

RISK APPETITE STATEMENT

The City of Hobart Risk Appetite Statement defines the level and type of risk that Council is willing to pursue or tolerate in order to achieve its strategic objectives. It assists the City to align its risk management strategy with its vision, mission, values, and culture.

Establishing the City's risk appetite is fundamental to implementing a systematic approach to identifying, assessing, and managing risk within the council. The City recognises that it is not practical or desirable to avoid all risk. As not all risks are equally important or acceptable, decisions need to be made about how much risk the City is willing to take or avoid. This is where risk appetite statements can become useful tools.

Using a risk appetite statement to manage risk involves applying it to our risk management activities and processes. Risk appetite statements can be used to guide risk identification, assessment, response, and reporting. For example, when undertaking an activity or program, firstly evaluate the likelihood and consequence and compare the risk rating to the risk appetite levels. The risk appetite statement can then be used to decide how to respond to the risks, whether by accepting, avoiding, transferring, or reducing them.

The City's Risk Appetite Statement is set out in the tables below and overleaf. The City has developed its risk appetite across its risk categories by defining its strategic objectives, identifying and categorizing its strategic risks, assessing the City's risk capacity against risk consequence and likelihood, consulting with the Executive Leadership Team and Council through workshops, and defining the desired level of risk appetite across the different risk categories.

The City has four levels to risk appetite, being:

- No risk appetite – no risk will be undertaken to pursue organisational objectives.
- Low risk appetite – willing to take minimum or limited risks to pursue organisational objectives.
- Moderate risk appetite – willing to take a moderate level of risk to pursue organisational objectives.
- High risk appetite – willing to take a high level of risk to pursue organisational objectives.

The degree of risk that will be accepted in pursuit of organisational objectives																
Risk Appetite																
Category	No appetite				Low appetite				Moderate appetite				High appetite			
Safety and Wellbeing																
People and Culture																
Environment and Sustainability / Climate Change																
Brand and Reputation																
Service Delivery and Performance																
Business Continuity and Disaster Recovery																
Cybersecurity and IT																
Governance																
Regulatory and Legal																
Financial Sustainability																
Assets and Infrastructure																
Customer and Community																
Strategic																

Overall, the City has a balanced approach to its risk appetite aligned to its strategic objectives. Council aims to minimise its exposure to risks to safety and wellbeing, the environment, cybersecurity and IT, governance and legal whilst accepting an increased degree of risk in pursuit of key strategic objectives where required.

Below is a summary of the City's Risk Appetite Settings

Risk Appetite Statements	
Overall Risk Statement	Council generally has a LOW to MODERATE risk appetite across its operations. Council has no tolerance for injuries to persons. It is committed to creating a safe working and living environment for its staff and the community. The City of Hobart's work health and safety goal is "all go home safe and well". Council operates within the laws and regulatory framework to which it is subject and also has a role to play in enforcing these laws. Council maintains a LOW risk appetite for environmental risks. We are committed to sustainable practices and minimising our environmental footprint. Council has a MODERATE risk appetite for financial risks, balancing the need for financial sustainability with the pursuit of growth opportunities. We aim to manage our financial resources prudently while investing in initiatives that deliver long-term value. Council has a LOW risk appetite for cybersecurity risks. We prioritise the protection of our digital assets and sensitive information, implementing security measures to mitigate potential threats. Council strives to minimise the impact of emergencies through proactive risk management and is committed to maintaining essential services and operations during business continuity disruptions. It is important to Council that its systems and services operate efficiently and effectively. Risks need to be effectively managed and balanced in this area to ensure sustainable delivery of services to the community.
Safety and Wellbeing	Council has NO appetite for risk to safety and well-being. Council has NO appetite for harm to its staff as well as members of the public that use Council assets and spaces.

	Council will invest money to ensure the safety of its staff and the public based on a robust analysis of safety issues and how these can be most effectively addressed.
People and Culture	Council has a MODERATE appetite for risks associated with People and Culture. Council is committed to strategically identifying, allocating, managing and developing its workforce resources to support the efficient delivery of Council services. Council is committed to providing a positive working environment and attracting and retaining skilled and competent staff. We will not accept misconduct or continued employee underperformance.
Environment and Sustainability / Climate Change	Council has a LOW appetite for environmental impacts. Council notes the potential for environmental impacts to have long term consequences, leading to greater compliance, financial and reputational impacts. Council will therefore apply resources to address environmental impacts and will consider environmental impacts within the decision-making process. Council notes that climate change is one of the most significant and complex risks to the City of Hobart, increasing the frequency and intensity of hazards including bushfire, extreme heat, heavy rainfall, flooding, sea level rise, coastal erosion, and inundation. The City will prioritise strengthening climate resilience through mitigating risks, environmental stewardship, and enhancing the sustainability of the natural and built environment for current and future generations.
Brand and Reputation	Council has a MODERATE appetite for reputational impacts. Council is willing to accept short-term reputational impacts relating to decisions that are in the long-term best interests of the community and acknowledges that with a diverse range of stakeholders, reputation issues will be expected.
Service Delivery and Performance	Council has a LOW to MODERATE appetite for impacts on its service delivery and performance. Council has a LOW appetite for critical services to be disrupted due to a failure by Council, however, it acknowledges that external events may impact service delivery from time to time.

	Council has a MODERATE risk appetite for delivery of non-essential services and in the event of a disruption will apply sufficient resources to ensure services are restored within reasonable timeframes.
Business Continuity and Disaster Recovery	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 LOW appetite for a reduced capability to provide emergency response, aid, and recovery during periods of flood, fire, or other emergencies or disasters.
Cyber Security and Information Technology	Council has a LOW appetite for the compromise of sensitive personal information about our employees and customers. Council has a LOW appetite for breaches of privacy, confidentiality, or the improper use of information. Council's aim is to protect our IT systems, services and information held through the application of appropriate internal controls, a cyber aware workforce, effective governance, timely remediation of identified control weaknesses, persistent review of the external threat landscape and consistent management of our third-party providers.
Governance	Council has a LOW appetite for ineffective governance practices and non-compliance with the codes of conduct. Council is committed to good governance and meeting legislative and regulatory requirements in a consistent and fair manner.
Regulatory and Legal	The Council has a LOW appetite for legal and compliance risks consistent with its role in local government. Resources will be applied to ensure both Council and stakeholders comply with the legal and regulatory requirements. Council is committed to good governance and meeting legislated and regulatory requirements in a consistent and fair manner. In relation to its own obligations, Council will aim to be compliant and where issues of non-compliance are identified, considered decisions will be made on how to resolve the issue.

Financial Sustainability	Council has a MODERATE appetite for impacts in relation to Financial sustainability. Council will manage its operating budgets and make adjustments when necessary to address changes in priorities. Council has a LOW appetite for poor financial management and will maintain budget and cost control as much as practicable. The Council will however apply financial resources where required to meet the operational needs and decisions of Council.
Assets and Infrastructure	Council is open to taking MODERATE levels of risk to enhance our City's assets and infrastructure. Council is committed to continuous improvement in order to provide excellent infrastructure services that provide benefits to our community.
Customer and Community	Council has a MODERATE risk appetite for negative reaction associated with strategic choices when viewed from the perspective of our customers and community.
Strategic	Council has a LOW to HIGH appetite for achieving its strategic objectives. Council has a LOW appetite for issues that threaten the achievement of strategic objectives. Council has a HIGH appetite for innovative projects such as IT projects that would enable Council to achieve its strategic objectives.

This Risk Appetite Statement is reviewed on a continuous basis to consider and adapt to changes in the Council's operating environment. The Risk Appetite Statement will be presented to Council for review and endorsement at least once a Council Term.