

<p><b>ORDINARY MEETING</b> <b>8 NOVEMBER 2023</b></p>	<p><b>6</b></p>
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**CONTRACT 2906 – PROVISION OF BULK FUELS AND FUEL CARD SERVICES**

63/1/387 | #7277577

**RECOMMENDATION:**

That Council:

1. **Awards Contract 2906 – Provision of Bulk Fuels and Fuel Card Services to Marano Enterprises (Miallo) Pty Ltd, commencing on 18 December 2023 for a term of two years with two extension options of up to two years each, exercised solely at the Principal’s discretion.**
2. **Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council’s normal procurement policies and practices.**

**INTERESTED PARTIES:**

- Liberty Oil Australia Pty Ltd – (Non-Local)
- Marano Enterprises (Miallo) Pty Ltd – (Non-Local)
- Trinity Petroleum Services Pty Ltd – (Local)
- Tropic Distribution Pty Ltd – (Local)
- Yalanji Supplies Pty Ltd – (Local)

**EXECUTIVE SUMMARY:**

The existing contract for Provision of Bulk Fuels and Fuel Card Services (Contract 2725) expires on 18 December 2023, with no further extension options remaining.

Cairns Regional Council (Council) owns and operates a large number of fuel-powered assets such as fleet vehicles, generators, pumps, and small plant. These assets take their fuel from Council’s bulk fuel storage tanks. Council’s ability to maintain bulk fuel storage and supply is an important capability for ongoing operations and also offers a strategic option supporting business continuity in the event of interruptions to the general availability of fuel. This recommendation also includes fuel card services. Fuel cards are used by some Council employees to purchase fuel from retail outlets at discount prices.

Council purchases approximately 1.15 million litres of fuel annually, comprising of 1.1 million litres of Diesel and 55,000 litres of Unleaded Petrol (ULP). Council’s spend on fuel over the last financial year in 2022/23 was approximately \$1.8 million.

## **BACKGROUND:**

Council invited tenders pursuant to section 228 of the *Local Government Regulation 2012 (Qld) (Regulation)*. The tender was advertised on 29 August and closed on 21 September 2023.

Five tender submissions were received from the following companies:

- Liberty Oil Australia Pty Ltd
- Marano Enterprises (Miallo) Pty Ltd
- Trinity Petroleum Services Pty Ltd
- Tropic Distribution Pty Ltd
- Yalanji Supplies Pty Ltd

All five submissions were considered conforming and therefore proceeded to the evaluation process.

Tenders were checked for conformance against the requirements of the request for tender. In selecting the successful Tenderer, the evaluation panel had regard to the sound contracting principles in accordance with section 104 of the *Local Government Act 2009 (Qld)*. Each tender was assessed against the following assessment criteria:

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|---|-----|
| • Criteria A – Relevant experience and Track Record               | 10% |
| • Criteria B – Resources and management systems and Key personnel | 20% |
| • Criteria C – Demonstrated Understanding and methodology         | 20% |
| • Criteria D – Business profile                                   | 10% |
| • Criteria E – Value for money                                    | 40% |

The evaluation panel consisted of the following members, with oversight provided from the Contracts team within Procurement and Payables.

- Coordinator Fleet Management, Asset Services
- Contracts Supervisor, Asset Services
- Stores Officer, Procurement and Payables

## **COMMENT:**

As Council is committed to maintaining a capacity for bulk fuel storage, the main goal is to secure a medium to long term contract with terms beneficial to Council, for the supply of fuels directly to the bulk storage locations, without conditional purchasing volume targets. Additionally, the bulk purchase of fuels also presents an opportunity for discounted fuel via fuel cards.

As AdBlue (an anti-pollutant chemical added to most modern diesel engines to reduce harmful emissions) is also crucial for large fleet vehicles, this Contract also allows for the bulk supply of AdBlue. The goals also included the supply of fuels with the capacity to support Council during emergencies and natural disasters, including special deliveries to critical Council assets such as Treatment Plants. The Procurement Review Board (PRB) meeting for this tender also stipulated that the Scope must include a requirement for a Business Continuity Plan (BCP) from the successful Contractor.

The supply of oils and lubricants was also considered as part of the scope. As oils and lubricants is a substantial procurement category in its own right it was decided not to include oils and lubricants in the Scope and to pursue this as a separate arrangement.

A range of pricing information was sought from Tenderers including prices at the time of submission, the corresponding Terminal Gate Prices (TGP), and the applicable discount or mark up. Tenderers were also asked to provide historical pricing and corresponding Terminal Gate Pricing for the period of 30 September 2023 to 10 October 2023. The TGP is the price for wholesale of a declared petroleum product such as unleaded petrol or diesel and will provide the reference price for the purchase of fuels under the proposed Contract.

The evaluation panel recommends that Marano Enterprises (Miallo) Pty Ltd be awarded Contract 2906 – Provision of Bulk Fuels and Fuel Card Services.

Marano Enterprises (Miallo) Pty Ltd are based regionally in Miallo in the Douglas Shire. They operate three service stations, an oil depot and a local office in Cairns and employ 30 Cairns based staff. Marano's are the incumbent supplier and provided a high-quality tender response which scored well against all criteria. They demonstrated strong experience in the provision of fuel, including supply to other local Councils and have over 50 years of experience in the region.

Their submission includes a Business Continuity Plan. The proposed fuel card costs are competitive. A range of priced offerings were included for the supply of AdBlue. Marano's confirmed their willingness and capacity to provide bespoke support during emergencies and natural disasters. Marano's has 16 Dangerous Goods vehicles and 22 drivers. Marano's price offer is based on the Viva Energy Australia's Terminal Gate Price for Cairns, which is consistently the lowest TGP of those tendered.

### **OPTIONS:**

#### Option 1: (Recommended)

It is recommended that Council:

1. Awards Contract 2906 – Provision of Bulk Fuels and Fuel Card Services to Marano Enterprises (Miallo) Pty Ltd, commencing 18 December 2023 for a term of two years with two extension options of up to two years each, exercised solely at the Principal's discretion.
2. Delegates authority to the Chief Executive Officer in accordance with *the Local Government Act 2009* to enter into contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council's normal procurement policies and practices.

#### Option 2:

It is recommended that Council does not endorse Contract 2906 – Provision of Bulk Fuels and Fuel Card Services and adopts an alternative course of action.

## **CONSIDERATIONS:**

### **Risk Management:**

Fuel is a commodity that fluctuates in price to such an extent that no Supplier will fix prices for longer than one week without inflating their price to cover risk. However, the risk to Council in entering into this contract is mitigated by the absence of any volume commitments. As TGPs are published and the price is fixed on a weekly basis Council procurement has the ability to procure fuel strategically as prices rise and fall.

### **Council Finance and the Local Economy:**

The expenditure on the last contract (Contract 2757) in the 2022/2023 financial year was approximately \$1,800,000 excluding GST.

Although Council's fuel consumption is on a gradual downward trend year on year the future expenditure is subject to global oil prices and is therefore difficult to predict. In recent months, fuel prices have increased sharply and this trend appears likely to moderate but continue as geo-political circumstances unfold. In the short term, prices are anticipated to increase due to the price of oil and the value of the Australian dollar.

### **Corporate and Operational Plans:**

The services forming the basis of this report relate to the following goals in Council's Corporate Plan 2021 to 2026:

- Robust Economy: "Supporting a diversified and resilient economy"; and
- Community and Culture: "Fostering a vibrant and healthy community where everyone feels they belong".

### **Statutory:**

This tender process has been conducted in accordance with legislative requirements under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

### **Policy:**

The tender process was undertaken in accordance with Council's adopted Procurement Policy.

## **CONSULTATION:**

Asset Services, Utility Services, Sustainability and Procurement and Payables personnel were consulted and the selection panel consisted of representatives from these areas of Council.



David Pollak  
Executive Manager Asset Services



Gary Everson  
Associate Director Service Delivery



Mark Wuth  
Director Cairns Infrastructure and Assets