



P & C Association What are my Risks?

Despite the fact that you may be a not for profit entity with a focus on your local school community, each organisation and the people who manage it, face a broad range of potential risks.

The following provides some high level illustration of the potential risks and actual claims that face every association and its individual members, regardless of its size, student numbers, apparent stability or community support.

Personal Injury or Damage

Both your association and the people who run it, could be held legally responsible for specific activities of the P & C and/or other activities that you are involved in.

What could happen:

- Accident or injuries that occur where your P & C have some involvement. This could be as simple as helping out with a class activity, running a canteen or after hours care facility, involvement in a weekend working bee, right through to a major fundraising extravaganza;
- Product liability that arises from something sold in the canteen, a uniform shop, a stall or the school fete.

An action could be taken by a member of the general public, a parent, teacher, contractor, volunteer or even a student. As an incorporated entity you and your officers take on responsibility for this exposure.

You could also be held to have a vicarious liability arising out of the use of school facilities, helping with school excursions or sports activities, arranging events or managing external parties (fetes, bbq's, tutors, dance teachers, community fairs etc).

Although a third party may have primary responsibility, P & C Associations may also be joined in a legal action and incur costs to defend a claim even when the incident was primarily the responsible of a third party:

- Faulty maintenance of infrastructure owned by the School;
- Poor supervision, security or risk management planning of an out sourced canteen or care facility, third party entertainer, amusement ride operator or venue operator.

Even the legal costs to prove that there is no fault to the association can be a significant cost and drain on resources.

Management Liability

This is a category of insurance that some P & Cs say *“we don't need because we are a cohesive group, working for the best interests of our school”*.

Regrettably the industry loss record shows that there is the potential for claims against the organisation and its officers no matter how cohesive.

An important point to remember is that this policy provides ongoing cover for previous office holders.

Here are some of the potential circumstances that historically have and could be alleged by a key stakeholder of a P & C Association:

- Breach of any code of conduct, constitution, by-laws or delegated authorities;
- Treatment of another P & C member that is considered unfair, inequitable or disrespectful;
- Breaches of any legislation addressing safety, health, employment or environment etc,
- Inaccurate financial reporting, financial irregularities or incompetence;
- Error or omission in advice;
- Discrimination, bullying, intimidation or harassment of members;
- Breach of privacy or intellectual property;
- Conflicts of interest, inappropriate gifts.

Even the need to refute a claim of wrongful action can incur substantial costs and resources.

Loss of Assets

Every P & C no matter how large or small has assets that they own or become responsible for as a result of loans, donations or fund raising activities. This can include stock in a canteen or the uniform shop, trestle tables and stalls for fetes etc.

Whilst most assets will be secured indoors for a large part of the time, there are still a wide range of potential exposures to these assets including:

- Fire, explosion, earthquake;
- Weather events including storms and wind;
- Escape of liquids from pipes and tanks;
- Burglary or theft, vandalism, malicious damage;
- Impact by vehicles or other apparatus;
- Riots and other civil commotion.

There can be immediate damage to the assets including those of volunteers. Subsequent expenses could include:

- Temporary repairs and protection;
- Costs to clean-up and remove debris;
- Changing or replacing locks and keys.

Depending on when an incident occurs there may be substantially more assets at risk than would normally be the case. This could include:

- Stocks of uniforms at the beginning of summer and winter terms;
- Assets donated in the lead up to a school fete;
- Funds collected from a major fund raising activity and retained outside of banking hours.

Business Interruption

Following major loss or damage to assets there is always the potential for interruption to the normal activities of an association.

Consider the impact of major storm damage or a fire to a canteen or after hours care centre. Whilst revenue might be able to be maintained through the use of alternate facilities, there are almost always significant additional expenses to get things back to normal.

There are also circumstances where there is no actual damage to the association's assets but there are still exposures to interruption:

- A fire damaging school infrastructure;
- Food poisoning or outbreak of disease;
- Prevention of access to the school.



Employment Practices Liability

Many P & Cs employ people in the canteen or in some other capacity. This contract of employment creates exposures for a broad range of potential actions including allegations of:

- Breach of employment contract, misrepresentation or refusal to employ;
- Unfair dismissal or denial of natural justice;
- Discrimination on the grounds of sex, age, disability, race, sexual orientation, marital status or pregnancy;
- Workplace harassment or bullying.

The need to refute a claim of wrongful action can be substantial in both costs and resources.

Fraud or Dishonesty of Employees or Volunteers

Individual financial circumstances, problems with gambling and other personal affairs combined with access to funds and other assets, will always create an exposure for fraud and dishonesty.

Despite having reasonable controls and internal risk management, many organisations suffer losses from this exposure every year in Australia.

In addition to the actual loss of funds or assets, there are often additional costs for investigation and audit.

Voluntary Workers

Volunteers are the life blood of any P & C, performing in a wide range of official and ad-hoc support activities.

Whilst an accident to a volunteer may not be caused by any wrongdoing of the association, the individual personal insurances and financial circumstances may need to be considered. As a result of an accident a volunteer might suffer a number of unplanned expenses including:



- Loss of earning due to lack of sick leave;
- Home help during a period of incapacitation;
- Rehabilitation and other out of pocket expenses;
- Home modification expenses following a serious disability;
- An unbudgeted policy excess or loss of no claims bonus following an accident whilst using a private vehicle on Association business.

Libel, Slander or Defamation

All associations communicate with their members, the school and the general public on a regular basis. This occurs at formal and informal meetings, by email, newsletters and promotional brochures.

Despite your primary role as advocate and supporter of the school and its students there is always an exposure to an individual / organisation taking issue with something that was alleged to have been said or printed.

Allegations of libel or slander and/or defamation can be made against individuals or the association itself. The defence costs to refute any allegation would be borne by the association.

Workers Compensation

Any association who engages employees have legal obligations under the NSW Workers Compensation Act.

The information provided in this resource is general in nature and needs to be considered against your organisations own risk profile and particular circumstances. Your personal objectives, needs or financial situations were not taken into account when preparing this information. You should consider the appropriateness of any general advice provided to you, having regard to your own objectives, financial situation and needs before acting on it. Where the information relates to a particular financial product, you should obtain and consider the relevant product disclosure statement before making any decision to purchase that financial product.