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		Risk Management Procedure		

Risk Management Procedure

Document Status

Version	Date	Revision	Prepared	Reviewed	Approved
B	19 May 2009	Rev.0	SM (Fletcher)	SEC / TM	Management Committee
B	02 June 2009	Rev.1	SM (Fletcher)	SEC / TM	Management Committee
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C	16/06/2020	Rev 1	KL & GB	KL & GB	Management Committee

Revision Record

Revision	Date Issued:	Description of change:
1	020609	Consequence criteria adjusted at Extreme & Major end to better suit Heritage rail operations; Notifiable Occurrence added to definitions.
2	290609	Revision of the Risk Management Process to better reflect AS 4360
3	061009	Added generic list to Pg 9; numbered Risk processes; corrected errors.
4	23/9/16	Document revision
5	16/6/2020	Changes to front page, document header

a) **Purpose**

The purpose of this procedure is to inform members and stakeholders of the OTHR process for the management of risks.

OTHR's Risk Management System aims to ensure the development and maintenance of appropriate standards, procedures and rules to provide safe operational and engineering processes and systems.

Key Risks and Controls

The key generic risks that can have an effect on the achievement of OTHR's Risk Management objectives and the controls to manage those uncertainties are:

Risk	Controls
Inadequate controls to reduce risk Non compliance with relevant risk management requirements	• Focus on building and maintaining a culture of risk management; • Risk Management procedure systematically implemented with staff and relevant external stakeholders; • Effective linkages between the various sources of risk information; • Risk Management compliance monitoring and review processes in place; • Risk Management training delivered across the organisation; • Systematic internal and external audit mechanisms and corrective and preventive action procedures applied to the risk management process;

b) **Document Control**

The Systems Manager designs the Risk Management Procedure for OTHR. This procedure is endorsed by the OTHR Committee of Management which accepts responsibility for the procedure's accuracy and adequacy. The Systems Manager is responsible for maintaining the document's currency and is the initial point of contact for all queries relating to this procedure.

c) Definitions

The following terms are used within this document:

Term	Definition
Causal factor	That which produces or affects a result. Used in this document to describe the cause contributing to a hazard or circumstance occurring.
Circumstance	A condition or set of conditions, leading to a risk event. The circumstance is often used to describe "what could go wrong".
Consequence	Outcome or impact of an Event expressed qualitatively or quantitatively, in terms of loss (financial, damage, loss of life, time etc), that affects objectives.
Hazard	A source or a situation with a potential for causing an undesirable consequence e.g. harm in terms of human injury, damage to property or other loss.
Likelihood	A qualitative description of probability or frequency.
Member	Members include management, volunteers and paid staff and each must be a financial member of OTHR.
Nominated Risk Manager	The person appointed by a General Manager to manage an individual risk or collection of risks on his or her behalf. A nominated risk manager would be a competent and appropriately trained person who might be required to conduct risk assessments and recommend and/or implement controls.
Notifiable Occurrence	An accident or incident that has, or could have, caused significant property damage, or serious injury, or death OR is of a class prescribed by regulations. *See NOC-001 – Notifiable Occurrences* – Category A and B
Operational Risks	Day-to-day risks that are managed within the organisational structure and by existing risk control mechanisms, without the need for detailed strategic management oversight.
Residual risk	Risk remaining after implementation of risk treatment.
Risk	The chance of something happening or circumstances arising or changing that will have an impact upon objectives, measured in terms of likelihood and consequence. It encompasses both positive and negative impacts.
Risk Event	A risk event follows a particular set of circumstances and has an effect on objectives.
Risk Management	The culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects.
Risk Custodian	The Manager responsible for the identified risks.
Risk Register	An electronic or other storage facility for risk related information.
Safety Management System (SMS)	A comprehensive, fully integrated system to reduce safety risks through systematic application of safety management principles and processes. OTHR's SMS is outlined in SMP-001 and associated policies and procedures.
Stakeholder	Those people who are, or may be affected by the risk or risk treatments. They may be individuals, groups of people or organisations.
Strategic Risks	Risks that may affect the operations or viability of the business that require senior management oversight.

d) Responsibilities

General:

Risk management is a continuous process that involves all OTHR members and each share the responsibility for the implementation of this procedure. Any member who becomes aware of a risk shall ensure that appropriate action is considered and taken.

- If the risk places any person or equipment in imminent danger, immediate action is to be taken to remove the risk or reduce it to an acceptable level, or
- Prevent any person placing themselves or equipment in danger, and
- Notify their immediate supervisor or some other senior member of OTHR.

President is responsible for:

- Ensuring systems are in place for the identification and management of all risks;
- Ensuring systems are in place for the organisation to conform with the relevant government regulations; and

Systems Manager is responsible for:

- The development, implementation and oversight of the Risk Management system, including the Risk Register.
- Providing advice and reasonable assistance to other managers, other staff and relevant external stakeholders on their risk management obligations.
- Ensuring that training in risk management is conducted for relevant OTHR staff and stakeholders.
- Reviewing and updating this procedure and associated documents.
- Preparing and submitting annual and other required Risk Management reports to the Management Committee.

Operations Manager and Other Managers are responsible for:

- Planning and implementing processes for risk management within their area of responsibility in accordance with this procedure;
- Ensuring relevant, comprehensive information and training in risk management is provided to members, contractors and other stakeholders within their area of responsibility;
- Ensuring appropriate risk assessments are conducted for notifiable changes to OTHR infrastructure, or the Safety Management System.
- Monitoring and reviewing the effectiveness of the management of risk process in their area of responsibility and planning and implementing identified opportunities for improvement.

Internal Auditor(s) is/are responsible for:
- Auditing the effectiveness of OTHR risk management documentation, processes and practices and the level of achievement of objectives;
- Presenting findings and recommendations and following up corrective and preventive actions;
- Preparing and submitting required audit reports to the Management Committee; and
- Identifying and documenting risk management related risks as a part of the analysis of audit findings and entering them into the risk management database.

Team Leaders are responsible for:
- Identifying and communicating local worksite hazards and their controls to all personnel at that particular worksite; and
- Reporting significant risks to their OTHR manager for further action and possible inclusion within a risk register.

Risk Management Process

The flow chart below is based on AS 4360 and shows a broad overview of OTHR risk management process.
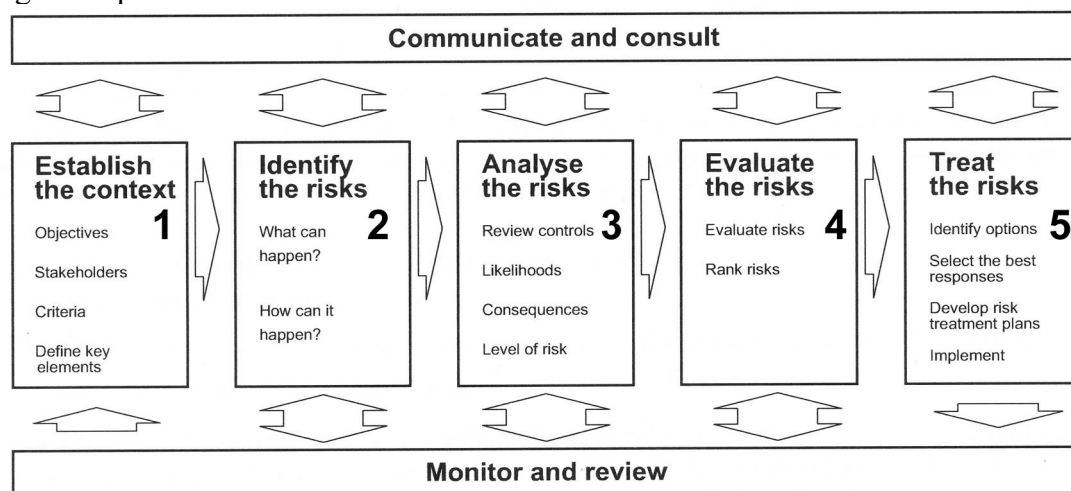
1   ESTABLISH THE CONTEXT

Communicate and Consult
An over-arching responsibility is that of communicating information both internally and externally and to develop consultative processes within the same framework. OTHR's project team has developed a communication plan for both internal and external stakeholders which relies on the application of both proven traditional methods and more advanced and modern technology. See OTHR Policy POL-008 *(yet to be completed)*.

Stakeholders

Internal stakeholders consist of the volunteer members of OTHR comprising Management, ordinary active members and other supporting members. External stakeholders consist of individuals, groups of people, organisations or statutory authorities who may be affected by OTHR's risks or risk treatments.

2 IDENTIFY THE RISKS

A risk is made up of a number of components. The components usually include a hazard, or combination of circumstances, leading to a risk event that has an effect on objectives. There may be a number of causal factors leading to the risk event. The risk is measured in terms of consequence and likelihood.

The aim of risk identification is to generate a comprehensive list of sources of risks and events that might have an impact on the achievement of each of the objectives. In other words, the first step is to work out: What Can Happen.

Having identified risks from various sources, it is necessary to work out: How the Risk Can Happen.

Identified risks are entered into a Risk Register *RM-009* and are later analysed in greater detail.

Overview

Comprehensive identification of the hazards faced by OTHR is vital to ensure further analysis is possible. All risks should be included whether or not they are under the control of OTHR.

The aim is to produce a list of hazards or sources of risk to be placed into the Risk Register to allow them to be considered in greater detail.

Methods of Identification

Methods used to identify risks include checklists, experience and historical records, stakeholder consultation, flow charts, systems and scenario analysis and systems engineering techniques. The approach taken will depend on the type of activities and risks under review and is at the discretion of the nominated risk manager.

3 ANALYSE THE RISK

Once the risks and their causes have been identified, the next step is to analyse the risks to prevent them becoming hazardous events.

Review Existing Controls

There may already be controls in place to mitigate risks and to prevent hazardous consequences. These may not be recognized as risk controls but they have been put in place to protect the safety of volunteers and the public. In the case of OTHR, these controls include preventative measures such as:

- Minimum safety training standards for all volunteers (basic induction training),
- Competent and professional managers on the Committee of Management,
- Additional levels of safety training for volunteers.
- Mandating and provision of basic Personal Protective Equipment for volunteer Rail Safety Workers.
- Implementation of rules and procedures to prevent hazardous consequences. These include but are not limited to:
    - Toolbox safety meetings,
    - Site notices,
    - Safety Policies
    - Standard Operating Procedures
    - Safety Reports
- Preventative Maintenance of plant and equipment.
- Communication to volunteers.
- Communication within the committee of management by means of email and web pages for documentation.

Likelihood

Having identified the risks, a qualitative assessment of the probability or frequency of the event occurring must be made. On the basis of the number rail safety workers, the following criteria appear acceptable.

OTHR: LIKELIHOOD CRITERIA

RARE	UNLIKELY	POSSIBLE	LIKELY	ALMOST CERTAIN
Theoretically possible but not heard of in Australia	Has happened in rail industry in Australia. Unlikely in OTHR Operation.	Heard of in Heritage railway operations. Possible in OTHR Operation.	Some reported for Heritage railway operations. Happens every year in rail industry in Australia	Has occurred or is expected every year in OTHR's Heritage rail Operation.

Note: Criteria designed for medium Heritage Railway operation. Between 10 and 100 railway safety workers

Consequence

Refers to the outcome or impact of an event and may be expressed qualitatively or quantitatively. There can be more than one consequence from one event.

OTHR: CONSEQUENCE CRITERIA

NOT SIGNIFICANT	MINOR	MODERATE	MAJOR	EXTREME
1 or more minor injuries. (First aid treatment on site only.)	1 or more minor injuries (off-site Medical Treatment required)	A Category "B" Notifiable Occurrence (NOC).	2 to 10 serious injuries requiring hospitalisation. Category "A" (NOC)	1 or more fatalities and/or more than 10 serious injuries. Category "A" (NOC)

Note: 1). Criteria designed for medium Heritage Railway operation. Between 10 and 100 railway safety workers 2). Refer to <u>NOC-001 – Notifiable Occurrences</u> – for Category A and B definition.

Risk Evaluation

Risk evaluation refers to the process of comparing the level of risk against risk criteria. Risk evaluation assists in decisions about risk treatment.

EVALUATE THE RISK

Developing risk criteria requires decisions to be made on specifically which risks are to be evaluated, and may be based on any number of types of criteria, such as humanitarian, social, environmental, operational and financial.

In order to evaluate the risk OTHR has developed the **Risk Ranking Matrix** shown on the next page. When using the matrix consider the following:

- Partitioning the risk across many hazards and evaluating each against a matrix alone may lead to a hazard being assessed as low, whereas the total system risk may be in a higher category. The individual risks may be considered low, but collectively the risks may contribute to a higher overall likelihood of occurring (or more severe consequence). Analysing individual risks without looking at the overall system may lead to flawed decisions.

Likelihood –Severity Risk Ranking Matrix

Risk assessments are performed with the help of the matrix below that allows incident likelihood and consequences to be quantified. The matrix used by OTHR has been adapted from Australian Standard 4360 (2004) Risk Management and an ARTC model.

Oberon Tarana Heritage Railway Inc.					
	Consequence (Cons)				
Likelihood (Lik.)	Not Significant 1	Minor 2	Moderate 3	Major 4	Extreme 5
5 ALMOST CERTAIN	MEDIUM 3	MEDIUM 3	HIGH 4	VERY HIGH 5	VERY HIGH 5
4 LIKELY	LOW 2	MEDIUM 3	HIGH 4	VERY HIGH 5	VERY HIGH 5
3 POSSIBLE	LOW 2	LOW 2	MEDIUM 3	HIGH 4	HIGH 4
2 UNLIKELY	VERY LOW 1	LOW 2	LOW 2	MEDIUM 3	MEDIUM 3
1 RARE	VERY LOW 1	VERY LOW 1	LOW 2	LOW 2	MEDIUM 3
RATINGS IN ALL FIELDS Numbered 1 to 5 where **5** is an undesirable level.	**RISK LEVEL** **Very High** - Intolerable 5 **High** - Prompt Action Required 4 **Medium** - Proceed with Caution (Tolerable if ALARP) 3 **Low** - Plan for corrective action 2 **Very Low** - Acceptable 1				

Ranking the risk

Risk	MANAGEMENT ACTION REQUIRED	Reviewed

Level		Within:
Very High	**Immediate action required / control obligatory** • The Respective GM will immediately discuss control actions and options with Nominated Risk Managers. • Agreed control actions are promptly implemented by the Nominated Risk Manager. • The CEO (President) is informed immediately, and the Risk & Safety Committee is made aware of the risk as soon as practicable. **Review period:** Very High risks should be reviewed at a period of no longer than every six months unless review is triggered earlier (ie. through incident investigation, audit findings etc).	6 Months
High	**Senior Management attention is needed and expected** • Nominated Risk Manager convenes special group/meeting/reviews to prepare control actions and other initiatives. • Risk & Safety Committee is made aware of risk. • Respective GM will expect regular feedback on status/progress of risk controls. **Review period:** High risks should be reviewed at a period of no longer than every 12 months unless review is triggered earlier (ie. through incident investigation, audit findings etc).	12 Months
Medium	**Management responsibility must be clear and specified** • The Risk & Safety Committee and the respective General Manager (GM) must be made aware of risk. • Will require direction, action, or decision from the Nominated Risk Manager. • Included in normal reporting processes. **Review period:** Medium risks should be reviewed at a period of no longer than every 24 months unless review is triggered earlier (ie. through incident investigation, audit findings etc).	24 Months
Low	**Manage by routine OTHR procedures** • Neither OTHR Management nor the Risk & Safety Committee require any special reporting requirements. • May require some minor direction, action, or decision from the Nominated Risk Manager. • Normal OTHR business practices in place are sufficient to manage this risk. **Review period**: Low risks should be reviewed at a period of no longer than every 36 months unless review is triggered earlier (ie. through incident investigation, audit findings etc)	36 Months
Very Low	**Manage by routine OTHR procedures** • Neither OTHR Management nor the Risk & Safety Committee require any special reporting requirements. • Normal OTHR safety practices in place are sufficient to manage this risk. **Review period**: Low risks should be reviewed at a period of no longer than every 36 months unless review is triggered earlier (ie. through incident investigation, audit findings etc)	36 Months

4   TREAT THE RISK

This is the process of selection and implementation of measures to modify risk. The term 'risk treatment' is sometimes used for the measures themselves. Risk treatment measures can include avoiding, modifying, sharing or retaining risk.

Hierarchy of Controls

The hierarchy of controls is as follows, from most desirable (elimination) through to least:

Desirability	Control	Description
Most	**Elimination**	Removing or otherwise eliminating the risk.
	Substitution	Substituting the hazard that gives rise to the risk with a hazard that gives rise to a lesser risk.
	Isolation	Isolating the hazard from the person put at risk.
	Design/ Engineering	Minimising the risk through engineering means.
	Administrative	Minimising the risk through administrative means (for example, by providing appropriate training, or adopting safe work practices)
Least	**Individual**	For example - Personal Protective Equipment

Identify the Options

In order to identify the best options and to select appropriate responses it is necessary to set out the process in a meaningful way. OTHR uses a register to set out the procedure described above.

The purpose of the risk register is to provide a record of all identified risks relating to the objectives of OTHR. OTHR conducts **Risk Analysis** (evaluation) of all jobs, projects, tasks, procedures and activities. These analyses are entered in the Risk Register and allow a range of hazards, risks, control measures and plans to be further evaluated.

From this we can select the best responses. This ultimately leads to appropriate treatment of the risks. Risk registers act as a tool in support of managers when managing risks and help drive risk management activities

The Risk Register (RM-009) allows OTHR to:

- Determine the hazards and identify the inherent risks, based on the nature and extent of our operations;

- Consider the likelihood of the risk eventuating if no controls were in place and the consequences of this;

- Identify any existing or possible controls for the risk, review incident data to identify incidents in the recent past, consider the likelihood of the risk eventuating with the existing controls in place and the consequences of this, and assess the level of residual risk using the Likelihood – Severity Risk Ranking Matrix above: and,

- Decide whether the residual risk is acceptable and, if it is not, <u>develop a plan</u> to implement improved controls.

Once a control plan has been developed, the associated likelihood and consequence shall be revised to reflect the anticipated risk level once controls have been applied.

5   Monitor and Review

Once a control has been <u>implemented</u>, the adequacy and effectiveness of the control must be monitored and reviewed .

Depending on the type of control, review mechanisms could include:
- Periodic review by nominated risk manager;
- Statistical analysis;
- Formal audit process; and
- Talking to affected people to get feedback on the effectiveness of the control.

Review of a control should take place soon after implementation and then at intervals dependent on the level of risk and anticipated effectiveness of the control. All officers of the OTHR are expected to continuously review risks within their control, and to raise issues of concern with their Managers, members of the executive team or the CEO.

The central risk register offers the tools to support the review process and is required to be kept up to date by the Document Controller. Managers should take risks and their proposed controls into account during the budget planning process.

6   Key Records and Reports

Formal risk assessment
Formal risk assessments must be carried out by appropriately trained personnel and submitted to the relevant Systems Manager for further action as deemed necessary. Nominated risk managers are responsible for appropriate filing and management of documents in accordance with OTHR Records Management Systems Procedure.

A formal, documented Risk Assessment must be conducted when <u>notifiable changes</u> are planned to OTHR's Safety Management System.

Risk Registers

All risks are to be entered into the appropriate risk register RM-009, which contains all identified OTHR risks, the current and past status of risks, their control status and processes in place to control them. Risks within the registers are to be maintained by the responsible Manager and Nominated Risk Managers.