

Far North Regional Sports Hub  
Incorporating Central Oval Redevelopment

**Section 48 Report & Business Plan**



**Port Augusta**

CITY COUNCIL

8 February 2012

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## Summary

This report has been prepared in accordance with Section 48 of the Local Government Act, which requires Council to consider a report addressing a number of prudential issues when engaging in a project where the expected capital costs of the project is likely to exceed \$4 million over the ensuing five years.

The Central Oval Project was first included in Council's Strategic Plan in 2001. In 2007-2008, extensive consultation was undertaken to develop the Central Oval Master plan. A major recommendation of this plan was the redevelopment of the Oval and the merging of the major participation sports of Football, Basketball and Netball into a joint use facility.

This report will address the requirements of Section 48, including:-

- Relationship between the project and the relevant strategic management plans.
- Expected Contribution of the project to economic benefit.
- Level of consultation with the Community.
- Revenue projections and financial risks
- Projects whole of life viability
- Risk associated with the project and mitigation strategies
- Mechanisms for carrying out the project

## Background

The Central Oval Redevelopment is a Council project funded in partnership with the Government of South Australia, the South Australian National Football League, the Spencer Gulf football League, and the Port Augusta Basketball Association. Future stages of the redevelopment will be partnered by the Port Augusta Netball Association and possibly the Port Augusta South Football Club Inc. A further application for funding of \$5 million from the Federal Government via Regional Development Australia has been submitted and will fund future stages of the development.

Stage one project objectives are:

- To develop a regional sporting hub that encourages greater participation in sport by the Port Augusta community and other communities in the region.
- The re-alignment of Central Oval, with new lighting and viewing mounds. This will provide a north south oval with lighting that is of a standard to hold regional sporting events and non-televised elite level events such as AFL matches.
- The oval will have a primary use of football in winter with use by other sports such as soccer in summer. The construction of a three court multi use recreation centre, that has the capacity for use as a community hub.
- The recreation centre will be of a standard to hold regional and state level competition.

Future stages will include the capacity for a range of activities including:

- Allied Health
- Leisure
- Health & Fitness
- Function & Social Activities

The completed Recreation Centre & Oval with complementary facilities will cater for the following user groups:

- Pre-school and school age
- Youth
- Family
- Adults
- Seniors
- Indigenous groups from the region
- Clubs & community groups
- Community and corporate groups
- People with Disabilities

See overleaf the concept design prepared by Greenway Architects following Community Consultation.



## Local Government Act Section 48 Prudential Requirements

The Port Augusta City Council at its meeting held 24<sup>th</sup> October, 2011, resolved to:

*"Supports a staged redevelopment of the Central Oval Precinct, with the first stage involving the re-alignment and redevelopment of the oval and surrounds and also the construction of a new facility to house three basketball/netball courts and associated facilities"*

As part of the report, Council noted the estimated cost of the project to be over \$7 million, with \$5 million being provided by the Government of South Australia through the Department of Recreation & Sport.

Tenders for Architectural and Quantity Surveying Services for the project have now been evaluated and assessed. Prior to entering into a formal agreement for these services, Council must consider a report regarding the prudential issues associated with the project.

The following are prudential issues for the purposes of subsection (1) of Section 48.

### 1.0 The relationship between the project and relevant strategic management plans.

- 1.1 Reference to Central Oval Precinct is contained within Goal Area 4 of Council's Strategic Plan 2008-2011 "Infrastructure & Asset Management".
- 1.2 It is also specifically referred to within key strategies 4.1.3. of the Strategic Plan.
- 1.3 It is also referred to in Goal Area 1 of the Plan, "Community Development", key strategy 1.2.11, "*Provide and maintain a public environment, community facilities and programs that support physical activity's safe access and social connections for older people*".
- 1.4 The project is specifically referred to in the State Government Budget papers 2010/2011 and Strategic Infrastructure Plan for SA.
- 1.5 The project supports goals contained within the SA Strategic Plan, including "Growing Prosperity", "Improving Wellbeing", "Building Communities" via collaboration with Federal and Local Governments.
- 1.6 The project is also referred to in the Regional Development Australia Far North Road Map and Strategic Plan 2010-2013 for the region.

2.0 The objectives of the Development Plan in the area where the project is to occur.

- 2.1 The redevelopment of Central Oval will require a detailed development application that will be considered by the Council's Development Assessment Panel. The Central Oval site is within the Recreation Zone and the Development Plan's objective for this zone states: The provision for community, sporting, recreational and leisure uses of the land for the local and visiting population.

3.0 The expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place.

- 3.1 Port Augusta is a regional service centre for the north and north west pastoral and farming communities. It will also be a major service centre for the Olympic Dam Expansion.
- 3.2 The Redevelopment will support growth of the services sector – this project focuses on growing Port Augusta and its critical infrastructure needs as a regional service centre. Provision of good sporting and community infrastructure will be an attraction to working families who may choose to live in Port Augusta or nearby town as a fly in fly out mine associated worker.
- 3.3 Expansion of opportunities for the 16% Indigenous population, firstly by encouraging participation and building communication bridges and secondly by enhancing career opportunities of Indigenous youth through sporting clinics and potential for inclusion in elite sporting groups such as the North Adelaide Indigenous Football School.
- 3.4 Economic benefits to be gained from being a regional sports hub with regional and state events being held at the facility.
- 3.5 The facility will attract visitors and spend to the City from regional areas and provide fund raising opportunities for the tenant Clubs and Associations.
- 3.6 The facility will not be in competition with any other local facility that provides recreational facilities, in terms of the provision of services. The Management structure for the facility will be developed with a fair competition model in mind and this will apply to the Clubs and Associations affiliated with the facility.

4.0 The level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes

- 4.1 Community consultation for the Central Oval Redevelopment commenced in 2001 when the project was first included in the 2001-2004 Strategic Plan for the City. The Project has been included in each subsequent iteration of the Strategic Plan; all of which have received wide community consultation.
- 4.2 The Port Augusta Sports Master Plan and the Central Oval Master Plan have both been developed with significant consultation and feedback from sporting associations and club.
- 4.3 As the project has developed, briefing sessions have been held with major stakeholders; including the Port Augusta Football League, the Port Augusta Basketball Association, the Port Augusta Netball Association and the Port Augusta South Football Club.
- 4.4 Other briefings and meetings have been held from time to time with all sporting associations who have an interest in the oval and the project.
- 4.5 The community have received regular communication about the project via local television and print media and the Council newsletter.

5.0 If the project is intended to produce revenue, revenue projections and potential financial risks;

- 5.1 Management models for the Recreation Centre will be developed in consultation with the various associations.
- 5.2 The Local Government Association is currently developing models for the management structure of facilities such as Central Oval. Council will look to a management model that is currently in place and is known to work well. E.g. Marion Sports Centre.
- 5.3 The major tenants of football and basketball have been provided an assurance that in recognition of their support to the project in terms of asset liquidation(current facilities), the initial annual rental fee will be no more than is currently committed by the Clubs and Associations for operating existing facilities. It is estimated that annual revenues from tenants of the Recreation Centre will be up to \$112,000 in the first year of operation.
- 5.4 Potential risks for the above revenue projections centre around the viability of the tenants into the future, both in terms of financial viability and performance.

6.0 The recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

- 6.1 Given 5(3), it is estimated that Council's financial risk for operating cost is not likely to greatly exceed existing levels of expenditure for Central Oval infrastructure, which is \$127,000.

- 6.2 The total annual operating costs are estimated to be \$229,000. and subject inflationary influences(CPI). See table below.
- 6.3 The cost of servicing the loan of \$2 million will be \$270,000 per year for 10 years.
- 6.4 Other whole of life non cash expenses such as depreciation will be a charge against the operating cost of the centre and thus an expense against the operating result of Council.

Depreciation charges have been estimated at \$156,000 per year.

## Projected Contributions for Operation

	2012/13	Future Years ***
<b>Income</b>		
<b>Lease Fee</b>		
Football Club Tenant		58,000
Port Augusta Basketball Association		44,000
Port Augusta City Council	125,800	127,000
<b>Port Augusta City Council -Loan Repayments</b>		<b>270,000</b>
<b>Total Income</b>	<b>\$125,800</b>	<b>\$499,000</b>
<b>Facilities Expenditure</b>		
Contractors		20,000
Electricity	15,500	37,000
Gas		1,000
Insurance	7,900	25,000
Security		6,000
Waste Removal		2,000
Water	4,500	6,000
Loan – Principal & Interest		270,000
<b>Oval Maintenance</b>		
Labor	23400	25,000
Plant hire	2500	3,000
Contractors	32,000	55,000
Materials	30,000	19,000
Water	10,000	30,000
<b>Total Expenditure</b>	<b>\$125,800</b>	<b>\$499,000</b>
<b>*** Assumes tenanted by Football Club</b>		
<b>Annual Depreciation Charge</b>		<b>\$156,000</b>

7.0 Any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

7.1 An assessment of risks associated with the Central Oval Redevelopment has been undertaken in conjunction with the Project Manager Aurecon.

In summary, categories of risk associated with the project include:

- Site Risks
- Design Risks
- Construction Commissioning Risks
- Financial Risks
- Operating Maintenance Risks
- Legislative & Government Risks

7.2 A site risk involving tenure of the Central Oval was identified two years ago involving Central Oval being State Government Crown Land held under Council's care and control. The necessary approvals for this to remain in place with the proposed change of use for parts of the oval property has been obtained from the State Government.

7.3 Design and construction risks will be mitigated in conjunction with the Project Manager Aurecon, the Architect and Builder at the commencement of the project.

#### 7.3.1 Design

- The design of the building/site will be thoroughly reviewed and scrutinised by members of the project team including key stakeholders. Client 'sign off' and approval will occur at agreed stages throughout the design period.
- Aurecon's Quality Management Plan sets out how design documentation, variations/changes and client approval of the design will be managed, specifically within Section 7.

#### 7.3.2 Construction - risks can relate to quality/safety/time/cost/contractor and industry capacity?

- Safety – the appointed builder will comply with Council's OHSW policies and procedures; Builder will have their own detailed OHSW policy and procedures that will be verified by Council prior to appointment;
- Quality – Managed by the quality management plan through the appointed design and project management consultants
- Time – Close management of critical path; set realistic programme time frames; builder must report to the project team weekly to ensure any delays to programme are discussed and overcome through different strategies wherever possible
- Cost – achieve a fixed lump sum or guaranteed maximum price contract from the builder; Limited design changes through good design; critique the best procurement strategy for achieving the best and most risk adverse contract to reduce price increase.
- Industry capacity/getting the right builder – start talking to the industry early and prepare them for the tender release date;

Ensure long lead items are ordered early to eliminate potential issues with subcontractors availability etc.

### 7.3.3 Commissioning.

- In order to reduce the number of defects/commissioning issues the designers are to inspect the builders work at regular intervals and ensure quality of construction and installation of services is to a very high standard.
- The defects inspections will not commence at Practical Completion of the building but will begin 4 weeks prior to ensure the client can occupy the building with limited defects.
- Testing of mechanical and electrical plant and equipment will occur as soon as installation occurs. This will eliminate and risk to programme so that alternative design/specification can be sourced if needed.

7.4 Financial Risks are outlined have been dealt with in 5.0 and 6.0 above.

7.5 Operating Maintenance risks will be addressed as part of the development of a management model for the Recreation Centre. Most operating risks are already catered for within Council's risk management systems.

7.6 As discussed, minor issues around tenure have been resolved. There are other minor administrative issues involving traffic counts, that will not materially affect the project.

7.7 A major risk from this project is the potential withdrawal of State Government funding if the project is not commenced by 30 June, 2012. Steps have already been taken to ensure that the project commence date will be at the appointment of a builder, no later than June, 2012.

7.8 As the State Government contribution for this project is \$5 million, a representation will be required to the Public Works Committee. This will occur in April or early May and is not seen a material risk to the project proceeding.

7.9 A Project Steering Group comprising Members of Council, the City Manager, Directors and Staff has been set up to oversee and manage the project in conjunction with the project managers Aurecon. Regular reports will be provided to Council as the project proceeds.

## 8.0 [The most appropriate mechanisms or arrangements for carrying out the project.](#)

8.1 Council has appointed a Project Steering Group to oversee the project and Aurecon Pty Ltd as Project Manager. It will be the responsibility of the Project Steering Group to put in place the mechanisms to ensure the project is delivered on time and within budget in accordance with the Project Plan.

***See attached Appendix***

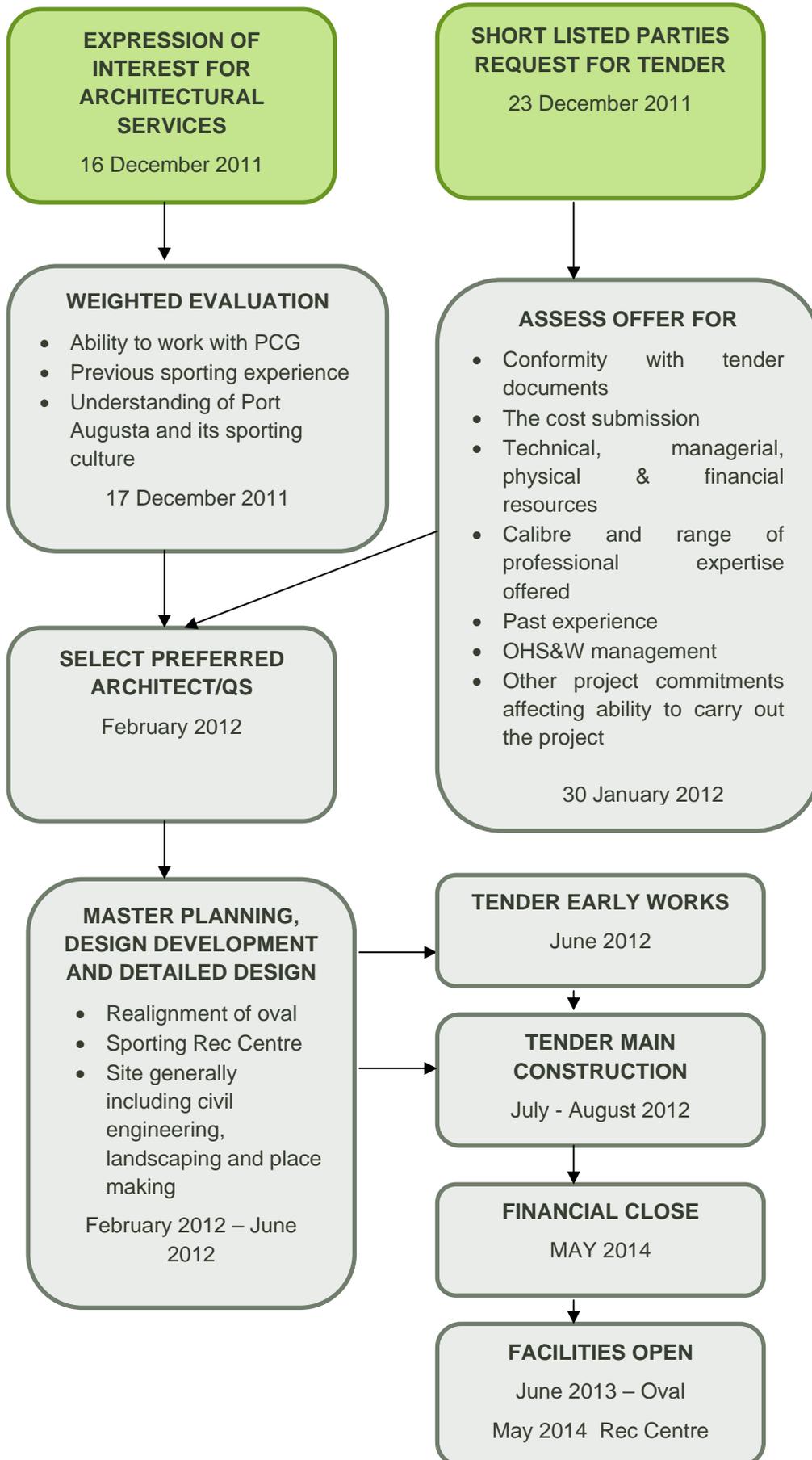
Quality Management Plan

Procurement Plan

Risk Management Matrix

8.2 See overleaf for graphic outlining how the project will proceed.

## Project Process



## Conclusion

The Central Oval Redevelopment is consistent with Council's Strategic Plan 2008-2011 and will realise a long term vision to develop a regional sporting and recreational facility in the centre of the City.

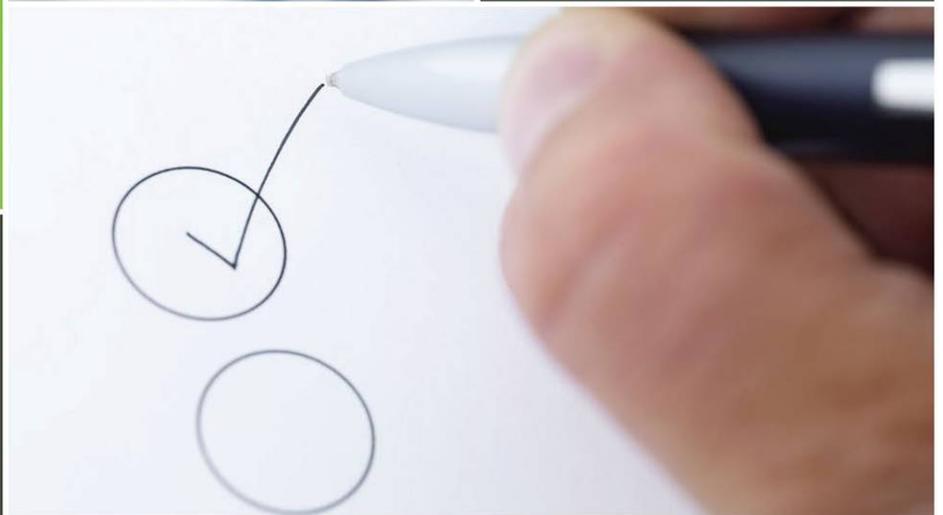
Future stages of the Project will include the redevelopment of passive space around Braddock Park Ovals and the Parkland that adjoins Flinders Terrace. Additional development of the Tennis precinct is also outlined within the Sports Master plan.

The development has the potential to diversify the local economy and make Port Augusta a more attractive place to live. It will be a "best practice" regional sports facility.

There has been extensive consultation undertaken over a period of ten years with this project; including meetings and briefings with various sporting clubs and associations.

Port Augusta City Council has the financial capacity to contribute \$2 million towards a project that has initially been scoped at \$7.125 million.

A project plan incorporating a quality management plan, procurement plan and a risk management matrix has been developed and will be reported on as part of the management of the project.



Port Augusta Central Oval  
Redevelopment  
Quality Management Plan

Prepared for:  
Port Augusta City Council  
Project: 226794  
01 February 2012

# Document Control Record

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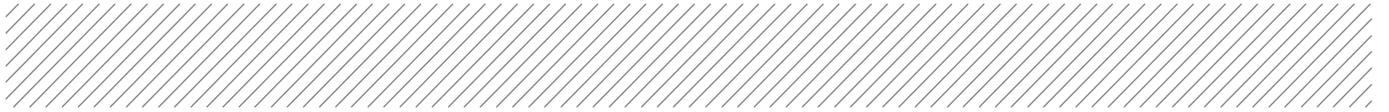
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Aurecon Quality Policy

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Port Augusta City Council Quality Policy 2.4.04

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# 1. Introduction

## 1.1 Purpose and scope

Aurecon has been engaged to provide Project Management services to the Port Augusta City Council for the delivery of the Central Oval Redevelopment.

The purpose of this Quality Management Plan is to describe procedures, processes and management systems to be used for the management of the Port Augusta Central Oval Redevelopment.

The Quality Management Plan is the document that defines the requirements for Quality Assurance on the project as well as the requirements of the Port Augusta City Council through their Quality Management Policy No. 2.4.04.

## 1.2 Operations System Policy Statement

Aurecon provides professional consultancy services (including engineering, planning, project management, and surveying) to all sectors of government, industry and commerce in Australasia and internationally. By the application of due care, skill and diligence, we aim to satisfy the specific requirements of each client. To achieve this, it is the policy of the Board to apply and maintain an effective Operations System complying with the requirements of AS/NZS ISO 9001:2000.

The objective of our Operations System is to ensure that the requirements of our clients are met in a cost effective and timely manner. We recognise that this requires a clear commitment by management to the application and continual improvement of the Operations System and an appreciation by all of our staff that adherence to the system is everybody's business.

## 1.3 Project overview

- The objective of the project is to create a community sporting hub for Port Augusta and the surrounding regions
- The Council want a 'land mark' sporting complex that will encompass a realigned sporting oval, new sporting pavilion housing three basketball courts, club rooms, function space, office space and community meeting areas.
- The facility is to be multi-use and will include sporting events and will be the location for community events such as concerts, fetes, community gatherings etc.
- The current approved funding for the project is \$7.15m. A further \$5m is being sought through the Regional Development Australia Fund in order to fund additional phases/scope of the master plan.

## 1.4 Quality plan objectives

The objectives of this Quality Plan are:

- To provide the overall approach to quality management to be undertaken by Aurecon
- To set the performance requirements of Aurecon for compliance with the policies, regulations and requirements specified by Port Augusta City Council
- To establish the relationship between this Quality Management Plan and Council requirements for quality plans and procedure

- 
- To document any project specific quality requirements
  - To establish actions and responsibilities that will ensure implementation of the objectives by all stakeholders

### **1.4.1 Aurecon's Responsibilities**

Aurecon will be responsible for completing scheduled quality assurance systems audits, including internal audits of our delivery processes and other consultants in complying with their Project Delivery Plans.

Stephen Carroll, Senior Project Manager and Aurecon Auditor will act as independent auditor for the project and Sarah Joyce will monitor and audit the project team and consultants.

All Aurecon personnel are responsible for adhering to Aurecon's Quality Management system to meet the requirement of our clients in a cost effective manner. The Project Director for the Central Oval Project (Gary Glynn-Roe) will take responsibility for the quality of the overall project and the Project Manager (Sarah Joyce) will be responsible for managing the day-to-day service of the project. This typical project arrangement provides our clients and internal project team members with direct access to our key decision-makers.

Gary Glynn-Roe has 25 years' experience in managing and delivering fast track projects. Sarah Joyce is an experienced Project Manager and will be responsible for driving the project forward at a local level according to the requirements of Aurecon's Operation System (the Aurecon Methodology) and Port Augusta City Council Quality Management Policy 2.4.04.

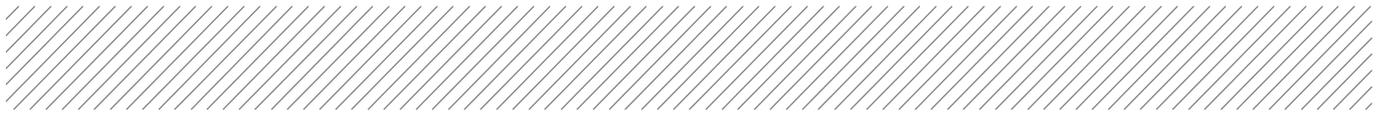
Aurecon, as the Project Manager, will:

- Develop and maintain the audit programme for the contracted term
- Prepare specific audit checklists (if required) for each deliverable
- Conduct task planning to ensure the effective and efficient conduct of the audits in accordance with the audit programme and schedule
- Consult with Council throughout the duration of the audit schedule.
- Identify a dedicated auditor to conduct desk top audits for each deliverable and to agreed timescales.
- Prepare audit reports detailing observations, non-conformances, areas of concern and opportunities for improvement for each audit conducted.
- Conduct follow up audits as necessary to close out areas of concern and reports.

### **1.4.2 Other Consultants Quality Assurance**

Aurecon will specify quality assurance requirements in the entire Request for Tender documents prepared for engaging other Consultants. These Consultants will be required to specify what quality management system that they will adhere to then Aurecon will audit their systems at specified intervals throughout the project to manage the quality outputs of the consultants engaged by Aurecon.

Aurecon will develop procurement documentation and participate in the procurement and engagement of the Project Contractor(s) and consultants. The Project Manager is responsible for administration of the Project Contractors throughout the following:



- Concept design and Development Plan Consent
- Design development
- Detailed construction documentation
- Tendering of the main contractor/sub-contractors
- Construction
- Project close out



## 2. Roles and Responsibilities

### 2.1 Management Structure

Leaders at all levels within the project have responsibility for the management of quality and environment throughout their respective areas of delegated responsibility.

Management responsibilities related to quality are summarised below.

### 2.2 Roles and Responsibilities

All project personnel have a role to play to ensure that all outputs have been prepared with due care, skill and diligence and have been checked, verified and authorised for release to the client in accordance with internal operation systems and through this set project quality plan.

A summary of roles and responsibilities related to quality of senior staff is provided below.

#### 2.2.1 Project Director

The Project Director is responsible for the overall performance of the Project Team in meeting the Client and Company objectives. The Project Principal shall:

- Appoint a Project Manager, Project Leader, and Verifiers, and other resources of appropriate experience and capability;
- Ensure that project initiation, risk assessment and risk management planning, peer reviews and checking are promptly and effectively carried out, in accordance with the needs of the project and the requirements of this Operations System;
- Progressively review the conduct of the project to ensure that the quality of output is satisfactory and that the requirements of the Scope document (and/or Brief) and program are achieved; and
- Arrange and approve verification of all output or delegate to suitably experienced project personnel.

#### 2.2.2 Project Manager

The Project Manager supports the Project Principal to develop the Project Quality Plan and to ensure that this Operation System is implemented.

#### 2.2.3 Project Leader

Within the Aurecon Operations system, each project must have a Project Leader.

The Project Leader has an internal reporting role for the project to ensure that the Aurecon Management team are aware of the quality issues of the project. Specific roles of the project leaders related to quality are outlined in the Operations System documents.

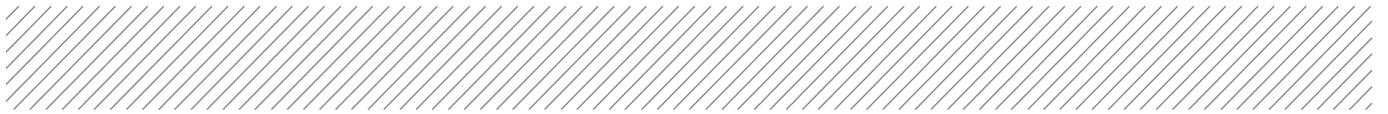
#### 2.2.4 3.2.4 Verifier(s)

Verifier(s) verify output as detailed in this procedure. Verifier(s) report to the Project Principal.

### 2.3 Key project personnel

**Table 1 Key project personnel and responsibility**

Name	Organisation	Role	Responsibility
Sarah Joyce	Aurecon	Project Manager/Project Leader	Lead the project team through all decision making processes and take into account the project requirements as required by Council, the community, stakeholders and funding bodies. The project manager will ensure the project is delivered in line with the client agreed delivery methodology as set out in Section 2.1.
Gary Glynn-Roe	Aurecon	Project Director	Responsible for the successful delivery of the project and will provide senior management leadership support to the Project Manager
Greg Perkin	Port Augusta City Council	City Manager	City Manager and has overall decision making authority over the project.
Michael Dunemann	Port Augusta City Council	Project Director	Michael is the nominated Council Project Director and is responsible for making the day to day decisions and providing direction throughout the project.
Craig Dearlove	Port Augusta City Council	Be Active Field Officer/PACC Project Manager	Craig liaises with Aurecon on a daily basis and is the Council's internal project manager and community sporting liaison.
Hayden Hart	Port Augusta City Council	Director of Infrastructure & Environment	Provide direction on infrastructure and environmental project decisions.
Nick Heron	Port Augusta City Council	Development Officer - Building	Provide direction and advice on Councils building standards and requirements. Monitor on site construction works through the role of superintendent.
Cr. Phillip Brown	Port Augusta City Council	Councillor	Representing the community to ensure the project is run in accordance with the Council policies and procedures
Cr. Ken McLean	Port Augusta City Council	Councillor	Representing the community to ensure the project is run in accordance with the Council policies and procedures
Lee Heron	Port Augusta City Council	Policy Director	Director of City & Cultural Services and ensures Council operations are run in accordance with all set policies and procedures. Lee will advise the Project Manager throughout the project to ensure constant compliance with policy.
Andrew Vorassi	Studio Nine Architects	Lead Designer	Studio Nine have an internal QA system that is certified by ISO9001:2008. Lead the design team to provide a high quality detailed design advice and documentation that is in line with the Clients objects and within the allocated project budget. This will be managed through the delivery methodology as set out in Studio Nines tender submission. Monitor on site construction works



David Scott	Donald Cants Watts Corke (DCWC)	Cost Consultant	DCWC has a detailed quality management system that is third party certified by ISO 9001:2008. DCWC will be responsible for advising the team on all decisions relating to cost to ensure the approved scheme is affordable and we are able to receive value for money from the building industry through clever design decisions.
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### 3. Project control

A description of systems that we use for project control is shown in Table 3.

**Table 2 | Project Control Systems**

Project Controls	System Name	Comments and additional information
Financial Management	BST	Financial Accounting system for projects
Cost Control	BST and Project Controls Spreadsheets,	Used for Revenue Recognition
Planning / Scheduling	MS Project	Used to schedule, plan and monitor projects
Forecasting	Fee Forecasting System, BST, Excel Spreadsheet Forecaster	Used to forecast future work and resources
Contingency management	BST, Excel	Contingency Sums allocated on project by project basis
Risk analysis and management	Project Assessment Process and Form, Risk Registers, @Risk	Process for managing risks at tender stage and during delivery of a project
Document control	Livelink	Online Document Management System
Change management	Aurecon Support Knowledgebase	Online QMS with use of procedures to control change on projects
Quality Management	Aurecon Support Knowledgebase	Online QMS with processes, procedures and forms for managing projects throughout the winning and delivery stages



## 4. Data and document management

### 4.1 General

This section defines methodologies and practices for the storage, location and naming of electronic and hardcopy data within Aurecon's systems. It is essential that the practices described are adhered to by all team members, in order to easily and quickly find relevant data. Management of all documents must adhere to the Aurecon Methodology and is addressed below.

### 4.2 Computer network file structure

In order to adequately store and record electronic files, a computer network file structure has been adopted for this project within Aurecon's Livelink system. The structure has been broken into specific directories to enable easier administration and access to the data by the project team (Refer to Appendix B).

#### 4.2.1 Incoming data and documents

All incoming data or documents, that could be used to inform the Central Oval Redevelopment, must be saved in the Aurecon Livelink project folder.

#### 4.2.2 Outgoing data and documents

All outgoing data or documents to Council must be saved in the Aurecon Livelink project folder and accompanied by a transmittal record. The transmittal record may take the form of an email or memo or another format provided the date, details of the documents sent, revision and recipients are clear.

## 5. Project information transfer monitoring

### 5.1 Project inputs

#### 5.1.1 Information Register/Request for Information

All information provided by the client, by sub-consultants, end users and sourced by the project team will be recorded in an information register. All requests for information will utilise the RFI template provided to the team by the Project Manager.

#### 5.1.2 Design Document Register

Any information provided by the client, or sourced by the project team, that is used, or could be used, to inform the design process, must be registered within the Information Register maintained by the lead design consultant.

A master information register shall be kept up-to-date which will record the date the information arrived, and assign the information a unique identity number. A copy of the information register will be provided to the PM/CA as part of the design consultants' monthly report.

#### 5.1.3 Technical Discussions



Ad-hoc technical discussions may be used to clarify project inputs. Data considered critical to the design process by Aurecon, shall be confirmed with the client via the Design Query process discussed in Section 5.2 below.

## **5.2 Design Queries**

Aurecon uses Design Queries (DQ) to request information, or seek clarification or approval for information to be used as input into the design process. Examples of when Design Queries would normally be used by Aurecon include:

- Request technical information from client;
- Seek comment to preliminary draft documents; or
- Seek clarification on issues critical to the design.

Whenever any team member discovers an ambiguity in the project inputs, this shall be referred to the Design Team Leader for clarification.

Where necessary the Contract Administrator shall issue a Design Query for additional information to the client or designer. A register of such requests shall be maintained with items only achieving “completed” status when the Project Manager and the associated team members agree that a satisfactory response has been received.

Each design query shall only address one issue.

All design queries shall be:

- Given a unique sequential identifier and recorded within the Design Query Register;
- Forwarded to the client for response.

### **5.2.1 Recording Design Queries**

The design query register records the Aurecon unique identity, the date the Design Query was sent, and the topic. The Design Query register shall be kept up-to-date.

Electronic copy of the design queries shall be filed under the unique identity number and saved in the appropriate Livelink folder location.

## **5.3 Scope Changes**

Any changes to scope of works shall be addressed via the Change Note process discussed in Section 10 Change Management as set out further below.

It is the responsibility of the Team Leaders to notify the Project Leader of any potential or actual changes to the scope of works.

# **6. Creating deliverables**

## **6.1 General project deliverables**

The data management procedure for general project deliverables is provided in Table 4.

**Table 3 | Management of Project Deliverables**

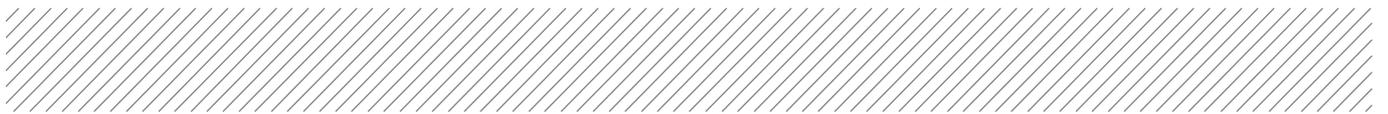
Task	Who	Description
Project Plan	Project Director/Project Manager	A Project plan will be submitted within 30 days of the award of the project (Appendix C). After the Project Plan has been finalised, continue to correct any defects in or omissions from a Project Plan (whether identified by Council or Aurecon) and submit an amended draft of the Project Plan to Council.
Meeting Agendas and Minutes	Project Manager	Agenda's will be prepared for project meetings and minutes will be prepared and submitted within 7 days of the meeting taking place.
Progress Reports	Project Director/Project Manager	Reports will be prepared and delivered in accordance with the communications strategy as set out the agreed Project Plan
Information to be submitted by the Preferred Tenderer after tender assessments have been made	Project Director/Project Manager	3 working days from the date of the request. (a) Outline project program (b) Schedules of technical data (c) Other commitments affecting capacity to carry out the contract (d) Estimated monthly cash flow schedule (e) Other as determined by the tender evaluation officer.
Government approvals	Project Manager	The project manager , in association with the Client and design team, will be responsible for the coordination of all required government approvals (Planning & Building Approvals; PWC)
Government funding applications	Michael Dunemann	Michael, through the expertise of Tony Stacey Consulting will coordinate and deliver on time the applications to available and targeted Government funding for the project
Stage finalisation reports	Project Manager	Stage finalisation reports will be submitted within 21 days of the conclusion of the stage
Consultant appointment contract documents	Project Manager/Michael Dunemann	Once a decision has been made on the preferred contractor to be appointed, contract documents will be produced within 14 working days for the date the decision was made. The contractor then has 14 days to respond with the executed contract documents.

## 7. Design, drawing and spatial data control

The data management procedure for drawings and spatial data is provided in Table 4 below.

**Table 4: Management of design drawings**

Task	Who	Description
Design reviews	Project Manager/Design	Aurecon will co-ordinate design review workshops for the 5%, 30%, 50% and 90% stages of design development



	Leader	process.
Incoming drawings	Project Managers delegate	Log incoming drawings into a register. File electronic copies of incoming drawings by date order in the relevant Aurecon directories
Outgoing drawings	Lead Architect	All drawings issued to and outside of the project consultancy team must be a) via email wherever possible b) contact a document issue transmittal c) listed on the document issued register and provided as part of the monthly report given to the project manager.
Tender documents	Project Manager/Lead Architect	Drawings to form part of any tender call must be discussed with and signed off by the client. All drawings are to be during a tender call are to be issued via the Project Manager only.
Issue for construction	Project Manager/Lead Architect	Drawings to form part of the construction issue drawings must be discussed with and signed off by the client. All drawings issued to any builder/contractor for works to take place must be through the Project Manager

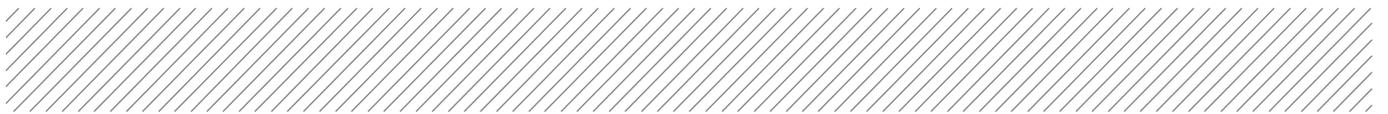
## 8. Deliverables verification procedures

### 8.1 Purpose of document verification

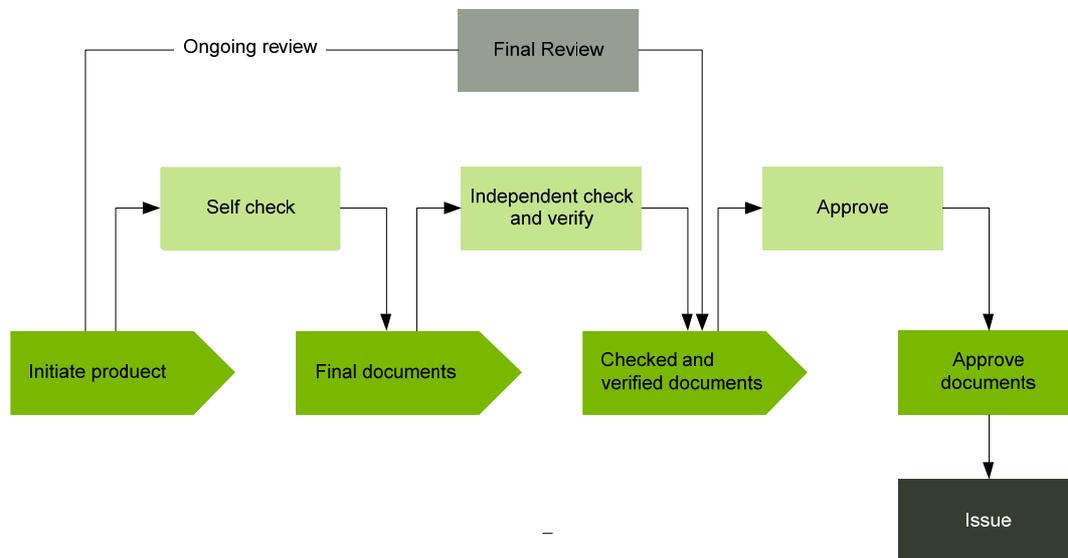
The purpose of document verification is to ensure that all documents prepared by Aurecon have been checked for accuracy and technical compliance.

#### 8.1.1 Verification plan

Figure 1 depicts the check, review, verify and approve processes for output produced by Aurecon. This is changed and reviewed depending on client requirements.



**Figure 1: Document verification procedure**



### 8.1.2 Definitions

#### Checking

Checking is the process carried out by the technical person (planner, engineer, technician or draftsman) who originated the output to check the technical correctness, accuracy and consistency of the output.

#### Verification

Verification is the process carried out by an independent technical person not involved in or supervising the preparation of the output to verify that the output is appropriate and adequate to meet the technical, contractual, financial, and other specified requirements of the project.

#### Approval

Approval is the process carried out by a senior technical person with expertise in the field, not involved with the preparation of the output to ensure the appropriateness of the output throughout the progression of from concept development to completion of the work.

## 8.2 Planning the Verification and Peer Review Processes

The Project Manager shall be responsible for planning the project verification and peer reviews.

As part of the preparation of the design programs, the Team Leaders shall ensure that:

- allowance is made in the programs for carrying out the verification and peer reviews of all elements;
- a schedule is prepared for the verification and peer reviews; and
- progress of these tasks is tracked as the design proceeds.

### 8.3 Quality System audits

To ensure that the project is delivered in accordance with Aurecon Methodology, the project may be audited. The scope and responsibilities associated with the audit are outlined in Table 5.

**Table 5 | Quality System Audits**

Task	Who	Description
Quality Audits and System Audits	Aurecon Quality Manager	Audit compliance with the Quality Management Plan and Aurecon Methodology and report to the Project Director on: <ul style="list-style-type: none"><li>• Non conformances</li><li>• Areas of concern</li><li>• Opportunities for improvement</li></ul> Assist and advise the Project Director with the following: <ul style="list-style-type: none"><li>• Data management;</li><li>• Quality Management Plan changes</li><li>• System audit review</li><li>• Report to the Project Director and maintain non-conformance and audit registers</li></ul>
Non Conformances	Project Director	Report all non-conformances and remedial actions to the Project Director.

## 9. Approval

### 9.1 Client approval

Output is often subject to approval by the client. Final client approval should be after final verification and incorporation of any required modifications.

To facilitate obtaining client approval as easily and as quickly as possible, it is necessary to keep the client informed and involved throughout the process of producing the output. Progressive approvals by the client, including approvals and comments on drafts, etc., aid in attaining this objective.

### 9.2 Aurecon approval

All output in final or contract form shall be subject to approval by the Project Director.

### 9.3 Distributing the deliverables

The Draft and Final Plans will be delivered in hard copy form and other deliverables will be delivered in an electronic format as agreed with Council.

#### 9.3.1 9.1 Transmittals

The lead designer and project manager will transmittals to record delivery of final documentation for the project.

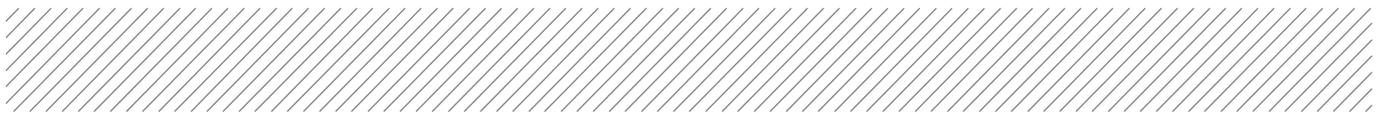
All Transmittals shall be given a unique sequential identifier and recorded within the Transmittal Register.

## 10. Change Management

Change Management procedures and responsibilities are as set out in the Project Control Manual of the Aurecon Operations System

**Table 8: Change Management Responsibilities**

Task	Who	Description
Change detection	Project staff	Design Team Leaders shall be immediately informed of any project changes which may result in the following: Significant rework of calculations, drawings or documents. Significant changes to an issued document. Significant changes which will affect the performance or outcome of the project. Significant delays in receipt of input (information, directions, approvals, etc) from others which will affect the delivery schedule. Changes which may affect other elements or activities associated with the project.



Internal change management	Design team leader	<p>The effects of internal changes shall be determined and the following actions taken:</p> <p>All relevant team members (including sub-consultants) shall be advised of the change. This is particularly important on multidisciplinary projects to ensure change in one discipline is conveyed to other affected disciplines.</p> <p>The client and/or relevant other parties shall be advised of any effect on the performance or outcome of the project as a result of the change.</p> <p>The change shall be registered on the project Change Note register and marked as an Internal Change.</p>
External change management	Design team leaders	<p>The effects of external changes shall be determined and the following actions taken:</p> <p>The client shall be immediately notified of any effect on the performance or outcome of the project (regardless of whether a fee variation may be claimed). All relevant team members shall be advised of the change, including other disciplines and/or sub-consultants where required.</p> <p>The change shall be registered on the project Change Note register and marked as an External Change.</p> <p>Appropriate replanning of the project variables, including time, costs and resources shall be implemented. If necessary, the client and others shall be reappraised of the effects of the change after the replanning is carried out.</p>
Change notes	Project staff Project Manager	<p>Review the Change Note register and confirm the need for a Change Note to be issued. Where required, Change Notes shall be raised and issued in accordance with the Aurecon Operating System.</p> <p>Advise the client of confirmed Change Notes and finalise design cost and program implications.</p>

## 10.1 Change Notes

Aurecon uses Change Notes to record potential or actual changes to the agreed scope of works.

A Change Note is a formal Aurecon document which identifies changes to the scope, implications to design, fee and programme and subsequently seeks client approval of the nominated changes to scope, fee and programme. As part of the Change Note, Aurecon will provide a breakdown of any changes to fees, for example the number of additional hours required by additional staff, agreed rates etc.

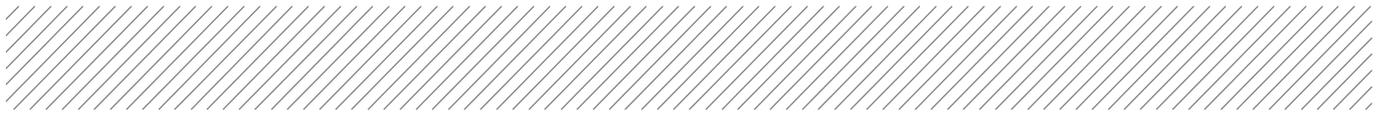
Where possible, a Change Note will be submitted to the client to seek approval prior to progressing the work, however, in some instances changes to scope may be identified as work progresses and in these instances, the Change Note will be submitted to the client as soon as practicable.

Aurecon will keep a Change Note Register to track all issued Change Notes and will also keep a register of potential scope changes.

The Project Leader and Project Principal shall approve all Change Notes prior to issue.

### 10.1.1 Recording Change Notes

The Change Note register records the Aurecon unique identity, the date "Change Note" was sent, and the scope issue. The Change Note register shall be kept up-to-date.





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Swaziland, Tanzania, Thailand, Uganda,  
United Arab Emirates, Vietnam.

# Appendix A

## Aurecon Quality Policy



## Appendix A

### Aurecon Quality Policy



## Quality Policy

Aurecon provides engineering, management and specialist technical services for government and private sector clients globally. By the application of due care, skill and diligence, we aim to satisfy the specific requirements of each client.

To achieve this, it is the policy of the Board to apply and maintain an effective quality system complying with the requirements of ISO 9001.

The objective of our quality system is to ensure that the requirements of our clients are met in a cost effective and timely manner. We recognise that this requires a clear commitment by management to the application and continual improvement of the quality system and an appreciation by all of our staff that adherence to the system is everybody's business.

A handwritten signature in black ink, appearing to read "Anthony Barry".

---

**Anthony Barry**  
Chief Executive, Asia Pacific  
March 2010



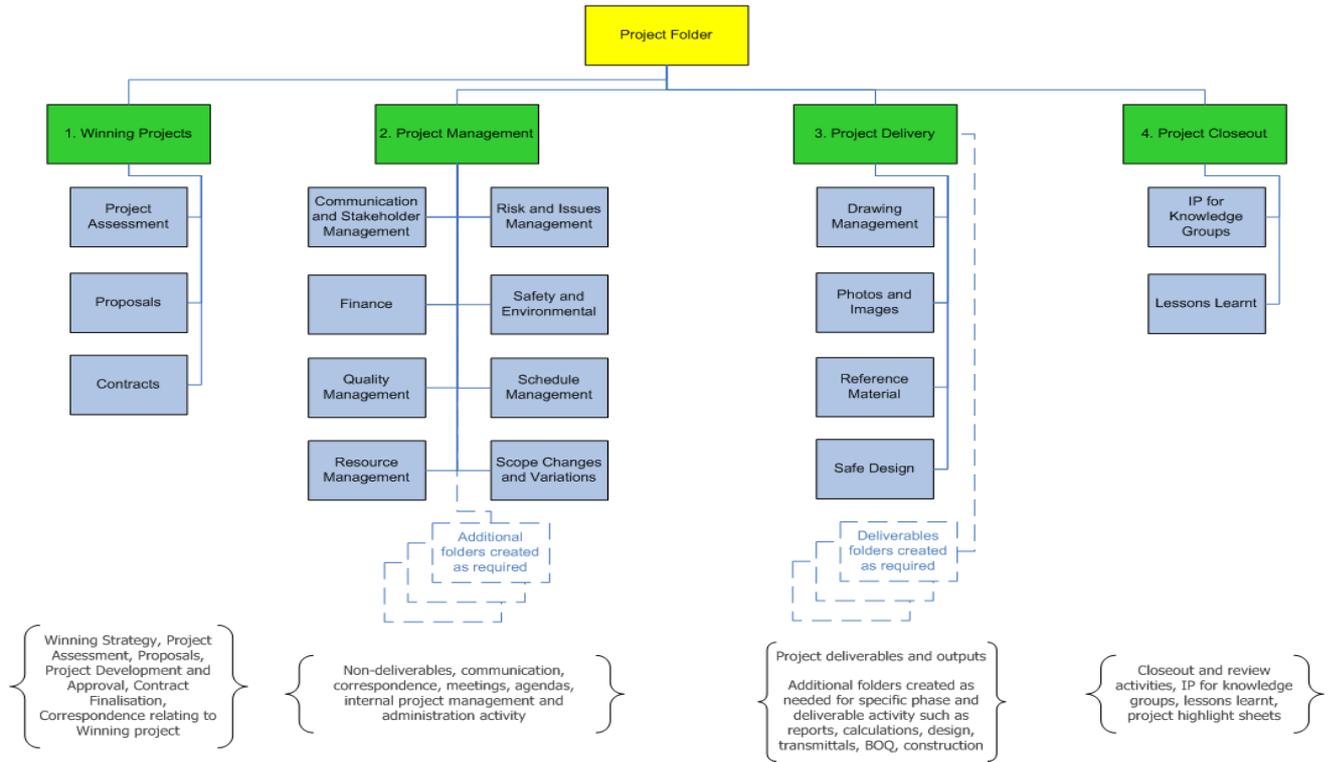
# Appendix B

## Livelink Folder Structure



# Appendix B

## Livelihood Folder Structure



# Appendix C

## PACC Quality Policy 2.4.04





Port Augusta Central Oval  
Redevelopment  
Procurement Management Plan

Prepared for:  
Port Augusta City Council

Project: 226794

07 February 2012



**Port Augusta**

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Approval			
Author Signature	Sarah Joyce	Approver Signature	M Dunemann
Name	Sarah Joyce	Name	Michael Dunemann
Title	Project Manager	Title	Project Director



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## Appendices

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## 11. Introduction

### 11.1 Purpose and Scope

This Procurement Management Plan sets the procurement framework for the Central Oval Redevelopment project in Port Augusta. It will serve as a guide for managing procurement throughout the life of the project and will be updated as acquisition needs change.

This plan identifies and defines the items to be procured, the types of contracts to be used in support of this project, the contract approval process, and decision criteria. The importance of coordinating procurement activities, establishing firm contract deliverables, and metrics in measuring procurement activities is included.

### 11.2 Procurement management approach

Council has appointed an appropriately qualified Project Manager with extensive experience in managing similar large projects. Initially project management has been undertaken by in-house staff.

The Project Manager will provide oversight and management for all procurement activities under this project. The Project Manager will work with the project team to identify all services and items to be procured for the successful completion of the project.

The approach to procurement for this project is that ALL appointments through the project will be in accordance with Port Augusta City Council Purchasing, Contracts and Tendering Procedure and Policy No. 1.1.09 (refer to Appendix A). This is a very detailed policy that has been tried and tested and is managed by the Director of Corporate Services, who is also the Project Director for the Central Oval Redevelopment.

It should be noted that given the current stage of the project lifecycle (Initiation/Planning) the most appropriate procurement and construction methodology for this project has yet to be determined.

Alternatives around project phasing and the way in which the builder may be appointed needs to be further analysed with the newly appointed design team.

## 12. Services and procurement schedule

### 12.1 Specialised Consultant Services

#### 12.1.1 Contracts let

The table below sets out the contracts that have already been let by Council.

Consultant	Contract Number & Appointment date	Scope of Services	Contract Period	Key deliverables
Aurecon	P-1.1 – 226764 Appointed: 01/12/2011	Project Management	24 month delivery; + 12 months defects period.	To deliver the project within the project budget and within the project period in a way that fulfils the Council's funding obligations
Studio Nine	AR11/27680 Appointed: 10/02/2012	Lead design consultant	24 month delivery; + 12 months defects period.	Responsible for the design and documentation of all project elements.
Cost consultant	AR12/591 Appointed: 10/02/2012	Cost manager	24 month delivery; + 12 months defects period.	Provide cost management advice throughout the design development; provide pre-tender estimates, valuations of construction works in progress, variation assessments and provide monthly financial

Consultant	Contract Number & Appointment date	Scope of Services	Contract Period	Key deliverables
				statements to the Project Manager for Council and Government funding purposes.

**Table 6: Contracts let**

### 12.1.2 Contracts under consideration/not yet tendered

Service	Required Appointment date	Scope of Services	Contract Period	Key deliverables
Traffic engineer	March 2012	Traffic management advice to satisfy various Government departments (DPTI) including Council's planning requirements	6 months	To advise on traffic flow, impact on State Government roads, Council roads, car parking and master planning of vehicles and pedestrians across the site
Environmental Consultant	March 2012	Environmental investigations across the site	6 months	This services is not yet known until the design consultants start considering the site and the design brief in more detail
Arborist	April 2012	Significant tree report	3 months	Significant tree report may be required across the site if the proposed building impacts on any large trees. To assist with planning, DAC, EPA requirements.

**Table 7: Contracts not yet tendered**

## 12.2 Building and construction contractors

The below table details out the package of works that is required for the construction of the Central Oval Redevelopment.

Service	Required appointment date	Scope of Services	Contract Period	Key deliverables
Demolition contractor	May 2012	Demolition and early works package release.	6-8months	Efficient demolition of old grandstand, score board, goal posts, seating, bollards, fencing etc
Civil works contractor	June 2012	Realignment of Central Oval	12 months	Carryout the civil works required to realign the existing oval in accordance with the approved design documentation
Building and	September 2012	Construction	18 months	Construct the sporting pavilion

construction contractor		of sporting pavilion and management of the overall site		and carryout the civil works required for car parking, landscaping, infrastructure and roads around the site. There is a potential that the pre-existing civil contractor will be novated to the lead contractor to manage and deliver the oval realignment works.
-------------------------	--	---	--	--

**Table 8: Construction contracts not yet let**

### 12.3 Specialist construction items to be considered

Below sets out a two specialist pieces of sporting equipment that needs to be considered early in the design phase as it could potentially be procured direct by the client due to their long lead time frames.

Item	Description of item	Potential order date	Potential lead time	Purchased by:
Sport lighting	SANFL quality sports lighting is required for the new oval	Oct 2012	6 months	Port Augusta City Council with SANFL grant monies.
Retractable seating	Retractable sport seating is envisaged to the sporting pavilion building	Mid 2012	6-12months depending on specification	Port Augusta City Council with Office for Recreation and Sport monies.

**Table 9: Specialist long lead items**

If purchasing of large pieces of equipment is carried out direct by the Council a rigorous process will be undertaken to ensure the risk to the Council and funding bodies is limited as much as possible.

Councils purchasing and procurement policies will come into effect and funding bodies will be spoken to and provided with reports on the need for early purchase of long lead items, how these items will be paid for and will detail the risk management strategy in place to ensure monetary risk exposure is limited.

## 13. Procurement policies

### 13.1 Purchasing and approvals

The Port Augusta City Council has a very detailed Purchasing, Contracts and Tendering procedure that must be adhered to for every Council project.

The policy clearly sets out the following:

- Supplier selection
- Delegations for contract monetary sign off
- The procurement methods, based on the value of the proposed transaction.
- Request for Tender (RFT) procedure
- Expressions of Interest procedure
- Form of Contracts – Council standards, Australian Standards and legal advice
- Procurement Plans – individual to each proposed tender
- Probity protocols.

The Central Oval Redevelopment Project will follow Councils Policy 1.1.09 and it will be the overriding document when any conflict occurs. The Project Manager will be responsible for ensuring the project follows this policy in its entirety throughout the project.

Also refer to the projects Quality Management Plan.

### **13.2 Decision selection criteria**

As a minimum, the criteria for the selection and award of contracts under this project will be based on the following decision criteria:

- Calibre and range of professional expertise offered by project personnel;
- Ability of the vendor to provide all items by the required delivery date;
- Demonstrated experience in the required areas;
- Demonstrated understanding of the task;
- Proposed price;
- Provision of additional or unique skills or resources to enhance the project outcome;
- Any other factors the Council considers relevant.

These criteria will be measured by the Project Manager and Tender Panel, which is specifically determined for each individual RFT. The ultimate decision will be made based on scoring and weightings against these criteria.

Weighting matrices and specific selection criteria will be produced by the Project Manager, with approval by the Project Control Group, for the tender of, for example, the lead building contractor given the value and specific nature of the contract.

An example of a tender evaluation and report, in summary format, is included in Appendix B. This report details out the selection process, the weighting matrices and recommendations made to the Project Control Group for overall approval.

### **13.3 Vendor management and contract compliance**

The Project Manager is ultimately responsible for managing vendors (design consultant, builder, service provided etc). In order to ensure the timely delivery and high quality of products from vendors the Project Manager, or his designee will meet monthly (or as frequently as agreed) with the Project Control Group to discuss the progress for each procured item.

The Project Manager will communicate regularly with the vendor to ensure timely delivery of contracted services. These meetings can be in person or by teleconference. The purpose of these meetings will be to review all documented specifications for each product/service as well as to review the quality test findings.

If the Project Control Group deem it necessary to meet with the Vendor to discuss project status, this will be organised by the Project Manager. This forum will provide an opportunity to review the services provided in order to ensure it complies with the requirements established in the project specifications and terms of appointment.

It also serves as an opportunity to ask questions or modify contracts or requirements ahead of time in order to prevent delays in delivery and schedule. The Project Manager will be responsible for scheduling these meetings until all items are delivered and are determined to be acceptable.

Please refer to the project's Quality Management Plan which specifically details out how quality will be managed and achieved on the project by detailing out project responsibilities, non-conformance

issues, areas for improvement, project change management, and overall project delivery management.



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Port Augusta Central Oval  
Redevelopment  
Risk Management Plan

Prepared for:  
Port Augusta City Council  
Project: 226794  
07 February 2012



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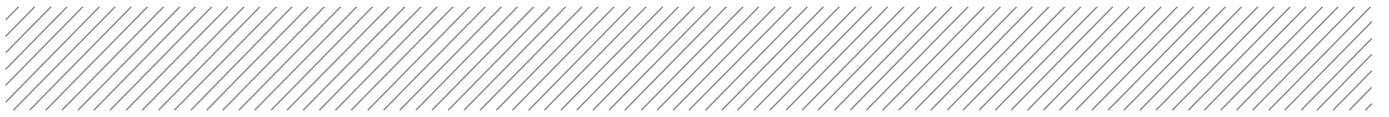
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## Appendices

**Appendix A** - PACC Risk Management Policy No. 2.4.02

**Appendix B** - Central Oval Redevelopment Risk Matrix

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## 14. Introduction

### 14.1 Purpose and scope

Aurecon has been engaged to provide Project Management services to the Port Augusta City Council for the delivery of the Central Oval Redevelopment.

The purpose of this Risk Management Plan is to describe procedures, processes and management systems to be used for the risk management of the Port Augusta Central Oval Redevelopment.

The Risk Management Plan is the document that defines the requirements for risk assessment, mitigation and management on the project including the requirements of the Port Augusta City Council through their Risk Management Policy No. 2.4.02 (see appendix A).

### 14.2 Operations System Policy Statement

The effective management of risk is central to Aurecon's approach to management of all projects. We also ensure that the way we manage risk is in accordance and/or aligned with our Clients internal policies and procedures, such as Port Augusta City Council Risk Management Policy 2.4.02.

Our approach and methods to risk is always consistent with the principles of risk management defined within Project Management Body of Knowledge (PMBOK) and ISO 31000.

Risk management is embedded into Aurecon's Quality System. This system requires that a Risk Management Plan be prepared for all projects and incorporated into a Project Management Plan.

Aurecon also has an in-house online Project Management Manual (PMM) which describes the general methodology we use to deliver projects based on the PMBOK methodology:

- Our recommended procurement strategy
- ***Risk management – identification, quantification, control***
- Time management – delivery in accordance with our project schedule
- Cost management – not exceeding the project budget
- Resource allocation – identification of the required resources to complete each task
- Deliverables – identifying the input deliverables and the output deliverables for each task

The below diagram details how we deal with risks;

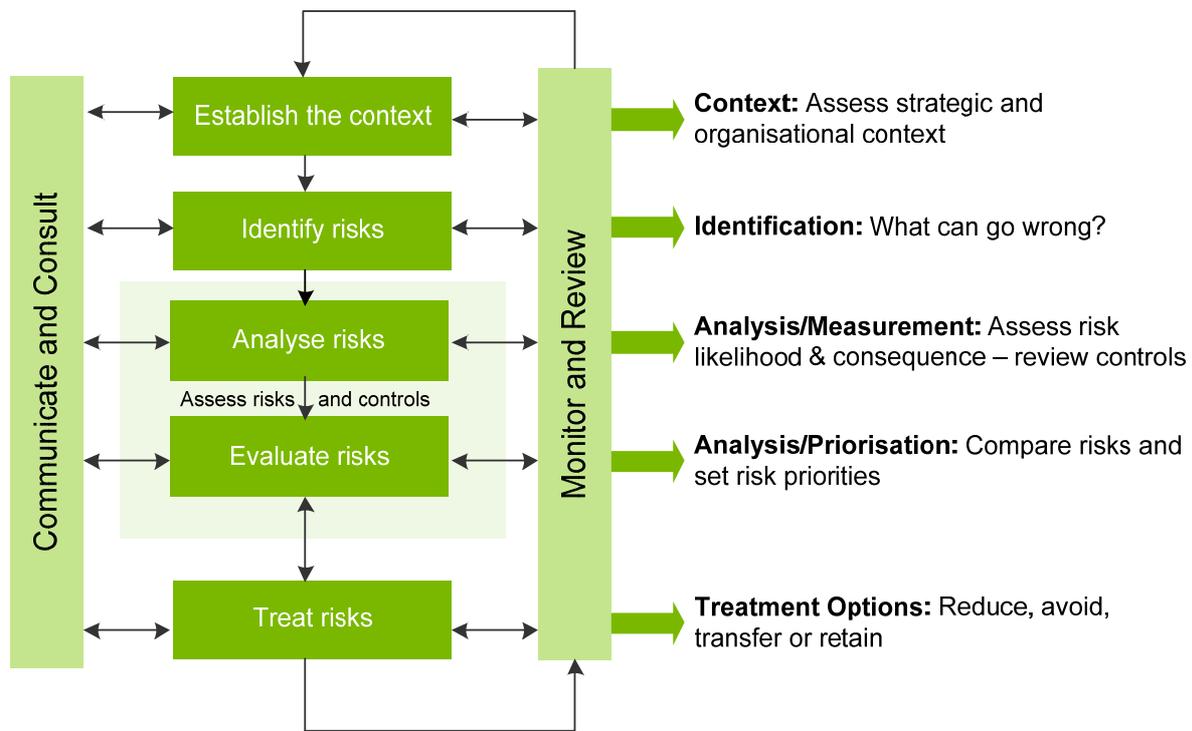


Figure 2: Risk management methodology

### 14.3 Project overview

- The objective of the project is to create a community sporting hub for Port Augusta and the surrounding regions
- The Council want a ‘land mark’ sporting complex that will encompass a realigned sporting oval, new sporting pavilion housing three basketball courts, club rooms, function space, office space and community meeting areas.
- The facility is to be multi-use and will include sporting events and will be the location for community events such as concerts, fetes, community gatherings etc.
- The current approved funding for the project is \$7.15m. A further \$5m is being sought through the Regional Development Australia Fund in order to fund additional phases/scope of the master plan.

### 14.4 Aurecon’s Responsibilities

To manage, monitor, eliminate and control project risks we will undertake risk management workshops with the Project Control Group and design team monthly in order to set out the risk profile and ensure that each and every risk has an owner and is appropriately controlled and/or managed out of the project.

A risk register will be developed, monitored and updated at all project team meetings, including the monthly Project Control Group meeting throughout the project lifecycle.

## 15. Risk Analysis and Risk Management

Project risks have been assessed upon the likelihood of occurring and the impact if they were to occur to give an Extreme or Low classification, with a management strategy assigned and risk owner identified.

The attached risk matrix within Appendix B has been created and assessed by key members of the Project Control Group at this early stage in the project lifecycle.

On-going risk management is critical to facilitate the successful delivery of the project. To achieve this, the risk assessment matrix will be

- Regularly reviewed by the project team on a monthly basis as a minimum.
- Updated with any new risks identified as they arise.
- Appropriate mitigation measures will be agreed and implemented.

The adoption of a rigorous risk management approach will be managed by the Aurecon Project Manager in line with both Aurecon and Council’s risk management methodology.

### 15.1 Risk evaluation criteria

The tables below sets out how the risk matrix detailed in Appendix B is populated and forms a basis of decisions are made based on impacts and probability for each identified risk.

#### 15.1.1 Impact evaluation criteria

	Cost	Time	Probability
Very High	>\$250,000	>2 months	50% - 100%
High	\$250,000 - \$150,000	1 month – 2 months	25% - 50%
Medium	\$150,000 - \$80,000	3 weeks – 6 weeks	10% - 25%
Low	\$80,000 - \$10,000	1 week – 3 weeks	5% - 10%
Very Low	<\$10,000	<1 week	<5%

Table 10: Risk impact evaluation criteria

### 15.1.2 Risk Assessment Criteria Matrix

The table below provides the consequence and likelihood ratings that will be used for risk assessments on the Central Oval project. Interpretive data and guidance on categorisation of consequences and likelihood should be referred to the Councils Policy 2.4.02.

Likelihood	VH	5	10	15	20	25
	H	4	8	12	16	20
	M	3	6	9	12	15
	L	2	4	6	8	10
	VL	1	2	3	4	5
		VL	L	M	H	VH
Consequence						

Table 11: Criteria Matrix

### 15.1.3 Risk categories and Responsible Person

Risk management is an ongoing and iterative process, which will be conducted throughout the lifecycle of the project. Individual accountability for risks are assigned, such that each risk has its own manager. Each risk manager must review all of their risks on a monthly basis or more frequently, and update the risk assessment sheets, even if only to note that there has been no change.

Risk Definition/Category	Responsible Person (risk manager)
Time	Sarah Joyce
Scope/Design	Sarah Joyce, Design Team, Council representatives
Construction	Builder, Design Team, Sarah Joyce
Safety	Project Team
Financial/Funding	Sarah Joyce, Michael Dunemann, QS
Governance	Sarah Joyce, Michael Dunemann, Craig Dearlove
Environmental	Sarah Joyce, Design Team

Table 12: Risk Category and Risk Managers



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Swaziland, Tanzania, Thailand, Uganda,  
United Arab Emirates, Vietnam.

## Extract from Part 3 of the Local Government Act — Prudential requirements for certain activities

### **48—Prudential requirements for certain activities**

(aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—

- (a) acts with due care, diligence and foresight; and
- (b) identifies and manages risks associated with a project; and
- (c) makes informed decisions; and
- (d) is accountable for the use of council and other public resources.

(a1) The prudential management policies, practices and procedures developed by the Council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.

(1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—

(b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—

(i) where the expected expenditure of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or

(ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed); or

(iii) where the council considers that it is necessary or appropriate.

(2) The following are prudential issues for the purposes of subsection (1):

(a) the relationship between the project and relevant strategic management plans;

(b) the objectives of the Development Plan in the area where the project is to occur;

(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

(d) the level of consultation with the local community, including contact with

persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) if the project is intended to produce revenue, revenue projections and potential financial risks;

(f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) the most appropriate mechanisms or arrangements for carrying out the project.

(2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.

(3) A report is not required under subsection (1) in relation to—

(a) road construction or maintenance; or

(b) drainage works.

(4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).

(4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).

(4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).

(5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).

(6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).

(6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.

(6b) A person is closely associated with another person (the *relevant person*)—

- (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
- (b) if that person is a proprietary company in which the relevant person is a shareholder; or
- (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
- (d) if that person is a partner of the relevant person; or
- (e) if that person is the employer or an employee of the relevant person; or
- (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
- (g) if that person is a relative of the relevant person.

(6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—

(a) by virtue only of the fact that the person—

- (i) is a ratepayer, elector or resident in the area of the council; or
- (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organization;

or

(b) in a prescribed circumstance.

(6d) In this section, \$4,000,000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.

(6e) In this section—

**employee** of a council includes a person working for the council on a temporary basis;

**non-profit association** means a body (whether corporate or unincorporated)—

- (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
- (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.

(7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.