



2019/20 Business and Innovation Branch Significant Contracting Plan

Section 221 of the *Local Government Regulation 2012* stipulates that a Significant Contracting Plan must be prepared prior to commencement of a contract that Council has identified as a Significant Contract. Council may, by resolution, amend a Significant Contracting Plan at any time before the end of the financial year to which the plan relates.

1. Key Information

Significant Contract Title: Supply of Fuel Card	
Group: Built Infrastructure	Branch: Asset Management
Contract Administrator: Tania Evans	Position: Team Leader Fleet Administration
Procurement Specialist: Brooke Yeoman	
Contract/Project Description: Supply of Fuel Card	
Link to Procurement Plan: D2020/604216	

2. Council Resolutions

Previous Council resolutions:	Not applicable
This plan endorsed by Council:	

3. Background

Currently Council uses Queensland State Government established Agreement 370 for supply of pump fuel via fuel card from BP Australia and Caltex Australia. This arrangement has been utilised since February 2011 and has resulted in the following advantages to Council:-

- Coverage and accessibility of supply from all main Council administration and depot locations; and
- Significant pricing discounts from both suppliers.

The Supply of Fuel Card contract requires renewal due to contract expiry on 31 December 2020.

There have been no issues with supply of unleaded or diesel fuel during this time.

Agreement 370 for card fuel and associated services is a common use supply agreement managed by the Queensland Government - Department of Housing and Public Works. The agreement was formed in collaboration with the New South Wales, Queensland and Australian Capital Territory governments to aggregate fuel volume to achieve savings.

The agreement provides access to a range of competitively priced on-road diesel and petroleum products needed to support the transport and fleet requirements of government agencies and eligible customers. The fuel types include diesel, premium diesel, biodiesel, unleaded petrol, premium unleaded petrol, automotive LPGs, and ethanol blended petrol (E10) and OPAL.

Council Purchased the following fuel in 2019/20 Financial Year (as at 30 April 2020)

	Petrol (L)	Petrol (\$)	Diesel (L)	Diesel (\$)
BP Australia	84,219.23L	\$99,115.36	1,111,077.49L	\$1,342,742.31
Caltex Australia	1,659.26L	\$2,099.55	87,785.91L	\$111,913.44
Total	85,878.49L	\$101,214.91	1,198,863.40L	\$1,454,655.75
		average \$1.18c/L		average \$1.22c/L

Combined Fuel Totals Petrol & Diesel (L) Petrol & Diesel (\$)

BP Australia	1,195,296.72L	\$1,441,857.67
Caltex Australia	89,445.17L	\$114,012.99

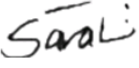

Total 2019/20 Expenditure to date \$1,555,870.66

Total Contract Expenditure to date \$7,518,860.05

4. Objectives
What are the objectives of this contract?
To provide Council with access to a range of competitively priced on-road diesel and petroleum products to support Council's fleet requirements. Both Caltex and BP set weekly prices fixed from Sunday to Saturday. The price variation formula reflects movements in the international oil market and ensures that the contract price closely follows the competitive oil market over time. Formula pricing is consistent across the State irrespective of weekly cycle pricing at the pump. All pricing is agreed and confirmed by the Queensland Government with suppliers prior to the commencement of each pricing week.
How will objectives be achieved?
<ul style="list-style-type: none"> • Through timely and accurate reporting • Supplier performance management and monitoring • Auditing of fuel supplier charges <p>By utilising Agreement 370 Council ensures it will pay the lower of the Weekly Escalator Price (BP) / Caltex Reference Price (Caltex) or a cents per litre discount from the pump price. Based on the fuel purchased over the last 12 months, this represents a significant saving, in comparison to purchasing fuel outside of this arrangement.</p>
How will achievement of objectives be measured? Accessing regular reports
Regular reports from BP and Caltex
What are the alternative ways of achieving the objectives? Include reasons for not adopting alternative ways.
There are currently no other arrangements in place for supply of card fuel. The discounts offered under Agreement 370 are far greater than Council could negotiate under a separate tender arrangement due to the buying power offered by a consolidated multi-state government procurement process.

5. Proposed category and contractual arrangements
Which category does this contract fall within?
Goods Materials and Supplies
Which contractual arrangements should be applied to this contract, and why?
Queensland State Government – Department of Housing and Public Works Deed of Agreement
Council is not entering into a formal contract with the suppliers from the State Government Agreement, just agreeing to utilise them via the State Government Agreement.

6. Market and Risk Assessment
Provide an assessment of the market in which the contract is to happen, including an assessment of any procurement risks. Refer to the Risk Assessment Calculator in the Procurement Plan.
Suppliers other than those already on the Queensland State Government Agreement won't have an opportunity to supply these services to Council.
Risk that Council's requirements change throughout the course of the Contract.
Proposed mitigations for identified risks:
Due to the nature of this agreement, Council is not entering into a formal contract with the suppliers on the State Government Agreement and there is minimal or no risk if Council's volumes/needs change in the future.
Undertake an assessment of operational risks relating to the contract/project. Attach details.
<ol style="list-style-type: none"> 1. Major increase in pump price of fuel. Council will review pricing of alternate options for fuel supply as no formal contract will be entered into with the suppliers on the State Government Agreement. 2. BP & Caltex unable to supply product to support Council service delivery. In the unlikely event that neither supplier is able to supply fuel, corporate purchase cards could be used to source fuel from any supplier on the coast. However, given that both suppliers are nationally based it would require a major nationally disaster type event for this risk to occur.

Approvals (prior to resolution)			
Position	Name	Signature	Date
Manager, (of Branch seeking contract)	Sarah Stephen		28/05/2020
Manager, Business and Innovation			10 June 2020