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| Item No. | 9.1 |
| REPORT TITLE | Interim Capital Housing Program - Overspend |
| AUTHOR | Kristine Smith |
| ATTACHMENTS | Nil |

PURPOSE

To inform Council of the risk management approach to divert the possibility of a 23/24 Budget *deficit.

REPORT

*Qld Local Government (Finance, Plans and Reporting) Regulations 2010, Chapter 3, Part 1, Section 97.

Requirement to keep record of particular matters

- (1) A local government must keep a written record stating the following-
- The risks the local governments operations are exposed to, to the extent they are relevant to financial management;*
 - The control measures adopted to manage the risks;*
 - The duties of each local government employee who is responsible for carrying out an activity relating to financial management.*
- The Interim (current) Capital Housing Program Agreement was endorsed on the 10th December 2019 to the value of \$2,352, 941 (inclusive of GST).
 - Finance has receipted two (2) payments that have been released by Department of Housing to the value of \$2.1mil with the final payment to be paid on the sign off on the 40 year leases representing 10% of the funding. The 'Contract' was due to end in December 2023.
 - As a result of COVID and increases to material costs stalled the construction of houses for a number of years.
 - The Project Managers month reports in 2023 have indicated the ongoing non-building code compliant and breaches to building regulations requiring rectification.
 - The current overspend is approximately \$155,086.22 for the completion of 273 Freeman Street that have been sourced from General Revenue.
 - Total cost for the build of 273 Freeman is approximately \$694,901.36

Expenditure Summary

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|-----------------------------|--|--|-------------|
| Community: | Woorabinda | | |
| Local Authority: | Woorabinda Aboriginal Shire Council | | |
| Program Description: | Identify and subdivide 2 existing land lots and upgrade services as required , Construct up to 6, 2-bedroom or 3-bedroom detached dwellings. | | |
| | 0 | | |
| Date: | Expenditure | | Expenditure |

| Select Type from list | Budget | Address | Percentage Complete | Total expenditure to Date | Total amount of unspent Funding | Contributions towards cost of works made by Council |
|-----------------------|--------------|---------------------------|---|---------------------------|---------------------------------|---|
| Land Lot 1 | \$428,000 | 274 Freeman St Woorabinda | Completed in 3 weeks | \$8,701.07 | \$ 419,298.93 | NA |
| Land Lot 2 | \$428,000 | 273 Freeman St Woorabinda | Variation Forward Program (handed over) | \$ 534,268.73 | -\$ 106,268.73 | \$155,086.22 |
| Land Lot 3 | \$652,000.00 | 280 Freeman St Woorabinda | Completed in 3 weeks | \$ 1,121,359.78 | -\$ 469,359.78 | NA |
| Land Lot 4 | \$652,000.00 | 288 Kemp St Woorabinda | Completed in 3 Weeks | \$917,562.76 | -\$ 265,562.76 | NA |
| Land Lot 5 | \$190,000 | 292 Kemp St Woorabinda | Completed in 3 weeks | \$ 8,431.53 | \$ 181,568.47 | NA |

Total Outstanding Cost to complete the Interim Construction Project

WASC is seeking a variation to the approximate value of **\$763,637.79**. This amount will allow WASC to complete the project.

Invoices paid in December to complete 273 Freeman Street

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|------------|--|
| 169,189.37 | Claim 2 - 273 Freeman Street Woorabinda QLD |
| 243,079.28 | Claim 3 New Construction 280 Freeman Street |
| 34,430.34 | Claim 3 - New Construction 273 Freeman Street |
| 218,091.29 | Claim 3 - New Construction 288 Kemp Street Woorabinda QLD 4713 |
| 25,212.07 | Claim 4 – New Construction 288 Kemp Street Woorabinda QLD 4713 |

WASC currently has a Capital Housing Program account for forward construction project to develop Green Street with a balance of \$1,078,215.00.

The Forward Capital Grant will consist of:

Develop 20 Lots

Water Trunk Infrastructure Upgrade

Build 4x2 Bedroom Duplex

273 Freeman Street

Design of 2x2 Bedroom Duplex in vacant lots.

RISK MANAGEMENT IMPLICATIONS

To manage a potential risk to the 23/24 Budget a variation is under negotiation with Department of Housing as follows:

- Accounting adjustment will be require to transfer expenses associated with 273 Freeman to the Forward Program.
- The completion of 280 and 288 Freeman to the value \$268,291 to be expended in the Interim (current) program from any residue and the final payment of \$210,000.
- Any further expenditure over budget will need to be costed against the final installment. As a result, it is unlikely that any administrative/management cost benefit margin will be achieved.
- The Forward Capital Program will be varied to complete the Green Street Sub-Division of 22 Lots and properties in Freeman Street.

POLICY IMPLICATIONS

23/24 Budget

LEGISLATIVE & OTHER REGULATORY REQUIREMENTS

Qld Local Government (Finance, Plans and Reporting) Regulations 2010

BUDGET, FINANCIAL AND RESOURCE IMPLICATIONS

Non-approval to progress with the variation will result in the cost to complete the current construction of new houses to the value of \$763,637 will be expended from general revenue.

CONSULTATION

- Department of Housing
- WASC Project Manager
- WASC A/Corporate Services Manager

RECOMMENDATION

That Council:

Accepts the information provided and support the approach to vary the Interim and Forward Capital Housing Program Agreements with Department of Housing.