

BROADLEAF CAPITAL INTERNATIONAL PTY LTD

ABN 24 054 021 117

23 Bettowind Road
Pymble
NSW 2073
Australia

www.Broadleaf.com.au

Tel: +61 2 9488 8477
Mobile: +61 4 1943 3184
Fax: + 61 2 9488 9685
Cooper@Broadleaf.com.au

Specialists in Strategic, Enterprise and Project Risk Management

RISK MANAGEMENT IN SPORT AND RECREATION

1 Directors and Managers of Sport and Recreation Organisations

The implementation of risk management within a sport or recreation organisation is both an individual and a corporate responsibility. You need to be aware of risks because:

- Your organisation is managing sporting and recreation activities;
- You are a Director of the Board or a manager of that organisation;
- You must deal with people;
- You must deal with money;
- You must deal with external bodies; and
- You may also be an employer.

By applying risk management within your sport or recreation organisation, you will be able to:

- Adopt a systematic approach to how you view the environment, both within and outside the organisation;
- Identify significant risks to the organisation; and
- Develop strategies to address these risks and take advantage of opportunities.

By managing risks you can achieve a number of benefits. These may include:

- Better sporting or recreation outcomes and better quality experiences for participants;
- A safer environment for participants, officials, spectators and volunteers;
- A greater ability to meet the needs of your members and stakeholders;
- Enhanced image and reputation leading to:
 - Increased interest in your sport and your organisation;
 - Greater participation;
 - More financial support;
- More effective management of assets, events, programs and activities;
- Improved compliance with the law, regulations and other formal requirements;
- Broader thinking about business objectives and outcomes;
- Improved communication, both internally and externally;
- Lower costs & more budget certainty;
- Flow-on benefits through the systematic identification of organisational deficiencies;
- Higher morale, more commitment and accountability; and
- A proactive rather than reactive approach to dealing with risks and opportunities.

You have additional obligations if you are a member of your organisation's Board. Directors enter into a legal contract with the organisation and take on fiduciary responsibilities to the organisation's members. These include acting honestly, in good faith and in the interests of the organisation as a whole. Board members need to be aware of their obligations and responsibilities, and have the necessary skills and knowledge to competently fulfil their duties.

Boards are responsible for ensuring that their organisations are well managed, able to deal with future challenges and positioned to capitalise on opportunities. That is, Directors and members of Boards are expected to take well-judged and sensible risks to develop their organisation. Logical and effective application of risk management principles will ensure that Directors and members of Boards are consistently forward thinking, rigorous and systematic in the way they carry out their responsibilities, with a clear view of the associated risks and opportunities.

2 Owners and Operators of Sport and Recreation Facilities

In today's litigious society, owners and managers of commercial sporting and recreational facilities are being asked to carry more and more risks to the viability of their enterprises. Governments are regulating for extra safety controls and are imposing greater penalties on those who fail to conform.

Monitoring and adapting to a changing environment is a continuous challenge to facilities owners. Specialised clientele are becoming fewer in number as the current younger generation of sports enthusiasts take a 'smorgasbord' approach to sport and recreation. That is, they try one sport for a short period before moving on to another. Parents on the other hand, live in a society that is constantly in the fast lane. They are time starved and look to a 'fast food solution' to their children's sporting involvement. This increases the complexity to the entrepreneur's task firstly to win them over and secondly to retain their custom. The risk is aligned with the facility owner's ability to understand the changing environment and adapt or modify the facility to best fulfil the needs of the current generation. Those who can do this will generate the best opportunities.

At the same time, insurance companies are requiring the operators of sporting and recreational facilities to develop risk management plans as a pre-requisite to securing cover.

Risk management is an essential component of good corporate governance. Effective risk management can help to ensure that facilities remain viable, safe, and compliant with Government regulations. The monitoring and review of the environment is part of sound risk management practice, as is the identification and assessment of opportunities that may presented through the analysis of the needs of potential clients. A venue that has an established framework to identify and assess its risks and opportunities, and a sound plan to manage its risks, will encourage clients who value their well-being while at the same time enjoying the excitement and thrills of participating in an entertaining activity.

Management will also benefit from the knowledge that, through the implementation of sound risk management practices, they afford themselves a degree of protection on two levels. First, any adverse outcomes that still arise will generally not be as severe as they might have been; indeed, the process should result in a safer, more successful environment for all. Second, if the need arises, managers can demonstrate that they have exercised a proper level of professional due diligence and attention to the risks that are always associated with the activities that they support.

3 Broadleaf's Activities in Sport and Recreation

Broadleaf has been providing critical risk management guidance and support, including training for managers and administrators, to a range of organisations involved in sport or recreation activities for many years. Some examples are noted below.

- New South Wales Treasury and New South Wales Premier's Department: quantitative risk analysis and review of budgets for the Sydney 2000 Olympic Games.
- NSW Department of Works and Services: risk assessments for Olympic Games venues.
- Sydney Olympic Games Organising Committee: volunteer safety assistance at Games facilities.

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- Melbourne Festival Company: assistance with communicating the company's risk management and insurance and other indemnity requirements to the Victorian State Government, prior to the Melbourne Millennium celebrations.
 - New South Wales Department of Sport and Recreation: review of the Department's draft risk management resource material, conduct of field trials on the resource material and conduct of risk audits on selected NSW sport and recreation organisations; risk management is now part of the Department's 'It's Your Business' resource for Directors and managers of sport and recreation organisations.
 - Australian Sports Commission: development of a practical workbook for the implementation of risk management in national sporting organisations and the conduct of risk management workshops throughout Australia to over 500 members from 78 organisations.
 - Australian Outrigger Canoe Racing Association: facilitation of a risk identification, assessment and treatment workshop including the development of a risk and opportunity register.

4 Our Credentials in Sport and Recreation

Our risk management work is consistent with the Australian and New Zealand Standard on Risk Management, AS/NZS 4360. We are well placed to adapted it to suit specific requirement in the sport and recreation sector, as three of our team are members of the Standards Australia and Standards New Zealand Joint Technical Committee OB-007 on risk management and have written a number of books on the subject. Dennis Goodwin is an editor of the Standards Australia publication 'HB 246-2004: Guidelines for Managing Risk in Sport and Recreation,' and Phil Walker is an editor of the Standards Australia publication 'HB 192-2006: Guide for Managing Risk in Motor Sport.'

The Broadleaf team is able to offer consultants who have:

- An intimate understanding of risk management practices based on the Australian/New Zealand Standard AS/NZS 4360 Risk Management at all levels from small amateur organisations to the largest corporate and public sector entities in Australia;
- Significant experience in implementing risk management processes based on the Standard in large private, public sector and non-profit making organisations;
- A diverse range of skills in quantitative and qualitative analysis of risks; and
- Direct experience of coaching and sports administration.

A number of our team members have been active at a high level in their chosen sports and in sports administration:

- Dennis Goodwin is currently a Level IV coach of elite athletes and a member of the Board of a national sporting organisation; and
- Geoff Raymond is a former National Sports Gliding Champion.

5 Contacts

Dennis Goodwin

Goodwin@Broadleaf.com.au

Geoffrey Raymond

Raymond@Broadleaf.com.au

Phil Walker

Walker@Broadleaf.com.au

Mike Wood

wood@broadleaf.co.nz

Dr Dale F Cooper

Cooper@Broadleaf.com.au

Pauline Bosnich

Bosnich@Broadleaf.com.au

Grant Purdy

Purdy@Broadleaf.com.au

Dr Stephen Grey

Grey@Broadleaf.com.au