

SHIRE OF BOYUP BROOK  
RISK APPETITE STATEMENT

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# 1. PURPOSE

This Risk Appetite Statement defines the level and type of risk the Shire of Boyup Brook is prepared to accept in pursuing its strategic objectives and delivering services to the community. It provides guidance to Council, the Chief Executive Officer and Administration when making decisions involving uncertainty, resource allocation and service delivery.

The Statement supports the Shire's governance framework and informs oversight by the Audit, Risk and Improvement Committee in accordance with the *Local Government Act 1995* and the *Local Government (Audit) Regulations 1996*.

# 2. ORGANISATIONAL CONTEXT

As a Band 4 rural local government, the Shire operates within a constrained revenue base while managing significant road and infrastructure networks relative to its financial capacity. The organisation also faces exposure to bushfire and environmental risks inherent to a rural setting, limited workforce redundancy due to its small organisational structure, and high community visibility in decision making and service delivery. In this context, the Shire adopts a generally cautious approach to risks that may threaten financial sustainability, statutory compliance or public safety. At the same time, the Shire recognises that measured and controlled risk taking may be appropriate where strategic development opportunities, innovation or community benefits can be achieved.

The Shire also operates within a funding environment that includes reliance on external grant programs and State funding allocations, which may introduce additional financial and delivery risks.

# 3. RISK APPETITE LEVEL DEFINITIONS

- **Low Appetite**  
The Shire is unwilling to accept material exposure. Strong controls and oversight are required. Risks exceeding this level require Council consideration.
- **Moderate Appetite**  
The Shire is prepared to accept controlled and managed risk where there is clear strategic or operational benefit.
- **High Appetite**

The Shire may pursue opportunities involving elevated risk where strategic or community benefits justify the exposure and appropriate mitigation measures are in place.

- **Extreme Appetite**

The Shire does not accept extreme risk exposure. Such risks must be avoided, transferred or immediately mitigated.

## 4. RISK BY CATEGORY

### 4.1 Governance and Compliance

**Appetite: Low**

The Shire has low appetite for risks relating to:

- Legislative non-compliance
- Code of Conduct breaches
- Failure to meet audit obligations
- Breach of statutory timeframes

Any material compliance risk must be escalated to the CEO and, where appropriate, the Audit, Risk and Improvement Committee.

### 4.2 Financial Sustainability

**Appetite: Low**

The Shire has low appetite for:

- Structural operating deficits
- Unfunded capital commitments
- Depletion of reserves without strategy
- Unsustainable borrowing

Financial decisions must align with the Long Term Financial Plan and asset sustainability objectives.

### 4.3 Community Safety

**Appetite: Extreme**

The Shire has no tolerance for extreme risks that may result in:

- Serious injury or loss of life
- Infrastructure failure causing significant harm
- Failure to mitigate foreseeable bushfire hazards

Where safety risks are identified as extreme, immediate mitigation is required.

#### 4.4 Infrastructure and Asset Management

##### **Appetite: Moderate**

The Shire accepts moderate risk in:

- Phasing renewal programs over time
- Prioritising critical assets
- Managing asset lifecycle trade offs

However, it does not accept extreme risk arising from foreseeable asset failure.

#### 4.5 Workforce and Organisational Capability

##### **Appetite: Moderate**

Given regional labour constraints, the Shire accepts moderate risk relating to:

- Recruitment delays
- Temporary contractor reliance
- Skills shortages

However, exposure escalating to high or extreme levels in statutory or critical roles requires mitigation planning and Council awareness.

#### 4.6 Strategic Development and Innovation

##### **Appetite: High**

The Shire is prepared to pursue higher risk opportunities in:

- Grant-funded infrastructure
- Economic development initiatives
- Service innovation
- Community infrastructure upgrades

Provided financial exposure is contained and all strategic initiatives must be supported by documented business cases and consideration of ongoing operational impacts.

## 4.7 Reputation and Community Confidence

### **Appetite: Low**

The Shire has low appetite for risks that may:

- Undermine public trust
- Create avoidable reputational damage
- Result in negative regulatory findings

Transparent processes and lawful decision making are required.

## 4.8 Environmental and Climate Risk

### **Appetite: Moderate**

The Shire acknowledges inherent rural exposure to:

- Bushfire
- Extreme weather
- Climate variability

While some exposure is unavoidable, proactive mitigation and preparedness are required to prevent risks escalating to high or extreme levels.

## 5. RISK APPETITE SUMMARY TABLE

Risk Category	Appetite Level
Governance & Compliance	Low
Financial Sustainability	Low
Community Safety	Extreme
Infrastructure	Moderate
Workforce	Moderate
Strategic Development	High
Reputation	Low
Environmental Exposure	Moderate

## 6. APPLICATION

This Risk Appetite Statement provides a reference framework for evaluating decisions across the organisation. Where a proposed decision falls within the defined appetite level, it may proceed subject to normal controls and management oversight. Where a proposal exceeds the defined appetite, the risk must be explicitly identified in the relevant Council report and accompanied by appropriate mitigation strategies. Where a risk approaches extreme exposure, the matter must be escalated immediately for executive and, where necessary, Council determination.

Council reports should identify where a proposal sits relative to the Shire's defined risk appetite.

## 7. REVIEW

This Risk Appetite Statement will be reviewed biennially or earlier if required and will be subject to oversight by the Audit, Risk and Improvement Committee.