

Municipal Association Act Review

Response to Question

Yarra City Council

Reform principles

The consultation paper has been guided by the following principles:

Principle 1 An Act that is contemporary, meets future needs and is clear and comprehensive

Principle 2 Enable good governance and corporate effectiveness

Principle 3 Ensure transparency and accountability to member councils, the community and the state

Principle 4 Ensure there is appropriate oversight over insurance activities

PROPOSED REFORM

1. 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:

- advocating and promoting local government interests
- building the capacity of councils
- facilitating collaboration and shared services between councils
- providing support and advice to local government
- providing insurance protection for local government.

QUESTIONS

Do you support the proposed reforms to the role of MAV?

Yes with the addition of "advocating and promoting local government interests and promoting the role, value and importance of local government within the 3 tiers of government."

The important role of the MAV in the State Local Government Agreement on State consultation with local government before decision making impacting local government could also be highlighted.

If no, what alternative option(s) would you propose?

PROPOSED REFORM

2. Retain MAV's status as a body corporate under the MA Act.

3. Amend MAV's powers to provide that MAV has the power to:

- do all other things necessary or convenient to be done for or in connection with, or as incidental to, the achievement of its role or the performance of its functions

- undertake and carry on in Victoria or elsewhere insurance business for the purpose of providing insurance or insurance services under and for the purposes of the MA Act.

QUESTIONS

Do you support the proposed amendments to MAV's powers as a body corporate? **Yes, but with the proviso that there is appropriate oversight of the insurance function by board members who have knowledge and understanding of the industry.**

If no, what alternative option(s) would you propose?

PROPOSED REFORMS

4. Provide that each council has a right to appoint a councillor from that council as their representative and that these representatives constitute MAV.

QUESTIONS

Do you support making clear that each council has a right to appoint one of their councillors as their MAV representative? **Yes. But that there be provision to appoint additional board members with the skills and knowledge to enable the MAV to perform its functions in a competitive environment (such as with insurance and procurement) should those skills not be found within the councillor board members of the day.**

If no, what alternative option(s) would you propose?

PROPOSED REFORM

5. Insert a provision that provides that the appointed representatives are responsible for:

- determining the rules of the association
- appointing the president and board of management
- determining the strategic direction of MAV.

QUESTIONS

Do you support the inclusion of responsibilities for the appointed representatives?

If no, what alternative option(s) would you propose? **Yes. There must also be a mandated provision for appointed representatives demonstrating they have consulted with the council they represent.**

PROPOSED REFORMS

6. Provide MAV the power to make rules for the management of MAV.

7. Provide that a rule that is inconsistent with the Municipal Association Act or contrary to law is of no effect.

8. Provide that the following matters must be provided for in the rules:

- annual fees
- rights, obligations and liabilities of members
- the election of the President and board of management
- procedures for assessing the performance of the board of management and dealing with governance failures.

9. Provide that the rules may be amended, removed or remade if 60 per cent of the representatives vote in favour of the change.

QUESTIONS

Do you support the proposal that the State Council have the power to make or amend the MAV Rules?

Yes, provided there is provision for, and sufficient notice for member councils to provide input to their representatives.

If no, what alternative approval process would you propose?

PROPOSED REFORMS

10. Provide for MAV to have in place a board of management with functions to include:

- the sound and prudent management of the affairs of MAV
- excising the powers of MAV (including the power of delegation)
- providing general directions as to the performance of MAV's functions and the achievement of its objectives
- reporting on MAV's performance and financial transactions
- monitoring the performance of its Chief Executive Officer.

11. Provide that the board of management must have mechanisms in place for monitoring the exercise of delegated authority.

QUESTIONS

Do you support setting out the functions and responsibilities of the board of management in the MA Act? Yes

If no, what alternative option(s) would you propose?

PROPOSED REFORMS

12. Provide that the board of management must have processes in place for dealing with conflicts of interest, misuse of position and the prevention of fraudulent behaviour.

13. Provide that board members must at all times in the exercise of the functions of their office act:

- honestly
- in good faith in the best interests of MAV
- with integrity
- in a financially responsible manner
- with a reasonable degree of care, diligence and skill
- in compliance with the MA Act and MAV Rules.

QUESTIONS

Do you support the addition of conduct provisions for the board of management? Yes. In addition board members should be able to demonstrate these through the annual review process which should include these criteria.

If no, what alternative option(s) would you propose?

PROPOSED REFORM

14. Provide that the board of management may appoint a CEO for the day to day management and administration of MAV.

15. Provide that MAV must have in place a CEO remuneration policy that broadly aligns with the Victorian Public Sector Commission's Policy on Executive Remuneration for Public Entities in the Broader Public Sector.

QUESTIONS

Do you support the requirement for a remuneration policy? **Yes and it must be accompanied by a performance review process which is approved by the board.**

If no, what alternative option(s) would you propose?

PROPOSED REFORM

16. Insert a provision that provides that MAV must comply with the following principles of sound financial management:

- manage financial risks prudently, having regard to economic circumstances
- undertake responsible spending and investment for the benefit of member councils
- provide services which are accessible and responsive to local government needs
- ensure full, accurate and timely disclosure of financial information.

17. Provide that MAV must keep proper accounts and records of MAV's transactions and affairs in order to sufficiently explain the financial operations and financial position of MAV.

18. Provide that, within four months after the end of each financial year, MAV must prepare and have independently audited financial statements in accordance with the Australian Accounting Standards. The financial statements must be included in the annual report for the relevant financial year and contain such information as is necessary to give a true and fair view of the financial transactions and state of affairs of the insurance scheme.

QUESTIONS

Do you support the principles of sound financial management? **Yes. There should also be the opportunity for members to scrutinize these accounts prior to the Annual General Meeting.**

If no, what alternative option(s) would you propose?

PROPOSED REFORM

19. Insert a provision that provides that the board of management must develop a strategic plan for the implementation of the strategic direction set by the State Council.

20. Provide that MAV must develop an annual report setting out MAV's performance against the objectives set out in the strategic plan.

21. Provide that, within four months after the end of each financial year, MAV must submit the annual report to the annual general meeting of MAV and lodge with the Minister a copy of the annual report to be tabled in both houses of Parliament.

QUESTIONS

Do you support increased accountability to the member councils and the Minister as set out in the proposed reforms? **Yes**

If no, what alternative option(s) would you propose?

PROPOSED REFORMS

22. Insert a provision to require MAV to adopt a procurement policy detailing the principles, processes and procedures that will apply to all purchases of goods and services by MAV.

23. This procurement policy would need to specify: the circumstances in which MAV will invite tenders or expressions of interest from any person interested in undertaking the contract

- the form and manner in which MAV will undertake tenders or expressions of interest
- a process to regularly review contractual arrangements to ensure they are achieving value for money
- a process to manage conflicts of interest.

24. Insert a provision to provide that when MAV is carrying out procurement activities on behalf of councils, MAV must provide information to councils on the specifications of the tender and how the tender process was undertaken, and seek to facilitate share service arrangements.

QUESTIONS

Do you support the requirement for MAV to adopt a procurement policy? **Yes. There should also be provision to ensure that the board of management has among its members the appropriate skills and knowledge to perform this oversight.**

If no, what alternative option(s) would you propose?

PROPOSED REFORM

25. Provide that MAV establish an independently chaired internal audit and risk committee to review the effectiveness of MAV's financial reporting and risk management frameworks.

QUESTIONS

Do you support the requirement to establish an audit and risk committee as detailed in the proposed reform? **Yes**

If no, what alternative option(s) would you propose?