

Item 5: Finance

5.1 Tourism Services and Regional Marketing Expression of Interest 2021/54

REPORT BY THE CHIEF FINANCIAL OFFICER
TO 12 JANUARY 2022 EXTRAORDINARY MEETING
GOV400098, COR400472, GOV400098

RECOMMENDATION

That Council:

1. **receive the report by the Chief Financial Officer on the Tourism Services and Regional Marketing Expression of Interest 2021/54;**
2. **note that three EOI proposals were received, and one late EOI proposal which was not assessed;**
3. **note that no viable proposals were received as part of this EOI process; and**
4. **request an additional report be brought back to Council detailing the alternate cost of providing Tourism Services and Regional Marketing internally (not through a contract arrangement), outlining any benefits and disadvantages to current service levels.**

Executive summary

Council sought proposals for the provision of Tourism Services and Regional Marketing through an advertised Expression of Interest process, to ascertain whether:

- a) a viable market exists, to progress to a selective tender process as required under Section 55 of the Local Government Act; and
- b) a more efficient service arrangement could be implemented for the ongoing provision of these 2 functions of Council.

Disclosure of Interest

The Manager Economic Development provided technical support throughout this EOI, and declared an immaterial, non-pecuniary conflict of interest. This role did not evaluate the proposals.

Detailed report

Tourism Services and Regional Marketing Expression of Interest 2021/54

An Expression of Interest process in accordance with Council's Procurement Policy was carried out for the establishment of market suppliers capable of filling the tourism Services and Regional Marketing functions under Council's Delivery Program and Operational Plan. The services were split

into two areas, per the EOI above, to establish whether there was a viable market for either function. Quotes for servicing these functions were sought, to ensure that the market proposals were viable for Council.

A probity review of the Tourism Services contract is attached as Attachment 2, which provides clarity around the requirements of Council to ascertain whether a market exists. See Item F1.

Purpose

The proposed contract will run for a period of 3 years from 1 July 2022 to 30 June 2025. The existing budget for this contract is about \$1.95 million, therefore it is anticipated that a tender will be required under Section 55 of the Local Government Act, unless there is not a viable market for these services to run a tender. Should the EOI prove that a viable market existed, a selective tender was planned to be run from the EOI responses. Should a viable market not exist, a report to obtain exemption from tender would be written for Council.

The Tourism Services and Regional Marketing EOI was carried out through VendorPanel and obtained 3 proposals. Information from those proposals has been summarised in the confidential attachments for this report.

Advertised

Open to Market	17 November 2021
Closed	14 December 2021
Total days	28

The above EOI was advertised in:

- Council's e-Tendering portal –VendorPanel
- Information regarding this EOI was published on Council's website

EOI's Received

One non-conforming EOI was received, while two conforming EOI's were received.

Late EOI's

There was one late EOI received. As per the EOI documentation, this EOI was not accepted, nor evaluated.

Process of Evaluation

The process of evaluation, the methodology used and Evaluation Panel members are in accordance to the information provided in the Procurement and Evaluation Plan.

Evaluation Panel Members

Panel Member	Name	Position Title
Chairperson	Leonie Johnson	CFO
Panel Member 1	Julie Robertson	Director Development
Panel Member 2	Simon Jones	Director Community
Technical Advisor	Alina Azar	Manager Economic Development

Probity

The EOI has been conducted in accordance with Clause 168 of the Local Government (General) Regulation 2005.

Conflict of Interest Declarations were signed by all participating evaluation panel members both on advertising of the EOI and prior to evaluation. The declarations are available to be viewed if required.

All EOI proposals insurance records and compliance information were checked against EOI requirements and potential non-conformities were noted in the Evaluation Matrix for the consideration of the panel.

The evaluation was conducted in accordance with the Local Government Tendering Guidelines and confidentiality and probity were maintained throughout the process.

Methodology

All EOIs were assessed and scored against the evaluation criteria listed in the tender documentation and weightings in the evaluation plan to determine whether a suitable applicant, or multiple suitable applicants existed.

Outcome

It was deemed that no viable market proposals were received, as proposals either only partially met the supplier brief, or were materially over Council's budget. It may be possible to vary the request for some or all of the service and either negotiate directly with one or all of the EOI proposals. However, indicative in house pricing was also reviewed and it was deemed appropriate due to cost effectiveness, to explore transferring these services to an internal service structure. A key consideration for procurement is to ensure that Council receives value for money for the services obtained. An initial review of Council's in-house capacity and capability shows that a viable alternative and more cost effective solution may be to explore the delivery of these services via an internal service structure.

There are noted benefits in assessing the existing service structure and alternative service delivery arrangements. Attachment 1 provides a service review that was carried out prior to testing the market by Council's external auditors Crowe Howarth. Given the result of this EOI, it would be prudent to further assess:

Item 6. Identification of areas where synergies between supplier and Council could be created and identifying areas where duplication of efforts can be identified (*reduced*).

There has also been notable difficulties in providing a clear service/benefit to all ratepayers equally through a membership based body supplier.

Community Plan implications

Theme	Good Governance
Goal	An effective and efficient organisation
Strategy	Prudently manage risks association with all Council activities

Strategic implications

Council Strategies

Economic Development Strategy

Council Policies

Procurement Policy

Legislation

Local Government Act – Section 55 Tendering

Local Government Regulations – Part 7 Tendering

Financial implications

No budget variations are required at this time, a further report will be brought back to Council detailing possible alternate service delivery arrangements which may result in budget variation recommendations.

Associated Risks

Given the current service contract ends on 30 June 2022, there is a period of less than 6 months to ascertain the most efficient structure to deliver tourism services and regional marketing to support the tourism industry in the Mid-Western Region, and if required negotiate exit terms of the existing contract.

Should Council choose to negotiate directly with one of the existing EOI's or an alternate supplier, a resolution stating the following will be required as a minimum:

1. Provide exemption from tender under section 55 of the LG Act
2. Provide a reason for the exemption for tender
3. Authorise the GM to negotiate terms, as required for a new contract

LEONIE JOHNSON
CHIEF FINANCIAL OFFICER

22 December 2021

Attachments:

1. Mid-Western Tourism Services Review. (Confidential - separately attached)
2. Probity Audit Tourism Services Contract. (Confidential - separately attached)
3. Tourism services EOI evaluation worksheet. (Confidential - separately attached)

APPROVED FOR SUBMISSION:

BRAD CAM
GENERAL MANAGER