Item 14.

Exemption from Tender and Contract Variation - Chinatown Gates - Supply of Ornamental Timber Panels

File No: X094712

Summary

This report seeks an exemption from tender for the supply of bespoke ornamental Chinese timber panels for the Chinatown Gates restoration and requests that Council approve a contract variation for the existing supply contract with IAS Fine Art Logistics Pty Ltd.

The Chinatown Ceremonial Gates are located at the northern and southern ends of Dixon Street (south) in Haymarket. They act as ceremonial archways to Chinatown. Both gates are symmetrical and largely identical besides unique individual decorative panels. They are each accompanied by a pair of lion statues on plinths, intended to guard the entry.

The City is undertaking major conservation works on the Chinatown Gates due to their age.

IAS Fine Art Logistics Pty Ltd were engaged under delegated authority to supply the ornamental panels, which have been fabricated in China. Due to variations for GST on the imported items and crating of the panels for protection during freighting, the total value of the supply contract requires Council endorsement of an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993.

This report recommends that Council grant an exemption from tender for the supply of the ornamental timber panels and that Council approve a contract variation for IAS Fine Art Logistics Pty Ltd.

Recommendation

It is resolved that:

(A) Council approve an exemption from tender in accordance with section 55(3)(i) of the Local Government Act 1993 to vary the contract with IAS Fine Art Logistics Pty Ltd for the supply of the Chinatown Gates ornamental timber panels as more particularly described in Confidential Attachment A to the subject report;

(B) Council note that a satisfactory result would not be achieved by inviting tenders for the supply of the Chinatown Gates ornamental timber panels because:

(i) an existing contract for the supply and freighting of the timber panels is in place;

(ii) no other suppliers were identified at the time the existing contract was awarded as being able to provide the goods and services; and

(iii) no other suppliers have been identified since the award of the contract as being able to provide the goods and services;

(C) authority be delegated to the Chief Executive Officer to vary the contract with IAS Fine Art Logistics Pty Ltd; and

(D) Council note the revised contract sum as set out in the Confidential Attachment A to the subject report.

Attachments

Attachment A. Financial Implications (Confidential)

Background

1. The Chinatown Ceremonial Gates are located at the northern and southern ends of Dixon Street (south) in Haymarket. They act as ceremonial archways to Chinatown. Both gates are symmetrical and largely identical besides unique individual decorative panels. They are each accompanied by a pair of lion statues on plinths, intended to guard the entry.

2. Constructed in 1980, the gates were an initiative of the Dixon Street Chinese Committee established in 1971. Designed by architect Henry Tsang, the gates incorporate traditional Chinese design and ornamentation. At the time, the Chinese community sourced the decorative panels, roof tiles and lions for the gates from overseas artisans specialising in Chinese architectural features.

3. In April 2024, the gates were heritage listed with local significance for their cultural, historic, aesthetic and social attributes.

4. The City is undertaking major conservation works on the Chinatown Gates due to their age. Restoration works are guided by best practice heritage guidelines Burra Charter Principles.

5. The scope of the restoration was guided by a detailed heritage study and consultation with Henry Tsang, the original architect of the gates who was engaged by the City for the current project. The project scope includes:

   (a) Replacement of:

      (i) Deteriorated and water-damaged timber structural members.

      (ii) Glazed terracotta roof tiles.

      (iii) Timber ornamental panels and decorative dragon mouldings.

      (iv) Marble cladding panels.

      (v) Concrete lion sculptures with granite lions in accordance with the original design intent.

   (b) Repainting.

   (c) Regilding of engraved lettering in retained marble panels.

   (d) Installation of electrical conduits within the structure for future lighting installation.

6. The replacement of the existing timber ornamental panels required a specialist timber panel fabricator. To maintain the design integrity of the gates it was considered inappropriate to have these elements fabricated locally, and a Chinese supplier was sought.

7. Extensive research was undertaken into the industry including consultation with conservation industry specialists to seek a suitable company that could provide expertise in the following:

   (a) International freight and logistics from China

   (b) Project management of bespoke cultural artwork

   (c) Established personnel in China for fabrication, packing and transport.

8. IAS Fine Art Logistics Pty Ltd were the only company found that could fulfill the requirements. IAS Fine Art Logistics Pty Ltd were engaged in December 2023 to supply the panels, under delegated authority. The value of the original contract and contingency is noted in the Financial Implications (Confidential Attachment A).

9. In October 2024, after the contract had been executed and fabrication of the panels was in progress, a variation was agreed to fabricate the timber panels from solid timber instead of plywood boxing. The contract specification for the current works matched the original 1980 construction including the plywood boxing for the timber panels. However, solid timber construction is more representative of traditional Chinese techniques, and will provide greater longevity, but was not affordable to the Dixon Street Chinese Committee at the time of the original construction. The change to solid timber panelling is supported by the project heritage conservation specialist.

10. Due to variations to include GST on the imported items and crating of the panels for protection during freighting, the total value of the supply contract requires Council endorsement of an exemption from tender.

11. The costs of the variations and their impact on the contract value is noted in Confidential Attachment A.

Risks

12. The more significant project risks include sourcing bespoke, traditional and culturally authentic elements from overseas suppliers. These risks include exchange rate risk and overseas corporate probity. To address this risk, IAS Fine Art Logistics Pty Ltd were engaged to supply the ornamental panels. Other risks include construction Work, Health and Safety (WHS) hazards, such as working from heights and within a busy pedestrian environment. These risks are managed through the contractor's WHS Management Plan.

13. This approach is within the City's risk appetite, which states:

   - We are committed to complying with all applicable laws, regulations and financial reporting standards. We have no appetite for financial losses arising from non-compliance with legal and regulatory requirements.

   - We aim to strike a balance between achieving our strategic objectives and ensuring the long-term sustainability of infrastructure assets; and preserving and promoting culture and heritage, embracing innovation, and ensuring the long-term sustainability and accessibility of cultural/heritage assets.

Financial Implications

14. There are sufficient funds allocated for this project within the current year's capital works budget. Refer to Confidential Attachment A.

Relevant Legislation

15. The exemption from tender process is in accordance with the Local Government Act 1993 and the Local Government (General) Regulation 2021.

16. Local Government Act 1993 - Section 10A provides that a council may close to the public so much of its meeting as comprises the discussion of information that would, if disclosed, confer a commercial advantage on a person with whom the council is conducting (or proposes to conduct) business.

17. Attachment A contains confidential commercial information which, if disclosed, would:

    (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and

    (b) prejudice the commercial position of the person who supplied it.

18. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

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