



1/022 Risk Management

Objective

The Town of Port Hedland is committed to organisation wide risk management principles, systems and processes that ensure consistent, efficient and effective assessment of risk in all planning, decision making and operational processes.

Content

The Town of Port Hedland considers risk management to be an essential management function in its operations. It recognises that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk.

Council is committed to the principles, framework and process of managing risk as outlined in AS/NZS ISO 31000:2009.

The Town will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. It will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

In particular it will be applied to:

- Strategic planning
- Expenditure of large amounts of money
- New strategies and procedures
- Management of projects, tenders and proposals
- Introducing significant change, and
- The management of sensitive areas

Risk Management Objectives:

- The achievement of organisational goals and objectives
- The ongoing health and safety of all employees at the workplace
- Ensuring public safety within the Council's jurisdiction is not compromised
- Limited loss or damage to property and other assets
- Limited interruption to business continuity
- Positive public perception of Council and the Town of Port Hedland
- Application of equal opportunity principles in the workforce and the community.



Responsibilities:

- Executives, managers and supervisors have the responsibility and accountability for ensuring that all staff manage the risks within their own work areas. Risks should be anticipated and reasonable protective measures taken.
- All managers will encourage openness and honesty in the reporting and escalation of risks.
- All staff will be encouraged to alert management to the risks that exist within their area, without fear of recrimination.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all policies, procedures and practices relating to risk management.
- All staff and employees will, as required, conduct risk assessments during the performance of their daily duties.
- The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe reasonable directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- It is the responsibility of every department to observe and implement this policy in accordance with procedures and initiatives that are developed by management.
- Council is committed morally and financially to the concept and resourcing of risk management.

Monitor and Review

The Town will implement a robust reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends.

Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented and monitored, by the Town.



Definitions

Definition of “Risk”: AS/NZS ISO 31000:2009 defines risk as “the effect of uncertainty on objectives”.

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.

Definition of “Risk Management”: The application of coordinated activities to direct and control an organisation with regard to risk.



**SAMPLE
RISK ASSESSMENT & ACCEPTANCE CRITERIA
(As at December 2015)**

EXISTING CONTROLS RATING

LEVEL	RATING	FORESEEABLE	DESCRIPTION
E	Excellent	Doing more than what is reasonable under the circumstances	Existing controls exceed current legislated, regulatory and compliance requirements, and surpass relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation
A	Adequate	Doing what is reasonable under the circumstances	Existing controls are in accordance with current legislated, regulatory and compliance requirements, and are aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation
I	Inadequate	Not doing some or all things reasonable under the circumstances	Existing controls do not provide confidence that they meet current legislated, regulatory and compliance requirements, and may not be aligned with relevant and current standards, codes of practice, guidelines and industry benchmarks expected of this organisation

MEASURES OF CONSEQUENCE

LEVEL	1	2	3	4	5
RATING	Insignificant	Minor	Moderate	Major	Catastrophic
HEALTH	Negligible injuries	First aid injuries	Medical type injuries or Lost time injury < 5 days	Lost time injury > 5 days	Fatality, permanent disability
FINANCIAL IMPACT	Less than \$3,000	\$3,000 - \$30,000	\$30,001 - \$300,000	\$300,001 - \$3M	More than \$3M
SERVICE INTERRUPTION	No material service interruption	Temporary interruption to an activity – backlog cleared with existing resources	Interruption to Service Unit(s) deliverables – backlog cleared by additional resources	Prolonged interruption of critical core service deliverables – additional resources; performance affected	Indeterminate prolonged interruption of critical core service deliverables – non-performance
COMPLIANCE	Occasional noticeable temporary non-compliances	Regular noticeable temporary non-compliances	Non-compliance with significant regulatory requirements imposed	Non-compliance results in termination of services or imposed penalties	Non-compliance results in criminal charges or significant damages or penalties
REPUTATION	Unsubstantiated, localised low impact on key stakeholder trust, low profile or no media item	Substantiated, localised impact on key stakeholder trust or low media item	Substantiated, public embarrassment, moderate impact on key stakeholder trust or moderate media profile	Substantiated, public embarrassment, widespread high impact on key stakeholder trust, high media profile, third party actions	Substantiated, public embarrassment, widespread loss of key stakeholder trust, high widespread multiple media profile, third party actions
ENVIRONMENT	Contained, reversible impact managed by on site response	Contained, reversible impact managed by internal response	Contained, reversible impact managed by external agencies	Uncontained, reversible impact managed by a coordinated response from external agencies	Uncontained, irreversible impact



**SAMPLE
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MEASURES OF LIKELIHOOD

LEVEL	RATING	DESCRIPTION	FREQUENCY	PROBABILITY
5	Almost Certain	The event is expected to occur in most circumstances	More than once per year	Greater than 90% chance of occurrence
4	Likely	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurrence
3	Possible	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurrence
2	Unlikely	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurrence
1	Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	Less than 10% chance of occurrence

RISK MATRIX

		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood	Consequence	1	2	3	4	5
	Almost Certain	MEDIUM (5)	HIGH (10)	HIGH (15)	EXTREME (20)	EXTREME (25)
	Likely	LOW (4)	MEDIUM (8)	HIGH (12)	HIGH (16)	EXTREME (20)
	Possible	LOW (3)	MEDIUM (6)	MEDIUM (9)	HIGH (12)	HIGH (15)
	Unlikely	LOW (2)	LOW (4)	MEDIUM (6)	MEDIUM (8)	HIGH (10)
Rare	LOW (1)	LOW (2)	LOW (3)	LOW (4)	MEDIUM (5)	

RISK ACCEPTANCE CRITERIA

RISK RANK	LEVEL OF RISK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
EXTREME	17 - 25	Urgent Attention Required	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council
HIGH	10 - 16	Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
MEDIUM	5 - 9	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
LOW	1 - 4	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager



Relevant legislation	Nil
Delegated authority	Nil
Business unit	Office of the CEO
Directorate	

<i>Governance to complete this section</i>			
Version Control	Version No.	Resolution No.	Adoption date
	V01	201516/226	27 April 2016
Review frequency	Choose an item.		

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