



Item No: 16.3

File No: 7.1.20.8

Date: 15 October 2018

Attachment: C

Meeting: Council

Title: Insurance Coverage - Attachment C

Responsible Manager: Chief Executive Office, Kiki Magro

Author: Group Manager Corporate Services, Katy Bone

Type of Report: Information Report

Pursuant to Section 83(5) of the *Local Government Act 1999*, the Chief Executive Officer indicates that the matter contained in this report may, if the Council so determines, be considered in confidence pursuant to Section 90(2) of the *Local Government Act 1999* on the basis that the information contained in the attached report is information of the nature specified in subsections 90(3)(d) of the Act being to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party.

Recommendation (Public)

Pursuant to s90(3)(d)

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except Chief Executive Office, Kiki Magro, Group Manager Corporate Services, Katy Bone and Council Secretariat Jayde Hanna, be excluded from attendance at the meeting for Agenda Item Insurance- Attachment C.

The Council is satisfied that, pursuant to section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a third party.

Recommendation (Public)

That Council receives and notes the Mutual Risk Scheme Membership Summary Town of Walkerville – Attachment C in line with the Insurance Coverage report Agenda item 14.3.5.

Recommendation (Public)

Pursuant to s.91(7)

That having considered Agenda Item Insurance Coverage - Attachment C in confidence under section 90(2) and (3)(d) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that Attachment relevant to this Agenda Item be retained in confidence for seven (7) years and that pursuant to Section 91(9)(c) of the *Local Government Act 1999* the Council delegates to the Chief Executive Officer the power to review and revoke this Order;

and

That Council resolves to end its confidential deliberations pursuant to Section 90(2) of the *Local Government Act 1999* Council and re-admit the public.

Summary

To provide Council with Attachment C as part of the Insurance Coverage report presented at Agenda item 14.3.5.

Background

Attachment C (Mutual Risk Scheme Membership Summary Town of Walkerville) reference in Agenda item 14.3.5 'Insurance Coverage report' has been provided to Council 'commercial in confidence' as it relates to actual insurance information.

Attachment

Attachment C	Mutual Risk Scheme Membership Summary Town of Walkerville
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Mutual Risk Scheme Membership Summary Town of Walkerville



TOWN OF WALKERVILLE

MUTUAL RISK SCHEME MEMBERSHIP SUMMARY

Following is a summary of Mutual Risk Scheme membership contributions and entitlements for the current financial year.

Members have the option of paying the Annual Contribution fees to the LGAWCS, LGAMLS and LGAAMF in Quarterly Instalments.

For more detailed information regarding the Indemnity Schemes and General insurance policies, refer to the LGRS Members Centre (www.lgrs.com.au).

The LGAWCS is funded by a levy on Member remuneration (as defined by RTWSA) and the contribution rate is determined each year by the LGAWCS Board based on independent actuarial advice. The LGAWCS operates a rebate/penalty program to reward and motivate optimum performance. The value of this approach can be clearly demonstrated by LGAWCS Members paying a rate which is consistently lower than what they would pay if registered through RTWSA. Actuarial estimates confirm the sector has saved over \$250m through being Self-Insured.

Based upon your claims and WHS performance, the net rate payable (after bonus, Special Distribution and Council Risk Incentive Program) by Town of Walkerville is 1.49%.

Renewing Membership Contributions are calculated annually based on individual Council declared wages and performance. The following table outlines the 2018/19 contributions, net of GST:

	2017/18	2018/19
Declared Council Remuneration	<u>\$3,015,655</u>	<u>\$3,097,300</u>
Contribution net of Performance Rebate	\$83,051	\$60,625
Special Distribution	(\$11,661)	(\$10,945)
LGAWCS Risk Incentive Program contribution	(\$3,887)	(\$3,670)
Net Contribution	\$67,503	\$46,010
Net Rate (as a % of Council Payroll)	2.24%	1.49%

Town of Walkerville - LGAWCS Council Risk Incentive Program total balance as at 1st July 2018, including 2018/19 Contributions is \$3,670

Town of Walkerville 2018/19 LGAWCS Summary of Risk Resources:

LGAWCS PROGRAMS	ESTIMATED VALUE	COST TO Town of Walkerville
Dedicated WHS, Risk & Evaluation Consultants	\$35,000	\$0
Provision of Legal Services & Regulator Engagement	\$15,000	\$0
WHS, Risk & Wellbeing Programs;		
- WHS Tailored Programs (TIP, PPR) - RTW Compliance Training - Health Checks & Skin Screening - Certified St John First Aid Training - Injury Management with Ageing Workforce Program - Certified WHS Training - Interactive Court Simulation	\$30,000 \$3,000 \$8,000 \$2,200 \$10,000 \$6,000 \$6,000	\$0
WHS & Risk Management Platforms;		
- Skytrust Software - ChemAlert Software - JobFit Software	\$10,000 \$2,000 \$2,000	\$0
Total	\$129,200	\$0

Membership is secured by payment of an annual contribution which is calculated based on a Council's revenue base, adjusted to reflect the risk profile, claims history and application of risk management principles. A well performing Council Member is identified via an annual Risk and Claim Evaluation process and rewarded by way of an annual bonus.

The LGAMLS continues to provide the Town of Walkerville cover for civil liability that includes risks arising from:

- Public and Products Liability
- Professional Indemnity
- Councillors and Officers & Employment Practices Liability
- Aviation Liability
- Environmental Premises & Landfill (Pollution Legal Liability)

S142 of the Local Government Act 1999 set out a statutory obligation of a Council to insure against civil liability risks. The prescribed minimum level of cover is \$300M, the LGAMLS satisfies this requirement, providing unlimited cover with nil exclusions.

The LGAMLS provides unlimited civil liability via the Treasurer's Indemnity thereby ensuring that no civil liability claim will ever exceed the amount of protection provided to any South Australian Council. This protection is unique in Australia and complies with current legislative requirements.

The following table outlines the 2018/19 contributions, net of GST:

	2017/18	2018/19
Contribution net of Performance Bonus	\$33,401	\$33,401
Special Distribution	(\$6,279)	(\$6,279)
LGAMLS Risk Incentive Program contribution	(\$2,512)	(\$2,512)
Net Contribution	\$24,610	\$24,610

Town of Walkerville - LGAMLS Council Risk Incentive Program total balance as at 1st July 2018, including 2018/19 Contributions is \$5,024

Town of Walkerville 2018/19 LGAMLS Summary of Risk Resources:

LGAMLS PROGRAMS & SERVICES	ESTIMATED VALUE	COST TO Town of Walkerville
Dedicated Risk Consultants	\$15,000	\$0
Provision of Legal services, under excess claims management & Regulator Engagement	\$15,000	\$0
Risk Programs;		
• Risk Resources & Industry Information Forums (Tree, Road, Noise & Nuisance, etc)	\$8,000	
• Emergency Management & i-Responda Program	\$8,000	\$0
Total	\$46,000	\$0

LGAAMF was established on 30 June 2002 to manage risk transfer opportunities for property and financial risks of South Australia Local Government Authorities. LGAAMF operates as a mutual discretionary trust fund that provides protection for:

- Property Damage (Assets and Infrastructure)
- Fidelity Guarantee
- Machinery Breakdown
- Computers/Electronic Equipment
- Motor Vehicles
- Cyber Security & Data Protection

The LGAAMF has established an Overview Committee to assist with the management of the Fund. The Overview Committee includes Members representing Local Government, the Local Government Association and representatives of each Local Government Union.

The following table outlines the 2018/19 contributions, net of GST:

	2017/18	2018/19
Contribution for Assets, Infrastructure, Loss of Revenue, Cyber Security & Data Protection	\$37,886	\$39,028
Performance Bonus	-	(\$756)
2018-19 Special Distribution	(\$3,310)	(\$2,956)
Net Contribution – Assets & Infrastructure	\$34,576	\$35,316
Fidelity Guarantee	\$1,252	\$1,252
Machinery Breakdown	\$935	\$935
Computer / Electronic Equipment	\$2,983	\$2,482
Motor Vehicle	\$3,563	\$3,563
Net Contribution	\$43,309	\$43,548

Town of Walkerville 2018/19 LGAAMF Summary of Risk Resources:

LGAAMF RISK PROGRAMS	ESTIMATED VALUE	COST TO Town of Walkerville
• Business Continuity Plan	\$7,500	\$0
• Asset Surveys	\$6,500	\$0
• Property Valuations	\$10,000	\$0
• Thermal Scanning of Key Assets	\$2,500	\$0
• Cyber & Fraud Awareness Training	\$2,200	\$0
• Cyber Vulnerability & Risk Profiling Program	\$11,000	\$0
• 'Be Security Smart' Information Security Videos	\$2,500	\$0
Total	\$42,200	\$0

The LGIPF operates as a Mutual discretionary trust fund and offers discretionary indemnity and claims management services to Councils for employees in respect of loss of income resulting from a non-work related injury or illness.

The LGIPF has established an Overview Committee to assist with the management of the Fund. The Overview Committee includes Members representing Local Government, the Local Government Association and representatives of each Local Government Union.

The following table outlines the 2018/19 contributions, net of GST:

	2017/18	2018/19
Declared Payroll – Specified AWU & ASU	\$3,015,655	\$3,097,300
Performance Bonus	-	TBC
Contribution	\$42,963	\$46,934

The performance bonus above is calculated by reviewing the contributions against claims experience incurred averaged over the past 3 years to provide a loss ratio for each Council. No performance bonus is payable if the individual loss ratio exceeds 70%. It is important to recognise that these claims have protected the income of Council employees who have suffered serious injuries and illnesses and therefore this Fund has confirmed its value as a benefit to the employees of Council.

TOWN OF WALKERVILLE MUTUAL RISK SCHEME SUMMARY FOR 2018/19

MUTUAL FUND	2018/19 CONTRIBUTION NET OF GST	COMMENTS
LGA Workers Compensation Scheme	\$46,010	Calculations based on 2018/19 wages estimate
LGA Mutual Liability Scheme	\$24,610	Calculations based on 2018/19 revenue estimate
LGA Asset Mutual Fund	\$43,548	Calculations based on 2018/19 declared assets
LG Income Protection Fund	\$46,934	Calculations based on 2018/19 wages estimate
LGAWCS WHS & Risk Services	\$0	Collective Value: Approx. \$129,200 Refer to page 2 summary
LGAMLS Risk Services	\$0	Collective Value: Approx. \$46,000 Refer to page 3 summary
LGAAMF Risk Services	\$0	Collective Value: \$42,200 Refer to page 4 summary
TOTAL COST	\$161,102	

All contributions mentioned above exclude GST. For further information regarding the Mutual Risk Schemes and General Insurances refer to the LGRS Member Centre (www.lgrs.com.au) or your Client Service Manager.

