

**Dr Steven Bishop** PhD (AGSM, UNSW), M Com (Hons) (UNSW), B Ec (Monash), FCPA

Executive Director and Chairman, *Value Adviser Associates Pty Ltd* and *Education and Management Consulting Services Pty Ltd*; Visiting Fellow, *Macquarie Applied Finance Centre*.

*Value Adviser Associates* is a specialist business valuation firm. It undertakes valuations for business decision making, compliance and transactions. Its work includes the valuation of direct infrastructure investments for superannuation funds.

Steve is a management consultant, valuer and educator. His primary interest and consulting focus is around the application of financial economics to business decisions. He has guided the implementation of an explicit focus on improving business value ("Value-Based Management" or "VBM") in a number of large and medium sized firms. VBM uses a focus on shareholder value to integrate strategy development, strategy implementation, organisational design and operational excellence.

A core skill in developing strategies that drive value creation is a deep understanding of how economic conditions and relative competitive position affect the strategy of the business and therefore business value. This, plus a deep understanding of valuation principles and practices lies at the heart of VBM and Steve's consulting.

Steve's assignments have also included business valuations, cost of capital estimation, merger and acquisition advice, development of corporate and business unit strategic and implementation plans, strategy advice. Additionally he has worked with government and privately owned enterprises on issues of pricing, asset valuation, rates of return and regulation.

Since co-founding Value Adviser Associates in 2008, Steve has been engaged in valuation related assignments for regulatory authorities (principally the ATO and State Revenue Offices), Superannuation Funds and Corporations. An integral part of this work is cost of capital estimation.

Steve's experience in consulting covers a range of industries, including Agrifoods, Chemical, Computer, Electricity (Distribution, Retail, Transmission), Financial Services, Food Manufacture, Gas Distribution and Transmission), Minerals, Paper, Packaging, Property, Rail, Retailing, Shipping and Transportation, Telecommunications and Wastewater.

Selected relevant cost of capital related assignments include:

- Preparation of expert report on rate of return for Rail Access Infrastructure as part of Queensland Rail's submission to Queensland Competition Authority
- Expert advisor on cost of capital to Queensland Treasury Corporation for response to ACCC Draft Decision on the Queensland Transmission Network Revenue Cap
- Writing papers comparing and contrasting the post personal tax CAPM with the Sharpe-Lintner version and assessing the appropriate numerical values for the parameters to be used for pricing of New Zealand Electricity Transmission services
- Review and preparation of Board reports on the cost of capital for New Zealand Electricity Transmission business
- Review of procedures for assessing the Optimised Deprival Value of a large electricity transmission business. Much of the focus was on dealing with issues associated with the applying the ODV concept in practice

- Estimation of betas for 14 different business areas of interest to a diversified mining company. The work involved examination of using an international as well as a domestic market index
- Advising on issues in the implementation of sub-firm costs of capital for a large telecommunications company
- Advising on aspects of risk treatment, cost of capital determination, working capital and growth evaluation for Review of Gas Access Arrangement in Victoria
- Estimation of the cost of capital for an electricity retailer in Victoria
- Advising on aspects of estimation of the cost of capital for a Victorian Electricity Distribution business as part of a response to Draft Decisions by the Office of the Regulator General
- Estimation of the cost of capital for a number of business units of a State-based Rail company
- Estimating the cost of capital for Asian Property, Power and Coal companies for local and cross country investments in emerging markets
- Full implementation of Value Based Management, from strategy development to implementation in a several Banks, a division of a Telecommunications Company, Diversified Property Company and a Coal and Power Company in Thailand
- Evaluating a major investment opportunity for a large telecommunications company
- Research and preparation of a document on the state of the art in capital structure choice for an investment Bank
- Publication of a chapter on the capital structure decision in an internationally published handbook on risk management by the Professional Risk Management International Association (PRMIA)
- Development and implementation of a value and strategy based capital expenditure evaluation and approval system for a large Bank
- Strategy development with a Victorian Electricity Distribution Business including customer profitability assessment and pricing, activity based costing linking activities with the financial outcomes, development of key value drivers and key performance indicators, capital expenditure policy development and manual preparation, cost of capital estimation
- Audit of economic cost reflective model in Melbourne Water's waste water business in the context of a pricing review of charges to the corporatised water distribution businesses
- Developing and evaluating alternative capital expenditure options (new, upgrade and replacement) in light of the business's domestic and international strategic position for a large capital intensive business that had neglected capital expenditure for many years
- Advising Victorian Gas Distribution company on the NPV of expanding the gas distribution network to regional towns the consequent subsidies or price arrangements necessary to meet economic cost
- Ongoing advisory role to a listed gas and electricity distribution business on many aspects of regulated pricing including efficiency carry over mechanisms, alternative regulated asset base measures and the treatment of inflation, cost of capital, imputation tax effects, ensuring appropriate compensation for both systematic and unsystematic risks

- Designing a framework for evaluating and prioritising 'enabling' and 'strategic' infrastructure projects for a State owned rail business
- Updating Market Risk Premium data and commenting on other research dealing with an appropriate MRP for regulatory price determinations. A paper was prepared for a distribution company.

Prior to his current role, Dr Bishop was an executive director of Capital Value Pty Ltd, and Mainsheet Corporate Pty Ltd and was a partner in L.E.K. Consulting, a worldwide management consulting firm. Prior to that he worked for Marakon Associates, a consulting firm specialising in Value Based Management, and also for the Strategic Services group in Andersen Consulting. Before undertaking a consulting career in 1988, he was an academic specialising in Corporate Finance at the Australian Graduate School of Management, at Monash University (Associate Professor) at the University of NSW and at Melbourne Business School. His full time academic career covered approximately 14 years.

Steve is lecturing Master of Applied Finance program offered by the Macquarie University Applied Finance Centre. He has presented to a number of academic and professional organisations including the Institute of Directors, the Institute of Chartered Accountants, the Securities Institute of Australia and the Melbourne Business School.

His academic studies focused on Finance and Economics. He is a Fellow of the Society of Certified Practising Accountants and co-author of "Corporate Finance" by Bishop, Faff, Oliver & Twite - a textbook now in its 5th Edition used for MBA, Masters and Undergraduate courses and "Takeovers – The Australian Evidence" by Bishop, Dodd and Officer.