

**RISK MANAGEMENT POLICY**

**1. SCOPE**

- 1.1 This Policy applies to all Councillors, workers and representatives of the Waratah-Wynyard Council.
- 1.2 Risk Management is everyone's responsibility and our aim is to ensure that risk is integrated into all our management systems and core operations so that it becomes an integral part of our organisational culture.

**2. PURPOSE**

- 2.1 Council is committed to implementing a strategic, consistent and structured corporate-wide approach to risk management in order to achieve an appropriate balance between realising opportunities for gains and minimising losses.
- 2.2 This policy outlines Council's commitment to good corporate governance through risk management and to establish the Council's approach to managing risk within its operations to ensure that Council makes informed decisions with respect to the activities that it undertakes by appropriately considering both risks and opportunities.

**3. POLICY STATEMENT**

- 3.1 Waratah-Wynyard Council has developed and reviews an effective risk management framework and process to mitigate potential negative outcomes and to better realise sustainable opportunities present in the organisation's operations. Waratah-Wynyard Council applies the risk management process as part of strategic planning to facilitate more effective problem solving, decision making and service delivery.
- 3.2 Waratah-Wynyard Council:
  - (a) Recognises risk management as an integral part of good management practice and decision making;
  - (b) Creates and maintains a risk management environment that enables Council to deliver high quality services and meet performance objectives in line with our principle of seeking continuous improvement;
  - (c) Ensures resources and operational capabilities are identified and deployed responsibly and effectively. Resources include the staffing for the risk management team and related work areas, computer based systems, documentation, tools and access to external risk management specialists; and
  - (d) Demonstrates the application of the risk management process of identifying, analysing, evaluating and treating risks, as detailed in the Risk Management Standard, AS/NZS ISO 31000:2018 in the Risk Management Framework.

**Legislative Requirements:**

*AS/NZ ISO 31000:2018 Risk Management- Guidelines*

*Work Health and Safety Act 2012 (TAS)*

*Work Health and Safety Regulations 2012 (TAS)*

**Related Procedures/Guidelines:**

Risk Management Framework

Strategic Risk Register

Operational Risk Register

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# RISK MANAGEMENT FRAMEWORK

Adopted by Council on 18 January 2021

Review Date: 18 January 2023

# ABOUT THIS DOCUMENT

The purpose of this Framework is to link Council's risk philosophy, as described in the risk policy, with the actual process of risk management practices undertaken in the normal course of business.

# RELATED DOCUMENTS

This Framework is support by the following related documents:

- Risk Management Policy
- Risk Assessment Matrix
- Appendix A - Risk Management Committee Terms of Reference

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## Purpose

The Framework aims to promote a risk management culture that encourages people at all levels to recognise, think about and understand risk. In doing so, it aims to minimise the waste of our resources i.e. human and financial, and endeavour to ensure that decisions, events, activities and projects are undertaken with consideration of risk to our Council, our people and the community.

Risk is an inherent part of Councils activities and requires a risk response from Council to mitigate or take advantage of circumstances as they arise.

The purpose of the risk management framework is to assist the Council in integrating risk management into significant activities and functions, in order to create and protect value by improving performance, encouraging innovation and supporting the achievement of objectives.

## Scope

This document provides guidelines on managing risk faced by Waratah Wynyard Council and provides a common approach to managing all identified risks.

This document can be applied to any activity, including decision-making at all levels.

## Strategic Alliance

This Framework supports Councils Corporate Strategic Plan.

### Goal 1: Leadership & Governance

**Waratah Wynyard Council will deliver an openly transparent, inclusive, community-focussed governing body. We will pride ourselves on a strong sense of belonging and fairness based on trust, honesty and approachability.**

Priority 1.5 Build our knowledge base to apply in decision-making processes.

Priority 1.6 Maintain accountability by ensuring that Council decisions are evidence based and meet all legislative obligations.

### Goal 2: Organisational Support

**Waratah Wynyard Council will provide relevant information, training and development to our people in a timely manner, supporting great leadership to deliver services to the community.**

Priority 2.2 Facilitate effective knowledge management practices.

Priority 2.3 Promote best practice and foster innovation.

Priority 2.4 Review and update systems and processes to ensure best practice and customer-centric outcomes.

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## Commitment & Principles

Council is committed to implementing a strategic, consistent, structured and corporate-wide approach to risk management in order to realise opportunities for gains and to minimise losses.

Council is committed to managing risk by considering risks and opportunities, achieving good corporate governance and making informed decisions about activities it undertakes.

By this commitment to risk management, Council aims to:

- ensure that risks are adequately considered when setting its 'objectives';
- understand the risks facing the it in pursuit of its objectives;
- ensure that systems to manage such risks are implemented and operating effectively;
- ensure that such risks are appropriate in the context of Council's objectives;
- ensure that information about such risks and their management is properly communicated.

### Principles

Council recognises the need to apply the Principles, Framework and Process detailed in *AS/NZS ISO 31000:20018 Risk Management – Guidelines* to ensure the management of risk.

The purpose of risk management is the creation and protection of value. It improves performance, encourages innovation and supports the achievement of objectives.

The following eight principles provide guidance on the characteristics of effective and efficient risk management.

**Figure 1—Principles**



Integrated	Risk management is an integral part of all Council activities.
Structured and comprehensive	A structured and comprehensive approach to risk management contributes to consistent and comparable results.
Customized	The risk management framework and process are customized and proportionate to Council's external and internal context related to its objectives.
Inclusive	Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management.
Dynamic	Risks can emerge, change or disappear as an Council's external and internal context changes. Risk management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner.
Best available information	The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders.
Human and cultural factors	Human behaviour and culture significantly influence all aspects of risk management at each level and stage.
Continual improvement	Risk management is continually improved through learning and experience.

## Corporate Context

Risk management is central to Council's governance, activities, functions and decision making and requires the support of all stakeholders.

The effectiveness of risk management will depend on its integration into the governance of the Council, including decision-making. This requires support from stakeholders, particularly top management.

The elements of the Risk Management Framework include integrating, designing, implementing, evaluating and improving risk management across the Council. Figure 2 illustrates the components of a framework.

**Figure 2 — Framework for Risk Management**



Council will demonstrate leadership and commitment to ensure that risk management is integrated into all organisational activities.

Risk management will be a part of, and not separate from, the organisational purpose; governance; leadership and commitment; strategy; and operations.

Council undertakes a wide range of activities which includes interactions with the community, various levels of Government, statutory authorities, and business and industry.

Broadly, Council's activities can be grouped as Strategic, Operational or Project oriented.

The table below indicates a context for the interaction of internal and external influences and activity areas:

	External Context	Internal Context
<b>Strategic Risks</b> Risks associated with long-term Council, Department or Department objectives	<ul style="list-style-type: none"> <li>• Economic Conditions</li> <li>• Ratepayer issues</li> <li>• Political conditions</li> <li>• Population changes</li> <li>• Funding</li> <li>• Other agencies</li> <li>• Reputation</li> <li>• Feasibility</li> </ul>	<ul style="list-style-type: none"> <li>• Culture</li> <li>• Governance structure</li> <li>• Staff structure</li> <li>• Strategies &amp; Policies</li> <li>• Systems</li> <li>• Budget</li> </ul>
<b>Operational Risks</b> Risks associated with the normal business functions of Council Departments	<ul style="list-style-type: none"> <li>• Perception of rate payers</li> <li>• Reputation</li> <li>• Council performance</li> <li>• Insurance/other external Council ratings</li> <li>• Contractual</li> </ul>	<ul style="list-style-type: none"> <li>• Budget</li> <li>• Skilled resources</li> <li>• Processes</li> <li>• Support services</li> <li>• Compliance</li> <li>• Contract Management</li> </ul>

An understanding of these relationships is necessary to enable the full range of potential risk implications for Council to be identified and decisions made regarding management and mitigations.

The Risk Register will record identified Strategic and Operational risks. Risks will be reported and monitored through Risk Registers, Risk Assessment and Risk Treatment plans.

The Risk Registers will provide information on the actions taken on risks either by describing the action or linking to the relevant Assessment or Treatment Plan.

The Treatment plan will be tailored according to the complexity of the treatment. It may be in the form of a project plan where this is the most appropriate treatment.

Council will continually improve the suitability, adequacy and effectiveness of the risk management framework and the way the risk management process is integrated.

As relevant gaps or improvement opportunities are identified, Council will develop plans and tasks and assign them to those accountable for implementation. Once implemented, these improvements should contribute to the enhancement of risk management.

## Organisational Roles & Responsibilities

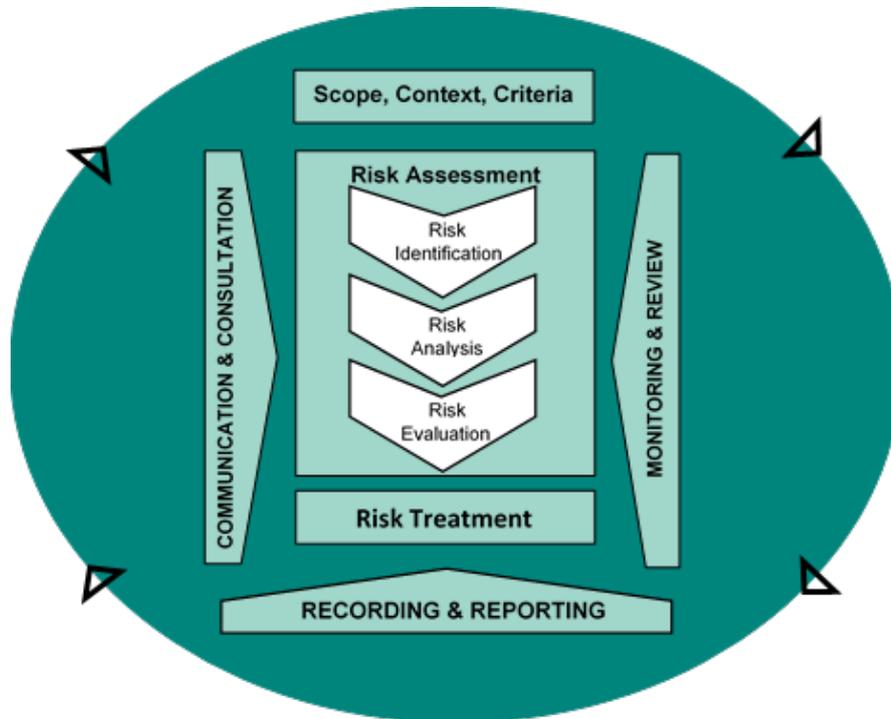
Position	Responsibilities
Council	<ul style="list-style-type: none"> <li>• Adopt Council's Risk Management Policy.</li> <li>• Allocate sufficient resources to risk management.</li> <li>• Be aware of the risks associated with decisions they make and the impact on how ratepayers perceive the Council and its effectiveness.</li> <li>• Be aware of Councils Risk Management Policy and Framework for managing risk.</li> </ul>
General Manager	<ul style="list-style-type: none"> <li>• Support Council Risk Based Audit Program/s.</li> <li>• Ensure adequate resources and training.</li> </ul>
Director Organisational Performance	<ul style="list-style-type: none"> <li>• Oversee the risk management and insurance portfolio for Council.</li> <li>• Ensure that the Risk Management Framework is subject to effective and comprehensive internal review.</li> <li>• Ensure appropriate processes and tools are in place to carry out the risk management program.</li> <li>• Maintain an active awareness of Risk Management issues and practices concerning the workplace and within the role that could cause concern, embarrassment or liability to Council.</li> <li>• Assist Council to mitigate risk by promoting risk awareness throughout the organisation.</li> <li>• Provide risk management information as requested and assist in the investigation of any risk management issues or claims that have been made against Council insurances.</li> <li>• Report to the Audit Committee.</li> </ul>
Audit Panel	<ul style="list-style-type: none"> <li>• Assists Council in its governance and oversight of risk management.</li> <li>• To provide independent advice and review whether management has in place a current and comprehensive risk management framework, and associated procedures for effective identification of and management of financial, business and environmental risks.</li> <li>• To monitor Council performance in managing identified risks.</li> </ul>
Risk Committee	<ul style="list-style-type: none"> <li>• Set the Risk Management Framework.</li> <li>• Ensure systems that support the Risk Management Framework are being maintained and implemented in practice.</li> <li>• Define and maintain an accessible set of risk management tools for use across the Council.</li> <li>• Undertake ongoing review and improvement of systems and tools that support the Framework.</li> <li>• Review result of internal and external audits and implement actions where appropriate</li> </ul>

Position	Responsibilities
Risk Officer (Transactional Services Coordinator)	<ul style="list-style-type: none"> <li>• Accountable for the day-to-day management and operational aspects of the Framework including responsibility for:</li> <li>• Initiating review to maintain the Framework</li> <li>• Implementing effective risk reporting at appropriate levels in the Council.</li> <li>• Providing an annual review to Senior Management Team Recording risk assessment and treatment information in the risk register for relevant work areas.</li> <li>• Communication and delivery of the risk management process and procedures as outlined in the Framework.</li> <li>• Facilitating risk identification and assessment workshops as required</li> <li>• Facilitating risk management training Working towards the ongoing enhancement of the Framework including the development of Key Risk Indicators and performance monitoring.</li> <li>• Liaising with external parties in relation to Council's risk management.</li> </ul>
Senior Management Team	<ul style="list-style-type: none"> <li>• Identify, respond and assume responsibility for organisational and strategic risk.</li> <li>• Implement Council's Risk Management Policy. Ensure that the Framework delivers risk management in a uniform manner across the Council.</li> <li>• Facilitate a formal process for identifying, assessing, recording and communicating risks that may impact on Council and its community or stakeholders.</li> <li>• Ensure that major proposals submitted to Council or any of its committees for endorsement are the subject of a risk assessment and resultant contingency plans if risks are identified.</li> <li>• Ensure Risk Owners are assigned for Department specific operational risks.</li> <li>• Promote the adoption of the Framework within their work areas.</li> <li>• Promote a proactive risk management culture in accordance with business risk management initiatives (e.g. education, workshops etc.).</li> <li>• Ensure their work areas have taken all appropriate steps in accordance with this Framework to identify and manage risks.</li> </ul>
All Internal Committees and Working Groups	<ul style="list-style-type: none"> <li>• Identify and communicate risks to the Risk Committee (NB: This requirement must be included in all Team Charters)</li> <li>• Include risk management as a standing item in the agenda</li> </ul>
All Employees	<ul style="list-style-type: none"> <li>• Are required to be aware of Council's Risk Management Policy.</li> <li>• Are required to contribute to the identification, assessment and management of risks in alignment with this Framework.</li> </ul>
Contractors	<ul style="list-style-type: none"> <li>• Compliance with applicable risk management processes.</li> <li>• Demonstrate that they have addressed risks associated with the work that they perform for Council</li> </ul>

## Risk Management Process

The risk management process involves the systematic application of policies, procedures and practices to the activities of communicating and consulting, establishing the context and assessing, treating, monitoring, reviewing, recording and reporting risk. This process is illustrated in Figure 3.

Figure 3 — Process



Risk management is integral to decisions about Council's structure, management and strategic, operational, programme or project processes.

### Recording and reporting

The risk management process and its outcomes will be documented and reported through appropriate mechanisms. Recording and reporting aims to:

- communicate risk management activities and outcomes across the Council;
- provide information for decision-making;
- improve risk management activities; and
- assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Reporting should help stakeholders, management and oversight bodies meet their responsibilities. Factors to consider for reporting include, but are not limited to:

- differing stakeholders and their specific information needs and requirements;
- cost, frequency and timeliness of reporting;
- method of reporting; and
- relevance of information to organisational objectives and decision-making.

Stakeholder	Reporting to Be Provided
Council	<ul style="list-style-type: none"> <li>Recommendations to Council include risk considerations.</li> <li>Annual statistical report based on KPIs and risks identified, analysed, evaluated and treated.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>Annual report to the Audit Committee (March each year or at a timing set by the Panel).</li> <li>Annual statistical report based on KPIs and risks identified, analysed, evaluated and treated.</li> </ul>
SMT	<ul style="list-style-type: none"> <li>Annual report relating to risk maturity across the Council.</li> <li>Report on risks identified, analysed, evaluated, and treated and information on progress to plans.</li> </ul>
OSHWELL (Health and Safety Committee)	<ul style="list-style-type: none"> <li>Personnel injuries, incidents or reported near misses to any staff, contractor, volunteer or member of the public.</li> </ul>
Special Committees	<ul style="list-style-type: none"> <li>Risk matters that may be identified in their areas of responsibility.</li> </ul>
Community	<ul style="list-style-type: none"> <li>Progress reports yearly via Annual Report.</li> </ul>

### Key performance Indicators

To establish a starting point for reporting on the effectiveness of the Risk Framework and the risk process, the following key performance indicators (KPI's) have been initiated. The KPI's may be modified if needed dependent upon relevance and reporting needs.

Key Performance Indicator	Purpose
% of risks in the risk register reviewed	Measure of an active system
Number of risk conversions with treatment	Measure that treatments are being managed
% of risk actions outstanding	Measure of actions being actively completed
Number of Risk Management meetings & attendance	Consistency of meetings & measure of an active system
Conduct / complete at least one control audit test per annum.	Demonstrated use of a working system

## Risk Management Process

<b>Step 1</b>	<b>Communication and Consultation</b>	<p>The purpose of communication and consultation is to assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required.</p> <p>Communication seeks to promote awareness and understanding of risk, whereas consultation involves obtaining feedback and information to support decision-making. Close coordination between the two should facilitate factual, timely, relevant, accurate and understandable exchange of information. The confidentiality and integrity of information as well as the privacy rights of individuals should be preserved.</p> <p>Communication and consultation with appropriate external and internal stakeholders should take place within and throughout all steps of the risk management process.</p> <p>Communication and consultation aims to:</p> <ul style="list-style-type: none"> <li>• bring different areas of expertise together for each step of the risk management process;</li> <li>• ensure that different views are appropriately considered when defining risk criteria and when evaluating risks;</li> <li>• provide sufficient information to facilitate risk oversight and decision-making;</li> <li>• build a sense of inclusiveness and ownership among those affected by risk.</li> </ul>
<b>Step 2</b>	<b>Establishing the scope, context and criteria</b>	<p><b>General</b></p> <p>The purpose of establishing the scope, the context and criteria is to customise the risk management process, enabling effective risk assessment and appropriate risk treatment. Scope, context and criteria involve defining the scope of the process and understanding the external and internal context.</p> <hr/> <p><b>Defining the scope</b></p> <p>Council or those involved in undertaking specific risk management planning (e.g. for a program or project) should define the scope of its risk management activities.</p> <p>As the risk management process may be applied at different levels (e.g. strategic, operational, or project), it is important to be clear about the scope under consideration, the relevant objectives to be considered and their alignment with Council's objectives.</p> <p>When planning the approach, considerations include:</p> <ul style="list-style-type: none"> <li>— objectives and decisions that need to be made;</li> <li>— outcomes expected from the steps to be taken in the process;</li> <li>— time, location, specific inclusions and exclusions;</li> <li>— appropriate risk assessment tools and techniques;</li> <li>— resources required, responsibilities and records to be kept;</li> <li>— relationships with other projects, processes and activities.</li> </ul>

		<p><b>External and internal contexts</b></p> <p>The external and internal context is the environment in which Council seeks to define and achieve its objectives.</p> <p>The context of the risk management process is to establish an understanding of the external and internal environment in which Council operates and should reflect the specific environment of the activity to which the risk management process is to be applied.</p> <p>Understanding the context is important because:</p> <ul style="list-style-type: none"> <li>• risk management takes place in the context of the objectives and activities of Council;</li> <li>• Council factors can be a source of risk;</li> <li>• the purpose and scope of the risk management process may be interrelated with the objectives of the Council as a whole.</li> </ul>
		<p><b>Risk Categories</b></p> <p>Council has defined the amount and type of risk that it may or may not take.</p>
	<b>Step 3</b>	<b>Risk Assessment</b>
	<b>Risk Identification</b>	<p>The purpose of risk identification is to find, recognize and describe risks that might help or prevent Council achieving its objectives. Relevant, appropriate and up-to-date information is important in identifying risks.</p> <p>Council will use a range of techniques for identifying uncertainties that may affect one or more objectives. The following factors, and the relationship between these factors, should be considered:</p> <ul style="list-style-type: none"> <li>• tangible and intangible sources of risk;</li> <li>• causes and events;</li> <li>• threats and opportunities;</li> <li>• vulnerabilities and capabilities;</li> <li>• changes in the external and internal context;</li> <li>• indicators of emerging risks;</li> <li>• the nature and value of assets and resources;</li> <li>• consequences and their impact on objectives;</li> <li>• limitations of knowledge and reliability of information;</li> <li>• time-related factors;</li> <li>• biases, assumptions and beliefs of those involved.</li> </ul> <p>Council should identify risks, whether or not they are under its control, and accept there may be more than one outcome and either tangible or intangible consequences.</p>

	<p><b>Risk Analysis</b></p>	<p>The purpose of risk analysis is to comprehend the nature of risk and its characteristics including, where appropriate, the level of risk.</p> <p>Risk analysis involves consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. An event can have multiple causes and consequences and can affect multiple objectives.</p> <p>Risk analysis can be undertaken with varying degrees of detail and complexity, depending on the purpose of the analysis, the availability and reliability of information, and the resources available. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use.</p> <p>Risk analysis should consider factors such as:</p> <ul style="list-style-type: none"> <li>• the likelihood of events and consequences;</li> <li>• the nature and magnitude of consequences;</li> <li>• complexity;</li> <li>• time-related factors and volatility;</li> <li>• the effectiveness of existing controls;</li> <li>• sensitivity and confidence levels.</li> </ul> <p>Risk analysis will be influenced by a range of opinions, biases, perceptions and judgements, the quality of available information, assumptions and exclusions made and any limitations of the mitigation techniques and how they are executed. All influences should be considered, documented and communicated to stakeholders.</p> <p>Highly uncertain events or events with severe consequences can be difficult to analyse and quantify. In such cases it is recommended that a range of factors are considered, and a combination of risk analysis techniques is used to achieve greater insight.</p> <p>Risk analysis facilitates risk evaluation and helps decide whether and how different types and levels of risk need to be treated. It helps determine the most appropriate risk treatment strategy.</p>
	<p><b>Risk Evaluation</b></p>	<p>Risk evaluation supports decisions and involves comparing the results of the risk analysis with the adopted risk matrix which includes consequences and likelihood scales and Council appetite for each of the risk criteria to determine where additional action is required. This can lead to a decision to:</p> <ul style="list-style-type: none"> <li>• do nothing further;</li> <li>• consider risk treatment options;</li> <li>• undertake further analysis to better understand the risk;</li> <li>• maintain existing controls;</li> <li>• reconsider objectives.</li> </ul> <p>Decisions should take account of the wider context and the actual and perceived consequences to internal and external stakeholders.</p> <p>The outcome of risk evaluation should be validated, recorded and communicated within Council and the community.</p>

<p><b>Step 4</b></p>	<p><b>Risk Treatment</b></p>	<p>There are various treatment options available once risks have been identified, analysed and evaluated. The options available include:</p> <ul style="list-style-type: none"> <li>• <b>Accept or retain the risk</b> - the risk is accepted when no further treatment is implemented, and the current level of risk is formally accepted</li> <li>• <b>Eliminate the risk</b> – (first hierarchy of control) the risk is avoided by ceasing the activity that is causing the risk.</li> <li>• <b>Treat the risk</b> – (remaining hierarchy of controls) controls are treated when either the likelihood or consequence of the risk identified is modified. This may either reduce or increase the risk compared to current levels</li> <li>• <b>Transfer the risk</b> - the risk is transferred when a third party (such as insurance) accepts the consequence for the risk</li> </ul> <p>There are various treatment options available once risks have been identified, analysed and evaluated. Options available include:</p> <ul style="list-style-type: none"> <li>• <b>Avoiding or eliminating</b> the risk by not undertaking the activity, program or project that features the risk.</li> <li>• <b>Reducing</b> the risk by introducing a control, treatment or mitigation strategy.</li> <li>• <b>Transferring responsibility</b> for the risk to others such as an insurer or contractor who accepts the consequence(s) associated with the risk. NB: This is normally done via some form of contract, such as a lease, disclaimer, release, waiver or indemnity agreement, or through warning signs. Any such contract must be properly drafted, otherwise it will not provide the protection Council seeks.</li> <li>• <b>Accepting or retaining</b> the risk. If the likelihood of the risk is remote or the consequences low Council might determine to retain the risk and go ahead with the activity without the implementation of a control or treatment.</li> </ul>
<p><b>Step 5</b></p>	<p><b>Monitoring and Review</b></p>	<p>Ongoing monitoring and periodic review of the risk management process and its outcomes should be part of the risk management process, with responsibilities clearly defined.</p> <p>Keeping records that document all stages of the risk management process and the effectiveness, currency and the relevance of risk management procedures is crucial as is continually evaluating the risk management plan in the light of such records.</p> <p>A risk management plan cannot remain static. There is an ongoing need to determine whether there are specific activities that require increased controls.</p> <p>Risks can change according to changes in the law and the development of safe practices, techniques and technology and constant evaluation and modification are required to take account of developing trends and Council's own experiences.</p> <p>The purpose of monitoring and review is to assure and improve the quality and effectiveness of process design, implementation and outcomes.</p>

		<p>Both should take place in all stages of the process and include planning, gathering and analysing information, recording results and providing feedback.</p> <p>The results of monitoring and review should be incorporated into Council's performance management, measurement and reporting activities.</p>
<b>Step 6</b>	<b>Recording and Reporting</b>	<p>The risk management process and its outcomes are required to be documented and reported regularly to ensure continued communication in relation to risk management activities and outcomes, to provide information for decision-making, to improve risk management activities and to assist interaction with stakeholders.</p>

## Risk Categories

Risk categories within the context of Council's operations include:

- **Strategic** – Covers the strategic direction of Council.
- **Finance** – Covers financial capacity, availability of capital, the current economic environment, financial management and reporting, knowledge management, efficiency of systems, processes and Council's structure.
- **Assets and Infrastructure** – Covers the management of Council's assets including its' IT network and hardware, plant and equipment and built and natural environments.
- **Environment** – Covers Council's management of environmental matters such as aboriginal heritage, air, fauna, flora, water, waste, noise & vibration, land, sustainability and hazardous materials.
- **Workers** – Covers employees, volunteers and contractors, industrial relations and Organisational culture, staff values, standards of integrity and public accountability.
- **Public Safety** – Covers community interaction with Council's assets and activities and the minimisation of harm or loss to persons, property or normal community activity.
- **Emergency Management** – Covers the planning for and allocation of Council resources to events that disrupt normal community activity.
- **Regulation and Compliance** – Covers legal compliance and liabilities attributable to non-compliance with statutory obligations, including class actions, public liability claims, product liability, professional indemnity and public health and safety.
- **Corporate Business Systems** – Covers Council systems including business continuity and IT issues.
- **Political** – Covers the external political environment in which Council operates, including reputation and credibility, inter-governmental relations, state and national policies and relations with special interest groups.

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## Risk Matrix

For consistency the following matrix is to be used for all types of risk assessment within Waratah-Wynyard Council:

		Consequence				
		Critical	Major	Moderate	Minor	Insignificant
Likelihood	Almost Certain	Extreme	Extreme	High	High	Medium
	Likely	Extreme	High	High	Medium	Medium
	Possible	Extreme	High	High	Medium	Low
	Unlikely	High	Medium	Medium	Low	Low
	Rare	Medium	Medium	Medium	Low	Low

## Likelihood Scales

Use the following scale for consistency, to assess likelihood:

	Chance	Probability	Frequency
<b>Almost Certain</b>	Is expected to occur frequently, in most circumstances	Probability >90%	Is expected to occur at least once per week
<b>Likely</b>	Is expected to occur occasionally	Probability 50 – 90%	Is expected to occur at least once per month
<b>Possible</b>	Could occur, capable of happening, foreseeable	Probability 5 – 50%	Could occur at least once in 2 – 12 months
<b>Unlikely</b>	Might occur sometime but not expected	Probability < 5%	Might occur at least once in 5 – 20 years
<b>Rare</b>	May occur only in exceptional circumstances	Probability < 2%	May occur once in 20 – 50 years

## Consequence Scales

Use the following scales from the relevant risk category to assess consequence:

Consequence Rankings	Strategic	Financial	Assets & Infrastructure	Environmental	Safety	Emergency Management	Regulation & Compliance	Corporate Business Systems	Reputational
<b>Insignificant</b>	Changes in government policy, social-economic conditions or local government sector has short term or limited impact (positive or negative) on Council and/or community. Unlikely to require policy or resource responses and only limited consultation with stakeholders.	Risk is undesirable but has no serious impact on the program, directorate, or Council budget outcome and cash flow.	Inconsequential short-term failure of infrastructure and service delivery. No disruption to public services.	Harm or damage is localised and negligible. Although undesirable, it is without immediate or long-term risk for health or safety of any ecological system or species. No remedial action required.	No injuries or damage.	Near misses or minor injuries. No reliance on health system. Council manages the event within normal parameters, public administrations functions without disturbance, public confidence in governance, no media attention.	Breach is undesirable but has no impairment for satisfying a statutory obligation or for meeting the intended outcome of a regulatory or procedural requirement or undertaking. Minor corrective action may be required, but no likelihood for intervention by an enforcement agency or exposure to penalty and/or liability.	Risk is undesirable but does not impact the continuity of an activity, project or key business process. Disruption of services to internal and external customers is negligible. A breach is unlikely to result in fines or action for damages.	No significant adverse impact on the Council's reputation. Any adverse media coverage is limited to one or two days.
<b>Minor</b>	Changes in government policy, social-economic conditions or local government sector has measurable, though not insurmountable, impact on Council and/or community. May involve minor re-allocation of resources, limited policy responses and some consultation with stakeholders.	Risk could impair the ability for the program or department to deliver its core services within budget. Council's potential budget loss is less than \$10,000.	Isolated cases of short to mid-term failure of infrastructure and service delivery. Localised inconveniences.	Harm or damage is Localised and could impair immediate to long-term health and safety of an ecological system or species. Remedial action is required, and recovery can occur.	Minor injury. First aid required to treat injuries.	Isolated cases of serious injuries, health system operating within normal parameters. Council manages the event under emergency regime, public administration functions with some disturbances, isolated expressions of public concerns, media coverage locally or within region.	Breach could impair ability to fully meet a statutory obligation or to achieve the intended outcome of a regulatory or procedural requirement or undertaking. Overall impact on compliance is not materially affected, although corrective action is required. Possible intervention by an enforcement agency, and potential for punitive penalty or nominal liability.	Risk event may disrupt the timely delivery of a small project or activity; a breach may have a minor impact on some other risk categories; the risk event may be an internal concern but unlikely to impact on overall business process outcomes. Potential liability less than \$10,000.	There is some limited damage to Council's reputation with media publicity that may last less than five days.
<b>Moderate</b>	Changes in government policy, social-economic conditions or local government sector has longer term impact on Council and/or community. May involve new or revised policy responses and/or seeking additional and/or the reallocation of existing resources. Consultation and advocacy required.	Risk significantly impairs the ability for the program or department to deliver its core services and stated objectives within budget. The overall impact on the directorate and Council's potential budget loss is greater than \$10,000.	Mid-term failure of (significant) infrastructure and service delivery affecting large parts of the community, widespread inconveniences.	Harm or damage creates immediate or long-term risk and some injury to health and safety of an ecological system or species. Immediate and possible on-going remedial action is required, and recovery may be short to medium term.	Injury requiring medical treatment.	Isolated cases of loss of life (mortality > 1 in 1 million), health system operating at maximum capacity, isolated cases of displacement of people (less than 24 hrs). Council manages the event with considerable diversion from policy, public administration functions limited by focus on critical services, widespread public protests, media coverage locally or within region.	Breach impairs ability to satisfy a statutory obligation or for meeting the intended outcome of a regulatory or procedural requirement or undertaking. Overall compliance is materially affected. Immediate corrective action is required. Intervention by an enforcement agency is required, and potential for penalty and/or liability.	Risk event causes significant disruption to the operation of a large activity, project or business unit. Key deadlines or compliance requirements may not be met. A breach has a moderate impact on some other risk categories. Potential liability exceeds \$10,000. Dissatisfaction of internal and external customers is likely.	Significant impact on Council's reputation with adverse media publicity over more than five days. If a public issue, it may involve significant community response through various media. The risk may lead to some regulatory involvement such as a Code of Conduct complaint, involvement of the Local Government Office or other third party. Potential embarrassment for Elected Members and staff.
<b>Major</b>	Changes in government policy, social-economic conditions or local government sector will significantly impact on Council and/or community. Significant review of policy and resourcing is required. Significant consultation and advocacy also required.	Risk could significantly impair Council's ability to achieve its financial targets and strategic objectives in the current and/or future years. Council's potential budget loss is greater than \$200,000.	Mid to long term failure of significant infrastructure and service delivery affecting large parts of the community. Initial external support required.	Harm or damage creates significant, widespread, and/or long-term injury and incapacitation or partial destruction for an ecological system or species. Immediate and on-going remedial action is required, and recovery may be medium to long-term.	Injury causing serious injury that requires hospitalisation and/or ongoing treatment.	Multiple loss of life (mortality > one in one hundred thousand) health system over-stressed, large numbers of people displaced (more than 24 hrs). Council absorbed with managing the event, public administration struggles to provide merely critical services, loss of public confidence in governance, media coverage regionally and beyond.	Breach significantly impairs ability to satisfy a statutory obligation or for meeting the intended outcome of a regulatory or procedural requirement or undertaking. Action is non-compliant. Immediate and significant corrective action is required but may not remedy breach. Mandatory intervention by an enforcement agency, and potential for substantial penalty and/or liability.	Risk event at this level may prevent a business unit from delivering most of its core functions and services. Adverse impact would be felt at an Organisational level. Key service delivery to internal and external customers would be significantly compromised or unmet. A breach would have a major impact on other risk categories, with potential for significant fines, loss of accreditations or licensing, or high value damages claims. Potential liability \$500,000 or more.	Major impact on Council's reputation with significant adverse and intense media publicity. If a public issue, it may involve formal channels of community appeal and considerable Council resources to address process and outcomes. The risk may require intervention or escalation to authorities such as the Code of Conduct Panel, Minister of Local Government or the Integrity Commission.
<b>Critical</b>	Changes in government policy, social-economic conditions or local government sector will result in severe down-sizing of Council or will have severe negative socio-economic impact on community. Will require whole-of-government response.	Risk has the potential to significantly impair Councils ongoing financial sustainability. Potential loss \$1,000,000 or more.	Long term failure of significant infrastructure and service delivery affecting all parts of the community. Ongoing support at large scale required.	Harm or damage is significant and/or widespread and may range from serious injury and permanent destruction of one or more ecological systems or species. Immediate action is required to minimise further damage and to remove residual risk. Long-term remediation is required, although total recovery may never be possible.	Accidental death or permanent disability to one or more persons.	Widespread multiple loss of life (mortality > one in ten thousand) health system unable to cope, displacement of people beyond ability to cope. Council unable to manage the event, disordered public administration without effective functioning, public unrest, media coverage regionally and beyond.	Breach renders the action unlawful or non-compliant in its entirety. Very limited potential for corrective action, although action required to limit further damage. Mandatory intervention by one or more enforcement agencies, and potential for substantial penalty and/or liability regardless of whether the breach is remedied.	Risk event may have a significant long-term impact on the capacity of Council to deliver a core service. A breach would have a catastrophic impact on some other categories. Potential for fines, penalties or damages claims is likely to jeopardise the continuity of a key operation; or recovery and restoration is likely to be a significant long-term process requiring expert involvement.	Extensive damage to the Council's reputation. Significant and sustained adverse media coverage, and loss of public confidence on a wide scale. Potential for an Inquiry by the Minister for Local Government.

## Risk Appetite & Acceptance

According to ISO 31000, a risk appetite definition is “the amount and type of risk that an Organisation is prepared to pursue, retain or take.”

Risk is inherent in all Council’s functions and activities and all Council staff are responsible for managing risks within their area of work in a way that derives the best outcomes for Council and its stakeholders. This framework seeks not to eliminate risk but to effectively manage risks associated with Council functions and activities and to maximise opportunities by minimising adverse consequences.

Council will recognise and manage its exposure to risk and to accept a degree of risk commensurate with the potential reward and with consideration of its’ roles and responsibilities within the community. Council will give due consideration to public health, safety and environmental risks and comply with legal, regulatory or professional requirements and promote such within the community.

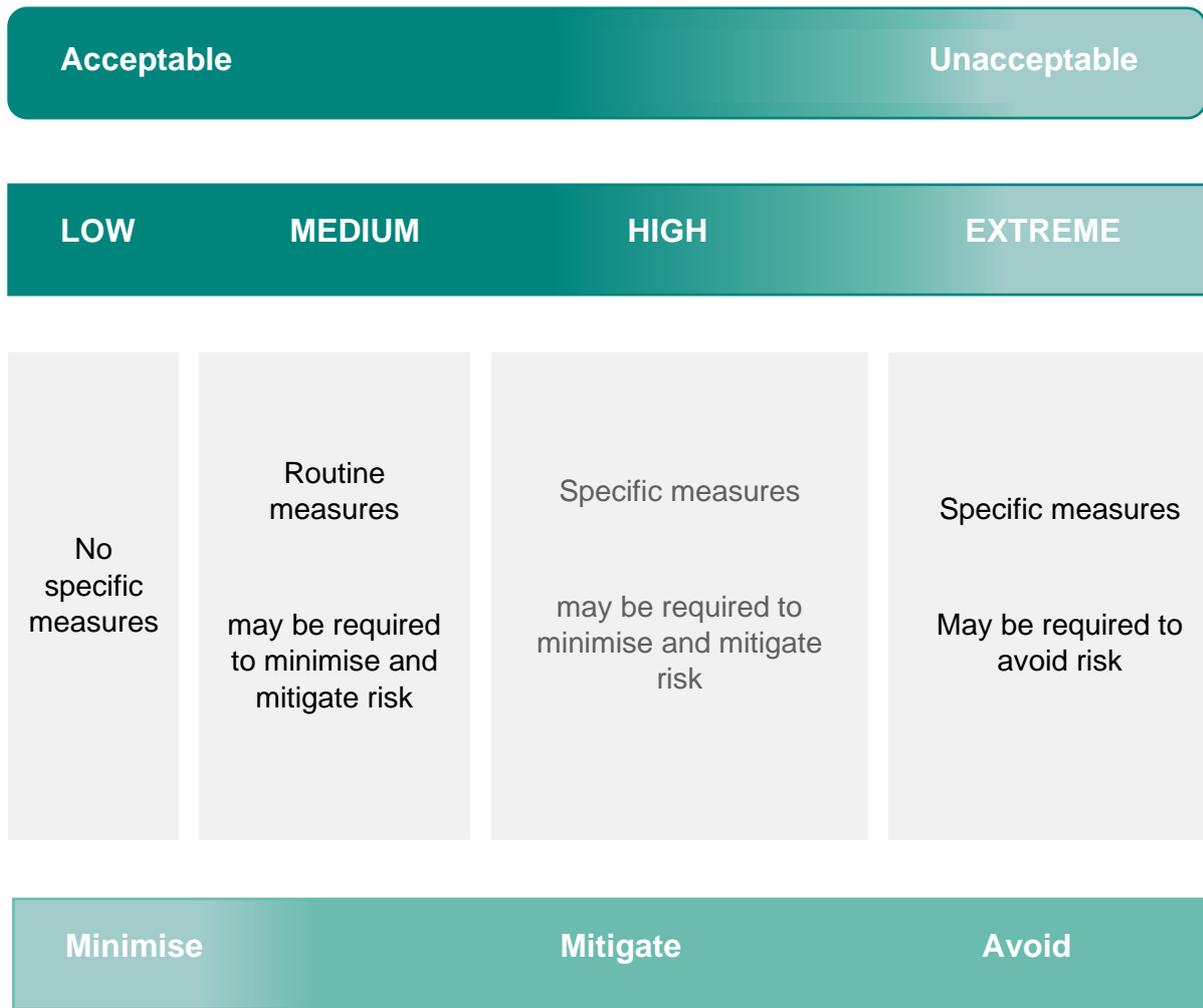
An **Acceptable** level or risk assumes that Council is always prepared to accept a certain level of risk in relation to each of the functions it undertakes.

A risk is generally ‘acceptable’ if it does not require a specific risk management measure or only requires routine measures required by regulation or recommended in industry standards and guidelines.

An ‘acceptable’ level or risk typically equates with a low risk ranking but there may be circumstances where Council is prepared to accept a higher level of risk if the reward is sufficiently attractive.

An **Unacceptable** level or risk means likelihood and/or consequence is not appropriate to the business or performance of Council. An unacceptable level of risk does not mean the activity should not happen. It does, however, require that something should be done about it.

The following table summarises the above approach to risk appetite:



Risk response may be by:

- **Routine Measures** as mandated by regulation or as described in documents such as industry standards, guidelines, and codes of practice.
- **Specific Measures** may be required as a result of risk assessment in order to achieve a tolerable level of risk that is particular to the characteristics and circumstances of the activity.



## WARATAH-WYNYARD COUNCIL

### APPENDIX A - TERMS OF REFERENCE RISK MANAGEMENT COMMITTEE

<b>COMMITTEE</b>	Waratah-Wynyard Council Risk Management Committee (WWCRMC)
<b>DATE &amp; STATUS OF TERMS</b>	November 2020
<b>PURPOSE</b>	<p>The primary focus of the Risk Management Committee will be the following:</p> <ul style="list-style-type: none"><li>• Set the Risk Management Framework.</li><li>• Ensure the systems that support the Risk Management Framework are being maintained and implemented in practice.</li><li>• Define and maintain an accessible set of risk management tools for use across the organisation.</li><li>• Undertake ongoing review and improvement of systems and tools that support the Framework.</li></ul> <p>Review result of internal and external audits and implement actions where appropriate.</p>
<b>REPRESENTATION</b>	<p>The Risk Management Committee will be structured to incorporate representation from all departments.</p> <p>The Transactional Services Coordinator will be the Chairperson of the Committee.</p> <p>Other staff members may be invited to attend meetings at the discretion of the Committee to advise and provide information.</p> <p>Membership of the Risk Management Committee includes membership from:</p> <ul style="list-style-type: none"><li>• Community – events, recreational users</li><li>• Information Technology</li><li>• Governance</li><li>• Works – Parks &amp; Civil</li><li>• Childcare</li><li>• Development &amp; Regulatory Services</li><li>• Engineering &amp; Projects</li><li>• People &amp; Safety</li><li>• Asset Services; &amp;</li><li>• Finance</li></ul>
<b>QUORUM REQUIREMENTS</b>	A minimum of 50% of the Committee are required to be present to form a quorum. The quorum should represent a cross section of the members where possible.
<b>MEETING FREQUENCY &amp; MEETING PLACE</b>	<p>The Risk Management Committee may determine its own meeting procedures and the frequency and timing of its meetings.</p> <p>The Risk Management Committee will meet at least once every 2 months.</p>

## REPORTING AND COMMUNICATION

The following reporting will be prepared and provided to various stakeholders by the Committee:

Stakeholder	Reporting
Council	→ Annual statistical report based on KPIs and risks identified, analysed, evaluated and treated. → To include details of risk resources and associated costs.
Audit Committee	→ Annual report to the Audit Committee (March each year or at a timing set by the Panel).
SMT	→ Annual report relating to risk maturity across the organisation. → Report on risks identified, analysed, evaluated, and treated and information on progress to plans.
OSHWELL (Health and Safety Committee)	→ Personnel injuries, incidents or reported near misses to any staff, contractor, volunteer or member of the public
Special Committees	→ Risk matters that may be identified in their areas of responsibility
Community	→ Progress reports yearly via Annual Report

## WORK PLAN

The Committee will undertake the following task to meet the requirements of its roles and responsibilities:

- Review and analysis of reported public incidents and public claims (Register of Incidents)
  - Review and analysis of insurance matters (Report: Register of Claims)
  - Review, populate and enhance the Risk Register (Report: Operational & Strategic)
  - Monitor and review internal and external audits
  - Monitor and progress improvements and recommendations of insurance and risk audits and inspections
  - Monitor legislative compliance (receive legislative audit outcomes)
  - Review the Business Continuity Plan (2 yearly)
  - Review the Risk Framework & Policy (2 yearly)
  - Review and maintain risk management tools as required.
- Provide advice on organisational education & training needs for risk.

## COMMENCEMENT DATE

These terms of reference will be reviewed by the committee every 2 years.