Risk Management

Narration Script

Huon Valley Council | Candidate and Councillor Knowledge Series

Slide	Title
1	Title — Risk Management
2	Before You Begin
3	Why It Matters
4	The Language of Risk
5	The Principles
6	The Eight Step Process
7	The Risk Categories
8	Risk Appetite
9	The Strategic Risk Register
10	Reading the Register
11	The Reporting Rhythm
12	What Councillors Do
13	Five Things to Remember
	Total

Slide 1 — Title — Risk Management

Welcome to Risk Management, part of the Huon Valley Council Candidate and Councillor Knowledge Series.

Council delivers services, holds assets, employs people and makes decisions that affect a whole municipal area. Every one of those carries risk, and risk that nobody has identified is risk nobody is managing.

This module covers how Council identifies and assesses its strategic risks, how much risk it is prepared to accept, and what a councillor's part in that is.

Slide 2 — Before You Begin

Councillors are not responsible for day-to-day risk management. They are responsible for making sure it happens, and for weighing risk when they decide. That distinction runs through the whole module.

It is a statutory function. Section 28(2)(b) gives councillors, acting collectively as Council, the function of determining and monitoring the application of policies for the efficient and effective provision of services and facilities, the management of assets, and the fair and equitable treatment of employees.

The Policy belongs to Council. It is adopted and reviewed by Council, most recently in January 2026, and it is built on AS ISO 31000:2018, the Australian Standard for risk management.

And the Audit Panel oversees it. Under sections 85A and 85B, the Panel's role includes providing oversight of Council's risk management policy, which is why these two modules sit alongside each other.

Slide 3 — Why It Matters

Risk management is not about avoiding risk. A council that avoided all risk would deliver nothing. It is about knowing what risks Council is carrying, and deciding deliberately rather than by accident.

The Policy puts the value plainly: proactively identifying and assessing issues that might affect Council strategically and operationally, and mitigating the likelihood and the outcome. What that improves is specific, and it is four things councillors are accountable for. Safety. Business continuity. Management of assets. And decision making.

It runs both ways. Risk management enables Council to balance between harmful risk and making the most of opportunities. A strategic risk can be an opportunity missed just as much as a harm suffered, and the register records both.

It is not a separate exercise done once a year. The Policy requires risk management to be integrated into Council's governance, strategy, planning, reporting, procedures, values and culture.

And leadership shows. Councillors and the Executive Leadership Team are to lead by example and promote a risk aware culture. A council that treats the register as paperwork will get an organisation that does the same.

Slide 4 — The Language of Risk

Five terms do most of the work, and knowing them makes the strategic risk register readable rather than opaque.

Risk. Defined broadly as the effect of uncertainty, a deviation from an intended outcome, and the exposure to the chance of injury, loss, damage or failure.

Strategic and operational. A strategic risk has the potential to hinder or impact Council's ability to achieve its long-term goals, whether from external forces like legislative change or climate, or internal ones like poor implementation. Operational risk is loss or disruption from failed internal processes, systems or people. Councillors deal in the strategic.

Inherent and residual. Inherent risk is what would exist with no controls at all. Residual is what remains once controls are in place. The gap between them is what the controls are actually achieving.

A control is any process, device, practice or action that modifies the outcome of a risk. And a risk owner is the individual role with accountability and authority to manage it. Every strategic risk has one.

Slide 5 — The Principles

Eight principles from the Australian Standard shape how Council manages risk.

Integrated and structured. Risk management is part of all Council's business activities, especially decision making. And a structured approach produces consistent, comparable results across departments, which is what makes a register meaningful rather than a collection of opinions.

Customised. Proportionate to Council's resources and related to its strategic objectives. A framework designed for a capital city would not suit the Huon Valley.

Inclusive. The community and stakeholders are involved in an appropriate and timely way, so their knowledge, views and perceptions are considered.

Dynamic, and based on the best available information. Risks emerge, change or disappear as circumstances change. Inputs draw on historical and current information as well as future expectations, while acknowledging their own limitations.

Then human and cultural factors, because workplace culture affects every aspect of risk management. And continual improvement, through learning and experience.

Slide 6 — The Eight Step Process

The process has eight steps, and the Policy is clear that it is iterative. It repeats rather than finishing.

Step one establishes scope, context and criteria. Understanding the internal and external environment. Deciding whether anything material has changed. Determining the risk categories. And this is where councillors, acting collectively, annually determine the level of risk Council is willing to accept.

Steps two and three identify and assess. Identification finds, recognises and describes the risks that might help or prevent Council achieving its objectives, and the Policy is emphatic that exceptions should not be made even where the risk is not directly managed by Council. Assessment then comprehends the nature of each risk, its contributing factors and its level.

Step four evaluates, comparing the residual rating against appetite. That is the step that matters most to a councillor, and we will come back to it.

Step five treats. Avoid the risk by not starting or continuing the activity. Take it on to pursue an opportunity. Remove the source. Change the likelihood or the consequences. Share it, through contracts or insurance. Or retain it by informed decision, which is a legitimate answer.

And steps six, seven and eight run continuously: communication and consultation, monitoring and periodic review, and recording and reporting through the Strategic Risk Register.

Slide 7 — The Risk Categories

Risk Categories were reviewed by Council in March 2026. They describe where risk sits rather than what the individual risks are.

On services there are two. Core Services, covering strategic land use planning, property and recreational services, statutory planning, waste management and regulatory work. And Non-Core Services, covering medical services, children's services and retirement villages. Splitting those is one of the more useful things the 2026 review did, because Council's appetite for interruption is not the same for a road as it is for a childcare centre.

On the organisation: People and Culture. ICT and IT. Financial. Business Continuity. And Regulatory and Compliance.

On community and placce: Climate and Environment. Community Recovery, recognising Council's role in supporting communities after emergency events. And Public Assets and Infrastructure.

And standing behind all of it, Reputation, because almost any risk that materialises elsewhere shows up here as well. The categories are reviewed annually, and new ones can be added as the environment changes.

Slide 8 — Risk Appetite

Risk appetite is how much risk Council is prepared to accept in a given category, and it is a councillor decision.

The Policy is explicit. Councillors acting collectively will annually review and determine the types and level of risk Council is willing to accept to achieve its strategic objectives. This is not something the organisation sets and reports upward.

It differs by category. Low for People and Culture, reflecting the commitment to a safe workplace. Low for Climate and Environment. Moderate for Reputation, because Council values open and honest conversations with the community. Moderate for Business Continuity and for both Service Delivery categories.

More interestingly, it differs within a category. Regulatory and Compliance carries a Low appetite for compliance with the statutory provisions governing how Council administers its business, but a High appetite for advocacy when representing the Huon Valley on policy or legislative reform.

Public Assets and Infrastructure works the same way. Low appetite for maintaining and securing the portfolio of roads, halls, buildings, parks and reserves. High appetite for undertaking major infrastructure projects that deliver better services.

Which is exactly the point. Appetite is not a single dial set to cautious. It states where Council will be careful and where it will deliberately accept risk to achieve something.

Slide 9 — The Strategic Risk Register

The register is the record the risk Council is carrying at any given time.

The Register is held in an digital8 system known as the RelianSys Risk Module. The register can be produced in document form as necessary.

That matters because the module is built on the Australian Standard and digitally embeds the eight step process, which means the assessment method is applied the same way every time, by everyone.

Each entry carries the same fields. The risk and its description. Its category. The risk owner. The inherent rating before controls. The controls in place and how effective they are. The residual rating after those controls. The appetite for that category. And the actions planned for the coming year.

Ownership is assigned. Each member of the Executive Leadership Team is risk owner for one or more strategic risks, so every strategic risk has a name attached rather than sitting with the organisation generally.

Operational registers sit beneath the strategic one, using the same categories and method, so operational risk feeds upward rather than running in parallel. Councillors see the register through the annual review and through the reports that go to the Audit Panel.

Slide 10 — Reading the Register

One comparison tells you most of what you need when a register is put in front of you: the residual rating against the appetite.

Where residual sits at or below Council's appetite for that category, the controls are doing their job. Where it sits above, they are not, or not yet.

What follows is in the Policy. Controls should be created where the risk rating exceeds the appetite statement for that category. So a risk above appetite is not a failure to be embarrassed about, it is a trigger for action, and the register should show what that action is.

Look at the gaps. Inherent to residual shows what the controls are achieving. Residual to appetite shows whether that is enough. A risk where the two ratings are the same is not being managed at all.

Three questions are worth asking of any register report. Which risks sit above appetite. What is being done about those. And has the residual rating moved since last year, and if not, why not. And pay attention to control effectiveness: a control rated partly effective, on a risk sitting above appetite, is where a councillor's attention is best spent.

Slide 11 — The Reporting Rhythm

Risk reporting runs to a set cycle, and councillors appear at two points in it.

Quarterly, the Chief Executive Officer or delegate provides a Strategic Risk Register report to the Audit Panel. That is routine monitoring, and it happens whether or not anything has changed.

Every six months, the Audit Panel reviews whether the Policy is being adhered to and whether procedures exist for effective identification, assessment, management and reporting of Council's strategic risks.

Once each calendar year, one of those Audit Panel reviews occurs with all Councillors present. That is a deliberate design choice worth knowing about, because it puts every councillor in the room with the Panel, once a year, on risk.

Annually, the Executive Leadership Team, with Councillors and the Audit Panel, reviews the Register, the Appetite Statements and the Categories. In 2026 that review produced eleven revised categories, revised appetite statements for each, and a revised list of strategic risks.

And every four years Council reviews the Policy itself, or earlier on legislative change or significant operational need.

Slide 12 — What Councillors Do

The Policy draws the line clearly, and it is worth quoting rather than paraphrasing.

Councillors are responsible for ensuring that the Risk Management Policy is implemented across the Council. That is an oversight responsibility, and it is real.

Councillors are not responsible for day-to-day or operational risk management. The Policy delegates primary responsibility for that, and for the procedures implementing the Policy, to the Chief Executive Officer.

But councillors should be aware of the risk environment and consider risks in their decision-making processes. That is the part that shows up at every Council meeting rather than once a year. A report recommending a course of action carries risk whether or not the word appears in it, and the register tells you what Council already knows it is carrying.

Councillors set the appetite, and take part in the annual review of the Register, the appetite statements and the categories. And they are involved in the scheduled reviews of the Policy itself. Between them, those four things are the whole of the councillor role in risk, no more and no less.

Slide 13 — Five Things to Remember

Five things to take away.

One. Ensuring, not doing. Councillors ensure the Policy is implemented across Council and consider risk when they decide. Day-to-day operational risk management sits with the Chief Executive Officer.

Two. Councillors set the appetite. Annually, category by category, determining how much risk Council is willing to accept to achieve its strategic objectives.

Three. Appetite is not one setting. Low for workplace safety and for maintaining the asset portfolio. High for advocacy on behalf of the Valley, and for undertaking major infrastructure projects.

Four. Residual against appetite is the test. At or below it, the controls are working. Above it, something needs to change, and the register should show what.

Five. Risk runs both ways. The register records opportunities as well as harms, and retaining a risk by informed decision is a legitimate answer provided the decision was actually informed.