Women in Construction Summit 2025

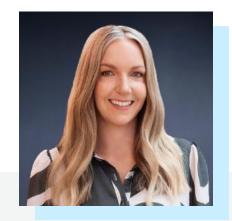
Risk mitigation: setting up projects and construction portfolios for success

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Presenters



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About McGrathNicol

Our people

- National firm with >350 staff
- 55 Partners

Restructuring services

- Company Advisory
- Creditor Advisory
- Insolvency

Advisory services

- Deals
- Strategy & Performance
- Managing Risk
- Technology & Cyber
- Forensic
- Government Advisory



Selection of our clients

Conducting financial capacity assessments in large scale infrastructure	Leighton Holdings	LAING O'ROURKE	ILUKA	calibre	Royal Adelaide Hospital	WICET
Experience in leading large scale infrastructure and PPP projects	WEST GATE TUNNEL PROJECT	AirportLink ®	MELBOURNE METRO RAIL	RCR Limited	nbn ⊚	Royal Adelaide Hospital
Building and implementing credit and counterparty risk models for non financial institutions	Worley Parsons resources & energy	dpcc	BROADSPECTRUM	VICTORIA State Government	X Ingenia	METRO
Experience in advising major contractors	SECIMIC	CONSTRUCTIONS	Worley Parsons resources & energy	LAING ORQUIRKE	lendlease	Downer
Advising financial institutions on exposure to infrastructure and construction sectors	CommonwealthBank	W estpac	* nab	MACCULAPIE BANK	ANZ (?	Rabobank
Managing contractor and project failure	RCR Limited	Hastie Group Limited	BRISCONNECTIONS	M>Train	roberts	Worsley Alumina Pty. Ltd.

Session today

Setting up projects and construction portfolios for success

1 Key Project and Portfolio risks for differing roles

2 Risk across a project life cycle

3 Industry trends – what we're seeing and key takeaways



Risks

Project and Portfolio risk by role

Key Role	Project risk	Portfolio risk
Financier / Developer	 Financial instability Failure of Principal Contractor Regulatory compliance Market and investment risk 	 Diversification risk and oversight Delivery and control risk Regulatory changes
Principal Contractor / Head Contractor	 Cost overruns, project delays and quality control Access to resources and expertise Financial capacity to manage unpredictability Safety & environmental 	 Financial risk Resource allocation Subcontractor performance Compliance Guarantee capacity and structure
Sub-Contractor	 Access to resources and expertise Scope changes Head contractor relations and financial distress Safety incidents 	 Payment delays Contractual disputes Capacity constraints Experience/expertise (particularly during periods of growth)



Risk across a project life cycle

RISK

Counterparty risk
Scope clarity
Accuracy of cost
estimates
Process governance

Contract type

Interdependencies
Compliance
Delays
Logistical challenges

Internal & external shocks (time, cost, quality)
Operational disruption

Quality
Defects
Documentation
Handover issues

Commencement / Tender (Commercial)

Counterparty
Due Diligence

Capacity & capability

Market analysis

Detailed reviews & robust work package design and estimates

Contract Award (Legal)

Risk approach (transfer vs retain)

Clear scope & contractual terms

Security (level, type)

Monitoring and escalation rights

Mobilisation (Operational)

Role clarity

Detailed planning

Monitoring &

governance

Contingency planning

Contract Delivery (All)

Regular project
progress, quality,
compliance monitoring
Financial & KPI
monitoring
Security maintenance
Contingency Planning
Resilience

Completion

Final checks & clear hand over procedures

Provision of critical documentation

Release of security

MITIGATION

Industry trends & key takeaways

01.	Counterparty due diligence increase in				
	frequency and depth / breadth of assessments				

- O2. Heightened contingency planning for counterparty failure
- 03. Working capital focus to maintain cash flow

- O4. Change in security provided and held, with an increase in retention (due to inability to secure bonds)
- O5. Focus on margin protection vs pipeline as market slows
- O6. Increase in disclosures and regulatory requirements



Key takeaways

- Proactive risk management is essential for project success.
- Involving all stakeholders in risk management enhances ability to deliver outcomes.
- Continuous monitoring and reassessment of risks are crucial.



