



**statewide  
mutual.**

**Strength. Stability. Integrity.**



# ANNUAL REPORT

and financial statements for the year  
ended 30 June 2021

# COMMITTED TO COUNCILS – NOW AND ALWAYS

Statewide Mutual is Australia's largest local government mutual scheme.

Twenty-nine years running, 114 members – and broad cover for councils across NSW.

But we're so much more than these numbers.

When Statewide Mutual began in 1993, we had one clear goal: to ensure NSW councils had access to sustainable cover and stable premiums.

Nearly three decades on, we're doing exactly that – and more.

We're a member-based organisation created by councils, for councils. So our understanding of local government – and our support for its councils – runs deep. That's why we're constantly evolving and adapting our services. To give our members what they truly need.

Today, we continue to focus on people. Not profits.

We're also proud to offer a holistic solution that helps councils navigate their unique risk management challenges – and enjoy a brighter, more certain future.

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## CHAIR'S WELCOME

**As much as we wish we could leave it behind, COVID-19 continued to affect all aspects of our business last year. And although it did change some of our plans, we refused to let the pandemic hold us back. Far from it.**

### Pivoting to the virtual world

Once again, it was a year of working around lockdowns and restrictions. We held board meetings online and changed our methods of engagement with members.

One of the biggest disappointments was that we had to cancel our London trip. Instead, we did the reinsurance program online – in UK time – which was challenging, for sure. But well worth the effort. Thanks to Keely Autrey for her superb coordination and logistic control management. And to Troy Green, Jason Linnane and Therese Manns for their marathon Zoom efforts and support.

Our annual conference was also again struck down by the pandemic. But that led to us holding our very first webinar, which received a fantastic response. You can read about the webinar and the other events we were part of on page 18.

### A year of resilience and adaptability

No matter the curveball, local governments continued to steadfastly provide services and look after staff and communities.

And despite all they have on their shoulders, councils stepped up to support national and state efforts for vaccinations and testing clinics.

Council elections were also held last December – which means you are all focusing on our Integrated Planning and Reporting processes over the coming months. We look forward to supporting our members as they induct new councillors and engage with communities to design better resourcing strategies, workforce management and financial plans.

We're also expecting a big demand on infrastructure spending in the coming months, to help stimulate the economy.

And of course, IPART's decision to set the rate peg at 0.7% continues to put pressure on councils. Although, thanks to new Local Government Minister Wendy Tuckerman MP's intervention, most councils now have an avenue to adopt their budgeted rate peg amounts.

But all this only shows, again, how important it is to be part of a mutual that constantly looks out for its members' best interests.

### By the councils, for the councils

At Statewide, we make sure that any increases are as minimal as possible.

While we do what we can to ensure we're viable and sustainable for the long term, we're also committed to providing reasonably priced cover. Always.

With the market's huge jump in insurance costs – due to climate change and COVID-19, among other factors – we aim to keep those fluctuations low.

And I'm pleased to say that we're doing very well.

In terms of scale and capacity, we have this year insured a collective asset value of \$26.4 billion worth of community facilities. These include aerodromes, swimming pools, council chambers, childcare centres and sewerage plants.

### Always ready to help – quickly

Our commitment, from day one, is to support and be there for our members when they need us.

Be it a bushfire, storm, or torrential rain and flooding, it is the local councils who – after being part of the immediate emergency response – lead the local recovery.

And since 1993, we have enabled councils to recover quickly from natural disaster events. It's all about ensuring you can protect your community against financial loss, manage risk and mitigate threats to local government sustainability.

Our Statewide assessors are on the ground as soon as we can or are allowed to be. And we have, on many occasions, paid an upfront insurance claim to our members within a week of the disaster event – to ensure they can rebuild their community infrastructure as soon as possible.

### Locally led at its best

Thirty years ago, when faced with escalating insurance costs and a rapid departure of Public Liability underwriters in the market, it was the councils that banded together to establish Statewide Mutual.

There was no state or federal government intervention. No grant program, policy or any other assistance.

Statewide Mutual is an example of locally led at its best. And I'm so proud of that.

Now, of the 139 councils and 13 joint organisations in NSW, 114 of you are members.

We're the largest mutual in Australia, with the backing of the world's largest insurance broker.

And the stability and benefits of Statewide Mutual are proven by the market insurance cost increases achieved again this financial year.

### Goodbye and welcome: board updates

I cannot speak of the start of Statewide without mentioning Leo Demer.

Leo was one of our founding board members, and he played a pivotal role in establishing the mutual. You can read our special feature on his career and Statewide journey on page 16.

Thank you, Leo, for your decades of hard work and dedication in providing the best for NSW councils. It's been a privilege to have worked with you through these years. We wish you all the best.

At the same time, I'm pleased to welcome Martin Townsend, who will be stepping into Leo's position. Having worked in senior management positions within JLT PS NSW for over 32 years, Martin brings a wealth of knowledge and experience to the Board.

We look forward to him bringing his operational and compliance expertise to the Board from a JLT perspective.

### Onwards and upwards

It has indeed been another eventful year.

And I know that the class action remains on a lot of members' minds. At the time of writing this report, we are still waiting for the judgement. Rest assured that we will let you know as soon as the results are out – and we will advise on next steps.

In the meantime, we have many exciting things in store. Jason will tell you about our new initiatives and programs on page 10.

We remain committed to improving our services and providing support to our members. We will also be doing more to help our risk managers and our Board stay engaged with each other – and with our members. Because our goal is always to provide the highest level of service.

That's what we endeavour to do – and that's what we do best.

### **Rebecca Ryan**

Chair of the Board of Management  
General Manager, Blayney Shire Council

# YEAR IN REVIEW

Some of the top risk management issues that have kept councils occupied over the past year.

## Staying ahead of mother nature

With the climate crisis in full swing, we've seen more heatwaves, bushfires, coastal erosion and other extraordinary environmental events in recent years.

If left unmanaged, climate change can impact local governments in various ways, including:

- Damage to infrastructure
- Resident migration
- Financial impact
- Reduced council operations

The first step to address the impact of climate change on LGAs is to perform a climate change risk assessment. This will help councils understand and identify potential risks to their LGAs, before developing and implementing risk adaptation strategies.

Read about how Tweed Shire Council manages their risk from climate change on page 12.



## Robust risk management: councils that won us over

We received a high calibre of submissions for our 2021 Risk Management Excellence Awards, and deciding on the winners was no easy feat.

But after a challenging judging process, the top awards went to:

### Regional, Rural and County Councils

#### Overall and Strategic / Enterprise Risk

##### Uralla Shire Council

Improving risk culture

### Metropolitan and Large Regional Council

#### Overall and Technological Innovation Winner

##### City of Canterbury-Bankstown

Closing the loop on waste using Artificial Intelligence

#### Operational Risk

##### City of Canterbury-Bankstown

Leisure and aquatic services continuous improvement planning

#### Strategic / Enterprise Risk

##### MidCoast Council

Risk management roadmap

Enjoy our feature on City of Canterbury-Bankstown and MidCoast Council's winning submissions on page 20.

## La Niña storms through summer

La Niña weather events continued to wreak havoc last spring and summer, bringing storms, hail, flooding, tornadoes and even earthquakes to the east coast.

Although last year's La Niña event was not as devastating as those from 2010 to 2012, it still caused many dams across northern NSW to overflow and swell above capacity.

La Niña events often bring about large-scale financial and business interruption impacts. Losses attributed to water damage claims from storms and flooding have totalled approximately \$78.3 million over the property scheme to date.



## A jump in unauthorised bike facilities

Due to lockdowns and travel restrictions, many LGAs (in urban and rural NSW) saw a marked increase in make-shift BMX and mountain bike trails, pump tracks and dirt jumps.

Many of these facilities were poorly constructed and did not meet safety standards. As such, they posed serious safety risks to the riders themselves and to the people visiting or accessing the area. Not to mention the environmental damage and risk to endangered species and the ecosystem.

But dealing with unauthorised facilities can be tricky. And if not handled carefully, councils may end up with reputational damage.

Statewide Mutual has helped councils establish and develop several strategies to respond to this issue – which include retaining and monitoring low-risk facilities and consulting the community for an appropriate solution.

## New fraud and corruption guidelines

After 13 long years, the Australian Standards for Fraud and Corruption Control are finally updated. While this is welcome news to risk-aware councils, it also means they will need to invest in more training, resources and planning.

The updates are all about bringing risk management practices into a contemporary context. Most of the key changes centre on four themes:

1. Adapting to threats from technology
2. Increasing planning and resourcing
3. Taking a proactive approach
4. Managing performance-based targets

The fourth theme is a completely new addition to the Australian Standards. Because incentive programs might inadvertently encourage fraud and corruption, councils are now advised to consider them as part of their risk assessment plan.

None of these changes are compulsory and councils are not required to implement them immediately. But they are encouraged to roll them out as soon as possible to safeguard themselves against fraud and corruption.

## Still alert to cyber risk

Cybersecurity risk continues to present a significant threat to councils. With hackers becoming increasingly sophisticated, it's no longer just a matter of privacy breaches or stolen data. Cybercrimes now target entire operational systems – which can have dire safety, social and financial consequences.

The types of systems at risk of cybercrime are diverse, from fire safety equipment to scientific equipment to equipment sensors.

To reduce attacks and protect councils, members must keep up to date with cybersecurity training and best practice. Statewide Mutual has introduced several initiatives to help councils identify and manage these risks, including the Information Security Maturity Assessment and Cyber Crisis Simulation.





# EXECUTIVE OFFICER'S REPORT

The year before last was an annus horribilis for many reasons – not least the bushfires that ripped through our communities. Thankfully for our members, and for all Australians, we saw nothing of the like in the year that followed.

But the past year hasn't been without its challenges. Internally and externally, Statewide Mutual has navigated twists and turns, highs and lows. And our members and underwriters have stood by us through it all.

Here's how the last year played out – and what's ahead for the next.

## A trying year – but a smoother one

In the year before last we saw record-breaking losses due to floods, bushfires and claims outcomes. It was a difficult year (to put it mildly). Fortunately, from a coverage perspective, this year has been a smoother one for the mutual.

But we've still faced challenges. Thanks to corrections in the insurance market, placing the reinsurance of the scheme has been a complicated process. And we've experienced enough losses for our underwriters to be occasionally concerned.

We also lost one of our major insurers this year. They wanted a substantial rise – but soon found that the rest of the market didn't. Unwilling to follow suit, they pulled out of the scheme.

Thankfully, our underwriters' loyalty has seen us through greater challenges before. Many have been through the peaks and troughs with us – and they're prepared to ride this one out by our side.

Naturally, we'll make adjustments in due course – be they pricing, risk management or coverage changes – in order to keep the scheme sustainable.

## Our councils' challenges: natural and industrial

In the last 18 months, we've received notifications of two ICAC and three public inquiries. They were significant obstacles, as we were trying to obtain insurance for the affected councils.

And, once again, major weather events have created problems.

In March last year we saw massive flooding in the MidCoast and a formidable hailstorm. At a time when property insurance is already difficult to obtain, the La Niña weather pattern hasn't made things easier.

We've seen one other immediate threat to councils: malicious cyber-activity.

The insurance industry recently created a product called 'Cyber Insurance'. But after seeing a steady uptick in cyber-attacks, it appears the sector is seeing a risk there – and is slowly backing away.

Our challenge now is to differentiate our risk from the corporate risk, to deal more effectively with the market.

## Standing strong as the provider of choice

We've continued to prove ourselves whenever given the opportunity – and this year was no different.

Canterbury-Bankstown, one of the biggest councils in NSW, had a full and open tender before deciding to appoint JLT. Likewise, Fairfield and The Hills thoroughly tested the market – and chose to move to JLT.

In the current market, it's clear that we stand out as the provider of choice for councils who do their due diligence.

Our scheme is not an exercise in technical underwriting – as any council eager to forensically investigate their best option will discover.

Our offering has the benefit of the largest pool of councils in Australia and the backing of the largest insurance broker in the world.

We also have a long-term strategic reinsurance program to support councils – through thick and thin.

## Looking ahead: what to expect next

Transparency will remain a primary focus of ours this year.

Our members are in a unique insurance arrangement. And its distinctiveness can, at times, cause uncertainty around why their insurance looks so different to the corporate variety.

By improving communication between our Board and our members, we hope to solidify our members' confidence in this partnership between JLT and local government. We want to assure them that it will only continue to work in their best interests – as it has always done.

We want to facilitate stronger communication between our members and their peers involved in running the scheme. Ideally, this will lead to a better, more widespread understanding of the complexities of Statewide Mutual's goals.

To that end, we've doubled down on efforts to improve our communication and transparency with you – our members and stakeholders. And you can look forward to that as we move ahead.

## To the people behind the scenes

I want to extend my deepest thanks to our former board members who gave evidence on behalf of JLT during the class action: Bill Warne, Nick Tobin and Gary Murphy. Thank you for your loyalty and generosity at such a difficult time.

I also want to thank our entire Board, in particular the chairs: Rebecca Ryan, Therese Manns, Jason Linnane and Troy Green. With so many plates in the air at any one time, I'm continually impressed by your dedication to keeping our scheme fit for purpose.

And finally, to Leo Demer, one of our original board members: thank you for your foresight in establishing the scheme, selling it to local governments, and helping it run and flourish for 29 years.

When our scheme was set up, councils were in danger of becoming uninsurable entities. Thanks to Leo – and the Mutual – they dodged that fate.

Leo: I wish you all the best for your retirement.

**Naamon Eurell**  
Executive Officer



In the current market, it's clear that we stand out as the provider of choice for councils who do their due diligence.



# CLAIMS AND RISK MANAGEMENT REPORT

It's been an exciting 12 months. And with three new initiatives all signed off by the Board in December, the stage is set for another strong year.

As risks diversify, we as the Mutual need to think in new ways. To utilise the strength of our individual members to benefit the whole. And to collaborate, share and learn as we navigate a shifting risk landscape.

Here are the initiatives we've been working on – and what to look out for this year.

## Steering the ship with strategy

Strategy bookended our 2021.

Early in the year, the Board adopted a new strategic plan. Then, the Regional Risk Managers (RRM) followed suit, developing their own strategy to align with that of the Board.

Endorsed by the Board in December, the RMBU (Risk Management Business Unit) Strategic Plan will clarify and steer the risk program's delivery until 2026, and we're excited to roll it out.

Encompassing actions, outcomes and reporting metrics, the RMBU plan will:

- Establish a governance framework to measure progress
- Increase the skillsets of the RMBU team with ongoing professional development
- Support the Mutual's efforts to keep premiums below industry benchmarks
- Increase levels of member satisfaction
- Maintain strong financial performance indicators
- Increase the risk maturity of our member councils by tackling emerging risks

We now have the strategic plans of both the Board and the RRM operating in harmony and with the same goal: to provide an unparalleled member experience and improve our collective approach to risk management.

## Harnessing our differences

We now have 114 members in the mutual and they're all different. Whether that's in size, risk maturity or the resources available to them.

In the past, we've taken a 'one size fits all' approach. Going forward, we want to acknowledge and utilise these differences – and ask the big questions.

Does the existing risk program address the needs of the more risk mature councils? Can we facilitate greater collaboration and networking among risk-mature members? And how can their knowledge and experience benefit the broader membership?

From these enquiries, the pilot Risk Extension Group took shape.

We've identified 15-20 of our most risk-mature members to take part. These councils have consistently performed at a high level in CIP self-assessments and have advanced risk management frameworks.

Essentially, these councils have the capacity and capabilities to be those explorers: to test new ideas, pioneer projects – and collaborate in a mature sandbox.

The Risk Extension Group will also introduce a forum for these councils to share knowledge and ideas. But it's not only for their benefit. The feedback, learnings and resources they'll share with the wider membership will help us all thrive – together.

## Mentoring for mutual gain

The stronger our members all are, the stronger we – as a mutual – become.

With this ethos of continuous improvement in mind, we've created the Risk Advisory Group (RAG). The RAG will advise the Board on emerging strategic risk management matters, and provide feedback on the relevance of Board initiatives, resources and broader service delivery.

The RAG will also support the RRM team, driving greater collaboration with (and value for) member councils.

The final purpose of the RAG is to set up a mentoring program. Guided by the RAG, members with more skills and resources at their disposal can support those that don't.

We've already selected the eight RAG members, and the first meeting will take place later this year.

## Still there for our members

Amidst this trio of new risk initiatives, there's one risk that's far more established – COVID-19.

With so much going on in the boardroom, it might be easy to overlook the work of our team in the field. Throughout the last few months, they've been in our communities, connecting with our members.



Throughout the last few months, they've been in our communities, connecting with our members.

Even as NSW grappled with the ongoing coronavirus pandemic, we've continued to support our members. To be the face of the Mutual. To serve as that crucial point of contact. And to be that consistency and familiarity in an ever-shifting environment of uncertainty and risk.

## A timely reminder

Finally, I'd like to highlight how important our approach to risk management is to our insurers – both here and in the English capital.

Last year, while on a Zoom call with London-based underwriters, I was amazed by how much they wanted to know. Not only about how we're addressing risks, but what our key risk exposure areas are. And how we plan to improve the delivery of our service going forward.

These conversations are a timely reminder that the more we work together to address risk, to collaborate and share knowledge, the better proposition we are to our backers.

With the RMBU Strategic Plan, the Risk Extension Group and the RAG all signed off by the Board, we've taken three big steps in the right direction.

I can't wait to see where we end up.

## Jason Linnane

Chair of Claims and Risk Management  
General Manager, Singleton Council

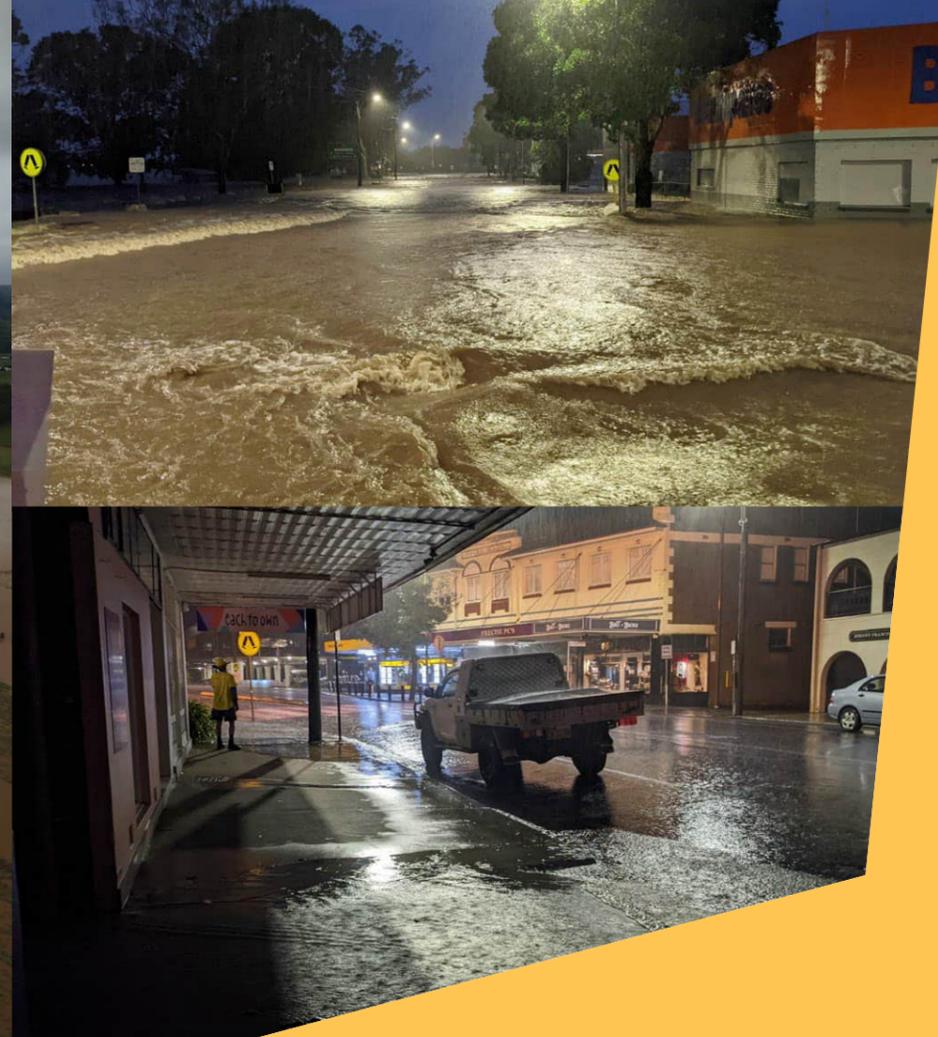
# WHAT TRAGEDY TAUGHT: LEARNING FROM THE PAST TO PRE-EMPT CATASTROPHE

In 2017, unprecedented flooding ravaged Tweed Shire. Thousands fled their homes. And, tragically, six people lost their lives.

Now, nearly five years on, history has repeated itself. Monstrous February rains wrought one of the worst floods in Tweed Shire's annals.

But this time, Tweed Shire Council was better prepared.

Below, the council's flood response team shares how the lessons of 2017 informed its reply to the 2022 event. And why a *proactive* approach to risk management is so vital.



What we found after reviewing the 2017 data was that if we tried to act on the flood warning, it would be too late. We had to make emergency arrangements well beforehand.

The first? That risk management doesn't lie solely with insurers. Instead, it's something councils themselves can assume responsibility for. And, in doing so, form long-standing, mutual bonds with the community.

Such an example was the innovative industrial land swap that followed the 2017 floods. This saw the council work with the state to acquire flood-free industrial land above the PMF (probable maximum flood) zone. By enabling businesses to relocate there, the move created both community and economic resilience.

But Tweed Shire's narrative of planning and preparation also demonstrates the need to share our knowledge.

To empower not only our *own* councils and communities, but others in NSW, too. To distribute our insights and intelligence. And, in doing so, help the state's councils safeguard their LGAs against natural disaster – and shield their communities from harm.

Because, as Tweed Shire Council General Manager Troy Green explains, it's not only your council that will benefit. It's your people, too.

"In 2022, the floods were just as bad (if not worse), but the community picked itself up quicker. And was more resilient. Because we were prepared – because we were sharing information and managing risks – we knew what key messages to put out to the local people. We understood what they needed and were able to advocate for them.

"So, my advice to councils? Take risk management seriously. If you don't prepare for the worst, it can catch you by surprise."

## Working together to empower the community

After one of their worst flood events in 2017, Tweed Shire Council's response took on many forms. But at its core was a simple principle: collaboration.

Working with the Bureau of Meteorology, the State Emergency Service, and the Tumbulgum community association, the council introduced flood warning systems to the Tweed Shire-located village.

These systems gave the council a head start on the 2022 floods. But as David Oxenham – Tweed Shire's Director of Engineering – explains, the systems were just as vital for the *community*. To empower them with knowledge and equip them with the tools to act in a crisis.

"The community association really understood what those flood warnings (minor, moderate and major) all meant – and the actions they triggered. And they made sure everyone in the community was on board and in the know, too."

Tweed Shire Council also teamed up with the local Emergency Management

Committee – on which it has a seat – as well as a far wider-reaching organisation.

"We had the Australian Defence Force involved this time around," David explains, "which we didn't in 2017. They were a huge help."

For the council, collaboration was improving *internally*, too.

The pandemic-induced switch to remote working, video conferencing, and centralised documents proved equally essential during the floods.

"The big difference in 2022," says Danny Rose, Tweed Shire's Manager Roads and Stormwater, "was that we had a lot more staff mobile. Even though we'd lost communication with some areas – and offices in others – we could still get together and collaborate much quicker."

## Communicating with empathy and warmth

When the 2017 floods hit, Tweed Shire Council's social media was in its infancy.

But – as Fran Silk, Senior Program Leader Communication and Creative Services, explains – that soon changed.

"We turned our social media on in the middle of the 2017 flood – literally! We went from no followers to 24,000 on Facebook. Before, we didn't have a channel we could communicate through beyond our website. Now, we have great connections with our community groups.

"Between January and March this year – the flood period – our social media following has jumped 4.4%. During that time, our biggest, most successful post (about the life-threatening landslip on Tyalgum Road) reached 178,000 people."

Social media enabled the council to provide real-time updates and support. And they kept their communications more visually oriented, focused on videos and images.

But Fran points out that it wasn't simply about what the team were saying. It was also how they were saying it. The empathetic tone they cultivated – and their unceasing community focus.

"It's all about engagement. One-way communication sets a council up as a cold authority that'll tell you what they want, *when* they want it. But on social media, it's more direct. More personal. People know where they need to go for what they need to do.

"Now, we're seen as community members who are in this with the people of Tweed Shire, together. We've seen a lot less criticism from the community because of that. This year, our image and reputation haven't taken a big hit – unlike after the 2017 floods."

## Taking a proactive approach to planning

When the Tweed River swells to record levels, the land changes.

Transformed by the deluge, Tweed Shire's wide, undulating topography becomes an archipelago. A series of isolated islands – separated by freshly formed, flood-fuelled expanses of water.

So in a major flood event, there's little (if any) time to react. According to Tim Mackney, Manager of Infrastructure Delivery, this means the council had to be prepared before anything even happened.

"What we found after reviewing the 2017 data was that if we tried to act on the flood warning, it would be too late. We had to make emergency arrangements well beforehand."

"To reduce costs and impacts, we now move plant and equipment to high ground and allow our employees to take council-owned vehicles and plant home – for as long as the flood trigger is active. So, when we *do* have an event where the Shire becomes a set of isolated islands, there's a better spread of equipment across the community. This allows us to respond quicker and more effectively."

Another important decision? Tweed Shire Council's decision to opt into Disaster Recovery Funding.

Despite seeing contribution costs rise, participation in the fund allowed Tweed Shire to be both faster and more flexible in their recovery efforts. Free to use day labour, rather than contractors, the council sidestepped the time-consuming procurement process. And was able to send in seasoned, tried-and-tested employees, who understand the area and are part of the community.

## Safeguarding your council's future

Looking at how Tweed Shire handled the resurgence of catastrophe, two key themes emerge.

# MARKETING COMMITTEE REPORT



Despite the pandemic still casting a shadow over us, our past year was filled with new initiatives, improvements and achievements.

From receiving excellent member feedback to forging positive new partnerships, here are our marketing highlights.

## Fuelled by your feedback

At Statewide, we want to keep doing what we do – while always raising the bar. But to truly improve, we must first know what our members *really* think about us right now.

With this in mind, we engaged an independent market research company, Hudson Howells, to conduct a full review of our brand, products and services. All up, 175 risk managers, general managers and CEOs across 85 councils in NSW participated in this survey.

I'm pleased to report that the results showed high satisfaction with who we are and what we offer. What's more, our members are also more than happy to recommend us to others (according to our excellent Net Promoter Score of +56).

That's an amazing feat. One that I'm truly proud of.

The majority of those surveyed (97% to be exact) are confident that we understand local government. And 96% say we're supportive, approachable and willing to help.

Among the other feedback we received:

- 96% believe we're professional and act with integrity
- 95% trust us to deliver on our commitments
- 94% see the value in their Statewide membership
- 94% are happy with the overall service we provide

## We don't just listen – we're ready to act

As members used words like *proactive*, *responsive*, *reliable* and *consistent* to describe Statewide, this survey assured us that we're moving in the right direction.

But more importantly, it also informed us about what our members need – and how we can further support them.

So moving forward, here are some things you can expect from us:

- Increased transparency around our partners
- Further focus on cybercrime cover
- More efficient claims
- Enhanced contribution stability

## A brand-new member webpage

As part of improving our member experience, we've been working on a tailored webpage for individual councils.

This webpage will feature similar content to our yearly scheme updates, with a mutual and market update. But you'll also be able to view your own council data, including claims, risk and CIP results – all on one dashboard.

We're now finalising the dashboards and performing quality assurance testing, and we expect to launch this project by the second half of 2022.

## Making it easy to know us

With the influx of newly elected members, our Board developed an induction brochure to help councils onboard incoming councillors.

Designed for council induction programs, this brochure contains everything a councillor needs to learn about Statewide – who we are, what we do, and who we partner with.

The brochure was extremely well received. Although we only sent it out on the *very last* work week of December 2021, it turned out to be our best performing EDM of the year.

We've since made the brochure available on the Member Centre, so you can continue to access and use it as you need.

## Conference cancelled, but competitions continued

Sadly, the COVID situation in NSW meant that we had to cancel our annual conference yet again. So we held an online webinar instead – and to great success. I talk about that more on page 18.

Despite the conference cancellation, AVCRM agreed to continue its yearly drone giveaway competition. And this year's winners were:

- First Prize – Port Stephens Council
- Runner Up Prize – Clarence Valley Council
- Minor Prize – Bogan Shire Council

Don't miss our feature on how drones help councils on page 24.

We also went ahead with our Risk Management Excellence Awards, with City of Canterbury-Bankstown emerging as the overall winner.

Learn more about our stand-out RMEA winners and their successful submissions on page 20.

## Exciting times ahead

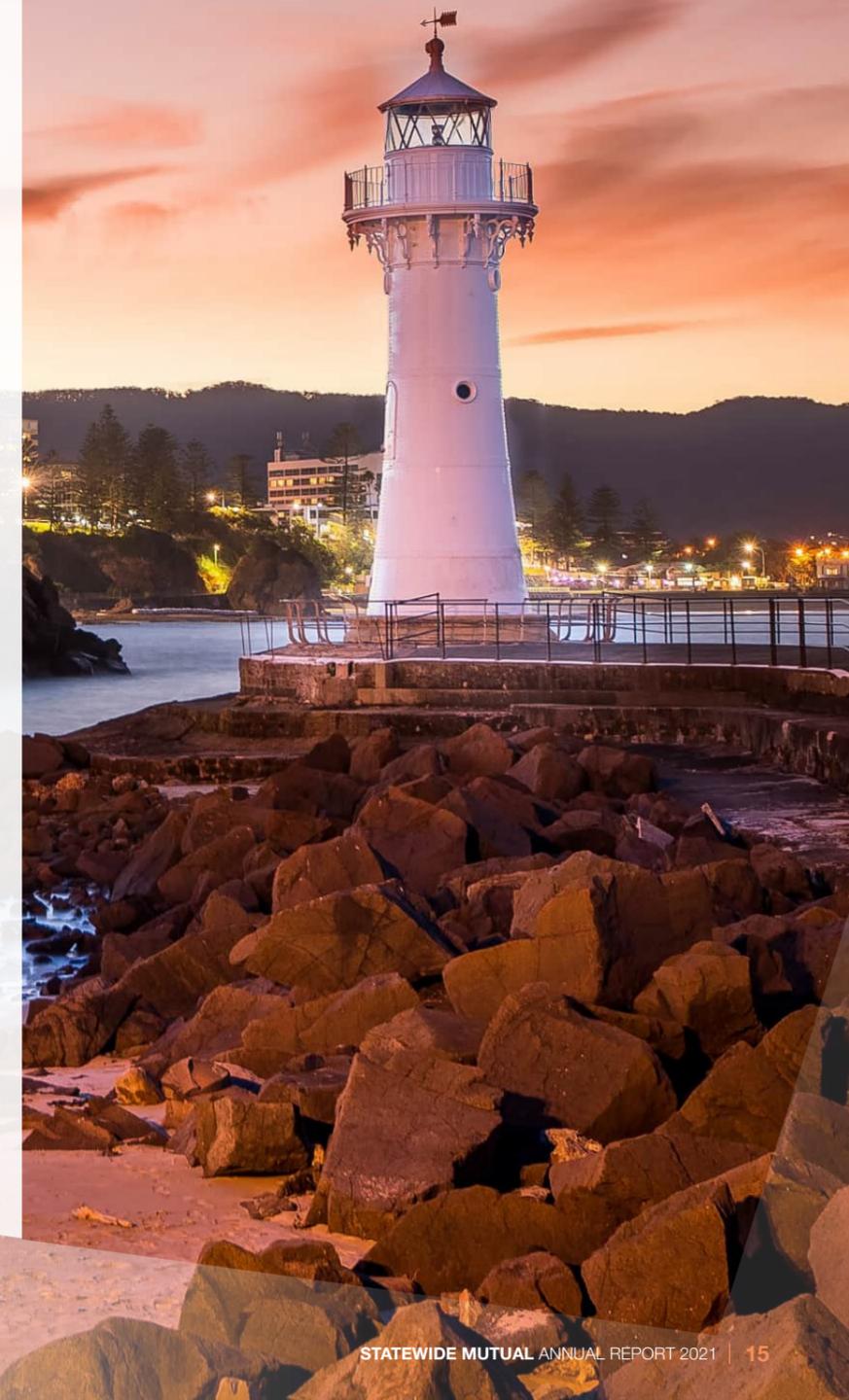
Our aim is to always improve and strengthen our organisation. And we are grateful to have continued our partnership with local government bodies across NSW last year through events and sponsorships. You can read more about these on page 18.

What's better? As lockdown measures eased, it was a delight to be able to meet up *in person* once again. And over the next few months, I'm excited to see many of you in our upcoming Statewide Mutual annual conference, as well as the other future events that we'll be a part of.

I look forward to expanding our reach – and along with it, our support to NSW councils – in the coming year.

### Troy Green PSM

Deputy Chair Marketing Committee  
General Manager, Tweed Shire Council



# BACK TO THE BEGINNING – AND THE MAN WHO STARTED IT ALL



**Leo Demer was one of our founding board members who played a crucial part in the inception of Statewide Mutual. In fact, without him, we might not have even existed.**

**After 30 years of hard work and dedication to the mutual, Leo has now announced his retirement. We sat down with him to reflect on how Statewide came to be – and the highlights along the way.**

**Hi Leo, to start off, can you tell us what you were doing before Statewide was formed?**

Sure. I joined JLT in 1985. At that time, we had the local government business in South Australia, but nowhere else. So we expanded to NSW, then Queensland, Victoria and Western Australia.

Along the way, I took over the Australian local government business, and then became the CEO for the New Zealand and Australia business for 10 years.

I never really expected to get to the CEO role, to be honest. I was hired to do a job and I did the job. And everything else seemed to fall into place.

**That's an inspiring story in itself. So when and how did the idea of Statewide come about?**

Well, in the early 90s, it was almost impossible for councils to get cover.

No one wanted to underwrite a council because the risks were far too broad. At that time, my JLT colleagues and I were trying to get insurance renewals for our council clients. But underwriters were charging ridiculous premium prices – or turning them away altogether.

So we thought, there must be a better way. That was when we spoke to a few council leaders and came up with the idea and structure for Statewide Mutual.

**Since the idea of a council-run mutual was a new one, was it easy to find support?**

Coming up with the idea was the easy part. Turning that idea into reality was the real challenge.

But the situation at that time was really bad. Cover was restricted and some was withdrawn. We were looking at 300-400% increases in premiums. Councils were closing swimming pools and cancelling events because they just couldn't get liability insurance.

I remember seeing the front page of a local newspaper with a picture of a little girl in a ballet dress in tears, because a local carnival had been cancelled.

Those were desperate times. Councils were in a lot of pain. So it was easy to find support for something different like Statewide – because there was nothing else out there.

So we formed a working party with nine members (representing nine councils) who met regularly to brainstorm and plan. We also funded actuarial studies and engaged lawyers to help structure the mutual.

A lot of people put in a lot of work to bring Statewide to life.

**What about the insurers? How did they respond?**

That was one of the biggest battles we faced, because the insurance market didn't want anything to do with councils at that time. So we had to structure an arrangement that would make them more comfortable about accepting the risks.

And that's what we did. It was a simple concept in a sense. We got a whole lot of councils together, with multiple insurers. So if disasters happened, the risk is spread across the councils – and the loss is spread across a number of insurers.

**So how many councils joined when Statewide started?**

When we kicked off Statewide in 1993, we had 96 councils on board.

**Oh, that's an amazing start!**

It was. But, again, I cannot stress how dire the situation was at that time. Our pitch was basically, 'We have this alternative that you can try, or you can stay being ripped off'. [laughs]

Most of the councils were ready to give it a go. And a lot of credit must go to those councils who took the risk, which has led to today's outstanding success story. So yeah, we started with 96 councils – which was about 70% of the total number of NSW councils at that time.

**And rumour has it that you personally went town to town, signing councils up.**

That's right. In fact, I don't think there's any council in NSW that I haven't been to more than once.

But that's also because many of them were our existing JLT clients anyway. And because the premiums were rising in such a ridiculous manner, we knew we couldn't continue doing things the old way.

So once we figured out the structure and did all the legal work, we were on the ground telling every council what Statewide was about.

**Since then, Statewide has grown to 114 members. Through these 30 years, what would you say were some of your most interesting experiences at Statewide?**

I guess what was interesting was how much we learnt as we went. We didn't know all the answers, and in the early days especially, it was always about problem solving.

And you know what? Just when we think we've seen everything that can give rise to a claim, the councils will come up with something new. Then we had to try and work it out again. [laughs]

**Sounds like you've had your hands full.**

It's a never-ending business. New exposures keep popping up all the time. The state and other authorities continually hand councils more responsibilities whether they want them or not – and councils always try to do the right thing.

People don't realise how hard councils work to build a community spirit and deliver services. And everything must be done within a budget. It's a very difficult balancing act. And that can sometimes create risk.

**What are some best things that have come out of your career?**

The people on the Statewide Board are some of the best people I've been associated with. Because they've contributed to the local government industry in such a positive way. And they've made a difference.

Just imagine: Through the past 30 years, we have helped NSW local government councils save hundreds of millions of dollars. That's an extraordinary achievement.

And if we didn't exist, what would have happened to councils?

Take this year's flood situations in the northern part of the state for example.

Statewide was the only one providing flood cover for the affected areas. Nobody else could. And nobody else would.

That's one of the best things that Statewide has done and continues to do. We're totally dedicated to protecting the interests of our member councils and their ratepayers. I'm very proud of that.

**Indeed, we are too. Speaking of the people involved in Statewide – any parting advice for our Board?**

Remember, it's all about trust and relationships in the business.

Statewide has been successful because the board members are fellow colleagues. They *understand* what the councils are going through. And they've always been committed to doing what's best for the members – not profits for shareholders.

That may sometimes mean making some hard decisions to ensure the future of Statewide. Because without Statewide, the local government will be in a hopeless position.

But the Board is full of amazing people. They have such a strong passion for the business. For the councils. Really, Statewide is not just a job to them. It's their lives.

**Leo, thanks so much for your time. One last thing: what's next for you?**

I'm really looking forward to travelling again and seeing my family in the UK.

Besides that, I'm still involved in some local government advisory roles. And I may look at some non-executive roles. Naturally, these will have to fit into my travel itinerary. [laughs]

I'm not completely out of the picture, but I'm confident that the younger group of JLT professionals can help the Board take the Mutual to another level. And the Board knows I'm always available if they need me.



# STATEWIDE MUTUAL OUT AND ABOUT

As a mutual, we relish every opportunity to connect with our members. Especially at events (whether offline or online) as we get to engage directly with those we serve and work with.

Although COVID restrictions meant that the Statewide Mutual annual conference was a no-go again, the past year had still been an eventful one – in a positive way.

Board Deputy Chair Marketing Troy Green shares the highlights of our events and sponsorships.



Rebecca Ryan, LGNSW Annual Conference



Therese Manns  
LGNSW Women's Day Luncheon



Co-branding with JLT at the LGNSW Annual Conference

## A chance to build connections

As a mutual that is created by councils for councils, it's a joy whenever we can support and invest in the local government sector. One way we do that is through sponsorships.

But importantly, being a part of prominent local government events also allows the Mutual to be present, visible and accessible to members who want to discuss any current risk or insurance-related matters.

It makes it easier for elected members to understand what we provide. And for managers, senior executives and staff who interact with the Mutual regularly to have direct access to our Board.

Above all, it lets us put a face to our name and build genuine connections. So Statewide Mutual is not perceived as just a distant organisation or insurance provider. We can be known for who we really are – a team of people that's passionate about supporting local councils.



## Our first (and definitely not last) Board webinar

A few months before the Statewide Mutual annual conference was due to be held in 2021, NSW announced more lockdown measures due to COVID-19 outbreaks.

It was disappointing that we once again had to cancel this large event. But it gave us the opportunity to test a new idea: a special ARIC webinar hosted by our Board.

And it was a resounding success – with 145 unique viewers and 88 representing councils.

Our guest speaker, Stephen Coates, gave a fantastic and informative presentation on 'The Modern ARIC: What Good Looks Like'. The recording was then emailed to all our members and can still be accessed on the Member Centre.

Since the event received such a positive response, we'll look at running similar webinars that focus on topical issues more frequently.

## Sponsorships and partnerships

In November 2021, we sponsored the LGNSW Awards Evening, which was held virtually. And I was proud to present an award and deliver a speech on behalf of the Mutual.

As restrictions gradually ended and onsite events returned, we were happy to sponsor the LGNSW Annual Conference. This time, we co-branded with JLT for the President's Welcome and Coffee Carts sponsorship. And our Chair, Rebecca Ryan gave an opening address.

For the third year in a row, we were major sponsors for the LGNSW Women's Day Luncheon with a table of 10. Keely Autrey was seated at the LGNSW head table, while Therese Manns gave an address on behalf of the Mutual.

Other events we sponsored over the past year include the LG Professionals Finance Conference and the IPWEA State Conference.



LGNSW Women's Day Luncheon

WINNER 2021  
RISK MANAGEMENT EXCELLENCE AWARDS

# ROAD TO RISK LITERACY: HOW MIDCOAST COUNCIL MADE ITS RISK MANAGEMENT EFFECTIVE – AND INTERESTING

**Paula Sciacca – Risk and Insurance Coordinator at MidCoast Council – has worked in risk management for over 10 years. And her greatest challenge has always been this: getting people interested.**

**That's why she and her colleagues developed their Risk Management Roadmap – to make risk management engaging, applicable and accessible to everyone.**

**And that, it turns out, was a winning idea.**



Risk and Insurance Coordinator Paula Sciacca and Manager Governance Rob Griffiths

## Many minds, many methods

MidCoast Council is the product of a merger between four former organisations: Great Lakes Council, Greater Taree City Council, Gloucester Shire Council and MidCoast Water.

“Following the merge, we realised we needed to build a single risk management vision and solution,” says Paula.

“So we asked ourselves: ‘What is our philosophy? What do we need to develop? And how can we communicate it to the organisation in a relatable and engaging way?’”

Soon enough, her team began developing their Risk Management Roadmap: a detailed plan laying out Council’s commitment to and direction for risk management.

## The challenge: risk education

The team’s objective was to communicate and integrate risk management into its business practices consistently, positively and proactively.

“We knew the Roadmap could be really valuable to staff at all levels of the organisation,” Paula recalls.

“But before we could create it, we needed to show our executive management – and our organisation at large – what risk management means. And why this Roadmap would be so beneficial to our business and our community.”

How did they do that? With their Risk Management Roadmap Snapshot.

## A clear vision

MidCoast’s Snapshot is a one-page summary of all the components that make up its Roadmap.

“It draws a clear line of sight between our objectives, our key strategies and our organisational vision of ‘Better every day’,” Paula explains.

“We made the Snapshot visually engaging, so it communicates our approach to risk management in a succinct and appealing way,” Paula said.

The Snapshot was a powerful method of explaining why risk management matters *and* laying out the many ways MidCoast’s Roadmap would enhance the organisation.

MidCoast’s next enhancement? A reimagined system for documenting and reporting on risk.

## Making risk management... engaging!

Paula knows that not everyone finds risk management intrinsically appealing. And when everyone’s already so time-poor, risk management can seem like just another task to add to the stack.

But as Paula points out, everyone is already managing risk every day. What they *aren’t* always doing is documenting it.



“Our philosophy is to provide clear processes and parameters that allow everyone to make informed decisions and get on with the job,” Paula says.

But Council’s existing method of documenting risk – using Excel spreadsheets – wasn’t helping it realise that philosophy.

Paula and the team wanted to create a new report – one that made risk assessments more appealing and informative. It needed to feature the important parts of risk profiles, so time-poor staff and executives could analyse them at a glance.

“So we made a Risk Management Report Card,” Paula explains.

“It’s a visual overview of the key elements of a risk profile – the things that risk owners want to know about: including the highest risks, the most effectively managed risks, key types of risks and where improvements are planned.

“We put it all in an appealing, exciting document that’s easy to engage with. And it’s been received really well.”

## A hub for all things risk

Another key component of MidCoast’s Roadmap is its Risk Management Hub.

Paula created an intranet (or ‘wiki’) to house all of MidCoast’s strategic and operational risk management documents, tools and processes in one online location. Everyone at MidCoast can use the Hub to learn about how they can manage risk.

“The Risk Management Hub is critical for communicating risk,” Paula says.

“It also provides a variety of risk management resources, such as the Statewide Best Practice Manuals, all of which make tackling risk management that little bit easier for our staff.”

## Supported from the top down

Paula is quick to thank her Manager Governance, Rob Griffiths, and the rest of her senior management for their support in embedding MidCoast’s risk management roadmap.

With senior stakeholders leading the way in risk management, her team has been able to deliver on their goal: getting the organisation to understand and engage in risk management.

“We’ve also been really well supported by our Regional Risk Manager at Statewide, Mark Spry, throughout our risk management journey,” Paula adds.

“He has always provided valuable advice and guidance in the pursuit of our roadmap goals and he will no doubt continue to as we move ahead.”

## Where are they now?

So how has MidCoast’s Risk Management Roadmap been received? According to Paula: extremely well.

“We have a small risk management team, so this has all been about educating staff

in risk management principles and processes so they can confidently manage their own risks.

“Now we’re seeing more risk assessments being undertaken. People are using the tools. And they’re showing a clear interest in considering their risks and using our process to inform and support their decision making.”

Around the office, people are starting conversations about risk management – conversations Paula is only too happy to have.

“People are coming to me now with questions about their risks – and I get to assist them through the process.

“Even when people aren’t documenting a formal risk assessment, these conversations are evidence that they are beginning to understand it. Which is exactly what we hoped to achieve.”

## Congratulations, MidCoast Council!

Statewide Mutual recognised MidCoast Council’s innovative Roadmap with our 2021 Risk Management Excellence Award.

MidCoast is championing a more risk-literate workplace – and demonstrating that important processes succeed when people understand *why* they are so important.

# IT STARTS WITH AI: HOW CANTERBURY-BANKSTOWN COUNCIL IS ERADICATING RECYCLING ERRORS

**Detecting contaminated recycling is essential in waste management. With a contamination rate of 30% – the highest in NSW – this was especially true for Canterbury-Bankstown Council.**

**Troy Leedham, Systems Coordinator of Waste, and his team were trying to tackle the problem. But their efforts to detect contamination manually were slow and costly.**

**It was taking council officers five years to inspect every resident's bin by hand. So they pioneered a new concept: using Artificial Intelligence (AI).**

**The result? A proof of concept that shows that inspecting residents' bins could now take just two weeks.**



Troy Leedham and his team

## A global challenge at a local level

A lot is at stake in managing waste. It's expensive and time-consuming for every local council.

And when residents don't dispose of their waste correctly – like putting foreign materials or the wrong types of plastic in recycling bins – it only compounds the challenge.

But on a wider scale, poor recycling habits also pose huge environmental risks.

“When each resident adds a bit of contamination here and there, it adds up very quickly,” Troy explains. “And once it reaches a certain threshold, the whole load becomes contaminated. When that happens, it has to go straight to landfill.”

In landfill, waste contributes to methane production and, ultimately, to the warming of the planet.

Hitting sustainability and waste targets is key for local councils. And dumping in landfill is also costly. So Troy and his team's motivation to improve their contamination issue was two-fold – and the solution lay in changing their processes.

## Out with the old

Council used to rely on their truck drivers to detect and report contamination as they picked up bins. But it was clear that needed to change.

“When our drivers used to pick up bins, the camera in their hopper would let them see contaminants as loads came through. When they saw something that shouldn't be there, they'd write it down or call their manager to report it.

“That was a taxing task for them. And with 50 trucks out and about, there were a lot of calls coming through every day.

“Meanwhile, we also had officers manually inspecting bins for contamination. But they could only do so much. It was taking them five years to check every bin in the area. And our trucks can pick up and empty those bins in two weeks.”

To tackle this, Council rolled out its 'Closing the Loop on Waste' initiative. The 'loop' refers to communication between Council and its customers, as well as its waste management processes.

Under the program, Council installed new, high-resolution cameras and GPS systems in its trucks. Drivers could now report contaminants on an interactive display, sending their GPS coordinates and other key data with the press of a button.

But when even that proved insufficient, Troy and the team saw an opportunity for deeper change.

## A bright idea

Council had already used AI to automate processes in other departments.

“So with these new cameras installed, we thought: maybe we could use AI to spot contaminants as they come through,” says Troy.

So his team began researching AI and machine learning to see if it could help.

After an initial trial period, the results were hugely encouraging. And the team pressed on to create a proof of concept.

## The nitty gritty

The plan was to have AI scan each recycling bin for contaminants as it was tipped into the truck – using images from the recently installed cameras.

And while it would eventually lighten everyone's workload, preparing the AI proof of concept for use was a daunting task (and one that's still ongoing!).

“Training an AI model takes a lot of manual labour,” says Troy. “We had to show it everything that isn't allowed, like a plastic bag or a piece of clothing. And then also what is allowed: aluminium cans, milk cartons, cardboard boxes.

“We tagged thousands of images to get it to the point where it is today.”

Luckily, Troy had many helping hands.

## A collaborative effort

“There were three major departments all working together on this,” he says.

“Our waste team made sure the technology worked and that our drivers were on board. And our IT team ensured all the systems involved could talk to each other.

“Finally, our Resource Recovery team are the experts in recycling, so they really led the

project. They tagged a lot of those images and helped enormously to set up the AI.”

“If we hadn't all worked together and weren't all on the same page, this would never have happened.”

## Contamination education

Canterbury-Bankstown's innovative use of AI won't just make its truck drivers' jobs easier. (Troy expects they'll be thrilled by the change.) It will also make data collection far more efficient – which means recycling education will become an easier task.

“It used to take our Resource Recovery team five years to look at everyone's bins. With the introduction of AI, we'll be able to identify contamination hot spots and give them great data every two weeks,” Troy says.

“Because of that, we can now target education campaigns in certain areas – even specific streets – where contamination is especially rife.”

Council is still improving the proof of concept, so it's not quite ready to be implemented. But, as Troy says, “Once we've got a better handle on it, we'll have better environmental outcomes and far less waste being sent to landfill. So I'm really excited.”

## Congratulations, Canterbury-Bankstown Council!

Statewide Mutual recognised the Council's use of AI to detect recycling contamination as revolutionary – and awarded Troy and the team with a 2021 Risk Management Excellence Award.

Canterbury-Bankstown has laid the groundwork for a digital approach to reducing waste, advancing community education and improving environmental outcomes. Once scaled into production, it's a model that councils across Australia could adapt to streamline the way they manage waste.

At Statewide Mutual, we're proud to show our support.

# HELPING COUNCILS GET THEIR DRONE PROGRAMS OFF THE GROUND

More and more councils are seeing the benefits of using drones in their day-to-day operations.

And now, thanks to our annual competition and partnership with AVCRM, our members have the chance to win their own drone package. It's the perfect boost to setting up or expanding an internal drone team.

Hear from our previous years' winners – Fairfield City Council and Port Stephens Council – on how they've benefited so far.



Above: Port Stephens Council's survey team with their new drone equipment

Below: Fairfield City Council's drone pilots

## Fairfield City: In search of internal solutions

Fairfield City Council had been accessing drone technology through contractors for some time. But they knew third-party services were not an effective long-term solution.

Darryl Scott, Smart Tech Specialist at Fairfield City Council, points out two main reasons for this.

"Third-party services are fairly expensive to start with," he says. "And it takes time to engage their services. We'd need to ring them up, get a quote, and sign it off before we could actually get the drone going. And that makes it tricky sometimes to respond to events such as natural disasters."

He was confident that in-house drone capabilities would save them money while allowing them to be more proactive, especially for asset inspections.

And he was right.

Since winning the drone package in 2020, Fairfield City Council has been using it for asset inspections – and loving it.

Darryl points out that routine inspections used to be both costly and risky.

"In the past, if we need to inspect the gutters of a tall building, we'd have to get an elevated work platform or a ladder, then get someone to harness up and climb onto the roof to assess the damage. Then they'd come back down to get the equipment they need, before going up again to carry out the repair," he says.

"Now, we can use the drone to ascertain if we need to get a person up to inspect things further. And if there are damages, we'd already have images of what's wrong, so we'll only need to send someone up once. It's a lot safer and more efficient."

The drone also allows them to perform routine and preventative checks at a low cost. Plus, they can respond a lot more quickly when the need arises.

"For example," Darryl explains, "After rain events, we used to have to wait for the ground to dry out enough for a big heavy vehicle to go on the field. But now we can just send the drone up."

Next, Darryl and his team have their sights set on using the drone for communications.

"We have a lot of assets that we've recently built, and we hope to use the drone to get promo shots during events and openings of new facilities."

## Port Stephens: Drone plans get a fortuitous boost

For Port Stephens Council, establishing their own internal drone capability has been quite a journey. A three-year long journey, in fact.

According to the council's survey team leader, Kris Humphries, they've been working to have their in-house drone team since 2018.

"When we first suggested including drone usage in our survey services, the council wasn't quite ready," Kris recalls. "But a year

later, the council reviewed the suggestion and approved it. So in 2020, we were in the process of carrying out our plan. And we were just about to buy all the equipment – when we got an email from Statewide Mutual about the drone competition.

"We immediately submitted our entry and ended up winning most of the equipment that we needed! It was perfect timing, really."

Kris and his team knew that having their own drone program would improve their work efficiency and safety by leaps and bounds. But there's more.

"Using our own drone – as opposed to engaging external services – would provide consistency in terms of work quality, and control over the data picked up," he says. "Plus, we now also have the ability to jump out as quickly as possible with the drone if need be."

Kris's team is now in the process of getting their Remote Operator Course (ReOC) organised and other requirements signed off. But they already have a list of plans for the drone.

"The main idea is to use it for coastline management and monitor coastline erosion in some areas," Kris explains. "We're also carrying out dam rehabilitations, so being able to monitor that with the drone over a long-term period will be helpful."

"Looking ahead, we have plans to use it for concept designs on roads, asset management and visual inspections on bridges, to start with."

## Final words: Grounded in gratitude

Both councils admit that winning the drone packages went a long way in helping them kickstart their internal drone teams.

Darryl believes that Fairfield City Council's win fast-tracked their benefit assessment and enabled them to implement their own drone program quickly.

"There's a lot of things to get our heads around. The number of regulatory requirements to go through, the training, and the overall process. AVCRM walked us through the entire experience and helped us feel confident to take this on."

"Honestly, without their guidance, I am certain we would not have what we have now," he insists.

Kris from Port Stephens Council agrees.

"Winning this package has been extremely helpful, especially as we came into COVID lockdowns and restrictions," he says.

"It saved our council a lot of money. And knowing that much of the upfront cost is already covered, helped us push the program through."

If your council is looking to start or expand your own in-house drone capabilities, don't miss the chance to join our drone competition this year.



# FINANCE REPORT



**Every year, we see the challenges NSW councils face in risk management. And as a member-owned mutual that strives to put people before profit, we work hard to provide comprehensive cover and stable premiums at all times.**

**To make this possible, we need to focus on two things: maintaining financial sustainability and managing revenue constraints. The current hard market and general uncertainty do not make our task easier. But we're committed to overcoming obstacles the best we can, backed by our team's years of experience and strong industry relationships.**

**Here, we reflect on the year that was and outline our plan to handle the challenges ahead.**

## Ongoing market challenges

Although rate increases have stabilised over the last 12 months, several factors continue to drive uncertainty in the market. These include climate change and catastrophic events, social and economic inflation, and the ongoing emergence of cyber threats.

Insuring the cyber market has become especially difficult. Frequent and severe ransomware losses have triggered a reduction in capacity and restrictions to cover, as well as pricing and deductible increases.

## Flood losses continue to drive pricing increases

There have been five consecutive reductions in rate increases to the first quarter of 2022. This follows a peak of 22% in insurance pricing increases in the fourth quarter of 2021. According to the First Quarter Global Insurance Market Index presented by Marsh, pricing in the Pacific Region increased 11%.

This trend moderates the record increases starting in 2015. These increases had posed a serious challenge for the Mutual and continue to affect us, despite the reduction. The latest result being the 21st consecutive quarter of increases.

Stepping into the first quarter of 2022, we expected pricing relief. But a near \$3 billion market loss due to flooding in NSW and Queensland quashed this optimism.

Our promise has always been to offer our members stable premiums to help them with managing tight budgets. Despite the positive pricing trends, the levels of increase are still high when compared to the revenue caps of our members.

## Our long-term strategy

We have implemented a strategy that upholds our commitment to members while responding to pricing pressures.

In previous years, softer market conditions enabled us to limit price increases and return funds to members through rebates.

In view of the ongoing market uncertainty, we will continue a strategy of moderate pricing increases over the next three years. Our goal is to return the Mutual to surplus position and maintain adequate capital.

With this long-term approach, Statewide Mutual will continue to absorb price shocks and flatten increases over a longer period. We hope this will help reduce pressure on councils.

Because of this strategy, however, members should expect to see a continuation of losses throughout our financial report.

In short, our approach (along with a dip in reinsurance profit shares and reduced investment income) has resulted in:

- An operating ratio of -9.05%
- A loss of \$8.8 million within our 2020/21 Statement of Financial Performance

## Looking forward to a sustainable future

The recent floods in northern NSW have highlighted the need to remain vigilant in monitoring financial strategies. While high claims and costs associated with the floods will impact forecasts for the coming year, I expect our forward financial strategy to deliver a return to operating surpluses in the 2022/23 financial year.

Our low fully funded self-insured retentions will reduce our financial risk and protect members against unforeseen costs.

At the same time, our risk management programs will continue to do their part to enhance maturity across the local government industry. This will boost the confidence of underwriters, which in turn, provides much needed stability in the current market.

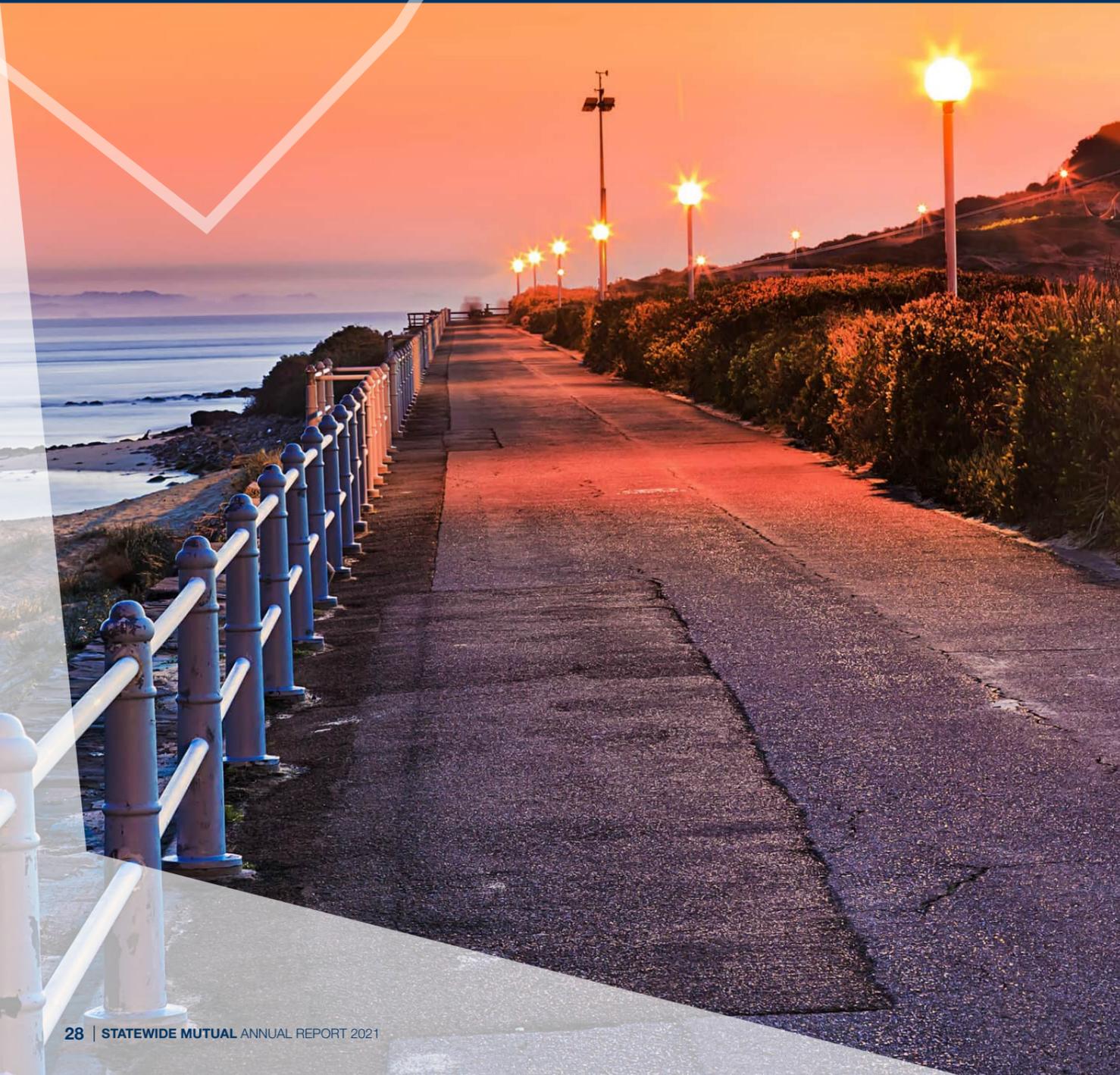
Thank you for your continued support.

### **Therese Manns**

Deputy Chair Finance  
General Manager Randwick City Council

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021



## STATEMENT OF FINANCIAL PERFORMANCE

	2021 \$	2020 \$
Member Contributions	97,938,256	90,293,733
Outward Reinsurance Expense	(81,149,465)	(76,775,582)
Reinsurance Profit Share	2,351,968	6,579,830
Claims Expense Net Of Recoveries (Note 7)	(13,145,966)	(11,582,417)
Other Scheme Expenses (Note 8)	(12,213,927)	(12,213,928)
Excess of contributions and reinsurance profit share over claims and related expenses	(6,219,133)	(3,698,364)
Investment Income	107,935	681,519
General Expenses (Note 8)	(2,760,531)	(3,100,652)
<b>SURPLUS FROM ORDINARY ACTIVITIES</b>	<b>(8,871,730)</b>	<b>(6,117,497)</b>
<b>ACCUMULATED SURPLUS</b>		
Accumulated Surplus at the beginning of the year	18,854,552	24,972,049
Operating Surplus from Ordinary Activities	(8,871,730)	(6,117,497)
Current year Surplus Distribution	-	-
<b>ACCUMULATED SURPLUS</b>	<b>9,982,822</b>	<b>18,854,552</b>

The accompanying notes form an integral part of these Financial Statements.

**STATEMENT OF FINANCIAL POSITION**

	2021 \$	2020 \$
<b>CURRENT ASSETS</b>		
Cash Assets (Note 5)	2,748,081	4,710,252
Receivables (Note 6)	134,966,398	119,854,705
Reinsurance Recoveries (Note 6)	73,192,994	70,652,312
Investments	2,400,000	14,615,000
	213,307,473	209,832,269
<b>NON-CURRENT ASSETS</b>		
Reinsurance Recoveries (Note 6)	90,981,339	96,690,900
	90,981,339	96,690,900
<b>TOTAL ASSETS</b>	<b>304,288,812</b>	<b>306,523,169</b>
<b>CURRENT LIABILITIES</b>		
Creditors and Accrued Expenses	15,726,788	13,846,107
Outstanding Claims (Note 10)	77,189,065	78,905,482
Unearned Contributions	109,162,175	96,867,290
	202,078,028	189,618,879
<b>NON-CURRENT LIABILITIES</b>		
Outstanding Claims (Note 10)	92,227,962	98,049,738
<b>TOTAL LIABILITIES</b>	<b>294,305,990</b>	<b>287,668,617</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>9,982,822</b>	<b>18,854,552</b>
<b>MEMBERS EQUITY</b>		
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>	<b>9,982,822</b>	<b>18,854,552</b>

The accompanying notes form an integral part of these Financial Statements.

**STATEMENT OF CASH FLOWS**

	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipt of contributions from members (including advance contributions & GST)	97,664,748	90,885,673
Receipt of Profit Share	-	-
Claims payments (net of recoveries)	(16,640,024)	(21,315,062)
Outward Reinsurance Payment	(81,185,965)	(76,729,875)
Payment of other expenses	(14,240,186)	(16,649,927)
Interest received	224,254	875,508
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<b>(14,177,173)</b>	<b>(22,933,684)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Surplus Distribution	-	-
Net cash flows used in financing activities	-	-
<b>NET CASH FLOWS</b>	<b>(14,177,173)</b>	<b>(22,933,684)</b>
Cash at the beginning of the year	19,325,254	42,258,938
Net increase / (decrease) in cash	(14,177,173)	(22,933,684)
<b>CASH AT THE END OF THE YEAR</b>	<b>5,148,081</b>	<b>19,325,254</b>
<b>RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING RESULT FOR THE YEAR</b>		
Operating Result for the year	(8,871,730)	(6,117,497)
(Increase) / Decrease in Receivables	(15,111,692)	(17,560,234)
(Decrease) / Increase in Creditors & Accrued Expenses	1,880,680	(161,051)
Decrease / (Increase) in Reinsurance Recoveries	3,168,878	(25,061,248)
(Decrease) / Increase in Outstanding Claims Provisions	(7,538,193)	16,335,158
(Decrease) / Increase in Unearned Contributions	12,294,884	9,631,188
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(14,177,173)</b>	<b>(22,933,684)</b>

The accompanying notes form an integral part of these Financial Statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2021

**1 SIGNIFICANT ACCOUNTING POLICIES**

Statewide Mutual is a member owned mutual risk product (as defined by the Australian Securities and Investments Commission), providing cover to Local Government Authorities in New South Wales.

The address of Statewide Mutual's principal place of business is One International Towers Sydney 100 Barangaroo Avenue Sydney NSW 2000.

Statewide Mutual is neither authorised under, nor subject to, the provisions of the Insurance Act. It is not a product regulated by the Australian Prudential Regulation Authority.

The principal accounting policies adopted by Statewide Mutual in respect of the Liability Scheme, the Crime Scheme, the Property Mutual Scheme, the Councillors and Officers Scheme, and the Motor Vehicle Scheme are stated to assist in a general understanding of these financial statements and have been consistently applied during the year.

The financial statements have been made out in accordance with the requirements in the Deed of Establishment dated 22 March 1994, and the accounting policies described below.

**(a) Accounting basis**

The directors have prepared the financial statements on the basis that Statewide Mutual is a non reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of the members. Such accounting policies are consistent with the previous period unless stated otherwise.

The amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated.

The financial report is presented in Australian Dollars, Statewide Mutual's functional currency.

**(b) Contributions**

Contributions comprise amounts charged to members of the Schemes for policy cover. The earned portion of contributions received is recognised as revenue. Contributions are earned from the date of attachment of risk.

All contributions received, except for amounts received in advance were fully earned at balance date. The pattern of recognition over the policy is based on time, which is considered to closely approximate the pattern of risks undertaken.

Contributions are recognised net of the amount of goods and services tax (GST). Receivables are stated with the amount of GST included. The amount of GST payable to the Australian Tax Office (ATO) is recognised as a current liability in the Statement of Financial Position.

**(c) Claims**

Outstanding claims for each scheme is determined as follows and are exclusive of claims handling expense. The cost of claims administration are payable by members as a separate fee and hence no allowance is made for future fees in the liabilities for outstanding claims.

Claim expenses in the financial statements are presented net of recoveries in the Income Statement for all schemes.

**Liability and Councillors and Officers Schemes**

Claims incurred expense and a liability for outstanding claims are recognised in respect of business written during the period. The liability covers claims incurred but not yet paid, incurred but not reported claims, and the anticipated costs of settling those claims. Claims outstanding are assessed by reviewing individual claim files and estimating un-notified claims and settlement costs using statistical and actuarial techniques. The liability for outstanding claims is measured as the present value of the expected future payments, reflecting the fact that all claims do not have to be paid out in the immediate future. The outstanding claims liability for the Liability and Councillors and Officers Schemes have been set having regard to independent actuarial advice.

The outstanding claims for the Councillors and Officers Scheme reflects the liabilities attributable to claims made since 2016. The claims made in years 2014 and 2015 were fully reinsured and those claims are managed by the reinsurer. The claims and corresponding reinsurance recoveries with respect to 2014 and 2015 for the Councillors and Officers scheme have been excluded from the financial statements.

The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and "superimposed inflation". Superimposed inflation refers to factors such as trends in court awards, for example increases in the level and period of compensation for injury. The expected future payments are then discounted to a present value at the reporting date using risk free discount rates. The discount recognised is limited to interest income that can be earned on cash and other financial assets held by the Liability and Councillors and Officers Schemes.

**Property Scheme**

The outstanding claims liability for the Property Scheme has been set by management estimates with regards to the current notified claims and the aggregate level for the scheme before reinsurance.

**Motor Vehicle Scheme**

The Motor Vehicle scheme is fully reinsured and all claims are managed by the reinsurer. The claims and corresponding reinsurance recoveries on these schemes have been calculated, recorded and reported in the financial statements on a net basis.

**Crime Scheme**

The outstanding claims liability for the Crime Scheme has been set based on the value of notified claims adjusted for paid claims plus an allowance for incurred but not reported claims.

**(d) Investments**

Investments comprise of primarily cash on deposit with banks with original maturity in excess of 90 days. Cash on deposit with banks are carried at the face value of the amounts deposited. The carrying amounts of cash on deposit approximates fair value.

**(e) Cash flows**

For the purpose of the statement of cash flows, cash includes cash at bank, deposits held at call with banks, and other short term deposits which have been classified as investments on the Statement of Financial Position.

**(f) Excess and Recoveries**

When claim payments made by the Schemes include excesses (or part thereof) recoverable from Members, excesses due at balance date are brought to account as recoveries outstanding.

**(g) Taxation**

The Scheme operates as a trust in accordance with existing Australian tax law and intends to distribute all its taxable income (investment income) to beneficiaries. Accordingly, no provision for income tax has been made.

**(h) Going Concern**

Statewide Mutual recognised a loss of \$8.87 million for the year ended 30 June 2021 (30 June 2020: loss of \$6.12 million). As at 30 June 2021, Statewide Mutual had current assets exceed current liabilities by \$11.23 million (30 June 2020: net current asset of \$20.21 million) and has an accumulated surplus of \$9.98 million (30 June 2020: surplus of \$18.85 million). The loss of \$8.87 million for the year ended 30 June 2021 is largely driven by adverse claims performance, higher reinsurance costs, and lower profit commissions.

In order to mitigate against future losses, Statewide Mutual has increased contributions payable by members for the 2021/2022 period by 12.50% for Liability/Property, and 10% for Councillors and Officers/Crime. Further increases will be considered in subsequent years with respect to claims performance and market conditions.

As at the date of these financial statements, management cash flow forecasts and budgets illustrate that Statewide Mutual is expected to be able to continue to pay its debts as and when they are due. On this basis, the Directors consider it is appropriate for the going concern basis to be adopted in preparing the financial statements.

**2 ACCOUNTING ESTIMATES AND JUDGEMENTS**

**Accounting estimates and Judgements**

Management discussed with the board of management the development, selection and disclosure of the Scheme's critical accounting policies and estimates and the application of these policies and estimates.

**Reinsurance profit commissions**

From 2004 the Scheme has participated in a national reinsurance programme which covers Statewide Mutual and similar schemes in other states. Profit commission arises from an experience adjustment contained within the reinsurance treaties based on the level of national local government claims within each respective underwriting year. Profit commissions are accounted for on an accruals basis.

**Impact of COVID-19**

During the year, COVID-19 has led to socioeconomic disruption on a global scale. Statewide Mutual has considered the impact of COVID-19 when preparing these financial statements and

related note disclosures. While the impacts of COVID-19 do not change the significant estimates, judgments and assumptions in the preparation of consolidated financial statements, it has resulted in additional consideration of judgment and estimation within those identified areas. The overall impact of COVID-19 is unknown and continues to develop. As such, Statewide will continue to monitor the developments.

**Investments**

The investment portfolio consists of high quality and highly liquid term deposits. The associated economic downturn will impact interest rates associated with future term deposits. No issues were identified related to the investment balances as at 30 June 2021.

**Outstanding Claims**

Impacts from changes to claims experience as a result of business closures, working from home requirements and other social distancing and quarantine measures is still uncertain. Current year experience does not indicate a discernible change in claims experience attributable to COVID-19. As such, no specific adjustments for COVID-19 have been made as at 30 June 2021.

**Key sources of estimation uncertainty**

Excluding the impacts of COVID-19, the key area of estimation uncertainty for the Schemes are in its estimation of outstanding claims, reinsurance recoveries and profit commissions.

**Outstanding Claims**

The outstanding claims provision comprises the central estimate and a risk margin which is added to the central estimate to achieve a desired probability of adequacy. The outstanding claim provision is discounted to reflect the time value of money.

A central estimate is an estimate of the level of claims provision that is intended to contain no intentional under or over estimation. A risk margin is added to the central estimate of outstanding claims in order to increase the probability that the estimates will be adequate.

Central estimates for each Scheme is determined by reference to a variety of estimation techniques. For the Liability and Councillors and Officers Schemes these are based on actuarial analysis of historical experience and assume an underlying pattern of claims development and payment. The final selected central estimates are based on a judgmental consideration of the results of each method and other qualitative information. Qualitative information might include for example, the class of business, the maturity of the portfolio and the expected term to settlement of the class. Projections are based on both historical experience and external benchmarks where relevant. The Property and Crime Schemes are based on managements estimations based on current notified claims and the aggregate before reinsurance.

**Reinsurance Recoveries**

Central estimates are calculated gross of any reinsurance and non-reinsurance recoveries. A separate estimate is made of the amounts recoverable from reinsurers and other parties.

The nature of the liability claims for which Statewide Mutual provides cover is such that they can take many years to settle with related "Excess Layer" reinsurance recoveries not falling due for payment until the primary claim has been finalised.

3 REVENUE AND EXPENSES

2021

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
Member Contributions	1,772,947	37,183,154	35,045,648	5,282,386	18,654,121	97,938,256
Outward Reinsurance Expense	(1,540,712)	(35,183,974)	(22,769,579)	(3,001,079)	(18,654,121)	(81,149,465)
Reinsurance Profit Share	-	2,351,968	-	-	-	2,351,968
Claims Expense (Note 7)	(133,029)	54,486	(12,257,002)	(810,421)	-	(13,145,966)
Other Scheme Expenses (Note 8)	(126,298)	(6,887,411)	(4,460,364)	(739,854)	-	(12,213,927)
Excess of contributions and reinsurance profit share over claims and related expenses	(27,092)	(2,481,777)	(4,441,297)	731,032	-	(6,219,134)
Investment Income	8,017	25,246	57,943	16,729	-	107,935
General Expenses (Note 8)	(5,256)	(2,185,839)	(538,645)	(30,791)	-	(2,760,531)
<b>SURPLUS FROM ORDINARY ACTIVITIES</b>	<b>(24,331)</b>	<b>(4,642,370)</b>	<b>(4,921,999)</b>	<b>716,970</b>	<b>-</b>	<b>(8,871,730)</b>
<b>ACCUMULATED SURPLUS</b>						
Accumulated Surplus at the beginning of the year	986,247	14,707,745	3,160,560	-	-	18,854,552
Operating Surplus from Ordinary Activities	(24,331)	(4,642,370)	(4,921,999)	716,970	-	(8,871,730)
Assistance to/from Councillors and Officers Scheme	-	716,970	-	(716,970)	-	-
Current year Surplus Distribution	-	-	-	-	-	-
<b>ACCUMULATED SURPLUS</b>	<b>961,916</b>	<b>10,782,345</b>	<b>(1,761,439)</b>	<b>-</b>	<b>-</b>	<b>9,982,822</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
Member Contributions	1,493,306	35,300,267	30,470,166	4,929,496	18,100,498	90,293,733
Outward Reinsurance Expense	(1,297,382)	(33,242,173)	(21,014,404)	(3,121,125)	(18,100,498)	(76,775,582)
Reinsurance Profit Share	-	6,579,830	-	-	-	6,579,830
Claims Expense (Note 7)	(389,949)	(135,595)	(9,575,175)	(1,481,698)	-	(11,582,417)
Other Scheme Expenses (Note 8)	(126,298)	(6,887,412)	(4,460,364)	(739,854)	-	(12,213,928)
Excess of contributions and reinsurance profit share over claims and related expenses	(320,323)	1,614,917	(4,579,777)	(413,181)	-	(3,698,364)
Investment Income	26,625	234,843	381,232	38,819	-	681,519
General Expenses (Note 8)	(5,201)	(2,175,466)	(896,168)	(23,817)	-	(3,100,652)
<b>SURPLUS FROM ORDINARY ACTIVITIES</b>	<b>(298,899)</b>	<b>(325,706)</b>	<b>(5,094,713)</b>	<b>(398,179)</b>	<b>-</b>	<b>(6,117,497)</b>
<b>ACCUMULATED SURPLUS</b>						
Accumulated Surplus at the beginning of the year	1,285,146	15,431,630	8,255,273	-	-	24,972,049
Operating Surplus from Ordinary Activities	(298,899)	(325,706)	(5,094,713)	(398,179)	-	(6,117,497)
Assistance to Councillors and Officers Scheme	-	(398,179)	-	398,179	-	-
Current year Surplus Distribution	-	-	-	-	-	-
<b>ACCUMULATED SURPLUS</b>	<b>986,247</b>	<b>14,707,745</b>	<b>3,160,560</b>	<b>-</b>	<b>-</b>	<b>18,854,552</b>

4 FINANCIAL POSITION

2021

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>CURRENT ASSETS</b>						
Cash Assets (Note 5)	173,387	922,753	1,255,250	396,691	-	2,748,081
Receivables (Note 6)	2,248,814	57,220,373	45,993,120	8,678,485	20,825,606	134,966,398
Reinsurance Recoveries (Note 6)	-	34,578,332	37,699,504	915,158	-	73,192,994
Investments	1,050,000	-	(0)	1,350,000	-	2,400,000
	3,472,201	92,721,458	84,947,874	11,340,334	20,825,606	213,307,473
<b>NON-CURRENT ASSETS</b>						
Reinsurance Recoveries (Note 6)	-	90,981,339	-	-	-	90,981,339
	-	90,981,339	-	-	-	90,981,339
<b>TOTAL ASSETS</b>	<b>3,472,201</b>	<b>183,702,797</b>	<b>84,947,874</b>	<b>11,340,334</b>	<b>20,825,606</b>	<b>304,288,812</b>
<b>CURRENT LIABILITIES</b>						
Creditors and Accrued Expenses	209,355	8,509,180	4,485,059	607,365	1,915,829	15,726,788
Outstanding Claims (Note 10)	257,348	30,327,113	42,864,734	3,739,870	-	77,189,065
Unearned Contributions	2,043,582	43,102,820	39,359,520	5,746,476	18,909,777	109,162,175
Accrued Surplus Distributions	-	-	-	-	-	-
	2,510,285	81,939,113	86,709,313	10,093,711	20,825,606	202,078,028
<b>NON-CURRENT LIABILITIES</b>						
Outstanding Claims (Note 10)	-	90,981,339	-	1,246,623	-	92,227,962
<b>TOTAL LIABILITIES</b>	<b>2,510,285</b>	<b>172,920,452</b>	<b>86,709,313</b>	<b>11,340,334</b>	<b>20,825,606</b>	<b>294,305,990</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>961,916</b>	<b>10,782,345</b>	<b>(1,761,439)</b>	<b>-</b>	<b>-</b>	<b>9,982,822</b>
<b>MEMBERS EQUITY</b>						
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>	<b>961,916</b>	<b>10,782,345</b>	<b>(1,761,439)</b>	<b>-</b>	<b>-</b>	<b>9,982,822</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>CURRENT ASSETS</b>						
Cash Assets (Note 5)	394,170	3,313,480	785,293	217,309	-	4,710,252
Receivables (Note 6)	1,888,023	48,322,645	40,090,186	8,905,923	20,647,928	119,854,705
Reinsurance Recoveries (Note 6)	1,400,000	35,998,474	32,745,838	508,000	-	70,652,312
Non Reinsurance Recoveries (Note 6)	-	-	-	-	-	-
Provision for Doubtful Debts (Notes 6)	-	-	-	-	-	-
Investments	1,015,000	3,500,000	8,500,000	1,600,000	-	14,615,000
	4,697,193	91,134,599	82,121,317	11,231,232	20,647,928	209,832,269
<b>NON-CURRENT ASSETS</b>						
Reinsurance Recoveries (Note 6)	-	96,690,900	-	-	-	96,690,900
Provision for Doubtful Debts (Notes 6)	-	-	-	-	-	-
	-	96,690,900	-	-	-	96,690,900
<b>TOTAL ASSETS</b>	<b>4,697,193</b>	<b>187,825,499</b>	<b>82,121,317</b>	<b>11,231,232</b>	<b>20,647,928</b>	<b>306,523,169</b>
<b>CURRENT LIABILITIES</b>						
Creditors and Accrued Expenses	170,198	7,192,849	3,877,785	541,282	2,063,993	13,846,107
Outstanding Claims (Note 10)	1,826,771	32,230,300	40,771,896	4,076,515	-	78,905,482
Unearned Contributions	1,713,977	37,003,706	34,311,076	5,254,596	18,583,935	96,867,290
Accrued Surplus Distributions	-	-	-	-	-	-
	3,710,946	76,426,855	78,960,757	9,872,393	20,647,928	189,618,879
<b>NON-CURRENT LIABILITIES</b>						
Outstanding Claims (Note 10)	-	96,690,899	-	1,358,839	-	98,049,738
<b>TOTAL LIABILITIES</b>	<b>3,710,946</b>	<b>173,117,754</b>	<b>78,960,757</b>	<b>11,231,232</b>	<b>20,647,928</b>	<b>287,668,617</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>986,247</b>	<b>14,707,745</b>	<b>3,160,560</b>	<b>-</b>	<b>-</b>	<b>18,854,552</b>
<b>MEMBERS EQUITY</b>						
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>	<b>986,247</b>	<b>14,707,745</b>	<b>3,160,560</b>	<b>-</b>	<b>-</b>	<b>18,854,552</b>

5 CASH FLOWS

2021

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipt of contributions from members (including advance contributions & GST)	1,764,949	36,949,489	34,927,576	5,254,527	18,768,207	97,664,748
Receipt of Profit Share	-	-	-	-	-	-
Claims payments (net of recoveries)	(298,364)	(13,402)	(15,450,554)	(877,704)	-	(16,640,024)
Outward Reinsurance Payment	(1,540,712)	(35,220,474)	(22,769,579)	(3,001,079)	(18,654,121)	(81,185,965)
Payment of other expenses	(125,137.31)	(7,646,133)	(4,884,566)	(1,470,264)	(114,086)	(14,240,186)
Interest received	13,481	39,791	147,080	23,902	-	224,254
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<b>(185,783)</b>	<b>(5,890,729)</b>	<b>(8,030,043)</b>	<b>(70,618)</b>	<b>-</b>	<b>(14,177,173)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Surplus Distribution	-	-	-	-	-	-
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOWS</b>	<b>(185,783)</b>	<b>(5,890,729)</b>	<b>(8,030,043)</b>	<b>(70,618)</b>	<b>-</b>	<b>(14,177,173)</b>
Cash at the beginning of the year	1,409,170	6,813,482	9,285,293	1,817,309	-	19,325,254
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>(185,783)</b>	<b>(5,890,729)</b>	<b>(8,030,043)</b>	<b>(70,618)</b>	<b>-</b>	<b>(14,177,173)</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>1,223,387</b>	<b>922,753</b>	<b>1,255,250</b>	<b>1,746,691</b>	<b>-</b>	<b>5,148,081</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipt of contributions from members (including advance contributions & GST)	1,500,137	35,675,955	30,530,450	4,978,113	18,201,018	90,885,673
Receipt of Profit Share	-	-	-	-	-	-
Claims payments (net of recoveries)	(198,946)	(2,075,921)	(17,281,438)	(1,758,758)	-	(21,315,063)
Outward Reinsurance Payment	(1,297,382)	(33,196,466)	(21,014,404)	(3,121,125)	(18,100,498)	(76,729,875)
Payment of other expenses	(136,499)	(10,870,063)	(5,169,218)	(373,627)	(100,520)	(16,649,927)
Interest received	41,288	271,899	533,824	28,497	-	875,508
<b>NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	<b>(91,402)</b>	<b>(10,194,597)</b>	<b>(12,400,786)</b>	<b>(246,900)</b>	<b>-</b>	<b>(22,933,684)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Surplus Distribution	-	-	-	-	-	-
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOWS</b>	<b>(91,402)</b>	<b>(10,194,596)</b>	<b>(12,400,786)</b>	<b>(246,900)</b>	<b>-</b>	<b>(22,933,684)</b>
Cash at the beginning of the year	1,500,572	17,008,078	21,686,079	2,064,209	-	42,258,938
<b>NET INCREASE / (DECREASE) IN CASH</b>	<b>(91,402)</b>	<b>(10,194,596)</b>	<b>(12,400,786)</b>	<b>(246,900)</b>	<b>-</b>	<b>(22,933,684)</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>1,409,170</b>	<b>6,813,482</b>	<b>9,285,293</b>	<b>1,817,309</b>	<b>-</b>	<b>19,325,254</b>

5 CASH FLOWS (continued)

2021

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING RESULT FOR THE YEAR</b>						
Operating Result for the year	(24,331)	(4,642,370)	(4,921,999)	716,970	-	(8,871,730)
<b>NON-CASH ITEMS</b>						
Assistance to/from Councillors and Officers Scheme	-	716,970	-	(716,970)	-	-
<b>MOVEMENT IN OPERATING ASSETS AND LIABILITIES</b>						
(Increase) / Decrease in Receivables	(360,790)	(8,897,727)	(5,902,933)	227,436	(177,678)	(15,111,692)
(Decrease) / Increase in Creditors & Accrued Expenses	39,156	1,316,329	607,274	66,085	(148,164)	1,880,680
Decrease / (Increase) in Reinsurance Recoveries	1,400,000	7,129,702	(4,953,666)	(407,158)	-	3,168,878
Decrease / (Increase) in Non-Reinsurance Recoveries	-	-	-	-	-	-
(Decrease) / Increase in Provisions for Doubtful Debts	-	-	-	-	-	-
(Decrease) / Increase in Outstanding Claims Provisions	(1,569,423)	(7,612,747)	2,092,838	(448,861)	-	(7,538,193)
(Decrease) / Increase in Unearned Contributions	329,605	6,099,114	5,048,443	491,880	325,842	12,294,884
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(185,783)</b>	<b>(5,890,729)</b>	<b>(8,030,043)</b>	<b>(70,618)</b>	<b>(0)</b>	<b>(14,177,173)</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING RESULT FOR THE YEAR</b>						
Operating Result for the year	(298,899)	(325,706)	(5,094,713)	(398,179)	-	(6,117,497)
<b>NON-CASH ITEMS</b>						
Assistance to/from Councillors and Officers Scheme	-	(398,179)	-	398,179	-	-
<b>MOVEMENT IN OPERATING ASSETS AND LIABILITIES</b>						
(Increase) / Decrease in Receivables	(257,180)	(8,689,141)	(6,287,234)	(910,293)	(1,416,386)	(17,560,234)
(Decrease) / Increase in Creditors & Accrued Expenses	19,864	(1,065,529)	767,124	28,376	89,114	(161,051)
Decrease / (Increase) in Reinsurance Recoveries	(1,400,000)	(282,105)	(23,301,143)	(78,000)	-	(25,061,248)
Decrease / (Increase) in Non-Reinsurance Recoveries	-	507,441	-	-	-	507,441
(Decrease) / Increase in Provisions for Doubtful Debts	-	(507,441)	-	-	-	(507,441)
(Decrease) / Increase in Outstanding Claims Provisions	1,595,087	(1,397,093)	15,793,402	343,762	-	16,335,158
(Decrease) / Increase in Unearned Contributions	249,726	1,963,157	5,721,778	369,255	1,327,272	9,631,188
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(91,402)</b>	<b>(10,194,596)</b>	<b>(12,400,786)</b>	<b>(246,900)</b>	<b>-</b>	<b>(22,933,684)</b>

6 RECEIVABLES

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
2021 Recoveries outstanding	-	379,621	1,978,400	122,567	-	2,480,588
Accrued interest	1,126	-	-	3,148	-	4,274
Prepayment	-	321,842	(0)	-	-	321,842
GST debtors	1	180,401	11,695	33,714	-	225,811
Debtors Sundry	-	8,931,798	3,944	2,202,929	12,248	11,150,919
Contributions receivable	2,247,687	47,406,711	43,999,081	6,316,127	20,813,358	120,782,964
	<b>2,248,814</b>	<b>57,220,373</b>	<b>45,993,120</b>	<b>8,678,485</b>	<b>20,825,606</b>	<b>134,966,398</b>
Non reinsurance recoveries - current	-	-	-	-	-	-
Reinsurance recoveries - current	-	34,578,332	37,699,504	915,158	-	73,192,994
Reinsurance recoveries - non current	-	90,981,339	-	-	-	90,981,339
Provision for Doubtful Debts - current	-	-	-	-	-	-
Provision for Doubtful Debts - non current	-	-	-	-	-	-
	<b>2,248,814</b>	<b>182,780,044</b>	<b>83,692,624</b>	<b>9,593,643</b>	<b>20,825,606</b>	<b>299,140,731</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
Recoveries outstanding	-	745,320	1,415,190	170,880	-	2,331,390
Accrued interest	6,590	14,545	89,137	10,322	-	120,594
Prepayment	-	285,342	-	-	-	285,342
GST debtors	-	129,858	17,055	29,308	50	176,271
Debtors Sundry	4,089	6,679,830	229,069	2,947,759	62,285	9,923,032
Contributions receivable	1,877,344	40,467,750	38,339,735	5,747,654	20,585,593	107,018,076
	<b>1,888,023</b>	<b>48,322,645</b>	<b>40,090,186</b>	<b>8,905,923</b>	<b>20,647,928</b>	<b>119,854,705</b>
Non reinsurance recoveries - current	-	-	-	-	-	-
Reinsurance recoveries - current	1,400,000	35,998,474	32,745,838	508,000	-	70,652,312
Reinsurance recoveries - non current	-	96,690,900	-	-	-	96,690,900
Provision for Doubtful Debts - current	-	-	-	-	-	-
Provision for Doubtful Debts - non current	-	-	-	-	-	-
	<b>3,288,023</b>	<b>181,012,019</b>	<b>72,836,024</b>	<b>9,413,923</b>	<b>20,647,928</b>	<b>287,197,917</b>

7 CLAIMS EXPENSE

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
2021 Net Claims Paid	302,452	62,862	15,681,040	1,618,127	-	17,664,481
Claims outstanding at beginning of year	(1,826,771)	(128,921,200)	(40,771,896)	(5,435,354)	-	(176,955,221)
Claims outstanding at end of year	257,348	121,308,452	42,864,734	4,986,493	-	169,417,027
Recoveries outstanding at beginning of year	-	745,320	1,415,190	170,880	-	2,331,390
Recoveries outstanding at end of year	-	(379,621)	(1,978,400)	(122,567)	-	(2,480,588)
Reinsurance Recoveries at beginning of year	1,400,000	132,689,373	32,745,838	508,000	-	167,343,211
Less Reinsurance Recoveries at end of year	-	(125,559,672)	(37,699,504)	(915,158)	-	(164,174,334)
Non reinsurance recoveries at beginning of year	-	-	-	-	-	-
Non reinsurance recoveries at end of year	-	-	-	-	-	-
Doubtful debts at beginning of year	-	-	-	-	-	-
Doubtful debts at end of year	-	-	-	-	-	-
	<b>133,029</b>	<b>(54,486)</b>	<b>12,257,002</b>	<b>810,421</b>	<b>-</b>	<b>13,145,966</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
Net Claims Paid	194,862	1,580,077	17,100,720	1,565,488	-	20,441,147
Claims outstanding at beginning of year	(231,684)	(130,318,292)	(24,978,494)	(5,091,593)	-	(160,620,063)
Claims outstanding at end of year	1,826,771	128,921,200	40,771,896	5,435,354	-	176,955,221
Recoveries outstanding at beginning of year	-	472,594	1,397,386	76,329	-	1,946,309
Recoveries outstanding at end of year	-	(745,320)	(1,415,190)	(170,880)	-	(2,331,390)
Reinsurance Recoveries at beginning of year	-	132,407,268	9,444,695	175,000	-	142,026,963
Less Reinsurance Recoveries at end of year	(1,400,000)	(132,689,373)	(32,745,838)	(508,000)	-	(167,343,211)
Non reinsurance recoveries at beginning of year	-	507,441	-	-	-	507,441
Non reinsurance recoveries at end of year	-	-	-	-	-	-
Doubtful debts at beginning of year	-	-	-	-	-	-
Doubtful debts at end of year	-	-	-	-	-	-
	<b>389,949</b>	<b>135,595</b>	<b>9,575,175</b>	<b>1,481,698</b>	<b>-</b>	<b>11,582,417</b>

8 EXPENSES

2021

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>OTHER SCHEME EXPENSES</b>						
Scheme Administration Fees	126,298	6,887,411	4,460,364	739,854	-	12,213,927
<b>GENERAL EXPENSES</b>						
Actuarial Fees	-	80,658	-	23,678	-	104,336
Auditors Fees	5,250	69,385	8,193	6,996	-	89,824
Bank Charges	7	547	452	117	-	1,123
Board of Management Expenses	-	9,065	-	-	-	9,065
General Expenses	(1)	45,630	200,000	-	-	245,629
Insurance	-	13,700	-	-	-	13,700
Investment Management	-	15,000	-	-	-	15,000
Legal Expenses	-	5,850	-	-	-	5,850
Marketing and Communication Expenses	-	170,882	100,000	-	-	270,882
Risk Management Expenses	-	1,775,122	-	-	-	1,775,122
Property Valuation Fees	-	-	230,000	-	-	230,000
	<b>5,256</b>	<b>2,185,839</b>	<b>538,645</b>	<b>30,791</b>	<b>-</b>	<b>2,760,531</b>
	<b>131,554</b>	<b>9,073,250</b>	<b>4,999,009</b>	<b>770,645</b>	<b>-</b>	<b>14,974,458</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>OTHER SCHEME EXPENSES</b>						
Scheme Administration Fees	126,298	6,887,412	4,460,364	739,854	-	12,213,928
<b>GENERAL EXPENSES</b>						
Actuarial Fees	-	80,693	-	16,908	-	97,601
Auditors Fees	5,250	57,564	8,000	6,825	-	77,639
Bank Charges	2	324	179	84	-	589
Board of Management Expenses	-	19,634	-	-	-	19,634
General Expenses	(51)	16,428	62,989	(0)	-	79,366
Insurance	-	13,700	-	-	-	13,700
Legal Expenses	-	24,019	-	-	-	24,019
Marketing and Communication Expenses	-	183,049	100,000	-	-	283,049
Risk Management Expenses	-	1,780,055	-	-	-	1,780,055
Property Valuation Fees	-	-	725,000	-	-	725,000
	<b>5,201</b>	<b>2,175,466</b>	<b>896,168</b>	<b>23,817</b>	<b>-</b>	<b>3,100,652</b>
	<b>131,499</b>	<b>9,062,877</b>	<b>5,356,531</b>	<b>763,671</b>	<b>-</b>	<b>15,314,580</b>

9 AUDITORS' REMUNERATION

2021

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>AUDIT SERVICES</b>						
Audit of financial report	5,250	69,385	8,193	6,996	-	89,824

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
<b>AUDIT SERVICES</b>						
Audit of financial report	5,250	57,564	8,000	6,825	-	77,639

Auditors' remuneration for the Motor Vehicle Scheme in 2021 and 2020 were borne by the Liability Scheme and were not recharged.

10 OUTSTANDING CLAIMS

2021

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
Reported claims outstanding	257,348	44,915,443	42,864,734	2,596,570	-	90,634,095
Provision for claims incurred but not reported, claims development, prudential margin and claims settlement costs.	-	78,730,961	-	2,401,572	-	81,132,533
Discount to present value	-	(2,337,952)	-	(11,649)	-	(2,349,601)
	<b>257,348</b>	<b>121,308,452</b>	<b>42,864,734</b>	<b>4,986,493</b>	<b>-</b>	<b>169,417,027</b>
<b>COMPRISING</b>						
Current Liabilities	257,348	30,327,113	42,864,734	3,739,870	-	77,189,065
Non-Current Liabilities	-	90,981,339	-	1,246,623	-	92,227,962
	<b>257,348</b>	<b>121,308,452</b>	<b>42,864,734</b>	<b>4,986,493</b>	<b>-</b>	<b>169,417,027</b>

2020

	CRIME FUND \$	LIABILITY FUND \$	PROPERTY FUND \$	COUNCILLORS AND OFFICERS FUND \$	MOTOR VEHICLE FUND \$	TOTAL \$
Reported claims outstanding	1,826,771	43,450,965	40,771,896	2,114,266	-	88,163,898
Provision for claims incurred but not reported, claims development, prudential margin and claims settlement costs.	-	87,808,186	-	3,335,427	-	91,143,613
Discount to present value	-	(2,337,952)	-	(14,339)	-	(2,352,291)
	<b>1,826,771</b>	<b>128,921,199</b>	<b>40,771,896</b>	<b>5,435,354</b>	<b>-</b>	<b>176,955,220</b>
<b>COMPRISING</b>						
Current Liabilities	1,826,771	32,230,300	40,771,896	4,076,515	-	78,905,482
Non-Current Liabilities	-	96,690,899	-	1,358,839	-	98,049,738
	<b>1,826,771</b>	<b>128,921,199</b>	<b>40,771,896</b>	<b>5,435,354</b>	<b>-</b>	<b>176,955,220</b>

**THE ACTUARIAL ASSUMPTIONS WITH RESPECT TO THE LIABILITY FUND ARE:**

- (a) The average term to settlement of outstanding claims is 2021: 3.49 years (2020: 3.61 years)
- (b) The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims

	2021		2020	
	2021	2022 and beyond	2020	2021 and beyond
Inflation Rate	1.63%	2.00% to 2.25%	1.25%	1.50% to 2.50%
Superimposed Inflation Professional Indemnity		0%		0%
Superimposed Inflation Personal Injury		0%		0%
Discount Rate Range	0.03%	0.12% to 2.78%	0.22%	0.29% to 2.42%

**THE ACTUARIAL ASSUMPTIONS WITH RESPECT TO THE COUNCILLORS AND OFFICERS FUND ARE:**

- (a) The average term to settlement of outstanding claims is 2021: 1.52 years (2020: 1.37 years)
- (b) The following average inflation (normal and superimposed) rates and discount rates were used in measuring the liability for outstanding claims

	2021		2020	
	2021	2022 and beyond	2020	2021 and beyond
Inflation Rate	1.63%	2.00% to 2.25%	1.25%	1.50% to 2.50%
Discount Rate Range	0.03%	0.12% to 2.78%	0.22%	0.29% to 2.42%

**CERTIFICATE BY THE CHAIRMAN AND DEPUTY CHAIRMAN**

In our opinion, the accompanying financial statements of Statewide Mutual comprising the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows and accompanying notes as set out on pages 29 to 43:

- (a) presents fairly the financial position of Statewide Mutual as at 30 June 2021 and of its performance as represented by the results of its operations and its cash flows for the year ended on that date.
- (b) are drawn up in accordance with the provisions of the Deed of Establishment dated 22 March 1994; and
- (c) are drawn up in accordance with the accounting policies contained in note 1.

Dated: 27/10/2021



**REBECCA RYAN**  
Chairman - Board of Management



**THERESE MANNS**  
Deputy Chairman - Finance

**11 PROVISION FOR SURPLUS DISTRIBUTIONS**

In accordance with the Board of Management meeting resolution dated 11 October 2002, and also with Clause 9.11.2 of the Statewide Mutual Deed of Establishment, a distribution (of an amount to be determined by the Board of Management) will be made after the adoption of the Financial Statements at the end of each financial year.

**12 EVENTS SUBSEQUENT TO REPORTING DATE**

Subsequent to the reporting period, there have been further COVID-19 developments across Australia with the implementation of further lockdowns and interstate border controls and updates to Government support packages. Statewide has considered the impact of these developments on its estimates and judgments and has not identified any subsequent events that would require the financial statements or other disclosures to be adjusted, nor has Statewide identified any material non-adjusting subsequent events requiring additional disclosure to the financial statements.



## Independent Auditor's Report

To the members of Statewide Mutual

### Opinion

We have audited the **Financial Statements** of Statewide Mutual.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of Statewide Mutual at 30 June 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the basis of preparation described in Note 1 to the financial statements for the purpose of meeting the requirements of the Deed of Establishment dated 22 March 1994.

The **Financial Statements** comprise:

- Statement of financial position as at 30 June 2021;
- Statement of financial performance and Statement of cash flows for the year then ended; and
- Notes including a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our report.

We are independent of Statewide Mutual in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the *Financial Statements* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

### Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 1 to the Financial Statements, which describes the basis of preparation.

The Financial Statements have been prepared to assist the members of Statewide Mutual to meet the requirements of the Deed of Establishment dated 22 March 1994.

As a result, the Financial Statements and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the members of Statewide Mutual and should not be used by or distributed to parties other than the members of Statewide Mutual. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Statements to which it relates, to any person other than the members of Statewide Mutual or for any other purpose than that for which it was prepared.

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### Responsibilities of Management for the Financial Statements

Management are responsible for:

- the preparation and fair presentation of the Financial Statements and have determined that the basis of preparation described in Note 1 to the Financial Report is appropriate to meet the reporting requirements of the Deed of Establishment dated 22 March 1994 and have determined that the basis of preparation described in Note 1 to the Financial Statements is appropriate to meet the needs of the members
- implementing necessary internal control to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error
- assessing Statewide Mutual's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate Statewide Mutual or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Financial Statements

Our objective is:

- to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our Auditor's Report.

KPMG  
27 October 2021

# MEMBERS AS AT 30 JUNE 2021

Albury City Council  
Armidale Regional Council  
Ballina Shire Council  
Balranald Shire Council  
Bathurst Regional Council  
Bega Valley Shire Council  
Bellingen Shire Council  
Berrigan Shire Council  
Bland Shire Council  
Blayney Shire Council  
Bogan Shire Council  
Bourke Shire Council  
Brewarrina Shire Council  
Broken Hill City Council  
Byron Shire Council  
Cabonne Council  
Campbelltown City Council  
Canterbury-Bankstown Council  
Carrathool Shire Council  
Castlereagh Macquarie County Council  
Central Coast Council  
Central Darling Shire Council  
Central Tablelands Water  
Cessnock City Council  
City of Canada Bay Council  
City of Ryde  
Clarence Valley Council  
Cobar Shire Council  
Cobar Water Board  
Coffs Harbour City Council  
Coolamon Shire Council  
Coonamble Shire Council  
Cootamundra-Gundagai Regional Council  
Cowra Shire Council  
Dungog Shire Council  
Edward River Council  
Eurobodalla Shire Council  
Fairfield City Council  
Federation Council  
Forbes Shire Council  
Georges River Council  
Gilgandra Shire Council  
Glen Innes Severn Council  
Goldenfields Water County Council  
Goulburn Mulwaree Council

Greater Hume Shire Council  
Griffith City Council  
Gwydir Shire Council  
Hawkesbury River County Council  
Hay Shire Council  
Hilltops Council  
Hornsby Shire Council  
Inner West Council  
Inverell Shire Council  
Junee Shire Council  
Kempsey Shire Council  
Ku-ring-gai Council  
Kyogle Council  
Lachlan Shire Council  
Lake Macquarie City Council  
Leeton Shire Council  
Lismore City Council  
Lithgow City Council  
Liverpool Plains Shire Council  
Lockhart Shire Council  
Maitland City Council  
MidCoast Council  
Moree Plains Shire Council  
Mosman Municipal Council  
Murray River Council  
Murrumbidgee Council  
Muswellbrook Shire Council  
Nambucca Shire Council  
Narrabri Shire Council  
Narrandera Shire Council  
Narromine Shire Council  
New England Weeds Authority  
Newcastle City Council  
Norfolk Island Regional Council  
North Sydney Council  
Northern Beaches Council  
Oberon Council  
Port Macquarie-Hastings Council  
Port Stephens Council  
Queanbeyan Palerang Regional Council  
Randwick City Council  
Riverina Water County Council  
Rous County Council  
Shoalhaven City Council  
Singleton Council

Snowy Valleys Council  
Strathfield Council  
Sutherland Shire Council  
Tamworth Regional Council  
Temora Shire Council  
Tenterfield Shire Council  
The Hills Shire Council  
Tweed Shire Council  
Upper Hunter County Council  
Upper Hunter Shire Council  
Upper Lachlan Shire Council  
Upper Macquarie County Council  
Uralla Shire Council  
Wagga Wagga City Council  
Walcha Council  
Walgett Shire Council  
Warren Shire Council  
Warrumbungle Shire Council  
Waverley Municipal Council  
Weddin Shire Council  
Wentworth Shire Council  
Wingecarribee Shire Council  
Woollahra Municipal Council  
Yass Valley Council

**NAAMON EURELL**  
**Executive Officer**  
**Statewide Mutual**

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