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### Relocation of the TRMF Unit

The Tasmanian Risk Management Fund Unit has moved to 21 Murray Street. Contact telephone numbers and e-mail addresses remain the same, but please note the new fax number shown below:

Fax Number: 6233 8834

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

## Welcome

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

This will be my last edition of *riskmatters* as Chairman of the TRMF Steering Committee before I transfer to the Department of Health and Human Services.

I am pleased to have been involved in the inception and development of the Fund, which began in July 1995 when a small Working Group began discussing a concept for a whole-of-government approach to the treatment of risk, including ensuring that adequate financial provision is made for the cost of risk. Since then, we have seen the successful establishment of the Fund on 1 July 1999 and subsequent merger with the Tasmanian State Service Workers' Compensation Scheme on 1 July 2001.

The Fund has proved very successful in avoiding the high levels of volatility experienced in the insurance market in recent years. I am pleased that the Fund has achieved the 1995 objectives and would like to thank agency participants, the staff of the TRMF Unit, the Fund Administration Agent and the Actuary for their support.

I look forward to seeing further developments in whole-of-government risk management and the continued success of the Fund in protecting the Government and agencies from the costs associated with large and unexpected losses.

Thank you for your support.

Philip Mussared  
**Chairman**  
**Tasmanian Risk Management Fund Steering Committee**

## **Comcover Benchmarking Program**

### **Five Tasmanian Agencies participated in Comcover's recent benchmarking program.**

Comcover is the Commonwealth Government's self-managed fund for insurable risks (excluding workers' compensation). It conducts an annual benchmarking risk management program that enables organisations to measure their progress in implementing risk management as an integral part of their business activities.

Results from its third benchmarking program indicated that participating Tasmanian agencies did particularly well in the areas of Training/Awareness, Business Continuity Management and Training and Awareness but there is room for improvement in the areas of Risk Management Implementation and Non-Insurance Risk Management.

For further information on the benchmarking program, please visit Comcover's Web site at: [http://www.finance.gov.au/comcover/bm\\_intro.html](http://www.finance.gov.au/comcover/bm_intro.html)

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## **Insurance Clauses in Contracts**

**Information kits on risk management and insurance levels are to be made available to agencies following a review of insurance requirements for government contracts.**

A working group within the Procurement and Property Branch of the Department of Treasury and Finance is currently reviewing a number of insurance issues, including the insurance requirements in property and procurement contracts.

Apart from the information kit, which will include risk assessment tools or documents to assist agencies determine appropriate insurance requirements in their contracts, seminar presentations and/or training on risk management and insurance is to be provided.

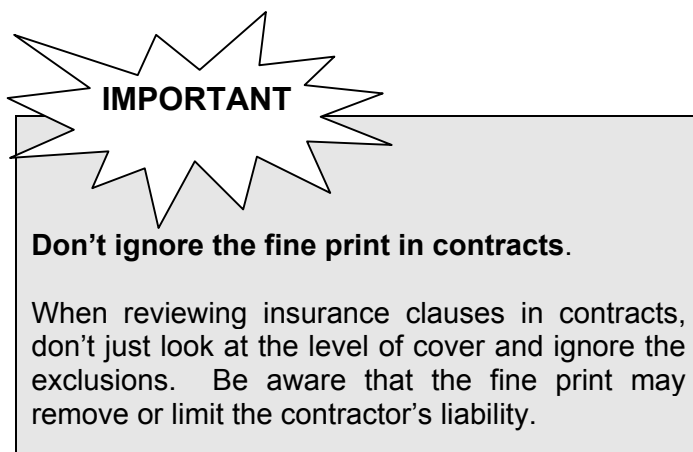
You are welcome to suggest areas you would like to see addressed in the information kit. Contact: Di Hope at [di.hope@treasury.tas.gov.au](mailto:di.hope@treasury.tas.gov.au)

## **Risk Exposure Review**

In May this year, agencies were asked to complete a questionnaire relating to exposure information for a range of risk areas covered by the Fund.

For those of you with an historical bent, the inaugural strategic risk review was conducted prior to the merger of the Tasmanian State Service Workers' Compensation Scheme and the Tasmanian Risk Management Fund (1 July 2001). The results of that review provided the basis for estimating the total cost of providing for agency risks not previously covered by the Fund.

The information provided by agencies has now been consolidated and the TRMF Unit would like to thank everyone involved in this important process.

A graphic featuring a jagged, starburst shape containing the word "IMPORTANT" in bold, uppercase letters. Below this, the text "Don't ignore the fine print in contracts." is written in bold. Underneath, a paragraph of text explains the importance of reviewing insurance clauses in contracts, specifically mentioning the risk of exclusions and limited liability.

**IMPORTANT**

**Don't ignore the fine print in contracts.**

When reviewing insurance clauses in contracts, don't just look at the level of cover and ignore the exclusions. Be aware that the fine print may remove or limit the contractor's liability.

## **Changes to Workers' Compensation Legislation**

### **The Rutherford Report**

The Rutherford Report provides a detailed review of the operation of workers' compensation legislation in Tasmania.

For a full copy of the report, refer to [www.dier.tas.gov.au/publications/index.html](http://www.dier.tas.gov.au/publications/index.html)

### **The Legislation**

The Report identified a number of concerns (including unanticipated hardship) in the operation of the step-down provisions under section 69B of the *Workers Rehabilitation and Compensation Act 1988* (the Act).

As a result, the Parliament passed amendments to the Act, to change the step-downs in weekly payments. The amendments increase the second step-down from 70 to 80 per cent of normal weekly earnings. They also delay the implementation of the second step-down for six months and reduce the maximum period of entitlement to nine years.

The Act allows insurers and self-insurers to recover, from the Nominal Insurer, the increase in weekly payments they will incur with respect to claims for injuries that occurred on or after 1 July 2001 and before the commencement of these amendments (29 June 2004). The Nominal Insurer is determining the procedure for making a claim.

The proposed new step-down model will be:

<b>Wages</b>	<b>Weeks</b>
100%	Up to 13 weeks
85%	Between 14 weeks to 18 months
80%	Between 18 months up to the nine-year time cap.

These changes came into effect on 29 June 2004.

### **Further Considerations**

The Rutherford Report contains other significant recommendations. The Government will consider further amendments to the Act later in the year.

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## **Managed Funds Forum**

### **The New South Wales Treasury Managed Fund hosted an inter-jurisdictional managed insurance funds forum in Sydney on 21 May 2004.**

Inter-jurisdictional forums are held on a six monthly basis with a view to exchanging ideas and building an understanding of the arrangements adopted by each jurisdiction in relation to insurance and risk management.

Each State provided an overview of current issues in their jurisdiction. It was interesting to note that many of the questions and concerns being addressed by the Tasmanian Risk Management Fund (TRMF) are also being considered elsewhere. In particular, the issue of insurance clauses in contracts was a common concern, along with establishing an integrated, whole-of-government approach to risk management.

A number of jurisdictions had recently been through the process of renewing reinsurance in overseas markets. Both the Australian Capital Territory and Victorian Funds reported a positive outcome, with only minor increases in premiums. South Australia also reported positive indications from the market and expected premiums for liability to plateau and property to fall slightly. These are positive signs following a period of high volatility and premium increases in the insurance market in recent years.

The forum is a valuable opportunity for establishing a network of contacts in other jurisdictions. The TRMF Unit is hosting the next forum in November 2004, to coincide with the RMIA National Conference in Hobart.

## Inaugural Fleet Management Forum

Following the success of the first Fleet Management Forum, bi-annual forums will become a feature of the new Fleet Management Agreement with Fleet Australia (previously Commonwealth Fleet Lease).

Agency fleet managers who attended the inaugural forum on 28 May 2004 appreciated the opportunity to meet with other fleet managers to discuss issues of mutual concern.

One of the topics was the role of the TRMF Unit and agencies in developing appropriate risk management policies and procedures.

Identifying trends in motor vehicle accidents in order to assist with developing preventative measures was discussed. Participants were provided with a copy of the *Motor Vehicle Fleet Purchase and Use Guidelines* developed by Treasury.

For more information on these sessions, contact Lisa Curtis in the Procurement and Contract Management Unit at Treasury on 6233 6220.

### Session Outcomes

#### Agencies were encouraged to:

- ◆ promote the *Motor Vehicle Fleet Purchase and Use Guidelines*;
- ◆ encourage the consideration of safety issues in vehicle selection;
- ◆ organise training for frequent drivers;
- ◆ actively monitor agency/driver performance;
- ◆ ensure that all motor accidents are reported to Fleet Australia;
- ◆ use the reports provided by Fleet Australia; and
- ◆ ensure that all repairs are undertaken through the approved repairers managed by Fleet Australia and/or Marsh, the Fund Administration Agent.

#### Drivers were encouraged to:

- ◆ adopt safe driving practices and utilise safety features;
- ◆ take care of their vehicles;
- ◆ ensure that odometer readings are provided when refuelling the vehicle;
- ◆ ensure that scheduled maintenance and repairs of vehicles are undertaken when required;
- ◆ ensure that all motor vehicle accident forms are fully completed and lodged promptly with Marsh; and
- ◆ ensure that 'near misses' are reported within the agency so that risks can be identified and managed.

#### Motor Vehicle Accident Notification Form

A revised form that can be completed electronically is available under Latest Publications on the TRMF Web site.

### Estimated Fund Contributions for 2004-05

A preliminary report received from the Actuary, based on analysis of claims information as at 31 December 2003, provided agencies with an indication of the level of contributions required for each category of risk for 2004-05. The Actuary has now provided a final report on Fund contributions for 2004-05 for consideration by the Steering Committee in July 2004.

In brief, the report indicates that a reduction in contributions for some property and liability classes of risk is expected to continue in 2004-05. However, it is estimated that these will be offset by modest increases in contributions for workers' compensation and motor vehicle cover.

## Information Sharing Sessions

A series of information sharing sessions, coordinated by the TRMF Unit, commenced on 27 May 2004 with a presentation by Brett Hislop on the Department of Primary Industries, Water and Environment's OH&S Management System (see separate article for a report on this session).

Future sessions are listed below.

Date	Subject	Presenter
21 Jul 04	• Implementation of the Risk Management Process in DoE	Armin Howald
	• Property Protection Scheme	Tim Gourlay
	• Lindsfarne Primary Risk Management Project	Armin Howald
26 Aug 04	• Risk Assessment of DHHS Property Portfolio	Peter Alexander

These sessions have been organised in response to requests by several agencies in the Risk Survey conducted in 2003 and provide an opportunity for agencies to learn from the experience of others.

**Interested in attending or** are there other risk management issues you would like discussed? Contact the TRMF Unit on telephone 6233 6597 or e-mail [trmf@treasury.tas.gov.au](mailto:trmf@treasury.tas.gov.au)



## Implementation of SafetyNET in DPIWE

SafetyNET is an OH&S Management System ...



OH&S representatives from a number of agencies attended the information sharing session presented by Brett Hislop of the Department of Primary Industry, Water and Environment (DPIWE). DPIWE has recently implemented SafetyNET across the Department. Brett, a Human Resource Management Consultant (OH&S) with the agency, provided a detailed overview of the system and fielded questions from participants.

As testimony to the success of the session, participants have requested that an OH&S forum be established to allow regular discussion of matters of concern. Occupational overuse syndrome and working in remote areas have already been flagged as topics for discussion. The TRMF Unit is reviewing options for establishing an OH&S Forum.

## Marsh Update

On 1 July 2004, the Fund Administration Agent, Marsh Pty Ltd, assumed responsibility for the administration of all Tasmanian Risk Management Fund claims from its sub-contractors CGU and Lumley General.



From L-R: Greg Moore, Martin Broad, Tim Johns and Jo Lovell of Marsh.

In addition to **Tim Johns** and **Jo Lovell**, Government Services at Marsh now has two claims teams:

### General Claims

#### Contact Details

28A Brisbane Street, Launceston  
 Telephone 03 6331 4331  
 Fax 03 6331 7518

**Greg Moore** manages the general claims team. Greg has 21 years experience in general claims management, most recently with Lumley General as State Claims Manager. This role included the provision of claims administration to the TRMF for the last three years.

Greg is supported by John O'Halloran and Sarah Normington.

### Workers' Compensation Claims

#### Contact Details:

GPO Box 1400  
 4<sup>th</sup> Floor, 111 Macquarie Street, Hobart  
 Telephone 03 6281 3100  
 Fax 03 5281 3101

Marsh has recruited **Martin Broad** to manage its workers' compensation claims team. Martin has nearly 30 years experience in workers' compensation claims management and has experience in private insurance, self-insurance and associated risk management fields.

To support Martin, Marsh has recruited a number of former CGU staff, who have been administering the TRMF workers' compensation claims to date, as well as two new recruits to the Team.

They include:

Sharie Cahalan, Tania Lamont, Sarah Young, Allison Mapley, Amanda Reid, Simon Taylor, Gillian Honeywood, Susan Hepburn, Mandy Simms, Donna Stringer and Natasha Mundy.

A notice advising the new contact details for each claims team has been circulated to all agencies.

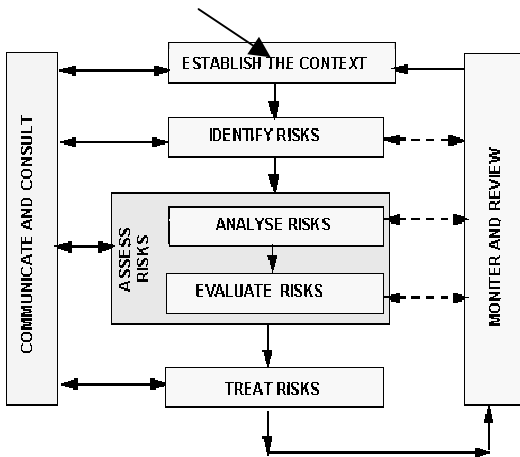
In response to the increased accommodation needs brought about by the change in structure, the Hobart-based Marsh team (including Tim and Jo) has moved to the 4<sup>th</sup> Floor of the Reserve Bank Building at 111 Macquarie Street. Tim's and Jo's new telephone numbers are listed below:

Tim Johns: 03) 6281 3130  
 Jo Lovell: 03) 6281 3131

If you have any questions, please contact Amelia Jones at the TRMF Unit on 3763, or Tim Johns at Marsh.

# Risk Management

## Risk Management Process



Source: AS/NZS 4360:1999

In this edition of *riskmatters*, we focus on the first key step in the process –

### Establish The Context

The framework of an organisation’s strategic, organisational and risk management context needs to be established.

Key questions in establishing context include:

- What are the organisation’s strengths and weaknesses?
- What are the dollar values?
- What are the major outcomes expected?
- What are the major threats and opportunities the program presents?
- What are the significant factors in the organisation’s internal and external environments?
- What is the best way of structuring the risk identification task?
- What is the policy, program, process or activity?
- What problems were identified in previous reviews?
- What risk criteria should be established?
- Who are the stakeholders?

Source: HB 143:1999 *Guidelines for managing risk in the Australian and New Zealand public sector.*

AS/NZS 4360 should be consulted for further information on the process.

## Quotable Quotes

“Risk management is everyone’s responsibility and there must be a common process and common risk language”.

Steve Showell, General Manager Group Management, Qantas Airways.

“It is important to create a mind set that sees risk management as a routine and integral part of daily management”.

Source: GRM Government Risk Management Volume 4, Issue No 8, December 2003.

“Risk management should be part and parcel of everyday thinking within our Government agencies”.

Dr Geoff Gallop, MP, Premier of Western Australia at the opening of the WA Government Risk Management Conference 2003.

Source: GRM Government Risk Management Volume 4, Issue No 8, December 2003.

## Upcoming Events

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

The Risk Management Institution of Australasia (RMIA) **Annual Conference** will be held in Hobart this year.

The Conference will be held at the Grand Chancellor Hotel, Hobart on 14- 17 November 2004

Contact: [arimaconf@im.com.au](mailto:arimaconf@im.com.au)

The ARIMA Tasmanian Chapter and the Australasian Institute of Risk Management will be holding a **Risk Management Unification Forum** in Hobart on 12 August 2004.

Contact: [tsmart@circularhead.tas.gov.au](mailto:tsmart@circularhead.tas.gov.au)

A two-day Conference on **Building a Framework for Measuring and Monitoring Operational Risk** has been organised by the International Quality & Productivity Centre (IQPC).

The Conference will be held on 24 and 25 August 2004 at the Mercure Hotel Melbourne.

Contact: [registration@iqpc.com.au](mailto:registration@iqpc.com.au)

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## Treasury contacts

Contact numbers for members of the TRMF Unit are below:

### Di Hope (Property)

Senior Policy Analyst  
Ph: 6233 6597

### Amelia Jones

Principal Policy Analyst  
Ph: 6233 3763

### Alison Lyne (Workers' Compensation)

Senior Policy Analyst  
Ph: 6233 3677

### Penny Macintyre

Principal Policy Analyst  
Ph: 6233 6626

### Jan Wilson (Liability)

Senior Policy Analyst  
Ph: 6233 6710

### Sarah Wilson

Assistant Research Officer  
Ph: 62238531

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To register, contact the newsletter editor, Di Hope, at the Department of Treasury and Finance on (03) 6233 6597 or e-mail [trmf@treasury.tas.gov.au](mailto:trmf@treasury.tas.gov.au).