

CONTRACTUAL MATTER – PROJECT LAUNCH APPROVAL AND AWARD OF CONTRACT 3016 FOR THE MARTYN STREET DEPOT FUEL SERVICE RENEWAL 600119

CIA | 75/3/1-01 | #7852588

RECOMMENDATION:

That Council:

1. Approves the Project Launch Approval for the Martyn Street Depot Fuel Service Renewal Project with an overall Project Launch Budget of \$2,689,197 excluding GST and an Approved End Date of 20 March 2027.
2. Awards Contract 3016 – Martyn Street Depot Fuel Service Renewal to NQPetro Pty Ltd for a Lump Sum price of \$1,505,080.18 excluding GST.
3. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into a contract, negotiate, finalise and execute any and all matters associated with or in relation to this project subject to Council's normal procurement policies and practices.

INTERESTED PARTIES:

1. NQPetro Pty Ltd
2. MIB Facilities Pty Ltd
3. Enviropacific Service Ltd

Note: The identification of interested parties is provided on a best endeavours basis by Council Officers and may not be exhaustive.

EXECUTIVE SUMMARY:

The Martyn Street Depot fuel services infrastructure has reached the end of its useful life and requires renewal to ensure the ongoing safe, reliable and efficient supply of fuel to Council's fleet and operational assets. The project will replace existing fuel storage and dispensing infrastructure with a modern facility designed to meet Council's current operational requirements and future service demands, including increased fuel storage capacity to support disaster response and recovery activities during emergency events.

The upgraded facility will comply with current legislative requirements and relevant Australian Standards, enhancing workplace health and safety, security and environmental performance. Key improvements include hydrocarbon containment and treatment systems to prevent contaminants entering the environment, secure fuel management systems that restrict unauthorised access and record all fuel transactions, and CCTV surveillance to support operational monitoring and auditing.

Contract 3016 was advertised via Council's TenderLink portal on 20 March 2026 and closed on 16 April 2026. Three conforming tenders were received and evaluated in accordance with Cairns Regional Council's Procurement Policy and the requirements of the *Local Government Regulation 2012 (Qld)*.

This report seeks Council approval of a Project Launch Budget of **\$2,689,197** and the award of **Contract 3016 – Martyn Street Depot Fuel Services Upgrade** to **NQPetro Pty Ltd**.

BACKGROUND:

The Martyn Street Depot fuel facility is a critical operational asset that provides diesel and unleaded fuel to Council's fleet and plant assets operating from the Martyn Street Depot, the Spence Street Administration Building and remote depot locations. The facility also plays an important role during natural disaster and emergency response events, providing a reliable fuel source for Council and external emergency response agencies when commercial fuel supplies may be disrupted due to power outages or access constraints.

The existing fuel dispensing infrastructure, including the fuel bowzers and underground storage tanks, has been in operation for more than 30 years and has exceeded its intended service life. Replacement components for the bowser system are no longer commercially available, requiring local suppliers to undertake specialised repairs to maintain operational capability. The increasing frequency and cost of these repairs, together with the ageing underground storage infrastructure, are no longer considered economically sustainable and support the need for renewal. Additionally, the age and configuration of the existing fuel system increase the environmental risks associated with spills, leaks and potential contamination.

The Martyn Street Depot is listed on Queensland's Contaminated Land Register due to the historical operation of fuel storage and dispensing facilities on the site. Given the age of the infrastructure and the duration of fuel-related activities, it is considered likely that a level of hydrocarbon contamination may exist within the surrounding soil and groundwater. During construction, all excavated material and groundwater will be assessed in accordance with legislative requirements and classified as either clean or contaminated material to ensure appropriate handling, treatment and disposal.

The Martyn Street Depot Fuel Services Renewal Project will deliver a modern, compliant and environmentally responsible fuel facility capable of meeting Council's current and future operational requirements. Key project components include:

- Supply and installation of three above-ground, containerised fuel storage tanks comprising:
 - one 30,000-litre diesel tank;
 - one 30,000-litre integrated diesel and diesel exhaust fluid (DEF) tank; and
 - one 12,000-litre unleaded fuel tank, all equipped with dual dispensing hoses.
- Installation of a contemporary fuel management system to monitor, control and report fuel usage.
- Construction of a compliant fuel hardstand incorporating spill capture and containment measures.
- Installation of an oil-water separator system to improve environmental protection outcomes.
- Construction of a canopy structure to provide protection for fuel infrastructure and users.

- Renewal of associated services, including electrical, communications, CCTV, water and compressed air infrastructure.

To maintain uninterrupted fuel supply throughout construction, the project will be delivered in two stages:

Stage 1 – Temporary Fuel Facility

- Installation and commissioning of a temporary diesel hire tank and associated fuel dispensing and management equipment at an alternative location within the depot. This arrangement will maintain operational fuel supply while construction activities are undertaken.

Stage 2 – Permanent Fuel Facility

- Decommissioning and demolition of the existing fuel infrastructure, followed by construction and commissioning of the new permanent fuel facility, including the fuel hardstand, oil-water separator, canopy structure and three containerised fuel storage tanks.
- The completed project will improve operational reliability, enhance environmental protection, strengthen fuel security during emergency events and ensure compliance with contemporary legislative and Australian Standard requirements.

COMMENT:

Council invited tenders for Contract 3016 – Martyn Street Depot Fuel Services Renewal in accordance with sections 228 and 233 of the *Local Government Regulation 2012 (Qld)*. An open tender process was undertaken through Council's TenderLink portal, with the invitation to tender advertised on 20 March 2026 and remaining open for sixteen (16) clear business days before closing on 16 April 2026.

Three tender submissions were received prior to the closing time, with no late tenders received:

1. NQPetro Pty Ltd
2. Enviropacific Services Ltd
3. MIB Facilities Pty Ltd

All submissions were reviewed for compliance with the Request for Tender requirements and were deemed conforming.

In accordance with the sound contracting principles outlined in section 104 of the *Local Government Act 2009 (Qld)*, tenders were evaluated against the criteria specified in the Request for Tender, as summarised below.

Criteria	Weighting
Relevant experience and resources	20%
Key personnel, skills and qualifications	20%
Management systems	5%
Understanding and methodology	20%
Business profile (local, social and sustainability)	5%
Value for money	30%

Tenderers were required to submit prices for both the defined primary works and a range of 'if ordered' works. While the primary works were fully defined during the design phase, the extent of excavation-related activities cannot be accurately determined until construction commences. Accordingly, provisional rates were sought for these potential activities, with the final contract value comprising the primary works together with any authorised 'if ordered' items required during delivery.

The scope of the pricing schedule included:

No.	Type	Description
1	Primary	Supply and install new fuel services infrastructure
2	If ordered	Disposal of non-contaminated soil
3	If ordered	Disposal of contaminated soil
4	If ordered	Treatment of acid sulphate soil
5	If ordered	Groundwater removal equipment hire
6	If ordered	Groundwater treatment for pH level
7	If ordered	Groundwater treatment for suspended solids
8	If ordered	Groundwater treatment for hydrocarbons

All tenderers submitted high-quality responses and demonstrated the capability to satisfactorily deliver the works.

Following evaluation, NQPetro Pty Ltd achieved the highest overall score and is considered to offer the best value-for-money outcome for Council. NQPetro Pty Ltd submitted the lowest conforming tender price and demonstrated a strong understanding of the project requirements, supported by relevant experience in the delivery of fuel and petroleum infrastructure projects across Queensland and nationally.

The company demonstrated access to appropriately qualified personnel, relevant licences and insurances, and robust project delivery systems. Their submission included comprehensive safety, quality and environmental management processes and confirmed capacity to complete the works within Council's required timeframe.

As a locally based contractor, NQPetro Pty Ltd also demonstrated a strong commitment to local economic development through the engagement of local suppliers and subcontractors, employment and training opportunities for apprentices and trainees, and support for community organisations.

Based on the evaluation outcomes, NQPetro Pty Ltd is considered the most advantageous tenderer and is recommended for the award of Contract 3016 – Martyn Street Depot Fuel Services Renewal.

OPTIONS:

Option 1: (Recommended)

That Council:

1. Approves the Martyn Street Depot Fuel Services Renewal Project with an overall Project Launch Budget of \$2,689,197 (excluding GST) and an Approved End Date of 20 March 2027.
2. Awards Contract 3016 – Martyn Street Depot Fuel Services Renewal to NQPetro Pty Ltd for the lump sum price of \$1,505,080.18 (excluding GST).
3. Delegates authority to the Chief Executive Officer, in accordance with the *Local Government Act 2009 (Qld)*, to negotiate, finalise and execute all documentation and matters associated with the contract, in accordance with Council's procurement policies and practices.

Option 2:

That Council does not approve the Martyn Street Depot Fuel Services Renewal Project and does not award Contract 3016 at this time.

This option is not recommended. The existing fuel services infrastructure has exceeded its service life and is increasingly costly to maintain. Continued reliance on the ageing facility presents operational, environmental and asset reliability risks to Council. Deferring the project would result in increased maintenance expenditure, a heightened risk of unplanned service disruptions and continued exposure to environmental compliance risks associated with the existing infrastructure. Furthermore, any future procurement process may be subject to cost escalation arising from market conditions, potentially resulting in a higher overall project cost to Council.

CONSIDERATIONS:

Risk Management:

Description of Risk	Risk Rating	Proposed Mitigation
Inclement weather impacts project delivery and completion dates.	Low	A wet weather allowance has been incorporated into the project schedule and reflected in the approved forecast end date.
Cyclone season and prolonged wet season conditions delay construction activities.	Low	The contractor will be required to complete as all earthworks and civil construction activities as practicable prior to the wet season. A Cyclone Management Plan will be prepared and implemented to manage weather-related risks.
Latent site conditions, including unidentified underground services and contaminated material.	Medium	The contractor will undertake service locating and investigation activities prior to excavation. Potential contamination risks were identified during procurement and suitable provisions have been included within the contract to manage contaminated soil and groundwater should they be encountered.

Construction activities impact depot operations, vehicle movements and site access.	Low	The contractor will prepare and implement a Traffic Management Plan prior to commencing works. Regular communication will be provided to depot staff, including a minimum of two weeks' notice of significant activities. Where practical, disruptive works will be undertaken outside normal operating hours.
Higher-than-anticipated costs associated with the disposal and treatment of contaminated soil and groundwater.	Medium to High	The project involves excavation works within a historically contaminated fuel storage site. To mitigate the potential financial impacts of contaminated soil, groundwater and unforeseen underground conditions, the contract includes schedule rates for contaminated material management, and an additional contingency allowance has been incorporated into the Project Launch Budget. Further site investigations and testing will be undertaken to better define contamination levels and minimise cost uncertainty and financial exposure.
Long lead times for specialist fuel infrastructure and equipment result in program delays.	Low	Long-lead items will be ordered immediately following contract award. Contract provisions have been included to clearly define procurement responsibilities, delivery timeframes and notification requirements.

Finance & Local Economy:

The proposed Project Launch Budget (PLB) of \$2,689,197 (excluding GST) is fully funded within Council's adopted 2026/27 Capital Works Program and does not require any additional budget allocation.

Award of Contract 3016 to NQPetro Pty Ltd is estimated to support five (5) direct jobs and nineteen (19) indirect jobs within the Cairns local economy during the construction phase. NQPetro Pty Ltd is a locally headquartered business that has operated from Cairns for more than 21 years and employs a range of local personnel, including office staff, technicians, apprentices and trainees.

The company has demonstrated a strong commitment to the local community through sponsorship of organisations and events including Brothers Leagues Club, Stratford Dolphins and the Men of League Race Day. The tender submission also identified significant local procurement commitments, including:

- 100% local labour;
- 100% local plant hire;
- 100% local subcontractor engagement; and
- 75% local material procurement.

The project will deliver broader community benefits by providing a reliable fuel supply for Council operations and supporting emergency response and recovery activities. The upgraded facility will ensure fuel remains available to external emergency service providers during natural disaster events when commercial fuel outlets may be inaccessible or inoperable due to power outages or transport disruptions.

The project is expected to result in a minor increase in planned maintenance expenditure associated with the additional fuel management, environmental and security infrastructure being installed. However, this increase is anticipated to be offset by a reduction in reactive maintenance costs arising from the replacement of ageing fuel infrastructure with modern, reliable equipment.

Budget Summary:

	Prior Year	2025/26	2026/27	2028/29	Outer Years	Total
Adopted Budget*	\$218,421	\$91,776	\$2,379,000	-	-	\$2,689,197
PLB	\$218,421	\$91,776	\$2,379,000	-	-	\$2,689,197
Variance** (Budget vs PLB)	\$0	\$0	\$0	-	-	\$0
Contingency (included in total PLB amount)						\$269,460

**2026/27 Adopted Budget figures*

A summary of the project costs is shown in the table below.

Item No.	Description	Amount (Excluding GST)
1	Contract 3016 – Construction Works (NQPetro Pty Ltd)	\$1,505,080.18
2	Site Investigations, Geotechnical Assessments, Surveying, and Regulatory Approvals / Permits	\$40,000.00
3	Project Management and Construction Supervision	\$200,000.00
4	Superintendent	\$50,000.00
6	Design and Engineering Consultancy Services	\$130,000.00
7	Hire of 55,000L Temporary Fuel Storage Facility	\$220,000.00
8	Disposal of Potentially Contaminated Excavated Material	\$80,000.00
9	Provision for Testing, Stockpiling, Transportation, and Disposal of Contaminated Soil at Mareeba Waste Facility	\$194,656.82
10	Project Contingency Allowance	\$269,460.00
Total Project Launch Budget (PLB)		\$2,689,197.00

Community & Cultural Heritage:

The project will improve the reliability, resilience and operational capability of Council's fuel services infrastructure, supporting the ongoing delivery of essential services to the community. The increased fuel storage capacity and modernised fuel management systems will strengthen Council's ability to support emergency response and recovery

operations during natural disaster events, particularly when commercial fuel supplies are unavailable or disrupted.

The works will be undertaken within the existing Martyn Street Depot operational footprint and are not expected to adversely impact community facilities, public amenity or identified cultural heritage values.

Natural Environment:

The project will deliver significant environmental improvements through the replacement of ageing fuel storage and dispensing infrastructure with modern systems designed to current legislative and industry standards.

Key environmental enhancements include the installation of above-ground fuel storage tanks, fuel spill capture and containment infrastructure, an oil-water separator system and improved stormwater management controls. These measures will reduce the risk of hydrocarbon contamination to soil, groundwater and adjacent waterways, improve environmental compliance and support the protection of the surrounding natural environment.

In addition, the removal of ageing underground fuel infrastructure will reduce the long-term environmental risks associated with fuel leaks and contamination, contributing to improved environmental stewardship of the Martyn Street Depot site.

Corporate & Operational Plans:

The services forming the basis of this report relate to the following goals in Council's [Corporate Plan 2025 to 2030](#):

Focus Two – Natural Assets

Promoting, protecting and enhancing our iconic natural environment now and for generations to come.

This project supports this focus by:

- Reducing the risk of hydrocarbon contamination to soil, groundwater and waterways through improved fuel storage, spill containment and treatment systems.

Focus Three – Design for Liveability

Invest in community infrastructure and services.

This project supports this focus by:

- Improving the reliability, resilience and availability of fuel services required to support Council operations and community outcomes.
- Strengthening Council's capability to support emergency response and disaster recovery activities during natural disaster events.

Focus Five – Focused Council

Delivering for community through strong governance and informed decision-making.

This project supports this focus by:

- Delivering a strategically planned asset renewal that addresses lifecycle, operational, environmental and compliance risks.

Statutory:

A Building Permit is required for the proposed works and will be obtained through a Council-engaged Building Certifier prior to commencement of construction. A Development Approval under the *Cairns Plan 2016* is not required for the project.

Policy:

The procurement process was undertaken in accordance with Council's adopted Procurement Policy and associated procurement practices.

CONSULTATION:

Key stakeholders, including operational staff and business units located at the Martyn Street Depot, have been consulted throughout project planning and design development to ensure operational requirements are appropriately addressed.

Stakeholder engagement has informed the proposed staging methodology, temporary fuel supply arrangements and construction planning to minimise operational impacts and support efficient project delivery.

Ongoing consultation and communication will continue throughout the construction phase to ensure depot operations are maintained and stakeholders are informed of upcoming activities and potential disruptions.

ATTACHMENTS:

Attachment 1 – Typical above ground containerised fuel tank proposed for Martyn Street Depot.

Attachment 2 – Longitudinal view of the three proposed containerised fuel tanks under the canopy structure.

Attachment 3 – Section view of a containerised fuel tanks under the proposed canopy structure.



Peter Hudson
Executive Manager Asset Services



Toni Veronese
Associate Director Service Delivery, Utility Services

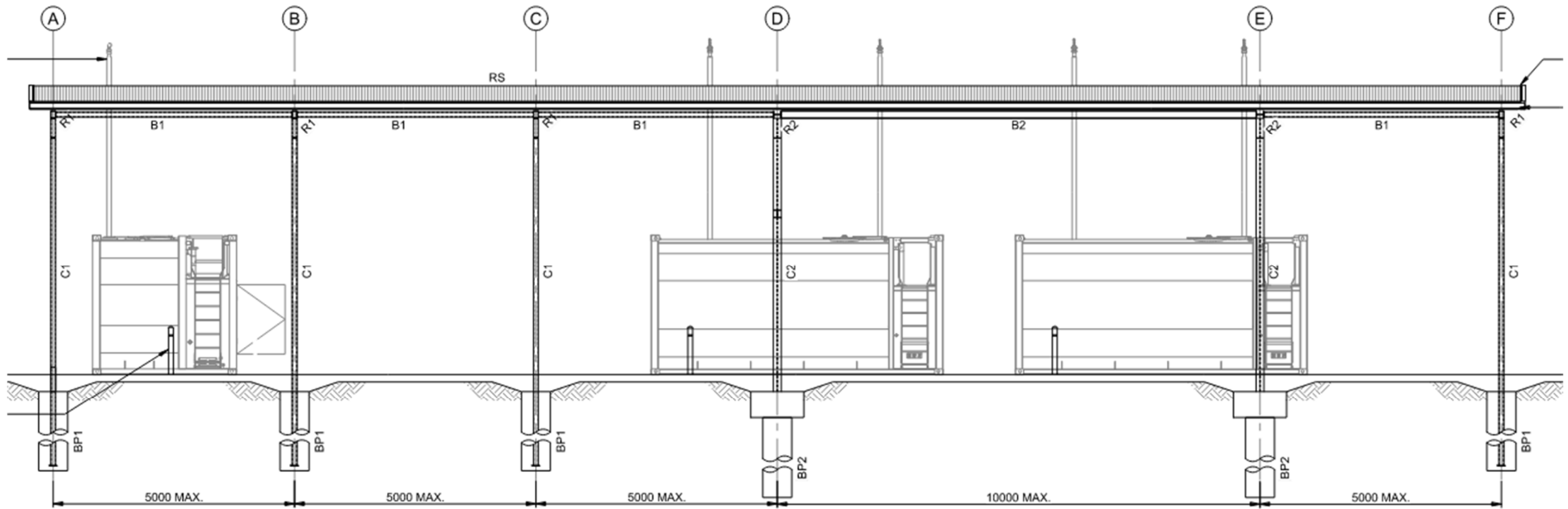


Mark Wuth
Director Cairns Infrastructure and Assets

Attachment 1 – Typical above ground containerised fuel tank proposed for Martyn Street Depot.



Attachment 2 – Longitudinal view of the three proposed containerised fuel tanks under the canopy structure.



Attachment 3 – Section view of a containerised fuel tanks under the proposed canopy structure.

