

# PROCEDURE

Title: Risk Evaluator

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### 1.0 PURPOSE

To provide a standard methodology to evaluate risk.

### 2.0 SCOPE

The risk evaluation process shall be applied to all aspects of the business, including; health, safety, security, property damage, environmental, plant, production loss, **community & social performance** and financial risks.

### 3.0 RESPONSIBILITIES

**All QAL employees and Contractors**

- Use risk evaluator to assess risk

### 4.0 REFERENCES

AS/NZS 4360 Risk Management  
 Risk Management Code of Practice  
 P003.003 Risk Management

### 5.0 DEFINITIONS

#### 5.1 Consequence

The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain.

#### 5.2 Hazard

A source or situation with a potential for loss in terms of injury or ill-health, asset damage, security, environmental harm, loss of production, **community & social performance** or financial loss.

#### 5.3 Likelihood

Used as a qualitative description of probability or frequency.

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**5.4 Probability**

The likelihood of a specific event or outcome, measured by the ratio of specific events or outcomes to the total number of possible events or outcomes.

**5.5 Risk**

Risk is the measure of the significance of a hazard in a given circumstance. It takes into consideration the likelihood of the hazard causing a loss and the most likely consequence of the loss.

**6.0 PROCESS****6.1 General**

Risk assessment or risk evaluation is the second step of the risk management process after identifying potential losses. Risk evaluation involves the comparison of a qualitative measure of consequence or impact to a qualitative measure of likelihood as a matrix to determine the level of risk.

There are five basic steps to the risk evaluation process.

1. Define the job, activity or condition
2. Define the incident, hazard or potential loss
3. Determine the most likely consequence
4. Determine the likelihood of the incident occurring
5. Determine the level of risk

The assessor should first evaluate the “most likely consequence” and then the “likelihood” of this incident considering the failure of a combination of controls.

The HSEQ Qualitative Risk evaluator should be used (S-051).

**6.1.1 Define the job, activity or condition**

Defining the job, activity or condition establishes the context in which the risk evaluation should be conducted. It should include details of the extent of the project or activity in time and location, goals and objectives, roles and responsibilities. It can also include frequency, duration and nature of exposure to the hazard, existing controls (management, technical and administrative etc).

**6.1.2 Define the incident, hazard or potential loss**

Defining the incident, hazard or potential loss is detailing the specific substandard action or substandard condition that exists. From this defined incident, hazard or potential loss, the likelihood and most likely consequence can be determined.

**6.1.3 Determine the most likely consequence**

The consequence considers the potential loss that can be caused by the incident; however, **THE INTENT IS TO FOCUS ON THE MOST LIKELY OUTCOME - NOT WORST CASE SCENARIO OR WHAT ACTUALLY HAPPENED** (Remember whenever control is lost, the outcome is up to chance).

Review and consider information gathered in defining the job or activity, including existing controls, incident statistics and manufacturer’s data. Factors that can affect the consequence of an incident occurring include:

- The potential for “chain reaction” (where a hazard can evolve and compound into a more dangerous situation)
- Substance concentration
- Material volume
- Speed of projectiles or moving parts
- Height
- Weight
- Worker position relative to hazard
- Forces and energy levels
- Toxicity
- On or off-site environmental release
- Community concern

**6.1.4 Determine the likelihood of the incident occurring**

The likelihood considers the chance that the loss will actually result in an incident. Factors that can affect the likelihood of an incident occurring include:

- The number of times a situation occurs
- The number of people exposed and the duration of exposure
- The skills/experience of persons exposed
- The position of the hazard relative to people and other hazards
- Special characteristics of workers that may affect the likelihood of an accident (eg: left or right hand orientation)
- The quantities of the materials or point of exposure
- Environmental conditions
- Condition of equipment
- Effectiveness of existing control measures

**6.1.5 Determine the level of risk**

The level of risk is determined by the relationship between likelihood and consequence on the HSEQ Qualitative Risk matrix (S-051). The risk classification should be used to assign priority to loss control.

***Residual risk (after controls) of 'Critical' or 'high' risks requires management acknowledgement and signoff:***

***'Critical' risk – General Manager***

***'High' risk – Section Manager***

***Evidence of signoff will be retaining in the Risk register folder (P:\SES\3.0 HAZARD ID & RISK MANAGEMENT\3.5 Critical & High Risk Acknowledgement & signoff)***

**7.0 ATTACHMENT**

Nil

**8.0 REVISION HISTORY**

Issue	Revision	Revision date	Change Reason
1	6	01/02/2019	2.0 & 5.2 Inclusion of community & social performance risks 6.1.5 Added requirement for Management acknowledgement & signoff of Critical & High residual risk
1	5	06/02/2018	Procedure updated to reflect current practices. Removed Actions: 6.7 Further Classification of High Risk 6.8 Training