

19.1 SOLE SUPPLIER EXEMPTION POSTAL SERVICES CONTRACT

Objective Reference:

Authorising Officer: Deborah Corbett-Hall, Chief Financial Officer

Responsible Officer: Deborah Corbett-Hall, Chief Financial Officer

Report Author: Joy Manalo, Service Manager Corporate Finance

Attachments: Nil

The Council is satisfied that, pursuant to Section 275(1) of the *Local Government Regulation 2012*, the information to be received, discussed or considered in relation to this agenda item is:

(e) *contracts proposed to be made by it.*

PURPOSE

The purpose of this report is to seek Council resolution to enter into a thirty six (36) month contractual arrangement with Australia Post without first inviting written quotes or tenders pursuant to section 235 of the *Local Government Regulation 2012 (LGR2012)*. The current contract expires on 31 December 2019 with no option to renew.

BACKGROUND

Australia Post provides over the counter collection services to Council for which there is no significant direct competition in Australia due to:

- the nature of the transaction processing services offered whereby ratepayers are able to present a rates notice at any Australia Post branch and scan it to pay outstanding amounts over the counter. These funds are then remitted and reported to Council electronically;
- the level of coverage and ease of transacting across Australia offered by Australia Post, which is not duplicated by any other supplier currently in the market; and
- following the bank tender process undertaken in 2014, there is currently only one known bank offering over the counter service offerings at branches to its customers, this is not Council's current banking provider.

The current value of over the counter services payable by Council to Australia Post over the proposed term of the contractual arrangement falls within the definition of a medium sized contract. As such, it is considered that the exceptions in both subsections 235(a) and (b) are applicable to this supplier.

ISSUES

Sound Contracting Principles and Rules

In considering this procurement plan and the establishment of this arrangement, Council's Tax and Treasury team considered the Sound Contracting Principles (section 104 *Local Government Act 2009*).

- Value for money: Australia Post offers better value for money due to wider coverage of services in terms of the physical location of branches.
- The development of competitive local business and industry: there are no local suppliers that are able to provide the level and breadth of service offered by Australia Post across Australia.

- Ethical behaviour and fair dealing: Australia Post has been the supplier of this service since inception and has had an ongoing relationship with both the ratepayers and Council.
- Environmental protection: there is no specific environmental impact from this contract.

The Tax and Treasury team also reviewed Council's sound contracting rules underpinning the above principles in relation to this contract to ensure compliance wherever applicable. The rules include separation of duties, avoiding conflicts of interest, order splitting, record management and maintaining honesty and probity within the procurement process.

STRATEGIC IMPLICATIONS

Legislative Requirements

In accordance with section 235(a) and (b) of *LGR2012*, 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 one 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 written quotes or tenders.*

The provisions of section 235 are applicable to Council as the proposed contract meets the definition of a medium sized contractual arrangement as per Section 224(2) of *LGR2012* (\$15,000 or more but less than \$200,000 exclusive of GST in a financial year or over the proposed term of the contract). Furthermore, Australia Post is considered to be the only supplier reasonably available to provide the specialised over the counter collection services to Council.

Risk Management

The establishment of this arrangement will assist in the management of risks related with the maintenance of current customer service standards provided to ratepayers in terms of value for money, business coverage and continuity of service delivery.

Financial

The estimated total cost of the contract payable over the 36 month period is approximately \$ [REDACTED] exclusive of GST. This amount falls within the criteria of a medium sized contractual arrangement.

Total collections received by Council via Australia Post in 2017/2018 amounted to \$ [REDACTED] representing [REDACTED] % of total receipts.

Establishing this contract will facilitate collections as customers can make over the counter payments at any Australia Post branch as opposed to contacting Council in person or over the telephone to make payment.

People

Nil impact as the purpose of the report is for a contractual agreement pursuant to section 235 of the *LGR2012*.

Environmental

Nil impact as the purpose of the report is for a contractual agreement pursuant to section 235 of the *LGR2012*.

Social

Nil impact as the purpose of the report is for a contractual agreement pursuant to section 235 of the *LGR2012*.

Alignment with Council's Policy and Plans

The report has a relationship with the following items of the 2018-2023 Corporate Plan:

8. Inclusive and ethical governance

Deep engagement, quality leadership at all levels, transparent and accountable democratic processes and a spirit of partnership between the community and Council will enrich residents' participation in local decision making to achieve the community's Redlands 2030 vision and goals.

8.3 Implementation of the Corporate Plan is well coordinated across Council and through a delivery mechanism that provides clear line of sight, accountability and performance measurement for all employees; and

8.5 Council uses meaningful tools to engage with the community on diverse issues so that the community is well informed and can contribute to decision making.

CONSULTATION

Consulted	Consultation Date	Comments/Actions
Procurement Services Unit	06/02/2019	Procurement Services reminded Treasury that the contract was due to expire. Procurement was consulted during contract review and report preparation. Procurement Services reviewed this report prior to submission to Council.
Service Manager Financial Operations	06/02/2019	Treasury Officer sought and obtained the support of the Service Manager Financial Operations to renew the contract under the sole supplier exemption. Receipting statistical information contained within this report was provided by the Service Manager Financial Operations.

OPTIONS

Option One

That Council resolves as follows:

1. In accordance with section 235(a) and (b) of the *Local Government Regulation 2012*, Redland City Council is satisfied that the supplier named in the body of the report is the only supplier reasonably available to supply the services outlined in the report that are required by Council;
2. A new contractual arrangement is entered into by Council commencing 01 January 2020 for a period of 36 months under the sole supplier exemption; and
3. That this report remains confidential until the contract has been signed and awarded to the potential sole supplier subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

Option Two

That Council resolves as follows:

1. To not to offer the contract to the supplier named in the body of the report, noting that the exclusion of the services provided by the supplier may have resource implications for Council; and

2. That this report remains confidential until the contract has been signed and awarded subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.

OFFICER'S RECOMMENDATION

That Council resolves as follows:

1. In accordance with section 235(a) and (b) of the *Local Government Regulation 2012*, Redland City Council is satisfied that the supplier named in the body of the report is the only supplier reasonably available to supply the services outlined in the report that are required by Council;
2. A new contractual arrangement is entered into by Council commencing 01 January 2020 for a period of 36 months under the sole supplier exemption; and
3. That this report remains confidential until the contract has been signed and awarded to the potential sole supplier subject to maintaining the confidentiality of legally privileged, private and commercial in confidence information.