



## Policy

# Risk Management

Endorsed: 26 February 2014

### Brief description

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The GPC Risk Management Policy and its supporting standards and procedures provide a framework to ensure that risks arising from our business are appropriately identified, assessed and managed.

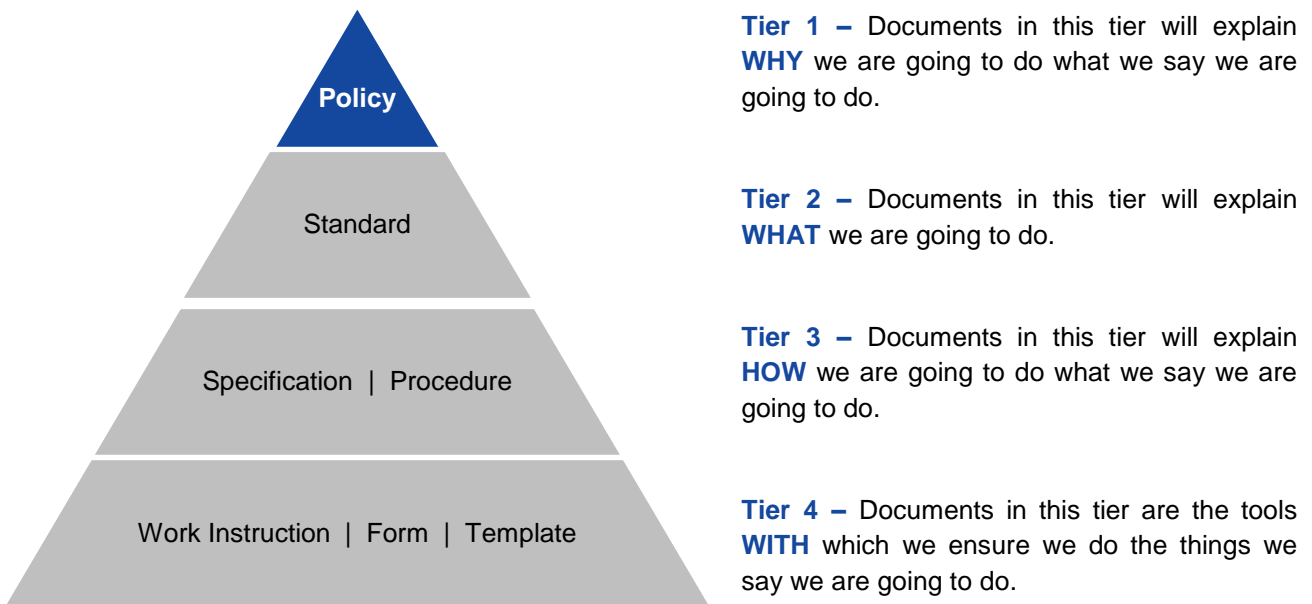
This document is a POLICY.

A POLICY is a concise statement that clearly sets out GPC’s commitment to GPC Board directives, legislative requirements, Government directives and good business practice.

A POLICY translates the vision and values reflected in GPC’s Corporation Charter, into ethical and responsible expectations as required by all employees and contractors conducting business activities for the Corporation.

A POLICY is approved by the Board.

The document hierarchy provides a visual representation of Gladstone Ports Corporation’s approved Governance Document Hierarchy Framework.



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## 1. Policy purpose

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The purpose of this Risk Management Policy is to:

- recognise and address threats to achievement of our objectives;
- enhance internal business resilience; and
- develop and maintain capacity to efficiently respond to, and recover from, an emergency, major business disruption and/or crisis event.

## 2. Policy statement

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### 2.1 Gladstone Ports Corporation Charter

**This policy supports the achievement of GPC's Corporation Charter through focused risk management practices. Our Corporation Charter clearly articulates the vision, mission and values of the organisation.**

**Vision:** To be the most respected Ports Corporation in the Nation.

**Mission:** To responsibly manage, develop, and operate port facilities and services for the sustainable economic growth and social prosperity of our region, Queensland and Australia.

#### Values

- **SUSTAINABILITY:** We preserve the inherent worth of Port assets for future generations. We protect the health and safety of our people, the environment and our community. We engage with and contribute to the communities in which we operate.
- **EXCELLENCE:** We continually strive for excellence in all that we do and constructively challenge for a better way. We are open to learning and appreciate that shared knowledge and innovation are essential to our growth.
- **CUSTOMERS:** We serve our customers and the Port community with pride and passion. We respond with urgency, anticipate their needs, and exceed their expectations.
- **RESPECT:** We build relationships based on equality, dignity, honesty and trust. In all our dealings we strive to be friendly and courteous, as well as fair and compassionate.
- **EMPOWERMENT:** We support and empower people to give their best and reach their potential. We fully apply our skills and capacity, are accountable in our actions, and perform to the best of our ability.
- **TEAMWORK:** We are one company, one team. We work together to achieve our objectives.



## 2.2 Risk and Resilience Management

Principle 7 of the Queensland Government's *Corporate Governance Guidelines for Government Owned Corporations* (2009) is to 'Recognise and Manage Risk'. GPC's risk management approach reflects recommendations drawn from these Guidelines while conforming to the international risk management Standard (ISO 31000). Our risk management approach is tailored to GPC's business context.

The identification and management of risk is an integral component of GPC's governance structure and informs program and activity prioritisation and organisational / operational decision making.

Through engagement of relevant internal stakeholders GPC will:

- establish and maintain an integrated and systematic approach to the identification, assessment and management of corporate, business, major project and activity risks;
- adopt proactive approaches to enhancing internal business resilience through planning, design, procurement and management of change; and
- develop and maintain internal capability to efficiently respond to, and recover from, an emergency, major business disruption and/or crisis.

GPC's Risk Breakdown Structure (Appendix 2) details a hierarchy of risks which are to be continually identified reviewed and managed using the GPC Risk Matrix (Appendix 3) i.e.

- Corporate risks related to achievement of our strategic objectives;
- Departmental and Major Project risks recognising and managing threats to achievement of business and operational objectives; and
- Hazard and activity risk identification, assessment, authorisation and management which are integral to conduct of our activities and tasks.

Emergency Response Procedures and capabilities are to be developed and maintained for each GPC Department and for each Major Project commissioned by GPC. These Procedures are to be tailored to reflect their most foreseeable emergency events.

Business Continuity Plans are to be developed and maintained for business functions that are critical to GPC's core business roles, namely:

- Management of Port infrastructure at the Port of Gladstone, Port of Rockhampton and Port of Bundaberg;
- Providing shipping services and shipping support facilities in accordance with a port authority's charter;
- Management of cargo handling operations for coal and other bulk products; and
- Development, management and leasing of strategic and non-strategic Port land.

Business Continuity Plans are to reflect the most foreseeable major business disruptions for each critical business function.

Implementation of this Policy will be evidenced by the:

- establishment and management of a hierarchy of Corporate, Departmental and Major Project risk registers;
- risks informing and reflecting strategic and operational planning, and enhancing decision making;



- establishment and maintenance of emergency response and business continuity plans and capabilities;
- ongoing development of change management procedures which enhance business resilience; and
- establishment and maintenance of GPC's crisis management procedure.

### 3. Policy scope

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This Policy applies to all GPC employees. Risk management requirements for external entities engaged by GPC will be defined in contractual arrangements or rest with contractors to appropriately identify, assess, notify and manage risks related to GPC sites and site based activities.

### 4. Policy monitoring and review

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Conformance to this policy will be monitored through external and internal audit processes.

Formal review, consultation and authorisation processes are to be led by the Safety, Environment and Risk General Manager on a two year cycle (or earlier as required) to ensure the Policy remains current and fit for purpose.

### 5. More information

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This Policy will be available to all employees, contractors and consultants.

This document is uncontrolled when printed. The current version of this Policy is located on Gladstone Ports Corporation's Intranet.

If you require any further information, please contact the Facilitator, listed under Document Accountability, section 6.2.



## 6. Document history

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### 6.1 Document information

Current version	1.0
First released	01.07.13
Last updated	12.03.14
Effective by	30 August 2013
Review frequency	Within two (2) years
Review before	9 July 2015
Audience	Board, CEO and Executive, all employees, and contractors.

### 6.2 Document accountability

Term	Definition	Position
Owner	Accountable for approval and authorised discretion to implement or significantly change the system	GPC Board
Custodian	Accountable for monitoring the application of the system and advising the owner of the monitoring outcomes	Chief Executive Officer (Level of Work V)
Facilitator	Accountable for proposing system design or redesign and facilitation of conformance	Safety, Environment & Risk General Manager (Level of Work IV)

### 6.3 Document version control

Version	Date	Author	Change description
1.0	9.07.13	John Sherriff	New document in alignment with GPC Governance Document Hierarchy Framework.



## 7. Appendices

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### Appendix 1 – Related Documents

#### Legislation and regulation

Key relevant legislation and regulation, as amended from time to time, includes but is not limited to:

Type	What
Federal Acts	Corporations Act (Cth) 2001
State Acts	Government Owned Corporations Act (1993)
Other	AS/NZS ISO 31000:2009 <i>Risk management – Principles and guidelines</i> AS/NZS 5050:2010 <i>Business continuity - Managing disruption-related risk</i>

#### Guiding principles

The following guiding principles relate to this Policy:

Type	What
GOC Principles	<i>Government Owned Corporation Guidelines</i> <ul style="list-style-type: none"><li>• Foundations of management and oversight</li><li>• Recognise and manage risk</li></ul>
GPC Principles	<i>Gladstone Ports Corporation Values</i> <ul style="list-style-type: none"><li>• Sustainability</li><li>• Excellence</li><li>• Customer</li><li>• Respect</li><li>• Empowerment</li><li>• Teamwork</li></ul>

#### Gladstone Ports Corporation documents

The following documents relate to this Policy:

Type	What
Policy	Workplace Health & Safety Environment Security
Standard	Risk Management Business Resilience
Specification/Procedure	Crisis Management Emergency Response Business Continuity





## Appendix 2 – GPC Risk Breakdown Structure

RISK LEVEL	RISK FOCUS	RISK OWNERS	REVIEW & REPORTING	OUTPUT
<b>Corporate Risks</b>	Threats to achievement of: <ul style="list-style-type: none"> <li>- Corporate Plan objectives</li> <li>- Statement of Corporate Intent commitments</li> </ul> Escalated risks: <ul style="list-style-type: none"> <li>- Business risks</li> </ul>	<i>Owner:</i> GPC Board	<ul style="list-style-type: none"> <li>- Bi-annual risk review</li> <li>- Quarterly status reports to Board via Executive Leadership Team</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate Risk Register</li> </ul>
		<i>Custodian:</i> CEO		
		<i>Facilitator:</i> General Managers		
<b>Business Risks</b>	Threats to achievement of each GPC Department's: <ul style="list-style-type: none"> <li>- Business &amp; operational expectations</li> <li>- Regulatory obligations</li> <li>- Regulatory conformance</li> </ul> Identification of foreseeable events: <ul style="list-style-type: none"> <li>- Emergency events</li> <li>- Business disruption (critical business functions)</li> </ul> Escalated risks: <ul style="list-style-type: none"> <li>- Hazards and activity risks</li> <li>- Job risk assessments (JRAs)</li> </ul>	<i>Owners:</i> General Managers	<ul style="list-style-type: none"> <li>- Annual risk review</li> <li>- Quarterly reports to Executive Leadership Team via GM</li> </ul>	<ul style="list-style-type: none"> <li>- Risk Register per GPC Department</li> </ul>
		<i>Custodians:</i> Managers, Supervisors, Specialists		
		<i>Facilitators:</i> Managers, Supervisors, Specialists		
<b>Major Project Risks</b>	<ul style="list-style-type: none"> <li>- Major project performance</li> <li>- Regulatory conformance</li> </ul>	<i>Owners:</i> CEO / General Managers	<ul style="list-style-type: none"> <li>- Quarterly status reports to Executive Leadership Team</li> </ul>	<ul style="list-style-type: none"> <li>- Major Project Risk Register</li> </ul>
		<i>Custodians:</i> Project Managers		
<b>Hazard &amp; Activity Risks</b>	Risks that threaten the safety, security and well being of workers, the environment and/or GPC assets.	Operational Managers & Supervisors Subject matter experts	<ul style="list-style-type: none"> <li>- Annual review of safety &amp; environment hazard registers</li> </ul>	<ul style="list-style-type: none"> <li>- Site Safety Hazard Registers</li> <li>- Aspect &amp; Impact Environment Registers</li> <li>- JRAs</li> </ul>



## Appendix 3 - GPC Risk Matrix

Consequence	Minor (1)	Moderate (2)	Significant (3)	Major (4)	Critical (5)
<b>WH&amp;S (Injury or illness)</b>	First aid treatment, low level short term physical effects. No medical treatment.	Short term reversible disability; <u>or</u> impairment & /or medical treatment injury.	Reversible disability or impairment; <u>&amp;/or</u> medical treatment injuries requiring hospital admission.	Moderate irreversible disability; <u>or</u> impairment requiring specialist treatment &/or intensive care.	Single or multiple fatality; <u>or</u> severe or total irreversible disability & severe impairment.
<b>Environment</b>	Localised & controlled incident with nil or rapidly reversible harm / nuisance.	Localised & controlled with short term reversible harm / nuisance requiring no additional resources.	Significant, localised incident requiring additional resources to remediate harm / nuisance on site; or off site short term reversible harm.	Large uncontrolled event requiring additional resources. Residual onsite harm; <u>or</u> medium term remediation / recovery offsite.	Large offsite event triggering significant response by external agencies; <u>or</u> major onsite residual environmental harm requiring permanent dedicated resources.
<b>Security</b>	Repeated breaches of GPC site - no identified intent for disruption or damage.	Intentional breach of site – some intent to cause damage but no interruption to operations.	Intentional breach of restricted access area - intent to disrupt operations.	Intentional breach of restricted access area - intent to cause major damage / business disruption; <u>or</u> poses threat to workers, customers or public.	Extensive damage to critical infrastructure & personnel by terrorist attack or issue motivated groups.
<b>Regulatory Compliance</b>	Regulatory non-conformance warning; <u>or</u> penalty <\$10,000	Court action – resulting in fine \$10,000 to \$75,000.	Court action – resulting in fine \$75,000 to \$250,000.	Court action – resulting in fine >\$250,000.	Court action – resulting in jail sentence; <u>or</u> order to cease major component of GPC operations.
<b>Financial Impact</b>	Losses of <\$100,000	Losses of \$100,000 to \$500,000	Losses of \$500,000 - \$2 million	Losses of \$2 million to \$3 million	Losses of greater than \$3 million
<b>GPC Reputation</b>	Repeated complaints from single complainant	Multiple complaints on issue / activity; <u>&amp;/or</u> issue reported in local media.	Multiple complaints or interest group concerns reported in state media.	Influence of interest groups result in major delay to operations or approvals; <u>or</u> feature in national/ international media.	Influences of interest groups curtail critical business operations or major development proposals.
<b>Cargo Handling / Service Delivery</b>	Unplanned event causes loss of one loading or unloading stream for < 4 hours.	Unplanned event causes loss of the equivalent of one loading or unloading stream for 4 - 24 hours.	Unplanned event causes loss of the equivalent of one loading or unloading stream for 24 hrs to 1 week.	Unplanned event causes loss of the equivalent of one loading or unloading stream for 1 to 3 weeks.	Unplanned event causes loss of the equivalent of one loading or unloading stream for > 3 weeks.
<b>Marine Operations</b>	Marine operation disruption 6 to 12 hours.	Marine operation disruption 12 to 24 hours.	Marine operation disruption 24 to 48 hours.	Marine operation disruption 48 to 72 hours	Marine operation disruption > 72 hours.
<b>Project Delivery (&lt; \$10m)</b>	Project cost overrun < 2%; or < 3% delay. Impact value < \$100k.	Project cost overrun 2 - 5%; or 3 - 8% completion delay. Impact value \$100k to \$500k.	Project cost overrun 5 – 10%; or 8 – 17% completion delay. Impact value \$500k to \$2 million.	Project cost overrun 10 – 15%; 17 – 50% completion delay. Impact value \$2m to \$3 million.	Project cost overrun > 15%; or >50% completion delay. Impact value >\$3 million.

## Appendix 3: GPC Risk Matrix (cont)

### 3.2 LIKELIHOOD TABLE

6.2. LIKELIHOOD TABLE	Likelihood rating (to level of assessed consequence)	Based on analysis of history, trends and intelligence .....
	<b>Almost Certain</b> (5)	The risk is expected to occur in most circumstances
	<b>Likely</b> (4)	The risk will probably occur in most circumstances (Most likely to occur in 1 to 2 years)
	<b>Possible</b> (3)	The risk might occur at some time (Most likely to occur in the next 2 to 5 years)
	<b>Unlikely</b> (2)	The risk could occur at some time (Most likely to occur once in the next 25 years)
	<b>Rare</b> (1)	The risk may only occur in exceptional circumstances (Not likely to occur within the next 25 years)

### 3.3 RISK MAPPING MATRIX

3.3. RISK MAPPING MATRIX		CONSEQUENCE				
		Minor (1)	Moderate (2)	Significant (3)	Major (4)	Critical (5)
LIKELIHOOD	Almost Certain (5)	Medium (6)	Medium (7)	High (8)	High (9)	Extreme (10)
	Likely (4)	Low (5)	Medium (6)	Medium (7)	High (8)	High (9)
	Possible (3)	Low (4)	Low (5)	Medium (6)	Medium (7)	High (8)
	Unlikely (2)	Very Low (3)	Low (4)	Low (5)	Medium (6)	Medium (7)
	Rare (1)	Very Low (2)	Very Low (3)	Low (4)	Low (5)	Medium (6)

## Appendix 3: GPC Risk Matrix (cont)

### 3.4 RISK TOLERANCE - AUTHORISATION & ESCALATION TABLE

RISK AUTHORISATION / ESCALATION	VERY LOW (2-3)	LOW (4-5)	MEDIUM (6-7)	HIGH (8-9)	EXTREME (10)
<b>Strategic Risks (Corporate Risk Register)</b>	<ul style="list-style-type: none"> <li>- Can be undertaken at any time.</li> <li>- No escalation.</li> </ul>	<ul style="list-style-type: none"> <li>- May continue with Manager / Supervisor approval</li> <li>- No escalation.</li> </ul>	<ul style="list-style-type: none"> <li>- GM approval required to proceed.</li> <li>- Quarterly 'changed status' report to Board.</li> </ul>	<ul style="list-style-type: none"> <li>- Board approval required to proceed.</li> <li>- Quarterly status report to Board.</li> </ul>	<ul style="list-style-type: none"> <li>- Board approval required to proceed.</li> <li>- Monthly status report to Board.</li> </ul>
<b>Business / Operational Risks (Departmental Risk Registers)</b>			<ul style="list-style-type: none"> <li>- GM approval or GM approved procedure required to proceed.</li> <li>- Consider escalation for Executive awareness.</li> </ul>	<ul style="list-style-type: none"> <li>- CEO Approval to proceed.</li> <li>- Escalate for Executive &amp; Board awareness - inclusion in Corporate Risk Register.</li> <li>- Quarterly status report to Executive.</li> </ul>	
<b>Hazard / Activity Risks</b>			<ul style="list-style-type: none"> <li>- GM approval or GM approved procedure required to proceed.</li> <li>- Consider escalation for operational assessment.</li> </ul>	<ul style="list-style-type: none"> <li>- Escalate for operational assessment / inclusion in Departmental Risk Register.</li> <li>- GM approval to proceed.</li> </ul>	