

CONFIDENTIAL ITEMS 2003 – SEPTEMBER 2011

#	Date	Item Title	Confidential Order Details	Item being kept confidential - Agenda/ Attachments/ Minutes	Reason regarding retention or recommendation- action to release	Resolution Regarding Action	Last Review Date	Next Review Date	Date Released
32	16 Nov 09	Morphett Street Stormwater Project & Related Contamination	Reason: (b) information the disclosure of which – could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct business, or to prejudice the commercial position of council; and would, on balance, be contrary to the public interest. And (h) information relating to actual litigation, or litigation that the council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council;	Discussion Reports & attachments, minutes	Revoked under delegation.	Extend Confidential Order to September 2017 The Chief Executive Officer be delegated the authority to revoke all or part of the order and directed to present a report containing the item for which the confidentiality has been revoked.	5 Sept 11	4 Sept 12	28/8/12

QUESTIONS ARISING FROM COUNCIL MEETING (10 MINUTES)

Mr Daryl Block

As part of the original design of the freeway was an interchange included for Bald Hills Road?

Mr Stuart responded that if you have any further information in terms of that original plan I would be happy to receive that with the intention of improving our efforts in drawing it to the attention of the Federal Government.

54. CONFIDENTIAL REPORTS

54.1 **REPORT TITLE: CONFIDENTIAL ITEM - MORPHETT STREET STORMWATER PROJECT & RELATED CONTAMINATION**
DATE OF MEETING: 16 NOVEMBER 2009
AUTHOR: DAVID MORTON
AUTHOR'S TITLE: MANAGER PROJECTS
FILE NUMBER: 44-070-011
DEPARTMENT: INFRASTRUCTURE & PROJECTS
DEPARTMENT: BRIAN CLANCEY
MANAGER:

Moved Councillor Kuchel that Council:

1. pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
(a) information the disclosure of which –
could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct business, or to prejudice the commercial position of council; and would, on balance, be contrary to the public interest.
And
(i) information relating to actual litigation, or litigation that the council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council;
2. determine that the Chief Executive Officer, General Manager Infrastructure & Projects, Acting General Manager Strategy, Development & Communities, General Manager Corporate, Manager Projects; and the Minute Secretary be permitted to remain in the room.

Seconded Councillor Wilksch and CARRIED.

Moved Councillor Kuchel that Council

3. authorise the CEO to invite an offer for reimbursement of Council's costs from Gilbert Motors Pty Ltd and accept the offer subject to it being no less than \$400,280 (exclusive of GST) and if requested by Gilbert Motors Pty Ltd, with conditions that are limited to keeping the amount and parties to the agreement confidential and Council undertaking not to pursue any further costs in relation to the Morphett Street Stormwater Upgrade Project.
4. authorise the Chief Executive Officer, in liaison with the Mayor, to execute the documentation required to formalise an agreement with Gilbert Motors Pty Ltd for the reimbursement of costs subject to meeting the above requirements.
5. note that if an offer for cost reimbursement of less than \$400,280 (exclusive of GST) is made by Gilbert Motors Pty Ltd it will be brought back as a confidential item to a Council meeting for consideration.
6. advise Gilbert Motors Pty Ltd that Council has set a deadline of 18 January 2010 for an offer from Gilbert Motors Pty Ltd regarding Council's claim for cost reimbursement and will consider legal action following expiry of that deadline should an offer not be forthcoming from Gilbert Motors Pty Ltd by that time.
7. note that a further report will be provided to Council by 1 February 2010 when documentation has been executed between Council and Gilbert Motors Pty Ltd or failing receipt of an offer, and before the commencement of any formal legal action.
8. decide not to pursue cost recovery for the contamination found between Stephen and Hutchinson Streets (which represented approx 5% of the initial contamination found) on the basis that advice has been received from Coffey Environments there is insufficient information to prove the source of this contamination
9. Note that a further report will be provided to Council when further legal advice is received from Thomson Playford Cutlers regarding the dispute with Tonkin Consulting in relation to design services provided on this Project.

Seconded Councillor Gamble and CARRIED

Moved Councillor Kuchel that Council

10. Orders pursuant to Section 91(7),(8) and (9) of the LG Act 1999 that the discussion, reports, attachments and minutes relating to this item be kept confidential and that the revocation of confidentiality be delegated to the CEO to determine when there is no legal or commercial need for continued confidentiality, and that this order be reviewed every 12 months.

11. determine that subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.

Seconded Councillor Gamble and CARRIED

54.2

REPORT TITLE: CONFIDENTIAL ITEM: TENDER 2009.008
BITUMEN WORKS
DATE OF MEETING: 16 NOVEMBER 2009
AUTHOR: IAN POWELL
AUTHOR'S TITLE: PROJECT MANAGER
FILE NUMBER: 70/030/203
DEPARTMENT: INFRASTRUCTURE & PROJECTS
**DEPARTMENT
MANAGER:** BRIAN CLANCEY

Moved Councillor Brazher-Delaine that

1. Pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
(k) tenders for the supply of goods, the provision of services or the carrying out of works.
2. Determine that the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate and the Minute Secretary be permitted to remain in the room.

Seconded Councillor Zanker and CARRIED

Moved Councillor Irvine that Council:

3. Awards tender 2008.008, Bitumen Works to Topcoat Asphalt Contractors Pty Ltd for the total estimated amount of \$737,000 (excluding GST) consisting of the tendered schedule of rates for resealing works for the Council approved Reseal Program \$520,000 (excluding GST) and an additional amount of \$217,000 (excluding GST) for budgeted Capital Works Projects as included in the 2009/2010 budget.
4. Authorises the Chief Executive Officer to execute relevant contract documents.
5. Orders pursuant to Section 91(7) and (9) of the Local Government Act 1999 that the schedule of rates and financial amounts contained in Attachment 1 (with the exception of the name of the successful tenderer and the estimated total value of the contract) are kept confidential until 16 November 2010

17.

CONFIDENTIAL REPORTS

17.1

REPORT TITLE: CONFIDENTIAL ITEM - MORPHETT STREET STORMWATER PROJECT & RELATED CONTAMINATION

DATE OF MEETING: 16 NOVEMBER 2009

AUTHOR: DAVID MORTON

AUTHOR'S TITLE: MANAGER PROJECTS

REPRESENTORS: NIL

FILE NUMBER: 44-070-011

ATTACHMENTS: 1. LETTER FROM THE EPA RECEIVED ON 7 JULY 2009

2. LETTERS FROM SOIL AND GROUNDWATER DETAILING CONTAMINATION TEST RESULTS

3. LETTER TO BOTTEN LEVINSON LAWYERS

DEPARTMENT: INFRASTRUCTURE & PROJECTS

DEPARTMENT: BRIAN CLANCEY
MANAGER:

PURPOSE

To provide an update on progress regarding cost recovery relating to contamination and design issues which affected the stormwater infrastructure upgrade undertaken by Council in Morphet Street and seek authority to progress cost recovery efforts.

RECOMMENDATION

That Council:

1. pursuant to Section 90(2) and 90(3) of the Local Government Act 1999 orders that the public be excluded from attendance at the meeting to consider in confidence matters regarding:
 - (b) information the disclosure of which – could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting,

or proposing to conduct business, or to prejudice the commercial position of council; and would, on balance, be contrary to the public interest.

And

- (i) information relating to actual litigation, or litigation that the council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council;
2. determine that the Chief Executive Officer, General Manager Infrastructure & Projects, General Manager Strategy, Development & Communities, General Manager Corporate, Manager Projects; and the Minute Secretary be permitted to remain in the room.
 3. authorise the CEO to invite an offer for reimbursement of Council's costs from Gilbert Motors Pty Ltd and accept the offer subject to it being no less than \$400,280 (exclusive of GST) and if requested by Gilbert Motors Pty Ltd, with conditions that are limited to keeping the amount and parties to the agreement confidential and Council undertaking not to pursue any further costs in relation to the Morphet Street Stormwater Upgrade Project.
 4. authorise the Chief Executive Officer, in liaison with the Mayor, to execute the documentation required to formalise an agreement with Gilbert Motors Pty Ltd for the reimbursement of costs subject to meeting the above requirements.
 5. note that if an offer for cost reimbursement of less than \$400,280 (exclusive of GST) is made by Gilbert Motors Pty Ltd it will be brought back as a confidential item to a Council meeting for consideration.
 6. advise Gilbert Motors Pty Ltd that Council has set a deadline of 18 January 2010 for an offer from Gilbert Motors Pty Ltd regarding Council's claim for cost reimbursement and will consider legal action following expiry of that deadline should an offer not be forthcoming from Gilbert Motors Pty Ltd by that time.
 7. note that a further report will be provided to Council by 1 February 2010 when documentation has been executed between Council and Gilbert Motors Pty Ltd or failing receipt of an offer, and before the commencement of any formal legal action.
 8. decide not to pursue cost recovery for the contamination found between Stephen and Hutchinson Streets (which represented

approx 5% of the initial contamination found) on the basis that advice has been received from Coffey Environments there is insufficient information to prove the source of this contamination

9. Note that a further report will be provided to Council when further legal advice is received from Thomson Playford Cutlers regarding the dispute with Tonkin Consulting in relation to design services provided on this Project.
 10. Orders pursuant to Section 91(7),(8) and (9) of the LG Act 1999 that the discussion, reports, attachments and minutes relating to this item be kept confidential and that the revocation of confidentiality be delegated to the CEO to determine when there is no legal or commercial need for continued confidentiality, and that this order be reviewed every 12 months.
 11. determine that subject to Section 90 of the Local Government Act 1999 as amended, the public be readmitted to the meeting at the conclusion of the item.
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1. BACKGROUND

1.1. Morphett Street Contamination

Since discovering the presence of contamination affecting the Morphett Street Stormwater Infrastructure Upgrade Project in 2008 Council has been working to identify the source of contamination and seek compensation for the additional costs incurred as a result of the extra measures needed to deal with the impact on the project.

In a Confidential Item dated 6 July 2009 an update was provided to Council on the progress of discussions on this matter.

A letter from the EPA received on 7 July 2009 in which the EPA advised that it was in discussion with the owner Mr Grant Gilbert regarding the source of the contamination is shown as Attachment 1. Two letters provided to the EPA by Mr Gilbert's consultant, Soil and Groundwater are shown as Attachment 2.

On 31 August 2009 Council's CEO and other senior staff attended a meeting with the CEO of the EPA to discuss the matter. The EPA indicated ongoing interest in the contamination and potential groundwater impacts. It also undertook to provide information where possible via its Public Register.

Council has had several without prejudice discussions with Mr Grant Gilbert of Gilbert Motors Pty Ltd and his legal representative Mr James Levinson of Botten Levinson Lawyers. At the most recent

meeting held on 2 November 2009 Mr Levinson requested that Council provide details of any costs or other claims it wished to make against Gilbert Motors. This information had already been provided in detail in early 2009 without any progress being made or acceptance of liability by Gilbert Motors. Council staff undertook to provide updated information through its legal advisor Mr Fraser Bell of Thomson Playford Cutlers (refer attachment 1).

1.2. Walker Street – Undergrounding of Power Lines

Work on the Power Line Environment Committee (PLEC) project to underground a short span of power lines in Walker St (between Morphett Street and Gawler Street) has been recommenced but not completed. ETSA Utilities has been advised of the most recent information received by Council via the EPA to ensure that appropriate OH&S and Public Safety measures are in place. Council entered into a Deed of Indemnity with Gilbert Motors Pty Ltd on 30 June 2009 to the effect that Gilbert Motors will be responsible for any extra costs for the PLEC project resulting from the presence of contamination.

2. DISCUSSION

2.1. Soil and Groundwater Reports

The reports indicate the Consultant's assessment of the extent of a hydrocarbon plume on the Gilbert Motors site, including an inferred dissolved phase hydrocarbon plume which extends onto Council property (road reserve) in Morphett St and Walker St. The existence and potential movement of any groundwater contamination plume is expected to be of interest to the EPA.

The information provided by Soil and Groundwater advises that removal of contaminants has already been commenced by the property owner, Gilbert Motors and proposes a remediation plan to the EPA. Monitoring such processes is the EPA's role.

Remediation of the source site will be in Council's interests as it will remove the source of contamination to Council's land and the potential for further groundwater contamination.

2.2. Negotiations to Recover Costs from Gilbert Motors

Council's legal advisor Thomson Playford Cutlers has advised that in its opinion the information provided via the EPA Public Register is sufficient to establish the Gilbert Motors Site is the source of contamination affecting Council's property in the part of Morphett St between Stephen Street and Adelaide Road.

Gilbert Motors Pty Ltd purchased the site in 1986. It is believed that new underground storage tanks were installed by Gilbert in

approximately 1992. These "new" tanks passed integrity tests in 2008, consequently the contamination is likely to have resulted from the "old" tanks, (potentially a decommissioned underground storage tank which remains in-situ). The community would rightly expect Council to pursue the polluter rather than have all ratepayers bear the cost impost of the contamination on the stormwater upgrade project.

While undertaking legal action is viewed as a last resort, negotiations which have been commenced with Gilbert Motors for Council cost reimbursement arising from the contamination have been slow. Given this and the length of time which has already passed, it is therefore considered appropriate to set a time limit for an offer of a negotiated settlement with Gilbert Motors and in the absence of that being achieved by that date, a further agenda item will be prepared for consideration in a Council meeting on the implications of proceeding to commence legal action to recover costs and advise Gilbert Motors accordingly.

Thomson Playford Cutlers has advised that it does not expect the EPA to assist the Council in its efforts to seek reimbursement of its costs related to the presence of contamination.

It is also considered desirable to continue negotiations and reporting to Council on a confidential basis so as not to prejudice Council's commercial or legal position.

The total Claim provided to Gilbert Motors was for \$466,348.96 (excluding GST) including Council's cost of funds on outstanding monies (attachment 3). It would assist the progress of the matter if the CEO is given delegation by the Council to invite and if within the parameters determined by Council, accept an offer from Gilbert Motors.

In establishing an appropriate range consideration has been given to the nature of each claim heading. These broadly fall into direct costs which are based on accounts paid which specifically relate to this project and the impact of contamination e.g. testing, waste disposal, contract variation and legal fees. Indirect costs include salary, overhead and interest costs.

Direct costs amount to \$400,280 (excluding GST) and it is recommended that this amount be set as a minimum acceptable reimbursement from Gilbert Motors.

It is possible that Gilbert Motors will offer a lower (or much lower) figure in which case consideration may need to be given to commencing legal action. It is also expected that if agreement for reimbursement can be reached Gilbert Motors would request inclusion of a confidentiality clause.

3. Costs Related to Separate Contamination Found Between Stephen and Hutchinson Streets.

Advice has also been received from Coffey Environments there is insufficient information to prove the source of the substantially smaller amount of contamination found between Stephen and Hutchinson Streets. Costs related to this location were much lower than the impact of the Gilbert Motors site contamination, contextually only about 5% of the overall costs of contamination.

The nature of this contamination is not due to petroleum products but other unrelated sources.

4. Costs Related to the Design Prepared by Tonkin

In mid 2009 Council retained Thomson Playford Cutlers (Lawyers) to advise on the likelihood of success and an estimate of the associated costs should Council pursue legal action against Tonkin Consulting.

This action was taken in accordance with the Agenda item considered at the Council meeting on 6 July 2009 following responses to Council from the Chief Executive Officer of Tonkin that were extremely disappointing.

Council provided instructions and supporting documentation to Thomson Playford Cutlers. Subsequently Thomson Playford Cutlers advised that there are omissions in the documentation provided by Council. Further documentation has subsequently been provided by Council to Thomson Playford Cutlers and advice is expected shortly.

Post receipt of this advice a further agenda item is intended to be prepared for consideration at a Council meeting.

POLICY IMPLICATIONS

1. Budget

The Stormwater Project was completed in the 08/09 financial year and extra costs were absorbed by Council in that year. The expected cost of legal action would be considered in a further report to Council if an acceptable offer from Gilbert Motors is not forthcoming by 18 January 2010. Similarly in relation to the Tonkin dispute.

2. Legal

Thomson Playford Cutlers have been appointed as Council's legal advisors on both matters. A further report will be provided to Council before any legal action is commenced.

The EPA has a statutory role regarding any remediation of the contamination source and issues such as monitoring groundwater impacts.

3. Staffing/Work Plans

The matter continues to have a significant impact on Council's project management resources.

4. Environmental

Arrangements have already been put in place to ensure the implementation of OH&S and Public Safety Management Plans for any work in the affected parts of Morphett St and Walker St. ETSA Utilities has also been advised of the issue given the undergrounding of power lines being undertaken in Walker Street.

There is no risk to public health if the required safe work procedures are followed.

5. Social

See above

6. Strategic Plans

Not applicable.

7. Risk Assessment

Risk of undertaking legal action will be assessed in a future report.

8. Asset Management

Not applicable.

COMMUNITY CONSULTATION

1. Customer Needs Analysis

Not applicable.

2. Promotion/Communications

It is recommended that negotiations are kept confidential at this point.



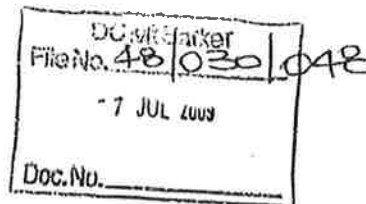
ITEM 17.1 ATTACHMENT 1



GPO Box 2607 Adelaide SA 5001
250 Victoria Square Adelaide SA
T (08) 8204 2000 F (08) 8204 2020
Country areas 1800 623 445

EPA 05/09/2442

Mr Andrew Stuart
Chief Executive Officer
District Council of Mount Barker
PO Box 54
MOUNT BARKER S.A. 5251



Dear Mr Stuart

Thank you for your letter of 16 June 2009 regarding site contamination at Morphett and Walker Street, Mount Barker.

The Environment Protection Authority (EPA) has been investigating the contamination and potential sources in the Morphett Street area and has met with several parties, including the owner of the BP site (Mr Grant Gilbert), to discuss the issue. Recently, Mr Gilbert provided the EPA with a 'Soil and Groundwater Investigation Summary and Remediation Action Plan' which provided details of on and off-site soil and groundwater assessment and a staged approach for future works.

At a meeting between the EPA, Mr Gilbert and his environmental consultants (Soil and Groundwater Consulting), the EPA was advised that Mr Gilbert had an agreement with the District Council of Mount Barker to install groundwater monitoring wells on Council land, and upon assessment provide results of this assessment to Council.

In addition, the EPA believes the contamination first entered the environment prior to 1995, and, as stated in your letter, the EPA has no powers to direct any works or manage site contamination given the current limitations of the *Environment Protection Act 1993*, even with the new site contamination provisions that came into operation on 1 July 2009.

The EPA is appreciative of Council's proactive approach to this matter, and has enjoyed a good working relationship with Council on this issue, as well as others. I welcome the opportunity to discuss the new site contamination provisions with Council,

SCANNED

- 7 JUL 2009

2

including possible approaches to the Morphett Street/Walker Street issue, and I propose to invite Mr Greg Hill (Manager, Site Contamination) to attend this meeting. Our office will be in contact with your Personal Assistant shortly to arrange a mutually convenient meeting time.

For further information on this matter, please contact Mr Greg Hill, Manager Site Contamination on 8207 1864 or greg.hill@epa.sa.gov.au.

Yours sincerely



Helen Fulcher

**CHIEF EXECUTIVE
ENVIRONMENT PROTECTION AUTHORITY**

Date: 5/7/9



ITEM 17.1 ATTACHMENT 2

**Private & Confidential – Privileged Communication**

SG061645

15 September 2009

Botten Levinson
South Terrace
Adelaide SA 5000

Attention: Mr James Levinson

**SOIL AND GROUNDWATER INVESTIGATION SUMMARY AND REMEDIATION ACTION
PLAN – GILBERT MOTORS SITE LOCATED ADELAIDE ROAD, MOUNT BARKER**

Dear James,

Introduction

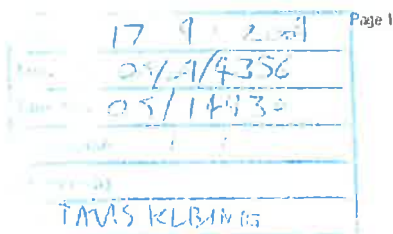
Soil and Groundwater Consulting (S&G) was commissioned by Botten Levinson to undertake a soil and groundwater investigation at the Gilbert Motors site located on the corner of Morphett Street and Adelaide Road, Mount Barker, South Australia ("the site") as shown in Figure 1.

Site Identification

Site identification details are presented in Table 1.

Table 1 – Site Identification Details

Category	Details
Street Address	Adelaide Road, Mount Barker 5251
Certificate of Title (refer to Appendix A)	CT 5955/390
Property Description	Allotment 100 Deposited Plan 68805 In the Area named Mount Barker Hundred of Macclesfield
Owner	Gilbert Motors PTY LTD





Scope of Work & Rationale

Groundwater Investigations

A total of 24 groundwater monitoring wells (GW01- GW24) have been installed, and all wells have been sampled and analysed for TPH and BTEX except for those that have been gauged to have separate phase hydrocarbon 21 sampled. The monitoring wells have been installed to delineate the lateral extent of the separate phase and dissolved phase hydrocarbon plumes identified from the initial investigations.

The groundwater well locations, inferred dissolved and inferred separate phase hydrocarbon plumes are presented in Figure 2.

Interim Treatment

An interim treatment plant has been installed to recover LNAPL from the impacted groundwater. The treatment system consists of three large diameter (150 mm diameter) extraction wells that have been installed to a maximum depth of 7.5 m, two have been installed along the site boundary within the LNAPL plume area and one in the centre of the plume. Additionally, the wells have been linked by an extraction trench to intersect the plume at the site boundary, to prevent any migration of LNAPL and to increase the flow and rate of recovery of LNAPL. The layout of the treatment system is illustrated in Figure 2.

Further Treatment

It is proposed to further extend the length of the extraction trench to the south by approximately 200 meters within the separate phase plume. The extraction trench will link the current extraction wells to provide a more complete intersection of the LNAPL plume and to increase the rate or recovery of LNAPL from the water table. Figure 3 shows the location of the proposed extension to the remediation trench.

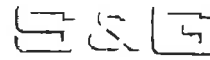
Laboratory Analysis

The groundwater samples were transported to MGT Laboratories (MGT) in Melbourne for selected chemical analyses. MGT are NATA accredited for the analyses undertaken.

Samples not tested were archived and stored under refrigerated conditions for possible further analysis.

Based on the chemicals of interest associated petroleum hydrocarbons, analysis was undertaken for total petroleum hydrocarbons (TPH) and Benzene, Toluene, Ethyl Benzene and Xylene (BTEX).

The laboratory results are included in the summary tables appended to this report and are compared against relevant criteria.



Groundwater Field Measurements

Field parameters were measured in the field during sampling to ensure representative groundwater samples were obtained. A summary of the field parameters is provided in the summary tables appended to this report.

A number of gauging events of on-site and off-site wells was conducted. During the gauging events information of depth to product, depth to the standing water level and any relevant observations were recorded. This information has been summarized in the summary tables appended to this report.

Remediation Action Plan

The following stages are proposed for the management of the identified site soil and groundwater hydrocarbon impacts and are in general accordance with the processes outlined in the following documents:

- National Environment Protection (Assessment of Site Contamination) Measure (NEPM, 1999).
- South Australian Environmental Protection Authority, EPA Guidelines for Environmental management of on-site remediation.
- EPA Victoria, Publication 840, "The Clean Up and Management of Polluted Groundwater", (April 2002).

Below is a summary of the current status of the site investigation, evaluation and remediation works:

Stage 1 – Contamination Delineation (soil and groundwater) – *Generally Complete*

Stage 2 – Implementation of Interim Treatment System – *Completed and Operational*

Stage 3 – Undertake a health and environmental risk assessment – *Proposal Being Prepared*

Stage 4 – Reporting to the EPA to requirements for remediation – *To Be Completed*

Stage 5 – Engage an Environmental Auditor – *To Be Engaged September 2009*

Stage 4 – Remediation Options Assessment – *To Be Completed*

Stage 5 – Design and Implementation of Soil and Groundwater Remediation (if required)

ESG

Stage 6 – Post Remediation Monitoring (if required)

Stage 7 – Project Close Out and Remediation to Extent Necessary (RTEN) Determination for Groundwater (if required)

CLOSURE

We trust this proposal meets your requirements however should you have any queries, please do not hesitate to contact me on (08) 8431 7113 or 0428 154 976.

Regards



Andrew Nunn
Manager – Environmental Services

Attachments

Attachment 1 – Summary Tables

Attachment 2 – Figures

SSG

ATTACHMENT 1

SUMMARY TABLES

Job Name Job Number	Mt Barker SG081645			
	Date	Depth to Water	Depth to Product	Comments
EXT1	10-Jun-2009	4		
EXT2	10-Jun-2009	3.286		
EXT3	10-Jun-2009	3.531	3.505	
EXT4	10-Jun-2009	3.746	3.715	
GW01	17-Aug-2009	3.29	3.046	
GW01	10-Jun-2009	3.988		
GW01	3-Mar-2009	4.286		
GW01	19-Feb-2009	4.133		
GW01	18-Dec-2009	4.113		
GW02	17-Aug-2009	2.735		strong odour
GW02	19-Feb-2009	3.704		
GW02	18-Dec-2009	3.704	3.69	
GW03	17-Aug-2009	2.487		strong odour
GW03	3-Mar-2009	3.89		
GW03	19-Feb-2009	3.706	3.69	
GW03	18-Dec-2009	3.706		
GW04	17-Aug-2009	2.825		
GW04	2-Mar-2009	3.52		
GW04	3-Mar-2009	3.938		
GW04	19-Feb-2009	3.724		
GW05	2-Mar-2009	3.169		
GW05	3-Mar-2009	3.533		
GW05	19-Feb-2009	3.362		
GW06	2-Mar-2009	3.596		
GW06	3-Mar-2009	3.951		
GW06	19-Feb-2009	3.796		
GW07	2-Mar-2009	3.835		
GW07	3-Mar-2009	4.18		
GW07	19-Feb-2009	4.035		
GW08	2-Mar-2009	4.023		
GW08	3-Mar-2009	4.43		
GW08	19-Feb-2009	4.228		
GW09	10-Mar-2009	3.342	3.29	5.2 mm of Product: Confirmed with bailer
GW09	10-Jun-2009	3.243		
GW09	3-Mar-2009	3.434		
GW10	17-Aug-2009	2.66	2.651	

Job Name Job Number	Mt Barker SG081645	Date	Depth to Water	Depth to Product	Comments
GW10		10-Mar-2009	3.398		
GW10		3-Mar-2009	3.503		
GW11		17-Aug-2009	2.835		
GW11		10-Mar-2009	3.559		
GW11		3-Mar-2009	3.647		
GW12		10-Mar-2009	3.444		
GW12		3-Mar-2009	3.551		
GW13		17-Aug-2009	2.476		
GW13		10-Mar-2009	3.392		
GW13		3-Mar-2009	3.481		
GW14		17-Aug-2009	3.354	3.346	
GW14		2-Jun-2009	3.815		
GW15		17-Aug-2009	Unknown	3.173	74cm in baller - had problems with the IP tone
GW15		2-Jun-2009	4.21	3.86	
GW15		10-Jun-2009	4.226	3.709	
GW16		17-Aug-2009	2.855	2.861	
GW17		2-Jun-2009	4.149		
GW18		17-Aug-2009	4.046		
GW18		2-Jun-2009	3.394		
GW19		2-Jun-2009	4.9		
GW20		17-Aug-2009	2.935		
GW20		2-Jun-2009	3.415		
GW21		2-Jun-2009	3.671		
GW22		2-Jun-2009	3.427		
GW23		2-Jun-2009	3.679	3.678	
GW23		10-Jun-2009	3.544		
GW24		17-Aug-2009	3.885	3.835	
GW24		2-Jun-2009	4.905	4.702	
GW24		10-Jun-2009	4.591	4.536	
Trench monitoring well		10-Jun-2009	3.235		

Job Name: Mt Barker
Job Number: SC081645

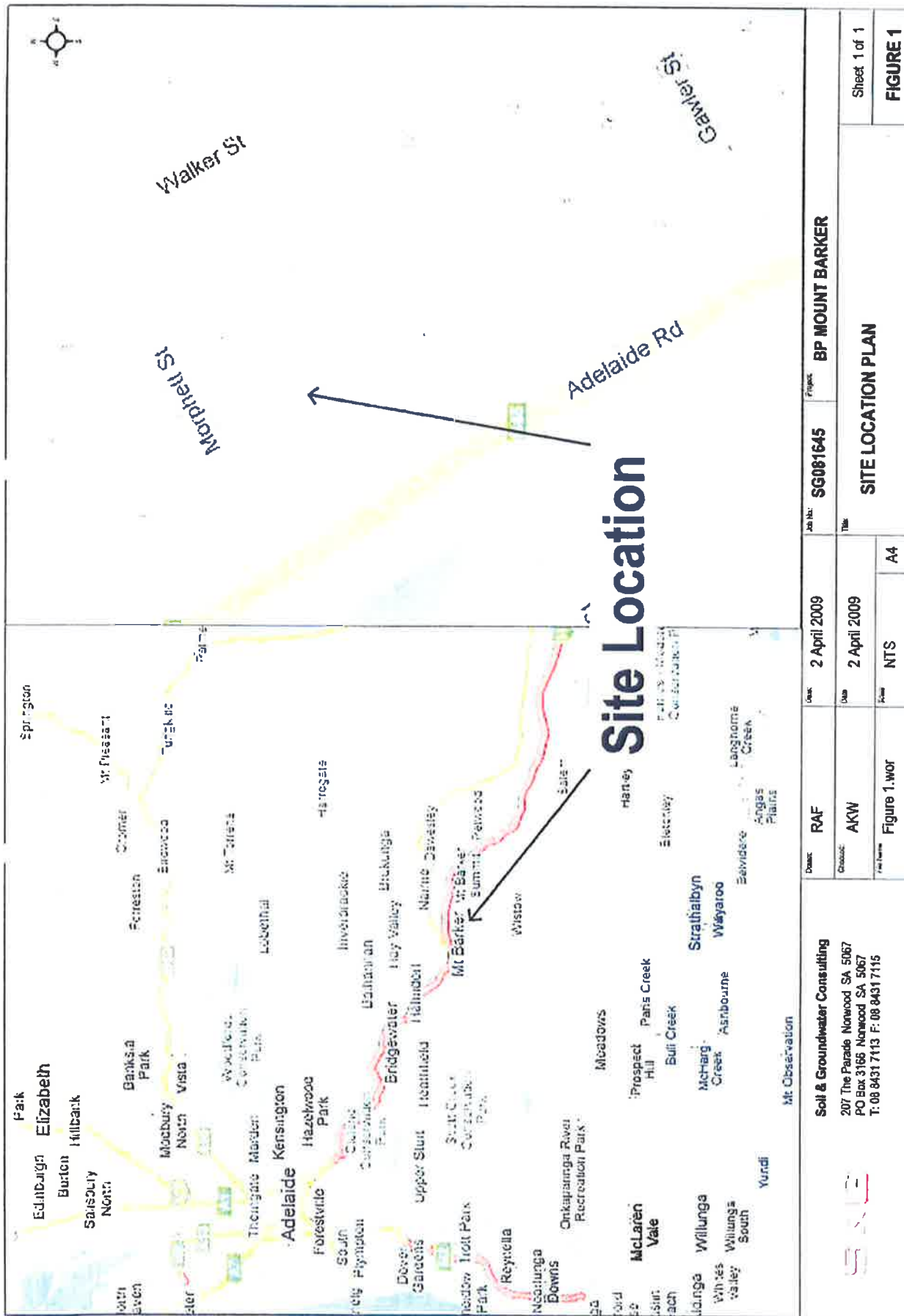
SUMMARY OF FIELD MEASUREMENTS

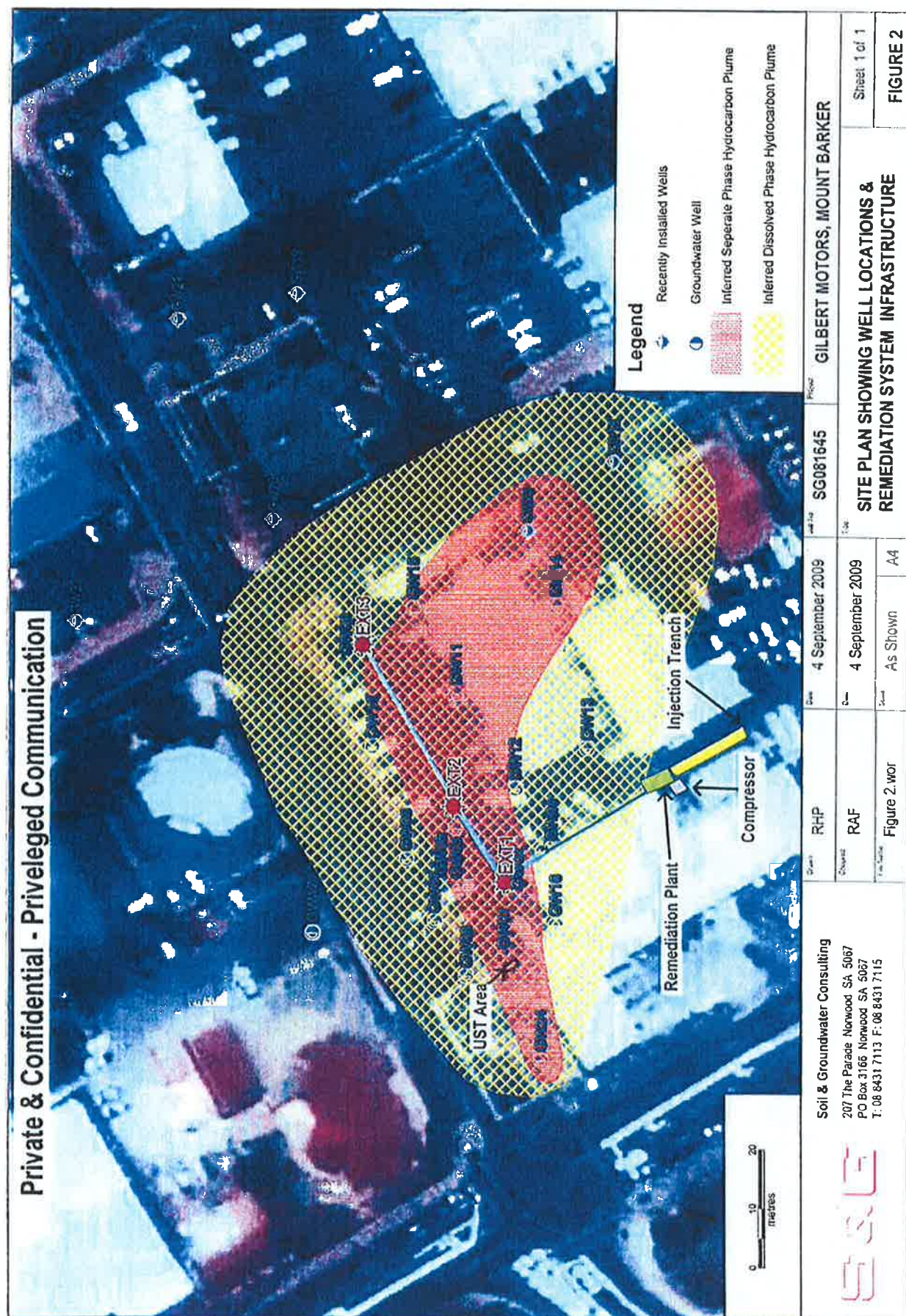
Well ID	Date	SWL	Depth to product	Dissolved Oxygen ppm	Temperature °C	Salinity ppt	pH	Conductivity µS/cm	Redox mV	Comments
GW1	12/18/09	4.11		1.80	19.42		6.75	1.32	-117.00	Dry after 11, 17 and 24 L
GW2	12/18/09	3.70	3.69	1.24	19.12		6.90	1.35	-3.00	Dry after 10 and 18 L
GW3	12/18/09	3.71		1.93	18.95		6.65	2.54	-14.00	Dry after 10 and 16 L
GW4	3/2/09	3.52		Faulty Probe	21.18		6.46	2.39	397.00	Dry after 4 and 9 L
GW5	3/2/09	3.17		Faulty Probe	22.24		6.79	2.335	392.00	Dry after 5 and 8 L
GW6	3/2/09	3.60		Faulty Probe	21.05		6.94	1.70	386.00	Dry after 6 and 10 L
GW7	3/2/09	3.84		Faulty Probe	21.42		6.64	3.12	436.00	Dry after 5 and 9 L
GW8	3/2/09	4.02		Faulty Probe	21.66		6.86	5.49	398.00	Dry after 4 and 7 L
GW9	3/10/09	3.342	3.290	1.96	22.03		6.95	1.96	1357.00	Dry after 5 and 9 L
GW10	3/10/09	3.368		-0.35	21.55		6.96	1.78	1357.00	Dry after 5 and 9 L
GW11	3/10/09	3.559		-2.22	21.38		6.77	2.09	1311.00	Dry after 4 and 7 L
GW12	3/10/09	3.444		-2.15	20.31		6.80	2.27	1352.00	Dry after 4 and 7 L
GW13	3/10/09	3.39		-1.39	20.41		7.02	1.20	1341.00	Dry after 5 and 9 L
GW14	2-Jun-2009	3.815		0.24	17.43		6.70	1990.00	51.30	Dry after 9, 15 and 19 L
GW15	2-Jun-2009	4.210	3.860	*	*		*	*	*	Freeze phase
GW17	2-Jun-2009	4.149		4.24	19.41		6.87	1292.00	89.60	Dry after 5 and 8 L
GW18	2-Jun-2009	3.364		2.21	17.40		6.63	479.00	132.50	Dry after 5 and 9 L
GW19	2-Jun-2009	4.900		2.33	19.77		6.54	1298.00	133.50	Dry after 8 and 13 L
GW20	2-Jun-2009	3.415		2.80	19.29		6.72	1280.00	132.70	Dry after 8 and 13 L
GW21	2-Jun-2009	3.671		2.82	18.83		6.63	1489.00	106.80	Dry after 4 and 7 L
GW22	2-Jun-2009	3.427		1.30	19.69		6.77	2081.00	116.40	Dry after 6 and 13 L
GW23	2-Jun-2009	3.679	3.676	5.29	17.00		6.83	441.00	117.00	Dry after 5 and 11 L, product was in globule form
GW24	2-Jun-2009	4.905	4.702	*	*		*	*	*	Freeze phase

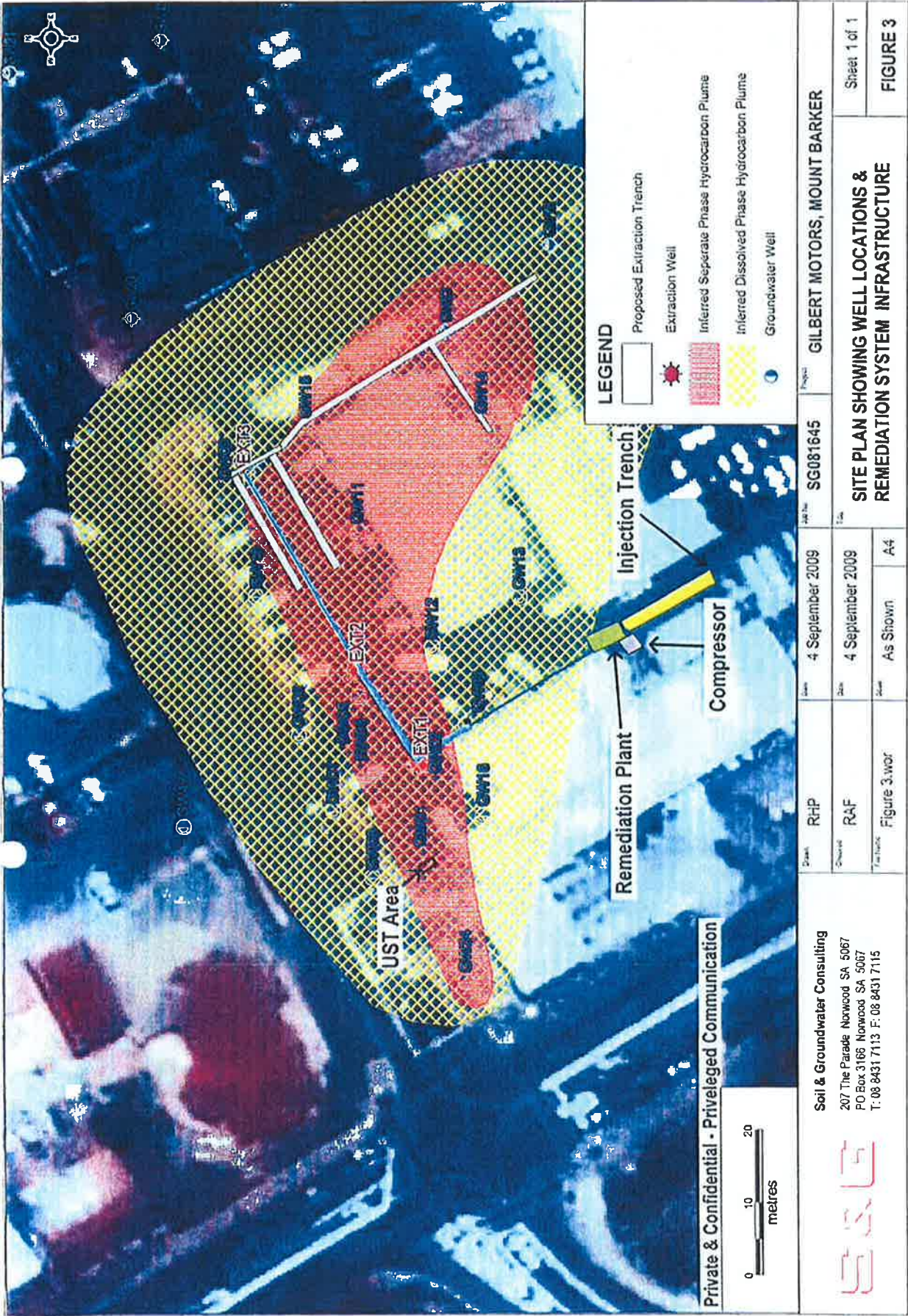
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ATTACHMENT 2

FIGURES







SCANNED

S&G

Private & Confidential – Privileged Communication

SG081645

12 May 2009

Botten Levinson
South Terrace
Adelaide SA 5000

Attention: Mr James Levinson

**SOIL AND GROUNDWATER INVESTIGATION SUMMARY AND REMEDIATION ACTION
PLAN – GILBERT MOTORS SITE LOCATED ADELAIDE ROAD, MOUNT BARKER**

Dear James,

Introduction

Soil and Groundwater Consulting (S&G) was commissioned by Botten Levinson to undertake a soil and groundwater investigation at the Gilbert Motors site located on the corner of Morphett Street and Adelaide Road, Mount Barker, South Australia ("the site") as shown in Figure 1.

Background

Based on discussions between S&G, Botten Levinson and Gilbert Motors, it is understood that recent excavation work in association with the installation of a new stormwater system in Morphett Street undertaken by the Mount Barker District Council have inferred impacts to have been caused by the site (BP service station owned by Grant Gilbert) and its associated activities.

S&G were approached by Botten Levinson on behalf of Gilbert Motors to provide professional environmental services to investigate the potential for contaminating activities on the site and their potential for off-site impact, particularly in the vicinity of the council trench to assist Botten Levinson in providing legal advice for the client.

A decommissioned UST on site was the initial focus of the on-site investigation, potentially having the capacity to be the source of the contamination.

Site Identification

Site identification details are presented in Table 1.

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SSE

Table 1 – Site Identification Details

Category	Details
Street Address	Adelaide Road, Mount Barker 5251
Certificate of Title (refer to Appendix A)	CT 5955/390
Property Description	Allotment 100 Deposited Plan 68805 In the Area named Mount Barker Hundred of Macclesfield
Owner	Gilbert Motors PTY LTD

Scope of Work & Rationale

The groundwater well locations are presented in Figure 2 and the soil investigation locations are presented in Figure 3 in the Figures attachment.

A total of 23 groundwater monitoring wells (GW01 – GW23) have been installed, and 13 sampled (GW1 – GW13). A further 10 wells (GW14 – GW23) need to be sampled following an appropriate stabilization period. The monitoring wells were installed in the area surrounding the UST and from initial results, have been positioned at increasing distances from the UST area in order to assess the lateral extent of the groundwater impacts.

Three large diameter (150 mm diameter) extraction wells have been installed to a maximum depth of 7.5 m in identified hydrocarbon impacted locations.

A total of 5 soil bores (SB01 – SB03, SB05 – SB06) were drilled in the vicinity of the UST location on-site. A further soil bore, SB07, was positioned to provide a preliminary contamination of the on-site soils.

A total of 4 soil bores were installed in Morphet Street along the proposed council storm water trench to a maximum depth of 6 m in order to classify the soils expected to encounter during the remaining stages of the council works excavation.

S S E

Laboratory Analysis

The soil and groundwater samples were transported to MGT Laboratories (MGT) in Melbourne for selected chemical analyses. MGT are NATA accredited for the analyses undertaken.

Samples not tested were archived and stored under refrigerated conditions for possible further analysis.

Based on the chemicals of interest associated petroleum hydrocarbons, analysis was undertaken for total petroleum hydrocarbons (TPH) and Benzene, Toluene, Ethyl Benzene and Xylene (BTEX).

The laboratory results are included in the summary tables appended to this report and are compared against relevant criteria.

Groundwater Field Measurements

Field parameters were measured in the field during sampling to ensure representative groundwater samples were obtained. A summary of the field parameters is provided in the summary tables appended to this report.

Remediation Action Plan

The following stages are proposed for the management of the identified site soil and groundwater hydrocarbon impacts and are in general accordance with the processes outlined in the following documents:

- National Environment Protection (Assessment of Site Contamination) Measure (NEPM, 1999).
- South Australian Environmental Protection Authority, EPA Guidelines for Environmental management of on-site remediation.
- EPA Victoria, Publication 840, "The Clean Up and Management of Polluted Groundwater", (April 2002).

SSE

Staged Approach**Stage 1** – Contamination Delineation (soil and groundwater) – Currently underway**Stage 2** – Implementation of Interim Treatment System – Currently Underway**Stage 3** – Undertake a health and environmental risk assessment**Stage 4** – Reporting to the EPA to requirements for remediation**Stage 5** – Engage an Environmental Auditor – Currently underway**Stage 4** – Remediation Options Assessment**Stage 5** – Design and Implementation of Soil and Groundwater Remediation (if required)**Stage 6** – Post Remediation Monitoring (if required)**Stage 7** – Project Close Out and Remediation to Extent Necessary (RTEN) Determination for Groundwater (if required)**CLOSURE**

We trust this proposal meets your requirements however should you have any queries, please do not hesitate to contact me on (08) 8431 7113 or 0428 154 976.

Regards

**Andrew Nunn****Manager – Environmental Services****Attachments**

Attachment 1 – Summary Tables

Attachment 2 – Figures

SSG

ATTACHMENT 1

SUMMARY TABLES

SG081945 - Gilbert Motors
Site Name - Mt Barker

Summary of Soil Results (mg/kg)

E S E

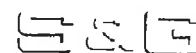
Sample ID	Report Number	Date Sampled	TPH				BTEX			
			C5-C9 fraction	C10-C14 fraction	C15-C26 fraction	C27-C36 fraction	Benzene	Ethylbenzene	Toluene	Xylenes
INVESTIGATION LEVELS										
Waste Fill			65				1	1	1	1.1
Intermediate Landfill Cover			100				5	100	50	180
Low Level Contaminated Waste			100				15	1,000	500	1,800
NSW EPA sensitive use			65		1000		1	3.1	1.4	14
RESULTS										
IR3_3.5	241228	11/2/2009					<0.05	<0.05	<0.05	0.35
IR3_4.0	241228	11/2/2009					<0.05	0.59	0.3	3.1
IR4_3.0	241228	11/2/2009					0.12	10	13	18
IR4_3.5	241228	11/2/2009					0.77	1.7	6.4	55
SB01_3.5	238773	11/12/2009	< 20	69	< 100	< 100	<0.05	0.73	2.1	2.8
SB01_6.0	238773	11/12/2009	27	< 50	< 100	< 100	0.12	3.7	10.1	10
SB03_2.8	238773	11/12/2009	130	190	< 100	< 100	1.7	14	22	30
SB02_3.0	238773	11/12/2009	150	< 100	< 100	< 100	0.69	1.2	18	12
SB05_1.5	238773	11/12/2009	120	85	< 100	< 100	1.5	1.2	165	43
SB05_3.0	238773	11/12/2009	31	< 50	< 100	< 100	0.14	1.8	16.7	8.2
SB06_4.0	238773	11/12/2009	45	< 50	< 100	< 100	0.39	4.0	25	15
DUP 4	238773	11/12/2009	22	< 50	< 100	< 100	0.24	2.2	1.1	5.4
IR1_0.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR1_2.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR1_2.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR1_3.0	240997	11/2/2009	32	< 50	< 100	< 100				
IR1_3.5	240997	11/2/2009	28	< 50	< 100	< 100				
IR1_6.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR2_0.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR2_1.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR2_2.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR2_3.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR2_3.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR3_0.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR3_1.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR3_2.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR3_2.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR3_3.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR3_4.0	240997	11/2/2009	52	< 50	< 100	< 100				
IR4_0.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR4_1.5	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR4_2.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
IR4_3.0	240997	11/2/2009	570	230	< 100	< 100				
IR4_3.5	240997	11/2/2009	200	100	< 100	< 100				
IR4_5.0	240997	11/2/2009	< 20	< 50	< 100	< 100				
D13	240997	11/2/2009	< 20	< 50	< 100	< 100				
GW09_0.0	241875	24/2/2009	< 20	< 50	< 100	240	0.38	<0.05	0.78	<0.05
GW09_3.0	241875	24/2/2009	650	1300	< 100	190	4.6	16	340	180
GW09_6.0	241875	24/2/2009	290	350	< 100	120	2.0	22	130	51

Please note: Above mentioned criteria comes from The Criteria For The Classification Of Contaminated Waste

Southern Waste Depot July 2003 WASTE SOIL

SG081845 - Gilbert Motors
Site Name - Mt Barker

Summary of Groundwater Results (mg/L)



ALL RESULTS IN MG/L

Sample ID	Report Number	Date of Sampling	BTEX				TPH			
			Benzene	Ethylbenzene	Toluene	Xylenes(ortho,meta and para)	TRH C6-C9 Fraction by GC	TRH C10-C14 Fraction by GC	TRH C15-C28 Fraction by GC	TRH C29-C36 Fraction by GC

EPP CRITERIA

Dutch Intervention		0.3	0.15	1	0.07	-	0.6	0.6	0.6
EPP Potable		0.001	0.3	0.8	0.6	-	-	-	-

RESULTS

GW01	238927	18/12/2009	3.9	< 2	17	< 2	23	16	1.2	2.2
GW02	238927	18/12/2009	0.35	0.18	3.1	0.53	6.1	1.9	< 0.1	< 0.1
GW03	238927	18/12/2009	1.8	0.19	5.6	0.43	9.0	1.3	0.4	< 0.1
DUP1	238927	18/12/2009	0.81	< 0.2	1.4	< 0.2	2.2	1.2	0.4	< 0.1
GW04	240596	4/2/2009	1.0	0.15	5.7	0.45	8.8	5.3	1.2	< 0.1
GW05	240596	4/2/2009	6.7	2.5	56	8.8	93	1.1	1.0	< 0.1
GW06	240596	4/2/2009	0.39	0.12	2.5	0.32	3.7	1.1	0.7	0.9
GW07	240596	4/2/2009	0.79	0.14	3.2	0.33	5.3	1.2	1.8	< 0.1
GW08	240596	4/2/2009	3.6	1.6	31	4.6	49	9.8	0.6	0.5
D2	240596	4/2/2009	5.0	1.7	41	6.4	60	9.7	0.5	0.7
GW09	242242	10/3/2009	19	2.4	91	8.8	140	60	12	8.5
GW10	242242	10/3/2009	1.7	0.56	8.9	2.2	21	3.2	0.8	< 0.1
GW11	242242	10/3/2009	2.5	0.34	9.7	1.0	21	1.3	0.9	< 0.1
GW12	242242	10/3/2009	0.29	0.029	1.0	0.11	2.0	0.88	0.5	< 0.1
GW13	242242	10/3/2009	0.15	0.011	0.14	0.11	0.72	0.96	0.4	< 0.1
D9	242242	10/3/2009	21	2.5	110	9.3	150	56	11	7.5
EB01	240596	4/2/2009	< 0.001	< 0.001	< 0.001	< 0.001	< 0.02	< 0.05	< 0.1	< 0.1
EB02	240596	4/2/2009	< 0.001	< 0.001	< 0.001	< 0.001	< 0.02	< 0.05	< 0.1	< 0.1
EB03	240997	11/2/2009					< 0.02	< 0.05	< 0.1	< 0.1

Job Name: Mt Barker
Job Number: SG001645

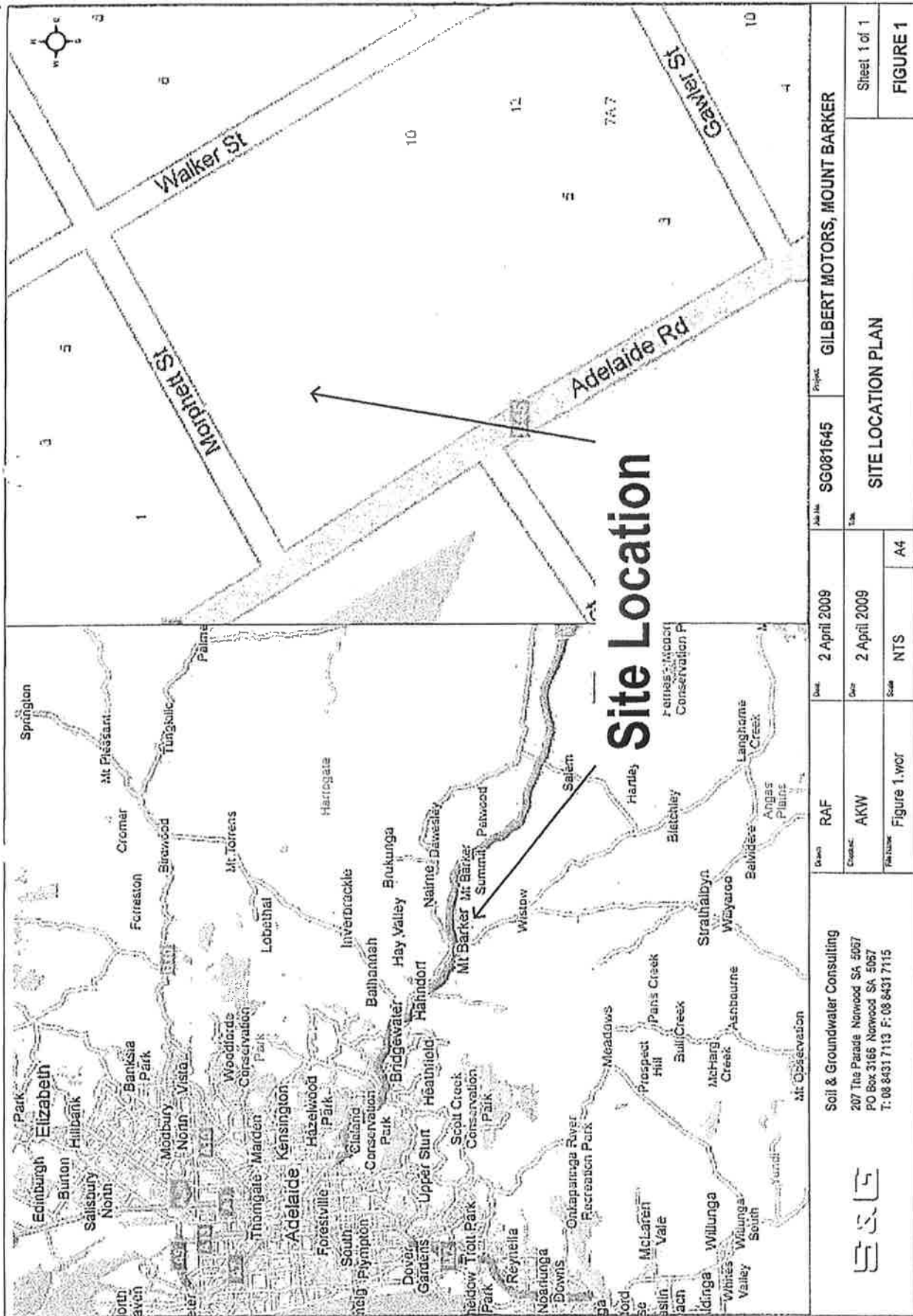
SUMMARY OF FIELD MEASUREMENTS

Well ID	Date	SWL	Depth to product	Dissolved Oxygen ppm	Temperature °C	Salinity ppm	pH	Conductivity uS/cm	Redox mV	Comments
GW1	12/18/09	4.11		1.80	19.42		6.75	1.32	-117.00	Dry after 11, 17 and 24 L
GW2	12/18/09	3.70	3.69	1.24	19.12		6.90	1.35	-3.00	Dry after 10 and 16 L
GW3	12/18/09	3.71		1.93	18.95		6.65	2.54	-14.00	Dry after 10 and 16 L
GW4	3/2/09	3.52		Faulty Probe	21.18		6.46	2.39	392.00	Dry after 4 and 9 L
GW5	3/2/09	3.17		Faulty Probe	22.24		6.79	2.335	392.00	Dry after 5 and 8 L
GW6	3/2/09	3.80		Faulty Probe	21.05		6.94	1.70	388.00	Dry after 6 and 10 L
GW7	3/2/09	3.64		Faulty Probe	21.42		6.64	3.12	435.00	Dry after 5 and 9 L
GW8	3/2/09	4.02		Faulty Probe	21.66		6.86	5.49	398.00	Dry after 4 and 7 L
GW9	3/10/09	3.342	3.290	1.98	22.03		6.95	1.56	1357.00	Dry after 5 and 9 L
GW10	3/10/09	3.398		-0.35	21.55		6.96	1.78	1357.00	Dry after 5 and 9 L
GW11	3/10/09	3.569		-2.22	21.68		6.77	2.69	1311.00	Dry after 4 and 7 L
GW12	3/10/09	3.444		-2.19	20.31		6.80	2.27	1352.00	Dry after 4 and 7 L
GW13	3/10/09	3.39		-1.39	20.41		7.02	1.20	1341.00	Dry after 5 and 9 L

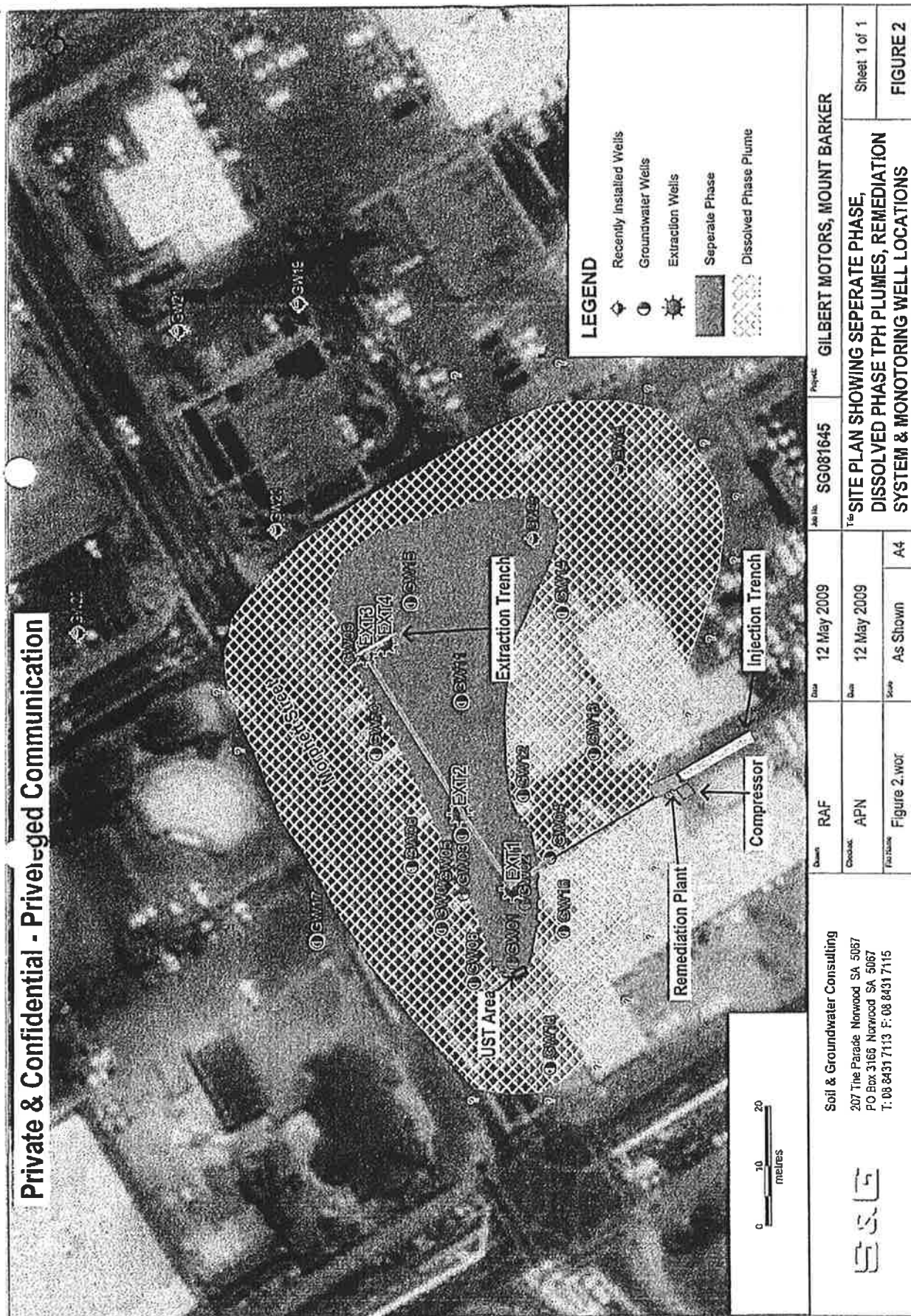
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ATTACHMENT 2

FIGURES

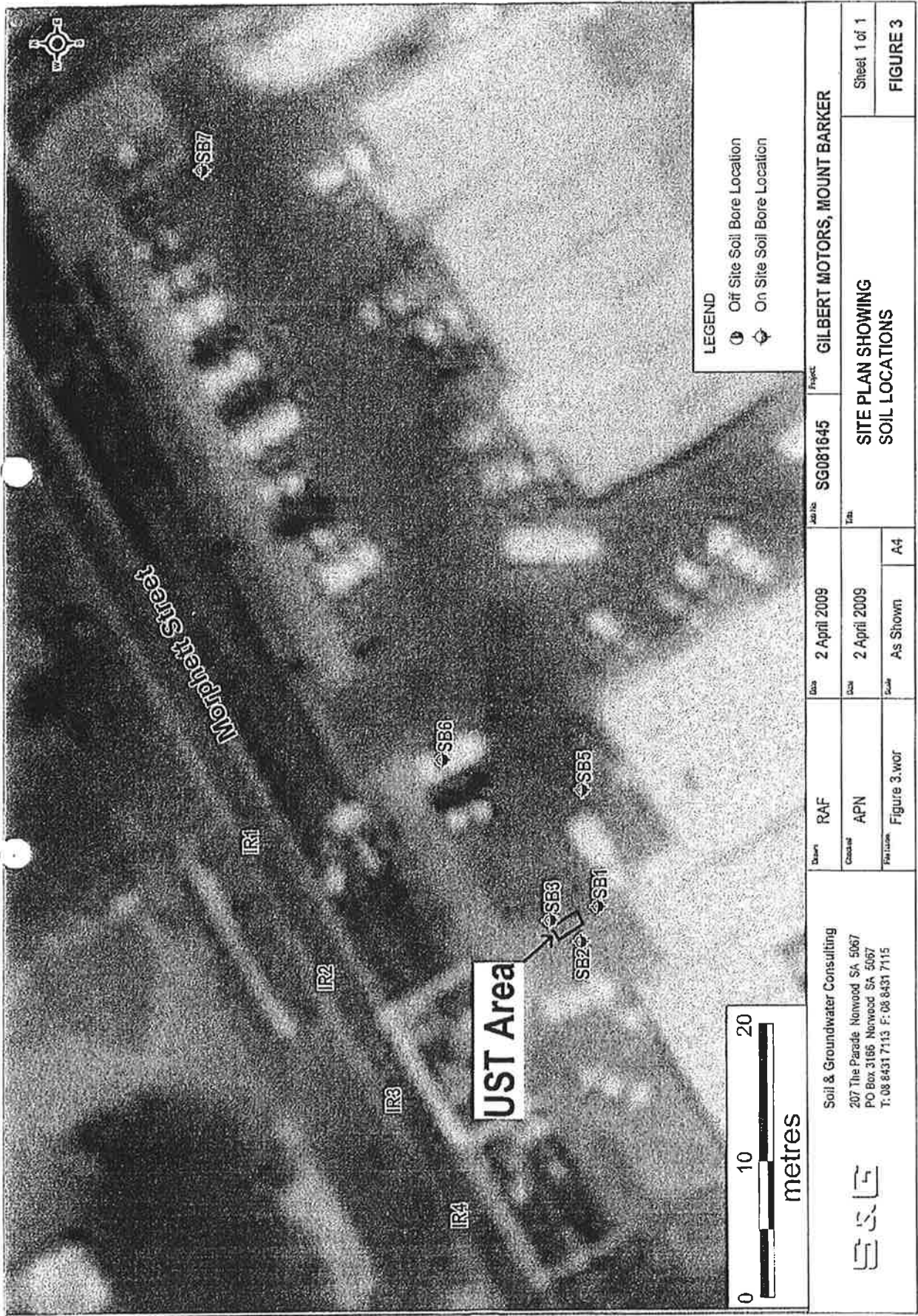


Private & Confidential - Privileged Communication



Soil & Groundwater Consulting 207 The Parade Norwood SA 5067 PO Box 3166 Norwood SA 5067 T: 08 8431 7113 F: 08 8431 7115	Drawn	RAF	Date	12 May 2009	Job No.	SG081645	Project	GILBERT MOTORS, MOUNT BARKER
	Checked	APN	Date	12 May 2009	SITE PLAN SHOWING SEPERATE PHASE, DISSOLVED PHASE TPH PLUMES, REMEDIATION SYSTEM & MONITORING WELL LOCATIONS			
	File Name	Figure 2.wor	Scale	As Shown	A4	Sheet 1 of 1		

FIGURE 2



ITEM 17.1 ATTACHMENT 3

ALB - Adelaide Law Firm of the Year 2009

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www.thomsonplayfordcutlers.com.au

Our Ref: 2959794

Your Ref:

6 November 2009

jal@bllawyers.com.au

James Levinson
Botten Levinson
140 South Terrace
ADEALIDE SA 5000

Dear James

Mt Barker Stormwater works - Morphett Street - Confidential and Without Prejudice

I refer to our without prejudice discussions at our client's offices on 2 November 2009.

You invited our client to particularise its claim in respect of the additional costs associated with the stormwater and PLEC projects as a result of contamination which our client asserts emanated from your client's property.

I confirm that our client's staff intend to report (as a confidential item) on the outcome of discussions to date at the Council meeting on 16 November 2009. In a separate report (which will not be confidential) to the same meeting our client will also provide the Council with copies of the Soil and Groundwater Consulting Reports which have been obtained from the EPA Public Register.

We set out below particulars of our client's losses which we say arise wholly and solely as a result of hydrocarbon contamination on Morphett Street which it had no prior knowledge of and which we say emanated from your client's property. (Costs and losses which are claimable under the Walker Street Deed will be formulated separately).

As we indicated in our discussions, we would expect that your client will wish to review the costs which have been listed; we believe however that there is little room for argument in respect of costs which are obviously attributable to contamination. As you know, the ultimate cost of disposal of contaminated waste depends to a large extent on transport logistics and gate fees. Initially our client dealt with Southern Waste in 2008 when there was no cheaper alternative location for licenced disposal. However, our client subsequently put considerable effort into negotiating with the Adelaide Hills Regional Waste Management Authority to use its facility and secured significantly lower disposal costs as a result of that change. This solution required extensive liaison with the EPA to secure its approval including accommodation works at the Hartley site. We estimate that the resulting cost savings were in the order of \$400,000 to \$500,000.



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The various categories of costs (all exclusive of GST) can be described as follows:

Financial year 2007/2008 – Morphett Street

Southern Waste Disposal Costs	\$60,139.27
Coffey Environments Pty Ltd	\$43,623.68
Legal fees	<u>\$5,937.00</u>
TOTAL	<u>\$109,699.95</u>
Less 5% attributed to other contamination	\$5,485.00
Claim for 2007/2008	\$104,214.95

Financial Year 2008/2009 – Morphett Street

Coffey Environments Pty Ltd	\$50,012.22
Adelaide Hills Waste Management	\$106,403.48
Southern Waste Disposal Costs	\$17,150.71
Thomson Playford Cutlers	\$19,679.00
Gayler Professional Engineering Pty Ltd	\$26,313.28
Harradine Contracting Pty Ltd	\$15,670.32
Salaries – Mr I Powell	\$29,392.00
Salaries – Mr A Stuart, Mr B Clancey and Mr D Morton	\$25,039.00
ADCIV Contract Variation	\$60,837.00
Interest on the outstanding monies	\$11,637.00
TOTAL	<u>\$362,134.01</u>

We offer the following comments by way of explanation of some of these costs.

1. Coffey Environments

Coffey Environments provided advice to our client solely in respect of the contamination. They were not involved in the original scope of works for the stormwater works therefore it is our contention that all of the costs associated with the use of Coffey Environments Pty Ltd can be attributed to the contamination.

2. Discount of 5% attributed to other contamination for the 2007/2008 year

A small amount of contaminated material was found between Stephen St and Hutchison St and not related to your client's site. This amounted to 35m³ compared to 660m³ related to



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your client's site in 2008. A pro rata discount has therefore been applied to the 2007/2008 claim.

3. Gayler Professional Engineering Pty Ltd:

Is the cost of Mr Bill Henderson who was appointed as Project Manager to coordinate measures needed to resume the contract including negotiations with the contractor, the Adelaide Hills Regional Waste Management Authority and the EPA. Mr Henderson was unable to complete this role due to ill health.

4. Salaries – Mr I Powell

The salary costs of Mr Powell were attributed to the project when he took over Mr Henderson's Project Management role.

5. Salaries – Mr A Stuart, Mr B Clancey and Mr D Morton

These costs relate to time spent by senior staff including preparation of Council reports, liaison with Thomson Playford Cutlers, meetings and negotiation with the EPA. This time impost severely impacted on other Council projects.

6. Harradine Contracting Pty Ltd:

Relates to the cost of removal of waste which did not meet the requirements of the Adelaide Hills Regional Waste Management Authority's licence at Hartley to Southern Waste for disposal.

7. In respect of our legal fees, we have removed those amounts relating to the Walker Street negotiations. All of our costs are attributable to the impact of contamination on the project.

8. We note that there was a variation from ADCIV of \$60,837.00. This cost relates only to the extra contract cost of managing the impact of contamination and is documented. Clearly the discovery of the contamination formed the basis for a valid variation.

9. Interest on the outstanding monies has been calculated using the Local Government Finance Association interest rate (Council's cost of funds) and amounts to \$11,637 at time of writing.

During our meeting we indicated that we believed your client would be able to make an assessment of some of these costs in the short term. In this regard we draw your attention to our letters of 17 December 2008 and 7 January 2009 when we provided you with extensive background data relating to the original scope of works. The only change since that time is that the costs which were estimated at that time are now actual.

The total of our client's claim relating to the impact of contamination which emanated from your client's property on the Morphett St Stormwater Upgrade is therefore \$466,348.96 (exclusive of GST) (Morphett Street Costs). This amount excludes costs claimable under the Walker Street Deed which will be formulated separately.

Our client also requires agreement to the following:

- That your client will remove the source of vapour contamination affecting our client's land as soon as is practical and in accordance with EPA requirements.



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- That documentation and information related to the contamination, investigation and remediation of your client's site be provided direct to Council and in a timely manner.

Our Client reserves its rights to seek compensation for any future costs and/or losses which are incurred by Council and arise as a result of hydrocarbon contamination which has emanated from your client's property.

We confirm that any offer which your client makes in respect of the Morphett Street Costs will be forwarded to Council for consideration at a Council Meeting as a Confidential Item.

Our instructions are to continue discussions with your client in the short term. Given that 9 months or so have passed since our client completed the project and almost a year since you were provided with the estimated costs of managing the contamination impact, it is Council's intention at its meeting on 16 November 2009 to set a reasonable time frame (which will be communicated to you) within which an agreement must be reached in relation to the Morphett Street Costs.

In the event that this time-frame is not achieved or an agreement cannot be reached with your client, our client intends to consider its options to pursue the causes of action which are available to it for recovery of the Morphett Street Costs.

We look forward to hearing from you.

Yours sincerely

Fraser Bell

Partner

T: +61 8 8236 1225

E: fraser.bell@thomsonplayfordcutlers.com.au