ORDINARY MEETING 25 NOVEMBER 2026	5.6

PROJECT LAUNCH APPROVAL FOR FLEET REPLACEMENT PROGRAM FOR 2027/2028

CIA | 64/3/3-01 | #7926852

RECOMMENDATION:

That Council:

1. **Approves the Project Launch Approval (PLA) for 601243 Fleet Replacement Program 2027/28 with an overall Project Launch Budget (PLB) of $8,505,000 and an approved end date of 30 June 2028; and**

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 project, subject to Council's normal procurement policies and practices.**

INTERESTED PARTIES:

Servco Australia Cairns Pty Ltd (Pacific Toyota and Pacific Hino)

Note: The identification of interested parties is provided on a best endeavours basis by Council Officers and may not be exhaustive.

EXECUTIVE SUMMARY:

Council manages a fleet of more than 860 assets valued at over $40 million, including passenger vehicles, commercial trucks, plant, and specialised equipment. The annual Fleet Replacement Program (FRP) supports the timely renewal of these assets to ensure safe, reliable, and cost-effective service delivery across Council operations.

This report seeks approval of the 2027/28 Fleet Replacement Program with a proposed Project Launch Budget of $8.505 million and a forecast completion date of 30 June 2028. The program includes the replacement of an initial 83 assets identified through Council's asset management methodology, which considers utilisation, age, condition, lifecycle costs, and operational requirements.

Approval is being sought in advance of the 2027/28 financial year to enable early planning and procurement of long lead-time vehicles and plant. Early endorsement will improve delivery certainty, support the timely replacement of ageing assets, and reduce the risk of procurement delays and associated capital budget carryovers into future financial years.

The program will be delivered through established procurement arrangements and funded from Council's adopted capital works budget. Replacement assets are expected to deliver whole-of-life benefits through improved reliability, lower operating and maintenance costs, reduced downtime, and enhanced operational capability. Failure to proceed may result in increased costs, service disruptions, safety risks, and the extended

use of ageing assets beyond their optimal replacement lifecycle.

BACKGROUND:

Council's fleet portfolio underpins the delivery of essential services across all operational areas, including civil works, parks and gardens, water and wastewater, environmental services, and facilities maintenance. Timely fleet replacement is critical to ensuring operational efficiency, workforce safety, and compliance with regulatory standards.

The 2027/28 program identifies an initial 83 fleet assets for replacement across the following categories:

Equipment Class	Number	Procurement Method
Light Commercials	31	Contract 2973 (Pacific Toyota)
Light Plant	19	Request for Quotation/Local Buy
Truck	7	Contract 2999 (Pacific Hino)
Yellow/Heavy Plant	6	Tender/Request for Quotation/Local Buy
Other/Light Plant	20	Request for Quotation/Local Buy
Total	**83**	

To support early planning and procurement activities for long lead-time assets, a budget bring-forward of $50,000 from the 2027/28 capital budget is required. This funding will enable preliminary design, specification, and procurement works to commence ahead of the replacement program, improving delivery certainty and reducing the risk of procurement delays and capital budget carryovers. The bring-forward will be offset through the deferral of selected projects within the approved Asset Services capital program, with no material impact on operational service delivery.

	Prior Year	2026/27	2027/28	Outer Years	Total
Adopted Budget*	$0	$0	$8,505,000	$0	**$8,505,000**
PLB (Project Launch Budget / FAC)	$0	$50,000	$8,455,000	$0	**$8,505,000**
Variance (Budget vs PLB)	$0	$50,000	($50,000)	$0	
Contingency (included in total PLB amount)					$250,000

COMMENT:

The 2027/28 Fleet Replacement Program represents a structured and essential renewal of Council's operational fleet. Proposed replacements are supported by lifecycle analysis, which demonstrates that retaining assets beyond their optimal replacement point leads to increased maintenance costs, rising downtime, and reduced reliability.

Council's procurement strategy maintains multiple supply pathways for vehicle and plant categories to ensure efficiency and flexibility. These include existing bulk procurement contracts, Queensland Government arrangements, and Local Buy prequalified panels.

The program will apply the most advantageous method for each asset type, balancing value for Council, lead times, and local supplier participation:

- Commercial Trucks: Procured under Contract 2999 – Supply of Commercial Trucks
- Light Commercials and Passenger Vehicles: Procured under Contract 2973 – Supply of Light Commercial Vehicles (utilising QFleet and QF2023-01 Acquisition of Motor Vehicles Arrangement)
- Specialised or Unique Plant Items: Procured via competitive Request for Quotation or open market Request for Tender processes

This mixed approach ensures compliance with Council's Procurement Policy while aligning with the Sound Contracting Principles under *Section 104 of the Local Government Act 2009*, promoting open competition, transparency, efficiency, and local economic development.

OPTIONS:

Option 1: (Recommended)

That Council:

1. Approves the Project Launch Approval (PLA) for 601243 - Fleet Replacement Program 2027/28 with an overall Project Launch Budget (PLB) of $8,505,000 with an approved end date of 30 June 2028; and

2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into a contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council's normal procurement policies and practices.

Option 2:

That Council does not endorse the 2027/28 Fleet Replacement Program and recommends an alternative course of action.

CONSIDERATIONS:

Risk Management:

The risks associated with the 2027/28 Fleet Replacement Program are considered low, as the program will be delivered through Council's established procurement and asset management frameworks.

- Financial and Supply Chain Risks: Mitigated through early ordering, utilisation of bulk supply contracts, and whole-of-life cost assessments.
- Operational Risks: Aging fleet assets can lead to increased downtime, higher maintenance costs, safety concerns, and reduced service delivery. These risks are addressed through timely replacement and multiple procurement pathways.

- Environmental Risks: Reduced through the procurement of low-emission, ADR-compliant vehicles and responsible end-of-life disposal practices.

Overall, the program supports operational continuity, financial stability, workforce safety, and community confidence.

Council Finance and the Local Economy:

The proposed Project Launch Budget (PLB) of $8,505,000 for the 2027/28 Fleet Replacement Program aligns with Council's long-term fleet capital forecasts. To meet delivery schedules, a bring-forward adjustment of $50,000 from FY2026/27 is required. This adjustment is offset by the deferral of other Asset Services projects, which will have minimal operational impact.

The program is fully funded within the approved capital works budget and is expected to deliver favourable whole-of-life savings through reduced maintenance costs, improved fuel efficiency, and decreased operational downtime. Additionally, a significant proportion of project expenditure will be directed to local suppliers or suppliers with local servicing capacity, supporting regional employment and contributing positively to the Cairns economy.

Corporate and Operational Plans:

The services forming the basis of this report relate to the following goals in Council's Corporate Plan 2025 to 2030:

- Focus One – Robust Economy: Promote and protect the growth of diverse industries and small business;
- Focus Two – Natural Assets: Encourage community and businesses to adopt sustainable practices; and
- Focus Five – Focused Council: Maintain strong financial management including robust long-term modelling.

Statutory:

The 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:

Extensive internal consultation has occurred with Asset Services (Fleet and Workshop units), Procurement, Finance, and senior management. The Procurement Review Board endorsed the procurement methodology and recommended the matter progress to Council.

No external community consultation was required due to the internal operational nature of the program.



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