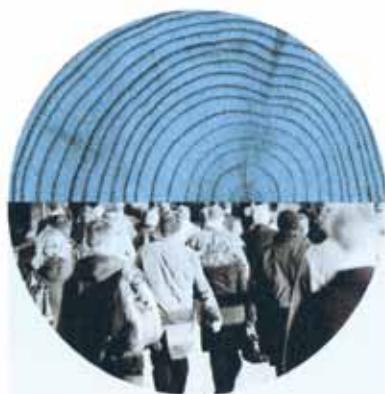



VLGA ANNUAL REPORT 2009-10



*Connecting Communities
Strengthening Democracy*

LIVEABLE & JUST





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ABOUT THE VLGA

The Victorian Local Governance Association is unique in Australia, being a peak body that has local governments, community groups, organisations and individuals making up its membership. Our local government members represent over 86 percent of Victoria's population.

The VLGA advocates for social change and empowers local governments by strengthening their capacity to engage with their communities. It is governed by an elected Board of councillor and individual members and is broad-based both geographically and politically; members are from rural and regional, interface and metropolitan areas and from a wide range of (or no) political affiliations.

As the VLGA is focussed on building democratic governance at the local level, a key focus of the VLGA is to ensure its membership includes local governments, councillors, individuals and community organisations. The VLGA also has a Governance Patron and highly regarded life members.

VISION, MISSION AND VALUES

As a values-driven organisation, members must agree to the VLGA's Vision, Mission and Values and agree to uphold the principles of good governance and democracy as stated below.

VISION

Our communities will be inclusive, sustainable and dynamic characterised by strong leadership and effective local governance.

MISSION

The VLGA is a unique peak body for councillors, community leaders and local governments working to build and strengthen their capacity to work together for progressive social change.

VALUES

We believe that transparent, accountable and democratic governance policies and practices in all settings enable citizens to create their own sustainable futures.

HISTORY

The Victorian Local Governance Association was established in August 1994 as a community and local government response to the removal of local democracy and the silencing of community voices in the days of forced amalgamations by the former Kennett State Government. The formation of the VLGA was to restore democracy at a local level. The founding members of the VLGA included Glenyys Romanes, Liana Thompson, Lyn Allison, Mike Hill, and Tim Costello.

The VLGA was incorporated as an association in 1995 and has been advocating for democracy and democratic governance since it was formed.

More than fifteen years on, the VLGA has transformed from primarily being an advocacy and advice body, to one that promotes democratic governance through its numerous programs, projects, training, presence and advocacy in the sector.

THE VLGA'S LOGO



*Connecting Communities
Strengthening Democracy*

The solid circle reflects local governments, the dotted circle reflects communities and the semi circle links reflect connections, energy and relationships between both,

as well as representing community connections, engagement, integration between local governments and communities, assisting community and local government change.

The yellow and blue colours have been retained as a link to the original VLGA branding. The text for the VLGA was intentionally selected because of the soft, rounded shape, which it was felt to be appropriate for our organisation, while the arrow shape within the letter G symbolises the forward and developing movement of our key governance role.

PRESIDENT'S MESSAGE



So much of the VLGA's future is linked to our history. Woven into the very fibre of the VLGA is the fact that we emerged as the only democratically-organised voice in the immediate aftermath of the sacking of local governments some 15 or so years ago.

While the first half of our Vision Statement could be seen as being similar to many others, I wanted to re-emphasise the second half of our Vision Statement once again, as I think it is particularly relevant to any new visions for local and regional development: there must be strong leadership and effective local governance if solutions are to be truly sustainable.

For the next phase in local government and community development there are some over-arching synergies with the VLGA's Vision. That is, we see a future where communities will be inclusive, sustainable and dynamic – and characterised by strong leadership and effective local governance.

I am reminded now of the lessons and values that local communities have known for hundreds of years. To be connected to each other, to be connected to a productive earth and to hold a sense of well-being and of hope, is what matters locally.

More than ever before the VLGA's work is connected to the aspirations of Australia's communities because your aspirations for an inclusive future where local democracy and decision-making is valued, are shared by us.

While at times the policies and issues we get involved in, such as food security, minimising the harms flowing from pokies, and others, may seem to be somewhat marginal, more and more of our members are appreciating our advocacy on the broad range of the social, economic and environmental challenges we all face.

The VLGA exists to support our membership base of local governments – especially elected representatives – and the community. We have a working style that incorporates a partnership approach and we focus on partnerships that further our purpose in delivering to our membership.

As I look back over my term on the VLGA Board and my time as President, I note some particular highlights including:

- establishing the Constitution review process
- revitalising our 'brand' as a peak body for local government and the community sector, the 'point of difference' being that we are *'the people who connect people'*, and
- the employment of our new CEO in November 2009.

I extend my deep thanks to the Board – especially past-President Cr Rose Iser, and past-Vice President Cr Ruth McGowan who both retired from the Board in the 2009-10 year; and to Cr Jeanette McRae, Cr John Doull and Bill Penrose who have served ably as Vice Presidents this year. My thanks also to Cr Samantha Dunn, for her competent financial stewardship as our Treasurer.

On behalf of the Board, I thank Darren Ray for the work he did as Acting CEO between September 2008 and November 2009. I welcome Maree McPherson to her first year at the VLGA as CEO.

**Cr Heinz Kreutz
President**

CEO'S REPORT



It is customary for a CEO to leave acknowledgement and thanks to staff to the end of an annual report message. In this instance, I feel the need to make these my initial comments. The VLGA owes its current strong position to the hard work and commitment of the entire staff team working with the Board in the past two years. Everyone's commitment has been outstanding.

I must acknowledge Darren Ray for his extended period as Acting CEO, and the VLGA's inaugural President Liana Thompson for stepping in as Director Public Affairs & Organisation Development for the same period. Together they led the organisation through some challenges and 'prepared the ground' for a new beginning.

After a time of much change and transition, the VLGA is a sustainable organisation with good reserves and stability. Membership has been consolidated in the past year after rapid growth in the previous twelve months. At the close of 2009-10, the VLGA had local government membership which represents 86% of the Victorian population.

A strengthened staffing structure has increased our capacity to serve our members, with two new Policy & Project Officer roles from September 2009 and the introduction of a Director Governance position from mid 2010. This, coupled with a review of the executive management team structure has put more resources into the front end of the VLGA to enable several key projects to take place in the year ahead.

We have also reviewed the former working groups, and created a renewed 'Advisory Group' model to better reflect the role performed by the groups and the work being undertaken within the organisation.

A review of VLGA Training and a training needs assessment/market analysis has given us a greater understanding of the role the VLGA can play in councillor and local government development.

A number of new partnerships will be examined in 2010-11 and we will continue to provide development programs on an 'as requested' basis to our member and non-member local governments. We maintain core programs delivered each year such as the highly successful *Essential Mayors' Weekend*.

The VLGA's *Leading Edge Forums* enable information-sharing, debate and an opportunity to hear of new developments across local governments and beyond. With web-casting and a growing use of social media tools, we are able to outreach to our more geographically remote members and include them in regular activities – enabling them to engage from the comfort of their home, office or while travelling.

As I approach my eleventh month as CEO I see several strategic foci ahead of us, namely:

- the November 2010 Victorian state election;
- engaging members in the VLGA Board elections and inducting the new Board for their term February 2011–February 2013;
- consolidating and growing our relationships with other peak bodies including the MAV, LGPro, ALGWA and community sector peaks;
- intensifying our focus on governance as a core element of what we do; and
- redeveloping the Resources and Finance Sub-Committee of the Board as an Audit, Risk and Finance Committee with independent external membership.

I look forward to another year of new horizons.

Maree McPherson
Chief Executive Officer

GOVERNANCE

OFFICE BEARERS



Cr Heinz Kreutz
President
since April 2010
Board member from
February 2009



Cr John Doull
Vice President
since April 2010
Board member from
February 2007



Cr Jeanette McRae
Vice President



Bill Penrose
Vice President



Cr Samantha Dunn
Treasurer

Cr Rose Iser
President
to April 2010

Cr Ruth McGowan
Vice President
to March 2010

BOARD MEMBERS



Richard Brown



Cr Grace La Vella



Kate Lempriere
since August 2009



Tom Moloney



Cr Rachel Powning
since July 2010



Cr Tim Rodgers
since July 2010

RESOURCES & FINANCE SUB-COMMITTEE

Cr Samantha Dunn Chair (Treasurer)
Cr Heinz Kreutz
Cr John Doull
Bill Penrose
Kate Lempriere

ADVISORY & WORKING GROUP CURRENT CHAIRS

Climate Change Advisory Group
Cr Heinz Kreutz
Councillor Working Conditions Working Group
Cr Samantha Dunn
Diverse & Affordable Housing Advisory Group
Cr Jeanette McRae
Local Government Working Group on Gambling
Felicity Leahy
Timor-Leste Advisory Group
Richard Brown
Women's Policy Advisory Group
Cr Coral Ross

“WHEN LOCAL GOVERNMENTS PRACTICE GOOD GOVERNANCE, THEIR COMMUNITIES ARE MORE CONNECTED AND ENGAGED, BETTER SERVICES ARE PROVIDED AND MORE EFFECTIVE USE IS MADE OF RESOURCES.”



2009–2010 HIGHLIGHTS

- Launch of the new VLGA website, including online registration and contact features.
- Production of six *Good Governance Grabs* on important governance issues including conflict of interest, apprehended bias and council/CEO relationships.
- Appointment of new Chief Executive Officer, Maree McPherson in November 2009.
- Annual tour visits to 54 local governments which enabled them to engage directly with us on issues of concern to them and their communities.
- Continuing provision of a wide range of services to local government members and the broader local government sector. Intensive governance workshops, training sessions and support services were provided to nine local governments and we responded to many and varied governance and policy queries from councillors and staff.
- Advocacy to the State Government on behalf of members and the sector across a wide range of issues including conflict of interest, valuations centralisation, VCEC projects on shared services and review of regulatory and planning approaches, VEC electoral review process, and the Essential Services Commission's performance management project. In particular we note that the ESC's recommendation regarding the streamlining of local government reporting to State Government is consistent with what the VLGA advocated from the start of this process.
- Successful advocacy campaigns on:
 - WorkCover for councillors, and
 - more consultation on the Planning and Environment Act Review.
- Delivery of a diverse range of projects including *Liveable and Just* (climate change), *From compliance to culture* (human rights) and *Land use planning-food security*. The climate change and human rights projects have included the development of practical tool kits to help local governments meet both their statutory requirements and aspirational goals in these areas.
- Delivering monthly Leading Edge Forums, including webcast of some and collecting member views at all these events.
- Delivery of at least four Sustainable Transport forums and events, and a significant upgrade of the Thinking Transport website.
- Partnership and involvement in 2010 Year of Women in Local Government.
- Regular meetings with State Government Ministers and senior staff to advocate on behalf of the sector. Portfolios covered have included Local Government, Housing, Gaming, Indigenous Affairs, Consumer Affairs, Planning, Regional & Rural Development, Skills & Workforce Participation, Children & Early Childhood Development, Women's Affairs.
- Re-establishing membership and work of our bottom-up Advisory Groups including Climate Change, Councillor Working Conditions, Diverse and Affordable Housing, Local Government Working Group on Gambling and Women's Policy.
- Review of the VLGA's five-year Strategic Plan and introduction of Annual Plan and quarterly performance reporting.

POLICY & PROJECTS

This year we saw a flourishing of achievements in many policy areas, which also led to the

- production of ground-breaking publications
- holding of many policy-related events, and
- informing many of the VLGA's advocacy positions.

During many of the previous year's Annual Tour visits, a key area of member feedback was that so many were resource-poor, and that practical toolkits and resources would assist both councillors and officers to do their jobs more effectively.

As a result of this we refocused our policy activities, projects and programs on practical ways that we could assist not only our local government members but also the range of organisations and community groups engaged with the VLGA.

Of particular note in this current year is the publication of ground-breaking toolkits in the Human Rights and Climate Change policy areas. Going that step further, we also felt it was important not only to publish reports and toolkits, but also to provide one-on-one and regional support to local government and community members who wanted assistance in how to apply these toolkits to their everyday activities. It is notable that like many other policy areas we are involved in, both of these policy areas require leadership from other levels of government to realise benefits to local communities. Yet more and more of our members and stakeholders are wanting to know the best way that they can contribute to these policy areas locally.

HUMAN RIGHTS FROM COMPLIANCE TO CULTURE TOOLKIT

Published in three manuals, funded by the Department of Justice with some support from the Victorian Human Rights and Equal Opportunity Commission, this toolkit:

- offers step-by-step guidelines to ensure local government policies comply with the legal obligations of the Victorian Charter of Human Rights
- assists local governments to go beyond minimum compliance to build a culture of human rights in their communities
- can help foster deeper understandings of how human rights affect local government policies and day-to-day decision-making, and
- provides a ready resource to enhance service delivery, community engagement and existing social justice practices by integrating the language of human rights across local government activities

Another important outcome from the launch of the toolkit was the commitment to establish a VLGA Local Government Human Rights Network which will be developed over the next year.



LIVEABLE AND JUST CLIMATE CHANGE TOOLKIT

In response to workshop outcomes and recommendations from around Victoria, the Liveable & Just toolkit (funded by the Department for Sustainability and Environment through the State Government's Victorian Local Sustainability Accord):

- provides a practical framework to help integrate responses to the social and equity impacts of climate change across local government activities. It also presents ideas and suggestions for local governments to respond to climate change in ways that simultaneously promote social justice
- is designed for use by those in roles of varying seniority within the local government sphere and across a range of council activities including sustainability, health and wellbeing, economic and community development, and planning. The toolkit is highly relevant to community organisations working alongside or in direct partnership with local governments
- takes earnest note of the diversity of issues facing the 79 local government areas across Victoria. The toolkit is therefore relevant to communities facing different sets of issues, and contains information for local governments at different stages of response to the social and equity impacts of climate change, and
- is organised so that users can 'pick and choose' from the information and practical ideas, of greatest relevance to their communities. Links to further resources are provided throughout the toolkit so that more information can be located with ease.

FOOD SECURITY AND LAND USE PLANNING REPORT

As well as the Liveable and Just Toolkit, the VLGA also produced other practical resources to allow local government and community members to address what is still a very complex and misunderstood issue – food security. In partnership with the Community Planning and Development Program at La Trobe University, and funded by VicHealth, the VLGA is developing a new agenda for local government to deliver on sustainability, economic growth, and social justice. The report, *Integrating Land Use Planning and Community Food Security*, explores the extent to which Victorian local governments are treating land use planning as integral to, and inseparable from, the objectives of food security. The report was launched in October 2009 by the Minister for Planning.

Of equal note is the fact that after working closely with five local government members, we finalised the publication of our Municipal Food Security Reports. These Reports include dimensions and opportunities, as well as a 'scanning' workbook and resource manual which can be used by other local government members to demystify the local impacts of food insecurity. As we go to press the VLGA is finalising proposals for a training manual which will provide much more direct and practical support for local government officers and councillors on food security.



AFFORDABLE HOUSING

As well as re-establishing the membership and work program of our Diverse and Affordable Housing Advisory Group, a key area for VLGA activity this year has been partnering with six local governments, the Office of Housing, and other State Government departments on publishing practical toolkits and issues papers associated with the Local Action on Affordable Housing (LAAH) Project. This was augmented by two visits to facilitate the Wodonga Affordable Housing Action Plan, as well as advocacy on a range of housing issues affecting local communities. It is clear that the housing policy area affects people from all walks of life, and that the impacts are felt differently in metropolitan compared to rural and regional areas. As a result of this, in this current year the VLGA started an Affordable Housing survey of all local governments which we intend to publish in the near future.

WOMEN'S POLICY

The VLGA's strategy for the 2010 National Year of Women in Local Government came from member feedback at a Leading Edge Forum in September 2009 and an action plan developed by our Women's Policy Advisory Group.

Highlights included:

- a VLGA bookmark including benefits women bring to local governments
- a 'wearable message' brooch that is a symbol of the partnerships between elected women, local government officers and women in communities, and
- a workshop intensive for women councillors facilitated by Dr Amanda Sinclair of Melbourne Business School

The VLGA has been closely involved in the Women's Participation in Local Government (WPILG) Coalition Women's Charter Project, which has now supported 40 local governments to endorse and start implementing the Charter. Another practical tool developed with dedicated VLGA support and in partnership with WPILG Coalition is the 'Facebook for women councillors' short tutorial videos on YouTube.

This year we accepted many invitations from external organisations to join advisory committees including:

- *Sisters Doing it for Themselves*, an Indigenous women's leadership project funded through philanthropy, for Indigenous women interested in developing their leadership capacities
- *Victorian Women Link*, a project funded by the Commonwealth aiming to increase participation of CALD (culturally and linguistically diverse) women by creating active mentoring opportunities between women from mainstream service organisations, and
- *PACE (Participation, Advocacy, Consultation, Equity) Project* to develop and build leadership capacity for women of immigrant and refugee communities.

Of note this year was action to continue our long-term commitment to the role of local government in preventing violence against women through active participation in the Advisory Committee for the State-wide *Local government leaders preventing violence against women* Project, leading to a conference held in August 2010.



2010 YEAR OF WOMEN
IN LOCAL GOVERNMENT

CREATIVE | STRONG | INCLUSIVE | DIVERSE

TRANSPORT

The Local Government Transport Facilitation Project has achieved a number of successes over the 2009-10 year:

- increasing awareness of transport best practice,
- developing collaborative partnerships, and
- assisting State and local governments in a productive dialogue towards sustainable and integrated transport.

Several training courses and events have been run, drawing excellent attendance and covering a wide range of topics, including Social Inclusion Principles for Transport Engineers, Transport Integration for Local Government, and the Mayors on Bikes event.

The Thinking Transport website continues to grow as the one-stop-shop for local governments seeking transport news, examples of best practice, and case studies. The VLGA's monthly Transport eNews has been highly praised for keeping local government officers informed of these resources and events.

In addition to these services, the Local Government Transport Facilitator, Gordon Young, has been actively visiting local governments to determine their transport needs, activities and challenges, to better represent these to the State Government.

TIMOR-LESTE

The VLGA's leadership and commitment to support Timor-Leste, and in particular local government and community action on friendship groups, during the past year has been focussed on keeping people up to date and maintaining networks.

During the year the VLGA's Timor-Leste Advisory Group achieved a number of outcomes, including:

- a farewell function for Abel Guterres upon completion of his role as Timor-Leste Consul-General. He has subsequently been appointed as the Timor-Leste Ambassador to Australia
- a forum on the introduction of municipal government in Timor-Leste, and
- a forum on disability and training programs and discussion on a friendship workshop in Timor-Leste.

Both of the forums were webcast to allow participation from those unable to attend, and thanks to our IT Department for making this a reality.

Another key focus has been communication to our Timor-Leste friends and networks through regular email updates.

During this year, the VLGA also became a partner with the State Government in its application for AusAID funding through their Public Sector Linkages Program which will see participants from Timor-Leste build their capacity once local government is established in Timor-Leste.



Thinking Transport
Integrated Transport and Mobility Project

TRAINING

In 2009-10 the VLGA continued to provide a diverse range of training and development to local governments and community organisations and groups.

This year more than others, the number of individual requests for training and development from councillors, councillor and management teams, and community leaders confirms that our training focus of tailored, personalised programs is in demand.

Another highlight of 2009-10 as in previous years has been the *Essential Mayors' Weekend*. More than thirty mayors across Victoria attended the weekend in January and prepared for their year ahead. Mayors heard from the Minister for Local Government, the Hon Richard Wynne; Opposition spokesperson for Local Government, Jeanette Powell; and from previous mayors about their experiences and projects. The highly valued weekend also focused on:

- good meeting processes;
- effective team and governance tips;
- community consultation and engagement;
- maximising use of 'council only' time and question time; and
- working with councillor and officer colleagues to achieve the Council Plan.

The VLGA delivers a variety of programs designed specifically for local governments, community organisations and groups, both in-house, or at members' or other sites. Programs include:

- how communities can understand and work more effectively with local government;
- building relationships at various levels in local governments and community groups; and
- good governance practice for organisations and groups.

A number of local governments have used our services to provide their local communities with access to development programs to enhance their understanding of local government and processes, and this is an area of our training that we will look to expand.

“IT BRINGS TOGETHER THE COMMITMENT TO LIFE-LONG LEARNING WITH THE CLEAR VISION THAT STRONG LOCAL DEMOCRACIES MUST BE DEPENDENT ON WELL-INFORMED, WELL-SKILLED AND PROFESSIONALLY RESPECTED COMMUNITY LEADERSHIP.”



STAFF



Maree McPherson
Chief Executive
Officer



Darren Ray
Director Policy &
Public Affairs



Ron Exiner
Director
Governance



Barbara Bennett
Office Manager/
Executive Assistant



Dr Rebecca Barlow
Policy & Project
Officer – Climate
Change/ Diverse &
Affordable
Housing/ Human
Rights



Linda Bennett
Women's Policy
Officer



Sarah Colgan
Resource Officer



**Paul-Anthony
Dabley**
IT Officer



Jan Farrell
Finance Officer



Leah Galvin
Project Officer –
Food for All



Gary Jungwirth
Policy & Project
Officer – Human
Rights/ Timor-Leste



Stefanie Perri
Policy & Project
Officer – Councillor
Working Conditions



Nichola Wady
Administration
Support Officer



Dr Beverley Wood
Food Security
Network



Gordon Young
Local Government
Transport Facilitator

Staff not pictured who have assisted during 2009-2010: Claire Bennett, Stacey Bloomfield, Valeria D'Agostino, Zanna Rickard, Liana Thompson, and Janet Williams .

MEMBER BENEFITS & SERVICES

The VLGA offers a number of direct benefits to its members. These include:

LOCAL GOVERNMENTS

- Advocacy for policy views
- Sector representation to other levels of government
- Project partnership or auspicing of projects of mutual interest
- Regular consultation – face-to-face, via delegates, and during policy discussions
- A tailored half-day seminar delivered on-site
- Confidential one to one advice to assist councillors and officers in a variety of ways
- Discounts for VLGA events, training and fee-for-service projects
- As-of-right participation in any of the VLGA's Advisory Groups
- Access to VLGA computers and internet connection from our office
- Use of VLGA meeting rooms for council-related meetings
- Free advertising of relevant events, achievements and projects in our weekly President's eNews
- Connecting like-minded groups and individuals
- Free attendance at our Leading Edge Forums and associated networking and information access

COMMUNITY GROUPS, ORGANISATIONS AND INDIVIDUALS

- As-of-right participation in any of the VLGA's Advisory Groups
- Connecting like-minded groups and individuals
- Free attendance at our Leading Edge Forums and associated networking and information access
- Connecting you to local governments where consistent with the VLGA's Strategic Plan
- Confidential one to one advice related to local government engagement
- Our weekly President's eNews

FINANCIALS

SUMMARY

I am pleased to provide this report in my second year as the VLGA's Treasurer.

In contrast to a significant and rapid growth in memberships over the previous two years, the past year has been a time of consolidation.

In addition, a number of key externally funded projects were completed in 2009-10 including the Liveable and Just project funded through the Victorian Local Sustainability Accord of the Victorian Government.

As noted elsewhere in this report, at the close of the financial year the VLGA's local government memberships represented more than 86% of the State's population and a large portion of our work now spans beyond the metropolitan boundaries.

Our liabilities at year's end include commitments to projects that run through into 2010-11, \$135,604 in accounts payable and prepaid council memberships for 2010-11 of \$826,556.

We also continue to hold funds in trust on behalf of several projects and supported networks including CASPN and WPILGC, and more limited amounts for Timor-Leste work.

Again this year we see an increase in our retained earnings, enabling the Board to take decisions to invest in developing the VLGA and services to our members.

We close the year with a surplus of \$16,281 which will be reinvested in the VLGA's organisational strengthening. The Board has activated a review of the VLGA's Constitution and funds have also been allocated to research and advocacy on behalf of members in preparation for the Victorian State Election in November 2010. We have completed the second phase of a major IT upgrade, which includes better access to web-casting and 'remote' work, and funds have been allocated to some minor capital works at the VLGA's offices.

I look forward to the continuing growth and development of the VLGA in the year ahead.

Cr Samantha Dunn
Treasurer

V.L.G.A. INCORPORATED STATEMENT OF INCOME & EXPENDITURE for the year ended 30th June 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	1,403,640	2,036,112
EXPENDITURE			
Seminars, event, forums & conferences		128,734	225,469
Employee Benefits & Expense		836,713	1,133,833
Administration Operating Expenses		93,955	95,180
Depreciation	5	11,943	12,010
Travel expenses		6,043	6,716
Communication Expenses		18,489	28,440
Occupancy		76,467	67,526
Publication Production		4,547	8,022
Research projects		210,466	390,433
Total expenditure		1,387,359	1,967,629
SURPLUS / (DEFICIT) FOR PERIOD		16,281	68,483

STATEMENT OF FINANCIAL POSITION as at 30th June 2010

	Note	2010 \$	2009 \$
MEMBERS' FUNDS			
Accumulated funds	12	258,523	242,242
Reserves	13	0	0
		258,523	242,242
Represented by-			
CURRENT ASSETS			
Petty cash advance		77	325
Cash at bank	3	989,971	973,481
Receivables	4	374,385	440,101
		1,364,433	1,413,907
NON CURRENT ASSETS			
Fixed Assets	5	53,288	44,053
Other financial assets	6	5	5
		53,293	44,058
Total Assets		1,417,726	1,457,964
CURRENT LIABILITIES			
Creditors and accruals	7	135,604	220,781
Subscriptions & grants received in advance	8	945,332	911,138
Amounts held on trust	9	30,538	29,355
Employee Entitlements	10	31,587	28,612
Loans - Secured	11	5,160	5,160
		1,148,221	1,195,046
NON CURRENT LIABILITIES			
Employee Entitlements	10	0	4,000
Loans - Secured	11	10,982	16,677
		10,982	20,677
Total Liabilities		1,159,203	1,215,723
NET ASSETS		258,523	242,242

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30th June 2010

	2010	2009
	\$	\$
Total equity at the beginning of the financial year	242,242	173,758
Operating result for the year	16,281	68,484
Total equity at the end of financial year	258,523	242,242

STATEMENT OF CASH FLOWS

for the year ended 30 June 2010

	Note	2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments			
Wages and salaries	(836,713)	(1,133,833)	
Suppliers	(448,644)	(877,967)	
Net GST Paid	(75,169)	(103,738)	
Receipts			
Subscriptions from members	831,806	867,812	
"Seminars, forums and conferences"	92,780	202,634	
Research projects	369,402	904,434	
Other	79,191	202,101	
<i>Net cash provided by (used in) operating activities</i>		<u>12,653</u>	<u>61,442</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of plant and equipment	(21,178)	(8,090)	
Payments to Loans	(5,694)	(7,600)	
Receipts from Investment - Interest	30,461	39,909	
<i>Net cash provided by (used in) investing activities</i>		<u>3,589</u>	<u>24,219</u>
Net increase (decrease) in cash held	13(b)	<u>16,242</u>	<u>85,661</u>
Cash at the beginning of the reporting period		973,806	888,146
Cash at the end of the reporting period	13(a)	<u>990,049</u>	<u>973,806</u>

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 2010

1 Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below.

Basis of Preparation of the Financial Report

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (Victoria), in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The committee has determined that the association is not a reporting entity.

Compliance with IFRSs

The financial statements and notes comply with the Australian Accounting Standards some of which contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the VLGA's accounting policies.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Revenue recognition

Grants

Revenue is recognised in the accounts upon advice from the various granting authorities. Unconditional grants are brought to account at time of receipt. Conditional grants are brought to account in the period to which they relate.

Subscriptions from members

Subscriptions from members is brought to account in the year to which the membership relates.

(b) Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand, at bank and on deposit.

(c) Property, Plant and Equipment

The depreciable amount of all fixed assets are depreciated over the useful lives of the assets to the association commencing from the time the asset is first held ready for use.

Each class of property, plant and equipment are carried at cost or fair value less any accumulated depreciation, where applicable.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the Association to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight line basis over the useful lives of the assets to the association commencing from the time the asset is first 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 accompanying notes form part of these financial statements.

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The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset:	Depreciation Rate
Plant and equipment	33.33%
Computers - desktops	25.00%
Computers - laptops	33.33%
Furniture, fittings and fixtures	20.00%
Motor Vehicles	12.50%

Items costing less than \$300 (net of GST) are fully written off in the year of acquisition.

Computer software & licences where separately identified are fully expensed in the year of acquisition.

(d) Employee leave entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date.

Employee benefits expected to be settled within one year together with benefits arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been "measured at their nominal amount. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the association to an employee superannuation fund and are charged as expenses when incurred.

(e) Goods and Services Tax System Charges

VLGA records revenue, expenses and assets net of any applicable goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables balances include GST where VLGA has either included GST in the price charged to customers or a supplier has included GST in their price charged to VLGA. The net amount of GST due, but not paid, to the ATO is included under payables."

VLGA does not include any estimate for GST in either accrued revenue or accrued expense balances.

Accruals refer to a combination of items some of which will be supported by the issue or receipt of a tax invoice at a later time depending on the nature of the item. In general, no tax invoice has been received or issued at the time the accruals are recorded.

To accord with Urgent Issues Group Abstract 31 - Accounting for Goods and Services Tax (GST), which requires cash flows on a gross basis, VLGA has completed its cash flow statement in the following manner:

- * from its accounting records VLGA has derived the amounts which have been shown in the statement of financial performance and statement of financial position, which are on a net GST basis where the GST is recoverable from the ATO; and
- * it has determined the amount of GST that is required to be added to various line items in the cash flow statement by reference to its business activity statements prepared for the ATO.

	2010	2009
	\$	\$
2 Revenue		
Operating activities		
Subscriptions from members	831,806	687,035
Events income	92,780	202,634
Grants - Research projects	369,402	904,434
Sundry income	79,191	202,101
	<u>1,373,179</u>	<u>1,996,203</u>
Non-operating activities		
Interest received	30,461	39,909
Total Revenue	<u>1,403,640</u>	<u>2,036,112</u>
3 Cash at Bank		
Macaulay Cr Co-op - S1	5 231	56,514
Macaulay Cr Co-op S30 Cash Mgt	934,016	957,398
CBA - Cheque Account	25,000	-
Bendigo Bank	30,950	15,852
	<u>989,971</u>	<u>973,481</u>
4 Receivables		
Trade Debtors	371,173	438,663
Prepaid Expense	3,212	1,438
Sundry Debtors	-	-
	<u>374,385</u>	<u>440,101</u>
5 Fixed assets		
Motor Vehicle - at cost	29,635	29,635
less Accumulated depreciation	(8,740)	(5,754)
	<u>20,895</u>	<u>23,880</u>
Office equipment and furniture - at cost	189,713	168,535
less Accumulated depreciation	(157,320)	(148,362)
	<u>32,393</u>	<u>20,172</u>
	<u>53,288</u>	<u>44,053</u>
Reconciliation		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Motor Vehicle		
Carrying amount at beginning of year	23,880	27,585
- additions	-	-
- depreciation	(2,985)	(3,705)
Carrying amount at end of year	<u>20,895</u>	<u>23,880</u>
Office equipment and furniture		
Carrying amount at beginning of year	20,172	20,386
- additions	21,178	8,092
- depreciation	(8,958)	(8,306)
Carrying amount at end of year	<u>32,393</u>	<u>20,172</u>
6 Other financial assets		
Shares - MECU Ltd	5	5
7 Creditors		
Trade creditors and accruals	133,920	220,781
Credit Cards	1,684	-
	<u>135,604</u>	<u>220,781</u>

The accompanying notes form part of these financial statements.

	2010 \$	2009 \$
8 Subscriptions & grants received in advance		
Membership fees paid in advance	826,556	772,646
Grant income paid in advance	118,776	138,492
	<u>945,332</u>	<u>911,138</u>
9 Amounts held in Trust & Discretionary Funds		
Dili Friendship Conference - Trust	4,282	4,282
Dili Liaison Officer - Trust	14,898	14,899
CASPN - Discretionary Funds	3,869	4,469
WPLGC - Discretionary Funds	7,489	5,705
	<u>30,538</u>	<u>29,355</u>
10 Employee Entitlements		
Current		
Annual Leave	31,587	28,612
Non Current		
Long Service Leave	-	4,000
	<u>31,587</u>	<u>32,612</u>
Number of employees at year end		
Full time staff	5	2
Part time staff	6	8
Casuals	5	5
11 Loans - Secured		
Current		
Motor Vehicle Loan	5,160	5,160
Non Current		
Motor Vehicle Loan	10,982	16,677
	<u>16,142</u>	<u>21,837</u>
12 Accumulated Funds		
Retained earnings/(deficit) at beginning of year	242,242	154,820
Net Profit (loss) attributable to members of the VLGA entity	16,281	68,484
Transfers from reserves	-	18,938
Balance at End of Year	<u>258,523</u>	<u>242,242</u>
Represented by:		
Special Purpose Funds		
- Unrestricted Funds	<u>258,523</u>	<u>242,242</u>
	<u>258,523</u>	<u>242,242</u>
13 Reserves		
Consolidated Reserves		
Balance at Beginning of Year	-	18,938
Transfers from/(to) Accumulated Funds	-	-18,938
Balance at End of Year	<u>-</u>	<u>-</u>
Represented by:		
Fixed Asset Replacement Reserve	-	-
Staffing Reserve	-	-
Movements in reserves during the year were:		
Fixed Asset Replacement Reserve		
Balance at Beginning of Year	-	938
Transfers from/(to) Accumulated Funds	-	-938
Balance at End of Year	<u>-</u>	<u>-</u>

	2010 \$	2009 \$
Staffing Reserve		
Balance at Beginning of Year	-	18,000
Transfers from/(to) Accumulated Funds	-	-18,000
Balance at End of Year	<u>-</u>	<u>-</u>

The Board has determined that these Special Purpose Reserves provided no particular benefit in addition to the general provisions being made in the financial statements for these purposes.

The balance of these Reserves has been transferred to Accumulated (Unrestricted) Funds in the 2009 financial year.

14 Cash Flow Information

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at banks and investments in money market instruments. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position as follows:

	2010 \$	2009 \$
Petty cash advance	77	325
Cash at bank	989,972	973,481
	<u>990,048</u>	<u>973,806</u>

(b) Reconciliation of net cash provided by (used in)

Operating Activities to Operating Result

	2010	2009
Operating result	16,281	68,484
Depreciation	11,943	12,010
Interest on Loan	2,440	
Payment for new equipment & furniture		(21,178)
Decrease/(increase) in debtors	65,716	188,188
Increase/(decrease) in creditors and accruals	(90,871)	44,664
Increase/(decrease) in subscriptions in advance & trust funds	34,352	(205,434)
Increase/(decrease) in employee entitlements		(9,000)
<i>Net cash used in operating activities</i>	<u>16,242</u>	<u>101,351</u>

(c) The association has no credit stand-by or financing facilities in place

(d) There were no non-cash financing or investing activities during the period

15 Contingent liabilities and contingent assets

Contingent liabilities

The VLGA has contingent liabilities at 30th June, 2010 in respect of:

Guarantees

Guarantees for contract performance	<u>16,142</u>	<u>21,837</u>
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The association's bank has provided a guarantee to the landlord as security for lease of premises at 60 Leicester St Carlton
Cash at Bank is restricted by this amount

while the guarantee remains in force	<u>25,000</u>	<u>22,000</u>
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The accompanying notes form part of these financial statements.

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16 Additional Financial Instruments Disclosures

(i) Interest Rate Risk

The VLGA's exposure to interest rate risk, and the effective weighted average interest rate for classes of financial assets and financial liabilities are set out below:

	Note	Weighted average interest rate %	Floating interest rate \$	1 yr or less \$	1 to 5 yrs \$	over 5 yrs \$	Non Interest Bearing \$	Total \$
30 June 2010								
Assets								
Cash Assets	3	3.10%	989,971				77	990,048
Receivables	4						374,385	374,385
Other financial assets							5	5
			989,971	0	0	0	374,467	1,364,438
Liabilities								
Trade creditors and accruals	6						135,604	135,604
Loans - Secured	11			5,160	10,982			16,142
			0	5,160	10,982	0	135,604	151,747
Net Financial Assets (Liabilities)			989,971	(5,160)	(10,982)	0	238,862	1,212,691
30 June 2009								
Assets								
Cash Assets	3	4.83%	973,481				325	973,806
Receivables	4						440,101	440,101
Other financial assets							5	5
			973,481	0	0	0	440,431	1,413,912
Liabilities								
Trade creditors and accruals	6						220,781	220,781
Loans - Secured	11			5,160	16,678			21,838
			0	5,160	16,678	0	220,781	242,619
Net Financial Assets (Liabilities)			973,481	(5,160)	(16,678)	0	219,650	1,171,293

(ii) Credit Risk

The VLGA has not obtained any collateral or other security for its financial assets. They are unsecured.

The credit risk on financial assets, excluding investments, of the VLGA which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts. The VLGA minimises concentrations of credit risk by undertaking transactions with a large number of customers and counterparties and by performing extensive due diligence procedures on major new customers.

(iii) Market Risk

The VLGA's exposure to market risk is borne by the secure investments placed in bank accepted commercial bills and term deposits through the short term money market.

(iv) Reconciliation of Net Financial

Assets to Net	2010 \$	2009 \$
Net Financial Assets as above	1,212,691	1,171,293
Non-Financial Assets and Liabilities		
Office equipment and furniture	53,288	44,053
Subscriptions & grants received in advance	(945,332)	(911,138)
Amount held in Trust	(30,538)	(29,355)
Employee Entitlements	(31,587)	(32,612)
Net Assets per Statement of Financial Position	258,523	242,242

(v) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date are as follows:

	2010		2009	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
Financial Assets				
Cash Assets	990,048	990,048	973,806	973,806
Receivables	990,048	990,048	990,048	990,048
	374,385	374,385	440,101	440,101
	374,385	374,385	374,385	374,385
Other financial assets	5	5	5	5
	1,364,438	1,364,438	1,413,912	1,413,912
Financial Liabilities				
Payables	151,747	151,747	242,619	242,619

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The accompanying notes form part of these financial statements.

**INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF V.L.G.A. INCORPORATED**

Scope

I have audited the attached financial statements being the Statement of Income and Expenditure and Statement of Cash Flows for the period ended 30 June 2010 and the Statement of Financial Position at 30 June, 2010 of V.L.G.A. Incorporated.

The Association's Committee is responsible for the preparation and presentation of the financial report and has determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Associations Incorporation Act Victoria and are appropriate to meet the needs of the members.

I have conducted an independent audit of these financial statements in order to express an opinion on it to the members of V.L.G.A. Incorporated. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

The financial report has been prepared for the purpose of fulfilling the requirements of the Associations Incorporation Act Victoria. I disclaim any assumptions of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

My audit has been conducted in accordance with Australian Auditing Standards. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1 so as to present a view which is consistent with my understanding of the Association's financial position, and performance as represented by the results of its operations and cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia.

The audit opinion expressed in this report has been formed on the above basis.

In my opinion, the financial reports of V.L.G.A. Incorporated gives a true and fair view of its financial position as at 30 June 2010 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.



David C. Gorman
Chartered Accountant

7th October, 2010

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Strengthening Democracy*

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