
west gate tunnel
project
Project
Summary
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VICTORIA
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Government

Contents

Foreword

The West Gate Tunnel Project (Project) is an important opportunity to deliver real improvements to Melbourne's transport network by enhancing transport performance in the heavily used M1 corridor and building an alternative to the West Gate Bridge. The Project will expand travel choices for motorists and reduce travel times across one of Melbourne's main cross-city road corridors. Businesses will have a faster and more direct freeway route to the Port of Melbourne and regional centres including Geelong. The Project also allows long awaited truck bans to be introduced in Melbourne's inner west, reducing the number of trucks using local roads, improving safety and liveability for communities.

The Project was proposed to Government by Transurban Limited (Transurban), and has been assessed under the Government's Market-led Proposals Guideline (Guideline) as being of value to Victorians.

The Transurban Proposal (Proposal) includes an integrated programme of upgrades to the M1 corridor. As such, this summary provides information about the contractual and commercial aspects of the three elements of this programme: the Project, the Monash Freeway Upgrade Project and the Webb Dock Access Improvement Works (Project Summary).

This summary should not be relied upon to completely describe the rights and obligations in respect of these projects, which are governed by their respective project documents. The project documents for each project will be available online at www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-Proposals and www.tenders.vic.gov.au.

Part 1:
Overview of the Projects

1. Introduction

Melbourne is now the nation's fastest growing capital city, heading for a population of more than seven million by 2051 and on-track to overtake Sydney as Australia's biggest city within 40 years. The city's west continues to be one of the fastest growing regions of Melbourne due to a combination of land use changes, urban renewal in the inner suburbs and residential development in the outer suburbs.

Alongside this unprecedented population growth, the Victorian economy is shifting away from its traditional manufacturing base to one formed around knowledge-based services. These developments are reshaping Melbourne, leading to changes in where people want to live, where jobs and businesses are based, and where centres of economic and industrial activity are located.

Melbourne's role as a national import and export logistics hub is also contributing to strong growth in the movement of goods around the city and the State of Victoria. In particular, container trade through the Port of Melbourne is forecast to grow steeply, reaching eight million standard containers a year by 2035 – 3.5 times the current level. The growing freight activity is increasing demand for the movement of goods on the city's freeways, changing preferred access routes to and from the Port of Melbourne and leading to additional heavy freight traffic moving from the port through the inner west.

These shifts in population and economic activity are placing increasing pressure on Melbourne's transport network. In particular, the West Gate Bridge is nearing capacity with up to 220,000 vehicles currently using it every day. This is expected to grow to up to 270,000 in 2031.

Transport connectivity is critical to the efficient function of Melbourne's key economic assets, with the M1 corridor a critical connection to significant employment and education clusters and major and emerging freight terminals.

A Business Case was completed in December 2015, as part of the evaluation of Transurban's Market-led Proposal to, among other things, test the conclusion that the Proposal could deliver public benefits for the estimated cost and within the expected timelines.

The Business Case found there was a strong case for investing in:

- an alternative to the West Gate Bridge with a new toll road under Yarraville and a Maribyrnong River Crossing. This reduces reliance on the West Gate Bridge and improves reliability of east west journeys;
- improving transport performance on the M1 with additional lanes and freeway management technology on the Monash Freeway to unblock the critical M1 Corridor and improve access to important economic and education clusters;
- a dedicated freeway link to the Port of Melbourne to support a growing freight task while reducing the number of trucks on local roads in the inner west;
- a high productivity freight vehicle compliant freeway link to the Port of Melbourne and improved access to Webb Dock to lift national productivity;
- improved links to the important innovation and education cluster in the inner north;
- upgrades to the West Gate Freeway from the M80 Ring Road to Williamstown Road to cater for growing demand for west-east trips; and
- a new cycling connection over Williamstown Road to complete the Federation Trail and encourage more active transport.

The Business Case demonstrated the merit of the integrated programme of upgrade works, identifying an $11 billion boost to Victoria's economy and a cost benefit ratio of 1.3.

2. The integrated programme

Three projects form part of Transurban's Market-led Proposal delivering an overall solution for the West Gate Freeway-CityLink corridor which is designed to address the service need identified in the Business Case. These include:

- the West Gate Tunnel Project (Project);
- the Monash Freeway Upgrade Project; and
- the Webb Dock Access Improvement Works.

While these three project elements are being delivered as separate works packages, each form an integral part of programme of upgrades to the M1 corridor. The section below provides an overview of each element, with further details provided in the Parts of this Project Summary which follow.

3. West Gate Tunnel Project Overview

When complete, the Project will deliver upgrades to the West Gate Freeway between the M80 and Williamstown Road, new twin three lane tunnels under Yarraville, a bridge over the Maribyrnong River and a new elevated connection from the tunnels to CityLink. It will also include connections to the Port of Melbourne, CityLink and the north west of the CBD.

As part of its broader scope, the Project will enable the Government to extend 24-hour truck bans in the inner west, removing up to 9,300 trucks from residential streets.

A map of the West Gate Tunnel Project is provided in Figure 1 below:

Figure 1: Map of Project

The Project has been developed as a Market-led Proposal. Transurban's Proposal for the Project includes the following key features:

- Transurban will design, construct, operate and maintain the upgraded West Gate Freeway and the new West Gate Tunnel over a 28 year period;
- delivery of the Project works has been subject to a separate competitive design and construct (D&C) tender process, conducted jointly by the State and Transurban. This process resulted in the announcement of a joint venture between CPB Contractors and John Holland (CPBJH JV) as the preferred bidder in April 2017;
- Transurban's operation, maintenance and toll collection functions will be delivered via a 'centralised' operating model, supporting both the Project and CityLink;
- the total cost for the Project is $6,685 million (nominal) including the Monash Freeway Upgrade and the Webb Dock Access Improvement Works;
- this total cost will be funded through a combination of:
  - tolls imposed on users of the Project (including Heavy Commercial Vehicle (HCV) tolls on the upgraded West Gate Freeway and car, Light Commercial Vehicles and motorcycle tolls on West Gate Tunnel);
  - adjustments to various CityLink tolls during the remaining term of Transurban's existing CityLink Concession (to 2035) – including the application of a fixed 4.25 per cent per annum toll escalation rate for 10 years from 1 July 2019;
  - a 10 year extension of the CityLink Concession (from 2035 to 2045); and
  - a $2,658 million (nominal) in State funding contribution (State Contribution).
- to access these funding sources, the Project contract documents include not only the suite of documents relating to the design, construction, financing, operation and maintenance of the Project, but also a suite of documents related to the associated amendments to the CityLink Concession Deed. These amendments to the CityLink Concession Deed give effect to the CityLink funding sources and other negotiated improvements in the State's commercial position under the CityLink Concession Deed..

It is Government's policy to implement the necessary legislative support for the West Gate Tunnel and CityLink toll revenue streams in the required form and timeframe (Policy Assumptions).

This legislative support can be implemented at any time prior to the toll revenue streams commencing (essentially up to the end of the 5 year construction phase). The Project documents include contingent State funding support for any toll revenue streams for which legislative support is not in place in the required form and timeframe.

4. Monash Freeway Upgrade Project overview

The $283 million Monash Freeway Upgrade Project includes:

- the construction of roadworks and bridgeworks for the widening of the Monash Freeway and Princes Freeway between EastLink and Clyde Road, Berwick
- the design and construction of intelligent transport systems for an upgraded freeway management system for the Monash Freeway and Princes Freeway between Warrigal Road, Chadstone and Koo Wee Rup Road, Pakenham, including integrating with VicRoads existing ITS systems.

The proposed works are located as shown in Figure 2.

Figure 2: Map of Monash Freeway Upgrade Project

The Monash Freeway Upgrade Project means faster, safer and more reliable journeys for 200,000 motorists every day. Further, as the upgrade works will be conducted within the existing road reserve, homes will not be impacted.

The Monash Freeway Upgrade Project is being delivered through a design and construction agreement with Fulton Hogan Construction Pty Ltd (Fulton Hogan) and a delivery management agreement with Transurban.

The Monash Freeway Upgrade Project commenced in 2016 with construction due for completion in 2018.

5. Webb Dock Access Improvement Works overview

The Webb Dock Access Improvement Works seek to address the need to improve safety and efficiency of truck access to the new container berth at Webb Dock and the Port of Melbourne. The Webb Dock Access Improvement Works include:

- the widening of Cook Street from the Todd Road (eastbound) entrance to the M1;
- providing a dedicated lane (collector distributor) connecting to CityLink (northbound) in order to eliminate traffic weaving on the M1; and
- a re-engineered ‘Ramp M’ onto CityLink with wider radius and improved safety.

The strategic merit of improving Webb Dock access was assessed independently of other components of the West Gate Tunnel Project.

The $62 million (nominal) works were delivered by Transurban as a variation to the CityLink Tullamarine Widening Project and were completed in 2017. This aligned with completing the new Webb Dock container terminal in 2017-18.

6. Governance matters

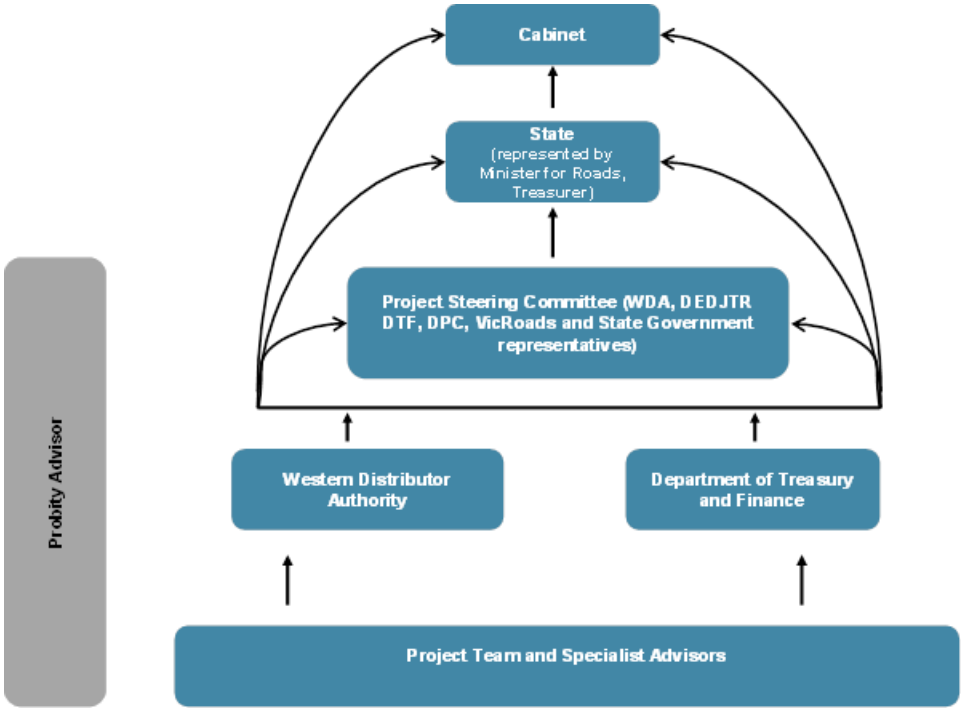
6.1 Governance structure

During Stage two, a formal governance structure was established to oversee the Market-led Proposal evaluation process for the Project, including the evaluation of the Transurban Proposal. The governance structure is represented diagrammatically in Figure 3 below.

The Department of Treasury and Finance (DTF) and the Western Distributor Authority (WDA) had joint responsibility for undertaking Project development and assessment activities leading to Financial Close.

The evaluations were conducted through the Project Steering Committee comprising –representatives from the Department of Premier and Cabinet, DTF, WDA / the Department of Economic Development, Jobs, Transport and Resources, and VicRoads. The evaluation teams comprised WDA and DTF staff and specialist advisers. The key selection criteria used in the assessment of proposals are detailed in Appendix 5.

Figure 3: West Gate Tunnel Project evaluation structure



6.2 Probity framework for the Market-led Proposal process

To maintain the highest level of probity and public accountability throughout the process a robust probity framework was developed to ensure proper administration of the Guideline in respect of the engagement with Transurban, and assessment of the Transurban Proposal.

The probity framework ensured systems, policies and procedures were in place to ensure the integrity of the decision making process and the highest standards of ethical behaviour were attained during the procurement process.

The probity framework was based upon the following project governance and decision-making process principles:

- accountability of the participants and the transparency of the process;
- compliance with legal and policy requirements;
- fairness and impartiality and honesty in carrying out the process;
- consistency and transparency of the process;
- maintenance of security and confidentiality of documentation and information;
- management of actual, potential and perceived conflicts of interest;
- how compliance with the probity plan will be reviewed and assessed; and
- attaining value for money.

The State and Transurban entered into a Probity and Process Deed and subsequent agreements to manage probity requirements throughout the course of the Project's development and assessment under the Guideline.

At the completion of the Market-led Proposal process, the probity advisor appointed to oversee the Government's compliance with the probity framework concluded that the Market-led Proposal process had been conducted in a manner consistent with the probity principles.

6.3 Project advisors

Table 1 provides a summary of the State's advisors appointed for the Project.

Table 1: West Gate Tunnel Project advisors

Role	*Advisor*
Financial and commercial advisor	PwC
Legal advisor	Clayton Utz
Probity advisor	RSM Australia
Technical advisors	Smedley Technical and Strategic Pty Ltd GHD Australia
Traffic modelling advisors	Veitch Lister Consulting
Cost estimation advisors	Advisian Collaborative ITS Consulting Australia (CICA)
Toll back office and services advisor	CICA
Strategic negotiation and valuation advisor	Macquarie Capital

Part 2:
West Gate Tunnel Project

1. Key Project Features

1.1 West Gate Tunnel Project objectives

The West Gate Tunnel Project seeks to address four critical transport objectives:

- improve transport performance in the M1 corridor;
- reduce reliance on the West Gate Bridge;
- improve freight access to the Port of Melbourne and greater Melbourne; and
- improve community amenity on local streets in the inner west.

1.2 Project Scope

The West Gate Tunnel Project scope includes:

- widening works between the M80 Ring Road interchange and the West Gate Bridge, providing two additional lanes in each direction to increase capacity to six through lanes in each direction, and auxiliary lanes as required;
- elevated ramps to provide a new connection between the West Gate Freeway and Hyde Street;
- twin three lane tunnels – one inbound, one outbound – under Yarraville extending from the West Gate Freeway to west of the Maribyrnong River;
- connections to the Port of Melbourne, an elevated road along Footscray Road and connections to CityLink and the western edge of the central city;
- extension and widening of Wurundjeri Way to create a city bypass;
- approximately 14 kilometres of new and upgraded walking and cycling paths, creating a continuous link from Werribee to central Melbourne and offering safer connections and more travel choices;
- the creation of new public open space areas and relocation of services, as required;
- the installation of a Freeway Management System, including ramp metering (signalling) upgrades for the West Gate Freeway and the installation of a Lane Use Management System along the West Gate Freeway and the new elevated road; and
- over 9 kilometres of new and upgraded noise walls.

1.3 Project Benefits

The West Gate Tunnel Project will deliver substantial benefits to Melbourne and Victoria as set out in Table 2 below.

Table 2: Key West Gate Tunnel Project benefits

Key West Gate Tunnel Project benefits	
Category of benefit	*Detail of benefit*
Transport capacity and connectivity	Will be significantly improved to and from Melbourne's west, with positive flow-on impacts across Melbourne and Victoria as follows: • improving capacity across the Maribyrnong and Yarra Rivers, with an additional four through lanes of freeway; • reducing Melbourne's reliance on the M1 by offering an alternative and improving the resilience of the M1 corridor by separating traffic by destination along the West Gate Freeway such that an incident in one carriageway will not impact the operation of the other carriageway; • relieving pressure on all four existing river crossings; • significantly reducing peak period travel times; • enabling the removal of up to 9,300 trucks from local roads in the inner west each day, including through extended truck bans in the inner west; • enabling the removal of up to 8,000 trucks from the West Gate Bridge; • reducing bus journey times for the majority of bus routes operating within the vicinity of the Project; • providing a CBD bypass (through the Wurundjeri Way extension) removing through traffic from streets in the CBD grid, including Spencer Street and King Street; • relieving congestion and reducing the high costs of congestion on businesses and the economy; • direct, unimpeded freeway access to the Port of Melbourne for heavy freight vehicles and for six million standard containers per year (one third of national containerised trade); and • connecting two major components of the city's freeway network: the West Gate Freeway and CityLink.
14 kilometres of walking and cycling connections	Will be delivered, both new and upgraded walking and cycling links to create a continuous shared use connection from Werribee to central Melbourne, including: • replacing the existing paths over the West Gate Freeway; • completion of the Kororoit Creek shared path upgrade from Geelong Road to Grieve Parade; • the extension of the Federation Trail; • a new shared use path and bridge over Moonee Ponds Creek and a shared use path near the Newport Freight Railway Line, connecting the Bradmill and Precinct 15 urban renewal sites; • a new connection from the Federation Trail to Hyde Street Reserve and Spotswood Railway Station, connecting the neighbourhoods of Yarraville and Spotswood including a bridge over Stony Creek; • a new bridge over Whitehall Street connecting to the Maribyrnong River waterfront and taking cyclists off busy Whitehall Street; and • a new 2.5 kilometre elevated 'veloway' on Footscray Road, giving cyclists a safe express route to and from the central city.
Regional benefits	Including easier, safer, quicker and more reliable trips between western regional areas and Melbourne which will support growth in Ballarat, Geelong and Wyndham.

Key West Gate Tunnel Project benefits	
Category of benefit	*Detail of benefit*
Business benefits	Businesses will benefit from reduced congestion, increasing the resilience of the road network and extending and improving the network for High Productivity Freight Vehicles (HPFVs).
Social, community and amenity benefits	To the wider community, as it will increase the capacity of Melbourne's transport network and cater for anticipated growth in travel demand, access to jobs, education and services for people living in the city's west, reinvigorating the western Melbourne economy and development of more compact, accessible communities.
The creation of a positive community legacy	For the west including the establishment of an additional 9 hectares of new landscaped parkland and extensive landscaping, improvements and tree planting and provision of new public open spaces and upgrades to existing open spaces, providing long-term benefits for local communities and users of those spaces and facilities.
Improved noise environment	For residents along the route of the freeway offered by the design of the Project, with residential dwellings adjacent to and facing the freeway protected by road noise levels at or below 63dB(A) – a level that is well below the noise protection generally provided in the standard approach to freeway upgrades, resulting in reduced noise levels for residents.
Significant employment benefits	Creating approximately 6,000 jobs across its design, construction and operation phases. There will be up to 500 positions for apprentices, cadets and graduates, 150 jobs for former automotive workers and 400 jobs in Melbourne's west
Sustainable practices and resilience to anticipated climate hazards	Have been integrated into the Project's design, integrating resource and energy efficiency, adopting sustainable construction methods, minimising the use of energy and water, reducing waste and minimising greenhouse gas emissions.
The West Gate Tunnel Project and Melbourne's inner north and central city	Including improved connectivity between the inner north, central city and western suburbs (and to regional centres and areas beyond), provision of a southern bypass of the central city via the extension to Wurundjeri Way, enabling traffic on Dynon Road to divert to the south of the central city, reducing peak hour pressure on Spencer Street and King Street.
Urban renewal, redevelopment and potential future development	Planning for the Project has sought to minimise impacts on the following areas to keep open options for suitable planning and design responses where these areas would interface with project infrastructure: • Precinct 15 in Altona North and the Bradmill site in Brooklyn; • the proposed E-Gate urban renewal precinct on the western edge of the central city; • Digital Harbour precinct within Docklands; and • Docklands, West Melbourne and other urban renewal areas.

2. Development process overview

In March 2015 Transurban submitted its Market-led Proposal for the Project. The State assessed the Proposal at Stage one and Stage two of the Guideline. In April 2015, the State endorsed a recommendation to progress the Proposal to Stage three of the Guideline.

Since that time, the Proposal has progressed through the Guideline process, with three key parallel streams of its development and assessment:

- **Market-led Proposal development and assessment** – consistent with the Guideline, Transurban's Proposal has been subject to a rigorous five stage process ensuring that key tests were met prior to the Transurban Proposal progressing to each stage;
- **Procurement of a D&C Subcontractor** – Transurban and the State jointly conducted a competitive tender to select the contractor to design and construct the Project; and
- **Statutory approval process** – the State obtained key planning approvals, including the Planning Scheme Amendment under the *Planning and Environment Act (1987)*, the Works Approval for construction of the tunnel ventilation systems under the *Environment Protection Act (1978)* and the Cultural Heritage Management Plan under the *Aboriginal Heritage Act (1995).*

3. Market-led Proposal Development and Assessment

The Transurban Proposal was assessed in accordance with the five stage process set out in the Guideline and summarised in Table 3 below.

Table 3: West Gate Tunnel Project procurement – Key dates

Procurement process – Market-led Proposal	*Date*
Stages one and two	
Transurban submits Proposal to Victorian Government	March 2015
Preliminary assessment of Transurban Proposal	March 2015
Strategic assessment, interim due diligence and recommendation	March 2015
Stage three	
Detailed due diligence, investment case and procurement preparation	April 2015
Market and community engagement	Mid 2015
Due diligence, including site investigations	Mid 2015
Transurban submits revised Transurban Proposal	October 2015
Stage four	
Negotiation, development and assessment for preparation of final offer from Transurban	December 2015 – December 2017
Assessment and negotiation of final offer	October – December 2017
Contract close and financial close	11 December 2017

3.1 Stage one: Preliminary assessment of ideas and proposals.

DTF determined that the Transurban Proposal complied with information requirements and was appropriate for consideration under the Guideline.

3.2 Stage two: Strategic assessment and recommendation.

DTF conducted a strategic assessment of the merits of the Transurban Proposal to determine whether it should proceed. The assessment was conducted against the following criteria:

- meets a service need aligned with government policy objectives, which is affordable in the context of budget priorities;
- potential to achieve value-for-money;
- delivers innovation and benefits for Victorians;
- feasible and capable of being delivered; and
- uniqueness.

The assessment was reviewed by an independent panel of external consultants, who supported the Stage two assessment findings and recommended that the Transurban Proposal should proceed to Stage three. The panel noted that the Transurban Proposal had the potential to add strong long-term strategic value to Melbourne's future.

3.3 Stage three: Detailed due diligence, investment case and procurement preparation

In April 2015, the Transurban Proposal progressed to Stage three of the Guideline and the parties executed a Probity and Process Deed that established key timelines, protocols and responsibilities for working with Transurban at Stage three.

As part of Stage three, the Government:

- developed a Business Case to test the investment rationale, funding options and benefits of the Project independent of the Transurban Proposal; and
- required Transurban to prepare a revised proposal.

The revised Transurban Proposal was submitted to the State in October 2015 and was assessed in accordance with the Stage three Guideline requirements to determine if it:

- had unique characteristics that result in outcomes that are not likely to be obtained using standard competitive processes within acceptable timeframes;
- met a project or service need and was aligned with Government policy objectives and priorities;
- had the potential to provide value for money to the State;
- provided social, environmental, economic or financial benefits to the State; and
- was feasible, affordable and capable of being delivered.

In December 2015, the Government publicly released the Business Case, and concurrently announced that there was a sound rationale for exclusive negotiation in respect of the Transurban Proposal.

This was formalised through executing a Letter of Intent (LoI) between the parties, setting out the terms and conditions governing further development of the Transurban Proposal.

3.4 Stage four: Negotiation and assessment of final offer

During the course of Stage four, the following key activities have been undertaken:

- further community consultation on, and development of, the Project's scope in order to define key requirements of the competitive tender of the design and construct (D&C) delivery of the Project works;
- joint conduct by the State and Transurban of the competitive tender process for the D&C delivery of the Project on a fixed price, fixed time, turnkey basis;
- execution of a D&C Commitment Deed between the State, Transurban and the preferred D&C respondent, CPBJH JV, in April 2017, in order to preserve the outcome of the D&C tender process pending the State's completion of the statutory approval process for the Project;
- following execution of the D&C Commitment Deed, the State:
  - conducted and concluded an Environment Effects Statement (EES) and the Minister for Planning issued his Assessment Report, including the final Environmental Performance Standards for the Project; and
  - made a number of announcements that affect Project scope and cost (such as the announcement of additional truck bans in Melbourne's inner west).
- the State developed and endorsed a preferred toll price structure for the Project (in relation to both WGT and CityLink toll price adjustments). This structure was informed by the following principles:
  - improving transport outcomes by optimising asset utilisation and managing traffic flows across the network; and
  - ensuring that toll levels reflect the benefits obtained by users and minimise distortionary impacts on the network, while protecting the long term interests of the State including the State's ability to fund future network augmentations.
- the parties negotiated the detailed commercial terms for the suite of Project documents entered into by the State and Transurban.

Key commercial agreements executed throughout Stage four consisted of:

- In-Principle Agreement (IPA), 18 March 2016 – Set out scope, risk and performance requirements to facilitate the D&C tender process, capture agreed commercial elements with Transurban and detailed a program to Contract Close;
- Commercial Principles Agreement (CPA), 30 June 2016 – Regulated the process for negotiation with Transurban, and agreed processes and protocols for conducting the D&C procurement and planning and stakeholder engagement processes; and
- Commitment Deeds (upstream and downstream), 2 April 2017 – Entered into at the time a preferred shortlisted respondent for the D&C Subcontract was selected. Governed activities until contract close for the Project.

Based on the above, Transurban submitted a final offer for the Project for assessment by the State in accordance with the Guideline. This final offer set out the detail of the proposed scope, cost to Government, risk allocation and benefits of the Project. The final assessment provided to Government concluded that the Project:

- represents value for money and has reasonable costs;
- as proposed is affordable in the context of the approved budget;
- provides the expected benefits to Government;
- has not changed in scope or composition to the extent that the original approval to enter into a Market-led Proposal process is compromised; and
- has met broader policy obligations including compliance with the Victorian Industry Participation Policy (VIPP).

The Transurban Proposal was finalised and proceeded to Stage five.

3.5 Stage five: Award of the contract

In Stage five, following the completion of contractual negotiations, the Government and Transurban entered into binding contractual arrangements to deliver the agreed Proposal and govern delivery of the Project.

3.6 Value for Money

3.6.1 Quantitative assessment

The Government undertook a quantitative value for money assessment as part of its evaluation of the Transurban Proposal. This assessment concluded that the Transurban Proposal offered the State value for money consistent with Guideline requirements.

For details of the quantitative value for money assessment completed as part of the Guideline requirements, please refer to the separate PwC West Gate Tunnel Project Summary Value for Money Assessment Report.

3.6.2 Qualitative analysis

As well as value for money, the Transurban Proposal includes a number of qualitative benefits:

- Transurban's ability to leverage the CityLink asset to facilitate funding for the Project;
- leveraging synergies Transurban can offer from operation of multiple road assets in addition to utilising existing infrastructure and technology systems;
- integrated incident response across CityLink and West Gate Tunnel improving response times and enhancing traffic flow;
- creation of a KPI framework on both CityLink and the West Gate Tunnel to align the operation of the two roads with the State's broader network management objectives;
- removal of provisions that entitle Transurban to compensation when the State makes investments in the transport network that reduce traffic on Transurban operated roads;
- reforms ensuring fairer and more effective toll collection processes including setting minimum requirements for a hardship relief program; and
- a more modern handback arrangement on CityLink helping the State to integrate the asset with the transport network on handback.

3.7 Uniqueness

The State assessed the Transurban Proposal as having unique characteristics that result in outcomes that are not likely to be obtained using standard competitive processes within acceptable timeframes.

Transurban is able to offer value for the funding sources from the CityLink extension and other revenue enhancements, which are unable or unlikely to be offered to the same extent by a third party.

In addition, Transurban is able to offer:

- enterprise-wide infrastructure and systems, including critical toll collection and tolling back office systems, customer accounts and services;
- a range of multi-road tolling products such as trip caps and vehicle class discounts;
- opportunity to modernise and improve the State's risk position under the CityLink Concession Deed through harmonisation to a more modern requirements under West Gate Tunnel; and
- assuming interface risk with CityLink for the West Gate Tunnel Project and the Melbourne Metro Project, providing the State with certainty of risk and cost exposure.

3.8 Public interest considerations

Throughout the development of the Project, an assessment was made of the extent to which the Project was in the public interest. The analysis was undertaken having regard to the Partnerships Victoria guidance on how to evaluate whether a project meets the public interest.

The results of this test show that, on balance, the public interest is being protected by delivering the West Gate Tunnel Project as a PPP. Appendix 4 contains a summary of the Public Interest Test.

4. Procurement of a D&C Subcontractor (downstream)

4.1 Design and Construct (D&C) Subcontract Tender Process

The D&C Subcontractor appointed to design and construct the Project was selected following a competitive tender process, jointly conducted and evaluated by the State and Transurban. The D&C Subcontractor procurement process timeline is outlined in Table 4 with the process detailed below.

Table 4: D&C Subcontract procurement – key dates

Procurement process	*Key dates*
Issue of Request for Tenders	30 June 2016
Tenders close – design submission	3 November 2016
Tenders close – remaining tender submissions	17 November 2016
Commitment Deeds executed	2 April 2017
D&C Subcontract executed	11 December 2017

4.1.1 EOI process

An Invitation for Expressions of Interest for the D&C Subcontract was issued inviting potential respondents to submit expressions of interest, and to provide information on selected key issues to assist in preparing the request for tender (RFT). At the conclusion of this process, three shortlisted respondents were selected to progress to the next stage of the procurement: CPBJH JV, Lendlease Bouygues Joint Venture and Fastflow Joint Venture.

4.1.2 RFT and Appointment of D&C Subcontractor

The RFT was issued to and received responses from the three shortlisted respondents and, following a robust evaluation, CPBJH JV was appointed as the preferred respondent for the D&C Subcontract on 2 April 2017.

At that time, CPBJH JV entered into a D&C Commitment Deed with Transurban and the State. Under this deed CPBJH JV was required to assist the State and Transurban during the period from April 2017 through to contract close, including with key planning approvals processes for the West Gate Tunnel Project and completing early activities to develop the Project.

The D&C Commitment Deed included certain agreed process and commercial terms governing this period and preserved the outcome of the D&C tender process pending the State's completion of the statutory approval process for the Project. The D&C Commitment Deed set out both the agreed form of the D&C contract and the associated fixed D&C price.

At the same time, the State also entered into a WD Commitment Deed with Transurban to govern the activities carried out by Transurban (including through CPBJH JV as Transurban's subcontractor) in the period from April 2017 to contract close.

4.2 D&C Subcontractor procurement governance structure

A formal project governance structure was put in place to oversee the D&C Subcontractor procurement process, including the evaluation of the proposals submitted. This structure included a Development Control Group comprising senior representatives of both the State and Transurban (chaired by a State representative). This group made recommendations to Government and Transurban in relation to the assessment and outcome of the D&C tender process.

The evaluations were conducted by an evaluation committee, supported by three discipline-based evaluation sub-panels: value for money, commercial and technical. The evaluation committee was supported by State and Transurban staff, specialist advisers and other government agencies as required.

The key selection criteria used in the assessment of the proposals are presented in Appendix 5.

4.3 D&C procurement probity framework

To maintain the highest level of probity and public accountability throughout the tender process for the D&C Subcontractor, a robust probity framework was developed in consultation with the probity advisor appointed by Transurban.

Prior to the appointment of CPBJH JV as the preferred D&C Subcontractor, the probity advisor concluded that the tender process had been conducted in a manner consistent with the probity principles.

4.4 Other D&C tender process outcomes

The Project progresses Government's key policy objectives, including promoting local industry participation and providing training and employment opportunities for the young, and disadvantaged groups.

The D&C procurement was designed to meet the Victorian Industry Participation Policy requirements with a minimum local content target of 93 per cent for the design and construction of the tunnel, road works and elevated structures.

The West Gate Tunnel Project will also provide 86 per cent local content in the supply and installation of the electronic Lane Use Management System, and up to 92 per cent local steel will be used.

Victorians are provided more opportunities for local employment through the Major Projects Skills Guarantee with at least 10 percent of the hours worked on the West Gate Tunnel Project. There will be up to 500 positions for apprentices, cadets and trainees, and up to 150 jobs for former automotive industry workers.

5. Statutory approval process

5.1 Environment Effects Statement Process

As the Project could reasonably be considered to be capable of having a significant effect on the environment, the Minister for Planning required that the Project be assessed through an Environment Effects Statement (EES) process, under the *Environment Effects Act 1978*.

An EES is a well-established process that provides a comprehensive and transparent way of evaluating the environmental impacts of major projects such as the Project. The EES evaluated the environmental effects of the Project and ways in which these effects could be managed and mitigated.

This assessment included 17 environmental impact assessments undertaken by independent technical experts including assessments of contaminated soil and spoil management, groundwater, ground movement, surface water, ecology, air quality, noise and vibration (surface), vibration and regeneration noise (tunnel), human health, land use planning, social, business, landscape and visual, traffic and transport, Aboriginal cultural heritage, historical heritage and greenhouse gas impacts.

The timeline for this process is set out in Table 5 below.

Table 5: Planning approval timeline

Date	*Project Activity*
April 2016	Concept design for the proposed West Gate Tunnel Project was released to the public.
April 2016 – ongoing	Continuing consultation with affected landowners, businesses and tenants about the West Gate Tunnel Project, the EES and compulsory acquisition process and compensation entitlements.
June 2016	Reference Design released.
29 May 2017 to 10 July 2017	Formal submissions on the EES, draft Planning Scheme Amendment (PSA) and Works Approval Application were invited during a six week public exhibition period.
16 June 2017	A public information session was convened by the Inquiry and Advisory Committee (IAC) during the exhibition of the EES, and associated documents.
14 August 2017	Public hearings were conducted over a period of approximately five weeks.

Date	Project Activity
6 September 2017	Cultural Heritage Management Plan approved by Aboriginal Victoria.
23 October 2017	The IAC provided a report to the Minister containing a description of the proceedings conducted by the IAC (including a list of those making a submission or consulted), and the IAC's findings and recommendations in relation to its investigations and considerations.
27 November 2017	Assessment by the Minister for Planning was publicly released.
7 December 2017	PSA was gazetted.
8 December 2017	Works Approval was issued.
8 December 2017	Project Area designation was gazetted.

6. Key Commercial Features of the West Gate Tunnel Project

6.1 Parties to the key contracts

On 11 December 2017, the Government executed the Project Agreement with Transurban to design, construct and finance the West Gate Tunnel Project and to operate and maintain the West Gate Tunnel Project over the period to January 2045.

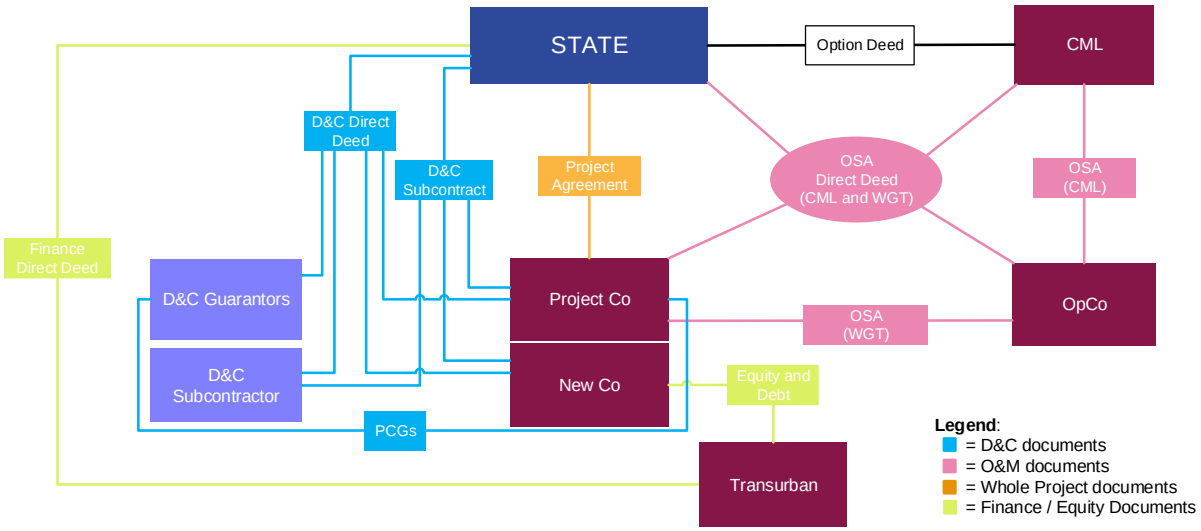
The primary parties involved in the West Gate Tunnel Project are:

- **The State**: The State is the signatory to the Project Agreement and other ancillary project documents. The Treasurer executed the project documents on behalf of the State.
- **Western Distributor Authority (WDA)**: WDA is the State Government authority with responsibility for leading the delivery of the West Gate Tunnel Project on behalf of the State.
- **Project Co**: Project Co is a wholly owned subsidiary of Transurban and will be the special purpose vehicle through which (in conjunction with its subsidiary New Co) the West Gate Tunnel Project will be delivered. Transurban, in turn, has entered into a range of contractual relationships with Project Co to deliver elements of the West Gate Tunnel Project. Transurban will provide all necessary private sector funding to Project Co and New Co for the construction of the West Gate Tunnel Project.
- **D&C Subcontractor**: Transurban and the State have engaged an unincorporated joint venture comprising CPB Contractors Pty Ltd and John Holland Pty Ltd to undertake the design and construction of the West Gate Tunnel Project.
- **OpCo**: Transurban has established Transurban Vic Op Co Pty Limited to undertake the operation and maintenance of the West Gate Tunnel for the term. Op Co will also provide operation and maintenance services to the CityLink Parties.
- **CityLink Parties**: means CityLink Melbourne Limited and Transurban Infrastructure Management Limited as trustee for CityLink Trust as parties to the Agreement for the CityLink Concession Deed, a key interface party for the West Gate Tunnel Project.
- **Independent Reviewer and Environmental Auditor**: the State and Transurban have jointly engaged Arcadis Australia Pacific Pty Limited to act as the Independent Reviewer and Environmental Auditor in respect of the West Gate Tunnel Project.
- **Independent Payment Certifier**: the State and Project Co have jointly engaged North Projects Pty Ltd, Wood and Grieve Engineers Limited and Tracey Brunstrom and Hammond Pty Ltd (known as the NTW Joint Venture) for the purpose of performing payment certification under the D&C Subcontract.

6.2 Contractual relationships

The relationship between the State, Transurban and other related parties is detailed in the Project Agreement and associated project documents. The structure and principal agreements required for the delivery of the West Gate Tunnel Project are outlined in Figure 4.

Figure 4: West Gate Tunnel Project contract arrangements and relationships



6.3 Risk allocation

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

Table 6: West Gate Tunnel Project risk summary

			Allocation		
No.	*Type of risk*	*Description*	*State*	*Shared*	*Project Co*
Land acquisition and planning risk					
1	Land acquisition	Risk associated with acquiring land identified at contract close as required for Project Co's design to be accepted by the State.	✓		
		Risk associated with acquiring land as a result of design changes requested by the State after Contract Close.	✓		
2	Additional land	Any additional land required by Project Co above the land made available by the State.			✓
3	Planning approvals	Obtaining key planning approvals for the West Gate Tunnel Project in relation to land made available by the State.	✓		
		Obtaining planning approvals for the West Gate Tunnel Project in relation to any additional land required by Project Co other than key approvals.			✓
		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.			✓ *(Note: There are certain limited State conditions that the State must comply with)*
Site risks					
5	Groundwater contamination			✓	
6	All other contamination	Cost relating to the management and removal of all other contamination on the site(s).		✓	
7	Native Title claims	Risk of cessation or suspension of the D&C Activities which causes cost and delay where a native title claim is made.		✓ *(Note: Project Co bears the first 10 Business Days of delay)*	
8	Aboriginal heritage and artefacts	Risk of cessation or suspension of the D&C Activities which causes cost and delay where a heritage claim is made.		✓ *(Note: Project Co bears the first 10 Business Days of delay.)*	
9	Environmental risk	Risk of general site and environmental conditions (excluding those specifically identified).			✓
Design, construction and commissioning risks					
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.			✓ *(Note: subject to certain specified relief events)*
13	Defects risk	Risk that defects are rectified.			✓
14	Fitness for purpose	Risk that the works are fit for purpose or comply with contractual obligations including applicable laws and standards.			✓
15	State-initiated modifications	If the State elects to make a variation to the relevant infrastructure to be provided by Project Co.	✓		

No.	Type of risk	Description	Allocation		
			State	Shared	Project Co
16	Impact of other Proximate State Projects resulting in modification or delay to the West Gate Tunnel Project.	Risk of cost and delay as a result of a proximate State works.		✓	
17	Management of Interfaces	Interface risk with the certain rail and road interface parties operating in or carrying out work in the vicinity of the West Gate Tunnel Project.		✓	
Operations risks					
18	Patronage/ tolling risk	Risk that patronage for the West Gate Tunnel or toll revenue differs from that forecast.			✓
19	Force majeure	Risk that force majeure events affect the operation or availability of relevant infrastructure.		✓	
20	KPIs	Meeting required standards with respect to key performance indicators.			✓
21	Meeting performance requirements	Performance of relevant infrastructure does not meet the performance requirements.			✓
22	Operations and Maintenance costs	Risk that operations and maintenance costs exceed budgeted costs over the operating phase of the West Gate Tunnel Project.			✓ *(Note: subject to specified relief events)*
23	Residual life and end of term handover	Satisfying the residual design life requirements for relevant infrastructure at the end of the operations and maintenance phase.			✓
Industrial relations					
24	Industrial relations risk	Risks of industrial action in respect of the West Gate Tunnel Project (excluding those actions which directly affect Project Co and which directly result from an act or omission of the State).			✓
Change in law or policy risks					
25	General change in law	Risk of a general change in law during the design and construction phases.			✓
		Risk of a general change in law during the operations and maintenance phase of the West Gate Tunnel Project.			✓
26	Project specific change in law or change in policy	Risk of additional cost or delay resulting from changes in State policy or law which directly affect the West Gate Tunnel Project.	✓		
Financing					
27	Financing	Obtaining and maintaining finance for the West Gate Tunnel Project.			✓

No.	Type of risk	Description	Allocation		
			State	Shared	Project Co
28	Base interest rate risk	Base interest rate risk prior to financial close.			✓
29		Base interest rate risk from financial close.			✓
30	Refinancing	Risk of refinancing losses.			✓
31		Risk of refinancing gains.			✓
32	Tax	Actual tax payable by Project Co differs from the base case financial model.			✓
33	Forex risk	Risk of forex movements.			✓

6.4 General obligations of Project Co

Under the Project documents Project Co will be responsible for the design, construction, operation and maintenance of the Project over a 28 year period.

The full detail of Project Co's obligations is contained in the Project Agreement and related project documents. Table 7 below summarises the key obligations of Project Co over the course of the Project.

Table 7: Transurban's obligations

Project element	Description
All risk	Responsible for all risks in relation to the West Gate Tunnel Project unless expressly addressed otherwise.
Time	Responsible to complete all D&C activities and achieve completion of the Freeway by the date for West Gate Tunnel construction completion.
Design, construction, financing and commissioning	Responsible for all aspects of design, construction, financing and commissioning of the West Gate Tunnel Project, including: • coordination and management of the design development and construction process; • liaising with all relevant government agencies and utilities providers and installation and maintenance works to ensure the provision of utility and external infrastructure to the site as required for the West Gate Tunnel Project; • compliance with Victorian Industry Participation Policy and Major Projects Skills Guarantee requirements; and • implementing an appropriate communications strategy, in conjunction with the Western Distributor Authority, to engage with the community and various stakeholder groups.
Operations and maintenance	Provision of the following services throughout the operations and maintenance phase of the West Gate Tunnel Project to January 2045, in accordance with the performance standards specified in the project scope and requirements and the Project Agreement more generally: • operation and maintenance of the West Gate Tunnel to a pre-agreed standard, including liaison and interface with other road network operators and performance levels relating to road and traffic management and traffic incident management; • provision of traffic management services, including proactive measures to manage traffic flows and performance, and the provision and use of intelligent traffic information systems to maximise road network efficiency, safety and user information; • operation of a tolling system and tolling services for the West Gate Tunnel Project; and • safety and environmental management, including adherence to applicable approvals, laws, guidelines and standards.

Project element	*Description*
Insurances	Project Co is required to take out a range of insurances during both the design and construction phase and the operations and maintenance phase of the West Gate Tunnel Project.
Handover	Undertake all necessary tasks to ensure that the West Gate Tunnel Project assets and site are handed back to the State on expiry of the operations and maintenance phase in the required conditions and in accordance with the end of term requirements set out in the Project Agreement.

6.5 General obligations of the State

Under the terms of the Project Agreement the State has retained certain obligations, including:

- to acquire the necessary land to enable Transurban to deliver the Project;
- to obtain the relevant key planning approvals for the Project;
- to establish and facilitate a community advisory group to seek to ensure stakeholder and community involvement in the Project; and
- to make State financial contributions as set out below.

In addition, the State has a key role in reviewing design documentation and other material that will be submitted by Project Co in accordance with the Project Agreement. Ultimately, however, design remains a Project Co risk.

6.6 State financial contributions

The State will make a financial contribution to the Project progressively during the design and construction phase up to an agreed limit. The contribution will be made by way of direct payments to the D&C Subcontractor for works identified in the D&C Subcontract as State Works, in addition to payment towards the State's own costs relating to the West Gate Tunnel Project.

The State is not required to commence making a financial contribution until at least $1 billion of West Gate Tunnel Project costs have been invoiced to Project Co. Thereafter, State financial contributions will be made pro rata with contributions from Transurban, subject to a capped State contribution profile.

6.6.1 Contingent additional State contributions

It is Government policy to implement the necessary legislative support for the West Gate Tunnel and CityLink toll revenue streams in the required form and timeframe (Policy Assumptions).

This legislative support can be implemented at any time prior to the toll revenue streams commencing (essentially up to the end of the 5 year construction phase). The Project documents include contingent State funding support for any toll revenue streams for which legislative support is not in place in the required form and timeframe.

This contingent State funding support recognises that implementing the Policy Assumptions is a State risk. As such, the contingent State funding support is designed to repay Transurban for its D&C and other Project costs incurred, plus provide a return on debt and equity and reinvestment risk which crystallises in respect of part of its investment in the Project.

6.7 Performance measures and liability

Key performance measures for the West Gate Tunnel Project have been negotiated with Transurban and fall within two distinct categories:

- in relation to the operations and maintenance of the West Gate Tunnel Project, including the timely performance of planned maintenance activities and traffic incident response; and
- in relation to the customer service provided by Transurban to customers of the West Gate Tunnel Project, including the timely answering of calls and emails from customers, customer complaints handling and resolution, infringement management and tolling accuracy.

Non-performance in accordance with the key performance measures will attract a liability for Project Co which will be payable at the end of each financial year.

6.8 Project Co performance relief, time and costs

Consistent with Partnerships Victoria Requirements and comparable PPP projects, the State will retain the risk in respect of certain events and will provide West Gate Tunnel Project with specific relief in certain circumstances as set out in Table 8 below.

Table 8: Project Co performance relief, time and costs

Relief event	*Details of relief event*
The State will provide Project Co with an extension of time and costs during the design and construction phase where the following compensable extension events occur	• breach by the State of project documents or act or omission of the State • suspension of design and construction works due to a government direction, order of a court or tribunal, or requirement of Law arising from a native title claim or discovery of artefacts • industrial action caused by the State (or State-related party excluding interface parties) directly affecting the West Gate Tunnel Project • where legal action is being taken in connection with key West Gate Tunnel Project approvals • a final court ruling regarding a law which the State can change but chooses not to and it prevents Project Co from performing the West Gate Tunnel Project works • if Coode Road is not closed by the agreed date for Project Co to design and construct the West Gate Tunnel Project works.

Relief event	*Details of relief event*
The State will provide Project Co with relief from performance, an extension of time and costs in respect of an event giving rise to force majeure during the design and construction phase	• time, cost and performance relief, in respect of a force majeure event which cannot be insured by Project Co • time and performance relief, in respect of a force majeure event which is insured by Project Co
The State will provide relief from performance and costs during the operations and maintenance phase including where the following key risk events occur	• a government direction is given and hinders Project Co from collecting tolls, fees and charges • a government direction is given or a requirement of Law exists because of a native title claim or the discovery of artefacts giving rise the suspension of the operations and maintenance activities • legal action is being taken in connection with the key West Gate Tunnel Project approvals • a change in law or policy which applies to the West Gate Tunnel Project including an amendment to a rail project agreement impacting the West Gate Tunnel Project, or a change in the tolling laws or road network prices or restrictions • autonomous vehicles are permitted but no change of law exists to allow the levy and collection of tolls for those vehicles • the road has not been declared as a road by the relevant legislation by the date of completion of the West Gate Tunnel Project • Project Co has not been declared as the West Gate Tunnel corporation by West Gate Tunnel Project legislation by date of completion of the West Gate Tunnel Project • a change in the Federal Environmental Law • a force majeure event which cannot be insured by Project Co • the State steps-in as a result of a catastrophic event • a court makes a final court ruling about a law which the State can change but chooses not to, and prevents Project Co from performing the operations and maintenance activities • the State fails to execute enforcement procedures, in respect of unpaid tolls, as required by the West Gate Tunnel Project legislation • groundwater contamination or contamination of the project area occurs (not caused by Project Co and subject to Project Co having mitigated the pollution) • where the State directs that Project Co should not rectify a latent defect • a failure of the State to provide transport network support and maintenance in respect of interfaces with other roads • where a change of law occurs or a State act of prevention occurs in such a way as to prevent the CityLink Parties from providing the support they are required to provide.
The State will provide relief from performance (but not costs) during the operations phase upon the following events occurring	• a force majeure event which can be insured by Project Co • a Freeway Management System failure.

6.9 Process for government modification of services/facility

The State may propose a modification to the relevant infrastructure and Project activities at any time during the project term. This includes an ability to remove works or services from the project scope. The occurrence of certain events may also trigger a requirement for the State to issue a modification, including certain changes in law or policy, a key risk event, certain contamination event, proximate state works and specific latent condition events. Under the modifications regime, Project Co is required to provide an estimate of the cost impact of any modification proposed by the State, in a manner which complies with the requirements of the Project Agreement.

The State will pay for the modification(s) either by way of a lump sum, milestone payments or an adjustment to the commercial arrangements (for example an extension to the operations and maintenance phase of the West Gate Tunnel Project or an amendment to the toll calculation schedule).

In addition to the ability to request modifications, a number of pre-agreed modifications (PAMs) (including in relation to additional works relating to the M80 interchange and the maintenance of seven shared use paths) have been costed by Transurban and included in the Project Agreement, for which the State can nominate to include or exclude (as applicable) them in the project scope at any time before a specified date.

6.10 Finance and security arrangements

Project Co and NewCo (a subsidiary of Project Co) will obtain funding from the Transurban Group to finance the non-State works under the D&C Subcontract.

The State will take State Security over Project Co and NewCo securing its rights under the Project Agreement. Under the Finance Direct Deed the State and Transurban Finance will 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.

6.11 Audit and inspection rights of the State

The Project Agreement 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 a private party or any of its key subcontractors (other than subcontractors that are engaged by Transurban group which are also servicing roads other than West Gate Tunnel and CityLink) in connection with the project; and
- disclose information in connection with the West Gate Tunnel Project to satisfy the disclosure requirements of the Victorian Auditor-General, or to satisfy the requirements of Parliamentary accountability.

6.12 Default, step-in and termination regime

A breach of the Project Agreement by Project Co entitles the State to various remedies.

6.12.1 Default

Upon the occurrence of a major default, Project Co is required to provide a remedy program which will be reviewed by the State in accordance with the review procedures. If Project Co fails to diligently pursue remedy of the major default, it will generally give rise to a State right to terminate the Project Agreement. If Project Co has been diligently pursuing the major default, then the State must extend the cure period under the remedy program.

Certain events of default are so severe that Project Co is not provided with the opportunity to cure the default. These will give rise to a State termination right immediately upon their occurrence. These events are called 'default termination events'.

6.12.2 Step-in

In addition to triggering termination rights, in the event of:

- a major default;
- a default termination event;
- an incident which represents a serious risk to safety; or
- the West Gate Tunnel Project being suspended as a result of a force majeure event during the design and construction phase of the West Gate Tunnel Project,

the State may assume temporary, total or partial control of the West Gate Tunnel Project and take such steps as are necessary, in the reasonable opinion of the State, to perform the project activities.

Where the State has exercised its right to step in, and the event giving rise to step-in by the State is a major default, default termination event or is attributable to Project Co's acts or omissions:

- during the design and construction phases of the West Gate Tunnel Project, Project Co must compensate the State for any costs incurred by the State during the step-in; and
- during the operations and maintenance phase of the West Gate Tunnel Project, the revenue derived by the Project Co in connection with the West Gate Tunnel Project will be used to pay the operational costs, and any liability suffered by the State during step-in event.

6.12.3 Termination

Where the Project Agreement is terminated before the expiry of the operations and maintenance phase of the West Gate Tunnel Project, Project Co may be entitled to a termination payment (depending on the reason for termination). The three types of termination payments set out in the Project Agreement are summarised in Table 9 below.

Table 9: Types of Termination Payments

Event	*Trigger*	*Termination Payment*
Default termination event prior to the date of tolling completion	The occurrence of a default termination event.	Project Co must pay the State the amount equal to "the cost to complete" the West Gate Tunnel Project minus: • the net present value of the forecasted net operating cashflows for the West Gate Tunnel Project; • the value of the unpaid State contribution; • the value of the CityLink funding sources that have not been invested in the West Gate Tunnel Project. If the value of this termination payment is a negative number, the termination payment amount is deemed to be zero.
Default termination event after the date of tolling completion	The occurrence of a default termination event.	No termination payment payable.
Force majeure	The occurrence of a force majeure termination event.	The State must pay Project Co an amount equal to the outstanding debt and 50 per cent of equity contributed as at the termination date less any insurance proceeds.
An early termination event	The occurrence of an early termination event	The State must pay Project Co an amount equal to Project Co's outstanding debt as at the date of termination, the amount of equity contributed as at the date of termination and a return on that equity, a percentage of forgone equity return, subcontractor break costs, reasonable costs of reinstating the CityLink affected areas.

6.13 State rights at expiry of contract

Starting from five years prior to the expiry of the operations and maintenance phase of the West Gate Tunnel Project, Project Co and the State will carry out periodic joint inspections of the West Gate Tunnel and associated road assets to determine the maintenance and repair work necessary to achieve the asset condition required under the Project Agreement at handover.

The estimated costs of carrying out those works will be subject to a handover bond that Project Co is required to provide to the State. The handover bond will be returned to Project Co when the handover is achieved.

At the end of the operations and maintenance phase of the West Gate Tunnel Project, the West Gate Tunnel and associated road assets will revert to the State. If handover occurs at the same time as CityLink, the State will not incur any costs. However, if the West Gate Tunnel Project expires at a different time to CityLink, the State must pay Project Co a reasonable cost for handover of the West Gate Tunnel Project (other than where the West Gate Tunnel Project is terminated as a result of the default termination event).

Part 3:
Monash Freeway Upgrade Project

1. Project Objectives

The key objective of the Monash Freeway Upgrade Project is to improve transport performance in the M1 Corridor by achieving the following:

- meeting increased travel demand due to future population and economic growth trends;
- enhancing connectivity between economic clusters;
- enhancing safety along the M1 Corridor; and
- enhancing access to jobs and services.

2. Scope

The scope of the Monash Freeway Upgrade Project works to be performed with the design and construction contractor Fulton Hogan include:

- the addition of approximately 30 kilometres of extra traffic lanes:
  - widening from four to five lanes in each direction between the EastLink Interchange and the South Gippsland Freeway; and
  - widening the freeway from two to three lanes in each direction from the South Gippsland Freeway to Clyde Road in Berwick.
- new and upgraded ramp signals, and extra space for more cars on ramps from Chadstone to Pakenham;
- overhead Lane Use Management Signs (LUMS) added between Warrigal Road and South Gippsland Freeway. The overhead electronic signs allow a more efficient response to changing traffic conditions by giving drivers advance notice of lane closures and variable speed limits;
- automatic incident detection will be installed along with LUMS to provide real time alerts to the traffic control centre and make the system's response times even quicker, further improving the effectiveness of the freeway during an incident;
- widening and strengthening of bridges to carry the new lanes;
- a new concrete median barrier between EastLink and the Princes Highway; and
- improved street lighting at various interchanges.

3. Key benefits

The benefits arising from the construction of the Monash Freeway Upgrade Project include:

- more reliable trips for 200 000 daily motorists;
- room for an extra 2 000 vehicles per hour during the peak;
- reduced travel times by 10 minutes a day;
- peak hour capacity on the Hallam Bypass will grow by 50 per cent;
- capacity for 20 per cent more vehicles on the busiest section of the freeway, from EastLink to the South Gippsland Freeway;
- a 20 per cent reduction in crashes that cause serious injury;
- overall economic benefit to the State of around $100 million a year;
- up to $30 million a year in savings on freight costs; and
- stronger links between key employment and education precincts along the M1 corridor.

4. Procurement Methodology

The Monash Freeway Upgrade Project forms part of the West Gate Tunnel Market-led Proposal submitted by Transurban to the State under the Guideline.

The State conducted an assessment in relation to a number of options to improve the transport performance in the M1 corridor and achieve the objectives outlined above in the business case. The assessment of the options was conducted with reference to the objectives and evidence that the additional freeway lane and ramp metering improvements would be the most successful means to achieve the objectives.

A competitive tender process was conducted for the design and construction works for the Monash Freeway Upgrade Project to ensure value for money was achieved. An invitation for expressions of interest was released with three tenderers shortlisted: CPB Contractors Pty Ltd / BMD Constructions Pty Ltd, Fulton Hogan and John Holland Pty Ltd. The shortlisted tenderers were then invited to submit a design and construction proposal for evaluation. The Monash Upgrade was evaluated and approved by the Treasurer in accordance with the Investment Lifecycle and High Value High Risk Guidelines.

Tenders were evaluated in accordance with following evaluation criteria:

- value for money;
- suitability of tender design to meet the Principal's requirements for the Project;
- project delivery in terms of program, sub-contract works, project plans and key contractor materials;
- management structure and key personnel;
- the extent of contract departures;
- compliance with the conditions of tendering; and
- compliance with Government policies.

Fulton Hogan was assessed to provide significant value for money advantage relative to other tenderers, with a scope and design approach consider capable of delivering the identified project benefits and was appointed as the design and construction contractor for the Monash Freeway Upgrade Project.

5. Contractual arrangements and cost

The following contractual arrangements were implemented for the Monash Freeway Upgrade Project:

- VicRoads was designated as principal for the design and construction contract for the Monash Upgrade;
- a Delivery Management Agreement between the State, VicRoads and Transurban was executed on 23 June 2016 appointing Transurban to manage the procurement and delivery of the Monash Freeway Upgrade Project; and
- a contract for the design and construction works for the Monash Freeway Upgrade Project was awarded to Fulton Hogan on 22 June 2016, with the value of the contract awarded for the works being in the amounts $220 million (nominal).

Once other State costs are taken into account, the total cost of the Monash Freeway Upgrade Project is $283 million (nominal).

6. Project Risk

Table 10: Monash Freeway Upgrade risk allocation

Type of risk		*Allocation*	
		State (VicRoads)	*Fulton Hogan Construction*
Events for which the State is responsible			
State responsibility	Any of the following: 1. a breach of the project documents by the State; 2. an act or omission of the State or its Associates not: a. permitted by the project documents; b. giving rise to a variation order; c. being a lawful exercise of the State's powers or functions; or d. caused or contributed to by Fulton Hogan's breach of the project documents, or negligent or unlawful act or omission; or 3. an act or omission of the State or its Associates that causes personal injury or property damage; 4. suspension of access; 5. agreed occupation interruption by Metro Trains Melbourne seeks, in certain circumstances (not caused or contributed to by an act or omission of the Fulton Hogan).	✓	

Type of risk		*Allocation*	
		State (VicRoads)	*Fulton Hogan Construction*
Excepted Risks	Any of the following 1. any negligent act or omission of the Principal, the Superintendent or the Principal's Associates; 2. war, invasion, act of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power, martial law or confiscation by order of any Government or public authority; and 3. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel not caused by the Contractor or its Associates or subcontractors or the employees or agents of any of these.	✓	
Land acquisition and planning risk			
Access to agreed land in accordance with agreed timetable	Risk of cost and time associated with access to agreed land for agreed periods.	✓	
Additional access to land including Ancillary Works Areas for establishment of site compounds, borrow areas, temporary sedimentation basins, and temporary works.	Cost and risk of access to agreed land outside of agreed periods, or access to additional land.		✓
Planning approvals	Risk that Principal's Approvals and all other certificates and approvals will not be obtained in time.	✓ (Principal's approvals)	✓ (all other certificates and approvals)
Site risks			
Contamination Event	Contamination caused by the State, its associates or the State's contractors; which migrates from outside of the land required for the works or which requires remediation at the source, excluding Contamination caused by Fulton Hogan.	✓	
Environmental risk	Risk of general site and environmental conditions.		✓
Native Title Claim or Heritage Claim or Artefact discovery	Risk of a Native Title Claim, Heritage Claim or Artefact discovery and, as a consequence, Fulton Hogan is required to suspend the works.	✓	
Design and construction risks			
Design risk	Risk that the design of works (after their construction completion) will be fit for its purpose as specified in the scope of works and technical criteria (Bridge Strengthening Works to comply with the Strengthening Design).		✓
Force majeure event	Fulton Hogan is entitled to an extension of time, but not delay costs, in respect of a force majeure event.	✓	✓

Type of risk		*Allocation*	
		State (VicRoads)	*Fulton Hogan Construction*
Construction risk	Risk that construction cannot be completed on time or to budget or are not constructed in accordance with the Design Documents so that the Works are fit for purpose and comply with the Contract and Legislative Requirements.		✓
Reinstatement of damage	Risk that Works will be damaged (during period Contractor is responsible for Works and other than limited excepted risks)		✓
Defects risk	Risk that Defects in Works or EastLink Works exist.		✓
Variations initiated by the State	Risk of cost and time delay where the State requests variations to the works.	✓	
Inclement weather	Risk of delay caused by inclement weather (other than force majeure) that prevents construction of Works.		✓
Interface risks including Eastlink tolling system and traffic disruption, and rail interfaces	Risk associated with the interface between the Monash Freeway Upgrade Works and the EastLink Works and rail interfaces (except to the extent caused or contributed to by the Principal or the State or the Principal).		✓
Industrial relations risks	Risk of delay caused by industrial action which prevent construction milestones being met or the total cost being different from anticipated (except State-wide industrial action)		✓
Change in legislative requirements			
Change in legislative requirements	Risk that a change in legislative requirements varies from the contractual position (except where it comes into effect after the Contract Date and could not be anticipated, and has been mitigated).		✓
Maintenance Activities			
Use and car of roads	Use, care and repair of roads, bridges and other structures as specified.		✓
Maintenance activities during the Maintenance Period	Risk that maintenance activities are not carried out on Monash Freeway, Princes Freeway, the freeway ramps, the EastLink interface, and other areas during the specified periods .		✓
Operating risks			
Handover risk	Risk that: • the EastLink Works are not in the required condition at handback and that operations and maintenance manuals are not complete or accurate; or • the Works are not in the required condition at Practical Completion.		✓
Other risks			
Insurance risk	Risk in the ability to obtain and maintain insurances required or the adequacy of those insurances.		✓ (certain exclusions apply)

7. Probity

RSM Australia were appointed probity advisors for the Project and observed the evaluation process, as performed by the evaluation panel, was conducted in an appropriate manner.

8. Progress

The Monash Freeway Upgrade Project commenced in 2016 with construction due for completion in 2018.

Part 4:
Webb Dock Access Improvement Works

1. Project need

The three key problems associated with road access to Webb Dock are as follows:

- inadequate access and egress capacity at the Port of Melbourne threatens freight efficiency and productivity and has safety and reliability impacts for the road network in this area;
- currently heavy vehicles from Webb Dock wishing to travel north over the Bolte Bridge have to enter the West Gate Freeway at Cook Street. The entry of slow moving heavy vehicles, combined with a weave movement from the West Gate Freeway to the Bolte Bridge exit, can result in reduced speeds and congestion on the inbound carriageway of the West Gate Freeway; and
- a history of collisions on the tight curve on the existing Ramp M (connection from West Gate Freeway eastbound to Western Link northbound) prior to the CityLink entry nose (city bound exit from West Gate Freeway). With increased traffic volumes, including a high proportion of trucks, there is an increased potential for truck rollovers to occur on Ramp M if not modified.

2. Project Objectives

The Webb Dock access needs outlined above give rise to the following objectives for the Webb Dock Access Improvement Works, being improvement of:

- freight access to the Port of Melbourne;
- safety along the M1 corridor; and
- transport performance in the M1 corridor.

3. Scope

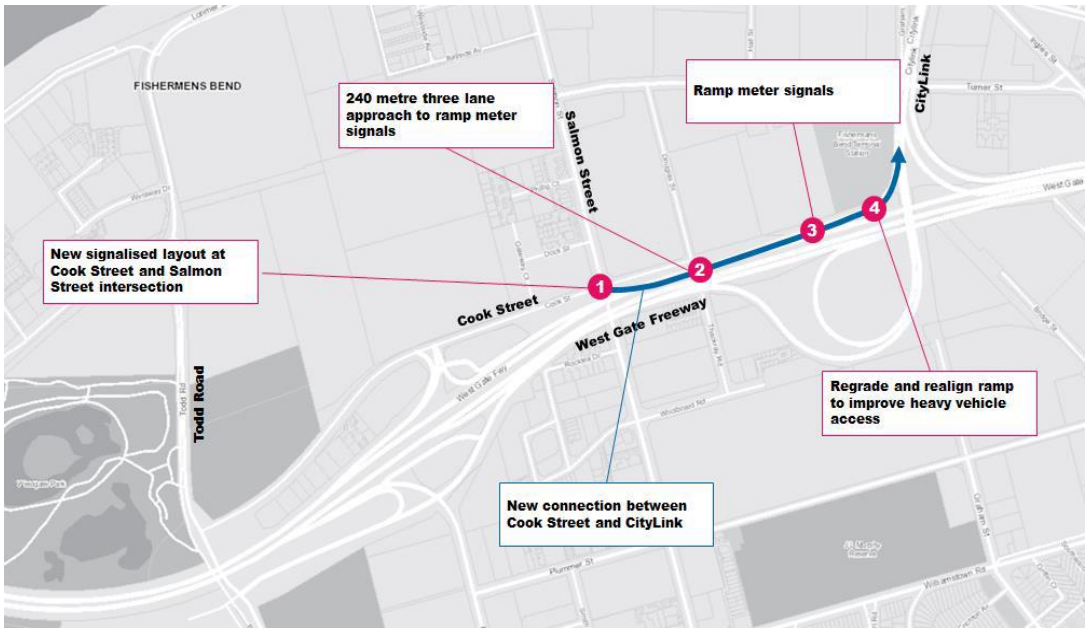
To achieve the objectives, the scope of the Webb Dock Access Improvement Works includes the following:

- widening and modification of the Ramp M inbound exit ramp;
- widening of the ramp to provide three lanes for ramp metering storage;
- provision of ramp metering on the modified Ramp M incorporating:
  - provision of a staggered three lane stop line, merging to one lane prior to joining the Bolte Bridge;
  - provision of ramp storage to cater for queues on the ramp with total storage for the Ramp M meter of no less than 950 metres; and
  - a new connection road from Cook Street to the modified Ramp M, at the intersection with Salmon Street, along the north side of the West Gate Freeway.
- an upgrade of the Cook Street / Salmon Street intersection from a roundabout to signalised intersection; and

- modifications to the West Gate Freeway (inbound), including:
  - retention of five lanes on the West Gate Freeway main carriageway including an auxiliary lane (fifth freeway lane) between the Cook Street entry ramp and the exit to the modified Ramp M
  - shifting of lanes to the south side of the carriageway with a reduced inside shoulder;
  - major directional signage and associated gantries and civil works including in Cook Street, Salmon Street and Todd Road; and
  - additional traveller information signs and CCTV cameras on Cook Street, Salmon Street and Todd Road.

A high level diagram illustrating the final agreed Ramp M Works scope is provided in Figure 5 below.

Figure 5: Proposed layout of Cook Street and Ramp M



4. Key benefits

Benefits of improved Webb Dock access include:

- reduced future potential for turbulence with benefits for traffic flow and road safety;
- improved safety and performance for heavy vehicles through realignment and regrading (flattening of the uphill grade) along Ramp M;
- reduced delays to Western Link traffic coming from Cook Street by removing the need to utilise the Cook Street entry ramp and associated metering;
- ramp metering of the traffic streams onto the two motorway routes will be directly related to operations of those individual routes providing explicit and more efficient control;
- improved operation on Western Link with the ramp metering on Ramp M forming part of the coordinated ramp metering system along Western Link; and
- egress improvements from Webb Dock for freight vehicles and general operational improvements both in the short term and into the future as a result of the additional eastbound traffic lane between Todd Road and the West Gate Freeway ramps.

5. Procurement Methodology

Procurement Assessment under West Gate Tunnel Proposal

As part of the Stage three assessment of the West Gate Tunnel Proposal under the Guideline the State undertook a procurement options analysis for delivery of the Webb Dock Access Improvement Works. This analysis included engagement with Transurban regarding the option to deliver parts of these works as a variation to the existing CityLink Widening Project. The State determined that Transurban was best placed to procure the Ramp M Works through such a variation because:

- the Ramp M Works have a direct interface with CityLink; and
- delivering the Ramp M Works as a variation to the CityLink Widening project reduced procurement timeframes and enabled the State to align the construction of the Ramp M Works with the construction of the CityLink Widening Project. This minimised the traffic impacts and maximised synergies in delivery of the project.

Delivering the Ramp M Works as a variation to the CityLink Widening project was approved as part of the West Gate Tunnel Business Case, subject to achieving a value for money outcome and at a cost of $62 million (nominal).

6. Risk Allocation

Table 11 below provides a high-level outline of the risk allocation for the Webb Dock Access Improvement Works. Where a risk is allocated to both parties, the parties may not necessarily share that allocation equally. All risks are dealt with in detail in the CityLink Widening Project contractual documentation.

Table 11: Webb Dock Access Improvement Works risk allocation

Risk	*Description*	*State*	*Transurban*
State caused events			
State Act of Prevention	Any of the following: 1. a breach of the project documents by the State; 2. an act or omission of the State or its Associates not: a. permitted by the project documents; b. giving rise to a variation order; c. being a lawful exercise of the State's powers or functions; or d. caused or contributed to by Transurban's breach of the project documents, or negligent or unlawful act or omission; or 3. an act or omission of the State or its Associates that causes personal injury or property damage.	✓	
Site risks			
Access to agreed land in accordance with agreed timetable	Cost and risk of access to agreed land for agreed periods	✓	
Additional access to land	Cost and risk of access to agreed land outside of agreed periods, or access to additional land.		✓

Risk	*Description*	*State*	*Transurban*
Contamination Event	Contamination caused by the State, its associates or the State's contractors; which migrates from outside of the land required for the works or which requires remediation at the source, excluding Contamination caused by Transurban.	✓	
Latent condition in State structures	Risk of latent defects in, or any other physical condition of, State structures which could not have been reasonably foreseen and which must be rectified to enable the works to be carried out in accordance with the project documents.	✓	
Latent conditions in Transurban structures	Risk of latent defects in, or any other physical condition of, Transurban structures .		✓
Native Title Claim or Heritage Claim	Risk of a Native Title Claim or Heritage Claim being made and, as a consequence, Transurban is required to suspend the works.	✓	
Design and construction risks			
Design risk	Risk that the design of works (after their completion) will be fit for its purpose as specified in the scope of works and technical criteria.		✓
Force majeure event (other than an uninsurable force majeure event)	Transurban is entitled to an extension of time, but not delay costs, in respect of a force majeure event.	✓	✓
Uninsurable force majeure event	Risk of war, radioactive contamination or government confiscation and other force majeure events that cause physical loss or damage to, or prevent opening or carrying out of, the works and for which insurance is not reasonably available.	✓	
Variations initiated by the State	Risk of cost and time delay where the State requests variations to the works.	✓	
Inclement weather	Risk of delay caused by inclement weather (other than force majeure) that prevents construction milestones being met.		✓
Interface risks	Risk associated with the interface between the CTW Works, CTW Maintenance Activities, CTW State Works and the works for the Webb Dock access upgrade works (except State retains risk for loss, destruction or damage to real or personal property or pollution or contamination to the extent caused or contributed to by the State).		✓
Industrial relations risks	Risk of delay caused by industrial action which prevent construction milestones being met or the total cost being different from anticipated.		✓
Traffic disruption during construction	Risk that the construction of the works disrupts traffic and causes a reduction in CityLink toll revenue.		✓
Operating risks			
Traffic and toll revenue risks	Risk that traffic demand, vehicle mix, volume and resultant toll revenue (including Commercial Vehicle volumes) on the Freeway is less than agreed in the Redevelopment Deed.		✓
Funding risks	Risk that the funding (Funding Sources) is less than agreed in the Redevelopment Deed.		✓

Risk	*Description*	*State*	*Transurban*
Handover risk	Risk that: • the State Returned Works are not in the required condition at Handback; or • the CityLink asset is not in the required condition at the end of the Concession Period.		✓
Other risks			
Key Approval Event	Any of the following: 1. a failure by the State to obtain a State Regulatory Approval by an agreed Back Stop Date; 2. a failure by the State to maintain a State Regulatory Approval; 3. a State Regulatory Approval imposing a condition that increases the cost of performing the CTW Works; or 4. a legal challenge to a State Regulatory Approval, the State's authority to implement the CTW Works; or conferral of sufficient power on Transurban to perform its obligations under the project documents.	✓	
Finance risk	Risks associated with the availability and cost of financing the works.		✓
Insurance risk	Risk in the ability to obtain and maintain insurances required by the Redevelopment Deed or CityLink Concession Deed, or the adequacy of those insurances.		✓ (certain exclusions apply)
Indirect or consequential loss	Risk that indirect or consequential loss is incurred in connection with the works.	✓ (certain exclusions apply)	✓ (certain exclusions apply)

7. Value for Money

VicRoads, together with its cost advisor, undertook a detailed value for money assessment of the costs submitted by Transurban for the delivery of the Ramp M Works. The cost assessment comprised two different approaches to determining value for money:

- comparison of Transurban's proposed total costs against a high level State cost comparator developed by the State's independent cost advisor, Advisian; and
- detailed review and benchmarking by Advisian of the cost components submitted by Transurban.

The assessment concluded that it represented value for money, noting the proposed delivery through Transurban:

- best achieves the desired timing, risk allocation and value for money objectives;
- has a final price which is less than the State D&C comparator; and
- the terms of the Ramp M documentation generally reflect PPP principles and are consistent with terms that would be expected to apply to a project of this size and nature.

8. Progress

The Ramp M Works commenced in June 2016 and were completed on 11 December 2017.

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.

Term	*Meaning*
DTF	Department of Treasury and Finance
EES	Environmental Effects Statement
Guideline	Market-led Proposal Interim Guidelines
IAC	Inquiry and Advisory Committee
LUMS	Lane use management system
Project Co	Transurban WGT Co Pty Ltd
Project	West Gate Tunnel Project
Proposal	Market-led Proposal issued by Transurban
PPP	Public-Private Partnership
PSA	Planning Scheme Amendment
RFT	Request for Tender
Transurban	Transurban Limited
VicRoads	The Roads Corporation established under the Transport Act 1983 (Vic) and continued under the Transport Integration Act 2010 (Vic)
WDA	Western Distributor Authority

Appendix 2: Useful references

- Project documentation including the Project Agreement, is available at *www.contracts.vic.gov.au*
- Partnerships Victoria policy guidance and project information is available at *www.partnerships.vic.gov.au*
- Information regarding the project is available on the Western Distributor Authority Website at *www.westgatetunnelproject.vic.gov.au*
- The Department of Economic Development, Jobs, Transport and Resources website at *www.transport.vic.gov.au*

Appendix 3: Key contact details

Western Distributor Authority

Web site: www.westgatetunnelproject.vic.gov.au

Level 26

80 Collins Street

Melbourne Vic 3000

(03) 9938-0500

Partnerships Victoria

Web site: www.partnerships.vic.gov.au

Department of Treasury and Finance

1 Treasury Place

East Melbourne Vic 3002

Phone: (03) 9651-5111

Appendix 4: Public interest test

The *Partnerships Victoria* Guidelines require that all Victorian PPPs are subjected to a public interest test to confirm that they adequately protect the public interest. This assessment is applied at key stages of the procurement process, through to the approval, and prior to entering into the Project Agreement. The public interest test will ensure the project will continue to comply with public interest requirements set out under the *Partnerships Victoria* Guidelines for the duration of the project.

The public interest test has been completed for this project and the assessment has been approved by Partnerships Victoria. The assessment of the project was conducted against the following eight elements of public interest:

- effectiveness;
- accountability and transparency;
- affected individual and communities;
- equity;
- consumer rights;
- public access;
- security; and
- privacy.

Protecting the Public Interest (contract execution confirmation)		
Public interest element	*Standard*	*Assessment*
Effectiveness Is the Project effective in meeting government objectives?	The key government output/service delivery requirements are encompassed in the following Project objectives: • improve transport performance in the M1 corridor; • reduce reliance on the West Gate Bridge; • improve freight access to the Port of Melbourne and greater Melbourne; and • improve community amenity on local streets in the inner west. The Project must also comply with key policy requirements, including the Victorian Industry Participation Policy, the Major Skills Compliance Guarantee and other social policy objectives.	All service delivery requirements stated in the objectives are met by Transurban's Proposal. The mechanisms to meet these requirements are included as contractual obligations for the design, construction, maintenance and operation of the West Gate Tunnel Project. If Transurban meets requirements defined here, the West Gate Tunnel Project will be judged as effective. The risk that the West Gate Tunnel Project will not continuously meet requirements is managed by including contractual provisions such as: a default regime, financial consequences for not meeting key performance indicators and State step in rights. Public benefits as a result of the West Gate Tunnel Project include: • time savings and greater reliability in travel times; • improved economic activity and productivity; • improved access to employment activities; • improved local amenity, including reduced truck travel in the inner west and enhancing walking and cycling connections; and • improving public transport travel times. Project Co is contractually obliged to comply with the approved Local Industry Development Plan, which was prepared and approved in accordance with the Victorian Industry Participation Policy and to meet Major Skills Compliance Guarantee and other social procurement policy requirements.
Accountability and transparency Do the partnership arrangements ensure that: • the community can be well-informed about the obligations of government and the private sector partner; and • these can be over sighted by the Auditor-General.	The project is to comply fully with all Victorian Government accountability and transparency policies and obligations including under the: • *Freedom of Information Act 1982;* • Victorian Government Purchasing Board Probity Policy; • Best Practice Probity Advice Guidelines; and • requirements of the Victorian Auditor-General.	The West Gate Tunnel Project's Probity Advisor has monitored the tender process for adherence to probity principles and reported to Government at key project milestones. The Auditor-General retains the right to view all material. The only notable limitation is where the State assesses the public interest in maintaining confidentiality against the public interest in disclosure. This is not a Project-specific limitation. Project documents will be published, including the final contractual documentation subject to the confidentiality provisions of the Freedom of Information Act 1982 and commercial confidentiality requirements.

Protecting the Public Interest (contract execution confirmation)		
Public interest element	*Standard*	*Assessment*
Affected individuals and communities 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?	The Government is committed to an appropriate public consultation process in relation to the Project and meeting planning requirements under the *Environment Effects Act 1978*.	The West Gate Tunnel Project has been through a comprehensive planning process which culminated with the public exhibition of the EES in accordance with the *Environment Effects Act 1978.* This process has involved extensive stakeholder engagement and public exhibition requirements. The key planning approvals for the Project contains a number of performance requirements which include a set of environmental outcomes the West Gate Tunnel Project must achieve during its design, construction and operation. A communication program has been developed to ensure on-going communication and consultation with interested groups throughout the Project development and construction phases. The West Gate Tunnel Project has the potential to deliver significant amenity benefits to the local community by contributing to a reduction in traffic along local street networks, and enhancing walking and cycling connections. The Project will introduce reforms to the toll collection and enforcement process, ensuring a fairer and more effective system. Community Groups have raised concerns on the impact of the current system on people facing disadvantage. Project Co will now have the following obligations: • maintaining debt recovery arrangements, hardship policies and complaints handling procedures that meet minimum requirements set by the State. • only issuing a toll infringement once in any seven day period, as opposed to daily under current arrangements. The State will provide more time to pursue civil debt recovery, with the State committing not to reject matters referred to infringement within 180 days of the date of the trip taking place, reducing the number of infringements issued. The West Gate Tunnel Bill will apply these reforms to all toll road operators, and will provide greater discretion for Courts to waive certain costs for those experiencing hardship. Project Co is contractually obliged to comply with the approved Local Industry Development Plan, which was prepared and approved in accordance with the Victorian Industry Participation Policy.

Protecting the Public Interest (contract execution confirmation)		
Public interest element	*Standard*	*Assessment*
Equity Are there adequate arrangements to ensure that disadvantaged groups can effectively use the infrastructure or access the related services?	The disadvantaged groups who are expected to use the infrastructure and access the services are those with physical impairment (sight, hearing, motor functions), the aged, the frail, low income earners, new arrivals unfamiliar with the language or the system etc. The design of the Project will respect the principles of the *Disability Act 2006*, in particular the rights of persons with disabilities to receive services in a manner which least restricts their rights and opportunities, and will adopt disability access strategies wherever applicable to avoid discrimination in provision of goods, services, facilities and access to premises as required by the *Disability Discrimination Act 1992* (Cth) (DDA).	All disadvantaged groups using the new freeway will be catered for in line with existing DDA legislation, relevant codes and standards. Public transport has the primary role in providing good connections to employment in the CBD. The West Gate Tunnel Project can complement that role by improving connectivity between the west and inner Melbourne. It will also help to reduce the imbalance between numbers of homes and jobs in the west, by providing improved access to urban renewal sites in the inner west to provide more jobs nearer to areas of strong population growth.
Public access Are there safeguards that ensure ongoing public access to essential infrastructure?	The Project will be designed for continuous access for motorists except during times when essential maintenance of the facility may require temporary lane closures. For safety reasons, public on foot will not be permitted on the road. Public access across the freeway will be restricted to pedestrian overpasses/underpasses, footpaths on bridges and bike path(s). Emergency services and public utilities with assets in the road reserve will have controlled access. The State will have special access rights under contractual arrangements for use of the road for emergencies and for other legally required activities.	All required and statutory public access will be provided, where it is safe to do so.
Consumer rights 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?	Service recipients to whom government owes a high level of duty of care are children, seniors, low income earners, physically/mentally disabled, non-English speaking, overseas tourists, those not familiar with the transport system, etc. In addition to the measures and standards set out under the heading of "Equity", (in particular the requirements of the DDA in relation to the provision of goods, services and facilities) services provided in conjunction with the Project will meet the requirements of the *Fair Trading Act 1999*, the *Trade Practices Act 1974* (Cth) and competition principles and will be subject to complaints procedures available under those Acts and the *Ombudsman Act 1973.*	The West Gate Tunnel Project will meet all of the special needs and rights through adequate design, operation and maintenance. Any public transport in connection with the West Gate Tunnel Project will comply with all consumer rights requirements.

Protecting the Public Interest (contract execution confirmation)		
Public interest element	*Standard*	*Assessment*
Security Does the Project provide assurance that community health and safety will be secured?	The Project requires identification of all public health and safety standards required to be met in design, construction and operation / maintenance stages. The Project will comply with all applicable health and safety laws and regulations, including the *Occupational Health and Safety Act 2005*, the *Dangerous Goods Act 1985*, any relevant provisions of the *Environment Protection Act 1970* (including State Environment Protection Policies protecting human health and beneficial uses of the environment) and any conditions imposed as part of planning and/or environmental approvals and all measures recommended as a result of formal safety hazard assessments (including fire safety regulations and emergency response procedures).	All identified and relevant health and safety standards will be included in the performance requirements for the West Gate Tunnel Project. Contract specifications require the Project to be designed, built and maintained in order to meet relevant occupational health and safety requirements in full. An increased risk of a breach of community health and safety is likely to occur during construction and commissioning. Mitigation is planned as follows: • construction standards will accord with best industry practice; and • the public will be excluded from the construction site. The key planning approvals for the Project contain a number of performance requirements which include a set of environmental outcomes the West Gate Tunnel Project must achieve during its design, construction and operation. These environmental outcomes cover things such as human health, air quality, noise attenuation requirements and traffic management.
Privacy Does the Project provide adequate protection of users' rights to privacy?	The applicable privacy standards are set out in: • *Privacy Act 1988 (Cth)* • *Information Privacy Act 2000* • *Surveillance Devices Act 1999* • *Health Records Act 2001.*	Closed circuit television systems will be operated to monitor traffic conditions on the road. This practice is in accordance with the *Surveillance Devices Act 1999.* Tracking devices and/or cameras may be used to determine usage of the freeway. This will be done in accordance with *Surveillance Devices Act 1999,* Any information collected through the use of these devices will be handled in accordance with the appropriate privacy principles contained in the *Privacy Act 1988* (Cth), the *Information Privacy Act* 2000 and the *Health Records Act 2001.*

Appendix 5: Evaluation Criteria for D&C Subcontract

D&C Subcontractor tenders were evaluated by the State and Transurban against the following evaluation criteria.

Criterion: Conformance	
Shortlisted respondents were required to ensure the tender cover and tender form(s) under Part 1.1 of Volume 1B were completed and executed correctly.	
Criteria Category A: Government requirements	
Criterion A1:	State policy requirements
Criteria Category B: Management, key people, key Subcontractors and key consultants	
Criterion B1:	Management structure
Criterion B2:	Key people
Criterion B3:	Key subcontractors and consultants
Criteria Category C: Commercial/financial	
Criterion C1:	Commercial departures
Criterion C2:	Commercial structure
Criterion C3:	Financial capacity and stability
Criterion C4:	Post preferred respondent stage
Criteria Category D: Design Approach	
Criterion D1:	Quality of design
Criterion D2:	Adequacy of EES design and approvals
Criterion D3:	Operations and maintenance outcomes of the proposed design
Criterion D4	Quality of urban design
Criteria Category E: Delivery Approach	
Criterion E1:	Safety
Criterion E2:	Delivery approach
Criterion E3:	Bid design and construction program
Criterion E4:	Land impacts
Criterion E5:	Interface management
Criterion E6:	Community and stakeholder impacts
Criterion E7:	Workforce relations
Criterion E8:	Environmental management
Criteria Category F: Value for Money	
Criterion F1:	Risk adjusted cost
Criterion G: Experience	
Criterion G1:	Experience

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