



Notice is given that a Special Meeting of the Shire of Christmas Island will be held at the George Fam Centre Council Chambers on 7 August 2024 commencing at 6.00pm

AGENDA

- 1 Declaration of Opening**
- 2 Record of Attendance/Apologies/Leave of Absence/Declarations of Interest**
 - 2.1 Attendance
 - 2.2 Leave of Absence
 - 2.3 Apologies
 - 2.4 Declarations of Interest
 - 2.5 Public Question time
- 3 Business of the meeting**
 1. 3.1 To Re consideration for Tender process 01-2024 Supply and Delivery of Sealing Aggregate
- 4 Closure of Meeting**
- 5 Date of the next Ordinary Meeting**
 - 5.1 Date of the next Ordinary Council Meeting: 27 August 2024



SHIRE OF CHRISTMAS ISLAND

SUBMISSION TO	Special Council Meeting 7 August 2024
GENDA REFERENCE	3.1
SUBJECT	Re consideration for Tender process 01-2024 Supply and Delivery of Sealing Aggregate
LOCATION/ADDRESS/APPLICANT	Nil
FILE REFERENCE	5.13.01/24
INTEREST DISCLOSURE	Nil
DATE OF REPORT	2 August 2024
AUTHOR	David Price
SIGNATURE OF CEO	

RECOMMENDATIONS

That Council:

That Council declines to accept any tender submission received in response to RFT 01/2024 Supply and Delivery of Sealing Aggregate.

BACKGROUND

At the Ordinary Meeting of Council held 23 July 2024 council *deferred a decision on agenda item 10.4.2 which contained the following recommendation*

- 1. accepts the Offer from Acker Pty Ltd for RFT 01-2024 'Supply and Delivery of Sealing Aggregate', for the sum of \$312,000 being for an initial supply of 400 cubic metres;*
- 2. Provides for the option of a further 800 cubic metres of sealing aggregate for the sum of \$624,000 at the Shire's sole discretion; and*
- 3. makes the Contract subject to the provision of conforming testing results in accordance with the specifications included in the tender documents, and agreed site testing.*

Tenders for 'RFT 01-2024 Supply and Delivery of Sealing Aggregate' were called on 19 January, 2024 via Public Notice and through the West Australian newspaper. Tenders were advertised to close on 29 February 2024, however due to the complex logistics of the Tender, the closing date was extended by the issue of an Addendum to 21 March, 2024. By the closing date, 3 tenders were received and assessed, resulting in the following tenders received.

Tenderer	Proposal/Option	Price per Cubic Metre
Acker Pty Ltd	Supply 1,000 cubic metres from Malaysia	\$ 780.00
Evercrown Group Pty Ltd	Supply 1,000 cubic metres from Malaysia. Only supply to CI port. Shire to arrange transport to tipsite	\$1,152.00
Evercrown Group Pty Ltd	Supply 2,000 cubic metres from Malaysia. Only supply to CI port. Shire to arrange transport to tipsite	\$ 702.00

Evercrown Group Pty Ltd	Supply 2,500 cubic metres from Malaysia. Shire to arrange transport to tipsite	\$ 662.00
Evercrown Group Pty Ltd	Supply 3,000 cubic metres from Malaysia. Shire to arrange transport to tipsite	\$ 634.00
Evercrown Group Pty Ltd	Supply 3,500 cubic metres from Malaysia. Shire to arrange transport to tipsite	\$ 616.00
Hind's Transport Services Pty Ltd	Supply 1,000 cubic metres from the mainland	\$2,369.16
Hind's Transport Services Pty Ltd	Supply material to Perth port and the Shire transports to CI	\$ 370.75

COMMENT

Council deferred a decision of agenda item 10.4.2 at the 23 July 2024 Ordinary Meeting of Council due to concerns on the quality of the product from Malaysia that would only be NATA test once on Christmas Island

The Shire's Purchasing Policy requires Value for Money

VALUE FOR MONEY

Value for money is an overarching principle governing purchasing that allows the best possible outcome to be achieved for the Shire of Christmas Island. It is important to note that compliance with the specification is more important than obtaining the lowest price, particularly taking into account user requirements, quality standards, sustainability, life cycle costing, and service benchmarks.

An assessment of the best value for money outcome for any purchasing should consider:

- all relevant whole-of-life costs and benefits whole of life cycle costs (for goods) and whole of contract life costs (for services) including transaction costs associated with acquisition, delivery, distribution, as well as other costs such as but not limited to holding costs, consumables, deployment, maintenance and disposal.*
- the technical merits of the goods or services being offered in terms of compliance with specifications, contractual terms and conditions and any relevant methods of assuring quality;*
- financial viability and capacity to supply without risk of default. (Competency of the prospective suppliers in terms of managerial and technical capabilities and compliance history);*
- a strong element of competition in the allocation of orders or the awarding of contracts. This is achieved by obtaining a sufficient number of competitive quotations wherever practicable.*

Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer.

The Director for Works and Services rightly sought a tender process which was reported in his agenda item 10.4.2 to the Council meeting on 23 July 2024.

That report identified one tenderer as clearly being the lowest price, however the question of fully meeting the requirements of above second and third dot points of the

Value for Money test could only be possibly met once the material was on Christmas Island and following a NATA Material Test.

The tender process which was correctly carried out contains a possible potential quality risk upon delivery of a product sourced from Malaysia which would not be applicable to a mainland conforming tender. This is attempted to be addressed in the Officer Report by referencing the necessity of additional batch testing during production runs.

The officer's report rightly stated that should NATA testing not conforming then an alternative supply would need to be sourced, however if this was to occur it could also pose potential legal arguments as to what was proposed and agreed with the testing regime. **This would not be a statement that would sit beside a conforming Mainland Australia tender.**

While risk cannot be completely removed from such procurement processes, the Malaysian source does have an extra level of risk not associated with potential mainland suppliers. This is not a reflection on the recommended supplier identified in the Officers Report and is only associated with the source of the product.

This was of concern to the Council in passing their resolution to agenda Item 10.4.2 at the Council meeting on 23 July 2024.

The high cost of shipping from Fremantle to Christmas Island would exacerbate the cost of a mainland supplier against that of a Malaysian sourced product, however Council would need to be careful in considering that against the higher risk factor with the Malaysian sourced product, given as indicated by the Reporting Officer that should NATA testing not conform then an alternative supply would need to be sourced.

STATUTORY ENVIRONMENT

Local Government Act 1995, and the Local Government Functional and General Regs 1996

POLICY IMPLICATIONS

The Shire's Purchasing Policy

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS & MILESTONES

Nil

VOTING REQUIREMENTS

Simple Majority

ATTACHMENTS

Nil