

6.6. CONTRACT 2024-032 DAINTREE FERRY DAVIT MODIFICATIONS AWARD

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MANAGER Rachel Brophy, Chief Executive Officer

DEPARTMENT Executive Office

RECOMMENDATION

That Council:

1. **Resolves to award Contract 2024-032 – Daintree Ferry Davit Modifications to Dawsons Engineering (NQ) Pty Ltd [ABN 46 05 13 53 961] for \$314,118.00 (GST exclusive).**
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 contract.**

EXECUTIVE SUMMARY

The four davits on the Daintree Ferry require emergency replacement of key components. The primary challenge is to complete the works with minimal impact to residents, businesses and tourists. Due to the critical nature of the project, the works commenced on 15 October 2023 with completion planned for November 2023.

On 19 September 2023, one of the davits exhibited signs of failure and the ferry service was stopped to allow temporary works to be completed so that operations could continue. This critical incident demonstrated the acute need to undertake the works as soon as possible to prevent failure of the davits where failure of a single davit would lead to failure of other davits and threaten the safety of contractors and members of the public on the ferry and likely lead to extensive damage to the ferry, along with an extended period of closure.

Due to the critical nature of the works and the logistics involved in planning the delivery of the works at night, for an extended period and during times when the ferry transport service is suspended, a contractor needed to be secured as a high priority.

Dawsons Engineering (NQ) Pty Ltd is a Council Specialist Supplier (#360), approved by Council Resolution on 30 May 2023 and is the selected supplier. The company provided a detailed quotation which demonstrated a strong understanding of the scope and experience of handling high risk activities, having done so on previous occasions for other ferry repairs. The procedure followed to list Dawsons Engineering (NQ) Pty Ltd as a Council Specialist Supplier means that large size contractual arrangements can be entered into, however the quotation received from Dawsons Engineering (NQ) Pty Ltd exceeded the Chief Executive Officer's financial delegation of \$200,000.00.

To ensure the critical work went ahead as planned the Acting Chief Executive Office declared a critical incident under Council's Procurement Policy and approved the purchase order for engaging Dawsons Engineering.

Under Council's Procurement Policy, a procurement action relating to an emergency must be raised to record the expenditure in the same way, as it would have been in normal circumstances. The purpose of this Council Report is to complete Council's procurement obligations.

The required davit repairs were workshopped with Councillors on the 29 August 2023. The Approval of the Purchase Order for Dawsons Engineering (NQ) Pty Ltd as a "Critical Incident" was workshopped with Councillors on 24 October 2023.

BACKGROUND

The Daintree Ferry crossing is a vital service along the Cape Tribulation Road and the only surfaced road access linking Mossman to the villages at Cow Bay and Cape Tribulation. Without the Daintree Ferry Service, supply of goods and services would not be able to access and support the communities north of the Daintree River. This includes, emergency services vehicles, which directly affects the safety and security of the public and tourists north of the Daintree River.

The four davits on the Daintree Ferry require emergency replacement of key components. There is no redundancy in the current davit arrangement, meaning that should one davit fail, then the entire loading ramp could fail. If this occurred, depending on the damage there would be an unplanned outage in ferry services for potentially weeks, depending on contractor availability. Davit failure could cause further damage to the ferry and/or the loading ramps and leave passengers and ferry staff stranded until a recovery mission could be arranged.

The urgent need to repair the davit equipment was demonstrated by the 19 September 2023 unplanned service closure for temporary emergency repairs of the northern downstream davit, when new cracks started forming in the davit column. Ferry operations had to be stopped for two hours to complete the temporary emergency repairs. This incident is a critical incident in that it demonstrated the urgent need to undertake repair and replacement works to the davits to ensure that there was not a threat to safety of contractors, staff and members of the public travelling on the Ferry and further that there was not a threat to the Ferry (property).

COMMENTS

Under Council's Procurement Policy, an incident can be declared by the CEO where the safety or security of any person or property associated with the Council is threatened. Once the immediacy of the incident has passed, a procurement action must be raised to record the expenditure in the same way, as it would have been in normal circumstances. The purpose of this Council Report is to complete Council's procurement obligations. As the Chief Executive Officer's delegation is limited to \$200,000.00, the Acting Chief Executive Officer declared a critical incident as outlined to enable the contractor to be engaged and the davit works to proceed as soon as possible being 15 October 2023. The relevant part of the Procurement Policy is listed below: -

Emergencies (Extract from Council's Procurement Policy)

In recognition that full compliance with existing Council procurement procedures may not support the Council's needs during a critical or emergency incident, an alternative procurement process may operate during the incident. This alternative process aims to accommodate urgent Council needs, while ensuring that the procurement process adopted is reasonable and conducted with appropriate consideration of standard procurement principles.

The alternative process is to be authorised by the Mayor and/or Chief Executive Officer, once a critical or emergency incident has been declared. Such incidents are:

- A state of disaster declared under the *Disaster Management Act 2003* (Qld), or any other emergency declaration made by the State's Premier under an enactment;
- An incident declared by the Chief Executive Officer where the safety or security of any person or property associated with the Council is threatened; and
- An external incident to which the Chief Executive Officer has authorised the provision of urgent support.

Once the immediacy of the incident has passed, a procurement action must be raised to record the expenditure in the same way, as they would have been in normal circumstances.

Dawson's Engineering were engaged as a Sole Supplier (details below).

Dawsons Engineering (NQ) Pty Ltd is a Council Specialist Supplier (#360), approved by Council Resolution on 30 May 2023. Evaluation of the received quotation was conducted by:

Table - Evaluation Panel Members

Position	Department
Manager Infrastructure	Infrastructure
Manager Project Office	Project Office
Project Manager	Infrastructure

An initial compliance check was conducted on the received submission to determine it was conforming.

Table - Quotation Submission Conformance

Quotation	Price	Status
Dawsons Engineering (NQ) Pty Ltd	\$314,118.00	Conforming

Based on the results of the evaluation, Dawsons Engineering (NQ) Pty Ltd is the selected supplier for the contract. Dawsons Engineering (NQ) Pty Ltd provided a detailed submission in terms of identifying and understanding the high-risk activities so that residents, businesses and tourists are least impacted as practicable as possible. The submission also highlighted the contractor's capacity and experience to take on the scope of works.

All aspects of the engagement of the contractor are in accordance with the requirements of the Local Government Act 2009 and Council's Procurement Policy excepting that the value of the works is above the Chief Executive Officer's financial delegation.

Variations

Works of this type often can involve variations, particularly where emergent works occur as a result of inspections and observations during the course of the work. Under Council's Procurement Policy *"For an original purchase order, contract, or agreement, involving a cost of \$200,000 or more, all variations must be considered by Council's Management Team"*.

For an original purchase order, contract, or agreement involving a cost of greater than \$15,000 but less than \$200,000:

- If the cumulative value of variations exceeds 20% of the value of the original purchase order, contract, or agreement; or \$15,000 whichever is the lesser, the variation and all further variations must be authorised by a Manager.

PROPOSAL

That Council:

1. Resolves to award Contract 2024-032 – Daintree Ferry Davit Modifications to Dawsons Engineering (NQ) Pty Ltd [ABN 46 05 13 53 961] for \$314,118.00 (GST exclusive).
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 contract.

FINANCIAL/RESOURCE IMPLICATIONS

Council has allocated the following amounts in the capital budget 2023/24.

Table - Budget and Expenditure

Project Budget/ Expenditure	Amount (exc. GST)
Project Budget	\$648,000.00
Committed to date (as at 6/10/2023)	\$101,112.65
Budget Available	\$546,887.35
Committed Quotation Price	\$314,118.00
Design Services	\$20,546.00
Fabrication of Parts	\$79,910.00
Logistics (estimate)	\$50,000.00
Management and Contingency	\$100,000.00
Total Estimated Project Cost	\$564,574.00
Estimated Net Position (Surplus)	\$83,426.00

RISK MANAGEMENT IMPLICATIONS

The selection of Dawsons Engineering (NQ) Pty Ltd provides some reduced risk by:

- The contractor has a significant understanding of the scope of work and has undertaken similar high-risk work previously on the Daintree Ferry.
- The contractor has provided a detailed risk mitigation for work activities.
- The contractor understands the critical infrastructure nature of the Daintree Ferry.

SUSTAINABILITY IMPLICATIONS

- Economic:** Local suppliers, hotel accommodation and cafes will be used during the construction works. The works are within budget.
- Environmental:** The project will take place on the Daintree River, the contractor will have appropriate environmental controls in place prior to the commencement of works.
- Social:** The upgrade will improve the Daintree Ferry infrastructure asset, providing a safer and more reliable service to residents, businesses and tourists.

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.*

Operational Plan 2023-2024 Actions:

Infrastructure Improvements - Determine options for an enhanced service and commence design if necessary.

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:

Builder/Owner Council makes a significant investment every year in the infrastructure that underpins the Shire through its capital works program. Council will manage its assets with appropriate frameworks and deliver its projects through robust project management.

CONSULTATION

Internal: Management Team
Discussed with Councillors at briefing workshops on 29 August 2023 and 24 October 2023

External: Entrada Travel Group; Emergency Services (LDMG Daintree Ferry Sub-Group); Tourism Port Douglas Daintree

ATTACHMENTS

Nil