

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

1. Introduction

Risk management is an integral part of NSW Health Pathology's organisational processes. The Board's risk appetite is a foundational element of sound risk culture and aligns decision-making with behavioural expectations and balances threats and rewards in the pursuit of our objectives.

Understanding risk appetite can increase our capacity to take on risk through efficient allocation of risk management resources.

2. Background

NSW Health Pathology (NSWHP) is responsible for delivering statewide strategies that foster greater collaboration and improve the long-term sustainability of our public pathology, forensic and analytical science services. Our ability to fulfil this mandate rests on our reputation as an organisation of the highest integrity and professionalism.

The NSWHP Board recognises risk is inherent in the provision of healthcare and its services. Therefore, a defined approach is necessary to identify risk context, ensuring that NSWHP understands and is aware of the risks it is prepared to accept in the pursuit of the delivery of our objectives.

3. Purpose

This Statement sets out the Board's strategic approach to risk-taking by defining its boundaries, establishing clear parameters that enable well-managed risk-taking, which encourages business opportunities and innovation and maximises value for money in service delivery.

4. Scope

The Risk Appetite Statement applies to all NSWHP employees, casual employees, contractors, volunteers and the Board.

5. Aim

To ensure the risks NSWHP are prepared to take are consistent with its capabilities, to manage those risks and not expose NSWHP to unacceptable or unmanageable levels of risk.

6. Key Risk Appetite Concepts

Risk appetite is an interaction of the risk appetite, risk profile and capacity to take risks. Below are several essential concepts and definitions when applying the risk appetite framework in risk management activities:

- Risk profile – the entire risk landscape reflecting the nature and scale of its risk exposures aggregated within and across each relevant risk category.
- Risk capacity – the maximum level or 'ability' of NSWHP to take a risk, while remaining within constraints implied by its capital and funding needs and its obligations to stakeholders.





Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

7. Risk Appetite Definitions

Appetite	Action	Definition
No Appetite	 <i>"Don't do"</i>	<p>Unacceptable conduct that conflicts with NSWHP's values and would lead to harm to the organisation or stakeholders, breaches or disciplinary action. Such activity must not commence.</p> <p>If NSWHP inadvertently breaches a 'no appetite' measure, cease the activity as soon as practicable and safe. Additional, mitigating controls to prevent the incident recurring are to be implemented. NSWHP should seek to return to its target level as soon as possible.</p>
Low Appetite	 <i>"Fix"</i>	<p>Conduct with the potential to harm NSWHP. Management must take action in the short-term to return the organisation's activities within the target. NSWHP would not deliberately make a decision or enter into a transaction knowing that it would lead to such a breach.</p>
Moderate Appetite	 <i>"Enhance"</i>	<p>Management can take action to take measured risks to operate and enhance NSWHP within appetite providing adequate controls and contingency plans are established.</p>
High Appetite	 <i>"Pursue"</i>	<p>Management must explore opportunities and consciously take associated risks to deliver strategic outcomes.</p>

Approver: NSW Health Pathology Board, Version Number: V2.0, Publication Date: 1/12/2020 This document is subject to change and a printed copy may not be up to date. The current version is only available online in the [NSW Health Pathology Policy Library](#)



Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

Risk category	Appetite statement	Action
 Strategic Plan – Towards 2025	<p><i>Strategic initiatives are required to achieve our vision and deliver the strategic objectives set out in the Strategic Plan – Towards 2025.</i></p> <p>NSWHP has a high appetite to be more agile to deliver our Strategic Plan provided we are transparent about the risks we are taking, the projects we are managing and the implications of doing so in a changing environment.</p> <hr/> <p><i>NSWHP acknowledges that strategic activities carry higher risks that need to be managed according to best practice in project and change management.</i></p> <p>NSWHP has a moderate appetite for untested opportunities that may result in short-term damage to our reputation as long as we are doing so in pursuit of our Strategic Plan and have project and change management frameworks in place to ensure these initiatives are prioritised appropriately and that the associated risks are well managed and reported consistently.</p>	 <p>“Pursue”</p> <hr/>  <p>“Enhance”</p>
 Stewardship	<p><i>NSWHP aims to maintain its long-term viability and its overall financial strength, while also recognising that achievement of its strategic objectives is vital to sustaining long-term viability.</i></p> <p>NSWHP has a low appetite for failing to meet our governance obligations or cost-recovery targets, except where required to deliver pre-approved services that serve the wider community and increase NSWHP’s geographical reach.</p> <hr/> <p><i>NSWHP will strive to meet all regulatory and compliance obligations in the pursuit of its objectives and conduct of its business.</i></p> <p>NSWHP has no appetite for serious and deliberate breaches of regulatory, legal or compliance requirements in respect of our activities.</p>	 <p>“Fix”</p> <hr/>  <p>“Don’t do”</p>
 Clinical Care and Patient Safety	<p><i>Excellence in service delivery is a central element of the vision for NSWHP. Providing our customers with the highest quality and timely service will help them provide the best care possible to patients and the communities of NSW.</i></p> <p>NSWHP has a low appetite for clinical care and patient safety risks that are not managed to minimise harm and deliver improved access, safety and outcomes to our communities.</p>	 <p>“Fix”</p>

Approver: NSW Health Pathology Board, Version Number: V2.0, Publication Date: 1/12/2020 This document is subject to change and a printed copy may not be up to date. The current version is only available online in the [NSW Health Pathology Policy Library](#)










Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

Risk category	Appetite statement	Action
 <p>Kinship</p>	<p><i>NSWHP is committed to developing relationships with Aboriginal and Torres Strait Islander stakeholders and pursuing targeted strategies and services to deliver meaningful, mutually beneficial and sustainable outcomes.</i></p> <p>NSWHP has a high appetite to establish a diverse, inclusive culture and is committed to developing programs, services and partnerships that allow us to work respectfully and effectively with Aboriginal and Torres Strait Islander peoples, families and communities and to prioritise services that enhance their health, safety and wellbeing.</p>	 <p>"Pursue"</p>
 <p>Communication and Information</p>	<p><i>NSWHP places high importance on using information properly to create better ways of working. Management of our data and information must comply with regulatory and business requirements.</i></p> <p>NSWHP has a low appetite for any risk that compromises processes governing the use, management and publication of information, the prolonged outage of core systems that support critical business functions, and the deliberate misuse of data and information management systems.</p>	 <p>"Fix"</p>
 <p>Our People</p>	<p><i>The Calibre of Our People – We rely on motivated and high-quality staff to perform our functions and aim to create an environment where we empower staff to the full extent of their abilities.</i></p> <p>NSWHP has a high appetite to empower our high calibre people to push the boundaries and challenge the status quo by trusting in their decision making, as long as decisions are consistent with our values, cultivate trust, integrity, teamwork and collaboration and foster the delivery of services with care, compassion and respect.</p> <p><i>The Conduct of Our People – We expect staff to conduct themselves following the RITE values of NSWHP and the CORE values of NSW Health, and to promote the public interest.</i></p> <p><i>Work Health and Safety – We are committed to creating a safe working environment for all our staff and ensuring as far as reasonably practicable that we protect people from physical or psychological harm.</i></p> <p>NSWHP has no appetite for serious or deliberate breaches of the Code of Conduct, fraud or corruption perpetrated by staff, or poor behaviours that create an unsafe working environment or cause physical or psychological harm.</p>	 <p>"Pursue"</p>  <p>"Don't do"</p>

Approver: NSW Health Pathology Board, Version Number: V2.0, Publication Date: 1/12/2020 This document is subject to change and a printed copy may not be up to date. The current version is only available online in the [NSW Health Pathology Policy Library](#)








Risk Appetite Statement

NSWHP_CG_008



Health Pathology

Risk category	Appetite statement	Action
 <p>Community Expectations</p>	<p><i>NSWHP is committed to continually rethinking and shaping our systems and service models to improve access, safety, outcomes and experience for all our stakeholders, including our partners, customers, patients, clients and staff. NSWHP recognises that this may at times involve accepting some degree of risk and is comfortable with this, subject to always ensuring that potential benefits and risks are understood before changes to service delivery models or systems are authorised, and that we establish appropriate measures to mitigate the risk.</i></p> <p>NSWHP has a moderate appetite to tolerate short-term reputational damage associated with changes to our systems and service models as long as we are transparent with our stakeholders and the change contributes to the achievement of our Strategic Plan.</p>	 <p><i>“Enhance”</i></p>
 <p>Pioneering</p>	<p><i>In developing and expanding its research activities, NSWHP will maintain the highest standards of ethics and will strive to meet all regulatory and compliance obligations. We will also ensure that potential benefits and risks are fully understood before developments are authorised, and that we establish appropriate measures to mitigate the risk.</i></p> <p>NSWHP has no appetite for serious and deliberate breaches of governance, legal, ethical or regulatory requirements concerning our research activities.</p> <p><i>NSWHP acknowledges that acceptance of risk is necessary to foster innovation and efficiencies within business practices. NSWHP aims to undertake research and innovation activities that support our mission.</i></p> <p>NSWHP has a high appetite for creating research and innovation opportunities by investing in activities that facilitate growth, opportunity and outcomes for the benefit of the wider community.</p>	 <p><i>“Don't do”</i></p>  <p><i>“Pursue”</i></p>

8. What Does this Mean for Me?

What is the Risk Appetite Statement?

The Risk Appetite Statement articulates the desired behaviours, limits and considerations that management must take into account when setting and implementing strategy, as well as in the day-to-day running of their areas of responsibilities. For example, these considerations should be reviewed and considered as part of the risk assessment process when developing business cases or exploring new opportunities to connect our partners and communities to deliver better outcomes.

The Risk Appetite Statement is applicable to the whole organisation and is established and approved by the Board.

Why use a Risk Appetite Statement?

A Risk Appetite Statement is key to ensuring there is a clear process and guidance on the type of risks we are willing to take to achieve our strategic pursuits. The objectives of a Risk Appetite Statement are to:

- Agree and communicate the boundaries for risk-taking activities to empower management to make consistent and risk-conscious decisions aligned with business objectives;
- Align risk management processes with the objectives of NSWHP, and coordinate these in a way that links strategic and business planning; and
- Provide a basis for monitoring risks and identifying those that are outside of appetite.

How is the Risk Appetite Statement used in decision making?

The Risk Appetite Definitions inform management of the specific actions that they should take to manage a risk. The risk appetite statement for each individual risk category identifies the extent to which certain risks can be taken within boundaries, and those which cannot be taken. For example,

- **High Appetite** means we want to pursue actions and opportunities whereas
- **No Appetite** means we do not want to pursue opportunities or engage in this activity or area of business.

It is acknowledged that accepting some risks will open up opportunities that may support us in achieving our strategy.

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

How does the Risk Appetite Statement inform Risk Assessments?

Each department completes risk assessments for the business faced in day-to-day operations and the control framework, which is in place to mitigate risks. All risks determined to be unacceptable require risk management plans to reduce these risks to acceptable levels. Managers are required to manage their specific operational risks in a manner which is consistent with this Statement and to mitigate risks outside appetite.

9. Risk Appetite Statement Implementation

NSWHP Senior Management will be responsible for the implementation and compliance with this Statement.

10. Communication

The Risk Appetite Statement is published on NSWHP's website as well as RITE place our Intranet site.

11. Reporting & Monitoring

NSWHP will monitor this Risk Appetite Statement against risk metrics which will assist management in assessing whether outcomes are consistent with the overall risk appetite. Performance against these metrics is tracked and reported to the Board regularly.

12. Review

NSWHP Board may determine at its discretion to have a formal review of the risk appetite statement and risk management policy framework undertaken. The Corporate Governance Unit will coordinate this review, and the Board would endorse proposed changes to the Risk Appetite Statement.

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

13. Risk

Risk Statement	There is a risk that in the absence of clear direction based upon a foundation of values, knowledge, beliefs, understanding and communication of risks, NSWHP will fail to operate within a mature risk-taking environment that aligns decision-making with behavioural expectations and balances threats and rewards in the pursuit of our objectives.
Risk Category	Leadership and Management

14. Further Information

For further information, please contact:

Policy Contact Officer	Position: Manager, Audit and Risk
	Name: Dr Meredith Caelli
	Telephone: 02 4920 4091
	Email: Meredith.Caelli@health.nsw.gov.au
Policy Sponsor	Position: Director, Corporate Governance
	Name: Tammy Boone
	Telephone: 0414 362 669
	Email: Tammy.Boone@health.nsw.gov.au

Approver: NSW Health Pathology Board, Version Number: V2.0, Publication Date: 1/12/2020 This document is subject to change and a printed copy may not be up to date. The current version is only available online in the [NSW Health Pathology Policy Library](#)

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

15. Version History

The approval and amendment history for this document must be listed in the following table.

Version No	Effective Date	Approved By	Approval Date	Policy Author	Risk Rating	Sections Modified
1.0	09/09/2016	SLT	09/09/2016	Meredith Caelli	Low/Medium/High/Extreme	New document
2.0	01/12/2020	Board	28/10/2020	Meredith Caelli	Low/Medium/High/Extreme	Major review of document to align with new Strategic Plan

Approver: NSW Health Pathology Board, Version Number: V2.0, Publication Date: 1/12/2020 This document is subject to change and a printed copy may not be up to date. The current version is only available online in the [NSW Health Pathology Policy Library](#)