

Appendix 6

Minter Ellison's Risk Assessment and Risk Register documents

Risk Assessment

This document described as 'Risk assessment of the insulation components under the Energy Efficient Homes Package – report by Minter Ellison Consulting' was tabled in the Senate on 22 February 2010. References in evidence to the 'risk assessment' are mostly references to this document.

The contents of this document are repeated in full in the Risk Register and Management Plan.

Risk Register and Management Plan, 9 April 2009

The Department of Environment, Water, Heritage and the Arts advised that the content of the cell at row 15, column 10 ('recommended management plan') is wrong because of a typographical error. This cell should read:

- Develop detailed take-up strategy as part of Program methodology
- Specifically address monitoring and support structures in outsourcing contracts to achieve take-up targets
- Monitor take-up against this plan and adjust other program aspects as required

**Department of the Environment, Water, Heritage and the Arts:
Risk Assessment of the Insulation Components under the
Energy Efficient Homes Package**

1. Project methodology and business model - post 1 July:

- Extremely limited time to determine and implement
 - effective project methodology and
 - delivery / business model post 1 July

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Put in place an integrated project methodology that effectively links complex inter-related tasks and streams of work • Develop delivery / business model that addresses key Program objectives and risks • Base the final plan on this integrated methodology • Review all actions in the project plan against this methodology and each other as they are developed • Understand interactions within the project and monitor these as part of monitoring processes • Monitor progress closely and identify any inconsistencies or time lapses to ensure early correction and any impact on the methodology or other tasks • Test project's ability to maintain a hybrid business model post 1/7/09, retaining the rebate process whilst the referred ongoing business model is implemented progressively 	<ul style="list-style-type: none"> • Departmental Tier 1 project management framework in place • Recognised project methodology in place • Project Control Group established • Planning workshops underway • Project Plan in place • Project scheduler mapping interdependencies • KPMG working on alternate business models post 1/7/09 • Stakeholder consultation program in place contributing to Business Model and project methodology analysis • Strategy being developed to encourage take-up by low income / vulnerable households

2. Procurement / Licensing: needs for entire Program duration to be determined and fulfilled by 1/7/09

- Procurement processes/timeframes, 1/7/09 deadline for full program
- Scale of task is new to Department

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Identify procurement thresholds and constraints • Identify the most appropriate procurement / licensing model (e.g. Multi-user panels, issue of licenses, etc) as part of the Business Model considerations • Consider staged implementation of residual procurement needs to reduce time pressures • Develop a specific procurement/licensing strategy within the business model and project methodology • Develop an implementation timetable ensuring legal risks are dealt with effectively and allocate sufficient resources able to scope needs and assess capacity as the procurement / licensing processes are implemented • Monitor progress, including probity considerations closely 	<ul style="list-style-type: none"> • Business Model planning underway with KPMG. This will specifically consider ways to minimise formal procurement needs • Obligations under the Commonwealth procurement guidelines are being reviewed • Considering multi-user list and installer register and alternates to formal procurement • Licensing standards etc are partly developed within the rebate system already in place • Training etc is being outsourced – discussions are in hand with DEEWR et al

3. Time: time available to develop and deliver the program in a properly controlled way may be inadequate

- Tight timeframes to develop all elements of the program's Delivery model by 1 July
- An appropriate launch is required mid-year for the package

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop detailed project delivery / business model • Consider timing constraints / limitations in developing implementation strategies to reduce risk where possible whilst retaining core objectives • Clearly define <ul style="list-style-type: none"> • What will be in place 1/7/09 as a minimum delivery set and aspects that can be deferred / melded with others • Minimum requirements vs those that industry needs to deal with as part of its operation • Have industry leaders participate in developing guidelines / standards processes through early involvement in the program • Simplify business model where possible, to reduce time constraints • Closely monitor resourcing, project delivery targets etc • Adjust resources quickly as any shortfalls are identified • Use external resource where necessary to reduce time constraints • Focus resourcing on prior experience, capacity to pick up new tasks quickly, self-starting 	<ul style="list-style-type: none"> • KPMG working on alternate business models, including strategies to reduce time constraints • Potential for using Centrelink as payment agency being explored • Ministerial consultations in place • Industry Working Groups in place to develop detail of the agreed business model • Discussions with DEEWR re training programs in place • Scheduler finalising all tasks into project plan including risk treatments • Tight project controls in place to monitor timing risks and development of mitigation action impact on timing

4. Installation (quality and compliance): quality of installation / control by installers and compliance structures may be inadequate

- Poor quality installations
- Compliance cost (to Dep't or industry) may be excessive and process may be ineffective
- Safety - house fire/damage
- Insufficient number of auditors

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Consider these issues in developing the business model • Ensure business model transfers fraud risk from Commonwealth to providers where possible and allows effective monitoring • Develop effective process for registration of installers. Cover both financial viability and technical capacity in registration process • Alternatively let third party contracts to do this; Set up monitoring and reporting processes to identify emerging provider stress • Ensure contract structures provide capacity to monitor and take action on poor performing providers • Ensure installers are properly insured and consider requiring installers to indemnify the Commonwealth against claims/loss arising from installers' actions • Review mitigation strategies in light of the agreed business model 	<ul style="list-style-type: none"> • Developing links with ACCC and other regulatory bodies • Information available through call centre and is being reviewed as the business model is being developed • Strategic communications strategy in place • Communications channels with industry have been identified and are being developed • Regular communications with States and Territory regulatory bodies in place • Early installation guidelines include specific quality and safety requirements – installers must be verified – hooked into Australian Standards • Breach reporting system in place. Site inspections – planned to begin early 09/10 • Assessing training requirements and discussing with DEEWR • Internal compliance and monitoring system under development • Technical Working Groups with industry covering safety and quality of product

5. Fraud: inadequate controls may allow fraudulent or inappropriate behaviours

- Ineligible people accessing the program
- Industry quoting above actual cost of job
- Households double dipping between Commonwealth, State and Territory Programs above out of pocket costs
- Applicant accessing both SHWR and HIP programs
- Installer theft/vandalism/ professionalism
- Internal / staff member process integrity

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop specific fraud strategy based on a capacity to outsource the risk • Review processes to test specifically for control over possible fraud / incorrect payments • Liaise with the Department's enforcement and compliance/legal experts in developing controls • Ensure effective monitoring of possible fraud areas in place (identify data needs and include in process development) • Review internal processes for possible internal fraud opportunities • Review eligibility guidelines and review processes for possible fraud opportunities • Risk Manager to sign off on processes and policies after reviewing for possible fraud opportunities 	<ul style="list-style-type: none"> • KPMG developing fraud strategy as part of business model considerations • Consultation with and assistance from Departmental Fraud staff in place • Internal process for capturing and mitigating fraud risk in place (e.g. cross checking data for homeowners claiming both insulation and SHW rebates) • Full time legal officer in place – further resources are being added currently • Current rebate forms facilitate follow up where information incomplete/incorrect • Internal follow up for claim issues including evidence of payment in place

6. Program complexity: Multiple policy goals, vested commercial interests may hamper the efficient delivery of the Program.

- Governance and planning gaps may reduce the capacity of the project to deliver
- Ineffective internal decision making, resource allocation and ownership (Project Governance)
- Industry structure not properly addressed

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Utilise effective integrated project methodology and develop fit-for-purpose Business Model to mitigate risk • Ensure scale of timing and project methodology (i.e. how the tasks fit together and impact on each other) mitigate risk and reduce complexity • Ensure clarity of rules through effective internal and external communication strategies • Set up tight internal communication structures • Set up conflict resolution process within project to identify and resolve potential conflicts 	<ul style="list-style-type: none"> • Business model planning in place is addressing complexity as a key goal • Project Control Group in place • Stakeholder Working Groups in place • Scheduler working on project plan and interdependencies • External communication strategy drafted and internal communications strategy commenced • Recently clarified eligibility guidelines • Draft stakeholder management plan prepared

7. Political: a variety of failures in the process, system, project deliverables etc may have significant indirect political/public confidence impact

- Policy changes or interactions and political scrutiny
 - Commonwealth
 - State & Territories
- Leaks about program performance
- Household demand management
- Applies in broadest sense of "political"

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Include political/ public confidence consideration in development of and monitoring of project methodology and Business Model • Identify political risks (e.g. impact on public confidence) and develop a communication strategy and monitoring process that includes capacity to keep track of these • Develop a mitigation strategy for politically sensitive risk and closely monitor developments • Actively manage expectations through communication strategies, including <ul style="list-style-type: none"> • Market • Installers • Community • Press • Other stakeholders • Clearly communicate key aspects of the Program, e.g. eligibility and program requirements • Manage expectations through Working Groups (e.g. Industry) and regular meetings with key stakeholders 	<ul style="list-style-type: none"> • Communications strategy, reporting steams and 3rd party communications strategy • Formal consultation with social welfare and environmental groups • Reporting and monitoring plan under development including around data collection to facilitate reporting • Technical workshops on safety etc – working with industry • Weekly meeting with Parliamentary Secretary and advisers • Close engagement with Minister, Minister's Office, Prime Minister and Cabinet, Coordinator-General • Industry and community consultations groups in place • Arms length communication strategy is being developed

8. Communication and planning: inadequate planning and communication may create poor delivery of communication strategy (internal and external)

- Excessive media attention on non-compliance
- Consistency of information on suppliers
- Households' lack of program awareness

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop separate communication strategy and set up detailed monitoring processes • Include specific communication issues and strategies in the project methodology • Develop integration processes to improve monitoring and rectification actions as needed • Develop research and integrated data collection strategy 	<ul style="list-style-type: none"> • Internal and external communications strategy developed • Tight control over delivery timetable for public communication campaign • Intra-DEWHA communication through the Project Control Group • Intra-Commonwealth communication underway (eg Finance, ANAO) • These issues are also being addressed as part of the mitigation of Risk 1 above • Developmental research has been undertaken to ensure correct messages are delivered to the community • Campaign tracking research is planned to ensure messages are getting through and any adjustments required can be made expediently • Comprehensive information package developed to assist with consistent responses to public enquiries • Information being developed for special audiences (NESB, vision/hearing impaired, indigenous) • Internal assessment of communication needs for disabled/multilingual groups being made

9. Legal: complex legal issues associated with the Program may not be fully understood or dealt with

- Insurable risk may not be fully covered and monitored
- Contracts don't clearly specify responsibilities or allocate risk
- Privacy, safety, liability issues

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop a separate legal risk management plan and implement • External review of plan and key contracts • Focus on outsourcing major risks while retaining capacity to monitor and regulate the key relationships through contracts • Review impact of legal risk as part of decisions on the appropriate business model 	<ul style="list-style-type: none"> • Currently drafting a Legal Risk Management Plan • Investigating legal issues to inform the Business Model • Full time senior legal officer • Recruiting junior legal officer on secondment

10. Internal capacity: capacity to develop, staff, control and deliver the program on time may be insufficient

- Human Resources: recruitment, induction, training and integration of many new staff
 - adequate numbers and capabilities of staff
 - burn out
 - turnover/loss of corporate knowledge
 - rebate payment delays

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop a resourcing strategy in conjunction with the project Methodology and business model • Integrate resourcing strategy with the project methodology and schedule • Monitor resourcing needs weekly as the plan unfolds • Include resourcing reviews in all phases of the detailed project development • Focus resourcing on prior experience, capacity to take up new tasks quickly, self-starting, understanding of public probity, ability to work with little supervision, team player • Maintain a flexible internal structure to respond to emerging needs quickly 	<ul style="list-style-type: none"> • Issue is being addressed in the short-term in project planning processes currently in place • High level of internal executive support • External recruitment underway • Extensive/ senior internal secondments • Flexible/dynamic structure adjusted to changing business model • Divisional restructure to meet requirements • Private sector resources brought in to meet gaps • Information sharing through regular team meetings

11. Regulation: the existing regulatory framework may not adequately support the Program's goals

- Reliance on contracts rather than legislative enforcement
- Regulation required through third party contractors

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Choose a regulatory approach consistent with the Program Methodology and implementation timetable based on outsourcing model and commercial contracts • Likely need to include specific regulatory aspects into contracts as the core focus of regulation • Consider need and constraints if administrative regulation path is chosen • Monitor effectiveness of regulation structures weekly and adjust if possible • Address regulatory requirements as part of the development of the project methodology and business model • Assess exiting regulatory frameworks to determine intersections with Program needs • Link regulatory requirements to the business model and align processes with state/territory regulatory process for the industry • Consider how licensing requirements will support broader regulatory requirements of this Program • Consider options for incentives and penalties in contracts / agreements with suppliers 	<ul style="list-style-type: none"> • Developing business Code of Conduct and Australian Standards in guidelines (already in place for rebate system) • Consulting with regulators (ACCC) • Consulting with industry • Aligning program specific regulation with State/Territory etc Regulation

12. Capacity: Industry's capacity to produce and deliver sufficient quality materials and installations may be inadequate

- Demand for materials exceeds supply
- Transport – capability of supply chain
- Capability of installer workforce
- Development of bottlenecks.

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop product supply strategy and installer availability strategy in conjunction with industry and outsourcing contractors • Develop monitoring processes to identify emerging supply issues and a framework to deal with these • Integrate supply and communication strategies in the program methodology 	<ul style="list-style-type: none"> • Industry consultation through formal roundtable meetings has commenced • Monitoring imports of insulation materials • Business Model decision will consider impact on this risk

13. Outcomes: Actual outcomes (e.g. number of households included, long-term savings) may not eventuate

- Household benefits don't materialise in energy savings
- Household demand - cost of insulating household above program budget

Recommended Management Plan	Current Activities
<ul style="list-style-type: none">• Review program methodology to identify specific strategies to ensure full take-up and to encourage a balanced progression of take-up• Put in place monitoring processes to identify emerging trends in take-up quickly• Adjust strategy and actions in response to emerging trends• Retain flexibility in outsourcing structures	<ul style="list-style-type: none">• Business Model decision will consider impact on this issue, in particular the structures necessary to ensure distribution and availability, quality of products delivered• Monitoring processes being put in place will provide feedback on progress and data on where differences are occurring• Communication strategy actively supports this issue• Specific strategies being developed for low income / vulnerable households and remote / regional areas

14. Delivery method: delivery structure may result in over-centralisation, poor allocation and political / economic fallout

- Government interventions versus free market
- Inefficiency in delivery Over-centralisation through one-stop shop
- Fairness in allocation of work between Installers (especially broker system in Phase 2)

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop integrated project methodology and delivery strategy • Review as processes are developed; put in place monitoring processes to identify and correct any developing issues 	<ul style="list-style-type: none"> • Issues of access and equity are included in communication strategy with suppliers • Access for specific needs groups the subject of separate focus in planning and delivery structures • Business model will address key aspects of this risk • Timelines are being developed to meet the 1/7/09 deadline • Current discussions with Centrelink, Medicare and State / Territory Offices of Fair Trading to coordinate responses and utilise existing processes where available • Discussions with industry in place to address free market aspects of the business model • Considering options for multiple information access points for home owners

15. Take-up: program may not achieve its objectives through poor uptake / program awareness

- Level of take-up is inadequate
- Insufficient installers in regional / remote / Indigenous areas
- LEAPR incentive insufficient for landlord uptake

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop detailed take-up strategy as part of Program methodology • Specifically address monitoring and support structures in outsourcing contracts to achieve take-up targets • Monitor take-up against this plan and adjust other program aspects as required 	<ul style="list-style-type: none"> • Well targeted communications strategy to raise awareness to be delivered from end June 2009 • Take-up issues are being considered in Business Model considerations • Reporting is being considered in negotiations with Centrelink, et al • Targeted media launch being developed as part of communication strategy • Medicare will provide reports on take-up, quality assurance and compliance as part of its delivery proposals • Development of strategies to encourage take-up by low income / vulnerable households underway • Benchmarking and weekly reporting on uptake being developed with Medicare

16. Training mechanisms: capacity / control over installer network skills may be inadequate

- Demand for installer training may exceed capacity
- Inability to attract enough people to train to become installers
- Inability to 'fund' training for installers

Note: DEEWR will oversee

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop process for registration of installers (arrange through third party outsourcing contractors) • Cover both financial viability and technical capacity (allow third party contracts to do this) • Set up monitoring and reporting processes to identify emerging provider stress • Ensure contract structures provide capacity to monitor and take action on poor performing providers • Closely liaise with DEEWR on development and rollout of training capacity initially, and of retraining/exist strategies in second half of Program 	<ul style="list-style-type: none"> • Communication strategy to raise awareness of training availability amongst potential suppliers to be delivered from end June 2009 • Agreement with Medicare to host installer registration web-site • Legal parameters for the register have been developed • Insurance requirements for installers are being developed • Code of conduct requirements being developed • Industry Skills Council in DEEWR being consulted re training program development • States being consulted re training delivery – NSW is almost ready

17. Stakeholder management: risk of focussing on specific tasks and pressure groups may result in inadequate attention to all stakeholders and their interests

- Diversity of stakeholders and challenge in managing their expectations
- Industry ownership / buy-in
- National Coverage – Indigenous /Remote

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Develop integrated project strategy and methodology • Set up tight internal communication structures • Set up conflict resolution process within project to identify and resolve potential conflicts • Have all stakeholders agree on Terms of Reference , e.g. through State and Territory working groups • Conduct regular meetings (face-to-face and teleconferences) 	<ul style="list-style-type: none"> • Opportunity for internal and external communication (e.g. press releases) • Departmental Executive provide secretarial and support resources • Communications Strategy drafted • Regular and open communications with States and Territory Working Group • Developing intranet site • Process to develop strategies for servicing remote areas and for low income / vulnerable households underway

18. Industry impact: structure of program may impact on capacity of the industry both in the short and longer-term

- Inflated insulation prices for a period
- Industry boom and bust – workers and product not required at end of program

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Include industry structure impact in program methodology • Develop an exit strategy for the Program at the end of 2.5 years • Develop specific aspects of communication strategy to support steady implementation of the program supported by supply capacity • Develop monitoring strategies to keep oversight of supply (materials and installers) and build-up and run-down of the industry • Develop specific re-training / redeployment strategy and communication program for run-down at 2.5 years with DEEWR 	<ul style="list-style-type: none"> • The media plan under development as part of the Communications Strategy will control the rate of information flow to members of the community • DEEWR and State / Territory training programs will enable the training to be easily transferred to other parts of the industry after the Program is completed • Planning and monitoring strategies are part of the development of the Business Model, data collection being negotiated with Centrelink and Medicare

19. Product: Product quality may not be of adequate standard

- Product does not meet thermal efficiency standards
- Product does not meet safety standards

Recommended Management Plan	Current Activities
<ul style="list-style-type: none"> • Set product quality guidelines with industry • Put in place regulatory framework (based on outsourcing contracts) to monitor quality and identify exceptions • Set up third party process for dealing with quality exceptions, including rectification by alternate providers as required • Put in place monitoring processes to monitor the overall quality and delivery standards for the Program • Put in place arrangements with other agencies, particularly ACCC, to ensure their active involvement in ensuring industry members comply with relevant legal requirements 	<ul style="list-style-type: none"> • Negotiating with Centrelink to act as payment agency and to hold the installer register. • State and Territory Offices of Fair Trading to act as regulators through existing processes and structures • Guidelines and product fact sheets in place as part of the current rebate system • Number of industry briefings have been held with industry bodies • Technical Working Groups in place and have met • Looking at safety elements of the Standards • Have technical consultants in place • Developing a product testing model (preferably with access to 2 laboratories) • Technical evaluation is considering a series of construction models to apply to the major housing types.

Risk Register and Management Plan at 2.00 pm 9 April 2009

Identification				Assessment			Risk Trend			Management Plan			Currency			
Risk Description	Likelihood	Consequence	Inherent risk quantification	Inherent risk value	Risk - 4 Months ago	Risk - 2 Months ago	Risk Today	Recommended Management Plan A/E - allocate single point responsibility for each extreme and high risk. Develop each mitigation plan into a strategy; monitor progress against the strategy	Current activity at 9 April 2009	Effectiveness of Mitigators Weak/Incomplete/Adequate/strong/Over-controlled	Residual risk value	Is residual risk value tolerable Yes/No	Progress in Last Reporting Period	Additional Action Plan	Predictive Indicators	Date Last Updated
<p>Program methodology - post 1 July:</p> <ul style="list-style-type: none"> Extremely limited time to determine and implement effective Program methodology post 1 July 	5	5	Substantial non-delivery. Admin costs & conflict; Poor control of processes and financial outcomes \$40-95m Costs, non-delivery, fraud etc	E	E	E	E	<ul style="list-style-type: none"> Put in place an integrated project methodology that effectively links complex inter-related tasks and streams of work Develop delivery / business model that addresses key Program objectives and risks Base the final plan on this integrated methodology Review all actions in the project plan against this methodology and each other as they are developed Understand interactions within the project and monitor these as part of monitoring processes Monitor progress closely and identify any inconsistencies or time lapses to ensure early correction and any impact on the methodology or other tasks Test project's ability to maintain a hybrid business model post 1/7/09, retaining the rebate process whilst the referred ongoing business model is implemented progressively 	<ul style="list-style-type: none"> Departmental Tier 1 project management framework in place Recognised project methodology in place Project Control Group established Planning workshops underway Project Plan in place Project scheduler mapping interdependencies KPMG working on alternate business models post 1/7/09 Stakeholder consultation program in place contributing to Business Model and project methodology analysis Strategy being developed to encourage take-up by low income / vulnerable households 	Strong	3 3 M	Yes				
<p>Procurement/ Licensing: needs for entire Program duration to be determined and fulfilled by 4/7/09</p> <ul style="list-style-type: none"> Procurement processes/timeframes, 1/7/09 deadline for full program Scale of task is new to Department 	5	5	Delays or total non-delivery; substantial increased costs; increase in other risks incl fraud & political fallout; litigation risk \$20-60m Substantial political fallout	E	E	E	E	<ul style="list-style-type: none"> Identify procurement thresholds and constraints Identify the most appropriate procurement / licensing model (e.g. Multi-user panels, issue of licenses, etc) as part of the Business Model considerations Consider staged implementation of residual procurement needs to reduce time pressures Develop a specific procurement/licensing strategy within the business model and project methodology Develop an implementation timetable ensuring legal risks are dealt with effectively and allocate sufficient resources able to scope needs and assess capacity as the procurement / licensing processes are implemented Monitor progress, including probity considerations closely 	<ul style="list-style-type: none"> Business Model planning underway with KPMG. This will specifically consider ways to minimise formal procurement needs Obligations under the Commonwealth procurement guidelines are being reviewed Considering multi-user list and installer register and alternates to formal procurement Licensing standards etc are partly developed within the rebate system already in place Training etc is being outsourced - discussions are in hand with DEWR et al 	Weak	4 5 E	No	<p>Extend rebate scheme to 30 September</p> <p>2009; possible hybrid model allowing full implementation as planned on 1 July 2009 in Metro Sydney/Melbourne</p>	<p>Project schedule falling behind; procurement finalisation slips beyond 1 July 2009</p>		
<p>Time: time available to develop and deliver the program in a properly controlled way may be inadequate</p> <ul style="list-style-type: none"> Tight timeframes to develop all elements of the program's Delivery model by 1 July An appropriate launch is required mid-year for the package 	5	4	Poor control; poor communication; overruns; non-delivery, early termination \$20-145m Costs; political fallout; early termination	E	E	E	E	<ul style="list-style-type: none"> Develop detailed project delivery / business model Consider timing constraints / limitations in developing implementation strategies to reduce risk where possible whilst retaining core objectives Clearly define What will be in place 1/7/09 as a minimum delivery set and aspects that can be deferred / melded with others Minimum requirements vs those that industry needs to deal with as part of its operation Have industry leaders participate in developing guidelines / standards processes through early involvement in the program Simplify business model where possible, to reduce time constraints Closely monitor resourcing, project delivery targets etc Adjust resources quickly as any shortfalls are identified Use external resource where necessary to reduce time constraints Focus resourcing on prior experience, capacity to pick up new tasks quickly, self-starting 	<ul style="list-style-type: none"> KPMG working on alternate business models, including strategies to reduce time constraints Potential for using Centrelink as payment agency being explored Ministerial consultations in place Industry Working Groups in place to develop detail of the agreed business model Discussions with DEWR re training programs in place Scheduler finalising all tasks into project plan including risk treatments Tight project controls in place to monitor timing risks and development of mitigation action impact on timing 	Adequate	4 4 E	No	<p>Extend rebate scheme to 30 September</p> <p>2009; possible hybrid model allowing full implementation as planned on 1 July 2009 in Metro Sydney/Melbourne</p>	<p>Project schedule falling behind; procurement finalisation slips beyond 1 July 2009; insufficient resources in place to carry out Management Plan</p>		

Identification		Assessment		Risk Trend		Management Plan		Currency	
4	<p>Installation quality and compliance: quality of installation / control by installers and compliance structures may be inadequate</p> <ul style="list-style-type: none"> Poor quality installations Compliance cost (to Dept or industry) may be excessive and process may be ineffective Safety - house fire/damage Insufficient number of auditors 	<p>Poor quality installation; make-good costs; additional intervention (regulatory, process control, direct intervention into delivery); poor access for marginal groups; major political fallout; early termination; litigation risk</p> <p>\$20-50m Early termination</p>	E	E	<ul style="list-style-type: none"> Consider these issues in developing the business model Ensure business model transfers fraud risk from Commonwealth to providers where possible and allows effective monitoring Develop effective process for registration of installers. Cover both financial viability and technical capacity in registration process Alternately let third party contracts to do this. Set up monitoring and reporting processes to identify emerging provider stress Ensure contract structures provide capacity to monitor and take action on poor performing providers Ensure installers are properly insured and consider requiring installers to indemnify the Commonwealth against claims/loss arising from installers' actions Review mitigation strategies in light of the agreed business model 	Strong	3 3 M Yes		
5	<p>Fraud: inadequate controls may allow fraudulent or inappropriate behaviours</p> <ul style="list-style-type: none"> Ineligible people accessing the program Industry quoting above actual cost of job Households; double dipping between Commonwealth, State and Territory Programs above out of pocket costs Applicant accessing both SHWR and HIP programs <ul style="list-style-type: none"> Installer theft/vandalism/ professionalism Internal / staff member process integrity 	<p>Complexity; many sources; Time to develop controls is limited; risk of delay / non-delivery if controls are excessive</p> <p>\$10-30m Fraud losses Political fallout</p>	E	E	<ul style="list-style-type: none"> Develop specific fraud strategy based on a capacity to outsource the risk Review processes to test specifically for control over possible Fraud / incorrect payments Liaise with the Department's enforcement and compliance/legal experts in developing controls Ensure effective monitoring of possible fraud areas in place (Identify data needs and include in process development) Review internal processes for possible internal fraud opportunities Review eligibility guidelines and review processes for possible fraud opportunities Risk Manager to sign off on processes and policies after reviewing for possible fraud opportunities 	Adequate	3 4 H Yes		
6	<p>Program complexity: Multiple policy goals; vested commercial interests may hamper the efficient delivery of the Program.</p> <ul style="list-style-type: none"> Governance and planning gaps may reduce the capacity of the project to deliver Ineffective internal decision making; resource allocation and ownership (Project Governance) Industry structure not properly addressed 	<p>Poorly structured program; program fails to meet objectives; inadequate communication; increased costs; poor delivery; political fallout; early termination</p> <p>\$15-60m Early termination</p>	E	E	<ul style="list-style-type: none"> Utilise effective integrated project methodology and develop fit-for-purpose Business Model to mitigate risk Ensure scale of timing and project methodology (i.e. how the tasks fit together and impact on each other) mitigate risk and reduce complexity Ensure clarity of rules through effective internal and external communication structures Set up tight internal communication structures Set up conflict resolution process within project to identify and resolve potential conflicts 	Adequate	3 3 M Yes		
7	<p>Political: a variety of failures in the process, system, project deliverables etc may have significant political fallout</p> <ul style="list-style-type: none"> Policy changes or interactions and political scrutiny <ul style="list-style-type: none"> Commonwealth State & Territories Leaks about program performance Household demand management Applies in broadest sense of "political" 	<p>Loss of good will; non-delivery of program; major loss in outcomes</p> <p>Not quantifiable Early termination</p>	E	E	<ul style="list-style-type: none"> Communications strategy; reporting streams and 3rd party communications strategy <ul style="list-style-type: none"> Formal consultation with social welfare and environmental groups Reporting and monitoring plan under development including around data collection to facilitate reporting Technical workshops on safety etc - working with industry Weekly meeting with Parliamentary Secretary and advisers Close engagement with Minister, Minister's Office, Prime Minister and Cabinet, Coordinator-General Industry and community consultations groups in place Arms length communication strategy is being developed 	Adequate	3 5 E No	High level political stakeholder coordination and monitoring required	Increased media attention; ministerial; negative stakeholder feedback

Identification		Assessment		Risk Trend		Management Plan			Currency			
8	<p>Communication and planning: inadequate planning and communication may create poor delivery of communication strategy (internal and external)</p> <ul style="list-style-type: none"> Excessive media attention on non-compliance Consistency of information on suppliers Households: lack of program awareness 	3	5	<p>Poor take-up; poor delivery (consumer and installer confusion); conflict; increased communication and regulatory costs; major political fallout</p> <p>\$8-20m Costs Political fallout \$500m Funds not utilised Poor take-up</p>	E	E	<ul style="list-style-type: none"> Develop separate communication strategy and set up detailed monitoring processes Include specific communication issues and strategies in the project methodology Develop integration processes to improve monitoring and rectification actions as needed Develop research and integrated data collection strategy 	<ul style="list-style-type: none"> Internal and external communications strategy developed Tight control over delivery timetable for public communication campaign Intra-DEWHA communication through the Project Control Group Intra-Commonwealth communication underway (eg Finance, ANAO) These issues are also being addressed as part of the mitigation of Risk 1 above Developmental research has been undertaken to ensure correct messages are delivered to the community Campaign tracking research is planned to ensure messages are getting through and any adjustments required can be made expeditiously Comprehensive information package developed to assist with consistent responses to public enquiries Information being developed for special audiences (NESB, vision/hearing impaired, indigenous) Internal assessment of communication needs for disabled/multilingual groups being made 	2 3 L	Yes		
9	<p>Legal: complex legal issues associated with the Program may not be fully understood or dealt with</p> <ul style="list-style-type: none"> Insurable risk may not be fully covered and monitored Contracts don't clearly specify responsibilities or allocate risk Privacy, safety, liability issues 	4	4	<p>Litigation; substantial additional costs to rectify consequences of poor legal risk management including paying damages; political fallout; early termination</p> <p>\$15-30m Litigation costs Early termination</p>	E	E	<ul style="list-style-type: none"> Develop a separate legal risk management plan and implement External review of plan and key contracts Focus on outsourcing major risks while retaining capacity to monitor and regulate the key relationships through contracts Review impact of legal risk as part of decisions on the appropriate business model 	<ul style="list-style-type: none"> Currently drafting a Legal Risk Management Plan Investigating legal issues to inform the Business Model Full time senior legal officer Recruiting junior legal officer on secondment 	3 3 M	Yes		
10	<p>Internal capacity: capacity to develop, staff, control and deliver the program on time may be insufficient</p> <ul style="list-style-type: none"> Human Resources: recruitment, induction, training and integration of many new staff adequate numbers and capabilities of staff burn out turnover/loss of corporate knowledge rebate payment delays 	4	4	<p>Poor processes and controls; inadequate regulatory framework; poor delivery; early termination</p> <p>\$20-125m Early termination</p>	E	E	<ul style="list-style-type: none"> Develop a resourcing strategy in conjunction with the project Methodology and business model Integrate resourcing strategy with the project methodology and schedule Monitor resourcing needs weekly as the plan unfolds Include resourcing reviews in all phases of the detailed project development Focus resourcing on prior experience, capacity to take up new tasks quickly, self-starting, understanding of public probity, ability to work with little supervision, team player Maintain a flexible internal structure to respond to emerging needs quickly 	<ul style="list-style-type: none"> Issue is being addressed in the short-term in project planning processes currently in place High level of internal executive support External recruitment underway Extensive/senior internal secondments Flexible/dynamic structure adjusted to changing business model Divisional restructure to meet requirements Private sector resources brought in to meet gaps Information sharing through regular team meetings 	4 3 H	Yes		
11	<p>Regulation: the existing regulatory framework may not adequately support the Program's goals</p> <ul style="list-style-type: none"> Reliance on contracts rather than legislative enforcement Regulation required through third party contractors 	4	4	<p>poor control of costs; poor delivery quality; increased fraud; political fallout; early termination</p> <p>\$15-50m Early termination</p>	E	E	<ul style="list-style-type: none"> Choose a regulatory approach consistent with the Program Methodology and implementation timetable based on outsourcing model and commercial contracts Likely need to include specific regulatory aspects into contracts as the core focus of regulation Consider need and constraints if administrative regulation path is chosen Monitor effectiveness of regulation structures weekly and adjust if possible Address regulatory requirements as part of the development of the project methodology and business model Assess exiting regulatory frameworks to determine intersections with Program needs Link regulatory requirements to the business model and align processes with state/territory regulatory process for the industry Consider how licensing requirements will support broader regulatory requirements of this Program Consider options for incentives and penalties in contracts / agreements with suppliers 	<ul style="list-style-type: none"> Developing business Code of Conduct and Australian Standards in Guidelines (already in place for rebate system) Consulting with industry Aligning program specific regulation with State/Territory etc Regulation 	4 3 H	Yes		

Identification			Assessment			Risk Trend			Management Plan			Currency	
12	<p>Capacity: industry's capacity to produce and deliver sufficient quality materials and installations may be inadequate</p> <ul style="list-style-type: none"> - Demand for materials exceeds supply - Transport - capability of supply chain - Capability of installer workforce - Development of bottlenecks 	3	4	H	<p>Non-delivery or delayed delivery of product; reduced installation quality; profiteering; conflict; political fallout; loss of public confidence in the Program</p> <p>\$15-30m Costs Political fallout</p>	H	<ul style="list-style-type: none"> Develop product supply strategy and installer availability strategy in conjunction with industry and outsourcing contractors Develop monitoring processes to identify emerging supply issues and a framework to deal with these Integrate supply and communication strategies in the program methodology 	H	<ul style="list-style-type: none"> Industry consultation through formal roundtable meetings has commenced Monitoring imports of insulation materials Business Model decision will consider impact on this risk 	Adequate	2 3 L	Yes	
13	<p>Outcomes: Actual outcomes (e.g. number of households included, long-term savings) may not eventuate</p> <ul style="list-style-type: none"> - Household benefits don't materialise in energy savings - Household demand - cost of insulating household above program budget 	3	4	H	<p>Poor outcomes: poor controls; poor media; political fallout; additional admin costs; \$5-10m Costs Early termination Political fallout</p>	H	<ul style="list-style-type: none"> Review program methodology to identify specific strategies to ensure full take-up and to encourage a balanced progression of take-up Put in place monitoring processes to identify emerging trends in take-up quickly Adjust strategy and actions in response to emerging trends Retain flexibility in outsourcing structures 	<ul style="list-style-type: none"> Business Model decision will consider impact on this issue. In particular the structures necessary to ensure distribution and availability, quality of products delivered Monitoring processes being put in place will provide feedback on progress and data on where differences are occurring Communication strategy actively supports this issue Specific strategies being developed for low income / vulnerable households and remote / regional areas 	Strong	3 3 M	Yes		
14	<p>Delivery method: delivery structure may result in over-centralisation, poor allocation and political / economic fallout</p> <ul style="list-style-type: none"> - Government interventions versus free market - Inefficiency in delivery Over-centralisation through one-stop shop - Fairness in allocation of work between installers (especially broker system in Phase 2) 	3	4	H	<p>Administrative costs; delays in delivery; non-delivery; fraud; loss of industry support for the program</p> <p>\$500K Admin costs</p>	H	<ul style="list-style-type: none"> Develop integrated project methodology and delivery strategy Review as processes are developed; put in place monitoring processes to identify and correct any developing issues 	<ul style="list-style-type: none"> Issues of access and equity are included in communication strategy with suppliers Access for specific needs groups the subject of separate focus in planning and delivery structures Business model will address key aspects of this risk Timelines are being developed to meet the 1/7/09 deadline Current discussions with Centrelink, Medicare and State / Territory Offices of Fair Trading to coordinate responses and utilise existing processes where available Discussions with industry in place to address free market aspects of the business model Considering options for multiple information access points for home owners 	Incomplete	2 3 L	Yes		
15	<p>Take-up: program may not achieve its objectives through poor uptake / program awareness</p> <ul style="list-style-type: none"> - Level of take-up is inadequate - Insufficient installers in regional / remote / Indigenous areas - LEAP incentive insufficient for landlord uptake 	3	4	H	<p>Poor take-up; additional costs to catch up; excessive support and delivery costs; loss to industry; extensive political fallout</p> <p>\$10-25m Costs Political fallout</p>	H	<ul style="list-style-type: none"> Issues of access and equity are included in communication strategy with suppliers Access for specific needs groups the subject of separate focus in planning and delivery structures Business model will address key aspects of this risk Timelines are being developed to meet the 1/7/09 deadline Current discussions with Centrelink, Medicare and State / Territory Offices of Fair Trading to coordinate responses and utilise existing processes where available Discussions with industry in place to address free market aspects of the business model Considering options for multiple information access points for home owners 	<ul style="list-style-type: none"> Well targeted communications strategy to raise awareness to be delivered from end June 2009 Take-up issues are being considered in Business Model considerations Reporting is being considered in negotiations with Centrelink, et al Targeted media launch being developed as part of communication strategy Medicare will provide reports on take-up, quality assurance and compliance as part of its delivery proposals Development of strategies to encourage take-up by low income / vulnerable households underway Benchmarking and weekly reporting on uptake being developed with Medicare 	Incomplete	3 3 M	Yes		
16	<p>Training mechanisms: capacity / control over installer network skills may be inadequate</p> <ul style="list-style-type: none"> - Demand for installer training may exceed capacity - Ability to attract enough people to train to become installers - Ability to 'fund' training for installers <p>Note: DEEWR will oversee</p>	3	4	H	<p>Poor quality installation; make-good costs; additional intervention (regulatory, process control, direct intervention into delivery); poor access for marginal groups; major political fallout; early termination; litigation risk</p> <p>\$20-50m Early termination</p>	H	<ul style="list-style-type: none"> Develop process for registration of installers (arrange through third party outsourcing contractors) Cover both financial viability and technical capacity (allow third party contracts to do this) Set up monitoring and reporting processes to identify emerging provider stress Ensure contract structures provide capacity to monitor and take action on poor performing providers Closely liaise with DEEWR on development and rollout of training capacity initially, and of retraining/exist strategies in second half of Program 	<ul style="list-style-type: none"> Communication strategy to raise awareness of training availability amongst potential suppliers to be delivered from end June 2009 Agreement with Medicare to host installer registration web-site Legal parameters for the register have been developed Insurance requirements for installers are being developed Code of conduct requirements being developed Industry Skills Council in DEEWR being consulted re training program development States being consulted re training delivery - NSW is almost ready 	Strong	2 3 L	Yes		

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17	<p>Stakeholder management: risk of focussing on specific tasks and pressure groups may result in inadequate attention to all stakeholders and their interests</p> <ul style="list-style-type: none"> Diversity of stakeholders and challenge in managing their expectations Industry ownership / buy-in National Coverage – Indigenous / Remote 	<p>Poorly structured program; inherent conflicts; increased admin. Costs \$5-10m Admin costs Political fallout</p>	H	H	<ul style="list-style-type: none"> Develop integrated project strategy and methodology Set up tight internal communication structures Set up conflict resolution process within project to identify and resolve potential conflicts Have all stakeholders agree on Terms of Reference, e.g. through State and Territory working groups Conduct regular meetings (face-to-face and teleconferences) 	<ul style="list-style-type: none"> Opportunity for internal and external communication (e.g. press releases) Departmental Executive provide secretarial and support resources Communications Strategy drafted Regular and open communications with States and Territory Working Group Developing intranet site Process to develop strategies for servicing remote areas and for low income / vulnerable households underway 	3 3 M	Yes	
18	<p>Industry impact: structure of program may impact on capacity of the industry both in the short and longer-term</p> <ul style="list-style-type: none"> Inflated insulation prices for a period Industry boom and bust – workers and product not required at end of program 	<p>Poor delivery; increased admin costs and conflict; price blow-out through insufficient supply; regulatory cost increases \$2-10m Costs</p>	H	H	<ul style="list-style-type: none"> Include industry structure impact in program methodology Develop an exit strategy for the Program at the end of 2.5 years Develop specific aspects of communication strategy to support steady implementation of the program supported by supply capacity Develop monitoring strategies to keep oversight of supply (materials and installers) and build-up and run-down of the industry Develop specific re-training / redeployment strategy and communication program for run-down at 2.5 years with DEEWR 	<ul style="list-style-type: none"> The media plan under development as part of the Communications Strategy will control the rate of information flow to members of the community DEEWR and State / Territory training programs will enable the training to be easily transferred to other parts of the industry after the Program is completed Planning and monitoring strategies are part of the development of the Business Model, data collection being negotiated with Centrelink and Medicare 	3 2 L	Yes	
19	<p>Product: Product quality may not be of adequate standard</p> <ul style="list-style-type: none"> Product does not meet thermal efficiency standards Product does not meet safety standards 	<p>Conflict; regulatory pressures; additional costs to control; political fallout \$5 mill costs</p>	H	H	<ul style="list-style-type: none"> Set product quality guidelines with industry Put in place regulatory framework (based on outsourcing contracts) to monitor quality and identify exceptions Set up third party process for dealing with quality exceptions, including rectification by alternate providers as required Put in place monitoring processes to monitor the overall quality and delivery standards for the Program Put in place arrangements with other agencies, particularly ACCC, to ensure their active involvement in ensuring industry members comply with relevant legal requirements 	<ul style="list-style-type: none"> Negotiating with Centrelink to act as payment agency and to hold the installer register. State and Territory Offices of Fair Trading to act as regulators through existing processes and structures Guidelines and product fact sheets in place as part of the current rebate system Number of industry briefings have been held with industry bodies Technical Working Groups in place and have met Looking at safety elements of the Standards Have technical consultants in place Developing a product testing model (preferably with access to 2 laboratories) Technical evaluation is considering a series of construction models to apply to the major housing types. 	2 4 M	Yes	