

### 3.1. 2021-051 DAINTREE RIVER FERRY SERVICE CONTRACT

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**DEPARTMENT** Finance and Corporate Services

#### RECOMMENDATION

**That Council resolves to:**

1. **Enter into contract 2021-051 Daintree River Ferry Service Contract with Divers Den Investments Pty Ltd, ABN: 11 627 245 649.**
2. **That Council delegates authority under section 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

Douglas Shire Council requires a contractor to provide a passenger and vehicle ferry service across the Daintree River, located on the Cape Tribulation Road, Lower Daintree. The current service operator is due to complete their contract at the end of June 2021.

In February 2021, Council released an Interim Daintree Ferry Contract to the market, allowing options to be made based on whether the Council or Contractor provides the ferry. Two tenders were received. One by Divers Den Investments, who had tendered for the 2019-084 Daintree Ferry Contract, and a newly established local company - Norcoast Enterprises. Both tenderers submitted tenders based on Council providing the existing Daintree Ferry.

The tenders were evaluated, clarifications were sort and the evaluation team concluded that the Divers Den offer was superior both technically and financially. Council has now secured a ferry to uphold its requirements in adherence with the Contract terms.

Based on assumptions detailed further in this report, the pricing over the five-year life of the contract for the two tenders was:

Divers Den Investments	\$10,049,906
Norcoast Enterprises	\$10,715,980

#### BACKGROUND

Douglas Shire Council requires a contractor to operate a ferry service to transport vehicles and passengers across the Daintree River at Cape Tribulation Road, Lower Daintree. The service is required for the period 1 July 2021 until the commencement of the two-ferry service contract which is currently under negotiation. The proposed contract was based on multiple increments of up to five years to allow flexibility due the time envisaged it may take to obtain permits.

Douglas Shire Council issued a tender in February 2021 (Interim Daintree Ferry Contract) to the market to obtain a suitable contractor. All contractors that had submitted bids for the recent ferry improvement tender were alerted to this new Request for Tender. Council had previously resolved to enter negotiations to purchase the current Daintree River Ferry. Given the short timeframe between the commencement of the interim contract, the tender was written to allow contractors to bid based on Council acquiring use of the current ferry or providing their own ferry. Council Officers had been made aware that the timeframe to build a new ferry was approximately 12 months; ruling out the option to have a new ferry available by 1 July 2021. The tenders closed in early March 2021 and Council received two tenders, both utilising the current ferry option. The two tenderers were:

- Norcoast Enterprises Pty Ltd
- Divers Den Investments – previous bidder from 2019-084 Ferry Tender

## COMMENT

Both tenderers provided offers that were deemed to comply, and the evaluation team assessed the bids.

All team members, apart from one, were involved in the 2019 tender process and the team agreed on the following scores.

Table1.

Criteria	Maximum Score Available	Divers Den Investments	Norcoast Enterprises
Service Model	15	11.5	6.9
Capability and Capacity	30	25.75	10
Environmental Sustainability	10	7.2	5.65
Business Profile	20	14.4	17.6
<b>Total Technical Score</b>	<b>75</b>	<b>58.85</b>	<b>40.15</b>
<b>Weighted Price Score</b>	<b>25</b>	<b>25</b>	<b>23.18</b>
<b>TOTAL SCORE</b>	<b>100</b>	<b>83.85</b>	<b>63.33</b>

The main technical and management differences between the two tenderers, based on the evaluation team's analysis of the tenders, were:

- Divers Den's offer includes publishing real-time information, moving to online ticketing, free local area Wi-Fi, an internal CRM system, and the provision of social media updates.
- Divers Den will take over ticketing, reducing Council's internal costs, estimated \$17,000 in productivity savings and \$5,000 in direct costs.
- Divers Den provided a detailed plan for alternate services, if/when the ferry needs to be dry-docked for its AMSA inspection in 2023.
- Norcoast provided detailed contract departures, whereas Divers Den have listed no contract departures.
- Norcoast are a small local business, started in February 2021. Divers Den are backed by Entrada Travel Group who are a multi-national company who own multiple tourist and transport enterprises.
- Divers Den discussed looking at a solar conversion of the existing ferry to reduce carbon footprint. Norcoast were silent on environmental improvements.
- Norcoast are local to the Shire, whereas Divers Den are Cairns based.

Tenderer Price is summarised as follows:

**Table 2.**

Name	Lump Sum Cost	Additional Labour	Ticket Commission	Estimated First Year Cost
Divers Den	\$1,618,360	\$167,314*	\$150,500	\$1,931,174
Norcoast	\$1,617,840	\$140,842	\$240,000	\$2,038,682

Where:

- Base cost is the operation of the Ferry between 5.00am and midnight.
- Additional Labour includes
  - Call Outs are based on 20hrs/year, based on historic figures
  - Priority Lane was calculated on requiring two people for 26 weeks per year.
  - \* Ticket Booth operations for eight hours per day; Divers Den Only. Cost included in Norcoast Lump Sum. However, Divers Den included an additional Deckhand in the Lump Sum portion compared to Norcoast.
- Ticket Commission is the percentage of sold tickets paid to the contractor and was estimated on \$3.5 million in ticket sales per annum.
- Divers Den had a cost inflation of 2% or CPI (whichever is greater), whereas Norcoast was 2.5% or CPI (whichever is greater).

Regarding future years, Divers Den has a detailed breakdown and proposed to vary its maintenance costs based on forecast requirements. It should be noted that years 3 and 4 are at a lower cost than year 2 (dry docking year).

## PROPOSAL

Based on the above evaluation it is proposed that Council awards the contract for the Daintree River Ferry Service to Divers Den, who are approximately \$100,000 lower than the Norcoast offer in year 1 and estimated to be \$650,000 lower over the possible five-year life of this contract.

## FINANCIAL/RESOURCE IMPLICATIONS

Awarding the contract to either of the Tenderers listed above will require a review of the 2021/22 Daintree Ferry Fees and Charges.

## RISK MANAGEMENT IMPLICATIONS

By Council securing the services of a Ferry operator for the Daintree River Crossing, it reduces the risk of service impacts to residents living north of the Daintree River and the expected tourist influx.

## SUSTAINABILITY IMPLICATIONS

**Economic:** Failure to secure a service provider will have significant economic impacts on both Council and Community.

**Environmental:** Nil

**Social:** Failure to secure a service provider will have significant social implications.

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

### Operational Plan 2020-2021 Actions:

**2.1.6** - *Assess alternatives for the Daintree Ferry including a bridge option. Consult with the community on options.*

## 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:

**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:** Project Control Group, Finance, Procurement, Governance

**External:** Solicitors, Tenderers

## COMMUNITY ENGAGEMENT

No Community Engagement activities have occurred since the Daintree River Crossing Options Survey and consultation, due to the confidential nature of the tendering process.

## ATTACHMENTS

Nil