

Item 10: Operations

10.1 Exemption from Tendering – Provision of Hydrated Lime, Graymont Limited

REPORT BY THE PROJECT OFFICER, WATER AND SEWER
TO 13 OCTOBER 2021 ORDINARY MEETING
GOV400088, WAT50001

RECOMMENDATION

That Council:

1. **receive the report by the Project Officer, Water and Sewer on the Exemption from Tendering – Provision of Hydrated Lime, Graymont Limited;**
2. **approve an exemption from tender, in accordance with Section 55(3)(l) of the Local Government Act 1993, for the purchase of Hydrated Lime directly from the Graymont Limited; based on the unavailability of competitive or reliable tenderers;**
3. **approve an exemption timeframe of 5 years, after which time the continued need for this exemption will be assessed and another report brought back to council, if required; and**
4. **note that staff will consider alternative suppliers (mined elsewhere) if/when they become evident in the market.**

Executive summary

This report seeks exemption from tender for the provision of hydrated lime. An exemption from Tender is required as Graymont Limited are the only organisation that mines Hydrated Lime in NSW (that Council is able to identify). Other organisations do sell hydrated lime, however this comes from the sole supplier Graymont Limited.

By accepting this recommendation to exempt tendering for the above services, staff will be able to source hydrated lime more efficiently and also at optimum price by purchasing from the company that mines the product.

Disclosure of Interest

Nil.

Detailed report

Tendering Requirements

Section 55 of the Local Government Act stipulates that Tenders are required for spend estimated to exceed \$250,000.

Section 55 (3) (i) states: a contract where, because of extenuating circumstances, remoteness of locality or the unavailability of competitive or reliable tenderers, a council decides by resolution (which states the reasons for the decision) that a satisfactory result would not be achieved by inviting tenders.

This exemption is based on the unavailability of competitive or reliable tenderers.

Graymont Limited have purchased assets owned by competitors, therefore currently owning the market in NSW with regards to the supply & delivery of Hydrated Lime.

Council have previously purchased this product from different organisations that have the ability to supply only, however source their product from Graymont and on sell. Therefore any other organisation is purchasing from Graymont on our behalf. We as an organisation then pay (on average) an additional 25% for this service.

Council can source directly from Graymont Limited for the lower rate so approving this exemption Council can prove value for money for our community with a common sense approach to the purchase of this product.

It should also be acknowledged that should there be an increase of suppliers in NSW and appropriate market available, this exemption would be revoked and a tender undertaken, either internally or by seeking pricing via a prescribed entity.

There are suppliers operating in other states, however the cost of transport would not prove competitive to the NSW supplier.

Hydrated Lime

Hydrated Lime is an essential product used in the clarifier at Mudgee and Gulgong water treatment plants as part of the water softening process.

Council spend \$75,000 - \$120,000 annually on hydrated lime. The usage is weather dependent and fluctuates accordingly. When weather is warmer, more hydrated is used.

Exemption Term

The request for a 5 year exemption is to allow Council to operate more efficiently for this period of time as it would be a direct engagement. Council would, however agree to a supply agreement and set annual rate, with the application of CPI on renewal. Details are attached confidentially to this report.

The value for the exemption, based on highest estimated spend would be \$600,000 over the five year period.

Community Plan implications

Theme	Protecting Our Natural Environment
Goal	Provide total water cycle management
Strategy	Maintain and manage water quantity and quality

Strategic implications

Council Strategies

Not Applicable.

Council Policies

Procurement Policy.

Legislation

Local Government Act 1993.
Local Government (General) Regulations 2005.

Financial implications

Not Applicable. Purchase of hydrated lime already accounted for in operational costs.

Associated Risks

If this recommendation is not adopted, then Council will be in breach of its Procurement Policy and furthermore, Section 55(3)(l) of the Local Government Act 1993.

If a tender is undertaken there is a risk that the NSW (mining) supplier would not respond, therefore forcing us to engage with an alternate out of state, more expensive option.

GEMMA WILKINS
PROJECT OFFICER, WATER AND SEWER

CLAIRE CAM
MANAGER WATER AND SEWER

GARRY HEMSWORTH
DIRECTOR OPERATIONS

14 September 2021

Attachments: 1. Graymont Hydrated Lime Quotation. (Confidential - separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER