



The Client



The Dalrymple Bay Coal Terminal (DBCT) south of Mackay serves the coal export needs for mines in the Bowen Basin, the largest coal mining area in Australia.

The Project

- DBCT is owned by the Queensland State Government and is leased to DBCT Management (DBCTM) through a 50 year lease, with a further 49 year option, to operate, maintain and develop the terminal
- Dalrymple Bay Coal Terminal Pty Ltd (DBCT P/L), a company owned by a selection of miners using the terminal, is contracted by DBCT Management under an Operations and Maintenance Contract (OMC) to operate and maintain the terminal on a daily basis
- DBCT is a regulated asset and Flagstaff Consulting Group was appointed by the QCA to ensure that the 7X Expansion was completed to an appropriate quality and that value for money was achieved. This task was a result of QCA agreeing with a DBCTM request that the capital cost of the 7X expansion should be taken to the capital base, after the actual capital costs were incurred



The Challenge

- The terminal developer DBCTM identified the role Flagstaff undertook for the QCA as being one of the most significant risks to it having its expenditure on the project approved by the QCA for inclusion in the capital base
- QCA had not carried out a similar process before
- Flagstaff took a proactive approach to their role with a philosophy of pre-empting and preventing issues which could subsequently lead to QCA not accepting expenditure to the capital base
- QCA specified that Flagstaff should undertake progressive reviews of design, procurement, contracts, construction and the final cost of each of the contracts let
- Upon completion of each contract, Flagstaff reviewed all amounts paid, the reasons for any variations or settlement of disputed amounts
- Flagstaff's approach of "pre-empt and prevent" and use of senior well respected people, extended its role to closely coordinate with DBCTM's Project Director to ensure that his decisions could include an understanding of the QCA's position on issues as they arose

The Outcome

- Each of Flagstaff's reports were published on the QCA as evidence that the port expansion expenditure was prudently incurred and represented value for money such that the rate the Port Operator was able to charge port users to export their coal through the port was reasonable
- The whole process was regarded as a success by both QCA and DBCTM