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New e-mail address for the Tasmanian Risk Management Fund Unit

The Tasmanian Risk Management Fund Unit of Treasury now has a group e-mail address:

trmf@treasury.tas.gov.au.

If you have any queries regarding the Fund, or would like to make a contribution to the next edition of *riskmatters*, please e-mail the TRMF Unit at the above address.

Welcome

Welcome to the September edition of the Tasmanian Risk Management Fund (TRMF) newsletter, *riskmatters*.

The claims experience of the Fund in 2002-03 was mixed. Of major concern is the significant increase in the average cost of motor vehicle claims for 2002-03, compared with 2001-02 (the average cost of claims increased by 76 per cent). The total number of "at fault" motor vehicle claims has increased 22 per cent compared with "at fault" claim numbers for 2001-02 and the costs associated with these claims increased 128 per cent. This highlights the urgent need for agencies to consider implementing risk management measures to reduce these numbers. For more information on the performance of the Fund as at 30 June 2003, see page 2.

The TRMF Steering Committee met on 7 August 2003 and approved the 2003-04 final contributions for the Fund following advice from the Actuary. A memorandum was sent to all agencies on 15 August 2003 detailing the breakdown in the contributions owing to the Fund and invoices were sent to agencies on 10 September 2003. For more information on final contributions for 2003-04, see page 7.

As part of the ongoing risk management activities, a seminar on Workers' Compensation Fraud was held on 2 September 2003. For more information on this seminar, see page 6.

It is with regret that I advise Tom Saltmarsh's departure from the Fund. I would like to take this opportunity to thank Tom for his dedication and contribution to the Fund and the former Tasmanian State Service Workers' Compensation Scheme over the past eight years. Replacing Tom is Amelia Jones, who previously worked in the Economic Policy Branch of Treasury on the Public Liability Insurance Facilitation Scheme. Another staffing change has been the temporary appointment of Amanda Wilson who is filling in for Kate Daley, who has been seconded to another area of Treasury. I welcome both Amelia and Amanda to the TRMF Unit.

Philip Mussared
Chairman
Tasmanian Risk Management Fund Steering Committee

Performance of the Fund in 2002-03

Following are some facts and figures regarding the performance of the Fund in relation to workers' compensation claims, property claims and public liability claims extracted from the Fund Administration Agent's report as at 30 June 2003.

Workers' compensation

Average monthly workers' compensation payments in 2002-03 peaked in October 2002 (\$1.929 million, with a projected total annual cost of \$23.148 million) and have been falling consistently to the end of June 2003 (\$1.683 million, with a total annual cost of \$20.204 million).

Consistent with this trend has been a slowing in the rate of payment of weekly benefits. Average monthly weekly benefit payments in 2002-03 peaked in November 2002 (\$0.702 million, with a total projected annual cost of \$8.424 million). However, since then, average monthly weekly benefits have fallen consistently to the end of June 2003 (\$0.620 million, with a total annual cost of \$7.449 million). Nevertheless, this represents an increase of 26 per cent from 2001-02.

The number of workers' compensation claims reported was 1 566 in 2001-02 and 1 578 in 2002-03, an increase of only 0.75 per cent.

Rehabilitation costs for 2001-2002 were \$2.130 million, while in 2002-03, total rehabilitation costs were \$1.993 million, representing a reduction of 6.5 per cent.

Common law payments have decreased by approximately 22.5 per cent in 2002-03, compared to 2001-02. This is expected as older claims are finalised and there are relatively few new claims with common law potential due to the 1 July 2001 amendments to the *Workers Rehabilitation and Compensation Act 1988* (the Act).

Legal costs have decreased by approximately 20 per cent in 2002-03, compared with 2001-02. Again, this is a reflection of the reduction in the number of active common law files.

Further analysis of the impact of the 2001 Act amendments has been undertaken involving a strict comparison of claims occurring and reported during the 24 month period immediately preceding the 1 July 2001 amendments to the Act, and claims occurring and reported during the 24 month period immediately following the 1 July 2001 amendments.

The following observations were made from this analysis:

- there has been an increase in weekly benefits from \$2.049 million to \$2.614 million, or 28 per cent, which is consistent with actuarial and insurance market expectations;
- similarly, decreases in legal and common law costs by 8.95 per cent and 7.75 per cent respectively are also consistent with actuarial and insurance market expectations;
- the number of claims occurring and reported during 1 July 2001 to 30 June 2003 decreased by 7.20 per cent. However, the corresponding number of open claims decreased by 33.60 per cent due to

increased efforts by the Fund Administration Agent to assist agencies to review and identify outstanding claims that can be closed; and

- the total payments for 2001-2003 have increased in comparison with the 1999-2001 period by approximately 13.90 per cent. It is anticipated that there will be a smaller increase in future, or even a decrease in the overall costs, once the remaining open claims have run their course.

The following table shows the workers' compensation open claims at three month intervals for 2002-03:

As at	No of claims	Outstanding \$million	Incurred \$million	Av incurred \$
30-06-02	1 823	25.887	78.248	42 923
30-09-02	1 857	33.632	86.033	46 329
31-12-02	1 867	42.637	96.569	51 725
31-03-03	1 628	41.095	90.513	55 598
30-06-03	1 492	43.318	92.999	62 332

The outstanding claims cost in June 2002 was unrealistic and there is no doubt that particular attention was not being paid to estimating files. The focus is now much stronger on this aspect of the claims management process. Further strategies have been implemented, in conjunction with the agencies, to continue the emphasis on estimating, as well as file closures.

It is interesting to note that only 1 492 open files exist in STARS (the Fund Administration Agent's reporting system) as at the end of June 2003, compared to 1 628 at the end of March 2003. This reflects the work being undertaken with agencies to identify files that can be closed and those that clearly require ongoing management.

Personal accident claims

Six personal accident claims were reported in 2002-03 with a total incurred cost of \$34 793. By comparison, there were no personal accident claims made during 2001-02.

Travel claims

A total of 21 travel claims were reported in 2002-03 with a total incurred cost of \$32 684. This is an increase in the number of travel claims for 2001-02 when 16 claims were reported with a total incurred cost of \$21 261.

Property

Light motor vehicle fleet claims

In 2002-03, 178 claims were made with a total estimated cost of \$643 846 in relation to the light vehicle fleet. This compares with 165 claims made in 2001-02, with a total estimated cost of \$338 543 representing an increase of 8 per cent in the number of claims but 90 per cent in claims costs. This increase has been driven by an increase in large claims. For the 2002-03 year, there were 35 large claims - claims with an estimated cost of more than \$5 000 - with a total estimated cost of \$487 623, compared to 20 large claims in 2001-02 with a total estimated cost of \$241 945.

Types of motor vehicle claims

A number of trends emerged from the 2002-03 claims experience:

- multiple vehicle “at fault” accidents were the most significant type of claims in terms of claim numbers and cost, comprising 34 per cent of claim numbers and 36 per cent of claims costs;
- the next most significant type of claims in terms of claim numbers and cost was single vehicle accidents, comprising 29 per cent of claim numbers and 35 per cent of claims costs;
- both the multiple vehicle “at fault” and single vehicle accidents increased in claim numbers and costs compared with 2001-02. Multiple vehicle “at fault” claim numbers increased by 25 per cent and single vehicle claims increased by 18 per cent; and
- the total number of “at fault” claims has increased by 22 per cent compared with claim numbers in 2001-02 and costs have increased from \$197 797 in 2001-02 to \$451 772 in 2002-03, which equates to an increase of 128 per cent.

Most types of “at fault” accidents increased in number in 2002-03 compared with 2001-02 figures. Of particular note were the following:

- “hit rear” increased by 129 per cent;
- “hit object” increased by 57 per cent;
- “right of way” increased by 60 per cent; and
- “lost control” increased by 20 per cent.

Agencies need to consider proactive measures to address the increase in “at fault” claims. These measures could include driver training, avoiding the need for highway driving where possible (for example, by utilising video conferencing), and maintaining speeding infringement statistics. This issue is being progressed by the TRMF Property Sub-Committee, and is one of the practical aims of the Motor Vehicle Fleet Purchase and Use Guidelines that are currently being developed to assist agency staff to develop and implement programs to train and educate employees to be safer drivers.

Ambulance, miscellaneous and police motor vehicle claims

There have been significant percentage increases in estimated claims costs in relation to ambulance and miscellaneous vehicles.

While claim numbers for ambulance vehicles decreased in 2002-03 by 26 per cent compared with claims numbers in 2001-02, the estimated cost of claims increased 188 per cent as a result of two vehicles being written off at a cost of \$83 289.

Similarly, claim numbers for miscellaneous vehicles decreased 25 per cent in 2002-03 compared with 2001-02, while estimated claims costs increased 83 per cent.

There has been a 38 per cent reduction in claim numbers for police vehicles in 2002-03 compared with 2001-02. However, the average claims cost has increased 44 per cent from \$2 200 in 2001-02 to \$3 178 in 2002-03. The reduction in the number of claims and increase in average cost is due to the

Department of Police and Public Safety opting for a higher level of excess in 2002-03.

Property (excluding Housing) claims

There were 11 property claims (excluding Housing) reported in the year to 30 June 2003, with a total incurred cost of \$97 496. This compares favourably with the 2001-2002 when 14 claims were reported with a total incurred cost of \$1.689 million.

Housing claims

As at 30 June 2003, there have been 2 803 claims made with a total estimated cost of \$3.050 million in relation to Housing Tasmania, compared to 3 031 claims made in 2001-02, with a total estimated cost of \$1.832 million. This represents a decrease of 8 per cent in the number of claims, but an increase of 67 per cent in claims costs. This increase has been driven by an increase in large claims.

It should be noted that the predominant cause relating to the cost of these claims was fire, which was responsible for 90 per cent and 93 per cent of the incurred cost for 2001-2002 and 2002-2003 respectively.

Marine hull claims

Two marine hull claims have been reported in 2002-03, with a total incurred cost of \$10 334. One claim, of \$11 300, was made against the Fund in 2001-02.

Marine transit claims

Seven marine transit claims have been reported in 2002-03, with a total incurred cost of \$9 844. In comparison, four claims totalling \$1 500 were made against the Fund in 2001-02.

Machinery breakdown claims

No machinery breakdown claims were reported in 2002-03. In comparison, one machinery breakdown claim was made against the Fund in 2001-02, with a total incurred cost of \$2 384.

Fidelity/fraud claims

No fidelity/fraud claims have been made against the Fund as at 30 June 2003.

Liability claims

There were 33 potential liability claims, excluding medical negligence, reported to the Fund for the 2002-03 year with a total incurred cost of \$249 461. This compares with 58 claims for 2001-02 with a total incurred cost of \$1.55 million. Medical negligence claims have been reported as at 30 June 2003 with a total incurred cost of \$5.79 million.

Update – 2002-03 financial statements and annual report

Accrual financial statements have been prepared by KPMG in relation to the operation of the Tasmanian Risk Management Fund in 2002-03. The financial statements are currently being audited by the Tasmanian Audit Office and will be included in the Fund’s Annual Report for 2002-03, which is due to be distributed to agencies in November 2003. The 2002-03 Annual Report will also be made available on Treasury’s web site in PDF format and a summary of the

financial statements will be included in the December edition of *riskmatters*.

Department of Education's Property Protection Scheme

During 2002-03, the Department of Education developed the concept of a Property Protection Scheme to provide financial assistance to schools and colleges suffering from incidences of damage and vandalism to school property under the Department's excess level of \$50 000. Prime beneficiaries of the Scheme are generally expected to be the smaller schools in areas where the occurrence of vandalism is high.

In the past Schools have faced significant financial challenges in dealing with the damage and loss of school property and contents. The unpredictable nature of events has made it difficult to plan for losses and cover the costs. This places a financial burden on the entire education system and not just individual schools. Thus, the Department of Education identified a need to improve the arrangements.

Education sought advice from the Fund's actuary, who determined that the cost of vandalism would be in excess of \$500 000 a year. Education decided that schools and colleges need to be funded appropriately and that all damages are to be recorded at a systematic level in order to develop a history of losses with the aim of improving risk management practices in the future.

The Scheme was implemented on 6 September 2003 and will operate on a trial basis until the end of December 2003.

Key features of the Scheme include:

- its operation as a mutual fund under the auspices of the TRMF;
- compulsory participation for all schools and colleges;
- coverage for losses and damage less than \$50 000;
- contributions to the Scheme by schools and colleges being linked to the number of students enrolled;
- schools and colleges having a cumulative excess responsibility which, again, will be based on the number of students enrolled;
- schools and colleges to meet costs below their assigned cumulative excess and the Scheme is to meet costs above that limit;
- an excess of \$50 per single claim in addition to the cumulative excess; and
- the establishment of a comprehensive data base to closely monitor future incidents of vandalism and damage to schools and colleges throughout Tasmania, and to undertake preventative action.

The claims histories of individual schools and colleges will be published on Education's intranet web site.

Motor Vehicle Fleet Purchase and Use Guidelines

During 2002-03, Treasury commenced the process of preparing guidelines regarding motor vehicle fleet purchase and use, which included information gathering and consultative phases. A full draft of the Guidelines has recently been completed and circulated to the TRMF Property and Workers' Compensation Sub-Committees for comment.

If you wish to provide comments on the draft Guidelines, please contact Alison Lyne on 6233 3677 or e-mail alison.lyne@treasury.tas.gov.au for a copy. All comments are due by 10 October 2003.

Achievements of the Fund in 2002-03

During 2002-03, Treasury continued to provide support to the Fund to develop a whole-of-government approach to risk management and the prevention of claims. Treasury increased its activities relating to the Fund in the following strategic areas, with the aim of establishing appropriate policies and procedures to minimise the cost of risk to agencies.

Education and Communication

Risk Management Seminars

During 2002-03, the following seminars/forums were organised:

- two risk management seminars were held in October 2002, attended by approximately 40 agency personnel;
- a further two risk management seminars were held in March 2003 and an additional seminar for senior managers. These were attended by approximately 50 agency personnel; and
- a workers' compensation open forum was held in April 2003. Approximately 25 agency personnel involved in workers' compensation matters attended the forum.

Production of the Fund's quarterly newsletter

During the 2002-03 financial year, four issues of the Fund's newsletter, *riskmatters*, were produced – September 2002, December 2002, March 2003, and June 2003.

Maintenance of the Fund's Web Site

The Unit continued to monitor and update the Fund's web site during 2002-03. New additions included the 2001-02 Annual Report, quarterly editions of *riskmatters* for 2002-03 and Version 2 of the TRMF Procedures Manual.

Presentations

The TRMF Unit organised a range of guest speakers to make presentations at Sub-Committee meetings during 2002-03.

Risk Management

TRMF Procedures Manual Version 2

The TRMF Procedures Manual for agencies was reviewed and updated by Treasury. Version 2 was completed in August 2002 and added to the TRMF web site. Version 3 is currently being developed.

Drafting of Statements of Indemnity

Treasury developed draft Statements of Indemnity in late 2002. In January 2003, a sub-committee was formed to meet and consult with Crown Law on the appropriateness of the Statements of Indemnity. Representatives were from Treasury, TAFE, Education, Primary Industries, Water and Environment and Health and Human Services. The Sub-Committee met with Crown Law on 28 March 2003. The Statements are expected to be finalised shortly.

Development of Motor Vehicle Fleet Purchase and Use Guidelines

For information on the Guidelines, please refer to the feature article on page 4.

Reporting

Reports from the Sub-Committees to the Steering Committee

At its meeting on 23 January 2003, the TRMF Steering Committee requested that more detailed information be provided by the Sub-Committees. As such, Treasury developed a report template for the TRMF Sub-Committees to provide structured advice and recommendations to the Steering Committee.

Improved STARS reporting

Treasury revised and suggested changes to the STARS reports that the TRMF Steering Committee and Sub-Committee members were receiving from the Fund Administration Agent. The Fund Administration Agent initially provided only raw claims data with no commentary to Treasury. The Fund Administration Agent now summarises the claims data into a form appropriate for the Steering Committee and Sub-Committees.

Treasury has also been working with the Fund Administration Agent to provide trend analysis and commentary on the data.

Annual Report

Treasury enhanced its reporting to stakeholders through the development of a Fund Annual Report. The 2001-02 TRMF Annual Report was distributed to heads of agencies and the Fund's Steering Committee and Sub-Committee members in April 2003. The Annual Report was an effective promotional tool and included trend analysis of the risks covered by the Fund, a report from the Fund Administration Agent and information on the year in review.

The content of the 2002-03 Annual Report is currently being drafted, with the Report expected to be issued in November 2003.

Actuarial tender update

Treasury called for tenders for the services of an Actuary for the TRMF on 8 March 2003 and tenders closed on 2 April 2003. Tenders were received from the following five companies:

- Bendzulla Actuarial Pty Ltd;
- KPMG Actuaries Pty Ltd;
- Moran Actuarial Services Pty Ltd;
- Sigma Plus Consulting Pty Ltd; and
- Trowbridge Deloitte Ltd.

Treasury has approved the appointment of Bendzulla Actuarial Pty Ltd.

The contract is for a period of three years, with an option to extend the contract for a further one to three years.

KPMG Statement of Findings - workers' compensation 2002-03

The assessment and payment of workers' compensation claims are handled by the Fund's Administration Agent, Marsh Pty Ltd (the FAA) and its claims administration sub-contractor, NRMA Insurance Ltd (now CGU Workers Compensation). As Treasury relies on the claims management policies and procedures of the FAA, it is necessary for the preparer of the Fund's financial statements (currently KPMG) to perform additional work in order to verify the figures used to compile the financial statements.

KPMG has performed a review of the policies and procedures of the FAA and its sub-contractor in respect to the management of claims and reimbursement of expenditure, and to ensure compliance with the *Workers Rehabilitation and Compensation Act 1988* (the Act) for the 2002-03 period.

Generally, the statement of findings prepared by KPMG for 2002-03 reports that the claims management policies and procedures were satisfactory to ensure that only bona fide claims were reimbursed. However, below is a list of the more significant recommendations made by KPMG to enhance the procedures. The Fund's responses to these recommendations are noted in italics.

New findings:

- no formal documented policies or procedures exist relating to the management of the Fund or processing of claims - *Agreed that these need to be developed. The FAA should be responsible for this, in consultation with the Fund;*
- a formal policies and procedures document should be prepared for agencies in relation to the Fund - *Existing Procedures Manual needs to be further developed and enhanced;*
- the FAA should ensure that medical certificates are fully completed, including that the relevant signatures to authorise disclosure of information regarding the

claim to the FAA or the agency are obtained - *Agreed that certificates should be returned to agencies where they are incomplete*; and

- estimates should be reviewed on a regular basis throughout the life of a claim. KPMG acknowledged that new procedures relating to the review of claims have recently been implemented and recommended that this be formally documented - *Agreed*.

Findings re-reported:

- the role of the FAA should be redefined with the authority to question payments, request appropriate documentation and make the decision as to payment of a claim - *Agreed that the role of the FAA needs to be further reiterated to agencies*;
- bank reconciliations should be conducted on a regular basis, at least monthly - *Agreed that this issue is a matter of urgency. The Fund Unit will receive and scrutinise all future bank reconciliations*;
- claims for wages reimbursements should be submitted on the standardised schedule previously developed and distributed to agencies - *Agreed that the standardised wage reimbursement schedule should be used by all agencies and will be included in the Fund's Procedures Manual*;
- step downs of normal earnings should be applied in accordance with the Act, and this should be reinforced to agencies - *Agreed. The Unit sent a memorandum to agencies on 7 July 2003 reinforcing this*; and
- procedures relating to the approval of estimates should be considered and KPMG recommended that all initial estimates be approved as well as any revisions greater than a specified dollar value - *Agreed. Procedures to be developed by the Unit*.

In addition, the following matters were raised:

- an instance was noted where an incomplete claim form was processed - *Agreed that the FAA should promptly return incomplete claim forms to agencies. The Unit will reiterate this advice to agencies*;
- an instance of misfiling was noted - *Agreed that the FAA be reminded to take care when filing claimant documentation*;
- two instances were noted where a discount was offered if the payment had been made within a certain timeframe - *Agreed that the FAA should be reminded to take care when reviewing payment documentation to ensure discounts are taken advantage of*;
- an instance was noted where a closed file had no documentation on file to support its closure - *Agreed that where a claim is closed a note of the circumstances surrounding the closure should be included on file*;
- four instances were noted where payment documentation had not been appropriately authorised - *Agreed that procedures regarding the requirement for agency approval be reinforced, and the FAA be asked to return any unauthorised invoices to the agency*; and

- many instances were noted where the processing of payments in the claims system, STARS, extended beyond the 14 day time frame. It was noted that all payments were entered into STARS within 14 days and the excess time was due to delays in cheque production - *The production of cheques in Hobart, which is due to occur from October 2003, should help to ensure all payments are made on a timely basis*.

Workers' compensation forum

The Fund, in conjunction with Marsh Pty Ltd and CGU Workers Compensation, presented a half-day workers' compensation forum at Corus Hotel on 2 September 2003. The forum involved a presentation by Mr James Pasfield of the CGU Fraud Department in Sydney on the subject of Insurance - Workers' Compensation Fraud. There were 31 attendees at the forum with representatives from all inner-Budget agencies.

Mr Pasfield discussed what constitutes fraud, what employers should look for in their efforts to detect/deter fraudulent claims behaviour, what evidence is required to prove fraud, investigation strategies, types of fraud, and gave examples of workers' compensation fraud and discussed the benefits to the employer and the community of fraud detection and conviction.

The PowerPoint version of the presentation will be added to Treasury's web site, in the TRMF section, as soon as it becomes available.

Workers' compensation review

Mr Bob Rutherford, Deputy Secretary (Regulation), Department of Infrastructure, Energy and Resources attended the Workers' Compensation Sub-Committee meeting on 21 August 2003 and presented an overview of the review he is currently conducting to identify any unintended consequences of the benefits model introduced by the *Workers Rehabilitation and Compensation Amendment Act 2000*.

Mr Rutherford outlined the three Terms of Reference as:

- to consider whether and to what extent the benefits model is resulting in unanticipated hardship or outcomes which are at variance with the key objectives of the Act;
- to report and make recommendations on any matters of a minor legislative or administrative nature which would improve the efficiency of the scheme; and
- when considering the terms above, identify and make recommendations on issues that should be considered as part of a broader review of the legislation to be conducted following the outcome of national inquiries.

Mr Rutherford highlighted that the continued restriction of access to common law and other matters of major legislative significance would not form part of the review, as these issues are being considered by several national inquiries into workers' compensation that are currently in process. He noted that a broader legislative review would be undertaken after the results of the national reviews were known and

sufficient time had elapsed for the full impact of the relatively recent changes to be evident.

Mr Rutherford made specific mention of the following matters he is considering:

- the potential hardship caused to lower income earners by the 70 per cent step down in the weekly payment under section 69B(1)(c) of the Act;
- the potential for some aspects of the legislation to encourage an adversarial environment, which can adversely affect the relationship between injured employees and employers and, as a consequence, can hamper the injured employee's recovery and return to work; and
- the issue of accreditation of rehabilitation providers and their role in the scheme.

Mr Rutherford indicated that his report is expected to be finalised by mid-October 2003.

Further information about the review is accessible on the Department of Infrastructure, Energy and Resources web site.

Insurance cover in the private sector for 2003-04

The Fund has previously insured for machinery breakdown, marine hull, transit and travel in the private sector. Considering claims history, premium costs compared to insured amounts, associated services and the advice of the actuary, the Fund has resolved to continue to purchase marine hull and travel cover from the private sector, but self-insure for machinery breakdown and transit.

The reasoning behind maintaining cover in the private sector for marine hull and travel is that the premiums for marine hull cover are relatively small compared to the value of vessels/equipment insured, and that the travel insurance provider has the infrastructure in place to assist in emergency cases and to process overseas claims. If travel insurance is not purchased from the private sector, such infrastructure would need to be established or purchased by the Fund.

Contributions to the Fund for 2003-04

The Tasmanian Risk Management Fund Steering Committee approved a total contribution pool for 2003-04 for the Fund of \$32.470 million (inclusive of GST, but prior to optional excess reductions), which is an increase of \$1.084 million from 2002-03. This is primarily due to increases in the contribution pool in relation to motor vehicles, housing and workers' compensation.

The final contribution pools were allocated across agencies on the same basis as was used for the 2002-03 contributions.

Invoices for contributions were sent to agencies on 10 September 2003.

Contract Works and Legal Liability Insurance for building and construction projects

As of 1 July 2003, new increased insurance rates apply to Contract Works and Legal Liability Insurance for all building and construction projects. The contractor is responsible for all costs associated with the policy including excesses. Tenderers are required to make allowance in their tendered price to cover the costs related to the Principal-arranged insurance policy.

The Contracts Works insurance market is extremely limited with the majority of insurers having withdrawn from underwriting this type of policy, due in the main to deteriorating claims experience and premium levels that were unsustainable. On top of this, Tasmanian Government claims for the last three years have exceeded premiums by approximately 220 per cent. As a result, negotiations were difficult.

The new overall rate is \$56.78 per \$10 000 of cover, compared with the previous rate of \$45.50 for each \$10 000 of cover required.

The current Public Works Tender Board Preliminaries reflect these changes.

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