SHIRE OF Quairading
Take a closer look

RISK MANAGEMENT GOVERNANCE FRAMEWORK

Endorsed 27th February 2025, 116 – 24/25

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SECTION ONE: INTRODUCTION

The policy and procedures form the Risk Management Framework for the Shire of Quairading ("the Shire"). It sets out the Shire's approach to the identification, assessment, management, reporting and monitoring of risks. All components of this document are based on AS/NZS ISO 31000:2009 Risk Management.

It is essential that all areas of the Shire adopt these procedures to ensure:

- Strong corporate governance.
- Compliance with relevant legislation, regulations, and internal policies.
- Compliance with Integrated Planning and Reporting requirements.
- Understanding of uncertainty and its effects on objectives.

This framework aims to balance a documented, structured, and systematic process with the current size and complexity of the Shire along with existing time, resource, and workload pressures.

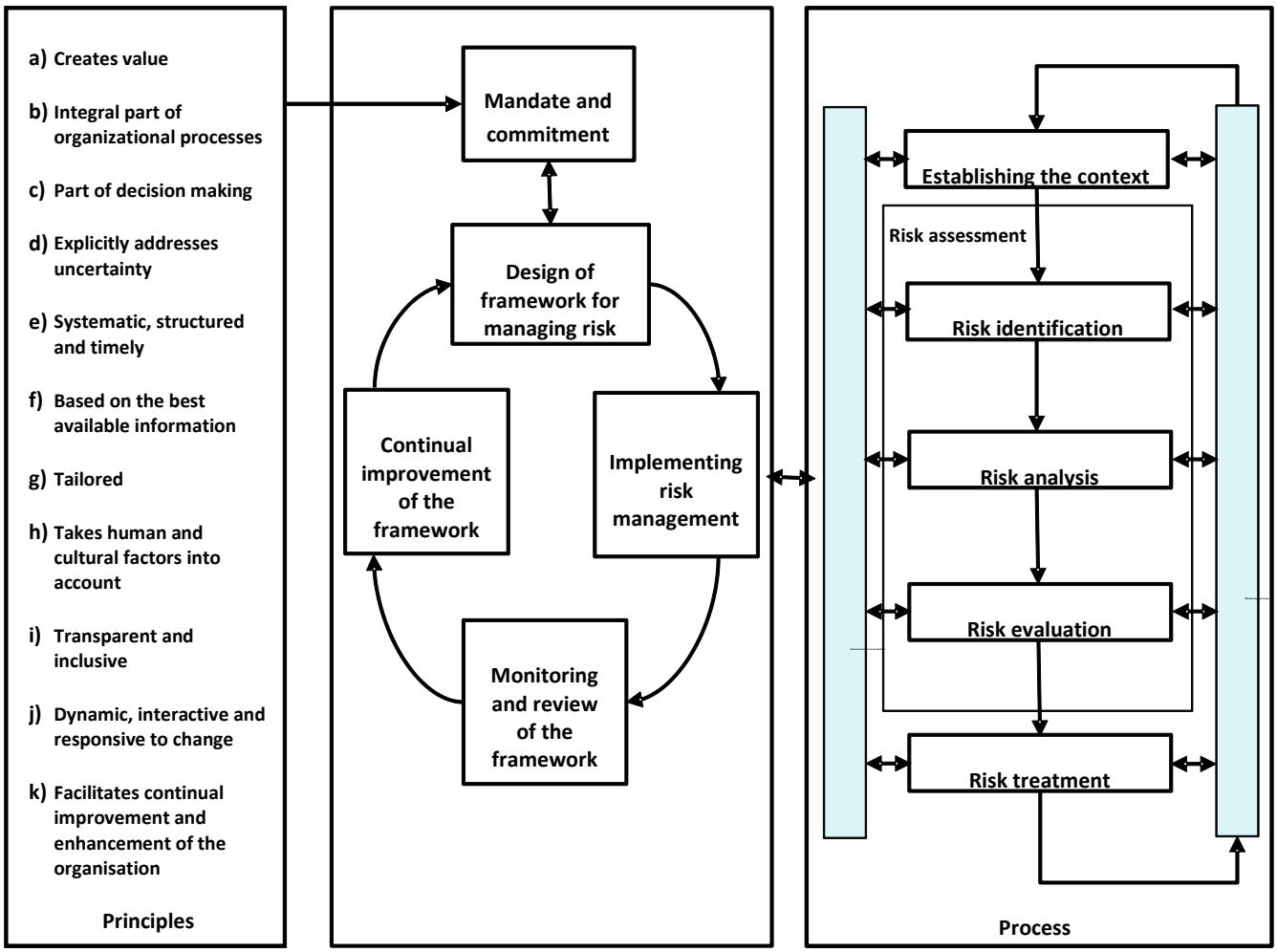


Figure 1: Risk Management Process (Source: AS/NZS 31000:2009)

SECTION TWO: RISK MANAGEMENT PROCEDURES

1.1

2.1 Governance

Appropriate governance of risk management within the Shire of Quairading (the "Shire") provides:

- Transparency of decision-making.
- Clear identification of the roles and responsibilities of the risk management functions.
- An effective Governance Structure to support the risk framework.

2.1.1 Framework Review

A biennial review of the Risk Management Framework confirms appropriateness and effectiveness.

2.1.2 Operating Model

The Shire has adopted a "Three Lines of Defence" model for the management of risk. This model ensures roles, responsibilities and accountabilities for decision-making are structured to demonstrate effective governance and assurance. By operating within the approved risk appetite and framework, the Council, management, and community will have assurance that risks are managed effectively to support the delivery of the strategic, corporate, and operational plans.

2.1.2.1 First Line of Defence

All **operational areas** of the Shire are considered '**1st Line'**. They are responsible for ensuring that risks within their scope of operations are identified, assessed, managed, monitored, and reported. Ultimately, they bear ownership and responsibility for losses or opportunities from the realisation of risk. Associated responsibilities include:

2.1.2.1.1 Establishing and implementing appropriate processes and controls for the management of risk (in line with these procedures).

2.1.2.1.2 Undertaking adequate analysis (data capture) to support the decision-making of risk matters.

2.1.2.1.3 Prepare risk acceptance proposals where necessary, based on level of residual risk.

2.1.2.1.4 Retain primary accountability for the ongoing management of their risk and control environment.

2.1.2.2 Second Line of Defence

The Executive Manager, Corporate Services acts as the primary '**2nd Line'**. This position owns and manages the framework for risk management. The position drafts and implements the governance procedures and provides the necessary tools and training to support the 1st line process. The Executive Management Team supplements the second line of defence.

Maintaining oversight on the application of the framework provides a transparent view and level of assurance to the 1st & 3rd lines on the risk and control environment. Support can be provided by additional oversight functions completed by other 1st Line Teams (where applicable). Additional responsibilities include:

2.1.2.2.1 Providing independent oversight of risk matters as required.

2.1.2.2.2 Monitoring and reporting on emerging risks.

2.1.2.2.3 Co-ordinating the Shire's risk reporting for the CEO and Executive Management Team and the Audit Committee.

2.1.2.3 Third Line of Defence

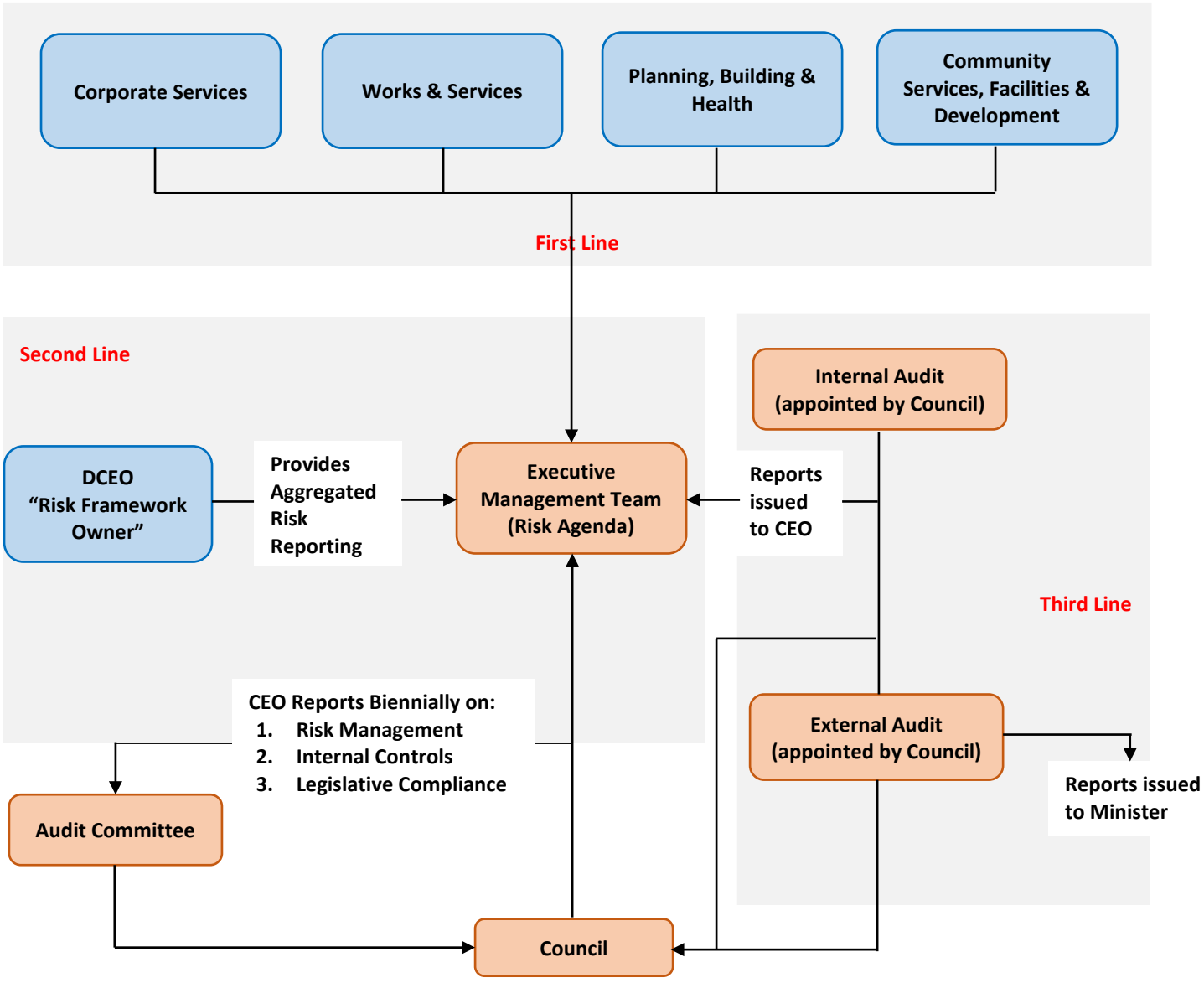
Internal & External Audit are the **'3rd Line'** of defence, providing independent assurance to the Council, Audit Committee and Shire Management on the effectiveness of business operations and oversight frameworks (1st & 2nd Line).

Internal Audit – Appointed by the CEO to report on the adequacy and effectiveness of internal control processes and procedures. The CEO and the Audit Committee determine the scope.

External Audit – Appointed by the Council on the recommendation of the Audit Committee to report independently to the President and CEO on the annual financial statements only.

2.1.3 Governance Structure

The following diagram depicts the current operating structure for risk management within the Shire.



2.1.4 **Roles & Responsibilities**

2.1.4.1 Council

2.1.4.1.1 Review and approve the Shire's Risk Management Policy and Risk Assessment & Acceptance Criteria.

2.1.4.1.2 Establish and maintain an Audit & Risk Improvement Committee in accordance with the Local Government Act.

2.1.4.2 Audit Committee

2.1.4.2.1 Support Council to provide effective corporate governance.

2.1.4.2.2 Oversight of all matters that relate to the conduct of External Audits.

2.1.4.2.3 Must be independent, objective and autonomous in deliberations.

2.1.4.2.4 Make recommendations to Council on External Auditor appointments.

2.1.4.3 CEO/Executive Management Team (in capacity as "Risk Committee")

2.1.4.3.1 Undertake Internal Audits as required under Local Government (Audit) Regulations.

2.1.4.3.2 Liaise with Council in relation to risk acceptance requirements.

2.1.4.3.3 Approve and review the appropriateness and effectiveness of the Risk Management Framework.

2.1.4.3.4 Drive consistent embedding of a risk management culture.

2.1.4.3.5 Analyse and discuss emerging risks, issues, and trends.

2.1.4.3.6 Document decisions and actions arising from 'risk matters'.

2.1.4.3.7 Own and manage the Risk Themes at Shire Level.

2.1.4.4 Executive Manager, Corporate Services (in capacity as "Risk Framework Owner")

2.1.4.4.1 Oversee and facilitate the Risk Management Framework.

2.1.4.4.2 Champion risk management within operational areas.

2.1.4.4.3 Support reporting requirements for risk matters.

2.1.4.4.4 Monitor KPI's for risk.

2.1.4.4.5 Appoint/engage external auditors to report on financial statements annually.

2.1.4.5 Managers/Teams

2.1.4.5.1 Drive risk management culture within work areas.

2.1.4.5.2 Own, manage and report on specific risk issues as required.

2.1.4.5.3 Assist in the Risk & Control Management process as required.

2.1.4.5.4 Highlight any emerging risks or issues accordingly.

2.1.4.5.5 Incorporate 'Risk Management' into Management Meetings, by incorporating the following agenda items:

2.1.4.5.5.1 New or emerging risks.

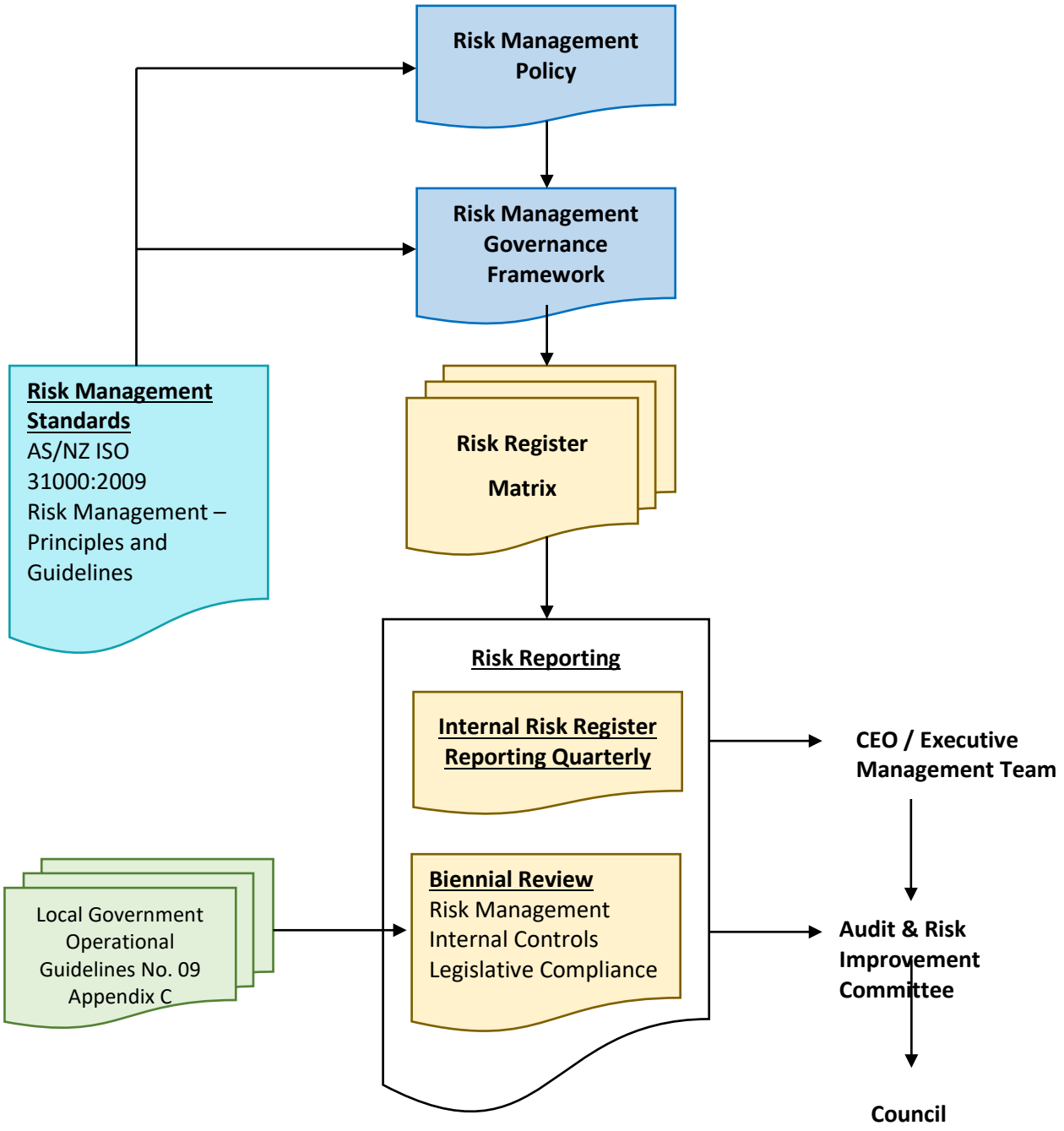
2.1.4.5.5.2 Review existing risks.

2.1.4.5.5.3 Control adequacy.

2.1.4.5.5.4 Outstanding issues and actions.

2.1.5 Document Structure (Framework)

The following diagram depicts the relationship between the Risk Management Policy, Procedures and supporting documentation and reports.



2.2 Risk & Control Management

All work areas of the Shire are required to assess and manage the Risk Register on an ongoing basis.

Each manager, in conjunction with the Executive Manager, Corporate Services, is accountable for ensuring that Risks are:

- Reflective of the material risk landscape of the Shire.
- Reviewed on at least a 24-month cycle unless there has been a material restructure or change in the risk and control environment.
- Maintained in the standard format.

This process is supported using key data inputs, workshops and ongoing business engagement.

2.2.1 Risk & Control Assessment

To ensure alignment with ISO 31000:2009 Risk Management, the following approach is to be adopted from a Risk & Control Assessment perspective.

A. Establishing the Context

The first step in the risk management process is to understand the context within which the risks are to be assessed. This comprises two elements:

Organisational Context

The Shire's Risk Management Matrix provides the basic information and guidance regarding the organisational context to conduct a risk assessment. This includes risk assessment and acceptance criteria (Appendix A) and any other tolerance tables as developed. In addition, existing risk themes are to be utilised (Appendix C) where possible to assist in the categorisation of related risks.

Any changes or additions to the risk themes must be approved by the Executive Manager, Corporate Services and CEO.

All risk assessments are to utilise these documents to allow consistent and comparable risk information to be developed and considered within the planning and decision-making processes.

Specific Risk Assessment Context

To direct the identification of risks, the specific risk assessment context is to be determined prior to and used within the risk assessment process.

For risk assessment purposes the Shire has been divided into three levels of risk assessment context:

1. Strategic Context

   These risks are associated with achieving the organisation's long-term objectives. They can be of an internal or external nature. Inputs to establishing the strategic risk assessment context may include:

   - Organisations Vision/Mission
   - Stakeholder Analysis
   - Environment Scan/SWOT Analysis
   - Strategies/Objectives/Goals

2. Operational Context

   The Shire's day-to-day activities, functions, infrastructure, and services. Prior to identifying operational risks, the operational area should identify its Key Activities (i.e., what are you trying to achieve?). Note: these may already be documented in business plans, budgets etc.

3. Project Context

   Project Risk has two main components:

   - **Direct** refers to the risks that may arise as a result of project activity (i.e., impacting on process, resources or IT systems) which may prevent the Shire from meeting its objectives
   - **Indirect** refers to the risks that threaten the delivery of project outcomes.

   In addition to understanding what is to be assessed, it is also important to understand who are the key stakeholders or areas of expertise that may need to be included within the risk assessment.

B. Risk Identification

Using the specific risk assessment context as the foundation and in conjunction with relevant stakeholders, answer the following questions, capture, and review the information within each Risk Theme.

- What can go wrong? / What are areas of uncertainty? (Risk Description)
- How may this risk eventuate? (Potential Causes)
- What are the current measurable activities that mitigate this risk from eventuating? (Controls)
- What are the potential consequential outcomes of the risk eventuating? (Consequences)

C. Risk Analysis

To analyse the risks, the Shire's Risk Assessment and Acceptance Criteria (Appendix A) is applied:

- Based on the documented controls, analyse the risk in terms of Existing Control Ratings
- Determine relevant consequence categories and rate how bad it could be if the risk eventuated with existing controls in place (Consequence)
- Determine how likely it is that the risk will eventuate to the determined level of consequence with existing controls in place (Likelihood)
- By combining the measures of Consequence and Likelihood, determine the risk rating (Level of Risk)

D. Risk Evaluation

The Shire is to verify the risk analysis and make a risk acceptance decision based on:

- Controls Assurance (i.e., are the existing controls in use, effective, documented, up to date and relevant)
- Existing Control Rating
- Level of Risk
- Risk Acceptance Criteria (Appendix A)
- Risk versus Reward/Opportunity

The risk acceptance decision needs to be documented and those risks that are acceptable are then subject to the monitor and review process.

Note: Individual Risks or Issues may need to be escalated due to its urgency, level of risk or systemic nature.

E. Risk Treatment

For unacceptable risks, determine treatment options that may improve existing controls and/or reduce Consequence / Likelihood to an acceptable level.

Risk treatments may involve actions such as avoid, share, transfer or reduce the risk with the treatment selection and implementation to be based on:

- Cost versus benefit
- Ease of implementation
- Alignment to organisational values / objectives.

Once a treatment is implemented, the Executive Manager, Corporate Services, is to review the risk information and acceptance decision with the treatment now noted as a control and those risks that are acceptable then become subject to the monitor and review process (refer to Risk Acceptance section).

F. Monitoring & Review

The Shire is to review all Risk Themes on a 24-month cycle at a minimum or if triggered by one of the following:

- Changes to context
- A treatment is implemented
- An incident occurs or due to audit/regulator findings.

The Executive Manager, Corporate Services, is to monitor the status of risk treatment implementation and report on, if required.

The CEO & Executive Management Team will monitor significant risks and treatment implementation as part of their normal agenda item on a quarterly basis with specific attention given to risks that meet any of the following criteria:

- Risks with a Level of Risk of High or Extreme
- Risks with Inadequate Existing Control Rating
- Risks with Consequence Rating of Catastrophic

- Risks with Likelihood Rating of Almost Certain.

The design and focus of the Risk Dashboard report will be determined from time to time on the direction of the CEO & Executive Management Team. They will also monitor the effectiveness of the Risk Management Framework ensuring it is practical and appropriate to the Shire.

G. Communication & Consultation

Throughout the risk management process, stakeholders will be identified, and where relevant, be involved in or informed of outputs from the risk management process.

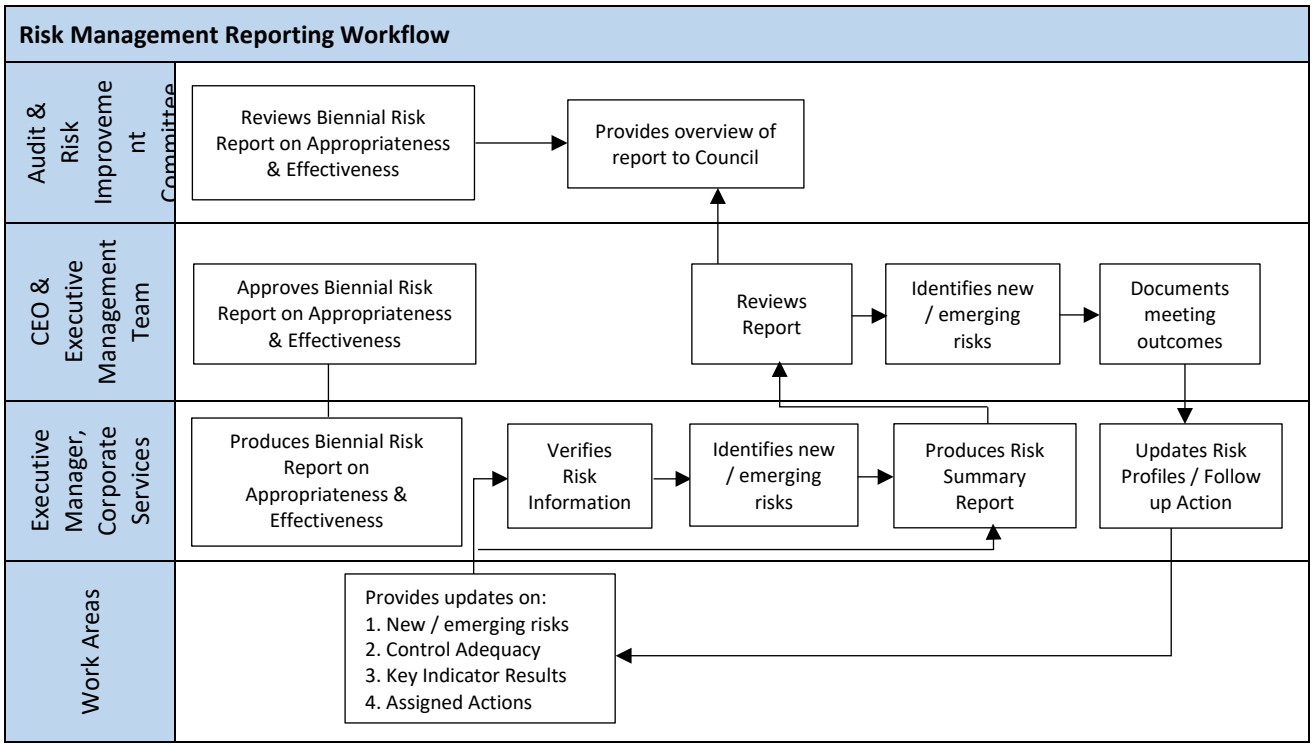
Risk management awareness and training will be provided to relevant staff.

Risk management will be included within the employee induction process to ensure new employees are introduced to the Shire's risk management culture.

2.3 Reporting Requirements

2.3.1 Coverage & Frequency

The following diagram provides a high-level view of the ongoing reporting process for Risk Management.



Each Work Area is responsible for ensuring:

- They continually provide updates in relation to new, emerging risks, control effectiveness, and key indicator performance to the Executive Manager, Corporate Services.
- Work through assigned actions and provide relevant updates to the Executive Manager, Corporate Services.
- Risks / Issues reported to the CEO & Executive Management Team are reflective of the current risk and control environment.

The Executive Manager, Corporate Services is responsible for:

- Ensuring Shire Risk Profiles are formally reviewed and updated on a 24-month cycle at a minimum, or when there has been a material restructure, change in risk ownership, or change in the external environment.
- Quarterly Risk Reporting for the CEO & Executive Management Team – contains an overview of the Risk Dashboard for the Shire.
- Annual Compliance Audit Return completion and lodgement.

2.4 Key Indicators

Key Indicators (KI's) may be used for monitoring and validating key risks and controls. The following describes the process for the creation and reporting of KI's:

- Identification
- Validity of Source
- Tolerances
- Monitor & Review.

2.4.1 Identification

The following represent the minimum standards when identifying appropriate KI's key risks and controls:

2.4.1.1 The risk description and causal factors are fully understood

2.4.1.2 The KI is fully relevant to the risk or control

2.4.1.3 Predictive KI's are adopted wherever possible

2.4.1.4 KI's provide adequate coverage over monitoring key risks and controls

2.4.2 **Data Quality & Integrity**

In all cases an assessment of the data quality, integrity, and frequency must be completed to ensure that the KI data is relevant to the risk or control.

Where possible the source of the data (data owner) should be independent to the risk owner. Overlapping KI's can be used to provide a level of assurance on data integrity.

If the data or source changes during the life of the KI, the data is required to be revalidated to ensure reporting of the KI against a consistent baseline.

2.4.3 **Tolerances**

Tolerances are set based on the Shire's Risk Appetite. They are set and agreed over three levels:

2.4.3.1 Green – within appetite; no action required.

2.4.3.2 Amber – the KI must be closely monitored, and relevant actions set and implemented to bring the measure back within the green tolerance.

2.4.3.3 Red – outside risk appetite; the KI must be escalated to the CEO & Executive Management Team, where appropriate management actions are to be set and implemented to bring the measure back within appetite.

2.4.4 **Monitor & Review**

All active KI's are updated as per their stated frequency of the data source.

The monitoring KI's need to incorporate overall trends over a longer timeframe instead of simple 'point in time' measurements. The trend of the KI is specifically used as an input to the risk and control assessment.

2.5 Risk Acceptance

Day to day operational management decisions is generally managed under the delegated authority framework of the Shire.

Risk Acceptance is a management decision to accept, within authority levels, material risks which will remain outside the appetite framework (refer Appendix A – Risk Assessment & Acceptance Criteria) for an extended period of time (generally 3 months or longer).

The following process is designed to provide a framework for those identified risks.

The 'Risk Acceptance' must be in writing, signed by the relevant Manager and cover:

2.5.1 A description of the risk.

2.5.2 An assessment of the risk (e.g., Impact consequence, materiality, likelihood, working assumptions etc.).

2.5.3 Details of any mitigating action plans or treatment options in place.

2.5.4 An estimate of the expected remediation date.

Responsible action should be taken to mitigate the risk. A lack of budget / funding to remediate a material risk outside appetite is not sufficient justification in itself to accept a risk.

Accepted risks must be continually reviewed through standard operating reporting structure (ie., Executive Manager, Corporate Services, Executive Management Team).

2.6 Annual Controls Assurance Plan

The annual assurance plan is a monitoring schedule prepared by the Executive Management Team that sets out the control assurance activities to be conducted over the next 12 months. This plan needs to consider the following components.

2.6.1 Coverage of all risk classes (Strategic, Operational, Project).

2.6.2 Existing control adequacy ratings across the Shire's Risk Profiles.

2.6.3 Consider control coverage across a range of risk themes (where commonality exists).

2.6.4 Building profiles around material controls to assist in design and operating effectiveness reviews.

2.6.5 Consideration of significant incidents.

2.6.6 Nature of operations.

2.6.7 Additional or existing 2nd line assurance information / reviews (e.g., HR, Financial Services, IT).

2.6.8 Frequency of monitoring / checks being performed.

2.6.9 Review and development of Indicators.

2.6.10 Timetable for assurance activities.

2.6.11 Reporting requirements.

Whilst this document and subsequent actions are owned by the CEO, input and consultation will be sought from individual work areas.

APPENDIX A: RISK ASSESSMENT AND ACCEPTANCE CRITERIA

Measures of Consequence									
RATING	**People**	**Service Interruption**	**Reputation** (Social / Community)	**Compliance**	**Property** (Plant, Equipment, Buildings)	**Natural Environment**	**Financial Impact**	**Project**	
								Time	**Budget**
Insignificant (1)	Near-Miss	No material service interruption Less than 1 hour	Unsubstantiated, localised low impact on community trust, low profile, or no media item.	No noticeable regulatory or statutory impact	Inconsequential damage	Contained, reversible impact managed by on-site response	Less than $1,000	Exceeds deadline by 5% of project timeline	Exceeds project budget by 10%
Minor (2)	First Aid Treatment	Short term temporary interruption – backlog cleared < 1 day	Substantiated, localised impact on community trust or low media item	Some temporary non compliances	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response	$1,001 - $10,000	Exceeds deadline by 10% of project timeline	Exceeds project budget by 15%
Moderate (3)	Medical treatment / Lost time injury <30 Days	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Substantiated, public embarrassment, moderate impact on community trust or moderate media profile	Short term non-compliance but with significant regulatory requirements imposed	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies	$10,001 to $100,000	Exceeds deadline by 15% of project timeline	Exceeds project budget by 20%
Major (4)	Lost time injury >30 Days / temporary disability	Prolonged interruption of services – additional resources; performance affected < 1 month	Substantiated, public embarrassment, widespread high impact on community trust, high media profile, third party actions	Non-compliance results in termination of services or imposed penalties to Shire/Officers	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies	$100 001 to $500,000	Exceeds deadline by 20% of project timeline	Exceeds project budget by 25%
Extreme (5)	Fatality, permanent disability	Indeterminate prolonged interruption of services non- performance > 1 month	Substantiated, public embarrassment, widespread loss of community trust, high widespread multiple media profile, third party actions	Non-compliance results in litigation, criminal charges or significant damages or penalties to Officers	Extensive damage requiring prolonged period of restitution. Complete loss of plant, equipment & building	Uncontained, irreversible impact	Greater than $500,000	Exceeds deadline by 25% of project timeline	Exceeds project budget by 30%

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

Risk Matrix						
Consequence / Likelihood		**Insignificant**	**Minor**	**Moderate**	**Major**	**Catastrophic**
		1	**2**	**3**	**4**	**5**
Almost Certain	**5**	**Moderate (5)**	**High (10)**	**High (15)**	**Extreme (20)**	**Extreme (25)**
Likely	**4**	**Low (4)**	**Moderate (8)**	**High (12)**	**High (16)**	**Extreme (20)**
Possible	**3**	**Low (3)**	**Moderate (6)**	**Moderate (9)**	**High (12)**	**High (15)**
Unlikely	**2**	**Low (2)**	**Low (4)**	**Moderate (6)**	**Moderate (8)**	**High (10)**
Rare	**1**	**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	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	DCEO / CEO
EXTREME	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Existing Controls Ratings		
Rating	**Foreseeable**	**Description**
Effective	There is little scope for improvement.	1. Processes (Controls) operating as intended and aligned to Policies / Procedures. 2. Subject to ongoing monitoring. 3. Reviewed and tested regularly.
Adequate	There is some scope for improvement.	1. Processes (Controls) generally operating as intended, however inadequacies exist. 2. Nil or limited monitoring. 3. Reviewed and tested, but not regularly.
Inadequate	There is a need for improvement or action.	1. Processes (Controls) not operating as intended. 2. Processes (Controls) do not exist or are not being complied with. 3. Have not been reviewed or tested for some time.

APPENDIX B: RISK PROFILE TEMPLATE

Risk Theme	Date

Risk Definition (What could go right/wrong?)

Definition of Theme

Potential causes (What could cause it to go right/wrong?)

List of potential causes

Key Controls (What we have in place to prevent it going wrong)	Type	Date	Rating
List of Controls			

Overall Control Ratings:	

Actions	Due Date	Responsibility
List proposed actions		

Consequence Category	Risk Ratings	Rating
	Consequence:	
	Likelihood:	

Overall Risk Ratings:	

Indicators (These would 'indicate' to us that something has or might go right/wrong)	Type	Benchmark/Tolerance
List of Indicators	Leading	
	Lagging	

Comments

Rationale for all above ratings

APPENDIX C: RISK THEME DEFINITIONS

THEME 1 – INFRASTRUCTURE AND OPERATIONAL RISKS

1. Workforce Challenges and Operational Risks

Workforce challenges, including difficulties in sourcing sufficiently skilled employees and high staff turnover, present significant risks to the Shire's operations. These issues can negatively affect the Shire's ability to deliver services effectively, increase stress on existing employees, and disrupt core operations. Additionally, the employment of unqualified or underqualified personnel, particularly in critical areas like technical services, can lead to serious workplace health and safety (WHS) concerns.

Impact (Consequences)

1. **Core Operations Impacted:** Disruption to Shire business and reduced effectiveness in service delivery due to a lack of skilled personnel.
2. **Community Resilience and Sustainability Threatened:** Workforce challenges may hinder the Shire's ability to maintain essential services, potentially leading to population decline.
3. **Reputation Damage:** Negative outcomes from workforce issues can damage the Shire's reputation and erode community trust.
4. **Legal Penalties (e.g., for WHS Breach):** Failure to meet workplace health and safety standards can lead to legal consequences, including fines and penalties.
5. **Employee Wellbeing:** Increased burnout, low staff morale, and the loss of corporate knowledge due to high turnover and inadequate staffing.
6. **Limited Pool of Suppliers and Inability to Control Contractor Pricing:** Challenges in staffing and sourcing skilled contractors can lead to a limited supplier pool, making it harder to control costs and negotiate favourable terms.

2. Power Supply Reliability and Emergency Response

Mains power supply failures and ongoing unreliability present significant risks to the Shire. These issues can result in the loss of critical emergency communications and cause substantial disruptions to local businesses. Such disruptions threaten public safety during emergencies and can lead to wider economic losses across the community.

Impact (Consequences)

- **Emergency Management:** Severely compromises the ability to manage emergencies and maintain effective communication. This includes delayed response times and impaired coordination among emergency services.
- **Critical Services Disrupted:** Affects vital services like fuel supply, electronic payments, refrigeration, and medical equipment, putting essential operations at risk.
- **Public Safety:** Poses a significant threat to community safety, especially in emergencies when reliable power is needed.
- **Economic Development:** Discourages new businesses from establishing in the Shire due to unreliable infrastructure.
- **Evacuation Capabilities:** Hampers evacuation efforts, potentially leaving vulnerable populations at risk.
- **Infrastructure Reliability:** Undermines public confidence in the Shire's infrastructure, which may reduce local investment and lower property values.
- **Business Continuity:** Causes both immediate and long-term disruptions to business operations and overall economic stability.

3. Road & Infrastructure Maintenance

If the routine maintenance and timely construction of Shire roads, bridges, and other key infrastructure are not carried out according to standard requirements, there is a high probability of public safety risks and other negative outcomes. Notably, materials for road construction are becoming more marginal, affecting the strength and reliability of these infrastructure components, leading to potential hazards.

Impact (Consequences)

- **Personal and Public Liability:** Failure to meet maintenance standards could result in significant legal consequences, including fines up to $1 million or up to 20 years in prison.
- **Increased Injury and Fatality:** Poor infrastructure conditions increase the risk of accidents, leading to injuries or fatalities.
- **Dissatisfied Community/Ratepayers:** Community members and ratepayers may express dissatisfaction due to perceived negligence in infrastructure upkeep.

- **Negative Reputational Outcomes/Lawsuits:** The Shire could face lawsuits and damage to its reputation due to substandard infrastructure.
- **Diminished Access to Properties:** Poorly maintained roads and bridges can limit access to properties, especially impacting farm operations and overall productivity.

THEME 2 – COMMUNITY HEALTH AND SAFETY RISKS

4. Workplace Health & Safety Compliance

Non-compliance with workplace health and safety legislation, including the Work Health & Safety Act 2020 and the Fair Work Act 2009, can severely affect the Shire's operations and overall functioning. The introduction of new WA Work Health & Safety legislation presents additional challenges, particularly in managing Bushfire and Volunteer Fire and Rescue Service (VFRS) Brigades, potentially increasing the risk of non-compliance and safety breaches. Poor management of employee wellbeing, workplace harassment, bullying, and safety violations can directly impact workplace health and safety, leading to a higher number of Workplace Health and Safety (WHS) claims.

Impact (Consequences)

- **Legal and Financial Consequences:**
    - Personal and/or public liability, with fines up to $1 million and/or up to 20 years in prison.
    - Severe legal penalties and financial losses, including substantial fines.
- **Safety and Operational Impacts:**
    - Death or permanent injury due to safety breaches.
    - Diminished community safety and an increased risk of incidents affecting the broader community.
    - Operational challenges with Bushfire and VFRS Brigades, including compliance, safety training, and reporting, leading to marginal operations and reduced effectiveness.
- **Reputational Damage:**
    - Negative outcomes, such as lawsuits and dissatisfied community members or ratepayers, resulting from failure to comply with safety standards.

5. Healthcare Service Reliability

The Quairading Medical Practice faces significant challenges in maintaining reliable, affordable medical services due to the potential loss of medical personnel and rising operational costs. These issues could result in reduced access to healthcare for the community, affecting both the quality and availability of essential medical services.

Impact (Consequences)

1. Loss of Local Medical Services:
    - Community dissatisfaction due to limited or no access to healthcare.
    - Increased burden on residents to travel for medical care, particularly for those with mobility issues or urgent needs.
    - Potential population decline as residents seek better healthcare access elsewhere.
    - Closure of allied health services, such as the pharmacy, which further reduces healthcare access.
    - Economic impacts on local businesses because of decreased community health and wellbeing.
2. Threats to Community Sustainability:
    - The overall sustainability of the community is jeopardized without consistent access to healthcare services, which is essential for long-term liveability and growth.
3. Negative Reputational Outcomes for the Shire:
    - The Shire may face reputational damage due to the failure to maintain reliable healthcare services, which can lead to dissatisfaction among residents and potential challenges in attracting new residents or businesses.

6. Natural and Man-Made Disasters

Natural and man-made disasters, such as fires, floods, storms, earthquakes, extreme heat, pandemics, chemical spills, and terrorism, have the potential to significantly disrupt the Shire's business continuity. These events can impact infrastructure, disrupt essential services, and pose immediate threats to public safety. The Shire has recognized climate change as a contributing factor, particularly in the increased frequency and severity of extreme fire events and other adverse weather conditions, further heightening the risk of such disasters**.**

THEME 3 – GOVERNANCE, FINANCIAL AND COMPLIANCE RISKS

7. Financial Viability and Asset Management

If the Shire faces challenges in maintaining financial viability, it may struggle to comply with its Asset Management Plan. This can lead to an inability to properly manage and maintain infrastructure, resulting in long-term consequences for the Shire's operational effectiveness and economic sustainability.

Impact (Consequences)

- Cost of Managing Aging Infrastructure becomes Prohibitive: As infrastructure ages, the financial burden of maintaining and repairing it may become unsustainable, diverting funds from other critical needs.
- Increased Safety Risk: Aging or neglected infrastructure poses greater safety risks to the community, potentially leading to accidents or service disruptions.
- Degradation and Loss of Useful/Usable Assets: Failure to maintain assets according to the Asset Management Plan may lead to their degradation or complete loss, reducing the Shire's operational capacity.
- Reduced Ability to Regenerate or Create Economic Benefit: Financial constraints and inadequate asset management can limit opportunities for development and economic growth within the Shire, affecting long-term prosperity.

8. Cybersecurity and Data Protection

Any breach or hack of the Shire's information and communications technology systems, including incidents such as data theft, ransomware attacks, and phishing schemes, has the potential to severely disrupt Shire operations and pose significant risks to data integrity and security.

Impact (Consequences)

- Financial Misappropriation/Loss: Cyberattacks may result in the misappropriation or loss of funds, affecting the Shire's financial stability.
- Shire Business Continuity Significantly Compromised: A data breach or system hack could severely disrupt the Shire's daily operations, potentially halting critical services.
- Community Member and/or Employee Financial Records Compromised or Stolen: Sensitive personal data, including financial records, may be stolen, putting community members and employees at risk of fraud.

- Shire Reputation Impacted: A cybersecurity breach can lead to a loss of trust among the public, damaging the Shire's reputation and public confidence.
- Loss of Data and Data Integrity: Data may be lost, corrupted, or manipulated, compromising the Shire's ability to make informed decisions and operate efficiently.

9. Organisational Misconduct

Unethical or illegal behaviour by Shire employees, executives, or office holders, whether involving financial misconduct or non-financial violations, can have significant negative consequences for the Shire, impacting its operations, reputation, and legal standing.

Impact (Consequences)

- Council Suspension or Leadership Changes: Misconduct may lead to suspension of the Council or the removal of key leadership figures, such as the CEO, or the termination of employees involved.
- Reputational Damage: The Shire's reputation could suffer significantly, eroding trust within the community and among stakeholders.
- Independent Investigations and Regulatory Actions: The Shire may face external investigations and regulatory actions, such as those from the Fair Work Commission, which could result in legal consequences.
- Financial Penalties and Economic Impacts: Misconduct could lead to substantial financial penalties, affecting the Shire's budget and potentially leading to broader economic consequences.
- Intense Public and Media Scrutiny: High-profile cases of misconduct can attract media attention, leading to public scrutiny and criticism.
- Business Continuity and Viability Challenges: Organisational misconduct can disrupt the Shire's day-to-day operations and undermine its long-term viability, making it harder to deliver services and achieve goals.

THEME 4 – STRATEGIC AND ECONOMIC RISKS

10. Housing Availability and Affordability

Limited housing availability and affordability pose significant risks to the Shire's social and economic sustainability. The absence of adequate housing for seniors, essential workers, and low-income individuals can

disrupt community cohesion, hinder recruitment, and retention efforts, and increase housing stress, leading to potential homelessness.

Impact (Consequences)

1. **Low Property Resale Values and Return on Investment:** The lack of affordable and available housing can result in low property resale values, which undermines community sustainability and reduces the overall return on investment for residents and the Shire.
2. **Population Decline Due to:**
    - **Higher Outward Migration and Lower Inward Migration:** Housing shortages can lead to residents leaving for other areas with more affordable housing, while potential new residents may be discouraged from moving in.
    - **Workforce Reduction:** Insufficient housing for essential workers, such as government employees and health service staff, can make it difficult to recruit and retain a skilled workforce.
    - **Residents Forced to Relocate Due to Housing Shortages:** Lack of housing may force residents to move elsewhere, leading to a decline in community size and cohesion.
3. **Threats to Community Viability:** The combined effects of population decline, workforce reduction, and housing shortages can weaken the fabric of the community, potentially leading to the loss of local services and infrastructure.
4. **Economic Impacts:** Insufficient housing and the resulting population decline can impede economic growth, limiting opportunities for local businesses and development.

11. Social Challenges and Community Expectations

Social challenges, such as crime, antisocial behaviour, vandalism, housing crisis, and homelessness, can significantly influence ratepayers' expectations of the Shire's responsibilities and its perceived effectiveness in addressing these issues. When there is a misalignment between community expectations and the Shire's jurisdictional capacity, it can result in reputational damage, strained resources, and potential conflict.

Impact (Consequences)

- Disgruntled Ratepayers and Reputational Damage: Failure to meet community expectations may lead to dissatisfaction among ratepayers, damaging the Shire's reputation.

- Difficulty Attracting New Residents/Businesses: A perception of ineffective governance in addressing social challenges may discourage new residents and businesses from moving to the Shire.
- Blame Towards Staff and Council Members: Community frustration may result in blame being directed at Shire staff and Council Members, straining relationships.
- Strained Community Relationships and Social Cohesion: Social challenges, combined with unmet expectations, can lead to weakened community relationships and decreased social cohesion.
- Diminished Service Outcomes and Increased Pressure on Resources: Increased demand for services due to unresolved social issues can stretch the Shire's resources, leading to a decline in service quality and outcomes.
- Increased Demand for Social Services Beyond Shire Capacity/Jurisdiction: The Shire may face pressure to provide services beyond its capacity or jurisdiction, further stretching resources.
- Higher Rates Payment Defaults and Debt Collections: Economic stress due to unmet social needs may lead to increased financial difficulties for residents, resulting in higher rates payment defaults and debt collection issues.