



DISPUTE RESOLUTION BOARD AUSTRALASIA INC

ABN: 14 196 085 859

4th AGM, 19 November 2007

PRESIDENTS REPORT

Committee since September 2006.

The Committee elected by a membership ballot held on 25 September 2006 was as follows:

(NSW representatives): Graeme Peck, Ron Finlay, Doug Jones; (Vic representative): David Young; (Qld representative): Alan McLennan; (WA representative): Philip Loots; (NZ representative): Michael Weatherley; (ACA representative): Jim Barrett; (Principal's representative): Max Tonkin.

At the first committee meeting following the election, I was re-elected President, Alan McLennan was elected Vice President and Ron Finlay was re-elected Secretary-Treasurer.

Consistent with item 7 (b) of the minutes of the last AGM, the incoming committee agreed to invite ACEA to nominate a representative to the committee. Megan Motto, the ACEA Chief Executive was subsequently nominated by ACEA and welcomed as a member of the committee on 26 June 2007.

All Committee members have agreed to stand for election for the coming year.

DRBA management procedures

During the course of the year, five committee meetings have been held at nominal 3 month intervals. The first of these was a short meeting to confirm office bearers for the incoming committee.

Regional subcommittees remain responsible for initiating and following up contacts within their areas of interest and have continued to meet on an ad hoc basis.

Once again, Ron Finlay has dealt with general administration and he and his Personal Assistant Soulange have carried most of the administrative load while at the same time endeavouring to carry on a very busy consulting practice. Their efforts are greatly appreciated.

I also wish to extend my thanks to all committee members for their support and assistance during the past year

DRBA Rules Amendments

During the course of the year, amendments to the Rules were approved by the membership to allow for electronic communication of nominations for membership of DRBA and for the admission of an ACEA representative.

The updated Rules are available on the website for member access.

Membership

Membership of DRBA now stands at 56. All members are encouraged to consider becoming full members of DRBF. This provides direct access to the full benefits of the DRBF website and information, as well as up to date information on the rapidly developing international usage of and trends in the DRB concepts.

Presently 31 of our members are also full members of DRBF

DRBA Website

The DRBA website was finally launched in mid December 2006. Max Tonkin and Ron Finlay are the website co-ordinators. Any member may submit articles of interest or deemed benefit to the DRB concepts for inclusion on the website under appropriate headings, subject to editorial review. Members are encouraged to actively use the facility.

All presentations to public seminars and forums held during the year have been posted on the website. A number of papers and technical articles presented at DRBF International conferences and Australia /NZ forums have also been included for member interest and information.

Seminars and Publications during 2006/2007.

An active industry education process covering the benefits of the DRB concepts has been continued throughout the past year, and is ongoing.

Five industry seminars co-sponsored by other professional groups were held as follows:

Date	Venue	Participating groups	Approx attendance
26 Oct 06	Sydney	ACEA/DRBA	65
30 November 06	Brisbane	ACEA/MRD Qld/IAMA/DRBA	90
14 March 07	Melbourne	ACEA/DRBA	80
19 April 07	Canberra	MBA/IAMA/DRBA	65
3 October 07	Sydney	IAMA	50

All DRB presentations were very well received and were followed by an extremely active Q/A session. For the first 4 seminars, the latter sessions were forum type with a panel comprising presenters and one or more industry representatives. The last listed session was a dedicated presentation with questions directed to the presenter.

NZ has reported that industry publications “Contractor” and “Energy NZ” are interest in running articles on the DRB concepts and history.

DRB successes during 2006/2007.

NSW:

There are now 2 contracts in progress using DRBs and at least 3 others committed to use DRBs.

- Sydney Water has adopted the concept for the >\$1Bn Design/Build/Operate/Maintain contract recently awarded for the new desalination facility. The DRB has been appointed and has the first of the regular meetings with the parties has been completed.

- The Energy Australia contract for the City West cable tunnel was awarded in late April for around \$54m and a 3 person DRB has been appointed. The Board has now had two routine meetings.
- Sydney Ports Botany Bay extension (>\$500m) by way of a D & C contract includes provision for a 3 person DRB. Bids have closed and are presently under evaluation. A pre-Christmas award is targeted.
- An industry briefing by the Transport Infrastructure and Development Corporation (TIDC) to 170 attendees was held on 12 November 2006 regarding their \$14bn forward pipeline of projects. It was noted that DRBs were to be included in contracts >\$50m value. TIDC have now completed their contract documentation and at least 2 contracts which include DRBs are in the 'Registration of Interest' phase. We have been informally advised that TIDC may be considering extending the concept into projects well below the original \$50m benchmark utilising single person boards.

Queensland:

The 3 projects referred to in my last report remain the only Queensland successes so far.

- The Ross River dam semi-Alliance project has just been completed with no issues unresolved. This project is the first example we are aware of anywhere which has used a DRB in conjunction with an Alliance form of contract. The client (North Queensland Water) has been extremely pleased with the result and has indicated that it would strongly recommend the DRB process to any prospective user.
- The Ipswich/Logan Motorway Interchange and Gateway Upgrade projects are underway and to date the DRB process is reported as operating quite effectively on both.

New Zealand:

The Christchurch outfall project is well underway as is the contract for a new wellhead platform for the Maari Field development in the offshore Taranaki basin off the west coast of the North Island. DRBs for both are reported to be operating well

Other Areas:

There are no other current examples of DRB adoption in Australia or NZ that we are presently aware of.

Ongoing targets:

WA is actively pursuing the usage of DRBs in the major oil and gas projects currently about to commence. In particular, the Gorgon gas field development by Chevron is a primary target.

All states are experiencing severe resource shortages. The high demand for infrastructure and water projects particularly is generating alternative non-traditional models of delivery, e.g.:

- Alliance manifestations
- Early Contractor Involvement (ECI)

DRBA is considering how the DRB concepts may be beneficially incorporated into these delivery models.

A number of other opportunities are being monitored by each of the regional subgroups.

International developments- Regional Structure.

It was announced by DRBF executive at the International conference in Bucharest in May 2007 that because of the rapid growth of the DRB concepts internationally, and particularly in Europe via EU and FIDIC, it had been decided to create Regional representative offices. The plan involves development of several Regions over the next 10 years.

The initial concept has been worked on by a Chapter Committee which includes representation from DRBA.

The present status is that Region 1 will be the Americas; Region2 will be Europe and the rest of the world. Region 3 is mooted as Australia and New Zealand. At one stage, it was thought that Regions 2 & 3 would be developed simultaneously with a target operation date of October 2008. It has now been realised that this is probably impractical and that stage 1 will be to get Region 2 off the ground. That means that DRBA will initially be a part of Region 2.

DRBA in fact appears to be the only group outside of USA which has had the experience of modifying procedures and rules to suit local legal and statutory system requirements. As such our representation has proved very helpful to the overall concepts.

There will be considerable discussion on these concepts at the next International Conference to be held in Capetown from May 2-4 2008. Details of this conference have just become available on the DRBF website and will shortly be posted on the DRBA website.

The conference will be an excellent opportunity for DRBA members to meet with their peers from around the world and members are encouraged to consider attendance if at all practical.

An extract from a recent note from the Chairperson of the Chapter committee is attached below for member information.

Quote:

TERMS OF REFERENCE FOR POTENTIAL CHAPTERS OF THE DRBF

A. INTRODUCTION:

1. As part of the ten year plan it is anticipated that there will be additional chapters, not only in the United States, but throughout the World.
2. Presently there are chapters in Florida and Texas and the first international chapter in Australia.
3. At present the only written agreement between the Dispute Resolution Board Foundation (DRBF) and the state chapters is a letter of agreement on dues collection by the DRBF (see below). In September 2004, a set of guidelines (see below) for DRBF chapters was sent to the Florida chapter, but no agreement was signed, and the guidelines were not voted on by the Florida membership or the Florida Board of Directors.
4. Florida incorporated the chapter under the laws of the state of Florida and Texas under the laws of Texas. This will make all chapters slightly different as the laws in each state control the operation of the corporations. It will get even more complicated as more international chapters are added.
5. The Texas and Australia chapters have established web sites, and Florida is working on a web site of their own, and expects to have it up and running soon.
6. A committee made up of members of the DRBF has been established to prepare Terms of Reference, Rules and Reporting Procedures, and means for the various chapters to fund themselves. This committee is presently assigned these duties for the short term (a year), and expects to have something for the DRBF Board to review in that time frame.

B. International Structure

1. The DRBF have decided that the development of two further regions simultaneously would prove impractical. For the time being, the focus is therefore on Europe as Region 2 by October 2008, with Australia and New Zealand to follow at some time thereafter.

B Basic Rules established by DRBF and Regional Arrangements

1. We are of the view that the DRBF International body needs to define a typical structure covering a Region, in the simplest practical terms, to have minimum standards.
2. It had become apparent during various exchanges amongst the International Chapter Committee (which includes us) that Australia & NZ were the only group outside USA which has had to come to terms with satisfying local rules and legislation when setting up a new Chapter.

3. We set down our views and experience in a document which was circulated to the International Chapter Committee members prior to a meeting at the recent DRBF conference in San Diego¹. We along with several other Chapter Committee members were not present at the conference, but it seems our notes prompted some rethinking as to what is needed.
End Quote

DRBA Business Plan

The primary objectives of DRBA remain to:

1. expand the understanding of the DRB concepts as an extremely cost effective and efficient process for dispute avoidance and for dispute resolution on construction projects;
2. promote the use of DRBs as the preferred dispute prevention and resolution model for major contracts;
3. provide assistance to parties within the industry for the establishment and application of DRBs, including the provision of general advice and suggestions for tailoring to suit particular needs.

The way forward.

As I indicated in my report to last years AGM, I see no way other than continuation and expansion of the present efforts to increase industry awareness and encourage usage by way of the example of the rapid international growth of the DRB concepts.

As always, any member thoughts or suggestions as to improved or alternative directions would be welcomed by myself and the Committee in general.

Graeme Peck
19 November 2007

¹ See Attachment 1