Purpose

To promote the efficient carrying out of municipal government throughout the state of Victoria and to watch over and protect the interests, rights and privileges of municipal corporations.

*Municipal Association Act 1907*
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Promises and more promises
Election commitments were achieved from all major political parties in the lead up to the state election in November. Promises responded to 46 priority requests detailed in a local government action plan.

Planning for more child’s play
Councils’ planning for kindergarten reforms improved considerably this year as a result of the MAV’s advocacy and support in the form of workshops, pilots and one on one assistance.

Year in Review

Heat turned up on councils
As national policy on climate change progressed, the MAV undertook critical analysis on the implications of proposed carbon pricing and research to better understand the status of, and barriers to, adaptation planning by Victorian councils.

Councils to influence local health outcomes
A draft agreement was brokered on local government’s role in primary health care and the manner in which councils should be engaged in the establishment and ongoing operation of Medicare Locals.
Councils step up to improve planning
A new program to help councils improve their performance and demonstrate accountability in the administration, management and delivery of planning services attracted participation by 22 councils in its first year.

Red tape unraveled
Research commissioned to identify the costs of proposed further regulation resulted in a significant reduction in the number of measures included in a new performance framework for local government.

Electric debate drives sensible solution
An alternative solution was sought to deliver the safety outcomes intended by changes to government regulations for tree clearances around electrical lines that threatened significant financial, environmental and amenity impacts for councils and their communities.

Councillors set to graduate
Seventeen councillors and officers formed the first intake in a graduate program developed in partnership with Swinburne University.

Rapid response to shift in strategy
Member consultation structures were used to respond with speed and certainty during a period of significant change in metropolitan and urban growth policy and strategy following the state election.

Levy trashed in press
Strong advocacy and widespread media coverage ensued when the Victorian Government brought forward an increase to the landfill levy, imposing an additional $43 million burden on council budgets and the community.

Keeping a lid on emergencies
Councils were extensively consulted in the development of a three-year strategy to address growing demands on councils to deliver emergency management services.

Risky business
Independent experts were engaged to review legal and risk management services for insurance members to ensure services are of the highest quality and keep pace with changing needs.
President’s Report

I am pleased to present this annual report which provides a summary of our achievements against the objectives and actions in our strategic plan for 2010-11.

The plan identified the state and federal government elections as crucial events that we had to both manage and make the most of the opportunities presented.

The federal election delivered a cliff hanger. The negotiations that ensued to form government resulted in a number of local government priorities ascending the order, including holding a referendum at the next election on constitutional recognition for local government; a review of the rural and regional funding framework to assess the formula for allocating existing funding and ensure equitable distribution; progressing development of a price on carbon; priority roll-out of the National Broadband Network in regional areas; and a new $800 million local infrastructure program with projects to be identified by local communities.

Importantly, the Australian Government reaffirmed its commitment to a tripartite agreement for the delivery of HACC services in Victoria and acknowledged the important contribution of local government as a key planner and provider of children’s services that should be actively engaged in the kindergarten reforms.

Heading into a state election that was expected to be tightly contested, we finally began to see the fruits of our labour on some of the more intractable issues for local government that had been testing our mettle, sometimes for years.

We welcomed many announcements from all sides of politics including funding and policy commitments on waste management and recycling initiatives, infrastructure, land use planning, public transport, community safety, libraries, gaming and support for people with disabilities and their carers among others.
In the immediate aftermath of the election our priority was establishing engagement with the new Victorian Government. Our focus was on trying to shore up the promises made to local government and to achieve some certainty on critical areas and projects that the Government looked likely to take another position on, or possibly discontinue.

The change in government brought new opportunities to reinvigorate our advocacy efforts. But a period of adjustment always follows a change of this magnitude. Progress was incremental as the Government found its feet and concentrated on delivering its election promises.

There were a number of good outcomes for councils from the state election including promises of significant funding for roads, infrastructure and upgrading street lights in addition to a commitment to reviewing intergovernmental arrangements between state and local government.

We worked hard to secure all these commitments, most of which were confirmed when the Government handed down its first budget in May. Some post budget surprises show we still have some work to do in developing the fledgling relationship between local government and the new Victorian Government.

As a peak body our overarching objective is to identify the issues of most common importance to our members and leverage the power of our collective voice to achieve results.

In no way was this better demonstrated this year than the campaign for funding to help with the costs of upgrading to more energy efficient streetlights. This work combined good policy with united action to achieve funding commitments from both the Australian and Victorian governments. It was a great result for councils and shows what we can do when we work together to propose sensible solutions.

On a personal note I was both honoured and privileged to again be given the opportunity to lead local government for the next two years. The old and new faces around the board table are working effectively together with the staff to deliver the strategic plan for next year. I congratulate my board colleagues on their election and look forward to continuing the productive relationship we’ve established.

In closing, I wish to thank our Chief Executive Officer, Rob Spence and his talented team for their unwavering support and tireless efforts to represent the sector again this year.

CR BILL MCArTHUR
President
CR BILL McARTHUR
Golden Plains Shire Council
PRESIDENT
MAV Audit Committee
MAV Insurance Committee
Mayor 2004, 2005
Australian Local Government Association Board
Chair, MAV Councillor Workcover Steering Committee
Victorian Councillor Service Awards, 15 years

CR GEOFF GOUGH
Manningham City Council
DEPUTY PRESIDENT (METROPOLITAN)
METROPOLITAN EAST REPRESENTATIVE
Chair, interim Planning Advisory Group
Councillor 1997 - present
Australian Local Government Association Board
MAV Councillor Workcover Steering Committee

CR LISA MAHOOd
Wodonga City Council
DEPUTY PRESIDENT (RURAL)
RURAL NORTH EAST REPRESENTATIVE
Councillor 2000 – present
Deputy Mayor 2001
Alternate, Australian Local Government Association Board
MAV Councillor Workcover Steering Committee
Deputy Chair, North East Water
Victorian Councillor Service Awards, Mayor Emeritus

CR CORAL ROSS
Boroondara City Council
DEPUTY CHAIR, INTERIM PLANNING ADVISORY GROUP
DEPUTY CHAIR, HUMAN SERVICES ADVISORY GROUP
COUNCILLOR 2002 - PRESENT
MAYOR 2007, 2008
VICE PRESIDENT (METRO) AUSTRALIAN LOCAL GOVERNMENT WOMEN'S ASSOCIATION

CR MARY LALIOS
Whittlesea City Council
INTERFACE REPRESENTATIVE
MAV Audit Committee
Councillor 2005 - present
Mayor 2008, 2009, 2010
Victorian Bicycle Advisory Committee
Yarra Plenty Regional Library Board
YMCA (Whittlesea)
Plenty Valley Community Health Board

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CR ROD FYFFE
Greater Bendigo City Council
RURAL
NORTH CENTRAL REPRESENTATIVE


CR JEFF AMOS
Wellington Shire Council
RURAL
GIPPSLAND REPRESENTATIVE


CR KEN GALE
Moyne Shire Council
RURAL
SOUTH WEST REPRESENTATIVE

Chair, Human Services Advisory Group Councillor 2004 - present Mayor 2008, 2009 Chair, Rural Councils Victoria Timber Towns Victoria

CR GAETANO GRECO
Darebin City Council
METROPOLITAN CENTRAL REPRESENTATIVE

Councillor 2008 - present Inner North Training Group Board Apprenticeplus Board Spectrum Migrant Resource Centre Board 2009 McArthur Fellowship Award

CR GEOFF LAKE
Monash City Council
METROPOLITAN SOUTH REPRESENTATIVE


CR JOHN SIPEK
Moonee Valley City Council
METROPOLITAN WEST REPRESENTATIVE

Councillor 2005 – present Mayor 2011 Deputy Mayor 2009 Alternate, Australian Local Government Association Board MAV Representative, Australian Packaging Covenant Council Metropolitan Waste Management Group Board Director, Qantas Superannuation Plan and Audit Committee member Director, ISIS Primary Care Victorian Multicultural Commissioner

CR DAVID CLARK
Pyrenees Shire Council
RURAL
SOUTH CENTRAL REPRESENTATIVE


CR REID MATHER
Buloke Shire Council
RURAL
NORTH WEST REPRESENTATIVE


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Despite a change in government this year our overall game plan didn't shift that much. While our short term focus was to maximise the potential benefit from the elections, our attention remained on the longer term strategy to improve the productivity of local government and quality of services.

Councils have been quick to embrace a new program to improve performance in planning processes. This program was conceived following a damning report by the Auditor General. It is the first sector-led initiative of its kind in Australia and will act as a catalyst for significant improvement in planning practices across Victoria. The uptake by councils has defied the considerable price tag associated with the program and results thus far have been encouraging. The first two intakes this year have undergone an intensive audit and review of their planning processes and participating councils now have individual improvement plans in place. We expect all councils will be involved in the program within three years.

Our procurement service returned its first surplus in the last quarter of this year and is on track to achieve its first full year surplus result next year as predicted. Most importantly it is driving real savings and efficiencies for councils as well as providing a vehicle for improving the procurement practices and performance of councils.

These sorts of reforms require enormous courage. It has been a long and, at times, arduous road but we can’t afford to shirk these sorts of reforms when they have so much potential to drive real transformation for our sector.
Another of these long term reforms that required considerable time and attention this year was establishing a common IT platform that would be capable of eventually delivering any number of shared services.

We came very close but didn't quite achieve the critical mass of councils needed to start work on building the platform. This was always going to be a big mountain to climb. It requires a big investment and a carefully considered leap of faith by the pioneering councils and those councils should be commended for their bravery, foresight and willingness to explore the possibilities. Implementing shared services is still the most significant untapped opportunity to reform our sector. We remain hopeful of salvaging the considerable progress made this year to mount another attempt to build a system capable of delivering the substantial improvement envisaged by this project.

These initiatives build on our work to improve financial and asset management practices in Victoria, which is now recognised nationally and internationally.

This reform pathway will ultimately be critical to our success (or otherwise) in arguing for appropriate funding. It is not enough just to drive our own reforms and convince our communities and other levels of government of our capacity to get things done at the coalface.

Operationally we’ve come full circle this year. We’ve flattened our organisational structure to enable us to be more nimble and flexible in our response. Our financial results this year are solid. We’ve clawed back most of the impact of the 2009 bushfires on the MAV Insurance accounts and recorded a minor deficit for the Association on account of the impact of the call to top up the defined benefit superannuation fund.

I commend the considerable achievements of our relatively small but talented staff and extend my thanks to our President, Cr Bill McArthur and past and present members of the Board for their leadership and encouragement this year.

ROB SPENCE

Chief Executive Officer
Promises and more promises

Election commitments were achieved from all major political parties in the lead up to the state election in November. Promises responded to 46 priority requests detailed in a local government action plan. They included significant infrastructure funding for roads and bridges, kindergartens, sporting infrastructure and libraries; as well as a proposed Victorian Population Strategy; stronger state-local government partnerships; and protecting and strengthening of councils’ planning roles and community input rights. There was strong support from major parties to the MAV’s ongoing kindergarten campaign. Labor committed $100 million for kindergarten capital infrastructure (equal to the previous 10 year capital investment by the State), while the Coalition offered $6 million in operational grants for struggling rural kindergartens. All major parties also agreed to support federal advocacy efforts for Commonwealth funding and transition arrangements for the national ‘universal access’ reforms. As a result of the Give Our Streets the Green Light campaign, Labor and the Coalition committed capital funding to assist councils with energy efficient street lighting upgrades. Labor promised a $15 million Local Government Climate Communities Program, while the Coalition pledged $20 million for energy efficient street lighting upgrades.

Red tape unraveled

Research was commissioned to identify the costs of further regulation proposed by the Essential Services Commission. The findings resulted in a significant reduction in the number of measures included in a proposed new performance framework for local government. In accordance with the final recommendations of the Commission, the MAV called on the Minister for Local Government to halt the performance reporting project until cuts were made to the reporting requirements of councils. Further analysis and advocacy resulted in a change of scope to the Victorian Competition and Efficiency Commission’s work on the regulatory burden of local government to focus its inquiry on examining the burden of reporting obligations on councils. The MAV is confident that the final report will include further recommendations to reduce regulatory burdens on local government.
Tender touch reaches out to every council
All 79 councils have now participated in MAV Procurement tenders, demonstrating widespread support for the aggregated model of purchasing, and evidence of the value offered by the contracts. Council demand for a wide variety of contracts led to MAV Procurement successfully running or participating in 12 tenders this year. These included contracts for electricity, an incident management system, Microsoft licensing agreement, records storage and imaging services, corporate work wear, tractors, road and bridge making equipment, human resources consulting, recruitment services, marketing services and trucks and heavy duty commercial vehicles. Supplier showcases were held in five locations around Victoria, introducing councils to MAV Procurement certified suppliers who demonstrated best practice in a number of product and service categories.

Cloud lifts on shared services dream
Incremental progress was made towards establishing a common information technology platform for councils that would eventually enable participating councils to deliver any number of shared services. A tender process on behalf of 11 councils was completed to select a partner to help deliver the program. HCL Axon was appointed to work with the MAV to develop and deliver a business case detailing the governance, commercial and technical details for the platform. Presentations and detailed documentation were provided to the Minister for Local Government on plans to establish a shared services company and seek an exemption for purchasing through the company. The shared service requires a critical mass of councils in order to progress.

Procurement delivers extra value
A plain English guide to doing business with local government was developed with input from councils, to educate and encourage local businesses about the opportunities and processes of commercial transactions with local government. In another value-add, MAV Procurement brokered access to a heavily discounted online quotation system for councils to improve the administration and management of quotes; make it easier to use MAV Procurement panel suppliers; and make it easier for councils to use their own panels more effectively. This year 70 procurement officers attended one of 11 professional development workshops aimed at building sector capacity in procurement.
Workforce

New vision defined
Councils were required to fund a $71 million shortfall for the Vision Super defined benefits plan due to poor investment returns during the global financial crisis. The MAV has appealed to the Australian Government to allow the full funding of the defined benefits scheme over the medium term, in line with requirements on the Victorian and Australian Governments, whose shortfalls amount to billions. The MAV also sought, but was refused, permission for councils to borrow from the State Government’s central financing authority, which would have provided access to rates well below those available commercially and reduced the burden on communities of those councils that borrowed to repay their shortfall. Meanwhile the MAV used its position on the Vision Super Board to pursue a merger with Equipsuper which will significantly increase the member base of the fund, enhance investment risk management and expand the range and quality of services delivered in the interests of members and employers.

Health benefits extended to more employees
Participation in the Local Government Employees Health Plan grew from 47 to 53 councils this year and individual membership increased from 3,029 to 3,711. The Plan offers a superior health insurance product as an employment benefit for council employees in support of the sector’s efforts to be recognised as an employer of choice. It provides a pool facility, funded by four per cent of member premiums, which by this year’s end had returned $125,000 in excess refunds to members. The Plan was extended to Tasmanian councils this year, with 13 Tasmanian councils joining the fund. Following an application by the MAV, the Australian Taxation Office ruled favourably in November that the fund is exempt from Fringe Benefits Tax. The ruling represents a significant decision for local government and provided greater certainty about the product’s tax status and its many advantages for employees and councillors.
Analysis reveals younger age profile
An analysis of contemporary data sourced from Vision Super on the age, gender and salary profile of councils revealed that the sector has reduced its risks of major staff shortfalls as the baby boomer cohort moves into retirement. The data updates analysis first performed by the MAV in 2005 and shows that the sector has a slightly younger age profile than it did five years ago. This research assists councils in better understanding future recruitment and skills shortages and indicates that the local government workforce needs to remain vigilant to the risks of staff shortages caused by an ageing workforce. The MAV has also represented Victoria in the development of a national local government workforce strategy being facilitated by the Australian Centre for Excellence in Local Government. The draft strategy includes the development of a local government data set that will better inform the sector.

Responding to an ageing workforce
A survey of 1135 local government employees aged 55 years and over, yielded a 54 percent response rate. The survey report included a statistical analysis of the data collected and identified strategic issues facing councils, potential strategies for attracting and retaining older workers, and recommendations for councils to consider as part of the development of their own strategic response to this critical issue. A working group of representatives from interested councils was formed to consider each recommendation with a view to determining any future actions. The working group was assisted in their deliberations by representatives from Vision Super and National Seniors Australia. Many of the recommendations were identified by the working group as issues of equal significance and relevance for employees other than mature aged workers. A ‘lifestyle’ forum is planned to outline a strategy for councils to engage with their mature aged employees to assist them in the transition to retirement, including job opportunities, flexible employment options and financial planning for retirement.

Benchmarking performance in human resources
Forty councils participated in the second annual local government human resources benchmarking survey. The report provides a valuable management information tool that has assisted councils to make comparative assessments with like councils thereby enabling the identification of issues and the development of relevant responses and programs. Data was reported on a state-wide basis as well as a trend analysis of data collected in 2009 and 2010. While more than 50 per cent of councils in the survey reduced their unplanned turnover rate from the previous year, the survey highlighted an extensive level of unplanned absenteeism and a significant level of annual leave liability. In respect of the occupational health and safety benchmarks, the number of lost time injuries was significantly higher overall to that reported in 2009, particularly in small rural councils.

Fostering leadership in council management
The Vision Super Leadership Scholarship was awarded to John Milkins, Environmental Sustainability Coordinator at Banyule City Council. The scholarship is open to permanent employees of councils who hold a management position and covers the full cost of the recipient participating in the Williamson Community Leadership Program. The Williamson Community Leadership Program was established in 1990 and is regarded as one of Australia’s most sought-after leadership development experiences. The participation of the successful applicant in the program is considered to be of great benefit to their personal and professional development. Applications received were reviewed by a panel, consisting of representatives from the MAV, Vision Super and members of the Williamson Alumni. The short listed candidates were then submitted for consideration by Leadership Victoria for a final decision.
Riding the new wave of reform
Persistent advocacy ensured that support for the current model of home and community care in Victoria and the previously given commitment to work on a tripartite approach recognising the role of local government survived a second wave of health reform and a change in state government this year. Two submissions on major reform proposals to the funding, administration and delivery of aged care services stressed the importance of preserving the strengths of the Victorian system. A forum was organised for councils to hear from the Productivity Commission directly, understand the risks and opportunities in the proposed changes and consider whether the proposed reforms will deliver a better and more sustainable care system for older people in local communities over the next 30 years or more.

Access all areas
A framework was developed to support local government in its ongoing efforts to build diverse, well-designed, accessible and inclusive local communities. The framework was informed by research involving 24 councils and other key stakeholders. The focus of this work was on local government’s progress in improving access and inclusion and a review of councils’ disability action plans, council plans and municipal public health and wellbeing plans. The findings were captured in a report that documents achievements and initiatives of councils. Meanwhile the MAV rejected a proposition by the Productivity Commission that councils fund a large proportion of the costs associated with disabilities from injuries. A submission argued that the proposal would effectively make councils responsible for injuries occurring in private premises including commercial facilities; remove incentives to reduce risks, and; would not significantly offset the costs of councils’ public liability insurance.
Input to local health outcomes
A draft agreement was brokered on local government’s role in primary health care and the manner in which councils should be engaged in the establishment and ongoing operation of Medicare Locals. Medicare Locals will be charged with undertaking population need and primary health care service planning as well as implementing programs and initiatives in defined geographic regions under a raft of reforms designed to identify locally appropriate measures to improve service integration and address gaps in the primary health care system. The relationship to state government roles in health and local government’s planning and service delivery roles have not been clearly articulated. Through close engagement with the Victorian Government and other key stakeholders the MAV has achieved acknowledgement in Victoria that for the new model to be successful these relationships and modes of working together will need to be agreed.

Planning for more child’s play
Councils’ planning for kindergarten reforms improved considerably this year as a result of the MAV’s advocacy and support. The position of Victorian councils and issues of growth pressures, infrastructure, three year old programs, cost and timelines is now well documented. A submission was made to the midterm review on progress towards universal access to 15 hours kindergarten in the year before school and the MAV met with the responsible Australian Government minister to appraise him of the challenges in Victoria. The Victorian Government has announced additional funding for capital works and taken up flexible timelines, infrastructure and service delivery funding in its bilateral negotiations with the Australian Government. In addition the MAV supported and resourced councils to plan for 15 hour service, facility and staffing models. Workshops on the national quality reforms, model development, infrastructure planning, leases/ licenses and central registration were attended by 200 council officers; a rural capacity building project was facilitated in the Hume region to support smaller, flood/fire affected councils undertake early years planning; five councils were supported to participate in funded 15 hour pilots; and nine councils, supported by the MAV, were provided with additional funding and support to meet growth demands for kindergarten participation in 2011.

Meeting workforce challenges in maternal and child health
Support was provided to 25 councils to commence or continue scholarship programs as an incentive to attract nurses to a career in maternal and child health nursing. Assistance was also provided to establish student placement and graduate transition programs. Further support was given to four groups of councils to develop collaborative approaches for scholarship and student support programs and shared relief nurse arrangements. A strengthened relationship with major media enabled focused marketing campaigns and alignment between career expos, advertising, editorial and online promotion. Research commenced on perceived barriers to pursuing a career in maternal and child health nursing that will inform future workforce initiatives. Meanwhile guidance was given to councils on the impacts of new national laws for the regulation of all health professionals and the required educational qualifications for maternal and child health nurses to meet Victorian Government requirements. Councils were also represented on committees providing input to a strategic review of the management and provision of the maternal and child health service.

Responding to youth
A survey developed in conjunction with the Victorian Government identified local government support for children, young people and their families. The survey was completed by all councils and the final report was launched at a forum for councils on youth issues. The report provides a key resource for councils’ planning and advocacy. Work commenced on a standardised approach to agreements between councils and schools for joint use of facilities to cut down the time taken to sign agreements and the need for each party to seek independent legal advice. The MAV is also involved in testing new ways for services to work together across sectors to ensure that young people receive the help they need.
Responding to cultural diversity
Funding was used to support the work of Victorian councils in promoting and responding to cultural diversity through a series of initiatives this year. A conference was staged in Wangaratta; two pilot projects involving several municipalities focused on developing councils’ capacity to engage with local interfaith networks; a series of forums were held to showcase good practice in the delivery of Home and Community Care services to culturally diverse communities; support was provided to pilot projects in Shepparton and Whittlesea aimed at developing resources for councils to facilitate increasing acceptance of diversity and reducing discrimination; a special ceremony was organised to mark Australian Citizenship Day and demonstrate good practice in holding citizenship ceremonies; support was provided to a forum on international students issues, and; councils were encouraged to participate in government and community sector initiatives including Harmony Day, A Taste of Harmony, Cultural Diversity Week, Refugee Week and Sports Without Borders. The MAV represented local government on behalf of the ALGA on the intergovernmental Standing Committee on Immigration and Multicultural Affairs and continued to provide support to networks of local government diversity planners.

Reducing impacts of smoking
Council roles in reducing the incidence of smoking in the community came to the fore this year. A consultation process facilitated by the MAV provided detailed recommendations and advice to the Victorian Government on a statewide framework for smoking in outdoor public places. Advice and support was provided for the development of a toolkit to support and encourage councils in Victoria to adopt smoke-free policies in outdoor areas, including playgrounds, sporting fields, beaches, council-run or sponsored events and alfresco dining areas. In addition $850,000 was disbursed to councils under a joint program with the Victorian Government to support councils to undertake education and enforcement activities which support the objectives of the Tobacco Act 1987.

Dining out on technology solutions
New food regulations with big impacts for councils came into effect this year. The MAV worked closely with councils to develop a technological solution to new reporting requirements and managed the development of a single registration system for temporary and mobile food businesses that will have significant benefits for councils and business operators. The MAV also participated on a new committee established by the Victorian Government to improve coordination between the food regulators in Victoria.

Coordinating mosquito response
Extensive flooding and weather conditions this summer led to an increased risk of mosquito borne diseases which could incite community fear and have serious flow-on impacts for local economies, particularly through loss of tourism and agriculture. Following detection of a virus in chickens with potentially high mortality and morbidity rates, a taskforce was established to coordinate agency responses in the event of human cases. The MAV participated on the taskforce to provide rapid information to councils actively engaged in mosquito control and local awareness raising activities and to convey council concerns back to Victorian Government agencies.
Planning

Councills take steps to improve processes
A new program to help councils improve their performance and demonstrate accountability in the administration, management and delivery of planning services attracted participation by 22 councils in its first year. Two intakes have undergone an intensive audit and review of their planning processes and participating councils now have individual improvement plans in place. Quarterly reports were provided to the councils to better understand their performance and track improvement in a timely way. Improvement concepts were showcased at a forum for members of the program and scoping of these concepts has been incorporated into a review of the planning scheme amendment process.

Certainty sought for growth
Member consultation structures were used to respond with speed and certainty during a period of significant change in metropolitan and urban growth policy and strategy following the state election. The MAV was engaged in multiple forums to ensure the interests of local government were accurately represented in the interim period and early stages of development of a new metropolitan strategy. Advocacy stressed the need for certainty and the relevance of strategies to future projections. Submissions and representations to government highlighted the importance of a new metropolitan strategy being clearly articulated and having a long term view; a bipartisan commitment for the coordinated rollout of critical public infrastructure; more financial models for housing options; higher minimum standards and improved planning processes, and; a mechanism for local government to be involved in the development and implementation of the strategy.
Planning for coastal change
A specialist committee set up to advise the Victorian Government on managing the coastal impacts of climate change heard that council responsibilities, particularly for land use decisions, carry numerous and significant liability. A working session was convened for councils to better understand their legal risks associated with expected sea level rises and agreement was achieved for the MAV to pursue legislative reform that would provide Victorian councils the same immunity that exists in other jurisdictions for environmental risks including flooding, bushfire, coastal erosion and inundation. Meanwhile councils were represented on a project reference group to establish guidelines that would support a consistent approach to planning for and managing the impacts of climate change and coastal hazards on the Victorian coast. The MAV also supported four projects to assess coastal vulnerability in Port Fairy, Gippsland, Westernport Bay and the Bellarine Peninsula.

Winds of change
The MAV led a delegation of councils to broker a partnership with the Victorian Government to address the standards and processes for assessing, monitoring and enforcing wind farm proposals. The minister of the day accepted the partnership approach and a joint working group was formed to progress the initiatives proposed. Significant progress was made including reaching agreement to review the standard permit conditions for wind farms. The new government moved quickly after the election to make councils the responsible authority for all wind farms. Advocacy subsequently switched focus to ensure adequate transitional arrangements and access for councils to expert support on noise, flora and fauna, landscape and other matters.

Priorities established for rural planning
The MAV surveyed councils and provided recommendations to the Victorian Government on a proposal to establish a rural planning flying squad to maximise the potential benefits of this program to councils. Submissions were also made on several other initiatives impacting rural land use planning including a review of permit guidelines in open domestic water catchments; changes to the assessment process for mining approvals, and; a proposed carbon offset scheme offering new economic opportunities for farmers. The MAV also influenced the Victorian Government’s training program to include specific content on rural planning. In response to feedback from members a forum was established for councils to identify and advance common interests, share information and engage with representatives from across government and industry on rural land use planning issues.

Building sustainable communities
A guide for councils to facilitate more sustainable buildings won national accolades for its usefulness in assisting councils through the challenge of integrating sustainability into planning frameworks and decisions. The easy-to-read tool steps the reader through the benefits of sustainable buildings, requesting better performing buildings and assessing them as part of a planning application. It provides advice for planners on setting up a sustainability assessment process and advice for applicants on how to address these requirements.
Insurance

Staking more claim
MAV Insurance took on more direct involvement in day to day claims management, attending case reviews with an external legal panel, settlement conferences and court hearings. Three matters were contested before the courts this year with judgments delivered in favour of MAV Insurance members in all three. In two cases the members were exonerated of any negligence and the scheme recouped most of its legal costs. In the third matter, the plaintiff was awarded damages less than had already been offered, offsetting legal costs against the damages awarded.

Ensuring high quality services
Independent experts were engaged to review in house legal and risk management services provided to members. The review measured effectiveness, value for money and customer satisfaction in risk auditing, risk consulting services, quality of legal advice, reporting protocols and best practice forums. While the overall results were generally positive, several areas for improvement were identified. An improvement plan was developed and the auditors’ recommendations are being implemented. An internal review of the external legal panel confirmed positive outcomes for settlement activity and timelines. The reviews will assist in ensuring the level of services provided to members are of the highest quality and keep pace with changing needs.

Upward trend in property claims
This year saw higher than expected numbers of new claims for the second year running. This trend has caused the actuaries to revise their valuation of potential scheme liabilities for recent years and their projections for future years. The increase in claim lodgements has been largely driven by property damage claims.

New brand of insurance
MAV Insurance was rebranded to improve understanding of the business structure and clarify relationships with service provider Jardine Lloyd Thompson. MAV Insurance was established as the primary and dominant brand in all communication, to the exclusion of all other brands. Civic Mutual Plus and Fidelity Insurance products were renamed and repositioned under MAV Insurance to correct common misconceptions that the schemes were separate entities or stand alone brands, unconnected to the MAV.
Environment

Weeding out a solution
Mayors and chief executive officers were brought together to be briefed on a report prepared for a ministerial working party tasked with breaking the legal deadlock surrounding the management of roadside weeds. Discussion about potential approaches arising from the report and the economic analysis that underpinned it informed a submission made to the Victorian Government on the way forward from local government’s perspective. The MAV continued to represent councils on the ministerial working party and facilitate maximum opportunity for input from councils through a subcommittee set up to inform local government’s representatives on the working party. Councils’ interests were also represented on a panel, which assessed applications from 40 councils for $1.1 million in grants this year to undertake pest control activities on roadsides. The grants program operates on a ‘without prejudice’ basis that does not involve participating councils assuming responsibility for managing pests on roadsides.

Heat turned up on councils
As national policy on climate change progressed, the MAV undertook critical analysis on the implications of proposed carbon pricing and research to better understand the status of and barriers to adaptation planning by Victorian councils. This work identified what support, tools and guidance are needed and will underpin future advocacy and partnerships with the Victorian Government for climate change adaptation planning. Timely advice was provided to councils on complex emissions reporting matters. A guide was published to help councils understand their obligations and reporting requirements and make informed decisions for reducing their greenhouse gas emissions. A public advocacy campaign led by the MAV and Maribyrnong City Council continued into this year and was successful in achieving grants of up to $500,000 from the Australian Government to assist councils with energy efficient street lighting upgrades and $20 million in assistance from the Victorian Government.
River of disquiet
The MAV brokered a special consultation session for councils on proposed plans for the management of water resources in the Murray Darling Basin. The workshop informed a submission on the plan which called for the Murray Darling Basin Authority to rethink the consultative process used to engage regional communities, councils, industries and other stakeholders in the development of the plan. Subsequent submissions were made to two parliamentary inquiries following significant community backlash. The MAV met with Victorian Minister for Water, Agriculture and Food Security to discuss aspects of its submission. The Minister invited direct participation in a new regional advisory group to provide input and advice on the development of the Murray Darling Basin Plan from a Victorian perspective.

Getting rid of junk TV
Proposed regulations to govern the disposal of television and computer products were the subject of two bilateral meetings convened with the Australian governments. A submission formalised the position of local government that was advocated through ongoing participation in a stakeholder reference group. The MAV also made representations to the television industry, Victorian and Australian governments about the likely impacts of the switchover to digital television in regional Victoria and arrangements to deal with large numbers of televisions being disposed of, which led to the establishment of a regional collection program at nine sites across Victoria.

Plague brought under control
Councils were supported to prepare for what was expected to be Victoria’s worst locust plague in 75 years. The MAV worked to ensure that councils received appropriate information to allow them to efficiently and effectively respond to the outbreak. Affected councils were given practice notes, standard operating procedures, occupational health and safety instructions and templates for documenting spraying operations, generating incident reports, and preparing contract agreements with commercial contractors. Councils treated nearly 10,000 hectares of public land to control locusts at more than 2000 sites, representing 49 per cent of the total public land area sprayed during the outbreak.

Simplifying native vegetation rules
Councils were closely engaged in developing new processes and tools that have eased some of the tasks involved in managing native vegetation. A reference group was formed in partnership with the Victorian Government to inform the development of guidelines for local government and an exemption for works on roadsides to reduce bushfire risk. This work responded to the recommendations of the Bushfire Royal Commission. A separate working group oversaw the development of a range of new tools and improved guidance to assist councils assess planning permit applications for native vegetation removal in response to a Victorian Competition and Efficiency Commission inquiry into environmental regulation. The MAV also represented local government on a community reference group for the Victorian Environment Assessment Council investigation into remnant native vegetation on public land which has recommended the establishment of a state-wide advisory committee comprising local government and other stakeholders to oversee the management of native vegetation on road and rail reserves.

Waste not, want not
Strong advocacy and widespread media coverage ensued when the Victorian Government brought forward an increase to the landfill levy, imposing an additional $43 million burden on council budgets and the community. The increase coincided with onerous new standards for landfill design and rehabilitation, which were the subject of representations to the relevant minister and agencies. Local government interests were represented in a review of regional waste arrangements which morphed into a broader review of the whole waste management system that is considering disposal, recycling targets, policy levers, behaviour change and institutional arrangements. Councils were also represented nationally on the Australian Packaging Covenant Council which delivered a new Covenant that will address the ongoing challenge of designing and producing packaging that is easier to recycle, less likely to be littered and more efficient.
Sensible solution to electric line safety
An alternative solution was sought to satisfy government changes to regulations that threatened significant financial, environmental and amenity impacts for councils and their communities. A commitment was sought and obtained from the Victorian Government to work cooperatively with councils to deliver the safety outcomes intended by the changes to regulations for tree clearances around electrical lines. A risk-based model was developed that will allow councils some variation from the regulated clearance spaces. A group of five pilot councils informed the development of the methodology, with a larger group of 16 councils providing further input and assistance. The model is yet to be accepted by the regulators for inclusion in council electric line clearance management plans.

Responsibility for level crossings agreed
Several years of work came to fruition this year with the finalisation of a template agreement for road and rail authorities jointly managing risks at the interface of their infrastructure. Negotiations were protracted, with much work needed to reach agreement on appropriate demarcation of responsibility for the full range of infrastructure located at road and rail interfaces. Further advocacy work resulted in a change to lease agreements that increased rail authorities’ responsibility for the road pavement from 2.44 metres to 3 metres from each track. This was a significant achievement that negated onerous compliance requirements on councils for safe working procedures that apply when working within 3 metres of a railway track.
Recycled roads lead to a greener path
Councils were issued a challenge to increase the use of recycled content in the construction of road, footpath and shared pathways under a partnership between the MAV and Sustainability Victoria. The MAV commissioned independent laboratory and field testing that showed councils can reduce their civil construction costs, energy use, greenhouse gas emissions and reliance on quarried materials with no reduction in pavement performance and no cost increase by using approved recycled content. Council demonstration projects received funding support and a new web-based resource was developed to support councils’ access to information.

Getting communities ready to switch
Arrangements were put in place with Latrobe, Greater Bendigo, Wodonga and Warrnambool city councils to host liaison officers coordinated by the MAV to generate community awareness of the switch to digital television in regional Victoria. Liaison officers identified the most vulnerable groups in each local community and worked closely with councils, agencies and groups in the broadcast regions to ensure they were ready for the switchover in May. The officers actively promoted awareness of the switchover, access to support programs, alternative satellite services and subsidies. The switchover was ultimately successful, with only a few hundred calls from regional and rural Victoria made to the call centre in the days following.

Bringing councils up to speed
Councils were supported to increase the readiness of their municipalities and position their communities to benefit early in the roll out of the National Broadband Network. Support was obtained from the Victorian Government to amend the planning schemes of nine councils so that those councils could require the provision of conduits for optical fibre cabling wherever a permit is required for the subdivision of land in their municipality. This initiative establishes the infrastructure for future broadband services and will ensure that major growth areas are not disadvantaged by any delay in the roll out. Councils will have a critical role to play in the efficient roll out of the network. Workshops were organised for planning and economic development officers to share learning from pilot councils for streamlining roll out, improving communications and improving the coordination of capital works.
Emergency Management

Keeping a lid on growing demands
Councils were extensively consulted in the development of a three-year strategy to address growing demands on councils to deliver emergency management services. The strategy involves better defining the roles and responsibilities of local government in emergency management; improving capability and capacity of performance in emergency management, including the development of a robust performance measurement framework; and managing the expectations of key stakeholders about the role and capacity of local government so that corporate risk to individual municipalities and the sector is realistically minimised. A steering committee co-chaired by the Office of the Emergency Services Commissioner was established to oversee the implementation of the strategy and project teams were formed with membership from a broad cross-section of councils, government departments and agencies.

Floods focus attention on funding flaws
Councils affected by several severe flood events this year received coordinated assistance from other councils in the form of staff, resources and cash donations. The MAV advocated a broadening of eligible costs under natural disaster financial assistance arrangements and provided advice to the Victorian Government on priorities for a clean-up fund to supplement funding provided under the existing arrangements. A submission to a subsequent review of the flooding events focused on the inadequacy of funding provided by the Victorian and Australian governments. Staff visited a number of flood-affected municipalities to seek councils’ input on the local impact of the floods.
Combating bushfire risk
Support was provided to councils to meet new obligations arising from the Victorian Bushfire Royal Commission including listing organisations and facilities that support vulnerable people; procedures and criteria for identifying and notifying hazard trees; local planning for evacuation; expanded roadside clearance duties, and; land use planning policy and compliance. Councils were actively represented in the development of a registration system for identifying vulnerable people in high bushfire risk areas and a template was developed for identifying and notifying hazard trees. A nationwide recruitment and advertising campaign attracted 180 applications for 21 coordinators to help councils in high fire risk areas to implement the Royal Commission recommendations. The MAV coordinated progress reports on the implementation of recommendations applicable to local government. The reports demonstrated best practice and illustrated some of the challenges faced by councils as implementation progressed.

Locating the last resort
Funding was distributed and support provided to 42 councils to identify 190 ‘neighbourhood safer places’ or places of last resort in a bushfire. Protocols were negotiated for obtaining consent from government departments and agencies for sites under their authority. The MAV worked closely with the Country Fire Authority to develop an online system for requesting site assessments, advising the designation or decommission of a site and requesting an annual site review. An online toolbox provided access to forms, templates and documents as well as facilitating a secure portal for discussing issues among councils. Particular support was provided to councils working to establish sites in high-risk areas where locating a suitable site proved challenging.
Conflict subsides
Persistent advocacy resulted in changes to conflict of interest rules, including an increase of the gift disclosure threshold to $500; an exemption for gifts received more than 12 months before assuming office; clarification that being a member of a club is not grounds for conflict of interest unless holding a responsible position in the club, and; broadening the definition of ‘assembly of councillors’ to include advisory committees, and planned or scheduled meetings involving at least half the councillors. An information session was organised for councillors on the changes. Councillors were surveyed to inform a submission to the Victorian Government on revised guidance for councillors on conflict of interest provisions.

Elections brought forward
Responding to a resolution of State Council, the Victorian Government moved to bring forward the timing of council elections by six weeks. Information was provided to councils outlining the impacts arising from overlap with the October school holidays, including additional costs to councils and reduced voter participation. Feedback was sought from councils on alternative options proposed and a submission was made on the basis of responses received from 54 councils, 26 of which supported the fourth Saturday in October. Building on the success of the electoral services tender conducted on behalf of 49 councils in 2008, work commenced to establish the needs and requirements of councils for electoral services in 2012. A discussion paper was developed to garner councils’ views on the role the MAV should play in the lead up to the 2012 general election and electoral services that would be required.

Refining the rules of conduct
Conduct panels were formed to consider eight matters this year. The first appeal of a panel decision to VCAT identified a number of shortcomings in the legislation governing councillor conduct panels. These problems were raised with the Victorian Government and a review of the legislation was sought. An internal review of the number of members appointed to the two lists from which panels are formed determined that it was necessary to increase the number of legal members by one. Ms Katrina Raymond was appointed to the legal members list in January 2011.
Cover works for councillors
In the first year since workers compensation was extended to councillors only a handful of incidents were reported and no claims made. Legal advice and guidance was provided to councils to meet employer obligations. A central service provider was appointed following a competitive process to provide a 24/7 injury reporting line; early intervention injury management; advice on claims management and risk mitigation measures, and; premium advice. 72 councils subscribed to the independent employer representative model. Laminated wallet cards and quick reference guides were distributed to councillors on the steps to take if they are injured and guides were provided to chief executive officers.

Graduating from council
Seventeen councillors and officers formed the first intake in a graduate program developed in partnership with Swinburne University. The Graduate Diploma in Management (Leadership, Governance and Strategy) offers 8 units focusing on leadership, business strategy, entrepreneurship, marketing, negotiation, strategic relationships, governance, corporate leadership and strategic foresight. The program supports councillors in their elected roles and will also benefit their professional opportunities beyond the council chamber. Officers can apply their learning to their current roles and to progress their careers in the sector. Preparations for a second intake have commenced.

Tailored course essential
The Australian Institute of Company Directors was commissioned to develop a tailored module in local government finance that would complement existing modules to establish a new ‘governance essentials’ program. The Institute’s strong reputation for governance, leadership and board development was considered a good fit with the aims of the MAV’s professional development offerings. The program was conducted five times for 68 councillors and 10 officers. The program was designed to be offered in-house for councils on request and two councils took up this opportunity in the first year. Twenty participants went on to undertake the ten-module Company Directors Course.

Training in abundance
Over 70 days of professional development were conducted across Victoria, an increase of 20 per cent on the previous year. A wide range of options and choices were deliberately offered to reflect the diversity of experience and interest among councillors. The spread of programs aims to provide each councillor with the possibility of participating in programs of their choice balancing depth, cost and access. Councillor Fundamentals programs were delivered in various locations on meeting procedure, strategic thinking and leadership in addition to the expanded Governance Essentials program. Two-day intensive programs for small groups were offered on public speaking, negotiation skills and advance leadership. An induction program on understanding local government was conducted nine times in-house for hosting councils. More than 130 councillors attended the three-day Councillor Development Weekend and others took up the extended opportunities offered by the Company Directors Course and Graduate Diploma Management. Further opportunities for development were provided through two scholarships to the Cranlana Colloquium and the McArthur Local Government Fellowship which supports overseas study by a councillor.

Credit where credit is due
Progress towards an accredited councillor training framework that recognises prior learning took a leap forward this year with the mapping of eight competencies against existing training modules in the adult education market and a pilot to build data sets on the experience, skills, training and educational achievements of councillors. Training opportunities will be tailored around agreed competencies and the program accredited and registered ahead of the next round of general elections. All training programs offered by the MAV will count towards the achievement of a diploma level award.
Governance

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

MAV Rules
The Act requires the MAV to set Rules for
> the management of the Association
> the regulation of proceedings
> fixing the annual subscription paid by each municipality
> fixing of contributions to the Municipal Officers’ Fidelity Guarantee Fund
> other matters affecting the management of the Association.

State Council
The Act provides that each member council may appoint a councillor as its representative, and these representatives constitute the Association. The representatives come together twice a year to form State Council which sets the policy direction of the Association and monitors its performance. The State Council Annual General Meeting was held in October 2010 and received a report from the President on the activities and financial affairs of the Association and voted on 76 motions from member councils. In May 2011 the State Council met and approved the Strategic Work Plan for the MAV for 2011/12 and considered a further 68 motions from member councils. For a list of MAV representatives at 30 June 2011 see page 40.

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

Board elections
Board elections were held in March 2011. Cr Bill McArthur was re-elected as President. Four board members were re-elected unopposed: Cr Rod Fyffe (Rural North Central); Cr Ken Gale (Rural South West); Cr Geoff Lake (Metropolitan Southern); and Cr Geoff Gough (Metropolitan East). Another three members were re-elected in contested elections: Cr Lisa Mahood (Rural North East); Cr Reid Mather (Rural North West); and Cr John Sipek (Metropolitan West). Incumbents Cr Enver Erdogan and Cr Jane Rowe were defeated by Cr Gaetano Greco (Metropolitan Central) and Cr Jeff Amos (Rural Gippsland) respectively. Cr David Clark (Rural South Central), Cr Coral Ross (Metropolitan South East) and Cr Mary Lalios (Interface) were elected to fill the remaining three vacancies.

BOARD MEETING ATTENDANCE

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Board Allowances and Expenses

The Board Allowance and Expense Policy makes provision for board members to receive an annual allowance paid quarterly in advance. Board members are provided with a data allowance for accessing business papers via iPads and can claim out-of-pocket expenses for travel, parking, accommodation and meals when undertaking duties as a board member. The policy also allows for Board members to attend MAV events including the Annual Conference, Councillor Development Weekend, Asset Management Conference and Future of Local Government Summit.

The above amounts do not correlate to the allowance and expense payment figures in the financial statements as they include some payments made to board members for expenses incurred in 2009/10 and claimed in 2010/11. Some expenses are also charged to other areas in the MAV accounts. Payments for expenses were made directly to board members, to their council for travel where they have utilised a council fleet vehicle, or directly to the hotel for some accommodation expenses. It should be noted that board members may lodge claims after 30 June 2011 for expenses incurred in the 2010/11 year, details of which will be reflected in the 2011/12 Annual Report.

### Compliance

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

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<tr>
<th></th>
<th>Annual Allowance</th>
<th>Data Allowances</th>
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| Jeff Amos | 2,540.31         | 60              | 1,300.00 | 891.00 | 4,791.31
| Sam Alessi | 7,646.72         | 180             | 5,527.66 | 495.00 | 13,849.38
| John Chandler | 5,206.54       | 180             | 1,047.34 | 1,575.00 | 8,008.88
| David Clark | 2,540.31         | 60              | 1,297.82 | -      | 3,898.13
| Enver Erdogan | 5,206.54        | 180             | -        | 495.00 | 5,811.54
| Jan Farrell | 5,206.54         | 180             | 2,178.00 | 1,575.00 | 9,139.54
| Rod Fyffe   | 7,746.86         | 297             | 6,426.00 | 1,575.00 | 16,044.86
| Ken Gale    | 7,746.86         | 297             | 10,472.75 | 1,575.00 | 20,091.61
| Geoff Gough | 8,937.40         | 297             | 1,864.71 | 1,575.00 | 12,674.11
| Gaetano Greco | 2,540.31         | 180             | -        | -      | 2,600.31
| Geoff Lake  | 7,746.86         | 297             | 414.54   | 1,630.00 | 10,088.40
| Mary Larios | 2,540.31         | 60              | 604.00   | -      | 3,204.31
| Bill McArthur | 55,195.96       | 297             | 20,619.89 | 3,016.00 | 79,128.85*
| Lisa Mahood | 8,937.40         | 297             | 8,635.75 | 1,575.00 | 19,445.15
| Reid Mather | 7,746.86         | 297             | 5,612.39 | 1,575.00 | 15,231.25
| Coral Ross  | 2,540.31         | 60              | -        | 550.00 | 3,150.31
| Jane Rowe   | 7,746.86         | 180             | 9,075.39 | 1,575.00 | 18,477.11
| John Sipek  | 7,746.86         | 297             | 480.05   | 1,575.00 | 10,098.91

*President Cr Bill McArthur was also provided with full private use of a motor vehicle at a cost of $17,891.29.
JOHN WARBURTON  
APPOINTED 1995  
Chair, MAV Insurance Committee 2005 – present  
Director, Lend Lease Real Estate Investments Limited  
Director, Health Super Financial Services  
Director, Emergency Services Foundation  
Chairman, Vision Super Audit Committee  
Chairman, Metlink Audit Committee

RON FARRELL  
APPOINTED 2001  
Non Executive Director, connect.com.au Pty Ltd  
Member, Professional Standards Councils (All States and Territories)

CR ROD FYFFE  
APPOINTED 2004  
MAV Regional Representative for Rural North Central  
Councillor, Greater Bendigo City Council  

ALLAN GARCIA  
APPOINTED 2003  
Chief Executive Officer, Local Government Association of Tasmania  
Quadrant Superannuation

CR BILL MCARTHUR  
APPOINTED 2009  
MAV President  
Councillor, Golden Plains Shire Council  
Director, Australian Local Government Association  
Member, MAV Audit Committee

MICHAEL GUILMARTIN  
APPOINTED 2009  
Company Director Lake Eildon Country Club Ltd  
Chief Executive Officer, Victorian Managed Insurance Authority 1997 – 2007

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

ROB SPENCE  
APPOINTED 1997  
Chief Executive Officer, Municipal Association of Victoria  
Trustee, Vision Super  
Melbourne  
Director, LifeSaving Victoria  
Director, Inner East Community Health

Insurance Committee
The Board has delegated authority and responsibility for the operation of the MAV Insurance business to the MAV Insurance Committee (MAVIC). A Deed of Establishment requires the formation of a management committee, and formalises authorities, duties and powers of delegation by the committee and provides guidance as to the day-to-day operation of the insurance business. MAVIC has oversight of the operation of the insurance schemes and monitors the MAV’s compliance with its Australian Financial Services Licence (AFSL). It comprises nine members – four independent insurance experts, one council CEO, one MAV board member, one representative of the Local Government Association of Tasmania, and the President and CEO of the MAV. The Committee oversees the operations of the MAV Insurance business.

Independent committee members receive a sitting fee for each meeting attended. In 2010/11 the sitting fee was:
> Chair: $875
> Independent committee members: $620

In addition, an allowance of $1,185 was paid to the independent committee members for attendance at other insurance-related meetings.

MAV INSURANCE COMMITTEE ATTENDANCE

<table>
<thead>
<tr>
<th>Name</th>
<th>AUG</th>
<th>OCT</th>
<th>OCT*</th>
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<th>FEB</th>
<th>APR</th>
<th>MAY*</th>
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<td>John Warburton</td>
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<td>Rod Fyffe</td>
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<td>Allan Garcia</td>
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<td>Michael Kennedy</td>
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<td>Bill McArthur</td>
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<td>Anne Murphy</td>
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* Denotes special meetings of the MAV Insurance Committee. The special meeting in October was to consider the financial statements for MAV Insurance. The special meeting in May was to consider premium levels in 2011/12.
Audit Committee
The Audit Committee is an independent committee established at the direction of the MAV Board in 2004. The Committee operates under a charter approved by the Board, which was reviewed and updated this year. Its primary objective is to assist MAV management in maintaining good governance, compliant financial reporting, management of risk, maintaining a reliable system of internal controls and monitoring organisational performance. The Committee meets quarterly and additional meetings are convened as required.

The Committee comprises three independent members and two board members. Dean Newlan CPA, an independent member since the Committee’s inception, is Chair. Michael Ulbrick was appointed as an independent member in October 2010 to replace Elizabeth Reeves CPA (2004 – September 2010). The third independent member is Terry Makings AM FIEAust (appointed 2009). The Board was represented by the MAV President, Cr Bill McArthur and Cr Jan Farrell (until board elections in March 2011) and Cr Mary Lalios (post board elections).

In addition to monitoring the financial and risk management performance of the MAV and reviewing the annual work program of the internal and the external auditors, in 2010/11 the MAV Audit Committee received reports on the Local Authorities Super Defined Benefit Scheme, events and training policies and processes, information technology and communication enhancements, shared services, and food safety projects. It also monitored the MAV’s involvement in the Bushfire Royal Commission and reviewed the performance of MAV’s external auditor.

Independent committee members receive a sitting fee for each meeting attended. In 2010/11 the sitting fees were:
> Chair: $865.20 (2010 calendar year) and $891.15 (2011)

Advisory Groups
A scheduled 12 month review of the Board’s committee structure was postponed from December until after board elections in March. Four advisory groups established in 2009 continued to provide advice to the Board until the elections. A board member chaired each group and provided a conduit for feedback between the group and the Board.

MAV ENVIRONMENT ADVISORY GROUP
Provides advice on environmental issues of importance to local government and the needs and issues of members for delivery of environmental outcomes.
Co-chairs: Cr Reid Mather and Cr Jane Rowe

MAV HUMAN SERVICES ADVISORY GROUP
Provides advice on social policy and human services issues. The committee also facilitates consultation with regional groupings of councils on current statewide issues.
Chair: Cr Ken Gale

MAV PLANNING ADVISORY GROUP
Provides advice on strategic and statutory planning issues affecting local government and guides MAV policy and position development on planning related issues.
Chair: Cr Jan Farrell

MAV TRANSPORT AND INFRASTRUCTURE ADVISORY GROUP
Provides advice on infrastructure and transport issues affecting local government and assists the MAV to carry forward key policies and campaigns in this area.
Co-chairs: Cr Geoff Gough and Cr Lisa Mahood

Immediately after the elections the Human Services Advisory Group was reconvened with Cr Ken Gale as Chair. Cr Rod Fyffe was appointed Chair of the interim Environment Advisory Group and Cr David Clark as Deputy Chair. Cr Geoff Gough was appointed Chair of the interim Planning Advisory Group with Cr Coral Ross as Deputy Chair.

In May 2011 the Board resolved to establish committees on arts and culture; environment; human services; multicultural; planning; and transport and infrastructure. Reference groups on emergency management and professional development were also established. The positions of chair and deputy chair and the terms of reference for each committee and reference group were unresolved at 30 June 2011.
Other MAV Committees
The MAV has also established and supported several other committees across major policy areas and projects, including:

MAV COAG WORKING PARTY (HUMAN SERVICES)
Advises MAV advocacy into COAG policy directions, and monitors progress of agreements being developed with the Victorian Government.

MAV/DEPARTMENT OF HEALTH FOOD SAFETY COORDINATION PROJECT STEERING COMMITTEE
Provides an interface mechanism between the Victorian and local government in respect of food regulations.

MAV EARLY YEARS ADVISORY GROUP
Guides the MAV on issues relating to early years policy and service provision and planning.

MAV ECOLOGICALLY SUSTAINABLE DEVELOPMENT ADVOCACY GROUP
Advises the MAV and shares information on reducing the environmental impacts of the built environment.

MAV HACC AND AGEING ADVISORY GROUP
Guides the MAV on issues relating to government ageing policies, Home and Community Care and related aged programs, and positive ageing issues.

MAV HOUSING GROWTH COUNCILLOR REFERENCE GROUP
Guides MAV input to the Victorian Government on housing growth requirements and metropolitan planning issues.

MAV LOCAL GOVERNMENT ALCOHOL AND OTHER DRUG ISSUES FORUM
Brings councils together to share ideas and information for improving responses to drug use in our communities.

MAV INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE
Plans, coordinates and supports information and communication technology initiatives that deliver better council services and reduce costs.

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

MAV ROADSIDE, WEEDS AND PESTS SUB-COMMITTEE
Provides input to the Ministerial Working Party on roadside pests.

MAV STEP PLANNING PROCESS IMPROVEMENT PROJECT STEERING COMMITTEE
Provides direction to the program development.

MAV SWIFT CONSORTIUM MANAGEMENT GROUP
Manages the ongoing implementation of shared library services contracts and policies.

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

MAV/DPCD WINDFARM JOINT WORKING GROUP
Engages councils to improve the assessment, compliance and public confidence in wind farm development.

MAV PLANNING AND ENVIRONMENT ACT REVIEW WORKING GROUP
Enables local government input to contentious matters during the review of the Planning and Environment Act 1987.

MAV/DSE LOCAL GOVERNMENT NATIVE VEGETATION REFERENCE GROUP
Provides advice on native vegetation management, principally on private land and roadsides which impact on local government.

MAV NATIVE VEGETATION PERMITS ASSESSMENT WORKING GROUP
Provides advice on simplifying the native vegetation permit assessment process.

MAV PUBLIC LIGHTING CUSTOMER INNOVATION COMMITTEE
Reviews public lighting technology to reduce costs and reduce greenhouse emissions.

MAV IMPROVING EMERGENCY MANAGEMENT IN LOCAL GOVERNMENT PROGRAM STEERING COMMITTEE
Oversees projects to define the role of local government in emergency management, improve capability and capacity of performance and develop robust performance measures.

MAV COUNCILLOR WORKCOVER COMMITTEE
Provides guidance on issues arising from workers compensation being extended to councillors.
External Committees
As the peak body for local government, the MAV represents or nominates representatives for the sector on a range of external committees and other bodies. In 2010/11, these included:

- Animal Welfare Advisory Committee
- Association of Bayside Municipalities
- Association of Regional Waste Management Groups
- Broiler Code Review Stakeholder Reference Group
- Building Regulation Advisory Committee
- Climate Change and the Emergency Management Sector: Building Research Capacity Steering Group
- Community Emergency Risk Management Review and Redevelopment Committee
- Community Recovery Fund Community Road Safety Reference Group
- Country Fire Authority Board Development Assessment Forum
- Department of Planning and Community Development Procurement Technical Advisory Group
- Department of Planning and Community Development Sustainable Procurement Working Group
- Department of Transport Maintaining Mobility Steering Group
- Domestic Animal Management Implementation Committee
- E-planning Council
- Essential Service Commission Customer Consultative Committee
- Fire Safety in Public Buildings Committee
- Flood Warning Consultative Committee Victoria
- Future Coasts: Preparing Victoria’s Coasts for Climate Change Steering Committee
- Geographic Place Names Advisory Committee – ANZAC Commemorative Naming Program Committee
- Infringements Standing Advisory Committee
- HACC Departmental Advisory Committee (Victorian Department of Health)
- Heart Foundation (Vic) and Quit Victoria Smoke-Free Policies Advisory Group
- MAV/Department of Human Services Food Safety Coordination Project Steering Committee
- Melbourne Bushfire Protection Program Project Control Group
- Metropolitan Fire and Emergency Services Board
- Metropolitan Local Government Waste Forum
- Metropolitan Transport Forum
- Minister for Agriculture’s Roadside Pests Working Party
- Ministerial Advisory Council on Public Libraries
- Ministerial Utilities Infrastructure Reference Panel
- Mosquito Borne Virus Taskforce Municipal Emergency Management Enhancement Group
- National Packaging Covenant Council
- National Television and Computer Product Stewardship Scheme Stakeholder Reference Group
- National Timber Councils Association
- Office for Children Early Childhood Development Advisory Group
- Planning and Environment Act Review Expert Advisory Group
- Planning and Subdivision Fees Review Technical Advisory Group and Stakeholder Reference Group
- Project Board Evaluating Trials of Community Warning Sirens
- Railway Crossing Project Delivery Committee
- Railway Crossing Technical Group Committee
- Regional Greenhouse Alliance and Stakeholders Network
- Road Transport Advisory Committee
- Rural Councils Victoria
- Sex Work Ministerial Advisory Committee
- Standing Committee on Local Government and Cultural Diversity
- State Emergency Mitigation Committee
- State Emergency Recovery Planning Committee
- State Emergency Relief Sub-committee
- State Emergency Response Planning Committee
- State Emergency Strategy Team
- State Fire Management Planning Committee
- State Flood Strategy Committee
- State Library Advisory Committee on Public Libraries
- State Natural and Built Environment Recovery Planning Committee
- Timber Towns Victoria
- UN Global Compact Cities Programme Advisory Council
- VicHealth Alcohol Strategy Advisory Group
- Victorian Bushfire Reconstruction and Recovery Authority Interagency Taskforce
- Victorian Childcare Industry Liaison Group
- Victorian Children’s Council
- Victorian Climate Change Coastal Hazard Guidelines Project Steering Group
- Victorian Community Road Safety Alliance
- Victorian Emergency Management Council
- Victorian Feedlot Committee
- Victorian Food Safety Council
- Victorian Freight and Logistics Council
Operations

Human Resources
The MAV retains a mix of staff and consultants to advocate the interests of its members, raise the sector's profile, provide advice and capacity building programs to support local government activities, and supply insurance and procurement services to councils. In 2010/11 the staffing profile of the MAV included:

> 40 staff (32 full-time and eight part-time) funded from membership subscriptions. These staff focus on delivering the MAV Strategic Work Plan ratified by State Council and provide policy support, advice and capacity-building programs to councils in addition to maintaining the representation of Victorian local government views to the Victorian and Australian governments and other key groups

> 17 staff (nine full-time and eight part-time) funded from Victorian and Australian government grants or external organisations to deliver specific projects and programs to support Victorian councils

> Seven specialist consultants who supplement the skills of staff and provide support in areas such as insurance, financial management, information technology and policy advice.

During the year, 16 staff left the organisation. The employment term of four staff concluded with the end of projects that were grant funded. Twelve staff moved on to new career opportunities or retired. These positions were filled through recruitment or reorganisation of tasks.

Events
In 2010/11 the MAV ran 113 events, excluding committee meetings, attracting more than 7,154 registrations. These included conferences, forums, workshops, and training to support the ongoing professional development of councillors and senior officers. The Councillor Development Weekend, Annual Conference, Asset Management Conference and Future of Local Government Summit were among the major events staged. Many MAV events are sponsored by external organisations, keeping registration costs low. Sponsorship generally takes the form of direct financial contributions but may also involve discounted or in-kind services or products provided to the MAV. In 2010/11 the MAV received $402,601 from events sponsorship.

Media coverage
The MAV continued to provide widespread media commentary on councils’ roles in emergency management following the release of the final report of the Victorian Bushfires Royal Commission and the Government’s response. Extensive radio and print news commentary was also provided on the recovery efforts and funding needs of councils following a succession of devastating floods that impacted hundreds of townships across more than 30 municipalities.

The collation of an annual rates media package achieved more balanced reporting of council rate rise stories. In addition to coverage in metropolitan daily, suburban and regional newspapers, an editorial was published in the Weekly Times and talkback radio interviews also highlighted the struggles facing councils to meet funding shortfalls for community services.

Importantly, the media coverage moved beyond blaming councils for lifting rates to an examination of the limitations of the funding structures and cost pressures facing local government. A number of stories called upon the Victorian and Australian governments to stop shifting costs onto councils, and to come up with policies that fix the inequity faced in areas where smaller populations cannot sustain the funding injections needed by councils.

The MAV’s media effort also included extensive publicity achieved for three key advocacy campaigns. A call to parties seeking commitments from political parties in the lead up to the state election was reported in radio and print media across the state. The Give Our Streets the Green Light campaign achieved strong media support during the federal and state elections, with more than 80 articles published in newspapers across the state. The public support generated through the campaign helped to secure both Australian and Victorian government funding commitments for councils to implement energy efficient street lighting.

Prominent coverage was given to the $600 million funding shortfall necessary for Victoria to achieve national kindergarten reforms in The Age and Herald Sun as well as regional and suburban media. This issue continued to attract strong media coverage as councils and preschools try to identify solutions, and impacts such as fee increases, waiting lists, and cessation of three-year old kinder classes.
Secretariats
The MAV hosts the secretariat functions for several local
government groups. The various agreements generally provide
office space, facilities and support services at an affordable cost
for an officer employed to support the various activities and
governance arrangements of the groups.

ASSOCIATION OF BAYSIDE MUNICIPALITIES
A consortium led by the Association of Bayside Municipalities,
Central Coastal Board and MAV was successful in securing $1
million to assist councils understand the choices and costs in
responding to climate change risks by focusing on four case
studies and developing tools, approaches and decision making
methodologies. An operational review of the Association
determined to re-cast the secretariat coordinator role as Executive
Officer, review and recommend appropriate member
contributions, seek additional resources for the 2011/2012
budget, undertake stakeholder workshops to build awareness and
ownership of Association priorities, identify critical partnerships
and scope potential projects of mutual benefit. In addition a
workshop convened in conjunction with the Central Coastal Board
identified priority issues facing Port Phillip Bay’s coastal and
marine environments to inform the actions of the Association in
2011. Mornington Peninsula Shire Council provided
administrative support until the appointment of the new Executive
Officer in March 2011.

PUBLIC LIBRARIES VICTORIA NETWORK
A seminal research report was published to demonstrate the
economic benefit of public libraries. The research found that every
dollar invested in public libraries yields $3.56 in community
benefit. The report will be a critical advocacy tool in securing a
better funding deal for public libraries. In addition to the quarterly
meetings for network members, nine workshops were attended by
640 library staff on various topics. The network also collaborated
with the State Library of Victoria on evaluations of nine library
services and the digitisation of several local newspapers.

RURAL COUNCILS VICTORIA
Rural Councils Victoria was successful in not only securing but
increasing a funding commitment of $3 million to $3.5 million
following a change in government. The primary focus since the
funding announcement was on scoping the new program and
delivering already planned events. A detailed plan and budget for
the first year of the program was agreed with the funding body.
The past year also saw the development and adoption of a robust
governance structure to guide the management of the network;
the election of Cr Ken Gale from Moyne Shire Council as Chair;
two forums for mayors and CEOs of rural councils; a new website
for the network, and; the flagship event, the Rural Summit. The
fourth annual Rural Summit took place in Rutherglen and was
attended by 200 delegates from around the state.

TIMBER TOWNS
A study was commissioned in partnership with Victorian
Government agencies and one of Australia’s largest private
plantation companies detailing funding needed to maintain timber
impacted local roads to a suitable standard. The report will assist
with planning for future funding needs. It listed 330 roads,
forecast to cart 41.3 million tonnes of logs during 2011 – 2015,
and found that the total cost of works required to upgrade the
roads is $95.6 million. The Association increased its membership
this year welcoming Ararat Rural City Council, Corangamite Shire
Council, Greater Geelong City Council and South Gippsland
Shire Council. After ten years as Chair, Cr Malcome Hole from
Wellington Shire Council stood down and Vice President Cr Bill
Harrington from Baw Baw Shire Council took on the presidency.
Timber Towns Victoria also held the secretariat for the National
Timber Councils Association for the fourth year running.
MAV Representatives

AT 30 JUNE 2011

Alpine Shire Council - Cr Nino Mautone
Ararat Rural City Council - Cr Andrea Marian
Ballarat City Council - Cr Cheryl Bromfield
Banyule City Council - Cr Jenny Mulholland
Bass Coast Shire Council - Cr John Duscher
Baw Baw Shire Council - Cr Diane Blackwood
Bayside City Council - Cr James Long
Benalla Rural City Council - Cr Bill Hill
Boroondara City Council - Cr Coral Ross
Brimbank City Council - Ms Joanne Anderson
Buloke Shire Council - Cr Reid Mather
Campaspe Shire Council - Cr Neil Pankhurst
Cardinia Shire Council - Cr George Blankhorn
Casey City Council - Cr Geoff Ablett
Central Goldfields Shire Council - Cr John Smith
Colac Otway Shire Council - Cr Stephen Hart
Corangamite Shire Council - Cr Ruth Gstrein
Darebin City Council - Cr Gaetano Greco
East Gippsland Shire Council - Cr Jane Rowe
Frankston City Council - Cr Brad Hill
Gannawarra Shire Council - Cr Max Fehring
Glen Eira City Council - Cr Margaret Esakoff
Glenelg Shire Council - Cr Bruce Cross
Golden Plains Shire Council - Cr David Cotsell
Greater Bendigo City Council - Cr Rod Fyffe
Greater Dandenong City Council - Cr Peter Brown
Greater Geelong City Council - Cr Andy Richards
Greater Shepparton City Council - Cr Jenny Houlihan
Hepburn Shire Council - Cr Bill McLenagahan
Hindmarsh Shire Council - Cr Michael Gawith
Hobsons Bay City Council - Cr Angela Altair
Horsham Rural City Council - Cr Michael Ryan
Hume City Council - Cr Ros Spence
Indigo Shire Council - Cr Larry Goldsworthy
Kingston City Council - Cr Ron Brownlees
Knox City Council - Cr Joe Cossari
Latrobe City Council - Cr Bruce Lougheed
Loddon Shire Council - Cr Allen Brownbill
Macedon Ranges Shire Council - Cr John Letchford
Manningham City Council - Cr Geoffrey Gough
Mansfield Shire Council - Cr Tom Ingpen
Maribyrnong City Council - Cr Michael Clarke
Maroondah City Council - Cr Tony Dib
Melton Shire Council - Cr Broden Borg
Mildura Rural City Council - Cr John Arnold
Mitchell Shire Council - Cr Graeme Coppell
Moira Shire Council - Cr Ed Cox
Monash City Council - Cr Geoff Lake
Moonee Valley City Council - Cr John Sipek
Moorabool Shire Council - Cr Tom Sullivan
Moreland City Council - Cr Enver Erdogan
Mornington Peninsula Shire Council - Cr Bev Colomb
Mount Alexander Shire Council - Cr Michael Redden
Moyne Shire Council - Cr Ken Gale
Murrindindi Shire Council - Cr Peter Beales
Nillumbik Shire Council - Cr Helen Coleman
Northern Grampians Shire Council - Cr Ray Hewitt
Port Phillip City Council - Cr John Middleton
Pyrenees Shire Council - Cr David Clarke
Queenscliffe Borough Council - Cr Bob Merriman
South Gippsland Shire Council - Cr Warren Raabe
Southern Grampians Shire Council - Cr Bob Penny
Stonnington City Council - Cr Claude Ullin
Strathbogie Shire Council - Cr Graeme Williams
Surf Coast Shire Council - Cr Libby Coker
Swan Hill Rural City Council - Cr Gary Norton
Towong Shire Council - Cr Peter Joyce
Wangaratta Rural City Council - Cr Anthony Griffiths
Warrnambool City Council - Cr Jacinta Ermacora
Wellington Shire Council - Cr Jeff Amos
West Wimmera Shire Council - Cr Darren Rayner
Whitehorse City Council - Cr Ben Stennett
Whittlesea City Council - Cr Mary Lalios
Wodonga City Council - Cr Lisa Mahood
Wyndham City Council - Cr Cynthia Manson
Yarra City Council - Cr Alison Clarke
Yarra Ranges Shire Council - Cr Terry Avery
Yarriambiack Shire Council - Cr Andrew McLean
Civic Mutual Plus Members

Victoria
Alpine Shire Council
Ararat Rural City Council
Ballarat City Council
Banyule City Council
Bass Coast Shire Council
Baw Baw Shire Council
Bayside City Council
Benalla Rural City Council
Boroondara City Council
Brimbank City Council
Buloke Shire Council
Campaspe Shire Council
Cardinia Shire Council
Casey City Council
Central Gippsland Region Water Corporation
Central Goldfields Shire Council
Central Highlands Region Water Corporation
City West Water Corporation
Colac Otway Shire Council
Coliban Region Water Corporation
Corangamite Shire Council
Darebin City Council
East Gippsland Region Water Corporation
East Gippsland Shire Council
Eastern Regional Libraries Corporation
Frankston City Council
Gannawarra Shire Council
Glen Eira City Council
Glenelg Shire Council
Golden Plains Shire Council
Goulburn Valley Region Water Corporation
Goulburn Valley Regional Library Corporation
Goulburn-Murray Rural Water Corporation
Grampians Wimmera Mallee Water Corporation
Greater Bendigo City Council
Greater Geelong City Council
Greater Shepparton City Council
Hepburn Shire Council
Hindmarsh Shire Council
Hobsons Bay City Council
Horsham Rural City Council
Hume City Council
Indigo Shire Council
Kingston City Council
Knox City Council
Latrobe City Council
Loddon Shire Council
Lower Murray Urban and Rural Water Corporation
Macedon Ranges Shire Council
Manningham City Council
Mansfield Shire Council
Maribyrnong City Council
Maroondah City Council
Melbourne City Council
Mildura Rural City Council
Mitchell Shire Council
Moira Shire Council
Monash City Council
Moorabool Shire Council
Mount Alexander Shire Council
Moyston Shire Council
Municipal Association of Victoria
Murrindindi Shire Council
Nilambur Shire Council
North Central Goldfields Library Service
North East Region Water Corporation
Northern Grampians Shire Council
Port Phillip City Council
Pyrenees Shire Council
Queenscliffe Borough Council
South Gippsland Region Water Corporation

South Gippsland Shire Council
Southern Grampians Shire Council
Southern Rural Water Corporation
Stonnington City Council
Strathbogie Shire Council
Surf Coast Shire Council
Swan Hill Rural City Council
Towong Shire Council
Victorian Water Industry Association Inc.
Wangaratta Rural City Council
Wannon Region Water Corporation
Warrnambool City Council
Wellington Shire Council
West Gippsland Regional Library Service
West Wimmera Shire Council
Western Region Water Corporation
Westernport Region Water Corporation
Whitehorse City Council
Whitehorse Manningham Regional Library Corporation
Whittlesea City Council
Wodonga City Council
Wyndham City Council
Yarra City Council
Yarra Plenty Regional Library Service
Yarra Ranges Shire Council
Yarriambiack Shire Council

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

Alpine Shire Council
Ararat Rural City Council
Ballarat City Council
Bass Coast Shire Council
Baw Baw Shire Council
Bayside City Council
Benalla Rural City Council
Boroondara City Council
Brimbank City Council
Buloke Shire Council
Cardinia Shire Council
Casey City Council
Central Goldfields Shire Council
Central Highlands Region Water Corporation
Citywide Service Solutions Pty Ltd
Colac-Otway Shire Council
Coliban Region Water Corporation
Corangamite Regional Library Corporation
Corangamite Shire Council
Crowlands Water Supply Co-operative
Darebin City Council
East Gippsland Region Water Corporation
East Gippsland Shire Council
Eastern Regional Libraries
Frankston City Council
Gannawarra Shire Council
Geelong Regional Library Corporation
Glenelg Shire Council
Golden Plains Shire
Goulburn Valley Region Water Corporation
Goulburn-Murray Rural Water Corporation
Grampians Wimmera Mallee Water Corporation
Greater Bendigo City Council
Greater Geelong City Council
Greater Shepparton City Council
Hepburn Shire Council
Hindmarsh Shire Council
Hobsons Bay City Council
Horsham Rural City Council
Hume City Council
Indigo Shire Council
Kingston City Council
Knox City Council
Latrobe City Council
Loddon Shire Council
Lower Murray Urban and Rural Water Corporation
Macedon Ranges Shire Council
Manningham City Council
Mansfield Shire Council
Maribyrnong City Council
Melbourne City Council
Melbourne Wholesale Fish Market
Melton Shire Council
Mildura Rural City Council
Mitchell Shire Council
Moira Shire Council
Monash City Council
Moonee Valley City Council
Moorabool Shire Council
Moreland City Council
Mornington Peninsula Shire Council
Mount Alexander Shire Council
Moyne Shire Council
Municipal Association of Victoria
Murrindindi Shire Council
Nillumbik Shire Council
North East Region Water Corporation
Northern Grampians Shire Council
Port Phillip City Council
Pyrenees Shire Council
Queen Victoria Market
Queenscliffe Borough Council
South Gippsland Region Water Corporation
Southern Grampians Shire Council
Southern Rural Water Corporation
Stonnington City Council
Strathbogie Shire Council
Surf Coast Shire Council
Swan Hill Rural City Council
Tanjil Bren Water Co-op Ltd & Committee of Management - Recreation Reserve
Towong Shire Council
Wannon Region Water Corporation
Warrnambool City Council
Wellington Shire Council
West Gippsland Regional Library Corporation
West Wimmera Shire Council
Western Region Water Corporation
Westernport Region Water Corporation
Whitehorse City Council
Whittlesea City Council
Wodonga City Council
Wyndham City Council
Yarra City Council
Yarra Ranges Shire Council
Yarriambiack Shire Council
Report on financial results for the year ended 30 June 2011

In accordance with the requirements of the Municipal Association Act 1907, and applicable accounting standards, the economic activity of the MAV and MAV Insurance is reported to the members as an economic entity within the annual accounts. The combined activities are shown as the combined accounts and the MAV, being the parent entity, is shown separately as the MAV General Fund. The Association represents local government in Victoria. One of the activities of the MAV is that it seeks out, applies for, and administers grant funds for, and on behalf of its members, for the benefit of both local government and the Victorian community. This activity of the Association has been accounted for as a segment and included at note 25 in the financial statements. The MAV financial statements also include the activities of MAV Procurement, which provides procurement services and training in procurement for MAV members; and MAV Insurance, which operates Civic Mutual Plus and the Municipal Officers’ Fidelity Guarantee Fund.

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

Municipal Association of Victoria

The financial result of the MAV in 2011 was impacted significantly by the payment of the Defined Benefits Superannuation Fund liability of $136,000. The operating deficit for the year was $92,805 (2010 deficit $29,955). The operating result when both the grant fund and MAV Procurement are included was a deficit of $84,908 (2010 surplus $392,127).

The year also saw the continued development and expansion of MAV Procurement with sales more than doubling. This entity continues to improve and make major gains in contracted services resulting in increased revenues. Combined net assets of the MAV before including the MAV Insurance business reduced to $6.7 million (2010 $6.82 million). During 2011, the MAV received a further $11.1 million in grants and other grant related income (2010 $7.3 million). The MAV delivered on several significant projects during the year that have been funded by grants from both Australian and Victorian governments and funds contributed by its members. These grants and contributions are managed by the MAV for the betterment of the local government sector and Victorian communities. As at 30 June 2011, the MAV had a commitment to spend $6.09 million (2010 $5.99 million).

The operating deficit of the combined entity has been further impacted by events in MAV Insurance including increasing claims costs and increasing costs of re-insurance premiums. The operating deficit of the combined entity was $0.587 million (2010 deficit $4.59 million) with net assets reducing from $14.98 million in 2010 to $14.39 million in 2011.

MAV Insurance

The MAV Insurance business consists of Civic Mutual Plus and the Municipal Officers’ Fidelity Guarantee Fund. The Association is required under the Municipal Association Act 1907 to provide both public liability and fidelity insurance to local government and other statutory authorities. MAV Insurance is not subject to Australian Prudential Regulatory Authority (APRA) regulations. However, the MAVIC views compliance with these regulations as being good business governance and practice and has a policy of complying with several, but not all, of the APRA regulations. The MAV holds an Australian Financial Services Licence (AFSL No 27143). The MAV and MAV Insurance have AFSL compliant processes and activities in place to maintain the highest standards of governance, provide operational efficiency and enhance the future viability of the MAV Insurance business. The combined deficit for 2011 was $0.5 million (2010 $4.977 million). The net asset position at the end of 2011 was $7.655 million (2010 $8.157 million).

MAV Procurement

The year also saw the continued development and expansion of MAV Procurement with sales more than doubling, leading to a significant improvement in the result for the year. This entity continues to improve and make major gains in contracted services resulting in increased revenues. The objective of MAV Procurement is to assist members in accessing significant benefits from improvements in purchasing and procurement processes and activities. The deficit for 2011 was $143,715 (2010 $230,095). This result included a one-off expense related to the writing off of goodwill amounting to approximately $41,000.
Components of the Financial Report
The financial report contains three main sections: the financial statements, the notes to the financial statements and the statements by the directors and auditor.

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

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

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

The statement by directors confirms the view of the directors that the financial report provides a true and fair view of the financial performance, financial position and solvency of the Association.

The audit report by the independent auditor expresses the auditor’s opinion on whether the financial statements present fairly the financial position of the Association as at 30 June 2011, and the results of the various business operations and cash flows for the year ended 30 June 2011, in accordance with accounting standards and other mandatory professional reporting requirements.

Financial Statements
1. INCOME STATEMENT
The income statement shows:
> the MAV’s revenue from its various activities
> the expenses incurred in running the MAV and its business activities.

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

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

2.1 CURRENT AND NON-CURRENT ASSETS
Cash assets include cash held in the bank, petty cash, cash deposits and cash investments. Receivables are monies owed to the Association.

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

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

Intangible assets are trademarks, educational programs and other intellectual property owned by the Association.
2.2 CURRENT AND NON-CURRENT LIABILITIES
Bank overdraft indicates the amount the Association owes its bankers on its daily operating account.
Payables are monies owed by the Association to its suppliers as at 30 June.
Premiums in advance are insurance premiums relating to the next financial year billed to members of the insurance fund before 30 June.
Provision for employee entitlements is the accounting term for annual leave, long service leave and retirement gratuities owed to staff.
Provision for claims outstanding represents insurance claims reported by members together with an estimate of claims incurred but not yet reported including an estimate of the costs of settlement for these claims.

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

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

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

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

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

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

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

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