



# ARL RISK MANAGEMENT PROGRAM

## EXECUTIVE SUMMARY

### A National Approach

A whole of sport structured program that provides a systematic approach to managing risk ensuring that Rugby League is delivered with the highest management practices and standards. The program addresses financial, physical, legal and political risks in areas such as safety, compliance, finance, program operation and image and reputation. The diagram on the next page indicates the types of risks to be managed.

### Why

Effective management of risks (avoiding unwanted costly surprises, minimizing losses and maximizing opportunities) is critical to the survival of the sport and its healthy development into the future. The implementation of an effective risk management program is a pre-requisite for government funding from the Australian Sports Commission.

### The Process

The risk management process to be followed (as outlined in the following pages) is based on the Australian Standard AS/NZS 4360:1999 and Australian Standards Handbook 246:2002.

### Structure and Management System

The following pages outline the structure and management system for the whole of sport program. They set the framework that will allow Rugby League to implement a program that will be a leader in the Australian sports industry.

### Ratification

Ratification has been received from the Board of the Australian Rugby League for this risk management program to be adopted as the structure to be implemented throughout all levels of Rugby League.

As a result of ratification, resources are being produced to educate all affiliated organizations in regard to the structure and methodology to be implemented.

Practical resources will also be produced in regard to the management of risks applicable to all levels of Rugby League that will allow for a standardized approach to effective management of those risks and compliance with government/legal requirements.

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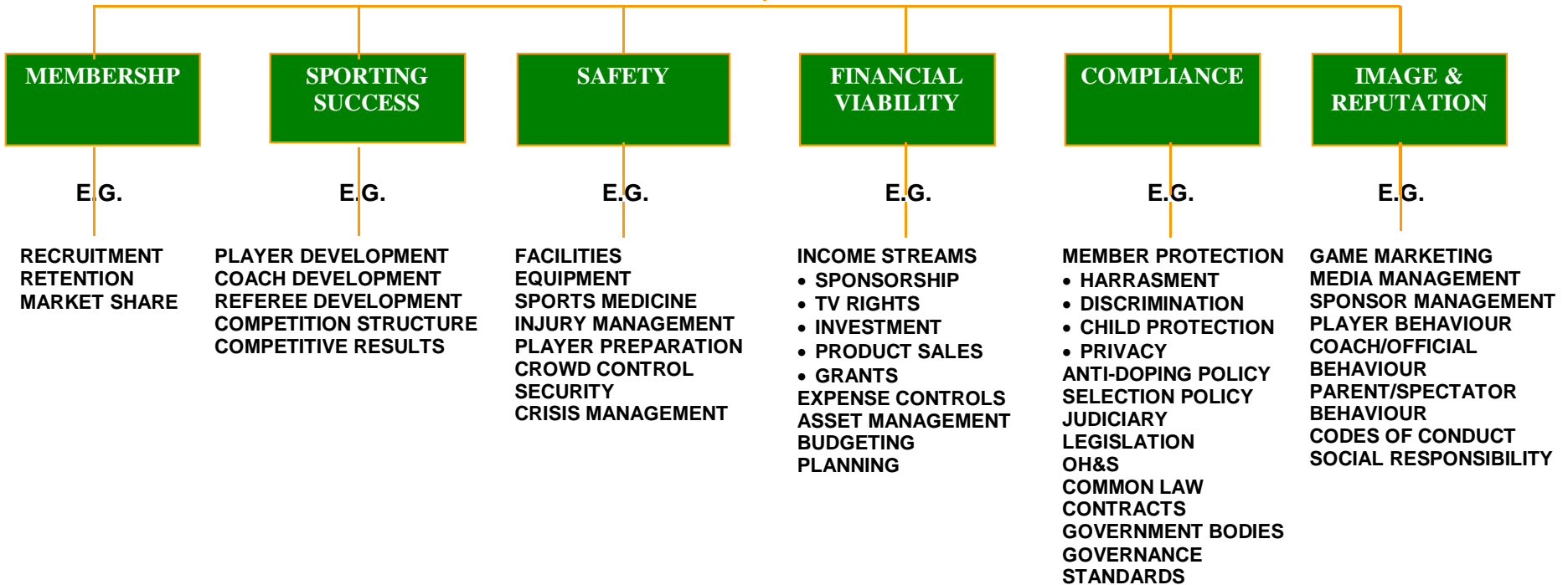
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**WHOLE OF SPORT RISK MANAGEMENT PROGRAM**

**ADDRESSING ALL RISK CATEGORIES**





**STRUCTURE AND METHODOLOGY  
FOR A WHOLE OF SPORT RISK  
MANAGEMENT PROGRAM**

# ARL RISK MANAGEMENT POLICY STATEMENT

Our policy is to use world's best practice in risk management to support and enhance activities in all areas of our organization and to ensure that risk management is an integral part of our decision-making process.

We will use a structured risk management process to minimize reasonably foreseeable physical, financial or legal harm to people, disruption to operations and damage to the environment and property. We will identify and take advantage of opportunities as well as minimizing adverse effects. We will train our people to implement risk management effectively. We will strive to continually improve our risk management practices.

## Process

A risk management procedure has been established based on the Australian Standard AS/NZS 4360:1999 and Handbook HB 246: 2002. These will be used for guidance by everyone involved in the application of risk management.

The ARL Board and Management will facilitate the development of a common risk management approach across all areas of operation (national organization and all affiliated organizations) by:

- ◆ implementing the risk management program;
- ◆ sharing information with broad applicability across all areas; and
- ◆ reporting on the progress of implementing the risk management program.

## Monitoring and Review

The Board will monitor and review the implementation of the Risk Management Program.

## Responsibilities

The Chief Executive Officer is accountable to the Board for the implementation of the risk management process and ultimately responsible for the management of risks in the organization. All personnel are responsible for managing risks in their areas. Administrators will have a different view of risk to that of a player or referee, but each has an important personal responsibility to ensure that risks within their control are managed according to the rules of the games and the standards expected.

**Everyone has responsibility for risk management.**

For further information on this policy and the risk management procedures, contact Rod Hughes on 0409 008 128 or email [rodhughes@arldevelopment.com.au](mailto:rodhughes@arldevelopment.com.au)

Signed:



Colin Love  
**ARL Chairman**

Signed:



Geoff Carr  
**ARL Chief Executive**

**RISK MANAGEMENT**

# Risk Identification, Analysis & Treatment

## Introduction

The purpose of the Australian Rugby League's Risk Management program is to achieve the following:

- Establish a culture of "no surprises" and avoid losses greater than expected;
- Provide a common framework, language, and systems to foster a consistent approach to risk;
- Develop and disseminate tools to allow employees, participants, coaches, officials and voluntary workers to foresee, evaluate, and measure risks in a manner which facilitates improved decision making;
- Implement policy designed to allow for maximum flexibility while keeping within the desired risk tolerance;
- Enhance physical, financial, legal and political safety for all involved in the sport.
- Enhance returns, sustainable earnings growth and stakeholder value via more effective use of capital and risk mitigation; and
- Create a differentiating reputation for Australian Rugby League & their Affiliated Organizations in risk management.
- Establish as a minimum compliance to Australian Standard AS/NZS 4360:1999 and Guideline HB 246:2002.

To achieve this purpose, it must be ensured that:

- The Australian Rugby League Ltd and its Affiliated Organizations' risks are identified and their evolution through time is understood;
- The key methods and models of managing risks used by the sport are prudent and appropriate;
- Effective risk measurement methodologies and tools are in place and utilized;
- Policies and procedures are implemented to facilitate the control of risks and more efficient risk mitigation;
- Resources are available to the sport to appropriately manage risk exposures;
- The level of risk awareness is raised throughout the Australian Rugby League Ltd & their Affiliated Organizations via a continuous education program;
- All involved in the organization (including Affiliated Organizations) are aware of their continuing compliance obligations as it relates to laws, regulations, policies, and directives and when necessary, corrective action is taken.

This manual outlines the processes involved in the Australian Rugby League's Risk Management Program and includes details of the risk identified, the analysis of those risks and how they are treated. All the policies, procedures and resources used in the treatment of these risks are not necessarily included in this manual, but the manual serves as the reference point and source of information for the management of all risks identified in the sport. The risk register pages advise where all policies, procedures and other resources relating to the risks can be sourced.

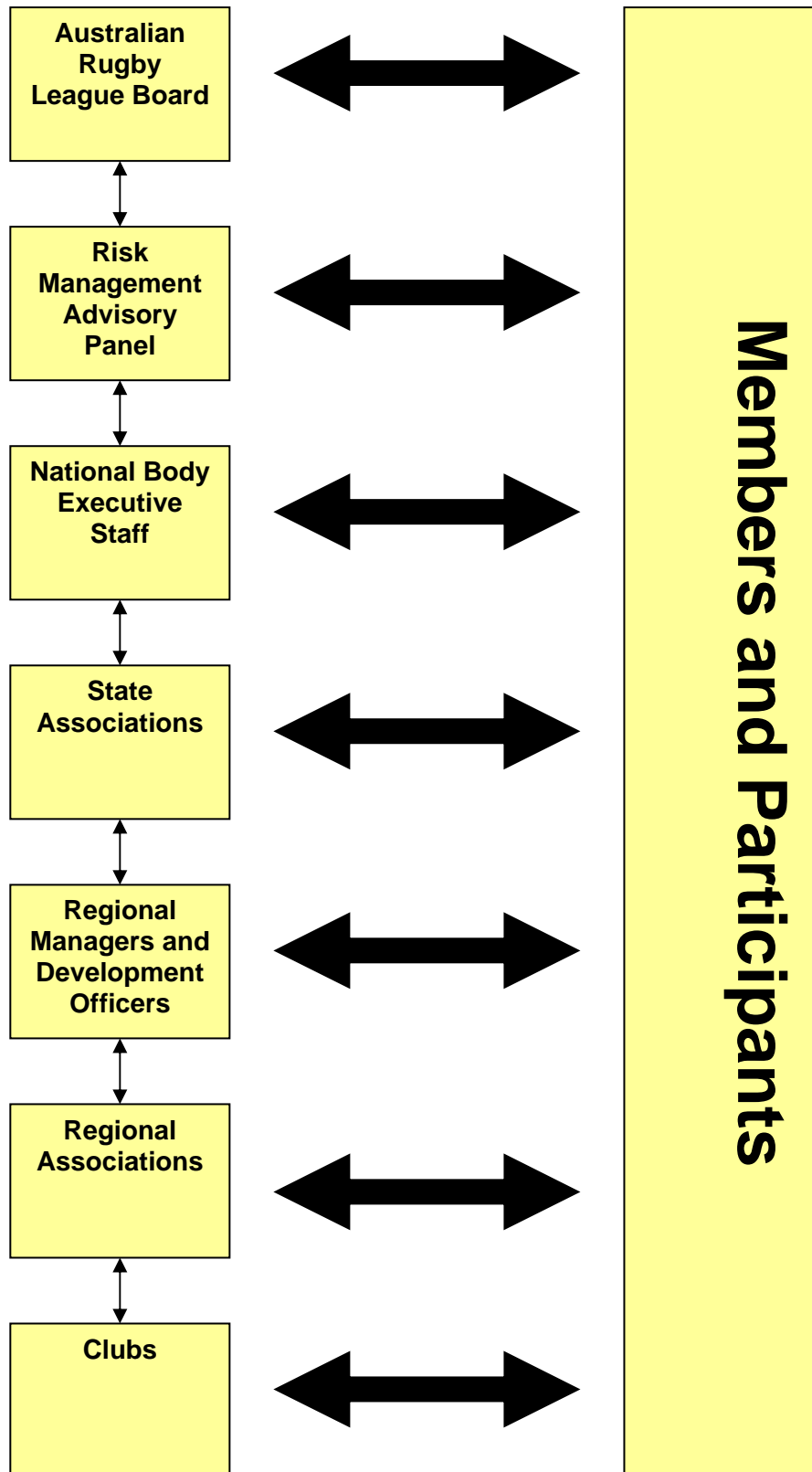
## What is Risk Management?

- An effective system of risk management and control is critical to the operational integrity and financial soundness of any organization.
- The aim of any risk management system is to assist the organization to identify potential hazards to its operations and develop remedial actions that will

eliminate, reduce, and transfer or control (to an acceptable level) the risk associated with those hazards.

- Risk management is an iterative procedure made up of a number of well-defined steps that assists in better decision-making by improving an organization's understanding of the nature of the risks it faces.
- To make effective decisions, management must be able to evaluate the possible outcomes of these undesirable events and take steps to control their impact. The risk management process can be used to qualify (and sometimes quantify) known risks, or to identify new hazards that could have a significant impact on the organization.
- Risk management is not a separate process, but must be an integral part of the organization's practices.
- To be effective, it needs to become part of the organization's culture. Risk management should be integrated into the organization's philosophy, operating procedures and strategic plans, and must become the responsibility of everyone in the organization.
- The content of this manual is based on the principles set out in the Australian Standard for Risk Management AS/NZS 4360:1999, and Guideline HB 246:2002 and should be used in conjunction with that Standard and Guideline. However drawing on experience and expertise gained from long-term involvement in sport, utilizing the benefit of tools and techniques that have proven successful in identifying and analyzing risk over many years, some of the processes vary a little from the standard, whilst still meeting its requirements.

## Flow Chart for the implementation of a “Whole of Sport” Risk Management Solution



## **Management System for a Whole of Sport Risk Program**

The Australian Rugby League is committed to ensuring that appropriate risk management initiatives are in place throughout all levels of the sport. The national body will be responsible for a documented Safety and Risk Management system that identifies, evaluates and controls risks specific to the national body as well as the generic risks of the sport. This system will provide resources that will be distributed and used throughout the sport to manage risk and ensure that rugby league is delivered with the highest standards of safety.

In addition to the program and resources provided by the national body each affiliated member of the Australian Rugby League (State, Regional, Local Associations and Clubs) will be required to identify, evaluate and control risks that are specific to their organisations and appropriately document same.

The principles of risk management and the resources available will be promoted throughout all levels of the sport with the aim of all members being aware of the policies and procedures applying and having an understanding of their content and how they should be applied.

A risk management advisory panel shall be responsible for monitoring and review of rugby league's Safety and Risk Management system from the national perspective, reporting to the Australian Rugby League Board. Each organisation affiliated with the Australian Rugby League shall be required to have a Safety and Risk Management responsibility included in its management portfolios, with those responsibilities defined via job description. The Australian Rugby League Board and the Management Committees of their affiliated organisations shall include Safety and Risk Management on their meeting agendas at least every quarter, with reference to such discussions included in the meeting minutes.

The Safety and Risk Management system will be subject to continual review and evaluation by management throughout all levels of the sport through review meetings, statistics, incident reports, etc. There will be effective communication of risk and safety information throughout the sport.

### **Risk Management Terminology**

Risk management has developed terminology of its own, and also has some specific meanings for commonly used words. The following list gives the definitions of some of the words and phrases that will be used in this manual.

#### **Consequences**

The outcomes of an event expressed qualitatively or quantitatively, being loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.

#### **Cost**

In risk management, cost includes more than just monetary loss. Cost is considered to include time, labor, business disruption, and loss of goodwill, image, political impact and other intangible losses.

#### **Frequency**

A measure of the rate at which an event happens, expressed in terms of the number of occurrences of the event in a defined period of time. E.g. three times a week, or twice a year.

#### **Hazard**

A hazard is an un-assessed source of potential harm or loss; something that represents a threat to people, property, the environment, or organizational soundness and profitability. A hazard can be some inherent property or condition, or even an intended action that introduces a vulnerability or exposure to the organization.

#### **Iterative**

Describes a process where the output is returned to the beginning to be reviewed again until there are no more significant changes.

**Likelihood**

A qualitative description of probability or frequency.

**Loss**

A negative consequence, which can be financial or otherwise.

**Probability**

Similar to likelihood. Usually a qualitative term used to describe relative frequency, however, maximum frequency rates are sometimes applied to each level to make comparison easier.

**Qualitative**

Concerned with measurement by quality. In risk assessment, this relates to comparison of likelihood and consequence in relative terms. E.g. Frequent, Occasional, or Unlikely for likelihood, and Negligible, Critical, or Catastrophic for consequence.

**Quantitative**

Concerned with measurement by quantity. In risk assessment, this relates to the application of numerical values to likelihood and consequence to calculate a numerical rating of a risk.

**Residual Risk**

The level of risk of a specific event or outcome remaining after risk treatment measures has been implemented.

**Risk**

The chance of something happening that will have an impact on objectives. It is measured in terms of consequences and likelihood.

**Risk Analysis**

Examination of the elements of a process, object or activity to understand its inherent properties, and to evaluate how often the event might occur and the consequences of its occurrence (i.e. determining the level of risk).

**Risk Assessment**

Assessing an identified risk is a two-step process involving, first, analysis to determine the level of risk (refer above), then evaluation to decide whether it is acceptable or unacceptable.

**Risk Avoidance**

The decision, based on a risk assessment, to not be involved in a situation that exposes the organization to a specific risk.

**Risk Control**

The implementation of preventative or corrective actions to eliminate or minimise adverse risk.

**Risk Evaluation**

The process used to compare risks in relative terms, in either a quantitative or a qualitative manner.

**Risk Management**

The culture, processes and structures directed towards the effective management of potential opportunities and adverse effects.

**Risk Reduction**

The application of appropriate techniques to reduce the likelihood or consequence (sometimes both) of an adverse occurrence.

### **Risk Retention**

A level of risk that the organization accepts (intentionally or unintentionally) rather than eliminating or transferring it. An example of this is the excess/deductible on an insurance policy, where you transfer most of the risk, but pay for the cost of small occurrences yourself.

### **Risk Transfer**

The process of shifting the responsibility for a risk to another party. Insurance is an example of a risk transfer process.

### **Risk Treatment**

The application of an appropriate process (elimination, reduction, transfer, or retention) for dealing with risk.

### **Risk Tolerance**

The "appetite" of an organization for retaining risk internally. This level varies significantly between different types and sizes of organizations. It can be influenced by internal factors (i.e. business views, goals, culture, employees) and by external factors (regulations, standards, industry best practice, community expectations, etc).

## **Identifying, Analysing and Treating Risks**

The Australian Rugby League Ltd will adhere to the processes outlined in Australian Standard AS/NZS 4360:1999 in identifying, analysing, evaluating and treating risks.

### **Common Risk Criteria**

There are common risk criteria related to objectives throughout all levels of sport that provide structure to the risk identification, analysis and treatment processes. Various risk categories apply to each risk criteria. Note that risk categories are the basis for risk identification (ID) numbers.

These criteria are: -

<b>Criteria</b>	<b>Risk Categories</b>	<b>ID No.</b>	<b>Notes</b>
Membership	<ul style="list-style-type: none"><li>• Recruitment</li><li>• Retention</li></ul>	M1 M2	Strategic direction, public awareness and interest, market share
Sporting Success	<ul style="list-style-type: none"><li>• Player Development</li><li>• Coach Development</li><li>• Referee Development</li><li>• Competition Structure</li><li>• Sport Distribution / Infrastructure</li></ul>	SS1 SS2 SS3 SS4 SS5	Competitive results, level of participation, better sporting outcomes
Safety	<ul style="list-style-type: none"><li>• Facilities</li><li>• Equipment</li><li>• Player Preparation</li><li>• Injury Management</li><li>• Playing Rules/Conditions</li><li>• Goods Sold</li><li>• Security/Crowd Control</li><li>• Crisis Management</li></ul>	S1 S2 S3 S4 S5 S6 S7 S8	Safety for participants, coaches, officials, administrators, volunteers and spectators
Financial viability	<ul style="list-style-type: none"><li>• Income Streams<ul style="list-style-type: none"><li>○ Sponsorship</li><li>○ TV Rights</li><li>○ Investment</li></ul></li></ul>	F1	Revenue, sponsorship (private and Government), expenditure, budget certainty, planning and

	<ul style="list-style-type: none"> <li>○ Participation Levies</li> <li>○ Admission</li> <li>○ Product Sales</li> <li>○ Grants</li> <li>● Expense Control</li> <li>● Systems</li> <li>● Asset Management</li> <li>● Personnel Management</li> <li>● Planning and Strategy</li> <li>● Fidelity</li> <li>● Audit</li> </ul>	<ul style="list-style-type: none"> <li>F2</li> <li>F3</li> <li>F4</li> <li>F5</li> <li>F6</li> <li>F7</li> <li>F8</li> </ul>	strategy
Compliance	<ul style="list-style-type: none"> <li>● Common Law</li> <li>● Legislation</li> <li>● Contracts</li> <li>● Govt./Sport Authorities</li> <li>● Governance</li> <li>● Tribunals</li> <li>● Selection Policy</li> <li>● Standards</li> </ul>	<ul style="list-style-type: none"> <li>C1</li> <li>C2</li> <li>C3</li> <li>C4</li> <li>C5</li> <li>C6</li> <li>C7</li> <li>C8</li> </ul>	Compliance with the law, regulations, standards of behaviour, duty of care, rules
Image and Reputation	<ul style="list-style-type: none"> <li>● Game Marketing</li> <li>● Media Management</li> <li>● Sponsor Management</li> <li>● Player Behaviour</li> <li>● Coaches/Officials Behaviour</li> <li>● Parent/Spectator Behaviour</li> <li>● Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>I1</li> <li>I2</li> <li>I3</li> <li>I4</li> <li>I5</li> <li>I6</li> <li>I7</li> </ul>	Public image and reputation with stakeholders, regulators, sponsors, media, general public

### Key Elements

Key elements provide a guide for risk identification and treatment through categorising the elements involved in treating identified risks. The table below outlines these key elements.

Key Element	Includes:
Management Activities	Personnel management; Planning; Policies; Strategies
Human Resources and Behaviour	Personnel and skills availability and funding for same; Personnel experience and competence
Financial and Marketing Activities	Budget requirements, Government Funding, Private sponsorship funding; Budget allocations, Expenditure monitoring and control
Regulatory Environment	Controls; Government surveillance, Statutory requirements; Constitution and by-laws; Board of Management duties and responsibilities
Reporting/Accountability Requirements	Statutory reporting, reporting to members; Financial reporting and auditing requirements
Operational Activities and Controls	Event management (program, technical, officials and competitors); Venues and competition facilities; Travel and accommodation
Technology and Technical Issues	Currency or obsolescence of technology; Comparison with competitors; Equipment maintenance issues; Quality Assurance
Security	Facilities security; Equipment security; Officials, competitors, crowd security; Major event security
Education and Training	Coaches and officials education and training
Processes and	Currency of documentation; Management of

Procedures	correspondence; Delineation of responsibilities; Delegation and authorisations
Interfaces and Communication	Agreements and relationships with other organisations, affiliated bodies or Government agencies; Formal sponsorship arrangements; Face-to-face meetings; Correspondence and mode of delivery; AGM's and conferences; Web-page effectiveness; Developing relationships
Commercial and Legal Relationships	Public, professional and product liability; Warranties and indemnities; Contracts
Political	Community support; Government stability and policies
Natural Events	Fire, Earthquake, Cyclone

Analysing risks using common risk criteria, risk categories and key elements shall be utilised to stimulate creative thought and ensure all the important issues are put before those responsible for identifying risk.

### **Acceptance of Risk**

By embracing this risk management program the aim of the Australian Rugby League Ltd is that risks will only be accepted via an informed decision to accept the consequence and likelihood (and thus the resulting level of risk) of a particular risk i.e. no surprises.

### **Documentation**

Each stage of the risk management process will be documented. This documentation will: -

- demonstrate that the process is conducted properly
- provide evidence of a systematic approach to risk identification and analysis
- provide a record of risks and develop the organisation's knowledge database
- provide the relevant decision makers with a risk management plan for approval and implementation
- provide an accountability mechanism and tool
- facilitate continuing monitoring and review
- provide an audit trail
- share and communicate information

Documentation templates are contained included in the Appendix and include: -

- Risk Register – records each risk identified, with the following details for each risk: -
  - Source of risk
  - Nature of risk
  - Effect of risk occurring
  - Existing controls
  - Consequence and likelihood ratings
  - Level of risk
- Risk Treatment Schedule and Plan – records each risk identified that requires treatment, providing the following details: -
  - The risk identified for treatment as per risk register
  - Treatment options and preferred option to be implemented
  - The level of risk present after treatment has been implemented
  - Person/people responsible for treatment implementation
  - Implementation timetable
  - How the risk and its treatment will be continually monitored
- Risk Treatment Action Plan – used in conjunction with the Risk Treatment Schedule and Plan to provide further detail and as a resource for actioning risk treatment. Provides the following details: -
  - The risk identified for treatment as per risk register
  - A summary of the impact of the treatment on the risk

- Action to be implemented
- Resources required
- Responsibilities
- Timing
- Reporting and monitoring required

## Risk Analysis Process

### Consequence and Likelihood Guidelines – Level of Risk

The tables below are used to determine Consequence & Likelihood of any potential hazard to the organisation.

#### Likelihood

<b>LIKELIHOOD</b>	<b>The probability that an incident may occur</b>
5 – Almost Certain	Is expected to occur in most circumstances
4 – Likely	Will probably occur in most circumstances
3 – Possible	Might occur at some time
2 – Unlikely	Could occur at some time
1 – Rare	May occur only in exceptional circumstances

<b>CONSEQUENCE</b>	<b>The impact should an incident occur</b>
1 – Insignificant	The consequences are dealt with by routine operations.
2 – Minor	The consequences would threaten the efficiency or effectiveness of some aspects of the program, but would be dealt with internally.
3 – Moderate	The consequences would not threaten the program, but would mean that the administration of the program or activity could be subject to significant review or changed ways of operating.
4 – Major	The consequences would threaten the survival or continued effective function of the program or activity, or require the intervention of top-level management.
5 – Catastrophic	The consequences would threaten the survival of not only the program or activity, but also the organisation, causing major problems for participants.

## Level of Risk

Likelihood		Consequence									
		Insignificant		Minor		Moderate		Major		Catastrophic	
		1	2	3	4	5					
Almost Certain	5	M	52	H	64	E	76	E	88	E	100
Likely	4	M	44	H	56	H	68	E	80	E	92
Moderate	3	L	36	M	48	H	60	E	72	E	84
Unlikely	2	L	28	L	40	M	52	H	64	E	76
Rare	1	L	20	L	32	M	44	H	56	H	68

## Legend

<b>E:</b> Extreme risk; immediate action required	72 to 100 risk pts
<b>H:</b> High risk; senior management attention required	56 to 71 risk pts
<b>M:</b> Moderate risk; m'ment responsibility must be specified	44 to 55 risk pts
<b>L:</b> Low risk; manage by routine procedures	0 to 43 risk pts

Note 1: This matrix is as per AS/NZS 4360:1999, with the exception that Likelihood – Almost Certain (5), Consequence – Insignificant (1) is rated Moderate in the matrix above, as compared to High in the standard.

Note 2: Level of risk point scores are not included in AS/NZS 4360:1999. Point scores in the matrix above are determined by applying the following formula: - Likelihood rating times 2 plus Consequence rating times 3 with the total multiplied by 4. This provides a maximum point score of 100, which applies for Likelihood - Almost Certain, combined with Consequence - Catastrophic.