



Local Government Association Workers Compensation Scheme



Local Government Association
Workers Compensation Scheme

Annual Report 2012/2013



Local Government Association
Workers Compensation Scheme

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The LGAWCS has completed 27 years in partnership with Council across South Australia with continued excellent outcomes in managing workers compensation risks and delivering financial returns that other industries can only envy.

Financial Results: The LGAWCS is in a very sound financial position achieving Accumulated Surplus at June 2013 of \$28.475m which allowed the Board to approve a Special Distribution to Members of \$2.0m early in the coming year. This first Special Distribution recognises the maturity and success of the LGAWCS over many years.

This is in addition to the current declared rebate to Members of \$10.6m bringing the total rebate paid to Members in the life of the Scheme to \$141M (including \$50M in the past 5 years). Further, the independent Actuary has estimated that LG has saved \$219M through its own self-insured LGAWCS compared to being part of the WorkCover registered system. The Actuary has calculated that the LGAWCS has achieved a positive funding ratio of 244% which compares very favourably with WorkCover funded below 60% at last report (2012).

What an excellent initiative this Scheme has proven for Local Government.

The Key Results for the 2012/13 Fund year include:

- The fifth consecutive year that new claims have numbered <800, even though new claims are higher this year (795) compared to 730 last year.
- Savings for LG from being self-insured of \$14.8m in this current year.
- An average LGAWCS levy rate that is just over half the comparable WorkCover rate for LG.
- Member rebates of \$10.6m, the third consecutive year in excess of \$10m, and maintaining a longstanding average rebate of 38%.

Work Health & Safety Legislation: The New WHS Act came into effect on 1 January 2013 and LGAWCS has taken the necessary steps to review and update (with full legal expert review) all the documents within the One System model framework. The suite of revised WHS documents has been provided to Members so they can address within their own management systems to ensure the legislative timetable set by SafeWork SA for appropriate implementation by 1 January 2014 can be met. This is a major legislative change and I am confident that LG will adapt well building on the One System model framework introduced over recent years.

CHAIRMAN'S REPORT

WorkCover Evaluation: The evaluation process completed in February 2013 with a recommendation for an 18 month self-insured licence renewal which was approved by the WorkCover Board in March 2013, extending the licence to 30 September 2014. The result identified 5 systemic non-conformances across LG within Standards 1 – 3, a much improved result on the previous evaluation. WorkCover has recognised the commitment and effort that LG is investing into sustainable systems improvement. I have every confidence that the path LG is now taking in this regard is sustainable and worthwhile, and an important contribution to continued improved work health & safety outcomes.

Best Practice Awards: The LGAWCS actively promotes continuous improvement in Council practices in work health and safety and also in injury management through its annual awards process. The Major Awards (with \$15,000 prize money each) were presented at the Local Government AGM dinner in October 2012 to the District of Coorong (for management of contractors in a regional Council) and also to the City of Salisbury (for Organisational Well-Being and Salisbury Safe project). In addition, four Awards of Merit (worth \$5,000 each) were made to the following Councils: Port Augusta, Port Lincoln, Salisbury, and West Torrens. It is very pleasing to see so many Councils recognised for seeking to improve their staff safety outcomes.

Finally, I would like to acknowledge the continuing excellent return for Local Government in establishing and maintaining its self-insured licence, and the ongoing working partnership between Councils and other Scheme members and the excellent staff at the LGAWCS. As an industry, we are the envy of many with our sound and improving practices, and our excellent outcomes.

John Ross



Chairman



The LGAWCS continues to deliver strong results for Scheme Members amidst a challenging economic and industrial climate that continues to test Councils in this critical aspect of workforce management.

Financial Returns: Despite this challenging environment, the LGAWCS delivered excellent financial results with Rebates declared to Members this year of \$10.6m, achieved Accumulated Reserves at 30 June 2013 of \$28.45M, and as advised by the independent Scheme Actuary saved local government some \$14.8m this year compared to being registered with WorkCover. From this, the Board of the LGAWCS was able to declare a Special Distribution of \$2m (as part of the combined LG Risk Services Schemes' total Special Distribution of \$4.5m). Now that is a special set of numbers! It reflects the ongoing performance of the LGAWCS working in partnership with Councils and other Scheme Members.

Health Promotion: This year also witnesses the 14th round of the LGAWCS Healthy Lifestyle program that has helped promote better living amongst local government employees through 2000 on-site health assessments, and over 3000 skin cancer screenings – both conducted across every Council in SA. This program remains one of the most popular activities run by the LGAWCS, and is said to be the largest and longest running employer health promotion program in SA. Summary data from the ongoing assessment process reveals a largely continuous record of improved health indicators for participants.

With significant media reporting of the poor general health of the Australian population, this is a most important initiative with better health outcomes associated with fewer absences from work, higher productivity, and perhaps better injury outcomes (either in lower incidence or faster recovery). Whilst not easy to quantify, the cost benefits of program such as the LGAWCS Healthy Lifestyle are seen as very significant with returns to employees, their families and the LG industry.

Work Health & Safety: The 2012/13 year also witnessed the passing of the new SA Work Health & Safety Act, legislation based on the model WHS harmonisation agenda that has been in development for many years. The new WHS Act became law in SA from 1 January 2013. Although described as very similar to the previous SA legislation, there are numerous small differences, and a legion of new documents (Regulations, Codes of Practice, and Guidance Notes) to be reviewed and incorporated into Scheme member management system documentation.

The LGAWCS has reviewed the thirty core documents that make up the LG One System model framework. This has involved Council level consultation across SA, a consistent writing team, and formal legal review and sign-off of every document before release to Members. That process will continue through the next year. The LGAWCS showed good judgement in the design of the One System model as it was based on the same principles of the model harmonisation legislation. Accordingly, the investment in the introduction of the One System management framework over recent years has proven a sound foundation to transition to the new WHS provisions.

The LGAWCS has conducted several WHS seminars across SA for Council staff and in the next year will offer further seminars on 'officer responsibilities' and 'due diligence' for Council officers and also Elected Members.

The LGAWCS Board has continued to approve special support programs for Councils and members to establish safety management systems through the One System Implementation Program (OSIP) and the Essential Safety Platform (ESP), over the past two years. These and similar support programs will continue to be made available to Scheme members in the coming year to assist the progression of appropriate safety management systems.

SCHEME MANAGER'S REPORT

New Claims Trends: The current year saw a modest rise in new claim numbers from last year's record low (up to 795 from 730 the year before). However, the local government industry has witnessed a relatively stable level of new claims over the past 5 years (all between 730 and 795). This stable new claims level is even better when it is noted that LG employee numbers have risen around 20% over the past 6 years.

Also noteworthy in recent years is that claim trends show a marked shift in claim patterns to show significantly more claims from older workers (over 50 years). One consideration suggests that older workers are staying in the workforce due to the global financial crisis since 2009 at a greater rate than previously. The rising number of older claimants seems to coincide with an increased duration of claims (more days lost per claim) which may reflect the typically slower recovery time for older injured workers. Research continues on this trend to seek to identify possible intervention points to achieve better outcomes.

WorkCover Evaluation: The LGAWCS has continued to negotiate a meaningful and practical WorkCover evaluation process, and has been pleased with progress in this regard. This past year WorkCover altered the evaluation process to allow self insurers to target the first three Standards as an interim stage before looking to satisfy Standards 4 & 5. The result of the 2012 evaluation was announced in February 2013 with 5 systemic non-conformances, a significant improvement on previous outcomes. This resulted in an 18 month licence extension to 30 September 2014.

Partnerships: It would be remiss for me not to acknowledge the extensive network of support for injury management from the dedicated internal rehabilitation coordinators and claims contacts at every Council and Scheme Member across SA. The LGAWCS continues to provide as much training as possible for this group and it is the everyday activities of this extensive network that allows LG to achieve high levels of return to work.

Similarly, the work health & safety practitioners across LG work together with Scheme consultants to improve the WHS management systems across LG. This group especially together with their local senior management group are working to prepare LG for the 2014 WorkCover evaluation as above.

The ongoing collaboration and partnership between the above Member based practitioners and leaders with the claims, rehabilitation and prevention staff at the LGAWCS deserves recognition and congratulations for the continuation of the Scheme's strong results.

I look forward to it being so for a long time to come.

Rob Edwards
Scheme Manager

The Local Government Association Workers Compensation Scheme (LGAWCS) is established by the Local Government Association of South Australia (LGA) and operates for and on behalf of local government and its operating authorities including Councils, their subsidiaries and the LGA.

Sound governance principles are important for the Board to establish the framework for how it oversees the LGAWCS to achieve operational objectives, fulfil legislative requirements, recognise and manage risk and undertake effective decision making.

The Board will embrace governance principles to ensure that accountability and integrity are evident from the manner in which LGAWCS performs its functions. The adopted principles provide a practical approach whilst achieving flexibility and efficiency in a challenging and ever changing operating environment to protect the interests of the LGA and Scheme Members.

Role of The Board

The Board is responsible to administer the Scheme for and on behalf of the LGA in line with its delegated authorities contained within the Scheme Rules. In general terms, the Board is responsible for: -

- Providing and monitoring strategic direction
- Establishing financial targets and monitoring performance
- Compliance with applicable laws and regulation
- Effective management of risks
- Protection and optimisation of LGAWCS assets

Regular reports on these items are provided to the LGA.

Role of The Scheme Manager

The Scheme Manager has delegated authorities, agreed with the Board and the LGA, that enables effective management of the LGAWCS operations. In general terms, the Scheme Manager is responsible for: -

- Administering the Scheme
- Preparation of financial budgets, reports and contributions

- Compliance with applicable laws, regulations and codes of conduct
- Effective management of risks and claims
- Regular reports to the LGA and LGAWCS Board
- Regular liaison with the Executive Director of LGA

Composition of The Board

The Board is to be comprised of Members with appropriate skills, experience and attributes appropriate for the Scheme and its activities.

The Board Membership comprises qualified people, representing Local Government, State Government and the Scheme Manager. In terms of the LGAWCS Rules the Board comprises ten Members with nine Members being non-executive and the Fund Manager being the only Executive Member appointed to the Board. The LGAWCS Rules require the Board to comprise:-

- Six Members, nominated by the State Executive of LGA, one of whom will be the Presiding Member.
- Two Members are nominated by the Government of the State of SA.
- Two Members nominated by the Manager

Membership of the Board will be for a term of three years and Membership can be renewed at the expiration of the member's term.

The Board meets regularly and its performance is overseen by the Presiding Member (Chairman). The Board is focussed on managing the Scheme's: -

- Strategic direction
- Financial targets and performance
- Identification and control of risk
- Regulatory compliance.

To assist it to discharge its duties the Board regularly considers external actuarial, audit and legal advice. The LGAWCS's strategic issues, financial plans and business plans are reviewed annually by the Board. The Board receives updates and forecasts throughout the year from the Scheme Manager.

CORPORATE GOVERNANCE

Remuneration and Personal Liability of Board Members

Except in special circumstances approved by LGA, no payment or other valuable consideration or other benefit shall be made or given out to any member of the Board in respect of that persons performance of duties as a member of the Board or otherwise.

A member of the Board (including a deputy) will incur no personal liability for an honest act or omission in the performance or purported performance of powers, functions or duties of the Board.

A liability that would, but for this immunity lie against a member of the Board, lies instead against the LGA

Monitoring LGAWCS Results

The Board is responsible to monitor the performance of the LGAWCS and undertakes this by: -

- Quarterly reviews of operational, financial, investment and corporate performance;
- Establishment and review of an annual budget;
- Receiving advice from an independent Actuary and independent Auditor;
- Annual review of LGAWCS strategic results and objectives

The Scheme Manager and WorkCover also implement an audit regime to ensure Members comply with the required safety and injury management standards.

Regulation

The LGAWCS operates as a scheme established under Schedule 1 of the Local Government Act 1999 and must comply with this legislation. The LGAWCS must also comply with the various requirements of the Workers Rehabilitation and Compensation Act 1987, which include the Performance Standards for Self Insurers and WorkCover Code of Conduct.

Actuarial Review

Since its inception, the LGAWCS has established that its liabilities and financial performance are to be assessed by an independent actuary. The external actuary is involved in outstanding claim reviews, assessment of unearned contributions, setting contributions and assessing outstanding claim reserves. A peer review of Actuarial advice is conducted at least three yearly. The external actuary is to be from an organisation which is not associated with the external auditor.

Audit Reviews

An independent external auditor is appointed by the Board of LGAWCS to audit the financial statements at 30 June each year. The external auditor is required to report to the Board and is required to meet the Board annually following completion of the audit. The external auditor is to be from an organisation which is not associated with the external actuary.

Business Risks

The LGAWCS identifies business risks through its annual strategic planning and quarterly performance monitoring processes. In line with WorkCover requirements and the assessment of business risk exposures, the Board safeguards its risk exposure by purchasing reinsurance protection where appropriate.

Board Members' report

The board members present their report together with the financial report of Local Government Association Workers

Compensation Scheme ('the Scheme') for the year ended 30 June 2013 and the auditor's report thereon.

Board members

The board members of the Scheme at any time during or since the end of the financial year are:

Appointed

John Ross	Reappointed 1st October 2012
Wendy Campana	Reappointed 1st November 2010
Max Amber	Reappointed 1st November 2011
Tim Jackson	Reappointed 1st November 2012
Charles Mansueto	1 st November 2010
Leo Demer	Reappointed 1st November 2012
Gary Okely	Reappointed 1st November 2010
Michael Sedgman	1st November 2011
Mick Petrovski	20th June 2012
Monica Broniecki	1st March 2013

Principal Activities

The Scheme is a mutual risk product which offers discretionary indemnity and injury management service to its members in respect of their potential and actual liabilities that arise under the provisions contained in the Workers Rehabilitation and Compensation Act. These services are provided to Local Government in South Australia, and include the provision of claims management, worker rehabilitation and Occupational Health and Safety management services, to minimise the occurrence of worker compensation liabilities.

The surplus for the year amounted to \$2,384,822 (2012: surplus of \$4,286,715). The Scheme has provided against 2014 contributions, a rebate to members of \$1 0,630, 166 (2012: rebate provided against 2013 contributions was \$10,897,487).

State of affairs

In the opinion of the board members, there were no significant changes in the state of affairs of the Scheme during the financial year under review.



BOARD MEMBER'S REPORT

Environmental regulation

The Scheme's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Scheme has adequate systems in place for the management of its environment requirements and is not aware of any breach of those environmental requirements as they apply to the Scheme.

Events subsequent to reporting date

In the interval between the end of the financial year and the date of this report no item, transaction or event of a material and unusual nature has arisen, in the opinion of the board members of the Scheme, likely to affect significantly the operations of the Scheme, the results of those operations, or the state of affairs of the Scheme in future financial years.

Likely developments

Information about likely developments in the operations of the Scheme and the expected results of those operations in future financial years has not been included in this report.

Indemnification and insurance of directors and officers

Scheme Rule 6.10 states that a member of the board (including a deputy) will incur no personal liability for an honest act or omission in the performance or purported performance of powers, functions or duties of the board.

Scheme Rule 6.11 states that a liability that would, but for Rule 6.10 lie against the member of the Board, lies instead against the Local Government Association of South Australia (LGA).

Dated at Adelaide this 19th September 2013.

Signed in accordance with a resolution of the board members

John Ross



Chairman

Gary Okely



Fund Manager

Local Government Association Workers Compensation Scheme Annual abridged financial report 30-June-2013

Relationship of the abridged financial report to the full financial report

The abridged financial report is an extract from the full financial report for the year ended 30 June 2013. The financial statements and specific disclosures included in the abridged financial report have been derived from the full financial report.

The abridged financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Local Government Association Workers Compensation Scheme as the full financial report. Further information can be obtained from the full financial report.

The full financial report and auditor's report will be sent to members on request, free of charge. Please call (08) 8235 6460 and a copy will be forwarded to you. Alternatively, you can access the full financial report on the secure section of the LGA website at www.lga.sa.gov.au.



OPERATING DISCLOSURES

Scheme Profile

The Local Government Association Workers Compensation Scheme (the Scheme) was created to provide a scheme for self-insurance against legal liability owed to Scheme Member employees pursuant to all relevant legislation.

Within Part 1 of Chapter 15 of the Local Government Act, 1999 (the "LGA Act") the continued existence of the Local Government Association of South Australia (LGA) is confirmed together with requirement that the LGA will continue to conduct and manage a Local Government Workers Compensation Self-insurance Scheme.

LGA is a member of a group of Local Government corporations, bodies and authorities which group is registered as a Group of Self Insured Employers for the purpose of Workers Rehabilitation & Compensation Act, 1986 (SA) (the "WRC Act"). Pursuant to the WRC Act, LGA is the nominated employer to be treated as the employer of all workers employed by the various members of the group. Membership of the Scheme has been accepted by all sixty eight South Australian Councils as well as many associated Local Government bodies.

The LGA and Jardine Lloyd Thompson Pty Ltd (JLT) have entered into a Joint Venture Agreement to facilitate the continued operation of the Scheme pursuant to all relevant legislation, including the WRC Act and all relevant performance standards determined by WorkCover Corporation.

JLT has considerable experience and acknowledged expertise in the operation of self insured group employer workers compensation schemes and in particular such schemes that involve local government corporations, bodies and authorities. JLT will provide such assistance to enable the LGA to manage and operate the Scheme. The Scheme operates within South Australia and conducts its business at 148 Frome Street, Adelaide.. Under the Joint Venture Agreement the LGA relies on JLT to assist by providing operational services. Accordingly, the Scheme itself does not have any employees.





AUDIT REPORTS FOR FINANCIAL STATEMENTS

Statement of Comprehensive Income For the year ended 30 June 2013		
	2013	2012
	\$	\$
Member Contributions	17,267,435	16,433,505
Outward reinsurance premium expense	(1,091,577)	(1,030,687)
Net member contribution revenue	16,175,858	15,402,818
Net claims expense	(8,599,367)	(7,289,014)
Scheme Manager expenses	(1,893,487)	(1,786,498)
Scheme result	5,683,003	6,327,306
Investment and other income	2,326,064	2,858,517
Other administration expenses	(5,624,246)	(4,899,108)
Operating Surplus	2,384,822	4,286,715
Total Operating Surplus for the year attributable to L GA Workers Compensation Scheme	2,384,822	4,286,715
The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements		

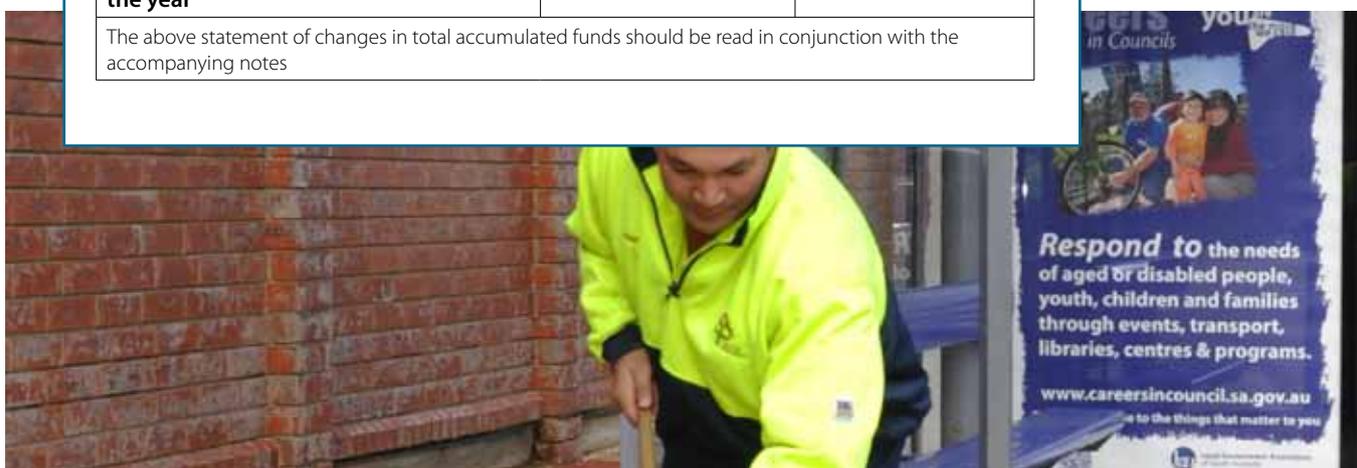
Balance Sheet as at 30 June 2013		
	2013	2012
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	940,624	1,539,861
Receivables	21,730,217	19,937,408
Financial assets at fair value	21,752,002	42,657,180
Total current assets	44,422,843	64,134,449
Non-current assets		
Financial assets at fair value	24,493,402	-
Total non-current assets	24,493,402	
Total assets	68,916,245	64,134,449

	2013	2012
	\$	\$
Liabilities		
Current liabilities		
Payables	2,044,359	1,892,189
Outstanding Claims liability	8,435,535	7,430,401
Unearned member contribution liability	19,146,118	17,440,344
Total current liabilities	29,626,012	26,762,934
Non-current liabilities		
Outstanding claims liability	10,230,134	10,696,238
Catastrophe Margin	585,000	585,000
Total non-current liabilities	10,815,134	11,281,238
Total liabilities	40,441,145	38,044,172
Net assets	28,475,099	26,090,277
Accumulated Funds		
Retained surplus	28,475,099	26,090,277
Total Accumulated Funds	28,475,099	26,090,277

The balance sheet is to be read in conjunction with the notes to the financial statements

Statement of Changes in Total Accumulated Funds for the year ended 30 June 2013		
	2013	2012
	\$	\$
Total accumulated funds at the beginning of the year	26,090,277	21,803,562
Surplus for the year	2,384,822	4,286,715
Total accumulated funds at the end of the year	28,475,099	26,090,277

The above statement of changes in total accumulated funds should be read in conjunction with the accompanying notes



AUDIT REPORTS FOR FINANCIAL STATEMENTS

Statement of Cash Flows for the year ended 30 June 2013		
	2013	2012
	\$	\$
Cash flows from operating activities		
Member contributions received (inclusive of GST)	18,996,857	17,989,701
Outward reinsurance premium paid	(1,188,952)	(1,122,630)
Claims payments	(8,281,355)	(6,717,695)
Payment to suppliers (inclusive of GST)	(8,949,771)	(8,068,650)
Interest received	2,425,984	2,554,307
Net cash provided by operating activities	3,002,763	4,635,034
Cash flow from investing activity		
Payments for investments	(11,670,000)	(18,113,782)
Proceeds on disposal of investments	8,068,000	7,615,782
Net cash used in investing activity	(3,602,000)	(10,498,000)
Net increase/(decrease) in cash held	(599,237)	(5,862,966)
Cash at the beginning of the financial year	1,539,861	7,402,826
Cash at the end of the financial year	940,624	1,539,861
The statement of cash flows is to be read in conjunction with the notes to the financial statements		

Summary notes to the financial statements For the year ended 30 June 2013



This abridged financial report relates to the Local Government Association Workers Compensation Scheme for the year ended 30 June 2013. The accounting policies adopted have been consistently applied to all years presented.

1 Operating Surplus		
Operating surplus has been arrived at after charging the following items		
	2013	2012
	\$	\$
(a) Other Administration Expenses		
Actuarial fees	30,361	34,808
Auditors fee's	19,900	19,900
Bank and guaranatee fees	28,043	32,233
Health and Wellbeing	641,509	566,568
Industrial Legal and Associated Services	431,397	411,490
Injury management and legislative compliance	45,434	7,470
Legal Fees	5,613	5,220
Other Expenses	73,231	29,899
Printing and Publications	26,805	21,213
Rent	203,370	187,531
Risk management fees	1,512,550	1,483,775
Sponsorships and awards	89,169	54,758
OHS Core system Development	880,162	636,993
Work Cover levy	1,636,702	1,407,250
	5,624,246	4,899,108



AUDIT REPORTS FOR FINANCIAL STATEMENTS

(b) Net claims expenses

Direct business

Current period claims relate to risk borne in the current financial year. Prior period amounts relate to a reassessment of the risks borne in all previous financial years.

Gross claims expense	2013	2012
	\$	\$
Gross claims and related expenses - undiscounted	8,662,272	6,827,782
Discount	(62,905)	461,232
Gross claims and related expenses - discounted	8,599,367	7,289,014
Reinsurance and other recoveries revenue	-	-
Reinsurance and other recoveries revenue - undiscounted	-	-
Discount	-	-
Reinsurance and other recoveries revenue - discounted	-	-
Net claims incurred	8,599,367	7,289,014



Summary Notes to the financial statements For the year ended 30 June 2013

2 Cash and cash equivalents			
		2013	2012
		\$	\$
Cash at bank and on hand		312,996	251,829
Term Investments less than 3 months to maturity		627,628	1,288,032
		940,624	1,539,861
3 Outstanding claims liability			
(a)			
Central Estimate	(A)	16,403,572	15,904,371
Discount to present value		(1,295,326)	1,232,421)
		15,108,246	14,671,950
Claims Handling cost	(B)	446,478	433,584
		15,554,724	15,105,534
Risk Margin	(C)	3,110,945	3,021,105
Gross Outstanding Claims Liability		18,665,669	18,126,639
Gross Claims incurred - undiscounted	(A)+(B)+(C)	19,960,995	19,359,060
Current		8,435,535	7,430,401
Non- current		10,230,134	10,696,238
		18,665,669	18,126,639

(b) Risk Margin

Process used to determine the risk margin

The risk margin is an additional allowance for uncertainty in the ultimate cost of claims. The Board determines the overall margin adopted after considering the uncertainty in the portfolio, industry trends and the Scheme's risk appreciation. To determine the margin adopted the Actuary concluded that a risk margin of 20% would be reasonable, if the Scheme was to have approximately 75% probability of its claim provisions proving reliable.

The risk margin is added to the central estimate of net outstanding claims liability.

AUDIT REPORTS FOR FINANCIAL STATEMENTS

Summary Notes to the financial statements For the year ended 30 June 2013

4 Events occurring after the balance sheet date

The Board resolved to distribute an accumulated surplus of \$2m to members by way of a special distribution, in line with the accumulated surplus policy. This distribution was processed on 12th September 2013.

Other than the above no significant events have occurred since balance date that would impact on the financial position of the Scheme disclosed in the balance sheet as at 30 June 2013 or on the results and cash flows of the Scheme for the year ended on that date

.....
Board members' declaration

CERTIFICATE

The abridged financial report is an extract from the full financial report for the year ended 30 June 2013. The financial statements and specific disclosures included in the abridged financial report have been derived from the full financial report.

The abridged financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Scheme as the full financial report, which is available on request.

This declaration is made in accordance with a resolution of the Board Members.

Chairman



Gary Okely Fund Manager



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10 September 2013

The Directors
Local Government Association Workers Compensation Scheme
Local Government House
148 Frome Street
ADELAIDE SA 5000

Private and confidential

2013 Audit of Local Government Association Workers Compensation Scheme

Dear Directors,

In order to carry out our duties and responsibilities as auditors, Ernst & Young is required by ASA 260 "Communication of Audit Matters to Those Charged With Governance" ("ASA 260"), to communicate to you setting out the following matters in respect of the audit of Local Government Association Workers Compensation Scheme.

Our fieldwork is substantially complete and we anticipate issuing an unmodified opinion.

Qualitative aspects of accounting practices and financial reporting

The following issues were discussed and agreed at our closing audit meeting with Rizna Farook (Finance Manager):

Investments

- In the current year ended 30 June 2013 there was a net fair value loss on financial assets at fair value through profit and loss of (\$13,777), compared to a net fair value gain of \$256,520 in the prior year. This was primarily due to the Scheme receiving lower interest rates on its short and long term investments from the LGFA (weighted average interest rate of 3.6%) compared to the prior year (weighted average interest rate of 4.79%). The rate of return earned by the Scheme from LGFA in the current year was more closely aligned with the fixed coupon bond rate which is used to fair value the investments.
- The Scheme has non-current investments of \$24,493,402 as at 30 June 2013, compared to \$nil at 30 June 2012. Management represented to us that consistent with the prior year, investments were entered into during the year based on the best available rate of return. We have verified on a sample basis the maturity dates and related classification in the financial report.

Internal control themes and observations

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have no matters to report to management in relation to significant deficiencies in internal control.

ABRIDGED AUDIT REPORT



2

Independence

We confirm that we have complied with the *Corporations Act 2001*, and in our professional judgment, the engagement team and the Firm are independent.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you and your Board consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

ASA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

Listed in Appendix A are Ernst & Young's key firm-wide policies and processes to maintain independence and objectivity.

Other matters

This letter has been prepared for the sole use of the Board of Directors, management and others within the Company. It must not be disclosed to a third party or quoted to or referred to without our written consent. No responsibility is assumed by Ernst & Young to any other person.

Finally we would like to take this opportunity to thank your staff for the co-operation we have received throughout our audit. If there are any further matters which you wish to discuss concerning our audit, please do not hesitate to call us.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Nigel Stevenson', is written over a light blue horizontal line.

Nigel Stevenson
Partner
Adelaide
Ernst & Young

1. OPERATION OF RULES

These Rules operate from 4.00 pm on 30 June 2005.

2. DEFINITIONS

In these Rules, the following words have the meanings given to them:

- 2.1 'Board' means the Board of Management appointed by LGA in accordance with these Rules.
- 2.2 'Claim' means any claim made upon a Member by an employee in respect of a compensable disability under the Workers' Rehabilitation and Compensation Act 1986, or a claim by another entity seeking recovery from a Member in respect of a compensable disability by any person.
- 2.3 'Fund' means the fund established and maintained in accordance with these Rules.
- 2.4 'LGA' means the Local Government Association of South Australia which for the purposes of the Workers' Scheme is the 'Nominated Employer' pursuant to Section 60(7) of the Workers Rehabilitation and Compensation Act 1986 ('the Act') and for the purposes of these Rules and any decision making by LGA under these Rules is the State Executive of the Local Government Association of South Australia.
- 2.5 'Manager' means the Manager appointed in accordance with these Rules.
- 2.6 'Member' means:
 - 2.6.1 Local Government Association of South Australia (LGA);
 - 2.6.2 CPA Pty Ltd;
 - 2.6.3 The Local Government Finance Authority of South Australia;
 - 2.6.4 Local Government Superannuation Board;
 - 2.6.5 All Councils and Subsidiaries constituted pursuant to the provisions of the Local Government Act 1999;
 - 2.6.6 Any other body so prescribed by the provisions of any Act of Parliament;
 - 2.6.7 Any other entity admitted to the membership of the Workers' Scheme by the LGA.

2.7 'Ordinary Resolution' means a resolution passed with the majority of the votes of all persons present and entitled to vote at the meeting at which the resolution is put.

2.8 'Special Resolution' means a resolution passed with the unanimous vote of all persons present and entitled to vote at the meeting at which the resolution is put.

2.9 'the Act' means the Workers' Rehabilitation and Compensation Act 1986, and any Act of Parliament in addition to or in substitution for that Act.

2.10 'Workers' Scheme' means The Local Government Association Workers' Compensation Scheme first established in 1994 and conducted pursuant to the Local Government Act 1999 and in accordance, with these Rules.

3. DELEGATION

3.1 LGA may delegate any power, function or duty under these Rules to the Board subject to such limitations and conditions as may be determined by LGA.

3.2 LGA may revoke or amend a delegated power, function or duty at any time by giving written notice to that effect to the Board.

3.3 Subject only to any limitations or conditions in the delegation the Board in exercising delegated power will be empowered under these Rules as if it were the LGA..

3.4 Any other power, function or duty to be delegated by LGA to the Board will be as determined by LGA and notified in writing to the Board.

4. OBJECTIVES

4.1 The objectives of the Workers' Scheme are to provide to Members assistance in respect of their potential and actual liabilities for any Claim for the rehabilitation of and/or payment of compensation to an employee or any other person so entitled for compensable disabilities under the Act and including but without limiting the generality of the foregoing to provide:

- 4.1.1 advices in respect of minimising the risk of occurrence and severity of all compensable disabilities;
- 4.1.2 assistance in the administration, investigation and resolution of any Claim;
- 4.1.3 assistance in the rehabilitation of employees suffering from compensable disabilities;

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- 4.1.4 legal representation in respect of any Claim;
- 4.1.5 financial assistance by way of discretionary grants in respect of Member liabilities for the rehabilitation and compensation of all employees suffering from compensable disabilities.

5. MEMBERSHIP

- 5.1 The entities defined in Rule 2.6 are by the adoption of these Rules Members of the Workers' Scheme.
- 5.2 LGA may from time to time on the recommendation of the Board and by Special Resolution admit to membership of the Workers' Scheme any other entity which makes application to LGA and agrees to be bound by these Rules.
- 5.3 In exercising discretion to admit an entity to membership of the Workers' Scheme, LGA may take into account any matter which it considers relevant.
- 5.4 In respect of each financial year during the operation of the Workers' Scheme, the Members shall be those entities which have been admitted to membership and have paid all moneys levied in respect of their membership for that financial year ('contribution').
- 5.5 Payment of a contribution by a Member shall be evidence of the Member's agreement to be bound by these Rules.

6. THE BOARD

- 6.1 LGA will maintain a Board to administer the Workers' Scheme in the pursuit of the objectives for and on behalf of LGA and the Members of the Workers' Scheme.
- 6.2 Membership of the Board will be for a term of three years which can be renewed from time to time.
- 6.3 The Board will comprise:
 - 6.3.1 Six members nominated by the LGA one of whom will be appointed by the Board to be the Presiding Member of the Board;
 - 6.3.2 Two members nominated by the Government of the State of South Australia; and
 - 6.3.3 Two members nominated by the Manager.
- 6.4 Every member of the Board may have a deputy nominated by the Board member and approved by the LGA who may attend meetings participate fully in the meeting and vote in the absence of the Board member and otherwise may attend meetings at the invitation of the Board but will not then be entitled to vote.
- 6.5 Save for any matter which under the Rules requires a Special Resolution, questions arising at a meeting of the Board shall be decided by Ordinary Resolution.
- 6.6 Six members of the Board including one Board member appointed under Clause 6.3.2 (or the deputy attending as the case may be) will constitute a quorum for any meeting of the Board.
- 6.7 Members of the Board will be entitled only to one vote on any matter.
- 6.8 Except in special circumstances approved by LGA no payment or other valuable consideration or any other benefit shall be made or given out of the Fund to any member of the Board in respect of that person's performance of duties as a member of the Board or otherwise.
- 6.9 The Board shall report annually to LGA and the Members on all aspects of the operation of the Workers' Scheme for the preceding year.
- 6.10 A member of the Board (including a deputy) will incur no personal liability for an honest act or omission in the performance or purported performance of powers, functions or duties of the Board.
- 6.11 A liability that would, but for Rule 6.10 lie against a member of the Board or a deputy, lies instead against LGA which will fully indemnify the member of the Board and a deputy for any such liability.

7. FUND

- 7.1 LGA shall maintain a Fund to meet the objectives of the Workers' Scheme and for that purpose shall at the commencement of each financial year levy the Members of the Workers' Scheme a contribution to be paid into the Fund at such levels as are determined by LGA to meet:
- 7.1.1 such Claims as may be made against any one or more of the Members during that year;
 - 7.1.2 such Claims as may have been made against any one or more of the Members during any previous year and which at the commencement of these Rules and any new financial year have not been settled;
 - 7.1.3 the operating expenses of the Workers' Scheme for that year;
 - 7.1.4 any grants or allocations to Members which LGA in its discretion may make or intends to make;
 - 7.1.5 the cost to LGA of performing its responsibilities under the Workers' Scheme;
 - 7.1.6 any other amount determined by LGA to be required for a contribution to the Workers' Scheme.
- 7.2 The Members must contribute to the Fund in the proportions and the amounts determined annually by LGA.
- 7.3 LGA shall administer the Fund with the intent that upon the settlement of all Claims made in any financial year:
- 7.3.1 any surplus remaining in the Fund attributable to that year shall be allocated at the absolute direction of LGA toward liabilities of the Fund for any other year whether future or past; and
 - 7.3.2 any deficiency in the Fund in that year may be met by additional contributions levied by LGA against each Member for that year in the proportion in which contributions were made to the Fund by each Member for that year.

8. POWERS, DUTIES AND FUNCTIONS OF LGA

- 8.1 LGA shall be empowered for and on behalf of the Members of the Workers' Scheme to do all the following things namely:
- 8.1.1 levy Members for differential contributions to the Fund;
 - 8.1.2 invest all contributions received from Members of the Workers' Scheme;
 - 8.1.3 expend the contributions and income earned comprising the Fund of the Workers' Scheme in respect of each financial year in and towards:
 - 8.1.3.1 the general administration of the Workers' Scheme;
 - 8.1.3.2 assistance to Members by way of any advices in respect of their potential and actual liabilities in respect of compensable disabilities;
 - 8.1.3.3 assistance to Members in respect of the rehabilitation of employees suffering from compensable disabilities;
 - 8.1.3.4 assistance to Members in the administration, investigation and resolution of Claims;
 - 8.1.3.5 legal representation for Members in respect of any Claims;
 - 8.1.3.6 financial assistance by way of grants to Members in respect of their liabilities to rehabilitate and compensate employees suffering from compensable disabilities;
 - 8.1.3.7 the cost to LGA of performing its responsibilities under the Workers' Scheme; and
 - 8.1.3.8 such other expenses determined by LGA to be necessarily incidental to the proper functioning of the Workers' Scheme.
- 8.2 LGA may make such additional rules to be observed by a Member or the Members as it may deem fit with respect to the terms and conditions upon which a Member or Members will be eligible for assistance from the Workers' Scheme provided that no such rule shall be made in terms inconsistent with these Rules and further provided that no such rule shall operate and take effect in respect of any Member until a copy thereof shall have been served upon such Member or Members.
- 8.3 LGA will enter into all such agreements for and on behalf of Members of the Workers' Scheme as are necessary for or incidental to, the proper administration of the Workers' Scheme in the pursuit of its objectives.
- 8.4 LGA will carry out all such investigation of such things and make all submissions to such bodies as LGA may deem to be necessary for or incidental to, the proper administration of the Workers' Scheme in the pursuit of its objectives.

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9. ADMISSION OF CLAIM TO INDEMNITY

LGA shall consider any Claim for which a Member seeks indemnity from the Fund and may in its sole and absolute discretion and either in whole or in part and upon such terms and conditions as LGA may consider appropriate determine whether it will grant indemnity and assistance for the Member from the Fund in respect of any such Claim.

10. MANAGEMENT OF THE SCHEME

- 10.1 LGA must engage a Manager upon such terms and conditions as may be determined by LGA.
- 10.2 the Manager's duties shall be specified by LGA from time to time and shall include:
- 10.2.1 carrying out such duties with respect to the management and administration of the Workers' Scheme for and on behalf of LGA as LGA may deem fit from time to time;
 - 10.2.2 keeping records of all activities for and on behalf of the Workers' Scheme;
 - 10.2.3 the preparation of the annual operating budget;
 - 10.2.4 the calculation of contributions in conjunction with actuarial advice;
 - 10.2.5 the management of Claims made against each Member including:
 - 10.2.5.1 the investigation and assessment of those Claims;
 - 10.2.5.2 the preparation of regular reports to LGA or the Board on the progress of Claims and the preparation of recommendations as to the settlement or otherwise of the Claims;
 - 10.2.5.3 the issue of instructions to the Workers' Scheme legal advisers for advice in respect of Claims and for assistance in the defence of Claims;
 - 10.2.5.4 the keeping of the accounts of the Fund for each year;
 - 10.2.5.5 the preparation of advice and recommendations on the investment of any moneys of the Fund not immediately required;
 - 10.2.5.6 the preparation of regular reports to LGA or the Board in such form as LGA or the Board shall from time to time direct in respect of the Fund under its administration as to:
 - (a) Claims outstanding;
 - (b) the assessment of liability in respect of each outstanding Claim;
 - (c) the ability of the Fund to meet the assessment of liability;
 - (d) the assessment of further contributions required, if any;
 - (e) the investment of the moneys of the Fund not immediately required; and

(f) the allocation of surplus moneys in the Fund, if any.

- 10.2.6 the conduct of any investigation or audit of the activities of a Member so as to identify and assess risk, to give Notice to a Member to take action to minimise risk and to report to the Board the outcome of such investigation or audit including detail of any Notice given by the Manager to a Member and the Member's response to such Notice.
- 10.3 The Manager shall be available at all times to LGA, and to the Board and to any member of the Board, any member of any committee of the Board and the Members to answer any questions on the conduct of the activities of the Workers' Scheme.
- 10.4 The Manager shall be entitled to payment of a Management Fee for the performance of its duties.

11. DUTIES OF THE BOARD

- 11.1 The Board shall be responsible to LGA to the extent of delegated power and within the ambit of its power the duties of the Board shall be:
- 11.1.1 to achieve and implement the objectives of the Workers' Scheme;
 - 11.1.2 to ensure from a financial perspective that the Workers' Scheme is viable;
 - 11.1.3 to conduct its business in such manner as is resolved by the Board from time to time;
 - 11.1.4 to determine whether to recommend to LGA to admit an entity to membership of the Workers' Scheme;
 - 11.1.5 to recommend to LGA any changes to the Rules;
 - 11.1.6 to review the performance and function of the Workers' Scheme.
- 11.2 The Board shall be responsible to LGA for the financial management of the Workers' Scheme to the extent that it shall:
- 11.2.1 from time to time undertake an assessment of Members or any of them and their activities to assist in the determination of the proportion in which the Members are to contribute to the Fund in any year and may upon the conclusion of any such investigation direct the Members as to the procedures to be adopted by them to prevent claims or to minimise risks;
 - 11.2.2 annually prepare the financial statements and, where considered necessary, report to LGA and the Members on any items arising from those statements;
 - 11.2.3 be responsible for the assessment of the Members to determine the proportion in which they are to contribute to the fund in each year.

- 11.2.4 be responsible for the investment of monies of the Fund not immediately required and the allocation of surplus monies in the Fund.
- 11.3 The Board shall consider regularly the reports of the Manager in relation to Claims and,
 - 11.3.1 shall submit its instructions to the Manager as to any Claim made against a Member seeking indemnity from the Fund; and
 - 11.3.2 from time to time shall issue instructions to the Manager to permit the Manager to process those Claims.
- 11.4 The Board may establish such committees as it considers necessary to be constituted by such persons as the Board may determine to investigate and report to the Board on any matter relevant to the Workers' Scheme.
- 11.5 The Board shall upon receipt of the recommendation of the Manager prepare and submit to LGA in and for each year during the term of the Workers' Scheme a budget and a financial report which shall deal separately with the following items:
 - 11.5.1 general and administrative costs to be charged against the Fund;
 - 11.5.2 the projected income of the Fund by way of contributions interest or other sources;
 - 11.5.3 the liabilities of the Fund for estimated Claims and Claims adjustment costs;
 - 11.5.4 any grants to be made to a Member or any other person or body for any purpose associated with a Claim on a Member whenever arising.
- 11.6 The Board may at its discretion alter the amounts to be expended in respect of the items listed in the budget for each year where necessary to meet the purposes of the Workers' Scheme;
- 11.7 Where it becomes apparent to the Board that for any year the Fund will be insufficient to meet Claims payable from the Fund, the Board should so advise LGA which may at any time require the payment by the Members for that year of an additional contribution in the same proportions as the contribution paid by each of the Members to the Fund for that year in order to ensure that all Claims upon the Fund for that year are able to be met.

12. ADDITIONAL POWERS OF THE LGA

12.1 Excess

Each Member will be liable for the first amount of any Claim to be known as the 'Excess' which shall be determined by LGA. The Excess may be a differential amount for each Member and for each Claim or a combination of both.

12.2 Defaulting Member

LGA may by written notice to a Member in default of these Rules exclude that Member from any or a defined entitlement to indemnity from the Fund for a particular year or years.

12.3 Special Risks

LGA may by written notice to a Member exclude a Member from any or a defined entitlement to indemnity from the Fund for a Claim in respect of a 'special risk' as determined by LGA.

12.4 Other Insurance

A Member is not entitled to indemnity from the Fund for any Claim for which, at the time of the happening of the event giving rise to the Claim, the Member was otherwise indemnified or insured by or would, but for the existence of this Workers' Scheme be indemnified or insured by any other Policy or Policies of Insurance or otherwise, except in respect of any liability beyond the amount which would have been payable under such other Policy or Policies had this Workers' Scheme not been in existence.

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12.5 Failure to Notify and False Notification

- 12.5.1 Where a Member fails to notify the Manager as required by Rules 13.1 and 13.3 or breaches Rule 13.2 or submits a false claim or provides false information contrary to Rule 13.4 or fails to comply with any requirement or Notice issued pursuant to Clause 15, the LGA may (in lieu of terminating the membership of the defaulting Member pursuant to Rule 20 and in addition to any other power under these Rules) levy an additional contribution to be paid by a defaulting Member or remove any benefit which may otherwise have accrued to the benefit of the Member under these Rules either as a penalty for the default or as a condition precedent for the Claim against the Member to be considered for indemnity from the Fund.
- 12.5.2 A decision by LGA to levy an additional contribution against a Member in default, or to remove any benefit in lieu of termination of membership or any other sanction, does not preclude LGA from exercising the power to terminate the membership of the defaulting Member if there is any repeat of the default or failure by the Member to adequately address the issue of concern identified by LGA (including the payment of the additional contribution) or any other relevant performance or risk management issue.

13. CLAIMS PROCEDURE

13.1 Notice

A Member shall, as a condition precedent for a Claim to be indemnified under these Rules and subject to the default provisions as a condition of continued entitlement to the benefits of membership, forthwith give to the Manager written notice of each of the following:

- 13.1.1 any circumstance or occurrence of which the Member shall become aware or should reasonably be aware which is likely to give rise to a Claim;
- 13.1.2 receipt of any notice, written or oral, from any person of any intention to make a Claim; and
- 13.1.3 every Claim whether the quantum of the Claim exceeds the Excess or not.
- 13.2 Not admit liability

A Member shall not admit liability for, compromise, settle or make or promise any payment in respect of any Claim which may be the subject of indemnity hereunder or incur any costs or expenses in connection therewith without the written consent of LGA which if it so wishes shall be entitled to take over and conduct in the name of the Member the defence and/or settlement of any such Claim for which purpose the Member shall give all such information and assistance as LGA may reasonably require.

13.3 Increase in Risk

A Member shall forthwith give to LGA full particulars in writing of any material increase in the risk of any Claim or liability and shall pay such additional contribution and shall comply with such other terms and conditions, if any, as may be required by LGA in respect of such Claims or liability.

13.4 Fraudulent Claim and False Information

If a Member shall submit a Claim for indemnity from the Fund knowing the claim to be false or fraudulent as regards amount or otherwise or shall provide any false information with respect to a Claim the entitlement to indemnity from the Fund shall become void and all benefits hereunder relating to that Claim shall be forfeited.

13.5 Continued support

During the continuance of any Claim which is to be indemnified from the Fund the Member shall provide the Board or the Manager with whatever information and support (including technical and professional support if requested) as is requested to enable the adequate investigation defence and resolution of any such Claim.

13.6 Subrogation

Every Member seeking indemnity from the Fund shall by membership of the Workers' Scheme have agreed to subrogate to LGA its rights to investigate, defend and resolve any Claim.

13.7 Special Assistance

Any Member requiring special assistance by way of a grant or otherwise to manage any Claim may make written application for such to LGA whereupon LGA shall deal with the matter and in doing so may request any information from the Member and may resolve to refuse the grant or make the grant on such terms and conditions as it deems appropriate.

14. CONTRIBUTIONS

- 14.1 Contributions for each year shall be as determined by LGA having regard to any matter which it determines relevant. Contributions so determined must be paid by each Member as requested by the LGA.
- 14.2 Contributions once paid by a Member to the Fund shall not be recoverable in whole or in part by the Member for any reason, including in the event of the expulsion of a Member from the Workers' Scheme, the early termination of membership, a decision by LGA not to indemnify a claim or to impose a condition for indemnity, or a decision to not renew membership of the Workers' Scheme for any year.
- 14.3 Contributions by each Member shall be applied by LGA at its discretion toward the accumulation of the Fund and otherwise in furtherance of the objectives of the Workers' Scheme.
- 14.4 Contributions for each Member shall be determined by LGA from year to year and for the purpose of determining the appropriate contribution for each Member the Member shall provide LGA, the Board and the Manager such information as is required to determine:
 - 14.4.1 the history of Claims against the Member;
 - 14.4.2 operating and risk management procedures of the Member in all of its activities; and
 - 14.4.3 any other matter requested by LGA, the Board or the Manager.
- 14.5 Additional contributions for any year may be levied by LGA against any Member or Members or all of the Members at any time for any of the following reasons:
 - 14.5.1 to compensate the Fund for the actions of a defaulting Member or Members;
 - 14.5.2 to compensate the Fund for additional risk, non-compliance with a request resulting in a loss to the Fund, or the failure by a Member to abide by a reasonable direction of LGA, the Board or Manager;
 - 14.5.3 to satisfy the requirements of Rule 12.5; and
 - 14.5.4 any other reason determined by LGA by special resolution to be a relevant reason.
- 14.6 For the purposes of these Rules the certificate of the Manager regarding the cost to the Fund of a default by a Member if accepted by LGA shall be final and binding upon all Members as the cost to be paid by the Member.

- 14.7 LGA may on the recommendation of the Manager and having regard to the advice of an Actuary, operate a 'bonus/penalty' scheme and the Members shall be bound to accept such a decision by LGA.

15. MEMBER'S OBLIGATIONS

- 15.1 The primary obligation of a Member is to comply strictly with the technical requirements, and the spirit and intent of the Workers' Scheme Rules so as to ensure the integrity and viability of the Workers' Scheme which has been established as a discretionary mutual indemnity scheme for the benefit of all Members.
- 15.2 In the spirit of mutual obligation every Member must not only comply with the technical requirements of the Workers' Scheme Rules and the directions of LGA, the Board and/or the Manager but must also respect the spirit and intent of the Workers Scheme by ensuring that timely and comprehensive notification is given to the Manager of any incident, circumstance or matter which may give rise to a Claim or be a circumstance or matter which may be a risk capable of causing a compensable disability to any person, and by ensuring that adequate risk management and prevention strategies are put in place so as to absolutely minimise the risk of such a claim or compensable disability to any person.
- 15.3 It is also the obligation of every Member to notify the Manager in advance of any activity to be undertaken by a Member or by any other person on a Member's premises or under a Member's control or influence which has by its nature a risk profile which is different to the risk profile of the usual and known activities of the Member, that is, usual activities of the Member actually known about by the Manager.
- 15.4 The Manager may at any time undertake a risk management audit of a Member's activities, including those activities over which a Member has control or influence, and every Member is obliged to fully and honestly assist the Manager to conduct such an audit by providing the Manager with all information as requested by the Manager and by giving the Manager access to all property, premises, records and any other material requested by the Manager for the purposes of the audit.

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15.5 A Member must modify or cease activities which the Board or the Manager determine to be an unacceptable risk and about which the Manager has issued a Notice to the Member.

15.6 A Member must comply with any Notice given by LGA, the Board or the Manager under these Rules.

16. FINANCIAL PROVISIONS

16.1 LGA shall in the name of the Workers' Scheme open an account with a Bank of its choice.

16.2 LGA may authorise the Manager to operate the bank account.

16.3 All moneys received in respect of the Workers' Scheme shall be immediately deposited to the credit of the bank account.

16.4 The Manager may invest any moneys received and not immediately required to meet the liabilities of the Workers' Scheme:

16.4.1 with the Local Government Finance Authority; of South Australia;

16.4.2 in any security or investment authorised by the Trustee Act; or

16.4.3 in any security or investment authorised by the Local Government Act 1999 or prescribed for the purposes of that Act.

16.5 LGA may borrow moneys for the objectives of the Workers' Scheme and for that purpose may secure the repayment of such loans by granting security over the assets of the Workers' Scheme and the Fund.

16.6 LGA, the Board and the Manager shall keep or- cause to- be kept all such accounting records for the Workers' Scheme as fully and- correctly explain the transactions and financial position of the Workers' Scheme.

16.7 The accounting records shall be prepared and maintained in such a manner as will enable:

16.7.1 true and fair accounts of the Workers' Scheme to be prepared from time to time; and

16.7.2 the accounts of the Workers' Scheme to be conveniently and properly audited annually.

17. AUDITOR

17.1 LGA shall appoint an auditor to audit the books of account kept in respect of the Workers' Scheme and the Fund.

17.2 The LGA and the Auditor shall be entitled at all times to have access to the accounting and all other records of the Workers' Scheme.

17.3 The Auditor shall audit the Workers' Scheme's accounting records annually during the currency of the Workers' Scheme or more frequently as LGA may direct.

17.4 The Auditor shall cause a written report to be sent to LGA and the Board on the completion of each annual audit in respect of the accounting, records of the Workers' Scheme and other records relating to the accounts prepared therefrom.

17.5 The Auditor's report shall state whether in the Auditor's opinion the accounting records aforesaid have been kept in accordance with generally accepted accounting principles and if the Auditor considers that the records have not been so kept the Auditor shall specify the reason for not being satisfied with them.

18. ACTUARY

18.1 LGA shall appoint an actuary to advise LGA on all aspects of the Workers' Scheme.

18.2 LGA will procure actuarial advice as and when required and at least annually for the purpose of preparing the annual budget.

18.3 The annual actuarial report will be provided to LGA, the Board and the Manager.

19. ACCUMULATION

LGA is permitted to accumulate and to retain for purposes consistent with these Rules any money or contributions from Members in any one or more financial year for any purpose consistent with the objectives of the Workers' Scheme.

20. TERMINATION OF MEMBERSHIP

- 20.1 A Member may terminate membership of the Workers' Scheme at any time by notice in writing to that effect delivered to LGA or by failure to pay a contribution, an additional contribution, or costs levied by LGA within the time prescribed and in such case the Member shall not thereafter be entitled to any benefits which may otherwise have been forthcoming from the Workers' Scheme for both past, present and future claims.
- 20.2 A Member which fails to give at least ninety (90) days written notice of intention to withdraw from the Workers' Scheme or which otherwise fails to comply with time requirements of LGA shall pay to LGA any costs incurred by LGA, the Board or the Manager as a result of such failure and any such costs may be recovered by LGA against the Member as a debt.
- 20.3 Termination of membership of a Member shall not vary or waive the obligations of the continuing Members.
- 20.4 Termination of membership of any Member shall not affect any other Member's current or subsequent obligation to make further contributions for any year nor does it affect the terminated Members obligations to make payment previously levied at a time when the membership was current.
- 20.5 Membership may be terminated by LGA in the event that a Member:
- 20.5.1 fails to comply with any Notice issued under these Rules or the reasonable directions of LGA, the Board or the Manager as to the conduct of its operations so as to minimise Claims and the risk of exposure to Claims or compensable disability of any person;
 - 20.5.2 fails to allow and/or accommodate a risk management audit to be undertaken by the Manager;
 - 20.5.3 fails to pay contributions additional contributions, costs and penalties within the time prescribed by LGA;
 - 20.5.4 commences or continues to undertake an activity which in the opinion of LGA is an activity which should not be undertaken or continued by the Member because it creates an unreasonable risk for the Member and the Workers' Scheme;
 - 20.5.5 conducts its activities in such a way as to put at risk the self insurance status of LGA and the Members under the Act;
- 20.5.6 fails to notify LGA of any incident which may give rise to a claim or;
- 20.5.7 commits any other breach of these Rules, and, such termination is effective forthwith upon the decision being made by LGA or on such other later date as is determined by LGA whereupon the Member is thereafter from the date of the decision of LGA not entitled to any benefits of Membership under the Workers' Scheme.
- 20.6 Termination of membership shall not otherwise affect entitlement to indemnity for any Claim already admitted to indemnity by virtue of Rule 9 nor vary or waive the obligations of the defaulting Member to comply with the provisions of the Rules in respect of any year during which the defaulting Member was a member of the Workers' Scheme.
- 20.7 If a Member is in default in payment of a contribution an additional contribution or the payment of costs or penalty or in any other way so that the Fund suffers or is likely to suffer any financial loss or incur additional expense LGA may as an alternative to termination under Rule 20.5 require the defaulting Member to pay to the Fund an amount to be determined by LGA to reimburse the Fund for the loss or additional expense. A Certificate of the Manager specifying the amount so payable by the defaulting Member shall if accepted by LGA be final and binding upon the Member. The amount in the Certificate may be recovered against the member by LGA as a debt payable by the defaulting Member.
- 20.8 If Member fails to comply with a Notice or direction under Rule 20.5, LGA may in its absolute discretion as an alternative to termination require the Member to pay an additional contribution to the Fund as compensation for the default.
- 20.9 The LGA may on the recommendation of the Board terminate a Member's membership of the Workers' Scheme at any time during a year.
- 20.10 A decision by LGA to terminate membership of any Member is final and binding on all Members, including the terminated Member.
- 20.11 In any situation where membership is terminated or limited LGA shall forthwith provide formal notification of the fact to the Minister responsible for Local Government and the Minister responsible for Employment Relations.

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21. DETERMINATION OF DISPUTES OTHER THAN TERMINATION OF MEMBERSHIP

- 21.1 If any dispute or difference (other than a decision of LGA on recommendation of the Board to terminate a membership) shall arise between any Member, and LGA, the Board or the Manager out of or in connection with the operations of the Workers' Scheme such difference or dispute shall:
- 21.1.1 first be referred for resolution to the Executive Director of the LGA, the Chief Executive Officer of the Member and the Manager, and failing that;
 - 21.1.2 shall be referred to arbitration in Adelaide by a Solicitor or Barrister of the Supreme Court of South Australia appointed for this purpose by the President for the time being of the Law Society of South Australia, and the submission to arbitration and all proceedings thereunder shall be subject to the provisions of the Commercial Arbitration Act 1986; and
 - 21.1.3 except where the parties to a dispute otherwise agree in advance in writing each party shall bear its own costs and each shall pay one half of the fees and expenses of the arbitration.
- 21.2 The decision of the arbitrator shall be final and binding upon the parties to the arbitration.

22. AMENDMENT TO RULES

- 22.1 These Rules may be amended at any time by LGA.
- 22.2 Amendments to these Rules shall operate prospectively and not retrospectively.
- 22.3 Notice of any amendment shall be given forthwith to all Members and to the Minister responsible for Local Government and the Minister responsible for Employment Relations.
- 22.4 Amendments will be binding on all Members from the date of their adoption by LGA.

23. TERM OF WORKERS' SCHEME AND TERMINATION

- 23.1 The Workers' Scheme will continue until it is terminated by an Act of the Parliament of the State of South Australia.
- 23.2 Upon termination of the Workers' Scheme, unless the Parliament of the State of South Australia determines otherwise, the Fund remaining after satisfying all liabilities will be paid by LGA for the benefit of the Members at that time in such manner as is determined by LGA in its absolute discretion for the purpose of minimising the risk of claims arising in the future.

Council names

- 1 Adelaide City Council
- 2 Adelaide Hills Council
- 3 Alexandrina Council
- 4 The Barossa Council
- 5 District Council of Barunga West
- 6 Berri Barmera Council
- 7 City of Burnside
- 8 Campbelltown City Council
- 9 District Council of Ceduna
- 10 City of Charles Sturt
- 11 Clare & Gilbert Valleys Council
- 12 District Council of Cleve
- 13 District Council of Coober Pedy
- 14 Coorong District Council
- 15 District Council of Copper Coast
- 16 District Council of Elliston
- 17 The Flinders Ranges Council
- 18 District Council of Franklin Harbour
- 19 Town of Gawler
- 20 Goyder Regional Council
- 21 District Council of Grant
- 22 City of Holdfast Bay
(inc. Alwyndor Nursing Home)
- 23 Kangaroo Island Council
- 24 District Council of Karoonda East Murray
- 25 District Council of Kimba
- 26 Kingston District Council
- 27 Light Regional Council
- 28 District Council of Lower Eyre Peninsula
- 29 District Council of Loxton Waikerie
- 30 District Council of Mallala
- 31 City of Marion
- 32 Mid Murray Council
- 33 City of Mitcham
- 34 District Council of Mount Barker
- 35 City of Mount Gambier
- 36 District Council of Mount Remarkable
- 37 Rural City of Murray Bridge (inc. Lerwin Nursing Home)
- 38 Naracoorte Lucindale Council
- 39 Northern Areas Council
- 40 City of Norwood, Payneham & St Peters



SCHEME MEMBERS

- 41 City of Onkaparinga
- 42 District Council of Orreroo/Carrieton
- 43 District Council of Peterborough
- 44 City of Playford
- 45 City of Port Adelaide Enfield
- 46 Port Augusta City Council (inc. Nerrilda Nursing Home)
- 47 City of Port Lincoln
- 48 Port Pirie Regional Council
- 49 City of Prospect
- 50 Renmark Paringa Council
- 51 District Council of Robe
- 52 Municipal Council of Roxby Downs
- 53 City of Salisbury
- 54 Southern Mallee District Council
- 55 District Council of Streaky Bay
- 56 Tatiara District Council
- 57 City of Tea Tree Gully
- 58 District Council of Tumby Bay
- 59 City of Unley
- 60 City of Victor Harbor
- 61 Wakefield Regional Council
- 62 Town of Walkerville
- 63 Wattle Range Council
- 64 City of West Torrens (inc. St Martins Aged Care Facility)
- 65 City of Whyalla
- 66 Wudinna District Council
- 67 District Council of Yankalilla
- 68 District Council of Yorke Peninsula





SCHEME MEMBERS

- 1 Adelaide Hills Region Waste Management Authority
- 2 Centennial Park Cemetery Authority
- 3 East Waste Management Authority Inc.
- 4 Eastern Health Authority Inc
- 5 Eyre Peninsula LGA
- 6 Fleurieu Regional Waste Authority
- 7 Flinders Mobile Library
- 8 Local Government Association of SA
- 9 Local Government Corporate Services
- 10 Local Government Finance Authority of SA
- 11 Local Government Managers Australia
- 12 Local Government Systems Inc.
- 13 Murray Mallee Community Transport Scheme
- 14 Northern Adelaide Business Enterprise Centre
- 15 Northern Adelaide Waste Management Authority
- 16 Nuriootpa Centennial Park Authority
- 17 South East Local Government Association
- 18 Southern Region Waste Resource Authority
- 19 Upper Spencer Gulf Business Incubator Network
- 20 Central Local Government Association (from 1/1/13)



SCHEME STAFF

Rob Edwards - Divisional Manager, Workers Compensation Services

Claims

Jeanette Hullick – Claims Manager / LGA Authorised Officer

Bronwyn Hall – Senior Claims / Business Advisor

Trevor Beare – Senior Claims Officer

Rammy Sandhu – Senior Claims Officer

Maria Silvestri – Senior Claims Officer

Rachelle Bennier – Claims Officer

Peter Boettcher – Claims Officer

Ben Lynch – Claims Officer

Administration

Kristyn Johnson – Administration Assistant

Jasmine Birt-Heapy – Administration Assistant

Melanie Stephen – Administration Assistant

Rehabilitation

Gowri Ravikumar – Senior Rehabilitation Consultant

Karen McNeeley – Rehabilitation Consultant

Francine Bruzzaniti – Rehabilitation Consultant

WHS

Stevie Sanders – WHS Manager

Kay Loechel – WHS Consultant

Vicky Smith – WHS Consultant

Jodie Wells-Smith - WHS Consultant

Regional Risk Coordinators

Neal Fallon – Regional Risk Coordinator

David Jaunay – Regional Risk Coordinator

Rob Castle – Regional Risk Coordinator

Angie-Marie Fuss – Regional Risk Coordinator

Heather Caudle – Regional Risk Coordinator

Andrew McDonald – Strategic Regional Risk Coordinator

Alan Walker – Regional Risk Coordinator

Julie Beaton - Regional Risk Coordinator

Jo Calliss – Regional Risk Coordinator

LGAWCS Board Members

Cr John Ross - Chairman

Ms Wendy Campana – Local Government Association

Mr Mick Petrovski – Office for State/Local Government Relations

Mr Tim Jackson– City of Playford

Ms Monica Broniecki – Public Sector Workforce Division

Mr Charles Mansueto – Mallala Council

Mr Leo Demer – Local Government Risk Services

Mr Gary Okely – Local Government Risk Services

Mr Max Amber – Campbelltown City Council

Michael Sedgman– Adelaide City Council



Local Government Association
Workers Compensation Scheme

- Local Government Association Workers Compensation Scheme
- T (08) 8235 6444
- F (08) 8235 6448
-
- 1st Floor, 148 Frome St,
- Adelaide SA 5000
- GPO Box 1693,
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Local Government Association Workers Compensation Scheme

