

5.6. TENDER FOR GRADER RENEWAL

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| DEPARTMENT | Infrastructure |

RECOMMENDATION

That Council resolves to:

- 1. Purchase the Komatsu GD555-5 Motor Grader from Komatsu Australia Pty Ltd ABN: 71 143 476 626**
- 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 associated with the contract.**

EXECUTIVE SUMMARY

Plant and Equipment assets as at the 30 June 2022, have a gross replacement cost of \$7.79M and a written down value of \$4.04M. This asset class makes up approximately 0.95% of the total asset stock of Council, based on replacement value.

Council owns one Grader, a Volvo 12 feet blade Grader purchased in October 2010. In line with our Plant Asset Management Plan Councils attempt to renew Heavy Plant after 10 years. While the Volvo Grader is operational, over the past 3 years, Council experienced down-time of more than two (2) months annually due to breakdowns or delays in part deliveries. On the 4 August 2022 Council requested quotes from Market Place on Vendor Panel for a new replacement grader and the trade-in of the Volvo grader as part of the process.

The Tender was advertised through the Vendor Panel Marketplace and on Councils Website. Council received five (5) submissions in total. All submissions were accepted and evaluated. The evaluation in accordance with Council's procurement procedures, resulted in recommending the preferred submission from Komatsu Australia Pty Ltd. The quoted price of \$284,000.00 (GST exclusive).

This report recommends that Council accept the submission from Komatsu Australia Pty Ltd and purchase the Komatsu GD555-5 Motor Grader to replace the 12-year-old Volvo Grader. Evaluation and recommendations were workshopped with the Councillors on the 13th of September 2022.

BACKGROUND

Douglas Shire Council has adopted principles to take all reasonable actions to provide its customers with reliable and safe services. This Fleet Asset Management plan addresses the required plan for maintenance and renewals to ensure that Council can deliver these services in the most optimised way.

The lifecycle management of the items covered in the Fleet Asset Management Plan is based on routine maintenance as per the manufacturer's recommendations and replacement at the end of the expected life, nominally:

- Motor Vehicles – Passenger vehicles – 4-6 years
- Motor Vehicles – Utilities – 5-7 years
- Trucks– 8-10 years
- Plant replacement – 10 years
- Communication equipment – 10 years

COMMENT

Council released an open tender via the Vendor Panel Marketplace and advertised on Councils Website on the 4 August 2022 which closed on 26 August 2022. The *Local Government Act 2009* (the Act) and the *Local Government Regulation 2012* (the Regulation), provide the legislative framework for local government procurement in Queensland.

Chapter 4 - 6, Part 3 of the Regulation, outlines the process for tendering to enter a large-sized contract (\$200,000 or more). Council must invite written tenders before making a contract for the carrying out of work, or the supply of goods or services with a contract sum greater than \$200,000 (excluding GST) or another amount as set out in the Act or Regulation.

The evaluation and recommendations were workshopped with the Councillors on the 13th of September 2022.

Five (5) submissions were received. Four (4) conforming and one non-conforming submissions. The relevant companies and their respective lump sum values are listed below in Table 1:

Table 1. Received conforming submission

| Name of Conforming Tenders | Price (excl GST) |
|-----------------------------|------------------|
| Komatsu Australia Pty (Ltd) | \$284,000.00 |
| Proposal #2 | \$360,000.00 |
| Proposal #3 | \$368,500.00 |
| Proposal #4 | \$504,000.00 |

PROPOSAL

That Council resolves to:

1. Purchase the Komatsu GD555-5 Motor Grader from Komatsu Australia Pty Ltd ABN: 71 143 476 626
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 associated with the contract.

FINANCIAL/RESOURCE IMPLICATIONS

Council allocated \$800,000 in the 2022-23 CAPEX budget to Fleet Renewal. Officers recommend the option to purchase the Komatsu GD555-5 Motor Grader from Komatsu Australia Pty Ltd for \$284,000.00.

The remaining portion of the budget has been allocated for the renewal of other plant. It is anticipated that the entire 2022-23 Fleet renewal program will be delivered on budget.

RISK MANAGEMENT IMPLICATIONS

Failure to accept the recommended proposal and continuing to operate the old Volvo Grader will lead to more breakdowns and eventually failing to maintain the current Gravel Road service level. This will have a deferential effect to the safety of road users.

SUSTAINABILITY IMPLICATIONS

Economic: Replacing the old Grader will improve productivity and decrease downtime due to repairs.

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

Operational Plan 2021-2022 Actions:

Continue implementation of the Asset Management System - Asset Management System to be implemented and the Asset Management Plans to be aligned with long term financial plan and 10 Year capital works program.

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:

Custodian Council owns and manages infrastructure, facilities, reserves, resources and natural areas. In fulfilling its role as custodian, Council will be mindful of the community, the economy, the environment, and good governance.

CONSULTATION

Internal: Infrastructure Department and Workplace Health & Safety

External: Suppliers

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

Nil