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PROCEDURE



CENTRAL TABLELANDS WATER

RISK MANAGEMENT FRAMEWORK

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1. INTRODUCTION

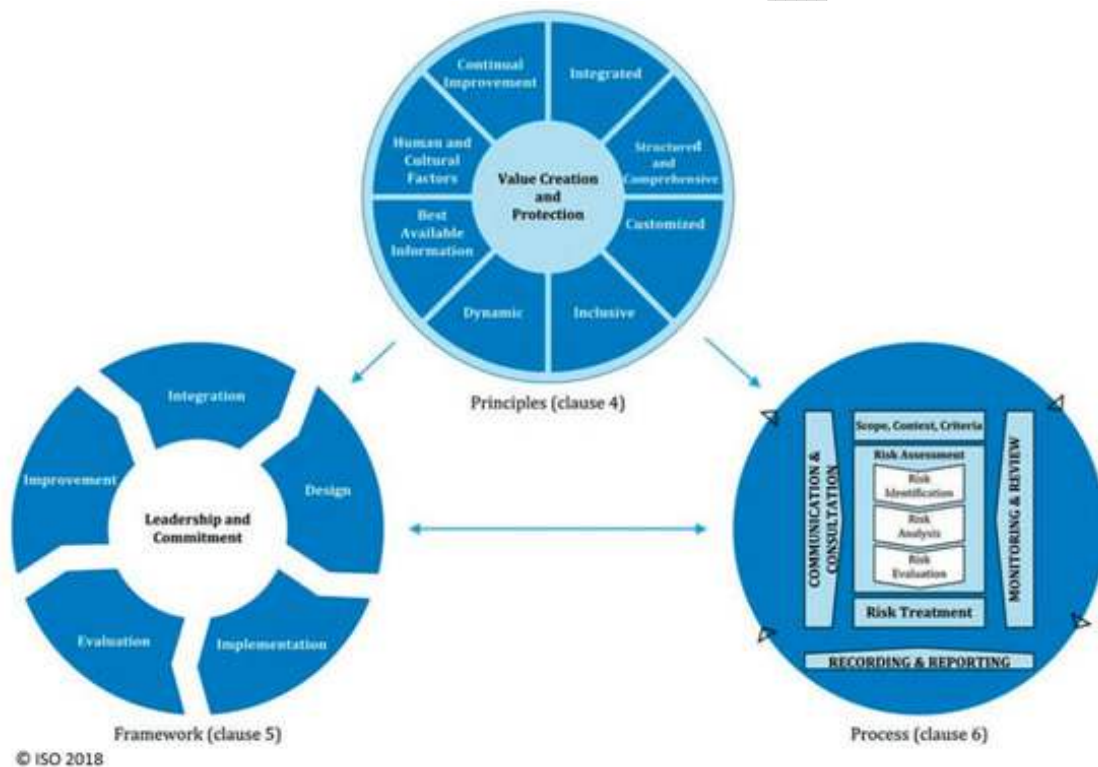
1.1 Purpose

The Central Tablelands Water Enterprise Risk Management Framework provides information on the roles, responsibilities, processes as well as procedures, standards, tools, and documentation to be used for managing risk.

Utilisation of the risk management framework will ensure that CTW strengthens management practices, decisions and resource allocation to protect the public's interest, provide value for money and ensure 'best practice' service to the customers.

CTW has chosen to align to the Australian ISO 31000:2018 Risk Management Guidelines.

Figure 1.0 Overview of ISO 31000:2018



1.2 What is a risk?

Risk is the effect of uncertainty being that positive or negative on an outcome. Risk is measured through a defined risk process which looks at the likelihood of the risk and the associated consequences that come with the risk.

1.3 What is risk Management

Risk management is a process of designing systems and procedures that will help control and manage risks that allows CTW to manage both negative consequences and future potential opportunities.

1.4 Benefits of risk management

The benefits of CTW having a risk management framework are:

- Smarter decision making protecting the public interest
- Agile and adaptive to risk changes
- Informed decisions allowing for effective management of both negative and positive consequences
- Ability to focus resources to significant risks to reduce or gain impact
- Allow for individual accountability of risk identification and treatment.

1.5 Goals of the framework

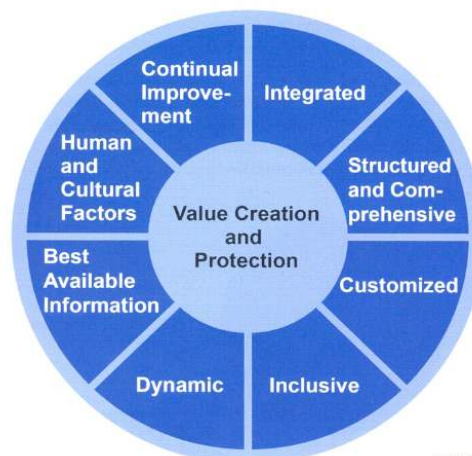
CTW is focused on identifying risks in order to make conscious decisions to accept, transfer or mitigate these risks in order to achieve CTW strategic goals and objectives. By designing and implementing a framework the objective is to achieve the following:

- Communicate the benefit of risk management practices
- Provide an integrated risk management system that services all aspects of strategic and operational business decision making
- Establish the roles and responsibilities for individual accountability
- Provide a framework that allows consistency, standardization and replication
- Provide a simplistic and easy risk process for every CTW employee to use
- Demonstrate periodic review and continuous improvement of the framework
- Ensure on-going sustainability of CTW as an organization.
- Engage a risk-based day-today thinking organization.
- Fit for purpose solutions
- Provide value for money.

1.6 Risk management principles

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation, and supports the achievement of objectives.

The principles outlined in the figure below provide guidance on the characteristics of effective and efficient risk management, communicating its value and explaining its intention and purpose. The principles are the foundation for managing risk and should be considered when establishing the organization's risk management framework and processes. These principles should enable an organization to manage the effects of uncertainty on its objectives.



source: ISO 31000:2018

Risk	Definition
Integrated	Risk management is an integral part of all organizational activities
Structured and comprehensive	A structured and comprehensive approach to risk management contributes to consistent and comparable results
Customised	The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives.
Inclusive	Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
Dynamic	Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
Best available information	The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear, and available to relevant stakeholders.
Human and cultural factors	Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
Continual improvement	Risk management is continually improved through learning and experience.

1.7 Scopes and limitations

The scope of this document is extended to all potential risk categories to CTW in accordance with the risk matrix in Appendix B and are summarised below:

Risk Category	Areas of risk within this category
Environment	<ul style="list-style-type: none"> • Incidents with water • Failure to observe Environmental legislation • Environmental adverse impacts on living organisms through the organisations waste, contamination, pollution causing activities • Planning of future design • Projects and environmental impact from change • Climate variability • Land management • Cultural heritage • Degradation of community amenity/recreation
Health and Safety	<ul style="list-style-type: none"> • Death of employee or multiple employees • Water supply • Death or injury to contractor/member of public • Employee wellbeing

Risk Category	Areas of risk within this category
Financial	<ul style="list-style-type: none"> • Death of employee or multiple employees • Water supply • Death or injury to contractor/member of public • Over-expenditure on project delivery • Operational inefficiencies • Inadequate cost recovery • Long term affordability of services
Service Delivery (Service Interruption)	<ul style="list-style-type: none"> • Unable to supply water functionality to CTW constituents • Unable to maintain assets functionality to meet required service levels • IT security risks effecting supply of data and information sources • Inadequate forecasting of variation to service demands based on <ul style="list-style-type: none"> • population increase, climate variability, customer behaviour, legislative requirements.
Reputation	<ul style="list-style-type: none"> • Major and/or recurrent failure leading to significant media publications • Social media • Impact upon social/community values • Major and/or recurrent failures leading to the discredit of the organisation with regulators/suppliers/contractors etc. • Uncontrolled and unmonitored social media • Pricing increases • Gap between delivery of services and community expectation • Failure in leadership – issues that will reduce community belief that we have a clear vision for the future and are well organised • Major occurrence of any of the following, leading to significant media coverage and loss of community trust: <ul style="list-style-type: none"> - breach of environmental responsibilities - breach of health and safety compliance - failure of service - breach of regulatory/statutory compliance • financial mismanagement
Compliance and Legal	<ul style="list-style-type: none"> • Failure to comply to legislation and acts • Failure to comply to licencing conditions • Failure to meeting reporting deadlines • Inadequate adherence to conveyancing processes • Absence of appropriate land/property tenure • Inconsistent application of internal policies
Projects	<ul style="list-style-type: none"> • Delay in completion date of project • Project requirements not satisfied • Project quality compromised • Project budget exceeded
Fraud	<ul style="list-style-type: none"> • Misappropriation of assets • Conflicts of interest • Theft or misuse of confidential information

Risk Category	Areas of risk within this category
Information Technology	<ul style="list-style-type: none"> • Technology • Cyber Security/Data breach • Business Continuity • Critical infrastructure
Modern Slavery	<ul style="list-style-type: none"> • Any conduct constituting a modern slavery offence, or any conduct involving the use of any form of slavery, servitude or forced labour to exploit children or other persons taking place in the supply chain of organisations

1.8 Definitions

Table 1: Key risk definitions

Definition	Meaning
Risk	Effect of uncertainty on objectives
Risk Management	Coordinated activities to direct and control an organisation with regard to risk
Risk management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation
Risk Management Policy	Statement of the overall intentions and direction of an organisation related to risk management
Risk Attitude	Organisations approach to assess and eventually pursue, retain, take or turn away from risk.
Risk management plan	Scheme within the risk management framework specifying the approach, the management components and resources to be applied to the management of risk
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

1.9 Risk appetite and risk tolerance

Risk Appetite

Risk appetite is the amount of risk, on a broad level, that Council is willing to accept in pursuit of value, and should reflect:

- Capacity to take on risk;
- Council strategic and operational objectives; and
- Evolving industry and market conditions.

Council has minimal to no appetite for risks that:

- Compromise the health, safety and wellbeing of staff, contractors and members of the community.
- Significantly disrupts essential services.
- Have a significant negative impact on its long-term financial sustainability and assets.
- Constitute a serious non-compliance with its legal obligations.
- Results in significant or irreparable damage to the environment.
- Results in widespread and sustained damage to its reputation.

Risk Tolerance

Risk tolerance provides more detail about Council’s risk appetite. Risk tolerance defines the absolute limits (expressed as metrics for specific performance indicators) that Council will not exceed. Risk tolerance implies that Council cannot effectively deal with risks beyond these limits.

Council generally considers “high” and “extreme” risks as not being tolerable and requires action to reduce either the likelihood of the risk occurring and or the consequences should the risk occur. In regard to “moderate” and “low” risks, reasonable and practical actions will be taken along with ongoing monitoring to ensure Council’s risk exposure does not increase.

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2. RISK MANAGEMENT STRUCTURE

This section highlights the accountability and roles of all CTW employees in the risk management framework. It focuses on risk roles and responsibilities and how to escalate.

2.1 Roles and responsibilities

Risk is the responsibility of all employees. Risk responsibility will be defined to ensure that the level of risk being evaluated will be directed to the right level for sign off.

Table 2: Roles and Responsibilities Table

Roles	Responsibilities
Board	<p>Board members are responsible in oversight of the following:</p> <ul style="list-style-type: none"> • Alignment to the strategic risk management policies and processes • Critical decisions aligned to the strategic risk appetite
General Manager	<p>The General Manager is responsible in oversight of the following:</p> <ul style="list-style-type: none"> • Adherence to the risk management policy • Alignment to the strategic risk management policies and processes • Alignment to the CTW risk management policies and processes • Critical decision making aligned to CTW risk appetite • Championing a risk management culture and supporting the enhancement of risk management practices across the organisation • Guiding executive managers on the appropriate risk appetite in alignment with the Enterprise Risk management framework • Embedding risk thinking into all strategic, and operational decisions • Participation in any strategic risk analysis workshop for the business
All Staff	<p>Staff are responsible for:</p> <ul style="list-style-type: none"> • Alignment to this risk management framework Identification of risks within standard operating procedures • Participation in risk processes including identification, analysis, evaluation and treatment • Notification of risks that are outside of their control to their appropriate section leader or group manager • Utilisation of the correct risk processes and risk
Audit, Risk, and Improvement Committee (ARIC)	<ul style="list-style-type: none"> • Provide advice on the adequacy of Council's current risk management framework and associated procedures for effective identification and management of financial and business risks, including fraud • Review the impact of the risk management framework on its control environment and insurance arrangements • Review whether a sound and effective approach has been followed in developing strategic risk management plans for major projects or undertakings • Review whether a sound and effective approach has been followed in establishing business continuity planning arrangements, including whether plans have been tested periodically

2.2 Escalations

All Central Tablelands Water staff have the responsibility to identify and escalate risks to their managers, where they are unable to find a suitable treatment. Any stakeholder in CTW has the right to raise a risk, analyse it and identify appropriate treatment.

Identification of the severity of a risk will be done through use of the Risk Assessment Table.

Delegation of risk will be identified in the CTW risk matrix, highlighting accountability and responsibility if specified, where not specified it is up to the individual to treat the risk or escalate it where required as described in the relevant risk response procedures.

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3. MANDATE AND COMMITMENT

3.1 Our commitment

CTW recognizes that risk management is an integral part of good management practice. We are committed to establishing an organizational culture that ensures a consistent and systematic application to risk management, one that is embedded in all of our activities and business processes.

It is aligned to this risk management framework and enables the correct procedures and plans to be created.

CTW aims to evaluate potential benefits alongside identified risks as part of our strategic planning process in order to achieve positive outcomes and a consistent approach across the whole of the business.

Our risk management policy covers the implementation, objectives, and responsibilities of risk management within CTW. Our key objectives are to enable:

- Informed business decisions based on risk assessment
- Identification, prioritization, and management of risks in a consistent and transparent manner
- Strategic planning processes to be improved as a result of a structured consideration of all risks
- Reduction of risks through continuous improvement
- Residual risks to be clearly identified and managed
- Compliance with relevant legislation and improved internal governance
- CTW resources to be safeguarded.

It is the responsibility of General Manager to endorse and support the risk management process. Managing risk is every employee's responsibility at CTW.

3.2 Authorities for compliance

CTW works under the Local Government Act 1993. Best Practice Management guidelines have been developed for NSW Local Water Utilities governed by the ACT. These guidelines stipulate the requirements for risk management and accountability across 6 key criteria. All CTW risks must be managed in accordance with these requirements. CTW works in compliance with their internal Governance frameworks, which stipulate the requirements of actions and behaviours to ensure we align to all relevant legislations and best practices that we are required to comply to within our industry.

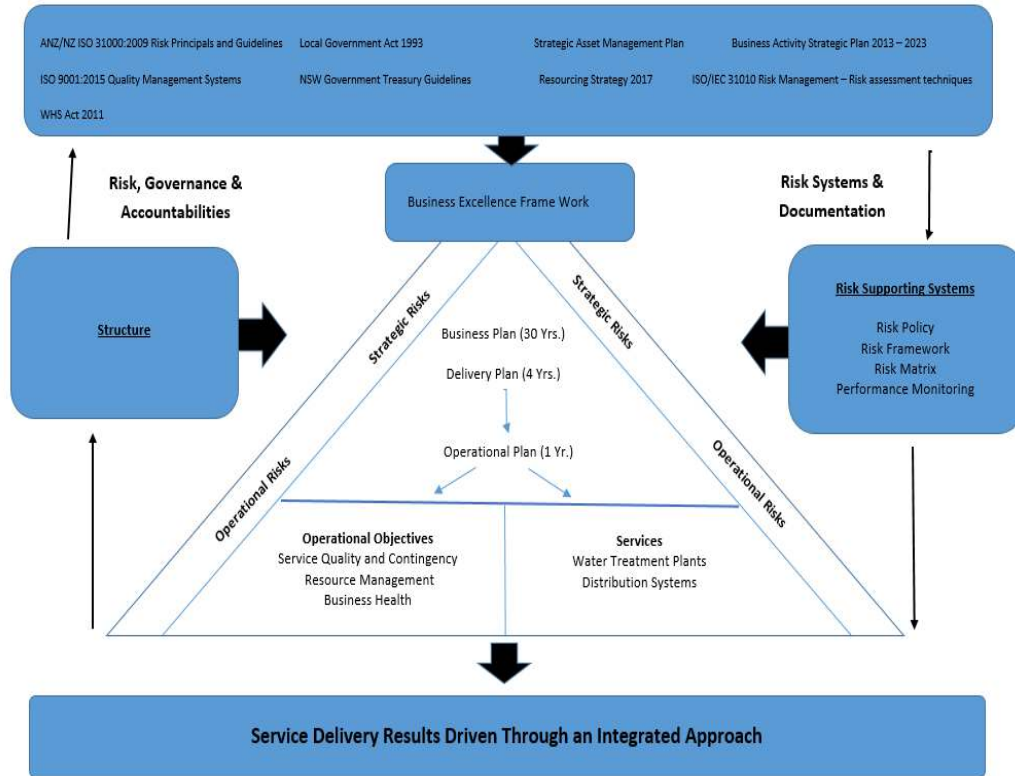
CTW also works in alignment with the Australian ISO 31000:2018 Risk Management Principles and Guidelines (AS ISO 31000).

3.3 Governance through procedures

CTW is committed to governance through plans, systems and programs that align with this risk management framework and the Council's risk management policy.

4. RISK MANAGEMENT FRAMEWORK

The figure below demonstrates the relationships between strategic and operational plans and the risk framework at CTW.



4.1 Risk hierarchy

Risks should be associated with each cascading plan that is aligned to our overall strategic vision (25-year plan). The strategic plan will be evaluated against the strategic risk matrix to ensure that all external risk categories are considered in future planning. The Operational Plan will link to this risk management framework.

Plans	Hierarchy of Risk	Accountability
Strategic Business Activity Plan	Strategic Risks <ul style="list-style-type: none"> • Risks that have a positive or negative effect on achieving strategic purpose or objectives • Risks at this levels that impact resource allocation to achieve objectives • Risk of external Government risk that impact or change the strategic alignment 	Board and General Manager
Delivery Program (Aligned with Asset Management Plan)	Delivery Risks <ul style="list-style-type: none"> • Risk regarding lack of alignment to the strategic plan • Risk in regard to service quality and continuity • Risk in regard to sustainable resource management • Risk in regard to business health • Risk in regard to community leadership • Risk in regard to readiness for change 	4-year council board

Plans	Hierarchy of Risk	Accountability
Work Health and Safety Plan	WHS Risks <ul style="list-style-type: none"> • Risk in regard to failing to comply with legislation • Risk in regard to workers compensation claims • Risk in regard to insurance premiums 	General Manager & Executive Managers
Resourcing Strategy Plan	Resourcing Risks <ul style="list-style-type: none"> • Risk in lack of resource to support deliverables within the delivery plan which is cascaded to the operational and group business plans • Risk of human capital • Risk of financial equity • Risk of capacity within assets 	Executive Corporate Services Manager
Operational Plan (Annually)	Operational Risks <ul style="list-style-type: none"> • Risk in alignment to the delivery plan • Risk of over committing resources • Risk in lack or review against objectives during the annum • Risk of external context adjusting business objectives 	Executive Managers
Asset Management Plan	Asset Management Risks <ul style="list-style-type: none"> • Risk in lack of asset management planning • Risk in lack of understanding asset life cycle management 	Executive Managers
Business Contingency Management Plan & Emergency Incident Response Plan	Business Contingency Risks <ul style="list-style-type: none"> • Risk in not capturing critical tasks to supply to public • Risk in not having planned scenarios to ensure execution captures all critical tasks • Risk in not having Incident response protocol and command hierarchy 	General Manager & Executive Managers
Project Management Plans	Project Risks <ul style="list-style-type: none"> • Risk in lack of identification of critical risks that will impact supply • Risk in not accounting for correct legislation, codes and regulatory requirements 	General Manager & EMOTS

4.2 Risk management frameworks

Our default risk management table for effective risk management is the GWCC risk assessment tables (Appendix B). This risk assessment table will be the key tool to refer to for effective risk assessment, aiming to always reduce the risk to the lowest possible form.

Risk will be managed through different risk scenarios or levels of risk that could occur at CTW.

Risk	When to use this	User
CTW Risk Assessment Tables	CTW risk matrix is used to assess all external and internal risks that could have the potential threat to CTW. The associated risk tables are to be used by all levels of staff at CTW.	ALL

CTW has external regulators, where in circumstances we may need to reference their prescribed risk assessment tables instead of our own, in this scenario approval of use is to be given by the owner of user listed below:

- Australian Drinking Water Guidelines Risk Assessment Tables
 - Australian Drinking Water Guidelines has its own prescriptive requirements for treating risk, when the risk is associated with drinking water quality, please refer to their risk assessment tables - Chapter 3: Framework for Management of Drinking Water Quality
 - Production and Services Manager.

4.3 Risk registers

Risk registers are required to ensure all external and internal threats and opportunities have been captured, this allows for effective risk evaluation, analysis and treatment.

Council will maintain a centralized online Risk Register (Pulse) which provides an accurate and complete record of risk assessment and management activities. The Risk Register is maintained by the Risk Owners and administered by the Corporate Services Manager.

The Risk Register includes the following core information:

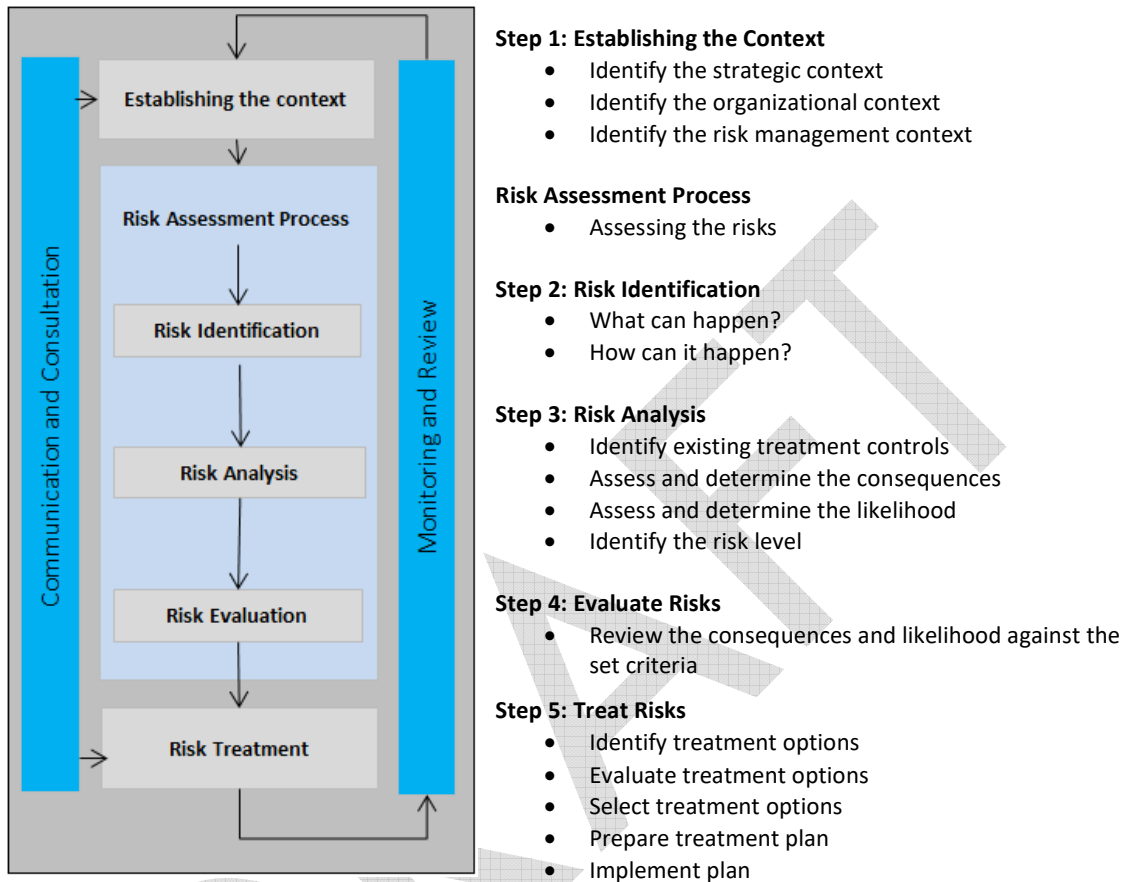
Data Field	Data Field Explanation
Risk ID	Unique identifier which identifies the risk (system generated)
Risk Code	Only to be used for the classification of WHS & DWMS risks
Risk Owner	Risk owner by position title (only one risk owner for each risk)
Risk Area	The section of Council responsible for the risk
Risk Category	Relevant to the risk, using the risk categories listed in the Risk Matrix, each risk is to be categorised.
Risk Description	A description of the risk, possible causes and impacts
Inherent Risk	Inherent risk before controls or mitigating action; risk rating as per Risk Matrix
Mitigation Strategy	Existing controls that are in place
Residual Risk	Risk rating after the application of controls
Future Actions	Identify and capture any future actions that need to be carried out to further reduce risk in order to manage the risk to an acceptable level.
Due Date	Stipulate when actions are due to be completed
Target Risk	Proposed risk rating after the implementation of mitigating
IP&R Link	Council's IP&R objective that the risk impacts

Risk Owners will be responsible for reviewing and moderating risks within their area of responsibility and accountability ever six months, to ensure that the assessment and actions taken are acceptable.

4.4 Risk management process

The risk management process is defined by the ISO Australian 31000:2018 Risk Management Guidelines highlights the key steps in the risk management process.

Risk Assessment Process Summarized



At all stages of the process communication and consultation must be present, to ensure that the information has been gathered and taken into account.

Risk Management involves adopting and applying a systematic process to identify, analyse, assess, control, and monitor these hazards so that the risks those hazards present to the business and its employees is reduced and maintained within an acceptable level – a level referred to as ‘As low as reasonably practicable’.

Risk management is, and needs to be, a proactive process. For the Risk Management Process to be truly effective it requires constant participation and analysis by all persons performing works or planning works within CTW.

Establishing the Context - it’s important to consider all external and internal environments when establishing the context, major external influences should be via your stakeholder requirements and input:

- Central Tablelands Water Strategic Business Plan
- Central tablelands Water Delivery Program
- Central Tablelands Water Annual Operational Plan

CTW's Risk Management Policy should consider all external and internal environmental impacts that have been identified and stipulate these requirements. This policy should identify understanding the external context which are external risks that are exposures that result from environmental conditions that CTW are not able to control or influence, while internal context is internal risks that are focused around the internal environment and the objectives the organization is wanting to achieve.

External Context

- Review strengths, weaknesses, opportunities and threats (SWOT Analysis)
- Look at relationships, perceptions and values of external stakeholders

Internal Context

- Objectives and strategies that are in place
- Governance and structure
- Roles and accountability
- Human resources, systems, and processes
- Changes to processes and compliance
- Risk appetite of the organization

Risk management process has three stages to the Risk Process:

- Identify the Risks/Hazards
- Assess the Risks both raw and residual
- Put in place control measures to remove or minimize the risks prior to starting or use business as usual procedures.

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Central Tablelands Water Risk Management Process

Establishing The Context

It's important to consider all external and internal environments when establishing the context, major external influences should be via your stakeholder requirements and input.

External Context

External risks are exposures that result from environmental conditions that CTW are not able to control or influence

Internal Context

Internal risks are focused on the internal environment and the objectives that the organization is wanting to achieve

Risk Identification

Risk identification is about identifying risk within the risk categories or any other sources or risk, areas of impacts, potential event and identifies the causes and potential consequences. Risk Identification can be done through any of the following forums:

- Strategic Planning
- Day to Day Organizational activities
- Review against standards and guidelines
- Incident or Complaints
- Investigation Processes

Identify a list of threats and opportunities from these areas, and identify what could enhance, prevent, degrade, accelerate or delay the achievement of success in these processes or objectives.

Risk Analysis (Raw Risk)

Risk Analysis looks at what, where when and how the risk can arise, using the risk matrix the risk is assessed against criteria to get a risk score of low, moderate, high, or very high. When reviewing the risk, you also review the existing controls that are already in place and how effective those controls are. Risk Analysis allows you to evaluate the risk exposure through a likelihood and consequences table. GWCC risk assessment tables which are used for all CTW operations

Risk Evaluation (Treated Risk)

After risk analysis you would have identified a risk score, reviewed the risk and its current controls, and determined if the risk level is acceptable or if you require more controls in place. If multiple risks have been identified, prioritize the order that these should be treated.

Risk Treatment

Risk treatment plans may involve redesign of existing controls, introduction of new controls or monitoring of existing controls. Depending on the risk score; certain risks can be managed using business as usual procedures and processes however some risks require treatments options that will require a lot of resource, time and energy to manage. Risk in the pursuit of opportunity also needs to be considered, if the opportunity is worth more than the risk a decision can be made to continue without treatment with the appropriate consultation.

CTW depending on the Risk Score will either avoid, transfer, mitigate or accept the risk, refer to the GWCC risk assessment tables Don't only consider the risk treated but consider if risks have been introduced because of the treatment you have put in place

Monitoring the risk

To ensure effectiveness of the risk treatment, dependent on the level of treatment, monitoring of the risk it is essential to ensure that the treatment continues to reduce the risk to the correct level. Use our risk register to monitor risks effectively

TREATED RISKS ARE ONLY AS GOOD AS THEIR CONTROLS ARE MANAGED

Communication & Consultation

Monitor and Review

5. MONITOR AND REVIEW

Monitoring and review of the risk processes should be managed in alignment with our procedures and processes that CTW has in place.

Specifically for risk treatment management, the risk register will be used for monitoring the treatment of risks.

Annually our performance targets for risk should reflect our organizational objectives and align with our risk appetite.

6. COMMUNICATION AND CONSULTATION

Where there are changes in processes or treatment requirements of risk through monitoring, review or continuous improvement it is important that the correct training, education and communication is maintained so that all employees are aligned to the new changes.

All training will be done in alignment with the procedures from the Resourcing Strategy.

7. CONTINUOUS IMPROVEMENT OF RISK TREATMENTS

Risk treatment once identified does not mean that the risk treatment isn't reviewed again; as processes change or evolve risk treatment should be reviewed. Risk treatment should be reviewed through the Plan, Do, Check, Act Cycle to ensure that the treatment is still effective, or if a better treatment option can be applied.

Take into account when the risk treatment was applied, was it treated to the best level, or were there constraints due to financial, time or other factors that are now not in place.

Risks should have a review date set to review them in the risk register, however if external or internal changes occur prior to this date, the risk treatment will need to be re-evaluated using the risk assessment process.

Once risk treatments are reviewed, if these risks can be lowered this will work towards our overall organization risk score with an aim to minimize risks overall as an organization.

8. IMPLEMENTATION OF THE RISK MANAGEMENT FRAMEWORK

To ensure that this enterprise risk management framework is effective, implementation and sustainability of it is essential, in theory this is ensuring that risk based approach thinking is part of how CTW operates as an organization.

For effective implementation all groups must support and align to the implementation of the Risk management Framework.

9. TRAINING

9.1 Risk workshops to support implementation

CTW will hold risk workshops to enable groups to identify their key risks and use the risk assessment tables and risk process to effectively analysis, evaluate, treat and monitor risks.

9.1 Risk training

CTW will put together documentation to support new employees in how to effectively manage risk in their daily roles and will be divided into:

- Field crew training (rolled out by WHS)
- Office based training
- Leadership training.

The risk training will be supported with information on the CTW intranet system, allowing the opportunity for staff to continue to access frameworks, tools and supporting aids to continue to embed risk thinking into their daily practices.

Additional training requirements may also be developed as a result of any “lessons learned”. For example, workplace health and safety incident reviews, complaints and other areas for improvement that are identified.

10. TOOLS REFERENCE

10.1 Risk tools – quick links

The following tools will be made available.

Tool	Definition for Use	Link
Operational Risk Assessment Tables	Use to evaluate risk for all business risks including WHS risks.	Risk Assessment Tables
Risk Assessment Process	Aids in how to evaluate a risk and apply the correct treatment, ideally being elimination of the risk	Risk Assessment Process
Plan, Do, Check, Act (PDCA) Cycle	Aids in ensuring that risk is not only evaluated, but also treated and monitored, whilst continually improving the risk	PDCA Cycle
Risk Implementation Plan	A guide to implementing risk into a group or department, with check lists and audit tools	Risk Implementation Plan
Risk Register	Where risks that have been identified, and treated a captured and monitored	Risk Register Database how to use it successfully
SWOT Analysis	Tool to support assessment of current risks and opportunity presented	SWOT Analysis Overview
Project Risk Handover check sheet	Transferring risks associated with projects into the Risk Database.	Project Risk Handover Checklist

11. APPENDIX

Appendix A - ISO Guide 73:2009, Definitions

(Extracted from the AS/NZS 31000:20109 Risk Management – Principles and Guidelines)

Definition	Meaning
Communication and Consultation	Continual and iterative processes that an organization conducts to provide, share or obtain information and to engage in dialogue with stakeholders regarding the management of risk
Consequences	Outcome of an event affecting objectives, expressed qualitatively, quantitatively or semi-qualitatively
Control	Measure that is modifying risk; an existing process, policy, device, practice or other action that acts to minimize negative risk or enhance positive opportunities
Establishing the Context	Defining the external and internal parameters to be taken into account when managing risk, and setting the scope and risk criteria for the risk management policy
Event	Occurrence or change of a particular set of circumstances
External Context	<p>External environment in which the organization seeks to achieve its objectives. This can include cultural, social, political, legal, regulatory, financial technological, economic, natural, and competitive environment, whether international, national, regional or local.</p> <ul style="list-style-type: none"> • Key drivers and trends having impact on the objectives of the organization. • It also looks at the relationships with perceptions and values of external stakeholders.
Internal Context	<p>Internal environment in which the organization seeks to achieve its objectives.</p> <ul style="list-style-type: none"> • Governance, organizational structure, roles and accountabilities • Policies, objectives and strategies that are in place to achieve them. • The capabilities, understood in terms of resources and knowledge • Information systems, information flows and decision-making processes • Relationships with, and perceptions and values of internal stakeholders • The organizations culture • Standards, guidelines, and models adopted by the organization • Form and extern of contractual relationships
Levels of Risk	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood
Likelihood	Chance of something happening
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected
Residual Risk	Risk remaining after risk treatment
Review	Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objective
Risk	Effect of uncertainty on objectives ²
Risk Analysis	Process to comprehend the nature of risk and to determine the level of risk
Risk Assessment	Overall process of risk identification, risk analysis and risk evaluation

Definition	Meaning
Risk Criteria	Terms of reference against which the significance of a risk is evaluated
Risk Evaluation	Process of comparing the results or risk analysis with risk criteria to determine whether the risk and /or its magnitude is acceptable or tolerable
Risk Identification	Process of finding, recognizing and describing risks
Risk Management	Coordinated activities to direct and control an organization with regard to risk
Risk Management Framework	<p>A structured and disciplined approach to aligning strategy, people, processes, technology, and knowledge for the purpose of evaluating and managing the uncertainties that we could face while creating value. It is applicable to all aspects of CTW.</p> <p>Set of components that provide the foundations and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization</p>
Risk Management Plan	Scheme within the risk management framework specifying the approach, the management components, and resources to be applied to the management of risk
Risk Management Policy	Statement of the overall intentions and direction of an organization related to risk management
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring and reviewing risk.
Risk Owner	Person or entity with the accountability and authority to manage a risk
Risk Profile	Description of any set of risks
Risk Rating	Qualitative expression of the combined consequence and likelihood of the occurrence of a specified event. Either Low, Medium, High or Very High are the levels or rating CTW hold.
Risk Source	Element which alone or in combination has the intrinsic potential to give rise to risk
Risk Treatment	Process to modify risk
Stakeholder	Person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity
Strategic Risk	Risk that occurs within the CTW strategic business plan, mission, purpose, key directions, and cascading objectives that will have a significant impact on the business in the longer term or substantial impacts.

Appendix B - Risk Matrix and Consequence Table

Risk Matrix

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	MEDIUM	HIGH	HIGH	EXTREME	EXTREME
Likely	MEDIUM	MEDIUM	HIGH	HIGH	EXTREME
Possible	LOW	MEDIUM	HIGH	HIGH	HIGH
Unlikely	LOW	LOW	MEDIUM	MEDIUM	HIGH
Rare	LOW	LOW	MEDIUM	MEDIUM	HIGH

Risk Response

Rating	Required Response
EXTREME	Do not proceed with any activities where the risk is in this category without specialist assistance to further treat/reduce risk including the development of contingency plans and/or transference strategies. This level of risk requires immediate, General Manager level attention. Solutions need to be developed and actioned immediately; action plans may require close attention by the General Manager until the risk is managed to the desired level. Only the General Manager can authorize work to be undertaken at this level of risk.
HIGH	Activities with the risk in this category require immediate attention of appropriate Manager. Do not proceed with any treatment option without clear and timely action plans identified to reduce the risk. Action plans must be approved by appropriate Manager. Only the relevant Manager can authorize work to be undertaken at this level of risk.
MEDIUM	Activities with the risk in this category require attention with a degree of priority. Remedial action should be identified, and implementation commenced with appropriate priority. Only the relevant Coordinator/Engineer can authorize work to be undertaken at this level of risk.
LOW	LOW While control issues may exist at this level, their impact is deemed low. All staff are expected to review the assessment and controls; and, where controls are not satisfactory remedial action should be identified and implemented where practical.

Likelihood Descriptors

Probability Factor	Descriptor	Probability of Occurrence
Almost Certain	There is a >90% chance that the event will occur once in the next 12 months. Frequent past history.	Within 6 months
Likely	There is a 65% - 90% chance that the event will occur once in the next 12 months. Some past history.	next 12 months.
Possible	There is a 35% - 65% chance that the event will occur once in the next 12 months. Some past warning signs or previous events.	Within 3 -5 years
Unlikely	There is a 10% - 35% chance that the event will occur in the next 12 months.	Within 10 – 20 years
Rare	There is a <10% chance that the event will occur once in the next 12 months. No known past history or event.	More than 20 years

Consequence

Risk Category	Insignificant	Minor	Moderate	Major	Catastrophic
Environment	Environmental incident to localized area with recovery in days	Environmental incident to localized area with recovery in weeks	Serious environmental damage affecting numerous locations with recovery in months	Breach of environmental Legislation resulting in legal proceedings or penalties imposed against CTW, or serious environmental damage of regional significance with recovery in years. EPA notifiable incident	Serious breach of Environmental legislation resulting in protracted legal proceedings or significant findings/ penalties against CTW, or Long-term environmental damage of regional significance with recovery in 25+ years
Health and Safety	A workplace incident resulting in injury (or potential injury), where the injured person is unable to perform normal duties for a period of less than 7 days.	A workplace incident resulting in injury (or potential injury), where the injured person is unable to perform normal duties for a period of greater than 7 days, but less than 90 days, or a lost time injury resulting in less than 5 days absence.	A workplace incident resulting in serious injury or illness, where the injured person is unable to perform normal duties for a period of greater than 90 days), or a workplace incident requiring SafeWork NSW notification.	A workplace incident resulting in a permanent injury causing significant incapacitation, or a workplace incident requiring SafeWork NSW notification of a "non-disturbance of the incident scene"	Serious breach of environmental legislation resulting in protracted legal proceedings or significant findings/ penalties against CTW, or Long-term environmental damage of regional significance with recovery in 25+ years
Finance	Negligible financial loss; less than \$10,000; up to 10% of program/ project value	Minor financial loss; \$10,000 - \$50,000; 10% - 15% of program/project value	Significant financial loss; \$50,000 - \$500,000; 15% - 25% of program/ project value	Major financial loss; \$500,000 - \$1m; 25% - 50% of program/project value	Extensive financial loss; in excess of \$1m; >50% of program/project value
Service Delivery (Service Interruption)	< 4 hrs	Up to 1 day	1 day to 1 week	1-week to 1 month	More than 1 month
Reputation	Isolated, internal or minimal attention or complaint	Heightened local community concerns and criticism	Significant public criticism with or without media attention; short to midterm loss of support from community	Serious public outcry, state media attention and long-term loss of support from community	Extensive public outcry; national media attention; loss of State Government support with appointment of administrator

Risk Category	Insignificant	Minor	Moderate	Major	Catastrophic
Compliance and Legal	Isolated non-compliance or breach; minimal failure of internal controls	Contained non-compliance or action with short term significance; some impact on normal operations	Significant claim or breach involving Statutory authority or investigation; prosecution possible	Major breach with litigation/fines and long-term significance; critical failure of internal controls	Extensive litigation/ fines with possible class action; indictable offences
Projects	No measurable operational impact	Minor delay	Moderate delay, impact on quality	Significant delay, project overbudget	Indefinite delay, project requirements not met, quality compromised
Fraud	Financial loss to company is less than \$1,000, no media coverage, isolated employee dissatisfaction, event does not need to be reported to authorities	Financial loss to company is between \$1,000 and \$10,000, limited local media coverage, general employee morale problems, incident is reportable to authorities, but no follow-up	Financial loss to company is between \$10,000 and \$100,000, short-term regional or national media coverage, widespread employee morale problems, incident must be reported to authorities and immediate corrective action is necessary	Financial loss to company is between \$100,000 and \$10M, national long term media coverage, widespread employee morale problems and turnover, incident must be reported to authorities and sanctions against company result	Financial loss to company is more than \$10M, international long-term media coverage, widespread employee morale issues; multiple senior leaders leave, incident must be reported to authorities and significant sanctions and financial penalties result
Information Technology	No measurable operational impact	Minor downtime or outage in single area of the organization; addressed with local management and resources	Significant downtime or outage in multiple areas of the organization; substantial management required	Loss of critical functions across multiple areas of the organization; long term outage; extensive management with external resources required	Extensive and total loss of critical and/ or entire organisation; disaster management required