
Evaluating what is new in the PPP pipeline¹

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Public sector and private sector partnerships are proving to be an innovative way for governments to provide infrastructure and deliver infrastructure related services. Australia has actively adopted Public Private Partnerships (PPPs) in theory and in practice. However, while the terminology may be an import from the United Kingdom (UK), where the model began as the Public Finance Initiative (PFI), the employment of private sector financing for the delivery of Australian infrastructure services has been long established. First utilised by the Victorian Government,² the PPP model has now been enthusiastically accepted by several Australian States and Territory.

INTRODUCTION OF PPPS TO AUSTRALIA

In Australia, the term PPP is used broadly, and it is worth noting that the idea of "partnership" between private sector and government is taken up in a variety of forms. For example, PFIs are viewed as a *subset* of PPPs: they are PPPs under which a private sector operator, having indicated its willingness to accept and share risk, works with the government first in financing, and then in creating and/or managing, infrastructure.

Beyond PFIs, however, PPPs in Australia may also be identified with other contracting arrangements which can be described as partnerships between government and the private sector, even if the infrastructure is publicly funded. This would include, for instance, semi-permanent facility management, the purpose of which might be to enable a private contractor to contribute its expertise to the government's asset management strategy. Moreover, PPPs may encompass situations where "alliancing" is used in infrastructure delivery, this perhaps being the most genuine form of partnership between governments and the private sector, consistent with probity requirements. Appendix A shows a simple breakdown of what can be described as the Australian PPP family, encompassing both PFI and publicly financed methods of delivery.

Although seemingly disparate, this range of PPP approaches is coherent in its demonstration of a new and overt flexibility on the part of the public sector, driven by the desirability of tailoring the contract to the particular project. In considering the optimal mode of delivery, every aspect of a project is "up for grabs", including ownership structure (short of outright privatisation), sources of remuneration, risk allocation, and the delineation between "core" and "non-core" services (that is, those to be retained by the government, and those which can be outsourced). In this spirit, the term PPP has been adopted because it indicates collaboration between the public and private sectors without spelling out the precise manner of this collaboration.

PPP approaches have long been applied in Australia and, in some areas of innovation, Australia probably leads the world. The key contractual structure of build, own, operate and transfer³ (BOOT), later forming the backbone of Australia's PPP experience, first became common in Australia in the late 1980s, especially in the transport sector. BOOT meant new facilities could be provided at minimal cost to governments, with the operational risks being transferred to the private sector but with ultimate ownership being retained by the governments. Examples include the Melbourne CityLink tollway, the Sydney M2, M5 and Eastern Distributor tollways, the Sydney Airport Link railway stations and many items of the Sydney Olympic structure.

¹ The author gratefully acknowledges the assistance in the preparation of this article by Jane Hitchcock and Jane Hansen, Legal Assistants; and the comments on previous drafts made by Owen Hayford, Senior Associate, Clayton Utz, Sydney.

² *Partnerships Victoria* see <http://www.partnerships.vic.gov.au>.

³ BOOT is an example of a PPP which is a PFI.

The wider PPP story in Australia really kicked off with the adoption in 1995 of a National Competition Policy and the consequent development of the "best value" regimes. These wide ranging reforms to competition laws opened up government business enterprises and monopolies to competition. Initially the reforms saw a vigorous push for the privatisation of state-owned assets, with the Federal government leading the way by selling off over A\$45 billion of Commonwealth assets. Privatisation at State level centred around the offloading of energy and transport interests and some health and justice infrastructure, which the public were never comfortable with. In most cases privatisation and the use of the PPP model resulted in lower prices for infrastructure services and improved customer focus.⁴ The delivery of services has occurred earlier than previously under purely public funded options and this has allowed Australia to increase its competitiveness compared with trading counterparts within the Organisation for Economic Co-Operation and Development (OECD).

Australian governments have now accepted the fundamental premise that the private sector has a legitimate place in providing infrastructure and related services. This includes "economic" infrastructure (transport, power, water, telecommunications, etc) and "social" infrastructure (schools, hospitals, justice facilities, policing, etc), subject to the reservation to the governments of "core" services and the recognition that social and economic infrastructure usually rely on different revenue bases.

The PPP model in Australia has developed and now includes well-established members such as BOOT, design and construct (D&C), operate and maintain (O&M), design, construct and maintain (DCM) and build, own and operate (BOO).

PPP KEY FEATURES

PPPs are, broadly speaking, a "risk-sharing relationship between the public and private sectors to deliver timely public infrastructure and related non-core services."⁵

The goal of the model is to:

assist the public sector to deliver infrastructure in a more cost effective manner (whilst retaining control of the "core" services) with significant input from the private sector.⁶

The government is relieved of the responsibility of purchasing large assets and outlaying large amounts of money during the initial stages of development within the contract period, which may range from 30-35 years or longer.

The PPP model retains its uniqueness despite it being based on previously established project delivery models such as BOOT⁷ and Design, Build, Finance and Operate (DBFO).⁸ Its key features are:

- Control of the core services is still retained by the government;
- Public Sector Comparators (PSC), a process of "comparing the cost of private bids to a hypothetical, risk adjusted cost of public delivery for the same services". This process is integral to undertaking a PPP project. The PCS is intended as a tool to enable the government to determine whether it is obtaining value for money from private sector bids. But in order for this tool to be effective it must be right for the particular project;⁹
- The safeguarding of public interests;

⁴ O'Neill D and Arndt R, "Australia at a Crossroads — Public/Private Partnerships or Perish?" at <http://www.auscid.org.au>.

⁵ The Queensland Government, *Public Private Partnerships Guidance Material: Value for Money Framework* see http://www.sd.qld.gov.au/dsd/web/html/docs/global/content_2.cfm?id=10447.

⁶ Bremen, 2002, *The Arbitrator and Mediator* 21(2) 39.

⁷ This model is closer to privatisation than PPPs. Also, see the comments noted below on the recent release by the Victorian Government of its Public Sector Comparator Supplementary Technical Note, July 2003.

⁸ Like BOOT, the DBFO model is also considered to be a member of the PPP family.

⁹ The PSC performs the following roles: it promotes full cost pricing at an early stage in the procurement process; it acts as a key management tool in the procurement process, assists in the management of the process by focusing attention on the output specification, risk allocation and a comprehensive costing of the project; it provides a reliable means of demonstrating value for money; it provides a constant benchmark and evaluation tool; and it encourages bidding competition by creating confidence in the financial rigour and probity of the evaluation process.

- The provision of services on a performance based contract; and
- An overarching "partnership" between private and public sectors.

There are, of course, no guarantees that the PPP model will enable the private sector to provide, develop and operate services more efficiently than the government or vice versa. Here the Public Sector Comparator (PSC) plays a key role.

OVERVIEW OF KEY PPP DEVELOPMENTS

The Australian PPP experience has been largely in respect of BOOT and BOO projects, however, BOOT remains the backbone of Australian PPP developments in several ways. For one thing, it is overwhelmingly the most common PFI structure employed in the delivery of large-scale infrastructure. For another, significant PPP developments, such as shadow tolling, are simply variations on the basic BOOT concept. The DCM structure is another familiar and commonly used, form of PPP. Appendix B lists the major BOOT, BOO and DCM projects which have been undertaken or are being undertaken in Australia. These have delivered justice, transport, water, health and energy infrastructure, and account for the bulk of the Australian experience in respect of the provision of new infrastructure via PPP. This section outlines further key developments in the PPP pipeline, providing examples of each.

Operating franchises

Rather than sell off existing infrastructure, the franchise approach has been adopted to transfer operating risk, control and entitlement to revenue of infrastructure facilities to the private sector for finite concession periods under fixed-term contracts. Under such franchises, the private sector owner/operator will have to pay a concession fee, as well as penalties to the government, should it fail to meet service standards. This contracting strategy provides all of the benefits of simple contracting out, with the added incentive on the part of the operator to improve efficiency and grow patronage.

The most sophisticated, but not necessarily successful, franchise model adopted in Australia has been the series of rail franchises let by the Victorian Government in 1999. The former Public Transport Corporation was split into five passenger separate train and tram businesses and then sought expressions of interest from the private sector for the management control franchises of the each business. The franchises were divided between three consortia.

Under the agreements, franchisees committed contractually to deliver more services, to deliver at a significantly higher standard than had been the case under public management of the infrastructure, and to provide maintenance and operation services and improvements in the context of progressively decreasing State subsidies. The franchisees further agreed to invest specified minimum amounts in a range of initiatives to improve, and in some cases expand, services.¹⁰ There was also a design and construct element to the agreements, requiring franchisees to ensure the performance of mandated works (funded by the State or the operator depending upon where the work fell in relation to expressed criteria).

In return for discharging the obligations mentioned above, the franchisees earned remuneration through the following revenue sources.

- *Base subsidy*: subsidy payable by the State, determined during the bidding process and set out in the franchise agreement;
- *Operational Performance Regime (OPR) incentives*: financial incentives payable by the State where pre-defined levels of operational performance are exceeded;
- *Patronage incentives*: financial incentives payable by the State where pre-determined levels of patronage growth are exceeded;
- *Farebox revenue*: revenue from ticket sales;

¹⁰ As operator of three of the five franchises, the National Express Group (Australia) Pty Ltd committed to the investment of more than \$1 billion across its three franchises: Strachan P, "Is this privatisation — or a public/private partnership?" (2000) *Track and Signal* (Oct/Nov) 29-31 at 29.

- *Concession top-up*: reimbursement by the State in respect of tickets sold at concession prices;
- *Other revenue*: revenue earned from ancillary commercial activities such as retailing and advertising; and
- *Access and inter-operator revenue*: revenue earned from regulated or contractual access charges payable by third party operators for use of the franchisee's assets or services provided by the franchisee.

The OPR component (based on the UK scheme) acted both as a performance-based revenue source and as a method of enforcing the objectives of the Government in the absence of its direct control of the business. Like its UK counterpart, the OPR uses the performance measure of the "performance minute", a weighted average lateness statistic for each passenger train operator based on recordings of train data at monitoring points. Operators become entitled to incentive payments by exceeding the benchmark by a specified degree (that is, attaining an outstanding result). If, on the other hand, performance is below the benchmarked level, the operator must make a penalty payment to the government. The Victorian OPR differs from the UK OPR in several respects, as, for example, in its doubling of the dollar value of each performance minute after the first year of the franchise period. That is, franchisees are now paying twice as much for delays and receiving twice as much by way of bonus.

Thus far, adoption of the OPR under the Victorian rail franchises has had a qualified reception. While generally functional, there has been criticism that benchmark levels were unrealistic. The head of one of the franchisee companies cited an example from the V/Line franchise: "During one week in July [1999], V/Line achieved one of its best performance records ever with 100% service delivery and 97% punctuality — but earned a bonus of just \$112."¹¹

A further example is that despite improving the punctuality of Swanston Trams from 55% in the first quarter of 1999 to 70.4% in the first quarter of 2000, the franchisee incurred performance penalties of \$1 million.¹² These examples illustrate problems with the projection of benchmarks from historical data and the need for incentive schemes to recognise relative as well as absolute improvements in performance. The other major problem with the OPR is that it does not recognise measures taken by the operator to implement improvements which do not manifest in performance minutes. Such improvements may be, for example, to the general condition of the rolling stock. This problem is properly dealt with by implementing alongside the OPR a broader Key Performance Indicator (KPI) regime.

Provision of tailored accommodation services

Governments are becoming increasingly loathe to assume wider burdens than necessary to procure the precise service they require. This is most obviously the case in respect of government leasing of tailored accommodation. In essence, this is a BOO project undertaken by private sector providers in exchange for the government guaranteeing to take out a long-term lease of the infrastructure provided. At its own cost, the private operator will construct a facility built to meet specified requirements set out by the government (which will become a tenant upon completion), and also provide associated services (such as security and communications) for which the government will pay a service charge. The combined revenue from rent and service charges over the term of the lease should be enough for the private operator to recoup its investment and make a return. The facility remains at all times in private ownership and the owner is free not to renew the lease after expiry. The government obtains the accommodation and related services it requires without being encumbered by actual ownership of the asset.

The only Australian example of this kind of arrangement is the agreement between the Victorian Government and a private contractor for the provision of new court rooms, administrative accommodation and support facilities for the Victorian County Court. Under the agreement, the private contractor (Liberty Group Consortium Pty Ltd) constructed a new building to house the County Court (including a library, a common room and conference rooms) on State-owned land under

¹¹ Strachan, n 10 at 30.

¹² Strachan, n 10.

a 99-year lease to the contractor. The contractor is then obliged to make these facilities available to the Department of Justice for a 20-year term, at the close of which neither party is under a renewal obligation. The contractor is furthermore required to provide ancillary support in the form of IT systems, building maintenance, court allocation and building administration and security. Remuneration is made via two streams. The first is a rental fee for the provision of building services. This is subject to abatement if the services fall below agreed levels. The second is a court services fee, which comprises a fee payable for the reservation of space and a courtroom usage fee. The Victorian County Court Project was opened on 31 May 2002, on time, to plan and budget.

Project and strategic alliances

It is arguable that alliancing is a contracting strategy which most closely approaches the formation of true partnership between the public and private sectors. The alliance contract is based on a recognition that a contractually robust arrangement for true cooperation between parties requires attention to the fundamentals of the contract. To this end, parties contract to align their commercial interests and cede almost all of their ordinary rights to bring claims.

Alliancing shall be discussed in more detail below.

Contracts for long-term service provision

A final form of PPP is the long-term service provision arrangement, which allows the government to enter into a close, on-going relationship with a private operator without having to either cede control of the item of infrastructure or go as far as establishing an alliance structure. A long-term service provision arrangement can be considered a (non-PFI) PPP because it allows the private operator to assume an owner-like position in respect of the infrastructure and contribute its expertise to the government's asset management strategy. Such arrangements are most commonly used by the government to procure maintenance services on a semi-permanent basis, and will usually involve performance-based remuneration.

This shall be discussed in more detail below.

GOVERNMENT POLICY SETTINGS IN AUSTRALIA

Federal and State governments are aware of the need for a coordinated policy harnessing private involvement in further development. Only recently has the development of such strategies moved from being a matter of ad hoc progression to a more directed approach under what can be viewed as a growing culture of flexibility and innovation on the part of government. Previously there has been a lack of Federal policy statement in this area.

As a discrete policy stream, the advocacy of PPPs emerged out of the continued budgetary constraints faced by the various governments and the exhaustion of opportunities for outright privatisation of public infrastructure. The Federal and State governments began to explore more subtle alternatives for accessing private sector resources in the delivery and operation of public facilities. Policy discourse turned away from emphasis on public sector restructuring and "trimming the fat", towards the search for innovative financing solutions and more precise analysis of exactly how governments can most effectively meet infrastructure requirements. This broad change in policy focus is manifest in the current expression by various governments of a preference for the PPP form.

States are establishing detailed policy guidelines to levels of private sector confidence in developing PPP's. Each State, while modelled on the UK PFI strategy, has regional differences:

- Commonwealth — a set of high-level policy principles for managing and assessing private financing proposals, 2001;¹³
- Australian Capital Territory — Government Purchasing Policy and Principles Guidelines, 2000;¹⁴
- Victoria — Partnerships Victoria, 2000;¹⁵

¹³ See <http://www.finance.gov.au/ctc/>.

¹⁴ See <http://www.basis.act.gov.au>.

- Queensland — Public Private Partnership Policy: Achieving Value for Money in Public Infrastructure and Service Delivery, 2001;¹⁶
- New South Wales — Working with Government: Guidelines for Privately Financed Projects, 2001;¹⁷
- Western Australia — Project Evaluation Guidelines, 2000;¹⁸
- South Australia — Partnerships SA: Private Sector Participation in the Provision of Public Services, 2002;¹⁹
- Tasmania — Private Sector Participation in Public Sector Infrastructure Provision - Policy Statement and Guiding Principles, 2000;²⁰
- Northern Territory — Partnerships Policy Framework, 2003.²¹

Overview

Victoria has led the way in PPP initiatives. The policy introduced in 2000 has drawn on UK experiences and considers a whole-of-life costing of the infrastructure and the benefits of risk transferral. Being the first detailed document of its kind in Australia, it has been highly influential on the States and Territories who have made attempts to implement consistent approaches to PPP policy and guidelines. To this end the States and Territories share policy objectives such as:

- Value for money;
- Open and effective competition, including transparency and fairness in the tendering process, and ethical behaviour;
- Encourage innovation in the delivery of services and infrastructure to the community;
- Maximise social and economic returns;
- Promotion of growth and employment opportunities;
- Identify, assign and fairly distribute risks across the public and private sectors; and
- Consider and account for the environmental impact on the community.

Whilst the objectives shared by the States and Territories are similar, the overall focus of the policies and guidelines do differ. These differences lie in the delivery methods of the infrastructure and services.

Victoria, as noted above and Queensland concern themselves primarily with PPPs and share a broader focus of delivery methods. In New South Wales, the focus is turned to PFIs which are considered part of the broader spectrum of PPPs. It is arguable that such a focus has almost totally ignored the potential of PPPs outside the "comfort zone" of private sector financing using familiar structures such as BOOT. This almost exclusive focus on private financing has led governments to neglect the complex issue of providing a fair and holistic policy framework for the measurement and achievement of value for money. Tasmania has also taken a similarly narrow focus in considering potential areas for private sector involvement to be the operating or management contracts of BOO and BOOT projects. The Northern Territory, has in comparison, adopted a highly flexible approach to PPPs and delivery methods. The policy implemented in 2003 has application to build on project alliances, an alternative delivery option encompassed in the Australian PPP "family" model. This

¹⁵ See <http://www.partnerships.vic.gov.au>. The Victorian Labor Party recently renewed its push for a major review of public-private infrastructure partnerships. Though a review of PPPs is already on the agenda for the Government, they will now be under pressure to justify the use of private funding for projects when State debt is at a historic low; see Skulley M, *Australian Financial Review*, 19 May 2003.

¹⁶ See http://www.sd.qld.gov.au/dsdweb/htdocs/global/content_2.cfm?id=10437.

¹⁷ See <http://www.nsw.gov.au/wwg>.

¹⁸ See <http://www.treasury.wa.gov.au/TreasuryPublications/ProjEvalGuidelines.pdf>.

¹⁹ See *Partnerships SA: Private Sector Participation in the Provision of Public Services*, Department of Treasure and Finance, Public - Private Partnerships Unit, 2002.

²⁰ [http://db.purchasing.tas.gov.au/domino/bfg.nsf/7CD5B2C2DAA58F2ECA256C940005BC25/\\$FILE/Policy+Statement+PSP+in+PIP.pdf](http://db.purchasing.tas.gov.au/domino/bfg.nsf/7CD5B2C2DAA58F2ECA256C940005BC25/$FILE/Policy+Statement+PSP+in+PIP.pdf).

²¹ See http://www.otd.nt.gov.au/dcm/otd/major_projects/public_private_partnerships.shtml.

enables the Northern Territory to provide greater choice in delivery methods that have the potential to more adequately cater to infrastructure demands, not being restricted by more traditional PPP delivery methods.

Evaluating economic and social infrastructure — differences and experiences

The Australian public were never completely comfortable with the total ceding of government control of important assets. In New South Wales, for instance, successive Liberal and Labor governments were unable to warm the public to the privatisation of State electricity interests. Similarly, while Victoria's gas, electricity and transport privatisations have generally been regarded as well-conducted and commercially successful, the community has not been equally comfortable with the sale of health and justice infrastructure.

The PPP approach in Australia now takes the view that governments should be open to private sector involvement in both kinds of infrastructure, subject to:

- The reservation to the governments of "core" services; and
- The recognition that social and economic infrastructure usually rely on different revenue bases.

Because the end-use revenue sources ordinarily accessible for economic infrastructure are unavailable for social infrastructure, part of the PPP task is to develop alternative remuneration structures — but this does not mean social infrastructure is beyond the scope of the PPP approach.

Australian State governments have been the main players in the PPP field and are likely to remain its main endorser since States are primarily responsible for providing social and economic infrastructure. In terms of value, the Australian PPP experience has predominantly been in the area of road infrastructure. However, several State governments have extended the PPP reach to social infrastructure in the provision of hospitals, schools and prisons.²² Similarly, the UK has broadened its PPP application to similar social infrastructure projects.²³

The NSW and Victorian governments are to date the leaders in the PPP/PFI field, with similar social and economic policies which materialise in their infrastructure projects. The NSW Government has for some time been committed to the delivery of infrastructure and services to the people of New South Wales through PPPs. The Government has in fact expanded the use of PPPs to entail Privately Financed Projects (PFPs) recognising that PFPs offer opportunities to bring together the ideas, experience and skills of the public and private sectors to develop innovative solutions to meet the community's needs, expectations, and aspirations.²⁴

Key reasons for considering PPP's for the delivery of social infrastructure is value for money to the Government and community when compared to publicly funded approaches to infrastructure provision, and the low debt levels of the New South Wales Government mean that off-balance sheet borrowing is not an attraction in its own right. Further social considerations such as population growth, higher public expectations, and the replacement of ageing infrastructure have seen the New South Wales Government explore the PPP model for delivering better services.

The New South Wales Government has had extensive experience with social and economic PPPs. However, the PPP experience in New South Wales has focussed more on the delivery of social infrastructure and the reinforcement of links to agencies' strategic planning to coordinate the provision of toll roads, hospitals, water and sewerage infrastructure. That being said, the State Infrastructure Strategic Plan 2002 has devoted \$20 million or more over the next 10 years to the development of economic infrastructure in the form of transport, land development and energy and information and communications technology.²⁵ Similarly, more than \$20 million will be devoted to

²² NSW Government, *Working with Government, Private Financing of Infrastructure and Certain Government Services in New South Wales*, November 2000, at www.premiers.nsw.gov.au/www/wwggreenpaper.pdf.

²³ www.hm-treasury.gov.uk/Documents/Enterprise_and_Productivity/Public_Enterprise_Partnerships/ent_pep_index.cfm (UK Treasury)

²⁴ NSW Government, *Working with Government Policy for Privately Financed Projects*, at <http://www.premiers.nsw.gov.au/www/policy.asp>.

²⁵ NSW Government, *Working with Government, State Infrastructure Strategic Plan*, December 2002, at www.premiers.nsw.gov.au/www/publications/sisp2002.pdf.

the further development of numerous social infrastructure projects including housing, health and education.²⁶ This, in turn, reinforces the Government's key priorities in balancing the environment and the economy, supporting families, children and the disadvantaged, improving the safety and reliability of public transport services and maintaining and modernising the State's infrastructure.

For the Victorian Government, the principal reason for adopting private financing for delivery of social and economic infrastructure is value for money. Like New South Wales, Victoria's low debt levels mean that off-balance sheet borrowing is not an attraction in its own right. In addition to public sector comparator evaluations, the Victorian Government is also cognisant of the public interest. That is, when deciding whether the PPP approach is suitable for any particular infrastructure project, public interest criteria such as effectiveness, impact on key shareholders, public access and equity and consumer rights are considered before the project is put to the market.

The Bracks Government, cognisant of the outreach the *Partnerships Victoria* Guidance Material has achieved in terms of becoming a benchmark for PPP policies domestically and internationally, has recently released two additional technical notes to supplement its existing guidance and consolidate its lead at the forefront of the public private partnerships. On 3 July 2003, the Victorian Treasurer, the Hon John Brumby MP, released the Public Sector Comparator Supplementary Technical Note and the Use of Discount Rates in the *Partnerships Victoria* Process.²⁷ This foreshadows a bigger role for the private sector in providing infrastructure, pointing out that \$2 billion worth of projects are in the pipeline.²⁸ The Public Sector Comparator Supplementary Technical Note provides additional guidance on preparing and using PSCs. However, the Victorian Government is quick to caution in its new Technical Note that whilst consolidation is attractive, it is not entirely feasible given the range of projects and potential complexities in the construction of an associated PSC.

The Victorian Government's PPP policy exhibits a clear recognition of the importance of private financing to economic infrastructure provision in Victoria. However, while *Partnerships Victoria* provides detailed guidance which increases certainty and reduces costs for the Government, this policy has yet to achieve any clear driver for full implementation of PPP's in social infrastructure.

That being said, Victoria has seen some PPP development in the health services, with the New Latrobe Regional Hospital Project being the first of its kind and in the world, involving the outsourcing of public patient health care to the private sector.

The Queensland Government evaluates value for money by assessing the affordability and transparency of the project, as well as considering other public interest factors such as security and privacy. An evaluation of social infrastructure needs resulted in the private financing of a correctional facility on a Greenfield site at Woodford.

The South Australian Government has employed its newly developed PPP policy to economic infrastructure, including its adoption in the areas of water and transport.

Similarly, the Tasmanian Government, having recently joined the PPP bandwagon, is focussing on economic development, new and replacement infrastructure provision and on the development of local industry.

PPPS AND FINANCE

Should bidding be separate?

The view held by some is that the financing and delivery aspects, that is the construct and maintenance or "hard" construction, of a project should be separated. The separation of finance and

²⁶ NSW Government, n 25.

²⁷ The new Technical Note is basically an attempt to achieve greater consistency in the DCF analysis by aiming for greater accuracy in both the forecast cash flows over the term of the project and in the estimation of the discount rate. The PSC Supplementary Technical Note seeks to compliment DCF analysis by providing guidance on the preparation of the forecast of cash flows.

²⁸ Hon John Brumby MP, Treasurer, Address to the Australian Infrastructure Council (AusCID) Breakfast, "The Bracks Government - Building a Stronger Marketplace for Infrastructure Investment", Melbourne, 3 July 2003.

delivery would enable the delivery features of the work to remain the sole focus of potential tenderers and be encouraged and developed in an innovative manner which is most appropriate to the project at hand. Financing would be incorporated at a later date after the identification of a preferred "delivery" party. On this scenario, the preferred delivery party would then bid the financing in conjunction with government. This would then be similar to the way in which balance sheet supported projects (for example, in the resources sector) competitively bid the financing. Selection of a preferred delivery party would be based upon price, quality, amenity, service delivery and the like. Clearly the risk profile agreed at this stage would need to be "bankable". Such a process may deliver the government a better value for money outcome, both as to risk and cost.

Against such a process would be the argument that the holistic approach of a fully banked consortium is necessary in order for the government to have confidence in the value for money outcome of the proposal process.

PPPs without PFIs

Governments need to recognise the productive role the private sector has to play in the decision-making behind PPPs which include a private financing element and PPPs which do not. The private sector can play a role in addressing this issue within individual projects if value for money is to be maximised. PPPs should also be able to both embrace and manage risk, rather than be forced to adopt often counter-productive reallocations of risks within traditional adversarial contract structures. If bids were invited on alternative PPP bases, rather than just PPPs involving private financing, governments could be provided with real value-for-money options, based on actual proposals and not merely a public sector model of what the private sector might have offered. This approach would, for instance, allow private sector proponents to illustrate how a service might be more effectively delivered by a relationship contract, without an unrealistic transfer of risk flowing from a pre-determined need to privately finance the transaction.

The benefits of having privately financed projects is evidenced with the completion and now popular sporting venue of Stadium Australia. It is a rugby, rugby league and football venue and attracts crowds of up to 80,000 people, most notably for the rugby Bledisloe Cup competition, NRL grand finals and the State of Origin series. The private financing behind this project has undoubtedly meant the stadium is larger and more impressive than it ever would have been if it had been publicly funded.²⁹ There are, however, other models that enable such successful results.

Over the last few years there has been a series of ad hoc applications of innovative contractual approaches, including performance-based contracting, "managing contractor" models, project alliancing and strategic (long-term) alliancing. Although these approaches initially appear quite disparate, there is in fact an essential coherence in their application, in that they show a new flexibility on the parts of government departments and agencies. Rather than applying a "standard" contracting strategy, a greater effort is now being made to develop contracting strategies suitable for each project or facility.

The more interesting recent domestic variations of PPP are in the areas of performance-based contracting and "relationship" contracting.

Examples concerned with the provision of new infrastructure include:

- Moves to shape contractual obligations and remuneration structures to attain government objectives with greater accuracy, either by procuring the precise service that the government requires, rather than the physical infrastructure needed to provide this service, or through performance-based remuneration; and
- Project alliances, perhaps the most innovative form of relationship contracting, under which the fundamentals of the contract are altered so that the parties align their commercial interests and cede almost all their ordinary rights to bring claims.

²⁹ Shirbin JM, "The Olympic Stadium: Innovation in Project Financing" (1999) 22(3) *University of New South Wales Law Journal* 799.

Innovative PPP examples concerned with the operation, maintenance and upgrading of existing infrastructure include:

- Franchises under which operating risks, control and entitlements to revenue are transferred to the private sector for finite concession periods, the most sophisticated illustrations being a series of rail franchises let by the Victorian Government in 1999;
- Long-term "strategic" alliances, approaching as nearly as possible the formation of true partnerships between governments and private sector organisations, for the provision of maintenance or management services on a cost-plus basis with built-in incentives for meeting government objectives; and
- The letting of maintenance contracts with different components specifically tailored to differing needs (for example, under a Department of Defence contract the same contractor is required to manage the maintenance of buildings by others and directly maintain plant and equipment on a planned, preventative basis.)

Contracting for what the government specifically requires

A key development in infrastructure provision, as well as in its operation and maintenance, has been a move towards shaping contractual obligations and remuneration structures to attain the government's objectives with greater accuracy. This is undertaken in two ways:

- By procuring the precise service that the government requires. For example, where what is needed is office space, a rental agreement incorporating the owner's obligation to provide ancillary services such as security and communications support, more precisely answers the government's requirements than does a D&C contract for the provision of a new building. Or alternatively, a long-term provision for service.
- By altering conventional remuneration structures so that payment becomes reliant in some manner upon the contractor's meeting the owner's objectives (that is, performance-based remuneration).

Stripping what is to be procured down to its essential elements is usually a matter of contracting for services rather than physical infrastructure where possible. A private sector provider will deliver new infrastructure to the government's requirements but will retain ownership of the facility and let out space and related services in the form of a rental/services agreement. This leaves the design, construction and operation risk (including early obsolescence, risk of defects and lack of demand) with the private sector owner. This strategy goes hand-in-glove with performance-based remuneration. In the case of service provision, this will entail the contractor being paid (sometimes in part) for meeting agreed expectations, rewarded for exceeding them and sometimes penalised for failure to meet them. Although performance-based remuneration is an important element of more radical contractual innovations such as alliancing (see below), it is easily employed within conventional contracting structures or to individual components thereof.

An example of these principles is the agreement between the Victorian Government and a private contractor for the provision of new court rooms, administrative accommodation and support facilities for the Victorian County Court, which has been discussed above.

Remuneration is made via two streams. The first is a rental fee for the provision of building services. This is subject to abatement if the services fall below agreed levels. The second is a court services fee, which comprises a fee payable for the reservation of space and a courtroom usage fee.

It can be seen, therefore, that the Government has adopted a contracting strategy which will provide the exact services it requires, with performance-based control of service provision, without the encumbrance of ownership of the building itself.

A prime example of a long-term service provision arrangement is the Department of Defence's Comprehensive Maintenance Contract (CMC), which looks strategically at how the private sector can best be involved in maintaining Department infrastructure and, in respect of plant and equipment, seeks to have the contractor assume a strategic role in asset management.

The CMC works on the premise that general maintenance tasks are qualitatively different from the upkeep of plant and equipment, and that these services should be procured on different bases. Essentially, in respect of general building and facilities maintenance, the Department requires a

manager who will see to it that such tasks, typically corrective, get done by an appropriate subcontractor. On the other hand, for plant and equipment maintenance, the Department seeks a contractor to work with it to identify and perform the more specialised predictive, preventative and reactive maintenance work associated with the upkeep of plant and equipment. The one contractor will fulfil dual roles, applying separate maintenance methodologies and being remunerated on a distinct basis in each case.

It is the second component, the maintenance of plant and equipment, which is the more illustrative of a partnership between the Department and the private operator. Upkeep of plant and equipment is naturally a more specialised task than general maintenance and comprises a mixture of predictive, preventative and reactive maintenance measures. Furthermore, it is especially important in respect of plant and equipment that maintenance methodology takes advantage of whatever new technologies may come to light, and that possible cost savings are identified and communicated to the government. The Department will identify performance requirements and set them out in a specification. The contractor is then expected to provide industry expertise and take advantage of current maintenance technologies in accordance with the specifications to ensure plant and equipment operate as required through the contract term.

In addition to a basic fee for services, the contract implements a performance monitoring regime which rewards the contractor for meeting or exceeding the performance requirements in respect of plant and equipment maintenance. Performance is monitored against evaluation criteria negotiated between the parties. This incentive scheme is designed to achieve a shift from traditional reactionary and task-oriented maintenance to a proactive and performance-oriented maintenance strategy. It also seeks to encourage a "one-team" approach between the Department and the contractor, and ideally build a long-term working relationship.

Additional examples of service provision arrangements involving performance-based remuneration can be found in the New South Wales RTA *Road Maintenance Reform Package* initiatives, and the Queensland Department of Main Roads' Road Maintenance Performance Contract, each of which employ private operators (and local government providers) to maintain State roads on a performance benchmark basis.

Project alliances

Many government departments and agencies, tired of the disputation and general culture of defensiveness and waste characterising conventional construction contracts, have been active in promoting relationship contracting, initially through "partnering" under conventional contracts but more recently in the area of project alliancing. Australia is undoubtedly a world leader in this approach.

As noted above, alliance contracting entails true cooperation between parties to the contract. Parties contract to align their commercial interests and cede almost all of their ordinary rights to bring claims. Commercial risk and reward are shared such that it is in all participants' interests to work cooperatively and openly. The government will agree to meet all direct costs and some overheads incurred by non-owner parties and to promote additional reward in the form of profit at risk. Non-government parties may further be rewarded by meeting whatever key performance indicators (KPIs) the government considers important. For instance, other KPIs established in Australian infrastructure projects include benchmarks in respect of environment, safety, employment of indigenous people,³⁰ and even the ongoing performance of the facility. The approach taken in respect of risk is known as *risk embrace*. Risk is not allocated between the parties, rather all participants share all risk and attempt to manage it collaboratively.

The truly distinctive feature of the project alliance is that it often contains a *no disputes* clause. All differences of opinion are resolved by the alliance board (comprising representatives of each party) and require unanimity of decision. Parties expressly contract away any entitlements to a legal or equitable cause of action against other parties except in the case of wilful default or possibly

³⁰ The bidding process, KPI negotiations and performance assessment must be the subject of independent audit in order to demonstrate probity.

insolvency. This is in order to force consensus and a collaborative search for solutions. It is quite a radical departure from conventional contracting, and the government necessarily takes a leap of faith in establishing an alliance. However, non-government participants are carefully selected through a process of competitive tender and intensive workshopping as to attitudinal aspects of alliancing. It has been generally found that this process and the alliance board structure, do indeed facilitate trust and co-operation, and the management of events such as latent conditions within the alliance without resort to disputation. Prominent successful project alliances include the National Museum of Australia in Canberra, the Northside Sewerage Tunnel in New South Wales, the Awoonga Dam Raising and the Infrastructure Relocation Project in Queensland.

Where the government is contracting for the maintenance, operation, management or upgrade of existing infrastructure, or for the delivery of a series of smaller similar or related projects, a strategic alliance rather than a project alliance is applicable. Essentially, a strategic alliance is a long-term arrangement for the outsourcing of services on a cost-plus basis with commercial drivers facilitating the meeting of the government's objectives and adhering to the attitudinal aspects of alliancing. Without actually handing over ownership of the item of infrastructure, a strategic alliance cultivates an "owner's" attitude on the part of the service provider toward the facility it is maintaining. Ideally, a strategic alliance should be embarked upon by parties who genuinely see the arrangement as the formation of a new (if nominal) entity — the alliance — established on near-collegiate terms. There may also be a *no disputes* clause as under project alliancing. In exchange for the contractor taking the risk of committing resources on a long-term, and perhaps indefinite, basis, it will be guaranteed a certain amount of work — "a core workload" — for the period of the alliance. Australian illustrations of strategic alliancing include the Infrastructure Works and Maintenance Services Provider (IWMP) contracts let by the (then) NSW Rail Access Corporation (RAC), the TVR Project³¹ and the Department of Defence Naval Shipbuilding and Repair Industry Building Strategic Plan.

RISKS AND REWARDS

There are considerable tendering costs for contractors when embarking on a PPP venture. Legal fees are high in these costs and weighed in with the fact that the bid may not proceed unless the government determines it to be of value for money.

Despite tax law driven handicaps, there is enormous scope for the application and elaboration of PPP forms for transport, health, utilities and other infrastructure projects in Australia — especially in the light of the run-down condition of many existing infrastructure assets.

Governmental regulation

The private sector organisation entering into the project may take on construction and operating risks in combination with increasing levels of market risk. This can also include risks associated with changes in governmental policy and regulation. At times governments have provided guarantees to make concession business viable for the private sector, as was the case with the Sydney Harbour Tunnel where the government guaranteed the toll revenues to support the private sector financing. This is not the case today. Legislative support is significant in Victoria, the Melbourne City Link Project being a prime example. The Victorian Government introduced legislation to ratify the agreement for the Melbourne City Link Project.³² No New South Wales projects have to date required legislative support.

Managing the risk

It has been argued that in PPP projects the private sector is asked to take on too much risk for too little reward. However, some risks are best worn by the public sector. The public expects a revenue

³¹ Telecom New Zealand and its Australian subsidiary AAPT recently established a new strategic relationship with Alcatel for the supply and installation of internet protocol networks in New Zealand and Australia. This relationship was formulated under the alliance contracting model and, thus envisages a long-term relationship between Telecom New Zealand and Alcatel. This is the first time alliancing contracting has been employed in the telecommunications sector in Australia.

³² *Melbourne City Link Act 1995*.

stream, therefore capital and debt risk is best managed by the private sector. The public sector should not be expected to underwrite normal business risks such as debt repayment and changes in equity.

Contractual consistency

It was intended by the New South Wales Government to standardise PPP contracts in order to reduce high transaction costs associated with the projects. As yet this has not been implemented. The Western Sydney Orbital, Cross City Tunnel and Lane Cove Tunnel all shared similar contractual provisions. Whether the Victorian Government will adopt similar contractual provisions for the proposed Mitcham to Frankston Freeway Project tollway, remains to be seen. Efforts at standardisation are influenced by the UK example where contracts have been standardised across various infrastructure projects. Such consistency is beneficial to all parties involved due to lower cost of legal fees and faster completion times.

Reducing high transaction costs

One of the more general problems associated with these tendering arrangements are the high costs associated with tendering. The bidding consortia are required to take into account the financiers and client's objectives as well as their own. This is particularly burdensome on the bidders with the government encouraging all along the bidding path until the final choice is made. The result is the expense outlay by the unsuccessful bidders is lost. It is suggested that the logical response would be for the government to contribute a proportion of the unsuccessful bidders' costs. Alternatively, as suggested above, the government should be encouraged to narrow the list of potential bidders at a very early stage.

Issues requiring resolution

There do remain certain obstacles to the use of PPPs which require redressing by State and Federal governments with the aid of the private sector. The most often cited of these is a Federal taxation problem: where the Commonwealth Government raises taxes and has direct responsibility for air and telecommunications infrastructure the States are responsible for road, ports, rail and utilities infrastructure development. The States are also responsible for the majority of the spending. This has led the States to attempt complex tax transfer schemes with private sector services providers to try and transfer tax exemptions to these private organisations. In response, in the early 1980's the Commonwealth Government introduced tax reforms, in the form of s 51AD and div 16D, that have consequentially stymied implementation of many genuine infrastructure developments.

Section 51AD

The *Income Tax Assessment Act 1936*, s 51AD, applies to disallow tax deductions relating to a particular arrangement, particularly interest, depreciation deductions and other borrowing expenses. Section 51AD generally applies to leveraged lease transactions.

In broad terms, s 51AD will apply if:

- More than 50% of the cost of the acquisition or construction of the property has been financed, directly or indirectly by limited-recourse debt; and
- the property is used in connection with the production, supply, carriage, transmission or delivery of goods or the provision of services *and* a third party (the end-user) controls, will control, or is or will be able to control directly or indirectly the use of the property; and
- the end-user (possibly the QLD government) derives or will derive no income or income that is wholly or partly exempt from income tax.

Essentially, this section denies tax deductions for interest, depreciation and investment allowances incurred by owners of leased properties where the end-user is tax-exempt, as in the case of State governments. The section is designed to stop the States from providing tax benefits to private parties at the expense of the Commonwealth and imposes a test of who controls the asset.

The problem here is that the control test generates uncertainty as to whether the asset will be considered to be under State control for the purposes of the Act. The test is criticised as coming down to such arbitrary considerations as who sets the speed limits on tollways. The combination of the costs associated with obtaining an advance ruling from the Australian Taxation Office (the ATO) on the

issue (if the ATO will give one at all), and the inconsistency between State and Federal policies on the matter (with New South Wales, for instance, requiring an ATO ruling before giving approval to a preferred PPP proponent), act as a disincentive to invest in State infrastructure. Projects can be structured to get around the restrictions of s 51AD but it is expensive to do so.

Division 16D

Generally, div 16D applies to non-leveraged finance leasing transactions and comparable arrangements. If it applies, it causes the arrangements to be treated as if they were a loan by the owner of the leased property to the lessee with the lease payments being apportioned between deemed repayments of loan principal and payments of interest. Significantly, the operation of div 16D can result in the denial of depreciation deductions for the party who would otherwise be entitled to such deductions.

Essentially, div 16D applies where all of the following conditions apply:

- A third party (that is, a person other than the owner) uses the property or controls the use of the property (this includes a lease of the property).
- All the risk and benefits associated with ownership of the property are with the lessee or the end-user of the property. There are a prescribed number of tests for determining whether the risk and benefits are with the lessee/user (for example, the lessee/user has the right to purchase the property, the lessee/user will be liable for repairs to the property, the term of the lease is for 50% or more of the effective life of the real property or 75% or more of any other property, the user/lessee will guarantee to the owner the residual value of the property on termination). Only one of these tests must apply for the arrangement to be within div 16D.
- The lessee/user is an exempt public body or the property will be used outside of Australia wholly or partly for the purpose of producing exempt income.

Significantly, div 16D can apply where there is no debt financing.

Solutions

A sensible solution would appear to be that if it can be demonstrated that operating risk has been transferred to a private sector operator, that operator should be able to claim depreciation and other benefits on its investment. It is recommended that, until the tax laws are amended,³³ State governments hold early discussions with the ATO rather than waiting until documentation on a project is finalised and seeking an ATO ruling at that stage. State and Federal governments are currently discussing these issues and it is hoped that resolution will soon be achieved.³⁴

As governments continue to explore alliancing possibilities, a further issue which will require resolution is the inconsistency between alliance structures and policy such as *Partnerships Victoria* in respect of risk transfer. As mentioned above, a *Partnerships Victoria* project adopts "optimal risk allocation" (the party best able to manage the risk accepts it), whereas a crucial feature of an alliance is that both parties embrace all risk and manage it within the alliance. An alliance conducted under the umbrella of a policy such as *Partnerships Victoria* will have to resolve this contradiction, either by allowing PPPs to depart from the optimal risk allocation default or by structuring the alliance so that the contractor does take responsibility for some risk, most likely in return for a larger share of potential reward. This last solution, however, may mean that the alliance cannot be viewed as a "pure alliance".

³³ Senator Coonan has announced changes to s 51AD and div 16D which the Government intendeds to have in operation by 1 July 2003. The exposure draft legislation, offered for public comment, proposes the replacement of the current provisions with a more "coherent, neutral, certain and appropriate taxation framework for asset financing arrangements between taxable entities ... and tax preferred entities and non-resident entities" (Media Release, Minister for Revenue, 26 June 2003). It is not clear, however, that the new measures aimed for will achieve their desired result. This view is largely taken from the fact that the new tests proposed are purportedly vague.

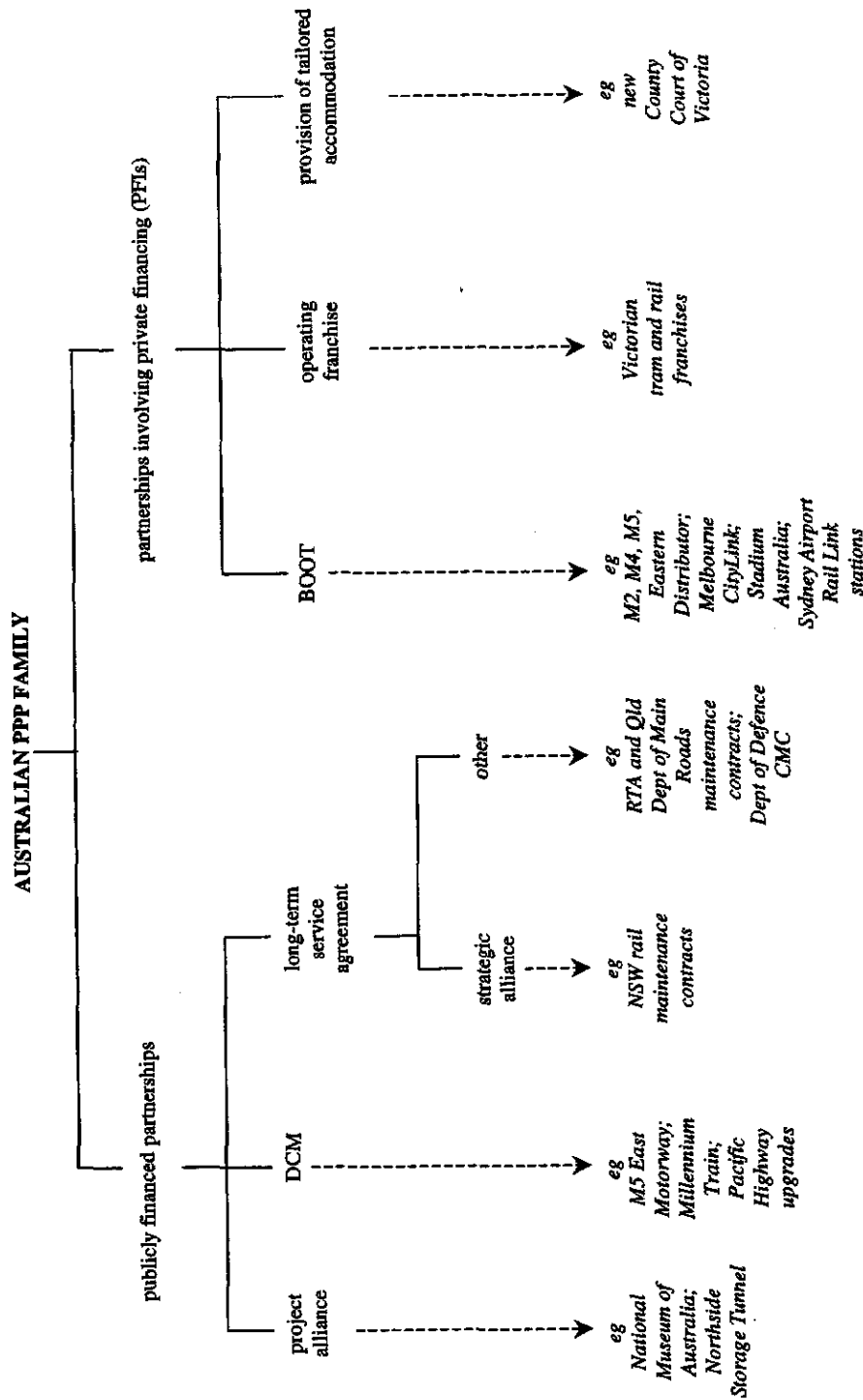
³⁴ For a detailed discussion of taxation issues see Crow N and Andrew M, "Funding the privatisation of public utilities: taxation aspects of structured finance" (1999) 28 *Australian Tax Review* 121.

CONCLUSION

The adoption of the PPP label has given governments' policies a new coherence, flexibility and vigour, and it is beyond doubt that there will be further development in this area. With the consideration of non-privately financed procurement options such as project alliancing, infrastructure development is diversifying and enabling projects to advance in a variety of successful ways while still maintaining key policy principles such as value for money, fairness of competition and the public interest in the actual provision of the services.

Despite tax law driven handicaps, which will hopefully fade with the implementation of the announced changes, there is enormous scope for the application and elaboration of PPP forms with respect to transport, health, utilities and other infrastructure projects in Australia — especially in light of the ageing infrastructure assets.

Appendix A: Diagram of the Australian PPP family



Appendix B: Schedule of some major Australian PPP projects

Project	Value (\$A million)	Status
Gateway Motorway and Bridge, Brisbane BOO project	200	Completed 1986
Logan Motorway, Brisbane BOO project	80	Complete 1988
Monorail, Sydney BOO project	60	Completed 1988
Sydney Harbour Tunnel BOOT project	738	Completed 1992
M4 tollway, Sydney BOOT project (20-year concession)	245	Completed 1992
M5 tollway, Sydney BOOT project (30-year concession) Extensions	300 104	Completed 1992 Completed 2001
Junee Correctional Centre, NSW BOO project	53	Completed 1993
Yan Yean Water Treatment Plant, Melbourne (Australia's first privately owned and operated water treatment facility) BOOT project (25-year concession period)	25	Completed 1994
Prospect Water Filtration Plant, Sydney BOO project with 25-year operating contract	600	Completed 1996
Women's Correctional Facility, Deer Park, Victoria BOO project (with Victorian Government contributing to capital and financing repayments for a 20-year period)	21	Completed 1996
Rural Men's Prison, Fullham, Victoria BOO project (with Victorian Government contributing to capital and financing repayments for a 20-year period)	55	Completed 1997

Project	Value (\$A million)	Status
Metropolitan Men's Prison, Laverton North, Victoria BOO project (with Victorian Government contributing to capital and financing repayments for a 20-year period)	60	Completed 1997
Noosa Wastewater Treatment Plant, Qld DBO with 25-year operating contract	52	Completed 1997
M2 Hills Motorway (north-western Sydney) BOOT project (45-year concession)	650	Completed 1997
Pymont Light Rail (Central to Lilyfield, Sydney) BOOT project (30-year concession)	87.5; 20 for Lilyfield extension	Completed 1997, Lilyfield extension 2000
Melbourne CityLink tollway BOOT project (34-year concession)	1,800	Completed 1999
Stadium Australia, Sydney (110,000-seat Olympic stadium) BOOT project (30-year concession)	600	Completed 1999
Superdome, Olympic Park, Sydney (Australia's largest indoor sports arena) BOOT project (30-year concession)	280	Completed 1999
Picton Regional Sewerage Scheme, NSW BOO project	65	Completed 1999
Sydney Airport Link (rail link from Central station to domestic and international terminals) BOOT project for Stations Agreement (30-year concession)	131 for Stations Agreement	Completed 2000
Graham Farmer Freeway, Perth (urban freeway) DCM project (10 years maintenance)	200	Completed 2000
Bulahdelah to Coolongolook (major national highway upgrade NSW) DCMO project (10 years maintenance)	80	Completed 2000
Eastern Distributor (Sydney airport link tollway) BOOT project (48-year concession)	700	Completed 2000

Project	Value (\$A million)	Status
South Australian Water Filtration Project BOOT project (28-year concession)	115	Completed 2000
Brisbane Airtrain City Link (rail link from Brisbane CBD to airport) BOOT project (35-year concession)	220	Completed 2001
Cronulla Wastewater Treatment Project, Sydney DBO with 3-year operating contract	75	Completed 2001
Yelgun to Chinderah (major national highway upgrade NSW) DCM project	280	Completed 2002
M5 East Motorway (Sydney motorway upgrade) DCM project (maintenance and operation for 10 years)	750	Completed 2002
Millennium Train (major suburban rolling stock procurement contract) DCM project (maintenance for 30 years)	400	Commissioning
AustralAsia Railway (Alice Springs to Darwin) BOOT project (50-year concession)	1,300	In construction
Sydney Cross City Tunnel BOOT project (34 year concession)	680	In construction
Western Sydney Orbital motorway (linking the M5, M4 and M2 motorways in Sydney's western suburbs) BOOT project (34 year concession)	2,230	In construction Completion expected in 2005
Lane Cove Tunnel (linking the Gore Hill Freeway to the M2 Motorway) Design, Construct, Operate and Maintain	850	Government is evaluating detailed proposals
Replacement Patrol Boats - Defence PFI initiative	450	Proposals called
Victorian County Court	140	Completed 2002

Project	Value (\$A million)	Status
BOO project		
Berwick Community Hospital, Victoria ³⁵ DCM Project	80	In construction
Box Hill Hospital Car Park, Victoria BOOT Project anticipated, ownership transferring to the hospital after 21 years		Project brief issued
Echuca/Rochester Wastewater Treatment Plan, Victoria upgrade BOOT Project		Contract let
Mitcham-Frankston Freeway, Victoria Project BOOT project anticipated		Calls for tenderers
Partnerships Victoria Correctional Facilities Design, construction, financing, ownership and maintenance project anticipated		Bidding closed
Spencer Street Station, Victoria redevelopment DCM project	700	In construction
The Ballarat and Creswick Reclaimed Water Project, Victoria Design-Build-Finance-Operate project		Expressions of interest closed
Wodonga Wastewater Treatment Plant, Victoria DCM project		Contract let
Royal Darwin Hospital Redevelopment, Northern Territory (NT) ³⁶ Contractor appointed for managing documentation and construction	39.4	Completion expected September 2003
East Arm Wharf Development, NT	93.2	Completion expected December 2003
Leanyer Primary School Development, NT	1.248	Completion expected May 2003
Marrara Basketball Stadium, NT Design and construction project	4.5	Completed April 2003 with minor issues being adhered

³⁵ For more information on major projects undertaken in Victoria, see http://www.partnerships.vic.gov.au/domino/web_notes/PartVic/PVSite.nsf/frameset/PV?OpenDocument.

³⁶ For more information on major projects in the Northern Territories see <http://www.nt.gov.au/ipe/dtw/projects/>.

Project	Value (\$A million)	Status
Dardanup-Mineral Sands Mine DCM Project	30	Completed October 2002
Adelaide Convention Centre, South Australia (SA) ³⁷	92	Completed August 2001

³⁷ For more information on major projects in South Australia see <http://www.majorprojects.sa.gov.au>. Information on Tasmanian tenders can be found at <http://db.purchasing.tas.gov.au/tenders>. Information on ACT project developments can be found at <http://www.basis.act.gov.au/sta/ca.nsf>.