

Synergies...working together



# about Synergies

Since 2004, Synergies Economic Consulting has provided quality advice and delivered innovative, client-focussed solutions to private and public sector clients throughout Australia.

From its very beginnings Synergies has built its reputation for timely and high quality professional advice through the expertise, skills and flexibility of a dedicated and experienced team who deliver quality outputs on time.

What sets us apart from our competitors is the ongoing hands-on involvement of our senior professionals in all projects.

We take great pride in the quality of our work, our people, the way we work together and our ability to deliver practical solutions.

We are known for our thorough approach, innovative thinking and clear communication.

These qualities, together with our deep knowledge and experience of the sectors we advise, enable us to create value for our clients by shaping the commercial, regulatory and policy outcomes that drive the economy.

## Commercial

Synergies provides commercial advisory services to assist clients in commercial negotiations, pricing, procurement and investment decisions. Our senior team brings considerable business acumen and insight to astutely identify, protect and deliver value for our clients in developing or executing a strategy or transaction.

## Regulatory

Our team's judgement and expertise in economic regulation comes from its experience leading reviews in regulatory agencies and advising businesses subject to regulatory frameworks. That experience gives us practical insight into the rigours and demands of successfully developing and implementing regulatory strategies for network service providers, users, regulators and government.

## Policy

Our deep understanding of government and its needs, gained from decades in senior roles in central agencies, enables us to assist in and constructively influence the policy development process. We assist governments, industry and the not-for profit sector in the design, development and assessment of policy frameworks and projects.

# our services

Synergies applies a range of tools and techniques to deliver the right solution for each project.



## Valuation

We have conducted numerous valuations for businesses in a range of contexts, including for transactional purposes and impairment testing. This experience extends to the valuation of options and intellectual property and the calculation of economic loss.



## Commercial advisory support

Our assistance on transactional and commercial support extends to conducting due diligence reviews, assisting with procurement processes, tender documentation, business case development and commercial negotiations.



## Economic impact assessment

Using proprietary economic models, we estimate the economic impacts of planned policy changes and new projects to inform decision-making. We also measure the economic significance of existing industries and policies.



## Expert testimony

Our ability to authoritatively enable non-technical audiences to understand complex technical issues has resulted in our senior staff regularly appearing as expert witnesses.



## Cost benefit analysis

We use cost benefit analysis to value expected financial outcomes given likely social, economic and environmental costs and benefits in a wide range of policy, competition and business contexts.



## Regulatory impact assessment

Because we understand the universal principles for regulatory design we are able to apply any regulatory impact assessment framework and help agencies and other stakeholders to develop, conduct and participate in these assessments.



## Regulatory strategy and analysis

We assist businesses subject to economic regulation prepare for and engage with regulators, including advising on strategy, preparedness, the development of proposals, the preparation of submissions and ongoing compliance.



## Modelling

We develop simple and complex financial models for valuation, pricing and costing to inform commercial decisions and regulatory processes. We develop budget models for the public sector and have extensive experience developing cost indices. Our modelling capability can also assist businesses seeking to optimise the use of resources involving complex tradeoffs.



## Public policy

We advise governments and industry on policy impact analysis, option development and policy reviews across a wide range of sectors as diverse as agriculture, water, environment, energy and social services.



## Competition analysis

Our understanding of the dynamics of markets and market definition combined with our modelling capability enables us to analyse market power and related issues for competition assessments, including modelling counterfactual situations.

# experience

Synergies has assisted many different clients to achieve their commercial and policy objectives. Our experience is wide ranging and includes transport, energy, telecommunications and water infrastructure sectors, resources, agriculture, health and logistics.

**Client:** **ENERGEX**

**Services:** Regulatory advice

**Sector:** Energy

**Summary:** Synergies provided advice and supporting reports to assist ENERGEX to prepare its proposal to the Australian Energy Regulator (AER) for the 2010-2015 regulatory control period. Our services included advising on the cost of capital, regulatory expenditure and pricing requirements, cost allocation and the AER's service target performance incentive scheme. We subsequently assisted ENERGEX to prepare its response to the AER's draft determination on ENERGEX's regulatory proposal, including advising on cost pass-through arrangements and labour and materials cost escalators.

**Client:** **National Transport Commission**

**Services:** Public policy advice

**Sector:** Transport supply chains

**Summary:** Synergies undertook a comprehensive review of export coal supply chains in Australia for the NTC. The primary purpose of the study was to review the role of government in these supply chains. It involved a detailed analysis of supply chains and performance and included consultation with industry stakeholders. The recommendations informed the development of the NTC's National Transport Strategy.

**Client:** **Sucrogen**

**Service:** Public policy advice

**Sector:** Renewable energy

**Summary:** Synergies and ROAM Consulting prepared a joint submission on behalf of Sucrogen to the Queensland Environment, Agriculture, Resources and Energy Parliamentary Committee. The submission identified the size and possible causes of the renewable energy 'gap' relative to government targets and potential policy options to resolve this gap. We presented our findings to the Parliamentary Committee at its public hearing.

**Client:** **Queensland Treasury**

**Services:** Due diligence advice

**Sector:** Transport/rail

**Summary:** As part of preparing for QR National's Initial Public Offering, Queensland Treasury engaged Synergies to identify and assess the risks to QR National if its network became regulated by the ACCC instead of the QCA. A summary version of the report was included in the prospectus that was distributed to potential investors.

**Client:** **CSL Limited**

**Services:** Public policy, negotiation support, economic modelling

**Sector:** Health and pharmaceuticals

**Summary:** Synergies estimated CSL's contribution to the Australian economy to assist it to negotiate government support for biopharmaceutical research and development programs. Synergies also assisted CSL to negotiate its contract with the National Blood Authority to fractionate Australian plasma and tendering to supply influenza vaccine to Australian governments. We modelled and analysed how manufacturing, regulatory and plasma donation processes impact upon the residual risk of product contamination.

**Client:** **Seqwater**

**Services:** Regulatory and commercial advice

**Sector:** Water

**Summary:** Seqwater engaged Synergies to develop a decision-making framework to guide investments in catchment management in the context of it meeting its drinking water obligations. Our proposed approach, which was also used to support a regulatory proposal, examined catchment management at two levels – the 'base' level of activity that was required to prudently manage water quality risk, and additional investments that might defer or avoid future process upgrades to treatment plants.

**Client:** Autism Early Intervention Outcomes Unit

**Services:** Public policy advice

**Sector:** Social services

**Summary:** Synergies quantified the economic costs of autism in Australia. This required the development of a methodology to cost the outcomes and estimate the total costs of autism to the economy. The review explained the nature and impact of autism and identified the direct and indirect costs of these impacts for individuals, families and the wider community.

**Client:** Vector Limited (New Zealand)

**Service:** Regulatory advice

**Sector:** Electricity and gas

**Summary:** Synergies prepared a series of expert statements on behalf of Vector Limited and provided testimony at public hearings. The expert statements related to establishing initial regulatory asset base valuations, cost allocation between regulated and unregulated services, and a review of the appropriate cost of capital for Vector's electricity and gas distribution businesses. Our work was undertaken in relation to the New Zealand Commerce Commission's development of input methodologies for its price regulation of electricity and gas networks.

**Client:** South Australian Department of Transport, Energy and Infrastructure

**Service:** Regulatory advice/independent expert

**Sector:** Transport

**Summary:** Synergies prepared an expert statement and provided expert testimony to support the State's successful claim in a dispute concerning wharfage dues for the use of port facilities in South Australia. The expert statement considered several approaches to determining the appropriate wharfage charge, including various forms of benchmarking and the use of a regulatory building blocks model, which required extensive price modelling.

**Client:** Department of Environment and Resource Management

**Services:** Cost benefit analysis, regulatory advice

**Sector:** Government

**Summary:** Synergies undertook a cost benefit analysis to inform key stakeholders and the community of the costs and benefits associated with the proposed introduction of the waste disposal levy. Three different scenarios were investigated. The impacts of moving from the base case of doing nothing to each levy option were assessed using social cost benefit analysis. A sensitivity analysis was also performed on several key variables.

## ➔ development of national liveability index

Synergies is a Foundation Member of Partners for Livable Communities Australia [www.livable.org.au](http://www.livable.org.au). PLC Australia aims to help communities understand, define and improve their liveability.

Synergies sees liveability as one of the key future challenges for Australian communities. We have committed to PLC Australia because we think the time is right for a national dialogue on liveability.

Consistent with our commitment, Synergies has led the development of the PLC Australian Liveability Initiative. This initiative aims to improve the quality of life of our communities. We have applied our expertise in regional and economic development to develop a tool which can be easily applied by any community to self-assess its liveability and monitor progress in improving liveability.

# our senior team

With professional backgrounds in industry, government and economic regulation, our multi-disciplined team members are versatile problem solvers with diverse and complementary skill sets.

Our people are among the best in their fields, bringing decades of combined experience to each unique project. Our directors take great pride in personally managing and delivering projects, ensuring senior attention and experience is consistently applied to every problem.

## ➔ Principals



**Euan Morton**

Euan's astute advice is repeatedly sought by clients due to his understanding of their interests and industries, his desire to advance those interests and his reputation for quick, effective and innovative solutions. He is a respected leader in the field and has participated in a range of expert committees and panels at the national and state level.



**John Mangan**

John is a Professor of Economics at the University of Queensland as well as being Director of the Centre for Economic Policy Modelling and a principal of Synergies. He has extensive academic and consultancy economics experience and is a skilled economic modeller.



**Sam Lovick**

Sam is an experienced economic consultant who has worked in Australia and internationally. His experience covers a wide range of sectors including the electricity industry, water, airports, health and telecommunications. He specialises in performance measurement, strategic advice and public policy issues.

## → Directors



**Matt Rodgers**

Matt has substantial experience analysing and preparing reports on competition, legislative and commercial issues related to third party access to energy, transport and water infrastructure. He also has experience in public sector policy development including national competition policy and structural reform.



**Jo Blades**

Jo has worked in both the government and private sector and has experience in economic regulation, cost of capital analysis, public policy, public benefit tests, cost analysis, infrastructure pricing and minerals supply chains. She has been involved in a number of major government, transport, rail and port projects.



**Jeff Lassen**

Jeff specialises in microeconomics and public sector economics and has worked in microeconomic analysis for twenty years. He has accumulated vast experience applying economic tools to solve commercial and policy issues. He has extensive experience managing major projects, preparing business cases and developing and analysing economic policy. He works across many different sectors including transport, resources, government and maritime.



**Ross Muir**

Ross has a unique knowledge of all aspects of regulatory, commercial and resource management aspects of the water industry. He has led and participated in a number of projects at the frontier of water reforms in Australia and has experience in businesses cases, project evaluation, commercial supply arrangements and pricing for infrastructure projects.



**Gayle Andrews**

Gayle is a leading expert in the rail industry with experience spanning commercial and regulatory issues. Her expertise includes developing access regulation frameworks, tariff setting and commercial negotiation of infrastructure and infrastructure use agreements. She has extensive experience leading complex projects from inception to implementation.



**Brisbane**

Level 8, 10 Felix Street  
Brisbane QLD 4000

P 61 7 3227 9500  
F 61 7 3221 0404

**Sydney**

Level 26, 44 Market Street  
Sydney NSW 2000

P 61 2 9089 8666  
F 61 2 9089 8989

**Melbourne**

Level 40, 140 William Street  
Melbourne VIC 3000

P 61 3 9607 8499  
F 61 3 9607 8282