Council	Cr Belinda Moloney	Swan Hill Rural City Council	Cr Les McPhee
Greater Shepparton City Council	Cr Seema Abdullah	Towong Shire Council	Cr Aaron Scales
Hepburn Shire Council	Cr Lesley Hewitt	Wangaratta Rural City Council	Cr Dean Rees
Hindmarsh Shire Council	Cr Brett Ireland	Warrnambool City Council	Cr Debbie Arnott
Hobsons Bay City Council	Cr Matt Tyler	Wellington Shire Council	Cr Scott Rossetti
Horsham Rural City Council	Cr Robyn Gulline	West Wimmera Shire Council	Cr Tim Meyer
Hume City Council	Cr Joseph Haweil	Whitehorse City Council	Cr Andrew Munroe
Indigo Shire Council	Cr Sophie Price	Whittlesea City Council	Lydia Wilson (Administrator Chair)
Kingston City Council	Cr Steve Staikos	Wodonga City Council	Cr Ron Mildren
Knox City Council	Cr Susan Laukens	Wyndham City Council	Cr Sahana Ramesh
Latrobe City Council	Cr Sharon Gibson	Yarra City Council	Cr Claudia Nguyen
Loddon Shire Council	Cr Gavan Holt	Yarra Ranges Shire Council	Cr Jim Child
Macedon Ranges Shire Council	Cr Jennifer Anderson	Yarriambiack Shire Council	Cr Kylie Zanker
Manningham City Council	Cr Andrew Conlon		

MAV Board

As at 30 June 2023:

MAV President

Cr David Clark

Pyrenees Shire Council
dclark@mav.asn.au



Deputy President (Metro)

Director - Metropolitan North

Cr Joseph Haweil

Hume City Council
jhaweil@mav.asn.au



Deputy President (Non-Metro)

Director - Loddon Campaspe Mallee

Cr Jennifer Anderson

Macedon Ranges Shire Council
janderson@mav.asn.au



Director - Gippsland

Cr Nathan Hersey

South Gippsland Shire Council
nhersey@mav.asn.au



Director - Goulburn Ovens Murray

Cr Aaron Scales

Towong Shire Council
ascales@mav.asn.au



Director - Great South Coast Barwon

Cr Ruth Gstrein

Corangamite Shire Council
rgstrein@mav.asn.au



**Director - Inner Metropolitan
South East**

Cr Rohan Leppert

City of Melbourne
rleppert@mav.asn.au



Director - Metropolitan East

Cr Stuart James

City of Monash
sjames@mav.asn.au



Director - Metropolitan South

Cr Steve Staikos

City of Kingston
sstaikos@mav.asn.au



Director - Metropolitan West

Cr Kathy Majdlik

City of Melton
kmajdlik@mav.asn.au



**Director - Wimmera Southern Mallee
Central Highlands**

Cr Murray Emerson

Northern Grampians
Shire Council
memerson@mav.asn.au



MAV Board Responsibilities

The MAV Board's responsibilities are to:

- develop and give effect to the strategic direction of the Association
- oversee the administration and financial management of the Association
- appoint and oversee the performance of the CEO
- oversee the provision of services by the Association
- oversee the Association's risk management
- adopt the Association's annual budget
- receive the Association's audited accounts
- perform the duties, functions and powers provided for it in the MAV Rules 2022
- ensure the legal and ethical integrity of the Association
- conduct the affairs of the Association more generally.

The [Rules](#) empower the Board to make policies and protocols to supplement the Rules.

Board Allowances and Expenses

Our *Board Allowances and Expense Policy* provides Board members with an annual allowance, paid quarterly in advance.

Board members are provided with a data allowance for accessing business papers and can claim out-of-pocket expenses for travel, parking, accommodation and meals when undertaking duties as a Board member.

The policy also allows for Board members to attend our Annual Conference and other MAV events. As of July 2022, the board allowance are:

- President \$81,632.27 inc 10.5% super
- Deputy president \$16,829.56 inc 10.5% super
- Board Director \$11,459.28 inc 10.5% super

MAV Executive Team

- Troy Edwards, Acting Chief Executive Officer
- Claire Dunn, Acting Executive Director, Policy and Advocacy
- Anthony De Jong, Chief Financial Officer
- Owen Harvey-Beavis, General Manager, MAV Insurance
- Domenic Isola, Acting Manager, MAV Procurement
- Louise McFarlane Manager, Strategic Communications
- Celia Robinson, Manager, Governance
- Alison Standish, Manager, HR & Corporate Service



Board Meeting Attendance

	J	A	S	S*	O	N	N**	D	D***	F	M	A	M	J
Cr David Clark (President)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cr Jennifer Anderson (Deputy President, Non-Metro. Board term March 2023-March 2025)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cr Kris Bolam	X	✓	X	✓	✓	✓	✓	X	✓	✓	n/a	n/a	n/a	n/a
Cr Murray Emerson	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
Cr Kylie Grzybek	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Cr Ruth Gstrein (Deputy President, Rural. Board term March 2021-March 2023)	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cr Joseph Haweil (Deputy President, Metro. Board term March 2023-March 2025)	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	X
Cr Nathan Hersey	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Cr Stuart James	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Cr Jami Klisaris	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	n/a	n/a	n/a	n/a
Cr Rohan Leppert (Deputy President, Metro. Board term March 2021-March 2023)	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓
Cr Kathy Majdlik	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓
Cr Tom Melican	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Cr Aaron Scales	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
Cr Steve Staikos	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓
Cr Brett Tessari	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a

No meeting was held in January. *28 September special meeting. ** 17 November special meeting.
*** 12 December special meeting. n/a = not a Board member at this time.

Audit and Risk Committee

The role of the Audit & Risk Committee is to provide independent assurance and assistance to the Board on the MAV's financial performance and reporting, the management of risk, the effectiveness of systems of internal controls, and the conduct of internal and external audit functions.

The committee comprises of five members:

- Three Independent Members (one of which is the Committee Chair), and
- Two MAV Board Member (Cr) Representatives.

A total of 5 meetings were held during the period 1 July 2022 to 30 June 2023. The following table provides a summary of meeting attendances.

Committee Meeting Attendance

	Aug	Sep	Dec	Apr*	May
Mr. John Watson (Chair/Independent member)	✓	✓	✓	✓	✓
Ms. Sue Friend (Independent member)	✓	✓	n/a	n/a	n/a
Ms. Evy Papadopoulos (Independent member)	n/a	n/a	✓	✓	✓
Mr. Paul O'Connor (Independent member)	✓	✓	✓	✓	✓
Cr. David Clark (President/MAV Board representative)	✓	✓	✓	✓	✓
Cr. Tom Melican (MAV Board representative)	✓	✓	✓	n/a	n/a
Cr. Jennifer Anderson (Deputy President/ MAV Board representative)	n/a	n/a	n/a	✓	✓

n/a = Not an ARC member at the time



Committee Sitting Fees

Committee members receive a sitting fee per meeting paid on invoice.

- Chair/Independent Member - \$1,292.00 per meeting
- Independent Member - \$776.30

Annual Work Plan

The committee has an established Annual Work Plan to enable it to discharge its responsibilities in line with objectives of the Audit and the Risk Charter.

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 conditions 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 and other related statutory requirements.

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

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

MAVIB has also been delegated oversight of the Commercial Crime Fund. The MAV holds an Australian Financial Services Licence (AFSL No 271438). 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 Risk Solutions (JLT) provides claims, risk management, general administration and reinsurance placement services.

Taylor Fry is the scheme's actuary. Frontier Advisors provide investment consultant services. The investment manager is Kapstream Capital and Blackrock.

2022-23 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 local government and includes cover designed to respond to unique sector risks.

This year we celebrate 30 years of supporting the local government sector, using claims data, and regular monitoring of new and emerging risks and exposures facing local government.

This year, we completed our service provider tender and ultimately reappointed JLT Risk Solutions Pty Ltd for claims management, reinsurance broking, risk management and general administration services and achieved significant benefits for members and the scheme. These included cost savings, improved contractual arrangements and expanded levels of service.

Our reinsurance program continues to provide significant benefit to the membership, with strong protection being offered to the significant claims volatility being experienced for the program. In response to increased claims trends and ongoing difficult reinsurance market conditions, the scheme reduced its quota share reinsurance, which achieved cost savings to members while continuing to mitigate capital volatility.

The MAV also reviewed its investment strategy and implemented a refined investment strategy and framework to manage investment risks.

Our investments remain in fixed interest securities and cash holdings and are structured on a liability-matched basis and as a means of reducing the financial exposure of MAV Insurance to the significant changes in interest rates currently being experienced in the economy. We are pleased that our investment strategy has been materially adding value to the financial position of the scheme.

Claim levels are now the highest level since tort reform in the early 2000s and adverse claims are evident across all our claim types. We are seeing higher numbers of personal injury claims, property damage claims and even, higher numbers of professional indemnity claims.

We've also experienced an unprecedented number of claims above \$1m in cost.

In short, while it might be an undesirable cost, our members are benefiting from the peace of mind of having this important financial protection.

Next step, we are working with the MAV's policy team to better understand linkages between claims risk factors and some of the broader sector challenges, such as the adequacy of external funding and the cumulative effects of rate capping.

Financial Summary

Financial statements include MAV Fidelity or commercial crime, and the LMI Scheme. With 78 Victorian Councils and all Tasmanian Councils members of the LMI Scheme in 2022-23.

Board Meeting Attendance

	Aug	Oct*	Oct	Dec	Mar	Apr	Jun
Rob Spence (Chair)	✓	✓	✓	✓	✓	✓	✓
John Bennie	✓	✓	✓	n/a	n/a	n/a	n/a
Cr David Clark (President)	✓	✓	✓	X	✓	X	✓
Andrew Day	n/a	n/a	n/a	✓	✓	✓	✓
James Dryburgh	X	✓	X	✓	✓	✓	X
Cr Murray Emerson	✓	X	✓	✓	✓	✓	✓
Dion Lester	X	X	X	X	X	X	✓
Kate Reid	✓	✓	✓	✓	✓	✓	✓
Bruce Richards	✓	✓	✓	✓	✓	✓	✓
Helen Sui	n/a	n/a	n/a	✓	✓	✓	✓
Kerry Thompson (CEO)	✓	✓	✓	✓	X	n/a	n/a
Kerrie Williams	✓	✓	✓	✓	✓	✓	✓
Paul Woodhouse	✓	✓	✓	✓	✓	✓	✓
Dominic Isola	n/a	n/a	n/a	n/a	n/a	✓	n/a
Troy Edwards	n/a	n/a	n/a	n/a	n/a	n/a	✓

* 3 October special meeting. n/a = not on Board at this time.

Board Sitting Fees

Independent Board members receive an annual fee. In 2022-23, the annual fee was:

- Chair — \$25,500
- Independent Board Member — \$15,682

Executive Team

- Troy Edwards, Acting Chief Executive Officer
- Owen Harvey-Beavis, General Manager, MAV Insurance
- Kristine Minghella, Insurance Counsel
- Ivan Ciardullo, Claims Consultant
- Lola Ollington, Board Secretariat

Service Providers

- JLT Risk Solutions Pty Ltd
- Taylor Fry Pty Ltd, Actuary
- Frontier Advisors, Investment Adviser
- Kapstream Capital Pty Ltd, Investment Manager
- Blackrock, Investment Manager
- VAGO, Auditor
- National Australia Bank, Asset Servicing, Custodian Services

Legal Panel

- Minter Ellison
- DLA Piper
- Moray & Agnew
- Gilchrist Connell (Victoria)
- Barry Nilsson (Tasmania)

MAV WorkCare

The MAV WorkCare local government workers' compensation self-insurance scheme was approved by WorkSafe Victoria on 3 May 2017.

In October 2017, the MAV Board appointed a WorkCare Board to oversee the operations of the Scheme in line with Participation Agreement requirements.

The last day the Scheme operated was 30 June 2021 with the Scheme now deemed a Ceased Self-Insurer Scheme until 30 June 2027.

2022-23 Overview

The MAV transferred all claims liabilities to WorkSafe effective from 1 July 2021 following WorkSafe Victoria's decision to not grant a licence renewal.

The MAV maintained compliance with the requirements of the ceased self-insurer provisions of the *Workplace Injury Rehabilitation and Compensation Act*.

In addition, the MAV reviewed the first annual actuarial report produced by WorkSafe on the ceased scheme's outstanding claims liabilities and provided a member-forum on the key trends arising out of the review.

MAV has also worked with WorkSafe and members to achieve access to the updated claims data for the scheme to better inform members of their own performance and to achieve better claims outcomes thereby reducing the risk of any future financial deficiency in the scheme.

Board Meeting Attendance

	Sep	Oct	Dec	Feb	May
Marilyn Duncan (Chair)	✓	✓	✓	✓	✓
Cr David Clark (President)	✓	✓	✓	✓	✓
Janet Dore	✓	✓	✓	✓	✓
Troy Edwards (A/CEO)	n/a	n/a	n/a	n/a	✓
Cr Stuart James	n/a	n/a	n/a	n/a	✓
Cr Tom Melican	✓	✓	✓	✓	n/a
Bradley Thomas	n/a	n/a	n/a	✓	✓
Kerry Thompson (CEO)	✓	✓	✓	✓	n/a

Board Sitting Fees

Independent Board members receive a sitting fee. In 2022-23, the annual sitting fee was:

- Chair — \$25,000
- Independent Board Member — \$15,000

Executive Team

- Troy Edwards, Acting Chief Executive Officer
- Owen Harvey-Beavis, MAV General Manager, Insurance
- Anthony DeJong Chief, Financial Officer



Financial Report 2022-2023

Components of the financial report

The financial report contains three main sections:

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

The financial statements consist of four main statements – Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

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

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

Guide to the Financial Statements

1. Statement of Comprehensive Income

The Statement of Comprehensive Income shows:

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

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

2. Statement of Financial Position

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

The components of the Statement of Financial Position are:

2.1 Current and non-current assets

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

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

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

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

2.2 Current and non-current liabilities

Bank overdraft indicates the amount the Association owes its bankers on its daily operating account. Payables are monies owed by the Association to its suppliers as at 30 June. Premiums in advance are insurance premiums relating to the next financial year billed to members of the insurance fund before 30 June.

Provision for employee entitlements is the accounting term for annual leave, long service leave and retirement gratuities owed to staff. Provision for claims outstanding represents insurance claims reported by members, together with an estimate of claims incurred but not yet reported, including an estimate of the costs of settlement for these claims.

2.3 Net assets

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

3. Statement of cash flows

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

3.1 Cash flows from operating activities

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

3.2 Cash flows from investing activities

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

4. Notes to the financial statements

To enable the reader to understand the basis on which the values shown in the statements are established, it is necessary to provide details of the Association's accounting policies. These are described in note 2.

Apart from the accounting policies, the notes also give details behind many of the summary figures contained in the statements.

The note numbers are shown beside the relevant items in the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position.

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

Statement by directors

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

Independent audit report

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



Independent Auditor's Report

To the Directors of Municipal Association of Victoria

Opinion I have audited the combined financial report of Municipal Association of Victoria (the association) and its controlled entities (together the combined entity), which comprises the:

- combined entity and association statement of financial position as at 30 June 2023
- combined entity and association statement of comprehensive income for the year then ended
- combined entity and association statement of changes in equity for the year then ended
- combined entity and association statement of cash flows for the year then ended
- notes to the financial statements, including significant accounting policies
- statement by directors.

In my opinion, the financial report presents fairly, in all material respects, the financial positions of the combined entity and the association as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the association and the combined entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Directors' responsibilities for the financial report The Director's of the association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the association's and combined entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's and the combined entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's and the combined entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the association and the combined entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the association and the combined entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the association and the combined entity. I remain solely responsible for my audit opinion.

Auditor's responsibilities for the audit of the financial report I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
12 October 2023



Travis Derricott
as delegate for the Auditor-General of Victoria

MUNICIPAL ASSOCIATION OF VICTORIA

STATEMENT BY DIRECTORS

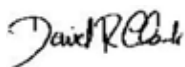
as at 30 June 2023

In the opinion of directors of the Municipal Association of Victoria

- (a) the accompanying combined Statement of Comprehensive Income drawn up so as to present fairly in all material respects the result of the association for the year ended 30 June 2023
- (b) the accompanying combined Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of the association as at that date;
- (c) at the date of this statement there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due;
- (d) the accompanying Combined Financial Statements present fairly in all material respects the state of affairs of the association as at that date;
- (e) the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

The financial statements and combined financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Signed in accordance with the resolution of directors.



Cr. David Clark
President



Cr. Jennifer Anderson
Director



Kelly Grigsby
Chief Executive Officer

Melbourne
6/10/2023

OTHER INFORMATION

Legal form:

The MAV is an association incorporated by the *Municipal Association Act 1907*.

Domicile:

Melbourne, Australia

Address of registered office and principal place of business:

Level 5, 1 Nicholson Street, East Melbourne, 3002, Victoria, Australia

Nature of the operation and principal activities:

The MAV represents, promotes and supports the interest of Victorian local governments and their communities.

Combined Statement of Comprehensive Income

for the year ended 30 June 2023

	NOTE	COMBINED		MAV - GENERAL FUND	
		2023 \$	2022 \$	2023 \$	2022 \$
REVENUE	C	98,261,606	93,219,428	17,615,645	15,548,007
		98,261,606	93,219,428	17,615,645	15,548,007
EXPENSES	D	98,448,724	92,179,447	17,015,353	17,270,878
NET SURPLUS(DEFICIT)	B	(187,118)	1,039,981	600,292	(1,722,871)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(187,118)	1,039,981	600,292	(1,722,871)

The accompanying notes form an integral part of these statements.

Combined Statement of Financial Position

as at 30 June 2023

	NOTE	COMBINED		MAV - GENERAL FUND	
		2023 \$	2022 \$	2023 \$	2022 \$
CURRENT ASSETS					
Cash and cash equivalents	G1	12,234,876	20,021,558	6,472,276	11,067,387
Investments	E1	42,030,524	9,686,705	4,329,722	38,684
Trade and other receivables	F1	89,631,581	81,366,781	3,564,706	3,140,947
Right of use assets	G2	457,017	504,721	457,017	504,721
Prepayments		278,106	388,021	274,356	388,021
TOTAL CURRENT ASSETS		144,632,104	111,967,786	15,098,077	15,139,760
NON-CURRENT ASSETS					
Trade and other receivables	F1	120,968,648	116,177,092	-	-
Property and equipment	E2	173,290	243,150	173,290	243,150
Right of use assets	G2	3,906,607	21,962	3,906,607	21,962
Intangibles	E3	71,212	124,169	71,212	124,169
TOTAL NON-CURRENT ASSETS		125,119,757	116,566,373	4,151,109	389,281
TOTAL ASSETS		269,751,861	228,534,159	19,249,186	15,529,041
CURRENT LIABILITIES					
Trade and other payables	F3	9,979,551	9,764,152	999,563	926,797
Premiums and Income in advance	F2	57,740,547	52,752,027	6,097,230	7,152,988
Provision for employee entitlements	F4	1,461,217	1,174,126	1,461,217	1,174,126
Provision for claims outstanding	F5, F6, F7	28,187,984	24,170,824	-	-
Lease liabilities	G2	347,172	578,004	347,172	578,004
Provision for make good		-	195,000	-	195,000
Provision for ceased self insurer members	J5	462,400	541,139	-	-
Other current liabilities		500,734	664,039	500,734	664,039
TOTAL CURRENT LIABILITIES		98,679,605	89,839,311	9,405,916	10,690,954
NON-CURRENT LIABILITIES					
Provision for employee entitlements	F4	76,521	66,411	76,521	66,411
Provision for claims outstanding	F5, F6, F7	155,913,054	127,341,416	-	-
Lease liabilities	G2	4,417,210	22,429	4,417,210	22,429
Provision for ceased self insurer members	J5	1,226,709	1,638,712	-	-
TOTAL NON-CURRENT LIABILITIES		161,633,494	129,068,968	4,493,731	88,840
TOTAL LIABILITIES		260,313,099	218,908,279	13,899,647	10,779,794
NET ASSETS (LIABILITY)		9,438,762	9,625,880	5,349,539	4,749,247
EQUITY / (DEFICIENCY)		9,438,762	9,625,880	5,349,539	4,749,247

The accompanying notes form an integral part of these statements.

Combined Statement of Changes in Equity

for the year ended 30 June 2023

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
RETAINED EARNINGS				
Balance at beginning of year	9,625,880	8,585,899	4,749,247	6,472,118
Surplus/(deficit) from ordinary activities	(187,118)	1,039,981	600,292	(1,722,871)
BALANCE AT END OF YEAR	9,438,762	9,625,880	5,349,539	4,749,247

Combined Statement of Cash Flows

for the year ended 30 June 2023

	NOTE	COMBINED		MAV - GENERAL FUND	
		2023 \$	2022 \$	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES					
RECEIPTS					
Premiums, subscriptions, grants and fees		67,985,289	86,776,722	21,438,306	25,567,525
Interest and investment gain (loss)		765,720	43,943	256,364	10,521
Reinsurance and other recoveries		27,867,106	18,221,352	-	-
PAYMENTS					
Suppliers		(40,748,451)	(134,854,642)	(21,027,113)	(18,314,883)
Claim payments		(30,821,645)	(19,597,568)	-	-
Interest on lease		(212,262)	(55,384)	(212,260)	(55,384)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	G1(b)	24,835,757	(49,465,577)	455,297	7,207,779
CASH FLOW FROM INVESTING ACTIVITIES					
Net Proceeds from redemption (application of investments)		(31,607,892)	(2,788,684)	(4,035,861)	(38,684)
Proceeds from sale of fixed assets		17,024	89,607	17,024	77,595
Payments for fixed assets and intangibles		(184,581)	(173,478)	(184,581)	(173,478)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(31,775,449)	(2,872,555)	(4,203,418)	(134,567)
CASH FLOW FROM FINANCING ACTIVITIES					
Repayment of lease liabilities		(846,990)	(1,056,148)	(846,990)	(1,056,148)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(846,990)	(1,056,148)	(846,990)	(1,056,148)
NET (DECREASE)/INCREASE IN CASH HELD		(7,786,682)	(53,394,280)	(4,595,111)	6,017,064
Cash at beginning of year		20,021,558	73,415,838	11,067,387	5,050,323
CASH AT END OF YEAR	G1(a)	12,234,876	20,021,558	6,472,276	11,067,387

The accompanying notes form an integral part of these statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

NOTE A: CORPORATE INFORMATION

Structure:

- A1 Corporate information
- A2 Basis of preparation
- A3 Statement of compliance
- A4 Principles of the combined entity

A1 CORPORATE INFORMATION

The combined financial report of Municipal Association of Victoria (MAV) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on the date shown on the attached Statement by Directors.

The MAV is an Association incorporated by an Act of the Parliament of Victoria, Australia, known as the *Municipal Association Act 1907*.

The nature of the operations and principal activities of MAV are:

- to promote the efficient carrying out of municipal government throughout the state of Victoria and watch over and protect the interests, rights and privileges of municipal corporations
- to arrange contracts of insurance
- to arrange fidelity insurance for local government - MAV Insurance
- to provide a public liability insurance scheme for local government - MAV Insurance
- to provide a workers' compensation self-insurance scheme for local government - MAV WorkCare (see note below)

The nature of the operations and principal activities of MAV WorkCare was the provision of workers' compensation insurance for its members and other Local Government Authorities. The MAV is specifically named in the *Workplace Injury Rehabilitation and Compensation Act 2013* (Vic) (WIRC Act) as an entity that could hold a self-insurance licence for the benefit of its members. This division commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. From 1 July 2021 the MAV was a ceased self-insurer with ongoing requirements to 30 June 2027.

A2 BASIS OF PREPARATION

The financial report is a general purpose financial report which has been drawn up in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, and having regard to the financial reporting requirements of the *Financial Management Act 1994*. The report has been prepared on a going concern basis.

The principal accounting policies adopted in preparing the financial report are stated to assist in a general understanding of the financial report. Accounting policies have been consistently applied unless otherwise indicated.

The financial report is presented in Australian dollars. The MAV is a not for profit entity.

The financial statements have been prepared on the accrued basis using the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

A3 STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB).

Notes to and forming part of the financial statements (continued)

A4 PRINCIPLES OF THE COMBINED ENTITY

The financial report comprises the economic entity of the MAV and its controlled entities the Local Government Mutual Liability Insurance Scheme (trading as Liability Mutual Insurance - LMI) and the Commercial Crime Fund (CCF), referred to jointly as MAV Insurance, and the MAV WorkCare Self-Insurance Mutual Scheme (Commenced 1 November 2017 and last day of operation was 30 June 2021), referred to as MAV WorkCare.

A controlled entity is any entity controlled by MAV (Incorporated under the *Municipal Association Act 1907*). Control exists where MAV has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with MAV to achieve the objectives of MAV.

The effects of all transactions between entities in the combined entity have been eliminated.

The financial statements of all the divisions, including MAV Insurance, and MAV WorkCare are prepared for the same reporting period as the MAV, using consistent accounting policies.

All interdivisional balances and transactions, including unrealised profits arising from intra-divisional transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

The equity in the insurance businesses of MAV Insurance and MAV WorkCare represent the assets of the members of each of the insurance mutual Schemes and are not available to the members of the MAV.

NOTE B: CONTRIBUTION TO OPERATING SURPLUS

		COMBINED	
	NOTE	2023 \$	2022 \$
B CONTRIBUTION TO OPERATING SURPLUS			
CONTRIBUTIONS FROM INSURANCE & WORKCARE ACTIVITIES			
Premium income		45,175,807	42,638,231
Reinsurance expense	D	(11,070,792)	(25,268,298)
NET PREMIUM INCOME		34,105,015	17,369,933
Claims expense	D1	(63,417,337)	(42,037,887)
Reinsurance and other recoveries	C	35,043,783	36,035,077
NET CLAIMS EXPENSE	F5	(28,373,554)	(6,002,810)
NET UNDERWRITING RESULT		5,731,461	11,367,123
Fees		(568,486)	(933,526)
Investment income		994,857	(68,361)
Administration and general expenses		(6,945,242)	(7,602,384)
INSURANCE ACTIVITY OPERATING SURPLUS		(787,410)	2,762,852
MAV SURPLUS (DEFICIT)		600,292	(1,722,871)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		(187,118)	1,039,981

NOTE C: FUNDING THE DELIVERY OF OUR SERVICES

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
C1 REVENUE				
REVENUES FROM OPERATING ACTIVITY				
Subscriptions/premiums	48,803,421	46,171,015	3,627,614	3,532,784
Reinsurance and other recoveries	35,043,783	36,035,077	-	-
Brokerage fees	1,732,919	1,614,447	1,732,919	1,614,447
Management fee income	602,712	712,423	1,171,198	1,645,949
Reimbursement of office fit-out	121,872	-	121,872	-
Seminars and sale of publications	1,738,913	515,015	1,738,913	515,015
Sponsorship, membership and tender income	5,016,464	4,025,675	5,016,464	4,025,675
Grant income	3,913,719	4,149,827	3,913,719	4,149,827
Investment income (loss)	1,270,779	(56,228)	275,922	12,133
TOTAL REVENUE FROM OPERATING ACTIVITIES	98,244,582	93,167,251	17,598,621	15,495,830
REVENUES FROM NON-OPERATING ACTIVITIES				
Gain on disposal of non-current assets	17,024	52,177	17,024	52,177
TOTAL REVENUE FROM OUTSIDE THE OPERATING ACTIVITIES	17,024	52,177	17,024	52,177
TOTAL REVENUE	98,261,606	93,219,428	17,615,645	15,548,007

Grant and Project revenue - Grant and Project income is recognised at the point, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

Subscriptions - Subscriptions are recognised on an accrual basis.

Sponsorship, management and rental income - Income is recognised on an accrual basis.

Brokerage Income - Income comprises amounts received from third parties for the placement of insurance for members. The MAV signed the "General Insurance Agreement" (the Agreement) dated 30 June 2016 with Jardine Lloyd Thompson (JLT). The agreement is a replacement of the agreement dated 17 July 1987 (Existing Agreement). For the 15 year term of the Agreement, the MAV agrees to not directly or indirectly provide insurance broking services to local government bodies in Victoria or to persons who are associated with or employed by local government bodies. The agreement provides that JLT pay an annual licence fee to the MAV consistent with the Existing Agreement. The annual licence fee received by the MAV for the year ended 30 June 2023 was \$1.732 million (2022 \$1.614m).

Investment Income - Investment income consists of interest which is recognised on a time-proportionate basis that takes into account the effective interest rate on the financial asset and movements in unit values in cash and fixed interest funds which are carried at fair value through the Statement of Comprehensive Income.

Management Fee Income - Management fees are received for managing grants, projects, MAV Insurance and MAV WorkCare activities.

Special Purpose Vehicle Income (part of management fee income). In October 2014, the MAV established a special purpose vehicle, Local Government Funding Vehicle (LGFV), to facilitate the issuing of debt instruments for and on behalf of its members. The MAV considers itself the sponsor of this SPV as it was involved in establishment of the pooled borrowing vehicle. The LGFV is designed to aggregate a portfolio of non-amortising fixed rate council loans and issue loan backed bonds with matching maturities arranged by financial institutions. Upon establishment of each Bond Issuance, the MAV incurs costs professional advice in connection with the transaction. These costs are recovered from the SPV so that that MAV bears no net costs. The MAV is also entitled to earn a fixed fee of up to \$24,000 per annum for the management of the SPV. The MAV has no interest in the SPV at the reporting date, nor has it transferred any assets to the SPV during the reporting period. In the event of a default by participating councils, the MAV is not exposed to any loss. The Directors have determined that the MAV does not have control over the SPV under IFRS 10 Consolidated Financial Statements, and as such, the assets and liabilities of the SPV are not included in the financial statements of the MAV.

Notes to and forming part of the financial statements (continued)

Insurance Reinsurance and other recoveries receivable on paid insurance claims, reported claims not paid, claims incurred but not reported and unexpired risk liabilities are recognised as revenue. Recoveries are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured at the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

Insurance Premiums - recognised in the period the fund is at risk. Premiums comprise amounts charged to members of the Schemes for policy cover and net of amounts returned to members as surplus distributions. The earned portion of premiums received is recognised as revenue. Premiums are treated as earned prorata from date of attachment of risk. The pattern of recognition over the policy is based on time, which is considered to closely approximate the pattern of risks undertaken.

NOTE D: COST OF DELIVERING OUR SERVICES

Structure:

D1 Claims Expenses

D2 Employee Benefits

D3 Scheme Management fees

	NOTE	COMBINED		MAV - GENERAL FUND	
		2023 \$	2022 \$	2023 \$	2022 \$
D EXPENSES					
The following items have been recognised in the operating surplus:					
Reinsurance expense	D1	11,070,792	25,268,298	-	-
Claims expense	D1	63,417,337	42,037,887	-	-
Scheme management fee	D3	2,662,057	3,851,952	-	-
Administration		3,640,096	2,457,698	2,395,320	1,898,695
Expenses related to office fitout		121,872	-	121,872	-
ALGA membership		538,337	521,649	538,337	521,649
Amortisation of website and educational programs		146,326	147,340	146,326	147,340
Audit fees	H3	205,001	366,473	30,001	66,270
Board of management expenses		300,535	328,474	210,332	215,626
Depreciation of furniture and equipment	E2	8,567	16,827	8,567	16,827
Depreciation of motor vehicles	E2	22,459	32,572	22,459	31,346
Depreciation of information technology equipment	E2	91,970	109,201	91,970	109,006
Depreciation of leasehold improvements	E2	2,050	2,050	2,050	2,050
Grants and project		3,050,303	4,271,771	3,050,303	3,688,609
Actuarial fees		140,750	106,631	-	-
Meetings and seminars		1,434,857	141,327	1,434,857	141,327
Movement in make good provision		(195,000)	195,000	(195,000)	195,000
MAV contribution to MAV Workcare wind-down		-	1,260,000	-	1,260,000
Amortisation of leases	G2	961,738	987,891	961,738	987,891
Finance costs - leases	G2	212,259	55,384	212,259	55,384
Movement in ceased self insurer provision	J5	-	8,467	-	-
Expense incurred from prior year ceased self insurer provision	J5	(493,191)	(945,944)	-	-
Employee Benefits	D2	7,983,962	8,048,254	7,983,962	7,933,858
Stamp duty		3,125,646	2,910,245	-	-
TOTAL EXPENDITURE		98,448,724	92,179,447	17,015,353	17,270,878

Notes to and forming part of the financial statements (continued)

COMBINED

	NOTE	2023 \$	2022 \$
D1 CLAIMS EXPENSES			
Paid		30,828,540	19,627,971
Outstanding claims at end of financial year	F5	184,101,038	280,614,566
Less: Outstanding claims at beginning of financial year		(151,512,241)	(129,102,325)
TOTAL CLAIMS EXPENSES	D	63,417,337	42,037,887

WorkCare's closing balance does not roll forward to the opening balance due to the wind-down of the WorkCare scheme.

Claims - MAV Insurance

Claims-incurred expense and liability for outstanding claims are recognised in respect of direct business. The liability covers claims incurred but not yet paid, incurred but not yet reported claims, and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claim files and estimating claims not notified and settlement costs using statistical and actuarial techniques. The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and "superimposed inflation". Advice from the MAV's actuary has estimated superimposed inflation to be 1.75% per annum (2022 1.75%) for personal injury non-large claims and the discount rate at 4.01% (2022 3.35%).

Superimposed inflation refers to factors such as trends in court awards, for example increases in the level and period of compensation for injury. The expected future payments are then discounted to a present value at the reporting date using discount rates based on the investment opportunities available to the organisation on the amounts of funds sufficient to meet claims as they became payable. Details are disclosed in note 17.

The MAV has purchased retrospective insurance cover on the net amount of all claims incurred up to 30 June 2018.

Claims - MAV WorkCare

Claims-incurred expense and liability for outstanding claims are recognised in respect of direct business at 30 June 2021 (the last day the scheme operated). The liability covers claims incurred but not yet paid, incurred but not yet reported claims, and the anticipated direct and indirect costs of settling those claims. Claims outstanding were assessed by reviewing individual claim files and estimating claims not notified and settlement costs using statistical and actuarial techniques. The liability for outstanding claims was measured as the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The expected future payments were estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and "superimposed inflation". Advice from the MAV's actuary had estimated superimposed inflation to be 1.90% per annum at 30 June 2021 and the discount rate used to value claims liabilities for the 2021 financial year was 1.50%.

Superimposed inflation refers to factors such as trends in court awards, for example increases in the level and period of compensation for injury. The expected future payments are then discounted to a present value at the reporting date using discount rates based on the investment opportunities available to the organisation on the amounts of funds sufficient to meet claims as they became payable. Details of rates applied are disclosed in note 17.

Reinsurance expense

Reinsurance expense relates to insurance premiums paid to reinsurers in accordance with the established reinsurance strategy of the entity and in order to protect the insurance businesses from catastrophic and unforeseen claims.

Notes to and forming part of the financial statements (continued)

	NOTE	COMBINED		MAV - GENERAL FUND	
		2023 \$	2022 \$	2023 \$	2022 \$
D2 EMPLOYEE BENEFITS					
Wages and Superannuation		7,686,761	7,907,801	7,686,761	7,724,469
Movement in leave balances	F4	297,201	140,453	297,201	209,389
TOTAL EMPLOYEE BENEFITS	D	7,983,962	8,048,254	7,983,962	7,933,858

D2.1 Superannuation Contributions

The amount charged to the Statement of Comprehensive Income in respect of superannuation represents contributions made or due by the MAV to the relevant superannuation plans in respect to the services of the MAV's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the MAV is required to comply with.

The MAV makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the MAV and the MAV's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in the Statement of Comprehensive Income when they are made or due. The amount of superannuation contributions paid by the MAV to the accumulation and defined benefit Fund during the reporting period was \$778,569 (2022 \$652,677).

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% required under the Superannuation Guarantee Legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrued to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit

As provided under Paragraph 34 of AASB 119, the MAV does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan. As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the MAV in the Fund cannot be measured as a percentage compared with other participating employers. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Notes to and forming part of the financial statements (continued)

Funding arrangements

The MAV makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components:

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners
2. Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise
3. Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments. The MAV is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above. Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Employer contributions

Regular Contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2023, the MAV makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries. This rate is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, the MAV reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Funding calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits.

There may be circumstances where:

- (a) a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- (b) a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97% VBI.

The full actuarial investigation of the Fund's liability for accrued benefits was based on the Fund's position as at 30 June 2023.

This actuarial investigation was completed in September 2023 and confirmed that the Fund's Vested Benefits Index (VBI) was greater than 100% and as a consequence no call on member assets was required.

		COMBINED	
	NOTE	2023 \$	2022 \$
D3 SCHEME MANAGEMENT FEES			
Scheme management fees are paid to the scheme manager for:			
Reinsurance placement, risk management and administration- MAV Insurance		2,083,634	3,016,831
Claims management - MAV Insurance		578,423	835,121
TOTAL SCHEME MANAGEMENT FEES	D	2,662,057	3,851,952

Notes to and forming part of the financial statements (continued)

NOTE E: ASSETS WE MANAGE

Structure

E1 Investments

E2 Property and Equipment

E3. Intangible Assets

	NOTE	COMBINED		MAV - GENERAL FUND	
		2023 \$	2022 \$	2023 \$	2022 \$
E1 INVESTMENTS					
Cash and cash equivalents	G1	12,234,876	20,021,558	6,472,276	11,067,387
Investments		42,030,524	9,686,705	4,329,722	38,684
TOTAL EXPENDITURE		54,265,400	29,708,263	10,801,998	11,106,071

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Investments are valued at fair value at balance date. Investment income includes interest received and receivable on investments and changes in fair values of investments in cash and fixed interest funds.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the MAV determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The MAV does not have any level 3 financial assets.

Investments are holdings in managed investment funds that are not traded in a market considered active. The fair value of these assets is regularly revalued by the Investment Manager based on observable inputs or derivable from observable inputs. These are considered level 2 financial assets. The carrying amounts of financial assets and financial liabilities represent their approximate net fair value. All maturity dates are within twelve months.

For the purpose of fair value disclosures, the MAV has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

	Level 1	Level 2	Level 3	Total
2023				
Investments	-	42,030,524	-	42,030,524
Total	-	42,030,524	-	42,030,524
2022				
Investments	-	9,686,705	-	9,686,705
Total	-	9,686,705	-	9,686,705

Notes to and forming part of the financial statements (continued)

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
E2 PROPERTY AND EQUIPMENT				
Leasehold Improvements - at cost	715,775	727,526	715,775	727,526
Less accumulated depreciation	(715,775)	(722,506)	(715,775)	(722,506)
	-	5,020	-	5,020
Furniture and Equipment - at cost	522,214	932,159	522,214	932,159
Less accumulated depreciation	(503,580)	(924,078)	(503,580)	(924,078)
	18,634	8,081	18,634	8,081
Motor vehicles - at cost	161,844	193,286	161,844	193,286
Less accumulated depreciation	(110,242)	(109,792)	(110,242)	(109,792)
	51,602	83,494	51,602	83,494
Information technology equipment- at cost	360,543	1,323,196	355,892	1,318,545
Less accumulated depreciation	(257,488)	(1,176,641)	(252,837)	(1,171,990)
	103,055	146,555	103,055	146,555
TOTAL PROPERTY AND EQUIPMENT	173,291	243,150	173,291	243,150

Property, equipment, leasehold improvements and motor vehicles are carried at cost less, where applicable, accumulated depreciation. On disposal the difference between the sales proceeds and the carrying amount of the asset is recognised as a gain or loss.

The depreciable amount of all fixed assets are depreciated/amortised on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The following depreciation and amortisation rates are in use:	Annual Rate
Leasehold Improvements at cost	10%
Furniture and Equipment at cost	20% - 33%
Motor Vehicles at cost	20%
Information Technology Equipment at cost	33%

Notes to and forming part of the financial statements (continued)

E2.1 Reconciliations of the carrying amounts of property and equipment at the beginning and end of the financial year.

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
LEASEHOLD IMPROVEMENTS				
Movements during the year				
Beginning of year	5,020	7,070	5,020	7,070
Additions	-	-	-	-
Disposals	(2,970)	-	(2,970)	-
Depreciation	(2,050)	(2,050)	(2,050)	(2,050)
End of year	-	5,020	-	5,020
FURNITURE AND EQUIPMENT				
Movements during the year				
Beginning of year	8,081	22,671	8,081	22,671
Additions	29,020	2,237	29,020	2,237
Disposals	-	-	(9,900)	-
Depreciation	(8,567)	(16,827)	(8,567)	(16,827)
End of year	28,534	8,081	18,634	8,081
MOTOR VEHICLES				
Movements during the year				
Beginning of year	83,494	54,884	83,494	43,241
Additions	-	98,989	-	98,989
Disposals	(9,433)	(37,807)	(9,433)	(27,390)
Depreciation	(22,459)	(32,572)	(22,459)	(31,346)
End of year	51,602	83,494	51,602	83,494
INFORMATION TECHNOLOGY EQUIPMENT				
Movements during the year				
Beginning of year	146,555	215,262	146,555	213,472
Additions	50,385	42,484	50,385	42,484
Disposals	(1,916)	(1,990)	(1,916)	(395)
Depreciation	(91,970)	(109,201)	(91,970)	(109,006)
End of year	103,054	146,555	103,054	146,555

Notes to and forming part of the financial statements (continued)

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
E3 INTANGIBLE ASSETS				
Website, Licences and Educational Programs	473,797	1,213,522	473,797	1,213,522
Less accumulated amortisation	(402,585)	(1,089,353)	(402,585)	(1,089,353)
	71,212	124,169	71,212	124,169
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the financial year:				
INTANGIBLE ASSETS				
Movement during the year	124,169	232,483	124,169	232,483
Beginning of year	44,325	39,026	44,325	39,026
Additions	-	-	-	-
Disposals	(97,282)	(147,340)	(97,282)	(147,340)
Amortisation				
End of year	71,212	124,169	71,212	124,169

The website and educational programs are treated as intangible assets with a finite life and is amortised over the useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in the accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category "Amortisation". The MAV does not have any intangible assets with indefinite useful lives. The rates in use are 20% per annum for 2023 (2022=20%).

Notes to and forming part of the financial statements (continued)

NOTE F: OTHER ASSETS AND LIABILITIES

Structure

- F1 Receivables
- F2 Premiums and Income in Advance
- F3 Payables
- F4 Provisions for Employee Entitlements
- F5 Insurance Provisions

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
F1 RECEIVABLES				
Future reinsurance and other recoveries receivable	174,088,523	159,475,116	-	-
Discount to present value	(24,993,073)	(17,556,343)	-	-
	149,095,450	141,918,773	-	-
Impairment of reinsurance recoveries	-	-	-	-
Premiums receivable	56,496,687	50,158,944	-	-
Other receivables	5,008,092	5,511,894	3,564,706	3,186,684
Impairment of receivables	-	(45,737)	-	(45,737)
TOTAL RECEIVABLES	210,600,229	197,543,874	3,564,706	3,140,947
Represented By:				
Current	89,631,581	81,366,781	3,564,706	3,140,947
Non-current	120,968,648	116,177,093	-	-
TOTAL	210,600,229	197,543,874	3,564,706	3,140,947

The ageing analysis of trade receivables excluding future reinsurance and other recoveries receivable are as follows:

2023	Total	<30 days	31 - 60 days	61 - 90 days	>90 days
Combined	61,504,779	60,085,471	-	309	1,418,999
MAV General Fund	3,564,706	3,564,706	-	-	-

2022	Total	<30 days	31 - 60 days	61 - 90 days	>90 days
Combined	55,670,838	54,985,638	-	-	685,200
MAV General Fund	3,140,947	3,140,947	-	-	-

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the MAV will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts, other than outstanding reinsurance recoveries, more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to and forming part of the financial statements (continued)

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
F2 PREMIUMS AND INCOME IN ADVANCE				
Contributions/Memberships/Grants billed in advance	57,740,547	52,752,027	6,097,230	7,152,988

Contributions/Memberships have increased due to increased memberships and higher contributions.

During the month of June each year, the Schemes issue premium notices to Scheme Members. The risk attaches to the premiums in the next accounting period and accordingly the revenue is recognised each following year commencing 1 July. Prior to each balance date members have committed to participate in either the Schemes or the Fund for the ensuing year and accordingly the premiums are disclosed in the Statement of Financial Position as "premiums receivable" with an offsetting liability described as "premiums in advance".

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
F3 PAYABLES				
Represented By:				
Current	9,979,551	9,764,152	999,563	926,797
Non-current	-	-	-	-

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the MAV prior to the end of the financial year that are unpaid and arise when the MAV becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
F4 PROVISIONS FOR EMPLOYEE ENTITLEMENTS				
The aggregate amount of employee entitlement liability is comprised of:				
Annual leave provisions (current)	726,377	494,769	726,377	494,769
Long service leave provisions (current)	734,840	679,357	734,840	679,357
TOTAL CURRENT EMPLOYEE ENTITLEMENTS	1,461,217	1,174,126	1,461,217	1,174,126
Annual leave provisions (non-current)	-	-	-	-
Long service leave provisions (non-current)	76,521	66,411	76,521	66,411
TOTAL NON-CURRENT EMPLOYEE ENTITLEMENTS	76,521	66,411	76,521	66,411
TOTAL EMPLOYEE ENTITLEMENTS	1,537,738	1,240,537	1,537,738	1,240,537

Notes to and forming part of the financial statements (continued)

Reconciliation of the carrying amounts of provision for employee entitlements at the beginning and end of the financial year

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
EMPLOYEE ENTITLEMENTS				
Movement during the year				
Balance at beginning of year	1,240,537	1,100,084	1,240,537	1,031,148
Entitlements paid	(454,382)	(406,947)	(454,382)	(406,947)
Increase in provision	751,583	547,400	751,583	616,336
BALANCE AT END OF YEAR	1,537,738	1,240,537	1,537,738	1,240,537

The liabilities arising in respect of employee entitlements are measured at their nominal amounts: wages and salaries, annual leave and sick leave regardless of whether they are expected to be settled within twelve months of balance date. Other employee entitlements are expected to be settled within twelve months of balance date.

All other employee entitlements, including long service leave, are measured at the present value of the estimated future cash outflows in respect of services provided up to balance date. Liabilities are determined after taking into consideration estimated future increase in wages and salaries and past experience regarding staff leave. Related oncosts are included.

Contributions made to an employee superannuation fund are charged as expenses when incurred.

F5 MAV INSURANCE PROVISIONS

	COMBINED	
	2023 \$	2022 \$
F5.1 OUTSTANDING CLAIMS		
Central Estimate	214,846,926	169,499,128
Discount to present value	(33,660,381)	(20,465,901)
Excesses and recoveries	2,066,694	1,649,863
	183,253,239	150,683,090
Claims handling costs	847,799	829,151
Risk margin	-	-
TOTAL OUTSTANDING CLAIMS	184,101,038	151,512,241
Comprising:		
Current	28,187,984	24,170,825
Non-current	155,913,054	127,341,416
TOTAL CLAIMS PROVISION	184,101,038	151,512,241

As at 30 June 2023, the MAV Insurance Board determined that the outstanding claims liability is to be held at the 50% probability of sufficiency on the basis of the non-discretionary mutual structure of LMI. As a result, a 0% risk margin was applied to the central estimate (2022 0%) to achieve the desired level of sufficiency.

Notes to and forming part of the financial statements (continued)

F51.1 Reconciliation of movement in discounted outstanding claims liability

	2023			2022		
	Gross \$	Reinsurance \$	Net \$	Gross \$	Reinsurance \$	Net \$
Outstanding claims brought forward	151,512,241	141,918,773	9,593,468	129,102,325	124,105,048	4,997,277
Changes in assumptions	(1,151,028)	(1,041,375)	(109,653)	(6,129,330)	(5,273,101)	(856,229)
Increase in claims incurred/ recoveries anticipated	64,568,364	36,085,158	28,483,206	48,167,217	41,308,178	6,859,039
Incurred claims recognised in Statement of Comprehensive Income	63,417,337	35,043,783	28,373,553	171,140,212	160,140,125	11,000,087
Claim payments/recoveries during the year	(30,828,540)	(18,221,352)	(1,406,619)	(19,627,971)	(18,221,352)	(1,406,619)
Outstanding claims carried forward	184,101,038	149,095,450	35,005,588	151,512,241	141,918,773	9,593,468
Debtor excesses and reinsurance recoveries on paid claims	-	5,370,686	(5,370,686)	-	4,972,188	(4,972,188)
Total net outstanding claims	184,101,038	143,724,764	40,376,274	151,512,241	136,946,585	14,565,656

	2023			2022		
	Gross \$	Reinsurance \$	Net \$	Gross \$	Reinsurance \$	Net \$
F5.2 NET CLAIMS INCURRED						
MAV INSURANCE						
Gross claims and related expenses - undiscounted	47,214,337	28,980,649	76,194,987	42,079,323	14,272,649	56,351,972
Discount	(7,948,925)	(4,828,725)	(12,777,650)	(5,284,763)	(9,029,322)	(14,314,085)
Gross claims and related expenses – discounted	39,265,412	24,151,924	63,417,337	36,794,560	5,243,327	42,037,887
Reinsurance and other recoveries - undiscounted	(11,664,264)	(30,323,106)	(41,987,370)	(30,822,652)	(16,975,664)	(47,798,316)
Discount	(1,073,439)	8,017,025	6,943,587	456,603	11,306,637	11,763,239
Reinsurance and other recoveries – discounted	(12,737,703)	(22,306,081)	(35,043,783)	(30,366,049)	(5,669,027)	(36,035,077)
NET CLAIMS INCURRED	26,527,709	1,845,843	28,373,554	6,428,511	(425,700)	6,002,810

Notes to and forming part of the financial statements (continued)

F5.3 CLAIMS DEVELOPMENT TABLE

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
GROSS ESTIMATE OF ULTIMATE CLAIMS COST											
At end of accident year	22,191,872	22,465,862	22,303,614	20,097,434	21,743,945	22,793,891	24,705,870	30,720,155	41,062,929	46,469,895	
One year later	22,401,912	21,693,885	20,487,169	21,295,287	21,194,033	23,080,037	26,255,218	38,132,271	43,027,312		
Two years later	28,143,146	21,462,820	18,332,131	20,143,548	21,196,000	24,778,903	25,467,579	48,288,683			
Three years later	28,118,433	21,059,584	17,579,579	18,803,428	21,843,602	29,855,405	24,102,517				
Four years later	26,386,726	20,988,591	23,198,558	21,437,347	27,911,688	34,100,745					
Five years later	25,709,500	22,615,763	23,992,747	18,770,721	28,536,962						
Six years later	26,048,889	23,941,043	23,904,496	29,658,062							
Seven years later	25,845,811	24,599,167	24,038,941								
Eight years later	25,199,008	26,312,049									
Nine years later	24,960,459										
<i>Current estimate of</i>											
Cumulative claims cost	24,960,459	26,312,049	24,038,941	29,658,062	28,536,962	34,100,745	24,102,517	48,288,683	43,027,312	46,469,895	329,495,624
Cumulative payments	(23,159,483)	(21,415,871)	(18,973,361)	(14,238,914)	(13,935,884)	(11,451,180)	(8,154,798)	(4,352,543)	(1,885,323)	(286,418)	(117,853,774)
Outstanding claims - undiscounted	1,800,976	4,896,178	5,065,580	15,419,148	14,601,078	22,649,565	15,947,719	43,936,140	41,141,989	46,183,477	211,641,850
DISCOUNT											(31,229,506)
Claims Handling Expense											833,910
2018 and prior											2,854,784
TOTAL GROSS OUTSTANDING CLAIMS F1											184,101,038
NETT ESTIMATE OF ULTIMATE CLAIMS COST											
At end of accident year	4,602,870	12,238,620	3,710,694	3,367,525	35,959	1,278,911	3,851,527	4,763,923	6,002,562	30,630,162	
One year later	4,674,158	11,932,830	3,740,554	68,793	47,759	1,300,067	3,892,698	5,039,117	5,999,639		
Two years later	4,707,042	11,973,116	90,797	174,862	107,740	1,319,341	3,856,114	7,314,288			
Three years later	4,237,880	3,598,339	335,276	263,365	141,874	1,287,260	3,895,577				
Four years later	2,799,428	3,693,245	457,093	267,548	141,484	1,346,274					
Five years later	2,834,228	3,806,394	510,580	330,038	162,994						
Six years later	2,865,305	3,843,435	525,251	335,635							
Seven years later	2,873,721	3,850,230	525,635								
Eight years later	2,859,177	3,856,579									
Nine years later	2,879,177										
<i>Current estimate of</i>											
Cumulative claims cost	2,879,177	3,856,579	525,635	335,635.27	162,993.91	1,346,274	3,895,577	7,314,288	5,999,638.98	30,630,161.66	56,945,961
Cumulative payments	(2,885,835)	(4,128,472)	(686,915)	(513,648)	(813,253)	(2,058,053)	(2,180,539)	(1,645,989)	(839,215)	(236,690)	(15,988,611)
Outstanding claims - undiscounted	(6,658)	(271,893)	(161,280)	(178,013)	(650,259)	(711,779)	1,715,038	5,668,299	5,160,424	30,393,471	40,957,350
DISCOUNT											(6,600,615)
Claims Handling Expense											833,910
2018 and prior											(185,057)
Outstanding claims											35,005,588
Debtor Excesses and Reinsurance Recoveries on Paid Claims											5,370,686
TOTAL NET OUTSTANDING CLAIMS F2											40,376,274

These tables show the trend in the balance of outstanding claims.

Notes to and forming part of the financial statements (continued)

NOTE G: FINANCING OUR OPERATIONS

Structure

G1 Notes to statement of cash flows

G2 Leases

G1 NOTES TO STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents at balance date as shown in the Statement of Cash Flows are held in S & P rated AA- and A- cash deposits and reconciled to the related items in the Statement of Financial Position as follows:

	NOTE	COMBINED		MAV - GENERAL FUND	
		2023 \$	2022 \$	2023 \$	2022 \$
Cash and cash equivalents		12,234,876	20,021,558	6,472,276	11,067,387
TOTAL CASH AND CASH EQUIVALENTS	E1	12,234,876	20,021,558	6,472,276	11,067,387
(b) Reconciliation of Net Cash Used In Operating Activities to Operating Surplus (Deficit)					
Surplus (Deficit) for year		(187,118)	1,039,981	600,292	(1,722,871)
Depreciation		125,046	160,650	125,046	159,229
Amortisation - Including Leases		1,108,064	1,135,231	1,108,064	1,135,231
(Surplus)/deficit on disposal of assets		(17,024)	(52,177)	(17,024)	(52,177)
Unrealised gains on investments		(487,641)	99,679	-	-
Changes in assets and liabilities					
(Increase)/decrease in trade and other receivables		(13,056,356)	(1,735,616)	(423,759)	5,547,105
(Increase)/decrease in prepayments		109,915	(253,456)	113,665	(253,456)
Increase/(decrease) in trade and other payables		215,399	(1,121,522)	72,766	56,829
Increase/(decrease) in provision for employee entitlements		297,201	140,453	297,201	209,389
Increase/(decrease) in outstanding claims		32,588,798	(52,945,428)	-	-
Increase/(decrease) in premiums in advance		4,988,520	4,936,109	(1,055,758)	2,060,504
Increase/(decrease) in other liabilities		(849,047)	(869,481)	(365,196)	67,996
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES		24,835,757	(49,465,577)	455,297	7,207,779

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to and forming part of the financial statements (continued)

G2 LEASES

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
Right of Use Assets				
Balance at start	526,683	1,480,568	526,683	1,480,568
Additions	4,798,679	34,006	4,798,679	34,006
Amortisation Charge	(961,738)	(987,891)	(961,738)	(987,891)
Balance at End	4,363,624	526,683	4,363,624	526,683
Lease Liabilities				
Maturity analysis - contractual undiscounted cash flows				
Not later than one year	347,172	578,004	347,172	578,004
Later than one year but not later than five years	1,713,265	22,429	1,713,265	22,429
Later than five years	2,703,945	-	2,703,945	-
TOTAL Lease Liabilities (discounted)	4,764,382	600,433	4,764,382	600,433
Lease liabilities included in the Balance Sheet at 30 June:				
Current	347,172	578,004	347,172	578,004
Non-current	4,417,210	22,429	4,417,210	22,429
TOTAL Lease Liabilities	4,764,382	600,433	4,764,382	600,433

The MAV has elected not to recognise right-of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

The MAV recognises the leases payments associated with these leases as an expense on a straight-line basis over the lease term.

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
Expenses relating to:				
Short-term leases	-	-	-	-
Leases of low value assets	-	-	-	-
Total	-	-	-	-
Non-cancellable lease commitments - Short term and low-value leases				
Commitments for minimum lease payments for short-term and low-value leases are				
Not later than one year	-	-	-	-
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
TOTAL Lease Liabilities	-	-	-	-

Notes to and forming part of the financial statements (continued)

The MAV recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date less any lease incentive received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that Council is reasonably certain to exercise, lease

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTE H: PEOPLE AND RELATIONSHIPS

Structure

H1 Related Parties

H2 Remuneration of Key Management Personnel

H3 Auditor Fees

H1 RELATED PARTIES

The MAV is a body corporate established under the *Municipal Association Act 1907* to provide services for and represent local government authorities in Victoria. The Board of the MAV is elected from its members. The MAV and its wholly owned and controlled entities trade with each other and with its members in the normal course of business and on an arm's length basis. The Liability Mutual Insurance Scheme was formed by a Deed of Establishment which provides for the MAV to appoint a Committee of Management (MAV Insurance Board) to be responsible for the administration of the Scheme. Total expenses of \$533,205 (2022: \$520,000) were payable to the MAV from the Liability Mutual Insurance Scheme being payment for administrative support, and overseeing the management of the insurance activities, including the conduct of bi-monthly Board meeting. In accordance with the *Municipal Association Act 1907* the MAV is required to establish a Fidelity Fund to provide commercial crime insurance for its members.

The MAV paid insurance premiums to the Liability Mutual Insurance Scheme \$25,282 (2022 \$24,546) and to the Commercial Crime Fund \$15,694 (2022 \$13,743).

The MAV WorkCare Self-Insurance Scheme was formed by a Deed of Participation which provides for the MAV to appoint the MAV WorkCare Board to be responsible for the administration of the Scheme. The MAV General Fund contributed \$1.260m to MAV Work Care on wind down.

The MAV pays superannuation contributions to Vision Super Pty Ltd. Kerry Thompson the CEO of the MAV (until 20 March 2023) is a director of Vision Super Pty Ltd and received directors fees. The directors fees for Kerry Thompson were deducted from her salary paid by the MAV during her time as MAV CEO.

Notes to and forming part of the financial statements (continued)

H2 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are those personnel who have the authority and responsibility for planning, directing and controlling the activities of the MAV, directly or indirectly. KMP of the MAV include MAV Board Members and the CEO.

MAV Board Members receive an annual allowance. There are eleven Board members (previously thirteen), including two Deputy Presidents, and the President. They also receive reimbursement of travel costs and a data allowance. All benefits paid have been included in the tables below.

	Annual Allowance \$	Data allowance \$
President	73,875	-
Deputy Presidents	15,230	-
Board Members	10,370	-

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
MAV Board Members				
Short term employment benefits	267,388	219,327	267,388	219,327
Post employment benefits	22,690	21,408	22,690	21,408
MAV WorkCare Board Members				
Short term employment benefits	40,000	32,917	-	-
Post employment benefits	-	-	-	-
MAV Insurance Board Members				
Short term employment benefits	87,729	112,848	-	-
Post employment benefits	-	-	-	-
Key Management Personnel				
Short term employment benefits	472,115	319,323	332,344	278,568
Post employment benefits	35,971	24,171	22,690	20,095
Total				
Short term employment benefits	867,232	684,415	599,732	497,895
Post employment benefits	58,661	45,579	45,380	41,503

Details of the total remuneration paid to each Director (\$)

Range	2023	2022
\$0 to \$9,999	7	0
\$10,000 to \$19,999	7	12
\$20,000 to \$29,999	1	0
\$70,000 to \$79,999	0	1
\$90,000 to \$99,999	1	0
Total \$	16	13
Total \$	267,388	219,327

President Cr David Clark was also provided with full private use of a motor vehicle at a cost of \$16,438

Notes to and forming part of the financial statements (continued)

Loans to KMP and Directors

The MAV has a strict policy of not providing loans to KMPs and Directors. No loans were made to or are payable by KMP's or Directors during the year.

Insurance

The activities of the MAV board members are covered by the MAV directors' and officers' indemnity insurance policy effected by the MAV.

	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
H3 AUDITORS FEES				
Amounts paid or due and payable for audit services:				
Audit services	205,001	366,473	30,001	66,270
TOTAL AUDITORS FEES	205,001	366,473	30,001	66,270

NOTE I: MANAGING UNCERTAINTIES

Structure

- I1 Insurance risk - MAV Insurance
- I2 Insurance risk - WorkCare Insurance
- I3 Insurance risk - MAV Group
- I4 Capital management objectives and economic dependency
- I5 Contingent Liabilities
- I6 Accounting estimates and judgements
- I7 Actuarial assumptions and methods
- I8 Interest rate risk
- I9: Liquidity risk
- I10 Credit risk

I1 INSURANCE RISK - MAV INSURANCE

Risk management objectives and policies for mitigating insurance risk

The MAV's local government mutual liability scheme trading as Liability Mutual Insurance (LMI) is established by the *Municipal Association Act 1907*. Membership is available to local government councils and prescribed bodies. LMI operates in Victoria and Tasmania to provide services to members in respect of their potential and actual liabilities. A member may seek indemnity from LMI in respect of a claim.

Actuarial models, using information from LMI's management information systems are used to confirm contributions and monitor claim patterns. Past experience and statistical methods are used as part of the process.

The principal risk is that the frequency and severity of claims is greater than expected. Civil Liability Risk events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Objectives in managing risk arising from insurance and policies for mitigating those risks

LMI has an objective to control insurance risk thereby reducing the volatility of its operating surplus. In addition to the inherent uncertainty of civil liability risks, which can lead to variability in the loss experience, operating surpluses can also be affected by external factors, such as competition and movements in asset values.

LMI relies on a strong relationship with its members and actively encourages them to adopt practices of risk management that reduce the incidence of claims to LMI.

Notes to and forming part of the financial statements (continued)

Reinsurance strategy

LMI adopts a conservative approach towards management of risk and does this by utilising various risk transfer options. The MAV Insurance Board determines the level of risk, which is appropriate for LMI having regard to ordinary concepts of prudence and regulatory constraints. The risk transfer arrangements adopted by LMI include the utilisation of commercial reinsurance / excess arrangements. These arrangements include constant review of both reinsurers' financial strength, and ensuring spread of risk among reinsurers who meet the requirements of the MAV Insurance policies. These risk transfer arrangements assist LMI to limit exposures to large single claims, catastrophic events and a higher than expected number of smaller claims. These programs are reviewed each year to ensure that they continue to meet the risk needs of LMI.

Terms and conditions of membership

Membership of LMI is offered to eligible bodies and renewed annually on 30 June. Payment of the annual contribution confirms continuation of membership.

Product features

LMI operates in Victoria and Tasmania. Should a claim be accepted, LMI provides indemnity to the member for \$600 million Public / Products Liability and \$600 million for Professional Indemnity insurance, in excess of any self-insured amount, for any claim incurred anywhere throughout the world.

Operating surpluses arise from the total contributions charged to members less the amounts paid to cover claims and the expenses incurred by LMI.

Management of risks

The key insurance risks that affect LMI are contribution risk and claims experience risk.

Contribution risk is the risk that LMI does not charge contributions appropriate for the indemnity cover it provides. LMI partially manages contribution risk through its proactive approach to risk management that addresses all material risks both financial and non-financial. There are no specific terms and conditions that are expected to have a material impact on the financial statements.

Claims experience risk is managed through the non-financial risk assessment and risk management and reinsurance management process. Claims experience is monitored on an ongoing basis to ensure that any adverse trending is addressed. The Scheme is able to reduce the claims experience risk of severe losses through the reinsurance program, and by managing the concentration of insurance risks. LMI is a non-discretionary mutual fund which, under the Constitution has the ability to obtain contributions from members to pay liabilities and expenses.

12 INSURANCE RISK - MAV WORKCARE

Not applicable from 1 July 2021

13 INSURANCE RISK - MAV GROUP

Concentration of insurance risks

Insurance risk is managed by taking a long term approach to setting the annual contribution rates that eliminates price fluctuations, through appropriate investment strategy, reinsurance and by maintaining an active state-wide risk management profile. The MAV keeps abreast of changes in the general economic, legal and commercial environment in which it operates. The MAV spreads its risk of reinsurance failure by ensuring reinsurers are of high financial quality and can meet their commitments to the MAV. The MAV maintains policies and strategies and receives advice from an independent actuary on at least an annual basis in order to determine the concentration and amount of risk exposure.

14 CAPITAL MANAGEMENT OBJECTIVES AND ECONOMIC DEPENDENCY

The MAV WorkCare was set up as a captive, non-discretionary mutual fund, and under Schedule 1, Part B, Clause 3 of the Participation Agreement, the MAV has the ability to obtain contributions from members to meet any shortfall in the Provision set aside in respect of that Insurance Year.

Schedule 1, Part B, Clause 7 of the Participation Agreement, provides the ability for MAV to make additional calls on each Participant (member) who remain liable to make further contributions to the Scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the Participant remains a Participant in future Insurance Years. On cessation of the Scheme (last day was 30 June 2021) contributions from participating members were sought to meet the transfer requirement of funds to WorkSafe Victoria. Consultation with participating members indicate that amounts were and are recoverable, consistent with the participating agreements with appropriate timeframes.

15 CONTINGENT LIABILITIES

15.1 MAV INSURANCE

During the normal course of business, MAV Insurance may be exposed to contingent liabilities from litigation arising from its insurance and reinsurance activities, which if they should crystallise may adversely affect the financial position and performance of MAV. Provisions are made for obligations that are probable and able to be quantified.

In June 2014, MAV Insurance committed to purchasing retrospective stop-loss reinsurance for the 2009 and 2011 financial years.

The policies provide coverage for the first \$1 million in claim costs with a cap of \$5 million in the aggregate in each of the years.

LMI benefits from the 2009 policy when aggregate claim costs below \$1 million reach \$22 million and the 2011 policy provides coverage when aggregate claim costs reach \$20 million. The effect of the policies is to provide additional protection from adverse development for claim costs below \$1 million. The reinsurance policies commenced at the close of business on 30 June 2014.

15.2 MAV WORKCARE

As required under the *Workplace Injury Rehabilitation and Compensation Act 2013*, the MAV has a bank guarantee for insolvency risk in place for the duration of the ceased self-insurer period. The guarantee is in respect of the tails claims liability given by an ADI to or in favour of Work Safe Victoria. The guarantee must guarantee payments of amounts not less than: a) insolvency risk in respect of - i) in relation to the first year of the liability period, the initial assessment of tail claims liability until the end of the first year after the exit date ii) in relation to the second and subsequent years of the liability, the revised amount of the tail claims liability still outstanding as assessed at the end of each subsequent year of the duration of the next year until the final assessment date, and b) against claims deterioration - i) in relation to the period from the exit date until the interim assessment date, for the amount, if any, by which the revised assessment of the tail claims liability at the end of each year exceeds the initial assessment tail claims liability ii) in relation to the period referred to above, until the final assessment date, or if a review of the final assessment is undertaken resulting from the employer disputing WorkSafe's final revised assessment unit the date on which the review is finalised, for the amount, if any, by which the revised assessment of tail claims liability at the end of each year exceeds the revised assessment of tail claims liability as assessed at the end the 3rd year and 6th year.

The MAV has a bank guarantee in place which meets WorkSafe Victoria's requirements with an annual fee of 1.1% of the face value of the bank guarantee each year.

Where WorkSafe Victoria make a claim on the Bank Guarantee and the cash reserves are insufficient to clear the liability, the MAV will undertake to make a claim on its members within 30 days.

In accordance with the *Workplace Injury Rehabilitation and Compensation Act 2013*, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claim liabilities as undertaken by Work Safe Victoria. Any adjustments, which are expected to occur at the 3-year and 6-year periods during this period will affect participating members. At 30 June 2023 the assessment is that payment experience over the past year had been broadly in line with expectations, and considered the initial assessment from 30 June 2021 to remain reasonable.

16 ACCOUNTING ESTIMATES AND JUDGEMENTS

The MAV makes estimates and judgements in respect of certain key assets and liabilities. Estimates and judgements are continually reviewed and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates and judgements are applied are described below.

a) Estimation of outstanding claims liability

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the Statement of Financial Position date, including the cost of claims incurred but not yet reported ("IBNR"). The MAV take all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established.

Provisions are calculated gross of all recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers and any third party.

The determination of an appropriate outstanding claims provision for MAV Insurance involves:

- (i) Establishing a case estimate for each reported claim at year-end taking into account legal advice where appropriate on larger claims;
- (ii) Allowance for incurred but not reported claims as confirmed by the actuarial review on 30 June 2023
- (iii) Allowance for incurred but not enoughed reported claims as confirmed by the actuarial review on 30 June 2023
- (iv) Allowances for wage inflation of 3.85%, as assumed by the Actuary
- (v) Allowances for discount at 4.01%, as assumed by the Actuary
- (vi) A risk margin of 0% of net outstanding claims after the effect of reinsurance has been applied.

Refer to Note I7 for details

Details of specific actuarial assumptions used in deriving the outstanding claims liability at year-end are detailed in note I7.

17 ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

MAV INSURANCE

The following assumptions have been made in determining the outstanding claims liabilities:

	2023	2022
Key Actuarial Assumptions		
Wage inflation	3.85%	3.69%
Discount rate	4.01%	3.35%
Risk margin	0.00%	0.00%
Superimposed inflation (Public liability - personal injury portfolio)	1.75%	1.75%

Notes to and forming part of the financial statements (continued)

Process used to determine actuarial assumptions

A description of the processes used to determine the above key actuarial assumptions is provided below:

Liability Mutual Insurance has provided public and professional indemnity insurance to local government bodies in Victoria and Tasmania and other bodies constituted under any Act for any public or local governing purpose since 30 September 1993. The Actuary was supplied with details of all transactions (payments, recoveries, changes of estimates) from 30 September 1993 to 30 June 2021. The individual claim payments and case estimates reconciled closely with totals in Liability Mutual Insurance financial statements for each year of cover. The actuary subdivided the claims data into four claim types (Public Liability - Personal Injury, Public Liability - Property Damage, Professional Indemnity and the 2009 Bushfire claims) and made separate estimates of the gross outstanding claims liabilities for each of these claim types. The actuary estimated the gross outstanding claims liabilities for each claim type using five different actuarial methods. Large claims (claims above \$250,000 in 2009 dollars) were estimated based on a numbers times average size method and non-large claims were estimated using four different actuarial methods- payments per claim incurred, payments per claim finalised, incurred cost development and projection of case estimates. The actuary selected a combination of these methods for estimating the outstanding claims. Payments were projected with a payment pattern, based on past experience. Estimates of outstanding excesses were based on a numbers times average size method and estimates of non-reinsurance recoveries were made by a recoveries per claim method. Claim administration expenses at 30 June 2023 approximate actual costs to be incurred.

Estimates of reinsurance recoveries were made from projected gross payments, excesses and non-reinsurance recoveries, allowing for the different insurance treaties applying to each year. Based on Access Economics, June 2023 forecasts for Victorian average weekly claims, inflation was assumed to be 3.85%. The discount rate was assumed to be 4.01% pa, derived from the yields on Commonwealth Government bonds.

MAV WORKCARE

The following assumptions were made in determining the outstanding claims liabilities at 30 June 2021:

	30-Jun-21
Key Actuarial Assumptions	
Wage inflation	2.25%
Claim administration expense	8.90%
Discount rate	1.50%
Risk margin	0.00%
Superimposed inflation	1.90 %

Process used to determine actuarial assumptions

A description of the processes used to determine the above key actuarial assumptions is provided below:

MAV WorkCare commenced business operations on 1 November 2017. It provided workers' compensation insurance for thirty Local Government Authorities and the Municipal Association of Victoria. The Actuary was supplied with details of all transactions (payments, recoveries, estimates) to 30 June 2021. The individual claim payments and case estimates reconciled closely with totals in MAV WorkCare's financial statements for the year of cover. The actuary subdivided the claims data into 2 groups (Above Excess and Below Excess) and made separate estimates of the gross outstanding claims liabilities for each claim type. The actuary estimated the gross outstanding claims liabilities for Above Excess (Standard) claims by splitting the payments on Above Excess claims into 5 different sub-groups and modelling each sub-group separately. Above Excess claims were predominantly estimated using a numbers times average size method (PPCI). Below Excess (Minor) claims were modelled separately and utilised a numbers times average size method. Payments were projected with a payment pattern, based on past experience. Estimates of non-reinsurance recoveries were made by a recoveries per claim method. Outstanding non-reinsurance recoveries for accident periods up to and including 2016/17 were reduced to 0% to allow for the inability of MAV WorkCare to claim recoveries for these accident periods. Reinsurance recoveries for periods post 1 November 2017 were estimated by considering a total payment model and a total payment model where payments are capped at the expected excess of loss limit. The difference between these two models is the implied reinsurance recovery that would have been received if a similar reinsurance contract had been in place for historical periods. There was no allowance for reinsurance recoveries for periods prior to 1 November 2017.

Notes to and forming part of the financial statements (continued)

18 EXPOSURE TO INTEREST RATE RISK

The Combined group's exposure to interest rate risk and the effective average interest rate for the classes of financial assets is set out below:

2023	COMBINED		MAV - GENERAL FUND	
	Non-Interest Earning \$	Floating Interest Rate \$	Non-Interest Earning \$	Floating Interest Rate \$
FINANCIAL ASSETS				
Cash and cash equivalents	-	12,234,876	-	6,472,276
Investments	-	42,030,524	-	4,329,722
Trade and other receivables	210,600,229	-	3,564,706	-
TOTAL FINANCIAL ASSETS	210,600,229	54,265,400	3,564,706	10,801,998
Weighted Average Interest Rate		5.0%		4.4%
FINANCIAL LIABILITIES				
Outstanding claims	214,846,926	-	-	-
Unearned premiums/subscriptions	57,740,547	-	6,097,230	-
Trade and other payables	9,979,551	-	999,563	-
TOTAL FINANCIAL LIABILITIES	282,567,024		7,096,793	-
Weighted Average Interest Rate				0%

2022	COMBINED		MAV - GENERAL FUND	
	Non-Interest Earning \$	Floating Interest Rate \$	Non-Interest Earning \$	Floating Interest Rate \$
FINANCIAL ASSETS				
Cash and cash equivalents	-	20,021,558	-	11,067,387
Investments	-	9,686,705	-	38,684
Trade and other receivables	199,378,873	-	3,140,947	-
TOTAL FINANCIAL ASSETS	199,378,873	29,708,263	3,140,947	11,106,071
Weighted Average Interest Rate		1.7%		1.4%
FINANCIAL LIABILITIES				
Outstanding claims	169,499,128	-	-	-
Unearned premiums/subscriptions	52,752,027	-	7,152,988	-
Trade and other payables	9,764,152	-	926,797	-
TOTAL FINANCIAL LIABILITIES	232,015,307	-	8,079,785	-
Weighted Average Interest Rate		0%		0%

Notes to and forming part of the financial statements (continued)

Investments are considered level 2 financial assets in accordance with AASB 13 (Fair Value Measurement). The carrying amounts of financial assets and financial liabilities represent their approximate net fair value. All maturity dates are within twelve months.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2023. Cash flows for financial assets and liabilities without fixed amount or timing are based on conditions existing at 30 June 2023.

The remaining contractual maturities of the financial liabilities are:

2023	COMBINED		MAV - GENERAL FUND	
	2023 \$	2022 \$	2023 \$	2022 \$
3 months or less	33,373,039	34,922,406	7,096,793	8,274,785
3-12 months	54,828,691	55,476,876	2,309,123	2,416,169
1-5 years	101,842,990	99,076,811	4,493,731	88,840
Over 5 years	48,551,968	48,551,968	-	-
	238,596,688	238,028,061	13,899,647	10,779,794

INTEREST RATE RISK

MAV Combined is exposed to interest rate risk from its cash, cash equivalents and investments.

Variable	Current Rate %	Change variable to -1.0%/+1.0% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN INTEREST RATE ON FINANCIAL ASSETS				
MAV COMBINED				
Base value at 30 June 2023	5.0%		(187,118)	9,438,762
Interest Rate p.a.		6.0%	(1,444,400)	8,181,480
		4.0%	1,070,164	10,696,044

MAV COMBINED - Interest rate risk

VARIABLE	IMPACT OF MOVEMENT IN VARIABLE
Wage inflation	Expected future payments are inflated to take account of inflationary increases. An increase or decrease in the assumed levels of economic inflation would have a corresponding impact on claims expense, with particular reference to longer tail claims.
Discount rate	The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on total claims expense.
Case estimate development	Case estimates are initially established in accordance with established guidelines and by reference to the known facts. Where new information becomes available the initial case estimate will change. This development movement is applied to open claims and will have a corresponding impact on claims expense.

Notes to and forming part of the financial statements (continued)

Wage inflation rate sensitivity

Expected future payments are inflated to take account of inflationary increases. An increase or decrease in the assumed levels of economic inflation would have a corresponding impact on claims expense, with particular reference to longer tail claims.

Variable	Current Rate (weighted) %	Change variable to +0.5%/0.5% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN KEY VARIABLES				
MAV GROUP				
Base value at 30 June 2023	3.85%		(187,118)	9,438,762
Wage inflation rate p.a.		4.35%	(948,118)	8,677,762
		3.35%	573,882	10,199,762

MAV GROUP

Interest rate sensitivity

The reinsurance indemnity contracts contain no clauses that expose the Scheme, directly to interest rate risk. The reinsurance contracts are long term arrangements, reviewed and payable annually.

Variable	Current Rate (weighted) %	Change variable to -0.5%/+0.5% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN DISCOUNT RATES				
MAV GROUP				
Base value at 30 June 2023	4.02%		(187,118)	9,438,762
Discount rate p.a.		3.52%	(903,118)	8,722,762
		4.52%	528,882	8,722,762

Claims handling sensitivity

Future claims handling expenses represent administrative costs relating to the payment of claims incurred to date.

Variable	Current Rate %	Change to the Current Rate +.5%/-0.5% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN CLAIMS ADMINISTRATION EXPENSE				
MAV GROUP				
Base value at 30 June 2023	0.6%		(187,118)	9,438,762
Claim administration expense		1.14%	(679,618)	8,946,262

Notes to and forming part of the financial statements (continued)

Non-large average claim size (LMI Scheme)

This covers the cost of estimated claims up to \$389,000. For claims which exceed the threshold, all costs up to \$389,00 are included in the non-large value.

Variable	Current Value \$	Change variable to +10%/-10% \$	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN KEY VARIABLES MAV GROUP				
Base value at 30 June 2023	45,136,000		(187,118)	9,438,762
Average claim size		(4,760,000)	(4,947,118)	4,491,644
		4,760,000	4,572,882	14,011,644

Incurred but not enough yet reported (IBNER) - Case estimate development of large claims (LMI Scheme)

This covers the cost of estimated claims between \$389,000 and \$1m.

Variable	Current Value \$	Change variable to +25%/-25% \$	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN KEY VARIABLES MAV GROUP				
Base value at 30 June 2023	40,520,000		(187,118)	9,438,762
Case estimate development of large claims		(144,000)	(331,118)	9,107,644
		144,000	(43,118)	9,395,644

Claim Numbers (LMI Scheme)

This covers the increase or reduction of personal injury claims from the central estimate for the fund years 2021, 2022 and 2023, based on the dollar impact on the net discounted provision.

	Number of Claims	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN KEY VARIABLES MAV GROUP			
		(187,118)	9,438,762
Additional personal injury claims	30	(1,814,118)	7,624,644
Additional personal injury claims	60	(3,792,118)	5,646,644
Fewer personal injury claims	(30)	1,655,882	11,094,644
Fewer personal injury claims	(60)	3,416,882	12,855,644

Notes to and forming part of the financial statements (continued)

19 LIQUIDITY RISK

Maturity analysis of financial assets and liabilities based on management's expectation.

The risk implied from the values in the table below, reflects a balanced view of cash inflows and outflows. These liabilities originate from insurance contracts and other financial assets used in the ongoing operations of the business. These assets are considered in the MAV's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the MAV has established a comprehensive risk reporting covering its insurance business that reflects the management of expected settlement of financial assets and liabilities. Amounts are undiscounted.

Year ended 30 June 2023	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
COMBINED FINANCIAL ASSETS					
Cash and cash equivalents	12,234,876	-	-	-	12,234,876
Investments	42,030,524	-	-	-	42,030,524
Trade and other receivables	69,608,785	19,572,613	92,533,150	52,533,651	234,248,200
	123,874,185	19,572,613	92,533,150	52,533,651	288,513,600
COMBINED FINANCIAL LIABILITIES					
Outstanding claims	7,184,457	21,553,371	121,584,052	65,372,846	215,694,725
Trade and other payables	9,880,911	-	-	-	9,880,911
Other liabilities	6,097,230	2,309,123	4,493,731	-	12,900,084
TOTAL FINANCIAL LIABILITIES	23,162,598	23,862,494	126,077,783	65,372,846	238,475,720
NET MATURITY	100,711,587	(4,289,880)	(33,544,633)	(12,839,194)	50,037,879

Year ended 30 June 2022	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
COMBINED FINANCIAL ASSETS					
Cash and cash equivalents	20,021,558	-	-	-	20,021,558
Investments	9,686,705	-	-	-	9,686,705
Trade and other receivables	62,438,008	18,913,196	86,638,927	47,413,829	215,403,959
	92,146,271	18,913,196	86,638,927	47,413,829	245,112,222
COMBINED FINANCIAL LIABILITIES					
Outstanding claims	6,106,763	18,320,289	97,349,259	48,551,968	170,328,278
Trade and other payables	10,067,895	541,139	1,638,712	-	12,247,746
Other liabilities	7,347,988	2,416,169	88,840	-	9,852,997
TOTAL FINANCIAL LIABILITIES	23,522,646	21,277,597	99,076,811	48,551,968	192,429,021
NET MATURITY	68,623,624	(2,364,401)	(12,437,884)	(1,138,139)	52,683,201

Notes to and forming part of the financial statements (continued)

Year ended 30 June 2023	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
MAV GENERAL FUND FINANCIAL ASSETS					
Cash and cash equivalents	6,472,276	-	-	-	6,472,276
Investments	4,329,722	-	-	-	4,329,722
Trade and other receivables	3,564,706	-	-	-	3,564,706
	14,366,704	-	-	-	14,366,704
MAV GENERAL FUND FINANCIAL LIABILITIES					
Trade and other payables	999,563	-	-	-	999,563
Other liabilities	6,097,230	2,309,123	4,493,731	-	12,900,084
TOTAL FINANCIAL LIABILITIES	7,096,793	2,309,123	4,493,731	-	13,899,647
NET MATURITY	7,269,911	(2,309,123)	(4,493,731)	-	467,057

Year ended 30 June 2022	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
MAV GENERAL FUND FINANCIAL ASSETS					
Cash and cash equivalents	11,067,387	-	-	-	11,067,387
Investments	38,684	-	-	-	38,684
Trade and other receivables	3,140,947	-	-	-	3,140,947
	14,247,018	-	-	-	14,247,018
MAV GENERAL FUND FINANCIAL LIABILITIES					
Trade and other payables	926,797	-	-	-	926,797
Other liabilities	7,347,988	2,416,169	88,840	-	9,852,997
TOTAL FINANCIAL LIABILITIES	8,274,785	2,416,169	88,840	-	10,779,794
NET MATURITY	5,972,233	(2,416,169)	(88,840)	-	3,467,224

110 CREDIT RISK

The MAV is exposed to credit risk on insurance contracts as a result of exposure to reinsurers. The credit risk of reinsurers is managed through the Reinsurance Management Strategies and policies that includes regularly monitoring both the financial rating of the reinsurers both prior to and during the reinsurance program and the flow of payments coming from the reinsurers. Investments in cash and cash equivalents at balance date as shown in the Statement of Cash Flows are held in S&P rated AA- and A- rated cash deposits.

CREDIT RATING

		AAA +/- \$M	AA +/- \$M	A +/- \$M	BBB \$M	Speculative Grade \$M	Not Rated \$M	Total \$M
Reinsurance and other recoveries on outstanding claims	2023	-	0.801	56.133	-	-	-	56.934
	2022	-	0.518	49.589	-	-	0.000	50.107
Reinsurance and other recoveries on paid claims	2023	-	0.073	3.039	-	-	-	3.112
	2022	-	-	2.575	-	-	-	2.575

Notes to and forming part of the financial statements (continued)

PAST DUE BUT NOT IMPAIRED

		Neither past due nor impaired \$M	Less than 3 months \$M	3 to 6 months \$M	6 months to 1 year \$M	Greater than 1 year \$M	Impaired \$M	Total \$M
Reinsurance and other recoveries on paid claims	2023	-	2.815	0.204	0.034	0.059	-	3.112
	2022	-	2,131	0,409	0,035	-	-	2,575

PRICE RISK

Investments held through managed investment schemes are subject to price risk.

J: OTHER MATTERS

Structure

- J1 Summary of significant accounting policies
- J2 Income tax
- J3 Comparative figures
- J4 Impact of COVID 19 pandemic
- J5 Self-insurance licence - MAV WorkCare Self-Insurance Scheme
- J6 Administered item
- J7 Events Subsequent
- J8 Number of employees

J1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards and Interpretations issued but not yet effective.

Reference	Title Summary	Application Date of Standard	Impact on MAV Financial Report	Application Date for MAV
AASB 17	Insurance Contracts	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2020-1	Amendments to AAS - Classification of Liabilities as Current or Non-current	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2022-8	Amendments to AAS - Insurance Contracts - Consequential Amendments	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2022-9	Amendments to AAS - Insurance Contracts in the Public Sector	Reporting periods beginning on or after 1 January 2026	Adoption of this standard is not expected to have a material impact	1-Jul-26
AASB 2022-10	Amendments to AAS - Fair Value Measurement of Non-Financial Assets for Not-for-profit Public Sector Entities	Reporting periods beginning on or after 1 January 2024	Adoption of this standard is not expected to have a material impact	1-Jul-24

Notes to and forming part of the financial statements (continued)

J2 INCOME TAX

The MAV is a State and Territory Body (STB) and is exempt from income tax, in accordance with Division 1AB of Part III of the *Income Tax Assessment Act*.

J3 COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

J4 IMPACT OF COVID-19 PANDEMIC ON THE FINANCIAL REPORT

On 30 January 2020, COVID 19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. The MAV has been instrumental in proactively engaging with federal and state governments and advocating on behalf of members during this time.

At 30 June 2023 there is some evidence that unfavourable PL-PI experience from the 2021 fund year relating to LMI insurance was at least partly driven by COVID related lockdowns. Given the long-tail nature of the scheme's claims liabilities and the existing actuarial methodologies employed to value the outstanding claim liabilities, a large proportion of any adverse development related to COVID lockdowns is likely to have recognised in the claims liabilities at the balance date. This will continue to be monitored and if any further evidence of an effect due to COVID-19 develops, this will be incorporated into the scheme's estimate of its claims liabilities.

J5 SELF-INSURANCE LICENCE - MAV WORKCARE SELF-INSURANCE SCHEME

Under the *Accident Compensation Act 1985* the MAV is specifically named as a body that can apply for a workers' compensation Self-Insurance Licence. On 3 May 2017, Work Safe Victoria approved the MAV as a self-insurer commencing from 4pm on 1 November 2017. There were 31 inaugural members of the Scheme, including the MAV. The last day of the Scheme was 30 June 2021 following Work Safe Victoria's decision not to renew the licence, with all claims being transferred to Work Safe Victoria from 1 July 2021. The MAV continues to have responsibilities as a ceased self-insurer until 30 June 2027. The estimate of these expenses have been included in the ceased self insurer provision.

On 1 November 2017 MAV WorkCare commenced business as a licensed self-insurer under the WIRC Act. WorkSafe Victoria granted the licence to MAV WorkCare on 3 May 2017 to commence business as a self-insurer subject to meeting performance and financial conditions. MAV met all the conditions required to be met by WorkSafe Victoria prior to commencement. On commencement of the Scheme WorkSafe Victoria paid to MAV WorkCare the sum of \$65,856,545 which was the Statistical Case Estimate (SCE) of claims outstanding for the 31 inaugural members of the Scheme. The independent actuary to the Scheme estimated the value of the claims outstanding, including claims handling expenses, for the 31 inaugural members of the Scheme that were transferred by WorkSafe Victoria to the Scheme, net of recoveries, at \$67,478,639. This resulted in a deficit of \$1,622,094 at commencement.

At 30 June 2021, the Independent actuary to the Scheme estimated the value of the claims outstanding, including claims handling expenses of the Scheme that are to be transferred to Work Safe Victoria, net of recoveries at \$73.421 million, an amount \$0.655 million less than Work Safe Victoria's valuation. This resulted in a deficit of \$0.655 million on cessation of the Scheme.

Commencing 1 July 2021, Work Safe Victoria is responsible for all claims. At 30 June 2021 the Work Care Scheme's gross claims were assessed at \$75.355 million made up of \$14.549 million (current liability) and \$60.806 million (non-current liability). The assessed recoveries were \$1.934 million with a net valuation of \$73.421 million. The current and non-current value reflects the nature of the claims. Work Safe Victoria's assessed valuation was \$74.076 million. The difference was recorded as an administration expense in 2020-21. On 1 July 2021 the outstanding claims at 30 June 2021 for WorkCare were assessed as a payable to Work Safe Victoria and recorded as a supplier rather than an opening outstanding claims balance at 1 July 2021.

The MAV established a ceased self-insurer members provision for the estimated ongoing expenses, including bank guarantee expenses, expected to be incurred during the 6-year liability period as a ceased self-insurer. The initial provision was for \$3.117 million. At 30 June 2023 the balance of the provision is \$1.689 million with \$1.226 million assessed as non-current.

There is also a potential contingent liability in relation to the 3-year and 6-year liability period. Refer to Note I5.2 Contingent Liabilities.

Notes to and forming part of the financial statements (continued)

	2023 \$	2022 \$
MOVEMENT IN CEASED SELF INSURER PROVISION		
Opening balance	2,179,851	3,117,328
Expenditure incurred from prior year provision	(493,191)	(945,944)
Movement during the year	2,449	8,467
TOTAL CEASED SELF INSURER PROVISION	1,689,109	2,179,851
Represented By:		
CURRENT	462,400	541,139
NON-CURRENT	1,226,709	1,638,712
TOTAL	1,689,109	2,179,851

J6 Administered item

The MAV administers a grant for \$1.4 million which was received on the 27th of June 2023 from the Department of Transport and Planning (balance at 30 June 2023 is \$1.4 million). The grant enables 48 rural and regional councils across Victoria to access support for implementing existing flood studies into planning schemes. Funding is provided to the MAV to disburse to municipal Councils at the direction of the Department. The Department will enter into individual agreements with municipal Councils to implement flood studies and will instruct the MAV to disburse the Funds once agreements are entered into.

J7 EVENTS SUBSEQUENT

There were no material events subsequent to the year end that require reporting.

J8 NUMBER OF EMPLOYEES:

Average number of equivalent full time employees during the year was 52 (2022 = 54)

Independent Auditor's Report

To the Directors of MAV Insurance

Opinion	<p>I have audited the combined financial report of MAV Insurance (the insurer) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 June 2023 • statement of comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including significant accounting policies • statement by the MAV Insurance Board • statement by MAV Directors. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the insurer as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the insurer in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>The Directors of the insurer are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the insurer's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the insurer's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the insurer's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the insurer to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



MELBOURNE
12 October 2023

Travis Derricott
as delegate for the Auditor-General of Victoria

MAV INSURANCE

STATEMENT BY THE MAV INSURANCE BOARD

In accordance with a resolution of the MAV Insurance Board, we state that:

In the opinion of the members of the MAV Insurance Board:

- the financial statements and notes of the combined entity are drawn up so as to present fairly in all material respects the results of Liability Mutual Insurance and the Commercial Crime Fund for the year ended 30 June 2023
- the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of Liability Mutual Insurance and the Commercial Crime Fund as at that date
- at the date of this statement there are reasonable grounds to believe that Liability Mutual Insurance and the Commercial Crime Fund will be able to pay its debts as and when they fall due
- the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

The financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

On behalf of the MAV Insurance Board



Rob Spence
MAV Insurance Board Chairman



Kelly Grigsby
Chief Executive Officer - Municipal Association of Victoria

Melbourne
2/10/2023

STATEMENT BY MAV DIRECTORS

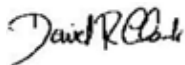
In accordance with a resolution of the directors of the Municipal Association of Victoria, we state that:

In the opinion of the Directors:

- the financial statements and notes of the combined entity are drawn up so as to present fairly in all material respects the results of Liability Mutual Insurance and the Commercial Crime Fund for the year ended 30 June 2023
- the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of Liability Mutual Insurance and the Commercial Crime Fund as at that date
- at the date of this statement there are reasonable grounds to believe that Liability Mutual Insurance and the Commercial Crime Fund will be able to pay its debts as and when they fall due
- the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

The financial statements and combined financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Signed in accordance with the resolution of Directors



Cr. David Clark
President



Cr. Jennifer Anderson
Director



Kelly Grigsby
Chief Executive Officer

Melbourne
6/10/2023

OTHER INFORMATION

Legal form:

MAV Insurance is the insurance division of the MAV. The MAV is an association incorporated by the *Municipal Association of Victoria Act 1907*.

Domicile:

Melbourne, Australia

Address of registered office and principal place of business:

Level 5, 1 Nicholson Street, East Melbourne, 3002, Victoria, Australia

Nature of the operation and principal activities:

The MAV has the power provided to it by the *Municipal Association of Victoria Act 1907* to establish Liability Mutual Insurance and the Commercial Crime Fund in order to provide public liability, professional indemnity and fidelity insurance to Local Government and Water Authorities.

Statement of Comprehensive Income

for the year ended 30 June 2023

		COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	NOTE	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Premium revenue	B1	45,216,784	42,676,520	45,216,784	42,676,520	-	-
Reinsurance expense		(11,070,792)	(25,268,298)	(11,070,792)	(25,268,298)	-	-
NET PREMIUM INCOME		34,145,992	17,408,222	34,145,992	17,408,222	-	-
Claims expense	C1	(63,417,337)	(42,037,887)	(63,417,337)	(42,037,887)	-	-
Reinsurance and other recoveries	B1	35,043,783	36,035,077	35,043,783	36,035,077	-	-
NET CLAIMS EXPENSE	12	(28,373,554)	(6,002,810)	(28,373,554)	(6,002,810)	-	-
NET UNDERWRITING RESULT		5,772,438	11,405,412	5,772,438	11,405,412	-	-
Management fees	B1	57,777	88,138	-	-	57,777	88,138
Gain/(Loss) from investment income	B1	994,857	(76,828)	991,597	(77,134)	3,260	306
Administration and general expenses	C2	(7,612,482)	(8,653,870)	(7,542,448)	(8,575,045)	(70,034)	(78,825)
OPERATING SURPLUS/(DEFICIT)		(787,410)	2,762,852	(778,413)	2,753,233	(8,997)	9,619
Other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR		(787,410)	2,762,852	(778,413)	2,753,233	(8,997)	9,619

The accompanying notes form an integral part of these statements.

Statement of Financial Position

as at 30 June 2023

		COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	NOTE	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
CURRENT ASSETS							
Cash and cash equivalents	G1	5,629,731	8,927,999	5,414,196	8,802,501	215,535	125,498
Investments	D1	37,498,662	9,648,021	37,498,662	9,648,021	-	-
Trade and other receivables	E1	85,726,772	77,417,377	85,726,772	77,417,377	-	-
TOTAL CURRENT ASSETS		128,855,165	95,993,397	128,639,630	95,867,899	215,535	125,498
NON-CURRENT ASSETS							
Trade and other receivables	E1	119,963,649	114,769,092	119,963,649	114,769,092	-	-
TOTAL NON-CURRENT ASSETS		119,963,649	114,769,092	119,963,649	114,769,092	-	-
Total Assets		248,818,814	210,762,489	248,603,279	210,636,991	215,535	125,498
CURRENT LIABILITIES							
Trade and other payables		8,985,236	8,774,577	8,881,348	8,769,723	103,888	4,854
Premiums in advance	E2	51,643,317	45,599,039	51,643,317	45,599,039	-	-
Outstanding Claims	F1	28,187,984	24,170,824	28,187,984	24,170,824	-	-
TOTAL CURRENT LIABILITIES		88,816,537	78,544,440	88,712,649	78,539,586	103,888	4,854
NON-CURRENT LIABILITY							
Outstanding Claims	F1	155,913,054	127,341,416	155,913,054	127,341,416	-	-
TOTAL NON-CURRENT LIABILITY		155,913,054	127,341,416	155,913,054	127,341,416	-	-
TOTAL LIABILITIES		244,729,591	205,885,856	244,625,703	205,881,002	103,888	4,854
NET ASSETS		4,089,223	4,876,633	3,977,576	4,755,989	111,647	120,644
EQUITY		4,089,223	4,876,633	3,977,576	4,755,989	111,647	120,644

The accompanying notes form an integral part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2023

	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
RETAINED EARNINGS						
Balance at beginning of year	4,876,633	2,113,781	4,755,989	2,002,756	120,644	111,025
Surplus/(Deficit) from ordinary activities	(787,410)	2,762,852	(778,413)	2,753,233	(8,997)	9,619
BALANCE AT END OF YEAR	4,089,223	4,876,633	3,977,576	4,755,989	111,647	120,644

Statement of Cash Flows

for the year ended 30 June 2023

NOTE	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES						
RECEIPTS						
Premiums and fees	46,115,163	41,782,924	44,923,318	40,751,935	1,191,845	1,030,989
Interest received	507,216	22,899	503,956	22,545	3,260	354
Reinsurance and other recoveries	27,867,106	18,221,352	27,867,106	18,221,352	-	-
PAYMENTS						
Trade and other payables	(19,596,213)	(33,983,364)	(18,491,145)	(32,898,718)	(1,105,068)	(1,084,646)
Claim payments	(30,828,540)	(19,597,568)	(30,828,540)	(19,597,568)	-	-
NET CASH (USED IN)/ PROVIDED BY OPERATING ACTIVITIES	G11 24,064,732	6,446,243	23,974,695	6,499,546	90,037	(53,303)
CASH FLOW FROM INVESTING ACTIVITY						
Payment for investment	(27,363,000)	(2,750,000)	(27,363,000)	(2,750,000)	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	(27,363,000)	(2,750,000)	(27,363,000)	(2,750,000)	-	-
NET INCREASE/ (DECREASE) IN CASH HELD	(3,298,268)	3,696,243	(3,388,305)	3,749,546	90,037	(53,303)
Cash at beginning of year	8,927,999	5,231,756	8,802,501	5,052,955	125,498	178,801
CASH AT END OF YEAR	G11 5,629,731	8,927,999	5,414,196	8,802,501	215,535	125,498

The accompanying notes form an integral part of these statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

NOTE A: CORPORATE INFORMATION

Structure:

- A1 Corporate information
- A2 Basis of preparation
- A3 Statement of compliance
- A4 Principles of the combined entity

A1 CORPORATE INFORMATION

The combined financial report of MAV Insurance (the Group) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors of the MAV Insurance Board and the Municipal Association of Victoria (MAV) on the dates shown on the Statement by Directors.

MAV Insurance is the insurance division of the MAV. The MAV is an association incorporated by an Act of the Parliament of Victoria known as the *Municipal Association Act 1907*.

The nature of the operations and principal activities of MAV Insurance are the provision of public liability, professional indemnity by the Liability Mutual Insurance Scheme (The Scheme) and arranging fidelity insurance by the Commercial Crime Fund (The Fund) for its members located in Victoria and Tasmania and community groups within its council member boundaries.

On 1 July 2010 the Commercial Crime Fund ceased to write insurance business on its own account. From this date the Fund facilitated insurance for its members via a policy issued initially by Zurich Insurance Australia and now by Chubb. The Fund undertook this change in business due to the inability of the Fund to offer the broad terms and conditions currently available in the market. This is due to the restrictions placed on the Fund by the provisions of the *Municipal Association Act 1907*. From 1 January 2011 the Fund is not at risk for any insurance claim that might be made against it.

The MAV has purchased retrospective insurance cover on the net amount of all claims incurred by the Liability Mutual Insurance Scheme up to 30 June 2018. (Refer to Note I).

A2 BASIS OF PREPARATION

The financial report is a general purpose financial report which has been drawn up in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The report has been prepared on a going concern basis.

The principal accounting policies adopted in preparing the financial report are stated to assist in a general understanding of the financial report. Accounting policies have been consistently applied unless otherwise indicated.

The financial report is presented in Australian dollars. MAV Insurance is a Not for Profit entity.

The financial statements have been prepared on the accrued basis using the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The financial statements of the entities are prepared for the same reporting period as the MAV, using consistent accounting policies.

A3 STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB).

A4 PRINCIPLES OF THE COMBINED ENTITY

The combined financial report relates to the insurance activities of the MAV being its controlled entities the Local Government Mutual Liability Insurance Scheme (trading as Liability Mutual Insurance, - LMI) "the Scheme", and the Commercial Crime Fund (the "Fund"). The MAV is the only legal entity. Neither insurance entity has control over the other. The effects of all transactions between entities in the combined entity have been eliminated.

NOTE B: FUNDING THE DELIVERY OF OUR SERVICES

NOTE	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME		
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	
B1 REVENUE FROM ORDINARY ACTIVITIES							
REVENUES FROM OPERATING ACTIVITIES							
Premiums	B1.1	45,216,784	42,676,520	45,216,784	42,676,520	-	-
Reinsurance and other recoveries	B1.2	35,043,783	36,035,077	35,043,783	36,035,077	-	-
Management fees received	B1.3	57,777	88,138	-	-	57,777	88,138
TOTAL REVENUE FROM OPERATING ACTIVITIES		80,318,344	78,799,735	80,260,567	78,711,597	57,777	88,138
REVENUES FROM NON-OPERATING ACTIVITIES							
Investment income	B1.4	994,857	(76,828)	991,597	(77,134)	3,260	306
TOTAL REVENUE FROM OUTSIDE THE OPERATING ACTIVITIES		994,857	(76,828)	991,597	(77,134)	3,260	306
TOTAL REVENUE FROM ORDINARY ACTIVITIES		81,313,201	78,722,907	81,252,164	78,634,463	61,037	88,444

B1.1 Premiums

Premiums comprise amounts charged to members of the Schemes for policy cover, net of amounts returned to members as surplus distributions. The earned portion of premiums received is recognised as revenue. Premiums are treated as earned from date of attachment of risk. The pattern of recognition over the policy is based on time, which is considered to closely approximate the pattern of risks undertaken.

B1.2 Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not paid, claims incurred but not reported and unexpired risk liabilities are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

B1.3 Management fees received

Management fees comprise amounts received from members to manage and pay expenses for and on behalf of the Commercial Crime Fund.

B1.4 Investment income

Investment income consists of interest which is recognised on a time-proportionate basis that takes into account the effective interest rate on the financial asset and movements in unit values in cash and fixed interest funds which are carried at fair value through the Statement of Comprehensive Income.

B1.5 Revenue recognition

Revenue is recognised at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms. The following specific recognition criteria must also be met before revenue is recognised.

- (i) Premiums - recognised in the period the fund is at risk.
- (ii) Future reinsurance and other Recoveries - on an accruals basis.
- (iii) Investment Income - on an accruals basis including adjustments made to account for changes in the value of cash backed unit trusts to account as investment income.

Notes to and forming part of the financial statements (continued)

NOTE C: COST OF DELIVERING OUR SERVICES

Structure:

C1 Claims Expenses

C2 Administration & General expenses

C3 Scheme Management fees

NOTE	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
C1 CLAIMS EXPENSES						
Paid	30,828,540	19,627,971	30,828,540	19,627,971	-	-
Outstanding claims at end of financial year	F1 184,101,038	151,512,241	184,101,038	151,512,241	-	-
Less: Outstanding claims at beginning of financial year	(151,512,241)	(129,102,325)	(151,512,241)	(129,102,325)	-	-
TOTAL CLAIMS EXPENSES	63,417,337	42,037,887	63,417,337	42,037,887	-	-

C1.1 Claims

Claims-incurred expense and liability for outstanding claims are recognised in respect of direct business. The liability covers claims incurred but not yet paid, incurred but not yet reported claims, and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claim files and estimating claims not notified and settlement costs using statistical and actuarial techniques. The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and superimposed inflation. Advice from the MAV's actuary has estimated superimposed inflation to be 1.75% per annum (2022: 1.75%) for personal injury non-large claims, the discount rate at 4.01% (2022: 3.35%) and the wage inflation rate at 3.85% (2022: 3.69%).

NOTE	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
C2 ADMINISTRATION & GENERAL EXPENSES						
The following items have been recognised in the operating surplus/(deficit):						
Administration	1,509,031	1,584,639	1,438,995	1,505,814	70,036	78,825
Actuary fees	140,750	106,631	140,750	106,631	-	-
Audit fees	H3 175,000	200,403	175,000	200,403	-	-
Scheme management fees	C3 2,662,057	3,851,952	2,662,057	3,851,952	-	-
Stamp duty	3,125,646	2,910,245	3,125,646	2,910,245	-	-
TOTAL EXPENDITURE	7,612,484	8,653,870	7,542,448	8,575,045	70,036	78,825

Notes to and forming part of the financial statements (continued)

NOTE	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME		
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$	
C3 SCHEME MANAGEMENT FEES							
Included within administration and general expenses are management fees paid to the service provider for:							
Reinsurance placement, risk management and administration	C3.1	2,083,634	3,016,831	2,083,634	3,016,831	-	-
Claims Management		578,423	835,121	578,423	835,121	-	-
TOTAL SCHEME MANAGEMENT FEES		2,662,057	3,851,952	2,662,057	3,851,952	-	-

C3.1 Reinsurance Placement Expense

Reinsurance expense relates to insurance premiums paid to reinsurers in accordance with the established reinsurance strategy of the entity and in order to protect the Insurance businesses from catastrophic and unforeseen claims.

NOTE D: ASSETS WE MANAGE

Structure:

D1 Investments

D2 Fair Value Measurement

D1 INVESTMENTS

Investments are valued at fair value at balance date. Investment income includes interest received and receivable on investments and changes in fair values of investments in cash and fixed interest funds.

D2 FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the MAV determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. MAV does not have any level 3 financial assets.

Cash and cash equivalents is considered level 1 financial assets.

Notes to and forming part of the financial statements (continued)

NOTE E: OTHER ASSETS AND LIABILITIES

Structure

E1 Receivables

E2 Premiums and Income in Advance

E3 Payables

	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
E1 TRADE AND OTHER RECEIVABLES						
Future reinsurance and other recoveries receivable	174,088,523	159,475,116	174,088,523	159,475,116	-	-
Discount to present value	(24,993,073)	(17,556,343)	(24,993,073)	(17,556,343)	-	-
	149,095,450	141,918,773	149,095,450	141,918,773	-	-
Premiums receivable	56,496,687	50,158,944	56,496,687	50,158,944	-	-
Other receivables	98,284	108,753	98,284	108,753	-	-
Less provision for doubtful debts	-	-	-	-	-	-
	56,594,971	50,267,697	56,594,971	50,267,697	-	-
TOTAL RECEIVABLES	205,690,421	192,186,470	205,690,421	192,186,470	-	-
Represented By:						
CURRENT	85,726,772	77,417,377	85,726,772	77,417,377	-	-
NON-CURRENT	119,963,649	114,769,092	119,963,649	114,769,092	-	-
TOTAL	205,690,421	192,186,469	205,690,421	192,186,469	-	-

Reinsurance recoveries are due from reinsurers with S&P ratings of AA-, A and A-. Other recoveries are due from unrated Local Authorities based in Victoria and Tasmania.

E1.1 Reinsurance and other recoveries receivable

Reinsurance and other recoveries receivable on paid claims, reported claims not paid, claims incurred but not reported and unexpired risk liabilities are recognised as revenue. Recoveries receivable are assessed in a manner similar to the assessment of outstanding claims. Recoveries are measured as the present value of the expected future receipts, calculated on the same basis as the liability for outstanding claims.

E1.2 Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised where there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue, other than outstanding reinsurance recoveries, are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

Notes to and forming part of the financial statements (continued)

The ageing analysis of premiums receivable and other receivables are as follows:

2023	Total	<30 days	31 - 60 days	61 - 90 days	>90 days
Combined	56,594,971	56,594,971	-	-	-
Liability Mutual Insurance	56,594,971	56,594,971	-	-	-
Commercial Crime Fund	-	-	-	-	-

2022	Total	<30 days	31 - 60 days	61 - 90 days	>90 days
Combined	50,267,697	50,267,697	-	-	-
Liability Mutual Insurance	50,267,697	50,267,697	-	-	-
Commercial Crime Fund	-	-	-	-	-

All premiums receivable and other receivables are due from Local Authorities based in Victoria and Tasmania.

	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
E2 PREMIUMS IN ADVANCE						
Contributions billed in advance	51,643,317	45,599,039	51,643,317	45,599,039	-	-

E2.1 Premiums in advance

During the month of June each year, the Liability Mutual Insurance Scheme issues premium notices to Scheme members. The risk attaches to the premiums in the next accounting period and accordingly the revenue is recognised each following year commencing 1 July. Prior to each balance date members have committed to participate in either the Scheme or the Fund for the ensuing year and accordingly the premiums are disclosed in the Statement of Financial Position as "premiums receivable" with an offsetting liability described as "premiums in advance".

E3 PAYABLES

E3.1 Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to and forming part of the financial statements (continued)

NOTE F: INSURANCE PROVISIONS

Structure:

F1 Outstanding claims

F2 Reconciliation of movement in discounted outstanding claims liability

F3 Net claims incurred

F4 Claims development table

	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
F1 OUTSTANDING CLAIMS						
Central estimate	214,846,926	169,499,128	214,846,926	169,499,128	-	-
Discount to present value	(33,660,381)	(20,465,901)	(33,660,381)	(20,465,901)	-	-
Excesses and recoveries - Discount to present value	2,066,694	1,649,863	2,066,694	1,649,863	-	-
	183,253,239	150,683,090	183,253,239	150,683,090	-	-
Claims handling costs	847,799	829,150	847,799	829,150	-	-
Risk margin	-	-	-	-	-	-
TOTAL OUTSTANDING CLAIMS	184,101,038	151,512,240	184,101,038	151,512,240	-	-
Comprising:						
CURRENT	28,187,984	24,170,824	28,187,984	24,170,824	-	-
NON-CURRENT	155,913,054	127,341,416	155,913,054	127,341,416	-	-
TOTAL OUTSTANDING CLAIMS	184,101,038	151,512,240	184,101,038	151,512,240	-	-

As at 30 June 2023, the MAV Insurance Board determined that the outstanding claims liability is to be held at the 50% probability of sufficiency on the basis of the non-discretionary mutual structure of the LMI Scheme. As a result, a 0% risk margin was applied to the central estimate (2022: 0%) to achieve the desired level of sufficiency.

Notes to and forming part of the financial statements (continued)

F2 COMBINED RECONCILIATION OF MOVEMENT IN DISCOUNTED OUTSTANDING CLAIMS LIABILITY

	2023			2022		
	Gross \$	Reinsurance \$	Net \$	Gross \$	Reinsurance \$	Net \$
Outstanding claims brought forward	151,512,241	141,918,773	9,593,468	129,102,325	124,105,048	4,997,277
Changes in assumptions	(1,151,028)	(1,041,375)	(109,653)	(6,129,330)	(5,273,101)	(856,229)
Increase in claims incurred/ recoveries anticipated	64,568,364	36,085,158	28,483,206	48,167,217	41,308,178	6,859,039
Incurred claims recognised in income statement	63,417,337	35,043,783	28,373,553	171,140,212	160,140,125	11,000,087
Claim payments (recoveries) during the year	(30,828,540)	(27,867,106)	(2,961,433)	(19,627,971)	(18,221,352)	(1,406,619)
Outstanding claims carried forward	184,101,038	149,095,450	35,005,588	151,512,241	141,918,773	9,593,468
Debtor Excesses and Reinsurance Recoveries on Paid Claims	-	5,370,686	(5,370,686)	-	4,972,188	(4,972,188)
TOTAL NET OUTSTANDING CLAIMS	184,101,038	143,724,764	40,376,274	151,512,241	136,946,585	14,565,656

F3 NET CLAIMS INCURRED

	2023			2022		
	Current Year \$	Prior Year \$	Total \$	Current Year \$	Prior Year \$	Total \$
LIABILITY MUTUAL INSURANCE						
Gross claims and related expenses – undiscounted	47,214,337	28,980,649	76,194,987	42,079,323	14,272,649	56,351,972
Discount	(7,948,925)	(4,828,725)	(12,777,650)	(5,284,763)	(9,029,322)	(14,314,085)
Gross Claims and related expenses – discounted	39,265,412	24,151,924	63,417,337	36,794,560	5,243,327	42,037,887
Reinsurance and other recoveries – undiscounted	(11,664,264)	(30,323,106)	(41,987,370)	(30,822,652)	(16,975,664)	(47,798,316)
Discount	(1,073,439)	8,017,025	6,943,587	456,603	11,306,637	11,763,239
Reinsurance and other recoveries – discounted	(12,737,703)	(22,306,081)	(35,043,783)	(30,366,049)	(5,669,027)	(36,035,077)
NET CLAIMS INCURRED	26,527,709	1,845,843	28,373,554	6,428,511	(425,700)	6,002,810

Notes to and forming part of the financial statements (continued)

F4 CLAIMS DEVELOPMENT TABLE

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
GROSS ESTIMATE OF ULTIMATE CLAIMS COST											
At end of accident year	22,191,872	22,465,862	22,303,614	20,097,434	21,743,945	22,793,891	24,705,870	30,720,155	41,062,929	46,469,895	
One year later	22,401,912	21,693,885	20,487,169	21,295,287	21,194,033	23,080,037	26,255,218	38,132,271	43,027,312		
Two years later	28,143,146	21,462,820	18,332,131	20,143,548	21,196,000	24,778,903	25,467,579	48,288,683			
Three years later	28,118,433	21,059,584	17,579,579	18,803,428	21,843,602	29,855,405	24,102,517				
Four years later	26,386,726	20,988,591	23,198,558	21,437,347	27,911,688	34,100,745					
Five years later	25,709,500	22,615,763	23,992,747	18,770,721	28,536,962						
Six years later	26,048,889	23,941,043	23,904,496	29,658,062							
Seven years later	25,845,811	24,599,167	24,038,941								
Eight years later	25,199,008	26,312,049									
Nine years later	24,960,459										
<i>Current estimate of</i>											
Cumulative claims cost	24,960,459	26,312,049	24,038,941	29,658,062	28,536,962	34,100,745	24,102,517	48,288,683	43,027,312	46,469,895	329,495,624
Cumulative payments	(23,159,483)	(21,415,871)	(18,973,361)	(14,238,914)	(13,935,884)	(11,451,180)	(8,154,798)	(4,352,543)	(1,885,323)	(286,418)	(117,853,774)
Outstanding claims - undiscounted	1,800,976	4,896,178	5,065,580	15,419,148	14,601,078	22,649,565	15,947,719	43,936,140	41,141,989	46,183,477	211,641,850
DISCOUNT											(31,229,506)
Claims Handling Expense											833,910
2013 and prior											2,854,784
TOTAL GROSS OUTSTANDING CLAIMS F1											184,101,038

Accident Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
NETT ESTIMATE OF ULTIMATE CLAIMS COST											
At end of accident year	4,602,870	12,238,620	3,710,694	3,367,525	35,959	1,278,911	3,851,527	4,763,923	6,002,562	30,630,162	
One year later	4,674,158	11,932,830	3,740,554	68,793	47,759	1,300,067	3,892,698	5,039,117	5,999,639		
Two years later	4,707,042	11,973,116	90,797	174,862	107,740	1,319,341	3,856,114	7,314,288			
Three years later	4,237,880	3,598,339	335,276	263,365	141,874	1,287,260	3,895,577				
Four years later	2,799,428	3,693,245	457,093	267,548	141,484	1,346,274					
Five years later	2,834,228	3,806,394	510,580	330,038	162,994						
Six years later	2,865,305	3,843,435	525,251	335,635							
Seven years later	2,873,721	3,850,230	525,635								
Eight years later	2,859,177	3,856,579									
Nine years later	2,879,177										
<i>Current estimate of</i>											
Cumulative claims cost	2,879,177	3,856,579	525,635	335,635.27	162,993.91	1,346,274	3,895,577	7,314,288	5,999,639	30,630,162	56,945,961
Cumulative payments	(2,885,835)	(4,128,472)	(686,915)	(513,648)	(813,253)	(2,058,053)	(2,180,539)	(1,645,989)	(839,215)	(236,690)	(15,988,611)
Outstanding claims - undiscounted	(6,658)	(271,893)	(161,280)	(178,013)	(650,259)	(711,779)	1,715,038	5,668,299	5,160,424	30,393,471	40,957,350
DISCOUNT											(6,600,615)
Claims Handling Expense											833,910
2013 and prior											(185,057)
OUTSTANDING CLAIMS											35,005,588
Debtor Excesses and Reinsurance Recoveries on Paid Claims											5,370,686
TOTAL NET OUTSTANDING CLAIMS F2											40,376,274

NOTE G: FINANCING OUR OPERATIONS

Structure

G1 Notes to statement of cash flows

G1.1 Cash and cash equivalents at balance date as shown in the Statement of Cash Flows are held in NAB cash deposits and are reconciled to the related items in the Statement of Financial Position as follows:

	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
Cash and Cash Equivalents	5,629,731	8,927,999	5,414,196	8,802,501	215,535	125,498
Reconciliation of Net Cash (Used In)/provided by Operating Activities to Operating Surplus/(Deficit)						
Surplus (deficit) for year	(787,410)	2,762,852	(778,413)	2,753,233	(8,997)	9,619
Adjustments for:						
Depreciation	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-
Unrealised gains/losses on investments	(487,641)	99,679	(487,641)	99,679	-	-
Changes in assets and liabilities:						
(Increase)/decrease in trade and other receivables	(6,327,275)	(4,852,248)	(6,327,275)	(4,852,248)	-	-
Increase/(decrease) in trade and other payables	210,661	964,164	111,627	1,027,086	99,034	(62,922)
(Increase)/decrease in reinsurance recoveries	(7,176,677)	(17,813,725)	(7,176,677)	(17,813,725)	-	-
Increase/(decrease) in premiums in advance	6,044,277	2,875,605	6,044,277	2,875,605	-	-
Increase/(decrease) in outstanding claims	32,588,797	22,409,916	32,588,797	22,409,916	-	-
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	24,064,732	6,446,243	23,974,695	6,499,546	90,037	(53,303)

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTE H: PEOPLE AND RELATIONSHIPS

Structure

H1 Related Parties

H2 Remuneration of Key Management Personnel

H3 Auditor Fees

H1 RELATED PARTIES

The MAV is a body corporate established under the *Municipal Association Act 1907* to provide services for and represent Local Government authorities in Victoria. The MAV and its wholly owned controlled entities trade with its members in the normal course of business and on an arm's length basis. The Deed of Establishment provides for the MAV to appoint a Committee of Management (MAV Insurance Board) to be responsible for the administration of the Scheme. Total expenses of \$533,205 (2022 \$520,000) were payable to the MAV being payment for administrative support, and overseeing the management of the insurance activities, including the conduct of bi-monthly Board meeting. The MAV pays insurance premiums to the Liability Mutual Insurance Scheme \$25,282 (2022 \$24,546) and to the Commercial Crime Fund \$15,694 (2022 \$13,743). Other than this, there were no other related party transactions.

Board members during the year

R. Spence (Independent Chair)

Cr. D. Clark (MAV President)

Cr. M. Emerson (MAV Board Representative)

J. Drysburgh (General Manager Brighton Council)

J. Bennie (Greater Dandenong City Council - Chief Executive Officer) - until 4 November 2022

A. Day (Manningham City Council - Chief Executive Officer) - from 4th November 2022

H. Sui (Moonee Valley City Council - Chief Executive Officer) from 4th November 2022

D. Lester (LGAT - Chief Executive Officer)

K. Thompson (MAV - Chief Executive Officer) until 20 March 2023

D. Isola (Acting MAV Chief Executive Officer) between 21 March 2023 and 30 April 2023

T. Edwards (Acting MAV Chief Executive Officer) from 1 May 2023

K. Williams (Independent)

K. Reid (Independent)

P. Woodhouse (Independent)

B. Richards (Independent)

H2 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are those personnel who have the authority and responsibility for planning, directing and controlling the activities of MAV Insurance, directly or indirectly. KMP of MAV Insurance include MAV Board Members, Insurance Board Members and the CEO.

No remuneration was paid to MAV Board Members by MAV Insurance during the year, who are remunerated separately by the MAV (related party).

Notes to and forming part of the financial statements (continued)

Independent Board members receive meeting fees.

	Annual Meeting Allowance					
			\$			
Chairperson	25,000					
Independent Board members	15,300					
	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Short-term remuneration of MAV Insurance						
Board and key management personnel (Cost of key management personnel is recovered by the MAV)	143,315	168,562	143,315	168,562	-	-
Post employment benefits	3,073	4,019	3,073	4,019	-	-

Loans to KMP and MAV Insurance Board members

No loans were made to or are payable by Insurance Board Members during the year.

Other transactions

There were no other material transactions with Insurance Board Members.

Insurance

The activities of the MAV Insurance Board members are covered by the MAV directors and officers indemnity insurance policy effected by the MAV.

	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
H3 AUDIT FEES						
Amounts payable or due and payable for audit services:						
Audit of the entity	175,000	200,403	175,000	200,403	-	-
TOTAL AUDIT FEE	175,000	200,403	175,000	200,403	-	-

NOTE I: MANAGING UNCERTAINTIES

Structure

- I1 Risk management objectives and policies for mitigating insurance risk
- I2 Capital management objectives and economic dependency
- I3 Contingent liabilities
- I4 Purchase of retrospective insurance
- I5 Accounting estimates and judgements
- I6 Actuarial assumptions and methods
- I7 Interest rate risk
- I8 Liquidity risk
- I9 Credit risk

I1 RISK MANAGEMENT OBJECTIVES AND POLICIES FOR MITIGATING INSURANCE RISK

The MAV's local government mutual liability scheme (trading as Liability Mutual Insurance) is established by legislation contained in the *Municipal Association Act 1907*. Membership is available to local government councils and prescribed bodies. The Scheme operates in Victoria and Tasmania to provide services to members in respect of their potential and actual liabilities. A member may seek indemnity from the Scheme in respect of a claim.

Actuarial models, using information from the Scheme's management information systems are used to confirm contributions and monitor claim patterns. Past experience and statistical methods are used as part of the process.

The principal risk is that the frequency and severity of claims is greater than expected. Civil Liability Risk events are, by their nature, random, and the actual number and size of events during any one-year may vary from those estimated using established statistical techniques.

Objectives in managing risk arising from insurance and policies for mitigating those risks

The Scheme has an objective to control insurance risk thereby reducing the volatility of its operating surplus. In addition to the inherent uncertainty of civil liability risks, which can lead to variability in the loss experience, operating surpluses can also be affected by external factors, such as competition and movements in asset values.

The Scheme relies on a strong relationship with its members and actively encourages them to adopt practices of risk management that reduce the incidence of claims to the Scheme.

Reinsurance strategy

The Scheme adopts a conservative approach towards management of risk and does this by utilising various risk transfer options. The MAV Insurance Board determines the level of risk, which is appropriate for the Scheme having regard to ordinary concepts of prudence and regulatory constraints. The risk transfer arrangements adopted by the Scheme include the utilisation of commercial reinsurance / excess arrangements. These arrangements include constant review of both reinsurers' financial strength, and ensuring spread of risk among reinsurers who meet the requirements of the MAV insurance policies. These risk transfer arrangements assist the Scheme to limit exposures to large single claims, catastrophic events, and a higher than expected number of smaller claims. These programs are reviewed each year to ensure that they continue to meet the risk needs of the Scheme. In 2018 the Scheme purchased retrospective re-insurance that fully reinsures all claims made against the Scheme up to 30 June 2018.

Terms and conditions of membership

Membership to the Scheme is offered to eligible bodies and renewed annually on 30 June. Payment of the annual contribution confirms continuation of membership.

Product features

The Scheme operates in Victoria and Tasmania. Should a claim be accepted the Scheme provides indemnity to the member in respect of its civil liabilities for \$600 million Public / Products Liability and \$600 million for Professional Indemnity insurance, in excess of any self-insured amount, for any claim incurred anywhere throughout the world.

Operating surpluses and deficits arise from the total contributions charged to members less the amounts paid to cover claims and the expenses incurred by the Scheme.

Management of risks

The key insurance risks that affect the Scheme are contribution risk, and claims experience risk.

Contribution risk is the risk that the Scheme does not charge contributions appropriate for the indemnity cover it provides. The Scheme manages contribution risk through its proactive approach to risk management that addresses all material risks both financial and non-financial. There are no specific terms and conditions that are expected to have a material impact on the financial statements.

Claims experience risk is managed through the non-financial risk assessment and risk management and reinsurance management process. Claims experience is monitored on an ongoing basis to ensure that any adverse trending is addressed. The Scheme is able to reduce the claims experience risk of severe losses through the reinsurance program, and by managing the concentration of insurance risks. LMI is a non-discretionary mutual fund which, under the Constitution has the ability to obtain contributions from members to pay liabilities and expenses.

Concentration of insurance risks

Insurance risk is managed by taking a long term approach to setting the annual contribution rates that eliminates price fluctuations, through appropriate investment strategy, reinsurance and by maintaining an active state-wide risk management profile. The Scheme keeps abreast of changes in the general economic, legal and commercial environment in which it operates. The Scheme spreads its risk of reinsurance failure by ensuring reinsurers are of high financial quality and can meet their commitments to the MAV. The MAV maintains policies and strategies and receives advice from an independent actuary on at least an annual basis in order to determine the concentration and amount of risk exposure.

12 CAPITAL MANAGEMENT OBJECTIVES AND ECONOMIC DEPENDENCY

The MAV is specifically excluded from the provisions of the *Insurance Act* and from APRA regulation. There is no externally imposed capital requirement on the MAV. The MAV's capital management philosophy is focused on capital efficiency and effective risk management to support a progressive business model for the benefit of members of both LMI and the Commercial Crime Fund. The Board of directors and management have in place a strategic plan that is aligned to achieving the MAV's capital management philosophy with an objective to remain in surplus. Key elements of this plan include premium setting, risk management, claims management and reinsurance management.

The MAV operates LMI which is a non-discretionary mutual fund, and under Sections 6.4 and 6.5 of the Constitution the MAV has the ability to obtain contributions from members to meet any shortfall in the Provision set aside in respect of that insurance year.

Section 6.4 of the Constitution, states that each Participant (member) will remain liable to make further contributions to the Scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the Participant remains a Participant in future insurance years.

13 CONTINGENT LIABILITY

During the normal course of business, the Scheme may be exposed to contingent liabilities from litigation arising from its insurance and reinsurance activities, which if they should crystallise may adversely affect the financial position and performance of MAV. Provisions are made for obligations that are probable and able to be quantified.

No other material contingent liabilities have arisen in the year ended 30 June 2023.

14 PURCHASE OF RETROSPECTIVE INSURANCE COVER - LIABILITY MUTUAL INSURANCE SCHEME

The MAV has purchased retrospective reinsurance cover on the net amount of all MAV Insurance outstanding net claims liabilities from 30 June 2018 for the 2008/2009 to 2017/2018 accident years incurred up to 30 June 2018. The coverage has a retrospective date of 30 June 2018. The MAV authorised management to negotiate the retrospective coverage on 8 June 2018. Subsequent to this, MAV received an offer to purchase retrospective coverage on 30 August 2018. The MAV Board endorsed the purchase of coverage on 14 September 2018 and a contract was signed on 18 September 2018. The discounted net amount of claims reinsured was \$21.7 million. A premium of \$20 million has been agreed with a single reinsurer which has an S&P credit rating of A+.

Notes to and forming part of the financial statements (continued)

15 ACCOUNTING ESTIMATES AND JUDGEMENTS

The Scheme makes estimates and judgements in respect of certain key assets and liabilities. Estimates and judgements are continually reviewed and are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates and judgements are applied are described below.

15.1 Estimation of outstanding claims liability

Provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported ("IBNR") to the Scheme. The Scheme takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established.

Provisions are calculated gross of all recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers and any third party.

The determination of an appropriate outstanding claims provision involves:

- (i) Establishing a case estimate for each reported claim at year-end taking into account legal advice where appropriate on larger claims;
- (ii) Allowance for incurred but not reported claims as confirmed by the actuarial review on 30 June 2023;
- (iii) Allowance for incurred but not enough reported claims as confirmed by the actuarial review on 30 June 2023;
- (iv) Allowances for claim inflation of 3.85%, as assumed by the Actuary;
- (v) Allowances for discount at 4.01%, as assumed by the Actuary;
- (vi) A risk margin of 0% of net outstanding claims after the effect of reinsurance has been applied.

Details of specific actuarial assumptions used in deriving the outstanding claims liability at year-end are detailed in note 16.

15.2 Assets arising from reinsurance contracts

Assets arising from reinsurance contracts were estimated for each fund year, from the payments to date and estimated outstanding claims history at 30 June 2023, taking into account the reinsurance terms applying to that fund year.

16 ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial assumptions

The following assumptions have been made in determining the outstanding claims liabilities:

	2023	2022
Key actuarial assumptions		
Wage inflation	3.85%	3.69%
Discount rate	4.01%	3.35%
Risk margin	0.00%	0.00%
Superimposed inflation (Public liability - personal injury portfolio)	1.75%	1.75%

Notes to and forming part of the financial statements (continued)

Process used to determine actuarial assumptions

A description of the processes used to determine the above key actuarial assumptions is provided below:

Liability Mutual Insurance has provided public and professional indemnity insurance to local government bodies in Victoria and Tasmania and other bodies constituted under any Act for any public or local governing purpose since 30 September 1993. The Actuary was supplied with details of all transactions (payments, recoveries, changes of estimates) from 30 September 1993 to 30 June 2023. The individual claim payments and case estimates reconciled closely with totals in Liability Mutual Insurance financial statements for each year of cover. The actuary subdivided the claims data into four claim types (Public Liability - Personal Injury, Public Liability - Property Damage, Professional Indemnity and the 2009 Bushfire claims) and made separate estimates of the gross outstanding claims liabilities for each of these claim types. The actuary estimated the gross outstanding claims liabilities for each claim type using five different actuarial methods.

Large claims (claims above \$250,000 in 2009 dollars) were estimated based on a numbers times average size method and non-large claims were estimated using four different actuarial methods- payments per claim incurred, payments per claim finalised, incurred cost development and projection of case estimates. The actuary selected a combination of these methods for estimating the outstanding claims. Payments were projected with a payment pattern, based on past experience. Estimates of outstanding excesses were based on a numbers times average size method and estimates of non-reinsurance recoveries were made by a recoveries per claim method. Claim administration expenses at 30 June 2023 approximate actual costs to be incurred.

Estimates of reinsurance recoveries were made from projected gross payments, excesses and non-reinsurance recoveries, allowing for the different insurance treaties applying to each year. Based on Access Economics June 2023 forecasts for Victorian average weekly wage inflation was assumed to be 3.85%. The discount rate was assumed to be 4.01% pa., derived from the yields on Commonwealth Government bonds.

A risk margin of 0% of the net liabilities was used to give a probability of 50% that the provisions will prove adequate to meet the relevant liabilities.

VARIABLE	IMPACT OF MOVEMENT IN VARIABLE
Wage inflation	Expected future payments are inflated to take account of inflationary increases. An increase or decrease in the assumed levels of economic inflation would have a corresponding impact on claims expense, with particular reference to longer tail claims.
Discount rate	The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase or decrease in the assumed discount rate will have an opposing impact on total claims expense.
Case estimate development	Case estimates are initially established in accordance with established guidelines and by reference to the known facts. Where new information becomes available the initial case estimate will change. This development movement is applied to open claims and will have a corresponding impact on claims expense.

Notes to and forming part of the financial statements (continued)

Wage Inflation rate sensitivity

Expected future payments are inflated to take account of inflationary increases. An increase or decrease in the assumed levels of economic inflation would have a corresponding impact on claims expense, with particular reference to longer tail claims.

Variable	Current Rate %	Change variable to +0.5%/0.5% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN KEY VARIABLES				
LIABILITY MUTUAL INSURANCE				
Base value at 30 June 2023	3.85%		(778,413)	3,977,576
Wage Inflation rate p.a.		4.35%	(1,539,413)	3,216,576
		3.35%	(17,413)	4,738,576

Discount rate sensitivity

The reinsurance indemnity contracts contain no clauses that expose the Scheme, directly to interest rate risk. The reinsurance contracts are long term arrangements, reviewed and payable annually.

Variable	Current Rate %	Change variable to +0.5%/0.5% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN DISCOUNT RATES				
LIABILITY MUTUAL INSURANCE				
Base value at 30 June 2023	4.01%		(778,413)	3,977,576
Discount rate p.a.		4.51%	(62,413)	4,693,576
		3.51%	(1,494,413)	3,261,576

Claims handling sensitivity

Future claims handling expenses represent administrative costs relating to the payment of claims incurred to date.

Variable	Current Rate %	Change to the Current Rate +0.5%/-0.5% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN KEY VARIABLES				
LIABILITY MUTUAL INSURANCE				
Base value at 30 June 2023	0.56%		(778,413)	3,977,576
Claim administration expense		1.06%	(1,270,913)	3,485,076
		0.06%	(285,913)	4,470,076

Notes to and forming part of the financial statements (continued)

Non-large average claim size

This covers the cost of estimated claims up to \$389,000. For claims which exceed the threshold, all costs up to \$389,000 are included in the non-large value.

Variable	Current Value \$	Change variable to +10%/-10% \$	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
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IMPACT OF CHANGES IN KEY VARIABLES LIABILITY MUTUAL INSURANCE

Base value at 30 June 2023	45,136,000		(778,413)	3,977,576
Average claim size		(4,760,000)	(5,538,413)	(1,560,837)
		4,760,000	3,981,587	7,959,163

Incurred but not enough yet reported (IBNER) - Case estimate development of large claims

This covers the cost of estimated claims between \$389,000 and \$1m.

Variable	Current Value \$	Change variable to +25%/-25% \$	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
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IMPACT OF CHANGES IN KEY VARIABLES LIABILITY MUTUAL INSURANCE

Base value at 30 June 2023	40,520,000		(778,413)	3,977,576
Case estimate development of large claims		(144,000)	(922,413)	3,055,163
		144,000	(634,413)	3,343,163

Claim Numbers

This covers the increase or reduction of personal injury claims from the central estimate for the fund years 2021, 2022 and 2023, based on the dollar impact on the net discounted provision.

	Number of Claims	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
		(778,413)	3,977,576
Additional personal injury claims	30	(2,405,413)	1,572,163
Additional personal injury claims	60	(4,383,413)	(405,837)
Fewer personal injury claims	30	1,064,587	5,042,163
Fewer personal injury claims	60	2,825,587	6,803,163

Notes to and forming part of the financial statements (continued)

17 INTEREST RATE RISK

The Group's exposure to interest rate risk and the effective average interest rate for the classes of financial assets is set out below:

2023	NOTE	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
		Non-Interest Earning \$	Floating Interest Rate \$	Non-Interest Earning \$	Floating Interest Rate \$	Non-Interest Earning \$	Floating Interest Rate \$
FINANCIAL ASSETS							
Cash and cash equivalents	G1	-	5,629,731	-	5,414,196	-	215,535
Investments	D1	-	37,498,662	-	37,498,662	-	-
Trade and other receivables	E1	205,690,421	-	205,690,421	-	-	-
TOTAL FINANCIAL ASSETS		205,690,421	43,128,394	205,690,421	42,912,859	-	215,536
Weighted Average Interest Rate			5.1%		5.2%		4.1%
FINANCIAL LIABILITIES							
Outstanding claims	F1	184,101,038	-	184,101,038	-	-	-
Unearned premiums/subscriptions	E2	51,643,317	-	51,643,317	-	-	-
Trade and other payables	E3	8,985,236	-	8,881,348	-	103,888	-
TOTAL FINANCIAL LIABILITIES		244,729,590	-	244,625,702	-	103,888	-

2022	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	Non-Interest Earning \$	Floating Interest Rate \$	Non-Interest Earning \$	Floating Interest Rate \$	Non-Interest Earning \$	Floating Interest Rate \$
FINANCIAL ASSETS						
Cash and cash equivalents	-	8,927,999	-	8,802,501	-	125,498
Investments	-	9,648,021	-	9,648,021	-	-
Trade and other receivables	192,186,469	-	192,186,469	-	-	-
TOTAL FINANCIAL ASSETS	192,186,469	18,576,020	192,186,469	18,450,522	-	125,499
Weighted Average Interest Rate		1.8%		1.9%		1.4%
FINANCIAL LIABILITIES						
Outstanding claims	151,512,240	-	151,512,240	-	-	-
Unearned premiums/subscriptions	45,599,039	-	45,599,039	-	0	-
Trade and other payables	8,774,577	-	8,769,723	-	4,854	-
TOTAL FINANCIAL LIABILITIES	205,885,856	-	205,881,002	-	4,854	-

Investments are considered level 2 financial assets in accordance with AASB 13 (Fair Value Measurement). The carrying amounts of financial assets and financial liabilities represent their approximate fair value. All maturity dates are within twelve months.

Notes to and forming part of the financial statements (continued)

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2023. Cash flows for financial assets and liabilities without fixed amounts or timing are based on conditions existing at 30 June 2023.

The remaining contractual maturities of the financial liabilities are:

	COMBINED		LIABILITY MUTUAL INSURANCE		COMMERCIAL CRIME	
	2023 \$	2022 \$	2023 \$	2022 \$	2023 \$	2022 \$
3 months or less	29,080,522	26,281,100	28,976,634	26,276,246	103,888	4,854
3-12 months	60,285,858	52,519,568	60,285,858	52,519,568	-	-
1-5 years	121,584,052	97,349,259	121,584,052	97,349,259	-	-
Over 5 years	65,372,846	48,551,968	65,372,846	48,551,968	-	-
	276,323,278	224,701,895	276,219,390	224,697,041	103,888	4,854

Interest rate risk

MAV Insurance is exposed to interest rate risk from its cash, cash equivalents and investments.

Variable	Current Rate %	Change variable to +1.0%/-1.0% \$	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
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IMPACT OF CHANGES IN INTEREST RATE ON FINANCIAL ASSETS MAV INSURANCE

Base value at 30 June 2023	5.1%		(787,410)	4,089,223
Interest Rate p.a.		6.1%	(2,156,062)	2,720,571
		4.1%	581,242	5,457,875

Notes to and forming part of the financial statements (continued)

18 LIQUIDITY RISK

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values in the table below, reflects a balanced view of cash inflows and outflows. These liabilities originate from insurance contracts and other financial assets used in the ongoing operations of the business. These assets are considered in the MAV's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the MAV has established a comprehensive risk reporting covering its insurance business that reflects the management of settlement of financial assets and liabilities. Amounts are undiscounted.

Year ended 30 June 2023	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
COMBINED FINANCIAL ASSETS					
Cash and cash equivalents	5,414,196	-	-	-	5,414,196
Investments	37,498,662	-	-	-	37,498,662
Trade and other receivables	66,044,079	19,572,613	92,533,150	52,533,651	230,683,494
	108,956,937	19,572,613	92,533,150	52,533,651	273,596,352
COMBINED FINANCIAL LIABILITIES					
Outstanding claims	7,184,457	21,553,371	121,584,052	65,372,846	215,694,725
Trade and other payables	8,881,348	-	-	-	8,881,348
TOTAL FINANCIAL LIABILITIES	16,065,805	21,553,371	121,584,052	65,372,846	224,576,073
NET MATURITY	92,891,132	(1,980,757)	(29,050,902)	(12,839,194)	49,020,279

Year ended 30 June 2022	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
COMBINED FINANCIAL ASSETS					
Cash and cash equivalents	8,927,999	-	-	-	8,927,999
Investments	9,648,021	-	-	-	9,648,021
Trade and other receivables	58,611,861	18,486,196	85,230,927	47,413,829	209,742,812
	77,187,881	18,486,196	85,230,927	47,413,829	228,318,832
COMBINED FINANCIAL LIABILITIES					
Outstanding claims	6,106,763	18,320,289	97,349,259	48,551,968	170,328,278
Trade and other payables	8,774,577	-	-	-	8,774,577
TOTAL FINANCIAL LIABILITIES	14,881,340	18,320,289	97,349,259	48,551,968	179,102,855
NET MATURITY	62,306,540	165,907	(12,118,332)	(1,138,139)	49,215,977

Notes to and forming part of the financial statements (continued)

19 CREDIT RISK

CREDIT RATING

		AAA +/- \$M	AA +/- \$M	A +/- \$M	BBB \$M	Speculative Grade \$M	Not Rated \$M	Total \$M
Reinsurance and other recoveries on outstanding claims	2023	-	0.801	56.133	-	-	-	56.934
	2022	-	0.518	51.765	-	-	-	52.283
Reinsurance and other recoveries on paid claims	2023	-	0.073	3.039	-	-	-	3.112
	2022	-	-	2.575	-	-	-	2.575

PAST DUE BUT NOT IMPAIRED

		Neither past due nor impaired \$M	Less than months \$M	3 to 6 months \$M	6 months to 1 year \$M	Greater than 1 year \$M	Impaired \$M	Total \$M
Reinsurance and other recoveries on paid claims	2023	-	2.815	0.204	0.034	0.059	-	3.112
	2022	-	2.131	0.409	0.035	-	-	2.575

The Scheme is exposed to credit risk on insurance contracts as a result of exposure to reinsurers. The credit risk of reinsurers is managed through the Scheme's Reinsurance Management Strategy and policies that includes regularly monitoring both the financial rating of the reinsurers both prior to and during the reinsurance program and the flow of payments coming from the reinsurers. Investments in cash and cash equivalents at balance date as shown in the Statement of Cash Flows are held in S&P rated AA- and A- rated cash deposits.

Price risk

Investments held through managed investment schemes are subject to price risk.

Notes to and forming part of the financial statements (continued)

J: OTHER MATTERS

Structure

- J1 Summary of significant accounting policies
- J2 Income tax
- J3 Comparative figures
- J4 Impact of COVID 19 pandemic
- J5 Events Subsequent
- J6 Number of employees

J1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards and Interpretations issued but not yet effective.

Reference	Title Summary	Application Date of Standard	Impact on MAV Financial Report	Application Date for MAV
AASB 17	Insurance Contracts	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2020-1	Amendments to AAS - Classification of Liabilities as Current or Non-current	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2022-8	Amendments to AAS - Insurance Contracts - Consequential Amendments	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2022-9	Amendments to AAS - Insurance Contracts in the Public Sector	Reporting periods beginning on or after 1 January 2026	Adoption of this standard is not expected to have a material impact	1-Jul-26
AASB 2022-10	Amendments to AAS - Fair Value Measurement of Non-Financial Assets for Not-for-profit Public Sector Entities	Reporting periods beginning on or after 1 January 2024	Adoption of this standard is not expected to have a material impact	1-Jul-24

J2 INCOME TAX

The MAV is a State and Territory Body (STB) and is exempt from income tax, in accordance with Division 1AB of Part III of the *Income Tax Assessment Act 1997*.

J3 COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

J4 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

On 30 January 2020, COVID 19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. At 30 June 2023 there is some evidence that unfavourable PL-PI experience from the 2021 fund year was at least partly driven by COVID related lockdowns. Given the long-tail nature of the scheme's claims liabilities and the existing actuarial methodologies employed to value the outstanding claim liabilities, a large proportion of any adverse development related to COVID lockdowns is likely to have recognised in the claims liabilities at the balance date. This will continue to be monitored and if any further evidence of an effect due to COVID-19 develops, this will be incorporated into the scheme's estimate of its claims liabilities.

J5 SUBSEQUENT EVENTS

There were no material events subsequent to the year end that require reporting.

J6 NUMBER OF EMPLOYEES

Nil

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INDEPENDENT AUDITOR'S REPORT To the Members of MAV WorkCare

Opinion

We have audited the financial report of MAV WorkCare (the "Scheme"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by MAV WorkCare Board and Statement by MAV Directors.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Scheme as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the ABC Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Scheme are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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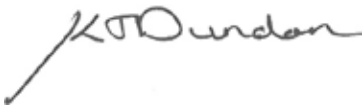
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in cursive that reads "Rsm".

RSM AUSTRALIA PARTNERS

A handwritten signature in cursive that reads "Kristie Dundon".

KRISTIE DUNDON
Partner

Dated: 9 October 2023
Melbourne, Victoria

MAV WORKCARE

STATEMENT BY MAV WORKCARE BOARD

In the opinion of the MAV WorkCare Board:

- (a) the accompanying Statement of Comprehensive Income is drawn up so as to present fairly in all material respects the result of MAV WorkCare for the year ended 30 June 2023
- (b) the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of MAV WorkCare as at that date
- (c) at the date of this statement there are reasonable grounds to believe that MAV WorkCare will be able to pay its debts as and when they fall due
- (d) the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

The financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Signed



Marilyn Duncan

MAV WorkCare Board Chair



Kelly Grigsby

Chief Executive Officer - Municipal Association of Victoria

Melbourne

3/10/2023

STATEMENT BY MAV DIRECTORS

In accordance with a resolution of the directors of the Municipal Association of Victoria, we state that:

In the opinion of the Directors:

- (a) the accompanying Statement of Comprehensive Income drawn up so as to present fairly in all material respects the result of MAV WorkCare for the year ended 30 June 2023;
- (b) the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of MAV WorkCare as at that date;
- (c) at the date of this statement there are reasonable grounds to believe that MAV WorkCare will be able to pay its debts as and when they fall due; and
- (d) the accompanying MAV WorkCare Financial Statements present fairly in all material respects the state of affairs of MAV WorkCare as at that date;
- (e) the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

The financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Signed in accordance with the resolution of Directors.



Cr. David Clark

President



Cr. Jennifer Anderson

Director



Kelly Grigsby

Chief Executive Officer

Melbourne

6/10/2023

OTHER INFORMATION

Address of registered office and principal place of business:

Level 5, 1 Nicholson Street, East Melbourne, 3002, Victoria, Australia

Nature of the operation and principal activities:

The MAV was approved by WorkSafe Victoria to operate a self-insurance workers' compensation Scheme for its members and their employees for the period November 2017 until 30 June 2021 when WorkSafe Victoria did not renew the licence and as a result for the period to 30 June 2027 the MAV Work Care is now a ceased self insurer.

Statement of Comprehensive Income

for the year ended 30 June 2023

	NOTE	2023 \$	2022 \$
Net investment gain	B1	2,449	8,467
Movement in ceased self insurer provision	C2	(2,449)	(8,467)
OPERATING SURPLUS		-	-
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	-

Statement of Financial Position

as at 30 June 2023

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents		132,869	26,172
Investments		202,140	-
Trade and other receivables	E1	414,309	1,112,200
TOTAL CURRENT ASSETS		753,068	1,138,372
NON-CURRENT ASSETS			
Trade and other receivables	E1	1,004,999	1,408,000
Motor vehicles, furniture and equipment	D1	-	-
TOTAL NON-CURRENT ASSETS		1,004,999	1,408,000
TOTAL ASSETS		1,758,067	2,546,372
CURRENT LIABILITIES			
Trade and other payables	E2	68,958	366,521
Provision for ceased self insurer members	C2	462,400	541,139
TOTAL CURRENT LIABILITIES		531,358	907,660
NON-CURRENT LIABILITY			
Provision for ceased self insurer members	C2	1,226,709	1,638,712
TOTAL NON-CURRENT LIABILITY		1,226,709	1,638,712
TOTAL LIABILITIES		1,758,067	2,546,372
NET LIABILITIES		-	-
EQUITY		-	-

The accompanying notes form an integral part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2023

	2023 \$	2022 \$
RETAINED EARNINGS		
Balance at beginning of year	-	-
Income from ordinary activities	-	-
BALANCE AT END OF YEAR	-	-

Statement of Cash Flows

for the year ended 30 June 2023

	NOTE	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Premiums and fees		1,099,060	20,486,226
Interest and investment gain		2,140	10,523
PAYMENTS			
Suppliers and Loans		(792,363)	(8,261,005)
Payments to WorkSafe Victoria		-	(75,355,343)
NET CASH FLOWS TO/FROM OPERATING ACTIVITIES	F1	308,837	(63,119,599)
CASH FLOWS TO/FROM INVESTING ACTIVITY			
Net Proceeds from redemption of investments (Application of investment funds)		(202,140)	12,012
NET CASH FROM INVESTING ACTIVITIES		(202,140)	12,012
NET INCREASE (DECREASE) IN CASH HELD		106,697	(63,107,587)
Cash at beginning of year		26,172	63,133,759
CASH AT END OF YEAR	F1	132,869	26,172

The accompanying notes form an integral part of these statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

NOTE A: CORPORATE INFORMATION

Structure:

- A1 Corporate information
- A2 Basis of preparation
- A3 Statement of compliance
- A4 Transition to WorkSafe Victoria

A1 CORPORATE INFORMATION

The financial report of MAV WorkCare (the Scheme) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors of the Municipal Association of Victoria (MAV), and a resolution of the directors of the MAV WorkCare board and Statement by the MAV WorkCare board on the date shown on the attached Statement by Directors and Statement by the WorkCare board.

The nature of the operations and principal activities of MAV WorkCare is the provision of workers' compensation insurance for its members and other Local Government Authorities. The MAV is specifically named in the *Workplace Injury Rehabilitation and Compensation Act 2013 (Vic)* (WIRC Act) as an entity that can hold a self-insurance licence for the benefit of its members.

MAV WorkCare is the workers' compensation insurance division of the MAV. This division commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. From 1 July 2021 the MAV is a ceased self-insurer with ongoing requirements to 30 June 2027. The MAV is an association incorporated by an Act of the Parliament of Victoria known as the *Municipal Association Act 1907*.

Under the *Accident Compensation Act 1985* the MAV is specifically named as a body that can apply for a workers' Compensation Self-Insurance Licence. On 3 May 2017, Work Safe Victoria approved the MAV as a self-insurer commencing from 4pm on 1 November 2017. There were 31 inaugural members of the Scheme, including the MAV. The last day of the Scheme was 30 June 2021 following Work Safe Victoria's decision not to renew the licence, with all claims being transferred to Work Safe Victoria from 1 July 2021. The MAV continues to have responsibilities as a ceased self-insurer until 30 June 2027. The estimate of these expenses have been included in the ceased self insurer provision.

A2 BASIS OF PREPARATION

The financial report is a general purpose financial report which has been drawn up in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a going concern basis.

The financial report is presented in Australian dollars. MAV WorkCare is a Not for Profit entity.

The financial statements have been prepared on the accrued basis using the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The principal accounting policies adopted in preparing the financial report are stated to assist in a general understanding of the financial report. Accounting policies have been consistently applied unless otherwise indicated.

A3 STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB).

Notes to and forming part of the financial statements (continued)

A4 TRANSITION TO WORKSAFE VICTORIA

Commencing 1 July 2021, Work Safe Victoria is responsible for all claims. At 30 June 2021 the gross claims were assessed at \$75.355 million made up of \$14.549 million (current liability) and \$60.806 million (non-current liability). The assessed recoveries were \$1.934 million with a net valuation of \$73.421 million. The current and non-current value at 30 June 2021 reflect the nature of the claims.

The MAV has established a ceased self-insurer members provision for the estimated ongoing expenses at 30 June 2021, including bank guarantee expenses, expected to be incurred during the 6-year liability period as a ceased self-insurer. The provision at 30 June 2021 was \$3.117 million. At 30 June 2023 the value of the provision has decreased to \$1.689 million from \$2.180 million at 30 June 2022.

There is also a potential contingent liability in relation to the 3-year and 6-year liability period. Please refer to Note H1 Contingent Liability.

NOTE B: FUNDING THE DELIVERY OF OUR SERVICES

	NOTE	2023 \$	2022 \$
REVENUE FROM ORDINARY ACTIVITIES			
REVENUES FROM NON-OPERATING ACTIVITIES			
Investment income	B1.1	2,449	8,467
TOTAL REVENUE FROM OUTSIDE THE OPERATING ACTIVITIES		2,449	8,467
TOTAL REVENUE FROM ORDINARY ACTIVITIES		2,449	8,467

B1.1 Revenue recognition

Revenue is recognised at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms. The following specific recognition criteria must also be met before revenue is recognised.

- (i) Investment Income - on an accruals basis including adjustments made to account for changes in the value of cash backed unit trusts to account as investment income.

B1.2 Investment income

Investment income consists of interest which is recognised on a time-proportionate basis that takes into account the effective interest rate on the financial asset and movements in unit values in cash and fixed interest funds which are carried at fair value through the Statement of Comprehensive Income.

Notes to and forming part of the financial statements (continued)

NOTE C: COST OF DELIVERING OUR SERVICES

Structure:

C1 Administration & General expenses

C2 Movement in Ceased Self Insurance Provision

C1 ADMINISTRATION & GENERAL EXPENSES

	NOTE	2023 \$	2022 \$
Administration and wind-down expenses		10,653	17,014
Bank guarantee expenses		407,538	713,313
Audit fees	G3	35,000	99,800
Depreciation of motor vehicles	D1	-	1,226
Depreciation of information technology equipment	D1	-	195
Staffing and Board costs		40,000	114,396
Expenditure incurred from prior year provision	C2	(493,191)	(945,944)
TOTAL ADMINISTRATION AND GENERAL EXPENDITURE		-	-

C2 MOVEMENT IN CEASED SELF INSURER PROVISION

	2023 \$	2022 \$
Opening balance	2,179,851	3,117,328
Expenditure incurred from prior year provision	(493,191)	(945,944)
Movement during the year	2,449	8,467
TOTAL CEASED SELF INSURER PROVISION	1,689,109	2,179,851
Represented By:		
CURRENT	462,400	541,139
NON-CURRENT	1,226,709	1,638,712
TOTAL	1,689,109	2,179,851

NOTE D: ASSETS WE MANAGE

Structure

D1 Motor Vehicles, Furniture and Equipment

D1 MOTOR VEHICLES, FURNITURE AND EQUIPMENT

	2023 \$	2022 \$
Motor vehicles	-	-
Less accumulated depreciation	-	-
	-	-
Furniture and equipment - at cost	-	-
Less accumulated depreciation	-	-
	-	-
Total written down value at year end	-	-
Reconciliations of the carrying amounts of property, furniture and equipment at the beginning and end of the financial year.		
MOTOR VEHICLES		
Movements during the year		
Beginning of year	-	11,643
Additions	-	-
Disposals	-	(10,417)
Depreciation	-	(1,226)
End of year	-	-
FURNITURE AND EQUIPMENT		
Movements during the year		
Beginning of year	-	1,790
Additions	-	-
Disposals	-	(1,595)
Depreciation	-	(195)
End of year	-	-

Motor vehicles, Furniture and Equipment are carried at cost, less where applicable, accumulated depreciation and impairment. In 2022, motor vehicle and furniture and equipment was disposed at its carrying amount. Accordingly, no gain or loss is recognised in the transaction.

All fixed assets are depreciated/amortised on a straight line basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

The following depreciation and amortisation rates are in use:	Annual Rate
Motor Vehicles	20%
Furniture and Equipment	33%

NOTE E: OTHER ASSETS AND LIABILITIES

Structure

E1 Receivables

E2 Payables

E1 TRADE AND OTHER RECEIVABLES

	2023 \$	2022 \$
Other receivables	1,419,308	2,520,200
TOTAL RECEIVABLES	1,419,308	2,520,200
Represented By:		
CURRENT	414,309	1,112,200
NON-CURRENT	1,004,999	1,408,000
TOTAL	1,419,308	2,520,200

The ageing analysis of premiums receivable and other receivables are as follows:

	Total	<30 days	31-60 days	61-90 days	>90 days
2023					
MAV WorkCare	1,419,308	-	-	309	1,418,999
2022					
MAV WorkCare	2,520,200	1,835,000	-	-	685,200

E1.1 Other receivables

Other receivables relate to amounts collectible from participating members of the Scheme as part of the wind-down of the Scheme. Terms are as set by the MAV Board and are aligned to the ceased self insurer requirements of WorkSafe Victoria and the participation agreements of the Scheme. Amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

E2 Payables

Trade and other payables are carried at amortised cost and, due to their short term nature, are not discounted. They represent liabilities for goods and services provided to the Scheme prior to the end of the financial year that are unpaid and arise when the Scheme becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE F: FINANCING OUR OPERATIONS

Structure

F1 Notes to statement of cash flows

F1 NOTES TO THE STATEMENT OF CASH FLOWS

Cash and cash equivalents at balance date as shown in the Statement of Cash Flows are held in NAB cash deposits and are reconciled to the related items in the Statement of Financial Position as follows:

	NOTE	2023 \$	2022 \$
Cash and Cash Equivalents		132,869	26,172
TOTAL CASH		132,869	26,172
Reconciliation of Net Cash (Used In) Operating Activities to Operating Surplus/(Deficit)			
Surplus/(deficit) for year		-	-
<u>Adjustments for:</u>			
Depreciation		-	1,421
<u>Changes in assets and liabilities:</u>			
(Increase) decrease in trade and other receivables and prepayments	E1	1,097,142	19,257,870
Increase(decrease) in employee entitlements		-	(68,936)
Increase (decrease) in loans, trade and other payables		(297,562)	(6,017,134)
Increase (decrease) in provision for ceased self insurance members		(490,742)	(937,477)
Increase (decrease) in outstanding claims		-	(75,355,343)
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES		308,837	(63,119,599)

Cash and cash equivalents in the balance sheet comprise cash at bank.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and deposits held at call with banks.

NOTE G: PEOPLE AND RELATIONSHIPS

Structure

- G1 Related Parties
- G2 Remuneration of Key Management Personnel
- G3 Audit Fees

G1 RELATED PARTIES

The MAV is a body corporate established under the *Municipal Association Act 1907* to provide services for and represent local government authorities in Victoria. The MAV and its wholly owned controlled entities trade with its members in the normal course of business and on an arm's length basis. The Participation Agreement provides for the MAV to appoint the MAV WorkCare Board to be responsible for the administration of the Scheme. Some administrative items are paid on behalf of MAV Work Care by MAV General and reimbursed. Other than these, there were no other related party transactions.

Board members during the year

- M. Duncan (Independent Chair)
- Cr. T. Melican (MAV Board) until 2 March 2023
- Cr. S. James (MAV Board) - from 6 April 2023
- J. Dore (Independent)
- Cr. D. Clark (MAV President)
- K. Thompson (MAV Chief Executive Officer) until 20 March 2023
- D. Isola (Acting MAV Chief Executive Officer) between 21 March 2023 and 30 April 2023
- T. Edwards (Acting MAV Chief Executive Officer) from 1 May 2023

G2 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are those personnel who have the authority and responsibility for planning, directing and controlling the activities of MAV WorkCare, directly or indirectly. KMP of MAV WorkCare include MAV Board Members, WorkCare Board Members and the Director MAV WorkCare.

No remuneration was paid to MAV Board Members by the MAV WorkCare Scheme during the year, who are remunerated separately by the MAV (related party).

Independent Board members receive meeting fees.

	Annual Sitting Fee 2023 \$	Annual Sitting Fee 2022 \$
Chairperson	25,000	25,000
Independent board members	15,000	15,000
	2023 \$	2022 \$
Short-term remuneration of MAV WorkCare board and key management personnel	40,000	73,672
Post employment benefits	-	4,076

Loans to MAV WorkCare Board members and other transactions

No loans were made to or are payable by WorkCare board members during the year, and there were no other material transactions with WorkCare board members.

Insurance

The activities of the MAV WorkCare board members are covered by the MAV directors and officers indemnity insurance policy effected by the MAV.

Notes to and forming part of the financial statements (continued)

G3 AUDIT FEES

	2023 \$	2022 \$
Amounts payable or due and payable for audit services:		
Audit of the entity	35,000	99,800
TOTAL AUDIT FEE	35,000	99,800

NOTE H: MANAGING UNCERTAINTIES

Structure

H1 Contingent liabilities

H2 Interest rate risk

H3 Liquidity risk

H1 CONTINGENT LIABILITY

In accordance with the *Workplace Injury Rehabilitation and Compensation Act 2013*, the MAV has a bank guarantee in place for the duration of the ceased self-insurer period at 50% of the outstanding claims liability. The guarantee is in respect of the tails claims liability given by an ADI to or in favour of WorkSafe Victoria. The guarantee must guarantee payments of amounts not less than: a) insolvency risk in respect of - i) in relation to the first year of the liability period, the initial assessment of tail claims liability until the end of the first year after the exit date ii) in relation to the second and subsequent years of the liability, the revised amount of the tail claims liability still outstanding as assessed at the end of each subsequent year of the duration of the next year until the final assessment date, and b) against claims deterioration - i) in relation to the period from the exit date until the interim assessment date, for the amount, if any, by which the revised assessment of the tail claims liability at the end of each year exceeds the initial assessment tail claims liability ii) in relation to the period referred to above, until the final assessment date, or if a review of the final assessment is undertaken resulting from the employer disputing WorkSafe Victoria's final revised assessment unit the date on which the review is finalised, for the amount, if any, by which the revised assessment of tail claims liability at the end of each year exceeds the revised assessment of tail claims liability as assessed at the end the 3rd year and 6th year.

The MAV has a bank guarantee in place which meets WorkSafe Victoria's requirements with an annual fee of 1.1% of the face value of the bank guarantee each year. Where WorkSafe Victoria make a claim on the Bank Guarantee and the cash reserves are insufficient to clear the liability, the MAV will undertake to make a claim on its members within 30 days.

In accordance with the *Workplace Injury Rehabilitation and Compensation Act 2013*, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claim liabilities as undertaken by WorkSafe Victoria. Any adjustments, which are expected to occur at the 3-year and 6-year periods during this period will affect participating members. At 30 June 2023 the assessment is that payment experience over the past year had been broadly in line with expectations, and considered the initial assessment from 30 June 2021 to remain reasonable.

Notes to and forming part of the financial statements (continued)

H2 INTEREST RATE RISK

MAV Work Care's exposure to interest rate risk and the effective average interest rate for the classes of financial assets is set out below:

2023	Non-Interest Earning \$	Fixed Interest Rate \$	Floating Interest Rate \$
FINANCIAL ASSETS			
Cash and cash equivalents	-	-	132,869
Investments	-	202,140	-
Trade and other receivables	1,419,308	-	-
TOTAL FINANCIAL ASSETS	1,419,308	202,140	132,869
Weighted Average Interest Rate		5.07%	4.10%
FINANCIAL LIABILITIES			
Trade and other payables/loans	1,758,067	-	-
TOTAL FINANCIAL LIABILITIES	1,758,067	-	-
Weighted Average Interest Rate			

2022	Non-Interest Earning \$	Fixed Interest Rate \$	Floating Interest Rate \$
FINANCIAL ASSETS			
Cash and cash equivalents		-	26,172
Trade and other receivables	2,520,200	-	-
TOTAL FINANCIAL ASSETS		2,520,200	26,172
Weighted Average Interest Rate			0.85%
FINANCIAL LIABILITIES			
Trade and other payables	2,546,372	-	-
TOTAL FINANCIAL LIABILITIES	2,546,372	-	-
Weighted Average Interest Rate			

Investments are considered level 2 financial assets in accordance with AASB 13 (Fair Value Measurement). The carrying amounts of financial assets and financial liabilities represent their approximate fair value. All maturity dates are within twelve months.

The table on the following page reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2023. Cash flows for financial assets and liabilities without fixed amounts or timing are based on conditions existing at 30 June 2023.

Interest rate risk

MAV WorkCare is exposed to interest rate risk from its cash at bank.

MAV WorkCare manages its interest rate risk with the advice and assistance of its Investment Adviser and its independent actuary. Interest rate risk exposure showing the effect on the net operating result and total accumulated resulting from 'reasonably possible' changes in interest rate risk at 30 June 2023 is set out in the table on the following page.

Notes to and forming part of the financial statements (continued)

Variable	Current Rate %	Change variable to -1.0%/+1.0% %	Operating surplus (deficit) at 30 June 2023 \$	Total Accumulated Funds after the impact of applying variable \$
IMPACT OF CHANGES IN INTEREST RATE ON FINANCIAL ASSETS				
Base value at 30 June 2023	4.10%		-	-
Interest Rate p.a.		5.10%	-	6,700
		3.10%	-	(6,700)

H3 LIQUIDITY RISK

Maturity analysis of financial assets and liabilities based on management's expectation

The risk implied from the values in the table below, reflects a balanced view of cash inflows and outflows. These liabilities originate from workers' compensation insurance contracts and other financial assets used in the ongoing operations of the business. These assets are considered in the MAV's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the MAV has established a comprehensive risk reporting covering its Workcare insurance business that reflects the management of settlement of financial assets and liabilities.

Year ended 30 June 2023	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
FINANCIAL ASSETS					
Cash and cash equivalents	132,869				132,869
Investments	202,140	-	-	-	202,140
Trade and other receivables	309	414,000	1,004,999	-	1,419,308
	335,318	414,000	1,004,999	-	1,754,317
FINANCIAL LIABILITIES					
Outstanding claims	-	-	-	-	-
Trade and other payables/loans	68,958	462,400	1,226,709	-	1,758,067
TOTAL FINANCIAL LIABILITIES	68,958	462,400	1,226,709	-	1,758,067
NET MATURITY	266,360	(48,400)	(221,710)	-	-

Year ended 30 June 2022	<3 months \$	3-12 months \$	1-5 years \$	>5years \$	Total \$
FINANCIAL ASSETS					
Cash and cash equivalents	26,172				26,172
Investments	-	-	-	-	-
Trade and other receivables	685,200	427,000	1,408,000		2,520,200
	711,372	427,000	1,408,000	-	2,546,372
FINANCIAL LIABILITIES					
Outstanding claims	-	-	-	-	-
Trade and other payables/loans	366,521	541,139	1,638,712	-	2,546,372
TOTAL FINANCIAL LIABILITIES	366,521	541,139	1,638,712	-	2,546,372
NET MATURITY	344,851	(114,139)	(230,712)	-	-

Notes to and forming part of the financial statements (continued)

NOTE I: OTHER MATTERS

Structure

- I1 Summary of significant accounting
- I2 Income tax
- I3 Comparative figures
- I4 Events Subsequent
- I5 Number of employees

I1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards and Interpretations issued but not yet effective

Reference	Title Summary	Application Date of Standard	Impact on MAV Financial Report	Application Date for MAV
AASB 17	Insurance Contracts	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2020-1	Amendments to AAS - Classification of Liabilities as Current or Non-current	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2022-8	Amendments to AAS - Insurance Contracts - Consequential Amendments	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact	1-Jul-23
AASB 2022-9	Amendments to AAS - Insurance Contracts in the Public Sector	Reporting periods beginning on or after 1 January 2026	Adoption of this standard is not expected to have a material impact	1-Jul-26
AASB 2022-10	Amendments to AAS - Fair Value Measurement of Non-Financial Assets for Not-for-profit Public Sector Entities	Reporting periods beginning on or after 1 January 2024	Adoption of this standard is not expected to have a material impact	1-Jul-24

I2 INCOME TAX

The MAV is a State and Territory Body (STB) and is exempt from income tax, in accordance with Division 1AB of Part III of the *Income Tax Assessment Act 1997*.

I3 COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

I4 EVENTS SUBSEQUENT

There were no material events subsequent to the year end that require reporting.

I5 NUMBER OF EMPLOYEES AT 30 JUNE 2023

Nil (2022=Nil)

INDEPENDENT AUDITOR'S REPORT To the Members of LGE Health Plan

Opinion

We have audited the financial report of LGE Health Plan (the "Plan"), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Statement by Directors.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Plan as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the ABC Entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Report

The directors of the Plan are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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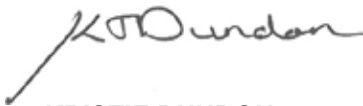
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature of "Rsm" in a cursive, grey font.

RSM AUSTRALIA PARTNERS

A handwritten signature of "Kristie Dundon" in a cursive, grey font.

KRISTIE DUNDON
Partner

Dated: 9 October 2023
Melbourne, Victoria

LGE HEALTH PLAN

STATEMENT BY MAV DIRECTORS

as at 30 June 2023

In the opinion of directors of The Municipal Association of Victoria:

- (a) the accompanying Statement of Comprehensive Income of the LGE Health Plan is drawn up so as to present fairly in all material respects the result of the Plan for the year ended 30 June 2023
- (b) the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of the LGE Health Plan as at that date
- (c) at the date of this statement there are reasonable grounds to believe that the LGE Health Plan will be able to pay its debts as and when they fall due
- (d) the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

The financial statements have been made out in accordance with applicable Accounting Standards and other mandatory professional reporting requirements.

Signed in accordance with the resolution of directors of the Municipal Association of Victoria.



Cr. David Clark
President



Cr. Jennifer Anderson
Director



Kelly Grigsby
Chief Executive Officer

Melbourne
6/10/2023

OTHER INFORMATION

Legal form:

The MAV is an association incorporated by the *Municipal Association Act 1907*. The LGE Health Plan is a division of the MAV.

Domicile:

Melbourne, Australia

Address of registered office and principal place of business:

Level 5, 1 Nicholson Street, East Melbourne, 3002, Victoria, Australia

Nature of the operation and principal activities:

The MAV represents, promotes and supports the interest of Victorian local governments and their communities.

Statement of Comprehensive Income

for the year ended 30 June 2023

	NOTE	2023 \$	2022 \$
REVENUE			
REVENUE FROM OPERATING ACTIVITIES			
Administration allowance income	B	423,740	454,939
Interest income	B	100,031	14,522
TOTAL REVENUE		523,771	469,461
EXPENSES			
Hospital excesses refunded		134,646	132,003
Administration overhead		20,000	8,278
TOTAL EXPENSES		154,646	140,281
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		369,125	329,180

Statement of Financial Position

as at 30 June 2023

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	D1,F2	462,383	623,546
Term Deposits	F1,F2	2,786,670	692,905
Trade and other receivables	C1	81,613	52,988
TOTAL CURRENT ASSETS		3,330,666	1,369,439
NON-CURRENT ASSETS			
Term Deposits	F1,F2	-	1,592,102
TOTAL NON-CURRENT ASSETS		-	1,592,102
TOTAL ASSETS		3,330,666	2,961,541
CURRENT LIABILITIES			
Trade and other payables		4,000	4,000
TOTAL CURRENT LIABILITIES		4,000	4,000
TOTAL LIABILITIES		4,000	4,000
NET ASSETS		3,326,666	2,957,541
EQUITY		3,326,666	2,957,541

The accompanying notes form an integral part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2023

	2023 \$	2022 \$
RETAINED EARNINGS		
Balance at beginning of year	2,957,541	2,628,361
Surplus from ordinary activities	369,125	329,180
BALANCE AT END OF YEAR	3,326,666	2,957,541

Statement of Cash Flows

for the year ended 30 June 2023

	NOTE	2023 \$	2022 \$
CASH FLOW FROM OPERATING ACTIVITIES			
RECEIPTS			
Administration allowance		432,760	446,736
Interest received		62,386	13,928
PAYMENTS			
Hospital excesses refunded		(134,647)	(132,004)
Administration overhead		(20,000)	(8,278)
NET CASH FLOWS FROM OPERATING ACTIVITIES	D1(b)	340,499	320,382
CASH FLOW FROM INVESTING ACTIVITIES			
Net Proceeds from redemption of investments (Application of investment funds)		(501,662)	(76,349)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(501,662)	(76,349)
NET INCREASE (DECREASE) IN CASH HELD		(161,163)	244,033
Cash at beginning of year		623,546	379,513
CASH AT END OF YEAR	D1(a)	462,383	623,546

The accompanying notes form an integral part of these statements.

LGE HEALTH PLAN

Notes to and forming part of the financial statements

for the year ended 30 June 2023

NOTE A: CORPORATE INFORMATION

Structure:

- A1 Corporate information
- A2 Basis of preparation
- A3 Statement of compliance

A1 Corporate information

The LGE Health Plan was established by the Municipal Association of Victoria (MAV) in 2009. The MAV has joined with GMHBA and Choosewell Pty Ltd to offer attractive health insurance plans to council staff at reduced cost. The LGE Health Plan is owned and operated by the MAV and is not a provider of health insurance products.

The MAV is an Association incorporated by an Act of the Parliament of Victoria, Australia, known as the *Municipal Association Act 1907*.

The nature of the operations and principal activities of the MAV are:

- to promote the efficient carrying out of municipal government throughout the state of Victoria and watch over and protect the interests, rights and privileges of municipal corporations
- to arrange fidelity insurance for local government
- to arrange contracts of insurance
- to provide a public liability insurance scheme for local government

The financial report of LGE Health Plan for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors of the MAV on the date shown on the attached Statement by Directors.

A2 Basis of preparation

The financial report is a general purpose financial report which has been drawn up in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The principal accounting policies adopted in preparing the financial report are stated to assist in a general understanding of the financial report. Accounting policies have been consistently applied unless otherwise indicated.

The financial report is presented in Australian dollars. The MAV, and therefore LGE Health Plan, is a Not for Profit entity.

The financial statements have been prepared on the accrued basis using the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

A3 Statement of compliance

The financial report complies with Australian Accounting Standards, which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

NOTE B: FUNDING THE DELIVERY OF OUR SERVICES

Administration allowance income

An administration allowance is paid by GMHBA to the LGE Health Plan. The allowance is recognised on an accrual basis.

Interest income

Interest received is accounted for on an accrual basis.

NOTE C: ASSETS AND LIABILITIES

Structure

C1 Trade and other receivables

C2 Trade and other payables

C3 Fair value measurement

C1 Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the LGE Health Plan will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

	2023 \$	2022 \$
TRADE AND OTHER RECEIVABLES		
Administration allowance receivable	36,080	45,100
Interest receivable	45,533	7,888
TOTAL TRADE AND OTHER RECEIVABLES	81,613	52,988
Represented By:		
Current	81,613	52,988
Non-current	-	-
TOTAL	81,613	52,988

The ageing analysis of trade receivables are as follows:

	Total	< 30 days	>30 days
2023			
LGE EMPLOYEE HEALTH PLAN	81,613	36,080	45,533
2022			
LGE EMPLOYEE HEALTH PLAN	52,988	45,100	7,888

Notes to and forming part of the financial statements (continued)

C2 Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the LGE Health Plan prior to the end of the financial year that are unpaid and arise when the LGE Health Plan becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

C3 Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the MAV determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. LGE Health Plan does not have any level 3 financial assets.

The carrying amounts of financial assets and financial liabilities represent their approximate net fair value.

For the purpose of fair value disclosures, the LGE Health Plan has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTE D: FINANCING OUR OPERATIONS

Structure

D1 Notes to statement of cash flows

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash includes deposits held at call with banks and investments in cash in fixed interest funds net of outstanding bank overdrafts.

(a) Cash and cash equivalents at balance date as shown in the Statement of Cash Flows are held in NAB cash deposits and reconciled to the related items in the Statement of Financial Position as follows:

	2023 \$	2022 \$
Cash and cash equivalents	462,383	623,546
TOTAL CASH AND CASH EQUIVALENTS	462,383	623,546
(b) Reconciliation of Net Cash Used In Operating Activities to Comprehensive Income		
Surplus for year	369,125	329,180
Changes in assets and liabilities		
(Increase)/decrease in accounts receivable	(28,626)	(8,798)
Increase/(decrease) in accounts payable	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	340,499	320,382

NOTE E: PEOPLE AND RELATIONSHIPS

Structure

- E1 Related Parties
- E2 Remuneration of Key Management Personnel
- E3 Auditor Fees

E1 RELATED PARTIES

The MAV is a body corporate established under the *Municipal Association Act 1907* to provide services for and represent local government authorities in Victoria. The MAV and its wholly owned controlled entities trade with its members in the normal course of business and on an arm's length basis. There were no related party transactions during the year.

E2 REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key Management Personnel (KMP) are those personnel who have the authority and responsibility for planning, directing and controlling the activities of the LGE Health Plan, directly or indirectly. KMP of the LGE Health Plan include MAV Board Members and the MAV CEO

No remuneration was paid to Key Management Personnel by the LGE Health Plan during the year, who are remunerated separately by the MAV (related party).

Loans to Directors

The LGE Health Plan has a strict policy of not providing loans to Directors. No loans were made to or are payable by Directors during the year.

Other Transactions

There were no other material transactions with Directors.

E3 Audit Fees

	2023 \$	2022 \$
Amounts payable or due and payable for audit services:		
Audit services	20,000	8,278
	20,000	8,278

NOTE F: MANAGING UNCERTAINTIES

Structure

F1: Interest rate risk

F2: Liquidity risk

F3: Contingent Liabilities

F4: Equity

F1 INTEREST RATE RISK

The LGE Health Plan's exposure to interest rate risk and the effective average interest rate for the classes of financial assets is set out below:

2023	Non-Interest Earning \$	Fixed Interest Rate \$	Floating Interest Rate \$
FINANCIAL ASSETS			
Cash and cash equivalents	-	-	
Term Deposits	-	2,786,670	462,383
Trade and other receivables	81,613	-	-
TOTAL FINANCIAL ASSETS	81,613	2,786,670	462,383
Weighted Average Interest Rate		4.0%	4.1%
FINANCIAL LIABILITIES			
Trade and other payables	4,000	-	-
TOTAL FINANCIAL LIABILITIES	4,000	-	-

Cash and cash equivalents are considered level 1 financial assets in accordance with AASB 9 (Financial Instruments). The carrying amounts of financial assets and financial liabilities represent their approximate net fair value.

2022	Non-Interest Earning \$	Fixed Interest Rate \$	Floating Interest Rate \$
FINANCIAL ASSETS			
Cash and cash equivalents	-	-	623,546
Term Deposits	-	2,285,007	-
Trade and other receivables	52,988	-	-
TOTAL FINANCIAL ASSETS	52,988	2,285,007	623,546
Weighted Average Interest Rate		2.4%	1.4%
FINANCIAL LIABILITIES			
Trade and other payables	4,000	-	-
TOTAL FINANCIAL LIABILITIES	4,000	-	-

Notes to and forming part of the financial statements (continued)

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2023. Cash flows for financial assets and liabilities without fixed amount or timing are based on conditions existing at 30 June 2023.

The remaining contractual maturities of the financial liabilities are:

	2023 \$	2022 \$
3 months or less	4,000	4,000
3-12 months	-	-
1-5 years	-	-
Over 5 years	-	-
	4,000	4,000

F2 LIQUIDITY RISK

Maturity analysis of financial assets and liabilities based on management's expectation.

The risk implied from the values in the table below, reflects a balanced view of cash inflows and outflows. These liabilities originate from financial assets used in the ongoing operations of the business. These assets are considered in the MAV's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the MAV has established a comprehensive risk reporting covering its business that reflects the management of expected settlement of financial assets and liabilities.

Year ended 30 June 2023	<3 months \$	>3 months \$	Total \$
FINANCIAL ASSETS			
Cash and cash equivalents	462,383	-	462,383
Term deposits	-	-	-
Trade and other receivables	58,823	22,790	81,613
	521,206	22,790	543,996
FINANCIAL LIABILITIES			
Trade and other payables	4,000	-	4,000
Other liabilities	-	-	-
Total Financial Liabilities	4,000	-	4,000
NET MATURITY	517,206	22,790	539,996

Year ended 30 June 2022	<3 months \$	>3 months \$	Total \$
FINANCIAL ASSETS			
Cash and cash equivalents	623,546	-	623,546
Term deposits	692,905	1,592,102	2,285,007
Trade and other receivables	46,412	6,576	52,988
	1,362,863	1,598,678	2,961,541
LGE EMPLOYEE HEALTH FUND			
FINANCIAL LIABILITIES			
Trade and other payables	4,000	-	4,000
Other liabilities	-	-	-
Total Financial Liabilities	4,000	-	4,000
NET MATURITY	1,358,863	1,598,678	2,957,541

Notes to and forming part of the financial statements (continued)

F3 CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2023 nor were there at 30 June 2022.

F4 EQUITY

If the LGE Health Plan agreement was not to continue, an administrative levy of \$125 per Employee Member (excl. GST) will be paid from the LGE Health Plan to fund costs associated with putting in place alternative arrangements for Employee Members. The remaining balance of the LGE Health Plan will be returned to Participant Organisations as outlined in the agreement.

G: OTHER MATTERS

Structure

G1 Summary of significant accounting policies

G2 Income tax

G3 Comparative figures

G4 Events Subsequent

G5 Number of Employees

G1 Summary of significant accounting policies

There are no Accounting Standards and Interpretations issued but not yet effective relating to this Scheme.

G2 Income tax

The MAV is a State and Territory Body (STB) and is exempt from income tax, in accordance with Division 1AB of Part III of the *Income Tax Assessment Act 1997* and therefore LGE Health Plan is exempt from income tax.

G3 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

G4 Events subsequent

There were no material events subsequent to the year end that require reporting.

G5 Number of employees

Average number of equivalent full time employees during the year is 0 EFT (2022=0)



Connection to indigenous culture and place

Moving into our new MAV office provided an opportunity to strengthen our connection to indigenous culture and place.

Our new location is close proximity to the Sir Doug and Gladys Nicholls statues in Parliament Gardens, and Bunjilaka Aboriginal Cultural Centre at the Melbourne Museum is just on the other side of us.

A sculpture, located outside at the Nicholson Street entrance, is by Gerald Lewer has both aesthetic and historical importance. In the ground floor foyer we have Joie de Vivre (a cheerful enjoyment of life, an exultation of spirit) sculpture by Inge King, the abstract steel sculptor who came to Australia in 1950.

The MAV added to this connection by commissioning three First Nation's artists and Spacecraft to create art for our Board Room and Training Room walls.

Lisa Waup, Cassie Leatham and Charlie Miller collaborated together and delivered a one of the kind artwork, which is both motivating and inspired. First Nations videographer Iluka Sax-Williams also recorded the processes and the artists working together.

Following the installation, which has been universally applauded by visitors and staff alike, congratulations went to First Nations artist Lisa Waup who was also honoured with the Paul Selzer Prize, awarded to contemporary artists and graduates of the Victorian College of the Arts.





Annual Report Summary 2023

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