



# City of **Ipswich**

## **AGENDA**

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# **COUNCIL SPECIAL MEETING**

Thursday, 11 May 2023  
at 10 minutes after the conclusion of the Ipswich Central Redevelopment  
Committee

Council Chambers, Level 8  
1 Nicholas Street, Ipswich

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SONIA COOPER  
Chief Executive Officer

The purpose of the meeting is to consider:

1. Variation to Contract 19564 Venue Development Works Design and Construct

**BUSINESS**

- 1. OPENING OF MEETING:
- 2. WELCOME TO COUNTRY OR ACKNOWLEDGEMENT OF COUNTRY:
- 3. OPENING PRAYER:
- 4. APOLOGIES AND LEAVE OF ABSENCE:
- 5. DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA:
- 6. OFFICER’S REPORT:
  - 6.1 Variation to Contract 19564 Venue Development Works Design and Construct .....5

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Doc ID No: A8901768

ITEM: 6.1

SUBJECT: VARIATION TO CONTRACT 19564 VENUE DEVELOPMENT WORKS DESIGN AND CONSTRUCT

AUTHOR: PRECINCT MANAGER

DATE: 10 MAY 2023

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### **EXECUTIVE SUMMARY**

This is a report concerning proposed variations and provisional sum adjustments to existing Contract 19564 (Venue Development Works Design and Construction) (the Contract) with J.Hutchinson Pty Ltd for the provision of additional design and construction works associated with Venue scope changes.

### **RECOMMENDATION/S**

- A. That the recommendations contained in paragraphs B to E relate to the contract between Council and J Hutchinson Pty Ltd for the Venue Development Works Design and Construction Contract No. 19564 (“the Contract”).**
- B. That under s257(1) of the *Local Government Act 2009* Council delegate the power to the Chief Executive Officer (“CEO”) to be authorised to take “contractual action” pursuant to section 238 of the *Local Government Regulation 2012* to finalise any further variations and any further provisional sum adjustments to the Contract and to do any other acts necessary to implement Council’s decision.**
- C. That Council acknowledge and note that provisional sum adjustments and related variations to the Contract, in the amount of \$5,332,307 excluding GST, were approved by the CEO, in accordance with the delegation provided by Council, to the CEO, at the Special Council Meeting on 11 August 2022.**
- D. That Council acknowledge that the further variations and provisional sum adjustments to the Contract, as outlined in recommendation B of this report, have an approximate current value of \$14,985,319 excluding GST.**
- E. That the additional costs for the further contract variations, provisional sum adjustments and any contingencies, be included in the 2023-2024 Budget.**

## RELATED PARTIES

- J. Hutchinson Pty Ltd; and
- Ipswich City Council

There were no declarations of conflict of interest

## IFUTURE THEME

Vibrant and Growing

## PURPOSE OF REPORT/BACKGROUND

The Venue refurbishment forms part of a broader program of works to revitalise Ipswich Central, including the Nicholas Street Precinct. At its 11 August 2022 Special Meeting, Council resolved to adopt a recommendation to enter into a contractual arrangement with J. Hutchinson Pty Ltd for the award of retail development works (including the Venue redevelopment). Council delegated to the CEO the power to take contractual action in order to implement Council's decision (refer Attachment 1). Subsequent analysis identified the requirement to establish a separate contract for the Venue's development with a variation deed to cover the Commonwealth Hotel's extension. As a result, Contract 19564 with J. Hutchinson Pty. Ltd. for Venue Development Works Design and Construction was executed.

Demolition and aligned works commenced at the Venue in the last quarter of the 2022 calendar year with the demolition works now nearing completion. The drivers for the variations and provisional sum adjustments include:

- addressing a number of latent conditions identified during the demolition that require remedial action
- an increase in some contractual provisional sum amounts (mostly driven by latent conditions uncovered during the demolition)
- client driven scope changes to finalise design and tenancy works in the form of landlord works and future proofing

During demolition, extensive invasive mould was identified in the six cinema boxes. In response to the resulting significant workplace health and safety issues (and to limit any further risk and related Extensions of Time claims), in April 2023 under the emergency powers under S238(2)(b) of the *Local Government Regulation 2012* the CEO exercised the existing delegation and authorised a variation for invasive mould related demolition works (provisional sum adjustment of \$3,582,667). The original provisional sum established for mould (post non-invasive investigations pre contract) was insufficient to cover the extent of the mould and its remediation. Additional variations and provisional sum adjustments to the Contract (totalling \$1,749,640) have also been approved to date under the delegation.

Other significant latent conditions or contributing factors that require additional funding over and above the contractual provisional sums include structural improvements for cinema box tiered flooring, ground floor slab and collapsed sewerage main rectification

works, transformer upgrades and services replacement within the cinema tenancy, all of which have been identified as the demolition of the site has progressed.

The total additional funding requirements for the Venue redevelopment to address issues raised in this report sum to approximately \$21,370,812, with \$20,317,626 of this sum relating to variations and provisional sum adjustments to be directly awarded to J. Hutchinson Pty Ltd. Of the \$20,317,626 forecast to be awarded to J. Hutchinson Pty Ltd, \$5,332,307 has been awarded to date. Authorisation of the contract variations and provisional sum adjustments will allow Venue's redevelopment to proceed and the cinema to open in line with the revised timeframe. The associated funding requirements will be included in a future budget process. The attached confidential report (Attachment 2) provided further background on related issues and contains details of each further variation and provisional sum adjustment.

### **LEGAL IMPLICATIONS**

This report and its recommendations are consistent with the following legislative provisions:

*Local Government Act 2009*

*Local Government Regulation 2012*

### **RISK MANAGEMENT IMPLICATIONS**

Should the recommendations not be adopted by Council, resulting program delays or the cessation of works will result in the desired activation of the Nicholas Street Precinct and CBD revitalisation not being achieved. A number of associated risks have been identified which include, but are not limited to:

- the cessation of contract works with resulting delays, extension of time claims and decanting from site
- public perceptions and precinct image
- impacts on existing and prospective precinct tenants, Ipswich Central tenants and surrounding stakeholders and community
- impacts on Hoyts procurement timelines and associated contractual matters to maintain contract program, and
- delays in progressing necessary Energex and Urban Utilities upgrades.

The adequacy of the existing contingency remains a risk to the project. It is recommended that Council consider that an additional level of contingency be held by the Chief Executive Officer for allocation to any additional project costs if they arise. Such additional costs will be reported by the project team as part of its monthly reporting to both the Retail Sub-project Steering Committee and the Ipswich Central Redevelopment Committee.

## FINANCIAL/RESOURCE IMPLICATIONS

Council committed \$41,500,000 in its 2022-2023 budget for the next phase of work in the Nicholas Street Precinct redevelopment. The existing contract amount (including provisional sums) with J. Hutchinson Pty. Ltd. associated with the Venue’s redevelopment totalled \$28,513,000 and was approved by Council at its meeting on 11 August 2022.

Authorisation of the further variations and provisional sum adjustments of approximately \$14,985,319 together with the already approved variations and provisional sum adjustments totalling \$5,332,307, will bring the aggregate cost of the Venue’s redevelopment works contract sum with J. Hutchinson Pty. Ltd. to \$48,830,940. The associated increase in the Nicholas Street Precinct budget is to be included in a future budget process.

## COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

Council’s Legal Services and Finance teams have been consulted in relation to the contents of this report and have reviewed the recommendations.

## CONCLUSION

It is recommended that Council endorse the proposed contract variations and provisional sum adjustments to existing Contract 19564 (Venue Development Works Design and Construction) with J.Hutchinson Pty. Ltd. for the provision of additional design and construction works associated with Venue scope changes. The associated funding increase will be included in a future budget process.

The approval of the contract variations, provisional sum adjustments and additional contingency will reduce the project’s risk profile and allow the proposed scope changes and works to proceed and ensure the Venue/cinema openings occur as per the revised timeline.


## HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	Act/Decision being made is detailed in the recommendations within this report
(b) What human rights are affected?	The parties involved are companies/corporations and the subject matter of the proposed engagement, act or decision being assessed will not affect human rights and further consideration is unnecessary.
(c) How are the human rights limited?	Not applicable
(d) Is there a good reason for limiting the relevant	Not applicable



rights? Is the limitation fair and reasonable?	
(e) Conclusion	The decision is consistent with human rights.

**ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS**

1.	11 August 2022 Council Paper - Variation to Contract 13254 <a href="#">↓</a> 
	CONFIDENTIAL
2.	Confidential Paper - Contractual Matters

Greg Thomas  
**PRECINCT MANAGER**

I concur with the recommendations contained in this report.

Sonia Cooper  
**CHIEF EXECUTIVE OFFICER**

*“Together, we proudly enhance the quality of life for our community”*

COUNCIL  
SPECIAL MEETING AGENDA

11 AUGUST  
2022

Doc ID No: A8225317

ITEM: 6.3

SUBJECT: PROCUREMENT: TENDER CONSIDERATION PLAN TO VARY CONTRACT 13254  
IPSWICH CENTRAL CIVIC PROJECT

AUTHOR: CATEGORY SPECIALIST

DATE: 9 AUGUST 2022

#### EXECUTIVE SUMMARY

This is a report concerning the redevelopment of Council owned retail assets which form part of the Ipswich Central Civil Project within the Nicholas Street Precinct. Information detailed within this report shall provide clarity and justification for adoption of a Tender Consideration Plan by Council to vary the existing contractual arrangement between Council and J. Hutchinson Pty Ltd.

#### RECOMMENDATION

Recommendation E was added at the Council Special meeting of 11 August 2022 and the report updated to reflect the correct contract number.

- A. That pursuant to Section 230(1)(a) of the *Local Government Regulation 2012* (Regulation), Council resolve to prepare Tender Consideration Plan to vary contractual arrangement ~~13245-13254~~ Ipswich Central Civic Project – Design & Construction of Administration Building, Civic Precinct, Library and Carpark Upgrade with J. Hutchinson Pty Ltd.
- B. That pursuant to Section 230(1)(b) of the *Local Government Regulation 2012* (Regulation), Council resolve to adopt Tender Consideration Plan that has been prepared to vary contractual arrangement ~~13245-13254~~ Ipswich Central Civic Project – Design & Construction of Administration Building, Civic Precinct, Library and Carpark Upgrade with J. Hutchinson Pty Ltd.
- C. That in accordance with the Tender Consideration Plan, Council contractual arrangement ~~13245-13254~~ Ipswich Central Civic Project – Design & Construction of Administration Building, Civic Precinct, Library and Carpark Upgrade with J. Hutchinson Pty Ltd for an approximate purchase price of \$36,544,959 excluding GST, aggregated as follows:
  - (a) Venue – \$28,413,314
  - (b) Commonwealth Hotel – \$8,031,645
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take “contractual action” pursuant to section 238 of the Regulation, in order to implement Council’s decision.

COUNCIL  
SPECIAL MEETING AGENDA

11 AUGUST  
2022

**D.E. That the Contract number 13245 stated in the heading, Recommendations A, B and C and throughout the report and attachments be changed to 13254.**

#### RELATED PARTIES

- J. Hutchinson Pty Ltd; and
- Ipswich City Council

There were no declarations of conflict of interest

#### IFUTURE THEME

Vibrant and Growing

#### PURPOSE OF REPORT/BACKGROUND

The purpose of this report is to seek Council adoption of the Tender Consideration Plan. The Tender Consideration Plan has been prepared to provide justification required by s231 of the Local Government Regulations 2012 for Council to vary contractual arrangement ~~13245~~ 13254 Ipswich Central Civic Project – Design & Construction of Administration Building, Civic Precinct, Library and Carpark Upgrade with J. Hutchinson Pty Ltd for an approximate purchase price of \$36,544,959 excluding GST, aggregated as follows:

- Venue – \$28,413,314
- Commonwealth Hotel – \$8,031,645

For this to occur, Council must:

- (a) decide, by resolution, to prepare a quote or tender consideration plan; and
- (b) prepare and adopt the plan.

The tender consideration plan has been prepared to include but not limited to the following:

- (a) the objectives of the plan; and
- (b) how the objectives are to be achieved; and
- (c) how the achievement of the objectives will be measured; and
- (d) any alternative ways of achieving the objectives, and why the alternative ways were not adopted; and
- (e) the proposed terms of the contract for the goods or services; and
- (f) a risk analysis of the market from which the goods or services are to be obtained.

#### LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:

*Local Government Act 2009*

*Local Government Regulation 2012*

#### RISK MANAGEMENT IMPLICATIONS

Should the recommendations not be adopted by Council, the desired activation of the Nicholas Street Precinct and revitalisation of the Ipswich CBD will not be achieved.

Council's quantity surveyor Rider Levett Bucknall reviewed the Offer from J. Hutchinson Pty Ltd in detail where a number of risks were identified, these are provided in detail within the confidential attachments listed below:

- (a) Recommendation Report Venue & Comm Hotel - Ranbury v1; and
- (b) Venue & Comm Hotel - QS Review – RLB.

**HUMAN RIGHTS IMPLICATIONS**

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	Act/Decision being made is detailed in the recommendations within this report
(b) What human rights are affected?	The parties involved are companies/corporations and the subject matter of the proposed engagement, act or decision being assessed will not affect human rights and further consideration is unnecessary.
(c) How are the human rights limited?	Not applicable
(d) Is there a good reason for limiting the relevant rights? Is the limitation fair and reasonable?	Not applicable
(e) Conclusion	The decision is consistent with human rights.

**FINANCIAL/RESOURCE IMPLICATIONS**

Financial and resource implications have been considered in making the recommendations within this report along with preparation of the Tender Consideration Plan.

Ipswich Council has committed \$41.5 million in its 2022-2023 budget for the next phase of work in the Nicholas Street Precinct redevelopment. A significant portion of these funds will be spent on the delivery of leisure, entertainment, food and beverage areas which includes the Venue and Commonwealth Hotel.

The detailed design process conducted by J. Hutchinson Pty Ltd has estimated an approximate cost of \$36,544,959 excluding GST for all works, aggregated as follows:

- (a) Venue – \$28,413,314
- (b) Commonwealth Hotel – \$8,031,645

These figures are based on J. Hutchinson Pty Ltd completing project works as one (resulting in economies of scale), any change to the scope could require repricing.

The confidential attachment “Venue & Comm Hotel - QS Review – RLB” details the escalation and abnormal market conditions in relation to the construction economy within Queensland

and that it appears to be at an all-time industry high. As a result, supply chain issues continue to impact all projects resulting in increased costs and extended project durations. The market is flooded with work and contractors are experiencing difficulties obtaining reasonable levels of market coverage from sub-contractors as well as obtaining staff as there is a significant labour shortage due to social and economic factors.

Council's quantity surveyor has identified that the Offer from J. Hutchinson Pty Ltd is fair and reasonable based on the scope of works required. However, there are further financial risks and cost implications which are deemed confidential that need to be considered, these are provided in further detail within the confidential attachments "Recommendation Report Venue & Comm Hotel - Ranbury v1" & "Venue & Comm Hotel - QS Review – RLB".

### COMMUNITY AND OTHER CONSULTATION

Council has continued to inform the public on the vision for Nicholas Street Precinct via media releases, these are but not limited to the following media articles regarding the following Council assets:

- Venue:
  - 13 December 2019 - New cinema complex and indoor go kart track part of plans for Ipswich CBD redevelopment;
  - 5 May 2021 - New cinema operator for Nicholas Street Precinct set by August;
  - 6 April 2022 - Next stage of \$250 million Nicholas Street Precinct revealed in Ipswich CBD;
  - 30 June 2022 - Ipswich CBD revitalisation gets \$41.5 million budget boost.
- Commonwealth Hotel:
  - 14 June 2019 - Commonwealth Hotel, of days gone by;
  - 16 June 2021 – Commonwealth Hotel has been put back together again;
  - 9 January 2020 - What's next for century-old Commonwealth Hotel;
  - 10 July 2020 – Council gives green light to Commonwealth Hotel reconstruction;
  - 12 November 2020 – Commonwealth Hotel rebuild well on the way as Ipswich CBD transformed;
  - 15 March 2022 - Hotelier takes the reins of iconic Ipswich pub in Nicholas Street Precinct;
  - 6 April 2022 - Next stage of \$250 million Nicholas Street Precinct revealed in Ipswich CBD;
  - 30 June 2022 - Ipswich CBD revitalisation gets \$41.5 million budget boost.

Internal Stakeholders

COUNCIL  
SPECIAL MEETING AGENDA

11 AUGUST  
2022

- Procurement Branch
- Nicholas Street Precinct Branch
- Legal and Governance Branch

External Stakeholders

- Ranbury Management Group– Project Management Consultancy Services
- Rider Levett Bucknall – Quantity Surveyor
- Bornhorst & Ward – Structural Design Consultancy Services
- WSP Australia – Schematic Design Consultancy Services
- McKenzie Group – Building, Surveying and Access Consultancy Services
- Tait Moreton Johnson – Architectural Design Consultancy Services
- Clayton Utz – Council’s External Legal Consultant
- J. Hutchinson Pty. Ltd.

**CONCLUSION**

In concluding this report, the recommendations and information contained within this report aligns with Council’s iFuture Corporate Plan 2021-2026. The redevelopment of the Ipswich Central Business District (CBD) is a crucial part of revitalising the heart of Ipswich and the refurbishment of Council assets is a vital part of this revitalisation and the precinct’s future success.

**ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS**

	CONFIDENTIAL
1.	Tender Consideration Plan
2.	220725 Recommendation Report Venue & Comm Hotel - Ranbury v1
3.	220725 Venue & Comm Hotel - QS Review - RLB

David Niebling

**CATEGORY SPECIALIST**

I concur with the recommendations contained in this report.

Wayne Bichel

**BUILDING CONSTRUCTION AND MAINTENANCE CATEGORY MANAGER**

I concur with the recommendations contained in this report.

Greg Thomas

**PROJECT MANAGER**

I concur with the recommendations contained in this report.

Richard White

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**MANAGER, PROCUREMENT**

I concur with the recommendations contained in this report.

Sean Madigan

**GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT**

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