10. Risk

This chapter looks at how committees should identify, assess, treat and monitor risks relating to the reserve.

## 10.1 Risk management process

**The following link provides further information on risk management, including checklists, tools and templates which may assist committees undertake risk assessments and treat their risks.**

* [Insurance and Risk Management Help Centre for Not-for-Profits](http://www.ourcommunity.com.au/insurance/insurance_article.jsp?articleId=1245)

Risk management is a process of identifying, assessing, treating and monitoring risks that may adversely affect a committee's management of its reserve. The size of the committee will also have an impact on the committee's risk management decisions.

The committee should undertake a risk management process to manage the specific risks identified during a risk assessment, as outlined below. This process and the decisions made should be documented in a risk management plan.

Documenting the steps the committee has taken to arrive at the risk management plan is important for demonstrating the committee’s actions undertaken to address the risk and liability issues.

## 10.2 Risk management plan - key points to consider and document

Key points to consider and document in a risk management plan include:

Risk identification

What risks have been identified? Were any risks identified and then removed from the list? If so, why were they removed?

Risk importance

Why were the identified risks thought to be important?

Include evidence such as photos. For example, a tree was rated as a high risk because an arborist’s inspection reported it was damaged, or a path was high risk because of a previous visitor fall.

Risk treatments

Which risk treatments were considered by the committee? Which risk treatments did the committee agree upon, and how were these expected to reduce the risk?

For example, barriers may stop a visitor walking along a dangerous path, or signage may enable the visitor to decide to take a different path, making an incident less likely. Improving the condition of the path may make it less dangerous and reduce the likelihood and severity of injury.

Rationale for risk treatments

Why were those risk treatments agreed upon and why they were preferred to other risk treatments? Particularly, why they were preferred over treatments that are ranked higher in terms of effectiveness?

For example, when balanced against the fact that there are very few visitors to areas other than the designated lookout points, it was deemed too expensive to erect barriers along 20 kilometres of cliffs. Instead, the committee decided to erect barriers only along the designated lookout points and surrounds.

Expert advice

What expert advice was obtained by the committee during the risk assessment process? If expert advice was not followed, or was followed in a modified way, why was this the case?

For example, retain documentation of expert advice and minute the committee’s decision, including the rationale not to follow expert advice as well as the risk assessment of the modified approach.

Key stakeholders

Does the committee need to consider key stakeholders, such as other local, state and federal government agencies, which may have overlapping responsibilities on the reserve?

For example, there is a river on the reserve which the public accesses via an area controlled by another body. In these cases the committee will need to cooperate with other agencies to ensure that the public safety risk is reduced as much as is reasonably practicable and that accountability is appropriately assigned.

Recording risk treatments

Documents such as invoices that show the risk treatments have been completed should be kept on record. Photos of the area before and after the risk treatment is implemented are particularly helpful.

For example, a contractor invoice for fencing or a notice announcing a working bee.

## 10.3 Key stages of the risk management process

Identify



Assess



Treat



Monitor

Step 1 - Identify risks

There is no one set of risks that applies to every committee and every reserve. When considering "what can happen?" committees will need to identify what could go wrong by working through each aspect of the reserve and its management. The following categories can be used as a guide:

* Finance and administration
* Safety
* Assets/maintenance
* Relationship management

A risk assessment should be conducted with the committee taking a wide view of safety issues on the land in question rather than focusing on a single specific issue. This will improve the chances of the committee identifying all risks including those to public safety.

The committee members may need to visit the site of interest, engage with visitors, users and stakeholders, including other agencies, and take notes of their observations and conversations.

Identify any hazards present from which a person may be injured or killed, for example, a fall from a height, rough surf or slippery rocks.

The committee should identify key causes and scenarios or description of the risks. For example:

|  |  |
| --- | --- |
| Risk category | Risk example |
| **Assets/maintenance** | Noxious weeds spread to adjoining land |
| **Assets/maintenance** | Person injured at private function in hall for hire |
| **Safety** | Branch falls onto tent and campers camping under trees |
| **Safety** | Injury to a new volunteer as a result of risky behaviour |
| **Finance and administration** | Committee funds unaccounted for |
| **Finance and administration** | Computer containing committee records stolen |
| **Relationship management** | Dispute with reserve tenant |

Note on public safety

Public safety risks are particularly relevant to committees of management, although other kinds of risk exist. As a land manager, the committee owes a duty of reasonable care to see that people using the land it is responsible for do not come to harm. The committee must take reasonable steps to avoid foreseeable risks of injury to people entering, and activities on, the reserve. If a person comes to harm as a result of the committee failing to take such reasonable steps the committee may be found to have been negligent and legal remedies could apply.

Step 2 - Assess risks

Once a risk has been identified, the risk has to be assessed. This means to measure how serious the risk is. To begin, identify and rank the existing controls in place to manage the risks. An existing control is something, such as a process or action, already being done or already in place to address the risk.

How effective are the controls currently in place?

|  |  |
| --- | --- |
| Control rating | Description |
| **Good** | Nothing needs to be done except monitor the controls. The controls are effectively and reliably treating the cause of the risk. |
| **Satisfactory** | Most controls are in place and effectively treating the risk, though they can be improved. |
| **Poor** | The controls in place are not very effective as there are gaps, they do not treat the root causes and/or they do not operate effectively, and need to be significantly improved. |
| **Uncontrolled** | There is no risk control currently in place. |

For example:

|  |  |  |  |
| --- | --- | --- | --- |
| Risk category | Risk example | Existing control(s) | Effectiveness of existing control(s) |
| Assets/maintenance | Noxious weeds spread to adjoining land | Monthly spraying of weeds | Satisfactory |
| Safety | Branch falls onto tent and campers camping under trees | Check dangerous branches annually | Satisfactory |
| Safety | Injury to a new volunteer as a result of risky behaviour | New volunteers work alongside experienced volunteers | Satisfactory |
| Safety | Person injured at private function in hall for hire | Committee has event insurance | Poor |
| Finance and administration | Committee funds unaccounted for | Financial records reviewed at every committee meeting | Good |
| Finance and administration | Computer containing committee records stolen | Computer records backed up on external hard drive stored offsite | Good |
| Relationship management | Dispute with reserve tenant | Tenant invited to regular committee meetings | Satisfactory |

Whether a risk is a high, medium or low risk is determined by estimating the likelihood of the risk occurring and the consequence if it does, taking into account the effectiveness of the existing controls. Where there is more than one consequence the committee should select the worst consequence or largest impact the risk may have.

How likely is the risk to occur?

|  |  |
| --- | --- |
| **Likelihood** | **Description** |
| **Low** | Could occur at some time (less than once in 10 years) |
| **Medium** | Might occur at some time (at least once in 3 years) |
| **High** | Will probably occur in most circumstances (at least once a year) |

For example:

* Determine if the hazard is accessible. Is it reasonable to expect someone might access the hazard? Is there free public access to a cliff top or an inviting pathway to dangerous water, or is access prevented by thick vegetation or other natural obstacles?
* Measure how frequently people visit the site where the hazard exists. An unfenced cliff top in a highly frequented area is quite different to an unfenced cliff top in a remote regional area where visitor numbers are minimal.
* Identify particularly vulnerable groups. Do children frequently visit the reserve? Are visitors participating in activities such as surfing, bike riding, skiing, swimming or climbing that may increase their risks?

What are the consequences?

Estimate the severity of consequences of a likely incident, for example, fatality, broken limbs, cuts or bruising.

|  |  |
| --- | --- |
| **Consequence** | **Description** |
| **Low** | **Financial** (under 10% of annual income and/or cash balance)  **Safety** (minor injury possibly requiring on-site first aid only)  **Assets/maintenance** (minor repairs or remediation)  **Relationship management** (local issue for committee resolution, user satisfaction affected for a short period) |
| **Medium** | **Financial** (10 - 40% of annual income and/or cash balance)  **Safety** (injury requiring medical attention)  **Assets/maintenance** (major repairs/remediation or construction work)  **Relationship management** (issue raised at DELWP or with local council, major issue impacting user satisfaction in the long term) |
| **High** | **Financial** (over 40% of annual income and/or cash balance)  **Safety** (life-threatening or permanent injury or death)  **Assets/maintenance** (irreversible damage to reserve or loss of asset)  **Relationship management** (issue raised with police or at court level for resolution or action, issue causing irreparable damage to relationships with users) |

Risk evaluation matrix

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Consequence** | | |
| **Likelihood** | High | Medium | Low |
| High | A | A | B |
| Medium | A | B | C |
| Low | B | C | D |

Risk rank and classification

|  |  |
| --- | --- |
| **Rank** | **Classification** |
| A | Risk is intolerable and cannot be justified on any grounds. |
| B | Risk must be reduced unless the cost or effort of reducing the risk is grossly disproportionate to the benefits gained. |
| C | Risk may be reduced unless the cost or effort of reducing the risk is disproportionate to the benefits gained. |
| D | Maintain current systems of monitoring and review. Generally, no additional action is required to reduce the risk. |

Next, the committee should decide which risks are to be treated and how. For example:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Risk category** | **Risk example** | **Existing control(s)** | **Effectiveness of existing control(s)** | **Likelihood** | **Consequence** | **Score** |
| Assets/maintenance | Noxious weeds spread to adjoining land | Monthly spraying of weeds | Satisfactory | Medium | Low | **C** |
| Safety | Branch falls onto tent and campers camping under trees | Check dangerous branches annually | Satisfactory | Medium | High | **A** |
| Safety | Injury to a new volunteer as a result of risky behaviour | New volunteers work alongside experienced volunteers | Satisfactory | Medium | Medium | **B** |
| Safety | Person injured at private function in hall for hire | Regular inspection of hall for physical risks | Satisfactory | High | Medium | **A** |
| Administration | Committee funds unaccounted for | Financial records and bank statements reviewed at every committee meeting | Good | Low | Low | **D** |
| Administration | Computer containing committee records stolen | Computer records backed up on external hard drive stored offsite | Good | Low | Low | **D** |
| Relationship management | Dispute with reserve tenant | Tenant invited to regular committee meetings | Satisfactory | Medium | Medium | **B** |

The A and B risks identified above continue to be worked through for the rest of this chapter.

Step 3 - Treat risks

From here, the committee can discuss possible risk treatments and determine what action, if any, to take. An action can be taken to reduce the likelihood of the risk occurring, lessen the consequence of the risk or reduce both the likelihood and consequence by addressing the key causes of the risk.

For very high risk activities the committee may decide to reduce the likelihood completely by discontinuing an activity. The committee can also reduce the consequences by transferring the risk by way of contract or insurance.

Balance between risk and effort

It is expected that committees take all sensible, practicable precautions based on the significance of the risk compared to the effort required to reduce it. The balance is to take into account:

* the expense or difficulty of reducing or eliminating the risk
* any other conflicting responsibilities which the committee may have, and
* any other relevant factors.

The committee should then decide what effect the new risk treatment will have and assign a new rating to each risk accordingly. For example:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Risk category** | **Risk example** | **Existing control(s)** | **Effectiveness of existing control(s)** | **New control** | **Effectiveness of new control** | **Revised Likelihood** | **Revised Consequence** | **New Score** |
| Safety | Branch falls onto tent and campers camping under trees | Check dangerous branches annually | Satisfactory | Fence off dangerous trees and erect signage to warn campers of the risk | Good | Low | High | **B** |
| Safety | Injury to a new volunteer as a result of risky behaviour | New volunteers work alongside experienced volunteers | Satisfactory | Conduct occupational health and safety training for volunteers | Good | Low | Medium | **C** |
| Safety | Person injured at private function in hall for hire | Regular inspection of hall for physical risks | Satisfactory | Require or provide hirer’s insurance | Good | Medium | Low | **C** |
| Relationship management | Dispute with reserve tenant | Tenant invited to regular committee meetings | Satisfactory | No further action at this time | Satisfactory | Medium | Medium | **B** |

Step 4 - Monitor risks

The committee must annually review its risks to identify new risks or whether anything has changed which may affect the risks already identified. The most common way of monitoring risks is through a risk register and physical inspections. A sample risk register is provided on the [Our Community website](http://www.ourcommunity.com.au/files/insurance/checklists/RiskMgtRegister.doc).

Reporting on risk

Significant risks that cannot be treated and concerns the committee might have should be reported to the [local DELWP office.](http://www.delwp.vic.gov.au/about-us)