



RISK APPETITE STATEMENT 2023-2025

Risk Appetite Statement (2023-25 Fiscal Years)

About the Risk Appetite Statement

We govern risk through our Enterprise Risk Management Framework (ERMF). As part of the ERMF is this Risk Appetite Statement (RAS) indicates the amount of risk the Council is willing to accept in specific risk domains to achieve objectives.

We will use the RAS:

- When developing and applying Council's risk register and actions to mitigate risk. These registers will be maintained and reviewed along with actions to mitigate risk at least every six months or when there is a material change to circumstance or business capability that compels re-assessment. A full review is required every two years.
- In the decision-making activities of Council. Activities including financial planning, projects, strategic and operational planning, governance arrangements, performance management, regulatory oversight, program and policy design and implementation are to be managed within the range of acceptable appetite and tolerances set out in this document.

Risk Appetite Statement

George Town Council is committed to building a flourishing community through effective partnerships, engagement, and equitable and efficient delivery of services.

We aim to create an organisation and a community that is resilient to risk and is prompt to recover in the event of adversity.

To achieve our goals, we are prepared to take on measured risk and will do so with informed decision-making practices. We will address uncertainty through open and frank discussions to identify and manage risk and avoid personal perceptions and biases from hindering our objectivity.

We accept that we won't always achieve our goals as planned, but we apply sound risk management processes to the best of our ability to reduce the likelihood and impact of risks becoming loss events.

We will embed risk thinking into our everyday activities to help us to consider what could go wrong, and what must go right, before committing to an action that impacts the better interests of our organisation and our community.

Managing our strategic risk

Overall, George Town Council has a low-risk appetite.

We will always pursue the lowest risk option while taking a balanced and pragmatic approach considering:

- Our internal and external circumstances.
- The inherent risk associated with an activity, decision or service.
- Our capability and maturity of operations, our policy, and our obligations under law.

Our RMF provides the mechanism for Council and management to consider such matters.

Our risk landscape is evolving with changes to economic and labour market conditions, local government reform agendas and changing community expectations creating a complex and interrelated array of risks. To mitigate these risks and support our customers and community we must also evolve, innovate, and invest.

The strategic risks we are prioritising include:

1. Tasmanian Local Government reform

Changes to local government present opportunities and risks. While mandatory mergers are now less likely, we have a fundamental role in supporting staff and the community during consultation and transition. We need to understand the reforms and respond to the challenge of achieving any change with finite resources. We will continue needed investment in information technology and service improvement while being cognisant of the reform agenda.

2. Cost of living and doing business pressures

Inflation has been consistently rising in Australia and globally. Interest rate changes and the increasing cost of goods and services place pressure on the household budgets of residents and the cost to Council of delivering services. Our long-term financial planning needs to be recalibrated to accurately reflect changing circumstances and the need to balance service with the capacity of the community to pay.

3. Competition for people and skills

Unemployment is the lowest in decades and persistent skills shortages across the economy, means we are facing worker shortages. Uncertainty because of the local government reform, scarcity of housing, career pathways and lifestyle magnify the challenge of attracting and retaining people, particularly in town planning, engineering, environmental health, information management and plant operation. We must continue to invest in our people and review our value proposition to attract and retain talent.

4. Supporting a purposeful transition to a more modern customer focused organisation

The transition from end-of-life ICT systems and enhancing services to the community require significant investment. We need a clear roadmap that sets a correctly sequenced, costed and paced transition to a modern customer-centric service model, that is cognisant of the need to balance change with our internal capacity and the need for a continuation of services.

5. Cybersecurity, privacy, and data management

Managing information and privacy and retaining service resilience in the face of an increasing risk and prevalence of cyber security attacks highlights the need to invest and mature our capabilities to manage Council's exposure to events that may compromise customer data and privacy and disrupt systems and operations.

Responsibilities

- The Council is responsible for approving the RAS. The RAS will be reviewed annually as part of the budget development process to ensure the assessment of initiatives and proposals against the levels of acceptable risk across relevant risk domains.

- The General Manager and Directors are responsible for reviewing, monitoring, and managing risk within and across their respective Departments. They are to facilitate risk awareness and embed risk management into day-to-day and formal decision-making.
- All staff have a responsibility to escalate for approval any significant or material change to existing risk or additional risk to the business or outcomes of the Council.
- The Audit Panel is responsible for monitoring and reviewing the appropriateness of the Council's system of risk oversight.

The language of risk

Risk Management Domains

The RMF identifies the following risk domains:

- Assets, security and infrastructure
- Business continuity/interruption
- Community, government and reputation
- Environment
- Financial
- Compliance
- People and safety

Risk Appetite Ratings

We express our appetite for risk using the following ratings:

Appetite Rating	Decision Behaviour
No Appetite	We maximise avoidance and minimise exposure to the risk.
Low Appetite	We manage to a preference for safer options that limit impacts.
Moderate Appetite	We are prepared to pursue options in a measured and considered way, where risks are fully understood, and some impacts accepted.
High Appetite	We engage with risk and to achieve benefits, where risks are fully understood, and impacts of negative occurrences are accepted.

Risk and control response relationships



No appetite	Zero tolerance	Highly cautious	GM Approval
Low appetite	Low tolerance	Cautious	GM Approval
Moderate appetite	Moderate tolerance	Conservative	GM approval
High appetite	High tolerance	Confident	Within delegation

Risk Appetite – People and Safety

- George Town Council seeks to attract, engage, and retain talented people who find purpose in delivering services and building our community.
- In addition to professional and technical skills we require leaders who can anticipate the changing needs of our customers and adapt our processes, systems, and priorities to maximise the relevance and value of our services.
- George Town Council supports a safe and healthy workplace and is committed to providing a safe workplace for councillors, employees, visitors, volunteers, contractors, and others within the Council’s duty of care responsibilities.

Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Employee Entitlements	No	<ul style="list-style-type: none"> • Council is committed to complying with the National Employment Standards, the Fair Work Act, and entitlements under the Enterprise Agreement (2019). Council has no appetite for incorrect payment or provision of entitlements.
Skilling our Workforce	Moderate	<ul style="list-style-type: none"> • Council is committed to developing our people and ensuring we have a workforce with the skills for the future. Council will invest and supply opportunities for new skills development and career pathways. Council has a moderate appetite for skills gaps in our workforce due to labour market conditions.
Mental Wellness	Low	<ul style="list-style-type: none"> • Council is committed and places a high value on a mentally healthy and supportive workplace, free from discrimination, and harassment, and supported by external employee assistance providers. • Council is committed to supplying the tools and resources needed to build mental health capability and train people to be alert and responsive to potential issues. Council has a low appetite for behaviours or circumstances that affect the mental health of people.
Conflict of Interest	Low	<ul style="list-style-type: none"> • Council is committed to delivering mandatory induction and refresher training on managing conflict of interest for employees and councillors to ensure there is a clear understanding of what it means to do the right thing. Council has a low appetite for poor awareness of personal obligations and conflict-of-interest related incidents
Culture	Low to Moderate	<ul style="list-style-type: none"> • Council is committed to having in place initiatives to embed our culture, values, and behaviours to ensure a productive, harmonious and customer-centric workplace and relationship with our employees, customers, and the community. Council has a moderate appetite for culture-related issues and a low appetite for non-investment in initiatives to support a strong behavioural-based culture.



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Workforce Capability	Moderate	<ul style="list-style-type: none"> • Council has a low appetite for non-delivery of commitments to the community and is committed to seeking, attracting and engaging talented people who find purpose in delivering services to the people of George Town. • We require the right mix of skills and number of leaders, employees, and delivery partners to deliver services and meet demand. Competition is high and local skills are scarce. Council will have in place a workforce planning process to inform decisions on required ability and capability. Council has a moderate appetite for skills and capability deficits.
Code of Conduct and Integrity	Low	<ul style="list-style-type: none"> • Council is committed to delivering mandatory induction and refresher training on the Code of Conduct for Employees, and the Code of Conduct for Councillors to ensure there is a clear understanding of what it means to do the right thing. Council has a low appetite for non-compliance with the codes of conduct.
Health Safety and wellbeing	No / Low	<ul style="list-style-type: none"> • Council is committed to supplying a safe workplace for all employees, visitors and contractors and has no appetite for death, permanent disability, or lost time because of inadequate safety protocols or standards. • Council has a low appetite for non-compliance with safety protocols or acting on a duty of care for the wellbeing of persons. • Council has a low appetite for the potential for minor injuries to staff and contractors undertaking delivery of projects or work. Recognising there is an inherent risk in the nature/location of some work practices and locations. • Council has a low appetite for work practices, actions or interactions that compromise the safety of its employees, councillors, contractors, volunteers, community members and visitors. • Council has a low appetite for indoor employees undertaking high-risk work subject to proper controls being in place. • Council has a low appetite for workplace practices that are not in line with ‘best practice’ provided duty of care, safety, effectiveness, and efficiency are not compromised. • Council has a low appetite for minor incidents or injuries acknowledging the nature of diversity of the work undertaken. • In addition to the Council’s policy of attracting, engaging, and keeping talented people within its workforce and contractor pool, Council has a low appetite for untrained or unqualified personnel and will check and ensure only suitably qualified/trained people are always on site. • Council has a low appetite for actions or behaviours that are deliberate or contravene the Australian Standards, WHS Act and Regulations, Codes of practice, Council WHS Framework, policies, and procedures (including work instructions, safe work method statements, and job safety analysis documentation).



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
		<ul style="list-style-type: none"> • Council has a low appetite for actions and or practices that knowingly compromise workplace safety and or community safety. • Council has a low appetite for activities that have the potential to result in foreseeable and preventable fatalities, harm, serious injuries or illness to employees, councillors, contractors, volunteers, community members and visitors. • Council has a low appetite for failure to rectify and or appropriately manage any identified unsafe infrastructure and or work environments/practices.
	Moderate	<ul style="list-style-type: none"> • Council has a moderate appetite for outdoor employees undertaking high risk work involving labour and plant subject to proper controls being in place.

Risk Appetite: Business Continuity and Interruption

George Town Council delivers a range of community services, events and facilities that contribute to our Municipality, and we recognise that events will occur from time to time that are beyond the Councils control such as procurement issues and supply chain disruption.

Council endeavours to maintain business disruption (from non-technology related risk) by maintaining a Business Continuity plan.

Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Business disruption	Moderate	<ul style="list-style-type: none"> • Council has a moderate appetite for unforeseen interruptions of up to two days to critical business functions from uncontrolled events where Council responds and communicates promptly to affected stakeholders. • Council has a moderate appetite for unforeseen interruptions of up to 7 days or less critical business functions from uncontrolled events where Council responds and communicates promptly to affected stakeholders. • Council has a moderate appetite for impacts arising from innovations and ideas that enhance overall productivity and the creation a flexible workforce. • Council has a moderate appetite for a failure to document and follow policies and procedures that impair the quality-of-service delivery or result in service interruptions. • Council has a moderate appetite for business disruptions (from non-technology related risks), and failure to develop a Business Continuity Plan to respond to a disruption and ensure continuity of critical business functions.

Date Issued October 2023



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
		<ul style="list-style-type: none"> • Council has a moderate appetite for failure to escalate a critical business function outage within 2 hours. • Council has a low appetite for running a service that does not meet or exceed the ability to supply the utmost benefits to our community.
Procurement and supply chain disruptions	Low	<ul style="list-style-type: none"> • Council has a low appetite for disruption to service delivery due to the implementation of modern technology, innovation initiatives or projects. • Council has a low appetite for minimal procurement and supply chain disruptions beyond Council's control. • Council has a low appetite for failure to plan, administer and manage contracts appropriately resulting in significant delays or cost variations.
Transaction processing and wrong decision risk	Low	<ul style="list-style-type: none"> • Council has a low appetite for transaction processing and wrong decision risks. • Council has a low appetite for failure to meet our service commitments and community expectations. • Council has a low appetite for failure to show a commitment to delivering quality services to our community.

Risk Appetite – Community, Government and Reputation

George Town Council will work to maintain and increase the level of service responses to the community, industry and government. Council recognises community trust is based on its reputation and capacity to meet the expectations of the community.

Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Reputation	Low	<ul style="list-style-type: none"> • Council has a low appetite for damage to its reputation. Reputation and brand can be damaged through poor decisions, service disruption, unfair treatment of customers, incorrect information or administration, or a failure to meet customer, community, or regulatory expectations. Council will invest in managing its brand, reputation, and position of trust in the community. Council has a low appetite for reputation damage.
Protecting privacy and customer data	Low	<ul style="list-style-type: none"> • Council has a low appetite for the compromise of sensitive personal information about our employees and customers.

Date Issued October 2023



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
		<ul style="list-style-type: none"> • Council has a medium appetite for poor information security and physical access controls or failure to protect personal and sensitive information. • Council has a low appetite for breaches of privacy, confidentiality, or the improper use of information. We will meet our regulatory obligations concerning the collection and use of information, and the protection of privacy.

Risk Appetite: Environment

George Town Council is aware of its environmental impacts and endeavours to adopt a sustainable approach to its activities. Council is open to innovative practices for the betterment of the environment and community well-being. Council will ensure development within the municipality complies with the regulatory requirements for sustainable development and minimize the environmental impacts on the community.

Council has a low to moderate risk appetite for environmental and sustainability risks arising from normal activities. It will endeavour to minimise environmental impacts noting that some damage will occur in a limited resource environment. Council will comply with its regulatory obligations regarding sustainable development.

Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Impact of climate change	Low to moderate	<ul style="list-style-type: none"> • Council has a moderate appetite for the occurrence of minor environmental impacts from uncontrollable or unforeseen events. • Council has a moderate appetite for budget increases and expenses that limit adverse impacts and deliver positive outcomes for the environment. • Council has a low appetite for decisions, activities, and practices that result in long-term or recurrent environmental damage or lasting negative climate impacts that threaten biodiversity, or at-risk flora or fauna. • Council has a low appetite for asset management and renewal that does not consider resilience to increased frequency and severity of extreme events and future climate change impacts.
Disaster management and community recovery	Low	<ul style="list-style-type: none"> • Council has a low appetite for a reduced capability to provide emergency response, aid, and recovery during periods of flood, fire, or other emergencies or disasters. • Council has a low appetite for not delivering aid and recovery to the community and service authorities during periods of flood, fire, or other disasters.



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Environmental impacts from Council's activities	Low to moderate	<ul style="list-style-type: none"> • Council has a low appetite for environmental impacts not offset by other activities resulting in a net environmental benefit. • Council has a moderate appetite for delay or paced changes to procedures and practices to improve environmental and sustainability outcomes. • Council has a moderate appetite for the investigation and implementation of circular economy and asset renewal initiatives incorporating sustainability initiatives. • Council has a low appetite for delayed management of 'risk trees' in public spaces in line with policy and recommendations from recurring audits. • Council has a low appetite for departure in operations from Environmental Protection Notice obligations for EPA regulated sites or failure to meet legal environmental requirements resulting in EPA fines or penalties or adverse community representation. • Council has a low appetite for actions of Council that do not appropriately consider environmental risks and the principles of sustainable development. • Council has a low appetite for development applications that are not assessed to ensure compliance with environmental legislation.

Risk Appetite: Assets, Security and Infrastructure (Information, Data and Technology)

Our assets (including personal information, data, and records) and technology (systems, hardware, and software) are vital in maintaining our business practices and therefore Council has a cautious approach and implements safeguards from both internal and external threats, misuse, modifications, and unintended damage.

Council's aim is to protect our assets within our IT systems and services. We will be successful through the application of appropriate internal controls, a cyber-aware workforce, effective governance, timely rectification of identified control weaknesses, and systems that monitor external threats.

Management reviews physical security, privacy, good practices for information and records management (following policies and procedures to appropriately store and reference records).



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
IT system capability and continuity of services	Low	<ul style="list-style-type: none"> • Council has a low appetite for loss or recurrent inefficiencies or problems with services due to poor implementation or under-investment in modern technologies. • Council has a low appetite for employee non-compliance with Council’s policies and procedures. • Council has a low appetite for failure to maintain systems and services that adequately protect Councils data and information and maintain adequate audit trails. Diligence in relation to information security, the procurement and implementation of IT systems and services is needed. • Council has a low appetite for data loss resulting from inappropriate data management processes, and poor information governance process. • Council has a low appetite for failure to maintain disaster recovery plans in place and testing on a regular basis.
ICT security	Low to Moderate	<ul style="list-style-type: none"> • Council recognises that the landscape of cyber security is constantly evolving, and we are unlikely to be able to fully eliminate threats, however, Council has a low appetite approach and will implement control measures to reduce the risks. • Council has a low appetite for misuse, inappropriate distribution, or loss of sensitive or confidential Council information due to the actions of the staff. • Council has a moderate appetite for some cyber threats which if successful would have a minor or limited impact on Council operations because they do not compromise the integrity, confidentiality or availability of Council information or assets. • Council has a low appetite for failing to promptly act to address identified cyber security control weaknesses and taking action to prevent future weaknesses. • Council has a moderate appetite for balancing control and business continuity risk with cost: measures including acquiring cyber security insurance, and regularly backing up IT systems to a disaster recovery location that can be restored in a timely manner are minimum responses. • Council recognises that employees play a key role in Council's efforts to protect our information technology assets and has a low appetite for cyber security threats that could have been prevented through judicious application of technical and behavioural controls.



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
		<ul style="list-style-type: none"> • Council has a low appetite for significant threats to assets arising from external malicious attacks and any unprepared response, in case of an external cyber-attack. • Council has a low appetite for the unauthorised release of confidential information.

Risk Appetite: Financial

George Town Council recognises there are financial risks involved in delivering the wide range of services, programs, and capital projects that we choose to provide to our community. Council has a low appetite for financial risk exposure. We value certainty and stability in our operational structure and will adopt a cautious approach to financial decisions to ensure the sustainability of operations for future generations. Council will implement controls such as segregation of duties and dual signatories on approvals as measures to mitigate risk.

Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Financial controls	Low to moderate	<ul style="list-style-type: none"> • Council has a low appetite for loss from poorly executed financial controls or failure to address audit recommendations accepted by management in a reasonable time. • Council has a low appetite for non-reporting of material budget or fiscal impacts that impact financial performance indicators and take ratios outside the target range. • Council has a moderate appetite for non-recurrent minor losses, or capital outlays attributable to transitioning to new processes or innovation to improve services to meet community needs. • Council has a moderate appetite for minor cost impacts, and unplanned opportunities in supplier procurement proposals that may help local competent suppliers. • Council has a moderate to high appetite for loss or reduced compliance to procurement and other policies when responding to emergencies or disasters affecting the community or infrastructure. • Council has a low appetite for financial activities and /or investment practices that contravene existing legislation and Council policy. • Council has a low appetite for non-reporting and non-compliance with accounting standards that have a material impact on the financial statements or the reputation of Council.



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Financial sustainability (operational expenses and depreciation ratio, investment, and balance sheet)	No to moderate	<ul style="list-style-type: none"> • Council has a moderate appetite for sustained sub-target performance against the fiscal management strategy and long-term financial plan forecasts. • Council has a moderate appetite for minor unforeseen and unavoidable budget variations within a range of + or – 5% for operational department budgets. • Council has a moderate appetite for minor unforeseen and unavoidable cost variations in capital projects within the threshold of \$5,000 or 5% of the project budget. • Council has a moderate appetite for calculated financial risk to deliver infrastructure, improve service delivery or promote sustainability. • Council has a low appetite for failure to support and implement effective systems, processes, and controls that will adequately protect Council from fraudulent activity. • Council has a low appetite for unplanned actions that have material financial implications. • Council has no appetite for acts of fraud or misappropriation of funds or misuse of office. • Council has a low appetite for asset valuation practices that are inconsistent with industry standards noting this is mitigated by oversight from the Tasmanian Audit Office.

Risk Appetite: Compliance (Legal and Regulatory)

George Town Council is committed to good governance and meeting statutory compliance requirements in a consistent and fair manner. Council has a low appetite for significant breaches of legal obligations or contractual agreements that result in fines, penalties, or reputational damage.

Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
Statutory compliance – breaches of legislation, regulation. Policies and procedures.	No to moderate	<ul style="list-style-type: none"> • Council has a moderate appetite for decisions made on merit in accordance with Council values that are in line with professional advice. • Council has a moderate appetite for risk which may give rise to isolated complaints that are incidental to normal business activities despite best efforts to avoid or mitigate.



Risk Subcategory	Risk Tolerance	Risk Tolerance Statement
		<ul style="list-style-type: none"> • Council has a moderate appetite for streamlined governance processes subject to effective controls still being in place. • Council has a moderate appetite for compliance action taken within its authority balancing the nature, degree, and urgency of any reported breach with the level of resources available to meet statutory obligations. • Council has no appetite for corrupt and fraudulent conduct. • Council has a low appetite for unreasonable delays when reporting, investigating, or correcting fraudulent, improper, unethical, or corrupt conduct. • Council has no appetite for any instances where Council officials knowingly break the law, do not follow legal obligations, or recklessly breach internal policies.
		<ul style="list-style-type: none"> • Council has a low appetite for failure to follow policies and procedures implemented by the Council. • Council has a low appetite for any behaviour which gives rise to extensive litigation and indictable offences. • Council has a low appetite for failure to follow Government directions or orders. • Council has a low appetite for significant and continued departure from legislative requirements when processing, planning, building, and plumbing applications. • Council has a low appetite for the unauthorised release of confidential information.
Public liability and professional indemnity.	No to Low	<ul style="list-style-type: none"> • Council has no appetite for not keeping adequate public liability or professional indemnity insurance coverage. • Council has a low appetite for failure to look for and consider expert / professional legal advice where appropriate.

