

CRITERIA FOR SINGLE SUPPLIER ARRANGEMENTS

Given we are involved in negotiations relating to single suppliers for the JCSMR project, this note records the criteria to be considered when making individual assessments. I still expect the vast majority of our supplies/services to be from competitive tender.

The formal University documentation is summarised in the F&BS Policy Manual, particularly the following:

- The University's policy is to seek public offers for all goods and services valued above \$50,000 unless there is an approved business case to change this approach
- Where the market is highly specialised, and limited to a few suppliers, or if there are special circumstances, there may be sound reasons for not calling for public offers. These should be documented and approved by an authorised University delegate. In such cases, it may be appropriate to confine offers to known suppliers or negotiate directly with a sole supplier.

The criteria to be considered by the Division are:

- (i) Time constraints – because of concerns about meeting legitimate deadlines, we may conclude that in some cases we do not have time to undertake the normal tendering processes. Nevertheless, in these circumstances, we would still want to be satisfied about value for money including costs (see (iv) below);
- (ii) Specialised knowledge – it may be that in some cases the scope of work is so specialised that only a single supplier is able to undertake the work. It may be that the work is very similar to that undertaken in an earlier stage, and this could be used as a supporting argument.

Nevertheless, it is important that the University avoids accepting highly specialised designs from architects and engineers involving named products so that only the named product is suitable to meet design needs.

- (iii) Recent experience – there may have been a recent market testing and it is reasonable to expect that there is no advantage to the University in testing the market again.
- (iv) Costs – in all cases we need independent advice on costs. In the case of Trade Packages this is usually the separate budget established by the cost planner. Where the argument for single suppliers is based on recent experience, we would then want to be able to compare new costs with those of the previous project, eg. project management fees as a percentage of the overall project costs. Unless we can obtain independent advice (other than consultants), it would be unusual to accept single suppliers for mechanical and electrical services. Other criteria would need to be compelling.
- (v) Conflict of interest – the University should establish that there is no conflict of interest that would materially affect the single supplier arrangement. Certainly, in all cases the parties should be asked to declare whether there is a conflict of interest. If such a conflict arises, the University will have to make an assessment as to whether or not the conflict is sufficient to change our minds about the proposed course of action.

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