

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

18 March 2014

Agenda Item 6.1 Extension of Contract for AGL Gas Supply

Attachment 1 Extract from 19 Oct 2010 Council Meeting 111



MINUTES
FOR THE
GREATER SHEPPARTON CITY COUNCIL
ORDINARY COUNCIL MEETING

HELD ON
TUESDAY 19 OCTOBER 2010
AT 1.00PM

IN THE COUNCIL BOARD ROOM
90 WELSFORD STREET

COUNCILLORS:

Cr Geoff Dobson (Mayor)
Cr Kevin Ryan (Deputy Mayor)
Cr Cherie Crawford
Cr Chris Hazelman
Cr Jenny Houlihan
Cr Milvan Muto
Cr Michael Polan

VISION

GREATER SHEPPARTON
AS THE FOOD BOWL OF AUSTRALIA,
A SUSTAINABLE, INNOVATIVE
AND DIVERSE COMMUNITY
GREATER FUTURE



6. MANAGEMENT REPORTS

FROM THE SUSTAINABLE DEVELOPMENT DEPARTMENT

6.9 Contract No. 1212/1017 Natural Gas and Associated Services to all sites - Victoria

Disclosures of conflicts of interest in relation to advice provided in this report
No Council officers or contractors who have provided advice in relation to this report have declared a conflict of interest regarding the matter under consideration.

Summary

Council's contract for the supply of gas to its large market and small market metered sites expired on 31 March 2010. Council only has one large market metered site which is Aquamoves and twenty three small market sites. Council entered into a tender process with Strategic Purchasing who called for tenders for the provision of gas on behalf of Victorian Councils and other organisations. Tenders were received from two gas retailers AGL Sales Pty. Ltd. and Origin Energy.

**Moved by Cr Houlihan
Seconded by Cr Ryan**

That Council accept the tender of AGL Sales Pty. Ltd. for the supply of gas for the large market and small market gas metered sites for a period between 1 April 2010 and 31 March 2014 at an anticipated total cost of between \$950,000 to \$1,000,000 subject to usage.

CARRIED

Background

Council, through Strategic Purchasing was part of a group of Victorian Councils and other commonwealth and state agencies and other organisations representing 1,300 sites that invited tenders for the supply of gas. At the close of tenders only two tenders were received. The tenders were assessed by Strategic Purchasing's Tender Review Committee. A Confidential copy of the Committee's recommendation has been previously provided to Council.

Tender Evaluation

All tender submissions were evaluated against the selection criteria published in the tender document. The criteria included:

- Compliance with Specification
- Customer Focus
- Contractors Performance
- Price.



6. MANAGEMENT REPORTS

6.9 Contract No. 1212/1017 Natural Gas and Associated Services to all sites – Victoria (continued)

Preliminary assessment, scoring and key responses identified AGL Sales Pty Limited as the preferred tenderer based on the following reasons:

- AGL provided comprehensive responses and supportive information for over 20 questions related to the selection criteria.
- AGL offer rates for both large and small sites.
- Both tenderers' gas supply rates and pricing steps for the minor sites were applied to the applicable non residential sites of each supply zone to arrive at the total price for comparison. AGL's extended total price is lower by an average of 9.4 per cent and for council's in the northern region of AGL by an average of 20.8 per cent.
- AGL has proven experience in managing issues relating to large purchasing group contracts.

Strategic Purchasing's Tender Review Committee endorsed the finding that AGL be the preferred tenderer.

Risk Management

The successful tenderer's performance was assessed as part of the overall tender assessment process.

Best Value Implications

Best Value principles have been taken into account and it is considered that by participating in the Strategic Purchasing tendering process the Council has achieved the best value it could possibly expect.

Financial Implications

The tender price provides good value to the Council. The total costs of gas for the Council are currently approximately \$225,000 per annum. The total anticipated costs, over the term of the contract of four years, are expected to be between \$950,000 to \$1,000,000.

Victorian Charter of Human Rights and Responsibilities Act 2006 Implications

This report does not limit any of the human rights provided for under the Victorian *Charter of Human Rights and Responsibilities Act 2006*.

Legal/Statutory Implications

The proposal is consistent with the *Local Government Act 1989* and any other relevant legislation.

Consultation

Officers believe that appropriate consultation has occurred and the matter is now ready for Council consideration

Strategic Links

a) Greater Shepparton 2030 Strategy

There are no strategic links to the *Greater Shepparton 2030 Strategy*.

b) Council Plan

There are no strategic links to the *Council Plan 2009-2013*

c) Other strategic links

No other strategic links have been identified

Attachments

Nil.