



WSFN

**WHEATBELT SECONDARY
FREIGHT NETWORK**

PROJECT BUDGET AND VARIATION PROCEDURE

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Amendments

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A	10-Oct-22	Initial draft document	all
B		Amendments following TC review 21Oct22	1, 2, 3, 5, 6

Definitions

Term	Definition
GP	Governance Plan
IPP	Indigenous Participation Plan
LGA	Local Government Authority
MCA	Multi-Criteria Analysis
MRWA	Main Roads Western Australia
PD	Program Director
PDP	Program Delivery Plan
PM	Program Manager
PMT	Program Management Team
PPR	Project Proposal Report
RRG	Regional Road Group
SC	Wheatbelt Secondary Freight Network Steering Committee
TC	Wheatbelt Secondary Freight Network Technical Committee
WSFN	Wheatbelt Secondary Freight Network

Related Documents

Description
WSFN Governance Plan
Basis of Design
Program Delivery Plan

1 INTRODUCTION

The Wheatbelt Secondary Freight Network (WSFN) in the Wheatbelt region of Western Australia comprises some 4,400km of Local Government managed roads that connect with State and National highways to provide access for heavy vehicles into the region. These roads are intended to enable large, high productivity trucks safe and cost-effective access for business.

The efficiency of supply chains serving industries in the Wheatbelt region is determined by the performance of the weakest link. Failure to maintain and improve productivity of the secondary freight network will reduce the international competitiveness of the Wheatbelt agricultural sector. Transport links need to be improved if the productivity of this sector is to be supported.

The WSFN program is a jointly funded program between the Commonwealth Government, State Government and Local Governments within the Wheatbelt region to improve these transport links.

This procedure details how the budget of individual projects within the WSFN program are developed and reviewed and how variation requests are to be developed and assessed. This procedure also details the reporting requirements of the projects within the program.

2 BUDGET DEVELOPMENT

The 53 routes that encompass the WSFN have been prioritised utilising a Multi Criteria Analysis (MCA) process, with rankings from 1 through to 5.

The individual projects within each of the routes have been prioritised into 5-year route programs by the LGA's, and these prioritisations form the basis of the Program Delivery Plan (PDP). The scopes and budgets of each project within the PDP has been developed by the corresponding Local Governments. These scopes and budgets have been endorsed by the WSFN Steering Committee (SC).

To enable the release of the funding committed by the Commonwealth Government, the WSFN is required, with the assistance of Main Roads Western Australia (MRWA), to develop and submit a Project Proposal Report (PPR). The PPR is similar to a business case and provides details of the identification of the problem, the proposed solutions to rectify the problem, an estimate of the costs of the proposed solutions, a cost benefit analysis of the cost of the solutions, a description of the scope of works for the solution and an estimated cost flow to complete the works. The release of Commonwealth funding is linked to payment milestones within the PPR. Evidence that these milestones have been achieved must be provided for release of the funding.

The budgets and scopes of individual projects from the program are provided within the PPR. Any changes to project scopes are required to be approved by the Commonwealth.

The PPR also indicates the schedule for the development and delivery of the program.

The development of the scopes of the individual projects within the program is to be in accordance with the WSFN Basis of Design.

Project budget estimates should be undertaken with the assumption that either the LGA will deliver the works with their own resources as per their normal Capital Works Program, or the works will be delivered by a Contractor that has been selected through a public open tender.

If the WSFN project is to be undertaken in conjunction with the normal Capital Works Program of an LGA, the cost estimate should allow for the following:

- i. Works will be undertaken by LGA personnel, plant, equipment and select subcontractors.
- ii. Cost estimates are to be developed as per the LGA's standard Capital Works Delivery methodology.
- iii. Indicative annual capacity outlining estimated timeframes and length of works.
- iv. WSFN project works will be executed in conjunction with the normal LGA annual Capital Program. If undertaken in-house by the LGA, the WSFN projects should not be allowed to affect the LGA's ability to deliver their normal annual Capital Program.

If the WSFN project works are to be delivered by a Contractor, then the cost estimate should allow for the following:

- i. Documentation to support delivery via full contract
- ii. Anticipated Contractor costs
- iii. LGA costs for administering the contract.

Cost estimates shall also include a suitable allowance for cost escalation.

The WSFN will apply a 10% contingency to each cost estimate. This contingency is to allow for identifiable risks to the project. The contingency will not automatically be provided to the shire to be included in their budget. The project budget should be the amount that the project is forecast to cost.

The Contingency disbursement is predicated on:

- The contingency cannot be utilised to increase the scope.
- The Local Government is to notify the Program Management Team as soon as the issue is identified, including provide details as to why access to the contingency maybe required, this is done via the Contingency notification form.
- The details as to why and how much of the contingency is required is to be provided in the project close out form at the final claim.

The Local Government will make three progress claims which will be an initial 40% of the approved budget, then an additional 40% of approved budget and then the final claim at the completion of the project.

Contingency payment will be paid as an additional payment at the end of the project subject to the above conditions.

Note: The Contingency is a Steering Committee, Commonwealth and State approved value that is controlled and distributed by the Program Management Team in line with variation rules and the provision of necessary evidence.

An allowance – the percentage amount of which will be set annually by the Steering Committee should be made in the cost estimate of each individual project for cost escalation. If the Local Government believes that the escalation will be greater than the prescribed percentage amount, a reasoning for the alternative increase is to be provided. The supplied Rise and Fall tool can be used to provide the objective evidence required.

Local Governments are to provide a copy of their original cost estimate, clearly showing the breakdown of their estimate, including but not limited to:

- A line item for Escalation
- The indicative rates for all individual items
- Anticipated quantities
- Anticipated production
- Outline of the methodology

3 ANNUAL REVIEW

The program is to be reviewed annually by the Program Management Team (PMT) and LGAs to provide updated budgets and scopes for the next financial year. These updated budgets and scopes are to will be submitted to the Technical Committee (TC) for recommendation and to the Steering Committee (SC) for approval. The reviews are to be submitted by the LGA's by the end of September to give the PMT and the TC time to review for a February submission to the SC for approval.

The updating of the annual budget is not an opportunity for wholesale scope changes, rather an opportunity for review and refinement of the scope in the light of lessons learnt from previous projects and from completion of the final design development works (including completing field investigations).

Once the budget has been approved by the SC then it is locked in for that project.

LGAs are to provide a copy of their revised cost estimate, clearly showing the breakdown of the estimate including:

- A line item for Escalation
- The indicative rates for the individual items including anticipated quantities, units, production etc.

The reviewed scope and budgets are to be submitted on the form WSFN Project Scope Identification. If a variation is required to the current scope or budget, then the LGA is to also submit a variation request (see section 5).

4 CARRYOVER OF FUNDING

At the completion of a project, all remaining funds shall be returned to the WSFN program.

LGAs can carry-over funding into the next financial year if a project has not been completed. A project that has not been completed in one financial year must be completed the following year. Notification of a requested carry-over must be advised to MRWA and the PMT via email before the end of May. The carry-over value must equate to full claim quantity(ies) i.e., 20%, 60 % or 100%.

The TC has authority to review the delivery capability of a LGA if the requested carry-over due to non-delivery is excessive and may impact the delivery of following year's schedule project. Excessive carry-over will be considered as any project that has a carry-over of more than 2 financial years.

5 VARIATIONS

5.1 Definition of a variation

Project variations may either be a change to the approved project budget and / or a change to the approved project scope.

A variation to scope includes altering the plan view dimensions of the approved project scope of works, or adding additional scope items to, or removing scope items from, the approved project scope of works.

Changes that are required as a result of refinement of the project design during development, such as depth of pavement, subgrade treatments, length of culvert extensions etc, are not considered scope variations. If these design refinements require a change to the approved project budget, then these changes would be considered budget variations.

The table below notes examples of changes that are considered scope variations and changes that are not considered scope variations:

Changes considered as scope variations	Changes not considered as scope variations
Inclusion of an additional Culvert	Geotechnical investigation resulting in a requirement to modify the subgrade with cement
Increase in the length of the project	Unsuitable material encountered on site requiring replacement with new material
Inclusion of an additional Driveway	Geotechnical investigation and final design require an increase in the pavement thickness
Inclusion of an Intersection	Final design requires a change to the bituminous seal treatment from single coat 10mm to a two coat 14mm / 10mm
Decrease of pavement width from 10m to 9m to accommodate clearing	Final design requires culvert extension length to be changed

5.2 Variation review

Variations must be advised to the PMT as soon as the LGA is aware of the potential change. Variation requests must be presented in writing, with evidence to support the claim. The WSFN variation request form should be used to quantify the variation. See Appendix for form.

Variations will be dealt with on a case-by-case basis. Variation requests will be initially reviewed by the PMT, who may request additional information or amendment of the variation request.

If an LG disputes a recommendation of the TC, then the objection is to be referred to the SC for resolution, in accordance with the WSFN Governance Plan.

Following review of the request by the PMT, the request will be presented at the next TC meeting.

The TC will make a recommendation on the submitted variation request for the approval by the SC.

The LGA will be notified of the TC recommendation, after the TC meeting and prior to the SC meeting.

5.3 Variation approval

Following the review of a request for variation by the TC, the request will be presented at the next Steering Committee meeting with the TC recommendation. All variations are to be submitted for approval by SC.

LGA's shall not undertake a variation prior to approval of the variation by the SC.

If an LGA undertakes a variation prior to approval by the SC, then the LG risks being liable for any additional costs incurred by the LG in completing the variation.

6 REPORTING

The delivery progress of projects must be reported to the PMT on a monthly basis.

The PMT will forward an excel file with 2 tabs at the start of the second week of the month, it must be returned by the end of the week so that the WSFN can meet its reporting obligations to the Commonwealth.

The tabs will be:

- Indigenous Participation
- Project Progress

NB: The previous months information will be present and should be over written, in the yellow cells only.

The report is to include the following items:

- Progress of delivery (including development projects)
- Report on any project risks and opportunities
- Reporting on financial progress of the project, including costs to date, and forecast costs at completion (for the current financial year and total project costs (if delivered over multiple financial years)) compared to approved budget. If the project contingency is required to be utilised, then the report shall include the reasoning for the requirement.
- Reporting on progress towards the targets of the Indigenous Participation Plan (IPP) (including hours worked, roles undertaken by aboriginal persons and expenditure on aboriginal businesses)

ATTACHMENT 1 – STANDARD WSFN FORMS

- WSFN Project Scope Identification
- WSFN R&F template
- WSFN Quote template V3
- WSFN Variation template
- Monthly Report