

Shire of Wiluna Policy Manual

CONTRACT WORKS – PUBLIC WORKS OVERHEADS AND PLANT

Policy 3.5

1. POLICY PURPOSE

To recognise accurate costings to deliver Contract Works by calculating a percentage of public Works Overheads or Direct Costs to each contract as required.

2. POLICY DEFINITIONS

Contract Works – Are typically associated with completing the Shire Capital Works Program that is determined annually through the budget process. Capital Works are defined as building and engineering works that create, upgrade, renew or replace an asset as well as constructing or installing facilities and fixtures associated with, and forming an integral part of those works. This definition focuses on capital projects where construction activity is required in order to create, upgrade, renew or replace an asset. Capital works projects would typically include constructions either buildings, roads and bridges, structures or mechanical installations, upgrading or extending existing buildings, and major road works that upgrade existing roads.

Public Works Overheads – The Shire operates a day labour (own employee) workforce to carry out day to day operational activities as well as implementing the Capital Works Program in line with the current financial year budget. Public Works Overheads are costs to provide support, supervision, training, occupational safety and health costs, sick leave, annual leave, long service leave, public holidays, Employer Indemnity Insurance and administration. These costs are incurred as a result of supplying the day labour and are normally also charged to the job utilising a calculated overhead percentage. This method ensures that all costs relevant to the work are charged to the job and therefore provides accurate costing to carry out the work.

3. POLICY STATEMENT

The Shire Contract Works are to incur overhead, and supervision costs as approved by the Chief Executive Officer and will be determined by the following methodology:

- a) **Street and Road Construction Projects** will incur a 10% overhead charge based upon the total job budget. This percentage will recover the costs of:
 - I. Contract establishment (budgeting, scheduling works and engaging contractors)
 - II. Senior Management time
 - III. Consultations / Site Meetings with Engineers
 - IV. Inspections (plant hire and supervision labour)
 - V. Administration (cost management, payments, claims, acquittals)
 - VI. Plant hire
 - VII. Accommodation for Supervisors and Engineers
- b) **Building Work Projects** will incur a 2% overhead charge based upon the total job budget. This percentage will recover the costs of:
 - I. Contract establishment (budgeting, scheduling works and engaging contractors)
 - II. Consultations with Contractors
 - III. Administration (costs management, payments, claims, acquittals)

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- c) **Other Infrastructure Projects** will incur a 2% overhead charge based upon the total job budget. This percentage will recover the costs of:
- I. Contract establishment (budgeting, scheduling works and engaging contractors)
 - II. Consultations with Contractors
 - III. Administration (costs management, payments, claims, acquittals)

Should the Shire Labourers and Plant Operators conduct work for the project, this cost will be directly charged by the hours committed along with the allocated overhead percentage.

Percentages charged to Contract Works will be subject to change should some of the recovered costs specified in a), b) or c) be deemed as not a legitimate overhead cost for a Project.

4. AMENDMENTS TO THIS POLICY

Amendments to this policy require a simple majority decision of the council.

Document Control	
Responsible Directorate	Office of the CEO
Relevant Section	Engineering
Legislative Requirement	
Council Meeting Held & Adopted, Resolution #	22 Apr 2020 Res 046/20
Amendments, Date & Resolution #	26 Aug 2020 Res 130/20
Review Dates & Resolution #	
Next Review Date	August 2022