

RECOMMENDATION REPORT – Commercial-in-Confidence

**NORTHERN RIVERS REGIONAL
GROUP OF COUNCILS**

**TENDER EVALUATION
REPORT**

Title of Tender:	<i>Provision of Banking Services and Agency Payment Facilities 1 January 2014 – 31 December 2018</i>
Request For Tender Number:	<i>T13/021</i>

Page 1

Provision of Banking Services and Agency Payment Facilities for a Five Year Period 1 January 2014 – 31 December 2018
NORTHERN RIVERS REGIONAL GROUP OF COUNCILS

RECOMMENDATION REPORT – Commercial-in-Confidence

1. INTRODUCTION

1.1 TITLE

The Northern Rivers Regional Group of Councils issued a Request For Tender (RFT) for the Provision of Banking Services and Agency Payment Facilities for a Five Year Period 1 January 2014 to 31 December 2018 on 13 August 2013. Tenders closed at 3pm 13 September 2013.

1.2 BACKGROUND & SCOPE

The Northern Rivers Regional Group of Councils (NRRGC) is a group of Councils made up of:

- Ballina Shire Council
- Byron Shire Council
- Clarence Valley Council
- Kyogle Shire Council
- Lismore City Council
- Tweed Shire Council
- Rous County Council (T/As Rous Water)
- Richmond River County Council
- North Coast Weeds Advisory Committee
- Far North Coast County Council

The NRRGC's agreements with the current banking service provider, Commonwealth Bank of Australia (CBA), are due to expire on 31 December 2013.

The NRRGC sought requests for tenders from financial institutions and / or organisations for the provision of transactional banking services and / or the provision of agency payment facilities.

The objective of the NRRGC is to secure services of a bank and / or organisation with the necessary expertise and capacity to accommodate the NRRGC's current and future transactional banking requirements including agency payment facilities on a cost effective basis.

Minimum Scope of Works

The NRRGC seeks:

- A reduction in the cost of transactional banking processes through the minimisation of fees, charges and government taxes.
- Reliable and efficient service with clearly documented and measurable performance criteria.
- A mutually, pro-active and beneficial relationship with the selected service provider.
- Services to review business proposals.
- Value added banking services.
- Customer friendly and client focused agency payment facilities.

Interested Banks must demonstrate the ability to provide a full range of banking services for a Local Government entity that incorporates:

- Relationship management;
- Transaction accounts and appropriate account structures including a 'sweeping' account which is linked to a cash management account and an overdraft facility;
- Corporate Cards including capability for exporting data into each Council's financial system;
- Electronic banking services;
- Direct Debit;
- BPAY;
- EFTPOS;
- Credit card merchant services;
- Council customer payment options including in person over the counter, by phone or via the internet;

Page 2

Provision of Banking Services and Agency Payment Facilities for a Five Year Period 1 January 2014 – 31 December 2018
NORTHERN RIVERS REGIONAL GROUP OF COUNCILS

RECOMMENDATION REPORT – Commercial-in-Confidence

- Provision of customer payment data in an electronic format daily to Council;
- Branch banking, including listing branches located within the each Council region or affiliated banking service providers;
- Payables solutions;
- Electronic banking systems; and
- Any additional services that may benefit the NRRGC.

The successful tenderer must perform the services in a diligent manner and to the standard of skill and care expected of a banking corporation experienced in the provision of the type of services required by the NRRGC in accordance with the Agreement.

Agency Payment Facilities Only

Interested organisations must demonstrate the ability to provide agency payment facilities for Council customers that enable payments to be made in person over the counter, by phone and via the internet.

All customer payment data must be provided to Council the following business day in an electronic format that is capable for exporting data into each Council's financial system.

1.3 VALUE

The price basis for the contract is a Schedule of Rates contract which shall not be subject to adjustment for rise and fall in costs during the initial one year period.

As the ultimate cost of each contract is largely dependant on the volume of transactions, the budget estimate (GST Exclusive) for the total contract is approximately:

Organisation	Estimated Price over 5 yrs
Ballina Shire Council	\$200,000 to \$250,000
Byron Shire Council	\$398,000
Clarence Valley Council	\$500,000 to \$600,000
Kyogle Council	\$60,000 to \$70,000
Lismore City Council	\$422,500
Tweed Shire Council	\$500,000
Rous County Council (T/As Rous Water)	Not available
Richmond River County Council	Not available
North Coast Weeds Advisory Committee	Not available
Far North Coast County Council (T/As Far North Coast Weeds)	Not available

1.4 CONTRACT PERIOD

The RFT seeks the provision of the required services for a period of 5 years commencing from 1 January 2014. There is no option to extend the contract beyond 5 years.

1.5 ADVERTISING DETAILS

The tender was advertised as follows:

- (a) Tenderlink – 13 August 2013
- (b) Daily Examiner – 16 August 2013
- (c) Clarence Valley Review – 14 August 2013
- (d) Sydney Morning Herald – 13 August 2013

RECOMMENDATION REPORT – Commercial-in-Confidence**2. BACKGROUND****2.1 TENDERER'S NAME**

Tenders were received from:

- a) Australia Post (Agency Payment Facilities only);
- b) Commonwealth Bank of Australia; and
- c) National Australia Bank.

Note: As the Australia Post tender is for Agency Payment Facilities only, it has not been assessed in the same context as the other two tenders. Each Council will need to make an individual assessment of their requirements to have Australia Post as a supplier of such facilities in conjunction with the successful tenderer's provision of banking facility services.

2.2 TENDER PRICE (GST EXCLUSIVE)

As the price basis for the contract is a Schedule of Rates contract, each organisation had to make an individual assessment of their transaction volumes and hence tender price. Refer to the Estimated Price table in section 1.3.

3. TENDER ASSESSMENT PANEL**3.1 PARTICIPANTS**

The Tender Assessment Panel (the Panel) evaluated each tender. Details on members of the Panel are contained within the table below.

Name	Position/Role	Organisation
Kristian Enevoldson (Chairperson)	Manager Finance & Supply	Clarence Valley Council
Michael Salvestro	Financial Accountant	Clarence Valley Council
Amanda Gibson	Management Accountant	Lismore City Council
Carlos Alcaino		Ballina Shire Council
Carol O'Neill	Executive Manager Administration & Community	Kyogle Council
Paul Drew	Financial Accountant	Tweed Shire Council
Pattie Ruck Emma Charters	Financial Accountant Finance Officer (Revenue)	Byron Shire Council Rous County Council (T/As Rous Water) Richmond River County Council North Coast Weeds Advisory Committee Far North Coast County Council (T/As Far North Coast Weeds)

RECOMMENDATION REPORT – Commercial-in-Confidence**4. SELECTION CRITERIA AND RATING SCALE****4.1 COMPLIANCE CRITERIA**

- (a) ADI status and current credit rating – YES/NO
- (b) Appropriate insurances held – YES/NO

4.2 QUALITATIVE & QUANTITATIVE CRITERIA

- (c) The best value for money, accounting for both price and non price factors, and the need to ensure benefits are commensurate with costs – 10%
- (d) Overall cost of the banking package for the contract period – 45%
- (e) Demonstrated capacity to implement and deliver the products and services sought – 10%
- (f) Relevance, nature and scope of other products and services offered – 3%
- (g) Customer functionality, reliability and technical features of the services offered – 7%
- (h) Access to and convenience of banking services – 10%
- (i) Demonstrated client satisfaction and record of performance in delivering the services specified – 5%
- (j) Provision of services to review business processes – 3%
- (k) Demonstrated value added banking services – 2%
- (l) Quality management plan – 5%

4.3 RATING SCALE

Ratings for the evaluation were from 0 to 10 and represent the following descriptions:

Rating	Description	Score
Excellent	Exceeds requirements in all ways, with very little or no risk.	10
Very Good	Meets requirements in all ways, exceeds it in some, little risk involved.	8-9
Good or above average	Meets the requirement and is workable, acceptable risk.	6-7
Marginal	Nearly meets requirement, workable but may be deficient or limited in some areas, some element of risk.	4-5
Marginally adequate	Offer is difficult to assess against criteria, high risk.	1-3
Fails to satisfy required standards	Tenderer has either stated non-compliance, demonstrated non-compliance, or there is insufficient information to assess.	0

4.4 PRICING

The pricing submitted by each tenderer was assessed together with the qualitative criteria. The selected response is that which, having regard to all the circumstances, appears to be the most advantageous to the NRRGC.

RECOMMENDATION REPORT – Commercial-in-Confidence

5. EVALUATION METHODOLOGY

5.1 INITIAL COMPLIANCE CHECK

An initial compliance check was conducted by Michael Salvestro (Clarence Valley Council) on 16 September 2013 to identify submissions that were non-conforming with the immediate requirements of the RFT. This included compliance with contractual requirements and provision of requested information.

All tenders were processed through to qualitative and quantitative criteria assessment on the basis that all terms and conditions and mandatory requirements of the RFT had been met.

5.2 SELECTION CRITERIA ASSESSMENT

An initial meeting to discuss the tenders was held by the Panel on 24 September 2013 at the Clarence Valley Council, Maclean office.

A final meeting (via teleconference) of the Panel was conducted on 15 October 2013 to discuss each member's selection criteria assessment of each tender, with the Panel scoring each tender according to the evaluation matrix.

All applicants were assessed against the selection criteria. Specific criteria were weighted according to their importance as perceived and agreed by the Panel.

Relative weightings were not published within the RFT.

6. EVALUATION TOOLS

Below is an outline of the process used by the Panel when allocating points against the selection criteria.

Refer to section 4.2 of the Evaluation Report for a description of the selection criteria.

As part of the selection criteria assessment, the Panel scored tenders according to the evaluation matrix below:

10.3 Tender - Banking Services.DOC

RECOMMENDATION REPORT – Commercial-in-Confidence

6.1 EVALUATION MATRIX – QUALITATIVE CRITERIA AND PRICE

SUMMARY OF EVALUATIONS BY COUNCIL

Selection Criteria and Weighting	Total Weighted Score		Total Weighted Score		Total Weighted Score		Total Weighted Score		Total Weighted Score		Ranking
	Ballina Shire Council	Byron Shire Council	Clarence Valley Council	Kyogle Shire Council	Lismore City Council	Tweed Shire Council	Rous County Council (T/As Rous Water)	Richmond River County Council	North Coast Weeds Advisory Committee	Far North Coast County Council	
Proponents Name	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Commonwealth Bank of Australia	93.10	85.40	91.29	84.90	83.70	81.05	N/A	N/A	N/A	N/A	1
National Australia Bank	83.40	73.00	89.50	77.90	81.20	78.85	N/A	N/A	N/A	N/A	2

N/A – Not Available

RECOMMENDATION REPORT – Commercial-in-Confidence

SELECTION CRITERIA – COMMONWEALTH BANK OF AUSTRALIA

Selection Criteria and Weighting	Proponents Name	Value for money, accounting for price & non price factors	Overall price of banking package	Demonstrate capacity to implement & deliver products & services	Relevance, nature and scope of other products and services offered	Customer functionality, reliability and technical features of the services offered	Access to and convenience of banking services	Demonstrated client satisfaction and record of performance in delivering the services specified	Provision of services to review business processes	Demonstrated value added banking services	Quality management plan	Appropriate insurances held	ADI status and current credit rating	Total Weighted Score	Ranking
		10%	45%	10%	3%	7%	10%	5%	3%	2%	5%	Y/N	Y/N	100%	
	Ballina Shire Council	10.0	40.5	10.0	2.7	7.0	10.0	5.0	2.1	1.8	4.0	Yes	Yes	93.10	1
	Byron Shire Council	8.0	36.0	10.0	2.4	7.0	9.0	5.0	2.4	1.6	4.0	Yes	Yes	85.40	1
	Clarence Valley Council	8.0	43.5	9.0	2.4	6.3	9.0	4.3	2.4	1.4	5.0	Yes	Yes	91.29	1
	Kyogle Shire Council	9.0	40.5	8.0	2.4	5.6	9.0	4.0	2.4	0.0	4.0	Yes	Yes	84.90	1
	Lismore City Council	9.0	36.0	9.0	2.7	6.3	8.0	4.5	2.4	1.8	4.0	Yes	Yes	83.70	1
	Tweed Shire Council	8.0	36.0	9.0	2.4	6.0	8.0	4.0	2.1	1.6	4.0	Yes	Yes	81.05	1
	Rous County Council (T/As Rous Water)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	Richmond River County Council	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	North Coast Weeds Advisory Committee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	Far North Coast County Council	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1

N/A – Not Available

RECOMMENDATION REPORT – Commercial-in-Confidence

SELECTION CRITERIA – NATIONAL AUSTRALIA BANK

Selection Criteria and Weighting	Proponents Name	Value for money, accounting for price & non price factors	Overall price of banking package	Demonstrate capacity to implement & deliver products & services	Relevance, nature and scope of other products and services offered	Customer functionality, reliability and technical features of the services offered	Access to and convenience of banking services	Demonstrated client satisfaction and record of performance in delivering the services specified	Provision of services to review business processes	Demonstrated value added banking services	Quality management plan	Appropriate insurances held	ADI status and current credit rating	Total Weighted Score	Ranking
		10%	45%	10%	3%	7%	10%	5%	3%	2%	5%	Y/N	Y/N	100%	
	Ballina Shire Council	7.0	40.5	8.0	2.1	5.6	9.0	4.5	1.8	1.4	3.5	Yes	Yes	83.40	2
	Byron Shire Council	7.0	31.5	7.0	2.4	5.6	8.0	3.5	2.4	1.6	4.0	Yes	Yes	73.00	2
	Clarence Valley Council	8.0	45.0	7.0	2.4	5.6	9.0	4.0	2.1	1.4	5.0	Yes	Yes	89.50	2
	Kyogle Shire Council	8.0	36.0	8.0	2.4	5.6	8.0	3.5	2.4	0.0	4.0	Yes	Yes	77.90	2
	Lismore City Council	8.0	40.5	7.0	2.1	4.9	8.0	3.5	2.1	1.6	3.5	Yes	Yes	81.20	2
	Tweed Shire Council	7.5	36.0	8.0	2.4	5.6	8.0	3.8	2.1	1.5	4.0	Yes	Yes	78.85	2
	Rous County Council (T/As Rous Water)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
	Richmond River County Council	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
	North Coast Weeds Advisory Committee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
	Far North Coast County Council	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2

N/A – Not Available

RECOMMENDATION REPORT – Commercial-in-Confidence**BASED ON SELECTION CRITERIA**

The points of differentiation between the respondents were as follows:

- (a) The **Commonwealth Bank of Australia** was assessed as having the **highest level** of capabilities with respect to the non-financial criteria.
- (b) In the majority of instances the **Commonwealth Bank of Australia** was assessed at least equally or better than the National Australia Bank on the financial criteria.
- (c) The **Commonwealth Bank of Australia** demonstrated to a greater degree their direct long term relevant experience in dealings with and providing banking facilities to NSW local government.

Both the Commonwealth Bank of Australia and the National Australia Bank's tenders were of high quality and the services offered met the expectations of the Panel. Both tenders consistently rated between 7 and 10 on the individual criteria, being between Good and Excellent. The total weighted scores of each tender were between the high 70s to low 90s percentage points, which confirmed the overall high quality of the tenders.

The National Australia Bank recognised that there would be implementation costs in moving to a new transactional banker. Therefore, they offered a rebate to be paid once all core transactional banking services (working accounts, high interest accounts, merchant services, electronic banking and corporate purchase card program) were implemented. The rebates are detailed in the table below.

Organisation	NAB Rebate
Ballina Shire Council	\$ 5,500
Byron Shire Council	\$ 4,500
Clarence Valley Council	\$ 8,500
Kyogle Council	\$ 2,000
Lismore City Council	\$ 6,000
Tweed Shire Council	\$ 12,000
Rous County Council (T/As Rous Water)	\$ 2,500
Richmond River County Council	\$ 500
North Coast Weeds Advisory Committee	\$ 500
Far North Coast County Council (T/As Far North Coast Weeds)	\$ 500

The Panel took this offer into consideration when assessing the tenders.

RECOMMENDATION REPORT – Commercial-in-Confidence

7 BASIS OF DECISION

7.1 BASIS FOR RECOMMENDING A TENDERER

The **Commonwealth Bank of Australia** was assessed as having the **highest level** of capabilities with respect to the selection criteria.

The **Commonwealth Bank of Australia** has been the banking service provider to the NRRGC for at least the past six years and for some Councils considerably longer. They have demonstrated an excellent knowledge of NRRGC's business and understand the current issues that are impacting on NSW Local Government.

The **Commonwealth Bank of Australia** have been providing excellent banking services to each member of the NRRGC under the current and previous banking agreements.

The **Commonwealth Bank of Australia** are very active in the Northern Rivers region as well as the NSW Local Government generally and are responsive to issues raised by Councils.

The tenderer's banking locations are in close proximity to each member of the NRRGC.

Based on the Panel's evaluation, the tender from the Commonwealth Bank of Australia represented the highest rated assessment against the selection criteria and demonstrated the most advantageous tender to the NRRGC and is therefore recommended as the preferred tenderer.

7.2 AUSTRALIA POST TENDER FOR AGENCY PAYMENT FACILITIES ONLY

The Panel considered the Australia Post tender separately as the NRRGC already engage Australia Post in conjunction with their current banking provider.

The tender was considered acceptable, however, each organisation will need to consider the ongoing engagement of Australia Post as it pertains to their individual circumstances.

RECOMMENDATION REPORT – Commercial-in-Confidence**8 DECISION**

The Panel recommends that the **Commonwealth Bank of Australia** be selected as the preferred banking services supplier.

The Panel also recommends that each organisation consider their own engagement of **Australia Post** in conjunction with the Commonwealth Bank of Australia, for agency payment facilities.

9 ENDORSEMENT BY TENDER ASSESSMENT PANEL

Name	Position/Role	Organisation
Kristian Enevoldson (Chairperson)	Manager Finance & Supply	Clarence Valley Council
Michael Salvestro	Financial Accountant	Clarence Valley Council
Amanda Gibson	Management Accountant	Lismore City Council
Carlos Alcaino		Ballina Shire Council
Carol O'Neill	Executive Manager Administration & Community	Kyogle Council
Paul Drew	Financial Accountant	Tweed Shire Council
Pattie Ruck	Financial Accountant	Byron Shire Council
Emma Charters	Finance Officer (Revenue)	Rous County Council (T/As Rous Water) Richmond River County Council North Coast Weeds Advisory Committee Far North Coast County Council (T/As Far North Coast Weeds)