

Infrastructure investment and economics



The challenges across your business demand targeted strategies and solutions. These challenges are often addressed through new thinking that balances risk and opportunity to achieve optimal business and technical outcomes.

As a trusted advisor, we will support you in your decision making through all phases of the business and asset lifecycle and provide you with the confidence and support to move on with your investment decisions. We will work with you to understand your risk appetite and assist you to achieve your business and investment objectives.

Driving value for your business

Our service to you will be underpinned by:

- leveraging our specialist skills gained through advising on over \$150 billion in transactions in due diligence roles and our intricate understanding of the process and requirements of transactions
- our deep business and technical knowledge of infrastructure assets in delivery and operations with experience in the energy and resources, water, transportation and property and buildings sectors
- harnessing the integrated business and technical capabilities of the GHD connected network and applying our extensive knowledge base developed over 90 years.

Transaction, strategy and commercial



Our transaction advisory team has significant international experience, leveraging this into local investment and divestment teams. Working across all infrastructure sectors and with a strong track record in energy, ports, oil and gas, transportation, waste and FMCG, we have delivered strategic and technical advice and services on over \$150 billion of transactions. Through these projects, we have:

- optimised transaction outcomes, providing a comprehensive understanding that enabled our clients to assess risks early and focus on up-side potential, whether buy or sell;
- selected our teams on a best for project basis, combining deep technical subject matter experience with proven commercial and transaction skills; and
- worked to tight timeframes and changing scope of the modern transaction and quickly and effectively:
 - assembled an assessment team with experience relevant to the nature of an organisation's assets
 - worked collaboratively with other advisors (e.g. legal, accounting and tax)
 - performed assessment and reporting in short time-frames
 - completed concurrent multi asset assessments.
- supporting our clients to identify, evaluate and secure infrastructure investment opportunities

Services

Technical, environmental, commercial, regulatory and social due diligence:

- **Buy side roles** – initial technical reviews, due diligence, negotiation and commercial support.
- **Sale side roles** – assistance with divestments, vendor due diligence, specialist studies.
- **Origination**

Business case development



GHD Advisory has worked with government agencies and private businesses to develop and/or review business cases for investment decision making processes. We have regularly advised sponsors on the robustness of investment propositions including having an on-going role in assisting Infrastructure Australia and other government agencies.

Working across different jurisdictions and infrastructure sectors has given us a unique insight into the most recent developments and trends in economic evaluation, option assessment and understanding of requirements or expectations that different sponsor entities hold. Our team delivers business cases without a disciplinary bias, bringing these insights into business case requirements and effective option analysis techniques tailored for the specific investment need.

Clients requiring business case development services have benefited from our:

- applied knowledge and understanding of economic evaluation guidelines;
- extensive experience in the evaluation and prioritisation of infrastructure programs and projects; and
- in-depth experience in applying qualitative and quantitative infrastructure evaluation frameworks.

Services

- Strategic needs analysis and options assessment
- Strategic alignment
- Demand assessment
- Benefits, value-for-money definition and evaluation
- Governance, management and gateway processes
- Social impact assessment
- Investment (business) case development and applications.

GHD has advised on
AUD\$150bn+
worth of transactions

Established client relationships with market ready

Buy side roles

“Provided evidence-based asset valuations and identified upside potential, successfully supporting confident negotiations of purchases.”

Sell side roles

“Successfully achieved sale value representing multiples of 25 – 27 times earnings .”

GHD has worked with

45+

Government agencies, banks, financiers, investors, insurers and super funds

Finance and economic analysis



Our finance and economic analysis team assists clients to improve utilisation, efficiency and effectiveness of services and infrastructure.

We have a comprehensive understanding of government guidelines on economic evaluation and apply this knowledge to benefit our clients, along with our:

- applied knowledge across markets and regions and across private and public sectors;
- extensive experience in the evaluation and prioritisation of infrastructure programs and projects; and
- in-depth experience in applying qualitative and quantitative infrastructure evaluation frameworks.

Services

- Cost Benefit Analysis (CBA) and multi criteria analysis, including non-financial/intangible benefits extending beyond project life
- Economic impact analysis, including employment and related impacts and Wider Economic Benefit (WEB) analysis
- Demand forecasting, elasticity analysis, demographics, trade and market analysis
- Financial analysis and modelling, funding options advice, submission preparation and assessment
- Strategic planning including options strategy analysis and value chain assessments
- Regulatory economics, corporate governance, compliance and interface management, as well as corporatisation and privatisation advice
- Organisational development and business improvement.

Logistics and infrastructure policy



Our logistics and infrastructure policy team have assisted clients to improve the efficiencies and productivity of existing and potential off-site infrastructure, and with the early identification of viable strategy options. The team are industry leaders in the development and delivery of innovative processes for strategic analysis with proven analytical processes that are flexible and adaptable to provide real value for our clients.

This has been enabled by their applied knowledge and understanding of freight, supply chain and port logistics and their in-depth experience in developing and applying qualitative and quantitative analysis methods for infrastructure that supports the transport and trade of key national commodities.

They have significant experience gained through extensive engagements across Australia, the Asia-Pacific region and the Middle East for all tiers of government, peak industry bodies and the private sector.

Services

Our logistics and infrastructure policy team provide services in the technical, environmental, commercial, regulatory and social due diligence areas, as follows:

- Logistics and supply chain investigation to support investment priorities
- Identification and definition of transport options
- Transport strategy development
- Value chain transport strategy testing
- Outcome assessment
- Operational strategies and regulatory situation analysis.





Outcomes

NSW Treasury – Transaction Advisory Services: Port Botany and Port Kembla

In late 2011, the NSW Government announced its intention to enter into a long-term lease of Port Botany. GHD was engaged by NSW Treasury to provide technical advisory services as part of the transaction team, commencing with a scoping study. In 2012, our engagement was extended to include technical advisory services for Port Kembla.

Both sales were successful and delivered over \$5 billion dollars to the NSW Government – \$4.3 billion for the Port Botany transaction package and \$760 million for the Port Kembla transaction package. This transaction, for a 99-year lease period, equated to a price of approximately 25 times earning – a 50% premium to the precedent Port of Brisbane transaction in 2011.

The successful bidder was NSW Ports, comprising three Australian groups – *Industry Funds Management*, *Australian Super* and *QSuper* – and *Tawreed Investments*, a wholly-owned subsidiary of the Abu Dhabi Investment Authority.

Department of Treasury & Finance – Melbourne Metro Rail: Business Case Review

In the context of the *Investment Management Guidelines and High Value/High Risk* process, the Department of Treasury & Finance Victoria (DTF) engaged GHD to conduct a review of the Business Case (cost and deliverability) for the Melbourne Metro project. The objective of the review was to inform the DTF about the readiness of the business case.

The task included a review of the critical commercial assumptions made in formulating the Business Case. Areas of focus included procurement models, market capacity, proposed schedule and risk profile. Stage II of the project reviewed the proposed operating costs, as well as the completion of the gaps identified in the earlier report.

The all-inclusive cost and constructability review focused on project scoping and assumptions (including program, procurement method and risks), as well as social and environmental factors. GHD also reviewed the economic modelling and commercial assumptions for the project. DTF invited GHD to present the process and outcomes to the Commonwealth projects stakeholders including Infrastructure Australia and the Commonwealth Government project sponsors. Melbourne Metro project is currently in the development phase.

Port of Hastings Development Authority, Australia – Container Expansion Project

GHD led the Port of Hastings Container Expansion shipping and container demand work, together with bulks demand, as part of the Commercial and Economics work-stream. This involved reviewing international, transshipment and coastal container trade demand developments, including shipping fleet developments and economics.

Long-term Investment Programs for Priority Catchments – SEQ Water (2016)

Our team developed an economic and financial optimisation tool that assists SEQ Water to prioritise their capital works programs. This optimisation tool considers a broad range of intervention programs including continuity of supply, water quality and the overall prudence and efficiency of investment decisions.

Their long-term investment program is to be applied initially to the mid-Brisbane River catchment, then extend across all catchments. This gave SEQ Water the ability to prioritise their capital expenditure to optimise their capital expenditure program within and across catchments.

National Ports Strategy

GHD reviewed the status of planning, infrastructure development and governance in relation to Australia's container ports and major bulk commodity ports, and developed a national strategy on behalf of Infrastructure Australia and the National Transport Commission. The strategy recommended a national coordinated approach among state governments to port planning, infrastructure investment and management.



We deliver on our promises, through customised solutions that provide clarity for business and investment decision making. GHD Advisory assist clients with the ‘Capital’ (Plan) and ‘Optimisation’ (Operate, Maintain and Dispose) phases of their businesses and assets. Our services include:

Transaction strategy and commercial

- Strong track record of advising on over 150 billion dollars in transactions
- Technical, environmental, commercial, regulatory and social due diligence providing analysis of risks and opportunities, and paths forward to enable successful investment/divestment outcomes

Business case development

- Development of successful business cases and private project development plans based on well-articulated investment drivers, robust economic evaluation and options assessment
- Effective integration of commercial and technical attributes and an understanding of government and corporate requirements
- Supporting client investment decisions across all phases of the business lifecycle to improve utilisation, efficiency and effectiveness of services and infrastructure

Origination and value chain

- Supporting our clients to identify, evaluate and secure infrastructure investment opportunities

Logistics and infrastructure policy

- Logistics analysis and supply chain investigation to identify and focus business strategy, policy and enhanced investment priorities
- Strong track record and unique skills across integrated port, rail and road transport systems

2017 Ranked No. 1 Transactions Business

GHD advisory, is ranked as the top technical advisor for infrastructure transactions and project finance in Australasia, and top 10 globally in the Inframation News Group technical advisor league table.



2014 NSW Premier’s Public Sector Award

Our infrastructure team was part of the wider NSW Treasury transaction team that won the 2014 NSW Premier’s Public Sector Award – Building the Economy relating to the long-term lease of the Port of Newcastle.

For more information about how GHD Advisory can drive value for your business, email us at advisory@ghd.com or contact:

Andrew Dash

Executive Manager
Infrastructure Investment & Economics

andrew.dash@ghd.com
+61 419 025 507

Tomas Nohel

Leader
Business Case, Economics & Finance

tomas.nohel@ghd.com
+61 408 582 369

Jason Fonti

Leader
Origination and Value Chain

jason.fonti@ghd.com
+61 449 232 190

Richard Fechner

Group Executive Leader
GHD Advisory

richard.fechner@ghd.com
+61 402 060 217

Grant Denholm

Leader
Logistics and Infrastructure Policy

grant.denholm@ghd.com
+61 448 339 820