



BSBESB402

Establish legal and risk management requirements of new business ventures



**SWINBURNE
OPEN
EDUCATION**

Assessment 1 of 2
Short Answer Questions

Assessment Instructions

Task overview

This assessment task is divided into seven (7) short answer questions. Read each question carefully before typing your response in the space provided.



Please consider the environment before printing this assessment.

Assessment Information

Submission

You are entitled to three (3) attempts to complete this assessment satisfactorily. Incomplete assessments will not be marked and will count as one of your three attempts.

All questions must be responded to correctly to be assessed as satisfactory for this assessment.

Answers must be typed into the space provided and submitted electronically via the LMS. Hand-written assessments will not be accepted unless previously arranged with your assessor.

Reasonable adjustment

Students may request a reasonable adjustment for assessment tasks.

Reasonable adjustment usually involves varying:

- the processes for conducting the assessment (e.g. allowing additional time)
- the evidence gathering techniques (e.g. oral rather than written questioning, use of a scribe, modifications to equipment)

However, the evidence collected must allow the student to demonstrate all requirements of the unit.

Refer to the Student Handbook or contact your Trainer for further information.

Question 1

Research on the internet and provide an explanation (or the object when applicable) using your own words for each legislation/act/code/standard in the table below. For this question, it is recommended that you use the following websites:

- www.consumer.gov.au
- www.accc.gov.au
- www.legislation.nsw.gov.au
- www.business.gov.au
- www.legislation.gov.au
- www.business.qld.gov.au
- www.service.nsw.gov.au
-

[Table word count: 700 – 800 words]

Assessor instructions: Students must provide an explanation for each legislation/act/code/standard in the table below. The assessor needs to explain the importance of choosing legitimate sources. For this question, it is recommended that the students use the following websites:

- www.consumer.gov.au
- www.accc.gov.au
- www.business.gov.au
- www.business.qld.gov.au
- www.legislation.gov.au
- www.legislation.nsw.gov.au
- www.service.nsw.gov.au

Students' words will vary, but their answers need to reflect the concept in the sample answer below. They need to cover:

- A definition of ACL law and what it covers
- All six (6) points covered by the Competition and Consumer Act 2010
- All seven (7) objects of Protection of the Environment Operations Act 1997
- All five (5) points about what your licence and registration will depend on
- The object of the Work Health and Safety Act 2011, including the two (2) points as well as all eight (8) subpoints of point 1,
- The two (2) points included in the Industry Codes of Practice
- The two (2) types of standards

A sample answer is provided below.

Legislation/Act/Code/Standard	Explanation
Australian Consumer Law	<p>The ACL (Australian Consumer Law) is a national, generic law which applies in the same way to all sectors and in all Australian jurisdictions. This means that all consumers in Australia enjoy the same rights and all businesses have the same obligations, irrespective of which state or territory they engaged in transactions.</p> <p>The ACL covers general standards of business conduct, prohibits unfair trading practices, regulates specific types of business-to-consumer transactions, provides basic consumer guarantees for goods and services, and regulates</p>

	<p>the safety of consumer products and product-related services.</p> <p>https://consumer.gov.au/resources-and-guides</p>
<p>Competition and Consumer Act 2010</p>	<p>The <i>Competition and Consumer Act 2010</i> (CCA) covers most areas of the market: the relationships between suppliers, wholesalers, retailers, and consumers. Its purpose is to enhance the welfare of Australians by promoting fair trading and competition, and through the provision of consumer protections.</p> <p>Broadly, it covers:</p> <ul style="list-style-type: none"> • product safety and labelling • unfair market practices • price monitoring • industry codes • industry regulation – airports, electricity, gas, telecommunications • mergers and acquisitions. <p>https://www.accc.gov.au/about-us/australian-competition-consumer-commission/legislation</p>
<p>Protection of the Environment Operations Act 1997</p>	<p>Objects of Act</p> <p>The objects of this Act are as follows—</p> <p>(a) to protect, restore and enhance the quality of the environment in New South Wales, having regard to the need to maintain ecologically sustainable development,</p> <p>(b) to provide increased opportunities for public involvement and participation in environment protection,</p> <p>(c) to ensure that the community has access to relevant and meaningful information about pollution,</p> <p>(d) to reduce risks to human health and prevent the degradation of the environment by the use of mechanisms that promote the following—</p> <p>(i) pollution prevention and cleaner production,</p> <p>(ii) the reduction to harmless levels of the discharge of substances likely to cause harm to the environment,</p> <p>(iia) the elimination of harmful wastes,</p> <p>(iii) the reduction in the use of materials and the re-use, recovery, or recycling of materials,</p> <p>(iv) the making of progressive environmental improvements, including the reduction of pollution at source,</p> <p>(v) the monitoring and reporting of environmental quality on a regular basis,</p> <p>(e) to rationalise, simplify and strengthen the regulatory framework for environment protection,</p> <p>(f) to improve the efficiency of administration of the environment protection legislation,</p> <p>(g) to assist in the achievement of the objectives of the <i>Waste Avoidance and Resource Recovery Act 2001</i>.</p> <p>https://legislation.nsw.gov.au/view/html/inforce/current/act-1997-156#sec.3</p>

Licensing and Registration	<p>To comply with the law, your business may need specific registrations, licenses or permits. The types you need will depend on:</p> <ul style="list-style-type: none"> • your business structure (for example sole trader, company, partnership) • your business location • the industry and sector you operate in • whether your business employs staff • the type of business you're operating. <p>If your business doesn't have the right registrations, it can affect your tax rate or result in penalties or fines.</p> <p>You'll need licences and permits to get approval to do certain activities and help protect your business and employees. They ensure your business activities are allowed, and let you run your business without risk of fines or penalties.</p> <p>https://business.gov.au/registrations/registrations-your-business-needs</p>
Work Health and Safety Act 2011	<p>Object</p> <p>[1] The main object of this Act is to provide for a balanced and nationally consistent framework to secure the health and safety of workers and workplaces by:</p> <ul style="list-style-type: none"> (a) protecting workers and other persons against harm to their health, safety and welfare through the elimination or minimisation of risks arising from work; and (b) providing for fair and effective workplace representation, consultation, co-operation and issue resolution in relation to work health and safety; and (c) encouraging unions and employer organisations to take a constructive role in promoting improvements in work health and safety practices, and assisting persons conducting businesses or undertakings and workers to achieve a healthier and safer working environment; and (d) promoting the provision of advice, information, education and training in relation to work health and safety; and (e) securing compliance with this Act through effective and appropriate compliance and enforcement measures; and (f) ensuring appropriate scrutiny and review of actions taken by persons exercising powers and performing functions under this Act; and (g) providing a framework for continuous improvement and progressively higher standards of work health and safety; and (h) maintaining and strengthening the national harmonisation of laws relating to work health and safety and to facilitate a consistent national approach to work health and safety in this jurisdiction. <p>[2] In furthering subsection [1](a), regard must be had to the principle that workers and other persons should be given the highest level of protection against harm to their</p>

	<p>health, safety and welfare from hazards and risks arising from work as is reasonably practicable.</p> <p>https://www.legislation.gov.au/Details/C2018C00293</p>
Industry Codes of Practice	<p>Codes of practice are referenced in Acts and Regulations. They may include:</p> <ul style="list-style-type: none"> • general statements of principle and practical advice for how a business or industry should operate • detailed business practices where businesses must comply with specific standards. <p>You must comply with any instructions in a code of practice, as well as train your staff to ensure they are aware of and know how to comply with relevant codes. Ideally, you would cover codes of practice as part of your staff induction program, and hold regular 'refresher' training to ensure everyone is aware of their responsibilities under a code of practice.</p> <p>https://www.business.qld.gov.au/starting-business/licensing-obligations/codes-practice</p>
Industry Standards	<p>Australian standards set out specifications and design procedures to ensure products and services consistently perform safely, reliably, and the way they're intended to. There are 2 types of standards, mandatory and voluntary.</p> <p>https://www.service.nsw.gov.au/transaction/comply-australian-standards</p>

Question 2

Fill out the table provided below by explaining each insurance type using your own words. For this question, it is recommended that you use the following website: www.business.gov.au

[Table word count: 550 – 600 words]

Assessor Instructions: Students must fill out the table provided below by explaining each insurance type. For this question, it is recommended that the students use the following website: www.business.gov.au

Students' words will vary, but their answers need to reflect the concept in the sample answer below. They need to cover:

- The forms of insurance required by law
- All seven [7] types of personal insurance
- All nine [9] options of stock, products, and asset insurance
- All four [4] types of liability insurance
- Both two [2] types of technology and cybercrime insurance

A sample answer is provided below.

Insurance Type	Explanation
Compulsory Insurance	<p>Some forms of insurance are required by law.</p> <ul style="list-style-type: none"> Workers' compensation insurance is compulsory if you have employees. Third party personal injury insurance is compulsory if you own a motor vehicle. This is often part of your vehicle registration fee. Public liability insurance covers you for third party death or injury and is compulsory for certain types of companies.
Personal or loss of income insurance	<p>There are several types of personal insurance. Some are investment-type funds where you contribute over a certain time and get money at the maturity date. Others cover things that could happen to you.</p> <ul style="list-style-type: none"> Income protection or disability insurance covers part of your normal income if you're unable to work through sickness or accident. Life insurance provides a lump sum or series of payments if you die, or in some cases, if you are permanently injured. Total and permanent disability insurance provides a lump sum only if you are permanently disabled before retirement. Trauma insurance provides a lump sum if you have a specified life-threatening illness. Business interruption or loss of profits insurance covers you if your business suffers from damage to property by fire or other insured dangers. It can help you pay your ongoing expenses and maintain profits. Management liability covers your personal assets when a manager or director acts in an illegal or unethical way that cause losses to individuals or businesses. Employee dishonesty covers losses from employee theft or fraud.
Stock, products, and asset insurance	<p>If you have important business assets, property, stock, or products you can't afford to lose, consider some of the following insurance options:</p> <ul style="list-style-type: none"> Building and contents insures against events like fire, earthquake, lightning, storms, floods, impact, malicious damage, and explosion.

	<ul style="list-style-type: none"> • Burglary insurance covers your business assets. Consider this if you're a retailer or have a business property that is not always staffed. • Deterioration of stock will cover your business when chilled, refrigerated, or frozen stock rots following the breakdown of a refrigerator or freezer. • Electronic equipment covers your electronic items from theft, destruction, or damage. • Farm insurance covers things such as crops, livestock, buildings, and machinery. • Goods in transit covers the goods you buy, sell, or use in your business during transport. • Machinery breakdown protects your business when mechanical and electrical plant and machinery at the work site break down. • Tax audit covers you for the cost of fees due to a tax audit or investigation into your business. • Property in transit covers theft or damage of items you transport with you for business, such as tools and equipment.
<p>Accident and liability insurance</p>	<p>Liability insurance protects you if you're liable for damages or injuries to another person or property. Although it's mostly optional, you might want to consider it for your business if the likelihood of legal action is high. In some industries, liability or professional indemnity insurance is mandatory before you can legally operate.</p> <p>The types of liability insurance available vary and some may be more relevant to your industry. Examples:</p> <ul style="list-style-type: none"> • Management liability insurance • Product liability insurance • Professional indemnity insurance • Public liability insurance
<p>Technology and cybercrime insurance</p>	<p>As technology grows, so does the insurance cover needed to protect against new risks to these devices.</p> <ul style="list-style-type: none"> • Electronic equipment insurance will cover your electronic items from theft, destruction or damage.

- Cyber liability insurance protects your business against cybercrime. This insurance covers the cost of keeping your data secure as well as the expenses from the disruption to your business. Talk to an insurance broker or insurer about your options.

Question 3

Below there are three [3] very common workplace procedures that need to be introduced to every Australian workplace. You will need to:

- Provide an explanation of these procedures in the table below.
- Research and provide links from reliable sources that contain information to assist businesses in developing internal policies and procedures on contractual agreements, procurement rights and business premises.

[Table word count: 100 – 150 words]

Assessor instructions: Students must explain the three [3] examples of workplace procedures in the table below and provide links that contain information that can assist the business in developing internal policies and procedures on contractual agreements, procurement rights and business premises.

Students' words will vary but their answers need to reflect the concept in the sample answer below. They need to cover:

- The importance of each procedure
- How the procedure can help the business
- Add a link for each workplace procedure containing relevant information to the procedure

A sample answer is provided below.

Workplace procedure	Explanation
1. Negotiating, creating, and terminating contractual arrangements, including seeking legal advice	Contractual agreements are a crucial part of business and knowing when and where to seek legal advice can help business avoid issues and penalties. The links below include information about all types of contracts as well as information on how to get contract advice. https://business.gov.au/products-and-services/contracts-and-tenders/types-of-contracts
2. Investigating and securing procurement rights relating to products and/or services	Understanding the procurement rights relating to products and services can help a business choose the supplier that meets the business' requirements at a better price. It enables the business to save time and money and to avoid dealing with an inadequate supplier. The links below contain information on how to better choose the right supplier as well as securing the

	<p>procurements rights for your products and /or services.</p> <p>https://www.ato.gov.au/about-ato/ato-tenders-and-procurement/complying-with-procurement-policy-and-legislation/</p> <p>https://business.gov.au/people/suppliers</p>
3. Identifying options for leasing or owning business premises	<p>Being able to identify and assess what is the best option when it comes to business premises is vital for the business' success.</p> <p>The link below contains adequate information about types of business premises, leasing or buying, choosing location as well as changing premises:</p> <p>https://business.gov.au/planning/new-businesses/choose-your-business-location</p>

Question 4

Fill out the table by providing a definition using your own words as well as all the key elements found on the website below for each business structure below.

For this question, it is recommended that you use the following website:

<https://business.gov.au/planning/business-structures-and-types/business-structures>

[Table word count: 1200 – 1300 words]

Assessor instructions: Students must provide a definition and all the key elements, which include responsibilities and rights for each business structure below. For this question, it is recommended that the students use the following website: <https://business.gov.au/planning/business-structures-and-types/business-structures>

In relation to the definition, students will need to provide an answer using their own words, but their answer needs to reflect the concept in the sample answer provided below.

In relation to the key elements, students must include every point provided in the answer below.

A sample answer is provided below.

Business Structure	Definition <i>[What is this business structure?]</i>	Key elements <i>[What are the rights and the responsibilities of this business structure?]</i>
Sole trader	<p>A sole trader is the simplest form of business structure and is relatively easy and inexpensive to set up. As a sole trader, you're legally responsible for all aspects of your business, including any debts and losses and day-to-day business decisions.</p>	<p>A sole trader business structure:</p> <ul style="list-style-type: none"> • is simple to set up and operate • gives you full control of your assets and business decisions • requires fewer reporting requirements and is

		<p>generally a low-cost structure</p> <ul style="list-style-type: none"> • allows you to use your individual tax file number (TFN) to lodge tax returns • doesn't require a separate business bank account, although this is recommended to make it easier to keep track of your business income and expenses • requires you to keep financial records for at least 5 years • has unlimited liability and all your personal assets are at risk if things go wrong • doesn't allow you to split business profits or losses made with family members • makes you personally liable to pay tax on all the income derived
<p>Company</p>	<p>A company business structure is a separate legal entity, unlike a sole trader or a partnership structure. This means the company has the same rights as a natural person and can incur debt, sue, and be sued. As a member you're not liable (in your capacity as a member) for the company's debts. Your only financial obligation is to pay the company any amount unpaid on your shares if you are called on to do so. However, directors of the company may be held personally liable if found to be in breach of their legal obligations. Companies are expensive and complicated to set up, and generally suit people who expect their business income to be highly variable and want the option to use losses to offset future profits.</p>	<p>A company:</p> <ul style="list-style-type: none"> • is a separate legal entity • is a more complex business structure to start and run • involves higher set up and running costs than other structures • requires you to understand and comply with all obligations under the Corporations Act 2001- external site • means that business operations are controlled by directors and owned by the shareholders • means company members have limited liability • means the money the business earns belongs to the company • requires an annual company tax return to be lodged with the Australian Taxation Office (ATO)

		<ul style="list-style-type: none"> requires you to complete an annual review and pay an annual review fee directors are required to complete a declaration of solvency each year means wider access to capital directors are required to have a director ID-external site.
Partnership	<p>A partnership is a business structure made up of 2 or more people who distribute income or losses between themselves. There are 3 main types of partnerships:</p> <ol style="list-style-type: none"> General partnership (GP) – is where all partners are equally responsible for the management of the business, and each has unlimited liability for the debts and obligations it may incur. Limited partnership (LP) – is made up of general partners whose liability is limited to the amount of money they have contributed to the partnership. Limited partners are usually passive investors who don't play any role in the day-to-day management of the business. Incorporated Limited Partnership (ILP) – is where partners in an ILP can have limited liability for the debts of the business. However, under an ILP there must be at least one general partner with unlimited liability. If the business cannot meet its obligations, the general partner (or partners) become personally liable for the shortfall. 	<p>A partnership business structure:</p> <ul style="list-style-type: none"> are relatively easy and inexpensive to set up have minimal reporting requirements require separate tax file numbers (TFN) must apply for an Australian business number (ABN) and use it for all business dealings share control and management of the business don't pay income tax on the income earned - each partner pays tax on the share of the net partnership income each receives require a partnership tax return to be lodged with the Australian Taxation Office (ATO) each year require each partner to be responsible for their own superannuation arrangements must register for GST if turnover is \$75,000 or more
Trust	<p>In a trust structure, a trustee holds your business for the benefit of others (the beneficiaries).</p>	<p>If you want to set up a trust, keep in mind that trust structures:</p> <ul style="list-style-type: none"> can be expensive to set-up and operate

	<p>A trustee can be a person or a company, and is responsible for everything in the trust, including income and losses.</p> <p>Trust structures are expensive and complicated to set up and are generally used to protect the business assets for beneficiaries. The trustee decides how business profits should be distributed to the beneficiaries.</p> <p>Trusts are complex to set up and you'll need time and the right skills to do it properly. It's best to see a qualified, licensed professional to help you understand what's involved and the registrations you'll need.</p>	<ul style="list-style-type: none"> • require a formal trust deed that outlines how the trust operates • require the trustee to undertake formal yearly administrative tasks • assets are protected • can be difficult to dissolve or make changes once established <p>If you operate your business as a trust, the trustee is legally responsible for its operations. A trustee of a trust can be a company, providing some asset protection.</p>
<p>Co-operative</p>	<p>A co-operative structure is a legally incorporated entity designed to serve the interests of its members. Co-operatives carry on businesses in all sectors, and they may be profit sharing enterprises or non-profit organisations. They serve their members by providing goods and services that may be unavailable or too costly to access as individuals. They share costs and carry on their enterprise under principles of:</p> <ul style="list-style-type: none"> • non-discrimination • democracy • independence • education and care for communities. <p>Generally, all members are expected to use or contribute to their co-operative and have an equal say in the running of the organisation. Co-operatives are subject to state and territory legislation the Co-operatives National Law.</p>	<p>There are key elements you should know if you're looking at starting your business as a co-operative:</p> <ul style="list-style-type: none"> • a minimum of 5 members is required • they are governed by a board of directors that is elected by the members • all members must maintain an active relationship with their co-operative by using or contributing to its main activities • all active members have an equal vote at general meetings regardless of their shareholding • co-operatives are limited liability entities, meaning that members have no direct responsibility for debts of the co-operative • directors of the co-operative owe legal duties to the co-operative and under the law that may lead to prosecution and compensation if they are negligent, reckless or fraudulent in carrying out their responsibilities • co-operatives are formed to provide services to

		<p>their members rather than to maximise a financial return on investment</p> <ul style="list-style-type: none"> • members are rewarded by having access to less costly or better goods and services, these rewards may be in the form of rebates, or for distributing co-operatives, there may be limited dividends on their shares • anyone who can comply with a co-operative's rules can apply to be a member, with the directors making decisions about the suitability of applicants • members, other than directors, can be under 18, though these members cannot stand for office and do not have the right to vote
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Question 5

List and explain the five (5) rules for record-keeping based on law and ATO view. For this question, it is recommended that you use the following website: www.ato.gov.au

[Table word count: 450 – 500 words]

Assessor instructions: Students must list and explain in the table provided below the five (5) rules for recording keeping based on law and ATO view. For this question, it is recommended that the students use the following website: www.ato.gov.au.

The rules can be found specifically here: <https://www.ato.gov.au/business/record-keeping-for-business/overview-of-record-keeping-rules-for-business/>. However, it is not recommended to provide the students with the exact page, as it is important for them to familiarise themselves with the ATO's website.

A sample answer is provided below.

These five record-keeping rules apply to most records your business is required to keep to meet your tax, super and employer obligations. These are based on law and ATO view:

1. You need to keep all records related to starting, running, changing, and selling or closing your business that is relevant to your tax and super affairs.
 - If your expenses relate to business use and personal use, make sure you have clear documents to show the business portion.

<p>2. The relevant information in your records must not be changed (for example, by using <u>electronic sales suppression tools</u>). And must be stored in a way that protects the information from being changed or the record from being damaged.</p> <ul style="list-style-type: none"> ○ We may ask you to show us you have appropriate safeguards in place. ○ You need to be able to reconstruct your original data if your record-keeping system changes over time.
<p>3. You need to keep most records for five years.</p> <ul style="list-style-type: none"> ○ Generally, the five-year retention period for each record starts from when you prepared or obtained the record or completed the transactions or acts those records relate to, whichever is later. However, in some situations, the law states that the start of the five-year retention period is different. For example, for <ul style="list-style-type: none"> 0. <u>fringe benefits tax (FBT) records</u> the five years starts from the date you lodge your fringe benefit tax (FBT) return 1. records for <u>super contributions for employees</u>, the five years starts from the date of the contribution 2. records for <u>super fund choice for your employees</u>, the five years starts from the date of employee engagement or when an employee is offered, chooses or changes their choice of fund. ○ There are also situations where you need to <u>keep some records for longer than five years</u>, including covering the period of review for an assessment that uses information from that record. ○ You need to keep all information about any routine procedures you have for destroying digital records.
<p>4. You need to be able to show us your records if we ask for them.</p> <ul style="list-style-type: none"> ○ Make sure you keep information about your record-keeping system so we can check that it meets the record-keeping requirements. ○ Make sure that the information on the record includes the relevant details to meet your tax, super and employer obligations. ○ If you store your data and records digitally <ul style="list-style-type: none"> 0. using an encryption system – provide encryption keys and information about how to access the data when asked. You also need to ensure we can extract and convert your data into a standard data format (for example, Excel or CSV). 1. using passwords to protect your records – provide information about how to access them 2. ensure your data and records are identifiable, labelled or indexed as you store it. We may need to extract it and use an indexing or text-search system to look at it.
<p>5. Your records must be in English or able to be easily converted to English.</p>

Question 6

In the table below there are five [5] very common compliance procedures that are recommended to be followed by all Australian businesses. Explain the five [5] compliance procedures and their importance in the space provided in the second column.

[Table word count: 150 – 200 words]

Assessor instructions: Students must explain the importance of the five [5] compliance procedures provided in the table below.

Students' words will vary, but their answers need to reflect the concept in the sample answer below. They need to cover:

- A brief definition of these procedures
- The importance of following them

A sample answer is provided below.

Compliance Procedures	Explanation
1. Following taxation and industrial relations principles and requirements	<p>Understanding and following tax requirements ensures the business is taxed correctly and avoids penalties.</p> <p>Industrial relation principles affect the way a business operates. Knowing and applying the correct pay rates and conditions of work will help a business to maintain a good relationship with its employees.</p>
2. Updating and maintaining legal documents	<p>Updating and maintaining the legal documents of the business is really important as it helps the business to:</p> <ul style="list-style-type: none"> • manage cash flow • protect itself if there is a requirement to respond to legal issues • keep track of the overall business “health” and make informed decisions <p>Moreover, in Australia all businesses are required by law to keep, maintain and update all documents that relate to the business operations.</p>
3. Investigating areas of non-compliance	<p>All businesses need to have a compliance program to ensure they follow they follow all acts, regulations, standards, and codes of ethic that apply in their industry. Failing to do so might lead to:</p> <ul style="list-style-type: none"> • Negative exposure • Lawsuits • Poor performance • Unhappy staff
4. Monitoring provision of products and/or services	<p>Monitoring provision of products and/ or services is an important process for a business to maintain quality standards and levels of supply.</p>
5. Taking corrective action where necessary	<p>A business needs to take a corrective action to rectify an identified problem or to implement a contingency for an identified risk.</p>

Question 7

Provide an explanation of the seven (7) steps in the risk management process using your own words. For this question, it is recommended that you use the following website:

(Table word count: 450 - 500 words)

Assessor instructions: Students must fill out the table below by providing an explanation about the seven (7) steps in the risk management process. For this question, it is recommended that the students use the following website:

<https://business.gov.au/risk-management/risk-assessment-and-planning/assess-and-manage-risk>

Students' words will vary but their answers need to reflect the concept in the sample answer below. They need to cover:

- An explanation of each step
- All the points included in the sample answer for each step

A sample answer is provided below.

Risk Management Process	
Steps	Explanation
1. Decide what matters most	<p>Before you create a risk management plan, think about which areas of your business it will refer to. For example, you might only be interested in hazard-based risks. Some of the internal and external things to think about when creating your plan are:</p> <ul style="list-style-type: none">• social, cultural, political, and regional issues• economic, technology and competitive trends• government policies and law• your business aims, policies and strategies.
2. Consult with stakeholders	<p>Your risk management plan will be more specific and useful if you ask for feedback from the people, businesses, or organisations you deal with. Stakeholders can include:</p> <ul style="list-style-type: none">• employees, contractors, and sub-contractors• clients, customers, and suppliers• business financiers, investors, and insurers• your local communities and local media• government agencies.
3. Identify the risks	<p>Working out the risks to your business could be as easy as thinking about what could go wrong, and how and why it could happen. You might also need to do some research into:</p> <ul style="list-style-type: none">• past events and risks• possible future changes to your business environment, such as changes in economic trends• social and community issues that could affect your business• find out how to conduct market research.

<p>4. Analyse the risks</p>	<p>After identifying the risks to your business, it's time to work out which ones are urgent. Our risk analysis template helps you to do this.</p> <p>To analyse the risks of an event, you should first look at the:</p> <ul style="list-style-type: none"> • likelihood of the risk happening • consequence/damage if the risk happened. <p>Work out a rating system for likelihood and consequence. For example, you could have ratings of:</p> <ul style="list-style-type: none"> • 1 to 4 for likelihood (1 for highly unlikely and 4 for highly likely) • 1 to 4 for consequence (1 for low and 4 for severe). <p>Use these ratings to work out the risk level.</p>
<p>5. Evaluate the risk</p>	<p>Risk criteria set a standard to assess risks to your business. To set your risk criteria, state the level and nature of risks that are acceptable or unacceptable in your workplace. Our risk assessment template provides an example of a risk level guide to help you evaluate risks.</p> <p>To evaluate risk, compare the level of risk for various events against your risk criteria. You should also check if your existing risk management methods are enough to accept the risk.</p>
<p>6. Treat risks to your business</p>	<p>Your evaluation will have helped you to identify any risks that need to be treated. Develop a plan to treat risks, so you can:</p> <ul style="list-style-type: none"> • identify each risk type and the level of risk to your business • suggest strategies to treat each risk • create timeframes for each strategy • decide who's responsible for specific parts of the plan • work out resources required such as money, staff, and external help • schedule future action such as regular checking and updating of risks, if needed.
<p>7. Commit to reducing risk</p>	<p>Committing to quality risk management can help you create a stable business that prepares for unexpected events.</p>

Assessment checklist:

Students must have completed all questions within this assessment before submitting. This includes:

1	Seven (7) short answer questions to be completed in the spaces provided.	<input type="checkbox"/>
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Congratulations you have reached the end of Assessment 1!

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