Enterprise Risk Management for Sport & Recreation Organisations in New Zealand

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DISCLAIMER:

This publication has been developed to support directors, CEOs and managers of sport and recreation organisations in New Zealand with effective identification, assessment, evaluation and treatment of organisation-wide risks.

This publication, *Enterprise Risk Management for Sport & Recreation Organisations in New Zealand* (the publication), is based on the International Organization for Standardization (ISO) standard Risk Management – Principles and Guidelines ISO 31000:2009. This standard has been adopted as a national standard by more than 50 national standards bodies covering over 70% of the global population including New Zealand and Australia.

The information in this publication has been obtained from a variety of sources. While care has been taken in collecting and presenting the information, it is general by necessity. Any proposed methodologies outlined in this publication are provided without warranty of any kind, express or implied, including, but not limited to, warranties of performance, merchantability and fitness for a particular purpose. The publication *Enterprise Risk Management for Sport & Recreation Organisations in New Zealand* is made available on the basis that the contributing organisations, Sport New Zealand and any persons or entities acting for any of them expressly exclude all liability for damages or loss arising from any use of, or reliance upon, any information in the publication.

For greater assurance that you are using appropriate risk management in your organisation, or for assurance you are compliant with relevant legislation or best practice, Sport New Zealand recommends you seek professional advice from a qualified source, such as a lawyer (expert in risk) or certified risk advisor.

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Foreword

This guide and associated resources and templates are designed to support sport and recreation sector senior managers, CEOs and boards with systematically and proactively managing organisation-wide risks.

Recognising that there is a range of organisations in the sector with widely varying risk profiles, we have set out a basic 'quick reference guide' that may suit small groups. We also outline a full process aligned with the ISO 31000:2009 standard. Boards need to decide what level of risk management is appropriate in each case.

At its simplest, a risk is anything that may impede the achievement of the organisation's desired outcomes. The range of risks in a changing world is never static and requires an active management approach. Successful implementation of strategy will necessarily be accompanied by an approach to risk management appropriate to the scale and business of the specific organisation.

Plenty of things can go awry. Here are a few recent headlines:

- *Fury fails second test for cocaine* (Drugs/Doping/Reputational risk)
- *Sanzaar fails to learn lesson of the global expansion trap* (Growth risk)
- *Ex-surf boss admits fraud* (Fraud/Reputational risk)
- *Olympic doping data breach leads to IT spending review at WADA* (IT Security risk)
- *Bullet found in Olympic equestrian centre in fresh security breach* (Security risk)
- *'Violence is unacceptable' – PM weighs in on rugby player case* (Reputational risk)
- *Girls basketball coach ordered to stand trial on rape, assault charges* (Risk to participants/Reputational risk)
- *Summer flooding hits athletic fields* (Climate risk)
- *New Zealand Rugby ill-equipped for crisis* (Crisis/Reputation management)
- *Mike Towell death prompts renewed calls for boxing ban* (Health & Safety/Reputational risk)

An effective enterprise risk management plan, supported by a developed risk management culture, can reduce but often not eliminate such events. Despite an organisation's best efforts, things still do happen. In this situation, having a very clear, pre-rehearsed response plan can significantly reduce the impact or consequences of the event.

The board's role

The board's legal duty is to the organisation as a whole. In meeting this duty the board must ensure that all legal requirements under the relevant Acts and regulations are met and that the entity is protected from harmful situations and circumstances, in the interests of both current and future stakeholders.

The board will identify and evaluate the principal risks faced by the organisation, including the protection of intellectual capital, and ensure that appropriate systems are in place to avoid, accept, transfer or mitigate these risks. Accordingly, the board will ensure that:

- Robust risk management policies and processes are developed and monitored addressing all areas of organisational risk
- There are clear processes to enable it to keep abreast of all key organisation risk areas and strategies in a timely manner
- Suitable internal controls are in place and are used and monitored to ensure effective and efficient operation and management of the organisation's resources
- The organisation is governed and managed in accordance with its constitution and policies
- Proper accounting records are kept
- Any material shortfalls or breaches in compliance or risk management standards are investigated promptly

In other words, it is the board's role to ensure that processes are in place to monitor risk and that adequate mitigation is in place. The board will take an active interest in, beyond simply reviewing the risk register, and will consider, changes in the environment that may present risk or opportunity for the organisation.

The Health and Safety at Work Act 2015 has, in particular, made the governance level accountability very clear.

What is Enterprise Risk Management?

Overview

Enterprise risk management (ERM) is widely used in organisations of any size and scope to anticipate possible events and systematically reduce the impact of these events on the performance objectives and desired outcomes of the business.

> **"It's only when the tide goes out that you can see who has been swimming naked."**
>
> ***Warren Buffet*** *(CEO, Berkshire Hathaway)*

The sport and recreation industry is exposed to many of the same types of risk as other industries.

- Population evolution (ethnicity and cultural evolution, generational spread, urbanisation vs regionalisation trends)
- Climate change (impact on facilities and quality of experiences)
- Generational change (attitudes to and perceptions of product offerings)
- Economic change (such as inflation, employment, affordability)
- Global security situation (impact on locations to deliver events)
- Society reforms (such as gender, sexual, cultural equality)
- Funding/revenue opportunities (gaming, central and local government, sponsorship, philanthropy)
- Economic globalisation (ease of trade, travel, immigration)
- Political change (government policies, funding of government programmes)
- Legislative evolution and regulatory evolution (health and safety legislation, taxation, charitable status)
- Rapid technology development and evolution (social media, broadcasting models)

Of course, not all of these factors and the countless specific risk events that may occur under each category will be relevant for every organisation. To understand which risks might impact on your organisation, you must first be clear about your desired outcomes and understand the critical resources and processes your organisation must implement to achieve them. At its most fundamental level, you need to understand *what you absolutely must get right* in order to achieve your strategic outcomes. This information should be detailed in your organisation's strategic plan.

Once you know where you are going, you can then consider the risks that may impact on you getting there. The purpose of the enterprise risk management framework is to maintain a systematic process of doing this.

In short, ERM is about methodically answering four questions:

1. What are the critical things we must deliver on to achieve our goals?
2. What could happen that may impact on achievement of our goals?
3. How can we reduce the probability and/or impact of 'what could happen' on our organisation?
4. How can we keep an eye on things to ensure questions 1, 2 and 3 are addressed at all times?

How to use this guide

This guide breaks this process down into a step-by-step approach to assist organisations to establish an enterprise risk management framework. Related templates and tools are available on the Sport New Zealand website.

This publication provides general guidance. Every organisation is unique and will need to adapt this advice to suit the unique operating context. If you are not sure how to apply these principles to your organisation, we recommend you seek professional advice from a lawyer specialising in risk or a specialist risk advisor, such as a Certified Professional Risk Manager (CRPM™).

Quick Reference ERM Checklist

Complete these steps to implement enterprise risk management in your organisation.

Phase	Action	Checklist
Establish Context	Clarify your **strategic objectives**. • *What are the key outcomes you are striving to achieve?* • *What are the key things you have identified you must 'get right' to achieve your goals?* These elements should already be included in your **strategic plan**. For sport and recreation organisations these will normally include**:** **Outcomes** relating to participation and high performance underpinned by critical success factors. **Critical factors for success** covering for example: • Revenue generation and effective financial management • Effective stakeholder management • People/human capital • IT/internet (including data protection, backups, appropriate use of IT) • Health and safety • Quality assurance in operational delivery • Business continuity following crisis (major earthquake or similar) • Reputational/brand integrity	✓ / ×
Identify Risks	**Identify the risks** or possible events that could impact on your outcomes. Record these on a risk register.	✓ / ×
Assess Risks	Assess the **probability** and likely **impact** of each risk identified to determine how much such an event could impact on your strategic objectives/outcomes. Record these ratings on your risk register.	✓ / ×
Evaluate Risks	**Evaluate the total risk level** against the tolerances in your risk management policy and prioritise the most significant risks. Record the risk category on your risk register.	✓ / ×
Treat Risks	**Develop a risk management plan** which will effectively treat each risk to reduce the probability of	✓ / ×

	the risk occurring, or, when it does, mitigate the impact of the risk. Record risk treatments in your risk register.	
Monitor & Review	Put in place **systematic monitoring and reviewing initiatives** to ensure any emerging or evolving risks are detected, the effectiveness of the risk treatments is checked regularly and the opportunity for human error or oversight is minimised.	✓ / ×
Communicate & Consult	Throughout the process, **seek feedback and insights** from relevant stakeholders to ensure a comprehensive enterprise risk management plan is in place and is performing effectively.	✓ / ×
What will you end up with?	• Risk Management Policy • Organisational Risk Register • Risk Management Board/Senior Management Report (updated regularly)	

This guide lays out a recommended approach to implementing enterprise risk management in accordance with the internationally recognised standard ISO 31000:2009 Risk Management – Principles and Guidelines. It provides in-depth guidance, information and templates to support organisations with implementing each of the steps outlined above.

Each organisation needs to consider risk in its own context, which will determine how detailed its risk management planning and processes need to be.

The associated Quick Reference Risk Identification Guide may be a good place for smaller organisations to begin.

Introduction to ISO 31000:2009 Risk Management – Principles and Guidelines

Overview

ISO 31000:2009 Risk Management – Principles and Guidelines (ISO 31000:2009) is an internationally recognised risk management standard published by the International Organization for Standardization (ISO). ISO 31000:2009 provides risk management principles, a framework and a process for managing any form of risk, for use by any organisation regardless of its size, activity or sector. The ISO 31000:2009 standard and related documents can be accessed via the ISO website – www.iso.org . A summary of key concepts from ISO 31000:2009 is provided below to help sport and recreation sector organisations develop an enterprise management framework.

Risk management principles (ISO 31000:2009)

Use the following principles to underpin your approach to developing and implementing risk management in your organisation:

The risk management process should:

- Create value
- Be an integral part of the organisational process
- Be factored into the overall decision-making process
- Explicitly address uncertainty
- Be systematic and structured
- Be based on the best available information
- Be tailored and relevant
- Take into account human factors
- Be transparent and all-inclusive
- Be dynamic and adaptable to change
- Be continuously monitored and improved over time

The structured risk management process (ISO 31000:2009)

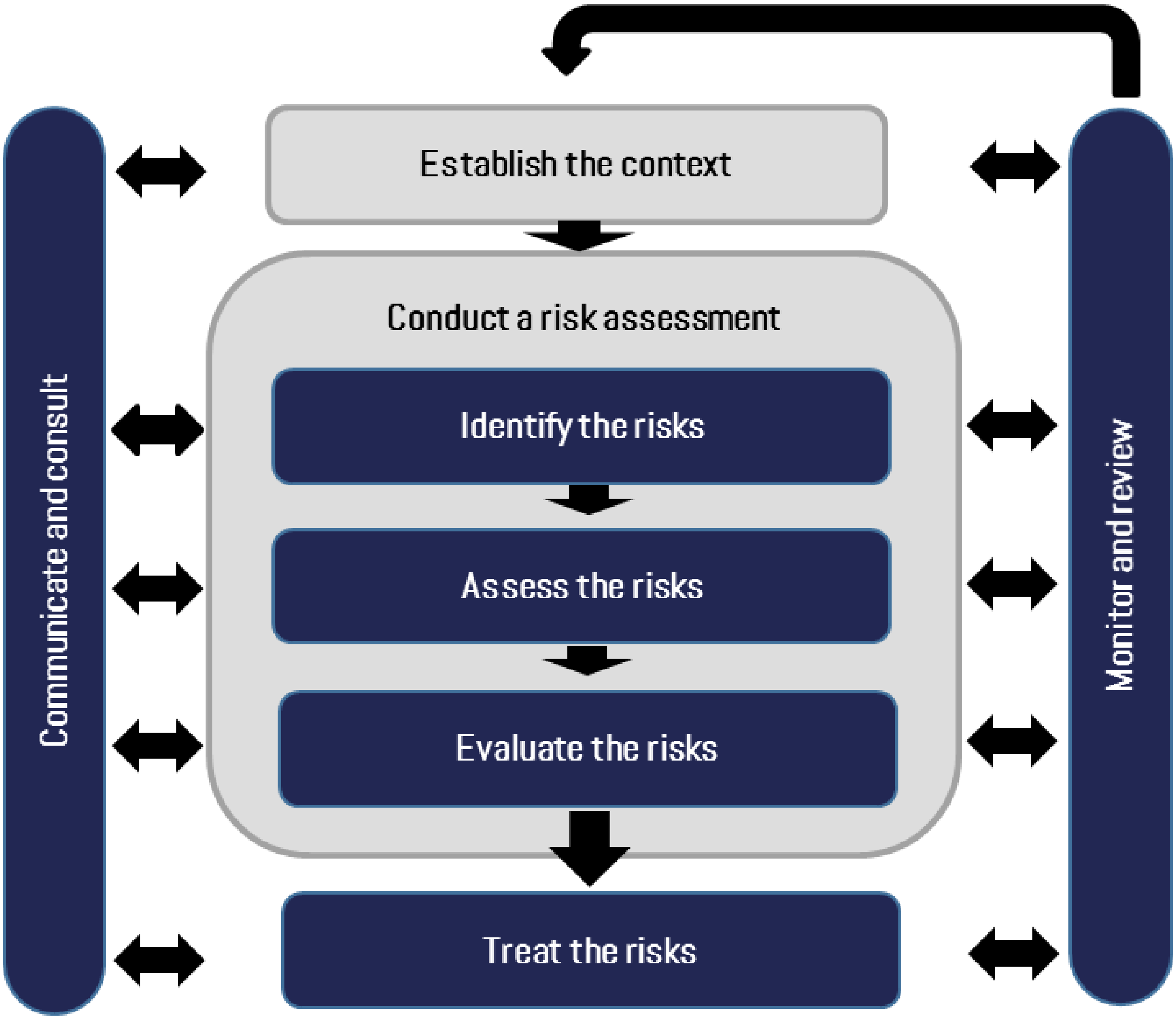
1. **Establish the context:** Ensure the process is aligned with the organisation's culture, processes, structure and strategy.
2. **Identify the risks:** Identify sources of risk, areas of impacts, events (including changes in circumstances) and their causes and potential consequences.
3. **Analyse the risks:** Consider the causes and sources of risk, their positive and negative consequences, and the likelihood that those consequences can occur.
4. **Evaluate the risks:** Compare the level of risk found during the analysis process with risk criteria established when the context was considered. Based on this comparison, consider the need for treatment.
5. **Treat the risks:** Select one or more options for modifying risks, and implement those options (known as control measures).

6. **Communicate and consult about the risks:** Communicate and consult with external and internal stakeholders during all stages of the risk management process.
7. **Monitor and review the risks: Ensure both monitoring and reviewing are** a planned part of the risk management process and involve regular checking or surveillance. The results of monitoring and review should be recorded and used to consider the performance of risk management.

Key risk terms (ISO 31000:2009)

Risk management can be overwhelming. There is a lot of terminology and it is important everyone involved with developing an enterprise risk management framework is speaking a common language. Here are some key terms used in this document and in risk management:

- **Risk:** The effect of uncertainty on objectives (what could go wrong?)
- **Opportunity:** The effect of uncertainty on objectives (what could go right?)
- **Impact:** The potential outcome of a risk event (also known as 'severity' or 'consequence')
- **Probability:** The chance of something happening (also known as 'likelihood')
- **Risk level:** The size of a risk expressed in terms of the combination of probability and impact
- **Control measure:** Any action or process designed to modify or 'treat' the risk level (normally to reduce it)
- **Control effectiveness:** The actual observed impact of the control measure on the risk level
- **Risk register:** A central log of risks, associated risk assessments and prescribed controls
- **Verification:** The observed performance of any aspect of the risk management process. Verification can be undertaken internally within the business or externally by a third party (known as independent verification). Verification is used to provide assurance that the risk management process (or components of it) are reflected in practice



Above: A visual representation of the ISO 31000:2009 risk management process

Quick Reference Guide to ERM

Smaller organisations that might just be getting started with enterprise risk management can use this quick reference guide as a starting point.

Step One:

1. Review your strategic plan and list the 4-6 key things you 'must get right' in order to achieve the outcomes in your strategic plan.
2. Update the Sport New Zealand Risk Management Policy template to suit your organisation. This template gives you key information to establish your risk framework (such as risk rating categories, reporting processes and key responsibilities).
3. Ensure your board charter contains the correct risk clauses.

Step Two:

1. Complete the Quick Reference Risk Identification Guide on page 50, which outlines a range of known risks to organisations in the industry. Select the risks that are relevant to your organisation and transfer these risks to the risk register template provided.
2. Once you have identified the risks from the template checklist, consider what else could be relevant for your organisation. Include additional risks on the risk register.
3. Work through the process of rating the probability of each risk and its impact on your organisation (the ratings are included in the risk management policy template).
4. Include the risk score and risk category in the risk register.
5. List the risk treatments/controls that you are going to put in place (or that are in place already) to ensure the risk is maintained at an acceptable level.
6. Assign the risk to someone in your organisation who will be responsible for ensuring the controls are put in place and monitored.

Step Three:

Include risk management on the agenda of each management and board meeting. Review the risk register and discuss:

1. Are there any other risks or opportunities we haven't identified?
2. Are we doing enough to manage these risks or opportunities?
3. What actions are required and who will be responsible for making sure those actions are implemented?

Step Four:

1. Review the risk policy annually to ensure it remains relevant for your organisation.
2. Review the risk register at least quarterly to ensure it remains up to date.
3. Review the top 5-10 risks at each senior management and board meeting to ensure these risks are being effectively managed.

Larger organisations or those that require greater risk management planning can extend their ERM framework using the content in the next section of this guide.

Comprehensive Guide to ERM Implementation

Step One: Establish the Context

Phase	Action
Establish Context	Clarify your **strategic objectives**. • *What are the key outcomes you are striving to achieve?* • *What are the key things you have identified you must 'get right' to achieve your goals?* These elements should already be included in your **strategic plan**. For sport and recreation organisations these will normally include**:** **Outcomes** relating to participation and high performance underpinned by critical success factors. **Critical factors for success** covering for example: • Revenue generation and effective financial management • Effective stakeholder management • People/human capital • IT/internet (including data protection, backups, appropriate use of IT) • Health and safety • Quality assurance in operational delivery • Business continuity following crisis (major earthquake or similar) • Reputational/brand integrity

Introduction to context

It is very important that you are clear about your strategic objectives/outcomes before developing and implementing an enterprise risk management system. It is also critical that your organisation has a healthy level of self-awareness about its value proposition, strengths and weaknesses.

If you consider that the fundamental purpose of risk management is to manage the *impact of uncertainty on objectives*, it is likely your approach will be ineffective without understanding your organisation's most important objectives first. While this may seem obvious, many organisations overlook it. The impact of failing to establish clear context is that your organisation may not identify and manage the most significant risks that can impact on your organisation, which can lead to 'black swan' events (catastrophic events that are simply not anticipated). It is also likely to mean a lot of time and resource are applied to managing operational or 'micro' risks which have very little impact on your overall organisational performance.

8 questions to establish context

An easy way to establish a clear performance context for your organisation is to ask yourself the following 8 questions:

1. What is your organisation's purpose?
2. What is your organisational vision?
3. What are the core values underpinning your organisation?
4. What products and services do you deliver to achieve your purpose?
5. Who are you trying to target your products or services to in order to achieve your purpose (what is your market)?
6. What are the drivers that make your organisation unique? (i.e. what are your competitive advantages?)
7. What are the most critical resources and/or processes that you must execute to realise your vision and purpose? These are known as critical success factors or more colloquially *what we have to get right every day to succeed*.
8. How do you know if you are on track with each of the above factors?

Collectively, your responses form the basis of your organisation's **performance context** and allow you to move on to the next stage of enterprise risk management to consider what could impact on your performance. For most organisations, your performance context is laid out in your strategic plan, which should highlight points 1-8 (above).

Critical success factors typically relate to:

- Financial performance
- People
- Reputation of the organisation/sport/brand
- Participation/product uptake
- High performance results
- Health and safety (of both participants and volunteers/employees)

But there are many other areas which may be relevant for some organisations, such as:

- Environmental impacts/sustainability
- Supply chain performance
- Political environment/influence
- Regulatory environment/influence
- Intellectual property
- Stakeholder environment/influence

If you don't already have a strategic plan, the challenge is to undertake a reflective exercise to determine which areas are the most critical for your organisation's success so you focus your risk management efforts in the areas that will keep your organisation's performance on track.

Risk management policy

As part of establishing the context of enterprise risk management for your organisation, it is highly recommended that you implement a risk management policy for your organisation. The risk management policy should be endorsed by the board and include:

- The operating context and desired outcomes of your organisation
- How you will assess risk (such as your risk matrix and risk ratings)
- The organisation's documented tolerance to risk
- Communication and reporting process and requirements
- Key risk management duties of the board, CEO, management and employees

A template risk management policy which you can adjust to meet your requirements is available online.

Step Two: Identify the Risks

Phase	Action
Identify Risks	**Identify the risks** or possible events that could impact on your critical success factors.

Introduction

Once you are clear about your objectives and desired outcomes, the next step is to undertake the risk identification process. To ensure a systematic approach, it is recommended that you analyse each critical success factor identified in step one.

There are many techniques you can use, depending on the size and scale of your organisation, to complete the risk identification and analysis process including:

- Conducting a risk identification workshop with key personnel (senior management, directors)
- Asking staff to complete a survey of risks they can identify against each critical success factor then convene a risk committee to discuss the findings of the survey
- Undertaking a Fault Tree Analysis/Bow Tie Analysis
- Performing a Scenario Analysis
- Engaging an external risk advisor to facilitate a risk identification process

It is common to use a combination of techniques to ensure all key risks are identified for each critical success factor. IEC 31010:2009 sets out 31 different methods of identifying and assessing risks and opportunities.

What is an enterprise risk and how can these risks be systematically identified?

A risk is any event that can have an impact on your outcomes. A good approach to identifying risks is simply to ask, "*What could go wrong?*" in relation to a particular critical success factor. If the risk event does happen, what could be the result for your organisation's performance objectives and desired outcomes? Try and consider the subsequent impacts, not only the initial obvious impact. This is known as a 'risk tree' effect (i.e. *"if this consequence occurred, it could lead to this, which could cause this and result in that…"* and so on).

As outlined in the previous section, typical organisations will have critical success factors relating to:

- Financial performance – what could go wrong?
- People – what could go wrong?
- Reputation of the organisation/sport/brand – what could go wrong?
- Participation/product uptake – what could go wrong?
- High performance results – what could go wrong?

- Health and safety (of both participants and volunteers/employees) – what could go wrong?

You may complete this process for other critical success factor themes as relevant, such as:

- Environmental impacts/sustainability
- Supply chain performance
- Political environment/influence
- Regulatory environment/influence
- Intellectual property
- Stakeholder environment/influence

At this point you should start to populate the risks you identify into your enterprise risk register.

Introducing the enterprise risk register

The key objective of enterprise risk management is to systematically **identify** risks, **quantify** risks and **control** risks. To achieve this, it is recommended you use a risk register to keep track of this process.

The risk register will also help you prioritise the risks you have identified and report significant risks to key stakeholders in your organisation. These elements are described throughout this guide in the relevant section.

An example of a single entry into an organisational risk register is provided below and used throughout this guide. Each risk you identify should become a new entry into the risk register.

***TIP:** Enterprise risk management is not about 'sudden implementation' as it can be overwhelming at first and a very new way of thinking for many people. Start off with the most obvious risks and build your risk register over time as part of your approach to continuous improvement. This will also allow key personnel to learn about risk management and will ensure you have an organisational culture and maturity that understand and value risk management as a key business performance system.*

Ref	DESCRIPTION OF RISK	DESCRIPTION OF IMPACT / CONSEQUENCES	BE Impact
1	Widespread & sustained low staff satisfaction - loss of intellectual capital & corporate knowledge.		

Risk Identification: Record each risk you identify in this box. Only include what the risk event is and its possible cause (not what impact it has).

Step Three: Assess the Risks

Phase	Action
Assess Risks	Assess the likely **probability** and **impact** of each risk identified to determine how much such an event could impact on your strategic objectives and desired outcomes.

Introduction

Once you have identified the various risks that could occur and impact on achievement of your critical success factors, the next step is to assess each risk.

It is important that your organisation establishes a consistent, systematic approach to risk assessment. One of the most common methods is to include a risk matrix as part of your risk management policy.

A risk matrix comprises a set of criteria for various thresholds of consequence/impact for risk events and a set of probability criteria for those events. This allows the board to set its risk management expectations of how risks will be measured within its risk management policy so that management has the necessary direction to manage risks on a daily basis.

The most common form of risk matrix is known as a 5x5 matrix. This means the matrix has 5 consequence categories/raters and 5 probability categories/raters. The specific definitions for each category are unique to your organisation and relate to your risk tolerance/appetite. As you develop your enterprise risk management implementation, you can extend your matrix to include streams of impact (such as financial, safety, reputational, people etc) with specific rater descriptions for each (see the example below). This helps you consider each risk more broadly in terms of its impact on your organisation.

Example: Probability raters for risk assessment

LIKELIHOOD	5	**Almost Certain**	Will probably occur more than once within 12 months
	4	**Likely**	High probability that will occur at least once within next 24 months
	3	**Possible**	Reasonable likelihood that could occur more than once in 24 months
	2	**Unlikely**	Not likely to occur within next 24 months
	1	**Rare**	Not impossible but highly unlikely

Example: Consequence/Impact raters for risk assessment

		Financial	Operational	Brand/ Reputational	Physical/ Safety	Regulatory/ Legal	People/ Participation
5 – Extreme	**A risk that can prove catastrophic or terminal for the whole organisation.**	More than $100,000	Unable to deliver product/service in a region. Widespread migration of members to competitor organisation. Prohibited from delivering competition at any level.	Collapse of organisation. Major inquiry into systemic misconduct. Wholesale resignation of board members or senior management.	Death or total permanent disability of player/ participant due to compromised safety standards. Preventable death of a member of the public.	Criminal prosecution of organisation and/or board due to failure to comply with the law.	Active participation 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 $25,000 but less than $100,000	Widespread failure or loss of product/service standards. Increasing migration of members to competitor organisations. Unable to deliver the National Championships.	Loss of affiliated clubs/providers. Investigation of serious individual misconduct. Loss of significant skills from board or senior management.	Serious injury of player/ participant due to compromised safety standards. Preventable serious injury of member of public.	Civil action against organisation and/or board due to negligence. New regulations that impede operations.	Active participation declines by more than 15%, but less than 25%.
3 – Medium	**Risks which will cause some problems, but nothing too significant.**	More than $10,000 but less than $25,000	Moderate impact on product/service standards. Unable to deliver local sports competitions. Widespread discontent by members/participants.	Threats of withdrawal from affiliated clubs/providers. Failure of prominent branded project or product. Failure of a club or provider. Individual or group misconduct. Sustained public criticism of the organisation.	Systemic injuries of players/ participants and/or public. Increased frequency of near misses.	Regulatory/ police investigation with adverse findings against organisation and/or board.	Net active participation declines by more than 5%, but less than 15%.
2 – Minor	**Any risks which will have just a mild impact, but should be addressed.**	More than $1,000 but less than $10,000	Minor impact on product/service delivery. Competitive threats to membership. Constrained capacity to meet the demands of existing or new members/ participants.	Localised negative media coverage.	Minor injuries of players/ participants and/or public.	Regulatory/ police investigation of organisation and/or board without adverse findings.	Net active participation declines by more than 0%, but less than 5%.
1 – Insignificant	**Risks which do not pose any significant threat.**	Less than $1,000	Very minor, temporary product/service disruption.	Media interest in local issue.	Insignificant injuries of players /participants and/or public.	Persistent complaints against organisation and/or board.	Stable net active membership.

Opportunities can also be assessed using a set of pre-determined 'raters' in conjunction with the same probability matrix as you would use to assess threats. To use this approach effectively, it is recommended that both an opportunity assessment **and** a threat assessment are completed using the scales you determine are suitable for your organisation. This allows for decisions to be well thought through and for personnel to consider both the 'upside' and 'downside' of risks.

Example: Opportunity raters for risk assessment (for assessing new opportunities – to be adapted to your organisational context, size and scope)

		Financial	Operational	Brand/ Reputational	Physical/ Safety	Regulatory/ Legal	People/ Participation
5 – Extreme	**An opportunity that can have critical impact on achievement of strategic objective(s). A 'unicorn' moment!**	More than $100,000	New product/ service able to be delivered en masse. Widespread migration of members from competitor organisations/ sports. Significant new market unlocked.	Positive viral media in high-value target markets. Major recognition of organisation as leader in field.	Critical improvement to the safety of contractors, employees, members and/or member of public resulting in significant reduction in extreme risk.	Major opportunity by default of changing legislation or regulations to unlock achievement of strategic objective(s).	Active participation increases by more than 25%.
4 – High	**An opportunity that can have significant impact on achievement of strategic objective(s).**	More than $25,000 but less than $100,000	New product/ service able to be delivered. Significant migration of members from competitor organisation/ sports. New market unlocked.	High profile positive media story published in target market(s). Staff/board/ members receive public recognition.	Systemic improvement in managing risk of injuries or illness to employees, contractors, members and/or public. Effective management of high risk(s).	Strong opportunity by default of changing legislation or regulations to unlock achievement of strategic objective(s).	Active participation increases by more than 15%, but less than 25%.
3 – Medium	**An opportunity that can have moderate impact on achievement of strategic and/or operational objective(s).**	More than $10,000 but less than $25,000	Significant improvement in efficiency and/or quality of product/ service delivery. Some migration of members from competitor organisations/ sports.	Success of prominent branded project or event. Success of a well-known personality. Sustained public support of the organisation.	Improvement in managing risk of injuries or illness to employees, contractors, members and/or public. Effective management of moderate risk(s).	Minor opportunity by default of changing legislation or regulations to unlock achievement of strategic objective(s).	Net active participation increases by more than 5%, but less than 15%.
2 – Minor	**Any opportunity which will have just a mild impact, but should be considered.**	More than $1,000 but less than $10,000	Moderate improvement in efficiency and/or quality of product/ service delivery.	Short-term, positive media coverage (national coverage).	Minor improvement in managing risk of injury or illness to employees, contractors, members and/or members of the public.	Ability to verify compliance with legislation and/or regulations.	Net active participation increases by more than 0%, but less than 5%.
1 – Insignificant	**Opportunities which do not pose any significant gain and which can be executed in the course of normal operations.**	Less than $1,000	Very minor operational improvement may be achieved.	Short-term, positive media coverage (local coverage).	Very minor improvement in managing risk of injury or illness to employees, contractors, members and/or members of the public.	Positive reinforcement of compliance from regulator or other third party.	Stable net active membership.

Example: Risk matrix (using the example descriptors above)

Risk Matrix			IMPACT				
			Insignificant	Minor	Medium	High	Extreme
			1	2	3	4	5
PROBABILITY	Rare	1	Low	Low	Low	Moderate	Moderate
	Unlikely	2	Low	Low	Moderate	High	High
	Possible	3	Low	Moderate	High	High	Extreme
	Likely	4	Low	Moderate	High	Extreme	Extreme
	Almost Certain	5	Moderate	High	High	Extreme	Extreme

How can I systematically assess the risks I have identified?

Once you have established and adopted your own unique risk matrix (relative to your size, scope and tolerances to uncertainty), you are ready to assess the risks you have identified. Your risk assessment should consist of the following three key steps, each of which should be recorded against the risk entry in the risk register.

1. Describe the possible impact of the risk event on your organisation, relative to your critical success factor(s).
2. Cross-check your impact description against the criteria in your risk matrix to determine the impact rating (normally between 1 and 5).
3. Consider the likelihood of the event occurring. This can be a subjective process although more objective insights can often be considered to underpin your rating. Consider:
   a. Opinions of several people
   b. Has this event happened before? How often?
   c. Has this event almost happened before?
   d. How much exposure is there relative to incidents that have occurred? (such as time, number of games or number of repetitions vs incidents)
   e. Has the event occurred in any other similar organisations, either in New Zealand or abroad?

The risk register example below shows where to record your risk assessment.

Ref	DESCRIPTION OF RISK	DESCRIPTION OF IMPACT / CONSEQUENCES	BEFORE MITIGATION STRATE	
			Impact	Likelihood
1	Widespread & sustained low staff satisfaction - loss of intellectual capital & corporate knowledge.	1. High staff turnover 2. Increased recruitment costs 3. Reputation in industry as a 'bad employer' resulting in limited talent willing to work in organisation 4. Significant slow down of business plan execution as a result of corporate knowledge losses 5. Risk of funding losses due to specific funding relationships aligned with dissatisfied staff	High (4)	Likely (4)

Risk Assessment: Record your assessment of the risk in these boxes. Ensure the ratings align with your organisation's risk matrix.

Step Four: Evaluate the Risks

Phase	Action
Evaluate Risks	**Evaluate the total risk level** against the tolerances in your risk management policy and prioritise the most critical areas of exposure.

Introduction

Once you have identified and assessed your risks, the next step is to evaluate the risk level and cross-check the risk level against your pre-agreed risk tolerances.

Risk tolerances are a set of directives/actions that are required based on the risk level of each risk. Risk tolerances should be included in your risk management policy which is approved by the board.

Having clear risk tolerances is critical in ensuring appropriate action is taken for each risk. If clear risk tolerances are not set out in the risk management policy, it is difficult to define which risks warrant the time and resources of the organisation's board and senior management. This can mean serious threats are not actively managed and significant time and resources are wasted on risks that may not present any serious threat to your organisation's performance.

Example: Risk tolerances

RISK LEVEL	REQUIRED ACTIONS
EXTREME	**Intolerable** Operations/activity should be discontinued until level of risk can be reduced. Consider options for reducing the impact or probability of the risk. CEO/board to be informed ASAP and provide urgent attention, guidance and approval of mitigation strategy. Consider external advice (legal or risk advisor).
HIGH	**Tolerable level of risk – significant management and monitoring required** Action should be taken to ensure risk level is 'as low as reasonably practicable' (ALARP). Consider options for reducing the impact or probability of the risk. If level of risk is ALARP, continue to manage using documented operating procedures. Increase monitoring of controls to ensure effectiveness in managing the risk.
MODERATE	**Tolerable level of risk – follow operating procedures** Ensure risk level is 'as low as reasonably practicable' (ALARP). If level of risk is ALARP, continue to manage using standard operating procedures with normal monitoring protocols.
LOW	**Tolerable level of risk** Maintain existing controls. No additional controls required.

How can I systematically evaluate the risks I have identified?

Once you have identified the risks, completed a risk assessment for each risk and developed your set of risk tolerances within your risk management policy, you are ready to complete the risk evaluation process.

Risk evaluation includes calculating the risk level for each risk, using a very simple calculation:

Risk Level = Impact Rating X Probability Rating

The impact rating and probability ratings should already be listed in your risk register, so you can just complete the equation and record the risk level in the next box.

The next phase of the risk evaluation process is to cross-check your risk level against your risk tolerance table in your risk management policy. To do this, take the risk level number and refer to your risk matrix to see which risk category the risk belongs in (normally categories include Low, Medium, High, Extreme).

Then refer to the risk tolerance table (see example above) to see what action may be required. This will help you prioritise time and resources for each risk. It also provides guidance to the person completing the risk register regarding the next phase – treating the risk.

Ref	DESCRIPTION OF RISK	DESCRIPTION OF IMPACT / CONSEQUENCES	BEFORE MITIGATION STRATEGIES		
			Impact	Likelihood	Rating
1	Widespread & sustained low staff satisfaction - loss of intellectual capital & corporate knowledge.	1. High staff turnover 2. Increased recruitment costs 3. Reputation in industry as a 'bad employer' resulting in limited talent willing to work in organisation 4. Significant slow down of business plan execution as a result of corporate knowledge losses 5. Risk of funding losses due to specific funding relationships aligned with dissatisfied staff	High (4)	Likely (4)	Extreme (16)

Risk Evaluation: Record the risk level and risk category. Ensure the category aligns with your organisation's risk tolerances outlined in your risk management policy.

Step Five: Treat the Risks

Phase	Action
Treat the Risks	**Develop a risk management plan** which will effectively treat each risk to reduce the probability of the risk occurring, or, when it does, mitigate the impact of the risk event.

Introduction

Now that you have identified, assessed and evaluated the risks to your organisation's performance, the next step is putting in place a risk management plan (also known as 'risk mitigation strategy' and 'control measure').

The purpose of the risk management plan is to systematically treat the risk so that the risk level is 'as low as reasonably practicable' (ALARP). This means that the risk has a level of risk management applied to it which is proportionate to the level of threat the risk poses to your organisation. In many, if not most, cases, it is impossible to eliminate the risk completely while still delivering your products and services. There are also limitations in many cases to how much risk management can be applied. These include:

- Cost of the control measure/financial capability
- The importance of the specific operation/activity in overall performance
- Expertise available to manage the risk
- Prioritisation of other risks
- Factors generally outside your control/influence (such as climate or society trends)
- The likely effectiveness of the proposed control (will it actually reduce the risk level?)
- The sustainability of the control measure (can it continue to be effective?)

These are all reasonable considerations when thinking about how to apply control measures in order to manage risks to levels as low as reasonably practicable. There are generally three types of control measure that can be applied:

1. **Risk Avoidance** – Discontinue the practice/operational process. The level of risk is too high and exceeds the potential reward/value from the operation being analysed.
2. **Risk Mitigation** – Implement organisational solutions to reduce the risk level (people, process, systems or strategy improvements).
3. **Risk Transfer** – Pass on the risk to another party (such as property or vehicle insurance)

All three forms of controls/risk treatment are used in the sector, and often a combination of techniques is needed.

While you may just be starting to compile your enterprise risk management framework and system, it is most likely you will have been applying some risk management (whether you realised it or not). Initiatives like policies, rules, insurance policies, and documented procedures are all in place to manage risk.

Once you have completed your risk evaluation, the next step is to note any existing risk mitigation strategies in the risk register. This is also a good time to consider whether or not each existing mitigation is relevant and effective in managing the risk. To test this, note down the existing mitigation strategies for that risk, then re-evaluate the risk using the same process outlined in the previous section. You will now have two risk level scores – one assuming no mitigation strategies are in place and another risk score with the existing mitigation strategies in place. If the mitigation strategies are effective, they should reduce the overall risk level.

If you notice the risk level after this process is still at a *high* or *extreme* level, consider what other mitigation strategies may be appropriate to manage the risk and note these on the risk register.

Priority should be given to control measures that have the greatest impact on reducing the risk level.

EGIES		AFTER MITIGATION STRATEGIES			
Rating	MITIGATION STRATEGIES / CONTROLS	Impact	Likelihood	Revised Rating	PROPOSED MITIGATION STRATEGIES / CONTROLS
Extreme (16)	1. Implement 3-monthly staff survey to measure satisfaction and capture feedback from staff. 2. Appoint board sub-committee to work with CEO to review causes of low staff satisfaction. 3. Develop a work plan to offset the causes of low satisfaction ensuring regular staff engagement is maintained. 4. Develop a succession plan so all roles have at least one other who can act in the role should the incumbent employee resign. 5. Ensure multiple points of contact/relationships with key funders (such as both Chairperson & CEO).	Medium (3)	Possible (3)	High (9)	1. If CEO performance may be cause of low staff satisfaction, implement meetings with senior staff and the Chairperson or board member to address concerns. 2. Ensure performance management system is in place and being effectively implemented in practice so all staff have clear direction/goals. 3. Consider obtaining advice from a human resources advisor .

Treat the Risk: Note any existing risk mitigation strategies in the box provided. Then re-assess and re-evaluate the risk level based on whether these controls are in place. If the risk is still at a high or extreme level, consider what else can be done to further reduce the

Developing risk management action plans for significant risks

It is important to develop a basic risk management plan if action, monitoring and reporting are required to effectively manage significant risks (such as your top 5 or top 10 most significant risks). The risk management action plan should be used as an appendix to the risk register and allow your organisation to focus on the key risks and describe what needs to be implemented, who is accountable and when the control measure implementation is due. An example is provided below.

Example: Risk management action plan (critical risk)

RISK [DETAIL FROM RISK REGISTER]	PROPOSED MITIGATION STRATEGIES [DETAIL FROM RISK REGISTER]	Estimated Costs	Key Risk Indicator(s)	Monitoring Frequency	Reporting Requirements	Responsible Person	Implementation Due Date
Widespread & sustained low staff satisfaction - loss of intellectual capital & corporate knowledge.	1. If CEO performance may be cause of low staff satisfaction, implement meetings with senior staff and the Chairperson or Board member to address concerns. 2. Ensure performance management system is in place and being effectively implemented in practice so all staff have clear direction/goals. 3. Consider obtaining advice from a human resources advisor.	1. $0 2. $0 3. $2,500	1. Lack of transparency regarding causes of dissatisfaction. 2. Performance reviews not occurring. 3. Staff meetings not occurring regularly. 4. Increased staff sick leave. 5. Poor staff survey results or lack of participation in survey.	1. Staff survey every four months. 2. CEO monthly report to include staff engagement status & sick leave stats.	1. CEO report at board meetings. 2. Independent (of CEO) report from HR advisor.	CEO & Chairperson	31/12/2016

Individual Risk Management Worksheet (complete for significant risks)

Risk:	**Risk Register Ref #:**
Risk Name:	**Date Logged:**
Compiled By:	**Review Date:**
Treatment Plan Owner:	**Target Date:**
Reviewer:	**Priority H / M / L**

Treatment Plan Summary:

-
-
-

Treatment Plan Goals/Objectives:

-
-

Proposed Actions:

1.
2.
3.
4.

Resources Required:

-
-

Responsibilities:

-
-

Timing for implementation

-

Reporting (to/from whom)

-
-

Monitoring requirements (e.g. weekly/monthly)

-
-

Step Six: Monitor and Review

Phase	Action
Monitor & Review	Put in place **systematic monitoring and review initiatives** to ensure any emerging or evolving risks are detected, the effectiveness of the risk treatments is checked regularly and the opportunity for human error or oversight is minimised.

Introduction

Now that you have set up your enterprise risk register you will have identified a set of controls to put in place and maintain to manage each risk. Simply writing down the controls in the risk register doesn't necessarily mean they are actually in place and effective. This is where the role of monitoring and reviewing your enterprise risk framework becomes extremely vital.

The monitoring and reviewing process is important because it ensures:

- Desired controls are in place
- Verified controls are effective and fit for purpose in practice
- Employees, senior management and board know that risks are being effectively managed
- Key stakeholders such as sponsors, fans and suppliers know that the organisation is effectively managing threats to its desired performance
- Risk management remains aligned with best practices as new concepts and techniques emerge

How to conduct monitoring and reviewing

Monitoring and reviewing should apply to each stage of the enterprise risk management framework and be a documented process so all personnel understand what is expected.

A simple approach to implementing systematic monitoring is to assign each risk a 'risk owner' and note for each risk in your risk register what actions are required to effectively monitor the risk. Also note the timeline for the monitoring (such as daily, weekly, monthly, quarterly or annually depending on the risk). For example, if a control relates to maintaining an insurance policy, this is normally an annual monitoring activity for most organisations. In contrast, if a control was a monthly meeting with a key stakeholder to ensure they are effectively engaged in a key project, this would be monitored on a monthly basis.

There are a number of quantitative measures that can be used to monitor risks. These are known as risk indicators and may be part of a regular management or board report.

Risk indicator examples for sector organisations may include:

- Revenue (actual vs budget)
- Expenditure (actual vs budget)

- Surplus (actual vs budget)
- Cash liquidity (able to pay invoices as they fall due, yes/no)
- IRD compliance with GST/PAYE (yes/no)
- Companies Office/Charities Services compliance (yes/no)
- Employee satisfaction ratings (increasing/decreasing)
- Stakeholder satisfaction ratings (increasing/decreasing)
- Staff turnover and average tenure
- Employee absentee rates (illness and injury)
- Number of complaints received
- Participation rates (increasing/decreasing)
- Participant satisfaction ratings (increasing/decreasing)
- Benchmark event performance (+/- % vs target performance, trend)
- Number of player injuries (trend)
- Number of workplace injuries (trend)

Each risk indicator in isolation does not reveal a full picture. It is important that your organisation considers the key risk indicators that as a group can tell a story about potential threats to organisational performance and provide assurance to key stakeholders that risks are being effectively managed.

Developing risk indicators

It is a good idea to develop key risk indicators for the critical success factors you created in the first step of the ERM process. Consider *"what are the measures that will provide insights into whether we are on track?"* Generally, your risk indicators for detecting threats are the same as the 'lead' indicators you use to measure your organisation's performance in terms of achieving your strategic goals. If one or more of those indicators is lower than you are aiming for, it suggests something is going on which may impact on your ability to achieve the desired performance in that area and you need to act to ensure you stay on track.

Risk indicators provide insights to assist with the monitoring and review process and should be presented regularly to various levels of the organisation, for example at weekly or monthly management meetings, staff performance reviews and board meetings. Risk management should be a permanent item on management and board meeting agendas, and presented in a regular format to help management and governance detect any irregularities or emerging threats. Because there may be many risks contained in the risk register, it is appropriate to rank risks and for management to provide regular commentary in board reporting on the most significant risks (high and extreme risks) to the organisation's performance (such as the top 10 risks).

In addition to the monitoring processes outlined above, it is also important to review the risks to your organisation regularly and involve multiple personnel in the review process. Consider appointing an internal risk management committee consisting of a board member, CEO, employee and any advisors the organisation may use (such as an insurance or legal advisor). The risk management committee should meet on a 3-4 monthly basis to review the risk register and ensure it remains current and the risk mitigation strategies are effective and appropriate. The committee should communicate the outcome of its review to the senior management team and board, and ensure the appropriate person implements any actions required.

The risk register is a ‘living’ document and should be regularly updated and adjusted – adding a new or emerging risk, adjusting a risk rating based on new insights, evolving control measures and mitigation strategies, and adjusting monitoring requirements.

Finally, it is good practice to regularly gain an external or independent opinion on your risk management framework and plan (such as an annual review by a risk advisor). When you are working in the organisation every day, it can be difficult to identify all the risks around you. Someone who knows your organisation but is not involved on a daily basis can offer an excellent ‘outside looking in’ lens, which often detects new risks not previously considered.

Step Seven: Communicate and Consult

Phase	Action
Communication & Consultation	Throughout the process, **seek feedback and insights** from relevant stakeholders to ensure a comprehensive enterprise risk management plan is in place and is performing effectively.

Introduction

Consultation is the process of gaining insights from a range of stakeholders who have an interest in the success of your organisation. Consulting with board members, senior managers, employees, sponsors, funders, suppliers, participants and advisors allows you to broaden the perspective and quality of your risk management framework and check that it aligns with your performance objectives/outcomes and considers all of the identifiable threats.

Communication is the process of telling your risk management story to your key stakeholders (generally more internal than external stakeholders) to build engagement, understanding and behavioural alignment with your risk management framework.

***Key thought:** How can you expect an employee or volunteer to manage a certain risk in a certain way if you have not effectively communicated your expectations to them and checked they understand what they need to do?*

How to consult on risk management issues

Various methods are available to regularly consult with key stakeholders on risk issues, including:

- Holding face-to-face meetings with a sponsor or supplier
- Conducting a risk identification workshop with staff
- Presenting a draft risk register to board members to offer feedback and input
- Discussing risk issues as a permanent item in management and board meetings
- Conducting a staff survey to gauge their views on risk management

The key to effective risk consultation is to make it clear what you are seeking feedback and input on and why. This makes the process relevant for those you are consulting with and will stimulate greater engagement

It is better to do a small amount of systematic consultation regularly through management and board meetings than try and cover a lot of ground in a short space of time. Risk management should be embedded in day-to-day business and the way your organisation operates as a vital framework to support organisational performance. Risk management is unlikely to be as effective if it is viewed as an annual one-off activity or a cumbersome activity that personnel grow to resent.

Communicating risk information

Risk information, accountability and obligations can be communicated through a variety of methods including:

- Staff position descriptions, especially the CEO
- Director position descriptions
- Staff performance plans/KPIs
- Strategic and operational plans
- Governance and operational policies
- Meetings (such as staff, management or board meetings)
- Posters/presentation material
- Websites
- Social media

The most critical risk information to communicate is what is expected of people when it comes to risk management. Almost every person in the system will at some point play a role in risk management – from a parent on the sideline at a sports fixture, who you want to spectate positively so the participants have a good experience, through to the chair of the board, who needs to meet with the auditor to verify the annual accounts are true and correct.

Communicate expectations through a risk management policy

For the people who will play arguably the most active role in identifying, quantifying and controlling risks, include clear responsibilities in your risk management policy for the various roles of board members, chief executive, senior managers and employees.

As outlined in the context section, the risk management policy should contain:

- An outline of your strategic outcomes
- A summary of the approved risk management process
- Adopted risk rating criteria
- Adopted risk tolerances and action plans
- Key requirements for risk management
- Clear roles and responsibilities regarding risk management
- Reporting requirements

Ensure all new personnel (including both directors and employees) receive an induction on the risk policy when they join your organisation.

There is a template risk management policy as part of the toolkit for this publication to help you get started.

Crisis Management Planning

Introduction

Despite systematic attempts to prevent a threat from materialising, it is often impossible to eliminate all risks, and your organisation will be affected by the risk event. In an increasingly uncertain world, there are many factors that can lead to crisis including:

- Fraud/financial crime
- Sudden loss of revenue stream (such as the loss of a sponsor or funding contract)
- Death or permanent incapacitation of an employee, participant or volunteer
- Illegal or inappropriate behaviour (e.g. violent or sexual assault)
- Government inquiry into historical events (such as a Royal Commission of Inquiry)
- Natural disaster
- Environmental disaster
- Terrorism
- Performance-enhancing drugs/illicit drugs
- Data breach/IT failure
- Security breach (such as with a touring group or major event)

When these events occur, the most significant losses generally include loss of:

- Corporate knowledge
- Financial capacity
- Reputation and credibility

In the sport and recreation sector, all three forms of losses can be crippling after a crisis. Organisations of many types suffer irreparable reputational and financial losses because they did not anticipate the crisis event and so had no response planned that could minimise their losses. However, with some planning, losses can be mitigated significantly.

What can you do to prepare for a crisis?

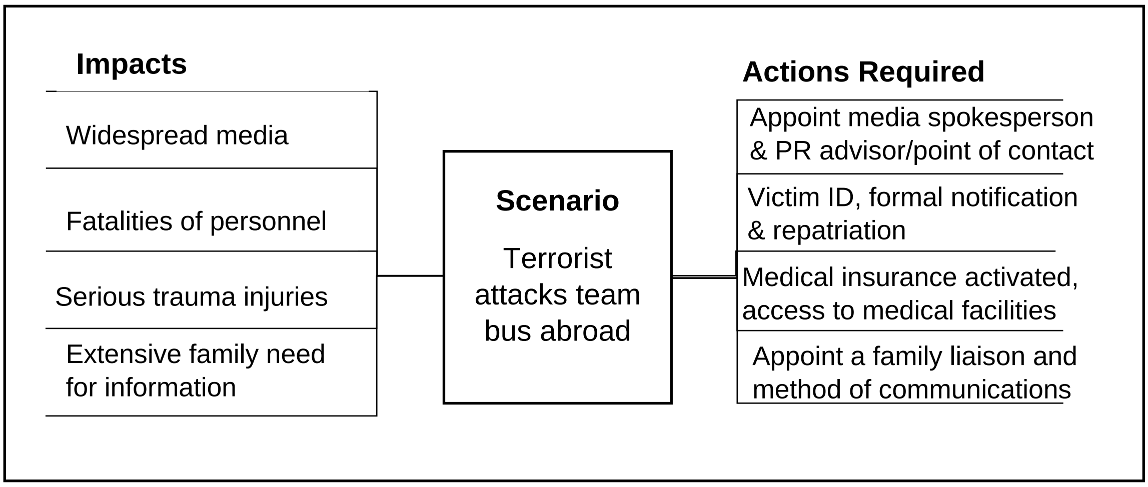
The simplest approach to mitigating losses following a crisis is to PLAN and PRACTISE before the crisis happens and PERFORM when it does.

1. ***Anticipate what could happen.*** Consider the crisis events that are most likely to impact your organisation.

2. ***Equip your people.*** What expertise might you need in a crisis event? Who will be involved in making key decisions for your organisation and what experience or skills do they need to operate in a crisis? Some of the skills you may need to be able to access quickly include:
    - Legal advice
    - Financial advice
    - Insurance advice
    - Public relations advice
    - Security advice
    - Human resources advice

Desktop scenarios can help you identify the skills you may require.

Activity: *Write or draw the scenario on a whiteboard (example "terrorist attacks team bus abroad"). To the left of the scenario description, brainstorm all the detailed impacts of this scenario. Then, on the right, consider each consequence you have noted and brainstorm what might need to happen to manage that issue. Once you have a list of actions that will be required, you can discuss who might be the best person (or people) to execute that action on the organisation's behalf.*



This is an excellent senior management exercise to undertake once or twice a year to help plan and practise what might happen in a crisis and how your personnel will need to respond.

Organisations exposed to higher risks of crisis events because of your activities/operations can extend this exercise into role-playing the scenarios with the key personnel who may be involved. This will make personnel more familiar with executing their role in a crisis event.

Use the material developed through the scenario exercise as the basis of your Crisis Management Plan, which is a document you can refer to in a crisis to help you think about the various actions needed in the situation. The Crisis Management Plan should be simple (bullet points) and practical so it is easy to follow.

What to include in your Crisis Management Plan

- Which situations constitute a ‘crisis’ and who designates a situation as a crisis
- An outline of which personnel will assume which responsibilities during the crisis and their delegated authorities
- Pre-drafted press statements that can be quickly and easily adjusted for the situation and issued by the organisation
- Standard procedures for the crisis scenarios you have identified and planned for during exercises.

Remember, the key to minimising crisis losses is to PLAN, PREPARE and PERFORM.

Developing Risk Documents

Key Risk Management Documents	• Governance Risk Management Policy • Operational Risk Management Policy • Organisational Risk Register Template • Risk Management Board/Senior Management Report • Crisis Management Plan

Introduction

The purpose of this section is to help you develop key risk management documents. Although effective risk management is about what happens in practice, it is underpinned by what is documented on paper. Written documents allow multiple stakeholders to review your risk management framework and understand the expectations of your organisation.

Basic tips

- Keep documents as succinct as possible – quality over quantity.
- Don't reinvent the wheel – there are plenty of great examples to help you get started.
- Be careful when using templates or examples from other sources – risk is very unique to each organisation. While templates help save time, they can be misleading if not used correctly. Always check the content of any template risk management document and ensure it is appropriate for your context.
- Be practical – the level of risk management should be relative to the level of risk being generated.
- Get feedback and advice – refer to the communication and consultation section in this publication. Use contacts to peer review your documents to 'logic check' them.
- Evolve your documents through structured reviews – while it's a good feeling to develop your initial documentation, risks around your organisation will continually evolve. It is important that your organisation keeps evolving with its environment.

Sport New Zealand risk management documents

Sport New Zealand has commissioned relevant risk management documents for use by organisations. These documents are organised into governance, event-related risk management and enterprise risk management, and can be accessed through the links below.

- Board Charter (including risk policies)
- Nine Steps to Effective Governance
- A Guide to Risk Management for Event Organisers
- Event Safety Plan
- Risk Management Toolkit – Enterprise Risk Management
    - Operational Risk Management Policy
    - Risk Register and Risk Assessment Tools

    - Crisis Management Plan
    - Risk Management Board Report

Links to sport and recreation related risk management content online

- Suffolk Sport (Risk Register – UK)
- Crisis Management (Article – USA)
- Sports PR (Article – USA)
- Effective Crisis Communication (Article – USA)
- Sports Organisation Risk Register (Example – AUSTRALIA)
- HB Guidelines for Managing Risk in Sport and Recreation
- AS/NZS ISO31000:2009 Risk Management – Principles and Guidelines

Risk Management and the Law

Introduction

Sport and recreation organisations are affected by a range of legislation. Board members and senior managers should undertake a legal scan to consider which laws are relevant to the structure and operations of the organisation.

Organisations that are deemed to be in breach of legislation may be prosecuted. In addition, any officers or workers deemed to have breached legislation may also be personally exposed to prosecution and sanctions such as fines and imprisonment.

Relevant legislation – quick reference (all legislation wording is available here)

Structure of sport and recreation entities

- *Incorporated Societies Act 1908*
- *Charitable Trusts Act 1957*
- *Companies Act 1993*
- *Charities Act 2005*

Tax

- *Income Tax Act 2004 (revised 2012)*
- *Goods and Services Tax Act 1985 (revised 2014)*

Employment

- *Employment Relations Act 2000 and Employment Relations Amendment Act 2016*
- *Holidays Act 2003*
- *Parental Leave and Employment Protection Act 1987 (revised 2016)*
- *Minimum Wage Act 1983 and Minimum Wage Amendment Act 2016*
- *Equal Pay Act 1972*
- *Fair Trading Act 1986*
- *KiwiSaver Act 2006*

Premises/investment properties

- *Building Act 2004*
- *Smoke-free Environments Act 1990 (revised 2013)*
- *Health and Safety at Work Act 2015*
- *Sale and Supply of Alcohol Act 2012*

General

- *Injury Prevention, Rehabilitation, and Compensation Act 2001*
- *Crimes Act 1961 and Crimes (Match-fixing) Amendment Act 2014*
- *Privacy Act 1993*
- *Human Rights Act 1993*
- *Land Transport Management Act 2003*
- *Trade Marks Act 2002*
- *Sports Anti-Doping Act 2006*
- *Minors’ Contracts Act 1969 and Minors’ Contracts Amendment Act 2005*
- *Gambling Act 2003 (revised 2016)*
- *Boxing and Wrestling Act 1981*
- *Children, Young Persons, and Their Families Act 1989*

Relevant Legislation for Delivery of Sport and Recreation Events

Many, if not all, organisations are exposed to legislation when it comes to providing sport and recreation products – often in the form of events. Sport New Zealand provides a specific guide on risk management considerations for event organisers, which can be found here.

This material provides a general overview of laws that may impact on the organisation of sport and recreation events by event organisers. Event organisers may need to seek additional specialist advice on the legislation mentioned.

The nature of sport and recreation events can vary and can involve any combination of land, marine, underground or airspace environments. It is not possible to cover all the statutes that may impact on your proposed activity so the statutes referred to in this guide are only a selection of those that might have some impact.

All environments where events are conducted are regulated to some extent for safety and other reasons, so event organisers will need to make contact with the relevant regulatory authorities to obtain full information. The local territorial authority is a good place to start as its staff can either deal with your inquiry or point you to the appropriate authority to assist you.

In terms of risk management, there are statutory obligations that must be met and common law duties that apply to everybody. These statutory and common law issues are discussed in more detail below.

Because this summary is of a general nature, you may need to look at specific wording of statutes, seek specific legal advice from a lawyer and check that laws have not been amended. The material in this publication was current as at June 2016.

Common law

In addition to laws contained in statutes or Acts of Parliament, people and organisations must be aware of and comply with what is known as the *common law*. The common law is the law that is developed by judges over time as a result of their decisions.

The common law imposes a general duty on all people and organisations to take reasonable care to avoid causing injury or harm to people and property. Failure to act reasonably in any circumstance may amount to negligence in the sport and recreation context. Generally, five elements are required to prove negligence:

1. One person must owe a duty of care to another (for example, a sporting or recreation organisation will owe a duty of care to the people taking part in the event it has organised).

2. There is a breach of that duty (for example, an organisation fails to provide suitably qualified or experienced officials).
3. Someone owed a duty of care suffers an injury or there is damage to their property.
4. The injury or damage is caused by a breach of duty (for example, because of the inexperience of officials, a dangerous situation arises or continues that then results in, or contributes to, injury to a participant or damage to their property).
5. The injury or damage results in loss suffered by the person.

Before someone can be found negligent it must be clear that the person's conduct was likely to result in injury or damage.

It is important to bear in mind that New Zealand operates a no-fault accident compensation scheme. This generally means people cannot sue for personal injury caused by accident and an injured person cannot recover compensatory damages for personal injury.

However, in rare and limited circumstances a person may be able to sue where a person or organisation has demonstrated an "outrageous and flagrant disregard for safety".

This is known as a claim for exemplary damages, which in effect is a punishment for the organisation's or person's disregard for safety. There are few cases of this type and they are rarely successful. There is also limited potential for claims for mental injury or nervous shock.

The ACC legislation does not cover loss of, or damage to, property. Event organisers should consider appropriate insurance to minimise the effect of any such claims (such as public liability cover).

Regardless of the complexities of the common law and the laws of negligence, event organisers should always bear in mind that they will owe a duty of care to persons involved in any sporting or recreation event they have organised. That duty of care will extend to taking reasonable steps to manage risks to levels as low as reasonably practicable for all persons who might be affected, including participants, officials, bystanders and their respective property.

Health and Safety at Work Act 2015

Persons or organisations involved in organising sporting and recreation events should be fully aware of their obligations under the Health and Safety at Work Act 2015 (the Act). Event organisers should particularly be aware of their obligations to any workers (which includes any paid employees, volunteers, officials, marshals, contractors and hired labour) who may be involved in the organisation and staging of the event.

In the context of the Act in relation to sport and recreation events, the organisation that owns or governs the event is generally considered to be a Person Conducting a Business or Undertaking (PCBU). Any directors or managers of the PCBU (including the CEO and Event Manager) are considered 'Officers' under the Act and must exercise due diligence in ensuring health and safety risks are managed to levels as low as reasonably practicable.

In accordance with the Health and Safety at Work Act 2015, Officers must each take reasonable steps, in the context of the event, to:

> *(a) acquire, and keep up to date, knowledge of work health and safety matters; and*
>
> *(b) gain an understanding of the nature of the operations of the business or undertaking of the PCBU and generally of the hazards and risks associated with those operations; and*
>
> *(c) ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking; and*
>
> *(d) ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information; and*
>
> *(e) ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under legislation; and*
>
> *(f) verify the provision and use of the resources and processes are being delivered in practice.*

There are significant penalties including fines and imprisonment if Officers are deemed guilty of not exercising due diligence with regard to health and safety under the Act.

For any specific questions about how the Health and Safety at Work Act (2015) may affect you or your event, contact WorkSafe New Zealand (New Zealand's workplace health and safety regulator) to seek guidance.

Crimes Act 1961

The Crimes Act 1961 (the Act) applies to everyone. In particular, event organisers should consider:

- Section 156 of the Act, which places an obligation on people who undertake dangerous acts or are in charge of dangerous things that, in the absence of care, may endanger human life, and to take reasonable care to avoid such danger
- Section 145 of the Act, which provides that a person commits criminal nuisance if they do an unlawful act or omit to discharge a legal duty knowing this act would endanger the lives, safety or health of the public or any individual

In several high-profile cases, sporting organisations and/or individuals have been prosecuted under the above provisions. The penalties for committing such an offence range from a fine to a term of imprisonment.

It is important to bear in mind that each case will be decided on its own particular facts. In the case of section 145 of the Act it must be proven that a person knew that what they did or failed to do would endanger the safety or lives of others.

If the organiser of events provides clear, appropriate and up-to-date information to participants and takes all reasonable steps to ensure a participant's safety (such as applying the risk management process outlined in this document), there is little probability of prosecution under the Act. The safety imperative remains regardless of the possibility of prosecution under the Act. Event organisers should also expect that, if a serious injury occurs, the police will conduct a thorough investigation. Event organisers should keep a complete record of how all reasonable care was taken, such as an event risk management plan aligned with ISO31000:2009.

Resource Management Act 1991

The Resource Management Act (1991) (the Act) classifies activities into six primary categories:

1. Permitted
2. Controlled
3. Restricted discretionary
4. Discretionary
5. Non-complying
6. Prohibited

In addition, there is a 'protected customary right' category applying to activities, uses or practices established in accordance with the requirements under the Marine and Coastal Area (Takutai Moana) Act 2011.

These different categories determine aspects such as whether a resource consent is required before carrying out the activity, what will be considered when making a decision on a resource consent application and whether a resource consent must, may or may not be granted.

Rules in regional and district plans determine within which category an activity falls and therefore event organisers should contact the local territorial authority to discuss whether a resource consent is required for the staging of an event.

Be aware in your event planning that if a resource consent is required, the application and hearings process can be lengthy and expensive.

Remember that the local territorial authority is the best place to start your inquiries about the possible impact of the Act on your proposed activity.

Local Government Act 2002

The Local Government Act 2002 (the Act) deals with the powers and obligations of local authorities. Organisers of sport and recreation events will normally need to deal with their local territorial authority to some extent, depending on the exact nature of the event. Local authorities are also responsible for their district plan (see Resource Management Act guidance above).

The Act is of particular relevance to those who may be organising an event that requires the closure of roads (e.g. marathons, triathlons, duathlons, cycling events and motor racing). The Act gives the territorial authority the power to stop or close any road or part of the road, subject to certain conditions, and to divert or alter the course of any road. If the territorial authority does not have jurisdiction over the particular road, they can put you in touch with the relevant authority.

Conservation Act 1987

The Conservation Act 1987 (the Act) does not relieve anyone from an obligation to obtain a resource consent (if one is required) under the Resource Management Act. One of the key requirements for proposed activities is that they cannot be carried out in a conservation area unless they are authorised by a concession. The Minister of Conservation may grant a concession in the form of a lease, licence, permit or easement for any activity.

There is a provision in the Act that waives the need for a concession to be obtained for any recreational activity that does not provide a specific gain or reward for the organiser, whether the activity is pecuniary or otherwise.

It is an offence under the Act to knowingly do, among other things, any of the following without the authority of the Minister or Director-General of the Department of Conservation:

- Interfere with or damage any historical or natural features in any conservation area
- Erect any building, sign, hoarding or structure on any conservation area
- Construct any apparatus on any conservation area
- Conduct in any conservation area any activity for which a concession is required under the Act

Any organisation or individual organising an event in a conservation area must be aware of their responsibilities under this Act. The website for the Department of Conservation is www.doc.govt.nz .

National Parks Act 1980

The National Parks Act 1980 (the Act) is intended to preserve national parks for the benefit, use and enjoyment of the public. National parks are administered by the Department of Conservation. Each national park must have a management plan that, among other things, sets out the way in which the national park will be managed, including what may or may not be done within a specific national park.

Certain areas within national parks may be designated specially protected areas. Nobody can enter or remain in any specially protected area except on the authority of and in accordance with a permit issued by the Minister of Conservation.

Organisers of events in national parks will need to consider the relevant park management plan as well as the need for permission and/or permits to conduct certain activities. Like the Conservation Act, this Act contains a range of offences, which includes such things as:

- Causing damage in a park
- Erecting any building, sign or hoarding in a park
- Not having permission or a concession for an activity that requires such a concession

If planning an event that may take place in a designated national park, event organisers should refer to the Department of Conservation for guidance on permits and consents.

Maritime Transport Act 1994

Among other things, the Maritime Transport Act 1994 (the Act) established a body which was previously known as the Maritime Safety Authority of New Zealand and from 1 July 2005 was known as Maritime New Zealand. The Act has a broad objective to undertake safety, security, marine protection and other functions to sustain the maritime transport system. This Act may need to be considered in respect of any boating or similar maritime activities. Yachting, boating, coastguard, surf lifesaving, water safety and other organisations will generally have extensive knowledge of the relevant considerations in the marine environment.

The Maritime New Zealand website is www.maritimenz.govt.nz .

Marine Reserves Act 1971

Organisers need to be aware that marine-based events could be affected by the Marine Reserves Act 1971. Under this Act, various marine reserves may be created, which must be maintained in their natural state, with the public having no right of entry. As of June 2016 there were 44 marine reserves in New Zealand territorial waters. Subject to any specific regulation, section 23 does, however, allow any right of navigation through or across a marine reserve to be unaffected. There is no right of anchorage except in the case of emergency.

These reserves are managed by the Department of Conservation.

Civil Aviation Act 1990

Event organisers will need to be familiar with the requirements and rules arising from the Civil Aviation Act 1990 for any events that operate in airspace. The Civil Aviation Authority (CAA) undertakes many of the regulatory functions in this area. Persons experienced in activities such as gliding, flying, hang-gliding or parachuting will be able to contact their relevant national or local sports organisations to assist them with relevant requirements. Only organisers who have, or can access, excellent and expert knowledge of this environment should be involved in such activities.

Unmanned Aerial Vehicles (UAVs), also known as drones, unmanned aircraft or Remotely Piloted Aircraft Systems (RPAS), are rapidly gaining in popularity, for both commercial and recreational use. For events, they are being used in a range of ways – in photography, television broadcasting, hazard and risk monitoring, and search and rescue work. New safety rules came into force in New Zealand for UAVs on 1

August 2015. These new rules are relatively flexible, allowing for the growth of fast-developing technology, while retaining safety as a key priority.

UAV rules are risk based, which means they consider the safety risks of an operation, rather than the purpose of the operation (e.g. recreational or commercial). Unlike those of some countries, such as the United States, our rules do not distinguish between commercial and recreational operations. In Australia and the United States, commercial unmanned aircraft operations are illegal, unless the aviation regulator grants permission.

Event organisers should be aware that the use of UAVs at events where the UAV may operate beyond the line of sight needs to be certificated to do so by the CAA. Operators need to satisfy the CAA they have a plan in place to effectively manage the safety risks of having their drone go beyond their line of sight.

For further information, refer to the Civil Aviation Authority of New Zealand website www.caa.govt.nz .

Fair Trading Act 1986

Event organisers who have their own businesses in which they are contracted to supply goods or services should be aware of the Fair Trading Act. It is a business law which, among other things, regulates misleading and deceptive conduct; consumer information; and safety of products and services.

In the services area, a requirement under section 11 is that no person in trade may engage in conduct that is liable to mislead the public about the nature, characteristics and suitability for a purpose or quantity of services. A similar offence exists under section 13, where it is illegal to make a false or misleading representation that services are of a particular kind, standard, quality or quantity, or that they are supplied by a particular person or a person of a particular trade, qualification or skill.

Event organisers need to be aware that if they represent themselves or their staff as having a particular level of qualification or training, then the activities need to be undertaken by the person who meets such specifications.

The obligations under the Act extend to representations about price and to claims that services have sponsorship, approval or endorsement. In addition to exposure to fines for offences under the Act, a person can also be exposed to claims for damages by those affected.

Appendices, Templates and Further Resources

Tools and templates to get started

There are associated tools and templates available as part of the online Risk Management Toolkit at http://www.sportnz.org.nz/managing-sport/search-for-a-resource/tools-and-resources/risk-management-toolkit- .

- Risk Management Policy (template)
- Risk Management Tool including:
  - Quick Reference Risk Identification Checklist (checklist)
  - Risk Register (template)
  - Risk Action Plan (template)
  - Risk Calculator/Matrix (guidance resource)
- Management/Board Risk Management Report (template)
- Crisis Response Plan (template)

If you are unsure how to manage any risks or require specific risk management advice, contact a lawyer specialising in risk advice or a qualified risk advisor.

Undertake risk management training as part of professional development (board and management)

Various organisations and avenues provide formal training for directors and/or senior managers and employees wishing to increase their understanding of risk management using the ISO31000:2009 methodologies.

- Professional associations, such as the NZ Institute of Directors, provide company directors training and risk management training.
- Private training organisations provide one-day workshops through to more comprehensive one-week short courses on risk management or its components. Type “risk management training” in your online search engine to find these. Be sure to check that the provider is aligning its training with ISO31000:2009 standards.
- Many universities offer papers in risk management and these can be a great avenue to acquire some formal training.
- You can work towards attaining a risk management professional certification such as a Certified Professional Risk Manager (CPRM™) from organisations like the Risk Management Institution of Australasia (http://www.rmia.org.au/).

A. **Quick Reference Risk Identification Guide**: Risk identification for your organisation – which risks are relevant for your organisation?

Risk/Risk Event	Category	Relevant? Yes/No
Fraud	Financial	✓ / ×
Project overspend	Financial	✓ / ×
Operational plan / projects not delivered on time	Operational	✓ / ×
Loss of sponsor	Financial	✓ / ×
Loss of gaming funds	Financial	✓ / ×
Loss of philanthropic funder	Financial	✓ / ×
Reduction in donation revenue	Financial	✓ / ×
Reduction in membership fees	Financial	✓ / ×
Reduction in trading income	Financial	✓ / ×
Theft of stock	Financial	✓ / ×
Insufficient funds to deliver operational plan	Financial	✓ / ×
Insolvency (unable to pay bills as they fall due)	Financial	✓ / ×
Loss of parent / peak body funding	Financial	✓ / ×
Violent / sexual offence against member in our care by one of our people	Safety / Reputational	✓ / ×
Violent / sexual offence against member of public by one of our people	Safety / Reputational	✓ / ×
Violent / sexual offence against member in our care by third party	Safety / Reputational	✓ / ×
Child harm / sex offence by a coach / manager / official / administrator	Safety / Reputational	✓ / ×
Injury to an employee(s)	Health & Safety	✓ / ×
Health impact on / illness of employee(s)	Health & Safety	✓ / ×
Head injuries to / incapacitation of players as a result of participation	Health & Safety / Reputational	✓ / ×
Serious injury to / death of a participant while participating	Health & Safety / Reputational	✓ / ×
Serious injury to / death of a coach / official while participating	Health & Safety / Reputational	✓ / ×
Serious injury to / death of an employee while at work	Health & Safety / Reputational	✓ / ×
Negative environmental impact as a result of operations	Environmental / Reputational	✓ / ×
Supplier unable to provide stock required	Operational	✓ / ×
Supplier-linked human rights abuses through manufacturing process	Ethics / Reputational	✓ / ×
Loss of facility due to environmental event / climate change	Environmental / Operational	✓ / ×

Loss of personal data stored on IT system from hacking event	IT	✓ / ×
High-profile participant convicted of criminal activity	Reputational	✓ / ×
Unanticipated resignation of CEO / General Manager	People	✓ / ×
High staff turnover / loss of corporate knowledge	People	✓ / ×
Activities conducted without permits / permission being obtained	Regulatory	✓ / ×
Participant returns positive drug test	Reputational	✓ / ×
Social media trending as a result of an incident involving our organisation	Reputational	✓ / ×
Earthquake during office hours	Health & Safety / Continuity	✓ / ×
Earthquake outside office hours	Health & Safety / Continuity	✓ / ×
Flooding at office / headquarters	Health & Safety / Continuity	✓ / ×
Fire at office / headquarters	Health & Safety / Continuity	✓ / ×
Terrorism at office / headquarters / event	Health & Safety / Continuity	✓ / ×
Resignation of board member	People / Reputational	✓ / ×
Resignation of chairperson	People / Reputational	✓ / ×
Board member conflict of interest	People / Reputational	✓ / ×
CEO / General Manager conflict of interest	People / Reputational	✓ / ×
Unable to source suitable board members to fill positions	People	✓ / ×
Unable to source suitable employees to fill positions	People	✓ / ×
Declining participation rate	Strategic	✓ / ×
Third party using our IP / brand	Reputational / Legal	✓ / ×
Loss of affiliated clubs (to rival association)	Operational	✓ / ×
Sustainability of affiliated clubs	Operational	✓ / ×
Dissatisfied stakeholders	People / Reputational	✓ / ×
Funding accountability processes not completed	Regulatory	✓ / ×
Breach of professional duty of care (directors or management)	People / Reputational	✓ / ×
Misbehaviour of tour group / travelling group while away	Safety / Reputational	✓ / ×
Loss of charity status	Regulatory / Financial	✓ / ×
Loss of IRD tax exemption status	Regulatory / Financial	✓ / ×
Lack of clear strategic direction	Strategic	✓ / ×
IT server destroyed (by fire / flood / earthquake etc)	IT / Continuity	✓ / ×

Archive material destroyed (by fire / flood / earthquake etc)	Operational	✓ / ×
Personal grievance by employee against employer	People / Reputational	✓ / ×
Lack of performance by employee(s)	People	✓ / ×
Ineffective book keeping / operational financial management	Financial / Regulatory	✓ / ×
Security breach of team / group travelling abroad	Health & Safety	✓ / ×
Cancellation of major event due to natural disaster	Financial / Reputational	✓ / ×
Cancellation of event due to adverse weather conditions	Financial / Reputational	✓ / ×
Improper media comment by employee / participant	Reputational	✓ / ×
Player / employee breaching sponsor / commercial agreement	Financial / People / Reputational	✓ / ×
Sudden unexpected loss of CEO / Chairperson	People / Continuity	✓ / ×
Negative media articles about organisation	Reputational	✓ / ×
Health and safety compliance breach	Health & Safety / Regulatory	✓ / ×
Historical sexual assault claim made against organisation	People / Reputational	✓ / ×
Reduction in asset / investment value	Financial	✓ / ×
Investment property not tenanted	Financial	✓ / ×
Building not adequately earthquake strengthened	Safety / Reputational	✓ / ×
Overcommitted on office / facility lease	Financial	✓ / ×
Loss of political support of the board by clubs / regions	People / Reputational	✓ / ×

Once you have identified the risks that are relevant for your organisation, transfer them into your risk register and complete a risk assessment of each risk relative to your unique context.

Use the risk ratings in your risk management policy to conduct the risk assessment.

Visit www.sportnz.org.nz to access free risk management policy and risk register templates.

B. Sample Board/Management Risk Management Report (template available here)

<Insert Organisation> Risk Dashboard Report

Top 10 Organisational Risks	Current Risk Level	Controls in place and effective?	Status	Commentary
E.G Key sponsor agreement up for renewal next month	16 - Extreme	*Partially. Have serviced as per plan.*		*Need to increase engagement with sponsor. Chair to chair phone call & CEO to CEO face meeting needed. 40% total revenue risk. No indication of success likelihood thus far.*
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

Key Risk Indicators	Current Period	Previous Period	Status	Commentary
Staff absentees for period				
Stakeholder satisfaction rating and date next measure due				
# stakeholder engagements (external)				
# stakeholder engagements (staff)				
Organisational Policy Compliance (Yes/No)				
Financial Management Compliance (Yes/No)				
Employee Health & Safety Activity (near miss, new risks, injuries)				
Revenue				
Expenditure				
Profit / Loss (+/-)				
Significant participant injuries for period				
Any known reputational / media risks?				
Any known people related risks?				
Insurance policies - currency / renewal date				

C. Basic Crisis Response Plan Template and Guide (template available here)

Standard Operating Procedure

Crisis anticipation
The anticipated crisis events that could occur/affect our organisation include:
1.
2.
3.
4.
5.

Crisis consequences
The anticipated consequences of the above crisis events that could occur/affect our organisation include:
1.
2.
3.
4.
5.

Determining a crisis
The CEO and Chairperson will communicate immediately in the event of a potential crisis event being recognised and are delegated to declare an event a 'crisis'.

If the nature of the crisis event prevents the CEO and/or Chairperson communicating, either is delegated to declare the event a crisis.

A 'crisis' declaration should be communicated by the CEO and Chairperson immediately to the board and employees. A 'crisis declaration' enacts this procedure and is designed to quickly communicate to all parties the need to fulfil their allocated role in accordance with training and preparedness activities conducted before the crisis.

Typical key responsibilities in a crisis

- **Crisis Team Chair** – the person who is capable of leading all personnel during the crisis and will chair the crisis response team (usually the Chairperson or CEO)
- **Activity Log/Recorder** – the person assigned to write down all decisions made or actions implemented so that the crisis team can refer back throughout if required
- **Spokesperson/Media Liaison** – the person with designated authority to speak on behalf of the organisation and communicate approved messages
- **Welfare Officer** – the person who is allocated the role of looking after people (such as organising next of kin, medical support, trauma counselling, and health and safety during the crisis response)
- **Finance Officer** – the person who is designated the responsibility of managing finances/suppliers/payments during the crisis event
- **Operations Officer** – the person who understands (intricately) the facility, equipment onsite, stock, and people capabilities available

The above roles may or may not be required depending on the nature of the crisis.

Additional skills that you may co-opt/contract to assist:

- Lawyer
- Accountant
- Communications Specialist/PR consultant
- Risk Advisor
- Technical Specialist (such as an engineer if the crisis relates to a building collapse or similar)

In the event of a crisis event occurring and being declared, the crisis response team will immediately convene and will use the following approach to guide its response.

Phase One: In the heat of the moment

Priority will go to:

- Removing people from immediate harm (physical, psychological, social, financial)
- Protecting lives that can be saved, minimising further harm
- Protecting buildings/assets that can be saved, minimising further damage

In many cases, emergency services such as the Police, Civil Defence or NZ Defence Force will be the lead agency for acts of terrorism, crime or natural disaster crisis. The crisis response team will liaise with the lead agency and take direction on any requirements.

There will be no media comment during this initial phase.

Phase Two: Assessing the new world

Once a crisis event of any kind has happened, a key challenge is to take stock of the environment and parameters you now need to work within. Many day-to-day assumptions can be instantly lost in a crisis.

A 'situation room' session will be conducted with the crisis response team and will:

- Consider the facts of what has transpired
- Identify the stakeholders involved and affected
- Identify known losses (if possible)
- Identify foreseeable further losses if not prevented
- Identify opportunities
- Define the operating environment – who is in charge, what are the rules, what business (if any) can be achieved, and what cannot be achieved
- Develop an action plan to respond to the losses sustained and the identified threats of further losses (such as reputational loss)

Phase Three: People, reputation and sustainability

Once the immediate crisis has been responded to and you have had a chance to convene the 'situation room', you can now start the process of tactically responding to challenges presented in a crisis. This generally includes:

- The ongoing care and well-being of people. Is everyone located, safe and accessing the support required (such as trauma counselling, medical support etc)?
- The preservation of the organisation's reputation. Thoughtful and considered comments are made, if appropriate to do so, in the media. It is advisable to prepare a holding statement(s) for the sorts of crisis you have anticipated. In a crisis it can be challenging to think clearly and so having considered what you might say to the media in a non-stressful setting can ensure that in the stress of a crisis you stick to your desired key messages. Reputation also extends to how you engage with all your

key stakeholders such as sponsors, funders, families of anyone affected, general public, suppliers etc. A communication plan should be developed to engage each identified stakeholder to convey your key messages.

- The sustainability and re-build of your operations. The world must continue beyond the crisis. A clear plan is needed for how you will run your organisation, gain access to new facilities, replace people if need be, generate revenue, and adjust your operating model to reflect 'the new world' post crisis.

Remember, the key to minimising crisis losses is PLAN, PREPARE and PERFORM.