

From: keri.shannon@westnet.com.au
To: "Lisa" <lisa@caninecancer.org.au>
Sent: 8/03/2019 6:53:47 AM
Subject: RE: Re[4]: Insurance and LGA Reform

Hi Lisa

I think ideally you should get a councillor to put the motion up at the March meeting - there are only two insurance brokers who can run the tender so they can just direct the council to them if that helps speed the process up. Getting the broker to run the tender process only costs \$10-\$20k but has the potential to save 30-40% it's clearly worth the effort. Its also just good practice.

The workers compensation coverage is the area we appeared to save the most money. We saved across all insurance areas except Crime which is a small premium anyway.

And when you think about it its not like local government employees have risky jobs and therefore should have high claims. What they do have is a really complacent cultures internally and therefore - where in other businesses they would manage workers compensation claims by getting people back to work - there isn't the same effort put in. I suspect there is a higher incidence of people pulling the stress the claim when being performance managed and the LGIS just paying them out. That's not good practice, and if it was recognised that LGIS ultimately are spending ratepayers money - this shouldn't happen.

Apparently JLT make 80% of their profit from the Australian local government market. They provide all the scheme management services across Australia. As scheme manager they direct the local governments to services where they are the broker (ie collect a brokerages fee for placing the insurance). Its like the banking commission - they have vested interests and are making sure they get a cut - the problem for local government is that WALGA are also getting a cut of the brokerage fee. When you look at my motion you can see how much WALGA earns from providing services (admin staff) to LGIS.

WALGA have fought really aggressively against me trying to get publicity for this issue so you will need to get someone who is champion for this on council. I am happy for you to use my phone number on the material and I am happy to catch up with them and go through the documents.

On another matter WALGA have also been really involved in the Local Government Act review in order to weaken the power of elected members in favour of the CEO and entrench WALGAs power. WALGA is a bit of a strange creature - they are an independent incorporated body that the government has given all these special powers to such as the preferred supplier status. To get on the WALGA preferred supplier list people just have to pay WALGA a fee - there is no prequalification or assurance of the most competitive price. Councillors don't realise this. It is easier for the admin though to use a WALGA preferred supplier as they don't have to get 3 quotes or run a tender. Either way the ratepayer is not getting the best value for money.

We have held a forum trying to put pressure on the minister to allow the reform process to be referred to a parliamentary committee. Do you think you could also see if they council would be willing to pass the attached motion as well.

Kind Regards
Keri Shannon

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