

Council Policy 7.1

Risk Management

Policy Objective

The objective of this Policy is to state the Eastern Metropolitan Regional Council's ('EMRC's') intention to identify potential risks before they occur so that impacts can be minimised or opportunities realised; ensuring that the EMRC achieves its Strategic and Corporate objectives efficiently, effectively and within good corporate governance principles.

Legislation / Standards

AS/NZS ISO 31000:2018 Risk management – Guidelines

Policy Statement

It is the EMRC's Policy to achieve best practice (aligned with AS/NZS ISO 31000:2018 Risk management – Guidelines), in the management of all risks that may affect the EMRC meeting its objectives.

Risk management functions will be resourced appropriately to match the size and scale of the EMRC's operations, and will form part of the Strategic, Operational, and Project responsibilities and be incorporated within the EMRC's Integrated Planning Framework.

This policy applies to Council Members, Executive Management and all employees and contractors involved in any EMRC operations.

The following points provide detail on the objective specifics:

- 1 Optimises the achievement of the EMRC's values, strategies, goals and objectives.
- 2 Aligns with and assists the implementation of EMRC Policies.
- 3 Provides transparent and formal oversight of the risk and control environment enabling effective decision-making.
- 4 Reflects risk versus return considerations within the EMRC's risk appetite.
- 5 Embeds appropriate and effective controls to mitigate risk.
- 6 Achieves effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- 7 Enhances organisational resilience.
- 8 Identifies and provides for the continuity of critical operations.

Key Policy Definitions

Risk	Effect of uncertainty on objectives. Note 1 An effect is a deviation from the expected – positive or negative. Note 2 Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

Roles and Responsibilities

The CEO is responsible for the:

- Implementation of this Policy.
- Measurement and reporting on the performance of risk management.
- Review and improvement of this Policy and the EMRC's Risk Management Framework at least triennially, or in response to a material event or change in circumstances.

The EMRC's Risk Management Framework outlines in detail all roles and responsibilities under CEO delegation associated with managing risks within the EMRC.

Risk Assessment and Acceptance Criteria

The EMRC has quantified its broad risk appetite through the EMRC's Risk Assessment and Acceptance Criteria. The criteria are included within the Risk Management Framework and as a component of this policy.

All organisational risks are to be assessed according to the EMRC's Risk Assessment and Acceptance Criteria to allow consistency and informed decision-making. For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these cannot exceed the organisation's appetite and are to be noted within the individual risk assessment.

Monitor and Review

The EMRC will implement and integrate a monitor and review process to report on the achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends.

This Policy will be kept under review by the EMRC's Leadership Team. It will be formally reviewed triennially.

Financial Considerations

Funding will be provided to properly resource risk management activities as identified through the annual budgeting process.

Risk Assessment and Acceptance Criteria

Eastern Metropolitan Regional Council Measures of Consequences									
Rating (Level)	Health / People	Financial Impact	Service Interruption	Compliance	Reputational	Property	Environment	Project Time	Project Cost
Insignificant (1)	Near miss. Minor first aid injuries	Less than \$20,000	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item	Inconsequential damage.	Contained, reversible impact managed by on site response	Exceeds deadline by 10% of project timeline	Exceeds project budget by 10%
Minor (2)	Medical type injuries	\$20,001 - \$500,000	Short term temporary interruption – backlog cleared < 1 day	Some temporary non-compliances	Substantiated, low impact, low news item	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	Exceeds deadline by 15% of project timeline	Exceeds project budget by 15%
Moderate (3)	Lost time injury <30 days	\$500,001 - \$1.5 Million	Medium term temporary interruption – backlog cleared by additional resources	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	Exceeds deadline by 20% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury >30 days	\$1.5 Mil - \$3 Million	< 1 week	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions	Significant damage requiring internal and external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	Exceeds deadline by 25% of project timeline	Exceeds project budget by 25%
Catastrophic (5)	Fatality, permanent disability	More than \$3 Million	Prolonged interruption of services – additional resources; performance affected	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment and building	Uncontained, irreversible impact	Exceeds deadline by 30% of project timeline	Exceeds project budget by 30%

Measures of Likelihood			
Level	Rating	Description	Frequency
1	Almost Certain	The event is expected to occur in most circumstances (>90% chance)	More than once per year
2	Likely	The event will probably occur in most circumstances (>50% chance)	At least once per year
3	Possible	The event should occur at some time (20% chance)	At least once in 3 years
4	Unlikely	The event could occur at some time (<10% chance)	At least once in 10 years
5	Rare	The event may only occur in exceptional circumstances (<5% chance)	Less than once in 15 years

Risk Matrix											
Consequence		Insignificant		Minor		Moderate		Major		Catastrophic	
Likelihood		1		2		3		4		5	
Almost Certain	1	Moderate (5)	High (10)	High (15)	Extreme (20)	Extreme (25)					
Likely	2	Low (4)	Moderate (8)	High (12)	High (16)	Extreme (20)					
Possible	3	Low (3)	Moderate (6)	Moderate (9)	High (12)	High (15)					
Unlikely	4	Low (2)	Low (4)	Moderate (6)	Moderate (8)	High (10)					
Rare	5	Low (1)	Low (2)	Low (3)	Low (4)	Moderate (5)					

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
Low	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Supervisor / Team Leader
Moderate	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Service Manager
High	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Executive Leadership Team
Extreme	Unacceptable	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO and Council

Existing Control Ratings

Rating	Foreseeable	Description
Effective	There is little scope for improvement	Processes (Controls) operating as intended and aligned to Policies / Procedures. Subject to ongoing monitoring. Reviewed and tested regularly.
Adequate	There is some scope for improvement	Processes (Controls) generally operating as intended, however inadequacies exist. Limited monitoring. Reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action	Processes (Controls) not operating as intended. Processes (Controls) do not exist, or are not being complied with. Have not been reviewed or tested for some time.

Adopted/Reviewed

08 December 2020

Next Review

Following the Ordinary Elections in 2021

Responsible Team

Business Support