

## Table of Contents

<b>1. Introduction</b> .....	<b>2</b>
<b>2. Definitions</b> .....	<b>2</b>
<b>3. Objectives</b> .....	<b>3</b>
<b>4. Risk Management Principles</b> .....	<b>3</b>
<b>5. Responsibilities</b> .....	<b>4</b>
Board of Directors .....	4
Chief Executive Officer and General Managers .....	4
Senior Managers.....	5
Company Secretary and Legal Counsel .....	5
Risk Management Committee .....	5
<b>6. Risk Management Procedure</b> .....	<b>6</b>
<b>7. Organisational Risk Management</b> .....	<b>9</b>
Strategic Risks .....	10
Operational Risks .....	10
Project Risks.....	10
Fraud and Corruption Risks.....	10
<b>8. Recordkeeping</b> .....	<b>11</b>
<b>9. External Communication</b> .....	<b>11</b>
ANNEXURE A – QUALITATIVE MEASURES OF CONSEQUENCE OR IMPACT .....	12
ANNEXURE B – QUALITATIVE MEASURE OF LIKELIHOOD .....	13
ANNEXURE C – RISK EVALUATION FACTORS.....	13
ANNEXURE D – DELEGATIONS .....	13
<b>10. Compliance and Competence Requirements</b> .....	<b>14</b>

© Port of Townsville Limited A.C.N. 130 077 673	Document Type	Guide/Manual	Document No.	POT 442
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			Date	14/08/2020
			Page	1 of 14

## 1. Introduction

Port of Townsville Limited (the Port) is a company Government Owned Corporation (GOC) established in its current form on 1 July 2008 under the *Government Owned Corporations Act 1993* (as amended by the *Government Owned Corporations Amendment Act 2007*).

There are a number of statutes with which the Port is required to comply however the following set the core legislative framework in which the Port operates:

- *Government Owned Corporations Act 1993* (Qld) and Regulations;
- *Transport Infrastructure Act 1994* (Qld) and Regulations;
- *Financial Accountability Act 2009* (Qld) and Regulations; and
- *Corporations Act 2001* (Cth) and Regulations.

These Guidelines have been developed to ensure a consistent approach to Risk Management throughout the Port. The Guidelines facilitate a Risk Management Process that is compliant with legislative requirements and International Risk Management Standard AS/NZS ISO 31000:2009.

These Guidelines are to be read in conjunction with the Port's Risk Management Policy (POT 1100).

## 2. Definitions

**"Consequence"** means an outcome of an Event affecting objectives.

**"Control"** means a measure that modifies a Risk.

**"Event"** means an occurrence or change of a particular set of circumstances.

**"Likelihood"** is the chance of something happening.

**"Loss"** means any negative Consequence or adverse effect, financial or otherwise.

**"Monitor"** means continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected.

**"Residual Risk"** means the Risk remaining after Risk Treatment.

**"Risk"** is the effect (positive and/or negative) of uncertainty on the Port's objectives. Risk is often expressed in terms of a combination of the Consequences of an Event and the associated Likelihood of occurrence.

**"Risk Analysis"** is the process to comprehend the nature of Risk and to determine the level of Risk.

**"Risk Assessment"** is the overall process of Risk Identification, Risk Analysis and Risk Evaluation.

**"Risk Criteria"** is the terms of reference against which the significance of a Risk is evaluated.

**"Risk Evaluation"** is the process of comparing the results of Risk Analysis with Risk Criteria to determine whether the Risk and/or its magnitude is acceptable or tolerable.

**"Risk Identification"** is the process of finding, recognising and describing Risks.

**"Risk Management"** means the coordinated activities to direct and control an organisation with regard to Risk.

**"Risk Management Process"** is the 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.

**"Risk Treatment"** is the process of modifying a Risk.

**"Stakeholder"** is a person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.

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Only electronic copy on server is controlled. To ensure paper copy is current, check revision number against entry in Qudos - Master Document List			Revision	20
			Date	14/08/2020
			Page	2 of 14

### 3. Objectives

The objective of these guidelines is to enable the Port to:

- increase the Likelihood of achieving objectives;
- encourage proactive Risk Management;
- be aware of the need to identify and treat Risk throughout the Port;
- improve the identification of opportunities and threats;
- achieve compatible Risk Management practices throughout The Port;
- comply with relevant legal and regulatory requirements and international norms;
- improve financial reporting;
- improve governance;
- improve Stakeholder confidence and trust;
- establish a reliable basis for decision making and planning;
- improve Controls;
- effectively allocate and use resources for Risk Treatment;
- improve operational effectiveness and efficiency;
- enhance health and safety performance as well as environmental protection;
- improve Loss prevention and incident management;
- minimise Losses;
- improve organisational learning; and
- improve organisational resilience.

### 4. Risk Management Principles

To ensure an effective Risk Management Framework, The Port will have regard to the following principles:

**(a) Risk Management creates and protects value**

Risk Management contributes to the demonstrable achievement of objectives and improvement of performance in, for example, human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product quality, project management, efficiency in operations, governance and reputation.

**(b) Risk Management is an integral part of all organisational processes**

Risk Management is not a stand-alone activity that is separate from the main activities and processes of the Port. Risk Management is part of the responsibilities of management and an integral part of the Port's processes, including strategic planning and all project and change management processes.

**(c) Risk Management is part of decision making**

Risk Management helps decision makers make informed decisions, prioritise actions and distinguish among alternative courses of action.

**(d) Risk Management explicitly addresses uncertainty**

Risk Management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.

**(e) Risk Management is systematic, structure and timely**

A systematic, timely and structured approach to Risk Management contributes to efficiency and to consistent, comparable and reliable results.

**(f) Risk Management is based on the best available information**

The inputs to the process of managing Risks are based on information sources such as historical data, experience, Stakeholder feedback, observation, forecasts and expert judgement. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence amongst experts.

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			Date	14/08/2020
			Page	3 of 14

**(g) Risk Management is tailored**

The Port’s Risk Management Framework is aligned with the Port’s external and internal context and Risk profile.

**(h) Risk Management takes human and cultural factors into account**

Risk Management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the Port’s objectives.

**(i) Risk Management is transparent and inclusive**

Appropriate and timely involvement of Stakeholders and, in particular, decision makers at all levels of the Port, ensures that Risk Management remains relevant and up-to-date. Involvement also allows Stakeholders to be properly represented and to have their views taken into account in determining Risk Criteria.

**(j) Risk Management is dynamic, iterative and responsive to change**

Risk Management continually senses and responds to change. As external and internal Events occur, context and knowledge change, Monitoring and review of Risks take place, new Risks emerge, some change, and others disappear.

**(k) Risk Management facilitates continual improvement of the Port**

The Port will implement strategies to improve its Risk Management maturity alongside all other aspects of the organisation.

## 5. Responsibilities

A concurrent top-down and bottom-up approach to Risk Management will be adopted by the Port. This will involve systematic Risk Identification, analysis and development of treatment strategies as well as bottom-up approaches such as operational Risk Identification and analysis.

All employees are responsible for the effective management of Risk. Employees are encouraged to be vigilant in performing their duties and identify potential Risks that may significantly or materially affect the profitability, performance or reputation of the Port or expose the Port to legal action.

### Board of Directors

The Board of Directors is responsible for:

- promoting an organisational culture that supports a sound system of Risk oversight and management and internal Control;
- Monitoring the Risk Management Process;
- ensuring that the Risk Management Process is maintained in accordance with the Risk Management Policy and these Guidelines;
- Monitoring and reviewing strategic and high level operational Risks to ensure all Risks are identified and are being managed appropriately;
- reporting on the Port’s stance on Risk Management to shareholding Ministers through the Annual Report;
- informing shareholding Ministers of changes to the Port’s Risk profile; and
- ensuring an internal and external audit function is implemented to ensure continual improvement of Risk Management and internal Control procedures.

### Chief Executive Officer and General Managers

The Chief Executive Officer and General Managers are accountable for strategic and operational Risks under their control. Collectively, responsibilities include:

- the formal identification and management of Strategic Risks that impact upon the Port’s strategic objectives;
- ensuring operational Risks are formally identified and are appropriately managed by relevant Senior Managers;
- allocation of priorities and competent resources to manage Risks;
- reporting on the status of the strategic and operational Risk registers, insofar as it impacts on their respective responsibilities, to the Board and/or its Committees;
- ensuring compliance with the Risk Management Process; and
- ensuring appropriate training and resources.

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			Date	14/08/2020
			Page	4 of 14

## Senior Managers

Senior Managers are responsible for:

- the formal identification of operational Risks relevant to their business units;
- allocation of priorities and competent resources to manage operational Risks;
- ongoing maintenance of operational Risk registers relevant to their business units;
- reporting on the status of operational Risks to the Risk Management Committee, General Managers and Chief Executive Officer; and
- maintaining awareness within their business units of operational Risks and the importance of internal Control.

## Company Secretary and Legal Counsel

The Company Secretary and Legal Counsel is responsible for:

- establishing Risk Management policies and procedures;
- overall coordination and review of the Risk Management Process;
- ensuring performance of the Risk Management framework is reported to the ARM Committee, Chief Executive Officer and General Managers;
- maintain Risk awareness throughout the organisation;
- facilitating the Risk Management Process and providing advice, tools and templates to employees;
- coordinating Risk Management activities with business units especially where there are unacceptable Risk exposures for the Port;
- ensuring Risk training and education is provided to employees;
- continuous improvement of the Risk Management Process; and
- organising and conducting Risk Management Committee agenda and meetings.

## Risk Management Committee

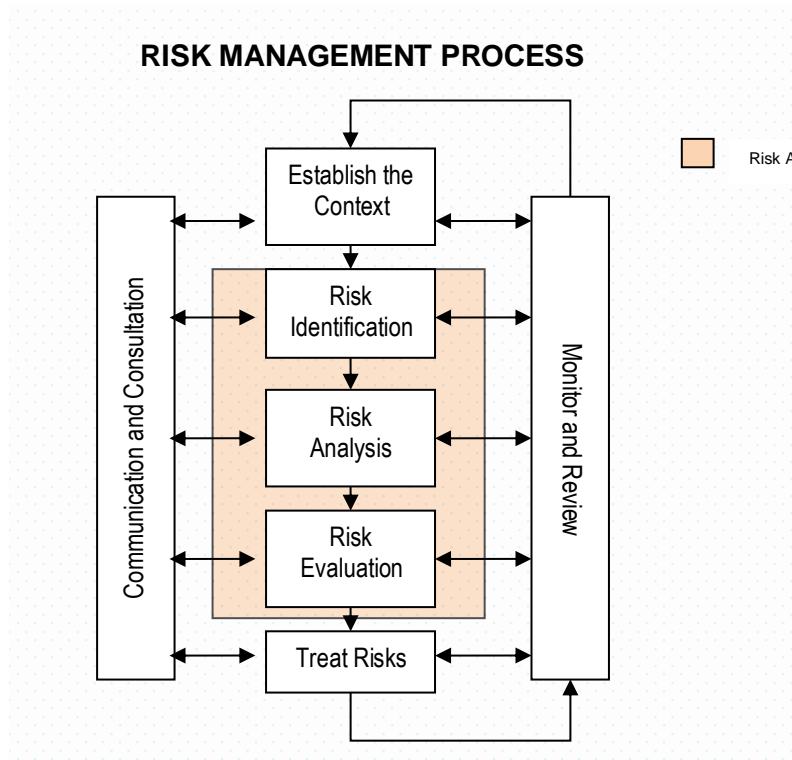
The Risk Management Committee is responsible for:

- Monitoring identified Risks and internal Controls and alerting Senior Management of any emerging Risk issues;
- reviewing and providing input into risk related policies, processes and procedures;
- overseeing internal and external audits of the Risk Management Process and assisting with the implementation of any recommendations to improve the system;
- assisting in the promotion of Risk awareness throughout the Port
- provide advice on the effectiveness of internal Control measures;
- identifying the nature and extent of Risks;
- determining the extent and category of Risks regarded as acceptable;
- projecting the impact and Likelihood of Risks occurring;
- the adequacy of Risk Treatment;
- assisting Senior Managers with preparing action and contingency plans; and
- assisting and providing advice with respect to the implementation of internal Control programs.

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			Date	14/08/2020
			Page	5 of 14

## 6. Risk Management Procedure

These guidelines have been developed in accordance with the Risk Management Standard, AS/NZS ISO 31000:2009. Risk Management is essentially an iterative process consisting of steps that enable continuous improvement of the Port's business practices. Schematically, the Risk Management Process is depicted in the following diagram:



### 6.1 Communication and Consultation

Communication and consultation is to take place with external and internal Stakeholders during all stages of the Risk Management Process so that those accountable for implementation and Stakeholders understand the basis on which decisions are made, and the reasons why particular actions are taken.

Plans for communication and consultation may be developed at an early stage depending on the level of communication and consultation required.

### 6.2 Establish the context

By establishing the context, the Port articulates its objectives, defines the internal and external parameters to be taken into account when managing Risk, and sets the scope and Risk Criteria for the remaining process.

Establishing the context can involve, but is not limited to:

- defining the goals and objectives of Risk Management activities;
- defining responsibilities for and within the Risk Management Process;
- defining the scope, as well as the depth and breadth of the Risk Management activities to be carried out, including specific inclusions and exclusions;
- defining the activity, process, function, project, product, service or asset in terms of time and location;
- defining the relationships between a particular project, process or activity and other projects, processes or activities of the Port;
- defining the Risk Assessment methodologies;
- defining the way performance and effectiveness is evaluated in the management of Risk;
- identifying and specifying the decisions that have to be made; and
- identifying, scoping or framing studies needed, its extent and objectives, and the resources required for such studies.

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			Date	14/08/2020
			Page	6 of 14

It is also necessary to take into account the internal and external context in which the Port operates in order to manage Risks.

Factors of the internal context that may need to be considered include:

- the Port’s governance, organisational structure, roles and accountabilities;
- policies, objectives and the strategies that are in place to achieve them;
- the Port’s capabilities, understood in terms of resources and knowledge (e.g. capital, time, people, processes, systems and technologies);
- the relationship with and perceptions and values of internal Stakeholders;
- the Port’s culture;
- information systems, information flows and decision making processes (both formal and informal);
- standards, guidelines and models adopted by the Port; and
- form and extent of contractual relationships.

External context considerations can include, but is not limited to:

- the social and cultural, political, legal, regulatory, financial, technological, economic, natural and competitive environment, whether international, national, regional or local;
- key drivers and trends having impact on the objectives of the Port; and
- the relationships with, perceptions and value of external Stakeholders.

### 6.3 Risk Identification

The Port should identify sources of Risk, areas of impacts, Events (including changes in circumstances) and their causes and their potential Consequences. The aim of this step is to generate a comprehensive list of Risks based on those Events that might create, enhance, prevent, degrade, accelerate or delay the achievement of the Port’s corporate objectives. It is important to identify the Risks associated with not pursuing an opportunity. Comprehensive identification is critical, because a Risk that is not identified at this stage will not be included in further analysis.

Identification should include Risks whether or not their source is under the control of the Port, even though the Risk source or cause may not be evident. It should also include an examination of the cumulative effects of a Risk and consider a wide range of causes, scenarios and Consequences.

Relevant and up-to-date information should be used including background information where possible. People with appropriate knowledge should be involved in identifying Risks.

### 6.4 Analyse Risks

Risk Analysis provides an input to Risk Evaluation and to decisions on whether Risks need to be treated, and on the most appropriate Risk Treatment strategies and methods. Risk Analysis can also provide an input into making decisions where choices must be made and the options involve different types and levels of Risk.

Risk Analysis involves consideration of the causes and sources of a Risk, their positive and negative Consequences, and the Likelihood of those Consequences occurring. Existing Controls and their effectiveness and efficiency should also be taken into account.

Risk Analysis can be undertaken with varying degrees of detail, depending on the Risk, the purpose of the analysis, and the information, data and resources available. Analysis can be qualitative, semi-qualitative or quantitative, or a combination of these, depending on the circumstances.

Consequences and their Likelihood can be determined by modelling the outcomes of an Event or set of Events, or by extrapolation from experimental studies or from available data. Consequences can be expressed in terms of tangible and intangible impacts.

Factors such as divergence of opinion among experts, uncertainty, availability, quality, quantity and ongoing relevance of information, or limitations on modelling should be stated and can be highlighted.

Refer to the criteria in **Annexure A, B and C** to determine how Consequence and Likelihood combine to produce an estimated level of Risk. It is important when conducting the Risk Evaluation the confidence placed on estimates of levels of Risk and assumptions made in the analysis are noted.

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			Date	14/08/2020
			Page	7 of 14

## 6.5 Risk Evaluation

Risk Evaluation involves comparing the level of Risk found during the analysis process with Risk Criteria established when the context was considered. Based on this comparison, the need for treatment can be considered. This enables decisions to be made about the extent and nature of treatments required and Risks to then be ranked and prioritised. The objectives of the Port and the Risk context should be taken into consideration when deciding if Risk is acceptable or unacceptable in terms of benefits/threats associated with bearing the Risk. Decisions should be made in accordance with legal, regulatory and other requirements.

A Risk may be accepted on the grounds that:

- the level of Risk is so low that specific treatment is not appropriate within the available resources;
- the Risk is such that there is no treatment available;
- the cost of treatment is so excessive compared to the benefit that acceptance is the only reasonable option; and
- the opportunities presented outweigh the threats to such a degree that the Risk is justified.

## 6.6 Treat Risks

Risk Treatment involves a cyclical process of:

- assessing a Risk Treatment;
- deciding whether Residual Risk levels are tolerable;
- if not tolerable, generating a new Risk Treatment; and
- assessing the effectiveness of that treatment.

Selecting the most appropriate Risk Treatment option involves balancing the costs and efforts of implementation against the benefits derived, with regard to legal, regulatory, and other requirements such as social responsibility and the protection of the natural environment.

Generally, lower priority Risks may be accepted and Monitored. Higher priority Risks require the development and implementation of specific Risk Management plans.

Subsequent to conducting a Risk Assessment using the criteria set out in **Annexure A, B and C** refer to the table below to determine what form of Risk Treatment is required. For further clarification, refer to **Annexure D** to these Guidelines.

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. The options can include the following:

- avoiding the Risk by deciding not to start or continue with the activity that gives rise to the Risk;
- taking and increasing the Risk in order to pursue an opportunity;
- removing the Risk source;
- changing the Likelihood;
- changing the Consequences;
- sharing the Risk with another party (including contracts and Risk financing); or
- retaining the Risk by informed decision.

Risk Treatment options should consider the values and perceptions of Stakeholders and the most appropriate ways are to communicate with them. Where Risk Treatment options can impact on Risk elsewhere in the Port or with Stakeholders, these should be involved in the decision.

Where warranted, Risk Treatment plans can be developed to document how the chosen treatment options will be implemented.

Decision makers and other Stakeholders should be aware of the nature and extent of the Residual Risk after Risk Treatment. The Residual Risk should be documented and subject to Monitoring, review and, where appropriate, further treatment.

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Only electronic copy on server is controlled. To ensure paper copy is current, check revision number against entry in Qudos - Master Document List			Revision	20
			Date	14/08/2020
			Page	8 of 14



## 6.7 Monitoring, Review and Continual Improvement

Both Monitoring and review should be a planned part of the Risk Management Process and involve regular checking or surveillance. Changes in factors that affect the Likelihood and Consequence of an outcome should be identified and appropriately managed.

The Port's Monitoring and review processes should encompass all aspects of the Risk Management Process for the purpose of:

- ensuring that Controls are effective and efficient in both design and operation;
- obtaining further information to improve Risk Assessment;
- analysing and learning lessons from Events (including near-misses), changes, trends, successes and failures;
- detecting changes in the external and internal context, including changes to Risk Criteria and the Risk itself which can require revision of Risk Treatments and priorities; and
- identifying emerging Risks.

To ensure the Risk Management Process is frequently reviewed and subject to regular independent reporting, the following review and Control functions will be conducted:

### Board, Senior Management and Risk Management Committee Monitoring and Review

The Risk Management Process will be Monitored and reviewed by the Risk Management Committee, Senior Management and Directors by way of the process outlined under the heading 'Organisational Risk Management' below.

### Continual Improvement

A third party audit of this framework will be performed at least once every three-five (3-5) years.

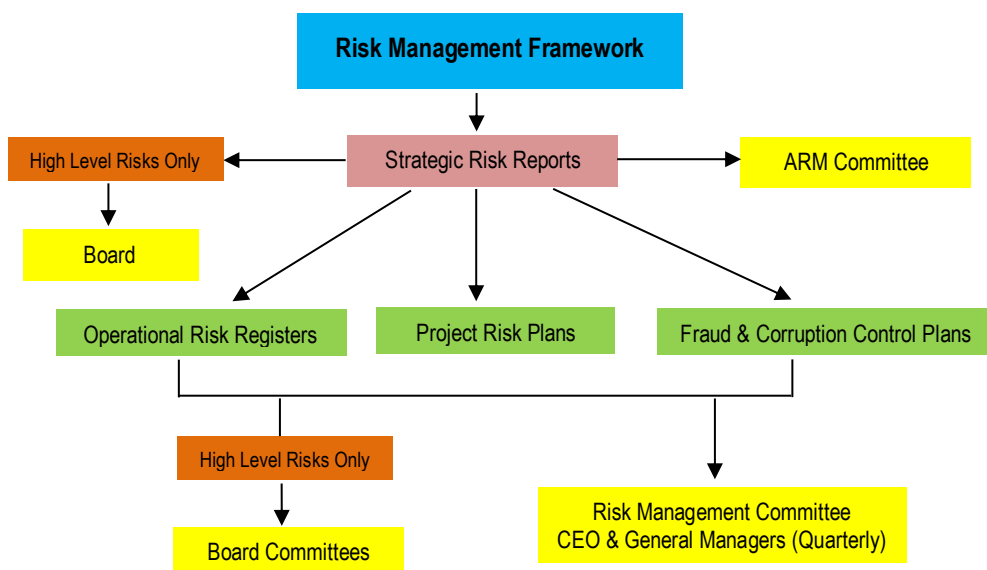
Internal audits of the Risk Management Process will be conducted every three years in accordance with the Port's Internal Audit Procedure (POT 110).

In addition to internal and external audits of this framework, other continuous improvement activities will include:

- keeping abreast of best practices, both locally and overseas;
- employing people who have experience and commitment to the continuous improvement of Risk Management; and
- encouraging innovation in Risk Management procedures and processes.

## 7. Organisational Risk Management

The following diagram depicts the organisational Risk Management Process:



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			Date	14/08/2020
			Page	9 of 14

## Strategic Risks

The Board is responsible for the management of Risks that have the potential to affect the Port's strategic objectives. The Board will Monitor and review strategic Risks with a residual risk rating of high or above on a 6-monthly basis.

The Company Secretary and Legal Counsel will prepare a Strategic Risk Report in consultation with Senior Management and the Risk Management Committee and this report will be submitted to the Board for review and consideration every six (6) months. The Strategic Risk Report Template (POT 444) is to be used for the purposes of preparing the quarterly Strategic Risk Report.

The report will highlight the top level strategic Risks facing the Port and will provide the Board with the opportunity to ensure all strategic Risks have been identified and are being appropriately dealt with by Senior Management.

All strategic risks will be reviewed and monitored by the ARM Committee on a quarterly basis.

## Operational Risks

Operational Risks will be managed by Senior Management. Each Senior Manager is to ensure their business unit maintains an operational Risk register that records the Risks identified, analysed, evaluated and controlled in their area. Operational Risk registers are to be kept and maintained in Qudos.

Operational Risk registers are to be reviewed by Senior Managers on a quarterly basis to ensure all operational Risks relevant to their area are identified and are being appropriately dealt with. Operational Risk registers must also be reviewed whenever an Event triggers a significant change in the Risk environment.

Senior managers are responsible for maintaining ongoing awareness in their business units of Risks and Control guidelines in their area so that the management of Risks is not overlooked or inappropriately managed.

Operational Risk registers are to be communicated to and Monitored by the Risk Management Committee and General Managers on a quarterly basis. This will ensure the evaluation and consolidation of Risks is conducted on a holistic basis and that consideration is given to those Risks from an operational level that may impact Risks at a strategic level.

Operational Risks with a Risk ranking of High or Extreme are to be reported by General Managers to the relevant Board Committees on a quarterly basis to give Board members the assurance that such Risks are being appropriately monitored and managed. To ensure consistency in reporting, the Strategic Risk Report Template is to be used for the purposes of reporting operational Risks to the relevant Board Committee.

## Project Risks

Project Risks will be managed by the relevant Project Manager. Each Project Manager is to ensure they maintain a project Risk plan that records the Risks relevant to the project. Project Risk plans are to be kept and maintained in the relevant folder located in the Port's Electronic Document Records Management System.

Project Risk plans are to be established prior to the commencement of each project and detail the context of the assessment, the Risks identified, the outcome of analysis and evaluation, the Control measures that are to be implemented and the Residual Risk once identified Control measures have been adopted. Guidance on this process can be found in **POT 569 'Project Risk Profile Assessment Guidelines'**. The plans are to be continually Monitored throughout the project and updated should an Event occur that triggers a significant change the Risk environment.

Project Risk plans are to be communicated to and Monitored by the Risk Management Committee and General Managers on a quarterly basis.

Project Risks with a Risk ranking of High or Extreme are to be reported by General Managers to either the Major Project Committee or Business Development and Environmental Management Committee on a quarterly basis to give Board members the assurance that such Risks are being appropriately managed. To ensure consistency in reporting, the Strategic Risk Report Template is to be used for the purposes of reporting project Risks to the relevant Board Committee.

## Fraud and Corruption Risks

Fraud and corruption Risks will be managed by the Company Secretary and Legal Counsel. The Company Secretary and Legal Counsel is to maintain fraud/corruption Control plans which are to be submitted to the Chief Executive Officer and ARM Committee for Monitoring and review each quarter. Quarterly Control plans will identify each Risk factor, Risk levels,

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			Date	14/08/2020
			Page	10 of 14

existing Controls, further Controls to be implemented and the Residual Risk levels. Control plans approved by the ARM Committee are to be registered in Qudos.

Responsible officers, consisting of members of the Risk Management Committee, will be nominated in the Control plans to manage and implement Control measures for fraud/corruption Risks that arise in their business unit area. The Risk Management Committee will monitor progress of implementation on a quarterly basis and will consider whether any additional Controls need to be implemented and if additional fraud/corruption Risks have entered the Port's Risk environment.

Further information on the Port's approach towards management of fraud and corruption Risks is outlined in the Port's Fraud and Corruption Control Policy (POT 1093) and Guidelines (POT 389).

## 8. Recordkeeping

Risk Management activities should be traceable. In the Risk Management Process, records provide the foundation for improvement in methods and tools, as well as in the overall process.

Decisions concerning the creation of records should take into account:

- the Port's needs for continuous learning;
- benefits of re-using information for management purposes;
- costs and efforts involved in creating and maintaining records;
- legal, regulatory and operational needs for records;
- method of access, ease or retrievability and storage media;
- retention period; and
- sensitivity of information.

## 9. External Communication

In accordance with the *Corporate Governance Guidelines for Government Owned Corporations* (February, 2009) the corporate governance section of the Port's annual reports will disclose that the Port's management has reported to the Board as to the effectiveness of the Port's management its material business Risks.

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			Date	14/08/2020
			Page	11 of 14

ANNEXURE A – QUALITATIVE MEASURES OF CONSEQUENCE OR IMPACT

Rank	Operations (Trade)	Financial Loss	Asset Loss	Interruption to Services	Reputation, Image & Political Implications	Performance	Criminal Penalty	Information Security	Safety	Health	ENVIRONMENT		
											Nature & Extent of Potential / Actual Environmental Harm	Frequency, Intensity, Duration, Offensiveness of Activity	
1	Insignificant	Insignificant impacts on operations and trade. No navigation closure. Insignificant delays.	\$0 - \$50K	Little or no impact on assets	< ½ day	Unsubstantiated, low impact, low profile or no news items. No political implications.	Up to 5% variation to KPI	Pecuniary	Can be dealt with by routine operations.	Minor temporary – irritation, first aid treatment required.	Reversible health effects of concern.	Environmental Nuisance resulting in insignificant impacts on the natural receiving environment, plants and/or wildlife. No impact on community or business.	Low frequency / intensity / duration activity (days). No substantiated offensive amenity impacts on surrounding area.
2	Minor	Minor impact on operations and trade. No navigation closure but minor revenue loss due to loading or unloading delays.	\$50K - \$500K	Minor loss or damage to assets	½ - 1 day	Substantiated, low impact, low news profile. Minor political implications resulting in minor local media attention.	5 -10% variation to KPI	Pecuniary	May threaten the efficiency or effectiveness of some aspect of the infrastructure but would be dealt with internally.	Minor temporary – medical treatment required.	Severe reversible health effects of concern.	Environmental Nuisance resulting in minor adverse impacts on or unreasonable interference with the natural receiving environment, plants and/or wildlife, but noticeable effect on amenity. Minimal impact on community or businesses.	Minor frequency / intensity / duration activity carried out during normal operating hours over a short term (weeks). Minor amenity impacts experienced within surrounding area with potential to trigger complaints.
3	Serious	Temporary navigation closure or prolonged restriction of navigation.	\$500K - \$5m	Major damage to assets	1 day – 1 week	Substantiated, public embarrassment, moderate impact, moderate (local) media attention. Political implications resulting in directions given by the shareholding Ministers.	10-25% variation to KPI	Imprisonment	Would not threaten the infrastructure but would mean that the program could be subject to significant review or changed ways of operating.	Major permanent – loss of body part or function.	Short term health problems or irreversible health effects of concern.	Actual or potential Material Environmental Harm resulting in noticeable adverse or unreasonable impact on the natural environment, plants and/or wildlife within surrounding area. Noticeable impact on community or businesses.	Medium frequency / intensity / duration activity carried out for a significant period of time on most days or over a period of months. Adverse amenity impacts on community giving rise to multiple/sustained substantiated complaints.
4	Major	Temporary closure of a navigation channel affecting movements to the port for several days. Ensuing loss of trade.	\$5m - \$10m	Significant loss of assets	1 week – 1 month	Substantiated, public embarrassment, high impact, high (local and national) news profile, third party actions. Political implications resulting in state/ national inquiry.	25-50% variation to KPI	Imprisonment	May threaten the survival or continued effective functioning of the infrastructure or project and require top-level management intervention.	Major permanent – single fatality, total blindness, quadriplegia.	Health impacts, long term/chronic health problems or life threatening or disabling illness.	Material Environmental Harm resulting in significant adverse or unreasonable impact on the natural receiving environment, plants and/or wildlife over an extensive area as a result of the duration or magnitude or nature of impact. Extended disruption/impact to community or businesses. Potential exists to remedy the impact if the activity is ceased or impact is reversible.	High frequency / intensity / duration activity carried out during most hours of the day or impact is long term (years). Significant adverse impacts on community.
5	Catastrophic	Port closes, navigation seriously disrupted for an extended period. Serious and long term loss of trade.	>\$10m	Complete loss of assets	> 1 month	Substantiated, public embarrassment, very high multiple impacts, high widespread (national and international) news profile, third party actions. Political implications resulting in state/ national inquiry. Significant national and worldwide attention from governments and media condemning activity.	>50% variation to KPI	Imprisonment	May threaten the survival of not only the infrastructure but also the business, possibly causing major problems for clients.	Multiple fatalities	Long term, permanent or irreversible health problems. Chronic health affects too many people.	Serious Environmental Harm resulting in irreversible, high or widespread adverse impact on the natural receiving environment/high conservation or special significance area. Severe and protracted disruption/impact to community or businesses. Irreversible loss of amenity experienced.	Permanent high frequency / intensity / duration activity carried out 24/7. Serious adverse impacts on community.

## ANNEXURE B – QUALITATIVE MEASURE OF LIKELIHOOD

Level	Descriptor	Description	Ongoing Activities	Projects
1	Rare	May only occur in exceptional circumstances	Unlikely in the life of the facility	0.1% chance
2	Unlikely	Could occur at some time	Once in 20 years	1% chance
3	Possible	Might occur at some time	Once in 5 years	10% chance
4	Likely	Will probably occur in most circumstances	Once per year	50% chance
5	Almost Certain	Expected to occur in most circumstances	Many times per year, continuous	99% chance

## ANNEXURE C – RISK EVALUATION FACTORS

	Consequence	Insignificant	Minor	Serious	Major	Catastrophic
Likelihood	Score	1	2	3	4	5
Rare	1	L 1	L 2	L 3	L 4	M 5
Unlikely	2	L 2	L 4	M 6	M 8	S 10
Possible	3	L 3	M 6	M 9	S 12	H 15
Likely	4	L 4	M 8	S 12	H 16	E 20
Almost Certain	5	M 5	S 10	H 15	E 20	E 25

## ANNEXURE D – DELEGATIONS

Risk Level	Code	Delegate	REF Range		Meaning	Criteria for Management of Risk (Risk Treatments)
Low	L	Employee	0	4	Little or no impact on the achievement of objectives or capability.	Acceptable without review. Rationale should be documented.
Medium	M	Employee	5	9	Degrades the achievement of objectives or capability.	May be acceptable with review. Rationale should be documented.
Substantial	S	Senior Management	10	14	Will degrade the achievement of objectives or capability.	Only acceptable with formal review. Risk requires documented action plans.
High	H	General Managers CEO	15	19	Significantly degrades the achievement of objectives or capability.	Undesirable. Risk must be eliminated or reduced. Risk requires documented action plans.
Extreme	E	ARM Committee / Board	20	25	Significant capability Loss and the achievement of objectives is unlikely.	Unacceptable. Risk must be eliminated or reduced through Control measures. Risk requires documented action plans.

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	Date	14/08/2020		
	Page	13	of	14

## 10. Compliance and Competence Requirements

### Standard

AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines

### Legislation

*Government Owned Corporations Act 1993* (Qld) and Regulations

*Transport Infrastructure Act 1994* (Qld) and Regulations

*Financial Accountability Act 2009* (Qld)

*Corporations Act 2001* (Cth)

### State Government Policies

Corporate Governance Guidelines for Government Owned Corporations

### Competence

Competency is a person's demonstrated ability to apply the necessary knowledge and skills to perform and assigned task satisfactorily.

### Competence Requirement

Knowledge and understanding of Risk management requirements.

### How is the necessary knowledge and skills assessed to ensure assigned task is performed satisfactorily

Assessed through audits (internal and external).

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	Date	14/08/2020		
	Page	14	of	14