

## **Item 7.**

### **Tender - Agency Services for Advertising**

**File No: X010779.013**

**Tender No: 1820**

### **Summary**

This report provides details of the tenders received for agency services for advertising.

The City of Sydney undertakes a wide range of advertising to meet a broad variety of mandatory legislative and communication needs such as Development Applications, tenders, recruitment and event related communications. This tender seeks an agency to manage the City's advertisements for events, programs and initiatives and public notice advertisements for legislative requirements.

The purpose of the tender is to streamline advertisement planning, booking and invoicing, as well as to reduce costs across all media which could not otherwise be achieved through direct liaison. This tender also covers services including strategy, production, research, software, training and possibly creative services.

Tenders were called for the provision of the City's advertising services over a three-year period, with the option to extend for a further two years.

This report provides details of the tenders received for agency services for advertising and makes a recommendation for the preferred supplier.

The recommended tenderer is paid a percentage of the cost of each type of advertising placed, so the City only pays the agency when advertising is actually booked.

This report recommends that Council accept the tender offer of Tenderer 'K' for agency services for advertising.

**Recommendation**

It is resolved that:

- (A) Council accept the tender offer of Tenderer 'K' for agency services for advertising for a period of three years, with the option of an extension of two years;
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the contracts relating to the tender; and
- (C) authority be delegated to the Chief Executive Officer to exercise the option referred to in clause (A), if appropriate, and negotiate the price to extend the contract accordingly.

**Attachments**

**Attachment A.** Tender Evaluation Summary (Confidential)

**Attachment B.** Schedule of Rates (Confidential)

## Background

1. The City has contracted an agency or agencies for the provision of advertising services since 17 September 2007. The advertising services include the promotion of the City's events, programs and initiatives, as well as public notice advertisements to meet legislative requirements.
2. Using the services of an agency, the City can access discounted media rates for both online and offline media it would not otherwise be eligible to receive. Additional benefits of utilising an agency include:
  - (a) expert advice on strategy and placement;
  - (b) having a team of people dealing directly with the many media/publisher outlets the City seeks to advertise with;
  - (c) ability to set template advertisements as the City does not have available resources for this high volume and fast turnaround;
  - (d) ability to dispatch advertisements via programs/software to which the City does not have membership access; therefore saving the City membership fees and production time;
  - (e) ability to easily track advertising expenditure and easy management of media invoicing that would otherwise prove labour intensive;
  - (f) resources for all formats of advertisement production, checking and dispatch;
  - (g) resources for specialised digital advertising (inclusive of software systems and technologies) that the City would need to outsource;
  - (h) resources for media research and access to media/advertising sector measurement systems that would otherwise attract costly annual fees;
  - (i) resources for training of City staff; and
  - (j) resources for all types of creative services inclusive of digital formats the City does not have the capability to produce.

## Invitation to Tender

3. The Tender was advertised in The Australian newspaper and via ETender on Monday 30 April 2018, The Sydney Morning Herald on Tuesday 1 May 2018, B&T e-newsletter on 8 May 2018, and AdNews e-newsletter on 7 and 10 May 2018, with tenders closing at 11.00am on Tuesday 5 June 2018.

## Tender Submissions

4. At the close of tenders, 12 submissions were received from the following organisations:
  - (a) Adcorp Australia Ltd;
  - (b) Agency3;
  - (c) Bauer Media Pty Ltd;
  - (d) Clemenger BBDO;
  - (e) Heard Marketing;
  - (f) JLM Marketing Pty Ltd T/A Marketing Mechanics;
  - (g) Leonards Advertising;
  - (h) Publisher's Internationale Pty Ltd;
  - (i) Reborn Group Pty Ltd;
  - (j) Blue Sky Media & Marketing;
  - (k) Wavemaker Australia Pty Ltd; and
  - (l) ZenithOptimedia Australia Pty Ltd.
5. No late submissions were received.

## Tender Evaluation

6. All members of the Tender Evaluation Panel have signed Pecuniary Interest Declarations. No pecuniary interests were noted.
7. The relative ranking of tenders as determined from the total weighted score is provided in the Confidential Tender Evaluation Summary – Attachment A.
8. All submissions were assessed in accordance with the approved evaluation criteria being:
  - (a) relevant work experience in services of a similar type and volume;
  - (b) allocation of relevant personnel;
  - (c) proposed timelines;
  - (d) proposed methodology;
  - (e) Work, Health & Safety (WHS);
  - (f) financial and commercial trading integrity including insurances; and

- (g) schedule of prices.

### **Performance Measurement**

9. The contract for providing the City's advertising services will be measured against three key performance areas, with four repeating activities relating to response times. The key performance areas are detailed in the KPI table in the tender and are:
  - (a) key deliverables;
  - (b) quality of work; and
  - (c) WHS compliance.

### **Financial Implications**

10. The costs for the provision of these services come out of individual operational areas and each area has budgeted for this expense. Based on historical spend, it is anticipated the spend over the lifetime of the contract would be \$7.5 million (averaging \$1.5 million per year across five years). This is inclusive of advertising costs as the recommended tenderer is paid a percentage of the cost of each type of advertising placed, so the City only pays the agency when advertising is actually booked.
11. There are sufficient funds allocated for this contract within the current year's operating budget and future years' forward estimates.

### **Relevant Legislation**

12. The tender has been conducted in accordance with the Local Government Act 1993, the Local Government (General) Regulation 2005 and the City's Contracts Policy.
13. Attachments A and B contain confidential commercial information of the tenderers and details of Council's tender evaluation and contingencies which, if disclosed, would:
  - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
  - (b) prejudice the commercial position of the person who supplied it.
14. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

### **Critical Dates / Time Frames**

15. The existing contract expires on 31 January 2019 and it is necessary to enter into the new contract prior to this date to ensure continuity of service.

## Options

16. Not proceeding with the service of an agency for advertising will mean the City will be unable to meet its current level of advertising services, while also suffering significant negative financial and resourcing implications. With no buying leverage, the City will not have access to discounted media rates and will be subject to inefficient media buying due to inadequate in-house resources for advertising strategy, planning, buying, dispatching, production, reporting, research and invoice reconciliation.
17. The City would not have access to planning, buying and dispatching software systems specific to agencies, would be subject to high production, dispatching, digital advertising and research software systems that City staff are not trained in, and would be subject to various licencing and memberships fees. There are some advertising formats (like some digital advertising buys) that can only be implemented via an agency and the City requires these services.

## **SYD CASSIDY**

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