

**Australian
Technology Park
Sydney**



Innovation | Sustainability | Community

Risk Management Policy

Australian Technology Sydney Limited (ATPSL) Management Record No:	[Admin use only]
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Purpose

The Board of the ATPSL needs to be able to provide assurance to ATP's stakeholders that risk, including compliance with all applicable legislation, is being appropriately managed.

ATPSL's management and staff must be able to demonstrate that all reasonable steps have been taken to properly manage risks, in accordance with this Risk Management Policy. ATPSL will implement an organisation-wide operational framework for the management of risks. The framework will ensure that a formal and consistent process of risk management is adopted.

Introduction

Risk exists in all aspects of business. Risk can be described as any threat or opportunity that can potentially prevent an organisation from meeting its objectives and obligations. Risk management is a multifaceted quality function with the goal of explicitly and clearly mitigating risks through sound management and continual improvement. Risk management plays a key role in ensuring the service achieves its goals.

How much risk ATPSL faces at any one time is the combination of the likelihood of an event happening and the consequences if it happened.

Risk for ATPSL is likely to occur in two areas. These are:

- ☞ Strategic risk – risks that relate to ATPSL doing the wrong things in pursuit of its goals. These are mainly directly related to ATPSL functions and objectives and include the following risk areas:

- Political

- Opportunity

- Reputation

- Structural.

- ☞ Organisational risk – risks that relate to ATPSL doing the right things the wrong way. These risks arise directly from activities undertaken by ATPSL and include:

- Financial and asset management

- Information management and technology

- Compliance and Regulatory

- Information Technology

- Operational management

- Occupational Health and Safety

- Stakeholder management

- Project management

Rationale

Managing risk effectively will enable management and staff to achieve improved outcomes by identifying and analysing a wider range of issues and providing a systematic way to make informed decisions. Therefore, it is essential that ATPSL develop a Risk Management culture based on a shared vision, purpose, goals and critical success factors.

The Policy

ATPSL is committed to the implementation and maintenance of an integrated risk management program for all its activities in accordance with the Australian/New Zealand Standard on Risk Management (AS/NZS 4360:2004).

This policy will promote an understanding and create an awareness and culture of Risk Management within ATPSL.

Objectives

Applying this policy will enable ATPSL to achieve the following:

- ☞ the Board and senior management are in a position to confidently make informed business decisions based on risk assessment;
- ☞ risks are able to be identified, prioritised and managed in a coordinated manner;
- ☞ a more rigorous basis for strategic planning as a result of a structured consideration of the key element of risk;
- ☞ better identification and exploitation of opportunities;
- ☞ compliance with relevant legislation;
- ☞ no costly surprises as undesirable risks are identified and managed; and
- ☞ elimination of costs through more targeted and effective controls.

Responsibilities

The Board is accountable for the risks within ATPSL but has delegated policy execution to senior management. While the Audit Committee will oversee the risk management policy and procedures it is the responsibility of senior management to manage risks in their areas of responsibility. Management and staff are responsible for adopting this risk management policy and procedures.

The *[Operational Risk Sponsor]* is responsible for keeping the Risk Management Policy and Operational Risk Framework updated, however all amendments to this policy will need formal approval by the Board.

Management and staff are to be familiar with, and competent in, the application of ATPSL's *Risk Management Policy*, and are accountable for the delivery of the Policy within their areas of responsibility.

In specific terms this means that the responsibility for the management of risk can be described as follows:

- ☞ the General Manager is responsible for managing risk across ATP;
- ☞ the senior management is responsible for the implementation of risk management processes throughout ATP;
- ☞ the senior management are accountable for the implementation and maintenance of sound risk management within their areas of responsibility in conformity with the Risk Management Policy;

- ☞ managers, at all levels, are required to create an environment where managing risk is accepted as the personal responsibility of each staff member in the achievement of their organisational responsibilities ;
- ☞ all staff are responsible for sound risk management practices within their particular areas; and
- ☞ Internal audit will undertake reviews throughout the year to ensure compliance against this Policy and provide regular reports to the senior management, the Audit Committee and Finance and Risk Management Committee.

Scope

This policy applies to all risks faced by ATPSL in running its business activities effectively and efficiently. Broadly, Risk Management can be applied to decision making at all levels (i.e. agency, program, team and individual level) and in relation to any function or activity, as follows:

Organisational Level

Corporate strategies and priorities	Fraud prevention and control
Asset management	Financial management
Budgetary process	Industrial relations
External and internal stakeholders	Technology
Public liability	Review processes
Media strategy	Disaster recovery
Staff competencies	Environment
EEO	OH&S

Project and Team Level

Planning	General projects	Managing change
Contracting	Work priorities	Processes and procedures
Data quality	Procurement	Training and development
IT projects	Communication	Organisation structure
Consultants	Staff empowerment	

Individual Level

Mobility	Level of commitment
Skill development	Balance of work and home

All decisions involve management of risk, whether they are decisions which are taken in everyday operations, (eg. deciding work priorities or making budgetary or staffing decisions), or decisions about major policies, strategies and projects. It is therefore desirable that management and staff develop an awareness of managing risks in their consideration of every decision.

Statutory Risk Management

Requirements

The Government Insurance Office (GIO) is under contract with NSW Treasury to provide a number of risk management services and to manage the Treasury Managed Fund (TMF).

The TMF provides insurance cover for public sector agencies against risks such as fire, liability claims, workers compensation claims, motor vehicle accident claims and professional indemnity claims. These risks present a chance of loss and not of gain. If losses are controlled or managed well by agencies, the TMF reduces premium charges accordingly.

However, risk mitigation and controls should not be considered to relate only to matters or events that can be insured against. Risk must be considered in the wider context of strategic and organisational issues.

Legislation

Section 16(2) of the General Government Debt Elimination Act 1995 (the Debt Act) as amended by General Government Debt Elimination Amendment Act 2000 requires each General Government Sector (GGS) agency to have a risk management plan for all significant financial and other risks.

The Annual Reports (Departments) Act 1985 and the Annual Reports (Statutory Bodies) Act and associated Regulations require agencies to report on their management of risk in their Annual Reports.

Treasurer's Direction

Treasurer's Direction 900:01, issued under the Act, establishes responsibility on the head of an agency to manage risks and insurance arrangements.

Risk Management Standard AS/NZS 4360:2004

The risk management practices contained in the Australia New Zealand Standard 4360:2004 represents the minimum standard for sound risk management practices.

Risk Management and Corporate Governance

Sound risk management is an essential component of good corporate governance. There is considerable scope to enhance corporate governance practices by building on the linkages between risks, returns and resources.

Sound risk management supports the „Statement of Responsibility“ confirming the establishment and maintenance of an effective system of internal control, which is signed by the Chief Executive and is included in ATPSL's Annual Report.

Linking Risk Management to Quality Management

The following dominant themes should be included in the Risk Management Program to continually improve its performance:

- ⌞ **Strategic focus** - objectives and priorities are clearly set and understood with strong emphasis on planning.
- ⌞ **Result orientation** – focus is on outputs and outcomes rather than simply on inputs and processes.
- ⌞ **Efficiency** – outputs are maximised for a given level of resources or resources minimised for a given level of output.
- ⌞ **Effectiveness** – the extent to which program outcomes achieve stated objectives.
- ⌞ **Appropriateness** – the extent to which outcomes match government policy and priorities and community needs.
- ⌞ **Enhanced accountability** – greater emphasis on accountability to ministers, parliament, and the public for program performance while ensuring that due process and probity are maintained.
- ⌞ **Increased scrutiny** – a system, the processes and decisions – all these are visible and open to scrutiny by staff, parliament and the public alike.
- ⌞ **Ethics** – for example, fraud awareness and adherence to proper processes and procedures.