

Department of **Treasury & Finance**

# **VMIA Risk Conference**

## **Opening Address**

21 October 2009

**John Lenders, Treasurer**



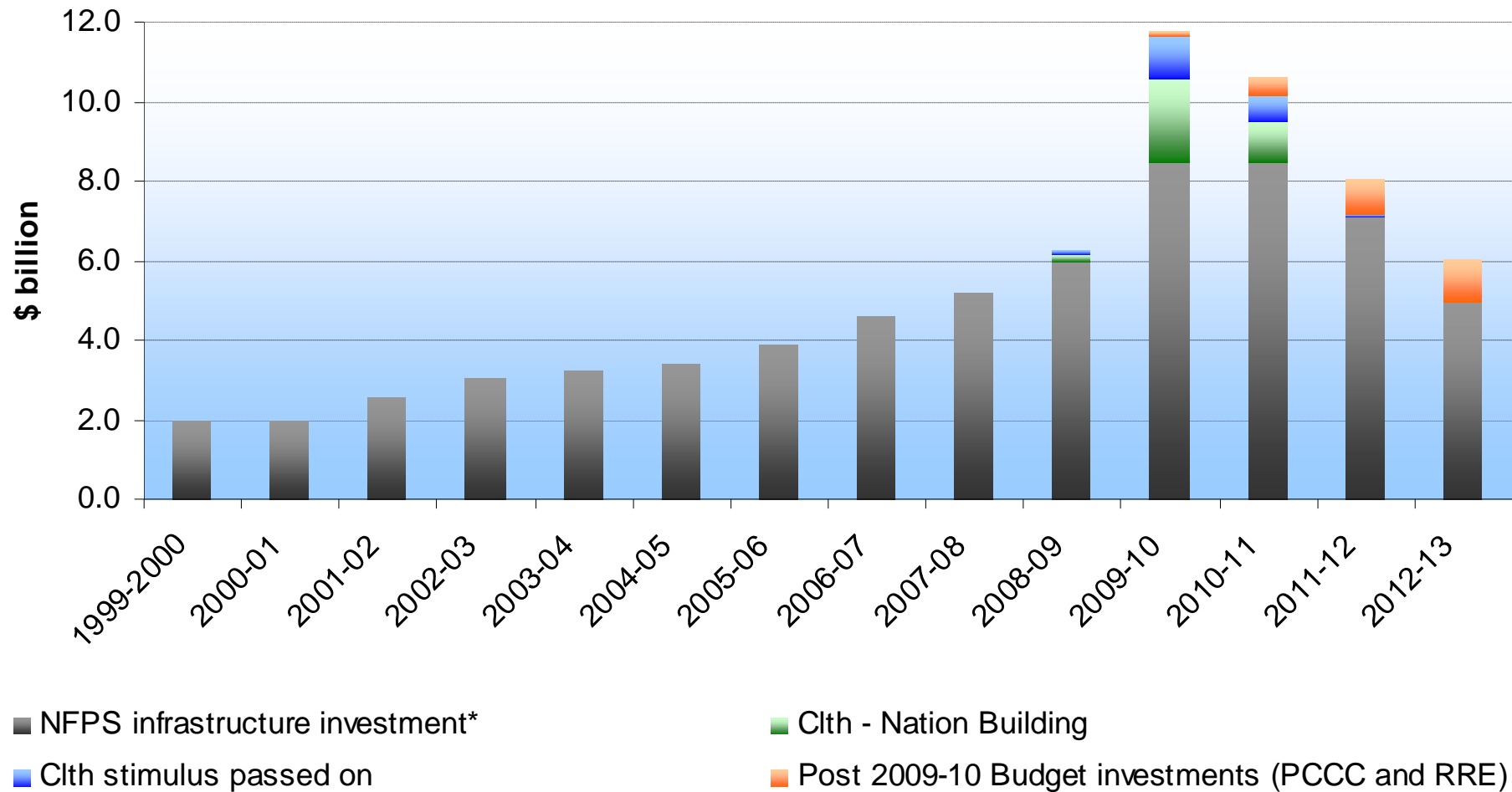
# Victorian economic projections

	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>
	<i>Actual</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
<b>Economic growth</b>	<b>3.2</b>	<b>0.50</b>	<b>0.25</b>	<b>2.25</b>	<b>3.00</b>	<b>3.00</b>
<b>Employment growth</b>	<b>2.7</b>	<b>0.25</b>	<b>-1.00</b>	<b>0.50</b>	<b>1.50</b>	<b>1.50</b>
<b>Unemployment rate</b>	<b>4.5</b>	<b>5.00</b>	<b>7.00</b>	<b>7.75</b>	<b>7.75</b>	<b>7.75</b>
<b>Inflation</b>	<b>3.6</b>	<b>3.25</b>	<b>2.00</b>	<b>2.25</b>	<b>2.50</b>	<b>2.50</b>
<b>Wages growth</b>	<b>3.8</b>	<b>4.25</b>	<b>3.75</b>	<b>3.25</b>	<b>3.50</b>	<b>3.50</b>
<b>Population growth</b>	<b>1.8</b>	<b>1.80</b>	<b>1.60</b>	<b>1.50</b>	<b>1.40</b>	<b>1.40</b>

Sources: Australian Bureau of Statistics; Department of Treasury and Finance

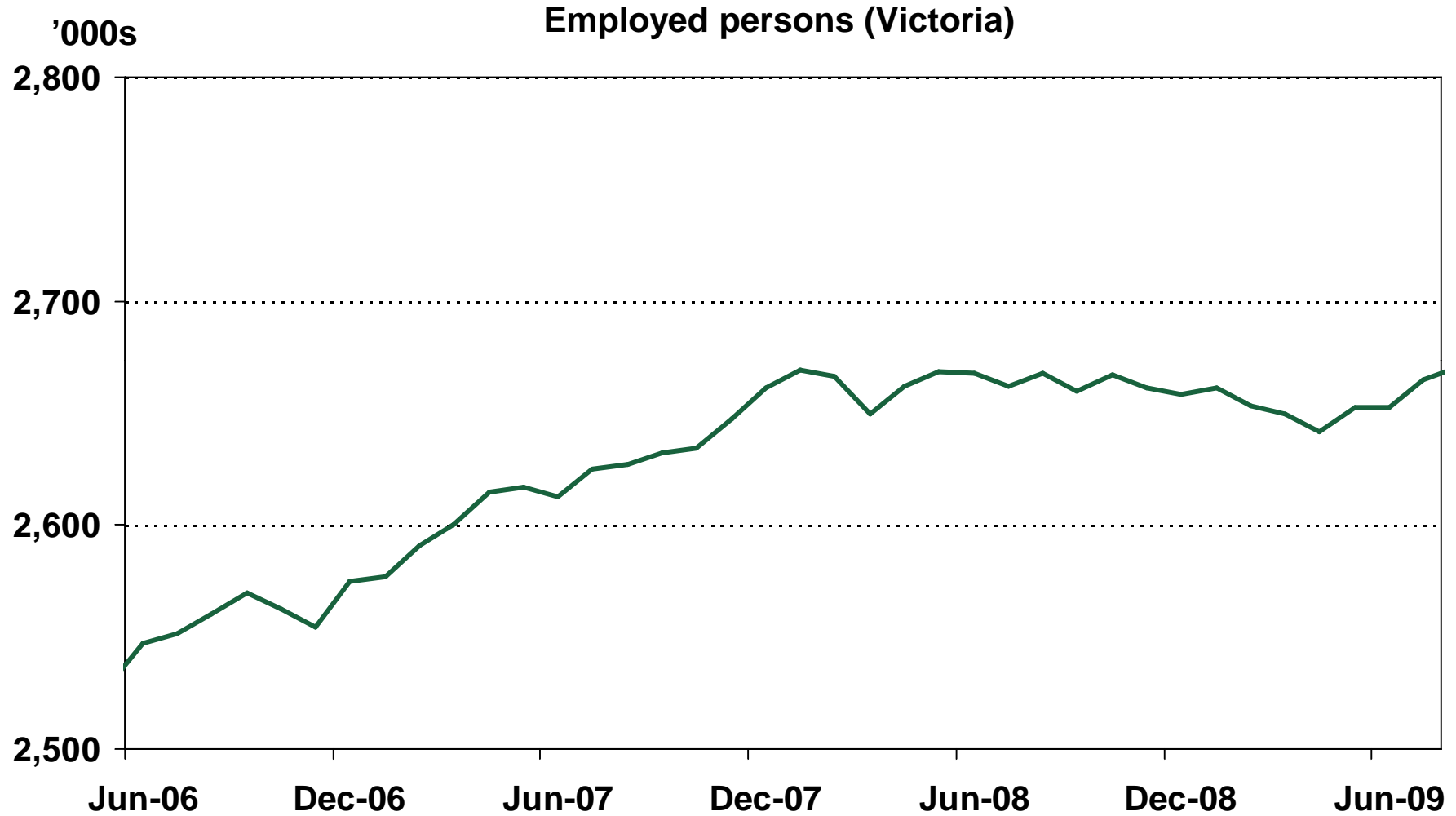
# Accelerating infrastructure investment

## Non-financial public sector



Source: Department of Treasury and Finance

# Slowing Victorian employment growth



Source: Australian Bureau of Statistics

# Public sector risk management

- + New challenges
  - Global financial crisis
  - Swine flu
  - Bushfires
- + Public sector cannot avoid risk but must make choices
- + Changing community expectations



# Victorian Government risk management

- + Victorian Managed Insurance Authority
- + Victorian WorkCover Authority
- + Transport Accident Commission
- + Victorian Funds Management Corporation
- + Treasury Corporation of Victoria
- + Gateway Team, DTF
- + DTF Risk Management Committee

# Victorian Managed Insurance Authority

- + Established on 1 October 1996
- + Functions include:
  - assisting State Government departments and participating bodies to establish programs for the identification, quantification and management of risks;
  - monitoring risk management by departments and participating bodies;
  - acting as an insurer for departments and participating bodies.
  - providing indemnities to State employees against liabilities that may attach to those persons; and
  - providing risk management advice and training to the State.

# Working with the insurance industry

- + Government and industry working together
- + New Financial Service Strategy
- + Past and recent successes
  - Tort law reforms
  - Response to emergencies: Gippsland flood and February bushfires
- + Challenges and opportunities ahead
  - Domestic building insurance, insurance taxes,
  - Climate change

# Challenges facing the insurance industry

- + Climate change
- + Responses to emergencies
- + Improving risk management practices
- + Under insurance
- + Recovery from the Global Financial Crisis
- + Insurance services for an ageing population



Department of **Treasury & Finance**

# **VMIA Risk Conference**

## **Opening Address**

21 October 2009

**John Lenders, Treasurer**

