MINUTES

Risk Management Advisory Committee

Minutes of a meeting of the
Shire of Nannup Risk Management Advisory Committee Meeting
held at 10.00 am, Thursday 27th February
in the Council Chambers

CONFIRMATION OF MINUTES

These minutes comprising pages 1 – 8 were confirmed by
Council on …………………….. as a true and accurate record.

…………………………………………..
Cr _____
_____

1. **DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS**

   Councillor Bob Longmore declared the meeting open at 10:10 am

2. **RECORD OF ATTENDANCE/APOLOGIES/LEAVE OF ABSENCE**
   (previously approved)
   Attendance
   Bob Longmore – Council Representative
   Vic Smith – Manager Corporate Services
   Tracie Bishop – Office Representative
   Neroli Logan – Regional Risk Coordinator

   Apologies
   Norm Steer – Council Representative
   Chris Wade – Manager of Infrastructure
   Michael Merrit – Maintenance Hand-Operator

   Leave of Absences (previously approved)

3. **RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

   Nil.

4. **PUBLIC QUESTION TIME**

   Nil.

5. **APPLICATIONS FOR LEAVE OF ABSENCE**

   Nil.

6. **PETITIONS/DEPUTATIONS/PRESENTATIONS**

   Nil.

7. CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

SMITH/LOGAN

That the Minutes of the Risk Management Advisory Committee held on the 3rd October, 2013 be confirmed as a true and correct record.

CARRIED 6/0

8. BUSINESS ARISING FROM PREVIOUS MINUTES

9. ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

Nil.

10. REPORTS BY MEMBERS ATTENDING COMMITTEES

11. REPORTS OF OFFICERS

AGENDA NUMBER: 11.1
SUBJECT: RECEIPT OF ALL SITE CHECKLISTS AND INCIDENT/HAZARD FORMS
NAME OF APPLICANT: CHRIS WADE
FILE REFERENCE: ADM26
AUTHOR: CHRIS WADE
DISCLOSURE OF INTEREST:
DATE OF REPORT: 3 February 2014

ATTACHMENT:

BACKGROUND:

Hazard Identification Checklists, Site Checklists and Incident Reports are presented at each meeting as a way of identifying either areas of concern or areas that need work applied to.

COMMENT: Checklists are not available prior to the meeting and as such need to be addressed as the issues arise. Arising this meeting were:

- Marinko Tomas Playground – General housekeeping. - Steve
- Skate park – Nil action required
- Office Checklist – General housekeeping. **Tracie**
- Depot Checklist –
    - Exit sign above staff room door - Michael
    - Checking hydrants – Michael
    - Checking canvas hoses are still usable – Chris

STATUTORY ENVIRONMENT: Nil

POLICY IMPLICATIONS: Nil

FINANCIAL IMPLICATIONS: Nil

STRATEGIC IMPLICATIONS: Nil

VOTING REQUIREMENTS: Nil

RECOMMENDATION:

That the Checklists and Incident reports presented at this meeting be accepted.

SMITH / BISHOP
That the checklists and incident reports presented be accepted.

CARRIED 6/0

AGENDA NUMBER: 11.2
SUBJECT: Business from Previous Meeting
NAME OF APPLICANT: Tracie Bishop
FILE REFERENCE: ADM 26
AUTHOR: Tracie Bishop
DISCLOSURE OF INTEREST: N/A
DATE OF REPORT: 3 February 2014

ATTACHMENT:

BACKGROUND:

COMMENT: The following are the issues that had been carried forward from the previous meeting. These are:

1. Review of Insurances Held by Sub Contractors – **Tracie/Chris** – Due to current time constraints this has not been progressed within this period. It is anticipated that once end of year procedures have been completed there will be time to complete this task.   Estimated completion time – current workloads of officers means that estimation not available.

2. Bushfire Volunteers – As per the previous meeting, it was noted that the course of action suggested at this point in time for management of our bushfire volunteers be addressed by the following two points.

   a. We provide BRB volunteers with a localized induction that focuses on operation of our Shire owned machinery and outlines our policies and procedures.
   b. We also need to ensure that we have a database available which lists all BRB members who will be operating our vehicles and ensure that the correct licenses are held by these members. To date time constraints have not allowed for this to occur.

   Due to officer illness this item has progressed slowly – **Chris/CESM**

3. Business Mitigation Plan – Current time constraints have also hampered this item from progression. There have been tentative steps made in this area by the CDO and progress will be made when time permits. **Vic**

STATUTORY ENVIRONMENT: Nil

POLICY IMPLICATIONS: Nil

FINANCIAL IMPLICATIONS: Nil

STRATEGIC IMPLICATIONS: Nil

VOTING REQUIREMENTS: Nil

RECOMMENDATION:

That items will be progressed to any further meetings until such time as they have been completed.

SMITH/BISHOP

That the following updates be accepted:

4. Review of Insurances Held by Sub Contractors – **Tracie/Chris** – Due to current time constraints this has not been progressed within this period. It is anticipated that once end of year procedures have been completed there will be time to complete this task.   Estimated completion time – current workloads of officers means that estimation not available.

5. Bushfire Volunteers – As per the previous meeting, it was noted that the course of action suggested at this point in time for management of our bushfire volunteers be addressed by the following two points.

    a. We provide BRB volunteers with a localized induction that focuses on operation of our Shire owned machinery and outlines our policies and procedures.

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    Due to officer illness this item has progressed slowly - **CESM/Chris**

6. Business Mitigation Plan – Current time constraints have also hampered this item from progression. There have been tentative steps made in this area by the CDO and progress will be made when time permits. **Vic**

                                                                      CARRIED 6/0

AGENDA NUMBER: 10.3
SUBJECT: Setting a Risk Tolerance
LOCATION/ADDRESS:
NAME OF APPLICANT:
FILE REFERENCE: ADM 22
AUTHOR: Vic Smith – Manager Corporate Services
DISCLOSURE OF INTEREST: Nil
DATE OF REPORT: 5 February 2014

Attachment 1:   Risk Score Definitions

BACKGROUND:

The purpose of risk management is to develop a culture, processes and structures that are directed towards the effective management of potential opportunities and adverse effects. It also is designed to reduce the potential cost of risk by reducing liability, preventing litigation and improving loss control.

A risk is often specified in terms of an event or circumstance and the consequences that may flow from it. An effect may be positive, negative, or a deviation from the expected. An objective may be financial, related to health and safety, or defined in other terms.

Risk can never be eradicated and in order to establish a framework for managing its business risks the council needs to determine a level of risk that is acceptable; this is the Risk Tolerance. It is defined as:

> *The amount and type of risk that an organisation is prepared to seek, accept or tolerate.*

COMMENT:

In setting up the Council's risk matrix (see below) a Risk Tolerance Line is also set. All risks which fall below this line are accepted and the council focuses its risk mitigation actions on those risks above the Risk Tolerance Line. The area below the Risk Tolerance Line represents the Council's Risk Appetite

The Terms of Reference of the Risk Management Advisory Committee include as one of its objectives to "e*stablish the risk tolerance level for Council adoption".* It is therefore appropriate for the Committee to recommend the Risk Tolerance Line of the authority. This will enable officers to determine the level of mitigation required for identified and assessed risks.

Where assessed risks are scored above the Risk Tolerance Line, risk owners will be required to identify, where possible, mitigating actions to reduce the assessed risk score to below the risk tolerance line.

As an authority we cannot reduce all risks; there will always be some risk left after we have done all that we can – the mitigating actions. There will be occasions where the cost of any mitigating actions might be greater than the cost of the risk materialising – in those cases it can be considered reasonable not to take those actions.

The risk standard uses a 5x5 scoring matrix for risk assessment. Each element of likelihood and impact has a score of 1 to 5 and the risk score is determined by multiplying the two elements together. Therefore a risk that is very likely to happen with an impact that would be considered catastrophic will score 5x5=25. Using a scored matrix such as this allows us to prioritise risks above a set score.

The scoring system also allows the authority to set a Risk Tolerance Line at a specific score. Any risk below this score would be accepted as being within the Risk Appetite of the authority.

For example in the illustration below setting a risk tolerance of a score of 10 would give the risk tolerance line shown below.

LIKELIHOOD		Negligible	Slight	Moderate	Critical	Catastrophic
	Very Likely	5	10	15	20	25
	Probable	4	8	12	16	20
	Possible	3	6	9	12	15
	Remote	2	4	6	8	10
	Improbable	1	2	3	4	5
		Negligible	Slight	Moderate	Critical	Catastrophic
				IMPACT		

A risk with a score of 10 or above would require some type of mitigating action to be taken to reduce the risk score to below 10. Setting the Risk Tolerance as in the example above would mean the authority would not tolerate a risk scenario above the set score.

The key issue to consider is where to set the risk tolerance; typically this will be at a score of 10 or 12. Setting the score at 12 would mean the council is prepared to tolerate risks that are considered to be **Very Likely** to occur with a **Slight** impact, and those that are considered as **Remotely** likely to occur but with a **Catastrophic** impact.

The authority can take four types of action in regard to any risk – commonly known as the four 'Ts'

TOLERATE – not suitable if risk score is above the tolerance line

TREAT – identify an activity to reduce the impact or the likelihood

TRANSFER – pass the risk on to a third party, usually through insurance

TERMINATE – where a risk is identified against an activity that does not contribute to a corporate objective that activity should be terminated – it is difficult to achieve this in a local authority as it is unlikely that activities would be undertaken that do not contribute to a corporate objective.

STATUTORY ENVIRONMENT: Nil.

POLICY IMPLICATIONS: The setting of the Risk Tolerance Line establishes the basis for the treatment of the Council's business risks.

FINANCIAL IMPLICATIONS: Nil

STRATEGIC IMPLICATIONS: Nil

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATION:

LONGMORE/LOGAN
That the Risk Management Advisory Committee recommend that the risk tolerance for the council be set to a risk score of 12 or above.
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CARRIED 6/0
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AGENDA NUMBER: 10.4
SUBJECT: Establishing a Risk Register
LOCATION/ADDRESS:
NAME OF APPLICANT:
FILE REFERENCE: ADM 22
AUTHOR: Vic Smith – Manager Corporate Services
DISCLOSURE OF INTEREST: Nil
DATE OF REPORT: 5 February 2014

Attachment 2:   Risk Register Template

BACKGROUND:

The Risk Management Policy (RM1) requires that the Shire of Nannup will manage risks continuously using a process involving the identification, analysis, evaluation, treatment, monitoring and review of risks. In order to do this each risk must be identified, catalogued on the Risk Register, scored and monitored.

The Risk Management Policy states that:

"The Risk Management Advisory Committee will ensure that all risk management processes are fully recorded throughout the Shire and documented through the Shire's records management system. This will include regular monitoring to ensure closeout of risks and identification of ongoing issues and trends."

COMMENT:

A simple template can be used to carry out the majority of this work and a suggested format is appended at Attachment 1.

This template is used to record each strategic risk that has been identified. The risk is given a short title and allocated a Risk Owner; this would be the individual responsible for that service area in most cases. This information is supplemented by a fuller description of the risk and the circumstances under which it might materialise. The potential impacts are also recorded.

The risk is given two scores; the Current Score shows where the risk rates at the moment, while the Target Score shows where the risk will be after all the mitigation actions have been implemented.

The next section describes the current controls in place to mitigate the risk and then the actions that have been agreed to implement further mitigation measures. Each of these further measures is allocated a Responsible Officer and a Target Date.

The recommended approach to the risk is then recorded at the bottom of the template using the Four T's approach.

TOLERATE – accept the risk without further mitigation

TREAT – identify an activity to reduce the impact or the likelihood

TRANSFER – pass the risk on to a third party, usually through insurance

TERMINATE – cease the activity that gives rise to the risk.

The review process is carried out by the Risk Management Advisory Committee. The Committee will review each risk that has been scored as above the Risk Tolerance Line and assess its current score. The current score may have remained unchanged or improved or worsened depending on events since the last review. In many cases the risk will move toward the Target Score as mitigation measures are implemented; however, circumstances beyond the control of the local authority may have changed that would make the risk more likely or change the impact should it materialize.

STATUTORY ENVIRONMENT: Nil.

POLICY IMPLICATIONS: The setting of the Risk Tolerance Line establishes the basis for the treatment of the Council's business risks.

FINANCIAL IMPLICATIONS: Nil

STRATEGIC IMPLICATIONS: Nil

VOTING REQUIREMENTS: Simple Majority.

RECOMMENDATION:

LONGMORE/LOGAN

That the Risk Register template as set out in Attachment 1 be adopted.

CARRIED 6/0

12. **NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING**

(a) OFFICERS

(b) ELECTED MEMBERS

13. **GENERAL BUSINESS**
   13.1   Safety & Health Action Sheet – Attachment 3
   13.2   7.2 Review of Chainsaw Safety & Tree Pruning – Attachment 4 – A few changes recommended. Changes to reflect training aspect of using chainsaw. Neroli to advise

   13.3   Review of Chemicals and Hazardous Substances– Attachment 5 – Minor changes to document. Inclusion of benzene, asbestos and silica

   13.4   7.4 Review of Confined Spaces – Attachment 6 – Minor changes to document relating to supervisors being advised prior to entry into confined spaces.

13.5   LGIS Progress Report – Shire of Nannup – Attachment 7

13.6   Public Liability Seminar to be held at Dardanup Shire Office on the 2 April 2014. – Vic and Tracie to attend.

14. ELECTED MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

14.   QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil.

15. NEXT MEETING

8 May 2014 at 10:00am

16. CLOSURE OF MEETING

There being no further business to discuss Councillor Bob Longmore declared the meeting closed at 11.10am.