



Annual Report  
2017 - 18



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## Chairman's Report



**Craig Wrightson**  
*Lane Cove Council*  
General Manager

I am pleased to present the annual report for CivicRisk Metro which continues to provide excellent risk and insurance services to its members and this year will be celebrating 30 years of insurance pooling.

Our financial performance is outstanding having achieved another surplus result which is almost equivalent to our contributions. It is impressive that CivicRisk Metro over the past two years has been able to provide liability cover to our Member Councils at effectively no cost. The surplus position was achieved through strong investment returns, cost effective insurance program and well managed claims.

CivicRisk Metro, through its prudent financial strategies, was able to complete the year and build our equity by a further \$1,938,116. Our equity now stands at \$13,548,840 and members can be proud that we have now reached our capital adequacy benchmark of 157% of the APRA Minimum Capital Requirement.

CivicRisk Metro has continued to provide stability in insurance costs in a traditionally volatile market. Although we have benefited recently from a relatively soft market, indications are that insurance costs are increasing, we are well placed to meet these and any other challenges. CivicRisk Metro achieves this stability by setting contributions at a prudent level, which covers all our costs while building in provisions to address the peaks and troughs of the insurance market. CivicRisk Metro also reviews its self-insured layers to take best advantage of market conditions and negotiating favourable bulk purchased insurance using its collective buying power.

In recent years CivicRisk Mutual has welcomed five new councils to the membership and this year we were pleased to welcome Orange City Council as a member and Lithgow City Council as an Associate Member. The steady growth in our membership demonstrates the

excellent reputation our Mutuals have for risk management and quality insurance solutions.

This year, we commenced the second stage of our continuous risk improvement program (CRIP) which involves a review of each member's risk management systems and programs. The first round of audits uncovered excellent examples of risk management whilst highlighting areas where we can focus more efforts to manage risk. To assist the members to implement the recommendations of the CRIP and support motor vehicle loss prevention strategies, CivicRisk Mutual has adopted a risk support program of \$12,000 per member per year.

In 2017/18 CivicRisk funded members to a total of \$149,000 towards these risk projects. In addition, we provide a comprehensive professional development program which includes annual training, conference funding and a study assistance program to encourage our risk staff to pursue studies in strategic risk management.

Willis Towers Watson and Claims Management Australasia continue to provide outstanding service to the Pool and play a key role in maintaining a strong relationship with our underwriters and other

service providers. Both have assisted the Mutual by delivering a greater variety of products and supported the growth of CivicRisk Mutual. My thanks to the teams, at both Claims Management Australasia and Willis Towers Watson. I would also like to acknowledge the team from Finity Consulting who provide excellent actuarial advice and our legal panel who defend the claims on behalf of the members.

CivicRisk Mutual's success is largely a result of the commitment and effort of our members. In this regard, I would like to congratulate the Board, Management and Finance Committees as your contribution is a large contributing factor to our achievements.

Finally, a personal thanks to our executive team, Andrew Armitstead, Lisa Williams and Nicole Mahon. The achievements of the Mutual are only possible through the hard work and commitment of our administrative team and they continue to provide excellent service to the Mutual.

Well done to all and I look forward to a successful 2018/19.

**Craig Wrightson**  
Chairman

## Board & Committee Members

CivicRisk Metro's strength is built on the commitment of its Board and Committee members. The leadership skills and insight you bring has contributed to our success and we appreciate the time and effort you give to our organisation.

### Board

Craig Wrightson  
*Lane Cove Council*

#### **Current Chairman**

Michael McMahon  
*Burwood Council*

#### **Past Chairman**

Councillor Mark Honey  
*Kiama Council*

#### **Current Deputy Chairman**

Councillor Richard Quinn  
*Hunters Hill Council*

#### **Past Deputy Chairman**

Councillor Mark Bennett  
*Hunters Hill*

Fausto Sut  
*Bayside Council*

Councillor Christina Curry  
*Bayside Council*

Brian Mortimer  
*Burwood Council*

Greg Cummings  
*Cumberland Council*

Hamish McNulty  
*Cumberland Council*

Barry Smith  
*Hunters Hill Council*

Michael Forsyth  
*Kiama Council*  
Kerry McMurray  
*Kiama Council*  
Councillor Scott Bennison  
*Lane Cove Council*  
Craig Dalli  
*Lane Cove Council (alt)*

### Risk Management Committee

Militsa Zelenovic  
*Burwood Council*

#### **Current Chairman**

Bruce Ferguson,  
*Cumberland Council,*

#### **Past Chairman**

Glen Smallwood,  
*Bayside Council*

#### **Deputy Chairman**

Belinda Doig  
*Cumberland Council*

Doris Lum  
*Bayside Council*

Fausto Sut  
*Bayside Council*

Brian Mortimer  
*Burwood Council*

Mark Smith  
*Hunters Hill Council*

Gordon Hush  
*Lane Cove Council*

Renee Winston  
*Kiama Municipal Council*

### Finance Committee

Alistair Duncan  
*Bayside Council*

#### **Chairman**

KG Bascaran  
*Lane Cove Council*

#### **Deputy Chairman**

Wayne Armitage  
*Burwood Council*

Richard Sheridan  
*Cumberland Council*

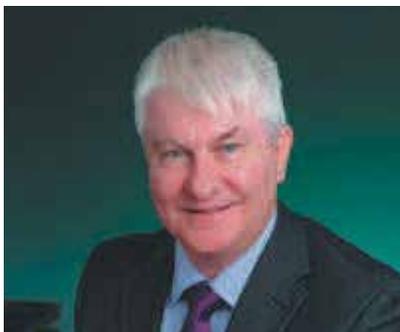
Debra McFadyen  
*Hunters Hill Council*

May Vilaythong  
*Hunters Hill Council*

David Mead  
*Kiama Council*



## Executive Officer's Report



**Andrew Armitstead**  
Executive Officer

It gives me great pleasure to present the 2017/18 CivicRisk Metro annual report and I congratulate the members on an excellent result.

This year has been a consolidation after several years of uncertainty created by amalgamations and changes in the membership structure. The Mutual however has thrived benefitting from some creative insurance placement decisions and sound risk management strategies. Claims performance has been excellent and the financial strategies implemented by the Board, in cooperation with the Finance Committee, have achieved our capital adequacy target well ahead of schedule.

CivicRisk Metro, after reviewing its self-insured layers, negotiated a long-term deal that provides certainty at a time when insurance costs are increasing. The insurance arrangements provide an optimum structure which rewards good performance through financial savings while adequately protecting members against catastrophic loss. In addition, our actuary has reviewed our claims and adjusted our provisions to reflect our performance. The insurance arrangements, along with a reduction in claims costs, has resulted in the Mutual achieving a surplus of \$1,938,116 which builds the equity to \$13,548,840.

Our members are committed to managing their risks and together we have been able to reduce our costs and build reserves in the Mutual. CivicRisk Metro's commitment to risk management is evident in the adoption of a Risk Enhance Program which provides funds for risk projects and supports the members' continuous risk improvement program. The second stage of our continuous risk improvement program involves a funded 3-year rolling audit program which will further improve our performance and highlight areas where we can channel our energies to address any weaknesses.

CivicRisk Metro is a proud member of CivicRisk Mutual and together with our CivicRisk West councils, we continue to manage the risks of motor vehicle, property, officers' liability and crime. In 2017/18 the combined surplus of CivicRisk Mutual remained relatively strong at \$1,978,395 and full details are contained in the CivicRisk Mutual section of this report.

CivicRisk Metro is appreciative of the efforts of the Willis Towers Watson team who provide sound broking advice and responsive insurance solutions. Thanks to Shane Redman, Emma Annakin and the team for their excellent support. Claims Management Australasia continue to work productively with our risk managers to effectively manage claims and reduce costs. Congratulations to Ian Barker, Tony Hatgis and the Claims Management Australasia team for a job well done. The success of the Mutual is also dependent on the contributions of our other service providers and in particular, I would like to extend thanks to our panel lawyers, the team from InConsult who support our risk management program; our valuer, Scott Fullarton; and finally, our actuary, Finity Consulting led by David Minty.

The key strength of our organisation is the commitment shown by the Board members led by our Chairman Craig Wrightson, as well as our Finance and Risk Management Committees. This year we bid farewell to several members and I would like to particularly thank Barry Smith who has guided the Mutual since its inception. His commitment, passion and corporate knowledge will be sorely missed, and we wish him well in retirement.

The past twelve months have been rewarding and I would not have been able to deliver support to the Pool without the excellent assistance of Nicole Mahon who ensures that the office operations continue to run smoothly and Lisa Williams who manages the finances of all three Mutuals and maintains the accounts.

Well done to all and I look forward to another successful year in 2018/19.

A handwritten signature in black ink, appearing to read 'A. Armitstead', written over a white background.

**Andrew Armitstead**  
Executive Officer



## Strategic Plan – A sustainable model for the future

CivicRisk Metro was established in 1991 and, continues to deliver quality risk management services which meet the members' needs and protect their assets.

The newly named CivicRisk Metro is an alliance of councils who have joined together to protect member assets and liabilities through establishing manageable levels of self-insured risk and minimise the cost of insurance.

### CivicRisk Metro achieves this by:-

1. Implementing a risk management framework that is compliant with international standard ISO31000.
2. Proactively managing claims to reduce costs.
3. Involving all our staff through an enterprise-wide risk management philosophy.
4. Determining manageable levels of self-insurance.
5. Maintaining adequate levels of insurance at affordable rates.

CivicRisk Metro has continued to meet the members' needs and deliver quality service over the past 27 years.

### CivicRisk Metro has been able to achieve this by:-

- Committing to a strategic plan that ensures the organisation continues to provide excellent service.
- Involving the members and seeking commitment within a governance structure which ensures equal representation.
- Supporting each other and working together to manage risks.
- Establishing a range of products that meet the members' insurance needs.
- Educating our members about risk management through a professional development program.
- Engaging a range of service providers who deliver quality service and add value to the Mutual.
- Applying APRA standards as our benchmark to ensure the organisation's financial sustainability and good governance.

### CivicRisk Metro is constantly looking to improve its services by:-

- Working in partnership with CivicRisk West councils through the CivicRisk Mutual organisation to protect our physical assets.
- Developing new products and services that meet the changing needs of the members.
- Establishing a culture that supports members through mutuality and respect.
- Working with our government to ensure public risk is protected within a legal framework that is fair and sustainable.

### CivicRisk Metro will ensure its future by:-

- Regularly reviewing its Strategic Plan to ensure it continues to meet members' needs and accommodates growth in membership, products and services.
- Developing strong business partnerships bound by clear service agreements which are regularly market tested.
- Maintaining an up to date risk management framework that encourages commitment and understanding to the principles of managing risk.
- Ensuring that the organisation maintains a high standard of governance and sound financial strategies.
- Seeking out partners that are able to demonstrate a similar commitment to risk and add value to our organisation.
- Maintaining a learning organisation.
- Ensuring regular communication with our members and informing them of progress and achievements.

# Management Committee Chairman's Report

The last 12 months again has proved to be challenging for CivicRisk Mutual as well as for the Risk Management Committee members.

During this time, we have had challenges arising from the aftermath of Councils' amalgamations, as well as continuing inquiries arising from a variety of issues from both the former Auburn and Botany Bay Councils.

Fortunately, in this last period we welcomed two new members into CivicRisk Mutual: Orange City Council and Lithgow City Council although we were being unsuccessful with the tender for Georges River Council.

Again, this year we continue to hold joint Risk Management Committee meetings: CivicRisk Metro and CivicRisk West as both face the same challenges, the same claims problematics, the same enterprise risk issues while sharing positive ideas in order to mitigate those challenges and gain from the insights, wisdom and knowledge from each other.

On behalf of the CivicRisk Metro Risk Management Committee, I would like to thank the members of the Board for their ongoing assistance and support of the Risk Management Committee. Without their encouragement we would not be able to undertake the initiatives to achieve our goals.

Our principal service providers, Willis Towers Watson, Claims Management Australasia, InConsult, Finity and our panel of lawyers continue to provide excellent service to the CivicRisk Mutuals. Their active participation in helping us solve our issues is greatly appreciated.

On behalf of all CivicRisk Metro Risk Management Committee members, I would like to thank the CivicRisk Mutual team of Andrew Armitstead, Nicole Mahon and Lisa Williams, for their ongoing support, excellent organisational, management and specialist skills and advice.

Finally, thanks to all the Committee Members for their valuable contributions and shared ideas at meetings and willingness for open and frank discussions of their issues and the development of solutions that allow everyone to learn from each other. The CivicRisk Mutual Risk Management Committee meetings are highly valuable, proactive and bring new ideas, innovations and friendship for all member Councils.

**Militsa Zelenovic**  
*Chairman*  
CivicRisk Metro  
Risk Management Committee



## Financial Report

CivicRisk Metro (formerly Metro Pool) has had great financial year reporting an operating surplus of \$1,938,116.

This result continues to build on a number of consecutive years of solid performance and consolidates CivicRisk Metro's healthy financial position.

### The financial results of CivicRisk Metro for 17/18 were based on the following major factors:

1. Solid returns on interest on investments generating \$1,077,162 in interest income which was above budgeted levels and is an annualised return of 4.6%;
2. Underwriting costs which include insurance premiums, net claims costs, claims provisions, claims handling and brokerage were \$1,098,299 less than budgeted due to the current 3-year insurance deal where almost all the risk was transferred to the insurer;
3. Risk management services and specially funded projects were \$62,335 less than budget due to some members not using all their grant funding allocation on approved risk enhance projects.

As a result, the total equity of CivicRisk Metro rose by \$1,938,116 from \$11,610,724 to \$13,548,840.

The Pools Capital Adequacy Ratio achieved the target this year reaching 157% an increase from 136% last year. The plan developed by the Board and finance committee over the past few years to meet this target has been achieved.

The Board of CivicRisk sent the CivicRisk Metro Chairman, Michael McMahon, CivicRisk West Chairman, Ross Fowler and Executive Officer, Andrew Armitstead to London in August 2017 to negotiate the insurance renewal for the Pools. In addition to this, the Executive Officer and Michael McMahon attended an ICMIF conference. The trip covered 1 week of meetings and 1 week of conference. Also a delegation of 7 attended the PRIMA conference in Indianapolis and meetings with 18 US insurance pools over 2 weeks in June 2018. The cost of this overseas travel was \$158,722 in total which was shared by the group and cost CivicRisk Metro was \$64,333. The investment in attending these meetings and conferences has resulted in many new ideas on pool management, underwriting and risk management being implemented by CivicRisk over the years.

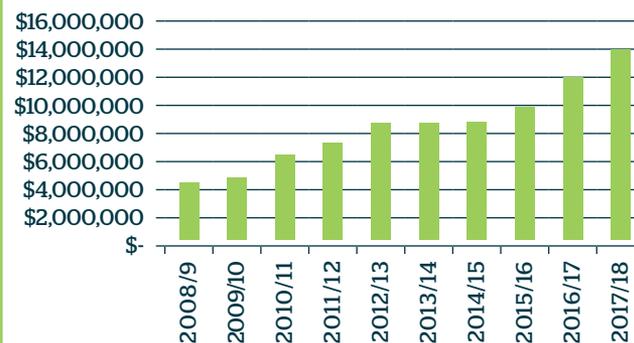
CivicRisk Metro's Finance Committee remained active throughout the year, meeting to recommend budget levels, monitor the Pool's investments, annual member contributions and review stress testing and capital targets.

I would like to express my appreciation to our Finance Manager, Lisa Williams for the service provided in the last year. CivicRisk Metro's Actuary, David Minty and its Auditor, Carl Millington are also acknowledged for their ongoing commitment and effort. Finally, I would like to thank CivicRisk Metro's Executive Officer, Andrew Armitstead and Office Manager, Nicole Mahon for their support provided during the year.

In summary, CivicRisk Metro has again improved its financial position during 2017/18 and in doing so has strengthened its long-term viability.

**KG Bascaran**  
Chairman  
Finance Committee

### Equity Position 2009-2018



# Financial Statements

## Balance Sheet

	2017/18	2016/17	2015/16
<b>Assets</b>			
Cash and Investments	\$23,439,868	\$22,815,542	\$21,479,782
Receivables	\$308,431	\$427,237	\$545,259
Other	\$600,646	\$690,968	\$409,006
<b>Total Assets</b>	<b>\$24,348,945</b>	<b>\$23,933,747</b>	<b>\$22,434,047</b>
<b>Liabilities</b>			
Current Liabilities	\$1,815,105	\$1,593,023	\$1,865,030
Non-current Liabilities	\$8,985,000	\$10,730,000	\$11,147,000
<b>Total Liabilities</b>	<b>\$10,800,105</b>	<b>\$12,323,023</b>	<b>\$13,012,030</b>
<b>Total Members' Equity</b>	<b>\$13,548,840</b>	<b>\$11,610,724</b>	<b>\$9,422,017</b>

## Income Statement

<b>Revenues</b>			
Income from Continuing Operations	\$3,192,162	\$3,869,364	\$4,363,920
<b>Total Revenues</b>	<b>\$3,192,162</b>	<b>\$3,869,364</b>	<b>\$4,363,920</b>
<b>Expenses</b>			
Depreciation and Amortisation Expenses	\$0	\$0	\$0
Other Expenses from Continuing Operations	\$1,254,046	1,680,657	\$3,313,512
<b>Total Expenses</b>	<b>\$1,254,046</b>	<b>\$1,680,657</b>	<b>\$3,313,512</b>
<b>Net Operating Result for the Year</b>	<b>\$1,938,116</b>	<b>\$2,188,707</b>	<b>\$1,050,408</b>
<b>Members' Equity Beginning of Year</b>	<b>\$11,610,724</b>	<b>\$9,422,017</b>	<b>\$8,371,609</b>
<b>Members' Equity End of Year</b>	<b>\$13,548,840</b>	<b>\$11,610,724</b>	<b>\$9,422,017</b>

Full copy of the financial statements is available upon request

# Actuarial Valuation At 30 June 2018 - Executive Summary

We were asked by the Board of CivicRisk Metro to undertake a review of its public liability and professional indemnity risk sharing pool. The purpose of the review is to:

- determine the net liability as at 30 June 2018 for outstanding claims, after council deductibles and allowing for insurance, for inclusion in the annual accounts of the pool, and
- allocate the net equity of the pool between member councils.

Detail of our review is contained in our full report which is available to members on the CivicRisk website.

## Performance in 2017/18

Table 1 summarises the results of our valuation and shows the corresponding aggregates at the June 2017 valuation for comparison.

Our discounted gross central estimate of CivicRisk Metro's outstanding claims liability as at 30 June 2018 for public and professional liability claims is \$11.5 million, with \$2.8 million of this expected to be recovered from insurers. Our discounted net central estimate of CivicRisk Metro's outstanding claims liability as at 30 June 2018 after recoveries is \$8.7 million.

This result assumes:

- future investment income of 2.4% per annum and
- that any insured amounts will be met in full as they fall due from insurers.

Allowing for claims handling expenses and a prudential margin in accordance with CivicRisk Metro's policy increases the estimate to \$10.7 million. This is the total provision that CivicRisk Metro has included in its balance sheet. This provision compares with a provision of \$12.2 million as at 30 June 2017, a decrease of \$1.5 million (the movement last year was a decrease of \$0.6 million).

At our previous valuation, we had projected the provision to be \$10.9 million at June 2018. The overall provision is therefore \$0.2 million lower than we projected at June 2017.

### **The major drivers of the reduction in provision are:**

- Favourable development of net case estimates.
- Changes to aggregate deductible and average claim size assumptions.
- Maturing pool years relying more on the incurred development rather than the claim number times average claim size approach.

### **These decreases are partially offset by:**

- claim payments less than expected over the last 12 months.

By June 2019, we expect the net outstanding claim provision to reduce to \$9.2 million as payments are made for older pool years while the net cost of the latest pool year is relatively less.

Any assessment of the financial position of the pool is uncertain, particularly because of the variability of large claim experience from year to year, and so the true financial position of the pool may differ significantly from our net central estimate. In particular, the estimated outstanding claims liabilities for the most recent pool years are quite uncertain.

Holding a prudential margin in addition to our net central estimate is an appropriate response to uncertainty, made possible by the discipline of the Board and members in including a margin when setting contributions.

## Member Equity at 30 June 2018

After adopting the above provisions, CivicRisk Metro has net equity of \$13.5 million at 30 June 2018, compared with a 30 June 2017 net equity figure of \$11.6 million. This is an increase of \$1.9 million and follows a \$2.2 million increase last year.

We have allocated the net equity between member councils in the same way as in previous years as described in our full report. On that basis, the net equity at 30 June 2018 attributable to each member is as shown in Table 2.

The equity for all councils has increased due to the benign claims payment experience, good investment returns and release of prudential margins in the provisions.

## Reliances and Limitations

Please see Section 5 of our full report which sets out the reliances and limitations of our advice of which a reader must be aware before using our results.

**David Minty | Mark Hurst**

Fellows of the Institute  
of Actuaries of Australia



### Table 1 - Recommended Outstanding Claim Provision

	At June 17	At June 18
	\$000	\$000
Discounted gross central estimate	11,055	11,495
<i>Less: expected recoveries</i>	(1,188)	(2,798)
Net discounted central estimate	9,868	8,698
<i>Add: claims handling expenses (CHE)</i>	493	435
Liability including CHE	10,361	9,132
<i>Add: prudential margin</i>	1,812	1,566
<b>Liability including prudential margin</b>	<b>12,173</b>	<b>10,699</b>

### Table 2 - Net Equity as at 30 June 2018

Council	Net equity as at		Change
	30 June 17	30 June 18	
	\$000	\$000	\$000
Bayside	3,912	4,431	518
Burwood	(10)	40	50
Cumberland	3,535	4,219	684
Hunters Hill	475	529	54
Lane Cove	919	1,026	107
Kiama	28	83	55
Marrickville (former)	2,752	3,221	469
<b>Total</b>	<b>11,611</b>	<b>13,549</b>	<b>1,938</b>

# Broking Services Report

We are pleased to submit our report for the 2017/18 period. We would like to take this opportunity to thank Andrew, Nicole, Lisa, the Risk Managers of all Members, the Executive, Boards and Management Committees, CMA and all other partners to CivicRisk Metro and CivicRisk Mutual for your ongoing support and assistance. The team effort ensured all challenges encountered were managed professionally & effectively with acceptable outcomes.

## 2017/18 - Year in Review

Whilst not specifically related to CivicRisk Metro, without a doubt the standout achievements for the past 12 months were the inclusion of Orange City Council as a Member of CivicRisk Mutual and Lithgow City Council as an Associate Member in June. Willis Towers Watson was extremely pleased to have played a part in both Orange & Lithgow joining the Mutual.

The October 2017 renewals resulted in significant change for Property (ISR), Motor & Crime. All other classes renewed with very little change.

## Property (ISR)

Following the May 2017 "backflip" by the NSW State Government whereby they reversed an earlier decision to abolish the Emergency/Fire Service Levy from insurance policies a detailed review was undertaken for renewal in an effort to lessen the impact of the Levy on insurance premiums. This involved a very comprehensive analytical assessment of past claims by our expert team to determine the optimum Annual Aggregate Limit. The end result was the Aggregate Limit increased to \$3m with a very substantial reduction in premium. At the time of writing claims are running well below the Aggregate with the only major loss being for the St Mary's Library in December 2017.

## Motor

It was inevitable that the increase in vehicle numbers as a result of new Members joining CivicRisk Mutual and the subsequent increase in claims was going to put a great deal of stress on the Annual Aggregate at some point. The Aggregate had remained unchanged for 5 years up to 2016 where in fact it reduced following the Marrickville amalgamation. With claims exceeding the Aggregate for 2 of the last 3 years Vero required an increase in the Annual Aggregate to \$3m. Again at the time of writing claims for the 2017/18 period are well below the Aggregate.

## Crime

As a result of the Botany ICAC enquiry findings and the subsequent payment by Chubb of the related claim the options for renewal were not considered as viable. As such a decision was made by CivicRisk Mutual to fully self-insure Crime cover within the Mutual. Excess cover options will be considered as part of the 2018 October renewals.

We are pleased to report that for all other October renewals they were signed off as expected with no increase in premiums. For Public Liability/Professional Indemnity an additional \$50m cover was obtained.

## Insurance Market Update

This time last year we noted a changing Property market leading to firmer pricing, restricted capacity for some risks and a great deal more underwriting scrutiny being applied to risk selection. In contrast, the Public Liability market largely remained soft with plenty of capacity, competitive pricing supported by a high level of market competition and capital availability.

Needless to say all was progressing well until Q3 2017, and then came Hurricanes Harvey, Irma and Maria, earthquakes in Mexico and wildfires in California. Loss estimates were put at US\$100-200 billion; if actual losses get to the higher end of the estimates, then 2017 will be the most severe

Natural Catastrophe loss year yet for the global insurance industry.

Australian carriers were also impacted by losses caused by cyclone Debbie in Q2, 2017 with estimates of \$1.5 billion.

The first half of 2018 saw a continuation of a firming Property market as predicted. This was mainly due to Insurer underwriting profit positions rather than increased reinsurance costs driven by large Natural Catastrophe losses.

For Public Liability not a great change in 2017/18. Premiums remained largely flat through to moderate increases (depending on the exposures) with market competition remaining. Excess Layers continued, by and large, to attract minimum premiums.

Management Liability continues to be challenging with capacity withdrawals plus premium & deductible increases.

## Looking Ahead

The focus for the 2018 renewal is the PPL/PI renewal. Notwithstanding this renewal is the 3rd and final under the 3 year LTA we will be exploring various options for extending the LTA and obtaining the best possible deal for all Members.

This time last year we identified growth as a major focus for 2017/18. On the back of the Orange City & Lithgow City success we believe

the opportunities will continue to present themselves and again look forward to working with CivicRisk Mutual on bringing on board new Members. We are excited about the ensuring 12 months and remain committed to partnering with CivicRisk Mutual to ensure that all current and any new members benefit from a tailored, competitively priced insurance program with first class broking service.

In this the 30 year anniversary of CivicRisk Mutual, Willis Towers Watson remains proud of its relationship with CivicRisk Mutual and CivicRisk Metro. We look forward to delivering a strong outcome to CivicRisk Mutual and CivicRisk Metro in October, and to working with you in partnership to design and implement an insurance strategy that will complement the growth and strength of CivicRisk Mutual and CivicRisk Metro.



## Willis Towers Watson Service Team

### Leadership and Strategic Direction

**Advocate Partner**  
Josef Radinja

**Client Advocate**  
Shane Redman

**Executive Stewardship**  
Chris Nelson

### Delivery

#### Placement and Marketing

**Property**  
Jarrod Tilbrook

**Liability and PI**  
Chris Nelson / Shane Redman  
& Ed Hunter (*London*)

**CD&O/EPL/SL/Crime**  
Tracy Grant

**General Insurances**  
Shane Redman & Emma Annakin

#### Core Service Team

**Account Director**  
Shane Redman

**Account Executive**  
Emma Annakin

#### Placement & Marketing

**Professional Risks**  
Tracy Grant

**Construction**  
Gavin Parkinson

**Risk & Analytics**  
Debbie Pilling

**Workers Compensation**  
Clint Hitchcock

# Claims Management Service Report

## Overview

Claims Management Australasia (CMA) will shortly conclude its 14th year of claims management on behalf of CivicRisk Metro. CivicRisk Metro is a valued client of CMA and the relationship extends for in excess of 20 years with investigation services being provided to members prior to CMA becoming the claims manager.

## Trends

In the past 12 months we have noted a marked decline in litigated cases compared to previous years. Predominantly, this can be put down to:-

- The successful defence of the Nightingale matter in which the Court of Appeal reaffirmed the decision of Roman v North Sydney Council.
- The continued success in the courts is putting off litigants and their lawyers.
- Claimants lawyers are now more amenable to negotiating out of court settlements with CMA.

Last year, we reported an increase in Telstra claims and this trend has continued into the 2018 year. We have successfully defended two such litigated matters and this has demonstrated to Telstra that the member Councils will not be bullied into settlements.

Therefore, we are hopeful of seeing a decline in such matters in the future.

## Claims

Marrickville Council and Roach has settled for \$1,000,000 inclusive of costs. The latter involved a worker being hit by a garbage bin due to the malfunction of the lifting arm of Council's garbage truck causing serious injuries.

Holroyd Council and Zaiter - the plaintiff was injured when aged 9 and is now 19. He has now been medically assessed the injury having stabilised and our lawyers have recommended the reserve increase from \$875,000 to \$2,000,000.

## New CMS

The new online Claims Management System was introduced in January 2017 with all members, brokers, insurers and actuaries now having access to the system. The CMS provides members with the ability to download numerous reports which enable them to assess their claims status at any given time.

The CMS provides access to template letters, includes a knowledge tab containing precedents and various generic legal advices as well as a best practice tab. We will continue to upload advices for the benefit of members as they are obtained.

The feedback on the system, particularly from the new member Orange and associate Lithgow, has been extremely positive.

## Recent Wins

- City of Botany Bay Council and Harris - Verdict for Council with each to pay own costs
- Holroyd Council and Moubarak - Verdict for Council with each to pay own costs
- City of Botany Bay Council and Holland - Verdict for Council with Costs.

## Conclusion

Finally, and again the staff at CMA would like to pass on to members their appreciation for the continued support and the courteous and professional manner in which members participate in the relationship.

**Ian Barker**  
*Director*  
Claims Management  
Australasia Pty Limited



# Annual Report

2017 - 18

## Chairman's Report



**Councillor Ross Fowler**  
*Penrith City Council*  
Board Chairman

It gives me great pleasure to present the 2017/18 CivicRisk Mutual Annual Report on behalf of the members. A year where we welcomed both Orange and Lithgow City Council to the Mutual and consolidated our strong financial position.

2017/18 has been a year of consolidation after managing some significant claims development associated with our Directors and Officers and Crimes policies. In addition, the State Government backflipped on the Emergency Services Levy which resulted in additional costs to the Mutual. In response, the members implemented several risk management strategies and restructured our insurance

products to take best advantage of insurance market trends. This is an example of the benefit of Councils working together in the spirit of mutuality to come up with creative risk and insurance solutions as the market hardens.

I am pleased to report that we were able to negotiate competitive insurance arrangements and through the members proactive risk management we experienced a reduction in claims costs which resulted in an increase to our equity. This has boosted our capital adequacy and has us well placed to respond to the predicted hardening insurance market.

In 2015, our members resolved to establish a new company called Mutual Management Services Limited (MMS) to deliver all administrative and financial services to the members of CivicRisk West, CivicRisk Metro and CivicRisk Mutual. This new company is a more effective way to deliver our services and provides more flexibility as we continue to grow. I am pleased to say that the new structure is working well and provides the pools with a greater degree of flexibility while more clearly defining the administrative arm of our operations.

One of the core strategies of CivicRisk Mutual is the provision of stability in insurance costs in what is a traditionally volatile market. The property and motor vehicle pools both performed within the expectations of the new insurance arrangements from 31 October 2017 which saw CivicRisk Mutual take higher self-insured retentions due to increasing costs of insurance premiums. After a couple of years of unusual claims activity CivicRisk Mutual experienced a claims free year for both our Fidelity Guarantee (Crime) and Councilors, Directors & Officers insurance. The combined result is an overall surplus at the end of 2017/18 for all CivicRisk Mutual operations of \$1,978,395. Total members' equity now stands at \$8,468,634 which exceeds the prescribed capital requirements.

In 2018 the Board requested our actuary to undertake a stress test exercise to assess our capacity to withstand multiple significant events and review the impact on our capital adequacy to ensure the Mutual maintains resilient reserves.

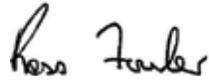
CivicRisk Mutual has continued its risk support program to provide \$10,000 to each council to assist them in implementing the recommendations that came from the Continuous Risk Improvement Program (CRIP). Members were granted \$149,077 for risk projects delivered in 2017/18. CivicRisk Mutual has also continued its support to members, funding professional development to the value of \$185,057 including training, attendance at industry conferences, study assistance program.

CivicRisk Mutual has been well supported by our key professional advisors in the past year, including CGU for property and Vero for motor vehicle issues. The claims team work in partnership with our member councils' risk managers and operational staff to ensure our claims are dealt with efficiently and with the minimum of interruption to our councils' services. The engineering and technical advice we gain from the CGU team helps to protect our assets and prevent losses. We are pleased to acknowledge our advisors' support and assistance and thank them for it.

Willis Towers Watson and Claims Management Australasia have again provided excellent service to CivicRisk Mutual. They provide an important role in maintaining a strong relationship with our insurers and deliver a variety of products which assist in the growth of the Pools. I also acknowledge the support of our actuarial team at Finity Consulting who provide us with important and timely advice throughout the year.

CivicRisk Mutual has been a shining example of how councils in NSW, working cooperatively and in a mutual arrangement, can achieve significant benefits to all involved, both in terms of lower insurance costs and in claims control. It succeeds because of the involvement of our member councils, with commitment and enthusiasm from both elected and staff representatives. I thank the Board members and everyone involved for their contribution in 2017/18 and look forward to that strong support continuing in the future. With that support we will continue to prosper.

We would not be as effective without the enthusiasm of our management team, Andrew Armistead, Lisa Williams and Nicole Mahon. Their work enables our Mutual to continue to perform most effectively. I thank them for their loyalty and commitment. With the support of them and of our member councils, we can look forward to a bright future.



**Ross Fowler**  
Chairman



## Financial Report

The 2017/18 financial year for CivicRisk Mutual (formerly United Independent Pools) was a re-building year after significant claims experience in the previous financial years. This year produced an operating surplus of \$1,978,395. This was the combined result of the four individually reported pool products including coverage for Property, Motor, CDO/Statutory Liability and Fidelity Guarantee/Cyber.

Property (ISR) was the only product this year that reported a deficit to the amount of \$683,985 which was primarily additional claims costs and provisions as a result of taking a higher self-insured layer and increasing the aggregate to \$3 mil. The Motor Vehicle pool experienced a surplus of \$568,913 with claims performing better than the budget. CDO/Statutory Liability and Fidelity Guarantee/Cyber both had significant claims activity in 15/16 which mostly depleted claims reserves. Last year and this year both saw the re-building of equity which was assisted by no new significant claims. These factors and a change in accounting for reserves has resulted in a surplus for CDO/Statutory Liability of \$1,134,688 and for Fidelity Guarantee/Cyber of \$958,779. Whilst the last two years saw some replenishing of equity,

CivicRisk Mutual has maintained over 100% of the capital adequacy APRA benchmark.

CivicRisk Mutual is now in its 13th year and it holds substantial funds which are invested and for the 17/18 year was provided a return on investments of \$281,988 or an average of 3.06%. As at 30 June 2018, CivicRisk Mutual's total investment portfolio was \$10.1 million.

The surplus in assets over liabilities as at 30 June 2018 was \$8.47 million, which is an increase from last year of \$1,978,395. It is worth noting the stabilisation in CivicRisk Mutual's equity over the last 10 years, which is highlighted in the graph.

The commitment of the CivicRisk West and the CivicRisk Metro Finance Committees is most satisfying and they have worked effectively together towards the goal of improving the overall financial position of CivicRisk Mutual by setting appropriate contribution levels and capital targets. These contribution levels are set having regard the financial targets and longer term strategic outlook.

I would like to express my appreciation to CivicRisk Mutual's Finance Manager, Lisa Williams; CivicRisk Mutual's actuary, David Minty; and its auditor, Carl Millington, for their ongoing commitment and effort. Finally, I would like to

thank the other members of the administration team, Andrew Armitstead and Nicole Mahon for the great support they have provided during the year.

In summary, CivicRisk Mutual has maintained a sound platform to ensure a sustainable financial position.

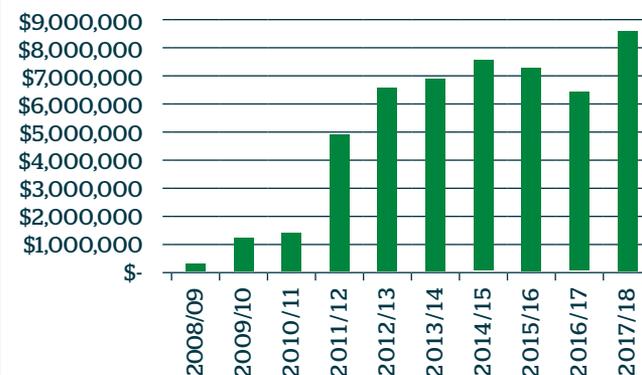
**Alistair Cochrane**

*Deputy Chairman*

CivicRisk West Finance Committee

### Total Equity 2009-2018

Excludes return of equity



# Financial Statements

## Balance Sheet

	2017/18	2016/17	2015/16
<b>Assets</b>			
Cash and Investments	\$10,147,034	\$9,144,458	\$10,159,945
Receivables	\$1,087,045	\$1,379,133	\$1,033,224
Other	\$1,671,640	\$2,110,277	\$1,693,373
Property, Plant and Equipment	\$0	\$0	\$0
<b>Total Assets</b>	<b>\$12,905,719</b>	<b>\$12,633,868</b>	<b>\$12,886,542</b>
<b>Liabilities</b>			
Current Liabilities	\$2,988,643	\$3,313,757	\$3,146,024
Non-current Liabilities	\$1,448,442	\$2,829,872	\$2,454,002
<b>Total Liabilities</b>	<b>\$4,437,085</b>	<b>\$6,143,629</b>	<b>\$5,600,026</b>
<b>Total Members' Equity</b>	<b>\$8,468,634</b>	<b>\$6,490,239</b>	<b>\$7,286,516</b>

## Income Statement

<b>Revenues</b>			
Income from Continuing Operations	\$9,864,379	\$8,885,395	\$8,974,453
<b>Total Revenues</b>	<b>\$9,864,379</b>	<b>\$8,885,395</b>	<b>\$8,974,453</b>
<b>Expenses</b>			
Depreciation and Amortisation Expenses	\$0	\$0	\$0
Other Expenses from Continuing Operations	7,885,984	\$9,681,672	9,205,356
<b>Total Expenses</b>	<b>\$7,885,984</b>	<b>\$9,681,672</b>	<b>\$9,205,356</b>
Net Operating Result for the Year	\$1,978,395	(\$796,277)	(230,903)
Return of Equity	\$0	\$0	\$0
Members' Equity Beginning of Year	\$6,490,239	\$7,286,516	\$7,517,419
<b>Member's Equity End of Year</b>	<b>\$8,468,634</b>	<b>\$6,490,239</b>	<b>\$7,286,516</b>

Full copy of the financial statements is available upon request



# Actuarial Valuation At 30 June 2018 – Executive Summary

We were asked by the Executive Board of CivicRisk Mutual to undertake a review of its risk sharing pools as at 30 June 2018. The purpose of the review is to:

- determine the net liability as at 30 June 2018 for outstanding claims, after council deductibles and allowing for insurance, for inclusion in the annual accounts of the pool, and
- allocate the net equity of the pool between member councils.

Detail of our review is contained in our full report which is available to members on the CivicRisk website.

## Performance in 2017/18

### **Industrial Special Risk (ISR)**

The recommended net outstanding claims provision is \$3.17 million for ISR related claims. This estimate includes an allowance for late reported claims and development of known claim costs ('IBNR'), an allowance for claims handling expense and a prudential margin. Where the net outstanding claim liabilities are greater than zero, we have adopted a prudential margin of 8% of outstanding claims.

A total of \$28,000 (or less than 2% of the total incurred) has been paid for the 2017/18 pool year as at 30 April

2018, although several significant payments were made in June following the provision of data. Since there were fewer claim payments than expected, the outstanding claim provision is higher this year, as unpaid expected claim amounts up to the level of the aggregate deductible for each pool year together with the amount of claims between each council's selected deductible and the \$20,000 per claim excess applied by the insurer are retained in the provision. There has also been an increase in the aggregate deductible limit from \$750,000 to \$3.0 million for the 2017/18 pool year, so higher costs are retained by the pool.

### **Motor**

The recommended gross outstanding claims provision for motor claims is \$967,000, including a prudential margin equivalent to 10% of net outstanding claims. This year CivicRisk Mutual is recognising anticipated recoveries from member excesses not yet invoiced and from third parties totalling \$677,000. These have been included in receivables in establishing CivicRisk Mutual's financial position. The resulting net outstanding claims provision is \$290,000, down from \$677,000 at June 2017.

### **CDOSL and FGCC**

CivicRisk Mutual has insured Councillors' Directors' & Officers' and

Statutory Liability (CDOSL) risks of pool members since November 2010. CivicRisk Mutual has set aside a nil reserve in its balance sheet at 30 June 2018, a decrease from \$1.2 million at the 2017 review as there are no known or IBNR claims outstanding.

CivicRisk Mutual has moved to a self-insurance arrangement of \$2.0 million for Fidelity Guarantee, Crime and Cyber (FGCC) leading to a release of the previous provision relating to the aggregate deductibles. A nil reserve has been set aside in respect of known or IBNR FGCC claims. This is a decrease from \$1.15 million held at 30 June 2017.

Both of the previous reserves were set to fund deductibles for claims which were deemed as potentially occurring. These have been removed given the increased maturity of the pools and for consistency with the principle that the outstanding claim provision should reflect only known or IBNR claims.

### **Overall Result**

The total net outstanding claims liability for all four classes of cover is \$3.46 million compared to \$5.06 million at June 2017. The main drivers of this change are lower than expected payments for ISR and changes in insurance structures for the 2017/18 pool year, offset by favourable recoveries and claims experience in the Motor pool and the release of provisions previously held for CDOSL and FGCC.

## Member Equity at 30 June 2018

After adopting a net provision of \$3.46 million for ISR and Motor risks and a nil reserve for CDO/SL risks, and Fidelity Guarantee and Cyber risks, CivicRisk Mutual has accumulated net equity of \$8.5 million as at 30 June 2018, compared with net equity of \$6.5 million last year.

The increase in net equity is primarily due to reserve releases from CDOSL and FGCC.

We have allocated the net equity between member councils in the same way as in previous years as described in our full report. On that basis, the net equity at 30 June 2018 attributable to each member is as shown in the following table. Most members saw an increase in their equity in the pool.

## Reliances and Limitations

Please see Section 6 of our full report which sets out the reliances and limitations of our advice of which a reader must be aware before using our results.

### **David Minty | Mark Hurst**

Fellows of the Institute of Actuaries of Australia

**Table 1 - Net Equity of Members**

Net equity as at	June 17	June 18	Change
Council	\$000	\$000	\$000
Bayside	488	637	+149
Blacktown	748	1,086	+337
Blue Mountains	327	413	+86
Burwood	40	93	+53
Camden	53	137	+84
Cumberland	568	758	+190
Fairfield	385	556	+171
Hawkesbury	421	461	+40
Hunters Hill	47	65	+18
Kiama	129	143	+14
Lane Cove	188	248	+60
Liverpool	554	721	+167
Marrickville	273	272	-1
Parramatta	613	762	+149
Penrith	535	728	+193
Shellharbour	271	334	+62
Wollongong	847	1,054	+207
<b>Total</b>	<b>6,490</b>	<b>8,469</b>	<b>+1,979</b>



# Claims Management Services Report

## Overview

Claims Management Australasia (CMA) has been the claims administrator for the CivicRisk Mutual ISR, Statutory Liability, Council & Officers, Employers Liability, Cyber and Fidelity Guarantee covers from their relevant inception.

## ISR (Property Damage Claims)

The 2017-2018 commenced very poorly with over 1.5 million dollars in losses experienced in the first two months. However, it performed better as the year progressed and, at the time of writing, we expect 2 million dollars of the 3-million-dollar aggregate to have been eroded.

There were no major storm events which assisted the outcome and we are hopeful that a recovery may be possible in respect of the largest loss for the year being the flooding at St Mary's library.

## Councillors and Officers

This year has seen several minor claims and notifications. However, the enquiry into handling of asbestos by Blue Mountains City Council may prove to be significant.

The claim by "Botany" against AIG continues to be disputed and we are awaiting specialist advice.

## Statutory Liability

This year we have seen claims from Blue Mountains in respect of the asbestos issue referred to earlier. We have also had a number of claims for Coronial Enquiries as a result of accidental deaths from Penrith, Wollongong, Camden and Hawkesbury. The latter will certainly result in significant expenditure in the coming year.

## Fidelity Guarantee/ Crime Policy

There have been no new Fidelity matters. However, the Botany claim involving ICAC was resolved for 4.8 million dollars which was considered a very good result bearing in mind potential issues with indemnity. Unfortunately, as advised previously, further analysis by auditors revealed the loss is circa 16 million dollars.

## Employers Liability

There has been little activity again under this policy section.

## Cyber

This year has seen several minor claims and members report a high level of satisfaction with the Insurer and their experts.

## Summary

The claims experienced for ISR have been "average to poor" but if a successful recovery can be made it will change the complexion of the year altogether. We have noted Members continue to take active steps to reduce property exposures as evidenced in the high standard of entries for the Risk Awards this year.

In terms of the Management Liability Policies the Councillors, Directors & Officers and Statutory Liability sections continue to have significant claims exposure and we suggest training sessions focusing on the area in the coming year to identify and mitigate the risk.

CMA looks forward to working with the members again this coming year.

### Ian Barker

Director  
Claims Management  
Australasia Pty Limited



# Training Committee Report

Training and education remains as one of the most important ways of providing members with up to date information on the many aspects affecting our specialist role within council, it offers valuable, targeted information/knowledge about a variety of tasks through experience of other member councils by providing practical tips for optimising various difficult situations.

The training forums provide a uniform opportunity for the members to respond to the changing needs of managing risk through innovative topic specific seminars and workshops both locally as well as nationally.

During the year your Training Committee delivered several informative learning experiences. All three workshops were held at Twin Creeks Golf and Country Club Luddenham which has proved to be an ideal venue with a good sized room for the workshops, all a/v supplied, good parking and catering and all at a reasonable price. The Executive Officer opened each training session with a welcome and introduction to CivicRisk Mutual. MC and wrap up duties were shared by both in house training committee members.

## Managing the Risk of External Cladding

The first workshop for 2018 was held on 13 March 2018 and covered the very topical subject of Managing the Risk of External Cladding. This workshop was designed for risk managers and building and development staff.

Presentations delivered covered 'Managing the risk of cladding - how might we be exposed?' - David Lee, Clyde & Co Solicitors', 'Dispelling the building cladding myths' Josh Ginasiracusa, Senior Risk Engineer, QBE Australia, 'Government response and action' - Stephen Durnford Acting Director Environment and Building Policy Helen Ting Principal Policy Officer and Julia Pope Team Leader Compliance and Environment Department of Planning & Environment. The workshop wrapped up with an open forum that also included Noelle Warwar Team Leader Fire Safety Liverpool City Council.

## How to Successfully Defend Claims

This workshop was held on 10 May 2018 and was designed to analyse recent successful claims and what to expect when acting as a witness. Attendees included risk managers,

claims officers, civil officers, asset maintenance, roads and footpath staff and legal officers.

Presentations at the workshop were 'Beating Telstra at its own game' David Newey and Amanda Bond Gillis Delaney Lawyers and Bruce McGie Blacktown City Council; 'Successful Investigating' Greg Parrett Factual Investigator; 'More Success Stories and how to prepare witnesses' Richard Oldfield McCulloch & Buggy Lawyers and Ian Barker Claims Management Australia. These presentations were followed by inhouse best practice presentations by Liverpool City Council on Street Map Apps, Burwood Council on iPad in Health inspection and Blacktown City Council on B Cam inspection tool.

## Managing the Risk of Internal & Cyber Fraud at your Council

The last workshop for the year was held on 7 August 2018 and focused on the increasing risk of cyber and electronic fraud in councils. Attendees were risk managers, internal auditors, finance managers, operational managers and senior staff.

Presentations delivered were 'Managing the risk of fraud at your Council' - Botany Bay Council fraud claim - Fausto Sut, Manager Governance & Risk Bayside Council

and Dr Andrew Howe Senior Corruption Prevention Officer NSW Independent Commission Against Corruption, 'Outcome of recent fraud and corruption surveys and Preventing fraud and corruption' Mitchell Morley, InConsult, 'Computer theft/ cybercrime' Renee Winston, Risk Management Co-ordinator, Kiama Council and Centium role with fraud and cybercrime Dr Stephen James representing Centium.

All workshops were well attended and adequate time was given for networking both at morning tea and over the working lunch. Informal feedback from attendees was that the workshops were topical and current while the subject presentations were very professional. Several attendees asked for copies of the presentations and these have been placed on the website if approval to do so was given by the presenter.

## RMIA National Conference: Canberra

Once again, the beneficial nature of the member's attendance at this foremost industry specific institution came to the fore where members benefit from networking and professional key note presentations.

The conference brings together more than 450 risk professionals from all areas of endeavour and CivicRisk

Mutual funds the attendance of one representative from each Member. The aim of the conference is to promote learning at the forefront of risk management practice, to foster creative thinking, to network and to have fun!

## **THANKS TO ALL INVOLVED**

Once more the Committee would like to pass on our appreciation to David Wilkinson, our Training Officer, for his dedication to these training sessions, excellent organisational skills, assisting the speakers as well as the venue staff at Twin Creeks Function Centre. We also recognise the contribution Bruce McGie and Militsa Zelenovic have made supporting David on the Training Committee.

We would also like to express our appreciation to those who contributed and supported the training sessions making them a worthwhile learning experience for all. Thank you to our legal panel for their time researching and presenting their papers and our brokers, Willis Towers Watson; claims managers, Claims Management Australasia; Andrew Armitstead and Nicole Mahon for great support and work undertaken.

Finally, thanks to the Board for their continued support and for recognising the broad aims and importance of providing training.

Militsa Zelenovic, Bruce McGie and David Wilkinson

**CivicRisk Mutual  
Training Committee**



# Excellence in Risk Management Awards - 2018 Submissions

## Blacktown Council

### *Depot Safety & Security*

Over the past 10 years, Blacktown City Council has addressed its work, health and safety risks and developed an effective safety and security plan to address these risks. We experienced many cases of theft, lost equipment, vandalism, reported damage, noise, external influences and the dumping of dangerous goods within the Rooty Hill Depot. There was also a safety risk with unattended visitors wondering through the depot looking for staff and meeting rooms.

Council previously employed security guards to monitor and secure the depot by manually fortifying the perimeter fence line, gates, buildings and other assets. However we needed:

- Better safety and security of our assets, staff and visitors
- Better overall communication
- To consider the escalating security labour costs
- To consider introducing automated security systems.

We therefore decided not continue to employ security guards and installed quality automated systems with improved reporting mechanisms.

## Burwood Council

### *Mobileye Pilot Program*

Burwood Council has recently completed a pilot Enterprise Fleet Risk Management program, endorsed by Council's Fleet Management, Risk Management and Work Health and Safety Committees and sponsored by the Executive Team, addressing driver behaviour and road safety in partnership with Mobileye, an Intel Company.

Mobileye is an Advanced Driver Assistance System, consisting of a forward-facing visual sensor that continually scans the road ahead, distinguishing and monitoring other vehicles, motorbikes, bicycles, pedestrians and lane lines.

Mobileye is able to interpret a road scene and provide real-time feedback to the driver. In potentially critical situations, Mobileye delivers immediate visual and sound alerts, which allows a driver more time to react and avoid collision, enhancing driver and pedestrian safety and importantly reducing risk.

## Cumberland Council

### *New Approach to ERM & BCP*

Following the amalgamation it was established that a new & consolidated approach to ERM and business continuity planning was required to build a stronger risk

culture and continuation of business during an interruption, covering the span of the new LGA of Cumberland.

Council appointed a Consultant following an EOI process to lead this important project in conjunction with Council's Risk Management Coordinator. 14 extensive workshops were held with all levels of Management. All business units across the organisation were involved. The ERM project component produced a Business Impact Analysis outlining key risks for each business unit and the BCP was developed based on the Council's critical functions. The new approach has been endorsed by Council's Leadership and Executive teams and the implementation and BCP testing program will rolled out in the next 12 months as a key focus.

## Fairfield Council

### *Embedding Risk into Service Delivery*

Fairfield City Council is committed to integrating and embedding risk management into all that it does. Council has incorporated the linking of strategy to operations through the inclusion of risk management in its Service (Business) Planning and Quality Management System (QMS). The Service Plan and QMS are inexpensive and have a robust framework, templates and review cycle that ensures

a consistent approach to the review and mitigation of risks and the enhancement of the overall customer experience for both our internal and external customers.

### *Linking Claim Management Processes to Risk Management Strategies*

Council has undertaken a major review of its claim management processes in order to be able to respond, investigate and resolve them in the most effective manner, providing a better customer experience for our community and stakeholders. This has involved mapping of processes along with the development of supporting documentation. A key document developed was the Claim Determination Recommendation Template that provides a summary of the claim, investigation outcomes and identification of risk mitigation strategies that are reported to and actioned by the Executive Leadership Team.

### *Proactive Risk Management of Unique Recreational Facilities*

Council has been faced with the challenge of dealing with unique high risk recreational facilities and how to mitigate the identified risks to reasonable levels. To achieve this, Council has taken a proactive approach to its risk management by undertaking Site Safety Risk Assessments for these facilities prior to opening including facilities such

as Aquatopia Water Park and Fairfield Park Obstacle Course. These assessments provided identified risk areas that were able to have remediation works completed prior to opening, significantly reducing the risks associated with these facilities.

## **Kiama Council**

### ***Contractor Management - Engagement & Verification***

Kiama Municipal Council regularly engages contractors in a diverse range of functions from specialised labour-intensive functions to health care, entertainers and training. Engagement of contractors carries inherent risks and creates exposure to Council in terms of safety, liability, quality, fraud and public relations. Council's Procurement Policy recognises that procurement is a function that is high risk in terms of corruption and therefore it is subjected to tight rules and processes. Successful procurement provides great opportunities to use the community's money wisely and to deliver.

## **Penrith Council**

### ***Risk & Audit to the Fore***

In 2017/18 Council undertook a comprehensive review of its audit and risk function and enterprise risk management framework. As a result, Council is in a better position to oversee and manage its risks so as

to ensure improved organisational performance. For example, the Corporate Leadership Team received four risk presentations, a workshop and refresher training in the past 12 months. The CLT has also received risk update reports from a number of managers who are responsible for managing the highest rated risks of Council.

### ***Review of Footpath Maintenance Process***

Between November 2017 and May 2018 footpath inspections were undertaken and it was identified that there was a requirement for a process review. Remediation steps were commenced, and the major benefits of the review have been improved communication, co-ordination and working relationships between two departments, and a reduction in Council's exposure to footpath related liability claims.

## **Shellharbour Council**

### ***Risk Management Tool Kit***

The Tool kit aims to guide employees through the development and maintenance of robust risk assessments and risk management plans. It is designed as a resource for staff to assist them to better understand risk management methodologies and how to apply them in their work.

## **Wollongong Council**

### ***Managing the Risk of Rock Falls***

The Wollongong coastline attracts tens of thousands of people each year along its 45 km length and boasts a diverse range of natural attractions including cliffs and rock shelves. Equally, the Illawarra Escarpment provides a dramatic backdrop for highly popular walking tracks and lookouts. Given the type of rock comprising the coastline and escarpment, there is an ongoing risk of harm to members of the public from rock falls.

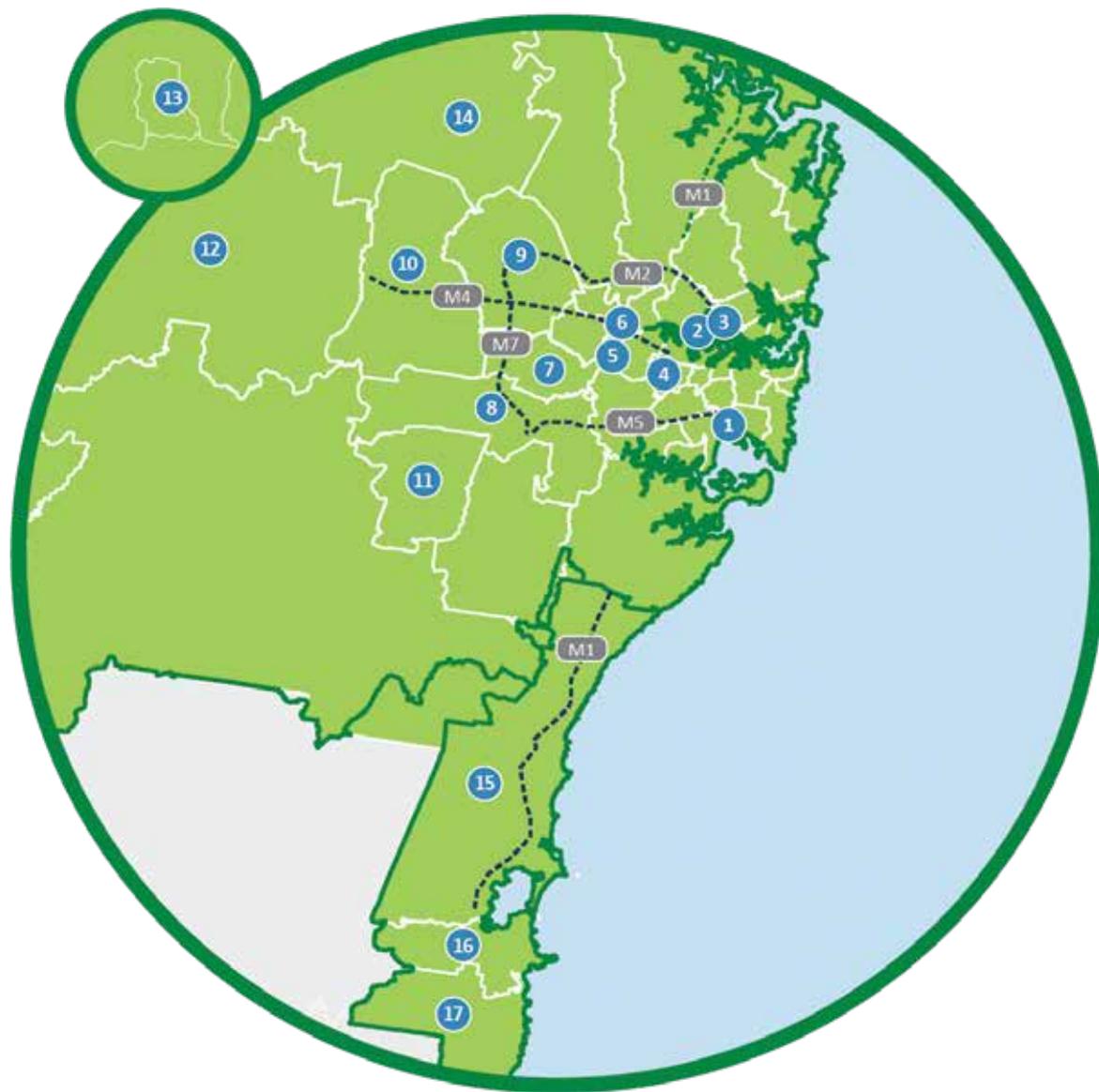
Wollongong City Council undertakes a comprehensive annual rock fall risk assessment and management program to protect the public from harm and Council from liability.



## Membership of CivicRisk Mutual

CivicRisk Mutual's membership is made up of 17 major NSW councils. The combined value of these councils represent 20% of total local government expenditure and 29% of the population of NSW.

No.	Council
1	Bayside
2	Hunters Hill
3	Lane Cove
4	Burwood
5	Cumberland
6	Parramatta
7	Fairfield
8	Liverpool
9	Blacktown
10	Penrith
11	Camden
12	Blue Mountains
13	Orange
14	Hawkesbury
15	Wollongong
16	Shellharbour
17	Kiama





**For further details on our insurance  
products and/or services, contact:**

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