

# RISK PROFESSION

## Maintaining momentum for SA mining industry

Paul Heithersay fell in love with rocks as a child and has been fascinated since, so he is passionate about his work.

Mr Heithersay is executive director of minerals and energy for Primary Industries & Resources SA (PIRSA) and responsible for the division that manages the state's mineral, gas and petroleum resources.

His role is to ensure the mining industry can flourish in SA, but not at the expense of the state's environment, communities and landscape, which is why he helped develop and implement SA's *Plan for Accelerating Exploration* (PACE).

"SA wants a reputation for a trouble-free permitting process but will not compromise on environmental issues," he told the RMIA SA/NT Chapter.

"We want to show we can make projects happen and adopt the best environmental procedure there is. They have to go together."

Four years ago, SA had only four operating mines. There are now 10, with another 30 projects on the permitting list. Mr Heithersay said the mining boom had been fuelled with the SA Government's strategy to accelerate exploration.

He said his job was a mix of promoting SA's geology to the world and getting new projects through the system, while ensuring the environment did not suffer.



Paul Heithersay

"The resources industry is an international game. The investment we're looking for will come from Australia and overseas. We go to Japan, Canada and China every year to seek investment and to convince [international explorers] they've got a better chance in SA. If they find something, they can get it permitted faster than anywhere else."

SA is yielding copper, gold, uranium, heavy mineral sands and iron ore and earning royalties on the finds.

"Mining accounted for about 10% of SA's economy in the mid-1990s. It's now 25% and we can expect it to reach 50% of export income in five years' time," Mr Heithersay said.

To attract development, the SA Government has lowered its royalty regime to 1.5% for the first five years, after which it increases to 3.5%.

### 'SA backs training for future geologists'

Mr Heithersay said the state's target was "a six-month permit process turnaround and, on average, we are achieving that". Refusing to compromise on environmental issues was

"something the community and the company can have confidence in.

"We want to show we can make projects happen and adopt the best environmental procedure there is. We also have the best precompetitive data in the country and have had for a very long time," he said.

"As part of the PACE program, we are doing a tremendous amount of work with the University of Adelaide, particularly in skills training and apprenticeships. Hopefully, these will be the geologists of the future."

In 2008, the SA Government committed \$3.5 million as ongoing funding towards PACE. PIRSA's geological survey has a budget of \$5 million, with a further \$3 million for regulation.

Mr Heithersay said the amount of money spent in SA on exploration had increased more than 10-fold since 2004, from \$30 million to \$330 million. "Investment is going into areas that were in the doldrums just a few years ago.

"Towns such as Port Augusta and Whyalla, gateways to the state's vast outback and its rich mineral deposits, are reaping the benefits in increased trade and a booming housing sector."

## RM a must to survive global financial crisis

RM consultant Chris Teniswood believes corporate failures in Australia and globally show what can happen if companies do not manage risk effectively.

Mr Teniswood, a director with Melbourne-based consultancy Pinpoint Solutions, says a company's board is not doing the right thing if it ignores RM.

He told RMIA's Vic Chapter: "It is characteristic of people to adopt an attitude that it won't happen to them. We underestimate the impact of extreme events or don't think they will directly affect us.

"Handling and recognising risk and being able to actually assess and manage it is a fundamental part of good business management.

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Chris Teniswood

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"Businesses are subject to a wide range of pressures and demands and good RM is a component of that."

But factoring in what could possibly go wrong and having effective contingency plans in place, should those scenarios occur, meant businesses would be much better prepared to handle disasters.

"A business can identify its potential risks by considering its critical assets or services. What could threaten, stop or harm each [asset or service] and what controls respond to or mitigate these exposures? Where existing controls and response measures fall short is where the business faces risk."

Mr Tenniswood says a company's survival, particularly set against the backdrop of the global financial crisis, may hinge on having effective RM strategies and procedures in place.

"Smart businesses encompass their RM strategies as part of their overall business plans. Businesses can no longer afford to think of RM strategies as an afterthought.

"A decade ago, management would often put RM plans together in this manner. The plans would go into a folder, sit on a shelf and never be looked at again."

He has seen RM grow and become an accepted part of running a business within the last decade, but says some companies have had to suffer so others could benefit.

"Over the last five to seven years, RM has become of much greater interest to organisations and to accountants and finance professionals," he said.

"That's been triggered by corporate failures, changes to corporate law, and changes to corporate governance requirements, such as those issued by the ASX for publicly listed companies."

With Australian companies set for tougher financial times in 2009, Mr Tenniswood is certain those with RM strategies will be the ones left standing after the economic whirlwind.

"The lesson to be learned is that some reasonable level of preparedness to respond to an unusual but feasible event is a prudent measure for any business.

"All businesses should establish plans addressing how they would immediately respond to protect personnel and assets and how to seek to recover and restore business activities," he said.



Chris Beale

## Implement RM strategies to help avoid uncertainty

Risk is defined as the uncertainty in achieving objectives, says RMIA Qld Chapter president Chris Beale, who is functional manager - project risk at Sinclair Knight Merz. So it is no surprise to hear him say RM should be the first port of call to manage potential and emerging risks in new projects.

He told a CPA conference "context is king" when identifying risk. "RM is not just taking action to avoid or reduce the chance of something going wrong. It's about identifying and taking opportunities to improve performance."

Uncertainty existed in internal and external contexts. "External factors include the business, social, regulatory, cultural, competitive, financial and political environments; an organisation's strengths, weaknesses, opportunities and threats; external stakeholders and key business drivers," Mr Beale said.

"Internal factors cover corporate culture; internal stakeholders; structure; capabilities in terms of resources, such as people, systems, processes and capital; and the [organisation's] goals, objectives and strategies."

Techniques Mr Beale uses to identify and analyse risks include Monte Carlo analysis (computational algorithms that rely on repeated random sampling to compute a result), multi-criteria analysis, risk assessment formats, safety in design techniques and quantitative approaches, such as fault tree and event tree analysis, all of which can dispel some uncertainties.

Mr Beale said it was imperative to embed RM early in a project once risks had been identified. "A RM plan developed early is used to communicate what risk assessments will be undertaken during a project along with accountabilities, context information, risk-ranking requirements and consultation plans.

"It allows managers of risk to understand the risk registers and helps communicate and track potential risks and determine appropriate strategies to eliminate, mitigate, tolerate or share risks."

Mr Beale believes uncertainty covers the full range of potential outcomes. "Projects of every size and nature have inherent risks.

"Our job is to identify potential variations from what we plan or desire and manage these to maximise opportunity, minimise loss and improve decisions and outcomes."

But simply identifying risks was not enough. "You need to monitor risks throughout the entire project and update risk mitigation strategies accordingly. Risk assessments should be undertaken at various points in the project life cycle to confirm the nature and level of risks and identify and modify new and emerging risks," Mr Beale said.

Taking a holistic view of RM enabled Mr Beale to look at the bigger picture and that approach helped predict uncertainties. "It is vital to apply RM thinking generally across a project. Ensuring RM forms a communications web between the various disciplines being used on a project will enable cross-disciplinary learning on potential and emerging issues," he said.

## CPRM profile

### Accreditation showcases skills, experience

Qld Department of Child Safety team leader Paul Coffey says his Certified Practising Risk Manager (CPRM) accreditation has boosted his standing within the profession and among clients.

The Brisbane-based father of two, who spent an arduous weekend on the RMIA course to achieve the accreditation, believes it has given him, his clients and his employer, a greater degree of confidence in his skills, knowledge and experience as a risk manager.

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**'Embed RM early to mitigate risks'**

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"Being a CPRM demonstrates that I have a certain level of expertise in the profession that can be applied to various risk scenarios. It's more comfort for a client that I can undertake risk-based work at a high level across various industries."

Mr Coffey, who has 20 years' experience in RM, was working for Qld Transport when he achieved the accreditation.

He financed the accreditation himself, but his then employer recognised it as a significant boost to the department's employee skills portfolio.

Mr Coffey was impressed with the accreditation process and pleased his skills were being recognised by his peers.

"It was very demanding, very difficult but an appropriate experience and a very thorough process."



Paul Coffey

"It challenged my ideas on RM. It went beyond the process of RM and looked at goals, aims and the whole culture. What particularly impressed me was the networking with risk managers from industries other than my own."

Mr Coffey, a keen golfer in his spare time, is responsible for his department's occupational health and safety.

He feels the biggest value in being a CPRM is the confidence it gives him in providing and applying information and analysis.

He says the accreditation has expanded his knowledge through the network of fellow CPRMS and provided a range of professionals from whom to garner advice.

"Since becoming a CPRM, I don't just look at RM in the context of my profession any more. I now look at a variety of areas, the bigger picture, if you like, and networking has enabled me to do that."

"It has been exciting exchanging knowledge, views and opinion with my peers and this has helped me not only adapt my skills, but draw on the experience and knowledge of others."

"I have access to a range of experts with specialist skills in other areas and it is very comforting to know that kind of support is out there."

Mr Coffey has become a regular attendee at Qld RMIA Chapter meetings and national conferences since he became a CPRM in 2005, and always takes the opportunity to engage with his peers.

"There is camaraderie among CPRMs. RM is all about teamwork and I look at CPRMs as a team in terms of discussions, support and shared knowledge and ideas when we come together at conferences and chapter meetings."

He thinks the accreditation could become an industry standard as it seeks to challenge professionals.

"The emphasis is on learning and developing the risk manager's role and that could lead to CPRM becoming a necessity in RM."

"CPRM-accredited risk managers need to be continually assessed and challenged. This will help development and bring about greater recognition for the industry in the long term."

He wants CPRMs' employers to acknowledge the role they play in driving RM forward.

"Employers need to be aware that CPRMs can, and do, provide them with access to a vast amount of experience and a huge knowledge base."

"The more CPRMs there are, the quicker this could happen, with sharing of knowledge, experience and ideas," Mr Coffey said.

## CRMT profile

### Holistic approach expands horizons for life saver

Rob Andronaco, who became a Certified Risk Management Technician last December, has discovered a new facet of RM outside his niche of aquatic life saving.

Mr Andronaco looked at other accreditations, but decided RMIA's CRMT best suited the challenges he faced at Life Saving Victoria (LSV).



Rob Andronaco

LSV provides RM and consultancy services to aquatic venue managers and pool operators.

As a senior risk consultant, Mr Andronaco was familiar with the AS/NZS 4360 process, but also sought professional validation.

He was aware he worked in a specialised field and needed to build on the skills and experience he had amassed in three years with LSV.

The CRMT accreditation, aimed at RMIA members who are operationally focused or specialist practitioners starting the transition to more senior roles, was ideal.

"I'd looked at a variety of membership and accreditation processes offered by other organisations. RMIA had a huge appeal in terms of professionalism and a holistic risk perspective."

**'CRMT focuses on holistic RM'**

"I work in a niche area and wanted to learn more about the culture of managing risk outside aquatic safety. CRMT was perfect for that."

"It wasn't solely based around auditing, insurance or finance. The core focus is risk and all that it encompasses."

Mr Andronaco, who is completing a Masters in RM at Melbourne's Monash University, was delighted with the accreditation process.

"The process was fantastic. I really enjoyed the phone conference with the panel. I was able to bounce ideas off the panel and the feedback I got was fantastic."

"It reinforced the commitment I had shown to adopting a holistic RM approach for the organisation."

A keen swimmer and rower, Mr Andronaco wanted to find a balance between the theory and applied RM and said becoming a CRMT facilitated that ambition.

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"RMIA uses risk as an umbrella term. You can look at risk in various ways, then apply it to your own specific field," he said.

"Becoming a CRMT has given me confidence to share ideas with other CRMTs.

"We may not come from the same fields, but we're all on the same page in terms of RM framework.

"Bouncing ideas off people with different skill sets has given me greater confidence to tackle RM issues."

That has included an internal review of products and services at LSV, resulting in more streamlined processes with no loss of content.

"We are more systematic in what we do now. There is a commonality of purpose and an increased sense of direction in managing risk and promoting safety.

"CRMT helped this as it focused on the technical aspect of risk application and, given the technical nature of the field I am in, was a perfect fit."

The Melbourne father of two now aims to become a CPRM, when he meets the requirements, but is ready for all challenges just four months after gaining the much-respected CRMT accreditation.

"Being weighted against AS/NZS 4360

[compliance] was a huge validation process for myself as I can't easily compare my practice to others, given the nature of what I do.

"But the CRMT process has given me confidence in attaining my Masters and my ambition to become a CPRM," Mr Andronaco said.

"I've always understood the notion of risk and the ideas behind RM with regards to safety.

"Now, as a CRMT, others will know what knowledge, skills and experience I have, not just in my field but in the theory and application of different models."

*'Technical focus  
a perfect fit'*

## RMIA Update



### NEW WORKSHOP - FUNDAMENTALS OF RISK CONTROLS

A new Risk Controls one-day workshop is for individuals working in all types of organisations who need to acquire knowledge of how controls help identify and manage risks.

The workshop aims to give participants fundamental and essential information to be successfully able to identify, assess and improve controls in their organisations.

The content will provide practical tools and activities to ensure participants can explore issues and problems with their peers.

It will also examine the latest methodologies, developments and research in the area of risk and controls.

The workshop has been designed and developed in consultation with subject matter experts, industry experts and education specialists and has undergone a Quality Assurance process to become RMIA endorsed.

Scheduled dates are:

Brisbane – April 24  
Canberra - May 28  
Sydney - June 24  
Adelaide - July 28  
Perth - July 29  
Hobart - September 2

For more information, go to [www.rmia.org.au](http://www.rmia.org.au) or email [education@rmia.org.au](mailto:education@rmia.org.au).



### FUNDAMENTALS OF MANAGING RISK WORKSHOPS

Participants who attend the Fundamentals of Managing Risk workshop acquire the skills and knowledge to apply the risk management process in their organisation by understanding the AS/NZS 4360:2004 standard.

Reference is also made to the draft ISO 31000 RM standard throughout the workshop.

The delivery method is a combination of practical application of theory through case studies in an interactive individual and group environment.

The workshops are delivered by facilitators who are RM practitioners and qualified, experienced presenters.

The workshop has been endorsed by RMIA and a Quality Assurance panel consisting of industry experts and educational specialists to ensure the content delivered is current to industry trends and the broader business climate.

Brisbane - Tuesday, Wednesday - April 28-29  
Perth - Wednesday, Thursday - May 6-7  
Canberra - Monday, Tuesday - June 22-23  
Adelaide - Wednesday, Thursday - July 8-9  
Darwin - Wednesday, Thursday - August 5-6  
Sydney - Wednesday, Thursday - August 26-27  
Perth - Tuesday, Wednesday - September 22-23  
Melbourne - Tuesday, Wednesday - October 27-28  
Wellington, New Zealand – expressions of interest welcome

For further workshop information or bookings, go to [www.rmia.org.au](http://www.rmia.org.au).



### CRMT EXCLUSIVE SESSIONS

As the number of RMIA Certified Risk Management Technician (CRMT) accredited members is rapidly increasing, an invitation is being extended to those interested in developing a special interest group to share information, knowledge and expertise.

Send expressions of interest to the Education Manager, [education@rmia.org.au](mailto:education@rmia.org.au).



### RMIA ACCREDITATION

Congratulations to the following members who have attained CRMT accreditation:

David Jackson, Qld  
Hamish Leith, SA  
Andrew Shields, Tas  
James Turner, Qld

If you're interested in RMIA accreditation, which is a licence to practise as a risk professional, email [education@rmia.org.au](mailto:education@rmia.org.au) for more information.



### RISK LEADERSHIP PERSPECTIVES

In 2009, RMIA will continue its popular series of Risk Leadership Perspectives breakfast meetings in Melbourne and Sydney.

The AIG-sponsored presentations feature risk management professionals in c-suite positions in high-profile companies. The seminars see leading risk managers of some of the nation's key brands present their experiences in managing their companies' risk management programs.

Dates and speakers are currently being finalised. More information will be in the May issue of *Risk Profession*.

## Risk Management Institution of Australasia Ltd

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