

Risk Appetite Statement

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1. Introduction

1.1 Context

“Charles Sturt University (CSU) is the largest regionally-based university in Australia, enrolling nearly 43,000 students from across Australia and more than 120 countries around the world. CSU is a leader in online-supported distance learning and one of the largest and most experienced providers of courses delivered by innovative online education. We offer one of the most comprehensive suites of courses of any university in the country, with more than 70% of our professional programs delivered in areas of identified national and regional labour market skill shortages.

We are a university of the land and people of our regions. True to the character of regional Australia we have gumption, we have soul and we collaborate with others.”

Being what it is, Charles Sturt University is presented with tremendous **opportunities**, which are accompanied by **obligations**, which carry **risks**. The University has obligations towards its students, staff and the communities it serves, as well as its regulators.

1.2 What is Risk Appetite?

Risk appetite applies to the management of existing activities, as well as seeking out new opportunities. It is the responsibility of the University Council, management and staff to continually review what the University does, to investigate new opportunities, and to take account of individual risks in decision-making.

The Risk Appetite Statement summarises the University’s tolerance for risk in each of a whole range of activities undertaken. For example, the University’s tolerance for risk in health and safety matters is very low; hence a low risk appetite for that category. On the other hand, tolerance for risk in learning and teaching innovation is relatively high. All of the activities undertaken by the University can be so classified in terms of risk appetite.

The Risk Appetite Statement is a written articulation of the University’s risk appetite to guide University staff in their daily roles. It serves to:

- define the risk universe of the University;
- establish a consistent view of the risk parameters the University operates in; and
- establish boundaries for risk management activities to determine whether further risk mitigation strategies are required.

The Risk Appetite Statement is dynamic and will be reviewed on a regular basis in conjunction with the University’s strategic planning cycle.

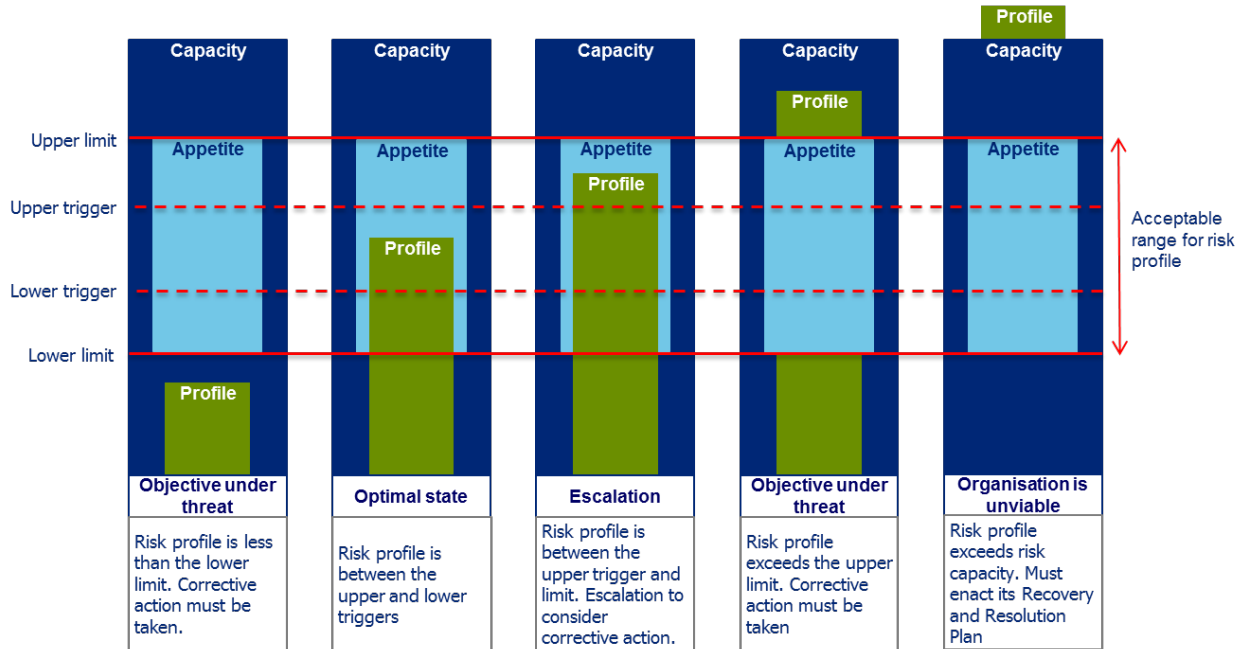
1.3 Key Risk Appetite Concepts

Risk appetite is an interaction of the University’s risk appetite, risk profile and capacity to take risks. Below are a number of important concepts and definitions when applying the risk appetite framework in risk management activities:

- **Risk profile** – the University’s 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 the University to take risk in each risk category, while remaining within constraints implied by its capital and funding needs and its obligations to stakeholders.
- **Risk appetite limits (upper and lower)** – the level of risk which, if breached by the University’s risk profile, would necessitate immediate escalation and corrective action.
- **Risk appetite trigger** – the level of risk which, if breached by the University’s risk profile, would necessitate immediate escalation and corrective action.

A risk appetite framework allows the University to identify and determine the relative positions of its risk capacity, risk profile and risk appetite when evaluating and pursuing its strategy as well as to take corrective action where necessary.

In each of the five states illustrated below, the University's risk profile has changed relative to its risk capacity and risk appetite.



2. Risk Appetite Statement

The University's Strategic Objectives underpin the aspects covered in the Risk Appetite Statement below. The University's Risk Appetite Statement is broadly articulated for key activities aligned to the University's risk categories, which enable the achievement of its strategic and operational objectives. The table below details the risk appetite descriptions established for each key activity identified.

| Key activity | Risk Appetite Statements |
|--|---|
| Overall – Strategy | In order to achieve its objectives, the University must be willing to take and accept risk. The University is willing to take or accept a moderate to high level of risk in pursuit of its strategic priorities and for the Public Good. There is low willingness to accept risks which have no alignment with our strategic direction or tarnish the University's credibility, role in the community and its values. |
| Learning & Teaching | The University has a high risk appetite for innovative courses and online Distance Learning that enhances student learning outcomes and experience. This involves having a curriculum which is relevant to current employment and industry needs. This will not be pursued by compromising our low risk appetite for poor learning and teaching practice or academic quality which would not meet University standards and external accreditation requirements. |
| Research & Industry Collaboration | The University strongly believes in generating impact and contributing openly to the social good of our communities through our research. The University has a high risk appetite for investment to grow its research strengths through research partnerships and industry collaboration. By doing so, the University has a low risk appetite for research conduct that is unethical, non-compliant with legislation or compromises quality. |
| Community, Student & Staff Engagement | The University is willing to take risks that will drive strong community engagement and increased participation in regional communities. We have a high risk appetite to contribute to public policy discussions with government and provide equitable access to higher education. We have a low risk appetite for risks that will destroy the University's brand and diminish its role as a significant contributor to regional communities it serves. |
| Financial & Commercial | The University needs to remain financially sustainable to continue to serve its purpose and achieve its aspirations. The University has a low risk appetite for irresponsible use of University resources and unnecessary liabilities. We have a moderate to high risk appetite for being more commercially adept and explore avenues to diversify revenue streams through commercially viable arrangements and partnerships. |
| Delivery of Service & Capabilities | The University has a low risk appetite for business interruptions at critical periods of operations impacting staff and students. Whilst the ability to support operations on a day-to-day basis is important, the University has a high risk appetite for change to ensure that the University has the right resources, staff capabilities and organisation structure to optimise performance. |

| Key activity | Risk Appetite Statements |
|--|--|
| Health, Safety & Environment | The willingness to accept risks to the health, safety and wellbeing of staff, students and others on our campuses is very low . It is not our intention to avoid inherently risky activities which are part of running a University; however, a strong culture of health and safety awareness and risk management is expected of all staff. This includes identifying and managing health and safety risks to the best extent possible. We have a strong interest in protecting and preserving the environment, hence, have a low risk appetite for activities which will significantly degrade the environment. |
| Organisation Culture and Compliance | As a good corporate citizen, the University seeks to comply with relevant statutory requirements to the best of its endeavours. We will achieve this through strong institutional governance and management which will shape the University's culture for compliance, ethical conduct and living our values. We have a low risk appetite for misconduct, fraud, harassment or discrimination and non-compliance behaviour that undermines the integrity of the University. We have a low to moderate risk appetite for compliance with external regulation which is informed using a risk-based approach (including management of risk). |

The above statements of risk appetite are mapped diagrammatically in a Risk Appetite Summary, which appears on the page to follow.

2.1 Risk Appetite Summary

| Risk Appetite Summary | | | |
|---------------------------------------|---|---|---|
| Risk Appetite Range | Low Appetite | Moderate Appetite | High Appetite |
| Approach to Risk | Accepts as little risk as possible and takes a cautious approach towards taking risk | A balanced and informed approach to risk taking | A more aggressive approach to taking risk for increased benefit or to achieve University strategy |
| Key Activities | | | |
| Learning & Teaching | <ul style="list-style-type: none"> Academic standards & integrity Quality in Learning & Teaching delivery | | <ul style="list-style-type: none"> Industry engagement and input to curriculum Learning & Teaching Innovation Transnational Education & Partnerships Online Distance Learning Capabilities |
| Research & Industry Collaboration | <ul style="list-style-type: none"> Research ethics / misconduct | <ul style="list-style-type: none"> Higher Degree Research Training | <ul style="list-style-type: none"> Research collaboration and partnerships Impactful research Attracting high performing research talent |
| Community, Student & Staff Engagement | <ul style="list-style-type: none"> Brand & reputation in local communities and international markets | <ul style="list-style-type: none"> Student experience Engaged staff | <ul style="list-style-type: none"> Australian HE sector reputation Engaging with regional communities Providing access to Indigenous and low SES students |
| Financial & Commercial | <ul style="list-style-type: none"> Financial sustainability and stewardship | <ul style="list-style-type: none"> Investment portfolio Cash flow | <ul style="list-style-type: none"> Investments in digital capital programs Diversification of revenue Strategic investments |
| Delivery of Service & Capabilities | <ul style="list-style-type: none"> Critical business disruption Outsourcing arrangements | <ul style="list-style-type: none"> Fit for purpose physical infrastructure | <ul style="list-style-type: none"> Talent management, staff mobility and capabilities Enabling technologies and connectivity Organisational changes to optimise performance Attracting staff with the right skills and capabilities |
| Health, Safety & Environment | <ul style="list-style-type: none"> Health & Safety Environmental damage | | <ul style="list-style-type: none"> Environmental protection |
| Organisation Culture & Compliance | <ul style="list-style-type: none"> Compliance with Key Legislation Fraud & Inappropriate behaviour | <ul style="list-style-type: none"> Compliance with other Legislation Alignment to University values | <ul style="list-style-type: none"> Innovation and creativity |