



COFFS HARBOUR CITY COUNCIL
SUPPLEMENTARY AGENDA
(CORPORATE SERVICES COMMITTEE)
COUNCIL CHAMBERS
COUNCIL ADMINISTRATION BUILDING
COFF AND CASTLE STREETS, COFFS HARBOUR
18 MAY 2006

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| | CONFIDENTIAL ITEM | |
| | The following item either in whole or in part may be considered in Closed Meeting for the reasons stated: | |
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| B11 | TENDER: REPLACEMENT OF MECHANICAL SERVICES (AIR-CONDITIONING) - RIGBY HOUSE, DUKE STREET, COFFS HARBOUR | 5 |
| | A portion of this report is confidential for the reason of Section 10A(2): | |
| | (d) commercial information of a confidential nature that would, if disclosed: | |
| | (i) prejudice the commercial position of the person who supplied it, or | |
| | (ii) confer a commercial advantage on a competitor of the council, or | |
| | (iii) reveal a trade secret. | |
| | and in accordance with Section 10A (1) the meeting may be closed to the public. | |



COFFS HARBOUR CITY COUNCIL
SUPPLEMENTARY AGENDA
(CORPORATE SERVICES COMMITTEE)

18 MAY 2006

Mayor and Councillors

CORPORATE SERVICES DEPARTMENT REPORTS

C28 GOODS AND SERVICES TAX CERTIFICATE

Purpose:

The objective of this report is to provide certification that Council has met its obligations regarding the payment of Goods and Services Tax to the Australian Taxation Office for the period 1 July 2005 to 30 April 2006 inclusive; and that this was done in accordance with the statutory requirements of *The Goods and Services Tax Act (1999)*, and subsequent regulations and rulings.

Description of Item:

Since the introduction of the Goods and Services Tax in July 2000, Council had been required each year by the Department of Local Government, to submit a GST Audit Certificate, signed by Council's Auditor's PricewaterhouseCoopers.

Circular 05/26 Goods and Services Tax – Council Compliance Requirements for 2004/2005 was issued to all councils by the Department of Local Government, on 8 June 2005; advising that for the 2004/2005 financial year and all future years, councils are required to supply a certificate of confirmation to the department to ensure that voluntary GST has been paid. An audit by council's external auditors is thus not required.

A copy of the certificate of compliance is included as an attachment to this report.

Sustainability Assessment:

- **Environment**

No environmental implications for Council.

- **Social**

No social implications for Council.

- **Economic**

Broader Economic Implications

No economic implications for Council.

Management Plan Implications

The elimination of the requirement for an annual external GST audit represents a saving of \$3,750 p.a in audit fees to Council.

Consultation:

No consultation required.

Related Policy and / or Precedents:

A GST audit conducted annually by Council's auditor's PricewaterhouseCoopers, and the issue of a certificate of compliance was a requirement by the Department of Local Government. For the 2004/2005 financial years and all future years, the Department of Local Government, Council is to supply a certificate of compliance, to ensure that GST has been paid.

This certificate is to be signed by the Mayor, or other councillor, the General Manager and the Responsible Accounting Officer.

Statutory Requirements:

Management of GST by Council, is conducted in accordance with the *A New Tax System (Goods and Services Tax) Act 1999*, and the subsequent regulations, determinations, rulings and advice issued by the Australian Taxation Office.

Issues:

GST has been paid by Council for the period 1 July 2005 to 30 April 2006, on a monthly basis. In the 2005/2006 financial year to the 30 April 2006, Council received a net refund of \$2,706,341 from the Australian Taxation Office. Each Business Activity Statement was submitted by the due date, and Council did not incur any fines or penalties from the ATO during the 2005/2006 financial year, to May 2006.

C28 Goods And Services Tax Certificate ...(Cont'd)

Adequate management arrangement and internal controls were in place to enable the council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed. Past audits have shown a high level of internal control, with controls on data input and a reconciliation of the Business Activity Statement each month. Internal audit practices have been implemented, based on the Better Practice Guidelines for Goods and Services Tax (GST) Administration issued by the Australian National Audit Office.

No GST non-compliance events by Council were identified by or raised with the Australian Taxation Office during the 2005/2006 financial year.

Implementation Date / Priority:

Council is required by the Department of Local Government to supply a certificate of confirmation that GST has been paid, for the 2005/2006 financial year, to 30 April 2006 and for all future years.

Recommendation:

That Council approve the certification of the Goods and Services Tax Certificate for the year ended 30 April 2006.

K O Lavelle
Director of Corporate Services

Attachments:

COUNCIL OF THE CITY OF COFFS HARBOUR

GOODS AND SERVICES TAX CERTIFICATE

Payment of GST 1 July 2005 to 30 April 2006

To assist compliance with Section 114 of the Commonwealth Constitution, we certify that:

- GST has been paid by Coffs Harbour City Council for the period 1 July 2005 to 30 April 2006.
- Adequate management arrangements and internal controls were in place to enable the Council to adequately account for its GST liabilities and recoup all GST input tax credits eligible to be claimed.
- No GST non-compliance events by the Council were identified by or raised with the Australian Taxation Office.

Signed in accordance with a resolution of Council made on 18 May 2006.

.....
Cr Keith Rhoades
MAYOR

.....
Cr Ian Hogbin
COUNCILLOR

.....
Stephen Sawtell
GENERAL MANAGER

.....
Dale Allen, City Treasurer
RESPONSIBLE ACCOUNTING OFFICER

CITY BUSINESS UNITS DEPARTMENT REPORT

B11 TENDER: REPLACEMENT OF MECHANICAL SERVICES (AIR-CONDITIONING) - RIGBY HOUSE, DUKE STREET, COFFS HARBOUR

Purpose:

To report on tenders received for the replacement of existing outdoor air-conditioning condenser units located on the roof of Rigby House, Duke Street, Coffs Harbour, as well as construction of a new steel plant platform for the condenser units, and installation of a new air-conditioning control system.

Description of Item:

A building assessment report was undertaken in 1999 when Council initially purchased the Rigby House 3-storey office building. The report indicated that the air-conditioning condenser units located on the roof of the building varied in condition dependent upon position and exposure of the condenser coils to rain and salt air, but generally the units were the original when Rigby House was first built, and the units were considered at the time of inspection to have about 5 years of service life remaining before replacement was needed.

A mechanical consultant was engaged in March 2005 to investigate and provide Council with various options for the air-conditioning at Rigby House. Following selection of the preferred air-conditioning upgrade option, specifications and drawings were prepared by the consultant and issued to Council in January 2006.

The chosen option involves the following work being undertaken and completed under this contract:

- Replacement of the existing air-conditioning units as per the specification and all associated pipe work, replacement of outside air ductwork in all three indoor air handling plant rooms and associated work, and final commissioning of new units..
- Supply and installation of a new structural steel plant platform.
- New power supply wiring from existing motor control centre, plus supply, installation and commissioning of new automatic air-conditioning controls.
- Supply, installation and commissioning of the basement car park CO monitoring system.
- Maintenance contract to maintain the plant for twelve (12) months.

Open tenders were called in local newspapers and also the Sydney Morning Herald and closed at 3.30pm on Wednesday 19 April 2006.

B11 Tender: Replacement Of Mechanical Services (Air-Conditioning) - Rigby House, Duke Street, Coffs Harbour ...(Cont'd)

Tenders were evaluated on the following:

- Tender Price
- Business Address
- Previous Experience and Performance in similar works
- Financial resources
- OH&S Management Systems
- Equipment to be installed
- Time Frame for works

Two tenders were received as follows:

1. Allied Air Conditioning & Refrigeration (Coffs Harbour) Pty Ltd
2. Faircloth & Reynolds Pty Ltd

Both Tenderers submitted conforming tenders and were assessed as suitable to carry out the work pending award of contract.

Sustainability Assessment:

• **Environment**

The subject work is primarily a refurbishment of the existing Rigby House air-conditioning system. As such, the installation of more modern equipment and associated automatic controllers will result in a more efficient system. This in effect should be beneficial to the environment.

It will also result in a better quality working environment for staff, volunteers and the public utilising Council's Art Gallery and Library, as well as the staff and clients of Council's major lease holder at Rigby House (Centrelink).

• **Social**

The selected contractor is a local firm and social benefits will flow from the awarding of this contract. Installation and commissioning of the new system will result in employment creation for this local business and its employees.

It is also noted that present lease arrangements with Centrelink for its occupation of the upper two levels of the building require Council to undertake certain upgrade and refurbishment works at Rigby House. Refurbishment of the air-conditioning system is one of the requirements under the lease provisions. This will result in a better, more healthy working environment for Council staff, volunteers and members of the public, as well as Centrelink staff at Rigby House.

Both tenderers have provided necessary documentation in their respective tenders indicating their commitment to occupational health and safety / risk assessment procedures in respect of carrying out the proposed works.

B11 Tender: Replacement Of Mechanical Services (Air-Conditioning) - Rigby House, Duke Street, Coffs Harbour ...(Cont'd)

- **Economic**

Broader Economic Implications

The tendered sum includes GST, which is not a net cost to Council.

Management Plan Implications

The expenditure has been budgeted for in the 2005/2006 Management Plan. The cost of the air-conditioning, plus the costs associated with the other necessary refurbishment works being undertaken (ie. painting, external and some internal; membrane replacement; forecast refurbishment) will be covered by the allocated funding under the Rigby House capital expenditure program.

Consultation:

As the proposed works are related to lease arrangements with Council's major tenant at Rigby House, Centrelink, the Lessee has been kept informed of progress in respect of the scope of works and programming of such works.

Related Policy and / or Precedents:

Tendering procedures were carried out in accordance with Council policy. Council's Tender Value Selection System was applied during the tender review process. Council's policy is that the tender with the highest weighted score becomes the recommended tender.

Tender details and assessment are included in the confidential attachment.

Statutory Requirements:

The calling, receiving and reviewing of tenders was carried out in accordance with the Local Government (Tendering) Regulations.

Issues:

Rigby House is a primary asset of Council, incorporating two major public facilities, these being the Art Gallery and Coffs Harbour Library.

It has been identified that the economic and viable working life of the present air-conditioning system at Rigby House is at an end and the system needs to be refurbished. A qualified air-conditioning expert has provided the necessary specifications and drawings for the upgrade and tenders were called for the carrying out of this aspect of the required works.

In addition, the current Lease Agreements with Centrelink (which holds leases over the upper two floors of Rigby House) incorporate provisions concerning the proposed refurbishment works being undertaken and completed as soon as possible within the lease term.

B11 Tender: Replacement Of Mechanical Services (Air-Conditioning) - Rigby House, Duke Street, Coffs Harbour ...(Cont'd)

Implementation Date / Priority:

The relevant contract will be finalised with the successful tenderer as soon as possible following Council's decision in the matter. It is noted that an indicative work program would cover a time frame of approximately nine (9) weeks from acceptance of tender to final commissioning of the new air-conditioning system.

Recommendation:

1. **That Council accept the tender of Allied Air Conditioning & Refrigeration Coffs Harbour Pty Ltd, ABN 59 073 802 365, for Contract No. 05/06-243-TO, Replacement of Mechanical Services Rigby House, Coffs Harbour for the lump sum amount of \$215,798, including GST, on the basis that:-**
 - a) **The tender is the highest scoring tender following the application of Council's Tender Value Selection System.**
 - b) **The tenderer has the necessary experience in similar works and his referees have confirmed his ability and satisfactory performance.**
 - c) **The tenderer's financial references and OH&S work practices are satisfactory.**
2. **That the contract documents be completed under the Common Seal of Council.**

B G Edwards
Acting Director of City Business Units