

19 June 2023

At 2.00 pm

**Corporate, Finance, Properties and
Tenders Committee**

Agenda

- 1. Confirmation of Minutes**
- 2. Statement of Ethical Obligations and Disclosures of Interest**
- 3. Integrated Planning and Reporting Program and Budget 2023/24 - Adoption**
- 4. Investments Held as at 31 May 2023**
- 5. Contract Variations - Pymont Community Centre Upgrade**
- 6. Contract Variation - Major Services Agreement (IT) for Public Access IT and Facilities and Services**
- 7. Contract Variation - Redfern Community Centre Music Studio**
- 8. Tender - Reject and Negotiate - T-2021-632 - Digital Asset Management System**
- 9. Exemption from Tender, Contract Variation and Revised Project Scope - Woolloomooloo Playground**
- 10. Exemption from Tender and Contract Variation - T-2020-443 - Head Design Consultant - City Recital Hall Upgrade Works**
- 11. Exemption from Tender - IT Licence, Subscription, Maintenance and Support Contracts**
- 12. Tender - T-2022-715 - Sydney Christmas Infrastructure Services 2023-2027**
- 13. Tender - T-2023-992 - Microsoft Enterprise Agreement**

Disclaimer, Terms and Guidelines for Speakers at Council Committees

As part of our democratic process, the City invites members of the community to speak directly to Councillors during Committee meetings about items on the agenda.

Webcast

In accordance with the *City of Sydney Code of Meeting Practice*, Committee meetings are recorded and webcast live on the City of Sydney website at www.cityofsydney.nsw.gov.au.

Members of the public attending a council or committee meeting may have their image, voice and personal information (including name and address) recorded, publicly broadcast and archived for up to 12 months.

Consent

By attending a council or committee meeting, members of the public consent to this use of their image, voice and personal information.

Disclaimer

Statements made by individuals at a council or committee meeting, and which may be contained in a live stream or recording of the meeting are those of the individuals making them, and not of the City. To be clear, unless set out in a resolution of council, the City does not endorse or support such statements.

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Guidelines

To enable the Committee to hear a wide range of views and concerns within the limited time available, we encourage people interested in speaking at Committee to:

1. Register to speak by calling Secretariat on 9265 9702 or emailing secretariat@cityofsydney.nsw.gov.au before 10.00am on the day of the meeting.
2. Check the recommendation in the Committee report before speaking, as it may address your concerns so that you just need to indicate your support for the recommendation.
3. Note that there is a three minute time limit for each speaker (with a warning bell at two minutes) and prepare your presentation to cover your major points within that time.
4. Avoid repeating what previous speakers have said and focus on issues and information that the Committee may not already know.
5. If there is a large number of people interested in the same item as you, try to nominate three representatives to speak on your behalf and to indicate how many people they are representing.

Committee meetings can continue until very late, particularly when there is a long agenda and a large number of speakers. This impacts on speakers who have to wait until very late, as well as City staff and Councillors who are required to remain focused and alert until very late. At the start of each Committee meeting, the Committee Chair may reorder agenda items so that those items with speakers can be dealt with first.

Committee reports are available at www.cityofsydney.nsw.gov.au

Item 1.

Confirmation of Minutes

Minutes of the following meetings of the Corporate, Finance, Properties and Tenders Committee are submitted for confirmation:

Meeting of 8 May 2023

Item 2.**Statement of Ethical Obligations**

In accordance with section 233A of the Local Government Act 1993, the Lord Mayor and Councillors are bound by the Oath or Affirmation of Office made at the start of the Council term to undertake their civic duties in the best interests of the people of the City of Sydney and the City of Sydney Council and to faithfully and impartially carry out the functions, powers, authorities and discretions vested in them under the Local Government Act 1993 or any other Act, to the best of their ability and judgement.

Disclosures of Interest

Pursuant to the provisions of the Local Government Act 1993, the City of Sydney Code of Meeting Practice and the City of Sydney Code of Conduct, Councillors are required to disclose and manage both pecuniary and non-pecuniary interests in any matter on the agenda for this meeting.

In both cases, the nature of the interest must be disclosed.

This includes receipt of reportable political donations over the previous four years.

Item 3.

Integrated Planning and Reporting Program and Budget 2023/24 - Adoption

Document to Follow

Item 4.

Investments Held as at 31 May 2023

File No: X020701

Summary

This report provides details of the City's investment portfolio and performance to 31 May 2023.

The City's total Investment and Cash position was \$757.48M at 31 May 2023, with investments earning interest of \$2.7M for the month.

The Covid-19 pandemic created significant uncertainty in financial markets. The Reserve Bank of Australia (RBA) responded to that crisis by reducing the official cash rate in a series of steps down to an official cash rate of 0.10 per cent by November 2020. However, the annual inflation rate in Australia has since increased significantly to 7.8 per cent for the full year to December 2022 before reducing slightly to 6.8 per cent for the twelve months to the end of April. While global factors explain much of the increase in inflation, domestic factors also play a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy.

In response, the RBA responded by a record of 12 consecutive rate increases with the current official cash rate now sitting at 4.10 per cent (as of 7 June), up from a record low 0.1 per cent level during last May's federal election campaign. Additional increases have been foreshadowed by the RBA governor in an attempt to curb inflation.

The City's cash inflows have been negatively impacted as the economic consequences of the pandemic continue to reduce major revenue streams, in particular commercial property income receipts, but also parking related, venue hire and other activity based revenues.

The City's cash and investments portfolio is substantially restricted in both internal (\$240.6M) and external (\$90.9M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.

Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and commercial property and open space acquisitions. The balance of investment funds represents working capital and funding required for the City's operating and capital expenditure commitments.

The City achieved an annualized monthly return of 4.38 per cent for May which remains above the 30-Day Bank Bill Rate (BBR) of 3.81 per cent, the latest AusBond Bank Bill Index of 3.48 per cent and the enhanced benchmark (or stretch target) of 4.26 per cent (BBR + 0.45 per cent).

The City's annual rolling return of 4.18 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 2.72 per cent, the latest AusBond Bank Bill Index of 2.64 per cent and the enhanced benchmark of 3.17 per cent (BBR + 0.45 per cent).

The benchmarks were endorsed in the revised Investment Strategy which was approved by Council in October 2022.

While the returns remain below longer-term trends, the recent increases to official cash rates have seen substantial improvements in rates of return offered by the market which will allow future maturing deposits and surplus funds to be re-invested at higher rates. This trend is anticipated to continue beyond the current financial year.

It is worth noting that Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister for the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sector's investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which generally produce lower returns but provide a high level of security. The City's returns from the investment portfolio remain in line with cash managed funds in the market.

This report includes graphs demonstrating that the City's liquidity profile continues to satisfy the requirements of the Policy, and charts that identify the distribution of the City's portfolio across credit ratings, investment product types and financial institutions. Separate charts depicting the City's cumulative portfolio returns over and above both the 90-day Bloomberg AusBond and 30-day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.

The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy, which remains appropriate for the current global and domestic economic conditions. The Policy and Strategy also maintain the City's commitment to sustainable investments where returns and risks are equivalent, under the environmentally and socially responsible investment criteria.

Recommendation

It is resolved that the Investment Report as at 31 May 2023 be received and noted.

Attachments

Attachment A. Register of Investments and Cash as at 31 May 2023

Attachment B. Investment Performance as at 31 May 2023

Background

1. In accordance with the principles of financial management, cash that is surplus to the City's immediate requirements is invested within acceptable risk parameters to optimise interest income while ensuring the security of these funds.
2. Surplus cash is only invested in authorised investments that comply with governing legislation and the City's Investment Policy and Strategy.
3. The benchmark performance goal of the City's Investment Policy and Strategy is to surpass the 30 Days Bank Bill Rate (BBR) by 45 basis points while performance also continues to be measured against the Bloomberg AusBond Bank Bill Index.
4. The City's total Investment and Cash position as at 31 May 2023 is \$757.48M, an increase of \$38.69M from the \$718.78M reported as at 30 April 2023. The monthly movement reflects operating income, most of which was received from rates receipts, in excess of capital works expenditure and other operational payments for the period and is consistent with historical seasonal trends. A schedule detailing all of the City's investments as at the end of May is provided at Attachment A.
5. A substantial portion of the City's cash and investments portfolio is held as internally restricted (\$240.6M) or externally restricted (\$90.9M) cash reserves, to satisfy the City's legislative responsibilities and to set aside specific funds for Council's funding commitments to the major initiatives within the Community Strategic Plan Delivering Sustainable Sydney 2030-2050 Continuing the Vision.
6. Key commitments within the City's Long Term Financial Plan include public domain works in the CBD, infrastructure and community facilities in the Green Square urban renewal area and the acquisition of commercial property and open space. The balance of investment funds represents working capital and funding required for the City's operating and other capital expenditure commitments.
7. Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance, aiming to by exceeding the 30-day benchmark returns, by at least 45 additional basis points (0.45 per cent p.a.). The 45 basis point increase is based on observed historical average increased credit spreads (or margins) over bank bill rates on offer in relation to 30-90 day investments.
8. The City achieved an annualized monthly return of 4.38 per cent for May which remains above the 30-Day Bank Bill Rate (BBR) of 3.81 per cent, the latest AusBond Bank Bill Index of 3.48 per cent and the enhanced benchmark (or stretch target) of 4.26 per cent (BBR + 0.45 per cent).
9. The City's annual rolling return of 4.18 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 2.72 per cent, the latest AusBond Bank Bill Index of 2.64 per cent and the enhanced benchmark of 3.17 per cent (BBR + 0.45 per cent). The City aims to achieve returns equal to or above these benchmark rates for the period. However, this achievement remains secondary to the critical strategies of maintaining a prudent and conservative risk profile and ensuring adequate liquidity for operational purposes.

10. It is worth noting Council's investment opportunities are constrained by a combination of legislation, regulation and any directions and guidelines issued by the Minister or the Office of Local Government. These guidelines were developed, in large part, as a response to the Global Financial Crisis and its impact on the local government sectors investments. They effectively limit the City's investment profile to something similar to a cash managed fund, which produces lower returns but provides a high level of security.
11. The City's returns from the investment portfolio are in line with cash managed funds in the market. The recent increases to official cash rates have seen improvements in rates of return offered by the market, allowing maturing deposits to be re-invested at higher rates. This trend is anticipated to continue as investments placed during the period of suppressed interest rates reach maturity and are re-invested.
12. In response to the global Covid-19 pandemic, the Reserve Bank of Australia (RBA) adjusted the official cash rate on 3 March 2020, again on 20 March 2020, and in November 2020 down to 0.10 per cent. However, over the past 12 months inflation has increased significantly as a combination of global factors, and domestic capacity constraints have lifted costs and ultimately consumer prices.
13. The annual inflation rate in Australia increased to 7.8 per cent in the year to December 2022 before reducing slightly to 6.8 per cent for the twelve months to the end of April 2023 . Global factors explain much of the increase in inflation, but domestic factors are also playing a role. There are widespread upward pressures on prices from strong demand, a tight labour market and capacity constraints in some sectors of the economy along with recent weather events.
14. In response, the RBA responded with a record 12 consecutive rate increases with the current official cash rate (as of 7 June) being 4.10 per cent from a record low 0.1 per cent level during last May's federal election campaign. Additional increases have been foreshadowed by the RBA governor in an attempt to curb inflation.
15. Despite these recent increases in interest rates, low investment yields on existing investments are expected to continue to adversely impact the City's portfolio return over the next twelve months. Most of the investment portfolio (currently 73.93 per cent) is held in fixed return term deposits. Improved returns are anticipated as these investments mature and are reinvested in products offering higher rates where the funds are not otherwise required for operating purposes. As around 76.36 per cent of the portfolio, including at call account, is due to mature in the coming year the City will be able to take advantage of improving returns.
16. The City's cash inflows, whilst reasonably resilient, have been negatively impacted for a prolonged period, as the economic consequences of the pandemic have continued to affect major revenue streams, in particular commercial property income receipts.
17. The report includes graphs depicting that the City's cumulative portfolio returns over and above both the 90-day Bloomberg AusBond, and 30-day Bank Bill Rate benchmarks have also been included to provide further insight into the City's total investment portfolio performance.
18. The structure of the City's investment portfolio continues to reflect the conservative approach outlined in the Investment Policy and Strategy which was last revised and approved by Council in October 2022 remains appropriate for the current global and domestic economic conditions.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

19. The City's investments accord with all legislative and policy requirements, as detailed below, and aim to achieve returns above minimum benchmark rates.

Financial Implications

20. The City's investments earned interest of \$2.7M for the month of May 2023, which is well above the monthly budgeted earnings of \$0.6M. The annual budget was set at \$7.5M prior to the escalation in the rate of inflation, and the corresponding series of cash rate increases. Annual interest earnings are currently forecast to be \$24.2M.

Relevant Legislation

21. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.
22. The Local Government (General) Regulation 2021 (section 212) requires the City to provide a written monthly report of all monies invested, under section 625 of the Act.
23. The Investment Policy and Strategy was last revised in October 2022, maintaining Council's commitment to give preference to sustainable investments where returns and risks are equivalent to other investments.
24. The City's investments accord with the Minister's Investment Order, the Office of Local Government's Investment Policy Guidelines, and the City's own Investment Policy and Strategy as adopted by Council on 31 October 2022.

Critical Dates / Time Frames

25. A monthly investment report must be submitted for Council's information and review within the following month.

Public Consultation

26. Consultation is regularly undertaken with a number of financial institutions and investment advisers to consider options and ensure the City continues to maximise its investment return within appropriate legislative and risk parameters.
27. City staff meet regularly with representatives of each of the 'Big 4' banks and NSW TCorp. At these meetings City staff actively advocate for Socially Responsible Investment (SRI) opportunities.
28. The banks acknowledge the appetite in the market for these products and they continue to investigate the development of suitable products, however it has been challenging to match the level of funds to available Socially Responsible Investment opportunities that meet the credit risk and maturity profile requirements of the City.

29. As noted in previous Investment Reports, Westpac were able to bring a Green Tailored Deposit product to market, which delivers a comparable return while achieving the City's preferred outcomes. The City currently holds \$45M in seven tranches with this Green Tailored deposit.

30. The City currently holds \$5M in a sustainability bond/FRN with Bank Australia due to mature on 24 November 2025 and the City also invested an additional \$4.5M in February 2023 due to mature on 22 February 2027. This is based on an investment framework that is in line with the 2021 versions of the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines (SBG). This Socially Responsible investment opportunity meets both the credit risk and maturity profile requirement of the City.

BILL CARTER

Chief Financial Officer

Attachment A

**Register of Investments and Cash
as at 31 May 2023**

Register of Investments and Cash for May 2023 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Call Account									
Westpac Bank	AA	22,242	22,242	0.31%	3.75%	3.75%	1-May-23	22-May-12	0
Commonwealth Bank	AA	44,411,148	44,411,148	0.33%	3.95%	3.95%	1-May-23	11-Jun-20	0
Total		44,433,390	44,433,390	0.33%	3.95%	3.95%			
Term Deposits (TD)									
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.25%	3.04%	3.04%	2-Jun-23	31-May-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.26%	3.13%	3.13%	6-Jun-23	1-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.26%	3.13%	3.13%	9-Jun-23	1-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.34%	4.09%	4.09%	13-Jun-23	14-Jun-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.34%	4.09%	4.09%	16-Jun-23	14-Jun-22	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.34%	4.05%	4.05%	16-Jun-23	13-Oct-22	12
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.33%	3.92%	3.92%	23-Jun-23	7-Sep-22	9
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.35%	4.22%	4.22%	23-Jun-23	23-Sep-22	9
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.33%	3.97%	3.97%	30-Jun-23	15-Sep-22	10
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.33%	3.97%	3.97%	4-Jul-23	1-Sep-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.33%	4.01%	4.01%	7-Jul-23	30-Aug-22	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.34%	4.04%	4.04%	11-Jul-23	2-Sep-22	10
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.36%	4.33%	4.33%	14-Jul-23	31-Oct-22	8
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.34%	4.10%	4.10%	17-Jul-23	16-Sep-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.33%	4.01%	4.01%	18-Jul-23	6-Sep-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.34%	4.04%	4.04%	21-Jul-23	30-Aug-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.33%	3.98%	3.98%	28-Jul-23	31-Aug-22	11
ING Bank	A	5,000,000.00	5,000,000.00	0.35%	4.20%	4.20%	1-Aug-23	10-Oct-22	10
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.34%	4.05%	4.05%	4-Aug-23	8-Sep-22	11
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.36%	4.27%	4.27%	11-Aug-23	29-Nov-22	8
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.04%	0.52%	0.52%	25-Aug-23	23-Aug-21	24
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.35%	4.14%	4.14%	29-Aug-23	26-Aug-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.35%	4.18%	4.18%	29-Aug-23	1-Sep-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.35%	4.17%	4.17%	30-Aug-23	29-Aug-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	10,000,000.00	10,000,000.00	0.35%	4.15%	4.15%	1-Sep-23	31-Aug-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.35%	4.15%	4.15%	5-Sep-23	8-Sep-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.35%	4.17%	4.17%	8-Sep-23	7-Sep-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.34%	4.11%	4.11%	12-Sep-23	9-Sep-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.34%	4.12%	4.12%	15-Sep-23	13-Sep-22	12
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.37%	4.40%	4.40%	15-Sep-23	18-Nov-22	10
National Australia Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.05%	0.65%	0.65%	22-Sep-23	24-Sep-21	24
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.28%	4.28%	3-Oct-23	15-Sep-22	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.35%	4.35%	4.35%	6-Oct-23	16-Sep-22	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.36%	4.35%	4.35%	10-Oct-23	16-Sep-22	13
ING Bank	A	5,000,000.00	5,000,000.00	0.36%	4.32%	4.32%	10-Oct-23	5-Oct-22	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	13-Oct-23	29-Sep-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.36%	4.32%	4.32%	17-Oct-23	10-Oct-22	12
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.37%	4.45%	4.45%	20-Oct-23	7-Oct-22	12
Commonwealth Bank (At maturity)	AA	5,000,000.00	5,000,000.00	0.40%	4.78%	4.78%	27-Oct-23	10-Feb-23	8
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.37%	4.41%	4.41%	3-Nov-23	14-Oct-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.65%	4.65%	7-Nov-23	18-Oct-22	13
ING Bank	A	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	7-Nov-23	31-Oct-22	12
ING Bank	A	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	10-Nov-23	26-Oct-22	12
Westpac Banking Corporation	AA	5,000,000.00	5,000,000.00	0.37%	4.44%	4.44%	17-Nov-23	30-Nov-22	12
Commonwealth Bank (Semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	1-Dec-23	28-Nov-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.37%	4.45%	4.45%	5-Dec-23	15-Dec-22	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.31%	3.69%	3.69%	8-Dec-23	7-Jun-22	18
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.33%	4.00%	4.00%	8-Dec-23	9-Sep-22	15
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.39%	4.69%	4.69%	12-Dec-23	7-Nov-22	13
Commonwealth Bank (monthly interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.51%	4.51%	15-Dec-23	14-Nov-22	13
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.37%	4.49%	4.49%	18-Dec-23	16-Nov-22	13
Commonwealth Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.54%	4.54%	22-Dec-23	25-Nov-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.67%	4.67%	29-Dec-23	19-Dec-22	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.38%	4.52%	4.52%	2-Jan-24	2-Dec-22	13
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.40%	4.80%	4.80%	9-Jan-24	10-Jan-23	12
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.38%	4.56%	4.56%	15-Jan-24	12-Dec-22	13
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.38%	4.50%	4.50%	19-Jan-24	21-Mar-23	10
Commonwealth Bank	AA	5,000,000.00	5,000,000.00	0.39%	4.67%	4.67%	25-Jan-24	27-Jan-23	12
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.40%	4.74%	4.74%	30-Jan-24	27-Jan-23	12
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.40%	4.74%	4.74%	2-Feb-24	27-Jan-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.40%	4.76%	4.76%	6-Feb-24	30-Jan-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.40%	4.76%	4.76%	9-Feb-24	30-Jan-23	12
Commonwealth Bank (Semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.39%	4.68%	4.68%	13-Feb-24	6-Feb-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	16-Feb-24	3-Feb-23	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	20-Feb-24	7-Feb-23	12
ING Bank	A	5,000,000.00	5,000,000.00	0.39%	4.68%	4.68%	5-Mar-24	7-Feb-23	13
ING Bank	A	5,000,000.00	5,000,000.00	0.39%	4.68%	4.68%	8-Mar-24	6-Feb-23	13
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	15-Mar-24	16-May-23	10
Commonwealth Bank (Semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.42%	5.01%	5.01%	15-Mar-24	13-Feb-23	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.41%	4.94%	4.94%	19-Mar-24	15-Feb-23	13
Bank of Queensland	A	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	22-Mar-24	23-May-23	10
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.41%	4.94%	4.94%	28-Mar-24	15-Feb-23	13
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.04%	5.04%	5-Apr-24	1-Mar-23	13
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	9-Apr-24	4-Apr-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.04%	5.04%	12-Apr-24	1-Mar-23	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.42%	5.02%	5.02%	16-Apr-24	28-Feb-23	14
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.01%	5.01%	19-Apr-24	2-Mar-23	14
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.39%	4.70%	4.70%	23-Apr-24	27-Apr-23	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	23-Apr-24	4-Apr-23	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.42%	5.06%	5.06%	26-Apr-24	27-Feb-23	14
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	30-Apr-24	8-May-23	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.38%	4.55%	4.55%	30-Apr-24	11-Apr-23	13
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	3-May-24	9-May-23	12
Suncorp Bank	A	5,000,000.00	5,000,000.00	0.39%	4.65%	4.65%	3-May-24	19-Apr-23	12
National Aust Bank	AA	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	7-May-24	2-May-23	12
Bendigo & Adelaide Bank	A	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	7-May-24	10-May-23	12
Bendigo & Adelaide Bank	A	10,000,000.00	10,000,000.00	0.41%	4.95%	4.95%	10-May-24	16-May-23	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.42%	5.00%	5.00%	24-May-24	21-Feb-23	15
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.42%	5.08%	5.08%	28-May-24	22-Feb-23	15
ING Bank	A	5,000,000.00	5,000,000.00	0.42%	5.05%	5.05%	4-Jun-24	31-May-23	12
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.41%	4.92%	4.92%	7-Jun-24	23-May-23	12
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.41%	4.95%	4.95%	11-Jun-24	24-May-23	13
National Australia Bank	AA	5,000,000.00	5,000,000.00	0.42%	5.00%	5.00%	14-Jun-24	29-May-23	13
Commonwealth Bank (semi-annual interest)	AA	5,000,000.00	5,000,000.00	0.42%	4.98%	4.98%	21-Jun-24	30-May-23	13
Westpac Banking Corporation - (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.38%	4.60%	4.60%	5-Jul-24	24-Apr-23	14
Commonwealth Bank (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.40%	4.82%	4.82%	26-Jul-24	30-Jan-23	18

Register of Investments and Cash for May 2023 period

Institution	Rating	Face Value \$	Amortised Value \$	Monthly Net Returns	Monthly Net Return Annualised	Net Returns Rolling 12 Months	Maturity Date	Investment Date	Term (months)
Term Deposits (TD) 'Green Tailored Deposits'									
Westpac Banking Corporation - Green Tailored Deposit (Quarterly Interest)	AA	5,000,000.00	5,000,000.00	0.06%	0.70%	0.70%	11-Oct-23	11-Oct-21	24
Westpac Banking Corporation - Green Tailored Deposit (3 Months BBSW + 93 points)	AA	10,000,000.00	10,000,000.00	0.41%	4.87%	3.77%	27-Nov-23	26-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (2.97% Fixed 2 years & 3 months BBSW + 93 points 3 years)	AA	5,000,000.00	5,000,000.00	0.41%	4.89%	3.73%	29-Nov-23	30-Nov-18	60
Westpac Banking Corporation - Green Tailored Deposit (3.00% Fixed 1 years & 3 months BBSW + 105 points 4 years)	AA	10,000,000.00	10,000,000.00	0.39%	4.67%	3.87%	24-Jan-24	25-Jan-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.85% Fixed 1 years & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.41%	4.94%	3.66%	28-Feb-24	1-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.75% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.41%	4.95%	3.84%	11-Mar-24	13-Mar-19	60
Westpac Banking Corporation - Green Tailored Deposit (2.65% Fixed 1 year & 3 months BBSW + 100 points 4 years)	AA	5,000,000.00	5,000,000.00	0.40%	4.76%	3.96%	22-Mar-24	25-Mar-19	60
Total		560,000,000	560,000,000	0.36%	4.31%	4.24%			
Floating Rate Notes (FRN)									
Commonwealth Bank (90 days BBSW + 93 points)	AA	3,500,000.00	3,500,000.00	0.40%	4.82%	3.70%	16-Aug-23	16-Aug-18	60
Suncorp Bank (90 days BBSW + 77 points)	A	4,500,000.00	4,500,000.00	0.39%	4.72%	3.61%	13-Sep-23	13-Sep-18	60
National Australia Bank (90 days BBSW + 93 points)	AA	3,500,000.00	3,500,000.00	0.39%	4.69%	3.89%	26-Sep-23	26-Sep-18	60
ANZ Bank (90 days BBSW + 103 points)	AA	5,000,000.00	5,000,000.00	0.41%	4.96%	3.74%	6-Dec-23	6-Dec-18	60
National Australia Bank (90 days BBSW + 104 points)	AA	4,000,000.00	4,000,000.00	0.42%	4.98%	3.84%	26-Feb-24	26-Feb-19	60
National Australia Bank (90 days BBSW + 92 points)	AA	3,200,000.00	3,200,000.00	0.38%	4.60%	3.79%	19-Jun-24	20-Jun-19	60
Westpac Banking Corporation (90 days BBSW + 88 points)	AA	4,000,000.00	4,000,000.00	0.40%	4.77%	3.66%	16-Aug-24	16-May-19	63
ANZ Bank (90 days BBSW + 77 points)	AA	4,000,000.00	4,000,000.00	0.39%	4.73%	3.59%	29-Aug-24	29-Aug-19	60
National Australia Bank (90 days BBSW + 77 points)	AA	5,000,000.00	5,000,000.00	0.37%	4.44%	3.57%	21-Jan-25	21-Jan-20	60
Macquarie Bank (3 months BBSW + 84 points)	A	5,000,000.00	5,000,000.00	0.39%	4.71%	3.63%	12-Feb-25	12-Feb-20	60
Suncorp Bank (90 days BBSW + 112 points)	A	1,500,000.00	1,500,000.00	0.40%	4.78%	3.90%	24-Apr-25	27-Apr-20	60
Suncorp Bank (90 days BBSW + 83 points) - Covered Bond	A	2,200,000.00	2,200,000.00	0.37%	4.47%	4.08%	17-Oct-25	17-Oct-22	36
Great Southern Bank (3months BBSW + 158 points)	BBB	4,000,000.00	4,000,000.00	0.46%	5.51%	5.07%	1-Dec-25	1-Dec-22	36
Macquarie Bank (3 months BBSW + 48 points)	A	5,000,000.00	5,000,000.00	0.37%	4.41%	3.26%	9-Dec-25	9-Dec-20	60
Suncorp Bank (90 days BBSW + 45 points)	A	2,100,000.00	2,100,000.00	0.36%	4.30%	3.28%	24-Feb-26	24-Feb-21	60
Newcastle Permanent Building Society (90 days BBSW + 63 points)	BBB	5,000,000.00	5,000,000.00	0.38%	4.56%	3.33%	4-Mar-26	4-Mar-21	60
Bendigo & Adelaide Bank (90 days BBSW + 125 points)	BBB	4,500,000.00	4,500,000.00	0.43%	5.17%	5.17%	15-May-26	15-May-23	36
Suncorp Bank (90 days BBSW + 105 points)	A	4,000,000.00	4,000,000.00	0.41%	4.95%	4.95%	18-May-26	18-May-23	36
Bendigo & Adelaide Bank (90 days BBSW + 65 points)	BBB	5,000,000.00	5,000,000.00	0.36%	4.33%	3.53%	18-Jun-26	18-Jun-21	60
Suncorp Bank (90 days BBSW + 48 points)	A	3,750,000.00	3,750,000.00	0.36%	4.33%	3.37%	15-Sep-26	15-Sep-21	60
Bank of Queensland (90 days BBSW + 80 points)	BBB	3,000,000.00	3,000,000.00	0.37%	4.47%	3.61%	27-Oct-26	27-Oct-21	60
Commonwealth Bank (3 month BBSW + 70 points)	AA	3,250,000.00	3,250,000.00	0.36%	4.33%	3.44%	14-Jan-27	14-Jan-22	60
Westpac Banking Corporation (90 days BBSW + 70 points)	AA	3,900,000.00	3,900,000.00	0.36%	4.32%	3.52%	25-Jan-27	18-Jan-22	60
Suncorp Bank (90 days BBSW + 78 points)	AA	4,500,000.00	4,500,000.00	0.37%	4.40%	3.60%	25-Jan-27	17-Jan-22	60
Great Southern Bank (3months BBSW + 165 points)	BBB	2,500,000.00	2,500,000.00	0.46%	5.52%	5.50%	9-Feb-27	9-Feb-22	48
Newcastle Permanent Building Society (90 days BBSW + 100 points)	BBB	2,250,000.00	2,250,000.00	0.41%	4.87%	3.77%	10-Feb-27	3-Feb-22	60
National Australia Bank (90 days BBSW + 72 points)	AA	4,000,000.00	4,000,000.00	0.39%	4.65%	3.58%	25-Feb-27	25-Feb-22	60
ANZ Bank (90 day BBSW + 97 points)	AA	4,000,000.00	4,000,000.00	0.40%	4.84%	3.75%	12-May-27	12-May-22	60
Westpac Banking Corporation (90 days BBSW + 105 points)	AA	4,000,000.00	4,000,000.00	0.41%	4.97%	3.85%	20-May-27	20-May-22	60
ANZ Bank (90 days BBSW + 120 points)	AA	4,000,000.00	4,000,000.00	0.42%	5.05%	4.61%	4-Nov-27	4-Nov-22	60
Westpac Banking Corporation (90 days BBSW + 123 points)	AA	5,000,000.00	5,000,000.00	0.43%	5.10%	4.74%	11-Nov-27	11-Nov-22	60
National Australia Bank (90 days BBSW + 120 points)	AA	4,200,000.00	4,200,000.00	0.43%	5.13%	4.66%	25-Nov-27	25-Nov-22	60
Suncorp Bank (3months BBSW + 125points)	A	2,700,000.00	2,700,000.00	0.42%	5.04%	4.73%	14-Dec-27	14-Dec-22	60
ANZ Bank (90 days BBSW + 106 points)	AA	4,000,000.00	4,000,000.00	0.40%	4.84%	4.84%	31-Mar-28	31-Mar-23	60
Floating Rate Notes (FRN) 'Green/Climate Bonds/Sustainability Bond'									
Bank Australia - Sustainability Bond (3months BBSW + 160 points)	BBB	5,000,000.00	5,000,000.00	0.45%	5.45%	4.99%	24-Nov-25	24-Nov-22	36
Bank Australia - Sustainability Bond (3months BBSW + 155 points)	BBB	4,500,000.00	4,500,000.00	0.42%	5.07%	5.07%	22-Feb-27	22-Feb-23	48
Total		139,550,000	139,550,000	0.40%	4.79%	4.03%			
Total Investments		743,983,390	743,983,390	0.36%	4.38%	4.18%			
Benchmark: 30 Day Bank Bill Index				0.32%	3.81%	2.72%			
Benchmark: Bloomberg AusBond Bank Bill Index				0.29%	3.48%	2.64%			
City of Sydney's available bank balance as at 31 May 2023		13,495,313	13,495,313						
TOTAL INVESTMENTS & CASH		757,478,703	757,478,703						

Summary of Net Investment Movements - May 2023

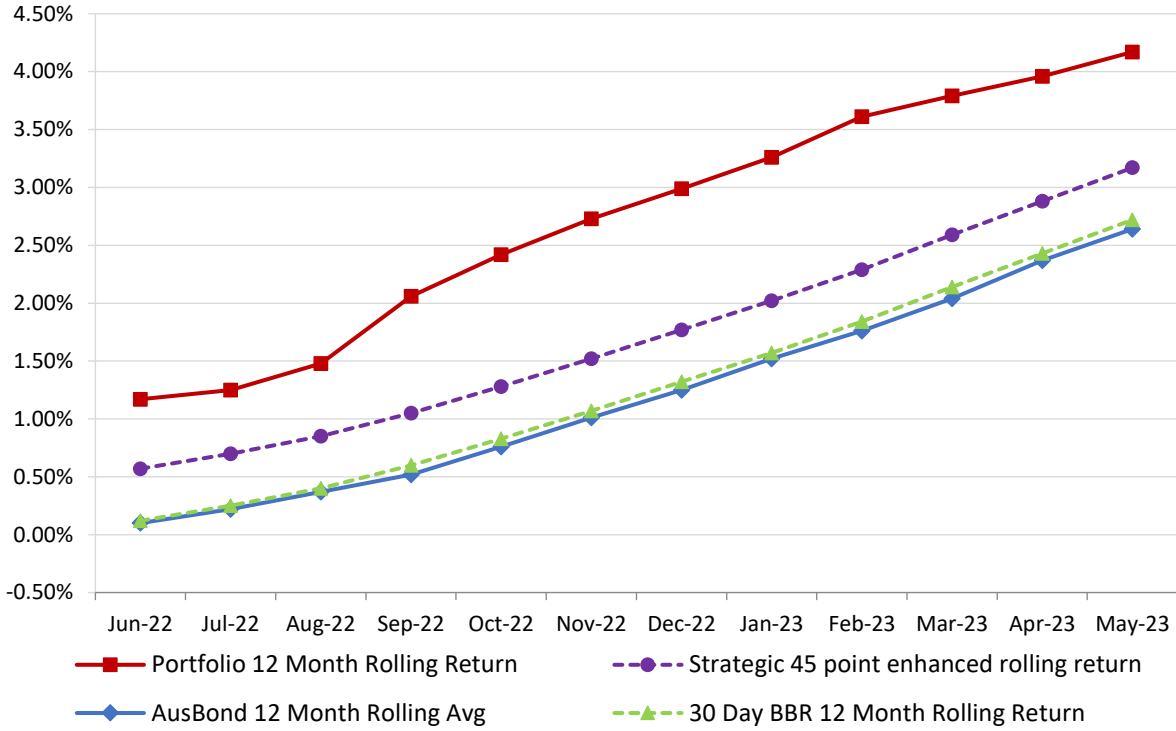
Financial Institution	Fund Rating	Net Investment/(Reduction) Amount	Commentary
<u>General Fund</u>			
Westpac Banking Corporation	AA	10,000,000	Surplus of funds were received in May 2023 due to rates income that was subsequently invested in higher yielding products
<u>Term Deposits (TDs)</u>			
Bendigo & Adelaide Bank	A	20,000,000	Redeemed matured investments and additional income placed in higher yielding term deposits.
National Australia Bank	AA	15,000,000	
Commonwealth Bank	AA	(5,000,000)	Redemption of matured term deposits, utilised for operational use or reinvested with higher yielding products.
<u>Floating Rate Note (FRNs)</u>			
Bendigo & Adelaide Bank	BBB	4,500,000	Redeemed matured investments and additional income placed in higher yielding floating rate notes.
Suncorp Bank	A	4,000,000	
ANZ Bank	AA	(5,000,000)	Redemption of mature floating rate notes, utilised for operational use or reinvested with higher yielding products.
National Australia Bank	AA	(5,000,000)	

Attachment B

**Investment Performance
as at 31 May 2023**

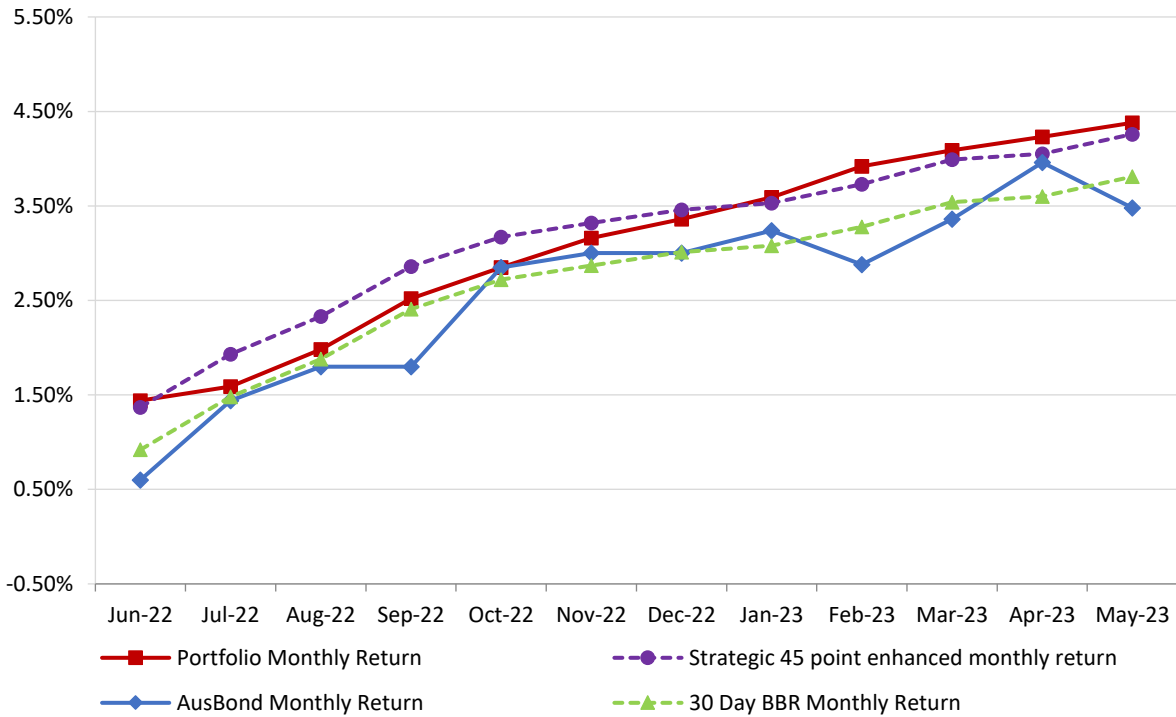
12 Month Rolling Averages

**Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
May 2023**

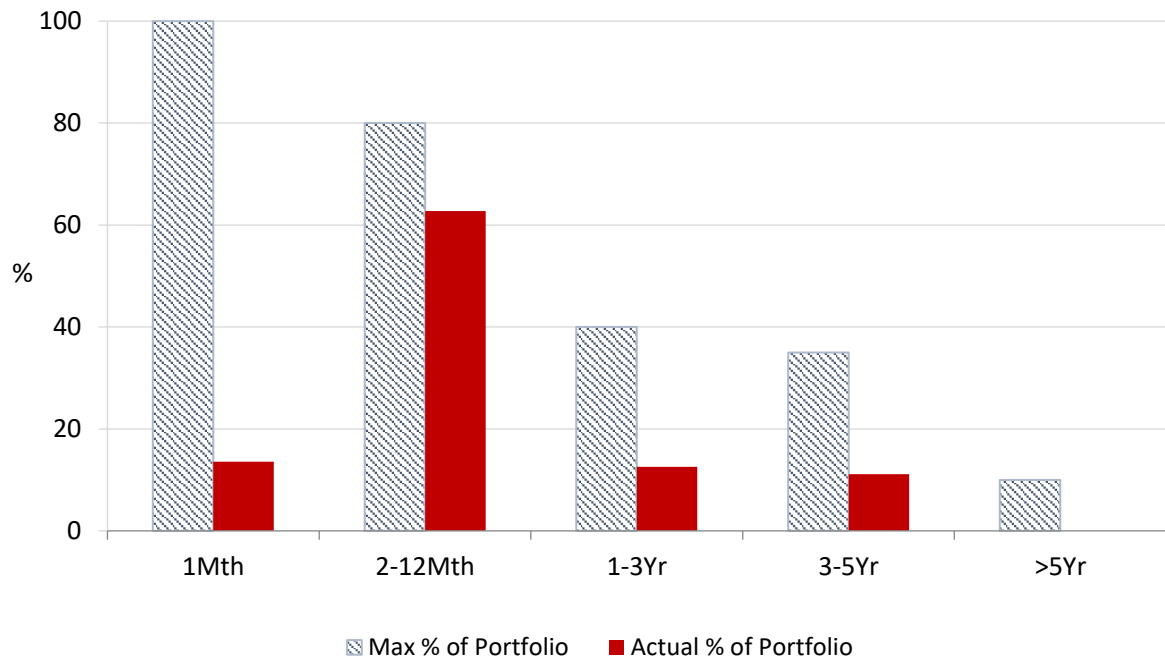


Monthly Results

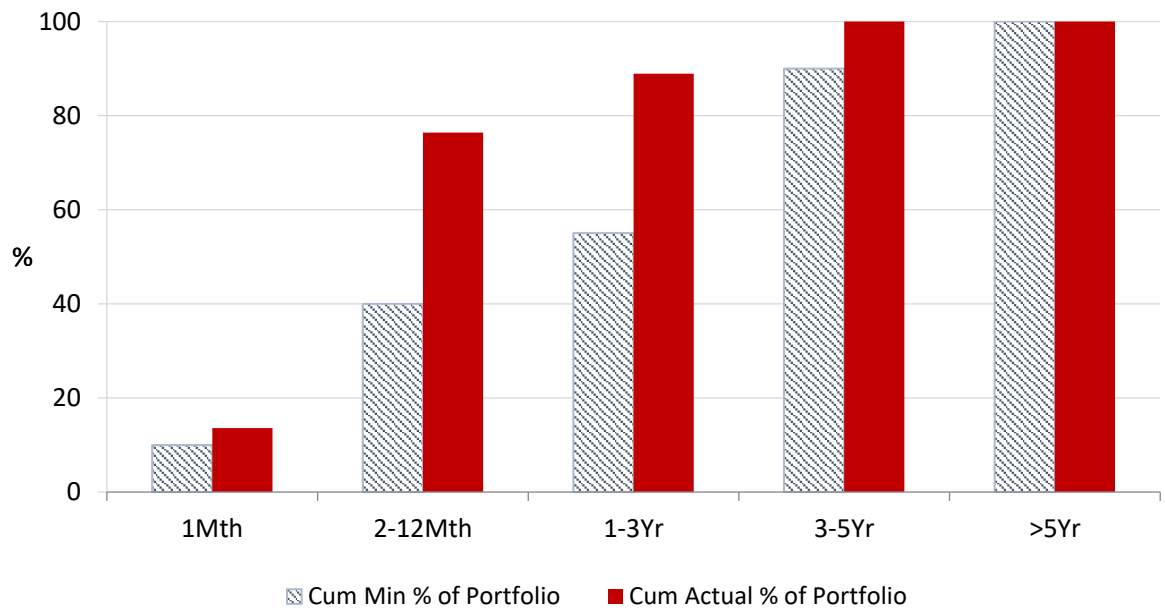
**Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
May 2023**



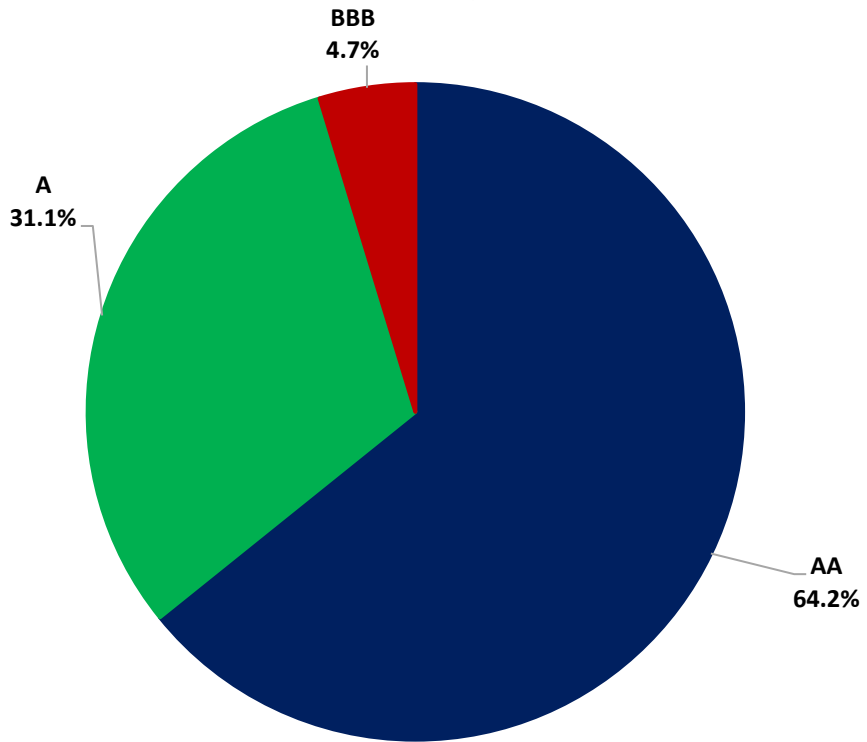
Portfolio Liquidity - Maximum Allowances as at 31 May 2023



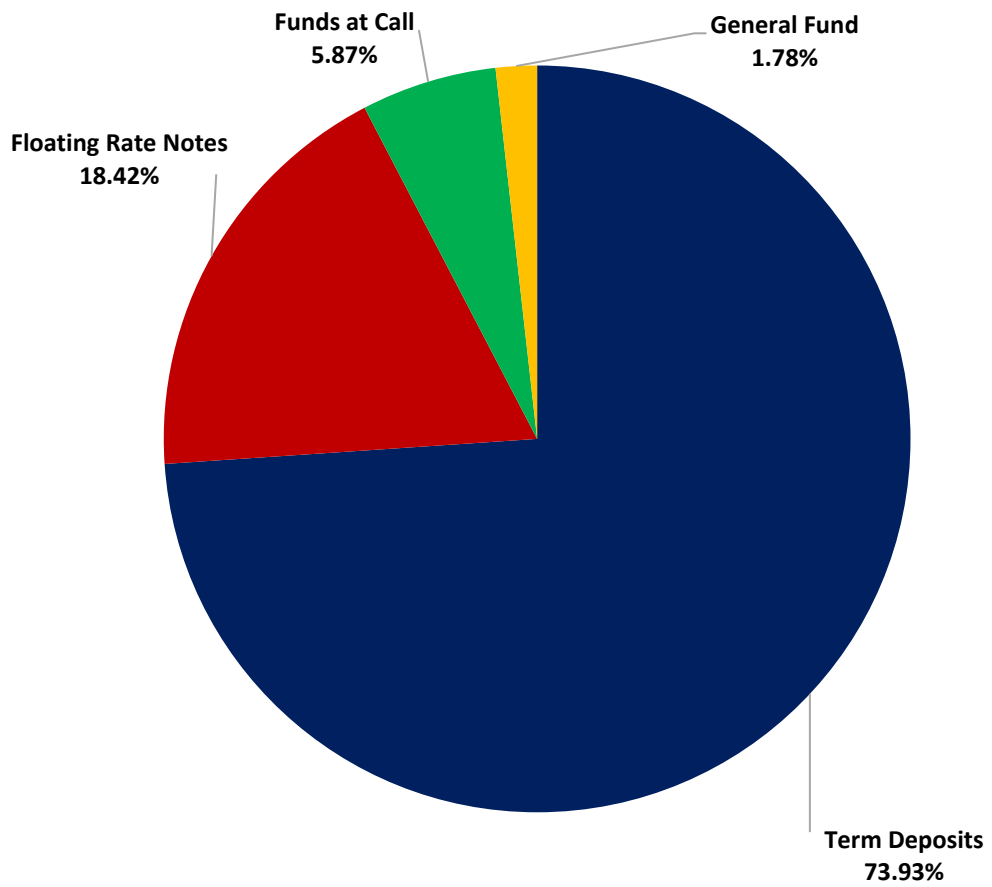
Portfolio Liquidity - Minimum Allocations as at 31 May 2023



Risk Profile as at 31 May 2023



Risk Profile as at 31 May 2023

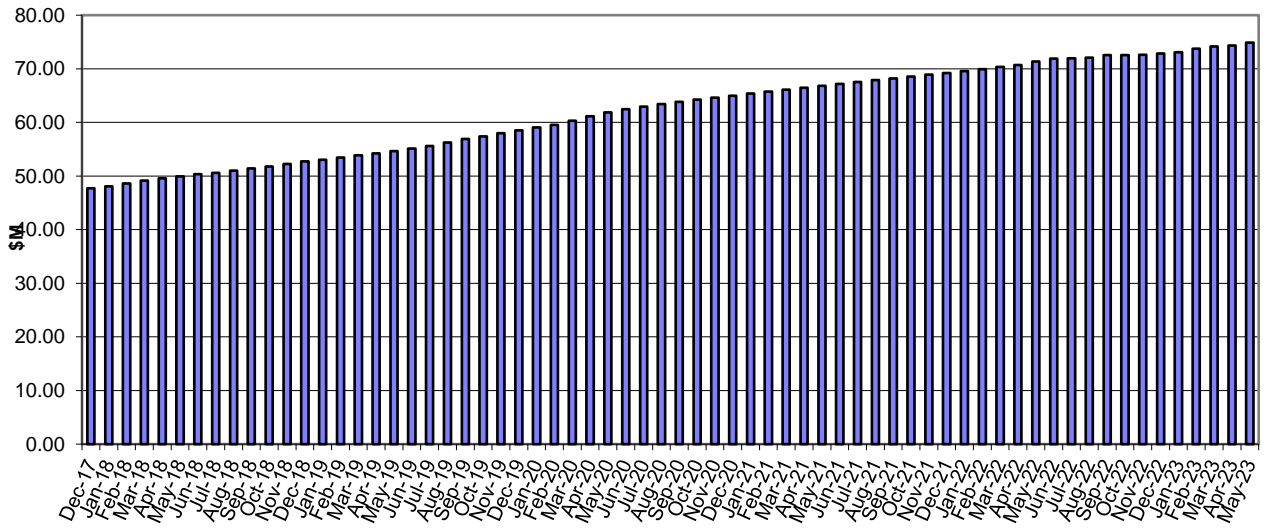


INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION

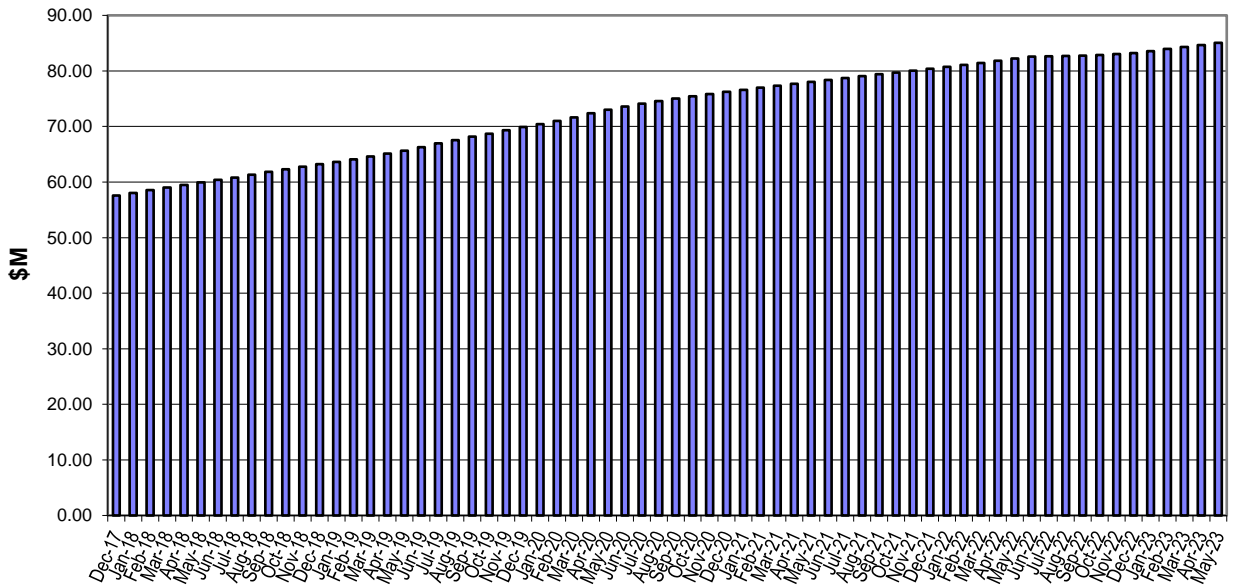
as at 31 May 2023

Institution Category	Financial Institution	Amount \$M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank (and related institutions)	ANZ Bank	21.0	2.8	
	Commonwealth Bank	196.2	25.9	
	National Aust Bank	73.9	9.8	
	Westpac Banking Corporation	185.4	24.5	
Big 4 Total		476.5		62.9
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	9.5	1.3	
	Bank of Queensland	48.0	6.3	
	Bendigo & Adelaide Bank	49.5	6.5	
	Great Southern Bank (formerly Credit Union Australia)	6.5	0.9	
	ING Bank	70.0	9.2	
	Suncorp Bank	70.3	9.3	
	Macquarie Bank Ltd	10.0	1.3	
	Northern Territory Treasury Corporation	10.0	1.3	
	Newcastle Permanent Building Society	7.3	1.0	
Other ADI Total		281.0		37.1
Grand Total		757.5	100.0	100.0

Cumulative Outperformance over AusBond Benchmark - 2016-2022



Cumulative Outperformance over 30 Day BBR Benchmark - 2016-2022



Item 5.

Contract Variations - Pymont Community Centre Upgrade

File No: X038743

Summary

This report seeks variations to two existing contracts and additional funds to increase the project budget for the Pymont Community Centre Upgrade works.

The Pymont Community Centre is located on the site of the former Pymont Public School on the corner of John and Mount Streets, Pymont. The former school building, grounds and fences are listed heritage items. The Centre opened in 1993 and currently includes a childcare centre operated through the City's Accommodation Grants Program, an Outside School Hours Care (OSHC) service operated by the City, a Library Link, a community library, a small community gym, a community hall on the ground floor and an additional community room on the first floor.

In June 2020, Council approved the scope for the upgrade of the Pymont Community Centre. A revised and expanded scope of work was developed following a review of the existing building condition and feedback from community groups and approved by Council in July 2021.

The City entered into a contract with Welsh and Major Architects Pty Ltd (Welsh and Major) in November 2020 to provide design and construction stage services for the Pymont Community Centre Upgrade works.

In September 2022, the City entered into a contract with Belmadar Pty Ltd (Belmadar) for the construction of the Pymont Community Centre Upgrade works. Demolition of the existing building and strip out of the Heritage Building has been completed and the construction of the new building is progressing.

During construction, significant latent conditions arising have resulted in the identification of additional scope to both the new build and the heritage buildings. The cost to complete these additional works exceeds the available contract contingency and project budget previously approved by Council.

This report recommends that Council approve additional contract contingency for the contracts with Welsh and Major Architects and Belmadar and that Council approve additional funds to increase the project budget.

Recommendation

It is resolved that Council:

- (A) approve additional contract contingency for the construction contract with Belmadar Pty Ltd for construction of the Pymont Community Centre Upgrade works, as outlined in Confidential Attachment A to the subject report;
- (B) approve additional contract contingency for the head design consultant contract with Welsh and Major Architects Pty Ltd for additional design and construction stage services for the Pymont Community Centre Upgrade works, as described in Confidential Attachment B to the subject report; and
- (C) approve the additional funds sought for the Pymont Community Centre Upgrade works as detailed in Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The Pyrmont Community Centre is located on the site of the former Pyrmont Public School on the corner of John and Mount Streets, Pyrmont. The subject site is listed as an item (no. I1237) of local heritage significance in Schedule 5 of the Sydney Local Environmental Plan (LEP) 2012, described as 'Former Pyrmont Public School including interiors, fences and grounds'.
2. The City purchased the site in the early 1990s and undertook refurbishment works that included the construction of a two-storey extension, and the conservation and adaptive re-use of the former school buildings and grounds for childcare and community use. The Pyrmont Community Centre was opened in 1993.
3. The Centre includes a childcare centre operated through the City's Accommodation Grants Program, with service approval for 40 children per day, an Outside School Hours Care (OSHC) service operated by the City, a Library Link, a community library, a small community gym, a community hall on the ground floor and an additional community room on the first floor.
4. In June 2020, Council endorsed the recommended scope for the upgrade of the Pyrmont Community Centre. This scope included an access upgrade to provide accessible entry and lift access to all levels; a gym upgrade; conversion of the existing gym cardio room to new community rooms; conversion of the Outside of School Hours Care Homework Space to 'shared' Community Room; and an upgrade to the existing level one public toilets.
5. In November 2020, Welsh and Major Architects were engaged to undertake the design and documentation for the Pyrmont Community Centre Upgrade. Additional opportunities were identified from a review of the existing building condition, and from feedback from community groups. Required compliance upgrades were also identified. The recommended scope was amended to include new 60 sqm dedicated community room; new ground floor office and public toilets; fire services upgrades; and refurbishment of all community rooms to provide a holistic upgrade of the community centre.
6. In response to the comments received from the Design Advisory Panel, a revised scope was proposed, which included demolition of the unsympathetic 1990s building. Council endorsed this revised scope of work in July 2021. The endorsed project scope includes an additional 60 square metre community room, an accessibility upgrade including the installation of a lift between the ground and first floors, a new entry foyer, new ground floor offices and public toilets, a new gym area, an upgrade of the first floor showers and the addition of new toilets on that floor, conversion of the existing gym cardio room into a dedicated community space, refurbishment of the existing main community hall, library link and first floor community room, and an upgrade of the Outside School Hours Care children's program and courtyard play equipment.

Construction Works

7. A construction contract for the works was awarded by Council to Belmadar Pty Ltd in June 2022. Site possession was provided in September 2022. Demolition of the unsympathetic 1990s building and the strip out of the internal partitions to the heritage buildings have since been completed under the contract.
8. During excavation works, a well was encountered as an unexpected find. All excavation works were required to cease and the Heritage Council of NSW (Heritage NSW) was notified in accordance with the condition of consent. A Section 146 notification was prepared by the heritage consultant that assessed the well as being of Local Heritage Significance. The notification advised that all other monitoring of the site and remaining excavation by the archaeologist would be in accordance with a Section 139 "self-assessment". The well location was surveyed and identified to be under the new building. Heritage NSW required protection to be installed over the well, changes to the structural design of the slab and the inclusion of a new interpretation sign.
9. On completion of the bulk excavation, the geotechnical engineer inspected the excavation and noted a steeply inclined cut in the excavated face near the southern boundary. This required the originally free-standing wall along this elevation to be re-designed as a retaining wall.
10. Strip-out of the heritage building internal partitions and removal of the existing floor finish on Level 1 identified that the floor structure showed sign of unevenness. The contractor also undertook testing of the level 1 floor cavity for hazardous materials. Lead concentrations were identified that exceed the land use criteria. The remediation of the lead is recommended to allow works to proceed in a safe environment, including services reticulation within the floor cavity and leveling of the floor structure. All works to the level 1 area has ceased to avoid any disturbance of the lead dust until remediation can proceed safely.
11. Testing of the soil below the ground floor community hall identified levels of lead above the land-use criteria. The hygienist concluded that remediation of the lead contaminated soil and or control measures are required prior to safe access of the subfloor space by workers to carry out their respective scope of work.
12. All lead dust and soil remediation will be undertaken in accordance with the hygienist methodology and will include separate staged weekend works to accommodate tenant operations. The scope of works includes the temporary removal and reinstatement of the tenant's furniture, installation of temporary protection to the tenant areas, establishment of a decontamination unit, provision of air monitoring and a clearance certificate before and prior to each consecutive stage of work. A coordination meeting is scheduled with the tenant, hygienists and the contractor to confirm an agreed strategy.
13. Some heritage windows have been identified as being in poor condition and require remediation works to mitigate water egress into the building, and to preserve their integrity as heritage fabric in alignment with the refurbishment works. It is recommended to undertake these works during the current construction works.
14. The forecast cost to complete the additional works outlined above and as detailed in Confidential Attachment A exceeds the available contract amounts previously approved. Additional funds will also be required to increase the project budget to allow for these latent works.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

15. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 6 - Vibrant Local Communities and Economies - the project will support increased community participation and provide improved access for the community in the Pyrmont area.

Financial Implications

16. Additional funds are required for this project, as detailed in Confidential Attachment A.

Relevant Legislation

17. The tenders were conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
18. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
19. Attachment A contains confidential commercial information of the contractor and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
20. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise the City's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

21. Works commenced onsite in September 2022.
22. Due to the impact of latent conditions outlined in the report, the Pyrmont Community Centre Upgrade works is now forecast for completion in June 2024.

Options

23. Alternative options to the lead remediation of the heritage buildings have been considered including to retain or limit the disturbance of the lead dust. This option is not recommended as it would result in the redesign of some of the internal spaces and require an extensive number of unsympathetic service mounted conduits onto the internal Heritage Fabric. The uneven floors would also remain, which would pose a trip hazard and not be in alignment with The City's accessibility policy. Further, these options would not be endorsed by the Heritage consultant and would impact the ongoing maintenance of the facility.
24. Closure or relocation of the tenant was not deemed viable to undertake the lead remediation works in a shorter time frame during the week. The alternative is for lead dust remediation to the level 1 floor cavity to be undertaken on weekends as the tenant operates Monday to Friday 7.30am to 6pm.
25. Alternative options to the heritage windows remediation, would be to retain as existing. This option is not recommended as this will not address the issue of water ingress to newly refurbished areas and will delay to future budgets, the necessary maintenance of key items of heritage fabric.

Public Consultation

26. During construction, there will continue to be close liaison between property owners, local businesses and the tenant (SDN Childcare Services), City staff and the contractors to minimise disruption to properties in the area. The contractor has a Community Liaison Officer in place for the project.

KIM WOODBURY

Chief Operating Officer

Chris Allen, Specialist Project Manager

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Item 6.

Contract Variation – Major Services Agreement (IT) for Public Access IT and Facilities and Services

Document to Follow

Item 7.

Contract Variation – Redfern Community Centre Music Studio

Document to Follow

Item 8.**Tender - Reject and Negotiate - T-2021-632 - Digital Asset Management System****File No: X096102.003****Tender No: T-2021-632****Summary**

This report provides details of the tenders received for the Digital Asset Management System. This system allows City of Sydney employees to efficiently store, manage and make digital assets (such as professional photography) available for official use.

The City's current Digital Asset Management System, called Portfolio, is outdated and due to be retired. The vendor does not provide security fixes and has no future roadmap to improve functionality to keep pace with developments in the Digital Asset Management System landscape.

The City is seeking to implement a new Digital Asset Management System to provide a contemporary asset library for City employees to easily search for approved professional images and photography required for their work.

The City issued a tender to procure an enterprise-wide Digital Asset Management System solution for an initial three-year period with two optional extensions of two years each (up to seven years in total).

This report recommends that Council decline to accept the tender offers received for the Digital Asset Management System project and instead enter into negotiations with suitably qualified vendor(s) for the provision of a Digital Asset Management System solution.

Recommendation

It is resolved that:

- (A) Council decline to accept the tender offers received for the Digital Asset Management System project for the reasons set out in Confidential Attachment A to the subject report;
- (B) Council does not invite fresh tenders, as it is considered that inviting fresh tenders would not attract additional suitably qualified vendor(s) over and above those that have responded to this tender;
- (C) authority be delegated to the Chief Executive Officer to enter into negotiations with any person with a view to entering into a contract on terms that are appropriate in relation to the subject matter of the tender;
- (D) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender; and
- (E) Council be informed of the successful vendor via the CEO Update.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Background

1. The Digital Asset Management System project will implement a new Digital Asset Management System which will be managed by City Communications and made available for use by all City employees.
2. The City of Sydney expects to achieve the following business outcomes:
 - (a) Maintain a single source of truth for digital assets.
 - (b) Manage licensing and usage conditions of professional images and photography.
 - (c) Make quality digital assets available to the organisation, including appropriate access privileges.
 - (d) Leverage Artificial Intelligence and Machine Learning to help describe assets, and populate metadata to facilitate easy searching of assets for end users.
3. The City conducted a tender for the Digital Asset Management System project to procure suitable software and select an implementation partner for the Digital Asset Management System solution.
4. Following the tender evaluation process, it is recommended that Council reject all tender submissions for the Digital Asset Management System project and enter into direct negotiations with suitably qualified vendor(s).

Invitation to Tender

5. A tender for the provision of the Digital Asset Management System Solution was published on 7 November 2022 directly via the City of Sydney's e-Tendering portal, Tenderlink, and the Supply Nation website.
6. The tender was open for five weeks and closed on 12 December 2022.

Tender Submissions

7. Nine submissions were received from the following organisations:
 - (a) Adobe Systems Software Ireland Limited (ABN 18 586 921 900)
 - (b) Anchora Pty Ltd (ABN 96 651 701 076)
 - (c) Bynder (US Company)
 - (d) Canto GmbH (German Company)
 - (e) Creative Folks Pty Limited (ABN 52 004 252 466)
 - (f) Datacom Systems (AU) Pty Ltd (ABN 39 135 427 075)
 - (g) IntelligenceBank Pty Ltd (ABN 73 138 768 564)
 - (h) MediaValet (Canadian Company)

- (i) My Adbox IP Pty Ltd (ABN 40 634 128 706)
8. No late submissions were received.

Tender Evaluation

9. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
10. The relative ranking of tenderers as determined from the total weighted score is provided in the confidential Tender Evaluation Summary – Attachment A.
11. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) Alignment of the solution to the requested requirements.
 - (b) Organisational capability and implementation approach including the following:
 - (i) Company information;
 - (ii) Previous experience;
 - (iii) Capability and experience;
 - (iv) Quality Assurance procedures;
 - (v) Implementation plan and methodology; and
 - (vi) Fair Work requirements.
 - (c) Training and Support including the following:
 - (i) Training plan;
 - (ii) Methodology and approach to maintaining and upgrading the solution;
 - (iii) Service Level options and model.
 - (d) Financial and commercial trading integrity, including insurances.
 - (e) Work Health and Safety.
 - (f) Schedule of Prices.

Performance Measurement

12. The tender required that the proposed solution would need to comply with mandatory requirements and meet the service levels specified in the tender contract.

Financial Implications

13. Sufficient funds have been allocated, subject to the outcome of proposed negotiations, for this project within the current year's capital works budget and future years' operating expenditure forward estimates.

Relevant Legislation

14. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
15. Local Government Act 1993 - Section 10A provides that a Council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.
16. Attachment A contains confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
17. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

18. It is anticipated that the City will complete negotiations and execute a contract with suitably qualified vendor(s) by September 2023.

Options

19. Cancel and re-advertise the tender. This option is not recommended as it is highly probable to result in the same outcome.
20. Cancel the tender and discontinue the project. This option is not recommended because it poses an ongoing operational risk from unsupported software and would not address the inefficiencies associated with the current system.

KATE DEACON

Director Strategic Development and Engagement

Arun Jose, IT Project Manager

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Item 9.

**Exemption from Tender, Contract Variation and Revised Project Scope –
Woolloomooloo Playground**

Document to Follow

Item 10.**Exemption from Tender and Contract Variation - T-2020-443 - Head Design Consultant - City Recital Hall Upgrade Works**

File No: X030208.001

Tender No: T-2020-443

Summary

This report seeks an exemption from tender for City Recital Hall Upgrade works for the Head Design Consultant services and requests Council approve an increase in contingency.

The consultant was first engaged in January 2021 for the full design services for the City Recital Hall Upgrade works. The consultant has completed the design style guideline for the City Recital Hall which will provide the material palette and design aesthetics for these upgrade works and any future works at City Recital Hall. The design documentation has been completed and design package prepared for tendering of the construction works.

The construction of these works is dependent on available access periods within the venue's extensive scheduling. The venue has an annual shutdown period between December and January each year where access can be facilitated for these construction works. Smaller works can also be delivered throughout the year where suitable periods are identified within the schedule.

Stage 1 construction works included the refurbishment of the ground floor bathrooms and the Green Room upgrade. These works were completed during the venue's annual shutdown period between December 2022 and January 2023. Some minor works were completed during available access periods up to April 2023.

Stage 2 construction works include the front of house and back of house works to be delivered over the next two financial years. The City is reviewing with CRH Limited an extended shutdown period of the venue from December 2024 to May 2025 to complete remaining works.

The upgrade works were programmed for a multi-staged delivery. The impact of limited access periods, prioritisation of the scope and age of the material finishes has increased the construction phase, resulting in additional construction stage services from the Head Design consultant.

This report recommends that Council grant an exemption from tender for City Recital Hall Upgrade works for the extended Head Design Consultant services and approve a contract variation for the completion of the project scope.

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for City Recital Hall Upgrade works for the Head Design Consultancy;
- (B) Council note that a satisfactory result would not be achieved by inviting tenders for this work because:
 - (i) the consultant is already engaged, and work is well underway; and
 - (ii) the time and cost implications to tender and potentially contract with another head design consultant will not provide value for money for the Council;
- (C) authority be delegated to the Chief Executive Officer to vary the contract with the Head Design Consultant relating to City Recital Hall Upgrade works to give effect to this approval; and
- (D) Council note that the total contract sum and contingency is outlined in Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The City Recital Hall is a purpose-built concert venue with the capacity for an audience of 1,238 people seated, located at 2 Angel Place in the City Centre near Martin Place.
2. The City Recital Hall opened in 1999 as a purpose-built chamber music venue, the only such venue in Sydney, serving companies such as Musica Viva Australia, Australian Chamber Orchestra, Sydney Symphony Orchestra, Pinchgut Opera and Australian Brandenburg Orchestra.
3. The City leased the Hall from AMP commencing 27 October 1999 for a term of 99 years. The City subleases the Hall to City Recital Hall Limited and recently renewed the lease for a further five years, ending in 2025.
4. The scope of works subject to this report, meets the City's obligations and commitments to City Recital Hall Limited under the leasing agreements for the venue. City Recital Hall Limited are aware of their obligations under the leasing agreement and are actively seeking sponsorship grants to meet these obligations.
5. The City Recital Hall Upgrade works project will assist to improve the aesthetic look of the City Recital Hall, with the aim to attract more clients, generate additional hiring opportunities and improve the functionality of the venue. Additionally, the upgrade works will provide a much-needed refresh after more than 20 years of usage as a Recital venue. The upgrade works are across all four levels of the City Recital Hall venue.
6. The Head Design Consultant was engaged in January 2021 to provide a full design package including design style guideline, documentation, construction and post construction stage services.
7. The consultant has completed the design style guideline for the City Recital Hall which will provide the material palette and design aesthetics for these upgrade works and any future works at City Recital Hall. The design documentation has been completed and design package prepared for tendering of the Stage 2 construction works.
8. The construction of these works is dependent on available access periods within the venue's extensive scheduling. The venue has an annual shutdown period between December and January each year where access can be facilitated for these construction works. Smaller works can also be delivered throughout the year where suitable periods are identified within the schedule.
9. Stage 1 construction works included the refurbishment of the ground floor bathrooms and the Green Room upgrade. These works were completed during the venue's annual shutdown period between December 2022 and January 2023. Some minor works were completed during available access periods up to April 2023.
10. Stage 2 construction works include the front of house and back of house works to be delivered over the next two financial years. The City is reviewing with CRH Limited an extended shutdown period of the venue from December 2024 to May 2025 to complete remaining works.
11. The upgrade works were programmed for a multi-staged delivery. The impact of limited access periods, prioritisation of the scope and age of the material finishes has increased the construction phase, resulting in additional construction stage services from the Head Design consultant.

12. It is necessary to amend the Head Design Consultant fees to align with the revised delivery program. The report is recommending an exemption from tender and contract variation to facilitate the prolongation of construction stage services.

Key Implications

Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

13. Sustainable Sydney 2030-2050 Continuing the Vision renews the communities' vision for the sustainable development of the city to 2050. It includes 10 strategic directions to guide the future of the city, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 3 - Public places for all - the City Recital Hall contributes to the city centre's iconic status by providing the only purpose-built facility for recitals and chamber music. In doing so, it creates a mature and diverse night-time culture by attracting a unique demographic interested in a specific cultural form; and
 - (b) Direction 8 - A thriving cultural and creative life -the City Recital Hall supports cultural activity, participation and interaction by providing specialised cultural infrastructure appropriate to a global city. This ensures audiences can access the work of leading international and Australian performing artists in a building with the appropriate facilities and acoustic standards.

Financial Implications

14. There are sufficient funds allocated for this project within the current year's capital works budget and future years' forward estimates for the requested increased contract contingency.

Relevant Legislation

15. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
16. Attachment A contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
17. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

18. If approved by Council, the timeframe for the delivery of the Stage 2 construction stage services is:
 - (a) Staged Construction services - completion of construction works 2023/24:
November 2023 - February 2024.
 - (b) Staged Construction services - completion of construction works 2024/25:
December 2024 - May 2025.

Options

19. An alternative option is to retender the construction stage services. This option is not recommended as the consultant successfully completed the design style guide, design documentation for the Stage 1 and 2 works in preparation for the construction phase. It would not present value for money to tender and engage someone else to do the construction stage services. The time taken to undertake a new tender process could further delay completion of the project.
20. Completion of the project without a head design consultant is not recommended as continuation of consultancy services is necessary to ensure the design integrity of the built outcome and compliance with architectural documentation and specifications.

KIM WOODBURY

Chief Operating Officer

Ira Butzner, Design Manager

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Item 11.

Exemption from Tender - IT Licence, Subscription, Maintenance and Support Contracts

File No: S064539

Summary

The City uses a broad range of IT applications, platforms and appliances that are critical to the delivery of its business functions. These products perform within an ecosystem of interrelated platforms that are managed via the City's strategy for core systems and digitalisation as set out in the operating plan.

Each application, platform or appliance may have multiple integration points with other systems and inter-dependencies as part of the City's IT architecture. As such, in most cases, these systems cannot simply be swapped for alternate products. Instead, they can be uplifted and/or replaced via planned work over a rolling five-year horizon.

To support this planned approach and to maintain business continuity it is essential to continue the subscription, licencing, maintenance and support arrangements in line with the product management cycle.

Most of these applications have subscription, licencing, maintenance and support contracts in place that were established with suppliers at the time the products were procured and which have been updated as required since.

This report recommends that Council grant an exemption from tender for the IT maintenance, support, subscription and licencing of the software applications, platforms and hardware appliances' agreements with suppliers and for the periods listed in Confidential Attachment A.

The estimated total contract value with each supplier listed in Confidential Attachment A is anticipated to exceed \$250,000 (including GST). The detailed reasons supporting each exemption from the tender request are outlined in Confidential Attachment A.

The requirement to invite tenders in section 55(1) of the Local Government Act 1993 does not apply to those contracts if Council decides by resolution that, because of the extenuating circumstances, as listed in Attachment A, a satisfactory result would not be achieved by inviting tenders (section 55(3)(i) of the Local Government Act 1993).

Recommendation

It is resolved that:

- (A) Council approve an exemption from tender for the provision of the maintenance, support, subscription and licencing of the software applications, platforms and hardware appliances upon the expiry of the current agreements, for the respective extension period along with the optional extension, if appropriate, as listed in Confidential Attachment A to the subject report, noting that because of extenuating circumstances, a satisfactory result would not be achieved by inviting tenders;
- (B) Council note the reasons why a satisfactory outcome would not be achieved by inviting tenders differ for each application, platform or appliance and include:
 - (i) a lack of availability of alternative suppliers;
 - (ii) high costs and/or extensive business disruption associated with a transition to a new provider; and
 - (iii) cost to take the arrangement to market would be disproportionate to the potential value of change;
- (C) Council note that the detailed reasons as to why a satisfactory result will not be achieved by inviting tenders are outlined further in Confidential Attachment A to the subject report;
- (D) Council enter into the subscription, licencing, maintenance and support agreements with the suppliers upon the expiry of the current agreements for the respective extension period along with the optional extension, if appropriate, as listed in Confidential Attachment A to the subject report; and
- (E) authority be delegated to the Chief Executive Officer to finalise, execute and administer (including exercising options, if appropriate) the subscription, licencing, maintenance and support agreements with the relevant suppliers as listed in Confidential Attachment A to the subject report.

Attachments

- Attachment A.** List of IT Licence, Subscription, Maintenance and Support Agreements Requesting Exemption from Tender (Confidential)

Background

1. The City has a number of software applications, platforms and hardware appliances that are in daily use and are critical to the delivery of its services to the community. The agreements associated with these applications, platforms and appliances have been established with suppliers and will require renewal. The estimated total contract value with each supplier listed in Confidential Attachment A is anticipated to exceed \$250,000 (including GST). The detailed reasons supporting each exemption from the tender request are outlined in Confidential Attachment A.
2. Every organisation maintains software assets that enable efficiencies and productivity gains and enhance internal and external customer relationships.
3. As part of its software asset management strategy, the City is identifying software in use City-wide, confirming current use and contract periods to plan future contract requirements and terms, and also understanding and planning for replacements.
4. Software applications of this type have historically been licensed in perpetuity with additional annual support. However, technological advances have changed the licence model over time to an annual subscription model.
5. Maintenance and support are essential to ensure the availability and reliability of software by guaranteeing suppliers' availability to troubleshoot and rectify errors and / or to extend the lifecycle of an application or appliance through product enhancement. In many cases, retaining maintenance and support payments is integral to the licensing of the software.
6. A previous request for exemption from tender for a range of IT applications and appliances was granted by the Council on 19 September 2022 for a period of three years, with the option of an extension for up to three years.
7. The relevant IT applications, platforms and appliances were each originally procured using the required procurement processes. The Technology and Digital Services (TDS) division has consulted relevant business representatives and the procurement team in preparation for this bulk exemption from tender request.
8. Technology and Digital Services frequently examines the market through market scans and tendering related to project work to identify alternatives to ensure IT applications, platforms and appliances deliver the best value for the City, its residents and visitors.
9. Due to the essential nature of some IT applications, platforms or appliances, it is anticipated that there will be future reports to Council to approve other exemptions from tender, as required.
10. This report recommends approval of the exemption from tender for the provision of the maintenance, support, subscription and licencing of the software applications, platforms and hardware appliances upon the expiry of the current agreements for the respective extension period, along with the optional extension, if appropriate, as listed in Confidential Attachment A to the subject report.

Performance Measurement

11. Operational and financial performance targets are monitored monthly, quarterly and annually through a combination of meetings, audits, inspections and reporting.

Financial Implications

12. There are sufficient funds allocated for these subscriptions, licencing, maintenance and support agreements within the current year's operational budget and future years' forward estimates.

Relevant Legislation

13. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
14. Attachment A contains confidential commercial information of the suppliers which, if disclosed, would:
 - (a) confer a commercial advantage on a person or company with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person or company who supplied it.
15. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

16. The majority of the current subscription, licencing, maintenance and support agreements listed in Confidential Attachment A are due to expire on different dates within the next year (as further specified in Confidential Attachment A).

Options

17. There are no other substantially different options to this proposal. Maintenance and support not only extends the lifecycle of an application or appliance through product enhancements, but in many cases is also integral to the licensing of the software.

SUSAN PETTIFER

Director People, Performance and Technology

Rahul Palem, PMO and Procurement Analyst

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Item 12.

Tender – T-2022-715 - Sydney Christmas Infrastructure Services 2023-2027

Document to Follow

Item 13.**Tender - T-2023-992 - Microsoft Enterprise Agreement****File No: X096889****Tender No: T-2023-992****Summary**

This report provides details of the tenders received for the City's Microsoft Enterprise Agreement.

Every three years, the City enters into an Enterprise Agreement with Microsoft under which the City is entitled to use and deploy Microsoft software such as Windows 10 (laptop and desktop operating system), Office 365 (Word, Excel, PowerPoint, Teams) and server-based products such as Exchange and SQL Server and Azure cloud resources.

Previous agreements have been procured via the Local Government Procurement panel (LGP) contract. However, at this time, the best financial outcome for the City was not to use LGP but to seek pricing via Request for Tender (RFT) directly with Microsoft licensing partners.

While the Enterprise Agreement will be with Microsoft, payments and fulfilment services are supplied through Microsoft Licensing Solution Providers, who act as agents for Microsoft.

This report recommends that Council accept the tender offer of Tenderer A for tender - T-2023-992 Microsoft Enterprise Agreement.

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer A for T-2023-992 Microsoft Enterprise Agreement in accordance with the approved annual budget for a period of three years;
- (B) Council note that the total contract sum and contingency for T-2023-992 Microsoft Enterprise Agreement is outlined in Confidential Attachment A to the subject report;
and
- (C) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender.

Attachments

Attachment A. Tender Evaluation Summary (Confidential)

Attachment B. Licensing Schedule of Rates (Confidential)

Background

1. Since 2014, the City has entered into an Enterprise Licensing Agreement with Microsoft. The terms are for three years, with the current agreement ending on 31 July 2023.
2. The Licensing agreement covers the City's use of all Microsoft products, including Windows 10 (laptop and desktop operating system), Office 365 (Word, Excel, PowerPoint, Teams) and server-based products that underpin all the application infrastructure within the City's IT environment.
3. Pricing offered to the City is Government Level D, as per previous Local Government Procurement and State Government pricing levels.
4. The previous three Enterprise Agreement renewals (in 2020, 2017 and 2014) were procured via Request for Quotation (RFQ) under Local Government Procurement panel contract conditions between Local Government Procurement and Microsoft, which expired on 31 March 2023.
5. In April 2023, the City was advised that Microsoft did not renew its agreement with L Local Government Procurement and a different commercial model was introduced by Local Government Procurement for the procurement of Microsoft Licenses through the Local Government Procurement panel.
6. The City undertook pricing analysis between the updated Local Government Procurement panel pricing data and the pre-tender market-scan price data and identified a significant cost-saving opportunity for the City to go direct to Microsoft License Solution Providers via a Request for Tender instead of contracting via Local Government Procurement.
7. In May 2023, the City issued a tender to procure the Microsoft Enterprise Agreement from the pool of Microsoft Licensing Solution Providers.

Invitation to Tender

8. A Request for Tender was issued on 10 May 2023 via the City's e-tendering portal, Tenderlink. The tender was open for one week and closed on 17 May 2023.
9. Microsoft licensing partners were contacted in advance and when released to market to ensure they were aware of the tender and shortened timeframe.

Tender Submissions

10. Two submissions were received from the following organisations:
 - Data#3 Limited (ABN 31 010 545 267)
 - Datacom Systems (AU) Pty Ltd (ABN 39 135 427 075)

Tender Evaluation

11. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
12. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
13. All submissions were assessed in accordance with the approved evaluation criteria being:
 - (a) Pricing.
 - (b) Differentiated value-add items.
 - (c) Contract acceptability.
 - (d) Financial and commercial trading integrity including insurances.

Financial Implications

14. There are sufficient funds allocated for this project within the current year's operating budget and future years' forward estimates.
15. The total contract sum and contingency for Microsoft Enterprise Agreement is detailed in Confidential Attachment A.

Relevant Legislation

16. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
17. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.
18. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
19. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Critical Dates / Time Frames

20. 31 July 2023 - current Microsoft Enterprise Agreement expires.

Options

21. No other alternative viable options have been identified during the tender process.
22. The impact of not proceeding with the Enterprise Agreement is that the City would no longer be able to use any Microsoft products and, therefore, the applications that run on them.

SUSAN PETTIFER

Director People, Performance and Technology

Adam Major, Manager IT Technical Services

CONFIDENTIAL
By virtue of the Local Government Act 1993 Section 10A Paragraph 2

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