



# Rethinking risk

The flipbook guides have been designed as supplementary supports for the learning modules. The guides include key messages and insights for your continued reflection.

**Disclaimer:** The new Aged Care Act 2024 (the Act) starts on 1 November 2025. The Act replaces existing aged care legislation. The Aged Care Rules (the Rules) are expected to be finalised before the Act starts. The Rules give more information about how the new Act will work. This resource is in draft. We will update it when both the Act and the Rules come into force.

## Need to know: Rethinking risk



**The aged care sector has long viewed risk management as a 'compliance exercise', particularly regarding financial safety and risk. This has led to governing bodies and executives acting reactively to managing incidents and urgent issues and not stopping to think strategically beyond the here and now.**

When governing bodies and executives shift their organisation's view of risk, from merely compliance, to **risk as a tool** to guide strategic decision making towards sustainable, safe and high-quality consumer outcomes, it can encourage five strategies.

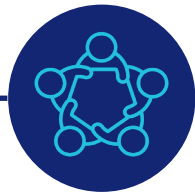
Ultimately, risk management can protect and create value for an organisation. Embedding a cultural shift as to how risk is perceived will require leaders who embed risk management in the values and vision of their organisation, highlighting its importance and relevance.

## Need to know: Rethinking risk



### Strategy 01:

Increased consumer voice 'at the table' with consumers involved and consulted in their care and services.



### Strategy 02:

Increased consideration of care risks, including quality of care and continuity of care.



### Strategy 03:

A strategic focus on quality leading to greater profits.



### Strategy 04:

Proactive and strategic governing body and executive discussions, rather than reactive.



### Strategy 05:

Increased foresight, enabling governing bodies to plan for possible disruptive events.

## Role of the governing body

**Governing body members and executives are ultimately responsible for the risk management processes their provider has in place.**

To do this successfully, governing bodies and executives need to:

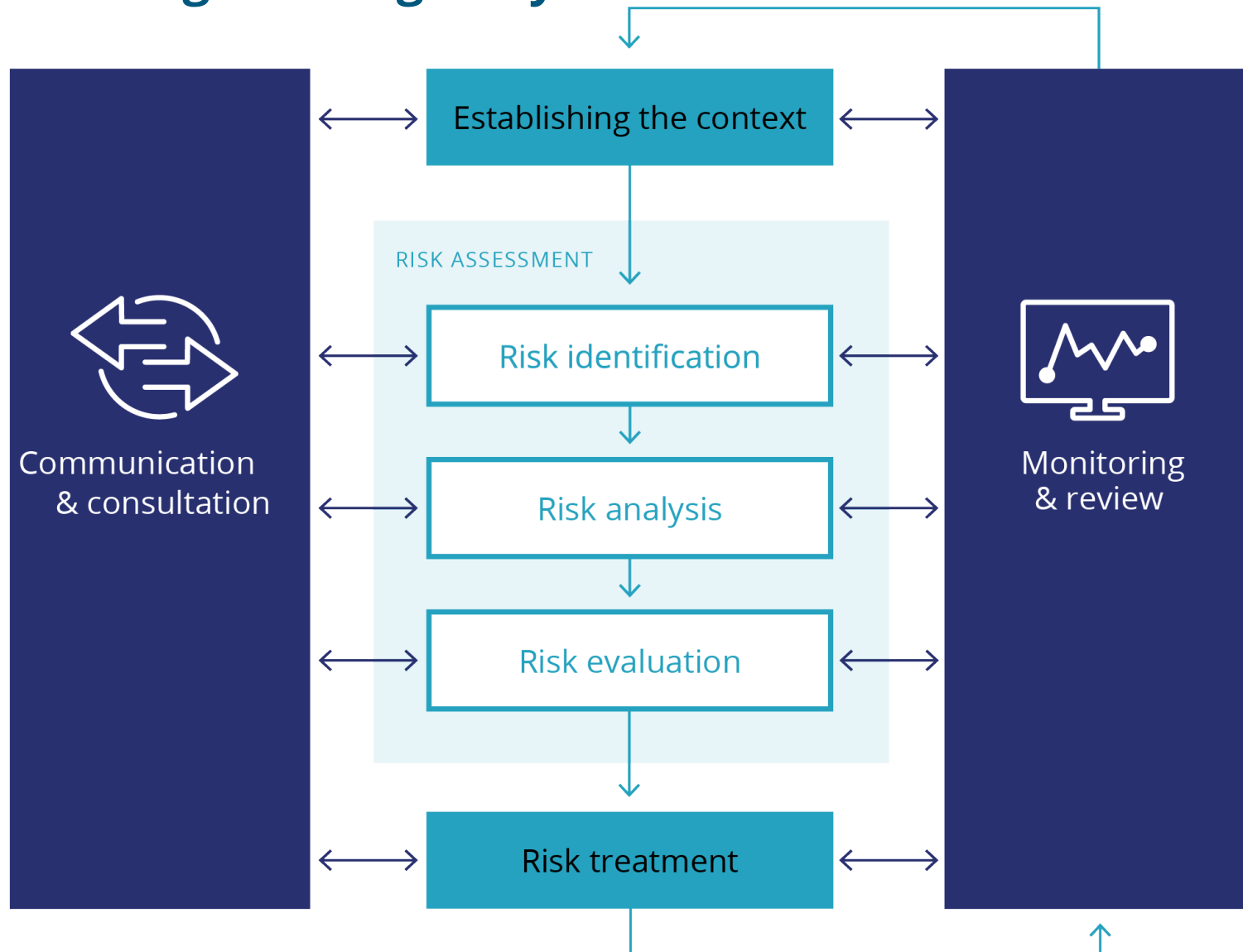
- understand risk management in the aged care context
- have clearly defined roles and responsibilities between governing bodies, executive leaders and risk committees/sub-committees
- establish an organisational culture that encourages risk management to be perceived as an opportunity to develop and deliver high quality and safe care to consumers
- understand and comply with any and all legislative requirements.

Governing bodies and executives need to ensure an effective risk management system is in place, which includes the policies, processes, systems and tools required to effectively identify and manage risks.

The system should:

- align to ISO 31000:2018 Risk Management, which outlines the principles for a structured approach to the management of risk
- integrate with your organisation's purpose and objectives to ensure risks are managed without compromising care
- apply consistently to all risks, including strategic, operational and clinical risks
- define roles and responsibilities and include regular monitoring and reporting for transparency and accountability.

## Role of the governing body



## Tips for rethinking risk

### Tip 1: Older Australians at the Centre

- Elevate the voice of consumers to ensure their rights and preferences, dignity and independence are balanced with risk management.
- Take an active interest in systems and processes that manage risks to the health, safety and well-being of consumers.
- Remain aware of the consumer's right to informed choice. The preferences of consumers may involve elements of risk that they/their representatives are comfortable with.
- Ongoing discussion of risks with consumers and their representatives is necessary to understand their shifting risk appetite and to determine how risks will be managed.

### Tip 2: Obligations and Accountabilities

- Make sure all members of the governing body understand the organisation's key strategic risks and their oversight role.
- Identify and address risks in a timeframe that matches the level of risk and its effect on the consumer.

### Tip 3: Knowledge, skills and experience

- Stay up-to-date with changes to the internal and external risk environment.
- Capture and analyse data where possible to enable deeper insights.

### Tip 4: Leadership and Culture

- Don't be afraid of all risks or try to eliminate risks in all areas. Set your risk appetite at a level that ensures a proportionate response is taken.
- When incidents occur, endeavour to understand what has happened and apply an incident learning approach.

## Is your governing body across potential or emerging risks for your organisation?

Consider the following prompts and see if you can identify any current or any potential emerging risks for your organisation in each area.

	<i>What are my organisation's current risks in this area?</i>	<i>What is a potential emerging risk in this area?</i>	<i>What is my governing body currently doing to manage risks in this area?</i>
<b>Clinical</b> Consumer care is fundamental to service provision both for consumers and for the ongoing viability of the organisation. There are various financial and reputational impacts for those who fail to meet high quality and safe levels of care.	Organisations current risks	Potential emerging risk in this area	How is my governing body managing risks
<b>Political</b> – Providers must work within the legislative and policy environment of governments, sometimes across multiple jurisdictions, in which funding levels and other supports can change with election cycles or external economic pressures.	Organisations current risks	Potential emerging risk in this area	How is my governing body managing risks

## Is your governing body across potential or emerging risks for your organisation?

<b>Financial</b> — Providers must find ways to maximise outcomes for consumers in a competitive and funding-constrained environment.	Organisations current risks	Potential emerging risk in this area	How is my governing body managing risks
<b>People</b> — Aged care providers rely on people delivering front-line care. Large numbers of staff, and complex operating environments and systems, expose providers to many workforce management and health, safety and wellbeing challenges.	Organisations current risks	Potential emerging risk in this area	How is my governing body managing risks
<b>Legal</b> — The aged care sector is highly regulated, and non-compliance with the requirements for the provision of safe and high-quality care as well as ongoing compliance requirements as an employer is a key risk.	Organisations current risks	Potential emerging risk in this area	How is my governing body managing risks



## Additional resources



**Strengthened Aged  
Care Quality  
Standards**



**Governing for  
quality aged care**



**Board governance  
in the aged care  
sector**



**Corporate  
Governance  
Principles and  
Recommendations**



**What is dignity  
of risk?**



**Clinical alerts**



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