Example Risk Management Disclosure

Large non-corporate Commonwealth entity

## Introduction

This document has been prepared as a hypothetical example of disclosing the Risk management criteria in an entity’s Annual Report. This example has been prepared by the Department of Finance’s Climate Action in Government Operations Unit to support Commonwealth entities participating in Tranche 1 of the [Commonwealth Climate Disclosure (CCD) Initiative](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-policy) in FY2024-25. The example disclosure can also be used by other entities opting into Tranche 1.

The example disclosure has been prepared for **a fictional Commonwealth entity**, the Resilient Infrastructure Agency, which is presented as a large non-corporate Commonwealth entity (NCE). It demonstrates a possible approach entities could take when preparing their climate disclosure, and is tailored for entities at the start of their climate risk maturity journey.

This example Risk management disclosure should be considered in conjunction with the [CCD Year 1 Requirements](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-requirements) and either Resource Management Guide (RMG) [135](https://www.finance.gov.au/government/managing-commonwealth-resources/annual-reports-non-corporate-commonwealth-entities-rmg-135) or [136](https://www.finance.gov.au/government/managing-commonwealth-resources/annual-reports-corporate-commonwealth-entities-rmg-136) when preparing an entity’s FY2024-25 Annual Report.

Note: Commonwealth entities are encouraged to disclose more detail and progress than outlined in this example climate disclosure where they have the opportunity to do so.

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| **Tip:** Guidance on how to use this example is identified throughout in these boxes.  The following section provides an example of the Risk management component of a climate disclosure by the fictional entity, the Resilient Infrastructure Agency. The disclosure is included as an Appendix in the entity's Annual Report (refer to the example Contents section on page 5, which shows how this would fit in the annual report structure).  This example demonstrates how to leverage information which would be within the body of an annual report and how to cross-reference information, including:   * information contained within the body of the annual report (example extracts of annual report are included from page 4 onwards of this document) * externally available information (this uses real documents from Commonwealth entities which have been identified through footnotes, such as Department of Finance’s Corporate Plan).   An index is recommended when cross-referencing information outside of the climate disclosure to enable readers to connect to all relevant information. |

# Appendix C: Climate Statement

## Commonwealth Climate Disclosure

Commonwealth Climate Disclosure is the Government’s policy for Commonwealth entities to publicly disclose their exposure to climate-related risks and opportunities, as well as their actions to manage them, delivering transparent and consistent climate disclosures to the Australian public.

Under the policy, non-corporate Commonwealth entities are required to complete climate disclosures. As the Resilient Infrastructure Agency (RIA) meets the thresholds of Tranche 1 in the [CCD Policy Architecture](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-policy), we are required to start including climate disclosures in our Annual Report from FY2024-25. This climate statement has been prepared in accordance with the [Year 1 Reporting Provisions](https://www.finance.gov.au/government/climate-action-government-operations/commonwealth-climate-disclosure-requirements) for Tranche 1 entities.

## Risk Management

We started work on our first climate risk and opportunity assessment this year in accordance with our obligations under [The Australian Government’s Approach to Climate Risk and Opportunity Management in the Public Sector 2024-2026](https://www.dcceew.gov.au/sites/default/files/documents/climate-risk-management.pdf), and in line with the Climate Risk and Opportunity Management Program’s (CROMP) [Organisation Application Guide](https://www.dcceew.gov.au/climate-change/publications/climate-risk-opportunity-management-program-resources). The scope of our climate risk and opportunity assessment was our staff health and safety, infrastructure, assets and operations. A full list of agency risks is available in [Table 1: Key agency risks](#keyagencyrisks) in the Enterprise Risk Management section. Our opportunities[[1]](#footnote-2) included switching to renewable energy sources, educating stakeholders in climate resilience and facilitating access to new markets through Government investment in resilient infrastructure.

Figure 1: Data sources used for climate risk and opportunity assessment

Our risk management process is outlined in [Section 3: Organisational Management](#_Section_3:_Organisational). Climate risks and opportunities are currently managed and monitored using our existing governance structure and risk systems, policies and tools. We have established a Climate Risk Sub-committee to provide advice on how our assessment can be embedded into our Risk Management Framework. We will review and refine this process next year as we continue our work under CROMP. As this is the first year the agency has undertaken a climate risk and opportunity assessment, its processes have not changed from the previous reporting year. Our Risk Management Framework and Risk Appetite Statement are aligned with the Commonwealth Risk Management Policy as a matter of good practice. Actions to manage climate-related risks and opportunities were informed by our Risk Management Framework.

Commonwealth Climate Disclosure Index

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| **Tip:** Where information is provided across different sections of an annual report and/or external publications, it is recommended that an index is used to ensure readers to see that all requirements have been addressed. The index can also be used to respond to any disclosure gaps within the annual report. |

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| Core Requirement | Overview | Disclosed |
| R1(a) | Processes and related policies | Appendix C, Risk Management, page X; Organisational Management section, Enterprise Risk, page X |
| R1(a)i | Inputs and parameters used | Appendix C, Risk Management, Figure 1  Uncertainties in climate projections have been managed by reviewing and using data from multiple reputable sources. Data from these sources was used to obtain climate information for our organisation’s main metropolitan area of operation (Canberra).  Uncertainties in how risk profiles will change in future under different climate scenarios have been managed by assessing risks across two distinct climate scenarios (one low and one high) to compare projected changes and understand the range of plausible outcomes. |
| R1(a)ii | How climate risks are assessed | The effects of our identified climate-related risks were assessed using the likelihood and consequence evaluation criteria from our existing Risk Management Framework |
| R1(a)iii | How climate risks are prioritised | All risks to our organisation, including climate-related risks, were prioritised based on their residual risk rating against our Risk Appetite Statement |
| R1(a)iv | How climate risks are managed | Appendix C, Risk Management, page X |
| R1(a)v | How climate risks are monitored | Appendix C, Risk Management, page X |
| R1(a)vi | Any changes to the processes used | Appendix C, Risk Management, page X |
| R1(b) | The processes used | Organisational Management section, Enterprise Risk, page X |
| R1(c) | How the processes are integrated | Appendix C, Risk Management, page X |
| R2(a) | Alignment with CROMP | Appendix C, Risk Management, page X |

Annual Report

2024-25 Financial Year

Resilient Infrastructure Agency

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| **Note:** This example annual report has been developed to demonstrate how to cross reference standard annual report content to avoid duplication and length within a climate disclosure. It also showcases where a climate disclosure could fit within the annual report. |

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| **Tip:** this contents page is included to demonstrate how existing information within the body of your annual report can be leveraged when producing a climate disclosure. The sections that address the Risk management criteria are identified in yellow and included below. Where criteria are addressed by cross-referencing the body of the annual report or an external publication, this can be summarised in an index to ensure readers can easily access relevant information and see that all criteria have been addressed by the entity. |

Section 3: Organisational Management

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| **Tip:** The following sections provide examples of extracts from the Annual Report of the fictional entity, the Resilient Infrastructure Agency, that have been referred to in the climate disclosure in Appendix C. The aim of this section is to highlight how entities can leverage content already included within an annual report to meet climate disclosure obligations. |

Corporate Governance

### Agency Executive Management Structure

Figure 2 Executive Management Structure

### Executive Roles and Responsibilities

* **Chief Executive Officer:** Responsible for supporting the Minister for Infrastructure in the delivery of portfolio responsibilities and development of strategic policy advice. The Chief Executive Officer (CEO) provides strategic oversight, leadership and management of the agency, ensuring there is collaborative implementation and delivery of government policy and programs and a whole-of-government approach to services delivery. The CEO also manages key stakeholder relationships and contributes to the stewardship of the APS.
* **Deputy Chief Executive, Project Delivery:** Responsible for the delivery of the pipeline of Resilient Infrastructure projects under the agency’s responsibility oversight and management of project design and delivery.
* **Deputy Chief Executive, Innovation and Technology:** Responsible for developing and delivering the agency’s information and communications technology (ICT), digital capability and innovation.
* **Chief Operating Officer:** Responsible for the agency’s corporate functions including finance, human resources, audit, legal and procurement.

### Executive Committees

##### Executive Committee

The Executive Committee (EC) is the agency’s most senior governance committee. It supports the CEO to undertake her duties under the [*Public Governance, Performance and Accountability Act 2013*](https://www.legislation.gov.au/C2013A00123/latest/text) (PGPA Act) and section 57 of the [*Public Service Act 1999*](https://www8.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/consol_act/psa1999152/). The Committee’s focus is on the overall strategic direction and priorities of the agency, as well as providing oversight of the agency’s financial and operational performance. It allocates resources, resolves major issues, oversees the management of enterprise risks, and ensures the agency meets accountability and regulatory requirements. It also provides direction on key organisation matters raised by sub-committees.

##### Audit and Risk Committee

The Audit and Risk Committee (ARC) provides independent advice to the CEO, as the Accountable Authority, on the appropriateness of the agency’s financial reporting, performance reporting, system of risk oversight and management, and system of internal control, consistent with subsection 17(2) of the [*Public Governance and Accountability Rule 2014*](https://www.legislation.gov.au/Series/F2014L00911) (PGPA Rule).

The ARC functions in accordance with section 17 of the PGPA Rule. The [Committee Charter](https://www.servicesaustralia.gov.au/audit-and-risk-committee-charter?context=22)[[2]](#footnote-3) details its purpose and responsibilities.

The ARC is composed of five members: the Chief Operating Officer (COO), two Deputy Chief Executives, and two additional members with relevant expertise. These members provide a balance of perspectives to ensure robust governance practices.

The ARC supports the CEO by reviewing and providing advice on key areas such as financial reporting, performance reporting, risk management and internal controls and systems.

Additionally, the ARC ensures that the agency’s risk management processes are aligned with the Commonwealth Risk Management Policy and the PGPA Act, establishing a cohesive and consistent approach to identifying and managing risks.

##### Climate Risk Sub-committee

The ARC is supported by the newly established Climate Risk Sub-committee (CRSC). The purpose of the CRSC is to support the ARC by delivering an organisation-wide climate risk and opportunity assessment and provide advice on how the assessment results can be embedded within the agency’s approach to risk management.

Enterprise Risk Management

Effective risk management plays a key role in shaping the Resilient Infrastructure Agency’s strategic direction and successfully delivering on its purpose of fostering sustainable development and infrastructure growth to enhance the nation’s economic and social well-being. Our Risk Management Framework is prepared in accordance with the Commonwealth Risk Management Policy and the PGPA Act to establish a common approach to identifying and managing risk. The CEO, as the Accountable Authority, endorses this framework.

Deputy CEOs are accountable to the CEO and responsible for managing risks within the agency. All staff actively contribute to risk management within their area of responsibility to identify, assess, prioritise, manage, monitor and report risks.

The Executive Committee sets the direction for risk management and oversees how risks are managed. The Chief Risk Officer supports the CEO and provides strategy advice to the Executive. Together the Chief Risk Officer and CEO promote positive risk behaviours to drive the improvement of risk management across the agency, ensuring a positive risk management culture is embedded within the agency.

The Audit and Risk Committee provides independent advice to the CEO on the appropriateness of the agency’s systems of risk oversight and management.

During FY2023–24, we increased our risk management maturity by establishing a new Climate Risk Sub-committee to deliver on our first climate risk and opportunity assessment.

Risks and opportunities are identified, assessed, prioritised, managed, monitored and reported in accordance with the framework. Our agency manages 10 enterprise risks across 7 risk categories. Enterprise risks are owned and managed by the executive and are defined as “risks with the greatest potential to affect the agency’s achievement of its mission and strategic objectives.”

Table 1 - Key Agency Risks

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| Risk category | Key risks |
| Health and safety | Staff wellbeing and safety |
| Security | Physical security risk; Cyber security risk |
| Reputation | Reputational damage risk; Fraud |
| Project delivery | Project delivery cost; Timeframes to deliver projects |
| Workforce | Workforce attraction and retention |
| Community engagement | Community engagement and community satisfaction |
| Assets | Resilience and maintenance |

Oversight of the agency’s risks, associated controls and treatment strategies is managed through quarterly reporting to the Executive and the Audit and Risk Committee.

## Document control

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| Version number | Date of issue | Brief description of change |
| 1 | 21/03/2025 | Initial publication |

1. Details about the effects of these risks and actions being taken to manage both risks and opportunities will be disclosed in the Strategy section of the climate disclosure. As this example only meets the Risk management criteria, Strategy will be covered in a different example. [↑](#footnote-ref-2)
2. As the RIA is a fictional entity, the [Audit and Risk Committee Charter](https://www.servicesaustralia.gov.au/audit-and-risk-committee-charter?context=22) published by Services Australia is included as an example on how to cross reference external publications. [↑](#footnote-ref-3)