

Old Bega Hospital Reserve Trust
As manager of the Old Bega Hospital Reserve

Risk Management Plan

Version

This draft version of an ongoing Risk Management and Governance Plan is to be considered by the Trust in April 2016.

This Plan and the associated actions and responsibilities as outlined herein have the endorsement of the Trust until such time that any subsequent revisions are prepared and approved by formal meeting of the Trust. It is anticipated that revisions will be required as circumstances and activities change. The Trust recognises the importance of ensuring regular review and update of the Plan to ensure timely identification of risks before they arise and the introduction of appropriate management strategies to minimise the likelihood of a risk arising and the consequences should this happen.

Old Bega Hospital Reserve Trust

Risk Management Plan

Table of Contents

1. Executive Summary
2. Introduction
3. Risk Assessment
 - 3.1 Identification of Risk
 - 3.2 Description of Risk
 - 3.3 Assessing Likelihood of Risk
 - 3.4 Ranking the Consequences of the Risk Occurring
 - 3.5 Overall Ranking of Risk and Effect
 - 3.6 Remedial Actions
 - 3.7 Parties Responsible for Implementation
 - 3.8 Reduced Risk Level
 - 3.9 Amended Consequences
 - 3.10 Adjusted Risk Ranking

Old Bega Hospital Reserve Trust

Risk Management Plan

1. Executive Summary

The purpose of this document is to provide a management framework to the Trust to ensure that levels of risk and uncertainty are properly managed by the Trust, and its contractors in:-

- raising the funds to enable the restoration of the Old Bega Hospital buildings and surrounds
- undertaking the necessary staged restoration work
- maintaining and protecting Trust assets
- promoting and protecting the heritage and community values of the Old Bega Hospital Reserve and Regional centre.

This Risk Management Plan will achieve the objectives by defining the following in the attached schedule, Risk Identification and Management Register:-

1. The areas of activities where risks may arise;
2. The description of the risk identified;
3. The likelihood of the risk occurring;
4. The level of seriousness of the consequences should individual risks occur;
5. The overall ranking of each risk identified and its consequences;
6. A brief outline of action to be taken to either eliminate or minimise the chance of the risk occurring and/or steps intended to protect against the consequences;
7. Identifying the party responsible for ensuring the proposed action be implemented and reviewed;
8. Assessing the level of likelihood of the risk occurring following the corrective action.
9. Assessing the seriousness of the consequences of the risk occurring following the protective action;
10. Calculating the adjusted risk ranking following corrective or protective action.

2. Introduction

The Trust is committed to a risk management system that balances the need to conserve the heritage and community long term values, the process of restoration and conservation of historic State owned and Trust administered properties, prudent management of the properties, maintaining good relations with users in the community, and facilitating a culture of growth and innovation with all community users. The risk management system is designed to assist the Trust to achieve its strategic and operational objectives aligned with its vision strategy and governance requirements.

The purpose of this risk management plan is to ensure levels of risk and uncertainty are identified and then properly managed in a structured way, so any potential threat to the achievement of objectives is addressed in an appropriate manner. The approach is to identify, assess and mitigate risks where possible and to continually monitor risks throughout projects and management

conducted by the Trust. This is recognised as an ongoing project and this Risk Management Plan and Risk Register must be considered a “snap shot” of relevant risks at one point in time.

Whilst the Trust adopts an approach that is relatively risk adverse it does accept that any activity will have its associated risks. The tolerance for acceptable risk levels will vary depending on the level of seriousness of the consequences should the risk occur. The risk assessment process and Risk Register adopted by the Trust provide for an overall ranking of the combined risk and effect outcomes. This process is also then applied to rankings following any corrective action to be taken. A residual adjusted combined ranking will remain on which the Trust needs to form a view on the level of acceptability.

3. Risk Assessment

3.1 Identification of Risks

The Trust has determined to use areas of activities as a means of isolating risks or threats that may affect the achievement of the Trusts objectives. This is intended to be increase the prospect of identifying those risks associated with the particular activity.

3.2 Description of Risks

Risk identification involves a process of determining what risks are likely to arise in pursuing the activity. Each risk is briefly described and assessed individually.

3.3 Assessing Likelihood of Risk

The Risk Identification and Management Register has assessed the “Likelihood of Risks Occurring” on a scale of 1 to 5 with the following interpretation of the given ranking:

1. Remote chance of occurring - less than a 10% chance
2. It is possible the risk may occur – a 10% to 50% chance
3. It is probable that the risk will occur – a 50% to 70% chance
4. It is likely the risk will occur – a 70% to 90% chance
5. It is highly likely the risk will occur – a 90% to 100% chance

The assessment of the level of likelihood is a qualitative measure of probability to express the strength of our belief that the threat will emerge. The assessment of the risk occurring needs to be based on commercial experience and industry norms. Where required, the Trust will consult external consultants to assist in the assessment of risk levels and prudent minimising or preventative action applicable.

The ranking of “Reduced Risk Levels” will be assessed on the same basis.

3.4 Ranking the Consequences of the Risk Occurring

The seriousness arising should a risk is also a qualitative measure of the negative impact based on the extent of possible damage. The level of seriousness of the consequences of an event should it occur is expressed in the Register on a scale of 1 to 5 with the following interpretation of the significance of the event on the Trust, the assets under its management and its objectives:

1. Insignificant
2. Minor
3. Serious
4. Very Serious
5. Catastrophic

The higher the level of consequences should a risk occur will contribute towards the assessed action needed to meet tolerance levels acceptable by the Trust.

3.5 Overall Ranking of Risk and Effect

A multiple of the ranking for risk and consequences provides an indication of the importance of such an event to the Trust. The lower the combined ranking the less important the matter may be considered, and thus the extent of further action. Cases with higher combined rankings will be of increasing concern.

3.6 Remedial Actions

The overall ranking will then influence the extent of steps necessary to either minimise the chance of the risk occurring or the consequences should the risk occur. If the assessment process identifies risks that are to some extent beyond the control of the Trust then the remedial action will be more focussed on minimising the consequences. The process of risk mitigation involves both the preventative actions to reduce the likelihood that a threat will occur and contingency action to minimise the impact of a threat that materialises.

3.7 Parties Responsible for Implementation

This intends to identify the key stakeholders nominated as responsible for implementing specific risk mitigation actions. Due to the nature of the Trust, and the activities it undertakes, in many cases the nominated party will be the Trust Chairperson. Given that the chairperson, and all members of the Board of the Trust are volunteers from the community it is anticipated the work load will be shared amongst Board members under the co-ordination of the chairperson.

3.8 Reduced Risk Level

Upon remedial action being implemented the level of the likelihood of the risk occurring will be reduced and thus needs to be reassessed using the same process applied to the initial assessment.

3.9 Amended Consequences

As with risk, the consequences of a threat occurring will be affected by remedial actions to protect against such an eventuality. Again the same process will be applied as that used in the initial assessment.

3.10 Adjusted Risk Ranking

The multiple of the Reduced Risk Level and the Amended Consequences will provide the overall adjusted risk and consequences ranking. This adjusted figure can then be considered by the Trust in terms of its acceptability or the need for further review of the activity and the associated threat.

Schedule

Old Bega Hospital Reconstruction Project: Risk Identification and Management Register

This risk management strategy is in two parts:

1. Reconstruction project for the main building at the Old Bega Hospital
2. Development and operation of a regional community and cultural centre at the Old Bega Hospital

1. Reconstruction project for the main building at the Old Bega Hospital

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
1.1 Planning of work	Errors of commission or omission in design and planning	3: Probable	3: Serious	9	a. Employ a competent, professional architect to identify all relevant requirements. Ensure staged development fits overall plan	a. Trust chairperson	1. Remote. Assumes architect will identify all significant requirements	2. Minor. Assumes there may still be minor requirements overlooked	2
1.2 Costings	Errors of commission or omission in costings	3: Probable	3: Serious	9	a. Employ competent, professional quantity surveyors. b. Carefully assess tenders and use fixed priced contracts where possible.	a. Trust chairperson b. Trust chairperson	1. Remote. Assumes quantity surveyors will identify all significant costs, with appropriate allowance for contingencies. Assumes cost risk can be passed to contractors	2. Minor. Assumes there will be no major cost overruns, or that they will be absorbed by other parties	2
1.3 Contractors	Contractors fail to deliver on expectations	3: Probable	3: Serious	9	a. Employ a professional project manager with appropriate insurance to vet, engage and oversee contractors b. Ensure contracts are written by professionals to cover requirements, including compliance with	a. Trust chairperson b Project manager c. Trust chairperson and project	1. Remote. Assumes project manager can minimise risks through standard industry practice, that the Trust can insure against default by the project manager,	2. Minor. Assumes consequences can be reduced to insurance claims and making alternative arrangements	2

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
					relevant standards and industry practice c. Insure against contractor insolvency and similar risks	manager	and the project manager can insure against default by contractors	to complete work	
1.4 Time	Time overruns	3: Probable	2. Minor. Assumes that consequences of an overall time overrun is not serious for achieving project outcomes	6	Incorporate time requirements and penalties into contracts for (a) project manager & (b) contractors c. Insure where cost effective.	a. Trust chairperson b. Project manager c. Project manager	2. Possible. Assumes construction will finish in a reasonable time even if there are delays to some components	2. Minor.	4
1.5 Occupational health and safety	Injuries and damage on the worksite	3. Probable	3. Serious	9	a. Require compliance with occupational health and safety standards, including enforcement b. Insure against financial risks	a. Trust chairperson and project manager b. Project manager	2. Possible. Assumes a responsible attitude by all concerned should enable work to proceed in safety.	1. Insignificant. Assumes financial risk can be insured against, injuries (but not deaths) treated effectively and damage repaired	2
1.6 Public liability	Damage to the public,	2. Possible	3. Unforeseeable, possibly	6	a. Require compliance with occupational health	a. & b. Trust	2. Possible	1. Insignificant. Assumed can be	2

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
	either on or off site		serious		and safety standards, including enforcement b. Insure against financial risks	chairperson and project manager		reduce to dealing with insurance claims.	
1.7 People	Loss of key management personnel	2. Possible	2. Minor. Assumes key personnel can be replaced, but with some disruption	4	a. Succession planning to minimise disruption b. Alternative plan in case that the Trust ceases to be effective	a. Trust chairperson and project manager b. Minister responsible for Crown Lands Act	2. Possible. Assumes loss of personnel is likely to be beyond control	2. Minor. Assumes loss of key personnel may be unforeseeable and would be disruptive	4
1.8 User Groups	Disruption to other people using the site	3. Probable. Existing users are in close proximity to the work site	2. Minor. Assumes user groups will support the project as a whole and as far as practicable accommodate disruption rather than leave	6	a. Keep user groups fully informed of likely disruptions, and plan activities to minimise overall effect e.g. minimise noise at times of live radio broadcasting	a. Trust chairperson and project manager	3. Probable. Assumes some disruption is significant and unavoidable	2. Minor. Assumes user groups will be able to continue operations and will not leave	6
1.9 Heritage	a. Heritage	2. Possible	3. Serious	6	a. Develop a heritage	Trust chair	1. Remote. Assumes	3. Serious	3

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
	look and feel will be overwhelmed by new work				policy b. Incorporate heritage policy into architects brief and thus plans, and project manager's contract and thus subcontracts	per-son	architect can make plans that avoid the problem		
	b. Heritage materials will be damaged irreparably or lose their identity	3 Probable	3. Serious	9	a. Develop a heritage policy b. Incorporate heritage policy into project manager's contract and thus subcontracts c. Develop a damage reporting mechanism d. Include heritage protection in site induction	Trust chair person	2. Possible. Assumes damage will be restricted to minor items. Assumes new work can leave old work separately identifiable.	2. Minor. Assumes major damage, such as building collapse, will be avoided	4
1.10 Reputation	If the project fails it will muddy the reputations of all concerned	2. Possible	2. Minor for those not clearly directly responsible. Assumes that most actors will be able to cope with loss	4	a. Clearly articulate responsibilities for actions to minimise collateral damage	a. Ultimately up to the NSW government, as it has responsibility for and	2. Possible	2. Minor	4

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
			of reputation by association			powers over the Trust			
1.11 Detail	New or more concrete risks that emerge during design and implementation	3. Probable	3. Serious. Assumes serious new risks may emerge in the life of the project	9	<ul style="list-style-type: none"> a. Ensure contracts require emerging risks to be identified and reported b. Include new risks in this risk management plan c. Regularly review this risk management plan 	a, b, c: Trust Chair person	3. Probable	2. Minor. Assumes new risks can be managed to reduce consequences to minor.	6

2. Development and operation of a regional community and cultural centre at the Old Bega Hospital

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
2.1 Design	Design fails to fully account for short and long term needs, needs are not met, so centre fails to reach its potential.	3. Probable. Assumes needs are hard to identify and quantify and have significant effect on design	3. Serious. Assumes design shortfalls can significantly affect usability and sustainability	9	a. Employ a competent architect and experienced professional consultants to work together to identify the present and long term needs for an effective, sustainable regional community and cultural centre, including a mix of uses and users, to ensure that the current building project meets or is adaptable to meet those needs and will work with other (non-building) solutions to meet those needs	a. Trust chairperson	1. Remote. Assumes generic needs and solutions for successful community and cultural centres are well known and can be adapted to work with this site and this building in this community now and for the future	2. Minor. Assumes that with sufficient care design and construction of the present project will meet immediate user needs and that the restored building and the site can be adapted if and when required to meet future needs	2
2.2 Community users	Site and buildings fail to provide for community needs	2. Possible, resulting from poor design or poor management	3. Serious. Risk that the centre will be under used to the extent that it fails to meet its potential to	6	a. Engage with actual community users in design and management of the site b. Employ appropriately skilled and knowledgeable architect and consultants	a. Trust chairperson b. Trust chairperson	1. Remote. Assumes that architects and consultants have relevant skills and experience; that users know their needs; and that appropriate and	2. Minor. Assumes that sufficient user needs can be accommodated to ensure the facility acts as a regional hub for	2

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
			add value in the community				economical solutions can be found to accommodate them	community activities	
2.3 Commercial users	Site and buildings fail to provide for commercial needs. Assumes that commercial activities are required to support community uses and ensure financial sustainability	2. Possible. While the site has previously supported successful commercial activities (cafe, markets), it is not a foregone conclusion that future activity will generate returns for the site	3. Serious. If commercial activity does not succeed then it is likely the community and cultural aspects will not be sustainable in the longer term, and the centre will fail to meet its potential as a regional community and cultural hub.	6	a. Engage with business people, preferably actual potential operators, in design stages b. Engage with actual commercial users in operational management, including site promotion, and facilitate relations between commercial and non-commercial users c. Consider direct involvement in commercial activity as alternative to concessional arrangements, to minimise risk of poor performance by third party operators d. Consider subsidised users, e.g. disability groups using cafe as training and work	a, b, c, d: Trust chair person	1. Remote. Commercial operations were successful before the 2004 fire and with increased population and visitor numbers in the region they should be successful again.	3. Serious	3

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
					experience facility				
2.4 Visitors	Site fails to attract sufficient visitors to make commercial and non-commercial operations viable	2. Possible if requirements neglected	3. Serious, especially for commercial operations	6	a. Develop a plan to attract visitors, both users and customers. Work with tourism operators, transport providers, user groups and regional business, community and cultural organisations to meet their needs to bring visitors to the site	a. Trust chair person	1 Remote	3. Serious	3
2.5 Reputation	If the project fails it will muddy the reputations of all concerned	2. Possible	2. Minor for those not clearly directly responsible. Assumes that most actors will be able to cope with loss of reputation by association	4	a. Clearly articulate responsibilities for actions to minimise collateral damage	a. Trust chair person, though ultimately up to the NSW government, as it has responsibility for and powers over the Trust	2. Possible	2. Minor	4

Risk area	Risk description	Likelihood of risk occurring	Consequences of risk occurring	Overall ranking of risk and effect	Corrective action	Party responsible for implementation	Reduced risk level	Amended consequences	Adjusted risk ranking
2.6 Disposal of land	Government may decide to sell the property to e.g. a private buyer	1. Remote	4. Very serious. Assumes community operations would be terminated	4	Political decision	Minister responsible for Crown Lands Act	1. Remote	4. Very serious	4