

26 March 2014

Narrabri Shire Council  
46-48 Maitland Street,  
Narrabri, NSW 2390

Attention: Mr Paul Bawden  
Director Planning and Development

Dear Paul,

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NARRABRI SHIRE COUNCIL

- 5 MAY 2014

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With reference to, the Wave Hill Quarry expansion discussions held at Chambers with Mr. Tony Meppem, Monday 24 March 2014, I would like to submit the following points to support our current expansion request. In light of having a now clearer idea of expectations and an understanding of the Wave Hill Road (SR18) upgrade proposal process and current council budget plans, Johnstone Concrete & Landscape Supplies Pty Ltd (JCLS) would like to submit the following points to be contained within our final Voluntary Planning Agreement (VPA) offer to Narrabri Shire Council.

Breakdown of distribution costs of road section (approx. 5.7 km) to Boral Quarry from current seal on Wave Hill Road, these works based on estimate costing provided by Narrabri Shire Council (NSC) to JCLS with the road design engineered and provided by NSC ;

- Narrabri Shire Council - \$750,000.00
- Johnstone Concrete & Landscape Supplies Pty Ltd - **\$1,976,972.00**

This offer sum provided by JCLS equates to 66.66% of outstanding balance after NSC contribution based on an estimate value of work totaling \$3,715,458.00.

JCLS offers to fund the costs of additional section of road between Boral and Johnstone quarries. NSC has estimated an approximant 2.1 km of road upgrade at a cost of **\$1,371,771.00** with these works also in line with the requirements of road design engineered and provided by NSC. It is JCLS intention to fund the completion of this section road within 2 years of signing of VPA

Johnstone Concrete & Landscape Supplies Pty Ltd total contribution offer for the Wave Hill Road upgrade will constitute approximately **\$3,350,000.00** factored over an offer of fifteen (15) years or sooner as the terms of review conditions contained within VPA.

The following matters provided as terms contained with final VPA offer submission to Narrabri Shire Council with regard to the scope and provisions of the Wave Hill Road upgrade works.

- JCLS provided with option to engage or conduct its own road civil works to the conditions of NSC provided design for its inclusively funded section between Boral eastern entrance boundary and Johnstone quarry entrance.
- The VPA contain terms for periodic review of changes if the conditions of Wave Hill Road use change or varied by unforeseen circumstances or events.
- JCLS as a participating stakeholder in the Wave Hill Road upgrade provided with an opportunity to engage and participate in tender discussions and considerations of assessment conditions related to Wave Hill Road tendered works.
- JCLS to breakdown contributions into offer of an annual tonnage contribution levy of \$1.12 per tonne delivered with an annual CPI indexed increase. This contribution is offered for 15 years from signing VPA or on full completion of agreed sealing sections of Wave Hill Road. JCLS understands if circumstances allow for NSC to complete Wave Hill Road upgrade works before the nominated expiry period of 15 years, JCLS will maintain payments of \$1.12 per tonne for the full 15 year period.
- Contributions levy calculated and paid monthly by JCLS to NSC **Wave Hill Road** fund account.
- JCLS to provide \$0.20 per tonne CPI indexed to NSC Wave Hill Road fund account for ongoing and future Wave Hill road maintenance purposes. This contribution is fixed based for the first 12 months after signing of the VPA factored on NSC commitment to 4 gradings of designated sections contained within the VPA. The \$0.20 contribution offer is for maintenance of Wave Hill Road from the end of existing western bitumen seal to JCLS Quarry entrance gate. Both parties will renegotiate this contribution after 12 months following a completion of a road maintenance plan that will then reflect the agreed future road maintenance contributions levy.
- JCLS offers to pay the road maintenance contribution of \$0.20 per tonne extracted indexed to inflation over 14 year life of the planning agreement being a maximum contribution of \$560,000 (excluding inflation increases) with an undertaking to renegotiate contribution amount upon any changes to either or both JCLS or Boral extractive licensing arrangements or operations. In event of no change to operating tonnages from either both or any other quarry within 5 years of the signing of the VPA, both parties to calculate actual maintenance costs to calculate the life cycle costs of the road over the life of the Wave Hill Quarry conduct an agreed review.
- JCLS as priority of its section of works from Boral quarry to Johnstone quarry will seal 300 metres in front of immediate western neighbour entrance and home.
- JCLS seeks a provision to review the terms of this VPA should existing or future third parties express interest in submitting a new or expansion request for quarry operations on Wave Hill Road that provides a requirement of a development application.
- JCLS requests a bank guarantee be limited to one year's payment capped at \$250,000 or



another suitable surety mutually agreeable to both JCLS and NSC.

- JCLS requests any dispute resolution be arbitrated by a mutually acceptable and appropriately qualified third party in matters pertained in the contents of this VPA .

Johnstone Concrete & Landscape Supplies Pty Ltd will engage in partnership with Narrabri Shire Council and any other prospective stakeholder to ensure the conditions and requirements to upgrade SR 18 Wave Hill Road are carried out in a spirit of co-operation and best intent and result for parties involved.

A handwritten signature in black ink, appearing to read 'I. A. Johnstone', with a long horizontal flourish extending to the right.

Ian A Johnstone

Managing Director

Johnstone Concrete & Landscape Supplies Pty Ltd