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Risk Management

Risk management is the process of identifying, evaluating and responding to existing or future hazards. The primary aim of risk management is to avert and minimise the impacts of risks on an organisation's strategic objectives and activities. Risk management is essential to the operations of an organisation. Identifying risks can assist with long term and short term strategic planning, human resource management, achieving operational and financial objectives and helping to promote a positive workplace culture.

There are many different types of risks that can threaten an organisation's strategic objectives. The table below summarises key types of risks and provides examples:

Type of Risk:	Definition and Example:
Fiduciary	Misuse of resources: fraud, theft, bribery
Information	Misuse, breach or loss of data
Legal and Compliance	Violation of laws or regulations
Operational	Inability to achieve objectives
Reputational	Actions damaging the credibility and integrity of the organisation e.g. negative publicity
Safety	Accident, illness, natural disaster.
Security	Violence, crime.

Adapted from Humanitarian Outcomes 2016:
<https://www.humanitarianoutcomes.org/projects/ngos-and-risk>

The Risk Management Process

The process of risk management involves 3 main steps:

- 1) Identify the risk
- 2) Establish the probability or likelihood of the risk occurring
- 3) Establish the severity or impact of the risk should it occur

		Impact				
		1 Negligible	2 Minor	3 Moderate	4 Significant	5 Severe
Probability	5 Very Likely	Low medium	Medium	Medium High	High	High
	4 Likely	Low	Low Medium	Medium	Medium High	High
	3 Possible	Low	Low Medium	Medium	Medium High	Medium High
	2 Unlikely	Low	Low Medium	Low Medium	Medium	Medium High
	1 Very unlikely	Low	Low	Low Medium	Medium	Medium

After the nature and potential impacts of each risk is evaluated, resources can be utilised to minimise and monitor risks and their impact.

Insurance

Adequate insurance coverage is essential. It makes clear business sense to protect businesses from unexpected risk and the associated expenses, but is increasingly also a contractual requirement. For more information on types of insurance that may be compulsory or beneficial to your organisation, see:

<https://www.business.gov.au/risk-management/insurance>

Work Health and Safety

Work Health and Safety (WHS), sometimes referred to as Occupational Health and Safety (OH&S), is an essential component of an organisation's risk management strategy. WHS refers to policies and procedures put into place that ensure the health and safety of workers, volunteers, visitors, customers and stakeholders of an organisation. This includes mitigating physical harm and damage to mental health. It is a legal requirement for businesses to ensure a safe work environment by developing and implementing these policies and procedures.

Safe Work Australia is the body responsible for developing 'model' WHS laws in 2011. This framework has been interpreted and implemented by each state and territory. Each state and territory have their own WHS legislation and codes of practice, which can be accessed in the resource list below.

These laws broadly aim to:

- Protect workers and other persons from harm by requiring duty holders to eliminate minimise risk;
- Provide for fair and effective representation, consultation and cooperation
- Encourage unions and employer organisations to take a constructive role in promoting improvements in WHS practices
- Promote the provision of advice, information, education and training for WHS
- Secure compliance with the WHS legislation through effective and appropriate compliance and enforcement measures
- Ensure appropriate scrutiny and review of actions
- Provide a framework for continuous improvement
- Maintain and strengthen national harmonisation of WHS laws and facilitating a consistent national approach to WHS.

Source: Safe Work Australia

WHS Responsibilities:

Under WHS legislation, businesses are legally obliged to:

- Provide safe work premises
- Assess risks and implement appropriate measures for controlling them
- Ensure safe use and handling of goods and substances
- Provide and maintain safe machinery and materials
- Assess workplace layout and provide safe systems of work
- Provide a suitable working environment and facilities
- Have insurance and workers' compensation insurance for your employees.

Source: Department of Industry, Innovation and Science

State and Territory resources for WHS:

- SafeWork NSW: <https://www.safework.nsw.gov.au/>
- WorkSafeACT: <https://www.accesscanberra.act.gov.au/app/home/workhealthandsafety>
- WorkSafe WA: <https://www.safework.sa.gov.au/>
- Workplace Health and Safety QLD: <https://www.worksafe.qld.gov.au/>
- SafeWork SA: <https://www.commerce.wa.gov.au/worksafe>
- WorkSafe VIC: <https://www.worksafe.vic.gov.au/>
- NT WorkSafe: <http://www.worksafe.nt.gov.au/Pages/default.aspx>
- WorkSafe TAS: <https://www.worksafe.tas.gov.au>