

# New Footscray Hospital Project Project Summary May 2021





# FOOTSCRAY HOSPITAL

# Introduction

On 10 March 2021 the State Government of Victoria entered into a Public Private Partnership (PPP) contract with Plenary Health (Project Co) to deliver the new Footscray Hospital (the Project).

The Project was procured and will be delivered as a PPP under the Partnerships Victoria Framework. Under this model Project Co is responsible for the design, construction, financing and provision of facilities management services to the new hospital and the delivery of commercial development complementary to the hospital functions. The State, via Western Health, will operate and deliver clinical services to the new hospital.

This Project Summary provides information about the contractual and commercial aspects of the Project. The document is divided into **three** parts.

The **first** part is an overview of the Project, including the rationale for PPP delivery, and summarises:

- the Project Objectives and scope
- the tender process
- the public interest considerations for the Project, and
- the tender process timetable.

The **second** part details the financial outcome of the Project, including the value for money assessment.

The **third** part sets out the key commercial features of the Project, including the main parties and their general obligations, the broad allocation of risk between the public and private sectors and the treatment of various key project issues.

*Partnerships Victoria* forms part of the Victorian Government's strategy for providing better services to all Victorians by expanding and improving Victoria's public infrastructure and service delivery. The *Partnerships Victoria* Framework uses private sector expertise to design, finance, build, operate and maintain infrastructure projects. The framework consists of the National PPP Policy and Guidelines and supplementary *Partnerships Victoria* Requirements. Further information on the *Partnerships Victoria* Framework is available at <https://www.dtf.vic.gov.au/infrastructure-investment/public-private-partnerships>.

This summary should not be relied upon to completely describe the rights and obligations of the parties in respect of the Project, which are governed by the Project Deed and associated documents. The Project Deed and associated documents are available online at the Buying for Victoria website [www.tenders.vic.gov.au](http://www.tenders.vic.gov.au).

This document may be updated from time to time. Please check the *Partnerships Victoria* website <https://www.dtf.vic.gov.au/public-private-partnerships/partnerships-victoria-ppp-projects> for the current edition.



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# Part One – Project Overview



# 1. The Project

The new Footscray Hospital will be an exemplary and enduring tertiary hospital that enables delivery of world-class health care to the community of Melbourne's west. While a hospital first and foremost, it will also be a catalyst for change, supporting the development of a broader health, education, research and community precinct.

The Victorian Government is making the largest health capital investment in the State's history to deliver the new hospital and ensure that demand for health services in the inner west is met when the new hospital opens in 2025 and into the future.

This modern facility will ensure the people of Melbourne's west have greater access to quality care closer to home, and will deliver a critical uplift in the long term capacity of public health services in Melbourne's western corridor, where demand for services is expected to more than double over the next 20 years. It will also ease demand pressures on inner Melbourne hospitals, as many patients currently bypass the existing Footscray Hospital and seek treatment in inner Melbourne.

## 1.1 Project background and context

The new Footscray Hospital will replace the existing Footscray Hospital located at 160 Gordon Street in Footscray. Built in the 1950s, the ability of the existing Footscray Hospital to meet demand for health services in the inner west and service the broader western Melbourne area is being challenged, given the sustained growth in demand for health services in Melbourne's west and the ageing condition of the existing facilities.

Originally built through the support of and contributions from the local community, the existing Footscray Hospital has a proud history and is affectionately known as the 'people's hospital'. The new Footscray Hospital will continue this legacy and reflect the community it serves.

## 1.2 The New Footscray Hospital

The new Footscray Hospital will be an elective and emergency hospital that will become increasingly expert in the provision of treatment for chronic disease, as well as enhancing its teaching and research capacity. Operated by Western Health, the new hospital will form part of an integrated network of hospitals that delivers a comprehensive range of services to the people of Melbourne's west, from tertiary services in areas of emergency medicine, intensive care, medical and surgical services, through to subacute care and specialist ambulatory clinics.

This integrated network of hospitals operated by Western Health includes:

- Footscray Hospital
- Sunshine Hospital (including Joan Kirner Women's and Children's)
- Williamstown Hospital
- Sunbury Day Hospital.

The new Footscray Hospital will provide a full range of medical and surgical specialties for adult patients, with a focus on new models of care for patients with chronic and complex medical conditions.

With an increase in surgical capacity and modernisation of operating room facilities, the new Footscray Hospital will be Western Health's main surgical site, providing a home for Western Health's most complicated surgical services and a range of surgical sub-specialties. Mental health and drug and alcohol services will continue to be delivered at the new facility.

### 1.3 Project Objectives

The State's objectives in delivering the Project are shown in Figure 1.

Figure 1: Project Objectives



Improve **access to quality care** close to home for the people of western Melbourne.



Support **operational efficiency and provide flexibility** to respond to changing clinical practice, technology and service demand.



Use evidence-based design to **promote the physical and mental wellbeing** of its diverse users, including patients, families, staff and the broader community.



Create an **ecologically sustainable precinct** that optimises value for money on a whole-of-life basis.



Enable the delivery of **integrated care**, both within and beyond the hospital.



Deliver a vibrant community asset that **enhances liveability and fosters collaboration** in education, training and research.

### 1.4 Project Site and planning

The new Footscray Hospital will be located on the approximately four hectare, triangular site (Project Site) on the western corner of the intersection of Geelong and Ballarat Roads in Footscray and is bordered by Geelong Road in the southeast, Ballarat Road in the north, Federal Street in the southwest and Tiernan Street in the northwest.

Approximately nine kilometres from Melbourne's CBD and located within the Footscray Metropolitan Activity Centre, this landmark site will act as a gateway to the City of Footscray.

The Project Site is accessible to transport infrastructure (roads and public transport), having the following attributes:

- good road access and prominent street frontages on both Geelong and Ballarat Roads
- approximately one kilometre from Footscray Railway Station
- close to a number of tram stops including the Droop Street tram stop (Route 82, Stop 60)
- well serviced by bus routes (including along Ballarat Road) and bike paths.

The Project is being facilitated by a Planning Scheme Amendment by way of an Incorporated Document in the Maribyrnong Planning Scheme pursuant to section 6(2) (j) of the *Planning and Environment Act 1987*, authorising the use and development of the land for the new Footscray Hospital.



**Figure 2: Precinct and local context**



### **1.5 A public private partnership**

The Project is an 'availability based' PPP being procured under the Partnerships Victoria Framework. This is a long-term service contract between the public and private sectors where, once the design, construction and commissioning of the facility has been completed, the State pays the private sector a service fee to maintain the infrastructure and perform the related facilities management services over the 25 year term. The Partnerships Victoria model seeks to achieve better value for money by capturing the expertise and efficiencies of the private sector in designing, financing, building and maintaining infrastructure projects and providing services on a whole-of-life basis.

The decision to procure the Project as a PPP focuses on achieving value for money outcomes by:

- allocating risks to the party, or parties, best placed to manage them, with the majority of design, construction, maintenance and facility management services risks being transferred to the private sector thereby incentivising innovative and efficient whole of life solutions
- increasing opportunity for the State to harness private sector innovation in complementary site activation to enhance the experience for hospital users and the broader community, and
- incentivising delivery of the Project on time and within budget. Timely delivery and budget certainty were important factors given the complexity of the works and the value of the Project.

Prior to the release of the Invitation for Expressions of Interest (EOI), an extensive market

sounding was undertaken of the relevant industry participants, including sponsors and third party equity investors, debt financiers, design and construction contractors and facilities management contractors. The feedback from this process supported the State’s selection of a PPP model to deliver the Project and achieve the State’s objectives.

### 1.6 Procuring agency and governance structure

The Minister for Health is the lead Minister for the Project. As such, primary accountability for ensuring the State’s Project Objectives are met rests with the Department of Health (the Department).

The Victorian Health Building Authority (VHBA), on behalf of the Department, is the body responsible for delivering the Project. VHBA is responsible for overseeing all aspects of the Project including stakeholder engagement, the conduct of the tender process, securing relevant planning approvals, oversight of construction delivery and ongoing contract management during the Operational Phase.

Western Health will operate and provide all clinical services at the hospital.

A steering committee comprising representatives from the Department, Department of Treasury and Finance, Department of Premier and Cabinet and Western Health has been established to oversee the Project and make recommendations to the Secretary and the Minister for Health.

A Project Planning Team has also been established and reports directly to the Steering Committee via the new Footscray Hospital Project Director. The Project Planning Team comprises representatives from VHBA, Western Health and the Department of Treasury and Finance.

### 1.7 Stakeholder engagement

VHBA has conducted extensive stakeholder and community engagement activity during the Project’s development, as outlined in the table below.

**Table 1: Stakeholder consultation**

Project Stakeholder	Description
<b>Western Health</b>	The VHBA has collaborated with Western Health since the commencement of the planning phase and throughout the procurement phase. As operator of the hospital, Western Health has been and will continue to be a key stakeholder in the Project’s governance structure for the term of the Project.
<b>Maribyrnong City Council (Council)</b>	As a key stakeholder, Council is represented on the Project’s Community Consultative Committee (CCC) and has been engaged from the commencement of the planning phase including in relation to the site selection, development of the Project’s Value Creation and Capture Plan, community engagement and other relevant local issues such as carparking and impacts on local roads.

Project Stakeholder	Description
<b>Victoria University</b>	<p>Victoria University has been actively involved in the Project's development as the former owner of the majority of the Project Site, and in the development of additional research and education space for its exclusive use as well as a pedestrian footbridge over Ballarat Road connecting the hospital to its Footscray Park campus (VU Project Components). Victoria University will continue to participate in the Project as a lessee and user of these components.</p>
<b>Other Government Departments (including Department of Jobs Precincts and Regions, Department of Planning and Department of Transport)</b>	<p>The VHBA has engaged with Government departments throughout the planning and procurement phases of the Project as relevant, including in relation to matters such as site selection, the Footscray Business Precinct (formerly Priority Precinct), the Project's Value Creation and Capture Plan, planning approvals and proposed traffic solutions.</p>
<b>Community of Melbourne's West</b>	<p>A CCC has been established for the Project. Chaired by Katie Hall MP, Member for Footscray, the CCC provides a forum for members of the local community to participate in the Project's development through open dialogue and consultation. VHBA and Western Health have also undertaken extensive community engagement in relation to the Project since 2018. There is strong support for the Project in the community.</p>





SCRAY HOSPITAL

## 2. Tender process

The State conducted a competitive tender process to select a private sector party to deliver the new Footscray Hospital. The tender process was implemented in accordance with the Partnerships Victoria Framework to ensure the State received the best value for money outcome. The tender process involved three phases as described below:

- **EOI phase** – involving releasing the Invitation for EOI and then selecting shortlisted Respondents.
- **Request for Proposal (RFP) phase** – involving issuing an RFP to shortlisted Respondents, an intensive interactive tender process, shortlisted Respondents submitting Proposals, and clarifying and evaluating the Proposals.  
During this phase, the State temporarily suspended the tender process to allow for the redeployment of the Project’s public and private resources to the State’s response to the COVID-19 pandemic. This resulted in a suspension of the tender process of approximately two months.
- **Negotiation and completion phase** – involving the appointment of a Preferred Respondent and the conduct of an exclusive negotiation phase to resolve all issues to the satisfaction of the State, leading to execution of the Project Deed and associated documents and the achievement of Contract Close and Financial Close.

### 2.1 Tender process governance

The State established a formal evaluation and governance structure to oversee the EOI and RFP evaluation processes. Separate evaluation panels supported by specialist evaluation Sub-Panels and/or advisory groups, whose members were specifically selected for their skills in a particular area, conducted the EOI and RFP evaluations.

The specialist evaluation Sub-Panels that undertook the RFP evaluation comprised:

- a Commercial and Legal Sub-Panel that evaluated the commercial, financial, contractual, value creation opportunities and insurance aspects of the Proposals
- a Design and Technical Sub-Panel that evaluated the master plan, design, architectural, engineering, Ecologically Sustainable Development (ESD), project management, equipment and related aspects of the Proposals
- a Services Sub-Panel that evaluated the facilities management related aspects of the Proposals, and
- a Government Policy Requirements Sub-Panel that evaluated the government policy, communications, industry development and jobs outcomes aspects of the Proposals.

Specialist working and user groups, project advisers and other Government agencies supported the evaluation panel and sub-panels as relevant, including a dedicated Victoria University advisory group that assessed the proposals as they related to the VU Project Components during the RFP evaluation phase.

The respective evaluation panels were responsible for making recommendations concerning the EOI and RFP evaluation processes to the Project steering committee.

## 2.2 Probity

The tender process was undertaken within a robust probity framework, endorsed by the Project's probity adviser, which focused on:

- 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.

In addition, the Project had regard to and abided by the Public Administration Act 2004 (Vic) and all other relevant government tendering policies with public officials required to comply with the Code of Conduct for the Victorian Public Sector.

At the completion of the tender process, the probity adviser confirmed they were not aware of any material probity risks that had not been appropriately managed in accordance with applicable requirements.

## 2.3 Tender process timetable

The tender process milestone dates, including the temporary suspension of the process during the RFP Phase due to the impacts of the COVID-19 pandemic as described above, are as follows.

**Table 2: Tender process – Key dates**

Phase	Date
<b>Expression of interest phase</b>	
Invitation for EOI issued	20 June 2019
EOIs submitted	24 July 2019
Shortlist of Respondents announced	16 October 2019
<b>RFP Phase</b>	
RFP issued	9 November 2019
RFP Phase suspended	3 April 2020
RFP Phase recommenced	1 June 2020
Proposals submitted	9 July 2020
<b>Negotiation and Completion Phase</b>	
Preferred Respondent announced	6 October 2020
Contract Close	10 March 2021
Financial Close	11 March 2021

## 2.4 Evaluation process

The Evaluation Criteria applied in assessing Proposals are presented in Appendix B. To assist Respondents in preparing their Proposals, the State provided guidance in the RFP as to the relative weightings of each Evaluation Criterion and sub-criterion.

## 2.5 Project Advisers

VHBA appointed the following advisers to assist in delivering the Project.

**Table 3: Project Advisers**

<b>Role</b>	<b>Adviser</b>
<b>Commercial and Financial Adviser</b>	PricewaterhouseCoopers
<b>Legal Adviser</b>	Minter Ellison
<b>Probity Adviser</b>	O'Connor Marsden & Associates
<b>Architect and Health Planner Adviser</b>	Jacobs Group and Destravis Group
<b>Technical Adviser</b>	Waterman AHW
<b>Cost Consultant</b>	Donald Cant Watts Corke
<b>Facilities Management Adviser</b>	RixStewart
<b>Technology Adviser</b>	UT Consulting
<b>FF&amp;E Adviser</b>	Hospitech Facilities and Asset Management





RECEPTION



Western Health

IMAGING



## 3. Tender process outcomes

### 3.1 Shortlisted Respondents

Three conforming EOIs were received and three Respondents were selected to proceed to the RFP Phase, being:

- Advance West – comprising John Holland, ISS Health Services, Tetris Capital and John Laing Investments
- Exemplar Health - comprising Lendlease, Spotless Facility Services, Capella Capital and Siemens Project Ventures, and
- Plenary Health - comprising Multiplex, Honeywell, Compass, Plenary Group and Sojitz Corporation.

### 3.2 Successful Respondent

On 6 October 2020 and following an extensive evaluation process, Plenary Health was announced as the Preferred Respondent to enter into exclusive negotiations with the State to deliver the Project. Plenary Health's offer was not only assessed as providing value and being affordable relative to the Public Sector Comparator, it was also assessed as delivering the best overall value for money relative to the other two Respondents.

The State subsequently negotiated with Plenary Health to resolve all identified issues to the satisfaction of the State, and the Project Deed and associated documents were executed on 10 March 2021.

### 3.3 Key Components of the Project

The Project comprises the design and construction of the new hospital, together with carparks, grounds, gardens and associated site and external infrastructure (utilities and roadworks infrastructure external to the Project Site).

The Project also includes:

- infrastructure for the benefit of Victoria University
- the provision of facilities management services for the 25 year Operational Phase, including carparking management services for Sunshine Hospital Carpark, and
- the provision of commercial and other value creation opportunities which are complementary to the hospital and support the State's Value Creation and Capture Framework.

### 3.3.1 Hospital

The new Footscray Hospital will comprise:

- 608 Points of Care (508 beds) fitted-out on commencement of operations
- 86 Points of Care in shell space for future expansion
- at least 1,224 carparks.

**Table 4: New Footscray Hospital Points of Care**

Department	Fitted-out on commencement	Shell space
Multi Day Med/Surg IPU beds	224	28
Critical Care beds	54	
Emergency	50	
Multi Day ED Short Stay beds	24	
Mental Health and Alcohol and other Drugs hub	8	
Acute Dialysis beds	8	
Perioperative Operational Rooms	8	2
Perioperative Recovery	18	9
Perioperative Procedure	4	4
Interventional Labs	4	
Interventional Recovery	8	
Same Day Med/Surg beds	36	14
Rehab/GEM/Palliative Care IPU beds	96	4
Mental Health IPU beds	50	25
Drug and Alcohol beds	16	
<b>Total</b>	<b>608</b>	<b>86</b>

### 3.3.2 Victoria University

In support of the Project Objective to create a vibrant community asset that fosters collaboration in education, training and research, the Project includes the following components which are funded by Victoria University (VU Project Components):

- approximately 5,000 square metres of dedicated Victoria University research and education space on the Project Site (VU Space), and
- a public-use pedestrian footbridge spanning Ballarat Road connecting the VU Space and Project Site to Victoria University's Footscray Park Campus (Pedestrian Footbridge).

### **3.3.3 Services**

In accordance with the PPP contracting model, Project Co will be responsible for delivery of facilities management services (including asset lifecycle replacement) to the new hospital as set out in further detail in Section 11.3.9.

The new Footscray Hospital forms part of an integrated network of hospitals operated by Western Health and clinical staff regularly move between hospital sites. To support common staff access systems, the delivery of carpark management services for the Sunshine Hospital Carpark are also included within the PPP scope.

### **3.4 Value Creation and Capture Framework**

The State is committed to the Value Creation and Capture Framework to maximise the value created from its investment in the Project. This policy provides a framework to identify economic, social and environmental benefits above and beyond what would otherwise be achieved as a direct consequence of the Project.

As a result of the application of this framework, an extensive range of value creation and capture initiatives will be delivered, including commercial opportunities and other benefits.

#### **3.4.1 Commercial opportunities**

The Project includes commercial opportunities which deliver value and provide services for the benefit of the community. These opportunities are located both within the main hospital buildings and the VU Space (In Hospital Opportunities), and also in a stand-alone facility to be located along the Tiernan Street boundary of the Project Site (Tiernan Street Building).

The commercial opportunities comprise the following:

- childcare
- gymnasium
- retail pharmacy
- medical clinic
- food and beverage outlets
- convenience retail
- office space and consulting suites.

Carparking revenues do not form part of the PPP project scope and accrue to Western Health.

### 3.4.2 Other Value Creation and Capture benefits

The following value creation and capture initiatives are included in the Project as a result of the application of the Value Creation and Capture Framework.

**Table 5: Achievement of Value Creation Objectives**

Value Creation Objective	Description of value creation initiatives in the Proposal
<b>Expand the breadth and volume of services to enhance health outcomes</b>	<p>The new Footscray Hospital precinct will provide a range of community and health services that complement the clinical services provided by Western Health, such as childcare, a medical clinic and consulting suites.</p> <p>A retail pharmacy, gymnasium, food and beverage outlets, small retail and 'Village Green' (central open space) are also embedded in the hospital precinct, offering convenience and improving the wellness of patients, staff, visitors and the broader community.</p> <p>A community hub allowing for patient support and outreach services and use by local community groups will be provided, together with an Aboriginal gathering place.</p> <p>Technology and digital connection enabled through the new hospital will also support increased at-home hospital services, such as through Western Health's 'Hospital in the Home' program.</p>
<b>Improve economic growth of the inner west, including through increased productivity and employment</b>	<p>The Project will employ more than 2,000 people at peak construction, creating an estimated 177 new jobs, including 70 apprenticeships, traineeships and cadetships.</p> <p>The new hospital is also expected to create over 250 new jobs once in operation and attract new investment through ancillary and specialist health services relocating to the area.</p> <p>Additional employment opportunities are also expected to be created with the significant expansion of clinical services at the new hospital.</p> <p>Plenary Health's proposal exceeds the State's minimum Local Jobs First Policy and Social Procurement requirements as noted in Section 3.5.</p>
<b>Activate the surrounding Precinct</b>	<p>The new Footscray Hospital will be a vibrant community asset that is not only a catalyst for urban regeneration of the inner west but which will also help improve social and civic amenity and fosters collaboration in education, training and research.</p> <p>The hospital has been masterplanned to connect into the Precinct with high-quality pedestrian links into and around the Project Site, as well as to provide good access to public transport, including the Droop Street tram stop (Route 82, Stop 60) and bus routes along Ballarat Road. Commercial opportunities (including retail offerings) will also activate the Tiernan Street frontage.</p>

Value Creation Objective	Description of value creation initiatives in the Proposal
<b>Improve ecological outcomes for the Precinct</b>	<p>The hospital has been designed to enable future electrification to support Victoria’s transition to a net zero carbon economy and incorporates measures to achieve long term sustainability and improved patient outcomes, including but not limited to:</p> <ul style="list-style-type: none"> <li>• a 5 Star Green Star hospital including capacity to collect and reuse 90 per cent of roof rainwater</li> <li>• quality indoor environment with a high proportion of spaces with excellent daylight factor, achieving a WELL Gold rating</li> <li>• a high proportion of inpatient rooms with views of the exterior and landscaped environments</li> <li>• active travel strategy (including accessibility to public transport, and 500+ bicycle spaces with end of trip facilities)</li> <li>• sustainability requirements for architectural materials selection.</li> </ul>
<b>Improve the social capital of the community</b>	<p>In accordance with Government’s Social Procurement Framework, the new Footscray Hospital will deliver additional social value above and beyond the value of the Project as detailed in Section 3.5.</p>
<b>Foster research, education, training opportunities and collaboration</b>	<p>Research and education will play a key role in the new Footscray Hospital. The hospital includes dedicated Victoria University research and education space as well as a public-use pedestrian footbridge spanning Ballarat Road connecting VU’s Space and the Project Site to Victoria University’s Footscray Park Campus.</p> <p>Plenary Health is also establishing the Footscray Connectivity Centre, supporting community engagement, training, business development and employment opportunities, through a collaboration between government, support agencies, the local community and Plenary Health’s contractors and supply chain.</p>

### 3.5 Other Government policy outcomes

The key project outcomes in relation to the Victorian Government’s Local Jobs First Policy and Social Procurement Framework, and the degree to which Plenary Health’s Proposal exceeds the State’s minimum briefed requirements, are summarised below.

**Table 6: Government Policy outcomes**

Government Policy outcome	Minimum requirement briefed in the RFP	Contracted outcome	Exceeded requirement
<b>Local Content – Development Activities</b>	90%	90.39%	0.39%
<b>Local Content – Services</b>	80%	92.3%	12.3%
<b>MPSG – Development Activities</b>	10%	10.5%	0.5%
<b>MPSG – Services</b>	10%	10%	-
<b>Social Procurement Target</b>	1.5% of D&C Price	1.8% of D&C Price in Development Phase 1.5% of Service Contractors' annual service fee in Operational Phase	0.3% of D&C Price in Development Phase 1.5% of Service Contractors' annual service fee in Operational Phase
• <b>Aboriginal Business procurement</b>	1% of D&C Price	1.45% of D&C Price	0.45% of D&C Price
• <b>Disability procurement</b>	-	0.15% of D&C Price	0.15% of D&C Price
• <b>Social enterprise procurement</b>	-	0.2% of D&C Price	0.2% of D&C Price
<b>Victorian Aboriginal Participation</b>	2% of hours	2% of hours in Development Phase 2.5% of hours in Operational Phase	0.5% of hours in Operational Phase
<b>Victorian disability employment</b>	-	1.02% of hours in Development Phase 2.0% of hours in Operational Phase	1.02% of hours in Development Phase 2.0% of hours in Operational Phase
<b>Employment and Training of Disadvantaged Victorians</b>	-	1.04% of hours in Development Phase 5% of hours in Operational Phase	1.04% of hours in Development Phase 5% of hours in Operational Phase
<b>Public Housing Tenant Employment Program</b>	Minimum 6 public housing tenants	<ul style="list-style-type: none"> <li>At least 6 public housing tenants in Development Phase</li> <li>Commitment to maximise opportunities for public housing tenants in Operational Phase</li> </ul>	Commitment to maximise opportunities for public housing tenants in Operational Phase



### 3.6 Public interest test

The State assessed the extent to which the Project was in the public interest prior to entering into the Project Deed. The analysis was undertaken in accordance with the Partnerships Victoria guidance on how to evaluate whether a project meets the public interest. The assessment was made against criteria such as public access, security and consumer rights, and concluded that, on balance, the Project was found to be in the public interest. Appendix C contains the Public Interest Test.

### 3.7 Contract milestones

Key contract milestones are set out below.

**Table 7: Key milestones**

Milestone	Date
<b>Contract Close</b>	10 March 2021
<b>Financial Close</b>	11 March 2021
<b>Technical Acceptance</b>	On or before 11 June 2025
<b>Commercial Acceptance</b>	On or before 9 September 2025
<b>Service delivery/Operational Phase</b>	On or before 10 September 2025 – 9 September 2050
<b>Contract expiry date</b>	9 September 2050

# Part Two – Financial Outcome



## 4. Value for money

### 4.1 Overview

The Partnerships Victoria Framework seeks to identify and implement the most efficient form of infrastructure and service delivery. The concept of value for money goes beyond selecting the cheapest solution, focusing on the value of each aspect of a Proposal. This involves an in-depth analysis of each Proposal received from the private sector and comparison against a State-managed delivery option. The evaluation considered quantifiable elements (items that can be quantified in monetary terms) as well as qualitative considerations.

### 4.2 Public Sector Comparator

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

The PSC is expressed in terms of the net present cost to the State, calculated using a discounted cash flow method taking full account of the costs and risks that would arise through State delivery<sup>1</sup>. The PSC includes amounts for the design, construction and provision of the Services to the hospital, together with costs and revenues attributable to mandated commercial opportunities<sup>2</sup>, as set out below.

The PSC excludes the VU Project Components which are funded separately by Victoria University.

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<sup>1</sup> In October 2018 the Victorian Government announced a commitment of up to \$1.5 billion to the Project, representing the total estimated investment (TEI) in nominal dollars under a State delivery model. This sum included costs outside the scope of the PPP as set out in Section 4.6.4. By comparison, the PSC is expressed in NPC terms, includes facilities management and whole-of-life costs and relates only to the Project scope as described in the RFP if delivered by the State.

<sup>2</sup> Under a State delivery model, commercial opportunities comprise staff amenities being a café, gym and limited retail. This was the minimum ('mandated') offering required to be bid by Respondents.

**Table 8: Components of the PSC**

Components of the PSC	Net Present Cost (\$ million)
Raw capital cost	1,131
Raw lifecycle and operating costs (net of commercial revenues)	2,389
<b>Raw PSC</b>	<b>3,520</b>
Transferred risks	358
<b>PSC (excluding retained risk)</b>	<b>3,878</b>

1. All numbers are expressed in net present values as at 1 July 2020.

2. In accordance with the National PPP Policy and Guidelines, a risk free rate of 1.69% was used in calculating the net present value of the PSC and its components.

3. The Raw PSC represents the base raw costs to the State to deliver the Project. The term 'raw' refers to the estimate of costs to the State of delivering the Project before taking into account adjustments for competitive neutrality and risk.

4. The PSC includes adjustments for 'competitive neutrality' where necessary, to remove the net competitive advantages or disadvantages that accrue to Government by virtue of its public ownership. A competitive neutrality adjustment is not applicable for this Project.

5. The PSC includes transferred risk estimates but excludes State retained risk estimates.

#### 4.3 Net Present Cost of Project Co Proposal (Hospital)

The quantitative value for money assessment for provision of the hospital, together with the Project Co commercial opportunities offer, is demonstrated by the estimated savings between the PSC and the private sector contract cost. As shown below, a saving of \$582 million in NPC terms has been achieved as a product of private sector delivery.

**Table 9: Value-for-money comparison – PSC versus private sector delivery**

Public sector comparator (NPC, \$m)	Private sector contract cost (Hospital) (NPC, \$m)	Estimated savings (NPC, \$m)	Estimated savings (%)
3,878	3,296	582	15

1. All non-percentile numbers are expressed in net present values as at 1 July 2020.

2. In accordance with the National PPP Policy and Guidelines, a Proposal evaluation discount rate of:

- 3.69% was used in calculating the net present cost of the Monthly Service Payments, and
- 3.49% was used in calculating the net present cost of the State Contribution

under the private sector contract.

#### 4.4 Net Present Cost of Project Co Proposal (Project)

The private sector contract value for the Project inclusive of the VU Project Components (which are to be funded by Victoria University) is \$3,368 million (NPC).

**Table 10: Net Present Cost of Project Co Proposal (Project)**

Private Sector cost	NPC, \$m
Hospital	3,296
VU Project Components	72
<b>Private sector contract cost NPC (Project)</b>	<b>3,368</b>

#### 4.5 Additional value for money benefits

In addition to meeting all of the State's requirements for the Project at a price that is \$582 million less than the State's PSC, Project Co's Proposal includes a number of additional benefits for the State, hospital users and the broader community.

These include:

- **Capacity beyond RFP briefed requirements:** Plenary Health's final Proposal provides additional hospital capacity beyond the minimum scope requirements specified in the RFP, comprising:
  - **Day 1 capacity: 608 POC (508 beds)** on operational commencement (being 9 additional POC compared to the briefed RFP requirements) and including:
    - o 6,226 sqm in additional departmental area
    - o 24 additional carparks.
  - **Capacity for future expansion:** shell space for future expansion of **86 POC** (being 57 additional POC compared to the briefed RFP requirements) and including:
    - o the provision of reticulated engineering services to facilitate future conversion to clinical operations
    - o site masterplanning to allow for further expansion in the longer term if required.
- **Designing for pandemic response:** As a result of lessons learned during the COVID-19 pandemic, the hospital design incorporates the following pandemic measures:
  - Designating expansion areas for the intensive care unit.
  - Designing some inpatient unit wards to operate in pandemic mode and allowing for increased capacity to treat critically ill or infectious patients.
  - Designing the emergency department to ensure it can continue to operate safely and efficiently during a pandemic by including a clear expansion zone and a pre-triage streaming area.
  - Provision of an ambulatory clinic area that can operate as a pandemic clinic.
- **ESD:** the hospital incorporates the following measures to achieve long term sustainability and improved patient outcomes:
  - Designed to enable the future electrification of the hospital to support Victoria's transition to a carbon neutral economy.
  - Compliance with 5 Star NABERS water and energy targets and 5 Star Green Star including capacity to collect and reuse 90 per cent of roof rainwater.
  - A quality indoor environment with a high proportion of spaces with excellent daylight factor.
  - Provision of a high proportion of in patient rooms with views of the exterior and landscaped environments.

- **Value creation and capture:** the new Footscray Hospital will be a state-of-the-art healthcare precinct delivering a highly integrated and valuable community asset acting as a gateway to Footscray and the wider western region. A range of commercial and other initiatives will activate the site and provide amenity for hospital users and the broader community, as set out in Section 3.4 Value Creation and Capture Framework.
- **Employment and economic growth:** the Project will employ more than 2,000 people at peak construction, creating an estimated 177 new jobs, including 70 apprenticeships, traineeships and cadetships. The new hospital is also expected to create over 250 new jobs once in operation and attract new investment through ancillary and specialist health services relocating to the area.
- **Other government policy outcomes:** a range of further social and economic benefits expected to be generated by the Project are set out in Section 3.5 Other Government Policy outcomes.

#### 4.6 Other revenues and costs

The Project involves revenues and costs not included in the NPC of Project Co's Proposal as below.

##### 4.6.1 Additional revenues

- Western Health will derive carparking revenue from the hospital carparks.
- Under specified circumstances the State may share in additional revenues attributable to the Tiernan Street Building.

##### 4.6.2 Additional costs

The State has or will meet a range of costs including:

- Cost of land acquisition of the Project Site from Victoria University and other parties
- Site demolition costs
- Tender process transaction costs including the project team and project advisers
- Contract management costs of administering the Project Deed and associated documents
- Costs pertaining to State retained risks.







## 5. Monthly Service Payments and revenues

The payment mechanism for the Project is generally consistent with the mechanisms developed in precedent 'availability based' hospital PPP projects and is structured to deliver performance, innovation and value for money. The cash flows between the State and Project Co are made during the Operational Phase and comprise:

- payments by the State to Project Co (Monthly Service Payments or MSP), and
- a separate revenue stream attributable to the Tiernan Street Building payable by Project Co to the State.

### 5.1 Monthly Service Payments

The MSP is determined in accordance with a defined formula that reflects a traditional PPP payment mechanism, alongside a performance regime calibrated for project specific costs and activities. The MSP encompasses both the capital and operating elements of the Project, and is net of the underwritten revenues attributable to the In Hospital Opportunities.

The key components of the MSP are outlined below.

**Table 11: Components of the MSP**

Monthly Service Payment component	Description
<b>Non-reviewable Services (Unindexed)</b>	In respect of Project Co's cost of developing the hospital (including the cost of construction) and related finance costs (debt and equity). This is the capital component of the MSP.  The value of this payment does not escalate over the Operational Phase.
<b>Lifecycle (indexed)</b>	In respect of Project Co's asset refurbishment and replacement costs.  The real value of this component indexes at a combination of CPI and WPI over the Operational Phase.
<b>Reviewable Services (indexed)</b>	In respect of costs for the Reviewable Services.  The real value of this component indexes at a combination of CPI and WPI over the Operational Phase.
<b>Non-reviewable Services (indexed)</b>	In respect of Project Co's other Operational Phase costs, including building management services.  The real value of this component indexes at a combination of CPI and WPI over the Operational Phase.
<b>Insurance</b>	In respect of Project Co's forecast industrial special risks and public liability insurance costs (periodically adjusted as a result of benchmarking the costs of these insurances during the Operational Phase in accordance with the Project Deed)

Monthly Service Payment component	Description
<b>Minor Works (indexed)</b>	In respect of Project Co's minor works costs during the Operational Phase. The real value of this component indexes at CPI over the Operational Phase.
<b>Food Volume Adjustment</b>	Addition/reduction to the MSP for food procured and supplied to patients by Project Co calculated on a volume basis.
<b>Closed Area Rebate</b>	The provision of the Services has been priced assuming full utilisation of the facility. Should there be a reduction in the utilisation of the facility due to areas being designated by the State as 'closed', the MSP will be reduced accordingly.

## 5.2 Performance regime

Abatements to the MSP may be made each month during the Operational Phase based on Project Co's performance. In addition, various one-off abatements may be levied upon commencement of operations where certain Development Phase requirements have not been met.

The performance regime is structured to incentivise Project Co to design, construct and maintain assets that comply with the State's requirements, stated in terms of quality, availability and functionality. The regime has been broadly structured in line with the performance regimes adopted for previous Partnerships Victoria infrastructure projects.

The components of the Project's performance regime are summarised below.

**Table 12: Components of the performance regime**

Service Payment component	Description
<b>Performance Abatements</b>	Reduction to the MSP for the following failures: <ul style="list-style-type: none"> <li>• <b>Availability failures</b> – Where functional areas are not available for use and unavailability is not rectified within the required periods.</li> <li>• <b>Incident failures</b> – Where functional areas do not meet specified requirements (not resulting in unavailability) and this is not rectified within the required periods.</li> <li>• <b>Quality failures</b> – Where minimum service requirements are not achieved, resulting in a quality failure.</li> </ul>
<b>Mobilisation Abatement</b>	Reduction to the MSP where Services mobilisation activities are not delivered in compliance with the Services mobilisation plan.
<b>Local Content Requirements Adjustment</b>	One-off adjustment where the contractually agreed targets for Local Content Requirements for Development Activities is not achieved.
<b>Major Projects Skills Guarantee (MPSG) Adjustment</b>	One-off adjustment where the contractually agreed target for the MPSG Requirement (Development Activities) is not achieved.

Full details of the performance regime are contained in the Project Deed, including the Services Specification.

### 5.3 Tiernan Street Building revenues

In accordance with the licence arrangements for the Tiernan Street Building, a fixed monthly rental is payable to the State throughout the project term. In addition to this fixed rental, the State may also share in future revenues under specified circumstances.

### 5.4 Quantum of net payments

The following table provides further details on the quantum of the MSPs (net of revenues).

**Table 13: Disclosure of nominal cash flows**

Cost of contracted proposal as at 1 July 2020 (NPC, \$ million)	Discount rates used to arrive at net present cost	Total cost of contracted proposal (nominal, \$ million) <sup>1</sup>	Payment over first financial year (nominal, \$ million) <sup>2</sup>
3,368	MSP - 3.69%	6,096	132
	State Contribution - 3.49%		

Note:

1. Represents the sum of Monthly Service Payments over the life of the contract.
2. This figure reflects payments from 9 September 2025 (expected date of Commercial Acceptance) to 30 June 2026.

## 6. Financial liability treatment

The State will accrue a financial liability in its balance sheet in relation to the Project. The financial liability arises due to the costs incurred by Project Co during construction, resulting in a progressive build-up of an asset recognised in the State's balance sheet as work in progress. A financial liability will be progressively recognised in line with these costs, representing the State's obligation to make future payments to Project Co for the financing, design and construction of the Project.

The financial liability for the Project is outlined below. The reported figure represents the peak financial liability the State will incur based on the Financial Close Financial Model. This peak occurs following the end of the Development Phase (at Commercial Acceptance).

The financial liability has been calculated under current accounting practice in accordance with AASB 9 Financial Instruments.

**Table 14: Disclosure of financial liability**

Peak Financial liability (nominal) (\$ million)	Peak Financial liability (NPC) (\$ million)	Expected year of peak financial liability	Implied interest rate in financial liability
3,090	2,051	2025	4.68%

## 7. State financial contributions

To reduce the overall financing cost of the Project and enhance value for money, the State will make a one-off capital contribution of \$573 million (nominal) to Project Co upon achievement of Commercial Acceptance, comprising both the hospital and VU Project Components.

The State Contribution must be used by Project Co to reduce project debt. The payment has no material impact on the risk allocation for the Project, as Project Co may still incur significant abatements to the MSP if the Services are not delivered to the required standard.

## 8. Partial bid cost reimbursement

The State will make a contribution to the unsuccessful Respondents for the verifiable and reasonable external costs incurred in preparing their Proposals (capped to a maximum payment to each unsuccessful Respondent of \$5 million).

Payment of the contribution to Proposal costs is subject to the unsuccessful Respondents satisfying certain terms and conditions.

Reimbursement of a proportion of the unsuccessful Respondents' bid costs is consistent with the Partnerships Victoria Requirements where it will maximise competition by incentivising stronger market responses and attracting better quality Proposals. The State retains the intellectual property contained in each unsuccessful Respondent's Proposal.



## Part Three – Key Commercial Features

## 9. Parties to the contracts

The State has contracted with Project Co to deliver the Project.

The State has separately contracted with Victoria University in relation to its involvement in the Project, including its funding contribution. Whilst the VU Project Components are included in the Project scope, there is no direct contractual relationship between Project Co and Victoria University. Further detail concerning the Victoria University arrangements is set out in Section 12.

The relevant parties under the contractual arrangements are set out below.

**Table 15: Relevant parties**

Entity	
<b>State Parties</b>	
<b>The State</b>	The State is a signatory to the Project Deed and ancillary Project documents. The Minister for Health is the person empowered to execute these contracts on behalf of the State.
<b>Secretary</b>	The Secretary is a signatory to certain ancillary Project documents in its capacity as owner of the Project Site.
<b>Western Health</b>	Western Health will be a signatory to the Operational Phase licence when it is entered into in its capacity as lessee of the hospital upon completion of construction. It will also deliver the clinical services at the new hospital.
<b>Key Private Sector Parties</b>	
<b>Project Co</b>	Project Co is Plenary Health (NFH) Pty Ltd in its capacity as trustee of the Plenary Health (NFH) Unit Trust. Project Co is the counterparty to the Project Deed, and is the primary contracting entity with the State. Project Co, in turn, has entered into a range of contracts with other parties to facilitate the delivery of the Project.
<b>Finance Co</b>	Finance Co is Plenary Health (NFH) Finance Pty Ltd. Finance Co will on-loan funds borrowed from the Financiers to Project Co.
<b>D&amp;C Contractor</b>	The D&C Contractor is Multiplex Constructions Pty Ltd. Project Co has appointed the D&C Contractor to design and construct the facility.
<b>Services Contractors</b>	The Services Contractors are Compass Group Healthcare Hospitality Services Pty Ltd and Honeywell Ltd. Project Co has appointed these entities to provide a range of facilities management services to the facility.
<b>Car Park Contractor</b>	The Car Park Contractor is Wilson Parking Australia 1992 Pty Ltd. Project Co has appointed this entity to provide services to the new Footscray Hospital and Sunshine Hospital.
<b>Equity Investors</b>	Plenary Investments (NFH) Pty Ltd and Sojitz Healthcare Australia Pty Ltd have provided or committed to provide the required equity for Project Co.

## Entity

### Financiers

The following entities have committed to provide the short term debt required for the Project:

- Credit Industriel et Commercial
- National Australia Bank
- Nippon Life Insurance Company
- Norinchukin Australia Pty Limited
- Mizuho Bank Ltd
- Westpac Banking Corporation.

## Other parties

### Commercial licensees

Project Co will enter into licences with future tenants of the commercial opportunities areas within the hospital and the Tiernan Street Building for the conduct of the approved commercial purposes.

### Independent Reviewer

North Projects Pty Ltd has been jointly appointed by the State and Project Co to oversee the design and construction of the Project in accordance with the Independent Reviewer Deed of Appointment.

### Victoria University

Victoria University has committed to fund the VU Project Components for both construction and ongoing facilities management services.  
Detail concerning these arrangements is provided in Section 12.

### Department of Transport

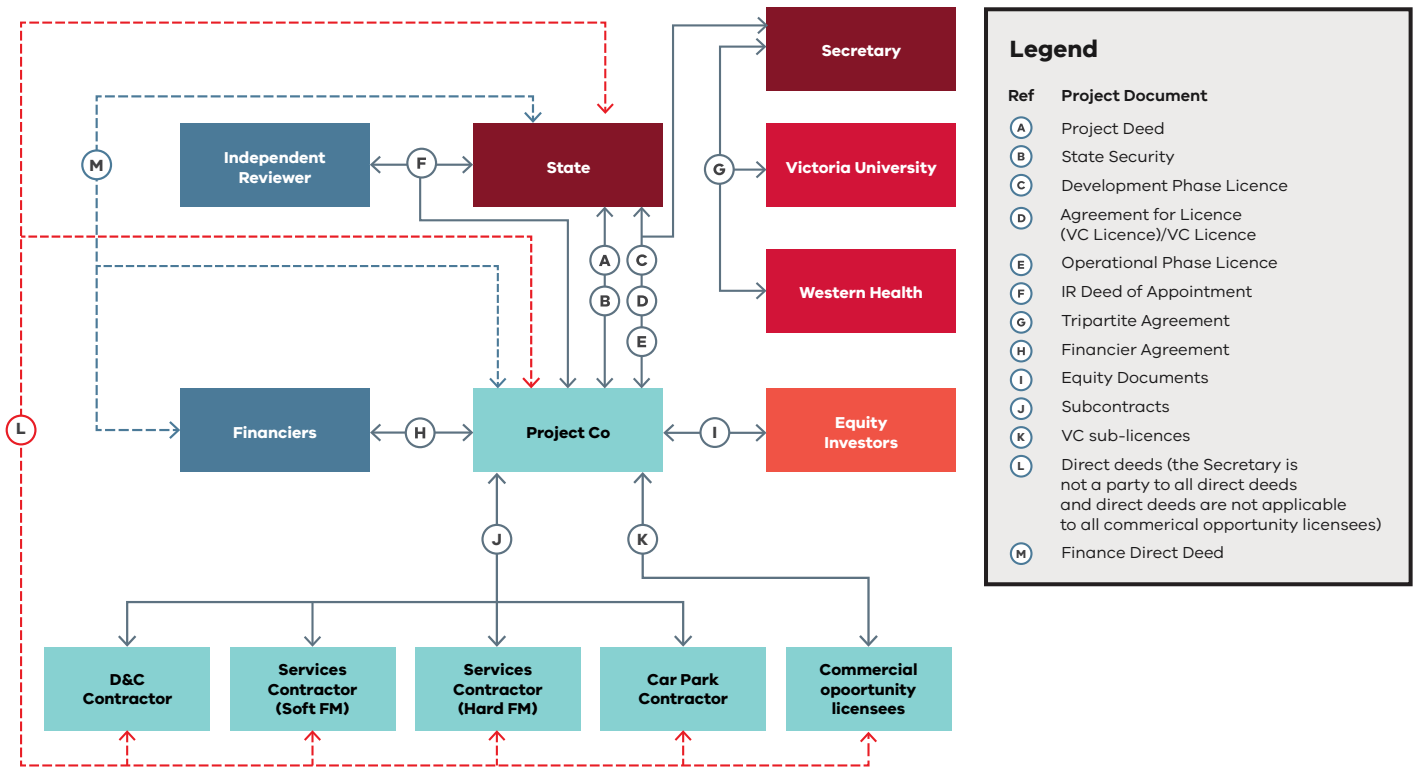
The Department of Transport has granted an airspace licence to the Secretary for the construction and maintenance of the Pedestrian Footbridge. The Secretary has in turn granted access to Project Co for these purposes pursuant to the terms of this licence.

# 10. Contractual Relationships

The contractual framework for the Project adopts a typical document structure used for 'availability' PPPs under the Partnerships Victoria Framework.

Figure 3 sets out a high-level overview of the contractual framework between the State and the private sector. It does not include all ancillary agreements.

**Figure 3: Contractual structure**









# 11. Contractual terms

## 11.1 Risk allocation

The risk allocation in the Project Deed allocates risks to the party best able to manage them in order to achieve best value for money for the State. This results in various risks being:

- retained by the State
- transferred to the private sector, or
- shared between the parties.

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

The following table provides a high level outline of the risk allocation for the Project. Where a risk is allocated to more than one party, those parties may not share that allocation equally. All risks are dealt with in detail in the Project Deed and associated documents.

**Table 16: Risk allocation**

No.	Type of Risk	Description	Allocation		
			State	Shared	Project Co
<b>Land acquisition and planning risk</b>					
1	Land availability	Risk associated with acquiring land identified by the State as required for the Project.	✓		
2	Additional land	Any additional land required by Project Co above the land made available by the State.			✓
3	Planning approvals	Obtaining planning approvals for the Project in relation to land made available by the State.	✓		
		Obtaining planning approvals for the project in relation to any additional land required by Project Co.			✓
		Changes to planning approvals proposed by Project Co after Contract Close.			✓

No.	Type of Risk	Description	Allocation		
			State	Shared	Project Co
4	Compliance with planning approvals	Obligation to comply with relevant planning approval conditions.			✓
<b>Site risks</b>					
5	Contamination: <ul style="list-style-type: none"> <li>on the Project Site or its direct vicinity which is caused or contributed to by Project Co or which Project Co encounters, disturbs or interferes with</li> <li>required to be remediated as a consequence of any approval</li> </ul>	Cost relating to the management and removal of such contamination on the Project Site			✓
6	Contamination which: <ul style="list-style-type: none"> <li>the State directs Project Co to remediate</li> <li>is the subject of a contamination notice</li> </ul>	Cost relating to the management and removal of such contamination on the Project Site.	✓ (other than where Project Co is required to remediate that Contamination as set out in item 5 or 6 above)		
7	Native Title Claims	Risk of cost and delay if native title claims are made in respect of the land made available by the State.	✓		
		Risk of cost and delay if native title claims are made in respect of any additional land required by Project Co.			✓
8	Aboriginal heritage and artefacts	Risk of cost and delay resulting from discovery of items and Aboriginal heritage and artefacts at the Project Site.	✓		

No.	Type of Risk	Description	Allocation		
			State	Shared	Project Co
9	Environmental risk	Risk of general site and environmental conditions (excluding those specifically identified).			✓
<b>Design, construction and commissioning risks</b>					
10	Force majeure	Risk of delay caused by force majeure events which prevent construction milestones being met.		✓	
11	Design risk	Risk that the design development process cannot be completed on time or to budget or that the design does not meet the Project Scope and Delivery Requirements.			✓
12	Construction risk	Risk that construction cannot be completed on time or to budget.	✓ (only where caused by a State breach and specified relief events)		✓
13	Equipment	Responsibility for the selection, procurement and maintenance of Group 1 Equipment.			✓
		Responsibility for the selection, procurement and maintenance of Group 2 Equipment.		✓ (shared responsibility for selection with Project Co)	✓
		Responsibility for the selection, procurement and maintenance of Group 3 Equipment.	✓ (responsible for selection and maintenance)		✓ (responsible for procurement in consultation with the State)
14	Defects risk	Risk that defects are identified following completion of construction.			✓
15	Fitness for purpose (commissioning)	Risk that the Project assets are not fit for purpose or do not comply with contractual obligations.			✓

No.	Type of Risk	Description	Allocation		
			State	Shared	Project Co
16	Commissioning	Risk that the Project assets cannot be commissioned in accordance with the agreed commissioning criteria.			✓
17	State-initiated modifications	If the State elects to make a significant variation to the Project assets or the Services to be provided by Project Co.	✓		
<b>Operating Risks</b>					
18	Force majeure	Risk that force majeure events affect the operation or availability of the Project assets.		✓	
19	Asset management KPIs	Meeting required standards with respect to asset management key performance indicators.			✓
20	Asset availability and maintenance	Making the Project asset available in accordance with availability requirements and levels.			✓
21	Meeting performance requirements	The performance of the Project assets does not meet the performance requirements.			✓
22	Maintenance costs	Risk that maintenance costs exceed budgeted costs over the Operational Phase.			✓
23	Operations costs (non-reviewable services)	Risk that operations costs exceed budgeted costs over the Operational Phase.			✓
24	Operations costs (reviewable services)	Risk that operations costs exceed budgeted cost over the Operational Phase.	✓ (at each reviewable services date)		✓ (during each reviewable services term)

No.	Type of Risk	Description	Allocation		
			State	Shared	Project Co
25	Lifecycle costs	Risks associated with the replacement and refurbishment of the Project assets (including plant and finishes) over the Operational Phase.			✓
26	Changes in service levels (closed areas)	Changes in service levels impacting the provision of the Services:			
		o within the parameters specified in the Project Deed; and			✓
		o modifications to service levels and service plan outside the agreed parameters.	✓		
27	Utility price risk	Risk of change in the price of the utility inputs required by the Project assets.	✓		
28	Utility volume risk	Risk of change in the cost of utilities as a result of energy demand.	✓		
29	Residual life and end of term handover	Satisfying the residual design life requirements for the Project assets at the end of the Operational Phase.			✓
30	Carparking revenue	Risk that revenue from carparking differs from forecast revenue.	✓		
31	Commercial opportunities net revenues	Risk that capital and operating costs of commercial opportunities, and revenue generated by commercial opportunities, differs from that projected in the Financial Close Financial Model.			✓

No.	Type of Risk	Description	Allocation		
			State	Shared	Project Co
<b>Approvals</b>					
32	Obtaining, maintaining and complying with approvals (other than planning approvals)	Obtaining, maintaining and complying with approvals for construction of the works and maintenance of the maintained assets.			✓
		Obtaining, maintaining and complying with the approvals required for the value creation opportunities.			✓
<b>Industrial relations</b>					
33	Industrial relations risk	Risks of industrial action in respect of the project activities (excluding those actions which directly affect Project Co and which directly result from an act or omission of the State).			✓
<b>Change in Law or Policy risks; pandemic risks</b>					
34	General change in law	Risk of additional cost or delay resulting from a general change in law during the Development Phase.		✓	
		Risk of additional cost or delay resulting from a general change in law during	✓		
35	Project-specific change in law	Risk of additional cost or delay resulting from changes in law which directly affect the Project assets.	✓		
36	Change in policy	Risk of additional cost or delay resulting from a change in policy where Project Co is legally obliged to comply or the State directs Project Co to comply.	✓		



No.	Type of Risk	Description	Allocation		
			State	Shared	Project Co
37	Occurrence of pandemic	Risk of additional cost or delay resulting from a pandemic direction in existence at Contract Close during the Development Phase.		✓	
		Risk of additional cost or delay resulting from a new pandemic direction after Contract Close during the Development Phase	✓		
		Risk of additional cost or delay resulting from a pandemic direction during the Operational Phase.	✓		
<b>Financing</b>					
38	Financing	Obtaining and maintaining private sector financing for the Project.			✓
39	Base interest rate risk	Base interest rate risk prior to Financial Close.	✓		
		Base interest rate risk from Financial Close to first re-finance date.			✓
		Base interest rate risk from the first re-finance date.	✓		
40	Refinancing	Risk of refinancing losses.			✓
		Risk of refinancing gains.		✓	
41	Tax	Actual tax payable by Project Co differs from the base case financial model.			✓
42	Forex risk	Risk of forex movements			✓

## 11.2 Departures from the Standard Project Deed

The Project Deed is based on the Standard Project Deed. Key agreed departures are summarised in the following table, including project specific regimes and negotiated outcomes.

**Table 17: Summary of departures from the Standard Project Deed**

Topic	Summary
<b>Project specific regimes</b>	
<b>Car park and traffic management services</b>	Incorporates project-specific provisions to address the provision of carpark and traffic management services at the new Footscray Hospital and at the Sunshine Hospital Carpark.
<b>COVID-19 and pandemic risk</b>	Incorporates a relief regime in respect of pandemic directions during the term, in relation to COVID-19 and future pandemics, including additional compensable extension events and an additional compensable intervening event.
<b>Employee transfer</b>	Incorporates a project-specific regime to provide for the transition of employees who provide facilities management services at the existing Footscray Hospital from Western Health to the Services Contractors.
<b>ICT</b>	Incorporates a project-specific regime for the selection, procurement and installation of ICT equipment, including a regime to address the risk of changes to Project Co's ICT network requirements following completion of the design development process and a requirement for Project Co to complete specified ICT works by a specified date.
<b>Patient Food Services</b>	Incorporates a project-specific regime to accommodate the provision by Project Co of specified patient food services from the State's nominated supplier.
<b>Pre-Agreed Modifications</b>	Incorporates project-specific pre-agreed modifications including those outlined in Section 11.5.
<b>Services Mobilisation</b>	Incorporates, in addition to the commissioning period, a Services mobilisation period during which Project Co must comply with the Services mobilisation plan. Project Co's compliance with the Services mobilisation plan is subject to the Independent Reviewer's review of progress.
<b>Commercial opportunities</b>	Incorporates a project-specific regime to provide for the In Hospital Opportunities and the Tiernan Street Building. This includes those opportunities identified at Contract Close and those which may be approved during the Term.

Topic	Summary
<b>Other departures from the Standard Project Deed</b>	
<b>Change in Control</b>	Modified provisions relating to a change in control which is an on-market acquisition, so that the State may require the provision of additional or replacement security, rather than this comprising a major default or default termination event in the first instance.
<b>Changes in law since the Standard Project Deed was published</b>	The Standard Project Deed predates the Local Jobs First Policy and ipso facto insolvency law reforms and has been updated to address these.
<b>Commercial Acceptance</b>	Project Co has recourse to an expedited dispute resolution process if it disagrees with a determination made by the State in relation to the achievement of Commercial Acceptance.
<b>Development Phase Finance Amounts</b>	Incorporates provisions to entitle Project Co, in the case of a change compensation event, to not only incremental interest caused by the relevant event, but to the recovery of amortising principal that would have been paid during the period of delay.
<b>Escrow Material</b>	Incorporates provisions to provide the parties with flexibility to agree whether any relevant intellectual property be treated as escrow material.
<b>Extension of time regime</b>	The Standard Project Deed was updated during the tender process to incorporate amendments to the extension of time regime, including to provide for interim determinations of extensions of time by the Independent Reviewer.
<b>Interface Works</b>	Interface works regime is modified to reflect that: <ul style="list-style-type: none"> <li>• there are no relevant interface parties identified at Contract Close, but Project Co and any relevant subcontractor may be required to enter into a direct interface deed during the term as a modification, and</li> <li>• works undertaken by VU during the Operational Phase are interface works (other than fit out works undertaken by VU shortly following Commercial Acceptance).</li> </ul>
<b>Minor Works</b>	The minor works regime is modified to accommodate the periodic agreement of pricing for the performance of specified minor works and to provide separate minor works limits for the hospital and for the VU Project Components.
<b>Proposal issues</b>	Incorporates provisions which require Project Co to resolve identified issues during the design development process.
<b>Refinancing</b>	The Standard Project Deed was updated during the tender process to incorporate amendments to the refinancing clause. The refinancing clause is also modified to incorporate further departures in relation to the calculation of the Refinancing Gain.

### 11.3 General obligations of Project Co

The full detail of Project Co's obligations is contained in the Project Deed and associated documents. The key obligations of Project Co over the course of the Project are summarised below.

#### 11.3.1 Development Phase

Project Co is responsible for the design and construction of the facility and financing of the Development Activities, including:

- conduct of the design development process with the State, Western Health and Victoria University user groups
- construction and commissioning of the hospital and the VU Project Components by the date for Commercial Acceptance
- selection, procurement, installation and commissioning of Equipment, including ICT equipment, and transfer of specified equipment from the existing hospital
- construction of the In-Hospital Opportunities and the Tiernan Street Building and fitout of specified areas by the date for Commercial Acceptance
- landscaping and grounds works
- completion of utilities and road infrastructure works external to the Project Site and return of such works to the relevant authorities
- obtaining and maintaining certain insurances
- Services mobilisation, including the transfer of relevant employees from Western Health to the Services Contractors
- drawdown of debt and equity finance in accordance with the financing documents.

#### 11.3.2 Operational Phase

Project Co is responsible for the provision of the following Services throughout the Operational Phase to designated areas<sup>3</sup>, in accordance with the performance standards specified in the Project Deed:

- General services
- FM Help desk services
- Building management services (asset maintenance and lifecycle replacement, including for specified Equipment)
- Security services
- Waste management services
- Pest control services
- Cleaning services
- Patient food services
- Portering services
- Carpark and traffic management services
- Grounds and gardens maintenance services
- Utilities management services
- Materials distribution services
- PSA and dedicated attendant services.

Project Co is also responsible for the following during the Operational Phase:

- undertaking minor works within budgeted allowances
- obtaining and maintaining certain insurances

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<sup>3</sup> *Provision of defined Services to the commercial opportunities areas varies depending upon their location and nature.*

- undertaking all necessary tasks to ensure that the Project assets are handed back to the State on expiry of the Operational Phase in the required condition and in accordance with the end of term requirements set out in the Project Deed, and
- repayment of debt and payment of distributions to equity in accordance with the provisions of the financing documents.

#### 11.4 General obligations of the State

The State's obligations under the Project Deed include the following:

- procuring planning approval for the Project
- granting or procuring the grant of the Development Phase and Operational Phase licences to Project Co to enable Project Co to access the Project Area and the Sunshine Hospital Carpark (as necessary)
- reviewing and commenting on design documentation and other material that will be submitted by Project Co in accordance with the Project Deed
- determination of the achievement of Commercial Acceptance, and
- payment to Project Co of the State Contribution following Commercial Acceptance and the MSP during the Operational Phase, subject to any abatement that may apply if Services are not delivered to the required performance standard.

#### 11.5 Changes in cost to the State

##### 11.5.1 Change in law and policy

The State bears the risk of cost increases or savings arising from certain changes in law and changes in policy that occur after Contract Close.

##### 11.5.2 Relief events

Subject to certain conditions, Project Co may be entitled to performance relief under the Project Deed and to payment by the State of certain additional costs and expenses incurred by it as a result of the following events:

**Table 18: Relief events**

Relief Event	Details of relief event
The State will provide Project Co with an extension of time and costs during the Development Phase for:	<ul style="list-style-type: none"> <li>• A breach by the State of a Project Document</li> <li>• Certain acts or omissions of the State or any State Associate when acting in connection with the Project</li> <li>• Certain proximate interface works and site interface works</li> <li>• Cessation or suspension of the construction activities or a material change to the way they are carried out because of a pandemic direction in certain circumstances</li> <li>• Cessation or suspension of the construction activities or a material change to the way they are carried out because of a direction, order or requirement of the law in connection with a heritage claim or native title claim</li> <li>• Industrial action which occurs in the direct vicinity of the Project Site and is caused by the State when acting in connection with the Project or a State Associate (subject to certain exclusions)</li> <li>• If the State directs the suspension of the construction activities (subject to certain exclusions)</li> <li>• In certain circumstances, the exercise of the State's right of step-in</li> <li>• Any other event expressly stated to be a compensable extension event.</li> </ul>

Relief Event	Details of relief event
The State will provide Project Co with an extension of time (but not costs) during the Development Phase for:	<ul style="list-style-type: none"> <li>• Any breach of a direct interface deed by a direct interface party</li> <li>• Any other event expressly stated to be an extension event.</li> </ul>
The State will provide Project Co with relief from performance and costs during the Operational Phase for:	<ul style="list-style-type: none"> <li>• A breach by the State of a Project document</li> <li>• A fraudulent, reckless, unlawful or malicious act or omission of the State when acting in connection with the Project or any State Associate</li> <li>• Cessation or suspension of the services or a material change to the way they are carried out because of a direction, order or requirement of the law in connection with a heritage claim or native title claim</li> <li>• Cessation or suspension of the Services or a material change to the way they are carried out because of a pandemic direction</li> <li>• Industrial action which occurs in the direct vicinity of the Project Site and is caused by the State when acting in connection with the Project or a State associate (subject to certain exclusions)</li> <li>• Certain proximate interface works and site interface works</li> <li>• Any other event expressly stated to be a compensable intervening event.</li> </ul>
The State will provide Project Co with relief from performance (but not costs) during the Operational Phase for:	<ul style="list-style-type: none"> <li>• If the State directs the suspension of the Services (subject to certain exclusions)</li> <li>• In certain circumstances, the exercise of the State's right to step-in</li> <li>• Any breach of a direct interface deed by a direct interface party</li> <li>• Any other event expressly stated to be an intervening event.</li> </ul>
The State will provide Project Co with relief from performance, an extension of time and certain costs for:	<ul style="list-style-type: none"> <li>• Earthquake, natural disaster, bushfire, landslide, seismic activity, tsunami or mudslide, and fire, explosion or flood caused by those events</li> <li>• Severe winds</li> <li>• A 100 year flood event</li> <li>• Certain risks that are uninsurable at Contract Close</li> <li>• In certain circumstances, utility interruptions</li> <li>• Suspension of activities due to the occurrence of a force majeure event</li> <li>• The exercise of the State's right to step in due to the occurrence of a force majeure event.</li> </ul>

### **11.5.3 Modifications and augmentations**

The Project Deed contains the following mechanisms for effecting changes to the scope of Project.

#### **11.5.3.1 Modifications (including pre-agreed modifications)**

The State may, at its sole discretion, request Project Co to implement changes to the Project assets and services, provided that Project Co provides a value for money offer to implement the change and the State adequately compensates Project Co in accordance with the Project Deed. This regime captures minor modifications and other changes to the Project scope, but excludes augmentations and minor works.

The Project Deed includes pre-agreed modifications where the scope, modification election date and methodology for determination of the modification cost or saving in relation to the Services is 'pre-agreed'. These include the following adjustments to be effected prior to the commencement of the Operational Phase:

- Food Volume Adjustment – to adjust meals pricing following nomination of pricing of specified food items by a State nominated supplier
- Services payment adjustment – to adjust indexation or rates of specified items for the period from Contract Close up to the operations commencement date.

#### **11.5.3.2 Augmentations**

This regime captures substantial changes to the Project requirements and activities which the State considers is likely to cost in excess of \$100 million, and which the State determines should be delivered pursuant to the augmentation process. This process entails up front agreement of the process for the tendering and implementation of the augmentation, including fees and margins payable and equity returns subject to an agreed cap.

## **11.6 Default and termination regime**

### **11.6.1 Default**

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

The Project Deed also elevates a number of events to immediately be classified within the major default category (for example a failure to achieve commercial acceptance by the required date or a failure to maintain the required insurances).

In respect of major defaults, Project Co is required to provide a cure program to be reviewed and agreed by the State.

Where Project Co fails to cure the major default in accordance with the agreed cure program (if the major default is capable of cure) or to comply with the reasonable requirements of the State (if the major default is not capable of cure), this will generally, subject to financier cure rights, give rise to the State's right to terminate the Project Deed.

Certain events of default are so severe that they are not subject to a cure regime. These events give rise to a State termination right immediately upon their occurrence (for example the insolvency of Project Co or continued poor performance during the Operational Phase).

### 11.6.2 Step-In

In addition to triggering termination rights (or potential termination rights), major default events and default termination events may trigger additional State rights and remedies including the right to step-in to remedy the situation (that is, the right to assume control and management of the Project).

The circumstances where the step-in rights for the State, as specified in the Project Deed, can be triggered include when:

- a major default has occurred and Project Co is not complying with its obligations with respect to the major default;
- a default termination event has occurred;
- a cure notice has been issued by a key subcontractor; or
- a law entitles the State to a statutory right of step-in.

The default-related step-in right is subject to any step-in rights the financiers may have. During any step-in associated with a default or which is otherwise caused by Project Co, the MSP will be abated to the extent that the Services are not being provided.

### 11.6.3 Termination

Where the Project Deed is terminated before the natural expiry of the intended 25 year Operational Phase, Project Co may be entitled to a termination payment. The Project Deed may be terminated as a result of the following:

- the occurrence of a default termination event
- a force majeure Termination Event, and
- voluntary termination by the State.

The basis for the calculation of the termination payment will be determined by the reason for the termination as summarised below.

**Table 19: Termination scenarios**

Event	Trigger	Termination Payments
<b>Default termination event</b>	The State may terminate the Project Deed if a default termination event occurs (including where a major default has not been remedied in accordance with the Project Deed).	The Project's fair market value determined by retendering or an independent valuer (where there is no liquid market, or the State elects not to conduct a retender).
<b>Voluntary termination</b>	The State may at any time, for reasons of its own choosing, unilaterally elect to terminate the Project Deed for convenience.	The outstanding debt as at the termination date and other reasonable costs, including: <ul style="list-style-type: none"> <li>• a capped amount of break costs to key subcontractors</li> <li>• a return to equity</li> <li>• agreed break costs attributable to commercial opportunities.</li> </ul>
<b>Termination for force majeure</b>	The occurrence of a force majeure termination event.	The outstanding debt as at the termination date plus other costs.



### **11.7 Finance and security arrangements**

Project Co is responsible for the provision of debt and equity finance for the Project. Its funding structure comprises short term debt drawn progressively from Financial Close (hedged by way of a swap) and equity committed at Financial Close by way of an equity letter of credit, with the equity funding drawn down during construction.

As stated in Section 7, a proportion of the total debt at Commercial Acceptance will be repaid by way of a State Contribution. The remaining debt is for an initial period of six years from Financial Close. It is assumed that debt will then be refinanced at regular intervals over the remainder of the Project term.

The State will not share in any refinancing losses but will be entitled to 100 per cent of the benefit of any refinancing gain which arises from a change in the manner or timing of payment of the State Contribution and 50 per cent of the benefit of any other refinancing gain, after allowing Plenary Health to recoup any prior refinancing losses.

The State takes security over all of Project Co's rights and undertakings as security for performance of Project Co's obligations. Under the Finance Direct Deed, the State, financiers and Project Co agree the usual priority and enforcement rights whereby the State obtains first priority for out of pocket amounts (e.g. on step-in) and amounts payable to it on termination.

### **11.8 State rights at expiry of contract**

The Project Deed requires Project Co to hand back the Project assets at the expiry of the Operational Phase (or on earlier termination) for nil consideration in a pre-defined state known as the handover condition. The State will then resume control of those assets.

To ensure that the assets are able to meet the handover condition at the end of the Project, in the two years prior to expiry of the Operational Phase, an independent expert will be appointed to undertake reviews to ensure that lifecycle and maintenance works are completed so that the assets will meet the relevant handover condition.

If the remaining MSPs are less than 120% of the estimated cost of delivering the works to meet the handover condition, Project Co must elect to provide additional bonding or allow the State to deposit a portion of the remaining MSPs into an escrow account.

### **11.9 Audit and inspection rights of the State**

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

- inspect, observe or test any part of the works, infrastructure or project activities
- examine and make copies of the accounts and other records, reports and all documents reasonably requested of Project Co or any of its key subcontractors in connection with the project, and
- disclose information in connection with the project to satisfy the disclosure requirements of the Victorian Auditor-General or to satisfy the requirements of Parliamentary accountability.





## 12. Victoria University arrangements

### 12.1 Tripartite Agreement

Prior to issue of the RFP, the Secretary entered into a Tripartite Agreement with Victoria University concerning the potential inclusion of the VU Project Components within the Project, subject to planning approval and affordability constraints. These matters were resolved throughout the tender process resulting in inclusion of these components in the Project at Contract Close.

### 12.2 Other agreements

To enable the construction and operation of the Pedestrian Footbridge, the following agreements have also been entered into:

- **Airspace Licence:** between the Head, Transport for Victoria and the Secretary to allow for the construction of a bridge across Ballarat Road
- **VU Licence:** between Victoria University and the Secretary to provide for the bridge landing on the northern side of Ballarat Road, together with access for related construction works.

# Appendix A Glossary

## Acronyms and Definitions

Defined Term/Acronym	Meaning
<b>CCC</b>	Means the Project's Community Consultative Committee
<b>Commercial Acceptance</b>	Means the stage when Project Co has achieved the State's design, construction and commissioning requirements in accordance with the Project Deed.
<b>Contract Close</b>	Means the date of execution of the Project Deed and associated documents by the State and Project Co being 10 March 2021.
<b>D&amp;C Contractor</b>	Means Multiplex Constructions Pty Ltd.
<b>Department</b>	Means the Department of Health of the State of Victoria.
<b>Development Activities</b>	Means the activities which Project Co is required to perform in the Development Phase.
<b>Development Phase</b>	Means the period beginning on Financial Close and ending upon achievement of Commercial Acceptance.
<b>Equipment</b>	Means the furniture, fixtures and equipment required for the hospital and the VU Space as specified in the PSDR.
<b>ESD</b>	Means ecologically sustainable development.
<b>Evaluation Criteria</b>	Means the criteria for evaluating Proposals, as set out in Appendix B.
<b>Expiry Date</b>	Means the earlier of the date which is 25 years from Commercial Acceptance or the date of early termination of the Project Deed.
<b>Expression of Interest or EOI</b>	Means expression(s) of interest prepared in respect of the Invitation for EOI.
<b>Federal Street Building</b>	Means the building to be located on Federal Street incorporating the gym, community hub and carparking.
<b>Financial Close</b>	Means the date upon which all conditions precedents under the Project Deed were satisfied or waived, being 11 March 2021.
<b>Financial Close Financial Model</b>	Means the financial model submitted by Project Co as updated at Financial Close.
<b>ICT</b>	Means information and communications technology
<b>In Hospital Opportunities</b>	Means the Project Co commercial opportunities other than those located in the Tiernan Street Building.
<b>Invitation for EOI</b>	The new Footscray Hospital Invitation for EOI issued in June 2019.
<b>Local Content</b>	Has the meaning given in Section 3(1) of the Local Jobs First Act 2003 (Vic).

Defined Term/Acronym	Meaning
<b>Local Jobs First Policy</b>	Has the meaning given in s. 4 of the Local Jobs First Act 2003 (Vic).
<b>Major Projects Skills Guarantee or MPSG</b>	Has the meaning given in s. 4.6 of the Local Jobs First Act 2003 (Vic).
<b>Minister for Health</b>	Means the Victorian Minister for Health.
<b>Monthly Service Payment or MSP</b>	Means the payments made to Project Co as described in Section 5.
<b>National PPP Policy and Guidelines</b>	The suite of guidance material published by Infrastructure Australia and available at <a href="https://infrastructure.gov.au/infrastructure/ngpd">https://infrastructure.gov.au/infrastructure/ngpd</a> .
<b>NPC</b>	Means Net Present Cost.
<b>Operational Phase</b>	Means the period beginning the day after Commercial Acceptance and ending upon the Expiry Date.
<b>Partnerships Victoria Framework</b>	Means the Victorian Government framework that requires compliance with both: <ul style="list-style-type: none"> <li>– the National PPP Policy and Guidelines</li> <li>– the Partnerships Victoria Requirements.</li> </ul>
<b>Partnerships Victoria Requirements</b>	Means the State’s Partnership Victoria policy. Further information can be obtained at <a href="https://www.dtf.vic.gov.au/public-private-partnerships/policy-guidelines-and-templates">https://www.dtf.vic.gov.au/public-private-partnerships/policy-guidelines-and-templates</a> .
<b>Pedestrian Footbridge</b>	Has the meaning given in Section 3.3.2.
<b>Plenary Health or Project Co</b>	Plenary Health (NFH) Pty Ltd as trustee for the Plenary Health (NFH) Unit Trust.
<b>Points of Care or POC</b>	A measure of hospital capacity comprising inpatient beds and acute facilities.
<b>PPP</b>	Public private partnership.
<b>Precinct</b>	Means the area in the vicinity, but outside, of the Project Site, including the Footscray Metropolitan Activity Centre, Footscray Park, Victoria University's Footscray Park campus, railway stations and other nearby amenities, roads and public transport services.
<b>Preferred Respondent</b>	Means the Respondent invited to proceed to the negotiation and completion phase.
<b>Project (or new Footscray Hospital)</b>	Means the new facilities as generally described in Section 3.3 of this RFP to be delivered by Project Co and which are to replace the existing Footscray Hospital.
<b>Project Deed</b>	Means the principal contract between the State and Project Co that establishes the rights and obligations of the parties in respect of the Project.

Defined Term/Acronym	Meaning
<b>Project Objectives</b>	Means the State's objectives for the Project, as outlined in Section 1.3.
<b>Project Scope and Delivery Requirements or PSDR</b>	Means the technical specifications for the Project which are annexed to and form part of the Project Deed.
<b>Project Site</b>	Means the site on which the new Footscray Hospital is to be located, as described in Section 1.4.
<b>Proposal</b>	Means a proposal submitted by the Respondent(s) in response to the RFP.
<b>Public Sector Comparator or PSC</b>	Means the Public Sector Comparator defined in Partnerships Victoria policy as the "estimated hypothetical risk-adjusted cost if a project were to be financed and implemented by the Government".
<b>Request for Proposal or RFP</b>	Means the documents entitled 'Request for Proposal' issued by the State to the Respondents in November 2019.
<b>Respondent</b>	Means the parties which submitted a Proposal in response to the RFP as set out in Section 3.1.
<b>Reviewable Services</b>	Means the services for which a periodic pricing review may be undertaken in accordance with the Project Deed.
<b>RFP Phase</b>	The phase of the tender process which: <ul style="list-style-type: none"> <li>• commenced on the release of the RFP to Respondents for submission of detailed, fully costed and binding Proposals, and</li> <li>• ended on the selection of the Preferred Respondent.</li> </ul>
<b>Secretary</b>	Means the Secretary to the Department of Health, a body corporate established under the Public Health and Wellbeing Act 2008
<b>Services</b>	Means the facilities management services which Project Co is to provide during the Operational Phase as described in Section 11.3.2.
<b>Services Contractor(s)</b>	Compass Group Healthcare Hospitality Services Pty Ltd and Honeywell Ltd.
<b>Services Specification</b>	Means the 'Services Specification' included in the PSDR which sets out the requirements for the Services, KPIs and performance penalties.
<b>Social Procurement Framework</b>	Means Victoria's Social Procurement Framework published 26 April 2018 by the Victorian Government, available at <a href="http://buyingfor.vic.gov.au/social-procurement-framework">http://buyingfor.vic.gov.au/social-procurement-framework</a> .
<b>Standard Project Deed</b>	Means the Partnerships Victoria standard form Project Deed for social infrastructure projects dated March 2018.
<b>State</b>	Means the Crown in right of the State of Victoria and its entities.

Defined Term/Acronym	Meaning
<b>State Contribution</b>	Means the capital contribution to be made by the State described in Section xxx
<b>Sunshine Hospital Carpark</b>	Means the carpark at Sunshine Hospital, located at 176 Furlong Road, St Albans, Victoria.
<b>Tiernan Street Building</b>	Means the building to be located on Tiernan Street incorporating food and beverage outlets, office space and a childcare facility.
<b>Value Creation Objectives</b>	Means the Project's value creation objectives set out in Section 3.4.
<b>Value Creation and Capture Framework</b>	Means the Value Creation and Capture Framework as referred to on <a href="https://www.vic.gov.au/value-creation-and-capture-framework">https://www.vic.gov.au/value-creation-and-capture-framework</a> .
<b>VHBA</b>	Means the Victorian Health Building Authority.
<b>Victoria University</b>	Means the Victoria University, a body corporate and body politic under the <i>Victoria University Act 2010</i> (Vic).
<b>Victorian Industry Participation Policy or VIPP</b>	Means the Local Jobs First – Victorian Industry Participation Policy made pursuant to s. 4 of the <i>Victorian Industry Participation Policy Act 2003</i> (Vic).
<b>VU Project Components</b>	Means the VU Space and the Pedestrian Footbridge.
<b>VU Space</b>	Has the meaning given in Section 3.3.2.
<b>Western Health</b>	Means Western Health (ABN 611667 35672), a body corporate established under the <i>Health Services Act 1988</i> (Vic).



# Appendix B RFP Evaluation Criteria

The State evaluated each Proposal against detailed evaluation criteria.

<b>Qualitative Evaluation Criteria / Sub-Criteria</b>	
<b>Evaluation Criterion A: Master Plan and Architectural Form</b>	
A1	Master Plan
A2	Architectural Form
A3	Landscape
<b>Evaluation Criterion B: Functional and Operational Design</b>	
B1	Functional and Operational Efficiency
B2	Interior Design
B3	Engineering Solution
B4	Flexibility and Expansion Capability
B5	Ecologically sustainable development (ESD)
<b>Evaluation Criterion C: Equipment</b>	
<b>Evaluation Criterion D: Project Management</b>	
D1	Project Co Management
D2	Development Phase Program
D3	Design Development Process
D4	Construction Methodology
D5	Acceptance Requirements
<b>Evaluation Criterion E: Services Solution</b>	
E1	Services Mobilisation Plan
E2	Management of Services Delivery
E3	Service Specific Solutions
<b>Evaluation Criterion F: Commercial and Financial Solution</b>	
F1	Equity Management and Commercial Solution
F2	Acceptance of Risk Profile
F3	Financial Capacity
F4	Financing Structure
F5	Certainty and Robustness of Financing Proposal

**Qualitative Evaluation Criteria / Sub-Criteria**

**Evaluation Criterion G: Commercial and Value Creation Opportunities**

**G1** Design and Functionality

**G2** Achievement of Value Creation Objectives

**G3** Legal and Commercial

**Evaluation Criterion H: Government Policy**

**H1** Social Procurement

**H2** Communications and Community Relations Plan

**Evaluation Criterion I: Industry Development**

**Evaluation Criterion J: Jobs Outcomes**

**Quantitative Evaluation Criteria : Risk Adjusted Cost**

- **Risk Adjusted Cost of Proposal**
- **Financial Assumptions**
- **Value for Money Enhancements and other cost impacts**

# Appendix C Public Interest Test

Protecting the public interest		
Public interest element	Standard	Assessment
<p><b>Effectiveness</b></p> <p><b>Is the project effective in meeting government objectives?</b></p>	<p>The new Footscray Hospital aligns with all relevant government policies and, in particular, the following key policies:</p> <p><u>Department of Health and Human Services (DHHS) Health 2040 (2016)</u></p> <ul style="list-style-type: none"> <li>• Sets out the government’s vision for better health, access, and care in Victoria’s health system.</li> </ul> <p><u>Plan Melbourne (2017)</u></p> <ul style="list-style-type: none"> <li>• Forecasts that the inner west will grow by more than 147,000 residents by 2036 based on data from VIF2016.</li> <li>• Designates Footscray as a Metropolitan Activity Centre.</li> </ul> <p><u>DHHS Strategic Plan 2019</u></p> <ul style="list-style-type: none"> <li>• There is increased demand on hospital services due to long term health conditions.</li> <li>• Contributing to a stronger Victorian economy through creating jobs in the construction sector through major capital investments.</li> </ul> <p><u>Department of Jobs, Precincts and Regions – Priority Precincts</u></p> <p>A stronger health offer in Footscray will give people better access to medical and care services.</p> <p><u>Local Jobs First Policy</u></p> <ul style="list-style-type: none"> <li>• The policy seeks to drive local industry development by specifying local content and Major Project Skills Guarantee (MPSG) requirements.</li> </ul> <p><u>Value Creation and Capture Framework and Social Procurement Framework</u></p> <ul style="list-style-type: none"> <li>• These policies seek to maximise the social, economic, and environmental outcomes delivered from Government investment</li> </ul>	<p>The new Footscray Hospital is closely aligned with a number of State policy objectives, in particular, those which relate to improving health care in Victoria’s growth areas along with access to jobs and services.</p> <p>In this context, the Business Case and Request for Proposal for the new Footscray Hospital specified an output/service delivery solution which is consistent with government policy as outlined below.</p> <p>The new Footscray Hospital sits alongside other hospital projects in West Victoria such as Sunshine Hospital emergency department redevelopment, the Werribee Mercy Hospital expansion and the proposed new hospital in Melton as well as a range of other initiatives seeking to meet the needs of a growing and ageing population and improve the amenity of the West’s deteriorating hospital facilities.</p> <p>At the time of funding the Project, around 11.7% of the population in Western Melbourne are low income or welfare dependent families compared with 8.7% of the average population across the State. Patients in Melbourne’s West are also presenting with more chronic disorders compared to similar hospitals in Victoria.</p> <p>The new Footscray Hospital enables residents to access health services within their region rather than travel to the inner metropolitan areas, which are at capacity.</p> <p>The new Footscray Hospital will employ approximately 2,000 people at peak construction and facilitate the transformation of Footscray into a tertiary level health education precinct.</p> <p>The new Footscray Hospital (including through the partnership with Victoria University) will unlock additional private and education investment in Footscray and enable establishment of a new health, education, and community precinct for the inner west. The new Footscray Hospital also provides services (beyond the core hospital) that are for the benefit of the community consistent with the Value Creation and Capture Framework.</p> <p>The Local Jobs First and Social Procurement commitments form part of the Project’s contractual documentation with Project Co.</p>

## Protecting the public interest

Public interest element	Standard	Assessment
<p><b>Accountability and transparency</b></p> <p><b>Do the partnership arrangements ensure that:</b></p> <p><b>the community can be well-informed about the obligations of government and the private sector partner; and</b></p> <p><b>they can be overseen by the Auditor General</b></p>	<p>The new Footscray Hospital complies with all Victorian Government accountability and transparency policies and obligations including under the:</p> <ul style="list-style-type: none"> <li>• <i>Freedom of Information Act 1982 (Vic)</i>;</li> <li>• <i>Victorian Government Purchasing Board Probity Policies</i>;</li> <li>• <i>Audit Act 1994 (Vic)</i>; and</li> </ul> <p>The monitoring role of the Health Complaints Commissioner in relation to Department of Health and Project Co's obligations and performance standards.</p>	<p>The community will be well informed about the obligations of both the Government and private sector partners through several mechanisms, including:</p> <ul style="list-style-type: none"> <li>• details of the relevant contracts, subject to commercial-in-confidence considerations, are published in accordance with Victorian Government policy;</li> <li>• information on the new Footscray Hospital's performance being available in the department's annual report once the hospital is operational;</li> <li>• the Freedom of Information Act applying to the new Footscray Hospital;</li> <li>• the Auditor-General will have access to project information in accordance with the Audit Act;</li> <li>• Victorian Government Purchasing Board Policies were applied to the tender process;</li> <li>• an independent probity adviser oversaw the procurement process to ensure the process was fair and transparent and conducted in accordance with the new Footscray Hospital's Probity Plan. The probity adviser provided sign-off to government following the conclusion of the evaluation process and negotiation process with Plenary Health; and</li> <li>• the Health Complaints Commissioner resolves complaints about healthcare and the handling of health information in Victoria. The Commissioner can also investigate matters and review complaints to help health service providers improve the quality of their service. The Commissioner acts independently and impartially.</li> </ul>

## Protecting the public interest

Public interest element	Standard	Assessment
<p><b>Affected individuals and communities</b></p> <p><b>Have those affected been able to contribute effectively at the planning stages, and are their rights protected through fair appeals processes and other conflict resolution mechanisms?</b></p>	<p>The new Footscray Hospital must conduct, or be compliant with:</p> <ul style="list-style-type: none"> <li>• an appropriate public consultation process with those individuals/groups identified as being affected by the new Footscray Hospital;</li> <li>• the Local Jobs First (including the Victorian Industry Participation Policy (VIPP) and MSPG) and Social Procurement Policy;</li> <li>• environmental, OH&amp;S and other assessments of the Project Area;</li> <li>• Charter of <i>Human Rights and Responsibilities Act 2006 (Vic)</i>; and</li> <li>• State and local government planning requirements.</li> </ul>	<p>Key government stakeholders have been consulted during the procurement, negotiation and completion phases for the new Footscray Hospital and will continue to be consulted during the Development Phase (as relevant). The following individuals/groups were identified as being affected by the new Footscray Hospital:</p> <ul style="list-style-type: none"> <li>• Government stakeholders including but not limited to Western Health, Department of Treasury and Finance, Department of Premier and Cabinet, Department of Transport, Department of Education and Training, Department of Jobs, Precincts and Regions, Department of Environment, Land, Water and Planning (including the Victorian Planning Authority) and Treasury Corporation Victoria;</li> <li>• Maribyrnong City Council; and</li> <li>• non-Government organisations and clinical and health advocacy stakeholders including local residents, businesses, education institutions such as Victoria University and students and staff at Victoria University.</li> </ul> <p>A Community Consultative Committee was established in mid-2019 to provide a forum for members of the local community to participate in the Project's planning and development through open dialogue and consultation.</p> <p>The consultative committee is chaired by Member for Footscray, Katie Hall MP, and includes:</p> <ul style="list-style-type: none"> <li>• foundation members from key organisations such as Maribyrnong City Council, health service providers (including Western Health)</li> <li>• community members selected through an independent expression of interest process; and</li> <li>• a limited number of invited community members invited by the chairperson.</li> </ul> <p>Victoria University is participating in the Project, including the delivery of education and research space for its exclusive use as part of the hospital and pedestrian footbridge over Ballarat Road connecting its Footscray Park campus with the new Footscray Hospital.</p> <p>The Social Procurement Framework, VIPP and the MSPG apply to the new Footscray Hospital. A set of Local Jobs First and Social Procurement commitments have been agreed with Project Co in relation to the new Footscray Hospital. The Industry Capability Network (ICN) has been consulted as part of project development and actively participates by facilitating the registration of interested parties. ICN informed the development and evaluation of local content and MSPG requirements for the Project.</p>

**Protecting the public interest**

Public interest element	Standard	Assessment
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<p><b>Equity</b></p> <p><b>Are there adequate arrangements to ensure that disadvantaged groups can effectively use the infrastructure or access the related service?</b></p>	<p>The new Footscray Hospital must comply with all relevant government laws and policies including:</p> <ul style="list-style-type: none"> <li>• <i>Disability Act 2006 and the Commonwealth Disability Discrimination Act 1992 (DDA);</i></li> <li>• <i>Racial Discrimination Act 1975 (Cth);</i></li> <li>• <i>Sex Discrimination Act 1974 (Cth);</i></li> <li>• <i>Equal Opportunities Act 1995 (Cth);</i> and</li> <li>• <i>Charter of Human Rights and Responsibilities 2006 (Vic).</i></li> </ul> <p>The key disadvantaged groups expected to use the hospital and access the services are those with physical impairment, chronic disease and the aged.</p>	<p>Contractual provisions include the required safeguards to ensure that Project Co complies with all applicable laws, which include common law and the principles of equity.</p> <p>The <i>Charter of Human Rights and Responsibilities</i> enables patients to protect their rights to privacy, cultural practices, life and protection from inhumane treatment.</p> <p>The hospital facilities will be DDA compliant and also cater for the culturally diverse community that use the hospital.</p>
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<p><b>Public access</b></p> <p><b>Are there safeguards that ensure ongoing public access to essential infrastructure?</b></p>	<p>The existing hospital in Footscray will be open for ongoing public access until the new Footscray Hospital is complete and ready for operation.</p> <p>All required and statutory public access will be provided, where it is safe to do so.</p> <p>Appropriate contractual arrangements will be in place.</p>	<p>The new Footscray Hospital will continue to operate as a public hospital, with Western Health continuing to provide all clinical services at the new hospital. Therefore, there will be no detrimental change to current levels of public access.</p> <p>Project Co will be the provider of facilities management services. Contractual provisions include adequate safeguards to ensure the continued supply of services to the public. The contract includes step-in rights to give the State certain rights to take over the provision of services by Project Co.</p> <p>The new Footscray Hospital will service Victorian patients and families (particularly those from the western region).</p> <p>Alternative carparking arrangements have been put in place by Victoria University for their staff and students following acquisition and closure of the University’s Footscray Park campus carpark for construction of the new Footscray Hospital.</p>
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## Protecting the public interest

Public interest element	Standard	Assessment
<p><b>Consumer rights</b></p> <p><b>Does the project provide sufficient safeguards for service recipients, particularly those for whom government has a high level of duty of care, and/or the most vulnerable?</b></p>	<p>Government's non-delegable duties in relation to health services provision to all members of the community.</p> <p>Australian Charter of Healthcare Rights.</p> <p><i>Charter of Human Rights and Responsibilities 2006 (Vic)</i></p> <p>Service recipients to whom government owes a high level of duty of care such as seniors, low income earners, physically/mentally disabled and people from a non-English speaking background.</p>	<p>The Australian Charter of Healthcare Rights (Healthcare Charter) outlines the rights and responsibilities of patients while attending a public hospital in Victoria. It aims to support a partnership between patients and their health care providers by providing a clear statement of expectations that is understood by both patients and providers. The role of the Healthcare Charter may be summarised as follows:</p> <ul style="list-style-type: none"> <li>• Everyone has the right to access healthcare.</li> <li>• Everyone has the right to the highest possible standard of physical and mental healthcare.</li> <li>• The Charter recognises and respects the diversity of Victoria's population.</li> <li>• Patients and health service consumers can have their concerns addressed in a transparent and timely way without affecting the way they are treated.</li> </ul> <p>The new Footscray Hospital will provide sufficient safeguards for service recipients by:</p> <ul style="list-style-type: none"> <li>• clinical services continuing to be provided directly by the public sector;</li> <li>• appointment of competent service provider(s) (Project Co) for the facilities management services;</li> <li>• inclusion of performance standards required of the service provider (Project Co);</li> <li>• State step-in rights; and</li> <li>• requiring in the PPP contract that Project Co comply with all laws including any relevant health legislation.</li> </ul> <p>Public information on hospitals is published on the Department of Health's website. This information covers performance of the public hospital system including individual hospital performance in areas such as elective surgery access and emergency department performance.</p>
<p><b>Security</b></p> <p><b>Does the project provide assurance that community health and safety will be secured?</b></p>	<p>State's duty of care to the public.</p> <p>Relevant laws and regulations covering OH&amp;S requirements for Western Health's personnel.</p> <p>Minimum performance requirements consistent with existing Western Health obligations and contracts will be required.</p>	<p>The PPP contract will require compliance with health and safety legislation.</p> <p>The PPP contract will include performance standards such as security response requirements required of Project Co.</p>
<p><b>Privacy</b></p> <p><b>Does the project provide adequate protection of users' rights to privacy?</b></p>	<p>Applicable privacy standards with which the new Footscray Hospital is required to comply are set out in:</p> <ul style="list-style-type: none"> <li>• <i>Freedom of Information Act 1982 (Vic)</i>;</li> <li>• <i>Health Records Act 2001 (Vic)</i>;</li> <li>• <i>Privacy and Data Protection Act 2014 (Vic)</i>;</li> <li>• <i>Surveillance Devices Act 1999 (Vic)</i>; and</li> <li>• <i>Charter of Human Rights and Responsibilities Act 2006 (Vic)</i>.</li> </ul>	<p>The new Footscray Hospital will ensure the protection of rights to privacy through adherence to a set of 'Privacy Principles' which includes the 'Health Privacy Principles' as contained in the <i>Health Records Act</i> and the 'Information Privacy Principles' as contained in the <i>Privacy and Data Protection Act</i>.</p> <p>Broader compliance with the <i>Freedom of Information Act</i>, <i>Surveillance Devices Act</i> and <i>Charter of Human Rights and Responsibilities Act</i> provide an additional layer of privacy protection.</p>

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