1. Objective of Policy

Motorsport Australia is committed to establishing and maintaining a risk management framework which is integrated systematically across the business. This framework is intended to structure Motorsport Australia's methodology for decision making, practicing good governance, developing a mature risk culture, meeting legal requirements and demonstrating due diligence.

The purpose of this document is to provide the structural framework to effectively identify and manage the risks involved in all Motorsport Australia activities in order to maximise opportunities and minimise adversity and to achieve improved outcomes and outputs based on informed decision making and organisational resilience.

2. Scope of Policy

This Framework applies to all Motorsport Australia staff which includes employees, directors, sub-committee members, contractors and volunteers of Motorsport Australia. It also applies to the way employees and volunteers interact with members, clients and visitors.

3. Definitions

Capitalised terms used in this Policy have the following meanings unless stated otherwise:

(a) **Board** means the Board of Motorsport Australia;

(b) **CEO** means the Chief Executive Officer of Motorsport Australia;

(c) **CFO** means the Chief Financial Officer of Motorsport Australia;

(d) **Risk Committee** means the Risk Committee of Motorsport Australia;

(e) **Motorsport Australia** means the Confederation of Australian Motor Sport Ltd. trading as Motorsport Australia;

(f) **Risk** is the effect of uncertainty on Motorsport Australia's objectives. Risk may have positive or negative impact;

(g) **Risk Appetite** means the amount of risk Motorsport Australia is willing to accept in the pursuit of its strategic plans and organisational objectives;

(h) **Risk Management** refers to the culture, processes and structures developed to effectively manage potential opportunities and adverse effects for any activity, function or process undertaken by Motorsport Australia. The process of managing risk is achieved through the systematic application of policies, procedures and practices to establish the context; then to identity, analyse, evaluate, treat, monitor and communicate risk.

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4.   Objectives

The objectives/benefits of this framework are to:

(a)   Confirm and communicate Motorsport Australia's commitment to risk management in order to assist in achieving its strategic and operational goals and objectives;

(b)   Codify the risk management framework to allow staff to properly assess and mitigate risk, and establish a reporting protocol for risk identification and escalation;

(c)   Ensure that Motorsport Australia complies with all relevant legislation and policies;

(d)   Ensures that staff understand risk and act accordingly, and signal a commitment to staff that risk management is a core management capability that is critical to the success of Motorsport Australia activities;

(e)   Enable staff to identify risk and potential means for mitigating risk; and

(f)   Ensure that all significant risks to Motorsport Australia are identified, assessed, and treated with controls and reported to the Risk Committee and/or the Board in a timely manner.

5.   Policy Statement

The management of risk is a crucial factor in achieving objectives, both strategic and operational.

Motorsport Australia will fulfill its commitment by ensuring that the risk management program:

(a)   Ensures the identification and management of risk is a continuous process linked to the achievement of Motorsport Australia's objectives;

(b)   Ensures regular review of departmental risk registers to critically appraise inherent and residual risk ratings, along with the effectiveness of controls and failsafe procedures;

(c)   Creates value and underpins organisational decision making;

(d)   Facilitates continuous improvement, provides efficiencies, is systematic, transparent and nimble;

(e)   Regularly checks and monitors the program, system, risk control effectiveness and non-conformances;

(f)   Facilitates legal compliance and conformance to key organisational obligations;

(g)   Is underpinned by a strong culture of proactive risk management including the managing of risk threats and risk opportunities through calculated decision making;

(h)   Is an integral and central part of organisational systems and processes, including the management of events, general business and other projects;

(i)   Is supported through the allocation resources appropriate to the risk profile of the organisation;

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(j)   Is supported by a risk appetite framework which provides the parameters in which the organisation will operate and by utilising risk appetite for planning, decision making and resourcing;

(k)   Promotes foresight and is timely, dynamic and responsive to change in the internal and external environments including identification and management of new and emerging risks; and

(l)   Adopts a variety of mechanisms for effective audit and assurance activities through which to verify adherence to obligations and effective implementation of risk mitigation plans.

6.   Risk Mitigation Process

The risk management process shall be continuous and ongoing and follow a basic framework as shown below:

Risk Management Process

Risk management will be in an integral part of Motorsport Australia's activities, with a structured approach, that is constantly improved through learning and experience.

7.   Risk Assessment

For Motorsport Australia's purposes, risk is defined as a combination of the likelihood and consequence of a potential negative occurrence to the completion of a specific effort, whether it be at strategic level, or a specific activity in a department i.e. operational. Risk is a consequence of uncertainty. It is important to note risk also goes beyond the view of traditional threats (security, safety, reputational risk, etc.) on ongoing efforts, but also includes the risks of taking or not taking advantage of future opportunities.

7.1   Categories of Risk

Each Divisional or Enterprise risk will be aligned to a specific category as a means of grouping the assessment of risks. These categories are:

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- *Safety:* Risks that could impact the safety of Motorsport Australia personnel; or participants and/or spectators at motorsport events

- *Performance:* Risks that, if realised, would result in an inability of Motorsport Australia to achieve its desired outcomes

- *Cost*: Risks associated with financial impacts to Motorsport Australia, both one-off and recurring

- *Reputation:* Risks that could potentially invite negative publicity, unwanted media attention or the loss of confidence of members, the public, government or stakeholders in Motorsport Australia.

- *Security:* Risks that, if realised, could result in physical, personnel or information security exposures or negative impacts.

- *Environment:* Risks that have, will have, or are likely to have a significant or adverse impact on the environment.

7.2 Risk Measurement

For Motorsport Australia, risk is a combination of the likelihood and consequence of a negative event occurring. Each risk is assessed for its rating against its likelihood and the consequence if it is realised. The ratings for both risk criteria are shown below.

7.3 Risk Likelihood

The likelihood of risks can be identified as the largest qualitative description of probability or frequency of a risk being realised. The potential ratings of likelihood are:

Likelihood Rating	Definition
Almost Certain	The event will occur in most circumstances
Likely	The event will probably occur (more likely to occur than not) in most circumstances
Possible	The event may occur (equal likelihood of occurring or not occurring) in the foreseeable future
Unlikely	The event may occur at some time, but not likely to occur (less likely to occur than not) in the foreseeable future
Rare	The event will only occur in exceptional circumstances or as a result of a combination of unusual events

7.4 Risk Consequence

With respect to risk, consequence is defined as the outcome or impact of an event occurring if a risk is realised. Consequence ratings are described below:

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Consequence Rating	Definition
Catastrophic	Risk realisation will affect the ability of Motorsport Australia to continue oversight of motorsport in Australia
Major	Motorsport Australia's operations will be heavily affected if risk is realised
Moderate	Risk realisation will result in a reduction of capability of Motorsport Australia to perform adequate operations efficiently, requiring additional resource, time and/or cost to resolve
Minor	Risk realisation will result in reduction of capability of Motorsport Australia to perform adequate operations efficiently, requiring limited additional resource, time and/or cost to resolve
Insignificant	Motorsport Australia's operations will be minorly affected or efficiencies reduced.

7.5   Risk Rating

Overall risk rating is a combination of the likelihood and consequence of the risk occurring. There are five generally adopted assessment levels for assessed risks: Critical, Very High, High, Medium, and Low. Although risks are assessed on a case-by-case basis, the general guidelines for how each risk should be treated with respect to its overall risk rating is described and depicted in the figure below:

Risk Rating	Overall Risk Rating				
	Critical	Very High	High	Medium	Low
Generic Proscribed Response	Intolerable. Urgent action must be taken immediately.	Intolerable. Further action must be taken immediately.	Tolerable. Further action required.	Tolerable. Further action required.	Acceptable. No further action required.

- **Critical:** This is the highest level of overall risk. Critical risks are generally seen to be intolerable and necessitate that urgent action must be taken immediately.

- **Very High:** This is the second highest level of overall risk. Risks classified as Very High are generally, seen as intolerable and necessitate that further action must be taken immediately.

- **High:** This is the third highest level of overall risk. Risks classified as High are generally considered tolerable but require further action.

- **Medium:** This is the second lowest level of overall risk. Risks classified as Medium are generally seen as tolerable but require further action.

- **Low:** This is the lowest level of risk. Risks classified as Low are seen as acceptable and generally require no further action outside of continued monitoring.

7.6   Risk Assessment Matrix

Overall risk rating is a resulting rating of a combination of the likelihood and consequence of the risk occurring. The below risk assessment matrix displays the possible combinations of risk likelihood and consequence that can occur given the risk rating applied to each risk:

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7.7   Risk Approach and the Risk Assessment Process

The detailed steps of the risk assessment process are set out below:

1) **Step 1: Identify Risks from departmental risk reviews**

   a) Identify key activities related to the effective and efficient operation of each department
   b) Identify the primary risks that may affect the successful delivery of the activity
   c) Ensure all immediate risks are covered
   d) Identify causal factors that could, if they occur, eventuate in the risk
   e) Assign a responsible party to assess, control and monitor the risk

2) **Step 2: Assess Inherent Risk**

   a) Create a standard risk framework and terminology to assess risk
   b) Align risk to risk assessment matrix based on the particular characteristics of the risk, specifically the likelihood and consequence (impact) of the risk
   c) Identify the consequences of the risk that may occur if the risk is realised

3) **Step 3: Institute Controls and Mitigate Risk**

   a) Identify controls that may be used to mitigate the inherent risk and classify the current control effectiveness:
      i)   Inadequate
      ii) Action initiated
      iii) Opportunity for improvement
      iv) Adequate
      v)   Excellent
   b) Enact controls to mitigate risk
   c) Ensure a lead is assigned to track progress for each particular control

4) **Step 4: Determine Residual Risk and Monitor**

   a) Determine residual risk
   b) Determine Risk Tolerability of the risk
   c) Identify and begin implementation of additional treatments as required
   d) Escalate risk concerns, as necessary
   e) Monitor the risk on an ongoing basis

Once inherent risks are assessed and discretionary controls applied, Motorsport Australia must assess the resulting severity rating for each risk (i.e. residual risk). All risks will have some level of residual risk until the activity is complete. Risk Tolerability is defined as the level to which the appropriate authority determines acceptability of each risk considering all relevant factors of the Program. Motorsport Australia can define Tolerability in three ratings:

- **Acceptable:** This is the highest/best level of Tolerability. Risks in this category are seen as acceptable, and that the current controls are effective (and thus no treatments or additional controls are required).

- **Tolerable:** This is the second highest level of Tolerability. Risks in this category are seen as tolerable but require additional treatments. That is, current controls need to be augmented by additional treatments. For this rating, proposed treatments are likely to be effective.

- **Intolerable:** This is the lowest level of Tolerability. Risks in this category are seen as unacceptable, and require additional treatments/controls to be defined as the current controls and proposed treatments are unlikely to be effective.

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7.8 Risk Reporting and Governance

With respect to risk reporting, strategic risks will be managed on a continual basis. Operational risks will be updated by the Motorsport Australia Executive and their teams and reported regularly at the Risk Committee and Board meetings.

8. Roles and Responsibilities

Department / Area	Role / Responsibility
Board	Responsible for the overall governance and oversight of the management of risk within the Motorsport Australia.
Risk Committee	Responsible for overseeing the Motorsport Australia's risk management program and for ensuring that significant risks to Motorsport Australia's operations are limited by management's appropriate use of internal controls. Where appropriate internal controls are not in place, the risk must be reported to the Board on a timely basis
CEO	Responsible and accountable for ensuring that a risk management program is established, implemented and maintained in accordance with this policy so that risks are managed to a tolerable level. The Chief Executive Officer may assign these related tasks to other members of senior management.
CFO	Appointed Risk Officer within Motorsport Australia.
Motorsport Australia Executive	Responsible for driving the policy and ensuring that the policy commitments are communicated and achieved collaboratively with staff, contractors and volunteers.
Managers	Responsible for communicating this Policy with staff and volunteers. Responsible for implementing the commitments outlined in this Policy and in accordance with this Policy, as required. Responsible for addressing any instance of noncompliance with this Policy.
Employees and Volunteers	Responsible for meeting the requirements outlined in this Policy. Responsible for raising concerns or opportunities for improvement in accordance with this Policy.
Risk Champions	Those employees or volunteers tasked with overseeing communicating and monitoring risk management activities.

9. Related Rules, Policies or Procedures

    (a)   Risk Management Framework (inclusive of risk registers)

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(b)   Business Continuity and Disaster Recovery Plan

(c)   Document Control Procedure

(d)   Audit and Assurance Plan

10. General

(a)   This Policy will be reviewed every 2 years if not sooner.

Version	Date	Author	Change Description
V1	15/05/2020	Charlotte Hayes	Creation of Policy Document
V2			

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