



TOWN OF
VICTORIA PARK



RISK MANAGEMENT FRAMEWORK



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VIC PARK

Risk Impact Categories

Those categories against which the consequences/impacts of risk will be assessed.

Commented [DU1]: New section.

Risk impact category	Description
Financial	Financial loss that may or may not be managed within the existing budget and may or may not impact a program or service.
Environmental	Harm to the environment or heritage asset or area.
Health and Safety	Harm or injury to people with potential time loss and/or medical care.
Infrastructure/ICT Systems/ Utilities	Damage to assets/infrastructure with financial consequences. Loss of utilities/ICT systems resulting in disruption to services.
Legislative Compliance	Breach of legislation and compliance requirements that may or may result in legal action and financial penalties.
Reputation	Media exposure that may or may not impact reputation and image and may or may not require action or intervention.
Service Delivery	Disruption to a service or major project in progress that may result in delays to delivery.

Risk Likelihood

Predicted likelihood of the risk event occurring over time and activity/frequency.

Likelihood	Description
Almost Certain	Expected to occur in most circumstances (>80% probability) and/or Likely to occur at least once in every year.
Likely	Will probably occur in most circumstances (50 to 80% probability) and/or Likely to occur once every >1 -2 years.
Possible	Might occur at some time (25 to 49% probability) and/or Likely to occur once every >2-5 years.
Unlikely	Could occur but unlikely (2 to 24% probability) and/or Likely to occur once every >5-20 years.
Rare	May occur in exceptional circumstances (<2% probability) and/or Not likely to occur more than once in 30 years.

Commented [DU2]: Changed from more than once per year and > 90% chance probability

Commented [DU3]: Changed from at least once per year and 60-90% chance probability

Commented [DU4]: Changed from at least once in 3 years and 40-60% probability

Commented [DU5]: Changed from at least once in 10 years and 10 -40% probability

Commented [DU6]: Changed from less than 15 years and < 10% probability

Risk Scoring Matrix

To determine the overall risk level for a particular risk, the likelihood and consequence scores for the risk can be plotted in a matrix.

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Medium	Medium	High	High	Extreme
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

Commented [DU7]: Changed from 'Catastrophic'

Commented [DU8]: Changed from 'High' to 'Medium'

Commented [DU9]: Changed from 'Low' to 'Medium'

Effectiveness of Controls

Rating of the overall effectiveness of risk control measures currently used, in reducing the likelihood and/or consequence of the risk event occurring.

Effectiveness rating	Description
Fully effective	Fully effective at all times (will significantly reduce the likelihood and/or consequence of the risk at all times).
Substantially effective	Effective in most circumstances (will have a reasonably significant effect in terms of reducing the likelihood and/or consequence of the risk)
Partially effective	Partial control most of the time (will have some effect in terms of reducing the likelihood and/or consequence of the risk)
Totally ineffective	Not effective at all in mitigating the risk (will not have any effect in terms of reducing the likelihood and/or consequence of the risk)

Commented [DU10]: All effectiveness ratings have been changed to include additional ratings to account for substantial and partial effectiveness.

Commented [DU11]: All descriptions have been updated

Risk Appetite

The ISO Guide 73:2009, Risk Management – Vocabulary defines risk appetite as “The amount and type of risk that an organisation is willing to pursue or retain”.

The risk appetite/attitude for residual risk has been identified for each Impact Category for the organisation in the following table.

Impact category	Consequence			
	Low	Medium	High	Extreme
Financial	●			
Environmental		●		
Health and Safety	●			
Infrastructure/ICT Systems/Utilities		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

Commented [DU12]: New section.

Risk Treatment Options

Selection of one of the following risk treatment options should be made in accordance with the organisation’s objectives, risk criteria and available resources.

Treatment	Description
Accept	Accepting or retaining the risk at its residual risk rating level, without further treatment, even though it may exceed the organisation’s risk appetite.
Treat	Further treating risks to reduce the likelihood and/or consequence of the risk.
Transfer/Share	Transferring part of the risk (either management of the activity/service or consequences) to another party. Sharing risk does not mean that the responsibility/accountability for the risk has been transferred.
Avoid	Avoiding a risk/event with detrimental consequences by deciding not to proceed with the activity likely to create the risk, or by disposing of the asset, etc.

Commented [DU13]: New section

Risk Consequences

Graded Consequences of risk for each Risk Impact Category.

Commented [DU14]: This has been updated to provide further detail in the assessment of consequences to each identified risk.

Impact Category	Insignificant	Minor	Moderate	Major	Severe
Financial	Minimal financial impact that can be managed within the program or service budget. Less than \$10,000.	A financial loss that can be managed within the department budget. \$10,000 to less than \$100,000.	A financial loss that can be managed within the organisational budget. \$100,000 to less than \$500,000.	A financial loss unable to be managed within the organisational budget resulting in reduction in a program or service. \$500,000 to less than \$2M.	A critical financial loss resulting in closure of or significant reduction in a program or service. Greater than \$2M.
Environmental	Negligible damage that is contained on-site. The damage is recoverable with no permanent effect on the environment or the asset. The resource or asset will take less than 6 months to recover.	Minor damage to the environment or heritage asset or area that is immediately contained on-site. The resource or asset will take less than 2 years to recover or it will only require minor repair.	Moderate damage to the environment or a heritage listed asset or area, which is repairable. The resource or asset will take up to 10 years to recover.	Significant damage to an <i>environmentally significant</i> area or asset from which it will take more than 10 years to recover. OR Extensive damage to a non-heritage listed area or asset that has heritage values. OR Significant damage to a <i>Council Heritage Listed</i> area or asset that involves either extensive remediation or will take more than 10 years to recover.	Irreversible and extensive damage is caused to a <i>World Heritage Listed Area, a National Heritage Listed Site, a Register of the National Estate Site or a Council Heritage Listed</i> area or asset. OR Irreversible and extensive damage is caused to a <i>Matter of National Environmental Significance</i> under the Act (e.g. endangered species, RAMSAR wetland, marine environment).

Impact Category	Insignificant	Minor	Moderate	Major	Severe
Health and Safety	No injury / minor First Aid treatment only.	First Aid treatment or precautionary medical attention only. Person likely to immediately resume normal duties.	Person unable to resume normal duties in the short-medium term.	Hospitalisation with potential to result in permanent impairment.	Single or multiple fatality.
Infrastructure/ICT Systems/ Utilities	Minor damage where repairs are required however, assets or infrastructure are still fully operational. OR Loss of utilities/systems resulting in minor disruption to a service for up to 12 hours.	Short term loss or damage where repairs are required to allow the assets or infrastructure to remain operational using existing internal resources. OR Loss of utilities/systems resulting in minor disruption to a service (>12 hours - 24 hours).	Medium term loss of key assets and infrastructure, where are repairs required to allow them to remain operational. Cost moderate and outside of budget allocation. OR Loss of utilities/systems resulting in disruption to a department for up to 12 hours.	Widespread, medium term loss of key assets and infrastructure, where repairs required to allow the infrastructure to remain operational. Cost significant and outside of budget allocation. OR Loss of utilities/systems resulting in serious disruption to several services or more than 1 department for up to 12 hours.	Widespread, long-term loss of substantial key assets and infrastructure. Infrastructure requires total rebuild or replacement. OR Failure of utilities/systems resulting in the loss of function for several departments (> 12 hours).
Legislative Compliance	Minor technical breach but no damages. No monetary penalty. Internal query.	Minor technical non-compliances and breaches of Corporate/Council Policy or State/Commonwealth regulations with potential for minor monetary penalty.	Compliance breach of regulation with investigation or report to authority with possible fine. AND/OR	Major compliance breach with potential exposure to large damages or awards. Potential prosecution with penalty imposed. District court action. OR	Severe compliance breach with prosecution and/or maximum penalty imposed. Supreme Court or criminal action. OR

Impact Category	Insignificant	Minor	Moderate	Major	Severe
			Special audit by outside agency or enquiry by Ombudsman.	Multiple compliance breaches that together result in potential prosecution with penalty imposed.	Multiple compliance breaches that together result in prosecution with maximum penalty imposed.
Reputation	Customer complaint. AND/OR Not at fault issue, settled quickly with no impact.	Non-headline community media exposure. Clear fault. Settled quickly by ToVP response. Negligible impact.	Negative local (headline) and some regional media coverage. Council notification. Slow resolution.	Negative regional (headline) and some national media coverage. Repeated exposure. Council involvement. At fault or unresolved complexities impacting public or key groups.	Sustained national media coverage. Maximum multiple high-level exposure. Direct Council intervention. Loss of credibility and public/ key stakeholder support.
Service Delivery	Some non-essential tasks will not be able to be achieved. AND/OR Unable to provide service for <1 business day. AND/OR Major Project in progress delay for < 1 month.	Less than 5% of essential tasks will not be achieved. AND/OR Unable to provide service for 1-2 business days. AND/OR Major Project in progress delay for 1 - 2 months.	5% - 10% of essential tasks will not be achieved AND/OR Unable to provide service for 2-5 business days. AND/OR Major Project in progress delay for 2-3 months.	10% - 20% of essential tasks will not be achieved. AND/OR Unable to provide service for 5-10 business days. AND/OR Major Project in progress delay for 3-6 months.	Greater than 20% of essential tasks will not be achieved. AND/OR Unable to provide service for >10 business days. AND/OR Major Project in progress delay for > 6 months.