

## Relevant Information for Council

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**FILE:** S096187 **DATE:** 9 May 2019

**TO:** Lord Mayor and Councillors

**FROM:** Bill Carter, Chief Financial Officer

**THROUGH:** Monica Barone, Chief Executive Officer

**SUBJECT:** Information Relevant To Item 6.2 – 2018/19 Quarter 3 Review – Delivery Program 2017–2021 - Capital Works Major Cash Flow Variances

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### For Noting

This memo is for the information of the Lord Mayor and Councillors.

### Purpose

At the Corporate, Finance, Properties and Tenders Committee meeting held on Monday 6 May 2019, further information was requested on the major cash variations to the Capital Works budget, as presented for the 2018/19 Quarter 3 Review – Delivery Program 2017–2021.

### Background

At Quarter 3, the City is forecasting to spend \$235.5M against a capital works budget of \$363.3M, a variance of \$127.8M.

The projects with the most significant forecast cash flow variances within the 2018/19 year, as disclosed within the Quarter 1 to Quarter 3 reviews, include:

- Gunyama Park Aquatic and Recreation Centre (\$18.6M) - reflecting contractor delays arising from latent issues within the site, above those identified in preliminary site testing. Contract completion date is still generally in line with the program.
- Joynton Avenue Stormwater Drainage Upgrade (\$9.0M) - due to a revised procurement approach and risk mitigation strategy to successfully deliver the best outcome for the project with minimal impact to the public domain.

- Joynton Avenue Upgrade - Hansard St to Elizabeth St (\$8.8M) - reflecting a delay arising from the need to engage a new contractor, following termination of the original contractor. A report recommending a new contractor will be considered by Council on 13 May 2019 at Item 6.10.
- Zetland Avenue East - Joynton Avenue to Victoria Park Pde (\$6.4M) - as above.
- Green Square to Ashmore Connection (\$6.6M) - the environmental review process took longer than expected, impacting the planned cash flow this financial year. The contract for the bulk demolition and remediation has been awarded, including the site preparation for affordable housing.
- Green Square Trunk Drain - Link Road to Alexandra Canal (\$4M) - reflecting forecast savings from the amount budgeted this year for the project costs.

These six projects alone contribute \$53.4M or 42 per cent of the forecast annual variance.

There are over 250 further projects, largely in the capital asset enhancement and renewal programs, where scheduling changes and minor cash flow amendments are forecasting \$61.3M or 46 per cent of the annual variance.

In addition to the Green Square Trunk Drain discussed above, there are another six projects forecasting minor project savings that contribute \$11M or nine per cent of the forecast annual variance, and at this stage it is expected that \$2.7M of the capital works contingency will not be required within 2018/19.

Prepared by: Bill Carter, Chief Financial Officer

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Approved



**MONICA BARONE**  
**CHIEF EXECUTIVE OFFICER**