

# Melbourne Exhibition Centre

**EXPANSION PROJECT**  
PROJECT SUMMARY

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Telephone (03) 9208 3799

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# Foreword

This Project Summary provides information about the commercial and contractual aspects of the Melbourne Exhibition Centre Expansion Project (the **Project**) and is divided into two parts. The first part is an overview of the Project, including the rationale for undertaking it, a summary of the procurement process and the value-for-money assessment. The second part details 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.

This Project involves a modification of the existing PPP arrangements for the Melbourne Convention Centre Development (**MCCD**) between the Secretary to the Department of Economic Development, Jobs, Transport and Resources on behalf of the State of Victoria (the **State**) and Plenary Conventions Pty Ltd (**Plenary Conventions**), a member of the Plenary Group (**Plenary**).

The contractual framework for the Project is consistent with the existing MCCD arrangements and with the Partnerships Victoria Framework. 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 applies to the provision of public infrastructure and related services using private sector expertise to design, finance, build, operate and maintain infrastructure projects. The Framework consists of the National Public Private Partnerships Policy and Guidelines and Partnerships Victoria Requirements. Further information on the Partnerships Victoria Framework is available at [dtf.vic.gov.au](http://dtf.vic.gov.au).

## NOTE

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 Agreement and associated documents. These documents are available online at: [tenders.vic.gov.au](http://tenders.vic.gov.au).

# 1. Project overview



## 1.1 Project background

The MCCD project commenced in 2005 and involved the redevelopment of the Melbourne Convention Centre (**MCC**) and its integration with the Melbourne Exhibition Centre (**MEC**). The MCCD was developed, and continues to be operated, as a public private partnership (**PPP**) by Plenary Conventions. The MCCD was complemented by the commercial development of the DFO South Wharf shopping centre, Hilton Hotel, office tower and residential developments (together, the **Precinct**).

The MCCD has been facing the following issues:

- existing space is inadequate to serve current convention and exhibition demand, resulting in lost opportunities, turned away business and some business moving interstate and overseas;
- a failure to take full advantage of the growth in the conference and exhibition industries; and
- new international and interstate venue investment means that Melbourne is at risk of losing business in the short and longer term.

Increasing the capacity of the MCCD is critical to ensuring the superior performance of the MCCD and the economic benefits of conferences and exhibitions to the State. It will also contribute to the ongoing development of the Precinct, which stretches from Clarendon Street, opposite Crown Casino, down to the DFO South Wharf.

The additional space is expected to generate an additional 74,000 international visitors annually, who spend an average \$693 each day while in Melbourne.

The contractual arrangements for the MCCD contemplated that the State may in future seek to expand the Melbourne Convention and Exhibition Centre (the **Exhibition Centre Expansion**) and designated a site on a purpose built deck to the west of the Exhibition Centre for the expansion. The arrangements contemplated that the Exhibition Centre Expansion could either be delivered by Plenary Conventions as a modification to its existing PPP arrangements or could be delivered by the State separately.

*The additional space is expected to generate an additional 74,000 international visitors annually, who spend an average \$693 each day while in Melbourne.*



## 1.2 Project scope

### Project scope

The Project involves the design, construction, commissioning, maintenance and operation of the Exhibition Centre Expansion. As part of the Project, the Exhibition Centre Expansion will be complemented by the private development of a multi-deck car park and 347-room hotel (together, the **Commercial Developments**). The Commercial Developments are to be delivered by Plenary entities and their partners in the existing commercial developments at the Precinct.

The Exhibition Centre Expansion will extend the existing facilities operated by the Melbourne Convention and Exhibition Trust (**MCET**), namely the Melbourne Convention and Exhibition Centre (**MCEC**), by providing an additional six exhibition bays totalling 9,000 square metres plus associated event spaces, client support rooms and public areas, including:

- 7,500 square metres of flexible exhibition space;
- 1,500 square metres of multi-purpose space (with retractable seating for at least 900 people);
- service pods;

- meeting rooms and informal meeting spaces;
- a loading dock; and
- a link/hub space and concourse (including alterations to the existing MCEC facilities) which will improve integration and links to the existing MCEC facilities.

The operating term of the Project will end in 2034, aligning with the operating term for the existing MCCD PPP.

The Commercial Developments are complementary to, but sit outside of, the PPP arrangements for the Exhibition Centre Expansion. The parties to the Commercial Developments include existing investors in the wider Precinct, incentivising active collaboration with Plenary and the State in the delivery of the Project. The Commercial Developments will enhance the Precinct and improve amenity, with the additional car parking and hotel facilities helping to support MCET events. The costs of the Commercial Developments are to be borne by the developers.

## 1.3 Procurement model

In order to determine the optimal delivery model for the Project, the State undertook a detailed options analysis in 2015 with its technical, commercial and legal advisors. The options considered included:

- a modified design and construct contract, though a sole source procurement with Plenary Conventions involving a modification under the existing MCCD PPP arrangements;
- market tenders for each of the construction and operation of the Exhibition Centre Expansion; and
- a market tender for the construction of the Exhibition Centre Expansion with operation and maintenance of the Exhibition Centre Expansion to be carried out by the facilities maintenance sub-contractor under the MCCD PPP arrangements.

Ultimately, the State chose to undertake a sole source procurement under the MCCD PPP arrangements. It was determined that engaging directly with Plenary Conventions, Plenary and their existing private sector Precinct stakeholder partners to deliver the Project on a negotiated basis had a number of benefits including:

- an opportunity to incorporate complementary commercial developments which enhance the Precinct and support the State's investment in the Exhibition Centre Expansion;
- the State would be able to transfer significant Precinct interface risks to the private sector, mitigating the risk to the State of potential cost overruns and delays that may arise in this type of live precinct construction project. Under the adopted structure, Plenary has responsibility for minimising disruption to other Precinct stakeholders. Plenary is ideally placed to take this risk as it is a current Precinct stakeholder; and
- the adoption of a consistent and cost efficient approach to the delivery of FM and event support services across both the existing MEC and the Exhibition Centre Expansion.

### Project objectives

Table 1 outlines the six Project Objectives and the way they will be realised through the PPP model.

TABLE 1: PROJECT OBJECTIVES

Project Objectives	PPP Delivery Model
<p><b>Design functionality</b> – that the Exhibition Centre Expansion be designed in a manner that supports the operational performance and revenue projections of MCET</p>	<p>The proposal received from Plenary (acting on behalf of Plenary Conventions and stakeholders in the existing retail development at the Precinct) for the development and delivery of the Project (the <b>Proposal</b>) represents a range of significant improvements to the design outcomes anticipated by the business case. Key attributes of the Proposal are that it:</p> <ul style="list-style-type: none"> <li>• completes the urban infill opportunity of the exhibition/entertainment Precinct – functionally and visually fitting in its urban context and surrounding;</li> <li>• incorporates a Hub space that unifies the MEC, the MCC and the Exhibition Centre Expansion, improving the sense of arrival and identity of the Precinct;</li> <li>• improves the connectivity and permeability of the Precinct, providing a better pedestrian experience and opportunity for ground level activities;</li> <li>• is in line with the Project vision. It has provided an International standard facility with iconic architectural response;</li> <li>• achieves the integration with MCC &amp; MEC, and connects the Precinct as one;</li> <li>• meets all core function requirements outlined in brief within the constraints of the site and regulatory framework;</li> <li>• has its own iconic identity, which responds positively to both adjoining facilities and the Precinct;</li> <li>• proposes a level of quality for the building fabric equal to and consistent with the MCC and integrates with the urban context of the Precinct;</li> <li>• achieves the core functional requirements, and provides optimum operational flexibility and efficiency; and</li> <li>• provides clear, safe separation of back of house and front of house operational systems.</li> </ul>
<p><b>Time</b> – that the Exhibition Centre Expansion be completed in time to enable MCET to deliver events in the second half of 2018</p>	<p>The timeline for Project completion will enable MCET events to be booked in the second half of 2018.</p>



Project Objectives	PPP Delivery Model
<p><b>Operations</b> – that the Exhibition Centre Expansion is maintained in a manner that supports MCET’s requirements</p>	<p>The facilities maintenance (<b>FM</b>) solution provides a service comparable to that for the MCCD PPP. It is based on the current FM framework with refinements based on learnings from the experience of delivering services under the existing contract.</p>
<p><b>Business continuity</b> – that the Exhibition Centre Expansion be delivered in a manner that mitigates impact of disruption to MCET, retail, hotel and other Precinct users</p>	<p>The Proposal provides the State with a fully integrated, Precinct wide solution – with Plenary taking responsibility for minimising disruption to other Precinct stakeholders, including key risks associated with the management of relationships with an existing hotel, apartment complex, restaurant developments and related activities, including the 120 commercial tenancies below and around the expansion deck.</p>
<p><b>Value for money</b> – achieving value for money to the State in relation to the Project</p>	<p>The Proposal reflects value for money, on the basis that it delivers the Exhibition Centre Expansion in a manner consistent with the other Project Objectives. The negotiations achieved:</p> <ul style="list-style-type: none"> <li>• the State’s design requirements;</li> <li>• a value for money fixed construction cost and annual FM and SPV management cost;</li> <li>• consistency of approach in the management and maintenance of the MCCD and the Exhibition Centre Expansion;</li> <li>• alignment of the contract term for the existing and new facilities; and</li> <li>• appropriate management of stakeholders in a live operating precinct.</li> </ul> <p>See discussion at <b>Section 1.6</b>.</p>
<p><b>Commercial Developments</b> – that the Commercial Developments will support the State’s Project Objectives and will facilitate site activation</p>	<p>The Commercial Developments proposed by Plenary will enhance the MCCD, the Exhibition Centre Expansion and the existing commercial developments at the Precinct, offering further amenity to users of the Precinct.</p>

## 1.4 Tender process

In early 2015, the State received an unsolicited proposal from Plenary, acting on behalf of Plenary Conventions and existing stakeholders in the retail developments at the Precinct, for the expansion of the MCEC and the construction of the Commercial Developments in order to facilitate site activation of the Precinct.

Following receipt of the proposal, the State undertook an analysis of potential procurement options (as outlined in **Section 1.2**) and developed a business case for the Project. The business case clarified and outlined the State's objectives and included requirements with respect to the design, construction and maintenance requirements for the facility and the proposed commercial principles. The business case also estimated the potential financial cost of the anticipated negotiated outcome.

### 1.4.1 Memorandum of Understanding

In October 2015, the State and Plenary entered into a Memorandum of Understanding (**MoU**) that established a framework for negotiations to implement the Project as a modification under the MCCD PPP arrangements. The framework set out the State's key requirements for the Project, the process for the sole source negotiations, including engagement with the Builder and FM markets, and appropriate regimes for information and cost sharing.

The framework also reserved the State's right to implement the Exhibition Centre Expansion without the involvement of Plenary, taking over the existing process of engagement with prospective builders.

In accordance with the agreed framework, Plenary conducted informal market soundings in November 2015 to test the capacity of the builder market to deliver the Exhibition Centre Expansion and Commercial Developments.

### 1.4.2 Draft RFPR

In December 2015, the State issued a draft Request for Plenary Response (**RFPR**). The draft RFPR sought a binding proposal for the Project from Plenary and:

- provided Plenary with information, including an indicative timetable, to assist in the preparation and lodgement of its proposal;
- detailed the technical, commercial, legal and financial requirements for the Project;
- set out the State's intended approach for consideration of the proposal; and
- detailed the information and other matters sought from Plenary.

### 1.4.3 Builder RFP

At around the same time, with the State's approval, Plenary issued a request for proposal to three construction contractors from the State's Construction Supplier Register, seeking a binding response for the construction of the Project (**Builder RFP**). The builders' proposals were required to (among other things):

- incorporate the project specifications required for the Project by the State in the draft RFPR;
- set a binding price for preliminaries and margins, as a minimum; and
- reflect an allocation of delivery, time, site access and interface risks so that the Exhibition Centre Expansion would be ready to open in 2018.

Pursuant to the MOU, the State approved the terms of the Builder RFP and was also entitled to:

- observe the interactive workshops conducted by Plenary during the Builder RFP process;
- review the builder responses; and
- ask questions of the builders.

As a result of this process, Probuild Constructions Pty Ltd was selected by Plenary as its preferred builder.

#### 1.4.4 Proposal and RFPR evaluation process

In January 2016, the State formally sought Plenary's Proposal for the development and delivery of the Project as a modification under the terms of the RFPR.

Plenary also entered into a probity protocol in favour of the State, which set out the probity and process protocols to be followed during the RFPR process.

In April 2016, Plenary submitted its Proposal for the State's evaluation.

The State evaluated Plenary's Proposal to assess the extent to which the Proposal achieved the evaluation considerations, which were as follows:

- provides certainty for the MCET to book events at the MCEC in 2018, with interface risk fully transferred to Plenary to assure timely completion;
- is consistent with service specifications and design briefs, such that it will enable MCET to achieve the revenue and profit projections on which the Project's business case is based;
- is consistent with the commercial principles set out in the RFPR;
- is consistent with the requirements and process detailed in the RFPR;
- contains a robust implementation plan that mitigates the impact of disruption to the MCEC and other Precinct stakeholders; and

- properly addresses evaluation considerations set out in the RFPR, providing robust assurances that the committed offers made can be converted to executed contract documents within the timeframes specified and on the financial basis presented.

The evaluation considerations related to a range of issues, including the commercial and financial viability of the Project, the design and construction of the Project, workplace relations and safety and policy requirements such as the Victorian Industry Participation Policy.

As set out in **section 1.5**, after considering the above issues, the Evaluation Panel issued a report to the Project Steering Committee to proceed with the Proposal, subject to the satisfactory resolution of certain outstanding items. The Project Steering Committee sought Ministerial approval to proceed with negotiation of final contract documents with Plenary.

#### 1.4.5 Final contract documentation

Negotiation of the final contract documentation was conducted in April and May of 2016, with Contract Close occurring on 28 May 2016.

The parties agreed, as part of Contract Close, that the contract documentation would be amended after Contract Close to address an agreed approach regarding a small number of outstanding issues. The drafting of these amendments were resolved and documented in an Amendment and Restated Deed which was executed on 6 March 2017.

Although the Project is being delivered as a modification to the existing MCCD PPP arrangements, the Project has a distinct contractual framework and structure to manage Project costs and provide appropriate separation of the financing arrangements for each development. For example, all liabilities and risks associated with the Exhibition Centre Expansion are being 'ring fenced' within a new special purpose vehicle company, MECE Project Pty Ltd (**Project Co**).

The Project is principally a PPP, to be delivered under the Victorian Government's Partnerships Victoria Framework. 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 Partnerships Victoria Framework requires that projects comply with the:

- National PPP Policy and Guidelines that apply across all state, territory and Commonwealth arrangements; and
- requirements specific to Victoria as detailed in the Partnerships Victoria Requirements (updated in May 2013).

Details of the National PPP Policy and Guidelines and the Partnerships Victoria Requirements are available at [infrastructureaustralia.gov.au](http://infrastructureaustralia.gov.au) and [dtf.vic.gov.au](http://dtf.vic.gov.au) respectively.

## 1.5 Governance

### Project governance structure

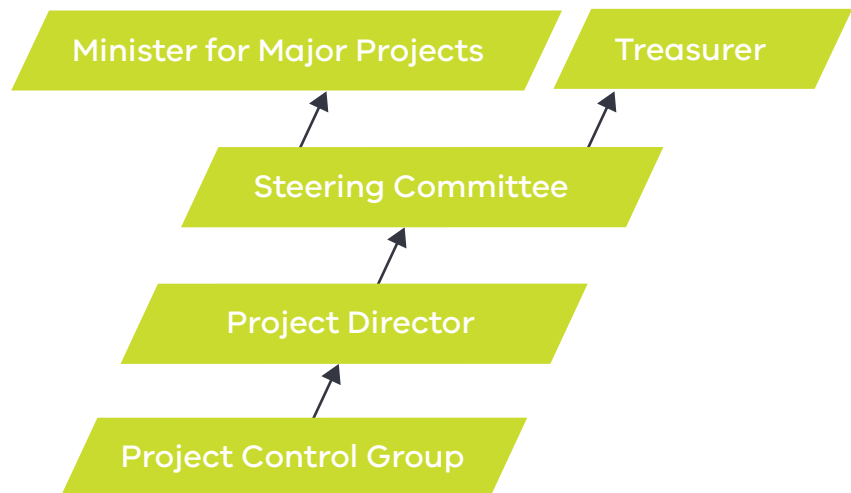
The Project is being delivered within a governance structure that is consistent with the Partnerships Victoria Requirements, as set out in **Figure 1**.

Under this structure, the Project Director and departmental Project Control Group are responsible for delivering the Project and securing the desired outputs and outcomes. They are also accountable to a Project Steering Committee that:

- provides guidance on the delivery of the Project and cost/benefit management;
- ensures an appropriate risk management plan is in place and in use; and
- makes recommendations to the Ministers regarding the delivery and operation of the Project.

The Steering Committee comprises representatives from stakeholder agencies such as MCET, the Department of Economic Development, Jobs, Transport and Resources (**DEDJTR**), and the Department of Treasury and Finance (**DTF**) and the Department of Premier and Cabinet. The Project Control Group comprises representatives from stakeholder agencies such as DEDJTR and MCET, as well as representatives from Project Co and the Builder.

FIGURE 1: GOVERNANCE STRUCTURE – PROJECT







### Governance for the procurement process

The State established a specific governance structure to oversee the procurement process, including the evaluation of the detailed responses to the RFPR. The governance structure for the RFPR evaluation process is represented in **Figure 2**.

Under this structure, an Evaluation Panel was established which reported to the Steering Committee. The Evaluation Panel was supported in the evaluation of the RFPR by three discipline-based evaluation sub-panels.

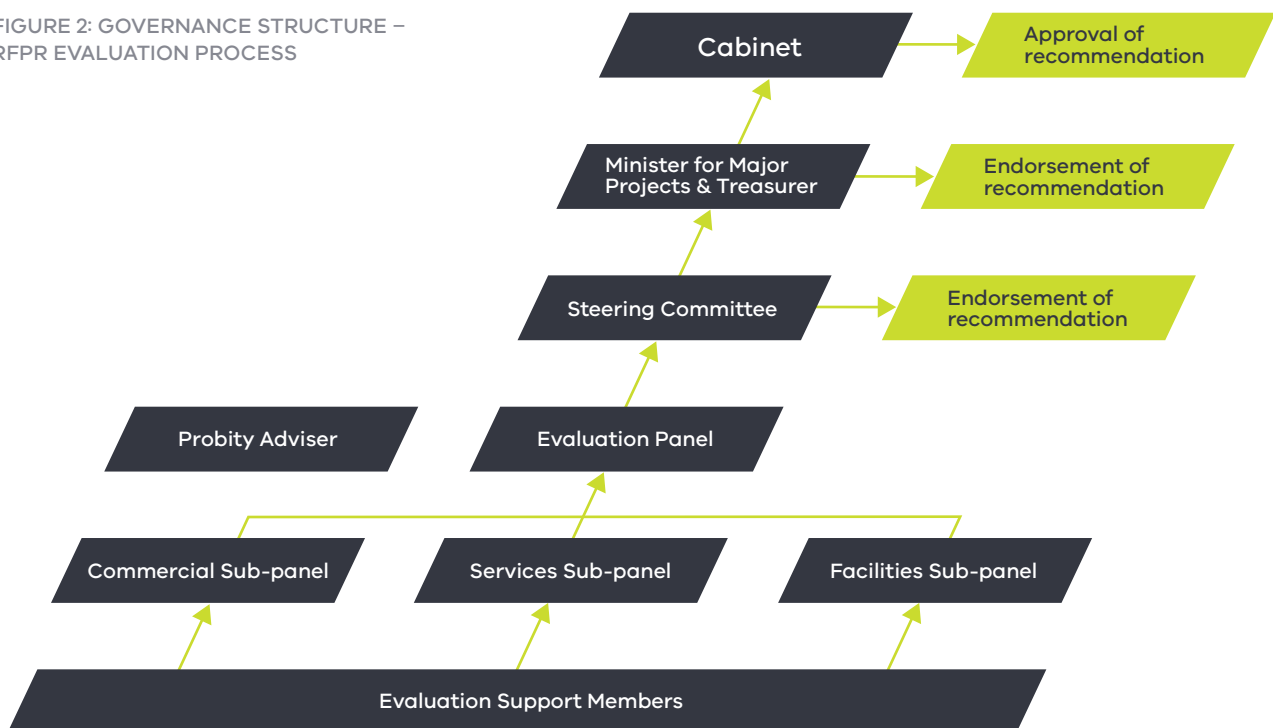
The sub-panels were:

- Commercial and Legal Sub-panel;
- Services Sub-panel; and
- Design and Technical Sub-panel.

The State selected Evaluation Panel and sub-panel members based on government stakeholder representation (including DTF) and requirements for appropriate and relevant skills and experience. DEDJTR staff and the specialist appointed project advisers supported the sub-panels as required.

The Evaluation Considerations that applied to the assessment of the Proposal is set out in **Section 1.4**.

FIGURE 2: GOVERNANCE STRUCTURE – RFPR EVALUATION PROCESS



## Key procurement dates

The procurement process was implemented in accordance with the Partnerships Victoria framework to ensure that the State achieved the best value-for-money outcome. The procurement process involved the Builder RFP and RFPR evaluation are set out in **Table 2**.

TABLE 2: PROCUREMENT DATES – BUILDER RFP AND RFPR EVALUATION PROCESS

Procurement Stage	Dates
Builder market sounding	November 2015
Builder RFP process conducted by Plenary, involving a request for proposal to certain construction contractors, seeking a binding response for the construction of the Project	December 2015
RFPR, conducted by the State, involving a request for proposal and a clarification and evaluation phase	January 2016 to April 2016
Negotiation and completion phase, involving negotiation and finalisation of builder documents and Project documents	May 2016
Contract Close	28 May 2016
Financial Close	1 June 2016
Amendment and Restatement of Project Agreement and State Funding Agreement	6 March 2017

## Procurement outcome

Following the extensive RFPR evaluation process, the parties negotiated the final form of the Project documents and executed the Project Agreement and ancillary contracts that govern the Project. Contract Close occurred on 28 May 2016.

The parties agreed, as part of Contract Close, that the Project documents would be amended after Contract Close to address an agreed approach regarding a small number of outstanding issues. The drafting of these amendments were resolved and documented in an Amendment and Restated Deed which was executed on 6 March 2017.

## Probity

The RFPR process was undertaken within a robust probity framework, endorsed by the Project's probity adviser and based on the following probity principles:

- fairness and impartiality;
- use of a competitive process;
- consistency and transparency;
- security and confidentiality;
- identification and resolution of conflicts of interest; and
- compliance with government policies as they apply to tendering.

At the completion of the RFPR process, the probity adviser confirmed that the process had been conducted in accordance with the applicable requirements.



## 1.6 Value for money

### Value for money outcome

Plenary's Proposal was evaluated in accordance with the RFPR process and was considered to:

- allow MCET to undertake the necessary business development marketing and product offering in the events based market to meet its revenue and profit projections;
- provide a value for money outcome for the State, exceeding RFPR expectations with regard to finish, functionality, pricing and delivery timeframes; and
- contain no significant changes from the RFPR.

In particular, Plenary's Proposal was considered to represent value for money on the basis that it includes:

- a design and technical solution that significantly improves upon the State's reference project, providing a functional outcome that exceeds the expectations of the RFPR and the business case;
- a program that meets the requirements of the RFPR and the business case, with Commercial Acceptance scheduled to occur on Q2 2018;
- a whole-of-Precinct solution that involves significant private sector investment in the delivery of a new multi-deck space car park and a hotel with a combined gross floor area of approximately 46,500 m<sup>2</sup>, both of which will enhance the Precinct and support activities at the MCC and the expanded MEC;

- a commercial solution that transfers significant risk to the private sector, including in relation to the management of interface issues between the Exhibition Centre Expansion and the existing MCCD PPP, the existing commercial developments and the proposed new developments. This includes responsibility for managing precinct stakeholders including approximately 120 commercial tenancies impacted by the Project.
- the design and construction costs (which represent the most significant component of the project costs) were competitively tendered and are materially below the State's initial cost estimate;
- all other costs were independently benchmarked by the State's advisers against other recent competitively tendered transactions;
- these pricing outcomes were achieved while meeting or exceeding the State's design, functionality and program requirements; and
- by modifying the existing MCCD PPP and engaging with Plenary and the existing private sector Precinct stakeholders, the State's approach:
  - ensured a consistent approach to the delivery of facilities management services across the existing MEC and the Exhibition Centre Expansion; and
  - enabled Plenary to develop a proposal that includes complementary commercial developments which enhance the Precinct and support the State's investment in the Exhibition Centre Expansion.

### Net present value

Table 3 summarises the total nominal and net present cost of the negotiated outcome for the extension term.

TABLE 3 – DISCLOSURE OF TOTAL NOMINAL CASHFLOWS AND NET PRESENT COST

<b>Sum of nominal cashflows over the Extension Contract (nominal) (\$m)</b>	315
<b>Net present cost of negotiated outcome as at 31/03/2016 (\$m)</b>	237
<b>Discount rate used to arrive at net present cost (% nominal)</b>	6.05

#### NOTES:

The numbers summarised in Table 3 represent the total estimated payments to be made to Project Co over the duration of the PPP contract, including capital, lifecycle and facilities management costs, plus an allowance for certain fixtures, fittings and equipment. Lifecycle and facilities management costs and an allowance for certain fixtures, fittings and equipment are funded by the Melbourne Convention and Exhibition Trust.

The negotiated outcome (both nominal and net present costs) includes all asset maintenance and lifecycle costs over the extension term, including all applicable margins and costs payable to Plenary and its sub-contractors.

The sum of nominal cashflows over the extension term has been calculated by applying the contracted indexation parameters to the applicable costs in the Extension Contract.

The net present cost represents the cost of the Extension Contract to the State in March 2016 dollars, taking into account the time value of money.

## 1.7 Public interest considerations

The Project satisfies the public interest criteria, as outlined in the National PPP Policy and Guidelines, and set out in **Table 4**.

TABLE 4: PUBLIC INTEREST CONSIDERATIONS

Public interest elements	Standards, Relevant Policies and Strategies	Assessment
<b>Effectiveness</b>		
Is the Project effective in meeting Government objectives?	Strategic Plan 2013-2017	<p>The Project will position Victoria as a leading business tourism destination, ensuring Melbourne remains the leading destination for business events nationally and internationally.</p> <p>It will ensure that the MCEC maintains its position as Australia's largest convention and exhibition space. This will enable the MCEC to compete with the new and upgraded convention centres across Australia.</p> <p>In addition, the Project is expected to generate an additional 74,000 international visitors to Melbourne each year, boosting visitor spending by \$167 million each year. The Project will create 276 jobs during construction.</p> <p>The amenity of the Precinct for users of the MCEC and the other existing developments will be enhanced by the addition of the multi-deck car park and hotel.</p>
<b>Accountability and transparency</b>		
Do the proposed procurement arrangements ensure that:	<p><i>Freedom of Information Act 1982</i></p> <p>Victorian Government Purchasing Board Probity Policy</p> <p>Best Practice Probity Advice Guidelines</p> <p>Victorian Auditor-General</p>	<p>The Project governance offers accountability and transparency to the relevant stakeholders, through the development of a communication plan and consultation throughout the Project.</p> <p>Appropriate confidentiality measures are required to be implemented and observed throughout the procurement process. In addition, the contractual arrangements are transparent and ensure that the community can be well informed about the responsibilities of the parties.</p>
<ul style="list-style-type: none"> <li>the community can be well-informed about the obligations of Government and the private sector partner;</li> <li>and they can be overseen by the Auditor General?</li> </ul>		



Public interest elements	Standards, Relevant Policies and Strategies	Assessment
		<p>In particular, the Victorian Government Purchasing Board Probity Policy and Best Practice Probity Advice Guidelines are required to be followed, including the appointment of a probity auditor to oversee probity arrangements implemented for the Project.</p> <p>Within three months of the final execution of the contract documents, the Project summary, Project agreement and related documentation will be published, subject to the confidentiality provisions of the Freedom of Information Act 1982. In addition, the Auditor-General will have full access to any information relating to the Project.</p> <p>The level of accountability offered by a PPP transaction is in line with the Government's policy of ensuring that the construction of public infrastructure is guided by the best interests of the community.</p>
<b>Affected Individuals and Communities</b>		
<p>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?</p>	<p>–</p>	<p>The Precinct straddles two local Council areas – the City of Melbourne, and the City of Port Phillip. Both of these Councils have been engaged throughout the planning process to ensure that their concerns are met.</p> <p>In addition, the State consulted with the Landlord of the South Wharf Retail development at the Precinct. The Landlord has responsibility for the maintenance of relationships with existing tenants. Plenary is also required to carry out the Project so as to minimise interference, disruption or delay to the work, services, activities and functions of the Landlord and existing tenants at the Precinct.</p>
		<p>The MCEC is administered and operated by the MCET. MCET has a significant interest in ensuring that it can continue to book events at the MCEC during and after the implementation of the Project in 2018. The Project timeframes are such that this will be achieved. The Project has also been designed to ensure that it delivers a value for money solution to the MCET.</p>

Public interest elements	Standards, Relevant Policies and Strategies	Assessment
<b>Equity</b>		
Are there adequate arrangements to ensure that disadvantaged groups can effectively use the infrastructure or access the related services?	<p><i>Racial Discrimination Act 1975</i></p> <p><i>Sex Discrimination Act 1974</i></p> <p><i>Commonwealth Disability Discrimination Act 1992</i></p> <p><i>Equal Opportunities Act 1995</i></p>	The Project will comply with the relevant equity laws and regulations. The ongoing provision of services by both the public and private sectors recognise the requirements of disadvantaged groups. In particular, Disability Discrimination Act requirements, such as lift and ramp access, will be incorporated into the Project.
<b>Public Access</b>		
Are there safeguards that ensure ongoing public access to essential infrastructure?	Appropriate contractual arrangements in place	The contractual arrangements allow the State to step in and take over operations if the private party fails to deliver the required services, including providing public access.
<b>Consumer Rights</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?	<p>State's duty of care to the public</p> <p>Standards and legislation prescribed by Consumer Affairs Victoria</p>	The contractual arrangements require the parties to comply with all laws, and enable to State to ensure that user rights are protected. It is not proposed that any particular legislation be enacted in respect of the Project.
<b>Security</b>		
Does the Project provide assurance that community health and safety will be secured?	<p>State's legislative obligation to the public</p> <p>Relevant laws and regulations covering health and safety requirements</p>	Victorian legislation, enforced by WorkSafe Victoria, in conjunction with policy guidelines ensure that community and employee health and safety will be secured. Any contractors selected to participate in the Project will be required to demonstrate compliance with all laws, rules and guidelines, and industry best practice protecting against risks to community health and safety. Contractors will be required to ensure a duty of care is undertaken at law.
<b>Privacy</b>		
Does the Project provide adequate protection of users' rights to privacy?	<p><i>Freedom of Information Act 1982</i></p> <p><i>Federal Privacy Act 1988</i></p> <p><i>Privacy and Data Protection Act 2014</i></p>	The Project does not alter the existing privacy arrangements.

## 1.8 Contract milestones

**Table 5** provides a summary of the Project's key contract milestones. The Project has been staged to meet the State's timelines whilst maximising efficiency and use of the Precinct and, in particular, to ensure adequate access to car parking at the Precinct. The availability of adequate car parking is key to the operational viability of the Precinct.

TABLE 5: KEY DATE SUMMARY – EXHIBITION CENTRE EXPANSION AND COMMERCIAL DEVELOPMENTS

Contract component	Due date
Financial Close	1 June 2016
Site Possession for the purposes of Construction	30 November 2016
Signing of the Amendment and Restatement Deeds	6 March 2017
Construction End – Facility Works	Q2 2018
Commercial Acceptance – Facility Works	Q2 2018
Operational Start Date	Q2 2018
Expiry Date for Exhibition Centre Expansion PPP	16 years to 2034 (in line with the remaining term for the MCCD)





## 2. Part Two: Key commercial features

### 2.1 Project documents

On 28 May 2016, the Secretary to DEDJTR, on behalf of the State, executed the Project Agreement and ancillary documents with Plenary and its consortium partners for the Project and the Commercial Developments.

On 6 March 2017, an Amendment and Restatement Deed was executed by the Head Employment, Investment and Trade as the Secretary to DEDJTR's duly authorised delegate.

### 2.2 Parties to the Project Agreement, Commercial Development Agreements and ancillary contracts

The relevant parties under the Project contractual arrangements are:

- **The State:** The State is a signatory to the Project Agreement, the Commercial Development Agreements and other ancillary Project documents. The Secretary to DEDJTR is the person empowered to execute these contracts on behalf of the State.
- **Project Co:** MECE Project Pty Limited ACN 612 111 798 as trustee for the MECE Unit Trust ABN 66 836 071 057 is the counterparty to the Project Agreement, and is the primary contracting entity with the State.
- **Equity Investors:** Project Co has engaged MECE Holdings Pty Limited ACN 612 067 820 as trustee for the MECE Hold Trust, MECE Finance Holdings Pty Limited ACN 612 067 866 as trustee for the MECE Finance Hold Trust and PIP Melbourne Company 2 Pty Ltd ACN 612 074 905 as trustee for the PIP Melbourne Trust No 2 to provide of the required equity for the Project.
- **Security Trust:** Project Co has engaged MECE Finance Pty Limited ACN 612 111 912 as trustee for the MECE Finance Unit Trust in relation to its security for the Project.
- **Builder:** Plenary has engaged Probuild Constructions (Aust) Pty Ltd ACN 095 250 945 to undertake the design and construction of the Project. The guarantor for the design and construction of the Project is WBHO Australia Pty Ltd ACN 095 983 681 and its parent company WBHO (Pty) Ltd incorporated in the Republic of South Africa with Registration.



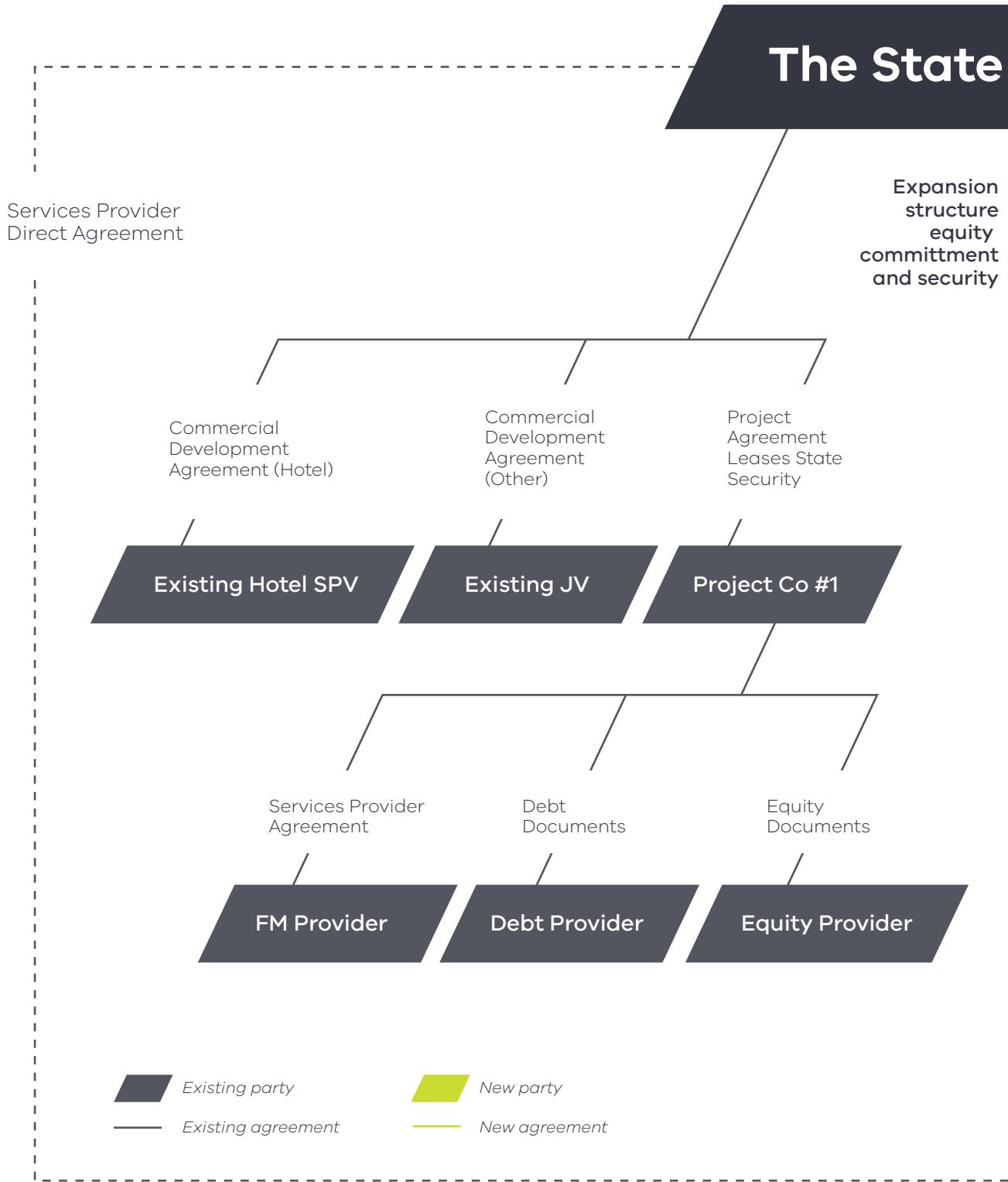


- **Services Provider:** Plenary has engaged Brookfield Global Integrated Solutions Pty Ltd ABN 83 096 638 197 to operate the Project (this is the same Service Provider as MCEC Stage 1). The guarantor for the operation of the Project is Brookfield Global Integrated Solutions Australia Pty Ltd ACN 122 178 741.
- **Independent Reviewer:** Plenary and the State have engaged WTP Australia Pty Ltd ACN 605 212 182 to act as independent reviewer for the Project.
- **Payment Certifier:** Plenary have engaged Rider Levett Bucknall Victoria Pty Ltd ACN 006 699 476 to act as payment certifier for the Project.
- **Car Park Developer:** The rights to develop the car park have been granted to Plenary Group (South Wharf Retail) Pty Ltd ACN 146 848 795, as trustee for Plenary Group (South Wharf Retail) Unit Trust, Car Park Perpetual Limited ACN 000 431 827, in its capacity as custodian of the Vicinity NVN Trust ABN 43 813 342 348, and Vicinity Funds RE Ltd ACN 084 098 180, in its capacity as responsible entity of the Vicinity NVN Trust ABN 43 813 342 348. The Car Park Developer is the existing operator of the South Wharf DFO and the car parking at the Precinct.
- **Hotel Developer:** Flagship (MCEC Hotel) Pty Ltd ACN 611 465 135 has been granted the right to develop the hotel as part of the Commercial Developments.

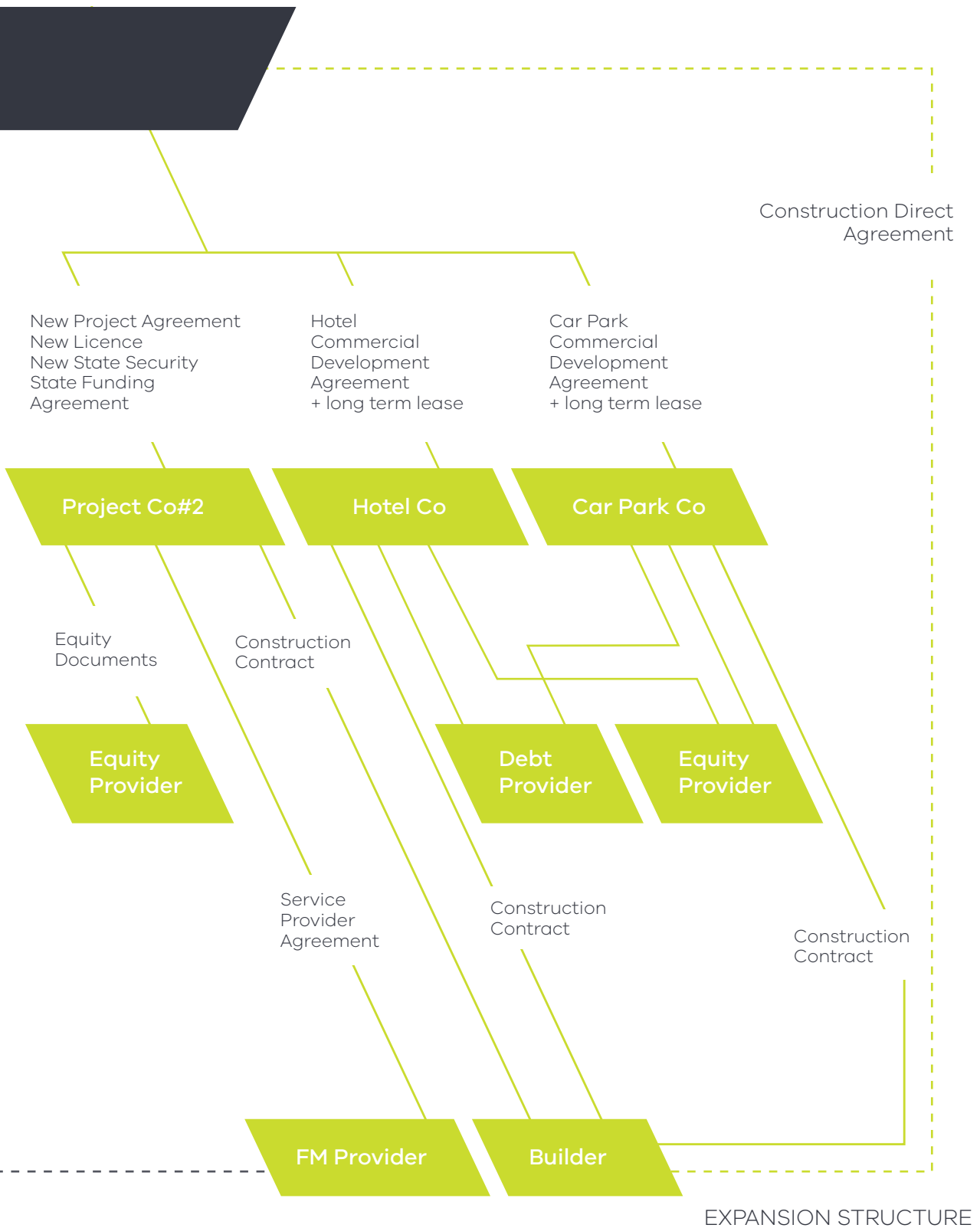
## 2.3 Contractual relationships

Set out in Figure 3 is a description of the key contractual arrangements for the Project.

FIGURE 3: CONTRACT ARRANGEMENTS AND RELATIONSHIPS



EXISTING STRUCTURE





## 2.4 Risk transfer

The risk allocation in the Project Agreement for the Exhibition Centre Expansion is consistent with the Partnerships Victoria Framework. In Partnerships Victoria projects, the State seeks to achieve best value for money by allocating risks to the party best able to manage them. This process results in various risks being:

- retained by the State;
- transferred to the private sector; and/or
- shared between the parties.

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

**Table 6** provides a high-level outline of the risk allocation for the PPP component of the Project. Where a risk is allocated to both parties, the parties may not share that allocation equally. All risks are dealt with in detail in the Project Agreement and ancillary documents.



TABLE 6: RISK SUMMARY – EXHIBITION CENTRE EXPANSION

Risk	Description	State	Private Party
<b>Planning risk</b>			
	Risk of obtaining planning approvals		✓
<b>Site risks</b>			
	Pre-existing contamination		✓
	All other contamination		✓
	Native title	✓	✓
		Only to the extent that there is a delay to the execution of the Facility Works or the delivery of the contracted services as a result of a direction order or requirement in relation to native title	
	Artefacts and cultural heritage claims	✓	✓
		Only to the extent that there is a delay to the execution of the Facility Works or the delivery of the contracted services as a result of a direction order or requirement in relation to artefacts and cultural heritage	
<b>Design risk</b>			
	Design development		✓
	Risk that the design development process cannot be completed on time or to budget or that it does not meet the requirements of the Project Agreement		
<b>Construction risk</b>			
	Completion	✓	✓
	Risk that construction cannot be completed on time or to budget	Only where delays are caused by State breach or specified relief events	

Risk	Description	State	Private Party
Defects	Risk that defects are discovered after construction is completed		✓
Equipment	Responsibility for the selection, procurement and maintenance of equipment	✓ Limited to ICT equipment and other specified items	✓
Fit for purpose	Risk that the Exhibition Centre Expansion will not be fit for purpose		✓
Cost	Project cost up to Commercial Acceptance	✓ Only with respect to Provisional Sum Items	✓
State Initiated Modificationsw	Time and cost risks of implementing modifications requested by the State	✓	
Commissioning	Risk that the Exhibition Centre Expansion cannot be commissioned in accordance with the agreed criteria		✓
<b>Operating risks</b>			
Fitness for purpose during Operating Phase			✓
Services costs (Reviewable Services)	Risk of changes in costs of Reviewable Services	✓	✓ Project Co bears all risk during each Reviewable Services Term
Lifecycle costs	Risk associated with the maintenance, replacement and refurbishment of the Exhibition Centre Expansion		✓

Risk	Description	State	Private Party
Utility price	Risk of volatility in utility services pricing during the Operating Phase	✓	
Handback condition	Risk that on expiry of the term, the condition of the Exhibition Centre Expansion does not meet the required standard		✓
<b>Changes in law or policy</b>			
Project specific change in law/policy	Risk of a change in government policy/law that applies exclusively to the Project, exhibition centres, Project Co or PPPs	✓	
Other change in law/policy	Risk of general changes in government policy/law	✓	✓  Certain changes in law, such as in relation to taxes affecting companies generally, are at the risk of Project Co
<b>Force majeure</b>			
Force majeure	Risk of a defined 'force majeure' event affecting construction or provision of the Services	✓	✓
<b>Financing risk</b>			
Construction funding	Risk that funding cannot be obtained to pay the construction costs	✓  State contribution provided	✓
Insurance	Risk that insurance cannot be obtained or that premiums increase significantly	✓	✓

## 2.5 General obligations of plenary

### Design and construction phase

Project Co is required to design, construct, and commission the Exhibition Centre Expansion. In parallel with this, Project Co is also required to undertake all operational readiness activities necessary to enable it to provide services during the Operating Phase once commissioning has occurred. These activities are to be carried out in a manner that minimises disruption to the activities of MCET and other Precinct users.

Project Co is also required to design, construct and commission the works associated with the Commercial Development, which includes a multi-deck commercial car park and 347 room hotel.

### Operating phase

Project Co is required to provide a full range of services for the Exhibition Centre Expansion, including maintenance, help desk, cleaning, grounds and gardens, waste management and other facilities management services (the **Services**). The Services are to be provided throughout the Operating Phase in accordance with the standards set out in the Service Specifications, as set out in **Table 7**.

TABLE 7: SERVICE SPECIFICATIONS

Services	Includes
General Services	Performance monitoring and reporting
Help Desk Services	24/7 help desk service
Building Management Services	Planned, preventative and reactive maintenance of Facility Works Monitoring of building management systems
Utilities Management Services	Management and maintenance of utilities infrastructure and connections (electricity, communication systems, renewable energy, gas, water, drainage and sewerage) Develop annual energy performance targets
Cleaning Services	Scheduled, ad-hoc and emergency cleaning Waste management solutions Risk assessment and management to ensure that standards of cleanliness stay high
Security services	Emergency response and management Security services on a scheduled and ad-hoc basis First aid service to ensure emergency treatment for persons in the Facility Protecting the serviced area and property of the State
Grounds and gardens management services	Maintaining the grounds and gardens, and outdoor signage
Pest control services	Scheduled and reactive pest control management

## 2.6 General obligations of the State

Under the agreements for the Exhibition Centre Expansion, the State's obligations include the following:

- the State must provide Project Co with the necessary site access to allow it to perform its obligations;
- the State may review and comment on design documentation, construction plans, operating manuals and other material that will be submitted by Project Co in accordance with the Project Agreement;
- the State must provide the State Contribution in accordance with the State Funding Agreement; and
- the State must pay the Quarterly Service Payment (QSP) to Project Co during the Operating Phase subject to reductions that may apply under the performance regime if the Services are not delivered to the required standard.

### Services to be delivered by the State

MCET will continue to perform its functions under the *Melbourne Convention and Exhibition Trust Act 1996* (Vic) including, amongst other things, the development, promotion, management, operation and use of the MCEC.

## 2.7 Payment mechanism and performance regime

### 2.7.1 State contribution

The Exhibition Centre Expansion is to be partially funded by an upfront equity contribution from Plenary and other investors, contributed in two tranches prior to the date that is 25 Business Days after Financial Close.

Pursuant to the State Funding Agreement, State will also make a fixed contribution to meet the costs of construction (**State Contribution**). The State Contribution is payable progressively to meet payment claims from the Builder under the Construction Sub-contract.

The State Contribution was seen as the best value for money option for the modification consistent with recent *Partnerships Victoria Policy and Guidelines*, where the State is looking to pursue an optimal level of private finance in the Operating Phase and drive a value-for-money outcome.

The payment of the State Contribution has no material impact on the risk allocation for the PPP, as it is capped (excluding provisional sum items) and Project Co may still incur significant payment reductions if the Services are not delivered to the required standard.

### 2.7.2 Quarterly service payments

Payment for the delivery of the Services is made by the State over the 16-year Operating Phase from Commercial Acceptance to 2034 in the form of the QSP which is paid quarterly in arrears. The formula for calculating the QSP is set out in Schedule 3 to the Project Agreement. The QSP is comprised of an indexed amount in respect of services provided, as well as the Fire Services Property Levy, and the Shared Operating Phase Insurance premiums. There is no capital component to the QSP, as the State has already paid for the Construction Costs upfront through the State Contribution.

Some Services are to be provided on a constant basis throughout the Project term, whereas others are to be provided and charged on a per use basis.

**Table 8** summarises the components of the payment mechanism for the QSP.



TABLE 8: OVERVIEW OF THE PAYMENT MECHANISM

Payment mechanism component	Description
<b>Base components</b>	
'Capital' component	Fee element relating to the capital investment in the Exhibition Centre Expansion
'Services' component	Fee element in two components, being for Reviewable Services and non-Reviewable Services.
Fire Services Property Levy	Fee element relating to the amount of the Fire Services Property Levy
Shared operating phase insurances	Payment of operating phase insurances premiums (excluding workers compensation and motor vehicles)
<b>Potential payment adjustments</b>	
Abatement	Payment reductions will apply where the services are not provided to the required standards set out in the Service Specifications and quality failure or failure events occur as defined in the Service Specifications.
Unitised services	Certain services are charged on a per-use basis. Although the rate is fixed, the volume of the services may vary between operating quarters.
Reviewable Services	The Project includes a mechanism for the cost of Reviewable Services to be reviewed towards the end of the first 5-year period from the date that operations commence, prior to the expiration of that period.



### Modifications

The State may, at its sole discretion, request Project Co to implement modifications (to the Facility Works or the Services), provided the State adequately compensates Project Co (**State Initiated Modification**). This includes an ability to remove works or services from the Project scope.

Under the modifications regime, Project Co must provide an estimate of the cost or savings impact of any modification proposed by the State in a manner which complies with the requirements of the Project Agreement. All costs or savings must be provided on an open book basis. To provide greater transparency and certainty around modification costs, the Project Agreement specifies a range of pre-agreed margins and other on-costs Project Co can claim in such circumstances.

The State may pay for the modification either by way of a lump sum, milestone payments, or an adjustment to the QSP (where the modification is financed by Project Co, or relates to savings or changes to the Services) or by a combination of such methods.

### Reviewable services

To keep service costs competitive over the life of the Project, Project Co is required to submit demonstrate the value for money of certain services, such as security, cleaning stage and seating, and cash handling services (together, the **Reviewable Services**) every five years. This gives Project Co an opportunity to keep costs down and provide efficient pricing in line with market demand.

The State may also request an offer from Project Co for the provision of a Reviewable Service every five years. If the State rejects Project Co's initial offer and Project Co does not make another one, Project Co is required to call for tenders from at least three prospective tenderers, all of whom must meet certain requirements. The State may then either accept the competitive tender, or a lower price offered by Project Co.

If the State does not respond to Project Co in time, it will be deemed to be a State Initiated Modification.

### Change in law

The State bears the risk of cost increases or savings arising from certain changes in law and policy.

### Other changes in costs

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

- breach by the State of any Project documents;
- suspension of works or the provision of Services due to a native title claim or the discovery of artefacts (where the State takes this risk);
- State Initiated Modifications;
- certain changes in law;
- lack of access to the site;
- during design and construction, any industrial action which directly affects the Project and which Project Co can demonstrate is a direct result of an act or omission of the State or a State-related party other than any act or omission which is authorised or permitted under any Project document; and/or
- step-in by the State pursuant to the Project Agreement.

## 2.8 Default and termination regime

### 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 Agreement also elevates a number of events to be immediately classified in the major default category. In respect of major defaults, Project Co will be given the opportunity to agree to a cure plan (if the default is capable of cure) or to develop a remediation plan to prevent the default from recurring (in circumstances where the default is not capable of cure). Where Project Co fails to cure the major default within the required cure period or to comply with an agreed remediation plan (as applicable), this will generally give rise to the State's right to terminate the Project Agreement.

Certain events of default are so severe that they are not subject to a cure regime. They give rise to a State termination right immediately upon their occurrence (for example, insolvency of Project Co, or fraud or dishonest conduct by Project Co). These events are called Default Termination Events.

### Step-in

In addition to triggering termination rights (or potential termination rights), events of major default 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).

Step-in rights for the State, as specified in the Project Agreement, can be triggered when:

- a major default has occurred and Project Co is not complying with its cure plan or remediation plan;
- a Default Termination Event has occurred;
- there is, or is likely to be, a risk to the health or safety of Facility users or the general public or a material risk of substantial damage to the Facility (or any part thereof) or a material risk to the Environment; or
- a law entitles the State to a statutory right of step-in.

During any step-in associated with a default, the QSP will not be payable to the extent that the Services are not being provided.

### Termination

Where the Project Agreement is fully or partly terminated before the natural expiry of the Operating Phase, Project Co may be entitled to a termination payment. The Project Agreement can be fully or partially terminated as a result of the following:

- certain events of default;
- a Force Majeure Termination Event;
- major damage whether or not attributable to a default event, force majeure or other event; or
- voluntarily by the State.

The basis for the calculation of the Termination Payment will be determined by the reason for the termination as summarised in **Table 9**.

In the event that the Termination Payment is a negative amount, Project Co must pay that amount to the State.

TABLE 9: CALCULATION OF TERMINATION PAYMENTS

Event	Trigger (full or partial as relevant)	Termination Payments (full or partial as relevant)
Default Termination Event	The State may terminate the Project Agreement if certain events of default have occurred and not been remediated in accordance with the Project Agreement.	The Project's fair market value determined by an independent valuer.
Force Majeure Termination Event	The occurrence of a Force Majeure Termination Event (including an uninsurable event for which the State does not act as the insurer of last resort).	Any amounts payable to Project Co by the State, less any insurance proceeds received or receivable by Project Co and any third party payments received or receivable by Project Co.
Voluntary Termination Event	The State may at any time, for reasons of its own choosing, unilaterally elect to terminate the Project Agreement for convenience.	The net present value of the remaining forecast equity cash flows, plus reasonable costs incurred as a result of the termination, less any amounts owing to the State or received by Project Co from insurance or other third parties.

## 2.9 State rights at expiry of contract

Upon expiry of the Contract Term, Project Co must:

(a) surrender, and return to the State, all of Project Co's rights, title and interests in the Facility Works, the Facility, the Construction Site and any portion of the Serviced Area licensed to Project Co free from any encumbrances, and the Facility, Construction Site and the Serviced Area will, without further action by any party, immediately vest in and become the absolute property of the State, and Project Co will cease to have any interest in it; and

(b) make the handover packages available to the State and provide a copy of all or any part of the handover packages to the State if requested by the State.

If requested by the State, Project Co must assist the State at the end of the contract term, including to prepare for a fair tendering process, to facilitate the continuity of the Project.

## 2.10 Commercial developments

### Commercial developments milestones

The contract milestones associated with the Commercial Developments are set out in **Table 10**.

TABLE 10: KEY DATE SUMMARY – COMMERCIAL DEVELOPMENTS & EXHIBITION CENTRE EXPANSION

Milestone	Date
Financial Close	1 June 2016
Site Possession for the purposes of Construction	30 November 2016
Signing of the Amendment and Restatement Deeds	6 March 2017
Construction End – Melbourne Exhibition Centre Expansion	Q2 2018
Commercial Acceptance – Melbourne Exhibition Centre Expansion	9 April 2018
Car Park Practical Completion State 1	December 21, 2016
Car Park Practical Completion Stage 2	March 29, 2017
Hotel Practical Completion	December 2, 2017
Hotel opening	Q2 2018



## **Obligations and risks accepted by the Developers**

Under the Commercial Development Agreements for the hotel and car park, the State has granted the Developers the rights to develop the Commercial Developments. Each Developer is responsible for the following risks:

- all costs associated with the design and construction of the Commercial Developments;
- site conditions;
- approvals risks;
- occupational health and safety;
- the Commercial Development being fit for purpose;
- minimisation of disruption to the Exhibition Centre Expansion and other Precinct users; and
- commencement of construction by the applicable commencement date and completion of construction by the applicable sunset date (subject to limited circumstances where the State has breached the Commercial Development Agreements, there is an event of force majeure or there is an order for suspension of work due to discovery of artefacts or native title).

## **Obligations and rights of the State**

Under the arrangements, the State has the right to participate in the development of elements of the design that relate to the physical and functional interfaces between the MCEC, the Exhibition Centre Expansion and the Commercial Developments. The State may also inspect the design documentation during the completion of the works.

The State may terminate the arrangements in circumstances where the Developers have failed to comply with their obligation to meet the relevant commercial deadlines, or the Commercial Developments are damaged or destroyed. A Termination Payment will be payable to the Developer, reflecting the fair market value of the Commercial Developments.

Where the State has elected to terminate the Project as a whole (including the Exhibition Centre Expansion PPP), the Termination Payment will be the aggregate of the costs of the improvements constructed by the Developer (being the design, construction and reasonable development costs for the relevant state of design, construction and development) and accrued interest.

# Appendix 1 – Glossary

Terms used in this Project Summary have the meaning given to them in the Project Agreement unless otherwise defined in this Glossary or elsewhere in this document. Important terms defined in the Project Agreement have been defined again here for ease of reference. The definitions in this Glossary are not a substitute for the definitions in the Project Agreement.



Term	Meaning
Builder	Probuild Constructions (Aust) Pty Ltd
Builder RFP	A request for proposal issued by Plenary to three construction contractors, seeking a binding response for the construction of the Project
Commercial Developments	The development of a hotel and car park in the Precinct
Construction Site	Has the meaning given to it in the Project Agreement
Contractual Close	The date on which the State and Project Co entered into the Project Agreement. This occurred on 28 May 2016.
D&C	Design and construct
DEDJTR	Department of Economic Development, Jobs, Transport and Resources
Developers	Commercial developers responsible for delivering a complementary 341-room hotel and multi-deck 5 level car park
Development Phase	The period from Financial Close to Commercial Acceptance
DTF	Victorian Department of Treasury and Finance
EOI	Expression of interest
Exhibition Centre Expansion	The expansion of the MCEC to incorporate an additional 9,000 square meters of meeting space
Existing Project Agreement	The existing Project Agreement for the development and delivery of the Melbourne Convention and Exhibition Centre Development
Facility	The Exhibition Centre Expansion
Facility Works	The works to design and construct the Exhibition Centre Expansion



Term	Meaning
Financial Close	The date on which Project Co satisfied all of the conditions to be met in order for the Project to be agreed. This occurred on 19 May 2016
FM	Facilities maintenance
Hub	The space that incorporates the MEC, MCC and the Exhibition Centre Expansion
MCC	Melbourne Convention Centre
MCEC	Melbourne Convention and Exhibition Centre
MCET	Melbourne Convention and Exhibition Trust
MEC	Melbourne Exhibition Centre
MoU	Memorandum of Understanding between the State and Plenary dated 11 November 2015, as set out in <b>section 1.4.1</b>
National PPP Policy and Guidelines	National PPP guidance under the Partnerships Victoria Framework that is to be read in conjunction with the Partnerships Victoria Requirements, and is available at <b><a href="http://infrastructureaustralia.gov.au">infrastructureaustralia.gov.au</a></b>
Operating Phase	The period from Commercial Acceptance to the expiry of the Project Agreement running from 9 April 2018 to 2034
Partnerships Victoria Requirements	The set of specific guidance applicable to Victoria that is to be read in conjunction with the National PPP Policy and Guidelines and is available at <b><a href="http://dtf.vic.gov.au">dtf.vic.gov.au</a></b> via the 'Policy and Guidelines' link
Plenary	Plenary Conventions Pty Ltd
PPP	Public private partnership
Precinct	Melbourne Convention and Exhibition Centre Precinct



Term	Meaning
Project	Melbourne Exhibition Centre Expansion Project
Project Agreement	The Project Agreement between Project Co and the State dated 19 May 2016 for the construction of the Project
Project Co	MECE Project Pty Limited ACN 612 111 798 in its capacity as trustee for the MECE Unit Trust ABN 66 836 071 057
Project Objectives	The objectives for the Project, as set out in Table 1
Proposal	The proposal from Plenary for the development and delivery of the Project
QSP	Quarterly Service Payment
Reviewable Services	Services that are repriced and/or retendered at predetermined times during the Operating Phase. These are security, cleaning stage and seating, and cash handling services.
RFP	Request for Proposal
RFPR	Request for Plenary Response
Service Specifications	Schedule 1 of the Project Agreement which sets out the detailed description of the Services, standards and key performance indicators.
Serviced Area	Has the meaning given to it in the Project Agreement

Term	Meaning
Services	<p>As described in the Project Agreement and the Service Specifications, including:</p> <ul style="list-style-type: none"> <li>• General Services</li> <li>• Help Desk Services</li> <li>• Building Management Services</li> <li>• Utilities Management Services</li> <li>• Cleaning Services</li> <li>• Security Services</li> <li>• Grounds and Gardens Management Services</li> <li>• Pest Control Services</li> </ul>
State Contribution	A fixed contribution by the State to meet the costs of construction of the Exhibition Centre Expansion
State Initiated Modification	Has the meaning given to it in the Project Agreement
Victorian Construction Supplier Register	A Victorian government pre-qualification scheme for building and construction industry consultants and contractors
Victorian Industry Participation Policy	Victorian government policy that requires departments and agencies to consider opportunities for competitive local suppliers, including small to medium enterprises, when awarding contracts.



# Appendix 2 – Useful references



Project documentation, including the Project Agreement, is available at:

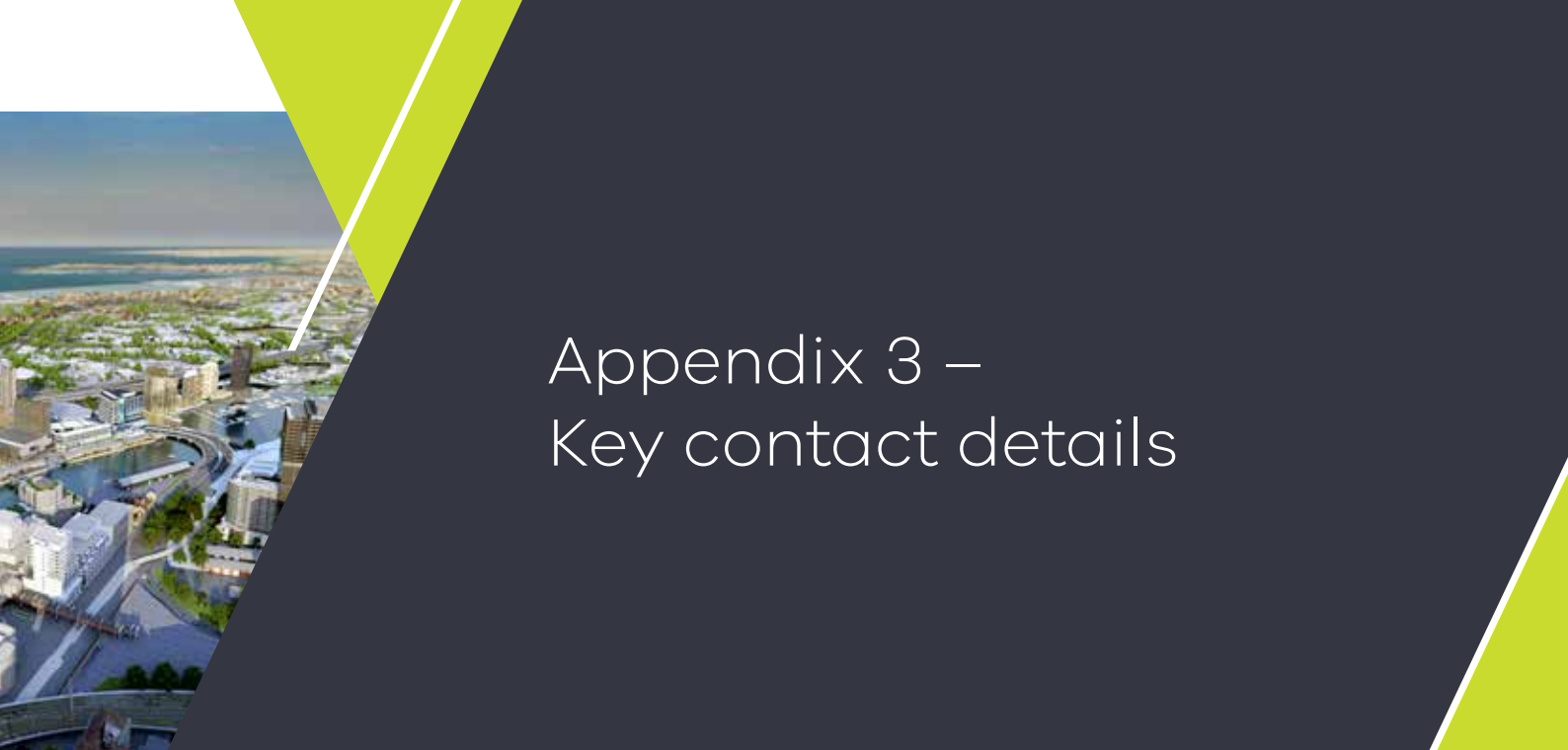
**[tenders.vic.gov.au](https://tenders.vic.gov.au)**

Partnerships Victoria policy guidance and Project information is available at:

**[dtf.vic.gov.au](https://dtf.vic.gov.au)**

Department of Economic Development, Jobs, Transport and Resources website:

**[economicdevelopment.vic.gov.au/](https://economicdevelopment.vic.gov.au/)**



# Appendix 3 – Key contact details

## **Department of Economic Development, Jobs, Training and Resources**

[economicdevelopment.vic.gov.au](http://economicdevelopment.vic.gov.au)

1 Spring Street  
Melbourne VIC 3000

(03) 9651 9999

## **Partnerships Victoria**

[dtf.vic.gov.au](http://dtf.vic.gov.au)

Department of Treasury and Finance  
1 Treasury Place  
East Melbourne VIC 3002

(03) 9651 5111







