

6. REVIEW OF COMMERCIAL PRINTING ARRANGEMENTS

Officer responsible Corporate Services Manager	Authors Grant McSherry, DDI 371 1998 and Merv Altmets, DDI 371 1468
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The purpose of this report is to review the Council's current exclusive supplier arrangement for sheet-fed commercial printing and to make a recommendation on the future purchasing of commercial print.

BACKGROUND

In May 2000 the Council resolved as follows:

- “1. That the Council authorise the Corporate Services Manager to enter into agreements with Rainbow Print Group, Wickliffe Printfast, Jordan Proprint and the Caxton Press as exclusive print suppliers for a two year period.*
- 2. That, prior to the expiry of this period, the Corporate Services Manager conduct a review of the outcomes and report to the Strategy and Resources Committee.”*

This report constitutes that review.

Printers were selected through a rigorous process that identified their ability to provide a quality product on time and at a competitive price. The Council moved from being a relatively insignificant customer to many print businesses to being a key customer for a few, improving pricing and levels of service provided.

While the system requires staff to use only our own printers for normal sheet-fed work, the Council sometimes tenders work to other suppliers where the process they provide is more cost effective than sheet-fed printing. Examples are:

- City Scene, printed web offset (newspaper printing press) by the Star
- Summertimes, printed on an offset press by PMP print (formerly Bascands)
- Envelopes and labels, printed as part of the manufacturing process
- Plastic printing for security cards etc

The Corporate Services Unit manages a separate contract for the Council's digital printing and copying.

The print supplier arrangement described above has been successful in achieving savings and good levels of service and quality. In spite of significant increases in the price of paper, our commercial print expenditure reduced from \$1,400,000 prior to \$944,500 in the last financial year. This year to date shows a further significant reduction in Council printing expenditure as our printers continue to understand and compete for our business. Very few quality issues have been reported to the Communication and Advertising Project Manager or the Corporate Services Manager during the two-year duration of the agreement.

ONGOING COMPETITIVENESS

The four preferred printers compete amongst themselves for each job. They are sent quarterly statistics, which show overall Council print expenditure and their share of the total. The competitiveness this has inspired has been a significant factor in generating ongoing savings and ensured a close working relationship with the Council units concerned. Previously much work was done through advertising agencies who used specific preferred printers for which they charged a commission which was included in the cost of printing paid by the Council. Under the new process the Council has become a sufficiently large purchaser of print in its own right to attract equivalent pricing to that paid by agencies before commission was added.

THE FUTURE

Our print buying system has proved to be successful in minimising Council printing costs and its continuation will remain beneficial to the Council. Savings will continue to result from long-term relationships with these suppliers. From time to time, however, new printers may enter the market or existing printers may purchase new equipment or technology, which could be of benefit to the Council. Our experience has been that the printers who offer the best service and are the most competitive have been getting most of the business under the current model. It is therefore worthwhile to consider

putting out for competitive tender the position of the printer who has gained the least amount of our business. Such a process would also contribute to maximising competition.

TWO YEAR TENDERING SYSTEM

Should such a process be accepted whereby the position of the least successful printer was tendered every year, it would be most difficult for any new entrant to survive. This is because it takes time to forge relationships and gain the confidence of Council staff (convince staff to risk using a new supplier). It therefore makes sense to tender the least successful position every second year. Judgement as to which printer's position is tendered would be made on the basis of business share achieved in the second year. It would be possible for the incumbent to re-tender and win back the position if, having evaluated all tenders, the selection panel were entirely convinced that they remain the best choice. The selection process would be based on the original model, which evaluated:

- Production systems/quality control
- Pricing structures
- Equipment
- Purchasing power

- Recommendation:**
1. That the Council adopt the ongoing operation of the exclusive supplier system for commercial printing and that one position (the least successful) be re-tendered every second year.
 2. That the Corporate Services Manager be authorised to enter into agreements in fulfilment of recommendation 1.

Chair's

Recommendation: That the above recommendation be adopted.