

## **City of Kalamunda**

### **Risk Appetite Statement**

#### **Purpose**

The City of Kalamunda is strongly committed to risk management as part of its corporate governance framework. The City's Risk Management Strategy is focused on ensuring that the City makes informed decisions in terms of its strategies and operations ensuring that risks and opportunities are adequately considered.

#### **Risk Appetite**

Risk Appetite relates to the amount and type of risk that the City is willing to take in order to achieve its strategic objectives.

The City's overall risk appetite is "risk averse". When discussing risk appetite, acceptable tolerances will be defined using the following terminology:

- No tolerance
- Low tolerance
- Moderate tolerance
- High tolerance

The City's culture is focused on innovation and continuous improvement, and delivering innovation and focusing on opportunities to enhance service delivery carry risk. What is important is that the City takes calculated risks by ensuring that risks are properly identified, evaluated and managed to ensure that risk exposure is acceptable.

The City's risk appetite is generally higher when it can be demonstrated that the benefits created through innovative concepts outweigh the associated risks.

The City's Risk Appetite is assessed against the main areas of risk consequence expressed within the Risk Management Plan.

#### **Health and Safety**

The City has a low appetite for workplace injury to employees and contractors, acknowledging that the nature and diversity of work undertaken may result in minor injuries. Work safety practices are subject to ongoing review and there is no tolerance for employees not following safe work practices.

The City's safety management practices are designed to proactively identify and control workplace hazards and there is a no appetite for the non-effective use of this process. In the event of injury or near miss, these events are to be reported as soon as practically possible in order to provide appropriate support and to reduce the opportunity for reoccurrences.

There is also no appetite for incidents that are reasonably foreseeable and issues that may impact public safety. The City carries out routine inspections of land and public areas under the City's care and control and facilities in order to identify potential hazards, with mitigation works carried out according to the risk. Public notifications of potential hazards are also prioritised and scheduled according to the risk.

**Financial**

The City has no appetite for any actions that are known, or upon reasonable investigation, ought to be known, to unacceptably threaten the long term financial sustainability of the City. So as to achieve financial sustainability, the City may undertake investigation into alternate revenue streams hence there is a moderate appetite for activities that are likely to provide economic and revenue growth opportunities.

The City's Investment Policy outlines the risk appetite which is aligned with Local Government Legislative requirements. Focus is on maintaining liquidity, for which there is a low appetite to risk.

Materiality will be a guiding principle in assessing financial risk appetite.

**Reputational**

The City has no appetite for theft, fraud or misconduct by employees, Elected Members or external parties for which the City is vicariously liable.

The City has a low appetite for actions or activities that have a sustained adverse impact on the City's reputation, where those risks are avoidable through the application of good governance and practices.

The City regards customer service as vitally important and the appetite for inaccurate and untimely advice is low.

**Operational**

The City has no appetite for emergency service disruptions exceeding one business day relating to public health and safety. There is a low appetite for ongoing disruption to other core services that provide direct customer contact that exceed one business day.

In order to support service delivery across the business there is a low appetite for Information Technology and key corporate systems disruptions and the City's IT Assets must be secure, routinely backed up and maintained.

**Environmental**

The City operates within a diverse and complex natural environment. Maintaining its natural environment and focusing on long term sustainability is key focus for the City.

As such the City has no appetite for unauthorised activities that are known, or ought to be known to result in degradation of the natural environment.

The natural environment within Kalamunda presents a significant bushfire risk to the City. The City has a low appetite for inadequacies relating to natural hazard risk mitigation under its direct control and a medium appetite where risk is impacted by third parties and accordingly will seek to ensure proactive mitigation in all such risks in coordination with relevant state government agencies.

The City has a low appetite for ineffective contaminated site management.

**Compliance**

The City is subject to a number of statutory and regulatory obligations and there is no appetite for deliberate unlawful actions by Employees or Elected Members.

The City is reliant on a combination of policies, procedures and processes to maintain compliance. There is a low appetite for minor and unintentional breaches, or activities that may result in non-compliance by the City Employees or Elected Members.

The City has a low appetite for project cost or time variances exceeding 10%.

**Project Delivery**

The City has a low appetite for variations for significant or high risk projects that exceed 10% of cost or time and has a medium appetite to variations for other projects.

**RISK APPETITE SUMMARY**

Risk Appetite Range	Low Appetite	Moderate Appetite	High Appetite
Approach to Risk	Accept as little risk as possible and take a cautious approach towards risk	Balanced and Informed approach to risk taking	A more aggressive approach for increased benefit or to achieve a key Strategic Outcome
Risk Category			
Financial	Activities that impact financial liquidity	Activities with a low value	Activities with a low value that are likely to provide economic or revenue growth opportunities
Health & Safety	'Office' based staff	'Outside' staff undertaking manual labour / plant	Staff undertaking emergency service activities
Reputation	Activities that impact a large part of community	Activities that impact a small number of the community and are for the greater good.	Activities that impact one small group with overall benefits that far outweigh the pain
Operation	Activities that result in ongoing disruption to core services	Activities that result in minor disruption to a small number of services.	Minor service disruption that will enable improved delivery of services to the Community in the future
Environmental	Inadequate Natural hazard risk mitigation	Activities that may result in minor environmental impacts	Activities that may result in minor environmental impacts whilst providing improved services to the wider community
Compliance	Minor un-intentional breaches of legislation	Moderate unintentional breaches of policy or procedures	Moderate unintentional breaches of process that occur in an emergency situation
Project	Activities that result in 10% cost or time variations	Small value low profile	Innovation, Ongoing community benefit shared across other partners