CASTLEREAGH MACQUARIE COUNTY COUNCIL

Risk Management Framework Policy 2025

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1. Introduction

The County Council is concerned with successfully implementing its weed biosecurity and governance functions and delivering the objectives set out in its Business Activity Strategic Plan.

There are always unknown factors and influences that might or might not impact the Council business and the effect of uncertainty is known as 'risk'. Risk is inherent and unavoidable in all of the Council's activities, and *best practice* requires it to take action to manage these risks.

To manage risk, Council must create an environment where it makes informed decisions about the risks affecting its activities in an open and transparent manner. It is this principle that requires Council to establish and maintain an appropriate risk management process.The risk management process should be consistent with the current Australian and New Zealand standard on risk management.

2. Scope

This policy establishes and sets out the framework for the risk management process within which risk management decisions of the council are to be considered.

Strategic corporate risks that alone or together, uncontrolled, could undermine the solvency or operational viability of the County Council enterprise are dealt with in detail within the Council's Risk Register; while routine Governance and Operational risk matters that pose no particular strategic risk are dealt with individually in relevant operational policies as applicable.

The Council recognises that risks are an integral part of normal everyday life that are usually unavoidable, and that taking control of risk is part of good business practice, and allows for risk to be appropriately identified, analysed, evaluated and treated.

This policy sets out a systematic risk management process, based on the Australian International Risk Management Standard AS/NZS ISO 31000:2018).

3. Policy Position

The Council recognises that while 'good' weed biosecurity risk management is achieved through a shared responsibility between government, industry and the community – it is the County Council's own responsibility to manage risk for it's own business activities.

The Council takes a proactive approach to identifying, analysing, evaluating and treating both operational and strategic risks.

The Council objective is for the systematic application of a *Risk Management* approach - implementing appropriate controls, whilst ensuring that the Council is not so averse to risk that it stifles initiative and misses opportunities. Management will pursue this objective by:

- ✓ Understanding the Council's total risk exposure;

- ✓ Ensuring risk management is an integral part of all strategic and operational decision- making processes,
- ✓ Using a structured risk management methodology to minimise reasonably foreseeable disruption to operations, harm to people and damage to the environment and property; and
- ✓ Identifying and taking advantage of opportunities while minimising adverse effects.

4. Risk Management Framework

The risk management framework operates at two levels Strategic and Operational

- Strategic risks can impact how Council achieves its business objectives. Risks are reviewed annually and monitored by Councils ARIC.
- Operational risks occur as part of the day-to-day operations of Council and link to the strategic risks.

It facilitates consistent application of risk management processes and articulates how risk management is integrated into the organisation.

5. Strategic Risk

The Council has identified aspects of the Council business that have certain inherent risks attached to them that if not suitably treated will pose an unacceptable risk to the functional or financial viability of the organisation. These key strategic risks are included in the Council's Risk Register.

6. Operational Risk

The Council has identified aspects of the Council business that have certain inherent risks attached to them that if not suitably treated will pose an unacceptable risk to the effectiveness or efficiency within which biosecurity and management functions are performed. These key operational risks contribute where applicable to the Council's strategic risk profile; however they are more usually dealt with routinely in operational policies, procedures and operating guidelines.

7. Periodic Risk Review

The General Manager will routinely re-assess and take into account the key strategic risks set out in the Risk Register in conjunction with the scheduled review of governance policies and key documents and from time to time when major changes or redesign of work programs take place.

The Council will receive and consider an annual report in relation to the Risk Register – including whether any new risks have emerged, whether any risk ratings have

changed and whether any new or different treatments are required. Where a significant change in strategic risk is identified or anticipated, at any point in time that matter will be promptly brought to the attention of the Council. Council may also, by request, receive additional strategic risk reports as and when required.

8. Risk Elements – Consequence & Likelihood

The key elements of risk are typically defined in terms of the Likelihood (Table 1) of something happening, and the Consequence (Table 2) if that something actually occurs. The County Council has refined the definition of the most important components of these risk elements, inorder to represent the scale, nature and priorities of the County Council in its capacity as a local weed control authority.

The Likelihood and Consequence Tables will be used in combination during every formal risk assessment exercise to support a consistent risk assessment process. When identifying the appropriate consequence and likelihood of a particular risk it may often be that more than a single consequence component is affected – dealing with this aspect is just one of many risk management situations requiring 'considered estimation'.

Table 1: Definition of Consequence (examples).

Value	Strategic Objectives	Legislative /Legal	Environment	Asset Loss / Financial	Safety	Business Operations
Extreme	The impact threatens the survival of the Organisation.	OLG or DPI enquiry. Regulator prosecution.	Breach of Licence/ Permit or Fine issued or Serious public reaction.	Loss of assets / damage > $30,000.	One or more deaths or permanent disabilities to staff or public.	Operational disruption > 5 days.
Major	The impact threatens achievement of the Principle Business Activity in the medium term.	Investigation by regulatory authority. OLG or DPI briefing paper needed.	Breach of Licence/ Permit. Significant harm to environment. Complaints.	Loss of assets / damage > $10,000 < $30,000.	Serious near miss or Injury to staff or public hospitalised.	Operational disruption >2 <5 days.
Moderate	The impact threatens one strategic objective in the short term. At least one operational objective not to be met.	Report to regulatory authority needed. Management intervention needed to resolve.	Localised breach of Licence / Permit. Quick recovery period. Few Complaints.	Loss of assets / damage > $5,000 < $10,000	Unexpected injury with absence > 3 months.	Operational disruption > 24 hours < 48 hours.
Minor	The impact is seen as a minor threat to strategic objectives but may impact on operational objectives.	Breach can be resolved by routine management intervention.	Transient harm to the Environment. Complaints.	Loss of assets / damage > 2,000 < $ 5,000.	Injury with absence < 3 months.	Operational disruption >1 hour < 24 hours.
Insignificant	The impact is seen as a negligible threat to strategic objectives.	Breach of subordinate internal procedure.	Minor incidental harm to Environment. No Complaints.	Loss of assets / damage < $2000.	No injury.	Operational disruption < 1 hour or Scheduled downtime.

Table 2: Definition of Likelihood.

Value	Description
Almost Certain	Is expected to occur in nearly all circumstances – At least once per month
Likely	Will probably occur in most circumstances – less that once every month but more than once per annum
Possible	May occur at some time – Less than once every month but more than once in 5 years
Unlikely	Could occur but not often – Less than once in 5 years but more than once in 20 years
Rare	May occur in exceptional circumstances – Less than once in 20 years

8. Risk Assessment

Risk assessment is a key part of the risk management process of thinking systematically about all possible risks, problems or disasters before they happen, and setting operational procedures, or other control measures that will avoid unacceptable risks or minimise their impact. Documenting the details and decisions for managing risk is important.

The RISK ASSESSMENT MATRIX (**Table 3)** is used for assessing both strategic and operational risks.

In practical terms, the overall cyclic process of risk assessment involves well-informed estimation to:

- Identify risks and make a realistic evaluation of the risk level (what could go wrong, how could it happen, what and how serious would the consequences be), then
- Identify and implement treatments that will reduce the risk to a level that is acceptable to Council (what controls can be implemented to prevent or mitigate the effects of this happening or to reduce its impact), then periodically as appropriate.
- Assess the status of the risks and the effectiveness of the treatments IN THE CONTEXT OF THE RISK ASSESSMENT MATRIX and where necessary upgrade risk treatments; and finally.
- Be aware that new risks might emerge, or old risks may subside, with an appropriate response required in either case.

Table 3

	RISK RATING TABLE		LIKELIHOOD VALUE				
			A	B	C	D	E
			Almost Certain	Likely	Possible	Unlikely	Rare
CONSEQUENCE VALUE	1	Extreme	Very High	Very High	Very High	High	Medium
	2	Major	Very High	Very High	High	Medium	Low
	3	Moderate	High	High	Medium	Medium	Low
	4	Minor	Medium	Medium	Medium	Low	Low
	5	Insignificant	Medium	Medium	Low	Low	Low

9. Risk Appetite

Total elimination of risk in an activity is generally not possible unless the activity ceases completely, however accepting all risks is not advisable either (especially when they are accepted by default i.e. without knowing they even exist). Accepting risk can be appropriate so long as it has been identified, properly quantified, is understood and the risk level is acceptable.

The target *level of acceptable risk* - the level of residual risk (or impact) that the Council is comfortable in dealing with (without any further controls being implemented) is set out in thefollowing **Table 4.**

The Target Residual Risk Rating has been established to ensure nominal standards are in place to highlight potentially excessive exposure to risks whilst also flagging the likely need foradditional treatment activity or at least initiate review of risk appetite for the applicable risk subject.

Table 4:

Target Residual Risk Ratings				
Risk Category	Level of Acceptable Risk			
	Very High	High	Medium	Low
Governance	✗✗	✗	✓	✓✓
Biosecurity	✗✗	✗	✓	✓✓

Once a risk subject has been assigned a residual risk rating, that risk rating needs to be compared with the Target Residual Risk Rating in Table 4 – to check whether or not that risk rating is at an acceptable level of risk and respond according to the mandates set out inTable 5.

Table 5:

Mandatory Initial Response to a Risk Rating	
Risk Rating	Response Definition (Based on Level of acceptable risk at Table 4)
Very High	*Intolerable, stop work, and immediately introduce further control measuresusing the risk reduction guide*
High	*Review and introduce additional controls using the risk reduction guide*
Medium	*Monitor and maintain strict control measures in line with the risk reductionguide*
Low	*Tolerable monitor and Review in line with Council policy*

10. Risk Reduction Guide

Risk reduction treatments can be either in the form of *preventative controls* - designed to reduce the likelihood of the risk occurring, or *corrective controls* - to be implemented if the risk does occur. Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Risk managers should elect the best options in terms of feasibility and cost effectiveness.

In order to reduce unacceptable risks to an acceptable level, treatment may include adopting control mechanisms that act to eliminate or reduce the potential likelihood of something occurring or reduce the consequence of an unwanted event that occurs.

Typically this involves a combination of one or more of risk acceptance, risk avoidance, risk reduction, risk treatment, or risk transfer tactics as follows:

- Accepting the risk. If the risk is minor or the cost to avoid it is beyond your capacity to finance you may need to consider accepting the risk if it is core to your very existence. Being mindful of the consequences and not just ignoring them in the hope that they will never happen.
- Avoiding the risk. Decide whether or not to proceed with any unacceptable risk or choose an alternative with acceptable risks that still meets organisational aims.
- Reducing the risk. Look at alternative solutions that reduce risk. Initially focus on "engineering" solutions rather than those changes that require people to change their behaviour. Other solutions such as rules, policies or training can then be looked at to reduce risk. Other options such as protective equipment could also assist.
- Transferring the risk. Risk transfer or risk sharing usually occurs through insurance, use of contractors, leases, personnel contracts, disclaimers and warning signs.

11. Risk Management Responsibilities

Everyone that is a part of the County Council manages or impacts in some way on elementsof enterprise and operational risk to a greater or lesser extent on an ongoing basis, whereas some have more specific and more formal risk management responsibilities as follows:

A. The Council is ultimately responsible for overseeing and monitoring the governance, risk, internal control framework and external accountabilities. Given the nature of the County Council, in practice the delegates from the constituent councils as membersof the County Council are responsible for overseeing and monitoring the governance, risk and control framework and external accountability requirements of the Council.

B. The General Manager is accountable to the Council for the development and implementation of the risk management process and ultimately responsible (subject to Council providing adequate resources) for the management of risks in the business, including responsibility for legislative obligations and the implementation of risk management strategy and processes.

C. The Senior Biosecurity Officer is the administrative 'Risk Manager' responsible for overseeing risk management associated with the biosecurity office, its physical environment, the associated governance and administration functions, and assisting the General Manager to reduce the overall exposure to risk and the 'Cost of Risk' to the Council through:

   a. Monitoring the effectiveness of policies and procedures;

   b. Providing input and advice in relation to risk matters;

   c. Assisting to develop Risk Management procedures, analysis

and management of risks;

d. Ensuring that all Standard Operating Procedures incorporate risk management concepts; and

e. Managing activities for which they are responsible, in a manner that reduces Council's overall exposure to risk and the Cost of Risk.

f. Promoting active communication and increasing the awareness of risk amongst Biosecurity Officers

D. The Biosecurity Officers are operational 'Risk Managers' responsible for overseeing risk management associated with their own activities and assisting the Senior Biosecurity Weeds Officer and Administration Officer to reduce the overall 'Cost of Risk' to the Council through:

a. Taking reasonable care for the health and safety of others at the worksite or who may be affected by their actions.

b. Cooperating with any directions and procedures and processes required to ensure the health and safety of themselves and others.

c. Undertaking operational activities in accordance with any directions and procedures and processes required to ensure controlled risks remain so controlled.

d. Identifying and reporting hazards, damage, incidents, breaches of procedures and other issues they come across.

e. Assisting in the supervision and monitoring of contractor activities and including WHS compliance and work quality, and

f. Identifying and reporting new or changing risk situations and highlighting opportunities for improving other risk issues they come across.

E. The Audit, Risk & Improvement Committee (ARIC) is responsible for providing independent assurance and assistance on risk management, control, governance and external accountability responsibilities.

RELATED LEGISLATION / POLICIES / PROCEDURES

The Local Government Act 1993
Work Health & Safety Act 2011
Work Health & Safety Regulation 2017

POLICY AUTHORITY

Council / General Manager

REVIEW

This policy to be reviewed once per term of Council.
Next review date is June 2026

ADOPTED BY COUNCIL

DATE:
RESOLUTION NO:

VERSION CONTROL TABLE

DATE	VERSION	RES NO.	KEY CHANGES	AUTHOR