



Risk Management Framework

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References:

Risk Management Standard ISO 31000:2018
Whitsunday Regional Council – Risk Management Framework
Burnie City Council – Risk Management Framework
Mid-Western Regional Council – Risk Management Framework
Many Caps Consulting



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Introduction

The Latrobe and Kentish Councils' have entered into a 'municipal alliance' whereby they maintain their separate identities but have a combined workforce and operations. The 'municipal alliance' has allowed the Councils' to continue to provide strong leadership and good governance in their respective communities.

This Risk Management Framework establishes an agreed process for supporting a consistent, effective and structured approach to assessing and managing risk, even though from time to time the respective Councils may have different risk exposures or different risk tolerances on some activities, however the way they are identified and managed will generally be consistent across both organisations.

Purpose

The purpose of this Risk Management Framework is to support a consistent, effective and structured approach to managing risk and to support both the Latrobe and Kentish Councils' to achieve their objectives and embed Risk Management in all of their strategic and operational processes. This in turn will support staff in understanding the implications of risk and risk management opportunities and will assist councillors and staff to make informed decisions based on suitable risk assessments and risk criteria.

The Risk Management Framework defines the risk management processes and procedures for both Councils'.

Risk Management is the structured approach of aligning strategy, processes, people, technology and knowledge with the desired purpose of evaluation and management of risk. Risk Management is critical to both Councils' ability to achieve the goals and objectives they have set for themselves in their separate Strategic Plans.

This Framework outlines the processes the Councils' will use for managing risk across all of their activities and functions. The Framework also outlines how the Councils' will ensure risks are managed effectively and efficiently.

This Framework is supported by a Risk Management Policy which is aimed at enhancing the Council's risk capability and resilience.



The Councils' success relies upon factors including:

- the health and wellbeing of their people;
- due care towards their customers and the community;
- the protection of their assets;
- incorporating legislative requirements into work processes;
- sound financial management; and
- good governance and political decision making.

Effective risk management relies on leadership and commitment from all sections of the Councils'.



Principle	Definition
Leadership & Commitment	Councillors and management will ensure that risk management is integrated into all of the Councils' activities and will proactively demonstrate strong leadership and commitment.
Integration	Integrating risk management is a dynamic and iterative process, designed and customised to meet both Councils' needs and culture. Risk management is part of, and not separate from the Councils' purposes, governance, leadership and commitment, strategy, objectives and operations.
Design	Risk management by design: <ul style="list-style-type: none"> • examines and understands the external and internal context; • articulates risk management commitments; • assigns appropriate roles, accountabilities and responsibilities; • allocates appropriate resources; • establishes communication arrangements in order to support the framework; and • facilitates the effective application of Risk Management.
Implementation	The Risk Management Framework ensures risk management processes are a part of all activities throughout the Councils' including decision making and that the arrangements for managing risk are clearly understood and practised.
Evaluation	The Councils' will periodically measure performance of the Risk Management Framework against their purpose, indicators and implementation plans and determine whether it remains suitable to support the Councils' in achieving their objectives.
Improvement	Council will continually monitor, improve and adapt the Risk Management Framework to ensure that risk management is continually enhanced.

Definitions

The following definitions apply to the Councils' Risk Management Framework:

	Definition
Councils	The Latrobe and Kentish Councils.
Inherent Risk	The effect of uncertainty on objectives (Note: an effect is a deviation from the expected and can be positive and/or negative).
Risk Management	Coordinated activities to manage the Councils' risks.
Consequence	The outcome or impact of an event, and in particular, the probable worst-case scenario.

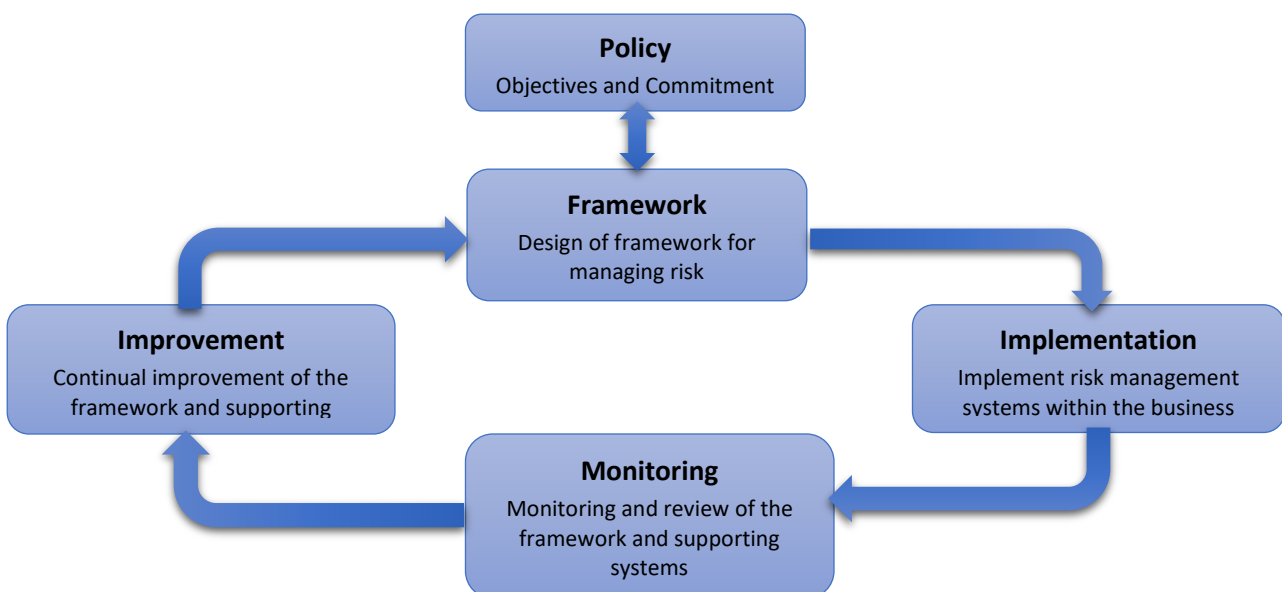
	Definition
Control	Measures that address or modify risk including policies, devices, practices, training or development opportunities for staff, etc.
Likelihood	Chance of something happening.
Acceptable Risk	A risk where current controls minimise risk sufficiently so that the Councils' deems that mitigating actions are not required.
Residual Risk	The risk remaining after risk treatment.
Risk Owner	Person or entity with the accountability and authority to manage the risk.
Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Councils' operations.
Risk Profile	The levels of risk assessed by Councils.

Scope

This Risk Management Framework provides:

- risk management principles;
- risk management processes; and
- risk reporting.

Interrelated risk elements

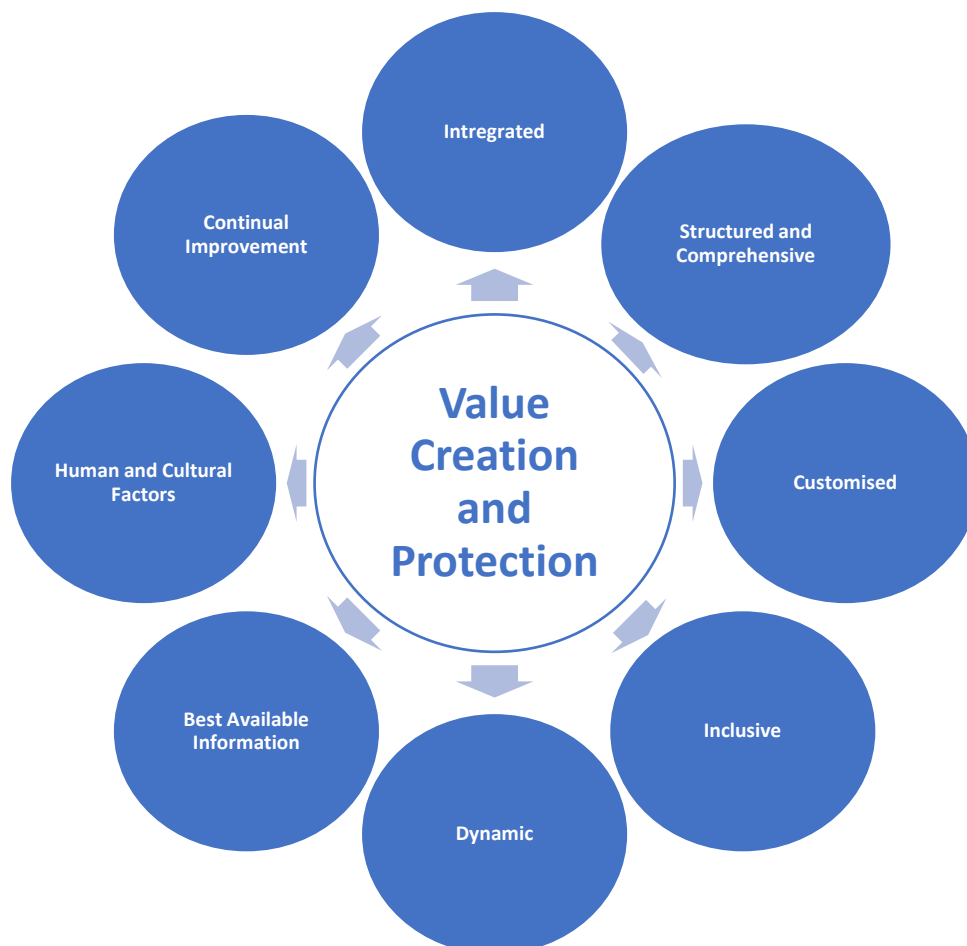


Risk is a shared responsibility and applies to all councillors, employees, contractors, and any person or organisation that acts for, or on behalf of, the Councils.

The Councils will utilise the framework provided by the Risk Management Standard ISO 31000:2018 to develop and implement their joint approach to:

- risk identification;
- risk analysis;
- risk evaluation;
- risk treatment;
- monitoring and review; and
- communication and consultation.

ISO 31000:2018 has identified eight (8) principles to be applied for effective and efficient risk management, communicating its value and explaining its intention and purpose.



Principle	Definition
Integrated	Risk management is an integral part of the Councils' activities.
Structured and comprehensive	A structured and comprehensive approach to risk management contributes to consistent and comparable results.
Customised	Risk management processes are customised and proportionate to the Councils' external and internal contexts relative to their 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 the Councils' external and internal contexts 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 considers any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to all 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.

Risk Management Principles

What is a Risk?

A risk is defined as:

“An uncertain event, which if it occurs, may have an impact on the Councils ability to provide services to the community”.

A risk can have either a positive or a negative effect, however, for the purpose of this document the management processes described will primarily focus on dealing with risks that are more likely to have a negative impact on the Councils'.

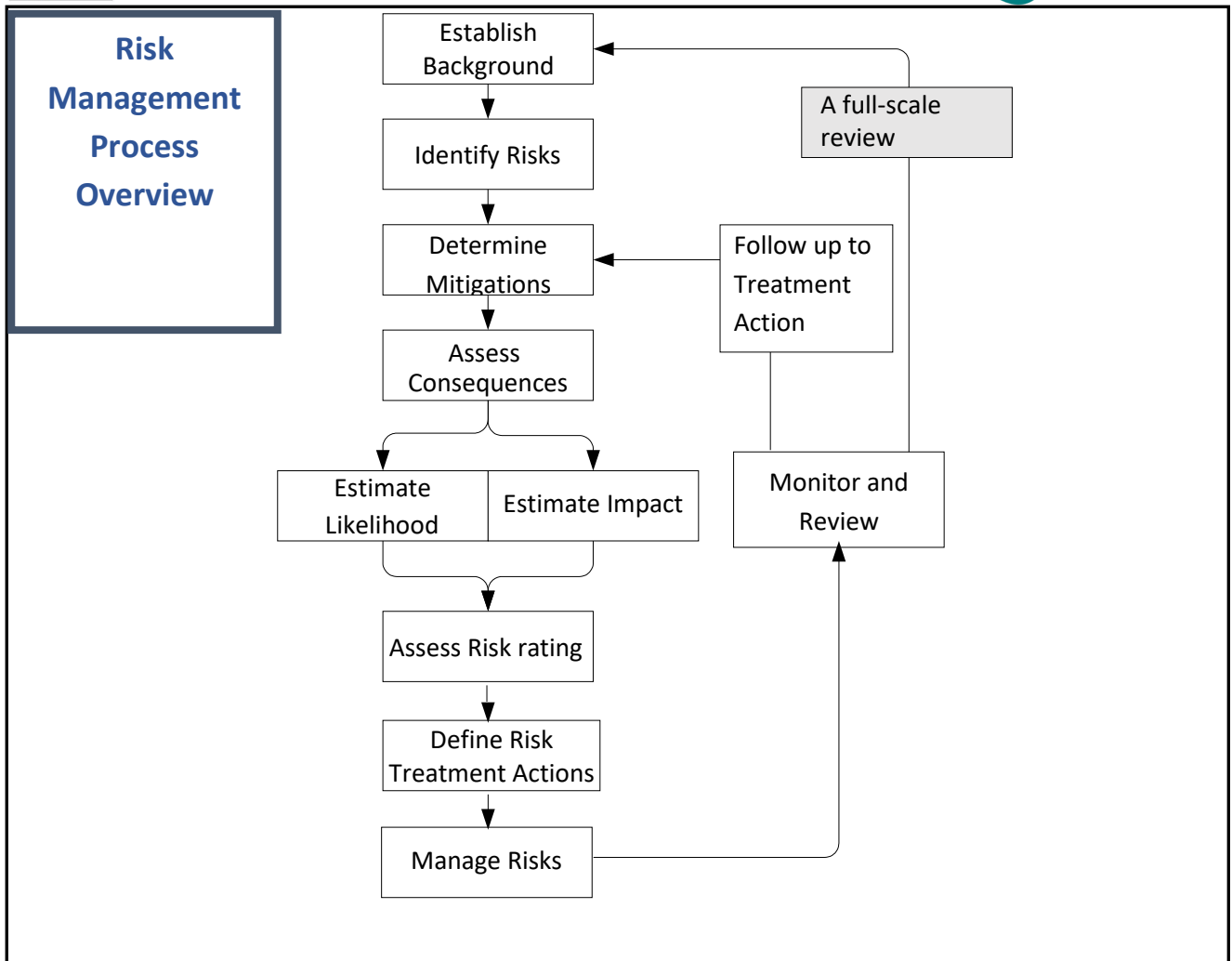
Risk Management Framework

Process overview

The risk management process is a step by step systematic approach, which is used by the Councils' to assist them in undertaking adequate assessment and planning to support the commitment of resources to manage and treat identified strategic and operational risks.

The risk management process can be divided into the following key activities:

- establishing the background;
- identifying the risks;
- analysing the risks;
- treating of the risks; and
- monitoring and reviewing the risks identified.



The Councils' Risk Management Framework has been developed with a focus on managing risk at the strategic, operational and project levels of the business. This document is aimed at ensuring the concept of risk management is integrated in the Councils' approach to all activities and projects, assisting to inform decision-making, organisational culture, and positive outcomes.

Risk Management Policy

The Risk Management Policy establishes the Councils' commitment to risk management throughout their organisations. The aim of the Risk Management Policy is to ensure there is a culture and awareness of the processes directed towards the effective management of risks across the Councils'. Risks are to be managed in a manner consistent with the Councils' risk appetites. Risk tolerance and mitigation is achieved through the implementation of sound risk management practices and processes.

The Councils' will assess risks at the following levels:

Level	Description
Strategic Risks	Strategic risks for the Councils are those that affect the sustainability of the organisation or the ability to deliver on the strategic objectives of their Strategic and Annual Plans. Strategic risks are significant risks that affect the longer-term interests of the Councils and the community and are of a higher level as they have the potential to possibly affect future service delivery.
Operational Risks	Operational risks are those that affect the viability of achieving activities associated with individual departmental activities and operational objectives. These risks include issues that affect the basic services of business as usual, relate to the effective and efficient use of the Councils' resources, and can have a day-to-day impact on specific service delivery.
Project Risks	Project risks are risks associated with individual projects, initiatives or day-to-day activities of the Councils. Project risks can be assessed in the project planning phase and throughout the duration of a business activity.

Risk Appetite and Tolerance

Risk appetite is the level of risk that each Council is prepared to accept in pursuit of its objectives. It represents a balance between the potential benefits of innovation and the threats that change inevitably brings. The ISO 31000:2018 risk management standard refers to risk appetite as the 'amount and type of risk that an organization is prepared to pursue, retain or take'.

The Councils' risk appetite is defined as the amount and type of risk they are willing to pursue, retain, take or turn away from in the achievement of their strategic goals and objectives.

The Councils will independently apply the following categories to determine their risk tolerance by 'risk class':

Level of Risk Appetite	Description
Low	Preference for options that avoid risk or have low inherent risk.
Moderate	Preference for safe options with low degree of residual risk and limited potential for reward.
High	Willing to consider all options with a preference for an acceptable level of reward. Enthusiasm for innovation leading to preference for higher rewards despite greater inherent risk also considered.

Risks which are acceptable in line with the Councils' risk appetite, must continue to be monitored in case circumstances change.

- **Extreme** – STOP – process step must be redefined, or further control measures must be in place to reduce the residual risk.
- **High** – additional controls to be considered and discussed.
- **Medium** – proceed with due care, additional controls should be implemented (if practicable).
- **Low** – adequate process controls are in place.
- **Insignificant** – process controls are in place.

For risks that are not acceptable, a specific risk treatment plan which includes the following areas must be developed and implemented:

- the reasons for selection of treatment options, including expected benefits gained;
- those who are accountable for approving the plan and those responsible for implementing the plan;
- proposed actions to be taken;
- resourcing requirements;
- performance measures and constraints;
- reporting and monitoring requirements; and
- timing for implementation.

Risk Management Process

Establish Context

Establishing the context requires an examination of the external, internal and risk management environments in which the risk identification, analysis and treatment options will be considered.

The external environment includes factors such as legal, regulatory, political, economic, social, cultural, technological, and external stakeholders.

The internal context includes factors such as the staffing structure, governance, culture, policies, goals and objectives, capabilities and internal stakeholders.

When identifying and assessing risk against the adopted criteria contained within this Risk Management Framework document, management and staff will consider the context within which they operate.

Using the ISO 31000:2018 Risk Management Guidelines to manage risks, provides the Councils' with a structured and proactive approach which can be applied to support management of strategic, operational and/or project risks.



Identify the Risks

The purpose of the risk identification step is to produce a comprehensive list of both project and/or strategic objectives.

This step requires the application of a well-structured systematic process, and helps to identify what, why and how adverse things can arise as the basis for future analysis. This includes identification of the sources of risk, areas of impacts, events (including changes in circumstances) and their causes and potential consequences.

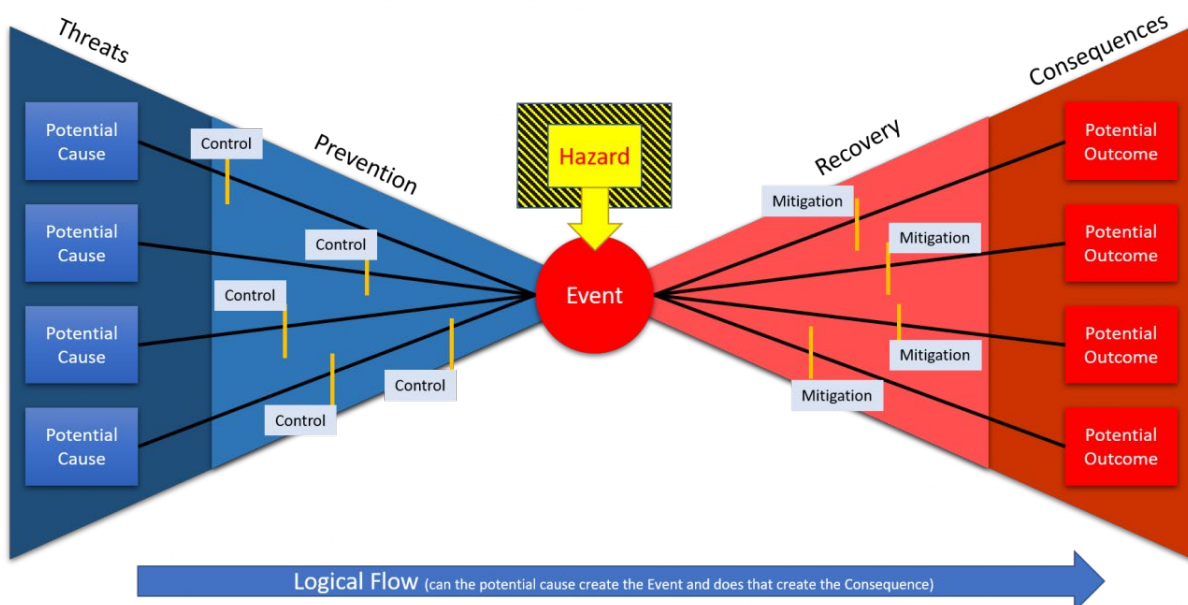
Sources of risk could include:

- commercial/legal relationships;
- socio-economic factors;
- political/legal influences;
- personnel/human behaviours;
- financial/market activities;
- management activities/controls;
- technology/technical issues;
- an activity itself and/or operational issues;
- business interruption; and
- natural events.

Analyse the Risks

Risk analysis involves consideration of the causes and sources of risk, their potential consequences and the likelihood of those consequences occurring. Analysing the risk will also include consideration of:

- Success Factors – what will enable the Councils to manage the risk well?
- Positive Outcomes (opportunities) – what will be the result if the Councils' manage the risk well?
- Poor Outcomes (causes / consequences) – what could lead the Councils' to poor outcomes and what might the consequences be?



(Source *manycaps.com*)

There is an 8-step process to the 'Bow Tie Analysis'. By following these 8 steps the user ends up with a complete analysis of the risk management for a hazard and/or event. The Bow Tie creates an easy to follow risk analysis process that can be applied to any form of risk in the Councils', not just health and safety.

Step	Detail
1	<p>A hazard is something that has the potential to cause harm or trigger an event. For example a heavy box on a top shelf could be the hazard, the event is that the box falls from the top shelf, the threat or thing that could cause that could be a something hitting the shelf causing it to shake, the consequences of that could be that it falls on someone, it damages everything in the box and so on.</p> <p>Creating the Bow Tie starts in the middle with the hazard and the event that you are looking to analyse, make sure it's written in plain English to ensure that everyone understand what they are trying to analyse. There is typically very little debate about this part, so it sets the focus of everyone involve onto the same thing.</p>
2	<p>On the left had side list all of the potential causes or threats that would lead to the event happening, these would range from things that are almost certain to happen to things that are remote(list them all). There is no need to rank them at this stage - just list them.</p>
3	<p>On the right-hand side list all the consequences that could happen if the event linked to the hazard was to occur. There is likely to be a range of them to consider.</p>
4	<p>Work through the logical flow of the chart as you have it now and think about it a bit like this - if A happens then B happens then C happens, i.e. if this potential threat happens, then this event (linked to the hazard) could happen, and the consequence listed could happen. If that flows logically then you have things right, if you have a lot of debate or it does not feel right then it is likely not to be a real cause or consequence.</p> <p>Now it is time to introduce counter measures or controls and mitigation steps to your thinking.</p>
5	<p>Again, starting on the right, for each potential cause what control measures could you put in place that would prevent the possible cause from happening. You can have as many controls as you need for each cause to prevent it from happening. As you mark them on the chart think about them as breaking the flow of the potential cause, i.e. if I put this control in how definite is it that this will break the chain of events? It is easy to list the things already in place but don't forget to think about what else you could do either as well as or instead of what's there that may be more beneficial.</p> <p>For each of the control you put in rank it High, Medium, or Low in terms of its effectiveness in being able to stop the potential cause from occurring. A few highly effective controls are better than a several low effective ones.</p>
6	<p>Repeat this process for the right-hand side, this time thinking about the mitigation steps you can put in if the event actually does occur that would limit or stop the potential outcome or consequences from impacting. Once again, a few really good mitigations that will break the flow of the event are better than a multitude of smaller ones that might work or have to combine to work.</p>
7	<p>For each of the controls and mitigation steps it is good practice to add the safety critical activities that need to happen to support them. Here you are looking to add two things:</p> <ol style="list-style-type: none"> 1. What activity(s) need to be in place to keep this control or mitigation step working? 2. Who should do this? <p>This ensures that the control and mitigation steps will be in place should you need them. These two items should ideally be covered in your business systems in things like policies, procedures, job descriptions, etc.</p>

Step	Detail
8	As a final step of the process review the chart and identify where you have listed equipment. By definition (assuming you are using the Bow Tie to do a safety risk assessment) these items are safety critical equipment. That means you need to think about defining what the level of the functionality (what it should do?), performance (how well it should do it?), availability (is it ok to only be able to used 50% of the time?), survivability (will it keep working in an event?), and any dependencies that the equipment has (does it need electricity to function?).

(Source: [8 Steps to using Bow Tie Analysis for Risk Management \(manycaps.com\)](http://manycaps.com))

Evaluate the Risks

Risks needs to be evaluated and prioritised to ensure that appropriate management effort is directed towards resolution of the most significant risks first. The risk assessment criteria outlined in this Risk Management Framework articulates the Councils' estimated levels of risks, which enables risks to be ranked to identify management priorities.

Consequence and likelihood are combined to produce an estimate of the level of inherent risk if the risk is not managed at all.

Treat the Risks

Risk treatment involves selecting one or more options for reducing the consequence and/or likelihood of risks and implementing those options.

The table below summarises the Councils' key treatment options:

Treatment	Description
Avoid the Risk	Not to proceed with the activity or choosing an alternative approach to achieve the same outcome. Aim is risk management/mitigation, not aversion.
Mitigate the Risk	Reduce the likelihood by improving management controls and procedures or reduce the consequence by putting in place strategies to minimise adverse consequences, e.g. contingency planning, business continuity plan, liability cover in contracts.
Transfer the Risk	Shifting responsibility for a risk to another party by contract or insurance. Can be transferred as a whole or shared.
Accept the Risk	Controls are deemed appropriate. These must be monitored, and contingency plans developed where appropriate

Monitor and Review

Determine the existence and effectiveness of controls which are in place to address the identified risks.

Council will assess the residual risk rating where controls are in place to ensure that they are effective and remain relevant.

The risk rating will be assigned each time there is a change in the risk impact or likelihood. Each time there is a change in the risk rating, the risk owner will assess if the change is reasonable and realistic.

The General Manager will regularly perform a 'sanity check' on the risk ratings, both for individual risks and the overall number of 'extreme' and 'high' risks which have been identified.

Responsibilities

The Councils' are committed to making the necessary resources available to assist those with responsibilities as detailed in the Risk Management Framework.

Role	Responsibility
Each Council	<ul style="list-style-type: none"> • Approving the Risk Management Policy. • Reviewing the Council’s strategic risks at least annually. • Managing risk in the exercise of policy setting and decision-making powers. • Considering the advice provided relating to risk management contained in the Council’s reports. • Monitoring risks. • Setting risk appetite.
Each Audit Panel	<ul style="list-style-type: none"> • To review whether management has in place a current and comprehensive Risk Management Framework and associated procedures for the effective identification and management of the Council’s financial (including fraud), business and environmental risks. • Monitor the Council’s performance in managing the risks identified in the Strategic Risk Register.
General Manager and the Management Team	<ul style="list-style-type: none"> • Leading a risk management culture across the Councils that is consistent with the Risk Management Policy and the Risk Management Framework. • Ensuring appropriate risk management procedures apply throughout the Councils and are embedded within the culture of the organisation. • Oversight of systems and processes required to implement the Councils’ Risk Management Framework, and ensuring it continues to be operated effectively. • Report on risk and escalate risks appropriately to Councillors. • Monitor and review risks on an ongoing basis within the Councils’.
Manager Corporate and Business Services	<ul style="list-style-type: none"> • Facilitates the activities of the Risk Management Committee. • Maintains the Councils’ Risk Registers. • Ensures there is ongoing review of risks by the risk owners identified within the Risk Register. • Coordination of risk awareness training. • Preparation or risk management reports for the Councils.
Risk Management Committee	<ul style="list-style-type: none"> • Maintain and update the Risk Management Framework. • Provide advice to the General Manager and Management Team on the identification and management of corporate or strategic risks. • Undertake scheduled reviews of the Councils’ risk control systems.
All Staff	<ul style="list-style-type: none"> • Be aware of the Risk Management Framework and their individual roles in applying risk management principles within their position responsibilities. • Identifying risks in the planning stage of any project and monitoring those risks throughout the life of the project. • Positively contributing to the Councils’ risk management culture. • Observing and informing managers/supervisors of any potential public risks. • Maintaining an awareness of risks (current and potential) that relate to their area of responsibility. • Understand the Council’s Risk Management Framework. • Identify, assess and escalate risks appropriately within their area of responsibility.

Key Risk Management Activities Summary

Action	Description	Responsibility	Timeframe
Review Risk Management Policy	Review the currency and effectiveness of the Councils' Risk Management Policy.	<ul style="list-style-type: none"> • General Manager • Policy to be reviewed by Audit Panel • Councils' to adopt 	Every 2 years
Review Risk Management Framework	Review the currency and effectiveness of the Councils' Risk Management Framework, including the Council/s risk appetite statement, risk rating matrix and consequence/likelihood tables.	<ul style="list-style-type: none"> • Manager Corporate & Business Services to coordinate the review with the Risk Management Committee • General Manager to approve • Framework to be reviewed by the Audit Panel 	Every 2 years
Review Strategic Risk Register	Review risks and controls contained in the Councils' Strategic Risk Register and identify new or emerging risks at this level.	<ul style="list-style-type: none"> • Manager Corporate & Business Services to coordinate the review with the Management Team • Risk Owners responsible for adding/amending content • Audit Panel to review in line with its work plan 	<p>Management Team to review Strategic Risk Register monthly and discuss risks with a high or extreme residual risk rating.</p> <p>Audit Panel to monitor at each meeting.</p> <p>Municipal Alliance Committee to review twice per year.</p>
Review Risk Register	Review risks and controls contained in the Council/s Operational Risk Registers and identify new or emerging risks to operational business units.	<ul style="list-style-type: none"> • Risk Owners responsible for adding/amending content • Managers responsible for reviewing and providing feedback and advice on content • Audit Panel to review in line with its work plan 	<p>Risk Management Committee to review Operational Risk Register quarterly and discuss operational risks assessed with having a high or extreme residual risk rating.</p> <p>Management Team to review the Operational Risk Register twice a year.</p> <p>Audit Panel to review at least annually.</p>

Action	Description	Responsibility	Timeframe
Residual Risks	Reporting of risks with a residual rating of extreme.	Risk Owners will ensure risks with a residual rating which is escalated to extreme are reported to the Council/s at the earliest reasonable opportunity.	As required
Review Project Risks	Review risk ratings of projects, initiatives and routine tasks.	Project Leads / Project Managers	Ongoing
Communication and Training	Ensure all staff are aware of the Risk Management Framework and their obligations.	Manager Corporate and Business Services	Ongoing

Appendix 1

Risk Rating Matrix

The Risk Rating Matrix is derived from the estimated impact and likelihood, and then ranked accordingly.

In order to determine action to take in respect of a risk, each risk must be rated. To do this the level of likelihood of a risk is assessed against the risks level of consequence to provide a risk rating.

		Likelihood				
		Rare	Unlikely	Possible	Likely	Almost Certain
Impact	Catastrophic	Medium	High	High	Extreme	Extreme
	Major	Medium	Medium	High	High	Extreme
	Moderate	Low	Medium	High	High	High
	Minor	Low	Low	Medium	Medium	High
	Insignificant	Low	Low	Medium	Medium	Medium

Likelihood Descriptors

Likelihood Category	Event Frequency (The risk has occurred, or it is probable that it will occur)	Life Cycle Probability	Description
Almost Certain	More than 1 event per month	Probability >90%	Expected to occur, likely to occur regularly in the sector.
Likely	More than 1 event per year	Probability 50-90%	Will probably occur, has occurred many times in the past in the sector.
Possible	Once every 1 – 20 years	Probability 5-50%	Might occur, has occurred several times in the past in the sector.
Unlikely	Once every 20 to 100 years	Probability <5%	Not likely to occur, has occurred once or twice in the past in the sector.
Rare	Less than once every 100 years	Probability <2%	May only occur in exceptional circumstances, unheard of in the past in the sector.

Appendix 2

Consequence Descriptors

The table below provides guidance for the Councils' on consequences for assessing various risks to achieve consistency in risk reporting. It is important that there is a standard process across risk owners when reporting.

	Consequence Level				
	Insignificant	Minor	Moderate	Major	Catastrophic
Strategic	Changes in government policy, socio-economic conditions or local government sector has short term or limited impact (positive or negative) on the Council/s and/or the community. Unlikely to require policy or resource responses and only limited consultation with stakeholders.	Changes in government policy, socio-economic conditions or local government sector has measurable, though not insurmountable, impact on the Council/s and/or the community/s. May involve minor re-allocation of resources, limited policy responses and some consultation with stakeholders.	Changes in government policy, socio-economic conditions or local government sector has longer-term impact on the Council/s and/or the community/s. May involve new or revised policy responses and/the reallocation of existing resources. Consultation and advocacy required.	Changes in government policy, socio-economic conditions or local government sector will significantly impact on the Council/s and/or the community/s. Significant review of policy and resourcing is required. Significant consultation and advocacy also required.	Changes in government policy, socio-economic conditions or local government sector will result in severe down-sizing of the Council/s or will have severe negative socio-economic impact on the community/s. Will require a whole-of-government response.
Financial	Risk is undesirable but has no serious impact on the Council/s budget/s.	Risk could affect the ability for program delivery within budget. The overall impact on the Council/s budget as a whole is not materially impacted with potential loss being less than \$10,000.	Risk significantly impacts the ability to deliver a core program or service. The overall impact on the Council/s budget/s as a whole is materially impacted with potential loss being greater than \$10,000.	Risk could significantly impact the Council/s ability to achieve its financial targets and strategic objectives. The impact on the Council/s budget is material and likely in excess of \$200,000.	Risk has the potential to significantly impair the Council/s ongoing financial sustainability. Potential loss of \$1,000,000 or more.

	Consequence Level				
	Insignificant	Minor	Moderate	Major	Catastrophic
People	Minimal HR issues easily remedied. The Council/s is/are an employer of choice. High level of staff productivity despite risk.	Some HR issues within the Council/s, staff turnover considered appropriate. Employer of choice. Appropriate level of productivity remains despite identified risk.	Elements of poor HR culture, above average staff turnover and reduced long term productivity due to HR issues.	Poor internal culture hampering innovation and achievement, high staff turn-over and ongoing loss of valued employees. Not perceived as an employer of choice resulting in attracting poor prospective employee candidates. High level reduced productivity due to HR issues.	Poor internal culture hampering innovation and achievement, high staff turn-over and ongoing loss of valued employees. Not perceived as an employer of choice resulting in attracting poor prospective employee candidates. Severe reduced long-term productivity issues.
Assets	None or some minor damage where repairs are required however asset is still operational.	Short term loss or damage where repairs required to allow the asset to remain operational using existing internal resources.	Short to medium term loss of key asset(s) and where repairs required to allow the infrastructure to remain operational. Cost outside of budget allocation.	Widespread, short term to medium term loss of key asset(s). Where repairs required to allow the infrastructure to remain operational. Cost significant and outside of budget allocation.	Widespread, long term loss of substantial key asset(s). Where infrastructure requires total rebuild or replacement.
Technology	Interruption to a service not requiring any further remedial action and with minimal impact on customers.	Interruption to a service requiring further remedial action and with moderate impact on customers.	Interruption to a core function/s or essential service/s with significant customer impact for up to 48 hours.	Interruption to a core function/s or essential service/s for 2-7 days.	Interruption to a core function/s or essential service/s greater than 7 days.

	Consequence Level				
	Insignificant	Minor	Moderate	Major	Catastrophic
Environment	Minor adverse event that can be remedied immediately.	Isolated instances of environmental damage requiring effort to fix in the short term.	Adverse events that cause widespread damage but reversible in the short to medium term. Minor infringements may apply.	Significant adverse event causing widespread damage which may be reversed through appropriate remedial action in the medium term. Penalties may apply.	Major adverse environmental event requiring continual long term remedial action. Significant penalties may apply.
Workplace and Public Safety	None or very minimal injuries; no first aid required.	Minor injuries resulting in first aid treatment only.	Moderate injuries where medical treatment is required.	Serious injuries where short-term hospitalisation is required. Psychological or physical harm to small sector(s) of the community/s or staff.	Fatality, permanent disability or long-term hospitalisation. Significant psychological or physical harm to considerable sector(s) of the community/s or staff.
Emergency Management	Near misses or minor injuries. No reliance on health system. The Council/s manages the event within normal parameters, provision of services continues without disturbance, public confidence in the Council/s is maintained, no media interest.	Isolated cases of serious injuries, health system operating within normal parameters. Council/s manages the event under emergency regime, provision of services continues but with some disturbances, isolated expressions of public concern, media coverage locally.	Isolated cases of loss of life, health system operating at maximum capacity, displacement of people. Council/s manages the event with considerable diversion of resources, provision of services impacted with only critical functions provided, widespread public concern/protests,	Multiple loss of life, health system over-stretched, large number of people displaced. Council/s fully absorbed with managing the event, struggles to deliver services apart from critical areas, loss of public confidence, media coverage regionally and beyond.	Widespread multiple loss of life, health system unable to cope, displacement of people beyond ability to cope. Council/s unable to manage the event, unable to function effectively, public unrest, media coverage extends nationally.

	Consequence Level				
	Insignificant	Minor	Moderate	Major	Catastrophic
			media coverage regionally.		
Service Delivery	Interruption to a service not requiring any further remedial action and with minimal impact on customers.	Interruption to a service requiring further remedial action and with moderate impact on customers.	Interruption to core a function/s or essential service/s with significant customer impact for up to 48 hours.	Interruption to a core function/s or essential service/s for 2-7 days.	Interruption to a core function/s or essential service/s for more than 7 days.
Legal and Compliance	Dispute resolved through internal process or expertise.	Dispute resolved through legal advice.	Council/s directed to undertake specific activities to remedy breaches in legislation and/or responsibilities.	Deliberate breach or gross negligence / formal investigations from third party (i.e. Integrity Commission)	Major breach of legislation resulting in major penalties, fines, etc. Integrity Commission investigation or Board of Inquiry investigation that may result in legal action against the Council/s.
Political	Political activity that requires minor changes in operations.	Political activity that requires changes in operations.	Political activity that requires changes in operations with budget and resource implications.	Political activity that requires changes in operations with significant ongoing budget or resource implications	Political activity that results in irreparable damage.
Reputation	Issue may result in a number of adverse local complaints.	Issue may attract limited media coverage.	Issue may attract regional and state media coverage through various mediums with minimal consequence.	Issue may attract significant State and National media coverage with some impact on the Council/s reputation.	Prolonged adverse media attention. Staff and/or Councillors forced to resign.

Appendix 3

Latrobe Council – Indicative Risk Appetite

As an indication of the Latrobe Council's baseline risk appetite the below table has been developed. It is noted that this risk appetite statement is indicative of the Council's position at a point in time. The risk appetite of the Council may change over time depending on a range of factors.

Risk Class	Low	Moderate	High
Strategic			✓
Financial	✓		
People	✓		
Assets		✓	
Technology		✓	
Environment	✓		
Workplace and Public Safety	✓		
Emergency Management	✓		
Service Delivery			✓
Legal and Compliance	✓		
Political			✓
Reputation		✓	

This overview demonstrates the Latrobe Council has the lowest appetite for risks which may:

- compromise financial sustainability;
- negatively impact assets;
- adversely impact the environment;
- compromise the safety and welfare of employees, volunteers, contractors or member of the public;
- impact responsiveness to emergency management; and
- reduce legal and legislative compliance.

Staff will regularly monitor how risks are managed and will ensure that when issues are identified they are promptly escalated to the appropriate Manager.

The Council have some appetite for risks associated with:

- strategic opportunities which may improve efficiency, reduce costs or generate additional sources of revenue;
- improve service delivery;
- enhance the use of technology; and
- impact on the political standing within the community.

Before accepting risks with moderate or high tolerance it is expected that robust business cases or project plans have been developed and considered and it has been demonstrated that it is appropriate for the Council to proceed.

Appendix 4

Kentish Council – Indicative Risk Appetite

As an indication of the Kentish Council’s baseline risk appetite the below table has been developed. It is noted that this risk appetite statement is indicative of the Council’s position at a point in time. The risk appetite of the Council may change over time depending on a range of factors.

Risk Class	Low	Moderate	High
Strategic			✓
Financial	✓		
People	✓		
Assets		✓	
Technology		✓	
Environment	✓		
Workplace and Public Safety	✓		
Emergency Management	✓		
Service Delivery			✓
Legal and Compliance	✓		
Political			✓
Reputation		✓	

This overview demonstrates the Kentish Council has the lowest appetite for risks which may:

- compromise financial sustainability;
- negatively impact assets;
- adversely impact the environment;
- compromise the safety and welfare of employees, volunteers, contractors or member of the public;
- impact responsiveness to emergency management; and
- reduce legal and legislative compliance.

Staff will regularly monitor how risks are managed and will ensure that when issues are identified they are promptly escalated to the appropriate Manager.

The Council have some appetite for risks associated with:

- strategic opportunities which may improve efficiency, reduce costs or generate additional sources of revenue;
- improve service delivery;
- enhance the use of technology; and
- impact on the political standing within the community.

Before accepting risks with moderate or high tolerance it is expected that robust business cases or project plans have been developed and considered and it has been demonstrated that it is appropriate for the Council to proceed.