



Racing Queensland Limited

RISK MANAGEMENT POLICY

COMMENCEMENT DATE

This policy comes into effect on 1 July 2010.

PURPOSE

The *Racing Act 2002* authorises Racing Queensland Limited (RQL) to develop policies for the sound management of the industry. In addition, RQL's role is to initiate, develop and implement policies it considers conducive to the development and welfare of the racing industry and the protection of the public interest. A key component of RQL's suite of policies is the risk management policy.

The purpose of this risk management policy is to outline the RQL preferred risk management approach and methodology to assist racing clubs in the development of appropriate risk management capabilities.

OBJECTIVES

The objectives of this policy are to ensure that:

- a consistent approach to the management of risk is adopted within racing clubs
- all significant risks to racing clubs are identified, evaluated and managed
- the process of management of risk enhances the performance of racing clubs.

BACKGROUND

RQL recognises the importance of a structured approach to risk management. This industry based policy is intended to provide guidance for racing clubs in developing the capability to better understand potential threats and their consequences for their business. It will also assist racing clubs to make more informed decisions about risk management options, including whether to accept, transfer, reduce, or share those risks.

The benefits of effective risk management include:

- improved planning and performance
- the opportunity to minimise the cost of losses arising from crisis events
- greater protection for business assets and income flow through the identification of risk
- a better understanding about the need to achieve a balance between the costs (financial and non-financial) involved in mitigating risk, against the benefits derived from the activity, in order to achieve an appropriate level of business resilience
- improved stakeholder relationships
- improved information for decision making
- enhanced reputation.

Risk management is particularly important within the Queensland racing industry due to:

- the complexity of the industry

- the criticality of maintaining integrity within the industry
- stakeholder expectations
- the high probability of a variety of threats including equine or canine disease.

SCOPE OF POLICY

This policy sets out RQL's preferred risk approach, vision, definition, and methodology for the Queensland racing industry. The policy has been designed to provide a platform for racing clubs to develop sound risk management understanding and practices.

POLICY STATEMENT

In accordance with RQL's vision, all racing clubs should develop an appropriate and continuous level of risk management capability. In order to achieve this level of risk management, RQL will assist by:

- defining the risk approach for the racing clubs
- providing an appropriate level of support to racing clubs.

APPLICATION

This policy applies to all RQL clubs and other significant entities with a commercial interest in the Queensland racing industry. The racing club's risk management plan should reflect the complexity and size of the individual organisation. *Relevant appendices to this policy have been developed with their individual applicability based on a club's TAB status.*

DOCUMENT PRECEDENCE

Should there be any conflicting information provided in this policy document, the following list of precedence applies:

1. Racing Act 2002
2. Australian Rules of Racing 2008
3. RQL Regional Rules of Racing
4. RQL Local Rules of Racing
5. Greyhounds Australasia Rules
6. Australian Harness Racing Rules & Regulations
7. RQL Risk Management Policy.

PRINCIPLES OF RISK MANAGEMENT

AS/NZS 31000:2009 Risk Management contains a comprehensive list of risk management principles. The risk management principles captured below reflect AS/NZS 31000:2009 but have been contextualised for RQL clubs.

Integration of risk management with business planning

Risk management is an integral component of business planning. A first step in the annual business planning process is the identification and assessment of risks, in particular assessing whether there have been any significant changes in your club's risk profile.

Full racing club commitment

Leadership needs to be shown by the Board and Chief Executive of each club to ensure that all racing clubs are committed to the process. In turn this commitment should be extended down to all staff by involving them in the risk management process and where appropriate, assigning specific responsibilities with risk management to individuals.

It is important to note that in smaller organisations the major responsibility for risk management may befall on only one or two individuals.

Review, monitoring and reporting of risks

Formal mechanisms for review, monitoring and reporting of identified risks should be in place.

Cost benefit assessment

Risk treatment options enable the management of identified risks at a tolerable or acceptable level within financial and/or other policy constraints. Although all risks can never be eradicated,

effective risk management provides the tools for the management of risks using a systematic and documented risk assessment process.

Scalable and fit for purpose

The risk management process is a scalable, modular and flexible methodology. Risk management must therefore be applied to racing clubs based on their size, complexity and other relevant factors.

RISK MANAGEMENT PROCESS

The policy is aligned with the Australian and New Zealand risk management standard AS/NZS 31000:2009 and considers the current Queensland racing industry environment and risk management requirements. The risk management process is the same for all racing clubs but scalable to individual needs. Additional information is contained in the appendices as outlined below:

- key terms and abbreviations (**all clubs**) are contained in [Appendix A](#)
- an overview of the risk management process (**non-TAB clubs**) is contained in [Appendix B](#)
- a more detailed description of the risk management process steps (**TAB and strategic non-TAB clubs**) in the context of the Queensland racing industry is contained in [Appendix C](#)
- a risk register worksheet (**all clubs**) is contained in [Appendix D](#).

ROLES AND RESPONSIBILITIES OF RISK MANAGERS

The initial step in the risk management program should be to designate a senior person who will be responsible and accountable for the risk management program and determine the required documentation. This step is important to ensure that the risk management program has ownership within your organisation. An indicative risk management organisational structure (**TAB and strategic non-TAB clubs**) is attached in [Appendix E](#).

RISK MANAGEMENT DOCUMENTATION

Each stage of the risk management program should be recorded appropriately and in accordance to the legal and business needs of your organisation. Important benefits of keeping documentation include:

- enable decisions or processes to be reviewed
- provide evidence showing a systematic approach
- build and retain internal knowledge
- communication and demonstration to stakeholders that the risk management process has been conducted appropriately.

Consideration should be given to the costs of developing and maintaining records and to the benefits of keeping such records. Maintaining certain documentation may be considered unnecessary and therefore an assessment of the required documentation needs to be undertaken on an individual racing club basis.

The Risk Management Plan *brings together in one document the results of the risk assessment* and should contain:

- risk management roles and responsibilities
- list of risks identified, analysed and evaluated (contained in the risk register as an appendix)
- summary of risk treatments for major risks (contained in the risk treatment schedule)
- an outline of the approach to monitoring and reporting on risks.

A suggested Risk Management Plan Outline (**TAB and strategic non-TAB clubs**) is attached in Appendix F. In addition to the Risk Management Plan there should be documentation kept on risk reviews, outcomes of audits, details of previous recommendations and follow up activity; as well as an incident database which is used to track and uncover patterns in incidents and priority areas to address vulnerabilities. As a minimum **non-TAB clubs** must maintain an up to date Risk Register.

RISK REPORTING AND TRAINING REQUIREMENTS

TAB clubs are required to submit a risk management plan to RQL by the 30th September each year. In addition, **TAB and strategic non-TAB clubs** are required to submit a Club Risk Reporting Form ([Appendix G](#)) when there has been a significant material deterioration of a risk. This form is designed to highlight and communicate in a consistent manner any changes in a club's risk profile (e.g. new service/event offering) to RQL.

KEY CONTACTS

Key contact points at RQL are the:

- Chief Financial Officer
- Business Analyst
- Senior Corporate Counsel/Company Secretary

Racing clubs must nominate and report to RQL on the designated risk management officer. These details must also be stated in the risk management plan.

REFERENCES

This policy has been developed using the following standards and guides:

- AS/NZS 31000:2009 – Risk Management – Principles and Guidelines
- HB 327:2010 – Communicating and Consulting about Risk (Companion to AS/NZS 31000:2009)

AUTHORITY AND OTHER INFORMATION

Racing Act 2002

Australian Rules of Racing 2008

Greyhounds Australasia Rules

Australian Harness Racing Rules & Regulations

APPENDICES

Appendix A	Key terms and abbreviations (all clubs)
Appendix B	Risk Management process overview (non-TAB clubs)
Appendix C	Risk Management process in detail (TAB and strategic non-TAB clubs)
Appendix D	Risk Register Worksheet (all clubs)
Appendix E	Roles and responsibilities organisational structure (TAB and strategic non-TAB clubs)
Appendix F	Risk Management Plan Outline (TAB and strategic non-TAB clubs)
Appendix G	Club Risk Reporting Form (TAB and strategic non-TAB clubs)

REVIEW

This policy was reviewed on 1 September 2010.

Next review date will be 1 May 2012.

This policy was made by Racing Queensland on 1 July 2010 under s.81(w) of the *Racing Act 2002*. For further information contact Adam Carter, Chief Financial Officer by phoning (07) 3869 9702 or emailing acarter@racingqueensland.com.au

APPENDIX A: KEY TERMS AND ABBREVIATIONS (ALL CLUBS)

The following risk management terminology has been adopted by RQL in this policy.

<i>Control</i>	Measure that is modifying risk (AS/NZS 31000:2009).
<i>Consequence</i>	Outcome of an event affecting objectives (AS/NZS 31000:2009).
<i>Event</i>	Occurrence or change of a particular set of circumstances (AS/NZS 31000:2009).
<i>Level of Risk</i>	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood (AS/NZS 31000:2009).
<i>Likelihood</i>	chance of something happening (AS/NZS 31000:2009).
<i>Non-TAB Clubs</i>	As per the <i>Racing Act 2002</i> - clubs for which TattsBet does not or is unlikely to offer wagering on the majority of the clubs' harness races or races of thoroughbred horses or greyhounds.
<i>RQL</i>	Racing Queensland Limited.
<i>Risk</i>	The effect of uncertainty on objectives. An effect is a deviation from the expected – positive or negative.
<i>Risk Assessment</i>	Overall process of risk identification , risk analysis and risk evaluation (AS/NZS 31000:2009).
<i>Risk Management</i>	Coordinated activities to direct and control an organization with regard to risk (AS/NZS 31000:2009). This policy does not intend to eliminate risk completely; rather it outlines an approach for effectively managing the risks involved in all racing industry participant activities (AS/NZS 31000:2009).
<i>Risk Management process</i>	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk (AS/NZS 31000:2009).
<i>Risk Owner</i>	Person or entity with the accountability and authority to manage a risk (AS/NZS 31000:2009).
<i>Risk Tolerance</i>	Is the level of risk an organisation is prepared to accept without insisting on action to either reduce the level of incidence or the likelihood of the event occurring.
<i>Risk Treatment</i>	Process of selection and implementation of measures to modify risk.
<i>Risk Types</i>	
<i>Inherent Risk</i>	Level of risk assuming no controls are in place or those that are in place are totally ineffective

<i>Managed Risk</i>	Level of risk taking onto consideration the effectiveness of existing controls (also know as the managed risk)
<i>Residual Risk</i>	Risk remaining after the implementation of a risk treatment (AS/NZS 31000:2009).
<i>Strategic Non-TAB Clubs</i>	<p>Clubs that are strategically located to ensure regional sustainability. These clubs currently provide increased levels of infrastructure to support training and racing requirements within each region. The following listed clubs are designated as strategic non-TAB clubs:</p> <ul style="list-style-type: none"> • Atherton Turf Club • Barcaldine Racing Club • Barcoo Amateur Race Club • Beaudesert Race Club • Bowen Turf Club • Bundaberg Race Club • Burdekin Race Club • Cairns Jockey Club • Central Warrego Race Club • Chinchilla Race Club • Cloncurry & District Race Club • Cunnamulla & District Diggers' Race Club • Dalby & Northern Downs Jockey Club • Emerald Jockey Club • Gladstone Turf Club • Goondiwindi Race Club • Gympie Turf Club • Innisfail Turf Club • Julia Creek Turf Club • Lockyer Race Club • Longreach Jockey Club • Mt Isa Race Club • Nanango Race Club • Richmond Turf Club • Roma Turf Club • Thangool Race Club • Towers Jockey Club • Warwick Turf Club • Bundaberg Greyhound Racing Club • Cairns Greyhound Racing Club • Capalaba Greyhound Racing Club • Marburg Harness Racing Club
<i>TAB Clubs</i>	<p>Clubs for which TattsBet offers wagering on the majority of the clubs' harness races or races of thoroughbred horses or greyhounds. A TAB Club will have either a Metropolitan or Provincial Club status. The following clubs are classified as TAB Clubs:</p> <ul style="list-style-type: none"> • Brisbane Racing Club (Doomben & Eagle Farm racecourses) • Gold Coast Turf Club • Ipswich Turf Club • Sunshine Coast Turf Club • Mackay Turf Club • Rockhampton Jockey Club • Toowoomba Turf Club • Townsville Turf Club • Albion Harness Racing Club • Gold Coast Harness Racing Club • Redcliffe Harness Racing Club • Brisbane Greyhound Racing Club

- Ipswich Greyhound Racing Club
- Townsville Greyhound Racing Club
- Rockhampton Greyhound Racing Club
- Any other club conducting a race meeting, other than Metropolitan, on which a full TAB service and offcourse television coverage applies, or was to apply.

Threat

Anything (e.g. object, substance, human etc) that is capable of causing harm to a racing industry participant. Threats can be specific to a racing industry participant (e.g. disgruntled former employee) or industry specific (e.g. Equine Influenza).

Refer to AS/NZS 31000:2009 for a full list of risk management terms and definitions.

APPENDIX B: RISK MANAGEMENT PROCESS OVERVIEW (NON-TAB CLUBS)

OVERVIEW

Figure 1 outlines the risk management steps adapted from AS/NZS 31000:2009. These steps form the basis of RQL's preferred risk management process.

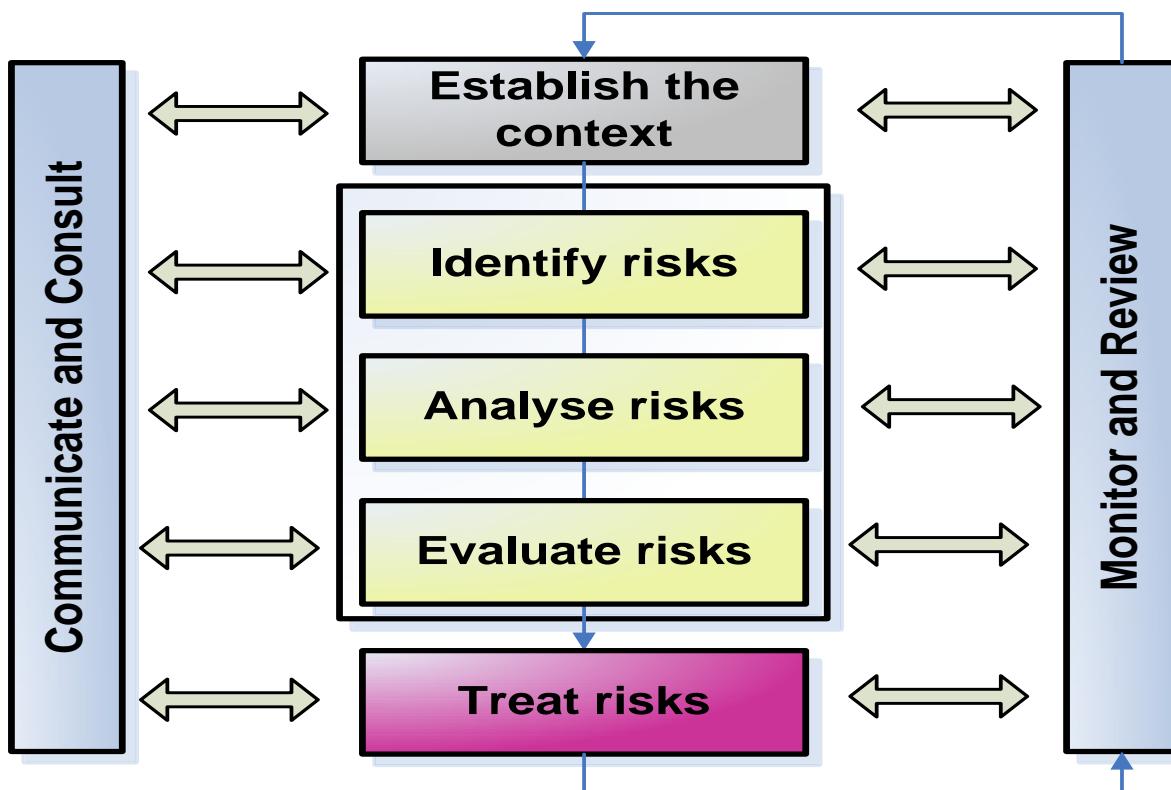


FIGURE 1: RISK MANAGEMENT PROCESS (SOURCE: AS/NZS 31000:2009)

COMMUNICATE AND CONSULT

- This is a process not an outcome and should be considered at each step
- Engage important stakeholders in two-way communication on a continuous basis
- Integrates multiple perspectives and builds trust.

ESTABLISH THE CONTEXT

- Have somebody overall responsible for the management of risk
- Understand the relationship between the club and its external context by investigating the political, economic, social, competitive, environmental and legal environments
- Understand your internal club context including key revenue sources, important stakeholders, staff / volunteers and core operations such as facilities, technology, assets, management practices and procedures
- Establish the club's risk management metrics in terms of consequence and likelihood
- Establish the club's risk management tolerance (appetite) by considering the available financial and non-financial resources and the goals of the club.

IDENTIFY RISKS

- Develop a comprehensive list of the sources of risk (threats and hazards) by relevant categories which may affect the club. Opportunities associated with the sources of risk should be identified
- Brainstorm risk categories as a group in order to define relevant risks
- The description of the risk should include an event, an outcome or impact, the context or environment in which it may occur and a detection method.

ANALYSE RISKS

- Identify the adequacy and effectiveness of existing controls which mitigate the risk
- Determine the financial and non-financial consequences should the risk event occur
- Determine the likelihood of the risk event occurring
- Determine the level of managed risk.

EVALUATE RISKS

- Compare the level of managed risk found during the analyse process with the club's risk tolerance established when the context was considered
- Decide if risks require treatment and priorities for treatment.

TREAT RISKS

- Determine a risk treatment strategy from the options listed below.
 - **Share the risk** (with another party e.g. RQL or Local Council)
 - **Transfer the risk** (to another party e.g. Insurance company)
 - **Avoid the risk** (do not undertake the activity)
 - **Ignore the risk** (accept the risk)
 - **Reduce the risk** (reduce likelihood, consequence or both)
- Determine if the risk treatment strategy is acceptable to key stakeholders
- Develop a timetable for implementation of the risk treatment strategy
- Document how risk treatment strategies will be monitored.

MONITOR AND REVIEW

- The risk management process should be monitored at each stage and in an iterative manner
- Periodic reviews of the risk profile should be conducted when there is a significant change to the club's operating environment or internal operations.

APPENDIX C: RISK MANAGEMENT PROCESS IN DETAIL (TAB AND STRATEGIC NON-TAB CLUBS)

OVERVIEW

Figure 1 outlines the risk management steps adapted from AS/NZS 31000:2009. These steps form the basis of RQL's preferred risk management process.

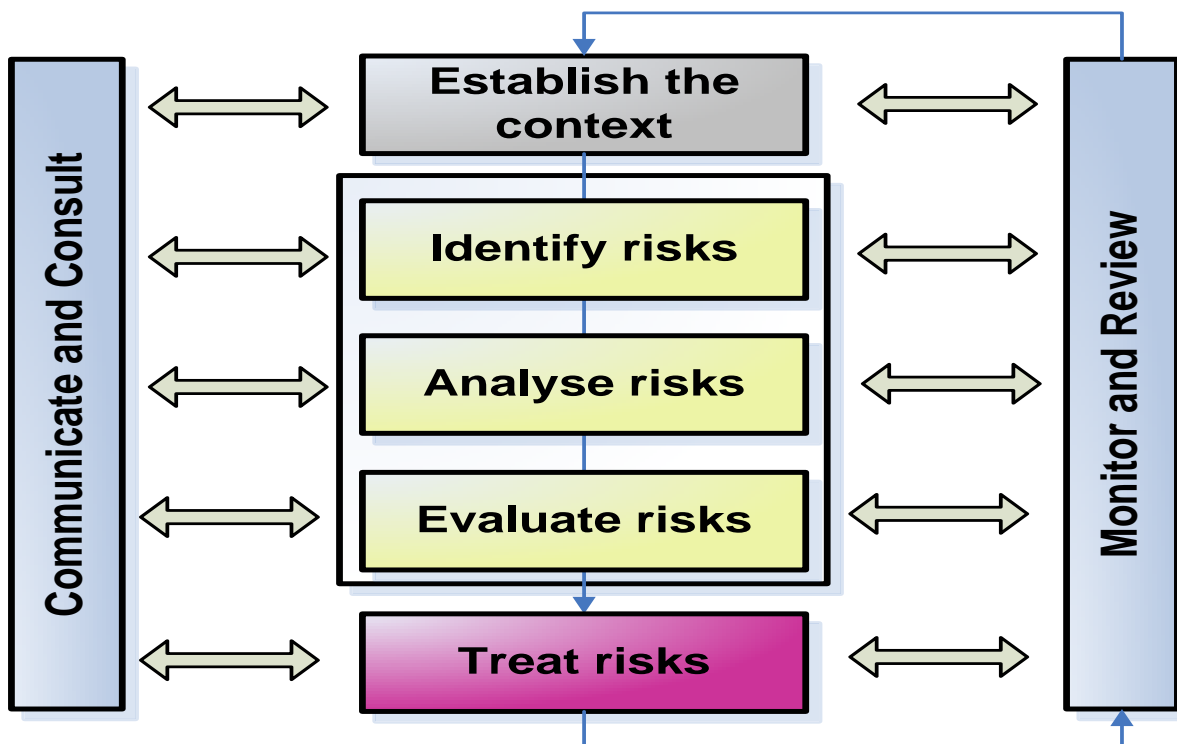


FIGURE 1: RISK MANAGEMENT PROCESS (SOURCE: AS/NZS 31000:2009)

COMMUNICATE AND CONSULT

Racing clubs should engage their important stakeholders in two-way communication early on in the risk management process. This is important because different stakeholders will hold different views about risk issues. In addition, there are likely to be variances in the consequences of threat events for different stakeholders. Communicating and consulting with stakeholders will help build and maintain trusting relationships.

ESTABLISH THE CONTEXT

It is important to start the risk management process with a clear understanding of your organisation's operating environment. To establish the context it is essential to:

- *Establish the external and internal context.* Initially identify and scope all influences (external and internal) which may reasonably impact on your business. This will help to define the criteria by which it is decided whether a risk is acceptable or not and will form the basis of options for treatment. For example a racing club may have the goal of safety and integrity at race meetings and the objectives would be to ensure that premises are safe and structurally sound and maximum insurance cover is obtained against accidental damage or injury.
- *Establish the risk management context.* The goals, objectives, strategies, scope and parameters of the activity to which the risk management process is being applied should be established. The process should be undertaken with full consideration of the need to balance costs, benefits and opportunities. The resources required and the records kept should also be specified.

- *Develop risk evaluation criteria.* This involves deciding on the criteria against which risk is to be evaluated. At this point, consideration should be given to the level of risks an organisation is prepared to accept. Decisions on risk acceptability and treatment may be based on operational, technical, financial, legal or other criteria.
- *Define the structure for the rest of the risk management process.* This involves separating the activity or project into a set of elements. These elements provide a logical framework for identification and analysis, which helps ensure significant risks are not overlooked.

Summary of important factors to consider in establishing the context

1. What are the goals and objectives that need to be accomplished?
2. What are the performance measures that will indicate achievement of these objectives?
3. Have the legislative, political, cultural and socio-economic environments and internal businesses' strengths, weaknesses, opportunities and threats been considered?
4. Have all the stakeholders been identified and their interests considered?

IDENTIFY RISKS

Risks should be identified based on the objectives of the organisation (in this instance racing club's corporate, division/business and project specific objectives).

This step involves identifying the risks which arise from all aspects of your organisation's operating environment identified in the previous step. A well-structured systematic process is central to the risk identification process. A convenient start point in risk identification is to identify risk categories. Noting that all risk categories may not be applicable to all clubs, a list of examples of risk categories is outlined below:

- **People** – patrons, staff, contractors, alcohol consumption, etc.
- **Information Technology** – IT security, systems, capacity, performance
- **Finance** – Control, investment, financial performance, compliance
- **Operations** – Crowd behavior, traffic, event management, maintenance
- **Strategy and Corporate Governance** – Corporate direction, Board responsibility, Management control, Policies
- **Environment** – Water, dangerous goods, economic environment, maintenance, strategic improvements, market movements
- **Stakeholder Management** – Partnerships, members, industry participants, residents, suppliers, staff, sponsors, patrons
- **Reputation and Image** – Media coverage, branding, charity, event conduct, venue standards, customer service standards
- **Regulatory and Legal** – Current legislation, policy requirements, Club constitution, Workplace Health & Safety.

Summary of important factors to consider when identifying risks

1. When, where, why and how are the risks likely to occur, and who might be involved?
2. What is the source of each risk?
3. What are the accountability mechanisms – internal and external?
4. What is the need for research into specific risks?
5. What is the scope of this research?
6. What resources are needed to carry out the research?
7. What is the reliability of the information?
8. What are the stakeholders' expectations of the organisation's performance?

ANALYSE RISKS

Risk analysis is a systematic process to understand the nature of and to determine the level of risk. Risk analysis provides an input to decisions on whether risks need to be treated and the most appropriate and cost-effective risk treatment strategies.

Risk analysis can be both qualitative and quantitative. The key steps in risk analysis:

1. Identify the adequacy and effectiveness of existing controls which may have impact on the risk
2. Determine the consequences should the risk event occur
3. Determine the likelihood of the risk event occurring
4. Determine the level of managed risk.

Identify the adequacy and effectiveness of the risk controls in place

The risk management process requires consideration of the controls already in existence and the adequacy and effectiveness of these controls. Once the adequacy and effectiveness of those controls have been identified, further consideration can be given as to whether the controls require modification, or whether other systems and controls are needed.

As part of any risk analysis, there may be a variety of controls that need to be identified. For example, controls are involved with:

- Corporate or strategic business activities
- Operational or commercial activities
- Project or contract activities
- Service delivery
- Financial processes
- Legal or compliance requirements
- Personnel safety or security
- Assets or property management
- Systems management
- Stakeholder involvement
- Other specific or unique activities.

The adequacy and effectiveness of controls can be identified by a number of methods including:

- A structured audit approach
- Analysing the history or probability of failure of the systems/controls
- Analysing the effectiveness of the systems/controls in prevention or reduction of risks
- Analysing the flexibility of systems/controls in dealing with slightly modified circumstances.

Table 1 provides your club with a system on the adequacy of existing controls.

TABLE 1: CONTROL RATING

Description	
Very Effective	The system (practices/controls) is effective in mitigating the risk. Systems and processes exist to manage the risk and management accountability is assigned. The systems are well documented and regular monitoring and review indicates high compliance with the process
Effective	Systems and processes exist which manage that risk. Some improvement opportunities have been identified but not yet actioned
Partly Effective	Systems and processes exist which partially reduce the risk
Marginal	The systems and processes for managing the risk have been subject to major change or are in the process of being implemented and its effectiveness cannot be determined
Ineffective	No system or processes exists to manage the risk

Determine the consequences should a risk event occur

Consequence is the outcome or impact of an event (e.g. a loss, injury, disadvantage or gain). Consequence must consider the adequacy and effectiveness of existing controls at the moment. In determining the consequences of a particular risk, racing clubs should consider:

- Impact on achievement of stated objectives
- Level of disruption to a business activity or service being delivered
- Potential financial loss, potential mitigation costs and/or legal exposure
- Extent and level of impact on people, property or the environment
- Public outrage, long term adverse media scrutiny, significant embarrassment for your organisation resulting in significant loss of stakeholder confidence.

A sample consequence scale is provided in Table 2 below. Similar to the likelihood scale, racing clubs should adapt this scale to fit the nature of their organisation.

TABLE 2: RISK CONSEQUENCE

Rating		Area of Impact				
		Financial	Business Continuity	Regulatory	Reputation	Workplace, Health & Safety
Extreme	5	Above XXXXXX				
Major	4	Up to XXXXX				
Moderate	3	Up to XXXX				
Minor	2	Up to XXX				
Low	1	Less than XXX				

Determine the likelihood of a risk event occurring

Likelihood is used as a description of probability, chance or frequency of the consequence event that was previously described. The adequacy and effectiveness of existing controls will affect the likelihood of a risk event occurring. Likelihood must consider the adequacy and effectiveness of existing controls at the moment.

Other factors that may need to be considered in determining the level of likelihood include the relevance and applicability of:

- Historical trends and data (claims or records)
- Susceptibility in terms of how vulnerable the business is to a particular risk
- Complexity in terms of process, tasks and technology
- Current intelligence
- New research or expert knowledge on risk exposure.

Likelihood of a risk event occurring can be considered using a cascading scale. Importantly, racing clubs should adapt this scale according to the nature of their own business. An example of risk likelihood is contained in Table 3.

TABLE 3: RISK LIKELIHOOD

Rating		Likelihood of Occurrence
Almost Certain	5	The event is almost certain to occur within the planning period
Likely	4	The event is likely to occur within the planning period
Possible	3	The event may occur within the planning period
Unlikely	2	The event is not likely to occur in the planning period
Rare	1	The event will only occur in exceptional circumstances during the assessment period or as a result of a combination of unusual events

Determine the level of managed risk

Having considered the likelihood and consequences of an individual risk, the level of risk can be determined. The combined ratings for likelihood and consequence for each risk are combined in the matrix below (Figure 2) to determine the level of managed risk.

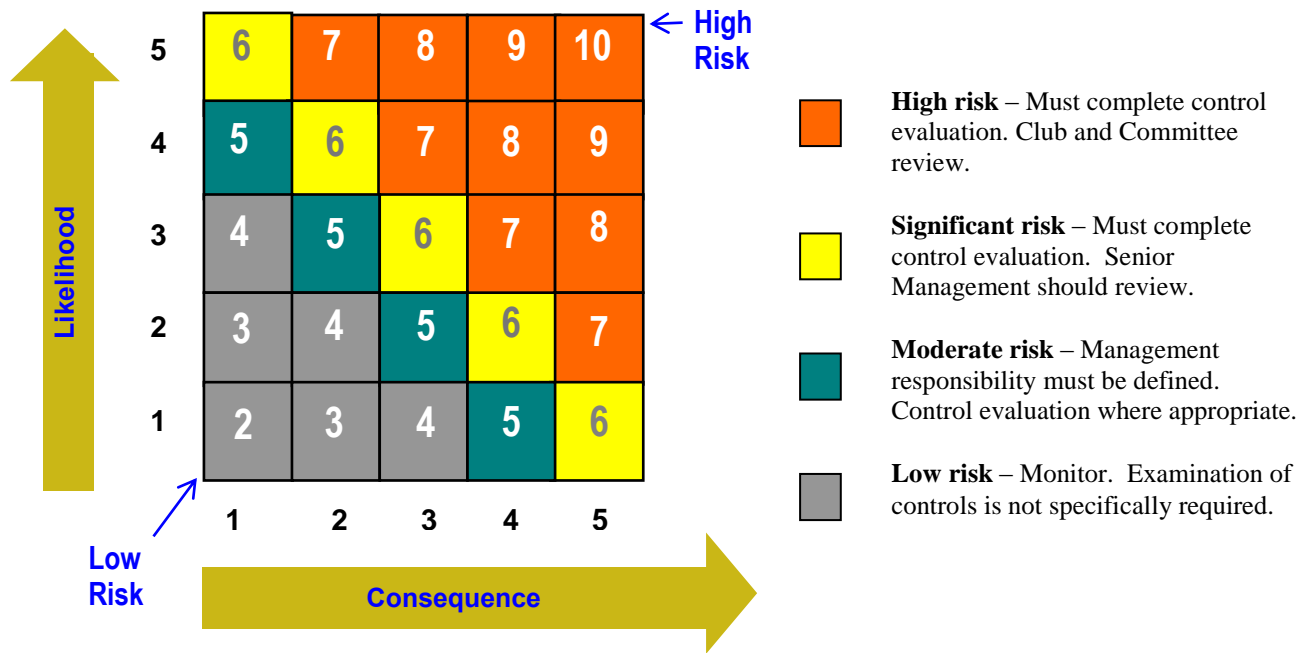


FIGURE 2: RISK RATING

Summary of important factors to consider when analysing risk

1. What are the current controls that may prevent, detect or lower the consequences of potential or undesirable events?
2. What factors might increase or decrease the level of risk?
3. What are the potential consequences of the risks if they do occur?
4. What is the potential likelihood of the threat occurring?
5. Are there any opportunities?
6. How confident are you in your judgement?

EVALUATE RISKS

Risk evaluation

The purpose of risk evaluation is to make decisions, based on the outcomes of risk analysis, about which risks need treatment and treatment priorities. Risk evaluation involves comparing the level of managed risk found during the analysis process with the risk criteria (club's risk tolerance) established when the context was considered. In addition, the balance between potential benefits and adverse outcomes also needs to be considered.

A basic approach is to consider which risks require treatment and which risks do not. If it is decided that a particular risk does not require treatment, it does not imply that the risk is insignificant. That risk needs to be monitored by management over time for changes.

Managed risk acceptable = do not treat
Managed risk unacceptable = treatment required

Some of the reasons why a risk might not require treatment include:

- The level of the risk is so low that specific treatment is not appropriate within available resources (e.g. treatment is not cost beneficial)
- The risk is such that there is no treatment available. For example, the risk that a project might be terminated following a change of government is not within the control of an organisation
- The cost treatment, including insurance costs, is so manifestly excessive compared to the benefit that acceptance of the risk is the only option (this may apply particularly to lower ranked risks)
- The opportunities presented outweigh the threats to such a degree that the risk is justified.

Summary of important factors to consider when evaluating risk

1. Is the level of managed risk acceptable to the risk criteria established when the context was considered?
2. The key output from this stage is the decision to treat risk or not
3. In some circumstances, the risk evaluation may lead to a decision to undertake further analysis.

TREAT RISKS

In line with RQL's Risk Management Policy, managers at all level of your club should be accountable for mitigating risks to an acceptable level at reasonable costs to minimise any adverse impact on your club's operations. Accordingly, the objective of this phase is to identify and implement measures to modify the level of risk where necessary. Risk treatments can be captured through five broad strategies:

- **Share the risk** (with another party e.g. RQL or Local Council)
- **Transfer the risk** (to another party (e.g. Insurance company)
- **Avoid the risk** (do not undertake the activity)
- **Ignore the risk** (accept the risk)
- **Reduce the risk** (reduce likelihood, consequence or both).

Risk treatments should be prioritised according to a cost benefit analysis to determine the most appropriate treatments. Treatments should address the cause of the risk not just the symptoms. The selected risk treatment option should take into consideration your important stakeholders. Some examples of risk treatment options include:

Reduce the likelihood

- Avoiding the risk (e.g. cease activity, prevent new activity)
- Improvement (e.g. process improvement, process re-design, decision making improvement)

Reduce the consequence

- Sharing the risk (e.g. via contract with a partner, outsourcing, subcontracting)
- Transferring the risk (e.g. insurance, contracting out of services)
- Business continuity plan (documented continuity arrangements including contingencies, resources, key contacts and alternate arrangements)

Figure 3 illustrates the process flow of determining an appropriate risk treatment.

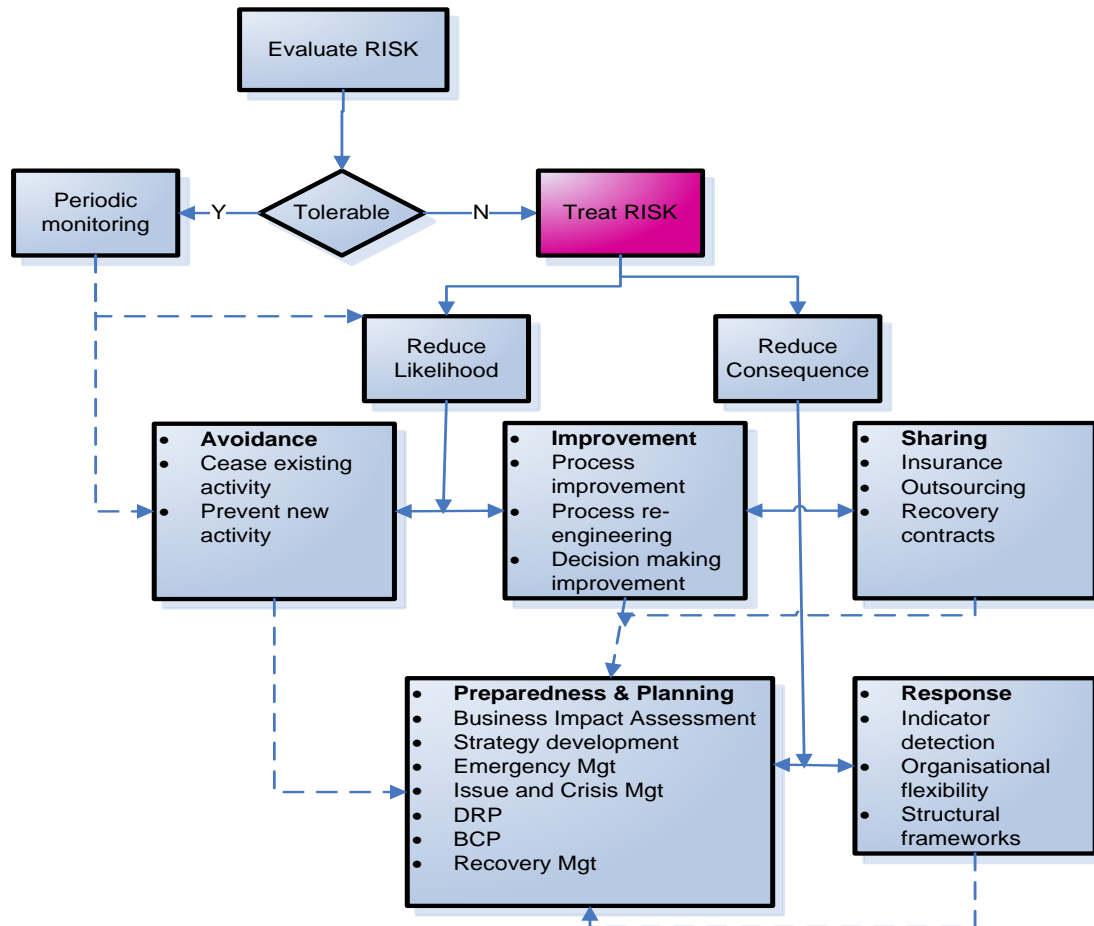


FIGURE 3: RISK TREATMENT OPTIONS (SOURCE HB 292: 2006)

MONITOR AND REVIEW

Monitoring and review is an essential part of effectively managing risk. It is necessary to actively monitor the adequacy of your risk controls and sign of emergent threats that can impact the racing industry and your club. Internal and environmental changes can significantly alter your risk management profile including the risk levels and effectiveness of risk treatments.

Monitoring and review frequency of the risk management program is within Table 4 below:

TABLE 4: MONITORING AND REVIEW FREQUENCY TABLE

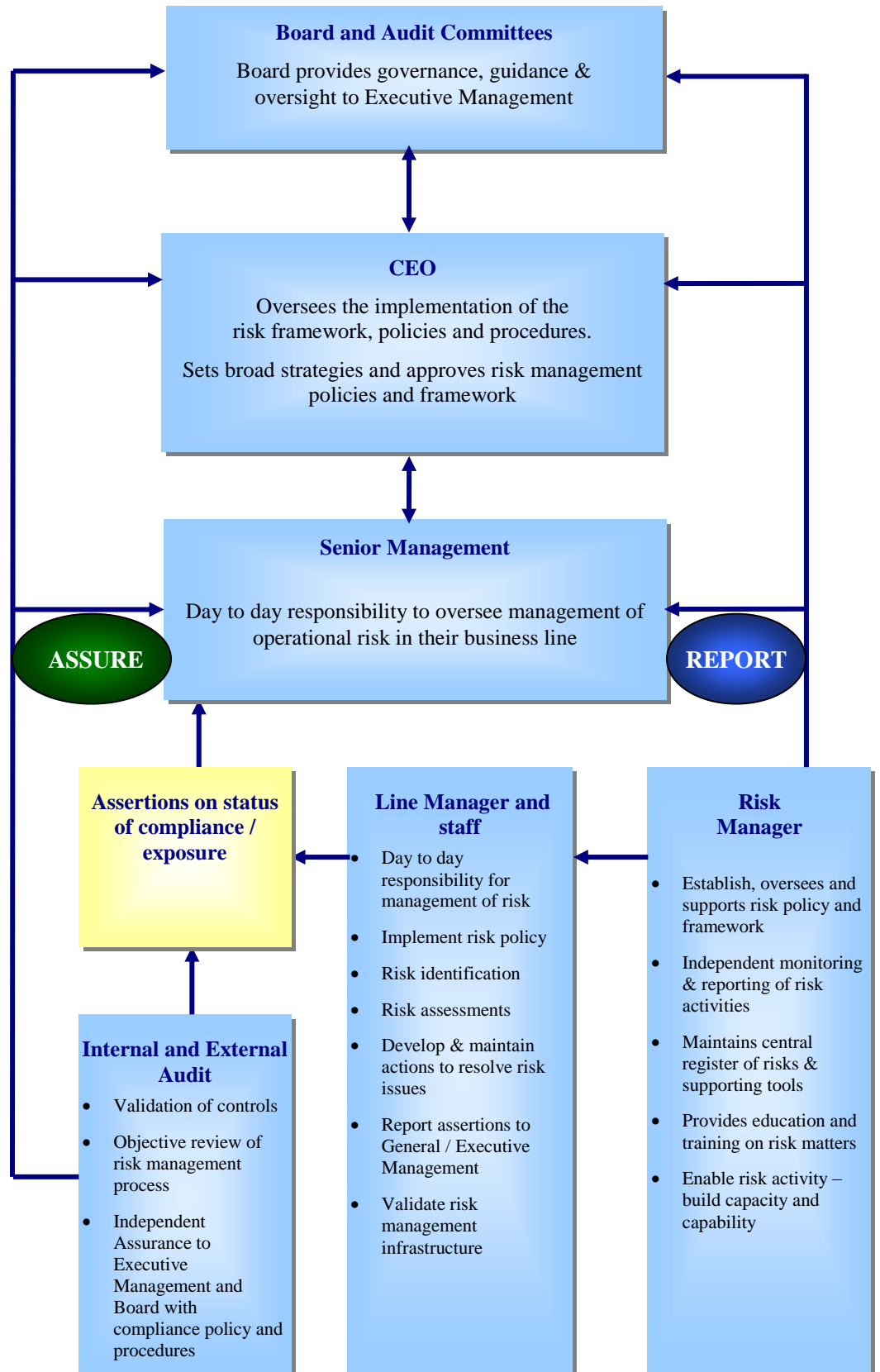
Frequency	Description
Day to day	Regular checking and continuous monitoring
Periodically	Line management review (control self assessment, driven by the risk profile and management span of control)
Annually (depending on organisation size)	Third party audit (internal and external auditing aimed at policy and standard compliance)

APPENDIX D: RISK REGISTER WORKSHEET (ALL CLUBS)

Function/Activity		Compiled by:		Date:	
Date of risk review		Reviewed by:		Date:	

Risk Category	Risk Owner	Description	Existing controls	Consequences	Likelihood	Managed Risk Level	Acceptable Yes or No	Risk Treatment (additional controls)	Risk Treatment Responsibility & Timeline
PEOPLE	XX	<i>Failure to recruit and retain key specialised personnel</i>	<i>Marginal</i>	<i>Moderate (3)</i>	<i>Likely (4)</i>	<i>High (7)</i>	No	<i>Reduce likelihood through new staff initiatives</i>	XX Within 6 months
IT	XX	<i>Failure of the Tote system on race day</i>	<i>Partly effective</i>	<i>Major (4)</i>	<i>Likely (4)</i>	<i>High (8)</i>	Yes	<i>Continue to monitor the risk</i>	NA
FINANCES	YY	<i>Inability to achieve and maintain RQL FM requirements</i>	<i>Effective</i>	<i>Major (4)</i>	<i>Possible (3)</i>	<i>High (7)</i>	Yes	<i>Continue to monitor the risk</i>	NA
OPERATIONS	ZZ	<i>Lack of adequate security on race day</i>	<i>Ineffective</i>	<i>Moderate (3)</i>	<i>Likely (4)</i>	<i>High (7)</i>	No	<i>Improved alcohol Mgt Reduce attendees</i>	DD Within 3 months
ENVIRONMENTAL	DD	<i>Adverse weather conditions affecting race day conduct</i>	<i>Ineffective</i>	<i>Moderate (3)</i>	<i>Possible (3)</i>	<i>High (6)</i>	No	<i>Investigate cost effectiveness of increasing drainage</i>	DD Within 2 months
Guidance			Share Transfer Avoid Ignore (accept) Reduce	Extreme (5) Major (4) Moderate (3) Minor (2) Low (1)	Almost certain (5) Likely (4) Possible (3) Unlikely (2) Rare (1)	High (7-10) Significant (6) Moderate (5) Low (2-4)	Very Eff Effective Partly Eff Marginal Ineffective	Share Transfer Avoid Ignore (accept) Reduce	

**APPENDIX E: RISK MANAGEMENT ROLES AND RESPONSIBILITIES
ORGANISATIONAL STRUCTURE (TAB AND STRATEGIC NON-TAB CLUBS)**



APPENDIX F: RISK MANAGEMENT PLAN OUTLINE (TAB AND STRATEGIC NON-TAB CLUBS)

- INTRODUCTION
 - *This section provides relevant background information, how the document was prepared and what information was used as references*
- SCOPE
 - *This section outlines the scope of the plan as it applies to the racing club in terms of:*
 - *duration and*
 - *breath of operation*
- POLICY STATEMENT
 - *The policy statement outlines the broad process for management of risk*
 - *Key risk concepts are defined including the club's risk tolerance is defined*
 - *Roles and responsibilities are defined*
- RISK REVIEW
 - Documentation
 - *Outlines what documents and registers will be used to manage risk*
 - *As a minimum a simple risk management plan must be used and documented*
 - Timeframes
 - *Outlines the duration and currency of the plan*
 - *Defines review and monitor timeframes plus other key timings*
- METHODOLOGY
 - Key definitions
 - *Outlines key definitions as they apply to the racing club*
 - *Definitions can be used from this policy document*
 - Risk Categories
 - *Define the risk categories relevant to the racing club and its operating environment*
 - *The start point should be the risk categories as identified in this policy*
 - Risk Likelihood Rating
 - *Contains the 1-5 likelihood table populated with club specific metrics*
 - Risk Consequence Rating
 - *Contains the 1-5 consequence table populated with club specific metrics*
 - Control Rating and Assessment Table
 - *Contains the 1-10 global control effectiveness table (use table from this policy)*
 - *Contains the 1-10 risk level rating system (use table from this policy)*
- RISK ASSESSMENT
 - *This is where racing clubs document the risk assessment of individual risks by category*

- *Appendix C, the Risk Register Worksheet, should be used as a convenient and easy means to capture the data*
- **RISK TREATMENT¹**
 - *This is where racing clubs document the managed risks which are unacceptable in priority order. Risk treatment options are then defined per risk with information also recorded on timing, responsibilities, costs vs benefits and monitoring requirements.*

¹ Where appropriate risk assessment and risk treatments may be combined into a single table.

APPENDIX G: CLUB RISK REPORTING FORM (TAB AND STRATEGIC NON-TAB CLUBS)

Organisation:		Responsible Person(s):		Contact Details:	
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Have there been any major changes to your operations that affect your risk profile? (e.g. new events, new construction, merger, acquisition etc)				
Yes		No		
Details				

Have there been any major risk events or other notable incidents in the last 12 months? (e.g. extreme weather event, death, disease outbreak etc)				
Yes		No		
Details				

Have your risk registers been regularly updated and maintained? (to reflect changes in your operations or the environment)				
Yes		No		
Details				

Are there any risk management related issues concerning your organisation that you would like to bring to the attention of RQL? (e.g. inability to adequately mitigate a particular risk)				
Yes		No		
Details				

Signed: _____

Date: _____

End of Risk Management Policy