

18 August 2022

To: George Passmore
Director Business Performance
Queensland Competition Authority

Dear George

NECAP 2022 – Confirmation of Capital Expenditure

We refer to section 12.10 of the DBCT 2021 Access Undertaking (**AU**) under which Dalrymple Bay Infrastructure Management Pty Ltd (**DBIM**) is required to incur NECAP expenditure as necessary to ensure that the Terminal complies with Good Operating and Maintenance Practice, and that DBIM complies with its obligations under the Port Services Agreement (**PSA**).¹

In respect of the Financial Year commencing on 1 July 2022, Capital Expenditure of \$51,119,283 (NECAP 2022) was incurred by DBIM on NECAP works completed up to 31 May 2022, as summarised in Attachment 1. In accordance with s.12.10(b)(1), DBIM confirms that the NECAP 2022 expenditure incurred falls within the definition of Capital Expenditure in the AU. DBIM also confirms that:

- NECAP 2022 is not (and has not been) expenditure recovered through HCF or HCV (as those terms are defined in the Standard Access Agreement);
- NECAP 2022 was unanimously approved by all Access Holders;
- the Operator has recommended in writing the incurrence of the relevant NECAP 2022 works; and
- the relevant NECAP works were completed and handed over to the Operator prior to 31 May 2022;

NECAP 2022 includes an allowance for Interest During Construction (**IDC**).

The following supporting documentation is available to the QCA for review if required:

- Project Briefs, including details on the nature of Capital Expenditure for each project;
- Operator Recommendations for each NECAP Series relating to NECAP 2022;
- Access Holder Approvals for each NECAP Series relating to NECAP 2022;
- Certification of handover of completed works to the Operator relating to NECAP 2022.

Given the above, we request that the QCA confirms that it is reasonably satisfied that the expenditure falls within the definition of Capital Expenditure in the AU. If you require any further information in relation to DBIM's confirmation under section 12.10(b)(1), please do not hesitate to contact me or DBIM's Project Services Manager Terry Harvey at Terry.Harvey@dbinfrastructure.com.au.

Yours sincerely,



Jonathan Blakey
Chief Commercial & Sustainability Officer
Dalrymple Bay Infrastructure Management

Attachment 1 – NECAP 2022 Compliance with the Definition of Capital Expenditure

¹ Capitalised expressions in this letter have the meaning given in the AU, unless otherwise defined.

Attachment 1: NECAP 2022 Compliance with the Definition of Capital Expenditure

The following definition is extracted from Schedule F (Definitions & Interpretation) of the DBCT 2021 AU.

Capital Expenditure means expenditure (incurred by DBIM) which:

- (a) relates to replacement or expansion of any part of the Terminal;
- (b) relates to refurbishment or upgrade of any part of the Terminal which can reasonably be expected to extend the life of the relevant part beyond its original useful life or is undertaken for environmental or safety reasons;
- (c) otherwise relates to the refurbishment or upgrade of Terminal plant and/or infrastructure which is reasonably expected to improve whole of life cost, or is incurred with the agreement of the Operator; or
- (d) is ancillary or incidental to paragraphs (a), (b) or (c),

but not expenditure recovered through HCF or HCV (as those terms are defined in the Standard Access Agreement).

Actual Costs for NECAP 2022

ID	Project	Project Manager	NECAP 2022 Expenditure	Relevant paragraph of definition of Capital Expenditure
NK01	New Stacker ST1A	DBIM	31,331,192	Paragraph (a) replacement of part of the terminal (Stacker 1)
NK03	ST1A Engineering and auditing services	DBIM	615,214	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker 1
NK04	ST1A Minor site works	DBIM	137,335	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker 1
NK05	ST1A Control systems, ACCA and other assistance	DBIM	363,601	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker 1
NK06	ST1A Critical spares	DBIM	283,565	Paragraph (d) ancillary to Paragraph (a) replacement of Stacker 1
NP01	Safety guards – phase 8 of 8	DBIM	2,063,205	Paragraph (b) upgrade of part of the terminal (conveyor systems) undertaken for safety reasons
NP07	Onshore Waste Water Treatment Plant (WWTP) upgrade study	Operator	10,192	Paragraph (d) ancillary to Paragraph (c) upgrade of terminal infrastructure (Onshore WWTP) to improve whole of life cost
NP09	Long travel block system – offshore	DBIM	133,014	Paragraph (b) upgrade of part of the terminal (shiploaders) undertaken for safety reasons
NQ01	L2 Roadway Upgrade	Operator	1,359,560	Paragraph (b) upgrade of part of the terminal (access roads) undertaken for safety reasons
NQ03	Pile wrapping – phase 7	DBIM	1,816,155	Paragraph (c) upgrade of terminal infrastructure (offshore piles) to improve whole of life cost
NQ04	Stockyard anti-collision upgrade – phase 2	DBIM	1,643,673	Paragraph (b) upgrade of part of the terminal (yard machines) undertaken for safety reasons
NQ05	SL1 Collision Avoidance	DBIM	2,828,236	Paragraph (b) upgrade of part of the terminal (shiploader SL1) undertaken for safety reasons
NQ08	Offshore Grease Catchment Upgrade – Phase 1	DBIM	463,832	Paragraph (b) upgrade of part of the terminal (grease catchment systems) undertaken for environmental reasons
NR01	Arc flash mitigation – phase 1	Operator	985,086	Paragraph (b) upgrade of part of the terminal (grease catchment systems) undertaken for safety reasons
NR03	Offshore pile wrapping – phase 8	DBIM	2,870,772	Paragraph (c) upgrade of terminal infrastructure (offshore piles) to improve whole of life cost
Total construction costs			46,904,632	
Interest during construction			4,214,651	
Total			51,119,283	