



DISPUTE RESOLUTION BOARD AUSTRALASIA INC

ABN: 14 196 085 859

3rd AGM, 25 September 2006

PRESIDENTS REPORT

Committee since November 2005.

The Committee elected by a membership ballot held on 30 November 2005 was as follows:

Graeme Peck, Ron Finlay, David Young (Vic Representative), Alan McClennan (Qld representative), Philip Loots (WA representative), Michael Weatherley (NZ representative), Jim Barrett (ACA representative), Max Tonkin.

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

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

DRBA management procedures

During the course of the year, full committee meetings have been held at nominal 3 month intervals.

Regional subcommittees with responsibility for initiating and following up contacts within their areas of interest have met on an ad hoc basis.

I noted in my last annual report that:

- agreement had been reached with IAMA for them to take on the routine administration role,
- DRBF in Seattle had also agreed to fund the cost of this (\$2,400 pa),
- initial server problems had delayed the commencement of IAMA's active role.

In the event, IAMA were not able to link us through their internet server bureau. Costs of establishing a new service and website via their provider were estimated at around \$2,000 (1 time amount) which we had not budgeted for. Then DRBF advised that, given the small number of DRBA members who were also full DRBF members, they could not justify continuation of the \$2,400 subsidy.

At that point, we could no longer afford to commit to IAMA, and the Committee agreed that for the present time we should continue as before.

So 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 take this opportunity to thank all committee members for their contributions during the past year.

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 regional subcommittees must be at the forefront of the concept marketing and development of awareness.

The NSW group will continue its activities with Water, Power and transport infrastructure entities. It is also hoped that a joint approach to the SAA contracts subcommittee can be arranged in conjunction with ACEA to get a DRB option included in the next edition of the SAA standard conditions of contract, similar to that now included in FIDIC (refer also Queensland example under 2006 successes).

Queensland's focus will be:

- to work with Main Roads in supporting their D&C and Early Contractor Involvement documents and achieve reasonable usage of DRBs in these contract forms;
- follow the State government infrastructure program and seek the inclusion of DRBs in a number of these projects, eg. Waste Water Pipeline Projects.

WA plans are to focus particularly on the Oil and Gas, and Mining Sectors. These areas are the principal source of major construction in WA, and they have the advantage that Statutory Adjudication is largely excluded from these Sectors in WA.

The Victorian subgroup e continuing to focus on major infrastructure projects.

NZ are continuing to promote both single person and 3 person DRB options where opportunities emerge.

DRBA successes during 2006

The awareness focus is beginning to yield some results. The notes which follow are an edited version of a feature article on Australia and New Zealand included in the August 2006 edition of DRBF 'Forum' publication.

Queensland:

Queensland has made the greatest progress. There are now three confirmed DRBs in Queensland - Ross River Dam (approx. \$75m), Gateway Arterial duplication (approx. \$1.3 Bn) and the Logan Motorway/Ipswich Motorway Interchange (approx. \$140m). Each of these projects have interesting differences.

Ross River Dam is an Alliance project, but with some risks not shared. The DRB is perceived as an insurance policy in the event that the Alliance parties are unable to resolve all issues. Gateway is a contract for Design, Construct & Maintain for 10 years of duplication of the existing Gateway Arterial to the east of Brisbane city. It involves a major tolled crossing of the Brisbane River together with feeder roads to the north and south – in all comprising 20km of expressway.

The Logan Motorway Interchange project is a complex interchange on an operating freeway, budget in excess of \$100m, D & C only.

New contract documentation produced by Qld. Main Roads for D&C contracts now includes a standard selection option for DRBs. .

The Queensland subcommittee under the Chairmanship of Alan McClellan is to be congratulated on their efforts in convincing the relevant authorities of the benefits of a DRB.

NSW:

NSW has achieved one success. Tenders close around mid October for a new tunnel beneath Sydney CBD for power supply upgrade. The contract (essentially construct only) includes a DRB requirement in the documentation. Benchmark ground conditions are defined via a Geotechnical Baseline Reference framework.

West Australia:

The new commissioner for WA Main Roads was previously with WA Water and was largely responsible for inclusion of DRBs in the 2 major dam contracts already constructed in WA with DRBs included in the contracts. It is hoped that this will lead to opportunities within WAMR.

WA based contractor Clough has recently negotiated a major (\$170m) offshore platform contract with New Zealand group OMV in the offshore Taranaki Basin in the Tasman Sea, off the west coast of New Zealand's North Island. The contract provides for use of a single Dispute Board adjudicator as the front-line method to handle any disputes that may occur between the parties with respect to the contract. Apart from the single person vs 3 person Board, the process requires the active involvement of the 'Board' (ie, Adjudicator) throughout the project, and allows for quick referral and resolution of any disputes that the parties themselves are unable to settle at site level.

This project can rightly be said to be a combined WA/NZ success.

New Zealand:

A sewerage outfall project in Christchurch is about to commence (approximately NZ\$70 million) which has a FIDIC form of contract with a modified DAB / DRB approach.

The NZ group is planning a public launch of the DRBA. It was hoped that this would be in the third quarter of 2006, but it is now planned for first quarter 2007.

It is expected that at least one Australian representative will also be present.

Cooperation with ACEA:

DRBA has also forged links with the Association of Consulting Engineers Australia (ACEA). Agreement has been reached for a series of joint ACEA/DRBA seminars to be held in Sydney and Brisbane. These seminars are being largely underwritten by ACEA from its own seminar budget, for which we are extremely grateful.

Seminar dates are:

Sydney, 26 October; 1630 – 1900, Vibe Hotel, Milsons Point.

Brisbane, 30 November; Qld Main Roads Auditorium, Spring Hill.

The main seminar topic will be the benefits of inclusion of the DRB concept in standard Australian construction contracts. Form of seminar will be 3 short presentations followed by a panel session.

It is also hoped that a similar seminar will proceed in Melbourne early in 2007.

ACEA have also indicated that they would like to participate on the DRBA committee. A motion dealing with this is on the AGM agenda.

DRBA Web Site.

After numerous unsuccessful attempts to activate a regular news letter, the Committee decided that a simpler and much more effective method of communicating with members was via our own website. The plan is that the website can be used to post news articles and notes by any member, subject to editorial review by an appointed Committee member.

The DRBA website is about to become a reality. It is expected that full details and method of operation will be available for announcement at the AGM.

The site will contain direct links to the DRBF website (Seattle based). However, full access to DRBF site requires full membership of DRBF. That will remain the case.

Funding Limitations & Membership Growth

We presently have ??? financial members of DRBA. We have gained ??? members over the past year. We continue to face a 'chicken and egg' situation – awareness will encourage new members; but usage will develop awareness much more rapidly than presentations and marketing. However, in the short term we must encourage as many entities and individuals as possible to become financial members.

If we are to remain viable as an organisation, we must endeavour to achieve a membership which provides a sufficient income base to support basic training sessions and seminars for potential board members and interested project owners.

Our funds now stand at the healthy sum of \$???. This reflects the fact that all committee members are giving freely of their time and there has not been a single expense claim lodged. Our only expenditure has been our website which was also arranged at a very competitive price on the basis of "favours owed" to individual committee members.

The way forward.

In the short term, 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.

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

Graeme Peck

21 September 2006

