



**CITY OF MELBOURNE**

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Dear Dr Emonson

### **MUNICIPAL ASSOCIATION ACT REVIEW**

Thank you for the opportunity to comment on the Municipal Association Act Review.

This submission is a City of Melbourne (CoM) administration submission which is not endorsed by Council.

The themes in the CoM submission to the review of the Local Government Act provide useful context. The Secretariat should review these submissions as part of this CoM response.

Local government has significant diversity in capacity and the range of services provided to the community. The local government sector is also highly fragmented which makes it an ideal environment to explore opportunities for shared services arrangements. This fragmentation also requires a representative body which can explore areas of consensus and opportunities to work better together, but also acknowledges the diversity of the sector and finds ways to represent the sector accordingly.

CoM believes that the Municipal Association of Victoria (MAV) should perform three high level roles:

- supporting councillors
- representing local government interests, including to provide 'whole of local government' voices
- supporting Government, CEOs and administrations to deliver efficient and effective local government services, including through shared services.

The review should make these roles more explicit and distinct. The last of these roles is not a good fit with the first two, and requires different governance, skills and capabilities. Ideally the third role would therefore be separated, creating two organisations. At a minimum, the MAV's work in this third area should be opened up to a competitive field.

The extent to which the MAV is able to perform effectively in any of these roles is constrained by its current governance arrangements. As acknowledged in both your correspondence and the Consultation Paper, the review is a wonderful opportunity to ensure contemporary standards of governance and accountability are embedded in the Municipal Association Act.

Once the roles of MAV are clarified, then legislative change should be built around the four objectives of the proposed reforms and the reform principles outlined in the Consultation Paper, all of which are supported.

### **Supporting Councillors**

Like all politicians at different levels of government, councillors would benefit from increased support at different stages in their political career including regarding the functions and skills required to be an effective councillor, such as managing conflicts of interest and supporting good decision making. This support role should also extend to where councillors need to advocate on their collective behalf for the important role councils play in our system of government. CoM agrees that there is an ongoing and important role for the MAV in supporting councillors in this way, underpinned by legislation.

### **Representing local government interests**

Representation is a very important role for the MAV. CoM considers that the governance and representative structures for the MAV need to acknowledge the diverse interests of the sector. It is unlikely that the local government sector in Victoria would have a consensus view on every matter, but yet MAV currently sees its role as providing 'one view'. Government then uses that 'one view' to purport, with good intentions, that it has consulted with the sector – from Buloke Shire Council to the City of Maribyrnong. Clearly this approach does not stand up to sensible scrutiny.

CoM considers the diversity of views in local government to be one of the key strengths of the sector. Perhaps a model should be considered where representation is based on a scale to population and economic impact and voting rights within the MAV are weighted accordingly.

The current governance arrangements privilege the 'majority' of councils, rather than taking into account economic impact or population. For example, City of Melbourne (with 25% of GSP) or City of Casey (with 5.1% of Victoria's population) has no greater voice than Buloke Shire Council, with 0.1% of State population. Residents of Buloke therefore have something like 50 times greater influence when the State consults with MAV.

The current governance also leads to a 'single MAV view' on behalf of the sector. This is exactly the wrong outcome in most cases. The diversity of views in local government must be supported, or else the body will never operate in a truly representative or effective manner. The MAV role should explicitly call for a diversity of views to be represented, e.g. large/small; metropolitan/regional; interface/innercity.

MAV could play an incredibly useful role in aggregating these diverse common interests between councils and reflecting those common interests, whether there be one, two or five on any issue where local government has a view.

### **Support to deliver efficient and effective local government services**

As outlined in our response to the Local Government Act Review, there is a clear role for some kind of 'shared services' support for the local government sector. However, consistent with the principles of competitive tendering and customer choice, there is room in most cases for a number of providers to emerge. For example, the Minister could have the power through the *Local Government Act* to approve a group of providers. This class of providers could include the MAV, or a redefined part of the MAV, together with the Victorian Local Governance Association, Local Government Professionals, private sector providers, not for profits or other councils.

As we have previously outlined in the CoM submission to the Local Government Act review, the legislative framework needs to ensure, encourage and enable much greater levels of collaboration across the local government sector on service delivery, procurement, boundary interface issues and other projects of common significance. The MAV could, along with other organisations, play a role in supporting local government administrations to deliver more efficient services through focussing on initiatives in the area of shared services, but this role must be subject to competitive tension for it to work effectively. For example, the MAV's current role in supporting local government on Indigenous Affairs could be tendered, and Indigenous owned organisations could have an opportunity to tender for this work. The insurance function MAV plays should also be opened to competition.

CoM also has significant ongoing concerns about whether the MAV's current governance and capability can support shared service functions for the sector at the right level of sophistication, and this is significantly impacting our willingness to engage with MAV in this capacity. For example, MAV's lack of experience in software governance in a shared service environment, shown through weaknesses in contract establishment, and ongoing concerns about data privacy and cyber security controls is presenting very real challenges to councils in relation to Maternal and Child Health technology.

## Governance

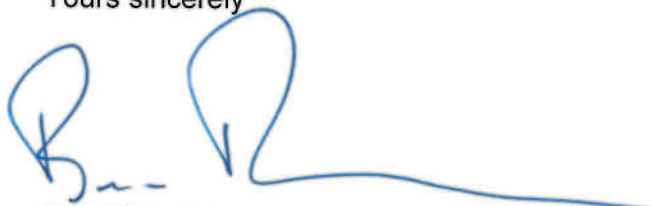
Whatever role government decides the MAV should play, the principles of public sector accountability and integrity outlined in the *Public Administration Act 2004* should apply to the MAV. CoM is supportive of all the best practice governance principles outlined in the Consultation Paper applying to the MAV.

CoM understands the MAV has responded to recommendations from the Auditor-General's 2015 report into *Effectiveness of Support for Local Government* and has made significant improvements to its governance arrangements as outlined in the Auditor-General's follow-up audit recently tabled in Parliament. However, embedding the governance and oversight of the MAV in an appropriate legislative framework is crucial. While the achievements of MAV since the 2015 Auditor-General report are commendable, there is a long way to go and ultimately the MAV must not determine and implement its own governance arrangements.

The difficulties that emerged in the Auditor-General's report, and other related issues that are still deeply problematic, show that MAV self-regulation is not viable or desirable. The State has a clear role to play in determining and overseeing these arrangements, as it does with all other aspects of local government.

We are happy to provide further input into any review stages.

Yours sincerely



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Chief Executive Officer

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