

## Risk Appetite and Tolerance of the Shire

### Consequences

DESCRIPTION	FINANCIAL	HEALTH	REPUTATION	OPERATION	ENVIRONMENT	COMPLIANCE	PROJECT
<b>Insignificant</b>	<Less than \$10,000	No injuries or illness	Unsubstantiated, low impact, low profile or "no news" item	Little impact	Little impact	Minor breach of policy, or process requiring approval or variance	Small variation to cost, timelines, scope or quality of objectives and required outcomes
<b>Minor</b>	\$10,000 – 100,000	First Aid treatment	Substantiated, low impact, low news item	Inconvenient delays	Minor damage or contamination	Breach of policy, process or legislative requirement requiring attention of minimal damage control	5-10% increase in time or cost or variation to scope or objective requiring managers approval
<b>Major</b>	\$100,000- \$500,000	Medical treatment	Substantiated, public embarrassment, moderate impact, moderate news profile	Significant delays to major deliverables	Environmental damage requiring restitution or internal cleanup	Breach requiring internal investigation, treatment or moderate damage control	10 -20 % increase in time or cost or variation to scope or objective requiring Senior Management approval
<b>Critical</b>	\$500,000 - \$1million	Extensive injuries or disabilities	Substantiated, organisational embarrassment, high impact news profile, third party actions	Non-achievement of major deliverables	Minor Breach of legislation / significant contamination or damage requiring third party assistance	Breach resulting in external investigation or third party actions resulting in tangible loss and some damage to reputation	20 — 50 % increase in time or cost or significant variation to scope or objective requiring restructure of project and Senior Management or Council approval
<b>Extreme</b>	>More than \$1 million	Death or permanent disabilities	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Non-achievement of major deliverables	Major breach of legislation or extensive contamination and environmental damage requiring third party intervention	Breach resulting in external investigation or third party actions resulting in significant tangible loss and damage to reputation	>50% increase in cost or timeline, or inability to meet project objectives requiring the project to be abandoned or redeveloped.

## Defining the Level of Risk

The following matrix is used to determine the level of risk, using the 'consequence' and 'likelihood' definitions from the previous page:

<b>Consequence</b> <b>Likelihood</b>	<b>Insignificant</b> <b>1</b>	<b>Minor</b> <b>2</b>	<b>Major</b> <b>3</b>	<b>Critical</b> <b>4</b>	<b>Extreme</b> <b>5</b>
<b>Almost Certain</b> <b>A</b>	<b>H</b>	<b>H</b>	<b>E</b>	<b>E</b>	<b>E</b>
<b>Likely</b> <b>B</b>	<b>M</b>	<b>H</b>	<b>H</b>	<b>E</b>	<b>E</b>
<b>Possible</b> <b>C</b>	<b>L</b>	<b>M</b>	<b>H</b>	<b>E</b>	<b>E</b>
<b>Unlikely</b> <b>D</b>	<b>L</b>	<b>L</b>	<b>M</b>	<b>H</b>	<b>E</b>
<b>Rare</b> <b>E</b>	<b>L</b>	<b>L</b>	<b>M</b>	<b>H</b>	<b>H</b>

**E = Extreme Risk:** Immediate action required by the SMT

**H = High Risk:** Manager attention needed

**M = Medium Risk:** Managed by specific monitoring or response procedures

**L = Low Risk:** Managed by routine procedures, unlikely to need specific application of resources

## Risk Management Activities

### Risk Identification

The techniques used to identify risks associated with the development, transition and operation of the Shire include:

<b>Activity</b>	<b>Detail / timeframe</b>	<b>Participants</b>
Strategic risk assessment as part of the decision making process	In planning processes and phased implementation timelines	Council, Senior Management Team and key stakeholders
Corporate risk analysis	In annual planning cycle and at key review points	Council, Senior Management Team and key stakeholders
Operational risk analysis	Agenda Item on all regular Council, project, committee and staff team meetings	All Managers and Officers
Internal and external emergency management	As required	Senior Management Team, relevant staff and LEMC
Business Continuity	Ongoing with regular review	SMT, Council and relevant Staff
Review of current risk treatments and assessment of future organisational and project plans in relation to risk	Annually and as relevant	SMT, Council and relevant Officers