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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.

Welcome

Welcome to the March 2004 edition of the Tasmanian Risk Management Fund (TRMF) newsletter, *riskmatters*, published by the Department of Treasury and Finance.

Since January 2004, significant progress has been made with a number of projects and initiatives identified by the Fund. A review of the management of medical malpractice liabilities commenced in January (see page 4 for details), a project to identify potential catastrophic risks is also underway (see page 2 for details) and a series of seminars will formally commence on 6 April 2004 with a workshop on Financial Fraud (see page 6 for details).

The survey of Agency Risk Management Strategies completed by agencies towards the end of last year has provided valuable information for the TRMF Unit, particularly in identifying where it can best assist Agency needs. The Unit will approach agencies to share this information either as an article in *riskmatters* or through information sharing sessions.

There have been further staff changes within the TRMF Unit with Amanda Wilson promoted to the Budget area of Treasury. I would like to thank Amanda for her valuable contribution during her time with the TRMF Unit. Jan Wilson will replace Amanda in this position in mid April.

Philip Mussared
Chairman
Tasmanian Risk Management Fund
Steering Committee

FINANCIAL FRAUD WORKSHOP

Full details of a workshop on Financial Fraud to be held on 6 April 2004 can be found on page 6 of this newsletter.

Potential Catastrophic Risks

The Tasmanian Risk Management Fund has engaged Marsh Pty Ltd to assist Fund members identify potential catastrophic risks (or combinations of risks) that could significantly impact upon, or put at risk, the liquidity of the Fund.

As part of the project, Marsh has conducted interviews and workshops with Government agencies during March. The aim of the project is to identify potential catastrophic risk scenarios, including their likelihood and estimated financial impact.

The types of risk scenarios which were considered included:

- risks with major infrastructure impacts, such as bushfires or floods;
- risks with public health impacts, such as medical malpractice, epidemics, asbestosis, and Legionella and other bacterial outbreaks; and
- terrorist, or other violent incidents.

Key outputs from the project will be:

- a register of risks of a magnitude which either alone, or in credible combinations, could financially expose the Fund;
- an evaluation of existing controls; and
- a list of strategies to improve controls of particularly high consequence risks.

Marsh will be preparing a final report to the TRMF Steering Committee on this project.

The TRMF Unit would like to thank agency representatives who participated in the interviews and workshops associated with this important project.



Have you got employees interstate or overseas?

Agencies have been asked to inform Marsh Pty Ltd, the Fund Administration Agent, if they have employees resident interstate (or overseas), the number of employees involved and in which state or territory they are working. Marsh has also requested details of any workers' compensation cover that is currently in place.

The reason for this is that, while an employee resident interstate might potentially be covered by the Tasmanian workers' compensation legislation, the state where the employee resides may require the employer to take out a policy in that state.

The contact at Marsh Pty Ltd is Tim Johns on 6210 7556 or e-mail timothy.johns@marsh.com

The Tasmanian Emergency Risk Management Project

Over the past two years, many people from all levels of government, industry and the community have worked together to identify risks, based on their knowledge and experience of local circumstances, and to work on appropriate risk reduction strategies and implementation programs.

The summary report of this project was released in December 2003 and is available on the Web at <http://www.ses.tas.gov.au/StateSummaryFinal.pdf>

For more detail, a CD-ROM is available from Robin Gilmour at the State Emergency Service in Hobart.

Police Approach to MV Accidents

The Department of Police and Public Safety has significantly reduced the number of Police vehicle fleet claims.

While motor vehicle claims data for the TRMF indicates an increase in the average claims cost for the period 1 July 2001 to 31 December 2003, Police vehicle fleet claims for the same period indicate a trend which, if it continues, will represent a decrease of 20 per cent in the number of claims and 55 per cent in claims costs for 2003-04.

Police attribute these reductions to improved accountability, increased staff awareness of the costs associated with vehicle accidents and their impact on operational activities and budgets.

Risk Management

Characteristics of a Risk Aware Culture

- Strong leadership within the organisation and its projects
- Devolving risk management to the workplace
- Participative management style
- Utilising knowledge of all staff and team members
- Encouraging staff to be accountable for their actions
- Enabling capture of risk at all levels of the organisation or area/project chosen for the risk assessment
- Determining controls before risks occur
- Improving communication and team work
- Encouraging risk awareness across the organization

Source: Risk Manager Issue 3 February 2004



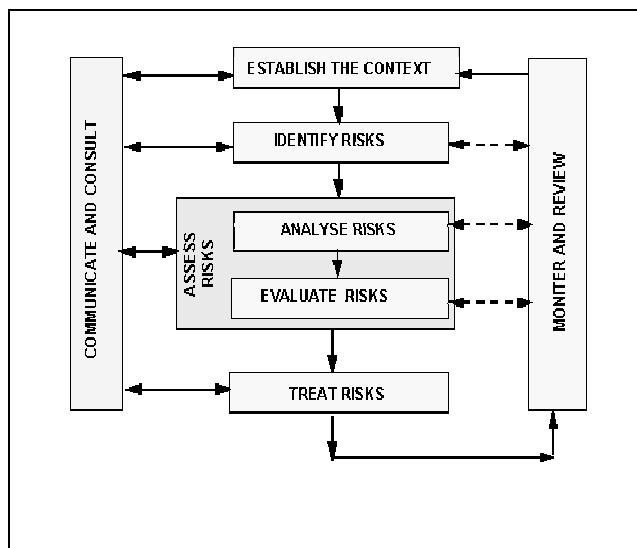
AS/NZS 4360 Risk Management

This document is currently in the process of being reviewed by Standards Australia.

It is anticipated that some substantive changes will be made including a new section, which emphasises the need for risk management to form part of an organisation's culture and processes. An explanatory guide is also being developed. This will contain much of the material previously found in the annexure to the Standard, as well as a wealth of additional guidance on the application of the Standard.

Look out for these documents towards the middle of 2004.

Risk Management Process



Stay tuned...in the next few issues of *riskmatters* we will be outlining the key steps, consistent with AS/NZS 4360, of the risk management process as depicted in the above chart.

Integrated Risk Management

A TRMF Unit representative participated in a workshop run by the Little Company of Mary Healthcare (LCMH) group and Marsh in November 2003, outlining the Baxter award winning LCMH Integrated Risk Management Strategy. This strategy includes a number of tools and initiatives for developing a risk management culture and implementing the risk management process. The workshop resource package, purchased by the TRMF, includes examples of the following, which LCMH has made available for reference and adaptation.

To assist in achieving a risk management culture:

- integrated risk management policy;
- CEO key performance indicators;
- generic risk management statement for all Committee terms of reference; and
- generic performance indicators for inclusion in all position descriptions.

To implement the risk management process:

- 7 step guide to risk management;
- risk rating matrix that includes detailed descriptors and identifies accountability for each level of risk;
- risk exposure checklists; and
- Risk Management Resource Kit: A Guide for Managers.

The resource kit has been developed to assist managers:

- deliver risk awareness training;
- establish a system wide organisational structure to deliver risk management strategies;
- undertake risk profiling; and
- develop an integrated risk register.

These resources could be adapted for most organisations and are not specific to a clinical environment. Please contact the TRMF Unit for further details and access to the workshop resource package.

Medical Malpractice Review

The TRMF has engaged a consultant, KPMG Actuaries, to advise on the State's medical malpractice liabilities. KPMG commenced fieldwork for this project in February 2004, conducting interviews with key representatives from the major hospitals and the Office of the Director of Public Prosecutions.

The project objectives are to review the medical malpractice risks faced by the State; estimate the potential gross liability of both claims reported and claims incurred but not yet reported; and actuarially determine the required contribution for 2004-05 and each year thereafter to self-insure against medical malpractice liabilities. In addition, the consultants will provide comment on how the Fund, DHHS and the Office of the DPP could better monitor, report and manage potential and existing medical malpractice claims.

Quality Assurance Management Process

Agencies should take note of the following recommendations by KPMG on issues raised in their Statement of Findings 2002-03 for the Tasmanian Risk Management Fund.

Authority to question payments

The Fund Administration Agent has an important role in questioning payments, seeking relevant documentation to support payments and making recommendations regarding payment as and when required.

Standard wage reimbursement form

The Fund Administration Agent has been instructed to ensure a standard approach across all Agencies. Agencies are reminded to ensure timely submission of claims on the standardised schedule which has been provided by the Fund Administration Agent.

All systems go at DPIWE

Brett Hislop, HRM Consultant (OH&S) at the Department of Primary Industries, Water and Environment (DPIWE) recently presented an overview to the TRMF Workers' Compensation Sub-Committee of the OH&S Management System, known as SafetyNET, that has been implemented within DPIWE.

The fact that the system is built on and complements *AS/NZS 4804* (OH&S Management System Structure) and *AS/NZS 4801* (OH&S Management System Audit) was an important consideration for DPIWE in its selection of SafetyNET in that the system:

- is adaptable in the event of an agency restructure;
- can move with industry standards; and
- allows for systems integration.

Each Division within DPIWE is responsible for its own OH&S issues through its own OH&S Committee and uses SafetyMAP as an OH&S management system guide and internal audit tool.

For further information, please contact Brett Hislop at DPIWE on 6233 3949 or e-mail Brett.Hislop@dpiwe.tas.gov.au

Upcoming Events

Disclaimer

This is not an endorsement. Events or courses noted in this section are provided for information purposes only.

A risk management training forum '*Narrow Down the Focus 2004*' has been advertised by the Australian Security Academy Pty Ltd.

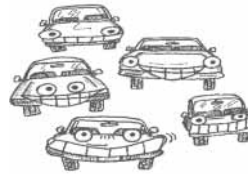
This is the second in a series of ten Risk Management Programs to be conducted by the Academy throughout Australia this year.

It is a 5-day program covering investigation (3 days) and risk management (2 days). Both components provide nationally recognised qualifications.

Date: 28 June to 2 July 2004

Venue: Rydges, Hobart

Contact Mike Evans 0407 593 881 or email risko@bigpond.com



Motor Vehicle Fleet Purchase and Use Guidelines

The TRMF has developed Motor Vehicle Fleet Purchase and Use Guidelines to assist agencies to develop a policy for the implementation of a program for motor vehicle fleet selection and use within their agency.

The guidelines have been compiled in consultation with agencies and are based on research of contemporary vehicle safety features and best practice driver behaviour.

An electronic version of the guidelines can be accessed under Latest Publications on the TRMF page of the Treasury Web site at www.treasury.tas.gov.au.

Volunteer Guidelines

The Department of Premier and Cabinet recently sought agency views on the proposed drafting of broad guidelines to govern the management of volunteer activity by State agencies.

The TRMF has previously identified the need for whole-of-government guidelines to govern the management of volunteers within agencies, and supports this proposal. The TRMF Unit will provide input in relation to risk management and liability issues.

The guidelines will be developed through the existing Volunteering Partnership Agreement process and will involve full consultation with all agencies.

For further information, please contact Jeremy Harbottle at DPAC on 6233 7410 or e-mail Jeremy.Harbottle@dpac.tas.gov.au.



FINANCIAL FRAUD WORKSHOP

**Join our half-day Workshop on
6 April 2004**

The Tasmanian Risk Management Fund (TRMF) has engaged **Denise Bovaird, Managing Principal with Marsh Risk Consulting New Zealand**, to facilitate a half-day workshop on financial fraud.

Denise is an experienced Risk Manager and Forensic Accountant with **extensive experience in the identification and investigation of fraud and identifying fraud risks and appropriate fraud control measures.**

Topics to be covered in the interactive workshop include:

- What is fraud – definition and types
- Examples of fraud
- The impact fraud can have on an organisation
- The most common types of fraud in government agencies
- Essential controls to minimise fraud
- Fraud control policies
- Telltale signs for detecting fraud
- Dealing with fraud in your midst
- Identifying action plans for improving fraud control

Cost: \$200 per person

Location: Corporate Training Room,
21 Murray Street, Hobart

Time: 9.00 am – 1.00 pm

To **book your place**, please contact:
Di Hope on telephone 6233 6597, e-mail
di.hope@treasury.tas.gov.au or the TRMF
Unit at trmf@treasury.tas.gov.au

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riskmatters

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