

CITY OF  
CANADA BAY

# RISK MANAGEMENT STRATEGIC PLAN

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## Contents

Objective .....	3
Background.....	3
Process and Procedures .....	3
Leadership Commitment .....	3
Policy .....	3
Workshops.....	3
Training.....	3
Risk Appetite Statement.....	3
Risk Appetite Scale .....	4
Summary Risk Appetite positions .....	4
Risk Register .....	4
Risk Assessments.....	4
Risk Management Approach .....	7
Enterprise Risk Management .....	7
Risk Structure .....	8
Council Commitment.....	8
Business Continuity.....	8
Implementing of Risk Management Strategy .....	8
Risk Action Plan.....	8
Definitions .....	10

## Objective

To enable the City of Canada Bay Council (CCBC) to identify, assess, treat, monitor and report on risks consistent with an agency-wide risk management approach.

Strategies to achieve this objective over three (3) years are:-

1. Enhance Councils wide risk management processes for the identification and management of risks
2. Promote the City of Canada Bay Council's risk management approach through education and awareness sessions
3. Identify options for the ongoing management of risks throughout the Council.

## Background

The primary purpose of a structured risk management approach is to have transparent processes which demonstrate management's decision making regarding the acceptance/non-acceptance of risks.

Risk is defined in AS/NZS ISO 3100:2018 as "The effect of uncertainty on objectives", and is measured in terms of likelihood and consequence.

Staff must consider the possibility of risks occurring and must apply risk treatment options to ensure that the uncertainty of Council meeting its objectives will be eliminated or controlled.

Best practice risk management contributes to the achievement of the City of Canada Bay Council's objectives through the continuous review of its processes and systems. Risk management is integrated with CCBC's governance framework and part of its planning processes, at both the operational and strategic level.

## Process and Procedures

The process of risk management assists decision makers to make informed choices, identify priorities, select the most appropriate action and develop an organisation risk management philosophy and awareness of risk.

Procedures need to be in place for ongoing assessment and treatments of risks inherent in the operations of the Council, together with Council's risk management policy.

## Leadership Commitment

The Leadership Team be committed to the Council's risk management processes and ensuring an effective risk management system is established, implemented and maintained.

## Policy

An Enterprise Risk Management Policy has been adopted by Council's Audit Risk and Improvement Committee and the elected Council.

## Workshops

Workshops will be scheduled annually to identify, assess and evaluate risks using the risk matrix.

## Training

A Risk Management training program will be established by the Risk Management Officer.

## Risk Appetite Statement

Council's Risk Appetite is detailed within CCBC's Risk Policy and was adopted by the Leadership Team on 28 November 2018 and by the elected Council on 4 December 2018.

Risk appetite is defined as the Council's willingness to accept risk in pursuit of its objectives. The establishment of Council's statement of risk appetite is intended to guide employees in their actions and ability to accept and manage risks.

## Risk Appetite Scale

<b>AVOID</b> (little-to-no-appetite) <b>1</b>	<b>AVERSE</b> (small appetite) <b>2</b>	<b>ACCEPT</b> (medium appetite) <b>3</b>	<b>RECEPTIVE</b> (large appetite) <b>4</b>
Avoidance of risk and uncertainty is key to achieving objectives	Prefer safe options with little risk of adverse exposure	Consider all options and choose most likely for successful delivery with reasonable degree of protection	Will engage with risks and opportunities when the potential benefit is great

## Summary Risk Appetite positions

Canada Bay Council Risk Appetites				
Category	Avoid	Averse	Accept	Receptive
Community & Civic Leadership				<b>General</b>
Financial Sustainability		<b>General</b>		
IT Infrastructure & Systems			<b>General</b>	
People Management				<b>General</b>
Service Delivery	<b>General</b>			
Asset Management		<b>General</b>		
Corporate Governance, Compliance & Regulatory	<b>General</b>			
Environmental Influences				<b>General</b>
Projects (General)		<b>General</b>		
Work Health & Safety	<b>General</b>			

## Risk Register

Workshops will be held with all relevant staff to review Council's Risk Register and facilitated by the Risk Management Officer in order to ensure all risks, all strategic and operational risks are identified and adequate solutions to the risks are both registered and adhered to. Workshops to be held over the next 6 months and once register created biannually to update as required.

Council's Risk Register outlines Council's Strategic and Operational risks and aligns Council's objectives with the risk mitigations required to ensure Council's objectives are met.


A register will be created to hold the risk listings, decisions and treatment summaries.

## Risk Assessments

Risk identification is about identifying sources or risk, areas or impact, events, opportunities, failure to innovate and their cause and potential consequences.

Risk assessments are to be produced and referred to the Risk Management Officer prior to any works/projects commencing which Council are involved.

By using the Risk Matrix, the consequence and likelihood to be combined to produce an estimated level of risk.

 <b>RISK MATRIX</b>								Likelihood					
								Project	Will not happen	Likely to occur in less than 1-in-10 projects of this kind.	Likely to occur between 1-in-4 and 1-in-10 projects of this kind.	Likely to occur between 1-in-2 and 1-in-4 projects of this kind.	Predicted to occur in more than 1-in-2 projects of this kind.
Consequence								Ongoing Program	Less than once every 50 years	May occur once every 50 years	May occur once every 10 years	May occur once per year	May occur more than once per year
								Historical	Unheard of in the industry	Has occurred once or twice in the industry	Has occurred several times in the industry	Has occurred many times in the industry	Occurs regularly in the industry
								WHS	Could happen, but probably never will	Could happen, but very rarely	Could happen sometimes	Could happen at any time	Expected to occur in most circumstances involving normal operations
								Business Activities	Community	Environmental	Finance/Property	IT	Liability/Legal
Extensive impact/disruption to business activities. Threat to viability of program or service	Civil commotion and riot. One or more major industry within the region threatened.	Fatalities occur; extensive release off-site; external emergency services involved; long term remediation required.	Extensive financial loss; excess of \$1 million or >50% of program/project value. Loss of program or business operation.	Extensive and total loss of functions across the organisation. Disaster management required.	Extensive litigation/fines with possible class action; worst case loss to organisation. Extensive financial loss; indictable offences.	Extensive public outcry. Potential national media attention. Loss of State Government support with scathing criticism and removal of the Council.	Death, permanent disability or disease	Catastrophic	Medium (8)	High (16)	Extreme (20)	Extreme (23)	Extreme (25)
Major impact to business activities with long term significance.	Public protestation and dislocation. Potential for significant harm to sectors of the community. Damage to relationships and loss of support.	Major environmental impact; release spreading off-site; contained with external assistance	Major financial loss; \$500,001 - \$1 million or 25% - 50% of program/project value. Critical loss or event requiring replacement of property or infrastructure.	Loss of critical functions across multiple areas of the organisation; long term outage. Extensive management required with external resources.	Major complaint with litigation/fines and long term significance. Very high loss to organisation. Long term significance and major financial impact.	Serious public outcry. State media attention and long term loss of support from community	Extreme injury, long term illness	Major	Medium (7)	Medium (12)	High (17)	Extreme (21)	Extreme (24)
Significant impact on business activities involving investigation.	Considerable disruption or inconvenience to sectors of the community. Group of businesses within the community put at risk	Significant environmental impact; on-site release contained with assistance.	Significant financial loss; \$50,001 - \$500,000 or 15% - 25% of program/project value. Considerable impact on program or business operations.	Significant downtime or outage in multiple areas of the organisation. Substantial management required with Council resources.	Significant claim or breach involving statutory authority and investigation. Prosecution possible with significant financial impact	Significant public criticism with or without media attention. Short to mid-term loss of support from community	Medical attention required; several days off work	Moderate	Low (4)	Medium (10)	High (15)	High (18)	Extreme (22)
Contained impact on business activities of short term significance.	Some inconvenience to the community. Inconvenience to a group of businesses in the community.	Minor environmental impact; on-site release immediately contained with Council resources	Minor financial loss; \$10,001 - \$50,000 or 10% - 15% of program/project value. Short term impact, mostly repairable through normal operations.	Minor downtime or outage in single area of organisation. Addressed with local management and resources.	Contained complaint or action with short term significance. Moderate loss to organisation. Some impact on normal operations.	Heightened local community concerns and criticism manageable through good public relations	First aid required	Minor	Low (2)	Low (5)	Medium (11)	High (13)	High (19)
Isolated; internal or minimal impact on business activities.	None to minimal impact. Primary acceptance and approval exists.	Minimal environmental impact; isolated release only; managed through normal operations.	Negligible financial loss; less than \$10,000 or <10% of program/project value. Short term impact; repairable through normal operations.	No measureable operational impact to Council.	Isolated, internal or minimal complaint. Minimal loss to organisation.	Isolated, internal or minimal attention or complaint.	Minor injury, no first aid required	Insignificant	Low (1)	Low (3)	Low (6)	Medium (9)	High (14)

## RISK-ASSESSMENT-FORM RISK-TOLERANCE-AND-WHS-CONTROL-HIERARCHY



Section Break (Continuous)

Risk Tolerance Levels (WHS/Safety only)	
Risk Rating	Risk Treatment
Extreme 20-25	Activities must be suspended immediately until hazard can be eliminated or controlled or reduced to a lower level.
High 13-19	Hazards are unacceptable and must be eliminated or controlled in accordance with the Hierarchy of Hazard Control.
Medium 7-12	No real or significant hazard exists. Controls required to increase the comfort level of the public.
Low 1-6	No real or significant hazard exists. Controls are not required but may increase the comfort level of the public.

Risk Tolerance Levels (All other risks)	
Risk Rating	Risk Treatment
Extreme 20-25	Activities must be suspended immediately until risks can be eliminated or controlled or reduced to a lower level. Report risk to your manager or director, and contact Risk Management Officer for advice. Risk Management Committee to be advised.
High 13-19	Risks are considered significant. Ensure all controls identified are in place and review processes regularly. Contact Risk Management Officer for advice.
Medium 7-12	Risks are considered acceptable. Ensure all controls identified are in place and schedule regular review.
Low 1-6	No significant risks exist. Ensure controls are in place and monitor progress.

Section Break (Continuous)

Hierarchy of WHS Hazard Control Measures	
WHS risks should be controlled using the following measures beginning at Level 1. A combination of measures may be used.	
Level 1	Eliminate the hazards
Level 2	Substitute the hazard with something safer Isolate the hazard from people Reduce the risks through engineering controls
Level 3	Reduce exposure to the hazard using administrative controls Use personal protective equipment

## Risk Management Approach

In accordance with the Enterprise Risk Management Policy, City of Canada Bay will adopt a whole-of-Council approach to managing its risks. This approach to risk management is known as Enterprise Risk Management (ERM)

ERM is a top-down approach to managing risks. It considers organisational strategy and should be focused on ways to mitigate risk and optimise opportunities important to Council and management.

Some major differences between Council's traditional risk management and enterprise risk management are shown in the table below:

From	To
Risk as individual hazards	Risk in the context of business strategy
Risk identification and assessment	Risk "portfolio" management
Focus on all risks	Focus on critical risks
Risk Limits	Risk Strategy
Risks with no owners	Defined risk responsibilities
Haphazard risk identification	Monitoring and measurement
Risk is not my responsibility	Risk is everyone's responsibility

Council's ERM approach is based on the following three key principles. Risk management is:

- the responsibility of all executives, managers and employees,
- integrated into all business activities and systems, and
- based on the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2018) – defines risk management as the "effect of uncertainty on objectives".

Our approach emphasises that risk management is an integral part of the management process.

Adherence to the framework will enable us to fulfil our stewardship responsibilities of protecting resources from loss or misuse, ensuring the safety of Council officers, clients and the public, and generally encourage excellence in management, including innovation that may involve responsible risk taking.

## Enterprise Risk Management

Under Council's enterprise risk management approach there are a number of key activities that must be undertaken:

- **Establish the Context of Risk** – Council's risk management strategy is developed in the context of its activities and risk appetite. An appropriate risk structure helps to further establish the context. The risk management framework must at minimum address high risk areas and/or outside risk appetite.
- **Identify Risk** – Each department is responsible for conducting an appropriate risk identification process. The process can be conducted during team meetings, general research or use of risk specialists.
- **Analyse & Evaluate Risk** – All risks are analysed by their likely impact on the company's capital and the probability of occurrence.
- **Treat Risk** – Control measures that mitigate the impact and probability of the risk are also identified. Following assessment, a decision is made on whether to accept the level of residual risk or implement control measures to reduce the impact and/or probability of the risk.
- **Communicate and Consult** – Council's risk management strategy will be communicated to senior management. A consultation process will ensure that feedback is incorporated into the strategy.
- **Monitor and Review** – All staff are encouraged to raise possible risk issues with their manager. Senior Management are close to the business and are involved in the ongoing risk assessment management. Formal reporting occurs to keep key stakeholders up to date.

## Risk Structure

An appropriate risk structure is critical to an effective ERM framework. It can aid in the risk identification process as well as the organisation of risk information. The structure can be determined in several ways. Risks can be categorised by locations, operations, incidents etc, as long as the structure allows thorough and consistent risk.

## Council Commitment

Council is committed to ensuring that risks are identified and treated in a timely way through this strategy.

## Business Continuity

It is essential that every organisation has a Business Continuity Plan (BCP). It means when disaster hits, Council will have the resilience.

Business Continuity Planning is an integral part of the Council's Risk Management Strategy and is undertaken to ensure that stakeholders can rely on the continuation of services from the Council, even in times of crisis.

Council has developed a BCP that identifies the processes and resources required to ensure we can continue to meet critical objectives under a conceivable disaster.

Council's BCP is to be reviewed annually as part of our overall risk management. Information Systems are an integral part of the overall BCP and therefore have a separate but complimentary BCP (IS Disaster Recovery Plan).

## Implementing of Risk Management Strategy

Some of the keys to a successful implementation of risk strategies are that risk management is recognised as an integral part of good management practice. To be most effective, risk management should be integrated into every area's practices and strategic/operational business plans, rather than being viewed and practiced as separate programs. In other words, risk management should become the business and culture of everyone in the organisation, with its ownership extended to all staff.

Risk management isn't to completely eliminate the risk – risk management seeks to optimise the risk-reward ratio within the bounds of the risk tolerance of Council.

## Risk Action Plan

A Risk Action Plan is the course of action which an organisation agrees upon to help them to address potential risks, reduce the likelihood of these risks occurring and to lessen the impact of these risks if they do occur.

The Risk Management Strategic Plan has a number of actions to be completed over the period 2018-2021. These actions will be reported to the Leadership Team and the Audit Risk and Improvement Committee on a six (6) monthly basis.



Risk Management Strategic Plan

Subject	Description	Frequency	Responsible officers
Risk Management Awareness	New staff told of importance of risk management throughout Council during Induction	Each induction	Risk Management Officer
Risk Management Awareness	Workshops/Training Council departments/teams	Ongoing	Risk Management Officer
Risk Management Policy	Review and update the Risk Management Policy to clearly create a mandate and commitment for managing risk and have the Policy adopted by Council.	Review every 2 years	Manager Governance & Customer Services Risk Management Officer
Risk Manager Strategic Plan	Document to summarise proposed risk management throughout the council	Review every 2 years	Manager Governance & Customer Services Risk Management Officer
Risk Appetite Statement	Council workshop and formally adopt a Risk Appetite Statement (RAS).	Annually	Manager Governance & Customer Service Leadership Team
Risk Register	Arrange team workshops	Monthly – up to end of August 2019	Manager Governance & Customer Service
Risk Register	Create Risk Register	October 2019	Risk Management Officer
Risk Register	Leadership Team to approve Risk Register	November 2019	Leadership Team
Risk Register	Review	Ongoing	Manager Governance & Customer Service
Risk Assessments	Workshops	Quarterly	Risk Management Officer
Risk Assessments	Review	Annually	Rick Management Officer
Fleet Management	Driver Training Workshop	Every 3 years	Fleet Manager Manager Governance & Customer Service Risk Management Officer
Tree Replacement Program	Manage Tree Replacement Program	Meet Quarterly	Tree Coordinator Manager Governance & Customer Service Risk Management Officer
Tree Replacement Program	Update priority tree listing	Ongoing	Risk Management Officer
Golf Course Safety Fencing Project	Request for tender for safety fencing project	Subject to budget bid July 2019, complete by 2019	Manager Governance & Customer Service Risk Management Officer
Golf Course Safety Fencing	Tender submissions to be processed and successful tender approved	June 2019	General Manager Project Manager Building & Civil Construction, Parks and Recreation Manager Governance & Customer Service
Business Continuity Plan (BCP)	BCP tested on biannual basis	June 2020	Risk Management Officer
External Risk/Insurance Provider	Meet on regular basis to ensure management of contract and service.	Quarterly ongoing	Manager Governance & Customer Service Risk Management Officer

## Definitions

<b>Risk</b>	The effect of uncertainty on objectives
<b>Risk Management</b>	Coordinated activities to direct and control an organisation with regard to risk
<b>Risk Appetite</b>	The amount and type of risk that an organisation is prepared to pursue, retain or take
<b>Consequence</b>	The outcome or impact of an event, and in particular, the most probable worst-case scenario
<b>Likelihood</b>	A general description of probability or frequency, in particular, the probability with in the City of Canada Bay that the event will be at the nominated consequence value in the Risk Matrix descriptors
<b>Risk Controls</b>	An existing process, policy, practice or other action that acts to minimise risk (this may include insurance)
<b>Mitigating Actions</b>	Additional processes, policies, devices, practices or actions that act to further minimise risk
<b>Acceptable Risk</b>	A risk where current control minimise risk sufficiently so that the Council deems that mitigating actions are not required
<b>Inherent Risk</b>	The potential consequence and likelihood of a risk occurring in an environment without controls
<b>Residual Risk</b>	The potential consequence and likelihood of a risk event occurring after consideration of the effectiveness of treatment/controls in place to mitigate the risk

