



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HIKINA WHAKATUTUKI

---

# Project Risk Identification & Management

---

Construction Clients' Group Presentation

November 2014



# Purpose

- The purpose of this presentation is to:
  - give an update on report findings
  - Provide detail on the proposed recommendations



# Current Practices

- Industry feedback to date:
  - Lack of early market engagement
  - High level of risk transfer to contractors
  - Inconsistent contracts/many special conditions
  - Lack of quality (2-way) feedback on submitted tenders
  - Duplication of submitted information
  - Slippage of public sector intention programme



# Agency Feedback

- Demand side issues:
  - Unclear linkage between risk register and contract development
  - Lack of understanding of risk pricing
  - Lack of early engagement with market
- Supply side issues:
  - Lack of understanding of risk pricing
  - Difficulty dealing with non-traditional procurement methods
- Treasury
  - Imperative for agency's to delivery value for money
  - Risk placement with party best able to manage it

# Recommendations

1. Changes to risk requirements of the Better Business Case;
2. Requirement to articulate value for money proposition;
3. Centrally located commercial resources skilled;
4. Early engagement with the market;
5. Develop and maintain a project risk register that has a clear link to the procurement activity;
6. Investigate standard forms of contract;
7. Develop a risk management & pricing guidance;
8. Public Sector tenderer debriefs;
9. Market participants debriefs; and
10. Bidders for attend Better By Procurement Training (NZTE).



# Future Steps

- Finalise report for issue to Programme Performance Group (CE of MBIE, CERA & Treasury)
- Work on further development of recommendations



Questions?

