



Central Metropolitan Zone

Minutes

29 August 2019

Central Metropolitan Zone

Hosted by the Town of Cambridge

1 Bold Park Drive, Floreat

Thursday 29 August 2019, commenced at 6:00 pm

Agenda

MEMBERS

2 Voting Delegates from each Member Council

Town of Cambridge

Cr Rod Bradley
Cr Kate McKerracher
Mr John Giorgi JP, Chief Executive Officer non-voting delegate

Town of Claremont

Cr Paul Kelly

Town of Cottesloe

Mayor Philip Angers
Cr Helen Sadler
Mr Mat Humfrey, Chief Executive Officer non-voting delegate

Town of Mosman Park

Mayor Brett Pollock
Cr Jenna Ledgerwood
Ms Carissa Bywater, Chief Executive Officer non-voting delegate

Shire Peppermint Grove

Cr Charles Hohnen
Cr Greg Peters

City of Perth

Mr Murray Jorgensen, Chief Executive Officer non-voting delegate

City of Subiaco

Mayor Penny Taylor
Cr Julie Matheson
Ms Rochelle Lavery, Chief Executive Officer - non-voting delegate

City of Vincent

Cr Roslyn Harley
Cr Alex Castle
Mr David MacLennan Chief Executive Officer – non-voting delegate

WALGA Secretariat

Nick Sloan, Chief Executive Officer
James McGovern, Manager Governance
Kirstie Davis, Policy Manager Community

DLGSC Representative

Luke Stevens, Senior Legislation and Strategy Officer

Guest Speakers

APOLOGIES

Town of Claremont

Cr Kate Main
Ms Liz Ledger, Chief Executive Officer non-voting delegate

City of Perth

Mr Andrew Hammond, Commissioner
Mr Murray Jorgensen, Chief Executive Office non-voting delgate

Shire Peppermint Grove

Mr Don Burnett, Chief Executive Officer non-voting delegate

City of Vincent

Cr Roslyn Harley DSC
Cr Alex Castle

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ANNOUNCEMENTS

Zone Delegates were requested to provide sufficient written notice, wherever possible, on amendments to recommendations within the State Council or Zone agenda prior to the Zone meeting to the Chair and Secretariat.

Agenda Papers were emailed 7 days prior to the meeting date to your Council for distribution to Zone Delegates.

Confirmation of Attendance an attendance sheet was circulated prior to the commencement of the meeting.

Acknowledgement of Country All attendees acknowledged the traditional owners of the land that the meeting is held on and paying respects to Elders past, present and future.

ATTACHMENTS WITHIN THE AGENDA

1. Draft Minutes Previous Meeting
2. Zone Status Report
3. President's Report
4. Standing Orders

1. DEPUTATIONS

Nil

2. CONFIRMATION OF MINUTES

RESOLUTION

Moved: Cr Helen Sadler
Seconded: Cr Rod Bradley

That the Minutes of the meeting of the Central Metropolitan Zone held on 27 June 2019 be confirmed as a true and accurate record of the proceedings.

CARRIED

3. DECLARATION OF INTEREST

Pursuant to our Code of Conduct, Councillors must declare to the Chairman any potential conflict of interest they have in a matter before the Zone as soon as they become aware of it. Councillors and deputies may be directly or indirectly associated with some recommendations of the Zone and State Council. If you are affected by these recommendations, please excuse yourself from the meeting and do not participate in deliberations.

Nil

4. BUSINESS ARISING

Nil

5. STATE COUNCIL AGENDA - MATTERS FOR DECISION

(Zone delegates to consider the Matters for Decision contained in the WA Local Government Association State Council Agenda and put forward resolutions to Zone Representatives on State Council)

Item 5.7 - Road Safety Strategy for WA Beyond 2020

Cr Helen Sadler, Town of Cottesloe, proposed an amendment to item 5.7 on the State Council agenda.

RESOLUTION

Moved: Cr Helen Sadler
Second: Mayor Philip Angers

1. That the submission to the Road Safety Council, for consideration in developing the next road safety strategy for Western Australia, be endorsed subject to the word management being changed to reform in each case in points 4 and 5.
2. That the Central Metropolitan Zone thank Terri-Anne Pettit, Manager Road Wise Program for her comprehensive submission

CARRIED

Items Adopted by *En Bloc* Motion

RESOLUTION

Moved: Cr Julie Matheson
Seconded: Mayor Philip Angers

That Items 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.8 and 5.9 of the State Council Agenda be supported.

CARRIED

6. BUSINESS

6.1 Request to Present – North Metropolitan Health Services

By Executive Officer, Chantelle O'Brien

Vilma Palacios, Coordinator Health Promotion, Mental Health, Public Health and Dental Services from North Metropolitan Health Services, would like to attend the next Zone meeting on 28 November 2019.

The aim of the presentation is to familiarise Elected Members and Local Government officers with key elements that guide the development of Public Health Plans required by the Public Health Act 2016.

If accepted our presentation will include:

- Impact of social, economic, environmental factors on the health and well-being of local community
- Current trends and best practice in promoting community Wellbeing.
- How can we (North Metropolitan Public Health Unit) support LGAs within our boundaries with the development and implementation of tailored Public Health & Wellbeing plans.

RESOLUTION

Moved: Cr Julie Matheson
Seconded: Cr Charles Hohnen

That Vilma Palacios present at the 28 November 2019 Central Metropolitan Zone meeting to present on the matters as mentioned above.

CARRIED

6.2 Request to Present – Office of the Auditor General

By Executive Officer, Chantelle O'Brien

A request has been received from the Office of the Auditor General to attend the next Central Metropolitan Zone meeting on 28 November 2019.

A representative from the Office of the Auditor General, would like to provide an update on Local Government auditing so far including a look at some of their latest financial and performance audits.

RESOLUTION

Moved: Mayor Brett Pollock
Seconded: Cr Julie Matheson

That a representative from the Office of the Auditor General attend the 28 November 2019 Central Metropolitan Zone meeting to provide an update on Local Government auditing so far including a look at some of their latest financial and performance audits.

CARRIED

6.3 Request for Deputation – Department of Transport

By Cr Kate Main, Town of Claremont

Request a representative from the Department of Transport to attend a Central Metropolitan Zone meeting and provide an update to the Zone on considerations to date in regards to lowering traffic speeds in local streets.

RESOLUTION

Moved: Cr Helen Sadler
Seconded: Mayor Philip Angers

That the Zone request a Deputation from the Department of Transport be provided at the November Central Metropolitan Zone meeting.

CARRIED

6.4 Member Request for Information and Full Independent Audit of LGIS Scheme

By the Town of Cambridge

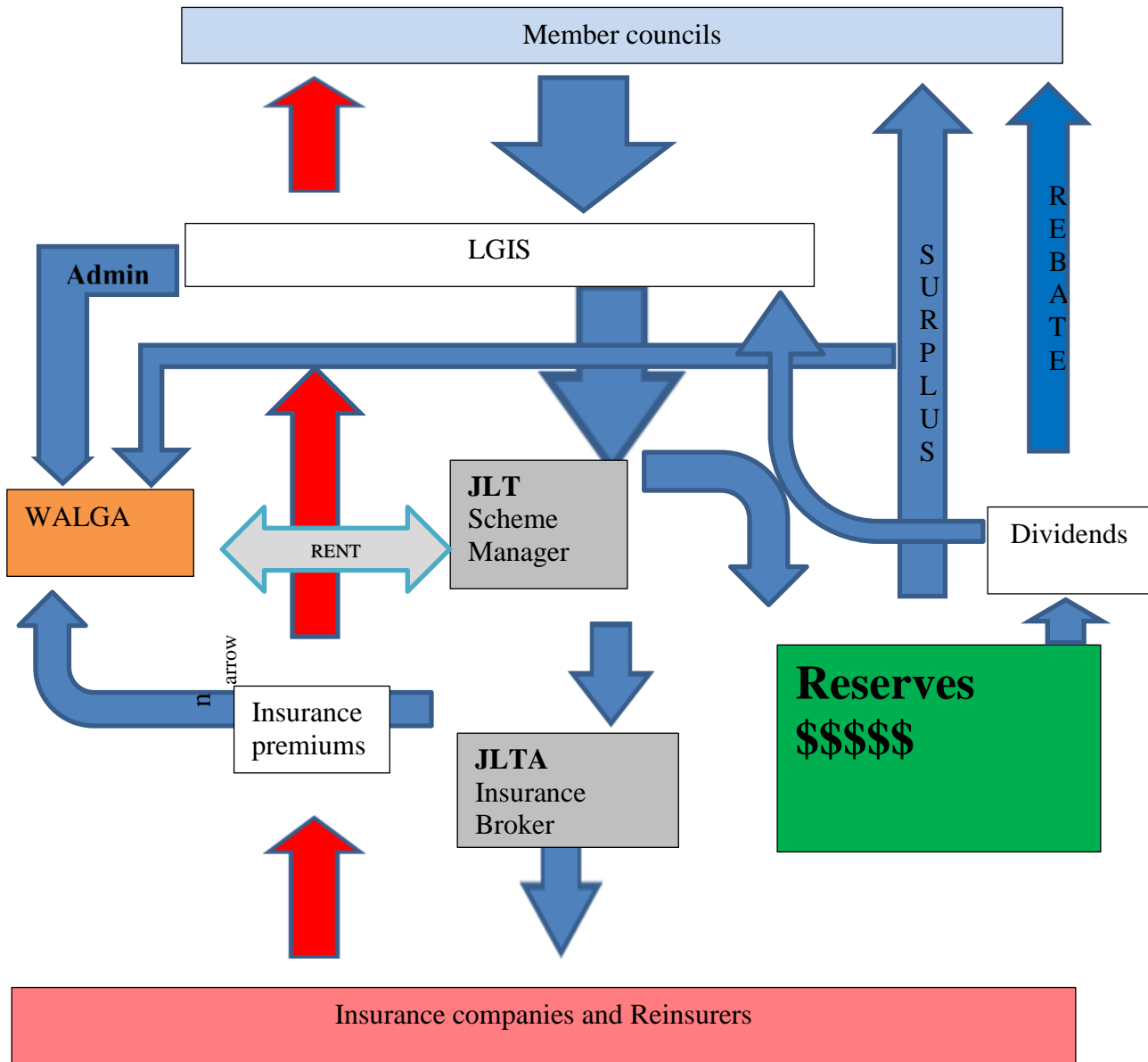
BACKGROUND

The Local Government Insurance Scheme (LGIS) was started in 1996 as a pooled fund and mutual scheme under s9.58(6)(b) of LGA. As it was established by legislation it is not regulated by APRA.

In the mid to late 1990s there were a series of natural disasters that had drawn down the capital of insurance companies particularly that of the reinsurers which combined with the advent of large class litigation meant the cost of insurance premiums went up around the world. In Australia volunteer organisations and councils struggled to meet the rising costs of insurance. This was the catalyst for the establishment of the LGIS which meant member councils could get pooled insurance cover. The Scheme was set up to use the profits earned either as retained or rebated to policyholders in the form of a dividend distribution or reduced future premiums.

In Australia in 2001 the collapse of HIH which had been under-pricing insurance to the Australian market combined with a perceived increase in plaintiff litigation to put significant pressure on insurance premiums. In response all jurisdictions in Australia agreed to a review of the law of negligence (the Ipp Review) and between 2002-2004 the legislatures in every jurisdiction in Australia enacted significant tort law reforms. In WA the government introduced the equivalent of Civil Liability Act 2002 which limited virtually every aspect of the law of negligence. The cost of insurance recovered however WA Councils remained with LGIS believing that the collective insurance arrangement meant competitive premiums.

However it would appear that LGIS does not function as a true collective self-insurer as it does not invest all its profits back into LGIS in order to reduce premiums or pay them to members. Instead WALGA has built in additional charges and commissions which reduce the profit back to members and pay revenue to WALGA, JLT and JLTA.



So after 23 years of operation LGIS continues to charge local governments premiums and buys insurance as a collective and retains some of the money in the form of reserves, and distributes some as dividends back to members less charges for health and wellbeing and risk programs.

In 2018 LGIS had \$32 M in Reserves with \$9M held for Prudential Margins and \$8M was paid to members as a Surplus Distribution.

Requests to WALGA for an explanation of the premium allocation model used by LGIS and whether it is consistent across all local governments have been refused.

WALGA and JLT withdraw substantial amounts of the profits by way of a number of payments and benefits:

- A brokerage commission sharing agreement which earned WALGA \$3.148M and JLTA an undisclosed amount. WALGA should be transparent and provide member councils with advice as to the amount of the brokerage fee charged;
- Payment for services provided to the LGIS by the scheme manager JLT - undisclosed
- Payment to WALGA *“in consideration of its responsibility for the establishment and management of the Scheme and its provision of human resource services such as supervisory, administrative,*

industrial, publicity and other advisory services to JLT and Scheme members “of \$1.43M (pg 12 LGIS Annual Report)

- WALGA were paid Management fees of \$1,873,640 (2017: \$2,9879,319) Note 22 Audited WALGA Financial Report (pg25)
- WALGA were paid 10% for returning reserves that have been contributed to by members – not WALGA. WALGA was paid \$800k. That means your council got 90 cents in each dollar paid by your council - using ratepayers after tax dollars -to LGIS reserves.
- WALGA is the beneficiary of the Local Government House Trust and reported a rent subsidy of \$675,384 (2017: \$647,288) and rental and outgoings of \$1,412,625 (2017: \$1,381,148) associated with the office premises in West Leederville.

LGIS is not a disclosing entity for the purpose of the Corporations Law. It cannot be audited by the Auditor General. The Trust Deed does not provide for a 10% commission to be paid to WALGA on the redistribution of surplus reserves, however according to the Annual reports WALGA is paid 10% of all surplus funds re-distributed to Members. The Act does not allow WALGA to earn any commission for organising insurances. This is different to the Victorian equivalent s10C of the Municipal Association Act 1907 which allows the MVA receive commission.

	Revenue Services	for Distribution	Insurance Services	Management fees
2018	\$1.43M	\$800K	\$3.149M	\$1,873,640
2017	\$1.4m	\$600K	\$2.87M	\$2,879,319
2016	\$1.396M	\$555K	\$2.86M	\$2,872,219
	\$4.226 M	\$1.955K	\$8.879M	\$7,625,178

These figures taken from the Annual reports suggest WALGA was paid at least over \$15 M over just the last 3 years. However Note 22 in the Annual Report 2018 suggests WALGA received Management fees of \$1,873,649 from LGIS and received \$2,879,319 in 2017 from LGIS. It is not clear from the WALGA and LGIS reports how much WALGA earns in revenue and rental subsidies from the LGIS arrangement, and as Member Councils we are entitled to have full transparency and accountability of the revenue earned from public funds.

Scheme Manager - JLT

JLT is the only scheme manager for Local Government insurance across Australia. They also act as the broker for the insurance placed and charge a brokerage fee which increases the cost of the insurance premiums paid by local governments.

In 2018 the Victorian Auditor General’s office reported that by moving away from JLT managed insurance schemes - and going to tender - 4 Victorian local councils had obtained savings on their property insurance of between 30% and 69%.

In WA councils who have gone to tender have found that the premiums being charged by LGIS were well above market.

In order to know whether councils are being charged “reduced premiums by LGIS” councils must have regard to the premiums being charged in the insurance market generally – which would mean getting a competitive price for your insurance premiums.

There is no disclosure of how much of the Scheme’s money is paid to JLTA and JLT in commissions and fees for being the broker and the scheme manager for LGIS, respectively. If there is a benefit through

LGIS harnessing collective buying power it is significantly undermined by the payment of brokerage fees, commissions and administrative expenses to WALGA.

Member councils have no independent evidence that LGIS gets competitive pricing other than the statement of the CEO of WALGA, who is a director of LGIS.

Member local governments should understand the structure of LGIS. LGIS is a separate entity with its own ABN. It is owned by the collective of local governments as members. WALGA is a trustee for those members and should disclose the revenue it received by virtue of its position as LGIS trustee.

LGIS is not exempt from compliance with s3.57 of the Local Government Act. It is not clear why the insurance contracts entered into by member councils do not have to comply with the Act.

LGIS Annual Report

In the LGIS Annual report the Board states that “*the Scheme trades with its members in the normal course of business and on an arm’s length basis*”. This is not consistent with a true mutual which operates to provide the benefit of the combined buying power back to members in the form of reduced premiums.

Furthermore the Annual Report contains a report from the Chairman that:

“LGISWA is not a reporting entity because in the opinion of the Board, there are unlikely to be users of the financial report who are dependent on a General Purpose Financial Report being produced by LGISWA to satisfy their information needs. Accordingly this special purpose financial report has been prepared to satisfy the requirements of the Trust Deed dated 19 September 1996 and complies with the recognition, measurement and classification requirements of Australian Accounting Standards that are effective for annual reporting periods beginning 1 July 2017.”

Board Member Interests

The Annual Report also contains the following statement:

“There have been instances throughout the year where members of the Board have declared a conflict of interest in a claim or a potential claim and as a result the relevant member has not participated in any Board discussion or any decision in relation to that claim.

During the Financial year no member of the Board has declared any financial interest, as may be interpreted under Commercial Law, to any financial transaction, whether actual or proposed that was received or is receivable from the Scheme, which is not otherwise disclosed in this financial report.”

Currently on the LGIS board there are six (6) Directors who are WALGA appointed. It is not clear whether these directors declare financial interests when considering items involving the payment of fees or commissions to WALGA. If such disclosures of interests were made the Board would lose its voting quorum. Last year the Board were paid \$387,000 in directors fees.

WALGA Building at 170 Railway Parade, West Leederville

The WALGA Annual Report states (at note 18) that WALGA is the beneficiary of the Local Government House Trust (LGHT) which has a joint venture with QUBE Railway Parade Pty Ltd. At note 22 the Annual Report notes that WALGA received a rent subsidy of \$675,384 with an administration fee income of \$65,500. Further it states that LGHT and Qube Railway Pty Ltd have a joint venture within which LGHT has a 60% interest, and notes WALGA has rental outgoings of \$1,412,625 associated with the office premises in West Leederville. It is unclear as to the total rental paid by WALGA and how this is reduced by the rent subsidy received from LGHT.

Deloitte Governance Review of LGIS Report

On 6 December 2017 the WALGA State Council minutes note receipt of a report by Deloitte regarding a governance review conducted of LGIS. In May 2018 the Central Metropolitan Zone requested WALGA to advise all Member Councils that they may view the Deloitte Governance report in a confidential setting and asked WALGA to present at the next Zone meeting the key issues which will be considered by the State Council as a result of any recommendations contained within the Report.

Deloitte were the auditor appointed to audit the WALGA annual report for the year ended 31 May 2018. Recent concerns have been raised about auditing firms providing consultancy services to corporate clients in order to maintain integrity and reduce the risk of conflicts of interest.

Given the recent parliamentary inquiry focusing on the auditing industry, how can Member Councils be assured of the independence of the Deloitte Governance Review of LGIS? We need to have a fully independent review of the LGIS model to ensure that it is delivering value for money and competitive insurance for all Member Councils.

Secretariat Comment

The assertion that WA councils who have gone to tender have found the LGIS charges were well above market have been proven, by actual recent experience, to be untrue. All WALGA members are now back with LGIS, with those who were lured away having ending up paying more in premium for inferior cover and service.

The following information responds to the recommendations;

- 1 a) The WALGA /JLTA Broking Agreement is a confidential document and contains confidentiality clauses that prevent it from being released.
- b) WALGA's income from all LGIS activity, including share of LGIS Insurance Broking earnings, is fully disclosed to members in the 2019 WALGA Annual Report – Note 2 and Note 22; \$2,701,249
WALGA no longer receives a percentage of surplus distributions.
- c) Scheme management fees are disclosed to members in the 2018 LGISWA Annual Report (Trading Report "Claim Management Expenses"): \$8,945,195.

The Scheme management fees compare very favourably to the costs paid by comparable operations, as evidenced by the following:

- o 2017/18 expense ratio - of LGISWA Scheme management fees as % of membership contributions, was **13%**

The 2017/18 average expense ratio for commercial insurers, from APRA's Quarterly General Insurance Performance Statistics publication, was **25%** (*Quarterly General Insurance Performance Statistics, Australian Prudential Regulation Authority, June 2019, Table 2c*)

- d) Premium allocation model

The models for members contributions assessment are as described below, to ensure each member pays a fair share.

Workers Compensation

Membership Contributions are assessed by the application of a rate against the total wages of each respective member. Members are grouped into bandings, developed by an independent actuary (PriceWaterhouse Coopers), based on their claims experience, which determines the rate that is applied. Large councils, with total wages of over \$10 M, are also extended an option to be performance-rated, to incentivise them to benefit from good practices in relation to workplace safety and injury management.

Under that methodology, they pay a deposit contribution which is adjustable based on the member's claims experience between minimum and maximum parameters.

Property

Property Contributions for each member are assessed by the application of rates against the declared valuations of their insured assets.

Those rates are driven by loss history and location-specific exposure data (e.g. geo coding)

Liability

Liability Contributions are assessed, like Workers Compensation, by application of a rate against each member's total wages which is then, from a model developed by independent consulting actuary PriceWaterhouse Coopers, adjusted to reflect each members claims experience and risk management.

Bushfire

Bushfire Volunteers Personal Accident Contributions are assessed by application of a fixed dollar amount against the declared number of volunteers for each member.

2. Local Government House Trust

Local Government House Trust was formed to provide accommodation for WALGA. Most Local Governments are unit holders.

WALGA's current premises in West Leederville is a joint venture arrangement, where local Government House Trust own 60% of the building. 40% of the building is owned by the QUBE Property Group

a/b) Rent paid by JLT and LGIS to the Joint Venture is \$2.1 per annum at commercial rates.

c) Rent paid to the joint venture by the Local Government House Trust is \$1.0m. Local Government House Trust receive \$300,000 from WALGA, effectively providing a subsidy to WALGA of \$700,000. Refer WALGA Annual Report Note 22, page 81.

3. Audit

The LGIS Scheme is independently audited by Ernst and Young, who were appointed following a public tender process for APRA-accredited auditors of like organisations. Their Auditors Report forms part of the LGISWA Annual Report which is provided to all Scheme members.

4. Riskcover

This is a matter for each individual Local Government to consider.

RECOMMENDATION

Moved: Cr Kate McKerracher

Seconded: Cr Rod Bradley

That:-

1. **WALGA in its capacity as Trustee of the Local Government Insurance Scheme provides to all Member Councils by no later than 30 August 2019:**
 - (a) **a copy of the brokerage agreement between JLTA and WALGA;**
 - (b) **an account from WALGA, as the Trustee of LGIS on behalf of member councils, of the commission it has earned pursuant to the JLTA and WALGA brokerage agreement per annum;**
 - (c) **advice as to the amount JLT Pty Ltd, currently the Scheme Manager is paid under the Scheme Manager Agreement between WALGA and JLT.**

- (d) the premium allocation model used by LGIS;
- 2. WALGA in its capacity as the beneficiary of the Local Government House Trust (LGHT) which has a joint venture with QUBE Railway Parade Pty Ltd:
 - (a) Advise all Member Councils as the amount of rent paid by LGIS for rental of its premises at Level 3, 170 Railway Parade, West Leederville;
 - (b) Advise all Member Councils as to the amount of rent paid by JLT Pty Ltd and/or JLTA for rental of its premises at level 3, 170 Railway Parade, West Leederville.
 - (c) Advise all Member Councils as to the amount of rent paid by WALGA for rental of its premises at 170 Railway Parade, West Leederville.
 - (d) Such response to be provided by no later than 30 August 2019.
- 3. WALGA agrees to a full and independent audit of the LGIS Scheme by the Office of Auditor General including full disclosure of the revenues and commissions earned through the brokerage agreement between JLTA and WALGA, the premium allocation model and the profits earned by LGIS and JLT through the placement of insurance services on behalf of Member Councils for the last 6 years.
- 4. The Minister for Local Government consider amending the Insurance Commission of WA Act to allow local governments to obtain insurance premiums through Riskcover.

PROCEDURAL MOTION

Moved: Cr Sadler
 Seconded: Mayor Brett Pollock

That the recommendation be now put.

CARRIED

THE RECOMMENDATION WAS PUT AND LOST

6.5 WALGA Preferred Supplier Arrangements

By Town of Cambridge

BACKGROUND

Under Reg 11(2)(b) of the Local Government (Functions and General) Regulations 1996 Local Governments can avoid having to go to tender if they use a WALGA Preferred Supplier.

LOCAL GOVERNMENT (FUNCTIONS AND GENERAL) REGULATIONS 1996 - REG 11

11. When tenders have to be publicly invited

- (1) *Tenders are to be publicly invited according to the requirements of this Division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$150 000 unless subregulation (2) states otherwise.*
- (2) *Tenders do not have to be publicly invited according to the requirements of this Division if —*
 - (a) *the supply of the goods or services is to be obtained from expenditure authorised in an emergency under section 6.8(1)(c) of the Act; or*
 - (b) *the supply of the goods or services is to be obtained through the WALGA Preferred Supplier Program;*

The WALGA Annual report discloses revenue earned from Commercial Services and Contracts

	Commercial Services and Contracts	Events LG Convention and Seminars	Training services
2018	\$4.560M	\$1.2 M	\$1.093M

2017	\$ 4.26M	\$1.3 M	\$ 839K
2016	\$4.116M	\$ 1.2M	\$ 912K
2015	\$3.458M	\$ 1.4M	\$ 786K

Basically in return for being nominated as a WALGA Preferred Supplier under Reg 11 of the Local Government (Administration) Regulations 1996 WALGA is paid a percentage of every invoice that the Preferred Supplier charges the Local Government.

Curiously WALGA describes this payment in their marketing literature as a “rebate” however by definition a rebate is paid back to the same individual who paid the invoice in full. In the case of the PSA the local government pays an invoice issued by a supplier in full, and WALGA are then paid 2% of the invoice value by the supplier. This is not a rebate. Rather it is more akin to a trailing commission.

The WALGA marketing material suggests the rebate system “represents a small cost to the Preferred Supplier” and is “not passed on to Members but is part of the Preferred Suppliers overheads”.

It is highly unusual in a competitive market for there to be a barrier to entry of the market in the form of the payment of a trailing commission to a third party. The suggestion that the “rebate” is “actually offset against the costs the Preferred Supplier would have incurred in responding to Member tenders is fundamentally misconceived. The costs of responding to a tender are sunk costs – the cost of the PSA rebate is a trailing commission. The two are entirely different in amount and period of payment.

The cost to the supplier of the WALGA trailing commission far outweighs the cost of undertaking the tender. Currently this is 2% of all invoices rendered by the Supplier, and \$10,000 per law firm as there is a prohibition at common law in the form of the rule against champerty.

There is no assurance of quality from using the PSA. There is no assurance of competitive pricing.

Town of Cambridge Recommendation

That:-

1. *WALGA provide an account of the rebates earned by WALGA from the Preferred Supplier Arrangements under the Program for each supplier arrangement, to every Member Council for the past 3 years and on a half-yearly basis from now on.*

SECRETARIAT COMMENT

- WALGA provides procurement services to Members that are a proper exercising of WALGA’s powers and furthering of its constitutional objectives. The PSA program for the sector centralises tendering through a prequalification. Due to this, thousands of tenders that may otherwise be required to be called are satisfied by the tender exemption within the Regulations.
- The cost of operating the PSA program is funded by management rebates, at no cost to Members. A significant portion of Management Rebates obtained are directly attributed to the costs of operating the Business Solutions Preferred Supplier program, and the balance are reinvested into enhancing the capacity of Local Government through enhanced WALGA operations.
- The service is not mandatory, and participation from both Members and suppliers is based on the value and quality of streamlined procurement processes.
- The suggestion that the charges “are more akin to a trailing commission” is inaccurate. The PSP charges are transparent to suppliers and Members, and are earned through the provision of procurement services. They are not a barrier to market entry, and as a business overhead would still be incurred, possibly at a higher cost, through other mediums of procurement.

- Suppliers are not nominated, rather assessed through a rigorous and robust procurement process. This adds to the quality of the contract and supply.
- The PSA program leverages the spend power of Local Government and directly saves the sector almost \$40 million in the cost of goods, services and works as a result of quantifiable Preferred Supplier value.
- PSA Benefits extend beyond pricing. WALGA dedicates professional procurement capabilities alongside legal protection. Members benefit from the administrative efficiencies, risk mitigation, reduced procurement costs, due diligence and risk assessment. Through contract management Members receive support in dispute resolution.
- To further improve the quality of the adopted processes of the PSA program and provide assurance to its Members, WALGA is undertaking an independent audit of the PSP to confirm that it is indeed being delivered utilizing best practice and to identify any gaps and areas for improvement.
- Due to the quality of the Preferred Supplier program procurement, developed by procurement professionals, the amount of dispute activity, contract spend and scope creep, legal costs, and other hidden costs of poor procurement do not occur. The proactive benefits of the program cannot be quantified, but far exceed the value of savings.

With respect to the recommendation, WALGA already provides financial year 'Spend and Save' reports on an annual basis which outlines each Member's spend against each PSA. The provision of the rebate paid to WALGA that would align with each Member's use of the PSP can be provided as part of that report. Given the significant additional administrative effort to do so for all 138 Members, it is preferred that this be delivered on an annual basis or if required more often, then on an as requested basis.

With respect to the Town of Cambridge's specific requirements, we have scheduled a meeting with the CEO next week which is at the Town's earliest convenience to clarify and better understand the Town's request so that the matter can be addressed.

Recommendation

Moved: Cr Rod Bradley
Seconder: Cr Kate McKerracher

That WALGA provide an account of the rebates earned by WALGA from the Preferred Supplier Arrangements under the Program for each supplier arrangement, to every Member Council for the past 3 years and on a half-yearly basis from now on.

LOST 3/7
 (Cr Rod Bradley did not cast a vote)

RESOLUTION

Moved: Cr Paul Kelly
Seconder: Mayor Penny Taylor

WALGA provide the spend and save reports including the amount of rebates earned by WALGA from the preferred supplier arrangements under the program to every member Council annually, or six monthly on request.

CARRIED

6.6 Traffic Speeds in Urban West Australia

By the Town of Cottesloe

BACKGROUND

1. Local Government has an important leadership role to play in assisting the Road Safety Commission to reduce the number of people who are being killed and injured on West Australian roads because the majority of roads in WA are under local government control.
2. Maintaining current practices in WA will result in 1, 623 people predicted to be killed and 15,955 seriously injured on WA roads in the next 10 years.
3. Supporting the Road Safety Commission's "Imagine Zero" Safe Systems philosophy for road safety speed reform in urban area will be a significant positive step in reducing road deaths and injuries on Western Australian roads.
4. Recommendation 8 from the 2018 Inquiry into the National Road Safety Strategy is to "Accelerate the adoption of speed management initiatives that support harm elimination"https://roadsafety.gov.au/nrss/files/NRSS_Inquiry_Factsheet_September_2018.pdf The most effective way to accelerate speed management initiatives is through speed reform.
5. In particular lowering speed on residential streets is the future of our cities. It saves lives in the short term. 90% of people hit by a car at 50km/hr die or are severely injured, 75% of people hit by a car at 30km/hr survive. (Austroads research report APR498-15).
6. Importantly lower speeds on residential streets will make them people friendly, safer for those on bikes and on foot. This in turn creates large benefits improving the health of our populations through increased physical activity.
7. Journey times are not significantly increased, particularly when the benefits of reduced congestion are factored in.
8. WA is the lagging behind Victoria, Queensland, NSW and South Australia, whose default speed limit on high speed roads is now 100km/hour unless otherwise specified.

https://issuu.com/roadsafetycommission/docs/imagine_zero_consultation_paper_fin/1?ff p 46

RESOLUTION

Moved: Cr Helen Sadler
Seconded: Mayor Philip Angers

That the WA Local Government Association develop a policy on the traffic speeds in urban West Australia to meet the needs of current and future Australians based on national and international evidence regarding safety, amenity, illness prevention and sustainability. That the policy statement be used to progress speed reform in urban WA.

CARRIED

7. OTHER BUSINESS

National Redress - Further consultation expected with the Local Government sector during October – December. Individual Councils to contact Gordon MacMile, gordon.macmile@dlgsc.wa.gov.au, 0418 968 952, to request a presentation on National Redress if required.

8. EXECUTIVE REPORTS

8.1 President's Report to the Zone

Noted

8.2 State Councillor's report to the Zone

WALGA State Councillor presented on the previous State Council meeting.

Noted

8.3 Department of Local Government, Sport and Cultural Industries Representative Update Report.

Department of Local Government, Sport and Cultural Industries representative Mr Luke Stevens updated the Zone.

Noted

9. DATE, TIME AND PLACE OF NEXT MEETING

That the next ordinary meeting of the Central Metropolitan Zone be held on Thursday 28 November 2019 at the Town of Claremont at 6:00 pm.

10. CLOSURE

There being no further business the Chair declared the meeting closed at 7.47pm.