

# Risk Review

Prepared for:

Date:

## About Government Risk

Government has a profound impact, positive and negative, on the operations and activity of all organisations. Understanding and managing the risks arising from government is core to the ability of an organisation to deliver on its mission. But it can be challenging to capture and measure such risks as most do not lend themselves to clear definitions or weightings under a traditional risk register approach.

GovernmentRisk360® separates and defines these risks across six categories with associated indicators to provide analysis on the operating environment of an organisation, project or issue in an Australian context. The categories cover external risks, where government decisions impact on an organisation, and internal risks, where the actions of an organisation change their relationship with government.

A key driver of external uncertainty is political risk and in this framework is focused on domestic matters such as electoral cycles, government stability and other localised

political events. Other risk categories include regulatory risk where a change in policy creates new conditions on operations (such as packaging or promotion restrictions) and operational risk where government decisions disrupt business inputs (such as energy policy settings) required for normal business operations. Although sometimes related, regulatory and operational risks usually manifest independently of any political risk factor and can be harder to predict without strong visibility of government policy settings or relationships with government.

While there may be relatively little opportunity to effect change or impact on these broader external risks, they can be managed through appropriate assessment and preparation for change. The areas where organisations can effect most change is through management of the internal risk categories.

Poor corporate behaviour in public can result in reputational and conduct risk which can erode an organisation's 'licence to operate'



and hamper an ability to engage either directly with government stakeholders or with third party stakeholders. Similarly, compliance risk is created through failure to address or enforce critical compliance criteria which could trigger an escalated government response. Finally, a significant but often overlooked risk for many organisations is opportunity risk, which manifests when there is limited organisation wide visibility of government stakeholders, relationships, institutions or policy settings which means the organisation is unable to realise opportunities that may be available.

*GovernmentRisk360® is the formation of years of political and policy experience developed working within government and for corporate, public sector, non-profit and membership association clients in managing their interactions and activity with government. It was developed by FPL Advisory, a team of specialists resolving risks and creating opportunities with respect to government. We work with clients to execute strategies for owning and managing change.*

## Executive Summary

**SAMPLE**



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## Context and Purpose

**SAMPLE**

This Risk Review provides an independent assessment of the Government's Risk360™ methodology, highlighting a series of risk indicators. This is not a detailed internal review of the procedures relating to the management and oversight of risks, but rather an analysis of the operating environment and context. The intention of this review is to provide a succinct and actionable overview of the government's risks at play.

This Review seeks to shed light on the broader dynamics that may inform mitigation of identified risks. Many of these may have already been identified and responded to. Due to the nature of risk as an uncertain factor in the strategic planning equation, we would expect that each key finding is subject to some degree of change depending on the nature of emerging political and regulatory issues. The risks are assessed at a relatively high level, which considers the relevant policy areas while focusing primarily on the relevant operational environment for XXX.

The intention of the Risk Review is to outline the range of risks requiring response from XXX, to support decision-making in terms of identifying the appropriate action to be taken and to ensure internal and other relevant stakeholders understand the broader dynamics at play and the background to any decisions being made.

External Risks

- **Regulatory Risk** - what are the risks of a negative regulatory uncertainty?

- **Operational Risk** - what are the risks of government decisions impacting on the current or future operating environment?

Internal Risks

- **Reputational Risk** - what are the risks of certain behaviours, communication or silence on issues to stakeholders?

- **Compliance Risk** - what are the risks of non-compliance and the potential government response?

- **Opportunity Risk** - what are the missed opportunities with respect to government policies or programs?



## Political Risk

What are the risks with respect to changing government personnel or other political events and activities?

XXX text here

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