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Brett Thomson

From: Brett Thomson
Sent: Monday, 12 December 2011 12:01 PM
To: 'Paul Brennan'; Chris Fulcher
Cc: Mark Snowdon; Malcolm Tuttle (mtuttle@racingqueensland.com.au); smurray@racingqueensland.com.au; Rbentley@racingqueensland.com.au; Russell Thompson; Kate Broadbent
Subject: RE: Cairns Procurement
Attachments: GOVERNMENT PROCUREMENT - CAIRNS.DOCX; img-Z12100030.pdf; img-Z12111558.pdf

PB/MS,

With regard to Paul's email below, we would consider the situation to fall well within the auspices of the "SOLE SUPPLIER" criteria of the State Government Procurement Policy, especially in the context of the "critical" nature of the sub-project, the relationship between customer and supplier and the 3 Foundation Concepts of the State Procurement Policy and the limited risk and relative low cost of this component of this sub-project.

Following on from our meeting regarding procurement policy, please take the time to review the attached "Government Procurement - Cairns.Docx". We supply this as information for your consideration.

The part of the document describes the PROCESS FOR APPLICATION FOR "SOLE SUPPLIER" that may be used to introduce the concept to the Board. This information has been generally taken from the State Government website

The Second part of the document is application of the Sole Supplier process to the specifics of the Cairns Sub-Project

The third part is an example application to Government.

(The other two attachments are supporting info from the State Government Purchasing Policy).

We will be in RQL offices this afternoon at 2.30 on other matters, and would be pleased to discuss this further at that time.

Regards,

Brett Thomson
 BE AdvDipBus CPEng RPEQ CEnvP CPESC
 MIEAust MEIANZ MQELA GAICD
 Director

For and on behalf of:
 CONTOUR Consulting Engineers Pty Ltd

QLD GOVERNMENT – PROCESS FOR APPLICATION FOR “SOLE SUPPLIER”

1. Introduction

The Queensland State Purchasing Policy has, among its objectives, two equally ranking criteria:

- 1.1. To achieve value for money; and
- 1.2. To ensure probity and accountability for outcomes.

Achievement of these objectives would generally be by the following means:

- Achieving value for money – completing the project by the most economical means
- Ensuring probity and accountability – completing the required paperwork so that it satisfies audit.

2. Normal Practice

The generally accepted best means of achieving the above objectives for engaging suppliers is by tendering to three or more firms, or by going to a competitively neutral commercialised business unit of DPW or other State Government agency, such as Q Build.

3. Reasons for Exemption

There are 5 main reasons why exemption to normal practice may have to be sought in order to achieve the State Purchasing Policy objectives:

- 1.1. **Accessing existing standing offer and/or preferred supplier arrangements.** Examples of this are not common, but may occur in situations such as supply of air conditioning units for Cooler Schools.
- 1.2. **Pursuing the second or subsequent stage of a multi-stage procurement process.** Multi-stage developments such as Woolloongabba Cricket Ground are good examples.
- 1.3. A sole supply situation exists. An example is where there is a **high degree of technical expertise required, eg tension structures or technically complex projects.**
- 1.4. **A genuine urgency exists.** This is the most frequently used reason and the most frequently abused. If this is the reason, there must be adequate accompanying documentation to prove that the urgency is genuine and not a result of inadequate planning.
- 1.5. **The procurement is from a competitively neutral commercialised business unit of DPW or other agency acting for the Crown in the same right of the State of Queensland.** This is the means by which Q Build or other commercialised business units such as Roadtek can be engaged.

Whichever reason or reasons are used, it is **absolutely essential** that sufficient accompanying documentation is provided to answer any questions that any of the signatories below (Page 3) may raise.

4. Completing the Form on the following page

Place – name of the site, eg. Greenbank State School.

Project – name of the project, eg. New Teaching Block Stage 1.

Reasons – delete those not applicable and provide details to adequately support those reasons which are applicable.

Firm – list the firm the project manager proposes to invite.

Note: Any questions about this process should be directed to Procurement Services.

CAIRNS SUB-PROJECT of the RQL INDUSTRY INFRASTRUCTURE PLAN

Versus

GOVERNMENT PROCUREMENT POLICY

1.0 Introduction

The Queensland Office of Racing is part of The Department of Employment, Economic Development and Innovation under the "Office of Liquor and Gaming Regulation".

Under the Qld Government Procurement Policy, there is a pathway available to submit a request to the 'Director' or 'Director General' (depending on the funding amount) to engage key consultancy services under the "**Single Select / Sole Supplier / Direct Sourcing**" process.

2.0 Direct Sourcing - Alternative Procurement Pathway

Government funded agencies may make direct approaches to a "**Single Provider**" to invite them to quote the services. "**Direct Sourcing**" occurs in very specific circumstances, such as under extreme urgency, and/or if the goods and services can only be provided by one supplier (e.g. a commissioned work of art, or specialist one-off designs where specific expertise is paramount to technically complex projects, etc).

Hence, agencies can use Direct Sourcing processes where there is effectively only one supplier who are able to provide the goods or service.

3.0 Justification

The "**Sole Supplier**" process is required by RQL for the Cairns project in that:

- RQL are pursuing the **second, or subsequent stage, of a multi-stage procurement process** commenced by RQL in July 2010 under the Industry Infrastructure Plan (IIP).
- **Timing is urgent** with regard to wet season construction, turf grow-in seasons, and continuity of racing industry product/business.
- The **time limitations have NOT been caused by inadequate planning**. On the contrary, the planning and preliminary designs are complete and waiting on the shelf.
- The Queensland Government and the stakeholders require construction to commence as soon as possible, as **completion of the Cairns facilities upgrade are key to the continuing functioning of the Queensland Racing Industry**.
- **The timing of the completion of the Cairns Project is integral to the success of the IIP as a whole**. Specifically, due to industry requirements maintaining racing product and training business to the industry in the context that Townsville cannot commence until Cairns is complete (racing and training requirements during the Townsville construction period to be shared between Mackay and Cairns).
- There is truly **only one consultancy available to RQL** that has on offer the required:
 - o Value for Money
 - o Experience,
 - o High degree of technical expertise,
 - o Capacity,
 - o Resources,
 - o Management structure,
 - o Project understanding (from being involved in the initial stages of the multi stage procurement process of the IIP),
 - o Proven ability to perform the requirements inside the limited time and cost budgets.
 - o Queensland Company

4.0 Probity

Based on the above, there is a valid pathway to procure key consultancy services as:

- Achieving value for money; **Hourly Rates and Percentage Fees of Contour Consulting Engineers have been compared against industry norms for scales of fees, and benchmarked against comparable professional engineering service providers and found to be at or below the comparisons.**
- Achieving value for money; **The fees as proposed by Contour Consulting Engineers fall within the RQL budget for the services required.**
- Achieving value for money; **The Services required are for the completion of designs already commenced by Contour Consulting Engineers. To engage a different supplier would equate to loss of continuity to the project, learning curve for new consultant, and loss of historical knowledge. All these factors would result in consequences to costs and/or time.**
- Achieving value for money; **There is a history of Contour consistently providing high value service to RQL projects, that has equated to significant value-adding.**
- Ensuring probity and accountability; **RQL to maintain the Project Management Role, with all management, procurement, expenditure and risk decisions to be maintained by RQL.**
- Ensuring probity and accountability; **The Services required are for the completion of designs already commenced by Contour Consulting Engineers. Construction phase is not included in this proposal and are to be completed by RQL/CJC.**

5.0 State Procurement Policy

The State Government Procurement Policy has three key policy concepts as discussed below.

5.1 Advancing Priorities of Government

It is considered that the above complies with Foundation Concept 1 of the State Policy in that the proposal will:

- **Help to develop Queensland suppliers**
- **Contribute to a sustainable future for Queensland**
- **Support Fairness in employee conditions**
- **Contribute to improved workforce skills and training for Queensland**

5.2 Value for Money

With regard to State Policy Foundation Concept 3 "Value for Money":

- **Contribution to the advancement of the priorities of Government; It is understood that Government funding of the Racing Industry Infrastructure Plan included specific deadlines for the delivery of completed projects and the cost budgets for those projects. The proposed procurement of services seeks to facilitate those goals.**
- **Non-cost factors such as fitness for purpose, quality service and support, and sustainability considerations; RQL have had a long relationship with the supplier, with a proven track record with regard to quality of product, service and support. Based on this relationship, there have been additional value added to each project through continuous improvements in technology and innovation. It is considered that the proposed supplier indeed has a value adding relationship with RQL. The Supplier is also a qualified professional in Environmental Engineering including sustainability.**

- Cost-related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal; **The supplier has proven numerous occasions that their involvement adds value to the whole-of-project-cost, primarily through quality of documentation leading to ease of construction/tendering, and negotiation with construction contractors to provide the best possible outcome for the construction dollar (low cost of Starthayr Track, and sand procurement at Mackay, and negotiations with Local Authority Approvals Processes are a prime examples where the consultant has saved projects significant whole-of-project costs)**

Thus, and with respect to the critical nature of the procurement, RQL wish to secure value for money primarily by **effective supplier relationship** management through which the value of technology, innovation and continuous improvement is achieved. Value for money results will improve where whole-of-project costs of the offering are considered and reduced.

Long-term relationships with suppliers are common. Suppliers attitudes to the agency as a valued customer are crucial to the value that RQL, as a customer, will derive from the delivery of the service. In this regard, it is considered that the proposed supplier indeed has a value adding relationship with RQL.

5.3 Probity and Accountability

It is considered that the above complies with Foundation Concept 3 of the State Policy in that:

- **The procurement decision will be documented and defensible**
- **There is a high degree of transparency**
- **The procurement is ethical**
- **Complies with established Government's Procurement Practices**

6.0 Closure

The "Sole Supplier" procurement process is utilised throughout Government to meet project timelines and budget expenditure requirements, when there is need for urgency and/or there are limited services providers that are able to deliver the required services inside the technical, time, and budget constraints.

It is understood that all Government Departments work under the same Procurement Guidelines excerpt from webpage <http://www.business.qld.gov.au/sales-customer-service/winning-new-business/tendering-to-government/government-procurement.html>

Following is an example of an application form to Queensland Government to request "Sole Provider" processes.

PROCUREMENT SERVICES

APPLICATION FOR SOLE SUPPLIER

PROJECT: Industry Infrastructure Plan - Proposed Upgrade of Queensland Racing Facilities

SUB-PROJECT: Cairns Jockey Club, Cairns, Queensland

PROJECT MANAGER: Racing Queensland Limited

SERVICES REQUIRED: Civil/Structural/Environmental Consulting Engineering Design Services

Approval is sought for the above mentioned project to allow an invitation to be issued to a single supplier for the following reasons:

- RQL are pursuing **the second, or subsequent stage, of a multi-stage procurement process** commenced by RQL in July 2010 under the Industry Infrastructure Plan (IIP).
- **Timing is urgent** with regard to wet season construction, turf grow-in seasons, and continuity of racing industry product/business.
- **The time limitations have NOT been caused by inadequate planning.** On the contrary, the planning and preliminary designs are complete and waiting on the shelf to be finalised.
- The Queensland Government and the stakeholders require construction to commence as soon as possible, as **completion of the Cairns facilities upgrade are key to the continuing functioning of the Queensland Racing Industry.**
- **The timing of the completion of the Cairns Project is integral to the success of the IIP as a whole.** Specifically, due to industry requirements maintaining racing product and training business to the industry in the context that Townsville cannot commence until Cairns is complete (racing and training requirements during the Townsville construction period to be shared between Mackay and Cairns).
- There is truly **only one consultancy available to RQL** that has on offer the required:
 - Experience,
 - High degree of technical expertise,
 - Capacity,
 - Resources,
 - Management structure,
 - Project understanding (from being involved in the initial stages of the multi stage procurement process of the IIP),
 - Proven ability to perform the requirements inside the limited time and cost budgets.
 - Queensland Company
- Achieving value for money; **Hourly Rates and Percentage Fees of Contour Consulting Engineers have been compared against industry norms for scales of fees, and benchmarked against comparable professional engineering service providers and found to be at or below the comparisons.**
- Achieving value for money; **The fees as proposed by Contour Consulting Engineers fall within the RQL budget for the services required.**
- Achieving value for money; **The Services required are for the completion of designs already commenced by Contour Consulting Engineers. To engage a different supplier would equate to loss of continuity to the project, learning curve for new consultant, and loss of historical knowledge. All these factors would result in consequences to costs and/or time.**
- Achieving value for money; **There is a history of Contour consistently providing high value service to RQL projects, that has equated to significant value-adding.**
- Ensuring probity and accountability; **RQL to maintain the Project Management Role; with all management, procurement, expenditure and risk decisions to be maintained by RQL.**

- Ensuring probity and accountability; The Services required are for the completion of designs already commenced by Contour Consulting Engineers. Construction phase is not included in this proposal and are to be completed by RQL/CJC.
- Contribution to the advancement of the priorities of Government; It is understood that Government funding of the Racing Industry Infrastructure Plan included specific deadlines for the delivery of completed projects and the cost budgets for those projects. The proposed procurement of services seeks to facilitate those goals.
- Non-cost factors such as fitness for purpose, quality service and support, and sustainability considerations; RQL have had a long relationship with the supplier, with a proven track record with regard to quality of product, service and support. Based on this relationship, there have been additional value added to each project through continuous improvements in technology and innovation. It is considered that the proposed supplier indeed has a value adding relationship with RQL. The Supplier is also a qualified professional in Environmental Engineering including sustainability.
- Cost-related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal; The supplier has proven numerous occasions that their involvement adds value to the whole-of-project-cost, primarily through quality of documentation leading to ease of construction/tendering, and negotiation with construction contractors to provide the best possible outcome for the construction dollar (low cost of Starthayr Track, and sand procurement at Mackay, and negotiations with Local Authority Approvals Processes are a prime examples where the consultant has saved projects significant whole-of-project costs)
- Contribution to the advancement of the priorities of Government; It is understood that Government funding of the Racing Industry Infrastructure Plan included specific deadlines for the delivery of completed projects and the cost budgets for those projects. The proposed procurement of services seeks to facilitate those goals.
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- Cost-related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal; The supplier has proven on numerous occasions that their involvement adds value to the whole-of-project-cost, primarily through quality of documentation leading to ease of construction/tendering, and negotiation with construction contractors to provide the best possible outcome for the construction dollar (low cost of Starthayr Track, and sand procurement at Mackay, and negotiations with Local Authority Approvals Processes are prime examples where the consultant has saved projects significant whole-of-project costs)

Thus, and with respect to the critical nature of the procurement, RQL wish to secure value for money primarily by effective supplier relationship management through which the value of technology, innovation and continuous improvement is achieved. Value for money results will improve where whole-of-project costs of the offering are considered and reduced.

Long-term relationships with suppliers are common. Suppliers attitudes to the agency as a valued customer are crucial to the value that RQL, as a customer, will derive from the delivery of the service. In this regard, it is considered that the proposed supplier indeed has a value adding relationship with RQL.

The philosophy is to streamline the traditional process for ensuring delivery of this sub-component of Racing Queensland Limited's Industry Infrastructure Plan. This is to ensure that Plan may be rolled out efficiently for the industry as a whole (maintenance of racing product and training facilities) and in the context of future projects (Townsville) programmed critical path being linked to the completion of the Cairns Sub-Project:

This entire strategy is built around the smoothest and most efficient delivery program possible.

Hence there is an urgent need to commission the following list of Principal Consultants. The methodology used to select these consultants is that they are proven performers in the timely and professional delivery of contract documentation and they provide value-for-money outcomes. The volume of work was issued based on their stated capacity to immediately commence works and complete within the allocated timeframe. The estimated value of the each commission is shown below.

It is proposed to issue an invitation to the following firm against each of these services:

Services	Consultant	Approx Cost
Racecourse Civil/Environmental Engineering Design and Documentation	Contour Consulting Engineers Pty Ltd	\$56,179.00

- 1. Recommended/Not Recommended
- 2. Recommended/Not Recommended

A/Assistant Director Date

Director, Dep. ?????? Date

- 3. Recommended/Not Recommended

- 4. Approved/Not Approved

Manager, Procurement Services Date

General Manager, Project Services Date

