

CHAPTER 6 COMPETITIVE PRICING PROCEDURES FOR SOLE SUPPLIERS

6.1 Introduction

6.1.1 Section 27(1) of the Act states that "no payment in respect of any output or capital project shall be made from the State Highways Account or the Land Transport Disbursement Account of any local authority, unless the payment relates to an approved output or capital project, the price of which has been determined by a competitive pricing procedure" (CPP). This CPP is for specific situations where there is only one practical supplier of an item or service.

6.2 Components of this Competitive Pricing Procedure

6.2.1 The following components together form this CPP:

- (1) Part A, General, of this Manual;
- (2) The sections contained in this Chapter 6;
- (3) The Schedule of Sole Suppliers in Appendix G of this Manual.

6.3 Application of this Competitive Pricing Procedure

6.3.1 This CPP shall only be used for the sole supplier situations described in the Schedule of Sole Suppliers in Appendix G of this Manual. Its use in such situations is not mandatory.

6.4 Negotiation

6.4.1 The price for the project shall be determined by negotiation between the tendering authority and the sole supplier.

6.4.2 In the negotiation, the tendering authority shall seek to achieve the lowest possible price, consistent with the level of quality sought, and shall have regard to the administration costs involved in the negotiation process.

6.5 Duration

6.5.1 Except in the case of work associated with single large construction projects, no contracts awarded by this CPP shall have a contract duration of more than 1 year.

6.6 Loan Repayments

6.6.1 In the case of repayment of principal on loans raised prior to 1 April 1982, Sections 6.4 and 6.5 above will not apply. The pre-existence of the loan shall be deemed to constitute compliance with CPP.

Draft