

## Public Question Time – answers to questions taken on notice\*

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### Questions from Bill Phelan

Mr Phelan asked the following questions in relation to contracted works with Fulton Hogan:

- Q1 What was the contract figure for the 2017/18 financial year?  
Q2 For that same year, how much did we pay Fulton Hogan for works outside of the contract?  
Q3 For additional works, at what stage did we get three competitive quotes? How many of these works were negotiated with Fulton Hogan on a one-off basis?

### Response

*Whilst the majority of the information was readily available I wanted to be sure that we responded to both your particular queries raised at the Council meeting of 20 March, but also the substantive points we discussed prior to your question about Council's discretionary use of Fulton Hogan for non-maintenance activities.*

- Q1 *The expenditure of contractual works with Fulton Hogan for 2017/18 was \$10,255,340.*
- Q2 *The expenditure of non-contractual works with Fulton Hogan for 2017/18 was \$35,093\**
- Q3 *Council always endeavours to achieve best value in our civil works program for ratepayers. The use of Fulton Hogan for the delivery of non-maintenance related civil infrastructure works is only undertaken for projects of relatively lower value, and only when the rates for the components of work are in accordance with the Fulton Hogan maintenance contract. These rates have been established through a public competitive process. The use of Fulton Hogan for these works provides Council with a high degree of flexibility and agility to program works to limit disruption to residents, businesses and road users.*

*Council acknowledges that it is financially prudent to have a diversified delivery approach to non-maintenance civil works. Through appropriate forward planning it is estimated that a greater number of individual projects below the \$200k public tender threshold can be subject to specific procurement outside of the Fulton Hogan maintenance contract. This provides the ongoing opportunity to regularly test Fulton Hogan rates, diversify the delivery of works and encourage market innovation.*

*\*Council's contract with Fulton Hogan is predominantly a maintenance related contract but includes a specific allowance for what could be termed 'non-maintenance' activities, such as building kerb outstands, rain gardens, etc. Your query about the value of works outside of the contract is a reference to these non-maintenance works. In the 2017/18 financial year, Council delivered approximately \$4,083,679 of non-maintenance civil works, of this amount approximately \$1,062,388 was awarded to Fulton Hogan under their standing maintenance contract with Council for delivery. There were 12 projects delivered by Fulton Hogan and ten delivered by other companies during that financial year.*

*Council's use of Fulton Hogan for these non-maintenance works is in line with Council's obligations under the Local Government Act because the rates that are provided (ie to lay a metre of kerb and channel) have been established through a public tender process. If Council chooses to use Fulton Hogan for non-maintenance works, they must provide a quotation in accordance with their contracted rates. They are not able to set different rates each time they are asked to quote on works.*

*\*Please note: answers to any questions in Public Question Time which were answered at the meeting are included in the minutes of that meeting.*