

Risk Management

Introduction

This guide note outlines what is meant by ‘risk’ and how it should be managed as it pertains to Work Health and Safety (WHS) for all users of the of the Across Government Facilities Management Arrangements (AGFMA). The information in this document is derived from [ISO 31000](#), the International standard for Risk Management.

What is Risk?

Risk can be characterised and described as:

- a) the consequence/s of what *could* happen; and
- b) the likelihood of those consequences occurring.

There are challenges in characterising both consequences and likelihoods. One way of describing potential consequences is to consider what could happen and what could it lead to. Generally in the WHS space it is referred to as ‘harm or damage’.

In terms of likelihood or frequency, this can be a perceptive process. For example, a Participating Agency (hereafter Agency/s) of the AGFMA might consider:

- Has an incident occurred in the past and if so, how often has it happened?
- How often is a particular task or process performed?
- How frequently does a hazard present itself?

Once the *likelihood* is determined, it should be cross referenced with the *consequence* in order to define a **level of risk** or **risk rating** – refer image below, as an example.

Likelihood	Almost Certain (5)	Medium (5)	High (10)	Very High (15)	Extreme (20)	Extreme (25)
	Likely (4)	Medium (4)	Medium (8)	High (12)	Very High (16)	Extreme (20)
	Possible (3)	Low (3)	Medium (6)	Medium (9)	High (12)	Very High (15)
	Unlikely (2)	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
	Rare (1)	Low (1)	Low (2)	Low (3)	Medium (4)	Medium (5)
RISK LEVEL	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)	
	Consequence					

Risk Assessment

Essentially, there are 3 key steps to undertaking a risk assessment which are risk identification, risk analysis and risk evaluation. It can be demonstrated in various forms including Job Safety Analysis (JSA), Take 5's, Safe Work Method Statements (SWMS) for High Risk Work or comprehensive organisational Risk Registers. This guide note describes each step for reference by all users of the AGFMA, but is primarily provided as a reference tool for Participating Agencies.

The 3 key risk assessment steps described below should be **prior to** the commencement of any work or activity; and are typically documented in the form of a Job Safety Analysis (JSA) and noted on a Site Risk Exchange form. Consideration should be given to the 'So Far As Is Reasonably Practicable' (SFAIRP) principle. SFAIRP considers duties to ensure health and safety so far as is reasonably practicable, and it must be possible to demonstrate that the cost involved in reducing the risk further would be grossly disproportionate to the benefit gained.

Risk Identification

Risk identification in WHS is generally referred to as 'hazard identification'. It involves the application of a systematic process to understand a range of examples of what could happen, how, when and why. Understanding these example 'scenarios' is vital to inform risk treatment options.

Failure to adopt a systematic process for hazard identification may result in the omission of identifying new or unknown hazards whilst only focussing on 'known' hazards. There are several methods for identifying a workplace hazard, such as:

- Safety Walks and Workplace Inspections
- Hazard and Incident Reports
- Internal and External Audit findings
- Legislative requirements or changes
- Existing risk documentation that needs review

Once the steps associated with a task have been documented i.e. in a JSA, the identified hazards should be recorded and aligned with the relevant step.

Risk Analysis

The purpose of a risk analysis is to better understand the nature of a risk including its characteristics and its risk rating (level of risk). During the analysis process, an Agency should consider the Agency's risk management framework in particular its context, the risk sources (hazards), consequence, likelihood, event scenarios and risk controls, including the effectiveness of these controls. A single event can have multiple causes and consequences, and may affect multiple WHS objectives.

A risk analysis is a perceptive view, i.e. one person may perceive a risk lower or higher than another person as a result of differing knowledge, skills and experience. Agencies should document these differences during the risk analysis to enable decision makers to refer to them whilst giving consideration to allocation of funds and resources, and in assigning the most appropriate controls.

Risk Evaluation

Risk evaluation involves comparing the results of a risk analysis against established WHS objectives which are outlined in an Agency's WHS policies and/or procedures. A comprehensive risk evaluation may lead a decision maker to:

- Take no action (i.e. do nothing further); or
- Consider risk treatment options; or
- Undertake further analysis to better understand the risk; or
- Maintain existing documented controls; or
- Reconsider WHS objectives.

A contracted worker, upon completing a risk assessment i.e. JSA, shall provide it to the Agency to be copied and retained for the Agency records. The contracted worker shall retain the original for their records and provide a copy to the Facilities Management Service Provider (FMSP) with invoicing.

Risk Treatment and Controls

Risk treatment normally involves activities that aim to change either the likelihood of the consequences or the type, magnitude or timing of those consequences. Controls are the means by which we seek to modify risks. If the risk management process is followed, the systematic way in which the risks have been identified and analysed means that any risk treatment and identified control can be applied with confidence and effectiveness.

Whoever is responsible (Agency or contracted worker) for the risk, must select and implement appropriate controls to address the risk, if that risk exceeds the Agency's risk appetite (defined as the amount and type of risk that an Agency is prepared to pursue, retain or take). Risk control development includes:

- Formulating and selecting risk control options;
- Planning and implementing risk control;
- Assessing the effectiveness of the control;
- Deciding whether the remaining risk is acceptable; and
- If not acceptable, identifying and taking further treatment.

Risk controls should:

- Effectively control the risk;
- Not introduce any new hazard or risk;
- Be proportionate to the degree and nature of the risk; and
- Comply with relevant legal and other requirements.

A combination of the above risk controls should be used when the application of a single risk control measure is not sufficient to eliminate or minimise the risk to an acceptable level. Agencies and contracted workers should select risk controls using the Hierarchy of Control process depicted below. This process ranks the highest level of protection and reliability to the lowest.

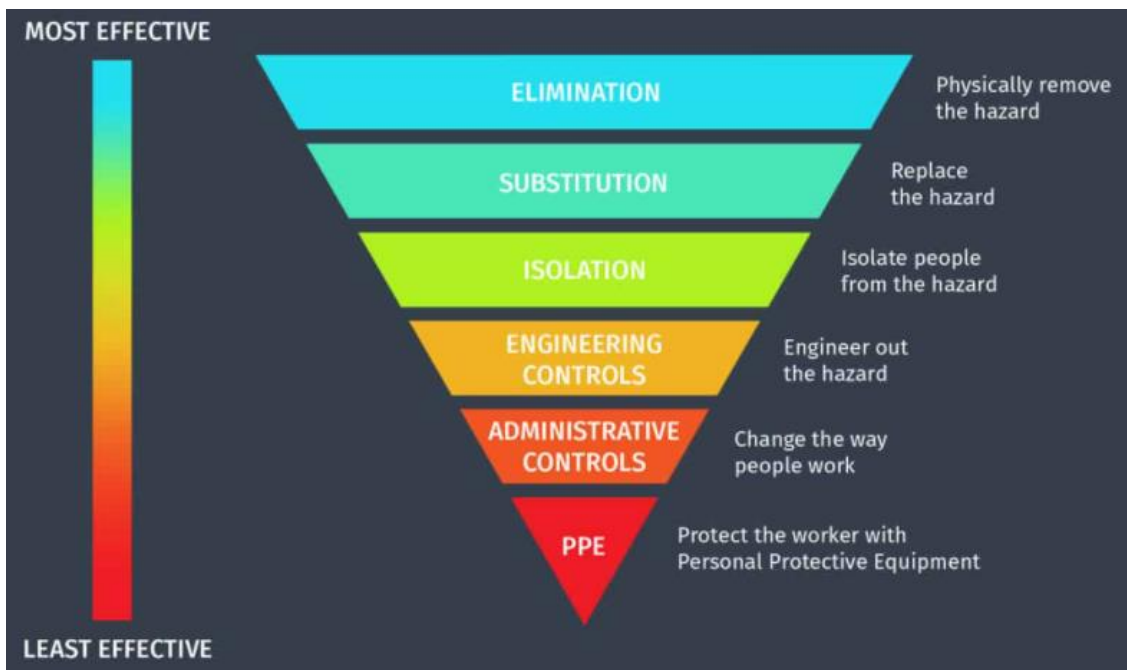


Figure 1 Hierarchy of Control

Note - Administrative controls and PPE are considered to be the lowest level of control and should therefore be adopted in conjunction with one or more of the higher level controls.

Risk Monitoring and Review

New risks emerge and existing risks change as the Agency's internal and external environment changes. Sometimes these changes arise because of what Agencies do in risk treatment. Often, risks have changed because controls may have been relied upon for many years have become inadequate or ineffective. Unless the Agency monitors how its internal and external context changes and reviews whether its controls remain effective, then its understanding of the risks it faces and the levels of those risks may be incorrect.

Ongoing monitoring and review of risks is essential as a way of:

- Detecting changes to the internal and external context
- Identifying emerging risks
- Measuring performance of risk treatments
- Providing oversight and governance of risks and the treatment of them
- Assessing if a risk has changed and/or requires escalation
- Assessing whether a risk is still valid and if not, if the risk can be closed on the risk register.

Communication

Communication and consultation with appropriate stakeholders, both internal and external, should take place during each step of the risk management process. The aim of this is to:

- Support stakeholder engagement and accountability
- Ensure appropriate stakeholders are engaged, including subject matter experts
- Provide information and reports to relevant stakeholders
- Increase awareness of risk management and its value
- Improve the decision-making process for management of risk.

Summary of Roles and Responsibilities

Role	Responsibilities
Participating Agency Chief Executive	<ul style="list-style-type: none"> • Develop and maintain a risk management strategy, including a plan for continuous improvement opportunities • Ensure appropriate consultation and communication strategies are developed and maintained • Develop necessary process and procedures
Participating Agency Managers/Supervisors	<ul style="list-style-type: none"> • Participate in the SRE with contracted workers • Assign actions arising from risk assessments to the appropriate person • Ensure risk control measures are implemented
Facilities Management Service Providers (FMSP)	<ul style="list-style-type: none"> • Engage a contracted worker with appropriate skills and qualifications
Contracted Workers	<ul style="list-style-type: none"> • Undertake JSA's prior to commencing work • Provide copy of JSA to Agency Representative and FMSP • Participate in the SRE process • Implement risk control measures