



ARGYLE CORPORATE ADVISERS

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SUNSHINE COAST UNIVERSITY HOSPITAL

**Public Private Partnership
Request for Binding Bids Process**

FINAL PROBITY ADVISOR'S REPORT

August 2012

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I. INTRODUCTION

- I.1. The Sunshine Coast University Hospital (**SCUH**) is being procured as a 738 bed public tertiary teaching hospital using a Public Private Partnership (**PPP**) delivery model that includes a significant Government Contribution towards its capital cost.

On 13 April 2011, the State, through Queensland Health (**QH**), advertised for Expressions of Interest (**EOI**) for this opportunity and five comprehensive EOI Responses were subsequently received on 23 May 2011.

- I.2. On 12 July 2011, the State announced the shortlist of Bidders for the SCUH PPP (the "**Project**") comprising three consortia (the "**Bidders**").

On 30 August 2011, the State issued the Request for Binding Bids (**RFBB**) to the Bidders and commenced a 26 week interactive tender process to enable Bidders to have access on a fortnightly basis to Queensland Health clinicians and other operational staff and the Project Team and its advisors. Bidders presented designs and other approaches being considered as part of their Binding Bid and received oral and written feedback from the State with the objective that the Binding Bids, when received, would be highly developed and more likely to meet the State's requirements.

- I.3. On 28 February 2012, the State received Binding Bids from all three Bidders:

- Exemplar Health (**Exemplar Health**);
- Salus Partnership (**Salus**); and
- Sunshine Health Partners (**SHP**).

- I.4. Binding Bids were evaluated in accordance with the Evaluation Process set out in the RFBB Evaluation Plan, as amended by agreement of the Evaluation Panel.

- I.5. Argyle Corporate Advisers (**Argyle**), is the State's Probity Advisor for this process and a representative of Argyle has been involved in all aspects of the processes undertaken by the State in relation to this Project including attendance at meetings involving Bidders and relevant evaluation meetings.

- I.6. This report relates to the RFBB Process and addresses the period from the issue of the RFBB Documentation through to Financial Close and the debriefing of the three Bidders. This final report is intended to satisfy the requirements for the final probity report which is to be tabled with the Project Agreement Summary under the State's Value for Money Framework.

2. BACKGROUND TO THE PROCESS AND PROBITY

2.1. In the role of Probity Advisor, Argyle has:

- 2.1.1. overseen the process of requesting Binding Bids including review of RFBB documentation, questions and answers and clarifications;
- 2.1.2. conducted probity training for Project Team members and others involved in the Interactive Workshops and Evaluation Process;
- 2.1.3. dealt with relevant enquiries from Bidders;
- 2.1.4. provided advice on issues of confidentiality and conflicts of interest and arrangements for the receiving of Binding Bids;
- 2.1.5. attended Interactive Workshops, the opening of Binding Bids, and meetings of the Evaluation Panel and Sub-committees;
- 2.1.6. provided advice to the Evaluation Panel in relation to probity aspects of the Binding Bids;
- 2.1.7. reviewed the Evaluation Panel's report including recommendations; and
- 2.1.8. provided advice on probity matters as required.

2.2. Argyle's work relating to the probity of the Project has been carried out under a comprehensive Probity Plan and various protocols which were tailored to the requirements of the Project. These were prepared to guide and direct the probity aspects of the procurement process with the following objectives:

- transparency;
- accountability;
- maintenance of confidentiality;
- a process free from conflicts of interest;
- a process which provided fairness and equity to all Bidders;
- an outcome free of any complaint against the process which was followed; and
- a process which was defensible in any subsequent review.

The Probity Plan was a working document and it has been used as a tool to check compliance with probity requirements progressively.

2.3. An RFBB Evaluation Plan, including evaluation methodology, had been developed for the RFBB Process and, it was agreed by all Evaluation Panel members and the Probity Advisor

prior to receipt of the Binding Bids. The RFBB Evaluation Plan was supported by sub-plans including an Evaluation Panel Work Plan and a Sub-committee Evaluation Plan.

- 2.4. As part of the Evaluation Process, Working Groups were formed to engage directly with clinical stakeholders and other users including senior District operational staff (G8) and a number of senior users (G48). The Project Team also had access to an inter-departmental Project Reference Group.
- 2.5. Five evaluation Sub-committees were established and they undertook their evaluation in relation to their specific scope, as far as reasonably practicable, without any awareness of the evaluation outcomes of other Sub-committees. The Sub-committee findings were reporting to the Evaluation Panel.
- 2.6. This Probity Report takes account of the probity work done on this Project from the issue of the RFBB Documentation through to Financial Close including the issuing of the RFBB Evaluation Report, which recommended exclusive negotiations with one Bidder (which was accepted by the State), and debriefing meetings with the three Bidders.
- 2.7. The exclusive negotiations referred to above resulted in contracts being signed between the State and the Successful Bidder on 18 July 2012 and Financial Close occurring on 31 July 2012.

3. ENGAGEMENT WITH BIDDERS

- 3.1. Engagement with the three Bidders in the RFBB Process was on a constant basis throughout the RFBB Process. All meetings with Bidders were undertaken with probity oversight.
- 3.2. Probity protocols prepared to govern behaviour of, and interaction with, the Bidders include the following:
 - Interactive Workshop Protocol;
 - Question and Answer Protocol; and
 - Stakeholder Consultation Process.

In addition the following documentation was developed and implemented:

- Confidentiality and Conflict of Interest declarations (State team);
 - RFBB Acknowledgement and Undertaking (Bidder teams); and
 - RFBB Evaluation - Document Control Protocols (State team).
- 3.3. The Bid development stage included full day fortnightly Interactive Workshops and two Interim Presentations by each of the Bidders.
These workshops and presentations were attended by:
 - Bidder representatives;
 - State Project Team members and advisors;
 - members of the Evaluation Panel and Sub-committees; and
 - members of the G8, G48 and Reference Group as appropriate relative to the subject matter.
 - 3.4. Consistent with the Interactive Workshop Protocol, the Interactive Workshops were designed to respond to clarification questions raised by Bidders and enabled the State's representatives to provide a view on the conformance of each Bidders' approach to satisfying the requirements of the RFBB Documentation. Questions were answered as to how well or otherwise the Bidders' approach met the RFBB requirements. Care was taken, including the use of appropriate language, in these responses not to give any "direction" to any Bidder as to how to develop their Bid and to avoid any leakage of intellectual property between Bidders.
 - 3.5. Feedback notes were provided to Bidders promptly after each workshop and presentation, adopting the principles outlined above and after approval for release by the Probity Advisor.

4. PROBITY ADVISOR'S SCOPE OF WORK

4.1. During the process Argyle have performed the following tasks:

- Participated in all phases of the RFBB Process;
- Reviewed and approved the RFBB Documentation prior to it being issued;
- Prepared a Project Probity Plan and reviewed its implementation throughout the process;
- Conducted probity training for Project Team members and other relevant parties involved in the Interactive Workshops and in the assessment or evaluation of Binding Bids;
- Reviewed and approved the Evaluation Plan including the evaluation methodology;
- Obtained confidentiality and conflict of interest declarations for all parties involved in the RFBB and Evaluation Process (including advisors and members of the G8 and G48) and dealt with conflict of interest issues in consultation with the Executive Project Director and/or the Transaction Director;
- Reviewed and monitored the Question and Answer process;
- Reviewed requirements and procedures for document control and security and confirmed their implementation;
- Met regularly with the Executive Project Director and the Project Team to discuss progress, status and probity matters;
- Attended all Interactive Workshops during the Bid development stage or were represented by the State's commercial or legal adviser;
- Attended the opening of Binding Bids and witnessed the recording of Binding Bid details;
- Reviewed clarification questions and responses relating to the RFBB Documentation and Binding Bids, as required;
- Reviewed Binding Bids and subsequent submissions made by Bidders;
- Attended all relevant Evaluation Panel and Sub-committee meetings;
- Attended relevant meetings of the Project Steering Committee;
- Reviewed the Evaluation Report, including the recommendations of the Evaluation Panel on the outcomes of the RFBB Process; and
- Attended debrief meetings with each of the three Bidders.

5. PROBITY ISSUES AND THEIR RESOLUTION

- 5.1. There were a number of conflict of interest issues which arose during the RFBB Process requiring consideration by the Project Team and the Probity Advisor. Each conflict of interest issue was dealt with as appropriate to the matter and all were satisfactorily recorded and resolved from a probity perspective.
- 5.2. Some of the matters concerned the role of Advisors to the State, where their work with the State had ended and they sought to be released to act for a Bidder. In each case, actual or perceived conflict matters were considered and the State, on the advice of the Probity Advisor, was able to make an appropriate decision which protected the integrity of the State's process but which was also fair to the relevant Advisor.
- 5.3. Other matters related to Bidders communicating with the Government during the RFBB Process on unrelated projects in the normal course of business where the RFBB terms and conditions applied and were followed.
- 5.4. As Probity Advisor, Argyle was contacted on a number of occasions regarding the appropriateness of Government representatives attending social gatherings where Bidder representatives were scheduled to be present. In each case the issue was considered and advice given to comply with the RFBB terms and conditions and to preserve the integrity of the RFBB Process.

6. PROBITY RESULTS AND OPINION

6.1. From the work performed above Argyle confirm the following:

- An appropriate probity process has been established for requesting Binding Bids;
- The Probity Plan prepared for the Project was followed and we confirm compliance with that document;
- An evaluation methodology was established and documented in an Evaluation Plan prior to the closing time for submission of Binding Bids;
- The Evaluation Criteria contained in the RFBB Documentation were followed in developing the evaluation methodology;
- The Evaluation Panel and Sub-committees were comprised of skilled people across various disciplines which were considered to be appropriate and, together with the involvement of a highly competent group of external advisors, resulted in a robust and well documented Evaluation Process;
- From discussions, observations and review of documentation, equal opportunity was provided to all Bidders to develop their Binding Bids and to test their compliance with the requirements of the RFBB Documentation through the Interactive Workshops, Interim Presentations and Question and Answer process;
- Appropriate opening procedures were followed for Binding Bids received, including the recording of material received;
- Based on Argyle review, observations and discussions, the Evaluation Panel, Sub-committees and other Evaluation Process Participants observed probity protocols throughout the process;
- From observations and discussion, adequate security and confidentiality procedures appear to have been followed by the Project Team and other Evaluation Process Participants with no breaches reported;
- Conflict of interest declarations have been made by parties involved in the Evaluation Process and any conflict of interest issues have been reviewed, recorded and resolved;
- From observation and review, the evaluation methodology set out in the Evaluation Plan and Work Plan was followed by the Evaluation Panel and Sub-committees during the Evaluation Process;
- The RFBB Evaluation Plan made provision for Bidders to be progressed through the Evaluation Process on a differential basis if required and this occurred in some instances having regard to probity requirements;

- The decision to place the evaluation of the SHP Binding Bid on hold in the process on 5 April 2012 was appropriate and consistent with the Evaluation Plan; and
 - The evaluation and its results including the Evaluation Panel's recommendations are documented in the RFBB Evaluation Report dated 28 May 2012, to evidence the process followed and the conclusions reached.
- 6.2. We have reviewed the Evaluation Panel's report including recommendations in relation to the RFBB stage of the Project from a probity perspective. Based on our scope of work, we are satisfied that the process has been transparent, accountable and fair to the Bidders and that the outcome of the evaluation is consistent with our observations of the process undertaken.
- 6.3. At the conclusion of the RFBB Process and after signing of the contracts between the State and the Successful Bidder, each of the three Bidders attended process debriefings with members of the State Project Team and the Probity Advisor. At those meetings, Bidders were advised of the Evaluation Panel's assessment of their performance in satisfying the State's requirements set out in the RFBB Documentation for each of the Evaluation Criteria. Bidders were given the opportunity to comment on the State's process including the value of the Interactive Workshops and Presentations. Without exception they expressed satisfaction in relation to the way in which the process was conducted and the benefits that the Interactive Workshops and Presentations provided to them in developing their Binding Bids.
- 6.4. We are not aware of any probity complaint in relation to the process by any party and there are no outstanding probity issues at the date of this report.

Yours sincerely,



Peter Bruton
Director