



AUSTRALIAN GOVERNMENT Risk Manager

ISSUE NO. 20, AUTUMN 2005 ISSN: 1448 - 806X



Accolades for dynamic Risk Management framework at AQIS

Presenting the keynote address at Comcover's first *Getting Wired* seminar for 2005, the Executive Director of the Australian Quarantine and Inspection Service (AQIS), Ms Meryl Stanton, explained how a strong risk management framework had underpinned its highly successful strategy to combat Avian Influenza last year.

The half-day seminar, held at the Hyatt Hotel in Canberra on 18 February, saw those recognised in Comcover's 2004 *Awards for Excellence* present case studies on how they had successfully implemented risk management in their organisations.

The Awards' judges had considered AQIS's nomination to be an outstanding example of best practice in risk management of a major project, and described its implementation as "faultless".

Ms Stanton said AQIS had developed a risk management framework that was dynamic, integrated and continuously improving.

She said that while AQIS would "put down a best guess" at the start of each year about potential threats, she said "the one thing we know as we do it, is it's wrong, that something will happen that we weren't expecting." But Ms Stanton said AQIS's risk management framework was built to deal with the unexpected.

"This is really the issue," said Ms Stanton. "Our plans have to be robust, they have to be flexible, they have to look at the practicalities of risk management so that we can move quickly. Managing three thousand people who are dispersed around Australia can be like trying to turn the Queen Mary. It is communication, our control and command structures that actually need to be very good in any emergency.



Ms Meryl Stanton, the Executive Director of the Australian Quarantine and Inspection Service, gave the keynote address at Comcover's first *Getting Wired* seminar for 2005. She told delegates how a strong risk management framework had underpinned its highly successful strategy to combat Avian Influenza last year.

"For us, the tick and flick won't work. Every situation that we meet is different in some way or another. But what is important is to have the framework and to be able to slot into the framework and to be able to continuously improve the framework so that you know where to start. All you've got to do is add the bells and whistles for this particular issue."

Ms Stanton said lessons learned during each major quarantine risk were built back into AQIS's risk framework in order to more quickly identify and respond to potentially new disease risks to humans, animals and plants.

"[That] is what this sort of framework does – and it's very important – it allows us to learn from one situation to the next and to take those [lessons] and to build them back into our risk management framework and to do even better next time," she said.

Ms Stanton said AQIS's risk management framework provided the agency with a structure to assess each potential outbreak and to ask: "What are the risks? Have we got the people? Have we got the right people in the right place at the right time?"

When it came to protecting Australia's borders from Avian Influenza, AQIS focussed on its communications with staff and the public. AQIS fostered awareness campaigns in remote but frontline areas for Avian Influenza such as the Torres Strait and the Northern Territory, as well as at air and seaports.

It also built up its internal capacity through staff training and awareness and then increasing border protection i.e. screening all passengers, baggage and mail from high-risk countries.

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The importance of frameworks, implementation and culture

Frameworks, implementation and culture. These are the key areas to getting risk management right, according to Mr Simon Lewis, General Manager, Asset Management Group, Department of Finance and Administration (Finance).

Mr Lewis was speaking at the Comcover *Awards for Excellence in Risk Management* held at the National Museum of Australia in Canberra on 25 November 2004. He said those agencies that had won or been highly commended had “succeeded in getting these three things right”.

“Excellence in risk management will occur if frameworks and policies are effectively implemented (within the overall context of an organisation’s governance arrangements) and the organisational culture encourages real ownership of, and commitment to, managing risk at all levels,” said Mr Lewis.

He said that while drivers of such change in the private sector had been corporate collapses, the public sector had been sensitive to the changing environment. He said that as far back as 1998, Australia’s Auditor-General Mr Pat Barrett had made the connection between governance and risk management when he said “corporate governance is the organisation’s strategic response to risk”.

More recently, Mr Lewis said the Uhrig report *Review of the Corporate Governance of Statutory Authorities and Office Holders*, had defined governance as “the arrangements by which the power of those in control of the strategy and directions of an entity is both delegated and limited to enhance prospects for the entity’s long-term success, taking into account risk and the environment in which it is operating.”

“We accept that good governance is fundamental to a healthy organisation,” said Mr Lewis. “It sets the tone as to how the organisation operates and behaves internally and to stakeholders generally. It also defines the relationship between the board, management and the rest of the organisation.”

But Mr Lewis said good governance was not just about creating the right internal risk management frameworks and policies, but also about embedding them into an organisation’s processes and culture.



From left: Mr Simon Lewis, General Manager, Asset Management Group, Department of Finance and Administration, presents the Health Insurance Commission’s Ms Michelle Toohey, Risk Management Adviser and Mr Simon Moore, Manager of Audit Risk Insurance Services, with their certificate for gaining a Honourable Mention in the Large Agency Category at Comcover’s 2004 Awards for Excellence.

“As the corporate collapses of recent times have clearly demonstrated,” he said, “governance and risk management frameworks designed to promote greater accountability that are not implemented, managed and continuously improved, will be limited in their effectiveness.”

“They have to be embedded into everyone’s thinking, and into everyone’s work in every possible way so it [risk management] can be done every day.”

Pivotal to this, said Mr Lewis, was the role played by CEOs and executives, who he described as the “face of governance” within agencies. “It is their behaviour”, he said, “that embeds frameworks and policies into agency culture.”

Mr Lewis said this had been the key message at Comcover’s CEO Forum

in August, when Mr Graeme Willis, Executive General Manager of Risk Management with the National Australia Bank, had said: “Having a risk framework is good, but it’s how you execute it and your attitude to it that’s key.”

Mr Lewis said the importance of policy implementation was one of the reasons the Cabinet Implementation Unit had been set up in late 2003 within the Department of the Prime Minister and Cabinet. As a result of this unit’s work, new policy proposals to government now needed to include additional information on implementation, including a high level risk assessment, and implementation plans needed to be developed for targeted initiatives, including a detailed risk analysis.

Mr Lewis said such whole-of-government initiatives were proof that risk management was integral to good governance in Australia. He said the Comcover Awards “reflect that the growing recognition and improved standard of risk management practice within our agencies is contributing to overall better governance, decision making and outcomes.”

Comcover Awards reflect “strong partnership”

The strength of nominations in the *2004 Comcover Awards for Excellence in Risk Management* was a reflection of the “strong partnership” that exists between agencies and Comcover, according to Comcover National Manager Ms Stacie Hall.

In welcoming guests to the Awards’ presentation ceremony at the National Museum of Australia in Canberra on 25 November last year, Ms Hall said the panel of judges had been very impressed with the quality of entries from those agencies that had renominated in 2004.

“It is very gratifying that agencies such as the Australian Maritime Safety Authority and the National Capital Authority took on board the judges’ comments from the 2003 Awards, and then renominated and won in 2004.

“It reflects the strong partnership that is growing between government agencies and Comcover, in the effective management of insurance and risk management. It also shows that risk management is now viewed as a core component of the way government agencies do business, and that it is becoming increasingly important.”

“That is what these Awards are all about.”

She said those agencies that had been recognised in the Awards had demonstrated that they understood risk management best practice, had successfully applied it and had seen concrete improvements in outcomes as a result.

Ms Hall also said the Awards were one of Comcover’s “most significant” programmes. “They recognise and reward leadership in the field of risk management and highlight the ongoing benefits of risk management in achieving the current and future outcomes of Australian government agencies.”

Ms Hall expressed her thanks to her three fellow judges for their hard work and expertise. They included Ms Tracey Martin, Senior Director, Australian National Audit Office, Mr Gordon Young, Manager, Risk Management Office, University of Sydney and Mr Kevin Knight, Vice-President, Risk Management Institute of Australasia.

And the winners were ...

Seven Australian government agencies were recognised at the *2004 Comcover Awards for Excellence in Risk Management*, held at the National Museum of Australia in Canberra on 25 November last year.

A total of 25 nominations across five categories were received, with Excellence in Project Risk Management a new category created to recognise work being done at the project level. There were three outright winners and these included the National Capital Authority (Small Agency), the Australian Maritime Safety Authority (Innovative Initiatives) and the Australian Quarantine and Inspection Service (Excellence in Project Risk Management).

Agencies honoured were presented with their awards by Mr Simon Lewis, General Manager, Asset Management Group, Department of Finance and Administration, and Mr Kevin Knight, Vice-President, Risk Management Institute of Australasia.

A summary of the judges’ comments can be found below, and in full on our website (<http://www.finance.gov.au/comcover>). Winning agencies gave presentations at the February *Getting Wired* seminar, and coverage of the event is on pages 4-7.

Small Agency Category

Honourable Mention - Indigenous Land Corporation (ILC)

The ILC’s risk management program was found to support its business outcomes through strong internal consultation. In addition, the implementation of risk management was evident throughout the agency’s corporate planning processes.

Winner: National Capital Authority (NCA)

The NCA’s 2004 nomination demonstrated positive trends against Comcover’s KPIs indicating its new work process of risk management was highly integrated with strong commitment from the Chief Executive and Executive team. Ownership of risk was established throughout the organisation.

Medium Agency Category

No awards presented.

Large Agency Category

Honourable Mention - Health Insurance Commission (HIC)

HIC has dedicated risk management advisers who are the conduit for risk management information flowing between the Executive and the business units. Risk management arrangements were integrated with corporate governance and had high-level executive support.

Innovative Initiatives Category

Winner: Australian Maritime Safety Authority (AMSA)

AMSA has a fully integrated best practice risk management strategy that particularly assisted its ship inspection surveys. AMSA’s approach was based on benchmarking against international comparators and on verifying inspections against results.

Excellence in Project Risk Management Category

Honourable Mention: Department of Veterans Affairs (DVA)

The agency had a good governance structure and a mechanism that placed risk management squarely in the central management processes of the department. This helped it successfully introduce new information technology infrastructure along with a change management strategy.

Highly Commended: Director of National Parks

The agency demonstrated a comprehensive and broad-based approach to risk management that embraced all its activities.

Winner: Australian Quarantine and Inspection Service (AQIS)

This nomination was an outstanding example of best practice in risk management in relation to a major project: responding to quarantine risks from the highly pathogenic Avian Influenza. There was evidence of a clear, comprehensive and mature risk management framework with the implementation faultless.

Getting Wired: Risk Management embedded at NCA

Risk management is embedded into the culture and operations of the National Capital Authority (NCA) thanks to the complete commitment of its executive team, said Mr Phil Wales, Director of Executive Governance with the NCA.

Speaking during his workshop session at the *Getting Wired* seminar, Mr Wales said that although the NCA was a small agency with only 87 staff, it had extensive public domain responsibilities such as managing the Commonwealth's interest in the national capital.

The NCA manages assets of \$356 million and is responsible for many large public domain events and high-profile projects. These include Old Parliament House, Celebrate Australia Live concert - which attracted 28,000 people to the Parliamentary Zone - as well as the Australia Day awards. When an event is run in these public areas by another organisation, the NCA makes sure they submit their risk management plan for approval.

Mr Wales said risk was inherent in the NCA's role, but luckily the Authority had a strong risk management culture already, it just had to be developed further. "We had a risk management culture in the organisation which wasn't formally established," said Mr Wales, "it didn't have the meat around it. So we built on existing governance and decision making frameworks to integrate risk management."

The NCA has been able to build its risk management framework around existing governance and decision-making frameworks. "By integrating risk management into our existing frameworks, we have actually become more innovative in the way we work and enhanced our ability to act and act promptly. This has provided the opportunity for horizon scanning to effectively examine opportunities and threats facing the organisation."

Mr Wales said staff were actively involved in risk management and that it had "become everybody's responsibility." He said "everybody's responsible for risk management in the organisation, from the project teams up to the executive risk management, and we all talk about what we're doing. We learn from experience."

The NCA has standing teams of risk management coordinators and a comprehensive training program. "We go out and we ask staff: 'what more training would you like?' We want to get it right. We want to make risk management not a burden to the people doing it but just a positive way of managing their business effectively." Mr Wales paid tribute to Comcover for its help in developing the NCA's management training program.

"What we've got now is a risk management culture within the Authority where it's no longer a tick box - we are much more proactive about it. It's something we review and work on. Our staff [members] are seeing the positive benefits of sitting down and working through the issues that each of these risks actually have.

"It's actually given us the opportunity to move outside the square and think of being innovative in what we're doing."

The National Capital Authority was the winner in the Small Agency Category. To view the NCA's Awards' nomination go to <http://www.finance.gov.au/comcover/awards2004.html>.

Mr Graham Scott-Bohana, Managing Director Design with the National Capital Authority, thanked Comcover for its "support and assistance" when he accepted the winner's plaque in the Small Agency Category. "It has been the strong commitment in the promotion of risk management from both our organisations that has made this possible," he said.



Attending Getting Wired were (from left)

- Mr Phil Wales, Director of Executive Governance, National Capital Authority,
- Ms Tracie-Ann Maher, Director Risk Management, Comcover,
- Mr Tony Jordan, Manager Insurance and Risk, Australian Maritime Safety Authority,
- Ms Michelle Toohey, Risk Management Adviser, Health Insurance Commission and
- Mr Bob Hay, Chief Information Officer with the Department of Veterans Affairs.

AMSA a leading maritime regulator in Asia Pacific

The Australian Maritime Safety Authority (AMSA) had become a more effective regulator of the seaworthiness of shipping in Australian waters as a direct result of its risk management system, delegates at Comcover's *Getting Wired* seminar were told.

Two AMSA speakers, Mr Chris Barnes (Manager, Business Support, Maritime Operations) and Mr Tony Jordan (Manager, Insurance and Risk), told how adoption of risk management principles and detailed statistical analysis of risk factors relating to ships had led to an overhaul of data systems, and made AMSA one of the most advanced maritime regulators in the Asia Pacific.

They explained AMSA had nearly 250 staff, mainly based in Canberra, who were responsible for safety regulation of international and interstate shipping, provision of navigational aids outside of ports, maritime and aviation search and rescue, as well as protecting the marine environment from pollution. AMSA has staff at 15 locations and facilities at some 380 locations, including lighthouses, beacons and buoys.

Mr Jordan, in giving a brief outline of AMSA's risk management framework, said that with this range of activities, it could be truly said that risk management

is AMSA's business. Mr Barnes said that with such geographically diverse operating patterns for an industry that is the second-most incident-prone on earth (after undersea mining), risk assessment and risk management were key to AMSA making good use of its resources and effectively managing maritime safety.

Mr Barnes said AMSA had identified an improved risk management framework as the key to promoting safer shipping and an effective ship inspection program.

In applying risk management, AMSA had redeveloped its ship-inspection database and integrated it with the marine incident reporting system to provide a better overview of the industry. It had introduced national training workshops for its Marine Surveyors and improved the statistical analysis of risk factors associated with ships. AMSA undertook some analysis of past inspection records and then had its data examined by outside experts, to rank in order those factors that were useful indicators of a ship's seaworthiness.

This led to the adoption of a mathematical formula for ships to give a probability of unseaworthiness.

The redeveloped database now holds a substantial amount of risk-related information. As a consequence, ship detention rates have risen a little while the overall standard of ships continues to improve, suggesting that the targeting of higher-risk ships is clearly more effective.

"If somebody had asked us five years ago at, say, Senate estimates 'What is the risk profile of foreign ships that come to Australia?', we couldn't have answered in the way that we can now," said Mr Barnes.

"We can now say that the vast majority of ships visiting Australia has a one per cent or less chance of being unseaworthy. The big question is of course: is all this work of any use? Do the results back up the theory? Does the theory work? In fact, the results

to date suggest that risk management analysis has directly improved AMSA's effectiveness in ensuring that the foreign flag ships visiting Australia are maintained to internationally-accepted standards."

Mr Barnes said AMSA had developed new performance indicators and integrated them into its corporate plan and portfolio budget statement, to show that sufficient priority was being given to higher-risk ships to ensure certain operating patterns did not allow such ships to slip through.

"So this is the performance indicator that we adopted as a direct result of all the work we've done in terms of objective risk management," said Mr Barnes.

"As a result of these strategies we're now a more effective regulator. We're using statistically based risk assessments to encourage a safer maritime industry. We're able to make informed, objective decisions about the level and allocation of resources to best address the risks presented by the maritime shipping industry. I think we are an international leader in ship inspection risk management.

"As far as I can determine from what is being done internationally in this area, we're probably four to five years ahead of anybody anywhere else in the world."

The Australian Maritime Safety Authority was the winner in the Innovative Initiatives Category at the 2004 Comcover Awards for Excellence. To view AMSA's Awards nomination go to <http://www.finance.gov.au/comcover/awards2004.html>.

Ms Dianne Rimington, General Manager Corporate with the Australian Maritime Safety Authority, on accepting the agency's win in the Innovative Initiatives Category, said: "We value these awards enormously. Our entry was very relevant to our core business ... so it gives us great pleasure to win the award this year. It brings great benefit not only to our organisation, but to Australia nationally and internationally."

From front cover...

A period of critical self-analysis by not only AQIS but its stakeholders followed in order to gauge how successful the campaign had been. This had included looking at the results of external surveys and the effectiveness of advertising campaigns. Ms Stanton said this approach was part of AQIS's "continuous improvement strategy".

Ms Stanton said internal and external audits by the Australian National Audit Office (ANAO) had also contributed to AQIS's learning process, and that these were something that should be embraced by agencies rather than resisted. She said these reviews had paid dividends for AQIS.

In fact Ms Stanton said it was an ANAO risk management framework that AQIS had adopted as its model. "It really is planning at the top, implement your response ... test and

monitor and then identify improvements [before going] back to your planning."

In highlighting these aspects of AQIS's risk management framework, Ms Stanton reinforced the three keys to risk management success highlighted by Ms Stacie Hall, Comcover's National Manager, in her opening address. These included:

- An integrated approach;
- Strong senior support; and
- A commitment to continued improvement and ongoing learning.

The Australian Quarantine and Inspection Service was the winner in the Excellence in Project Risk Management Category. To view AQIS's Awards' nomination go to <http://www.finance.gov.au/comcover/awards2004.html>.

Winners share tips for success

The first of Comcover's quarterly *Getting Wired* seminars was well attended, with delegates keen to quiz those recognised in Comcover's 2004 *Awards for Excellence in Risk Management* on how they had developed and implemented successful risk management frameworks.

Held at The Hyatt Hotel in Canberra on 18 February, the half-day seminar comprised a keynote address (see story page 1) and six interactive sessions where Awards' winners presented case studies and answered questions.

In welcoming delegates, National Manager Ms Stacie Hall talked about excellence in risk management and said it could be narrowed down to three key things: an integrated approach; strong senior support; and a commitment to continued improvement and ongoing learning.

Below are some of the insights and stories our winners shared. For coverage of the Awards' event itself, turn to page 2.

Risk management framework extends to crocodiles

Delegates attending the six workshop sessions at Comcover's *Getting Wired* seminar learned of the great variety of risks different agencies face, but none was as unusual as the risk of crocodile attacks in Kakadu National Park.

This was one of the key risks identified by the Director of National Parks, a statutory corporation responsible for 20 Commonwealth reserves and a staff of around 300 that is scattered around land-based reserves, including Norfolk Island and the Cocos Islands.

Mr Peter Cochrane, the Director of National Parks (Parks Australia) told the *Getting Wired* seminar that his agency

dealt with risks that ranged from fire, weed control and cane toads to those associated with asset management. In addition, he said it also dealt with a range of stakeholders such as Indigenous people as well as industries such as tourism and fishing. As a result, issues for Parks Australia can quickly become political.

"My job and the outcome that we're working towards is the conservation and appreciation of Commonwealth reserves, so immediately that sets up a tension for us in that we are meant to protect but also open up our protected areas to visitors."

Mr Cochrane said the risk management process in Parks Australia had started with risk watch lists to develop a structured approach to identifying and describing risks, and making sure all were appropriately treated. Mr Cochrane thanked Comcover for its help in this process, saying he got a lot of value from its risk benchmarking.

Mr Cochrane said that after identifying risks, Parks Australia set up a system of incident reporting to feed back into the watch lists. Mr Cochrane said this system had identified 300 risks across 13 work areas; 15 of which were rated as extreme. Staff safety is one risk most agencies don't have to worry about, but for Parks Australia was considered high in some remote areas.

One extreme risk identified was the possibility of a crocodile attack in parts of Kakadu, due to the steady increase in the

crocodile population across northern Australia. At particular risk was Twin Falls, formerly a popular, swimming spot accessible by swimming or canoe.

To deal with the rising risk of a crocodile attack at Twin Falls, and the possibility of closing the area to visitors, Parks Australia set up a project team in early 2004 to develop and implement a new system of visitor access that “liaised extensively with stakeholders all the way along.” Commenting on the project’s successful implementation, Mr Cochrane said: “We are slowly embedding the culture of risk identification, treatment, management and review across the organisation, and into our business practices and procedures. This is helping us progressively improve the way we manage our risks.”

The Director of National Parks won a Highly Commended in the Excellence in Risk Management Category. To view the Director of National Parks’ Awards’ nomination go to <http://www.finance.gov.au/comcover/awards2004.html>.

Accepting a Highly Commended in the Excellence in Risk Management Category, Mr David Phillips, Assistant Director, Director of National Parks Australia said: “Comcover has really helped us over the past couple of years, particularly to put into place some good frameworks for managing risk, and this award is recognition of it.”

Integration the key according to HIC

The Health Insurance Commission (HIC) has more than 5,000 staff members across Australia and manages around 250 Medicare and processing offices. The HIC delivers a broad range of national health programs to the Australian community and is best known for administering Medicare and the Pharmaceutical Benefits Scheme.

As Ms Michelle Toohey, HIC’s Risk Management Adviser told delegates at the *Getting Wired* conference, the HIC has connections with every Australian resident, every doctor, every pharmacy and members of the health and IT sectors.

Ms Toohey said there was no point in sitting around hoping a policy would make risk management happen. Instead, she said, it was imperative to be proactive and start planning and selling risk management internally.

“We are fortunate at the HIC that we have a commitment to supporting risk management and as a result we’ve developed an enterprise-wide framework that is simple and works across our whole organisation, from the corporate level down to individual projects. It also covers the diverse aspects of our business, which is really important, as it means we have consistency.”

The Health Insurance Commission was awarded a Honourable Mention in the Large Agency Category. To view the HIC’s Awards’ nomination go to <http://www.finance.gov.au/comcover/awards2004.html>.

Ms Toohey accepted the agency’s Honourable Mention in the Large Agency Category and said of the win: “We really appreciate Comcover running these awards. But it’s not just the awards that we appreciate; it’s the *Getting Wired* seminars, the training sessions and now the Champion Forum. All that information enables organisations like ours to start from scratch.

“No matter what level of maturity an organisation is at, Comcover is there to help. It’s a fantastic resource, especially for organisations that don’t necessarily have the funding specifically for risk management.”

DVA says support must come from the top

The adoption of risk management strategies began at the top in the Department of Veterans Affairs (DVA), Chief Information Officer, Mr Bob Hay, told seminar delegates.

Mr Hay said risk management had support from the Secretary. “If you do not get that you are really up against the eight ball in trying to get the rest of the organisation to accept the philosophy,” he said. “That is what I meant by things being ingrained in our culture: if it is clearly visible in the executive, everyone else is comfortable with making it visible in the way they go about doing their business. Change in our case was driven from the top.”

Mr Hay outlined to delegates how DVA risk managed its move to implementing a new IT infrastructure environment arising from an extension of its contract with IBM in August 2002.

The Department of Veterans Affairs was awarded a Honourable Mention in the Excellence in Risk Management Category. To view the DVA’s Awards’ nomination go to <http://www.finance.gov.au/comcover/awards2004.html>.

ILC says risk management is everybody’s business

The Indigenous Land Corporation (ILC) said Comcover’s benchmarking exercises and seminars had helped foster a risk management framework that had become integrated across all levels of the organisation.

The Manager of the Corporate Support Unit for the ILC, Mr Mark Treloar, said participating in Comcover benchmarking had lifted interest in risk management and that Comcover seminars run specifically for the senior management team had been very beneficial.

“Our senior managers are all actively involved now in monitoring and reviewing risk issues and the ultimate product there is the corporate risk management plan, a consolidated snapshot of where we stand as an organisation,” said Mr Treloar.

“We regard risk management as everybody’s business and so we want to tie all of our staff into that process,” he said.

The Indigenous Land Corporation was awarded a Honourable Mention in the Small Agency Category. To view the ILC’s Awards’ nomination go to <http://www.finance.gov.au/comcover/awards2004.html>.

On accepting the Honourable Mention in the Small Agency Category, Mr Treloar said Comcover had played an “important part” in helping to get middle- and upper-management to “buy-in” to risk management and to “integrate a framework for risk management across our organisation.”

National Manager's report: A Stronger Tomorrow



Stacie Hall,
National Manager – Comcover

Summing up 2004

Last year was a very busy and rewarding one with many new initiatives adopted.

These included updating our strategic business objectives to improve the way we serve our customers, introducing our new Premium Model and making changes to our insurance cycle. We also went to public tender and contracted a new Comcover Member Services (CMS) provider, Aon, which has just taken over the reins from Marsh. We also launched two half-day information formats: the Champion Forum and the Insurance Information Session (see story page 11).

Building on strong foundations

Since its foundation seven years ago, Comcover has focussed on improving the services it delivers to customers. We make a point of continually seeking customer feedback in order to better meet your needs. We're therefore very pleased with the preliminary results of the 2004 Customer Satisfaction Survey. They indicate that more than nine out of ten (92%) customers are either 'satisfied' or 'extremely satisfied' with Comcover services.

As more than 190 customers responded to the Customer Survey, I believe this is a very positive result that reflects the strength of the relationship Comcover has built with its customers over the years.

The results also demonstrate how valuable your feedback is to helping us improve and perform well. However, we won't rest on our laurels. We're committed to further improving the professional services we provide and ensuring they are value for money. We will publish the full results of the 2004 Customer Satisfaction Survey in the next edition of *Australian Government Risk Manager*.

The new integrated service

In July 2004, Comcover identified the need to re-examine its strategic objectives as part of its business planning, to ensure the services delivered were aligned with customer expectations. The maturing of the Fund and the progressive improvement of risk management and customer insurance practices necessitated a comprehensive review of our strategic performance and service provision. As part of this review we developed our six new business objectives, which reflect where we aim to be by 2008. In summary, Comcover's objectives are to:

- Be a fully-funded mature insurance fund with a solid capital base that will not require additional funding from Government;
- Achieve significant and sustainable cultural change in risk management and insurance practices within the general government sector;
- Be recognised by our customers as a centre of excellence for risk management and insurance expertise;
- Provide services that customers consider to be value for money in partnership with our service partners;
- Be a professionally managed business supported by effective systems processes and skills; and
- Be recognised across the Australian Government and internationally as an effective example of government reform.

In developing and implementing these objectives, our first task was to change our service delivery model to provide a more integrated service for customers – including a single point of contact for all insurance and risk management needs.

We believe that integrating our services will help everyone – us included – implement the recommendations of the 2003 Australian National Audit Office *Report Management of Risks and Insurance*.

One of the ANAO's key findings was that most Commonwealth agencies are only beginning to understand the link between risk management and insurance - most agencies have developed a history and understanding of them as largely unrelated. At Comcover, we encourage agencies to see risk management and insurance as interrelated.

Comcover's active promotion of enterprise-wide risk management since 1999 has helped agencies increase the maturity of their risk management policies and processes. We hope that by integrating the provision of insurance and risk management services for our customers, we will provide further incentive to better integrate these functions and improve agency performance – and receive favourable ANAO findings.

Anticipating the expiry of the Marsh contract, we took the opportunity to re-fashion the model and integrate both insurance and risk management services within the scope of the CMS contract. As part of Comcover's new Premium Model, we sought input from both our Fund Members and the steering committee regarding the appointment of a new provider. Following a tender process, Aon was awarded the new contract and service provision started on 1 March 2005.

Our members and the steering committee also provided invaluable feedback to develop a new claims system called RiskConsole, which supersedes the STARS system.

One of Aon's strengths is it has demonstrated expertise in providing insurance and risk management services to government and private sector clients across Australia. As such, Aon has the capacity to provide the specialist resources required for Comcover's needs and those of our customers.

CMS will provide customers with a number of benefits. Chief amongst these is access to both insurance and risk management knowledge and expertise. As Comcover customers you will be able to tap into this pool of expertise to ensure you are up-to-date with technical and market developments. In addition, you will continue to receive the high standard and quality services you have come to expect from us.

The newly formed CMS team will also provide a perspective on further integration of Comcover's insurance and risk management programmes.

Conclusion

As Comcover continues to grow and develop, we are committed to delivering value for money services to meet all our customers' insurance and risk management needs. As part of our successful performance results, it would be remiss of me not to thank the Marsh team, which has worked with Comcover over the past three years. The team's dedication and professionalism have helped us achieve what we have to date.

Comcover is now entering a new phase. Thanks to the changes we've implemented we can face the future with great confidence.



Stacie Hall

National Manager

How to contact Comcover Member Services

Comcover Member Services (CMS) is open for business. Customers seeking advice and support should call on 1800 651 540. CMS can help you:

- Make a claim or report an incident;
- Check on the progress of a claim;
- Receive payment for a claim;
- Make enquires about insurance cover and obtain premium quotes;
- Renew your insurance and obtain additional insurance cover;
- Change your agency's contact details;
- Obtain information regarding the Comcover policy manual;
- Access the services of Comcover's Risk Management Panel;
- Register for Comcover's seminars and training programmes;
- Receive a copy of *Australian Government Risk Manager* magazine;
- Participate in Comcover's Benchmarking Risk Management Survey; and
- Participate in Comcover's *Awards for Excellence* programme.

Strategies for Improvement – Comcover's 2005 Benchmarking Survey

Agencies are about to get another opportunity to benchmark their risk management strategies, with Comcover to start its 2005 Benchmarking Survey on 1 April.

Comcover's benchmarking programme allows participants to make informed decisions about how risk management is being implemented in their organisations, and identify opportunities for improvement.

Similar to the 2003 and 2004 Surveys, this year's Survey will again be conducted by Standard and Poor's Risk Solutions and AC Nielson. The Survey is based upon 10 Key Performance Indicators (KPIs) that address the following areas:

- Risk Management Policy and Frameworks;
- Implementation, Review and Reporting of Risk Management;
- Resources;
- Risk Transfer; and
- Business Continuity Planning.

The development of these KPIs considered the principles of the Australian and New Zealand Risk Management Standard AS/NZS 4360:2004 as well as the recommendations in the Australian National Audit Office report *Management of Risk and Insurance*.

Findings from the 2004 Survey demonstrated positive results in the development and implementation of Risk Management Policy Frameworks, but suggested work needed to be undertaken in the areas of Training and Awareness, Resources and Measuring Performance.

Comcover encourages all agencies to take part in the 2005 Benchmarking Survey. It offers an invaluable opportunity for agencies to undertake an analytical process that allows for comparisons over time, and also allows agencies to monitor how effectively they are managing risk at an enterprise-wide level.

All agencies taking part in the Comcover Benchmarking programme for 2005 will be also entitled to a discount of up to five percent on their 2005-06 insurance premium.

For further information on the 2005 Benchmarking Survey contact Comcover on 1800 681 247 or email us at comcoverbench@finance.gov.au.

New initiatives now in place

It's almost 12 months since I started with Comcover and in this time there have been many challenging initiatives. And I'm pleased to say Fund Members can now see the results.

I was exceptionally pleased we were able to change the timing of the insurance cycle - indicative renewal premiums were provided to Fund Members early last month - allowing them to budget more accurately for Comcover premiums this year. Thank you to all Fund Members who completed renewal questionnaires earlier than usual last year. Without your cooperation this initiative would not have been possible.

For the first time, we were able to consider Fund Members' individual claims histories when we calculated indicative premiums for the 2005/06 policy year. This initiative reinforces the importance of good risk management practices and provides an incentive for Fund Members to implement strategies that reduce losses and therefore claims.

The new premium calculation model was the result of many months of effort and required extensive consultation with actuarial experts. As the history of the Comcover Fund continues to grow, the ability to accurately predict future claims increases. This fact, combined with premium allocation methods that reflect total risk exposures, means Comcover premiums will be as fair and equitable as possible for all Fund Members.

Comcover's insurance team spent a considerable amount of time last year procuring a provider for the new Comcover Member Services. As detailed in the National Manager's report on page 8, Aon Risk Services Australia Ltd (Aon) started in this role at the beginning of this month and has some exciting ideas about the provision of insurance services to Fund Members.

I would like to take this opportunity to thank Marsh for its hard work and professionalism over the past 3.5 years, and wish the team every success in the future.



Bronwyn Asaris, Director, Insurance - Comcover.

I'd also like to welcome Paul Swann who joined our Insurance team in late January from the Health Insurance Commission. Paul has a strong insurance background with considerable experience with NRMA.

Finally, I would like to thank Fund Members for their response to the Insurance Information Session we ran last November. It was a great pleasure to meet so many of you and to learn more about the unique issues confronting your different agencies. The session is profiled opposite, with transcripts of the speeches and the Q&A session available at <http://www.finance.gov.au/comcover>.

We plan to run more information sessions and will be working with Aon to identify suitable topics. Please contact me with any suggestions.

Comcover Risk Management Training

Comcover provides a range of training courses free of charge to Comcover customers. These courses are focused on developing the skills of public sector employees interested in risk management. Details of all courses between March - May 2005 can be found by downloading the training schedule on the Comcover website.

The 2005 training courses have already proven to be very popular, with all Canberra courses fully booked. Comcover is currently looking to schedule further courses in Canberra due to the strong interest. We will advise of these additional courses by email and via the website.

Places are still available in Adelaide, Sydney and Melbourne. To register your place for any of the remaining courses, please email comcovertraining@finance.gov.au.

In addition, further courses will be scheduled for June - August and details of these will be released in mid-May.

For further information on risk management training and a copy of the calendar, you can visit our website on http://www.finance.gov.au/comcover/rm_training.html or call Comcover's Training Officer on 1800 681 247.

Information Session clarifies new indemnity guideline

Comcover recently staged its first Insurance Information Session, a half-day seminar that tackled the complex area of indemnities in contracts.

Ms Bronwyn Asaris, Comcover's Director Insurance, said the Insurance and Indemnities Information Session had been organised to help Fund Members better understand the changes Comcover had made to its insurance policy, after the Department of Finance and Administration issued new Guidelines on the management of indemnities in September 2003.

The session also presented an opportunity for Fund Members to express any concerns regarding Comcover's approach to coverage of indemnity risks as outlined in the Insurance policy paper 'Comcover Coverage of Contract Indemnities'.

"The new Guidelines issued by Finance ... made it very clear that granting of indemnities to third parties by government agencies should not really be done unless there are very compelling business reasons to do so.

"It therefore became inconsistent that Comcover's policy provided automatic coverage of indemnities within contracts. It really didn't provide the necessary incentives for agencies to apply the guidelines to the work that they were doing. So the change was made and we accept the fact that it's a complex change.

"But sessions such as this one will help explain what the changes mean and help Fund Members manage the process within their agencies."

The first speaker at the session was Mr Andrew Miles, Senior Executive Lawyer, Australian Government Solicitor, who explained the nature and purpose of indemnities and when it is appropriate to grant one.



Photographed at Comcover's Insurance Information Session are (from left) Mr Andrew Miles, Senior Executive Lawyer, Australian Government Solicitor, Ms Bronwyn Asaris, Comcover's Director Insurance, Mr Brian Whitefield, Comcover Risk Management Panel and Mr Mark Adams, Assistant Manager, Comcover Insurance Services.

He said indemnities were probably the "single most misunderstood contractual provisions" he dealt with on a day-to-day basis. But he said the key thing to remember was that the decision to grant an indemnity was a commercial one, not a legal one.

Mr Miles encouraged agencies to use a four-step analysis when carrying out indemnity risk assessments. The process includes looking at the 'who'; 'what'; 'when' and 'how' of an indemnity. Mr Miles said it was the 'how' of an indemnity that was without doubt the most important element, as it was "the trigger that ignites the indemnity".

Mr Bryan Whitefield, Director, Risk Management Partners, and a member of Comcover's Risk Management Panel, said granting an indemnity was fundamentally a "decision about risk". He provided practical tips on how to do a risk assessment for indemnities and used an interactive case study to illustrate his point.

"Risk in the Australian Standard of Risk Management is defined simply as something that can have an impact upon objectives, positive or negative. We know that the reason that we're looking at indemnities is because some things are uncertain and we may or may not have a good outcome, through no fault necessarily of anyone involved with the contract.

"Circumstances may just be that events arise, even though they may be remote, and we find ourselves in a situation where someone has to pay. Indemnity is trying to sort that out. So it's a decision about risk."

Mr Whitefield encouraged seminar delegates to use Comcover's "insurance industry expertise" when analysing the risk associated with indemnities.

The final speaker at the Session, Mr Mark Adams, Assistant Manager, Comcover Insurance Services, detailed the reasons behind the change to Comcover's policy, and the documentation required when an agency asks Comcover to insure an indemnity.

Summing up, Ms Asaris said Comcover's needs were "not onerous". "I think what we ask for is material that you should already have. If you're already generating the types of reports discussed as part of your consideration to issue an indemnity, what you need to give us should be fairly easily brought together from your existing paperwork."

Importantly, Ms Asaris said "the decision to grant an indemnity is your agency's decision ... it's not Comcover's. Now, we recognise that the availability of Comcover's insurance is a valuable part of your risk management framework and one of your treatments and it certainly is a consideration. However, it's not the precursor for granting an indemnity.

"You don't grant an indemnity just because Comcover agrees to insure it. You should be making that decision to grant the indemnity regardless of whether Comcover's insurance is available to you."

Comcover's guidelines 'Comcover Coverage of Contract Indemnities', as well as transcripts of the speeches and Q&A session, are available at Comcover's website <http://www.finance.gov.au/comcover>.

Breaking down the silos



Tracie-Ann Maher, Director, Risk Management – Comcover

One of the biggest challenges for risk managers is staying informed about the different types and levels of risk their organisations face, particularly when they operate in a hierarchical environment where ‘silos’ are common. Developing an understanding of why silos are created will help you as a risk manager develop strategies to get the information and assistance you need.

When confronted with silos, risk managers need to maintain an enterprise-wide level knowledge of risk and use this to help senior management and the executive make informed decisions.

We all know how difficult it can sometimes be to identify information or data that is of value to senior management and the executive. But another challenge is how do we communicate this information when we know they have limited time and numerous issues to deal with. What is the best way to get their attention?

Unfortunately there is no template – everyone analyses information differently. You need to find out what works for your senior management – what do they want to know and how do they want it presented.

A basic rule of thumb is that it needs to be concise and written in the language of a senior executive audience. Your information needs to provide detail on the financial impact of risk: if you can successfully communicate some of the costs associated with risk and even provide simple trend or forecasting analysis, you will be able to present a clear picture.

A skilled risk manager is in a position to share both the operational and strategic perspective of their organisation. I have previously discussed that the management of risk is everyone’s responsibility, while the role of the risk manager is to provide the expertise and knowledge for those in their organisation to manage risk. A close working relationship with business units and operational management is essential to breaking down the internal silos and establishing good working relationships with all stakeholders.

It is not unusual for tension to exist between operational managers and risk managers. The reason for this is the lack of understanding about how each can help the other in achieving their goals. Many line managers or operational staff take the view that there are more important things to do than identify or manage risk. A successful risk manager understands the importance of developing a strong working relationship with all levels of their organisation.

Recently, Harry Rosenthal, a senior manager with the Risk Management Unit at the University of New South Wales, commented that “the benefits of risk management often need to be made clear to others within the organisation. What is in it for me? Most business units are outcomes focused and for the risk managers to be seen to be able to add value they must be able to offer services of value. Again, we go back to identifying processes that are part of planning and management that can be used as leverage, rather than imposing a new set of processes that require resources and time.”¹

If you want to know more about this issue, I would be happy to share examples that show how others were successful in breaking down internal silos so that risk management is considered an integral part of decision making.

By now most of you will be aware that Comcover’s Benchmarking Survey will start on 1 April. Workshops were held in Canberra on 22 and 29 March to help those agencies taking part for the first time.

Agencies wishing to take part in the Survey will need to request a link through comcoverbench@finance.gov.au - your secure link will then be emailed to you. The Survey will remain open for the month of April but I encourage you to complete your Survey early, as it is not possible to extend beyond 30 April.

While a major benefit of taking part in the Survey is that the results are useful for guiding an agency’s risk management framework, every agency that takes part is also entitled to a discount of up to 5% on insurance premiums for 2005-06. So we look forward to assisting those agencies that have taken part in previous Surveys, and also those who will be participating for the first time.

¹ ‘Reining in the dogs’, *Corporate Risk*, November 2004.