

Tunnel, Stations and Development Public Private Partnership

Project Summary

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1. INTRODUCTION

1.1 Project Summary

This Project Summary:

- summarises key contract and selection process details in relation to the Cross River Rail – Tunnel, Stations and Development package, which is being delivered as a public private partnership and reached Financial Close on 1 July 2019;
- has been developed in accordance with the following guidelines:
 - National PPP Policy and Guidelines (Volume 6: Jurisdictional Requirements – Queensland Requirements);
 - Queensland Project Assessment Framework (Queensland PPP Supporting Guidelines); and
 - Queensland Procurement Policy (Department of Housing and Public Works, Procurement Guidelines: Contract Disclosure);
- has been subject to a limited assurance review by the Queensland Audit Office (QAO), prior to tabling in Parliament (refer to Appendix 3 – QAO: Independent Limited Assurance Report).

As contemplated in the guidelines listed above, some details of the contract and the selection process have been omitted from this Project Summary to protect genuine commercial-in-confidence material and intellectual property of the private sector parties.

This Project Summary has been prepared for information purposes for Parliament and the public, and is not intended for use as a substitute for the contractual agreements.

Refer to Appendix 1 – Glossary for the definition of key capitalised terms used in this Project Summary, in particular those relating to the Project Agreement.

2. THE CROSS RIVER RAIL PROJECT

2.1 Overview

The Cross River Rail (**CRR**) Project will create the foundation for a world-class, integrated public transport system in South East Queensland (**SEQ**). It will unlock the bottleneck at the core of the rail network so that it can grow and evolve to benefit communities across the region.

It is anticipated that SEQ's population will grow by 1.5 million in the next 20 years – from 3.4 million in 2016 to 4.9 million by 2036. While most residential growth is forecast to occur outside Brisbane in areas such as the Gold Coast, Logan, Moreton Bay, Ipswich and the Sunshine Coast, almost half of all new jobs will remain in Brisbane. This means more people than ever before will need to travel to, from and around Brisbane on a daily basis.

The CRR Project will release the capacity of the rail network so it can meet SEQ's future transport needs, through a new rail line between Dutton Park and north of Bowen Hills that includes twin rail tunnels under the Brisbane River, four new high capacity underground stations, and the redevelopment of the existing above ground stations at Dutton Park and Exhibition. It will also unlock the potential for smarter integration of rail and bus networks through a broader restructuring of the public transport system.

The CRR Project will position SEQ for a more sustainable and competitive future by:

- accelerating regional growth and urban revitalisation;
- providing a framework around which both Brisbane and the whole of SEQ can grow; and
- providing economic development opportunities as well as improved transport outcomes for the community.

2.2 Project objectives

The key objectives of the CRR Project are to:

- remove a bottleneck at the core of SEQ's rail network, allowing more trains to run more often across the whole of SEQ;
- enable world class turn-up-and-go public transport, that will allow our growing population to travel to, from and through Brisbane city with greater ease and more comfort;
- improve our quality of life and help our economy to keep growing through the generation of jobs, by activating urban development and by providing better access to more places of work, study and recreation;
- reduce road congestion, enable better integration with bus services and free up road space for commercial vehicles; and
- grow the size of Brisbane CBD through potential development opportunities and the revitalisation of multiple inner-city precincts.

2.3 Project packages

The CRR Project is a large-scale, high-value project that:

- encompasses both greenfield and brownfield works, with differing risk profiles;
- requires contractors from numerous specialist fields, including specialised tunnelling, station building, heavy railway works (including works within the rail corridor and related civil works), rail systems and integration, and potentially property development; and
- is geographically dispersed.

In recognition of these characteristics, the delivery strategy adopted for the CRR Project involves the following CRR Packages of work:

- **Early Works (EW)** – various works including construction-site preparations including demolitions, coach terminal relocation at Roma Street, construction power planning, and utility relocation design;
- **Tunnel, Stations and Development (TSD)** – being delivered as a public private partnership (PPP) and at a high level involves the design, construction and financing of major greenfield works including the tunnel and underground stations, and certain maintenance activities during the 25 year Services Phase (**TSD Package** or **TSD PPP**); and
- **Rail, Integration and Systems (RIS)** – being delivered as an alliance and at a high level relates to major brownfield works including rail signalling, civil and electrical works, interfacing works with related projects, and the overall integration and commissioning of the CRR Project into Queensland Rail's existing network (**RIS Package** or **RIS Alliance**).

The CRR Project is being delivered in conjunction with the European Train Control System (**ETCS**) Project:

- **ETCS** – being delivered under a hybrid D&C contract structure which at a high level includes implementation of the ETCS Level 2 signalling technology within the inner city rail network to improve both the safety and capacity through this area in response to forecast passenger demand. Elements of the ETCS Project are required for the CRR Project. Following a decision by the relevant Ministers in June 2018, the overall responsibility for the ETCS Project was transitioned from Queensland Rail to the Department of Transport and Main Roads as project sponsor, with procurement and delivery delegations transferred to the Delivery Authority.

2.4 Cross River Rail Delivery Authority

The Cross River Rail Delivery Authority (the **Delivery Authority**) was established under the *Cross River Rail Delivery Authority Act 2016* (Qld):

- to plan, carry out, promote or coordinate activities to facilitate economic development, and development for community purposes, in a Cross River Rail priority development area; and
- to facilitate the efficient delivery of the Cross River Rail Project and transport-related projects.

3. TUNNEL, STATIONS AND DEVELOPMENT PPP

3.1 Overview

The delivery of the TSD PPP broadly involves:

- a new rail line between Dutton Park and the portal south of the station at Exhibition, including twin rail tunnels travelling under the Brisbane CBD and Brisbane River;
- four new world-class underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street, and related commercial opportunities;
- an upgrade of the existing above ground station at Dutton Park;
- connecting infrastructure to maximise public transport integration and intermodal connectivity; and
- station precinct activation with potential for significantly improved public realm, connectivity and social outcomes.

Following completion of the T&S Works, the TSD PPP also involves delivery of certain maintenance activities over the 25 year Services Phase.

3.2 Key parties

3.2.1 The State of Queensland

The State of Queensland (**State**) has entered into the Project Agreement with Project Co for the TSD PPP.

3.2.2 Cross River Rail Delivery Authority

The State has appointed the Delivery Authority to facilitate the delivery of the CRR Project, including the TSD PPP.

3.2.3 Queensland Rail Limited

Queensland Rail Limited (**Queensland Rail**) will be responsible for the operation of passenger services, utilising the infrastructure delivered by the TSD PPP (and the broader CRR Project).

3.2.4 Pulse

The Pulse consortium comprises the private sector parties contracted under the TSD PPP. The key parties include:

- **Project Co** – Pulse Partnerships Pty Limited in its personal capacity and as trustee for the Pulse Partners Trust;
- **D&C Subcontractor** – CPB Contractors Pty Ltd, Ghella Pty Ltd, BAM International Australia Pty Ltd and UGL Engineering Pty Ltd (through a D&C joint venture);
- **FM Subcontractor** – UGL Engineering Pty Ltd;
- **Equity Providers** – Pacific Partnerships Investments Pty Ltd (49%), DIF Pulse Pty Ltd (26%), BAM Cross River Rail B.V. (15%) and GI & P Pty Ltd (10%); and
- **Debt Providers** – a syndicate of banks experienced in providing debt financing to infrastructure projects of this type, led by MUFG Bank, Ltd.

3.3 Procurement model

The TSD PPP is a whole-of-life availability-based PPP, structured with reference to:

- Infrastructure Australia's National PPP Policy and Guidelines available at <https://www.infrastructure.gov.au/infrastructure/ngpd/index.aspx>; and
- Queensland Government's Project Assessment Framework (Queensland PPP Supporting Guidelines) available at <https://www.treasury.qld.gov.au/programs-and-policies/project-assessment-framework/>.

The PPP procurement model involves the State contracting with Project Co to design, construct, maintain and partially finance the TSD PPP on a whole-of-life basis.

The overarching objective of the PPP model over alternative procurement models is the achievement of better value for money for the State by:

- enabling the transfer of high risk and specialised elements of the TSD PPP to the private sector, including complex tunnelling, geotechnical, utilities, construction and interface risks;
- requiring the private sector to develop, partially finance and deliver a whole-of-life world class solution, from early design, through construction and across the entire Services Phase, increasing the opportunity for private sector innovation and efficiencies; and
- introducing private sector finance which helps ensure private sector discipline and due diligence for key risks, including the requirement for on-time and on-budget delivery which is important for the CRR Project given the interconnected nature of the TSD Package, RIS Package and related projects.

Additional information is available through the Building Queensland Cross River Rail Business Case, available at <https://buildingqueensland.qld.gov.au/business-case/cross-river-rail/>.

3.4 Procurement process

3.4.1 Overview

Selection of the successful TSD PPP proponent involved a procurement process comprising an Expressions of Interest (**EOI**) Phase and a Request for Proposal (**RFP**) Phase.

Three proponents responded to the EOI released on 27 September 2017. Following a three month EOI evaluation phase, these three proponents were shortlisted for the RFP Phase.

As part of the RFP Phase, the Delivery Authority undertook the RFP evaluation, including an extensive request for clarification process with each of the proponents, ultimately resulting in the Pulse consortium being announced as the preferred proponent on 4 April 2019.

From this point the Delivery Authority and the Pulse consortium entered negotiations in relation to the final form of the Project Agreement, ultimately resulting in the execution of the Project Agreement at Contract Close on 30 June 2019 and Financial Close the following day on 1 July 2019.

3.4.2 Governance

The Delivery Authority established a formal governance structure to oversee the procurement and evaluation processes. The evaluation was undertaken by an evaluation panel supported by separate specialist sub-panels, with each sub-panel member carefully selected based on their experience and expertise.

The evaluation panel reported to the CEO and evaluation review panel comprising senior representatives from the Delivery Authority, Queensland Treasury, Queensland Rail, Department of Transport and Main Roads, and TransLink. The CEO and evaluation review panel ultimately reported to the Delivery Authority Board who held responsibility for the approval of the recommendations.

All evaluation processes were overseen by the Delivery Authority's probity advisor. The probity advisor's report in relation to the TSD PPP procurement process can be found at Appendix 2.

3.4.3 Evaluation criteria

The Delivery Authority evaluated each proposal submitted during the RFP Phase based on the following evaluation criteria:

- technical solution;
- delivery solution;
- services solution;
- commercial solution;
- financial solution; and
- value.

Proposals were evaluated on an overall basis and the evaluation criteria did not have separate weightings (apart from the application of the Queensland Procurement Policy weightings in relation to best practice principles and the local benefits components as part of the evaluation of the delivery solution).

The Delivery Authority ranked the proposals based on which proposal would deliver the best value for money and the greatest benefits to the State, as assessed by the:

- key features of each proposal;
- rating of each evaluation criterion;
- materiality of outstanding issues and the ability for those issues to be resolved by Contract Close;
- residual risks associated with each proposal; and
- relative importance of each evaluation criterion.

3.5 Key contract milestones

Table 3.1 provides an overview of the key contract milestones for the TSD PPP. The contract milestones are included in the Project Agreement and align with the key milestones across the broader CRR Project, including in relation to the RIS Package. CRR passenger services are expected to begin in 2025, following completion of the broader CRR Project including the RIS Package and all related operational readiness activities and works to be undertaken by Queensland Rail, TransLink and the Department of Transport and Main Roads.

Table 3.1 Key contract milestones

MILESTONE	TIMING
Contract Close	30 June 2019
Financial Close	1 July 2019
Provisional Acceptance	2024
Final Acceptance	2025
Services Phase	25 years from the earlier of the original anticipated date for Provisional Acceptance and the actual date of Provisional Acceptance
Project Agreement expiry	2049, unless terminated earlier

3.6 Policy requirements

Project Co must comply with a number of State policies, including the:

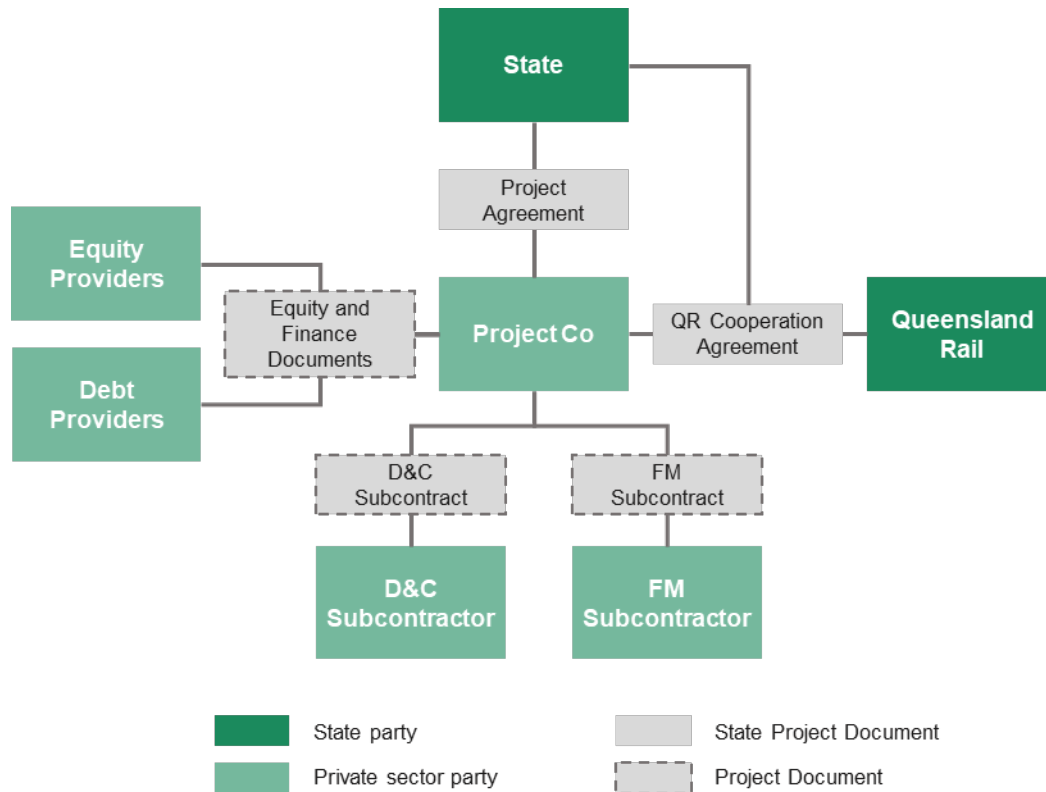
- Queensland Procurement Policy (including Project Co's commitments in respect of the best practice principles);
- Queensland Code of Practice for the Building and Construction Industry;
- Queensland Charter for Local Content (including the minimum requirements Project Co has committed to); and
- Queensland Government Building and Construction Training Policy (including Project Co's commitments in respect of Apprentices, Trainees and Other Workforce Training).

4. CONTRACT OVERVIEW

4.1 Contractual arrangements

Figure 4.1 provides a high level overview of the contractual arrangements for the TSD PPP.

Figure 4.1 Key contractual arrangements



OTHER KEY STATE PROJECT DOCUMENTS

- Direct Deeds
- Interface and Commissioning Agreement
- Project Independent Certifier Deed
- Master Safety Co-ordination Deed
- Common Disputes Deed
- State Security Deed
- Receivables Purchase Deed
- Payment Directions Deed

NOTES:

1. This figure highlights the key Project Documents associated with the TSD PPP.
2. The Project Agreement and the QR Cooperation Agreement are defined as State Project Documents (i.e. they are Project Documents to which the State is a party).

4.2 Key agreements

The key agreements to which the State is a party (**State Project Documents**) relating to the TSD PPP are summarised in Table 4.1. Project Documents that the State is not a party to include Equity Documents, Finance Documents, the D&C Subcontract and the FM Subcontract.

Table 4.1 Key State Project Documents

KEY STATE PROJECT DOCUMENTS	DESCRIPTION
Project Agreement	<p>The Project Agreement between Project Co and the State is the primary legal document that sets out the rights and obligations of the parties for the delivery of the T&S Works, including:</p> <ul style="list-style-type: none"> • the term of the TSD PPP; • design, construction and management requirements; • final acceptance services requirements; • maintenance and facilities management services requirements; • interface management arrangements (including with other works contractors and between Project Co and the RIS Alliance); • commissioning and completion; • the minimum availability and performance standards; • commercial opportunities; • site access and occupancy rights; • accreditation and rail safety; • insurance and risk; • default, step-in and termination rights of the State; • payment mechanism and abatement regime; • State Contributions; and • securitised licence structure.
QR Cooperation Agreement	<p>The QR Cooperation Agreement between Project Co, Queensland Rail and the State is the primary agreement governing Project Co's relationship with Queensland Rail in relation to the CRR Project. It details the rights and obligations of the parties in relation to matters such as:</p> <ul style="list-style-type: none"> • access to Queensland Rail's land, including the provision of track possessions; • accreditation under the Rail Safety National Law and other rail safety matters; • the management of interfaces between the activities to be carried out by Project Co and Queensland Rail's railway operations; • incident management; • the development of management plans for the Maintenance Phase; and • maintenance and facilities management of the tunnel and underground stations.
Direct Deeds	<p>The State entered into a number of direct deeds with members of Project Co, including with the D&C Subcontractor, the FM Subcontractor and the Debt Providers.</p>
Interface and Commissioning Agreement	<p>The Interface and Commissioning Agreement between the State, Queensland Rail, Project Co and the non-owner participants in the RIS Alliance sets up a governance framework for the parties to manage the interfaces between the TSD and RIS Packages.</p>

KEY STATE PROJECT DOCUMENTS	DESCRIPTION
Other Agreements	<p>The State Project Documents also include the:</p> <ul style="list-style-type: none"> • Project Independent Certifier Deed; • Master Safety Co-ordination Deed; • Common Disputes Deed; • State Security Deed; • Receivables Purchase Deed; and • Payment Directions Deed.

4.3 Project Agreement – Overview of key obligations

This section provides an overview of some of the key obligations of Project Co and the State under the Project Agreement. A general summary of the Project Agreement key terms is provided at section 4.4.

4.3.1 Key obligations of Project Co

4.3.1.1 D&C Phase

During the D&C Phase, Project Co is responsible for the design, construction and partial financing of the T&S Works which broadly comprise:

- a new rail line between Dutton Park and the portal south of the station at Exhibition, including twin rail tunnels travelling under the Brisbane CBD and Brisbane River;
- four new world-class underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street and related commercial opportunities;
- an upgrade of the existing above ground station at Dutton Park;
- connecting infrastructure to maximise public transport integration and intermodal connectivity; and
- station precinct activation with potential for significantly improved public realm, connectivity and social outcomes.

Project Co will also be responsible for:

- certain returned works which are assets that must be completed and handed back to relevant State entities (e.g. Queensland Rail, the Department of Transport and Main Roads) or third parties (e.g. Brisbane City Council, utility providers); and
- managing community disruption.

4.3.1.2 FAS Phase

During the FAS Phase (i.e. between Provisional Acceptance and Final Acceptance), Project Co's high level responsibilities include:

- system integration and commissioning activities, including to support the RIS Alliance to help ensure the TSD PPP is successfully integrated into the broader rail network; and
- any D&C Phase activities that were not required to be completed by Provisional Acceptance.

4.3.1.3 Maintenance Phase

Project Co is required to provide a range of maintenance services in relation to defined assets and infrastructure from Final Acceptance until Project Agreement expiry.

Project Co's obligations during the FAS Phase and Maintenance Phase support Queensland Rail in its capacity as the passenger rail operator in Queensland, rather than Project Co having any rail operational responsibilities, and are subject to a performance regime.

At a high level, Project Co's obligations during the Maintenance Phase relate to the defined licenced maintenance areas and include:

- asset management services of the maintained works including maintenance of certain civil works, structures, buildings, equipment, fixtures, fittings, machinery, vertical transportation and related systems;
- lifecycle activities including asset replacement and capital works;
- cleaning and grounds maintenance activities including within the tunnels and stations;
- pest control services;
- help desk services; and
- contract management and administration services.

Project Co will also be responsible for:

- meeting key performance obligations, including as it relates to the availability of the infrastructure to Queensland Rail in its capacity as passenger rail operator;
- providing commercial opportunities within the stations that are tailored to each precinct and will include a variety of retail stores such as cafes and convenience stores, vending machines and advertising; and
- meeting key asset hand-back requirements at Project Agreement expiry.

4.3.2 Key obligations of the State

Under the Project Agreement, the State's obligations at a high level include:

- providing Project Co with access to the land required for Project Co to perform its obligations;
- procuring the key environmental approval;
- reviewing and providing comment on materials to be provided by Project Co, including in relation to the design of the T&S Works; and
- making payments to Project Co, including the State Contributions, Final Acceptance payment and Service Payments, subject to any abatement under the performance regime.

4.4 Project Agreement – Summary of key terms

Table 4.2 provides a general summary of the Project Agreement terms.

Table 4.2 Project Agreement – Key terms

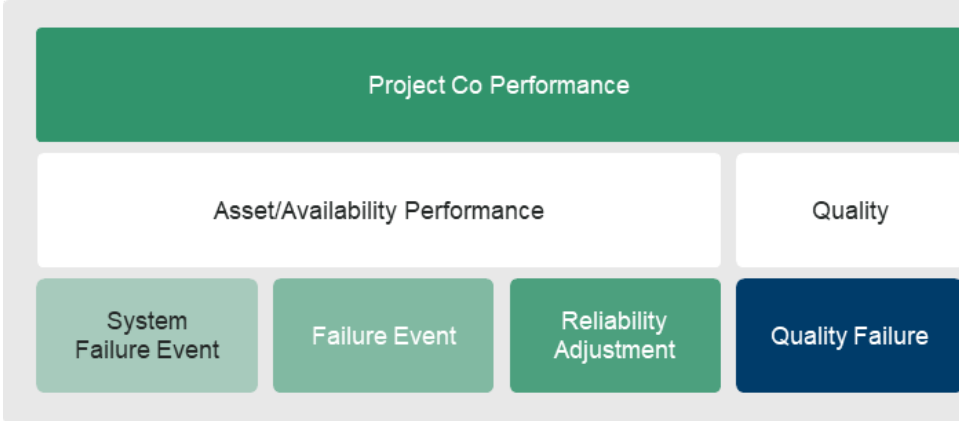
	ITEM	SUMMARY
1.	Name of Agreement	Cross River Rail – Tunnels, Stations and Development – Project Agreement
2.	Parties	<ul style="list-style-type: none"> The State of Queensland (State) Project Co (Project Co)
3.	Background	The Project Agreement is based on a standard form PPP project agreement that has been amended to reflect the unique characteristics of the TSD PPP (Project). The risk allocation is consistent with the National Public Private Partnership Guidelines - Commercial Principles (PPP Commercial Principles).
4.	Term	The term of the Project commenced on the date of Financial Close and will expire 25 years from the earlier of the original anticipated date for Provisional Acceptance or the actual date of Provisional Acceptance, unless terminated earlier.
5.	Tunnel and Stations Works	<p>The works carried out under the Project Agreement comprise three phases, as follows:</p> <ul style="list-style-type: none"> Design and Construction Phase (D&C Phase) – during which Project Co undertakes the D&C Activities, including the design, manufacture, supply, construction, installation, commissioning and completion of the T&S Works; Final Acceptance Services Phase (FAS Phase) – during which Project Co continues to carry out those D&C Activities relevant to Final Acceptance and that are not required to be completed by Provisional Acceptance; and Maintenance Phase – during which Project Co performs the maintenance services in respect of the Project Co maintained works. The Maintenance Phase runs from the day after Final Acceptance until Project Agreement expiry. <p>The Services Phase includes the FAS Phase and the Maintenance Phase.</p> <p>There will be some D&C Activities carried out during the Services Phase on account of Project Co having to comply with its D&C obligations with respect to the rectification of defects after Provisional Acceptance.</p> <p>The Service Payments commence from the end of the first quarter of the relevant Services Phase until, in respect of:</p> <ul style="list-style-type: none"> FAS Phase payments, Final Acceptance; and Maintenance Phase payments, Project Agreement expiry. <p>Therefore, if Project Co is delayed in achieving Provisional Acceptance, the Service Payments payable to Project Co are reduced accordingly.</p>

ITEM	SUMMARY
6. Commissioning and completion	<p>Project Co must construct, commission and complete the T&S Works. There is a two stage completion regime, comprising Provisional Acceptance and Final Acceptance.</p> <p>Provisional Acceptance occurs when the T&S Works have been completed and certain sites and works are returned to relevant parties, and when all other requirements which the Project Agreement requires as a condition precedent to Provisional Acceptance have been successfully completed.</p> <p>Final Acceptance will be achieved when:</p> <ul style="list-style-type: none"> • Provisional Acceptance has been achieved; • all defects and other works the parties agreed to defer have been rectified or completed; • the requirements of practical completion in the RIS Project Alliance Agreement have been achieved; • Project Co has done everything it is required to do under the Interface and Commissioning Agreement; and • all other requirements which the Project Agreement requires as a condition precedent to Final Acceptance have been satisfied.
7. Risk	<p>Project Co accepts all risks in respect of the Project other than certain usual risks that are shared or accepted by the State where it is the party that is best placed to manage that risk (for example the key environmental approval and access to land). Project Co's rights for compensation and relief under the Project Agreement are limited to:</p> <ul style="list-style-type: none"> • extension of time and, in some instances, costs for specified extension events during the D&C Phase (see section 17 below); • relief from performance and, in some instances, costs for specified intervening events during the Services Phase (see section 18 below); • extensions of time (where applicable) and costs and margin for modifications (see section 24 below); and • repair and reinstatement of the Project Assets after damage caused by force majeure events.
8. Rail Safety, WHS and Quality Assurance	<p>Project Co:</p> <ul style="list-style-type: none"> • must comply with the Rail Safety National Law, including ensuring that at all times either Project Co or a key subcontractor holds accreditation to the extent required for the Project Activities; and • must provide Queensland Rail, the Independent Safety Assessor and any other party at the State's request with such access, information or assistance reasonably required in relation to obtaining, maintaining or modifying any accreditation, preparing rail safety management documentation or complying with the Rail Safety National Law.

ITEM	SUMMARY
9. Project Management	<p>Key People</p> <p>Project Co is required to appoint certain important key personnel, approved by the State, and make them available to the Project. Project Co only has the ability to replace these key people in limited circumstances. Project Co is also required to engage a proof engineer for the Project. The State may direct Project Co to replace key people with people approved by the State.</p> <p>Subcontracting</p> <p>Project Co is responsible for the delivery of the Project, regardless of any subcontracting. There are 3 different groups of subcontractors under the Project Agreement as follows:</p> <ul style="list-style-type: none"> • Key Subcontractors – the D&C Subcontractor, the FM Subcontractor and any other subcontractor directly engaged by Project Co or nominated by the State. The key subcontractors are critical to the success of the Project and the State will have direct deeds with the D&C Subcontractor and FM Subcontractor. Project Co has full visibility and approval rights over these subcontractors; • Significant Subcontractors – Subcontractors for any part of the Project Activities with a value over a specified dollar amount, or otherwise nominated by the State, excluding the key subcontractors. Significant subcontractors cannot be changed without the State's approval and their subcontracts are subject to review; and • Other Subcontractors – who are typically limited to subcontractors engaged by the D&C Subcontractor and FM Subcontractor but in some instances such as for probity events, extend the whole way down the subcontract chain. <p>Management Plans and Reports</p> <p>Project Co is required to prepare, update and comply with various specified management plans during the D&C Phase and the Services Phase.</p>
10. Independent Safety Assessor	<p>The Independent Safety Assessor will act independently and not as an agent of the State or Queensland Rail. The State must pay the costs and expenses of the Independent Safety Assessor.</p>
11. Independent Certifier	<p>The Project Independent Certifier is jointly appointed by the State and Project Co under the Project Independent Certifier Deed. The State must pay the fees, costs and expenses of the Project Independent Certifier. Project Co will be liable for the Project Independent Certifier's excess fees that are a result of a modification initiated by Project Co or a delay for which Project Co is not entitled to receive an extension of time.</p> <p>Determinations of the Project Independent Certifier are final and binding, except in very limited circumstances under the Project Agreement (i.e. where there is a manifest error or where there is an express provision in the Project Agreement to the contrary).</p>
12. Site access and occupancy rights	<p>The State is responsible for securing access rights for Project Co to the land specified in the Project Agreement. Project Co must access such land in accordance with the terms of the non-exclusive licences set out in the Project Agreement. In using and occupying the land, Project Co must cause as little harm and inconvenience and do as little damage as reasonably possible to the land and any adjacent area.</p>

ITEM	SUMMARY
13. Site Condition Risk	<p>Project Co accepts all risks in respect of site conditions and for the remediation of contamination and will only be entitled to compensation and relief for remediation if the contamination is outside the project area and was not caused or contributed to, or disturbed, by Project Co.</p> <p>Project Co provides a broad indemnity in favour of the State in relation to any third party claim or liability arising in connection with any contamination relating to the construction area or the maintenance area.</p>
14. Utilities	<p>Project Co takes the risk in relation to:</p> <ul style="list-style-type: none"> the existence, location, condition and availability of utility infrastructure in respect of the Project Activities and the need to relocate, protect or modify utility infrastructure; obtaining any utility services and all connections to utility infrastructure necessary to perform its obligations under the State Project Documents; the continuous supply and sufficiency of utilities in connection with the Project Activities; and any access to the site or interference with the Project Activities caused by a utility authority. <p>Other than the State's obligations as described in the paragraph below, Project Co will obtain and pay for any utility services and all connections for all utility infrastructure it needs to perform its obligations under the State Project Documents.</p> <p>During the Services Phase, the State will procure and pay for all of the potable water, electricity, gas, sewerage and stormwater utility services, communications and data services (other than communications and data services used by Project Co) required for the performance of the services on the licenced maintenance area.</p>
15. Interfaces	<p>Project Co has general obligations regarding the facilitation of all other works (which excludes the T&S Works and the RIS Works).</p> <p>Project Co may be entitled to compensation and relief for other works, but only to the extent:</p> <ul style="list-style-type: none"> those other works are undertaken by or on behalf of the State; those other works are not one of the specified categories of works for which there is no relief; and the nature, extent or impact of the other works was not reasonably foreseeable at the date of the Project Agreement.
16. Approach to managing RIS Alliance Interfaces	<p>The RIS Alliance interfaces (in respect of the interface between the TSD Package and the RIS Alliance) will be managed using certain tools, including:</p> <ul style="list-style-type: none"> a critical interface milestone (CIM) schedule; the system breakdown structure, interface definition sheets and interface control documents; an interface management plan; an interface register; and the Interface and Commissioning Agreement.

	ITEM	SUMMARY
17.	Time	<p>There are no liquidated damages for delay in achieving Provisional Acceptance. This is due to the Maintenance Phase being truncated for any delay with the Service Payments payable to Project Co reduced accordingly (see section 5 above). There are, however, liquidated damages for failing to achieve a CIM by the required CIM completion date or the commencement date for trial running of trains. The liquidated damages are capped and the State may be required to refund a portion of the liquidated damages if the dates are amended post payment of the liquidated damages.</p> <p>During the D&C Phase, on the occurrence of certain specified events for which Project Co is not responsible, Project Co may be entitled to time relief and costs, provided certain conditions precedent are met.</p>
18.	Intervening Events	<p>During the Services Phase, Project Co is entitled to:</p> <ul style="list-style-type: none"> • Relief – relief from performance of the services (including relief from abatement) for intervening events that prevent Project Co from performing the services; and • Cost and Relief – in addition to relief from performance, Project Co is entitled to compensation for compensable intervening events that prevent Project Co in performing the services.
19.	State Contribution	<p>The State is obliged to make certain capital contributions during the D&C Phase and in addition, a capital contribution after Provisional Acceptance.</p>
20.	Payments and Abatements	<p>Payments</p> <p>The State is obliged to pay to Project Co Service Payments, quarterly in arrears, after Provisional Acceptance.</p> <p>As at Financial Close, the net present cost* to the State of the TSD PPP is \$3.8 billion and includes costs associated with the design, construction, maintenance and finance of the TSD PPP during the D&C Phase and 25 year Services Phase.</p> <p>This net present cost represents the current cost of the future stream of net cash outlays (calculated by discounting the actual nominal values at an appropriate discount rate) over the life of the Project Agreement. These outlays include all State Contributions and Service Payments (including the capital component, services component, lifecycle, insurance and final acceptance payment).</p> <p><i>* Under the National PPP Policy and Guidelines, quantitative value for money is assessed through a whole-of-life net present cost analysis (i.e. of the TSD PPP). This is distinct from nominal values used for budget and accounting purposes for the CRR Project as a whole.</i></p> <p>Abatements</p> <p>The Service Payments may be abated by the State based on Project Co's performance against the services requirements (see section 23 below).</p>
21.	Commercial Opportunities	<p>Project Co is permitted to derive revenue from a number of retail tenancies, vending machines and advertising signs that are contemplated by the Project Agreement, and other commercial purposes which are consistent with the guiding principles set out in the Project Agreement and which have been approved by the State.</p>

ITEM	SUMMARY
22. Securitised Licence Structure	<p>In accordance with the Project Agreement, the Receivables Purchase Deed and the Payment Directions Deed, the parties have entered into a securitised licence structure (which is common for projects of this nature) whereby:</p> <ul style="list-style-type: none"> the State grants to Project Co a licence to allow Project Co to access the relevant land; Project Co owes the State licence fees; Finance Co pays to the State a receivables purchase price in consideration for the assignment by the State of the licence fees it is owed; the State uses the receivables instalment payments it receives to pay to Project Co the completion price (this payment is made by a direction of the payments from Finance Co so that the State does not need to process any payments); and Finance Co is assigned the benefit of the licence payments due to the State and it uses these payments to repay the senior debt that it has borrowed to fund the design and construction of the Project. <p>The securitised licence structure provides additional value for money for the State as it enables the private sector to apply losses generated during the D&C Phase appropriately over the life of the Project. The parties expressly acknowledge that the structure does not result in any increased State risk allocation. The structure is familiar to the ATO and it has published guidance material in relation to the structure.</p>
23. Performance regime	<p>Maintenance Phase</p> <p>The performance regime during the Maintenance Phase is structured to incentivise Project Co to design, construct, install and maintain assets that comply with the State's functional requirements, stated in terms of functionality, availability/reliability and appearance, and to minimise disruption to rail operations.</p> <p>Project Co's performance against the services requirements will determine the abatements that may be made to the Service Payments paid by the State to Project Co.</p> <p>An outline of the Maintenance Phase performance regime that is linked to the calculation of the abatement is provided in Figure 4.2.</p> <p><i>Figure 4.2 Maintenance Phase Performance Regime Overview</i></p>  <pre> graph TD A[Project Co Performance] --> B[Asset/Availability Performance] A --> C[Quality] B --> D[System Failure Event] B --> E[Failure Event] B --> F[Reliability Adjustment] C --> G[Quality Failure] </pre>

ITEM	SUMMARY
	<p>Each element is described below:</p> <ul style="list-style-type: none"> • System Failure Event – relates to events where pre-determined service-affecting failures occur resulting in significant operational disruption. System failure events may affect a platform, station, tunnel, or the total system, each of which will result in a different level of abatement. Abatements for system failure events are designed to be significant in order to motivate design solutions and maintenance practices that minimise and mitigate the occurrence of a system failure event scenario. • Failure Event – relates to events where a space or individual asset is unavailable with an abatement applicable if the event is not rectified within a prescribed timeframe. The size of abatement will be determined primarily according to the importance of that space and impact of unavailability (e.g. office light out versus escalator out). The regime differentiates between differing peak and off-peak operational impacts in setting rectification times and abatement amounts. • Reliability Adjustment – relates to the performance of vertical transport and is designed to increase vertical transport abatements where the vertical transport assets have not achieved their designed reliability target over a given one-year period. • Quality Failure – relates to non-infrastructure-based failures (e.g. monthly report delivered late) and are calibrated to encourage Project Co to invest in an appropriate level of management resources and systems. <p>To the extent possible, the performance regime has been structured to limit the level of subjectivity in determining availability failures and failure levels. This has been achieved through pre-determined failure levels for predictable failures based upon the anticipated level of consequential risk or disruption to rail services.</p> <p>FAS Phase</p> <p>A streamlined performance regime during the FAS Phase has also been incorporated into the Project Documents recognising that Service Payments will be paid to Project Co during this time.</p> <p>In particular, the FAS Phase performance regime is structured to incentivise Project Co to support the verification and validation activities, including trial running, and to minimise disruption during the FAS Phase.</p>
24.	<p>Modifications</p> <ul style="list-style-type: none"> • The State may direct Project Co at any time to undertake a modification. • Project Co will be entitled to claim compensation from the State for the preparation of modification proposals in excess of the modification proposal quote limit. • Project Co may propose modifications to the Project Activities. • Project Co may claim extensions of time (where applicable) and costs and margin in respect of State initiated modifications (as referred to in section 7 above). <p>Pre-Agreed Modifications</p> <ul style="list-style-type: none"> • The State may at any time, prior to the relevant election date, notify Project Co that it elects to take up a pre-agreed modification. • In this circumstance, the State will pay Project Co the pre-agreed modification costs and Project Co will carry out its obligations under the Project Documents as amended by the pre-agreed modification.

ITEM	SUMMARY
25. Suspension and Step-In by the State	<p>Suspension by the State</p> <p>The State may, at any time during the Term, unilaterally instruct Project Co to suspend, and after a suspension has been directed, to recommence, all or any part of the Project Activities.</p> <p>Project Co may be entitled to claim costs and performance relief if the Project Activities are suspended by the State, except to the extent the circumstances leading to the State's decision to suspend the Project Activities are caused or contributed to by a Project Co act or omission, or caused or contributed to by any damage or potential damage to property or injury to or death of a person, or caused by a force majeure event, or arise as a result of an alert event.</p> <p>Step-In by the State</p> <p>The State or its nominee may step-in in certain circumstances, including when:</p> <ul style="list-style-type: none"> • a major default occurs (subject to the State exercising certain rights); • a State cure notice has been issued by the D&C Subcontractor or the FM Subcontractor; • a default termination event occurs; • an emergency occurs; • the State is entitled by law to act to discharge a statutory power or duty; • any Project Activities are suspended following the occurrence of an intervening event; or • an alert event occurs. <p>Project Co may be entitled to claim costs and performance relief if the State exercises its step-in rights other than for the reasons listed above or for a reason listed above that was not the result of a Project Co act or omission.</p>
26. Damage	<p>Project Co risk</p> <p>Project Co generally bears the risk of loss or damage to the Project Assets, subject to certain exceptions.</p>
27. Indemnities and limits of liabilities	<p>Indemnities</p> <p>Project Co provides a number of indemnities under the Project Agreement in favour of the State and each State associate, including in relation to:</p> <ul style="list-style-type: none"> • property damage and personal injury, illness or death; and • Project Co's or a Project Co associate's breach of State Project Documents. <p>Exclusion from indemnity</p> <p>Except in the case of breach, neither Project Co nor any Project Co associate will be liable to the State, any State associate or any RIS Alliance participant in relation to any liability incurred for pure economic loss arising solely as a result of:</p> <ul style="list-style-type: none"> • the decision by the State to proceed with the Project; or • the existence of the Project or location of the Project.

	ITEM	SUMMARY
28.	Insurance	<p>Both the State and Project Co will be required to procure and maintain certain insurances during the D&C Phase and FAS Phase. Additionally, Project Co must procure and maintain, or cause to be procured and maintained, insurances during the Maintenance Phase and any additional insurances required to carry out the activities of a similar nature to the maintenance services.</p> <p>If any risk is agreed or determined to be an uninsurable risk, and relates to any Maintenance Phase insurance, each Service Payment will be adjusted by deducting the amount corresponding to the proportion of the total insurance premium for any insurance that was payable by Project Co for the insurance of that risk before it became an uninsurable risk.</p>
29.	Confidential Information and Privacy	<p>The State is entitled to publish and disclose Project Documents and confidential information, subject to certain restrictions on the disclosure of commercially sensitive information.</p> <p>Except in very limited instances, Project Co must keep confidential, and must not disclose, confidential information without the State's written consent. In some instances of permitted disclosure, Project Co must ensure that the person to whom the information is disclosed enters into a confidentiality deed with Project Co on terms acceptable to the State.</p> <p>Project Co is also required to comply with the Information Privacy Principles and any applicable code of practice under the <i>Information Privacy Act 2009</i> (Qld).</p>
30.	Intellectual Property	<p>Intellectual property rights are divided into three categories under the Project Agreement, being:</p> <ul style="list-style-type: none"> • Developed Intellectual Property – all intellectual property rights created, developed or produced for the purposes of the Project by or on behalf of Project Co which must vest in the State. The State then grants Project Co a licence to use the developed intellectual property for the Project; • Licensed Intellectual Property – certain intellectual property rights, such as background intellectual property (being intellectual property rights in connection with the Project but developed by or on behalf of Project Co or a Project Co associate for purposes other than the Project). These will be the subject of a broad licence from Project Co to the State (rather than being owned by the State); and • State Intellectual Property – all intellectual property rights and trade secrets and know-how comprised in defined data, branding and trade marks associated with, or generated by, the Project. The State grants to Project Co a licence during the Term to use the State intellectual property for the purposes of carrying out the Project Activities, subject to such conditions as the State may reasonably impose.
31.	State Policies	<p>Project Co must comply with a number of State policies, including:</p> <ul style="list-style-type: none"> • the Queensland Procurement Policy (including Project Co's commitments in respect of the best practice principles); • the Queensland Code of Practice for the Building and Construction Industry; • the Queensland Charter for Local Content (including the minimum requirements Project Co has committed to); and • the Queensland Government Building and Construction Training Policy (including Project Co's commitments in respect of Apprentices, Trainees and Other Workforce Training).

ITEM	SUMMARY
32. Inspection rights of the State	<p>The State and Project Co will appoint an independent party, the Handover Reviewer, to assist with the joint inspection of the Project Assets by the relevant condition review date.</p> <p>The Handover Reviewer will determine the final refurbishment works to be undertaken to meet the handover condition and the cost of such work as set out in the outstanding matters report provided to the State and Project Co.</p> <p>Either party may dispute any aspect of the outstanding matters report.</p> <p>If Project Co fails to complete the final refurbishment works to the satisfaction of the Handover Reviewer or on time, the State may step-in and complete any final refurbishment works at Project Co's cost.</p>
33. State rights at Project Agreement expiry	<p>The State may, on or before the end of the Term, invite and engage a Project Co successor to perform all or any part of the Project Activities for the period commencing after Project Agreement expiry. The State may make or procure that the Project Co successor makes offers of employment to Project Co, FM Subcontractor and any other key subcontractor or significant subcontractor employees at the end of the Term.</p> <p>Project Co must for the period commencing 2 years prior to the end of the Term do all things reasonably required by the State to ensure the smooth and orderly transfer of responsibility for delivering the Project to the State or any Project Co successor.</p> <p>The State may, by giving notice to Project Co:</p> <ul style="list-style-type: none"> • adjust any condition review date; • relieve Project Co from any obligation to carry out any of the final refurbishment works; or • increase the number of times and frequency with which the Handover Reviewer must inspect and assess the condition of the Project Assets, any final refurbishment works or prepare any update of the outstanding matters report (see section 32 above).
34. Termination	<p>Either party can terminate the Project Agreement following the occurrence of a force majeure termination event in certain circumstances.</p> <p>The State can also terminate the Project Agreement in the following instances:</p> <ul style="list-style-type: none"> • the occurrence of a default termination event; or • termination for convenience. <p>Project Co has no other right to terminate the Project Agreement.</p> <p>The amount of any termination payment will be determined by the reason for the termination and will be calculated in accordance with the Project Agreement, which follows the PPP Commercial Principles.</p> <p>If the termination payment is a negative amount, Project Co must pay that amount to the State.</p>

Appendix 1

Glossary



APPENDIX 1 – GLOSSARY

TERM	MEANING
CIM	Critical Interface Milestone
Contract Close	Execution of the Project Agreement and other Project Documents for the TSD PPP
CRR Package	Each package required to deliver the CRR Project, including the Early Works, RIS Package, and TSD Package
CRR Project	Cross River Rail Project
D&C Activities	The design, manufacture, supply, construction, installation, commissioning and completion of the T&S Works and all other works, things and tasks which Project Co is required to carry out for the TSD PPP
D&C Phase	The design and construction period commencing on Financial Close and ending on Provisional Acceptance
Delivery Authority	Cross River Rail Delivery Authority (ABN 21 542 690 798), a statutory authority of that name established under the <i>Cross River Rail Delivery Authority Act 2016</i> (Qld)
Early Works	Various works packages, including construction-site preparations (including demolitions), coach terminal relocation at Roma Street, construction power planning, and utility relocation design
EOI	Expressions of Interest
ETCS	European Train Control System
FAS Phase	The final acceptance services period commencing on Provisional Acceptance and ending on Final Acceptance
Final Acceptance	Completion of all requirements to allow the commencement of the Maintenance Phase
Financial Close	Satisfaction of all of the conditions precedent for the TSD PPP which occurred on 1 July 2019
Handover Reviewer	The entity to be appointed as the Handover Reviewer under the Project Agreement, as replaced (if at all)
Independent Safety Assessor	The entity to be appointed as the Independent Safety Assessor under the Independent Safety Assessor Deed, as replaced (if at all)
Maintenance Phase	The maintenance period commencing on the date after Final Acceptance and ending at the end of the Term
PPP	Public private partnership
Project	The works, activities and all other obligations to be performed in relation to the TSD Package
Project Activities	The D&C Activities and the FAS Phase and Maintenance Phase services
Project Agreement	The agreement entitled Cross River Rail – Tunnel, Stations and Development – Project Agreement between the State and Project Co dated 30 June 2019

TERM	MEANING
Project Agreement expiry	The date which is 25 years from the earlier of the original anticipated date for Provisional Acceptance or the actual date of Provisional Acceptance, unless terminated earlier
Project Assets	During the D&C Phase, the T&S Works, and during the FAS Phase and the Maintenance Phase, the works that are required to be maintained by Project Co during that phase
Project Co	The entity established by the successful Proponent to deliver the TSD PPP
Project Documents	The contracts for the TSD PPP
Project Independent Certifier	The person appointed as the Project Independent Certifier under the Project Independent Certifier Deed, as replaced (if at all)
Provisional Acceptance	Completion of the T&S Works and all other requirements to allow the commencement of the FAS Phase
QAO	Queensland Audit Office
Queensland Rail	Queensland Rail Limited
RFP	Request for Proposal
RIS	Rail, Integration and Systems
RIS Alliance	The alliance comprising the State (as the “owner participant”), Queensland Rail and the “non-owner participants”
RIS Package	RIS package for the CRR Project
RIS Works	All of the physical things and works which the RIS Alliance participants must design, manufacture, supply, construct, install, commission or complete under the RIS Project Alliance Agreement
Service Payments	The quarterly payments payable to Project Co during the Services Phase
Services Phase	The services period commencing on Provisional Acceptance and ending at the end of the Term
State	The State of Queensland
State Contributions	The direct capital contributions of the State to Project Co to partially finance the TSD PPP
State Project Documents	The Project Documents to which the State is a party
T&S Works	The tunnel and stations works to be undertaken by Project Co for the TSD PPP
Term	The period commencing on the date of Financial Close until Project Agreement expiry
TSD	Tunnel, Stations and Development
TSD Package	TSD package for the CRR Project
TSD PPP	TSD public private partnership

Appendix 2

Probity Advisor Report





Cross River Rail Delivery Authority

Probity Advisor's Report
Tunnel, Stations and Development
Public Private Partnership

Final Overview

October 2019

PROBITY ADVISOR'S REPORT

Tunnel, Stations and Development Public Private Partnership

O'Connor Marsden & Associates (OCM) was engaged to provide probity services to the Cross River Rail Delivery Authority (**the Delivery Authority, CRRDA**) in relation to the procurement of a Tunnel, Stations and Development (TSD) Public Private Partnership (PPP) in accordance with our proposal of 1 September 2017 accepted by the Delivery Authority on 19 September 2017.

Our services commenced in early October 2017 following the release of the TSD Request for Expressions of Interest on 29 September 2017 and prior to the nominated closing time on 20 November 2017.

The objective of our role was to assist the Delivery Authority to identify, assess, and manage probity risks arising during the procurement process such that compliance with the Queensland Procurement Policy, related policies and guidelines is achieved in all material respects. Our work, as such, focused on project management systems and processes in regard to:

- Accountability of the participants and transparency of the process
- Fairness and impartiality in carrying out the process
- Identification and management of actual, potential and perceived conflicts of interest
- Maintenance of confidentiality and security of documentation and information
- Managing probity according to value and risk.

OCM supported embedding probity in the processes adopted by the Delivery Authority for this procurement. Our probity services supplemented the integrity and probity risk management frameworks established by the Delivery Authority.

Throughout all phases, OCM ensured:

- The existing conflicts of interest regime was reinforced, and conflicts of interest and confidentiality declarations were obtained from new personnel as they joined the project team including from advisors and their staff, and third parties attending meetings in relation to the procurement
- All disclosed conflicts of interest were registered, assessed and, where required, subject to appropriate management procedures
- Probity briefings were provided to new personnel, including advisor staff, as they have joined the project team, and also to the TSD Evaluation Panel and Project Review Board members at their initial meetings.

Expressions of Interest (EOI) Phase

During the EOI process OCM undertook procedures to ensure:

- The EOI Evaluation Plan was finalised prior to the receipt of expressions
- All Evaluation Panel and Review Board meetings were monitored by OCM and that probity input was provided as appropriate
- The EOI Evaluation Report prepared by the Evaluation Panel in respect of their evaluation recommendations reflected the process as observed
- The Evaluation Panel members had adequate time to perform the evaluation and had no unresolved queries that may have impacted the Panel's recommendations
- That each proponent confirmed verbally and in writing that they had no unresolved probity issues.

The Delivery Authority progressed all three consortia to the Request for Proposal phase:

- Centriq

- Pulse
- Qconnect.

Based on the work performed there were no unresolved probity issues at the completion of the EOI Phase.

Request for Proposals and Interactive Tender Process

In the planning for the RFP phase, the issue of the RFP and the execution of the interactive tender process, OCM undertook procedures to ensure:

- The RFP documentation and RFP Evaluation Plan were prepared with appropriate legal advice and contained measures to manage the probity and competitiveness of the process
- The RFP was released to all proponents on 9 April 2018 through a secure data room
- The Interactive Tender Process (ITP) and Guide (ITG) contained measures to manage the risks to probity from intensive interaction with proponents prior to the submission of proposals
- All interactive workshops were conducted consistent with the provisions of the RFP and the ITG and that proponents were treated equitably through the process
- Higher risk proponent meetings with third parties were conducted with probity and access to third parties was facilitated for proponents on an equitable basis
- The interface between the RFP evaluation and the process for securing the Brisbane Transit Centre Roma Street precincts was covered by formal and appropriate probity controls
- Organisations with conflicting roles in the procurement, including through having interests in other project procurement packages, established information barriers to protect the probity and competitiveness of the procurement process
- The requirements of probity deeds and plans for the separation of persons and information were in place and monitored by officers independent from the bid preparation teams with reporting obligations to the Delivery Authority
- Changes to the requirements, including as arising from new requirements under the Queensland Procurement Policy, were managed with probity and accountability
- All proponents had opportunities during the tender phase to raise probity issues and have them resolved
- Strict procedures were followed for receiving and recording the receipt of proposals in two submissions under the conditions of the RFP on 5 and 19 October 2018, and for transferring the bids received securely and completely into the evaluation process.

There were no unresolved probity issues at the time the proposals were received.

RFP Evaluation to Approval of Preferred Proponent Phase

During the evaluation, OCM undertook procedures to ensure:

- The RFP Evaluation Plan was approved by the CRRDA Chief Executive Officer prior to the receipt of proposals
- All persons involved in the assessment of proposal were provided with evaluation-specific probity briefings and reconfirmed their conflicts of interest status against up-to-date lists of proponents and their associates
- The RFP Evaluation Team was briefed on the probity requirements for the process
- Amendments to the RFP Evaluation Plan and RFP requirements were approved and clarified with proponents consistent with the requirements and probity principles

- Facilities used for assessment and evaluation activities were secure and arrangements for execution of assessment and evaluation tasks remotely were necessary and secure
- Arrangements for the separation of price from non-price components of the proposals as submitted were adequate and implemented
- Physical arrangements for proponent presentations in the week of 22 October 2018 were secure and that attendees to the presentations were approved
- All Evaluation Panel and Evaluation Review Panel meetings were conducted in accordance with the Evaluation Plan and received probity input and advice as required
- On a sample basis that criteria assessment panel and assessment team meetings were conducted in accordance with the RFP Evaluation Plan and sought probity input and advice as required
- All key interactions with proponents including for clarification and formal health check meetings with proponent bid teams and directors were conducted fairly and included an opportunity for proponents to confirm they did not have any probity concerns or otherwise
- The RFP Evaluation Report prepared by the Evaluation Panel in respect of their evaluation recommendations reflected the process as observed
- The Evaluation Panel members confirmed formally that they had adequate time to perform the evaluation and had no unresolved queries that may impact the Panel's recommendations
- At the end of the evaluation phase each proponent confirmed verbally and in writing that they had no unresolved probity issues.

At the outcome of the evaluation and approval process, by letter dated 3 April 2019, the Delivery Authority advised proponents that the Pulse consortium had been selected as the preferred proponent for the purpose of working towards agreement on the Project Documents.

Alignment and Contractual Close Phase

During the alignment and contractual close phase, OCM undertook procedures to ensure:

- Alignment and contractual close activities were planned and undertaken within the probity framework established for the process
- Changes in the design team of the preferred proponent were assessed and endorsed by the Evaluation Panel with due consideration for the probity of the process
- The movements of non-preferred and released proponent associates and advisors across CRR related projects and with CRRDA were undertaken in a manner to preserve the probity of the TSD procurement
- Details of our probity services and issues arising were briefed to the Gate 3 review team for their assessment of the procurement
- Details of our probity advisory services and issues arising were briefed to the independent probity auditor for his assessment of the process
- Formal debriefing of all proponents was consistent with our observations of the process and confirmed that proponents did not wish to raise any outstanding probity issues.


Probity Results and Conclusions

OCM concluded that:

- From a probity perspective, a formal and appropriate process was established for the TSD-PPP procurement

- The evaluation criteria were established and documented prior to the opening of the proposals in each of the EOI and RFP phases
- The Evaluation Plans and methodologies were established prior to the opening of proposals
- On OCM's observation of each phase and the documents it reviewed equal opportunity was provided to all Proponents
- All proposals were lodged in compliance with the conditions of the RFP
- Appropriate opening procedures were followed for receiving and recording the proposals received
- Physical security and confidentiality procedures appeared to be followed by the Evaluation Committee, advisors and assessment team members
- On OCM's observation of the process and the documents it reviewed the Evaluation Plan was followed by the Evaluation Committee during the evaluation process
- The evaluation and the results of the evaluation were documented adequately to ensure accountability for the outcome of the process.

Based on the work performed, nothing has come to our attention to indicate that the processes for the management of the activities for the procurement of a consortium to deliver the TSD PPP did not comply with the Queensland Procurement Policy and related policies and guidelines in all material respects.

Signed	
Name:	Rory O'Connor
Title:	Director
Date:	13 October 2019

Appendix 3

QAO: Independent Limited Assurance Report



INDEPENDENT LIMITED ASSURANCE REPORT

To the Minister for Cross River Rail and Chief Executive Officer of Cross River Rail Delivery Authority

Report on the limited assurance engagement of the Project Summary for the Tunnel, Stations and Development Public Private Partnership

Basis for conclusion

I have undertaken a limited assurance engagement in accordance with the QAO Auditing Standards, which include the relevant Standard on Assurance Engagements, ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the Auditing and Assurance Standards Board.

I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Subject matter information subject to assurance

The Project Summary prepared by the Cross River Rail Delivery Authority (the Delivery Authority) for the Tunnel, Stations and Development Public Private Partnership, which summarises the key contract and selection process details.

Criteria used as the basis for reporting

The Project Summary has been prepared by the Delivery Authority for the Minister for Cross River Rail in accordance with the following guidelines:

- *National Public Private Partnership Policy and Guidelines (Volume 6: Jurisdictional Requirements - Queensland Requirements)*
- *Queensland Project Assessment Framework (Queensland PPP Supporting Guidelines)*
- *Queensland Procurement Policy (Department of Housing and Public Works Procurement Guidelines: Contract Disclosure)*

Inherent limitations

There are inherent limitations in performing a limited assurance engagement – for example, assurance engagements are based on selective testing of the information being examined – and it is possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all misstatements, as it is not performed continuously throughout the year that is the subject of the engagement and the procedures are performed on a test basis.

Additionally, the reliability of non-financial data may be subject to inherent limitations, given its nature and the methods used for determining, calculating and sampling or estimating such data. We specifically note that the Minister has estimated:

- population growth, together with the areas in which the growth will occur
- future dates for key milestones relating to the project

The conclusion expressed in this report has been formed on the above basis.

Use of this assurance report

This report has been prepared for the Minister for Cross River Rail and the Chief Executive Officer of the Delivery Authority for the purpose of providing an assurance conclusion on the Project Summary and may not be suitable for another user or purpose. We disclaim any assumption of responsibility for any reliance on this report by any person other than the Minister and the Chief Executive Officer or for a purpose other than that for which it was prepared.

Responsibilities of the Minister for Cross River Rail and the Delivery Authority for the Project Summary

The Minister and the Delivery Authority are responsible for the preparation and presentation of the Project Summary. This responsibility includes the design, implementation and maintenance of internal control that the Minister and the Delivery Authority determines is necessary to enable the preparation of the Project Summary that is free from material misstatement, whether due to fraud or error. The guidelines provide that the Project Summary and supporting evidence provided to the Queensland Audit Office for review are complete and accurate.

Responsibilities of the Auditor-General

My responsibility is to express an independent limited assurance conclusion on the Project Summary, based on the limited assurance procedures I have performed and the evidence I have obtained. ASAE 3000 requires that I plan and perform my procedures to obtain limited assurance about whether anything has come to my attention that the Project Summary has not, in all material respects, been prepared in accordance with the Guidelines.

In a limited assurance engagement, I perform procedures, primarily consisting of making enquiries of staff within the entity, as appropriate; the examination of supporting documentation; and the evaluation of the evidence obtained. The procedures selected depend on my judgement, including identifying areas where the risks of material misstatement are likely to arise.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than those performed for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Accordingly, I do not express a reasonable assurance opinion on whether the Project Summary is prepared in all material respects in accordance with the Guidelines.

Independence and Quality Control

I have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* in undertaking this assurance review.

Summary of limited assurance procedures performed

My limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- review of relevant procedures and governance processes used by the Delivery Authority in the preparation and review of the Project Summary
- interviews with persons responsible for the preparation of the Project Summary
- assessing the risk that the Project Summary is inconsistent with the criteria identified above
- assessing whether the Project Summary contains all the sections and disclosures required
- review of relevant supporting documents containing the subject matter information used to compile the Project Summary
- agreeing the net present cost of \$3.8 billion to the financial model that was provided by Project Co. on 1 July 2019 (date of financial close). My procedures were limited to corroborating the net present cost as disclosed in the Project Summary to the financial model and did not include an audit or review of the assumptions and calculations
- obtaining a written management representation
- where relevant to the engagement, considering the effects on the Project Summary and on this assurance report of events up to the date of the assurance report.

My limited assurance procedures have not included an audit or review of the financial model, the net present cost, the assumptions used in the calculation of the net present cost, the total capital costs for the Tunnel, Stations and Development Public Private Partnership Project and how those costs should be accounted for by the Delivery Authority. Accordingly, my conclusion does not provide any assurance in relation to the accuracy of the financial model, the calculation of the net present cost and total capital costs and how they should be accounted for in accordance with accounting standards.

Conclusion

Based on the limited assurance procedures I have performed and the evidence I have obtained, nothing has come to my attention that causes me to believe that the subject matter information in the Project Summary for the Tunnel, Stations and Development Public Private Partnership, has not been prepared in all material respects in accordance with the criteria described above.



3 June 2020

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane