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14 April, 2020

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Dear Mr Innes-Walker and Moss,

Contract: Norfolk Island Airport Contract SPT171819NIRC ("Contract")
Contractor: Boral Resources (Qld) Pty Ltd ("Boral")
Principal Norfolk Island Regional Council ("NIRC")

Contractor's Supporting Information for Biosecurity Variation

The purpose of this notice is to set out the background and impacts of the Biosecurity requirements that were associated with the importation of aggregates and sand for the Contract. It is envisaged that the following sequence of events will clearly show the additional measures and controls that Boral were required to meet for the import requirements and assist NIRC in seeking additional Commonwealth funding to cover the impacts of the Department of Agriculture and Water (DAWR) requirements.

Background

1. During the tender preparation phase Boral sought clarity from DAWR on the specific treatment requirements that would apply to the importation of aggregates and sand from Brisbane to Norfolk Island. At that stage no specific advice was available and Boral conditioned its tender to exclude any Biosecurity treatment costs.
2. An indicative estimate was provided in Boral's tender submission of \$4,200,000 based on the hypothetical scenario that heat treatment and subsequent bagging would be required.
3. Over the course of many months Boral engaged with DAWR representatives and various sections within the department to progressively develop the Biosecurity Management Plan (BMP) to address the concerns that were raised. Version control of the Biosecurity Plan used a colour highlighting system to distinguish changes in each revision of the BMP.

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4. Due to these requirements a number of additional controls and processes were required to comply with the BMP which included changes to the delivery method of aggregates and sand to Norfolk Island.

Additional Processes and Controls

5. The full list of requirements are set out in the approved Biosecurity Management Plan version #8 however in summary they impacted aggregate and sand source testing, storage times of all materials, material handling, delivery methodologies, marine transportation method and fumigation.
6. In order to comply with the approved BMP the below additional measures were incorporated into the raw material processing and transportation methodology:
 - (a) Extensive Phytophthora Cinnamomi sampling and testing at quarry locations and aggregate samples
 - (b) Change to Quarry manufacturing and material handling processes to install monitoring and inspection check points
 - (c) Lease of an intermediate storage facility to meet exposure time restrictions imposed of the manufactured products and the time it could remain at the Quarry source prior to loading
 - (d) Modification of intermediate storage facility by installing environmental controls, monitoring and inspection check points for material handling
 - (e) Double handling of raw materials from intermediate storage location to bulk ship loadout facility, and
 - (f) Change in marine transportation from a tug and barge operation to the use of bulk cargo ships to accommodate the in-hold fumigation
 - (g) Identification, lease and subsequent modifications to a bulk ship loadout facility, including installing environmental control measures, detailed contingency planning, constant monitoring and inspection check points for the entire loadout process
 - (h) Demurrage of bulk ships for additional load time, fumigation process and unloading time at Norfolk Island.

Time and Cost Impacts

7. The raw material unloading process has greatly exceeded the tender program primarily as a result of unsuitable unloading conditions associated with the transshipment from bulk ship to barge and then unloading of the barge at Ball Bay. These delays have been subject to extension of time requests and have been approved to date, a number of mitigation strategies have been put in place to reduce the overall project impact.
8. All items listed in 6(a) to 6(h) are additional requirements over and above the tender allowances made by Boral and are a direct result of the DAWR

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Biosecurity requirements, as such Boral will be presenting these costs progressively as they are incurred and accumulated to NIRC for variation approval.

It is Boral's desire that NIRC are not adversely impacted by these additional costs and commit to providing any assistance required to support NIRC's claim for additional Commonwealth funding to cover these unforeseen variation costs.

Regards,

A handwritten signature in black ink, appearing to read "C. Jeffery", with a stylized flourish at the end.

Chris Jeffery
Senior Project Manager – Asphalt (South Qld)
Boral Resources (Qld) Pty Limited

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8th of July 2020

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Attention: Alistair Innes-Walker

Norfolk Island Airport Repair and Rehabilitation Contract (SPT 171819NIRC)
Biosecurity Clarification - Bulk Ship vs Barge Shipping Delay Allowances

Further to our conversation on the 7th of July, please see Boral's response as follows regarding the requested clarification to Boral's claim for Biosecurity costs associated with the above mentioned contract. Below is a summary of previous correspondences between Boral and NIRC regarding costs for delays.

Within the cost allowance for the contract item #108 (plant, equipment and material shipping) Boral made a contingency allowance within our bid submission to account for anticipated delays resulting from unsuitable weather and other unloading impacts. These allowances were calculated on the basis of multiple shipments by Tug and Barge and unproductive days for the unloading team and trucking. As it turns out the contingency allowance in Boral's tender was dramatically undervalued and the real delays exceeded any such allowances; however that would have been Boral's problem as we had the opportunity to price this into our bid submission.

To the contrary as the project biosecurity requirements imposed by DAWR (fumigation specifically) forced Boral into incorporating Bulk Ship transportation as an additional item into the material delivery methodology, of which Boral was not made aware until after tender acceptance, Boral had no opportunity to include any contingency allowance for delays or unsuitable weather associated with the unloading via Bulk Ship. As such any and all costs associated with unloading via a Bulk Ship, including the demurrage, are additional costs that Boral have not included in our tendered price.

Further to previous correspondences, Boral also confirms biosecurity claims provided to date have not included any additional costs associated with processes associated with Boral's original unloading methodology which included Tug & Barge demurrage, the additional costs for the unloading team and the trucking associated with unsuitable weather on Norfolk island.

Regards

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