City of
Mount Gambier

Risk Appetite Statement

June 2025

Version 1.0

Introduction

The City of Mount Gambier (Council) Risk Appetite Statement defines the level and type of risk that Council is willing to pursue or tolerate in order to achieve its strategic objectives. It assists the Council to align its risk management strategy with its vision, mission, values, and culture.

Establishing the Council's risk appetite is fundamental to implementing a systematic approach to identifying, assessing, and managing risk within the organisation. The Council recognises that it is not practical or desirable to avoid all risk. As not all risks are equally important or acceptable, decisions need to be made about how much risk the Council is willing to take or to what extent it is required to avoid. Risk appetite statements are a useful tool in decision making, prioritising opportunities, and resource allocation.

Using a risk appetite statement to manage risk involves applying it to our risk management activities and processes. Risk appetite statements can be used to guide risk identification, assessment, response, and reporting. For example, when undertaking an activity or program, firstly evaluate the likelihood and consequence and compare the risk rating to the risk appetite levels. The risk appetite statement can then be used to decide how to respond to the risks, whether by accepting, sharing, transferring, reducing or avoiding them.
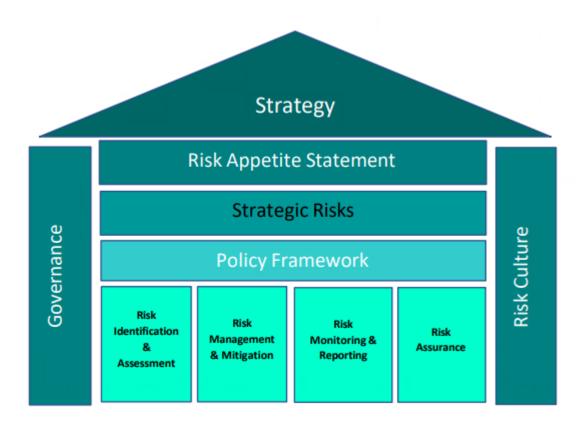
Definitions

Risk appetite - The amount of risk an organisation is willing to accept or retain in order to achieve its objectives. It is a statement or series of statements that describes the organisation's attitude towards risk taking. Appetite is typically aligned to categories of risk such as financial, people or reputation.

Risk tolerance - The levels of risk taking acceptable to achieve a specific objective or manage a particular category of risk. Risk tolerance represents the practical application of risk appetite and in effect is the boundaries the organisation is willing to push and in what circumstances to achieve specific objectives.

Enterprise Risk Management Framework

Council's risk appetite statement exists within the hierarchy of our enterprise risk management framework. The risk appetite of Council informs the strategic decision-making process. The diagram below reflect how the risk appetite statement fits into the organisation and informs risk management activities.

Risk Appetite Ratings

Council categorises its level of risk appetite into five (5) categories as set out below.

AVOID	RESISTANT	NEUTRAL	ACCEPT	RECEPTIVE
Little to no appetite	Small appetite	Medium appetite	Moderate appetite	Larger appetite
Avoidance of adverse exposure to risks even when outcome benefits are higher	A general preference for safer options with only small amounts of adverse exposure	The approach taken balances outcome delivery with degree of protection	Options selected based on outcome delivery with a reasonable degree of protection	Engagement with risks based more on outcome benefits than potential exposure

Risk Appetite Statements

Below are the risk appetites and tolerance levels determined for City of Mount Gambier Council's strategic risks. Our risk appetite, alongside our risk management policy and framework, support our decision making and ensures Council makes appropriate and informed decisions.

Risk Category	Risk Appetite	Risk Tolerance	
		Will Pursue	**Won't Pursue**
Financial As a general position Council will be Resistant to taking risks in its financial and accounting activities to achieve its objectives and will seek to operate within the parameters of its long term financial plan. Council will, however, increase its risk appetite to Neutral potential risks, in order to ensure achievement of its strategic objectives.	**Resistant**	**Neutral**	
		Will pursue • When financial risk taking leads Council to higher long-term returns, which are community centric, or of benefit to the community (whether socially or financially) • When leveraging debt or alternative funding is necessary to sustain growth in population • For innovative projects or business activities, when there is a robust financial safety net to absorb potential losses • To enable working with contracted third parties, favourable procurement arrangements, or pursue shared services for core business activities, or major regional projects which will result in value for money • To maximise opportunities for external grant funding, for business activities and projects where the budget impact is known and acceptable	Won't pursue • Business activities or projects which do not meaningfully contribute to Council's strategic plan, or are unaccounted for in the long term financial plan • Activity which does not align with responsible use of public funds principles, or legislative requirements • Expenditure which is likely to result in sustained operating deficit which has potential to impact the organisation as a going concern • Any activity which would compromise Council's ability to meet the requisite LGFA performance targets • Any activity whatsoever which is fraudulent or corrupt

		• To facilitate significant renewable infrastructure which contributes towards Council's environmental objectives, essential infrastructure, or infrastructure required to facilitate growth which will not compromise Council's ability to deliver on its Long Term Financial Plan or Asset Management Plan • Where Asset Management Plans have identified areas for capital investment in infrastructure • For unique, high-scale opportunities to significantly boost or transform our city or region's tourist economy • In order to meet requisite legislated standards • In order to materially improve service delivery	
Reputation	**Neutral**	**Accept**	
As a general position Council will be Neutral to taking risks in its reputation and brand activities to achieve its objectives and will seek to maintain and build confidence within the community. Council will, however, increase its risk appetite to Accept for potential risks, in order to ensure achievement of its strategic objectives which are deemed to be in the best interest of the community.		Will pursue • When a controversial decision aligns with Council's vision and Strategic Plan • When stakeholder concerns must be balanced with long-term benefit to the community wholistically • When public opinion is divided, but evidence supports the decision • To correct or maintain legislative / financial management requirements • To pursue beneficial art and cultural, social or economic	Won't pursue • Business activity or projects which materially erode sustained community trust in Council • Activity which impedes Council's service delivery or standards • Activity which has the potential to negatively impact on safety, wellbeing or social cohesion of the community • Monitoring or correction of negative public sentiment or misinformation on external or uncontrolled social media sites, excluding regulated

		development projects which contribute to the social fabric of the region • To facilitate infrastructure or initiatives which contribute towards Council's environmental objectives	published news media and Council's own social and other media
Legal / Regulatory / Policy	**Avoid**	**Resistant**	
As a general position Council will Avoid taking risks in its legal, regulatory and policy activities to achieve its objectives and will seek to maintain the highest standards of governance and compliance. Council will, however, increase its risk appetite to Resistant for potential risks, which are legal, transparent and in the best interest of the community in order to achieve its strategic objectives.		Will pursue • When new regulatory changes are flexible, and early adoption could provide an advantage in achieving strategic objectives • When taking a position contrary to a discretionary policy could lead to beneficial flexibility or progress in service delivery • To facilitate population growth or progress in the community, where Council is the compliance agency and safety is not a concern • To pursue innovative solutions to complex problems, where legal advice has been obtained • To improve efficiency where regulatory compliance is not mandatory and to strictly comply would be onerous or cause business continuity concerns	Won't pursue • When taking a calculated compliance risk may enable service or policy improvements, but positive results are not certain • Business activity or projects which breach mandatory legislative requirements, are fraudulent, corrupt or unethical • Activity which erodes relationships of trust with the community, stakeholders, or other government agencies • Activity which may result in confidentiality or privacy breach • Business activity which has potential to expose Council to litigation or indictable offence repercussions
Service Delivery	**Accept**	**Receptive**	
As a general position Council will Accept taking risks in its service delivery activities, provided that the focus remains on our		Will pursue • When short-term service disruptions may lead to long-term efficiencies or improvements	Won't pursue • Business activity or projects which would pose a business continuity concern for critical services

		When new technologies or process changes introduce temporary uncertainty to service delivery • When maintaining the status quo carries a higher risk than change • To facilitate projects which are likely to improve Council's service delivery, standards, or achieve efficiencies in the medium to long term • In order to meaningfully upgrade, improve or replace capital assets • In order to implement the use of new and innovative technologies or shared service arrangements	• Activity which erodes relationships of trust with the community, stakeholders, or other government agencies • Business activity which would be unduly onerous on resourcing or staff to undertake or maintain
organisational values and that delivery of critical services as identified in our business continuity plan are maintained. Council will, however, increase its risk appetite to Receptive for potential risks, in order to accommodate innovation and where long-term benefits are likely to be realised.			
People	**Resistant**	**Neutral**	
As a general position Council is Resistant to taking risks in its people and human resourcing activities, ensuring that the commitment to positive culture, succession planning and wellbeing of staff are maintained. Council will, however, increase its risk appetite to Neutral for potential risks, in order to improve organisational resilience, build leadership capacity or invest in skill attraction and retention initiatives.		<u>Will pursue</u> • When significant workforce changes (e.g. restructuring or automation) are required to ensure long-term sustainability of Council and alignment with workforce planning strategies • When leadership succession planning involves appointing individuals with non-traditional backgrounds or limited conventional experience • Recognising the benefits associated with internally developing our workforce ("growing our own") by ensuring there are adequate frameworks in place to	<u>Won't pursue</u> • Business activity or projects which would pose a business continuity concern for critical services • Activity which erodes relationships of trust with staff, diminishes workplace culture or morale, or is not aligned to Council's values

		• support those individuals to succeed • When investing in new workforce initiatives (e.g. upskilling and well-being programs) which are anticipated to have a positive impact on culture, without immediate or guaranteed returns • Innovative, flexible or adaptable recruitment and resourcing approaches to ensure the most appropriate candidate is appointed to roles requiring subject matter expertise, significant experience or technical skills • In order to ensure Council is an employer of choice, offering competitive working arrangements, opportunities and conditions • Initiatives to improve workplace performance or productivity • To enable working with contracted third parties or pursue shared services for core business activities, or major regional projects	
Infrastructure	**Neutral**	**Accept**	
As a general position Council is Neutral to taking risks in its infrastructure and asset activities, ensuring that Australian or relevant industry standards are maintained. Council will, however, increase its risk appetite to Accept for		Will pursue • When investing in new or innovative infrastructure projects, even if the long-term financial benefits are uncertain • When disposing of underutilised assets to reinvest in higher priority infrastructure, recognising potential	Won't pursue • When deferring maintenance or upgrades to critical assets to allocate resources elsewhere in the short-term • Business activity or projects which would pose a business continuity

potential risks, in order to utilise new technologies, innovative materials or methods which further Council's strategic objectives or improve longevity or standard of assets, providing long term benefits.		public or stakeholder concerns, but balancing these with long-term benefits • To facilitate significant renewable infrastructure which contributes towards Council's environmental objectives, essential infrastructure, or infrastructure required to facilitate population growth • High value infrastructure or assets which provide better longevity, impact or gains in the long term • Projects which will improve community resilience • Where Asset Management Plans have identified areas for capital investment in infrastructure	concern for critical infrastructure or services • Activity or infrastructure which has the potential to impact on the safety, wellbeing and utility of the community, stakeholders or staff • Infrastructure or assets which cannot demonstrate a long term benefit which outweighs or justifies the investment • Infrastructure or assets which do not meet Australian or relevant industry standards, or prove to be an insurance concern
Environmental	**Avoid**	**Resistant**	
As a general position Council will Avoid taking risks in its environmental activities, ensuring that safety, amenity, preservation of natural and cultural environments and sustainable practices are at the forefront of consideration. Council will, however, increase its risk appetite to Resistant for potential risks, in order to explore innovative environmental sustainability initiatives, or activities which contribute to Council's environmental objectives.		Will pursue • When sustainability investments require risk but offer long-term benefits to the environment • When balancing economic growth with environmental or social responsibilities • When regulatory and public expectations for sustainability require bold action • Business activities or projects which are likely to improve the sustainability of the way Council operates, and reduce Council's emission footprint	Won't pursue • 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 the community • Activity or infrastructure which has the potential to impact on the safety, wellbeing and utility of the community, stakeholders or staff • Failure to meet environmental commitments, EPA regulations or legal requirements

al	■	• In order to be a leader and educator of the community in matters of environmental and cultural resilience • To facilitate or implement innovative solutions to waste reduction, recycling and reuse	
<u>Work Health Safety</u>	**Avoid**	**Resistant**	
As a general position Council will Avoid taking risks in its work health and safety activities, ensuring that safety, wellbeing and adherence to industry standards and regulations are given paramount priority. Council will, however, increase its risk appetite to Resistant for potential risks, in order to ensure that morale is not unduly impacted by compliance requirements, tasks do not become onerous or cost prohibitive, and risk averse culture does not stifle creativity or innovation.		<u>Will pursue</u> • When pursuing innovation or efficiency improvements that introduce new minor safety risks, provided they offer substantial operational benefits and adequate systems are in place to mitigate those risks • When implementing significant organisational changes (e.g. new technologies or automation) that carry unknown WHS risks provided our safety management systems are sufficient to identify and mitigate potential hazards and incidents • Activities with inherently higher risk, such as construction, which are required in order to maintain or improve assets, where robust risk assessment and risk control mitigation are in place and demonstrated to be effective • Activities with low risk of minor injury to deliver projects of significance, innovative services, or	<u>Won't pursue</u> • When emergency circumstances (e.g. emergency response, business continuity) require temporarily relaxing safety protocols unless any adjustments are strictly controlled, proportionate to the situation, and reinstated as soon as practicable to protect people and operations • Unmitigated risk that could result in significant injury (whether physical or psychological) or loss of life under any circumstances • Work practices, actions or inactions that compromise the wellbeing and safety of people including staff, councillors, contractors, consultants or volunteers • Any activity which gives rise to all forms of bullying and harassment, is disrespectful, un-inclusive, or includes any forms of intimidation or harassment (whether directly or indirectly)

		• trialling new technologies where effective controls are in situ • Terminating a customer interaction if their safety or wellbeing is placed at risk	• Events that occur arising from untrained (or uncertified) employees or failed internal safety processes
Information Technology	**Resistant**	**Neutral**	
As a general position Council has a Resistant appetite for risks relating to Information Technology, and seeks to ensure security of its corporate information, ICT infrastructure, support systems and cyber security. Council will, however, increase its risk appetite to Neutral to facilitate adopting and adapting to new technologies and innovations, particularly in improving efficiencies, service delivery and engaging with its stakeholders via contemporary, user-friendly modes.		Will pursue • Business activities or projects which are likely to optimise capability and efficiency, including shared capability arrangements, cloud and virtual hosting or new technologies where their 'efficiency or security' payback can be demonstrated in the short-term • New systems or practices which may improve the security of our digital assets (including information), business practices or safeguarding from both external and internal threats, misuse, modification and unintended damage • Activities or systems which strengthen or improve 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 • Scheduled outages that are regarded as part of normal	Won't pursue • Decisions, activities and practices that result in compromising the integrity and confidentiality, misuse or inappropriate distribution of information, or breaches trust with our stakeholders • Any activity with a risk of any serious breach of privacy or confidentiality and in particular sensitive information • Prolonged unplanned outages (caused by cyber security control issues) of critical Council systems and services • Lack of diligence in relation to procurement and implementation of cyber systems and services • Data loss due to inappropriate data loss protection practices and processes • Inactivity, or inability to adapt to technological change, resulting in increased risk exposure, or impacted service delivery

		business activities and do not impact business continuity • Taking systems off-line temporarily to prevent imminent or current cyber attacks	

DOCUMENT DETAILS

File Reference:	AR25/19496
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