



AGENDA

ORDINARY COUNCIL MEETING

TIME: 6.30 PM

24 MARCH 2022

ELECTRONIC MEETING BY ZOOM

*Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo
Towns of Cambridge and Victoria Park*



**MINDARIE REGIONAL COUNCIL
NOTICE OF MEETING**

17 March 2022

Councillors of the Mindarie Regional Council are advised that an Ordinary Meeting of the Council will be held electronically by Zoom at 6.30 pm on 24 March 2022.

Due to health related concerns with COVID-19 the public gallery will be closed and public questions are invited by email.

The agenda pertaining to the meeting follows.

Your attendance is respectfully requested.



**SCOTT CAIRNS
CHIEF EXECUTIVE OFFICER**

MINDARIE REGIONAL COUNCIL - MEMBERSHIP

Cr K Vernon (Karen) - Chair	Town of Victoria Park
Cr F Cvitan, JP (Frank) Deputy Chair	City of Wanneroo
Cr A Jacob, JP (Albert)	City of Joondalup
Cr C May (Christopher)	City of Joondalup
Cr L Gobbert, JP (Liam)	City of Perth
Cr C Hatton (Chris)	City of Stirling
Cr E Re (Elizabeth)	City of Stirling
Cr K Sargent (Keith)	City of Stirling
Cr L Thornton (Lisa)	City of Stirling
Cr A Castle (Alex)	City of Vincent
Cr P Miles (Paul)	City of Wanneroo
Cr K Shannon (Keri)	Town of Cambridge

NB: Although some Councils have nominated alternate members, it is a requirement that a Council carries a specific resolution for each occasion that the alternate member is to act.

CONTENTS

1	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS	4
2	ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE	4
3	DECLARATION OF INTERESTS	4
4	PUBLIC QUESTION TIME	4
5	ANNOUNCEMENTS BY THE PRESIDING PERSON	4
6	APPLICATIONS FOR LEAVE OF ABSENCE	4
7	PETITIONS / DEPUTATIONS / PRESENTATIONS	4
8	CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS	5
8.1	ORDINARY COUNCIL MEETING – 27 January 2022	5
9.1	CHIEF EXECUTIVE OFFICER REPORTS.....	6
9.1	FINANCIAL STATEMENTS FOR THE MONTH ENDED	6
	31 JANUARY 2022 AND 28 FEBRUARY 2022	6
9.2	LIST OF PAYMENTS MADE FOR THE MONTH ENDED	9
	31 JANUARY 2022 AND 28 FEBRUARY 2022	9
9.3	REVOKING A DECISION OF COUNCIL.....	11
9.4	ADOPTION OF 2021 COMPLIANCE AUDIT RETURN	15
9.5	GENERAL INSURANCE RENEWAL 2022/23.....	19
10	MEMBERS INFORMATION BULLETIN – ISSUE NO. 67.....	24
11	MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN	24
12	URGENT BUSINESS	24
13	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	24
14	MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC	25
14.1	AUDIT COMMITTEE CONFIDENTIAL DOCUMENTS	25
15	NEXT MEETING	25
16	CLOSURE.....	25

1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

2 ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE

3 DECLARATION OF INTERESTS

Declaration of Financial/Conflict of Interest to be recorded prior to dealing with each item.

Disclosure of Financial and Proximity Interests

- (a) *Members must disclose the nature of their interest in matters to be discussed at the meeting. (Section 5.65 of the Local Government Act 1995).*
- (b) *Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting. (Sections 5.70 and 5.71 of the Local Government Act 1995).*

Disclosure of Interest Affecting Impartiality

- (a) *Members and staff must disclose their interest in matters to be discussed at the meeting in respect of which the member or employee has given or will give advice.*

4 PUBLIC QUESTION TIME

5 ANNOUNCEMENTS BY THE PRESIDING PERSON

6 APPLICATIONS FOR LEAVE OF ABSENCE

7 PETITIONS / DEPUTATIONS / PRESENTATIONS

8 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

8.1 ORDINARY COUNCIL MEETING – 27 January 2022

The Minutes of the Ordinary Council Meeting held on 27 January 2022 have been printed and circulated to members of the Council.

RESPONSIBLE OFFICER RECOMMENDATION

That the Minutes of the Ordinary Meeting of Council held on 27 January 2022 be confirmed as a true record of the proceedings.

9.1 CHIEF EXECUTIVE OFFICER REPORTS

9.1	FINANCIAL STATEMENTS FOR THE MONTH ENDED 31 JANUARY 2022 AND 28 FEBRUARY 2022
Reference:	GF-21-0000196
Appendix(s):	Appendix No. 1 Appendix No. 2
Date:	10 March 2022
Responsible Officer:	DIRECTOR CORPORATE SERVICES

SUMMARY

The purpose of this report is to provide financial reporting in line with statutory requirements which provides useful information to stakeholders of the Council.

BACKGROUND

Reporting requirements are defined by Financial Management Regulations 34 of the Local Government (Financial Management) Regulations 1996.

The financial statements presented for each month consist of:

- Operating Statement by Nature – Combined
- Operating Statement by Function
- Statement of Financial Activity
- Statement of Reserves
- Statement of Investing Activities
- Tonnage Report

DETAIL

The Financial Statements for the month ended 31 January 2022 and 28 February 2022 are attached at **Appendix No. 1 and 2** to this Item. The Tonnage Report for the 8 months to 28 February 2022 is attached at **Appendix No. 3**.

The complete suite of Financial Statements which includes the Operating Statements, Statement of Financial Position, Statement of Financial Activity and other related information are reported on a monthly basis.

The estimates for Provisions for Amortisation of Cell Development, Capping and Post Closure expenditure are based on the estimated rates per tonne calculated with reference to estimated excavation cost of various stages of the landfill and the life of the landfill. An adjustment is made (if necessary) at the end of the year based on actual tonnages on a survey carried out to assess the “air space” remaining and other relevant information.

Summary of results for the year to date period ended 28 February 2022

	Actual	Budget	Variance
	t	t	t
Tonnes – Members	133,362	130,636	2,726
Tonnes – Others	22,230	21,548	682
TOTAL TONNES	155,592	152,184	3,408
	\$	\$	\$
Revenue – Members	22,689,317	21,841,847	847,470
Revenue – Other	7,585,772	6,368,531	1,217,241
TOTAL REVENUE	30,275,089	28,210,378	2,064,711
Expenses	30,448,120	29,566,917	(881,203)
Profit on sale of assets	9,846	12,308	(2,462)
Loss on sale of assets	-	-	-
Impairment of assets	-	-	-
NET SURPLUS/(DEFICIT)	(163,185)	(1,344,231)	1,181,046

Members

Members tonnages for the financial period ended 28 February 2022 were 2,726 tonnes in excess of budget.

RRF

The Resource Recovery Facility residue tonnes delivered 15,938 tonnes in total to Tamala Park year to date as they have now completed the empty, clean and make safe (ECMS) of the facility.

Trade & Casuals

The Casual and Trade tonnages are 682 tonnes higher than forecast for the financial year to date. 11,250 tonnes delivered through the discounted rate waste tender.

Overall tonnages for the financial period ended 28 February 2022 were 3,408 tonnes more than budgeted.

The net result variance against budget of \$1,181,046 is mainly attributable to increased tonnages above budgeted forecast.

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That Council:

Receive the Financial Statements set out in Appendix No. 1 and 2 for the months ended 31 January 2022 and 28 February 2022.

9.2	LIST OF PAYMENTS MADE FOR THE MONTH ENDED 31 JANUARY 2022 AND 28 FEBRUARY 2022
File No:	GF-21-0000196
Appendix(s):	Appendix No. 4 and 5
Date:	15 March 2022
Responsible Officer:	Director Corporate Services

SUMMARY

The purpose of this report is to provide details of payments made during the periods identified. This is in line with the requirement under the delegated authority to the Chief Executive Officer (CEO), that a list of payments made from the Municipal Fund since the last Ordinary Council meeting be presented to Council.

COMMENT

The lists of payments for the months ended 31 January 2022 and 28 February 2022 are at **Appendix 4 and 5** to this Item and are presented to Council for noting. Payments have been made in accordance with the delegated authority to the CEO which allows payments to be made between meetings. At the Ordinary Council Meeting held on 16 September 2021, the Council delegated to the CEO the exercise of its power to make payments from the Municipal Fund. In order to satisfy the requirements of Clause 13(2) of the Local Government (Financial Management) Regulations, a list of payments made must be submitted to the next Council meeting following such payments.

It should be noted that generally all payments are GST inclusive and the Mindarie Regional Council is able to claim this tax as an input credit when GST remittances are made each month to the Australian Tax Office.

Months Ended	Account	Vouchers	Amount
31 January 2022	General Municipal	Cheques	\$1,226.70
		EFT	\$5,132,072.40
		DP	\$387,814.12
		Inter account transfers	\$3,000,000.00
		Total	\$8,521,113.22
28 February 2022	General Municipal	Cheques	\$810.00
		EFT	\$1,154,019.61
		DP	\$333,076.22
		Inter account transfers	\$0.00
		Total	\$1,487,905.83

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That Council:

Note the list of payments made under delegated authority to the Chief Executive Officer, for the months ended 31 January 2022 and 28 February 2022.

9.3	REVOKING A DECISION OF COUNCIL
File No:	GF-22-000130
Appendix(s):	Nil
Date:	29 February 2022
Responsible Officer:	Chief Executive Officer

SUMMARY

The purpose of this report is for Council to consider a revocation of the decision of Council made on 6 July 2017.

BACKGROUND

At the Ordinary Meeting of Council held on 06 July 2017 Councillor Fishwick moved a notice of motion as follows:

In accordance with clause 3.13(2) of the Mindarie Regional Council Standing Orders Local Law 2010 I hereby give notice of my intention to move the following motion as the meeting of the Council to be held on 6 July 2017.

That the Chief Executive Officer be requested to conduct a review of the Mindarie Regional Council's (MRC) band classification as determined by the Salaries and Allowance Tribunal (SAT) to ascertain if there is a justification for the MRC in making a submission to the SAT to be reclassified from a band 3 Regional Council to a band 2 Regional Council.

Reason for Motion

The purpose of this Notice of Motion is to request the Chief Executive Officer (CEO) of the Mindarie Regional Council (MRC) to submit a report to the Council on reviewing the Band classification of the MRC as determined by the Salaries and Allowances Tribunal (SAT) to ascertain if there is justification in forwarding a submission to the SAT to reclassify the MRC from Band 3 to Band 2.

The SAT has determined that the band classification for all local governments in Western Australia and a total reward package arrange for the CEO's which includes regional local governments.

The current local government classification for regional councils and the subsequent total reward package range is shown in table 1 and table 2 below respectively:

Table 1: Regional Local Government band classification

Regional Local Government	Band
<i>Bunbury-Harvey Regional Council</i>	4
<i>Eastern Metropolitan Regional Council</i>	2
<i>Mindarie Regional Council</i>	3
<i>Murchison Regional Vermin Control</i>	4
<i>Pilbara Regional Council</i>	4

<i>Rivers Regional Council</i>	3
<i>Southern Metropolitan Regional Council</i>	2
<i>Tamala Park Regional Council</i>	2
<i>Western Metropolitan Regional Council</i>	4

Table 2: Local Government band classification - Total Reward Package range

Band	Total Reward Package
1	\$247,896 - \$375,774
2	\$204,455 - \$316,586
3	\$156,356 - \$256,711
4	\$126,956 - \$198,210

In reviewing the data in Table 1 above there is no parity between the MRC and Tamala Park Regional Council (TPRC) as MRC is a Band 3 classification and TPRC is a Band 2 classification. The operations and assets owned and or managed by the MRC are far in excess of those undertaken by the TPRC.

Similarly, when reviewing the Southern Metropolitan Regional Council (SMRC) and MRC, the SMRC which performs similar services to MRC is a Band 2 classification.

The Rivers Regional Council (RRC) which is a band 3 classification only provides a management service with limited staff and assets to manage whereas MRC has a larger number of staff and considerable assets to manage such as the landfill site at Tamala Park and the Resource Recovery Facility at Neerabup.

The State Government has recently advised that it will direct the SAT to freeze all increases to salaries for a period of four (4) years for its senior State Government employees and politicians and also local government elected members and their CEO's. Local governments may increase CEO's salaries where they are not at the maximum of their band range.

Giving consideration to staff retention and succession planning and taking cognisance of proposed changes to alternate waste management infrastructure it is considered that a review of the MRC's band classification should be undertaken.

At this meeting, the Council resolved:

That the Chief Executive Officer be requested to conduct a review of the Mindarie Regional Council's (MRC) band classification as determined by the Salaries and Allowances Tribunal (SAT) to ascertain if there is justification for the MRC in making a submission to the SAT to be reclassified from a band 3 Regional Council to a band 2 Regional Council.

The MRC has not taken any action in relation to the Council resolution. The MRC has kept Council informed that a review had not been undertaken. The reason for no action was due to the MRC going through a period of change and the Administration's view was that the timing was not right for such a review.

Where a decision of Council has been made any motion to revoke that decision must be supported by at least one-third of Council in accordance with the *Local Government (Administration) Regulations 1996 clause 10 (1)(a)*. On 2 March 2022, the MRC canvassed

MRC Councillors to gauge their support for the proposal to revoke the Council decision of 06 July 2017.

More than one-third of MRC Councillors responded, by email, indicating their support to revoke the Council decision of 06 July 2017.

In accordance with Clause 10 (1a), a notice of motion to revoke a decision is to be signed by at least one-third of the members of the Council. On 16 March 2022, the MRC circulated the notice of motion to Councillors for signature.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Local Government (Administration) Regulations 1996

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil

COMMENT

It is noted that a review of the MRC band classification has not been conducted as per the previous decision. Due to the period of time that has lapsed between July 2017 to March 2022, the Administration's view is that the most appropriate way to deal with the outstanding matter is to revoke the previous decision.

The MRC will consider its long-term strategic direction in the coming months; if Council felt that the banding review is still necessary, Administration would advocate for the review to take place in 12 months' time.

VOTING REQUIREMENT

Absolute Majority

RESPONSIBLE OFFICER RECOMMENDATION

That Council:

Resolve to revoke the following decision made at the Ordinary Council meeting held on 6 July 2017:

That the Chief Executive Officer be requested to conduct a review of the Mindarie Regional Council's (MRC) band classification as determined by the Salaries and Allowances Tribunal (SAT) to ascertain if there is justification for the MRC in making a submission to the SAT to be reclassified from a band 3 Regional Council to a band 2 Regional Council.

(Absolute Majority Required)

9.4	ADOPTION OF 2021 COMPLIANCE AUDIT RETURN
File No:	GF-22-307
Appendix(s):	Appendix 6
Date:	3 MARCH 2022
Responsible Officer:	Chief Executive Officer

SUMMARY

The purpose of this report is to provide Council with information on the completed Compliance Audit Return (1 January 2021 – 31 December 2021).

BACKGROUND

The 2021 Local Government Compliance Audit Return (CAR) covers the calendar year from 1 January to 31 December 2021.

The 2021 Compliance Audit Return is mandatory pursuant to the *Local Government (Audit) Regulations 1996* which requires all local governments to complete a Compliance Audit Return annually.

Local governments not only have to explain or qualify cases of non-compliance, but also provide details of any remedial action taken or proposed to be taken in regard to instances of non-compliance. The Administration has completed the Return.

The Return was placed on the agenda for the Audit Committee meeting on 9 March 2022 for consideration. The Return should be lodged with the Department of Local Government before 31st March, 2022.

DETAIL

The Compliance Audit covers a range of matters that require specific actions to be completed by Local Government authorities in performing their functions.

The Compliance Audit Return requires the responsible officer to indicate against each item whether the required action is relevant to Mindarie Regional Council (MRC) and if it has been completed by either answering;

- (a) Yes; or
- (b) No; or
- (c) N/A – Not applicable

Local Governments are required to provide feedback or comments on areas of non-compliance. This assists the Department of Local Government to have a better understanding of any problems or issues relating to a Local Government's inability to achieve full compliance in a particular area.

The Compliance Audit Return for calendar year 2021 is at **Appendix 6**.

The Local Government is to submit the Compliance Audit Return to its Audit Committee for consideration so that it has the opportunity to examine the Return and report to council the results of that review.

A joint certification is also required to be completed by the Chairperson and Chief Executive Officer to the effect that the information contained in the Return is true and correct to the best of their knowledge. Several other requirements must be met in the Return process and these include: -

- The particulars of all matters of concern raised by Council should be recorded in the minutes of the meeting and a copy of the relevant page(s) attached to the Compliance Audit Return as an appendix; and
- The completed Compliance Audit Return and appendices should be forwarded to the Director General of the Department of Local Government by 31 March 2022.

The Section dealing with the Joint Certification by the Chairperson and Chief Executive Officer requires inter alia that:

- each Councillor has had the opportunity to review the return and to make comment to the Council;
- particulars of any matters of concern relating to the return have been recorded in the minutes of the meeting; and
- a true and correct copy of the relevant sections of the minutes covering Council's consideration of the return must be attached to it.

The Audit Committee, at its meeting on 9 March 2022, considered the Return and resolved the following:

“That the Audit Committee recommends that Council endorse the Compliance Audit Return for the 2021 calendar year, as presented.

CONSULTATION

Nil

STATUTORY ENVIRONMENT

Regional Councils are required to carry out a Return in accordance with the Local Government (Audit) Regulations 1996. The requirements set for the Return are contained in s.14 and 15 of the Regulations, which read as follows:

“14. Compliance audits by local governments

- (1) A local government is to carry out a compliance audit for the period 1 January to 31 December in each year.*
 - (2) After carrying out a compliance audit the local government is to prepare a compliance audit return in a form approved by the Minister.*
 - (3A) The local government’s audit committee is to review the compliance audit return and is to report to the council the results of that review.*
-

- (3) *After the audit committee has reported to the council under sub regulation (3A), the compliance audit return is to be —*
- (a) *presented to the council at a meeting of the council; and*
 - (b) *adopted by the council; and*
 - (c) *recorded in the minutes of the meeting at which it is adopted.*

15. *Certified copy of compliance audit return and other documents to be given to Departmental CEO*

- (1) *After the compliance audit return has been presented to the council in accordance with regulation 14(3) a certified copy of the return together with —*
- (a) *a copy of the relevant section of the minutes referred to in regulation 14(3)(c); and*
 - (b) *any additional information explaining or qualifying the compliance audit,*
- is to be submitted to the Departmental CEO by 31 March next following the period to which the return relates.*
- (2) *In this regulation —*
- certified*** *in relation to a compliance audit return means signed by —*
- (a) *the mayor or president; and*
 - (b) *the CEO.*

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Nil

COMMENT

In order to comply with Regulations 14 and 15 of the *Local Government (Audit) Regulations 1996* it is necessary for the MRC to complete the Local Government Compliance Audit Return in the form approved by the Minister.

The results contained in the Compliance Audit Return required by the Department of Local Government for the period 1 January to 31 December 2020 indicates that the Council is continuing to operate within the Local Government Legislative requirements.

The Audit Committee, at its meeting held on 9 March 2022, recommended that the Council adopts the Compliance Audit Return.

It is recommended that the Return be adopted by the Council and that the component comprising the form approved by the Minister be certified by the Chairperson and Chief Executive Officer and be forwarded to the Director General, Department of Local Government.

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That Council:

- 1. adopt the Local Government Compliance Audit Return in the form approved by the Minister for the period 1 January to 31 December 2021 as contained within the Appendices in accordance with the provisions of *Regulation 14(3) of the Local Government (Audit) Regulations 1996* and in line with the recommendation from the Audit Committee;**
 - 2. authorise the Chairperson and the Chief Executive Officer to complete the Joint Certification contained in the adopted Return detailed in (1) above; and**
 - 3. authorise the Chief Executive Officer to submit the adopted Return detailed in (1) to the Director General, Department of Local Government.**
-

9.5 GENERAL INSURANCE RENEWAL 2022/23	
File No:	GF-21-0000495
Appendix(s):	Appendix 7 - Australian Insurance Market Insights 2021
Date:	15 February 2022
Responsible Officer:	Chief Executive Officer

SUMMARY

This report highlights the results of a review undertaken by the MRC on the experiences of other Western Australian local governments with respect to accessing adequate insurance provision in the current market, and seeks endorsement of the recommendation to renew general insurances for 2022/23.

BACKGROUND

At the 30 July 2020 Audit Committee Meeting, a query was raised to why the Mindarie Regional Council (MRC) had not gone out to tender for its general insurance renewals.

At that time, the MRC sought advice from WALGA, which held the view that local governments do not need to go out to tender for insurance services purchased from LGIS.

Accordingly, the MRC continued to access general insurance services through LGIS. These practices have continued since.

Further investigation of the insurance arrangements in Western Australia has been undertaken to assess whether accessing the general insurance market in preference to utilising the services of LGIS is likely to provide the MRC with tangible benefits at this time.

The insurance portfolio for the MRC consists of three main policies; liability, property and workers' compensation. Premiums paid for the past three years are as follows:

	Annual Premiums		
	2019/20	2020/21	2021/22
Liability	\$97,967	\$103,129	\$113,052
Property	\$111,101	\$118,349	\$125,975
Workcover	\$111,287	\$105,000	\$75,720
Total	\$320,355	\$326,478	\$314,747

LGIS has managed the key risks for the MRC since mid-1990 and in addition to member benefits has provided scheme credits each year, for the past three years they have totalled \$57,666.74; a 6% 'rebate' on premium costs.

DETAIL

The MRC recently commenced an investigation into the benefits of tendering for the general insurance renewals for 2022/23.

The Current Market

Due to 2019/20 bushfires, the COVID-19 pandemic, and recent large insurance losses in global insurance markets, insurers are currently reporting a 'hard market'. During 2020 and 2021, insurers have increased prices, reducing coverage, excluding certain types of risks and lowering policy limits.

A member of the National Insurance Brokers Association, AON, states in their 2021 report titled "Australian Insurance Market Insights 2021" (see **Attachment 1**) that insurers are looking for stability and are driven by a need to reduce volatility, stating, "This makes some industries and product lines hugely attractive to insurers whilst others are borderline uninsurable", with waste recyclers specifically highlighted in page 4 of the report.

Responses from the MRC member council administrations

Administration contacted member council officers to ascertain their experiences with the procurement of insurances services; responses in summary, as follows:

- Three member councils have tested the market in the past 5 years.
 - Two of the three members that tested the market remained with LGIS, whilst the third member remained for all classes with the exception of workers compensation insurance.
 - After utilising the alternative insurer for workers compensation cover for a period of two years, the member then returned to utilising LGIS fully in the third year due to their experience of a lack of claim support and increasing premiums from the industry provider.
 - One member used an external Risk Advisor to develop a scope of works and assist in the evaluation of the responses. That member reported the process gave them confidence in remaining with LGIS.
 - Member officers reported the following when testing the market:
 - Limited responses were received through the process
 - Premiums were competitive but the level of cover and exclusions did not meet their risk appetite.
 - The four members that have never tested the market commented as follows:
 - No requirement due to LGIS being a mutual and the perceived member scheme benefits are valued.
 - Confidence in the scheme and the relevant professional advice to public liability claims was more valuable than a cheaper premium.
 - They appreciated the value proposition of being self-insured.
 - Not convinced there is added value in doing so as their understanding is that all members which have gone out of the scheme have later returned due to increasing premiums, policy exclusions and the inferior quality of general advice and support received.
 - Councils that have gone out to tender have had limited responses from the market, the value of public liability insurance accessible was assessed as being much less and inadequate for councils needs and risk models.
-

Other Local Governments

In 2014, the City of Nedlands departed the LGIS scheme for a period of 3 years, following advice of significant increases in cover premiums from LGIS.

In 2017, 16 other local governments tendered their protection and risk services to the general insurance market. Only three of the 16 made the decision to leave the LGIS scheme. All three returned within 18-24 months citing significant premium increases within 12 months and complaining about the quality of the service.

In 2019, the City of Nedlands published another tender, which resulted in a council resolution to return to the scheme. Amongst other comments in the council report, it is stated that, "...LGIS is, based on the responses, now the most competitive provider in the market place at present".

LGIS

LGIS is a WA Local Government group self-insurance scheme, supplemented by a niche brokering service for the WA local government sector, which all WALGA member councils have chosen to be part of at this time. The Scheme exists to provide protection of the WA local government sector.

Membership of the Scheme now includes cyber liability; management liability; motor vehicle; personal accident; and travel protection under the existing portfolios of Combined Liability, Property and Workcare

LGISWA state that they provide:

- Covers specifically designed for WA local government that accurately and adequately reflects risks exposures that cannot be replicated.
- Mitigating price volatility driven by cyclical hard or soft insurance market conditions across the globe.
- Quick claims resolution. Delegated local authority on scheme claims to provide timely outcomes with claims assessed, adjusted and determined within LGIS, by specialist local government staff.
- Complimentary specialist risk management services, which align with the priorities of modern, sophisticated local governments, assisting councils in mitigating and preventing the impact of claims for the long-term benefit for the member and broader sector.
- Working together with the sector to make sure that emerging risks are considered for coverage and risk management.
- Funding covers that are too cost prohibitive or complex for your local government to acquire independently, for example pollution exposures; community based risks; and employee benefits.
- Surplus Funds are returned to participating members.

LGIS Market Update for 2022

Each year LGIS provides its customers with an assessment of market conditions. Details of the most recent assessment can be found below:

"Our previous guidance indicated the current market conditions to flow into 2023. The current cycle is known as a "hard market" where insurers tend to withdraw capacity or increase rates and limit covers.

According to the Marsh Global Insurance Market Index, which measures its global commercial insurance premium pricing change at renewal and represents the world's major insurance markets, the following trends have occurred:

- *global commercial insurance prices rose 15% p.a in the third quarter of 2021, the sixteenth consecutive quarter of price increases, and*
- *geographically, the UK, with a composite pricing increase of 27%, and the Pacific region, with a 17% increase, drove the global composite rate.*

It is important to note that reported pricing changes are averages and that the data used to estimate the changes cover a wide range of clients in terms of size, industry, location, claims history, and other parameters.

- *Property insurance pricing increased by a further 10% on average but pressure remains for assets in catastrophe risk zones (earthquake, cyclone, bushfire, flood etc.)*
- *Liability insurance pricing rose by a further 15%.*
- *Financial and professional classes rose 25% with 17 consecutive quarters of double digit increases and capacity continued to tighten.*
- *Cyber premiums increased dramatically, capacity shrunk and many programs were unable to purchase historical limits. In some instances, premiums increased between +20% to +80%.*

Moving into 2022 we are impacted by the increased frequency of large catastrophic claims that have pushed increases in annual average losses. Results for 2020 have nearly closed and it's predicted to be the fourth year since 2011 that has seen significant insured losses in excess of \$USD 100 Billion. In these conditions, there is a demand for proactive risk management and data.

LGIS continues to respond proactively through the risk services team and regional risk program in assisting our members address risk and mitigation strategies.

In a hardening insurance market, it is a timely reminder of the benefit of belonging to a mutual as it continues to provide the WA local government sector with stable contributions, delivering outstanding value for money and financial stability."

CONSULTATION

Consultation undertaken with LGIS, MRC member council administrations and a small number of other Local Governments that tested the market in the past five years.

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The MRC gross insurance premium contributions for 2021/22 are \$314,747, rebates received for the period total \$11,577, reducing premiums to \$303,171. Rebates are based on the premium contributions made each year, adjusted for the scheme performance and the MRC's insurance performance.

It is unlikely that rebates of this type would be available through non-scheme or commercial insurance options.

Premiums are likely to rise by at least 10% in 2022/23 due to the hard market.

VOTING REQUIREMENT

Absolute majority

COMMENTS

The following options have been assessed by the MRC through this review:

1. The MRC could consider tendering in the general insurance market for the three main insurances outlined in the report.
2. The MRC continues with the current insurance arrangement through the LGIS Scheme.

From a financial perspective it is unclear whether the MRC would benefit from lower insurance premiums were it to access the general insurance market given the experiences of the City of Nedlands. Whilst it is possible that other insurance providers could offer significant discounts in the short term, the general experiences from those local governments who chose to leave the LGIS scheme is that these discounts were not sustainable and resulted in increased premiums in the following years. Also, the rebates received by the MRC are unlikely to be replicated in another commercial insurance arrangement.

Comments around poorer levels of customer service and a lack of knowledge of the local government sector by other insurance providers has also been raised by other local governments. This appears to contrast with the LGIS Scheme which is specifically tailored to the sector and which, according to those local governments that chose to contract with general insurance providers, provides a higher level of service.

It would appear that the LGIS Scheme offers both financial and service benefits to the MRC. Option 2 is the preferred option of the MRC.

RESPONSIBLE OFFICER RECOMMENDATION

That the Council:

1. **Notes the information contained in this report.**
 2. **Recommends that the MRC does not undertake a public tender process for the provision of insurance services, and continues to remain within the LGIS WA local government group self-insurance scheme.**
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10 MEMBERS INFORMATION BULLETIN – ISSUE NO. 67

RESPONSIBLE OFFICER RECOMMENDATION

That the Members Information Bulletin Issue No. 67 be received.

11 MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

12 URGENT BUSINESS

13 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

14 MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

This Report Is Confidential And Dealt With In A Confidential Session, Under Section 5.23 (2) (f)(ii) Of The *Local Government Act 1995* As The Report Deals With A Matter that if disclosed , could be reasonably expected to endanger the security of the local governments property.

14.1 AUDIT COMMITTEE CONFIDENTIAL DOCUMENTS

File No: GF-22-0000070

**Attachment(s): Attachment 1 – High Risk Register
Attachment 2 – Risk Tables**

Date: 18 March 2022

Responsible Officer: Chief Executive Officer

THIS REPORT IS CONFIDENTIAL AND NOT FOR PUBLIC VIEWING
TO BE SENT UNDER SEPARATE COVER TO MRC COUNCILLORS

15 NEXT MEETING

The next Ordinary Council meeting will be held on Thursday 26 May 2022 at the City of Stirling commencing at 6.30 pm.

16 CLOSURE
