What is risk management?

Risk management is the ongoing process of looking for things that could cause harm or loss (hazards) in your business and putting measures in place to make sure harm or loss does not occur.

Hazards are a source of risks. A risk register is a crucial part of your approach to managing these risks. It's a tool to help you identify, assess and record your risks and the actions you're taking to eliminate or minimise them.

Why use a risk register?

Sound risk management practices provide the foundations for a good Safety Management System (SMS) and are one of the best ways to keep yourself, your employees and all other road users safe.

Completing and updating your risk register enables you to keep an up-to-date understanding of the risks in your business. Your risk register will also help you work out whether you're doing enough to manage your risks or if you could do more.

There are many benefits to having a risk register, including:

- helping you meet your Chain of Responsibility obligations—to minimise risks related to the safety of transport activities—by clearly defining the safeguards you have in place to prevent harm or loss
- strengthening your business by:
  - reducing delays and vehicle downtime
  - improving your reputation
  - lowering repair costs associated with safety incidents.

How can you do it?

Your risk register doesn't have to be complicated—simple processes are often just as effective as complicated ones. Also, as every business is different, your risk register—and your general approach to risk management—should be tailored to meet your individual business needs.

The *Risk Register – Template (Basic)* is a simple tool to help you create your own risk register using the following five steps in the risk management process:

Step 1	Identify hazards
	• Identify anything that could potentially cause harm or loss.
Step 2	Assess risk
	• Consider how the hazard could cause harm or loss.
Step 3	Identify existing controls
	• What existing controls do you have in place to manage the risk?
Step 4	Treat risks
	• Try to eliminate the risk.
	• Put additional controls in place to minimise the risk to as low as reasonably practicable.
Step 5	Monitor and review
	• Regularly monitor and review the controls you've put in place to ensure they work as planned.

The table overleaf explains how to complete these five steps.

To provide further assistance, an example of a risk register based on some of the hazards a heavy vehicle business might encounter in their operations is provided in *Risk Register – Worked Examples (Basic)*.

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Step 1. Identify hazards	Step 2. Assess risk	Step 3. Identify existing controls	Step 4. Treat risk	Step 5. Monitor and review
Identify anything that could potentially cause harm or loss.	Consider how the hazard or risk could cause harm or loss.	Look at your existing controls to eliminate or minimise the risk to as low as reasonably practicable.	Try to eliminate the risk first but, if that's not possible, put additional controls in place to minimise the risk to as low as reasonably practicable.	Regularly monitor and review the controls you've put in place to make sure they're working as planned.

Step 1. Identify hazards

What is a hazard?

A hazard is anything with the potential to cause harm or loss.

How do I identify hazards?

An effective way to identify hazards is to look for them continually, and to get people both inside and outside your business to tell you when they come across one.

Hazards can include a wide range of things, such as:

- physical objects that are clearly visible, like bald tyres
- behaviours, like rushing to load a vehicle
- a management practice, such as not providing employees with proper training.

Record in the risk register

Every time you identify a hazard, record it in the **Identify hazards** column of your risk register.

Step 2. Assess risk

What is risk?

Risk is the possibility that harm or loss might occur when someone or something is exposed to a hazard. When you assess a risk, you're trying to determine how the hazard could create harm or loss.

How do I assess risks?

Think about the following questions:

- Who could be harmed by the hazard?
- What situation could the hazard cause harm or loss in?
- Where could the hazard cause harm or loss?
- When could the hazard cause harm or loss?
- Why would the hazard cause harm or loss?

The worked examples in the *Risk Register – Worked Examples (Basic)* illustrate how various hazards could cause harm or loss.

Record in the risk register

Record the risk(s) created by the hazard in the **Assess risk** column of your risk register. You can also comment on how much of a risk you think the hazard presents.

Step 3. Identify existing controls

What are existing controls?

Existing controls are the things you already have in place to manage the risks you've identified.

You may have more than one control in place for each of your risks, such as:

- training and education
- policies and procedures
- personal protective equipment (PPE).

Examples of different types of controls are included in the *Risk Register – Worked Examples (Basic)*.

How do I identify existing controls?

Look at each of the risks you've listed in the **Assess risk** column and identify the controls you have in place to prevent the hazard causing harm or loss. Talk to the people who actually do the tasks to ensure all existing controls are listed and to get their view of how effective the existing controls are.

This process should include looking at existing controls to see if enough has been done to eliminate or minimise the risk so far as is reasonable practicable. If not, the risk needs to be treated.

Record in the risk register

Record the controls you have in place for each risk in the **Identify existing controls** column of your risk register.

If you discover you don't have any existing controls for some of your risks, make sure you put some in place by **treating the risk** (see next column).

Step 4. Treat risk

What is risk treatment?

You may consider that the existing controls you've identified may not be sufficient to best control the safety risk. Risk treatment is the process of developing and implementing additional controls that will eliminate or further minimise the risk.

How do I treat risks?

The most effective way to treat a risk is to eliminate it completely. This is often not practical, so risks need to be minimised to as low as reasonably practicable.

There's often more than one type of control you can use to minimise a risk. Again, you should talk to the people who actually do the tasks to get their view of what the most effective controls would be.

Look at the *Risk Register – Worked Examples (Basic)* for examples of different types of controls that can be used to minimise risks.

Record in the risk register

Record your proposed **additional controls** in the **Treat risk** column of your risk register. It's also useful to record who is going to be responsible for implementing these new controls and by when.

You should update your register when the proposed additional controls are in place and they become existing controls.

Step 5. Monitor and review

What is monitoring and reviewing?

Monitoring and reviewing means taking a regular look at the controls you have in place to make sure they're working.

How do I monitor and review?

What you do depends on what you're reviewing and what you're trying to measure. For example, you may want to know if a new route has been effective in avoiding delays. You could speak with drivers and review trip records to determine if the route change has been successful.

The worked examples in the *Risk Register – Worked Examples (Basic)* show different review methods and intervals.

During the review process, you may identify new hazards and risks that need to be managed.

Record in the risk register

Once you've decided how you'll monitor and review the effectiveness of your controls, you should record this in the **Monitor and review** column of your risk register.

It's useful to create a checklist or review schedule to document the results of your monitoring or review activities.

It's also recommended that when conducting audits and reviews, the person conducting the review is independent of the operation.

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