

# Minerals Research Institute of Western Australia

## Risk Appetite Statement

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## **1. Introduction**

The Minerals Research Institute of Western Australia (MRIWA) is established by the *Minerals Research Institute of Western Australia Act 2013* (the Act) as a statutory corporation to foster and promote minerals research. The Board oversees MRIWA's activities and is the accountable authority, ultimately subject to Ministerial control.

MRIWA's function is to grant financial assistance for minerals research projects and related purposes for the benefit of the State of Western Australia. This obligation is enshrined in the legislation and is central to the core values as a statutory agency. MRIWA's ability to effectively discharge this mandate rests on, among other things, its reputation as an organisation of high integrity and professionalism.

This Risk Appetite Statement considers the most significant risks to which MRIWA is exposed and provides an outline of the approach to managing these risks.

## **2. General Statement of Appetite**

MRIWA faces a range of risks consequent to its responsibilities as a public entity investing in research projects and related activities. These risks include those resulting from its strategic initiatives to fully discharge its obligations under the Act, its (co-)investment in research and reliance on third parties to deliver that research, and its day-to-day operational activities.

The risks arising from MRIWA's strategy are managed carefully through processes that emphasise the importance of integrity, intelligent inquiry and public accountability, but not at the expense of innovation.

MRIWA is exposed to the intrinsic risks of research, the risks of co-investments in research (and related activities) with third parties and the risks of reliance on third parties to deliver research projects. Acceptance of some risk is judged to be necessary in order to successfully foster and promote research to benefit Western Australia.

MRIWA has a low appetite for risk related to operational matters but accepts that imposing controls seeking to eliminate all of the risks inherent in its activities may stifle worthy innovation of business practices.

## **3. The Risk Management Framework**

MRIWA's risk management framework seeks to ensure that there is an effective process in place to manage risk in the Institute. Risk management is integral to MRIWA's activities as a statutory agency and is the responsibility of management and the Board. The risk management culture emphasises careful consideration and appropriate management of risk in all business processes.

Risks are identified, assessed and managed at both an agency level and at a project or activity level. The Audit and Risk Committee, which is chaired by a member of the MRIWA Board, has oversight of these processes. This Committee meets at least three times a year and reports on its activities to the Board.

## 4. Coverage

MRIWA's attitude towards its key strategic, research and operational risks is described below.

### 4.1 Strategic Risks

MRIWA aspires to be influential in the national minerals innovation system and to identify opportunities for, and invest in, developing and stewarding new knowledge for the benefit of Western Australia. This requires continuing development and innovation in its operations through strategic initiatives. MRIWA has a low-to-moderate appetite for threats to the effective and efficient delivery of these initiatives. Whilst recognising that the actual, or perceived, inability to deliver strategic initiatives could detrimentally impact its ability to achieve its objectives and its reputation, MRIWA also recognises that its future success depends on strategic innovations.

The Board regularly reviews the continuing appropriateness of the strategy and monitors progress of the major initiatives.

### 4.2 Research Risks

MRIWA's objective is to invest in minerals research to the benefit of Western Australia. This exposes MRIWA to the intrinsic risk of research and to the risk that the selected research may or may not be adopted by end-users to enhance the Western Australian economy. MRIWA is exposed to the commercial risks associated with co-investments in research projects (and related activities) with third parties drawn from across the minerals industry. Additionally, there is inherent risk in MRIWA being reliant on third parties to deliver research projects.

MRIWA recognises that the actual or perceived inability to manage its portfolio of research projects to 'on-time and on-budget' completion will have a detrimental effect on delivery to its objectives and on its reputation.

MRIWA has a moderate appetite for research risks: to aim to eliminate this risk would fly in the face of the intention that MRIWA effectively contributes to minerals innovation. MRIWA has a low-to-moderate appetite for the risks associated with partnering with researchers and other investing stakeholders in research projects and related activities. MRIWA does not seek to eliminate this risk as it would significantly constrain its capacity to achieve its objectives. MRIWA has a low appetite for risk in managing research projects and maintaining the required reporting standards. MRIWA's reputation is founded to an important degree on its project management capabilities and its accurate reporting of the expenditure of public funds.

MRIWA manages the risks related to its research and related activities through a framework of controls. This framework is regularly reviewed by the Audit and Risk Committee and performance is routinely reviewed by the Board.

### 4.3 Operational Risks

MRIWA's operational risks include:

- **Calibre of People** – MRIWA relies on motivated and high-quality staff, contractors and advisors to perform its functions. It aims to create an environment where management and advisors are

empowered to the full extent of their abilities. The appetite for losses to the value of MRIWA's collective competencies, knowledge and skills is low.

- **Conduct of People** – MRIWA expects its employees, contractors and advisors to conduct themselves with a high degree of integrity, to strive for excellence in the work they perform and the outcomes they achieve, and to promote the public interest. The appetite for behaviours which do not meet these standards is very low. MRIWA takes very seriously any breaches of its Code of Conduct and Ethics.
- **Occupational Health & Safety** – MRIWA aims to maintain a safe working environment for all its staff, contractors and advisors where people are protected from physical or psychological harm. It has a very low appetite for practices or behaviours that lead to staff being harmed while at work.
- **Information Management** – MRIWA is committed to ensuring that its information is correct and properly managed and conserved in accordance with legislative and business requirements. It has a low appetite for any compromising of processes governing the use of information, its management and publication.
- **Fraud and Corruption** – MRIWA has no appetite for any fraud or corruption perpetrated by its staff, contractors or advisors. MRIWA takes any allegations of suspected fraud or corruption seriously and responds fully and fairly as set out in the Code of Conduct and Ethics.
- **Compliance** – MRIWA is committed to a high level of compliance with relevant legislation, regulation, internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. MRIWA has no appetite for deliberate or purposeful violations of legislative or regulatory requirements.
- **Information Technology** - MRIWA has a low appetite for risks to the availability of information systems that support its business functions. Comprehensive back-up and recovery capacity has been established for the IT system in conjunction with routine maintenance practices.

## 5. Implementation of MRIWA's Risk Appetite

MRIWA management is accountable for implementation of, and compliance with, this Statement.

### 5.1 Communication

MRIWA's Risk Appetite Statement is available to all staff, contractors and advisors and is published on the MRIWA website.

### 5.2 Risk Assessments

MRIWA management maintains a risk register for the Institute, noting the controls in place to mitigate identified risks and actions that are assigned to manage residual risks.

All residual risks judged as unacceptable are reported to the Audit and Risk Committee and to the Board in conjunction with proposed actions to reduce these risks to acceptable levels.

### **5.3 Reporting & Monitoring**

This Statement is supported by a comprehensive risk register, which assists management to assess whether outcomes are consistent with MRIWA's risk appetite.

Performance against the risk register and this Statement are routinely reported to the Audit and Risk Committee and to the Board.

Commentary on the implementation of the Risk Appetite Statement is provided to the Board through the Audit and Risk Committee.

### **6. Review**

This Risk Appetite Statement is reviewed annually, or whenever there is a significant change to MRIWA's operating circumstances. This review process is managed by the Audit and Risk Committee and submitted to the Board for endorsement.