Risk Management Procedure

Purpose

The purpose of this procedure is to ensure the effective, systematic and consistent management of all risks associated with Romann Logistics and the continuous improvement of our Risk Management Framework.

Scope

This procedure applies to all workers and other persons at our workplace and all workers while present at another workplace (e.g. a customer's workplace).

Procedure detail

Overview of risk management

The purpose of risk management is to identify and assess potential risks before they occur so that risk treatment measures can be implemented which either eliminate the risk entirely(where practicable), or reduce the likelihood that the risk will occur or reduce the potential adverse consequences of the risk.

Common risk categories include:

- Strategic (e.g. the risk of economic downturn impacting business growth)
- operational (e.g. the risk of work health and safety incidents in the workplace)
- compliance (e.g. the risk of non-compliance with legal/regulatory requirements)
- financial (e.g. the risk of a company defaulting on a loan)
- reputational (e.g. the damage to company reputation due to a major accident involving members of the public)

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Risk Management Framework

Our Risk Management Framework sets out the key stages of the risk management process and the supporting processes. Further explanation of each stage is provided below the diagram.

Establish the context

This stage defines the basic parameters for risk management and sets the scope for the rest of the risk management process. The context includes:

- the external context in which we operate (e.g. regulators, competitors, external stakeholders)

- our internal context (e.g. our goals, strategies, culture, internal stakeholders)

- our risk management context (e.g. our risk management objectives, strategies, risk appetite and risk tolerance, balanced with the costs, benefits and required resources)

- our risk criteria (e.g. the criteria against which we evaluate risks, for example, health and safety, legal, financial)

Note: This stage does not need to be repeated for each individual risk management activity. This stage should only be repeated when there are significant changes to our external, internal or risk management contexts or risk criteria.

Identify risks

This stage can either take place at initialisation or during maintenance.

During initialisation, this stage identifies the individual risks to be managed in our workplace by systematically identifying what can happen, when, where, how, why and to who. The aim is to generate a comprehensive list of risks which will form the basis of our Risk Register.

During maintenance, this stage works in conjunction with the Monitor and Review stage to identify whether:

- implemented control measures result in new risks

- reported hazards, near-misses or incidents highlight new risks

- new activities, processes, equipment etc. result in new risks

This stage will incorporate recommendations from the:

- Hazard Observation Form (where a hazard has been observed)

- Incident Report Form (where an incident has been reported)

- Other Risk Management Framework processes (e.g. review of policies, procedures and data)

- Industry bodies, specialists and representatives

Common identification tools and techniques include checklists, judgements based on experience, analysis of records, audit reports, hazard observation, near miss and incident reports, environmental scanning, brainstorming, workshops and interviews with stakeholders and benchmarking against other industry members.

Assess risks

This stage involves analysing and then evaluating the identified risks.

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Analysing is about developing an understanding of the identified risks and describing each risk. A comprehensive risk description includes the:

- cause (e.g. a lack of training in appropriate handling techniques)
- risk (e.g. manual handling injuries)
- effect/impact (e.g. time off work and compensation claims)

A risk description would then be "Because of a lack of training in appropriate handling techniques, manual handling injuries might occur, leading to time off work and compensation claims."

Analysing involves considering the source of each risk and combining the potential consequences with the likelihood that it will occur in order to allocate the risk level. It is important to evaluate the effectiveness of existing controls that have already been implemented from previous risk management activities.

Likelihood and consequences can be estimated using statistical analysis and calculations. Where there is no reliable or relevant data available you should estimate based on an individual or group's informed opinion. Common sources of information include past records, experience, published literature, expert interviews, individual evaluations and simulations.

Risk Analysis Table

Likelihood	Consequences				
	Insignificant	Minor	Moderate	Major	Severe
Almost certain	Moderate	High	High	Extreme	Extreme
Likely	Moderate	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	Extreme
Unlikely	Low	Moderate	Moderate	Moderate	High
Rare	Low	Low	Moderate	Moderate	High

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Risk Analysis Table - Definitions

Likelihood	
Almost certain	The risk is expected to occur in most circumstances
Likely	The risk will probably occur in many circumstances
Possible	The risk could occur at some time
Unlikely	The risk could occur at some time but is not expected
Rare	The risk may occur only in exceptional circumstances
Consequences	
Severe	Extreme, disastrous, irreparable consequences (e.g. health and safety - multiple fatalities)
Major	Substantial, major, significant consequences (e.g. health and safety – single fatality or injuries requiring hospitalisation)
Moderate	Serious, moderate consequences (e.g. health and safety – serious injury requiring medical treatment)
Minor	Minimal, minor, low consequences (e.g. health and safety – minor injury requiring medical treatment)
Insignificant	Small, insignificant, no consequences (e.g. health and safety – no injuries or only minimal first aid required)

Evaluating is about using the outcomes of the risk analysis to decide which risks need risk treatment measures and their priority for implementation.

The risk levels allocated during the analysis process are compared with the risk criteria defined during the 'establish the context' stage. All other elements of the external, internal and risk management contexts that were established must also be considered (e.g. regulatory requirements and strategic objectives).

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Risk Evaluation Table - Example

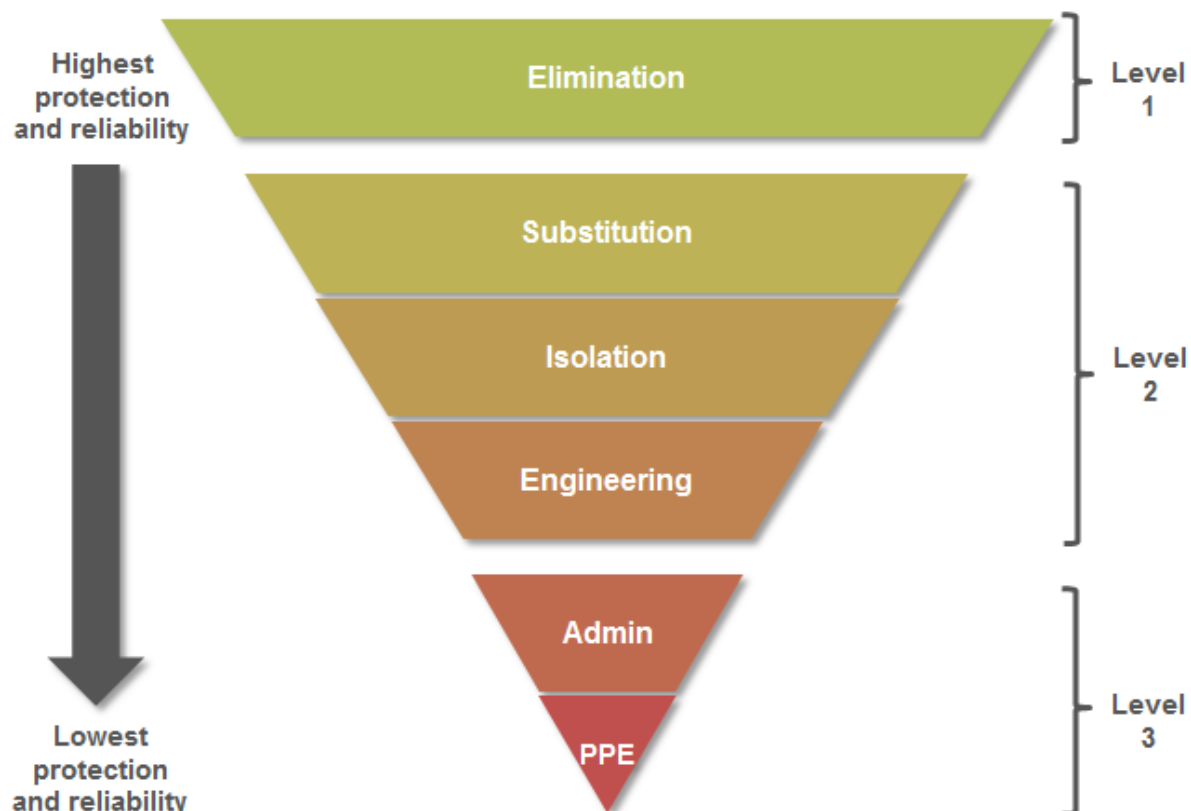| Risk levels	
Extreme	Immediate risk treatment implementation required Involvement and risk management by Senior Management (e.g. CEO, General Manager)
High	Risk treatment implementation required Involvement and risk management by Senior Management (e.g. CEO, General Manager)
Moderate	Locally managed risk treatment implementation required unless Senior Management approves tolerating the risk without further treatment
Low	Risk can managed by routine procedures or existing controls unless Senior Management approves tolerating the risk without further treatment

Treat risks

This stage involves identifying, assessing, selecting, documenting and implementing the risk treatment options that will eliminate the risks that will not be tolerated or minimise them if elimination is not reasonably practicable.

Risk Treatment Options Table

Risk treatment options	
Eliminate the risk	By removing the risk altogether (uses Elimination from the Hierarchy of Controls below)
If you can't eliminate the risk, then consider:	
Reduce or control the risk consequences	By implementing one or a combination of control measures from Substitution, Isolation, Engineering, Administration and PPE from the Hierarchy of Controls below

Reduce or control the risk likelihood	By implementing one or a combination of control measures from Substitution, Isolation, Engineering, Administration and PPE from the Hierarchy of Controls below
Share the risk	By sharing or transferring ownership and liability for the risk to another party (e.g. partnership, joint venture or insurance)
Tolerate the risk	By making an informed decision to accept the risk at its current risk level

The Hierarchy of Controls is used to rank each treatment option (risk control) from the highest level of protection and reliability to the lowest. You must always aim to eliminate a hazard, which is the most effective control. If this is not reasonably practicable, you must minimise the risk by working through the other alternatives in the hierarchy.

Hierarchy of Controls Table

Hierarchy of Controls	
Level 1: Always aim to eliminate the risk	
Elimination	Involves removing the risk altogether, for example, removing or redesigning the equipment, process, task etc.
Level 2: If it is not reasonably practicable to eliminate the hazards and associated risks, you should minimise the risks using one or more of the following approaches	
Substitution	Involves substituting the hazard with a hazard that has a lower risk, for example, replacing solvent-based paints with water-based paints
Isolation	Involves separating the hazard from the person at risk, for example, providing drivers with rest facilities away from noise and distraction
Engineering	Involves applying mechanical devices or processes, for example, installing speed limiters in vehicles

Level 3: Should only be used as a last resort, an interim measure or to support a higher level control measure	
Administration	Involves minimising the risk by administrative means, such as procedures and training, for example, providing training in safe load restraint methods. It is not recommended to use this control on its own as it relies on human behaviour and supervision.
Personal Protective Equipment (PPE)	Involves using PPE, for example, providing high-vis vests, safety goggles and gloves for those performing loading or unloading activities. While this option can provide added protection, it is considered the least effective control method.

When assessing and selecting the risk treatment options, consider the effectiveness and benefits of the controls with their feasibility and costs. Note that legal and social responsibility requirements may override the simple cost-benefit analysis.

All risks, risk treatment options (controls), implementation plans, responsible persons and due dates must be recorded in our Risk Register and implemented into any relevant documentation such as Safe Work Procedures.

Monitor and review

This stage involves the ongoing monitoring and review of the risks and their controls.

Monitoring and review is an essential and integral step in the process for managing risk as few risks remain static – changes may be sudden or gradual. Factors that affect the likelihood and consequence of a risk may change over time.

The monitoring and review process can take place on a:

- day-to-day basis as part of daily operations
- ad-hoc basis, for example, after an incident has been reported
- scheduled basis as part of regular audit processes

This stage checks that the risk controls:

- have been implemented

- continue to be effective in eliminating or minimising the risks

- do not result in new risks

If non-conformances or new risks are identified, then the risk management process will need to be repeated to make further decisions about risk treatment.

Our Risk Register will specify who is responsible for implementing the risk controls and by which date. It will also set out the date of the next review of the risk and controls.

Communicate and consult

It is important to communicate and consult with internal and external stakeholders (the parties impacted by the risks and/or controls) at each stage of the risk management process.

Consultation is a two-way process that involves sharing information with workers (or their representatives), providing the opportunity to express their views, taking the views into account and advising on the outcomes and decisions. Communication is a one-way process that involves sharing or displaying information.

Consultation through genuine involvement and open communication is a clear feature of successful risk management.

Responsibilities

Romann Logistics has identified the following roles within our organisation with responsibilities for risk management, as:

- the employer/ person conducting a business or undertaking (PCBU)

- managers/supervisors

- workers

A summary of the key responsibilities for each role are listed below.

Employer/PCBU Responsibilities
The Employer or PCBU can be a sole trader, the partners in a partnership, a company, an unincorporated association or a government department. In our organisation this responsibility is accepted by the Director(s).

The Employer/PCBU must:

- establish and implement the Risk Management Framework
- allocate resources (personnel and financial) to implement the Risk Management Framework
- define and communicate risk management responsibilities and accountabilities to managers and supervisors and other relevant personnel
- establish the risk management context to set the basic parameters for risk management
- manage risks identified as 'extreme or high risk levels' and other escalated risks
- monitor risk-related information and data on an ongoing basis and review periodically (i.e. as part of annual audits)
- ensure compliance with the Risk Management Framework

Manager/Supervisor Responsibilities
Managers and supervisors are workers who have an area of control within the workplace. In our organisation this responsibility is accepted by the National Operations Manager, National Business Development Manager and Key Account Manager.

Managers and supervisors must:

- ensure the Risk Management Policy, Procedure and Framework are effectively implemented and followed within their area of control

- accept accountability for identifying, assessing and treating risks within their area of control

- ensure risk treatment measures are implemented within their area of control

- accept accountability for the continuous monitoring and review of risks and the regular analysis and audit of risks within their area of control

- resolve or appropriately escalate risks promptly

Worker Responsibilities
A worker is any person who carries out work for a PCBU, including work as an employee, contractor, subcontractor, self-employed person, outworker, apprentice or trainee, work experience student, employee of a labour hire company placed with a 'host employer' and volunteers.

Workers must:

- comply with the Risk Management Policy, Procedure and other Risk Management Framework measures at all times

- implement all risk treatment measures relevant to their role

- report any risks in the workplace promptly

Supporting records

The following records are created, maintained and reviewed as part of the requirements of this procedure:

- Risk Register

- Audit and Corrective Action Report

- Safe Work Procedure

Supporting policies and procedures

This procedure operates within the Risk Management Framework outlined in the Risk Management Policy.

This procedure should be read and followed in conjunction with the:

- Work Health and Safety Policy

- Chain of Responsibility Policy

- Drugs and Alcohol Policy

- Fatigue Management Policy and Procedure

- Speed Management Policy and Procedure

- Load Management Policy and Procedure

- Vehicle Standards and Maintenance Policy and Procedure

- Consultation and Communication Policy

- Training and Competency Policy

- Document and Record Control Policy

- Code of Conduct Policy and Employee Misconduct Procedure

- Hazard Observation Procedure

- Incident Management Procedure

Implementation and evaluation

Romann Logistics will ensure this Procedure is reviewed and evaluated for its effectiveness in delivering objectives on an annual basis or earlier in the event of major changes to the legislation or our organisation structure and operations.

External documents

To download a copy of the Model Code of Practice – How to Manage Work Health and Safety Risks, go to http://www.safeworkaustralia.gov.au/sites/swa/about/publications/pages/manage-whs-risks-cop

To purchase a copy of the Australian Standard for Risk Management – Principles and Guidelines AS/NZS ISO 31000:2009, go to www.saiglobal.com

**Procedure authorised by: George Manassa,
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Signature: GM, digitally signed 05.04.2022

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I have read and agree with the policy above.

Name:

Signature:

Date:

Authorised Officer: