

(Insert company name)

Risk Management Plan

Note: This template has been developed as a guide for developing a risk management plan. Further assistance can be provided by the Special Purpose Vehicle Unit, within the Department of Infrastructure and Planning.

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1 Purpose

Outline the purpose of the risk management plan. This should include information on risk management principles, objectives and practices in all business endeavours.

1.1 Scope

Outline the scope of the risk management plan. This may include: risk management frameworks; risk environment; roles and responsibilities in the management of risk; and the risk management process (i.e. from identification to treatment and reporting).

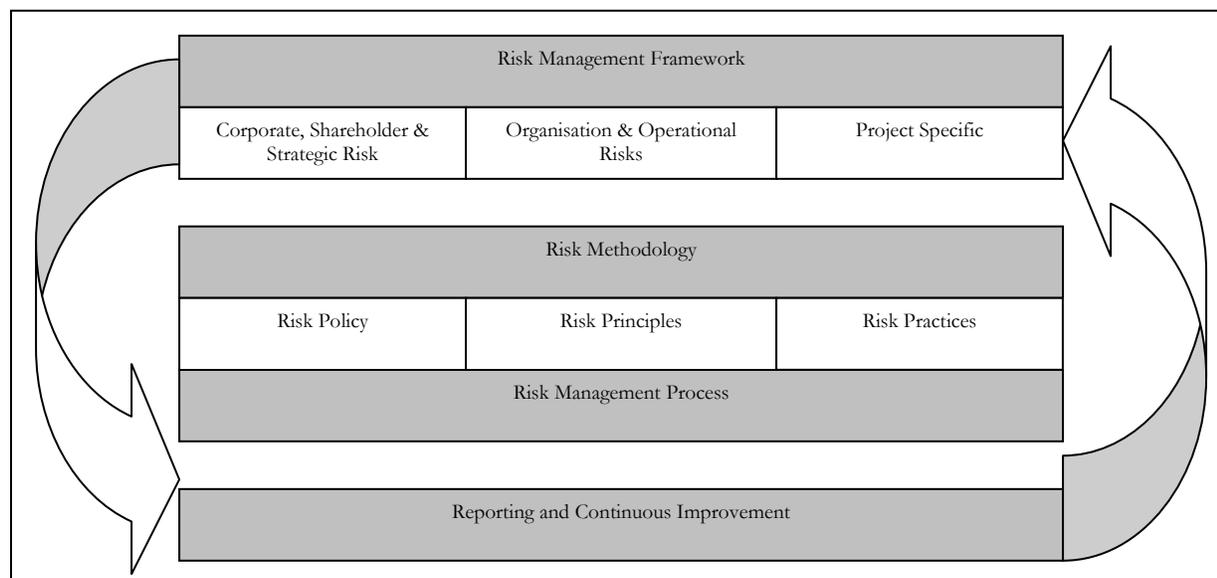
1.2 Objectives

Develop a set of objectives. Objectives may include: a confident and rigorous basis for decision making and planning; improved incident management and reduction in loss and the cost of risk; improved shareholder and stakeholder confidence and trust; improved compliance; and better corporate governance.

2 Capability

2.1 Risk management framework

Provide an overall risk management model for the Special Purpose Vehicle (SPV). It should cover all elements outlined in AS/NZS 4360:2004. The diagram below is an example:



2.2 Risk methodology

2.2.1 Risk management policy

Define key legislation and standards that the risk management plan is aligned to. This should include: the *Corporations Act 2001*; AS/NZS 4360:2004; and the Australian Stock Exchange's *Principles of Good Corporate Governance and Best Practice Recommendations*.

2.2.2 Risk management principles

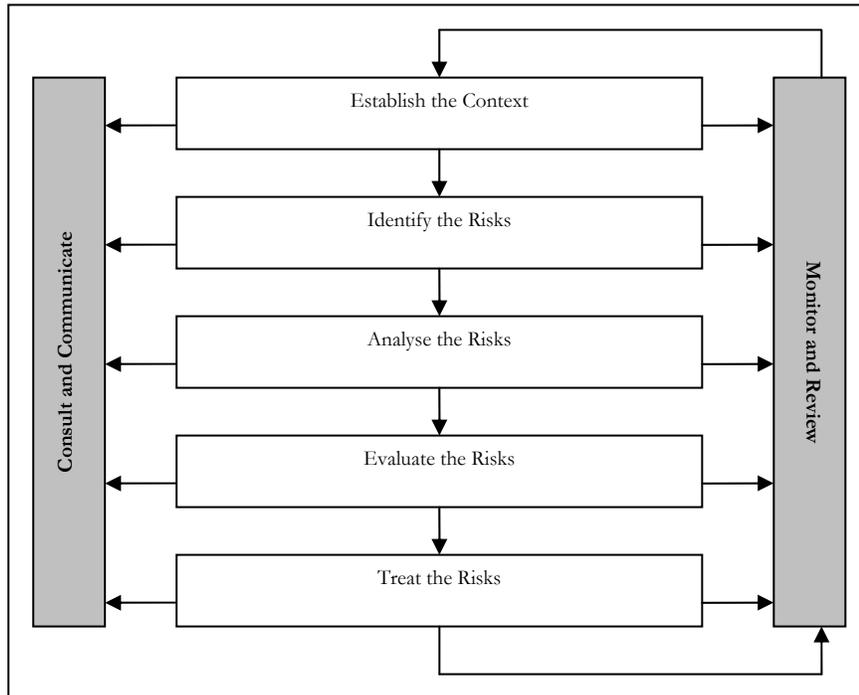
Develop a set of risk management principles that will inform the SPV's approach to risk management. Examples include embedding risk management into the SPV's culture and increasing shareholder and stakeholder confidence.

2.2.3 Risk management practices

Describe the practices that will be implemented as part of the risk methodology. These may include: establishing appropriate roles and responsibilities; providing risk management training; and using risk information as inputs into decision making and planning.

2.3 Risk management processes

Provide a high level representation of the process of risk management. This normally includes: establishing the context; identifying risks; analysing risks; evaluating risks; treating risks; and monitoring and review. The diagram below is an example.



2.3.1 Establish the context

Assess the environment in which the SPV performs within. Give consideration to the external and internal context for the potential source of risks.

2.3.2 Identify the risks

Describe how risks are identified. This may include: risk workshops; team meetings; and the audit and risk committee. A template for the audit and risk committee charter is provided in 1_14_T Audit and Risk Committee Charter.

2.3.3 Analyse the risks

Document the agreed analysis criteria. Refer to Appendix 1 for further assistance.

2.3.4 Evaluate the risks

Describe the process for evaluation.

2.3.5 Treat the risks

Identify the assessment criteria. This may include: risk avoidance; risk control; and risk transfer. Describe how the actions are agreed, assigned, tracked and reported.

2.4 Risk management roles and responsibilities

Provide details on the roles and responsibilities of the Board, Audit and Risk Committee, the Chief Executive Officer and other key roles. The diagram below is an example.

Role	Responsibility
Board	Establish Audit and Risk Committee Charter Appoint member of the Committee Set remuneration rates for external members Evaluate performance of the committee
Audit and Risk Committee	Report to board on audit, risk management and compliance Make recommendation to the Board Oversee the establishment and implementation by management of a system for management of risk
Chief Executive Officer	Promote a risk aware culture Participate in the good governance of the corporation

3 Major project risk management interface

This may be required when the SPV has a significant project being delivered with or without third party involvement. It is usual for a project to have its own risk management capability. This section should describe at a high level how it is conducted and the interface between the SPV and project risk management.

4 Reporting and continuous improvement

To achieve better practice and efficiency, a mechanism for continuous improvement may be developed.

Appendix 1

Please note that this is a guide only.

Defining likelihood

Descriptor	Rating	Frequency	Probability
Almost certain	A	Is expected to occur	95% or >
Likely	B	Will probably occur	~50%
Moderate	C	Might occur sometime during the planning horizon	~10%
Unlikely	D	Could occur at some time during planning horizon	~1%
Rare	E	Only occur in exceptional circumstance	<1%

Defining consequence

Category	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Safety	No incident / first aid injury	Medical treatment injury / illness	Alternative work / lost time injury	Serious / permanent injury / illness	Fatality
Financial loss	<\$10,000	<\$100,000	<\$1,000,000	<\$10,000,000	>\$10,000,000
Environment	Negligible environmental effect	Nuisance / minor but reversible environmental harm	Moderate but short term environmental harm	Localised, long term environmental harm	Extensive long term environmental harm
Regulatory					
Image / reputation					
Morale					
Community economic loss					
Public health					
Level of service					
Program					
Legal					
Other					

Risk rating matrix

Develop a risk rating matrix, this takes the likelihood and consequence assessments to give an overall rating

		Consequences				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Likelihood	Almost certain (A)	H	H	E	E	E
	Likely (B)	M	H	H	E	E
	Moderate (C)	L	M	H	E	E
	Unlikely (D)	L	L	M	H	E
	Rare (E)	L	L	M	H	H

Risk rating and management actions

The table below may be used to show priorities, actions and authority to act

Risk rating	Management action	Authority to act
Extreme (E)		
High (H)		
Medium (M)		
Low (L)		