

Strathbogie Shire Council

# Extraordinary Council Meeting Agenda

February 28, 2023

### **Acknowledgement of Country**

We acknowledge the traditional custodians of the lands on which we strive, the peoples of the rivers and the hills of the Strathbogie Shire region who walked these lands for generations.

We pay our respects to the elders of the past, and the speakers of the first words, who lived in harmony with this country.

We acknowledge the elders of the present, who seek to regain their culture, and to teach the elders of the future their law, their history and their language.

We pay our respects to them and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

We honour their spirit – and the memory, culture, art and science of the world's oldest living culture through 60,000 years.

## **Agenda**

### **Extraordinary Council Meeting**

**Tuesday, February 28, 2022, at 6.00pm**

**Meeting to be held virtually and livestreamed on Council's website:**

<https://www.strathbogje.vic.gov.au/council/our-council/council-meetings-and-minutes/>

#### **Council:**

Cr Laura Binks (Mt Wombat Ward) – Mayor  
Cr Paul Murray (Hughes Creek Ward) – Deputy Mayor  
Cr David Andrews (Lake Nagambie Ward)  
Cr Reg Dickinson (Lake Nagambie Ward)  
Cr Sally Hayes-Burke (Seven Creeks Ward)  
Cr Kristy Hourigan (Seven Creeks Ward)  
Cr Chris Raeburn (Honeysuckle Creek Ward)

#### **Officers:**

Julie Salomon – Chief Executive Officer  
Amanda Tingay – Director Community and Planning  
Dawn Bray – Director People and Governance  
Vlad Adamek – Director Sustainable Infrastructure  
Kristin Favaloro – Executive Manager Communications and Engagement

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2. Acknowledgement of Traditional Land Owners
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4. Disclosure of Conflicts of Interest
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Julie Salomon  
**CHIEF EXECUTIVE OFFICER**

February 24, 2023

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	<b>CONFIDENTIAL APPENDICES</b>	
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	Appendix 1: Tender Evaluation for Contract No. 22/23-33: Provision of Flood Damaged Rectification Sealed Road Works (patching) - with optional Panel of Suppliers provisions	
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## 5. NOTICE OF RESCISSION

### 5.1 Notice of Recission – Items from the 21 February 2023 Ordinary Council Meeting:

#### 9.3.1 Mid-Year Budget Review 2022/23

#### 9.4.1 Contract Variation – Contract No. 20-21-65: Harrys Creek and Bonnie Doon Roads Intersection Realignment

#### 9.4.3 Tender for Contract No. 22/23-33: Provision of Flood Damaged Rectification Sealed Road Works (Patching) – with Optional Panel of Suppliers Provisions

#### 9.4.4 Tender for Contract No. 22/23-34: Provision of Flood Damaged Rectification Un-Sealed Road Works with Optional Panel of Suppliers Provisions

#### *Executive Summary*

On 22 February 2023, the Chief Executive Officer received a Notice of Rescission Form for four items that were considered by Council at its 21 February 2023 Ordinary Council meeting.

The Notice of Rescission was lodged under Governance Rule 57, Division 1.9 of the Strathbogie Shire Council Governance Rules.

The requirements of Governance Rule 57 in relation have been met as the items had not been acted upon as per Governance Sub Rule 57.4.

Accordingly, the Notice of Rescission was circulated by the Chief Executive Officer via email on 22 February 2023.

In addition, and consistent with the Governance Rules, the Mayor, Cr Laura Binks called for an Extraordinary Meeting of Council to be held on Tuesday 28 February 2023 to consider the Notice of Rescission and various Notices of Motion lodged by Councillors Laura Binks, Sally Hayes-Burke and Chris Raeburn.

A Notice of Rescission may be moved by any Councillor present but may not be amended.

The following Notices of Motion cannot be dealt with unless the Notice Rescission is carried. As such, if the rescission motion is lost, officers will give effect to the resolutions made at the 21 February 2023 Council meeting in relation to items 9.3.1, 9.4.1, 9.4.3 and 9.4.4.

Furthermore, in accordance with the Governance Rules, if the Rescission Motion is lost, a similar motion may not be put before Council for at least three months from the date it was last lost unless Council resolves that it be re-listed at a future meeting.

If the Notice of Rescission is carried, then the subsequent Notices of Motion can be considered.

5.1 Notice of Rescission – Items from the 21 February 2023 Ordinary Council Meeting (cont.)

***The Notice of Rescission:***

We, Councillors Laura Binks (Mayor), Chris Raeburn and Sally Hayes-Burke wish to lodge the following Notice of Rescission under Governance Rule 57.

We write to provide notice of our request for you to place this rescission motion on four items considered at the Ordinary Council Meeting of 21 February 2023 as per clause 57 under the Strathbogie Shire Council Governance Rules.

The motions which we seek to rescind relate to items 9.3.1, 9.4.1, 9.4.3 and 9.4.4 (as identified above) from the Ordinary Council meeting Agenda of 21 February 2023 is:

*That Council note the Mid-Year Review financial statements for the period ending 30 June 2023 and that we refer the matter to the Audit and Risk Committee and review the mid-year financial statements at our next Council meeting.*

*Item 9.4.1 That Council defer the report and receive a further report from officers.*

*Item 9.4.3 That Council defer the report and receive a further report from officers.*

*Item 9.4.4 That Council defer the report and receive a further report from officers.*

The Notice of Motion, accompanied by the Officer reports on the agenda of 21 February 2023 as background information, we wish to be placed on the agenda are:

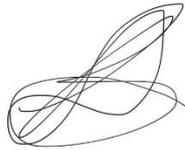
1. *That Council note and endorse the Mid-Year Review financial statements for the period ending 30 June 2023.*
2. *That Council:*
  1. *Accept the variation of \$113,995.20 increasing the value of Contract No 20-21-65 Harrys Creek & Bonnie Doon Roads Intersection Realignment, to \$537,200.14 to cover additional works required to complete the work, and*
  2. *Authorise responsible council officers to accept further variations up to the value of \$110,000.00 to cover any possible additional works required to complete the project, and*
  3. *Note that the additional budget allocations can be accommodated within the 2022/23 Capital works budget.*
3. *That Council:*
  1. *Awards the tender for Contract No 22/23-32 – Provision of Flood Damaged Rectification Sealed road works (patching) to Country Wide Asphalt Pty Ltd of Wodonga for lump sum price of \$354,108.00 including GST;*
  2. *Awards the Tender as Panel of Suppliers option to: Country Wide Asphalt Pty Ltd and Cleaves Earthmoving and Drainage Pty Ltd;*

5.1 Notice of Rescission – Items from the 21 February 2023 Ordinary Council Meeting (cont.)

3. *Authorises officers to advise the unsuccessful tenderers; and 4. Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.*
4. *That Council:*
  1. *Awards the tender for Contract No 22/23-34 – Provision of Flood Damaged Rectification Un-Sealed road works as a panel contract, awarding contracts to the following contractors for a combined maximum value of \$1,900,000 inclusive of GST, as follows: Country Wide Asphalt Pty Ltd of Wodonga, Extons Pty Ltd of Benalla, HP Hire (Vic) Pty Ltd of Euroa, Kipping DIRTWORX Pty Ltd of Euroa, and Seven Creeks Excavations Pty Ltd of Euroa;*
  2. *Authorises the Chief Executive Officer Award individual contracts to members of the panel to a maximum value of \$500,000, including GST, with the maximum value of all of the packages to be not greater than \$1,900,000, inclusive of GST;*
  3. *Authorises officers to advise the unsuccessful tenderers; and*
  4. *Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.*

Signed:

Councillor



Councillor



Councillor



Date:

22/02/23

5.1 Notice of Rescission – Items from the 21 February 2023 Ordinary Council Meeting (cont.)

**MOTION:**

**That Council:**

1. **Rescind the following resolutions made in relation to Items 9.3.1, 9.4.1, 9.4.3 and 9.4.4 at its 21 February 2023 Ordinary Council meeting:**

**Item 9.3.1**

**That Council note the Mid-Year Review financial statements for the period ending 30 June 2023 and that we refer the matter to the Audit and Risk Committee and review the mid-year financial statements at our next Council meeting.**

**Item 9.4.1**

**That Council defer the report and receive a further report form officers.**

**Item 9.4.3**

**That Council defer the report and receive a further report form officers.**

**Item 9.4.4**

**That Council defer the report and receive a further report form officers.**

2. **That the following Notice of Motions, accompanied by the Officer reports on the agenda of 21 February 2023 as background information placed on this Agenda, be considered separately and in turn under Item 6 of this Agenda:**

1. **That Council note and endorse the Mid-Year Review financial statements for the period ending 30 June 2023.**

2. **That Council:**

- 2.1. **Accept the variation of \$113,995.20 increasing the value of Contract No 20-21-65 Harrys Creek & Bonnie Doon Roads Intersection Realignment, to \$537,200.14 to cover additional works required to complete the work, and**
- 2.2. **Authorise responsible council officers to accept further variations up to the value of \$110,000.00 to cover any possible additional works required to complete the project, and**
- 2.3. **Note that the additional budget allocations can be accommodated within the 2022/23 Capital works budget.**

3. **That Council:**

- 3.1 **Awards the tender for Contract No 22/23-32 – Provision of Flood Damaged Rectification Sealed road works (patching) to Country Wide Asphalt Pty Ltd of Wodonga for lump sum price of \$354,108.00 including GST;**

5.1 Notice of Rescission – Items from the 21 February 2023 Ordinary Council Meeting (cont.)

**3.2 Awards the Tender as Panel of Suppliers option to: Country Wide Asphalt Pty Ltd and Cleaves Earthmoving and Drainage Pty Ltd;**

**3.3 Authorises officers to advise the unsuccessful tenderers; and 4. Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.**

**4. That Council:**

**4.1 Awards the tender for Contract No 22/23-34 – Provision of Flood Damaged Rectification Un-Sealed road works as a panel contract, awarding contracts to the following contractors for a combined maximum value of \$1,900,000 inclusive of GST, as follows: Country Wide Asphalt Pty Ltd of Wodonga, Extons Pty Ltd of Benalla, HP Hire (Vic) Pty Ltd of Euroa, Kipping DIRTWORX Pty Ltd of Euroa, and Seven Creeks Excavations Pty Ltd of Euroa;**

**4.2 Authorises the Chief Executive Officer Award individual contracts to members of the panel to a maximum value of \$500,000, including GST, with the maximum value of all of the packages to be not greater than \$1,900,000, inclusive of GST;**

**4.3 Authorises officers to advise the unsuccessful tenderers;**

**4.4 Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.**

For the Motion to Rescind

Against the Motion to Rescind

5.1 Notice of Rescission – Items from the 21 February 2023 Ordinary Council Meeting (cont.)

**Background and Discussion**

Resolutions relating to these four items were made at the Council meeting of 21 February 2023 and all relate to the mid year review.

As councillors, we firmly believe that given Council did not endorse the mid year review at the meeting of 21 February 2023, it means that Council is now placed in a challenging financial position where flood recovery contracts cannot be issued due to lack of funding provision.

The decisions were made on the premise that the Audit and Risk Committee have jurisdiction around giving financial advice to Council on the details of its mid year review (and annual budgets), which we understand is not the Committee's role under the Local Government Act 2020, nor the Audit and Risk Committee Charter.

By not endorsing the mid year review, which has been formed to reprioritise funds and human resources on flood recovery, we consider that this places Council in the untenable position where roadworks such as the Harrys Creek Road contract variation are not funded in the current budget.

Further, we commend the work undertaken by officers to ensure Council was ahead of other councils seeking contractors for urgent flood repair works. This flood repair work to fix our roads, something that the community has told us is a priority, has now been undermined by not approving the mid year review. These works will not be able to proceed as they are not funded in the capital works program for 2022-23 adopted by Council in June 2022.

This not only significantly impacts on our municipal community but also on the future financial viability of Council.

**Conclusion**

We urge our fellow councillor colleagues to endorse the mid year review that will not only bring our budget back in balance, but also allow funds to be allocated for the three other infrastructure works items we seek rescission motions for.

**Attachments**

Nil

## 6. NOTICE OF MOTION

### ***Executive Summary***

The Chief Executive Officer received a Notice of Motions from Mayor Binks, Cr Raeburn and Cr Hayes Burke that complies with the requirements of Governance Rule 35.

The Notice of Motion has been divided into items under this section to allow each item and Recommendation as per the Notice of Motion to be considered individually and in turn under Items 6.1 to 6.4. Confidential attachments relating to Items 6.2 – 6.4 are listed under Item 7 Confidential Items.

### ***Notice Of Motion:***

We, Councillors Laura Binks (Mayor), Chris Raeburn and Sally Hayes-Burke

Wish to lodge the following Notice of Motion under Governance Rule 35.

The notice of motions, accompanied by the Officer reports from the agenda of 21 February 2023 as background information, we wish to be placed on the agenda are:

Recommendation:

1. That Council note and endorse the Mid-Year Review financial statements for the period ending 30 June 2023.

Recommendation:

2. That Council:

1. Accept the variation of \$113,995.20 increasing the value of Contract No 20-21-65 Harrys Creek & Bonnie Doon Roads Intersection Realignment, to \$537,200.14 to cover additional works required to complete the work, and
2. Authorise responsible council officers to accept further variations up to the value of \$110,000.00 to cover any possible additional works required to complete the project, and
3. Note that the additional budget allocations can be accommodated within the 2022/23 Capital works budget.

Recommendation:

3. That Council:

1. Awards the tender for Contract No 22/23-32 – Provision of Flood Damaged Rectification Sealed road works (patching) to Country Wide Asphalt Pty Ltd of Wodonga for lump sum price of \$354,108.00 including GST;
2. Awards the Tender as Panel of Suppliers option to: Country Wide Asphalt Pty Ltd and Cleaves Earthmoving and Drainage Pty Ltd;
3. Authorises officers to advise the unsuccessful tenderers; and 4. Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.

Recommendation:

4. That Council:

1. Awards the tender for Contract No 22/23-34 – Provision of Flood Damaged Rectification Un-Sealed road works as a panel contract, awarding contracts to the following contractors for a combined maximum value of \$1,900,000 inclusive of GST, as follows: Country Wide Asphalt Pty Ltd of Wodonga, Extons Pty Ltd of Benalla, HP Hire (Vic) Pty Ltd of Euroa, Kipping DIRTWORX Pty Ltd of Euroa, and Seven Creeks Excavations Pty Ltd of Euroa;
2. Authorises the Chief Executive Officer Award individual contracts to members of the panel to a maximum value of \$500,000, including GST, with the maximum value of all of the packages to be not greater than \$1,900,000, inclusive of GST;
3. Authorises officers to advise the unsuccessful tenderers; and
4. Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.

Signed: Councillor



Councillor



Councillor



Date: 22/02/23

## 6.1 **Mid-Year Budget Review 2022/23**

Author: Chief Finance Officer

Responsible Director: Director People & Governance

### ***EXECUTIVE SUMMARY***

A mid-year budget review for the 2022-23 financial year has been undertaken as a means of tracking where the delivery of the budget and capital works program is at and also to better inform the development of the 2023-24 budget and revision of our 2022-23 to 2031-32 Long Term Financial Plan.

There are a number of significant factors at play that have impacted on the mid-year review; some positive and some negative. Overall, it is an increasingly tight and difficult financial environment that Council is operating in.

The cost of materials and services has increased significantly (a \$4.5 million impact), there are materials shortages that are impacting on project delivery and overall project costs, the labour market is very tight and it is difficult to find staff to fill vacancies (particularly in specialist positions) and interest rates have been rising beyond our expectations at the start of the financial year.

The impact of the October 2022 flood event cannot be overstated.

This has not only led to escalated staffing costs in after hours emergency costs (\$30,000), but it will also divert funds from our existing capital works program to ensure that roads, bridges and drains are repaired and upgraded to achieve better flood resilience.

While some of the repair costs will be covered by insurance and Government Grants – the latter for which we have already received \$1.5 million, the expected overall damage bill to buildings, roads and other Council infrastructure is in the tens of millions.

Having said that, the mid-year review has led to an adjustment of our financial year records of an improvement in the operating result of \$3,675,730. Cash reserves at the end of the year will be \$7.3 million, which means Council is able to achieve its goal of having at least \$5 million in cash and cash equivalents at any one time.

There is an overall decrease in capital expenditure by \$1,589,804 when compared to the adopted Budget. This is made up of:

- Capital projects carried forward from prior year - \$5,548,362 (add \$)
- New capital projects identified (grant funded) - \$420,456 (add \$)
- Market cost escalations on existing projects - \$1,275,098 (add \$)
- Savings on existing projects - \$1,003,541 (subtract \$)
- Projects identified as operational/maintenance - \$94,000 (subtract \$)
- Projects carried forward to future years - \$4,926,691 (subtract \$)
- Projects removed from adopted capital works program - \$2,809,855 (subtract \$).

## 6.1 Mid-Year Budget Review 2022/23 (cont.)

Overall, the 2022-23 financial year will end up with a positive operating result, however there are challenges ahead in terms of the significant adverse economic environment that Council is operating in, along with the increasing cumulative detriment of the rate capping environment which will impact on our ability to deliver a broad capital works program and other services into the future.

Unfortunately, the Audit and Risk Committee have not had an opportunity to be presented with the mid-year review due to timing, however they will be presented with the review for noting at its 3 March 2023 meeting.

The mid-year review, and associated financial statements, are presented to Council for noting.

### **RECOMMENDATION**

***That Council note and endorse the Mid-Year Review financial statements for the period ending 30 June 2023.***

### **PURPOSE AND BACKGROUND**

The 2022/23 Budget was prepared in accordance with the Local Government Act 2020 (the Act) and was formally adopted at ordinary Council meeting held on 21 June 2022 after being subject to community engagement and input.

Under Section 96 and 97 of the Act, Council must establish and maintain a budgeting and reporting framework that is consistent with the principles of sound financial management. Undertaking a mid-year review to assess where the budget is currently at, and how this may impact the development of the 2023-24 budget, satisfies these requirements.

### **ISSUES, OPTIONS AND DISCUSSION**

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that priority is to be given to achieving the best outcomes for the municipal community, including future generations.

### **Process**

As part of the mid-year budget process, all operating income, expense line items and capital projects were reviewed by each department manager to identify potential changes to the adopted budget.

Spending priorities were assessed based on various factors such as already committed work, grant funding agreement commitments, prioritising flood recovery initiatives and discussions with Council in relation to the organisation's ability to deliver the capital works program.

These changes were assessed and approved by the Executive Leadership Team for the consideration and adoption by Council.

## 6.1 Mid-Year Budget Review 2022/23 (cont.)

### ***Factors informing the Mid-Year Review***

The following factors were considered during the mid-year review.

- Natural disasters/flood – Asset maintenance and capital projects were prioritised around flood recovery work. Additional expenditure and related grant income are included in the mid-year budget. The quantum of National Disaster Funding Assistance (NDFA) funding and insurance recovery payments are unknown at this stage.
- Macro-economic factors affecting Council operations - High inflation, labour and material shortage, shortage of contractors and high interest rates were considered during the mid-year budget review. As a result, mid-year and long-term budget assumptions were changed to reflect latest market trends.
- Our capacity to deliver – the organisation’s capacity to deliver capital projects depends upon various factors including availability of contractors and materials, weather, and availability of in-house project officers to manage capital projects. Sourcing of contractors is particularly difficult during natural disaster events as surrounding councils are competing for the same contractor in regional area. Officers have worked hard to assess the damage quickly and work with our insurers to ensure we can secure contractors quickly before other Councils have completed similar assessments.
- The mid-year budget includes income and expense items that were not originally identified in the adopted budget. These include flood recovery related grant income and expense (an additional \$1.5 million in income), electoral representation review expense (an additional \$65,000 in costs), extension of the Human Resource Advisor position to assist with the implementation of our Workforce Plan and Gender Equity Action Plan (a \$60,000 in costs), increased after hours emergency call out allowance due to floods/storms(an additional \$30,000 cost), Nagambie splash park maintenance (an additional \$65,000 in costs) and unexpected grant funding for new capital projects (an increase of \$420,000 in income).

These micro and macro-economic factors affect council operations both in short term and longer term. As a result, cash position and current ratio (current assets to current liabilities) have deteriorated over 10-year period. Removal of non-priority capital projects from our extensive capital works program will ease adverse long-term impacts on Council’s overall financial position.

The major variations made to our financial statements as a result of the mid-year review are:

#### Positive

- Grant funding received in 2021/22 but income recognised in 2022/23.
- Grant funding received but not budgeted – Flood recovery related grants.
- Increase in interest income and increased user fees income.

6.1 Mid-Year Budget Review 2022/23 (cont.)

Negative

- Carried forward expenditure from 2021/22.
- Flood recovery expenditure (offset by grants income).
- Removal of capital projects.

In relation to the current year, the forecasted operating surplus at the end of the period ending 30 June 2023 is \$5,536,217.

Capital works for 2022/23 is expected to be \$20,974,196 including committed works.

After extensive discussions, the following capital projects are proposed to be removed from the capital projects list to prioritise flood recovery works, reflect our capacity to deliver projects and ensure that Council's ongoing financial position is a sustainable one.

<p>Fix tracks &amp; asphalt training tracks.</p> <ul style="list-style-type: none"> <li>• In progress, to be delivered as part of the Reseal Program</li> </ul>	<p>Euroa Saleyards - Security System (cameras) (project not proceeding)</p> <ul style="list-style-type: none"> <li>• Works subject to completion of Privacy Policy Agreement.</li> </ul>
<p>Avenel Vic Track Land- Carpark -Pitch My Project.</p> <ul style="list-style-type: none"> <li>• Project not proceeding. Council does not have an agreement in place with Vic Track. Vic Track have been approached but are yet to formally respond</li> </ul>	<p>Euroa Depot - Upgrade maintenance shed.</p> <ul style="list-style-type: none"> <li>• Ongoing works have commenced from alternate budget allocation</li> </ul>
<p>Euroa Bowling Club - Male Toilet Renovation</p> <ul style="list-style-type: none"> <li>• Funded under flood recovery - in construction</li> </ul>	<p>Civic Centre Toilet Upgrade (savings)</p> <ul style="list-style-type: none"> <li>• Savings - project currently out for Quotations</li> </ul>
<p>Plant and Equipment purchases deferred to future years</p> <ul style="list-style-type: none"> <li>• Review of existing plant and equipment underway to reflect the current maintenance needs</li> </ul>	<p>Strathbogie Memorial Hall Kitchen Upgrades</p> <ul style="list-style-type: none"> <li>• Project to be re-scoped – insufficient funds to undertake the project</li> </ul>
<p>Strathbogie Memorial Hall-Bike Racks - Pitch My Project</p> <ul style="list-style-type: none"> <li>• Project completed from existing materials.</li> </ul>	<p>L Building - Longwood Community Centre - Interior Painting (deferred to a future year).</p> <ul style="list-style-type: none"> <li>• Works deferred to future years</li> </ul>
<p>Avenel Primary School scope parking solution.</p> <ul style="list-style-type: none"> <li>• Project on Education Department land</li> </ul>	<p>Pit &amp; Pipe Replacement Program.</p> <ul style="list-style-type: none"> <li>• No section renewed this financial year.</li> </ul>
<p>Violet Town Bush Nursing Centre - Car Parking Area Rose St.</p> <ul style="list-style-type: none"> <li>• Project not on Council land</li> </ul>	<p>Drainage Strategy &amp; Design for the catchment area at the southwest end of Euroa.</p> <ul style="list-style-type: none"> <li>• To be considered as part a Flood and Stormwater Drainage Strategy</li> </ul>
<p>Construct GPT at Blayney Lane Nagambie Outlet.</p> <ul style="list-style-type: none"> <li>• To be considered as part a Flood and Stormwater Drainage Strategy</li> </ul>	<p>Town Centre Outlet to Lake Nagambie</p> <ul style="list-style-type: none"> <li>• To be considered as part a Flood and Stormwater Drainage Strategy</li> </ul>
<p>Hovell St - Sealed Road between Ewings Rd and Bank St.</p> <ul style="list-style-type: none"> <li>• Currently in design, no budget allocated for construction</li> </ul>	<p>Violet Town Drainage - Survey &amp; Design of Drainage Solutions along Shiffner &amp; Mitchell Streets.</p> <ul style="list-style-type: none"> <li>• To be considered as part a Flood and Stormwater Drainage Strategy</li> </ul>

6.1 Mid-Year Budget Review 2022/23 (cont.)

Mansfield Rd / Kennedy St Intersection upgrade. <ul style="list-style-type: none"> <li>Requires Department of Transport &amp; Planning contribution, looking future programs for availability.</li> </ul>	Red bridge over the Honeysuckle Creek. <ul style="list-style-type: none"> <li>No responses received by market</li> </ul>
Euroa Civic Centre-Strathbogie Shire Main Offices - Carpet replacement. <ul style="list-style-type: none"> <li>Savings – project completed</li> </ul>	Hurley St in Longwood - drainage installation. <ul style="list-style-type: none"> <li>To be considered as part a Flood and Stormwater Drainage Strategy</li> </ul>
Marie Street - Scoping & design to construct gravel section to seal. <ul style="list-style-type: none"> <li>Requires resolution of Boyd Street retaining wall.</li> </ul>	Euroa Apex Walking Track - Street Lighting on Spencer St. <ul style="list-style-type: none"> <li>Insufficient funding</li> </ul>
Kerb & Channel <ul style="list-style-type: none"> <li>No kerbs section renewed this financial year.</li> </ul>	Euroa Lions Park - Solar Lighting <ul style="list-style-type: none"> <li>Project not fully scoped – insufficient funds</li> </ul>
Building - Avenel, Violet Town & Nagambie Pools <ul style="list-style-type: none"> <li>Savings – project to replace chlorinators underway</li> <li>Savings – project completed</li> </ul>	Euroa Apex Walking Track - Upgrade Stage 2 <ul style="list-style-type: none"> <li>Project not fully scoped – insufficient funds</li> </ul>
Arboretum Link from Campbell Street to Arboretum north side (1.5m gravel). <ul style="list-style-type: none"> <li>Insufficient funds to deliver project.</li> </ul>	Forlonge Memorial Road - minibus parking area <ul style="list-style-type: none"> <li>Council will be required to purchase land if project is to proceed</li> </ul>
Euroa Civic Centre Roof/ Toilets/ Fit outs (project not proceeding) <ul style="list-style-type: none"> <li>Savings</li> </ul>	Seven Creeks Masterplan <ul style="list-style-type: none"> <li>Savings – project underway</li> </ul>
Euroa Saleyards sprinkler system. <ul style="list-style-type: none"> <li>Stage 1 completed; no funding allocated to complete remaining works</li> </ul>	Walking Track Renewal Program <ul style="list-style-type: none"> <li>Works to be completed under Flood Recovery</li> </ul>
Euroa Saleyards - PA System (project deferred) <ul style="list-style-type: none"> <li>Works subject to completion of Privacy Policy Agreement.</li> </ul>	

**COMMUNITY ENGAGEMENT**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the municipal community is to be engaged in strategic planning and strategic decision making.

A significant amount of community engagement and participation was undertaken in the development of the 2022-23 budget. There has been no consultation for the mid-year review, which is essentially an internal assessment as to the progress of the budget's implementation and unexpected factors that need to be reflected in Council's financial statements.

Council's Audit and Risk Committee have unfortunately not had the opportunity to review the mid-year financial statements, however they will be presented to the Committee for noting at the Committee's 3 March 2023 meeting.

## 6.1 Mid-Year Budget Review 2022/23 (cont.)

Communities and organisations directly impacted by the removal of capital works will be directly informed of the reasons as to why the project has had to be cancelled.

### ***POLICY CONSIDERATIONS***

#### Council Plans and Policies

The 2022/23 Budget was prepared in accordance with the *Local Government Act 2020* and was formally adopted at a Special Meeting of Council held on 21 June 2022.

The guidance set out in relevant policies, such as the Revenue and Rating Plan and the Long Term Financial Plan have informed this review.

The mid-year review is consistent with the strategies outlined in the 2021-25 Council Plan under:

#### Strategic Focus Area 2: Live. Access. Connect.

- Our integrated service and infrastructure planning enables Council to adapt to and meet changing needs and a growing population.
- We have strategies and long-term capital budgets in place to ensure we work towards all our facilities and buildings being accessible by people of all abilities.

#### Strategic Focus Area 4: Inclusive. Productive. Balanced

- Our services and infrastructure projects are focussed on supporting the development of our local economy, particularly in responding to the challenges of the Covid 19 pandemic and recognising that agriculture is the municipality's key economic driver.
- Our tourism sector is driven by our community and the private sector and provides for a growing range of events, attractions and facilities.

#### Strategic Focus Area 5: Strong. Healthy. Safe

- A comprehensive strategic planning framework guides long term capital works program that delivers a growing range of services, infrastructure and facilities to support improved physical and mental health.

#### Strategic Focus Area 6: Accountable. Transparent. Responsible.

- Maximise public transparency and accountability around our performance and decision making processes.
- Be financially responsible, achieving the greatest possible community benefit from the programs, initiatives and services we fund.
- Ensure our organisation's structure and resource allocation are regularly reviewed so they align with the goals and deliverables of the Community Vision and this Council Plan.

#### Regional, State and National Plans and Policies

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that regional, state and national plans and policies are to be taken into account in strategic planning and decision-making.

## 6.1 Mid-Year Budget Review 2022/23 (cont.)

Applicable regional, state and national plans and policies have been taken into account when preparing mid-year budget review.

### **LEGAL CONSIDERATIONS**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that Council decisions are to be made and actions taken in accordance with the relevant law.

While there are changes to the capital works program and a range of unexpected costs and savings, the changes are not of a nature to require a new budget to be prepared under the Act.

The consideration of a mid-year review is a key way in which Council implements the strategic financial management principles outlined in section 101 of the Act, which are:

- (a) *revenue, expenses, assets, liabilities, investments and financial transactions must be managed in accordance with a Council's financial policies and strategic plans;*
- (b) *financial risks must be monitored and managed prudently having regard to economic circumstances;*
- (c) *financial policies and strategic plans, including the Revenue and Rating Plan, must seek to provide stability and predictability in the financial impact on the municipal community;*
- (d) *accounts and records that explain the financial operations and financial position of the Council must be kept.*

### **Conflict of Interest Declaration**

All officers, and/or contractors, involved in the preparation of this report have signed a written declaration that they do not have a conflict of interest in the subject matter of this report.

There are no declared conflicts of interest.

### **Transparency**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the transparency of Council decisions, actions and information is to be ensured.

The consideration of this report in the public arena, outlining the positive and negative influences on Council's financial position, along with the listing/communication of capital works projects that have been removed 2022/23 budget process, is aimed at achieving greater transparency and accountability around our financial management.

### **FINANCIAL VIABILITY CONSIDERATIONS**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the ongoing financial viability of the Council is to be ensured.

The net estimated financial impact from the mid-year budget review is an improvement of \$7,355,264.

## 6.1 Mid-Year Budget Review 2022/23 (cont.)

However, it must be noted that savings in the capital works programs and operational budgets have had to be found to ensure Council's cash and cash equivalent reserves are sufficient enough to ensure our position is sustainable in the face of a very challenging economic and service delivery environment.

### ***SUSTAINABILITY CONSIDERATIONS***

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.

#### **Economic**

The mid-year budget report provides updated details on how the Council generates income and spends funds during the financial year. Our report is intended to inform the community of the wider financial and economic impact of council activities. A focus on flood recovery capital works is a key way in which Council can support the community's recovery from the October 2022 flood event.

#### **Social**

Strathbogie Shire Council, in partnership with other levels of government, is responsible for aspects of everyday life that our community value – from our public open space to accessible libraries, to strong local business and employment opportunities.

Effective planning and reporting by councils is essential for ensuring transparency and accountability to the community and other levels of government as to how public money is being spent and the quality of services delivered.

The mid-year budget review provides an insight into to how the council will spend its funds during 2022/23.

#### **Environmental**

There are no adverse effect on environmental initiatives from the mid-year budget changes.

#### **Climate change**

There are no adverse effect on climate change from the mid-year budget changes.

### ***INNOVATION AND CONTINUOUS IMPROVEMENT***

Council continues to refine its budget and the proposed changes in the mid-year budget will better reflect its actual expenditure by the year end.

### ***HUMAN RIGHTS CONSIDERATIONS***

There are no human rights implications in relation to the *Charter of Human Rights and Responsibilities Act 2006* arising from this report.

6.1 Mid-Year Budget Review 2022/23 (cont.)

**CONCLUSION**

That following a comprehensive review of every expenditure and capital works item by the Management Team and the Executive Leadership Team, that Mid-Year Review for the period ending 30 June 2023, along with its financial statements, be noted.

**ATTACHMENTS**

**Attachment 1:** Mid-Year Budget Review Financial Statements (*separate attachment*)

## 6.2 **Contract Variation – Contract No. 20-21-65: Harrys Creek and Bonnie Doon Roads Intersection Realignment**

Author: Manager Projects Delivery, Senior Project Officer

Responsible Director: Director Sustainable Infrastructure

### ***EXECUTIVE SUMMARY***

Harrys Creek and Bonnie Doon Roads Intersection Realignment project formed part of Council's 2020/21 Capital Works Program which carried forward to 2021/22 and subsequently to 2022/23. The primary objective of the project is to improve road safety at the intersection.

At the April 2021 Council Meeting, Council approved to award Contract No 20/21-65 for Harrys Creek and Bonnie Doon Road Intersection Realignment to 'Wrights Earthmoving Pty Ltd', after emerging as the preferred tenderer following a competitive tender process. The lumpsum contract was awarded to the contractor for a total sum of \$352,516.30. As the execution of works delayed due to tree permit issues Council agreed to revise the Contract price to \$423,204.94. Budget allocation was adjusted to suit this amount in this financial year.

Contract works commenced in December 2022 and contractors proceeded to remove the existing road, there was a significant amount of soft ground treatment emerged as the works progressed. These latent conditions are due to natural springs that are located underneath the pavement area to be constructed. It is essential to perform proper treatment to build up the new road pavement to achieve expected durability thereby providing best value for the shire assets. In addition, the surrounding community requested additional bus bay to be construct through the project to facilitate school bus pick up at the intersection to ensure safety for children accessing the bus.

These latent conditions and additional requirements result in a cost increase of \$113,995.20 which is 26.94% increase on Contract value revised recently. The new Contract value of the project would be \$537,200.14 should this variation be approved.

Given the topography of the site, there is further possibility that more soft saturated ground will be discovered when the remaining work area is excavated for construction. This will yield potential variations amounting up to \$110,000.00 based on current expenditure to treat and complete the project as per the standards.

*Note: All monetary values mentioned in this report are inclusive of GST.*

6.2 Contract Variation – Contract No. 20-21-65: Harrys Creek and Bonnie Doon Roads Intersection Realignment (cont.)

**RECOMMENDATION**

**That Council:**

1. **Accept the variation of \$113,995.20 increasing the value of Contract No 20-21-65 Harrys Creek & Bonnie Doon Roads Intersection Realignment, to \$537,200.14 to cover additional works required to complete the work, and**
2. **Authorise responsible council officers to accept further variations up to the value of \$110,000.00 to cover any possible additional works required to complete the project, and**
3. **Note that the additional budget allocations can be accommodated within the 2022/23 Capital works budget.**

**PURPOSE AND BACKGROUND**

This report seeks Council approval of the proposal to increase the value of Contract No 20/21-65 – Harrys Creek & Bonnie Doon Roads Intersection Realignment by \$113,995.20 (26.94%) to cover additional works required to complete the work.

Contract work of Harrys Creek & Bonnie Doon Roads Intersection Realignment commenced in December 2022 after final approval for the tree removal permit was issued. During works it was identified that a significant area of soft ground treatment works were required, these works emerged from ground disturbance after the construction had commenced. This was not foreseen during the design stage, and it was not until construction commenced that the springs appeared within the excavated ground. To bring the road up to the required standards and meet the necessary durability requirements it was essential to treat this unsuitable ground and allow proper drainage before construction of the new road could commence. The proposed treatments will ensure the shire's asset created through this project provides best value in terms of ongoing maintenance and upkeep.

Given the topography of the site, there is a great potential to uncover more soft saturated ground when the remaining work area is excavated for construction. This will yield potential variations amounting up to \$110,000.00 to treat and complete the project as per the standards.

**VARIATION DETAILS**

Additional work encountered during construction, to date, is summarised as below.

*Table 1: Summary of Additional Works*

S/N	Description	Amount (Ex. GST)
1.0	<i>Construction of additional Bus Bay</i>	\$17,234.80
2.0	<i>Unstable areas and Drainage</i>	\$50,635.20
3.0	<i>Subgrade replacement due to spring water</i>	\$46,125.20
Total		\$113,995.20

6.2 Contract Variation – Contract No. 20-21-65: Harrys Creek and Bonnie Doon Roads Intersection Realignment (cont.)

**ISSUES, OPTIONS AND DISCUSSION**

**Summary**

One of the Overarching governance principles in section 9 of the Local Government Act 2020 is that Priority is to be given to achieving the best outcomes for the municipal community, including future generations.

Accepting to include the additional works was therefore in the best interest of Council as it represents the best value outcome.

**COMMUNITY ENGAGEMENT**

One of the Overarching governance principles in section 9 of the Local Government Act 2020 is that the municipal community is to be engaged in strategic planning and strategic decision making.

**Consultation**

The author of this report considers that the matter under consideration did not warrant a community consultation process

**Community Implications**

The author of this report considers that the recommendation has no significant community or social implications for Council or the broader community.

**Risk Management**

The Responsible Officer considers timely consideration of the variation while construction is ongoing as vital to successful delivery of the works under this project. Delay in taking decision could attract further costs. The Responsible Officer therefore advises timely consideration of this approval by Council.

**POLICY CONSIDERATIONS**

**Strategic Links – policy implications and relevance to Council Plan**

The author of this report considers that the report is consistent with Council Policies, key strategic documents, and the Council Plan.

This report is consistent with the Strathbogie Shire Council Procurement Policy.

The *Council Plan* is relevant with the following:

Goal 3 - To provide quality infrastructure.

Key Strategy – Provide best practice management of all assets including roads, bridges and facilities.

Approach – Target major capital works projects to seek government funding to reduce Council's costs.

*Asset Management Policy*

- Asset renewal – is the upgrading or replacement of an existing Asset, or a component, that restores the service capability of the Asset to its original functional condition and performance.

*Asset Management Strategy*

- Ensure the Shires infrastructure enhances efficiency for people and freight movement, service delivery and community amenities.

6.2 Contract Variation – Contract No. 20-21-65: Harrys Creek and Bonnie Doon Roads Intersection Realignment (cont.)

**LEGAL CONSIDERATIONS**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that Council decisions are to be made and actions taken in accordance with the relevant law.

The author of this report considers that the recommendation has no legal or statutory implications which require the consideration of Council.

**Conflicts of Interest Declaration**

All officers, and/or contractors, involved in the preparation of this report have signed a written declaration that they do not have a conflict of interest in the subject matter of this report.

**Transparency**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the transparency of Council decisions, actions and information is to be ensured.

It is considered by the author of this report that all steps have been taken in line with Council's Procurement Policy which ensures transparency in the process.

Decisions made by Council will be: -

- undertaken in accordance with the Act and the Governance Rules.
- will be conducted in an open and transparent forum with information available via Council reports,

Council meetings will be open to the community or can be viewed on the livestream (and available as a recording) unless closed for reasons permitted by s.66(2) of the Act.

**FINANCIAL VIABILITY CONSIDERATIONS**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the ongoing financial viability of the Council is to be ensured

The budget allocated to Harrys Creek & Bonnie Doon Roads Intersection Realignment in the current Financial Year is \$423,204.94. With the proposed variation of \$113,995.20 to the contract, the new contract sum will be of \$537,200.14.

Officers propose that the additional budget allocation can be accommodated within the 2022/23 Capital works budget.

**SUSTAINABILITY CONSIDERATIONS**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the economic, social and environmental sustainability of the municipal district, including mitigation and planning for climate change risks, is to be promoted.

6.2 Contract Variation – Contract No. 20-21-65: Harrys Creek and Bonnie Doon Roads Intersection Realignment (cont.)

**Economic Implications**

The recommendation has no significant economic implications for Council or the broader community.

**Environmental / Amenity Implications**

The recommendation has no significant environmental or amenity implications for Council or the broader community.

***INNOVATION AND CONTINUOUS IMPROVMENT***

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is the pursuit of innovation and continuous improvement.

The outcome of the project would ensure safety and promote social interaction across communities within the shire, this would in turn enhance innovation within the society.

***HUMAN RIGHTS CONSIDERATIONS***

The recommendation does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

***CONCLUSION***

Council approved tender evaluation recommendation to Award 20/21-65 for Harrys Creek & Bonnie Doon Roads Intersection Realignment to Wrights Earthmoving Pty Ltd. The contract is being executed in 2022 accordance with the Council's Contract Management Guidelines and Procurement Policy.

Additional works emerging from latent conditions during construction are considered necessary to the success of the project. It is proposed that Council endorses the recommendation to increase the value of contract to accommodate the additional works as discussed in this report.

***ATTACHMENTS***

Nil

### 6.3 **Tender for Contract No. 22/23-33: Provision of Flood Damaged Rectification Sealed Road Works (patching) - with optional Panel of Suppliers provisions**

Author: Manager Assets Planning

Responsible Director: Director Sustainable Infrastructure

#### **EXECUTIVE SUMMARY**

Council has undertaken a competitive tender process for the rectification of the flood damage to our sealed road network caused by the October 2022 flood event (AGRN 1037) as a component of the Flood Recovery Program to be funded through the National Disaster Funding Assistance (NDFA). The Department of Transport and Planning assesses submitted flood defects for funding approval on behalf of Emergency Management Victoria (EMV). Since the event, Council have had regular update meetings with the assessor and received provisional approval to commence immediate reconstruction works.

Council met the required compliance obligations under the Local Government Act 2020 and the Strathbogie Procurement Policy (2021) by undertaking formal public request for tender.

The tender was released on “Tendersearch” via the Council website on the 2 December 2022. The tender was advertised in Saturday’s The Age newspaper (state-wide reach) on the 3 December 2022, Shepparton News and Benalla Ensign, in the week following release. By the close of tenders at 4.00pm on 20 January 2023, two (2) submissions had been received.

#### **RECOMMENDATION**

##### ***That Council:***

1. ***Awards the tender for Contract No 22/23-32 – Provision of Flood Damaged Rectification Sealed road works (patching) to Country Wide Asphalt Pty Ltd of Wodonga for lump sum price of \$354,108.00 including GST;***
2. ***Awards the Tender as Panel of Suppliers option to:  
Country Wide Asphalt Pty Ltd and  
Cleaves Earthmoving and Drainage Pty Ltd;***
3. ***Authorises officers to advise the unsuccessful tenderers; and***
4. ***Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.***

#### **PURPOSE AND BACKGROUND**

This report seeks Council approval of the recommendations from the Asset Services on Contract Number **22/23-32 - Provision of Flood Damaged Rectification Sealed road works (patching) with optional Panel of Suppliers provisions** and to award the contract to the winning submitter as provided in this report.

6.3 Tender for Contract No. 22/23-33: Provision of Flood Damaged Rectification Sealed Road Works (patching) - with optional Panel of Suppliers provisions (cont.)

**TENDER PROCESS**

The tender was released on “Tendersearch” via the Council website on the 2 December 2022. The tender was advertised in Saturday’s The Age newspaper (state-wide reach) on the 3 December 2022, Shepparton News and Benalla Ensign, in the week following release. By the close of tenders at 4.00pm on 20 January 2023, two (2) submissions had been received.

**Table 1: Tender Submissions Received**

Tender Submissions Received at the close of Tender Period (in Alphabetical Order)
Cleaves Earthmoving and Drainage Pty Ltd
Country Wide Asphalt Pty Ltd

**Assessment Process**

The tender evaluation panel (TEP) reviewing the tenders were made up of the following:

1. Manager Asset Planning
2. Infrastructure Development Engineer
3. Asset System Coordinator
4. Procurement and Tenders Officer (process facilitator, non-voting member).

The principle that underlies the awarding of all Council contracts is that a contract is awarded on the basis of providing the overall Best Value, offering the most benefit to the community and the greatest advantage to Council.

The tenders were assessed and evaluated against the following criteria and weightings:

**TABLE 2: Evaluation Criteria**

Criteria	Weighting (%)
Price	50%
Business & Management Requirements	5%
Capability, Methodology and Experience	35%
Regional Benefit	10%

At the completion of the tender evaluation, it was determined that Country Wide Asphalt Pty Ltd (located in Wodonga, Victoria) offered the best value and could deliver the project as per the specifications. Country Wide Asphalt Pty Ltd have significant experience in sealed road reconstruction.

Council Officers assessing the submissions were therefore satisfied that Country Wide Asphalt Pty Ltd submitted tender represents the best value outcome for Council.

Due to the nature of this disaster event and the road assets impacted by flood, a panel of suppliers provision under this contract will allow Council effective response to further works which may occur once all flood waters have receded.

6.3 Tender for Contract No. 22/23-33: Provision of Flood Damaged Rectification Sealed Road Works (patching) - with optional Panel of Suppliers provisions (cont.)

**COMMUNITY ENGAGEMENT**

One of the overarching governance principles in section 9 of the Local Government Act 2020 is that the municipal community is to be engaged in strategic planning and strategic decision making.

**Consultation**

The matter under consideration does not warrant a community consultation process.

**Community Implications**

The recommendation enables rectification of the damage incurred during the October flood event at the earliest opportunity. Subsequently we can inform the community with regards to estimated time of completion of these reconstruction works.

**Risk Management**

The Tender Evaluation Panel considers early commencement of Work as vital to its successful delivery, to ensure work is completed during spring.

**POLICY CONSIDERATIONS**

Council Plans and Policies

The author of this report considers that the report is consistent with Council Policies, key strategic documents and the Council Plan.

This report is consistent with the Strathbogie Shire Council Procurement Policy.

The *Council Plan* is relevant with the following:

2.1.2 Review resources and service standards to align with the Asset Plan and Road Management Plan.

5.8 Monitor the compliance of Council's emergency management framework with changing legislative requirements.

**LEGAL CONSIDERATIONS**

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that Council decisions are to be made and actions taken in accordance with the relevant law.

The recommendation has no legal or statutory implications which require the consideration of Council.

**Conflict of Interest Declaration**

All officers, and/or contractors, involved in the preparation of this report have signed a written declaration that they do not have a conflict of interest in the subject matter of this report.

**Transparency**

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the transparency of Council decisions, actions and information is to be ensured.

6.3 Tender for Contract No. 22/23-33: Provision of Flood Damaged Rectification Sealed Road Works (patching) - with optional Panel of Suppliers provisions (cont.)

It is considered that all steps have been taken in line with Council's Procurement Policy which ensures transparency in the process.

Decisions made by Council will be: -

- undertaken in accordance with the Act and the Governance Rules.
- will be conducted in an open and transparent forum with information available via Council reports.

Council meetings will be open to the community or can be viewed on the livestream (and available as a recording) unless closed for reasons permitted by s.66(2) of the Act.

**FINANCIAL VIABILITY CONSIDERATIONS**

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the ongoing financial viability of the Council is to be ensured.

Assigned Council staff work closely with the assessor and EMV to ensure the Victoria's *Natural Disaster Financial Assistance (NDFA)* funding guidelines are strictly followed in lead up to all awarded works packages, during execution of the works, as well as, at completion when finally logging claims for reimbursement of all eligible costs incurred by Council.

**HUMAN RIGHTS CONSIDERATIONS**

The recommendation does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

**CONCLUSION**

Council invited tenders for Contract No 21-22-33 – Provision of Flood Damaged Rectification Sealed road works (patching). The Procurement Policy was followed when completing the formal Request for Tender process. The submission from Country Wide Asphalt Pty Ltd represented overall Best Value outcome to the Strathbogie Shire.

Due to the nature of this disaster event and the road assets impacted by flood, a panel of suppliers provision under this contract would allow Council effective response to further works which may occur once all flood waters have receded.

It is proposed that Council endorses the recommendations discussed herein.

**ATTACHMENTS**

Nil

**APPENDICES**

**Appendix 1:** Tender Evaluation for Contract No. 22/23-33: Provision of Flood Damaged Rectification Sealed Road Works (patching) - with optional Panel of Suppliers provisions (CONFIDENTIAL)

#### **6.4 Tender for Contract No. 22/23-34: Provision of Flood Damaged Rectification Un-Sealed Road Works with optional Panel of Suppliers provisions**

Author: Manager Assets Planning

Responsible Director: Director Sustainable Infrastructure

##### **EXECUTIVE SUMMARY**

Council has undertaken a competitive tender process for the rectification of the flood damage to our unsealed road network caused by the October 2022 flood event (AGRN 1037) as a component of the Flood Recovery Program to be funded through the National Disaster Funding Assistance (NDFA). The Department of Transport and Planning assesses submitted flood defects for funding approval on behalf of Emergency Management Victoria (EMV). Since the start, Council have had regular update meetings with the assessor and received provisional approval to commence immediate reconstruction works.

Council met the required compliance obligations under the Local Government Act 2020 and the Strathbogie Procurement Policy (2021) by undertaking formal public request for tender.

The tender was released on “Tendersearch” via the Council website on the 2 December 2022. The tender was advertised in Saturday’s The Age newspaper (state-wide reach) on the 3 December 2022, Shepparton News and Benalla Ensign, in the week following release. By the close of tenders at 4.00pm on 20 January 2023, five (5) submissions had been received.

##### **RECOMMENDATION**

###### ***That Council:***

- 1. Awards the tender for Contract No 22/23-34 – Provision of Flood Damaged Rectification Un-Sealed road works as a panel contract, awarding contracts to the following contractors for a combined maximum value of \$1,900,000 inclusive of GST, as follows:  
Country Wide Asphalt Pty Ltd of Wodonga,  
Extons Pty Ltd of Benalla,  
HP Hire (Vic) Pty Ltd of Euroa,  
Kipping DIRTWORX Pty Ltd of Euroa, and  
Seven Creeks Excavations Pty Ltd of Euroa;**
- 2. Authorises the Chief Executive Officer Award individual contracts to members of the panel to a maximum value of \$500,000, including GST, with the maximum value of all of the packages to be not greater than \$1,900,000, inclusive of GST;**
- 3. Authorises officers to advise the unsuccessful tenderers; and**
- 4. Authorises the Chief Executive Officer to execute the Contract by signing and affixing with the Common Seal of Strathbogie Shire Council.**

6.4 Tender for Contract No. 22/23-34: Provision of Flood Damaged Rectification Un-Sealed Road Works with optional Panel of Suppliers provisions (cont.)

**PURPOSE AND BACKGROUND**

This report seeks Council approval of the recommendations from the Asset Services on Contract Number **22/23-34 - Provision of Flood Damaged Rectification Un-Sealed road works with optional Panel of Suppliers** and to award the contract to the winning submitter as provided in this report.

It was determined that a Panel of Suppliers Contract would be issued. The benefit of a Panel of Supplier Contracts for these essential rectification works are:

- Enables several Contractors to work on the rectification concurrently resulting in faster completion and better outcome for community,
- Allow Contractors to choose work that was within their capacity,
- Obtain schedule of rates for rectification not listed on the defect reports at the time (nature of flood defects can mean rapid decline in condition at any time), and
- Ensure internal Procurement Policy compliance requirements are met whilst achieving overall Best Value requirements.

**TENDER PROCESS**

The tender was released on “Tendersearch” via the Council website on the 2 December 2022. The tender was advertised in Saturday’s The Age newspaper (state-wide reach) on the 3 December 2022, Shepparton News and Benalla Ensign, in the week following release. By the close of tenders at 4.00pm on 20 January 2023, five (5) submissions had been received.

**Table 1: Tender Submissions Received**

<b>Tender Submissions Received at the close of Tender Period (in Alphabetical Order)</b>
<b>Country Wide Asphalt Pty Ltd</b>
<b>Extons Pty Ltd</b>
<b>HP Hire (VIC)</b>
<b>Kipping DIRTWORX</b>
<b>Seven Creeks Excavations Pty Ltd</b>

Table 2 below lists the tender offers (including GST) at the close of the advertised tender period. As this was a Panel of Suppliers Contract, not all tenderers have priced all defect items.

**Table 2: Tender Offers Received (including GST)**

<b>Tender Offers Received for up to 29 Defects listed, at Close of Tender Period (including GST) in lowest to highest order</b>
\$868,512 (total of 27/29 defects priced)
\$880,791 (total of 20/29 defects priced)
\$165,880 (total of 3/29 defects priced)
\$338,250 (total of 6/29 defects priced)
\$1,800,564 (total of 29/29 defects priced)

6.4 Tender for Contract No. 22/23-34: Provision of Flood Damaged Rectification Un-Sealed Road Works with optional Panel of Suppliers provisions (cont.)

**Assessment Process**

The tender evaluation panel established to review the tenders received was made up of the following:

1. Manager Asset Planning
2. Infrastructure Development Engineer
3. Asset System Coordinator
4. Procurement and Tenders Officer (process facilitator, non-voting member).

The principle that underlies the awarding of all Council contracts is that a contract is awarded on the basis of providing the overall Best Value, offering the most benefit to the community and the greatest advantage to Council.

The tenders were assessed and evaluated against the following criteria and weightings:

**Table 3: Evaluation Criteria**

Criteria	Weighting (%)
Price	50%
Business & Management Requirements	5%
Capability, Methodology and Experience	35%
Regional Benefit	10%

At the completion of the tender evaluation process, it was determined that all suppliers could deliver the flood rectification works in some capacity, as per the as per the specifications. All have significant experience in un-sealed road reconstruction.

Council Officers assessing the submissions were therefore satisfied that all submitted tender represents the best value outcome for Council.

**COMMUNITY ENGAGEMENT**

One of the overarching governance principles in section 9 of the Local Government Act 2020 is that the municipal community is to be engaged in strategic planning and strategic decision making.

**Consultation**

The matter under consideration does not warrant a community consultation process.

**Community Implications**

The recommendation enables rectification of the damage incurred during the October flood event at the earliest opportunity. Subsequently we can inform the community with regards to estimated time of completion of these reconstruction works.

**Risk Management**

The Tender Evaluation Panel considers early commencement of Work as vital to its successful delivery, to ensure work is completed during spring.

6.4 Tender for Contract No. 22/23-34: Provision of Flood Damaged Rectification Un-Sealed Road Works with optional Panel of Suppliers provisions (cont.)

***POLICY CONSIDERATIONS***

Council Plans and Policies

The author of this report considers that the report is consistent with Council Policies, key strategic documents and the Council Plan.

This report is consistent with the Strathbogie Shire Council Procurement Policy.

The *Council Plan* is relevant with the following:

2.1.2 Review resources and service standards to align with the Asset Plan and Road Management Plan.

5.8 Monitor the compliance of Council's emergency management framework with changing legislative requirements.

***LEGAL CONSIDERATIONS***

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that Council decisions are to be made and actions taken in accordance with the relevant law.

The recommendation has no legal or statutory implications which require the consideration of Council.

**Conflict of Interest Declaration**

All officers, and/or contractors, involved in the preparation of this report have signed a written declaration that they do not have a conflict of interest in the subject matter of this report.

**Transparency**

One of the overarching governance principles in section 9 of the *Local Government Act 2020* is that the transparency of Council decisions, actions and information is to be ensured.

It is considered that all steps have been taken in line with Council's Procurement Policy which ensures transparency in the process.

Decisions made by Council will be: -

- undertaken in accordance with the Act and the Governance Rules.
- will be conducted in an open and transparent forum with information available via Council reports.

Council meetings will be open to the community or can be viewed on the livestream (and available as a recording) unless closed for reasons permitted by s.66(2) of the Act.

***FINANCIAL VIABILITY CONSIDERATIONS***

One of the Overarching governance principles in section 9 of the *Local Government Act 2020* is that the ongoing financial viability of the Council is to be ensured.

6.4 Tender for Contract No. 22/23-34: Provision of Flood Damaged Rectification Un-Sealed Road Works with optional Panel of Suppliers provisions (cont.)

Assigned Council staff work closely with the assessor and Emergency Management Victoria (EMV) to ensure the National Disaster Funding Assistance (NDFA) funding guidelines are strictly followed in lead up to all awarded works packages, during execution of the works, as well as, at completion when finally logging claims for reimbursement of all eligible costs incurred by Council.

The scope of works offered to each contractor will be based on a value for money exercise taking into account geographic locations of the projects, and the contractor's capacity to perform the works to a maximum value of \$500,000 including GST per contractor.

Once created, the contractors will be offered the opportunity to complete the scope of work at the prices they submitted.

Once the contractors agree to perform the scope of works, individual contracts will be executed by the Chief Executive Officer to a maximum value of \$500,000 incl. GST to any one contractor.

The cumulative value for all of the packages will not exceed \$1,900,000 inclusive of GST.

***HUMAN RIGHTS CONSIDERATIONS***

The recommendation does not limit any human rights under the Victorian Charter of Human Rights and Responsibilities Act 2006.

***CONCLUSION***

Council invited tenders for Contract No 22/23-34 - Provision of Flood Damaged Rectification Unsealed road works with optional Panel of Suppliers. Council's Procurement Policy was followed when completing the formal Request for Tender process.

It is recommended that a panel contract be awarded to all of the tenderers.

***ATTACHMENTS***

Nil.

***APPENDICES***

**Appendix 2:** Tender Evaluation for Contract No. 22/23-34: Provision of Flood Damaged Rectification Un-Sealed Road Works with optional Panel of Suppliers provisions (CONFIDENTIAL)

**7. CONFIDENTIAL BUSINESS**

Nil

**Confidential Appendices**

These appendices have been classified as being confidential in accordance with section 66(2)(a) and Part 1, section 3 of the Local Government Act 2020 as they relate to:

- (g) *private commercial information, being information provided by a business, commercial or financial undertaking that –*
  - (ii) *if released, would unreasonably expose the business, commercial or financial undertaking to disadvantage*

- C.A. 1 (g) Tender Evaluation for Contract No. 22/23-33:  
Provision of Flood Damaged Rectification Sealed Road Works (patching) - with optional Panel of Suppliers provisions
- C.A. 2 (g) Tender Evaluation for Contact No. 22/23-34:  
Provision of Flood Damaged Rectification Un-Sealed Road Works with optional Panel of Suppliers provisions

***THERE BEING NO FURTHER BUSINESS, THE MEETING CLOSED AT ..... P.M.***