

5.3. SOLE SPECIALISED SUPPLIER REGISTER 2022-23

REPORT AUTHOR Tara Killeen, Chief Financial Officer

MANAGER Rachel Brophy, Chief Executive Officer

DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council resolves to:

1. Approve the additional proposed suppliers attached as nominated sole and/or specialised service providers under s 235(a) and (b) of the *Local Government Regulation, 2012* for the supply of equipment and services, for the remainder of the current 2022-23 financial year.
2. Approve the removal of proposed suppliers attached as nominated sole and/or specialised service providers under s 235(a) and (b) of the *Local Government Regulation, 2012* for the supply of equipment and services, for the remainder of the current 22-23 financial year.
3. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to enter into contracts, negotiate, finalise and execute any and all matters associated with or in relation to Sole Suppliers subject to Council's normal procurement policies and practices.

EXECUTIVE SUMMARY

Under the *Local Government Regulation 2012* Council is obligated to request written quotations or tenders for medium and large sized contractual arrangements.

In May 2022, Council approved the appointment of 60 suppliers to the Sole & Specialised Supplier Register for the 2021-22 financial year. Since this time, a further thirteen suppliers have been identified as meeting the requirements of a sole and/or specialised supplier and nominated to the procurement department for inclusion in the register. Three suppliers are proposed to be removed from the register. A Council workshop was held on 20 September 2022 to discuss the Sole/Specialised Supplier Register and processes.

COMMENTS

S 224 of the *Local Government Regulation 2012*, prescribes that Council must request written quotations or conduct a tender process for median and large size contractual arrangements as defined below:

- (2) A **medium sized contractual arrangement** is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$15,000 or more but less than \$200,000 in a financial year.
- (3) A **large sized contractual arrangement** is a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year.

Occasionally, Council is unable to obtain more than one sufficient quote during the procurement process due to the lack of appropriately qualified suppliers. This is due to there being only one (1) supplier or due to the specialist nature of the supply.

The regulation also acknowledges that there are instances where it is not always possible to meet these requirements and provides for a number of exceptions to manage these instances. Chapter 6, Part 3, Division 3 of the Regulation identifies exceptions for medium and large sized contractual arrangements if:

S 235

- (a) *The local government resolves it is satisfied that there is only one (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*

Regardless of exemptions above, actions greater than \$200,000 still require review and approval by means of monthly Council meetings.

To meet operational requirements, it has been identified that there are a number of key suppliers, who are the only practical option, from which Council can obtain goods and/or services.

To ensure regulatory compliance, the Senior Procurement Officer coordinates a register of sole source and specialised suppliers that is established and reviewed, ensuring that both the legislative requirements and operational needs are met.

PROPOSAL

1. Approve the additional proposed suppliers attached as nominated sole and/or specialised service providers under s 235(a) and (b) of the *Local Government Regulation, 2012* for the supply of equipment and services, for the remainder of the current 2022-23 financial year.
2. Approve the removal of proposed suppliers attached as nominated sole and/or specialised service providers under s 235(a) and (b) of the *Local Government Regulation, 2012* for the supply of equipment and services, for the remainder of the current 2022-23 financial year.
3. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to enter into contracts, negotiate, finalise and execute any and all matters associated with or in relation to Sole Suppliers subject to Council's normal procurement policies and practices.

FINANCIAL/RESOURCE IMPLICATIONS

There are no financial or resource implications that arise from this recommendation.

RISK MANAGEMENT IMPLICATIONS

By reviewing and approving the overall register of sole &/ or specialist suppliers on a regular basis, Council is ensuring compliance with s 235 of the *Local Government Regulation 2012* and maintaining an awareness of the nature of Council contracting within exemptions under the Regulation.

Suppliers have been reviewed and those deemed not to meet the exemption requirements as per the definition of sole supplier in the Regulation, or no longer requiring engagement by Council, have been excluded from this report.

The financial risk to Council is mitigated by Council officers having assessed these products and services as being suitable and the suppliers as being the only reasonable option from which Council can obtain these relevant products and services.

If the amendments to the register of sole &/ or specialist suppliers are not approved by Council, there may be unnecessary delays in appointing suppliers and additional resources required to comply with the alternate methods of procurement.

SUSTAINABILITY IMPLICATIONS

Economic: The maintenance of a sole/specialised supplier register approved by Council enables efficient contractual processes.

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

Goal 2 - *We will put the customer at the centre of our service delivery and process improvement as we deliver efficient and appropriate services based on community expectations.*

Goal 3 - *We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.*

Operational Plan 2022-2023 Actions:

Legislative requirement.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Regulator Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes based approach that balances the needs of the community with social and natural justice.

CONSULTATION

Internal: Procurement Team, Management Team, various relevant staff.
Council Meetings on 31 August 2021 and 31 May 2022.
Councillor Workshop on 20 September 2022.

External: Nil.

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

1. Sole Supplier Amendments Attachment (1) [5.3.1 - 4 pages]

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.

Douglas Shire Council: SOLE & SPECIALISED SUPPLIER REGISTER - FY 22-23*

Goods and services where there is only one supplier, or are of a specialised, or confidential nature, are listed below:

Supplier	Category	Section	Description of Goods and/or Services Provided	Comments/Justification
Add				
Doppelmayr Australia Pty Ltd	Specialised	Infrastructure	Manufacture/Supply & Delivery of haul rope	Doppelmayr manufacture and supply haul rope which is vital for the Daintree River Ferry crossing. To ensure continuity to the ferry service and avoid any potential major shutdown, replacement haul rope will be required. As vital infrastructure of significant importance there are limited other suppliers available, and none who could deliver rope within this financial year.
Endeavour Foundation	Specialised	Resource Management	Mattress Recycling & Shredding	The Endeavour Foundation is a not-for-profit organisation with its primary purpose to support people with an intellectual disability. Endeavour Foundation provide a unique service, whereby mattresses are collected and dismantled by hand and components are recycled. It is a highly manual process and we are not aware of any other local providers offering the service. Mattresses are a problem waste for Council, and we are limited as to how many we can export to landfill (they make landfills unstable and can cause landfill fires), therefore utilising the Endeavour Foundation will also improve Council's resource recovery rates.
Evolve Equipment Management	Specialised	ICT	Custom Room Audio / Visual Installations	Institutional Knowledge & Consistency / Continuity: DSC's current room systems were built and customised by this vendor, therefore this vendor is best placed to maintain the current custom room installations, as they now are. Other vendors can be used for new or room refits but there is a price and skills advantage for maintenance to be provided by the vendor who built the custom installations.
Feraltech	Sole	Open Spaces	Remote Feral Pig Traps	FeralTech are the only supplier in Australia authorised to provide Jager Pro service and products which are utilised by the Open Spaces team in the management of Feral Pigs.

FP Mailing	Specialised	ICT	Paper/Envelope folding and stuffing machines	<p>Unique: FP Mailing specialise in the supply and maintenance of machines in this unusual / specialised area.</p> <p>Continuity: Council have machines that can only be serviced by this company as authorised resellers of this equipment, and have done so since the machines were purchased.</p>
Howells Maritime Services	Specialised	Infrastructure	Maritime Services	<p>Howells Maritime Services are a Cairns based supplier accredited to carry out AMSA inspections required for the Daintree Ferry.</p> <p>Howells have provided survey, inspections, and reporting assistance relating to the Daintree Ferry since 2021. They are familiar with the ferry vessel and are best placed to provide further inspections to ensure continuity and consistency of service is achieved.</p>
Intuit	Specialised	ICT	IT Services/Managed Services Provider	<p>Institutional knowledge: Intuit, formal Surebridge, setup Council's IT system back in 2013 and has helped maintain and expand IT services since this time. They provide high end technical advice and perform routine maintenance related to servers, network devices and related software systems. As such they have knowledge of Council's configuration / setup which 3rd parties would have to gain before carrying out work.</p> <p>Continuity / Consistency: Intuit bring continuity of knowledge related to how systems were built and interact that saves time and reduces risk. Changing a vendor for particular items / work would introduce extra cost, time and risk to system additions and changes.</p>
International Seal Company Australia (ISCA)	Specialised	Infrastructure	Marine Engineering	<p>ISCA provide a broad range of marine engineering, industrial design, fabrication and manufacturing, Geo-technical engineer, and finite element analysis capability. A highly accurate scope and technical specifications are required for Council to progress with the Ferry's restoration and effective operation to standard. Their team consists of marine engineers, salvage divers, surveyors, and naval architects. All are experienced with launching and retrieval of vessels up to 4000 ton.</p> <p>ISCA are specialised in nature, and well positioned to assist in Council's retrieval and launch of the Daintree Ferry for AMSA inspections.</p>
Momentum Safety and Ergonomics	Sole	ICT & WHS	IT Service / Vendor of "Mango" eWHS software	<p>Unique: The vendor is the software developer and only sells this software / system direct.</p> <p>Continuity: Council has subscribed to this server for over two years and has invested in configuring the software and rolling it out to staff.</p>

Perrotts Engineering	Specialised	Infrastructure	Engineering Services	Perrotts Engineering are a local (Cairns) precision engineering and machining operation, with marine hydraulics as their forte. Perrotts supplied and installed all required hydraulic replacement system for the ferry ramps, alongside parts and fittings for motor components. They have specialised knowledge and experience, and as the suppliers of the system for the ferry ramp replacement are best placed to provide further components, servicing and additional quarterly and bi-annually reporting on the hydraulic and motor systems.
Precisely	Specialised	ICT	Providers of GIS Applications	Unique: Council use a set of Geographic Information Systems (GIS) written by this software developer. From time to time, Council need to engage the vendor directly. In situations where only the developer can fix an issue, we have no choice of who to engage.
Queensland Air Compressors	Specialised	W&WW	Compressor Servicing	Air compressors are critical to Council's Water & Wastewater departments. QLD Air Compressors is the only authorised supplier in FNQ for Elgi compressors. Servicing of the compressors relies on specific parts which are only available from this supplier. Council has attempted to source servicing parts from alternative suppliers but are always re-directed back to QLD Air Compressors as the sole distributor in FNQ.
Wild Machines t/a Ferry in Chains	Specialised	PMO	Ferry Design Consultant	There is limited technical experience in the operation of cable ferries around Australia. Ferry in Chains is managed by Steve Matschoss who previously worked for the SA Government (Dept of Planning, Transport & Infrastructure) as part of a team that maintained, refitted and designed the Murray River Ferry fleet. Ferry in Chains can provide experienced inputs into the coordination of the AMSA inspection as well as the key technical inputs into the new ferry General Arrangement and Energy Design prior to being sent to a Naval Architect for design and specification drawings.

Remove

Cairns Audio Visual	-	ICT	Custom Room Audio Visual	No longer utilise this supplier
ChemAlert	-	ICT	Chemical Handling Safety Data	Duplicate entry - supplier now operates under Risk Management Technologies (RMT) which is already included on the register

Emerg Douglas	-	ICT	Pre-amalgamation Enterprise Suite software	No longer required - product decommissioned
---------------	---	-----	--	---