



WINGECARRIBEE SHIRE COUNCIL

CIVIC CENTRE REFURBISHMENT PROJECT REVIEW

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1 Executive summary

1.1 Introduction

The newly appointed General Manager has requested a report across the Civic Centre Refurbishment project and that a report will be tabled at a Council meeting and made public.

The output required is:

- Recommendations to be used by Council to improve the management of projects including but not limited to:
 - Governance and approval process
 - Procurement processes
 - Overall management of the project.

1.2 Context

The Moss Vale Civic Centre has been the administration building for Wingecarribee Shire Council since the merger of the Wingecarribee, Bowral Municipal and Mittagong Shire Councils in 1980. Prior to this, the building was the administration building for the Wingecarribee Shire Council. The building was originally constructed in 1970.

Since the building's construction, it has been expanded to its current format of a two-storey building to the front (the original building) and three two-storey wings at the rear. The extensions have been undertaken in several stages which have primarily been driven by staff accommodation needs. The Moss Vale Civic Centre houses approximately 190 staff across various functional areas, the Council Chambers where Council meetings are held, the Library and the Theatrette detailed on Appendix A.

There has been concerns regarding the deterioration of the building since the early 2000's and despite several reviews, prior to this project commencing in January 2020, no significant capital renewal works have been undertaken to address ageing infrastructure such as the roofing, electrical and Heating Ventilation Air Conditioning (HVAC) systems.

The building's condition has led to significant maintenance issues, energy inefficiencies and non-compliance with current standards for accessibility. The building has suffered from over-crowding and was non-compliant with current Workplace Health and Safety standards, in that there were deficiencies in the building which had impacts on Fire Safety, Workplace, Health and Safety, non-compliant disability access provisions, non-compliant hand rails, non-compliant electricity distribution and inadequate HVAC. The estimated cost of the Civic Centre has now reached over \$10 million and there have been statements and articles about the scope and extent of the refurbishment, its purpose and what has been delivered.

This estimated cost has increased over the past four years by nearly \$1.5 million since the quantity survey was performed by MDA Australia on 13 September 2017 with an estimation of \$8.723 million, although that was exclusive of project and consultant costs.

A report was provided to Council on 12 May 2021 by the Group Manager Capital Projects which was authorised by the Acting Deputy General Manager Operations, Finance and Risk. The purpose of this report was to provide Council and the broader community with the

business case developed for the Civic Centre Refurbishment Project, including the funding strategy and procurement process undertaken. The report also provided a formal update on the current status of the project.

The Moss Vale Civic Centre houses approximately 190 staff across various functional areas detailed on Appendix A. The building also houses the Council Chambers where Council meetings are held, the Library and the Theatre. A number of meeting rooms are also available to both staff and the public.

The Civic Centre had reached a point where immediate asset renewal was required to address deteriorating building components and to meet customer service expectations and Workplace Health and Safety requirements as detailed in the report by BCA Logic below.

A formal decision to proceed with the project was placed on hold as a result of the Fit for the Future local government reform agenda. This was to ensure Council remained a stand-alone Council; before proceeding with such a significant project. Council was advised in December 2015 that it had demonstrated sufficient scale and capacity to be determined as Fit for the Future.

This announcement allowed Council to recommence its planning and investigation for the Civic Centre refurbishment project.

Several major infrastructure failures were apparent, including most significantly the roof, HVAC system, electrical services and fire detection system. Failure of these systems would result in prolonged interruptions to service and increased Workplace Health and Safety risks. A Preliminary Assessment report was issued by BCA Logic: Building Regulation on 21 February 2016. A Building Assessment Report was issued by BCA Logic on 17 May 2018. This identified deficiencies in the building as detailed above which had impacts on Fire Safety, Workplace, Health and Safety, non-compliant disability access provisions, non-compliant hand rails, non-compliant electricity distribution and inadequate HVAC.

The Moss Vale Civic Centre Refurbishment project scope incorporated the following;

1. Demolition of existing central courtyard, the renovation and upgrading of the Library as well as access to allow for the construction of additional meeting rooms and a multi-use community space for exhibitions and cultural, educational and promotional events. In addition to this it will be used as public circulation areas for Customer Service.
2. Installation of a new roof structure to enclose the existing and new building footprint and roof forms
3. Upgrade of the existing HVAC (mechanical systems)
4. Associated electrical upgrades including MSB and sub-board upgrades
5. 100Kw solar PV system
6. Associated fire system upgrades including hydrant and fire upgrades
7. Extension and augmentation of existing systems to new areas
8. Provision of an accessible lift
9. Provision of storage space (floor area) above the new library area

10. Associated building works to affected areas impacted by the above works including the National Construction Code (NCC) and the Building Code of Australia (BCA) compliance requirements.

The Civic Centre Wing, which includes the Mayor’s office, the General Manager’s office and the office for the Councillors was not included in the original scope of the design but, was initially identified as a void area. The additional budget for the Civic Centre Wing of \$850 k was proposed and passed at the Council meeting held on 9 December 2020.

1.3.1 Key controls identified

The following key controls were identified during performance of my review as operating and effective:

Governance	People
<ul style="list-style-type: none"> A lack of a Project Governance model in place at the commencement of the project 	<ul style="list-style-type: none"> The Project Manager was replaced in February 2021 by the Group Manager Capital Projects taking control of the project.
Process	Technology
<ul style="list-style-type: none"> A Project Management Framework known as Projects Wingecarribee was developed and implemented in 2020 by the Group Manager Capital Projects. Monthly reporting on project progress, financial status and any delivery issues is completed by project managers. 	<ul style="list-style-type: none"> A Project Management System, Pulse was implemented in 2020.

1.4 Key Findings

The key findings in relation to the management operations and reporting process, based on specific procedures performed are the following:

1.4.1 High significance

Lack of Governance and approval process

1. Development Application

The Group Manager Capital Projects provided a report to the 12 May 2021 Council meeting which provided background to the project and a status report for Council and the Community. This is detailed below and provides an effective summary of the history of the Civic Centre refurbishment as quoted. “As is required with any significant capital investment decision, Council investigated alternative options prior to formally proceeding with the refurbishment project. Other options which were considered included the following:

1. Do nothing,
2. Undertake major refurbishment of existing building,
3. Demolish existing building and construct new building on existing site,

4. Purchase a greenfield site and construct new building.

Given the limited financial capacity of Council to invest in other administrative and civic housing options, the refurbishment (capital renewal) of the existing Civic Centre was consistently viewed as the preferred option.

A development application (DA) was submitted to Council in June 2018 following public notification. The D.A. submitted was not dated or signed by the Council Officer. The application was referred to Council for formal consideration on 14 November 2018 and approved.

A Development Application (DA) and Section 4.55 have been approved for the project. Refer to *Volume 1c – Statutory Approvals*. The Principal Design Consultant (Figgis & Jefferson TEPA) has issued documentation to the Principal Certifying Authority (Newland Wood Certification Pty Ltd, (now known as Ventura Building Surveyors) for assessment of the Construction Certificate documentation. An interim Occupancy Certificate was issued by the Certifier and a Final Occupancy Certificate will be issued at the completion of all works.

The DA referenced a Council officer by name and was submitted without a signature with the estimated cost of \$4.9 million, which only represented the revised Builders QS estimate and did not represent the total project cost, which at that stage was estimated to be in excess of \$5 million.

The issue arises across the appropriate approval process for projects with a Capital Investment Value greater than \$5 million. Clearly this amount detailed on the DA was below the SEPP guidelines of \$5 million and was not referred to the Regional Planning Panel, as would have been the case if the stated value was over \$5m as outlined further in Section 2 below.

2. State Environmental Planning Policy: Schedule 7 Regionally significant development

Definitions: 3. Council related development over \$5 million

Council was required, where the development has a capital investment value of more than \$5 million, that the D.A. should be referred to the Regional Planning Panel (RPP).

As the initial project estimate was \$8.7 million, excluding other project costs as stated above, the development should have been referred to the RPP. It is noted that the Development application submitted to Council in June 2018 as stated above was for \$4.9 million, which is significantly less than the quantity surveyor estimated cost in 2017 and the estimated cost of completing the project as submitted to Council in March 2018 as noted in Section 4 below.

It is noted that Wingecarribee Shire Council formed a Local Planning Panel in February 2021 and at the Council meeting held on 28 July 2021 confirmed that the Department of Planning, Industry and Environment had approved the formation of the Panel and the NSW Minister of Planning had agreed the appointments of the Committee membership until 29 February 2024.

3. Capital Expenditure Review

Council was required in accordance with the Office of Local Government (OLG) Capital Expenditure Guidelines to undertake a capital expenditure review and to notify the OLG of all capital projects that fall within this threshold, where the project cost was greater than \$1 million. However, Council was aware in November 2017 that the estimated cost of the project was \$8.7 million and exceeded the OLG guidelines for notification.

Council issued a capital expenditure review letter to the OLG on 5 December 2019. The OLG responded with their letter in April 2020, noting the Review with a comment that this response did not constitute an endorsement of the capital expenditure proposal.

The Guidelines state that a preliminary business case should be completed by Council and Councils are required to notify the Division (OLG) of all capital expenditure projects to which these Guidelines apply, prior to the commencement of the project.

Notification to the Division (OLG) will include:

- A brief description of the project
- The estimated cost of the project and proposed funding sources
- Anticipated start and completion dates
- A brief commentary on how the council has fulfilled each of the Capital Expenditure Review requirements relevant to the project based on cost.

However, Council did not complete a Business Case for the Civic Centre when it had been analysing project costs dating as far back to 2011 and in 2015 when the project recommenced. In addition, it did not provide the Capital Expenditure Review to the OLG prior to commencement of the project and at the time of submission of its letter in December 2019 had already awarded the tender to the successful Builder, Matrix Group Pty Ltd on 11 December 2019.

4. Project Budget/Finances

There are several project reports submitted to Council with Costings which do not have supporting details. A report dated March 2018 submitted to a Council Information Session in April 2018 specified the following project costs:

- \$ 9,024,568 (QS)
- \$ 5,939,331 (Budget \$6.0 M)
- \$ 7,958,003 (Budget \$8.0M)

It is not clear how these amounts were derived as assumptions and exclusions are not clearly identified, nor how they compare to the MDA Estimate of \$8,722,635 issued in September 2017. In addition, it is not clear whether the costs represent total project costs which would include consultant costs, architect fees, project management costs and other costs.

The Development Application was submitted to Council in June 2018 as stated above in Section 1.4.1 with the stated amount of \$4,900,260 clearly in contrast to the above amounts and as stated above, did not represent the total estimated project cost.

It is also not clear whether a Management Accountant in Finance has perused these reports and whether the Chief Financial Officer approved these amounts before they were submitted to Council and were included in the Development Application.

1.4.1 Moderate significance

5. Civic Centre Design

As stated in Section 1.2 above the building has suffered from over-crowding and deficiencies in the building which had impacts on Fire Safety, Workplace, Health and Safety, non-compliant disability access provisions, non-compliant hand rails, non-compliant electricity distribution and inadequate HVAC.

Observations including, questions about the functionality and practicality of the Civic Centre design have been raised, relative to the final project budget cost. While the work that has been completed is representative of the cost incurred to date, which is approximately \$10

million, there was an opportunity at the time of construction to consider other areas of deficiency that still exist in the building and to have them addressed.

The development of the Civic Centre including the Civic Centre Wing fails to address other areas of the building which house staff and are below acceptable workplace standards. Specifically, there are gaps in windows, cracked windows, deteriorating torn carpet with walls that require painting, to bring the Centre up to an acceptable standard in the area at the rear of the Centre.

1.5 Conclusion

The Governance across the Project Management model at Council requires immediate attention, correction and a revised structure, although it is noted that there have been significant improvements made during 2021. In particular, major capital expenditure to be undertaken should require:

1. An appropriate project management model structure with representatives from business units to ensure compliance with Legislation and Guidelines;
2. A formal Committee structure for capital projects comprising the Group Manager Capital Projects, the CFO/Management Accountant and the Compliance Manager;
3. Capital Project reporting with minutes recorded of decisions made and recommendations to the Director Service and Project Delivery;
4. A detailed Business case as stated in the OLG Guidelines for proposed capital expenditure in excess of \$1 million. Council may consider applying a business case to projects with capital expenditure greater than \$0.500 million to ensure alignment of expenditure in accordance with the Strategic Plan;
5. Adherence to the Local Government Act, OLG Guidelines for Council related capital expenditure in excess of \$1million reviewed by the Compliance Manager with recommendations to the General Manager for submission to the OLG prior to commencing the project;
6. A detailed Capital Expenditure Review completed for all Capital projects including those with a Capital Investment Value greater than \$0.500 million;
7. The Management Accountant to review the Project Costs with the Group Manager Capital Works and certified by the GMCP and the CFO;
8. Provide refurbishment to the rear area of the Civic Centre including, replacing windows, carpet, painting the interior and review the office design layout. Review the budgetary and funding impact and include it within the Capital Works Programme.

Terms of reference

2.1 Objectives and Scope

The specific areas of assurance focus are specified as follows:

Component	Assurance focus areas
The original scope	<p>Review the original project plan and the quantity surveyors report which provides details of the Scope.</p> <ul style="list-style-type: none"> • Review the project plan, scope and budget • Review the implementation plan and contract.
What was delivered	<p>Review project reports. Review the contract with the Builder and the project status.</p> <ul style="list-style-type: none"> • Review progress reports provided by the Project Manager • Review the engagement process for the Builder.
Were there variations to the original project approved	<p>Review project reports, approval documents and the funding basis.</p> <ul style="list-style-type: none"> • Review project variations, how they were approved and by whom. Did they go through the appropriate governance and delegation process.
Were there variations, what was the governance arrangements around these	<p>Review project variations, how they were approved and by whom.</p> <p>Confirm that project variations went through the appropriate governance and delegation process.</p> <p>Confirm through Project reports and Council minutes.</p>
Did we receive value for money	<p>Review the project reports, deliverables and project budget status.</p> <p>Confirm that the project expenditure was consistent with the project deliverables</p>
Were funds committed spent in accordance with relevant approvals from council or other bodies, where applicable	<p>Review Finance Committee reports and Council minutes.</p> <ul style="list-style-type: none"> • review the approval process and confirm that they follow the Delegations Manual • review a sample of current commitments and outstanding invoices.

Detailed Findings

3.1 Summary of detailed findings

Ref	Title	Page Ref.	Person responsible	Target date
3.2 High significance				
3.2.1	The Governance and Approval Process	10		
3.2.2	Project Management	14		
3.2.3	Budget and Financial reporting	16		
3.3 Moderate significance				
3.3.1	Civic Centre Design	19		

3.2 High significance

3.2.1 Governance and Approval Process

Context

The refurbishment of the Civic Centre had been considered by Council as far back as 2011. A formal decision to proceed with the project was placed on hold as a result of the Fit for the Future local government reform agenda. This was to ensure Council remained a stand-alone Council; before proceeding with such a significant project. Council was advised in December 2015 that it had demonstrated sufficient scale and capacity to be determined as Fit for the Future. This announcement allowed Council to recommence its planning and investigation for the Civic Centre refurbishment project. There were various costings performed from 2011 to 2018 but the basis of these costings is not clear.

The Group Manager Capital Projects provided a report to the 12 May 2021 Council meeting which provided background to the project and a status report for Council and the Community. This summary is detailed below and provides an effective summary of the history of the Civic Centre refurbishment as quoted. The status report does not comment on the governance process of the project, which had already been endorsed by Council with the approval of the D.A. in November 2018 and that was not the purpose of the report.

“As is required with any significant capital investment decision, Council investigated alternative options prior to formally proceeding the refurbishment project. Other options which were considered included the following:

1. Do nothing,
2. Undertake major refurbishment of existing building,
3. Demolish existing building and construct new building on existing site,
4. Purchase a greenfield site and construct new building.

Given the limited financial capacity of Council to invest in other administrative and civic housing options, the refurbishment (capital renewal) of the existing Civic Centre was consistently viewed as the preferred option.

This process commenced in 2014/15 and continued through to 2016/17 incurring costs of \$724,338.

The functional requirements of the project were used to develop detailed specifications for the preparation and lodgement of a Development Application, the appointment of a Principal Design Consultant and Early Tender Involvement (ETI) Process.”

“The Civic Centre Refurbishment Project has been identified as a major project within the respective Operational Plans adopted by Council over the period 2017/18 to 2020/21. The Moss Vale Civic Centre refurbishment project has also been incorporated into Council’s Resourcing Strategy since 2017 and the associated financial impact of the proposed projects have been incorporated into Council’s Long Term Financial Plan.”

Observation

1. Development Application and State Environmental Planning Policy

A development application (DA) was submitted to Council on 22 June 2018, following public notification. The DA referenced a council officer and was submitted without a signature with

the estimated cost of \$4.900 million, supported by a revised Project Estimate from MDA Australia. However, this cost excluded other costs such as project management, architectural fees, survey costs, consultant costs and other trade costs. This estimate was reduced from the previous cost estimate of \$8.723 million provided in September 2017 which also excluded other project costs. The details on Appendix B highlights that this estimate of \$4.900 million is not consistent with the Operational Plan allocation and the allocated budget of \$6.222 million which was in place at 30 June 2018. In addition, Council also approved an additional \$2.394 million for the project at its meeting on 13 June 2018 just one month after lodging the D.A. This allocation brought the accumulated budget to \$8.416 million, which included a revote of \$822 k, unspent from the budget allocation of \$1.546 million for the period 2014/15-2016/17. This is detailed on the Time Line on Appendix B, again noting that the D.A. had an estimated cost of \$4.900 million.

The Tender Document was for the building works and was then issued to five prospective Tenderers who had responded to an Expression of Interest in the project and stated that:

“A Development Application (DA) and Section 4.55 have been approved for the project. Refer to *Volume 1c – Statutory Approvals*. The Principal Design Consultant (Figgis & Jefferson TEPA) has issued documentation to the Principal Certifying Authority (Newland Wood Certification Pty Ltd, now known as Ventura Building Surveyors) for assessment of the Construction Certificate documentation.” An interim Occupancy Certificate was issued by the Certifier and a Final Occupancy Certificate will be issued at the completion of all works.

An issue arises across the approval process that Council followed in this instance where the estimated cost of \$4.900 million stated in the D.A. did not include the full project costs as defined in Planning Circular PS 10-008 and only referred to the Tender value for the scope of building works (refer to Appendix B). Subsequently, the contract for building works was issued to the Matrix Group Co Pty Ltd for \$6.99 million well in excess of the estimated value in the D.A. of \$4.9 million. However, this cost did not include other costs such as architectural fees, quantity surveyor fees, other sub-contractor costs and project management fees.

2. Capital Expenditure Review

Council was required in accordance with the Office of Local Government (OLG) Capital Expenditure Guidelines to undertake a capital expenditure review and to notify the Division (OLG) of all capital projects that fall within this threshold. This project met that criterion in that the cost was greater than \$1 million (refer to the Guidelines Appendix D). Council was aware as early as November 2017 that the estimated cost of the project was in excess of \$8.723 million and was required to comply with the OLG guidelines for notification. At 30 June 2018, the project cost was incorrectly stated at \$4.9 million, which was in excess of \$1 million, requiring the Council to complete a Capital Expenditure Review and to submit it to the OLG prior to commencement.

For reference and information, the guidelines are detailed below to assess Council’s compliance with the Guidelines.

The Guidelines have been issued pursuant to section 23A of the Local Government Act 1993. “*Councils are required to notify the Division of all capital expenditure projects to which these Guidelines apply, prior to the commencement of the project. It should be noted that*

councils are expected to undertake the processes outlined in the Guidelines, irrespective of the funding sources of projects.”

Before a council undertakes a capital expenditure project a preliminary business case must be prepared to determine whether the proposal is necessary, consistent with council’s community strategic plan, delivery program and operational plans, offers value for money and that the council has the capacity to deliver and maintain their current and future community services in the long term. The council must demonstrate that its decision to carry out the capital expenditure is based on sound strategic and financial planning, supported by valid data and research; and that it reflects the views, priorities and objectives of the broader community.

In addition, while there were briefs or proposals put to Council, there is no evidence that Council produced a detailed Business Case as required under the Local Government Act and what would be required for prudent financial and strategic management.

Based on the DA approval by Council, Council Officers commenced issuing Expressions of Interest, conducting contractor visits and determined the preferred Contractor by November 2019. Council issued a Capital Expenditure Review letter to the Office of Local Government on 5 December 2019 at the same time as the Tenderer, Matrix Group Co Pty Ltd was notified that their bid was successful on 11 December 2019. The timing of this process did not comply with OLG Guidelines.

Business Implication/Risk

1. Development Application and State Environmental Planning Policy

This amount stated in the D.A. is relevant as the application should have been made to the Regional Planning Panel (RPP) as the guidelines state that Council expenditure greater than \$5 million should be referred to the Regional Planning Panel, in this instance the Southern RPP.

This represents a breakdown in governance by bypassing the relevant approval authority designated within the Act. The Guidelines are detailed at Appendix C.

It also relevant that the Council approved the D.A. which included an increase in the building height and the excess of the Floor Space Ratio at the Council meeting on 14 November 2018.

Where Council undertakes development with a capital investment value (CIV) of more than \$5 million, it should be referred to the Regional Planning Panel (RPP). As the initial project estimate in September 2017 was \$8.723 million, which excluded other project costs, the development should have been referred to the Southern RPP. It is noted that the development application submitted to Council in June 2018 (refer above) was for \$4.9 million, which only related to the proposed builder’s contract and was significantly less than the quantity surveyor estimated cost by MDA Australia in September 2017. The scope provided to MDA Australia within the revised cost estimate had been reduced significantly with various items excluded; it would appear to restate the builders cost as the project cost.

The Regional Planning Panels specified in Part 3 of Schedule 2 of the Environmental Planning & Assessment Act are constituted for the particular parts of the State (other than the Greater Sydney Region) so specified in relation to each such panel. Section 2.12 paragraph 4.5 Designation of Consent Authority part (b) is detailed below for reference:

“in the case of development of a kind that is declared by an environmental planning instrument as regionally significant development—the Sydney district or regional planning panel for the area in which the development is to be carried out.”

This has significant impact as stated under the section on Development Applications as the approval body is the Regional Planning Panel, not Council.

It is noted that Wingecarribee Council formed a Local Planning Panel in February 2021 and at the Council meeting held on 28 July 2021 confirmed that the Department of Planning, Industry and Environment had approved the formation of the panel and the NSW Minister of Planning had agreed the appointments of the Committee membership until 29 February 2024.

2. Capital Expenditure Review

As councils are responsible for the prudent management of community resources, it is important that as part of council’s normal planning process, councils undertake a Capital Expenditure Review before committing to any major capital project.

Capital Expenditure Review is a necessary part of a council’s capital budgeting process and as such should be undertaken as part of the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

The OLG acknowledged Council’s letter 5 December 2019, (which provided an extensive Capital Expenditure Review) on 20 April 2020. However, the Tender Contract for the Builder, Matrix Group Pty Ltd had been signed and the project had already commenced. Given the current circumstances, there is a possibility that the Minister for Local Government may have delayed the project or sought additional information. The lack of a detailed Business Case would have placed the Council in a difficult position to respond to any such questions or feedback.

Recommendations

The Governance across the Project Management model at Council requires immediate attention, correction and a revised structure, although it is noted that there have been significant improvements made during 2021. In particular capital expenditure proposed to be undertaken should require:

- An appropriate project management model structure with representatives from business units to ensure compliance with Legislation and Guidelines;
- A formal Committee structure for capital projects comprising the Group Manager Capital Projects, the CFO/Management Accountant and the Compliance Manager;
- Capital Project reporting with minutes recorded of decisions made and recommendations to the Director Service and Project Delivery;
- A detailed Business case as stated in the OLG Guidelines for proposed capital expenditure in excess of \$1 million. Council may consider applying a business case to projects with capital expenditure greater than \$0.500 million;
- Adherence to the Local Government Act, OLG Guidelines for Council related capital expenditure in excess of \$1million reviewed by the Compliance Manager with recommendations to the General Manager for submission to the OLG prior to undertaking the project;

- A detailed Capital Expenditure Review completed for all Capital projects including those with a Capital Investment Value greater than \$0.500 million;
- The Management Accountant to review the Project Costs with the Group Manager Capital Works and certified by the GMCP and the CFO.

3.2.2 Project Management

Context

The Group Manager Capital Projects provided an effective and informative Project status report on the Civic Centre Refurbishment Project to the council meeting on the 12th May 2021. The report highlighted the functional requirements of the project which were identified as part of the scope of works.

It was noted that the options being considered at the time of were:

1. Do nothing
2. Undertake major refurbishment of existing building
3. Demolish existing building and construct new building on existing site
4. Purchase a Greenfield site and construct a new building.

The operational plans since 2017/2018 have highlighted Council's consideration that the Civic Centre refurbishment project was a major project to be completed.

The issues with the building indicated that it was not appropriate to follow option one above and do nothing.

Options three and four above were financially unrealistic given Council's strategic plan and capital reserves. Hence, it was agreed to proceed with option two and to undertake a major refurbishment of the existing building. Since 2014/15 there had been approximately \$724,338 invested in consulting fees, architecture fees and other costs while planning this project. This cost is an estimate as there were costs incurred dating back to 2012 when the various options were being considered but were not captured as part of this project code.

The subsequent Contract with the builder Matrix Group Pty Ltd was signed in February 2020.

There were additional sub projects linked to the refurbishment as detailed below:

1. The initial landscaping budget of \$250,000 was increased by \$200,000 to \$450,000. This was recorded outside the Civic Centre project costs.
2. The Library Fit Out project totalling \$160,800 was separately funded through a State Government Library Grant.
3. The solar panels were funded through the revolving energy fund totalling \$87,400.

Observation

Councils Tendering and Procurement guidelines were followed for the Civic Centre project. Expressions of interest were issued resulting in five respondents. The tender evaluation panel reviewed the tender responses from four contractors and awarded the contract to Matrix Group Company Pty Ltd primarily based on cost, which was approximately \$2.9 million less than the three other tenderers.

Variations to the contract have been approved and purchasing delegations followed. Contract variations were attached to the Group Managers report issued to Council in May 2021. There was also project scope expansion in which the void area above the ground floor was utilised as well as newly created floor space above the library. These variations were approved by Council at the meeting in December 2020. The budget was increased by \$850,000 which was funded by increasing the loan borrowing from \$2 million to \$2.85 million.

Everything as per the tendered scope has or will be delivered in accordance with the tender documentation/contract. The only formal mechanism which would provide this is the final Occupancy Certificate which is based off the original and amended DA documentation, specification and conditions.

The successful tendered amount of \$6.799 million was significantly less than the median price of submitted prices of \$9.926 million from the three other Tenderers, which would tend to suggest that Council did receive value for money. Alternatively, it would be necessary to produce a detailed Quantity Surveyor report based on project and construction documentation.

The Group Manager has managed the project within budget by supervising the building contractor closely and believes that the project has been delivered in accordance with the scope. However, Matrix Group is in financial distress resulting in Council terminating the contract in October 2021 as a result of the failure to meet contractual obligations. The Group Manager Capital Projects is scoping the balance of the work to be completed which will result in Council staff project managing completion of the project by utilising contractors.

The new Civic Centre has the attraction for the community for numerous events such as meeting with Councillors, citizenship awards and other community events.

The Group Manager Capital Projects has advised that a Project Management Framework known as Projects Wingecarribee was developed and adopted by Stakeholders to provide the basis for a robust project management methodology.

A Project Management System, Pulse, was selected by the Stakeholder Team and the workflows, templates and procedures necessary for good project management were developed and configured into the Pulse system.

The system provides high level reporting on all projects with the ability to drill down to detail where necessary. Physical progress, financial management and risks are visible across the entire project portfolio. Approval gateways are provided at key project milestones to achieve the governance requirements of the framework and checks and balances for the many issues that often lead to project failure have been incorporated into the management system.

All capital expenditure projects for 2020/2021 and ongoing projects from 2019/20 were loaded into the system and will be managed throughout the Project Lifecycle from inception to close out. The system also includes a final project review to enable lessons learnt to be captured and used for the continuous improvement of project management techniques.

The framework, methodology and project management system have been live and in use since mid-April 2020 with over 240 projects now available in the system. Ongoing work includes the building of a complete four-year program of works to further improve the planning and management of capital expenditure projects.

Monthly reporting on project progress, financial status and any delivery issues is completed by project managers on the first Tuesday of the month and is presented to Executive and senior management for analysis and action as necessary.

Business Implication/Risk

The Group Manager Capital Projects is taking direct responsibility due to the project scale and the level of skill within Council engaged on the project.

The Group Manager has managed the Matrix Group to ensure compliance with the contract and the approval of variations as required. However, as Matrix is in financial stress and there is an estimated [REDACTED] to complete the project, the Group Manager will have to assess the impact on the completion of the Project which is near its end and the estimated cost to complete.

The risk across project management has been mitigated and is consistent with other recommendations contained in the report.

Recommendations

- Ensure that proposed capital projects are aligned to the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy;
- A detailed Business case as stated in the OLG Guidelines for proposed capital expenditure in excess of \$1 million is prepared. Council may consider applying a business case to projects with a capital expenditure greater than \$0.500 million;
- Adherence to the Local Government Act, OLG Guidelines for Council related capital expenditure in excess of \$1million reviewed by the Compliance Manager with recommendations to the General Manager for submission to the OLG prior to undertaking the project;
- A detailed Capital Expenditure Review completed for all Capital projects including those with a Capital Investment Value greater than \$0.500 million;
- Quarterly financial/budget reports should be submitted to Council for information and feedback as necessary detailing the total accumulated project cost and estimated cost to complete.

3.2.3 Project Budget and Financial Reporting

Context

Budgets are allocated for the project through the Operational Plan on an annual basis. However, unspent funds in a financial year are then revoted in the subsequent financial year based on the financial status of the project.

The amount stated for 2014/2015 - 2016/2017 of \$822 k was actually the unspent balance from the vote of \$1.546 million as stated on Appendix B and was allocated in the 2017/2018 budget as detailed below and on Appendix B.

The Financial Project Actual vs Budget report details a different budget amount for the year and does not reconcile to the amounts in the Table below. In the 2020/2021 Project report the budget is shown as \$6,199,651, which represents the total budget allocated for the project reduced by expenditure to date and the adjustment for the \$200,000 transferred to the Landscaping budget. An additional \$850,000 was allocated to the 2020/2021 budget in order to include a storage area expansion and the provision of a new Civic Centre Wing above the

Moss Vale Library. This was funded through a further Loan Borrowing which increased from \$2 million to \$2.85 million.

The draft Capital Works Budget for 2020/2021 has the budget for the Civic Centre at \$5,000,000 compared to the amounts stated in the Project Financial Report.

The accumulated budget for the project on the Project Financial reports is \$10,675,298 while the actual budget allocation is \$10.112 million as detailed below. However, the budget reported each financial year varies due to any unspent funds being revoted in the following financial year. The amount revoted in 2021/2022 arising from unspent funds in 2020/2021 was \$1,113,280, while the total budget below will remain constant. The project funding is stated below for the period ending 31 August 2021:

Year	Operational Plan (\$ 000's)	Budget (\$ 000's)	Expenditure (\$ 000's)
2014/15 - 2016/17	\$ 0.822	\$ 0	\$ 0
2017/2018	\$ 5.200	\$ 3.822	\$ 0.218
2018/2019	\$ 2.394	\$ 4.594	\$ 0.352
2019/2020	\$ 0.846	\$ 0.846	\$ 3.101
2020/2021	\$ 0.850	\$ 0.850	\$ 5.086
2021/2022	\$ 0	\$ 0	\$ 1.030
Total	\$ 10.112	\$10.112	\$9.787

Observation

There are several project reports submitted to Council with Costings which do not have supporting details.

A report dated February 2013 was issued to a Councillor Information Session on 20 March 2013 with the following cost estimates:

- Refurbishment \$6,283,669
- Greenfield Site: \$21,615,000.

A Quantity Survey report was issued by MDA Australia on 13 September 2017 with an estimated project cost of \$8,722,635. This cost detailed specific exclusions which required attention and were delivered as part of the project.

A report dated March 2018 was issued to a Councillor Briefing Session in April 2018, which specified the following project costs:

- \$ 9,024,568 (QS)
- \$ 5,939,331 (Budget \$6.0 M)
- \$ 7,958,003 (Budget \$8.0M)

It is not clear how these amounts were derived as assumptions and exclusions are not clearly identified. The Quantity Survey with the quoted amount of \$9.025 million has some similarities to the QS prepared by MDA in September 2017 but, includes items which were

excluded in the MDA Estimate of \$8,722,635 in September 2017 and includes other items such as the Library, window replacements totalling \$1.321 million. Consequently, a comparative analysis is not viable. In addition, both estimates exclude consultant costs, architect fees, project management costs and other costs which represent the total project cost. The MDA estimated cost states that other project costs are not included in their assessment.

The estimated costs aligned to the budgets of \$6 million and \$8 million on the Councillor Information Session would appear to represent the work that could be completed within those budgeted amounts. As detailed below, the budget allocated to 30 June 2018 was \$6.022 million. and then increased with a further budget allocation of \$2.394 million at the Council meeting held on 13 June 2018 to a total of \$8.416 million.

The Development Application was submitted to Council in June 2018 as stated above in Section 3.2 with the amount of \$4,900,260 declared, however this did not include project costs such as consultancy, design costs, architectural fees, authority and project management, which is in contrast to the above amounts.

It is also not clear whether a Management Accountant in Finance has perused these reports and whether the Chief Financial Officer approved these amounts before they were either submitted to Council and included in the Development Application.

The budget allocated for the period ending 30 June 2018 was \$5.200,000 plus the revote from 2016/2017 of \$821,662, totalled \$6.022 million, which was in contrast to the amount recorded in the DA in May 2018 of \$4.9 million. Noting as stated above that the approved budget as at 30 June 2018 had been increased to \$8.416 million.

It is noted that the Deputy General Manager Operations Finance & Risk removed \$200,000 from the Civic Centre Refurbishment budget and transferred this amount to the Landscaping budget which was increased to \$450,000. This was executed outside the approved Project budget which was provided to Council as part of the Capital Works Programme. As a result, the allocation detailed is reduced by \$200,000 as shown in the Table above.

There are examples where costs are charged to the project without the authorisation of the Project Manager such as for I.T. costs. While these costs are not significant in value, they may be valid but, they are often not identified until a later date, nor advised to the Project Manager for approval.

It is projected that the project result will be approximately [REDACTED] underspent. This will depend on completion of the project as the Matrix Group Pty Ltd has financial challenges as stated above in Section 3.2.2 'Project Management'. Council has terminated the Contract in October 2021 as a result of failure to meet contractual obligations.

Business Implication/Risk

As stated in Section 3.2.1 above a preliminary business case must be prepared to determine whether the proposal is necessary, consistent with council's community strategic plan, delivery program and operational plans, offers value for money and that the council has the capacity to deliver and maintain their current and future community services in the long term. The council must demonstrate that its decision to carry out the capital expenditure is based on sound strategic and financial planning, supported by valid data and research; and that it reflects the views, priorities and objectives of the broader community. Failure to prepare a

business case could lead the Council to suffer financial stress particularly if the community expresses concerns such as being subject to a rates levy, or a reduction in services.

A Capital Expenditure Review must be prepared and submitted to the OLG to validate that Council has considered all the financial and strategic risks. This should be aligned to the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

Recommendations

The Finance Unit should be involved in providing:

- Monthly Budget and Finance reports to the Project Manager and the Group Manager Capital Projects;
- Quarterly financial/budget status reports to Council for information and feedback in conjunction with the Group Manager Capital Projects;
- Financial information for proposed capital projects, including for the development of a business case with proposed funding options;
- Project costings, particularly project financial reports in conjunction with the Group Manager Capital Projects to Council and to the OLG for the Capital Expenditure Review submission;
- A process where invoices or journals to be charged against the project by another Department are referred to the Project Manager for approval. If the charge is not approved the invoice or journal should be referred to the originators Manager on a monthly basis for investigation.

3.3 Moderate significance

3.3.1 Civic Centre Design

Context

The Moss Vale Civic Centre has been the administration building for Wingecarribee Shire Council since the merger of the Wingecarribee, Bowral Municipal and Mittagong Shire Councils in 1980. Prior to this, the building was the administration building for the Wingecarribee Shire Council. The building was originally constructed in 1970.

Since the building's construction, it has been expanded to its current format of a two-storey building to the front (the original building) and three two-storey wings at the rear. The extensions have been undertaken in several stages which have primarily been driven by staff accommodation needs. The Moss Vale Civic Centre houses approximately 190 staff across various functional areas, the Library and the Theatre as detailed on Appendix A.

There has been concerns regarding the deterioration of the building since the early 2000's and despite several reviews, prior to this project commencing in 2019, no significant capital renewal works have been undertaken to address ageing infrastructure such as the roofing, electrical and Heating Ventilation Air Conditioning (HVAC) systems.

The building has suffered from over-crowding and deficiencies in the building which had impacts on Fire Safety, Workplace, Health and Safety, non-compliant disability access

provisions, non-compliant hand rails and non-compliant electricity distribution and inadequate HVAC.

The design of the Civic Centre Refurbishment was fundamentally controlled by the Deputy General Manager Finance and Risk including, the design of the roof together with the architect at the time, based on meeting notes and minutes.

Observations including, questions about the functionality and practicality of the Civic Centre design have been raised, relative to the final project budget cost. While the work that has been completed is representative of the cost incurred to date, which is approximately \$10 million, there was an opportunity at the time to consider other areas of deficiency that still exist in the building and to have them addressed.

Observation

The scope of works for the development of the Civic Centre was detailed in a report to a Council Briefing Session on 11 April 2018 and included the following item:

- Replace windows assessed at end of useful life with energy efficient windows to improve thermal efficiency and reduce maintenance costs.

A review of the windows highlighted broken windows, deteriorating timber frames, gaps between the window frames and the wall throughout the Civic Centre. The cost to complete this work would be significant but, is required.

In addition, the area at the rear of the building adjacent to the Civic Centre Wing which accommodates staff is substandard with torn, deteriorating carpet, walls that require painting, work stations including, the design and layout of the area which does not represent an efficient use of space, together with the necessity to review and improve the filing for storage such as the digitisation of records.

Attention to these issues should have been incorporated in the scope as part of the original design or at the time of the Civic Centre Wing design when the request was submitted to Council in December 2020 for an additional \$850 K in funding. While the Civic Centre Wing is complete within the Refurbishment project, the Group Manager Capital Projects has scoped out the requirements necessary to address these deficiencies.

Recommendations

Provide refurbishment to the rear area of the Civic Centre including, replace windows, replace carpet, paint the interior and review the office design layout at the rear of the Centre. Include the budget in accordance with the Strategic Plan and Capital Works Programme for approval by Council.

Appendix A

Project Scope and Background

The Moss Vale Civic Centre houses approximately 190 staff across various functional areas which include:

- Asset Planning
- Capital Project Delivery
- Corporate and Community Services
- Environment and Sustainability
- Executive and Civic Support
- Finance, Procurement and Property Services
- Information Services
- Media and Communications
- Organisational Development
- Planning, Development and Regulatory Services.

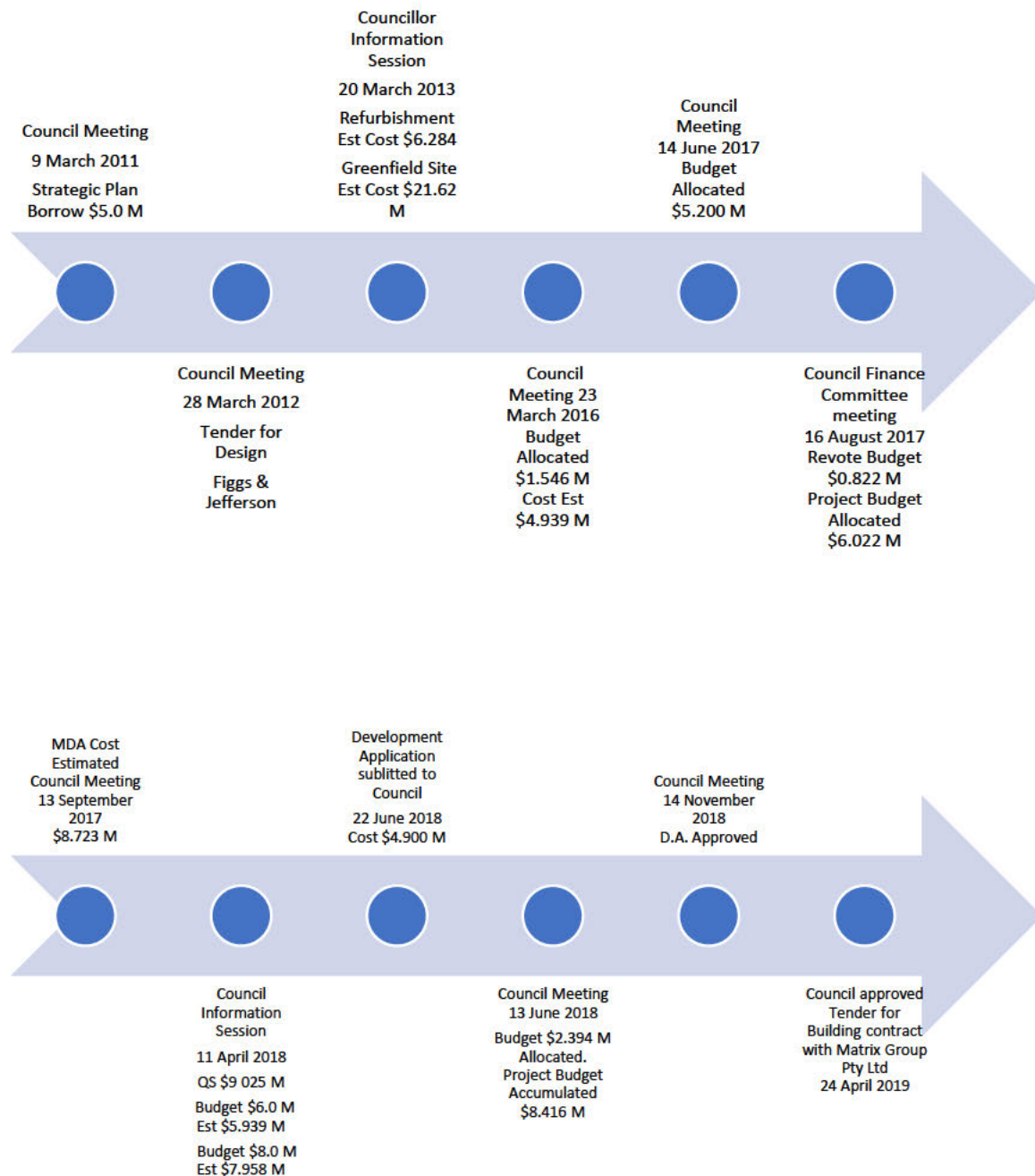
The building also houses the Council Chambers where Council meetings are held, the Library and the Theatre. A number of meeting rooms are also available to both staff and the public.

The Moss Vale Civic Centre Refurbishment project scope incorporated the following;

1. Demolition of existing central courtyard and library to allow for the construction of additional meeting rooms and a multi-use community space for exhibitions and cultural, educational and promotional events. In addition to this it will be used as public circulation areas for Customer Service.
2. Installation of new roof structure to enclose the existing and new building footprint and roof forms
3. Upgrade of the existing HVAC (mechanical systems)
4. Associated electrical upgrades including MSB and sub-board upgrades
5. 100Kw solar PV system
6. Associated fire system upgrades including hydrant and fire upgrades
7. Extension and augmentation of existing systems to new areas
8. Provision of an accessible lift
9. Provision of storage space (floor area) above the new library area
10. Associated building works to affected areas impacted by the above works including National Construction Code (NCC) and Building Code of Australia (BCA) compliance requirements.

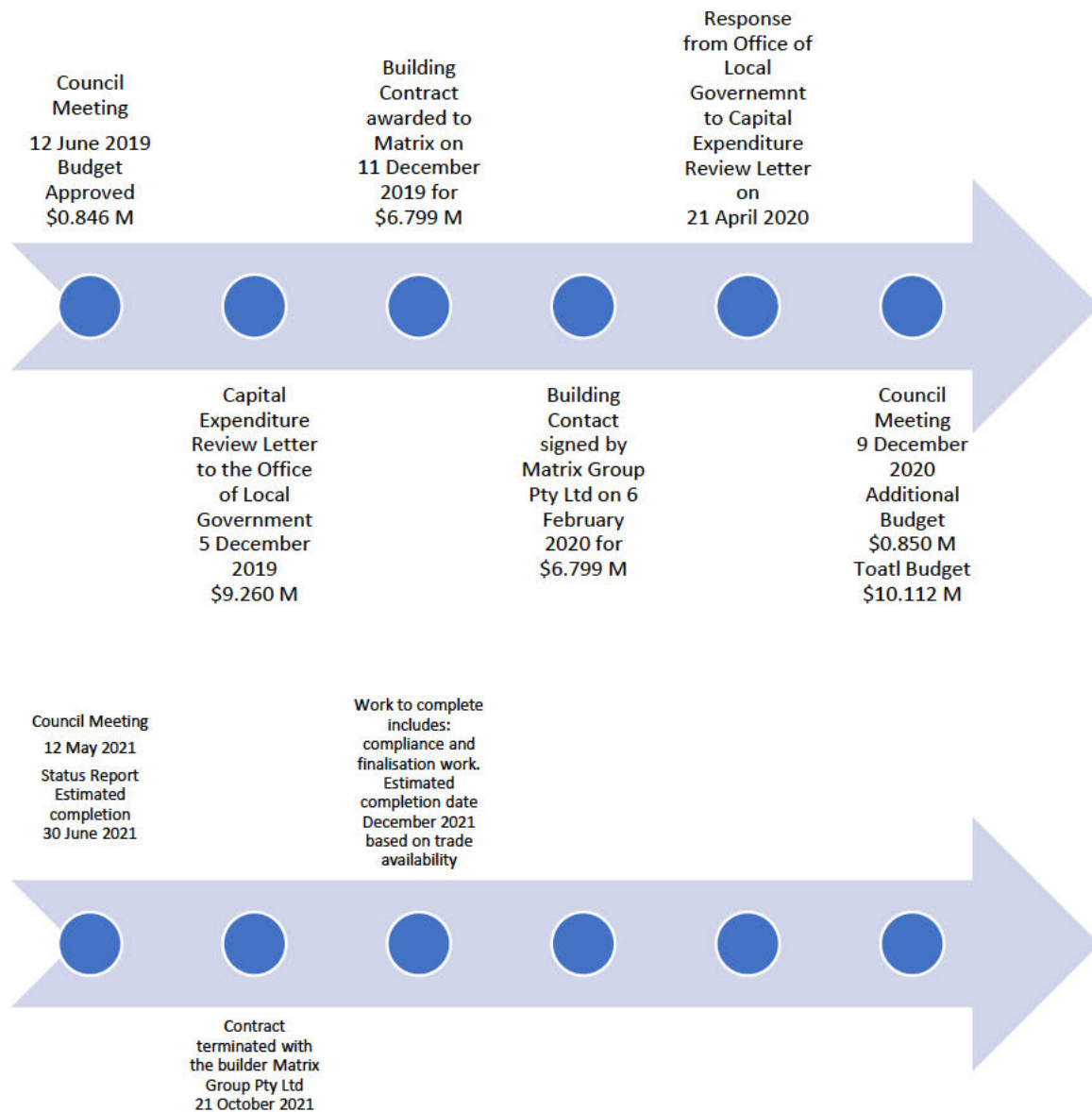
Appendix B

Project Time Line Critical Dates: Part 1



Appendix B

Project Time Line Critical Dates: Part 2



Appendix C

Project Budget Time Line

WINGECARRIBEE SHIRE COUNCIL						
CIVIC CENTRE REFURBISHMENT						
Description	2014/15 - 2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
1. Operational Plan (Capital Works Programme)	1.546	\$5.200	\$2.394	\$0.846	\$0.850	10.836
2. Budget Approval		\$3.000	\$2.200	\$0.846	\$0.850	
3. Revote (Finance Committee 16 Aug 2017)		\$0.822	\$2.394			
4. Budget Total		\$3.822	\$4.594	\$0.846	\$0.850	\$10.112
5. Total Cost Estimate (MDA Australia) (13 Sep 2017)		\$8.723	\$4.900	\$9.260	\$10.110	\$10.110
6. Development Application (DA) Council		4.900	\$4.900			\$4.900
7. Capital Expenditure Review to OLG (5 Dec 2019)				\$9.260		\$9.260
Council Meeting	2014/15	14-Jun-17	13-Jun-18	12-Jun-19	9-Dec-20	

WINGECARRIBEE COUNCIL - CIVIC CENTRE REFURBISHMENT

Activity	1. Operational Plan (Capital Works Programme)	2. Budget Approval	3. Revote (Finance Committee 16 Aug 2017)	4. Budget Total	5. Total Cost Estimate (MDA Australia) (13 Sep 2017)	6. Development Application (DA) Council	7. Capital Expenditure Review to OLG (5 Dec 2019)
2014/15 - 2016/17	1.546						
2017/18		3.000	0.822	3.822	8.723	4.900	
2018/19				4.594	4.900	4.900	
2019/20					9.260		9.260
2020/21					10.110		

Appendix D

Regional Planning Panel - extract

Sydney and Regional Planning Panels

Sydney and Regional Planning Panels were introduced to NSW in 2009 to strengthen decision making on regionally significant development applications and other planning matters.

'Regionally significant development' is generally development with a capital investment value (CIV) over \$30 million.

There are five Sydney Planning Panels and four Regional Planning Panels across NSW. Each panel is an independent body that is not subject to the direction of the Minister of Planning and Public Spaces.

For information about the work of the Sydney and Regional Planning Panels please visit the [Sydney and Regional Planning Panels](#) page on the [Planning Portal website](#). Here you can:

- Search the Planning Panel register
- Review the details of upcoming meetings
- Find out more about individual Sydney and Regional Planning Panels
- Read the latest statistics based on data provided to the Planning Panel Secretariat
- Access Planning Circulars and advisory notes, Policies and procedures, templates and forms.

Regional Planning Panels operate in the following four regions of the State:

- Hunter and Central Coast,
- Southern,
- Northern and
- Western.

The Planning Panels

- determine regionally significant development applications (DAs), certain other DAs and s4.55(2) and s4.56 modification applications
- act as the Planning Proposal Authority (PPA) when directed
- undertake rezoning reviews
- provide advice on other planning and development matters when requested
- determine site compatibility certificates under the *State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004*.

Constitution of Sydney district and regional planning panels

- (cf previous s 23G)

- (1) The Sydney district planning panels specified in Part 3 of Schedule 2 are constituted for the particular parts of the Greater Sydney Region so specified in relation to each such panel.
- (2) The regional planning panels specified in Part 3 of Schedule 2 are constituted for the particular parts of the State (other than the Greater Sydney Region) so specified in relation to each such panel.
- (3) A Sydney district or regional planning panel is not subject to the direction or control of the Minister (except in relation to the procedure of the panel and any directions authorised to be given to the panel under section 9.1 or other provision of this Act).
- (4) A Sydney district or regional planning panel is a NSW Government agency.
- (5) The Minister may, by order published on the NSW legislation website, amend Part 3 of Schedule 2 for any of the following purposes—
 - (a) to constitute a Sydney district planning panel and to specify the part of the Greater Sydney Region for which it is constituted (including by constituting a single panel for the whole of the Region),
 - (b) to constitute a regional planning panel and to specify the part of the State (other than the Greater Sydney Region) for which it is constituted,
 - (c) to abolish a Sydney district or regional planning panel,
 - (d) to change the name of a Sydney district or regional planning panel or to change the part of the Greater Sydney Region or State for which it is constituted,
 - (e) to make savings and transitional provisions consequent on any of the above.
- **4.5 Designation of consent authority**
- For the purposes of this Act, the *consent authority* is as follows—
 - (a) in the case of State significant development—the Independent Planning Commission (if the development is of a kind for which the Commission is declared the consent authority by an environmental planning instrument) or the Minister (if the development is not of that kind),
 - (b) in the case of development of a kind that is declared by an environmental planning instrument as regionally significant development—the Sydney district or regional planning panel for the area in which the development is to be carried out,
 - (c) in the case of development of a kind that is declared by an environmental planning instrument as development for which a public authority (other than a council) is the consent authority—that public authority,
 - (d) in the case of any other development—the council of the area in which the development is to be carried out.

It is noted that Wingecarribee Council formed a Local Planning Panel in February 2021 and at the Council meeting held on 28 July 2021 confirmed that the Department of Planning, Industry and Environment had approved the formation of the panel and the NSW Minister of Planning had agreed the appointments of the Committee membership until 29 February 2024. An initial meeting was held in July 2021.

Development applications

The Planning Panels determine regionally significant development applications (DAs), certain other DAs and s4.55(2) and s4.56 modification applications.

- Regional development, as outlined in Schedule 7 of the *State Environmental Planning Policy (State and Regional Development) 2011*
- development with a capital investment value (CIV)* over \$30 million

Development with a CIV* over \$5 million which is:

- council related
- lodged by or on behalf of the Crown (State of NSW)

- private infrastructure and community facilities
- eco-tourist facilities
- extractive industries, waste facilities and marinas that are designated development,
- certain coastal subdivisions
- development with a CIV* between \$10 million and \$30 million which is referred to the Planning Panel by the applicant after 120 days.

* Capital investment value (CIV) is calculated at the time of lodgement of the DA for the purpose of determining whether an application should go to a Planning Panel - refer to Planning Circular PS 10-008.

Circular PS 10-008

The New definition of capital investment value

This circular is to advise councils, developers and the community of a new definition of ‘capital investment value’ under the Environmental Planning and Assessment Regulation 2000 and certain State Environmental Planning Policies.

Capital investment value of a development or project includes all costs necessary to establish and operate the project, including the design and construction of buildings, structures, associated infrastructure and fixed or mobile plant and equipment, other than the following costs:

- (a) amounts payable, or the cost of land dedicated or any other benefit provided, under a condition imposed under Division 6 or 6A of Part 4 of the Environmental Planning and Assessment Act or a planning agreement under that Division
- (b) costs relating to any part of the development or project that is the subject of a separate development consent or project approval
- (c) land costs (including any costs of marketing and selling land)
- (d) GST (as defined by A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth).

Appendix E

Division of Local Government Capital Expenditure Guidelines: extract

1 Purpose and Scope of Guidelines

These Guidelines have been developed to assist NSW councils prepare Capital Expenditure Reviews. Capital expenditure is incurred when a council spends money to buy, construct, renovate or acquire an asset.

The Guidelines have been designed to:

- encourage councils to evaluate major capital expenditure by means of a consistent methodology
- improve the quality of council's analysis performed in supporting all forms of project funding and capital expenditure
- enable the financial impact of projects on a council to be quantified, identified and controlled.

The Guidelines aim to ensure that a council's evaluation of the proposed capital expenditure is consistent and rigorous, the merits of projects can be compared and resource allocation can be made on an informed basis. It is important that the evaluation of the project is carried out in a clear, transparent and systematic way. The process of evaluation and reporting methods outlined in these Guidelines will enhance the transparency and rigour of capital expenditure project evaluation.

Capital Expenditure Review is a necessary part of a council's capital budgeting process and as such should be undertaken as part of the Integrated Planning and Reporting requirements in the preparation of the Community Strategic Plan and Resourcing Strategy.

2 Overview

As councils are responsible for the prudent management of community resources, it is important that as part of council's normal planning process, councils undertake a Capital Expenditure Review before committing to any major capital project. Capital Expenditure Guidelines – December 2010.

3 What projects do the guidelines apply to?

These guidelines apply to capital projects for infrastructure facilities, including renovations and extensions that are expected to cost in excess of 10% of council's annual ordinary rate revenue or \$1 million, whichever is the greater (GST exclusive). In addition to the minimum requirements for a Capital Expenditure Review, a council is also required to complete additional requirements in cases where a project's cost is forecast to exceed \$10 million (GST exclusive). Councils may consider it prudent to undertake Capital Expenditure Reviews for projects under the threshold, but this will be at a council's discretion.

4 What projects are exempt from the guidelines?

The guidelines do not apply to:

- capital expenditure on land purchases, land remediation, water supply networks, sewerage networks, stormwater drainage, domestic waste management facilities, roads, footpaths, bridges;
- projects where funding has been approved under the Public Reserves Management Fund Act 1987;
- projects that are classified as Public-Private Partnerships;
- project designs and feasibility studies that do not commit council to the project (the cost of such studies are to be included if council subsequently proceeds with the project).

While the guidelines do not apply to the projects described above, capital expenditure on such things as land purchase for an applicable project should be included as part of the capital expenditure review of that project.

Although a project may be exempt from the submission of a capital expenditure review to the Division, it is expected, that in accordance with best practice, councils should apply the principles of these guidelines to all capital projects.

7 When do councils need to notify the Division and notification requirements

Councils are required to notify the Division of all capital expenditure projects to which these Guidelines apply, prior to the commencement of the project. Notification to the Division will include:

- A brief description of the project
- The estimated cost of the project and proposed funding sources
- Anticipated start and completion dates
- A brief commentary on how the council has fulfilled each of the Capital Expenditure Review requirements relevant to the project based on cost.

Council may be requested to provide additional information to the Division in some instances. The Division reserves the right to assess the process undertaken by the council for the capital expenditure project, but it will not approve or endorse the project itself.

8 Council Responsibilities

Councils have a responsibility to their community for the prudent management of community assets and finances.

To establish the project costs, all elements of the project must be taken into account. This includes feasibility studies, project design and scoping costs, the provision of non-monetary goods and/or services and any costs associated with the development application and its conditions.

Where a project is conducted in stages, it is to be considered as one project. Councils are not to break a project up into smaller parts in order to avoid the threshold requirements contained in these Guidelines.

9 Preliminary Business Case

Before a council undertakes a capital expenditure project a preliminary business case must be prepared to determine whether the proposal is necessary, consistent with council's community strategic plan, delivery program and operational plans, offers value for money and that the council has the capacity to deliver and maintain their current and future community services in the long term. The

council must demonstrate that its decision to carry out the capital expenditure is based on sound strategic and financial planning, supported by valid data and research; and that it reflects the views, priorities and objectives of the broader community.

Councils are required to prepare a preliminary business case for each council project to which these Guidelines apply. It is also appropriate to prepare a preliminary business case for any project assessed or considered as high risk.

The preliminary business case describes the high level objectives for the project and identifies possible alternative proposals. It should outline the risks, sustainability issues, costs and benefits relevant to these alternatives, as well as identify any assumptions on which the proposal(s) are based.

Cost estimates should be reasonably reliable but not to the level of accuracy as required in the capital expenditure review. The more accurate the costing is, the more useful it will be for the decision making process.

It is expected that the cost estimate in the preliminary business case be within 15% of the project's final cost.

The ongoing costs relating to the capital works project (ie, lifecycle costs), should also be identified.

The amount of detail in the preliminary business case should reflect the proposed project's scale, cost and risk.

The governance model and internal controls, which will be utilised to manage project risks and assist the successful completion of the project, should also be identified. For example, preliminary business cases should include information relating to the project's Steering Committee, Project Team, monitoring and review systems and if necessary, Probity Advisor and internal audit program.

10. Capital Expenditure Review Minimum Requirements

10.1 Outline proposed project

10.2 Justify the need

10.3 Assess the capacity of council

10.4 Priorities

10.5 Alternatives

10.6 Financial implications

10.7 Public consultation process.

Appendix F

Documents Reviewed

Council Correspondence

Council meeting 28th March 2012

Council meeting 13 June 2012

Report to Council Meeting 23 March 2016 Civic Centre Refurbishment Project – Unfunded Priorities List

Request for tender from Figgis & Jefferson Tapa Pty Ltd October 2018

Council meeting 24th April 2019

Capital expenditure review November 2019

Council meeting 11th December 2019: Tender awarded to Matrix group

Letter from the Office of Local Government 21st April 2020

Council meeting 9th December 2020: budget increase of \$850,000 for additions

Council Meeting 24 March 2021: Establishment of a Local Planning Panel

Extraordinary Council Meeting 28 July 2021: Wingecarribee Local Planning Panel approved

Council meeting 12th May 2021: business case and status report.

Article in the Southern Highland News 15 September 2021

Photos of the Civic Wing: Mayors Office, General Managers Office, Reception and the Atrium/Foyer

Projects Wingecarribee and the Pulse software implementation

Media Release: Council ends contract with Civic Centre builder 21 October 2021

Project Workplace: Group Manager Capital Projects

Building Certification

BCA Logic: Building Regulation Consulting Services Letter 24 August 2016

BCA Logic: Building Assessment Report to Figgis & Jefferson Pty Ltd 17 May 2018

Quantity Survey

MDA Australia Letter 13 September 2017

Development Application

D.A. dated May 2018 submitted to Council meeting 24 June 2018 \$4.900 M

Civic Centre - notice of determination of a modification application 28 November 2018

Civic Centre – Section 4.55 – stamped drawing

Approved modified DA stamped

Amended survey
Cost summary report
DA application form completed
Document transmitted
Architectural drawings
Neighbour notification plans
Statement of environmental effects
Waste management plan
Section J assessment
DA conditions
DA stamped drawings
Moss Vale asbestos material survey

Tender and Contract Documents

- **Tender Documents**

6330.19.25 Addenda 1, 2, 3, 4, 5 and 6
6330.19.25 Invitation to Tender
6330.19.25 Volume 1, 2 and 3
Addenda 1, 2, 2, 5, 5 6, and 6
Volume 1a, 1b, 1c and 1d
Evaluation

- **Contract**

Letter of Acceptance
Signed formal contract agreement
Signed procurement evaluation
Volume 3 conditions of contract
Purchase order to Matrix Group
Wingecarribee Shire Council order

- **Instructions**

Building security instructions
Notify the contractor that urgent action is necessary
Right of progress of the works
Capital Expenditure Review November 2019

- **Variations and Payments**

Library brick wall demolish and rebuild

EOI Reimbursement

Acoustic Baffles to theatrette

Assets office extension and new General Counsel office

Alterations to mechanical plant 1

Ceiling insulation removal

Replacement of mechanical ducting

modifications to footing for inground services

Ceiling tile upgrade

Additional retaining wall demolition

Lift extra over

Mechanical plant 2 trench alterations

Mechanical stage 2 design alterations

MSB room and theatrette entry

Entry awnings

Library column footings

SE pad footings

power upgrades to MSSB-2

Alterations to mechanical plant 2

Ceiling insulation removal to Planning & Customer Service

Lighting installation

Redirection of grease trap and sewer

Demolition of additional retaining wall 2 - REJECTED

Customer service relocation

NE pad footings

Library capping beam

Roofing specification - CREDIT

Customer service column removal

Door replacement

Council chambers joinery

Atrium balustrade system – REJECTED

Solar System upgrade - REJECTED
Theatrette and executive kitchens
Customer service joinery
Atrium tile specification change - REJECTED
Storage area
Civic wing and foyer
Sneeze guards to Chamber
Mesh blinds to Chamber
Gutter brackets
Render to external walls
Additional power and data to library
Chambers additional work
Changes to Executive Area
Structural steel changes
OD hallway asbestos removal
Existing light fitting refurbishment
Viper electrical report
Landscaping works – ON HOLD
Copper ring main
External ramp design changes
Render to blade wall – Stair 1
Contract Variation Progress Claim Approval analysis

Payments

Claims January 2020 to May 2021; 1 to 17.

Financial Reports

Budget Summary Timeline adoption
Actual versus Budget report July 2020 to March 2021
Civic Centre Expenditure July 2020 to March 2021
Civic Centre Budget Revote 2020-2021
Actual versus Budget Report 2021/2022
Actual versus Budget Report 2020/2021
Actual versus Budget Report 2019/2020

Actual versus Budget Report 2018/2019
Actual versus Budget Report 2017/2018
Draft Capital Works Budget 20/2021 to 2023/2024
Delivery Program 2013 – 2017 Operational Plan 2014/2015
Operational Plan 2018/2019
Operational Plan 2019/2020
Email from the CFO Budget Reconciliation 5 September 2021
Information Session 20 March 2013
Information Session 11 April 2018
Procurement Guidelines
Manual of Purchasing Delegations
Purchasing Delegations from Finance 1
User Access and Delegations

Appendix G

Personnel Interviewed

Name	Title
Lisa Miscamble	General Manager
Malcolm Ryan	Acting Deputy General Manager
Ned Tripkovic	Group Manager Capital Projects
Richard Mooney	Former Chief Financial Officer
Peter Dunn	Management Accountant
John Crawford	Chief Information Officer
Carwyn Sheppard	Coordinator Corporate Applications
Ian Vong	Coordinator ICT Projects
Ivana Vidovich	Corporate Strategy and Governance Officer
Marissa Racomelara	Strategic Governance Executive
Peter Edwards	Citizen