Partnerships Victoria project summary

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Template

* + 1. Purpose

This template will be used by procuring agencies preparing project summaries for tabling in Parliament and publishing on the Department of Treasury and Finance website.

This template is publicly available and may be amended.

* + 1. Policy requirement

The Partnerships Victoria Requirements state:

It is a Partnerships Victoria requirement to prepare a project summary for public release within 60 days of financial close of each Partnerships Victoria project to accompany the disclosure of the Partnerships Victoria contract.

The project summary will summarise the:

* + - project objectives, scope, and procurement process;
    - financial outcome, including the value of the project and cost to government; and
    - commercial risk allocation based on the contract.

The project summary is prepared by the procuring agency and approved by the portfolio minister and the Treasurer. The portfolio minister is responsible for tabling the project summary in Parliament (or the next available Parliamentary sitting day). Once tabled, the project summary will be published on the Department of Treasury and Finance website.

The project summary is usually released at the same or similar time as the contract (Project Deed) in accordance with Victorian Government Purchasing Board policy.

There is an ongoing obligation for procuring agencies to update the project summary if any significant changes or modifications occur during the life of the contract.

Precedent project summaries can be accessed using the link below.

<http://www.dtf.vic.gov.au/Infrastructure-Delivery/Public-private-partnerships/Project-Summary-Documents>

* + 1. Template instructions

This template sets out the required form and content of the project summary. Content for each project summary is determined according to each project’s circumstance and characteristics. Content evolves as new areas of public interest emerge.

It is recommended the project summary be completed while the project advisers are still available to provide input to the document (e.g. financials, risk allocation table).

The estimated length of a project summary is up to 25 pages.

The following pages outline the template headings and content for the project summary.

# Cover

The cover is to include:

* [Project name] Project Summary
* Date
* Victorian Government logo

The inside cover should include publication and copyright references.

# Introduction/foreword

This explains the purpose of the project summary, the structure of the document and a brief explanation of the procurement policy framework including the National PPP Guidelines and Partnerships Victoria Requirements. This section should reference links to any other published material such a project website, published contract or other material. It should also include a disclaimer such as:

‘This summary should not be relied upon to completely describe the rights and obligations in respect of the Project, which are governed by the Project Deed and associated documents. The Project Deed and associated documents are available online at www.tenders.vic.gov.au’.

# Part one: Project overview

* + - 1. Project [name of project] outcomes

Outline the proposal objectives, the State’s need for the facility/service and the high-level benefits expected from the proposal.

Describe the facility/services to be provided by the private provider, including an outline of project scope or technical descriptions where appropriate.

A description of the project site or a map of the location can also be included.

* + - 1. A public private partnership

Outline the rationale for delivering the project as a public private partnership (PPP) and list the key partners (private and public).

* + - 1. Tender process

Outline the competitive tender process for the selection of the private provider. This could reference the procuring agency’s project delivery governance structure (consider including a governance diagram).

A table of key procurement milestones should be completed to demonstrate the time and process undertaken as per Table 1.

Table 1. Project procurement – key dates

|  |  |
| --- | --- |
| Procurement process | Date |
| Expression of interest phase |  |
| Invitation for expressions of interest issued |  |
| Expressions of interests submitted |  |
| Shortlist of respondents to proceed announced |  |
| Request for proposal phase |  |
| Request for proposals issued |  |
| Request for proposals received |  |
| Negotiation and completion phase |  |
| Preferred bidder announced |  |
| Contract close |  |
| Financial close |  |

An outline of the evaluation structure should be provided (consider including a diagram) and a high level description of evaluation criteria (a list of evaluation criteria is usually appended).

The probity framework should be outlined including a list of probity principles.

This section should also outline any stakeholder engagement processes throughout procurement.

* + - 1. Tender process outcomes

An outline of the tender outcome should include:

* + - who the successful tenderer is (noting parties are described in detail in section 3.1); and
    - the key components of the successful offer.

This section should also identify the tender outcome against government policy requirements such as:

* + - the Victorian Industry Participation Policy local content target;
    - the Major Projects Skills Guarantee workforce targets; and
    - other Government policy objectives for example Aboriginal employment targets and disability employment targets.
      1. Public interest considerations

This section should detail how the project addresses the eight elements of the public interest test. Describe the main standards that must be met to protect the public interest, and whether appropriate mechanisms are available to provide an adequate level of protection.

The final public interest test is included as an appendix.

* + - 1. Contract milestones

Outline the milestone dates for the project. Table 2 provides an indicative summary.

Table 2: Key date summary

|  |  |
| --- | --- |
| Contract component | Due date |
| Contract commencement | dd month yyyy |
| Financial close | dd month yyyy |
| Technical completion | On or before dd month yyyy |
| Commercial acceptance | On or before dd month yyyy |
| Service delivery/operations period | dd month yyyy ‑ dd month yyyy |
| Contract expiry date | dd month yyyy |

* + - 1. Project advisers

Outline the external advisers engaged for the project. Table 3 provides an indicative summary.

Table 3: Project advisers

|  |  |
| --- | --- |
| Role | Advisor |
| Financial and commercial adviser | [insert] |
| Legal adviser | [insert] |
| Probity adviser | [insert] |
| [insert additional project advisors as applicable] | [insert] |

# Part two: Financial outcome

* + - 1. Value for money

Describe how value for money was achieved and the key drivers for this result.

The public sector comparator (PSC) is an estimate of the hypothetical, risk-adjusted, whole-of-life cost of the project if delivered by the State. The PSC is developed in accordance with the output specification and risk allocation proposed for the private sector party arrangement, and is based on the most likely and efficient form of conventional (that is, non-public private partnership) delivery by the State.

The PSC is expressed in terms of the net present cost to the State, calculated using a discounted cash flow method taking full account of the costs and risks that would arise through State delivery.

The total PSC amount and headline components underpinning this amount should be included as detailed in Table 4.

Table 4: Components of the public sector comparator

|  |  |
| --- | --- |
| Components of the PSC | Net present cost  ($ million) |
| Capital costs | [insert] |
| Lifecycle and asset service costs | [insert] |
| Operating costs | [insert] |
| Raw PSC | [insert] |
| Transferred risks | [insert] |
| Competitive neutrality | [insert] |
| PSC (excluding retained risk) | [insert] |

Quantitative value for money should be demonstrated as estimated savings between the PSC and private sector contract cost in Table 5.

Table 5: Value-for-money comparison – PSC versus private sector delivery

|  |  |  |
| --- | --- | --- |
| Public sector comparator  NPC | Private sector contract cost NPC | Estimated savings % |
| $ **[insert]** | $ **[insert]** | **[insert]** % |

Notes to Tables 4 and 5:

1. All numbers are expressed in net present values as at [date].
2. In accordance with the national PPP Guidance, a risk free rate of [insert] per cent was used in calculating the net present value of the PSC and its components, and a discount rate of [insert] per cent was used in calculating the net present cost of private sector delivery.
3. The format and content of the table may need to change to reflect differing circumstances of projects.
4. PSC excludes State Retained Risk.

The final content of Tables 4 and 5 will be approved by the Treasurer and the portfolio minister responsible for the individual project in light of commercial-in-confidence considerations.

Figures released as part of the value-for-money statement should be consistent with the figures reported in other government publications. The Department of Treasury and Finance can provide separate advice on this section.

* + - 1. Additional value for money benefits

This section should outline the qualitative value for money aspects of the offer such as:

* + - quality of service delivery;
    - design amenity;
    - sustainability of the arrangement; and
    - commercial opportunities.
      1. Other costs

To the extent there are other State costs outside of the contract but necessary for project delivery these should be outlined here e.g. land acquisition.

* + - 1. Costs and service payments

Outline the costs and service payment regime for the project.

Table 6: Disclosure of nominal flows

|  |  |  |  |
| --- | --- | --- | --- |
| Cost of contracted proposal (net present cost) as at mm/yy | Discount rate used to arrive at net present cost | Total cost of contracted proposal (nominal) | First full year payment (nominal) |
| **[insert]** | **[insert]** | **[insert]** | **[insert]** |

Table 7: Disclosure of lease liability

|  |  |  |  |
| --- | --- | --- | --- |
| Lease liability expected to be recognised at completion (nominal) | Lease liability expected to be recognised at completion (NPC) | Expected year of completion | Implied interest rate in lease liability |
| **[insert]** | **[insert]** | **[insert]** | **[insert]** |

Table 8: Breakdown of quarterly service payments

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Sum of quarterly service payments over the life of contract | Principal payments on lease liability | Interest payments on lease liability | Implied operating and maintenance component of quarterly service payments |
| Nominal | **[insert]** | **[insert]** | **[insert]** | **[insert]** |
| Net present cost | **[insert]** | **[insert]** | **[insert]** | **[insert]** |

* + - 1. State financial contributions

Detail any State financial contributions to the project (e.g. capital contribution).

* + - 1. Partial bid cost reimbursement

Detail any partial bid cost reimbursement paid to respondents.

# Part three: Key commercial features

This list of commercial features is indicative. Additional descriptions can be added as appropriate for each project.

* + - 1. Parties to the contract

Outline the key parties to the contract.

* + - 1. Contractual relationships

Outline the key contractual relationships of the project. This may include a chart as shown in Figure 1.

Figure 1: Contract arrangements and relationships

**Appointment of facility operator**

**Memorandum of understanding**

Debt

providers

Construction subcontractor

FM subcontractor

Contractor

Equity providers

Operator

Department

Minister

**Project agreement**

* + - 1. Risk allocation

Outline the risk allocation under the Project Deed. The risk allocation matrix, completed during the project procurement phase, will provide a basis for this analysis. A risk summary as in Table 9 is recommended to be included with the risk allocation reflecting the contracted outcome.

Table 9: Risk summary

| No. | Type of risk | Description | Allocation | | |
| --- | --- | --- | --- | --- | --- |
| State | Shared | Project Co |
| **Land acquisition and planning risk** | | | | | |
| 1 | Land acquisition | Risk associated with acquiring land identified at contract close as required for Project Co’s design to be accepted by the State. | ✔ |  |  |
|  |  | Risk associated with acquiring land as a result of design changes requested by the State after Contract Close. | ✔ |  |  |
| 2 | Additional land | Any additional land required by Project Co above the land made available by the State. |  |  | ✔ |
| 3 | Planning approvals | Obtaining planning approvals for the Project in relation to land made available by the State. | ✔ |  |  |
|  |  | Obtaining planning approvals for the project in relation to any additional land required by Project Co. |  |  | ✔ |
|  |  | Changes to planning approvals proposed by Project Co after contract close. |  |  | ✔ |
| 4 | Compliance with planning approvals | Obligation to comply with relevant planning approval conditions. |  |  | ✔ |
| **Site risks** | | | | | |
| 5 | Pre-existing contamination  [risk allocation to be determined on a project-by-project basis] | Cost relating to the management and removal of pre-existing contamination on the site(s). |  |  |  |
| 6 | All other contamination | Cost relating to the management and removal of all other contamination on the site(s). | ✔ (only where caused by the State or migrating from an adjoining site) |  | ✔ |
| 7 | Native Title claims | Risk of cost and delay if Native Title claims are made in respect of the land made available by the State. | ✔ |  |  |
|  |  | Risk of cost and delay if native title claims are made in respect of any additional land required by Project Co. |  |  | ✔ |
| 8 | Aboriginal heritage and artefacts | Risk of cost and delay resulting from discovery of items and Aboriginal heritage and artefacts at the site. |  | ✔ |  |
| 9 | Environmental risk | Risk of general site and environmental conditions (excluding those specifically identified) |  |  | ✔ |
| **Design, construction and commissioning risks** | | | | | |
| 10 | Force majeure | Risk of delay caused by force majeure events, which prevent construction milestones being met. |  | ✔ |  |
| 11 | Design risk | Risk that the design development process cannot be completed on time or to budget or that the design does not meet the project scope and delivery requirements. |  |  | ✔ |
| 12 | Construction risk | Risk that construction cannot be completed on time or to budget. | ✔(only where caused by the State breach and specified relief events) |  | ✔ |
| 13 | Equipment  [risk allocation to be determined on a project-by-project basis] | Responsibility for the selection, procurement and maintenance of equipment. |  |  |  |
| 14 | Defects risk | Risk that defects are identified following completion of construction. |  |  | ✔ |
| 15 | Fitness for purpose (commissioning) | Risk that the **[insert asset to be delivered by Project Co]** is not fit for purpose or does not comply with contractual obligations. |  |  | ✔ |
| 16 | Commissioning | Risk that **[insert asset to be delivered by Project Co]** cannot be commissioned in accordance with the agreed commissioning criteria. |  |  | ✔ |
| 17 | State-initiated modifications | If the State elects to make a significant variation to the **[insert asset to be delivered by Project Co]** or the services to be provided by Project Co. | ✔ |  |  |
| 18 | [Insert additional Project-specific risks. Examples from other Partnerships Victoria availability PPP projects have included:   * the impact of other State projects resulting in modification or delay; and * risk of managing key interfaces.] |  |  |  |  |
| **Operating risks** | | | | | |
| 19 | Force majeure | Risk that force majeure events affect the operation or availability of **[insert asset to be delivered by Project Co]** |  | ✔ |  |
| 20 | Asset management KPIs | Meeting required standards with respect to asset management Key Performance Indicators. |  |  | ✔ |
| 21 | Asset availability and maintenance | Making **[insert asset to be delivered by Project Co]** available in accordance with availability requirements and levels. |  |  | ✔ |
| 22 | Meeting performance requirements | **[insert asset to be delivered by Project Co]** performance does not meet the performance requirements. |  |  | ✔ |
| 23 | Maintenance costs | Risk that maintenance costs exceed budgeted costs over the operating phase of the project. |  |  | ✔ |
| 24 | Operations costs (non-reviewable services) | Risk that operations costs exceed budgeted costs over the Operating Phase of the project. |  |  | ✔ |
| 25 | Operations costs (reviewable services) | Risk that operations costs exceed budgeted cost over the Operating Phase of the project. | ✔ |  | ✔ |
| 26 | Lifecycle costs | Risks associated with the replacement and refurbishment of **[insert asset to be delivered by Project Co]** (including plant and finishes) over the Operating Phase. |  |  | ✔ |
| 27 | Changes in service levels | Changes in service levels impacting the maintenance and lifecycle of **[insert asset to be delivered by Project Co]:** |  |  |  |
|  |  | * within the parameters specified in the Project Deed; and |  |  | ✔ |
|  |  | * modifications to service levels and service plan outside the agreed parameters. | ✔ |  |  |
| 28 | Utility price risk | Risk of change in the price of the utility inputs required by **[insert asset to be delivered by Project Co]** | ✔ |  |  |
| 29 | Utility volume risk | Risk of change in the cost of utilities as a result of energy demand. | ✔ |  |  |
| 30 | Residual life and end of term handover | Satisfying the residual design life requirements for **[insert asset to be delivered by Project Co]** at the end of the Operating Phase. |  |  | ✔ |
| 31 | [Insert additional Project-specific risks. Examples from other Partnerships Victoria availability PPP projects have included:   * franchisee interface risk during the Operating Phase; and * risk that actual revenues generated by commercial opportunities differ from the Base Case Financial Model.] |  |  |  |  |
| **Accreditation** | | | | | |
| 32 | [Insert Project-specific risk allocation for obtaining and maintaining accreditations for construction and operation of the asset to be delivered by Project Co. Delete if not applicable for Project.] |  |  |  |  |
| **Industrial relations** | | | | | |
| 33 | Industrial relations risk | Risks of industrial action in respect of the project (excluding those actions which directly affect Project Co and which directly results from an act or omission of the State) |  |  | ✔ |
| **Change in law or policy risks** | | | | | |
| 34 | General change in law | Risk of a general change in law during the Development Phase |  |  | ✔ |
|  |  | Risk of a general change in law during the Operating Phase. | ✔ |  |  |
| 35 | Project specific change in law | Risk of additional cost or delay resulting from changes in State policy or law which directly affect the **[asset to be delivered by Project Co].** | ✔ |  |  |
| **Financing** | | | | | |
| 36 | Financing | Obtaining and maintaining private sector financing for the project. |  |  | ✔ |
| 37 | Base interest rate risk | Base interest rate risk prior to Financial Close. | ✔ |  |  |
|  |  | Base interest rate risk from Financial Close to first re-finance date. |  |  | ✔ |
|  |  | Base interest rate risk from the first re-finance date. | ✔ |  |  |
| 38 | Refinancing | Risk of refinancing losses. |  |  | ✔ |
|  |  | Risk of refinancing gains. |  | ✔ |  |
| 39 | Tax | Actual tax payable by Project Co differs from the base case financial model. |  |  | ✔ |
| 40 | Forex risk | Risk of forex movements (excluding agreed overseas sourced spare parts). |  |  | ✔ |

* + - 1. Departures from standard project deed

Outline any departures from the standard Project Deed. These may be project specific departures or negotiated outcomes.

* + - 1. General obligations of the contractor

Outline the major obligations of the private party under the Project Deed. This may include:

* + - providing the facility/services as described in the Project Deed;
    - project managing the design development, construction and commissioning of the facility/service; and
    - managing risks associated with the ownership, financing, design development, construction, commissioning, operation, maintenance, support and delivery of the facility/service.
      1. General obligations of the State

Outline the major obligations of the State under the Project Deed for each project cycle stage. Major obligations of the State may include:

* + - reviewing and commenting on private party key deliverables during the design and construction stages;
    - undertaking the required checking, verification and review of the private party’s information to achieve sign-off at critical milestones;
    - attending meetings with the private party (contract director, customers and third parties) as required under the Project Deed; and
    - making service payments to the private party under the Project Deed.
      1. Non-financial State contributions

Detail any non-financial State contributions to the project (e.g. land).

* + - 1. Performance measures and abatement

Detail the key performance measures and how the private provider will be accountable for non-performance.

* + - 1. Default and termination regime

Detail the default and termination regime, including the State’s rights of step in.

* + - 1. Finance and security arrangements

Detail the financing and security arrangements required in the contract.

* + - 1. State rights at expiry of contract

Detail the State’s rights at contract expiry, including details of asset handover to the State.

* + - 1. Audit and inspection rights of the State

The Project Deed includes contractual rights for the State to be given access to information and data, including to:

* + - inspect, observe or test any part of the works, infrastructure or project activities;
    - examine and make copies of the accounts and other records, reports and all documents reasonably requested of [private party] or any of its key subcontractors in connection with the project;
    - disclose information in connection with the project to satisfy the disclosure requirements of the Victorian Auditor-General or to satisfy the requirements of Parliamentary accountability.
      1. Process for government modification of services/facility

Detail processes for the State to seek facility and service modification over the period of the contract.

## Appendices to include

Common appendices include:

* + - Glossary;
    - Useful references/links;
    - Key contact details;
    - Evaluation criteria; and
    - Public interest test.