

How consequences are assessed

Consequence describes how serious the impact would be if the risk occurred. Impacts are assessed using the Risk Tolerance Table, which provides clear examples across different areas such as:

- safety
- service delivery
- finances
- governance
- reputation
- workforce capability

Refer to the Risk Tolerance Table. (This ensures everyone assesses impacts consistently.)

Control effectiveness (what this means)

When reviewing risks, controls are rated as:

- **Effective** – controls work as intended
- **Partially effective** – controls exist but need improvement
- **Ineffective** – controls do not reduce risk

Use evidence where possible (inspections, audits, reviews, performance data).

Reporting and escalation

Effective risk reporting shows how well key risks and opportunities are being managed, whether by reducing potential harm or by maximising organisational benefits.

How risks are reported

Risks are reported using two main categories:

- **Strategic Risks:** Risks that could affect the City’s long-term direction, strategic objectives or priorities set out in the Strategic Plan.
- **Operational Risks:** Risks arising from day-to-day activities, systems, people, processes or external events that may affect service delivery.

This distinction helps ensure risks are reviewed and escalated at the right level.

Who reports and escalates risks

- **Risk Owners** – Identify and manage risks, keep risk information up to date, monitor controls and report risks in line with this framework.
- **Managers** – Report operational and strategic risks to their Executive Director, especially where risks are beyond their authority to manage.
- **Executive Directors** – Review risks within their portfolios and escalate High and Extreme risks to the Executive Management Team (EMT).
- **Executive Management Team (EMT)** – Provides enterprise-level oversight and determines which risks require coordinated action, additional resources or further escalation.
- **Audit, Risk & Improvement Committee (ARIC)** – Receives High and Extreme strategic risks endorsed by EMT for independent oversight and assurance to Council.

Only risks formally endorsed by EMT are included in the Enterprise Risk Management Register reported to ARIC.

**Key message:** *If something could seriously affect safety, services, reputation, finances or our people: raise it early.*

*Good risk management is about speaking up, not getting it perfect.*

*If a risk is **High** or **Extreme**, or beyond your authority, escalate it early. Escalation is expected and supports better decisions and organisational learning.*

| Risk Management Responsibility Matrix |                    |                                                              |                                                                         |
|---------------------------------------|--------------------|--------------------------------------------------------------|-------------------------------------------------------------------------|
| Level of Risk                         | Description        | When is the Risk Acceptable?                                 | Responsibility and Minimum Review Cycle                                 |
| Low 1-4                               | Acceptable         | Managed through routine procedures                           | Responsible Officer - Every 6 months                                    |
| Medium 5-9                            | Monitor            | Controls in place; monitor and improve as needed             | Responsible Officer - Every 3 months or as per the Risk Register        |
| High 10-18                            | Attention Required | Reviewed and/or new controls required to reduce risk         | Executive & CEO - Every month or as per the Risk Register               |
| Extreme 17-25                         | Unacceptable       | Acceptable only with executive oversight and strong controls | ARIC oversight - Controls implemented within 1 week; review fortnightly |

Risk Categories

The City uses the following risk categories to understand where a risk would have the biggest impact on our people, community or services.

- **Health, Safety & Wellbeing** – Impacts on physical or mental wellbeing (including psychosocial risks) for staff, contractors, volunteers, elected members or the community.
- **Environmental Management** – Impacts on the natural environment, biodiversity, waterways and climate resilience.
- **Information & Cybersecurity** – Impacts on the security, reliability or availability of information and digital systems (including privacy).
- **Reputation** – Impacts on community trust and confidence in the City.
- **Service Delivery** – Impacts on service quality, access, timeliness or continuity.
- **Strategic Alignment** – Impacts where work or decisions don’t support Council plans, priorities or community outcomes.
- **Organisational Capability & Workforce** – Impacts on people, skills, leadership, culture or capacity to deliver work well.
- **Financial Management** – Impacts on responsible use of public funds and budget sustainability.
- **Governance** – Impacts on ethical leadership, accountability, transparency and sound decision-making.
- **Property & Infrastructure** – Impacts on safety, condition or performance of buildings, assets and infrastructure.
- **Compliance & Legal** – Impacts from not meeting legal, regulatory, contractual or policy requirements.

*Staff reminder: Choose the category that best reflects the most serious impact, not the cause.*

Document Control

**Document Development Officer:** Manager Governance & Risk

**Adoption References:** OCM 01/07/2025 Resolution AR178

**Review Reference:** Resolution AR178 | **Version:** 22 May 2026 – Draft\_v10

**Document Reference:** PU21854(010)



Risk & Opportunity Management Framework Policy  
22 May 2026

Purpose (What this framework is for)

This framework helps everyone at the City of Albany identify, understand and manage risks and opportunities in their day-to-day work.

Good risk management:

- helps us deliver services safely and reliably
- supports good decision-making
- protects our people, the community and the organisation

Risk management is not just paperwork — it is part of how we plan work, make decisions and improve over time.

Governance Statement (Everyone has a role)

Under the Risk & Opportunity Management Policy, all staff and contractors are responsible for:

- identifying risks in their work
- managing risks, they control
- escalating risks when they are beyond their authority
- monitoring and reviewing actions taken

You are not expected to manage everything yourself; escalation is part of good risk management.

Key Definitions – AS/NZS ISO 31000:2018

- **Risk Management:** The culture, processes, and structures used to realise potential opportunities while managing adverse effects.
- **Risk Owner:** The officer accountable for managing a risk, implementing treatments and ensuring ongoing monitoring.
- **Risk:** The effect of uncertainty on objectives. This includes potentially positive (opportunity) and negative impacts from future events.
- **Likelihood:** The chance, probability, or frequency of an event occurring.
- **Consequence:** The outcome or result of an event.
- **Hazard:** The source or situation with the potential to cause harm or risk.
- **Risk Analysis:** The systematic use of available information to estimate how often specific events may occur and the magnitude of their consequences.
- **Risk Treatments:** Actions, policies, standards, or procedures implemented to eliminate or minimise adverse risks.
- **Residual Risk:** The level of risk remaining after risk treatments have been applied.
- **Risk Tolerance:** The level of risk or residual risk the City is willing to accept in the context of day-to-day operations, projects, or events.
- **Level of Impact Definitions and Ratings:**
  - **Insignificant:** Localised impact with no organisational consequence.
  - **Minor:** Limited impact requiring routine management response.
  - **Moderate:** Noticeable impact affecting service delivery or objectives.
  - **Major:** Significant disruption to operations or strategic outcomes.
  - **Severe:** Critical failure causing sustained organisational impact.

## Risk Management Process

When planning daily tasks, projects, events, or service delivery, all stakeholders must identify risks that could affect outcomes for internal and external parties.

### Step (1): Communicate and consult

Talk with the right people early: supervisors, colleagues or subject matter experts.

### Step (2): Establish the context

Be clear about:

- what you are doing
- what could go wrong
- what success looks like

### Step (3): Assess the risk

- Identify the risk
- Assess likelihood
- Assess consequence
- Determine the risk rating

### Step (4). Treat the risk

Put controls in place to:

- reduce the likelihood
- reduce the impact
- or, for opportunities, increase the benefit

Introduce the appropriate control measures based on the nature of the risk. For negative risk treatments, such as Health & Safety Risks, use the hierarchy of controls:

- Eliminate** – Remove the hazard entirely.
- Substitute** – Replace with a safer alternative.
- Engineering Controls** – Isolate people from the hazard.
- Administrative Controls** – Change the way work is performed.
- PPE** – Provide personal protective equipment to reduce exposure.

For Positive Outcomes, risk of missed opportunity):

- Accept** – Proceed with the opportunity as is.
- Improve** – Strengthen existing resources to increase success.
- Exploit** – Invest additional resources to maximise benefits (e.g., develop a business case to secure external funding).
- Transfer** – Engage a specialised team or partner (e.g., collaborate with experts to enhance outcomes).

### Step (5). Monitor , Review, Report & Record

Check that controls are working and update risks if circumstances change. The **Risk Owner** is responsible for ensuring risks and controls remain effective over time by:

- Monitoring controls and treatments:** Regularly check that risk treatments are in place, operating as intended, and remain aligned with the City’s risk tolerance.
- Reviewing risks when circumstances change:** Update risk ratings, controls and actions when there are changes to activities, systems, legislation, incidents, or operating conditions.
- Reporting risk status and issues:** Report risk information through appropriate management and governance channels, including emerging issues, control weaknesses, or changes in risk exposure.
- Recording and maintaining risk information:** Ensure risk registers, treatment plans and supporting records are accurate, current and retained in the relevant system.
- Supporting performance and continuous improvement:** Use monitoring and review outcomes to inform performance management, assurance activities and ongoing improvement of risk practices.
- Evaluating effectiveness:** Periodically assess:
  - the effectiveness of risk treatments and controls; and
  - the effectiveness of the risk management process itself.

**Key message for staff:** *Risk management does not stop once controls are in place: it requires regular checking, updating and reporting.*

### How likelihood is assessed

Likelihood describes how often a risk might happen.

When assessing likelihood, consider:

- how often it has happened before
- how likely it is to happen again
- whether this is part of routine operations or a one-off project

Use evidence where possible (past incidents, experience, data).

Refer to the Likelihood Rating table. (The table shows ratings from Rare to Almost Certain, with examples.)

### Likelihood Rating Table

| Level | Description    | Context (Operational Frequency)             | Context (Project Frequency)     | Probability (Indicative)              |
|-------|----------------|---------------------------------------------|---------------------------------|---------------------------------------|
| 5     | Almost Certain | Expected to occur in most circumstances     | More than once in 12 months     | Greater than 90% chance of occurrence |
| 4     | Likely         | Will probably occur in most circumstances   | At least once every 12 months   | 60% - 90% chance of occurrence        |
| 3     | Possible       | Should occur at some time                   | At least once every three years | 40% - 60% chance of occurrence        |
| 2     | Unlikely       | Could occur at some time                    | At least once in ten years      | 10% - 40% chance of occurrence        |
| 1     | Rare           | May occur only in exceptional circumstances | Less than once in fifteen years | Less than 10% chance of occurrence    |

### Risk Tolerance Table

The table provides a consistent way to assess the potential impact of risks across the City.

The City aims to minimise Severe risks and requires active treatment of all High and Extreme risks, unless formally accepted by the Chief Executive Officer.

| Risk Category               | Insignifica nt              | Minor                                | Moderate                                    | Major                                        | Severe                                               |
|-----------------------------|-----------------------------|--------------------------------------|---------------------------------------------|----------------------------------------------|------------------------------------------------------|
| Health, Safety & Wellbeing  | First aid only.             | Medical treatment; minor lost time.  | Lost time injury/illness.                   | Serious injury or long-term harm.            | Fatality or multiple serious injuries.               |
| Environmental Management    | Negligible; no-remediation. | Minor, short-term impact.            | Moderate impact requiring remediation.      | Significant, widespread or long-term impact. | Catastrophic, irreversible damage.                   |
| Information & Cybersecurity | Brief slowdown; no loss.    | Minor outage or small privacy issue. | Hours-long outage or minor breach.          | Days-long outage or large breach.            | Total system failure or major breach with penalties. |
| Reputation                  | Isolated complaint.         | Minor local concern.                 | Sustained concern or local media attention. | State-level or widespread criticism.         | Severe, national-level scrutiny.                     |
| Service Delivery            | Negligible disruption.      | Minor disruption; few complaints.    | Noticeable service interruption.            | Major disruption to key services.            | Long-term or complete service failure.               |

| Risk Category                         | Insignifica nt                                     | Minor                                           | Moderate                                                                 | Major                                                                                  | Severe                                                                                      |
|---------------------------------------|----------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Strategic Alignment                   | Minimal effect on goals.                           | Minor resource diversion; goals unaffected.     | Moderate resource impact; some goals affected.                           | Significant impact; key goals materially affected.                                     | Critical impact; goals at risk; strategic review required.                                  |
| Organisational Capability & Workforce | No impact on workforce capability                  | Localised workforce pressure, minimal impact    | Workforce issues affecting some services                                 | Significant workforce failure impacting performance                                    | Systemic workforce failure threatening services                                             |
| Financial Management                  | Impact contained within an individual budget line. | Impact managed within a team or program budget. | Impact requires Directorate-level budget adjustment or reprioritisation. | Impact requires Executive-level intervention and affects multiple services or budgets. | Impact affects the City-wide budget, financial sustainability or requires Council decision. |
| Governance                            | Minor lapse; no effect.                            | Small weakness; limited impact.                 | Failures reduce confidence.                                              | Major lapse; external scrutiny.                                                        | Systemic failure; Council intervention.                                                     |
| Property & Infrastructure             | Cosmetic damage.                                   | Minor, repairable damage.                       | Moderate repair/replacemen t needed.                                     | Major damage to a key asset.                                                           | Destruction of critical assets.                                                             |
| Compliance & Legal                    | Minor breach; easily fixed.                        | Repeated low-level breaches.                    | Breach requiring regulator action.                                       | Major breach with fines or legal action.                                               | Systemic breach; prosecution or licence loss.                                               |

### How risk ratings are determined

Risk ratings are calculated by combining likelihood and consequence using the Risk Rating Matrix. Refer to the Risk Rating Matrix. (The matrix determines whether a risk is: Low, Medium, High or Extreme).

| Risk Rating Matrix |   |               |            |            |              |              |
|--------------------|---|---------------|------------|------------|--------------|--------------|
| LIKELIHOOD         |   | CONSEQUENCES  |            |            |              |              |
|                    |   | Insignificant | Minor      | Moderate   | Major        | Severe       |
|                    |   | 1             | 2          | 3          | 4            | 5            |
| Almost Certain     | 5 | Medium (5)    | High (10)  | High (15)  | Extreme (20) | Extreme (25) |
| Likely             | 4 | Low (4)       | Medium (8) | High (12)  | High (16)    | Extreme (20) |
| Possible           | 3 | Low (3)       | Medium (6) | Medium (9) | High (12)    | High (15)    |
| Unlikely           | 2 | Low (2)       | Low (4)    | Medium (6) | Medium (8)   | High (10)    |
| Rare               | 1 | Low (1)       | Low (2)    | Low (3)    | Low (4)      | Medium (5)   |

### What happens at each risk level

Each risk rating has a clear management expectation:

| Rating  | Management Expectation                                      |
|---------|-------------------------------------------------------------|
| Low     | Manage locally as part of normal work                       |
| Medium  | Manager oversight required                                  |
| High    | Executive visibility required                               |
| Extreme | Immediate escalation to the Executive Management Team (EMT) |

If you are unsure, escalate; escalation is expected and supported.