

PREFERRED SUPPLIER ARRANGEMENT (PSA) CT005358 – SUPPLY AND DELIVERY OF QUARRY PRODUCTS

CIA | 63/1/498* | #7861166

RECOMMENDATION:

That Council:

1. Awards Preferred Supplier Arrangement (PSA) CT005358 – Supply and Delivery of Quarry Products to FGF Developments Pty Ltd, S & F Marino Pty Ltd, Pioneer North Queensland Pty Ltd and Zappala Quarries Pty Ltd, for a term of two years commencing on 1 October 2026, with two extension options 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 contracts, 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:

- FGF Developments Pty Ltd
- S & F Marino Pty Ltd
- Pioneer North Queensland Pty Ltd
- Zappala Quarries Pty Ltd

EXECUTIVE SUMMARY:

Preferred Supplier Arrangement (PSA) CT005358 for the Supply and Delivery of Quarry Products is recommended to replace the existing PSA 2828 which will expire on 30 September 2026. PSA CT005358 is recommended to be awarded for a term of two years, with two further extension options of up to 12 months each, at Council's discretion and subject to satisfactory supplier performance.

Quarry products under this PSA include rock, crushed rock, gravel, cover and soil aggregates, crusher dust and fill materials. The supply of quarry products provides Council with the bulk of its road making materials and is primarily used in Council's road construction and re-sealing programs, including spray sealing.

All recommended contractors under this arrangement have a local presence in the rate-paying region of Council and have been recommended based upon an assessment of value for money, quality of products, and services offered along with their demonstrated experience to meet the operational requirements of Council at the standards specified.

The current annual expenditure for these products is estimated at approximately \$2.2M excluding GST. Subsequent years are likely to be of similar nature in value depending on the final scope of Council's capital works and operational programs. These estimates are in accordance with budget forecasts for the supply of quarry products for Cairns Works Construction.

BACKGROUND:

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

Tenders for PSA CT005358 was advertised on 22 May 2026 and closed on 16 June 2026. A total of four submissions were received at tender closing:

- FGF Developments Pty Ltd
- S & F Marino Pty Ltd
- Pioneer North Queensland Pty Ltd
- Zappala Quarries Pty Ltd

The evaluation panel had regard to the sound contracting principles described in section 104 of the *Local Government Act 2009 (Qld)*. Each tender submission was checked for conformance and evaluated and scored by the evaluation panel based on standard qualitative criteria, which included the following:

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| • Criteria A – Relevant experience and past performance | 20% |
| • Criteria B – Resources and management systems | 20% |
| • Criteria C – Understanding and methodology | 10% |
| • Criteria D – Business profile | 10% |
| • Criteria E – Value for money | 40% |

The evaluation panel consisted of the following members

- Construction Coordinator
- Team Leader Construction
- Construction Technical Officer

COMMENT:

On consideration, the evaluation panel decided that appointing all four contractors to the PSA would provide Council with greater flexibility and reduce the risk of paying more than necessary for products. It was determined that the financial risk of potentially procuring products at a higher price than necessary would be mitigated by all four contractors successfully being appointed, giving Council alternative options and helping to maintain competitive pricing.

The four contractors have previous demonstrated experience and between them they provide Council with all the required product to meet Council's operational requirements and standards. There is a difference in the type and quality of rock source at the various quarries, all of which must conform to technical specifications and specific testing frequencies. The location of quarries affects the economy of supply due to transport costs.

For this reason, the product price is not always the determining factor in recommending preferred suppliers.

It is recommended that no preference be allocated on this PSA for rock, gravel, aggregates and crushed rock or for ex-bin / ex-quarry products to PSA CT005358 – Supply and Delivery of Quarry Products. The recommendation is to procure quarry products based on the rates that provide greatest value for money to Council.

The unit rate offering Council the best value for money for each product, within each category and within each district, across all four suppliers has been identified and communicated for ease of procuring by Council staff. These rates will also take into consideration haulage distance from quarry to site.

There is no obligation on Council to utilise one or any of the suppliers on the PSA. The arrangement will be used on an as required basis and does not guarantee any quantity of work to any suppliers appointed.

OPTIONS:

Option 1: (Recommended)

That Council:

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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 contract subject to Council's normal procurement policies and practices.

Option 2:

That Council does not endorse the PSA for Quarry Products and adopts an alternative course of action.

CONSIDERATIONS:

Risk Management:

There are some potential financial risks to Council's anticipated expenditure due to the increasing costs of construction materials, freight and fuel. Potential risks will be mitigated by active monitoring and management of the procured products against the budget allocation. There has also been an issue with supply and availability of product over the past 12 months due to high demands, this will be mitigated by having multiple supplier options. A rise and fall mechanism may also be applied short term to the fuel element of rates as a beneficial option, reducing over calculated/unknown risks, with regular reviews (to be determined).

Council Finance and the Local Economy:

The expenditure on the Supply and Delivery of Quarry Products in the 2025/26 financial year was approximately \$2.2M excluding GST. Subsequent years are likely to be of similar nature in value dependent on final scope of Council's operation/capital works programs.

Corporate and Operational Plans:

The services forming the basis of this PSA 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 Three – Design for Liveability: “Invest in community infrastructure and services”
- 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:

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:

Council has undertaken an initial consultation with key internal stakeholders, particularly from Cairns Works. The consultation process has assisted with the development of the specification and ensures the service will meet Council's legislative obligations and community expectations.



Mark Wuth
Director Cairns Infrastructure and Assets