

FURTHER DETAIL RELATING TO SIGNIFICANT BUDGET VARIANCES

Page 29 - Commercial Waste operating costs (Estimate \$595, Actual \$695k)

Transfer Station Operating costs at Bonalbo (\$72k) and Mallanganee (\$85k) have exceeded budget by \$37k due mainly to skip hire and transport costs.

Recycling costs have exceeded budget by \$42k mainly due to the need to hire a Tub Grinder for the greenwaste.

Remaining variance (\$21k) is attributable to additional costs incurred in hire and transport of skips located within the Kyogle And Woodenbong Landfills.

Page 31 - MR141 – Taveners Road (\$70k overrun)

Overrun is approx. 10% of budget.

Extra works were carried out on heavy patching 100m east of the project. This was not in original scope but was cost effective to undertake at the same time.

Black Spot projects, by the nature of the funding process, are estimated on limited knowledge. In this case earthworks were underestimated. Wet weather caused delays and increased cost.

Page 33 - Rural Road Maintenance (\$181k overrun)

Overrun is approx. 9% of budget.

Wet weather resulted in a greater need for maintenance.

Also, a fundamental budgeting issue has recently been identified. The existing road maintenance resource costs more than the budget estimate on an annual basis. This matter is being addressed as a matter of priority.

Page 33 - Rural Road Flood Damage (122k net cost)

RMS approved a nominal amount for flood damage last financial year as is the normal process. The initial assessment by RMS is due at the end of August which should correct the situation..

Page 35 - Bridge Maintenance (\$116k overrun)

The financial reporting system showed a significant underspend on bridge maintenance around April/May of last financial year.

On this basis the Executive Manager IW instructed the bridge supervisor to purchase materials (girders and piles) for stock in case of emergency. However the cost report following this expenditure revealed an unexplained deterioration of the financial position of bridge maintenance.

The purchase of materials accounts for approximately \$65,000 of expenditure. Extension of the wing wall on Campbells Bridge following a high flow event cost approximately \$10,000.

Also, a fundamental budgeting issue has recently been identified. The existing bridge maintenance resource costs more than the budget estimate on an annual basis. This matter is being addressed as a matter of priority.

Page 35 - Hootens Road Bridge (\$151k overrun)

This bridge was estimated on the basis of driving of piles and “normal” ground conditions.

No geotechnical investigation work was carried out prior to commencement on site.

Pile driving proved unsuccessful (no refusal) and it was necessary to install concrete footings. Because of poor ground conditions significant quantities of concrete were used.

It is common practice for in-house work that little or no geotechnical investigation is carried out. The cost of “test-driving” piles is generally less than the cost of the investigation.

In a severe case such as this, where ground conditions are poor, geotechnical information would not have resulted in a reduced cost of work of any significance. It may, however, have resulted in postponement or abandonment of the project.

Page 41 - Water maintenance (\$32k overrun)

The cost overrun in this area is associated with the high number of dirty water events in Kyogle that resulted in additional operational operator attendance time at the Kyogle WTP to deal with dirty water in the filters and clear water tanks, and frequent draining and cleaning of the sedimentation tanks, and water supply reservoirs, which normally would not have been needed. Most of these occurrences resulted in labour costs at overtime and weekend rates. The real driver for these costs is the increase in the number of high intensity rainfall events, and the aging plants inability to stop dirty water breakthroughs when unattended.

Page 42 - Sewer maintenance (\$101k overrun)

The costs overrun is associated with two main areas;

1. The unusually high number of breakdowns at the main sewer pump stations in Kyogle associated with aging electrical equipment and pumps, and
2. The cost of removal of accumulated sediment and sludge from the Kyogle STW associated with the increase in the number of high intensity rainfall events that lead to an overload of sediment and debris in the sewerage works.

In order to address 1, we have had to replace the switchboard at the Chauvel Street sewer pumping stations, and the pumps at Boorabee Street. We are also planning to replace the Chauvel Street pump station pumps this financial year using capital funds, so hopefully this will prevent a recurrence of this issue.

In order to address 2, we have now installed a series of geobags that allow us to remove sediment more periodically and without the need for intense labour and plant requirements that we had to use this year. We are also installing a new mechanical grit screen in the inlet works that will remove this sediment automatically from the incoming flows, to reduce the reliance on the operators to intervene. This should reduce the removal of sediment and sludge to a more simple routine task that can be undertaken periodically.