



Biodiversity
Conservation
Trust

Risk Management Policy

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2. Purpose

The NSW Biodiversity Conservation Trust (BCT) operates in a complex physical, environmental, social, and political context and faces a diverse and complex array of challenges and risks. To achieve its strategic objectives and deliver its programs and strategies, the BCT must manage risks effectively.

Risk is defined as the ‘effect of uncertainty on objectives.’ Risk is inherent in all business activities, and all employees of the BCT continuously manage risk. Risk management is defined in the Australian Standard as ‘coordinated activities to direct and control an organization regarding risk’. This document sets out the overarching policy for managing risk at the BCT.

The BCT recognises that the aim of risk management is not to eliminate risk totally, but rather to provide the structural means to identify, prioritise and manage the risks involved in all our activities. It requires a balance between the cost of managing and treating risks and the anticipated benefits that will be derived. The BCT acknowledges that risk management is an essential element in the framework of good corporate governance and is an integral part of good management practice. The intent is to embed risk management in a practical way into business processes and functions via approval processes, review processes and controls to add significant value to the BCT.

3. Scope and application

This policy applies to all BCT employees, consultants and contractors. It applies to all BCT management processes, including strategic and business planning, policy development and implementation, program design and management, service delivery, and decision making and resource allocation at strategic and operational levels. Its aim is to ensure that the activities of the BCT are undertaken within Board-approved risk appetite and tolerance levels to protect the activities, operations, and reputation of the BCT.

Embedding risk management principles and practices into strategy development and day-to-day operational processes is critical to achieving robust and proactive business outcomes – a balance between mitigating threats and exploiting opportunities. This policy establishes the top-level framework for risk management at the BCT and should be read in conjunction with the BCT Board’s Risk Appetite and associated artefacts.

4. Related legislation, standards and policies

In implementing this Risk Management Policy, the BCT will be guided by:

- [Biodiversity Conservation Act 2016](#)
- [Biodiversity Conservation Regulations 2017](#)
- [AS/ISO 31000:2018](#) Risk management – Guidelines
- NSW Treasury [Internal Audit and Risk Management Policy for the General Government Sector \(TPP20-08\)](#)

- Annual Reports (Departments) Regulation 2010, under which government agencies are required to report on their risk management activities
- [Work Health and Safety Act 2011](#) and associated regulations
- [Government Sector Audit Act 1983](#)
- [Civil Liability Act 2002](#)
- [The BCT Business Plan](#).

5. Policy

The policy covers the following areas.

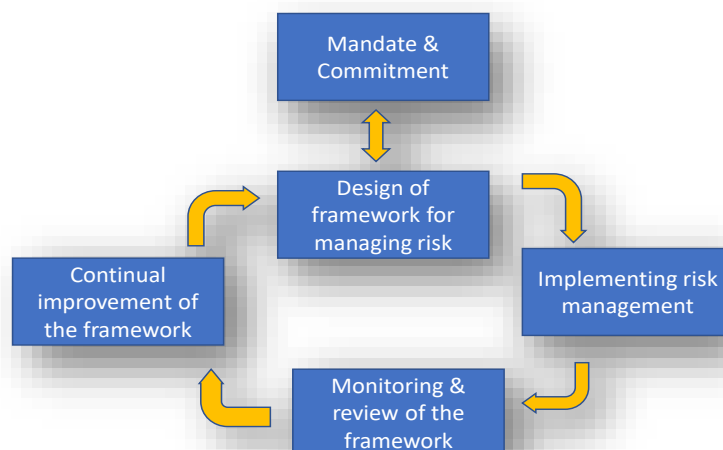
5.1 Commitment to risk management

The Board and management of BCT are committed to the implementation and maintenance of a formal risk management system, including the integration of risk management throughout the organisation, which is fundamental to the organisation achieving its strategic and operational objectives.

5.2 Risk management framework

The Australian Standard [AS/ISO 31000:2018](#) and the [Internal Audit and Risk Management Policy for the General Government Sector \(TPP20-08\)](#) form the basis of this policy . TPP20-08 provides the foundations and organisation arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the BCT. Figure 1 below illustrates this framework:

Figure 1



5.3 Risk governance

An effective risk management system is dependent on a governance structure that has:

- roles and responsibilities defined
- adequate separation of duties
- proper systems of supervision and monitoring of activities and transactions
- risk consciousness and a proactive approach to managing risks across the structure.

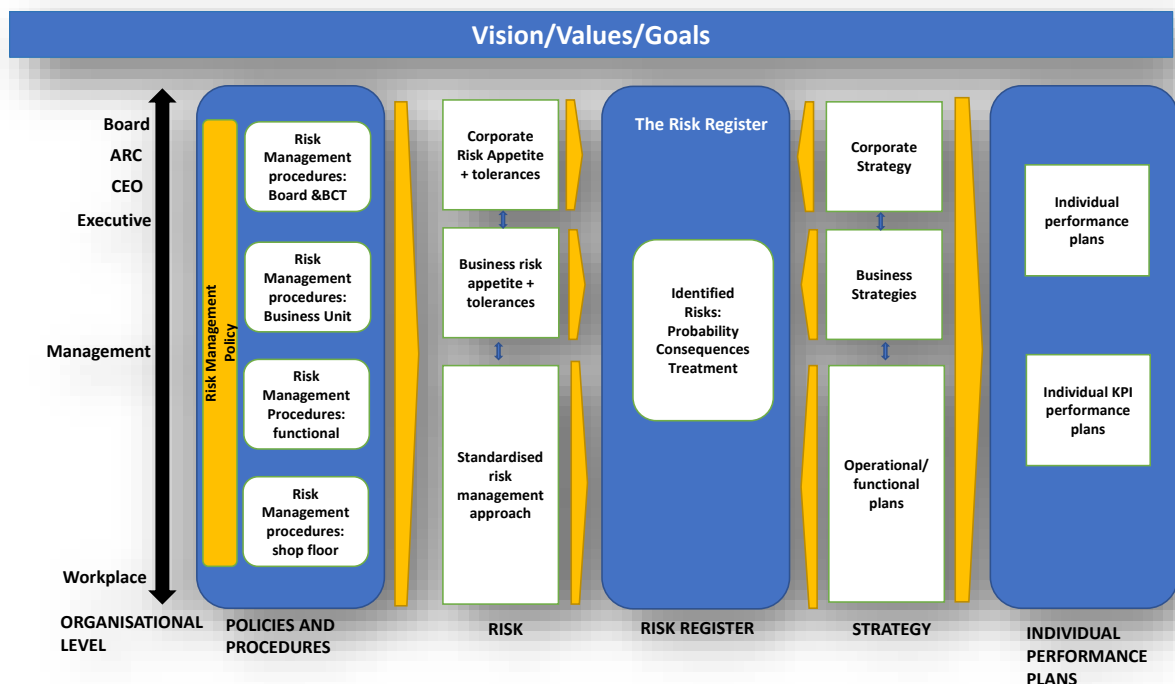
5.4 Linking risk management and strategy

Embedding risk management principles and practices into strategy development as well as day-to-day operational processes is critical to achieving robust and proactive business outcomes – a balance between mitigating threats and exploiting opportunity.

As a general principle, the risk management process is to be undertaken in conjunction with strategic planning. The risks identified and evaluated as part of the strategic planning process will be the risks that will affect the entire BCT and its ability to achieve its vision.

Risk registers are the primary mechanisms to bring corporate, business and operational/functional strategies, as articulated in the hierarchy of strategic plans, together to ensure appropriate risk minimisation plans are built into strategic implementation plans. Figure 2 below illustrates how this occurs.

Figure 2



The BCT's risk management system needs to be integrated from the Board to the shop floor. We have different levels of risk, ranging from overall business risks such as the positive and negative impacts of making large funding decisions, through to the risks associated with our failure in communicating effectively with our stakeholders. Our risk management system needs to allow an integrated and linked process of managing all these risks and reporting on these risks.

5.5 Roles and responsibilities

Risk management is the responsibility of all staff, with some staff having specific responsibilities and accountability:

Role	Responsibility
Board	The Board is responsible for setting policies, controls, procedures and systems that are necessary for BCT to be able to effectively manage, monitor and control their exposure to risk. This includes setting the risk appetite and giving effect to the BCT's governance and risk management frameworks.
Audit and Risk Committee (ARC)	<p>Pursuant to the ARC's charter, the role of the ARC is to:</p> <ul style="list-style-type: none"> • monitor and control BCT's exposure to risk, develop the BCT's risk appetite statement and provide advice to the Board • review whether management has in place a current and appropriate risk management framework that is consistent with AS/NZS ISO 31000:2018 • review risk management plans and provide advice to the Board (including in relation to OT and cyber-security risks) • seek assurance from management and internal audit that risk management processes are operating effectively • seek assurance from management and internal audit as to the adequacy and effectiveness of internal controls • review risk reports, including the risk register and provide advice to the Board • review whether a sound and effective approach has been followed in developing risk management plans for major programs • review the impact of the Trust's risk management on its control environment and insurance arrangements • review the Trust's fraud control plan and be satisfied that it has appropriate processes and systems in place to capture and effectively investigate fraud related information • review whether a sound and effective approach has been followed in establishing the Trust's business continuity planning arrangements, including whether disaster recovery plans have been tested periodically.
Chief Executive Officer (CEO)	<p>The Chief Executive Officer is responsible and accountable for risk management in the BCT:</p> <ul style="list-style-type: none"> • ensuring that a risk management framework is tailored to the needs of the agency and consistent with AS/NZS ISO 31000:2018 is established, implemented, monitored and maintained • ensuring that managers and decision makers at all levels understand that they are accountable for managing risk within their sphere of authority • ensuring that all staff (permanent, temporary or contractors) are aware they are accountable for managing risk in their day-to-day roles, including carrying out their roles in accordance with policies and procedures.
Chief Risk Officer (CRO)	The BCT's Chief Risk Officer (CRO) leads the risk management function and is responsible for ensuring risks are mitigated. The CRO is also the primary risk champion and is responsible for designing the BCT's risk management framework and for the day-to-day activities associated with coordinating, maintaining, and embedding the framework in the BCT.

Role	Responsibility
	<p>The CRO is responsible for:</p> <ul style="list-style-type: none"> • championing risk management • monitoring identified risks across the BCT and the effective implementation of the BCT Risk Management Policy • enabling staff to monitor identified risks, including: the review, updating and completion of risk treatment plans; reviewing risks for completeness, continued relevance, and effectiveness of controls, taking into account changing circumstances • managing any assigned strategic risks.
Strategy and Governance team	<p>The Strategy and Governance team is responsible for:</p> <ul style="list-style-type: none"> • developing and maintaining the BCT Risk Management Policy, plan, procedures, tools, training, and documentation, working across all branches • providing advice and assistance on risk management to the Executive, branches, and teams • providing risk-related education, training and awareness across the organisation and acting as an advocate for effective risk management • reporting regularly on risk management to the Executive and ARC • managing the online risk management system, including provision of specialist support to the BCT in the use of the system.
Directors	<p>Directors are responsible for:</p> <ul style="list-style-type: none"> • championing risk management within their area of responsibility • identifying, assessing, and addressing the risks to objectives within their sphere of authority • enabling staff to monitor identified risks, including the review, updating and completion of risk treatment plans; and reviewing risks for completeness, continued relevance, and effectiveness of controls, considering changing circumstances • establishing and maintaining risk registers, including any risks associated with outsourced activities.
Senior managers	<p>Senior managers are responsible for:</p> <ul style="list-style-type: none"> • identifying, assessing, and addressing the risks to objectives within their sphere of authority • ensuring risks are escalated where necessary to a relevant Director • enabling staff to monitor identified risks, including: the review, update, and completion of risk treatment plans; reviewing risks for completeness, continued relevance and effectiveness of controls, considering changing circumstances • establishing and maintaining risk registers, including any risks associated with outsourced activities.
Staff	<p>All BCT staff are responsible for contributing to the risk management process by:</p> <ul style="list-style-type: none"> • identifying, reporting, managing and mitigating risks • encouraging and supporting other staff in identifying, reporting and/or managing risks • complying with the BCT policies and procedures designed to address risks.
Contractors/consultants	<p>Contractors and consultants contribute to the risk management process by identifying, reporting and/or managing risks in their sphere of activity and by complying with the BCT policies and procedures. This obligation should feature in contracts.</p>

5.6 Risk registers

The risk register is currently comprised of a series of spreadsheets across a combination of business units and risk types. Each direct report to the CEO has responsibility for maintaining risk registers for his/her areas of responsibilities. The risk registers:

- use a system of unique risk identifications (IDs) that provide a linkage of risk to the BCT's core strategies and functional business areas
- list the risks which could cause losses to be incurred and possible causes
- list the consequences
- provide an assessment of the inherent risks
- detail the existing risk mitigation
- provide an assessment of the strength of the mitigations
- provide an assessment of the residual risks
- detail any action plans to reduce residual risks.

Whenever any functions or systems are developed or changed, or new strategies, products or projects are considered, management is required to carry out a risk appraisal. This review is carried out using the procedures and tools which are set out in BCT's risk management methodology. Upon completion of changes, the respective risk register is updated accordingly.

5.7 Internal audit process

The Internal Audit service provider:

- supports the development of a risk-based Strategic Internal Audit Plan 2021-2024, and the Annual Internal Audit Plan (commencing with the 2021-2022 plan and developed with reference to the Strategic Internal Audit Plan)
- reviews in-scope financial and non-financial policies and operations
- specifies audit objectives in internal audit terms of reference, relevant to the subject of the audit.

In addition to specific audits, the Internal Auditor may also provide advice in relation to the areas of risk management, compliance, performance improvement, operations, and financial management; and information technology (to the extent it is managed within the BCT), as outlined in the BCT Internal Audit Charter.

Additionally, the Internal Auditor is also responsible for advising the board of best practice in identifying risks and sharing lessons learnt from other entities.

The Chief Audit Executive (CAE) manages the relationship with the Internal Audit service provider and monitors and reports on the delivery of the Strategic Internal Audit Plan 2021-2024.

5.8 Risk reporting

Risk is reported in the following ways.

Board reporting

Quarterly reports are provided on enterprise risks and the Board has a specific role in reviewing, and when necessary, deciding on actions to be taken. Board meetings are structured to involve

management participation to allow members to obtain management’s comments on matters likely or capable of affecting the BCT’s financial position, reputation, or future performance.

Internal audit reporting

The Internal Auditor provides the ARC with a report after completing its work program, (one audit/quarter) as per the scope of work agreed between the Internal Auditor and the ARC. The report will describe the review undertaken and tests performed, conclusions reached, corrective action plan, personnel responsible to take corrective action and completion dates. Preparation of the report will include management’s review to confirm accuracy of facts. Copies of the report are provided to the CEO. Relevant sections of the report are also provided to managers responsible for areas reviewed.

Risk mitigation action plans

Actions to improve risk mitigation are documented in the Risk Register. The Strategy and Governance team will monitor the progress of implementing mitigating initiatives and reporting progress to the ARC.

5.9 Risk appetite statement

Please refer to paragraph 8.2 in the Appendix for BCT’s Risk appetite statement. The statement indicates the amount and type of risk the BCT Board is willing to tolerate in the pursuit of its strategic goals.

5.10 Risk management continuous improvement

The BCT assesses the effectiveness of its risk management framework through a well-structured continuous improvement process to ensure risks and controls are continually monitored and reviewed. This includes appraisal of actions taken by risk owners to manage risks, input from the internal auditor and other assurance processes. The risk management methodology is aligned with the principles of continuous improvement. It requires management to continually identify, assess, mitigate, review and report risks within their business units so that all risks are mitigated and managed to an acceptable level, in accordance with the BCT’s risk appetite statement. Figure 3 below illustrates the continuous improvement cycle in relation to risk management.

Figure 3



6. Policy management and implementation

This Risk Management Policy is a 'living' document that will be altered as required. Approval of the policy is vested with the Board. Reviews of the policy are the responsibility of the policy owner and will be conducted annually. Advice and opinions on the policy will be given by the ARC. Implementation of this policy is the responsibility of the CEO.

7. Document control management

Please refer to the document version control table on the first page of the policy.

8. Appendices

8.1 Risk assessment criteria

The BCT has adopted risk assessment criteria that are used to assess the likelihood and consequences of risks identified in the BCT’s risk management plan. The following matrix is used to determine the level of risk so that appropriate controls are put in place.

	Consequence				
Likelihood	1. Insignificant	2. Minor	3. Moderate	4. Major	5. Extreme
5. Almost certain	Medium	High	High	Very High	Very High
4. Likely	Low	Medium	High	Very High	Very High
3. Possible	Low	Medium	Medium	High	High
2. Unlikely	Negligible	Low	Medium	Medium	High
1. Rare	Negligible	Negligible	Low	Medium	Medium

Consequence – the scale the BCT uses to assess the consequences of risk

Insignificant	Affects the ability of a team ¹ in the BCT to achieve its objectives and can be managed within normal management practices
Minor	Affects the ability of a team in the BCT to achieve its objectives but requires management effort from areas outside the team
Moderate	Affects the ability of a the BCT to achieve its objectives and requires significant coordinated management effort at the executive level
Major	Affects the ability of the BCT to achieve its objectives and may require third party intervention
Extreme	Affects the ability of the BCT to achieve its objectives and requires third party intervention

Likelihood – the scale the BCT uses to assess the likelihood of risk

Rare	The event could occur in exceptional circumstances	Less than 1%
Unlikely	The event might occur sometime in next 20 years	More than 1% and up to 5%
Possible	The event might occur at some time in the next five years	More than 5% and up to 20%
Likely	The event will probably occur once during the year	More than 20% and up to 99%
Almost Certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99%

¹ E.g. Strategy & Governance Team, Biodiversity Offsets Program Team, North-Coast Region Team

8.2 Risk appetite statement

Risk management is the culture, processes and structures that are directed towards taking advantage of potential opportunities while managing potential adverse effects. Risk management begins with understanding the risk appetite. The board's role is to set the risk appetite of the organisation and then to ensure it has a risk management framework to identify and manage risk on an ongoing basis.²

The approved BCT Board risk appetite statement articulates the level of risk the BCT is willing to accept in pursuing its purpose and goals. The BCT Board expects BCT management to establish and implement a risk management framework and plan, a conformance management framework and plan, and a funds and investment management framework consistent with this statement.

The BCT Board has established an Audit and Risk Committee to oversee risk management. BCT management and the ARC will provide quarterly reports to the BCT Board if any significant risks are realised and on the development of risk management controls.

Risk category (the six capitals)	Risk	Risk appetite	Risk position
1. Social and relationship capital (our relationships with landholders, stakeholders, the government, and the community)	Failure to achieve strategic goals	Neutral to Open	<p>The BCT Board is motivated to maximise the biodiversity conservation outcomes achieved with the public funds entrusted in the BCT by the NSW Government. The BCT will strive to be strategic, effective, efficient and innovative in the delivery of biodiversity conservation programs. The BCT recognises that a failure to adapt to changing economic or political environments may impact on our ability to achieve strategic goals.</p> <p>After taking account of various strategic alternatives, the BCT will build and deliver its programs considering a long-term planning horizon and the need to remain adaptive to an inevitably evolving physical environment or operating context.</p> <p>We will develop clear goals in our business plan and KPIs to measure progress against our legislative objects and goals. We will be transparent and accountable to the community through our annual report to the Minister and Parliament.</p> <p>We are open to some risk associated with being innovative in exploring the best ways to achieve our objectives, including through alternative delivery mechanisms and third-party partnerships.</p>

² Australian Institute of Company Directors, 'Risk management: Role of the board', (https://aicd.companydirectors.com.au/~media/cd2/resources/director-resources/director-tools/pdf/05446-5-12-mem-director-rob-risk-management_a4-web.ashx).

Risk category (the six capitals)	Risk	Risk appetite	Risk position
	Harm to the BCT's reputation	Neutral	<p>The BCT will aspire to be nationally recognised in advancing biodiversity conservation and improving the financial sustainability of landholders participating in funded agreements across NSW.</p> <p>The BCT will develop a clear brand identity and positioning aligned with our strategic goals.</p> <p>The BCT Board has an appetite for actively nurturing our reputation with customers, the NSW Government and all our stakeholders. We have no appetite for irreparable loss of trust. However, we are not motivated to totally avoid criticism.</p> <p>The BCT Board recognises the need to be adaptive, responsive and respectful in engagement with our various customer segments.</p>
	Breaches of the law or government policy	Conservative	<p>The BCT Board has no appetite for breaches of the law, including laws concerning privacy, intellectual property, contracts and competition. The BCT Board has a low tolerance for breaches of NSW Government administrative policies and guidelines.</p> <p>The BCT Board has a low appetite for failing to implement the Biodiversity Conservation Investment Strategy.</p> <p>The BCT Board will approve a conformance management framework and plan and the ARC will oversee BCT compliance performance.</p>
	Fraud, corruption, or maladministration	Conservative	<p>The BCT Board has no appetite for fraud, corruption or maladministration perpetrated by staff. Any identified breaches will be referred to the appropriate external body (e.g. Independent Commission Against Corruption or Ombudsman).</p> <p>The BCT will implement probity measures to protect the integrity and security of the markets through which it procures the conservation of biodiversity.</p>

Risk category (the six capitals)	Risk	Risk appetite	Risk position
<p>2. Financial capital (the funds available to the BCT to deliver programs and strategies)</p>	<p>Poor outcomes from investment management of the Biodiversity Stewardship Payments Fund (BSPF)</p>	<p>Open</p>	<p>The BCT invests funds held in the Biodiversity Stewardship Payments Fund (BSPF) with TCorpIM Funds. TCorp takes a prudent approach to risk. The BCT will seek to optimise investment settings to maximise investment returns while balancing this against appropriate investment risk settings. The BCT will generally pursue a higher-risk investment mix on the basis that the BCT is investing all biodiversity stewardship agreement (BSA) funds on an in-perpetuity basis. To give effect to this, the BCT Board will be guided by actuarial analysis, modelling and advice, and investment advice provided by NSW Treasury Corporation. Enough funds should be held as cash to manage cash flow needs. The BCT will stand ready to be highly responsive to black swan events.</p>
	<p>Poor outcomes from investment management of the Biodiversity Conservation Fund (BCF)</p>	<p>Open</p>	<p>The BCT invests funds held in the Biodiversity Conservation Fund (BCF) with TCorpIM Funds. TCorp takes a prudent approach to risk. The BCT will seek to optimise investment settings to maximise investment returns while balancing this against appropriate investment risk settings. The BCT will generally pursue a moderate to higher-risk investment mix on the basis that the BCT is investing some conservation agreements (CA) funds on an in-perpetuity basis and some on a term basis. To give effect to this, the BCT Board will be guided by actuarial analysis, modelling and advice, and investment advice provided by NSW Treasury Corporation. Enough funds should be held as cash to manage cash flow needs. The BCT will stand ready to be highly responsive to black swan events</p>
	<p>Poor Biodiversity Offsets Scheme administration</p>	<p>Neutral</p>	<p>The Department of Planning, Industry and Environment (DPIE) is responsible for setting the discount rate used to calculate the present value of future BSA biodiversity stewardship payments (PVBSPs) and recommending BOPC settings to the Minister.</p> <p>The BCT Board expects DPIE to set an appropriate discount rate based on actuarial advice and consideration of a suitable starting position for the adequacy</p>

Risk category (the six capitals)	Risk	Risk appetite	Risk position
			<p>of the funds to be set aside in the BSPF for each BSA.</p> <p>The BCT Board expects DPIE to recommend BOPC settings so that, on average, the BCT recovers the costs incurred in securing the necessary offsets (as per the then Minister for the Environment’s second reading speech on the <i>Biodiversity Conservation Bill 2016</i>).</p> <p>The BCT recognises there are core administrative risks associated with risk aversion or lack of decision making by other parties.</p>
	Poor financial management	Conservative	<p>The BCT Board has no appetite for a breakdown of financial controls, mismanaging our funds or material errors in financial reporting.</p> <p>We have a low tolerance (+/- 10%) for variances from the BCT Board-approved operating budget, and no appetite for insolvency.</p> <p>We have no appetite for a breach of the controls and limits on administrative and financial delegations.</p> <p>Financial management will be monitored by the ARC and will be subject to internal audit, pursuant to an internal audit plan to be approved by the ARC and external audit by the NSW Audit Office.</p> <p>The BCT Board has no appetite for fraud.</p> <p>The BCT Board has a low appetite for threats to efficiency and effectiveness.</p>
	Poor asset management	Open	<p>The BCT Board expects the BCT to maintain enough assets to support the present value of the future stream of conservation management payments to holders of funded conservation agreements.</p> <p>This will predominantly be achieved by investing cash in TCorpIM Funds in accordance with discount rate and investment decisions made from time to time by the Board, informed by investment and actuarial advice.</p> <p>The BCT Board is open to using some cash assets to acquire real property and biodiversity credits, or to provide financial assistance to BSA applicants, so as to</p>

Risk category (the six capitals)	Risk	Risk appetite	Risk position
			advance the BCT's other strategic objectives.
3. Human capital (our people's intelligence, skills, knowledge, experience, health and productivity)	Harm to the health and safety of our staff	Conservative	<p>The BCT Board and Executive are committed to creating a safe working environment for the wellbeing of all staff, where people are protected from physical and psychological harm. The Board and Executive have no appetite for practices or behaviours that could be expected to lead to staff being harmed while at work.</p> <p>The BCT maintains workers compensation insurance through iCare (the NSW Self Insurance Corporation).</p>
	A poor culture or a disengaged staff	Conservative	<p>The BCT Board expects the Chief Executive Officer to foster a positive culture in which staff are empowered, highly engaged in their work, satisfied with their jobs, and focused on the BCT's purpose and outcomes.</p> <p>Staff engagement and culture will be assessed through the Public Service Commission's annual People Matters Employee Survey.</p> <p>The BCT Board expects staff to promote the public interest and adhere to the NSW public sector values of integrity, trust, service and accountability, as defined in the <i>Government Sector Employment Act 2013</i> and their Code of Conduct. Staff are expected to meet general community standards.</p>
4. Natural capital (the private land conservation and BOS agreements that support the BCT's goals)	Poor conservation management of land under agreements	Neutral	<p>The BCT will provide cost-effective financial and technical support to our landholders to improve and maintain the ecological value of conservation areas.</p> <p>The BCT will deliver a risk-based landholder technical support package. The BCT Board accepts there will be some risks associated with an active landholder support package. Risks will be identified and appropriately managed.</p> <p>The BCT will implement a risk-based ecological monitoring regime to inform assessment of the state of the private land conservation (PLC) estate.</p>

Risk category (the six capitals)	Risk	Risk appetite	Risk position
5. Intellectual capital (our knowledge-based intangibles, including our intellectual property, programs, delivery mechanisms, systems, databases and tacit knowledge)	Poor or ineffective business information systems	Open	<p>The BCT’s stewardship of protected land will require it to periodically assess the success or otherwise of its programs’ conservation actions. In performing those assessments, the BCT Board is open to the employment of effective and efficient monitoring technologies, including aerial imagery and citizen science.</p> <p>The BCT Board is open to developing cost-effective and innovative business systems to support delivery of programs.</p> <p>The BCT Board has a very low appetite for risks to the availability and security of business information systems that support its critical functions and the privacy of its confidential and customer data.</p> <p>The BCT Board has a low appetite for less than rigorous data and information management.</p> <p>The BCT Board has a low appetite for poor provision of corporate services.</p> <p>The BCT will assess and make an informed decision about intellectual property on a project-by-project basis.</p>
6. Manufactured capital (our buildings, land, equipment and infrastructure)	Damage or loss to our property	Neutral	<p>The BCT maintains insurance through icare (the NSW Self Insurance Corporation) covering legal liability, personal accident cover, motor vehicle and property coverage.</p> <p>For land acquired under the revolving fund, the BCT is covered for any public liability issues under legal liability cover. The BCT’s physical buildings are covered through property insurance cover which covers loss and/or damage to all real and personal property owned by the BCT.</p>

Risk appetite

Definition

Conservative

We are not comfortable with activities that may adversely impact the BCT.

Neutral

We understand that some risk must be taken in pursuit of our purpose and goals. We will accept circumstances where more risk is taken so long as it is balanced against the opportunities in acting.

Open

We will accept instances where risk is well managed and outweighed by substantial prospective outcomes.

8.3 Definitions

Term	Definition
ARC	The Audit and Risk Committee of the BCT
Australian Standard	Means the Australia/New Zealand Risk Management Standard AS/NZS ISO 31000:2018
Board	Means the Board of the BCT
Chief Executive Officer (CEO)	Means the person appointed by the Board to lead the BCT on a day-to-day basis. The CEO reports directly to the Board.
Chief Risk Officer (CRO)	Means the person appointed as Chief Risk Officer of the BCT and includes any person appointed to perform the duties of the Chief Risk Officer.
Consequence	Outcome or impact of an event and may be expressed qualitatively or quantitatively. There can be more than one consequence from one event. Consequence can be positive or negative. Consequences are considered in relation to the achievement of objectives.
Control	Measure to modify risk. This term is often used interchangeably with risk 'treatment'. Specifically, controls are the result of risk treatment. Controls include any policy, process, device, practice, or other actions designed to modify risk. See Risk treatment.
Event	The occurrence of a particular set of circumstances. The event can be certain or uncertain. The event can be a single occurrence or a series of occurrences.
Exposure	Extent to which the BCT is subject to an event.
Inherent risk	The intrinsic risk prior to considering any controls in place.
Likelihood	General description of probability or frequency. It can be expressed qualitatively or quantitatively.
Residual risk	The level of risk that remains after assessing the effectiveness of the controls, management strategies and other mechanisms currently in place to mitigate a particular risk.
Risk	Risk is the exposure to unexpected financial or other damage arising from BCT's business activities. The risk elements comprise market, liquidity, credit, operational, legal, compliance and reputation risks.
Risk acceptance	Informed decision to take a particular risk. Risk acceptance can occur without risk treatment or during the process of risk treatment. Risks accepted are subject to monitoring and review.
Risk analysis	The systematic process applied to understand the effect of the uncertainty of the risk on the BCT's goals and objectives.
Risk appetite	The BCT's approach to assess and eventually pursue, retain, take or turn away from risk.
Risk assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk avoidance	A decision not to become involved in, or to withdraw from, a risk situation.
Risk evaluation	Process of comparing the level of risk against risk criteria. Risk evaluation assists in decisions about risk treatment.
Risk identification	The process of determining what might happen, how, when and why.
Risk management	Risk management is the culture, processes and structures that are directed towards realising potential opportunities while managing adverse effects.

Risk management framework	Set of elements of the BCT's management system concerned with managing risk.
Risk management methodology	The methodology for the identification, analysis, assessment, mitigation and monitoring of risks is set out in the risk management methodology
Risk management plan	A document specifying the approach, the management components and resources to be applied to the management of risk. Management components typically include procedures, practices, assignment of responsibilities and sequence of activities.
Risk management policy	A statement of the overall intentions and direction of the BCT related to risk management.
Risk management process	The systematic application of management policies, procedures and practices to the tasks of communicating, establishing the context, identifying, analysing, evaluation, treating, monitoring and reviewing risk across all functions within the BCT. The process is supported by the Board and all personnel.
Risk mitigation	Measures taken to reduce an undesired consequence.
Risk owner	The person specifically assigned to manage the risk, including monitoring the risk, its controls and any treatments that are implemented.
Risk register	Document used for recording risk management processes for identified risks. Data recorded in the risk register(s) provides summary information for the BCT's risk profile.
Risk tolerance	The acceptable variation relative to the achievement of an objective.
Risk tolerance level	Risk tolerance level is the level of acceptable risk exposure in respect of each identified risk approved by the Board.
Risk treatment	The process of selection and implementation of measures to modify risk.
Stakeholders	Those people and organisations who may affect, be affected by, or perceive themselves to be affected by a decision, activity or risk.