



Department of Economic Development,  
Jobs, Transport & Resources

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Mr Adrian Bowden  
URS Australia Pty Ltd  
Level 6  
1 Southbank Boulevard  
Southbank VIC 3006  
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15 April 2015

Dear Mr Bowden

**Engagement for Provision of Services: Estimation of rehabilitation costs for the three Latrobe Valley brown coal mines**

I refer to your proposal dated 27 January 2015 in relation to the "Estimation of rehabilitation costs for the three Latrobe Valley brown coal mines" (the **Services**) to the Department of Economic Development, Jobs, Transport and Resources (the **Department**), proposal number 3148887/01/0.

The Department is pleased to offer to engage you to provide the Services as further described in Attachment 1 (Scope of Services) on the basis set out in this Engagement Letter and the accompanying Terms & Conditions (together the **Agreement**). The details of the engagement will be as follows:

*Service Provider:* URS Australia Pty Ltd (ABN: 46 000 691 690 )  
*Commencement Date:* Following signing of this agreement  
*Completion Date:* To be confirmed (12 contract weeks from commencement date)  
*Fees:* The Fees will be payable in accordance with Attachment 2 (Payment Terms)

Please confirm your acceptance of the proposed engagement by countersigning the enclosed duplicate copy of this letter where indicated and returning it to Sian Harris by **Friday 17 April 2015**.

Yours sincerely

**Ross McGowan**  
Executive Director, Earth Resources Regulation

Attachments:

1. Attachment 1 – Scope of Services
2. Attachment 2 – Payment Terms
3. Attachment 3 – Terms & Conditions

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As duly authorised representative of the Service Provider, I accept the terms of this Agreement for and on behalf of the Services Provider:

Signature: Adi Boud

Name: ADRIAN BOWDEN

Title: SENIOR PRINCIPAL

Date: 23/4/15

## ATTACHMENT 1 – SCOPE OF SERVICES

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The services to be provided by the Service Provider are as follows:

- i. Undertake a desktop review of the approved work plans, rehabilitation plans and current status of rehabilitation works for the three Latrobe Valley brown coal mines; Hazelwood, Yallourn and Loy Yang.
- ii. Calculate the current rehabilitation liabilities for the three brown coal mines against the relevant approved work plans.
  - Desktop review the existing work plans (and rehabilitation plans) to ascertain the extent of the current operation and progressive rehabilitation to-date, and
  - calculate the current rehabilitation liability for each site.
- iii. Review key stages of progressive rehabilitation and critical rehabilitation objectives over the approved life of the mine, and calculate the costings to achieve mine closure as required by the rehabilitation plan at the end of the approved mine life.
  - Identify and describe the scope of works that will need to be undertaken to implement the requirements of the rehabilitation plan, and include milestones. Such works may include, but not be limited to, type, location, timing and extent of work to be undertaken.
  - Calculate the costs related to achieving key rehabilitation milestones (which may include, for example, final landform, revegetation requirements, among others).

Site inspections are expected to be minimal, and if required will be pre-arranged and escorted by ERR Gippsland Inspectors.

Deliver a final report for each of the brown coal mines that includes:

- A summary of the rehabilitation plans and associated reports, details of the site inspections undertaken, and a review of the extent of progressive rehabilitation measures undertaken to-date;
- Calculations of current rehabilitation liabilities\*;
- Details of the extent of works that would be required to achieve each rehabilitation stage and critical milestone in accordance with the rehabilitation plan, and approved mine development for the life of the mine including costings for works;
- A sensitivity analysis of the derived costs; and
- Any assumptions, methodology, uncertainties and references.

\*If an alternate method to the Department's bond calculator is intended to be used to calculate the liabilities, the results will be required to be translated into a format similar to the bond calculator for submission to the Department.

**ATTACHMENT 2 – PAYMENT TERMS**

The Fees payable to the Service Provider in respect of the Services will be calculated on the basis set out below:

The Fees will be paid in instalments following achievement of each relevant milestone (as described below) to the satisfaction of the Department by the relevant due date for achievement of that milestone:

	<b>Milestones</b>	<b>Instalment Amount</b>	<b>Due Date</b>
1	Delivery of draft report on work plan reviews and rehabilitation measures undertaken to-date (Milestone 3)	\$54,918.05	End contract week 7
2	Present draft costings for works required to achieve rehabilitation stages (Milestone 5)	\$16,127.65	End contract week 9
3	Completion of the Services and acceptance by the Department of the Service Provider's Final Report (Milestones 7 and 8)	\$27,655.30	Project Closure – end contract week 12
	<b>Total</b>	<b>\$98,701.00</b> (inclusive of GST and expenses)	

The total Fees payable to the Service Provider under this Agreement must not exceed **\$98,701 Fee Cap (incl of GST)**.

a. Subject to the Terms & Conditions, the Department will pay the Service Provider within thirty (30) days of the submission of each Tax Invoice specifying in detail (to the satisfaction of the Department) the Services which have been performed & the Fees & expenses incurred in accordance with the Agreement.

**ATTACHMENT 3 – TERMS & CONDITIONS**

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