

EXTRACTION OF QUESTIONS ON NOTICE AND CONTEXT

Member Question	EML L&J Response	EML Response
<p>Mr DAVID SHOEBRIDGE: Well then, why do we not then look at what you were ultimately paid?</p> <p>What were you paid under the contract in each of those years to date?</p>	<p>Mr FLEETWOOD: We will take that on notice just to make sure that we get the exact numbers correct for you and we will provide that to you on notice.</p>	<p>Amounts paid in years 1, 2 & 3 to date;</p> <p>Year 1 (2018) - \$80,115,264</p> <p>Year 2 (2019) - \$125,825,298</p> <p>Year 3 (2020) - \$115,368,000</p>
<p>Mr DAVID SHOEBRIDGE: Would it be fair to say you are on track if the contract continues through to the end of 2021—and that is on the assumption a renewal option is done? You are on track to have a contract in the order of \$386 million over the course of those four years.</p> <p>The Hon. DANIEL MOOKHEY: Mr Fleetwood, we are putting it to you on the basis of a document that icare has published themselves last week, that they are legally required to publish and that they have now got around to publishing, that they are paying you \$386 million.</p> <p>The CHAIR: To be fair, Mr Mookhey, the witness has taken it on notice.</p>	<p>Mr FLEETWOOD: I think it is important to make sure that the evidence we give today is correct. I would like to take that question on notice and we will come back to you with the exact numbers.</p>	<p>We do not yet have cost details for any subsequent years as any extension is yet to be notified.</p>
<p>The Hon. DANIEL MOOKHEY: Sure. Are you at least in a position to confirm whether or not you agree that that contract notice that icare published is correct? I ask because we are going to be asking the icare board shortly and to be fair to them we would like to be able to put what you have said to them. Can we at least rely on that \$386 million, or is it wildly wrong?</p>	<p>Mr FLEETWOOD: With respect, I did not have access to that prior to it being tabled here. My apologies, but I would like to provide the correct information to the Committee and I would like to provide that on notice.</p>	<p>EML had a 3-year contract for period 1 January 2018 – 31 December 2020. There are 2 x 1-year extension options which remain undetermined.</p>

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<p>The Hon. DANIEL MOOKHEY: But before Ms Harris answers, can I ask this: How many times have you received that payment?</p>	<p>MR FLEETWOOD: Again, I will take that on notice and come back with the exact details.</p>	<p>Year 1 (2018) -3.6% of the 4.8% received</p> <p>Year 2 (2019) – Nil received. 1.2% of the 4.8% has been confirmed and we are awaiting formal assessment on the remainder.</p>
<p>The Hon. DANIEL MOOKHEY: Well, it has only been operating for three years, two years of which have been expired. Did you get it last year or did you get it the year before?</p>	<p>Mr FLEETWOOD: Yes. I appreciate what you are saying. I want to make sure that there is correct information provided to the Committee since—</p>	<p>Year 3 (2020) – Year not yet complete</p>
<p>The Hon. TREVOR KHAN: Mr Fleetwood, that is not asking for a dollar amount. I think it is reasonable if you indicate whether you got some or all of the bonus amount in the two previous years. I do not think that is a difficult question to answer.</p>	<p>Mr FLEETWOOD: We certainly have received some. I was actually seeking to ask Ms Harris to provide the information as she has a more detailed knowledge of the contract.</p>	
<p>The Hon. TREVOR KHAN: But let us be clear: In respect of the KPI 2.4 per cent component, there is no expectation of payment in respect of that?</p>	<p>Ms HARRIS: I have not had any specific discussions on that matter, so I will take it on notice but do not expect that there is.</p>	<p>As above</p>
<p>Mr DAVID SHOEBRIDGE: But just before we go there, Mr Fleetwood, you are comparing what happened in New South Wales with what happened in South Australia, but what happened in South Australia when EML took over the portfolio in South Australia was there was about a 25 per cent increase in claims management fees in the first year when EML took it over in South Australia in the 2008-2009 year, which is not on a scale comparable to New South Wales, but in 2008 and 2009 dollars an extra \$16.7 million was paid for claims management fees when EML took it over in 2008-2009. So there is form here, is there not, of EML coming in and seeing a substantial increase in claims management forms, because that is exactly what happened in South Australia?</p>	<p>Mr FLEETWOOD: I am certainly aware of what we were paid in South Australia. I would be happy to take the details of what was previously paid.</p>	<p>We do not have knowledge of Agent remuneration in SA prior to EML’s engagement.</p>
<p>The Hon. DANIEL MOOKHEY: And you have seen as well the list of subcontractors. I think my colleague asked on the first page between A and P and then they have come back in the answers and said basically that these are the lists of companies that are engaged by you as a key subcontractor. Just to be clear to you, you are required to disclose this under your service provider agreement, is that not correct?</p>	<p>Mr FLEETWOOD: I genuinely would like to take it on notice to confirm it exactly, but my understanding is we have to disclose and we disclose if anything changes. I am not sure it is an annual disclosure, but it may be.</p>	<p>We are required under our contracts to provide details of key subcontractors.</p> <p>We are required to provide an updated schedule within 5 Business Days of the anniversary of the commencement date.</p>

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<p>The Hon. DANIEL MOOKHEY: It says in this tax data that the revenue of Employers Mutual Management was \$222 million in 1965. That is a company which is a party to the agreement and in the</p> <p>Mr FLEETWOOD: Employers Mutual Management, yes, it does have other direct clients. workers compensation scheme. Does Employers Mutual Management have any other client other than Employers Mutual Limited?</p> <p>The Hon. DANIEL MOOKHEY: How much of its revenue is coming out of this service provision agreement?</p>	<p>Mr FLEETWOOD: I would have to take that on notice and come back to you with specific detail.</p>	<p>We believe this question relates to revenue for FY17/18 as the amount quoted is the amount recorded for that financial year.</p> <p>During that year \$34,313,829 was received from the Nominal Insurer for the Service Provider agreement.</p>
<p>The Hon. DANIEL MOOKHEY: What services are they providing for icare?</p> <p>Mr FLEETWOOD: Which Aswig entity are you referring to?</p> <p>The Hon. DANIEL MOOKHEY: Aswig Solutions Pty Limited, Aswig Management Pty Limited, Aswig Group Pty Limited.</p>	<p>Mr FLEETWOOD: It may be better if I provide a detailed answer to you on notice. Aswig Solutions is a dormant entity; Aswig Group is also a dormant entity; and Aswig Management is a part of the Employers Mutual group.</p>	<p>AS White provides no service directly to icare. EML uses resources provided by AS White to undertake administrative tasks for a range of clients including icare.</p>
<p>Mr DAVID SHOEBRIDGE: I just have one final question on this point and it will be quickest. Mr Coyne, did you or anybody associated with EML meet with Mr Photios or representatives of Premier State at the time you were tendering for and negotiating the contract with icare?</p>	<p>Mr COYNE: I will have to take that on notice. I will have to go back and check my diary around that. I just emphasise what Mr Fleetwood would have said that at no point has Mr Photios been engaged by email to lobby for that contract.</p>	<p>Since the commencement of our engagement with PremierState in 2012, we have met and continue to have a regular meeting on a monthly basis.</p>
<p>The Hon. DANIEL MOOKHEY: Thank you. Do you have any ex-partner of PremierState or PremierNational currently engaged or contracted with you, either as an employee or a contractor and, if so, who?</p>	<p>Mr FLEETWOOD: I think you would be referring to Mr David Begg. Mr David Begg is a full-time employee of Employers Mutual.</p> <p>The Hon. DANIEL MOOKHEY: Since when?</p> <p>Mr FLEETWOOD: I will come back on notice with an exact date.</p>	<p>Mr David Begg commenced employment with EML as <i>Executive Director, Mutuality & Customer</i> on Monday 27 July 2020.</p>