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Contributions to *riskmatters* on any subject relating to insurance, risk management or procurement can be forwarded via email to trmf@treasury.tas.gov.au.



Combining multiple claims

Multiple claims must not be grouped together in order to reduce excess requirements.

Where claims arise from a single occurrence and damage is caused to property at different or individual sites, (ie different assets damaged at the same location), each claim is to be separately lodged and will be treated as an individual claim for the purposes of claims management under the Fund.

Welcome

Welcome to the August 2011 edition of the Tasmanian Risk Management Fund newsletter, *riskmatters*, published by the Department of Treasury and Finance.

Sometimes it is valuable to go back to basics and reaffirm the premise that defines our roles and responsibilities. That is what this edition is about.

In this edition, we take a look at the role and cover provided by the Tasmanian Risk Management Fund and the principles relevant to government procurement. If you are new to procurement and risk issues then this edition is for you.

Di Hope
Editor

Fund news and updates

Current status of the NDRRA review

Treasury has engaged Finity Consulting to undertake an assessment of the adequacy of the State's property insurance arrangements.

This follows an amendment to the Australian Government's Natural Disaster Relief and Recovery Arrangements requiring states and territories to have their insurance arrangements assessed by an independent specialist.

Under the NDRRA, financial assistance is provided to states and territories, usually in the form of partial reimbursement for relief and recovery costs.

The outcome of the independent assessment is to be provided to the Australian Government by 30 September 2011 for review.

Asset review 2011

Agencies should note that more detailed risk exposure information will be required this year. This is necessary to meet the State's obligations under the NDRRA (noted above).

Risk exposure questionnaires will be forwarded to agencies in early September 2011, and agencies will have six weeks to respond.

Review of TRMF Policy and Disclosure Document

Agencies are advised that a comprehensive review of the TRMF's Policy and Disclosure Document is currently being undertaken and it is expected to be finalised by the end of the year.

A frequently asked question

Our agency plans to provide a consultant with a government vehicle. What cover is provided by the Fund?

The vehicle will be covered by the TRMF for loss or damage and any associated third party property damage, provided that the terms and conditions governing the use of government vehicles are met.

Agencies should refer to DPAC's *Policy and guidelines for the allocation and use of vehicles within the state service*.

Cover provided by the Fund will not extend to the consultant him/herself. The consultant should have his/her own liability and personal accident cover.

Back to basics

Tasmanian Risk Management Fund

What is it?

The Tasmanian Risk Management Fund is a self-insurance arrangement. It is a centralised approach to managing agency risks, but it isn't like commercial insurance.

With a commercial insurance policy an entity pays a premium and the insurer takes all the financial risk, whereas with the Fund, agencies make contributions each year to build up sufficient reserves to meet current and emerging claims costs.

Essentially, the Tasmanian Risk Management Fund is a pool of money collected from agencies which is set aside to provide for costs associated with specific agency risks.

The majority of risks are self-insured, (ie claim costs are met directly from the Fund), but two risk categories, marine hull and travel, are purchased from the private sector. These two commercial policies are purchased by the Fund on behalf of agencies.

Participation

All inner-Budget sector agencies are required to participate in the Fund, pay contributions to meet claim costs, administration expenses, and where applicable, insurance premiums (for cover purchased from the private sector).

Rather than payment of premiums, agencies are required to make contributions.

The level of agencies' contributions is determined by an independent actuary and reflects each agency's risk exposure, claims experience and nominated excess amounts.

A Fund Administration Agent, Marsh, is engaged under contract and is responsible for administering claims in accordance with agencies' instructions. (See page 4 for details of key contacts).

Cover/scope

The operation of the Fund does not extend to:

- statutory authorities, State-owned Companies or Government Business Enterprises;
- other government entities such as Boards and Committees, unless they are closely aligned with an inner-budget agency and a determination has been made by Treasury to extend cover based on a submission from that agency; or
- providing risk management, legal or general insurance advice.

Governance arrangements

The Fund is not established under legislation. It is essentially an account in the Special Deposits and Trust Fund that is managed by Treasury.

Treasury reports to the Treasurer on policy issues, and is responsible for the administration of the Fund.

Treasury also chairs and provides secretariat support for the TRMF Steering Committee. The Steering Committee is representative of the agencies participating in the Fund and serves as a consultative forum through which agencies can provide input into the operations of the Fund.

Best resource

The [TRMF Policy and Disclosure Document](#) provides a comprehensive summary of the purpose of the Fund and the risks and entities covered by the Fund.

Government Procurement

What is it?

Government procurement is all about best practice purchasing. It is governed by the principles of ensuring value for money, open and effective competition, accountability and transparency, and enhancing opportunities for local businesses.

The [Treasurer's Instructions](#) regulate the way in which the Tasmanian Government purchases from suppliers.

Essentially government procurement falls under two broad categories:

- goods and services; and
- building and construction/roads and bridges procurement.

The Treasurer's Instructions outline minimum mandatory requirements for each category.

For both categories there are specific processes that are linked to the value of the procurement. However, procurement thresholds vary between the two.

There are also rules that are particular to categories. For example, within the goods and services category, whole-of-government common use contracts have been established where a common requirement for goods or services across Government agencies has been identified.

Agencies must use whole-of-government common use contracts where they have been established.

Building and construction/roads and bridges procurement has two sets of rules, one for engaging contractors for doing the work and one for engaging consultants (engineers, architects etc).

Participation

State Government agencies are generally responsible for their own purchasing either through obtaining quotations, or through an open tender process. However, the Treasurer's Instructions must be followed.

State Government agencies must comply with the Treasurer's Instructions.

Treasury maintains the Treasurer's Instructions and administers any requests for exemption from the Treasurer's Instructions.

Governance arrangements

The *Financial Management and Audit Act 1990* provides the legislative framework for government procurement.

The Treasurer's Instructions are issued under the *Financial Management and Audit Act 1990*.

A Procurement Reference Group facilitates agency input into the development of procurement policy, training and tools. Treasury chairs meetings and provides administrative support.

Best resource

The *Guide for Government Buyers* publication provides a good starting point for information about the purchase of goods and services.

The Guide should be read in conjunction with the Treasurer's Instructions.

The Guide for Government Buyers and the Treasurer's Instructions can be found on Treasury's website at www.purchasing.tas.gov.au.

FAA contact details

Marsh Pty Ltd is responsible for the administration of all Tasmanian Risk Management Fund claims.

Martin Broad manages the TRMF account for Marsh and has direct management responsibility for the workers' compensation claims team. Martin can be contacted on:

Telephone (03) 6281 3133

Fax (03) 6281 3101

Greg Moore is the General Claims Executive responsible for the management of the general claims team (all claims other than workers compensation). Greg can be contacted on:

Telephone (03) 6333 3207

Fax (03) 6333 3270

Procurement training

Final round of courses being offered for 2011

Procuring Goods & Services

24 October 2011 Hobart

Managing Contracts – an introduction

25 October 2011 Hobart

Procurement & Contracting for Construction

26 & 27 Oct 2011 Hobart

To register, contact the Tasmanian Training Consortium.

Meetings and notices

TRMF Steering Committee

The role of the TRMF Steering Committee is to serve as a consultative forum through which agencies can provide input into the operations of the Fund and feedback to Treasury, the Fund Administration Agent and the Actuary.

The Steering Committee is representative of the agencies participating in the Fund.

The next meeting will be held on Tuesday, **27 September 2011**.

Procurement Reference Group

The role of the Procurement Reference Group is to facilitate agency input into the development of procurement policy, training and tools.

Each agency is represented on the Reference Group by an officer nominated through their Head of Agency.

The next meeting is scheduled for September 2011. The date is yet to be set.

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