



Meeting attachments

Audit and Risk Management Committee

Wednesday, 17 November 2021, 5.30 pm

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ARMC2111-2 CITY OF FREMANTLE RISK MANAGEMENT FRAMEWORK

ATTACHMENT 1 – Risk Management Framework

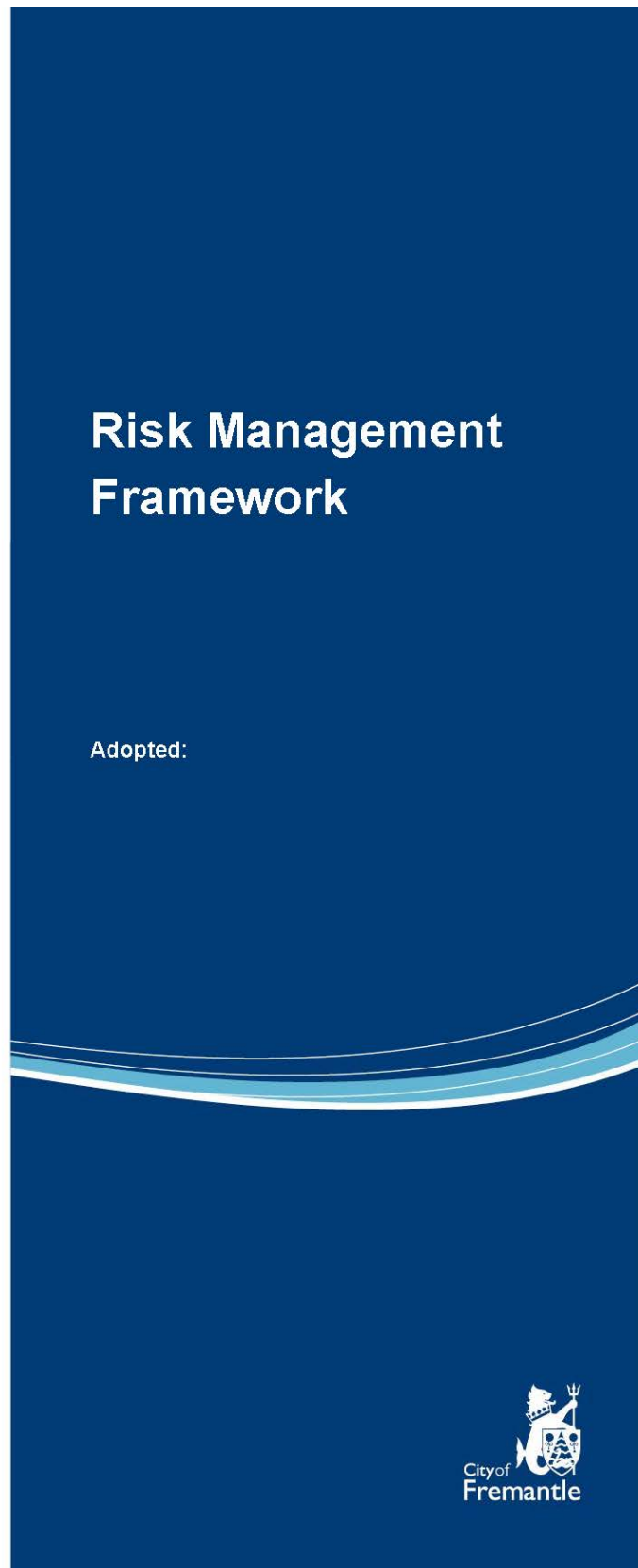


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1 Introduction

The City of Fremantle (The City) is a local government area south of Perth, Western Australia (WA) covering an area of circa nineteen square kilometres. It has a vision and seven key focus areas:

Vision ¹	
Fremantle: a destination City	<p>A city that is clever and creative, inspiring and inclusive;</p> <p>A city that welcomes and celebrates all people and cultures;</p> <p>A city that encourages innovation, prosperity and achievement;</p> <p>A compassionate city that cares for the wellbeing of our people and the environment we share; and</p> <p>A City that thrives on diversity, that dares to be different – and delivers on its promises.</p>

#	Key Focus Areas ²
1	Economic development
2	Environmental responsibility
3	Transport and connectivity
4	Character, culture and heritage
5	Places for people
6	Health and happiness
7	Capability

The City has developed a ‘Corporate Business Plan’ to address these key focus areas. However, there will always be a level of uncertainty associated with delivering The City’s vision, key focus areas and the activities that support those areas. In this context, it is envisaged that a systematic and structured approach to risk management will enable The City to effectively deal with the uncertainty that could affect it. This Risk Management Framework (RMF) will be integrated into The City processes. The RMF describes the policy, responsibilities, approach and processes for managing risk within The City. It includes a description of the resources and processes to ensure the RMF is monitored, reviewed and continually improved.

¹ Corporate Business Plan 2019 - 23

² Strategic Community Plan 2015 - 25

2 Mandate and Commitment

The City is committed to implementing practical and comprehensive risk management, ensuring effective risk management remains central to The City's activities. This RMF reflects contemporary good practice and sound corporate governance. It is consistent with AS ISO 31000:2018 (*the Risk Management Standard*) and has been developed in the context of the Local Government Act 1995 and associated regulations.

For clarity, this RMF applies to all City activities. It encompasses full-time, part-time, temporary and contracted employees; applies to City-wide risk and includes consideration of visitors, third parties and key stakeholders/interested parties.

2.1 Principles

For risk management to be effective, it needs to create and protect value. The City ensures risk management contributes to the demonstrable achievement of objectives and aids in improving performance, efficiency in operations and the promotion of good governance, trust and credibility. It is:

- **Integrated into organisational processes.** Risk management at The City is not considered a stand-alone activity that is separate from other activities and processes. It is evident within the papers prepared for Elected Members by Management, and papers prepared for Management by staff. As such, it is a demonstrable part of The City's planning and delivery processes.
- **Structured and comprehensive.** The City's Elected Members, Executive Leadership and Management expect the approach to risk management to deliver consistent, comparable and reliable results which can then be monitored and managed. This is evident with the use of standard templates and reporting mechanisms.
- **Customised.** The City's internal and external context, and the principles, framework and process have been tailored to meet the demands of the risk profile. This customisation ensures that the optimum amount of risk management work is undertaken to support risk-based decision making.
- **Inclusive.** Risks are discussed regularly, and either accepted as a necessary part of conducting business or actively managed to prevent or reduce the severity of disruptions or impacts to objectives. Appropriate and timely involvement of stakeholders ensures that risk management remains relevant and contemporary, allowing stakeholders to be properly represented and have their views considered.
- **Dynamic.** Risk management at The City has been established to continually sense and respond to change. As internal and external events occur, the context and knowledge change, monitoring and review of risks take place, new risks emerge, some change and others disappear. Risk management at The City has been structured to deal with this in a proactive, iterative and responsive manner.
- **Based on the best available information.** The City ensures inputs into the management of risks are based on information sources such as experience,

stakeholder feedback, observation, horizon scanning and expert judgement. The City endeavours to ensure sources used for risk-based decision making are the most contemporary and comprehensive international, national, state and local government-focussed materials available.

- **Continually taking human and cultural factors into account.** The City recognises the capabilities, perceptions and intentions of external stakeholders and internal personnel can facilitate or hinder the achievement of objectives, and these are considered in The City's approach to risk management through the language, documentation and processes that are used. The aim is always to use understandable and accessible language.
- **Continually improved.** Risk management is used at The City to continually help make more informed choices, better prioritise actions and distinguish when alternative courses of action are available. Incidents and learned lessons inform the strategies which are then employed to continually improve the RMF and risk management maturity.

2.2 Risk Management Policy

The City's Risk Management Policy (*Appendix 1*) sets out the commitments, and the enabling actions required to meet those commitments. It seeks to ensure that The City transparently meets its performance and conformance requirements in an accurate and timely manner.

2.3 Roles and Responsibilities

The specific roles and responsibilities in relation to risk management are outlined below:

Elected Members

- Are responsible for the identification and management of strategic and governance-related risks associated with The City
- Set the direction for the performance and conformance of The City, including the risk appetite and tolerance levels (*in consultation with the CEO*)
- Ensure the risk assessments adequately inform the strategic vision, key focus areas and activities of The City.

Audit & Risk Management Committee

- Provides a measure of assurance that the RMF, principles and processes are being appropriately conducted through robust reviews of the risk register
- Ensures the content of the RMF and those risk assessments have been robustly challenged
- Facilitates the oversight of audit recommendations, control improvements and risk treatments
- Meet the risk-related responsibilities set out in their Terms of Reference.

Chief Executive Officer (CEO)

- Is accountable to the Elected Members for the overall operations of The City, including the management of risk
- Sets the risk appetite and tolerance levels for The City and is responsible for identifying the emerging/strategic risks associated with the strategic direction (*in consultation with the Elected Members*)
- Ensures a credible RMF and risk assessments exist which comprehensively address the governance, strategic, operational and project risks of The City
- Establishes and ensure regular reviews of the RMF, including the risk register, incidents and lessons learned
- Continually monitors, reviews and advises on material risks to the City including through provision of a risk-based Internal and External program of review and assurance
- Is the custodian of the RMF, principles and process.

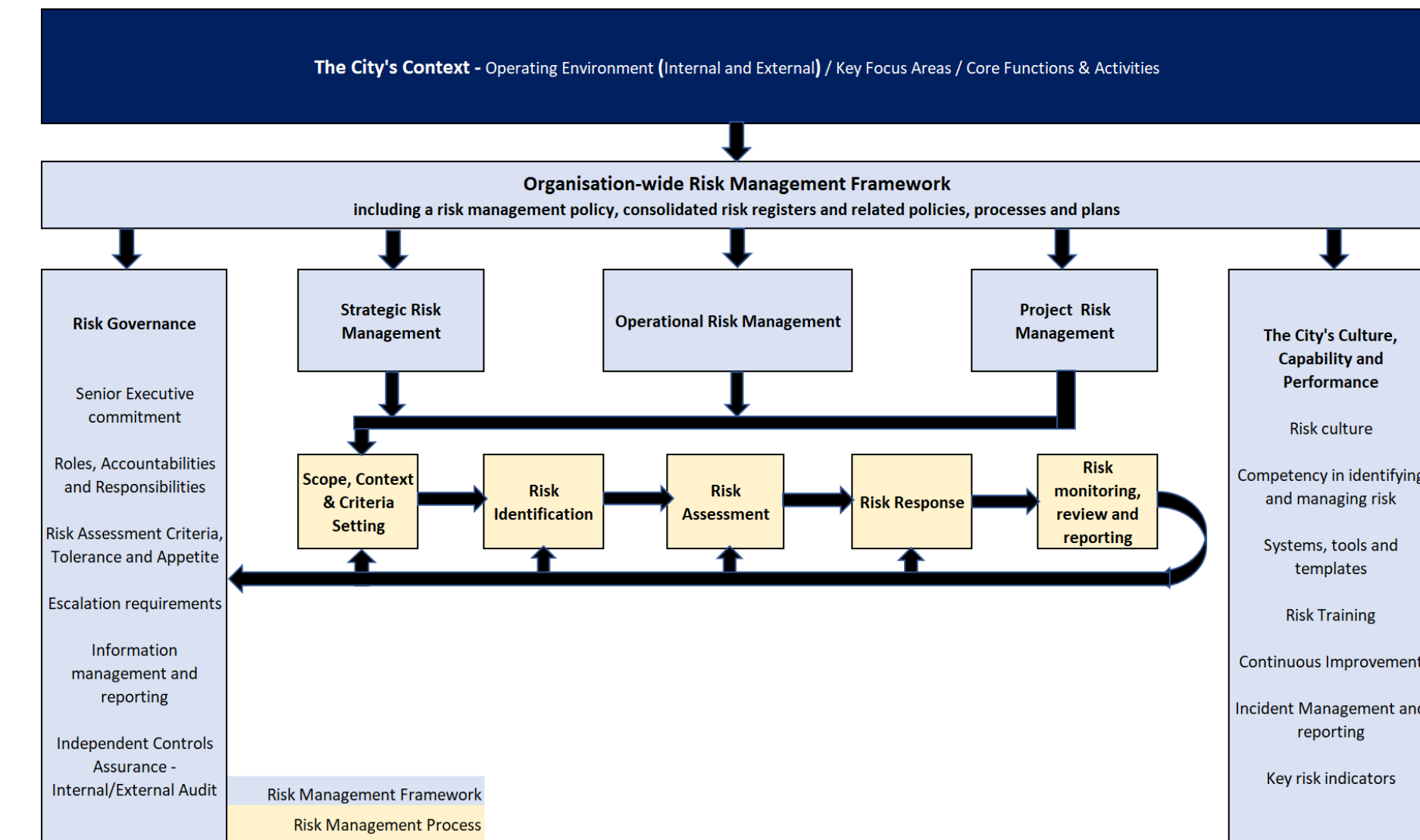
Executive Leadership Team Members & Managers

- Work collaboratively with the CEO to develop individual, functional and City-wide competence, capability and capacity in risk management
- Integrate risk management into day-to-day management activities.

Officers/Staff

- Constructively contribute and fully participate in risk management as required.

3 Integrated Risk Management



3.1 Strategic and Governance Risks

These risks relate to the ability of The City to achieve its key focus areas and outcomes. The focus on identifying strategic and governance-related risk is to consider:

- emerging or present threats or opportunities associated with uncertainties within the external environment
- emerging or present strengths or weaknesses associated with uncertainties within the internal environment
- the expectations and management of stakeholders and key interested parties
- issues of funding and sustainable funding models.

Risk Identification	Managing the risk	Ongoing Monitoring
Governance and Strategic Risks		
<p>Proactive: Risks are identified and assessed by the Elected Members and CEO as part of the strategic planning and review process. Risks are also identified and assessed as part of any papers/business cases presented to Elected Members and associated committees.</p> <p>Reactive: Risks may be identified at any time in response to an internal or external event or situation. The CEO will add the risk to the risk register, as appropriate. The CEO has carriage of the Risk Register and is responsible for ensuring all existing and emerging risk information is relevant and up-to date.</p>	<p>Risk ownership, responsibility for the assurance of controls and implementation of actions are owned by the CEO. Actions may be assigned to Executive Leaders, Managers, other Officers/Staff as required and appropriate.</p> <p>Responsibilities and timeframes for actions are agreed and documented in the risk register and integrated into planning and reporting documentation (e.g. <i>The City's Corporate Business Plan</i>).</p>	<p>As a minimum, all governance-related and strategic risks are monitored and reviewed on a quarterly basis by the Elected Members.</p> <p>Any residually SIGNIFICANT OR EXTREME level strategic risks are reported to the Elected Members.</p>

3.2 Operational Risks

The key risks associated with the successful delivery of activities and services are identified at the CEO and Executive Leadership Team level. These are also articulated, assessed, monitored and reviewed in accordance with the defined risk management process and captured in the Risk Register.

Risk Identification	Managing the risk	Ongoing Monitoring
Operational Risks		
<p>Proactive: Risks are identified and assessed as part of Planning/Review processes and the Executive Leadership Team and Management meetings.</p> <p>Risk is also identified as part of all options papers/business cases requiring material decisions.</p> <p>Reactive: Risks may be identified at any time in response to an internal or external event or situation. The CEO has responsibility for ensuring that the Operational risks on the Risk Register are kept up to date.</p>	<p>Risk ownership is allocated to the CEO, the Board / Audit & Risk Management Committee as required.</p> <p>Control ownership is allocated to the relevant Officer.</p> <p>Responsibilities and timeframes for actions are agreed and documented in the risk register.</p>	<p>All operational risks are reviewed and updated for quarterly monitoring at regular Executive Leadership and Management meetings.</p> <p>Risks are reported in line with the defined reporting mechanisms.</p>

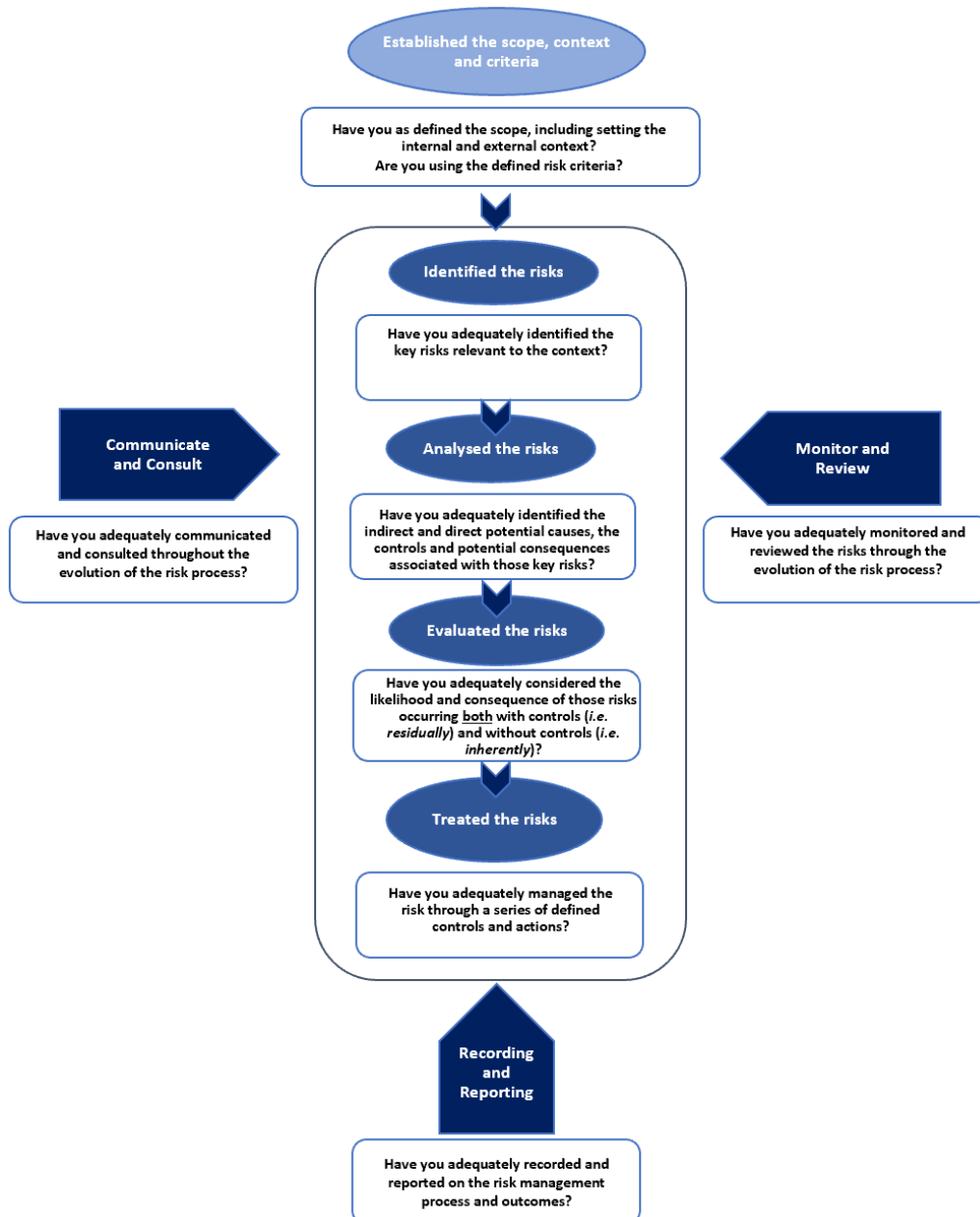
3.3 Project Risks

The management of project risks is carried out in accordance with any associated Project Management Framework (PMF) in use but, as with all risks, project related risk are identified, assessed, managed and reported in accordance with the process documented in this RMF and each project will be separately identified (and split out as necessary) in the risk register. The degree of risk management effort and level of risk information captured is commensurate with the size, complexity and inherent risk profile of the project.

Risk Identification	Managing the risk	Ongoing Monitoring
Project Risks		
<p>Proactive: Risks are identified and assessed as part of all Project Planning/Review processes and The City's Project Management meetings.</p> <p>Risks are also identified as part of all project-related options papers or business cases requiring material decisions.</p> <p>Reactive: Risks may be identified at any time in response to an internal or external event or situation. The CEO and/or nominated Risk Owner will ensure that the risk is added to the risk register, as appropriate.</p>	<p>Risk ownership is allocated to the CEO or a Project Director, Executive Leader, Manager or Officer by the CEO.</p> <p>Responsibility for controls and action are allocated to the relevant project team member.</p> <p>Responsibilities and timeframes for actions are agreed and documented in the risk register.</p>	<p>Project risks are monitored, reviewed and updated by the risk owners.</p> <p>Risks are reported to the CEO, Board or in accordance with the specific Project Governance Framework.</p>

4. Risk Management Process

The risk management process is typically defined as “*the systematic application of management policies, procedures and practices to the activities of communicating and consulting, establishing the context, identifying, analysing, evaluating, treating, monitoring and reviewing risk*”. The process aligns with the AS ISO 31000: 2018 Standard (*the Risk Management Standard*), and is as follows:



The above is more fully explained in Appendix 4.

5. Capability & Support

5.1 Resources

The City acknowledges the need to allocate appropriate resources for risk management. This includes consideration and planning for the following:

- Recruitment of the CEO, Executive Leaders, Managers, Officers and staff
- Within role descriptions and performance management to include assessment of risk management skills, experience and competence relevant to their role
- Training of the Elected Members, CEO, Executive Leaders, Managers, Officers and staff in risk management relevant to their role; and
- Tools to be used for managing risk, including the use of electronic information and knowledge management systems.

5.2 Management of risk information

The City recognises risk information needs to be accessible, practical and compliant with relevant information management legislation and guidelines. A simple excel workbook is used to ensure:

- Consistent application of the risk management process and terminology
- Ease of reporting
- Greater visibility over risk and actions, and
- Improved accountability.

5.3 Support

The CEO ensures that there is the necessary support to identify, manage and report on key risks to The City, and sources external support on an 'as *needs*' basis and as part of the established outsourced model.

5.4 Monitoring and communication of the RMF

The performance of the RMF is monitored by the Audit and Risk Management Committee and improvement recommendations made as required. The RMF, and any subsequent modifications, are communicated to The City's interested parties/stakeholders as required personnel. Appendix 5 includes an annual 'Schedule of Activities'.

Appendix 1: Risk Management Policy

The City of Fremantle (The City) is committed to ensuring that all planning and delivery is conducted in a manner that effectively mitigates and manages risk and allows opportunities to be realised. To ensure this approach is adopted and embedded within The City, the principles, framework and process outlined in AS ISO 31000: 2018 (*i.e. the Risk Management Standard*) are applied, and alignment is sought with Local Government-based risk management requirements.

The main objectives for The City are as follows:

- To give greater visibility and transparency of risks to relevant interested parties
- To ensure that all the risks identified are within the stated appetite and tolerance of the Elected Members and Executive
- To ensure the ongoing, unimpeded capacity of The City to fulfil its vision, mission, strategic objectives and activities
- To protect the community that The City serves, our staff and other key stakeholders and interested parties, from adverse incidents, to reduce exposure to loss and to mitigate and manage losses should they occur
- To ensure that all individuals, interested parties and stakeholders are made aware of the need to identify and manage risk and to promote a culture of participation in that process, and
- To ensure compliance with statutory requirements and alignment with relevant standards.

The enabling actions to allow these objectives to be realised include:

- Committing to common risk principles that are reviewed and renewed periodically
- Identifying, assessing and managing risks with reference to The City's risk appetite and tolerance
- Embedding simple, flexible, meaningful and prudent risk management practices within existing procedures, practices, delegations of responsibility and accountability
- Ensuring risk management practices and processes are implemented in a way that facilitates continuous improvement in decision making, and evidence performance improvement outcomes
- Recognising risk management as an integral part of good corporate governance and management practice through a commitment to deliver risk-related education, training and continuing professional development, and

- Evidencing that the management of risk is embedded in The City's planning, reporting, decision making and management practices to the extent that risk management becomes an obvious and inextricable component of operations.

This Policy applies to the whole of The City including the Elected Members, Executive Leaders, Management, Officers, Contractors and interested parties/stakeholders who are expected to act in accordance with the objectives of the Policy.

The CEO, supported by the Audit & Risk Management Committee, has the overall responsibility for the implementation of this Policy.

Appendix 2: Common Risk Definitions & Terms

ALARP - ‘As Low As Reasonably Practicable’ - The concept of weighing up a risk against the trouble, time and money needed to control it.

Business Continuity Management (BCM) and Business Continuity Plan (BCP) - BCM is a process that allows The City to recover from an event that significantly disrupts activities. A BCP is the principal output of the BCM process. A BCP is, in effect, a control for certain risks the consequences of which could disrupt core functions.

Causes - *The multiple factors, either direct or indirect, that may give rise to a risk / risk event.*

Consequences - The multiple impacts or outcomes of a risk / risk event occurring.

Consequence Categories - These are key impact areas, which if affected because of a particular risk event, could have a significant impact on the ability of The City to deliver outcomes.

Consequence Rating - The level of impact from the risk occurring in any given consequence category, ranging from 1-5.

Control - A procedure, system, activity or process that reduces the likelihood and/or consequences of a risk. A risk may have more than one control, and a control may address more than one risk.

Controls Rating - A qualitative, common-sense measure of the adequacy of controls in addressing a risk. There are three ratings given for The City controls (*i.e.* ‘Fully Effective’, ‘Adequate’ and ‘Inadequate or Unknown’).

Controls Assurance - The process whereby control ratings are verified through a series of questions regarding their relevance and effectiveness.

Critical Success Factor (CSF) - A factor which is essential for the successful performance of a key activity.

Impact Range - A measurement of how widespread the consequences of a risk may be. This measurement can assist in the assessment of controls and the formulation of treatments.

Implementation or Action Plan - A plan created to establish how the Risk Management Process is to be implemented.

Key Activity - Any high-level activity or function that is instrumental to The City delivering required outcomes or performing its mission.

Key Dependency - Relationship with or reliance upon another party essential to delivering outcomes or services. Key dependencies can be within The City or external.

Likelihood - A measure of how likely it is that a certain consequence will eventuate, ranging from very unlikely to almost certain.

Likelihood rating - The likelihood of the risk occurring with the level of consequence identified, ranging from 1-5.

Level of Risk (LOR) - Determined by multiplying the consequence rating with the likelihood rating for risks.

Monitor - An ongoing process of surveillance of the internal and external environments to ensure that risks continue to be effectively and appropriately managed.

Operational (Context) - Deals with Operational Risks: those risks associated with normal, ongoing operations and activities.

Opportunity - An occasion or situation in which it is made possible to do something that you want or must do.

Predicted Control Rating - An assessment of how the controls would rate following the implementation of the proposed TAP.

Predicted LOR - The predicted level of risk following the implementation of the proposed TAP. Proposed by multiplying the predicted consequence and predicted likelihood ratings. See comments under 'Level of Risk (LOR)'.

Project (Context) - Deals with Project Risks: those risks associated with defined projects and other discreet undertakings.

Residual Risk - The risk that remains after controls are considered (*i.e. risk level after controls*).

Review - Periodic assessment of a specific aspect of the Risk Management Process or a particular group of risks to determine if there have been gradual changes over time.

Risk (or Risk Event) - (from AS ISO 31000:2018) 'the effect of uncertainty on objectives'.

Risk Acceptance Criteria - Specific standards that delineate under what conditions risks of a certain level can be accepted. The higher the risk rating, the higher the standard of controls, monitoring, and ownership required.

Risk Assessment - A step in the risk management process which involves assigning values (Risk Ratings) to individual risks and deciding how to manage them.

Risk Analysis - A process that assigns a Risk Rating to each risk by evaluating the effectiveness of existing controls and assigning values for Likelihood and Consequences for various scenarios.

Risk Register - A means of recording, monitoring and reporting on risks, controls and risk treatment plans.

Risk Evaluation - A decision-making process which evaluates the Risk Rating against the Risk Assessment Criteria.

Risk Categories - The categorisation of risks within The City by type, are often based on source of risk.

Risk Decision - The decision made after risk evaluation, balancing risk and reward.

Risk Identification - 'Critical Success Factors' and key dependencies are used to identify risks.

Risk Management - The practice of systematically identifying, understanding, and managing the risks encountered by The City.

Risk Owner - The person specifically assigned to manage the risk, including monitoring the risk, its controls and any treatments that are implemented.

Risk Ranking - A ranking of the level of risk compared to The City's 'Risk Acceptance Criteria Table'. Ranks are labelled as 'low', 'moderate', 'significant' or 'High'. This allows the risk owner to determine required action to be undertaken to enable acceptance of the given risk.

Risk Rating (or Level of Risk) - The value assigned to the risk which represents the product of 'consequences' and 'likelihood'.

Risk Reference Tables - The collective term used for the various risk measurement and evaluation tools.

Risk Tolerance - The degree of risk that The City is willing to accept to achieve objectives.

Strategic (Context) - Deals with Strategic Risks: risks which concern The City as a whole and are associated with long term objectives. It is conducted as an integral part of the strategic planning process.

Treatment and Treatment Action Plan (TAP) - A treatment is measure that is designed and implemented to further reduce the consequences and/or likelihood of a risk. Once a treatment is fully implemented and effective (*i.e. 'in place'*), it will become a Control. A TAP is the plan formulated for the selected treatments to ensure they are fully and properly implemented. TAPs should identify owners, participants, resources, schedule, and Performance Indicators.

Appendix 3: Risk Assessment Criteria & Risk Appetite Statement

Attachment A: PROPOSED CITY OF FREMANTLE **DRAFT** RISK ASSESSMENT & ACCEPTANCE CRITERIA (2)

MEASURES OF (POSITIVE OR NEGATIVE) CONSEQUENCE OR IMPACT

LEVEL	RANK	PEOPLE (P)	FINANCIAL ³ (F)	STAKEHOLDERS & REPUTATION (S&R)	PERFORMANCE (P)	LEGAL & COMPLIANCE (L&C)	COMMUNITY/SOCIAL (C/S)	ENVIRONMENTAL/HERITAGE (E/H)	COMMERCIAL/ECONOMIC ⁴ (C/E)
1	Insignificant Downside	(Physical / mental) injury requiring first aid but no expected adverse physical / psychological / mental impacts.	<\$10,000	Isolated individual's issue-based complaint and no media coverage.	Inability to operate / provide services for < day and/or service delivery impacts managed through normal business practices.	Breach of process/procedures with no noticeable adverse operational, regulatory or statutory impacts.	Low localised event with no broader social / community impacts.	Low localised event with no broader environmental or heritage impacts.	Decline of economic activity and/or loss of value < 1% dispersed across the City.
2	Minor Downside	(Physical / mental) injury requiring medical treatment, or 'Restricted Work Injury' <10 days.	\$10,000- \$250,000	Local stakeholder impacts or issue-based concerns.	Inability to operate / provide services for 1 – 3 days and/or impact requires additional effort or response or redirection of resources to respond.	Some temporary non-compliances, audit or regulator findings.	Event impacts on ability to meet local social / community expectations.	delay impacting on ability to meet environmental and/or heritage expectations.	Decline of economic activity and/or loss of value 1 – 10% dispersed across City.
3	Moderate Downside	(Physical / mental) Lost Time Injury (LTI) > 1 day requiring medical treatment, or Restricted Work Injury > 10 days.	\$250,000- \$1m	Stakeholder impacts and concerns publicly expressed with reduced organisational confidence in the City.	Inability to operate / provide services for 3 – 7 days and/or impact requires short term significant additional resources to respond.	Short term non-compliance but with significant requirements imposed and / or significant internal audit findings.	Community backlash / rejection by multiple community groups.	Short term but recoverable environmental degradation. Significant but rectifiable damage to valued heritage asset.	Decline of economic activity and/or loss of value 10 – 25% dispersed across City.
4	Major Downside	Permanent injury, disability and/or health impact <i>(including serious psychological / mental injury requiring long term professional medical treatment, counselling or intervention)</i> .	\$1m -\$4m	Considerable and prolonged key stakeholder impact and dissatisfaction publicly expressed / Criticism and loss of confidence and trust by multiple stakeholders with the City integrity in question. Significant, sustained adverse social and print media attention.	Inability to operate / provide critical services for 7 – 14 days and/or impact requires long term significant additional resources to respond.	Non-compliance results in prohibition of services or imposed penalties / suspension of local government / significant external audit or regulator investigations and / or intervention and litigation.	Negative societal impacts to the detriment of most community groups within the City.	Severe damage, loss or impairment (> 1 year to remediate or recover) of a significant ecosystem / threatened species <i>(flora and/or fauna)</i> . Large scale damage or partial loss requiring long term remediation of a valued heritage asset.	Decline of economic activity and/or loss of value 25 – 50% dispersed across City. AND/OR Reduction and loss of key commercial sectors in the City.
5	Critical Downside	Death(s) or permanent injuries, disabilities and/or health impacts <i>(including permanent or long-term psychological/mental damage requiring extensive remedial intervention)</i> .	>\$4m	Significant adverse key stakeholder impacts and condemnation / Consistent ongoing loss of confidence and trust in the City's capabilities and intentions. Widespread, negative, sustained social and media with potential dismissal of Council, Elected Members and/or key Executives.	Inability to operate / provide critical services > 14 days and/or the impact cannot be managed within the City's existing or accessible, additional resources.	Non-compliance results in criminal charges / removal of Executive / Elected Members / class action litigation / long-term remediation and/or disqualification from providing services.	Irreversible negative societal impacts to the detriment of all community groups within the City.	Permanent loss of significant ecosystem or threatened / vulnerable species <i>(flora and/or fauna)</i> . Permanent, total and irreplaceable loss of national and internationally valued state heritage.	Decline of economic activity and/or loss of value > 50% AND/OR Permanent and complete loss and cessation of key commercial sectors in the City.

³ Loss of revenue / unbudgeted incurred cost

⁴ Based on notional relationship of 1% of rates = \$400,000.

LEVEL	RANK	PEOPLE (P)	FINANCIAL GAIN / SAVING (F)	STAKEHOLDERS & REPUTATION (S&R)	PERFORMANCE (P)	LEGAL & COMPLIANCE (L&C)	COMMUNITY / SOCIAL (C/S)	ENVIRONMENTAL/HERITAGE (E/H)	COMMERCIAL/ECONOMIC (C/E)
1	Insignificant Upside	(Physical / mental) benefits to isolated individuals.	<\$10,000	Isolated individual's positive feedback with no media coverage.	Normal business practices improved in the short term.	Isolated but noticeable improvements in (regulatory, statutory or contractual) process/procedural impacts.	Low localised improvements with broader social / community impacts.	Low localised improvements with broader positive environmental or heritage impacts.	Incline of economic activity and/or increase of value < 1% dispersed across the City.
2	Minor Upside	Minor (physical / mental) benefits to isolated functions within the City.	\$10,000-\$250,000	Local community positive feedback with positive local media coverage.	Improvements in the effectiveness and efficiency of multiple business practices in the short term.	Noticeable improvements in legal (regulatory, statutory or contractual) compliances.	Observable and short-term meeting of local social / community expectations.	Observable and short-term ability to meet environmental and/or heritage expectations.	Incline of economic activity and/or increase of value 1 – 10% dispersed across City.
3	Moderate Upside	Moderate (physical / mental) benefits to multiple functions within the City.	\$250,000-\$1m	Positive community impacts publicly expressed. Stakeholders publicly express increased organisational confidence in the City.	Short- or medium-term improvements in the effective and efficient delivery of critical services or programs. Successful delivery of one or more critical outcomes with limited need to allocate greater resources.	Multiple, noticeable improvements in legal (regulatory, statutory, contractual) impacts recognised publicly and professionally.	Observable, measurable and direct short to medium social / community improvements with support by multiple community groups.	Observable, measurable and direct short to medium term environmental and/or heritage expectations delivered in a timely manner.	Incline of economic activity and/or increase of value 10 – 25% dispersed across City.
4	Major Upside	Widespread (physical / mental) benefits to the majority of functions within the City.	\$1m -\$4m	Considerable and prolonged positive key stakeholder impact and satisfaction publicly expressed / increased confidence and trust by multiple stakeholders with the City's integrity demonstrably strengthened. Significant, sustained positive social and print media attention.	Long term viability improved. Majority of critical outcomes achieved, or a single critical outcome achieved. Positive benefits do not require long term significant City resources to respond. Demonstrable evidence of better practice status.	'Beyond Compliance' approach and outcomes considered as the City meeting State-based 'Best in Sector'.	Tangible, measurable direct and indirect medium to long term social / community improvements with support by the majority of the City's community.	Tangible, measurable, direct and indirect medium to long term positive environmental / heritage impacts and benefits.	Incline of economic activity and/or increase of value 25 – 50% dispersed across City. AND/OR Increase and addition of key commercial/industrial sectors in the City.
5	Compelling Upside	Compelling and widespread (physical / mental) benefits to the entire City.	>\$4m	Compelling, positive key stakeholder impacts and support / Consistent increasing confidence and trust in the City's capabilities and intentions. Widespread, positive, sustained social and media with improved credibility of Council/Elected Members and key Executives.	Long term viability certain. All services, programs and activities delivered effectively and efficiently. All required outcomes achieved. Compelling evidence of 'Best Practice' status.	Beyond Compliance' approach and outcomes considered as the City meeting national best practice.	Positive tangible and sustainable long-term City-wide impacts with positive benefits for social amenity to the vast majority of the City's community.	Positive tangible and sustainable long-term City-wide impacts with positive environmental / heritage benefits.	Incline of economic activity and/or increase of value > 50%. AND/OR Permanent development and maintenance of key commercial/industrial sectors in the City.

MEASURES OF LIKELIHOOD

LEVEL	DESCRIPTOR	DESCRIPTION	PROBABILITY
1	Rare	The event may occur only in exceptional circumstances.	<5%
2	Unlikely	The event could occur at some time.	5-25%
3	Possible	The event should occur at some time.	25-75%
4	Likely	The event will probably occur in most circumstances.	75-95%
5	Almost certain	The event is expected to occur in most circumstances.	>95%

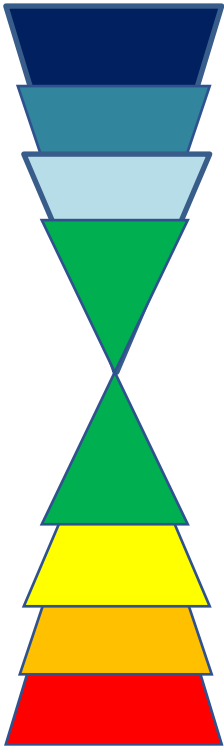
EXISTING CONTROL ENVIRONMENT (FOR RISK OR OPPORTUNITY)

LEVEL	DESCRIPTOR	DESCRIPTION
E	Excellent	Controls are excellent, appropriate and fully effective. They operate to defined Australian Standards and the overall control environment provides assurance that the risk or opportunity is being managed. Control objectives are being fully met and no improvements to controls have been identified.
A	Adequate	The overall control environment is adequate, appropriate and effective. It provides reasonable assurance that the risk or opportunity is being managed. Certain controls may require improvement to ensure that the overall environment will continue to operate effectively.
I	Inadequate	Numerous specific controls weaknesses or gaps were noted. Overall control environment is not adequate or effective and fails to provide reasonable assurance that risks and opportunities are being managed and control objectives are being met. The control environment needs improvement.

RISK MATRIX

Significant Positive Impact (5)	Moderate (5)	Moderate (10)	Significant (15)	Compelling (20)	Compelling (25)
Major Positive Impact (4)	Moderate (4)	Moderate (8)	Significant (12)	Compelling (16)	Compelling (20)
Moderate Positive Impact (3)	Low (3)	Moderate (6)	Moderate (9)	Significant (12)	Significant (15)
Minor Positive Impact (2)	Low (2)	Moderate (4)	Moderate (6)	Moderate (8)	Moderate (10)
Insignificant Positive Impact (1)	Low (1)	Low (2)	Low (3)	Moderate (4)	Moderate (5)
	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Insignificant Negative Impact (1)	Low (1)	Low (2)	Low (3)	Moderate (4)	Moderate (5)
Minor Negative Impact (2)	Low (2)	Moderate (4)	Moderate (6)	Moderate (8)	Moderate (10)
Moderate Negative Impact (3)	Low (3)	Moderate (6)	Moderate (9)	Significant (12)	Significant (15)
Major Negative Impact (4)	Moderate (4)	Moderate (8)	Significant (12)	Extreme (16)	Extreme (20)
Critical Negative Impact (5)	Moderate (5)	Moderate (10)	Significant (15)	Extreme (20)	Extreme (25)

CRITERIA FOR MANAGING RISK



LEVEL OF DOWNSIDE / UPSIDE	CRITERIA FOR MANAGEMENT	REPORTING TO	WHO IS RESPONSIBLE
Compelling Upside	Vigorously pursue with excellent control environment (Subject to alignment with appetite)	Ongoing reporting to CEO & Relevant Committee	Executive Leadership Team
Significant Upside	Actively pursue with adequate control environment (Subject to alignment with appetite)	Monthly reporting to Executive Leadership Team Quarterly reporting to Relevant Committee	Executive Leadership Team
Moderate Upside	Static embrace of opportunity with adequate controls (Subject to alignment with appetite)	Quarterly reporting to Relevant Committee	Owner
Low Downside / Low Upside	Acceptable with adequate controls (subject to alignment with appetite)	Annual reporting to Relevant Committee	Owner
Moderate Downside	Acceptable with adequate controls (subject to alignment with appetite)	Quarterly reporting to Relevant Committee	Owner
Significant Downside	Requires excellent controls Refer to Senior Executive for acceptance decision	Monthly reporting to Executive Leadership Team Quarterly reporting to Relevant Committee.	Executive Leadership Team
Extreme Downside	Refer to Senior Executive for acceptance decision	Immediate and ongoing reporting to CEO & Relevant Committee	Executive Leadership Team

Risk Appetite Statement (RAS 2b)

The City of Fremantle (the City) has a '**vision**' which is articulated in its Strategic Community Plan (SCP)⁵. The plan envisages Fremantle as “ *a destination city*:

- *A city that is clever and creative, inspiring and inclusive*
- *A city that welcomes and celebrates all people and cultures*
- *A city that encourages innovation, prosperity and achievement*
- *A compassionate city that cares for the wellbeing of our people and the environment we share*
- *A city that thrives on diversity, that dares to be different.”*

To effectively work toward this vision, the City commits to the proper identification, analysis, assessment and treatment of risk through a robust risk management framework (RMF). This ensures all risks are effectively managed and controlled. To determine our risk appetite the following criteria has been applied:

ALARP	Risk is reduced to 'As Low As Reasonably Practicable'. There is no appetite for any breaches of controls or standards.
Low	Some appetite for low risks in this area however no appetite for substantive risks at any time.
Moderate	Moderate levels of risk are subject to there being a full understanding of the potential benefits and risks, the required authorisation is obtained, and the controls are adequate, in place and effective.
High	Higher levels of risk subject to there being a full understanding of the potential benefits and risks, the required authorisation is obtained, and the controls are excellent, fully in place and effective.

People

The City understands that across the activities and services delivered there are health and safety exposures present which need to be managed. For staff, these include mental health and physical hazards in the offices, depots, field and whilst home working. The City seeks to reduce the likelihood of negative people (i.e. health and safety) consequences to '**ALARP**'. The safety and health of employees, contractors, consultants, partners, clients and third parties is paramount. the City has no tolerance for consent, connivance or neglect that jeopardises the health, safety or welfare of any stakeholders/interested parties. the City has an expectation of a '*precautionary*' approach being demonstrated supported by effective and auditable management systems to evidence management of health, safety and welfare-

⁵ <https://www.fremantle.wa.gov.au/strategic-community-plan-0>

related risks. This approach is considered to apply both organisationally and in the wider realm of public safety.

Finance

The City recognises the ongoing balance to be struck between the levels of rates and the service provision offered to the ratepayers of Fremantle. The City will actively seek new revenue sources and will strive to be more efficient through innovation. Innovation, for example in the events that are delivered, places that are activated and infrastructure or amenities provided requires a level of failure and accompanying financial loss to be acknowledged and a level of downside risk to be acceptable. From a financial loss perspective, there is a '**low**' appetite.

Stakeholders & Reputation

The City recognises that the notion of being viewed by stakeholders as credible and relevant player relies on an ability to act collaboratively and take opportunities. However, effective collaboration with stakeholders also relies on the City managing expectations and pushing back against demands for '*unfunded*' service delivery where the City has the discretion to do so. From a stakeholder and reputation perspective, there is a '**moderate**' appetite.

Performance

The City is cognisant of the need to balance strategy against its capacity for execution. Principally, this is in striking the appropriate balance between new projects and existing operating activities and between the City's customer facing and back of house operations and resource allocation. The City has an appetite to embrace any economies of scale or shared services which would benefit community representation and the service provision to that Fremantle community.

The City will only employ and work with competent and capable personnel and suppliers to apply better practice management methodologies and to deliver all the required outcomes expected. It is recognised that organisational characteristics and increasing expectations of '*innovation*' in the provision of services and activities requires the continued development by the City of relationships and partnerships with new entities and the development of new ways of working. From an organisational performance perspective, the City accepts a '**moderate**' appetite is required.

Legal & Compliance

From the perspective of compliance, the City will not tolerate fraud, corruption or acts or decisions that put the financial stability or reputation of the City at risk. As such, the City will not tolerate exceedance to expense limits, budgets or agreed expenditure and expects to have, as a minimum, adequate controls in place to manage all governance, risk and compliance-related challenges. the City will not tolerate misconduct, wilful breaches of confidentiality, unauthorised disclosure of sensitive and confidential data or a lack of

transparency in our reporting to stakeholders. Any unforeseen errors or inaccuracies that might impact our stakeholders, compliance or reputation will be reduced to '**ALARP**'.

It is the expectation of the City that the individuals who work for it consistently and continually operate in an ethical, accountable and responsible manner over the long term. the City recognises that exhibiting its core values of excellence, trust, engagement and valuing people need to be married up with robust governance to ensure the City is conforming and performing to expectations. These are non-negotiables. In that context, the City has determined it has a '**low**' appetite for legal and compliance-related damage.

Community / Social

The City recognises the balance to be struck between meeting the community needs of the metropolitan and regional communities, and the pressure for infill growth with the retention of key historical sites. Whilst the City has an appetite for infill growth, the timing of the projects and the density of those projects could threaten Fremantle's unique identity and creativity. That unique identity of Fremantle means gentrification cannot come at the expense of diversity and inclusion. From a community / social perspective, the City accepts a '**moderate**' appetite is required.

Environmental / Heritage

The appetite of the City is to strike the optimum in balancing development with retention of Fremantle environment and heritage. The City has a '**low**' appetite for compromising the flora, fauna or heritage artifacts of the area which would impact environment / heritage.

Commercial / Economic

The City acknowledges the need to manage the number of visitors to Fremantle (e.g. doubling residents on any given day) whilst recognising their commercial and economic importance. There is an appetite for a larger population within the City for future sustainability, and to embrace the maintenance of a 'Port City' that leverages flag ship government projects (e.g. Westport). The City accepts a '**moderate**' appetite is required.

Appendix 4: Risk Management Process

Communication and consultation

Communication and consultation with external and internal stakeholders/interested parties is an essential and valuable part of the risk management process at The City. A collaborative approach is preferred as it provides the opportunity for different perspectives and expertise.

Establishing the context (including scope and criteria)

Prior to commencing risk management, the context for the activity is clearly specified. This includes defining:

- the purpose of the risk exercise and the expected outcomes;
- the scope, boundaries, assumptions and interrelationships;
- the environment, objective, strategy, activity, process, function, project, product, service or asset under consideration; and
- the risk assessment methodologies or approach.

Once this is determined, the essential personnel who need to be involved in the assessment are identified.

Risk identification

The context defined in the previous step is used as the starting point for identifying risks. A practical and effective approach to risk identification is to consider what is critical to the successful achievement of the objectives related to that particular context, and what are the potential opportunities or 'roadblocks' arising from areas of uncertainty (*e.g. assumptions, limitations, external factors, etc*). Included in this consideration are any internal or external events or situations which may give rise to a risk, and any risks identified through internal or third-party audits, assessments and reviews. Typically, risks are worded either with the use of '*critical success factors*' (CSFs) or through '*cause-event-consequence*' (CEC) statements:

- 1) CSFs. When considering an activity, consider what is critical that you get right about the activity (*e.g. with Elected Member reporting, it may be timeliness and accuracy*), and word the risk based on this critical activity (*e.g. failure to ensure timely and accurate Elected Member reporting*);
- 2) CECs. Consider the event that you are most concerned about (*e.g. timely reporting*), the principal potential cause (*e.g. Inadequate reporting systems*) and the principal potential consequence (*e.g. sub-optimal decision making*). These can then be constructed into a statement (*e.g. Inadequate systems cause untimely reporting leading to suboptimal decision making*).

Risk analysis and evaluation (assessment)

For each risk, possible causes of the risk eventuating are identified. Each risk may have one or more causal factors which can either directly or indirectly contribute to it occurring. Identifying the range of causes assists in understanding the risk, identifying the most appropriate controls, evaluating the adequacy of existing controls and designing effective risk treatments. This step also considers the potential consequences of the risk, including knock-on or cascading effects.

Comparing the level of risk with the contents of the risk assessment criteria determines the acceptability of the risk. Risk analysis is undertaken with varying degrees of detail, depending on the risk, the purpose of the analysis, and the information, data and resources available. Analysis is qualitative, semi-quantitative or quantitative, or a combination of these, depending on the circumstances. Such techniques are comprehensively considered in 'ISO 31010: Risk Assessment Techniques', a companion to the Risk Management Standard. Risk analysis and evaluation involves identifying and evaluating any existing controls and analysing the risk in terms of consequences and likelihood, considering the effectiveness of the controls (i.e. 'Residual Risk').

Controls

Controls are the measures that are currently in place (*i.e. at the time of the risk assessment*), that materially reduce the consequences and/or likelihood of the risk. Controls are tangible, auditable and documented. A 'Hierarchy of Control' is applied which ensures the most effective controls are considered first (*e.g. eliminate entirely, substitute it, isolate it and engineer it out prior to relying on administrative controls*).

Level of Risk

The Level of Risk (LoR), or Risk Rating, is calculated by multiplying the consequence and likelihood ratings. For any risk, there may be several different consequence/ likelihood scenarios. Within each category there may be multiple scenarios ranging from 'minor but likely' to 'catastrophic but rare'. The City rate what is the realistic worst-case scenario. In some instances, it may be appropriate to rate the same consequence category more than once. Where there are multiple ratings for a risk, the highest combination of consequence/likelihood is taken as the LoR. The LoR is then compared to the defined risk criteria to assist the risk owner in determining whether a risk requires further treatment.

The City captures three different 'Levels of Risk' – Inherent risk (*i.e. before controls are applied*), Residual risk (*i.e. after controls are applied*) and 'Post-treatment' (*i.e. a prospective level of risk considering further treatments*).

Consequence

A risk that eventuates may impact The City to a greater or lesser extent across multiple areas. Consequences of the risk can be assessed across the relevant consequence categories, which are defined in the risk assessment criteria tables (see Appendix 3).

Likelihood

This describes how likely it is that a risk will eventuate with the defined consequences. Likelihood can be assessed in terms of probability or frequency, depending on what is most appropriate for the risk under consideration. When you are rating the likelihood of a risk, ask *“How likely is it for this risk to occur, given the existing controls, to the level of consequence identified?”* (See Appendix 3)

Risk Acceptance/Treatment Decision

Once a risk has been analysed and evaluated, the risk owner makes an informed decision to do one of the following:

- Accept the risk – the opportunity outweighs the risk; the existing controls meet the criteria specified in the Risk Assessment Criteria and the risk is within the defined tolerance and appetite of The City;
- Avoid the risk – do not carry on with the activity that is associated with the risk;
- Treat the risk – reduce the consequence, likelihood or both and/or improve the controls rating by strengthening existing controls or developing new controls so that the risk can be accepted. Note: Any risks associated with health and safety are managed to a level which is “as low as reasonably practicable” (ALARP).
- Transfer the risk – reducing the financial impacts of insurable risk to the organisation through contracts (*e.g. of insurance*).

Risk-based decisions are made in line with the criteria outlined in the risk assessment criteria tables (Appendix 3).

Monitoring and review

Risk monitoring, review, reporting and recording are integral parts of the planning, management and oversight activities of The City. These are specified in ‘Integrating Risk Management’, Section 3 of this RMF.

Appendix 5: Schedule of Activities

The following are The City risk-management related activities over the year:

Month	Internal Activities	Notes	External Activities
January	Compliance Audit Return (CAR), including risk management attestation		
February			Community consultation for Strategic Development Plan, including consideration of public/community risk
March	Risk-based projects agreed as part of the Corporate Business Plan / Service Unit Plans Consideration of workforce allocation for risk management as part of Workforce Review. Consideration of budget for risk management-related items as part of budgeting process.		
April			
May	Risk responsibilities reviewed as part of the Delegations Review		
June	Review of CAR actions, including risk-based actions		
July			
August			
September			
October			
November	Establishment of Audit & Risk Management Committee	Following Elections	
December			Public provision of Annual Report, including risk management status.

ARMC2111-3 WALYALUP CIVIC CENTRE – PROJECT UPDATE

ATTACHMENT 1 – Risk Register Summary (November)

ITEM	RISK / OPPORTUNITY EVENT	RISK / ISSUE	DATE RAISED	INITIAL Risk Rating (E,H,M,L)	MITIGATION STRATEGY	STATUS	RESID Risk Rating (E,H,M,L)	FURTHER NOTES / OUTCOMES (red text = updated from previous register)	EVIDENCE
MAY / JUNE 2021 - LIQUIDATION EVENT (LE) - Summary Level Only									
BUILDING / PHYSICAL									
1	Building (Unmanned) Security and protection	Site unmanaged - building and materials left unsecure	24-May-21	E	Increased security on site. Also added additonal CCTV and requested daily site presence.	closed	L	Normal site management / security arrangements implemented, includes motion detection and temp security cameras.	Ongoing site security precautions in place - process & procedures documented as part of the site management plan.
2	Work Stoppage	Works abruptly stopped / Contractors left site - uncertainty on ownership materials and equipment	24-May-21	E	CoF actively engaged Lawyers and liaised with EY. CoF assessed progress documentation / materials paid for, outstanding / in transit and on site. City to take possession of site.	closed	L	CoF formally taken possession of site 21 May 21, new contractor CDI Group taken possion of site as of 19 July 21.	Works progressing.
3	Site Impacts / adjacent works	Site overlaps and interfaces with MG group - Newman Court / William St and High Street works ongoing.	24-May-21	M	CoF liaised with MG and agreed work site boundaries and interim management arrangements,	closed	L	Site boundaries defined and overlaps / control measures agreed / actively monitored by Project Team.	Updated Site Management Plan / project meeting minutes.
4	Contractors - work continuity	Key personnel and contractors left mid-works, project progress, detail and knowledge unavailable.	24-May-21	E	CoF actively engaged with the Pindan project team, all relevant documents collated from site - including contractor deeds / T&C's, warranties and progress claims.	closed	L	Key personnel secured / retained by CoF.	Project team on site - leading works.
5	Contractors - work continuity	Contractors move to other works - CoF unable to re-engage or face delays or cost increases / amended T&C's.	24-May-21	E	CoF immediately employed the main Pindan project team, the team actively engaged with contractors and maintained dialogue. Follow up correspondence from the City and a meeting provided to provide assurance and CoF commitment to complete works. Contractor Novation deeds passed to CoF and novation foramlly effected (15 June 21).	closed	L	All deeds / T&C's,, warranties log of claims secured.	All contractors re-engaged and active where remaining works.
6	Building open to weather damage	Building open with key elevations not complete - façade not installed.	25-May-21	E	Officers seek Council approval to engage project subcontractors as sole suppliers via novation deeds and individual agreements and tender for a Managing Contractor to progress the works asap. NOTE: Some early works commenced (as PUBLIC WORKS) to address immediate building risk.	closed	L	Building now wind and weather tight.	Roofing finished, all key windows and facades installed and pressure tested.
HEALTH & SAFETY									
7	OSH Management - daily	No immediate or interim site arrangements in place	24-May-21	E	Site unoccupied - interim management arrangements and security implemented until project team established and onsite with updated / agreed plan.	ongoing	L	Project OSH Management Plan in place - Normal daily processes / procedures being followed.	Project OSH Management Plan.
8	Health & Safety Management Plan	No formal / adopted H&S Management in place	24-May-21	E	CoF and project Team reviewed the Pindan OSH management plan and updated / integrated with CoF requirements. Consultant site / plan review conducted. Worksafe inspection (routine) taken place - no issues or concerns raised. Documents reviewed by CoF OSH Team Leader.	closed	L	see above.	Project OSH Management Plan.
FINANCIAL									
9	Insurance	Works Insurance covered as part of the Pindan contracted work. Cover cease at liquidation. Building uninsured.	24-May-21	E	Agreement reached with EY (via LGIS) that the existing insurance provisions shall remain in place until 30 June 21. CoF liaising with LGIS and brokers 'Chase' to establish appropriate new cover for the remainder of works in progress. FY 21/22.	closed	L	Project Works Cover / Building and 3rd party cover, works compensation in place.	Policies in place - CDI policies (copies) provided.
10	Project Bank Account (PBA)	Administrators (EY) frozen the PBA - CoF / Contractors access to funds and payments, retention monies and April payment pending.	24-May-21	E	CoF liaising with EY and CBA re lifting the suspension of the PBA. All contractors paid to date - March. Retentiaon monies held in the PBA. April claim certified but not processed through the PBA for payment - only \$200 allocated to Pindan in the April claim.. CoF to consider direct payment to contractors for April.	closed	L	PBA suspension lifted by EY. CoF now have access to main account and the the retention account.	Accounts accessed and monitored.
11	Project Budgets / Contingencies	CoF budget remains against the contracted works (@ circa \$3.6m) remaining contingency available (@ circa \$500k). Unsure of actual cost to complete.	24-May-21	E	Project team reviewing works and costs to complete. Full cost review exercise underway. All cost implications to be held against the insurance bonds.	open	M	Cost to complete actively monitored through project team QS and project Managers - Admin team dedicated to tracking costs and commitments (inc weekly review). Current estimated construction outturn cost is \$45,610,132 (ex GST). NB. Bonds cashed @ \$3.6m.	TechOne - WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified. Remaining draw-down scheule produced - final accounts being collected and reviewed.
12	Bonds	Bond security, access and ability to draw - Bonds are in place for - performance @ 5% contract value, façade bonds @ \$1.6m for material supply. Other for significant materials / works (Lifts)?	24-May-21	E	CoF immediately moved to cash in all relevant insurance bonds to protect against works performance and materials.	closed	L	All bonds secured by the CoF 28-May-21	payment remittance received for all performance and Material (façade) bonds.
13	Increased Contractor costs	The hold in work activity and delays resulting from the LE may lead to contractors or suppliers applying additional charges (eg, storage or mob/de mob).	24-May-21	E	Active liaison with contractors ongoing. Novation deeds have secured - the majority of costs under existing Pindan T&C's, (batch one contractors). Batch two are unsecure agreements - see below.	ongoing	L	The project team have secured all contractors to complete the contracted works (on original Pindan costs). continuity and price security.	TechOne - New WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified.
14	Increased Contractor costs	The LE with Pindan may break the existing contract / T&C's with batch two subcontractors / suppliers - the CoF may face delays or revised costs from contractors with new terms.	24-May-21	H	Active liaison with contractors ongoing. Batch two areas are low risk - mainly supply and rates for agreed works.	ongoing	L	As above - all Batch 2 contractors are secured and active.	TechOne - New WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified.

ITEM	RISK / OPPORTUNITY EVENT	RISK / ISSUE	DATE RAISED	INITIAL Risk Rating (E,H,M,L)	MITIGATION STRATEGY	STATUS	RESID Residual Risk Rating (E,H,M,L)	FURTHER NOTES / OUTCOMES (red text = updated from previous register)	EVIDENCE
MAY / JUNE 2021 - LIQUIDATION EVENT (LE) - Summary Level Only									
15	NEW: COVID Supply chain delays, labour shortages.	Suppliers and contractors costs are increasing and works / delivery timeframes are increasing . This is putting pressure on works program and PC delivery.	13-Oct-21	M	Project team actively liaising with contractors and suppliers and rechecking programs / delivery lead times etc.	ongoing	L	Regular proactive liaison underway across all areas. Mitigation in place for delivery and installation of any late items . CoF FM active on site and have PT retained for completion,	CDI Group Maintenance (and defects) system capuring all issues / potential outstanding works.
16	Prolongation Costs	The LE will prolong the works on site, this will lengthen consultant engagement and extend fees on a pro-rata basis.	24-May-21	E	The CoF have engaged with the relevant consultants re prolongation costs. These are agreed to be applied on a pro-tata basis but will reflect activity / work level fluctuations.	ongoing	L	Costs will be dependant on duration of remaining works. Costs will be held against the insurance bonds.	TechOne - New WBS in place with WO's for specific post liquidation events. All costs/commitments and contractor payments tracked and certified.
17	Tenancy delays	Disruptipon and delays may impact availability of tenancy space and or may jeopardise executing / attracting new tenants.	24-May-21	H	CoF are actively liaising with the prospective tenants. These areas of the building will be prioritised for clearing and access to minimise potential tenancy delay.	ongoing	L	Area 3 - (triangle) is now to be used for the CoF Visitor Centre - target opening early December (tbc). Newman Court tenancies agreed - fit out staged in consultation with tenants. (Separate fit-out budget for tenancies).	No additional project costs or provisions (relating to LE) included.
RESOURCING									
18	CoF Staff availability	CoF staff and internal workforce planning had not anticipated active delivery involvement in the project beyond August 21.	24-May-21	M	Infrastructure Managers have reviewed workload and updated their respective workforce planning (and FY works programming),	ongoing	L	Managers have reviewed and updated their resource / capacity for work programs. Situation monitored through regular monthly project reviews.	Business Planning and project review reports.
19	Project Team / knowledge and experience	Loss of the site project team (Pindan) will create a signifcnat void in project knowledge and contractor relationship management / continuity. Significant risks, costs and delays inevitable.	24-May-21	E	CoF to immediate move to enagage the key Pindan site project team. Risks remains in terms of staff retention - construction market running very hot - numerous approaches for staff occurring.	ongoing	M	Project manager / Senior Contract Administrator, Site Manager and Finishing Supervisor employed. Both the Site Manager and Finishing Supervisor have since left and been replaced.	Team remains on site / active liaison and people management to retain.
20	Consultant Support (Lead Architect and Specialists)	Consulants have not forecast active delivery involvement beyond July 21 - resourcing and availability could be a challenge.	24-May-21	M	CoF liaised with all consulatnts on availability / resourcing going foward.	closed	L	resource availability confirmed.	Consultants active and engaged.
REPUTATIONAL / COMMUNICATIONS									
21	Community concern and or negative publicity over LE - especially potential cost blow-outs and delays.	The halt in works could extend or become more damaging, the could increase costs and management risk.	24-May-21	E	CoF comms team to provide status updates. Timing and link to key events important.	ongoing	L	Transparency provided through reports to ELT and EM updates - updated provided to the Audit and Risk Committee. Comms plan and updates to continue - as appropriate.	Updates and Reports.
22	CoF staffing - Morale	The delay (and any poor publicity) may have a negative impact on staff morale and change readiness.	24-May-21	M	Staff updates provided, Change champion tour arranged to highlight the advance stage of the internal works.	ongoing	L	Regular staff briefings ongoing / events timeline shared / phased preparations underway.	COFI updates / staff feedback remains positive.
TIMING / PROGRAM									
23	Agreed PC (contractually) was 12 March 2021. The revised program PC from Pindan (not accepted) was reset at 12 July 21 immediately prior to the LE.	The LE will create a delay in work program. This may become more significantly prolonged if certain actions and safeguards are not enacted quickly.	24-May-21	E	Risk mitigations and actions for the project team are focussed on minimising time delays. The engagement of the project team and the early Council approval for sole source supplier arrangements have significantly reduced this risk as it has allowed some works to progress, also the necessary works for weather protection are greatly assisting progress. New Managing Contractor oborad and driving quality and completion.	ongoing	L	Partial Occupnacy achieved as of 29 October. Phased staff move and IT calibration to follow - estimate 2 weeks prep for service opening. Full (final) Occupancy Certificate anticipated 17 November. Service offering / building opening 22 November.	PCG meetings / weekly site reviews, Project Program.
LEGACY / FUTURE ISSUES									
24	Handover - Liabilities and warranties may be jeopardised as a result of the LE.	Contractors provide warranties for materials and services, this is a significant exercise as part of the handover process. There is a risk of loss of cover / warranty provision.	24-May-21	E	Warranties and insurances are mainly covered off through the provisions of the novation deeds. Contract arrangements (without novation deeds) - agreed to be included as part of the the remaining works and payments.	ongoing	L	Contract arrangements (without novation deeds) inc all guarantees and warrenties are established and agreed as included as part of the remaining works and payments. Operation & Maintenance (OM) Manuals are being developed, reviewed and prepared through Facilities Management, the Project Manager and Commissioning agent. A target budget allocation is to be retained and held in anticipation of any potential main building / issues / works / defects - via Pindan or self delivered, that are not covered by subcontractor works. Forecast against years 1-6.	Deeds and warranties. Operation & Maintenance (OM) Manuals.
25	Snagging process and commissioning / system balancing and BMS.	At PC the building will undergo an intensive snagging audit, there may be issues with allocation and coordinating returns and rectification. Similarly with commissioning if the are faults or performance issues.	24-May-21	H	Consulatnts have already been informed to prepare for the PC / snagging process - contractors identified where critical for PC. CDI Group have provided a dedicated process / system for snagging and fault rectifications - feeding future maintenance planning.	ongoing	L	All the main commissioning contractors are novated and re-engaged. Plant initiation and commissioning has now commenced.	Commissioning and status reports.

ITEM	RISK / OPPORTUNITY EVENT	RISK / ISSUE	DATE RAISED	INITIAL	MITIGATION STRATEGY	STATUS	RESID	FURTHER NOTES / OUTCOMES (red text = updated from previous register)	EVIDENCE
				Initial Risk Rating (E,H,M,L)			Residual Risk Rating (E,H,M,L)		
MAY / JUNE 2021 - LIQUIDATION EVENT (LE) - Summary Level Only									
26	Defects Liability Period, longer term defects.	Once the building reaches PC there is a 12 defects period and no main contractor to assess, coordinate / facilitate returns and rectification.	24-May-21	H	The contract for the MC includes provision to supervise DLP. The CDI Group have agreed a 12 month (DLP) maintenance support service as part of the contract.	ongoing	L	An budget allocation is to be retained and held in anticipation of any potential main building works - via Pindan, that are not covered by subcontractor works for DLP. CDI Group have confirm their support services as part of the agreed contract.	Contract Agreement.

ARMC2111-4 PURCHASING POLICY EXEMPTIONS OCTOBER 2021

ATTACHMENT 1 - Purchasing Policy Exemption Details July 2021 to October 2021

Approved Exemptions - July to October 2021						
No.	Supplier	Reason for Exemption	Length of Contract	Value	Date Approved	Approving Authority
Artist Exemptions						
1	<p><u>As We Are:</u> Katrina Barber, Ric Spencer, Kate Leslie, David Guhl, Gregg Barr, Kobi Morrison, Bronwyn Edwards & Marlon Edwards</p> <p><u>Boss Arts Creative:</u> Kunlungah Krete, Clontarf Dancers, Onyx, Conway, Sebastian Critti-Schnaars, the Boss Arts Crew, Shaun Nannup & Joel Davis</p>	<p>All artists listed are performing & presenting work as part of Fremantle Festivals, 10 Nights in Port. Each artist will perform over or in the lead up to the festival.</p> <p>The Arts & Culture commissioning matrix has been used in selecting these artists. Artists are selected that have a high level of industry experience and are high quality acts. COF Festival Officers assesses artists & responds to open submissions.</p>	One-Off	\$ 9,995.00	14-Jul-21	Director Community Development
2	Melissa Harvey	<p>Artwork for Print Award exhibition. Artwork was damaged during display and the artist is being paid a fee to repair the damaged portion of the artwork.</p>	One-Off	\$ 2,400.00	27-Jul-21	Director Community Development
3	Karla Hart	<p>Karla Hart, winner of the 2021 Western Australian of the Year Aboriginal Award, is a recognised leader in the local Noongar arts community. She is a highly regarded artist, dancer, film producer and creative producer, who has delivered multiple projects, including many successful Wardarnji events, for the local community.</p> <p>Karla has a longstanding relationship with the City of Fremantle as the artistic director of Noongar arts and culture celebration Wardarnji.</p> <p>Karla Hart was lead artist in the DLGSC grant application</p>	One-Off	\$ 8,000.00	3-Aug-21	Director Community Development
4	Concreto, Margaret Dillon	<p>The artists/company listed present workshops as part of the Fremantle Festivals, 10 Nights in Port. The Arts & Culture commissioning matrix has been used in selecting these artists. Artists are selected that have a high level of industry experience and are high quality acts. COF Festival Officers assesses artists & responds to open submissions.</p>	One-Off	\$ 7,040.00	30-Aug-21	Director Community Development

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5	Rachael Dease	Rachael Dease is a highly-regarded WA composer, sound designer and contemporary music performer. She has been programmed for our new nocturnal art series Leave the Lights On for her unique ability to bring all of these skills, and a suitably dark, broody aesthetic, to the event. At Leave the Lights on Rachael will present site-specific audio/musical compositions which complement the work in our galleries. Rachael will also perform live and DJ in our Inner Courtyard as part of Leave the Lights On - a new night time event series intended to bring a new audience to FAC's galleries during each exhibition period.	One-Off	\$ 2,500.00	3-Sep-21	Director Community Development
6	Tania Ferrier	Approved for COF Collection Gallery by FAC Curator that meets criteria of gender, accessibility to new ideas and approach and audience impact. The artist is a senior Fremantle based WA artist whose work is held in the COF Collection. Ferrier has produced new work while AIR at FAC that connects with the artists ongoing project to counter the image culture and misogyny connected with the representation of women's bodies in pornography through large prints and video projects. The exhibition is part retrospective exhibition that provides context for new work relevant to Ferrier's Angry Underwear for women, produced by the artist in the 1980's and that is highly regarded and held in the COF Collection. This is the first Collection exhibition about the work of Tania Ferrier.	One-Off	\$ 2,000.00	8-Oct-21	Acting Director Community Development
7	Ciaran McDonald	The artist listed is presenting work as part of Fremantle Festivals, 10 Nights in Port - 2022. The artist will create and curate work in the lead up to the festival. The Arts & Culture commissioning matrix has been used in selecting this artist. Artists are selected that have a high level of industry experience and are high quality acts. COF Festival Officers assesses artists & responds to open submissions.	One-Off	\$ 3,000.00	11-Oct-21	Acting Director Community Development
8	Ella Hetherington Angela Ferolla Sandy McKendrick Bryan Woltjen Envelope Audio - Josh Hogan & Ned Beckley Elsewhere/Rebecca Riggs Bennet Perth Symphony Orchestra Adriano Cappelletta Janessa King Sharyn Egan Tyrown Waigana Vanessa Lombardo	All artists listed are creating/performing & presenting work as part of FISAF 2022. Each artist will perform/create over or in the lead up to the festival. The Arts & Culture commissioning matrix has been used in selecting these artists. Artists are selected that have a high level of industry experience and are high quality acts. COF Festival Officers assesses artists & responds to open submissions.	One-Off	\$ 9,995.00	15-Oct-21	Acting Director Community Development

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9	Mark Howett	Mark Howett is a leading Nyoongar lighting artist designer and director with significant international experience, having won multiple Helpmann Awards for his work with Australian theatre companies and arts festivals. As part of improvements being made to Wardarnji, Mark (a Fremantle resident) has been engaged as a lighting designer to bring fresh eyes and experience to the City's annual experience of Nyoongar dance and storytelling.	One-Off	\$ 3,500.00	18-Oct-21	Acting Director Community Development
10	Bhangra Rulez	Leave The Lights On is a new FAC event series which aims to bring a new night time audience to each of our exhibitions. For the Indian Ocean Craft Triennale edition of Leave the Lights On, we are staging a Bhangra party which will see local Punjabi DJs, drummers and dancers performing in the Inner Courtyard.	One-Off	\$ 3,500.00	26-Oct-21	Acting Director Community Development
Original Equipment Manufacturer (OEM)						
11	Swan Fire	Addition works to Fremantle Markets Fire Detection System have been recently documented by the consultant in response to issues relating to serviceability of the existing system. Swan Fire are the contractor responsible for the existing system and would need to undertake the works to ensure warranty	One-Off	\$ 7,500.00	16-Jul-21	Director Infrastructure
12	T Quip Toyota Material Handling CJD Equipment MacDonald Johnston Engineering CO/ Bucher Major Motors Pressure Masters Rosmech Sales & Service Skipper Truck Centre / Daimler Superior Pak PTY LTD Truck Centre WA Vermeer WA Hino Sales & Service Westrac Pty Ltd	Parts can only be purchased from these suppliers for specific fleet repairs. Parts for servicing, filters and consumables etc are purchased from cheaper suppliers and quotes are obtained.	One year	\$ 39,404.90	3-Aug-21	Director Infrastructure
Subscription (excluding software)						
13	Database Consultants Australia	DCA are the sole supplier of the City's PinForce Parking Enforcement App, this request is for the upgrade of the operating software to allow the use of License Plate Recognition technology on the Parking Officer's phones. The new software will reduce officer errors and reduce the time spent to manually enter vehicle registration numbers into the officer's phones.		\$ 17,640.00	13-Oct-21	Acting Director City Business
Specialist Consultancy						

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14	For Blue Pty Ltd	The funding for this specialist consultant advice comes from an Australian Government grant for an Expert in Residence in their Entrepreneur's Programme. The consultant provides direct support to Fremantle start-ups in to assist them to develop export industries. The Expert in Residence requires specific knowledge of the Fremantle start-up ecosystem as well as the specific industries of interest including tech, marine, sustainability and creative industries. For Blue is unique in its capabilities and specific knowledge of these sectors.	1 month	\$ 21,250.00	6-Aug-21	Acting Director City Business
Sole Source of Supply - WCC						
15	Parker Black and Forrest Pty Ltd	This was part of Pindans sub contract agreement with PBF before they went into liquidation. The City has already engaged Parker Black and Forrest to carry out the works for a sum of \$31,821.00. As this request to increase the contract sum is over 10% in value, this sole source supplier request has been completed.	One year	\$ 56,000.00	22-Jul-21	CEO
17	Eire Total Access Scaffolding	Eire Total Access – PO-P254036 have already been appointed to provide scaffolding to the Walyalup Civic Building, their current PO was raised for a sum of \$40,000 in order to continue the services on site. A Reconciliation of Works in has now been completed and the forecasts to complete the works is now \$108,574.63 (see attached spreadsheet and CEO delegation for Walyalup Civic Building Batch 1 and 2 Suppliers)	Two months	\$ 68,574.63	6-Sep-21	CEO
18	Retravisison	Retravisison have already been set up as a supplier of white goods to the value of \$35,000. The reason for this request is due to added items via variations, such as an increase in the number of microwaves, changing a fridge to freezer on level 1 kitchen etc. Note this amount has been allowed for within the Cost to Complete.	Two months	\$ 6,000.00	1-Sep-21	CEO

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19	RAC Facades	<p>The reasons for the increase to the PO Value are as follows:</p> <p>1. Awning Windows</p> <p>a) the awning windows arrived from China (purchased through JML's Chinese supplier) requiring mass alterations / adjustments as they did not fit into the opening allow for in the curtain walling – circa \$43K</p> <p>b) Purchase and fitting of the awning stays which are required for the fixing of the awnings in place and operation. This was not known at the time, until the awnings arrived without these stays in place – circa \$20K</p> <p>2. Fabrication of Corner Panels</p> <p>a. These were not supplied by JML and had to be manufactured locally – this was also not foreseen within the original PO Value as it anticipated that these corner panels would be purchased through JML's Chinese Supplier which was not the case. RAC were engaged to manufacture here in Perth. (included in item 4 below)</p> <p>3. Supply of Missing Glass</p> <p>a. RAC supplied the missing glass from a local supplier – this was not included within the original PO Value to RAC however there was a forecast for this cost – circa \$110K</p> <p>4. Increase in Man hours to Complete – the original PO Value was formulated based on previous months spend (costs) and forecasted out for the following months. This forecast proved to be inadequate based on the remaining works to complete and increased man hours required. We have worked closely with RAC with respect of the remaining man hours to completion of the project and projected the hours anticipated to complete. The additional cost is circa \$317K</p> <p>Note that the above costs are included within the Cost to Complete.</p>	3 months	\$490,000.00	1-Sep-21	CEO
Sole Source of Supply						
16	Ixom Pty Ltd	Ixom are currently the only supplier and manufacturer of chlorine gas in the country.	One year	\$36,000	9-Aug-21	CEO
20	Mad Cow Entertainment	The only supplier of rides/entertainment that are keeping within the October school holiday activation theme - cars, ships and trains.	7 Days	\$ 22,987.27	15-Sep-21	CEO
21	Fire Engine Fun	There is no other ride on road licensed fire truck service in Perth.	7 Days	\$ 6,363.64	28-Sep-21	CEO