

Agenda



ORDINARY MEETING OF COUNCIL

SUPPLEMENTARY AGENDA

15 MARCH 2023

TABLE OF CONTENTS

Item	Subject	Page No.
12.	Community & Regional Prosperity Reports	3
12.4	Flood Recovery Resilient Homes Fund - Voluntary Home Buy-Back Scheme - Preferred Supplier Arrangement for the Demolition and Site Rehabilitation of Properties	3

12. COMMUNITY & REGIONAL PROSPERITY REPORTS

12.4 Flood Recovery Resilient Homes Fund - Voluntary Home Buy-Back Scheme - Preferred Supplier Arrangement for the Demolition and Site Rehabilitation of Properties

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Responsible Officer: Amanda Pugh, Group Manager Community & Regional Prosperity

Purpose:

The purpose of this report is to seek Council's endorsement to establish a Preferred Supplier Arrangement (PSA) for the provision of demolition and site rehabilitation services as part of the Voluntary Home Buy Back Scheme.

Officer's Recommendation:

THAT Council in accordance with Sections 233 and 235 (a) (b) of the *Local Government Regulation 2012* approve:

- 1. The establishment a Preferred Supplier Arrangement for the future procurement of demolition and site rehabilitation services associated with the Voluntary Home Buy Back Scheme.**
- 2. Entering into contractual arrangements without first inviting written quotes or tenders for the future procurement of sole source and specialised suppliers for the disconnection and removal of utility services for each location associated with the Voluntary Home Buy Back Scheme, for the following suppliers:**
 - Queensland Urban Utilities
 - Energex Limited
 - Energy Queensland
 - Telstra Corporation Limited
 - NBN Co Queensland
 - Dial Before You Dig (Qld) Ltd
 - ELGAS Limited
 - AGAS National Pty Ltd
 - Origin Energy CSG Limited
 - AGL Energy

Executive Summary

Council's procurement policy states that Lockyer Valley Regional Council will carry out all procurement activities in accordance with the prescribed legislative framework and its Procurement Guideline.

As it is the responsibility of Council to undertake the demolition of the properties purchased by Council as part of the Voluntary Home Buy Back Scheme, it is necessary to establish a PSA with an approved panel of providers who are appropriately qualified and experienced to undertake demolition and site rehabilitation.

Proposal

After the flooding events of 2022, a joint initiative was announced by the Australian and Queensland Governments to help people living in Queensland recover and become more resilient to future flooding events by introducing the \$741 million Resilient Homes Fund. There are three (3) programs that are funded under the fund and include:

The **Resilient Retrofit Program** provides funding for homeowners to repair (enhancing resilience) or retrofit homes to incorporate flood resilient design and materials in liveable rooms or areas. This program is administered by the Department of Housing and Public Works.

The **Home Raising Program** provides funding for homeowners to raise their home to reduce the impacts of future flood events by elevating liveable rooms or areas. This may also include moving the home on the same parcel of land by moving it to higher ground. This program is administered by the Department of Housing and Public Works.

The **Voluntary Home Buy-Back Program** provides funding for Councils to buy back homes. Once the property is purchased (by Council) it must be demolished, and the land returned to its natural state and a planning scheme amendment undertaken to ensure that the land can never be developed for residential purposes. This program is administered by the Queensland Reconstruction Authority (QRA) and is the program that Council has the most involvement in.

To be eligible for funding under the Voluntary Home Buy Back program, property owners must meet the following criteria:

- The home is within one of the local government areas activated for Disaster Recovery Funding Arrangements; and
- The owner-occupier or landlord of the home is applying for funding; and
- The home is a residence not used primarily for business purposes; and
- the home was inundated by water in liveable rooms or areas during the 2021–22 rainfall and flooding events listed below:
 - Central, southern, and western Queensland rainfall and flooding – 10 November to 3 December 2021; and
 - Ex-tropical cyclone Seth – 29 December 2021 to 10 January 2022; and
 - South-east Queensland rainfall and flooding – 22 February to 5 April 2022; and
 - Southern Queensland flooding, 6 - 20 May 2022.

It is the south-east Queensland Rainfall and Flooding event that occurred between 22 February to 5 April 2022 that makes Lockyer Valley residents eligible to participate in the program.

Voluntary Home Buy Back Program Overview

The process undertaken to be considered for Home Buy Back is as follows:

1. Property owner makes application for Voluntary Home Buy Back to the QRA.
2. QRA ensures that the application meets the eligibility funding criteria.
3. Property valuers undertake pre and post flooding valuations.
4. Offers are presented to eligible property owners by the QRA.
5. Property owners consider the QRA offer.
 - a. If the Property owner accepts the offer, a contract is forwarded to Council for execution.
 - b. If the Property owners does not accept the offer, no further action is undertaken and the process ceases.
6. McCullough Robertson, acting on behalf of Council arrange for the contracts to be issued.
7. Property settlement occurs 30 days after the contract is executed by both parties.

8. Demolition of structures and rehabilitation of the land occurs.
9. Planning Scheme Amendment undertaken to rezone land.

It should be noted that under the funding arrangements the program must be completed by 30 June 2024, including; demolition of the house, and amendment of the relevant planning scheme.

LVRC Voluntary Home Buy Back Properties

To date, the Queensland Government (QRA and the Department of Housing and Public Works) have received 94 applications from property owners in the Lockyer Valley.

- 20 properties were capable of being raised
- 21 were qualified for a resilient retrofit
- 28 were considered for voluntary buy-back, of which 25 initially qualified; and
- 25 property owners were unsure of which program option was of interest to them.

25 properties initially qualified for the Home Buy Back Scheme under the Resilient Homes Fund. The Property Identification Numbers of the 25 properties are; 236300, 236190, 132930, 117050, 268160, 131600, 167790, 167920, 255650, 135760, 132760, 132740, 251500, 114090, 132560, 133200, 245310, 132700, 132590, 138910, 178400, 172040, 157320, 176590, and 127470.

To date nine (9) contracts have been executed and six (6) properties have settled, with the remaining three (3) properties settling between now and mid-April 2023.

Whilst it is anticipated that additional properties will be contracted for purchase, it is the responsibility of Council to undertake the demolition of the purchased property. It is necessary to establish a PSA with an agreed panel of providers who can undertake the demolition and site rehabilitation of this first tranche of contracted properties and any others potentially thereafter. This is the most efficient and effective means to undertake the demolition of the properties that Council has purchased through the Voluntary Home Buy Back Program.

Preferred Supplier Panel Arrangement

Council's procurement policy states that Lockyer Valley Regional Council will carry out all procurement activities in accordance with the prescribed legislative framework and its Procurement Guideline.

It has been determined that the most efficient way to undertake the procurement of the demolition function is to establish a PSA.

The objectives of the tender process are:

- a. To establish a PSA with multiple suppliers who have the capacity and capability to provide demolition and site rehabilitation services for flood-affected houses/structures. The works will be released in packages of varying sizes anywhere from one (1) to ten (10) houses (possibly more).
- b. Upon the PSA being established, quotes for each package of works will be released to capable suppliers on the arrangement. The pricing will be provided in a lump sum format with task price breakdown and submissions evaluated and awarded primarily on price.
- c. To establish a PSA with the intent that works are to be distributed across all preferred suppliers (although there is no guarantee of any works under this arrangement).
- d. Perform all requirements in accordance with the required standards and priorities specified in the Schedules, Conditions and Specification.

To procure and engage contractors on the PSA, Council will apply Section 233 of the Local Government Regulation 2012, which states the following:

1. This section applies to a medium-sized contractual arrangement or large-sized contractual arrangement for the supply of goods or services.
2. A local government may enter into the contract without first inviting written quotes or tenders if the contract is entered into with a supplier from a register of pre-qualified suppliers that is made in compliance with subsections (3) to (7).
3. A local government may establish a register of pre-qualified suppliers of particular goods or services only if:
 - a. the preparation and evaluation of invitations every time the goods or services are needed would be costly; or
 - b. the capability or financial capacity of the supplier of the goods or services is critical; or
 - c. the supply of the goods or services involves significant security considerations; or
 - d. a precondition of an offer to contract for the goods or services is compliance with particular standards or conditions set by the local government; or
 - e. the ability of local business to supply the goods or services needs to be discovered or developed.
4. A local government must invite suppliers to tender to be on a register of pre-qualified suppliers.
5. The invitation must;
 - a. be published on the local government's website for at least 21 days; and
 - b. allow written tenders to be given to the local government while the invitation is published on the website.
6. Also, the local government must take all reasonable steps to publish the invitation in another way to notify the public about establishing the register of pre-qualified suppliers.
7. When selecting a supplier to be a pre-qualified supplier for the register, the local government must have regard to the sound contracting principles:
 - *Value for money; and*
 - *Open and effective competition; and*
 - *The development of competitive local business and industry; and*
 - *Environmental protection; and*
 - *Ethical behaviour and fair dealing.*
- (8) A pre-qualified supplier is a supplier who has been assessed by the local government as having the technical, financial and managerial capability necessary to perform contracts on time and in accordance with agreed requirements.

Council will apply the ethics principles of integrity and impartiality, promoting the public good, commitment to the system of government, and accountability and transparency in undertaking its procurement activity.

Additional Procurement Requirements – Sole Source and Specialised Services Engagements

Engagement of utilities providers will be required for the disconnection and potentially the removal of applicable assets and structures associated with each utility type to rehabilitate each location.

Generally, Council evaluates its commitment to expending funds by undertaking a procurement process involving two or more parties. In some instances, there is only one supplier who is available to perform the works and services, or the works and services are require of a sole source or specialised nature making it impractical or disadvantageous to invite several written quotes or tenders.

In accordance with section 235 of the Local Government Regulation 2012, Section 235 Other exceptions “A local government may enter into a medium-sized contractual arrangement or large-sized contractual arrangement without first inviting written quotes or tenders if—

- (a) the local government resolves it is satisfied that there is only 1 supplier who is reasonably available: or
- (b) the local government resolves that, because of the specialised or confidential nature of the services that are sought, it would be impractical or disadvantageous for the local government to invite quotes or tenders.”

The below list of organisations has been identified as being either sole source or specialised services providers that will be required to provide services to Council in the demolition and rehabilitation of the sites.

- Queensland Urban Utilities
- Energex Limited
- Energy Queensland
- Telstra Corporation Limited
- NBN Co Queensland
- Dial Before You Dig (Qld) Ltd

Options

Council has several options available and to consider including:

1. Council endorses the Officer’s Recommendation to establish a PSA for the provision of demolition and site rehabilitation services as part of the Voluntary Home Buy Back Scheme.
2. Council does not endorse the Officer’s Recommendation and alternative procurement options are investigated; however, it should be noted that the Resilient Homes Fund has a program completion date of 30 June 2024 and the establishment of a panel arrangement for the procurement of the demolition and rehabilitation of subject sites is the most efficient and effective means to undertake the demolition of the properties that Council has purchased through the Voluntary Home Buy Back Program.

Previous Council Resolutions

Ordinary Council Meeting – 26 October 2022

Resolution 20-24/0668

1. *THAT Council resolve to purchase the following properties for the purposes of the Resilient Homes Fund Voluntary Home Buy-Back program:*
 - *Property ID 236300*
 - *Property ID 178400*
 - *Property ID 268160*
 - *Property ID 157320*
 - *Property ID 117050*
 - *Property ID 132700*
 - *Property ID 138910*
 - *Property ID 167920*
 - *Property ID 114090*
 - *Property ID 255650*
 - *Property ID 127470*
 - *Property ID 132590*
 - *Property ID 132740*
 - *Property ID 236190*
 - *Property ID 167790*
 - *Property ID 132930*

- *Property ID 176590*
 - *Property ID 245310*
 - *Property ID 131600*
 - *Property ID 251500*
 - *Property ID 132760*
 - *Property ID 132560*
 - *Property ID 133200*
 - *Property ID 135760*
2. *THAT Council resolve to authorise the Chief Executive Officer to take the necessary action required to implement Council's decision, including but not limited to making, amending and discharging the necessary contractual arrangements required to complete the sale of the identified properties.*
3. *THAT Council be kept informed of the progress and the outcome of the purchases of the identified properties.*

Critical Dates

The project completion date for the Resilient Homes Fund is 30 June 2024. All actions associated with the three (3) programs under the Fund need to be completed by this date.

Strategic Implications

Corporate Plan

- *Lockyer Planned*
- *Lockyer Leadership & Council*

Finance and Resource

Council has been allocated a grant funding from the Australian and Queensland governments through the Resilient Homes Fund to purchase, demolish, rehabilitate and rezone 25 flood affected parcels of land across the region.

An initial payment of \$5 million has been made to council to commence this process.

All costs associated with the implementation of the Voluntary Home Buy Back Scheme can be claimed by Council as part of the program. This includes, but is not limited to, staff time, project management costs, property acquisition cost, and demolition costs.

Legislation and Policy

Section 233 of the *Local Government Regulation 2012* states, 'This section applies to a medium-sized contractual arrangement or large-sized contractual arrangement for goods or services if a local government— (a) needs the goods or services— (i) in large volumes; or (ii) frequently; and (b) is able to obtain better value for money by accumulating the demand for the goods or services; and (c) is able to describe the goods or services terms that would be well understood in the relevant industry.'

Risk Management

Key Corporate Risk Code and Category: FE2 - Finance and Economic

Key Corporate Risk Descriptor: Decision making governance, due diligence, accountability and sustainability.

Further, this report and recommendation aligns with Council's Procurement Policy adopted by Council 15 July 2020.

Consultation

Councillor Consultation

A number of discussions and Councillor Workshops have been had with Council in relation to the Voluntary Home Buy Back Program since the announcement of the Resilient Homes Fund.

Internal Consultation

Extensive and ongoing consultation has occurred with the Policy and Growth, Building and Plumbing, Waste, Community Facilities, Finance, Procurement and Workplace Health and Safety teams.

External Consultation

Extensive and ongoing consultation has occurred with Council's external legal representatives McCullough Robertson who are assisting Council with the contract of sale management for the Voluntary Home Buy Back Scheme.

Extensive and ongoing consultation has occurred with Stewart Pentland of Infitum Partners who is assisting Council with the project management of Council's obligations under the Voluntary Home Buy Back Scheme.

Extensive and ongoing consultation has occurred with the QRA in relation to the delivery of the Voluntary Home Buy Back Scheme.

Community Engagement

Extensive Consultation and Engagement with the community has been undertaken by the QRA and by Council when appropriate.

Attachments

There are no attachments for this report.