2.39 Hull 100

Introduction

The Department of Transportation and Works is responsible for the Province's ferry operations. For the year ended 31 March 2004, the Province spent $48.7 million on ferry operations and collected $24.9 million in revenues. In previous years we have reported on expenditures related to the refit of Hull 100. For the year ended 31 March 2004 the refit of Hull 100 represented 8% (2003 - 5%) of the Department's ferry operations expenditures as shown in Figure 1.

Figure 1

Department of Transportation and Works
Marine Operation Expenditures
Year Ended 31 March
($ Millions)

	2003			2004		
	Hull 100	**Other**	**Total**	**Hull 100**	**Other**	**Total**
Salaries	-	9.8	9.8	0.1	10.6	10.7
Transportation and Communication	-	1.1	1.1	0.1	2.8	2.9
Supplies	0.1	7.7	7.8	-	7.4	7.4
Purchased Services	2.1	23.4	25.5	3.6	22.1	25.7
Allowances and Assistance	-	-	-	-	0.2	0.2
Debt expense	-	1.8	1.8	-	1.8	1.8
Total	**2.2**	**43.8**	**46.0**	**3.8**	**44.9**	**48.7**

Source: Financial Management System

Scope and Objectives

In November 2004 we completed an update review of the Hull 100 refit. The objective of our review was to determine the status of the refit.

Conclusion

In May 1999, the Ahelaid was purchased and delivered for $1.2 million. The Department estimated the total cost after refit to be $2.9 million and that the vessel would be available for service in 2001. However, after five years and $11 million (three years and $8 million or 276% over the original estimate), officials indicate that the vessel is now ready for service.

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Detailed Findings

In May 1999, the Department purchased and delivered the Ahelaid (subsequently named the Hull 100 and currently named the Nonia) for $1.2 million. At that time, the Department estimated that the purchase and refit of the Nonia would cost $2.9 million and that the vessel would be available for service in 2001.



Nonia Docked at Clarenville in November 2003

In September 2003 we contacted officials at the Department who indicated that the final estimated cost of the Nonia would exceed $9 million and that the vessel would not be available for service until 2004.

In November 2004, we again contacted officials at the Department for information as to the status of the Nonia. Officials indicated that, although work on the Nonia was now complete, no decision had been made as to where and when the ship will be put in service. The final cost for the purchase and refit of the Nonia is approximately $11 million.

Figure 2

Department of Transportation and Works
Nonia Refit
For the Year Ended 31 March
($ 000's)

Year	Expenditures
2000	2,370
2001	1,427
2002	586
2003	2,217
2004	3,759
1 April - 31 October 2004	527
Total	**10,886**

Source: Financial Management System

On 13 December 2001, the *Public Tender Act* was amended whereby Government would not be required to publicly tender work undertaken on an emergency basis, a vessel leased on an emergency basis, or work unknown during a refit. In 2002-03 the Department publicly tendered for a contract valued at $2.9 million for refit work on the Nonia. From 11 December 2002 to 15 June 2004, the Department paid $4.6 million under this contract without having to issue a public tender for the additional work because it was unknown work as allowed under the amendment. As a result of the amendment, Members of the House of Assembly are no longer required to be notified of this type of additional work.

Department's Response

The report states that the estimated cost for the purchase and refit of the Nonia is approximately $11 million. The correct estimated figure for the purchase and capital refit portion is $9.8 million. Included in the reported $11 million is approximately $1.2 million of expenses that are not capital in nature.

The vessel is currently docked at Lewisporte and substantially ready for service. The Department has proposed several options for this vessel, which will be decided upon in 2005. The Department anticipates a 20 year life expectancy for the vessel and estimates that a similar newly constructed vessel would cost in the $18 million range.

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