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RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES:	Risk Management Framework Risk Management Procedure Occupational Health and Safety Policy
RELATED LEGISLATION:	Occupational Health and Safety Act 2004 Occupational Health and Safety Regulations 2007 AS/NZS ISO 31000 Risk Management – Principles and Guidelines
EVIDENCE OF APPROVAL:	



Signed by Chief Executive Officer

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and Word\POL Risk Management Policy v4.docx

Policy documents are amended from time to time, therefore you should not rely on a printed copy being the current version. Please consult the Loddon Shire website to ensure that the version you are using is up to date.

This document is available in alternative formats (e.g. larger font) if requested.

1 PURPOSE

Risk management is the coordinated activities to direct and control an organisation with regard to risk – where risk¹ is defined as the effect of uncertainty on objectives.

This policy provides a statement of Council’s commitment to risk management.

2 SCOPE

This policy applies to Councillors, Council staff, volunteers, and contractors operating for and on behalf of Council.

3 POLICY

Loddon Shire Council is committed to proactive risk management and will support this by implementing a risk management framework to be applied to all activities undertaken by the organisation:

- which documents the roles and responsibilities of risk management in the organisation, opportunities for identification of risks, and the reporting structure
- is aligned to the International Risk Management Guidelines and Principles (ISO 31000), which documents the principles, framework, and processes for achieving best practice in risk management. (Refer to Attachment A).

Council will review this policy regularly to ensure that the risk assessment criteria contained in the policy reflects the current internal and external environment such as organisational objectives, laws, standards, guidelines, and policies. (Refer to Attachments B and C).

4 DEFINITIONS OF TERMS OR ABBREVIATIONS USED

Term	Definition
Risk Management	Risk Management is the coordinated activities to direct and control an organisation with regard to risk – where risk is defined as <i>the effect of uncertainty on objectives</i> .

¹ Notes from the International Risk Management Principles and Guidelines

Note 1: An effect is a deviation from the expected — positive and/or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product and process).

Note 3: Risk is often characterised by reference to potential events and consequences, or a combination of these.

Note 4: Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.

Note 5: Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of an event, its consequence, or likelihood.

5 HUMAN RIGHTS STATEMENT

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act (Vic). Loddon Shire Council is committed to consultation and cooperation between management and employees. The Council will formally involve elected employee Health and Safety Representatives in any workplace change that may affect the health and safety of any of its employees.

6 REVIEW

The Manager Organisational Development will review this policy for any necessary amendments no later than 2 years after adoption of this current version.

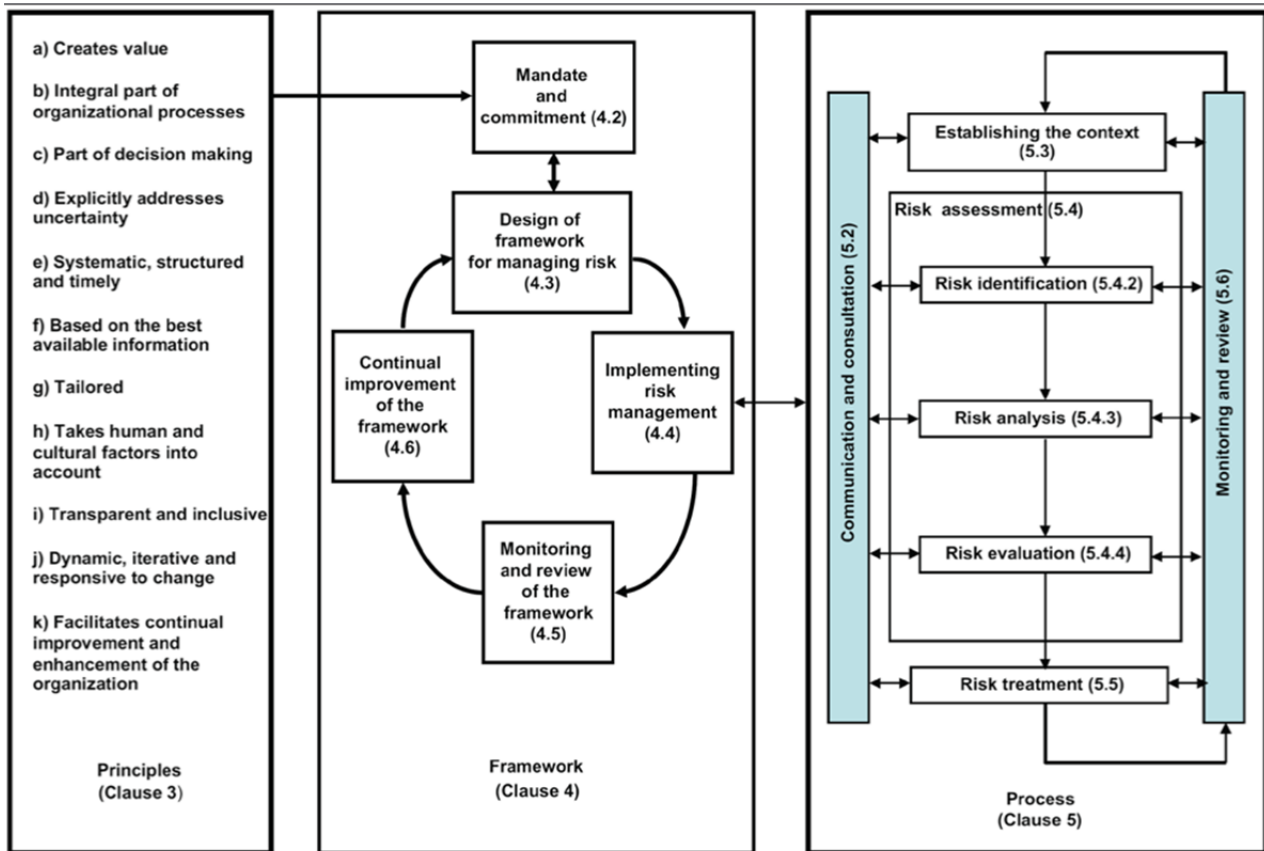
7 ATTACHMENTS

7.1 Attachment A – “Risk Management Framework - ISO 31000”

7.2 Attachment B – Risk Assessment Criteria

7.3 Attachment C – Action plans

7.1 Attachment A – “Risk Management Framework - ISO 31000”



7.2 Attachment B – Risk Assessment Criteria

7.2.1 Consequence criteria

Consequence criteria				
1 – Insignificant	2 – Minor	3 – Moderate	4 – Major	5 – Catastrophic
Financial impact				
Cost is less than \$100K	Cost is greater than \$100K and less than \$250K	Cost is greater than \$250K and less than \$500K	Cost is greater than \$500K and less than \$1 million	Cost is greater than \$1 million
People impact (Occupational health and safety of employees, volunteers, clients, public)				
First aid or minor medical treatment, full recovery	Significant medical treatment, lost injury time less than two weeks	Short term disability to one or more persons	Extensive injury or impairment to one or more persons	Fatality and/or severe irreversible injury to one or more persons
Reputation impact				
Results in local gossip; Complaint to employee	Results in regional gossip; Complaint to management	Results in regional media coverage; Senior manager departs	Results in state media coverage; CEO departs	Results in national media coverage; CEO departs and Councillors are removed
Service impact				
Minimal disruption to one service	Service disruption in one area for a few weeks	Single service ceases to be delivered for a few months; Multiple services cease to be delivered for several weeks	Multiple services disrupted for several months	Multiple services cease to be delivered for many months
Legal and compliance impact				
Minor legal issues; Minor breach of regulations	Minor litigation, fines, or legal costs; Breach of regulations	Litigation and legal costs up to \$500K; Breach of regulation results in investigation by authority and possible moderate fine	Significant litigation involving many weeks of management time and/or legal costs up to \$1 million; Major breach of regulation with punitive fine	Major litigation costing \$1 million or more; Investigation by regulatory body resulting in long-term interruption of operations
Management impact				
Requires some management attention for a few days	Requires some management attention for several days or a few weeks	Requires senior management time over several weeks	Requires considerable senior management time over several weeks; Loss of many managers	Suspension of management activities for many months; Loss of many senior managers

7.2.2 Likelihood criteria

Likelihood Criteria				
A – Almost Certain	B – Likely	C – Possible	D – Unlikely	E – Rare
Consequence could occur within days or weeks	Consequence could occur within weeks to months	Consequence could occur within months to years	Consequence could occur within years to decades	Consequence is considered a 100-year event
Consequence is expected to occur in most circumstances	Consequence will probably occur in most circumstances	Consequence may occur but there is a distinct possibility that it won't occur	Consequence may occur but is not anticipated	Consequence would only occur in exceptional circumstances
There is a greater than 90% chance of it occurring within the next year	There is a greater than 50% chance of it occurring within the next year	There is a greater than 20% chance of it occurring within the next year	There is a greater than 5% chance of it occurring within the next year	Consequence is exceptionally unlikely event in the very long term


7.2.3 Risk matrix

		Consequence criteria				
		1 – Insignificant	2 – Minor	3 – Moderate	4 – Major	5 – Catastrophic
		Overall Rating				
Likelihood Criteria	A	Medium (11)	High (16)	High (20)	Very High (23)	Very High (25)
	B	Medium (7)	Medium (12)	High (17)	High (21)	Very High (24)
	C	Low (4)	Medium (8)	Medium (13)	High (18)	High (22)
	D	Low (2)	Low (5)	Medium (9)	Medium (14)	High (19)
	E	Low (1)	Low (3)	Low (6)	Medium (10)	Medium (15)

7.3 Attachment C – Action plans

Once the level of risk has been determined the following table may be of use in determining when to act to intervene and institute the control measures.

Risk level	Action	Details
Very high	Act immediately to mitigate the risk. Eliminate, substitute, or implement engineering control measures.	Remove the hazard at the source. An identified very high risk does not allow scope for the use of administrative controls, even in the short term.
High	Act immediately to mitigate the risk. Eliminate, substitute, or implement engineering control measures.	An achievable timeframe must be established to ensure that elimination, substitution or engineering controls are implemented.
	If these controls are not immediately accessible, set a timeframe for their implementation and establish interim risk reduction strategies for the period of the set timeframe.	Note: Risk, and not cost, must be the primary consideration in determining the timeframe.
Medium	Take reasonable steps to mitigate the risk. Until elimination, substitution, or engineering controls can be implemented, institute administrative or personal protective equipment controls. These “lower level” controls must not be considered permanent solutions.	Interim measures until permanent solutions can be implemented: <ul style="list-style-type: none"> • develop administrative controls to limit the use or access • provide supervision and specific training related to the issue of concern.
Low	Take reasonable steps to mitigate and monitor the risk. Institute permanent controls in the long term. Permanent controls may be administrative in nature if the hazard has low frequency, rare likelihood and insignificant consequence.	

Hierarchy of control	Action	Details
Most effective	Elimination	Eliminate the hazard.
	Substitution	Provide an alternative that is capable of performing the same task and is safer to use.
	Engineering controls	Provide or construct a physical barrier or guard.
	Administrative controls	<ul style="list-style-type: none"> • Develop policies, procedures, practices, and guidelines, in consultation with employees, to mitigate the risk. • Provide training, instruction, and supervision about the hazard.
Least effective	Personal protective equipment	Personal equipment designed to protect the individual from the hazard.