



RECREATIONAL AVIATION AUSTRALIA

Board Risk Appetite

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Introduction

Recreational Aviation Australia Limited (**RAAus** and **Company**) is a **Company** limited by guarantee that works with its members to facilitate the issue of pilot certificates and registration of aircraft. Ancillary services are offered to assist with these two prime tasks which include overseeing training schools, auditing training schools, developing safety programs, communicating with members, advocating for members and being an active and formidable player in the aviation sector.

Risk management is a central management discipline in the organisation. Responsibility for risk management commences with the board of directors. Following is the board's view of the overall risk appetite of the **Company**. This statement informs the overall conduct of The **Company's** Enterprise Risk Management (ERM) system and the specific risk policies and analysis which are conducted within the ERM system.

Principles

1. Central to our ongoing success is our reputation with customers, stakeholders, including the regulator and the communities in which we operate. To ensure the maintenance of our reputation, we will strive to ensure
 - our service quality is at industry leading standards
 - our adherence to laws and regulations is complete and
 - our systems and processes deliver our members an experience that is seamless and trouble free.
2. We recognise the importance of well trained and highly motivated staff.
3. We will strive to ensure our workplace culture values our team equally and that all staff operate in a safe and wholesome workplace. We stress the importance of a stable workforce. Collectively, we work for the furtherance of our vision and mission and to engage in open, honest communication at all levels.

Intolerable Risks

1. **RAAus** will not tolerate any activities by board members, staff and contractors that violate any laws or regulations.
2. **RAAus** will not tolerate any work related activities that may expose employees or contractors to unacceptable risk or harm.
3. **RAAus** will not tolerate offering every member less than \$10M in third party property insurance coverage.
4. **RAAus** will not accept initiatives or inaction that results in exposing the **Company** to risk of failure to continue to operate.

Acceptable Risks

Recreational Aviation

While **RAAus** set standards for pilot training and aircraft maintenance, the **Company** cannot control decisions made (directly or indirectly) by pilots and accepts that for various reasons outside of its direct control, accidents and fatalities can and do happen in recreational aviation pursuits.

RAAus' tolerance to injury and death resulting from recreational flying is low and the **Company** expects exemplary attention to managing risks inherent in aviation and within the **Company's** scope of influence.

For risks taken and accepted by pilots (outside of the direct control of **RAAus**) a calculated and educated approach to risk (including perceptive and tolerance), safety awareness and implementing safety systems are expected.

RAAus will collect data on risk management treatments it applies to recreational aviation through its verification and accident investigation processes and improve its risk treatments based on consultation and evidence.

Positioning the Company

RAAus operates in the aviation sector, specifically the sport, recreational and light aircraft end of the market. As a member based organisation, we recognise that our value proposition to our members is fickle and as such we need to remain nimble and ensure our points of difference are maintained. We acknowledge that the majority of the **Company's** revenue is generated by member contributions and as such we need to be proactive in not only retaining our membership base but to also implement procedures to grow our membership.

To be effective, **RAAus** must be respected as a professional, competent, progressive and innovative organisation by members and stakeholders. The Board expects well-structured lucid responses to incidents and media interest and clear responsibilities and disciplines for representing **RAAus** to the media and public.

We are at risk from competitors, industry and regulatory change and economic uncertainty. The Board must remain cohesive, focused and united in furthering the **Company's** vision and mission.

Strategic

The Board sets the limits and scope of strategic initiatives, whereas management and staff work towards delivering these strategies and provide the Board with visibility with reporting and annual review.

Risk taking parameters are set in the Governance Policy Framework and Strategic Plan.

Initiatives not related to the Strategic Plan or that fall outside of the limitations established in the Governance Policy Framework must be approved by the Board.

Financial

Annual budget planning and review sets Board expectations on expenditure and targets for revenue. A financial delegations package is reviewed and approved by the Board annually.

In the short term, the Board accepts that deficits may result during an adjustment phase but cash reserves must remain in excess of \$600,000.00. Investment of all reserves are expected to result in a longer term return by way of improved efficiency, services and infrastructure. This policy will be reviewed annually by the Board.

Ultimately, the Board aims to maintain a healthy cash reserve to ensure business continuity.

The Board will consider capital project proposals funded from reserves to the extent that reserves to support continued operations in the event of unexpected expenditure e.g. terrorism damage, earthquake, litigation, fire are maintained at not less than \$600,000.00.

Financial trend and end of year result reporting is expected for Board meetings.

RAAus will bank with a tier one banking institution.

The Board considers and approves insurance packages and other means of managing financial risk.

Operational Risks

RAAus will investigate each and every fatal accident and accident that causes serious injury to a member by using only ATSB or equivalent course qualified accident consultants.

RAAus will adopt an open and fair reporting culture and seek to educate, communicate and inform members of breaches of regulations where those breaches are not deliberate. All reported breaches will be managed in accordance with the **RAAus** Complaint Handling and Disciplinary Procedures.

RAAus will hold member records electronically and back up those records at least once every 24 hours. Appropriate retention and destruction strategies will be employed equivalent to Australian National Audit Office standards and guidelines.

All new project/product development with a value of more than \$50,000.00 will require a rigorous logic based project management approach initiated and approved by the Board.

The Occurrence Management System (OMS) receives reports of possible infringements and faults. The Complaint Handling and Disciplinary Procedures defines the processes for investigation and the attitude and tone of regulatory actions. Adherence to these policies limits the exposure of **RAAus** to litigation and disputes. The Board supports an educative approach to resolving compliance issues and some risk taking with individual cases without introducing risk to third parties.

The Board will set the agenda for, and accepts, responsibility for Operation and Technical Manual policy changes which will be recorded during the period that revisions are being

issued. Clearly defined project based processes are to be used by management to facilitate smooth consultation and revision of **RAAus** manuals.

The Board expects

- unqualified, timely external audit reports and a clear process of internal verification of critical business processes
- a high quality process of manual updating and policy implementation to minimise the risk of error and controversy
- high standards of management performance and reporting are expected and
- disclosure of resource and staffing issues to review progress and to maintain realistic expectations of achievement.

Employee turnover and absences should be monitored and at no time should turnover or absences expose **RAAus** to interruptions to normal operations.