

PROJECT SHEET

MAINTENANCE DREDGING PROGRAM 2012 -2022
(MDP 12-22)

BOSKALIS

Royal Boskalis Westminster is a leading global services provider operating in the dredging, maritime infrastructure and maritime services sectors. The company provides creative and innovative all-round solutions to infrastructural challenges in the maritime, coastal and delta regions of the world. With core activities such as coastal defense, riverbank protection and land reclamation Boskalis is able to provide adaptive and mitigating solutions to combat the effects of climate change, such as extreme weather conditions and rising sea levels, as well as delivering solutions for the increasing need for space in coastal and delta regions across the world. The company facilitates the development of offshore energy infrastructure, including renewable wind energy. Boskalis is furthermore active in the construction and maintenance of ports, waterways, access channels and civil infrastructure, thus helping to facilitate trade flows and regional socio-economic development. In addition, Boskalis is a global marine salvage expert and has a number of strategic partnerships in harbor towage and terminal services (Keppel Smit Towage and Smit Lamnalco). With a versatile fleet of more than 700 vessels and floating equipment and 10,000 employees, including associates, Boskalis is creating new horizons around the world.

INTRODUCTION

The Port of Melbourne is Australia's largest capital city container and general cargo port, handling more than one-third of the nation's container trade. Port of Melbourne operate as a landlord port and are responsible for planning, operating and maintaining Port land and shipping channels. Port of Melbourne ensure the Port has the capacity and capability needed to handle cargo, and that facilities and infrastructure are developed and maintained as needed.



A

FEATURES

Client	Port of Melbourne Operations
Location	Melbourne, Victoria, Australia
Period	February 2013 – (ongoing)
Contractor	Boskalis Australia Pty Ltd
Main equipment	BHD Storcken, BHD Magnor, TSHD Gateway, TSHD Brisbane



B

A Dredging operations within the Port of Melbourne
B BHD & Melbourne Skyline

Located in the heart of Melbourne, among growing communities, vital industrial precincts and transport corridors, the Port of Melbourne are the cornerstone of Victoria's Port freight transport network, operating 24 hours a day, 365 days a year.

The Port of Melbourne requires regular maintenance dredging to ensure the safe operation of shipping in the Port of Melbourne waters by removing the continuing build-up of sediment and allowing the maintained depths of shipping channels, berths, approaches and associated swing basins to be re-established.

Port of Melbourne Operations (PoMO) has entered into a Collaborative Framework Agreement (CFA) with Boskalis to execute the Maintenance Dredging Program for a period of 10 years via successive Terms.

COLLABORATIVE FRAMEWORK AGREEMENT

The basis of the CFA is an integrated approach to the allocation, management and mitigation of risks within the overarching contractual framework. Boskalis accepts the risks inherent in the delivery of the Services other than those that are the result of change or those that cannot be fully dimensioned or efficiently transferred.



SCOPE

The MDP12-22 program involves the provision of dredging services and dredge material management works in Northern and Southern Port Phillip Bay according to the following geographical areas:

- North of the Bay including the Yarra and Maribyrnong Rivers
- Berths and channels within the Port of Melbourne
- Services Protection Areas
- Port of Melbourne Dredge Material Ground
- South of the Bay including South Channel, The Entrance and South East Dredge Material Ground.

Works are executed through a combination of Backhoe Dredge (BHD) and Trailer Suction Hopper Dredge (TSHD) operations.

CONTAMINATED MATERIALS

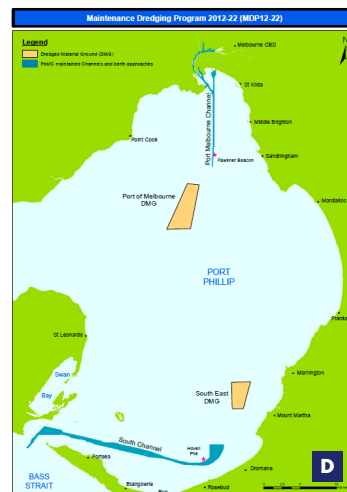
Materials dredged from the channels, berths and swing basins from Northern Port Phillip are deemed to be contaminated and are placed in the PoMDMG via barge bottom dumping when dredged by BHD or via a diffuser close to the seabed if dredged by TSHD. Contaminated materials are then capped with 0.5m of clean sand dredged from Southern Port Phillip and placed via a spreader in thin layers. Ongoing monitoring of capping is performed to confirm compliance with environmental approvals for the works.

ENVIRONMENTAL MANAGEMENT

Key ecological assets, predicted effects and risk events associated with the dredging have been identified and a resulting Environmental Management Plan (EMP) has been developed for the works. The EMP details the environmental management requirements to be followed for the 10 year program of dredging activities.

As a result of the consideration of key environmental and social seasonality issues, the following key considerations are applicable to the works:

- No dredging permitted between 18 December and 31 January in the South of Bay to mitigate impacts on the recreation and tourism activities during the holiday season.
- No dredging using the TSHD in the Yarra River or Williamstown Channels between 15 October to 30 November to protect migration of the endangered Australian grayling species.
- Dredging using the TSHD in Yarra River between 1 April and 31 July restricted to no more than two calendar months in any one year, or equivalent in days to protect Australian grayling larval drift.



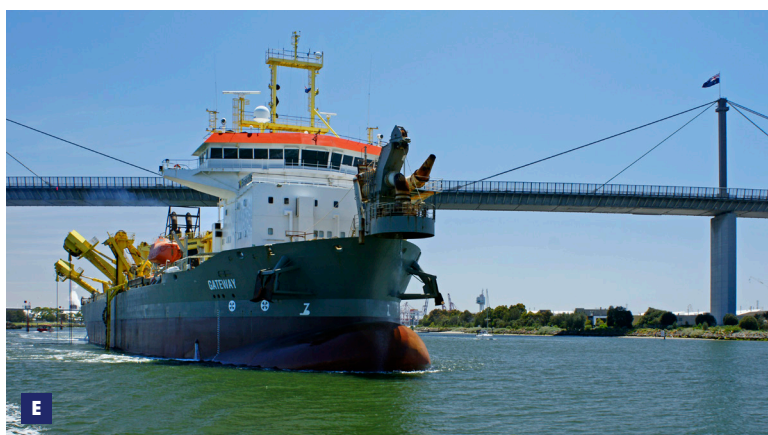
PERFORMANCE INCENTIVE PLAN

A Performance Incentive Plan is applied under the terms of the CFA with the purpose to:

- a. provide a means of encouraging Boskalis to deliver additional value in areas of benefit to PoMO;
- b. encourage productivity improvements from Boskalis over the Framework Period; and
- c. encourage continuous improvement.

The Performance Incentive Plan comprises cost and reputation incentive payments by PoMO to Boskalis. Cost incentive payments are based on a share in the savings when actual costs are less than target cost. Reputation incentive payments are based on performance in the key areas of:

- Environment
- OH&S
- Stakeholder satisfaction

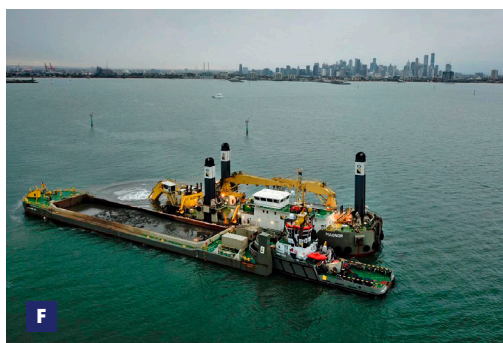


CFA STATUS, HEALTH & BENEFITS

PoMO and Boskalis meet on a regular basis to discuss the health of the relationship between parties and where improvements or changes are required.

The following benefits of the CFA, compared with a traditional one off dredging contract, have been accrued to date:

1. Allows for the emergency mobilisation and or establishment of dredging plant if circumstances require.
2. Significantly reduced administrative effort in relation to the procurement of individual dredging campaigns.
3. Significantly reduced administrative effort in relation to the review and approval of contract documentation i.e. OH&S, CEMP, QA, ERP, etc plans.
4. Greater confidence that dredging works can be undertaken at a time that suits PoMO.
5. Significantly greater confidence in the ability to tailor dredging campaigns to match the annual budget expectations.
6. Increased confidence that the dredging program will be conducted in compliance with the requirements of the EMP.
7. The incentivisation scheme modifies behaviour and focuses attention on detail during the course of a program to maximise the potential return.
8. As newly introduced technologies and processes are repeated in subsequent campaigns production rates are tweaked resulting in greater potential for future cost underruns.
9. R&D capabilities and "think tank" of Boskalis in the development of plant, equipment & methodologies.
10. Expectations/desired outcomes of Client/Contractor well established.
11. Promotes open and honest dialogue and a positive spirit between parties is developed.
12. Long term planning for both client and contractor is possible.



The CFA is currently in its second Term of operation and is considered by all parties to be an appropriate mechanism for the management of a long term maintenance dredging operation.