

Manningham City Council

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22 June 2017

The Hon Natalie Hutchins MP
Minister for Local Government
Department of Environment, Land, Water & Planning
Level 35, 2 Lonsdale Street
MELBOURNE VIC 3000

Dear Minister,

Municipal Association Act Review May 2017

Thank you for the opportunity to evaluate the proposed changes as part of the review of the MAV Act 1907 and provide a submission. Manningham City Council (Manningham) concurs with the basis for the review, and the imperative for a contemporary and flexible model of the MAV, with increased regulation and transparency. The benefit of MAV's long standing experience and understanding of local government's needs, is a valuable resource that we wish to strengthen and capitalise on.

In summary, Council is in agreement with the proposed reforms highlighted in the Consultation Paper, with additional comments or responses to five elements detailed in the table below.

Proposed Reform	Manningham's comments	Manningham's response
Role and powers (pge 4) Replace the preamble with a provision that clearly sets out that the role of MAV is to represent members' interests and be accountable to member councils including: <ul style="list-style-type: none">• Providing insurance protection for local government	It is vital that MAV's provision of insurance maintains a quality policy product at a cost effective premium, through cycles of both 'hard' and 'soft' insurance markets. MAV have offered members the security of access to combined liability insurance to members, but more flexibility is needed to maintain a competitive product during softer insurance markets. Two years ago Manningham negotiated with MAV Ins LMI a \$50,000 policy excess, in contrast with the standard \$20,000 excess and have benefited from premium offsets. Customisation of higher excess limits has not always been available to members.	Providing cost effective insurance protection options for local government
What functions does the board of management perform? Reform Objectives (page 7) The proposed reforms also seek to obtain consistency with the Public Administration Act 2004	Noting the proposed governance alignment with the Victorian Managed Insurance Authority (VMIA) Act 1996, Manningham recommend an expanded consideration in the context of shared services and cost efficiencies. It would be beneficial if the MAV Ins LMI scheme could	Extend the reform to consider and enable joint collaboration with the VMIA to the mutual benefit of MAV members and the VMIA. (It is understood that consideration would require examination of the

and the Victorian Managed Insurance Authority Act 1996.	have access to collaborate with the VMIA, to offer joint insurance and/or risk management services. This is proposed as a fee for service.	constraints and authorisations of the VMIA Act and the VMIA board, to determine its feasibility).
<p>Reporting and Accountability (page 9)</p> <p>16. Insert a provision that provides that MAV must comply with the following principles of sound financial management:</p> <ul style="list-style-type: none"> • Ensure full, accurate and timely disclosure of financial information. 	In keeping with the objectives of the proposed reforms and to engender greater trust from its members, Manningham recommend overt reference to the requirement of transparency in financial reporting.	<ul style="list-style-type: none"> • Ensure full, accurate, transparent and timely disclosure of financial information.
<p>Insurance (page 12)</p> <p>26. Retain the requirement for MAV to provide mutual liability insurance for the benefit of Victorian councils and any other sector if expansion of the fund is in the interest of the participating Victorian member councils.</p>	<p>The insurance industry in the open market has continued to consolidate, responding to market forces. The proposed regulatory reforms to MAV Ins LMI may warrant greater capital reserves. Recently, a number of members have chosen to leave the MAV Insurance LMI scheme seeking reduced premium contributions and the option of lower indemnity limits.</p> <p>Therefore, unless MAV Ins LMI is allowed to prudently expand into other sections, the viability of the scheme may come into jeopardy.</p>	Strongly agree with the proposed reform.
<p>Insurance (page 12)</p> <p>27. Provide that the Minister must ensure a review of the insurance provisions in the MA Act is completed every five years to determine whether the provisions remain appropriate.</p>	We support the inclusion of a regular review mechanism, but recommend that this process includes consultation with insured members as appropriate.	27. Provide that the Minister must ensure a review of the insurance provisions in the MA Act is completed every five years, including consultation with insured members as required , to determine whether the provisions remain appropriate

Should you require any further clarification, please do not hesitate to contact me.

Yours sincerely


WARWICK WINN
Chief Executive Office