

D Risk Management Plan

Whitehorse Centre Redevelopment Business Case Management Risk Plan,
Version 7, 12 September 2014, Sweett (Australia) Pty Ltd

Risk Management Plan

To: Ms Virginia Ross, Williams Ross Architects

Subject: Whitehorse Centre Redevelopment Business Case
DRAFT RISK MANAGEMENT PLAN

Date: 28 August 2014

Our Ref: 3084

1. Introduction and Purpose

As part of the Business Case for the Whitehorse Centre redevelopment, Sweett Group Pty Ltd were appointed to undertake a risk management process and develop a Risk Management Plan for the Project.

The assessment of Risk is an important step in the project and one which needs to be completed prior to proceeding too much further into the project design and procurement process.

The purpose of commencing the risk assessment process for the project was to ensure that there is a structured approach to risk management and to highlight the particular risks associated with a project of this nature to enable the appropriate mitigation strategies to be developed and continually reviewed throughout the project life duration. The Risk Management Plan is attached to this Report.

It is noted that the assessment of risk has been framed around the following key project stages:

- Predesign;
- Design;
- Tender/ Procurement; and
- Construction, Facility Opening and Operation.

It is also noted that a number of risks and categories of risk will apply across all of these project stages. As a result some duplication of risks across these four categories is included in the attached Risk Matrix Table.

It is further noted that given the Project is currently at an Business Case development stage the assessment of risk has been undertaken at a relatively high level likely to be applicable at each stage and a more detailed risk assessment process will be further required as an integral part of each project stage as the project progresses.

The attached Risk Matrix Table has been formatted to align with Council's current Risk Plan Template.

2. Glossary of Terms

The attached Risk Management Plan contains a number of acronyms which are defined as follows:

CEO	Chief Executive Officer
EoI	Expression of Interest
FTDB	Functional and Technical Design Brief
IR	Industrial relations
OHS	Occupational Health & Safety
PCG	Project Control Group
PM	Project Manager
QA	Quality Assurance

3. Methodology and Approach to Risk Assessment

The following section outlines the methodology and approach to risk assessment including risk assessment categories used for this project which are in accordance with Australian Standards for risk management, AS4360 - 2004. In our view this approach is consistent with the content and form of the Council Risk Plan templates provided in their letter of 18 January 2013.

4.1 Likelihood

The likelihood of an identified risk or events occurring was categorized into a simple framework. The following table was used to determine whether an occurrence is almost certain, likely, possible, unlikely or rare.

Almost certain	The event will occur in most circumstances
Likely	The event will probably occur at least once
Possible	The event might occur at some time
Unlikely	The event is not expected to occur
Rare	The event may occur only in exceptional circumstances

4.2 Consequences

The table of Consequences shown on the following page was developed by Sweett as a guide to guide to determine whether the consequence of an event occurring would be insignificant, minor, major, critical or extreme. Feedback to this plan is required to ensure it can be satisfactorily tailored to meet Council's requirements of this Project.

4.3 Overall Risk Ratings

The following table illustrates the descriptors that have been used to define the impact of an event occurring in relation to the event's likelihood and consequence.

LIKELIHOOD	CONSEQUENCE				
	Insignificant	Minor	Moderate	Major	Extreme
Almost certain	Medium	Medium	High	High	High
Likely	Medium	Medium	Serious	High	High
Possible	Low	Medium	Medium	Serious	High
Unlikely	Low	Low	Medium	Medium	Serious
Rare	Low	Low	Medium	Medium	Serious

Note:

- High risk: Immediate action required, Senior Management/Board will be involved
- Serious risk: Senior Executive Management attention needed and management responsibility specified.
- Medium risk: Manage by specific monitoring or response procedures
- Low risk: Manage by routine procedures, unlikely to need specific application of resources.

Consequence Category (in order of severity)		INSIGNIFICANT	MINOR	MODERATE	MAJOR	EXTREME
Factor of Consequences (In alphabetical order)						
Disruption to established routines/operational delivery.	d	No interruption to service. Minor industrial protest.	Some manageable by altered operational routine	Disruption to a number of operational areas within a location or region & possible flow on to other locations/regions	All operation areas of a location or region compromised. Other locations/regions may be affected.	Total system dysfunction. Total shut-down of operations
	e	No lasting detrimental effect on the environment i.e. noise, fumes, odour or dust emissions of short term duration.	Short term, local detrimental effect on the environment or social impact, e.g. Significant discharge of pollutants within local neighbourhood.	Serious, local discharge of pollutant or source of community annoyance within general neighbourhood that requires remedial action.	Long term detrimental environmental or social impact i.e. Chronic &/or significant discharge of pollutant.	Extensive detrimental long term impacts on the environment and community i.e. Catastrophic &/or extensive discharge of persistent hazardous pollutant.
Financial (organization as whole or of any single unit)	f	Financial loss up to \$3,000	Financial loss between \$3,000 and less than \$30,000	Financial loss between \$30,000 and less than \$300,000	Financial loss between \$300,000 and less than \$3,000,000	Financial loss equal to or in excess of \$3,000,000
Management Corporate Operational	m	Staff & supervisor dissatisfaction – localised Staff & supervisor dissatisfaction within part of the local unit	Staff & supervisor dissatisfaction – broader basis Dissatisfaction disrupts production/service delivery.	D-G's dissatisfaction. Likelihood of legal action Significant disruption to operations.	CEO & Board dissatisfaction. Legal action Qualified Audit report to Board naming particular managers	General Manager's/Regional Manager's &/or CEO's resignation/removal Location management resignation/removal
	p	Minor adverse publicity in particular locations	Significant adverse publicity in particular locations.	Significant adverse publicity state-wide	Sustained adverse publicity state-wide. Chairman of Board dissatisfaction.	CEO &/or Chairman of Board resignation/removal
Security	s	No notifiable or reportable incident.	Localised incident. No effect on operations.	Localized incident. Significant effect on operations	Significant incident effecting multiple locations.	Extreme incident effecting organization's survival
Workplace Health & Safety	w	Incident – no lost time	Injury – no lost time.	Injury – lost time compensable injury	Serious injury/stress resulting in hospitalisation	Multiple fatality (not natural causes)

4. Proposed Next Steps to Finalise Risk Plan

The proposed approach to risk assessment centres around a Risk Management Workshop convened for attendance by the Project Control Group (PCG) and nominated Principal Consultant team members to review the risks for the project as it progresses from the idea stage through the other various phases to the operations of a new/refurbished/expanded facility.

As already noted, given the Project is currently at a Business Case development stage, this assessment of risk has been undertaken at a relatively high level based on an understanding of the likely risks to be applicable at each stage of the project. A more detailed risk assessment process will be further required as an integral part of each project stage as the project progresses.

Specifically the **next steps** required to finalise this project risk assessment would involve:

- Issue of this Draft risk management table to the PCG to help identify risks associated with the project prior to attendance at the workshop (This Plan);
- Conducting a risk management workshop with the consultants and/ or PCG to review and confirm the risks and identification of key controls, responsibilities and actions to mitigate the risks. **It is noted that the workshop will focus on the "pre-design" risks;**
- Populating the revised Risk Management Action Plan for review by attendees at the workshop; and
- Development of a final risk management report.

Appendix 1:

Draft Risk Management Plan Table

WHITEHORSE CENTRE REDEVELOPMENT BUSINESS CASE RISK PLAN - DRAFT

PROJECT PHASE: PRE DESIGN/ BUSINESS CASE

Risk Rating: See Table at end of Risk Matrix

DRAFT - PRE DESIGN RISKS, Outcomes from Risk Workshop on Friday 12 September 2014

Mitigation/ Control												
Risk No.	Project Phase	Initiating Hazard/ Risk Description	Potential Causal / Contributing Factors	Current Controls	Likelihood Rating	Potential Consequences	Consequence Rating	Risk Rating	Risk Level OK?	Unit Level of Control	Actions	Risk Owner
Financial Risks												
1	Pre-design	Project funds do not materialise due to unforeseen circumstances	Council, Government funding restricted, reduced	N/A	LIKELY	Project scope reduce, project delayed, does not proceed	SEVERE	EXTREME	N	EMT	Validate funding strategy (i.e. Council reserves, other/ alternate funding sources - e.g. rates, state, federal, land sales, borrowings.... Continue discussions with State and Federal departments in Business Case development; Include as part of funding strategy consideration of potential project staging strategy	CEO
2	Pre-design	Risk of project costs impacting on Council's ability to deliver all existing services/capital works i.e. Competing projects, opportunity cost of proceeding with the project	Council, Government funding restricted, reduced	N/A	LIKELY	Project scope reduce, project delayed, does not proceed	MAJOR	HIGH	N	EMT	Review Council's Capital Works Projects and programme and consider elevating Project to a higher priority	CEO
3	Pre-design	Pre-Design stage costs exceed allocated funding.	Design Concept includes additional user and operational requirements; additional scope/ costs due to findings of additional site site investigations.	N/A	POSSIBLE	Redesign, reduce project scope	MAJOR	HIGH	N	nominated GM	Undertaken value management exercise with Independent QS to validate project costs including consideration of reducing Scope, staging of development.	EMT
Design Risks												
18	Pre-design	Geotechnical/ ground conditions soil impact on design	Inadequate supporting investigations during design phase	N/A	POSSIBLE	Project delay, additional project costs	MAJOR	HIGH	N	nominated GM	Geotechnical/Contamination assessments to be carried out during FTDB / Final validation during Design documentation to confirm budget impacts and appropriate allowances.	EMT
19	Pre-design	Flooding - Risk of flooding due storm water runoff	Inadequate supporting investigations during pre/design phase	N/A	LIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Flood risk mitigation proposals to be built into design concepts for authority approval	nominated GM
20	Pre-design/ Design	Scope creep or late design changes resulting in additional costs and delay	Change in project design and scope (FTDB), building materials, services design	N/A	POSSIBLE	Review, revise FTDB (Functional Technical Design Brief)	MAJOR	HIGH	N	nominated GM	Develop FTDB before Schematic Design phase.	EMT
21	Pre-design/ Design	Stakeholders insist on their design requirements	Inadequate stakeholder consultation with External parties.	N/A	POSSIBLE	Review, revise FTDB	MAJOR	HIGH	N	nominated GM	Develop FTDB before Schematic Design phase including consideration of external party design requirements.	EMT
23	Pre-design/ Design	User requirements for facility not clearly considered	Inadequate stakeholder consultation with users.	N/A	POSSIBLE	Review, revise FTDB	MAJOR	HIGH	N	nominated GM	Develop FTDB before Schematic Design phase including consideration of User Group design requirements.	EMT
24	Pre-design	Anticipated traffic volume impact on external road network	Inadequate traffic advice	N/A	POSSIBLE	Review, revise FTDB	MAJOR	HIGH	N	nominated GM	Consult with and seek VicRoads approval to proposed road network design changes.	EMT
25	Pre-design	Authority requirements - Non compliance with Planning authority, Services/ Referral Agencies requirements	Inadequate specialist consultant advice, lack of consultation with authorities	N/A	POSSIBLE	Project delay, redesign, additional project costs	MAJOR	HIGH	N	nominated GM	Develop FTDB before Schematic Design phase, including consultation with Planning authority, Services/ Referral Agencies	EMT
Construction Risks												
Operating Risks												
38	Pre-design/ Design	Authority Approvals - Non-compliance with Planning Scheme	Inadequate town planning advice from consultants, Council planning officers	N/A	POSSIBLE	Project delay, additional project costs	MAJOR	HIGH	N	nominated GM	Architect and Town Planning advice sought as part of FTDB development.	EMT
39	Pre-design/ Design	Authority Approvals - Parking requirements of the Planning Scheme not met	Inadequate traffic advice from consultants, Council traffic planners	N/A	POSSIBLE	Project delay, redesign, additional project costs	MAJOR	HIGH	N	nominated GM	Traffic Consultant and Town Planning Consultant advice sought as part of FTDB.	EMT
40	Pre-design/ Design	Authority Approvals - Inability for Supply Authorities to supply required services in time for development	Inadequate services advice from consultants during Design stage	N/A	POSSIBLE	Project delay, redesign, additional project costs	MAJOR	HIGH	N	nominated GM	Initiate early strategies and Authority Consultation as part of FTDB and develop Contingency Plans as necessary	EMT
Market Risks												

Risk No.	Project Phase	Initiating Hazard/ Risk Description	Potential Causal / Contributing Factors	Current Controls	Likelihood Rating	Potential Consequences	Consequence Rating	Risk Rating	Risk Level OK?	Unit Level of Control	Actions	Risk Owner
45	Pre-design	Inadequate assessment of Market including demand for new facilities and assessment of competing facilities in neighbouring catchment area	Inadequate Market Consultant advice during design phase	extensive market advice included as part of Business Case development	UNLIKELY	Project delay, redesign, additional project costs	MODERATE	MODERATE	Y	nominated GM	Ensure adequate validation of market demand and supply assessment to support preferred design concept	EMT
46	Pre-design	Forward planning - Building does not meet Council's operating requirements	Inadequate stakeholder consultation with users.	N/A	UNLIKELY	Project delay, redesign, additional project costs	MAJOR	HIGH	N	nominated GM	Operational review completed as part of FTDB development process including Council Buildings and Maintenance Team involvement.	EMT

Industrial relations

Governance												
53	Pre-design/ Design	Governance structures and processes	Establishment of a tiered Governance structure and terms of reference	Existing Council project management and governance frameworks	UNLIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Establish Project specific Governance structure, Plan and terms of reference	nominated GM
54	Pre-design/ Design	Governance structures and processes	Ensure documentation and reporting capacity exists and resourced in structure	Existing Council project management and governance frameworks	UNLIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Establish Project specific Governance structure, Plan and terms of reference	nominated GM
55	Pre-design/ Design	Governance structures and processes	Ensure projects changes are measured against Investment Logic Mapping outcomes and baseline measures(scope/design, budget, approved schedule, quality assurance)	Existing Council project management and governance frameworks	UNLIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Establish Project specific Governance structure, Plan and terms of reference	nominated GM
56	Pre-design/ Design	Governance structures and processes	Ensure projects changes are reflected in governance ToR, delegations and reporting	Existing Council project management and governance frameworks	UNLIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Establish Project specific Governance structure, Plan and terms of reference	nominated GM
57	Pre-design/ Design	Governance structures and processes	Ensure project has identifiable benefits to measure its outcomes – attendance/utilisation, revenue targets, community satisfaction, demographic growth in utilisation	Existing Council project management and governance frameworks	UNLIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Establish Project specific Governance structure, Plan and terms of reference	nominated GM
58	Pre-design/ Design	Governance structures and processes	Establish issue log template to capture project issues	Existing Council project management and governance frameworks	UNLIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Establish Project specific Governance structure, Plan and terms of reference	nominated GM
59	Pre-design/ Design	Governance structures and processes	Translate issue log template into a lessons learned for next major project	Existing Council project management and governance frameworks	UNLIKELY	Project delay, additional project costs	MODERATE	MODERATE	Y	PCG	Establish Project specific Governance structure, Plan and terms of reference	nominated GM

Business Systems

Commercial												
63	Pre-design/ Design	Inadequate Procurement Strategy for Consultant and Contractors	Failure to Conduct Procurement process/ strategy workshop	n/a	POSSIBLE	Project delay, additional project costs	MAJOR	HIGH	N	nominated GM	Conduct Procurement process/ strategy workshop as part of Pre-Design Phase	EMT

Natural disasters

Management												
83	All Stages	Sufficient Council staff adequately skilled in managing and delivering a project of this nature	Inadequate project management resources for the Project.	Existing Council Human Resource processes for staff recruitment.	POSSIBLE	Project delay, additional project costs	MAJOR	HIGH	N	nominated GM	Seek / advertise for new appropriately skilled staff or consultants to assist in the successful project delivery.	EMT

Human Resources

86	Pre-design/ Design	Staff Resources - Sufficient Council staff adequately skilled in managing and delivering a project of this nature	Inadequate project management resources for the Project.	Existing Council Human Resource processes for staff recruitment.	POSSIBLE	Project delay, additional project costs	MAJOR	HIGH	N	nominated GM	Seek / advertise for new appropriately skilled staff or consultants to assist in the successful project delivery.	EMT
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Assets

88	Pre-design	Inappropriate finished materials, finishes suitability, maintenance	Inadequate FTDB and design development.	n/a	POSSIBLE	additional recurrent costs	MODERATE	MODERATE	Y	nominated GM	Consultant design responsibility. Client and PM review. Contractor shop drawings review and approval. Q.A program	EMT
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Conservation

Risk No.	Project Phase	Initiating Hazard/ Risk Description	Potential Causal / Contributing Factors	Current Controls	Likelihood Rating	Potential Consequences	Consequence Rating	Risk Rating	Risk Level OK?	Unit Level of Control	Actions	Risk Owner
92	Pre-design	Latent conditions (floral Fauna, heritage, Contamination/ Ground water / rock)	Inadequate supporting investigations of existing conditions (e.g. flora and fauna, arborist, archaeological/ cultural heritage, contamination/ hazardous materials)	N/A	POSSIBLE	Project delay, additional project costs	MAJOR	HIGH	N	nominated GM	Undertake appropriate investigations as part of FTDB development.	EMT
Visitor Services												
Regulatory Requirements												
98	Pre-design	Authority Approvals - all	Inadequate consultation, consultant advice and liaison with planning, servicing authorities and other stakeholder agencies	N/A	POSSIBLE	Project delay, redesign, additional project costs	MAJOR	HIGH	N	nominated GM	Develop FTDB before Schematic Design phase, including consultation with Planning authority, Services/ Referral Agencies	EMT
Operational Requirements												
100	Pre-design/ Design	Operational staff anxiety with change management & staff communication	Inadequate communications strategy internally within Council	Current standard Council communication processes	POSSIBLE	Project delay, additional project costs	MODERATE	MODERATE	N	nominated GM	Include Staff union and other stakeholder groups in Communication Strategy.	EMT
Political/ Community												
102	All Stages	Political will of Councillors to proceed with project	Inadequate communications strategy/ reporting/ consultation with Councillors; timing of key project milestones re: Council tenure/ elections	current reporting/ communications processes with Councillors	POSSIBLE	Project delayed, does not proceed	SEVERE	EXTREME	N	EMT	Communication/ consultation strategy with Councillors	CEO
103	Pre-design	Council/ community dissatisfaction with strategy for temporary relocation during construction	Inadequate strategy/ communications with Community, user groups re: strategy for temporary relocation during construction	N/A	POSSIBLE	negative Councillor/ user group/ community reaction	MAJOR	HIGH	N	EMT	Communication/ consultation strategy with User Groups/ existing Centre Operations	CEO

RISK CATEGORIES	Consequence				
	Negligible	Minor	Moderate	Major	Severe
Likelihood	Almost Certain	MODERATE	HIGH	EXTREME	EXTREME
	Likely	LOW	MODERATE	HIGH	EXTREME
	Possible	LOW	MODERATE	HIGH	HIGH
	Unlikely	INSIGNIFICANT	LOW	MODERATE	HIGH
	Rare	INSIGNIFICANT	INSIGNIFICANT	LOW	HIGH