



Blackall-Tambo

Regional Council

Enterprise Risk Management Strategy

Policy Number: Stat 15	Effective Date: 17 March 2021
Version Number: Four	Review Date: November 2023
Policy Compiled by: Director of Finance Corporate & Community Services	
Policy Approved by: Chief Executive Officer	

1 INTRODUCTION

The Enterprise Risk Management Strategy is a practical strategy to develop Blackall- Tambo Regional Council's capacity to appropriately manage risk as outlined in Council's Risk Management Policy. This Strategy represents Council's commitment to risk management and is based on the risk management process in the Australian Standards AS/NZS ISO 31000:2018.

Effective risk management is governed by an organisational Risk Management Framework which explains the relationship between the Council's risk management components and other management systems and frameworks.

The purpose of this framework is to assist in maintaining the direction and impetus currently in place thereby ensuring that Enterprise Risk Management is considered and included in the business and operations of the Blackall-Tambo Regional Council.

Council is aware that managing risk is not just about avoiding or minimising adverse outcomes, but also has a positive application, in that the proactive analysis of potential risks can also assist the organisation in achieving new and potential opportunities.

1.1 Purpose

Risk Management is a crucial process to assist in the reduction of current and future risks that impact on the operations of Council, and best utilise opportunities that are identified.

1.2 Objectives

- To ensure successful implementation of a risk management process for Blackall- Tambo Regional Council, in accordance with the Australian Standards AS/NZS ISO 31000:2018.
- To ensure proper corporate governance surrounding the risk management process.
- To ensure that Council's risk management integrates with the Corporate, Operational Plans and Budget.
- To ensure that Council's risk management processes link with Workplace Health and Safety's Management Plan (Safe Plan 2) to ensure that there is a robust Disaster Management Plan.

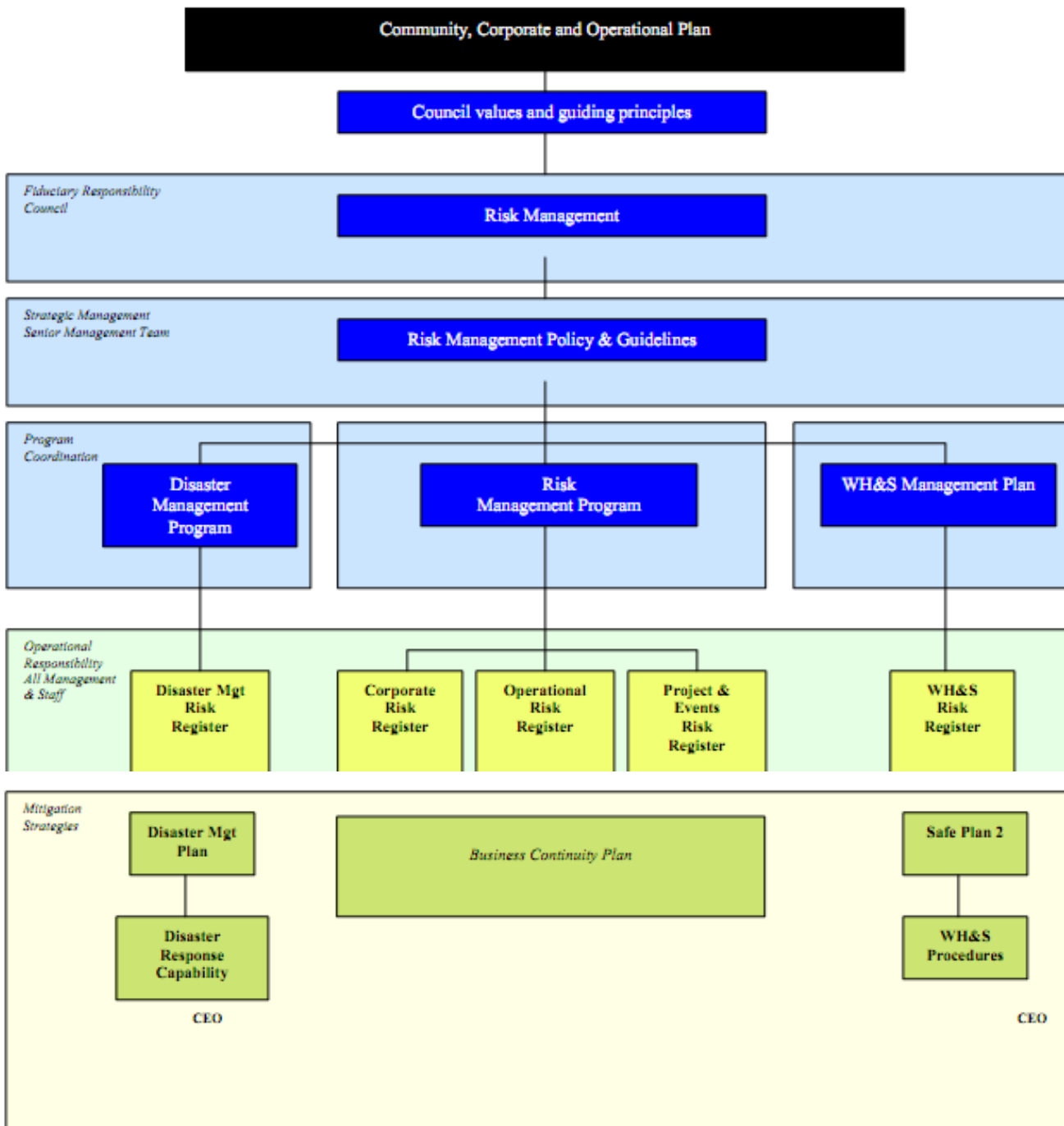
Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: Nov 2020 Next Review Date: Nov 2023	Adopted by Blackall-Tambo Regional Council	Page 1 of 25
----------------------------------	---	---	---------------------

Enterprise Risk Management Strategy

- To enable training and awareness of the risk management process for all staff of the Blackall-Tambo Regional Council, to the level of involvement required for each position.
- To ensure Council will utilize the risk management process in all areas of Council.
- To facilitate ongoing promotion, awareness and training of risk management throughout Council.
- To ensure the risk management process is monitored, reviewed and maintained on a regular basis.
- To ensure Council will develop a risk management recording system.
- To ensure that the ongoing benefits and milestones achieved because of the risk management process are communicated throughout Council.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 2 of 25
----------------------------------	--	---	---------------------

1.3 Risk Management Framework



Monitoring and Reporting



Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 3 of 25
----------------------------------	--	---	---------------------

Enterprise Risk Management Strategy

1.4 Risk Appetite Statement

When considering opportunities that may involve the assumption of risk considered to be out of normal bounds the following should be considered before making the decision to proceed otherwise.

Class	Acceptance / Non-Acceptance
Financial	There will be no acceptance of decisions that have a significant negative impact on BTRC's long term financial sustainability.
	Financial viability over the short, medium and long term must be highly certain.
Legal & Regulatory	There will be no acceptance of any non-compliance with legal, professional and regulatory requirements.
People	There will be no acceptance for compromising staff safety and welfare.
	There will be no acceptance for the preventable loss of valued staff due to unreasonable management action.
	There will be no acceptance for compromising the welfare and safety of members of the public.
Operational	There is considerable acceptance for the improved efficiency of BTRC operations.
	In considering opportunities a disciplined approach to the management of risk must be taken.
	There is considerable acceptance for improvements to service delivery.
	There will be no acceptance for running the organisation in a matter that does not meet the reasonable service expectations of stakeholders.
Environmental	There will be no acceptance for operational decision making that does not have sound basis.
	There is considerable acceptance for decisions that promote ecologically sustainable development.
	There will be no acceptance of decisions that cause environmental harm especially those that are likely to result in DERM intervention.
Strategic	There is acceptance for BTRC to respond to the changing environment and seize opportunities where necessary
Ethical	There will be no acceptance of the failure to conduct business honestly and ethically.
Reputation	There will be no acceptance for damage to the reputation of BTRC.
	No 'justifiable' adverse media coverage is acceptable.
Leadership	BTRC's approach to managing its risk should set an example to the rest of the community.

1.5 Definitions

Risk is defined as the 'chance of something happening that will have an impact on objectives. It is measured in terms of a combination of the consequences of an event and their likelihood.' (AS/NZS

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 4 of 25
---------------------------	--	---	--------------

Enterprise Risk Management Strategy

ISO 31000:2018) This impact can have an adverse impact on Council's strategic and operational objectives; however, it can also highlight areas for prospective opportunities.

Risk Management:

- The culture, processes, and structures that are directed towards the effective management of potential opportunities and adverse effects. Risk management aims to minimise loss.

Risk Management Process:

- The systematic application of management policies, procedures and practices, to the tasks of establishing context, identifying, analysing, evaluating, treating, monitoring and communicating risk.

Risk Register:

- A list of identified and assessed risks directly related to either a directorate or to the whole of Council.

Council Risk Registers are:

- Corporate
- Workplace Health and Safety
- Operational Risk Register
- Disaster Management
- Project Risk Register

1.6 Basis

Please refer to Risk Management Policy CS10 2020

1.7 Scope

Blackall-Tambo Regional Council aims to embed the culture of risk management at every level of Council, including Councillors, Management and Council Officers. The following outlines the roles and responsibilities associated with these Strategy:

Councillors:

- Are responsible for utilising and supporting good risk management principles to guide decision making and should include a consideration of potential risks and opportunities in the broader context of Council's as well as the community's priorities.

The Chief Executive Officer:

- Has the overall responsibility for developing risk management systems, policies and procedures and reporting on the identification, assessment and management of risks as well as the status and effectiveness of risk treatments.

Directors:

- Are responsible for implementing risk management systems, policies and procedures, maintaining up-to-date risk registers, and reporting against risks as required.

Governance Function:

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 5 of 25
---------------------------	--	---	--------------

Enterprise Risk Management Strategy

- Is responsible for maintaining up-to-date risk management Strategy, ensuring appropriate training is given to all existing and new staff and appropriate reporting, monitoring and reviewing of the risk management process and registers.

Employees with management or supervisory responsibilities:

- Will be held accountable for the management of risks within their areas of responsibility.

Employees:

- All employees are responsible for applying risk management practices in their area of work and ensuring Blackall-Tambo Regional Council's management are aware of risks associated with Council's operations.

2 RISK MANAGEMENT ELEMENTS

The elements necessary to ensure effective ERM are: -

Elected Representative:

- Education on the principles of Risk Management
- Involvement in the establishment of Risk Attitude and Strategy
- "Ownership" of the Risk Management process
- Regular reviewing of risk reports on the Strategic and Operational risks of Council.

Executive Management Team:

- Create a high-level risk strategy (policy) aligned with strategic business objectives.
- Develop and assign responsibilities for Risk Management.
- Communicate the Council vision, strategy, policy responsibilities and reporting lines to all employees.
- Include Risk Management activities/responsibilities in job descriptions.
- Meaningful Risk Management objectives and accountabilities built into personnel appraisals.
- Identify and treat operational, activity and project-based risks within their respective areas of responsibility.
- Assume overall "Ownership" of such risks and clearly allocate operations ownership of risk to subordinates according to specific need.
- Ensure that staff are adequately trained in the principles of Risk Management and receive the necessary encouragement, empowerment and resources to manage risks within their area of responsibility and within defined risk boundaries.
- Review the organisation's Strategic and Operational Risk Registers at least every two years.

2.1 At Corporate Strategic and Operational Level

Operational Risks will be identified through analysis of the risks facing middle management in delivering the Operational Plan, Budget and any other planning instruments (corporate strategies, asset management plans etc.) effectively. These are primarily focused on the achievement of the desired outcomes of the organisation.

Operational Risks are risks encountered by managers and employees during the daily course of their work. These risks may also be department specific or impact on more than one department across the organisation.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 6 of 25
---------------------------	--	---	--------------

2.2 Workplace Health and Safety

Council's Workplace Health and Safety (WH&S) Management System (Safe Plan 2) demonstrates Council's commitment to provide a safe and healthy work environment and provide employees with training and enhance their awareness of safety matters. Safe Plan 2 highlights the seven main elements of the management system:

- Policy, Commitment and Management
- Systems Planning and Development
- Systems Implementation
- Control of Specific Work Environment Risks
- Control of Specific Equipment Risks
- Monitoring, Reporting and Evaluation
- Review and Continual Improvement

Workplace Health and Safety integrates with the Risk Management Framework through the Corporate WH&S Procedure – Safe Plan 2.3 'Risk Management'. This seeks to effectively manage health and safety risks within Council to minimise potential losses to the organisation. There is two-way integration between the corporate risk registers and WH&S.

The Workplace Health and Safety Advisor utilises the models and assessment tools within SafePlan2. These risks are also captured, monitored and reported within their own system. Please contact the Workplace Health and Safety Advisor for more detail.

2.3 Business Continuity

Blackall-Tambo Regional Council's Business Continuity Plan (BCP) is a strategy to respond to, manage and recover from an incident that could put Council's operations and the achievement of corporate objectives at risk.

2.4 Disaster Management

The Local Disaster Management Plan is designed to decrease and mitigate where possible the effects of a major incident or disaster within the boundaries of the region. Therefore, it provides guidance for disaster prevention, mitigation, preparedness, response, recovery and resupply for the Blackall-Tambo Local Group and supporting / joint agencies and the constituents of the region.

It is important to note that the organisation must accept some risk in relation to Emergency/Disaster operations, however where possible we must minimise the risk to stakeholders in accordance with the Disaster Management Act 2003.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 7 of 25
----------------------------------	--	---	---------------------

3 BLACKALL-TAMBO REGIONAL COUNCIL DISASTER MANAGEMENT PLAN 2021

Part 5 – disaster risk management

5.1 Community Context

The following information is a very brief summary of the area in which this plan encompasses:

<i>Feature</i>	<i>Relevant Information and Considerations</i>
Geography	30,489 sq klm
Climate and weather	Temperate/dry
Population	Regional population - 1903 Blackall area – 1416 Tambo area - 367
Community capacity	Limited
Industry	Pastoral & tourism
Public buildings, spaces, and events	Town Halls; Education Centres; MPC Building Tambo; Council Offices; Living Arts Centre
Critical infrastructure	Power, Water, Sewerage
Essential services	QPS, QAS, QFES, Hospitals
Hazardous sites	Fuel Services

5.2 Hazard Risk Assessment

Whilst all hazards were considered in the development of this Plan, hazards that have been identified below are those with a reasonably foreseeable chance of impacting on the area, or those with historical data to support considerations:

- Flooding – most of the Blackall-Tambo region has a long history of flood events with potential to cause anything from mild disruption to serious damage to property, environment and economy.
- Severe Storms – the Blackall-Tambo area is subject to seasonal storm periods that can often include damaging winds, hail or torrential rain.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 8 of 25
---------------------------	--	---	--------------

Enterprise Risk Management Strategy

- Transport Accidents (Motor Vehicle) – vehicle accidents have occurred in the Blackall-Tambo region. These have included accidents with other vehicles, animals and property assets and have resulted in the loss of lives.
- Transport Accidents (Heavy Motor Vehicle) – heavy vehicle accidents have occurred in the Blackall-Tambo region. These have included Hazmat incidents and have resulted in the loss of lives. There are particular concerns regarding the potential for these accidents in the residential areas near the highways.
- Transport Accidents (Aircraft) – regular scheduled domestic flights (RPT), charter and private aircraft use the Blackall airport.
- Urban Fire – each town, Blackall and Tambo, have had urban fire events. They have been recorded at various times of the year and are not seasonal.
- Rural Fire – rural fires affecting property and grazing areas are a regular occurrence during the dry season.
- Water Supply Contamination – domestic water services in both towns are subject to potential contamination by natural, accidental or malicious events, mining activities.
- Animal Disease/Exotic Animal Disease – diseases of animals affecting production, safety for consumption of livestock.
- Terrorist Attack - on public infrastructure, multiple casualties and potentially main thoroughfares blocked by the incident.

Hazard	Vulnerable Sector Elements	Potential Risk Statement	Likelihood	Outcome	Level of Risk	Action Priority
Flood	BTRC	High	5	3	High	High
Bushfire, Wild Fire Large Structure Fire	BTRC	Medium	5	3	High	High
Severe Storms (Thunderstorms, Tornados, Dust Storms)	BRTC	Medium	4	4	High	Medium
Multiple Injury Accident	BTRC	Low	3	3	Medium	Medium
Chemical Accident	BTRC	Low	3	3	Medium	Medium
Aircraft Accident	BTRC	Low	1	5	Medium	Medium
Exotic Disease (plant/animal)	BTRC	Medium	3	4	High	High

Enterprise Risk Management Strategy

Pandemic	BTRC	Medium	4	10	Extreme	Extreme
Terrorist Attack	BTRC	Low	1	4	Medium	Low

Risk Calculation Methodology

There are many risk calculators available and a methodology that identifies corporate and brand name risk would be more appropriate for this process for disaster management. However, for usability and simplification the risk calculator below was used. The Local Disaster Management Group applied this calculator over each of the identified hazards and the outcomes detail the risk management record resulted.

Risk Assessment Matrix

Likelihood	Consequence				
	Catastrophic	Major	Moderate	Minor	Insignificant
Almost	10	9	8	7	6
Likely 4	9	8	7	6	5
Possible 3	8	7	6	5	4
Unlikely 2	7	6	5	4	3
Rare 1	6	5	4	3	2

Risk Score	Likelihood	What should result
9 – 10	Extreme	Immediate action required
7 – 8	High	Action plan required, senior management attention
5 - 6	Moderate	Specific monitoring or procedures required; management responsibility must be specified
2 - 4	Low	Manage through routine procedures

3.1 Projects

An integral element of Council's Risk Management Framework is the inclusion of Project Risk Registers for projects that occur across Council. There is a direct relationship between risk management and project management, with the requirement that all projects to be undertaken have documented evidence of an initial risk assessment to identify, quantify and establish contingencies and mitigation strategies for high-level risk events that could adversely affect the outcome of the project.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 10 of 25
---------------------------	--	---	---------------

Enterprise Risk Management Strategy

An understanding of Risk is essential in the Project Management Process, as a project with great potential may not be implemented if the risks are too high or alternatively the project after assessment may indicate an “acceptable risk.”

4 RISK MANAGEMENT PROGRAM

Council’s Risk Management Program is coordinated by the CEO and aims to integrate risk management into Council’s business practices.

The program will incorporate the following:

- Council Risk Management Policy
- Risk Management Program
- Planning
- Hazard and incident recording, investigation and reporting
- Disaster Management Plan and supporting hazard assessments
- Project Management
- Risk assessment and control planning
- Governance (including ethics, Integrity Act, behaviours, confidentiality and right to information and other requirements under relevant legislations)
- Management system (including the strategic risk register)
- Insurance services
- Resources (including standards, Strategy, forms/documents and self-assessment tools)
- Training and education
- Management review and reporting

Guideline – How to conduct a Risk Assessment

This Guideline is based on the Australian Standard for Risk Management (AS/NZS ISO 31000:2018). A Council Risk Assessment Worksheet has been created to capture all steps of the risk management process and is to be utilised as a tool when carrying out a risk assessment. Following are the main elements for a risk management process that form part of the AS/NZS ISO 31000:2018 Standard:

1. Communicate and consult

Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process is a fundamental element of the risk management process.

2. Establish the context

Establish the strategic Council context, the organisational context and risk management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.

3. Identify risks

Identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of Council’s business and strategic objectives.

4. Analyse risks

Analyse risks in terms of consequence (outcome or impact of an event) and likelihood (probability or frequency) in the context of having no existing controls in place. The analysis should consider the range of potential consequences and how likely these are to occur. The consequence and likelihood combined produce an estimated level of risk.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 11 of 25
----------------------------------	--	---	----------------------

Enterprise Risk Management Strategy

Document the existing control methods, and the level of success these control methods have in relation to the risks. Once this has been determined, again analyse the risks with the existing control methods considered. This is known as residual risk.

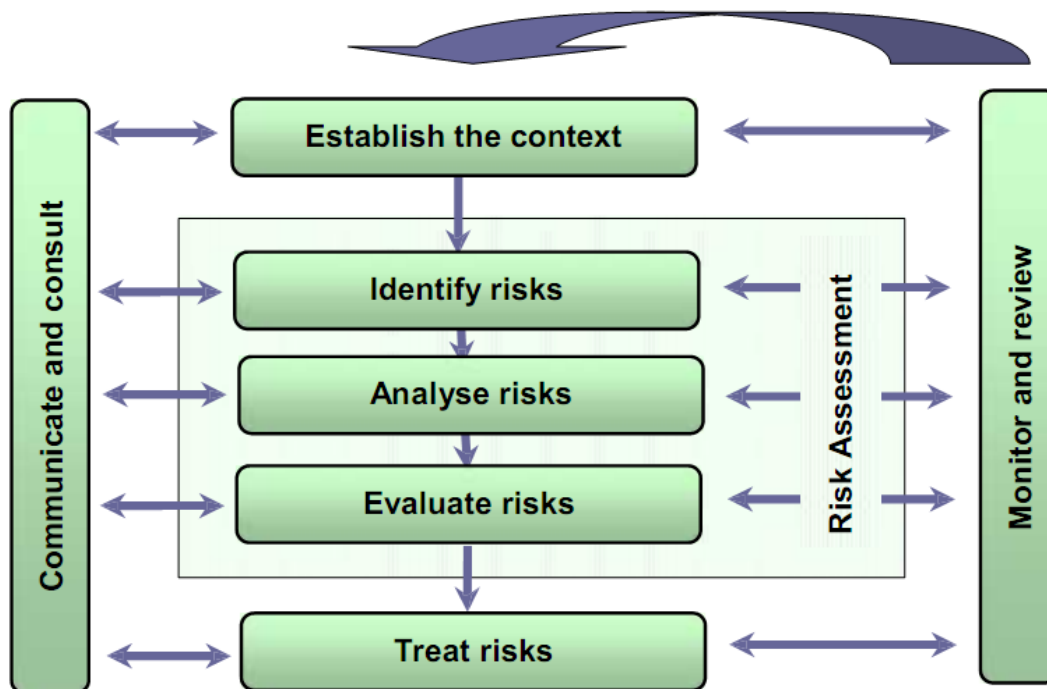
5. Evaluate risks Compare estimated levels of residual risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments potentially available and about management priorities.

6. Treat risks Develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.

7. Monitor and review Monitor the effectiveness of all steps of the risk management process, to ensure continual improvement of the process.

Risk management should be applied at all levels in Council – strategic, operational and tactical. It may be applied to specific projects, to assist with specific decisions or to manage specific recognised risk areas. Council aims to embed risk management into existing operations and business planning tools and utilise this principle as part of everyday decision making. It should not be a stand-alone process, with the responsibility on one person, but is the responsibility of all staff to apply risk management protocol in the day-to-day operations and to also ensure that management is aware of all types of risks associated with Council’s operations.

The following represents the elements of the Risk Management Process discussed above.



Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 12 of 25
---------------------------	--	---	---------------

Enterprise Risk Management Strategy

Documentation

It is important to remember that the whole risk management process should be well documented. This will allow Council to demonstrate to a Court, in the event of a legal liability claim, for example, that Council has acted reasonable in managing risks. Each step of the risk management process is set out in detail.

4.1 Step 1 – Communicate and Consult

Communication and consultation are important aspects of the risk management process, enhancing the process and enabling a better focused outcome.

Stakeholders

Key internal and external stakeholders should be identified, including staff on the ground who have a detailed understanding of the business processes, associated risks and impacts of decisions. Appropriate stakeholders will help to ensure that risks are identified effectively and bring a range of expertise and differing views together to analyse and evaluate risks appropriately. This will ensure that those with a vested interest understand the basis on which decisions are made and why particular actions are required, giving stakeholders more ownership, understanding and support of the risk management process and outcomes.

Consultation

It must be noted that stakeholders will analyse and evaluate risks based on their perceptions and area of expertise. Assessments can vary due to differences in values, needs, assumptions, concepts and concerns. These must be taken into consideration during the consultation phase, with perceptions of risk identified, recorded and integrated into the decision-making process.

Blackall-Tambo Regional Council Community Engagement Policy ECD 10, 2011

Once appropriate internal and external stakeholders have been identified, reference to the Blackall-Tambo Regional Council Community Engagement Policy ECD 10,

2011 will be made to address issues relating to both the risk itself and the process to manage it. Records of communication and consultation will depend on scale and tolerance of each individual risk requirement.

Integration between registers

If a risk is identified as requiring treatment from a specialist area which manages a separate risk register the risk will need to be communicated to the manager of the appropriate register in a timely fashion. E.g., an operational risk in a department which relates to a WH&S issue will require communication to the manager of the WH&S risk register.

If the risk is an extreme risk, then it should be communicated immediately.

All Managers should become familiar with the various risk registers of Council and their content to assist in identifying when a risk may need to be communicated to another register for treatment.

4.2 Step 2 – Establish the Context

This step of the process is establishing the Council's internal and external context to define the basic parameters within which the risks are to be managed and sets the scope for the remainder of the risk management process. It is the responsibility of each Manager to establish the context when carrying out a risk assessment.

The following should be considered when establishing the context, which is based on the AS/NZS ISO 31000:2018:

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 13 of 25
----------------------------------	--	---	----------------------

Enterprise Risk Management Strategy

- **Establish the external context**

- the external environment in which Council operates**

- The political, business, social, regulatory, environmental, cultural, competitive, financial, technological environment;
 - The organisation's strengths, weaknesses, opportunities and threats;
 - External stakeholders; and
 - Key business drivers.

- **Establish the internal context**

- **understanding the Council to ensure strategic objectives are achieved**

- The Community Plan, Corporate Plan and Operational Plan strategies;
 - Culture and Values;
 - Internal stakeholders;
 - Structure;
 - Audit our response capabilities quarterly; and
 - Capabilities in terms of resources (e.g., people, systems, processes, capital).

- **Establish the risk management context**

- **To specify the main scope and objectives for risk management, boundary conditions and outcomes required**

- Consider the need to balance costs, benefits and opportunities;
 - Specify the resources required and records to be kept;
 - Define the process, project or activity and establish goals and objectives;
 - Specify the nature of decisions to be made;
 - Define the extent of the project activity or function including time and location;
 - Identify and scoping studies required, and their scope, objectives and resources required;
 - Establish an all-hazards approach to all business conducted (what if ?? happens); and
 - Define the capacity of the risk management activities to be carried out, including specific inclusions and exclusions.

- **Develop risk criteria**

- **The criteria against which each risk is to be evaluated**

- 'Risk Consequence Ratings' outlines the criteria for Council's risk evaluation. This is based on environmental, business continuity, political, financial and economic, infrastructure and assets, legal compliance and liability, staff, workplace health and safety, and reputation. It also relates to Council's goals and objectives and the interests of ratepayers.

- **Define the structure for the rest of the process**

- setting a logical framework that helps ensure significant risks are not overlooked by subdividing the activity, process, project or change into a set of elements or steps.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 14 of 25
---------------------------	--	---	---------------

Enterprise Risk Management Strategy

4.3 Step 3 – Identify Risks

Risk identification aims to develop a comprehensive list of risks to be managed that may impact on the achievement of Council's business objectives and operations. An accurate and up-to-date list of risks will allow Council to better manage risks and capitalise on opportunities. It is the responsibility of each Manager to identify risks that will affect their functional area. Furthermore, it is the responsibility of each employee to make management aware of any risks associated with Council's operations.

To identify risk, we must ask ** what can happen? ** When and where? ** How and why? **. The following will also assist in the process of identification:

1. The Goal/Objective/Process/Procedure/Activity needs to be identified. This can be done through the Operational Plan, operational issues and one-off type projects.

The risk can affect a small part of Council and their day-to-day operations or may be Council-wide.

2. A comprehensive list of sources of risks and events that might have an impact on the achievement of each of the objectives/process/procedures/activities etc. This answers the 'what can happen, when and where'.

3. Next, the why and how it can happen are considered, including possible causes and scenarios. This should be a comprehensive list, and it is important that no significant causes are left out.

4. To help with risk identification, the following risk categories have been determined:

Risk Categories (Exposure Types)
Infrastructure and Assets Covers infrastructure asset capacity and management (including IT Network and hardware), project delivery, inventory and sourcing.
Business Continuity and Business Systems Covers business continuity issues (including IT issues), including those attributable to natural and man-made disasters.
Legal Compliance and Insurance Covers legal compliance and liabilities attributable to non-compliance with statutory obligations, including class actions, public liability claims, product liability, professional indemnity and public health and safety.
Reputation Covers Council's reputation with the community, customer service and capability as a regulator.
Political Covers the external political environment in which Council operates, including inter-governmental relations, state and national policies and relations with special interest groups.
Environment and Climate Change Covers environmental performance of Council's operations including adverse outcomes relating to air, fauna, flora, water, waste, noise & vibration, land, sustainability, hazardous materials and heritage

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 15 of 25
----------------------------------	--	---	----------------------

Enterprise Risk Management Strategy

<p>Finance Financial covers financial capacity, availability of capital, the current economic environment, financial management and reporting, knowledge management, efficiency of systems, processes and organisational structure.</p>
<p>Human Resources Includes human resource, industrial relations and organisational culture particularly relating to staff values, standards of integrity and public accountability.</p>
<p>Workplace Health and Safety Covers Workplace Health and Safety issues.</p>

4.4 Step 4 – Analyse the Risks

The next step is to assess the **likelihood** of each risk occurring in the context of having no existing control methods in place, and the **consequences** of the risk. It is the responsibility of the manager to oversee the analysis of the risk.

Analysis and evaluation of the risks associated with hazards commences with an understanding of the types of risk:

Inherent Risk	Risk with no controls in place
Residual Risk	Risk level with existing control methods combined with the level of success of these methods
Target Risk	The level of risk with successful treatment strategy to provide an acceptable level of risk.

Likelihood

To determine the level of likelihood of the risk occurring, refer to the definitions in Table 1:

Table 1: Risk Likelihood

Likelihood	Description	Indicative Frequency Values	Rating
Almost Certain	The event is expected to occur in most circumstances	Greater than one or more per annum	5
Likely	The event will probably occur in most circumstances	Will probably occur on one occasion in the coming year. 20-90% probability the event will occur in the next year	4
Possible	The event might occur at some time	Between 3 – 10 years	3
Unlikely	The event could occur at some time but is not considered likely to occur	Between 10 – 50 years	2
Rare	The event may occur only in exceptional circumstances	Every 50 – 100 years	1

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 16 of 25
---------------------------	--	--	---------------

Enterprise Risk Management Strategy

Consequence

After the likelihood has been assessed, the consequence of the risk occurring needs to be determined. Consequences may be described in many ways, each of which has a different impact on Council's business activities. These may include financial loss, impact on people, and damage to reputation, damage to the environment or interruption to critical business process. Table 2 defines Council's consequence ratings.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 17 of 25
-----------------------------------	--	---	----------------------

Table 2: Risk Consequence Ratings

Consequence Rating	Business Continuity and Business Systems	Environmental & Climate Change	Financial and Economic	WH&S	Staff	Reputation	Infrastructure and Assets	Political	Legal Compliance and Liability
Catastrophic	5 The continuing failure of Council to deliver essential services. The removal of key revenue generation.	Widespread and irreversible environmental damage attributed by the courts to be negligent or incompetent actions of Blackall - Tambo Regional	Above 6% of Blackall - Tambo Regional annual revenue (excluding capital revenue) = \$1,000,000	Fatality or significant irreversible disability.	Staff issues cause continuing failure to deliver Essential services.	Loss of State Government support with scathing criticism and removal of the Council. National media exposure.	Widespread, long term loss of substantial key assets and/or infrastructure.	Loss of power and influence restricting decision making and capabilities. Dismissal of Council by State Government.	Regulatory or contract breaches causing very serious litigation, including major class action. An event occurring outside Blackall - Tambo Regional insurance cover Significant prosecution / fines Blackall - Tambo Regional & individuals.
Major	4 Widespread failure to deliver several major strategic objectives and service plans. Long-term failure of Council causing lengthy service interruption.	Severe environmental impact requiring significant remedial action. Penalties and/or direction or compliance order incurred.	Between 2% - 6% of Blackall - Tambo Regional annual revenue (excluding capital revenue) = \$300,000 - \$1m.	Extensive injuries. Lost time of more than 4 working days.	Staff issues cause widespread failure to deliver several major strategic objectives and long term failure of day-to-day service delivery.	State media and public concern / exposure with adverse attention and long-term loss of support from Blackall - Tambo Regional Residents.	Widespread, short to medium term loss of key assets and/or infrastructure.	Adverse impact and intervention by State Government.	Major regulatory or contract breaches and litigation. Liability implications and fines for Directors/Manager
Moderate	3 Failure to deliver minor strategic objectives and service plans. Temporary & recoverable failure of Council causing intermittent service interruption for a week.	Moderate impact on the environment; no long term or irreversible damage. May incur cautionary notice or infringement notice.	Between 1% - 2% of Blackall - Tambo Regional annual revenue (excluding capital revenue) = \$150k - \$300k.	Medical treatment . Lost time of up to 4 working days.	Staff issues cause failure to deliver minor strategic objectives and temporary and recoverable failure of day-to-day service delivery.	Significant state-wide concern / exposure and short to midterm loss of support from Blackall - Tambo Regional residents.	Short to medium term loss of key assets and/or infrastructure.	Adverse impact and intervention by another local government & LGAQ.	Regulatory or contract breaches causing investigation / report to authority and prosecution and moderate fines.
Minor	2 Temporary and recoverable failure of Council causing intermittent service interruption for several days.	Minor environmental damage such as remote temporary pollution.	Between 0.2%- 1% of Blackall - Tambo Regional annual revenue (excluding capital revenue) = \$3,000 - \$150,000	First aid treatment . No lost time.	Staff issues cause several days interruption of day-to-day service delivery.	Minor local community concern manageable through good public relations.	Minor loss/damage. Repairs required.	Adverse impact by another local government.	Minor regulatory or contract breaches causing likely prosecution and minor fines.

Enterprise Risk Management Strategy

Insignificant	1	Negligible impact of Council, brief service interruption for several hours to a day.	Brief, nonhazardous, transient pollution or damage.	Less than 0.2% of Blackall - Tambo Regional annual revenue (excluding capital revenue) = < \$3,000.	No injury.	Staff issues cause negligible impact of day-to-day service delivery.	Transient matter, e.g., customer complaint, resolved in day-to-day management.	Damage where repairs are required however facility/infrastructure is still operational.	Negligible impact from another local government.	Negligible regulatory breaches that are detected early and rectified. Insignificant legal issues & non-compliance.
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Enterprise Risk Management Strategy

After the likelihood and consequences have been determined we need to give a Risk Rating for the Inherent Risk (that is, the risk with no existing control methods in place). These ratings can be identified using the Risk Assessment Matrix.

The Risk Assessment Matrix compares the likelihood of each risk occurring and the consequence. For each risk, you need to determine the likelihood using the likelihood ratings in Table 1, and the consequence descriptions in Table 2. Then obtain the rating from the combination of likelihood and consequence in the Risk Assessment Matrix.

Table 3: Risk Assessment Matrix (Overall Risk Rating)

Likelihood	Rating	Consequence									
		1		2		3		4		5	
		Insignificant		Minor		Moderate		Major		Catastrophic	
A - Almost certain	5	M	52	H	64	H	76	E	88	E	100
B - Likely	4	L	44	M	56	H	68	H	80	E	92
C - Possible	3	L	36	M	48	M	60	H	72	E	84
D - Unlikely	2	L	28	L	40	M	52	H	64	H	76
E - Rare	1	L	20	L	32	L	44	M	56	H	68

Notes:

1. This matrix is consistent with AS/NZS ISO 31000:2018.
2. To assist in risk ranking, scores are also allocated for each level of risk.
3. The SafePlan2 matrix is utilised by the Workplace Health and Safety section when assessing their risks

Assessment of Controls

To help us prioritise each risk we need to assess how effective our existing controls are:

Control Assessment	Description
Adequate	<ul style="list-style-type: none"> • The controls address the identified risk and there is little scope for improvement • There is no convincing cost/benefit justification to change the approach
Opportunities for Improvement	<ul style="list-style-type: none"> • The controls contain some inadequacies and scope for improvement can be identified • There is some cost/benefit justification to change the approach
Inadequate	<ul style="list-style-type: none"> • The controls do not appropriately address the identified risk and there is an immediate need for improvement actions • There is a significant cost/benefit justification to change the approach

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 20 of 25
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Enterprise Risk Management Strategy

Working out Residual Risk

Once the risk has been analysed, the existing methods to control the risk (and the level of success these methods have) also need to be determined. Controls may be management, systems or procedures to control risk. Once this has been determined, again analyse the risk using the Risk Assessment Matrix (Table 3) in this context. This is known as **residual risk**.

For Residual Risk:

E	Extreme risk – Immediate action required. Task is not to be undertaken until preventative measures are implemented.
H	High risk – Senior management attention needed in short term.
M	Medium risk – Management responsibility must be specified, and action required as soon as possible.
L	Low risk – Manage by routine procedures.

Working out Target Risk

Once the residual risk has been established, the Target Risk is then to be determined. The Target risk is based on the successful implementation of identified treatment strategies. Once this has been determined, again analyse the risk using the Risk Assessment Matrix (Table 3) in this context. This is known as target risk.

4.5 Step 5 – Evaluate Risks

After each risk has been analysed and the residual risk determined (Extreme, High, Medium, Low) the risk exposure that Council can tolerate and exposures that it cannot be eliminated or minimised. It is important to note that no organisation can eliminate all the risks.

Determining the residual risk as tolerable does not indicate that the risk is insignificant. The evaluation should take account of the degree of control over each risk and the cost of impact, benefits and opportunities presented. All stakeholder benefits and risks should also be considered. The importance of the policy, program, process or activity needs to be considered in deciding if a risk is acceptable. Reasons why a risk may be tolerated include:

- The level of risk is so low that specific treatment is not achievable within available resources.
- The risk has minimal available treatment. For example, the risk that a project might be terminated following a change of government is generally uncontrollable.
- Costs of treatment, including insurance costs, outweigh the threats to such a degree that the risk is justified.

It is the responsibility of the manager to oversee the evaluation of the risk.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 21 of 25
---------------------------	--	---	---------------

Enterprise Risk Management Strategy

Determining the level of Risks Controls required

The level of response and action towards each risk needs to be determined. Risk controls should be proportionate with the level of risk. For example, a high or very high risk requires higher level mitigation controls in addition to administrative controls. It is important that formal processes are established to monitor the effectiveness of controls.

Decisions on what and how to report risks remain with the work area or department. Below are suggested appropriate responses to the various risk levels.

- Extreme Risk** ➔ Detailed planning required in consultation with the Executive Team to prepare a risk management plan.
- High Risk** ➔ The attention of the Executive Team is required, and management responsibility specified.
- Medium Risk** ➔ Manage by specific monitoring or response procedures.
- Low Risk** ➔ Manage by routine procedures, unlikely to require specific resources allocated.

A Risk Treatment strategy is required for the following (and is necessary to be recorded on the Risk Assessment Worksheet and Risk Register):

- All 'high' or 'extreme' risks;
- All risks that have controls that are considered 'inadequate' or have 'opportunities for improvement'; or
- Any risks that a work area would like to manage and monitor.

Accountabilities and Timelines – The Risk Treatment strategy specifies the Risk Owner (that is, the Accountable Officer) and Actioning Officer (that is, the person responsible for implementing various actions and controls for each risk), and in what timeframe.

4.6 STEP 6 – TREAT RISKS

After evaluating each risk and appropriate controls, it is the responsibility of the manager to implement the suitable treatment. Treatment needs to be appropriate to the significance and priority of the residual risk. As a general guide:

- **Retain the risk** – where the risk cannot be avoided, reduced or transferred. In such cases, usually the likelihood and consequence are low. These risks should be monitored and determined how losses, if they occur, will be funded.
- **Transfer the risk** – involves shifting all or part of the responsibility to another party who is best able to control it (such as an insurer who bears the consequence of losses e.g., Insure Council vehicles).
- **Avoid the risk** – Decide not to proceed with the policy, program or activity or choose an alternative means of action.
- **Control the risk** – By either reducing the likelihood of occurrence or the consequences e.g., Implement procedures for specified tasks.

Determine the most effective treatment options by considering the:

- Cost/benefit of each option including the cost of implementation (do not consider financial considerations only; organisational, political, social and environmental factors should also rank)
- Use of proven risk controls

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 22 of 25
----------------------------------	--	---	----------------------

Enterprise Risk Management Strategy

- The anticipated level of risk remaining after implementation of risk treatment.
- The final acceptance of this risk will be a matter for the appropriate Director to decide.

Once treatment options for individual risks have been selected, they should be assembled into action plans: risk treatment plans or strategies. The outcome of an effective risk treatment plan is knowledge of the risks Council can tolerate and a system that minimises those risks that it cannot tolerate.

Risk Review Date

The risk owner is responsible for nominating a review date for each risk to ensure the treatment strategies have been implemented and are working effectively. This risk review date will be used to support effective risk review and monitoring programs. The following matrix can be used as guidance when nominating a risk review date.

Residual Risk Rating	Adequate	Opportunities for Improvement	Inadequate
Extreme Risk	12 months	6 months	3 months
High Risk	12 months	9 months	3 months
Medium Risk	18 months	12 months	6 months
Low Risk	24 months	12 months	6 months

Performance Measures

To assist in the quarterly monitoring of risk register performance, performance measures need to be set for each separate risk. This is an indicator of how you know the treatment plan has been completed, or the risk is under appropriate control.

Recording on Risk Registers

Once the Risk Assessment process has been carried out, the information is to be included in the appropriate Risk Register, which is to be completed as per the specific procedure's documents for that Register.

4.7 Step 7 – Monitor and Review

The continual process of monitoring and reviewing is required to ensure ongoing effective risk treatments and the continual improvement of the risk management standards.

- **Monitoring** – assess whether current risk management objectives are being achieved. Council can use inspections, incident reports, self-assessments and audits to monitor its risk management plan.
- **Review** – assess whether the current risk management plan still matches Council's risk profile. The risk management plan may be reviewed by studying incident patterns, legislative changes and organisational activities.

Possible methods for review:

- Internal check program/audit or independent external audit;
- External scrutiny (appeal tribunal, courts, commission of inquiry);
- Physical inspection;
- Program evaluation; and Reviews of organisational policies, strategies and processes.

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 23 of 25
----------------------------------	--	---	----------------------

Enterprise Risk Management Strategy

When completing the review process, it is important the context in which the original risk was developed is reassessed. (Refer to Step 2 of the Risk Management process.) The review should also be informed by reports and recent events and include consideration of:

- Completeness of the register;
- Continued existence of controls;
- Adequacy of controls;
- Risk ratings;
- Treatment strategies;
- Risk owner; and
- Risk review date.

To maximise the potential for ongoing risk processes, the risk management program includes the following monitoring and reviewing mechanisms for the Corporate and Operational Risk Register with responsible officers outlined in Table 4. This process is to be coordinated by the Manager Corporate Services.

Project Plans should include appropriate monitoring and reviewing mechanisms specific to each project. Project managers may seek advice from CEO if they are not sure what mechanisms may be appropriate for their project.

Table 4: Monitoring and reviewing Mechanism for Corporate and Operational Risk Register

Action	Objective	Responsible Officers	Reporting Format	Minimum frequency
MONITORING				
Monitoring of Risk Registers	Ensure Keys Risks and risks due for review are regularly	Management Team	Management Team	Bi-monthly
Monitoring of Risk Registers performance	Monitoring risk performance and Risk Management Program including report against risk performance measures and Key Risks	Management Team Project Leaders	Management Team	every 4 months (1 month prior to audit)
Update Council on Risk Management Program	Present risk management status to Council	Corporate Governance	Management Team	Annually
REVIEWING				
Review Risk Management Policy and Strategy	Conduct review and write report	Corporate Governance	Management Team	Biannually
Review currency of risks on Risk Registers	Review all risk registers to ensure currency – including new risks and deleting irrelevant risks	Management Team	Management Workshop	Annually

Risk Performance Measures report includes:

- New Risks added to risk registers
- Risks closed and removed from risk registers

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 24 of 25
---------------------------	--	---	---------------

Enterprise Risk Management Strategy

- Number of risks reviewed (including summary of changes)
- Number of risk reviews due, but not reviewed

Key Risks include:

- All extreme and high residual risks; and
- Residual risks that have inadequate control measures in place.

5 ACKNOWLEDGEMENT

Australian/New Zealand Standard AS/NZS ISO 31000:2018

6 RESPONSIBILITY

This Policy is to be implemented by all Directors, Managers and Councillors

7 CHANGES SINCE LAST REVISION

Policy revised to reflect current procedures.

8 RECORDS

When completed and approved the original, signed hard copy of the policy is filed in the Master File. Electronic copies are saved in the appropriately labelled folder in Magiq.

9 VERSION CONTROL

Version 1	16 June 2010
Version 2	16 June 2012
Version 3	21 December 2016
Version 4	21 February 2021

Policy Number: Stat 15	Version Number: Four Initial Date of Adoption: 16.06.10 Current Version Review: 21.02.21 Next Review Date: 21.02.23	Adopted by Blackall-Tambo Regional Council	Page 25 of 25
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