



Government of **Western Australia**
Department of **Treasury**



Your ref : A325098
Our ref : 00061297
Enquiries : Jim Boston
Telephone : 6551 2823

Mr Matthew Bates
Acting Principal Research Officer
Public Accounts Committee
Parliament of Western Australia
Parliament House
PERTH WA 6000

Dear Mr Bates

**PUBLIC ACCOUNTS COMMITTEE - REQUEST FOR INFORMATION –
ENGAGEMENT OF COMMERCIAL ADVISORS**

I refer to your letter dated 22 February 2012 requesting information in relation to the engagement of commercial advisors for three Department of Treasury public private partnership projects.

The information requested is contained in the attached folder as follows:

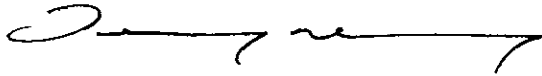
- **Attachment A:** Engagement of PricewaterhouseCoopers (PwC) in relation to the Queen Elizabeth II Medical Centre Car Parking Project;
- **Attachment B:** Engagement of PwC in relation to the Eastern Goldfields Regional Prison Project; and
- **Attachment C:** Engagement of KPMG in relation to the Midland Health Campus Project.

Please note that the following documents contained in the attached information package include commercially sensitive information (including State evaluation commentary and competitively tendered pricing proposals) that is typically not made public:

- Appointment letters (three) from the State to the commercial advisors (contained in Attachments A1, B1 and C1);
- PwC's proposal for the Queen Elizabeth II Medical Centre Car Parking Project (contained in Attachment A1); and
- Evaluation reports (three) for the commercial advisors (contained in Attachments A2, B2 and C2).

In light of their commercial sensitivity, I request that these documents be treated as closed evidence.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Timothy Marney', with a long horizontal flourish extending to the right.

Timothy Marney
UNDER TREASURER

28 February 2012

Enc.



Government of **Western Australia**
Department of **Treasury**
Strategic Projects

Response to Public Accounts Committee

Request for Information dated 22 February 2012
relating to commercial advisory appointments

February 2012

Attachment A – Queen Elizabeth II Medical Centre (QEII MC) Car Park Project

Background

On 5 July 2011, the State entered into contractual arrangements with Capella Parking for the delivery of a new 3,000+ bay multi-deck car park at the QEII MC. The new facility will be delivered under a build-own-operate-transfer (BOOT) public private partnership (PPP) arrangement, whereby Capella Parking is required to design, construct and finance the new multi-deck car park and operate the car parks across the QEII MC reserve over a 26 year project term.

PricewaterhouseCoopers (PwC) was appointed on 29 March 2010 as the State's commercial advisor for the procurement process. The contract expired on 31 December 2011.

PAC request	Response
(a) Copy of Contract	<p>Please find attached a copy of the following documentation that forms part of the contractual framework for the engagement of PwC:</p> <ul style="list-style-type: none"> the State's acceptance letter dated 29 March 2010; the State's Request for Proposals (RFP) dated 24 February 2010; and PwC's proposal dated 11 March 2010. <p>The appointment was made in accordance with the Audit Services and Financial Advice standing arrangement in place with the (former) Department of Treasury and Finance (CUA 23706). Please refer to Attachment A1.</p>
(b) Scope of works	<p>PwC was engaged to provide general commercial and financial advice in relation to the BOOT project. The scope of PwC's engagement was broken into three phases as described below.</p> <p>Expressions of Interest (EOI) Phase</p> <ul style="list-style-type: none"> Assist in the preparation of Invitation for EOI document, taking the lead on the commercial and financial elements of the document. Assist with the development of a preferred commercial structure including acceptable investment terms and risk allocation to meet project outcomes. Provide advice on likely accounting balance sheet treatment. Participate in the evaluation of the EOI submissions, with particular focus on the financial, commercial and commercial opportunity aspects of the submissions. Prepare detailed reports on the financial, commercial and commercial opportunity aspects proposals. Commence the development of the final Public Sector Comparator (PSC).

PAC request	Response
	<p>Request for Proposals (RFP) Phase</p> <ul style="list-style-type: none"> • Assist in the preparation of the RFP including: <ul style="list-style-type: none"> ○ the development of a preferred commercial structure including acceptable investment terms and risk allocation to meet project outcomes; ○ the refinement of output specifications and other project requirements into a clear and measurable form; ○ the development of a clear and robust gain share mechanism based on measurable financial outputs; ○ the development of the tender evaluation criteria and response schedules. • Continue to lead the construction and finalisation of the final PSC prior to the release of the RFP. • Provide advice on likely accounting balance sheet treatment. • Keep the State/QEIIIMC Trust fully apprised of movements and development in debt and equity markets. • Assist in the identification and successful resolution of a wide range of risks and commercial issues associated with the Project, particularly those unique to the BOOT Project. • Take the lead on developing and finalising a number of technical elements of the draft Project Agreement, including in relation to termination payments, any payment mechanisms, insurance, definition of debt and other financial modelling provisions. • Provide extensive commercial input in relation to the draft Project Agreement and other contracts prepared by the Project's legal advisors. • Assist in the respondent interface workshops as requested. • Participate in the evaluation of the proposals, with particular focus on the financial, commercial and commercial opportunity aspects of the proposal, as well as the interrogation of private sector demand and financial models. • Prepare detailed evaluation reports on the financial, commercial and commercial opportunity aspects proposals. <p>Negotiation and Completion Phase</p> <ul style="list-style-type: none"> • Assist in the commercial negotiations with the Preferred Respondent, particularly negotiations in relation to the Project Agreement, financing, demand forecasting, security and agreements with respondent(s). • Assist in developing the processes and procedures to achieve contractual and financial close.
(c)(i) Method of appointment	<p>PwC, along with KPMG and Ernst & Young was selected on a shortlist to provide a response for the delivery of commercial and financial advice for the QEIIIMC multi-story car park in accordance with the Audit Services and Financial Advice standing arrangement in place with the Department of Treasury and Finance (CUA 23706). The use of CUA 23706 is mandatory for all Western Australian public authorities.</p> <p>To assist the shortlist, Strategic Projects released a detailed RFP document that described the Project, set out the scope of work of the consultancy, the selection criteria and the response requirements.</p>
(c)(ii) Rationale for appointment	<p>A copy of the Evaluation Report that contains a description of the evaluation process and the rationale for the appointment of PwC is attached. Please refer to Attachment A2.</p>

PAC request	Response								
(d) Estimated and actual cost of the engagement	<p>Estimated contract value</p> <p>Pricing of the PwC appointment was based on a mixture of fixed and variable costings. PwC agreed to a fixed price for the EOI and RFP phases of the procurement. Due to the inherent uncertainty in relation to the quantum of work required for the Negotiation and Completion Phase, remuneration was to be based on a competitively tendered hourly rate.</p> <p>At the time of entering the consultancy, the evaluation panel estimated the total cost of the engagement at \$450k (excluding GST). Subsequent to the engagement, two variations were agreed with PwC for out of scope work. As such, the total estimated value of the contract is as follows:</p> <table><tr><td>Initial contract value estimate</td><td>\$450k</td></tr><tr><td>Variation 1 (EOI Stage)</td><td>\$44k</td></tr><tr><td>Variation 2 (IPG Analysis)</td><td>\$6k</td></tr><tr><td>Total estimated contract value</td><td>\$500k</td></tr></table> <p>Actual contract expenditure</p> <p>Actual final expenditure on the PwC consultancy is \$579k (excluding GST). This engagement expired on 31 December 2011.</p>	Initial contract value estimate	\$450k	Variation 1 (EOI Stage)	\$44k	Variation 2 (IPG Analysis)	\$6k	Total estimated contract value	\$500k
Initial contract value estimate	\$450k								
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Total estimated contract value	\$500k								



PART A – GENERAL INFORMATION

Overview of the Project

This Project is intended to enhance the parking facilities to patients, visitors and staff on the Queen Elizabeth II (QEII) Medical Centre Site. The Project will be delivered using a BOOT delivery mechanism whereby the private sector will be asked to build, own, operate and transfer the car parking facilities across the Site.

Strategic Projects is in the final stages of completing a Business Case for this Project. The Business Case has, inter alia, assessed the financial viability of the Project and has concluded that it is likely that the private sector can fully fund the Project over a 30 year concession period within the pricing and capacity constraints imposed on staff parking by the State.

QEII Medical Centre Site

The QEII Medical Centre is located immediately west of King's Park and approximately 4km from Perth city centre. The health care facilities located on the QEII Medical Centre Site form part of the North Metropolitan Area Health Service (NMAHS), which covers an area of 3.674 km and represents approximately 43% of the State's population. The QEII Medical Centre Site (Site) is the sole adult tertiary health care facility for NMAHS residents. The Site is Crown title and an 'A' Class Reserve for the purpose of a medical centre.

The Site is controlled by the QEII Medical Centre Trust. The Trust is a statutory body, established under the Queen Elizabeth II Medical Centre Act 1966 to undertake the development, control and management of the QEII Medical Centre Site, including the management of parking facilities, as prescribed under section 13(1) of the Act.

The Master plan itself (due to be endorsed by the Trust in late February), and the intended location of the carpark on the Site is shown on **Attachment A**.

QEII Medical Centre Redevelopment

An Access and Structure Plan commissioned by the State identified that the provision of centralised, safe and secure parking facilities were critical to the enhancement of accessibility on the Site. The Access and Structure Plan recommended that the development of multi-storey patient, visitor and staff car parks is the most effective strategy to meet the identified needs of Site users. The WA Planning Commission approved the Access and Structure Plan in June 2007.

Subsequently, the QEII Medical Centre Travel Plan was developed in response to the objectives raised in the Access and Structure Plan. This plan included a number of actions aimed at reducing staff, patient and visitor reliance and car transport through the development and implementation of alternative travel options to the Site. The Travel Plan also recommended that the daily staff parking rate should be linked to public transport fares.

The delivery of new car parking facilities is critical to free up the Site for a range of other health projects currently in the planning phase, including the recently announced new Children's Hospital Project and the proposed new Woman's Hospital Project.

Current Service Profile

Currently, the QEII Medical Centre has approximately 3,000 marked parking bays on Site. All car parks located on Site are currently at-grade and are situated at various locations throughout the Site.

Clinical Services Demand

The demand for clinical services on Site is the primary driver of the demand for adequate site accessibility and thus the demand for sufficient parking facilities on the Site. The demand for health care services has increased significantly over the last five years and current capacity constraints have directly impacted on the quality, efficiency and effectiveness of treatment delivery.

In the coming year, it is envisaged that there will be a shift in the demand from admitted patient care to non-admitted patient and ambulatory care. Notwithstanding the shift in the clinical service delivery on the Site, admitted patient activity is forecast to increase from 60,529 separations in 2008/09 to 67,470 separations in 2016/17, representing a total increase of 11%, primarily due to population growth. It is forecast that non-admitted patient activity will increase from 366,080 occasions of service in 2008/09 to 539,291 occasions of service in 2016/17, representing a 47% increase over 8 years. Further, both admitted and non-admitted patient activity will increase following the proposed relocation of Princess Margaret Hospital to the Site.

Travel Demand

The QEII Medical Centre currently attracts over 19,000 vehicles trips per day, with most users arriving at the Site by private vehicle, thus resulting in a significant impact on the local road network and the availability of car parking bays on the Site. The Transport Assessment found that approximately 85% of staff travel to the QEII Medical Centre Site by private vehicle each day and park at the Site.

A large portion of patients and visitors were also found to travel to the Site by private vehicle and park on campus and therefore there is a significant demand for adequate patient and visitor parking facilities. The Transport Assessment found that the majority of patients attending the Site by private vehicle attended for outpatient services and other Site services, and the majority of visitors were visiting patients at Sir Charles Gairdner Hospital. The average time a patient would spend on Site is approximately 1 hour, while visitors would spend approximately 2 hours.

Car Park Project

As mentioned above, the Business Case has concluded that it is likely that the Car Park Project is financially viable as a BOOT on a stand alone basis. The successful proponent (Car Park Co) will be required to design and construct new, multi-deck car parks in two stages. Under the proposed structure, Car Park Co will be assume full demand risk over the operating period for the new multi-deck car park bays, as well as entire residual at grade parking across the entire Site.

At present, the Site has approx 3,035 car park bays. This capacity will reduce to just over 2,000 car park bays in 2012, before expanding out to an estimated 4,600 once the NCH is completed in 2015. The ability of the State to maximise certainty in relation to car park capacity (and its corresponding impact on car park revenue) will be a key consideration for the BOOT process.

As might be expected, the capacity of the QEII at grade car park will be subject to a number of changes over the coming years, particularly in relation to the relocation of central plan and associated works, as well as a range of other projects (including this project) that will temporarily and permanently impact on the total quantum of car park bays.

The WAPC has indicated that it wishes to cap the total amount of car park bays that can be occupied by staff once the new Children's Hospital (NCH) project is completed (target date is 2015). However, it has been assumed that visitor and patient parking will not be subject to WAPC constraints on user fees or the maximum amount car park bays that can be provided.

Strategic Projects is currently investigating the attractiveness of commercial opportunities within the BOOT project, including consulting suites and other uses consistent with the permitted use of the Site. However, as it currently stands, the preliminary PSC has not provided for the provision of commercial space and its associated revenue streams.

Car Park Co will also be required to provide a range of services in accordance with the project's service specifications. Services will include hard FM, security (initial response) cleaning, grounds maintenance, revenue collection and utility services.

The Business Case modelling has included the construction of a preliminary, risk adjusted PSC based on the Reference Project. The key assumptions and parameters for the project are contained in the table below.

Table 2: Business Case Assumptions (Preliminary PSC)

Input	Assumption
Procurement Period	12 Months
Financial Close	Late 2010 / Early 2011
Construction Commence - Stage 1	Q1 2011
Construction Commence - Stage 2	2014
Current At Grade Parking	3,035
Estimated Car Bays (after completion of the NCH in 2015/16)	
▪ New Multi Deck Car Bays (Stage 1)	2,000
▪ New Multi Deck Car Bays (Stage 2)	700
▪ Residual at Grade Car Bays	1,600
▪ NCH Car Bays (Underground)	300
▪ Total Car Bays	4,600
Multi Deck Car Park Height	8 levels (stage 1)
Estimated Capital Cost	\$100m+

Input	Assumption
Operating Services	<ul style="list-style-type: none"> ▪ Hard FM ▪ Security (initial response) ▪ Cleaning ▪ Grounds maintenance ▪ Revenue collection ▪ Provision of utility services
Commercial Opportunities	Permissible as part of BOOT proposals, however, no net financial contribution modelled.
Operating Period	Will be a bid item in the context of the BOOT to solve for a nil State financial contribution.
Assumed State financial contribution	Nil

** Based on WAPC staff car parking bay constraints that will be in effect from the completion of the NCH.

Procurement Approach

On 30 November 2009, Cabinet determined that the multi-deck car parks will be delivered under a BOOT procurement model. Under this structure, car park demand risk for the usage of entire QEII Site will be transferred to the private sector. A competitive procurement process will be undertaken to identify the best value for money proposal to undertake the Project. This will involve a three phase approach;

- EOI Phase: To identify market interest in the Project and to identify a shortlist of two or three proponents to proceed to the next phase of the tendering process;
- RFP Phase: To release a detailed RFP document to the project shortlist seeking a fully financed design, construction and operation solution for the Project. The proposals will be evaluated by the state with a view to identify a preferred proponent(s);
- Negotiation and Completion Phase: The final stage of the procurement intended to negotiate any outstanding issues and finalise the legal documentation prior to contractual execution and Financial Close;

Key Commercial Principles

Strategic Projects has commenced the task of preparing the commercial principles that will inform the draft on the RFP documentation. Further input and advice will be requested from the successful consultant. By way of background, the following key principles have been described to assist in the preparation of responses:

- Financing for the design, construction of the new multi deck carpark, and maintenance and operation of the entire QEII car park site will be funded from "user pays" car park fees generated across the entire QEII site;
- Significant design construction and operating risks will be transferred to "Car Park Co" (the successful BOOT contractor);
- Ownership of the car park site will remain with the State/Trust and will be set in accordance with current policy requirements. Car Park Co will not be able to amend car park fees without State/Trust approval;

- Control over fees and regulation of car parking to remain with State, however, there may be an obligation to compensate Car Park Co if fee and regulation decisions have an adverse impact on its business;
- The State/Trust will contain control over the future usage of the QEII site and its surrounds, however, the private sector will likely seek financial compensation in response to certain actions of the State that have a material adverse affect on car park revenues.

Procurement Timetable

The table below sets out the indicative timetable for the procurement and construction phases of the Project. As you appreciate, this timetable will be reviewed and changed by Strategic Projects from time to time.

Event	Target Date
EOI Phase	
Release of EOI	April 2010
Closing date for submission of EOI Proposals	April/May 2010
EOI evaluation and short-listing of Respondents	May 2010
RFP Phase	
Release of RFP	June 2010
Closing date for responses to RFP	September 2010
Preferred Proponent selected	Q4 2010
Negotiation and Completion Phase	
Contractual close	Late 2010/Early 2011
Financial close	Late 2010/Early 2011

Consultancy Governance

Strategic Projects will be the division of DTF responsible for conducting the procurement phase of this Project. Jim Boston will be Strategic Project's representative for this consultancy and this Project. Strategic Projects is in the process of engaging a suitable consultancy team for the delivery of all aspects of this Project. Of particular interest, WATC has been engaged to provide technical financial advice throughout the procurement phase and respondents should consider this when formulating their pricing responses.

Key project stakeholders include NMAHS, the State Solicitor's Office, DTF (PPP Unit) and the QEII Trust.

Evaluation considerations

In selecting the advisor for this consultancy, DTF will seek to identify the best value for money offer to undertake this assignment, which will include the consideration of the following:

- Capability and experience of nominated advisors;
- Demonstrated time availability and commitment of nominated advisors;
- Demonstrated understanding of:
 - the roles and responsibilities of a commercial advisor in a BOOT transaction; and
 - the particular commercial issues relating to this Project;
- Pricing.

PART B – SCOPE OF WORKS

The scope of works for this consultancy includes all activities that can be reasonably expected from a commercial advisory engagement on a BOOT transaction such as this. For ease of reference the scope has been broken into three phases as described below. The activities described in these phases are not intended to be strictly exclusive, and there will undoubtedly be a degree of activity crossover.

EOI Phase: *extending from the commencement of appointment to the finalisation of the EOI evaluation report.*

- Familiarisation with the final Car Park Business Case;
- Assist in the preparation of Invitation for Expressions of Interest document, taking the lead on the commercial and financial elements of the document;
- Assist with the development of a preferred commercial structure including acceptable investment terms and risk allocation to meet project outcomes;
- Provide advice on likely accounting balance sheet treatment;
- Participate in the evaluation of the EOI submissions, with particular focus on the financial, commercial and commercial opportunity aspects of the submissions;
- Prepare detailed reports on the financial, commercial and commercial opportunity aspects proposals; and
- Commence the development of the final PSC.

RFP Phase: *extending from the conclusion of the EOI phase to the finalisation of the RFP evaluation report.*

- Assist in the preparation of Request for Proposal (RFP) including:
 - the development of a preferred commercial structure including acceptable investment terms and risk allocation to meet project outcomes;
 - the refinement of output specifications and other project requirements into a clear and measurable form;
 - the development of a clear and robust gain share mechanism based on measurable financial outputs;
 - the development of the tender evaluation criteria and response schedules;
- Continue to lead the construction and finalisation of the final PSC prior to the release of the RFP;
- Provide advice on likely accounting balance sheet treatment;
- Keep the State/Trust fully apprised of movements and development in debt and equity markets that may impact on the Project;
- Assist in the identification and successful resolution of a wide range of risks and commercial issues associated with the Project, particularly those unique to the BOOT Project;

- Take the lead on developing and finalising a number of technical elements of the draft project Agreement, including in relation to termination payments, any payment mechanisms, insurance, definition of debt and other financial modelling provisions
- Provide extensive commercial input in relation to the draft Project Agreement and other contracts prepared by the Project's legal advisors;
- Assist in the proponent interface workshops as requested;
- Participate in the evaluation of the proposals, with particular focus on the financial, commercial and commercial opportunity aspects of the proposal, as well as the interrogation of private sector demand and financial models; and
- Prepare detailed evaluation reports on the financial, commercial and commercial opportunity aspects proposals.

Negotiation and Completion Phase: *extending from the completion of the RFP Phase to Financial Close.*

- Assist in the commercial negotiations with the preferred consortium, particularly negotiations in relation to the Project Agreement, financing, demand forecasting, security and agreements with proponent(s); and
- Assist in developing the processes and procedures to achieve contractual and financial close.

PART C – RESPONSE REQUIREMENTS

In addition to a short general introduction, could you please provide a response to the following:

Part C1: Capability and experience

- Please nominate no more than three advisors to undertake all three phases of this consultancy.
- Please provide a CV for each nominated advisor that sets out his/her capability and experience for this consultancy. *(1 page limit per advisor)*

Part C2: Availability

- Please clearly identify the anticipated time that each nominated advisors will allocate to this project.
- Please indicate what portion of this time (if any) will not be spent in Perth.

Part C3: Project Understanding

- Please provide an overview of your approach to this particular consultancy, and the key Project outcomes that will demonstrate the success of your involvement. *(1 page limit)*
- Please outline how the State should balance future master planning and policy flexibility in the context of a BOOT structure that will seek to restrict competition and other measures that may reduce car park capacity and demand for car parking? In particular:
 - how might the State address the commercial issues associated with Car Park Co in relation to the future car parking requirements of the New Children's Hospital and New Women's Hospital; and
 - how might the State ensure additional car parking will be provided over the operating period, particularly where it can be demonstrated that excess demand exists across the Site? *(2 page limit)*
- Please provide your views of the applicability of a KPI and abatement regime in the context of BOOT project. *(1 page limit)*
- Please provide your thoughts on:
 - the likely market participants for this project and how the risks inherent within the BOOT structure will be shared amongst the consortium members;
 - the types of funding solutions can we expect to see; and
 - how might proponents structure their financing solutions to deal with the potential requirement to undertake the construction of the multi deck car parks in two stages. *(2 page limit)*

Part C4: Pricing

- Please complete the following table.
- Please note that for EOI and RFP phases, fees will be calculated up to the capped amount using the applicable hourly rate of each consultant. For the negotiation and completion phase, fees will be calculated using the applicable hourly rate, but will not be subject to a cap.
- It is expected that the consultant and the State will work collaboratively to closely manage costs during all phases of the procurement process.
- Hourly rates must not exceed fees priced under CUA23706.

Stage	Name	Position	Hourly Rate	Estimated Hours	Total Cost
EOI Phase	Advisor 1				
	Advisor 2				
	Advisor 3				
	Total Capped Cost				
RFP Phase	Advisor 1				
	Advisor 2				
	Advisor 3				
	Total Capped Cost				
N&C Phase	Advisor 1				
	Advisor 2				
	Advisor 3				
	Total Estimated Cost				
	Estimated Disbursements (All Phases)				
	Total				

- All pricing is to be GST inclusive.
- In accordance with CUA 23706 terms and conditions, all disbursements shall be included in the maximum hourly rate. However interstate travel shall be allowed and must be clearly estimated and identified, in the schedule above (please amend this table accordingly if required).

Attachment B – Eastern Goldfields Regional Prisons Project

Background

On 14 May 2009, the State announced a broad funding package to deliver to deliver 1,657 additional beds across the prison system. This program included the replacement of the existing Eastern Goldfields prison with a new male and female prison on an adjoining site. In January 2012, the State released a detailed RFP to three consortia shortlisted to contest the Eastern Goldfields Regional Prisons (EGRP) Project. This Project is being delivered using a design-build-finance-maintain (DBFM) PPP procurement structure.

PwC was appointed on 14 September 2010 as the Project's commercial advisor for the procurement process.

PAC request	Response
(a) Copy of Contract	<p>The contractual framework for PwC's appointment has been established in accordance with the Department of Treasury's panel for Client Support Services for Commercial Services for Commercial Advice on Public Private Partnerships and Other Major Projects (Contract D09052).</p> <p>A copy of the key contractual conditions is included in the Customer Contract Order Request. The State's letter of acceptance to PwC for this assignment is also attached.</p> <p>Also included is the initial Request document (D09052) that was used to establish the panel arrangement, as well as PwC's letter of appointment to the panel.</p> <p>Please refer to Attachment B1.</p>
(b) Scope of works	<p>PwC was engaged to provide general commercial and financial advice in relation to the Project. The scope of PwC's engagement was broken into three phases as described below.</p> <p>EOI Phase</p> <ul style="list-style-type: none"> • Development of a preferred commercial structure including acceptable investment terms and risk allocation to meet the project outcomes. • Preparation of the commercial and financial elements of the Invitation for EOI document. • Accounting balance sheet treatment and taxation matters. • Participation in the evaluation of EOI submissions, with particular focus on the commercial and financial aspects. • Preparation of detailed reports on the evaluation of the commercial and financial aspects of the EOI submissions. • Development of the preliminary and PSC including the co-ordination of all PSC inputs and conducting risk identification and quantification sessions.

PAC request	Response
	<p>RFP Phase</p> <ul style="list-style-type: none"> • Preparation of the RFP including: <ul style="list-style-type: none"> ○ Development of a preferred commercial structure including acceptable investment terms and risk allocation to meet project outcomes; ○ Refinement of the output specifications and other project requirements into a clear and measurable form; ○ Development of a clear and robust gain share mechanism based on measurable financial outputs; and ○ Development of evaluation criteria and response schedules. • Finalisation of the PSC prior to the release of the RFP. • Accounting balance sheet treatment and taxation matters. • Identification and successful resolution of a wide range of risks and commercial issues relating to the EGRP Project. • Lead the development and finalisation of technical elements of the draft Project Agreement, including, but not limited to, termination payments, payment mechanisms, insurance, definition of debt and other financial modelling provisions. • Commercial input in relation to the draft Project Agreement and other contracts prepared by the EGRP Project Legal Advisor. • Proponent interface workshops, as requested. • Participation in the evaluation of the proposals, with particular focus on the financial and commercial aspects, including interrogation of private sector financial models. • Preparation of detailed evaluation reports on the financial and commercial aspects of the proposals. <p>Negotiation and Completion Phase</p> <ul style="list-style-type: none"> • Commercial negotiations with the Preferred Respondent(s), particularly in relation to the Project Agreement, including the finance and security agreements with respondent(s). • Development of the processes and procedures to achieve contractual and financial close.
(c)(i) Method of appointment	<p>PwC, along with Deloitte, Ernst & Young and KPMG was selected from the Department of Treasury's panel for Client Support Services for Commercial Services for Commercial Advice on Public Private Partnerships and Other Major Projects (Contract D09052) to provide proposals for the delivery of commercial advisory services for the Project.</p> <p>To assist the shortlist, Strategic Projects released a Customer Contract Order Request that described the Project, set out the scope of work of the consultancy, the selection criteria and the response requirements.</p>
(c)(ii) Rationale for appointment	<p>A copy of the Evaluation Report that contains a description of the evaluation process and the rationale for the appointment of PwC is attached. Please refer to Attachment B2.</p>
(d) Estimated and actual cost of the engagement	<p>Estimated contract value</p> <p>The total estimated value of the contract is \$712k (excluding GST).</p> <p>Actual contract expenditure</p> <p>Current expenditure on the PwC consultancy to date is \$73k (excluding GST).</p>



Customer Contract Order Request

**D09052 CLIENT SUPPORT SERVICES FOR COMMERCIAL ADVICE ON PUBLIC
PRIVATE PARTNERSHIPS AND OTHER MAJOR PROJECTS**

REQUEST TITLE:

**REQUEST FOR TRANSACTIONAL SERVICES FOR COMMERCIAL
ADVISORY SERVICES TO THE EASTERN GOLDFIELDS REGIONAL PRISON
REDEVELOPMENT PROJECT**

ISSUED BY:

Department of Treasury and Finance

REQUEST NUMBER:

D09052-008

CLOSING DATE:

1ST SEPTEMBER 2010

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REQUEST- PART A

REQUEST NO. D09052-008 – PROVISION OF TRANSACTIONAL ADVISORY SERVICES LEAD TECHNICAL ADVISOR TO THE EASTERN GOLDFIELDS REGIONAL PRISON REDEVELOPMENT PROJECT

REQUEST TO CONTRACTOR

This Quote incorporates the Department of Treasury and Finance General Conditions of Contract (August 2009), Department of Treasury and Finance Advice of Acceptance of Offer Letter for D09052, Department of Treasury and Finance Request No. D09052, the attachments (if applicable) and the Letter of Award (when the Offer is accepted).

CUSTOMER INFORMATION

Order Reference Number:
D09052-008

Date of Issue:
18 AUGUST 2010

Request close date:
11:00am 1ST September 2010,
Perth Western Australia

Customer: Department of Treasury and Finance

Submission of Offer:

1. The Contractor must submit the Offer electronically at:
SPQuotations.Tenderbox@osp.wa.gov.au.
2. The Offer can only be submitted to: SPQuotations.Tenderbox@osp.wa.gov.au if the size of the Offer is equal to or less than 20 megabytes.
3. Conditions regarding the submission of Offers (including late lodgement and mishandling) are contained in Part A of the *Request Conditions and General Conditions of Contract* located at www.dtf.wa.gov.au the Request Conditions.

If the Contractor is unable to submit the Quote electronically, please advise the Customer contact – Contractual detailed below and an alternative arrangement will be made.

Customer contact - Contractual: David Mureithi, Senior Procurement Officer

Phone: 08 9222 9436

Email: SPQuotations.Tenderbox@osp.wa.gov.au

CONTRACT TERM

1. Contract Term Expiry Date (Supply of Services)	The Term will commence on the Contract Commencement Date and will expire when the Services have been supplied in accordance with Clause 6 of the General Conditions.
2. Contract Commencement Date	The Customer will notify the successful Respondent of the Contract Commencement Date in the Letter of Award. It is anticipated that the contract will commence 13 September 2010.
3. Price Variation	The Price is fixed for the Term.

SCOPE OF WORK**1.1 Overview**

The Department of Treasury and Finance is seeking a Commercial Advisor to support the State Project Team for the EGRP Project from the completion of the project start up phase to financial close. This service will be an integral part of the Project Team interfacing with other Customer Contractors. The Commercial Advisor will work to the Project Director and the Commercial Manager within the Project Team.

ESTIMATED WORK HOURS

The successful Contractor will be responsible for scheduling work to meet agreed timeframes for specified projects/tasks. This will involve liaising with the Project Director and the Commercial Manager providing progress reports to complete work within agreed timeframes.

SERVICE DELIVERY TIMEFRAME

Contractors should refer to the Procurement Timeframe listed below to determine the anticipated work flow to Financial Close.

1. BACKGROUND INFORMATION – PART B

1.1. OVERVIEW OF THE PROJECT

The State has committed to build a new Eastern Goldfields Regional Prison (EGRP) on the current and adjacent site.

The State announced on 20 January 2010 that the EGRP Redevelopment Project (EGRP Project) will be delivered under a Public Private Partnership (PPP) model.

1.2. PROJECT BACKGROUND

On 14 May 2009, the State Government announced the allocation of \$655 million for a new custodial infrastructure program to deliver 1,657 additional beds across the prison system. This program included the replacement of the existing EGRP. The existing prison will be replaced by the New EGRP that will comprise:

- A 160-bed maximum/medium security male precinct.
- A 140-bed minimum security male precinct.
- A 50-bed female precinct (total of 350 beds).

The target population is predominantly (about 95%) Indigenous men and women from the Goldfields Region, of all security levels, currently held in secure metropolitan facilities and in the existing Eastern Goldfields minimum security facility.

1.3. PROJECT CONSIDERATIONS

The Department of Corrective Services (DCS) has developed a custodial plan for the Goldfields region. This plan involves the redevelopment of the EGRP into a full service facility which has the capacity to manage prisoners of all security classifications, women prisoners and offer pre-release services through remote work camps.

The Goldfields Custodial Plan is geared towards improving custodial services for the high percentage of Goldfields Indigenous prisoners through planning and consideration of:

- Improved facilities and services for offenders in the Goldfields.
- Multi-faceted custodial facilities that ensure the numbers of Goldfields prisoners are properly managed, in terms of practical reparation, rehabilitation and successful re-entry.
- Reducing the incidence of offending and the rates of recidivism.
- The changing role of the facilities to become vehicles for positive individual behavioural change which can underpin social and economic growth and well-being for the Goldfields community as a whole.

The anticipated capital cost is in the range of \$232 million based on area rates and identified necessary infrastructure.

1.4. PROJECT OBJECTIVES

The State has developed project objectives to guide the development of the EGRP Project. These are:

- Provide replacement infrastructure for the existing EGRP; which is significantly over crowded and no longer fit for purpose.
- Reduce the high demand pressures for secure beds currently being experienced across the Western Australian prison system.
- Provide sufficient prison beds at the New EGRP for local prisoners to remain close to family and remain 'in country' thus enabling the Government to meet the recommendations of the Royal Commission into Aboriginal Deaths in Custody and other enquiries.
- Provide safe, secure and contemporary custodial facilities that contribute to community safety and reduce long term recidivism.
- Reduce the number of prisoner escapes in the Goldfields by developing modern secure facilities and a technologically supported perimeter fence.

1.5. PROJECT GOVERNANCE

The EGRP Project will be managed in accordance with the Governance arrangements for a designated major Custodial Infrastructure Project. An Inter-Agency Steering Committee (the Steering Committee) has been established to provide overarching governance of such designated major Custodial Infrastructure projects.

The Steering Committee is comprised of members of the DCS, DTF, the Department of Premier and Cabinet and the State Solicitor's Office. The Steering Committee will provide leadership on major Custodial Infrastructure projects designated for its oversight by the Minister for Corrective Services and the Treasurer, by providing strategic, cross agency guidance and advice to ensure that the projects are developed in accordance with agreed scope, time, cost and quality parameters.

Each designated major Custodial Infrastructure Project, in turn reports to a Project Control Group. Strategic Projects (SP), a division of DTF, has appointed a Project Director. SP was established in 2007 to facilitate effective planning, development and delivery of key strategic infrastructure projects in Western Australia. As a division of DTF, SP is accountable to the Treasurer and Minister for Works.

A Project Team, lead by the Project Director is currently being assembled to undertake project development work. This team will comprise government representatives drawn from relevant agencies with expertise in the relevant, corrective services, infrastructure, legal and commercial aspects of the project. The Project Team will be supported by external Legal, Commercial and Technical Advisors.

1.6. PROJECT PROCUREMENT APPROACH

The EGRP Project is planned to be delivered through a Design, Build, Finance and Maintain (DBFM), PPP procurement model in accordance with the National PPP Guidelines. Under this structure, the private sector will be invited to design, build, and finance the construction of the new facility, then provide a range of facility maintenance services over the operating period.

Currently, a merit and risk assessment of public versus private custodial service provision has been prepared for consideration by Government. Government has yet to make a decision as to which approach would be the preferred option.

A competitive procurement process will be undertaken to identify the best value for money proposal to undertake the EGRP Project through a PPP. This will involve a three phase approach:

- Expression of Interest (EOI) Phase: To identify market interest in the EGRP Project and to identify a shortlist of two or three proponents to proceed to the next phase of the procurement process.
- Request for Proposal (RFP) Phase: To release a detailed RFP document to the EGRP Project shortlist seeking fully financed design, construction and operation solution for the EGRP Project. The proposals will be evaluated by the State with a view to identify a preferred proponent(s).
- Negotiation and Completion Phase: The final phase of the procurement intended to negotiate any outstanding issues and finalise the legal documentation prior to contractual execution and financial close.

2. SCOPE OF WORKS

2.1. OVERVIEW

The Customer seeks to appoint a Commercial Advisory to provide advice to the Project Team in relation to the commercial and financial aspects of the procurement process for the EGRP Project. As such, the State is seeking a small team of commercial advisors with experience and expertise in PPP procurement. The general aim of the role is to provide commercial and financial advice as required to the Project Team.

2.2 SCOPE OF WORKS

The scope of works for this consultancy includes all activities that can reasonably be expected from a commercial advisory engagement on a DBFM transaction such as this. The Commercial Advisor will generally act on instructions of the State in relation to this consultancy including on the matters set out below. The service requirements have been divided into three phases. The activities described in these phases are not intended to be strictly exclusive or exhaustive and there will undoubtedly be a degree of activity crossover.

PHASE ONE – EXPRESSION OF INTEREST PHASE

The EOI Phase extends from the commencement of appointment to finalisation of the EOI Evaluation Report. The Customer requires a small team of Specified Personal to provide appropriate commercial advice during this phase. During this phase the Commercial Advisor is expected to become familiar with all aspects of the EGRP Project based on relevant documentation including the business case and assist with the following matters:

- Development of a preferred commercial structure including acceptable investment terms and risk allocation to meet the project outcomes.
- Preparation of the commercial and financial elements of the Invitation for EOI document.
- Accounting balance sheet treatment and taxation matters.
- Participation in the evaluation of EOI submissions, with particular focus on the commercial and financial aspects.
- Preparation of detailed reports on the evaluation of the commercial and financial aspects of the EOI submissions.
- Development of the preliminary and final Public Sector Comparator (PSC) including the co-ordination of all PSC inputs and conducting risk identification and quantification sessions.

PHASE TWO - REQUEST FOR PROPOSAL PHASE

The RFP Phase extends from conclusion of the EOI Phase to the finalisation of the RFP Evaluation Report. During this phase the Commercial Advisor will assist the Project Team with the following matters:

- Preparation of the RFP including:
 - Development of a preferred commercial structure including acceptable investment terms and risk allocation to meet project outcomes.
 - Refinement of the output specifications and other project requirements into a clear and measurable form.
 - Development of a clear and robust gain share mechanism based on measurable financial outputs.
 - Development of evaluation criteria and response schedules.
- Finalisation of the PSC prior to the release of the RFP.
- Accounting balance sheet treatment and taxation matters.
- Identification and successful resolution of a wide range of risks and commercial issues relating to the EGRP Project.
- Lead the development and finalisation of technical elements of the draft Project Agreement, including, but not limited to, termination payments, payment mechanisms, insurance, definition of debt and other financial modelling provisions.
- Commercial input in relation to the draft Project Agreement and other contracts prepared by the EGRP Project Legal Advisor.
- Proponent interface workshops, as requested.
- Participation in the evaluation of the proposals, with particular focus on the financial and commercial aspects, including interrogation of private sector financial models.
- Preparation of detailed evaluation reports on the financial and commercial aspects of the proposals.

During this Phase, the Commercial Advisor is also expected to keep the State fully apprised of movements and developments in debt and equity markets that may impact on the EGRP Project.

PHASE THREE – NEGOTIATION AND COMPLETION PHASE

During the Negotiation and Completion Phase, the Customer requires the Commercial Advisor to assist the Project Team with:

- Commercial negotiations with the preferred consortium or consortia (as the case may be), particularly in relation to the Project Agreement, including the finance and security agreements with proponent(s).
- Development of the processes and procedures to achieve contractual and financial close.

2.3 DELIVERY TIME FRAME

An indicative timetable is provided below to assist companies in their consideration of resources.

Event	EGRP Project
EOI Phase	
Release of EOI	Q1 2011
Closing date for submission of EOI Proposals	Q2 2011
EOI evaluation and short-listing of Proponents	Q2 2011

Event	EGRP Project
RFP Phase	
Release of RFP	Q2 2011
Closing date for responses to RFP	Q4 2011
Negotiations	
Contractual close	(early) Q2 2012
Financial close	(early) Q2 2012

2.4 SPECIFIED PERSONNEL & TIME COMMITMENT

The Customer is seeking a highly skilled and experienced Commercial Advisor to provide the Scope of Works. Specified Personnel should have experience in the PPP procurement process. The Contractor must nominate Specified Personnel and identify the role of each Specified Personnel that will be available during each phase as detailed in the Scope of Works.

The Contractor must nominate a Partner/Director as the Lead Advisor. In the event that the Lead Advisor is located interstate, it is expected that the Lead Advisor will be available for briefing sessions, on a regular basis, with the Project Team. From time to time, the Lead Advisor will also be required to attend Steering Committee meetings.

3 LOCATION FOR THE CONDUCT OF WORK

The Customer is flexible in where the work is carried out, with the exception of evaluation advice. All work associated with advice on submissions to the EOI, RFP and Negotiations will be carried out within the Customer's premise (eg evaluation room).

4 RURAL AND REGIONAL TRAVEL AND ACCOMMODATION COSTS

Where the successful Respondent incurs costs for travel, accommodation and meals for services provided outside the Perth metropolitan area the Customer will reimburse the actual expenses, to a maximum in accordance with the Public Service Allowance Rates, subject to prior identification by the Successful Respondent/s and approval by the Customer's Representative.

When quoting for rural and regional travel and accommodation expenses, Respondents can view the Public Service Allowance rates at: (www.wairc.wa.gov.au/Awardbase/pub007/p5/pub007.pdf).

In addition, where air travel is used the Successful Respondent shall fly economy class.

OFFER FORM – PART C

The information requested in Part C below is to be completed by the Contractor and returned to the Customer.

DETAILS OF CONTRACTOR

Name of Contractor:

Contractor ABN and/or ACN:

Name and title of Contractor's Representative:

Address:

Phone:

Fax:

Email:

Contractor's Representative signature:

Date:

Confirmation that insurances are current ☐ Yes ☐ No

Are there attachments to this Offer ☐ Yes ☐ No

DISCLOSURE

Conflict of Interest

The Contractor must declare and provide details of any actual, potential or perceived conflict of interest.

Does the Contractor have any actual, potential or perceived conflict of interest in relation to the performance of the Customer Contract (if awarded) by the Contractor:

☐ Yes ☐ No

If yes, the reasons why

EVALUATION METHODOLOGY

In selecting the successful Contractor for this service requirement, DTF will seek to identify the best Value for Money Offer to undertake this assignment taking into consideration the Qualitative, Disclosure and Price Requirements.

The Customer reserves the right to reject any Offer that does not properly address and satisfy any of the Qualitative, Disclosure and Pricing Requirements.

Details of Qualitative Requirements:

The Qualitative Requirements are not weighted equally. Refer to the % weighting (xx% weighting) for each Requirement listed below.

(a) Project Understanding (20% WEIGHTING)

The Contractor is to outline its understanding of the Project by providing a written response (within no more than 5 pages) that:

- Identifies the major issues that need to be addressed for successful delivery of the EGRP Project.
- The key areas for improvement of the commercial aspects of social infrastructure projects.
- Identifies how the State can ensure that innovative financial and commercial Proposals for DBFM projects are encouraged and properly evaluated.

(b) Capability and Experience (50% WEIGHTING)

The Contractor must identify the proposed small team of Specified Personnel for this service and provide a summary that:

- Provides an overview of your approach to this particular consultancy and the key Project outcomes that will demonstrate the success of your involvement.
- Specifies the particular roles and responsibilities for the Specified Personnel for each phase of the Scope of Works.
- Describes the relevant experience, qualifications and capability of each Specified Personnel giving evidence of:
 - i. Provision of Commercial/Financial Advice to Government on complex, high value infrastructure project.
 - ii. Where this has been provided in a prison environment.
 - iii. Where the project delivery mechanism has been through a PPP.
 - iv. Details of a Referee able to verify the claims made above.

(c) Availability of Specified Personnel (30% WEIGHTING)

The Contractor is to clearly identify the anticipated time that Specified Personnel will be allocate to this project by Phase of activity. Please indicate what portion of this time is expected to be spent in Perth.

PRICE SCHEDULE

The Contractor must:

- Complete the following table including the addition of the Job Title descriptions as included in the contract (Schedule 3 – Pricing), as in Attachment A.
- Note that:
 - It is expected that the successful Contractor and the State will work collaboratively to closely manage costs during all phases of the procurement process.
 - All pricing is to be GST inclusive.
 - In accordance with D09052 panel for Client Support Services for Commercial Advice on PPP and Other Major Projects terms and conditions, the hourly rates offered should **not** exceed the maximum rates accepted for the Contract. **Where the Contractor submits rates above those accepted under the Head Agreement the Offer will be deemed to be in breach of the Head Agreement.**
 - All disbursements shall be included in the hourly rate. However where interstate air travel is required, this shall be clearly estimated and identified, in the schedule below as a separate direct cost.
 - Intra state travel costs shall be met in accordance with requirements at Part B 2.5.

Stage	Name	Position	Hourly Rate	Estimated Hours	Total Cost
EOI Phase	Advisor 1				
	Advisor 2				
	Advisor 3				
	Total Capped Cost				
RFP Phase	Advisor 1				
	Advisor 2				
	Advisor 3				
	Total Capped Cost				
N&C Phase	Advisor 1				
	Advisor 2				
	Advisor 3				
	Total Estimated Cost				
	Estimated Disbursements (All Phases)				
	Total				

*These personnel should match the ones specified in the qualitative requirement (b).

ATTACHMENT A – JOB TITLE DEFINITION

JOB TITLE	QUALIFICATIONS/EXPERIENCE
Partner/ Director	Partner/ Director of the professional service provider. Extensive experience in the application of modern methodologies and practices in relevant discipline.
Manager/ Supervisor	An experienced professional with substantial appropriate experience in relevant discipline.
Senior	An experienced professional with appropriate experience in relevant discipline.
Intermediate	Employee with experience in relevant discipline.
Graduate	Person with professional qualification/ affiliation and less than two years experience.
Other	Support staff with clerical and/or administrative experience.



Request

REQUEST TITLE:

CLIENT SUPPORT SERVICES FOR COMMERCIAL ADVICE ON
PUBLIC PRIVATE PARTNERSHIPS AND OTHER MAJOR
PROJECTS

REQUEST NUMBER:

D09052

CLOSING TIME:

11:00 AM Wednesday 3 March 2010 Perth, Western Australia

ISSUED BY:

Department of Treasury and Finance

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PART A – REQUEST NO D09052

1. INTRODUCTION

The Department of Treasury and Finance (DTF) is seeking to establish a panel of expert commercial advisors to provide independent advice to assist in delivering a program of infrastructure projects using a range of procurement methods including public private partnerships (PPP), managing contractor, alliance contracts, early contractor involvement, leases and managed services.

Highly skilled and experienced specialist independent advisors are encouraged to submit offers to this panel.

Procurement for expert services may be sourced from either the Department Of Treasury and Finance Common Use Arrangement (CUA 23706) for *Audit Services and Financial Advice* or through this procurement activity.

Services may be procured from either the CUA or this panel arrangement based on:

- the nature of the expert advice required;
- the experience required to provide advice;
- availability;
- independence required to deliver service, and
- value for money.

The DTF and any other State Government Agency may buy through this panel.

Specific advice will be sought on the following areas of need as they relate to the procurement of major infrastructure and associated services:

- analysis and review of key financial aspects of large, complex infrastructure and service delivery procurement (such as discount rates, the public sector comparator, bid financial models and/or financing structures);
- financial modelling and advice;
- commercial advice on projects;
- risk analysis and advice;
- advice and support to the evaluation team;
- policy advice;
- public sector financial management advice; and
- advice on emerging market issues.

The DTF may engage consultants on an 'as required' non-exclusive basis, depending on the complexity and timing of the procurement activity. It is expected that advice may be sought at the procurement decision stage and through stages of the procurement process and potentially during contract management. Advice may also be sought on significant infrastructure procurement policy and market issues as they arise.

1.1 BACKGROUND

The Western Australian Government is interested in using a wide range of procurement strategies including PPPs to deliver its significant program of infrastructure and major projects.

The DTF's Strategic Project's division is responsible for project oversight of complex, high risk building and infrastructure projects.

The DTF has established a specialist PPP Support unit to provide policy, guidelines and best practice to PPPs; support and review of PPP projects and advice to the State on PPPs.

1.2 SUBMISSION OF OFFER

- 1.2.1 The Respondent may submit the Offer by hand or by post at:

Department of Treasury and Finance
Tenders Office, Dumas House
6th Floor, 2 Havelock Street
West Perth WA 6005;

If the Respondent submits the Offer by hand or by post, the Respondent must provide Four (4) copies, with one (1) copy marked "original" and three (3) copies marked "copy".

- 1.2.2 The Respondent may submit the Offer by facsimile at: 08 9222 5666;
- 1.2.3 The Respondent may submit the Offer electronically at: www.tenders.wa.gov.au;
The Offer can only be submitted to www.tenders.wa.gov.au if the size of the Offer is equal to or less than 20 megabytes;
- 1.2.4 Conditions regarding the submission of Offers (including late lodgement and mishandling) are contained in the Request Conditions.

WARNING – HAND DELIVERED OFFER SUBMISSIONS

In an effort to increase security at Dumas House all Respondents, and persons acting on behalf of the Respondent, who hand deliver Offers to the Dumas House Tenders Office will need to provide some identification in the form of a driver's licence or business card to the security desk on the ground floor.

The Respondent should therefore allow plenty of time for any possible delays that may be encountered at Dumas House, as a few minutes will be needed to show identification to the security desk before being allowed up to the 6th Floor Tenders Office.

1.3 OFFER VALIDITY PERIOD

The Offer Validity Period is for a period of six (6) months.

1.4 CONTACT PERSONS

Different enquiries can be best dealt with by the most appropriate contact, shown below.

The Respondent must not rely on information provided from any other source other than the contacts identified below.

CONTRACTUAL AND ROUTINE ENQUIRIES:

Name: Chafica Kashab
Title: Procurement Manager
Telephone: 9262 1183
E-mail: Chafica.Kashab@dtf.wa.gov.au

TECHNICAL / CUSTOMER ENQUIRIES:

Name: Trudy Grimshaw
Title: Director Legal and Commercial; Strategic Projects
Telephone: 9222 9808
Mob: 0438 634 477
E-mail: trudy.grimshaw@osp.wa.gov.au

1.5 REQUEST CONDITIONS

The "Request Conditions" are contained in the Part A of the *Request Conditions and General Conditions of Contract* [August 2009] located at www.dtf.wa.gov.au (select Government Procurement, then select "Templates, guides and conditions of contract" from the Quick Links menu) and contain important provisions regarding the nature of this Request and the consequences of the Respondent submitting an Offer. The Respondent is deemed to have read and considered the Request Conditions prior to submitting an Offer.

2. SELECTION PROCESS

2.1 SELECTION PROCESS

Value for Money is a key State Supply Commission policy objective to ensure that when purchasing products and/or services, Public Authorities achieve the best possible outcome, for every dollar spent, by assessing the costs and benefits of, and the risks inherent in, an Offer, rather than simply selecting the lowest Offered Price.

In determining Value for Money, the Contract Authority or Customer will:

- a). apply relevant State Supply Commission and Government policies to the assessment of Offers;
- b). assess Offers against the Compliance and Disclosure Requirements in Section 3 in Part B;
- c). assess Offers against the Qualitative Requirements in Section 4 in Part B;
- d). assess Offers against the Insurance Requirements in Section 5 in Part B; and
- e). assess the Offered Prices, which includes assessing the Offered Price and Pricing Requirements in Schedule 3.

The determination of Value for Money will require a consideration of all of the above factors and any other matters that the Contract Authority or Customer considers relevant.

2.2 STATE SUPPLY COMMISSION AND GOVERNMENT POLICIES

The following State Supply Commission policies apply to this Request:

- a). Value for Money;
- b). Probity and Accountability.
- c). Open and Effective Competition; and
- d). Sustainable Procurement.

The following Government policy applies to this Request:

- a). Buy Local Policy; including the January 2008 Addendum.

These policies can be viewed and down loaded at www.ssc.wa.gov.au.

PART B – CONTENT REQUIREMENT AND RESPONDENT'S OFFER

PART B SHOULD BE COMPLETED BY THE RESPONDENT AND RETURNED TO THE CONTRACT AUTHORITY OR CUSTOMER (REFER 'SUBMISSION OF OFFER' REQUIREMENTS OF CLAUSE 2.1 IN THE REQUEST CONDITIONS).

1. NOTE TO RESPONDENT

In preparing its Offer, the Respondent must:

- a). address each requirement in the form set out in this Part B;
- b). take into account the Customer Contract requirements, as explained in the Customer Contract Details. The Respondent must read these in conjunction with the General Conditions.
- c). in respect of the Qualitative Requirements in Section 4 in this Part B, provide full details of any claims, statements or examples;
- d). assume that the Contract Authority or Customer has no knowledge of the Respondent, its activities, experience or any previous work undertaken by the Respondent for the Contract Authority, Customer or any other Public Authority; and
- e). nominate any Offer Information that the Respondent wishes to expressly and reasonably nominate as confidential for the purposes of the Request Conditions.

2. IDENTITY OF RESPONDENT

The Respondent must provide the following details:

RESPONDENT TO COMPLETE:

- | | |
|---|----------------|
| (a) Name of Legal Entity: | ..... |
| (b) Business Name: | ..... |
| (c) Contact Person: | ..... |
| (d) Contact Person Position Title: | ..... |
| (e) ABN or ACN: | ..... |
| (f) Registered address or address of principal place of business: | ..... ..... |
..... |
| (g) Email: | ..... |
| (h) Telephone: | ..... |
| (i) Facsimile: | ..... |
| (j) Address and facsimile number for service of contractual notices | ..... ..... |
..... |

NB: The Offer does not require the Respondent's signature.

3. COMPLIANCE AND DISCLOSURE REQUIREMENTS

The Contract Authority or Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Compliance and Disclosure Requirements. The Contract Authority or Customer reserves the right to reject any Offer that does not properly address any of the Compliance and Disclosure Requirements.

a) Compliance

(i) Customer Contract

The Respondent must confirm whether it will comply with the Customer Contract. If the Respondent will not comply with any clause of the Customer Contract, the Respondent must set out:

- (A) the clause it will not comply with;
- (B) the extent of non-compliance – including the alternative clause, if any, or a description of any changes it requires to the Customer Contract; and
- (C) the reason for non-compliance.

RESPONDENT TO COMPLETE:

Does the Respondent agree to the Customer Contract?

(Yes / No)

If no, provide details

(ii) General Conditions / Schedules

The Respondent must confirm whether it will comply with the General Conditions and Schedules. If the Respondent will not comply with any of the General Conditions and Schedules, the Respondent must set out:

- (A) the General Conditions / Schedules it will not comply with;
- (B) the extent of non-compliance – including the alternative clause, if any, or a description of any changes it requires to the General Conditions / Schedules; and
- (C) the reason for non-compliance.

RESPONDENT TO COMPLETE:

Does the Respondent agree to the General Conditions / Schedules?

(Yes / No)

If no, provide details.

b) DISCLOSURES**(i) Participants (including subcontractors)****RESPONDENT TO COMPLETE:**

Is the Respondent acting as an agent or trustee for another person or persons?

(Yes / No)

If yes, provide details.

AND

Is the Respondent acting jointly or in association with another person or persons?

(Yes / No)

If yes, provide details.

AND

Has the Respondent engaged, or does the Respondent intend to engage, another person or persons as a subcontractor in connection with the supply of the Products and/or Services.

(Yes / No)

If yes, provide details

(ii) Criminal Convictions

The Respondent must confirm that neither the Respondent nor any person included in the Specified Personnel has been convicted of a criminal offence that is punishable by imprisonment or detention.

RESPONDENT TO COMPLETE:

Has the Respondent or any person included in the Specified Personnel been convicted of a criminal offence that is punishable by imprisonment or detention?

(Yes / No)

If yes, provide details

(iii) Conflict of Interest

The Respondent must declare and provide details of any actual, potential or perceived conflict of interest.

RESPONDENT TO COMPLETE:

Does the Respondent have any actual, potential or perceived conflict of interest in relation to the performance of the Customer Contract (if awarded) by the Respondent?

(Yes / No)

If yes, the reasons why.

(iv) Small Business

The Respondent is required to disclose whether it is a small business that employs less than twenty (20) people.

The Respondent should note that its response to this Compliance and Disclosure Requirement:

- (A) will be used by the Department of Treasury & Finance for statistical purposes only; and
- (B) will not be used by the Contract Authority or Customer in its evaluation of the Offer.

RESPONDENT TO COMPLETE:

Is the Respondent a small business that employs less than twenty (20) people?

(Yes / No)

4. QUALITATIVE REQUIREMENTS

The Contract Authority or Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Qualitative Requirements. The Contract Authority or Customer reserves the right to reject any Offer that does not properly address and satisfy any of the Qualitative Requirements.

As a guide, submissions should be limited to a maximum of no more than 10 pages for all qualitative criteria.

4.1 DEMONSTRATED ORGANISATIONAL CAPABILITY TO PROVIDE CLIENT FOCUSSED SERVICES (15% WEIGHTING) [20%]

The Respondent must demonstrate the organisational capacity to perform the Contract and must provide a company profile.

The Respondent is required to provide details of the proposed service delivery mechanism to the Customer to ensure value for money services.

This may include consideration to the following matters:

- organisational structure;
- contact availability in addition to electronic means, between 8.00 AM – 5:00PM Western Standard Time;
- proposed service delivery mechanism to the Contract Authority to ensure value for money services;
- contingency planning in the event of injury or illness of key personnel;
- IT support and capabilities;
- proposed strategy to achieve skills transfer to the Contract Authority; and
- evidence of customer satisfaction in previous work undertaken.

RESPONDENT TO COMPLETE:

Respondent to demonstrate organisational capability to provide client focussed services.

4.2 DEMONSTRATED CAPACITY TO PROVIDE EXPERIENCED PROFESSIONAL ADVICE AND EXPERTISE IN PUBLIC PRIVATE PARTNERSHIPS, MAJOR PROJECT PROCUREMENT AND SIMILAR INFRASTRUCTURE DELIVERY ARRANGEMENTS (WEIGHTING 65%) [80%]

The Respondent is required to propose Specified Personnel that demonstrate direct experience in providing advisory services as they relate to PPP projects and/or large infrastructure projects and/or complex financial arrangements relevant to high value procurement activities.

This may include a brief (no more than 1/2 page per employee) of the following services as they relate to the procurement of major infrastructure and associated services:

- analysis and review of key financial aspects of large, complex infrastructure and service delivery procurement (such as discount rates, the public sector comparator, bid financial models and/or financing structures);
- financial modelling and advice;
- commercial advice on projects;
- risk analysis and advice;
- advice and support to the evaluation team;
- policy advice;
- public sector financial management advice; and
- advice on emerging market issues.

The following table is to be completed and returned for each Resource proposed to provide services to this contract.

This table shall demonstrate:

- the previous experience of and the role undertaken by the nominated resource;
- the complexity of the work that resource has provided by dollar value and service description; and
- provide referee contact details for the work sighted.

SUMMARY OF PREVIOUS CONTRACTED ENGAGEMENTS				
Specified Personnel	Name of Organisations receiving services	Services Description	Value \$	Referee Details (Name, Tel No)

RESPONDENT TO COMPLETE:

Respondent to provide the demonstrated capacity and experience in Public Private Partnerships or similar arrangements information required under this clause.

4.3 LOCAL CONTENT (20 % WEIGHTING) [0%]

When a bid is received from:

- A business that is located in another state or territory of Australia, or in New Zealand under the Australia New Zealand – Government Purchase Agreement (ANZGPA); or
- A business that is located in the United States (when the purchase is a “covered procurement” under the Australia United States Free Trade Agreement (AUSFTA)); or
- A business that is located in Chile (when the purchase is a “covered procurement” under the Australia Chile Free Trade Agreement (ACI-FTA)),

the local content weighted selection criteria will not be evaluated during the qualitative assessment. Should the local content criterion not be applicable, the 20% weighting will be divided across the remaining criteria (see [xx%] for revised weightings).

The Respondent must address the following:

- (i) the Respondent must specify the location where the following activities will be performed:
 - (A) where the proposed Products will be manufactured;
 - (B) where spare parts, repairs, back up support and maintenance will be sourced and provided; and
 - (C) where contract management will be undertaken;
- (ii) the Respondent must provide details of how the Respondent supports other Western Australian businesses through subcontracting or material supply arrangements;
- (iii) the Respondent must estimate, in dollar terms and percentage of the total Offered Price, the amount which represents contract activities performed in Western Australia;
- (iv) the Respondent must estimate, in dollar terms and percentage of the total Offered Price, the amount which represents contract activities performed in other Australian States or Territories, New Zealand, the United States or Chile;
- (v) the Respondent must estimate the employment creation and retention and industry and skills development initiatives which may arise if a contract is awarded to the Respondent; and
- (vi) the Respondent must provide details of any other economic, social or environmental benefits to Western Australia.

RESPONDENT TO COMPLETE:

Respondent to provide the local content information required under this clause.

5. CUSTOMER CONTRACT INSURANCE REQUIREMENTS

The Respondent must demonstrate that it has the insurances required under Schedule 1 - Customer Contract Details.

RESPONDENT TO COMPLETE

Does the Respondent have the insurance requirements set out in Schedule 1 - Customer Contract Details?

(Yes / No)

If yes, the Respondent must complete the following table:

	Insurer	ABN	Policy No	Insured Amount	Expiry Date	Exclusions, if any
1. Public Liability Insurance						
2. Professional Indemnity						
3. Workers' Compensation including common law liability of \$50 million						

OR

If no, does the Respondent confirm that if it is awarded a contract, then it will obtain the insurance policies set out in Schedule 1 - Customer Contract Details prior to the Contract Commencement Date?

(Yes / No)

If no, the reasons why.

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

Customer	The Customer is Department of Treasury and Finance
1. The Term of the Customer Contract	The Term of the Customer Contract is on an 'as required' non-exclusive basis and is from the Contract Commencement Date to the 30 April 2013 with a three (3) month transition period prior to termination for convenience at 30 th June 2013.
2. Contract Commencement Date	The Customer will notify the successful Respondent of the Contract Commencement Date in the Letter of Acceptance.
3. Extensions	The Customer has three (3) options to extend the Term, each option having a six (6) month duration.
4. Notice of Extension	Clause 3.4 of the General Conditions applies.
5. Price Variation	<p>The Price is fixed for the first year of the Term.</p> <p>On each anniversary of the Contract Commencement Date, the Prices will be subject to movements in the Consumer Price Index (Consumer Price Index, Australia (Cat No 6401.0): 1 All Groups, Index Numbers – Perth).</p> <p>The Contractor shall apply in writing for the Contract Authority's approval each time a revised price is to be applied to the Contract. Twenty one (21) days prior notice is required for a Price Variation request.</p> <p>Documentation will be required to justify applications for revised Contract prices during the term of the Contract.</p> <p>No price variation is payable unless and until approved by the Contract Authority.</p>
6. Public Liability	Public liability insurance covering the legal liability of the Contractor and the Contractor's Personnel arising out of the Services for an amount of not less than \$5 million for any one occurrence and unlimited in the aggregate.
7. Professional Indemnity	Professional indemnity insurance covering the legal liability of the Contractor and the Contractor's Personnel under the Customer Contract, if awarded, arising out of any act, negligence, error or omission made or done by or on behalf of the Contractor, or any subcontractor in connection with the Contract for a sum of [\$1 million] for any one claim and in the annual aggregate, with a provision of one automatic reinstatement of the full sum insured in any one period of insurance.
8. Extended professional Indemnity inclusions	<p>Professional indemnity insurance required under this clause must be extended to include:</p> <ul style="list-style-type: none"> a) fraud, dishonesty, defamation, breach of confidentiality, infringement of patent, copyright, design, trade mark or circuit layout rights; b) loss of or damage to documents and data; and c) breach of Part V of the <i>Trade Practices Act 1974</i> (Cth) and the corresponding provisions of the <i>Fair Trading Act 1987</i>.
9. Workers' Compensation	Workers' compensation insurance in accordance with the provisions of the <i>Workers' Compensation and Injury Management Act 1981</i> (WA), including cover for common law liability for an amount of not less than \$50 million for any one occurrence in respect of workers of the Contractor. The insurance policy must be extended to cover any claims and liability that may arise with an indemnity under section 175(2) of the <i>Workers' Compensation and Injury Management Act 1981</i> .

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

10. Contract Management Requirements	<p>Meetings</p> <p>Meetings will be held at the point of work allocation and at least at key milestones as described within each work order. Meetings may be face to face or through alternative electronic means as agreed between the parties.</p> <p>Key Performance Indicators (KPIs)</p> <p>The following KPIs will be used:</p> <ul style="list-style-type: none"> • Customer satisfaction; • Availability of suitably qualified and experienced resources; • Timely delivery; and • Costs in accordance with the price schedule. <p>Customer's Representative</p> <p>Ms Emily Salinovich Department of Treasury and Finance Governor Stirling Tower 197 St George's Terrace Perth WA 6000</p>
11. Confidential Information	<p>The Customer specifies the following information to be "Confidential Information" under paragraph (b) of the definition of "Confidential Information" in clause 2.1 of the General Conditions:</p> <p>The Contractor and all the personnel working on projects encompassed under this Contract shall be required to treat all aspects of projects, including oral as well as written material made available during the project as confidential. A breach of confidentiality shall be considered a breach of the Contract and shall be grounds for termination of the Contract.</p>
12. Conflict of Interest	<p>Clause 2:11 of the General Conditions shall apply.</p> <p>At the issue of a Work Order, the Contractor shall declare any conflict of interest arising from:</p> <ol style="list-style-type: none"> a) previous advice provided to government; b) the provision of advice to the private sector on matters that may relate to the submission of bids to the State; or c) any other perceived matters that may represent a conflict of interest in the provision of services.
13. Exclusivity	<p>Engagement under this contract to undertake work through a work order will preclude the successful advisor from future engagement with a private sector entity on matters related to the work provided through that work order.</p>
14. Panel Arrangement	<p>Clause 4.19 of the General Conditions applies.</p>
15. Police Clearance	<p>Clause 18.4 of the General Conditions does not apply.</p>
16. Confidential Declaration – Prevention of Paedophilia	<p>Clause 18.5 of the General Conditions does not apply.</p>
17. Warranties	<p>For the purposes of clause 19.5 of the General Conditions, no warranties are specified.</p>
18. Intellectual Property Owner	<p>Clause 23.1 of the General Conditions applies.</p>
19. Working Papers	<p>Clause 23.7 of the General Conditions applies.</p>

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

20. Publicity	Department of Treasury and Finance is specified for the purposes of clause 25.4 of the General Conditions.
21. Government Policies	For the purposes of clause 33 of the General Conditions, no obligations relating to Government procurement policies are specified.

SCHEDULE 2 - SPECIFICATION / STATEMENT OF REQUIREMENTS

1.1 STATEMENT OF REQUIREMENTS

The Department of Treasury and Finance has a requirement to establish a panel contract of approximately 10-15 specialist commercial advisers who can provide specialist independent advice. '*Independence*' is to be assessed at the point of a 'work order' and will require the Contractor to demonstrate separation from any conflict of interest from advice provided elsewhere to the State or from advice provided to the private sector.

1.2 SPECIFICATION

The Department of Treasury and Finance seeks to establish a panel contract of specialist commercial advisers who can provide independent advice. '*Independence*' is to be assessed at the point of work allocation and will require the Contractor to demonstrate separation from any conflict of interest.

This contract requires the provision of specialist skills and experience in PPP procurement and/or infrastructure and/or high value complex financial arrangements to provide advice to the Customer.

Specific advice will be sought on the following areas of need as they relate to the procurement of major infrastructure and associated services:

- analysis and review of key financial aspects of large, complex infrastructure and service delivery procurement (such as discount rates, the public sector comparator, bid financial models and/or financing structures);
- financial modelling and advice;
- commercial advice on projects;
- risk analysis and advice;
- advice and support to the evaluation team;
- policy advice;
- public sector financial management advice; and
- advice on emerging market issues.

This advice may be in relation to infrastructure projects using a range of procurement methods including Public Private Partnerships, managing contractor, alliance contracts, early contractor involvement, leases and managed services.

It is the intent of the Customer to maximise knowledge transfer to the State. Where this is a requirement of the Customer, this will be specified within the work order.

Advisory work may be undertaken in consultation with key stakeholders as nominated at the time of the work order being placed against the successful Contractor.

1.3 ALLOCATION OF WORK AMONGST PANEL MEMBERS

The allocation of work to panel members will be at the absolute discretion of the Contract Authority.

The Contract Authority will access the panel by providing a specific scope of work for each particular task. The successful Respondent identified by the Contract Authority shall respond with a quote, which the Contract Authority will then evaluate. If suitable, the Contract Authority will engage the Panel Member to carry out that specific requirement.

The Contract Authority reserves the right to seek competitive verbal or written quotations from more than one Panel Member where considered appropriate.

Allocation of projects during the period of contract will be on an 'as required' non-exclusive basis. Allocation of work to individual successful Respondents will indicatively take into account:

- successful Respondent's expertise and areas of specialisation, capacity and ability to meet required time frames;
- compatibility with and the need for continuity of service for particular projects;
- that no conflict of interest exists in providing this advice;
- compliance with Schedule 1 clause 12 Exclusivity; and
- value for money.

The Contract Authority, when considering the allocation of projects and prior to approving the commencement of a project, may seek an indicative project plan, including estimated costings, time frames and resource allocations.

The Contracting Authority bears no liability for work undertaken prior to the placement of a work order.

The Contract Authority does not guarantee any value or volume of work will be allocated under this panel arrangement, either in total or to any single successful Respondent.

The Contract Authority does not guarantee that the allocation of work to panel members will be equal, either in terms of volume, value or number of projects.

The Contract Authority reserves the right to seek competitive quotations from outside of the panel, where additional skills, experience or capacity is required.

Any work orders placed may vary substantially in size, scope and duration.

1.4 SERVICE DELIVERY

The preparation of advice may be undertaken at the Contractors premises or, by negotiation with the Contract Authority, within the clients premises or as agreed between the parties. The venue for the preparation of advice shall be determined by the efficient delivery of services to the client.

SCHEDULE 3 – PRICING

The Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Offered Price and Pricing Requirements. The Customer reserves the right to reject any Offer that does not properly address and satisfy any of the Offered Price and Pricing Requirements.

- a) The Respondent must include in the Offer the completed Schedule of Rates table shown below.
- b) Depending on the size and structure of the organisation, the respondent should provide the rates that will apply to the various categories or levels of staff that may provide services under this contract.
- c) The Respondent must state the basis of its Offered Price in Australian Dollars and any price variation provision, arrangement or mechanism applicable to the Offered Price.
- d) The Offered Price will be deemed to include the cost of complying with this Request (including the Customer Contract Details) and the General Conditions and the cost of complying with all matters and things necessary or relevant for the due and proper performance of the Customer Contract. Any charge not stated as being additional to the Offered Price will not be payable by the Contract Authority or the Customer.
- e) If the Offered Price is consideration for a taxable supply under the GST Act, the Offered Price will be deemed to be inclusive of all GST applicable to the taxable supply at the rate in force for the time being.

The following definitions apply to the price schedule:

JOB TITLE	QUALIFICATIONS/EXPERIENCE
Partner/ Director	Partner/ Director of the professional service provider. Extensive experience in the application of modern methodologies and practices in relevant discipline.
Manager/ Supervisor	An experienced professional with substantial appropriate experience in relevant discipline.
Senior	An experienced professional with appropriate experience in relevant discipline.
Intermediate	Graduate with experience in relevant discipline.
Graduate	Person with professional qualification/ affiliation and less than two years experience.
Other	Support staff with clerical and/ or administrative experience.

3.1 PRICE SCHEDULE – HOURLY RATES

Title	Maximum Tendered <u>Hourly</u> Rates \$ Inclusive of GST	Maximum Tendered <u>Weekly</u> Rates \$ Inclusive of GST	Maximum Tendered <u>Monthly</u> Rates \$ Inclusive of GST
Partner / Director			
Manager / Supervisor			
Senior			
Intermediate			
Graduate			
Other			

If insufficient space please provide additional Schedule of Rates in the same format.

The rates submitted above shall incorporate all costs in providing the required services including incidental expenses, administration costs (local couriers, photocopying, facsimiles etc) and overheads with the exception of interstate and international travel.

Where interstate and international travel is required, this shall be clearly identified as a separate direct cost at the time of a Request for Quotation.

The rates listed above shall also apply to any additional work agreed to by the Contract Authority not covered under the Specification / Statement of Requirements but relevant to complete the services.

Please Note:

When requested to provide quotations, the Contractor may offer lower rates than the maximum rates accepted for the Contract but NOT higher rates.

Where the Contractor submits rates above those accepted under the Contract the quotation will be deemed to be non-conforming and not considered further.

SCHEDULE 4 AND 5

Do not apply

SCHEDULE 6 - BUYING RULES

BUYING RULES FOR THE PANEL CONTRACT	
Monetary Threshold	Buying Process
1. Services valued at up to \$150,000 per individual purchase	Panel members may be accessed directly. A unit rate must be quoted.
2. Services valued at \$150,000 or above per individual purchase	Formally request sufficient number of written quotations from relevant panel members. A unit rate must be quoted.

Attachment C – Midland Health Campus

Background

The Midland Health Campus project is jointly funded by the State and Federal Governments. It will be constructed on a vacant site on Clayton Street, Midland, closer to the transport hub and town centre than the current Swan District Hospital, which it will replace. It will provide 307 beds and expanded services to people in Midland and surrounding areas. This project will be delivered under a design-build-operate-maintain (DBOM) PPP structure, whereby a private sector entity will be responsible for designing and building the facility and then operating all clinical and non-clinical services over a 20 year term. St John of God Health Care was appointed as the Preferred Respondent in late 2011.

KPMG was appointed on 18 August 2010 as the State's commercial advisor for the procurement process.

PAC request	Response
(a) Copy of Contract	<p>The contractual framework for KPMG's appointment has been established in accordance with the Department of Treasury's panel for Client Support Services for Commercial Services for Commercial Advice on Public Private Partnerships and Other Major Projects (Contract No D09052).</p> <p>A copy of the key contractual conditions is included in the Customer Contract Order Request. The State's letter of acceptance to KPMG for this assignment is also attached.</p> <p>Also included is the initial Request document (D09052) that was used to establish the panel arrangement, as well as KPMG's letter of appointment to the panel.</p> <p>Please refer to Attachment C1.</p>
(b) Scope of works	<p>The scope of service is outlined in detail in the Request for Quote (Request for Commercial Advisory Services for the Midland Health Campus D09052-005) under Scope of Works Part B, section 2 and is described below.</p> <p>EOI Phase</p> <ul style="list-style-type: none"> • Familiarisation with all aspects of the Midland Health Campus project based on relevant documentation prepared to date by the project team. • Assisting in the finalisation of the Invitation for Expressions of Interest document, in particular the commercial and financial elements of the document. • Assisting with ongoing work on the development of a commercial structure for the project taking into account both its capital and service elements and options around financing. This work includes developing acceptable terms, pricing and payment mechanisms and risk allocation to meet project objectives. • Providing advice and detailed reports for the evaluation of the EOI submissions, with particular focus on the financial, commercial and commercial opportunity aspects of the submissions. This may also include a requirement to provide advice on taxation issues associated with the proposed financing and ownership structures under consideration. • Working with the Project Team in the development of the PSC.

PAC request	Response
	<p>RFP Phase</p> <ul style="list-style-type: none"> • Assist in the preparation of the RFP including: <ul style="list-style-type: none"> ○ the development of a preferred commercial structure for the service elements of the project including acceptable terms, clinical and non clinical services pricing and payment mechanisms and risk allocation to meet project objectives; ○ the development of the preferred commercial structure approach for the infrastructure components of the project including financing options to be included in the RFP document, risk allocations to meet project objectives (and taking into account the State's standard commercial principles for PPP projects) and, if required, a method for evaluating proposals with and without a private financing solution (i.e. DBFO vs DBOM models); ○ the refinement of output specifications and other project requirements into a clear and measurable form; ○ development of project key performance indicators and appropriate payment abatement regimes; and ○ the development of the tender evaluation criteria and response schedules. • Continue to work with the project team on the construction and finalisation of the final PSC, including providing an overall review of it, prior to the release of the RFP. • Assist in the identification and successful resolution of a wide range of risks and commercial issues associated with the Project, particularly those unique to the proposed capital financing structure(s) and delivery of clinical services by a private hospital operator. This may include providing advice on taxation issues and likely accounting balance sheet implications associated with the proposed financing and ownership structures under consideration. • Take the lead on developing and finalising a number of technical elements of the draft Project Agreement, including in relation to termination arrangements, payment mechanisms, insurance, definition of debt (if required) and other financial provisions. • Provide extensive commercial input in relation to the draft Project Agreement and other contracts prepared by the State's legal advisors. • Assist in the respondent interface workshops as requested. • Participate in the evaluation of the proposals, including preparing detailed reports on the financial, commercial and commercial opportunity aspects of the proposal, as well as the interrogation of private sector financial models. • Prepare detailed analysis and advice to inform the evaluation report on the financial, commercial and commercial opportunity aspects of the proposals. <p>Negotiation and Completion Phase</p> <ul style="list-style-type: none"> • Assist in commercial negotiations, particularly negotiations in relation to the Project Agreement, financing, pricing and payment mechanisms, risk allocation, security and agreements with respondent(s); and • Assist in developing the processes and procedures to achieve contractual and financial close.

PAC request	Response								
(c)(i) Method of appointment	<p>KPMG, along with Deloitte, Ernst & Young, Paxon and PwC were selected from the Department of Treasury's panel for Client Support Services for Commercial Services for Commercial Advice on Public Private Partnerships and Other Major Projects (Contract No D09052) to provide proposals for the delivery of commercial advisory services for the Project.</p> <p>To assist the shortlist, Strategic Projects released a Customer Contract Order Request on 14 July 2010 that described the Project, set out the scope of work of the consultancy, the selection criteria and the response requirements.</p>								
(c)(ii) Rationale for appointment	<p>A copy of the Evaluation Report that contains a description of the evaluation process and the rationale for the appointment of KPMG is attached. Please refer to Attachment C2.</p>								
(d) Estimated and actual cost of the engagement	<p>Estimated contract value</p> <p>At the time of entering the consultancy, the evaluation panel estimated the total cost of the engagement at \$862k (ex GST). Subsequent to the engagement, two variations were agreed with KPMG for out of scope work. As such, the total estimated value of the contract is as follows</p> <table> <tr> <td>Initial contract value estimate</td><td>\$862k</td></tr> <tr> <td>Negotiated fee reduction (DBOM)</td><td>(\$73k)</td></tr> <tr> <td>Variation 1 (completion of cost data)</td><td>\$95k</td></tr> <tr> <td>Total estimated contract value</td><td>\$885k</td></tr> </table> <p>Actual contract expenditure</p> <p>Current expenditure on the KPMG consultancy to date is \$625k (ex GST).</p>	Initial contract value estimate	\$862k	Negotiated fee reduction (DBOM)	(\$73k)	Variation 1 (completion of cost data)	\$95k	Total estimated contract value	\$885k
Initial contract value estimate	\$862k								
Negotiated fee reduction (DBOM)	(\$73k)								
Variation 1 (completion of cost data)	\$95k								
Total estimated contract value	\$885k								



Customer Contract Order Request

D09052 Client Support Services for Commercial Advice on Public Private Partnerships and Other Major Projects

REQUEST TITLE:

**REQUEST FOR COMMERCIAL ADVISORY SERVICES FOR THE
MIDLAND HEALTH CAMPUS**

ISSUED BY:

Department of Treasury and Finance

REQUEST NUMBER:

D09052-005

ISSUE DATE:

Wednesday 14 July 2010

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REQUEST- PART A**REQUEST NO. D09052-005 – PROVISION OF COMMERCIAL ADVISORY SERVICES
FOR MIDLAND HEALTH CAMPUS****REQUEST TO CONTRACTOR**

This Quote incorporates the Department of Treasury and Finance General Conditions of Contract (August 2009), Department of Treasury and Finance Advice of Acceptance of Offer Letter for D09052, Department of Treasury and Finance Request No. D09052, the attachments (if applicable) and the Letter of Award (when the Offer is accepted).

CUSTOMER INFORMATION

Order Reference Number:
D09052- 005

Date of Issue:
14 July 2010

Request close date:
11:00am **29 July 2010**, Perth
Western Australia

Customer: Department of Treasury and Finance

Submission of Offer:

The Contractor must submit the Offer electronically at:

SPQuotation.Tenderbox@osp.wa.gov.au.

The Offer can only be submitted to: SPQuotation.Tenderbox@osp.wa.gov.au if the size of the Offer is equal to or less than 20 megabytes.

Conditions regarding the submission of Offers (including late lodgement and mishandling) are contained in Part A of the Request Conditions and General Conditions of Contract located at www.dtf.wa.gov.au the Request Conditions.

If the Contractor is unable to submit the Quote electronically, please advise the Customer contact – Contractual detailed below and an alternative arrangement will be made.

Customer contact - Contractual: David Mureithi, Senior Procurement Officer

Phone: 08 9222 9436

Email: SPQuotation.Tenderbox@osp.wa.gov.au

CONTRACT TERM

1. Contract Term Expiry Date (Supply of Services)	The Term will commence on the Contract Commencement Date and will expire when the Services have been supplied in accordance with Clause 6 of the General Conditions. Please refer to Part A - Service Delivery Timeframe.
2. Contract Commencement Date	The Customer will notify the successful Respondent of the Contract Commencement Date in the Letter of Award. It is anticipated that the contract will commence 23 August 2010.
3. Price Variation	The Price is fixed for the Term.

SCOPE OF WORK**Overview**

The State wishes to engage Commercial Advice to assist in the delivery of the Midland Health Campus project.

ESTIMATED WORK HOURS

The successful Contractor will be responsible for scheduling work to meet agreed timeframes for specified projects/tasks. This will involve liaising with DTF Representatives and providing progress reports to complete work within agreed timeframes.

SERVICE DELIVERY TIMEFRAME

EVENT	TARGET DATE
EOI Phase	
Release of EOI	Q3 2010
Closing date for submission of EOI Proposals	Q4 2010
EOI evaluation and short-listing of Respondents	Q4 2010
RFP Phase	
Release of RFP	Q1 2011
Closing date for responses to RFP	Q2 2011
Negotiations and Completion Phase	
Negotiation commencement	Q2 2011

BACKGROUND INFORMATION – PART B

The Department of Health (North Metropolitan Area Health Service (NMAHS)) and the Department of Treasury and Finance (DTF) (Strategic Projects), is seeking commercial advice for the procurement process of the Midland Health Campus project.

1. Overview of the Project

The State of Western Australia has committed to developing a new metropolitan general hospital (the Midland Health Campus) to replace the services currently provided at the Swan District Hospital. The services to be provided at the Midland Health Campus will cater to the rapidly growing population of Perth's eastern suburbs and the Swan Valley region.

The Midland Health Campus is intended to be a 307 bed facility offering a comprehensive range of clinical services including emergency and critical care, paediatric and adult surgery, obstetrics, cancer care and mental health services.

The State intends to seek a private sector partner to design, construct, operate and maintain the Midland Health Campus facility. As such, the private partner will be responsible for the full scope of hospital operations including the provision of all clinical services to public patients from the Midland catchment area. It is anticipated that the private sector partner will also propose, as part of its solution, the incorporation of a range of private health services within the Midland Health Campus, as well as other commercial services that may complement the health services provided at the Midland Health Campus.

As part of this commitment to develop and expand health services in the north eastern suburbs of Perth and adjacent regional districts serviced by the Midland area, the State and Commonwealth Governments have committed capital funding to develop the Midland Health Campus.

The State is seeking to contract with a private partner that will take responsibility for designing, building, maintaining and delivering clinical services at the hospital on behalf of the State for an agreed concession period (in the order of 20 years). In order to maximise competition as part of this arrangement, the State is prepared to consider a range of infrastructure financing solutions provided they satisfy the project's commercial principles of full risk transfer for design, construction and whole of life asset maintenance.

As such, at the expression of interest phase, respondents will be requested to propose an infrastructure financing solution and explain how this will be structured to ensure that the above key commercial principles related to infrastructure provision will be achieved. These may include design, build, finance and operate (DBFO) or design, build, operate and maintain (DBOM) models. Depending on an evaluation of responses to the EOI, the State may then consider allowing one or multiple financing models at the request for proposal stage of the procurement.

The ability to achieve a favourable risk position with or without private financing is expected to be largely facilitated by the private partner being responsible for providing all clinical and non-clinical services at the hospital over the contract's concession term, and the requirement to license the facility as a private hospital

subject to the independent requirements of the States Licensing and Review Standards Unit (LSRU). As such, the operator is expected to design the hospital in a manner which optimises the efficiency of their provision of the required clinical services and assume the associated design and construction risks.

2. WA Health Reform and Midland

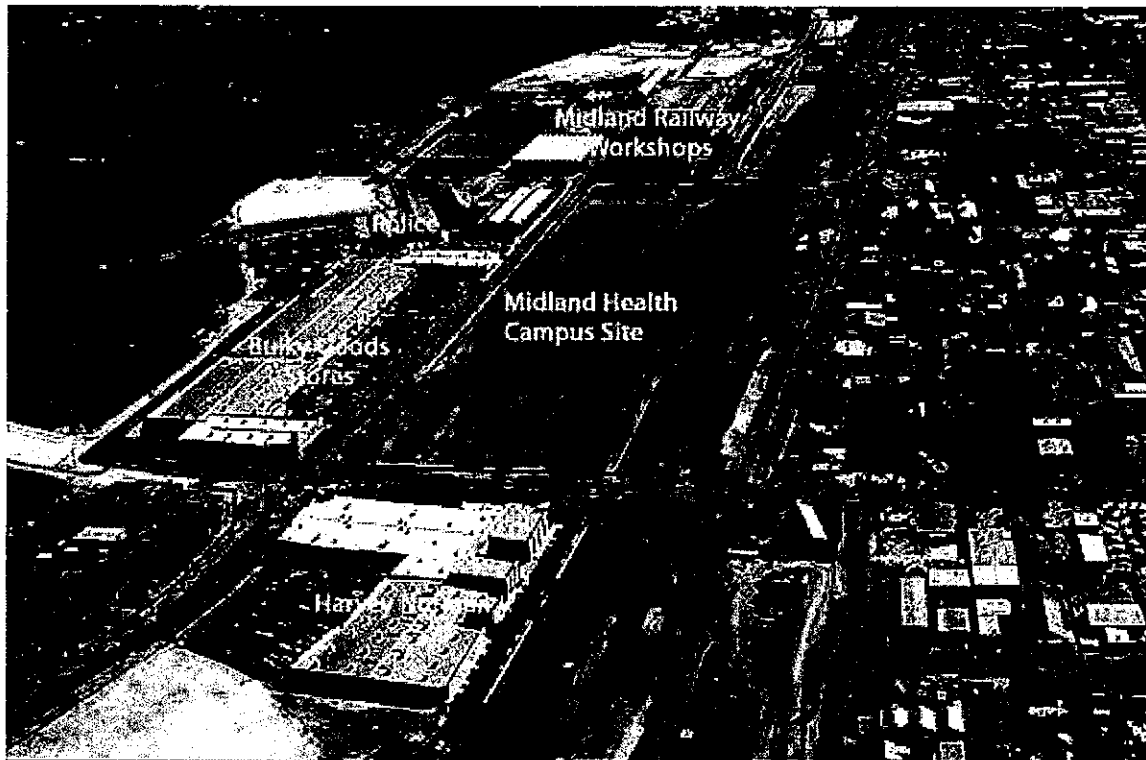
The report of the Health Reform Committee, *A Healthy Future for Western Australians* (known as the Reid Report) was released in 2004, and among the 86 recommendations were the following:

- Better use of secondary hospitals to relieve pressure on acute services;
- A greater emphasis on health promotion, primary and community care. New models of care to reduce the need for hospital admission, and
- Improved clinical practices in all hospitals to reduce the average length of stay.

Further, Recommendation 24 stated "... Swan District ... Hospital(s) (SDH) should be expanded over the next ten years to approximately 300 bed general hospital(s). This development will improve access to hospital care in high growth metropolitan areas and reduce demands on the tertiary hospitals for general care."

3. The Project

The MHC will be created near the centre of Midland, on land already purchased for this purpose. The land is level and flat, "greenfield", and although it has some existing industrial contamination, there is an agreement with the local redevelopment authority that the contamination will be remediated at no cost to the State. The site is long rectangular in shape; is located north of Clayton St, south of the railway, east of Centennial Place and west of Lloyd St; and is approximately 8 hectares in area.



When the MHC is commissioned and fully operational, the existing SDH will be decommissioned, and revert to the State as a general land and building asset.

The expansion of services at Midland and its associated development will play a key role in achieving the long-term vision for the future of health care in WA. The MHC is critical for the NMAHS and the broader health system to meet the objectives of health reform, which are:

- increasing access to health services/providing care closer to home;
- expanding hospital and ambulatory services to meet future demand;
- ensuring a sustainable health workforce;
- provision of care in the most appropriate clinical setting;
- ensuring a financially sustainable health system; and
- provision of high quality, safe clinical services.

Consistent with the health reform objectives, the broad project objectives of the Midland Health Campus development are to:

- promote a patient centred continuum of care that supports a positive experience for patients, family members and carers;
- bring care closer to home with improved public access to high quality care;
- meet the public health needs of an expanding population;
- reduce the inequity in health status of people in the Midland Catchment Area;
- provide an environment that attracts a highly skilled and dedicated workforce of doctors, nurses and key health workers required for future service delivery;
- provide a value for money, financially sustainable health service;

- provide an effective environment for the implementation of models of care in line with the Reid Report and current reform initiatives;
- develop a facility with the ability to readily expand with inbuilt flexibility to adapt to future changes in service delivery models, technologies, community expectations and demographics;
- comply with the Western Australian Department of Health's core values as set out in the 2008 Department of Health Code of Conduct and Values Statement;
- deliver a holistic and integrated health care system for the local community; and
- provide a safe environment for patients, carers and workers.

4. Project Scope

The State is seeking a private partner to design and build the hospital which will be licensed as a private hospital providing all required clinical and support services under a single contracting arrangement with the State. The initial development of the MHC has a target capacity of an indicative 307-bed Level 4/5 General Hospital offering most clinical specialties including General Surgery, Orthopaedic Surgery; General Medicine, Maternity, Obstetrics and Neonates; Cardiology, Emergency medicine; Intensive Care medicine; Geriatric medicine; Oncology; Respiratory medicine; Paediatrics; Rehabilitation and Psychiatry.

Demand modelling undertaken by the Department of Health has identified that to meet the demand of the local population within the above role delineation there is a requirement for MHC to provide the following activity by 2015/16:

- 43,000 Inpatient separations equating to 108,000 beddays
- 50,000 ED attendances
- 100,000 Outpatient occasions of service

As well as direct acute, non-acute, inpatient, outpatient, and allied clinical services, the responsibilities of the Operator will extend to:

- Clinical service support (medical records, reception).
- All workforce provision - number and skills;
- ICT services (to integrate with WA Health's systems);
- Hard infrastructure support (facilities management);
- Soft infrastructure support (catering, cleaning, waste management, etc);

In addition, the private partner will be requested to include in its design and service planning an efficient strategy for expanding the public facility's capacity by a significant proportion in the vicinity of 5 years after initial commissioning.

5. Project funding and commercial opportunities

The State has committed \$180.1m to the project and this is reflected in Health's current Capital Works Program. The Commonwealth has promised \$180.1m through the Health and Hospitals Fund resulting in a combined capital budget for this project of \$360.2m. The total nominal value of a contract for the operation of the hospital over a 20 year concession period is expected to be in the vicinity of \$6b.

The State is prepared to be flexible in its thinking with regard to incorporation of third party business services in conjunction with development of the MHC by a private consortium, with the proviso they enhance patient, staff and visitor services. Commercial health service related opportunities could range from small operations such as independent pharmacy, private medical suites or consulting rooms, through to larger developments such as private service wings (e.g. mental health) and full private hospital. Other commercial opportunities may include retail development, off-site ancillary accommodation, child care or other facilities or services that are complementary to the operations of the Midland Health Campus.

6. Project Governance

As a prescribed "Major Project", the Midland Health Campus development complies with the overall governance arrangements of the Major Health Infrastructure Projects Steering Committee (MHIPSC) – An executive level, inter-agency committee comprising the Departments of Health, Treasury and Finance, Planning and State Solicitor's Office. However, to reflect the proposed clinical services delivery model, governance at the project level has been varied to ensure a strong focus on the operational dimension and strong integration of the main streams of clinical service activity across the State's public health service system.

A single project director with experience in engaging with the private sector for health services delivery and health infrastructure development has been appointed, reporting jointly to the Chief Executive NMAHS and a senior DTF officer, currently the Executive Director Strategic Projects. A Project Team, lead by the Project Director, has also been established to undertake project development work. This team consists of government representatives drawn from relevant agencies with expertise in the relevant health, infrastructure, legal and commercial aspects of the project.

7. Project Procurement Approach

A competitive procurement process based on that of the National PPP Policy and Guidelines will be undertaken to identify the best value for money proposal to undertake the Project, which will be conducted in the following three phases:

- EOI Phase: To identify market interest in the Project and to identify a shortlist of proponents to proceed to the next phase of the procurement process;
- RFP Phase: To release a detailed RFP document to the project shortlist seeking a design, construction, finance and operation solution for the Project.

The proposals will be evaluated by the State with a view to identifying a preferred proponent(s); and

- Negotiation and Completion Phase: The final phase of the procurement intended to negotiate any outstanding issues and finalise the legal documentation prior to contractual execution and financial close.

SCOPE OF WORKS – PART B

1. Overview

The scope of works for this consultancy includes all activities that can be reasonably expected from a commercial advisory engagement for a hospital procurement involving the private provision of both clinical services and infrastructure. As such, the State is seeking a commercial advisor with experience and expertise in both PPP procurement and clinical services contracting and pricing. The general role of the commercial advisor will be to provide commercial advice as required to the Project Team.

2. Scope of Work

The commercial advisor will generally act on instructions of the State in relation to this consultancy including on the matters set out below. The service requirements have been divided into three phases. The activities described in these phases are not intended to be strictly exclusive, and there will undoubtedly be a degree of activity crossover.

EOI Phase: The Customer requires a small team of Specified Personnel to provide appropriate commercial advice during this Phase.

The EOI Phase extends from the commencement of appointment to the finalisation of the EOI evaluation report and includes:

- Familiarisation with all aspects of the Midland Health Campus project based on relevant documentation prepared to date by the Project Team;
- Assisting in the finalisation of the Invitation for Expressions of Interest document, in particular the commercial and financial elements of the document;
- Assisting with ongoing work on the development of a commercial structure for the project taking into account both its capital and service elements and options around financing. This work includes developing acceptable terms, pricing and payment mechanisms and risk allocation to meet project objectives;
- Providing advice and detailed reports for the evaluation of the EOI submissions, with particular focus on the financial, commercial and commercial opportunity aspects of the submissions. This may also include a requirement to provide advice on taxation issues associated with the proposed financing and ownership structures under consideration;
- Working with the Project Team in the development of the Public Sector Comparator (PSC).

RFP Phase: The Customer requires a small team of Specified Personnel to provide commercial advice to develop and evaluate responses to an RFP. Depending on the outcome of the EOI process, the State may proceed with either a DBFO, DBOM or both procurement models at the RFP phase.

The RFP Phase extends from the conclusion of the EOI phase to the finalisation of the RFP evaluation report and includes the following:

- Assist in the preparation of Request for Proposal (RFP) including:
 - the development of a preferred commercial structure for the service elements of the project including acceptable terms, clinical and non-clinical services pricing and payment mechanisms and risk allocation to meet project objectives;
 - the development of the preferred commercial structure approach for the infrastructure components of the project including financing options to be included in the RFP document, risk allocations to meet project objectives (and taking into account the State's standard commercial principles for PPP projects) and, if required, a method for evaluating proposals with and without a private financing solution (i.e. DBFO vs DBOM models);
 - the refinement of output specifications and other project requirements into a clear and measurable form;
 - development of project key performance indicators and appropriate payment abatement regimes;
 - the development of the tender evaluation criteria and response schedules;
- Continue to work with the project team on the construction and finalisation of the final PSC, including providing an overall review of it, prior to the release of the RFP;
- Assist in the identification and successful resolution of a wide range of risks and commercial issues associated with the Project, particularly those unique to the proposed capital financing structure(s) and delivery of clinical services by a private hospital operator. This may include providing advice on taxation issues and likely accounting balance sheet implications associated with the proposed financing and ownership structures under consideration;
- Take the lead on developing and finalising a number of technical elements of the draft Project Agreement, including in relation to termination arrangements, payment mechanisms, insurance, definition of debt (if required) and other financial provisions;
- Provide extensive commercial input in relation to the draft Project Agreement and other contracts prepared by the State's legal advisors;
- Assist in the proponent interface workshops as requested;
- Participate in the evaluation of the proposals, including preparing detailed reports on the financial, commercial and commercial opportunity aspects of the proposal, as well as the interrogation of private sector financial models; and
- Prepare detailed analysis and advice to inform the evaluation report on the financial, commercial and commercial opportunity aspects of the proposals.

Negotiation and Completion Phase: the Customer requires one (1) or more Specified Personnel to provide advice through this phase.

Negotiation and Completion Phase extends from the completion of the RFP Phase to Financial Close and includes the following:

- Assist in commercial negotiations, particularly negotiations in relation to the Project Agreement, financing, pricing and payment mechanisms, risk allocation, security and agreements with proponent(s); and
- Assist in developing the processes and procedures to achieve contractual and financial close.

OFFER FORM – PART C

The information requested in Part C below is to be completed by the Contractor and returned to the Customer.

DETAILS OF CONTRACTOR

Name of Contractor:

Contractor ABN and/or ACN:

Name and title of Contractor's Representative:

Address:

Phone:

Fax:

Email:

Contractor's Representative signature:

Date:

Confirmation that insurances are current ☐ Yes ☐ No

Are there attachments to this Offer ☐ Yes ☐ No

DISCLOSURE**Conflict of Interest**

The Contractor must declare and provide details of any actual, potential or perceived conflict of interest.

Does the Contractor have any actual, potential or perceived conflict of interest in relation to the performance of the Customer Contract (if awarded) by the Contractor:

☐ Yes ☐ No

If yes, the reasons why

EVALUATION METHODOLOGY

In selecting the successful Contractor for these service requirements, DTF will seek to identify the best Value for Money Offer to undertake this assignment taking into consideration the Qualitative, Disclosure and Price Requirements.

The Customer reserves the right to reject any Offer that does not properly address and satisfy any of the Qualitative, Disclosure and Pricing Requirements.

QUALITATIVE REQUIREMENTS

Respondents are required to address the following Qualitative requirements to form a part of their Offer.

Part C1: Capability and experience

- Please nominate a limited number of Specified Personnel to undertake all three phases of this consultancy and provide a CV for each nominated advisor that sets out their capability and experience for this consultancy. Experience in PPP procurement and contracting and pricing clinical services should be outlined. *(1 page limit per advisor)*
- Please provide an overview of your approach to this particular consultancy, and the key Project outcomes that will demonstrate the success of your involvement. *(1 page limit)*

Part C2: Availability

- Please clearly identify the anticipated time that each nominated advisors will allocate to this project and the area of expertise Specified Personnel will bring and the role the Specified Personnel will play in service delivery .
- Please indicate what portion of this time (if any) will not be spent in Perth.

Part C3: Project Understanding

- Please outline how the State might approach negotiation on the following key commercial aspects of the project (2 page limit):
 - securing the flexibility to ensure the capacity of the hospital will be able to be expanded by a significant proportion by 2020/21 in a cost efficient manner;
 - how a payment mechanism for clinical services might be structured to ensure quality and reliability of services, efficient pricing and a value for money outcome is achieved for the State whilst maintaining sufficient private sector incentive and financial reward;
 - How the Commonwealth governments planned introduction of a national efficient price for the provision of public hospital clinical services is likely to affect the project from a commercial perspective.

Please provide your views of the applicability of a KPI and abatement regime in respect of both the infrastructure and clinical service provision requirements of this project. *(1 page limit)*

Please provide your thoughts on the likely market participants for this project, and how an equivalent risk transfer position for the State could be achieved for infrastructure development with or without the provision of private finance *(1 page limit)*

PRICE SCHEDULE

The Contractor must:

- Complete the following table including the addition of the Job Title descriptions as included in the contract (Schedule 3 – Pricing), as in Attachment A.
- Note that :
 - it is expected that the successful Contractor and the State will work collaboratively to closely manage costs during all phases of the procurement process;
 - all pricing is to be GST inclusive; and
 - in accordance with D09052 panel for Client Support Services for Commercial Advice on PPP and Other Major Projects terms and conditions, the hourly rates offered should **not** exceed the maximum rates accepted for the Contract. **Where the Contractor submits rates above those accepted under the Head Agreement the Offer will be deemed to be in breach of the Head Agreement.** All disbursements shall be included in the hourly rates. However where interstate and international travel is required, this shall be clearly estimated and identified, in the schedule below as a separate direct cost.
- Please note:
 - that for EOI phase, fees will be calculated up to the capped amount using the applicable hourly rate of each consultant;
 - that for the RFP Phase the fees will be calculated using the applicable hourly rate, but will be subject to the maximum number of hours defined for the delivery of this service; and
 - for negotiation and completion phase, fees will be calculated using the applicable hourly rate, but will not be subject to a cap.

OFFER FORM – PART C

#Phase	Name*	Job Title (ref Att A)	Hourly Rate \$	Estimated Hours	Total Cost (Incl. GST) \$
EOI Phase	Personnel 1				
	Personnel 2				
	Personnel 3				
	Personnel 4				
	Total Capped Cost				
RFP Phase	Name*	Job Title (ref Att A)	Hourly Rate \$	Estimated Hours	Total Cost (Incl. GST) \$
RFP Phase	Personnel 1				
	Personnel 2				
	Personnel 3				
	Personnel 4				
	Maximum Number of Hours:			1100 [#]	
	Total Cost RFP				
Neg and Comp Phase	Name*	Job Title (ref Att A)	Hourly Rate \$	Estimated Hours	Total Cost (Incl. GST) \$
Negotiation and Completion Phase	Personnel 1				
	Personnel 2				
	Personnel 3				
	Personnel 4				
	Total Estimated Cost				
	Estimated Disbursements (All Phases)				
	Total				

*These personnel should match the ones specified in the qualitative requirement (b).

The maximum number of hours is based on the assumption that both a DBFO and DBOM procurement model will require development and assessment at the RfP phase. Where only one model is required the maximum number of hours will be renegotiated based on the hourly rates for this phase of work.

ATTACHMENT A – JOB TITLE DEFINITION

JOB TITLE	QUALIFICATIONS/EXPERIENCE
Partner/ Director	Partner/ Director of the professional service provider. Extensive experience in the application of modern methodologies and practices in relevant discipline.
Manager/ Supervisor	An experienced professional with substantial appropriate experience in relevant discipline.
Senior	An experienced professional with appropriate experience in relevant discipline.
Intermediate	Employee with experience in relevant discipline.
Graduate	Person with professional qualification/ affiliation and less than two years experience.
Other	Support staff with clerical and/or administrative experience.



Request

REQUEST TITLE:

**CLIENT SUPPORT SERVICES FOR COMMERCIAL ADVICE ON
PUBLIC PRIVATE PARTNERSHIPS AND OTHER MAJOR
PROJECTS**

REQUEST NUMBER:

D09052

CLOSING TIME:

11:00 AM Wednesday 3 March 2010 Perth, Western Australia

ISSUED BY:

Department of Treasury and Finance

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PART A – REQUEST NO D09052

1. INTRODUCTION

The Department of Treasury and Finance (DTF) is seeking to establish a panel of expert commercial advisors to provide independent advice to assist in delivering a program of infrastructure projects using a range of procurement methods including public private partnerships (PPP), managing contractor, alliance contracts, early contractor involvement, leases and managed services.

Highly skilled and experienced specialist independent advisors are encouraged to submit offers to this panel.

Procurement for expert services may be sourced from either the Department Of Treasury and Finance Common Use Arrangement (CUA 23706) for *Audit Services and Financial Advice* or through this procurement activity.

Services may be procured from either the CUA or this panel arrangement based on:

- the nature of the expert advice required;
- the experience required to provide advise;
- availability;
- independence required to deliver service, and
- value for money.

The DTF and any other State Government Agency may buy through this panel.

Specific advice will be sought on the following areas of need as they relate to the procurement of major infrastructure and associated services:

- analysis and review of key financial aspects of large, complex infrastructure and service delivery procurement (such as discount rates, the public sector comparator, bid financial models and/or financing structures);
- financial modelling and advice;
- commercial advice on projects;
- risk analysis and advice;
- advice and support to the evaluation team;
- policy advice;
- public sector financial management advice; and
- advice on emerging market issues.

The DTF may engage consultants on an 'as required' non-exclusive basis, depending on the complexity and timing of the procurement activity. It is expected that advice may be sought at the procurement decision stage and through stages of the procurement process and potentially during contract management. Advice may also be sought on significant infrastructure procurement policy and market issues as they arise.

1.1 BACKGROUND

The Western Australian Government is interested in using a wide range of procurement strategies including PPPs to deliver its significant program of infrastructure and major projects.

The DTF's Strategic Project's division is responsible for project oversight of complex, high risk building and infrastructure projects.

The DTF has established a specialist PPP Support unit to provide policy, guidelines and best practice to PPPs; support and review of PPP projects and advice to the State on PPPs.

1.2 SUBMISSION OF OFFER

- 1.2.1 The Respondent may submit the Offer by hand or by post at:

Department of Treasury and Finance
Tenders Office, Dumas House
6th Floor, 2 Havelock Street
West Perth WA 6005;

If the Respondent submits the Offer by hand or by post, the Respondent must provide Four (4) copies, with one (1) copy marked "original" and three (3) copies marked "copy".

- 1.2.2 The Respondent may submit the Offer by facsimile at: 08 9222 5666;

- 1.2.3 The Respondent may submit the Offer electronically at: www.tenders.wa.gov.au;
The Offer can only be submitted to www.tenders.wa.gov.au if the size of the Offer is equal to or less than 20 megabytes;

- 1.2.4 Conditions regarding the submission of Offers (including late lodgement and mishandling) are contained in the Request Conditions.

WARNING – HAND DELIVERED OFFER SUBMISSIONS

In an effort to increase security at Dumas House all Respondents, and persons acting on behalf of the Respondent, who hand deliver Offers to the Dumas House Tenders Office will need to provide some identification in the form of a driver's licence or business card to the security desk on the ground floor.

The Respondent should therefore allow plenty of time for any possible delays that may be encountered at Dumas House, as a few minutes will be needed to show identification to the security desk before being allowed up to the 6th Floor Tenders Office.

1.3 OFFER VALIDITY PERIOD

The Offer Validity Period is for a period of six (6) months.

1.4 CONTACT PERSONS

Different enquiries can be best dealt with by the most appropriate contact, shown below.

The Respondent must not rely on information provided from any other source other than the contacts identified below.

CONTRACTUAL AND ROUTINE ENQUIRIES:

Name: Chafica Kashab
Title: Procurement Manager
Telephone: 9262 1183
E-mail: Chafica.Kashab@dtf.wa.gov.au

TECHNICAL / CUSTOMER ENQUIRIES:

Name: Trudy Grimshaw
Title: Director Legal and Commercial; Strategic Projects
Telephone: 9222 9808
Mob: 0438 634 477
E-mail: trudy.grimshaw@osp.wa.gov.au

1.5 REQUEST CONDITIONS

The "Request Conditions" are contained in the Part A of the *Request Conditions and General Conditions of Contract* [August 2009] located at www.dtf.wa.gov.au (select Government Procurement, then select "Templates, guides and conditions of contract" from the Quick Links menu) and contain important provisions regarding the nature of this Request and the consequences of the Respondent submitting an Offer. The Respondent is deemed to have read and considered the Request Conditions prior to submitting an Offer.

2. SELECTION PROCESS

2.1 SELECTION PROCESS

Value for Money is a key State Supply Commission policy objective to ensure that when purchasing products and/or services, Public Authorities achieve the best possible outcome, for every dollar spent, by assessing the costs and benefits of, and the risks inherent in, an Offer, rather than simply selecting the lowest Offered Price.

In determining Value for Money, the Contract Authority or Customer will:

- a). apply relevant State Supply Commission and Government policies to the assessment of Offers;
- b). assess Offers against the Compliance and Disclosure Requirements in Section 3 in Part B;
- c). assess Offers against the Qualitative Requirements in Section 4 in Part B;
- d). assess Offers against the Insurance Requirements in Section 5 in Part B; and
- e). assess the Offered Prices, which includes assessing the Offered Price and Pricing Requirements in Schedule 3.

The determination of Value for Money will require a consideration of all of the above factors and any other matters that the Contract Authority or Customer considers relevant.

2.2 STATE SUPPLY COMMISSION AND GOVERNMENT POLICIES

The following State Supply Commission policies apply to this Request:

- a). Value for Money;
- b). Probity and Accountability.
- c). Open and Effective Competition; and
- d). Sustainable Procurement.

The following Government policy applies to this Request:

- a). Buy Local Policy; including the January 2008 Addendum.

These policies can be viewed and down loaded at www.ssc.wa.gov.au.

PART B – CONTENT REQUIREMENT AND RESPONDENT'S OFFER

PART B SHOULD BE COMPLETED BY THE RESPONDENT AND RETURNED TO THE CONTRACT AUTHORITY OR CUSTOMER (REFER 'SUBMISSION OF OFFER' REQUIREMENTS OF CLAUSE 2.1 IN THE REQUEST CONDITIONS).

1. NOTE TO RESPONDENT

In preparing its Offer, the Respondent must:

- a). address each requirement in the form set out in this Part B;
- b). take into account the Customer Contract requirements, as explained in the Customer Contract Details. The Respondent must read these in conjunction with the General Conditions.
- c). in respect of the Qualitative Requirements in Section 4 in this Part B, provide full details of any claims, statements or examples;
- d). assume that the Contract Authority or Customer has no knowledge of the Respondent, its activities, experience or any previous work undertaken by the Respondent for the Contract Authority, Customer or any other Public Authority; and
- e). nominate any Offer Information that the Respondent wishes to expressly and reasonably nominate as confidential for the purposes of the Request Conditions.

2. IDENTITY OF RESPONDENT

The Respondent must provide the following details:

RESPONDENT TO COMPLETE:

- | | |
|---|----------------|
| (a) Name of Legal Entity: | ..... |
| (b) Business Name: | ..... |
| (c) Contact Person: | ..... |
| (d) Contact Person Position Title: | ..... |
| (e) ABN or ACN: | ..... |
| (f) Registered address or address of principal place of business: | ..... ..... |
..... |
| (g) Email: | ..... |
| (h) Telephone: | ..... |
| (i) Facsimile: | ..... |
| (j) Address and facsimile number for service of contractual notices | ..... ..... |
..... |

NB: The Offer does not require the Respondent's signature.

3. COMPLIANCE AND DISCLOSURE REQUIREMENTS

The Contract Authority or Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Compliance and Disclosure Requirements. The Contract Authority or Customer reserves the right to reject any Offer that does not properly address any of the Compliance and Disclosure Requirements.

a) **Compliance**

(i) **Customer Contract**

The Respondent must confirm whether it will comply with the Customer Contract. If the Respondent will not comply with any clause of the Customer Contract, the Respondent must set out:

- (A) the clause it will not comply with;
- (B) the extent of non-compliance – including the alternative clause, if any, or a description of any changes it requires to the Customer Contract; and
- (C) the reason for non-compliance.

RESPONDENT TO COMPLETE:

Does the Respondent agree to the Customer Contract?

(Yes / No)

If no, provide details

(ii) **General Conditions / Schedules**

The Respondent must confirm whether it will comply with the General Conditions and Schedules. If the Respondent will not comply with any of the General Conditions and Schedules, the Respondent must set out:

- (A) the General Conditions / Schedules it will not comply with;
- (B) the extent of non-compliance – including the alternative clause, if any, or a description of any changes it requires to the General Conditions / Schedules; and
- (C) the reason for non-compliance.

RESPONDENT TO COMPLETE:

Does the Respondent agree to the General Conditions / Schedules?

(Yes / No)

If no, provide details.

b) DISCLOSURES**(i) Participants (including subcontractors)****RESPONDENT TO COMPLETE:**

Is the Respondent acting as an agent or trustee for another person or persons?

(Yes / No)

If yes, provide details.

AND

Is the Respondent acting jointly or in association with another person or persons?

(Yes / No)

If yes, provide details.

AND

Has the Respondent engaged, or does the Respondent intend to engage, another person or persons as a subcontractor in connection with the supply of the Products and/or Services.

(Yes / No)

If yes, provide details

(ii) Criminal Convictions

The Respondent must confirm that neither the Respondent nor any person included in the Specified Personnel has been convicted of a criminal offence that is punishable by imprisonment or detention.

RESPONDENT TO COMPLETE:

Has the Respondent or any person included in the Specified Personnel been convicted of a criminal offence that is punishable by imprisonment or detention?

(Yes / No)

If yes, provide details

(iii) Conflict of Interest

The Respondent must declare and provide details of any actual, potential or perceived conflict of interest.

RESPONDENT TO COMPLETE:

Does the Respondent have any actual, potential or perceived conflict of interest in relation to the performance of the Customer Contract (if awarded) by the Respondent?

(Yes / No)

If yes, the reasons why.

(iv) Small Business

The Respondent is required to disclose whether it is a small business that employs less than twenty (20) people.

The Respondent should note that its response to this Compliance and Disclosure Requirement:

- (A) will be used by the Department of Treasury & Finance for statistical purposes only; and
- (B) will not be used by the Contract Authority or Customer in its evaluation of the Offer.

RESPONDENT TO COMPLETE:

Is the Respondent a small business that employs less than twenty (20) people?

(Yes / No)

4. QUALITATIVE REQUIREMENTS

The Contract Authority or Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Qualitative Requirements. The Contract Authority or Customer reserves the right to reject any Offer that does not properly address and satisfy any of the Qualitative Requirements.

As a guide, submissions should be limited to a maximum of no more than 10 pages for all qualitative criteria.

4.1 DEMONSTRATED ORGANISATIONAL CAPABILITY TO PROVIDE CLIENT FOCUSED SERVICES (15% WEIGHTING) [20%]

The Respondent must demonstrate the organisational capacity to perform the Contract and must provide a company profile.

The Respondent is required to provide details of the proposed service delivery mechanism to the Customer to ensure value for money services.

This may include consideration to the following matters:

- organisational structure;
- contact availability in addition to electronic means, between 8.00 AM – 5:00PM Western Standard Time;
- proposed service delivery mechanism to the Contract Authority to ensure value for money services;
- contingency planning in the event of injury or illness of key personnel;
- IT support and capabilities;
- proposed strategy to achieve skills transfer to the Contract Authority; and
- evidence of customer satisfaction in previous work undertaken.

RESPONDENT TO COMPLETE:

Respondent to demonstrate organisational capability to provide client focussed services.

4.2 DEMONSTRATED CAPACITY TO PROVIDE EXPERIENCED PROFESSIONAL ADVICE AND EXPERTISE IN PUBLIC PRIVATE PARTNERSHIPS, MAJOR PROJECT PROCUREMENT AND SIMILAR INFRASTRUCTURE DELIVERY ARRANGEMENTS (WEIGHTING 65%) [80%]

The Respondent is required to propose Specified Personnel that demonstrate direct experience in providing advisory services as they relate to PPP projects and/or large infrastructure projects and/or complex financial arrangements relevant to high value procurement activities.

This may include a brief (no more than 1/2 page per employee) of the following services as they relate to the procurement of major infrastructure and associated services:

- analysis and review of key financial aspects of large, complex infrastructure and service delivery procurement (such as discount rates, the public sector comparator, bid financial models and/or financing structures);
- financial modelling and advice;
- commercial advice on projects;
- risk analysis and advice;
- advice and support to the evaluation team;
- policy advice;
- public sector financial management advice; and
- advice on emerging market issues.

The following table is to be completed and returned for each Resource proposed to provide services to this contract.

This table shall demonstrate:

- the previous experience of and the role undertaken by the nominated resource;
- the complexity of the work that resource has provided by dollar value and service description; and
- provide referee contact details for the work sighted.

SUMMARY OF PREVIOUS CONTRACTED ENGAGEMENTS				
Specified Personnel	Name of Organisations receiving services	Services Description	Value \$	Referee Details (Name, Tel No)

RESPONDENT TO COMPLETE:

Respondent to provide the demonstrated capacity and experience in Public Private Partnerships or similar arrangements information required under this clause.

4.3 LOCAL CONTENT (20 % WEIGHTING) [0%]

When a bid is received from:

- A business that is located in another state or territory of Australia, or in New Zealand under the Australia New Zealand – Government Purchase Agreement (ANZGPA); or
- A business that is located in the United States (when the purchase is a “covered procurement” under the Australia United States Free Trade Agreement (AUSFTA)); or
- A business that is located in Chile (when the purchase is a “covered procurement” under the Australia Chile Free Trade Agreement (ACI-FTA)),

the local content weighted selection criteria will not be evaluated during the qualitative assessment. Should the local content criterion not be applicable, the 20% weighting will be divided across the remaining criteria (see [xx%] for revised weightings).

The Respondent must address the following:

- (i) the Respondent must specify the location where the following activities will be performed:
 - (A) where the proposed Products will be manufactured;
 - (B) where spare parts, repairs, back up support and maintenance will be sourced and provided; and
 - (C) where contract management will be undertaken;
- (ii) the Respondent must provide details of how the Respondent supports other Western Australian businesses through subcontracting or material supply arrangements;
- (iii) the Respondent must estimate, in dollar terms and percentage of the total Offered Price, the amount which represents contract activities performed in Western Australia;
- (iv) the Respondent must estimate, in dollar terms and percentage of the total Offered Price, the amount which represents contract activities performed in other Australian States or Territories, New Zealand, the United States or Chile;
- (v) the Respondent must estimate the employment creation and retention and industry and skills development initiatives which may arise if a contract is awarded to the Respondent; and
- (vi) the Respondent must provide details of any other economic, social or environmental benefits to Western Australia.

RESPONDENT TO COMPLETE:

Respondent to provide the local content information required under this clause.

5. CUSTOMER CONTRACT INSURANCE REQUIREMENTS

The Respondent must demonstrate that it has the insurances required under Schedule 1 - Customer Contract Details.

RESPONDENT TO COMPLETE

Does the Respondent have the insurance requirements set out in Schedule 1 - Customer Contract Details?

(Yes / No)

If yes, the Respondent must complete the following table:

	Insurer	ABN	Policy No	Insured Amount	Expiry Date	Exclusions, if any
1. Public Liability Insurance						
2. Professional Indemnity						
3. Workers' Compensation including common law liability of \$50 million						

OR

If no, does the Respondent confirm that if it is awarded a contract, then it will obtain the insurance policies set out in Schedule 1 - Customer Contract Details prior to the Contract Commencement Date?

(Yes / No)

If no, the reasons why.

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

Customer	The Customer is Department of Treasury and Finance
1. The Term of the Customer Contract	The Term of the Customer Contract is on an 'as required' non-exclusive basis and is from the Contract Commencement Date to the 30 April 2013 with a three (3) month transition period prior to termination for convenience at 30 th June 2013.
2. Contract Commencement Date	The Customer will notify the successful Respondent of the Contract Commencement Date in the Letter of Acceptance.
3. Extensions	The Customer has three (3) options to extend the Term, each option having a six (6) month duration.
4. Notice of Extension	Clause 3.4 of the General Conditions applies.
5. Price Variation	<p>The Price is fixed for the first year of the Term.</p> <p>On each anniversary of the Contract Commencement Date, the Prices will be subject to movements in the Consumer Price Index (Consumer Price Index, Australia (Cat No 6401.0): 1 All Groups, Index Numbers – Perth).</p> <p>The Contractor shall apply in writing for the Contract Authority's approval each time a revised price is to be applied to the Contract. Twenty one (21) days prior notice is required for a Price Variation request.</p> <p>Documentation will be required to justify applications for revised Contract prices during the term of the Contract.</p> <p>No price variation is payable unless and until approved by the Contract Authority.</p>
6. Public Liability	Public liability insurance covering the legal liability of the Contractor and the Contractor's Personnel arising out of the Services for an amount of not less than \$5 million for any one occurrence and unlimited in the aggregate.
7. Professional Indemnity	Professional indemnity insurance covering the legal liability of the Contractor and the Contractor's Personnel under the Customer Contract, if awarded, arising out of any act, negligence, error or omission made or done by or on behalf of the Contractor, or any subcontractor in connection with the Contract for a sum of [\$1 million] for any one claim and in the annual aggregate, with a provision of one automatic reinstatement of the full sum insured in any one period of insurance.
8. Extended professional Indemnity inclusions	<p>Professional indemnity insurance required under this clause must be extended to include:</p> <ul style="list-style-type: none"> a) fraud, dishonesty, defamation, breach of confidentiality, infringement of patent, copyright, design, trade mark or circuit layout rights; b) loss of or damage to documents and data; and c) breach of Part V of the <i>Trade Practices Act 1974</i> (Cth) and the corresponding provisions of the <i>Fair Trading Act 1987</i>.
9. Workers' Compensation	Workers' compensation insurance in accordance with the provisions of the <i>Workers' Compensation and Injury Management Act 1981</i> (WA), including cover for common law liability for an amount of not less than \$50 million for any one occurrence in respect of workers of the Contractor. The insurance policy must be extended to cover any claims and liability that may arise with an indemnity under section 175(2) of the <i>Workers' Compensation and Injury Management Act 1981</i> .

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

10. Contract Management Requirements	<p>Meetings</p> <p>Meetings will be held at the point of work allocation and at least at key milestones as described within each work order. Meetings may be face to face or through alternative electronic means as agreed between the parties.</p> <p>Key Performance Indicators (KPIs)</p> <p>The following KPIs will be used:</p> <ul style="list-style-type: none"> • Customer satisfaction; • Availability of suitably qualified and experienced resources; • Timely delivery; and • Costs in accordance with the price schedule. <p>Customer's Representative</p> <p>Ms Emily Salinovich Department of Treasury and Finance Governor Stirling Tower 197 St George's Terrace Perth WA 6000</p>
11. Confidential Information	<p>The Customer specifies the following information to be "Confidential Information" under paragraph (b) of the definition of "Confidential Information" in clause 2.1 of the General Conditions:</p> <p>The Contractor and all the personnel working on projects encompassed under this Contract shall be required to treat all aspects of projects, including oral as well as written material made available during the project as confidential. A breach of confidentiality shall be considered a breach of the Contract and shall be grounds for termination of the Contract.</p>
12. Conflict of Interest	<p>Clause 2:11 of the General Conditions shall apply.</p> <p>At the issue of a Work Order, the Contractor shall declare any conflict of interest arising from:</p> <ul style="list-style-type: none"> a) previous advice provided to government; b) the provision of advice to the private sector on matters that may relate to the submission of bids to the State; or c) any other perceived matters that may represent a conflict of interest in the provision of services.
13. Exclusivity	<p>Engagement under this contract to undertake work through a work order will preclude the successful advisor from future engagement with a private sector entity on matters related to the work provided through that work order.</p>
14. Panel Arrangement	<p>Clause 4.19 of the General Conditions applies.</p>
15. Police Clearance	<p>Clause 18.4 of the General Conditions does not apply.</p>
16. Confidential Declaration – Prevention of Paedophilia	<p>Clause 18.5 of the General Conditions does not apply.</p>
17. Warranties	<p>For the purposes of clause 19.5 of the General Conditions, no warranties are specified.</p>
18. Intellectual Property Owner	<p>Clause 23.1 of the General Conditions applies.</p>
19. Working Papers	<p>Clause 23.7 of the General Conditions applies.</p>

SCHEDULE 1 - CUSTOMER CONTRACT DETAILS

20. Publicity	Department of Treasury and Finance is specified for the purposes of clause 25.4 of the General Conditions.
21. Government Policies	For the purposes of clause 33 of the General Conditions, no obligations relating to Government procurement policies are specified.

SCHEDULE 2 - SPECIFICATION / STATEMENT OF REQUIREMENTS

1.1 STATEMENT OF REQUIREMENTS

The Department of Treasury and Finance has a requirement to establish a panel contract of approximately 10-15 specialist commercial advisers who can provide specialist independent advice. '*Independence*' is to be assessed at the point of a 'work order' and will require the Contractor to demonstrate separation from any conflict of interest from advice provided elsewhere to the State or from advice provided to the private sector.

1.2 SPECIFICATION

The Department of Treasury and Finance seeks to establish a panel contract of specialist commercial advisers who can provide independent advice. '*Independence*' is to be assessed at the point of work allocation and will require the Contractor to demonstrate separation from any conflict of interest.

This contract requires the provision of specialist skills and experience in PPP procurement and/or infrastructure and/or high value complex financial arrangements to provide advice to the Customer.

Specific advice will be sought on the following areas of need as they relate to the procurement of major infrastructure and associated services:

- analysis and review of key financial aspects of large, complex infrastructure and service delivery procurement (such as discount rates, the public sector comparator, bid financial models and/or financing structures);
- financial modelling and advice;
- commercial advice on projects;
- risk analysis and advice;
- advice and support to the evaluation team;
- policy advice;
- public sector financial management advice; and
- advice on emerging market issues.

This advice may be in relation to infrastructure projects using a range of procurement methods including Public Private Partnerships, managing contractor, alliance contracts, early contractor involvement, leases and managed services.

It is the intent of the Customer to maximise knowledge transfer to the State. Where this is a requirement of the Customer, this will be specified within the work order.

Advisory work may be undertaken in consultation with key stakeholders as nominated at the time of the work order being placed against the successful Contractor.

1.3 ALLOCATION OF WORK AMONGST PANEL MEMBERS

The allocation of work to panel members will be at the absolute discretion of the Contract Authority.

The Contract Authority will access the panel by providing a specific scope of work for each particular task. The successful Respondent identified by the Contract Authority shall respond with a quote, which the Contract Authority will then evaluate. If suitable, the Contract Authority will engage the Panel Member to carry out that specific requirement.

The Contract Authority reserves the right to seek competitive verbal or written quotations from more than one Panel Member where considered appropriate.

Allocation of projects during the period of contract will be on an 'as required' non-exclusive basis. Allocation of work to individual successful Respondents will indicatively take into account:

- successful Respondent's expertise and areas of specialisation, capacity and ability to meet required time frames;
- compatibility with and the need for continuity of service for particular projects;
- that no conflict of interest exists in providing this advice;
- compliance with Schedule 1 clause 12 Exclusivity; and
- value for money.

The Contract Authority, when considering the allocation of projects and prior to approving the commencement of a project, may seek an indicative project plan, including estimated costings, time frames and resource allocations.

The Contracting Authority bears no liability for work undertaken prior to the placement of a work order.

The Contract Authority does not guarantee any value or volume of work will be allocated under this panel arrangement, either in total or to any single successful Respondent.

The Contract Authority does not guarantee that the allocation of work to panel members will be equal, either in terms of volume, value or number of projects.

The Contract Authority reserves the right to seek competitive quotations from outside of the panel, where additional skills, experience or capacity is required.

Any work orders placed may vary substantially in size, scope and duration.

1.4 SERVICE DELIVERY

The preparation of advice may be undertaken at the Contractors premises or, by negotiation with the Contract Authority, within the clients premises or as agreed between the parties. The venue for the preparation of advice shall be determined by the efficient delivery of services to the client.

SCHEDULE 3 – PRICING

The Customer will, in its Value for Money assessment, consider the extent to which the Offer satisfies the following Offered Price and Pricing Requirements. The Customer reserves the right to reject any Offer that does not properly address and satisfy any of the Offered Price and Pricing Requirements.

- a) The Respondent must include in the Offer the completed Schedule of Rates table shown below.
- b) Depending on the size and structure of the organisation, the respondent should provide the rates that will apply to the various categories or levels of staff that may provide services under this contract.
- c) The Respondent must state the basis of its Offered Price in Australian Dollars and any price variation provision, arrangement or mechanism applicable to the Offered Price.
- d) The Offered Price will be deemed to include the cost of complying with this Request (including the Customer Contract Details) and the General Conditions and the cost of complying with all matters and things necessary or relevant for the due and proper performance of the Customer Contract. Any charge not stated as being additional to the Offered Price will not be payable by the Contract Authority or the Customer.
- e) If the Offered Price is consideration for a taxable supply under the GST Act, the Offered Price will be deemed to be inclusive of all GST applicable to the taxable supply at the rate in force for the time being.

The following definitions apply to the price schedule:

JOB TITLE	QUALIFICATIONS/EXPERIENCE
Partner/ Director	Partner/ Director of the professional service provider. Extensive experience in the application of modern methodologies and practices in relevant discipline.
Manager/ Supervisor	An experienced professional with substantial appropriate experience in relevant discipline.
Senior	An experienced professional with appropriate experience in relevant discipline.
Intermediate	Graduate with experience in relevant discipline.
Graduate	Person with professional qualification/ affiliation and less than two years experience.
Other	Support staff with clerical and/ or administrative experience.

3.1 PRICE SCHEDULE – HOURLY RATES

Title	Maximum Tendered <u>Hourly Rates</u> \$ Inclusive of GST	Maximum Tendered <u>Weekly</u> Rates \$ Inclusive of GST	Maximum Tendered <u>Monthly Rates</u> \$ Inclusive of GST
Partner / Director			
Manager / Supervisor			
Senior			
Intermediate			
Graduate			
Other			

If insufficient space please provide additional Schedule of Rates in the same format.

The rates submitted above shall incorporate all costs in providing the required services including incidental expenses, administration costs (local couriers, photocopying, facsimiles etc) and overheads with the exception of interstate and international travel.

Where interstate and international travel is required, this shall be clearly identified as a separate direct cost at the time of a Request for Quotation.

The rates listed above shall also apply to any additional work agreed to by the Contract Authority not covered under the Specification / Statement of Requirements but relevant to complete the services.

Please Note:

When requested to provide quotations, the Contractor may offer lower rates than the maximum rates accepted for the Contract but NOT higher rates.

Where the Contractor submits rates above those accepted under the Contract the quotation will be deemed to be non-conforming and not considered further.

SCHEDULE 4 AND 5

Do not apply

SCHEDULE 6 - BUYING RULES

BUYING RULES FOR THE PANEL CONTRACT	
Monetary Threshold	Buying Process
1. Services valued at up to \$150,000 per individual purchase	Panel members may be accessed directly. A unit rate must be quoted.
2. Services valued at \$150,000 or above per individual purchase	Formally request sufficient number of written quotations from relevant panel members. A unit rate must be quoted.