

2023



2024



ANNUAL REPORT

Helping local councils build a
resilient & sustainable Victoria

Contents

| | |
|----|----------------------------------|
| 5 | MAV – Voice for Local Government |
| 6 | Local Government in Victoria |
| 8 | President’s Overview |
| 10 | CEO Update |
| 12 | Key Initiatives |
| 16 | MAVlab |
| 18 | Board and Governance Report |
| 20 | MAV Board |
| 24 | MAV Strategic Plan 2024-2027 |
| 26 | MAV Stakeholder Engagement |
| 30 | People and Capability |
| 32 | Audit and Risk Committee |
| 34 | MAV Procurement |
| 36 | MAV Insurance |
| 38 | MAV WorkCare |
| 40 | Financial Overview |

ACKNOWLEDGEMENT OF COUNTRY

The Municipal Association of Victoria acknowledges the Traditional Owners of Country throughout Victoria, and recognises their continuing connection to lands, waters, and culture. We pay our respect to Elders past and present who carry the memories, traditions, cultures, and aspirations of First Peoples, and who forge the path ahead for emerging leaders.

We support local government’s commitment to strengthening relationships with Victoria’s First Peoples communities, encouraging greater unity, knowledge, cultural awareness, and respect for the first occupants of our land through strong community links and local representation.

Disclaimer and Copyright

This Annual Report has been prepared by the Municipal Association of Victoria (MAV). The MAV is the statutory peak body for local government in Victoria, representing all 79 municipalities within the state. © Copyright MAV



MAV – Voice for Local Government

Victoria’s 79 councils stand as the cornerstone of our democracy, serving six million residents and leading innovative responses to today’s challenges and opportunities.

In a time of unprecedented change, local government stands at the intersection of technological revolution, social evolution, and environmental imperatives.

As communities navigate this rapid transformation, their councils serve as both anchor and compass.

The Municipal Association of Victoria (MAV) stands as the powerful voice and steadfast champion of local government. We amplify the sector’s influence, strengthen council capabilities, safeguard their sustainability, and showcase their value to Victorian communities. Our role extends beyond advocacy to providing crucial insurance and procurement services that underpin council operations.

Each of Victoria’s municipalities tells its own unique story. From the bustling streets of urban centres to the expansive reaches of rural communities, each locality has its own distinct needs and aspirations.

This rich diversity is reflected in their achievements. Victoria’s councils manage infrastructure assets valued at over \$110 billion while delivering vital programs that touch every aspect of community life.

Local government’s strength lies in its collaborative approach. While council rates provide essential revenue, strategic partnerships with state and federal governments, through grants and co-funding initiatives, enable councils to amplify their impact and deliver transformative outcomes for their communities.

The Local Government Act 2020 empowers councils to shape Victoria’s future. While sharing core responsibilities, each council crafts innovative and place-based approaches to service delivery and community engagement that reflect their unique local context.

As the peak body for local government, the MAV continues to drive positive change across the sector. We are committed to ensuring councils have the resources, capability, and recognition they need to lead their communities into a prosperous and sustainable future.

Victorian councils have delivered a lot to be proud of this year, including: **Generating \$13.5 billion in annual revenue.** **Overseeing operating budgets ranging from \$13 million to \$580 million.** **Employing more than 45,000 staff.** **Managing more than \$140 billion in assets and infrastructure.** **Serving communities ranging from 3,000 to 380,000 people.** **Enrolling 69,000 children in kindergarten.** **Conducting 71,000 Maternal and Child Health first home visits.** **Administering more than 400,000 vaccines to Victorian children.** **Operating 291 libraries.** **Loaning 31.5 million physical items out through libraries.** **Maintaining 2,800 tennis courts, 800 netball courts, 700 AFL grounds, 500 soccer pitches, 300 basketball courts and 300 bowls greens.** **Diverting 1.1 million tonnes of waste from landfill.** **Processing 46,330 planning permits.** **Maintaining 133,040km of roads and 8,231 bridges.**

President's Overview

Our Annual Report 2023-2024 not only honours our rich legacy but demonstrates a bold vision for the future of local government in Victoria.

As President, I am pleased to present the Annual Report 2023-2024 which chronicles a year of strategic renewal and significant achievement, as we strengthen our position as the driving force behind Victoria's local government sector.

The appointment of our new Chief Executive Officer, Kelly Grigsby, marked the beginning of an exciting new chapter in the MAV's evolution. Under her leadership, we've revolutionised our approach to advocacy, exemplified by our groundbreaking work in the national housing debate. We're no longer just responding to state and federal agendas – we're actively shaping them, ensuring local government leads these crucial conversations.

Our influence throughout 2023-2024 continued to grow as we champion the interests of 79 councils, over 600 councillors, and more than 45,000 dedicated professionals.

We've intensified our sector engagement, fostering deeper connections through strategic events, expanded networks, and enhanced communications. This heightened collaboration has amplified our voice, particularly in crucial discussions about sector financial sustainability.

The Annual Report 2023-2024 showcases the tangible results of our renewed vision.

While our achievements are significant, they serve as a foundation for even greater ambitions. This has been aided by the establishment of our new headquarters at 1 Nicholson St, creating a contemporary hub for sector collaboration and innovation.

I commend the outstanding contributions of the MAV Board, whose strategic guidance has been invaluable. Our passionate delegates across Victoria have embraced our vision for change, while our exceptional staff, led by Kelly Grigsby, continue to raise the bar in sector representation.

As we look to the future, our resolve has never been stronger. The achievements documented in the Annual Report 2023-2024 reflect more than just organisational success – they represent our unwavering commitment to advancing local government's vital role in shaping Victoria's future. Together, we're building a legacy that will benefit Victorian communities for generations to come.

Cr David Clark



CEO Message

Our Annual Report 2023-2024 showcases the MAV's vital role as Victoria's peak body for local government. Through strategic advocacy, innovative projects, and evidence-based policy development, we're transforming how local government shapes Victoria's future.

Our purpose is clear: to mobilise action that enables Victorian councils to create thriving, resilient, and inclusive communities. We aspire to be Australia's most preeminent thought leader, strategic partner, and resource hub for the local government sector, excelling in policy, research, leadership, and advocacy impact.

As CEO, my vision has been to amplify our sector's voice and ensure local government's profound economic, social, and cultural contributions are recognised nationally.

I've spent significant time travelling across Victoria to hear directly from Mayors, Councillors, CEOs, and staff, witnessing firsthand their unwavering commitment to community service.

Councils are the level of government closest to people. In every community I've visited, I've been struck by local leaders' passionate dedication to helping their communities thrive, particularly through challenging times.

Our Strategic Plan 2024-2027: Shaping our Future provides the blueprint for our transformation. This framework empowers councils to navigate and shape our future with confidence. The achievements detailed in this Annual Report 2023-2024 demonstrate our commitment to elevating local government's status as a crucial contributor to state and national prosperity.

We've taken a proactive approach to policy leadership, working ahead of public debate to prepare comprehensive discussion papers on critical issues including planning and housing reform, financial sustainability, and climate change action. This ensures local government leads rather than follows in addressing key challenges.

As we look to the future, I am excited about the opportunities that lie ahead and I'm fortunate to be surrounded by a team of extraordinarily passionate and hard-working people.

I extend my gratitude to the MAV Board, our dedicated staff, and partner organisations for their exceptional contributions throughout 2023-2024.

As we continue to reimagine the MAV's role, we're creating an optimistic, forward-thinking organisation that champions the future of local government in Victoria.

“As we look to the future, I am excited about the opportunities that lie ahead and I'm fortunate to be surrounded by a team of extraordinarily passionate and hard-working people.”

**Kelly
Grigsby**



Key Initiatives

Financial Advocacy and Reform

The MAV led decisive action on sector financial sustainability through comprehensive engagement with Federal and State Governments. Our evidence-based submissions demonstrated the critical need for increased Financial Assistance Funding, supported by detailed economic modelling of rate capping impacts on essential services and infrastructure.

Our advocacy secured a significant victory with the State Government's agreement to implement Ministerial Good Practice Guidelines on Service Rates and Charges. This achievement reflects our sustained consultation with councils and strategic representations to government, ensuring stronger financial frameworks for the 24/25 year and beyond.

Governance Excellence

The MAV expanded its governance capabilities and legal counsel offering and launched a specialised law review webinar series. These sessions deliver critical updates on case law and legislation, complemented by our new Election Period Explainer resource. In partnership with IBAC, we also delivered comprehensive briefings on the Operation Sandon findings, resulting in the development of enhanced compliance frameworks for the sector.

Our partnership with Melbourne University's Centre for Cities and Hunt Laboratory introduced an innovative micro-credential course in Intelligence and Security Studies, focusing on local government challenges. The MAV Conversation Hour provided a regular platform for governance officers to exchange insights on crucial topics including Managing Disruption and Deliberative Engagement.

Governance Community of Practice

To respond to proposed legislative reforms, we held a series of consultation sessions with councillors and officers about the proposed changes to the Local Government Act 2020 and made two detailed submissions to the Victorian Government about these reforms.

We also made a comprehensive submission to the Inquiry into the Operation of the Freedom of Information Act 1982 which was conducted by the Victorian Parliament's Integrity and Oversight Committee.



State Council

In October 2023 and May 2024, we held meetings of the MAV State Council at which the motions from the membership were debated and keynote addresses were made by the The Hon. Melissa Horne MP, Minister for Local Government and Cr Linda Scott, President of the Australian Local Government Association.

Strategic Sector Engagement

The CEO Monday Connect initiative, launched in June, exemplifies MAV's commitment to dynamic sector leadership.

This forum enables council CEOs to address emerging challenges collaboratively, sharing insights across state and national perspectives.

The initiative fosters innovative solutions and strategic approaches to community development, establishing a powerful platform for sector advancement.

MAV Rural and Regional Planning Conference

The MAV Rural and Regional Planning Conference is a highlight of our annual events calendar. This year we packed the RACV Resort in Creswick with close to 200 planners and decision makers from across local and state government, industry and academia – all of whom came with ideas to build upon rural and regional Victoria's strengths and successes.

The year we heard from famous demographer Simon Kuestenmacher and the Dja Dja Wurrung, as well as key speakers from Ararat Rural City, Hepburn Shire, Mansfield Shire, Mildura Rural City and Yarra Ranges Shire, as well as Planning Panels Victoria and VCAT, government departments and place-making leaders. This conference remains a collegiate and popular conference across rural and regional Victoria.

Planning Reform and Housing Solutions

The MAV has driven the planning reform agenda since the Victorian Government's Housing Statement release. We developed 'Local Government's Vision for Planning in Victoria' to shape government reforms and partnered with SGS Economics and Planning to publish two landmark discussion papers: 'Shaping Greater Melbourne' and 'Shaping Regional and Rural Victoria'.

Through our dedicated Housing Taskforce, we advanced key policy positions on housing delivery, community connection, and infrastructure planning. Our collaborative advocacy with the Planning Institute of Australia positioned councils as essential planning partners, while our authoritative submissions on dwelling design standards, secondary dwellings, and sustainable transport infrastructure strengthened the sector's voice. This comprehensive approach positions local government to shape Victoria's planning system for the next 50 years.

Professional Development Excellence

The launch of our Disinformation Micro-credential, in partnership with the University of Melbourne, demonstrates our commitment to emerging challenges. This intensive four-week program equipped councillors and officers with sophisticated strategies to combat disinformation, building organisational resilience and protecting community trust.

Work in Emergency Management / Community Resilience

The MAV has continued to work closely with councils to build capability and capacity in emergency management and community resilience.

This includes delivery of our annual Local Government Fire Management Forum and High Risk Weather Preparedness Information Session in partnership with State Government agencies, as well as a bespoke session showcasing community emergency hub models.

Through the MAV Emergency Management Committee, we advocated on strategic matters relating to the role of local government in emergency management.

We successfully received funding from the Australian Government through the Disaster Ready Fund to deliver improvements to the inter-council resource sharing protocol which is due to commence in early 2025.

Intergovernmental Relations and Policy Leadership

The MAV established comprehensive engagement channels with Victorian government Ministers, their officers, and senior department staff through structured meetings, briefing papers, and strategic correspondence. Our thought leadership program delivered evidence-based policy submissions informing decision-making at state and federal levels.

Throughout the year, we presented compelling evidence to Parliamentary Inquiries on local government financial sustainability, planning reform, public health measures, urban policy, and climate change.

The launch of our Housing Taskforce brought together council CEOs and industry experts to co-design submissions to the state government, demonstrating our commitment to collaborative policymaking for Victoria's communities.



Joint Statement with PIA

The MAV and Planning Institute of Australia joined forces in April to demonstrate effective collaboration in planning for Victoria's long-term future. The two organisations signed off on a joint statement, outlining the best way forward for a new Plan for Victoria.

The MAVxPIA joint statement called for:

1 - A Plan for Victoria state-wide planning framework, supported by a separate metropolitan plan and plans for the different regions in Victoria, rather than just a single Plan for Victoria.

2 - The establishment of a Professional Reference Group to assist in reviewing the content developed for the plan(s), including PIA, MAV, local government representatives, development industry representatives and relevant peak bodies and planning experts.

3 - A strong focus on and commitment to effective implementation of Plan Victoria, including through governance, institutional, planning system, funding and investment reforms.

Gender Equality and the Family Violence Prevention

Our partnership with the Victorian Government's Free from Violence program continues to strengthen council initiatives in gender equality and family violence prevention. Through collaboration with the Commission for Gender Equality in the Public Sector, we facilitated crucial knowledge sharing on Gender Equality Act 2020 compliance.

The impact of this work is evident in the participation of 75 of 79 councils in our Gender Equality and Preventing Family Violence Network quarterly meetings. Our online Team network connects 208 council members, while 700 council subscribers receive our monthly Gender Equality and Prevention of Violence E-News. The successful delivery of Professional Development sessions to more than 400 council representatives culminated in a landmark forum featuring Minister for Prevention of Family Violence, Vicki Ward MP.

Organisational Transformation

The MAV has been undergoing a transformative journey, as we work to realise the aspirations outlined in our new MAV Strategic Plan 2024-2027.

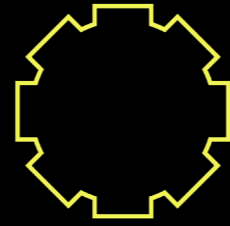
Throughout this financial year, we have been working to establish the optimal foundation to deliver on an ambitious strategy over the coming four years, while supporting our people to grow and develop their skills and capabilities.

This included the implementation of an organisation structure that provides optimal organisational architecture, enabling delivery on our newly defined vision and aspirations for the sector.



MAVLAB

Innovation for the public good.



No one understands the challenges facing Victorians in the 21st century better than local councils. Our local communities – and the governments that represent them – stand at the forefront of multiple transformations happening simultaneously.

The combined pressures of rapidly evolving technologies, significant social changes, community health challenges, shifting economies and growing environmental pressures create a dynamic context for local government leadership.

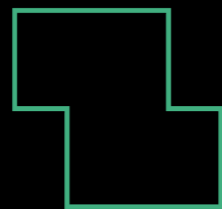
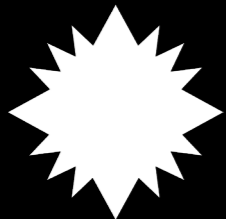
MAVlab is supporting and championing our network of 79 local councils to navigate this increasingly complex landscape by building an innovation practice and collaborative ways of working at scale.

Our approach is data-informed, wilfully optimistic and boldly collaborative – both with our colleagues in council and across the broader sector. Through our network of more than 150 Innovation Associates, we showcase transformative public sector initiatives and connect leading practitioners across Victoria.

We keep a clear gaze towards the horizon, working with a rich diversity of partners to ensure our work reflects the needs, resources and skills of local governments and their communities.

By sharing both our processes and outcomes, we learn together and move faster towards achieving better outcomes for our people, places and the planet.

Looking ahead, MAVlab remains committed to supporting councils as they pioneer bold solutions to environmental, economic, and community challenges. Together, we're building a more resilient and innovative local government sector for Victoria's future.



Board & Governance Reports 2023-24

The MAV was incorporated in 1907 by an Act of State Parliament. The Act defines our purpose, sets out how we operate and empowers our members to make Rules for the regulation of proceedings, subscriptions and other matters affecting the management of the Association.

The MAV is accountable to its members through State Council and an elected Board. State Council is when the MAV delegates come together, usually twice a year, to form the policy direction of the MAV, which is set in alignment with the Strategic Plan 2024-2027: Shaping our Future.

MAV delegates

Councillors are the architects of change, working together to make democratic decisions that shape our communities. They connect with community members to understand their needs and represent their interests. Councillors make decisions about local government services and programs that directly influence the wellbeing and progress of their communities.

Each council appoints a councillor as its MAV delegate.

As of 30 June 2024, the MAV's member councils and their Delegates are:

| | | | |
|----------------------------------|--|------------------------------------|--|
| Alpine Shire Council | Cr John Forsyth | Mansfield Shire Council | Cr Steve Rabie |
| Ararat Rural City Council | Cr Jo Armstrong | Maribyrnong City Council | Cr Cuc Lam |
| Ballarat City Council | Cr Amy Johnson | Maroondah City Council | Cr Mike Symon |
| Banyule City Council | Cr Elizabeth Nealy | Melbourne City Council | Cr Rohan Leppert |
| Bass Coast Shire Council | Cr Clare Le Serve | Melton City Council | Cr Kathy Majdlik |
| Baw Baw Shire Council | Cr Annemarie McCabe | Merri-bek City Council | Cr Adam Pulford |
| Benalla Rural City Council | Cr Bernie Hearn | Mildura Rural City Council | Cr Liam Wood |
| Boroondara City Council | Cr Victor Franco | Mitchell Shire Council | Cr Louise Bannister |
| Brimbank City Council | Cr Ranka Rasic | Moira Shire Council | Dr Graeme Emonson PSM (Administrator Chair) |
| Buloke Shire Council | Cr Alan Getley | | Cr Stuart James |
| Campaspe Shire Council | Cr Colleen Gates | Monash City Council | Cr Rose Iser |
| Cardinia Shire Council | Cr Jack Kowarzik | Moonee Valley City Council | Cr Tom Sullivan |
| Casey City Council | Noelene Duff (Administrator Chair) | Moorabool Shire Council | Cr Simon Brooks |
| | | Mornington Peninsula Shire Council | Cr Tony Cordy |
| Central Goldfields Shire Council | Cr Anna De Villiers | Mount Alexander Shire Council | Cr Ian Smith |
| Colac Otway Shire Council | Cr Stephen Hart | Moyne Shire Council | Cr Damien Gallagher |
| Corangamite Shire Council | Cr Ruth Gstrein | Murrindindi Shire Council | Cr Peter Perkins |
| Darebin City Council | Cr Susan Rennie | Nillumbik Shire Council | Cr Murray Emerson |
| East Gippsland Shire Council | Cr Tom Crook | Northern Grampians Shire Council | Cr Robbie Nyaguy |
| Frankston City Council | Cr Nathan Conroy | Port Philip City Council | Cr David Clark |
| Gannawarra Shire Council | Cr Travis Collier | Pyrenees Shire Council | Cr Ross Ebbels |
| Glen Eira City Council | Cr Simone Zmood | Queenscliffe Borough Council | Cr Nathan Hersey |
| Glenelg Shire Council | Cr Karen Stephens | South Gippsland Shire Council | Cr David Robertson |
| Golden Plains Shire Council | Cr Gavin Gamble | Southern Grampians Shire Council | Cr Nicki Batagol |
| Greater Bendigo City Council | Cr Margaret O'Rourke | Stonnington City Council | Mr Peter Stephenson (Interim Administrator) |
| Greater Dandenong City Council | Cr Rhonda Garad | Strathbogrie Shire Council | |
| Greater Geelong City Council | Cr Belinda Moloney | | Cr Adrian Schonfelder |
| Greater Shepparton City Council | Cr Seema Abdullah | Surf Coast Shire Council | Cr Les McPhee |
| Hepburn Shire Council | Cr Lesley Hewitt | Swan Hill Rural City Council | Cr Aaron Scales |
| Hindmarsh Shire Council | Cr Brett Ireland | Towong Shire Council | Cr Dean Rees |
| Hobsons Bay City Council | Cr Peter Hemphill | Wangaratta Rural City Council | Cr Ben Blain |
| Horsham Rural City Council | Cr Robyn Gulline | Warrnambool City Council | Cr Scott Rossetti |
| Hume City Council | Cr Joseph Haweil | Wellington Shire Council | Cr Tim Meyer |
| Indigo Shire Council | Cr Sophie Price | West Wimmera Shire Council | Cr Denise Massoud |
| Kingston City Council | Cr Steve Staikos (resigned 13 May), Cr Hadi Saab (appointed 26 July)* | Whitehorse City Council | Lydia Wilson (Administrator Chair) |
| | | Whittlesea City Council | Cr Ron Mildren |
| Knox City Council | Cr Susan Laukens | | Cr Sahana Ramesh |
| Latrobe City Council | Cr Sharon Gibson | Wodonga City Council | Cr Edward Crossland |
| Loddon Shire Council | Cr Gavan Holt | Wyndham City Council | Cr Jim Child |
| Macedon Ranges Shire Council | Cr Jennifer Anderson | Yarra City Council | Cr Kylie Zanker |
| Manningham City Council | Cr Carli Lange | Yarra Ranges Shire Council | |
| | | Yarriambiack Shire Council | |

MAV Board

As of 30 June 2024:

* Cr Steve Staikos, MAV Director for the Metropolitan South region resigned from the Board as of Monday 13 May 2024. A Board election was subsequently held, and Cr Hadi Saab was declared the MAV Board Director (elect) for the Metropolitan South region on Monday 8 July 2024.



MAV President
Cr David Clark
Pyrenees Shire Council
dclark@mav.asn.au



Deputy President (Non-Metro)
Director - Loddon Campaspe Mallee
Cr Jennifer Anderson
Macedon Ranges Shire Council
janderson@mav.asn.au



Director - Inner Metropolitan South East
Cr Rohan Leppert
City of Melbourne
rleppert@mav.asn.au



Director - Metropolitan East
Cr Stuart James
City of Monash
sjames@mav.asn.au



Deputy President (Metro)
Director - Metropolitan North
Cr Joseph Haweil
Hume City Council
jhaweil@mav.asn.au



Director - Gippsland
Cr Nathan Hersey
South Gippsland Shire Council
nhersey@mav.asn.au



Director - Metropolitan South
Cr Steve Staikos
Kingston City Council
sstaikis@mav.asn.au
(Resigned 13 May)



Director - Metropolitan South
Cr Hadi Saab
Kingston City Council
hsaab@mav.asn.au
(Appointed 26 July)*



Director - Goulburn Ovens Murray
Cr Aaron Scales
Towong Shire Council
ascales@mav.asn.au



Director - Great South Coast Barwon
Cr Ruth Gstrein
Corangamite Shire Council
rgstrein@mav.asn.au



Director - Metropolitan West
Cr Kathy Majdlik
City of Melton
kmajdlik@mav.asn.au



**Director - Wimmera Southern Mallee
Central Highlands**
Cr Murray Emerson
Northern Grampians Shire Council
memerson@mav.asn.au

MAV Board Responsibilities

The MAV Board's responsibilities are to:

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

The Rules empower the Board to make policies and protocols to supplement the Rules.

Board Meeting Attendance

| | J | A | S | O* | N | D | D** | F | M | A | M | J | J** |
|--|---|---|---|----|---|---|-----|---|---|---|---|-----|-----|
| Cr David Clark (President) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr Jennifer Anderson (Deputy President, Non-Metro) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr Murray Emerson | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr Ruth Gstrein | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr Joseph Haweil (Deputy President, Metro) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr Nathan Hersey | ✓ | ✓ | X | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr Stuart James | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ | X | ✓ | ✓ | ✓ | X | ✓ |
| Cr Rohan Leppert | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ | ✓ |
| Cr Kathy Majdlik | ✓ | ✓ | ✓ | X | X | ✓ | ✓ | ✓ | ✓ | X | ✓ | ✓ | ✓ |
| Cr Aaron Scales | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X | X |
| Cr Steve Staikos | X | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ | ✓ | n/a | n/a |

No meeting was held in January. * 12 October special meeting. **15 December special meeting. *** July meeting was rescheduled to 28 June.

Board Allowances and Expenses

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

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

The policy also allows for Board members to attend our Annual Conference and other MAV events. As of July 2023, the board allowances are:

- President - \$84,489 incl 11% super
- Deputy Presidents - \$17,419 incl 11% super
- Board Director - \$11,860 incl 11% super
- Internet allowance - \$459



MAV Strategic Plan 2024-2027

The MAV Strategic Plan 2024-2027: Shaping our Future sets the roadmap for the next four years. It focuses on helping councils innovate and thrive, creating a more resilient and sustainable Victoria.

The priorities outlined in this plan are designed to strategically lead and strengthen councils to successfully navigate the issues that affect them and take advantage of the opportunities they present. They focus on everything from facilitating active local democracy through to promoting diversity and inclusion and investing in intergenerational infrastructure.

The following priorities are underpinned by the 17 Sustainable Development Goals:

- Active local democracy
- Connected places
- Health & wellbeing
- Sustainable economy
- FutureGen
- First Peoples local government relations
- Climate & regenerative design
- Diversity, equity & inclusion
- Resilience & recovery
- Intergenerational infrastructure

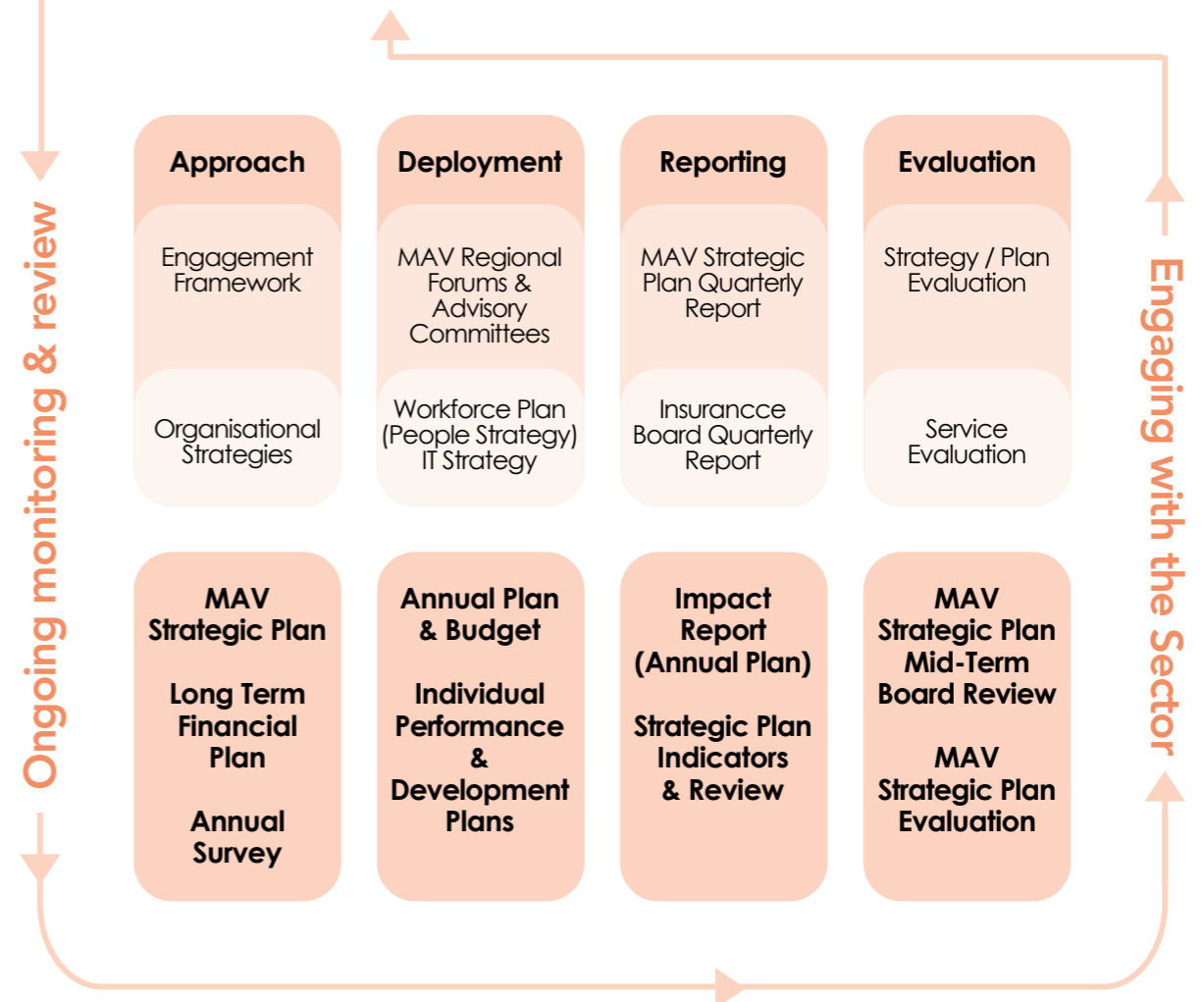
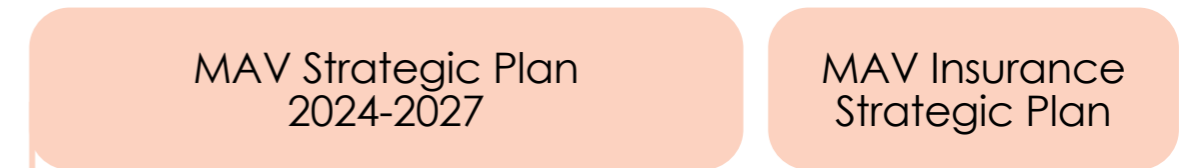
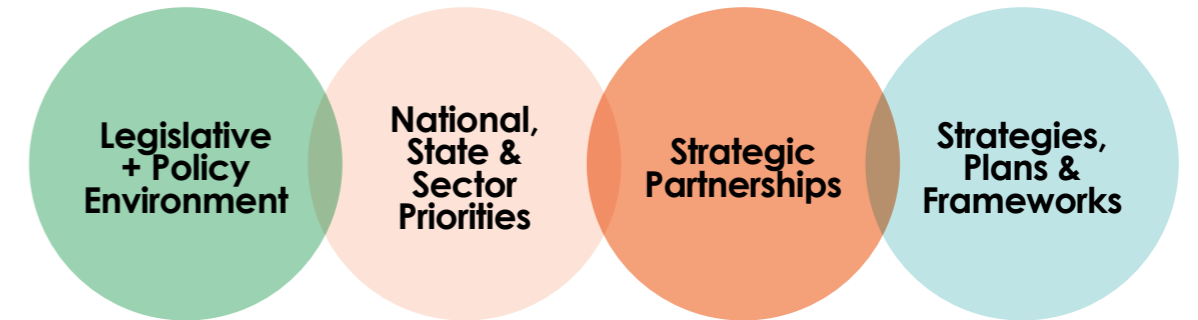
MAV Annual Plan 2024-2025

Our Annual Plan focuses on key initiatives, specific actions, partners and stakeholders we will work with to deliver on our strategic objectives.

To assist our planning, we launched our first annual sector and stakeholder survey, to ensure our activities are relevant and responsive to the sector's needs and goals.



Strategic Influences & Drivers



MAV Stakeholder Engagement

Board Advisory Committees

Advisory committees are established to inform and progress issues impacting the local government sector. Each committee is chaired by a MAV Board Director.

Our current Board Advisory Committees are the Emergency Management Committee, Human Services Committee, and the Professional Development Reference Group.

Groups and networks include:

- Association of Bayside Municipalities
- Council Alliance for a Sustainable Built Environment
- Health and Social Planners
- Human Resource Managers
- Inter-Council Affordable Housing Forum
- Local Government Disability Planners Network
- Preventing Violence Against Women Network
- Arts and Culture Network
- Native Vegetation Compliance Community of Practice

There are several committees, reference groups, working groups and taskforces – with expertise across major policy areas and projects – that are hosted and supported by the MAV.

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

MAV-hosted committees or groups

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

These committees or groups can involve councillors, CEOs and/or council officers with relevant specialist knowledge and expertise.

Members are usually invited to participate in these networks through an expression of interest or nomination process.

| Group | Purpose | No of meetings 2023-24 | Member councils involved |
|--|--|------------------------|--------------------------|
| Crisisworks Joint Management Panel | Provides advice on the Crisisworks incident management system, which provides a cost-effective IT system for Victorian councils to use in emergency management | 2 | 14 |
| Emergency Management Planning Reference Group | To provide advice to MAV on emergency management planning matters and support the MAV's role as the representative of local government on the State Emergency Management Planning Committee | 2 | 9 |
| Freight Policy Reference Group | Advises the MAV and Department of Transport on strategic freight issues affecting Victorian councils; facilitates greater collaboration between local and state governments; and support implementation of the Department of Transport's Victorian Freight Plan 'Delivering the Goods' | 2 | 12 |
| MAV Community Care Network | Connects councils delivering aged and disability community care services with State and Commonwealth representatives to support, inform and strengthen in-home care reforms | | 45 |
| MAV Early Years Strategy Group | Guides the MAV on issues relating to early years policy, service provision and planning | 4 | 17 |
| MAV Gender Equality and Preventing Violence Against Women and all forms of Gender-Based Violence Network | Brings councils and other relevant stakeholders together to share knowledge that develop skills and expertise to strengthen the capacity of the sector to drive change | 6 | 75 |
| MAV Health and Social Planners Forum | MAV hosted teams website and held regular forums to share initiatives, policy directions and advice to government | 3 | 58 |
| MAV Local Government Gambling, Alcohol and Other Drugs Issues Forum | Builds the capacity of the local government sector to manage, prevent and reduce harms associated with gambling, alcohol and other drug use | 2 | 50 |
| MAV Positive Ageing Network | Leads and shares information to local government managers and officers | 4 | 52 |
| MAV Tobacco and E-cigarette Advisory Group | Nominated councils provide input and advice on aspects of the Tobacco and E-cigarette Education and Enforcement Program. | 1 | 13 |

External Committees

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

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

In 2023-24, the MAV or our nominated representative(s) were appointed to the following external committees:

- Aboriginal Maternal and Child Health Committee
- Anzac Commemorative Naming Program Committee
- Asbestos Disposal Management Plan Working Group
- Building Stakeholder Reference Group
- Bushfire Planning Reference Group
- Bushfire Risk Mitigation Committee
- Children's Services Coordination Board. Aboriginal Families and Children's Working Group
- Commission for Gender Equality in the Public Sector - Implementation Support Advisory Committee
- Commissioner For Environmental Sustainability's Reference Group
- Container Deposit Scheme Advisory Group
- Councils and Emergencies PCG (Project Control Group) And Reference Group
- Dangerous Goods Stakeholder Reference Group
- Department of Education Early Childhood Education and Care Stakeholder Group
- Department of Education Early Years Management Stewardship Group
- Department of Families, Fairness and Housing Disability Act Review Advisory Group
- Department of Families, Fairness and Housing Family Violence Reform Advisory Group
- Department of Families, Fairness and Housing Primary Prevention Sector Reference Group
- Department of Health Expert Advisory Committee - Mental Health and Wellbeing Promotion
- Department of Justice and Community Safety IMES-Infringements Standing Advisory Committee
- Department of Transport and Planning – Codification of ResCode Working Group
- Domestic Animals Working Group
- Emergency Management Joint Public Information Committee
- Environmentally Sustainable Design (ESD) Roadmap Stakeholder Working Group
- Essential Services Commission – Engagement Technical Working Group
- Federal Blackspot Consultative Panel
- Foodprint Melbourne Stakeholder Advisory Group
- Healthy Waterways Strategy Regional Leadership Group
- High Risk and Hazardous Waste Executive Oversight Committee and Coordination Committee
- Infringements Standing Advisory Committee
- Best Start Best Life Taskforce Advisory Group
- Kidsafe Advisory Group
- Liquor Control Victoria Community Stakeholder Forum
- Local Government Information Group
- Local Government Performance Reporting Steering Committee
- Local Government Spatial Reference Group
- Marrung Central Governance Committee
- Melbourne Urban Stormwater Institutional Arrangements Review Project Intergovernmental Coordination Group
- Melbourne Water Flood Strategy Leadership Group
- Melbourne Water Flood Strategy Working Group
- Melbourne Water Urban Planning and Development Stakeholder Consultation Group
- Municipal Emergency Management Enhancement Group
- National Local Government Cultural Forum
- Open Government Partnership – Australia
- Planning For Sustainable Animal Industries Stakeholder Reference Group
- Primary Prevention of Violence Against Women Alliance
- Public Service Medal Committee
- Royal Children's Hospital Child Safety and Family Violence Committee
- Regional Planning Hubs Project Control Board
- Roadmap Implementation Ministerial Advisory Group
- Road Safety Stakeholder Reference Group
- Safe and Equal Prevention Strategy Advisory Group
- Safe and Equal 16 Days of Activism Project Advisory Group
- Safe Local Roads and Streets Reference Group
- School Crossing Supervisor Reference Group
- SCRC Policy And Strategy Sub-Committee
- Social Services Taskforce
- State Crisis and Resilience Council
- Small Second Dwellings Working Group
- State Emergency Management Planning Committee
- State Emergency Management Team
- State Emergency Management Capability & Capacity Steering Committee
- State Emergency Relief Team
- State Library Advisory Committee on Public Libraries
- State Relief and Recovery Team
- State Recovery Coordination Committee
- State Roadmap for Reform Ministerial Advisory Group
- State Vulnerable Children and Youth Implementation Group
- Tech Schools State-wide Policy Implementation Panel
- Victorian Building Authority Emergency Recovery and Rebuild Working Group
- VicRoads Rural Reference Group
- Victoria Flood Warning Consultative Committee
- Victoria Police Seniors Portfolio Reference Group
- Victorian Aboriginal and Local Government Strategy Strategic Working Group
- Victorian Aquatic and Recreation Industry Leaders Group
- Victorian Children's Council
- Victorian Community Care Advisory Committee
- VicHealth Victorian E-cigarette Forum
- Victorian Emergency Animal Welfare Committee
- Victorian Food Regulators Forum
- Victorian Gambling and Casino Control Commission – Gambling Stakeholder Forum
- Victorian Maternal and Child Health Advisory Group
- Victorian Pedestrian Advisory Council
- Victorian Primary and Community Health Network
- Victorian Railway Crossing Safety Steering Committee
- Victorian School Safety Panel
- Victorian Volunteer Strategy Taskforce
- VPA (Victorian Planning Authority) Industry Stakeholder Forum
- WorkSafe Stakeholder Reference Group.

People and Capability

The MAV has been undergoing a transformative journey as we work to realise the aspirations outlined in our new MAV Strategic Plan for 2024-2027.

Throughout this financial year, we have been working to establish the optimal foundation to deliver on an ambitious strategy over the coming four years, while supporting our people to grow and develop their skills and capabilities.

This included the implementation of an organisation structure that provides optimal organisational architecture, enabling delivery on our newly defined vision and aspirations for the sector.

Capability for the Future

As we continue to refine and shape our organisation and structure, strategic leadership and collaborative teamwork will be as essential to enabling the MAV to become an employer of choice, attracting and retaining talented staff who are equipped to deliver high-quality policies, projects, programs, and services to the local government sector with agility and flexibility.

Organisational Development Program

To support the success of our new organisation structure design, ways of working and capability growth, we are embarking on the development of a comprehensive organisation development program.

A key focus of this program is the establishment of cross organisational teams to lead key policy, strategy, service, and program development going forward. Further, a cross-organisational Organisation Development Steering Committee (ODSC) was established to oversee the design, implementation and delivery of the MAV's Organisation Development Program and related plans and procedures, ensuring these are aligned with the key aims and objectives of MAV Strategic Plan 2024-2027.

Culture Development

Our people and culture are fundamental to the successful delivery of our strategic plan and outcomes to the sector. Given this, we have undertaken a culture survey via Human Synergistics, to understand the thinking and behavioural styles that are expected of staff in the way they work, interact, manage problems, and adapt to change.

The survey results provide a starting point for a conversation on where we are now, where we want to be and how we are going to get there. We will use the survey results to develop an action plan, driving key actions and initiatives to build a constructive and sustainable culture.

Health, Safety and Wellbeing

The MAV is committed to fostering and promoting a healthy and safe working environment for all employees. We respect and care for our employees and the communities they live and work in. Our foundation for managing workplace health and safety is the premise that all injuries are preventable, and our goal is to strive for zero harm to our employees, contractors, and visitors.

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

During 2023/24, we had zero lost time incidents, WorkCover claims and incidents. This is a testament to the MAV's commitment to keeping our people safe and well while at work. Our OHS Committee continued to promote and implement wellbeing initiatives, while staff attended training in sexual harassment in the workplace, first aid and the use of our defibrillators. This training, coupled with policy and procedure improvements, have supported the outstanding health, safety, and wellbeing outcomes of our organisation.



Audit & Risk Committee

The Audit & Risk Committee has been part of the assurance and control environment of the MAV since 2004. With the implementation of the MAV Rules 2022, the Committee's role and purpose was formalised under Rule 25 as an independent advisory committee established to assist the MAV in fulfilling its responsibilities relating to external financial reporting, risk and financial management, corporate governance, internal control systems and providing advice to drive continuous improvement.

The Audit & Risk Committee is independent of the day-to-day management of the organisation, which is the responsibility of management. In particular, the Committee independently monitors the MAV's internal control system and provides assurance to the MAV Board on the audit program and compliance activities.

The Committee consists of five members: An independent Chair, two (2) independent members and two (2) Board member representatives. A total of five meetings of the Committee were held during the period 1 July 2023 to 30 June 2024.

Committee Sitting Fees

- Chair/independent Member \$1500 per meeting.
- Independent Member \$1000 per meeting.

Compliance

In addition to the requirements of the Municipal Association Act 1907 and MAV Rules, the MAV must comply with certain regulations and obligations applicable to statutory and public bodies.

The MAV is also required to comply with the conditions of its Australian Financial Services Licence (AFSL).

The MAV has established a significant compliance and governance structure to ensure it meets its obligations under the AFSL. This structure includes a compliance and risk management strategy, plan and table, and disaster recovery and business continuity plan.

An electronic risk management and compliance system operates within MAV Insurance to ensure compliance with its AFSL obligations and other related statutory requirements.

Compliance with this system is audited annually by the MAV's independent external auditor, and findings are reported to both the MAV Insurance Board and the MAV Board.

Public Interest Disclosures Act 2012

As a public body, the MAV is subject to the Public Interest Disclosures Act 2012. This important legislation provides protection against detrimental action to people who make disclosures of improper conduct by public officers and public bodies. Our policy on how we handle protected disclosures is available on our website, or from our office upon request.

We cannot receive disclosures under this legislation. Disclosures of improper conduct or detrimental action by our Board/Committee members, our officers or employees should be made to the Independent Broad-based Anti-corruption Commission.

Independent Broad-based Anti-corruption Commission
Level 1, North Tower, 459 Collins Street
Melbourne VIC 3000
Tel: 1300 735 135
Fax: 03 8635 6444
Website: www.ibac.vic.gov.au

Committee Meeting Attendance

| | Aug | Sep | Dec | Apr | May |
|--|-----|-----|-----|-----|-----|
| Mr. John Watson (Chair/Independent member) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Ms. Evy Papadopoulos (Independent member) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr. Paul O'Connor (Independent member) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr. David Clark (President/MAV Board representative) | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr. Jennifer Anderson (Deputy President/ MAV Board representative) | ✓ | ✓ | ✓ | ✓ | ✓ |

MAV Procurement

MAV Procurement is a not-for-profit unit focused on achieving better procurement outcomes for local government in Victoria. By leveraging the combined purchasing power of councils, we can achieve better value on products and services.

Working with our members and suppliers, we reduce procurement costs, simplify processes, and improve services while delivering sustainable outcomes for communities and local government.

New Roads Procurement Panel

Saving the sector money and creating efficiencies - Victorian Statewide Roads Contract

- MAV Procurement is in the process of developing a sector state wide roads contract for bitumen, asphalt, associated materials and services, which will be available to councils at the start of 2025 (tentatively 1 Jan). The project was announced to the sector on 18 April 2024.
- This contract will follow in the footsteps of the highly successful New South Wales Local Government Procurement contract that has achieved a 5 per cent saving on the costs of road construction and maintenance services for councils.
- Other contract benefits for the sector: substantial time and financial savings, efficient and simplified supplier engagement process, a diverse approved panel of key industry and local contractors and a collaborative procurement contract in accordance with the Local Government Act (2020).
- This has been a very collaborative project, working with the sector and key/local contractors to create a fit for purpose contract. We have facilitated online information sessions, delivered multiple surveys asking for feedback and input, presented at 2 networking events, visited

and spoke with all 79 councils across different teams (procurement and civil works/infrastructure officers). Engagement continues and is increasing.

Saving the sector money – Australian Standards Annual Subscription Package

MAV Procurement achieved a further 9.5% savings for the 2024 Australian Standards subscription package with Intertek Inform (formerly SAI Global), which saved the sector an additional \$55,000.

MAV Procurement was able to create significant savings for the sector by going to market as a buying group.

For context, if 60 councils were to procure the subscription individually from Intertek Inform the overall spend would be more than \$1.5 million. By going through a collaborative procurement process, we were able to achieve 68.3% off the market price, saving the sector more than \$1 million.

Reducing risk to council – Recruitment Services Contract

- MAV Procurement delivered a dynamic Recruitment Services panel with 38 suppliers for the sector.
- MAV significantly reduced risk to council by renegotiating the Master Services Agreement with a key supplier, Comensura.
- Comensura and their suppliers have now been allocated to take on the appropriate risk and liability for undertaking the appropriate due diligence checks, including, but not limited to background check requirements.
- The previous recruitment services contract put all liability and risk on council.

Increased sector engagement

- All 79 councils have been visited for support and general discussion
- Facilitated 4 Sector Reference Group Meetings
- Facilitated 2 Procurement Leaders Forums
- Facilitated 4 contract information session webinars
- Attended 5 Regional Procurement Network Meetings
- Presented at 2 conferences (IPWEAV and MWA)
- Published 4 bulletins
- New partnerships, IPWEAV, VicRoads, Sustainability Victoria.



MAV Insurance

The MAV Board has delegated authority and responsibility for MAV Insurance to the MAV Insurance Board (MAVIB).

The LMI (Liability Mutual Insurance) scheme's deed of establishment enables the formation of a management committee, formalises duties and powers of delegation by the Board and provides guidance on the day-to-day operation of the insurance schemes. MAVIB members are appointed by the MAV Board from the insurance industry and local government.

MAVIB has also been delegated oversight of the Commercial Crime Fund. The MAV holds an Australian Financial Services Licence (AFSL No 271438). The MAV and MAV Insurance have AFSL compliant processes and activities in place to maintain the highest standards of governance, provide operational efficiency and enhance the future viability of MAV Insurance.

The MAVIB carries out oversight and management of the operational activities of MAV Insurance. JLT Risk Solutions (JLT) provides claims, risk management, general administration and reinsurance placement services.

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

2023-24 Overview

The MAV Insurance Liability Mutual Insurance (LMI) scheme offers public liability and professional indemnity insurance to Victorian and Tasmanian councils and other local government authorities.

The scheme is not-for-profit, which means any excess revenue is held in the fund to help keep premiums down for members – rather than paying income tax and dividends to shareholders like commercial providers.

The LMI scheme is tailored specifically to local government and includes cover designed to respond to unique sector risks.

Our reinsurance program continues to provide significant benefit to the membership, with strong protection being offered to the significant claims volatility being experienced for the program. In response to increased claims trends and transitioning reinsurance market conditions, the scheme increased its quota share reinsurance, to reduce capital volatility.

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

Our investments remain in fixed interest securities and cash holdings and are structured on a liability matched basis. This strategy reduces the financial risks of MAV Insurance to the significant changes in interest rates currently being experienced in the economy.

We are pleased that our investment strategy continues to materially add value to the financial position of the scheme.

Claim levels are now the highest level since tort reform in the early 2000s and adverse claims are evident across all our claim types.

We are seeing higher numbers of personal injury claims, property damage claims and even, higher numbers of professional indemnity claims.

In response to increasing claim numbers, MAV Insurance has revised its claims handling strategy, focusing on vigorously defending matters with strong liability prospects. Our strategy will also seek judicial guidance on the statutory protections afforded to local government, particularly in the Road Management Act.

To compliment the revised claims strategy, we also shifted our risk management services to more closely respond to claims drivers. Our highlight was publishing a template Road Management Plan for the sector.

Financial Summary

Financial statements include MAV Fidelity or commercial crime, and the LMI Scheme. With all 79 Victorian Councils and all Tasmanian Councils members of the LMI Scheme in 2023-24.

Board Sitting Fees

Independent Board members receive an annual fee. In 2023-24, the annual fee was:

- Chair — \$27,052.31
- Independent Board Member — \$16,231.39

Board Meeting Attendance

| | Aug | Oct* | Oct | Dec | May | Jun | Jun* |
|----------------------------|-----|------|-----|-----|-----|-----|------|
| Rob Spence (Chair) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr David Clark (President) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Andrew Day | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| James Dryburgh | X | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Cr Murray Emerson | ✓ | X | ✓ | ✓ | ✓ | X | X |
| Dion Lester | ✓ | ✓ | X | X | ✓ | ✓ | X |
| Kate Reid | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ |
| Bruce Richards | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Helen Sui | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Kelly Grigsby (CEO) | ✓ | ✓ | X | ✓ | ✓ | ✓ | ✓ |
| Kerrie Williams | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Paul Woodhouse | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ |

Executive Team

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

Service Providers

- JLT Risk Solutions Pty Ltd
- Taylor Fry Pty Ltd, Actuary
- Frontier Advisors, Investment Adviser
- Kapstream Capital Pty Ltd, Investment Manager
- Blackrock, Investment Manager
- VAGO (Victorian Auditor General's Office), Auditor
- National Australia Bank, Trust Services Limited, Custodian Services

Legal Panel

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

MAV WorkCare

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

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

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

2023-24 Overview

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

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

Board Meeting Attendance

| | Aug | Oct* | Oct | Dec |
|----------------------------|-----|------|-----|-----|
| Marilyn Duncan (Chair) | ✓ | X | ✓ | ✓ |
| Cr David Clark (President) | ✓ | ✓ | ✓ | ✓ |
| Janet Dore | ✓ | ✓ | X | ✓ |
| Cr Stuart James | ✓ | X | ✓ | ✓ |
| Cr Tom Melican | | | | |
| Bradley Thomas | X | ✓ | ✓ | ✓ |

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

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

Board Sitting Fees

Independent Board members receive a sitting fee. In 2023-24, the annual sitting fee was:

Chair — \$25,000

Independent Board Member — \$15,000

Executive Team

- Kelly Grigsby, Chief Executive Officer
- Owen Harvey-Beavis, MAV General Manager, Insurance
- Anthony DeJong Chief, Financial Officer



Financial Overview

Components of the Financial Report

The financial report contains three main sections:

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

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

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

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

Guide to the Financial Statements

1. Statement of Comprehensive Income

The Statement of Comprehensive Income shows:

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

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

2. Statement of Financial Position

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

The components of the Statement of Financial Position are:

2.1 Current and Non-Current Assets

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

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

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

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

2.2 Current and Non-Current Liabilities

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

Provision for employee entitlements is the accounting term for annual leave, long service leave and retirement gratuities owed to staff. Provision for claims outstanding represents

insurance claims reported by members, together with an estimate of claims incurred but not yet reported, including an estimate of the costs of settlement for these claims.

2.3 Net Assets

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

3. Statement of Cash Flows

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

3.1 Cash Flows from Operating Activities

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

3.2 Cash Flows from Investing Activities

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

4. Notes to the Financial Statements

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

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

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

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

Statement by Directors

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

Independent Audit Report

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

Independent Auditor's Report

To the Directors of Municipal Association of Victoria

| | |
|---|---|
| Opinion | <p>I have audited the combined financial report of Municipal Association of Victoria (the association) and its controlled entities (together the combined entity), which comprises the:</p> <ul style="list-style-type: none"> combined entity and association statement of financial position as at 30 June 2024 combined entity and association statement of comprehensive income for the year then ended combined entity and association statement of changes in equity for the year then ended combined entity and association statement of cash flows for the year then ended notes to the financial statements, including material accounting policy information statement by directors. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the combined entity and the association as at 30 June 2024 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the association and the combined entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Directors' responsibilities for the financial report | <p>The Directors of the association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the association's and combined entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

| | |
|---|--|
| Auditor's responsibilities for the audit of the financial report | <p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's and the combined entity's internal control evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's and the combined entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the association and the combined entity to cease to continue as a going concern. evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the association and the combined entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the association and the combined entity. I remain solely responsible for my audit opinion. |
|---|--|

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

MELBOURNE
10 October 2024



Travis Derricott
as delegate for the Auditor-General of Victoria

Municipal Association of Victoria

Statement by directors

as at 30 June 2024

In the opinion of directors of the Municipal Association of Victoria:

- (a) the accompanying combined Statement of Comprehensive Income drawn up so as to present fairly in all material respects the result of the association for the year ended 30 June 2024
- (b) the accompanying combined Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of the association as at that date;
- (c) at the date of this statement there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due;
- (d) the accompanying Combined Financial Statements present fairly in all material respects the state of affairs of the association as at that date;
- (e) the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

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

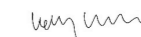
Signed in accordance with the resolution of directors.



Cr. David Clark
President



Cr. Jennifer Anderson
Director



Kelly Grigsby
Chief Executive Officer

Melbourne
4/10/2024

Legal form:

The Municipal Association of Victoria (MAV) is an association incorporated by the *Municipal Association Act 1907*

Domicile:

Melbourne, Australia

Address of registered office and principal place of business:

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

Nature of the operation and principal activities:

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

Combined Statement of Comprehensive Income

for the year ended 30 June 2024

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|--|------|--------------------|------------------|--------------------|----------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| REVENUE | C | 108,194,427 | 98,261,606 | 16,583,720 | 17,615,645 |
| | | 108,194,427 | 98,261,606 | 16,583,720 | 17,615,645 |
| EXPENSES | D | 115,980,184 | 98,448,724 | 16,393,816 | 17,015,353 |
| NET SURPLUS(DEFICIT) | B | (7,785,757) | (187,118) | 189,904 | 600,292 |
| OTHER COMPREHENSIVE INCOME | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME(LOSS) FOR THE YEAR | | (7,785,757) | (187,118) | 189,904 | 600,292 |

The accompanying notes form an integral part of these statements.

Combined Statement of Financial Position

as at 30 June 2024

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|---|------------|--------------------|--------------------|--------------------|-------------------|
| | | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | G1 | 7,537,899 | 12,234,876 | 5,647,252 | 6,472,276 |
| Investments | E1 | 63,533,527 | 42,030,524 | 6,071,434 | 4,329,722 |
| Trade and other receivables | F1 | 104,609,945 | 89,631,581 | 3,588,405 | 3,564,706 |
| Prepayments | | 275,602 | 278,106 | 275,602 | 274,356 |
| TOTAL CURRENT ASSETS | | 175,956,973 | 144,175,087 | 15,582,693 | 14,641,060 |
| NON-CURRENT ASSETS | | | | | |
| Trade and other receivables | F1 | 120,827,804 | 120,968,648 | - | - |
| Property and equipment | E2 | 117,751 | 173,290 | 117,751 | 173,290 |
| Right-of-use-assets | G2 | 3,898,105 | 4,363,624 | 3,898,105 | 4,363,624 |
| Intangibles | E3 | 53,618 | 71,212 | 53,618 | 71,212 |
| TOTAL NON-CURRENT ASSETS | | 124,897,278 | 125,576,774 | 4,069,474 | 4,608,126 |
| TOTAL ASSETS | | 300,854,251 | 269,751,861 | 19,652,167 | 19,249,186 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | F3 | 11,549,517 | 9,979,551 | 1,074,286 | 999,563 |
| Premiums and Income in advance | F2 | 65,221,970 | 57,740,547 | 6,694,770 | 6,097,230 |
| Provision for employee entitlements | F4 | 1,340,990 | 1,461,217 | 1,340,990 | 1,461,217 |
| Provision for claims outstanding | F5, F6, F7 | 36,336,289 | 28,187,984 | - | - |
| Lease liabilities | G2 | 379,847 | 347,172 | 379,847 | 347,172 |
| Provision for ceased self insurer members | J5 | 404,500 | 462,400 | - | - |
| Other current liabilities | | 454,314 | 500,734 | 454,314 | 500,734 |
| TOTAL CURRENT LIABILITIES | | 115,687,427 | 98,679,605 | 9,944,207 | 9,405,916 |
| NON-CURRENT LIABILITIES | | | | | |
| Provision for employee entitlements | F4 | 131,154 | 76,521 | 131,154 | 76,521 |
| Provision for claims outstanding | F5, F6, F7 | 178,519,359 | 155,913,054 | - | - |
| Lease liabilities | G2 | 4,037,363 | 4,417,210 | 4,037,363 | 4,417,210 |
| Provision for ceased self insurer members | J5 | 825,943 | 1,226,709 | - | - |
| TOTAL NON-CURRENT LIABILITIES | | 183,513,819 | 161,633,494 | 4,168,517 | 4,493,731 |
| TOTAL LIABILITIES | | 299,201,246 | 260,313,099 | 14,112,724 | 13,899,647 |
| NET ASSETS (LIABILITY) | | 1,653,005 | 9,438,762 | 5,539,443 | 5,349,539 |
| EQUITY / (DEFICIENCY) | | 1,653,005 | 9,438,762 | 5,539,443 | 5,349,539 |

Combined Statement of Changes in Equity

for the year ended 30 June 2024

| | COMBINED | | MAV - GENERAL FUND | |
|---|------------------|------------------|--------------------|------------------|
| | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| RETAINED EARNINGS | | | | |
| Balance at beginning of year | 9,438,762 | 9,625,880 | 5,349,539 | 4,749,247 |
| Total comprehensive income for the year | (7,785,757) | (187,118) | 189,904 | 600,292 |
| BALANCE AT END OF YEAR | 1,653,005 | 9,438,762 | 5,539,443 | 5,349,539 |

The accompanying notes form an integral part of these statements.

Combined Statement of Cash Flows

for the year ended 30 June 2024

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|--|-------|---------------------|---------------------|--------------------|--------------------|
| | | 2024 \$ | 2023 \$ | 2024 \$ | 2023 \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | |
| RECEIPTS | | | | | |
| Premiums, subscriptions, grants and fees | | 71,836,854 | 67,985,289 | 20,306,549 | 21,438,306 |
| Interest and investment gain (loss) | | 977,941 | 765,720 | 510,461 | 256,364 |
| Reinsurance and other recoveries | | 30,959,683 | 27,867,106 | - | - |
| PAYMENTS | | | | | |
| Suppliers | | (48,801,733) | (40,748,451) | (19,323,808) | (21,027,113) |
| Claim payments | | (39,519,327) | (30,821,645) | - | - |
| Interest on lease | | (194,207) | (212,262) | (194,207) | (212,260) |
| NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES | G1(b) | 15,259,211 | 24,835,757 | 1,298,995 | 455,297 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | | |
| Net proceeds from redemption (application of investments) | | (19,373,879) | (31,607,892) | (1,541,710) | (4,035,861) |
| Proceeds from sale of fixed assets | | 19,091 | 17,024 | 19,091 | 17,024 |
| Payments for fixed assets and intangibles | | (60,022) | (184,581) | (60,022) | (184,581) |
| NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES | | (19,414,810) | (31,775,449) | (1,582,641) | (4,203,418) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | | |
| Repayment of lease liabilities | | (541,378) | (846,990) | (541,378) | (846,990) |
| NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES | | (541,378) | (846,990) | (541,378) | (846,990) |
| NET (DECREASE)/INCREASE IN CASH HELD | | (4,696,977) | (7,786,682) | (825,024) | (4,595,111) |
| Cash at beginning of year | | 12,234,876 | 20,021,558 | 6,472,276 | 11,067,387 |
| CASH AT END OF YEAR | G1(a) | 7,537,899 | 12,234,876 | 5,647,252 | 6,472,276 |

The accompanying notes form an integral part of these statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2024

NOTE A: CORPORATE INFORMATION

Structure:

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

A1. CORPORATE INFORMATION

The combined financial report of Municipal Association of Victoria (MAV) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on the date shown on the attached Statement by Directors.

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

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

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

The nature of the operations and principal activities of MAV WorkCare was the provision of workers' compensation insurance for its members and other Local Government Authorities. The MAV is specifically named in the Workplace Injury Rehabilitation and Compensation Act 2013 (Vic) (WIRC Act) as an entity that could hold a self-insurance licence for the benefit of its members. This division commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. From 1 July 2021 the MAV was a ceased self-insurer with ongoing requirements to 30 June 2024.

A2. BASIS OF PREPARATION

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

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

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

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

A3. STATEMENT OF COMPLIANCE

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

A4. PRINCIPLES OF THE COMBINED ENTITY

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

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

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

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

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

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

NOTE B: CONTRIBUTION FROM INSURANCE AND WORKCARE ACTIVITIES

| NOTE | COMBINED | |
|---|---------------------|---------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| B. CONTRIBUTION TO OPERATING SURPLUS/DEFICIT | | |
| CONTRIBUTIONS FROM INSURANCE AND WORKCARE ACTIVITIES | | |
| Premium income | 51,602,340 | 45,175,807 |
| Reinsurance expense | (21,711,405) | (11,070,792) |
| NET PREMIUM INCOME | 29,890,935 | 34,105,015 |
| Claims expense | (70,264,654) | (63,417,337) |
| Reinsurance and other recoveries | 38,166,648 | 35,043,783 |
| NET CLAIMS EXPENSE | (32,098,006) | (28,373,554) |
| NET UNDERWRITING RESULT | (2,207,071) | 5,731,461 |
| Fees | (549,853) | (568,486) |
| Investment income | 2,391,572 | 994,857 |
| Administration and general expenses | (7,610,309) | (6,945,242) |
| INSURANCE ACTIVITY OPERATING SURPLUS/DEFICIT | (7,975,661) | (787,410) |
| MAV SURPLUS (DEFICIT) | 189,904 | 600,292 |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | (7,785,757) | (187,118) |

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

for the year ended 30 June 2024

NOTE C: FUNDING THE DELIVERY OF OUR SERVICES

| NOTE | COMBINED | | MAV - GENERAL FUND | |
|--|--------------------|-------------------|--------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| C1. REVENUE | | | | |
| REVENUES FROM OPERATING ACTIVITY | | | | |
| Subscriptions/premiums | 55,317,970 | 48,803,421 | 3,715,630 | 3,627,614 |
| Reinsurance and other recoveries | 38,166,648 | 35,043,783 | - | - |
| Brokerage fees | 1,967,777 | 1,732,919 | 1,967,777 | 1,732,919 |
| Management fee income | 331,112 | 602,712 | 887,415 | 1,171,198 |
| Reimbursement of office fit-out | - | 121,872 | - | 121,872 |
| Seminars and sale of publications | 1,187,807 | 1,738,913 | 1,187,807 | 1,738,913 |
| Sponsorship, membership and tender income | 4,430,817 | 5,016,464 | 4,430,817 | 5,016,464 |
| Grant income | 3,832,224 | 3,913,719 | 3,832,224 | 3,913,719 |
| Other income | 6,450 | - | - | - |
| Investment income (loss) | 2,934,531 | 1,270,779 | 542,959 | 275,922 |
| TOTAL REVENUE FROM OPERATING ACTIVITIES | 108,175,336 | 98,244,582 | 16,564,629 | 17,598,621 |
| REVENUES FROM NON-OPERATING ACTIVITIES | | | | |
| Gain on disposal of non-current assets | 19,091 | 17,024 | 19,091 | 17,024 |
| TOTAL REVENUE FROM OUTSIDE THE OPERATING ACTIVITIES | 19,091 | 17,024 | 19,091 | 17,024 |
| TOTAL REVENUE | 108,194,427 | 98,261,606 | 16,583,720 | 17,615,645 |

Subscriptions - Subscriptions are recognised on an accrual basis.

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

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

Brokerage Income - Income comprises amounts received from third parties for the placement of insurance for members. The MAV signed the "General Insurance Agreement" (the Agreement) dated 30 June 2016 with Jardine Lloyd Thompson (JLT). The agreement is a replacement of the agreement dated 17 July 1987 (Existing Agreement). For the 15 year term of the Agreement, the MAV agrees to not directly or indirectly provide insurance broking services to local government bodies in Victoria or to persons who are associated with or employed by local government bodies. The agreement provides that JLT pay an annual licence fee to the MAV consistent with the existing agreement. The annual licence fee received by the MAV for the year ended 30 June 2024 was \$1.968 million (2023 \$1.732m).

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

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

Sponsorship income - Sponsorship income is recognised on the consideration specified in the contract with the customer.

Grant income - Grant income is recognised at the point, or over time, when (or as) the performance obligation is satisfied. Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the MAV has an unconditional right to receive cash which usually coincides with the receipt for cash. The income is recognised on the consideration specified in the funding agreement.

Investment Income - Investment income consists of interest which is recognised on a time-proportionate basis that takes into account the effective interest

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

for the year ended 30 June 2024

NOTE D: COST OF DELIVERING OUR SERVICES

Structure:

D1 Claims Expenses
D2 Employee Benefits
D3 Scheme Management fees

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|--|------|--------------------|-------------------|--------------------|-------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| D. EXPENSES | | | | | |
| The following items have been recognised in the operating surplus: | | | | | |
| Reinsurance expenses | D1 | 21,711,405 | 11,070,792 | - | - |
| Claims expenses | D1 | 69,701,798 | 62,838,914 | - | - |
| Scheme management fees | D3 | 3,221,626 | 3,240,480 | - | - |
| Administration | | 2,702,573 | 3,640,097 | 1,694,881 | 2,395,320 |
| Expenses related to office fitout | | - | 121,872 | - | 121,872 |
| ALGA membership | | 556,677 | 538,337 | 556,677 | 538,337 |
| Amortisation of website and educational programs | | 17,594 | 146,326 | 17,594 | 146,326 |
| Audit fees | H3 | 200,000 | 205,001 | 27,500 | 30,001 |
| Board of management expenses | | 301,263 | 300,535 | 211,060 | 210,332 |
| Depreciation of furniture and equipment | E2.1 | 7,119 | 8,567 | 7,119 | 8,567 |
| Depreciation of motor vehicles | E2.1 | 17,714 | 22,459 | 17,714 | 22,459 |
| Depreciation of information technology equipment | E2.1 | 84,718 | 91,970 | 84,718 | 91,970 |
| Depreciation of leasehold improvements | E2.1 | 214 | 2,050 | 214 | 2,050 |
| Grants and projects | | 3,773,651 | 3,050,303 | 3,773,651 | 3,050,303 |
| Actuarial fees | | 170,000 | 140,750 | - | - |
| Meetings and seminars | | 782,674 | 1,434,857 | 782,674 | 1,434,857 |
| Movement in make good provision | | - | (195,000) | - | (195,000) |
| MAV contribution to MAV WorkCare wind-down | | - | - | - | - |
| Amortisation of leases | G2 | 465,519 | 961,738 | 465,519 | 961,738 |
| Finance costs - leases | | 193,646 | 212,259 | 193,646 | 212,259 |
| Expense incurred from prior year ceased self insurer provision | J5 | (463,387) | (493,191) | - | - |
| Employee Benefits | D2 | 8,560,849 | 7,983,962 | 8,560,849 | 7,983,962 |
| Stamp duty | | 3,974,531 | 3,125,646 | - | - |
| TOTAL EXPENDITURE | | 115,980,184 | 98,448,724 | 16,393,816 | 17,015,353 |

| | NOTE | COMBINED | |
|---|----------|-------------------|-------------------|
| | | 2024 | 2023 |
| | | \$ | \$ |
| D1. CLAIMS EXPENSES | | | |
| Paid | | 39,510,044 | 30,828,540 |
| Outstanding claims at end of financial year | F5 | 214,855,648 | 184,101,038 |
| Less: Outstanding claims at beginning of financial year | | (184,101,038) | (151,512,241) |
| TOTAL CLAIMS EXPENSES | D | 69,701,798 | 63,417,337 |

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

Claims - MAV Insurance

Claims-incurred expense and liability for outstanding claims are recognised in respect of direct business. The liability covers claims incurred but not yet paid, incurred but not yet reported claims, and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claim files and estimating claims not notified and settlement costs using statistical and actuarial techniques. The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all the claims do not have to be paid out in the immediate future. The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and "superimposed inflation". Advice from the MAV's actuary has estimated superimposed inflation to be 1.75% per annum (2023 1.75%) for personal injury non large claims and the discount rate at 4.18% (2023 4.01%).

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

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

Claims - MAV WorkCare

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

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

Reinsurance expense

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

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

for the year ended 30 June 2024

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|--------------------------------|----------|------------------|------------------|--------------------|------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| D2. EMPLOYEE BENEFITS | | | | | |
| Wages | | 7,430,641 | 7,686,761 | 7,430,641 | 6,572,317 |
| Superannuation | | 908,908 | 778,569 | 908,908 | 778,569 |
| Other | | 286,894 | 335,875 | 286,894 | 335,875 |
| Movement in leave balances | F4 | (65,594) | 297,201 | (65,594) | 297,201 |
| TOTAL EMPLOYEE BENEFITS | D | 8,560,849 | 7,983,962 | 8,560,849 | 7,983,962 |

D2.1 Superannuation Contributions

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

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

Obligations for contributions to the Fund are recognised as an expense in the Statement of Comprehensive Income when they are made or due. The amount of superannuation contributions paid by the MAV to the accumulation and defined benefit Fund during the reporting period was \$908,908 (2023 \$778,569).

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% required under the Superannuation Guarantee Legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrued to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit

As provided under Paragraph 34 of AASB 119, the MAV does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

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

Funding arrangements

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

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

Employer contributions

Regular Contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2024, the MAV makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries. This rate is expected to increase in line with the required Superannuation Guarantee contribution rate.

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

Funding calls

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

There may be circumstances where:

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

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

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

The full actuarial investigation of the Fund's liability for accrued benefits was based on the Fund's position as at 30 June 2024.

This actuarial investigation was completed in September 2024 and confirmed that the Fund's Vested Benefits Index (VBI) was greater than 100% and as a consequence no call on member assets was required.

| | NOTE | COMBINED | |
|--|----------|------------------|------------------|
| | | 2024 | 2023 |
| | | \$ | \$ |
| D3. SCHEME MANAGEMENT FEES | | | |
| Scheme management fees are paid to the scheme manager for: | | | |
| Reinsurance placement, risk management and administration- MAV Insurance | | 2,658,770 | 2,662,057 |
| Claims management - MAV Insurance | | 562,856 | 578,423 |
| TOTAL SCHEME MANAGEMENT FEES | D | 3,221,626 | 3,240,480 |

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

for the year ended 30 June 2024

NOTE E: ASSETS WE MANAGE

Structure
E1 Investments
E2 Property and Equipment

E3. Intangible Assets

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|---------------------------|------|-------------------|-------------------|--------------------|-------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| E1. INVESTMENTS | | | | | |
| Cash and cash equivalents | G1 | 7,537,899 | 12,234,876 | 5,647,252 | 6,472,276 |
| Investments | | 63,533,527 | 42,030,524 | 6,071,434 | 4,329,722 |
| TOTAL EXPENDITURE | | 71,071,426 | 54,265,400 | 11,718,686 | 10,801,998 |

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Investments are holdings in managed investment funds that are not traded in a market considered active. The fair value of these assets is regularly revalued by the Investment Manager based on observable inputs or derivable from observable inputs. These are considered level 2 financial assets. The carrying amounts of financial assets and financial liabilities represent their approximate net fair value. All maturity dates are within twelve months. For the purpose of fair value disclosures, the MAV has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

| | Level 1 | Level 2 | Level 3 | Total |
|--------------|---------|------------|---------|------------|
| 2024 | | | | |
| Investments | - | 63,533,527 | - | 63,533,527 |
| Total | - | 63,533,527 | - | 63,533,527 |
| 2023 | | | | |
| Investments | - | 42,030,524 | - | 42,030,524 |
| Total | - | 42,030,524 | - | 42,030,524 |

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|---|------|----------------|----------------|--------------------|----------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| E2. PROPERTY AND EQUIPMENT | | | | | |
| Leasehold Improvements - at cost | | 720,054 | 715,775 | 720,054 | 715,775 |
| Less accumulated depreciation | | (715,989) | (715,775) | (715,989) | (715,775) |
| | | 4,065 | - | 4,065 | - |
| Furniture and Equipment - at cost | | 516,309 | 522,214 | 516,309 | 522,214 |
| Less accumulated depreciation | | (505,134) | (503,580) | (505,134) | (503,580) |
| | | 11,175 | 18,634 | 11,175 | 18,634 |
| Motor vehicles - at cost | | 129,830 | 161,844 | 129,830 | 161,844 |
| Less accumulated depreciation | | (95,942) | (110,242) | (95,942) | (110,242) |
| | | 33,888 | 51,602 | 33,888 | 51,602 |
| Information technology equipment- at cost | | 407,612 | 360,542 | 402,961 | 355,891 |
| Less accumulated depreciation | | (338,989) | (257,488) | (334,338) | (252,837) |
| | | 68,623 | 103,054 | 68,623 | 103,054 |
| TOTAL PROPERTY AND EQUIPMENT | | 117,751 | 173,290 | 117,751 | 173,290 |

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

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

The following depreciation and amortisation rates are in use:

| | |
|--|-------------|
| Leasehold Improvements at cost | Annual Rate |
| Furniture and Equipment at cost | 10% |
| Motor Vehicles at cost | 20% - 33% |
| Information Technology Equipment at cost | 20% |
| | 33% |

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

for the year ended 30 June 2024

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

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|---|------|----------|----------|--------------------|----------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| LEASEHOLD IMPROVEMENTS | | | | | |
| Movements during the year | | | | | |
| Beginning of year | | - | 5,020 | - | 5,020 |
| Additions | | 4,279 | - | 4,279 | - |
| Disposals | | - | (2,970) | - | (2,970) |
| Depreciation | | (214) | (2,050) | (214) | (2,050) |
| End of year | | 4,065 | - | 4,065 | - |
| FURNITURE AND EQUIPMENT | | | | | |
| Movements during the year | | | | | |
| Beginning of year | | 18,634 | 8,081 | 18,634 | 8,081 |
| Additions | | - | 29,020 | - | 29,020 |
| Disposals | | (340) | (9,900) | (340) | (9,900) |
| Depreciation | | (7,119) | (8,567) | (7,119) | (8,567) |
| End of year | | 11,175 | 18,634 | 11,175 | 18,634 |
| MOTOR VEHICLES | | | | | |
| Movements during the year | | | | | |
| Beginning of year | | 51,602 | 83,494 | 51,602 | 83,494 |
| Additions | | - | - | - | - |
| Disposals | | (32,014) | (9,433) | (32,014) | (9,433) |
| Depreciation on motor vehicles disposed | | 32,014 | - | 32,014 | - |
| Depreciation | | (17,714) | (22,459) | (17,714) | (22,459) |
| End of year | | 33,888 | 51,602 | 33,888 | 51,602 |
| INFORMATION TECHNOLOGY EQUIPMENT | | | | | |
| Movements during the year | | | | | |
| Beginning of year | | 103,054 | 146,555 | 103,054 | 146,555 |
| Additions | | 50,287 | 50,385 | 50,287 | 50,385 |
| Disposals | | - | (1,916) | - | (1,916) |
| Depreciation | | (84,718) | (91,970) | (84,718) | (91,970) |
| End of year | | 68,623 | 103,054 | 68,623 | 103,054 |

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|--|------|-------------|-------------|--------------------|-------------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| E3. INTANGIBLE ASSETS | | | | | |
| Website, Licences and Educational Programs | | 1,307,687 | 1,307,687 | 1,307,687 | 1,307,687 |
| Less accumulated amortisation | | (1,254,069) | (1,236,475) | (1,254,069) | (1,236,475) |
| | | 53,618 | 71,212 | 53,618 | 71,212 |
| Reconciliation of the carrying amounts of intangible assets at the beginning and end of the financial year. | | | | | |
| INTANGIBLE ASSETS | | | | | |
| Movement during the year | | | | | |
| Beginning of year | | 71,212 | 124,169 | 71,212 | 124,169 |
| Additions | | - | 44,325 | - | 44,325 |
| Disposals | | - | - | - | - |
| Amortisation | | (17,594) | (97,282) | (17,594) | (97,282) |
| End of year | | 53,618 | 71,212 | 53,618 | 71,212 |

The website and educational programs are treated as intangible assets with a finite life and is amortised over the useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in the accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category "Amortisation". The MAV does not have any intangible assets with indefinite useful lives. The rates in use are 20% per annum for 2024 (2023=20%).

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

for the year ended 30 June 2024

NOTE F: OTHER ASSETS AND LIABILITIES

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

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|--|------|--------------|--------------|--------------------|-----------|
| | | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ |
| F1. RECEIVABLES | | | | | |
| Future reinsurance and other recoveries receivable | | 181,702,874 | 174,088,523 | - | - |
| Discount to present value | | (25,400,459) | (24,993,073) | - | - |
| | | 156,302,415 | 149,095,450 | - | - |
| Impairment of reinsurance recoveries | | - | - | - | - |
| Premiums receivable | | 64,379,920 | 56,496,687 | - | - |
| Other receivables | | 4,755,414 | 5,008,092 | 3,588,405 | 3,564,706 |
| TOTAL RECEIVABLES | | 225,437,749 | 210,600,229 | 3,588,405 | 3,564,706 |
| Represented By: | | | | | |
| Current | | 104,609,945 | 89,631,581 | 3,588,405 | 3,564,706 |
| Non-current | | 120,827,804 | 120,968,648 | - | - |
| TOTAL | | 225,437,749 | 210,600,229 | 3,588,405 | 3,564,706 |

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

| | Total | <30 days | 30-90 days | 3-12 months | 1-5 years |
|------------------|------------|------------|------------|-------------|-----------|
| 2024 | | | | | |
| Combined | 69,135,334 | 68,078,157 | 36,279 | 17,899 | 1,002,999 |
| MAV General Fund | 3,588,405 | 3,537,808 | 14,799 | 17,899 | 17,899 |
| 2023 | | | | | |
| Combined | 61,504,779 | 60,085,471 | 309 | - | 1,418,999 |
| MAV General Fund | 3,564,706 | 3,564,706 | - | - | - |

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

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

| | COMBINED | | MAV - GENERAL FUND | |
|---|------------|------------|--------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| F2. PREMIUMS AND INCOME IN ADVANCE | | | | |
| Memberships | 3,865,770 | 3,775,230 | 3,865,770 | 3,775,230 |
| Grants | 2,829,000 | 2,322,000 | 2,829,000 | 2,322,000 |
| Contributions | 58,527,200 | 51,643,317 | - | - |
| TOTAL PREMIUMS AND INCOME IN ADVANCE | 65,221,970 | 57,740,547 | 6,694,770 | 6,097,230 |

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

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

| | COMBINED | | MAV - GENERAL FUND | |
|---------------------------------------|------------|-----------|--------------------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| F3. TRADE AND OTHER PAYABLES | | | | |
| Represented By: | | | | |
| Accounts Payable | 6,636,211 | 5,928,081 | 758,344 | 733,109 |
| Accruals | 4,913,306 | 4,051,470 | 315,942 | 266,454 |
| TOTAL TRADE AND OTHER PAYABLES | 11,549,517 | 9,979,551 | 1,074,286 | 999,563 |

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

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

for the year ended 30 June 2024

| | COMBINED | | MAV - GENERAL FUND | |
|---|-----------|-----------|--------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ |
| F4. PROVISIONS FOR EMPLOYEE ENTITLEMENTS | | | | |
| The aggregate amount of employee entitlement liability is comprised of: | | | | |
| Annual leave provisions (current) | 606,150 | 726,377 | 606,150 | 726,377 |
| Long service leave provisions (current) | 734,840 | 734,840 | 734,840 | 734,840 |
| TOTAL CURRENT EMPLOYEE ENTITLEMENTS | 1,340,990 | 1,461,217 | 1,340,990 | 1,461,217 |
| Annual leave provisions (non-current) | - | - | - | - |
| Long service leave provisions (non-current) | 131,154 | 76,521 | 131,154 | 76,521 |
| TOTAL NON-CURRENT EMPLOYEE ENTITLEMENTS | 131,154 | 76,521 | 131,154 | 76,521 |
| TOTAL EMPLOYEE ENTITLEMENTS | 1,472,144 | 1,537,738 | 1,472,144 | 1,537,738 |

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

| | 2024 | 2023 | 2024 | 2023 |
|-------------------------------|-----------|-----------|-----------|-----------|
| | \$ | \$ | \$ | \$ |
| EMPLOYEE ENTITLEMENTS | | | | |
| Movement during the year | | | | |
| Balance at beginning of year | 1,537,738 | 1,240,537 | 1,537,738 | 1,240,537 |
| Entitlements paid | (516,848) | (454,382) | (516,848) | (454,382) |
| Increase in provision | 451,254 | 751,583 | 451,254 | 751,583 |
| BALANCE AT END OF YEAR | 1,472,144 | 1,537,738 | 1,472,144 | 1,537,738 |

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

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

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

F5. MAV INSURANCE PROVISIONS

| | 2024 | | 2023 | |
|---------------------------------|------|--------------|--------------|----|
| | NOTE | \$ | \$ | \$ |
| F5.1 OUTSTANDING CLAIMS | | | | |
| Central Estimate | | 250,174,482 | 214,846,926 | |
| Discount to present value | | (35,929,934) | (31,593,687) | |
| | | 214,244,548 | 183,253,239 | |
| Claims handling costs | | 611,100 | 847,799 | |
| Risk margin | | - | - | |
| TOTAL OUTSTANDING CLAIMS | | 214,855,648 | 184,101,038 | |
| Comprising: | | | | |
| Current | | 36,336,289 | 28,187,984 | |
| Non-current | | 178,519,359 | 155,913,054 | |
| TOTAL CLAIMS PROVISION | D1 | 214,855,648 | 184,101,038 | |

As at 30 June 2024, the MAV Insurance Board determined that the outstanding claims liability is to be held at the 50% probability of sufficiency on the basis of the non-discretionary mutual structure of LMI. As a result, a 0% risk margin was applied to the central estimate (2023: 0%) to achieve the desired level of sufficiency.

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

for the year ended 30 June 2024

NOTE H: PEOPLE AND RELATIONSHIPS

Structure

| | |
|---|-----------------|
| H1 Related Parties | H3 Auditor Fees |
| H2 Remuneration of Key Management Personnel | |

H1. RELATED PARTIES

The MAV is a body corporate established under the *Municipal Association Act 1907* to provide services for and represent local government authorities in Victoria. The Board of the MAV is elected from its members. The MAV and its wholly owned and controlled entities trade with each other and with its members in the normal course of business and on an arm's length basis. The Liability Mutual Insurance Scheme was formed by a Deed of Establishment which provides for the MAV to appoint a Committee of Management (MAV Insurance Board) to be responsible for the administration of the Scheme. Total expenses of \$576,000 (2023: \$533,205) were payable to the MAV from the Liability Mutual Insurance Scheme being payment for administrative support, and overseeing the management of the insurance activities, including the conduct of bi-monthly Board meeting. In accordance with the *Municipal Association Act 1907* the MAV is required to establish a Fidelity Fund to provide commercial crime insurance for its members. The MAV paid insurance premiums to the Liability Mutual Insurance Scheme \$27,305 (2023 \$25,282) and to the Commercial Crime Fund \$18,363 (2023 \$15,694).

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

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

Board members during the year

| | |
|--|------------------------------------|
| Cr. D. Clark (President) | Cr. R. Leppert |
| Cr. J. Hawell (Deputy President - Metro) | Cr. S. James |
| Cr. J. Anderson (Deputy President - Non-Metro) | Cr. K. Majdik |
| Cr. N. Hersey | Cr. M. Emerson |
| Cr. A. Scales | Cr. S. Staikos (until 13 May 2024) |
| Cr. R. Gstrein | |

H2. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

| | Annual Allowance | | Data allowance | |
|-------------------|------------------|------|----------------|------|
| | 2024 | 2023 | 2024 | 2023 |
| President | 76,117 | 459 | 459 | |
| Deputy Presidents | 15,692 | 459 | 459 | |
| Board Members | 10,685 | 459 | 459 | |

| | COMBINED | | MAV - GENERAL FUND | |
|------------------------------------|----------|---------|--------------------|---------|
| | 2024 | 2023 | 2024 | 2023 |
| MAV Board Members | | | | |
| Short term employment benefits | 253,200 | 267,388 | 253,200 | 267,388 |
| Post employment benefits | 21,620 | 22,690 | 21,620 | 22,690 |
| MAV WorkCare Board Members | | | | |
| Short term employment benefits | 40,000 | 40,000 | - | - |
| Post employment benefits | - | - | - | - |
| MAV Insurance Board Members | | | | |
| Short term employment benefits | 93,360 | 87,729 | - | - |
| Post employment benefits | - | - | - | - |
| Key Management Personnel | | | | |
| Short term employment benefits | 358,929 | 472,115 | 287,143 | 332,344 |
| Post employment benefits | 29,356 | 35,971 | 23,485 | 22,690 |
| Total | | | | |
| Short term employment benefits | 745,489 | 867,232 | 540,343 | 599,732 |
| Post employment benefits | 50,976 | 58,661 | 45,105 | 45,380 |

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

| Range | 2024 | 2023 |
|----------------------|-----------|-----------|
| \$0 to \$9,999 | 0 | 7 |
| \$10,000 to \$19,999 | 8 | 7 |
| \$20,000 to \$29,999 | 2 | 1 |
| \$90,000 to \$99,999 | 1 | 1 |
| Total | 11 | 16 |

Loans to KMP and Directors

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

Insurance

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

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

for the year ended 30 June 2024

| | COMBINED | | MAV - GENERAL FUND | |
|---|----------------|----------------|--------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| H3. AUDITORS FEES | | | | |
| Amounts paid or due and payable for audit services: | | | | |
| Audit services | 200,000 | 205,001 | 27,500 | 30,001 |
| TOTAL AUDITORS FEES | 200,000 | 205,001 | 27,500 | 30,001 |

NOTE I: MANAGING UNCERTAINTIES

Structure

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

I1. INSURANCE RISK - MAV INSURANCE

Risk management objectives and policies for mitigating insurance risk

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

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

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

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

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

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

Reinsurance strategy

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

Terms and conditions of membership

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

Product features

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

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

Management of risks

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

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

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

I2. INSURANCE RISK - MAV WORKCARE

Not applicable from 1 July 2021

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

for the year ended 30 June 2024

13. INSURANCE RISK - MAV GROUP

Concentration of insurance risks

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

14. CAPITAL MANAGEMENT OBJECTIVES AND ECONOMIC DEPENDENCY

The MAV WorkCare was set up as a captive, non-discretionary mutual fund, and under Schedule 1, Part B, Clause 3 of the Participation Agreement, the MAV has the ability to obtain contributions from members to meet any shortfall in the Provision set aside in respect of that Insurance Year. Schedule 1, Part B, Clause 7 of the Participation Agreement, provides the ability for MAV to make additional calls on each Participant (member) who remain liable to make further contributions to the Scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the Participant remains a Participant in future Insurance Years. On cessation of the Scheme (last day was 30 June 2021) contributions from participating members were sought to meet the transfer requirement of funds to WorkSafe Victoria. Consultation with participating members indicate that amounts were and are recoverable, consistent with the participating agreements with appropriate timeframes.

The MAV is specifically excluded from the provisions of the Insurance Act and from APRA regulation. There is no externally imposed capital requirement on the MAV. The MAV's capital management philosophy is focused on capital efficiency and effective risk management to support a progressive business model for the benefit of members of both LMI and the Commercial Crime Fund. The Board of directors and management have in place a strategic plan that is aligned to achieving the MAV's capital management philosophy with an objective to remain in surplus. Key elements of this plan include premium setting, risk management, claims management and reinsurance management. At 30 June 2024 the LMI scheme was in a net deficient position (\$4.006 million) as a consequence of higher than expected net claims costs. The MAV Insurance Board has developed a financial strategy which aims to return to the scheme to its target capital by 30 June 2025. The key risks to achieving the target financial position are higher claims costs, membership retention risks and interest rate risk. Higher than expected net claims expenses either as a consequence of more IBNR claims than projected or higher average claim costs, or a combination of both may result in the financial plan not being achieved in 2025. The future non-retention of members of the LMI scheme may reduce the capacity of LMI to achieve target contribution levels and may negatively affect the financial position of the scheme for the 2025 period onwards. Minor changes in inflation or interest rates may also result in an increase in net claims expenses that prevent the achievement of the financial objectives of the scheme. The interest rate risk is largely mitigated through the investment strategy which largely liability matches the scheme's claims liabilities and related assets. The MAV has considered the going concern position of the LMI scheme in the context of the net deficiency position as at 30 June 2024, the scheme's financial objectives, key risks and financial strategy and considers that it remains a going concern. The current asset ratio for LMI at 30 June 2024 is 1.52.

The MAV operates LMI which is a non-discretionary mutual fund, and under Sections 6.4 and 6.5 of the Constitution the MAV has the ability to obtain contributions from members to meet any shortfall in the Provision set aside in respect of that insurance year. Section 6.4 of the Constitution, states that each Participant (member) will remain liable to make further contributions to the Scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the Participant remains a Participant in future insurance years.

15. CONTINGENT LIABILITIES

15.1 MAV INSURANCE

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

No other material contingent liabilities have arisen in the year ended 30 June 2024.

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

for the year ended 30 June 2024

15.2 MAV WORKCARE

As required under the Workplace Injury Rehabilitation and Compensation Act 2013, the MAV has a bank guarantee for insolvency risk in place for the duration of the ceased self-insurer period. The guarantee is in respect of the tails claims liability given by an Authorised deposit-taking institution (ADI) to or in favour of Work Safe Victoria. The guarantee must guarantee payments of amounts not less than: a) insolvency risk in respect of - i) in relation to the first year of the liability period, the initial assessment of tail claims liability until the end of the first year after the exit date ii) in relation to the second and subsequent years of the liability, the revised amount of the tail claims liability still outstanding as assessed at the end of each subsequent year of the duration of the next year until the final assessment date, and b) against claims deterioration - i) in relation to the period from the exit date until the interim assessment date, for the amount, if any, by which the revised assessment of the tail claims liability at the end of each year exceeds the initial assessment tail claims liability ii) in relation to the period referred to above, until the final assessment date, or if a review of the final assessment is undertaken resulting from the employer disputing WorkSafe's final revised assessment unit the date on which the review is finalised, for the amount, if any, by which the revised assessment of tail claims liability at the end of each year exceeds the revised assessment of tail claims liability as assessed at the end of the 3rd year (30 June 2024) and 6th year (30 June 2027).

The MAV has a bank guarantee in place which meets WorkSafe Victoria's requirements.

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

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claim liabilities as undertaken by Work Safe Victoria. Any adjustments, which are expected to occur at the 3-year and 6-year periods during this period will affect participating members. At signing date of the financial statements, the process to finalise the updated assessment from WorkSafe to enable the estimation of any liability above the initial assessment has not been finalised. Therefore, any deficiency that may be payable to WorkSafe is unable to be reliably measured. Due to evidence of higher-than-expected payments and higher claim lodgements during the first three years of the runoff period, it is expected that outstanding claims liabilities as at the third-year assessment will exceed the initial assessment. Any payable to WorkSafe will be offset as a receivable from participating members with a net effect of nil on the Statement of Comprehensive Income. WorkSafe Victoria have exercised their discretion under section 406(7) (b) of the Workplace Injury and Rehabilitation Compensation Act 2023, to extend the 28 day period of the third-year adjustment payment to the 31 October 2025.

16. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) Estimation of outstanding claims liability

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

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

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

- (i) Establishing a case estimate for each reported claim at year-end taking into account legal advice where appropriate on larger claims;
- (ii) Allowance for incurred but not reported claims as confirmed by the actuarial review on 30 June 2024
- (iii) Allowance for incurred but not enough reported claims as confirmed by the actuarial review on 30 June 2024
- (iv) Allowances for wage inflation of 3.79%, as assumed by the Actuary
- (v) Allowances for discount at 4.18%, as assumed by the Actuary
- (vi) A risk margin of 0% of net outstanding claims after the effect of reinsurance has been applied.
Refer to Note 17 for details

Details of specific actuarial assumptions used in deriving the outstanding claims liability at year-end are detailed in note 17.

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

for the year ended 30 June 2024

17. ACTUARIAL ASSUMPTIONS AND METHODS**Actuarial Assumptions****MAV INSURANCE**

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

| | 2024 | 2023 |
|---|-------|-------|
| Key Actuarial Assumptions | | |
| Wage inflation | 3.79% | 3.85% |
| Discount rate | 4.18% | 4.01% |
| Risk margin | 0.00% | 0.00% |
| Superimposed inflation (Public liability - personal injury portfolio) | 1.75% | 1.75% |

Process used to determine actuarial assumptions

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

Liability Mutual Insurance has provided public and professional indemnity insurance to local government bodies in Victoria and Tasmania and other bodies constituted under any Act for any public or local governing purpose since 30 September 1993. The Actuary was supplied with details of all transactions (payments, recoveries, changes of estimates) from 30 September 1993 to 30 June 2024. The individual claim payments and case estimates reconciled closely with totals in Liability Mutual Insurance financial statements for each year of cover. The actuary subdivided the claims data into four claim types (Public Liability - Personal Injury, Public Liability - Property Damage, Professional Indemnity and the 2009 Bushfire claims) and made separate estimates of the gross outstanding claims liabilities for each of these claim types. The actuary estimated the gross outstanding claims liabilities for each claim type using five different actuarial methods. Large claims (claims above \$250,000 in 2009 dollars) were estimated based on a numbers times average size method and non-large claims were estimated using four different actuarial methods- payments per claim incurred, payments per claim finalised, incurred cost development and projection of case estimates. The actuary selected a combination of these methods for estimating the outstanding claims. Payments were projected with a payment pattern, based on past experience. Estimates of outstanding excesses were based on a numbers times average size method and estimates of non reinsurance recoveries were made by a recoveries per claim method. Claim administration expenses at 30 June 2024 approximate actual costs to be incurred.

Estimates of reinsurance recoveries were made from projected gross payments, excesses and non reinsurance recoveries, allowing for the different insurance treaties applying to each year. Based on Access Economics, June 2024 forecasts for Victorian average weekly claims, inflation was assumed to be 3.79%. The discount rate was assumed to be 4.18% pa, derived from the yields on Commonwealth Government bonds.

MAV WORKCARE

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

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

Process used to determine actuarial assumptions

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

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

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

for the year ended 30 June 2024

18. EXPOSURE TO INTEREST RATE RISK

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

| | COMBINED | | MAV - GENERAL FUND | |
|---------------------------------------|----------------------|------------------------|----------------------|------------------------|
| | Non-Interest Earning | Floating Interest Rate | Non-Interest Earning | Floating Interest Rate |
| | 2024 | | | |
| | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | - | 7,537,899 | - | 5,647,252 |
| Investments | - | 63,533,527 | - | 6,071,434 |
| Trade and other receivables | 225,437,749 | - | 3,588,405 | - |
| TOTAL FINANCIAL ASSETS | 225,437,749 | 71,071,426 | 3,588,405 | 11,718,686 |
| Weighted Average Interest Rate | | 5.1% | | 4.7% |
| FINANCIAL LIABILITIES | | | | |
| Outstanding claims | 250,174,482 | - | - | - |
| Unearned premiums/subscriptions | 65,221,970 | - | 6,694,770 | - |
| Trade and other payables | 11,549,517 | - | 1,074,286 | - |
| TOTAL FINANCIAL LIABILITIES | 326,945,969 | - | 7,769,056 | - |
| Weighted Average Interest Rate | | 0% | | 0% |
| | 2023 | | | |
| | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | - | 12,234,876 | - | 6,472,276 |
| Investments | - | 42,030,524 | - | 4,329,722 |
| Trade and other receivables | 210,600,229 | - | 3,564,706 | - |
| TOTAL FINANCIAL ASSETS | 210,600,229 | 54,265,400 | 3,564,706 | 10,801,998 |
| Weighted average interest rate | | 5.0% | | 4.4% |
| FINANCIAL LIABILITIES | | | | |
| Outstanding claims | 214,846,926 | - | - | - |
| Unearned premiums/subscriptions | 57,740,547 | - | 6,097,230 | - |
| Trade and other payables | 9,979,551 | - | 999,563 | - |
| TOTAL FINANCIAL LIABILITIES | 282,567,024 | - | 7,096,793 | - |
| Weighted average interest rate | | 0% | | 0% |

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

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2024. Cash flows for financial assets and liabilities without fixed amount or timing are based on conditions existing at 30 June 2024.

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

for the year ended 30 June 2024

The remaining contractual maturities of the financial liabilities are:

| | NOTE | COMBINED | | MAV - GENERAL FUND | |
|------------------|------|---------------|---------------|--------------------|--------------|
| | | 2024 | 2023 | 2024 | 2023 |
| 3 months or less | | \$ 42,145,792 | \$ 33,373,039 | \$ 7,769,056 | \$ 7,096,793 |
| 3-12 months | | 74,284,167 | 54,828,691 | 2,175,151 | 2,309,123 |
| 1-5 years | | 150,236,648 | 101,842,990 | 4,168,517 | 4,493,731 |
| Over 5 years | | 68,464,574 | 48,551,968 | - | - |
| | | 335,131,181 | 238,596,688 | 14,112,724 | 13,899,647 |

INTEREST RATE RISK

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

| Variable | Current Rate | Change variable to +1.0%/-1.0% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------|--------------|--------------------------------|---|---|
| | % | % | \$ | \$ |

IMPACT OF CHANGES IN INTEREST RATE ON FINANCIAL ASSETS

| Variable | Current Rate | Change variable to +1.0%/-1.0% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------------------------|--------------|--------------------------------|---|---|
| MAV COMBINED | | | | |
| Base value at 30 June 2024 | 5.1% | | (7,785,757) | 1,653,005 |
| Interest Rate p.a. | | 6.1% | (9,833,223) | (394,461) |
| | | 4.1% | (5,738,291) | 3,700,471 |

MAV COMBINED - Interest rate risk

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

| Variable | Current Rate (weighted) | Change variable to +0.5%/-0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------|-------------------------|--------------------------------|---|---|
| | % | % | \$ | \$ |

IMPACT OF CHANGES IN KEY VARIABLES

| Variable | Current Rate (weighted) | Change variable to +0.5%/-0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------------------------|-------------------------|--------------------------------|---|---|
| MAV GROUP | | | | |
| Base value at 30 June 2024 | 3.79% | | (7,785,757) | 1,653,005 |
| Wage inflation rate p.a. | | 4.29% | (9,685,757) | (246,995) |
| | | 3.29% | (5,885,757) | 3,553,005 |

MAV GROUP

Interest rate sensitivity

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

| Variable | Current Rate (weighted) | Change variable to -0.5%/+0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------|-------------------------|--------------------------------|---|---|
| | % | % | \$ | \$ |

IMPACT OF CHANGES IN DISCOUNT RATES

| Variable | Current Rate (weighted) | Change variable to -0.5%/+0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------------------------|-------------------------|--------------------------------|---|---|
| MAV GROUP | | | | |
| Base value at 30 June 2024 | 4.18% | | (7,785,757) | 1,653,005 |
| Discount rate p.a. | | 3.68% | (8,873,757) | 565,005 |
| | | 4.68% | (6,697,757) | (2,741,005) |

Claims handling sensitivity

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

| Variable | Current Rate | Change to the Current Rate +.5%/-0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------|--------------|---------------------------------------|---|---|
| | % | % | \$ | \$ |

IMPACT OF CHANGES IN CLAIMS ADMINISTRATION EXPENSE

| Variable | Current Rate | Change to the Current Rate +.5%/-0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|------------------------------|--------------|---------------------------------------|---|---|
| MAV GROUP | | | | |
| Base value at 30 June 2024 | 0.80% | | (7,785,757) | 1,653,005 |
| Claim administration expense | | 1.30% | (8,551,257) | 887,505 |

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

for the year ended 30 June 2024

Non-large average claim size (LMI Scheme)

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

| Variable | Current Value | Change variable to +10%/-10% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------|---------------|------------------------------|---|---|
| | \$ | \$ | \$ | \$ |

IMPACT OF CHANGES IN KEY VARIABLES

| Variable | Current Value | Change variable to +25%/-25% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------------------------|---------------|------------------------------|---|---|
| MAV GROUP | | | | |
| Base value at 30 June 2024 | 77,990,000 | | (7,785,757) | 1,653,005 |
| Average claim size | | (10,883,000) | (18,668,757) | (17,015,752) |
| | | 10,883,000 | 3,097,243 | 4,750,248 |

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

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

| Variable | Current Value | Change variable to +25%/-25% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------|---------------|------------------------------|---|---|
| | \$ | \$ | \$ | \$ |

IMPACT OF CHANGES IN KEY VARIABLES

| Variable | Current Value | Change variable to +25%/-25% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|---|---------------|------------------------------|---|---|
| MAV GROUP | | | | |
| Base value at 30 June 2024 | 67,559,000 | | (7,785,757) | 1,653,005 |
| Case estimate development of large claims | | (452,000) | (8,237,757) | (6,584,752) |
| | | 452,000 | (7,333,757) | (5,680,752) |

Claim Numbers (LMI Scheme)

This covers the increase or reduction of personal injury claims from the central estimate for the fund years 2022, 2023 and 2024, based on the dollar impact on the net discounted provision.

| Variable | Number of Claims | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|----------|------------------|---|---|
| | | \$ | \$ |

IMPACT OF CHANGES IN KEY VARIABLES

| Variable | Number of Claims | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|-----------------------------------|------------------|---|---|
| MAV GROUP | | | |
| Additional personal injury claims | 30 | (7,785,757) | 1,653,005 |
| Additional personal injury claims | 60 | (11,523,757) | (2,084,995) |
| Additional personal injury claims | 60 | (15,440,757) | (6,001,995) |
| Fewer personal injury claims | 30 | (4,965,757) | 4,473,005 |
| Fewer personal injury claims | 60 | (2,964,757) | 6,474,005 |

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

for the year ended 30 June 2024

I9: LIQUIDITY RISK

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

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

| Year ended 30 June 2024 | <3 months | 3-12 months | 1-5 years | >5years | Total |
|---------------------------------------|--------------------|--------------------|---------------------|---------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| COMBINED FINANCIAL ASSETS | | | | | |
| Cash and cash equivalents | 7,537,899 | - | - | - | 7,537,899 |
| Investments | 63,533,527 | - | - | - | 63,533,527 |
| Trade and other receivables | 81,391,714 | 22,911,523 | 94,084,842 | 52,450,128 | 250,838,207 |
| | 152,463,140 | 22,911,523 | 94,084,842 | 52,450,128 | 321,909,633 |
| COMBINED FINANCIAL LIABILITIES | | | | | |
| Outstanding claims | 9,269,705 | 27,809,116 | 145,242,188 | 68,464,574 | 250,785,583 |
| Trade and other payables | 11,549,517 | - | - | - | 11,549,517 |
| Other liabilities | 6,694,770 | 2,579,651 | 4,994,460 | - | 14,268,881 |
| TOTAL FINANCIAL LIABILITIES | 27,513,992 | 30,388,767 | 150,236,648 | 68,464,574 | 276,603,981 |
| NET MATURITY | 124,949,148 | (7,477,244) | (56,151,806) | (16,014,446) | 45,305,652 |

Year ended 30 June 2023

| COMBINED FINANCIAL ASSETS | | | | | |
|---------------------------------------|--------------------|--------------------|---------------------|---------------------|--------------------|
| Cash and cash equivalents | 12,234,876 | - | - | - | 12,234,876 |
| Investments | 42,030,524 | - | - | - | 42,030,524 |
| Trade and other receivables | 69,608,785 | 19,572,613 | 92,533,150 | 52,533,652 | 234,248,200 |
| | 123,874,185 | 19,572,613 | 92,533,150 | 52,533,652 | 288,513,600 |
| COMBINED FINANCIAL LIABILITIES | | | | | |
| Outstanding claims | 7,184,457 | 21,553,371 | 121,584,052 | 65,372,845 | 215,694,725 |
| Trade and other payables | 9,880,911 | - | - | - | 9,880,911 |
| Other liabilities | 6,097,230 | 2,309,123 | 4,493,731 | - | 12,900,084 |
| TOTAL FINANCIAL LIABILITIES | 23,162,598 | 23,862,494 | 126,077,783 | 65,372,845 | 238,475,720 |
| NET MATURITY | 100,711,587 | (4,289,881) | (33,544,633) | (12,839,193) | 50,037,880 |

| Year ended 30 June 2024 | <3 months | 3-12 months | 1-5 years | >5years | Total |
|---|------------------|--------------------|--------------------|----------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| MAV GENERAL FUND FINANCIAL ASSETS | | | | | |
| Cash and cash equivalents | 5,647,252 | - | - | - | 5,647,252 |
| Investments | 6,071,434 | - | - | - | 6,071,434 |
| Trade and other receivables | 3,570,506 | 17,899 | - | - | 3,588,405 |
| | 15,289,192 | 17,899 | - | - | 15,307,091 |
| MAV GENERAL FUND FINANCIAL LIABILITIES | | | | | |
| Trade and other payables | 1,074,286 | - | - | - | 1,074,286 |
| Other liabilities | 6,694,770 | 2,175,151 | 4,168,517 | - | 13,038,438 |
| Total Financial Liabilities | 7,769,056 | 2,175,151 | 4,168,517 | - | 14,112,724 |
| NET MATURITY | 7,520,136 | (2,157,252) | (4,168,517) | - | 1,194,367 |

Year ended 30 June 2023

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

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

for the year ended 30 June 2024

I10. CREDIT RISK

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

| | | CREDIT RATING | | | | | Not Rated | Total |
|--|------|-------------------------------|--------------------|---------------|--------------------|---------------------|-----------|------------|
| | | AAA +/- | AA +/- | A +/- | BBB | Speculative Grade | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Reinsurance and other recoveries on outstanding claims | 2024 | - | 1,310,000 | 55,528,000 | - | - | - | 56,838,000 |
| | 2023 | - | 801,000 | 56,133,000 | - | - | - | 56,934,000 |
| Reinsurance and other recoveries on paid claims | 2024 | - | 276,000 | 4,792,660 | - | - | - | 5,068,660 |
| | 2023 | - | 73,000 | 3,039,000 | - | - | - | 3,112,000 |
| PAST DUE BUT NOT IMPAIRED | | | | | | | | |
| | | Neither past due nor impaired | Less than 3 months | 3 to 6 months | 6 months to 1 year | Greater than 1 year | Impaired | Total |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Reinsurance and other recoveries on paid claims | 2024 | - | 4,966,547 | 55,977 | 18,659 | 27,477 | - | 5,068,660 |
| | 2023 | - | 2,815,000 | 204,000 | 34,000 | 59,000 | - | 3,112,000 |

PRICE RISK

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

J: OTHER MATTERS

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

J1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Accounting Standards and Interpretations issued but not yet effective.

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

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

for the year ended 30 June 2024

J2. INCOME TAX

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

J3. COMPARATIVE FIGURES

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

J4. SELF-INSURANCE LICENCE - MAV WORKCARE SELF-INSURANCE SCHEME

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

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

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

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

The MAV established a ceased self-insurer members provision for the estimated ongoing expenses, including bank guarantee expenses, expected to be incurred during the 6-year liability period as a ceased self-insurer. The initial provision was for \$3.117 million. At 30 June 2024 the balance of the provision is \$1.230 million with \$0.826 million assessed as non-current.

There is also a potential contingent liability in relation to the 3-year and 6-year liability period. Refer to Note 15.2 Contingent Liabilities.

MOVEMENT IN CEASED SELF INSURER PROVISION

| | 2024 | 2023 |
|--|------------------|------------------|
| | \$ | \$ |
| Opening balance | 1,689,109 | 2,179,851 |
| Expenditure incurred from prior year provision | (463,387) | (493,191) |
| Movement during the year | 4,721 | 2,449 |
| TOTAL CEASED SELF INSURER PROVISION | 1,230,443 | 1,689,109 |
| Represented By: | | |
| CURRENT | 404,500 | 462,400 |
| NON-CURRENT | 825,943 | 1,226,709 |
| TOTAL | 1,230,443 | 1,689,109 |

J5. ADMINISTERED ITEM

The MAV administers a grant for \$1.4 million which was received on the 27th of June 2023 from the Department of Transport and Planning (balance at 30 June 2024 is \$1.4 million). The grant enables 48 rural and regional councils across Victoria to access support for implementing existing flood studies into planning schemes. Funding is provided to the MAV to disburse to municipal Councils at the direction of the Department. The Department will enter into individual agreements with municipal Councils to implement flood studies and funds will be disbursed as determined by the Department.

J6. SUBSEQUENT EVENTS

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

J7. NUMBER OF EMPLOYEES:

Average number of equivalent full time employees during the year was 57 (2023 = 52)



Independent Auditor's Report

To the Directors of MAV Insurance

| | |
|---|---|
| Opinion | <p>I have audited the combined financial report of MAV Insurance (the insurer) which comprises the:</p> <ul style="list-style-type: none"> • statement of financial position as at 30 June 2024 • statement of comprehensive income for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • notes to the financial statements, including material accounting policy information • statement by the MAV Insurance Board • statement by MAV Directors. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the insurer as at 30 June 2024 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the insurer in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Directors' responsibilities for the financial report | <p>The Directors of the insurer are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the insurer's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

| | |
|---|---|
| Auditor's responsibilities for the audit of the financial report | <p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the insurer's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors • conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the insurer's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the insurer to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> |
|---|---|



MELBOURNE
10 October 2024

Travis Derricott
as delegate for the Auditor-General of Victoria

MAV Insurance

STATEMENT BY THE MAV INSURANCE BOARD

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

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

- the financial statements and notes of the combined entity are drawn up so as to present fairly in all material respects the results of Liability Mutual Insurance and the Commercial Crime Fund for the year ended 30 June 2024
- the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of Liability Mutual Insurance and the Commercial Crime Fund as at that date
- at the date of this statement there are reasonable grounds to believe that Liability Mutual Insurance and the Commercial Crime Fund will be able to pay its debts as and when they fall due
- the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

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

On behalf of the MAV Insurance Board



Rob Spence
MAV Insurance Board Chairman

Melbourne
30/09/2024



Kelly Grigsby
Chief Executive Officer - Municipal Association of Victoria

STATEMENT BY MAV DIRECTORS

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

In the opinion of the Directors:

- the financial statements and notes of the combined entity are drawn up so as to present fairly in all material respects the results of Liability Mutual Insurance and the Commercial Crime Fund for the year ended 30 June 2024
- the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of Liability Mutual Insurance and the Commercial Crime Fund as at that date
- at the date of this statement there are reasonable grounds to believe that Liability Mutual Insurance and the Commercial Crime Fund will be able to pay its debts as and when they fall due
- the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

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

Signed in accordance with the resolution of Directors.



Cr. David Clark
President

Melbourne
4/10/2024



Cr. Jennifer Anderson
Director



Kelly Grigsby
Chief Executive Officer

OTHER INFORMATION

Legal form:
MAV Insurance is the insurance division of the Municipal Association of Victoria (MAV). The MAV is an association incorporated by the *Municipal Association of Victoria Act 1907*.

Domicile:
Melbourne, Australia

Address of registered office and principal place of business:
Level 5, 1 Nicholson Street, East Melbourne, 3002, Victoria, Australia

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

Statement of Comprehensive Income for the year ended 30 June 2024

| | NOTE | COMBINED | | LIABILITY MUTUAL INSURANCE | | COMMERCIAL CRIME | |
|---|------|---------------------|---------------------|----------------------------|---------------------|------------------|----------------|
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| Premium revenue | B1 | 51,643,317 | 45,216,784 | 51,643,317 | 45,216,784 | - | - |
| Other Income | | 6,450 | - | 6,450 | - | - | - |
| Reinsurance expense | | (21,711,405) | (11,070,792) | (21,711,405) | (11,070,792) | - | - |
| NET PREMIUM INCOME | | 29,938,362 | 34,145,992 | 29,938,362 | 34,145,992 | - | - |
| Claims expense | C1 | (70,264,654) | (63,417,337) | (70,264,654) | (63,417,337) | - | - |
| Reinsurance and other recoveries | B1 | 38,166,648 | 35,043,783 | 38,166,648 | 35,043,783 | - | - |
| NET CLAIMS EXPENSE | 12 | (32,098,006) | (28,373,554) | (32,098,006) | (28,373,554) | - | - |
| NET UNDERWRITING RESULT | | (2,159,644) | 5,772,438 | (2,159,644) | 5,772,438 | - | - |
| Management fees | B1 | 71,218 | 57,777 | - | - | 71,218 | 57,777 |
| Gain from investment income | B1 | 2,391,572 | 994,857 | 2,383,336 | 991,597 | 8,236 | 3,260 |
| Administration and general expenses | C2 | (8,278,807) | (7,612,482) | (8,207,285) | (7,542,448) | (71,522) | (70,034) |
| OPERATING SURPLUS (DEFICIT) | | (7,975,661) | (787,410) | (7,983,593) | (778,413) | 7,932 | (8,997) |
| Other comprehensive income | | - | - | - | - | - | - |
| TOTAL COMPREHENSIVE SURPLUS/(DEFICIT) FOR THE YEAR | | (7,975,661) | (787,410) | (7,983,593) | (778,413) | 7,932 | (8,997) |

Statement of Financial Position as at 30 June 2024

| | NOTE | COMBINED | | LIABILITY MUTUAL INSURANCE | | COMMERCIAL CRIME | |
|------------------------------------|------|--------------------|--------------------|----------------------------|--------------------|------------------|----------------|
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| CURRENT ASSETS | | | | | | | |
| Cash and cash equivalents | G1 | 1,621,420 | 5,629,731 | 1,477,549 | 5,414,196 | 143,871 | 215,535 |
| Investments | D1 | 57,462,093 | 37,498,662 | 57,462,093 | 37,498,662 | - | - |
| Trade and other receivables | E1 | 100,586,060 | 85,726,772 | 100,586,060 | 85,726,772 | - | - |
| TOTAL CURRENT ASSETS | | 159,669,573 | 128,855,165 | 159,525,702 | 128,639,630 | 143,871 | 215,535 |
| NON-CURRENT ASSETS | | | | | | | |
| Trade and other receivables | E1 | 120,238,805 | 119,963,649 | 120,238,805 | 119,963,649 | - | - |
| TOTAL NON-CURRENT ASSETS | | 120,238,805 | 119,963,649 | 120,238,805 | 119,963,649 | - | - |
| Total Assets | | 279,908,378 | 248,818,814 | 279,764,507 | 248,603,279 | 143,871 | 215,535 |
| CURRENT LIABILITIES | | | | | | | |
| Trade and other payables | E3 | 10,411,968 | 8,985,236 | 10,387,676 | 8,881,348 | 24,292 | 103,888 |
| Premiums in advance | E2 | 58,527,200 | 51,643,317 | 58,527,200 | 51,643,317 | - | - |
| Outstanding Claims | F1 | 36,336,289 | 28,187,984 | 36,336,289 | 28,187,984 | - | - |
| TOTAL CURRENT LIABILITIES | | 105,275,457 | 88,816,537 | 105,251,165 | 88,712,649 | 24,292 | 103,888 |
| NON-CURRENT LIABILITY | | | | | | | |
| Outstanding Claims | F1 | 178,519,359 | 155,913,054 | 178,519,359 | 155,913,054 | - | - |
| TOTAL NON-CURRENT LIABILITY | | 178,519,359 | 155,913,054 | 178,519,359 | 155,913,054 | - | - |
| TOTAL LIABILITIES | | 283,794,816 | 244,729,591 | 283,770,524 | 244,625,703 | 24,292 | 103,888 |
| NET ASSETS | | (3,886,438) | 4,089,223 | (4,006,017) | 3,977,576 | 119,579 | 111,647 |
| EQUITY | | (3,886,438) | 4,089,223 | (4,006,017) | 3,977,576 | 119,579 | 111,647 |

The accompanying notes form an integral part of these statements.

1

Statement of changes in equity for the year ended 30 June 2024

| | COMBINED | | LIABILITY MUTUAL INSURANCE | | COMMERCIAL CRIME | |
|---|--------------------|------------------|----------------------------|------------------|------------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| RETAINED EARNINGS | | | | | | |
| Balance at beginning of year | 4,089,223 | 4,876,633 | 3,977,576 | 4,755,989 | 111,647 | 120,644 |
| Total comprehensive income for the year | (7,975,661) | (787,410) | (7,983,593) | (778,413) | 7,932 | (8,997) |
| BALANCE AT END OF YEAR | (3,886,438) | 4,089,223 | (4,006,017) | 3,977,576 | 119,579 | 111,647 |

Statement of Cash Flows for the year ended 30 June 2024

| | NOTE | COMBINED | | LIABILITY MUTUAL INSURANCE | | COMMERCIAL CRIME | |
|--|------|---------------------|---------------------|----------------------------|---------------------|------------------|----------------|
| | | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | | \$ | \$ | \$ | \$ | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | |
| RECEIPTS | | | | | | | |
| Premiums and fees | | 51,798,970 | 46,115,163 | 50,650,416 | 44,923,318 | 1,148,554 | 1,191,845 |
| Interest received | | 462,450 | 507,216 | 454,215 | 503,956 | 8,235 | 3,260 |
| Reinsurance and other recoveries | | 30,959,683 | 27,867,106 | 30,959,683 | 27,867,106 | - | - |
| PAYMENTS | | | | | | | |
| Trade and other payables | | (29,675,778) | (19,596,213) | (28,447,325) | (18,491,145) | (1,228,453) | (1,105,068) |
| Claim payments | | (39,519,326) | (30,828,540) | (39,519,326) | (30,828,540) | - | - |
| NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES | G1.1 | 14,025,999 | 24,064,732 | 14,097,663 | 23,974,695 | (71,664) | 90,037 |
| CASH FLOW FROM INVESTING ACTIVITY | | | | | | | |
| Payment for investment | | (18,034,310) | (27,363,000) | (18,034,310) | (27,363,000) | - | - |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | (18,034,310) | (27,363,000) | (18,034,310) | (27,363,000) | - | - |
| NET INCREASE/(DECREASE) IN CASH HELD | | (4,008,311) | (3,298,268) | (3,936,647) | (3,388,305) | (71,664) | 90,037 |
| Cash at beginning of year | | 5,629,731 | 8,927,999 | 5,414,196 | 8,802,501 | 215,535 | 125,498 |
| CASH AT END OF YEAR | G1.1 | 1,621,420 | 5,629,731 | 1,477,549 | 5,414,196 | 143,871 | 215,535 |

The accompanying notes form an integral part of these statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2024

NOTE A: CORPORATE INFORMATION

Structure:

A1 Corporate information

A2 Basis of preparation

A3 Statement of compliance

A4 Principles of the combined entity

A1 CORPORATE INFORMATION

The combined financial report of MAV Insurance (the Group) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors of the MAV Insurance Board and the Municipal Association of Victoria (MAV) on the dates shown on the Statement by Directors.

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

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

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

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

A2 BASIS OF PREPARATION

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

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

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

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

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

A3 STATEMENT OF COMPLIANCE

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

A4 PRINCIPLES OF THE COMBINED ENTITY

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

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

for the year ended 30 June 2024

NOTE G: FINANCING OUR OPERATIONS

Structure

G1 Notes to statement of cash flows

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

| NOTE | COMBINED | | LIABILITY MUTUAL | | COMMERCIAL CRIME | |
|---|-------------------|-------------------|-------------------|-------------------|------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Cash and Cash Equivalents | 1,621,420 | 5,629,731 | 1,477,549 | 5,414,196 | 143,871 | 215,535 |
| Reconciliation of Net Cash (Used In)/provided by Operating Activities to Operating Surplus/(Deficit) | | | | | | |
| Surplus (deficit) for year | (7,975,661) | (787,410) | (7,983,593) | (778,413) | 7,932 | (8,997) |
| <u>Adjustments for:</u> | | | | | | |
| Unrealised gains/losses on investments | (1,929,122) | (487,641) | (1,929,122) | (487,641) | - | - |
| <u>Changes in assets and liabilities:</u> | | | | | | |
| (Increase)/decrease in trade and other receivables | (7,927,478) | (6,327,275) | (7,927,478) | (6,327,275) | - | - |
| Increase/(decrease) in trade and other payables | 1,426,732 | 210,661 | 1,506,328 | 111,627 | (79,596) | 99,034 |
| (Increase)/decrease in reinsurance recoveries | (7,206,965) | (7,176,677) | (7,206,965) | (7,176,677) | - | - |
| Increase/(decrease) in premiums in advance | 6,883,883 | 6,044,277 | 6,883,883 | 6,044,277 | - | - |
| Increase/(decrease) in outstanding claims | 30,754,610 | 32,588,797 | 30,754,610 | 32,588,797 | - | - |
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | 14,025,999 | 24,064,732 | 14,097,663 | 23,974,695 | (71,664) | 90,037 |

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

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

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

for the year ended 30 June 2024

NOTE H: PEOPLE AND RELATIONSHIPS

Structure

H1 Related Parties

H2 Remuneration of Key Management Personnel

H3 Auditor Fees

H1. RELATED PARTIES

The MAV is a body corporate established under the *Municipal Association Act 1907* to provide services for and represent Local Government authorities in Victoria. The MAV and its wholly owned controlled entities trade with its members in the normal course of business and on an arm's length basis. The Deed of Establishment provides for the MAV to appoint a Committee of Management (MAV Insurance Board) to be responsible for the administration of the Scheme. Total expenses of \$576,000 (2023 \$533,205) were payable to the MAV being payment for administrative support, and overseeing the management of the insurance activities, including the conduct of bi-monthly Board meeting. The MAV pays insurance premiums to the Liability Mutual Insurance Scheme \$27,305 (2023 \$25,282) and to the Commercial Crime Fund \$18,363 (2023 \$15,694). Other than this, there were no other related party transactions.

MAV Insurance Board members during the year

R. Spence (Independent Chair)
 Cr. D. Clark (MAV President)
 Cr. M. Emerson (MAV Board Representative)
 J. Drysburgh (General Manager Brighton Council)
 A. Day (Manningham City Council - Chief Executive Officer)
 H. Sui (Moonee Valley City Council - Chief Executive Officer)
 D. Lester (LGAT - Chief Executive Officer)
 K. Grigsby (MAV Chief Executive Officer) from 24 July 2023
 T. Edwards (Acting MAV Chief Executive Officer) until 23 July 2023
 K. Williams (Independent)
 K. Reid (Independent)
 P. Woodhouse (Independent)
 B. Richards (Independent)

MAV Board members during the year

Cr. D. Clark (President)
 Cr. J. Haweil (Deputy President - Metro)
 Cr. J. Anderson (Deputy President - Non-Metro)
 Cr. N. Hersey
 Cr. A. Scales
 Cr. R. Gstrein
 Cr. R. Leppert
 Cr. S. James
 Cr. K. Majdlik
 Cr. M. Emerson
 Cr. S. Staikos - until 13 May 2024

H2. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

Independent Board members receive meeting fees.

| | Annual Meeting Allowance | | COMBINED | | LIABILITY MUTUAL INSURANCE | | COMMERCIAL CRIME | |
|--|--------------------------|---------|----------|---------|----------------------------|------|------------------|------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Chairperson | 27,052 | | | | | | | |
| Independent Board members | 16,231 | | | | | | | |
| Short-term remuneration of MAV Insurance Board and key management personnel (Cost of key management personnel is recovered by the MAV) | 165,146 | 143,315 | 165,146 | 143,315 | - | - | - | - |
| Post employment benefits | 5,500 | 3,073 | 5,500 | 3,073 | - | - | - | - |

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

| Range | 2024 | 2023 |
|----------------------|------|------|
| \$0 to \$9,999 | 16 | 14 |
| \$10,000 to \$19,999 | 4 | 5 |
| \$20,000 to \$29,999 | 1 | 1 |
| \$50,000 to \$59,999 | 0 | 1 |
| \$60,000 to \$69,999 | 1 | 0 |

Loans to KMP and MAV Insurance Board members

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

Other transactions

There were no other material transactions with Insurance Board Members.

Insurance

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

| H3. AUDIT FEES | COMBINED | | LIABILITY MUTUAL INSURANCE | | COMMERCIAL CRIME | |
|--|----------|---------|----------------------------|---------|------------------|------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Amounts payable or due and payable for audit services: | | | | | | |
| Audit of MAV Insurance | 172,500 | 175,000 | 172,500 | 175,000 | - | - |

| | | | | | | |
|-----------------|---------|---------|---------|---------|---|---|
| TOTAL AUDIT FEE | 172,500 | 175,000 | 172,500 | 175,000 | - | - |
|-----------------|---------|---------|---------|---------|---|---|

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

for the year ended 30 June 2024

NOTE I: MANAGING UNCERTAINTIES

Structure

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

I1. RISK MANAGEMENT OBJECTIVES AND POLICIES FOR MITIGATING INSURANCE RISK

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

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

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

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

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

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

Reinsurance strategy

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

Terms and conditions of membership

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

Product features

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

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

Management of risks

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

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

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

Concentration of insurance risks

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

I2. CAPITAL MANAGEMENT OBJECTIVES AND ECONOMIC DEPENDENCY

The MAV is specifically excluded from the provisions of the Insurance Act and from APRA regulation. There is no externally imposed capital requirement on the MAV.

The MAV's capital management philosophy is focused on capital efficiency and effective risk management to support a progressive business model for the benefit of members of both LMI and the Commercial Crime Fund. The Board of directors and management have in place a strategic plan that is aligned to achieving the MAV's capital management philosophy with an objective to remain in surplus. Key elements of this plan include premium setting, risk management, claims management and reinsurance management. At 30 June 2024 the LMI scheme was in a net deficient position (\$4.006 million) as a consequence of higher than expected net claims costs. The MAV Insurance Board has developed a financial strategy which aims to return to the scheme to its target capital by 30 June 2025. The key risks to achieving the target financial position are higher claims costs, membership retention risks and interest rate risk. Higher than expected net claims expenses either as a consequence of more IBNR claims than projected or higher average claim costs, or a combination of both may result in the financial plan not being achieved in 2025. The future non-retention of members of the LMI scheme may reduce the capacity of LMI to achieve target contribution levels and may negatively affect the financial position of the scheme for the 2025 period onwards. Minor changes in inflation or interest rates may also result in an increase in net claims expenses that prevent the achievement of the financial objectives of the scheme. The interest rate risk is largely mitigated through the investment strategy which largely liability matches the scheme's claims liabilities and related assets. The MAV has considered the going concern position of the LMI scheme in the context of the net deficiency position as at 30 June 2024, the scheme's financial objectives, key risks and financial strategy and considers that it remains a going concern. The current asset ratio for LMI at 30 June 2024 is 1.52.

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

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

13. CONTINGENT LIABILITY

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

No other material contingent liabilities have arisen in the year ended 30 June 2024.

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

for the year ended 30 June 2024

14. PURCHASE OF RETROSPECTIVE INSURANCE COVER - LIABILITY MUTUAL INSURANCE SCHEME

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

15. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

15.1 Estimation of outstanding claims liability

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

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

The determination of an appropriate outstanding claims provision involves:

- (i) Establishing a case estimate for each reported claim at year-end taking into account legal advice where appropriate on larger claims;
- (ii) Allowance for incurred but not reported claims as confirmed by the actuarial review on 30 June 2024;
- (iii) Allowance for incurred but not enough reported claims as confirmed by the actuarial review on 30 June 2024;
- (iv) Allowances for claim inflation of 3.79%, as assumed by the Actuary;
- (v) Allowances for discount at 4.18%, as assumed by the Actuary;
- (vi) A risk margin of 0% of net outstanding claims after the effect of reinsurance has been applied.

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

15.2 Assets arising from reinsurance contracts

Assets arising from reinsurance contracts were estimated for each fund year, from the payments to date and estimated outstanding claims history at 30 June 2024, taking into account the reinsurance terms applying to that fund year.

16. ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial assumptions

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

| | 2024 | 2023 |
|---|-------|-------|
| Key actuarial assumptions | | |
| Wage inflation | 3.79% | 3.85% |
| Discount rate | 4.18% | 4.01% |
| Risk margin | 0.00% | 0.00% |
| Superimposed inflation (Public liability - personal injury portfolio) | 1.75% | 1.75% |

Process used to determine actuarial assumptions

A description of the processes used to determine the above key actuarial assumptions is provided below: Liability Mutual Insurance has provided public and professional indemnity insurance to local government bodies in Victoria and Tasmania and other bodies constituted under any Act for any public or local governing purpose since 30 September 1993. The Actuary was supplied with details of all transactions (payments, recoveries, changes of estimates) from 30 September 1993 to 30 June 2024. The individual claim payments and case estimates reconciled closely with totals in Liability Mutual Insurance financial statements for each year of cover. The actuary subdivided the claims data into four claim types (Public Liability - Personal Injury, Public Liability - Property Damage, Professional Indemnity and the 2009 Bushfire claims) and made separate estimates of the gross outstanding claims liabilities for each of these claim types. The actuary estimated the gross outstanding claims liabilities for each claim type using five different actuarial methods. Large claims (claims above \$250,000 in 2009 dollars) were estimated based on a numbers times average size method and non-large claims were estimated using four different actuarial methods- payments per claim incurred, payments per claim finalised, incurred cost development and projection of case estimates. The actuary selected a combination of these methods for estimating the outstanding claims. Payments were projected with a payment pattern, based on past experience. Estimates of outstanding excesses were based on a numbers times average size method and estimates of non reinsurance recoveries were made by a recoveries per claim method. Claim administration expenses at 30 June 2024 approximate actual costs to be incurred.

Estimates of reinsurance recoveries were made from projected gross payments, excesses and non reinsurance recoveries, allowing for the different insurance treaties applying to each year. Based on Access Economics June 2024 forecasts for Victorian average weekly wage inflation was assumed to be 3.79%. The discount rate was assumed to be 4.18% pa., derived from the yields on Commonwealth Government bonds.

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

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

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

for the year ended 30 June 2024

Wage inflation rate sensitivity

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

| Variable | Current Rate | Change variable to +0.5%/0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|---|--------------|-------------------------------|---|---|
| | % | % | \$ | \$ |
| IMPACT OF CHANGES IN KEY VARIABLES | | | | |
| LIABILITY MUTUAL INSURANCE | | | | |
| Base value at 30 June 2024 | 3.79% | | (7,983,593) | (4,006,017) |
| Wage Inflation rate p.a. | | 4.29% | (9,883,593) | (5,906,017) |
| | | 3.29% | (6,083,593) | (2,106,017) |

Discount rate sensitivity

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

| Variable | Current Rate | Change variable to +0.5%/-0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|--|--------------|--------------------------------|---|---|
| | % | % | \$ | \$ |
| IMPACT OF CHANGES IN DISCOUNT RATES | | | | |
| LIABILITY MUTUAL INSURANCE | | | | |
| Base value at 30 June 2024 | 4.18% | | (7,983,593) | (4,006,017) |
| Discount rate p.a. | | 4.68% | (6,895,593) | (2,918,017) |
| | | 3.68% | (9,071,593) | (5,094,017) |

Claims handling sensitivity

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

| Variable | Current Rate | Change to the Current Rate +0.5%/-0.5% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|---|--------------|--|---|---|
| | % | % | \$ | \$ |
| IMPACT OF CHANGES IN KEY VARIABLES | | | | |
| LIABILITY MUTUAL INSURANCE | | | | |
| Base value at 30 June 2024 | 0.80% | | (7,983,593) | (4,006,017) |
| Claim administration expense | | 1.30% | (8,749,093) | (4,771,517) |
| | | 0.30% | (7,218,093) | (3,240,517) |

Non-large average claim size

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

| Variable | Current Value | Change variable to +10%/-10% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|---|---------------|------------------------------|---|---|
| | \$ | \$ | \$ | \$ |
| IMPACT OF CHANGES IN KEY VARIABLES | | | | |
| LIABILITY MUTUAL INSURANCE | | | | |
| Base value at 30 June 2024 | 77,990,000 | | (7,983,593) | (4,006,017) |
| Average claim size | | (10,883,000) | (18,866,593) | (22,872,610) |
| | | 10,883,000 | 2,899,407 | (1,106,610) |

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

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

| Variable | Current Value | Change variable to +25%/-25% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|---|---------------|------------------------------|---|---|
| | \$ | \$ | \$ | \$ |
| IMPACT OF CHANGES IN KEY VARIABLES | | | | |
| LIABILITY MUTUAL INSURANCE | | | | |
| Base value at 30 June 2024 | 67,559,000 | | (7,983,593) | (4,006,017) |
| Case estimate development of large claims | | (452,000) | (8,435,593) | (12,441,610) |
| | | 452,000 | (7,531,593) | (11,537,610) |

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

for the year ended 30 June 2024

Claim Numbers

This covers the increase or reduction of personal injury claims from the central estimate for the fund years 2022, 2023 and 2024, based on the dollar impact on the net discounted provision.

| | Number of Claims | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|-----------------------------------|------------------|---|---|
| | | \$ | \$ |
| | | (7,983,593) | (4,006,017) |
| Additional personal injury claims | 30 | (11,721,593) | (15,727,610) |
| Additional personal injury claims | 60 | (15,638,593) | (19,644,610) |
| Fewer personal injury claims | 30 | (5,163,593) | (9,169,610) |
| Fewer personal injury claims | 60 | (3,162,593) | (7,168,610) |

17. INTEREST RATE RISK

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

| | COMBINED | | LIABILITY MUTUAL INSURANCE | | COMMERCIAL CRIME | |
|---------------------------------------|----------------------|------------------------|----------------------------|------------------------|----------------------|------------------------|
| | Non-Interest Earning | Floating Interest Rate | Non-Interest Earning | Floating Interest Rate | Non-Interest Earning | Floating Interest Rate |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| 2024 | | | | | | |
| FINANCIAL ASSETS | | | | | | |
| Cash and cash equivalents | G1 | - | 1,621,420 | - | 1,477,549 | 143,871 |
| Investments | | - | 57,462,093 | - | 57,462,093 | - |
| Trade and other receivables | E1 | 220,824,865 | - | 220,824,865 | - | - |
| TOTAL FINANCIAL ASSETS | | 220,824,865 | 59,083,513 | 220,824,865 | 58,939,642 | 143,872 |
| Weighted Average Interest Rate | | | 5.1% | | 5.1% | 4.4% |
| FINANCIAL LIABILITIES | | | | | | |
| Outstanding claims | F1 | 214,855,648 | - | 214,855,648 | - | - |
| Unearned premiums/subscriptions | E2 | 58,527,200 | - | 58,527,200 | - | - |
| Trade and other payables | | 10,411,968 | - | 10,387,676 | 24,292 | - |
| TOTAL FINANCIAL LIABILITIES | | 283,794,816 | - | 283,770,524 | 24,292 | - |

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

for the year ended 30 June 2024

J: OTHER MATTERS

| | |
|---|-------------------------|
| Structure | |
| J1 Summary of significant accounting policies | J4 Events Subsequent |
| J2 Income tax | J5 Number of employees: |
| J3 Comparative figures | |

J1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Accounting Standards and Interpretations issued but not yet effective.

| <u>Reference</u> | <u>Title Summary</u> | <u>Application Date of Standard</u> | <u>Impact on MAV Financial Report</u> | <u>Application Date for MAV</u> |
|------------------|--|--|---|---------------------------------|
| AASB 2022-9 | Amendments to AAS - Insurance Contracts in the Public Sector | Reporting periods beginning on or after 1 January 2026 | Adoption of this standard is not expected to have a material impact | 1-Jul-26 |
| AASB 2022-10 | Amendments to AAS - Fair Value Measurement of Non-Financial Assets for Not-for-profit Public Sector Entities | Reporting periods beginning on or after 1 January 2024 | Adoption of this standard is not expected to have a material impact | 1-Jul-24 |

J2. INCOME TAX

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

J3. COMPARATIVE FIGURES

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

J4. SUBSEQUENT EVENTS

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

J5. NUMBER OF EMPLOYEES

Nil





RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61(0) 3 9286 8000
F +61(0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Members of MAV WorkCare

Opinion

We have audited the financial report of MAV WorkCare (the "Scheme"), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, and the Statement by MAV WorkCare Board and Statement by MAV Directors.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Scheme as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

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

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

Responsibilities of the Directors for the Financial Report

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

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



Auditor's Responsibilities for the Audit of the Financial Report

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

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

RSM AUSTRALIA

KRISTIE DUNDON
Partner

Melbourne
7 October 2024

MAV WORKCARE

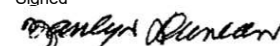
STATEMENT BY MAV WORKCARE BOARD

In the opinion of the MAV WorkCare Board:

- (a) the accompanying Statement of Comprehensive Income is drawn up so as to present fairly in all material respects the result of MAV WorkCare for the year ended 30 June 2024
- (b) the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of MAV WorkCare as at that date
- (c) at the date of this statement there are reasonable grounds to believe that MAV WorkCare will be able to pay its debts as and when they fall due
- (d) the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

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

Signed



Marilyn Duncan
MAV WorkCare Board Chair



Kelly Grigsby
Chief Executive Officer - Municipal Association of Victoria

Melbourne
1/10/2024

STATEMENT BY MAV DIRECTORS

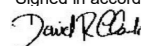
In accordance with a resolution of the directors of the Municipal Association of Victoria, we state that:

In the opinion of the Directors:

- (a) the accompanying Statement of Comprehensive Income drawn up so as to present fairly in all material respects the result of MAV WorkCare for the year ended 30 June 2024;
- (b) the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of MAV WorkCare as at that date;
- (c) at the date of this statement there are reasonable grounds to believe that MAV WorkCare will be able to pay its debts as and when they fall due; and
- (d) the accompanying MAV WorkCare Financial Statements present fairly in all material respects the state of affairs of MAV WorkCare as at that date;
- (e) the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

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

Signed in accordance with the resolution of Directors.



Cr. David Clark
President



Cr. Jennifer Anderson
Director



Kelly Grigsby
Chief Executive Officer

Melbourne
4/10/2024

OTHER INFORMATION

Address of registered office and principal place of business:
Level 5, 1 Nicholson Street, East Melbourne, 3002, Victoria, Australia

Nature of the operation and principal activities:

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

Statement of Comprehensive Income

for the year ended 30 June 2024

| | | 2024 | 2023 |
|--|------|---------|---------|
| | | \$ | \$ |
| | NOTE | | |
| Net investment gain | B1 | 4,721 | 2,449 |
| Movement in ceased self insurer provision | C2 | (4,721) | (2,449) |
| OPERATING SURPLUS | | - | - |
| Other comprehensive income | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | - |

The accompanying notes form an integral part of these statements.

Statement of Financial Position

as at 30 June 2024

| | NOTE | 2024 | 2023 |
|---|------|-----------|-----------|
| | | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | E1 | 269,227 | 132,869 |
| Investments | | - | 202,140 |
| Trade and other receivables | D1 | 435,480 | 414,309 |
| Prepayments | | - | 3,750 |
| TOTAL CURRENT ASSETS | | 704,707 | 753,068 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | D1 | 588,999 | 1,004,999 |
| TOTAL NON-CURRENT ASSETS | | 588,999 | 1,004,999 |
| TOTAL ASSETS | | 1,293,706 | 1,758,067 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | D2 | 63,263 | 68,958 |
| Provision for ceased self insurer members | C2 | 404,500 | 462,400 |
| TOTAL CURRENT LIABILITIES | | 467,763 | 531,358 |
| NON-CURRENT LIABILITY | | | |
| Provision for ceased self insurer members | C2 | 825,943 | 1,226,709 |
| TOTAL NON-CURRENT LIABILITY | | 825,943 | 1,226,709 |
| TOTAL LIABILITIES | | 1,293,706 | 1,758,067 |
| NET LIABILITIES | | - | - |
| EQUITY | | - | - |

Statement of Changes in Equity

for the year ended 30 June 2024

| | 2024 | 2023 |
|---|------|------|
| | \$ | \$ |
| RETAINED EARNINGS | | |
| Balance at the Beginning of the year | - | - |
| Total comprehensive income for the year | - | - |
| BALANCE AT END OF YEAR | - | - |

Statement of Cash Flows for the year ended 30 June 2024

CASH FLOW FROM OPERATING ACTIVITIES

| | NOTE | 2024 | 2023 |
|---|------|-----------|-----------|
| | | \$ | \$ |
| RECEIPTS | | | |
| Premiums and fees | | 399,832 | 1,099,060 |
| Interest and investment gain | | 5,030 | 2,140 |
| PAYMENTS | | | |
| Suppliers | | (470,644) | (792,363) |
| NET CASH FLOWS TO/FROM OPERATING ACTIVITIES | E1 | (65,782) | 308,837 |
| CASH FLOWS TO/FROM INVESTING ACTIVITY | | | |
| Net Proceeds from redemption of investments (Application of investment funds) | | 202,140 | (202,140) |
| NET CASH FROM INVESTING ACTIVITIES | | 202,140 | (202,140) |
| NET INCREASE (DECREASE) IN CASH HELD | | 136,358 | 106,697 |
| Cash at beginning of year | | 132,869 | 26,172 |
| CASH AT END OF YEAR | E1 | 269,227 | 132,869 |

The accompanying notes form an integral part of these statements.

Notes to and forming part of the financial statements

for the year ended 30 June 2024

NOTE A: CORPORATE INFORMATION

Structure:

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

A1 CORPORATE INFORMATION

The financial report of MAV WorkCare (the Scheme) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors of the Municipal Association of Victoria (MAV), and a resolution of the directors of the MAV WorkCare board and Statement by the MAV WorkCare board on the date shown on the attached Statement by Directors and Statement by the WorkCare board.

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

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

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

A2 BASIS OF PREPARATION

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

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

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

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

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

A3 STATEMENT OF COMPLIANCE

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

A4 TRANSITION TO WORKSAFE VICTORIA

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

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

There is also a potential contingent liability in relation to the 3-year and 6-year liability period. Please refer to Note G1 Contingent Liability.

NOTE B: FUNDING THE DELIVERY OF OUR SERVICES

| | NOTE | 2024 \$ | 2023 \$ |
|--|------|--------------|--------------|
| B1. REVENUE FROM ORDINARY ACTIVITIES | | | |
| REVENUES FROM NON-OPERATING ACTIVITIES | | | |
| Investment income | B1.2 | 4,721 | 2,449 |
| TOTAL REVENUE FROM OUTSIDE THE OPERATING ACTIVITIES | | 4,721 | 2,449 |
| TOTAL REVENUE FROM ORDINARY ACTIVITIES | | 4,721 | 2,449 |

B1.1 Revenue recognition

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

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

B1.2 Investment income

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

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

for the year ended 30 June 2024

NOTE C: COST OF DELIVERING OUR SERVICES

Structure:

| |
|--|
| C1 Administration & General expenses |
| C2 Movement in Ceased Self Insurance Provision |

C1. ADMINISTRATION & GENERAL EXPENSES

| | NOTE | 2024 \$ | 2023 \$ |
|---|------|------------|------------|
| Administration and wind-down expenses | | 15,584 | 10,653 |
| Bank guarantee expenses | | 397,803 | 407,538 |
| Audit fees | F3 | 10,000 | 35,000 |
| Board fees | | 40,000 | 40,000 |
| Expenditure incurred from prior year provision | C2 | (463,387) | (493,191) |
| TOTAL ADMINISTRATION AND GENERAL EXPENDITURE | | - | - |

C2. MOVEMENT IN CEASED SELF INSURER PROVISION

| | 2024 \$ | 2023 \$ |
|--|------------------|------------------|
| Opening balance | 1,689,109 | 2,179,851 |
| Expenditure incurred from prior year provision | (463,387) | (493,191) |
| Movement during the year | 4,721 | 2,449 |
| TOTAL CEASED SELF INSURER PROVISION | 1,230,443 | 1,689,109 |
| Represented By: | | |
| CURRENT | 404,500 | 462,400 |
| NON-CURRENT | 825,943 | 1,226,709 |
| TOTAL | 1,230,443 | 1,689,109 |

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

for the year ended 30 June 2024

NOTE D: OTHER ASSETS AND LIABILITIES

Structure
D1 Trade and other receivables
D2 Payables

| | 2024 | 2023 |
|---------------------------------------|------------------|------------------|
| | \$ | \$ |
| D1 TRADE AND OTHER RECEIVABLES | | |
| Other receivables | 1,024,479 | 1,419,308 |
| TOTAL RECEIVABLES | 1,024,479 | 1,419,308 |
| Represented By: | | |
| CURRENT | 435,480 | 414,309 |
| NON-CURRENT | 588,999 | 1,004,999 |
| TOTAL | 1,024,479 | 1,419,308 |

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

| | Total | <30 days | 31 - 60 days | 61-90 days | 3-12 months | 1-5 years |
|--------------|-----------|----------|--------------|------------|-------------|-----------|
| 2024 | | | | | | |
| MAV WorkCare | 1,024,479 | - | 21,480 | - | - | 1,002,999 |
| 2023 | | | | | | |
| MAV WorkCare | 1,419,308 | - | 309 | - | - | 1,418,999 |

D1.1 Other receivables

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

D2. Payables

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

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

for the year ended 30 June 2024

NOTE E: FINANCING OUR OPERATIONS

Structure
E1 Notes to statement of cash flows

E1. NOTES TO THE STATEMENT OF CASH FLOWS

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

| | 2024 | 2023 |
|---|-----------------|----------------|
| | \$ | \$ |
| NOTE | | |
| Cash and Cash Equivalents | 269,227 | 132,869 |
| TOTAL CASH | 269,227 | 26,172 |
| Reconciliation of Net Cash (Used In) Operating Activities to Operating Surplus/(Deficit) | | |
| Surplus/(deficit) for year | - | - |
| Changes in assets and liabilities: | | |
| Decrease in trade and other receivables and prepayments | 398,579 | 1,097,142 |
| Decrease in trade and other payables | (5,695) | (297,562) |
| Decrease in provision for ceased self insurance members | (458,666) | (490,742) |
| NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES | (65,782) | 308,837 |

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

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

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

NOTE F: PEOPLE AND RELATIONSHIPS

Structure

F1 Related Parties
F2 Remuneration of Key Management Personnel
F3 Audit Fees

F1. RELATED PARTIES

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

Board members during the year

M. Duncan (Independent Chair)
J. Dore (Independent)
Cr. S. James (MAV Board)
Cr. D. Clark (MAV President)
B. Thomas (Independent)
K. Grigsby - CEO from 24 July 2023
T. Edwards - Acting CEO until 23 July 2023

F2. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

Independent Board members receive meeting fees.

| | Annual Sitting Fee 2024 | Annual Sitting Fee 2023 |
|--|-------------------------|-------------------------|
| Chairperson | 25,000 | 25,000 |
| Independent board members | 15,000 | 15,000 |
| | 2024 | 2023 |
| | \$ | \$ |
| Short-term remuneration of MAV WorkCare board and key management personnel | 40,000 | 40,000 |
| Post employment benefits | - | - |

Loans to MAV WorkCare Board members and other transactions.

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

Insurance

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

F3. AUDIT FEES

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$ | \$ |
| Amounts payable or due and payable for audit services: | | |
| Audit of the entity | 10,000 | 35,000 |
| TOTAL AUDIT FEE | 10,000 | 35,000 |

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

for the year ended 30 June 2024

NOTE G: MANAGING UNCERTAINTIES

Structure

| | |
|---------------------------|-------------------|
| G1 Contingent liabilities | G3 Liquidity risk |
| G2 Interest rate risk | |

G1. CONTINGENT LIABILITY

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, the MAV has a bank guarantee in place for the duration of the ceased self-insurer period at 50% of the outstanding claims liability. The guarantee is in respect of the tails claims liability given by an ADI to or in favour of WorkSafe Victoria. The guarantee must guarantee payments of amounts not less than: a) insolvency risk in respect of - i) in relation to the first year of the liability period, the initial assessment of tail claims liability until the end of the first year after the exit date ii) in relation to the second and subsequent years of the liability, the revised amount of the tail claims liability still outstanding as assessed at the end of each subsequent year of the duration of the next year until the final assessment date, and b) against claims deterioration - i) in relation to the period from the exit date until the interim assessment date, for the amount, if any, by which the revised assessment of the tail claims liability at the end of each year exceeds the initial assessment tail claims liability ii) in relation to the period referred to above, until the final assessment date, or if a review of the final assessment is undertaken resulting from the employer disputing WorkSafe Victoria's final revised assessment unit the date on which the review is finalised, for the amount, if any, by which the revised assessment of tail claims liability at the end of each year exceeds the revised assessment of tail claims liability as assessed at the end the 3rd year (30 June 2024) and 6th year (30 June 2027).

The MAV has a bank guarantee in place which meets WorkSafe Victoria's requirements with an annual fee of 1.35% of the face value of the bank guarantee each year.

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

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claim liabilities as undertaken by Work Safe Victoria. Any adjustments, which are expected to occur at the 3-year and 6-year periods during this period will affect participating members. At signing date of the financial statements, the process to finalise the updated assessment from WorkSafe to enable the estimation of any liability above the initial assessment has not been finalised. Therefore, any deficiency that may be payable to WorkSafe is unable to be reliably measured. Due to evidence of higher-than-expected payments and higher claim lodgements during the first three years of the runoff period, it is expected that outstanding claims liabilities as at the third-year assessment will exceed the initial assessment. Any payable to WorkSafe will be offset as a receivable from participating members with a net effect of nil on the Statement of Comprehensive Income. WorkSafe Victoria have exercised their discretion under section 406(7) (b) of the Workplace Injury and Rehabilitation Compensation Act 2023, to extend the 28 day period of the third-year adjustment payment to the 31 October 2025.

G2. INTEREST RATE RISK

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

| | Non- Interest Earning | Fixed Interest Rate | Floating Interest Rate |
|---------------------------------------|-----------------------|---------------------|------------------------|
| | \$ | \$ | \$ |
| 2024 | | | |
| FINANCIAL ASSETS | | | |
| Cash and cash equivalents | - | - | 269,227 |
| Investments | - | - | - |
| Trade and other receivables | 1,024,479 | - | - |
| TOTAL FINANCIAL ASSETS | 1,024,479 | - | 269,227 |
| Weighted Average Interest Rate | | | 4.35% |
| FINANCIAL LIABILITIES | | | |
| Trade and other payables/loans | 1,293,706 | - | - |
| TOTAL FINANCIAL LIABILITIES | 1,293,706 | - | - |
| Weighted Average Interest Rate | | | |
| 2023 | | | |
| FINANCIAL ASSETS | | | |
| Cash and cash equivalents | - | - | 132,869 |
| Investments | - | 202,140 | - |
| Trade and other receivables | 1,419,308 | - | - |
| TOTAL FINANCIAL ASSETS | 1,419,308 | 202,140 | 132,869 |
| Weighted Average Interest Rate | | 5.07% | 4.10% |
| FINANCIAL LIABILITIES | | | |
| Trade and other payables | 1,758,067 | - | - |
| TOTAL FINANCIAL LIABILITIES | 1,758,067 | - | - |
| Weighted Average Interest Rate | | | |

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

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2024. Cash flows for financial assets and liabilities without fixed amounts or timing are based on conditions existing at 30 June 2024.

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

for the year ended 30 June 2024

Interest rate risk

MAV WorkCare is exposed to interest rate risk from its cash at bank.

MAV WorkCare manages its interest rate risk with the advice and assistance of its Investment Adviser and its independent actuary. Interest rate risk exposure showing the effect on the net operating result and total accumulated resulting from 'reasonably possible' changes in interest rate risk at 30 June 2023 is set out in the table below.

| Variable | Current Rate | Change variable to - 1.0%/+1.0% | Operating surplus (deficit) at 30 June 2024 | Total Accumulated Funds after the impact of applying variable |
|---|--------------|---------------------------------|---|---|
| | % | % | \$ | \$ |
| IMPACT OF CHANGES IN INTEREST RATE ON FINANCIAL ASSETS | | | | |
| Base value at 30 June 2024 | 4.35% | - | - | - |
| Interest Rate p.a. | | 5.35% | - | 5,385 |
| | | 3.35% | - | (5,385) |

G3. LIQUIDITY RISK

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

The risk implied from the values in the table below, reflects a balanced view of cash inflows and outflows. These liabilities originate from workers' compensation insurance contracts and other financial assets used in the ongoing operations of the business. These assets are considered in the MAV's overall liquidity risk.

To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the MAV has established a comprehensive risk reporting covering its Workcare insurance business that reflects the management of settlement of financial assets and liabilities.

| Year ended 30 June 2024 | <3 months | 3-12 months | 1-5 years | >5years | Total |
|------------------------------------|----------------|-----------------|------------------|----------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | | |
| Cash and cash equivalents | 269,227 | - | - | - | 269,227 |
| Investments | - | - | - | - | - |
| Trade and other receivables | - | 414,000 | 610,479 | - | 1,024,479 |
| | 269,227 | 414,000 | 610,479 | - | 1,293,706 |
| FINANCIAL LIABILITIES | | | | | |
| Outstanding claims | - | - | - | - | - |
| Trade and other payables/loans | 63,263 | 404,500 | 825,943 | - | 1,293,706 |
| TOTAL FINANCIAL LIABILITIES | 63,263 | 404,500 | 825,943 | - | 1,293,706 |
| NET MATURITY | 205,964 | 9,500 | (215,464) | - | 0 |
| Year ended 30 June 2023 | | | | | |
| | <3 months | 3-12 months | 1-5 years | >5years | Total |
| | \$ | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | | |
| Cash and cash equivalents | 132,869 | - | - | - | 132,869 |
| Investments | 202,140 | - | - | - | 202,140 |
| Trade and other receivables | 309 | 414,000 | 1,004,999 | - | 1,419,308 |
| | 335,118 | 414,000 | 1,004,999 | - | 1,754,317 |
| FINANCIAL LIABILITIES | | | | | |
| Outstanding claims | - | - | - | - | - |
| Trade and other payables/loans | 68,958 | 462,400 | 1,226,709 | - | 1,758,067 |
| TOTAL FINANCIAL LIABILITIES | 68,958 | 462,400 | 1,226,709 | - | 1,758,067 |
| NET MATURITY | 266,360 | (48,400) | (221,710) | - | (3,750) |

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

for the year ended 30 June 2024

H: OTHER MATTERS

Structure
 H1 Summary of significant accounting H4 Events Subsequent
 H2 Income tax H5 Number of employees:
 H3 Comparative figures

H1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards and Interpretations issued but not yet effective.

| <u>Reference</u> | <u>Title Summary</u> | <u>Application Date of Standard</u> | <u>Impact on MAV Financial Report</u> | <u>Application Date for MAV</u> |
|------------------|--|--|---|---------------------------------|
| AASB 2022-9 | Amendments to AAS - Insurance Contracts in the Public Sector | Reporting periods beginning on or after 1 January 2026 | Adoption of this standard is not expected to have a material impact | 1-Jul-26 |
| AASB 2022-10 | Amendments to AAS - Fair Value Measurement of Non-Financial Assets for Not-for-profit Public Sector Entities | Reporting periods beginning on or after 1 January 2024 | Adoption of this standard is not expected to have a material impact | 1-Jul-24 |

H2. INCOME TAX

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

H3. COMPARATIVE FIGURES

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

H4. EVENTS SUBSEQUENT

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

H5. NUMBER OF EMPLOYEES AT 30 JUNE 2024

Average number of equivalent full time employees during the year is 0 EFT (2023=Nil)





RSM Australia Partners

Level 27, 120 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61(0) 3 9286 8000

F +61(0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Members of LGE Health Plan

Opinion

We have audited the financial report of LGE Health Plan ("the Plan"), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, and the Statement by MAV Directors.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Plan as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for Opinion

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

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

Responsibilities of the Directors for the Financial Report

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

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



Auditor's Responsibilities for the Audit of the Financial Report

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

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

RSM AUSTRALIA

KRISTIE DUNDON
Partner

Melbourne
7 October 2024

LGE HEALTH PLAN

STATEMENT BY MAV DIRECTORS

as at 30 June 2024

In the opinion of directors of The Municipal Association of Victoria:

- the accompanying Statement of Comprehensive Income of the LGE Health Plan is drawn up so as to present fairly in all material respects the result of the Plan for the year ended 30 June 2024
- the accompanying Statement of Financial Position is drawn up so as to present fairly in all material respects the state of affairs of the LGE Health Plan as at that date
- at the date of this statement there are reasonable grounds to believe that the LGE Health Plan will be able to pay its debts as and when they fall due
- the financial statements and notes also comply with the Australian Accounting Standards as disclosed in note A3.

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

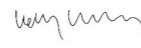
Signed in accordance with the resolution of directors of the Municipal Association of Victoria.



Cr. David Clark
President



Cr. Jennifer Anderson
Director



Kelly Grigsby
Chief Executive Officer

Melbourne
4/10/2024

OTHER INFORMATION

Legal form:

The Municipal Association of Victoria (MAV) is an association incorporated by the *Municipal Association of Victoria Act 1907*. The LGE Health Plan is a division of the MAV.

Domicile:

Melbourne, Australia

Address of registered office and principal place of business:

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

Nature of the operation and principal activities:

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

Statement of Comprehensive Income

for the year ended 30 June 2024

| | NOTE | 2024 \$ | 2023 \$ |
|--|------|----------------|------------|
| REVENUE | | | |
| REVENUE FROM OPERATING ACTIVITIES | | | |
| Administration allowance income | B | 429,953 | 423,740 |
| Interest income | B | 144,832 | 100,031 |
| TOTAL REVENUE | | 574,785 | 523,771 |
| EXPENSES | | | |
| Hospital excesses refunded | | 96,539 | 134,646 |
| Administration overhead | | 16,000 | 20,000 |
| TOTAL EXPENSES | | 112,539 | 154,646 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 462,246 | 369,125 |

The accompanying notes form an integral part of these statements.

Statement of Financial Position

at 30 June 2024

| | NOTE | 2024 \$ | 2023 \$ |
|----------------------------------|-------|------------------|------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | D1,F2 | 545,337 | 462,383 |
| Term Deposits | F1,F2 | 3,137,494 | 2,786,670 |
| Trade and other receivables | C1 | 106,081 | 81,613 |
| TOTAL CURRENT ASSETS | | 3,788,912 | 3,330,666 |
| NON CURRENT ASSETS | | | |
| Term Deposits | F1,F2 | - | - |
| TOTAL NON CURRENT ASSETS | | - | - |
| TOTAL ASSETS | | 3,788,912 | 3,330,666 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | - | 4,000 |
| TOTAL CURRENT LIABILITIES | | - | 4,000 |
| TOTAL LIABILITIES | | - | 4,000 |
| NET ASSETS | | 3,788,912 | 3,326,666 |
| EQUITY | | 3,788,912 | 3,326,666 |

Statement of Changes in Equity

for the year ended 30 June 2024

| | 2024 \$ | 2023 \$ |
|---|------------------|------------|
| RETAINED EARNINGS | | |
| Balance at beginning of year | 3,326,666 | 2,957,541 |
| Total Comprehensive income for the year | 462,246 | 369,125 |
| BALANCE AT END OF YEAR | 3,788,912 | 3,326,666 |

Statement of Cash Flows

for the year ended 30 June 2024

| | NOTE | 2024 \$ | 2023 \$ |
|---|-------|------------------|------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| RECEIPTS | | | |
| Administration allowance | | 433,298 | 432,760 |
| Interest received | | 117,018 | 62,386 |
| PAYMENTS | | | |
| Hospital excesses refunded | | (96,539) | (134,647) |
| Administration overhead | | (20,000) | (20,000) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | D1(b) | 433,777 | 340,499 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net Proceeds from redemption of investments (Application of investment funds) | | (350,823) | (501,662) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (350,823) | (501,662) |
| NET INCREASE (DECREASE) IN CASH HELD | | 82,954 | (161,163) |
| Cash at beginning of year | | 462,383 | 623,546 |
| CASH AT END OF YEAR | D1(a) | 545,337 | 462,383 |

The accompanying notes form an integral part of these statements.

LGE HEALTH PLAN

Notes to and forming part of the financial statements

for the year ended 30 June 2024

NOTE A: CORPORATE INFORMATION

Structure:

A1 Corporate information

A3 Statement of compliance

A2 Basis of preparation

A1. Corporate information

The LGE Health Plan was established by the Municipal Association of Victoria (MAV) in 2009. The MAV has joined with GMHBA and Choosewell Pty Ltd to offer attractive health insurance plans to council staff at reduced cost. The LGE Health Plan is owned and operated by the MAV and is not a provider of health insurance products.

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

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

- to promote the efficient carrying out of municipal government throughout the state of Victoria and watch over and protect the interests, rights and privileges of municipal corporations
- to arrange fidelity insurance for local government
- to arrange contracts of insurance
- to provide a public liability insurance scheme for local government

The financial report of LGE Health Plan for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors of the MAV on the date shown on the attached Statement by Directors.

A2. Basis of preparation

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

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

The financial report is presented in Australian dollars. The MAV, and therefore LGE Health Plan, is a Not for Profit entity.

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

A3. Statement of compliance

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

NOTE B: FUNDING THE DELIVERY OF OUR SERVICES

Administration allowance income

An administration allowance is paid by GMHBA to the LGE Health Plan. The allowance is recognised on an accrual basis.

Interest income

Interest received is accounted for on an accrual basis.

Notes to and forming part of the financial statements

for the year ended 30 June 2024

NOTE C: ASSETS AND LIABILITIES

Structure

C1 Trade and other receivables

C3 Fair value measurement

C2 Trade and other payables

C1 Trade and other receivables

Trade receivables, have 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for expected credit loss.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the LGE Health Plan will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment.

| | 2024 | 2023 |
|--|----------------|---------------|
| | \$ | \$ |
| TRADE AND OTHER RECEIVABLES | | |
| Administration allowance receivable | 32,733 | 36,080 |
| Interest receivable | 73,348 | 45,533 |
| TOTAL TRADE AND OTHER RECEIVABLES | 106,081 | 81,613 |
| Represented By: | | |
| Current | 106,081 | 81,613 |
| Non-current | - | - |
| TOTAL | 106,081 | 81,613 |

The ageing analysis of trade receivables are as follows:

| | Total | < 30 days | > 30 days |
|---------------------------------|----------------|---------------|---------------|
| 2024 | | | |
| LGE EMPLOYEE HEALTH PLAN | 106,081 | 52,812 | 53,269 |
| 2023 | | | |
| LGE EMPLOYEE HEALTH PLAN | 81,613 | 36,080 | 45,533 |

C2 Trade and other payables

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

C3 Fair value measurement

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The carrying amounts of financial assets and financial liabilities represent their approximate net fair value. For the purpose of fair value disclosures, the LGE Health Plan has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Notes to and forming part of the financial statements

for the year ended 30 June 2024

NOTE D: FINANCING OUR OPERATIONS

Structure
D1 Notes to statement of cash flows

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash includes deposits held at call with banks and investments in cash in fixed interest funds net of outstanding bank overdrafts.

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

| | 2024 | 2023 |
|--|----------------|----------------|
| | \$ | \$ |
| Cash and cash equivalents | 545,337 | 462,383 |
| TOTAL CASH AND CASH EQUIVALENTS | 545,337 | 462,383 |

(b) Reconciliation of Net Cash Used In Operating Activities to Comprehensive Income

| | 2024 | 2023 |
|--|----------------|----------------|
| Surplus for year | 462,246 | 369,125 |
| Changes in assets and liabilities | | |
| (Increase)/decrease in accounts receivable | (24,469) | (28,626) |
| Increase/(decrease) in accounts payable | (4,000) | - |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 433,777 | 340,499 |

NOTE E: PEOPLE AND RELATIONSHIPS

Structure

E1 Related Parties
E2 Remuneration of Key Management Personnel

E3 Auditor Fees

E1. RELATED PARTIES

The MAV is a body corporate established under the Municipal Association Act 1907 to provide services for and represent local government authorities in Victoria. The MAV and its wholly owned controlled entities trade with its members in the normal course of business and on an arm's length basis. There were no related party transactions during the year.

E2. REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

No remuneration was paid to Key Management Personnel by the LGE Health Plan during the year, who are remunerated separately by the MAV (related party).

Loans to Directors

The LGE Health Plan has a strict policy of not providing loans to Directors. No loans were made to or are payable by Directors during the year.

Other Transactions

There were no other material transactions with Directors.

E3. Audit Fees

| | 2024 | 2023 |
|--|---------------|---------------|
| | \$ | \$ |
| Amounts payable or due and payable for audit services: | | |
| Audit services | 16,000 | 20,000 |
| | 16,000 | 20,000 |

Notes to and forming part of the financial statements

for the year ended 30 June 2024

NOTE F: MANAGING UNCERTAINTIES

Structure
F1: Interest rate risk
F2: Liquidity risk
F3: Contingent Liabilities
F4: Equity

F1. INTEREST RATE RISK

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

| | Non-Interest Earning | Fixed Interest Rate | Floating Interest Rate |
|---------------------------------------|----------------------|---------------------|------------------------|
| | 2024 | 2024 | 2024 |
| | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | |
| Cash and cash equivalents | - | - | 545,337 |
| Term Deposits | - | 3,137,494 | - |
| Trade and other receivables | 32,733 | 73,348 | - |
| TOTAL FINANCIAL ASSETS | 32,733 | 3,210,842 | 545,337 |
| Weighted Average Interest Rate | | 5.2% | 3.9% |
| FINANCIAL LIABILITIES | | | |
| Trade and other payables | - | - | - |
| TOTAL FINANCIAL LIABILITIES | - | - | - |

Cash and cash equivalents are considered level 1 financial assets in accordance with AASB 9 (Financial Instruments). The carrying amounts of financial assets and financial liabilities represent their approximate net fair value.

| | Non-Interest Earning | Fixed Interest Rate | Floating Interest Rate |
|---------------------------------------|----------------------|---------------------|------------------------|
| | 2023 | 2023 | 2023 |
| | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | |
| Cash and cash equivalents | - | - | 462,383 |
| Term Deposits | - | 2,786,670 | - |
| Trade and other receivables | 81,613 | - | - |
| TOTAL FINANCIAL ASSETS | 81,613 | 2,786,670 | 462,383 |
| Weighted average interest rate | | 4.0% | 4.1% |
| FINANCIAL LIABILITIES | | | |
| Trade and other payables | 4,000 | - | - |
| TOTAL FINANCIAL LIABILITIES | 4,000 | - | - |

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2023. Cash flows for financial assets and liabilities without fixed amount or timing are based on conditions existing at 30 June 2024.

The remaining contractual maturities of the financial liabilities are:

| | NOTE | 2024 | 2023 |
|------------------|------|----------|--------------|
| | | \$ | \$ |
| 3 months or less | | - | 4,000 |
| 3-12 months | | - | - |
| 1-5 years | | - | - |
| Over 5 years | | - | - |
| | | - | 4,000 |

Notes to and forming part of the financial statements

for the year ended 30 June 2023

F2. LIQUIDITY RISK

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

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

| Year ended 30 June 2024 | <3 months | 3-12 months | 1-5 years | Total |
|------------------------------------|------------------|------------------|-----------|------------------|
| | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | 545,337 | - | - | 545,337 |
| Term deposits | 1,545,393 | 1,592,101 | - | 3,137,494 |
| Trade and other receivables | 94,949 | 11,132 | - | 106,081 |
| | 2,185,679 | 1,603,233 | - | 3,788,912 |
| FINANCIAL LIABILITIES | | | | |
| Trade and other payables | - | - | - | - |
| Other liabilities | - | - | - | - |
| Total Financial Liabilities | - | - | - | - |
| NET MATURITY | 2,185,679 | 1,603,233 | - | 3,788,912 |

| Year ended 30 June 2023 | <3 months | >3 months | >3 months | Total |
|------------------------------------|------------------|------------------|-----------|------------------|
| | \$ | \$ | \$ | \$ |
| FINANCIAL ASSETS | | | | |
| Cash and cash equivalents | 462,383 | - | - | 462,383 |
| Term deposits | 695,000 | 2,091,670 | - | 2,786,670 |
| Trade and other receivables | 58,823 | 22,790 | - | 81,613 |
| | 1,216,206 | 2,114,460 | - | 3,330,666 |
| LGE EMPLOYEE HEALTH FUND | | | | |
| FINANCIAL LIABILITIES | | | | |
| Trade and other payables | 4,000 | - | - | 4,000 |
| Other liabilities | - | - | - | - |
| Total Financial Liabilities | 4,000 | - | - | 4,000 |
| NET MATURITY | 1,212,206 | 2,114,460 | - | 3,326,666 |

F3. CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2024 nor were there at 30 June 2023.

F4. EQUITY

If the LGE Health Plan agreement was not to continue, an administrative levy of \$125 per Employee Member (excl. GST) will be paid from the LGE Health Plan to fund costs associated with putting in place alternative arrangements for Employee Members. The remaining balance of the LGE Health Plan will be returned to Participant Organisations as outlined in the agreement.

Notes to and forming part of the financial statements

for the year ended 30 June 2024

G: OTHER MATTERS

| | |
|--|------------------------|
| Structure | |
| G1 Summary of material accounting policies | G4 Events subsequent |
| G2 Income tax | G5 Number of employees |
| G3 Comparative figures | |

G1. Summary of material accounting policies

There are no Accounting Standards and Interpretations issued but not yet effective relating to this Scheme.

G2. Income tax

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

G3. Comparative figures

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

G4. Events subsequent

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

G5. Number of employees

Average number of equivalent full time employees during the year is 0 EFT (2023=0)

Local government in Victoria



Municipal Association of Victoria

Level 5, 1 Nicholson Street

East Melbourne VIC 3002

03 9667 5555

inquiries@mav.asn.au

www.mav.asn.au