

ORDINARY MEETING	12
1 MAY 2024	

## **REGISTER OF PREQUALIFIED SUPPLIERS (ROPS) 2947 – SUPPLY AND LAYING OF ASPHALTIC CONCRETE**

63/1/409\* | #7398927

### **RECOMMENDATION:**

That Council:

1. Approves the establishment of Register of Prequalified Suppliers (ROPS) 2947 – Supply and Laying of Asphaltic Concrete and appoints Boral Resources (Qld) Pty Ltd, FGF Bitumen Pty Ltd, NQ Asphalt Pty Ltd and Pioneer North Queensland Pty Ltd, for a period of three years commencing 1 July 2024, with two extension options of up to two years each, available at Council'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 arrangement subject to Council's normal procurement policies and practices.

---

### **INTERESTED PARTIES:**

- Boral Resources (QLD) Pty Limited
- FGF Bitumen Pty Ltd
- NQ Asphalt Pty Ltd
- Pioneer North Queensland Pty Ltd

### **EXECUTIVE SUMMARY:**

The existing contractual arrangement for the Supply and Laying of Asphaltic Concrete under a Register of Prequalified Suppliers (ROPS) 2775 expires on 30 June 2024. This ROPS arrangement is utilised to fulfil Council's continuing obligation to maintain its public road infrastructure within the local government area, including all urban roads. The services comprise the supply of all plant, labour and materials necessary to complete road pavement profiling and asphalt pavement repairs in accordance with technical specifications from both Cairns Regional Council (Council) and the Department of Transport and Main Roads (TMR).

The existing ROPS has no further extension options remaining, therefore to ensure that asphalt services continue to meet operational requirements, Council invited tenders to establish a new arrangement. It is proposed that this ROPS 2775 is replaced with ROPS 2947 with all contractors prequalified based on capability, financial capacity, experience and resources. The ROPS is recommended for a term of three years with two extension options of up to two years each at Council's discretion.

The public tender process was advertised in February 2024 and four tenders were received. The recommendation of contractors to be appointed to the ROPS includes FGF Bitumen Pty Ltd, NQ Asphalt Pty Ltd, Boral Resources (Qld) Pty Ltd and Pioneer North Queensland Pty Ltd. All four Contractors have previous experience with Council and are currently appointed to the existing ROPS, and all work to a very good standard.

The expenditure over the last year (1 April 2023 to 31 March 2024) was approximately \$4.58 Million excluding GST. Future annual expenditure is anticipated to increase in line with CPI, although it will also be impacted by the size and scope of the capital works program, and future unfunded flood repair works which are unknown at this time.

### **BACKGROUND:**

Council invited tenders pursuant to section 228 and section 232 of the *Local Government Regulation 2012* (Qld) (Regulation).

The tender was advertised on 12 February 2024 and closed on 6 March 2024. Tenders were received from each of the tenderers identified below, (all tenderers are local):

- a) Boral Resources (QLD) Pty Limited
- b) FGF Bitumen Pty Ltd
- c) NQ Asphalt Pty Ltd
- d) Pioneer North Queensland Pty Ltd

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:

- |  |     |
|--|-----|
| • Criteria A - Business Profile (Local, Social and Sustainability) | 10% |
| • Criteria B - Relevant Experience and Past Performance            | 20% |
| • Criteria C - Key Personnel and Skills                            | 10% |
| • Criteria D - Resources and Management Systems                    | 10% |
| • Criteria E - Methodology and Understanding                       | 10% |
| • Criteria F - Value for Money                                     | 40% |

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

- (a) Executive Manager, Works
- (b) Construction Technical Officer, Works
- (c) Team Leader Construction, Works

### **COMMENT:**

Asphalt is generally required on a project-by-project basis, therefore the program of work is not always known until a project scope is completed. The demand for services and volume of work required by Council cannot always be met by the first, second or even third preference contractor and therefore the recommendation is for all four Contractors be prequalified and available on the ROPS to ensure Contractors could be engaged 'as and when' required to meet work demands. The selection of Contractors under a ROPS is usually made according to the most competitive rates and prices, complexity of the

work, and contractor availability. All contractors recommended to be appointed to this ROPS are well known to Council, incumbents on the current ROPS (2775) are local, competent and experienced.

Of the four recommended Contractors, initially, it is anticipated that Pioneer North Queensland and FGF will be engaged for approximately 80% to 90% of all works, based on their competitive rates, quality of works, past performance and reliability. However, this trend may change over the full term of the ROPS (including extension options), dependent on the performance of each contractor, their reliability and the competitiveness of any rate increases.

If additional suitable Contractors enter the market, the arrangement includes a provision for Council to go to market and invite additional Contractors (known as a Refresh) to be appointed to the Register of Prequalified Contractors subject to the Standard Terms and Conditions for Services at any time during the Term of the contract, or subsequent extension options.

The response from the Cairns market in relation to this ROPS was relatively strong, given that there are a limited number of contractors that can take on such large volumes of work. The Contractors who tendered are all well known to Council, are on the current ROPS 2775 and their pricing was deemed competitive across the industry.

### **OPTIONS:**

#### Option 1: (Recommended)

It is recommended that Council:

Awards Register of Prequalified Contractors (ROPS) 2947 – Supply and Laying of Asphaltic Concrete and appoints Boral Resources (Qld) Pty Ltd, FGF Bitumen Pty Ltd, NQ Asphalt Pty Ltd and Pioneer North Queensland Pty Ltd, for a period of three years commencing 1 July 2024, with two extension options of up to two years each, available at Council's discretion.

#### Option 2:

It is recommended that Council does not endorse ROPS 2947 and adopts an alternative course of action. This is not recommended on the basis that Council has previously already explored other procurement options.

### **CONSIDERATIONS:**

#### Risk Management:

Council has minimal exposure to risk with regards to the Contractors recommended to ROPS 2947 as these Contractors are long established, suitably experienced and qualified are all prequalified on the current ROPS and have good working relationships with Council.

This is also a non-exclusive arrangement and appointment to the ROPS does not guarantee that the successful Contractors will be engaged to provide any, or any minimum amount, of goods and services during the Term of the contract.

Potential financial risks will be mitigated by active monitoring and management of the Contractors against the budget allocation.

Council Finance and the Local Economy:

The expenditure over the last year (1 May 2020 to 30 April 2021) was approximately \$4.58 Million excluding GST. Of this spend \$218,000 is as a consequence of Cyclone Jasper and the Flood event. This additional spend on ROPS 2775 is from late December to 12 April 2024. This will be offset by state government funding in due course.

Future annual expenditure is anticipated to increase in line with CPI, although it will also be impacted by the size and scope of the capital works program, and future unfunded flood repair works which are unknown at this time.

The recommended Contractors will generally provide locally based personnel which will provide benefits to the local economy.

Corporate and Operational Plans:

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

- 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:**

Business managers within Works and related Branches were consulted as they are the major users of asphaltic concrete. The Procurement Branch facilitated the tendering and evaluation process and provided financial information.



Martin Perkowicz  
Executive Manager Works



Gary Everson  
Associate Director Service Delivery



Mark Wuth  
Director Cairns Infrastructure & Assets