	COUNCIL POLICY	
	Risk Management Policy and Appetite Statement	
	Policy Number	CP020
	Directorate	Organisational Services
	Owner	Executive Manager Corporate Services
	Last Approved	13/12/2023
	Review Due	13/12/2026

1. PURPOSE

This policy demonstrates Fraser Coast Regional Council’s (“Council”) commitment to the principles of risk management and to the integration of these principles into core Council activities and decision-making.

2. SCOPE

This policy applies to all Councillors, Council employees and volunteers at all levels within the organisation undertaking any Council activities and/or services.

3. HEAD OF POWER

Local Government Regulation 2012

4. DEFINITIONS

To assist in the interpretation of this Policy the following definitions apply:

“Enterprise Risk Management (ERM)” means the structured processes established by an organisation to enable the identification and management of risks faced in achieving its intended purpose, objectives and functions.

“Risk” means the impact on Fraser Coast Regional Council’s objectives or possibility of harm or injury. It is measured in terms of likelihood and consequence.

“Risk Appetite Statement” means a summary of the amount of risk Council is willing to seek or accept and the tolerance level associated with the risk.

“Risk culture” means the behaviours that lead to how every person thinks about and manages risk.

“Risk Management” means the identification, assessment, and control of risk in an organisation. It aims to minimise loss.

“Risk Owner” means a person with the accountability and authority to manage the risk.

5. POLICY STATEMENT

Council recognises that managing risk is an integral part of good governance and leadership and has developed this policy to support a uniform and consistent approach to the management of risk across all areas and levels of Council.

Council is committed to:

- Establishing an Enterprise Risk Management Framework (ERMF) that is fit-for-purpose and aligns with the principles outlined in AS ISO 31000:2018 Risk Management – Guidelines.
- Driving an aware and engaged risk management culture across the organisation.
- Ensuring that the organisation is adequately resourced to deliver effective ERM.
- Enhancing organisational resilience by anticipating and responding to change.
- Conducting itself as a responsible and ethical organisation, protecting employees, volunteers and visitors from harm.
- Protecting Council's tangible and intangible assets from loss or damage.
- Ensuring compliance to a diverse range of statutory and regulatory requirements, internal policies and documented risk treatment plans.
- Establishing the right balance between the control and the risks Council is willing to seek and accept in the environment within which it operates.
- Protecting and enhancing Council's reputation.

5.1 RISK APPETITE STATEMENT

Risk appetite is an expression of the type and amount of risk Council is prepared to take under varying circumstances. It promotes consistent, 'risk-informed' decision-making aligned with Council's Strategic Outcomes; it also supports robust corporate governance by setting clear risk-taking boundaries with the identified Risk Categories.

The detailed Risk Appetite Statements can be found on **Attachment 1**.

6. ASSOCIATED DOCUMENTS

Enterprise Risk Management Framework
AS ISO 31000:2018 – Risk Management – Guidelines

7. ATTACHMENTS


Attachment 1 – *Risk Appetite Statement*

8. REVIEW

This Policy will be reviewed when related legislation/documents are amended or replaced, other circumstances as determined from time to time by Council or at intervals of no more than three years.

Version Control

Version Number	Key Changes	Approval Authority	Approval Date	Document Number
1	New Policy	Council	02/10/2013	2366046
2	Risk Management Policy combined with Risk Appetite Statements and removed procedural information.	Council	13/12/2023	2366046

	ATTACHMENT 1
	Risk Appetite Statement

Overview



Council's risk appetite is defined as the amount of risk it is willing to take in the achievement of its strategic vision and objectives, and delivery its services and projects.



Risk Statement

The establishment of the Risk Appetite Statement is intended to guide Council in their actions and ability to accept and manage risks.

Lowest appetite for risks which may:	Higher appetite for risks associated with:
<ul style="list-style-type: none"> • Compromise the safety and welfare of FCRC employees. • Compromise compliance with legislation and regulation. • Result in major disruption to the delivery of essential FCRC services. • Result in significant loss of key FCRC assets. 	<ul style="list-style-type: none"> • New approaches to enhance FCRC's position as an employer of choice in the local government sector. • Improving efficiency, reducing costs and/or generating additional sources of revenue. • Improving or enhancing levels of service to the community. • Supporting investment in the region. • Innovations in the delivery and maintenance of FCRC infrastructure and assets.

Council applies the following appetite definitions to assist in calibrating and understanding its Risk Appetite for each Risk Category.

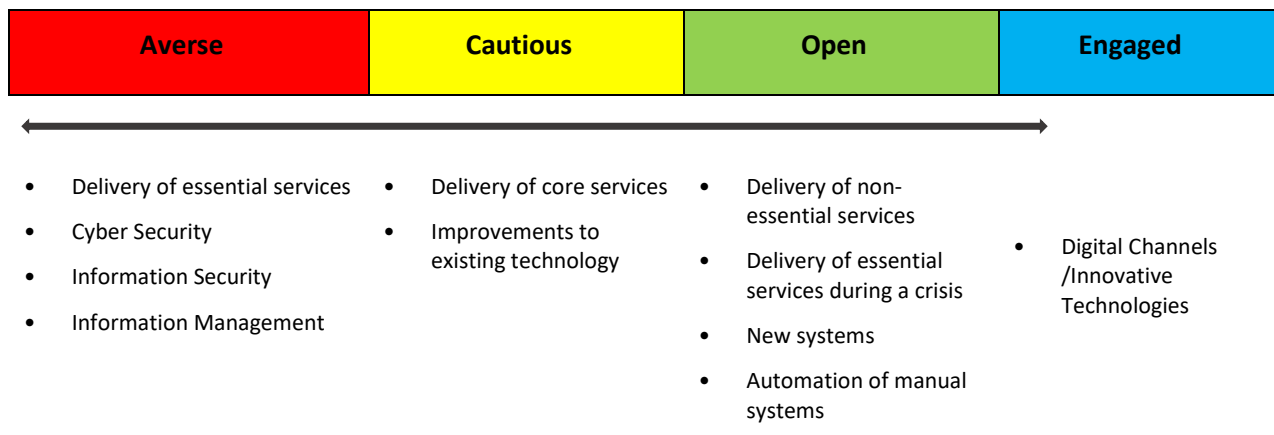
Level of Risk Appetite	Description
	<p>Averse</p> <p>All reasonably practical and affordable measures to minimise, and where possible, eliminate the risk must be taken.</p> <p>This usually means that that the residual risk rating should be low.</p> <p>Zero appetite is the most risk averse risk appetite.</p>
	<p>Cautious</p> <p>Preferring risk mitigation to the outcome of taking risks. Safe approaches should be taken.</p> <p>This usually means residual risks should be between low and medium.</p>

Level of Risk Appetite		Description
	Open	<p>Willing to consider risk taking in order to gain reward in order to achieve strategic objectives, provided that effective measures are in place to monitor the risk and limit significant adverse outcomes.</p> <p>This usually means residual risks should be between medium to high.</p>
	Engaged	<p>Risks to be taken in order to gain highly valued strategic objectives. Focus in on achieving the outcome, with innovation and an acceptance of the potential for failure.</p> <p>This means that residual risks could be high or extreme.</p>

The following is an overview of FCRC’s baseline risk appetite statement for the Risk Categories. This will be reviewed annually as part of the annual budget and operational planning process or more frequently to adapt to changing conditions (such as the COVID-19 pandemic).

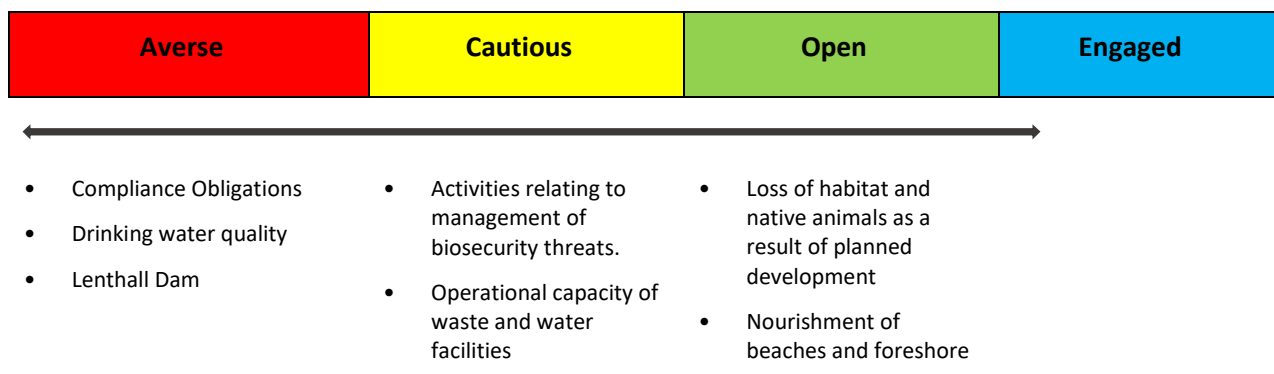
Risk Category: Service Delivery

Risks related to the delivery services to the community or internally to the organisation to facilitate delivery of those services.



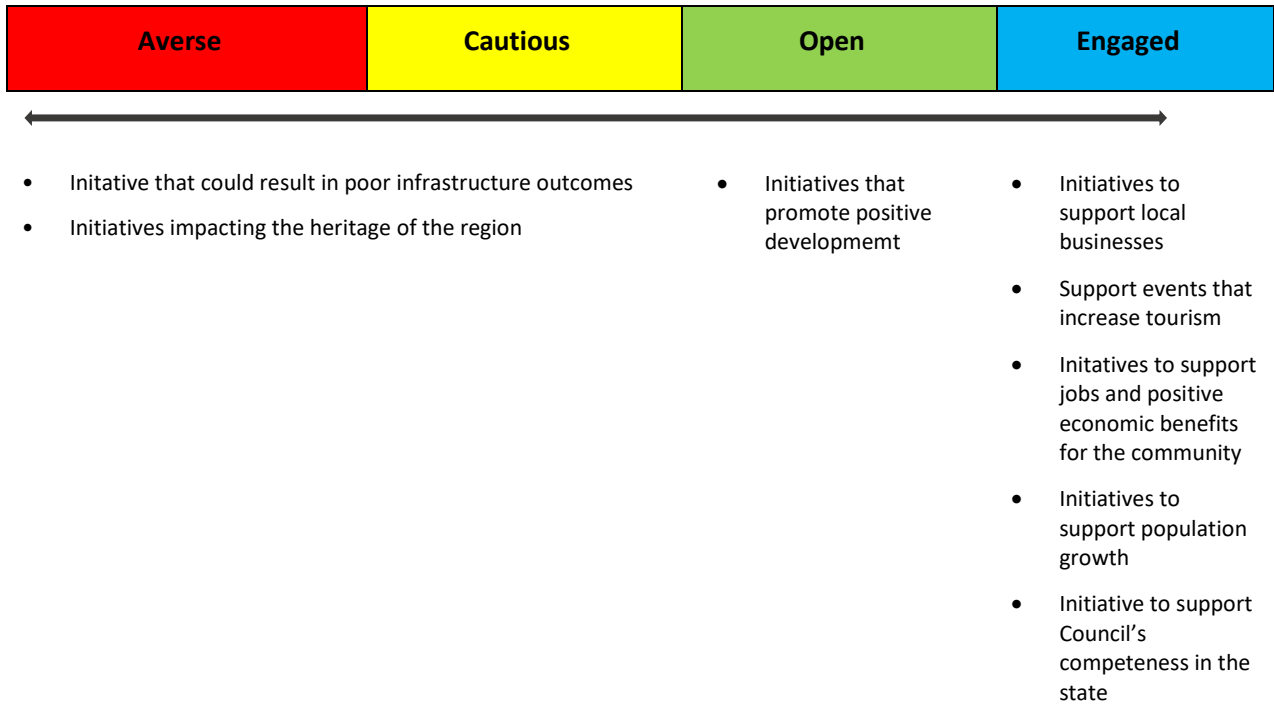
Risk Category: Environment and Public Health

Risks relating to the environment of the region and the health of the people.



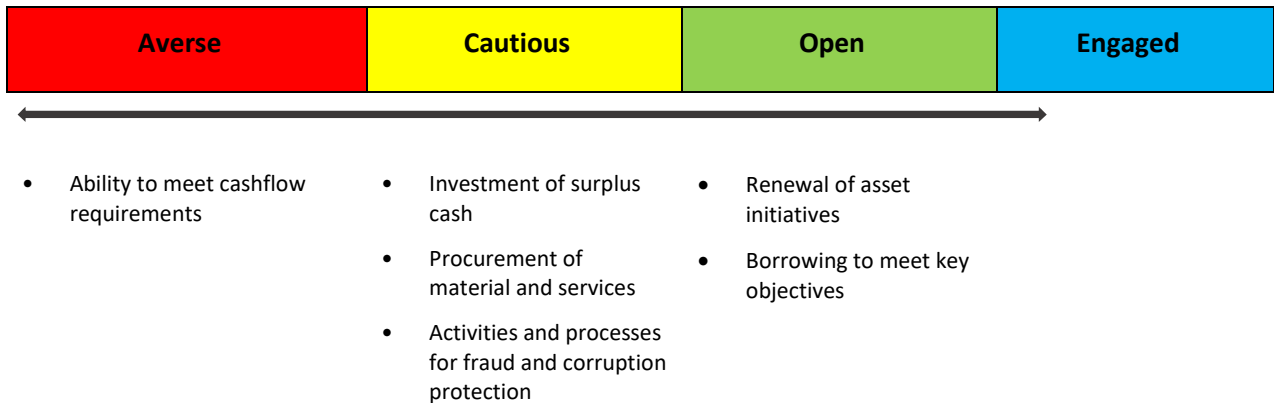
Risk Category: Economy and Community

Risks relating to the development of the region to ensure a thriving and prosperous community.



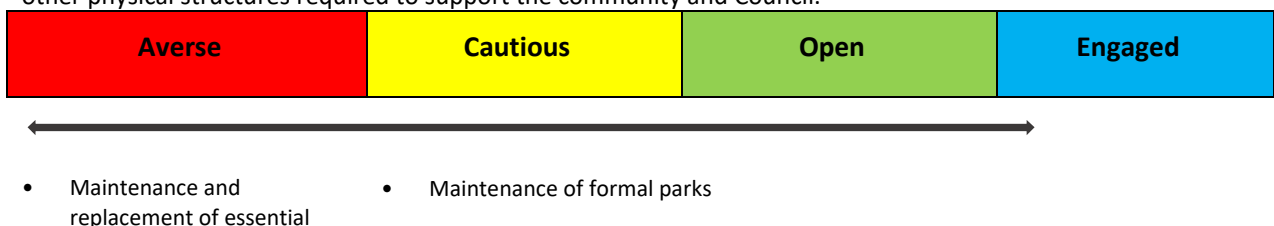
Risk Category: Financial Stability

Risks relating to the financial performance of the Council.



Risk Category: Infrastructure and Assets

Risks relating to the management and delivery of Council facilities, buildings, roads, ICT infrastructure, water and other physical structures required to support the community and Council.



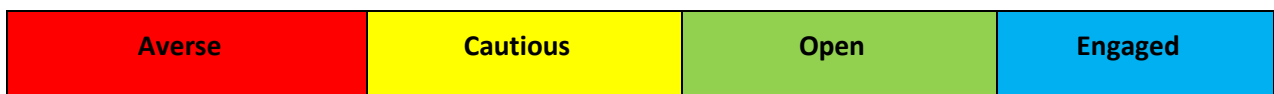
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| <ul style="list-style-type: none"> infrastructure • Maintenance and replacement of coast infrastructure • Management of our waterways | <ul style="list-style-type: none"> • Maintenance and replacement of Community Facilities • Maintenance and replacement of non-essential infrastructure |
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- Maintenance of open spaces

Risk Category: Regulation, Compliance and Legal

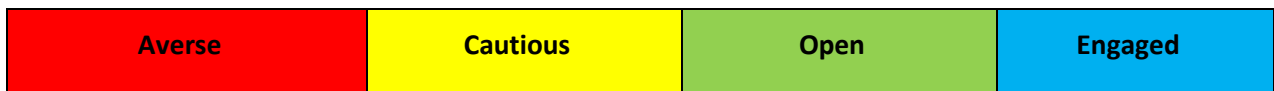
Risks relating to the legislative requirement of Council and the effect of noncompliance.



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| <ul style="list-style-type: none"> • Enforcement activities • Contract negotiations and management | <ul style="list-style-type: none"> • Adherence to approved delegations • Commencement of legal proceedings • Adequacy of insurance coverage | <ul style="list-style-type: none"> • Enforcement of local laws • Enforcement activities – Regulated Dogs • Commencement of legal proceedings – Regulated Dogs |
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Risk Category: Leadership and Reputation

Risks relating to the decision making of Council, relationships with external parties and the effect this has on the confidence of the community.



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| <ul style="list-style-type: none"> • Making key decisions that may damage the reputation of Council | <ul style="list-style-type: none"> • Maintaining a healthy relationship with the State and Commonwealth • Advocacy |
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Risk Category: People and Safety

Risks relating to wellbeing and safety of staff.



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|---|---|--|
| <ul style="list-style-type: none"> • Serious Code of Conduct Breach • Safety of Staff • Adherence to culture and | <ul style="list-style-type: none"> • Minor Code of Conduct Breach • Poor Employee Performance | <ul style="list-style-type: none"> • Recruitment and retention of staff • Staff Training |
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values

Innovation Risks

Innovation risks are not tied to a specific 'category' of risk appetite. Council's innovation appetite is defined in the table below and provides guidance on the types and ambition level of innovation risks it is willing to accept. Council's ambition is to achieve a 70-20-10 balance of core, adjacent and transformational innovation initiatives.

Risk assessing opportunities should be undertaken at the inception phase of the innovation cycle with support for making critical go-no-go decisions with Council along the way. This will help keep innovation-related risks at the forefront.

Innovation Risk Types	Description
Core	Focus on optimising existing core services, assets and/or products for existing customers. This usually means that the risks are low .
Adjacent	Focus on expanding existing services, assets and/or products based on fresh insights into customer needs. Adjacent initiatives may involve leveraging existing capabilities and putting those capabilities to new uses or generating new revenue streams. This usually means that the risks are low-medium .
Transformational	Focus on developing new services, assets and/or products, also called breakthroughs or game changers. This means that the risks could be high .

Fraser Coast Regional Council's Risk Appetite			
	Core	Adjacent	Transformational
Innovation	←————→		
	70%	20%	10%