Moira Shire Council
Risk Appetite Statement

Version Number	1.0
Responsible Director	Corporate, Governance & Performance
Responsible Officer	Manager Governance & Performance
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Scheduled for review	This statement will be reviewed annually from the date of adoption, or sooner if required.

INTRODUCTION

Risk Management is an essential component of Council's governance framework and supports the achievement of Council's goals and objectives. Effective risk management increases the probability of successful outcomes whilst protecting the health and safety, reputation and sustainability of Council.

The risk appetite is the amount of risk an organisation is willing to accept in pursuit of its strategic objectives. The Risk Appetite Statement considers the most significant categories of potential risks to Council and provides an outline as to how much risk Council is willing to accept in these areas.

A Risk Appetite Statement plays a significant role in delivering our key risk management objectives by:

- embedding and demonstrating a positive risk culture;
- ensuring everyone understands their responsibilities for managing risks and are held accountable in line with their roles and responsibilities;
- embedding risk management into strategic and business planning and decision making;
- communicating, consulting, identifying, analysing, prioritising, monitoring, reviewing, and recording all material risks in a consistent and effective manner;
- strengthening Council's risk management capability and maturity; and
- complying with relevant regulatory requirements, standards, policies and codes of conduct.

Council's approach to risk management is consistent with the *Australian Standard AS ISO 31000:2018 Risk Management – Guidelines.*

Managing risks

Everyone at Council is responsible for considering, communicating and managing risks within their area of responsibility. Risk should be considered in all decision-making at all levels of Council. Risk discussions should be open, honest and transparent. Risk management must be timely, proactive, dynamic and consistent with Council's risk appetite and in accordance with Council's Risk Management Framework. The key elements of the Risk Management Framework are:
- Risk Management Policy
- Risk Management Plan
- Risk Appetite Statement (this document)
- Risk and Control Assessment templates

Risks that are assessed and rated as high or extreme (as per the Risk Management Plan) must be managed to a level that is as low as reasonably practicable and be monitored in accordance with Council's Risk Management Plan. In deciding how to control and treat risks, consideration should be given to the:

- ability to influence the risk exposure;
- practicality and cost of treating the risk;
- level of potential risk reduction; and
- opportunities associated with treatments (i.e. mitigation).

Risks shared with other agencies should be considered, identified and managed through collaboration, coordination and communication with those agencies.

RISK APPETITE

A range of appetites for risk

The overall level of risk that Council accepts can range from avoiding risks to eagerly taking risks. Where Council's appetite fits on this range can impact on its willingness to innovate, as well as its requirement to control risks. Council's overall risk appetite is 'guarded' with certain categories of risks having different risk tolerances.

Council's risk appetite is further described in the below Risk Appetite Statement and Risk Tolerance Scale over the page.

Risk Appetite Ranges

Council categorises its level of risk appetite ranges into four categories as can be seen below:

Risk Averse	Guarded	Open to risk	Eager for risk
• No to very low appetite for taking risks. • Avoid risks and uncertainty. • Will not take risks to achieve potential rewards.	• Low appetite for risks. • Prefer safe options. • May impact on potential opportunities for reward.	• Moderate appetite for risks. • Willing to consider potential costs and benefits – rewards and risks – when deciding options.	• Eager to engage with risks and choose options offering potentially higher rewards.

Overall Risk Appetite Statement

Moira Shire Council's risk appetite is '**Guarded'**. Council will consider options and choose one that is safe, but also may maximise its ability to innovate, deliver strategic priorities and services, and care for the safety and wellbeing of staff, while also providing an acceptable level of reward and value for the community it serves and for local government.

Risks will be managed in line with Moira Shire Council's risk appetite and risk tolerance scales and will be considered in all decision making and planning.

The Risk Appetite Statement summarises the Council's tolerance for risk in each of a whole range of activities it undertakes. For example, the Council's tolerance for risk in health and safety matters is very low; hence a highly cautious (low) appetite for that category. On the other hand, tolerance for risk in service delivery is conservative (relatively moderate). All of the activities undertaken by Council can be so classified in terms of risk appetite.

RISK TOLERANCE

The Risk Appetite sets the tone for risk taking in general, while the Risk Tolerance informs:

- Expectations for mitigating, accepting and pursuing certain types of risk;
- Boundaries and thresholds for acceptable risk taking; and
- Actions to be taken or consequence for acting beyond appropriate tolerances.

Council's Risk Tolerance scale is show in the following diagram.

Risk Tolerance Scale

Highly Cautious	Cautious	Conservative	Confident
Zero to very low tolerance for risk	*Low tolerance for risk*	*Moderate tolerance for risk*	*High Tolerance for risk*
Avoid taking risks and ensure there are effective controls in place.	Reduce risk exposure where possible. Some risk taking may be necessary due to the nature of Council's activities.	Willing to consider options that may incur risk where significant benefit is possible.	Willing to engage with risks when the potential for benefit is high.

Risk Category	Tolerance Rating	✖ Council will not tolerate:	✔ Council will tolerate:	↗ Opportunities
Health and Safety *We are committed to providing a safe workplace and physical environments for all staff, Administrators, contractors, visitors and the community.*	🔴 **Highly Cautious**	- Actions or behaviours that are deliberate and willingly contravene the organisations Codes of Conduct and OHS policies and procedures. - Practices that knowingly compromise staff wellbeing, workplace or community safety (including discrimination, harassment or bullying). - Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, Administrators or Staff. - Incidents that occur arising from untrained staff or failed internal processes. - Failure to communicate in line with emergency management obligations about incidents that may impact the health and safety of the community. - Unsafe infrastructure and work environments.	- Minor unforeseen incidents or injuries that arise from time to time while undertaking normal activities. - Practices that are not in line with best practice if safety and duty of care is not compromised.	- Practices and processes that ensure a safe and healthy work environment and infrastructure. - A positive workplace culture. - Retention and attraction of staff. - Reduced public liability and work cover claims. - Enhanced community wellbeing, safety and social inclusion. - Building trust in the community and transparency in decision making.
People and Culture *We are committed to a providing a positive working environment & attracting and retaining skilled and competent staff. We will not accept misconduct or continued employee underperformance.*	🔴 **Highly Cautious**	- Behaviours and actions which do not align with the Moira Shire Council values. - Behaviours and actions that do not align with the Moira Shire Competency Framework. - Actions or behaviours that are deliberate and willingly contravene the organisational Codes of Conduct. - Practices that knowingly compromise staff well- being, workplace or community safety (including discrimination, harassment or bullying). - Management issues or poor culture resulting in significant increased employee turnover or absenteeism or a significant reduction from the previous employee satisfaction survey. - Events/incidents that occur arising from incompetent or undertrained staff.	- Minor temporary reduction in morale relating to improving workforce performance. - Minor staff grievances that can be dealt with through normal internal mechanisms. - Minor morale and staff grievances due change within the organisation due to innovation or change management processes leading to more efficient and effective outcomes.	- Retention and attraction of staff. - A culture that aligns with the Moira Shire Council values. - Succession Planning.
Trust and Reputation *We recognise the importance of protecting our reputation and advocating for the needs of our community and local economy. We understand that negative publicity or community reactions may occur where there is competing priorities and interests in the Community.*	🟠 **Cautious**	- Improper, unethical, corrupt, unprofessional behaviour or failure to exercise respect and duty of care in accordance with our Council values and policies. - Breaches of organisational Codes of Conduct. - Failure to advocate for the needs of the community and the key objectives of the Council Plan and other key strategies. - Failure to uphold the probity of Council decision-making. - Any failure to avoid, disclose and appropriately manage conflicts of interest. - Failure to act in a fair, honest, transparent and accountable manner. - Failure to consult or involve the community in significant changes or key decisions. - Decision-making that is not open, honest and transparent and reflects the long-term interests of the community. - Failure to promptly notify Executive of significant incidents that may impact Council reputation. - Failure to respond to complaints in a prompt and professional manner and in accordance with Council policies and procedures.	- Moderate adverse local media and social media scrutiny or a number of complaints relating to actions which deliver longer term benefits to the community. - Isolated minor incidents, concerns and complaints that can be resolved by management.	- Increased community satisfaction. - Positive publicity. - Delivering services that align with Council Plan Objectives. - Building trust with internal and external stakeholders and the community. - Increasing transparency with the community in Council decision making.

Risk Category	Tolerance Rating	✘ Council will not tolerate:	✔ Council will tolerate:	↗ Opportunities
Governance *We are committed to good governance and meeting legislated, regulatory and policy requirements and contractual obligations in a consistent and fair manner.*	🔴 **Highly Cautious**	- Corrupt or fraudulent conduct by Staff, Administrators or Contractors. - Unreasonable delays when reporting, investigating or correcting any fraudulent, improper, unethical or corrupt conduct. - Any instances where Council officers knowingly break the law, fail to comply with legal obligations or recklessly breach internal policies. - Breaches of legislation or regulations. - Breaches of orgnisational policies or organisational Codes of Conduct. - Failure to consider expert / professional legal advice. - Unauthorised release of confidential information. - Any behaviour which gives rise to extensive litigation and indictable offences. - Failure to comply with Government Directions or orders. - Council officers acting outside their delegated authority.	- Decisions made on merit in accordance with Council values that are not in line with professional advice. - Temporary non-compliance due to unrealistic regulatory timeframes. - Risks which may give rise to isolated complaints that are incidental to normal business activities despite best efforts to avoid or mitigate. - Streamlined governance processes subject to effective controls remaining in place.	- Embedded processes to identify and manage instances of corrupt or fraudulent conduct of Staff, Administrators or Contractors. - Meeting legislative and regulatory requirements. - Meeting staff and community expectations on Council Values and Services - Building trust in Council. - Improving systems and processes through innovation to support good governance.
Financial *We recognise that Council has a responsibility to ensure that we have sufficient resources now and into the future and that there are financial risks involved in delivering a wide range of services, programs and capital projects.*	🟠 **Cautious**	- Financial activities and/or investment practices that contravene legislated or policy requirements. - Investing in assets without undertaking proper due diligence on whole of life costing. - Failure to maintain or implement effective systems, processes and controls which adequately protect Council from fraudulent activity. - Fraudulent or corrupt financial transactions. - Actions that have a significant negative impact on long term financial sustainability. - Committing ratepayer funds to capital works projects not contained in Council's 10 year capital works plan without re-scheduling other projects or seeking alternate sources of funding. - Accepting forecast review changes, in particular increased expenditure or decreased income, without attempting to identify offsetting budget adjustments to remain within adopted budget targets.	- Minor unforeseen and unavoidable budget variations that does not materially deviate from the annual budgeted underlying operating result. - Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project. - Minor losses, or capital outlays, attributable to new processes or innovation to improve services to meet community needs. - Calculated financial risks to deliver infrastructure, improve service delivery or promote ecological sustainability. - Minor cost impacts of the implementation of weighted scoring in procurement to benefit local competent suppliers. - Capital expenditure budget delivered within established Chief Executive Officer KPIs.	- An underlying operating breakeven or surplus. - An increase in external funding opportunities. - Implement an integrated Project Management Framework and 10 Year Capital Works Plan to inform Council's Financial Plan. - Embedded systems, processes and controls that effectively protect Council from fraudulent activity. - Meeting or exceeding audit and compliance regulations and policies - Meeting or exceeding community expectations. - Explore avenues to diversify revenue streams through beneficial enterprise arrangements. - Building trust and transparency in Council decision making with stakeholders.
Service Delivery *We recognise there may be levels of risk involved to deliver efficiencies, enhance capabilities and provide services to our community.*	🟡 **Conservative**	- Failure to significantly meet our service commitments and community expectations. - Failure to demonstrate a commitment to delivering quality services to our Community, Administrators and Staff. - Failure to document and follow policies and procedures that impairs the quality of service delivery or results in service interruptions. - Failure to develop plans to respond to a disruption and ensure continuity of critical business functions. - Failure to promptly escalate a critical business process impact or outage.	- Interruptions to critical business processes arising from uncontrollable events, where the interruption is well managed according to the Council's Business Continuity Plan and is resolved within the Maximum Acceptable Outage period. Unforeseen interruptions to non-critical business functions from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. - Moderate reputational impact from community complaints relating to service quality or new initiatives to deliver enduring benefits to our community. - Moderate impacts to service delivery due to implementation of new technology, innovation initiatives or projects. - Moderate impacts arising from innovations and ideas that contribute and encourage creating a flexible workplace.	- Exceeding community expectations and building trust in our service commitments. - Introducing innovative and streamlined ways to improve our services to the community. - Prompt response and management of disruptions. - Enhancing sound and consistent levels of awareness, communication and engagement. - Ensuring that the Council has the right resources, staff capabilities and organisation structure to optimise performance.

Risk Category	Tolerance Rating	✗ Council will not tolerate:	✓ Council will tolerate:	↗ Opportunities
Environmental *We recognise the importance of conserving and enhancing our environment and considering sustainability in all council decisions*	🟠 **Cautious**	- Decisions that do not appropriately consider the principles of ecologically sustainable development or the Council value of Sustainability. - Failure to minimise significant impacts on biodiversity and reduce our ecological footprint. - Decisions, activities and practices that result in long-term or irrevocable environmental damage or negative climate impacts, threatens biodiversity, including extinction of flora and fauna, or is hazardous to human life. - Activities and practices that knowingly compromise the environment, are reasonably foreseeable and preventable. - Failure to meet environmental commitments or legal or legislative requirements resulting in EPA fines or penalties.	- Environmental impacts offset by other activity resulting in a net environmental benefit. - Minor environmental impacts from uncontrollable or unforeseen events or in order to deliver enduring benefits to our community well into the future. - Changes to procedures and practices to accommodate improved environmental outcomes - Minor cost impacts in the selection of products, services that have a significant positive impact on the environment	- Reducing our organisational carbon footprint. - Activities and practices that protect our environment from long term damage or negative climate impacts, as well as protecting biodiversity. - Assessing community expectations of changing environmental impacts on a regular basis.
Infrastructure *We are committed to continuous improvement in order to provide excellent infrastructure that provides benefits to our community.*	🟡 **Conservative**	- Unsafe infrastructure and work environments. - Non-completion of a significant portion of new or renewal infrastructure projects in line with capital expenditure budget. - Significant delays to projects that are considered within Council control. - Asset failure significantly earlier than the projected lifespan of the asset. - Failure to administer and manage contracts appropriately.	- Moderate financial and reputational impacts arising from the implementation of new of innovative technologies. - Moderate impacts leading to short term disruption to community due to implementation of construction procedures which provide value for money provided community has been informed. - Moderate short-term financial impact on capital costs of projects where there are demonstrated long term sustainable gains.	- Delivery of projects within budget and agreed timeframes. - Effective management of contracts and projects. - Improved infrastructure for our community. - Effective engagement and consultation with affected communities. - Building the community's trust in Council's ability to deliver innovative projects.
Information Management *We are committed to protecting our assets contained within our ICT systems and services, through the application of appropriate internal controls, a cyber-aware workforce, effective governance, timely remediation of identified control weaknesses, persistent review of the external threat landscape and consistent management of our third-party providers.*	🟡 **Conservative**	- Prolonged unplanned outages of critical Council systems and services. - Failure to maintain systems and services which adequately protect Councils data and information and maintain adequate audit trails. - A lack of diligence in relation to information security, the procurement and implementation of ICT systems and services - Data loss due to inappropriate data management processes. - Poor information governance processes. - Failure to maintain recovery plans in place and test plans on a regular basis.	- Scheduled outages that are agreed to by the business owners and are regarded as part of normal business activities - Implementation of new technologies which create new opportunities for business improvement and innovation of systems which also could involve some minor to moderate risk.	- Secure Council systems and services. - Effective data management practices and processes. - Assessing and incorporating the latest information protection systems
Cyber Security *We are committed to safeguarding Council from both external and internal threats (including financial extortion), misuse, modification and unintended damage.*	🔴 **Highly Cautious**	- Cybersecurity threats or events that could have been prevented through judicious application of technical and behavioural controls. - Threats of financial or personal extortion that arise from any malicious cybersecurity breaches. - An unprepared response in the event of an external cyber-attack. - Significant threats to assets arising from external malicious attacks. - Misuse, inappropriate distribution or loss of sensitive or confidential council information due to the actions of staff.	- Some cyber threats or events which, if they were successful, would have a minor or limited impact upon Council's business because they do not compromise the integrity, confidentiality or availability Council information or assets.	- Effective back-up of data and information. - Being prepared for potential cyber-attacks. - Timely remediation of identified cyber security control weaknesses. - Developing and embracing the latest security measures and information in line with government and industry developments and regulations.

IMPLEMENTATION OF THE RISK APPETITE STATEMENT

Council's appetite for and tolerance of risk as outlined in this Risk Appetite Statement forms the basis of our approach to managing risk in our day-to-day activities. This statement informs Council's Risk Management Framework.

Staff are responsible for managing their risk environment. This includes having appropriate controls in place and monitoring their effectiveness. These risks are identified, assessed and managed at both enterprise level ('top-down') and at operational level ('bottom-up'). Risk registers are used to document the risks. Risks outside the appetite or agreed tolerance levels should be managed in line with this statement and should be reported to the Executive Leadership Team. The Chief Executive Officer is accountable for compliance with this Risk Appetite Statement. Risk appetite also needs to be articulated for discussion with the Administrators, at Council meetings and at the Audit and Risk Committee meetings.

REVIEW

This Risk Appetite Statement will be reviewed annually or whenever there is a significant change to the Council's operating environment. Staff and Administrators will be made aware of and trained/educated in the Statement on an annual basis to ensure there is an embedded and demonstrated positive risk culture within Council; as well as ensuring everyone understands their responsibilities for managing risks and being held accountable in line with their roles and responsibilities.

This review will be coordinated by the Governance and Performance Team. Changes to the Risk Appetite Statement must be endorsed by the Executive Leadership Team and are presented to the Audit & Risk Committee Meeting for review and comment before being referred to Council for adoption.

RELATED DOCUMENTS

Risk Management Policy
Risk Management Plan

DOCUMENT REVISIONS

Version	Summary of Changes	Approved by	Date
1.0	Original Statement adopted	Council	27/09/2023