



Council Policy

Risk Appetite Statement

Version 2 - 24 February 2025

02 4921 0333 | COUNCIL@LAKEMAC.NSW.GOV.AU

126-138 MAIN ROAD SPEERS POINT NSW 2284 | BOX 1906 HUNTER REGION MAIL CENTRE NSW 2310

LAKEMAC.COM.AU

Policy - external Risk Appetite Statement

Introduction

Lake Macquarie City Council recognises that robust risk management practices create and protect value and are an integral part of Council's business activities, functions and processes to ensure Council meets its responsibilities and objectives in serving our community.

Purpose

Council is committed to delivering high quality services for the Lake Macquarie community and considers risk as an integral part of decision making consistent with its functions and responsibilities under the *Local Government Act 1993*.

This Risk Appetite Statement sets the tone for risk management and implementation of a risk management framework that provides the foundations and organisational arrangements to design, implement, monitor, review and continually improve risk management throughout the organisation.

Scope

This policy applies to all activities and areas of Council.

Policy statement

Council is committed to embedding a strategic, consistent and structured enterprise-wide approach to risk management that aligns with the Australian Standard for Risk Management.

Effective risk management enables Council to realise its vision and strategic outcomes by increasing awareness of potential threats, maximising opportunities and managing uncertainty in a dynamic environment.

Council's Enterprise Risk Management (ERM) framework supports this policy through the application of principles to identify, treat, monitor, review and report risks across all of its operations.

Risk appetite statement

Council's risk appetite is contained in the following principles:

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| Open | <p>to protecting our natural environment and managing the long-term impacts of climate change.</p> <p>to exploring innovative activities in seeking to position economic and social outcomes for our community.</p> |
| Balanced | <p>for measured risk taking to pursue opportunities that benefit the community and informed decision-making practices. Council encourages an optimal risk-taking approach having regard to the circumstances in which decisions are made.</p> |
| Conservative | <p>to manage our financial position for long term sustainability.</p> <p>to manage our reputation through transparent and open interactions with the community, staff and other stakeholders.</p> <p>to protect the information we collect and uphold our requirement to operate within a regulated environment.</p> |
| Averse | <p>for behaviours around serious wrongdoing such as fraud, corruption or unsafe activities that can harm people.</p> |

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Policy - external Risk Appetite Statement

Risk appetite is an expression of the type and amount of risk Council is prepared to take in delivery of its strategies. It promotes consistent, 'risk-informed' decision-making aligned with strategic aims, supports robust corporate governance by setting clear risk-taking boundaries, and forms part of Council's control framework to ensure we deliver on our promises to the community.

Council categorises its level of risk appetite as follows:

- Open - Willing to accept a high level of risk in situations where there are significant opportunities
- Balanced - Willing to accept risks equal to the possible benefits (opportunity) and will control the negative impact
- Conservative - Willing to accept some risk, if limited and heavily outweighed by benefits (opportunity)
- Averse - Not willing to accept risk (threat or opportunity).

Council's risk appetite is operationalised by the CEO, Executive and Organisation Leadership Team to ensure appropriate coverage across top level risks and embedded into business plans.

Review and Evaluation

This policy will be subject to continuous review and improvement processes aligned with AS/NZS ISO 31000:2018 Risk Management – Guidelines and associated support references.

The CEO and Executive Manager Integrity and Risk may approve minor editorial amendments to this document that do not change the policy substance.

Policy - external Risk Appetite Statement

Controlled Document Information

Authorisation Details

| | | | |
|---|--|------------------------------------|---|
| Folder No: | F2021/00553 | TRIM Record No: | D11824456 |
| Audience: | External - All staff | | |
| Department: | Executive Group | Officer: | Executive Manager Integrity and Risk - Martene Archer |
| Key focus area(s): | Shared Decision Making - Enterprise Risk management, Risk Appetite | | |
| Review Timeframe: Max < 4 years | 4 years | Next Scheduled Review Date: | 24 February 2029 |
| Authorisation: | Council | | |
| Authorisation - Council Adoption Date: | 24 February 2025 | | |

Related Document Information, Standards & References

| | | |
|--|--|------------------------|
| Related Legislation: | (Legislation Name) | (Relationship/Context) |
| Related Policies: | (Policy Name) Council is committed to the implementation of effective risk management practice across all its activities. Therefore, this policy relates to all of Council's policies, procedures and practices. | (Relationship/Context) |
| Related Procedures, Guidelines, Forms, WHS Modules/PCD's, Risk Assessments, Work Method Statements: | (Document Name) Enterprise Risk Management framework Fraud and Corruption Control framework Audit Risk and Improvement Committee Terms of Reference Risk Management Advisory Committee Terms of Reference | (Relationship/Context) |
| Standards, COP's & Other References | (Standard, COP or Other References) ISO 31000:2018 Risk Management – Guidelines ISO Guide 73:2009 Risk Management - Vocabulary Office of Local Government Guidelines for Risk Management and Internal Audit for Local Government in NSW | (Relationship/Context) |

Definitions

| Term / Abbreviation | Definition |
|---|---|
| Australian Standard for Risk Management | means the AS/NZS ISO 31000:2018 Risk management - Guidelines. |
| CEO | means Chief Executive Officer of Lake Macquarie City Council and includes their delegate or authorised representative. References to the CEO are references to the General Manager appointed under the Local Government Act 1993 (NSW). |
| ERM Framework | set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk |

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Policy - external Risk Appetite Statement

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| | management throughout the organisation. (ISO Guide 73:2009 Risk Management - Vocabulary) |
| Risk | effect of uncertainty on objectives (an effect is a deviation from the expected, it can be positive, negative or both and can address, create or result in opportunities and threats). (ISO 31000:2018 Risk Management – Guidelines) |
| Risk appetite | the amount and type of risk that an organisation is prepared to pursue, retain or take. (ISO 31000:2018 Risk Management - Guidelines) |
| Risk management | coordinated activities to direct and control an organisation with regard to risk. (ISO 31000:2018 Risk Management – Guidelines) |

Consultation (update for each version created)

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|---|---|
| Key Departments, Teams, Positions, Meetings: | Audit, Risk and Improvement Committee, Executive, Risk Management Advisory Committee, Integrity and Risk Team, Organisational Leadership Team |
|---|---|

Version History

| Version No | Date Changed | Modified By | Details and Comments |
|------------|------------------|-----------------------------|---|
| 1 | 13 March 2024 | Martene Archer | New policy |
| 2 | 24 February 2025 | Martene Archer, Jane Lulham | Reviewed risk appetite statements to align with new strategic plan and Council term |