

4 December 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 30 November 2023**
- 4. Adoption - Corporate Sponsorship Policy**
- 5. Quote - Q-2023-1075 - Management and Acquisition of Contingent Labour**
- 6. Contract Variation - Pymont Community Centre Upgrade Contracts**
- 7. Exemption from Tender and Contract Variation - Corporate Risk Management System**

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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.

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1. Register to speak by calling Secretariat on 9265 9702 or emailing [secretariat@cityofsydney.nsw.gov.au](mailto: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](http://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 6 November 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 30 November 2023**

Document to Follow

## **Item 4.**

### **Adoption - Corporate Sponsorship Policy**

**File No: X023684.002**

#### **Summary**

The City regularly receives requests from organisations to partner with the City in order to support community activity. To enable the City to consider an association with such organisations, a Policy was adopted by Council in 2014. Sponsorship enhances the event experience as well as reduces the cost of current activities or programs produced by the City. It builds relationships with the City's business community. A sponsorship enhances the City's provision of free community events in the local government area. Sponsorship aligns with Sustainable Sydney 2030-2050 Continuing the Vision, by supporting a thriving cultural and creative life.

The purpose of the Corporate Sponsorship Policy is to provide the City with a transparent framework to enable the business community and the City to work together to support community activity.

The Corporate Sponsorship Policy (the Policy) was first adopted by Council on 8 December 2014. The Policy was reviewed and further adopted by Council on 13 May 2019. The Policy applies to all incoming sponsorships received either as cash or value in-kind by the City. It does not apply to outgoing grants and sponsorships given by the City. These are covered by the Grants and Sponsorship Policy.

The Corporate Sponsorship Policy must be adopted by Council.

The final draft Policy (Attachment A) is consistent with the previous Policy. The proposed changes are minimal.

This report is seeking Council's adoption of the draft Corporate Sponsorship Policy, noting that this will replace the Corporate Sponsorship Policy 2019.

## **Recommendation**

It is resolved that:

- (A) Council adopt the updated Corporate Sponsorship Policy as shown at Attachment A to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to make amendments to the Corporate Sponsorship Policy in order to correct any minor drafting errors and to finalise design and accessible formats for publication.

## **Attachments**

**Attachment A.** Draft Corporate Sponsorship Policy 2023 (changes marked-up)



## Background

1. The City regularly receives requests from organisations to partner with the City in order to support community activity. To enable the City to consider an association with such organisations, a Policy was adopted by Council in 2014. The Policy was reviewed and further adopted by Council on 13 May 2019.
2. Incoming sponsorship can be provided as cash or value in-kind, where the sponsor provides a product or service.
3. The length of sponsorship can vary from alignment to one single event or program, to a partnership over multiple years. The value of the sponsorship can also vary.
4. Sponsorship enhances the event experience as well as reduces the cost of current activities or programs produced by the City. It builds relationships with the City's business community. A sponsorship enhances the City's provision for free community events in the local government area.
5. The benefits to a sponsor range from promotion as a supporter of the City program, through to activation in the public domain aligned to the City program. The benefits are tailored to the sponsor's objectives for the partnership and approved by the City.
6. The proposed amendments to the Policy are minimal. Strategic updates include:
  - (a) inclusion of programs in the scope;
  - (b) clarifying the exclusion of incoming government grants from the scope;
  - (c) updating and strengthening the ethical framework;
  - (d) including additional categories under sponsorships not permitted by the City; and
  - (e) simplified responsibilities.

## Key Implications

### Strategic Alignment - Sustainable Sydney 2030-2050 Continuing the Vision

7. 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 policy is aligned with the following strategic directions and objectives:
  - (a) Direction 8 - A thriving cultural and creative life - through sponsorships across Sydney New Year's Eve, Sydney Christmas and Sydney Lunar Festival, we work with partners to activate the City in alignment with each event.

### Organisational Impact

8. The Policy assists staff in determining and communicating the City's response to sponsorship related enquiries from the business community.

**Risks**

9. The adoption, publication and application of the updated policy will support transparency and consistency when the City is receiving sponsorships.
10. Reputational risks associated with receiving sponsorships are mitigated by the inclusion of clear principles in the Policy.

**Social / Cultural / Community**

11. The key benefit for the community is to ensure City activities and programs are enhanced and can deliver enriched experiences.

**Financial Implications**

12. Anticipated cash or value in-kind derived from sponsorship is included in the City's operating budget and Long Term Financial Plan with amounts reviewed each year. These funds assist in reducing the net cost of related activity or programs.

**Relevant Legislation**

13. Local Government Act 1993.

**EMMA RIGNEY**

Director City Life

Adam Sherar, Business Development and Sales Manager

Joann Di Gesu, Partnerships Manager

# **Attachment A**

**Draft Corporate Sponsorship Policy 2023  
(changes marked-up)**

# Corporate Sponsorship Policy

## Purpose

This Policy outlines the City's approach to dealing with sponsorship and details the types of sponsorship arrangements the City will undertake. This Policy **must** be read in conjunction with the City's [Corporate Sponsorship Procedure](#) which details the process that supports the implementation of this Policy.

The City has a range of responsibilities to deliver programs and services under a wide range of legislation. It also produces events which contribute to the vibrant cultural life of Sydney and are generally free to the public. By seeking and receiving sponsorship, the City provides additional resources with which to support specific activities or programs. In addition, the success and public exposure of an activity can be enhanced by sponsorship providing better visitor experiences.

~~Through sponsorship, the City can enhance, extend or reduce the cost of current activities or programs or develop new ones. This is in line with Sustainable Sydney 2030 – 2050 Strategic Direction objective 10.5.1 which expresses the City's intention to "expand revenue from commercial operations, property portfolio and other income generating assets". The City can do this by providing benefits to private sector companies or other government agencies in exchange for money, goods or services to support their activities. In some cases, a sponsor can participate in City events by producing their own associated event.~~

***The City has the opportunity to develop world class sponsorships with organisations encouraging and fostering innovation and creativity.*** These sponsorships will support the City During the community consultation for Sustainable 20230, residents of the City expressed their wish for a city that is vibrant and active. Through the development of sponsorships with a variety of organisations, the City can as we implement better ***Sustainable Sydney 2030 – 2050 Continuing the Vision.***

## Scope

This Policy applies to incoming sponsorships received by the City, It does not apply to outgoing grants and sponsorships given by the City which are covered by the City's Grants and Sponsorships Policy ***or incoming Government Grants.***

This Corporate Sponsorship Policy outlines:

- what sponsorships the City will and will not undertake
- the responsibilities of all parties involved in a sponsorship arrangement in order to ensure there is neither conflict of interest nor negative impact on the City's reputation or probity
- the process for attracting sponsors; and
- the sponsorship approval process.

## Definitions

Term	Meaning
Prospective Sponsors Reviewers	<p>The following directors and managers who are responsible for reviewing the sponsor prospect list:</p> <ul style="list-style-type: none"> <li>○ Chief Executive Officer</li> <li>○ Chief Operating Officer</li> <li>○ Chief Financial Officer</li> <li>○ Director Legal &amp; Governance</li> <li>○ Director City Planning Development &amp; Transport</li> <li>○ Executive Manager Planning &amp; Development</li> <li>○ Manager, Planning Assessment – Planning Assessments</li> <li>○ Chief Procurement Officer</li> </ul>
Sponsorship Assets	<p>The activity (eg e.g. event, program or service) for which sponsorship is being sought.</p>
<b>Program</b>	<p><b><i>Any program, event, project or activity conducted by the City seeking sponsorship</i></b></p>
Sponsorship	<p>A commercial arrangement in which a sponsor provides a cash or in-kind contribution in return for certain specified benefits.</p> <p>Sponsorship can be provided by the corporate sector or private individuals in support of City sponsorship assets.</p> <p>Sponsorship does not include:</p> <ul style="list-style-type: none"> <li>• the selling of advertising space</li> <li>• joint ventures</li> <li>• consultancies; and</li> <li>• unconditional gifts, donations, bequests or endowments.</li> </ul>
<b>Grant</b>	<p><b><i>Cash or value-in-kind support provided to applicants for a specified project or purpose</i></b></p>

## Policy Statement

### Criteria for attracting sponsors

Any sponsorship arrangement that is offered or sought by the City must:

- benefit the City and its residents, workers and visitors
- not create an actual or perceived conflict of interest; and
- not fetter or interfere with the City’s compliance with and exercise of its legislative obligations under the Local Government Act 1993, the Environmental Planning and Assessment Act 1979 and the City’s planning instruments, the Roads Act 1993 or any other legislation.

### Suitable activities for sponsorship

The general types of events/activities that the City may consider suitable as Sponsorship Assets include activities or events such as:

- public and ticketed events
- ~~training~~
- ~~scholarships~~
- awards
- ~~education~~
- industry research
- publications
- exhibitions
- programs ~~;~~ and
- conferences i.e., business forums.

### Benefits for sponsors

The primary benefit for sponsors is a competitively-priced strategy for reaching a target audience and to meet corporate social responsibility goals.

Entitlements include, but are not limited to:

- a. licence to use the City's intellectual property for the event such as logos, content and imagery
- b. branding on event marketing communications including print, press, direct marketing, posters and other collateral
- c. exposure at events through signage, access to floor space for activation and integration into the official event programme
- d. online promotion including banners and sponsored segments; ~~and~~
- e. the ability to develop co-branded marketing initiatives.

Entitlements are determined by collaboration and agreement between the City and the sponsor, and are restricted by legislation and public policy.

### Sponsorships not permitted under this Policy

- a. The City will not undertake sponsorships that:
  - (i) require or imply the City's endorsement of commercial products, services, companies, political parties or individuals;
  - (ii) limit the City's ability to carry out its legislative functions fully and impartially;
  - (iii) restrict access to the City's sponsorship assets by the widest audience possible;
  - (iv) are not consistent with the City's social justice principles of equity, participation, rights and accessibility for all groups in the community;
  - (v) personally benefit individual City employees, or their friends/family;
  - (vi) allow ownership and control of the sponsored sponsorship

- assets to be removed from the City;
  - (vii) pose a conflict with the broader policies and practices of the City; and
  - (viii) pose a conflict between the objectives and values of the City and those of the Sponsor.
- b. The City will not accept sponsorship from entities which derive their principle source of revenue from any of the following activities:
- (i) pornography
  - (ii) production or the sale of tobacco
  - (iii) armaments and weapons manufacturing; ~~and~~
  - (iv) sexual services
  - (v) **gambling activities**
  - (vi) **the use and sale of fur and exotic animal skin products and feathers, other than where is permitted under traditional First Nations cultural practices**
  - (vii) **the extraction or sale of coal, oil or gas.**
- c. Organisations that receive some or all of their income from the provision of ~~gambling activities~~ or the sale of alcohol may provide sponsorship to the City for events that are considered by City staff **employees** to be appropriate.

## Ethics Framework

The City of Sydney will avoid entering into sponsorship agreements with enterprises which are considered to:

- a. pollute land, air or water;
- b. destroy or waste non-recurring resources;
- c. market, promote or advertise products or services in a misleading or deceitful manner;
- d. produce, promote or distribute products or services likely to be harmful to the community;
- e. acquire land or commodities primarily for the purpose of speculative gain;
- f. create, encourage, or perpetuate militarism or engage in the manufacture of armaments;
- g. entice people into financial over-commitment;
- h. exploit people through the payment of below award wages or poor working conditions;
- i. **unlawfully discriminate or encourage lawful discriminatory behaviour, including discrimination based on ability, culture, religion, age gender and sexual orientation in in employment, marketing or advertising practices** ~~discriminate by way of race, religion or sex in employment, marketing or advertising practices; or~~
- j. **sell or promote any prohibited items or services on Council land, such as fur and exotic animal skin products and feathers, other than where is permitted under traditional first nation cultural practices; or**
- k. contribute to the inhibition of human rights generally.

## Retainment of discretion to reject Sponsorship

The City retains the discretion not to accept sponsorship from any entity for any reason.

## Conflicts of Interest and Personal Benefits

Any sponsorship arrangement the City undertakes must not compromise the City's reputation, public image, probity or its ability to fulfil its legislative functions. Any sponsorship arrangement must not impose or imply conditions that would limit or be perceived to limit the City's ability to carry out its functions fully and impartially. There should be no actual, **potential** or perceived conflict between the objectives and values of the City and that of the sponsor.

All sponsorship proposals will be subject to an assessment process and consideration will be made by authorised City ~~staff~~ **employees** of conflict of interest issues that may arise prior to entering into negotiations with potential sponsors. Information will be provided to potential sponsors about the City's expectations, objectives, ethical requirements, sponsor benefits, sponsorship procedures and the criteria against which a proposal will be assessed.

The City will not enter into sponsorship arrangements with a potential sponsor whose interests, objectives and/or mission are in actual conflict with those of the City.

Conflicts arising from personal relationships or financial arrangements of ~~staff~~ **employees** involved in sponsorship assessment, approval or administration will be managed in accordance with the conflict of interest provisions of the City's [Code of Conduct](#).

No employee may seek or receive a personal benefit or be perceived to receive a personal benefit from a sponsorship. Any contribution from the sponsor must be received by the City, not directly to an individual, and must be seen to benefit the City, not an individual.

Sponsors should be aware of and comply with the City's [Statement of Business Ethics](#). ***This will be provided to sponsors on execution of a sponsorship agreement.***

## Attracting Sponsors

In order to ensure equitable opportunities for the business community and other interested parties to consider Sponsorship of the City's Sponsorship Assets, the City will promote this opportunity via a two-stage process:

a. Expression of Interest advertisement

The City will place an annual Expressions of Interest advertisement to ensure the business community and other relevant government and non-government agencies have the opportunity to participate in sponsorship opportunities.

b. Pitching a sponsorship

The City may identify potential sponsors for the City's Sponsorship Assets and may wish to initiate direct contact with the potential sponsor or via third parties that represent the potential sponsor such as advertising, media, public relations, experiential or event agencies. The City may also decide to use an external agent to secure sponsorship.



## Contracting Sponsors

Financial decisions in relation to sponsorship arrangements will be made in accordance with the requirements of the Local Government Act 1993. ***The City will determine how it spends the cash received from the sponsor in accordance with the Local Government Act 1993 and all applicable laws.***

## Managing the sponsorship

A management plan and legally binding agreement must be entered into for each sponsorship arrangement in accordance with the City's approved procedures, delegations and probity arrangements. The sponsorship agreement must not impose or imply conditions that would limit, or appear to limit, the City's ability to carry out its functions fully and impartially. ***All sponsorship agreements will include rights for the City to terminate the agreement if the requirements of this policy are not being met by the sponsor.***

## Transparency of information

Information about sponsorships (excluding monetary values) will be available to the public on request. The City will maintain a register of sponsorships.

All details of each sponsorship will be listed in the City's Annual Report. The value of the sponsorship will not be published as if disclosed would confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business as referred to in Section 10A(2)(c) of the Local Government Act 1993.

## Evaluation

~~Regular financial and performance audits will be conducted in relation to sponsorship arrangements.~~

## Responsibilities

***The Partnerships Manager will:***

- ***manage the annual sponsorship expression of interest advertisement***
- ***develop sponsor prospects list that support the principles and framework in this policy***
- ***send sponsor prospect list via email to the Prospective Sponsors Reviewers for endorsement***
- ***approach potential sponsors and negotiate a sponsorship***
- ***manage sponsorships approved under this policy***

***The Prospective Sponsors Reviewers will:***

- ***individually review any sponsor prospect lists to identify any actual, potential or perceived conflicts of interest and advise the Partnerships Manager***

**Consultation**

*Legal & Governance, Financial Planning & Reporting and Grants & Sponsorship were consulted in the review of this policy.*

**References**

Laws and Standards
<ul style="list-style-type: none"> <li>Local Government Act 1993</li> </ul>
<ul style="list-style-type: none"> <li>The Australian National Audit Office Management of Corporate Sponsorship 1997</li> </ul>
<ul style="list-style-type: none"> <li>Sponsorship in the Public Sector – Independent Commission Against Corruption 2006</li> </ul>
Policies and Procedures
<ul style="list-style-type: none"> <li>Code of Conduct</li> </ul>
<ul style="list-style-type: none"> <li>Corporate Sponsorship Procedure</li> </ul>

**Review period**

This policy will be reviewed every 4 years.

**Approval Status**

Council approved this policy on [DD MONTH YYYY].

**Approval History**

Stage	Date	Comment	TRIM Reference
Original Policy	8 December 2014	Approved by Council	2014/425162-02
Reviewed	12 February 2019	Fit for purpose. No change. Endorsed by the Strategy Implementation PCG (SI PCG) and the Corporate & Strategy Projects Steering Committee (CSP SC).	2019/033696-01
Commence Review Date	13 May 2019	Approved by Council. The report is published on the website and please find the Resolution of council below: ROC 6.7 - 13.05.2019 - Adoption - Corporate Sponsorship Policy	2019/283465
Reviewed	[ ] 2023		Governance to populate

Stage	Date	Comment	TRIM Reference
Commence Review Date	Governance to populate		
Approval Due Date	Governance to populate		

**Ownership and approval**

Responsibility	Role
Author	Partnerships Manager
Owner	Partnerships Manager
Endorser	City of Sydney Executive
Approver	City of Sydney Council

**Item 5.**

**Quote – Q-2023-1075 – Management and Acquisition of Contingent Labour**

Document to Follow

## Item 6.

### Contract Variation - Pymont Community Centre Upgrade Contracts

File No: X038743

#### Summary

This report seeks variations to two existing contracts and approval of 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.

Council approved an additional contingency in June 2023 to manage significant latent conditions which were identified following demolition of the existing building and strip out of the heritage building. These included lead dust and soil contamination, window repairs, services reticulation paths and additional base building services integration.

Further latent conditions 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:

- (A) Council 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) Council 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 A to the subject report;
- (C) Council approve the additional funds sought for the Pymont Community Centre Upgrade works as detailed in Confidential Attachment A to the subject report; and
- (D) authority be delegated to the Chief Executive Officer to negotiate and enter into any documentation required to give effect to these resolutions.

## **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, installation of a lift between the ground and first floors, a new entry foyer, new ground floor office 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 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 room and courtyard play equipment.
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. The concrete structure of the new building is nearing completion with rough-in of services started.

8. In June 2023, Council approved an additional contingency to manage significant latent conditions which were identified following demolition of the existing building and strip out of the heritage building. These included lead dust and soil contamination, window repairs, services reticulation paths and additional base building services integration.
9. During construction, additional works have revealed further latent conditions and necessary scope increases including:
  - (a) Identification of lead dust in the apex (roof) above level 1 where the concealed smoke detectors and sprinkler heads require upgrade.
  - (b) Identification of a non-compliance in the heritage building's existing fire sprinkler system. Necessary upgrades include the installation of new 25mm droppers, 100mm lower than existing under purlin beam to achieve certification.
  - (c) Identification that the design had omitted some required fire detection and intercommunication systems in the heritage building found on further review of the existing ceiling form. Additional smoke detectors are now required.
10. Other identified additional works include:
  - (a) Infrastructure for new Wi-Fi channels throughout the Community Centre to include PAIT Network and Public WiFi along with the included scope for StaffNet/GuestNet.
  - (b) Changes to the soil disposal classification to undertake the ground floor remediation works which was part of the June 2023 Council Report.
  - (c) Budget allowance for the heritage interpretation signage required as a condition of development consent.
11. Additional consultant services will be required to design and document the identified increases in scope.
12. 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

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 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

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

### 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 of the head 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.
17. 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

18. Works commenced onsite in September 2022. Forecast completion of the Pymont Community Centre Upgrade works remains June 2024.

### Options

19. Rectification of the fire services non-compliance is required to obtain the Occupation Certificate. An alternative option would be to tender for another party to undertake the additional works identified. However, this option is not recommended because there are already contractors engaged with significant familiarity with the project and tendering for the works would not represent value for money and cause delay to the delivery of the project and reopening of the Centre.
20. Alternative options for the Public Access IT and Community WIFI channels have been considered. Installation post completion would result in unsightly exposed conduits. Therefore, concealed conduits installed during the current works is recommended. These services are an essential offering for the community, and if delivered as part of the current contract, would be available from the reopening of the Centre.
21. Cost savings and value management opportunities were reviewed, however, were they were minimal and not cost-effective given the advanced stage the project has now reached.

**Public Consultation**

22. There continues to be close liaison between property owners, local businesses, the tenant (SDN Childcare Services), City staff and the contractors to minimise disruption to properties in the area. The head 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 7.

### Exemption from Tender and Contract Variation - Corporate Risk Management System

File No: X095108

#### Summary

This report seeks an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993, for second phase implementation and consulting services for the City's Corporate Risk Management System (known as the Governance, Risk and Compliance (GRC) system).

This report also requests that Council approve a contract variation for the services to be delivered by C A Technology Pty Ltd (ABN: 80 101 710 534).

In 2020, the City entered into a contract with C A Technology Pty Ltd to deliver a Governance, Risk and Compliance system following an open tender process.

The Governance, Risk and Compliance system:

- replaced the City's then existing risk registers; and
- provided new governance registers for policies, investigations and conflicts of interest.

As part of the implementation of the system, staff have identified additional registers that can be appropriately delivered through this system (referred to as the second phase implementation). These include registers for environmental management, child protection, gifts and benefits, organisational procedures and corporate compliance.

There is an existing contract with C A Technology Pty Ltd for the provision of this software. A contract variation is recommended to add scope and budget to allow the delivery of the additional registers.

It is not viable to undertake a new tender for these additional registers as the system is proprietary software owned and developed by C A Technology Pty Ltd. A tender would not result in a satisfactory result as the additional registers are most appropriately incorporated into the existing system.

This report therefore recommends that Council grant an exemption from tender and approve an increase of the contract value to procure the implementation and consulting services from C A Technology Pty Ltd to support current and future enhancements to the City's Governance, Risk and Compliance system.

## 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 the implementation and consulting services for enhancements to the Governance, Risk and Compliance system;
- (B) Council note that a satisfactory result would not be achieved by inviting tenders for this work because:
  - (i) C A Technology Pty Ltd is already engaged to provide the services associated with the Governance, Risk and Compliance system; and
  - (ii) a tender would not result in a competitive tender response because the additional registers can only be provided within the existing system by C A Technology Pty Limited;
- (C) Council approve a variation of the contract with C A Technology Pty Ltd to provide for an increase to the overall contract price and scope to implement enhancements to the City's Governance, Risk and Compliance system as outlined in Confidential Attachment A to the subject report;
- (D) Council approve the revised total contract value and the contingency (inclusive of the additional scope) as detailed in Confidential Attachment A to the subject report; and
- (E) authority be delegated to the Chief Executive Officer to negotiate, execute and administer any contract variations required to give effect to this approval.

## Attachments

**Attachment A.** Financial Implications (Confidential)

## Background

1. In 2019, the City sought to replace the current Risk Management System "INCOM" with a new tool through an open tender.
2. In December 2019, following a tender process, the Chief Executive Officer approved under delegation the City entering into a contract with the successful tenderer, C A Technology Pty Ltd (ABN: 80 101 710 534), to deliver a Governance, Risk and Compliance (GRC) system. This platform ensures that the City can record and manage risk, governance and compliance tasks in a centralised location with appropriate workflows and reporting to ensure reviews and approvals are completed in accordance with the City's requirements.
3. In October 2021, the Chief Executive Officer approved under delegation a contract variation to increase the total contract value. This increase was required to deliver additional module licences that were within the scope of the original engagement of C A Technology Pty Ltd.
4. The GRC platform has been in use for 18 months. The proposed new scope of nine new registers listed below was approved in the 2022/23 budget for the Phase 2 project. These registers have been identified as required by various business units during the development and initial implementation of the GRC platform.
5. The City intends to engage with the incumbent supplier, C A Technology Pty Ltd, to configure the following registers.
  - (a) Environmental Management Plan (EMP) Register
  - (b) Environmental Incidents Register
  - (c) Environmental Risks Register
  - (d) Child Safety Incident Register
  - (e) Legislative and Regulatory Change (LRC) Register
  - (f) Non-compliance Register
  - (g) Obligations Register
  - (h) Procedures Register
  - (i) Gift and Benefits Register
6. The current licencing is sufficient for the additional scope of this project.
7. C A Technology Pty Ltd is the only supplier able to build and configure these registers as they are the intellectual property owners and developers of the CAMMSRisk Management System upon which the GRC system is built.
8. C A Technology Pty Ltd has provided the price estimate for the consultation and implementation services required to deliver these new registers, which is in line with the original engagement contract. The increase however is beyond the contingency allowed for in Phase 1 and exceeds 10 per cent of the current approved total contract value.

### Financial Implications

9. There are sufficient funds allocated for this project within the current year's capital works budget and future years' forward estimates.
10. The revised total contract value and the contingency (inclusive of the additional scope) are detailed in Confidential Attachment A.

### Relevant Legislation

11. 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.
12. Attachment A contains confidential commercial information of the supplier 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.
13. 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

14. The GRC platform implementation for the nine new registers is expected to be completed by July 2024.

### Options

15. An alternative option is for the Council not to approve an exemption from tender and the contract variation to increase the total contract value. This option is not recommended because it would limit the City's ability to manage and report on the governance, risk and compliance issues required to meet its obligations to the community.

### KIRSTEN MORRIN

Director Legal and Governance

Mat Butt, Project Manager

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