

Infrastructure WA

RISK APPETITE STATEMENT MAY 2021

Infrastructure WA (IWA) has a vision for 'Western Australia's infrastructure to lead in generating a prosperous, liveable and resilient community', in particular to:

- Improve long-term public sector infrastructure planning to support the economy and grow jobs
- Be proactive and foster innovation to achieve better economic, social and environmental outcomes
- Provide evidence based, expert advice to government to inform infrastructure decisions.

To effectively work toward this vision, IWA commits to the identification, analysis, assessment and treatment of risk through a robust risk management framework (RMF). This ensures all risks are effectively managed and controlled. To determine our risk appetite the following criteria has been applied:

ALARP	Risk is reduced to 'As Low As Reasonably Practicable'. There is no appetite for any breaches of controls or standards.
Low	Some tolerance of low risks in this area however no appetite for substantive risks at any time.
Moderate	Moderate levels of risk are tolerated subject to there being a full understanding of the potential benefits and risks, the required authorisation is obtained, and the controls are fully in place and effective.
High	Higher (i.e. 'significant') levels of risk are tolerated subject to there being a full understanding of the potential benefits and risks, the required authorisation is obtained, and the controls are fully in place and effective.

IWA recognises that the notion of being viewed by stakeholders as a credible, relevant and key player in Western Australian infrastructure planning relies on an ability to be the 'critical friend' of government agencies, while also maintaining an appropriate level of independence to remain credible externally. At its' heart, this means positioning IWA close enough to government – with the associated abilities to build connections, influence thinking on relevant matters and shape conversations, but at the requisite distance to be able to demonstrate principles of integrity and independence in thought and action.

There will always be recognised tensions inherent in the infrastructure planning environment. For example, these may involve having to strike the optimum balance between a metropolitan and regional emphasis, between visionary and practical projects and between economic and social/environmental drivers. These tensions have the capacity to create perceived 'winners' and 'losers' when evidence-based decisions or recommendations are made.

Invariably, and especially given the roles set out for IWA through the *Infrastructure Western Australia Act 2019*, these decisions will not always be without perceived or actual negative repercussions for IWA or its stakeholders. However, the success of IWA relies on embracing infrastructure planning in the longer-term context of desired state-wide infrastructure rather than in a 'piecemeal', project approach that seeks to respond to the needs of any one particular stakeholder.

It is the expectation of IWA that the individuals who work for it consistently and continually operate in an ethical, accountable and responsible manner over the long term. IWA recognises that exhibiting its core values of excellence, trust, engagement and valuing people need to be married up with robust governance to ensure IWA is conforming and performing to expectations. These are non-negotiables.

In particular, the transparency, robustness and rigour with which the evidenced-based analysis of information is undertaken is critically imperative to maintaining reputation, trust and credibility. As such, timeliness can never be achieved through compromised quality. In the context described, IWA

has determined it has a ‘**moderate**’ appetite for stakeholder/reputational, trust and credibility damage.

Although IWA does not operate in a recognised high hazard sector, it understands there are still exposures present which need to be managed. These include mental health and physical hazards in the office and home working, in addition to those associated with travel when required. IWA seeks to reduce the likelihood of negative health and safety consequences to ‘**ALARP**’. The safety and health of employees, contractors, consultants, partners, clients and third parties is paramount. IWA has no tolerance for consent, connivance or neglect that jeopardises the health or safety of any stakeholders/interested parties. IWA has an expectation of a ‘precautionary’ approach being demonstrated supported by effective and auditable management systems to evidence management of health and safety related risks.

From a financial loss perspective, there is a ‘**low**’ appetite for financial risks. This reflects the tight financial envelope within which the organisation is required to run in relation to operating expenses and aligns with the assumed financial risk appetite of the WA State Government.

IWA recognises the inherent limitations of its own organisation (*i.e. Perth-based only, reliant on a small number of key individuals and significantly dependent on the Department of the Premier and Cabinet for multiple key corporate services*). However, any perceived limitations or constraints cannot compromise the expectations of IWA. IWA will only employ and work with competent and capable personnel and suppliers to apply better practice management methodologies and to deliver all the required outcomes expected. It is recognised that organisational characteristics and increasing expectations of ‘innovation’ in the provision of services and activities requires the continued development by IWA of relationships and partnerships with new entities and the development of new ways of working. From an organisational performance perspective, IWA accepts a ‘**moderate**’ appetite is required.

From the perspective of compliance, IWA will not tolerate fraud, corruption or acts or decisions that put the financial stability or reputation of the organisation at risk. As such, IWA will not tolerate exceedance to expense limits, budgets or agreed expenditure and expects to have, as a minimum, adequate controls in place to manage all governance, risk and compliance-related challenges. IWA will not tolerate misconduct, wilful breaches of confidentiality, unauthorised disclosure of sensitive and confidential data or a lack of transparency in our reporting to government and stakeholders. Any unforeseen errors or inaccuracies that might impact our stakeholders, compliance or reputation will be reduced to ‘**ALARP**’.

In summary:

STAKEHOLDER IMPACT (SI)	REPUTATION, TRUST & CREDIBILITY (R,T & C)	HEALTH & SAFETY (H&S)	FINANCIAL / TRIPLE BOTTOM LINE (F/TBL)	PERFORMANCE (P)	COMPLIANCE (C)
Moderate	Moderate	ALARP	Low	Moderate	ALARP

For clarity, there is no appetite for ‘high’ risk-taking anywhere within IWA.