



Risk Management Foundation Document

Risk Management Policy

Power and Water Corporate Procedure

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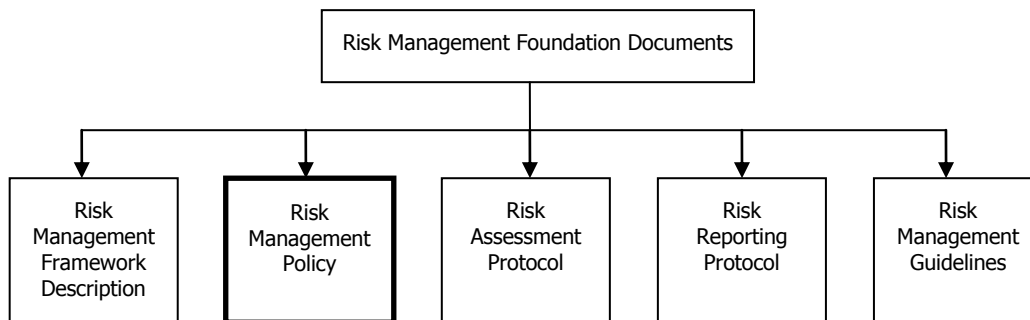
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1 Introduction

Power and Water Corporation (PWC) recognises that risk management is an integral part of good management and corporate governance, and is committed to implementing an integrated approach to risk management across the whole corporation. An effective risk management framework supports the realisation of PWC's corporate objectives, while also providing for a safe, efficient and enjoyable workplace for all management, staff and customers.

Implementation of the framework requires a commitment by management and staff to embed risk management into all facets of PWC's operations. PWC will ensure that its culture and procedures facilitate and reward the effective implementation of this framework, thereby enhancing our ability to identify, assess and successfully manage risks.

The Risk Management Policy forms part of PWC's risk management foundation documents, which are detailed below. It should therefore be read in conjunction with each of these foundation documents.



2 Purpose

This Risk Management Policy introduces PWC's Risk Management Framework. It includes a definition of risk as it applies to PWC, a clear risk policy statement and key risk management responsibilities for employees.

The Risk Management Policy supports PWC's Risk Management Framework which is intent on delivering the following benefits:

1. Enhancing the disclosure of potential risks to appropriate levels of management, and ensuring that an appropriate level of due diligence is demonstrated;
2. Ensuring that PWC has systematic and effective processes in place to identify, prioritise and manage current and emerging risks;
3. Enhancing performance by supporting the proactive management of opportunities and threats;
4. Linking risk management with strategic and corporate planning;

5. Improving operational aspects of PWC including the allocation and use of corporate resources, compliance with relevant legislation, and incident management;
6. Improving stakeholder management, confidence and trust; and
7. Ensuring that PWC's culture fosters employee participation in the identification, assessment and treatment of risks that pose a threat to it achieving its desired outcomes.

3 Definition of Risk

The PWC definition of risk is in alignment with Standards Australia / Standards New Zealand "AS/NZS 4360: Risk Management". As such, PWC defines risk as the chance of something happening that will have an impact on the organisation or one or more of its activities.

Risk is measured in terms of the likelihood of something occurring and the significance of the consequences stemming from such events. Consequences can be economic loss or gain, physical damage to premises, damage to reputation and public image, injury, death or delay.

With this definition, managing risk involves identifying and taking opportunities to improve performance, as well as taking action to avoid or limit the chances of something going wrong. Risk tolerance will be used to guide these actions by defining the level of risk that PWC is willing to bear once all practicable control measures have been adopted and implemented.

4 Policy Statement

PWC is committed to ensuring that an Enterprise Wide Risk Management Framework is adopted and integrated into its "Integrated Management System" (IMS). The Australia/New Zealand Standard "AS/NZ 4360: Risk Management" has been used as the principal reference document during the development of PWC's risk management philosophies, methodologies and techniques.

The adoption and integration of an Enterprise Wide Risk Management Framework will be achieved by implementing a range of risk management activities that support an organisational culture aimed at effectively and systematically managing and treating risk. Good risk management is considered essential to enable PWC to meet its statutory objectives under the Government Owned Corporations Act, assist PWC in achieving its strategic goals, and address the specific challenges facing PWC as detailed in the Statement of Corporate Intent.

Effective risk management paves the way for sound defensible decision-making and ensures that PWC understands and takes both the right type and amount of risk without creating an unnecessary burden on achieving objectives. It will help protect PWC against potential injury, damage or loss, minimise uncertainty in achieving PWC goals, and maximise opportunities to achieve its corporate objectives.

PWC's risk aim is "**No Operational Surprises**". PWC wants to create more certainty by thinking and planning ahead. By doing this, PWC can avoid threats and seize opportunities as they arise.

5 Responsibilities

Role	Responsibilities
The PWC Board	<p>The PWC Board oversees the function of the Risk Management Framework and retains ultimate responsibility for the extent and rigour of risk management activities. The Board’s responsibilities include:</p> <ul style="list-style-type: none"> • Determining the level of risk PWC are willing to accept in the conduct of business activities; • Receiving and challenging PWC’s risk profile on a regular basis; • Reviewing risk information that is provided by the Audit and Risk Management Committee from time to time; and • Receiving the results of any independent appraisals on the adequacy and effectiveness of the risk management framework.
Audit and Risk Management Committee	<p>The Audit and Risk Management Committee (ARMC) has been delegated to assist PWC’s Board with fulfilling its risk management oversight responsibilities. The ARMC is therefore responsible for:</p> <ul style="list-style-type: none"> • Ongoing review and approval of PWC risk registers in accordance with the Risk Reporting Protocol; • Annually reviewing and recommending to the Board any proposed changes to the Corporation’s Risk Policy, Risk Assessment Protocol and Risk Reporting Protocol; • Receiving and approving any independent appraisals on the adequacy and effectiveness of the risk management framework; and • Recommending to the Board any external disclosures that may be required from time to time relating to risk processes within PWC.

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Role	Responsibilities
Executive Management Committee	<p>The Executive Management Committee (EMC) is responsible for maintaining a consistent view of risk across the Corporation. The EMC is therefore responsible for reviewing and approving risk reports in accordance with the Risk Reporting Protocol. This will include corporate, business unit, operational and project risks.</p>
Manager –Risk Assurance and Audit	<p>The Manager- Risk Assurance and Audit is responsible for the development and coordination of risk management systems and activities including:</p> <ul style="list-style-type: none"> • The development, monitoring and updating of the risk management framework documents; • Managing the review and monitoring of PWC's corporate risk register; • Preparing risk profile reports for the ARMC and EMC that are consistent with the risk reporting protocol; • Managing the risk incident reporting process consistently with the risk incident reporting protocol; • Providing risk management training to relevant personnel; and • Performing risk assessments as requested by the ARMC or EMC, including strategic and operational assessments.
Business Unit General Managers	<p>Business Unit General Managers are responsible for:</p> <ul style="list-style-type: none"> • Ensuring risk management processes and practices included in the Risk Management Framework are adopted and implemented within business units under their control; • Reporting business unit risk profiles in accordance with the Risk Reporting Protocol; • Maintaining operational risk registers; and • Providing any other risk-related information to the ARMC, EMC and Manager, Risk, Assurance and Audit as required.

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Role	Responsibilities
All Managers and Supervisors	<p>Personnel who manage or supervise other staff will be responsible for ensuring that:</p> <ul style="list-style-type: none">• Corporate risk management processes are adopted and implemented;• Risk management is incorporated into planning and decision making processes;• All reasonably foreseeable risks arising from projects and operations are identified and assessed;• Appropriate measures to manage identified risks are identified and adopted;• The effectiveness of controls are monitored and reviewed on an ongoing basis,• Receive appropriate training in risk management; and• Risk management is incorporated into business unit planning and decision-making processes.
All staff	<p>Risk management is the responsibility of all PWC employees. All employees should be aware of and are responsible for applying risk management principles and practices relevant to all areas of their work.</p>

6 References

Standards Australia/Standards New Zealand, *Risk Management: AS/NZS 4360:2004*, Sydney, 2004

Standards Australia/Standards New Zealand, HB 436:2004, *Risk Management Guidelines: Companion to AS/NZS 4360:2004*, Sydney, 2004.