

11 September 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. Investments Held as at 31 August 2023**
- 4. Contract Variation - Future Management and Operation of Aquatic Leisure Centres and Belgravia Leisure**
- 5. Tender - T-2023-1008 - City Recital Hall Refurbishment Works Stage 2**

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 14 August 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.

Investments Held as at 31 August 2023

File No: X020701

Summary

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

The City's total Investment and Cash position was \$817.51M at 31 August 2023, with investments earning interest of \$2.9M for the month.

The 2022/23 financial year saw the Australian economy enter a sustained period of inflation well in excess of the Reserve Bank of Australia's (RBA) target range of two to three per cent. The annual inflation rate in Australia was 7.0 per cent as at March 2023, down slightly from a high of 7.8 per cent as at December 2022. The Consumer Price Index (CPI) rose 0.8 per cent in the June 2023 quarter and 6.0 per cent annually. 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 with 13 consecutive interest rate increases. The current official cash rate is now 4.10 per cent up from the record low 0.10 per cent level in May 2022. At the July and August RBA Board meetings official interest rates were held steady, however, further increases have been foreshadowed in an attempt to curb inflation.

While the City's cash inflows have been substantial in the past month due to the first instalment of annual rates income some other revenue streams remain negatively impacted by the lingering economic consequences of the Covid-19 pandemic. In particular commercial property income receipts, but also parking related, building development related income and other activity based revenues are yet to return to pre Covid-19 pandemic levels.

The City's cash and investments portfolio is substantially restricted in both internal (\$235.5M) and external (\$90.8M) 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 4.80 per cent for August which remains above the 30-Day Bank Bill Rate (BBR) of 4.05 per cent, the latest AusBond Bank Bill Index of 4.44 per cent and the enhanced benchmark of 4.50 per cent (BBR + 0.45 per cent).

Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance 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.

The City's annual rolling return of 4.63 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 3.38 per cent, the latest AusBond Bank Bill Index of 3.37 per cent and the enhanced benchmark of 3.83 per cent (BBR + 0.45 per cent). The benchmarks were endorsed in the revised Investment Strategy which was approved by Council in October 2022.

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 August 2023 be received and noted.

Attachments

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

Attachment B. Investment Performance as at 31 August 2023

Background

1. In accordance with the principles of sound 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 August 2023 is \$817.51M, an increase of \$99.27M from the \$718.24M reported as at 31 July 2023. The monthly movement reflects operating income, most of which was received from the first instalment of 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 August is provided at Attachment A.
5. A substantial portion of the City's cash and investments portfolio is held as internally restricted (\$235.50M) or externally restricted (\$90.8M) 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. The City achieved an annualized monthly return of 4.80 per cent for August which remains above the 30-Day Bank Bill Rate (BBR) of 4.05 per cent, the latest AusBond Bank Bill Index of 4.44 per cent and the enhanced benchmark of 4.50 per cent (BBR + 0.45 per cent).
8. Since 2015, the City has utilised an additional strategic benchmark rate to measure its investment performance 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 to 90 day investments.
9. The City's annual rolling return of 4.63 per cent continues to exceed the 12 month average 30 Day Bank Bill Rate of 3.38 per cent, the latest AusBond Bank Bill Index of 3.37 per cent and the enhanced benchmark of 3.83 per cent (BBR + 0.45 per cent). The benchmarks were endorsed in the revised Investment Strategy which was approved by Council in October 2022.
10. 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.

11. 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.
12. 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.
13. The annual inflation rate in Australia was 7.0 per cent as at March 2023 down from a high of 7.8 per cent as at December 2022. The Consumer Price Index (CPI) rose 0.8 per cent in the June 2023 quarter and 6.0 per cent annually. 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 to the current sustained period of inflation, well in excess of the it's target range of two to three per cent, the RBA has lifted official cash rates a record 13 consecutive times from the record low 0.1 per cent level in May 2022. The current rate is 4.10 per cent. While following their July Board meeting the RBA held interest rates steady, further increases remain a possibility if inflation remains high.
15. Despite these recent increases in interest rates, low investment yields on a number of older 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 73.39 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 73.84 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 Covid-19 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 \$2.9M for the month of August 2023, which is well above the monthly budgeted earnings of \$1.7M.
21. The interest income budget for the 2023/24 financial year has been set at \$20M. Anticipated higher interest rates offered in the market are forecast to be offset by reducing cash balances as the City's capital works program is delivered over the course of the coming financial year. The annual forecast will be further reviewed as part of the preparation of the Quarter 1 report to Council. At this stage it is anticipated that interest revenue will be at least \$25.0M.

Relevant Legislation

22. Council is authorised to invest its surplus cash under section 625 of the Local Government Act 1993.
23. 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.
24. 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.
25. 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

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

Public Consultation

27. 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.
28. 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.

29. 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.
30. 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 \$45.0M in seven tranches with this Green Tailored deposit.
31. 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 August 2023**

Register of Investments and Cash for August 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	0.42%	5.07%	4.39%	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	0.42%	5.07%	4.34%	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	0.44%	5.32%	4.47%	25-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	0.42%	5.00%	4.37%	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	0.44%	5.23%	4.50%	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	0.44%	5.32%	4.58%	22-Mar-24	25-Mar-19	60
Total		600,000,000	600,000,000	0.40%	4.77%	4.69%			
Floating Rate Notes (FRN)									
Suncorp Bank (90 days BBSW + 77 points)	A	4,500,000.00	4,500,000.00	0.42%	5.00%	4.27%	13-Sep-23	13-Sep-18	60
National Australia Bank (90 days BBSW + 93 points)	AA	3,500,000.00	3,500,000.00	0.44%	5.25%	4.51%	26-Sep-23	26-Sep-18	60
ANZ Bank (90 days BBSW + 103 points)	AA	5,000,000.00	5,000,000.00	0.44%	5.24%	4.48%	6-Dec-23	6-Dec-18	60
National Australia Bank (90 days BBSW + 104 points)	AA	4,000,000.00	4,000,000.00	0.43%	5.18%	4.45%	26-Feb-24	26-Feb-19	60
National Australia Bank (90 days BBSW + 92 points)	AA	3,200,000.00	3,200,000.00	0.44%	5.24%	4.43%	19-Jun-24	20-Jun-19	60
Westpac Banking Corporation (90 days BBSW + 88 points)	AA	4,000,000.00	4,000,000.00	0.42%	5.02%	4.30%	16-Aug-24	16-May-19	63
ANZ Bank (90 days BBSW + 77 points)	AA	4,000,000.00	4,000,000.00	0.41%	4.91%	4.20%	29-Aug-24	29-Aug-19	60
National Australia Bank (90 days BBSW + 77 points)	AA	5,000,000.00	5,000,000.00	0.43%	5.13%	4.19%	21-Jan-25	21-Jan-20	60
Macquarie Bank (3 months BBSW + 84 points)	A	5,000,000.00	5,000,000.00	0.42%	5.02%	4.27%	12-Feb-25	12-Feb-20	60
Suncorp Bank (90 days BBSW + 112 points)	A	1,500,000.00	1,500,000.00	0.46%	5.47%	4.51%	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	0.43%	5.12%	4.31%	17-Oct-25	17-Oct-22	36
Great Southern Bank (3months BBSW + 158 points)	BBB	4,000,000.00	4,000,000.00	0.47%	5.58%	5.24%	1-Dec-25	1-Dec-22	36
Macquarie Bank (3 months BBSW + 48 points)	A	5,000,000.00	5,000,000.00	0.39%	4.68%	3.94%	9-Dec-25	9-Dec-20	60
Suncorp Bank (90 days BBSW + 45 points)	A	2,100,000.00	2,100,000.00	0.38%	4.59%	3.90%	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	0.39%	4.70%	4.04%	4-Mar-26	4-Mar-21	60
Bendigo & Adelaide Bank (90 days BBSW + 125 points)	BBB	4,500,000.00	4,500,000.00	0.45%	5.23%	5.15%	15-May-26	15-May-23	36
Suncorp Bank (90 days BBSW + 105 points)	A	4,000,000.00	4,000,000.00	0.43%	5.19%	5.01%	18-May-26	18-May-23	36
Bendigo & Adelaide Bank (90 days BBSW + 65 points)	BBB	5,000,000.00	5,000,000.00	0.41%	4.97%	4.16%	18-Jun-26	18-Jun-21	60
Suncorp Bank (90 days BBSW + 48 points)	A	3,750,000.00	3,750,000.00	0.40%	4.84%	4.01%	15-Sep-26	15-Sep-21	60
Bank of Queensland (90 days BBSW + 80 points)	BBB	3,000,000.00	3,000,000.00	0.42%	5.07%	4.21%	27-Oct-26	27-Oct-21	60
Commonwealth Bank (3 month BBSW + 70 points)	AA	3,250,000.00	3,250,000.00	0.42%	5.00%	4.07%	14-Jan-27	14-Jan-22	60
Westpac Banking Corporation (90 days BBSW + 70 points)	AA	3,900,000.00	3,900,000.00	0.42%	5.06%	4.13%	25-Jan-27	18-Jan-22	60
Suncorp Bank (90 days BBSW + 78 points)	AA	4,500,000.00	4,500,000.00	0.43%	5.14%	4.21%	25-Jan-27	17-Jan-22	60
Newcastle Permanent Building Society (90 days BBSW + 100 points)	BBB	2,250,000.00	2,250,000.00	0.43%	5.16%	4.42%	10-Feb-27	9-Feb-22	60
National Australia Bank (90 days BBSW + 72 points)	AA	4,000,000.00	4,000,000.00	0.40%	4.86%	4.20%	25-Feb-27	25-Feb-22	60
ANZ Bank (90 day BBSW + 97 points)	AA	4,000,000.00	4,000,000.00	0.43%	5.15%	4.41%	12-May-27	12-May-22	60
Westpac Banking Corporation (90 days BBSW + 105 points)	AA	4,000,000.00	4,000,000.00	0.43%	5.17%	4.49%	20-May-27	20-May-22	60
ANZ Bank (90 days BBSW + 120 points)	AA	4,000,000.00	4,000,000.00	0.45%	5.40%	4.78%	4-Nov-27	4-Nov-22	60
Westpac Banking Corporation (90 days BBSW + 123 points)	AA	5,000,000.00	5,000,000.00	0.45%	5.42%	4.88%	11-Nov-27	11-Nov-22	60
National Australia Bank (90 days BBSW + 120 points)	A	4,200,000.00	4,200,000.00	0.44%	5.34%	4.82%	25-Nov-27	25-Nov-22	60
Suncorp Bank (3months BBSW + 125points)	AA	2,700,000.00	2,700,000.00	0.46%	5.49%	4.98%	14-Dec-27	14-Dec-22	60
Great Southern Bank (3months BBSW + 165 points)	BBB	2,500,000.00	2,500,000.00	0.49%	5.83%	5.55%	9-Feb-27	9-Feb-23	48
ANZ Bank (90 days BBSW + 106 points)	AA	4,000,000.00	4,000,000.00	0.45%	5.42%	5.13%	31-Mar-28	31-Mar-23	60
Suncorp Bank (3 months BBSW + 105 points)	A	3,000,000.00	3,000,000.00	0.44%	5.33%	5.33%	12-Jul-28	12-Jul-23	60
Commonwealth Bank (3 month BBSW + 95 points)	AA	3,000,000.00	3,000,000.00	0.43%	5.10%	5.10%	17-Aug-28	17-Aug-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	0.48%	5.74%	5.27%	24-Nov-25	24-Nov-22	36
Bank Australia - Sustainability Bond (3months BBSW + 155 points)	BBB	4,500,000.00	4,500,000.00	0.46%	5.47%	5.33%	22-Feb-27	22-Feb-23	48
Total		142,050,000	142,050,000	0.43%	5.17%	4.55%			
Total Investments		794,972,664	794,972,664	0.40%	4.80%	4.63%			
Benchmark: 30 Day Bank Bill Index				0.34%	4.05%	3.38%			
Benchmark: Bloomberg AusBond Bank Bill Index				0.37%	4.44%	3.37%			
City of Sydney's available bank balance as at 31 August 2023		22,536,295	22,536,295						
TOTAL INVESTMENTS & CASH		817,508,959	817,508,959						

Summary of Net Investment Movements - August 2023

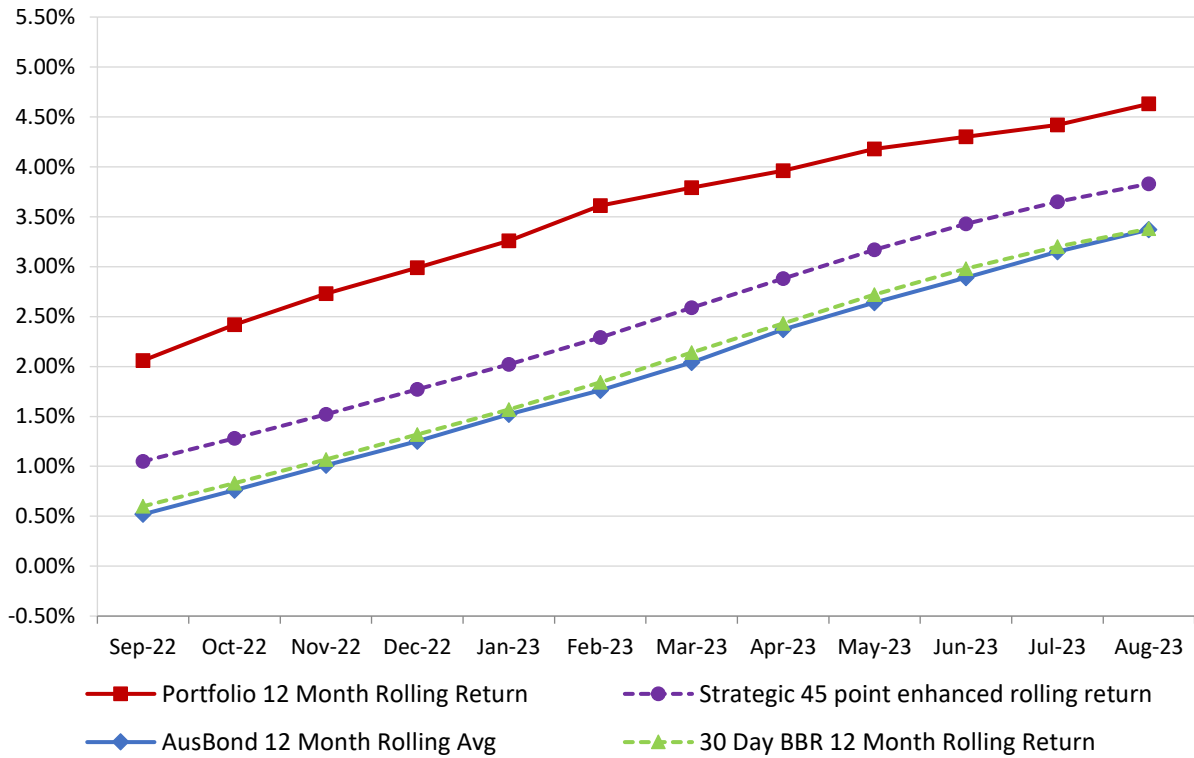
Financial Institution	Fund Rating	Net Investment/(Reduction) Amount	Commentary
<u>General Fund</u>			
Westpac Banking Corporation	AA	14,585,000	Surplus funds were received in General Fund account due to rates income
<u>Call Account</u>			
Westpac Banking Corporation	AA	5,000,000	Additional income received from rates income placed in Call account for operational use
<u>Term Deposits (TDs)</u>			
Bendigo & Adelaide Bank	A/BBB	5,000,000	Redeemed matured investments and additional income placed in higher yielding term deposits.
Commonwealth Bank	AA	80,000,000	
National Australia Bank	AA	10,000,000	
Bank of Queensland	A/BBB	(10,000,000)	Redeemed matured investments and additional income placed in higher yielding investments
Suncorp Bank	A	(5,000,000)	
<u>Floating Rate Notes (FRNs)</u>			
Commonwealth Bank	AA	(3,500,000)	Redeemed matured investments and additional income placed in higher yielding floating rate note.
Commonwealth Bank	AA	3,000,000	

Attachment B

**Investment Performance
as at 31 August 2023**

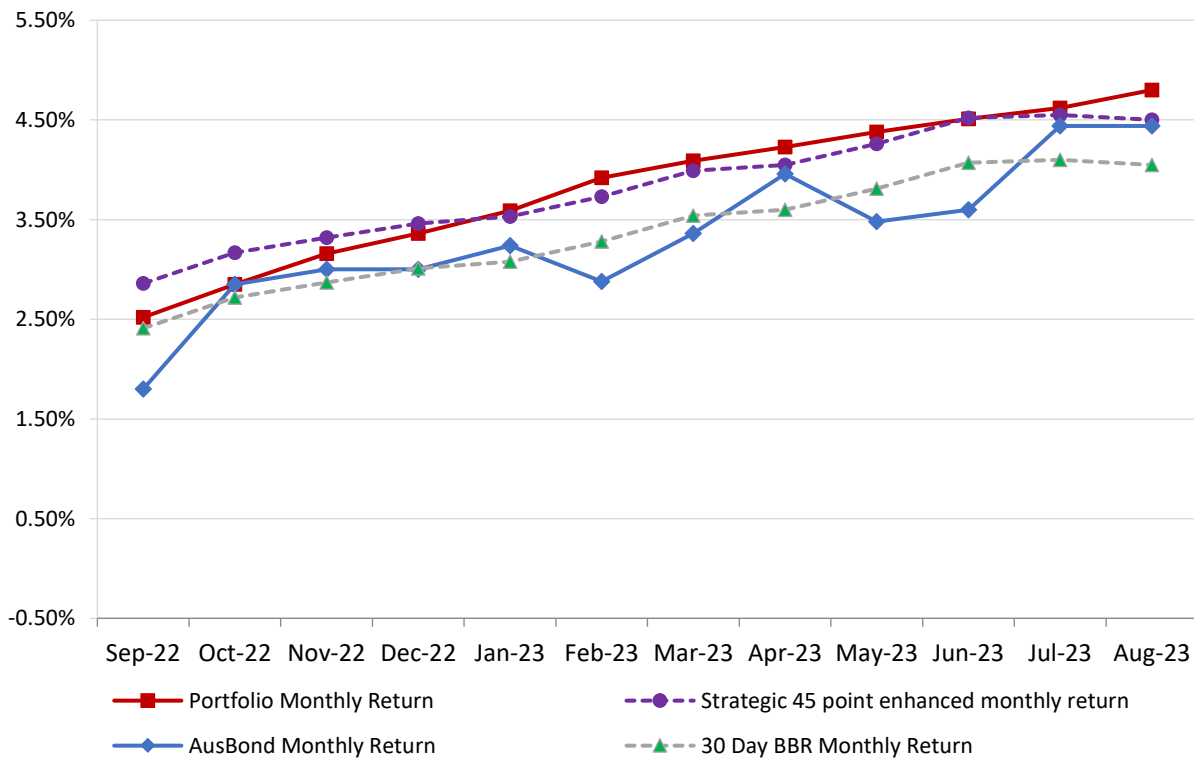
12 Month Rolling Averages

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

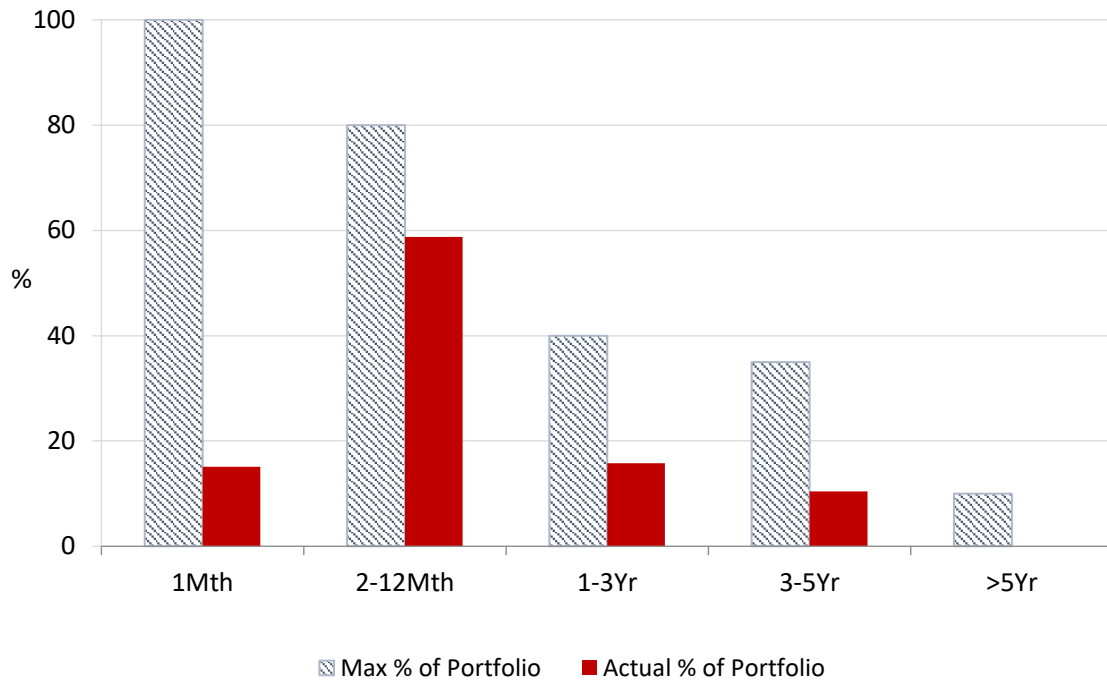


Monthly Results

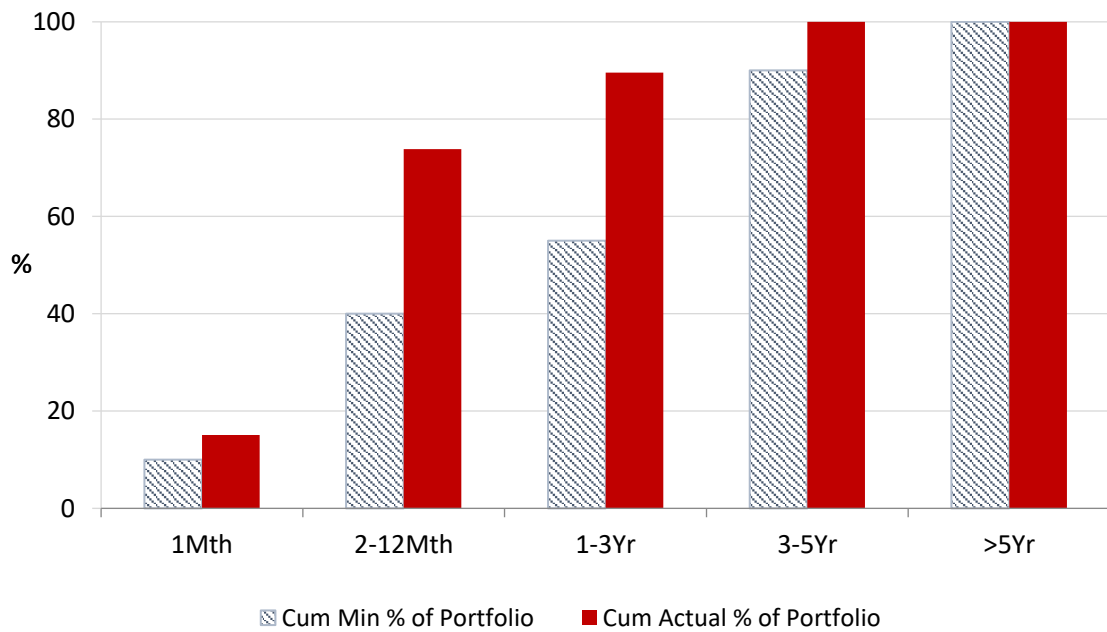
**Actual Portfolio vs Strategic Enhanced Benchmark vs AusBond Benchmark vs 30 Day BBR Benchmark
August 2023**



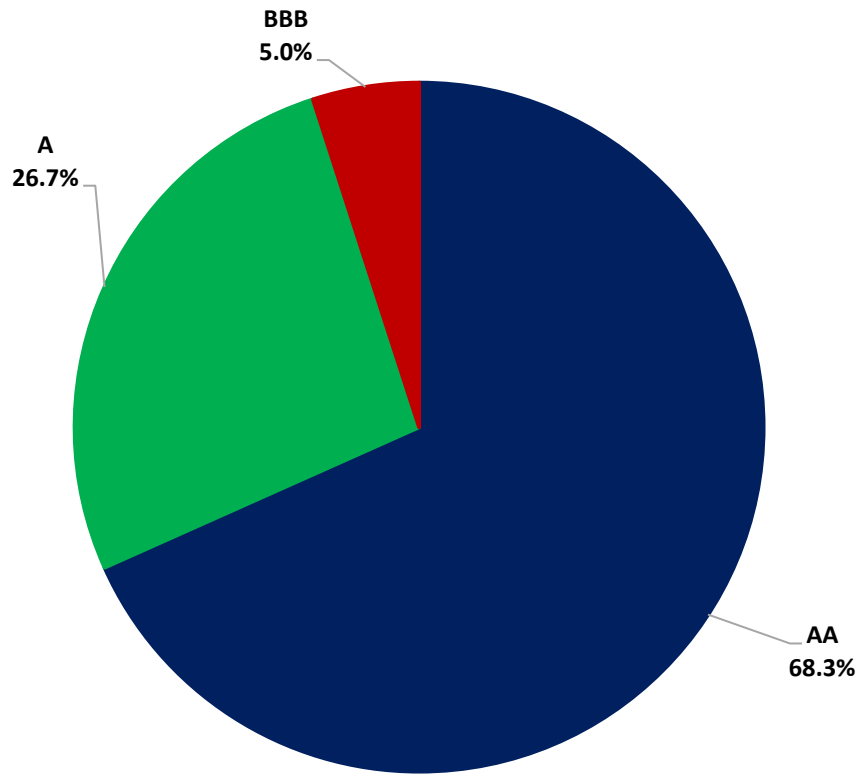
Portfolio Liquidity - Maximum Allowances as at 31 August 2023



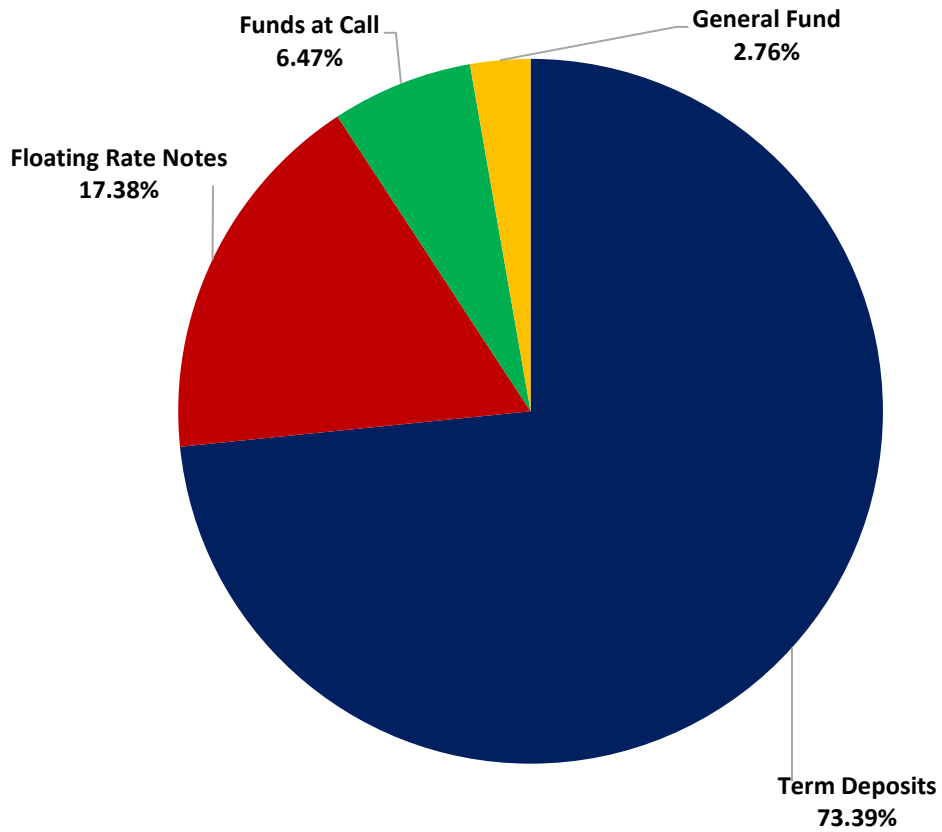
Portfolio Liquidity - Minimum Allocations as at 31 August 2023



Risk Profile as at 31 August 2023



Risk Profile as at 31 August 2023

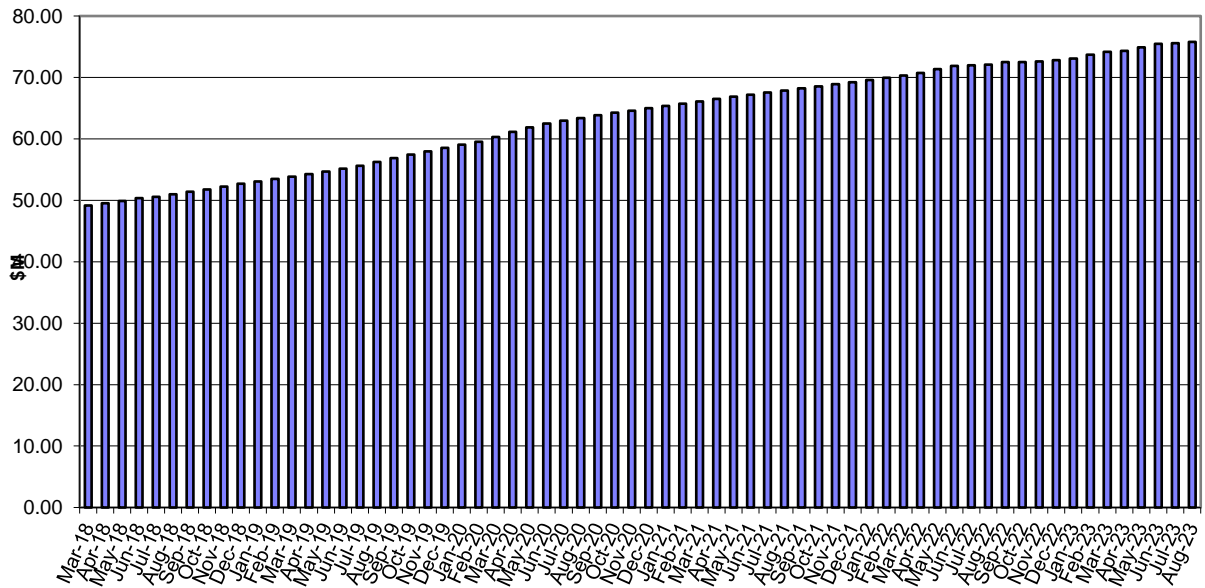


INVESTMENT AND CASH DISTRIBUTION BY FINANCIAL INSTITUTION

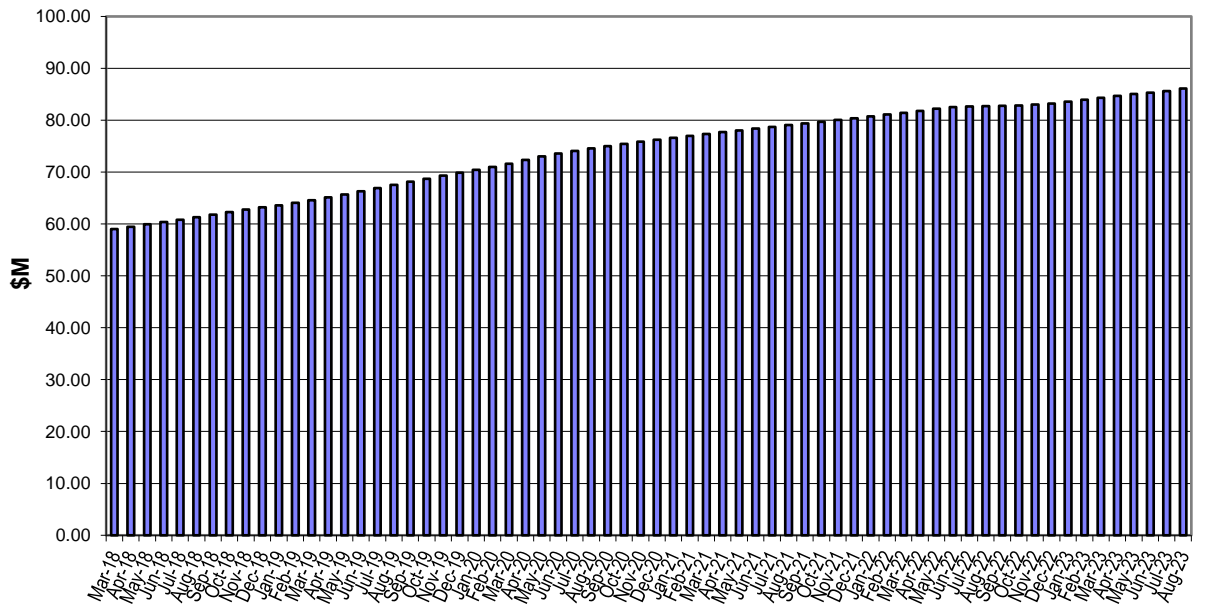
as at 31 August 2023

Institution Category	Financial Institution	Amount \$M	Financial Inst. %	Institution Cat. %
Australian Big 4 Bank (and related institutions)	ANZ Bank	21.0	2.6	
	Commonwealth Bank	249.1	30.5	
	National Australia Bank	78.9	9.7	
	Westpac Banking Corporation	199.5	24.4	
Big 4 Total		548.5		67.1
Other Australian ADIs and Australian subsidiaries of foreign institutions	Bank Australia Limited	9.5	1.2	
	Bank of Queensland	28.0	3.4	
	Bendigo & Adelaide Bank	69.5	8.5	
	Great Southern Bank (formerly Credit Union Australia)	6.5	0.8	
	ING Bank	75.0	9.2	
	Suncorp Bank	53.3	6.5	
	Macquarie Bank Ltd	10.0	1.2	
	Northern Territory Treasury Corporation	10.0	1.2	
Newcastle Permanent Building Society	7.3	0.9		
Other ADI Total		269.0		32.9
Grand Total		817.5	100.0	100.0

Cumulative Outperformance over AusBond Benchmark - 2018-2023



Cumulative Outperformance over 30 Day BBR Benchmark - 2018-2023



Item 4.

Contract Variation - Future Management and Operation of Aquatic Leisure Centres and Belgravia Leisure

File No: X018951.008

Summary

This report sets out the results of the independent assessment of management options for operating the City's aquatic leisure centres and recommends the implementation of an outsourced model of operation at the end of the current contracts in March 2024.

The City has a proud history of providing high quality public swimming pools and owns six world-class aquatic leisure centres in its local area. Collectively, they represent the largest frontline service offered by Council to the community, including a significant variety of fitness and learn to swim classes each week with a total of 1.79 million attendances last financial year.

The importance of these facilities to the community is highlighted by participation rates in New South Wales for swimming (17.8 per cent) and gym/fitness (35.9 per cent), surpassed only by walking at 44.2 per cent.

The City's aquatic leisure centres provide a unique offering of services that are affordable, accessible, and available universally to all and they play a distinct and vital role in our local communities. They contribute to wellbeing, support improvements in physical and mental health and provide an environment to build social networks and connections.

However, they are among the most expensive and complex services a Council can provide. To ensure that Council secures optimal benefit from delivering the service, independent consultants were engaged to undertake an assessment to determine the most suitable management model in preparation for the expiry of the existing contracts.

The Aquatic Leisure Services Management Options Evaluation and Research Report at Attachment A presents the evaluation findings of the four management models that were assessed against a strategic framework that examined the risks, benefits, and financial impact of each model. The options assessed were:

- an outsourced model;
- an inhouse model;
- a Council Company; and
- a Council Company with Council corporate service support.

The review recommends an outsourced model with a single combined contract that gives due consideration to rising service delivery costs, reduction in and changing patron demand due to the impact of Covid-19, and escalating cost of living pressures (6.0 per cent for year ending June 2023).

The recommended option of an outsourced contract will take 18 to 24 months to implement and will require a variation with Belgravia for a further 15 months until 30 June 2025 for management of Cook and Phillip Park, Ian Thorpe Aquatic Centre, Prince Alfred Park, Victoria Park, and Andrew (Boy) Charlton Pools and Gunyama Park Aquatic and Recreation Centre.

The extension of the contracts will require approval of an increase in the cost of both contracts and additional budget as outlined in Confidential Attachment C to this report.

Recommendation

It is resolved that:

- (A) Council note the confidential Aquatic Leisure Services Management Options Evaluation and Research Report recommendations as outlined in Confidential Attachment A to the subject report;
- (B) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 for the extension of the current contracts for management of Cook and Phillip Park, Ian Thorpe Aquatic Centre, Prince Alfred Park, Victoria Park and Andrew (Boy) Charlton Pools; and the contract for Gunyama Park Aquatic and Recreation Centre;
- (C) Council note that a satisfactory result would not be achieved by inviting tenders for the following reasons:
 - (i) a suitable provider will not be able to be sourced, transitioned into operating and provide value for money in the 15-month period;
 - (ii) extending the term of the current provider will allow the continuation of service to the community while staff conduct an expression of interest and select tender to ensure the best commercial and community service outcomes; and
 - (iii) extending the term of the current provider will also allow staff to incorporate the final recommendations of the Aquatic Leisure Services Management Options Evaluation - Evaluation Summary into the future tender contract and deliverables;
- (D) Council approve the extension of the current contracts for management of Cook and Phillip Park, Ian Thorpe Aquatic Centre, Prince Alfred Park, Victoria Park and Andrew (Boy) Charlton Pools; and the contract for Gunyama Park Aquatic and Recreation Centre for 15 months to 30 June 2025;
- (E) Council approve a variation to the two current contracts with Belgravia Health and Leisure Group Pty Limited as Trustee for The Belgravia Unit Trust to change the term and total contract value of both contracts;
- (F) Council approve the additional operational funds requested until the end of the contract term on 30 June 2025 as outlined in Confidential Attachment C to the subject report. Sufficient funds are allocated within the approved 2023-2024 operating budget and future years' forward estimates;
- (G) Council note the development of an Asset Renewal and Upgrade Plan will be undertaken as part of ongoing asset management work; and
- (H) authority be delegated to the Chief Executive Officer to finalise negotiations and enter into any necessary documentation with Belgravia Health and Leisure Group Pty Limited as Trustee for The Belgravia Unit Trust to give effect to the clauses above.

Attachments

- Attachment A.** Aquatic Leisure Services Management Options Evaluation and Research Report (Confidential)
- Attachment B.** O'Connor Marsden Associates Probity Report (Confidential)
- Attachment C.** Financial and Contractual Implications (Confidential)

Background

1. The City owns six world-class aquatic leisure centres in its local area that generate significant health, social and economic benefits for the community. It is a large, complex, public-facing and market driven service. The centres operate approximately 98 hours per week and are open 363 days a year.
2. Incorporating a mix of year-round and seasonal centres, they collectively represent the largest frontline service offered by Council to the community, including a significant variety of fitness and learn to swim classes each week, and achieved a total of 1.79 million attendances last financial year across both contracts.
3. AusPlay data indicates in New South Wales swimming has the third highest participation rate (17.8 per cent) behind fitness/gym (35.9 per cent) and walking (44.2 per cent).

Current Service Delivery

4. The centres are currently managed through two contracts by Belgravia Health and Leisure Group Pty Ltd as Trustee for The Belgravia Unit Trust (Belgravia):
 - (a) the contract for the management of Cook and Phillip Park Aquatic and Fitness Centre, Ian Thorpe Aquatic Centre, Prince Alfred Park, Victoria Park, and Andrew (Boy) Charlton Pools, (the Five Centre contract) commenced on 1 April 2012; and
 - (b) the contract for management of Gunyama Park Aquatic and Recreation Centre (Gunyama contract) was awarded in October 2019.
5. The two contracts were varied by Council on 17 May 2021 to extend the terms by an additional two years with both contracts to expire on 31 March 2024. The extended contract term was recommended based on:
 - (a) providing continuity of service and deferring tendering the service in a highly risk averse market starting to recover from the significant impact of closures from Covid-19; and
 - (b) completing the strategic review to recommend the most sustainable management model at the expiry of the existing contracts.
6. The second three-month Covid-19 lockdown from July to September 2021 resulted in a complete cessation of the service during that period.

Independent Assessment of Management Options

7. In June 2022, the City engaged Warren Green Consulting (the consultant) to undertake an independent assessment of the prevalent management options in use across the industry. The benefits to the City of completing the management options evaluation included:
 - (a) careful independent assessment of the City's desired outcomes for the service;
 - (b) objective, transparent, and rigorous assessment of options;
 - (c) consideration of the state of services currently provided and the market;

- (d) an understanding of the risk profiles associated with each management model; and
 - (e) enablement of an informed decision made on the optimal best value solution to meet the needs and priorities of the City.
8. The confidential Aquatic Leisure Services Management Options Evaluation and Research Report at Attachment A provides the findings of the evaluation and recommends a preferred management model for the future operation of the centres when the current contracts expire.

Current Service Performance and Covid Recovery

9. The recovery period since the pandemic has been materially impacted by a range of factors that have affected attendance and financial performance. The recovery has more recently been and will continue to be impacted by:
- (a) the city's slow recovery, particularly with only 55 per cent office occupancy levels in June 2022 and international students numbers still below pre-Covid levels means decreased foot traffic and visitation in inner city centres;
 - (b) rising cost of living pressures continue to force people to make difficult decisions about their disposable and discretionary income, and spend on swimming and fitness;
 - (c) the estimated resident population has been relatively stagnant between 2016 and 2023. The number of visits per head of population for the Five Centre contract in 2016 was 8.59, compared to 2022-2023 which was 7.61 visits for the six centres (based on the 2023 population estimation of 235,461). The City's high level of provision for the community means a crossover with catchment areas and likely ongoing market cannibalisation, equally creating challenges where the level of subsidy to provide the service and maintain the assets will continue to increase;
 - (d) a saturated health and fitness market directly competing with the City's centres, with 150 gyms within a 20-minute drive time catchment (ActiveXchange). To a lesser extent, aquatic programming is competing with 14 pools within a 20-minute drive time catchment;
 - (e) labour market considerations with loss of quality staff during pandemic restrictions in 2021 to other industries when JobKeeper and JobSaver support was no longer available. Recruitment and retention challenges, particularly learn to swim instructors, have seen Belgravia move from a certified agreement to an industry Award to remain competitive in the job market;
 - (f) supply chain pressures and associated growing cost of service delivery increases resulting in fixed and variable cost increases, e.g. chemicals, insurances, cleaning; and
 - (g) the age, condition and functionality of Cook and Phillip Park and Victoria Park Pools requiring extensive capital and renewal works to maintain the existing service levels and meet patron expectations.

10. Additional funds may be required in the 2023/24 financial year for this service. In an evolving market, as the post Covid-19 pandemic economic impacts on the City unfold, the financial projections for the aquatic centres over the next 15-month period have been updated. The development of the current year's operating budget occurred in February 2023. The City will monitor the performance of the centres closely and initially look to absorb any required extra funding for the service within the existing Divisional operating budget over the course of the financial year. If needed additional funds will be requested from general contingency as part of a quarterly review to Council.

Potential Management Options

11. The management of multi-purpose aquatic leisure centres is complex, and compliance driven, staff intensive and high risk (both operationally and financially).
12. Research and industry trends indicate potential management models operating in the Australian aquatic leisure industry are:
 - (a) Council Managed (Inhouse Model) – the most traditional model where a Council directly employs management and staff to operate the centres. The model provides full control of operations, pricing, service programming, asset maintenance and lifecycle responsibility, and staffing and ensures full alignment with strategic vision, without the need to manage an intermediary.
 - (b) Outsourced (Third Party Management Group) – this is the current model used by the City. Council contracts out management rights of the centres to either a professional contract management company or an individual to operate all centres. This is usually done through a contract for an agreed term and a set of conditions that bind each party.
 - (c) Council Company (Stand-alone Company) – this model is emerging and involves the Council setting up a separate wholly owned company to manage and operate the centres on its behalf, subject to a full business case and Ministerial approval. This model allows the company to control all centres based on a Management Agreement and key operating directions set up by Council. This option is used where Council's wish management to be more commercial and are prepared to hand responsibility to the company but retain strategic direction and control. The model is still in its infancy, hence there are some unknowns and a higher risk profile. The model generally has higher start-up costs and is better suited to a network of centres due to the economies of scale it can deliver.
 - (d) Council Company with Council Corporate Service Support – this is the same as the Council Company, but Council would provide the corporate services function (e.g. human resources, finance and information technology support).
13. The City's aquatic leisure centres have predominantly operated under an outsourced model since 1999.

Management Options Evaluation Framework

14. The model that Council adopts is a policy decision, balancing the level of risk the Council is willing to take; the commercial return the Council wishes to secure or guarantee; the social and wellbeing benefits the Council is seeking to achieve; and the level of control the Council expects to maintain over both strategic and operational matters.
15. The consultants customised a process to suit the City's circumstances. Guiding principles were formulated in consultation with the Executive to strengthen the strategic planning framework and alignment to Council's relevant strategies, plans and policies. These were:
 - (a) community benefits: community health and wellbeing, inclusiveness, social benefit and community connection; and
 - (b) operational factors: financial performance, asset management, quality management and operational delivery and environmental sustainability.
16. The evaluation process and criteria for the City's review incorporated:
 - (a) guiding principles;
 - (b) level of risk;
 - (c) responsiveness, flexibility, and influence;
 - (d) implementation and establishment plan implications; and
 - (e) financial performance.

Risk Implications

17. The risks that arise from the implementation of each option have been considered and financial risks quantified as part of the high-level cost modelling undertaken by the consultants. The evaluation process also considered operational risks as part of assessing each management model.

Implementation and Critical Dates/Timeframes

18. A decision cannot be delayed as the existing contracts expire on 31 March 2024. It is not achievable for the City to release a tender for a short-term contract to the market and appoint a preferred contractor by the date the existing contracts with Belgravia expire.
19. The timeframe estimated to successfully implement the recommended outsourced model is between 18 to 24 months. This will ensure a smooth service transfer and onboarding from the current contracts to commencement of the new outsourced delivery arrangement on 1 July 2025 outside of peak operational time. It will also align the contract to operate on a financial year basis.

Options

20. The City considered several options in the process:
 - (a) Extend the term of both contracts for an additional 15 months to 30 June 2025. This will ensure no adverse impact to this service that is highly valued by the community and allow the City to implement the recommendations arising from the Aquatic Leisure Services Management Options Evaluation. This is the recommended option.
 - (b) Competitively tender an interim 15-month contract for the management of the six centres to 30 June 2025 and then retender for the new contract. This is unlikely to deliver a cost effective or efficient solution due to the risks of increased costs and complexity of potentially transitioning and establishing a new provider for a short time. This is not recommended.
 - (c) City to manage and operate the centres from 1 April 2024. There is considerable risk associated with this option, notably that the management and operation of this large and high-risk public facing service is complex and requires specialised skills and resources that the City currently does not have and is unlikely to be able to recruit in the time available. This is not recommended.

Relevant Legislation

21. The exemption from tender process has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
22. 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.
23. Attachments A to C contain 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.
24. 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.

Probity Report

25. All negotiations with Belgravia were conducted in principle and in the presence of the probity advisor from O'Connor Marsden Associates (OCM). OCM has provided a report confirming the negotiations have been conducted in accordance with the endorsed probity plan (Attachment B).

VERONICA LEE

Director City Services

Collette Holland, City Leisure Services Manager

Joel Johnson, Manager City Greening and Leisure

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Item 5.

Tender - T-2023-1008 - City Recital Hall Refurbishment Works Stage 2

File No: X030208.001

Tender No: T-2023-1008

Summary

This report provides details of the tenders received for the City Recital Hall Refurbishment Works Stage 2.

The City leases City Recital Hall from AMP, with the lease commencing 27 October 1999 for a term of 99 years. The City subleases the Hall to City Recital Hall Limited with the current sublease ending 30 June 2025. Under the terms of the lease, the City is responsible for the asset management of the building.

The City Recital Hall Upgrade works project will assist to improve the aesthetic look of the City Recital Hall, with the aim of attracting more clients, generating additional hiring opportunities and improving 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.

City Recital Hall Refurbishment Works Stage 2 include the front of house and back of house works to be delivered over the next two financial years.

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 venue management calendar.

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

This report recommends that Council accept the tender offer of Tenderer P for City Recital Hall Refurbishment Works Stage 2.

Recommendation

It is resolved that:

- (A) Council accept the tender offer of Tenderer P for City Recital Hall Refurbishment Works Stage 2 for the price and contingency outlined in Confidential Attachment A to the subject report;
- (B) Council note that the total contract sum and contingency for City Recital Hall Refurbishment Works Stage 2 is outlined in Confidential Attachment A to the subject report;
- (C) authority be delegated to the Chief Executive Officer to finalise, execute and administer the contracts relating to the tender; and
- (D) Council approve additional funds for the City Recital Hall Refurbishment Works Stage 2 as outlined in Confidential Attachment A to the subject report.

Attachments

Attachment A. Tender Evaluation Summary (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 with the current sublease 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 of attracting more clients, generating additional hiring opportunities and improving 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. Stage 1 construction works included the refurbishment of the ground floor bathrooms, digital poster screens and the Green Room upgrade. These works were completed during the venue's annual shutdown period between December 2022 to January 2023. Some minor works were completed during available access periods up to April 2023.
8. Stage 2 construction works include the front of house and back of house works and are as follows:
 - (a) The Front of House upgrade works under Stage 2 includes foyers, Ash Street rooms, function room, hallways, cloak room, staff room, bars, entries and accessibility lift upgrade and auditorium lighting upgrades.
 - (b) The Back of House upgrade works under Stage 2 includes dressing rooms, ensuites, control room, orchestra room and performer locker rooms.
9. 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.

10. Currently three shutdown periods are scheduled for delivery of Stage 2 works:
 - (a) Shutdown 1: 1 October 2023 - 6 October 2023;
 - (b) Shutdown 2: 14 December 2023 – 14 January 2024; and
 - (c) Shutdown 3: 15 December 2024 – 28 February 2025.
11. Smaller works can also be delivered throughout the year where suitable periods are identified by City Recital Hall in the venue management calendar.
12. The report is recommending engagement of Tenderer P for delivery of refurbishment works under Stage 2 within above nominated shutdown periods.

Invitation to Tender

13. The request for tender was advertised on the City's e-Tendering portal on 28 June 2022 and closed 28 July 2023.
14. The request for Tender was also made available on the Supply Nation and NSW Indigenous Chamber of Commerce websites.

Tender Submissions

15. Six submissions were received from the following organisations:
 - Baseline Projects Pty Ltd (ABN 48 626 079 847)
 - Corporate Interior Projects Pty Ltd (ABN 85 167 255 870)
 - Innovatus Projects Pty Ltd (ABN 84 621 857 841)
 - Maxam & Co Pty Ltd (ABN 61 165 615 976)
 - Rapid Construction Pty Ltd (ABN 35 003 963 620)
 - The Walsh Group Construction Pty Ltd (ABN 94 600 477 978)
16. No late submissions were received.

Tender Evaluation

17. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
18. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.

19. All submissions were assessed in accordance with the approved evaluation criteria being:
- (a) The lump sum price and schedule of prices.
 - (b) Company profile, current commitments and licences indicate capacity, capability to complete the works. Provision of good examples of quality documentation prepared by the Tenderers. Aboriginal and Torres Strait Islander involvement. Local Buy and economic sustainability demonstrated commitment to child safety and meeting fair works requirements.
 - (c) Previous experience and specified personnel and sub-contractors: relevant experience in similar scope, complexity and scale of projects. Personnel allocation, organisational structure contains all proposed resources, qualifications, experience, technical ability, and percentage of time on project; identified sub-contractors and their experiences.
 - (d) Proposed program including: capacity to achieve the program/deliverables, program duration, sequencing and appropriately detailed breakdown of work tasks; and consideration of contract requirements including hold/witness points and milestones. Consideration of City Recital Hall venue performance calendar.
 - (e) Proposed construction methodology including: demonstrated understanding of site-specific requirement and constraints and relevant risk management strategy. Detailed schedule of plant, equipment and any long lead-time item are identified and warranties. Demonstrated construction and operational waste management. Provision of quality and site specific Site Management Plan and Pedestrian and Traffic Management Plan.
 - (f) WHS Management System.
 - (g) Financial and commercial trading integrity including insurances.

Performance Measurement

20. The City will ensure that performance standards are achieved during construction through regular assessment of the following Key Performance Indicators:
- (a) Safety and Environment - works performed safely and in accordance with the approved site-specific management plans; to avoid incidents and non-conformances, ensure the safety of staff and visitors, reflect planning conditions, and align with the City's waste targets.
 - (b) Quality Assurance - works performed in accordance with the Quality Management Plan that captures the project objectives, Inspection and Test Plan, witness points, hold points and monitoring and auditing procedures to manage any non-conforming work.
 - (c) Programming and Resources - works performed in accordance with the approved construction program to ensure the approach and construction methodology aligns with the City's objectives and operational requirements, while maximising the efficient and effective use of resources and materials and ensuring all documentation and contract requirements are submitted on time.

- (d) Communication - weekly site meetings and daily project correspondence; and Cost Variations - all efforts made to mitigate a variation to the contract with negative cost implications so as not to exceed the approved contract contingency.
21. The City will ensure the works are in accordance with the contract documents including the General Conditions of Contract, Preliminaries, Specifications and Schedules.
 22. At the end of construction, the City will assess the contractor and complete a performance review and any lessons learnt shared and utilised in future projects.

Financial Implications

23. Additional funds are required for this project due to market responses to the tender exceeding the budget allocation. Acceptance of the recommended tender will therefore require Council to increase the budget, as detailed in Confidential Attachment A.
24. The total contract sum and contingency for City Recital Hall Refurbishment works Stage 2 is detailed in Confidential Attachment A.

Relevant Legislation

25. The tender has been conducted in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.
26. 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.
27. 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.
28. 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

29. The following key dates apply to this project:

- | | |
|----------------------------------|----------------|
| (a) Contract award and execution | September 2023 |
| (b) Site establishment | October 2023 |
| (c) Commence works on site | October 2023 |
| (d) Date for completion on site | February 2025 |

Options

30. An alternative option is to defer or not proceed with the tendered works. This option is not recommended because it would not align with the City Recital Hall Limited business strategy. This would significantly impact the potential opportunities for the venue's future development. This would also delay completion of the capital works upgrades as part of the lease agreement with City Recital Hall Limited.

Public Consultation

31. The proposed design for the Stage 2 works including front of house and back of house have been developed through ongoing consultation with key stakeholders from City Recital Hall Limited.

KIM WOODBURY

Chief Operating Officer

Sepi Habibipour, Project Manager

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