

## **TENDER RECOMMENDATION REPORT**

**TO:** CHIEF EXECUTIVE OFFICER

**CC:** COORDINATOR CONSTRUCTION  
MANAGER INFRASTRUCTURE CAPITAL WORKS

**FROM:** DIRECTOR ASSETS

**FILE REF:** 45782 22/389759

**DATE:** 13 OCTOBER 2022

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### **REQUEST FOR TENDER 22116 PROVISION OF PLANT HIRE SERVICES**

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#### **Issue**

To consider the decline of Tender 22116 Provision of Plant Hire Services.

#### **Background**

The City's in-house capital works program delivery capacity relies heavily on the availability of external plant and equipment hire due to the limited inventory of Council owned plant and equipment. Conventional supply arrangements incorporate "wet hire" options that include the provision of plant operators and refuelling services.

The incumbent contractor Mayday Rental declined a potential extension to the expiring Contract 18147 due to the pandemic related human resourcing constraints largely associated with high competing operator remuneration on offer throughout the local construction and mining industry coupled with skilled staff shortages. The current contract provider has consequently made the business decision to become an exclusive "dry hire" plant rental company with no future capacity to provide operators to service contract needs.

As the City also does not have available spare operator resources the new contract sought to respond to market conditions by making provision to allow plant hire companies to provide services utilising sub-contracted labour where required.

#### **Detail**

Tender 22116 for the Provision of Plant Hire Services was advertised on 10 September 2022 and closed on 4 October 2022. No addenda were issued.

Essential details of the proposed contract are as follows:

<b>Item</b>	<b>Detail</b>
Contract Form	Goods and Services
Contract Type	Schedule of Rates
Contract Duration	3 Years
Commencement Date	1 January 2023
Expiry Date	31 December 2025

Item	Detail
Extension Permitted	Yes, two (2) extension periods of 12 months
Rise and Fall	Maximum Perth All Groups CPI increases upon extensions. No other rise and fall provisions apply.

At the expiry of the initial contract period, provision exists to extend the contract for two additional periods of one year each or part thereof. Any extension would be in accordance with the terms and conditions contract and at the discretion of the City.

### Tenders Received

At the close of tenders, tenders received from the following companies:

Tenderer's Legal Name	Trading Name	Abbreviation
Hawthorn Group Holdings t/a Hawthorn Civil & Mining Services	Hawthorn Civil & Mining Services	Hawthorn
Stabilised Pavements of Australia Pty Ltd	Stabilised Pavements of Australia	SPA
Chivas Enterprises t/a Mayday Rental	Mayday Rental	Mayday
Conplant Pty Ltd	Conplant	Conplant

No tenderer completed all line item rates in any separable portion in accordance with Tender requirements which defined the following requirement in the pricing schedule:

*"This Contract is a Separable Portion Contract and the City may award all or none of the separable portions. Tenderers may provide pricing for any of the Separable Portions. Tenderers are to provide prices for all items in each Separable Portion as tendered".*

As a consequence, no tender assessed as a compliant tender and no further assessment occurred. Given the shortcomings identified in the preliminary assessment, the qualitative assessment of tenders is not sufficiently justified and did not proceed.

### Overall Assessment and Comment

The Tender Evaluation Panel noted however that:

- Tender pricing for each of the submissions received was not comprehensive for any of the separable portions which was an expressly stipulated tender requirement; and
- The completed pricing assessment determined that only a small number of any of the submitted line item rates was less than a 30% increase in cost comparison to expiring rates.

It is apparent that an RFQ process for a reduced plant schedule, incorporating essential items only, is a more appropriate procurement method given the market response. Multiple service providers may potentially provide optimal pricing based on the plant inventory that each company specialises in, through this procurement approach.

**Statutory Compliance**

Tenders were invited in accordance with the requirements of Section 3.57 of the *Local Government Act 1995*. The tendering procedures and evaluation complied with the requirements of Part 4 of the *Local Government (Functions and General) Regulations 1996*.

**Purchasing Policy Implications**

Tenders were invited in accordance with the requirements of the City's Purchasing Policy.

**Financial (Budget) Implications**

The tender rates received from each tenderer are significantly higher than expiring rates and are not indicative of optimal market rates that can be secured from specialist service providers and specialist owner/operators.

The tendered rates do not represent an acceptable value for money outcome for the City and do not fulfil the comprehensive defined schedule of rates line item requirements.

**Recommendation:**

**That the Chief Executive Officer, in accordance with Delegation 1.1.14 (2) - Choice of Most Advantageous Tender of the Delegated Authority Register for the awarding of tenders DECLINES all tenders submitted for Tender 22116 for the Provision of Plant Hire Services and notes the intent to secure multiple service providers through separate RFQ procurement arrangements.**