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



Please Note

New TRMF corporate travel arrangements

Accident & Health International is the new provider of corporate travel cover from 1 July 2008.

ACE Insurance will continue to provide cover for employees who headed overseas prior to this date. For travellers heading overseas from 1 July 2008, new emergency contact details apply. These can be obtained from your agency's representative listed on the TRMF website.

Welcome

Welcome to the August 2008 edition of the Tasmanian Risk Management Fund newsletter, *riskmatters*, published by the Department of Treasury and Finance.

The Bridgewater High School fire in October 2007 represents a major event for the Fund and an opportunity to reassess our preparedness for large claims.

On page 3 we highlight some of the factors that contributed to the escalation of business continuity claim costs, and encourage you to consider Education's experience when reviewing your own business continuity plans.

We remind agencies that the liability of the Fund is limited to a building's replacement value, and note that the provisioning for large claims is to be reviewed by the Fund's Actuary (see page 2).

Also in this issue are details of the new provider for corporate travel cover from 1 July 2008 (this page), and changes to our Branch structure that will impact upon the TRMF Unit (see page 5).

Di Hope
Editor

Finding the TRMF on the new Treasury website

Now that Treasury has a new look website, there is no longer a direct link to the Fund from the home page.

It is now necessary to click on Quick Links from the home page and select Tasmanian Risk Management Fund from the drop-down menu.

The Bridgewater High School experience

Bridgewater High School was extensively damaged by fire on 23 October 2007 as a result of arson but, thanks to the outstanding effort of all involved, the school reopened in a very short period of time albeit in new surroundings.

Staff from the Department of Education and Marsh Pty Ltd, the Fund Administration Agent, together with contractors, worked for days without a break, including the Christmas period, to ensure that students began the new school year together at the new location.



Demolition work following the Bridgewater High School fire in October 2007.

Insights and challenges

The fire represents a major event for the Fund and an opportunity to reassess our preparedness for large claims. It also represents an opportunity for other agencies to learn from Education's experience.

Future provisioning for large claims

The total cost to the Fund arising from the fire is approximately \$30.2 million (ex GST).

The Fund had already experienced higher than normal claim costs for the 2007-08 year due to storm and flood damage across the State. The Fund currently operates on the basis that single claims in excess of \$5 million will be funded post-event. With the potential for future large claims, the Fund's Actuary has been asked to review whether the \$5 million 'large claims cut-off' figure for determining agencies' contributions to the Fund remains appropriate.

Rebuilding/replacement costs

Funding for a new Bridgewater school

It is important to be aware that the liability of the Fund is limited to the cost of rebuilding the school "as is, where is", in other words, its replacement value.

Education is planning to build a new improved building. Therefore, any costs above the replacement value, for instance to cater for a change in site or design, will need to be considered as part of the normal budgetary process for funding from the Capital Investment Program.

Tendering

It is important to consider the scope of work required when going to tender.

In the case of the Bridgewater fire, the full extent of the works was gradually realised as the various projects progressed.

Even in urgent situations, agencies must follow procurement guidelines. An exemption from the Treasurer's Instructions must be sought for any deviation from the required process.

Demolition and business continuity costs

The Bridgewater High School experience has shown that demolition and business continuity costs can escalate claim costs.

Is your agency's **business continuity plan** **adequate**? Perhaps the observations below will provide you with some food for thought?

Tip fees

Local council tip fees are based on weight. As debris from buildings will more than likely include concrete and other building materials, tip fees can be high.

Fortunately the demolition contractor for Bridgewater High School was able to strike a deal to place debris in a quarry owned by a local Brighton business.

Storage costs

Decisions relating to the reuse of salvaged furniture and other building contents can take time and impact on storage costs.

Demolition and removal costs

Demolition and the removal of debris represented 6.5 per cent (ex GST) of the Bridgewater High School claim. Apart from tip fees, this includes costs associated with the hire of heavy earth moving equipment and cartage.

Asbestos

Be prepared for additional costs due to unexpected delays.

On several occasions, the demolition of the Bridgewater High School site had to be halted due to the discovery of asbestos tiles and sheeting. Specialised contractors were hired to appropriately wrap and remove the asbestos. This added to the cost of the claim.

Regularly **review your asbestos register** in accordance with the requirements of the *Workplace Health and Safety Regulations 1998*.

Professional fees

Make allowance in cost estimates for professional fees.

Immediately following the fire, the Tasmania Fire Service requested that a structural engineer be engaged to certify that it was safe to enter the building. In addition, before rebuilding and renovation work could commence, a quantity surveyor was required to provide an estimate of trade costs.

Security of the site

Consideration needs to be given to public safety and the security of expensive demolition equipment.

Education found it necessary to erect fencing around the site and hire security personnel to prevent injury to the public entering the site, and damage to and/or pilfering of school property and demolition equipment.

Temporary relocation costs

The transport of high school students to temporary schools or on excursions also added to costs.

In the days immediately following the fire, Bridgewater High School students were bussed to either Geilston Bay High or Claremont College. There were also times when Claremont College could not accommodate the additional students and bus excursions were arranged.

Refurbishment of existing buildings

Bridgewater High School students were eventually accommodated in Bridgewater Primary School.

To accommodate the older students, benches were raised in height, toilet pans replaced and demountable classrooms installed. A kindergarten was converted to specialist science laboratories and music facilities such as required at a high school, and other primary classrooms were substantially changed to

provide teaching spaces for home economics and art.

The urgent and unexpected nature of the work was another reason for increased costs.

Digital record of assets

Agencies should consider the need to keep a digital record of assets in the form of digital photos and asset registers to assist in identifying items to include in future content claims. A copy of the Record should be held electronically off site to enable full retrieval following a loss.

DPAC joins the 2008 Global Corporate Challenge

The Global Corporate Challenge (GCC) is a corporate health and wellbeing event combining exercise, fun and team work.

Participants enter daily step counts into the GCC website. The website converts the steps taken into distance and takes them on a virtual tour of the world.

Prior to starting the challenge on 22 May 2008, DPAC employees received a GCC pack that included a pedometer to count their daily steps over a 125 day period.

DPAC employees are finding this a fantastic and interactive way to stay fit and healthy.



A group of DPAC Global Corporate Challengers

Cover for items in transit

The TRMF Unit recently became aware that, on occasion, agency personnel have sought market cover for items transported from one location to another.

You are reminded that the Fund provides worldwide cover for loss or damage to goods in transit. Cover includes items borrowed or loaned; loading and unloading; and incidental storage. For further information on the cover provided see the TRMF website at www.treasury.tas.gov.au/trmf.

Contract with Marsh

A contract with Marsh Pty Ltd to provide fund administration services to the Tasmanian Risk Management Fund was signed on 24 June 2008.

The contract is for three years from 1 July 2008, with options to extend to 30 June 2015.

For queries on workers compensation contact Martin Broad on telephone 6281 3133, and for all other risks contact Greg Moore on telephone 6233 3207.

riskmatters Subscription Service

Why not become a subscriber to the electronic version of riskmatters on www.treasury.tas.gov.au and receive an email alert and link to the site on the day of publication.

To register, contact the newsletter editor, Di Hope, at the Department of Treasury and Finance on (03) 6233 6597 or email trmf@treasury.tas.gov.au.

TRMF meetings and notices

Occupational Health and Safety Working Group

An inter-agency Occupational Health and Safety Working Group holds meetings on an 'as required' basis, to share knowledge on occupational health and safety issues affecting government agencies.

The meetings are facilitated by the TRMF Unit.

If you would like further information about the Working Group, or would like to propose an issue for discussion, please contact Di Hope on 6233 6597 or e-mail the TRMF Unit at trmf@treasury.tas.gov.au.

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 Wednesday, 24 September 2008.

TRMF Unit – changes to structure

From 26 August 2008, the TRMF Unit's functions and responsibilities will be transferred to the Contract Management and Procurement and Risk Management Units within the Procurement and Property Branch of Treasury.

Apart from the absence of Alison Lyne on maternity leave from 14 August 2008, Di, Penny, Jan and David will continue to assist you with any questions you may have relating to the Fund.

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