

Reducing
**red
tape**
2008



WORKBOOK



AGRI-FOOD
INDUSTRY SKILLS
COUNCIL

Trainers Notes

Acknowledgements - DEEWR

Acknowledgements to DEEWR

(Department of Education, Employment and Workplace Relations)

The department implements government policies and programs to provide education and training opportunities for all Australians, to increase employment participation and to ensure fair and productive workplaces.

- The Industry Training Strategies Programme funds projects that help employers understand nationally endorsed training packages, with particular emphasis on increasing pathways for Australian Apprentices.
- These providers help industry to find quality vocational, education and training solutions to their recruitment and training needs.
- Services include advice, assistance, research and promotional activities that help Australian Apprenticeship Centres and Registered Training Organisations to implement Australian Apprenticeships and training packages.
- Industry Pathfinders also engage with industry associations and other stakeholders to support the achievement of ITSP's aims.

Acknowledgements - AFISC

Acknowledgement to AFISC

(The Agri-Food Industry Skills Council)

- The Agri-Food Industry Skills Council was established provide accurate industry intelligence on current and future skill needs and training requirements.
- The council supports and gives leadership to the development, implementation and continuous improvement of quality, nationally recognised training products and services, including training packages.

The council purpose is to:

- provide industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skills needs;
- actively support the development, implementation and continuous improvement of high quality training and workforce development products and services, including training packages;
- provide independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions; and
- work with enterprises, employment service providers, training providers and government to allocate training places.

Slide No.	Explanation of Slide
Title Page	<p>Insert your name as the presenter.</p> <p>Welcome participants, and make sure everyone has a copy of the participants notes.</p> <p><u>Administration</u> Advise participants regarding:</p> <ul style="list-style-type: none"> ▪ Mobile Phones ▪ Messages ▪ Toilets <p>Invite participants to ask questions, but stress that we will need to endeavour to stay on course with the timings.</p>
1	<p>Overview of the topics to be covered today</p> <ul style="list-style-type: none"> ▪ Acknowledgements to DEEWR and AFISC ▪ Introductions – Presenter’s Background ▪ Unit Of Competency ▪ Workshop Objectives ▪ Risk Management Standard ▪ Enterprise Risk Management ▪ Risk Management Process ▪ Risks & Controls ▪ Risk Strategies ▪ Risk Reporting ▪ Risk Management Examples ▪ Regulatory Risk

Slide No.	Explanation of Slide
2	<p data-bbox="400 237 1294 300">Acknowledgements to DEEWR (Department of Education, Employment and Workplace Relations)</p> <p data-bbox="400 333 1406 427">The department implements government policies and programs to provide education and training opportunities for all Australians, to increase employment participation and to ensure fair and productive workplaces.</p> <ul data-bbox="448 465 1394 943" style="list-style-type: none"><li data-bbox="448 465 1394 589">▪ The Industry Training Strategies Programme funds projects that help employers understand nationally endorsed training packages, with particular emphasis on increasing pathways for Australian Apprentices.<li data-bbox="448 624 1394 687">▪ These providers help industry to find quality vocational, education and training solutions to their recruitment and training needs.<li data-bbox="448 723 1394 846">▪ Services include advice, assistance, research and promotional activities that help Australian Apprenticeship Centres and Registered Training Organisations to implement Australian Apprenticeships and training packages.<li data-bbox="448 882 1394 943">▪ Industry Pathfinders also engage with industry associations and other stakeholders to support the achievement of ITSP's aims.

Slide No.	Explanation of Slide
3 and 4	<p>Acknowledgement to AFISC (The Agri-Food Industry Skills Council)</p> <ul style="list-style-type: none"> ▪ The Agri-Food Industry Skills Council was established provide accurate industry intelligence on current and future skill needs and training requirements. ▪ The council supports and gives leadership to the development, implementation and continuous improvement of quality, nationally recognised training products and services, including training packages. <p><u>The council purpose is to:</u></p> <ul style="list-style-type: none"> ▪ provide industry intelligence and advice to Skills Australia, government and enterprises on workforce development and skills needs; ▪ actively support the development, implementation and continuous improvement of high quality training and workforce development products and services, including training packages; ▪ provide independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions; and ▪ work with enterprises, employment service providers, training providers and government to allocate training places. <p>AFISC is responsible for the development and implementation of nine agri-food industry training packages:</p> <ul style="list-style-type: none"> - Amenity Horticulture - Animal Care and Management - Australian Meat Industry Training Packages - Conservation and Land Management - Food Processing - Racing Industry - Rural Production - Seafood Industry - Sugar Milling

Slide No.	Explanation of Slide
5 and 6	<p>'Introductions'</p> <p>Insert your name as the presenter, and include introductory and background information about yourself (experience, former roles etc.)</p>
7	<p>Participant Introductions</p> <p>Have participants introduce themselves to the group:</p> <ul style="list-style-type: none"> ▪ workplace and position <p>Their current views/understanding of:</p> <ul style="list-style-type: none"> ▪ Regulation ▪ Risk Principles <p>Expectations From Workshop</p>
8 and 9	<p>Unit Specific Information</p> <p>Details on units as per slides.</p>

Slide No.	Explanation of Slide
11	<p data-bbox="400 237 831 264">Risk Management Standards</p> <p data-bbox="400 320 1374 409">The Australian Standard on Risk Management AS/NZS 4360:2004 provides the definitional framework to manage risks in a structured and systematic way.</p> <ul data-bbox="400 421 1406 1850" style="list-style-type: none"> <li data-bbox="400 421 1406 517">▪ <i>Communicate and consult:</i> Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole. <li data-bbox="400 566 1398 757">▪ <i>Establish the context:</i> Establishing the context requires an examination of the external, organisational and risk management environment in which the risk identification, analysis and treatment options will be considered. Setting the context assists in establishing the assessment criteria for risk measurement and the structure of the analysis. <li data-bbox="400 806 1390 1037">▪ <i>Identify risks: What could happen?</i> Answering this question should generate a comprehensive list of risk events and/or risk issues which cover all possible outcomes. <i>How and why could it happen?</i> There are usually a number of risk factors which combine to cause a critical event, so that individual risk issues should be aggregated at a portfolio level to determine their effect on the risk event. <li data-bbox="400 1086 1374 1216">▪ <i>Analyse Risks:</i> Once you have identified all possible risks, each risk should be analysed in terms of how likely it is to happen (likelihood) and the possible consequences (magnitude of the effect) noting that there may be more than one effect. <li data-bbox="400 1265 1398 1456">▪ <i>Evaluate Risks:</i> The objective of analysing each risk is to determine whether or not further controls are warranted to reduce the risk to an acceptable level. For each risk identified, together with the associated risks factors and issues, relevant internal controls are considered and evaluated. A decision is required as to whether these controls are adequate and appropriate to mitigate the level of risk. <li data-bbox="400 1505 1398 1695">▪ <i>Treat Risks:</i> It is acceptable to have very high or high risks, as part of any business. However, for the very high and high rated risks, it is usually necessary to identify options to treat these risks. Treatments include options to avoid, accept, reduce, or transfer/spread risks. A combination of these options may sometimes be the most appropriate course of action. <li data-bbox="400 1744 1318 1850">▪ <i>Monitor and review:</i> The effectiveness of all steps of the risk management process needs to be monitored regularly to ensure continuous improvement.

Slide No.	Explanation of Slide
12 and 13	<p>ISO 31000 Risk Management</p> <p>Adapted from the International Standards for Business, Government and Society, the chart on slide 12 illustrates an overview of the principles and guidelines on risk management implementation. Slide 13 shows the process in more detail.</p>
14	<p>What is Enterprise Risk Management?</p> <ul style="list-style-type: none"> ▪ Enterprise Risk Management (ERM) is a structured, systematic process for the effective management of risk ▪ ERM is forward looking and helps to improve business decisions. It is not just about avoiding or minimising losses, but about dealing positively with opportunities. ▪ ERM has emerged through the need to balance stability and innovation
15	<p>Background to Enterprise Risk Management</p> <p>SWOT Analysis – (SWOT = Strengths, Weaknesses, Opportunities and Threats) A SWOT Analysis, is a strategic planning tool used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in new projects or business ventures.</p> <p>COSO -The COSO model serves as the framework for successful ERM.</p>
16	<p>Risk Management-requirement</p> <p>Over a decade ago, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued Internal Control – Integrated Framework to help businesses and other entities assess and enhance their internal control systems. That framework has since been incorporated into policy, rule, and regulation, and used by thousands of enterprises to better control their activities in moving toward achievement of their established objectives.</p> <p><i>COSO's Enterprise Risk Management – Integrated Framework</i> was developed to be readily usable by managements to evaluate and improve their organisations' enterprise risk management.</p>
17	<p>Risk Management-defined</p> <p>Enterprise risk management (ERM) is structured and coordinated entity-wide governance approach to identify, quantify, respond to, and monitor the consequences of potential events. The organisation should learn from the past by monitoring the risk realisation history, as well as plan for the future by identifying emerging risks.</p>

Slide No.	Explanation of Slide
18	<p>Risk Management- Industry Risk Appetite</p> <p>Risk appetite sets the boundaries of how much risk an entity is prepared to accept. It considers broadly the levels of risks that management deems acceptable.</p> <p>For example, a company that says that it does not accept risks that could result in a significant loss of its revenue base is expressing appetite.</p> <p>Source: COSO's Enterprise Risk Management — Integrated Framework</p>
19	<p>Key Benefits of Enterprise Risk Management</p> <ul style="list-style-type: none"> ▪ Proactive & forward thinking ▪ Rigorous thinking ▪ Responsible thinking ▪ Improved accountability ▪ Improved understanding ▪ Balanced thinking ▪ Better decision making
20	<p>Enterprise Risk Management</p> <ul style="list-style-type: none"> ▪ Risk emanates from external and internal sources. ▪ External risks are usually outside one's authority and are determined by outside parties. Examples of external influences can include changes to government policies and legislation, changes to market conditions and acts of nature. ▪ Internal risks are usually within one's authority and are easier to control if you have identified the potential risk factors. Examples of potential internal risks could include loss of critical data, product liability and fraud.
21	<p>ERM Framework Context - levels of risk assessment</p> <p>For a comprehensive risk management program, risk assessments and risk reporting should be undertaken at all levels within the organisation.</p> <p>Reporting examples at the different levels will be provided.</p>

Slide No.	Explanation of Slide
22 & 23	<p>Group Discussion – Car Example</p> <p>The objective is to safely travel by car in Paris</p> <p>The risk is having an accident.</p> <p>Have participants form groups to:</p> <ul style="list-style-type: none"> ▪ Brainstorm causes of a potential accident ▪ Provide inherent risk rating (chance of accident occurring before controls are in place) ▪ Consider key controls to reduce the likelihood of an accident ▪ Provide assessed risk rating (chance of accident occurring after controls are in place) ▪ Discuss strategies to manage the risk ▪ Offer an example of the Risk Appetite in this situation
24 - 26	<p>Group Discussion – Car Example</p> <ul style="list-style-type: none"> ▪ Examples of cause factors for the risk of having an accident ▪ The inherent risk rating, examples of controls and the assessed rating ▪ Strategies to manage the risk and example of risk appetite
28	<p>Key Concepts</p> <p>Diagram linking Organisational strategy to risks and controls.</p>

Slide No.	Explanation of Slide
29	<p>Identify Risks</p> <p>An example of a risk issues wheel. The production of a preliminary risk wheel will assist the industry identify and categorise risk.</p>
30	<p>Group Discussion – Risk Wheel</p> <ul style="list-style-type: none"> ▪ Select an industry/scenario ▪ Participants to consider risks and risk categories specific to their industry/the scenario ▪ Collect information/ideas from each group to produce risk wheel
31	<p>Analysis-Key Attributes</p> <p>Each risk should be analysed in terms of:</p> <ul style="list-style-type: none"> ▪ Likelihood - how likely it is to happen ▪ Consequences - magnitude of the effect, noting that there may be more than one effect. From this analysis you can determine the risk level. ▪ Controls in place <p>From this analysis you can determine the risk level</p>
32	<p>Likelihood and Consequence Table</p> <p>The final risk score for each risk is calculated by combining the score from the Likelihood and Consequence Table. This will give a risk score of very high, high, medium or low.</p> <p>An example: A consequence risk score of 4 - Major A likelihood risk score of d - Unlikely Results in a risk score of High</p> <p>The risk matrix is as per the Australian / New Zealand Standard AS/NZS 4360:2004 – Risk Management.</p>
33	<p>Effectiveness of Controls</p> <ul style="list-style-type: none"> ▪ The initial risk rating is called the inherent risk rating. The inherent risk is the rating before consideration of any existing risk treatments or mitigating controls that may reduce the adverse consequences of the risk of the likelihood of it occurring. ▪ While a risk may be identified as inherently extreme or high, there may be risk treatments or mitigating controls in place that will reduce the likelihood of that risk occurring, or the adverse consequences if it does occur. The risk grading after consideration of all mitigating controls is known as the <i>assessed risk rating</i>. ▪ This analysis on two levels not only allows you to measure actual exposure to risk (assessed risk) but also to evaluate the effectiveness of the control process that mitigates inherent risk (inherent risk minus assessed risk). It is also important to know the magnitude of the inherent risk of an event.

Slide No.	Explanation of Slide
34	<p data-bbox="400 237 775 264">Effectiveness of Controls</p> <p data-bbox="400 304 1382 398">For extreme or high-risk exposures, it is necessary to identify options to treat these risks, evaluate the options and develop and document a risk management strategy or plan for implementation.</p> <p data-bbox="400 434 1315 495">A combination of the following options may sometimes be the most appropriate course of action.</p> <ul data-bbox="400 530 1410 913" style="list-style-type: none"> <li data-bbox="400 530 1386 624">▪ <i>Accepting risk:</i> When a risk has been identified as being unavoidable, and no further management options are available, the risk should be accepted. <li data-bbox="400 629 1278 689">▪ <i>Reducing risk:</i> The Organisation can undertake to reduce the likelihood or consequence of a risk occurring. <li data-bbox="400 694 1369 815">▪ <i>Transferring risk:</i> In some instances it may be possible to share the risk exposure with another party. The usual form of risk transfer is through insurance, such as key man and business interruption insurance. <li data-bbox="400 819 1410 913">▪ <i>Avoiding risk:</i> Risk avoidance is a decision not to become involved in a risk situation, or choosing an alternative course of action that achieves the same outcome.
35 - 37	<p data-bbox="400 958 916 985">Review Risk & Control Framework</p> <p data-bbox="400 1008 1374 1102">Slide illustrating the link between the inherent levels of risk, suggesting that controls need to be ramped up depending on the level of risk (as shown in the diagram).</p>

Slide No.	Explanation of Slide
38	<p>Risk Decision Process</p> <p><u>Determining the cut-off point</u> Determining the cut-off point for risks that need further action requires you to consider the following:</p> <ul style="list-style-type: none"> ▪ aim of the activity being assessed and the benefits and costs of the risks outlined ▪ extent to which the risk affects other parties, either internal or external ▪ point at which it would be inefficient to consider treatment options. <p>The objective of the risk assessment process is to establish a prioritised list of risks for further consideration.</p>
39	<p>Setting Risk Appetite & Tolerance</p> <p>1. What is the difference between risk appetite and risk tolerance?</p> <p>Both risk appetite and risk tolerance set boundaries of how much risk an entity is prepared to accept. Risk appetite is a higher level statement that considers broadly the levels of risks that management deems acceptable while risk tolerances are narrower and set the acceptable level of variation around objectives. For instance, a company that says that it does not accept risks that could result in a significant loss of its revenue base is expressing appetite. When the same company says that it does not wish to accept risks that would cause revenue from its top-10 customers to decline by more than 10% it is expressing tolerance. Operating within risk tolerances provides management greater assurance that the company remains within its risk appetite, which, in turn, provides a higher degree of comfort that the company will achieve its objectives.</p> <p>Source: COSO's Enterprise Risk Management — Integrated Framework</p>
40	<p>Risk Reporting Techniques</p> <p>Levels of reporting:</p> <ul style="list-style-type: none"> ▪ Reporting to the Executive and Board is generally high level and focused on strategic risk issues. Reporting at this level includes risk management strategies and progress of implementation. ▪ Reporting to the Business Unit requires more detail and is focused on management actions ▪ Risk reporting at the Specific/Technical level is usually more detailed and undertaken by specialist groups either within the organisation or external consultants. ▪ At the Project/Activity level self-risk assessment can be undertaken by completing detailed worksheets and treatment plans. Unless the risks identified apply across the organisation and are extreme the risks can be managed within the project.

Slide No.	Explanation of Slide
41	<p>High Level Risk Profiles</p> <p>Traffic light systems are an effective way of establishing a prioritised list of risks for further consideration.</p>
42	<p>Risk Profile – Monitoring and Reporting</p> <p>Diagram illustrates an example of a risk reporting technique, including risk issue, potential effects, potential risk factors, controls and strategies.</p>
44 to 57	<p>Case Study example</p> <p>Explanation included on slide.</p>
58	<p>Regulatory Risk Assessment Industry Specific</p>

Slide No.	Explanation of Slide
59	<p>Regulatory Risk</p> <p>AFISC Risk Categories and descriptions</p> <p>0. PLANTS, TREES AND CROPS</p> <p>Crops, turf, vegetables, trees etc and related activities such as plant, maintain harvest, propagate, prune etc. Excludes post harvest activities associated with food products intended for human consumption. These activities are categorised under Food. This category excludes those activities which relate to the control of pests and diseases in plants - see Pests & Diseases</p> <p>1. ANIMALS, STOCK AND FAUNA</p> <p>Cattle, sheep, dogs, captive animals, fauna etc and related activities such as feed, water, shear, milk, pen, ride, monitor, incubate, euthanize, slaughter etc. Excludes animal products such as meat for human consumption which is categorised as Food post-slaughter. Does not include vertebrate pest species and work activities such as destroying, locating, tagging and those activities that relate to the control of pests and diseases in animals - see Pests and Diseases.</p> <p>2. FOOD, BEVERAGE AND PHARMACEUTICALS</p> <p>Eggs, grains, fruit, vegetables, wheat etc <u>for human consumption</u> and related activities such as pack, bake, post harvest activities etc and <u>food for animal consumption</u> mix, mill, prepare etc. Does not include non-food products such as seed for sowing - see Plants or eggs for incubation - see Animals.</p> <p>3. MACHINERY, EQUIPMENT AND TECHNOLOGY</p> <p>Harvesters, excavators, handpieces, lasers, GPS, tools (power and hand) and related activities such as operating, maintaining, cleaning, using, calibrating, and grinding.</p> <p>4. PEST AND DISEASE</p> <p>Insects, weeds, vertebrates, fungal and including preparing and using chemicals, biological agents and manual techniques to control pests and diseases such as treating, clearing, shooting, baiting, and grubbing.</p> <p>5. LANDSCAPES AND NATURAL RESOURCES</p> <p>Soil, water, weather, flora, paddocks, and related activities such as sampling, observing, inspecting, preparing, clearing, rehabilitating etc. Does not include built landscapes which are categorised under Pests and Diseases or water supply systems/irrigation see Infrastructure.</p> <p>6. INFRASTRUCTURE</p> <p>Fixed items such as channels/pipes, yards, fencing, buildings, structures, roads, paths, built landscapes and activities such as fabricating, installing, maintaining, interpreting drawings, surveying, designing, testing, laying paving, constructing walkways.</p> <p>7. SYSTEMS AND BUSINESS</p> <p>Procedures, business plans, contracts, management systems and procedures (OH&S, QA, Environment) production data, etc. and related activities such as recording, reporting, applying developing, implementing analysing, collecting, applying, managing etc.</p>

Slide No.	Explanation of Slide
59 (cont)	<p data-bbox="400 237 639 271">Regulatory Risk</p> <p data-bbox="400 286 975 320">8. PEOPLE, PRODUCTS AND SERVICES</p> <p data-bbox="400 336 1038 369">People - include staff, committees, customers.</p> <p data-bbox="400 385 1278 452">Products - include displays, merchandise, and activities such as preparing, packaging goods etc.</p> <p data-bbox="400 468 1278 535">Services - Include displays, merchandise, and activities such as preparing, packaging goods etc.</p>