

Tabled 12/8/24
Minister Ferguson

From: Limkin, Craig
To: Ferguson, Michael (DPaC); Abetz, Eric (DPaC); Rockliff, Jeremy (DPaC)
Cc: Abbott, James (DPaC); Searle, Laura; Whitehouse, Ned (DPaC); Anderson, Lee; McIntyre, Denise; Office of the Secretary
Subject: TT-Line/TasPorts - Report of the Devonport QuayLink Program Integrator
Date: Monday, 22 April 2024 5:06:00 PM
Attachments: ATTACHMENT 1 Gemell - Report of the Devonport QuayLink Program Integrator.DOCX

Cabinet in Confidence

Dear Premier, Deputy Premier and Minister

We received the Quay Link : Terminal 3 Report Monthly CEO Report today and during caretaker we received the Integrator Report (which is attached). We had been progressing a Cabinet Minute for the Minister for Infrastructure consideration. However, I understand there is a meeting tomorrow to discuss the project. To assist with the facilitation of a conversation Denise and have prepared the following options for you to discuss – should you wish to chat prior to the meeting please give me a call.

Regards
Craig!

Recommendation

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
 - [REDACTED]
 - [REDACTED]

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Courage to make a difference through:
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In recognition of the deep history and culture of this island, I acknowledge and pay my respects to all Tasmanian Aboriginal people; the past, and present custodians of the Land.

Report of the Devonport QuayLink Program Integrator

Peter Gemell, Effective as at 12 February 2024

Context of this report

1. This report is prepared by the Devonport QuayLink Program Integrator (the Integrator). The purpose of the Integrator role is to work with TasPorts) and TT-Line with the goal of ensuring the coordinated delivery of the Landlord (TasPorts) works and the Tenant (TT-Line) works for the QuayLink Program in Devonport.
2. The Integrator recognised that the separation of delivery of the Landlord works and the Tenant works had likely been in good faith, with the objective of ensuring that each of TasPorts and TT-Line would be responsible for its own infrastructure at the Port of Devonport. While the separation created a significant interface, it was probably developed to align with the:
 - a. separation of obligations under the Agreement for Lease (AFL); and
 - b. governance arrangements for each of TasPorts and TT-Line.
3. The Integrator recognised that the TasPorts and TT-Line project teams were working cooperatively and collaboratively to satisfy their respective obligations under the AFL.
4. Given that the Integrator's stated role was to integrate, the Integrator focused on the present circumstances and reviewed past circumstances only to inform future expectations.
5. The Integrator recognised the limited duration and depth of his involvement in the project and exercised caution in his conclusions. The Integrator relied on his active infrastructure experience over the past 45 years.
6. The following sections sequentially address the Integrator's findings in relation to the QuayLink Program delivery as at 12 February 2024.
7. It should be noted that this report is:
 - a. Not conclusive.
 - b. Not tested with the Chief Executive Officer's (CEO's) or the teams; and
 - c. the professional opinion of the Integrator.

Status of Activities

1. The Integrator's initial tasks in the week prior to Christmas were to meet with CEO's of TasPorts and TT-Line, both separately and together.
2. During the first two weeks of January 2024, the Integrator met with TasPorts and TT-Line teams and was briefed on their perspectives of issues and reviewed particular documentation.
3. Over the following two weeks, the Integrator attended two coordination meetings and two joint steering committee meetings and held further discussions with project team members and CEO's. The Integrator also reviewed numerous programs and project documents.
4. At the time of the Integrator's engagement (in late December 2023), TT-Line's advice and reports indicated that:
 - a. Berth 3 would be operational (with the Deck 3 ramp operational) on 30 August 2024;
 - b. The Tenant works contract execution was anticipated on 11 February 2023; and
 - c. The new vessel delivery expected in August 2024.

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5. In early February 2024, TT-Line's advice and reports indicated that:
 - a. Berth 3 would be operational (applicable to all three ramps) on 9 May 2025.
 - b. The Tenant works contract execution would be 29 February 2024 (having not been completed on the interim nominated date of 29 January 2024); and
 - c. The new vessel delivery would remain unchanged.
 6. The Integrator did not have any interaction with the intended Tenant works contractor, [REDACTED]. The Integrator was also careful not to adversely affect the Tenant contract execution process.
 7. It appears that there has been earlier interactive processes between TasPorts and TT-Line which TT-Line considered had caused it to be delayed. While the Integrator understands that TasPorts could be perceived to be a demanding counterparty, it is the Integrator's opinion that TasPorts' requirements substantially related to deliverables under the AFL, which include:
 - a. Management plans;
 - b. Construction design;
 - c. Studies, including traffic studies;
 - d. Insurance policies (public liability, design PI);
 - e. Contract data;
 - f. Site access licences;
 - g. Geotechnical site information;
 - h. Environmental reports; and
 - i. Draft construction licenses.
 8. It appears that TT-Line also experienced some delays which were not expected (but not particularly unusual) due to variable geotechnical conditions and design development.
 9. Both the TasPorts and TT-Line advised that at the time of preparation of this report there are no delays being suffered by either party caused by the other.
 10. Based on reports and meetings in late 2023, the Integrator was under the impression that execution of the Tenant contract was imminent, meaning that it appeared that all outstanding issues were essentially resolved.
 11. [REDACTED]. TT-Line has identified that the delivery program, the pricing and the contract departures remain to be resolved.
 12. [REDACTED]
[REDACTED]
[REDACTED]

The Integrator's Observations

1. The project teams for both TasPorts and TT-Line are collegiate and supportive and are working with the best effort and intent.
2. TT-Line appears to hold the view that TasPorts' enforcement of the AFL caused TT-Line to be delayed.

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3. The parties have jointly modified scope to minimise the interfaces (including modification of revetment walls at pile locations).
 4. TT-Line has expressed the view that it is not further delaying the Berth 3 completion by the delays to execution of the Tenant works contract.
 5. TasPorts has offered to undertake additional works under its Landlord contract to assist TT-Line's Tenant work start up. TT-Line has not taken up this offer.
 6. From 14 November 2023 to now (eight weeks), the date of Tenant contract execution has extended by 11 weeks (11 December 2023 to 29 February 2023). Further, TT-Line's execution pathway plan introduced numerous new activities including repricing, reprogramming, and resolution of contract departures.
 7. It appears to the Integrator that the TT-Line team's specific relevant experience appears to be relatively limited and the TT-Line organisation does not appear to employ embedded systems and the developed capabilities which are typically required to support successful infrastructure development.
 8. The TasPorts team appears to be relatively experienced in major infrastructure delivery and TasPorts uses embedded systems.
 9. [REDACTED]
[REDACTED].
 10. The TT-Line team appears to be under significant stress to achieve their targets. The Integrator is very concerned not to distract (or divert) the limited resources. The Integrator requested to be issued the pathway to execution when it realised that the Tenant works contract execution was not imminent. The Integrator's earlier assumption that "all material issues were substantially resolved" was revealed to be incorrect.
 11. TT-Line appear to be relying on the Tenant contractor to resolve programming issues. It is not clear how much influence TT-Line has on the yet to be delivered program. The Integrator is not aware how design constructability has been addressed (or Geelong "Lessons Learned" incorporated) in the proposed Tenant works contract.
 12. The Integrator is not aware how design constructability has been addressed (or Geelong "lessons learned" incorporated) in the proposed Tenant works contract.
 13. The Integrator is not aware how departures resolution and reporting has been undertaken by TT-Line and TasPorts in relation to the Tenant works contract.
 14. While there has been numerous suggestions, the Integrator is not aware of a proven interim operating solution having been developed for the period between the new ship delivery and (full or partial) completion of Berth 3.
 15. TasPorts, TT-Line and other affected parties, while being aware of isolated organisational processes, have not entered a focussed cooperative and collaborative arrangement for investigating interim operation solutions.
 16. TT-Line has advised that it is considering modifying its piling to accelerate the works. The Integrator became aware of this on 6 February 2024, but is not aware of the detail (and until a program is provided, it is unknown if pilings are critical).

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17. The Integrator was advised that TT-Line had recently engaged the Devonport Harbourmaster in relation to operating the new vessel in Berth 1 and concluded that it is not feasible. The Integrator was advised of this on 6 February 2024 and is not aware of the extent of analysis.
 18. TT-Line has now been advised that “risk and cost” prevent the option to limit construct only the deck three ramp to enable early operation at Berth 3. The Integrator was advised on 6 February 2024 and is not aware of the extent of analysis.
 19. TT-Line has engaged a marine design and construction expert to assist its project delivery (who is initially reviewing design and analysing lessons learned at the Geelong berth site).

The Integrator’s Opinions

1. The new vessel will (almost) certainly be available for service substantially prior to the commissioning of any of the Berth 3 options.
2. The continued changes to program activities and the delay in recognition and reporting of the realistic completion date for the Tenant works by TT-Line are strong indicators of the urgent need to provide additional experienced personnel and robust systems to supplement TT-Line’s Tenant works project management and contract administration capability and capacity.
3. In view of the prolongation experienced to date, the Integrator is not confident that the contract for Tenant works will be executed by the currently predicted date of 29 February 2024.
4. In view of the prolongation experienced to date and the unresolved Tenant contract issues, the Integrator is not confident that the Tenant works will be contractually committed to be completed on 9 May 2025.
5. On the basis that the deliverables required by TasPorts under the AFL were not unusual, the Integrator is concerned that the TT-Line team may not be adequately prepared to deal with the range of events or circumstances likely to be encountered in the delivery of the Tenant works.
6. Additional skilled resources, systems and experts will be necessary to effectively manage the Tenant works contract.
7. Transparent, focussed and collaborative engagement between all affected parties will be necessary to develop an efficient and effective interim operating plan.
8. There will be costs and risks associated with the interim operating plan.
9. The circumstances where an ‘integrator’ could materially improve outcomes is now past.

The Integrator’s View of Risk and Recommendations

1. There is limited remaining risk of interface coordination and cooperation risk between Landlord (TasPorts) and Tenant (TT-Line). This is essentially due to:
 - a. the cohesive and cooperative approach by both parties at the project management level;

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- b. the confirmed lack of dependencies between the future Landlord contract activities and the Tenant contract activities;
 - c. the prior agreements between TasPorts and TT-Line to adjust scope to minimise work interface issues;
 - d. the pending completion of documentation obligations arising from the Agreement for Lease; and
 - e. TasPorts' standing offer to undertake urgent tenant works under its Landlord work contract if requested by TT-Line to accelerate the Tenant works

Recommendation is to:

- *terminate the role of Integrator as integration between TasPorts and TT-Line as it is no longer required.*

2. There appears to be significant risk associated with the resolution and execution of the Tenant Contract documents due to the:

- a. incomplete and unchecked nature of the proposed contract program;
- b. potential opportunity to limit scope to accelerate the opening of Berth 3;
- c. unresolved proposed departures from the reference contract;
- d. unresolved repricing;
- e. unresolved contract design elements;
- f. limited project human resources and systems within the TT-Line team;
- g. the limitations on availability and accessibility of appropriate personnel and systems; and
- h. the time imperative to execute Tenant works contract.

Recommendations are to:

- *As reasonably required, implement TasPorts' proposal to progress early tenant works*
[REDACTED]
- *Immediately establish a joint project management team consisting of experienced TasPorts and TT-Line personnel and utilise TasPorts' project management system while reporting to a purpose steering committee;*
- *or alternatively to the above, direct TasPorts to take over the management of the Tenant works contract (and incorporate the relevant TT-Line personnel in the management team); and*
- *Immediately deploy the consolidated management team to review and resolve program, scope, departures, pricing and design to finalise 'Tenant Contract' execution.*

3. There appears to be significant risk associated with the ongoing management of the Tenant Works contracts due to:

- a. TT-Line's apparent limited human resources;
- b. TT-Line's apparent limited project delivery experience;
- c. TT-Line's apparent lack of embedded infrastructure management systems and processes (i.e., cost, time, quality safety, environment, community etc); and
- d. the scarcity of externally available appropriate resources and systems.

Recommendation is to:

- *Immediately establish a joint project management team consulting of experienced TasPorts and TT-Line personnel and utilising TasPorts' project management systems while reporting to a purpose steering committee; or*
 - *Alternatively, require TasPorts to take over the management of the Tenant works contract (and incorporate the relevant TT-Line personnel in the TasPorts team).*
4. There appears to be significant risk that an appropriate interim operating solution will not be developed in time for operation of the new vessel, given that it is likely that its delivery will be more than (say) eight months prior to the advised Berth 3 completion date of 9 May 2025.

Recommendations are to:

- *Immediately establish a separate, senior joint working group to actively and collaboratively identify, evaluate and develop interim operating opportunities to utilise the new vessel prior to completion of Berth 3;*
 - *Include senior experienced representatives of relevant state corporations and agencies; and*
 - *Diligently and comprehensively identify and evaluate all feasible interim operation opportunities, including:*
 - *Berth 1;*
 - *Berth 3 with Deck 3 ramp only; and*
 - *other parts and berths.*
5. In the event that the above recommendations are implemented, there appears to be the risk that:
- a. TT-Line does not consider that it has discretion and control in relation to the scope of the Tenant works; and
 - b. TT-Line does not consider that the costs for TasPorts' involvement represents the real and reasonable actual costs incurred by TasPorts to provide its resources and systems in relation to the Tenant works project management services.

Recommendations are to:

- *Require TasPorts to advise a budget for its services.*
- *Enable TT-Line to determine its scope discretions.*
- *Require TasPorts to provide justification of costs on a monthly basis.*
- *Appoint an independent person to arbitrate on any disagreements between TT-Line and TasPorts in relation to Tenant scope and/or TasPorts' costs for participation in tenant works.*

Peter Gemell
Devonport QuayLinkProgram Integrator

12 February 2024