



**Expression of Interest Document
for the Sale of the
Stanley Cool Stores Board**

July 2003

Commercialisation and Financing Branch
21 Murray Street
Hobart Tasmania 7000,
Australia

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INFORMATION FOR RESPONDENTS

Background The Department of Treasury and Finance (Treasury) is responsible for the sale of Stanley Cool Stores Board (SCSB) and will represent the interests of the Government in dealing with interested parties and making determinations in relation to the sale process and offers received. The Treasurer and Portfolio Minister, the Minister for Primary Industries, Water and Environment, will make the decision on the preferred proponent.

Sale Process The sale will be in accordance with the *Government Business Enterprise (Sale) Act 2003* (the Sale Act). The Sale Act provides the mechanics by which the SCSB will be sold and also addresses employee entitlements and other issues associated with the transmission of the business.

A buyer for the SCSB will be selected through a two-stage competitive bid process. The first stage is an invitation to submit a non-binding indicative offer via an Expression of Interest. The short-listing process will be undertaken using the suite of criteria contained in this document.

Short-listed bidders will proceed to stage two and, subject to the signing of a confidentiality agreement, will be invited to submit a binding offer based on a detailed Information Memorandum and following access to a data room.

To this end, the sale process will involve:

- Submission of a written, non-binding indicative offer;
- Short-listing of bidders;
- Completion of detailed due diligence;
- Submission of a final unconditional offer; and
- Signing of a contract and completion within a relatively short period following evaluation of the final unconditional offers.

Discussions will be held with short-listed parties during the due diligence period to verify and resolve sale pre-conditions and the terms and conditions set out in the proposed contract of sale.

Business Description The SCSB is established under the *Stanley Cool Stores Board Act 1945* and conducts its business in accordance with this Act and with the *Government Business Enterprises Act 1995* (GBE Act). The SCSB participates in the National Tax Equivalent Regime in accordance with part 10 of the GBE Act.

The SCSB is located in the Port of Stanley. The core business of the SCSB is the provision of cool storage facilities. The SCSB is registered to store fruit and vegetable matter. Other products may also be stored by obtaining a licence from the regulatory body the Australian Quarantine and Inspection Service.

The SCSB has capacity to store approximately 4 800 bins (bin size: 1.7m x 1.17m). The total floor area available is approximately 2 600 square meters. The business is the only cold storage facility at Stanley Wharf. The facility is currently fully utilised under a long-term exclusive licence that runs until February 2005, with an option exercisable for a further five-year period.

The operation is well maintained and carries sufficient spare parts to carry out future maintenance at a low cost.

Personnel

The SCSB employs three staff comprising one Chief Executive Officer (CEO), one permanent full time staff member, and one casual employee. The two permanent employees are qualified refrigeration mechanics.

The SCSB office is located at Wharf Road, Stanley.

*Selected
Income
Statement
Items*

\$A '000s	1999-00	2000-01	2001-02	2002-03*
Total Revenue	634	594	602	615
Total Expenses	359	372	423	472
EBIT	276	222	180	143
Dividends Paid	1 108**	81	62	57
Total Assets	1 409	1 519	1 842	1 832
Total Liabilities	104	172	74	107
Shareholders' Equity	1 305	1 348	1 768	1 725

* Estimate Only

** Includes a special dividend payment of \$1 million

Financial statements for the last three years are available on the sale website (http://www.treasury.tas.gov.au/sale_scsb).

Regulation

Other than existing industry regulations, there is no regulatory impact resulting from the sale of the SCSB. The *Stanley Cool Stores Board Act 1945* will be repealed upon sale of the business.

Existing industry regulations that apply include:

- *Export Control Act 1982 (Commonwealth)*

*Investment
Considerations*

Alternative Use – The site has potential to be further developed with either extra cool storage facilities or for an alternate use subject to the approvals by the local council. The SCSB is located at the base of the historic Stanley Nut, within close proximity to wharf facilities, and has picturesque views across Sawyer Bay. Alternate uses for the storage facility will be contingent upon the expiration, or termination, of the existing exclusive licence.

Investing in Tasmania – Tasmania offers a competitive business environment with relatively low labour costs and low set-up and operating costs. Further information about Tasmania can be found at the IRIS Tasmania website (<http://www.iris.tas.gov.au>).

Cost savings potential – Cost saving opportunities may exist for investors through the synergies of a larger operator, for example in relation to IT systems, and head office requirements.

*Indicative Sale
Timetable*

A buyer for the SCSB will be selected through a two-stage competitive bid process. An indicative timetable is outlined below.

- Request indicative non-binding bids: 2 August 2003
- Non-binding indicative bids due: 15 August 2003
- Distribute information memorandum to short listed parties: 29 August 2003
- Binding bids due: 26 September 2003
- Sale completion 30 November 2003

<i>Relevant Websites</i>	Information on the sale of the SCSB: http://www.treasury.tas.gov.au/sale_scsb Tasmanian legislation: http://www.thelaw.tas.gov.au/
<i>Contact Details</i>	The Commercialisation and Financing Branch of the Department of Treasury and Finance is managing the sale of the SCSB. The following Specification has been prepared setting out the Department's Requirements, which bidders should specifically address in their submission. Any queries should be addressed to:
<i>Contact Person</i>	James Pirie Divestment Project Manager Tel: +61 3 6233 2672 Fax: +61 3 6233 2492 E-mail: james.pirie@treasury.tas.gov.au 21 Murray Street, Hobart, TAS, 7000

This Information for Respondents and the information provided on the website (http://www.treasury.tas.gov.au/sale_scsb) is being provided to interested parties solely to assist them in deciding whether to register an expression of interest in relation to the sale of the SCSB. The Tasmanian Government does not warrant or represent that this Information for Respondents and the information provided on the above website contains all information relevant to making such a decision, or that the information provided is otherwise complete, accurate, audited or prepared with reasonable care. Where information relates to future matters, no representation, express or implied, is given that these future matters will occur. Without limiting the foregoing, the Government expressly reserves the right to vary any aspect of the sale process (including the indicative timetable) at any time and with or without notice to any person. To the maximum extent permitted by law, the Government expressly disclaims and excludes any and all liability (whether under contract, tort or statute) to any person for any loss, damage, claims, costs or expenses of whatever nature arising in any way out of, or in connection with, or as a result of reliance on, the information contained in this Information for Respondents or the information provided on the above website.

SPECIFICATION

Written indicative offers are sought in a **succinct** format from parties interested in participating in the sale process for the SCSB. Expressions of interest will not constitute an offer binding the party but will form the basis on which prospective parties will be short-listed.

Detailed information beyond the Information for Respondents and access to the business will only be provided to those parties that establish a strong and genuine interest to proceed with an acquisition of this nature.

Statement of Requirements

Respondents are required to address the following in their Expression of Interest. In addressing these items, respondents should ensure that each item within the evaluation criteria on page 9 is clearly addressed:

Bidding Party

- The legal identity of the party expressing an interest in participating in the sale process, including details of the beneficial ownership interests in that entity and the beneficial ownership interests in any shareholders in that entity. Where more than one party has an interest, the proposed roles of each of the parties should be described.

Extent of Interest

- A statement by the interested party that it has a **serious** interest in acquiring the SCSB. Details of the level of approval that has been obtained in submitting the indicative offer (eg Board, Chief Executive) and all additional internal or external (including regulatory) approvals, which would be required prior to entering into an unconditional binding sale agreement.

Financial Capacity

- Information regarding the financial capacity of the interested party, in particular net tangible assets. Information provided should include the most recent annual report of the interested party or parties.

Operational Capacity

- Information regarding the operational capacity of the interested party to operate the SCSB as well as the background and industry experience of the party. Information provided may include corporate information brochures or annual reports.

Indicative Non-Binding Offer

- An indicative non-binding offer detailing the purchase price to be offered for the business of the SCSB and the basis on which the purchase price is determined. Respondents should also highlight any other significant sale terms and conditions that would be sought.

Finance of Acquisition

- An explanation of how the acquisition will be financed, which substantiates the potential purchaser's ability to proceed with a transaction of the size and nature contemplated. Proponents must also submit a basic business model for the business.

Other Relevant information

- Other information that Treasury would reasonably require for the purpose of considering the indicative offer includes:
 - material commercial or financial assumptions that underlie the offer;
 - intentions in relation to the SCSB's employees;

- circumstances which, if varied, would cause the prospective purchaser to vary the price or conditions of the indicative offer;
- any critical timing issues; and
- any other matters.

Contact Details

- Name of contact person, address, telephone and fax number, e-mail of bidder and/or advisors.

CONDITIONS OF RESPONSE

1. INTERPRETATION

1.1 In this instrument, unless the context precludes it:

“**Closing Time**” means the 5pm, Friday 15 August 2003 as extended pursuant to clause 4.3;

“**Contact Officer**” means James Pirie, the address of whom is detailed on page three of this REOI, or such other person communicated to the Respondent by the Secretary of the Department;

“**Crown**” means the Crown in Right of the State of Tasmania;

“**Department**” means the Department of Treasury and Finance;

“**Department’s Requirements**” means the requirements described in the Specification;

“**Person**” includes a natural person, a corporation, a partnership, a joint venture, an incorporated association, a government, a local government authority and an agency;

“**Request for Expression of Interest**” or “**REOI**” means this document inviting Respondents to express an interest in delivering the Department’s Requirements by submitting a response as provided in this document;

“**Response Box**” means the locked box at the reception desk of the Department located at 21 Murray Street Hobart specifically reserved for the purpose of receiving responses to the REOI;

“**Response**” means the documents constituting an expression of interest in the delivery of the Department’s Requirements;

“**Respondent**” means a Person who submits a Response under the REOI;

“**Specification**” means the Specification contained in this REOI.

1.2 Monetary amounts are expressed in the currency of the Australian Dollar.

1.3 The Department is part of the Crown and any rights and obligations of the Department under the provisions of this REOI are to be read and construed as rights and obligations of the Crown.

2. REOI AND REPRESENTATIONS

2.1 The REOI remains the property of the Department. It may only be used for the purpose of preparing a Response.

2.2 The Department retains the right to change any part of the REOI.

2.3 The Department does not warrant the accuracy of the content of the REOI and the Department is not liable for any omission from the REOI.

2.4 No representation made by or on behalf of the Crown in relation to the Response or the REOI (or their subject matter) is binding on the Crown

3. RESPONSE DOCUMENTS

- 3.1 The Response must contain the documents, information and details required by the REOI.
- 3.2 Unnecessarily elaborate responses or other presentations beyond what is sufficient to present a complete and effective proposal are neither desired nor required. Elaborate art work and bindings, expensive visual and other presentation aids are not necessary.
- 3.3 All Responses and accompanying documents become the property of the Department.
- 3.4 Despite any copyright or other intellectual property right that subsists in the Response, the Respondent licenses the Department to reproduce the whole or any portion of the Response for the purposes of response evaluation.
- 3.5 Subject to the previous paragraph, the Response will be held in confidence, so far as the law permits.

4. LODGING A RESPONSE

- 4.1 A Response must be lodged in accordance with this REOI and be placed in the Response Box with a diskette containing a copy of the Response by the Closing Time.
- 4.2 An acknowledgment of receipt of the Response will be sent to the Respondent.
- 4.3 At any time before the Closing Time has passed, the Department may extend the Closing Time in its unfettered discretion and will inform the Respondent.

5. LATE RESPONSES

Late responses may be considered at the absolute discretion of the Department.

6. INCOMPLETE RESPONSES

The Department may reject a Response that does not fully comply with the terms of the REOI.

7. PREPARATION OF RESPONSES

The Department will neither be responsible for, nor pay for, any expense or loss incurred by a Respondent:

- (a) in the preparation of a Response; or
- (b) in taking part in the evaluation of a Response.

8. CONFIDENTIALITY

The Respondent must keep confidential all information concerning the Crown and the Stanley Cool Stores Board, received as a result of, or in connection with, the submission of a Response.

9. EVALUATION OF RESPONSES

Responses will be evaluated against the Evaluation Criteria contained in the REOI. Discussions will not be entered into in relation to the Department's assessment of the Response.

10. UNAUTHORISED COMMUNICATION

Respondents must direct all communications through the Contact Officer unless directed otherwise by the Contact Officer. Unauthorised communication with the SCSB or other staff of the Department may lead to disqualification of the Response.

11. CONTRACTUAL RELATIONSHIP

11.1 Subject to clause 12, no contractual relationship or other obligation arises between the Department and a Respondent, in respect of the supply of the Department's Requirements.

11.2 This REOI process will be used as a means of pre-qualifying purchasers based on the Evaluation Criteria. It follows that only those Respondents who are shortlisted by the Department will be requested to participate in any future process initiated by the Department for the purposes of delivering the Department's Requirements.

12. CONDITIONS OF RESPONSE BINDING

By lodging a Response and in consideration of the Department commencing evaluation of the Response, the Respondent agrees to be bound by the provisions of clauses 2, 3, 7, 8, 10, and this clause 12 of these Conditions of Response.

EVALUATION CRITERIA

In assessing Responses, the Department will have regard to the criteria below. Hierarchical ranking of the criteria has Criterion 1 as most important, with remaining criteria descending in degree of importance, to criteria 4 of less importance.

	Criteria
1	<ul style="list-style-type: none">• Sale price
2	<ul style="list-style-type: none">• Financial capacity to:<ul style="list-style-type: none">○ fund the acquisition of the SCSB unconditionally; and○ inject the necessary working capital into the business.
3	<ul style="list-style-type: none">• Continuation of employment of existing SCSB employees under favourable employment conditions.
4	<ul style="list-style-type: none">• A commitment to, and strategies for, the ongoing operation of the business including a demonstrated understanding of the operation of a cool storage facility.