

Our Reference: 0709

31 August 2011

Racing Queensland Limited
PO Box 63
SANDGATE QLD 4017

Attention: Mr Mark Snowdon

**RE: FEE PROPOSAL
BUSINESS CASE EVOLUTION FOR INDUSTRY INFRASTRUCTURE PLAN
FOR RACING QUEENSLAND LTD**

Dear Sir,

1. INTRODUCTION

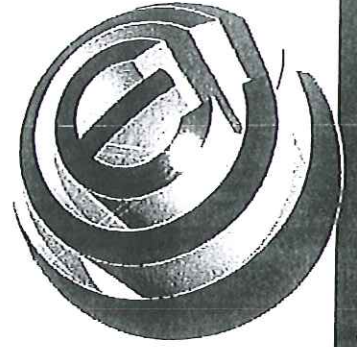
We appreciate the opportunity to submit a fee proposal to provide professional engineering and project coordination consulting services to assist RQL in the provision of information in support of Business Cases, as required by State Government funding protocols for the Industry Infrastructure Plan.

As you are aware, Contour Consulting Engineers have previously provided comprehensive reviews of existing/proposed infrastructure and feasibility studies for major clients for Sporting facilities such as Golf Courses, AFL Fields, and Racing Infrastructure. Notably, Contour have provided much of the input to the current, and past forms of RQL's Strategic Asset Management Plans / Industry Infrastructure Plans (versions I and II).

Our team holds extensive experience in the dealing with funding applications for federal Government, State Government, and Local Government funded projects, with a focus on sports/recreation infrastructure. As such, we would be happy to assist RQL obtain funding in the context of our areas of expertise.

We have the experience and capacity to provide a range of services, including:

- Provision of fully comprehensive application documentation - ready to lodge with Government - (and/or components as per below)
- Local Government Approvals Processes
- State Government Approvals Processes
- Federal Government Approvals Processes
- Civil Engineering Issues
- Structural Engineering Issues
- Environmental Engineering Issues
- Architectural issues (specialist Sub Consultant if/as required)
- Town Planning issues (specialist Sub Consultant if/as required)



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- Traffic Engineering issues (specialist Sub Consultant if/as required)
- Geotechnical Engineering issues (specialist Sub Consultant if/as required)
- Legal - Sustainable Planning Act issues (specialist Sub Consultant if/as required)
- Cultural Heritage issues (specialist Sub Consultant if/as required)
- Coordination of specialist sub-consultants (as/if required)

The information that we will provide, in response to RQL briefing, will be aimed at providing government/treasury with adequate levels of information for the purposes of assessing the business case funding models proposed by RQL.

Contour will also add significant value to the process by bringing to the table our experience and unique expertise derived from Racing projects recently successfully completed in other jurisdictions (NSW, Tasmania, Western Australia, New Zealand and Asia).

Contour has developed specific in-house concept-models, costing-models, and project-timeline-models for all facets of Thoroughbred, Harness, and Greyhound infrastructure, that RQL will be able to take advantage.

Contour holds exclusive, recent and relevant experience/expertise in developing meaningful concept plans in the context of each site's specific constraints and opportunities. To these concepts, we then apply rigorous cost estimating procedures. Our cost assessments do not incorporate simple broad-brush unit rates, as we have found this approach to produce inaccuracies. Such inaccuracies may then be captured inside initial budget forecasts (including contingencies), that once adopted are locked in as the basis for financing by Boards, Governments, Clubs, and Stakeholders. We consider it to be vitally important, to the integrity of each project, that these initial budgets are completed to a high level of confidence, so as to avoid issues that may shelve projects due to initial overestimation, or cause cost overruns during construction/implementation.

Our simple aim is to provide you with rigorous scientific/engineering information to enable RQL to provide adequate levels of information to government in support of the business case funding applications.

As you may know, Contour's areas of expertise include:

- Project Master Planning;
- Project Lead Consulting
- Civil Engineering;
- Structural Engineering;
- Environmental Engineering/Science;
- Traffic and Transport Engineering;
- Flooding and Stormwater Engineering;
- Project Budget Costs;
- Project Timelines/Programmes;
- Building Dilapidation Surveys (Note: Contour are consultants to the Qld Building Services Authority on Building Design/Construction/Dilapidation Issues);
- Building Code of Australia Compliance (BCA) Assessments;
- Project Management (Cost/Quality/Time/Risk Management);
- Presentations to Boards, Clubs, Government, Financiers, Stakeholders;
- Race-day/Training/Patrons/Maintenance/Officials Traffic Movement Plans and Strategies;
- Harness Tracks;

- Thoroughbred Synthetic Tracks;
- Thoroughbred Turf Tracks;
- Thoroughbred Sand Training Tracks
- Ambulance Tracks;
- Stables Buildings and Tie-up Stalls;
- Training Infrastructure (sand rolls, walkers, pools);
- Officials/Vet/Swab facilities Buildings;
- Renovations and New Public Facilities Buildings;
- Chemical Analysis of Synthetic Racecourse Materials;
- Architectural (specialist sub-consultant);
- Existing Turf Track Condition and Agronomy (specialist sub-consultant);
- New Turf Track Agronomy (specialist sub-consultant);
- Harness and Greyhound Racing Surface Selection (specialist sub-consultant); and
- Irrigation (specialist sub-consultant if/as needed).

2. SCOPE OF SERVICES

We understand the scope of services to include:

- Incorporation of Stakeholder requirements (in the context of site constraints and opportunities);
- Liaise with individual club representatives as required;
- Meetings with RQL Representatives with regard to final requirements for each site ("the shopping list");
- Organise site survey if required;
- Liaise with Federal, State and Local Governments on requirements for applications for approvals for new infrastructure;
- Coordinate the preparation of applications for approvals with state/local government as required, in the context of each site and the proposed infrastructure
- Provide input to engineering issues associated with the proposed infrastructure and requirements of government/regulatory approvals;
- Provide input to environmental and other issues at each site (eg, Acid Sulphate Soils, Flooding/Drainage, Conservation, Heritage, etc), proposed infrastructure and requirements of government/regulatory approvals;
- Consider agronomy of racing surfaces (specialist sub-consultant);
- Consider racing industry requirements for continuation of racing product, training, trials and jump-outs;
- Consider racing and training venue patron and participant flows around the sites;
- Consider work place issues;
- Prepare concept plans and associated whole-of-project budgets for the "final" combinations of options and infrastructure;
- Prepare a "final" Project Programme of Delivery considering construction issues, procurement lead times, seasonal weather, racing events, and grow-in/trialling requirements specific to each site;
- Provide detailed engineering and architectural designs to the degree required to "flush-out" unknowns, and provide the level of certainty acceptable to business cases including complete sub-projects on the critical path for other projects;
- Provide outputs adequate for inclusion into Business Case Documentation, for each site. (Business case documentation to be prepared and compiled by RQL). The information provided may include as required; site overview/history,

Constraints/opportunities, Concept Design Criteria, Concept Design Philosophy, Concept Budgets, Phases of Delivery, and Project Delivery Programme.

3. PROPOSED FEES

Based on the limited briefing information available at this time, we are unable to provide a fixed fee proposal for the above services. Hence, we propose to undertake the above services on an hourly rates basis until such time that the projects are defined and/or the extent of our involvement may be confirmed.

Refer Annexure 'A' attached for details of our hourly rates and disbursements. Note that all hourly rates and disbursements are exclusive of GST.

As an indication of cost budgets for each site's Business Plan input, we provide Table 3.1 below. As discussed, this table is indicative only, and is NOT a fixed fee proposal. The indicative costs below are to be used for RQL internal budgeting for the "Business Case" phase of each sub-project/site. We recommend that RQL include reasonable contingency amounts against each sub-project in the context of the scope, construction budget, potential for scope creep/changes, and the potential for latent issues such as those inside government approvals processes.

Table 3.1 also includes allowances for the costs to develop the sub-project information to such a level of certainty so as to effectively provide "unconditional" paths of project delivery for each sub-project. In some cases (such as the Beaudesert sub-project), we understand that other sub-projects (Gold Coast) are critically contingent upon the functionality of new facilities at some IIP sites. That is, one sub-project must be completed prior to commencing works on other strategic sites (similarly, Townsville may not be commenced until Mackay construction is complete so that racing and training venues may remain available to the industry in the sub-regional framework). We understand that detailed engineering and architectural design input may be required to be completed on some sub-projects, in order to provide certainty in this regard.

Table 3.1

SUB-PROJECT	FEE BUDGET
Cairns	\$ 130,000.00
Townsville	\$ 100,000.00*
Mackay	\$ N/A
Rockhampton	\$ 80,000.00
Deagon	\$1,650,000.00
Beaudesert	\$ 650,000.00
Gold Coast	\$ 150,000.00

*We understand that the scope for Townsville sub-project may be subject to significant change and hence the fee budget may require change also.

4. TIMEFRAME

We are in a position to commence the above services immediately.

As always, we will afford RQL the status of priority client in the context of apportioning our resources amongst our client base.

We pride ourselves on providing RQL with high quality and timely inputs, in the context of supporting RQL to attain their goals.

5. PAYMENT

Our Terms of Agreement are attached. Invoices will be raised on a monthly basis in arrears and/or upon completion of services, dependent on duration of service delivery. Please note our payment terms for interim invoicing are strictly 14 days from date of invoice.

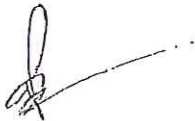
Invoices will be issued prior to delivery of tangible outputs including, delivery of draft and/or completed documentation, lodgement of applications, and/or receipt of approvals as required. Contour Consulting Engineers Pty Ltd, reserve the right to cease services immediately if payment of invoices fall outside the payment terms.

Contour Consulting Engineers will release design drawings and/or documentation upon payment of fees being received in full.

6. SUMMATION

Our Terms of Agreement are attached and if this offer is acceptable to you, we ask that the person responsible for payment complete and sign the attached Consultancy Services Agreement and return it to our office. If you wish to discuss this fee proposal further, please contact Brett Thomson on 5493 9777 or 0437 933 321.

Yours faithfully



Brett Thomson - Director

BE AdvDBus CPEng CEnvP MIEAust RPEQ CPESC MEIANZ GAICD

For and on behalf of:

CONTOUR CONSULTING ENGINEERS PTY LTD



Enclosed: Annexure A (Hourly Rates)
 Consultancy Services Agreement
 Terms of Agreement



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Building A, Suite 2 Level 1, 6 Innovation Parkway, Birtinya 4575, Queensland

ANNEXURE A
(Standard Rates)

Contour Consulting Engineers Pty Ltd - Standard Rates Effective 1 July 2010 (Excluding GST)		
Classification (Contour Consulting Engineers Pty Ltd)	\$/hour Ex GST	Guide to Level of Expertise & Experience
Director/Principal Engineer	\$265.00	Registered/Certified Engineer, or Diploma plus 15 years of experience. Specialist skills brought to the project. Generally in excess of 15 years experience.
Associate Level 1 / Project Manager	\$245.00	More than 10 years Engineering experience or equivalent. Answerable to the Director, but otherwise responsible for all aspects of a small to large project. May also be Registered/Certified Engineer or have experience sufficient to support an application to become a Registered/Certified Engineer.
Associate Level 2 (Design Office Manager)	\$235.00	More than 8 years experience or equivalent. Answerable to the Director, but otherwise responsible for all aspects of a small to large project. Will have conduct of small to large projects, and experience in control of a medium to large team of staff.
Senior Engineer	\$220.00	More than 6 years Engineering experience or equivalent. Well developed technical and commercial skills. Will have conduct of small to large projects, and experience in control of a medium to large team of staff.
Senior Designer	\$210.00	More than 5 years Engineering Design experience or equivalent. Will have conduct of minor projects and experience in control of a small to medium team of staff. Assists planning and design of medium to large projects.
Engineer	\$205.00	2-6 years Engineering experience or equivalent. Will have conduct of minor projects and experience in control of a small to medium team of staff. Assists planning and design of medium to large projects.
Engineering Technician	\$190.00	Input to small/medium/large engineering projects in a para-professional capacity. Site supervision/clerk of works.
Designer	\$190.00	3-4 years Engineering Design experience or equivalent. Assists planning and control of small to medium projects as well as performing some of the more difficult tasks on larger projects.
Graduate Engineer/Designer/ Engineering Technician	\$175.00	Graduate with 1-2 years experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Drafter	\$155.00	2-3 years Design Drafting experience or equivalent. Required to control the tasks on small projects and is responsible for assisting tasks on medium to large administrations.
Undergraduate	\$110.00	Undergraduate or graduate with 0-1 years experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	\$110.00	Administrative work including superior knowledge of software packages, personal assistance work, high speed and accurate data entry. Appropriate skills, including books and records management and accounts processing particular to the administration including filing. Appropriate software and data processing skills necessary to record banking and accounting information.

Note also:

Mileage: \$2/km
Disbursements: Cost plus 15%

The Contour Consulting Engineers Pty Ltd Standard Rates are subject to review and adjustment at 1 July each year to reflect changes in the cost base of the firm and changes in market conditions and rates for comparable firms. Subject to market conditions, the Contour Consulting Engineers Pty Ltd Standard Rates will be adjusted upward at 1 July each year to reflect the change in the Output of the General Construction Industry Index. The increase will generally not be less than the increase in the Output of the General Construction Industry Index, and not greater than 15%.

Note: All hourly time will be charged in minimum 15 minute blocks.



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Consulting Services Agreement

Agreement between Contour Consulting Engineers Pty Ltd (ABN 62 117 061 659) and the Client (detailed below) for the provision of Consultancy Services in accordance with the Fee Proposal and Terms of Agreement attached.

CLIENT DETAILS: (ENTITY RESPONSIBLE FOR PAYMENT OF FEES)	
Client Name:	ABN:
	Phone:
Contact:	Mobile:
Registered Address:	Fax:
Postal Address:	Email:
SITE DESCRIPTION:	
Location:	Lot Number(s):
	Plan Number(s):
Parish:	County:
FEE AGREEMENT:	

The Client, confirms instructions to Contour Consulting Engineers Pty Ltd to proceed with the scope of services and agrees to pay the fees (listed below), as detailed in the fee proposal (CIV0790-FP-03, dated 31 August 2011).

Sub-Project	Budget FEE	Sub-Project	Budget FEE	Sub-Project	Budget FEE
Cairns	\$130,000.00	Rockhampton	\$80,000.00	Gold Coast	\$150,000.00
Townsville	\$100,000.00	Deagon	\$1,650,000.00		
Mackay	N/A	Beaudesert	\$650,000.00		

All fees listed above exclude GST.

The Client hereby agrees that the Consultancy Services shall be carried out under the terms and conditions hereto attached. The Client accepts the offer and agrees to the scope of services and fees as offered in the Contour Consulting Engineers Fee Proposal (as referenced above).

The Client is to read this document carefully and understand the terms of agreement, as it is legally binding. If you have any questions, we ask that you contact our Kawana Waters office on (07) 5493 9777.

Signed
for and on behalf of the Client by its duly authorised officer:

Full Name: _____

Position: _____

Signature: _____

Date: _____



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Terms of Agreement

1. Contour Consulting Engineers (hereinafter referred to as CCE) shall provide to the Client the consulting services described in the accompanying letter or proposal.
2. The fees provided in the accompanying proposal are valid for 90 days only. Upon commissioning, fees for services that extend beyond 12 months will be subject to rise in line with Consumer Price Index (CPI) or 6%, whichever is greater.
3. In providing the services, CCE shall exercise the degree of skill, care and diligence normally exercised by consultants in similar circumstances. CCE invites the Client the opportunity to provide feedback regarding the performance of the services at any time.
4. The Client shall provide to CCE at the briefing, all information concerning the Client's requirements for the commission. CCE shall not be liable for incomplete or inaccurate information provided by the client, the client's consultants, or the client's agents.
5. The Client shall pay CCE the fees and the reimbursable expenses as set out in the accompanying letter or proposal.
6. Payment terms for interim invoicing are strictly 14 days from date of invoice. Invoices will be raised on a monthly basis in arrears and/or upon completion of services. Invoices will be issued prior to delivery of tangible outputs including, delivery of draft and/or completed documentation, lodgment of applications, and/or receipt of approvals as required. Contour Consulting Engineers Pty Ltd will cease services immediately if payment of invoices fall outside the payment terms.
7. CCE will not release design drawings and/or documentation prior to payment of fees being received in full (cleared funds).
8. All monies payable by the Client to CCE shall be paid Cash on Delivery (COD), or within fourteen (14) days of invoice if arranged prior to commissioning. Monies not paid within fourteen (14) days of invoice shall attract interest from the due date until payment, at the rate of 2% per month or part thereof.
9. If payment of services is not received within the specified payment terms, the Client will be liable for all debt collection costs and associated costs incurred to recover debts outside of the payment terms.
10. If any of CCE's delivered products and services are shown to be unsuitable for the intended purpose, the product or service shall be rectified at no cost to the client. This warranty is limited to work carried out by CCE only.
11. **Limit to Liability:**
 - a) To the maximum extent permitted by law, any liability CCE have to the client is limited (in the aggregate) to the lesser of AUD2 million, or the fees paid under the agreement, and the client releases CCE from any further liability.
 - b) To the extent that CCE are not permitted by law to limit our liability as detailed in the previous clause, any liability CCE have to you is limited to re-supplying the services.
 - c) On the date that is one year after the date CCE send the client final invoice for the services, the client releases CCE and our servants, employees, agents and sub-consultants from all liability. For the purposes of this clause, CCE contract on our own behalf and also on behalf of each of our servants, employees, agents and subconsultants.
 - d) CCE shall not be held liable for any claim whatsoever by any third party arising out of or in relation to the services or the project works, and the client indemnifies CCE accordingly.
 - e) CCE shall not be liable for any liability or loss to the extent that negligence or omission is the fault of the client. Where negligence is found to have been contributory, each party shall bear responsibility in accordance with that party's proportional fault.
12. The provisions of the above clauses are subject always to the provisions of Part V of the Trade Practices Act 1974 (as amended) or any other law which cannot be excluded, restricted or modified by agreement.
13. Contour Consulting Engineers deliverables are copyright protected. On receipt of full payment of invoice, Contour Consulting Engineers grants permission (license) to the client to use deliverables (in unaltered form only) for the purpose as stated in the accompanying letter or proposal.
14. Copyright in all documents, including but not limited to; drawings, reports, specifications, bills of quantity, calculations, certifications and other documents provided by CCE in connection with the project shall remain the property of CCE.
15. Subject to above, the Client alone shall have a licence to use the documentation provided by CCE.
16. If the Client is in breach of any obligation to make a payment to CCE, CCE will revoke the licence referred to above and the Client shall then cause to be returned to CCE all documents as referred above, and all copies thereof. Approvals and/or Certifications from Authorities born from the licence will cease to be supported by revoked deliverables.
17. Any dispute between the Client and CCE shall first be the subject of mediation provided that this provision shall not prevent CCE from instituting legal action at any time to recover monies owing by the Client to CCE.



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Terms of Agreement

18. The Client may terminate its obligation under this Agreement:
 - a) In the event of substantial breach by CCE of its obligations hereunder, which breach has not been remedied within thirty (30) days of written notice from the Client requiring the breach to be remedied; or
 - b) Upon giving CCE sixty (60) days written notice of its intention to do so.

19. CCE may suspend or terminate its obligations under this Agreement:
 - a) In the event of:
 - (i) Monies payable to CCE hereunder being outstanding for more than 30 days;
 - (ii) Other substantial breach by the Client of its obligation hereunder, which breach has not been remedied within thirty (30) days of written notice from CCE requiring the breach to be remedied;
 - (iii) The client becomes insolvent or appears to be unable to pay their debts to CCE and/or others;
 - b) Upon giving the Client thirty (30) days notice (written) of its intention to do so, or
 - c) The client displays an intention not to be bound by the terms of this agreement.

20. The client grants automatically to CCE an extension of time to the Date of Completion of services equivalent to the duration of any delay to the provision of those services caused by any matter outside CCE's control.

21. If the scope of works varies significantly from the original commission, CCE reserves the right to adjust fees accordingly. With changes of scope, CCE shall inform the Client of changes to fees.

22. Neither party may assign, transfer or sublet any obligation under this Agreement without the written consent of the other. Unless stated in writing to the contrary, no assignment, transfer or subletting shall release the assignor from any obligation under this Agreement.

23. In addition to any other methods of services or notices permitted by law, notices shall be properly served if sent via prepaid mail, personal delivery, email, or facsimile.

