

# **Risk Management Framework – Policy and Procedure**

|                        |                                    |
|------------------------|------------------------------------|
| <b>Procedure Owner</b> | Risk and OHS<br>People and Culture |
| <b>Creation Date</b>   | 14/02/2011                         |
| <b>Revision Date</b>   | 12/04/2018                         |
| <b>Next Revision/</b>  | 14/09/2022                         |

## Policy Statement – Risk Management

Mitchell Shire Council (MSC) is committed to the process of identifying, quantifying and managing risk to minimise the effect on the objectives of the Council.

Risks are categorised as either strategic, operational or project based – where the “Risk” is defined in terms of the **effect of uncertainty on objectives**:

- *Strategic* – the effect on Council’s Strategic objectives;
- *Operational* – the effect on Business Department’s objectives;
- *Project* – the effect on specific project objectives.

There are ten areas identified where objectives may be impacted:

- *Reputation* – complaint level, disruption to partnership or relationships, media or image impact or impact on social or community expectations.
- *Outcome* – objectives regarding the outcome or output itself or to the timeliness of the outcome or output. Includes the impact on quality or community outcomes.
- *Asset management* – ensuring suitable, maintainable and sustainable assets are in good condition into the future
- *Project Management* – projects are delivered to a quality standard, on time and with value for money.
- *Financial* – the cost operationally of achieving the outcome
- *Sustainability* – long term financial viability or strategic impact
- *Governance* – in line with acts or on a regulatory basis
- *People* – impact on people in a safety, wellbeing or as resources for the organisation
- *Environment* – impact on flora or fauna, air quality, water quality or land impact
- *Risk Aversion* – how risk perception will affect the decision-making process on future outcome

Risks are categorised as Low, Medium, High and Very High based on consequence and the likelihood of the consequence occurring. The level of risk will define the intervention level and control required:

- *Very High* – Cease activity. CEO Approval required to continue activity
- *High* - Director approval or knowledge required to continue activity
- *Medium* - Manager approval or knowledge required to continue activity
- *Low* - Routine management

Controls are implemented to mitigate the risk using the hierarchy of control.

Risks are reviewed quarterly by each Directorate and reported to the Executive Leadership Team (ELT). The organisation reports on the high strategic risks to Audit Committee each quarter.

The Audit Committee will oversight the risk exposure of Council by advising management on appropriate risk management processes and adequate risk management systems to assure alignment of the Risk Management Framework with ISO 31000.

This Risk Management Framework will be reviewed in line with the four-year Council Plan.

Signed:

David Turnbull - CEO Mitchell Shire Council

## 1 Purpose

MSC supports a culture where staff at all levels are supported to proactively manage and report identified risks. This document is intended to provide direction to staff in the management, identification, assessment and reporting of risk. Continuous improvement of the Risk Management practices is to be undertaken, including the documentation and recording of those practices, to enhance alignment with the Risk Management policy.

## 2 Scope

The risk management framework for MSC is based on the International Standard ISO 31000. This standard includes a comprehensive list of definitions used on an international basis where “Risk” is defined in terms of the ***effect of uncertainty on objectives***.

This Risk Management Framework outlines the Risk Management Policy and Guidance Tools for the management of risk.

## 3 Definitions

**Risk** – effect of uncertainty on objectives. The *effect* is a deviation from the expected and may be positive or negative. Risks may be categorised to strategic, operational or project. A risk is analysed in the context of the organisation

**Context** – Can be an internal or external context – generally external includes the cultural, social, political, legal, regulatory, financial, technological, economic, natural and competitive environment, whether international, national, regional or local. Internal context would include governance, organisational structure, roles and accountabilities and systems in place to achieve them. Note the context is influenced by the relationship, perceptions and values of stakeholders.

**Objectives** – those things that the organisation would like to achieve, deliver or provide. Objectives are broken into different aspects.

**Aspect** – the key drivers or trends having an impact on objectives. These are currently defined as:

- Reputation – the reputation or image of the organisation, the community perception or media exposure outcome. This can lead to a measure of the performance in comparison to other Councils or the performance of partnerships with others including grant arrangements.
- Outcome – the outcome or output of a service, activity or project, or the timeliness of the outcome. The Local Government Act specifies the primary outcome of Council is to achieve the best outcomes for the local Community. The quality of the outcome may be considered a context of these objectives.
- Asset management –assets include roads, road infrastructure, buildings, vehicles, trees or any other item the Council can put a monetary value.
- Project Management - projects are delivered to a quality standard, on time and with value for money.

- Financial – the cost or any penalties which may influence the organisation from a governance or regulatory perspective. The Local Government Act requires financial prudence.
- Sustainability - long term financial viability or strategic impact influenced by grant arrangements, revenue streams or expenditure commitments.
- Governance - The Local Government Act mandates impartiality, integrity, accountability and responsibility. Other Acts and Legislations offer regulatory guidance to the services they govern.
- People – any group or individual involved in or affected by the delivery of Council services.
- Environment – includes physical factors such as land, water, atmosphere, climate, sound, odours, emissions, tastes which may affect humans, flora or fauna. Also includes social factors such as aesthetics and amenity.
- Risk Taking – how risk is applied to an activity and the impact on potential or future outcomes

**Consequence** – the outcome of an event affecting objectives. A consequence may be defined as:

- Negligible- very small impact on objectives
- Minor – will require additional effort to achieve objectives
- Moderate – considerable effort will be required to achieve objectives
- Major – objectives may not be met
- Critical – achievement of objectives is not possible

**Likelihood** – chance of a consequence occurring – these are defined as:

- Certain - the consequence is expected to occur in most circumstances
- Likely - the consequence will probably occur in some circumstances
- Possible - the consequence might occur at some time
- Unlikely – the consequence is not expected to happen but could
- Rare - the consequence may only occur in exceptional circumstances or never at all

## 4 Procedure

The international standards emphasise that for risk management to be effective it is important the risk management process is:

- value creating
- an integral part of organisational processes
- part of the decision-making process
- systematic, structured and timely
- able to address uncertainty
- based on the best available information
- tailored
- transparent and inclusive
- takes human and cultural factors into account
- dynamic, repetitive and responsive to change
- facilitates continual improvement and enhancement of the organisation

## 4.1 Managing Risks

Risks are categorised as either strategic, operational or project based – where the “Risk” is defined in terms of the **effect of uncertainty on objectives** as defined in the policy statement. The diagram (Figure 4.1) gives some examples of risks based on external and internal context.

The context in which a risk exists is important particularly considering the relationship, perceptions and values of stakeholders as this shapes the risk appetite of the organisation.

### 4.1.1 External Context

Currently MSC comprises urban centres in Seymour, Kilmore, Wallan and Broadford. Significant growth is forecast for the southern end of the Shire and moderate growth rates in the north. It is estimated that within the next twenty years the population of the Mitchell Shire will double. The demographics of the growth in each area of the Shire will be a driver for Council’s future objectives. The funding for the infrastructure and operational requirements for this growth will also be an influence in future plans. This will affect the Council plan and particularly the strategic risks of the organisation.

### 4.1.2 Internal Context

Local Government is a complex, multi business enterprise that has constant conflicts in allocating limited resources to build/maintain infrastructure and deliver community programs. In many instances, the community expectations are higher than what can be delivered. Internally risks in a strategic, operational and project context are driven in a finite funding environment with some ability to generate additional funding through government grants. MSC has a growing organisation in terms of structure and is focused on growing culturally as “ONE Mitchell”.

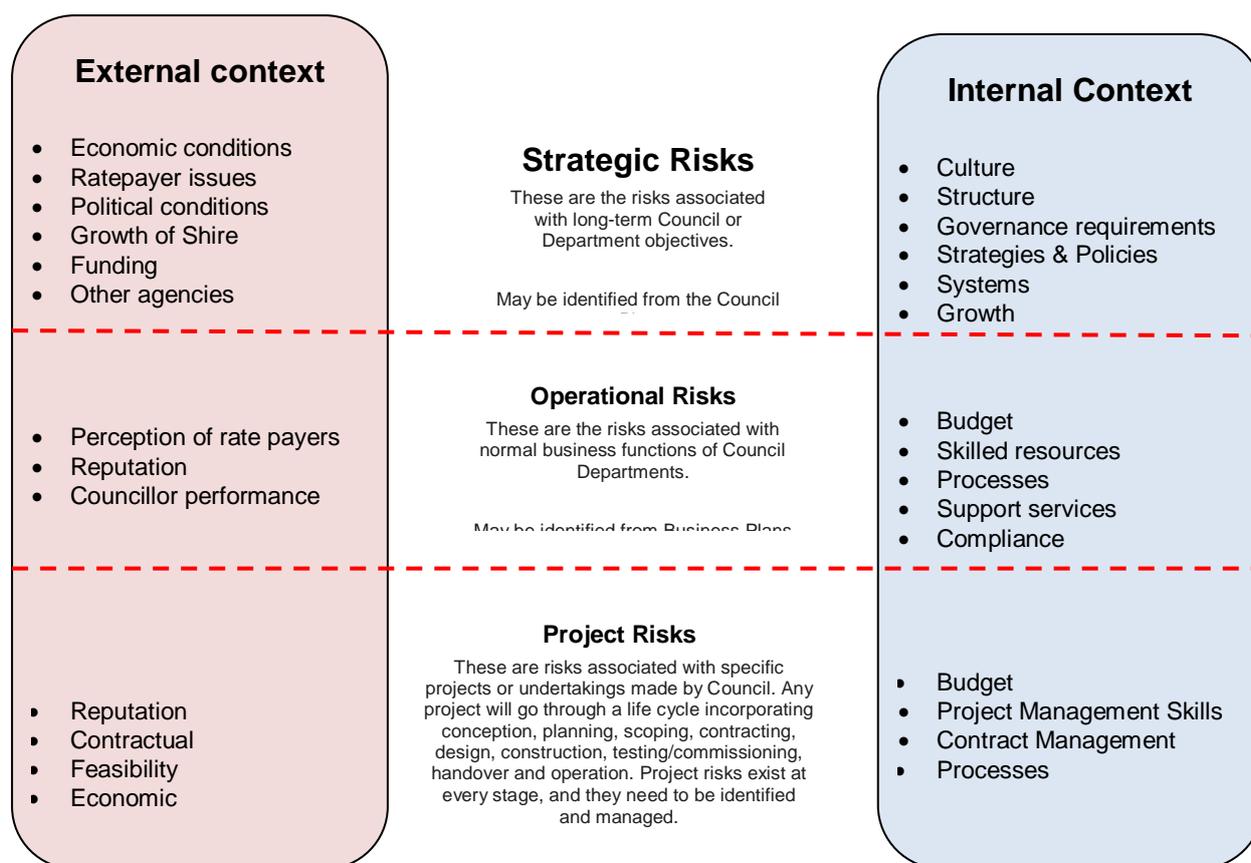


Figure 4.1

### 4.1.3 Effect on Objectives

Risks identified are documented in the Risk Register and ranked based on consequence and the likelihood of the consequence occurring. It is important when documenting a risk to identify what uncertainty exists (i.e. the event), the cause of this uncertainty and the effect of this event on objectives. In general, this will influence objectives around an aspect of the objective in the following areas:

- Reputational – impact to reputation or image or a perception in the wider community or to other Councils or to stakeholders of Council
- Outcome – the objective is specifically around the provision of a service, an output, its quality or timeliness of delivering this outcome.
- Asset management – the impact is on the ability of the Council to ensure suitable, maintainable and sustainable assets are available into the future.
- Financial – the monetary cost of the objective
- Governance - the potential for a penalty if not compliant to a regulatory requirement (e.g. the Local Government Act or the OHS Act)
- People – safety, psychological wellbeing or social, physical or mental health impact of the objective, or the influence of people resources on the objective
- Environment – impact on flora, fauna, soil or air
- Risk taking – the potential that being averse to risk-taking will impact of the future objectives of the Council

Generally, it is best to align the risk with the aspect where it has the most impact. This means that the aspect which has the highest consequence and is most likely will influence the level of risk determined from the risk matrix.

There are five levels of consequence identified which are ranked from 1 to 5 based on whether the outcome of interaction is Negligible, Minor, Moderate, Major or Critical. Similarly, there are 5 levels of likelihood which vary from A to E with Certain, Likely, Possible, Unlikely and Rare as the categories. A matrix leads to the identification of the risk as Low, Medium, High and Very High. Additionally each cell in the matrix has a number representing the risk score. This number helps differentiate different risks within the one rank and can assist in prioritising the order in which risks should be addressed.

This risk table is in Appendix 1.

## 4.2 Treatments

Once a risk is identified, there are three treatment options to be considered. Selection of the treatment will depend on the risk appetite and whether continuing with the activity or program is acceptable to Council.

| Risk Treatment Options |                                                                                                                                                                                                                                           |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Treat the Risk         | Evaluate the risk versus benefit in pursuing an opportunity.<br>Reduce the probability of a risk occurring.<br>Reduce the severity of the impact the risk may create.<br>Involve other stakeholders.<br>Insure against negative outcomes. |
| Tolerate the Risk      | In the context in which the risk exists it is considered to be acceptable to Council.                                                                                                                                                     |
| Shift the Risk         | Engage a specialist to continue the service.<br>Remove the risk source.<br>Don't start or continue with the activity or program.                                                                                                          |

The level of risk, the available controls (and resources to provide these) and the effectiveness of the controls may influence the treatment option selected.

## 4.3 Implementing Controls

The need for a control is not always driven by the risk score. Sometimes a simple, no cost process improvement can be implemented which will completely remove all risk from a process. In these cases the improvement would be implemented even if the risk was low.

In other instances, the risk score will assist in determining when to act to implement control measures. Where a Very High, High or Medium risk is identified approval from the relevant management level is required for the activity to continue as shown in the table below.

| RISK LEVEL         | Authorisation                             | Action                                                                                                                                                                                                                                                               | Additional Notes                                                                                                                                                                                                                   |
|--------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Very High<br>23-25 | Stop work.<br>CEO<br>Approval<br>required | Act immediately to mitigate the risk. Either eliminate, substitute or implement engineering control measures.                                                                                                                                                        | Remove the hazard at the source. An identified very high risk does not allow scope for the use of administrative controls, even in the short term.                                                                                 |
| High<br>16-22      | Director<br>approval<br>required          | Act immediately to mitigate the risk. Either eliminate, substitute or implement engineering control measures.                                                                                                                                                        | An achievable timeframe must be established to ensure that elimination, substitution or engineering controls are implemented.                                                                                                      |
|                    |                                           | If these controls are not immediately accessible, set a timeframe for their implementation and establish interim risk reduction strategies for the period of the set timeframe.                                                                                      | NOTE: Risk (and not cost) must be the primary consideration in determining the timeframe.                                                                                                                                          |
| Medium<br>7-15     | Manager<br>approval<br>required           | Take reasonable steps to mitigate the risk. Until elimination, substitution or engineering controls can be implemented, institute administrative or personal protective equipment controls. These “lower level” controls must not be considered permanent solutions. | Interim measures can be implemented until permanent solutions can be put in place or determined:<br>Develop administrative controls to limit the use or access.<br>Provide supervision and specific training related to the issue. |
| Low<br>1-6         | Routine<br>management                     | Take reasonable steps to reduce and monitor the risk. Look to permanent controls in the long term – these may be administrative.                                                                                                                                     |                                                                                                                                                                                                                                    |

In considering a control it is best to look at the effectiveness of the control. Controls where exposure to a risk is eliminated are better than a procedural or administrative control. This is represented in the following table:

| <b>Hierarchy of Control</b> Interventions identified may be a mixture of the hierarchy in order to provide as low as reasonably practicable (ALARP) exposure. |                                                                   |                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Most effective<br><br><br><br>Least effective                              | <b>Elimination</b>                                                | Eliminate the risk by preventing exposure to the consequence. Redesign the process to eliminate the risk.                                                               |
|                                                                                                                                                               | <b>Substitution</b>                                               | Provide an alternative that can provide the same outcome but is less risk.                                                                                              |
|                                                                                                                                                               | <b>Engineering Controls</b>                                       | Provide or construct a physical barrier or guard.                                                                                                                       |
|                                                                                                                                                               | <b>Administrative Controls (also known as Procedural Control)</b> | Develop policies, procedures practices or guidelines in consultation with employees to mitigate the risk. Provide training, instruction and supervision about the risk. |
|                                                                                                                                                               | <b>Personal Protective Equipment (PPE)</b>                        | Personal equipment designed to protect the individual from the hazard.                                                                                                  |

A control can also be assessed for its effectiveness. These are defined as:

|   |                                                                                                            |
|---|------------------------------------------------------------------------------------------------------------|
| N | <b>Not generally applied</b> or only applied in isolated situations for example in less than 20% of cases; |
| P | <b>Partially applied</b> , not usually documented or applied in less than 50% of cases;                    |
| L | <b>Largely applied</b> , formally documented and largely repeatable or applied in up to 85% of cases;      |
| F | <b>Fully applied</b> , formally documented and fully repeatable or applied in more than 85% of cases.).    |

Where a control is not effective this affects the capability of the organisation to consistently manage the risk. The more robust the control, the more accurate the assessment of the risk. For example, a risk which is assessed as “Medium” with controls which are “Not generally applied” has a higher potential for the consequence occurring than one where the controls are “Fully applied”. Evaluating the effectiveness of a control to manage the risk can allow a choice between different controls, or can highlight the need for further controls to be implemented. It may also help determine whether further treatment of the risk is required.

For further assistance on developing control or to assess the effectiveness of a control contact the Risk and OHS team.

#### 4.4 Monitoring Risks

The key mechanisms to ensure effective risk management is the Executive Leadership Team (ELT) to regularly review the risk register to provide strategic advice on continual improvement. Internal audit is also used to review the risk assessment, management and control processes

The Audit Committee will oversight the risk exposure of Council by advising management on appropriate risk management processes and adequate risk management systems to assure alignment of the Risk Management Framework with ISO 31000.

The Audit Committee will review all or any part of Council’s Risk Management Framework to validate the extent of compliance with this policy on an “as required” basis.

Once identified, Risks are registered and managed by the assignee and reported to ELT by the Risk and OHS team.

#### 4.5 Training

For training on risk assessment, risk management or risk control please contact the Risk and OHS Coordinator. Training on the risk framework for SLT, ELT and

Councillors is undertaken every two years or following a significant change to the framework.

## 5 Responsibilities

This policy and procedure is managed by the Manager, People and Culture and is the responsibility of the Risk and OHS Coordinator to ensure it is updated, trained and monitored for the organisation

Risks are reported and monitored through the Risk Register. The Risk Register records actions taken on risks and provides for corrective actions to be monitored and escalated as appropriate. In general, the areas of responsibility for risks are as follows:

| Position                                   | Responsibility                                                                                                                                                                                                                                                                                                                             |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Councillors                                | Councillors are responsible for budgets, projects and goals for the organisation. Councillors should be aware of the risks associated with the decisions they make. Councillors have an impact on how ratepayers perceive the organisation and its effectiveness.                                                                          |
| Audit Committee                            | The Audit Committee is responsible for the oversight of the risk management process across Council.                                                                                                                                                                                                                                        |
| Internal Audit                             | Internal Audit provides an independent review function to Council. Internal Audit, in accordance with the Internal Audit Strategy approved by the Audit Committee, evaluate, test and report on the design and effectiveness of internal controls in place to manage the key risks of Council.                                             |
| CEO (Chief Executive Officer)              | The CEO is ultimately responsible for risk management of the organisation and is the risk owner of Council's strategic risks. The success or otherwise of managing risk will be influenced by how well the principles are embedded in all levels of management and the organisation. The CEO is the link between Councillors and Officers. |
| ELT (Executive Leadership Team)            | ELT review and manage risks for the organisation. Each Director is responsible for the Strategic Risks within their directorate and reporting on this to ELT.                                                                                                                                                                              |
| Managers                                   | The Manager of each department is the risk owner for operational and project risks within their departments control.                                                                                                                                                                                                                       |
| Risk and OHS Coordinator and Officers      | Responsible for providing advice to risk owners, training and monitoring of the Risk Register. Reviews the framework in conjunction with the organisation to allow for continuous improvement of the framework. This is done as required and as each four-year Council Plan is developed.                                                  |
| Coordinators, Team Leaders and Supervisors | These positions may include the risk owners for operational and project related activities. The risk owners are also responsible for consultation in the risk management process. They also monitor controls implemented to manage their risks.                                                                                            |
| Employees, contractors and volunteers      | Understand and observe Council's Risk Management Policy and processes. All employees should be aware of the risk process and principles. They must participate in the consultative process and actively put forward both positive and negative risks/solutions/controls for their area of expertise.                                       |
| Contractors                                | All contractors must comply and work within Council's risk management process. They must demonstrate that they have addressed risks associated with the work that they perform for Council.                                                                                                                                                |

## **6 Related Documents**

*Legislation – Local Government Act 1989, OHS Act (Vic) 2004*

*Standards – ISO 31000 – Risk Management – Principles and Guidelines*

# Appendix 1 – Risk Matrix as at 15 August 2017

When attributing a level of risk consider:  
 1) What might happen?  
 2) What are the consequences of what might happen? and  
 3) What is the likelihood of this consequence?  
 This will place your risk within a section of the matrix - from Low to Very High.

|                      |                |                                                                                                                                                                  |                                                                                                                                                                                                                   |                                                                                                                                                                           |                                                                                                                                                                       |                                                                                                                                                                                                |                                                                     |                                                                                                     |                                                                                                                                                                         |                                                                                                                                                                                    |                                                                          | Likelihood Criteria                                                                                                                                           |                                       |                            |                                           |                                    |                                         |
|----------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------|-------------------------------------------|------------------------------------|-----------------------------------------|
|                      |                | Reputation                                                                                                                                                       | Outcome                                                                                                                                                                                                           | Asset Management                                                                                                                                                          | Project Management                                                                                                                                                    | Financial                                                                                                                                                                                      | Sustainability                                                      | Governance                                                                                          | People                                                                                                                                                                  |                                                                                                                                                                                    | Environment                                                              | Risk Aversion                                                                                                                                                 | A Certain                             | B Likely                   | C Possible                                | D Unlikely                         | E Rare                                  |
|                      |                | Partnership/ Relationship/ Feedback/ Media exposure/ Benchmarking                                                                                                | Impact on quality or community. Ability to meet objectives/ fulfill requirements                                                                                                                                  | Suitable, maintainable, in good condition, serviceable into the future                                                                                                    | Projects are delivered to a quality standard, on time and with value for money                                                                                        | Operational - effect on operating budget                                                                                                                                                       | Long term financial viability                                       | Compliance with acts and regulations                                                                | Safety/ Wellbeing & Culture                                                                                                                                             | Right people attracted, resourced, developed, deployed and retained                                                                                                                | Climate, sustainability, recovery                                        | Impact on future outcomes                                                                                                                                     | Almost certain to occur in most cases | Likely to occur frequently | Possible and likely to occur at some time | Unlikely to occur but could happen | May occur in rare and exceptional cases |
| Consequence Criteria | 1 - Negligible | Isolated example, Disagreement, 0-2 complaints, local or internal gossip, 1-5% below quantile                                                                    | Local rather than community impact. Some negotiation by management to rebalance of priorities or delays. Service delivery affected <1 day.                                                                        | Some adaptation of facility is required to suit purpose. Maintenance is prioritised due to funding constraints                                                            | Specification, tender or selection process compromised to allow timeframe or objectives to be met. Project commitments will absorb 10% of contingency                 | Likely to impact on budget or funded activities <2% of budget                                                                                                                                  | Some loss of revenue or increase in expenses (<\$100k)              | No noticeable regulatory or statutory impact. Breach of By-law.                                     | First aid injury. Happy, motivated, mostly engaged workforce.                                                                                                           | No difficulty attracting the right people. Turnover <8%.                                                                                                                           | No or little environmental impact                                        | Failure to identify risks involved                                                                                                                            | 1A Medium (11)                        | 1B Medium (7)              | 1C Low (4)                                | 1D Low (2)                         | 1E Low (1)                              |
|                      | 2 - Minor      | > 1 disagreement, 2-10 complaints, local media queries (letters to Ed), 5-10% below quantile                                                                     | More than one locality impacted. Day-to-day management to rebalance priorities or reschedule more than one activity. Objective begins to be impacted. Service delivery affected 1 day-1 week.                     | Capital works program required to allow assets to meet requirements for the community. Some underutilisation of assets.                                                   | Only adequate spec, and minimal compliance to procurement policy. Supervision required to prevent delays. Milestones out by >1week. Project at 10-50% of contingency. | Some financial loss. Requires monitoring and possible corrective action within existing resources. 2-5% of budget                                                                              | Readily absorbed costs with effort to minimise impact (\$100k-M\$1) | Some temporary minor non-compliance that can be rectified. Breach of Regulation                     | Medical treatment required. Some disengagement from Workplace, some absenteeism. Some levels of dissatisfaction.                                                        | Some difficulty attracting the right people, >10 permanent positions vacant. Turnover <8%                                                                                          | Minor environmental damage restricted to immediate area                  | Stakeholders not identified, Risk assessment process not well applied or understood. Risk treatments not identified                                           | 2A High (16)                          | 2B Medium (12)             | 2C Medium (8)                             | 2D Low (5)                         | 2E Low (3)                              |
|                      | 3 - Moderate   | Loss of grant, disengaged, 10+ complaints, local news and radio prolonged, 10-25% below quantile                                                                 | Community backlash or rejection. Management effort/ focus <1 week. Rescheduling of milestones to allow achievement of objectives/ 11-30% service disruption. Service Delivery affected 1 week - 1 month.          | Significant Renewal Gap. Facilities are aging and insufficient funds to maintain or renew. Definite underutilisation of facilities by the community.                      | Administrative errors, supervision and oversight required to keep project on track. Milestones out by >1 month. Project 50-100% of contingency                        | Significant financial loss. Impact may be reduced by reallocating resources. Spending is avoided. 5-10% of budget                                                                              | Additional management intervention and effort required (M\$1-M\$3)  | Medium term non-compliance that can be rectified. Breach of Statute Law                             | Medical treatment involving lost time (<10days). Pockets of disengagement from workplace, patterns of absenteeism and presenteeism.                                     | Difficult to attract the right people. Some contract staff engaged, >5 permanent positions vacant each week for +3-months. >2 senior roles vacant. Turnover <15%                   | Environmental damage restricted to local area                            | Slow progress because avoiding risk. Avoiding spending. Avoiding decisions                                                                                    | 3A High (20)                          | 3B High (17)               | 3C Medium (13)                            | 3D Medium (9)                      | 3E Low (6)                              |
|                      | 4 - Major      | Responsibilities withdrawn, External investigation (coroner/IBAC), 50+ complaints, State media coverage, 25-50% below percentile                                 | Widespread community impact. Management effort >1 week. Rescheduling of goals to negotiate delay. Likely an objective or component will not be met. 31-70% service disruption. Service Delivery affected >1 month | Assets require replacement but no funding available. Assets difficult to be adapted to meet the needs of the community. Assets are surplus to the needs of the community. | Significant supervision and oversight required to keep project on track. Milestones out by >6 months. Project at 100-150% of contingency.                             | Major financial loss. Requires significant adjustment to approved/ funded projects/ programs 10-20% of budget                                                                                  | Critical need for management intervention and effort (M\$3-M\$7)    | Non-compliance results in penalties being applied. Breach of Constitutional Law                     | Medical treatment involving >10 days off work or in hospital. Disengagement is affecting output, people generally not motivated/ apathetic workforce. Absenteeism high. | Using contract staff to fill vacancies long term. Multiple senior roles, <30% of teams missing one employee, >10 permanent positions vacant each week for +6-months. Turnover <20% | Environmental damage affecting portion of Shire                          | Opportunities lost for community because Risks seen as more significant that the outcome of the project. Not able to identify risk treatments to manage risk. | 4A Very High (23)                     | 4B High (21)               | 4C High (18)                              | 4D Medium (14)                     | 4E Medium (10)                          |
|                      | 5 - Critical   | Administrator engaged, Council sacked, External investigation (Royal Commission), National/International media coverage, bottom of state or 50% below percentile | Multiple widespread community impacts. 100% concentrated management effort or not able to deliver. Rescheduling of goal and objectives. >70% service disruption.                                                  | Assets are not capable of providing the service intended. Do not meet community expectation. No funding is available for asset renewal                                    | Spec not delivering on outcome. "Proper Planning and Preparation Prevents Poor Performance" not met. Milestones not achievable. Project >150% of contingency.         | Huge financial loss. Significant budget overrun with no capacity to adjust within existing budget/ resources. May attract adverse findings from external regulators or auditors >20% of budget | Potentially disastrous impact on business or key area (>M\$7)       | Non-compliance results in exposing Council to severe penalties and litigation. Breach of Common Law | Death or Permanent Disability.                                                                                                                                          | Not attracting staff to roles. All levels of organisation with vacancies - most teams affected (>30% of teams have vacancies). Turnover >20%.                                      | Major environmental disaster significantly affecting Council operations. | Progress stopped because Risk considered more important than activity                                                                                         | 5A Very High (25)                     | 5B Very High (24)          | 5C High (22)                              | 5D High (19)                       | 5E Medium (15)                          |

These criteria reflect our "risk appetite" – our key areas of consideration ("things we value") & our "risk acceptability" thresholds.

Simplified Risk Matrix for OHS Documents:

|                       |                                                                                                                          |                                                                                   |                                                                                   |                                                                            | Likelihood Criteria                           |                            |                                           |                                    |                                                          |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------|----------------------------|-------------------------------------------|------------------------------------|----------------------------------------------------------|
|                       |                                                                                                                          |                                                                                   |                                                                                   |                                                                            | A - Certain                                   | B - Likely                 | C - Possible                              | D - Unlikely                       | E - Rare                                                 |
|                       | Outcome                                                                                                                  | Reputational                                                                      | Environment                                                                       | Human                                                                      | Almost certain to occur in most circumstances | Likely to occur frequently | Possible and likely to occur at some time | Unlikely to occur but could happen | May occur but only in rare and exceptional circumstances |
| <b>1 – Negligible</b> | Minor repair required. Very small impact on your activity/objective and can be managed through normal processes          | Local gossip; or 0-1 complaints                                                   | No or little environmental impact                                                 | No injury or first aid injury. No lost time reported                       | Medium (11)                                   | Medium (7)                 | Low (4)                                   | Low (2)                            | Low (1)                                                  |
| <b>2 – Minor</b>      | Repair will take 1 day-1 week. With some extra effort you can achieve your objective                                     | Performance level results in Regional gossip; or 1 -2 complaints                  | Minor environmental damage restricted to immediate area                           | Medical intervention injury / illness Injury<10 days                       | High (16)                                     | Medium (12)                | Medium (8)                                | Low (5)                            | Low (3)                                                  |
| <b>3 – Moderate</b>   | Repair will take 1 week to 1 month. There is doubt that you will achieve objective without considerable effort.          | Performance level results in Regional media exposure; or 2-10 complaints          | Environmental damage restricted to local area                                     | Medical intervention (possible inpatient) injury / illness. Injured<1month | High (20)                                     | High (17)                  | Medium (13)                               | Medium (9)                         | Low (6)                                                  |
| <b>4 – Major</b>      | Repair will be more than 1 month to implement. Your objective is threatened or an important component cannot be achieved | Performance level results in regional media story; or 11+ complaints; or petition | Environmental damage affecting portion of MSC. Business Continuity Plan effected. | Serious injury / illness < 1 year. Hospitalisation >10 days                | Very High (23)                                | High (21)                  | High (18)                                 | Medium (14)                        | Medium (10)                                              |
| <b>5 – Extreme</b>    | Item is not repairable. What you are trying to achieve will not be not possible.                                         | National media exposure; or Public outcry; or lost reputation                     | Major environmental disaster significantly affecting Council operations.          | Death or permanent emotional or physical disability                        | Very High (25)                                | Very High (24)             | High (22)                                 | High (19)                          | Medium (15)                                              |

When attributing a level of risk consider:  
 1) what might happen?  
 2) what are the consequences of what might happen? and  
 3) what is the likelihood of this consequence?  
 This will place your risk within a section of the matrix - from Low to Very High.

These criteria reflect our “risk appetite” – our key areas of consideration (“things we value”) & our “risk acceptability” thresholds.