

5.10. CAPITAL WORKS PROGRESS REPORT 3RD QUARTER 2015-2016

REPORT AUTHOR(S): Paul Hoye, General Manager Operations
DEPARTMENT: Operations

RECOMMENDATION

That Council receives and notes the progress of the Capital Works Program for the 2015 - 2016 financial year.

EXECUTIVE SUMMARY

Council adopted a capital work budget in excess of ten (10) million dollars for the 2015 – 2016 financial year. Attachment 1 to this report details the progress of the capital works program for those works with a budget of \$15,000 or more for the period of January – April March 2016.

The majority of works have progressed in line with expectations and as at 4 May 2016 54% of the projects are 75% complete or better. Of the completed projects 21 have been finalised under budget, achieving a saving to Council of \$499,100.42 to date. A significant proportion of these savings have needed to be used to fund emergent capital works arising from lighting pole condition assessments at a number of sites and the Dixies shed relocation.

Overall, the delivery of the 2015 – 2016 capital works program has been quite good. It is anticipated that with new management skills being gradually introduced into the organisation that better project planning, five year project programs, programmed condition assessments will lead to improved project delivery. It has been apparent that the lack of middle management in the Shire over the amalgamation years has exposed a need for the upskilling of Council staff in project planning, management and delivery. This upskilling is being addressed through training and staff gaining experience and knowledge in new roles. Staff have performed exceptionally well in the circumstances and the quality of work and efficiency of staff in the delivery of projects in house has been excellent.

BACKGROUND

Council adopted a budget for the delivery of capital works in the Shire for the 2015 - 2016 financial year. Attachment 1 gives a summary of the progress of the capital works program. The attachment is in a “traffic light” format so as to provide a quick oversight of the entire program where performance/progress is shown as follows:

Performance Indicators ● Satisfactory ● Marginal ● Unsatisfactory

COMMENT

The majority of works have progressed in line with expectations and as at 4 May 2016 54% of the projects are at 75% complete or better. Of the completed projects 21 have been finalised under budget, achieving a saving to Council of \$501,525.00 to date. A significant proportion of these savings have needed to be used to fund emergent capital works arising from lighting pole condition assessments at a number of sites and the Dixies shed relocation.

Long standing major projects, such as the first stage of the capping of Killaloe Landfill, are now underway and a decision has been made on the future management of leachate and waste water at the site following a long period of trials and the analysis of potential solutions. A decision has been made to halt repairs on Diggers Bridge so as to program replacement at this site due to the outcomes from the recent level 2 bridge inspection program and to reduce expenditure that will not deliver a cost beneficial result. Major projects that are not progressing in line with expectation include the Inlet Works upgrade at the Mossman Wastewater Treatment Plant and the replacement of the water reservoir roof in Craiglie. In both cases the design requirements to provide the necessary solutions are far exceeding the available budget at this stage. Both these projects will require completion in the 2016/17 financial year.

It is recommended that Council note the contents of this report.

FINANCIAL/RESOURCE IMPLICATIONS

Delivery of a capital works program within budget is essential to ensure that Council is financially sustainable and that Council's assets are maintained and developed to meet the needs of communities within Douglas. All areas of Council's Operations Department are now developing three (3) and five (5) year capital works programs which provide a clear strategy for delivery of capital works projects and allow for the necessary planning and financing to occur. It is pleasing that the majority of projects have been delivered well within budget and in most cases by Council staff.

RISK MANAGEMENT IMPLICATIONS

Council must plan and deliver a suitable capital works program to ensure that its assets are able to service the needs of the communities within Douglas Shire. Council has a statutory obligation as a service provider to ensure it is able to provide water and wastewater services to customers. Council's reputation and the community's amenity would suffer if it is unable to maintain assets and service levels at necessary standards. The consequence of inadequate maintenance and upgrade of capital assets will be increased costs in the future.

SUSTAINABILITY IMPLICATIONS

- Economic:** Financial sustainability of the Council would be at risk if capital works programs are not kept within budget, or are not undertaken.
- Environmental:** Failing to maintain assets can lead to environmental impacts through the release of materials to the environment outside of licence conditions. Poorly maintained assets can also have impacts on energy and resource use.
- Social:** Communities expect assets such as roads, bridges and water/wastewater systems to be safe and maintained to necessary standards.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2014-2019 Initiatives:

Theme 2 Building Sustainable Economic Base

Goal 1 – To develop a sustainable Capital Works program that generates local opportunities for employment

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Asset Owner: Meeting the responsibilities associated with owning or being the custodian of assets such as infrastructure.

Fully Responsible: Funding the full cost of a program or activity.

CONSULTATION

Internal: Consultation has been undertaken with the Managers and Coordinators within the Operations Department and with the Management Team.

External: Nil.

ATTACHMENTS

Attachment 1 - Capital Works Status Report

