

Attachment 1 – Enterprise Risk Tolerance Framework

| Risk Area | Risk Appetite Statement | Appetite | Management Approach | Risk Tolerance Statements and Metrics |
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| People Effects & OHS | <p>Safety We have no appetite for physical or psychosocial harm to our people, community and our service delivery partners.</p> <p>We accept in delivering our services that our people, service partners, assets and community may be exposed to a range of hazards and we will manage safety and security to prevent harm.</p> | Low | Strive towards avoidance of harm. We will proactively improve our safety culture and controls | <ol style="list-style-type: none"> No fatalities or injuries resulting in professional physical or psychological medical attention Lost time injury frequency rate does not exceed industry standard. All High Potential Incidents (HiPo) are documented within 24 hours and reported to WorkSafe as required. All non-reportable (WorkSafe definition) incidents are documented within 5 working days. |
| | <p>Physical Security We have no appetite for breach of security to our high criticality assets.</p> <p>We accept that our restricted sites have hazards that may be dangerous to the public if compromised, or access to private information (e.g. physical personnel or health files), and we will invest in risk reduction measures, within resource availability.</p> | Medium | We will proactively improve our physical security controls to minimise unwanted incursions into medium and high-risk Council facilities or sites. | <ol style="list-style-type: none"> No unauthorised access to High-risk zones (e.g., Municipal offices, libraries, depots, community centres, MCH centres, swimming pools) Minimal unauthorised access to medium risk zones (e.g., sporting pavilion) Some unauthorised incursions into Low risk zones tolerated (e.g. public toilets, vehicles) |
| | <p>Culture We recognise and accept a level of risk to the delivery of our strategic objectives to provide opportunity to develop and invest in human capability, including performance and competencies, within the organisation.</p> | Medium | We will embed inclusion, safety and wellbeing in our culture, and care for each other and our community. | <ol style="list-style-type: none"> No less than 80% of the Workforce Management actions per annum. No less than 80% of the Gender Equality Action Plan. Mandatory training completion rate is >95% per annum. All permanent staff Performance Appraisals are completed by the end of each calendar year. |
| Legal & Compliance | <p>We accept that as a complex business with a range of external obligations that there are challenges in maintaining compliance in all instances.</p> <p>We do not accept material regulatory compliance breaches.</p> | Low | As an organisational priority apply all practicable measures to prevent this risk or avoid related activity. | <ol style="list-style-type: none"> No adverse finding by a State Government Body or Integrity Agency. No more than 1 compliance breach per annum, resulting in enforced cost of more than \$10K. No incidents of failure to submit financial returns (PAYG, GST, FBT, Superannuation) |

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| | <p>Cyber-security We do not accept unauthorised access or manipulation of our sensitive or protected data due to inadequate prevention, detection, or response.</p> <p>We do not accept cyber-security threats which may result in loss of data or compromise our network; and unavailability of critical Information Technology Systems.</p> | Low | <p>We accept that with the growing cyber threat landscape, elements of our systems could be compromised and that our information requires different levels of security protection.</p> <p>We will take a diligent and proactive approach to cyber security through regular penetration testing, patching, version updates, staff training and awareness campaigns.</p> | <ol style="list-style-type: none"> 1. No cyber-security breaches or compromise of public data per annum. 2. Penetration testing is conducted every 2 years as a minimum. 3. Maintain Essential 8 Maturity Level 2 as a minimum. 4. 100% staff attendance to IT Cyber Security Competence training. |
| <p>Reputation</p> | <p>We will look to retain and enhance our strong and positive public reputation.</p> <p>We accept that in delivering our services, pursuing our goals, and taking a leadership role in supporting land-use changes and growth may challenge our relationships and reputation in the short term.</p> <p>We do not accept actions which may lead to an ongoing loss of confidence in our service areas or trust in MSC.</p> | Low | <p>We will continue to build productive partnerships and engage the community to build confidence.</p> | <ol style="list-style-type: none"> 1. No more than two negative media issues identified at State/National coverage level per annum. 2. No adverse finding by a State Government Body or Integrity Agency <u>that is publicly available</u>. |
| <p>Financial</p> | <p>We accept that external economic factors, new government policy and changing customer expectations may challenge how we fund the delivery of our services into the future.</p> <p>We do not accept expenditure that is not prudent, efficient, or supported by our rate payers, or actions that would lead us to exceed our desired annual debt levels.</p> | Medium | <p>We will apply a best practice approach to economic and financial management, underpinned by clear governance-based accountability.</p> <p>We will actively manage our costs and revenue to ensure our financial security.</p> | <ol style="list-style-type: none"> 1. Current Assets / Current Liabilities greater than 1.25. 2. Asset Renewal and Upgrade Expenses / Depreciation above 100%. 3. Total Borrowings / Rate Revenue to remain below 60%. 4. Unrestricted cash / Current Liabilities to be maintained above 80%. |

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| | <p>We accept the investment in new commercial opportunities for revenue generation outside our core business that are net present value (NPV) positive and are aligned with our strategic goals or solve an existing corporate problem.</p> <p>We accept that at times these opportunities may fail.</p> | Medium | We will maintain our credit rating and will accept an investment grade rating. | <ol style="list-style-type: none"> 1. New revenue generation opportunity that is NPV negative or NPV neutral without measurable community benefit or strategic alignment, is not tolerated. 2. No instances of financial loss greater than 2% of total revenue on a failed opportunity. |
| Environment | <p>We do not accept any harm to the environment where the Council has the ability and resource to prevent it.</p> <p>We recognise and accept, within Council's control and financial resources, a Medium level of commercial risk to pursue climate change adaptation and mitigation opportunities as well as bushland management.</p> | Medium | We will foster partnerships with Traditional Owners, stakeholders and the community and will seek shared values and opportunities for mutual benefit. | <ol style="list-style-type: none"> 1. Zero EPA breaches at Council offices and managed properties 2. All remedial notices to be complied within set timeframes 3. Net-zero increase in greenhouse gas emissions in Council's operations 4. All Council's designated high-risk bushland areas are managed to prevent loss of people and property 5. All designated high conservation value bushland is managed to minimise loss of native habitat |
| Service Delivery | <p>Network and operating systems failure or downtime</p> | Low | We will apply all practicable industry best practice measures to reduce and monitor this risk. | <ol style="list-style-type: none"> 1. Failure of our critical IT systems, no more than once a year for no more than four hours within business hours at one time. |
| | <p>Service Delivery</p> <p>We recognise and accept a level of risk to our business to provide opportunities of growth and economic prosperity to our communities.</p> <p>We accept a level of risk in seeking better ways of delivering services to our customers. Targeted innovation is nurtured and encouraged.</p> | Medium | <p>We will use leading innovative tools, solutions and techniques to plan for the best utilisation of our assets and resources, and effectively manage the uncertainties and risks of operating environment.</p> <p>We will prioritise critical assets for renewal or have appropriate inspection and maintenance regimes in place for all critical assets. We do not accept a failure of our assets that results in a major or severe impact.</p> | <ol style="list-style-type: none"> 2. Critical Council's Services are closed for no more than 24 hours per annum. 3. No failure of asset that terminate or stops critical service delivery beyond 24 hours per annum. |
| | <p>Innovative ventures and technology</p> <p>We recognise and accept a level of risk as we seek to use efficient technology systems and processes to deliver better outcomes for our customers. We do this by bringing an innovative</p> | Medium | We will adopt a 'smart follower' approach supported by continuous improvement; adopt fit for purpose innovative technology, build digital capability and employ data analytics. | <ol style="list-style-type: none"> 1. No new technologies adopted without prior review of the Digital Futures Project Control Group. 2. No use of unsupported versions of systems and software. |

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| | mindset to technology selection in a responsible manner. | | We may participate in, but not lead, research and development projects in new technology development or commercial ventures. | |
| | <p>Customer We seek to provide high quality, customer-centric services that are affordable, safe, reliable, and accessible. We engage with our customers and communities to design services and new infrastructure with the needs of future generations in mind.</p> | Medium | Priority focus on practicable and innovative measures to meet customer needs and adhere to agreed service levels. | <ol style="list-style-type: none"> 1. Meet agreed levels of service reflected in community satisfaction with Council services satisfaction – customer service rating at or above the average of small rural councils. 2. 80% Customer satisfaction survey responses are 4 or 5 stars (out of 5). |

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