

CT7352 MAV: Supply of Trucks, Buses, Specialised Trucks, Bodies and Trailers (NPN 1.23)

Report Author: Executive Officer Fleet Service Management

Responsible Officer: Director Corporate Services

Ward(s) affected: Not Ward specific

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

In accordance with the definition included in Section 3(1)(g)(i), (g)(ii) of the Local Government Act 2020, the attachments to this report are considered confidential information as they contain private commercial information (trade secrets); and private commercial information that would unreasonably expose a business, commercial or financial undertaking to disadvantage.

SUMMARY

This report seeks approval to join a new contract of a panel of providers for the Supply of Trucks, Buses, Specialised Trucks, Bodies and Trailers (herein collectively referred to as “Trucks”), in accordance with the Local Buy Evaluation and Recommendation Report. The new contract supersedes an expired contract, which Council had utilised extensively, and includes many of the previous suppliers.

Council’s adopted Procurement Policy supports Collaborative Procurement Arrangements under section 11 and therefore has reengaged MAV/Local Buy Pty Ltd as the tendering agent.

The approval of this new supply panel would enable ongoing efficient purchase and replacement of Council’s fleet assets and negate the need to run individual tenders for every purchase above the prescribed amount.

The attached Local Buy Evaluation & Recommendation Report recommends a panel of 51 suppliers of Trucks, the full list of which is contained within the attached report.

RECOMMENDATION

That

- 1. Council accepts the Local Buy Evaluation & Recommendation Report for the Supply of Trucks, Buses, Specialised Trucks, Bodies and Trailers to Australian Local Government for the initial period of 3 years with an option to extend the term by up to 2 x 3 years on the terms set out in the MAV Procurement Contract.***
- 2. Formal contract documentation with MAV Procurement be signed to give effect to the contract.***
- 3. The Director Corporate Services be delegated authority to sign and extend the contract on the terms set out in the contract and any amended terms proposed by MAV.***
- 4. The confidential attachments to this report remain confidential indefinitely as they relate to matters specified under section 3(1) (g)(i), (g) (ii) of the Local Government Act 2020.***

RELATED COUNCIL DECISIONS

Council was previously subscribed to the following MAV contracts, which have now expired:

- CT2767 Supply of Trucks NPN04-13
- CT5325MAV Specialised Trucks and Bodies ST20092.

DISCUSSION

Purpose and Background

As part of the ongoing Fleet and Plant Replacement Program, Council has regularly purchased trucks of varying complexity and cost via a MAV procurement contract. This contract concluded on 31 January 2024 in lieu of a new arrangement in development in partnership with National Procurement Network (NPN).

Following a review of the Specialised Truck and Bodies Panel, the MAV and NSW Local Government Procurement (LGP) saw efficiencies for Councils in combining two existing panels (NPN04-13 Trucks and ST20092 Specialised Trucks).

A new NPN Tender was released in June 2023 to source suppliers for the new combined panel arrangement, and this new panel commenced on 1 February 2024.

Options considered.

Entering this MAV contract would allow access to pre-approved suppliers for Trucks who have submitted pre-tendered discount pricing which has been reviewed in accordance with the tender and accepted by Local Buy/MAV, for the benefit of local government and other agencies. This represents the best option to council for obtaining best market pricing.

Similar procurement contracts are already in place for the purchase of Light Plant and Machinery (Contract CT6239 via MAV), and Motor Vehicles (cars and utility vehicles, CT5681 via Department of Treasury and Finance state Purchase Contracts).

An alternative method of procuring this category of vehicles is to undertake individual purchases. Procurement policy would require a public tender to be conducted in many instances due to the high cost and specialised nature of our vehicles. This process is highly inefficient and slow and would unnecessarily hinder Council's ability to manage the inherent risks associated with aging fleet.

Recommended option and justification

It is recommended to enter the MAV contract Supply of Trucks, Buses, Specialised Trucks and Bodies, to enable the continued ongoing purchasing of these items. As with previous panel contracts, this option represents cost effective and compliant purchasing outcomes.

FINANCIAL ANALYSIS

Council operates a fleet of approximately 600 vehicles and plant items; included in this are approximately 40 trucks that are classified under this contract.

Funding for new and replacement vehicles is provided in the Fleet capital replacement budget.

The attachment 'History of spend against contract CT2767 (2021 to 2024)' provides specific and confidential details of the financial benefits Council has realised over three financial years by accessing discounted pricing, which amount to approximately \$494,000.

Council's plant and equipment replacement program forecasts an expenditure of \$8.8 million (inc. GST) on trucks over the next 10 years, replacing each item as it reaches its end of useful life.

APPLICABLE PLANS AND POLICIES

No regional, state or national plans and policies are applicable to the recommendation in this report.

RELEVANT LAW

This report seeks Council approval to join a contract that complies with Section 108 of the Local Government Act 2020.

Any contracts entered via this panel will be in compliance with Local Government Act 2020 and Council's Procurement Policy and will demonstrate best value to Council.

SUSTAINABILITY IMPLICATIONS

Entering into this procurement agreement would enable the ongoing scheduled replacement of trucks in a timely and cost-effective manner and will thereby allow Council to continue to provide ongoing services to the community.

Some brands represented in this panel arrangement can only be purchased through dealerships or representative outlets. Where possible, the required Trucks will be purchased from local dealerships and suppliers, therefore supporting local businesses.

All fleet vehicles will be purchased in accordance with the Council's Motor Vehicle Policy. An objective within this policy is to transition our fleet to zero emissions. As the Zero Emissions Fleet Transition plan progresses, and more suitable vehicles become available in the market, then it is expected that they will be purchased via this panel arrangement.

COMMUNITY ENGAGEMENT

Not applicable

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

MAV together with NSW Local Government Procurement (LGP) have collaborated with National Procurement Network (NPN) and 'Local Buy' to issue a public tender for the supply of Trucks.

This partnership enables MAV to offer supplier panels delivering cost effective and compliant outcomes by leveraging the buying power of multiple state associations, for the benefit of local government and other eligible agencies in Victoria.

RISK ASSESSMENT

Risk associated with not joining the contract

- Without a streamlined (panel) approach to procurement of these Trucks, Council is at risk of not being able to replace important vehicle items in a timely manner which could lead to old and unreliable equipment and a risk of not being able to continue to deliver community services effectively.

- Council also risks not being able to achieve best pricing and value for money for ongoing purchases though individual market testing practices. Better value for money will be delivered through the economies of scale from an arrangement such as the proposed MAV contract.
- Lost opportunity to avail of discounted pricing.
- The risks associated with high internal resource demand from several teams, primarily the Fleet Services Team and the Procurement Team to compliantly undertake and process individual purchases such as tenders.
- Longer timeframes create exposure to unpredictable outcomes such as changing market conditions and vehicle stock.

Risks associated with joining the MAV contract.

- Compliance risks have been managed. MAV has vetted all approved suppliers for compliance as well as holding the appropriate insurances.
- Discounted prices are guaranteed.
- Council may choose to procure outside this contract at its discretion. There are no lock-in contract arrangements.

CONFLICTS OF INTEREST

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

ATTACHMENTS TO THE REPORT

1. Local Buy Evaluation & Recommendation Report
2. History of spend against contract CT2767 (2021 to 2024)