EAST GIPPSLAND
SHIRE COUNCIL

Risk Management Policy

Table of Contents

1. Purpose

The purpose of this Policy is to establish East Gippsland Shire Council's (Council) commitment to risk management, and the proactive management of the Strategic, Operational and Project Risks that have an impact on the achievement of Council's objectives.

2. Scope

This Policy applies broadly to all Strategic, Enterprise, Operational and Project related decision-making processes and activities.

Risk management is not a stand-alone function separate from the main activities and processes of the organisation. It is an integral part of all organisational processes, including strategic planning, project delivery and change management processes.

3. Context

Most activities conducted by East Gippsland Shire Council are influenced by internal and external factors that make it uncertain whether, when and the extent to which Council will achieve its objectives. The effect this uncertainty has on Council's objectives is "risk".

Council's approach to managing risk is based on the principles, framework and process outlined in Australian Standard ISO 31000:2018 Risk Management – Guidelines (the Standard) and implements the Three Lines of Defence Model defined by the Institute of Internal Auditors.

4. Statement

Council recognises that effective risk management is crucial to achieving our strategic and business objectives and is committed to:

- applying risk management principles in its management of the municipality;
- maintaining a risk management framework consistent with the Standard;
- proactive identification, evaluation, monitoring and mitigation of risks wherever they present a threat or an opportunity to Council objectives;
- embedding risk management into all decision-making and business planning processes;
- building risk maturity to ensure long term resilience and success;
- role-modelling a culture of accountability, transparency, and continuous improvement; and
- ensuring adequate resources and support tools are available to enhance the competency and awareness of risk owners and key stakeholders.

4.1 Risk Management Principles

Council is committed to managing its risks and maximising its opportunities in order to meet its identified strategic objectives as defined within the Council Plan.

In doing this, Council will apply the following principles:

Principle	Statement
Integration with Council Planning and Operations	Risk management will be embedded in strategic and operational business planning processes in a way that supports the achievement of Council's strategic goals, service delivery commitments and community expectations.
Proactive and Systematic Approach	Council will take a structured, consistent, and proactive approach to risk identification, assessment and mitigation, ensuring risks are managed before they escalate into issues that could impact Council operations, assets or community well-being.
Informed Decision-Making	Risk information will be embedded into decision-making processes at all levels, enabling Council to make well-informed decisions that balance risk with opportunity and deliver value to the community.
Accountability and Transparency	Council will foster a culture of accountability and responsibility by ensuring that risk management is a shared responsibility across all levels of the organisation.
Continuous Improvement and Adaptability	Risk management processes will be regularly reviewed, refined and updated to ensure Council will remain adaptable and responsive to new challenges.
Risk-Aware Culture	Council will promote a risk-aware culture through ongoing training, education and communication, ensuring that all employees and decision-makers understand their role in identifying and managing risks effectively.

4.2 Risk Management Framework

Council's Risk Management Framework (Framework) is a structured set of components that together give effect to the implementation of the risk management approach set out in the Standard.

Designed in the context of Council's operating environments, the Framework provides the key directions for effectively managing change and uncertainty, whilst integrating risk management into decision-making and business planning processes.

The Framework is made up of the following key components:

- Risk Management Policy;
- Risk Management Strategy 2025-29;
- Risk Management Plan (A Comprehensive Guide for Risk Officers);
- Risk Assessment Process (Practical Guide for Risk Owners);
- Risk Registers; and
- Risk Toolkit.

5. Risk Appetite

Risk Appetite is the amount of risk that Council is willing to accept or retain in pursuit of its strategic objectives. The purpose of the Risk Appetite Statement is to provide practical guidance for decision making by flagging when a greater focus is required to ensuring effective controls are in place to minimise vulnerability and increase tolerance.

5.1 Risk Appetite Statement

Our community is at the heart of everything we do, shaping the foundation of our Council Plan. Council's Risk Appetite balances achieving strategic objectives with inherent risks.

Council has a conservative risk appetite, reflecting its responsibility to provide reliable, safe, and effective services, comply with legislative obligations, and uphold public trust.

***Low Risk Appetite**: Council has a low risk appetite for activities or decisions that could:*

- *Adversely affect the broader community, including the local economy, businesses, health services, population stability, and general opportunities. We prioritise the prosperity and well-being of our residents.*
- *Have a financial impact, such as loss of revenue, budget impacts, operational costs, liabilities, and insurance claims. We ensure stringent financial controls and risk management practices.*
- *Impact the health, safety, and well-being of staff and the community. We aim to create a safe and supportive working environment.*
- *Impact the natural environment, including sacred and indigenous lands, flora, fauna, heritage, water, waste, hazardous materials, and pollution. We are committed to environmental stewardship and sustainability.*
- *Result in negative public opinion or publicity regarding business practices, Council decisions, or the behaviour of officers and Councillors. We adhere to ethical practices and transparent decision-making.*

***Moderate Risk Appetite**: Council maintains a moderate risk appetite in areas that support innovation, community benefit, and long-term strategic outcomes, where risks are well understood and managed. This includes risks that could:*

- *Impact Council assets, such as buildings, infrastructure, and equipment. We recognise that some risk is necessary for growth and improvement.*
- *Cause disruption to the delivery of Council services (including cyber and technology) and specific projects. We embrace new technologies and methodologies to enhance service quality and project outcomes.*

***No Risk Appetite**: Council has no appetite for behaviours or actions that undermine the ethical foundations of local government or compromise its responsibilities. This includes:*

- *Deliberate breaches of law or regulation.*
- *Corrupt, fraudulent or dishonest conduct.*
- *Willful neglect or misconduct resulting in avoidable harm to the community, environment, or Council's operations.*

Effective risk management supports the delivery of services our community relies on and values. We are committed to making decisions that balance risk with the need to protect public interests, ensure safety, and achieve positive outcomes for current and future generations.

6. Risk Tolerance

Risk tolerance defines the acceptable level of variation in outcomes related to achieving the Council's objectives. It represents the degree of risk the Council is willing to accept, considering potential impacts on operations, reputation, and financial health. By clearly defining risk tolerance, the Council can make informed decisions about which risks to mitigate, accept, or pursue, ensuring alignment with strategic goals and effective risk management.

6.1 Risk Tolerance Statement

The Council is dedicated to ensuring the prosperity, safety, and well-being of our community while upholding robust financial health and ethical governance. Our risk tolerance statements define the levels of risk we are willing to accept across various areas to achieve our strategic objectives and deliver value to our residents. These statements serve as a framework for decision-making, guiding our actions and responses to potential risks.

We recognise that risk is an inherent part of achieving progress and innovation. Therefore, while we maintain a low risk appetite in critical areas to safeguard our community and resources, we also adopt a moderate risk tolerance to enable flexibility and adaptability.

Our commitment to environmental stewardship and sustainability supports a balanced and responsible approach to risk. We maintain a moderate risk tolerance, accepting that some environmental risks may be necessary to enable meaningful progress. Initiatives are designed to manage and mitigate risks while promoting sustainability, resilience, and innovation. This approach ensures our actions contribute to a thriving environment for present and future generations without exposing our community or ecosystems to unacceptable harm.

In specific areas, the Council maintains a higher risk tolerance to support innovation, community benefit, and long-term strategic outcomes. For Council assets such as buildings and infrastructure, some risk is necessary for growth and improvement. This higher tolerance allows us to undertake essential projects and upgrades that enhance the functionality and longevity of our assets.

For service and project delivery, including cyber and technology-related issues, embracing new technologies and methodologies enhances service quality and project outcomes. By maintaining a higher risk tolerance in this area, the Council can be more adaptive and innovative, ensuring that our services remain robust and responsive to the evolving needs of our community.

This balanced approach allows us to pursue opportunities that drive growth and improvement while effectively managing potential adverse impacts. By understanding and managing these risks, the Council can achieve its strategic goals and deliver lasting benefits to the community.

Council's comprehensive **Risk Appetite** and **Risk Tolerance** statements against each consequence category are set out at **Appendix 1** to this Policy.

7. Roles and Responsibilities

The following teams or positions have direct and/or supporting responsibilities associated with this Policy:

Position	Roles and Responsibilities
Council	Establishing Risk Appetite and Tolerance statements and adopting the Risk Management Policy.
Chief Executive Officer	Promoting effective management of risks across the Council's operations and demonstrating a commitment to risk management through adequate risk management resource allocation.
Manager Governance and Regulatory Services	Overall responsibility of Council's Risk Management Framework, inclusive of this Policy.
All Staff	Be aware of the inherent risks associated with their work and take appropriate action to minimise or eliminate such risks. Comply with Council's Risk Management Framework and any other applicable documents.

8. Definitions

Term	Meaning
Risk	The effect of uncertainty on objectives.
Risk Appetite	Risk Appetite is the amount of risk that Council is willing to accept or retain in pursuit of its strategic objectives.
Risk Management	Coordinated activities to direct and control the organisation with regard to risk.
Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Tolerance	Risk tolerance defines the acceptable level of variation in outcomes related to achieving the Council's objectives. It represents the degree of risk the Council is willing to accept, considering potential impacts on operations, reputation, and financial health.

9. Human Rights

Council is committed to upholding the Human Rights principles as outlined in the *Charter of Human Rights and Responsibilities Act* 2006 (the Charter). This Policy has been assessed as compliant with the obligations and objectives of the Charter.

10. Gender Equality

This Policy has considered the *Gender Equality Act* 2020 in its preparation and has been assessed as not requiring an Equity Impact Assessment (EIA).

11. Risk Reference

This Policy is implemented as a control to mitigate risks in the following categories:

Risk Category	✓	Risk Category	✓
Community	✓	Governance and Reputation	✓
Financial	✓	Environment	✓
People and Property	✓	Service Delivery and Projects	✓

12. References and Supporting Documents

12.1 Applicable Legislation:

Local Government Act 2020

12.2 Applicable Policy and Procedure:

Nil

12.3 Supporting Documents:

Risk Management Strategy
Risk Management Plan
Risk Assessment Process

13. Review and Revision History

Version Number	Date Approved	Approved By	Review Summary
1	21/10/2025	Council	New Policy

13.1 Administrative Updates

Minor amendments to this document may be required from time to time. Where amendments do not materially alter the intent of a document, they will be made administratively and approved by the Document Owner.

13.2 Document Control Disclaimer

Printed copies of this document are considered uncontrolled. Please refer to the Corporate Document Register on Council's intranet to access the most current version of this document.

Appendix 1: Risk Appetite and Tolerance Statements

Category	Appetite	Risk Appetite Statement	Tolerance	Risk Tolerance Statement
Community	**Low**	The Council is committed to safeguarding the prosperity and well-being of our residents. We have a **low-risk appetite** for any activities or decisions that could negatively impact the local economy, businesses, health services, population stability, and general opportunities. Our priority is to foster a thriving community where residents have access to essential services, stable employment, and opportunities for growth and development. We carefully evaluate potential risks to ensure that our actions support the long-term prosperity and resilience of the broader community.	**Moderate**	While the Council maintains a low risk appetite to ensure the prosperity and well-being of residents, a **moderate risk tolerance** is necessary to balance the need for progress and development. This approach allows the Council to undertake initiatives that may carry some risk but are essential for long-term community growth and resilience. By accepting a moderate level of risk, the Council can support innovative projects and economic opportunities that benefit the broader community, including local businesses and health services.
Financial	**Low**	Financial stability is a cornerstone of our governance. The Council has a **low risk appetite** for activities or decisions that could result in financial losses, including loss of revenue, budget impacts, increased operational costs, liabilities, and insurance claims. We implement stringent financial controls and risk management practices to protect our financial health. By maintaining a conservative approach to financial risks, we ensure that our resources are used efficiently and effectively to deliver value to our community and support sustainable growth.	**Moderate**	Council's low financial risk appetite reflects its commitment to stringent financial controls and risk management practices. However, a **moderate risk tolerance** is adopted to enable flexibility in financial decision-making. This allows the Council to invest in strategic initiatives and respond to unforeseen financial challenges without compromising its overall financial stability. By tolerating a moderate level of financial risk, the Council can pursue opportunities that enhance revenue and optimise budget allocations for the community's benefit.
People	**Low**	The health, safety, and well-being of our staff and community members are of paramount importance. The Council has a **low risk appetite** for any activities or decisions that could compromise these aspects. We are dedicated to creating a safe and supportive working environment, where staff can perform their duties without undue risk. Similarly, we prioritise the safety and well-being of our community members by implementing robust health and safety measures. Our commitment to these principles ensures that we can provide a secure and nurturing environment for all.	**Moderate**	Ensuring a safe and supportive working environment is a priority, as indicated by the Council's low risk appetite. Nonetheless, a **moderate risk tolerance** is essential to address dynamic and evolving health and safety challenges. This approach enables Council to implement proactive measures and innovative solutions that may involve some risk but ultimately enhance the well-being of staff and the community. By accepting a moderate level of risk, the Council can better adapt to emerging threats and ensure continuous improvement in health and safety standards.
Property	**Moderate**	The Council recognises that some level of risk is necessary to facilitate growth and improvement in our assets, such as buildings, infrastructure, and equipment. We maintain a **moderate risk appetite** in this area to allow for the implementation of innovative projects and upgrades that enhance the functionality, efficiency, and longevity of our assets. By accepting a moderate level of risk, we can invest in cutting-edge technologies and infrastructure developments that drive progress and deliver significant benefits to the community. Our approach ensures that risks are carefully assessed and managed to maximise positive outcomes while minimising potential adverse impacts.	**High**	Council maintains a moderate risk appetite when it comes to the impact on its assets, such as buildings, infrastructure, and equipment. This reflects our recognition that some level of risk is necessary to facilitate growth and improvement. By adopting a **high risk tolerance** in this area, the Council can undertake essential projects and upgrades that enhance the functionality and longevity of our assets. This approach allows us to invest in innovative solutions and infrastructure developments that may carry higher risks but ultimately contribute to the community's progress and resilience.
Governance and Reputation	**Low**	Maintaining public trust and confidence is essential for effective governance. The Council has a **low risk appetite** for activities or decisions that could lead to negative public opinion or publicity regarding our business practices, Council decisions, or the behaviour of officers and Councillors. We adhere to ethical practices and transparent decision-making processes to uphold our reputation and ensure accountability. By fostering open communication and engaging with our community, we strive to build and maintain a positive public image that reflects our commitment to integrity and ethical governance.	**Moderate**	Council adheres to ethical practices and transparent decision-making to maintain a low risk appetite in this area. However, **a moderate risk tolerance** is necessary to navigate the complexities of public perception and media scrutiny. This allows the Council to make bold decisions and take actions that, while potentially controversial, are in the best interest of the community. By managing a moderate level of reputational risk, the Council can uphold its commitment to transparency and ethical governance while addressing critical issues effectively.
Environment	**Low**	Our commitment to environmental stewardship and sustainability is reflected in our **low risk appetite** concerning the natural environment, including Indigenous lands, flora, fauna, heritage, water, waste, hazardous materials, and pollution. We prioritise caution and responsibility in our environmental decision-making, recognising that the protection of natural resources and ecological health requires a conservative approach to risk. By maintaining a low risk appetite, we ensure that all initiatives are carefully assessed to minimise potential harm, uphold community values, and support long-term environmental resilience. This approach reinforces our dedication to sustainable development while safeguarding the integrity of our ecosystems and cultural heritage.	**Moderate**	Our dedication to environmental stewardship and sustainability requires a balanced and responsible approach to risk management. We maintain a **moderate risk tolerance** in this category, recognising that some environmental risks may be acceptable when they are well understood, appropriately mitigated, and aligned with broader sustainability and community objectives. While we remain mindful of impacts on ecological and cultural values, we accept that innovation may involve calculated risks. Elevated risks are considered where benefits justify the exposure and safeguards prevent irreversible harm. A moderate risk tolerance enables flexibility in environmental initiatives, supporting thoughtful development, long-term sustainability, and a thriving environment for future generations.
Service and Project Delivery	**Moderate**	Council embraces innovative technologies and progressive methodologies to enhance both service delivery and project outcomes. We maintain a **moderate risk appetite** for potential disruptions to service delivery, including cyber and technology-related issues, to allow for the exploration and implementation of advanced technological solutions. This approach allows us to pursue innovation, improve project efficiency, and deliver high-quality outcomes that benefit our community. We recognise that project delivery may involve complex challenges and uncertainties. By accepting a moderate level of risk, we ensure that these risks are clearly understood, proactively managed, and aligned with our strategic objectives. Our commitment to agility and responsiveness allows us to adapt to emerging opportunities while maintaining reliable services and delivering successful, impactful projects.	**High**	Council supports the use of innovative technologies and methodologies to improve service quality and deliver successful project outcomes. While we maintain a moderate risk appetite for both service and project delivery, we apply a **high risk tolerance** to project initiatives where the potential benefits justify increased levels of uncertainty. This balanced approach enables us to be adaptive and forward-thinking, particularly in the implementation of advanced technological solutions and process improvements. We recognise that some projects may carry higher risks, but also offer significant opportunities to enhance efficiency, effectiveness, and long-term value. By tolerating a higher level of risk within defined parameters, we ensure our services remain robust and responsive to the evolving needs of our community, while enabling the delivery of innovative and strategically aligned projects.