

PREFERRED SUPPLIER ARRANGEMENT (PSA) 3071 – BITUMEN SEALING WORKS

63/1/489* | #7864351

RECOMMENDATION:

That Council:

1. **Awards Preferred Supplier Arrangement (PSA) 3071 – Bitumen sealing Works and appoints the following four contractors: Boral Resources (QLD) Pty Ltd, FGF Bitumen Pty Ltd, Koppen Construction Pty Ltd and Pioneer North Queensland Pty Ltd for a term of two years commencing 1 July 2026, with two extension options of up to 12 months 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 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.**

INTERESTED PARTIES:

1. Boral Resources (QLD) Pty Ltd trading as Boral Asphalt Queensland
2. FGF Bitumen Pty Ltd
3. Koppen Construction Pty Ltd trading as Koppen Bitumen
4. Pioneer North Queensland Pty Ltd

EXECUTIVE SUMMARY:

This report provides a summary of the tender process and various considerations for the establishment of a new Preferred Supplier Arrangement (PSA) for Bitumen Sealing Works. Council has a continuing operational obligation for bitumen spray and cover works. The prices of all work undertaken by Contractors include labour, plant, equipment, materials and everything necessary to undertake the bitumen sealing works as specified. Works are required to be undertaken in accordance with technical specifications from Department of Transport and Main Roads (TMR).

The PSA is for the purpose of supplying and delivering bitumen reseals on designated Council roads in accordance with the annual bitumen reseal program as well as other road construction and maintenance works including minor reseals.

The current PSA arrangement (2822) for Bitumen Sealing Work expires on 30 June 2026. Tenders were invited for the replacement PSA and four submissions were received. The recommendation is to appoint all four contractors: FGF Bitumen Pty Ltd, Koppen Bitumen, Pioneer North Queensland Pty Ltd and Boral Resources (Qld) Pty Ltd. All four Contractors have previous experience with Council, are incumbents on the current PSA,

are well-resourced and work to a satisfactory standard. The proposed PSA term is for two years with two extension options of up to a further 12 months each at Council's discretion.

The annual spend over the last 12 months (June 2025 to May 2026) was approximately \$1,636,000 excluding GST. The anticipated future expenditure annually is expected to be approximately \$2.5 million to \$3 Million.

BACKGROUND:

Council invited tenders pursuant to section 228 and section 233 of the *Local Government Regulation 2012* (Qld) (Regulation). The tender for PSA CT005373 was released on 3 March 2026 and closed on 27 March 2026. A total of four submissions were received from the following Contractors:

1. Boral Resources (QLD) Pty Ltd – Trading as Boral Asphalt Queensland
2. FGF Bitumen Pty Ltd
3. Koppen Construction Pty Ltd – Trading as Koppen Bitumen
4. Pioneer North Queensland Pty Ltd

Each tender submission was checked for conformance and evaluated and scored by the evaluation panel based on standard qualitative criteria, which included the following:

- Criteria A – Relevant experience and past performance – 10%
- Criteria B – Key personnel and technical skills – 10%
- Criteria C – Resources and management systems – 15%
- Criteria D – Understanding and methodology – 15%
- Criteria E – Business profile – 10%
- Criteria F – Value for money – 40%

The evaluation panel consisted of the following members:

- Construction Engineer/Coordinator, Works Construction
- Project Support Officer, Works Construction
- Construction Project Manager, Works Construction

COMMENT:

Council invited tenders pursuant to section 228 and section 233 of the *Local Government Regulation 2012* (Qld) (Regulation).

Approximately 80% of bitumen sealing works are undertaken under the Annual Reseal Program. The balance of works are for ad hoc bitumen seals on various other capital works projects.

As an outcome of the evaluation process and due to very high demand during the term of this PSA and with Council from time to time competing with Main Roads for bitumen reseal Contractors, the evaluation panel recommends appointing all four Tenderers onto this PSA, in no order of preference. Contractors will be evaluated on value for money, performance, availability and location.

OPTIONS:

Option 1: (Recommended)

It is recommended that Council:

Awards Preferred Supplier Arrangement (PSA) CT005373/3071 – Bitumen Sealing Works and appoints the following four contractors: Boral Resources (QLD) Pty Ltd, FGF Bitumen Pty Ltd, Koppen Construction Pty Ltd and Pioneer North Queensland Pty Ltd for a term of two years commencing 1 July 2026, with two extension options of up to 12 months each, available at Council’s discretion.

Option 2:

It is recommended that Council does not endorse (PSA) CT005373/3071 – Bitumen Sealing Works and adopts an alternative course of action.

CONSIDERATIONS:

Risk Management:

Fuel and bitumen price increases continue to be of concern. Council is mitigating long term costs having requested contractors continue to submit their rates based on a normal market. Separately a temporary rise and fall mechanism may be implemented from 1 July 2026, if required and justified, to calculate a fuel levy. This levy will be reviewed every four weeks until the national average terminal gate price for diesel, as published by the Australian Institute of Petroleum (AIP), drops below \$2.00 per litre for four consecutive weeks and bitumen pricing returns to monthly averages prior to February 2026.

Council Finance and the Local Economy:

The annual spend over the last 12 months (June 2025 to May 2026) was approximately \$1,636,000 excluding GST. The anticipated future expenditure annually is expected to be approximately \$2.5 million to \$3 Million. The budget for PSA CT005373/3071 sits within the overall capital works budget.

All work will be undertaken by locally based contractors employing local employees and, in some instances, local sub-contractors. Quarry products used are also produced locally or within the region.

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”; and
- Focus Four – Community and Culture: “Provide spaces and programs for the benefit of the community”.
- Focus Five – Focused Council: “Support an inclusive organisational culture that invests in continuous improvement, learning and leadership”, and “Delivery of quality services to the community”.

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:

Procurement has consulted with the main stakeholders in Cairns Works Construction to identify and discuss the requirements and scope of this PSA.



Martin Perkowicz
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Toni Veronese
Associate Director Service Delivery



Mark Wuth
Director Cairns Infrastructure & Assets