



## **DBCTM Declaration Review**

# **Independent Opinion for Queensland Competition Authority**

**31 August 2018**

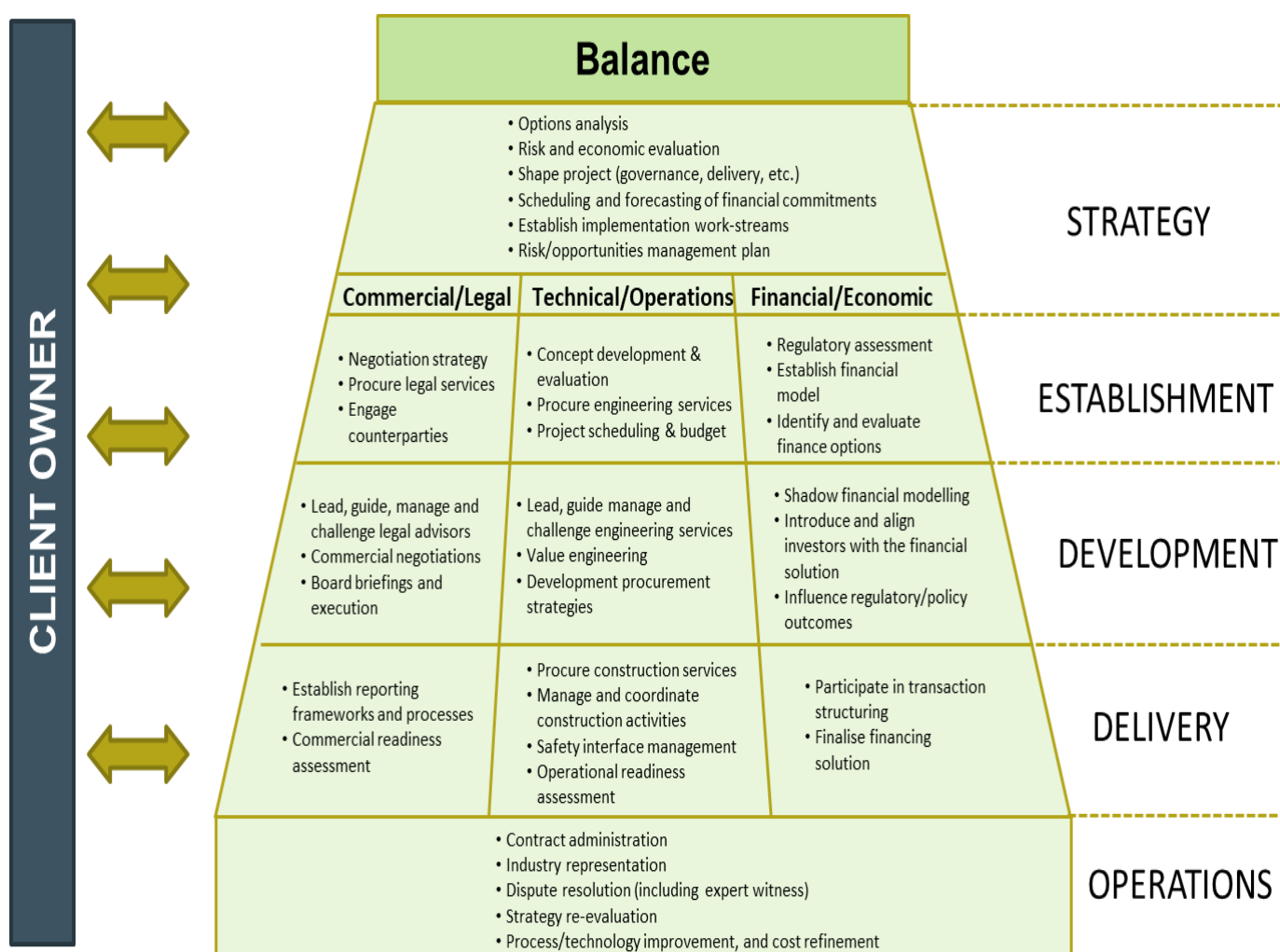
## Contents

Executive Summary .....	3
1. Background.....	4
2. The Coal Tenements Market.....	4
2.1. The Coal Tenements Market.....	4
2.2. Valuation of Coal Tenements.....	6
(a) Income-based approach .....	6
(b) Market-based approach .....	6
(c) Cost-based approach.....	6
3. Access regime without declaration.....	7
3.1. Competition from other export terminals .....	7
3.2. Capacity at DBCT .....	9
3.3. DBCTM Access Framework and Terminal Capacity Allocation .....	9
4. Effects of non-declaration on the market for coal tenements.....	11
4.1. Competition in the coal tenements market with and without declaration.....	11
Appendix A .....	13

## Executive Summary

Balance Advisory has been engaged by the QCA to provide an independent commercial review of the QCA's analysis in the forthcoming draft recommendation of the impact, if any, that access as a result of declaration of the service provided by DBCT will have on competition in the coal tenements market.

In providing our opinion, we have called upon our team's extensive practical experience in significant rail and port transactions both as a Service Provider to the resources sector and as a Producer (contracting with the Service Providers). Our service offering at various stage of a projects development is outlined in the following table:



Balance has an extensive client list of various stakeholders in the Qld coal industry. Our complete client list is included in Appendix A to this report.

Our opinion, based on the commercial factors we have and the relevant stakeholders' submissions, is consistent with the QCA's current view that in a future without declaration:

- there is no viable export terminal competition for DBCT for mines in the Goonyella System;
- existing DBCT users would have materially identified more favourable access terms and conditions (for existing tonnage) than potential users;
- potential users would face both the risk of their economic rents being transferred to DBCTM and uncertainty about the possibility and timing of securing access to the terminal; and
- there would be an uneven playing field between existing and potential users for the acquisition of coal tenements.

We agree with DBCT user group (DUG) that the coal tenements market is separate from the market for other minerals and for reasons stated in this report (as outlined in section 3.1 below) with regard to the significant infrastructure cost difference between the Goonyella System and other systems, we agree with both DUG and the QCA staff's analysis that the geographic dimension of the market is the "catchment area" of Hay Point.

## 1. Background

Balance Advisory has been requested to provide an independent opinion on the analysis contained in the QCA Paper entitled "Competition in Coal Tenements Market: With and Without Declaration of Coal Handling Services at DBCT" and how access to the DBCT service with/without declaration would affect the environment for competition in the coal tenements market, having regard to:

- (a) commercial factors that are relevant to, and influence, the coal tenements market; and
- (b) the relevant stakeholders' submissions which are summarised in the paper.

## 2. The Coal Tenements Market

As part of this report, we have been requested to outline how coal tenements are valued (i.e. how does the market function) and secondly, what effect (in our opinion) would non-declaration of DBCT have on how that market functions.

### 2.1. The Coal Tenements Market

There are a number of stages in the life cycle of a coal tenement ranging from exploration through development to production. The table below outlines the various stages of a coal mine and how risks are usually affected by the work done at each stage:

COAL MINE DEVELOPMENT STAGES AND RISKS								
Risks	Exploration	Scoping Study	Pre-Feasibility	Feasibility	BFS	Construction	Operations	Closure & Rehabilitation
<b>1. Resource Risk</b>								
Quantity of coal resource	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk	Low risk	Low risk
Quality of coal resource	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk	Low risk	Low risk
Market acceptance for that type of coal	High risk	Medium risk	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
<b>2. Environmental and Approvals Risks</b>								
Native title issues	Medium risk	Medium risk	Medium risk	Low risk	Low risk	Low risk	Low risk	Low risk
Land tenure issues	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk	Low risk
Environmental Approvals	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk	Low risk
Community objections	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk	Low risk
<b>3. Offsite Infrastructure risks</b>								
Port capacity	High risk	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk
Rail capacity (above and below rail)	High risk	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk
Water	High risk	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk
Power	High risk	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk
Gas	High risk	High risk	High risk	Medium risk	Medium risk	Low risk	Low risk	Low risk
<b>4. Technical and Operational Risks</b>								
Infrastructure construction risks	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	High risk	Low risk	Low risk
Cost of extracting the coal	High risk	Medium risk	Medium risk	Medium risk	Low risk	Low risk	Medium risk	Medium risk
Technical ability to extract the coal	High risk	Medium risk	Medium risk	Medium risk	Low risk	Low risk	Low risk	Low risk
Securing mining plant & equipment	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Low risk
Mine operational risks (various)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Low risk
Safety issues	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Low risk
Commercial risks (eg. Subcontractors)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Medium risk
Weather events, flooding etc.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Medium risk
<b>5. Closure risks</b>								
Waste disposal	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Medium risk
Contamination	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Medium risk

High risk
Medium risk
Low risk
Not applicable

In a typical coal mine development, the above risks, in particular rail and port access risks under declaration, are generally manageable as there is sufficient certainty around the relevant processes. Of course some risks cannot be managed, such as whether there is sufficient coal, it is of saleable quality, it can be extracted economically etc. These risks are usually quantified early in the process. Under current regulatory regimes, rail and port capacity risks are managed by early engagement with the service providers (during the feasibility study phases prior to obtaining finance for construction) and understanding the primary and secondary markets for capacity.

## 2.2. Valuation of Coal Tenements

Coal tenements are valued differently depending on a number of factors including the stage of development. Tenements in the exploration or development stage will have both a different value and different market to those in the production phase. The stage of development will indicate the appropriate valuation approach and will have a significant impact on the final value. The following valuation methods are commonly used:<sup>1</sup>

### (a) Income-based approach

In valuation theory, discretionary after-tax cash flow is of primary importance. The most commonly applied income approach is discounted cash flow ("DCF"), which assesses the value of an asset by reference to the amount, timing and risk of future cash flows. When implementing a DCF method, it is customary to follow three main steps:

- (i) estimate future cash flows for an explicit forecast period;
- (ii) calculate the value of the asset at the end of the forecast period; and
- (iii) discount the cash flows and the terminal value using a rate that takes into account the riskiness of the cash flows and the time value of money. Then sum those values to arrive at the net present value of the asset.

Extractive industries are unique in some respects: Once a mining resource is sufficiently established from a technical perspective and its economic viability is verified with a feasibility study, the processes to extract the ore and produce the commodity are well-known. **Costs, therefore, can be estimated with a reasonable degree of precision.** Furthermore, the product usually has a ready end market (global or regional) so revenues can be forecast using publicly available forward pricing curves.

### (b) Market-based approach

With this approach, the value is inferred from publicly available information about transactions and trading prices comparable with the target mine. While each mining project may have its own singular characteristics, value data from reasonably similar mines can be used to determine a range of fair market values or to reaffirm the reasonableness of value conclusions reached by other methods, including the income-based approach.

### (c) Cost-based approach

In a cost-based approach, the value is based on the principle that a notional purchaser would not spend more on an asset than it would cost to actually construct the asset. Such costs would include the development costs of the property. The value calculated this way may be thought of as a "floor" value, as it would not include any expected future rate of return or cash flows from the investment.

The following table illustrates how valuation methodologies changes at various stages of mine development:

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1 <http://www.ftjournal.com/article/how-and-why-to-value-a-coal-mine>

**Figure 4: CIMVAL Valuation Approach Guideline by Development Stage**

Valuation Approach	Exploration properties	Mineral resource properties	Development properties	Production properties
Income	✗	in some cases	✓	✓
Market	✓	✓	✓	✓
Cost	✓	in some cases	✗	✗

Source: CIMVAL Standards

Under all methodologies, the risks noted in the table above are relevant to, and influence the coal tenements market and are drivers for prospective buyers of coal tenements to consider in determining the economic value and demand of a coal tenement.

### 3. Access regime without declaration

#### 3.1. Competition from other export terminals

The Goonyella System links Bowen Basin mines to both DBCT and HPCT. While DBCT is a multi-user terminal, historically HPCT only services mines operated by BMA and BHP Mitsui Coal (BMC). Other export coal terminals available for mines in the Central Queensland Coal Network include AAPT, RGCT and WICET however the geographic location of a coal tenement and the distance from mine to port is a significant factor in selecting a coal export terminal from a cost perspective, with above and below rail costs, terminal costs and the practicality of potential rail solutions all equally significant factors.

For mines in the Goonyella System, the cost of exporting coal through other terminals is significantly greater than exporting through DBCT. We note DUG's estimate of the cost difference<sup>2</sup> with WICET being prohibitively expensive (TIC estimate differential of \$20/tonne). It should be recognised that WICET TIC charges will come down from current levels if throughput increases from current levels. In our view given current coal pricing this scenario is likely however it may take a number of years as there is no readily available extra capacity coming on line in the Blackwater system. In any event, there will always be a significant differential in TIC between WICET and other ports due to the relatively high construction cost and the financing structure in place.

We agree that the cost of exporting coal through other terminals is significantly greater than exporting through DBCT for mines in the Goonyella System. The excess cost range assessed by DUG and QCA staff is between 40% and 150%. In our view this is a reasonable estimate, as the above rail

<sup>2</sup> DUG, May 2018: 23

haulage and below rail track access charges are influenced by the distance from the mine to the port unloading facility.

Additionally, there are capacity constraints on GAPE which would prevent Goonyella users from switching to AAPT as North Queensland Bulk Ports Corporation expects any capacity at AAPT to be allocated to projects in the Galilee Basin. We also understand that GAPE is fully contracted, so even if AAPT port capacity became available, there would need to be an expansion of the GAPE rail line to accommodate additional train paths. RGTCT is fully contracted and HPCT unavailable for common user access. In our opinion the cost and capacity constraints at other terminals and connecting rail networks make DBCT the only practical option for coal tenements in the Goonyella System.

We refer to Table 4.2 in DBCTM's Houston Kemp Report<sup>3</sup> which identifies mines that have used more than one coal port terminal. With respect to this table we make the following observations:

- BMA do not permit any other unrelated producers to use the BMA owned HPCT (although they have contracts themselves to use other coal ports on the same basis as other users). Accordingly, our view is that whilst technically BMA has used more than one coal terminal, HPCT does not carry any weight in terms of being a viable competitor port for producers in general.
- a number of the examples used where producers have used both DBCT and AAPT relate to specific circumstances where the rail line to DBCT was damaged by rain events. In this emergency situation Aurizon was able to send trains to AAPT instead of DBCT for the period when the DBCT rail line was being repaired.

When the circumstances referred to above are taken into account, the number of mines using more than one terminal is relatively small, and generally these mines are geographically located between the two port options. Examples are:

- Lake Vermont (operated by Jellinbah), which has contracted capacity at AAPT, and also a rail haulage contract to Gladstone;
- Capcoal (operated by Anglo American), which has contracted capacity at RGTCT, in addition to contracted capacity at DBCT; and
- Oaky Creek (operated by Glencore), which has a contract with RGTCT in addition to its contract with DBCT.

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<sup>3</sup> DBCTM Houston Kemp Report 20 May 2018: 26



### 3.2. Capacity at DBCT

Total capacity contracted under existing user agreements at DBCT is about 77mtpa.<sup>4</sup> DBCT's nameplate capacity is 85mtpa. This means there is about 8mtpa of uncontracted available capacity at DBCT. The QCA has advised that foreseeable demand in the market would exceed DBCT's nameplate capacity.

In our opinion, even though total foreseeable demand in the market exceeds the existing capacity of DBCT, other export terminals do not provide a viable substitute for DBCT (as outlined in section 3.1 above). We agree with DUG that users of the DBCT service would generally not switch to other export terminals.<sup>5</sup>

### 3.3. DBCTM Access Framework and Terminal Capacity Allocation

DBCTM has submitted that it will effectively continue to provide access to terminal services on substantively the same terms as it does under its 2017 AU. However, DBCTM is proposing a different pricing arrangement.

DBCTM's existing user agreements with a term in excess of 10 years include an option (pursuant to clause 20) to extend for a further 5 years or more up to 12 months prior to the end of the Term (commonly called the "evergreen option"). If the option is exercised, existing users are able to continue to access DBCT based on the terms of access and volumes set out in those agreements. As a result, an existing user will have a degree of certainty with respect to the charges it will pay after exercising its option and effectively constrain the ability of DBCTM to utilise the tonnage specified in its agreement. In our opinion there will be little effect on an existing user with or without declaration (at least up to the tonnages specified in its agreement).

Pursuant to clause 11.3 of the standard DBCT user agreement, as long as the user is able to produce reasonable evidence that demonstrates that it is likely in future to substantially ship the whole of its annual contract tonnage, the user can continue to retain its existing rights and DBCT is unable to resume those rights or reduce the existing user's tonnage.

There is no evidence publicly available to date that DBCT has ever resumed an existing user's access rights where an existing user has not met its annual contracted tonnage. Our conclusion is that existing users will retain this favourable position with or without declaration.

It is a different situation entirely for a new user or an existing user wanting to increase its tonnage. Such situations would be subject to the access regime that would apply in the absence of declaration.

DBCTM has proposed an access framework where the terminal access charge (TIC) will be set based on buyers' and sellers' willingness to pay<sup>6</sup> and where the non-price terms and conditions of access will be substantively the same with and without declaration.<sup>7</sup>

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4 <http://www.qca.org.au/getattachment/15f5ec80-d3c7-4318-9c42-970006a4bf07/DBCTM—Reference-Tonnage-Review-Event.aspx> (amended annual reference tonnage effective 2018-19 is 76.9 mt).

5 DUG July 2018: 16-18

6 DBCTM May 2018: 62-71

7 DBCTM May 2018: 56-57

The effect of such a capacity allocation mechanism would be that high “willingness to pay” users that secure terminal access would have their economic rents transferred to DBCTM and the low “willingness to pay” users would either not secure capacity at all or be unable to mitigate the risk of whether and when they would secure access to the terminal

In our opinion, a regime based on “willingness to pay” would create the following cumulative risk factors over and above the normal commercial risks relating to port:

1. Port costs cannot be estimated with a reasonable degree of precision, which leads to valuing tenements (and therefore raising finance) to be compromised. In our view, this in turn leads to a reduction in the demand for coal tenements. This is in stark contrast to the current regulated port arrangements which allow a relatively small pricing range to be inserted in financial models.
2. Increased uncertainty of a new producer securing port capacity due to DBCTM having an incentive to allocate the limited capacity in a manner that would maximise its returns and favour users willing to pay the highest price.
3. Increased uncertainty around securing capacity at all is compounded by the lack of any obligation on DBCTM to offer capacity even to the potential customer who has demonstrated the most willingness to pay.
4. Uncertainty around changes to the coal market in the period after port capacity is secured. For example, if a party secured DBCT capacity based on a willingness to pay in a strong coal market and then the coal price dropped, the increased fixed cost from the port take or pay creates a greater risk for the project.

It is the accumulated effects of the above risks that generates a port risk far in excess of normal commercial risks associated with developing a coal tenement.

The DBCTM proposal would also result in unequal access terms for existing and potential users since existing users have the benefit of the “evergreen option” in their existing user agreements and potential users could be exposed to DBCTM auctioning the limited capacity available to extract payments in excess of normal profits (**economic rents**).

Entrants seeking to secure rail and port capacity from existing users via the secondary market will also be subject to the new pricing regime. In our view, the secondary market would probably not function at all under non-declaration, as the existing users would be reluctant to assign any current capacity, as it would then fall under the new pricing regime forever. We agree with DUG that the high “willingness to pay” users would be mines producing higher value metallurgical coal whereas low “willingness to pay” users would be mines producing lower value thermal coal.

In relation to potential capacity expansion at DBCT we make the following observations:

- a) Under declaration - there is relative certainty about the pricing effects of the port expansion for both existing and new users.
- b) Under Non-Declaration – the material uncertainties noted above remain, with the impact of DBCTM generating an extra return on the expansion costs but transferring all risks to the new users.

## 4. Effects of non-declaration on the market for coal tenements

### 4.1. Competition in the coal tenements market with and without declaration

As outlined in paragraph 3.3, access terms for existing users at DBCT are already more favourable due to the “evergreen” option of the existing user agreements. Existing users also have an added advantage that they can substitute tonnage from other coal tenements in their portfolio or permit other coal tenement holders to rail tonnes under their existing user agreement.

As larger mines generally have a portfolio with development planned well in advance, historically they have been able to replace existing depleting coal tenements with new coal tenements coming upstream which is, in effect, internal secondary trading.

If there is no available substitute for a coal tenement nearing the end of its life cycle, the alternative for an existing user is to trade part of its access rights on the secondary market. In this context we note the submission from DBCTM to the QCA dated 27 June 2018, in particular, we note Table 1<sup>8</sup> that illustrates the secondary trading of capacity at DBCTM. The transfers listed are trades in secondary capacity that have occurred since July 2015 (as an illustrative sample).

It is important to note that of the transactions listed in the Table, the majority related to relatively short term transfers of capacity between existing producers which normally occur to meet short term fluctuations in production. Also during this period producers were unwilling to commit to longer periods of capacity transfer due to the coal market downturn. There were only a small number of permanent transfers that allowed new entrants into the market.

It is not in dispute that:

- the total contracted capacity at DBCT is currently about 77mtpa. Of this contracted volume, about 26.5–28mtpa relate to mines that are expected to reach the end of their economic life over the next 10 years; and
- the vast majority of transactions in respect of exploration or development tenements over the last 3 years are attributable to potential DBCT users rather than current DBCT users.

QCA staff’s analysis is that 26.5-28mtpa of the contracted capacity relate to mines expected to reach the end of their economic life over the next 10 years. Of this,

- about 7-8.5mtpa belong to users that seem to already have another potential replacement tenement (Anglo and Peabody), and
- the remainder of about 19.5mtpa terminal capacity is contracted by users who do not seem to have another replacement tenement in place, which accounts for about 23% of DBCT's nameplate capacity.

Balance is aware that there are a number of mines at various stages of development in the Hay Point “catchment area” that can take up this capacity, such as Winchester South, Eagle Downs, Styx, Moranbah South etc.

In terms of the likely effect of non-declaration of DBCT, since existing DBCT users have materially more favourable access terms and conditions than potential users and can use the existing terminal

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8 DBCT 2017 AU – Trading SCB DAAU.8

rights to substitute tonnage from another mine, existing users would enjoy a material competitive advantage over potential users for acquisition of tenements as they can effectively preserve their current port pricing arrangements by adding tonnes to replace mines coming to the end of their lives or look to extend the economic lives of their existing mines. As noted above, a new entrant looking to develop a mine and subject to the willingness to pay regime means that port costs cannot be estimated with a reasonable degree of precision, which leads to valuing tenements (and therefore raising finance) to be compromised.

As previously outlined in paragraph 2.1, the valuation miners attach to coal tenements is affected by a number of factors, including infrastructure costs. Rail and port capacity is usually secured when a project is in the advanced stages of feasibility and finance is often provided on the basis that rail and port capacity is certain to be secured and the associated pricing is robust. In addition, we agree with QCA staff's analysis that:

- existing users would place a higher value on coal tenements than potential users and would ultimately have the potential to discourage future users from participating in the tenements market and the environment for competition in the coal tenements market (and particularly thermal coal tenements) would be adversely affected;
- the prospect of facing a TIC that would result in economic rents being transferred to DBCTM would create extra risks (as outlined in section 3.3 above) for new entrants attempting to acquire coal tenements in the Hay Point "catchment area" and is likely to discourage them from participating in the tenements market;

## Appendix A

Balance's client base comprises infrastructure developers and owners, explorers, miners, operators, contractors, financiers, authorities, etc.





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## TERMS OF REFERENCE - 6/08/2018

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### Project: Declaration Review

### Project Background

#### Queensland Competition Authority

The Queensland Competition Authority (the QCA) is an independent statutory body responsible for assisting with implementing competition policy in Queensland.

On 4 April 2018, the QCA commenced a review (Declaration Review) into whether the services described in section 250 of the Queensland Competition Authority Act 1997 (Qld) (QCA Act) and provided by the three regulated entities: Aurizon Network, Queensland Rail (QR) and DBCT Management (DBCTM), should be declared in whole or in part following the expiry of the existing declarations on 8 September 2020.

As part of the QCA's review, the QCA will be required to apply the access criteria contained in section 76 of the QCA Act. These criteria were recently amended in March 2018 to align with the access criteria introduced at the Commonwealth level (contained in Part IIIA of the Competition and Consumer Act 2010 (Cth)).

This declaration review will be the first time a regulator will apply the new criteria. Of particular relevance to this consultancy is criterion (a) – 'That access (or increased access) to the service, on reasonable terms and conditions, as a result of a declaration of the service would promote a material increase in competition in at least 1 market (whether or not in Australia), other than the market for the service.'

The QCA is seeking to engage a commercial expert to provide an independent review of its application of criterion (a) in respect of the service provided by DBCT.

The QCA must provide its recommendations on the Declaration Review to the Treasurer by 8 March 2020. The QCA intends to release its draft recommendations for stakeholder comments in December 2018.

### Purpose/outline of consultancy

The primary purpose of the consultancy is to provide an independent commercial review of the QCA's analysis in the forthcoming draft recommendation of the impact, if any, that access as a result of declaration of the service provided by DBCT will have on competition in the coal tenements market.

In this context, the expert's task include:

- (a) Providing an opinion (in the form of a report that may be published) on the QCA's analysis having regard to:
  - (i) commercial factors that are relevant to, and influence, operation of coal exploration/development tenements, mining leases, mining operations, and related activities; including providing relevant commercial examples/circumstances
  - (ii) relevant stakeholders submissions
- (b) In addition, the expert may be requested to:
  - (i) assist the QCA in any factual matters relating to the operation of the coal tenements market, including critiquing factual matters in stakeholder submissions.

- (ii) provide *ad hoc* advice on an 'as needed' basis before or after release of draft recommendations, on related matters that may arise in relation to the QCA's preparation of the final recommendations.

In undertaking the above tasks, the consultant will have particular regard to the impact, if any, of DBCT Management's proposed access framework on competition in the coal tenements, or related, markets.

Please ensure your report:

- sets out your opinion on the QCA's analysis and the reasons thereof
- includes relevant commercial examples/circumstances
- is provided in a form for publication on the QCA website for stakeholder comments as part of the QCA's consultation process on its forthcoming draft recommendation.

## Resources/data provided

The key source of material for the consultant will be stakeholder submissions and publicly available information relevant to the advice sought.

Additional information relevant to this consultancy may be found in the QCA's publications, available from the QCA or for downloading from its website at [www.qca.org.au](http://www.qca.org.au).<sup>1</sup>

Any additional information will be made available on request.

## Project time frame

The consultancy will commence as soon as possible, with completion dates to be advised by the QCA staff during the consultancy.

## Proposal specifications and fees

The proposal should:

- include the name, address and legal status of the tenderer
- provide the proposed methods and approach to be applied
- provide a schedule of rates, up to a cap of **\$20,000 (excluding GST)** for the provision of the services detailed herein
- nominate the key personnel who will be engaged on the assignment together with the following information:
  - name
  - professional qualifications
  - general experience and experience which is directly relevant to this assignment
  - expected time each consultant will work on the project
  - standard fee rates for any contract variations.

The fee quoted is to be inclusive of all expenses and disbursements. A full breakdown of consultancy costs is required with staff costs reconciled to the consultancy workplan.

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<sup>1</sup> Declaration Review webpage at <http://www.qca.org.au/Other-Sectors/Access/To/Infrastructure/DeclarationReviews/In-Progress/2020-Declaration-Review>



Total payment will be made within 30 days of receiving an invoice from the consultant. An invoice is to be provided every 3 months, unless otherwise agreed between the QCA and the consultant.

## Contractual arrangements

This consultancy will be offered in accordance with the QCA's standard contractual agreement.

This agreement can be viewed at <http://www.qca.org.au/About-us/Consultants-info>

## Reporting

The consultant will be required to provide the QCA with reports on an 'as needed' basis. For instance, where a public report is to be prepared, drafts of reports will be required prior to the report's completion date. If necessary, the consultant should advise at earliest opportunity any critical issues that may impeded progress of the consultancy, particularly issues that impact on the successful delivery of the tasks outlined above.

Electronic versions of each report is required, saved in Microsoft Word with any numeric data in Microsoft Excel.

## Confidentiality

Under no circumstance is the selected consultant to divulge any information obtained from the QCA or a third party for the purposes of this consultancy to any party other than with the express permission of the QCA or the relevant third party.

## Conflicts of interest

For the purpose of this consultancy, the consultant is required to affirm that there is no, and will not be any, conflict of interest as a result of this consultancy.

## QCA assessment of proposal

The proposal will be assessed against the following criteria:

- understanding of the project
- skills and experience of the firm and team
- the proposed methods and approach
- capacity to fulfil the project's timing requirements
- value for money.

In making its assessment against the criteria, the QCA will place most weight on relevant experience of the team members involved and the proposed method for the completion of the task.

## Insurance

The consultant must hold all necessary workcover and professional indemnity insurance.

## Quality assurance

The consultant is required to include details of quality assurance procedures to be applied to all information and outputs provided to the QCA.

## Grievances

If during the course of the proposed lodgement you wish to raise any grievances or make a complaint, please contact Ray Rapinette, Director Corporate Services, on (07) 3222 0505 or [ray.rapinette@qca.org.au](mailto:ray.rapinette@qca.org.au)

## Lodgement of proposals

The proposal is to be lodged with the QCA by 5pm Brisbane time on 10 August 2018 (preferably earlier). Proposals should be submitted to:

Ravi Prasad, Project Manager

Queensland Competition Authority

GPO Box 2257

Brisbane Qld 4001

Phone:(07) 3222 0533

Email: [ravi.prasad@qca.org.au](mailto:ravi.prasad@qca.org.au); cc [manish.agarwal@qca.org.au](mailto:manish.agarwal@qca.org.au)