

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

1. Purpose

NSW Health Pathology (NSWHP) recognises that risk is a natural part of our day-to-day operations and activities, and we are committed to ensuring risks are managed consistently, effectively, and confidently.

NSWHP's risk appetite is the amount and type of risk that we are prepared to pursue, retain or take to achieve our strategic and operational objectives. This Risk Appetite Statement aims to:

- communicate the boundaries for risk-taking activities to empower management to make consistent and risk-conscious decisions;
- align NSWHP's risk management processes with its strategic objectives, performance agreement and business planning; and
- provide a basis for monitoring risks and identifying and escalating those that are outside of appetite.

This document also provides guidance on how to apply risk appetite to our everyday business operations and strategic decision making and should be considered together with the Risk Appetite Tolerance Table [\[link\]](#).

2. Scope

Risk management is a mandated part of all NSWHP operations, and this Risk Appetite Statement must be applied by all NSWHP staff (permanent, temporary or contract) and contractors, consultants and volunteers while exercising official functions for NSWHP.





Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

3. Definitions

Appetite	Action	Definition
No Appetite	 <i>Don't do</i>	<p>No willingness to take on any risk. NSWHP will not operate in this area.</p> <p>If NSWHP inadvertently breaches a 'no appetite' measure, cease the activity and return to appetite target level as soon as practicable and safe. Additional, mitigating controls to prevent the incident recurring are to be implemented.</p>
Low Appetite	 <i>Fix</i>	<p>A willingness to take on a limited level of risk necessary to achieve goals and objectives. NSWHP may operate in this area, or in this way, where the value is assessed as worthwhile, after risks have been effectively mitigated or uncertainty minimised.</p> <p>If NSWHP is operating outside the appetite target level, action must be taken in the short-term to return the organisation to within the target appetite. NSWHP would not deliberately make a decision or enter into an activity knowing that it would conflict with this area of limited appetite.</p>
Moderate Appetite	 <i>Enhance</i>	<p>A willingness to take on a moderate level of risk for benefits linked to goals and objectives. NSWHP may operate in this area, or in this way, after risks have been effectively mitigated to pursue benefits that enhance strategic outcomes or operational objectives.</p>
High Appetite	 <i>Pursue</i>	<p>A willingness to take on higher levels of risk to maximise gains. NSWHP should operate in this area, or in this way, after all options are considered and the most appropriate option selected to maximise strategic or operational gains.</p>

Risk Appetite Statement






NSWHP_CG_008



Health
Pathology

4. Risk Appetite statements

The following statements define the areas and appetite for risk that NSWHP is willing or not willing to take. These statements must be applied at all levels of the organisation, when setting and implementing NSWHP strategy, as well as in day-to-day operations and decision-making. The statements around “What does this mean for NSWHP” are designed to provide high level guidance on applying risk appetite in our business operations.







Risk Category	Risk Appetite statement	Action	What does this mean for NSWHP
Clinical impacts	<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.</p> <p>NSWHP has a moderate appetite to support translational research opportunities that improve patient outcomes.</p>	 Fix  Enhance	<ul style="list-style-type: none"> Investing in systems and processes to detect, prevent and minimise safety incidents Ensuring staff have adequate knowledge, training and tools to manage or escalate clinical or patient safety risks in a timely manner Actively seeking and promoting key opportunities for NSWHP staff to apply for / be involved in translational research Communicating NSWHP’s willingness to support key research stakeholders / partners
Workforce	<p>NSWHP has a high appetite to empower our people such that they make the right decisions within their appropriate delegation and in accordance with our RITE values.</p> <p>NSWHP has a high appetite to challenge and change the way we work to foster diversity in our workforce.</p> <p>NSWHP has a low appetite for negative health and safety impacts to our staff.</p>	 Pursue  Pursue  Fix	<ul style="list-style-type: none"> Clearly communicating lines of delegation and ensuring decision-making processes are appropriately aligned to delegations Active encouragement and trust from leadership for staff to take ownership of decision-making where appropriate Establishing / promoting forums or processes through which staff and leadership can safely challenge existing procedures or policies that do not foster diversity Ensuring adequate processes to detect, prevent, report, monitor and manage WHS concerns in a sensitive and timely manner

Risk Appetite Statement

NSWHP_CG_008



Health Pathology

<p>Critical Service Delivery</p>	<p>NSWHP has a low appetite for any activity that will compromise the safety and quality of our services or ability to meet service delivery requirements.</p> <p>NSWHP has a high appetite to innovate around our future service delivery model to be fast, flexible and sustainable in how we deliver our services.</p> <p>NSWHP has a high appetite to challenge the status quo and push the boundaries to foster better delivery of our services and improve patient outcomes.</p> <p>NSWHP has a low appetite for security breaches arising from loss, damage or unauthorised access to property, assets, records and information.</p>	 <i>Fix</i>  <i>Pursue</i>  <i>Pursue</i>  <i>Fix</i>	<ul style="list-style-type: none"> • Actively pursuing, exploring and investing in opportunities to innovate on service delivery • Fostering a culture where staff are encouraged to identify and raise areas for improvement in Service Delivery • Monitoring changes in our quality and patient outcomes for continuous improvement • Investing in our systems and processes to ensure we can adequately detect, prevent and manage privacy and security threats. • Regularly reviewing access delegation • Providing sufficient security training to all NSWHP staff
<p>Legal and Compliance</p>	<p>NSWHP has no appetite for serious and deliberate breaches of regulatory, legal or compliance requirements, ethical obligations or our values.</p> <p>NSWHP has a low appetite for inadvertent minor compliance breaches without appropriate action to address</p>	 <i>Don't do</i>	<ul style="list-style-type: none"> • Ensuring there is clear tone from the top on the importance of compliance adherence • Fostering a robust compliance culture where staff receive sufficient training, and are supported to report compliance concerns • Defining and consistently applying consequences for serious or deliberate compliance breaches in performance management processes • Ensuring compliance concerns are raised early and resolved efficiently
<p>Financial</p>	<p>NSWHP has a low appetite for failing to meet our net cost of service targets.</p>	 <i>Fix</i>	<ul style="list-style-type: none"> • Not pursuing activities or changes that will threaten our financial targets, except where necessary to ensure service delivery is safe and remains high quality • Ensuring our budget controls and processes are sufficient to detect and manage threats to our financial targets with sufficient lead time

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

5. Procedure

When considering a risk or opportunity, NSWHP should consult the applicable Risk Appetite Statements to guide decision making and management or escalation of risk/s. The NSWHP Risk Appetite Tolerance table [link] details specific measures and tolerances that define the boundaries of when actions are within or outside of appetite and should be consulted together with senior staff in the relevant business areas.

To the right is a procedure process map and worked example to provide further guidance on applying risk appetite.

Consideration of risk or opportunity	Risk: Inability to fill vacancies in Business Unit X with appropriately skilled talent, resulting in increased workload.
1. Identify the relevant appetite categories or statements	<p>The applicable risk appetite categories and relevant statements to be considered to help inform management of this risk could include:</p> <ul style="list-style-type: none">• Workforce: NSWHP has a low appetite for negative health and safety impacts to our staff.• Critical Service Delivery: NSWHP has a low appetite for any activity that will compromise the safety and quality of our services or ability to meet service delivery requirements.• Legal and compliance: NSWHP has no appetite for serious and deliberate breaches of regulatory, legal or compliance requirements, ethical obligations or our values.• Clinical Impacts: 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.
2. Consider the components of the risk against these statements and tolerances	<p>Risk areas that are, or could be, outside of appetite are identified:</p> <ul style="list-style-type: none">• Workforce: could this pose a health and safety risk to staff? Yes. Action is required to ensure this remains within appetite. (See Step 3)• Critical Service Delivery: Could this compromise NSWHP's service delivery? Yes, quality (but not safety) of service delivery could be impacted. Action is required to ensure this remains within appetite. (See Step 3)• Legal and compliance: could this result in a serious or deliberate breach? No. The existing workforce is deemed sufficient to ensure compliance.• Clinical Impacts: Could this result in unmanaged clinical care and patient safety risks? No. Existing processes are deemed suitable to appropriately manage clinical and patient safety risks. <p>Outcome: components of this risk may be outside of appetite, and further analysis, consultation and action is required to reduce risk in these areas.</p>
3. Take appropriate action	<p>Senior staff in the relevant business area/s are consulted to discuss areas that are, or may be, out of risk appetite and the risk is treated accordingly:</p> <ul style="list-style-type: none">• Workforce: additional measures are implemented to monitor for and manage potential health and safety risks to staff that may arise due to increased workload. This remains close to tolerance and must be monitored.• Critical Service Delivery: additional processes are implemented to ensure quality is maintained despite insufficient resourcing, bringing this component within tolerance.
4. Document outcomes and action accordingly	<p>Outcome: consultations, outcomes and actions taken to adjust risk levels with respect to appetite should be documented. The risk and controls must be continually reviewed to ensure it remains within tolerance.</p>

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

Consideration of risk or opportunity	Initiative: Implementing a new technical system to manage customer pathology requests
1. Identify the relevant appetite categories or statements	<p>The applicable risk appetite categories and relevant statements to be considered to help inform this decision include:</p> <ul style="list-style-type: none">• Critical Service Delivery: NSWHP has a low appetite for security breaches arising from loss, damage or unauthorised access to property, assets, records and information;• Finance: NSWHP has a low appetite for failing to meet our net cost of service targets; and• Service Delivery: NSWHP has a high appetite to innovate around our future service delivery model to be fast, flexible and sustainable in how we deliver our services, provided the safety and quality of our services are not compromised.
2. Consider the components of the decision against these statements and tolerances	<p>Risk areas that are, or could be, outside of appetite are identified:</p> <ul style="list-style-type: none">• Security: Does this opportunity have the potential to expose us to security breach/es? Yes. Action is required to ensure this component remains within appetite (see Step 3. Take appropriate action)• Finance: Could the associated cost impact our ability to meet financial targets? Yes. Action is required to ensure this component remains within appetite (see Step 3. Take appropriate action)• Service Delivery: Would this opportunity support faster service delivery? Yes. Would it impact the safety or quality of services? No. Time to result is faster and within appetite tolerance. This risk area is acceptable. <p>Outcome: some components of this decision may be outside of appetite, and further analysis, consultation and action is required to reduce risk in these areas.</p>
3. Take appropriate action	<p>Senior staff in the relevant business area/s are consulted to discuss areas that are, or may be, out of risk appetite and the approach is adjusted accordingly:</p> <ul style="list-style-type: none">• Security: it is determined these security risks can be sufficiently reduced in line with appetite, with the appropriate controls and mitigations identified and implemented.• Finance: it is determined the cost involved will not compromise our cost-of-service targets and no adjustment is required.
4. Document outcomes and action accordingly	<p>Outcome: proceed to develop a business case for pursuing this opportunity, documenting the consultations, outcomes and actions taken to adjust risk levels to ensure components are within appetite.</p>

Risk Appetite Statement

NSWHP_CG_008



Health
Pathology

6. Review

The Risk Appetite Statement will be reviewed by 11/09/2024, and at other times requested by the NSWHP Board or Chief Executive.

7. Further Information

For further information, please contact:

Policy Contact	Position: Enterprise Risk Manager
	Name: Stephen Bignill
	Email: Stephen.Bignill@health.nsw.gov.au

8. 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	Sections Modified
1.0	09/09/2016	SLT	09/09/2016	Meredith Caelli	New document
2.0	01/12/2020	Board	28/10/2020	Meredith Caelli	Major review of document to align with new Strategic Plan
3.0	12/09/2023	Board and Chief Executive	12/09/2023	Tammy Boone	Major review of document to align with new Enterprise-wide Risk Management Policy Directive PD2022_023