



Surf Life Saving Australia Procedure

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RISK MANAGEMENT PROCESS AND PROCEDURES

The directors and management of Surf Life Saving Australia Limited and its controlled entities (“SLSA”) view risk management as integral to its SLS2020 strategic intents of:

- A. Extend lifesaving coverage to match community needs
- B. Develop our people
- C. Ensure the movement’s long term sustainability
- D. Involve All Australians & make a valued contribution to the Australian society

SLSA’s Risk Management policy (Policy 6.9) together with the SLSA Risk Management Framework contained within these procedures, provides a system to manage the risks associated with its core activities.

1. Overview

- a) Risk management will be incorporated into the strategic and operational planning processes of SLSA;
- b) Risk and the management of risk will be identified and monitored according to the SLSA Enterprise-Wide Risk Management Framework;
- c) Risk assessments will be conducted on all new activities, ventures and projects prior to commencement to ensure alignment with the SLSA risk appetite and organisational objectives;
- d) Risks will be identified, reviewed and monitored on an ongoing basis as outlined in Section 4 of this Procedure;
- e) Risks will be assessed against the SLSA Risk Management Framework;
- f) Potential relevant risks that are identified will be recorded within SLSA’s risk management register;
- g) Potential relevant risks will be assigned an owner whose responsibilities are specified in this procedure.

2. Mandate and Commitment

SLSA is committed to the formal, systematic and structured proactive management of risks across the organization. SLSA recognizes that whilst risk is inherent in all its activities, the management of risk is good business practice, creates value, is integral to sound corporate governance and in some instances, a mandatory legal requirement. In particular, effective risk management can lead to better decision making and planning as well as better identification of opportunities and threats.

3. Risk Management Principles

SLSA has adopted the principles detailed in AS/NZS ISO 31000:2009, to ensure risk management is effective within the organization. These principles are:

- a) Risk management creates and protects value.
- b) Risk management is part of decision making.
- c) Risk management explicitly addresses uncertainty.

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- d) Risk management is systematic, structured and timely.
- e) Risk management is based on the best available information.
- f) Risk management is tailored.
- g) Risk management takes human and cultural factors into account.
- h) Risk management is transparent and inclusive.
- i) Risk management is dynamic, iterative and responsive to change.
- j) Risk management facilitates continual improvement of the organisation.

4. Risk Management Process

The SLSA risk management process is based upon the AS/NZS ISO 31000:2009 Risk Management Process as shown in Figure 1.

Risks identified using the SLSA Risk Management Framework will be managed according to this process.

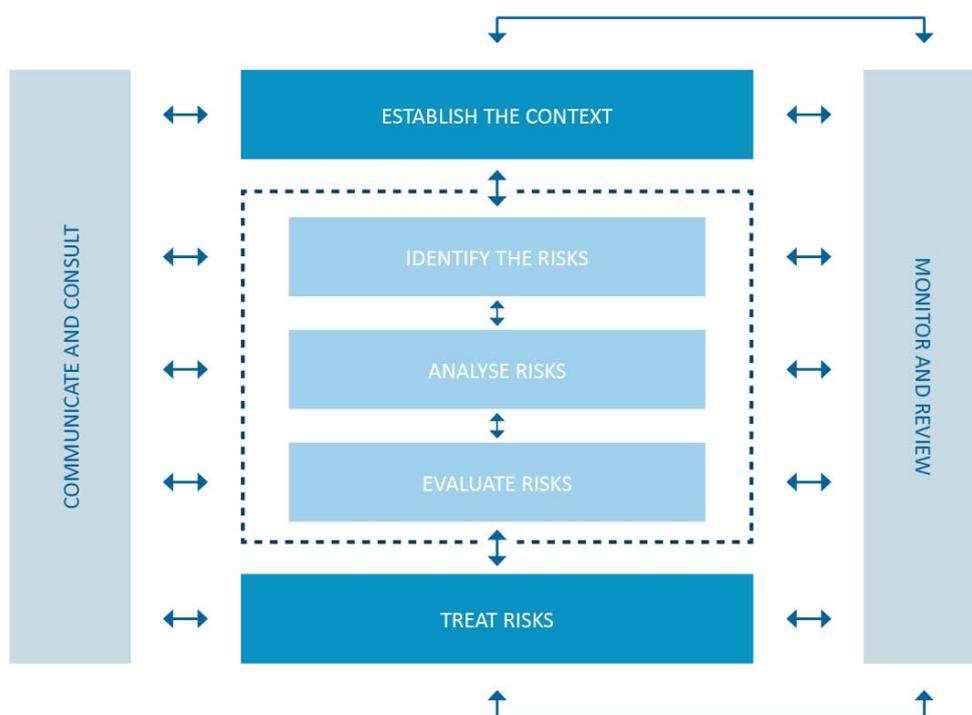


Figure 1: AS/NZS ISO 31000:2009 Risk Management Process

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5. Risk Management and Compliance and Control

In developing a culture of risk management, SLSA Senior Management is responsible for appropriate responses to manage risk, aided by the risk action plans and the creation of a risk register.

To enable this, SLSA:

- a) has implemented a systematic process to assist in the identification, assessment, treatment and monitoring of risks;
- b) provides the necessary tools and resources to Senior Management and employees to support the effective management of risks; and
- c) reviews and communicates risk management best practice on a regular basis.

6. Assessment of Effectiveness

SLSA assesses the effectiveness of its risk management plan through structured continuous improvement processes to ensure risks and controls are continually monitored and reviewed. This includes appraisal of risk owners' actions taken to manage risks.

7. Reporting

SLSA Senior Management ensures that the Board is adequately informed of significant risk management issues and the actions undertaken to manage risks on a regular basis. The following reporting process is in place:

- a) Management will regularly review the risk register with their teams and update the mitigation strategies and perceived level of risk as appropriate.
- b) New risks will be added to the register through a formal notification process from staff, management and directors to the GM Corporate Services.
- c) A "Top Ten" list of major risks (as agreed by the Board) to be discussed at the FACC monthly (fixed agenda item), together with any new or emerging risks. This reporting is through a risk scorecard.
- d) The Board will be updated monthly through the FACC minutes.
- e) The Board to be briefed on all major risks by the CEO at each Board meeting.
- f) The Board to workshop all risks (with reference to the risk register) as well as a general brainstorm on emerging risks at least 6 monthly.

RISK RESPONSIBILITY

1. The SLSA Board

The Board of SLSA is responsible for overseeing the establishment and implementation by management of risk management systems and reviewing the effectiveness of these systems.

The Board's role in relation to risk includes:

- a) overseeing the creation, implementation and maintenance of the risk management system of SLSA and its internal
- b) control framework, including information systems;

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- c) establishing a risk profile for SLSA setting out both financial and non-financial material and/or strategic risks facing SLSA;
- d) reviewing the effectiveness of SLSA's implementation of its risk management systems and internal controls on an on-going basis and reviewing the outcome of any non-financial audits;
- e) seeking to reach a common understanding with management and auditors about the risk management process, key financial and regulatory risks and related controls including focusing on the "key" risks which are considered to be currently, or may in the future be, more significant or more likely to occur;
- f) analyzing the effectiveness of SLSA's risk management and internal compliance systems and the effectiveness of their implementation;
- g) developing an understanding of the overall business environment, relevant laws and codes of importance to SLSA and the programs that SLSA has in place to provide reasonable assurance of compliance;
- h) reviewing SLSA's occupational health and safety policies and ensuring regular reporting to the Board on issues related to occupational health and safety;
- i) ensuring that the Chief Executive Officer (CEO) states in writing to the Board annually that the statement given to the Board that SLSA's financial reports present a true and fair view, in all material respects, of SLSA's financial condition and operational results and are in accordance with the relevant accounting standards, are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board;
- j) ensuring that the CEO states in writing to the Board annually that SLSA's risk management and internal compliance and control system is operating efficiently and effectively in all material respects; and
- k) reviewing insurance coverage and claims trends;

2. Risk Management Committee (RMC)

The RMC is comprised of the SLSA Senior Management group plus SLSA's Risk and Safety, Finance, and IT Managers. Legal and insurance expertise is co-opted as required.

It is responsible for:

- a) implementation of the principles, actions and requirements of the risk management plan and monitoring its implementation within SLSA;
- b) provision of the necessary tools and resources to identify and manage risks;
- c) review of risks on a quarterly basis, including identification of new risks, changes to existing risks and retirement of previously identified risks (through a formal decision making process);
- d) the manner in which ownership of risks is taken by senior management or others in accordance with function or expertise;
- e) regular reporting of the status or risk items to the Board;
- f) appraisal of risk owners' actions taken to manage risk and correction of inappropriate performance;
- g) internal compliance and control systems for the implementation of the risk management plan;

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- h) consideration of non-financial audits; and
- i) compliance with regulatory requirements and best practice.

3. Executive Management Group (EMG)

The EMG will advise the CEO on matters of strategic and operational significance related to the identification and management of risk.

4. Committees and Sub-Committees

Committees and Sub-Committees will advise SLSA on matters of strategic and operational significance related to the identification and management of risk within their terms of reference.

5. Senior Managers

Senior Management will be responsible for:

- a) championing the roll out of the SLSA Risk Management Framework into SLSA's operations;
- b) ensuring staff understand their responsibilities with respect to operational risk management; and
- c) developing a risk aware culture within their area of responsibility.

6. Managers

Managers will be responsible for:

- a) Ensuring staff within their areas understand their responsibilities with respect to operational risk;
- b) Advising the Risk and Safety Manager of needs for training, development and facilitation;
- c) Maintenance of risk registers within their areas;
- d) Forwarding risk registers to the Risk and Safety Manager for inclusion in the SLSA risk profile; and
- e) Assisting in fostering a risk aware culture within their area.

7. Risk and Safety Manager

The Risk and Safety Manager is responsible for:

- a) Identifying legislation, policy and guidelines affecting risk management practices at SLSA;
- b) Maintaining SLSA's Risk Register;
- c) Providing support and assistance for the maintenance of SLSA's Operational Risk Registers;
- d) Providing assistance and support throughout SLSA for risk management;
- e) Organising appropriate risk management education and training for SLSA staff; and
- f) Monitoring the implementation of the SLSA Risk Management Framework across SLSA.

8. Risk Owners

Risk Owners are responsible for:

- a) Identifying existing controls to help manage the risk;
- b) Developing treatment plans to reduce the likelihood and/or consequence of the risk; Monitoring the implementation of the treatment plans and reporting on their effectiveness and outcomes; and
- c) Monitoring and alerting management of significant changes in risk status according to the risk reporting protocol.

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9. Other stakeholders risk plans

SLSA has not assumed the responsibility for the risk management plans of other key stakeholders.

RISK FRAMEWORK

1. Risk Ranking Matrix

The Board of SLSA has approved the following Risk Ranking Matrix

			Insignificant	Minor	Medium	High	Extreme
Absolute Rankings			1	2	3	4	5
Almost Certain	A	1	15	10	6	3	1
Likely	B	2	19	14	9	5	2
Possible	C	3	22	18	13	8	4
Unlikely	D	4	24	21	17	12	7
Rare	E	5	25	23	20	16	11

Risk Categories			Insignificant	Minor	Medium	High	Extreme
			1	2	3	4	5
Almost Certain	A	1	Moderate	High	High	Extreme	Extreme
Likely	B	2	Low	Moderate	High	Extreme	Extreme
Possible	C	3	Low	Moderate	High	High	Extreme
Unlikely	D	4	Low	Low	Moderate	High	High
Rare	E	5	Low	Low	Low	Moderate	Moderate

2. Risk Grading Criteria - Impact

The Board of SLSA has resolved that risk be assessed over the following categories in relation to Impact

- a) Financial
- b) Operational
- c) Brand/Reputational
- d) Physical/Safety
- e) Regulatory/Legal
- f) People/Member

Impact levels are shown in the following table

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			Financial	Operational	Brand/Reputational	Physical/safety	Regulatory/Legal	People/Member
5	Extreme	A risk that can prove detrimental for the whole organisation.	More than \$1,000,000	Unable to deliver lifesaving services in a region. Widespread migration of members to competitor organisation. Prohibited from delivering competition at any level.	Collapse of federation. Major inquiry into systemic misconduct. Wholesale resignation of Board Members or Senior Management.	Death or total permanent disability of member due to compromised safety standards. Preventable death of a member of the public.	Criminal prosecution of SLSA and/or Board due to failure to comply with the law.	Net active membership declines by more than 25%.
4	High	Risks which can significantly jeopardise some aspects of the organisation, but which will not result in organisational failure.	More than \$100,001, but less than \$1,000,000	Widespread failure or loss of service agreements and standards. Increasing migration of members to competitor organisations. Unable to deliver the service.	Withdrawal from federation (club/branch). Investigation of serious individual misconduct. Loss of significant skills from Board or Senior Management.	Serious injury of member due to compromised safety standards. Preventable serious injury of member or public.	Civil action against SLSA and/or Board due to negligence. New regulations that impede operations.	Net active membership declines by more than 20%, but less than 25%.
3	Medium	Risks which will cause some problems, but nothing too significant.	More than \$25,001, but less than \$100,000	Repetitive patrol breaches at Regional or State level. Unable to deliver State and/or Regional competitions. Widespread discontent by members.	Threats of withdrawal from federation (club/branch). Failure of prominent branded project or product. Failure of a club or service. Individual or group misconduct. Sustained public criticism of the organisation.	Systemic injuries of members and/or public. Increased frequency of near misses.	Regulatory/police investigation with adverse findings against SLSA and/or Board.	Net active membership declines by more than 10%, but less than 20%.
2	Minor	Any risks which will have just a mild impact, but should be addressed in time.	More than \$10,001, but less than \$25,000	Repetitive patrol breaches at Club level. Competitive threats to membership. Constrained capacity to meet the demands of existing or new members.	Localised negative media coverage.	Minor injuries of members and/or public.	Regulatory/police investigation of SLSA and/or Board without adverse findings.	Stable net active membership.
1	Insignificant	Risks which do not pose any significant threat and which can be left unmediated without any fear.	Less than \$10,000	Occasional patrol breaches at Club level.	Media interest in local issue.	Insignificant injuries of members and/or public.	Persistent complaints against SLSA and/or Board.	Net growth in membership.

3. Risk Grading Criteria - Likelihood

The Board of SLSA has resolved that the following probability description in relation to assessing risks be used.

Probability Description			
LIKELIHOOD	A	Almost certain	Will probably occur more than once
	B	Likely	High probability that will occur at least once
	C	Possible	Reasonable likelihood that could occur more than once
	D	Unlikely	Not likely to occur
	E	Rare	Not impossible

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4. Risk Tolerance levels

The Board of SLSA has resolved that the following guidelines should be used in relation to risk tolerance.

RISK LEVEL	ACTION YOU SHOULD TAKE
EXTREME	Intolerable. Activity should be discontinued until level of risk is able to be reduced. Executive Committee/Board to be informed and provide urgent attention.
HIGH	Tolerable level of risk. Action should be taken to ensure risk level is As Low As Reasonable Practicable (ALARP). If level of risk is ALARP continue to manage using SLSA WHS and Risk Management Framework.
MODERATE	Tolerable level of risk. Ensure risk level is As Low As Reasonable Practicable (ALARP). If level of risk is ALARP continue to manage using standard operating procedures, WHS codes of practice, intuitive risk management.
LOW	Tolerable level of risk. No change required.

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