



## Risk Management and ISO 31000 in Australia

Interview for isotc262 with

### Mike Tarrant, Head of the Australian delegation to TC 262

Michael Tarrant is an adjunct Associate Professor at Queensland University of Technology since 2010. In 1996 he became a member of Standards Australia, Risk Management Committee and he is currently Chair of that Committee. Over the past 20 years he has been a contributing author to many risk management handbooks.

Mike is convener of the Task Force on Standards for Disaster Risk Reduction between International Standards Organizations and UN agencies and is a member of Resilience Expert Advisory Group for the Australian Government.

**isotc262:** *Mike you are the head of the Australian delegation to the ISO/TC 262 meeting in October 2016 in Amman. Can you briefly introduce Standards Australia, your national standardization organization, and yourself please?*

**Mike:** Standards Australia has had a committee working on Risk Management since 1992 and produced the first Australian Standard in 1995. I joined the Committee in 1997 and took over as chair in 2016. I am very interested in risk management and governance in general and particularly in the challenges posed by very rapid changes in an organization's environment.

**isotc262:** *What is the impact of risk management and in particular ISO 31000 in Australia?*

**Mike:** Risk management is a mature discipline in Australia where we have more than 20 years' experience in using Risk Management Standards and associated handbooks. The Australian/New Zealand Joint Technical Committee on Risk Management has produced a series of publications which support the implementation of risk management. Handbook SA/SNZ HB 436-2013 is a companion to the standard and provides more detailed guidance on the standard and its application. The Standard is then supported by a series of specialist Handbooks including such titles as: Managing Environmental Related Risk; Risk Financing; Not for profits; Sport and Recreation; Health and Safety; Delivering

assurance based on ISO 31000:2009 Risk management—Principles and guidelines; and Communication and Consultation.

**isotc262:** *Who are the key stakeholders of risk management in Australia?*

**Mike:** Virtually all public sector, private sector and non-governmental organizations use the risk management standard.

**isotc262:** *What are the biggest obstacles for integrating risk management in all organizational activities for managers in Australia?*

**Mike:** Australia is very mature in the application of risk management but some organizations are still taking an overly simplistic and mechanistic approach risk management. This is often compliance focused rather than creating value for the organization. The original intent was to use “objectives” to cover all terms like vision, purpose, aim” etc. however People tend to think narrowly about objectives and do not relate to wider concepts of what an organization or individual is trying to achieve.

Another challenge for risk managers is bizarre concepts propagated outside the risk field for example that risk is about knowable events “*Risks are the events we can anticipate*”. The person who wrote this statement clearly had missed the point that risk is about uncertainty. This material just makes it so much harder to work with non- specialists.

**isotc262:** *ISO 31000 quickly became one of the bestselling and most well recognized standards in ISO. What do you think about the future of the standard and how will it change to adapt to new challenges?*

**Mike:** The original Australian Risk Management Standard AS/NZS 4360 was a best seller for Standards Australia for many years. If the revision of 31000 is effective and credible with stakeholders, then it will form important guidance to underpin good governance and effective allocation of scarce resources in any organization to achieve their objectives. Around 65% of the world’s population live in countries that have adopted ISO 31000 as their risk management standard which is a remarkable achievement in 7 years.

**isotc262:** *What message do you want to give to the risk management community?*

**Mike:** Risk management is about enhancing organizations capacity to better allocate scarce resources in pursuit of their objectives. Risk managers (where they exist) should act as coaches, advisors and mentors to support everyone in an organization to manage risk. The whole purpose of an entity is to achieve an objective(s) and risk is an integral part of every decision made. Risk management must be customized to suit the context of the organization and to ensure the value (whatever it means for the organisation) is created and protected.

**isotc262:** *What advice can you give to interested parties in Australia who want to offer their input to the work of ISO/TC 262 and who should they address?*

**Mike:** The Australian Risk Management Committee is always happy to receive input and in particular the active participation by experts in the development of risk management and related handbooks.

**isotc262:** **Thank you very much!**