

# *Partnerships Victoria* Project Summary

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## The Biosciences Research Centre Project



Artist's impression of the new BRC

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Prepared by  
**Major Projects Victoria**  
(a division of the Department of Innovation, Industry and Regional Development)  
in conjunction with  
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# Table of Contents

Foreword .....	ii
<b>Part One: Project Overview .....</b>	<b>1</b>
1.1 <i>Partnerships Victoria</i> Biosciences Research Centre Project .....	1
1.2 <i>Partnerships Victoria</i> - A Public Private Partnership .....	3
1.3 Tender Process .....	5
1.4 Value for money .....	6
1.5 Public interest considerations .....	10
1.6 Project Milestones .....	10
<b>Part Two: Key commercial features .....</b>	<b>11</b>
2.1 Parties to the Project .....	11
2.2 Project contractual relationships .....	12
2.3 Risk transfer .....	12
2.4 General obligations of Plenary Research .....	15
2.5 General obligations of BRC Co, the Joint Venture and the State .....	16
2.6 Payment Mechanism .....	17
2.7 Abatement Regime .....	17
2.8 Default, Termination and Step-in Regimes .....	18
2.9 Finance and Security Arrangements .....	19
2.10 BRC Co's rights at expiry of contract .....	19
2.11 Modifications and Minor Works Regime .....	20
2.12 Current Version .....	20
Glossary .....	I
Appendix 1: Useful references .....	II
Appendix 2: Key contact details .....	III
Appendix 3: Public Interest Issues .....	IV
Appendix 4: Project Brief Evaluation Criteria .....	VI

## Foreword

This Project Summary provides a summary of the *Partnerships Victoria* Biosciences Research Centre Project (Project) as at Financial Close.

The Project is a joint initiative by the Victorian Government (through the Department of Primary Industries) and La Trobe University. It is being delivered under the *Partnerships Victoria* framework.

*Partnerships Victoria* is part of the Victorian Government's strategy for providing better services to all Victorians by expanding and improving Victoria's public infrastructure. The *Partnerships Victoria* framework is designed to utilise private sector expertise in designing, financing, building and maintaining infrastructure projects. The *Partnerships Victoria* framework consists of the National PPP Policy and Guidelines and Supplementary *Partnerships Victoria* Requirements. Further information on the *Partnerships Victoria* framework is available at [www.partnerships.vic.gov.au](http://www.partnerships.vic.gov.au).

Since 2000, 19 *Partnerships Victoria* projects have been contracted with a total value of approximately \$9.5 billion worth of capital investment.

This document is divided into two parts. The first part provides a broad overview of the Project, including the rationale for undertaking it under the *Partnerships Victoria* framework, a summary of the tender process, the value for money outcome, the public interest considerations and the timetable for the Project. The second part focuses in more detail on the key commercial features of the Project, including the main parties and their general obligations, the broad allocation of risk between the public and private sectors and the treatment of various key project issues.

NB: This summary should not be relied on as a complete description of the rights and obligations of the parties to the project and is not intended for use as a substitute for the contract. The *Partnerships Victoria* Biosciences Research Centre Project Agreement is available at [www.contracts.vic.gov.au](http://www.contracts.vic.gov.au)

## Part One: Project Overview

### 1.1 Partnerships Victoria Biosciences Research Centre Project

#### The Project

The Victorian Government, through the Department of Primary Industries (DPI), and La Trobe University have formed an unincorporated joint venture (Joint Venture) to invest in the development of the Biosciences Research Centre (BRC), to be located at La Trobe University's Bundoora campus.<sup>1</sup>

The BRC will be a major new research facility for agricultural biosciences and will leverage Victoria's current competitive biosciences and biotechnology advantage to create a national and international scientific research hub.

The BRC will have a major impact on the quality of scientific research to be conducted in Victoria through enhanced science programs, collaboration, increased research capability and attraction of world leading scientists and collaborators. It will strengthen Victoria's international reputation for plant, animal and microbial biosciences and bio-protection research and diagnostics.

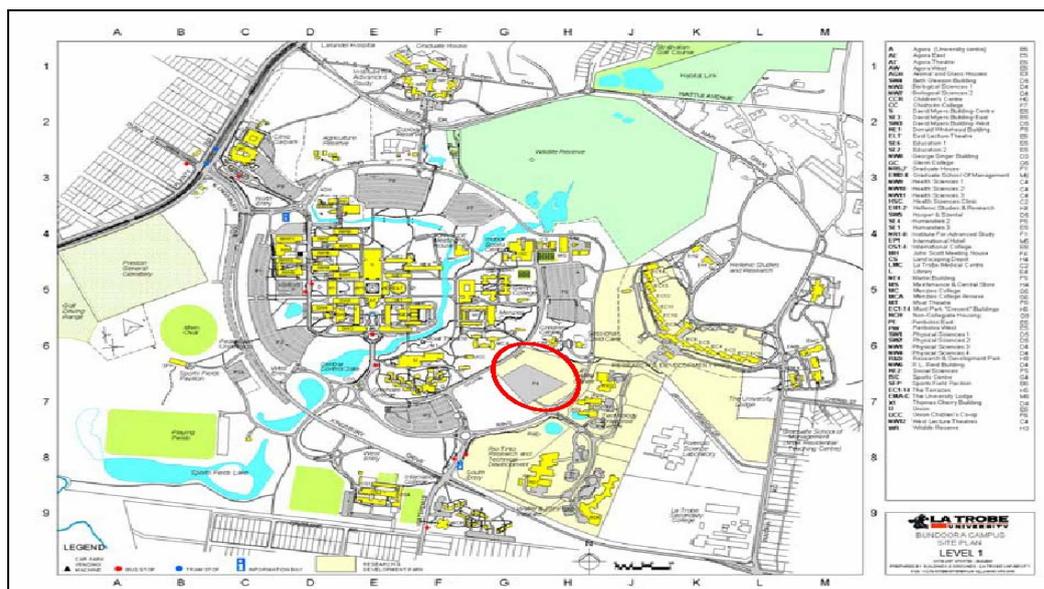
The Joint Venture engaged Major Projects Victoria (MPV), a division of the Victorian Department of Innovation, Industry and Regional Development, to manage the procurement of the BRC on their behalf.

#### The Site

The Project site is located on the main ring road in the south-east quadrant of the La Trobe University Bundoora campus. It is located adjacent to the 'Research and Development Park' to the west. The total Project site is approximately 35,200m<sup>2</sup>.

Figure 1 below provides an overview of La Trobe University's Bundoora campus showing the location of the Project site.

**Figure 1 - Project Site Locality Map**



<sup>1</sup> From the 8 September 2009 the building will be known as AgriBio (Centre for AgriBioscience). However, the project will continue to be known as the Biosciences Research Centre Project – until construction is completed.

### ***Project Vision***

The BRC is expected to generate many reputational, economic, social and environmental benefits for Victoria, including:

- focusing new-generation biosciences research on threats such as climate change and biosecurity preparedness;
- enhancing capacity for preparedness, rapid detection, response and management of plant and animal pest and disease outbreaks, to reassure trading partners and protect Victoria's A\$11.8 billion agricultural sector;
- improving the efficiency of research and development programs and services;
- improving the returns to the community from research and development investment;
- providing linkages to commercial partners, to increase opportunities for research investment and commercialisation;
- improving Victoria's competitiveness by facilitating the development of new generation crops and animals focused on drought tolerance and bio-energy; and
- leveraging the co-location between DPI and La Trobe University to access new research and development funding.

### ***Project Objectives***

The BRC Project objectives are as follows:

#### *Economic benefits*

- stimulate economic activity in Victoria through investment in biosciences and biotechnology and grow Victoria's profile as a place to do business;

#### *Enhancement of science programs*

- enable the Joint Venture and their associates to be better positioned to deliver on their strategic plans;

#### *Collaboration between DPI and La Trobe University*

- promote collaborative science, research and resource sharing between DPI and La Trobe University, resulting in better biosciences research and educational outcomes;

#### *Increased collaboration within DPI by minimising geographic separation*

- some of DPI's metropolitan research and development facilities are approaching or are at the end of their useful lives. The co-location of DPI's dispersed metropolitan facilities to a central facility will facilitate collaboration, investment in and sharing of leading-edge scientific equipment and increased efficiency in the detection and diagnosis of diseases;

#### *Reduction in scientific expertise gaps*

- the attraction of national and international scientists with specialist skills and expertise by providing access to world class technology and knowledge;

#### *Increased research capability*

- meet a critical need to deliver the legislated level of primary industries research required by the State as well as ensuring compliance with the accreditation requirements inherent in the operation of research laboratories. In addition, the BRC will support DPI and La Trobe University to increase their existing research capability through collaboration and create new opportunities for access to 'Commonwealth Australian Research Council' (ARC) funding;

*Project Delivery Objectives*

- deliver a fully commissioned and operational scientific research facility by the end of 2011;
- achieve an optimal risk allocation between the Joint Venture and the private sector based on the *Partnerships Victoria* principles;
- deliver a facility that is suitable for the delivery of internationally recognised primary industries orientated research, diagnostic capacity and educational activities, and that will be state-of-the-art, of high design standard and created to form a nucleus of activity;
- deliver a facility that complies with all applicable national and international statutory and regulatory requirements, including all applicable accreditation requirements;

*Design, Construction, Commissioning and Operating Objectives*

- ensure the design of the facility has sufficient future reconfiguration and expansion capacity and capability to accommodate technological changes and work practices including adapting to future requirements and new technologies, practices and procedures, such as e-science, robotics, nanotechnology and other research technologies;
- achieve energy efficiency and the provision of an environmentally and ecologically sustainable facility, with the capability of achieving a minimum certification under the Green Star Education Tool as a 5 star rated building. This will include greenhouse gas and peak energy reduction, water conservation (reduction and re-use) and waste minimisation;
- provide a facility with flexible and multi purpose spaces capable of readily achieving and maintaining accreditation and regulatory standards across all elements that are required by the DPI / La Trobe University scientists and other collaborators over the life of the asset;

*Commercial Opportunities Objectives*

- deliver commercial opportunities that are synergistic and complementary to the operating (scientific and research) objectives of the Joint Venture, planning considerations and other constraints, and the public/educational nature of the surrounding environs; and
- ensure the commercial opportunities do not compromise or unduly increase the risk associated with the delivery of the BRC, the science and research activities or the core services, or otherwise impact the business or activities of the Joint Venture within the Project site.

**1.2 Partnerships Victoria - A Public Private Partnership**

The Project is being delivered as a PPP in accordance with the Victorian Government's *Partnerships Victoria* framework. *Partnerships Victoria* is designed to capture the best of what Government does in delivering core government services, and combine this with the expertise the private sector has in designing, financing, building and maintaining infrastructure projects.

The Project involves a partnership between the Joint Venture and the private party (Plenary Research) who is responsible for the design, construction, commissioning and financing of the BRC and the provision of Contracted Services required for the maintenance and operation of the BRC.

In December 2006, as part of a business case for the Project, an assessment of alternative procurement strategies for the delivery of the BRC was undertaken with a view to improving the Project outcomes of time, architectural and design solution, asset performance and operational needs.

The following four options were considered:

- **Partnerships Victoria (PPP)** – a private sector consortium is engaged to design and build the project, finance it and assume responsibility for facilities management and asset replacement and delivery of various 'soft' services over a defined period (typically around 25-30 years). This model anticipates substantial risk transfer with devolution of design and implementation responsibility to the private party.
- **Traditional public sector works and services procurement** – a design team is engaged to develop the design documentation. A builder is separately engaged to deliver the works at a fixed price and a facility manager / services provider is engaged to deliver the non core facility management / maintenance services.
- **Alliance contract** – this is a contractual arrangement based on a target price with some sharing arrangements for upside/downside as against an agreed budget. It is based on a relationship culture which encourages a 'no blame' approach to issues and instead seeks to foster a 'solutions' based mentality. The contractual arrangements are less prescriptive than for the other methods, and the ultimate facility owner may still have some exposure to facility delivery risks, for example time and cost to complete, depending on the performance of the alliance.
- **Alliance Under PPP** – alliance elements are introduced into a PPP arrangement to ensure retention of input specification on those aspects of the Project which are high security or where the technical complexity or specificity does not facilitate open tender. Alliance under PPP retains risk transfer benefits of PPP model. This delivery method could be used to issue design documentation, construction, financing, maintenance and operations aspects of the Project as a single package or as separate packages centrally co-ordinated by the procuring entity.

Under each model, the Joint Venture continues to undertake the scientific and research activities.

Following a detailed assessment, the *Partnerships Victoria* option was selected by the Joint Venture as the preferred procurement method for the Project. Several issues were considered to be key to the procurement decision and these are summarised below:

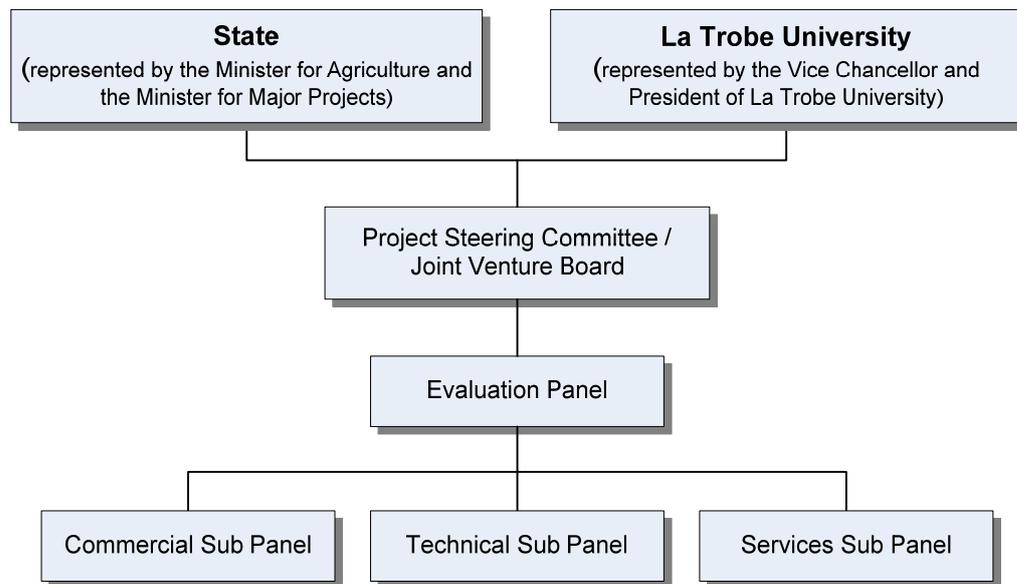
- **effective risk transfer** – the *Partnerships Victoria* model effectively transfers design, construction, commissioning, financing and whole-of-life facility-based risks to the private sector in an efficient manner. In particular, the *Partnerships Victoria* structure effectively locks in for the 25 year term of the contract the provision of Contracted Services by the private sector to the required standard to ensure that the facility continues to meet ongoing and changing accreditation requirements;
- **whole of life efficiencies** - the *Partnerships Victoria* model encourages bidders to take a whole of life approach to evaluating costs and to optimise the trade-off between increased capital costs and lower maintenance / lifecycle costs;
- **improved asset quality** - the *Partnerships Victoria* model provides greater control over the quality of scientific assets and non-core service delivery through a contract that specifies minimum standards and an abatement regime that ensures those standards are met;
- **scientific interface** – the interactive design development processes envisaged by the *Partnerships Victoria* model facilitate retention of the goodwill and support of the scientists responsible for bioscience and research activities to be undertaken at the BRC (by active involvement in the design process) while at the same time effectively tapping their knowledge so that facilities are appropriately reflective of their specialised scientific requirements; and
- **design innovation** - the *Partnerships Victoria* procurement process maximises the opportunity for design innovation, which was considered important in the context of this unique facility, by engaging the private sector in a highly competitive tendering process and providing bidders with significant scope to explore new design alternatives and facility configurations.

### 1.3 Tender Process

The Joint Venture (through MPV) conducted a competitive tender process to identify the private sector party to deliver the Project. The tender process was implemented in accordance with the *Partnerships Victoria* framework to ensure that the Joint Venture received the best value for money outcome. The tender process involved a call for registrations of capability from the market, receipt of registrations, issue of a request for proposal to short-listed tenderers, submission of proposals, an evaluation and clarification phase, a negotiation phase and finalisation of contractual documentation.

A formal project governance structure was put in place to oversee the entire tender process. The governance structure during the tender evaluation process is represented diagrammatically in Figure 2.

**Figure 2 - Governance structure**



Final proposals from a shortlist of three proponents were received on 11 December 2008. The key selection criteria used in the assessment of proposals are presented in Appendix 4 of this Project Summary. After an extensive evaluation and clarification process, the Joint Venture invited Plenary Research to enter into exclusive negotiations with a view to resolving a number of key issues that needed to be satisfactorily addressed before the Joint Venture could enter into contractual arrangements with Plenary Research.

At the completion of the exclusive negotiation period, the Joint Venture was satisfied that all key issues had been addressed and Plenary Research's solution continued to represent the best value for money. Accordingly, the Joint Venture and Plenary Research proceeded to execute the Project Agreement and ancillary contracts that govern the Project.

The major advantages of Plenary Research's solution are:

- an excellent functional and architectural design solution;
- a strong funding and commercial solution;
- a competitive whole-of-life cost;
- a strong commitment to achievement of accreditation objectives;
- a sound Contracted Services solution;

- provision of the opportunity for collaboration of the Joint Venture with the private sector and long term expansion space for the facility through an attractive commercial opportunities proposal; and
- an appropriate allocation of project risk between parties.

The tender process was undertaken within a robust probity framework, endorsed by the Project's probity auditor, based on the following probity objectives:

- fairness and impartiality;
- use of a competitive process;
- consistency and transparency of process;
- security and confidentiality;
- identification and resolution of conflicts of interest; and
- compliance with Government policies as they apply to tendering.

#### **1.4 Value for money**

The Government's framework seeks to identify and implement the most efficient form of infrastructure delivery. The concept of value for money goes beyond the selection of the cheapest solution, focusing on the overall value of each delivery option. This involves a careful analysis of Joint Venture-managed delivery options and each proposal received from the private sector. The analysis considered quantifiable elements (i.e. items that can be quantified in dollar terms) as well as subjective or qualitative considerations.

The total estimated investment provision of \$230 million comprised of \$200 million in nominal capital development costs and \$30 million for specialised scientific equipment.

#### ***Public Sector Comparator (PSC)***

The PSC is an estimate of the risk-adjusted, whole-of-life cost of the Project if delivered by the Joint Venture without the introduction of private finance. The PSC is developed according to the same output specifications included in the Project Brief and assumes the most likely and efficient form of conventional (i.e. non- *Partnerships Victoria*) delivery by the Joint Venture.

The PSC is expressed in terms of the net present cost to the Joint Venture, calculated by a discounted cash flow analysis and takes full account of the costs and risks that would be encountered by following that style of procurement. The PSC includes amounts to cover the design and construction costs, lifecycle asset replacement costs and the maintenance and facilities management costs during the 25 year operating phase of the Project.

In addition to the original budget for capital costs, the PSC also includes lifecycle and operating costs and risks associated with these elements, but excludes project management and transaction costs. The PSC is made up of a number of elements as indicated in Table 1 below:

**Table 1 - Public Sector Comparator**

<b>Components of the Public Sector Comparator (PSC)</b>	<b>Net Present Cost (\$m)</b>
Capital Costs	152.9
Lifecycle Asset Replacement Costs (25 years)	28.3
Operating Costs (25 years)	45.8
<b>Raw PSC</b>	<b>227.0</b>
Transferred Risks (Capital and Operating)	33.7
Competitive Neutrality	-
<b>PSC (excluding retained risk and base interest rates)</b>	<b>260.7</b>
Change in Base Interest Rates since bid lodgement	30.5
<b>Total Adjusted for base interest rates, excluding retained risks</b>	<b>291.2</b>

*Assumption: The assumptions used to formulate the PSC include a discount rate of 6.0 per cent real.*

*Notes:*

*(a) All numbers are expressed in net present values as at 14 May 2009.*

*(b) The transferred risk calculation of \$33.7 million refers only to those capital and operating risks transferred to the private sector under the Partnerships Victoria arrangements (i.e. those risks that the Joint Venture would otherwise assume) and excludes base interest rate risk.*

*(c) The competitive neutrality adjustment removes any net competitive advantages that accrue to a government business by virtue of its public ownership.*

*(d) The change in base interest rates refers to base or reference interest rate movement between bid lodgement and Financial Close, which is a retained risk crystallising at Financial Close. After Financial Close, this risk is transferred (subject to market disruption risk).*

### **Interest Rate Movements**

The Joint Venture retains the risk of movements in benchmark interest rates prior to Financial Close irrespective of whether the Project is financed using private or public sector financing.

Under non-Partnerships Victoria delivery, this risk would take the form of movements in the cost of financing the project through Joint Venture debt. Under Partnerships Victoria delivery of this Project, this risk takes the form of movements in the service payments payable by the Joint Venture to Plenary Research. Following Financial Close, risks associated with movements in base interest rates are borne by Plenary Research until the contract terminates in 2036, except where the movement is due to a limited category of market disruption events significantly increase the financiers' cost of funds.

Between lodgement of bids in December 2008 and Financial Close on 14 May 2009, and due to the global financial crisis long-term interest rates were unusually volatile. Benchmark long-term interest rates at Financial Close were significantly higher than rates at the date bids were lodged. This volatility has remained and has in fact worsened.

### **Quantitative Value for Money**

To assess the quantitative value for money outcome of the Project, the net present cost of the service payments to be paid to Plenary Research is compared with the net present cost of Joint Venture delivery. If the cost of the service payments to be paid to Plenary Research is lower than the cost of delivery by the Joint Venture, it is an indication that, at face value, the bid represents value for money.

**Table 2 - Quantitative Value for money Comparison between Public Sector Delivery and Private Sector Delivery**

	Net Present Cost of Public Sector Delivery	Net Present Cost of Plenary Research's winning proposal	Savings (in dollars)	Savings (percentage)
Cost at Financial Close if benchmark long-term interest rates were at the same level as at bid lodgement	\$260.7 million <sup>1</sup>	\$257.3 million	\$3.4 million	1.3 percent
Impact of movements in base or benchmark long-term interest rates between bid lodgement and Financial Close	\$30.5 million <sup>2</sup>	\$ 30.5 million	N/A	N/A
Cost at Financial Close including impacts from movements in benchmark long-term interest rates	\$291.2 million	\$287.8 million	\$3.4 million	1.2 percent

**Notes:**

All figures in this table are calculated using a discount rate of 6.0 per cent real plus adjustments for 2.5% CPI and are expressed as net present values as at 14 May 2009.

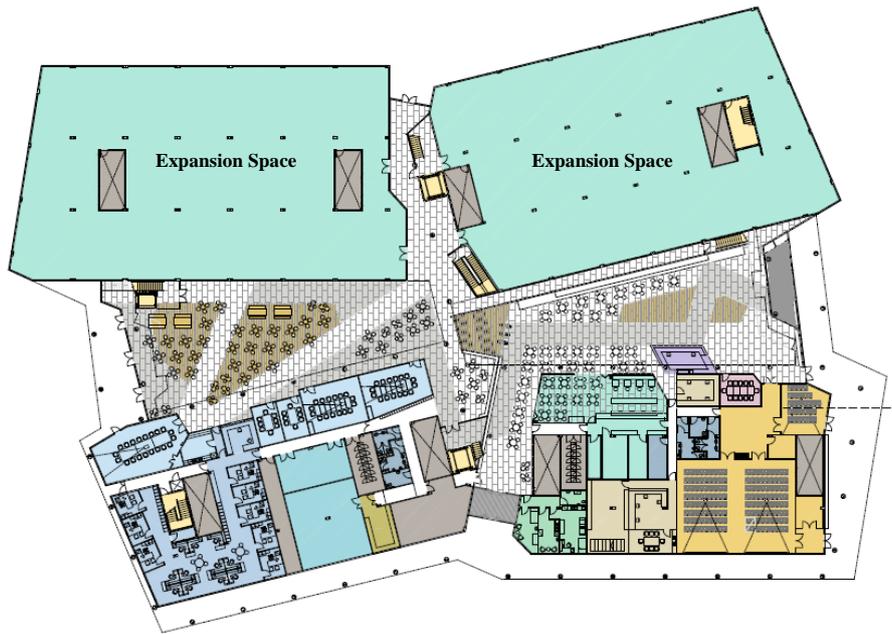
1. This is the Public Sector Comparator excluding retained risks and the impact of changes in base interest rates.
2. Common base cost of interest rate applicable to financing the Project through State or private sector debt if the Project was procured using non- Partnerships Victoria delivery. This is a retained risk from bid lodgement to Financial Close as it is a common cost to all bidders and the Joint Venture.

The *Partnerships Victoria* delivery option demonstrates value for money from a cost perspective prior to taking account of the impact of base interest rate movements. As movements in base interest rates are a common cost to both the Joint Venture and the private sector, the *Partnerships Victoria* option continues to demonstrate value to the Joint Venture after taking account of those movements.

The \$287.8 million net present cost of Plenary Research's winning proposal includes the design and construction costs, lifecycle asset replacement costs, maintenance and facilities management costs over 25 years. Moreover, the outcomes delivered within the \$287.8 million cost incorporate qualitative value for money benefits that go beyond the scope of the reference project used to determine the PSC.

**Qualitative Value for Money**

Plenary Research proposes to build approximately 2,600m<sup>2</sup> (net area) of integrated future expansion space within the main facility on the ground floor as illustrated below in Figure 3. The additional net area for expansion space is capable of being fitted out as laboratory and/or office space. This space will be built up-front and, as the space will be leased to Plenary Research for the purposes of commercial development, costs are fully met by Plenary Research, having no cost implications to the Joint Venture.

**Figure 3 - Indicative Diagram of the Ground Floor of BRC**

This ensures that potential future expansion of research and/or office areas are planned for up front in a single integrated research building with ultimate flexibility for the research platforms to grow over time. The space serves to effectively future proof the master planning of the BRC and it presents a potential opportunity to house bioscience industry participants in the short to medium term to foster collaboration and cooperation between industry and science.

The potential expansion opportunity space provided by the commercial development will initially be tenanted by complementary and synergistic industry participants (subject to approval by the Joint Venture) who are expected to add value by:

- participating and supporting collaborative science;
- providing private sector opportunities to engage with the Joint Venture and use the BRC; and
- creating opportunities to access new sources of research funding.

Plenary Research is not relying on the Joint Venture to occupy the space to receive the required return on its investment; rather they have identified commercial tenants that would be attracted to locating in the facility.

Should the space be required by the Joint Venture during the concession, it will be made available under a commercial arrangement to be negotiated at the time subject to certain protections for the Joint Venture set out in the Project Agreement which ensure the Joint Venture can negotiate a competitive arrangement and will not be commercially disadvantaged should it require this space during the concession period.

Plenary Research proposes not only to co-locate tenants that participate in the bioscience value chain but also provide ideal lettable space for “support tenants” who will assist and complement the Joint Venture and other tenants in administrative tasks such as technology support, legal services (patenting related) and writing services to aid in funding applications. Co-locating these complementary tenants will centralise the vertically integrated value-chain of biosciences from ‘bio-education’ to ‘bio-industry’. This concept is widely accepted as key to any successful biotechnology industry.

As the facility including the commercial development space reverts back to the Joint Venture after 25 years, there is significant residual value accruing to the Joint Venture. Plenary

Research has to ensure that the building remains in the hand back condition as specified in the Project Agreement for five years from its handover back to the Joint Venture.

In addition Plenary Research has provided for the establishment and management of a café and catering facilities at the BRC with an experienced, high-quality food and beverage operator. Plenary Research commits to creating a cafe that will provide a range of good, well-priced food and beverages for the staff, students and visitors, and will also be a place for casual and informal business discussions.

### 1.5 Public interest considerations

At various stages throughout the development of the Project, an assessment was made of the extent to which use of *Partnerships Victoria* delivery would satisfactorily protect the public interest. The analysis was undertaken in accordance with the *Partnership Victoria* guidance on how to evaluate whether a project meets the public interest.

At all stages, it was considered that, on balance, the public interest was being protected. The Project will make a wide range of services and facilities more accessible to target user groups, and relate well to surrounding development land uses and landscapes. It will enable the Joint Venture to provide excellent research and scientific facilities which are expected to generate reputational, economic, social and environmental benefits for Victoria.

Appendix 3 contains a summary of the final Public Interest Test.

### 1.6 Project Milestones

Plenary Research is required to meet a number of construction and operational milestones over the duration of the Project term. The table below contains key Project dates.

**Table 3 - Project milestones**

<b>Project Milestone</b>	<b>Date</b>
<b>Contract Close</b>	<b>30 April 2009</b>
<b>Financial Close</b>	<b>14 May 2009</b>
<b>Technical Completion</b>	<b>July 2011</b>
<b>Commercial Acceptance</b>	<b>August 2011</b>
<b>Operational transition phase commences</b>	<b>August 2011</b>
<b>Estimated date facility fully operational</b>	<b>2012</b>
<b>Contract expiry</b>	<b>August 2036</b>

## Part Two: Key commercial features

Part Two of the Project Summary outlines the contractual relationships between the parties involved in the Project, including the allocation of risks and obligations of both Plenary Research and the Joint Venture. In some areas, it provides more detail on the issues and topics discussed more generally in Part One.

### 2.1 Parties to the Project

The Joint Venture established and authorised an incorporated entity, Biosciences Research Centre Pty Ltd (BRC Co), to enter into the contractual arrangements required for the Project.

On 30 April 2009, Biosciences Research Centre Pty Ltd (for and on behalf of the Joint Venture) executed a series of contracts with Plenary Research Pty Ltd to design, build and finance the Project and provide maintenance and facility management services over a 25 year period.

The relevant parties under the contractual arrangements are:

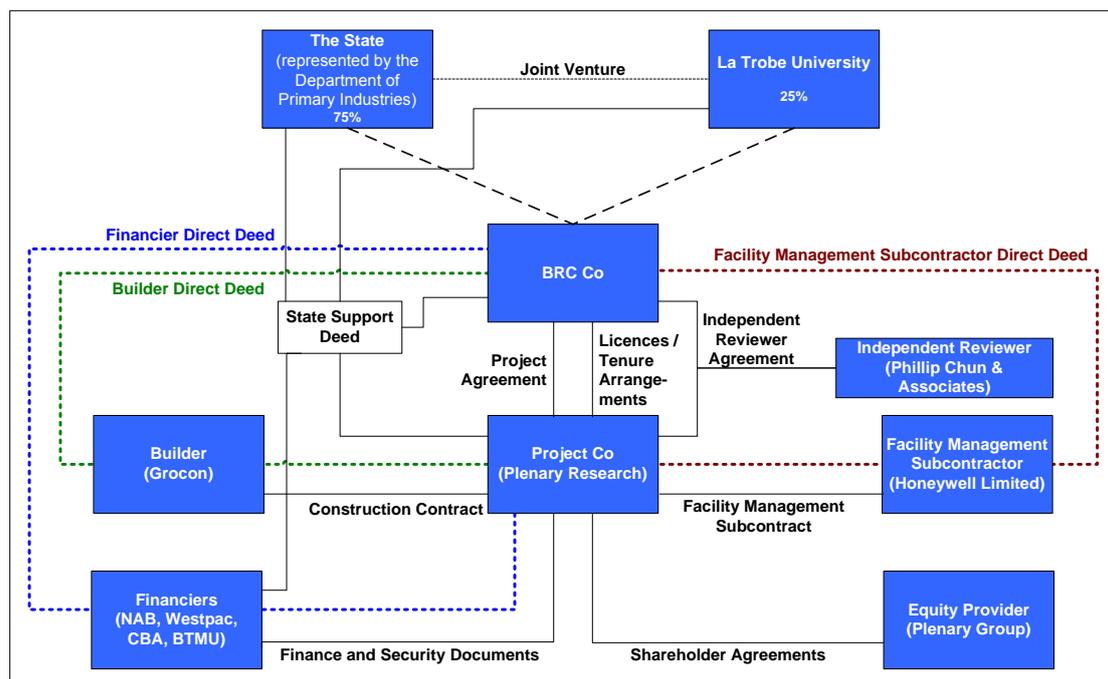
- **Biosciences Research Centre Pty Ltd (BRC Co):** BRC Co is the signatory and counterparty to the Project Agreement and all other ancillary documents involving the Joint Venture. At all times, BRC Co acts only as agent for the Joint Venture.
- **Joint venture between DPI and La Trobe University:** The Joint Venture is responsible for the delivery of the Project and will own the BRC. The State through DPI has a participating interest in the Joint Venture of 75% and La Trobe University has a participating interest of 25%. The Joint Venture is governed by a Joint Venture Board, which is the vehicle through which the Joint Venture will make decisions in respect of the Project. After Commercial Acceptance, the Joint Venture will report to the Minister for Agriculture (for DPI) and the Vice Chancellor and President of La Trobe University (for La Trobe University).
- **The State of Victoria:** The State provides support in respect of the liabilities of La Trobe University under the project documents, in favour of Plenary Research and the Project financiers under the State Support Deed.
- **Major Projects Victoria:** The Joint Venture has appointed Major Projects Victoria to oversee the delivery of the Project on their behalf until Commercial Acceptance. Accordingly, the Minister for Major Projects will be the Minister responsible for the procurement of the Project until Commercial Acceptance. During this time, the Minister for Agriculture and the Vice Chancellor and President of La Trobe University will maintain responsibility for Project funding, and for ensuring the State's and La Trobe University's objectives are met from an agricultural, science and policy perspective.
- **Plenary Research:** Plenary Research is the private party that has contracted to deliver the Project. Plenary Research is the counterparty to the Project Agreement and is the main contracting entity with BRC Co. Plenary Research in turn has entered into a range of contractual relationships with its consortium partners to deliver elements of the Project. Notwithstanding this, Plenary Research is the organisation ultimately responsible for the delivery of the Project and will, amongst other things, provide strong hands-on management over the entire duration of the Project.
- **Equity Provider:** Plenary Group Pty Ltd will provide the equity required for the Project.
- **Financiers:** Plenary Research has arranged for the involvement of a number of financiers (comprising National Australia Bank, Westpac and Commonwealth Bank of Australia in a "club" arrangement, and Bank of Tokyo-Mitsubishi UFJ Limited) to raise funds to pay for the construction of the BRC and other associated costs.

- **Builder:** Plenary Research has engaged Grocon Constructors (VIC) Pty Ltd to design, construct and commission the BRC.
- **Facility Management Subcontractor:** Plenary Research has engaged Honeywell Limited to deliver the hard and soft facilities management services to the BRC.
- **Independent Reviewer:** BRC Co and Plenary Research have jointly engaged Phillip Chun & Associates to act as the independent reviewer in respect of the Project, including to certify Technical Completion.

## 2.2 Project contractual relationships

The relationship between the Joint Venture, Plenary Research and other related parties is detailed in the Project Agreement and associated documentation. The structure and principal agreements required for the delivery of the Project are outlined in Figure 4.

Figure 4 - Contractual Structure



## 2.3 Risk transfer

The risk allocation of the Project Agreement is consistent with the *Partnerships Victoria* framework. In *Partnerships Victoria* projects, the entity procuring the project seeks to draw upon the best available skills, knowledge and resources from either the private or public sectors, and to achieve the best value for money by allocating risks to the party best able to manage them. This process results in various risks being:

- retained by the public sector;
- transferred to the private sector; and/or
- shared between the contracting parties.

The Project Agreement and associated documents establish the obligations of each party in managing these risks.

Table 4 below outlines the risk allocation for the Project. Where a risk is allocated to both parties, they may not share that allocation equally. All risks are dealt with in detail in the Project Agreement and associated documents.

Table 4 - Risk Summary

Risk Category	Description	Allocation	
		Joint Venture	Plenary Research
<b>Planning / Approval Risks</b>			
Delivery of Planning Framework and Town Planning Approval	Risk that approval of the planning framework for the Project is not obtained from relevant authorities or is obtained with onerous conditions.	✓	
Compliance with Planning Approvals and Conditions	Risk that the requirements of the planning approvals or conditions require unexpected amendments to the design or construction.		✓
Obtaining all other Authorisations / Approvals	Risk of obtaining and compliance with all other consents, approvals, authorisations and permits required for delivery of the Project.		✓
<b>Site Risks</b>			
Site Contamination	Cost of remediating Contamination to the standard necessary to obtain a Statement of Environmental Audit under the <i>Environment Protection Act 1970</i> (Vic) for use of the Project site as contemplated for the Project, or otherwise as required by Law.		✓
Native title	Risk that the BRC site is the subject of a native title claim.	✓	
Cultural heritage / Artefacts	Risk that the BRC site has archaeological and cultural heritage value or that artefacts are discovered on site.	✓	
<b>Design, Construction and Commissioning Risks</b>			
Design Risk	The risk that the design development activities cannot be completed on time and/or to budget.		✓
Construction Risk	Risk that construction activities cannot be completed on time and/or to budget.		✓
Equipment	Responsibility for the selection, procurement and performance of, and loss or damage to, equipment up to the Operational Commencement Date.	✓	✓
Fitness for purpose (design and construction)	Risk that the final constructed design of the Project is not fit for purpose or does not comply with contractual obligations.		✓
Modifications	The Joint Venture elects to make a significant variation to the project works or the equipment to be provided by Plenary Research.	✓	
Commissioning and completion	Risk that the BRC cannot be commissioned in accordance with the agreed commissioning and completion criteria.		✓
<b>Operating Risks</b>			
Scientific / research services demand	Risk that demand for, and the operating costs of running, the scientific / research activities and services are greater or less than anticipated.	✓	
Obtaining Accreditation	Risk of obtaining accreditation of the BRC for	✓	✓

Risk Category	Description	Allocation	
		Joint Venture	Plenary Research
	particular scientific / research activities.		
Meeting Accreditation Requirements	Risk that the BRC does not, at Commercial Acceptance, meet and comply with all then current standards which must be met in order to obtain accreditation, or that the Contracted Services are not performed in accordance with such requirements.		✓
Fitness for purpose (operating)	Risk that the BRC is not able to facilitate delivery of the core services (i.e. science and research) and/or is not fit for purpose at the required levels.		✓
Modifications	The Joint Venture elects to make a significant variation to the BRC once complete, or to the Contracted Services to be provided by Plenary Research.	✓	
Equipment costs	Risks associated with maintenance and performance of, loss or damage to equipment.	✓	✓
Operational risks and costs (reviewable / soft services)	Risks associated with provision of reviewable services (e.g. cleaning and security), including the risk that operating costs exceed Plenary Research's budgeted cost over the operating phase of the Project.	✓	✓
Operational risks and costs (non-reviewable / hard services)	Risks associated with provision of non-reviewable services (e.g. maintenance, replacement and refurbishment of the facility, plant and equipment), including the risk that operating costs exceed Plenary Research's budgeted cost over the operating phase of the Project.		✓
Utility price and volume risk	Risk of change in the price of the utility inputs required by the BRC and energy demand risk.	✓	
Waste removal costs	Risk of change in the price of waste removal costs (volume).	✓	✓
<b>Change in Law or Policy Risk</b>			
General changes in law or policy (excluding changes in accreditation requirements)	Risk that a change in legislation / regulations or State or La Trobe University policy, which applies generally, will impact on the design, construction or operation of the BRC or provision of Contracted Services.	✓	✓
BRC-specific changes in law or policy (excluding changes in accreditation requirements)	Risk that a change in legislation / regulations or State or La Trobe University policy, which expressly and exclusively applies to the Project, the BRC, the Project site or Plenary Research, will impact on the design, construction or operation of the BRC or provision of Contracted Services.	✓	
Change in accreditation requirements	Risk that a change in accreditation or containment requirements will impact on the design, construction, operation or use of the BRC or provision of Contracted Services.	✓	
Change in tax law	Risk that changes in income tax, GST or the introduction of a tax affecting companies generally will impact on the design, construction or operation of the BRC.		✓

Risk Category	Description	Allocation	
		Joint Venture	Plenary Research
<b>Force Majeure and other unforeseen events</b>			
Force Majeure or occurrence of other unforeseen events (including damage or destruction)	Risk that a 'force majeure' or other specified unforeseen events will impact on construction of the BRC or on the provision of Contracted Services.	✓	✓
<b>Finance Risks</b>			
Interest rate risk after Financial Close	Risk of movements in interest rates after Financial Close.		✓
Risk of obtaining insurance cover (during design and construction phase)	Risk of inability to obtain insurance or material increases in insurance premiums (e.g. material damage, public liability, professional indemnity, contract works (advanced loss of profits), workers compensation and motor vehicle insurance).		✓
Risk of obtaining insurance cover (during operating phase)	Risk of inability to obtain insurance or material increases in insurance premiums (e.g. industrial special risks / consequential loss, public and products liability and workers compensation insurance).	✓	✓
Refinancing risk	Risk of gains or losses in respect of any scheduled refinancing.	✓	✓
Market disruption risk	Risk that Plenary Research's financiers' cost of funding the Project significantly exceeds the average Australian lenders' cost of funding due to circumstances affecting the financial market generally.	✓	✓
Residual value	Risk that on expiry of the contract term, the condition of the asset is less than that required by the Project Agreement.		✓

## 2.4 General obligations of Plenary Research

In its simplest terms, Plenary Research has contracted with BRC Co (on behalf of the Joint Venture) to design, build and finance the Project and provide the Contracted Services over the 25 year operating phase. The full array of Plenary Research's obligations are contained in the Project Agreement and ancillary contracts. Table 5 below further summarises the obligations of Plenary Research over the course of the Project.

**Table 5 - Plenary Research's Project obligations**

Project Element	Description
Design, construction and commissioning	<p>Responsible for all aspects of design, construction and commissioning of the BRC, including:</p> <ul style="list-style-type: none"> <li>■ equipment procurement, installation, commissioning and where appropriate relocation from the existing DPI research facilities at Frankston, Knoxfield and Attwood and the Victorian AgriBiosciences Centre at the La Trobe University Bundoora campus;</li> <li>■ coordination and management of the design development process;</li> <li>■ managing any occupational health and safety matters on site;</li> <li>■ liaising with all relevant government agencies and utilities providers and installation and maintenance works to ensure the provision of utility and external infrastructure to the site as required for the Project; and</li> <li>■ implementing an appropriate communications strategy, in conjunction with the Joint Venture, to engage with the community and various stakeholder groups.</li> </ul>

Project Element	Description
Contracted Services	Provision of the following Contracted Services to the BRC throughout the 25 year operating phase of the Project, in accordance with the services standards specified in the Project Agreement: <ul style="list-style-type: none"> <li>■ building maintenance services;</li> <li>■ cleaning services;</li> <li>■ grounds maintenance services;</li> <li>■ pest control services;</li> <li>■ energy and utilities management services;</li> <li>■ waste management and recycling services;</li> <li>■ security services;</li> <li>■ help desk services;</li> <li>■ administrative services;</li> <li>■ minor works; and</li> <li>■ refurbishment works.</li> </ul> Plenary Research must coordinate the delivery of these services with the carrying out of the BRC core functions by the Joint Venture.
Insurances	Plenary Research is required to take out a range of insurances in relation to the BRC during both the design and construction and operating phases of the Project.
Finance	Procurement of senior debt, subordinated debt and equity to fund the delivery of the Project.
Hand-back	Undertake all necessary tasks to ensure that the BRC and Project site are returned to the Joint Venture in accordance with the end of term requirements set out in the Project Agreement.

## 2.5 General obligations of BRC Co, the Joint Venture and the State

### *Carrying out of core BRC functions*

The Joint Venture will undertake a range of scientific activities along the agricultural biosciences research continuum. These will range from state-of-the-art research (involving use of robotics, nanotechnology, bioinformatics and science operations such as high definition photography and analysis), to more "run of the mill" bulk agricultural research activities, such as the testing of cold storage facilities and their effect on agricultural produce and stock management issues in large animal house research areas and post mortem environments.

The Joint Venture will also undertake certain future farming systems research activities at the BRC, to develop innovative farming systems that deliver production and environmental benefits to the temperate zone of South-East Australia.

### *Obligations under the Project Agreement*

Under the terms of the Project Agreement, BRC Co (for and on behalf of the Joint Venture):

- will establish an Accreditation Committee to discuss matters relating to accreditation, including development of policies relevant to accreditation and attending meetings with Plenary Research;
- is required to make quarterly service payments to Plenary Research during the operating phase of the Project (subject to any abatement that may apply if the Contracted Services are not delivered to the required standard);
- may review and comment on design documentation and other material that will be submitted by Plenary Research in accordance with the Project Agreement;
- must procure the grant of a construction licence over the Project site for the delivery of the building works and an operating licence over the BRC once constructed for delivery of the Contracted Services; and

- must pay for any utilities and waste removal costs (other than volume costs for general (landfill), sanitary or recyclable waste).

### **State obligations under the State Support Deed**

Under the terms of the State Support Deed, the State:

- together with La Trobe University confirm the authority of BRC Co to enter into the project documents and exercise the rights and powers conferred on it as their agent;
- agrees to underwrite La Trobe University's payment obligations to Plenary Research and the financiers under the relevant project documents;
- agrees to a scheduled refinancing risk sharing regime with Plenary Research (see Section 2.9 below); and
- agrees to a market disruption risk sharing regime with Plenary Research with respect to increases in the cost of senior debt as a result of general market disruption (see Section 2.9 below).

### **2.6 Payment Mechanism**

BRC Co is not required to make any payment to Plenary Research until the BRC has been certified as having been fully constructed and commissioned.

Payment is made over the operating phase of the Project in the form of a quarterly service payment (**QSP**) in accordance with formulae set out in the Project Agreement. Each QSP includes an allowance for the capital cost of the BRC and the facilities maintenance and ancillary services to be delivered by Plenary Research over the 25 year operating phase.

Plenary Research bears a significant degree of price risk for the delivery of the Contracted Services, including long-term maintenance, as its payment is generally only adjusted for CPI and LPI movements, any BRC Co initiated modifications and to reflect the five yearly repricing and market testing regimes for soft services such as cleaning and security.

### **2.7 Abatement Regime**

The payment mechanism also provides strong incentive for Plenary Research to perform its contractual obligations. Any failure to provide the Contracted Services in accordance with the service specifications included in the Project Agreement may constitute a "service failure". This may result in the abatement of the QSP, in accordance with formulae set out in the Project Agreement. The Project Agreement categorises each service failure as either a:

- **Failure Event** - a service failure that affects one or more specific areas of the BRC; and
- **Quality Failure** - a service failure that is not referable to a specific area within the BRC.

Failure Events are categorised depending on the severity of their potential consequences taking into account the significance of the area affected and how important it is that the area be made available. This in turn will determine the response and rectification time that will apply. Where an incident occurs in areas of high importance, there will be shorter response and rectification times and potentially greater abatements. The abatement regime also recognises smaller failures that do not render a space unusable but nevertheless impact on the ability of the Joint Venture to carry out the BRC functions.

The service specifications included in the Project Agreement categorise which service failures will be Quality Failures and allocate a remedy period to each such failure. If the Quality Failure is not remedied within that specified period, Quality Failure Points will be incurred and may result in abatement after specified numbers of points have accrued.

Plenary Research must monitor the performance of the Contracted Services in accordance with the agreed performance monitoring regime, which includes a duty to record all service failures and audit rights for BRC Co.

## 2.8 Default, Termination and Step-in Regimes

### Default

A default by Plenary Research under the contractual arrangements will entitle BRC Co to various remedies. Where a default has occurred, BRC Co will in most circumstances be required to give Plenary Research an opportunity to cure the default. If the default is not cured by Plenary Research within the allotted cure period, it will escalate to a major default.

The Project Agreement also allows for a number of events to fall immediately within the major default category, (such as where there are persistent breaches or repeated service failures).

In respect of major defaults, Plenary Research will be given the opportunity to agree a cure plan (if the default is capable of cure) or agree a prevention plan to prevent the default from recurring (in circumstances where the default is not capable of cure). Where Plenary Research fails to cure the major default within the allotted cure period or to comply with an agreed cure or prevention plan (as applicable), it will generally give rise to a BRC Co right to terminate the Project Agreement.

Certain events of default are so severe that they are not subject to a cure regime. They give rise to a BRC Co termination right immediately upon their occurrence (e.g. insolvency of Plenary Research or failure to complete the Project by the specified sunset date). These events are called Default Termination Events.

### Step-In Rights

In addition to termination rights (or potential termination rights), events of major default and Default Termination Events may trigger a range of other remedies for BRC Co, including:

- the right to step-in to remedy the situation (i.e. the right to assume control and management of the Project, the works or the Contracted Services); and
- the right to require the replacement of a subcontractor that caused the major default or Default Termination Event.

BRC Co can also 'step-in' in cases of emergency.

During any step-in associated with a default, the QSP will be abated to the extent that the facility is unavailable and the Contracted Services are not being provided.

### Termination

The Project Agreement can be terminated under a number of scenarios. Where the Project Agreement is terminated before the natural expiry of the intended 25 year operating period, Plenary Research may be entitled to a termination payment. The basis for the calculation of the termination payment will depend on the reason for the termination as summarised in Table 6.

**Table 6 - Termination Options**

Event	Trigger	Termination Payments
Default Termination Event	The occurrence of a Default Termination Event has occurred.	The fair market value of the concession (measured by the net present value of forecast cash flows), determined by tendering (where there is a liquid market) or an independent valuer (where there is no liquid market or where BRC Co so elects) less costs reasonably incurred by the Joint Venture.
Voluntary Termination	BRC Co may at any time, for reasons of its own choosing, unilaterally elect to terminate the Project Agreement.	Plenary Research's outstanding debt as at the termination date plus either the greater of the real pre-tax or fair market value of Plenary Research's equity (measured by the net present value of forecast equity cash flows), and any other costs reasonably incurred by Plenary Research.

Event	Trigger	Termination Payments
Termination for Force Majeure	The occurrence of a force majeure event or an uninsurability event for which BRC Co does not act as the insurer of last resort.	The greater of the fair market value of the concession (measured by the net present value of forecast cash flows) determined by an independent valuer or the outstanding debt as at the termination date.

## 2.9 Finance and Security Arrangements

### *Finance and Security*

The private sector financing for the Project comprises senior debt, subordinated debt and equity, as follows:

- senior debt is comprised of a capitalising construction facility which converts to a term loan on the date of Commercial Acceptance, with a combined initial loan term of 5 years from Financial Close;
- subordinated debt is a subordinated loan facility agreement for an initial term of 5 years; and
- equity is provided by the Plenary Group and supported by a letter of credit.

BRC Co has security (a fixed and floating charge) over the Project's assets in order to secure Plenary Research's obligations under the Project Agreement. The security enables BRC Co to appoint a receiver over all or part of the secured assets. The Project's financiers also hold, via a security trustee, a suite of securities in relation to the Project, including a fixed and floating charge over Plenary Research's assets. The rights and priorities as between BRC Co and the security trustee are detailed in the Financier Direct Deed.

### *Scheduled Refinancing*

Plenary Research has allowed for two scheduled refinancings in the first ten years of the contract term. Any gains or losses which arise as a result of a change in the financing margins upon a scheduled refinancing will be shared by Plenary Research and the State in accordance with the terms of the State Support Deed. The State is not required to pay any scheduled refinancing loss where the increase in margin is due to any breach of the Finance Documents by Plenary Research or failure to cure a major default or Default Termination Event.

For all other refinancing (unscheduled refinancing), the State will not share in any losses. However, BRC Co will share equally with Plenary Research in any gains which arise as a result of a change in the financing margins in accordance with the Project Agreement.

### *Market Disruption*

If due to a market disruption event which affects the financing market generally, the cost to the senior lenders of funding their loans to Plenary Research is materially greater than the Bank Bill Swap Bid Rate (or BBSY) (which is the usual base interest rate for commercial bank lending in Australia), the Project's senior lenders have the right to vary their debt pricing. Plenary Research and the State share the risk of any increase in debt pricing in accordance with the terms of the State Support Deed. The risks involved in this regime for the State will be mitigated by a number of factors which are also set out in the State Support Deed. If payments to the senior lenders in respect of the market disruption event exceed a certain threshold, the State may require BRC Co to terminate the Project Agreement for Force Majeure.

## 2.10 BRC Co's rights at expiry of contract

The Project Agreement requires Plenary Research to hand back the BRC to the Joint Venture at the expiry of the operating term for nil consideration and in a condition such that no major maintenance or refurbishment work in relation to any major items of plant, equipment or finishes will be required for a period of five years after the expiry of the operating term. The

Project Agreement contains protections for the Joint Venture to ensure there are enough funds to cover outstanding maintenance works at the end of the term to meet this hand back condition.

## **2.11 Modifications and Minor Works Regime**

### ***Modification Regime***

BRC Co may modify the facility and/or the Contracted Services at any time during the contract term. This includes the ability to remove works or Contracted Services from the Project scope. The agreed capital and recurrent costs associated with a modification requested by BRC Co will be borne by BRC Co in accordance with the detailed regime contained in the Project Agreement. There is a separate but similar regime governing equipment modifications.

The modifications regime includes a requirement for Plenary Research to give BRC Co a detailed notice containing details of any effect the modification will have on the facility and the delivery of the Contracted Services and the costs of the modification on an open book basis.

To provide greater transparency and certainty into the cost of modifications, the Project Agreement locks down a range of pre-agreed margins and other on-costs (referred to as modification allowances). In addition to the base costs of the modification, Plenary Research will be subject to fixed amounts for margins and management fees.

### ***Minor Works Regime***

A regime has been established that will enable BRC Co to request Plenary Research to perform additional minor works without the need to invoke the modifications regime.

## **2.12 Current Version**

This document may be updated from time to time. Please check the *Partnerships Victoria* website at [www.partnerships.vic.gov.au](http://www.partnerships.vic.gov.au) for the current edition.

## Glossary

The following abbreviations and definitions are used throughout the document.

Term	Meaning
BRC Co	The signatory to the Project Agreement and all other ancillary documents as agent for and on behalf of the Joint Venture.
Commercial Acceptance	The stage of the Project works where all the completion requirements set out in the Project Agreement and all the completion criteria are certified to have been satisfied.
Contracted Services	Has the meaning given in Table 5 set out in Section 2.4.
CPI	Consumer price index.
Default Termination Event	Has the meaning given in Section 2.8.
DPI	Department of Primary Industries.
DTF	Department of Treasury and Finance.
Financial Close	The date on which all the conditions precedent to the Project Agreement were satisfied or waived, being 14 May 2009.
Project Brief	The document so entitled issued to those parties short-listed during the registration of capability phase of the Project and which identified the Joint Venture's requirements, including design principles, functional requirements, technical specifications, service specifications and equipment requirements.
Joint Venture	The unincorporated joint venture between DPI (on behalf of the Crown in the Right of the State of Victoria) and La Trobe University.
LPI	Labour price index.
MPV	Major Projects Victoria.
Operational Commencement Date	Has the meaning given in Section 1.6.
Plenary Group	Plenary Group Pty Ltd (ACN 108 934 612)
Plenary Research	Plenary Research Pty Ltd (ACN 132 433 080).
PPP	Public Private Partnership.
Project	The <i>Partnerships Victoria</i> Biosciences Research Centre Project.
Project Agreement	The agreement of that name entered into between Plenary Research and BRC Co (as agent for and on behalf of the Joint Venture), dated 30 April 2009 in relation to the Project.
Project Co	The private party entity that entered into the Project Agreement and is responsible for delivering the Project (being Plenary Research).
PSC	The Public Sector Comparator for the Project, being the risk-adjusted whole-of-life cost of delivering the same reference project if delivered traditionally by the Joint Venture.
QSP	Has the meaning given in Section 2.6.
Technical Completion	The stage of the Project works where all the technical completion requirements and criteria are certified to have been satisfied.

**Appendix 1: Useful references**

- Project documentation, including the Project Agreement, is available at [www.contracts.vic.gov.au](http://www.contracts.vic.gov.au)
- *Partnerships Victoria* policy guidance and project information, available at [www.partnerships.vic.gov.au](http://www.partnerships.vic.gov.au)
- The Department of Innovation, Industry and Regional Development website at [www.diird.vic.gov.au](http://www.diird.vic.gov.au)
- Information regarding the project available on DPI's website at [www.dpi.vic.gov.au](http://www.dpi.vic.gov.au)
- Information regarding the project available on La Trobe University's website at [www.latrobe.edu.au/biosciences/](http://www.latrobe.edu.au/biosciences/)
- Information is also available on the Major Projects Victoria website at [www.majorprojects.vic.gov.au](http://www.majorprojects.vic.gov.au)
- For details of the amendment to the Darebin Planning Scheme, refer to [http://www.gazette.vic.gov.au/gazette\\_bin/gazette\\_archives.cfm](http://www.gazette.vic.gov.au/gazette_bin/gazette_archives.cfm) (Gazette number 2 dated 8 January 2009)

## **Appendix 2: Key contact details**

### **Major Projects Victoria**

Department of Innovation, Industry and Regional Development  
Website: [www.mpv.vic.gov.au](http://www.mpv.vic.gov.au)  
Level 8  
121 Exhibition Street,  
Melbourne Vic 3000

### **Plenary Research Pty Ltd**

Level 29, 140 Williams Street  
Melbourne Vic 3000  
Website: [www.plenarygroup.com](http://www.plenarygroup.com)

### **Partnerships Victoria**

Website: [www.partnerships.vic.gov.au](http://www.partnerships.vic.gov.au)  
Department of Treasury and Finance  
1 Treasury Place  
East Melbourne Vic 3002

## Appendix 3: Public Interest Issues

### Public Interest Issues

The *Partnerships Victoria* Guidelines require that the public interest be considered from the early stages of the options appraisal process and reviewed at key stages of the procurement stage through to the approval to enter into the Project Agreement.

As part of the finalisation of the tendering process, the public interest test has been reviewed to ensure that the Project continues to comply. This review of the Project against the following eight elements of public interest;

- Effectiveness;
- Accountability and transparency;
- Affected individuals and communities;
- Equity;
- Consumer rights;
- Public access;
- Security; and
- Privacy.

### Summary of the Public Interest Test

The determination of whether the public interest can be adequately protected under either or all of the procurement options requires a judgement of:

- whether the failure to adequately protect any individual public interest element is a significant concern; and
- whether it outweighs (on its own, or together with other failures) the benefits to the public interest arising from the potential project being delivered under the recommended procurement option.

The conclusions reached from the assessment of the public interest elements and the procurement of the Project are:

- *Effectiveness* – The Project is consistent with a number of Government and DPI objectives and policies, including those specifically related to protect the wellbeing of the community and to ensure a strong agricultural industry.
- *Accountability and transparency* – The Project governance framework will ensure accountability and transparency, along with the publication of relevant information and contracts in accordance with Government policy and commercial-in-confidence considerations.
- *Affected individuals and communities* –
  - Extensive stakeholder consultation has been undertaken through the communications framework; and
  - A communications strategy has been developed, outlining strategies and initiatives for continued State and stakeholder engagement during the delivery stage of the Project.
- *Equity* – The Project design will meet the access requirements outlined in the Disability Discrimination Act.
- *Public access* – Community and industry access to information on biosciences and related issues will be selectively provided. The sensitive nature of this work will impact the ability to make this information publicly available. Research on primary industries is made available for general use (at no or limited cost to the public).

- *Consumer rights* - Consumer rights are safeguarded through a number of legislative procedures.
- *Security* – DPI’s ability to undertake research and emergency response activities are critical to the protection of the community’s health and safety. The BRC will ensure public safety through the identification and appropriate response, containment and management of pest and disease threats.
- *Health and safety* – The Victorian legislation enforced by WorkSafe Victoria, in conjunction with DPI’s policy guidelines, ensure that community health and safety will be secured.
- *Privacy* – The Project will provide protection of user’s rights to privacy through adherence to the Freedom of Information and Information Privacy Acts.

## **Appendix 4: Project Brief Evaluation Criteria**

The following criteria were used by the Joint Venture to critically evaluate proponent responses throughout the tendering phase.

### ***Criterion A – Interface Management***

The Joint Venture will evaluate the extent to which it is evident that the Proponent has fully considered and understood the importance of the interface between the Joint Venture and Project Co. Specifically the:

- resourcing, staffing structure and experience of Project Co personnel;
- demonstration and commitment to a partnership approach;
- proposed intra-consortium relationship management framework and approach; and
- proposed stakeholder management and communications approach methodologies.

### ***Criterion B – Commercial***

The Joint Venture will evaluate the:

- commercial solution including the intra-consortium legal and commercial relationships and financial strength of Project Co, the Builder, the Facility Management Subcontractor and any other contractors (as appropriate); and
- nature and extent of the proposed commercial departures.

### ***Criterion C – Financial***

The Joint Venture will evaluate the:

- appropriateness, competitiveness and flexibility of the funding structure;
- certainty of the funding structure; and
- robustness of the financial assumptions.

### ***Criterion D – Risk Adjusted Cost***

The Joint Venture will evaluate the whole of life, risk-adjusted cost of the Proposals by taking into account the financial and risk consequences of each Proposal.

### ***Criterion E – Commercial Opportunities***

The Joint Venture will evaluate the Commercial Opportunities with regard to the complementary nature of the proposed Commercial Opportunities and the appropriateness of the commercial opportunities.

### ***Criterion F – Master Plan and Architectural Design***

The Joint Venture will evaluate the:

- integration of the master plan with the broader University Campus;
- architectural quality of the proposed design;
- quality of the proposed design and layout of external areas within the Project site and outside the Project site;
- Site circulation and provision of appropriate traffic management; and

- the extent to which Proposals consider and respond to the planning framework.

### ***Criterion G – Functional and Operational Design***

The Joint Venture will evaluate the:

- functionality and operational efficiency of the proposed design;
- whole of life approach to design;
- quality of the proposed interior design;
- process for Equipment selection and appropriateness and quality of the selected furniture, fixtures, fittings and other Equipment;
- flexibility, adaptability and expansion capability of the proposed design;
- appropriateness and quality of the engineering and building infrastructure services;
- integrated ecological sustainability solution;
- design of any Commercial Opportunities;
- extent to which Proposals depart from the requirements of the Design Brief; and
- extent to which the design meets the Accreditation Requirements.

### ***Criterion H – Project Management***

The Joint Venture will evaluate the:

- approach to the Design Development Process, including the co-ordination and management of User Groups and the design team;
- proposed timelines and program;
- construction methodology and management processes;
- appropriateness of the proposed Completion methodology; and
- proposed methodologies, and approach to minimising any impact on the business continuity of the Research Functions and surrounding community.

### ***Criterion I – Service Delivery***

The Joint Venture will evaluate the ability of the Proponent to support and enhance the delivery of the Research Functions through the provision of the Services including the:

- proposed solution for the delivery of General Services, including the overall management structure for the delivery of the Contracted Services;
- service specific solutions (excluding Building Management Services) including proposed procedures, flexibility and certainty of quality of Contracted Services delivery;
- Building Management Services solution including proposed staffing (including supervision and management), procedures, flexibility and certainty of quality; and
- extent to which the Contracted Services meet the Accreditation Requirements.

## ***Other Issues***

### **Past Behaviour**

The Joint Venture may consider past conduct, behaviour and corporate history of any Consortium Member.

### **Conformity with the Request for Proposal**

The Joint Venture will consider the extent to which the Proponents have submitted complete Proposals and the extent to which each Proposal complies with the requirements of the Joint Venture's request for proposal.

### **Compliance with the VIPP**

The Victorian Industry Participation Policy Statement completed by each Proponent will be assessed and used in accordance with the guidelines issued under this policy.

### **Probity Investigations**

The Joint Venture reserves the right to evaluate any matters revealed as a result of its probity and security investigations in evaluating Proposals.

### **Conflict of Interest**

The Joint Venture will consider the nature of any actual or perceived conflicts of interest and the way in which the Proponent proposes to manage any such conflicts.

## MAJOR PROJECTS VICTORIA



Website: [www.partnerships.vic.gov.au](http://www.partnerships.vic.gov.au)

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