

6.7. 2024-011 FAR NORTH QUEENSLAND TRAFFIC CONTROL LOCAL BUY LGA ARRANGEMENT LB325

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DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council:

1. **Resolves to enter into a Contract (#2024-011) with Far North Queensland Traffic Control for Traffic Management Services, under the Local Buy LGA Arrangement LB325.**
2. **Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters in relation to this contractual arrangement.**

EXECUTIVE SUMMARY

Council is obligated to provide traffic control and traffic management services under a number of regulatory requirements and Transport Main Roads (TMR) Technical Specifications with current annual expenditure averaging approx. \$600,000 excl. GST. Annual expenditure is anticipated to increase further over the coming years as regulations and requirements become more stringent and as the Shire grows.

It is proposed to enter into a contract with a local Douglas based supplier, Far North Queensland Traffic Control for these services for the remainder of the 2023-2024FY, with the agreement to commence on 01 September 2023 and expire on 30 June 2024. Estimated expenditure throughout this term is \$650,000 excl. GST.

BACKGROUND

The *Local Government Regulation 2012* s 224(3) stipulates the definition of a large sized contractual arrangement as “a contractual arrangement with a supplier that is expected to be worth, exclusive of GST, \$200,000 or more in a financial year, or over the proposed term of the contractual arrangement.”

For these instances, the *Local Government Regulation 2012* further stipulates that an open public tender should be conducted, however, there are additional circumstances allowed for whereby the “*Local Government may enter into a contract for goods and services without first inviting written quotes or tenders if the contract is entered in-to under an LGA arrangement*” (s 234 (1)).

Whilst the *Local Government Regulation 2012* allows Council to enter into a large-sized contractual arrangement via an LGA Arrangement at any time; it should be noted that Council’s Procurement Policy includes a clause whereby all contractual arrangements with a value greater than \$200,000 excl. GST, regardless of method procured, still require approval

via Council Resolution to ensure high value contracting is conducted in an open and transparent manner, in line with Council's Corporate Plan 2019-2024 initiatives.

COMMENTS

In the first quarter of the 2023 calendar year, Local Buy established a Register of Pre-Qualified Suppliers (RPQS) LGA Arrangement to cater for a diverse range of Traffic Management Services, with the panel released to purchasers (Local Governments) on 01 May 2023. The purpose of the arrangement is to assist purchasers in managing their individual requirements by providing easy access to the services through effective and streamlined procurement processes.

At the time of the panel commencement, eleven (11) suppliers were registered. Of those eleven, one supplier has a depot located in Cairns, and one is located within the Douglas Shire.

Whilst a Cairns based company may be able to service the Shire for planned works, due to the distance and resulting travel time between Cairns and the locations of works required across the full extent of the Douglas Shire boundary, it is unlikely that a Cairns based company would be able to meet Douglas Shire Council's requirements in relation to emergent and/or unplanned works.

It is proposed to enter into an agreement with a local Douglas based business, Far North Queensland Traffic Control for services throughout the remainder of the 2023-2024 Financial Year, via a LocalBuy LGA Arrangement, LB325.

PROPOSAL

That Council:

1. Resolves to enter into a Contract (#2024-011) with Far North Queensland Traffic Control for Traffic Management Services, under the Local Buy LGA Arrangement LB325.
2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters in relation to this contractual arrangement.

FINANCIAL/RESOURCE IMPLICATIONS

The total estimated expenditure throughout the year, based on previous years spend is \$650,000 exc GST.

Financial risk of increased expenditure through price increases (such as fuel increases) is mitigated as the schedule of rates will be fixed and firm for the entire term. Utilising a Local Buy Arrangement saves Council considerable time and cost in comparison to running a direct tender process.

There are no resource implications as Council does not currently have the capacity or resources to provide Traffic Management services in house. Engagement of a specialist service provider reduces the burden on Council's resources as it ensures Officers can remain focused on their core duties and requirements.

RISK MANAGEMENT IMPLICATIONS

Traffic management is classified as a high-risk activity and therefore Council must ensure that the risk is managed and mitigated to the best of its ability. By engaging a specialist traffic management company to provide the services, Council reduces the risk of any incidents occurring and potential exposure to claims.

The risk of not awarding this contract is that Council would be in breach of expenditure thresholds stipulated in the *Local Government Regulation 2012* and therefore subject to repercussions from an audit perspective; and may also breach its regulatory requirements for traffic management as Council does not have qualified or specialised staff in-house to manage this complex requirement.

SUSTAINABILITY IMPLICATIONS

Economic: Utilising a Local Buy Arrangement saves Council considerable time and cost in comparison to running a direct tender process.

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector. Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 1 - We will build appropriate infrastructure and deliver services that connect and support businesses.

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - We will conduct Council business in an open and transparent manner with strong oversight and open reporting.

Goal 3 - We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.

Operational Plan 2023-2024 Actions:

Legislative requirement.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Information Provider Council provides the community with important information on services, events, policies, rules, strategies, and any other relevant data that helps the community to stay informed. In performing this role, Council seeks to be open and transparent.

Regulator Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes based approach that balances the needs of the community with social and natural justice.

Service Provider Council provides many services to the community from roads and waste services to libraries and recreational facilities. Services evolve over time and it is the Council's mission to ensure that these services are appropriate, delivered efficiently, and designed with the customer at the centre.

CONSULTATION

Internal: Management Team, Procurement Team, Workshop with Councillors 22 August 2023.

External: Local Buy, Ochre Legal, various temporary traffic control suppliers.

COMMUNITY ENGAGEMENT

This proposal will fall within the 'inform' category of Council's Community Engagement Framework.

ATTACHMENTS

Nil