

**RFP NO. RI-07-13728**

**REQUEST FOR PROPOSALS  
TO FORM ALLIANCES TO  
DESIGN AND CONSTRUCT, AND TO OPERATE  
AND MAINTAIN THE SOUTHERN SEAWATER  
DESALINATION PLANT**

**PROPOSALS CLOSE 1430 HRS W.S.T., THURSDAY, 8 NOVEMBER 2007**

**THE PROPOSAL MUST BE LODGED IN THE TENDER BOX, LOCATED AT:**

WATER CORPORATION  
LEVEL 1, 629 NEWCASTLE STREET  
LEEDERVILLE  
WESTERN AUSTRALIA 6007

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# 1 Introduction

The Southern Seawater Desalination Plant (**SSDP**) is a key component of the Corporation's 'Security through Diversity' strategy. The SSDP is initially required to produce 50 GL per year of potable water from the desalination of seawater into the Corporation's Integrated Water Supply Scheme (**IWSS**).

This Request for Proposal (**RFP**) document invites organisations, who are capable of meeting the requirements of the RFP and Selection Criteria to submit an Initial Proposal, to form alliances with the Corporation to design, construct, operate and maintain the SSDP for a period of 25 years (**Project**).

## 1.1 Project Overview

The SSDP is to be designed, constructed and commissioned for an initial capacity of 50 GL per year of water production with flexibility for expansion to 100 GL per year based on 345 days production as the Corporation requires a minimum of 20 days per year to conduct both planned and unplanned maintenance of the IWSS.

The inlet/outlet pipe work, seawater pump station, clear water pump station with all major pipe work and below ground infrastructure will be constructed to suit the ultimate SSDP capacity of 100 GL per year. All other site structures such as the reverse osmosis (**RO**) building will be constructed for 50 GL per year capacity with provision to be expanded to 100 GL per year.

The precise timing for SSDP expansion can not be determined due to uncertainty of climatic conditions and groundwater allocations. However, based on current planning assumptions, the SSDP expansion will be required by 2015 to meet annual growth in demand.

This RFP deals only with the SSDP and its associated infrastructure including the marine work, it does not apply to any downstream infrastructure that is required to integrate the SSDP product water into the IWSS.

The design and construction of the SSDP must be undertaken in manner that facilitates the future expansion such that its initial operating capacity is not adversely affected.

## 1.2 Project Objectives

To ensure the Project is a success, the following Project Objectives must be achieved.

Project Objectives	
<b>Safety</b>	The Project must be delivered and operated safely. The Corporation is committed to ensuring that no harm occurs to those associated with, or coming into contact with, the Project.
<b>Compliance</b>	The Project must be delivered and operated in a manner that: <ul style="list-style-type: none"><li>➤ does not breach the Corporation's Operating Licence;</li><li>➤ complies with all Statutory Requirements;</li><li>➤ complies with all conditions imposed by the Minister for Environment, prevents material or serious environmental harm and pollution and seeks to conserve environmental values in an effort to enhance and restore ecological systems; and</li><li>➤ supports the State Government's Buy Local Policy, Building Local Industry Policy and Priority Start - Building Policy; and</li><li>➤ complies with relevant Corporation policies, standards, guidelines and</li></ul>

Project Objectives	
	protocols.
<b>Fitness for Purpose</b>	The Project must deliver a Seawater Reverse Osmosis Desalination Plant capable of producing 50 GL per year of potable water expandable to 100 GL per year meeting the Corporation's specification for water quality. It must operate for 25 years and at the end of the 25 year term it must be in a condition that the Corporation has confidence that it can operate for a further 25 years if required.
<b>Whole of Life</b>	The Project must be delivered at an optimum whole of life cost for the Corporation.
<b>Date of Completion</b>	The Project must produce first water by November 2010 and reach practical completion by May 2011.
<b>Value for Money</b>	The Project must demonstrate value for money and seek and exploit efficiencies to the maximum extent possible.
<b>Social</b>	The Project must protect the wellbeing of all people involved with or impacted by the Project, respect all people involved with or impacted by the Project and seek to enhance communities by engaging with members of the public affected by the Project.
<b>Stakeholder Endorsement</b>	The Project must win internal and external stakeholder endorsement and specifically include the Corporation's operations personnel in design, pre-commissioning, testing and commissioning.

### 1.3 Scope of Project

The Corporation has prepared the following documents that provide detailed information regarding the Project and the Corporation's specific requirements in regards to design and construction, and operations and maintenance:

- Basis of Design and Construction (**BDC**); and
- Basis for Operations and Maintenance (**BOM**)

These documents are not provided as part of this RFP, but will be provided to the two shortlisted Proponents at the commencement of the Alliance Development Stage (**ADA Stage**).

### 1.4 Supporting Projects

For the Project to be integrated into the IWSS, there are a number of supporting projects that must be undertaken. Supporting projects are not part of this RFP and will be subject to their own procurement strategies. The major supporting projects are the design and construction of the connecting main to the Stirling Trunk Main, the Ravenswood Pump Station and various other infrastructure enhancements.

### 1.5 Early Investigation Works

The Corporation has engaged a number of organisations to undertake early investigation works on the SSDP. These organisations have been engaged on a separate basis to this RFP. All these organisations are eligible to participate in other capacities during the design, construction, commissioning, operations and maintenance of the SSDP. It is acknowledged that some of these organisations may be members of one or more of the Proponents that respond to the RFP. The Corporation has implemented risk mitigation strategies that include the use of confidentiality agreements, compartmentalisation of information and the engagement of a probity auditor to

ensure that no Proponent has an unfair advantage in responding to the RFP. Organisations the Corporation has been working with and the scope of their involvement is outlined below.

GHD	Onsite survey and onsite geotechnical survey.
Worley Parsons	Independent review of Kemerton site options.
SKM	Preliminary feasibility and input to survey and geotechnical brief.
360 Environmental	Flora and fauna surveys, contaminated site surveys, water quality monitoring and ongoing PER documentation.
Golder Associates	Onshore and offshore geotechnical interpretation.
Herring Storer Acoustics	Baseline Noise Survey.
KBR	Marine Studies.
Centre for Water Research / UWA	Marine Studies.
Bruce Hegge (Oceanica)	Marine Studies Peer Review.
Des Lord (CWR/UWA)	Marine Studies Peer Review.
Harry Ventriss (Strategen)	Sustainability peer review.
Ian Wallis (CCE)	Marine Studies Peer Review.
Jo Anne Beckwith	Social Impact Peer Review.
Jorg Imberger (CWR/UWA)	Marine Studies Peer Review.
Karen Lane (ENV)	PER peer review.
Michael Warne (CSIRO)	Ecotoxicity peer review.
Peter Walkemeyer (Projenco)	Contracting strategy, request for proposal document development (services completed).

## 2 Contract Strategy and Selection Process

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The Corporation has selected an alliance approach for the design, construction, commissioning, operations and maintenance of the SSDP.

### 2.1 Contract Strategy

The Corporation has identified that the best approach for the delivery of the SSDP is to select RO seawater desalination process provider/operator (**PPO**), lead contractor and facilities engineering organisations with the necessary experience, capabilities, understanding and commitment to enter into an alliance with the Corporation to design, construct and commission and then operate and maintain the SSDP for a period of 25 years.

This RFP is the first stage in that selection process and the Corporation invites all interested PPOs to submit an Initial Proposal. (**Proponent**)

After evaluation of the Initial Proposals received, an initial shortlisting, and interviews and further evaluation, two Proponents will be selected for final shortlisting. The two shortlisted Proponents will then select a Facilities Engineer and a Lead Constructor. The Proponent will determine the extent of the role of the Facilities Engineer and the Lead Constructor. However the Corporation requires that the Lead Constructor be a Non Owner Participant for at least five years after Project practical completion.

The RFP document contains a list of selection criteria that the PPO must use in selecting both its Facilities Engineer and Lead Constructor.

Once the Facilities Engineer and the Lead Constructor are selected, the two shortlisted Proponents will be required to execute an Alliance Development Agreement (**ADA**) and proceed into the ADA Stage. The Corporation requires the Proponent's project team (including lead constructor and facilities engineer personnel) to be located in the Perth metropolitan area.

At the end of the ADA Stage each of the shortlisted Proponents are required to submit a Final Proposal. The Evaluation Team will evaluate the Final Proposals and recommend the selection of a Preferred Proponent. The recommendation will be submitted to the Board of the Corporation and if the Board endorses that recommendation to the Minister responsible for the administration of the Water Corporation Act 1995 (WA).

Once approval to enter into the Project Alliance Agreements is received and subject to satisfactory outcomes in any further negotiations and obtaining all approvals (including Works Approval under the Environmental Protection Act 1986 (WA) having been received on terms acceptable to the Corporation) the Corporation will enter into the Project Alliance Agreements.

### 2.2 Alliance Development Agreements

A draft ADA is attached in Appendix G, Proponents are requested to provide feedback in their Initial Proposal.

### 2.3 Project Alliance Agreements

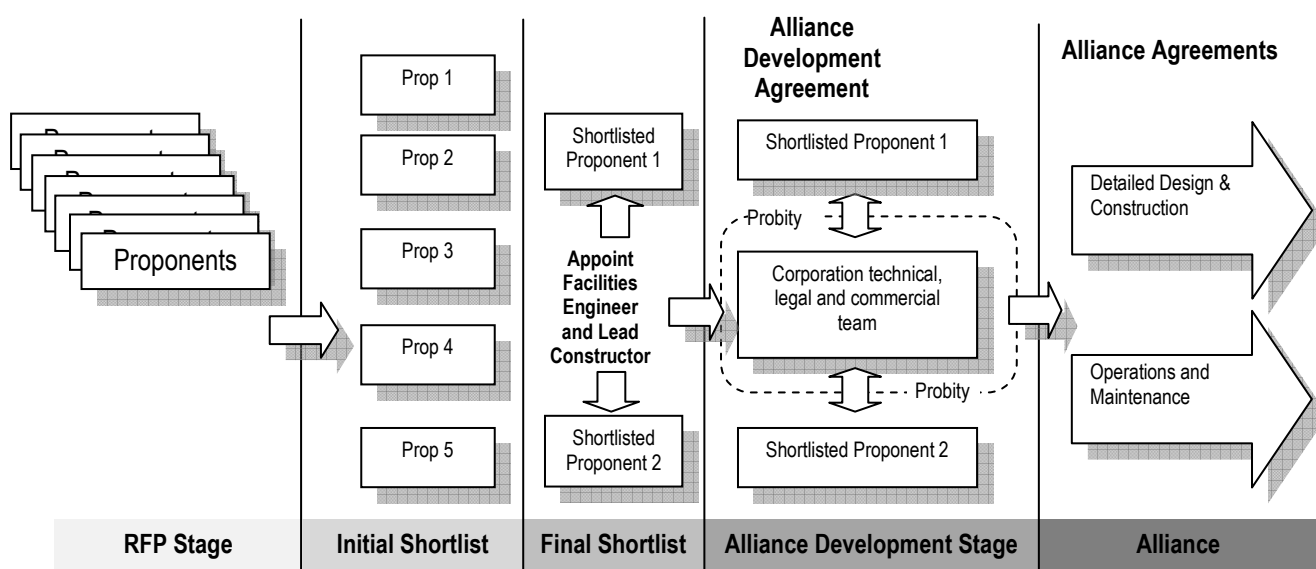
There will be two alliance agreements:

- the Design and Construction Alliance Agreement for the design, construction and commissioning of the SSDP; and
- the Operations and Maintenance Alliance Agreement for the operations and maintenance of the SSDP for a 25 year period.

Appendix F of the RFP provides an outline of the Corporation's current views on the likely content of the Project Alliance Agreements.

## 2.4 Overview of the Selection Process

The selection process is illustrated in the following diagram.



## 2.5 Details of the Selection Process

The various steps in the selection process are further described below.

### 2.5.1 Request for Proposal

An industry briefing for the SSDP was held on 18 September 2007. This RFP, among other things, sets out for the Project:

- the scope of the Project;
- the Corporation's Project Objectives;
- the contracting strategy and selection process;
- the Selection Criteria applicable to the Initial Proposal, the selection of Facilities Engineer and Lead Constructor, the Alliance Development Stage and the Final Proposal;
- the proposed Commercial Framework that will apply to the Project Alliances;
- a draft Alliance Development Agreement; and
- an outline of the proposed Project Alliance Agreements.

### 2.5.2 Initial Proposal Evaluation

Initial Proposals will be evaluated by the Evaluation Team. The Evaluation Team will select an initial shortlist of Proponents. Shortlisted Proponents will be invited to attend a half to full day interview / discussion session.

### 2.5.3 Interviews / Discussions with Shortlisted Proponents

The aim of the interview / discussion sessions is to further assess the Proponent against the Selection Criteria and to enable the Proponent to respond to any clarifications required by the Evaluation Team.

The Evaluation Team will recommend the selection of a final shortlist of two Proponents.

#### **2.5.4 Selection of Facilities Engineer and Lead Constructor**

Once the Corporation approves the final shortlist of two Proponents, the Proponents on the final shortlist will each select a Facilities Engineer and a Lead Constructor using as a minimum the Selection Criteria in sections 6 and 7 of this RFP. Each Proponent will present its recommended Facilities Engineer and Lead Constructor to the Corporation. The recommendation must be accompanied by documentation that demonstrates the extent to which the Facilities Engineer and the Lead Constructor satisfy the Selection Criteria.

Once the Facilities Engineer and the Lead Constructor for each shortlisted Proponent are selected, the two shortlisted Proponents will execute the ADAs. The ADA Stage will not commence until both shortlisted Proponents have selected a Facilities Engineer and a Lead Constructor.

#### **2.5.5 Alliance Development Stage**

The key activities undertaken in the ADA Stage are:

- Alliance Foundations Workshop;
- Commercial Alignment Workshop;
- the design will be developed to a level of detail to support the development of both the Target Outturn Cost (**TOC**) and the Target Operations and Maintenance Budget;
- the TOC and the Target Operations and Maintenance Budget will be developed;
- risk and opportunity analysis will be undertaken;
- the Commercial Framework, including the Risk/Reward Regime will be finalised;
- the Project Alliance Agreements will be negotiated to the point where they will be able to be executed by each of the shortlisted Proponents and submitted as part of their Final Proposals; and
- a Final Proposal containing the design report, the TOC and Target Operations and Maintenance Budget with detailed risk probability analysis will be prepared.

The ADA Stage concludes with the submission of the Final Proposal.

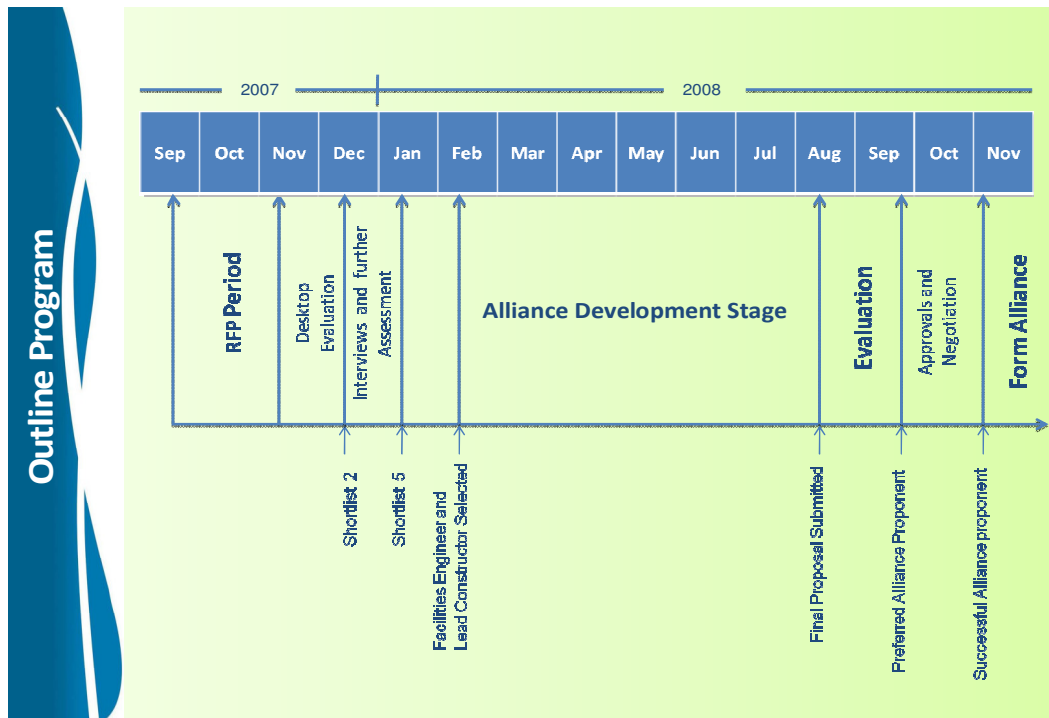
For the ADA Stage, the Corporation will make a lump sum payment to each Proponent. The lump sum proposed is AUD\$4 million excluding GST. The lump sum will only be paid on submission of a conforming Final Proposal. No further payment will be made from submission of Final Proposal until execution of the PAAs irrespective of timing of Works Approval, except for any payments contemplated under clause 8.4 of the ADA.

The Corporation will place a representative from the Corporation's Infrastructure Design Branch within each Proponent to facilitate the interfacing and transfer of information with the Corporation. In addition, a Core Team of key Corporation personnel will have significant involvement in the alliance foundations workshop, a series of technical review and clarification meetings, and in the risks and opportunities analysis session, and the negotiation of the PAAs. There will also be weekly progress meetings with the Corporation throughout the ADA Stage.

Measures will be put in place to maintain confidentiality to ensure that information from one Proponent does not pass to the other. Confidentiality agreements will be signed by all personnel involved in the alliance establishment process and an independent probity auditor will be engaged and be present throughout the process.

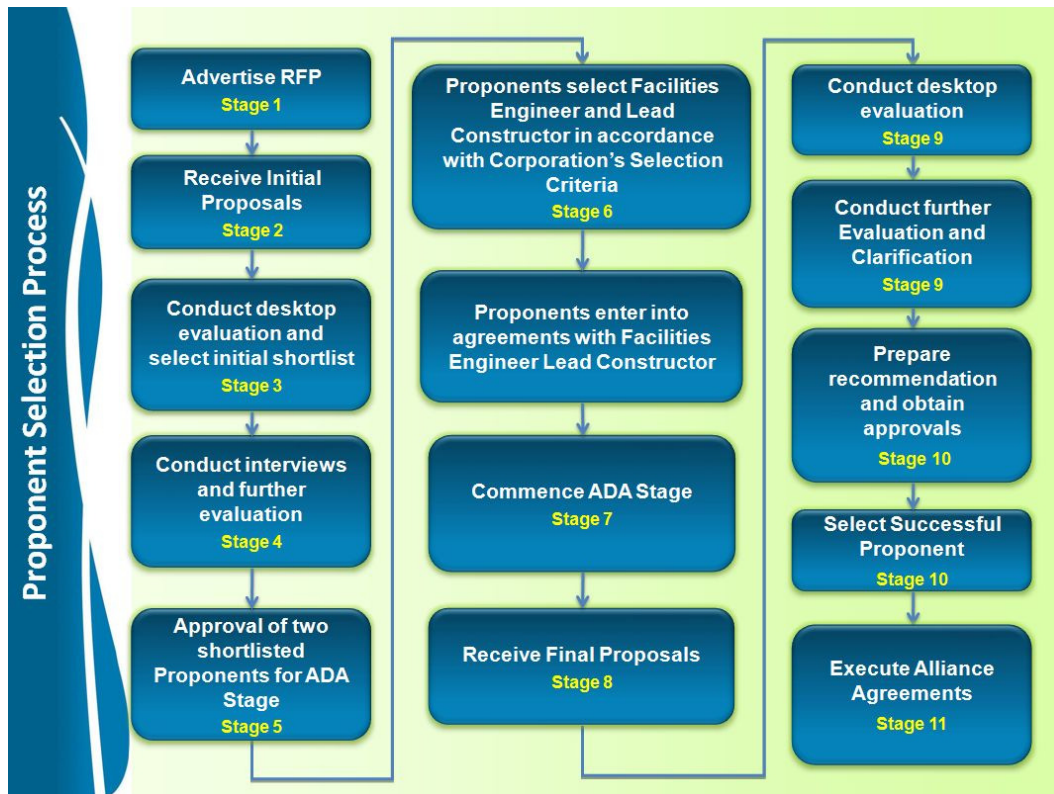
## 2.6 Outline Program and Key Dates

A timeline to illustrate the proposed timing for the selection process is provided below.



The key dates relating to the selection process are presented in the table below. The dates may change during the selection process and are provided as indicative dates only.

Stage	Description	Timeline
Stage 1	Advertise RFP	29 Sept 2007
Stage 2	Receive Initial Proposals	8 Nov 2007
Stage 3	Commence desktop evaluation and select initial shortlist	12 Nov 2007
Stage 4	Commence interviews and further evaluation	10 Dec 2007
Stage 5	Approval of two shortlisted Proponents for ADA Stage	10 Jan 2008
Stage 6	Selection of Facilities Engineers and Lead Constructors	15 Feb 2008
Stage 7	Commence ADA Stage	16 Feb 2008
Stage 8	Receive Final Proposals	15 Aug 2008
Stage 9	Commence evaluation of Final Proposals	18 Aug 2008
Stage 10	Select Successful Proponent	Nov 2008
Stage 11	Execute Project Alliance Agreements	Nov 2008
Stage 12	Commence detailed design and construct stage of the Project	Nov 2008
Stage 13	First water produced	Nov 2010
Stage 14	Project practical completion mid 2011	May 2011
Stage 15	Commence operations and maintenance	May 2011



## 2.7 Selection Criteria

There are four sets of selection criteria provided in this RFP:

- Proponent Criteria to be used by the Evaluation Team for selection of the PPO (Section 4);
- Facilities Engineer Criteria to be used by the Proponent for selection of its Facilities Engineer (Section 5);
- Lead Constructor Criteria to be used by the Proponent for selection of its Lead Constructor (Section 6); and
- Alliance Development Stage Criteria to be used by the Evaluation Team for selection of the Successful Proponent at the conclusion of the ADA Stage (Section 7).

The Proponent, in its response to this RFP, must respond to the Selection Criteria in Section 4. The Proponent is to use the Selection Criteria in Sections 5 and 6 to evaluate and select its preferred Facilities Engineer and Lead Constructor.

It is a requirement of the Corporation that a Lead Constructor is a Participant of the Design and Construction Alliance.

The Selection Criteria used to evaluate Proponents shown in Sections 4 to 6 have been prepared to allow Proponents to provide information on capabilities to carry out the following roles on the Project:

- Proponent – Project sponsorship, process design, design management, construction management, operations and maintenance;
- Facilities Engineer – detailed design of desalination plant non-process elements and support infrastructure; and
- Lead Constructor – construction management and construction of all facilities.

In the ADA Stage, the combined team selected by the Proponent will be assessed using the Selection Criteria in Section 7.

## 2.8 Water Scores Criteria

The Corporation established the Water Scores Benchmarking Program to monitor the performance of bundles of projects being undertaken for the Corporation through the formation of alliances with private industry as well as those being undertaken in a traditional manner through the in-house services of the Corporation's Project Management Branch. Details of the Water Scores Benchmarking Program can be obtained by reading the Water Scores *Guidebook* available on the Corporation's tender website.

The Successful Proponent will be entering into a long term alliance with the Corporation. The Corporation has a number of major alliances for delivery of its capital works and operations and maintenance programs. Each of these alliances has committed to the Corporation's Water Scores Benchmarking Program. This Alliance will also be expected to commit to the Water Scores Benchmarking Program.

As the Project Alliances will be subject to measurement using Water Scores, it is sensible to use Water Scores as part of the basis for selection. A portion of the selection process is based on Water Scores benchmarking criteria.

Water Scores Benchmarking Program is a web-based benchmarking application which allows alliances to self assess their level of performance on agreed benchmarks which align with the Corporation's Sustainability Business Principles. The Water Scores Benchmarking Program recently commenced its first operating period, entitled a 'Wave' for the period 1 July to 31 December 2007.

Details of the Water Scores Benchmarking Program are provided in Appendix E of this RFP.

## 3 Alliance Approach

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### 3.1 Alliance Philosophy and Principles

The Corporation has selected to use an alliance for the delivery of the Project. Under this approach, the Participants will take collective responsibility for all risks associated with the delivery of the Project, with equitable sharing of the risks and the rewards arising from Project delivery through a legal and commercial framework where the commercial interests of all Participants are aligned.

The Corporation's expectation is that the collective responsibilities of the Participants, the sharing of all Project risks and the trust and equity gained through this arrangement will facilitate the achievement of results that go far beyond what would be accomplished using conventional contracting arrangements.

The Corporation wishes to build an alliance culture that embraces both:

- the Corporation's Sustainability Business Principles set out in Appendix C, by fully integrating these principles into its management ethos and organisational culture; and
- the fundamental Alliance principles of:
  - every decision being based on putting the interests of the Alliance first, i.e., before the interests of the respective Participants;
  - all decisions, behaviours and communications being based on preserving honesty, and trust, with a full commitment to open communication and sharing of information;
  - all decisions being on a Best for Project basis;
  - the Alliance and its Participants committing to operating a transparent open book financial approach to all their dealings;
  - all outcomes being win/win or lose/lose, with no win/lose outcomes;
  - neither Participants nor individuals being blamed if problems or adverse circumstances arise. The Alliance will adopt a "No blame" culture;
  - the ALT accepting accountability for all project outcomes and actively encouraging individuals and Participants to accept accountability for things they are responsible for;
  - Reward payments being commensurate with performance and the degree to which targets are exceeded;
  - Risk payments being commensurate with the degree to which targets are not met; and
  - every decision being as far as is possible to be seen to be fair and equitable to all parties.

### 3.2 Composition of the Alliance

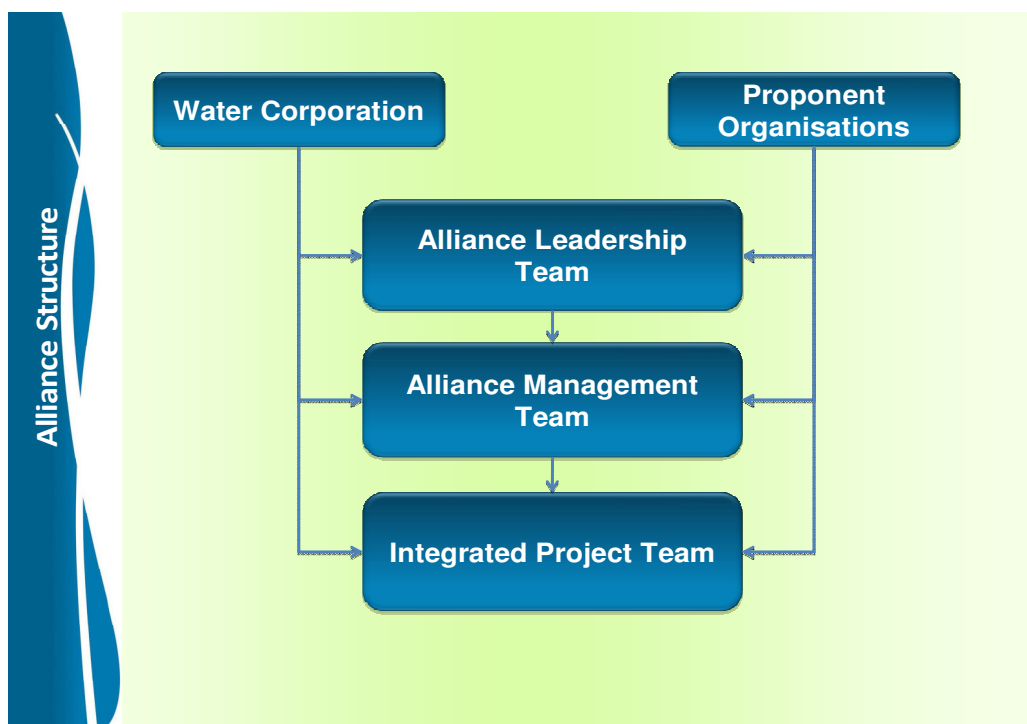
The Project Alliances will be governed by an Alliance Leadership Team (**ALT**) made up of two senior representatives from the Corporation and one senior representative from each of the NOPs, (two representatives if there is only one NOP).

The overriding functions of the ALT will be to:

- lead the Project Alliances;
- ensure that the Project Objectives are met; and
- resolve issues elevated to it on a Best for Project basis.

Each of the representatives appointed to the ALT will be expected to be authorised to represent and bind their respective Alliance Participant on any matter relating to the Project Alliances.

The structure of the Project Alliances to be set out in the PAAs can be illustrated as follows:



The ALT will appoint an Alliance Manager who will report directly to the ALT and who will lead and manage the Alliance Management Team (AMT).

With the exception of the Corporation’s members for the AMT set out in Section 3.4, all members of the AMT will be selected on a ‘best person for the job’ basis. It is expected that most AMT members will be engaged full time in the Project Alliances and will provide day-to-day leadership of the Integrated Project Team (IPT). The IPT will also be drawn from the resources of the Participant organisations on a ‘best person for the job’ basis. The intention is that the structure will reflect a single ‘virtual organisation’ with no duplication of responsibilities.

The ALT will be required to develop and implement strategies to ensure that a high performing IPT is established and sustained for the duration of the Project. In this respect, an Alliance Management Plan (AMP) will need be developed during the ADA Stage and submitted as part of the Final Proposal.

The structure, responsibilities and accountabilities of the ALT and AMT to be set out in the PAAs will be further developed, as necessary, with the two shortlisted Proponents during the ADA Stage.

### 3.3 Core Capabilities within the Project Alliances

The Corporation expects that the Successful Proponent will bring certain specific capabilities to the Project. The table below indicates the core capabilities expected from the Successful Proponent.

### 3.3.1 Design and Construct Alliance

Core Capability / Resource / Skill Area	Core Capabilities	
	Corporation (including its consultants)	Proponent (within its Members)
Land acquisition	●	
Planning and approvals	●	
Provision of high voltage power supply to the desalination plant site	●	
Preliminary design of the Project		●
Engineering design of the Project		●
Detailed design, construction and commissioning of the marine works		●
Detailed design, construction and commissioning of the desalination plant		●
Detailed design, construction and commissioning of electrical switchyard and reticulation to the desalination plant		●
Detailed design and installation of communications, automation and control systems and security systems		●
Project and construction management expertise		●
Project and construction management systems		●
Construction management		●
Occupational Safety and Health management systems		●
Financial management systems		●
Environmental management systems		●
Quality management systems		●
Procurement systems		●
Industrial relations		●
Communications and community consultation/liaison	●	●

### 3.3.2 Operations and Maintenance Alliance

Core Capability / Resource / Skill Area	Core Capabilities	
	Corporation (including its consultants)	Proponent (within its Members)
Operations		●
Maintenance		●

Core Capability / Resource / Skill Area	Core Capabilities	
	Corporation (including its consultants)	Proponent (within its Members)
Asset replacement		●
Power supply	●	
Chemical procurement	●	●
Occupational Safety and Health management systems		●
Environmental management systems		●
Quality management systems		●
Financial management systems		●
Procurement systems		●
Industrial relations		●
Communications and community consultation/liaison	●	●

### 3.4 Corporation Resources

In addition to providing two ALT representatives, the Corporation intends to provide a number of personnel on a full time basis into the AMT and IPT of the Alliances to fulfil managerial roles in project delivery, finance, operations and maintenance and engineering, and at least two project engineer roles, and at least two graduate engineer roles in the IPT.

## 4 Proponent Selection Criteria

### 4.1 Proponent Mandatory Criteria

The Proponent must, in its Initial Proposal, satisfy all the Mandatory Criteria set out in the table below.

In the event that an Initial Proposal fails to satisfy the Mandatory Criteria, the Corporation reserves the right, at its sole discretion, to:

- a) elect not to further evaluate that Initial Proposal; or
- b) proceed to complete its evaluation of that Initial Proposal.

The Evaluation Team may seek clarification from the Proponent or from any other source in order to assess whether or not a Proponent has satisfied the Mandatory Criteria.

Criteria	Details	Required Response
<b>Past experience</b>	Demonstrate recent experience in design, project implementation, operations and maintenance experience on at least one seawater RO desalination plant with capacity above 60 ML per day.	For this mandatory criterion select only one plant. The following information is required: <ol style="list-style-type: none"> <li>a) plant name and location;</li> <li>b) plant capacity;</li> <li>c) period when plant was designed and built;</li> <li>d) details of the roles and responsibilities carried out including design, construction, operations and maintenance;</li> <li>e) the number and details of company employees engaged in carrying out the roles and responsibilities; and</li> <li>f) client reference and contact details.</li> </ol>
<b>Financial capability</b>	Demonstrate financial capability to undertake the Project.	The following information is required for the Proponent: <ol style="list-style-type: none"> <li>a) financial information for the last 3 years which includes:               <ol style="list-style-type: none"> <li>i) copies of audited/independently reviewed (as applicable) financial accounts for the past three financial years.(Note: concise financial accounts are not acceptable);</li> <li>ii) details of existing loan facilities (if any), including terms and conditions, security provided and details of the undrawn amount on these facilities;</li> <li>iii) details of any financial constraints, including details of material commitments, covenants, or potential contingencies;</li> </ol> </li> <li>b) confirmation of capacity to provide a performance bank guarantee or performance bond if required by the Corporation; and</li> <li>c) if any Proponent is a subsidiary, confirmation of ability of that Member to provide a parent company guarantee, if required by the Corporation.</li> </ol>
<b>Safety</b>	Demonstrate a suitable safety system to undertake the Project.	Provide evidence of Occupational Health and Safety Management System independently certified to either AS 4801-2001 or WorkSafe Plan certification (WA only) or National Safety Council of Australia Five Star certification (3, 4 or 5 stars only) or an approved equivalent independent standard of certification.  Provide last 3 years safety statistics for LTIFR, Duration Rate and Workers Compensation Premium Rate (rate per \$100 payroll)

Criteria	Details	Required Response
<b>Quality management</b>	Demonstrate a suitable quality management system to undertake the Project.	Provide evidence of Quality Management System independently certified to AS/NZS ISO 9001–2000 or an approved equivalent independent standard of certification.
<b>Environmental management</b>	Demonstrate a suitable environmental management system to undertake the Project.	Provide evidence of Environmental Management Systems independently certified to AS/NZS ISO 14001–1996 (as a minimum) or an approved equivalent independent standard of certification.
<b>Lodgement of Initial Proposal Form</b>	Refer to Appendix E.	Provide a completed and compliant Lodgement of Initial Proposal Form for each Member.

## 4.2 Proponent Evaluation Criteria

The Proponent Evaluation Criteria are set out in the table below. Guidelines for responding to the criteria are also set out below, and provide a more detailed indication of the Corporation's requirements for evaluating each criterion.

Criteria	Description	Guidelines
<b>Design and construct capability and experience (20%)</b>	Demonstrate current or previous capability and experience with the design, and project implementation, of seawater RO desalination plants with capacities above 60 ML per day.	<p>For each plant, the following information is required:</p> <ol style="list-style-type: none"> <li>plant name and location;</li> <li>plant capacity;</li> <li>period when plant was designed and built;</li> <li>details of the roles and responsibilities carried out;</li> <li>the number and details of company employees engaged in carrying out the roles and responsibilities;</li> <li>details of stakeholder liaison;</li> <li>details of environmental compliance; and</li> <li>client reference and contact details.</li> </ol> <p>Describe your approach to construction management and the plans and procedures that are developed and utilised to ensure that construction work is managed excellently. Provide evidence to support your explanations.</p> <p>Describe your experience and capability in managing the delivery of marine structures for seawater reverse osmosis desalination plants.</p>

Criteria	Description	Guidelines
<b>Operations and maintenance capability and experience</b> (25%)	Demonstrate current or previous capability and experience with the operations and maintenance of seawater RO desalination plants with capacity above 60 ML per day.	<p>For each plant, the following information is required:</p> <ol style="list-style-type: none"> <li>plant name and location;</li> <li>plant capacity;</li> <li>commencement date for involvement in operations and maintenance (i.e. how long have you been operating and maintaining the plant);</li> <li>details of the roles and responsibilities carried out;</li> <li>the number and details of company employees engaged in carrying out the roles and responsibilities;</li> <li>operation and maintenance record of the plant;</li> <li>details of the plants environmental record; and</li> <li>client reference and contact details.</li> </ol> <p>Describe your approach to operations and maintenance management and the plans and procedures that are developed and utilised to ensure that operations and maintenance is managed excellently. Provide evidence to support your explanations.</p>
<b>Design</b> (15%)	Demonstrate organisational experience and track record in carrying out the design and design management of similar projects.	Describe previous organisational experience in carrying out the design and design management on projects of a similar nature. Describe also how that experience will be brought into the Project. Your response should identify the design disciplines you manage and demonstrate your competencies to effectively manage these disciplines.
<b>O&amp;M input to D&amp;C</b> (10%)	Demonstrate the ability to positively influence the design and construction to achieve excellent operations and maintenance and whole of life outcomes.	Describe your approach to influencing the design and construction using knowledge gained and lessons learned from the operations and maintenance of large seawater reverse osmosis plants. Provide evidence to support your explanations.
<b>People</b> (20%)	Demonstrate that the proposed O&M and D&C teams are capable and have the necessary skills and experience to deliver excellent outcomes for the Project.	<p>Provide proposed organisation charts for O&amp;M and D&amp;C identifying names and positions.</p> <p>For each candidate provide a summary of their suitability to fulfil the role, details of previous alliance experience, availability and previous client references. A short (e.g. two page) CV may supplement this information and be submitted as an appendix to the Initial Proposal.</p>
<b>Culture and Philosophy</b> (10%)	Describe the activities that will be undertaken during Alliance Development Stage to align the proposed D&C and O&M teams to Alliance Principles and integrate a sustainability ethos into the Project Alliances.	Provide an outline of your proposed approach for ensuring that the Alliance Principles are integrated into the culture and decision making processes to be developed during the ADA Stage, to ensure that the alliance meets or exceeds the Project Objectives whilst maximising social, economic and environmental benefits.

#### 4.2.1 Water Scores Criteria

The Water Scores Criteria are set out in the table below. Proponents are required to complete the Water Scores self assessment which is to be carried out online. The Initial Proposal shall include details of objective evidence the Proponent has used to support its self assessment.

For complete details of each Water Scores Criterion and for completion of the online self assessment, use the following electronic address: <http://evaluation.waterscores.com.au>. Proponents are required to contact the person nominated in section 8.5 for access passwords.

The self assessments conducted by the Proponents will be scrutinised by the Corporation but the self assessment scores will not be used in the scoring and evaluation of Proponents. The Corporation will contact Proponents' past clients to conduct its own validation of the self assessments and will determine its scoring accordingly. The Corporation may ask Proponents to provide objective evidence to substantiate self assessment against specific criteria.

Criteria	Description	Guidelines
<b>Social</b>	<ul style="list-style-type: none"> <li>Protect the health and safety of all and support the wellbeing of our employees and customers.</li> <li>Respect the values of all.</li> <li>Enhance community capacity.</li> </ul>	Organisational OSH system Safety outcomes People development Equity and diversity Contractor and supplier development Community enhancement and engagement Indigenous engagement
<b>Economic</b>	<ul style="list-style-type: none"> <li>Preserve our capacity to provide water services to meet present and future needs.</li> <li>Find efficiencies that reduce internal and external costs.</li> <li>Enhance the economic value to our customers, suppliers and the community while delivering shareholder returns.</li> </ul>	Operability Maintainability Project risk reduction
<b>Environment</b>	<ul style="list-style-type: none"> <li>Prevent harm to the environment.</li> <li>Conserve the value of the environment.</li> <li>Enhance the resilience of the natural and human environment.</li> </ul>	Environmental management systems Water Corporation carbon neutral program Environmental excellence
<b>Ethical</b>	<ul style="list-style-type: none"> <li>Meet our legal requirements and do the right thing.</li> <li>Be accountable for our business and responsible for our actions.</li> <li>Be trustworthy in our actions and honest in our communications.</li> </ul>	Contractual Water Scores Participant code of conduct
<b>Stakeholder</b>	<ul style="list-style-type: none"> <li>Maintain our mandate to operate our water business.</li> <li>Responsibly advocate the water service needs of our community our shareholder.</li> <li>Enhance our capacity to support WA's water future.</li> </ul>	Community relationship management External stakeholder relationship management Internal stakeholder relationship management
<b>Governance</b>	<ul style="list-style-type: none"> <li>Maintain best practice business systems and follow our corporate procedures and policies.</li> <li>Make decisions with humility, recognizing our duty to be fully informed and account for what we cannot know.</li> <li>Listen to and consider our stakeholder's views throughout planning and decision making.</li> </ul>	Strategic direction Leaders for the organisation Decision-making framework The business environment Corporate risk management Resource management Collection and interpretation of data and information Integration and use of knowledge in decision making Business systems Continuous improvement and innovation

## 5 Facilities Engineer Criteria

Each Proponent on the Final Shortlist must use the selection criteria in this section to select its Facilities Engineer. The Proponent must provide documentation to the Corporation to demonstrate that the Facilities Engineer satisfies the selection criteria.

### 5.1 Facilities Engineer Mandatory Criteria

The Facilities Engineer must satisfy all the Mandatory Criteria set out in the table below.

Criteria	Details	Required Response
<b>Design integration</b>	Demonstrate that the lead/integration designer and design manager have capability and experience in projects of a similar nature, size, complexity and value	Identify as a minimum two projects undertaken within the last five years of a similar nature, size, complexity and value and provide the following information: <ol style="list-style-type: none"> <li>name of project;</li> <li>location of project;</li> <li>brief description of project (1-2 paragraphs); and</li> <li>project value (AUD\$)</li> </ol>
<b>Design experience</b>	Demonstrate that key design personnel have undertaken work for the Corporation, other Australian water utilities or similar projects in the last five years..	Provide evidence that key design personnel have undertaken work for the Corporation, other Australian water utilities or similar projects in the last five years.  Evidence may take the form of a matrix of key personnel and relevant projects that they have worked on. In particular, details are required for nominated lead engineers, reviewers, and design manager.  Similar project aspects include tanks, pump stations, filters, chlorination, and chemical dosing, among other things.  Note: the details of key personnel and other design personnel will be evaluated further under the Evaluation Criteria below. Do not duplicate full details here.
<b>Safety</b>	Demonstrate a suitable safety system to undertake the Project.	Provide evidence of Occupational Health and Safety Management System independently certified to either AS 4801-2001 or WorkSafe Plan certification (WA only) or National Safety Council of Australia Five Star certification (3, 4 or 5 stars only) or an approved equivalent independent standard of certification.  Provide last 3 years safety statistics for LTIFR, Duration Rate and Workers Compensation Premium Rate (rate per \$100 payroll)
<b>Quality management</b>	Demonstrate a suitable quality management system to undertake the Project.	Provide evidence of Quality Management System independently certified to AS/NZS ISO 9001–2000 or an approved equivalent independent standard of certification.
<b>Environmental management</b>	Demonstrate a suitable environmental management system to undertake the Project.	Provide evidence of Environmental Management Systems independently certified to AS/NZS ISO 14001–1996 (as a minimum) or an approved equivalent independent standard of certification.

### 5.2 Facilities Engineer Evaluation Criteria

The Facilities Engineer Evaluation Criteria are set out in the table below. Guidelines for responding to the criteria are also set out below, and provide a more detailed indication of the Corporation's requirements for evaluating each criterion.

Criteria, including weighting	Description	Guidelines
<b>Design management</b> (20%)	Demonstrate structured design management systems and procedures.	Describe your approach to design management and the plans and procedures that are developed and utilised to ensure that design work is excellently managed. Provide evidence to support your explanations.
<b>Design capability and experience</b> (40%)	Demonstrate organisational experience and track record in carrying out the design of similar projects.	Describe previous organisational experience in carrying out the design on projects of a similar nature. Describe also how that experience will be brought into the Project. Your response should identify the design disciplines you manage and demonstrate your competencies to effectively manage these disciplines.
<b>People</b> (40%)	Demonstrate that the proposed team is capable, available and has the necessary skills and experience to deliver excellent outcomes for the Project.	<p>Provide a proposed organisation chart identifying names and positions. Stipulate the availability of each candidate identified in the organisation chart.</p> <p>Provide a summary of suitability for each identified candidate with details of skills and experience. Any previous alliance experience should also be highlighted.</p> <p>Provide evidence that design personnel have undertaken work for either the Corporation or for other Australian water utilities on similar project aspects in the last five years.</p> <p>Evidence should be presented in tables and may be supported by CVs.</p> <p>Skills may include technical as well as non-technical skills, e.g. leadership, management, design management, etc.</p> <p>Relevant experience of personnel in undertaking similar work aspects includes tanks, pump stations, filters, chlorination, chemical dosing, among other things.</p> <p>Provide information on the current location, home office, and proposed location for proposed personnel for the Project.</p> <p>Provide evidence that the proposed personnel have proven track record of working in a co-located and integrated team environment.</p>

## 6 Lead Constructor Criteria

Each Proponent on the Final Shortlist must use the selection criteria in this section to select its Lead Constructor. The Proponent must provide documentation to the Corporation to demonstrate that the Lead Constructor satisfies the selection criteria.

### 6.1 Lead Constructor Mandatory Criteria

The Lead Constructor must satisfy all the Mandatory Criteria set out in the table below.

Criteria	Details	Required Response
<b>Capability and experience</b>	Demonstrate capability and experience in projects of a similar nature, size, complexity and value.	Identify as a minimum two projects undertaken within the last five years of a similar nature, size, complexity and value and provide the following information: <ol style="list-style-type: none"> <li>name of project;</li> <li>location of project;</li> <li>brief description of project (1-2 paragraphs); and</li> <li>project value (AUD\$).</li> </ol>
<b>Financial capability</b>	Demonstrate financial capability to undertake the Project.	The following information is required: <ol style="list-style-type: none"> <li>confirmation of capacity to provide a performance bank guarantee or performance bond if required by the Corporation; and</li> <li>if any Proponent is a subsidiary, confirmation of ability of that Member to provide a parent company guarantee if required by the Corporation.</li> </ol>
<b>Safety</b>	Demonstrate a suitable safety system to undertake the Project.	Provide evidence of Occupational Health and Safety Management System independently certified to either AS 4801-2001 or WorkSafe Plan certification (WA only) or National Safety Council of Australia Five Star certification (3, 4 or 5 stars only) or an approved equivalent independent standard of certification.  Provide last 3 years safety statistics for LTIFR, Duration Rate and Workers Compensation Premium Rate (rate per \$100 payroll)
<b>Quality management</b>	Demonstrate a suitable quality management system to undertake the Project.	Provide evidence of Quality Management System independently certified to AS/NZS ISO 9001–2000 or an approved equivalent independent standard of certification.
<b>Environmental management</b>	Demonstrate a suitable environmental management system to undertake the Project.	Provide evidence of Environmental Management Systems independently certified to AS/NZS ISO 14001–1996 (as a minimum) or an approved equivalent independent standard of certification.

### 6.2 Lead Constructor Evaluation Criteria

The Lead Constructor Evaluation Criteria are set out in the table below. Guidelines for responding to the criteria are also set out below, and provide a more detailed indication of the Corporation's requirements for evaluating each criterion.

Criteria, including weighting	Description	Guidelines
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Criteria, including weighting	Description	Guidelines
<b>Construction management</b> (20%)	Demonstrate structured project management systems and procedures.	Describe your approach to construction management and the plans and procedures that are developed and utilised to ensure that design and construction work is excellently managed. Provide evidence to support your explanations.
<b>Construction capability and experience</b> (20%)	Demonstrate organisational experience and track record in the construction elements of similar projects.	Describe previous organisational experience in the construction of projects of a similar nature. Describe also how that experience will be brought into the Alliance.  Describe the subcontractor resources engaged, and the relationships developed with them to produce outstanding outcomes. Explain how you propose to engage subcontractor resources and work with them on this project to ensure excellent outcomes.
<b>People</b> (30%)	Demonstrate that the proposed team is capable and has the necessary skills and experience to deliver excellent outcomes for the Project.	Provide names and positions of those personnel who will be assigned to the Project. Demonstrate the availability of each candidate.  Provide a summary of suitability for each candidate identified with details of previous alliance experience. A short (e.g. two page) CV may supplement this information and be submitted as an appendix to the Initial Proposal.
<b>Local knowledge</b> (20%)	Demonstrate familiarity with Western Australian construction issues.	Provide evidence of industrial relations management capability and experience.  Provide other evidence that demonstrates familiarity with Western Australian construction issues including knowledge of key nominated personnel.  Provide your proposals for managing the onsite workforce to mitigate any potential for industrial dispute issues.
<b>Relationship-style contracting</b> (10%)	Demonstrate ability to work effectively in large alliance projects.	Provide evidence of previous successful roles in large alliance-style projects. Demonstrate your understanding of these alliances by outlining the exceptional outcomes achieved and the reasons these outcomes were able to be achieved.

## 7 Evaluation Criteria for Alliance Development Stage

The Alliance Development Stage and the Final Proposals will be evaluated using the selection criteria in this section.

### 7.1 Commercial and Contractual Criteria

Criteria	Description	Guidelines
Commercial	TOC Target Operations and Maintenance Budget	The TOC and Target Operations and Maintenance Budget will be evaluated for: <ul style="list-style-type: none"> <li>compliance,</li> <li>completeness,</li> <li>quantum,</li> <li>margin,</li> <li>risk and contingencies.</li> </ul> Whole of life costs will be assessed on a Net Present Value (NPV) basis.
Contractual	Commercial alignment.	The terms of the PAA executed by the NOPs and submitted with the Final Proposal will be assessed in respect of the achievement of an aligned commercial framework that recognises all the Corporation's commercial principles for the Alliances as outlined in Appendix B.

### 7.2 Non-Cost Selection Criteria

Criteria	Description	Guidelines
Proponent Evaluation Criteria	Design; Construction; Operations and Maintenance People; and Culture and Philosophy.	The evaluation scores for Proponent Evaluation Criteria from the shortlisting process will be re-evaluated to address any improvement or negative impacts observed, and to accommodate the level of confidence that the Evaluation Team gains in the Proponent throughout the ADA Stage.
Design and construction technical proposal, certainty of outcomes and compliance	Detailed design capability; Proposed construction methodology and planning; Schedule, particularly ability to meet operation date; Priority Start Training Plan; Project Execution Plan; and Any other plans required to be submitted as a deliverable under the ADA.	This criterion will be evaluated primarily from a desktop review of the Final Proposal. Presentations and clarification meetings conducted after submission of the Final Proposal will also be taken into consideration in the evaluation.  The Proponent's understanding of the Project risks, approach to risk management, and the robustness and efficacy of the Proponent's risk management plan will be assessed.  Provide all your detailed management plans including Design Management Plan, Construction Management Plan, IR Plan, HR Plan, demonstrating how the design and construction stage of the Project will be managed to ensure excellent outcomes.

<p><b>Operations and maintenance technical proposal, certainty of outcomes and compliance</b></p>	<p>Commissioning capability; Proposed commissioning and operational commencement planning; Draft Training Plan; Project Operations and Maintenance Plan; and Any other plans required to be submitted as a deliverable under the ADA.</p>	<p>This criterion will be evaluated primarily from a desktop review of the Final Proposal. Presentations and clarification meetings conducted after submission of the Final Proposal will also be taken into consideration in the evaluation.</p> <p>The Proponent's understanding of the Project risks, approach to risk management, and the robustness and efficacy of the Proponent's risk management plan will be assessed.</p> <p>Provide all your detailed management plans including Commissioning Plan, IR Plan, HR Plan, Asset Replacement Plan, Operations and Maintenance Plan, demonstrating how the operations and management stage of the Project will be managed to ensure excellent outcomes.</p>
<p><b>Understanding, ability and capacity to participate in this Project</b></p>	<p>Overall approach to meeting or exceeding Project Objectives; Overall approach to integrating a sustainability ethos into the Project Alliance to govern, manage and encourage sustainable value creation. Activity to develop a high performance culture; and Stakeholder management.</p>	<p>This criterion will be evaluated from observations made by the Evaluation Team in the workshops and other interactions with the Proponent during the ADA Stage. The Evaluation Team will also use feedback obtained from the Core Team and other stakeholders.</p>
<p><b>Leadership and alliance affinity</b></p>	<p>Performance of the Proponent's nominees for key leadership (ALT and AMT) roles; Performance of the Proponent's nominees for the wider team members; and Alliance Management Plan.</p>	<p>This criterion will be evaluated on the basis of observations made by the Evaluation Team during the ADA Stage. The Evaluation Team will also use feedback obtained from the Core Team and other stakeholders.</p>
<p><b>People</b></p>	<p>Demonstrate that the proposed team is capable and has the necessary skills and experience to deliver excellent outcomes for the Project.</p>	<p>Provide the organisation charts you will use for the Project identifying names and positions for all key roles, and the details of their experience and expertise to fulfil the role assigned to them.</p> <p>Provide details of the proposed ALT members, their current positions, location and relevant experience. Explain how the ALT will provide governance and support leading to exceptional Project results.</p> <p>Describe the proposed process to integrate Corporation personnel into the Alliance team.</p> <p>Demonstrate the availability of each candidate identified in the organisation chart.</p> <p>Provide a summary of the suitability of each candidate identified with details of previous alliance experience. A short (e.g. two page) CV must be submitted.</p>
<p><b>Local Content</b></p>	<p>Demonstrate commitment to the WA Building Local Industry Policy Industry Participation Plan</p>	<p>Demonstrate your commitment to the WA Building Local Industry Policy.</p>

### **7.3 Water Scores Criteria**

The two shortlisted Proponents will be required to complete a Water Scores assessment. The Water Scores assessment conducted during the ADA Stage will be broader in scope than the assessment conducted for the shortlisting process. The Corporation may require objective evidence or may wish to audit the objective evidence to validate the self assessments carried out by the Proponents.

The Water Scores self assessment is carried out online, and the Final Proposal shall include details of objective evidence the Proponent has used to support their self assessment.

## 8 RFP Conditions

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### 8.1 Format, Structure and Lodgement of the Initial Proposal

Unless otherwise approved by the Corporation, the Initial Proposal must be submitted in the exact order and be numbered as set out in the table below:

Covering Letter (**3 pages max**)

Executive Summary (**5 pages max**)

1. Mandatory Criteria (**No page limit**)
  - 1.1. Past Experience
  - 1.2. Financial Capability
  - 1.3. Safety
  - 1.4. Quality Management
  - 1.5. Environmental Management
  - 1.6. Lodgement of Initial Proposal Form
2. Evaluation Criteria (**100 pages max**)
  - 2.1. Design and Construct Capability and Experience
  - 2.2. Operations and Maintenance Capability and Experience
  - 2.3. Design
  - 2.4. O&M input to D&C
  - 2.5. People
  - 2.6. Culture and Philosophy
3. Water Scores (**No page limit**)
  - 3.1. Social
  - 3.2. Economic
  - 3.3. Environment
  - 3.4. Ethical
  - 3.5. Stakeholder
  - 3.6. Governance
4. Appendices (**No page limit**)
  - 4.1. Appendix A
  - 4.2. Etc.

The information requested must be provided under the criterion heading only, and not relied upon by being placed elsewhere in the Initial Proposal.

Page limits identified relate to single-sided A4 pages, font type and size must be Arial Narrow 11 with single line spacing and minimum 6 point spacing between paragraphs. The page limit includes all diagrams, charts, pictures, and the like. Material in excess of the page limits identified may not, in the Corporation's discretion, be read or taken into account in the evaluation.

Responses to the Mandatory Criteria must be provided as a separate volume and will not be included in the page limit for the Evaluation Criteria. However, a voluminous response to the Mandatory Criteria is not encouraged.

Two page (maximum) curricula vitae for key personnel should be submitted (as an appendix). Relevant recent projects, skills and alliance experience should be provided rather than a detailed career chronology.

Single page project information sheets for recent relevant reference projects may be included (as an appendix) but their relevance to the Project must be made clear. Unreferenced corporate brochures, marketing material and the like will not be considered by the Evaluation Team.

The Initial Proposal must be submitted in triplicate (one original and two copies) and be delivered in a sealed package or container, endorsed with the RFP number and title shown on the front cover of this RFP.

## **8.2 Time for Lodgement**

The Proponent must ensure that its Initial Proposal is lodged in the Tender Box at the address shown on the front cover of this RFP by no later than the Closing Time on the Closing Date.

## **8.3 Delivery by Post, by Hand or by Courier**

If sent by post, the Initial Proposal must be posted in sufficient time to enable the Corporation's staff to lodge it in the Tender Box by no later than the Closing Time on the Closing Date.

If delivered by hand or by courier, the Initial Proposal must be addressed to:

Martin McGrath  
Strategic Contracts Manager  
Water Corporation - Procurement Branch  
629 Newcastle Street  
Leederville WA 6007

The Corporation will not accept facsimile or email lodgement of the Initial Proposal.

## **8.4 Late Proposals**

A late Initial Proposal will not be considered by the Corporation unless:

- a) extenuating circumstances exist and are made known to the Corporation (on telephone number +61 8 9420 2121 or +61 8 9420 3102 or facsimile number +61 8 9420 2696), preferably before the Closing Time but otherwise at the time the Initial Proposal is lodged; and
- b) those circumstances are acceptable to the Corporation, in the Corporation's sole discretion.

## **8.5 Clarification of RFP Document and Addenda**

If the Proponent is in doubt as to the meaning of this RFP or has any questions in relation to the selection process outlined in this RFP, the Proponent should contact:

John Stansfield - Project Manager  
Project Management Branch  
Water Corporation  
629 Newcastle Street  
Leederville WA 6007  
Telephone: +61 8 9420 3406  
Facsimile: +61 8 9420 2775  
E-mail: john.stansfield@watercorporation.com.au

Clarification given by the Corporation to a prospective Proponent may, at the Corporation's discretion, be provided to other prospective Proponents.

The RFP (including any aspect of the selection and evaluation process outlined in this RFP), can be altered or clarified by the Corporation, at any time prior to two business days before the Closing Date, issuing a formal addendum to the RFP. The Corporation will distribute addenda to each person or organisation of whom the Corporation has a record of a copy of the RFP having been issued in hard copy or downloaded electronically from the Corporation's tender website. The recipient must acknowledge receipt of each addendum in accordance with the receipt form accompanying the relevant addendum. Any addenda issued by the Corporation become part of the RFP.

## **8.6 Probity**

Stanton's International has been appointed as the Probity Auditor by the Corporation and the Probity Auditor is James Cottrill or his nominated representative. The Probity Auditor's role will be to monitor the selection process outlined in the RFP through both Stage 1 and 2, to ensure that the process is applied fairly and equitably to all Proponents.

The Probity Auditor is not part of the Evaluation Team but a third-party observer who will not be involved in the detailed evaluation of any Initial Proposals received or the review and consideration of the Final Proposals received.

## **8.7 Cost Borne by Proponents**

Proponents will bear entirely and exclusively all costs and expenses incurred in any way associated with developing, preparing and submitting their Initial Proposal and, subject to Section 8.8, of the Final Proposal, including but not limited to attending meetings, site visits, interviews, workshops, etc., and providing any additional information required by the Corporation irrespective of whether or not the Project or the Project Alliance proceeds.

## **8.8 Cost Borne by the Corporation**

The Corporation will contribute to the cost of preparing the Final Proposal by the two shortlisted Proponents selected for the Alliance Development Stage and who enter into ADAs. The Corporation will pay the Proponents an amount not exceeding \$4 million excluding GST. The payment will be made as a lump sum at the end of the Alliance Development Stage once the Corporation is satisfied that a conforming Final Proposal has been submitted. The terms governing entitlement to payment and payment by the Corporation are set out in the draft ADA.

## **8.9 Conflict of Interest**

The Proponent must disclose in its Initial Proposal any circumstances, arrangements and understandings that constitute, or may reasonably be considered to constitute, an actual or potential conflict of interest with the Proponent's obligations under this RFP, the ADA or PAAs (if selected), and describe how it proposes to manage any actual or potential conflict of interest disclosed.

The Proponent and its respective officers, employees, agents and advisors must not place themselves in a position which may, or does give rise to a conflict of interest, or a potential conflict of interest, during the selection process set out in this RFP.

## **8.10 Joint Ventures**

If a joint venture is proposed by the Proponent or any of its Members, this must be disclosed in the Initial Proposal and, in that event, the Proponent is advised that the Corporation will insist on the insertion of a new clause in the ADA and PAAs to ensure that the ADA and PAAs and their respective obligations have paramourcy over the terms of any joint venture agreement. To

achieve this, the Corporation will require disclosure of the joint venture agreement to the Corporation, and input into the terms of the joint venture agreement prior to its execution.

### **8.11 Related Entities**

In selecting the Proponents to be shortlisted to undertake the ADA Stage, the Corporation may take into account the relationship between Proponents (including the existence of Related Bodies and common directorships).

The Proponent should note that:

- a) those Proponents that include an unrelated Member that is or may become involved in another Proponent's Initial Proposal, will only satisfy this criterion if the Evaluation Team considers that:
  - i) the processes and procedures put in place or to be put in place by the Proponent or the Related Body to address probity and competitiveness issues will preserve effective competition and probity within and between Proponents; and
  - ii) the participation of the Related Body is unlikely to have an adverse effect on achieving value for money for the Corporation.
- b) Depending upon the information provided by a Proponent, the Corporation may require the Proponent to:
  - i) clarify the information provided and / or provide further information;
  - ii) implement internal governance procedures and arrangements to address the probity and competitiveness concerns; and
  - iii) provide verification that all such arrangements and procedures have been complied with.

### **8.12 Absence of Obligations**

Subject to the next paragraph of this section, the Proponent, and each Member, by submitting an Initial Proposal, acknowledges and accepts that no legal or other obligation in respect of the undertaking of the Project or otherwise in relation to the Project or the selection process outlined in this RFP will arise between the Proponent and the Corporation until all necessary approvals and consents in relation to the Project and the PAAs (including Ministerial approvals and consents), have been obtained and the PAAs have been executed.

The Proponent and each Member, by submitting an Initial Proposal, acknowledges and agrees that Section 9 of this RFP binds them legally and is enforceable against them jointly and severally by the Corporation.

### **8.13 Acknowledgments**

The Proponent, and each Member, by submitting an Initial Proposal, acknowledges and accepts that the Corporation has an absolute and unfettered discretion with respect to:

- a) the preparation of this RFP, the preparation of the ADA or the PAAs, the evaluation of the Initial Proposal or Final Proposal, the selection of the two shortlisted Proponents at the end of RFP Stage and the selection of the Successful Proponent at the end of ADA Stage;
- b) the amendment of this RFP, including changing the procedures or any aspect of the selection and evaluation process set out in this RFP and the ADA at any time prior to the execution of the PAAs;
- c) its decision not to shortlist or select or prefer any Proponent;

- d) its decision whether or not to proceed with the Project at all or in the manner described in this RFP;
- e) its decision to cancel this RFP and/or the evaluation and selection process outlined in this RFP at any time; or
- f) whether or not it executes an ADA or the PAAs.

The Proponent or any Member is not entitled, in any jurisdiction, to challenge any decision by the Corporation relating to this RFP or the evaluation, shortlisting and selection process outlined in this RFP, including any decision regarding:

- a) the preparation of this RFP, the preparation of the ADA or the PAAs, the evaluation of the Initial Proposal or Final Proposal, the selection or appointment of one or more shortlisted Proponents at the end of RFP Stage and the selection of the Successful Proponent at the end of ADA Stage;
- b) any amendment of this RFP, including changing the procedures or any aspect of the selection and evaluation process set out in this RFP and the ADA at any time prior to the execution of the PAAs;
- c) a decision not to shortlist or select or prefer any Proponent;
- d) a decision not to proceed with the Project at all or in the manner described in this RFP;
- e) a decision to cancel this RFP and/or the evaluation and selection process outlined in this RFP at any time ; or
- f) whether or not it executes an ADA or the PAAs.

The Proponent and each Member releases the Corporation and its officers, agents and employees from any claim, action, demand, suit, proceeding, cost, loss, expense or damage which they have, or but for this provision may have had, arising out of or in connection with this RFP or the evaluation and selection process outlined in this RFP.

By submitting an Initial Proposal, the Proponent agrees not to withdraw, replace, amend or supplement the Initial Proposal unless requested to do so by the Corporation.

#### **8.14 Intellectual Property and Ownership of Information**

The Proponent must clearly indicate if any part of its Initial Proposal, and if shortlisted for the ADA Stage, its Final Proposal, constitutes intellectual property, in the sense of property recognised and protected by law. The Corporation will assess the Proponent's claim that information constitutes intellectual property and may ask the Proponent to establish its property interest before its claim is accepted.

Once submitted, the Initial Proposal and Final Proposal together with any supporting information (but not any copyright or intellectual property right which may subsist in those documents) are the property of the Corporation. The Corporation is authorised to copy, disclose and use the whole or any part of the Initial Proposal and Final Proposal, together with any supporting information, for the purposes of the Project, notwithstanding that the particular Proponent has not been selected as a shortlisted Proponent or is not the Successful Proponent.

#### **8.15 Conformity**

The Initial Proposal must conform to the requirements of this RFP and the Proponent is warned that an Initial Proposal which does not conform may not be considered. The Corporation reserves the right, in its absolute discretion, to decide whether or not an Initial Proposal conforms and whether or not it will consider any Initial Proposal that is not deemed to conform.

## **8.16 Proponent Deemed to have Informed Itself**

The Proponent is deemed to have made its own enquiries and satisfied itself as to the accuracy and completeness of the information and documents provided. Despite whatever information is provided or obtained by the Proponent from the Corporation or its officers, employees, consultants, contractors, agents or others, or withheld thereby, the Proponent must rely only upon itself and its advisers and its own evaluation of the Project and of risk in connection with or arising in connection with its Initial Proposal or the Project.

By submitting an Initial Proposal, a Proponent will be taken to:

- a) have examined all information and documents which are relevant to the Project and their effect on its Initial Proposal; and
- b) be satisfied as to the accuracy of its Initial Proposal.

## **8.17 Confidentiality**

The Corporation will consider entering into a confidentiality agreement with Proponents restricting the Corporation's use of confidential information. Proponents must clearly indicate in their Initial Proposals any aspects that are subject to their claim of confidentiality and their proposed wording of any confidentiality agreement.

Proponents must recognise the confidential nature of the Initial Proposals and undertake to keep their own Initial Proposal confidential. Proponents must not apply under the Freedom of Information Act for information regarding other Initial Proposals.

Except if required by law or by the rules of a stock exchange on which the Proponent is listed, Proponents must not make or authorise, and must procure an undertaking that its Related Bodies do not make or authorise, a press release or other public statement relating to:

- a) the content of its Initial Proposal;
- b) any information provided or made available by or on behalf of the Corporation;
- c) whether or not the Proponent has ceased to participate in the RFP process; and
- d) any decision of the Corporation or any other communication between the Proponent and the Corporation relating to the RFP process, without the prior written consent of the Corporation.

## **8.18 Further Enquiries by the Corporation**

To the extent permitted by law, the Corporation may, in its absolute discretion, make enquiries of any referee, client (including the Corporation), client representative (including a client representative of the Corporation) or any other person (including, any person employed by or associated with the Corporation) to assist in establishing the reliability, suitability and credibility of the Initial Proposal, a Proponent, any Member of a Proponent's team and any proposed subcontractor or consultant, and the accuracy of any information provided.

By submitting an Initial Proposal, the Proponent irrevocably consents to:

- a) the disclosure by any person to the Corporation or its representatives of information concerning an Initial Proposal, a Proponent, any Member of a Proponent's team or its representatives or subcontractors for the purpose of the Corporation exercising the above right; and
- b) the Corporation, at its absolute discretion, having regard to:
  - i) its, and its advisers' previous experience and dealings with the Proponent or any Member; and
  - ii) any information about the Proponent or any Member which is in the public domain.

## 8.19 Standards and Codes

Copies of the Corporation's Design Standards are available for purchase at the Corporation's Head Office, John Tonkin Water Centre, 629 Newcastle Street, Leederville WA 6007 (contact Chris Thompson, Quality & Environmental Co-ordinator, Infrastructure Design Branch, on Telephone No. +61 8 9420 2294 or by email at: [chris.thompson@watercorporation.com.au](mailto:chris.thompson@watercorporation.com.au)).

## 8.20 Proponent to Inform

The Proponent must inform the Corporation promptly, in writing, of any material change:

- a) to any of the information contained in the Initial Proposal;
- b) in circumstances that may affect the truth, completeness or accuracy of any of the information provided by the Proponent in connection with the Initial Proposal; or
- c) which could impact adversely on the Proponent's ability to perform obligations relating to the Project.

## 8.21 Evaluation Criteria

The Corporation reserves the right, at its absolute discretion, to:

- a) vary or amend the Evaluation Criteria for the Alliance Development Stage at any time prior to the commencement of that stage;
- b) accept or reject any Initial Proposal at any time irrespective of the extent to which it satisfies any of the Evaluation Criteria; and
- c) where weightings are not shown give preference to any one or more of the Evaluation Criteria over the other Evaluation Criteria.

## 8.22 Priority Start - Building Policy

The Successful Proponent will be required, in carrying out the work under the PAAs, to engage apprentices or trainees as required under the State Government's Priority Start – Building Policy, which is administered by the Department of Education and Training.

For further information and assistance on complying with the Priority Start - Building Policy contact:

Priority Start – Building Policy Coordinator  
Department of Education and Training  
Level 2/151 Royal Street  
East Perth WA 6004  
Telephone No: +61 8 9264 4789  
Facsimile No: +61 8 9264 4853  
E-mail: [PS.Building@det.wa.edu.au](mailto:PS.Building@det.wa.edu.au)  
Website: [www.apprenticeships.det.wa.edu.au/initiatives](http://www.apprenticeships.det.wa.edu.au/initiatives)

The Proponent will be required, as part of its Final Proposal, to provide evidence of registration under 'Component A' of the Priority Start – Building Policy, for each Member. The Proponent is advised that Members with current registration under the State Government's 'Priority Access Policy' will obtain automatic registration under Component A of the Priority Start – Building Policy, on application to the Department of Education and Training.

The Corporation is currently liaising with the Department of Education and Training in respect of the minimum number of apprentices and/or trainees that will be applicable for this Project, and will finalise this requirement during the Alliance Development Stage.

To assist the Corporation in this matter, the Proponent is required, having examined the Priority Start - Building Policy, to suggest in its Initial Proposal an appropriate number of apprentices and/or trainees that will be applicable for the Project, bearing in mind that the apprentices and/or trainees will be required for the duration of, or a significant proportion of, the Works.

### **8.23 Building Local Industry Policy - Industry Participation Plan**

The Corporation is committed to work constructively with Australian Industry to identify and develop options for increasing Australian industry participation in the Works, as it is considered that Australia has the infrastructure to provide a great deal of expertise and plant on an equitable and competitive basis.

To assist the Corporation in achieving this objective, the Corporation has enlisted the assistance of the Industry Capability Network Western Australia (**ICNWA**), who will assist the Proponent in maximising opportunities for Australian industry participation.

If a shortlisted Proponent is proposing to use any overseas supply in carrying out the work under the PAAs, the shortlisted Proponent will have to demonstrate, in the 'Industry Participation Plan' submitted as part of its Final Proposal, that it has given Australian industry a full, fair and reasonable opportunity (as defined by the State Government) to participate in the Project, by demonstrating the following:

- Full: Australian industry has the same opportunity afforded to other global supply chain partners to participate in all aspects of an investment project (e.g. design, engineering, project management, professional services, IT architecture, supply of materials, plant and equipment, construction);
- Fair: Australian industry is provided the same opportunity as global suppliers to compete on investment projects on an equal and transparent basis, including being given reasonable time in which to tender; and
- Reasonable: tenders are free from non-market burdens that might rule out Australian industry and are structured in such a way as to provide Australian industries the opportunity to participate in investment projects.

The Successful Proponent will also be required to provide detailed information for any overseas supply to enable the Tariff Concession System, Projects By-Law Scheme and/or the Enhanced Projects By-Law Scheme (which came into effect from 1 July 2002) to be applied pertaining to the Customs Tariff Act.

To assist in determining Australian industry capability, the Proponent should contact ICNWA at:

Director  
Industrial Capability Network WA  
Level 4, 180 Hay Street  
East Perth WA 6004  
Telephone No.: +61 8 9365 7623  
Facsimile No.: +61 8 9365 7480  
Email: [icn@cciwa.com](mailto:icn@cciwa.com)

who will provide a free and confidential service identifying and promoting Australian industry solutions.

## APPENDIX A: Glossary of terms

This glossary of terms applies specifically to the RFP. Words and phrases defined or referred to in the draft ADA attached as Appendix G have the same meaning when used in this RFP and, in addition, all other capitalised words and phrases have the meaning set out below.

Term	Meaning
<b>Alliance Development Agreement (ADA)</b>	the alliance development agreement to be entered into between the Corporation and a maximum of two shortlisted Proponents selected during Stage 1, a draft of which is included as Appendix G to this RFP.
<b>Alliance Development Stage Criteria</b>	are the selection criteria set out in Section 7 of this RFP.
<b>Alliance Development Stage (ADA Stage)</b>	the competitive alliance development stage where the two shortlisted Proponents prepare a Final Proposal
<b>Alliance Leadership Team (ALT)</b>	the Alliance Leadership Team to be formed under the PAA and referred to in Section 3.2 of this RFP.
<b>Alliance Management Team (AMT)</b>	the Alliance Management Team to be formed under the PAA and referred to in Section 3.2 of this RFP.
<b>Alliance Manager</b>	the person appointed by the ALT to manage the AMT.
<b>Best for Project</b>	is a determination, decision, outcome, solution or resolution taken by the Alliance that is consistent with the Alliance Principles and the achievement of all Project Objectives.
<b>Closing Date</b>	the nominated date for final submission of Initial Proposal as shown on the front cover of this RFP or as that date is extended in accordance with this RFP.
<b>Closing Time</b>	the nominated time on the Closing Date by which an Initial Proposal must be submitted in accordance with this RFP as shown on the front cover of this RFP or as that time is extended in accordance with this RFP.
<b>Commercial Framework</b>	the commercial framework described in Appendix B of this RFP.
<b>Core Team</b>	means the team of Corporation personnel defined in the ADA.
<b>Corporation</b>	the Water Corporation of Western Australia, a statutory body corporate established under the Water Corporation Act 1995.
<b>Design and Construct Alliance (D&amp;C Alliance)</b>	the alliance agreement to be entered into with the Successful Proponent for the design and construction of the SSDP.
<b>Duration Rate</b>	is the average number of days lost for each Lost Time Injury (LTI) and is calculated as (Total no. of days lost) / (Number of LTIs).
<b>Evaluation Criteria</b>	the evaluation criteria set out in Section 4, 5, 6 and 7 of this RFP.
<b>Evaluation Team</b>	the team selected by the Corporation to evaluate the Proponents and makes recommendation to the Corporation of a Preferred Proponent.
<b>Facilities Engineer</b>	the organisation selected by the Proponent to undertake the design of desalination plant non-process elements and support infrastructure.

Term	Meaning
<b>Facilities Engineer Criteria</b>	are the selection criteria for the Facilities Engineer set out in Section 5 of this RFP.
<b>Final Proposal</b>	the final proposal to be submitted by a shortlisted Proponent pursuant to the ADA.
<b>GST</b>	Goods and Services Tax.
<b>Initial Proposal</b>	the initial proposal submitted by a Proponent in response to and in accordance with this RFP.
<b>Integrated Project Team (IPT)</b>	is defined in Section 3.2 of this RFP.
<b>IWSS</b>	the Corporation's Integrated Water Supply Scheme.
<b>Lead Constructor</b>	the organisation selected by the Proponent to undertake construction management and construction of all facilities and is to be a NOP of the Design and Construct Alliance.
<b>Lead Constructor Criteria</b>	are the selection criteria for the Lead Constructor set out in Section 6 of the RFP.
<b>Lost Time Injury (LTI)</b>	is a work injury causing the worker to be off work one full day or longer.
<b>Lost Time Injury Frequency Rate (LTIFR)</b>	is calculated as Number of LTIs x 1,000,000 hours worked.
<b>Mandatory Criteria</b>	the mandatory criteria set out in Section 4, 5, 6 and 7 of this RFP.
<b>Member</b>	each of the separate legal entities comprising the Proponent. When used in the context of a Proponent's team, a Member of a Proponent's team is an employee, a contract employee, a direct independent contractor (specialist consultancy max 3 people) and a sub-alliance but not a subcontractor.
<b>Minimum Conditions of Satisfaction (MCOS)</b>	the minimum conditions that must be met in each Project Objective to provide satisfaction to the Corporation.
<b>Non-Owner Participant (NOP)</b>	a party to a PAA other than the Corporation.
<b>Operations and Maintenance Alliance (O&amp;M Alliance)</b>	the alliance agreement to be entered into with the Successful Proponent for the 25 years operations and maintenance of the SSDP.
<b>Operating Licence</b>	the operating licence issued from time to time to the Corporation under the provisions of the Water Services Licensing Act 1995 (WA), a copy of which is available from the Economic Regulation Authority and may be downloaded from their website at: <a href="http://www.era.wa.gov.au/water">www.era.wa.gov.au/water</a> .
<b>Participant</b>	A party to the PAA.
<b>Probity Auditor</b>	The probity auditor is referred to in Section 8.6 of this RFP.
<b>Process Provider/Operator (PPO)</b>	an organisation that has seawater reverse osmosis desalination process design, operations and maintenance experience.
<b>Project</b>	is defined in Section 1 of this RFP.
<b>Project Alliance Agreements (PAAs)</b>	collectively the D&C Alliance and O&M Alliance.

Term	Meaning
<b>Project Objectives</b>	the project objectives listed in Section 1.2 of this RFP.
<b>Proponent</b>	the organisation or team of organisations that have formed to submit an Initial Proposal in response to this RFP.
<b>Proponent Selection Criteria</b>	Are the selection criteria set out in Section 4 of this RFP.
<b>Related Body</b>	any Related Body Corporate, any Related Entity and in relation to a partnership, a partner in that partnership is, or is a director or shareholder in, the other entity.
<b>Related Body Corporate</b>	is defined by Section 50 of the Corporation's Act 2001 (Cth).
<b>Related Entity</b>	is defined in the Corporation's Act 2001 (Cth).
<b>Request for Proposals (RFP)</b>	this document, prepared by the Corporation for the purposes of identifying and selecting Proponents to participate in the ADA Stage.
<b>Selection Criteria</b>	The selection criteria set out in section 4, 5, 6 and 7 of this RFP.
<b>Southern Seawater Desalination Plant (SSDP)</b>	the seawater reverse osmosis desalination plant that will be located near Binningup and designed, constructed, operated and maintained by the Alliances.
<b>Successful Proponent</b>	the Proponent that enters into the PAAs with the Corporation.
<b>Sustainability Business Principles</b>	these principles are described in Appendix C.
<b>Target Operations and Maintenance Budget</b>	the target estimate of the actual operating, maintenance and asset replacement costs for the 25 year term of the O&M Alliance including all direct costs, risk contingencies, profit and corporate overhead.
<b>Target Outturn Cost (TOC)</b>	the target estimate for the actual cost of completing the design, construction and commissioning of the SSDP including all direct costs, risk contingencies, profit and corporate overhead.
<b>Works</b>	all the work to be carried out to design, construct, operate and maintain the SSDP.

## APPENDIX B: Commercial Framework

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### B1 Introduction

The purpose of this document is to outline the proposed Commercial Framework for the Alliance. Whilst this proposed Commercial Framework provides guidance as to the Corporation's preferred commercial arrangements for the Project, Proponents may wish to propose alternative arrangements by identifying why and how the alternative will be beneficial to the achievement of the Project Objectives.

This proposed Commercial Framework will be used as the starting point for commercial discussions with the shortlisted proponents selected to proceed to the ADA Stage. The final Commercial Framework for the Alliance will be developed and agreed with the Corporation's and the shortlisted Proponents during the ADA Stage and shall be documented in the D&C Alliance and O&M Alliance Agreements submitted as part of the Final Proposal.

### B2 Commercial Principles

The Corporation is committed to achieving outstanding commercial and business outcomes. The Corporation has defined that there are a number of commercial principles upon which the Commercial Framework for the Alliance will be founded:

- all Participants are jointly responsible for the delivery of the Project Objectives;
- 100% open and transparent accounting;
- actual cost reimbursement;
- agreed Margin for MCOS performance;
- performance that fails to achieve MCOS leads to reduced Margin;
- all Participants either gain or lose equitably through a Risk/Reward Regime such that there are no win/lose outcomes;
- the risk of cost overruns and poor performance on non-cost KRAs will be shared amongst all Alliance Participants and the risk for the Non-Owner Participants will be capped at 100% of their Margin;
- the only way to outstanding profit is 'breakthrough' performance; and
- the Proponent's Margin expectations must reflect an equitable return for delivering a project for the TOC whilst achieving MCOS in each of the KRAs within an Alliance environment.

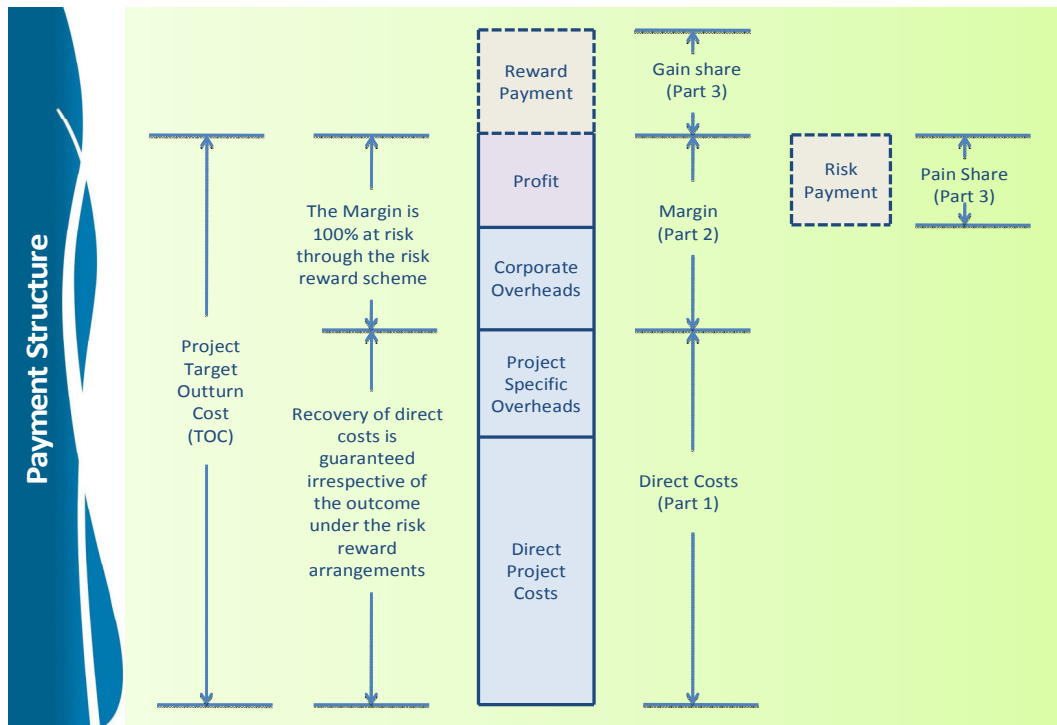
### B3 Remuneration Framework

The Non Owner Participants will be reimbursed in accordance with a 3 tiered reimbursement model:

**Direct Costs**, on the principle that all costs which are actually and necessarily incurred in the performance of the work under the Alliance Agreements will be a direct cost;

**Margin**, to be applied to Direct Costs on the principle that the margin provides the only contribution, other than Reward, to the costs and expense of the Non Owner Participants corporate overhead structure and its corporate profit expectations; and

**Risk/Reward Amount**, if depending on the Participants collective performance, as determined solely by the Risk/Reward Regime, an amount is payable or deductible as the case may be.



## B4 Direct Costs

This section, as an extract from the Corporation's standard alliance agreement template, is intended to set out the Corporation's current views on the definition of direct costs, margin and risk/reward regime. The final definition will be developed during the ADA Stage.

### 1.1 Principles of Direct Costs

For the work under our Agreement Direct Costs will be determined by the ALT on the principles that:

- (a) all specific costs and expenses directly incurred by the Participants in performing the work under the Alliance Agreements are Direct Costs as approved by the Alliance Manager in accordance with policies established by the AMT and approved by the ALT;
- (b) none of us will receive any contribution to our corporate overhead costs or expenses or derive any profit or unreasonable advantage from the utilisation of our people, plant, equipment or resources;
- (c) we cannot recover anything that is not a bona fide specific cost or expense incurred by us in performing the work under our Agreement; and
- (d) we can only recover a maximum of 100% of any bona fide specific cost or expense incurred by us in performing the work under our Agreement.

Our Direct Costs include the items described in this Schedule, but do not include any item, cost and/or expense excluded by clause XX of this Schedule.

### 1.2 Personnel costs and expenses

- (a) Personnel costs means the actual cost of personnel employed by an Alliance Participant dedicated to our Alliance team up to and including the level of the Alliance Manager, to be calculated for each Alliance Participant as set out in 1.2(b) of this Schedule.
- (b) All actual salary costs will be calculated in accordance with the human resources plan approved by the ALT or our respective employment policies and practices and employment contracts as the case may be, subject to the principles set out in clause 0 of this Schedule and the following:

**Total Salary Costs are defined as follows:**

Total Salary Costs = Direct Salary + Salary On-Costs + Indirect Salary Costs

Where:

Direct Salary is paid to staff for hours worked on the Project, including payment for necessary overtime in excess of base or standard hours and site and Project allowances incorporated into the employee's terms of employment. Any claim for reimbursement of costs for overtime or expatriate allowances is subject to approval by the ALT;

Salary On-Costs are the costs directly associated with employment of staff and based on the salary paid (e.g. all statutory leave, paid non-statutory leave (e.g. sick leave) payroll tax, workers compensation insurance, rehabilitation, group life cover costs, superannuation); and

Indirect Salary Costs are the costs indirectly associated with employment of staff and based on the salary paid (e.g. Training and staff development time, other non-billable time allowances (must be substantiated by records), fringe benefits (such as company vehicle) and direct fixed staff support costs related to permanent allocations or provision of home office space and equipment for short term assignment to the Project).

### **1.3 Mobilisation and De-mobilisation**

As approved by the ALT the cost of mobilising and de-mobilising any employee of an Alliance Participant to Western Australia, including travel expenses to be reimbursed in accordance with clause XX of this Schedule, in accordance with the mobilisation policy determined by the ALT.

### **1.4 ALT and AMT**

ALT and AMT running costs.

### **1.5 Contracted Services**

All contracted third party external services suppliers, equipment, utilities, professional consultant services or contract and technical services directly engaged by one of us from third party sources to perform the work under our Agreement.

### **1.6 Project Office**

Establishment, maintenance and operation of the Project office including utilities, consumables and dedicated telecommunications and information technology services and the like necessary to perform the work under our Agreement.

### **1.7 Construction Plant and Temporary Works**

- (a) The actual cost to an Alliance Participant (including financing costs + interest + fees + charges, depreciation, repairs, maintenance and accruals for major repairs and/or overhauls - on an audited cost basis agreed by the ALT) of providing or supplying Construction Plant and Temporary Works to perform the work under our Agreement, on a basis and at rates agreed to by the ALT prior to their provision to the Alliance or use on the Site or the Works.
- (b) The actual cost to an Alliance Participant of hired-in plant or equipment, or in-house equipment at rates agreed to by the ALT prior to their provision to the Alliance or use on the Site or the Works.

### **1.8 Small Plant and Equipment**

- (a) As approved by the Alliance Manager, equipment, materials, goods, consumables and small plant purchased by us specifically for the work under our Agreement.
- (b) As approved by the ALT any Alliance specific hardware and software costs purchased by us specifically for the work under our Agreement or for the Works.

### **1.9 Site and Facilities**

Establishment, maintenance and operation of the Site, any site accommodation, ablutions, warehousing, storage or other facilities, including:

- (a) all transportation facilities (not already included in salary packages), utilities, consumables and dedicated telecommunications and information technology services and the like necessary to perform the work under our Agreement;
- (b) other site costs including, but not limited to:
  - mobilisation and demobilisation;
  - site access and lay-down areas including traffic management;
  - connection and disconnection of temporary services;
  - site fencing, hoardings, and protection of existing facilities including site security;
  - Project signboards and project related advertising excluding labour recruitment;

- rubbish removal;
- compliance with quality assurance, occupational safety & health and environmental requirements; and
- compliance with the Corporation's public relations requirements.

**1.10 Surplus Plant, Materials and Equipment**

All plant, materials, equipment and any other item purchased for the works under the Agreement which are "surplus" to our requirements or are to be disposed of by the Alliance must be sold at fair market value and the proceeds of the sale must be credited against the Direct Costs.

**1.11 Statutory Requirements**

The costs and expenses to satisfy any Statutory Requirements with respect to the performance of the work under our Agreement or the Works and to comply with any Ministerial or other approvals obtained by the Corporation in respect of the Works.

**1.12 Insurances**

- (a) Premiums for insurance policies agreed by the ALT.
- (b) The costs of the administration, preparation of claims and deductibles under any policy of insurance forming part of the insurance regime agreed by the ALT are Direct Costs.
- (c) Any funds reimbursed to an Alliance Participant for an act, event or circumstance arising out of or in connection with the work under our Agreement under any policy of insurance forming part of the insurance regime agreed by the ALT must be credited against our Direct Costs provided that the costs, loss, expense or damage arising from the act, event or circumstance were paid as a Direct Cost under our Agreement.

**1.13 Legal and Litigation Expenses**

All sums paid or received (in which case they are credited to the Direct Costs) by way of judgment, award, compromise or otherwise and all sums paid defending or prosecuting civil lawsuits or claims arising out of the work under our Agreement, or any legal service otherwise necessary or expedient for the work under our Agreement, excluding:

- legal costs/fees incurred in establishing our Agreement or in litigation against the Corporation, the ALT or the AMT; and
- the legal or litigation costs incurred by a Defaulting Alliance Participant.

Any legal or litigation expense incurred by the Alliance in accordance with this clause will only be a Direct Cost if it is incurred in accordance with the:

- procedures and protocols agreed by the ALT; and
- prior written approval of the ALT.

**1.14 Travel**

All Alliance specific travel expenses including transfers, accommodation, meals and/or per diems incurred in accordance with our respective travel policies.

**1.15 Training and inductions**

All Alliance specific training costs and/or site inductions (including occupational health & safety inductions) agreed or recommended by either the Alliance Manager or ALT.

**1.16 Safety**

All personal protective or site safety equipment, occupational health & safety requirements (including compliance with the Handbook for Contractors) and the cost or expense to provide and maintain a safe working environment and to take all practicable steps to ensure the safety of all persons performing or affected by any aspect of the work under our Agreement.

**1.17 Cash, trade and/or industry discounts and rebates**

All cash, trade and/or industry discounts and rebates obtained by one of us must be credited against our Direct Costs including any annual or company discounts from suppliers, bulk discounts and company/inter-company discounts and/or rebates.

**1.18 Other**

All other costs or expenses that the ALT determines are Direct Costs.

**1.19 Direct Cost Exclusions**

The following items, costs and/or expenses are not Direct Costs:

- any off site administrative or support function which is not:
  - directly involved in performing the work under our Agreement; and
  - under the immediate control and direction of the Alliance Manager;
- labour and/or salary costs, of our ALT members performing ALT duties or determinations and attending ALT meetings;
- any and all costs, losses, expenses or damages suffered or incurred by the infringing Alliance Participant;
- any and all costs, losses, expenses or damages suffered or incurred by a Defaulting NOP which arise out of or in connection with or are contributed to by a Default;
- any fine, penalty or sanction imposed by a court or other Statutory Authority/Government Agency upon an Alliance Participant;
- any legal expenses defending or appealing any action, fine, penalty or sanction sought or imposed under any Statutory Requirements by any Statutory Authority;
- any taxes, duties, excises, levies or similar charges excluded;
- any amount paid or payable by or on behalf of an Alliance Participant to a supplier to the extent that the Alliance Participant is entitled to claim and retain an input Tax Credit in respect of that payment;
- any contribution to our corporate overhead costs or expenses or any profit or unreasonable advantage from the utilisation of our people, plant, equipment or resources; and
- any other cost, expense, taxes, duties, excise, levies or similar charges that the ALT determines are not a Direct Cost.

**B5 Margin**

The Margin payable to the NOPs is intended to deliver to the NOPs the only contribution under our Agreement, other than Reward, to the costs and expense of its corporate overhead structure and its corporate profit expectations.

The Corporation is of the view that Margin expectations within an alliance environment should be less than they would be for conventional contracting strategies. With respect to Margin expectations for the Alliance, the Corporation expects that this determination will be made taking into account the characteristics outlined in the following table.

Alliance Characteristic	Analysis
<b>All Direct Cost reimbursed</b>	No risk of 'direct loss'. Non-Owner Participants liability to Corporation is capped. Owner carries ultimate burden of actual cost of the Project and of performance.
<b>No Fault No Blame</b>	No risk or threat of legal action for negligence or breach of contract. No residual unfunded legal liability for defects/performance. Corporation carries ultimate burden of risk of performance.
<b>Integrated Team</b>	Greater management focus on performance generated by combination of Alliance characteristics. Reduced bureaucracy, less waste and greater efficiency. Greater opportunity for innovation.
<b>Unanimity</b>	Cannot be forced into any single decision.

<b>Collective Responsibility</b>	Every risk is 'our risk' and no risk is 'my risk alone'.
<b>Target Outturn Cost (TOC)</b>	Agreed estimate of the costs to deliver Minimum Conditions of Satisfaction. Includes agreed contingency to match both 'known unknown' and 'unknown unknown' risks.
<b>Risk/Reward</b>	Benefits of utilisation, productivity, market pressure, brand power still accrue to Non-Owner Participants.  Actual reward commensurate with actual performance.  All performance reward is in the Risk/Reward Regime.

## **B6 Risk/Reward Regime**

The Risk/Reward Regime is to be designed to:

- focus the efforts of all Participants on the achievement of outstanding outcomes for all Participants; and
- reward Participants for outstanding performance in the Project Objectives.

The Risk/Reward Regime comprises both payments of reward by the Corporation to the NOPs and the payment of risk by the NOPs to the Corporation.

As part of the ADA Stage, the Participants will develop and agree a Risk/Reward Regime by building on the commercial principles documented earlier in this Commercial Framework. The Risk/Reward Regime will be designed to ensure that the Participants within the Alliance share the benefits of outstanding performance, or the pain of poor performance.

Cost savings against TOC will be shared on the basis of 50% each to the Corporation and the NOPs

Cost overruns against TOC will be shared on the basis of 50% each to the Corporation and the NOPs

The Risk/Reward Regime will be designed to reflect a performance spectrum of outstanding performance, stretch targets, Minimum Conditions of Satisfaction and failure. The performance characteristics within this performance spectrum will be agreed by the Participants during the ADA Stage.

## **APPENDIX C: Sustainability Business Principles**

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The Corporation's purpose is the 'Sustainable management of water services to make Western Australia a great place to live and invest.'

Our Sustainability Business Principles further enunciate this purpose – particularly our interpretation of the concept of sustainability – by describing a set of aspects or areas of consideration to include in all levels of decision making, and to guide our organisational behaviours and actions (**Sustainability Business Principles**).

These principles are intended particularly to guide the development of our internal policies and governance systems, which in turn guide our processes, procedures and our actions within our business. The principles effectively form a bridge between our corporate purpose and our policies, ensuring that all our policies are internally consistent, and are aligned to and support our corporate purpose. Our processes and procedures, developed to implement these policies, in turn guide our behaviours to guide sustainable outcomes in support of our corporate purpose.

### **The Structure of the Corporation's Principles**

The Corporation has adopted eighteen Sustainability Business Principles, structured into six key dimensions, with three principles in each of these six dimensions.

The first three dimensions represent the traditional triple bottom line dimensions of social, economic and environmental outcomes, and cover what might be considered our 'Outcome Principles.' Our Outcome Principles are aspirational, acknowledging that our current state is not yet sufficient, and recognising that no matter how far we do move toward sustainability, there will always be new opportunities to further improve our sustainability performance and to enhance social, economic and environmental value in everything we do.

The remaining three dimensions of ethical, stakeholder, and governance might be considered as our 'Process Principles', describing the ethos and approach to be adopted in all of our behaviours and decision making which will facilitate positive outcomes in the traditional triple bottom line impact areas. These Process Principles might also be thought of as an expansion of the 'governance' dimension referred to in the recently emerging concept of the 'quadruple bottom line.' Our Process Principles recognise that sustainable outcomes are only possible if the manner in which we approach issues is itself properly considered and thoughtful (for example, if we are to be able to enhance social value, we must first engage with our community stakeholders to find out what their needs and aspirations are).

Hence our Sustainability Business Principles have a balanced structure, with three dimensions of Outcome Principles on the one hand, facilitated and supported by three dimensions of Process Principles on the other.

Within each of these six dimensions – both Outcome and Process dimensions – are three specific principles (eighteen in total). Again, the three principles form a common structure across all dimensions. The first principle focuses on preventing harm within each dimension, the second is aimed at preserving current value, whilst the third encourages the creation of positive value within each area.

Consequently, our eighteen Sustainability Business Principles provide us with a comprehensive framework to consider all aspects of what we do and how we go about it, and guide us with specific focus on preventing harm, maintaining value, and enhancing value in each of the areas of our behaviours and our potential impacts.

## **The Corporation's Principles**

### **a) Outcome Principles:**

In the delivery of our services we aspire to:

#### **SOCIAL**

- Protect the health and safety of all and support the wellbeing of our employees and customers;
- Respect the values of all; and
- Enhance community capacity.

#### **ECONOMIC**

- Preserve our capacity to provide water services to meet present and future needs;
- Find efficiencies that reduce internal and external costs; and
- Enhance the economic value to our customers, suppliers and the community while delivering shareholder returns.

#### **ENVIRONMENT**

- Prevent harm to the environment;
- Conserve the value of the environment; and
- Enhance the resilience of the natural and human environment.

### **b) Process Principles:**

In the delivery of our services we will:

#### **ETHICAL**

- Meet our legal requirements and do the right thing;
- Be accountable for our business and responsible for our actions; and
- Be trustworthy in our actions and honest in our communications.

#### **STAKEHOLDER**

- Maintain our mandate to operate our water business;
- Responsibly advocate the water service needs of the community to our shareholder; and
- Enhance our capacity to support Western Australia's water future.

#### **GOVERNANCE**

- Maintain best practice business systems and follow our corporate procedures and policies;
- Make decisions with humility, recognising our duty to be properly informed and account for what we cannot know; and
- Listen to and consider our stakeholder's views throughout planning and decision making.

## **The Corporation's Approach to Sustainability – A Final Observation**

Sustainability is integrated into our corporate purpose statement, and is therefore central to what we do. It is not an add-on to what we do, or a separate criteria or element to be considered alongside other objectives. Instead, sustainability is an umbrella framework that applies across all our concerns and objectives, to guide and inform every aspect of our decision making and activities. This is a holistic approach, deliberately chosen to ensure that sustainability is an intrinsic part of everything we do, and is fully integrated into all of our corporate behaviours and motivations. Consequently, whilst the specific word 'sustainability' might not always be present, we would hope that the concept it represents is nonetheless inherently interwoven into all our thoughts, words and deeds.

# APPENDIX D: Lodgement of Initial Proposal Form

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## Lodgement of Initial Proposal Form

Registered Business Name : .....

ACN or ARBN : ..... ABN : .....

Registered Business Address: .....

.....

Telephone No. : .....

Facsimile No. : .....

Email Address : .....

Website : .....

Names and positions of two senior personnel who may be contacted for further information, if required.

Name #1: ..... Job Title : .....

Phone No. : ..... Facsimile Number : .....

Mobile Telephone : ..... E-mail address : .....

Name #1: ..... Job Title : .....

Phone No. : ..... Facsimile Number : .....

Mobile Telephone : ..... E-mail address : .....

**We:**

- a) declare that the particulars included in this Initial Proposal are true and correct in every detail;
- b) authorise the Corporation, or its delegate, to undertake any investigation to prove the truthfulness of the statements and documents submitted as part of this Proposal and to obtain clarification and information thereon;
- c) declare that if successful and the PAA is entered into, it will not, to the best of our knowledge, adversely effect or conflict with any current contractual commitments that we otherwise have with the Corporation;
- d) declare that we are not currently involved in similar agreements to the ADA and PAA that are being proposed to be negotiated following this Request for Proposals process, with any other organisation, which may adversely effect or cause a conflict of interest in the future and we agree to immediately advise the Corporation if we enter into such an agreement following the submission of this Initial Proposal;
- e) understand that the Corporation reserves the right, at its sole discretion, to reject or accept any Initial Proposal received, cancel this RFP process or the ADA process, or reject all Initial Proposals received, and that the Corporation will not be liable in any way whatsoever for those actions or be under no obligation to inform us of the grounds therefore;

- f) have declared, in accordance with Section 8.9, any circumstances, arrangements, understandings that constitutes, or may reasonably be considered to constitute, an actual or potential conflict of interest with the Proponents' obligations under this RFP; and
- g) have declared, in accordance with Section 8.11, the existence of Related Bodies and common directorships and where this exists we have provided the processes and procedures put in place or to be put in place by us or the related body to address probity and competitiveness issues to preserve effective competition and probity within and between Proponents and ensure that the participation of the Related Body is unlikely to have an adverse effect on achieving best value for money for the Corporation.

Signed: .....

Name: .....

Position: .....

Date: .....

# APPENDIX E: Water Scores

## E1 Sustainability Business Principles

The Corporation's Sustainability Business Principles on which Water Scores is based are presented in the following diagrams.



Pr

### Benchmarking Category

### Benchmark

#### COMMUNITY

- Occupational Safety and Health (internal & community)
- Personnel wellbeing
- Industry capacity
- Enhance and involve the community

#### ECONOMIC

- Capital cost
- Whole of life cost
- Fit for purpose assets
- Risk
- Schedule

#### ENVIRONMENT

- Demonstrate due diligence
- Demonstrate outstanding practices

#### ETHICAL

- Meet legal requirements
- Responsible and accountable
- Open, honest and trustworthy

#### STAKEHOLDER

- Understanding and managing the community
- Understanding and managing customers
- Understanding and managing external stakeholders
- Understanding and managing internal stakeholders

#### GOVERNANCE

- Leadership and direction
- Strategy and planning
- Knowledge and data management
- Business systems



During the ADA Stage and prior to joining the Water Scores Benchmarking Program, the following Water Scores features contained in the Water Scores Guidebook will not be available to Proponents:

- Access will not be available to a Water Scores Knowledge Reference Person, as shown in Section 4.6.
- Water Scores Application Operation, as shown in Section 5.4, is not applicable.
- Reports described in Section 5.7 will not be available.
- Diagrams and Graphs, as shown in Section 6.5, will not be available.
- Some of the support material, as shown in Section 7, will not be available.
- Not all of the benchmark measures in Water Scores have been selected for the initial evaluation of Proponents. However, as the shortlisting of Proponents and the final selection of the Successful Proponent to enter into an Alliance with Water Corporation occurs, further benchmark measures are selected for inclusion in the evaluation.

Full evaluation of the complete range of requirements included in the Water Scores Benchmarking Program will not be possible in the RFP Stage. Accordingly, when preparing information for its Initial Proposal, the Proponent may assume that its policies are compliant with the Corporation's requirements where this requirement is identified. In the ADA Stage evaluation, the assessment will be repeated and actual compliance with Corporation requirements will be assessed.

# APPENDIX F: Outline of Project Alliance Agreements

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## F1 Introduction

The Corporation has identified that the best approach for the delivery of the SSDP is to select organisations with the necessary experience, capabilities, understanding and commitment to enter in to an alliance with the Corporation to design, construct and commission and then operate and maintain the SSDP for a period of 25 years.

This outline sets out the Corporation's current views on the likely content of the Project Alliance Agreements. Proponents should note that the outline is not an exhaustive summary of all of the likely provisions of the Project Alliance Agreements. Rather, the intent of the outline is to provide Proponents with an overview of what those agreements are likely to contain. Full copies of the Project Alliance Agreements will be provided to the two shortlisted Proponents during the Alliance Development Stage.

Words and expressions used in this outline which have a defined meaning in the RFP or in the Alliance Development Agreement have the same meaning when used in this outline.

## F2 Design and Construct Alliance

### F2.1 General

The structure of the Design and Construction Alliance (**D&C Alliance Agreement**) will be consistent with those previously established by the Corporation.

### F2.2 Alliance Principles

The behavioural commitments and obligations of Alliance Participants under the D&C Alliance Agreement will be developed during the Alliance Development Stage. It is anticipated that those Alliance Principles will be similar to those seen in alliance arrangements of this kind.

### F2.3 Works

The D&C Alliance Agreement will provide for the design, construction and commissioning by the Alliance Participants of a 50 GL per year reverse osmosis seawater desalination plant (expandable to a capacity of 100 GL per year) with inlet/outlet pipe work, a sea water pumping station, a clear water pumping station and major pipe work and underground services designed and constructed for a capacity of 100 GL per year (**SSDP**).

### F2.4 Shared Responsibility

The D&C Alliance Agreement will be structured on the basis that the Alliance Participants will assume responsibility for the delivery of the Project Objectives, insofar as those objectives relate to the design, construction and commissioning of the SSDP. In addition, the Alliance Participants will equitably share the risks or rewards that are realised in delivery of the design, construction and commissioning stage of the Project in accordance with the Commercial Framework.

The D&C Alliance Agreement will not assign risk of the design, construction and commissioning stage of the Project to any one Alliance Participant – all the Alliance Participants will jointly assume and manage that risk within the terms of the D&C Alliance Agreement.

### F2.5 No Litigation

The D&C Alliance Agreement will incorporate the principle of 'no litigation' which means that each Alliance Participant will waive the right to bring an action against each other for a default under the D&C Alliance Agreement or for negligence (with the exception of circumstances of Wilful Default or an Act of Insolvency of an Alliance Participant).

## **F2.6 Leadership Structure**

The D&C Alliance will adopt the following leadership structure:

### **Alliance Leadership Team (ALT)**

- The ALT will comprise of two representatives from the Corporation, and one representative from each NOP. All decision making by the ALT will be unanimous.
- Each representative must be authorised to represent and bind the relevant Alliance Participant on any matter relating to the D&C Alliance and the D&C Alliance Agreement.
- The ALT's overriding functions are to lead the D&C Alliance, ensure that the Project Objectives are met and to resolve disputes elevated to it on a Best for Project basis.

### **Alliance Management Team (AMT)**

- The AMT is the integrated project management team.
- The ALT will appoint an Alliance Manager who will report directly to the ALT. The Alliance Manager will lead and manage the AMT.
- All members of the AMT will be selected on a 'best person for the job basis' (with the exception of the Corporation's nominated AMT personnel expected to be in the areas of financial management and stakeholder integration).

## **F2.7 Commercial Positions**

The D&C Agreement will set out the Corporation's commercial position on issues such as:

### **Payment**

The payment structure is reflected in the Commercial Framework.

### **Directions/Scope Variations**

The Corporation may direct the Alliance Participants in writing to carry out changes to the Works.

Scope Variations will be a subset of the directions of the type described above. Scope Variations are directions that involve a substantial and material change to the Works.

Directions that amount to Scope Variations may result in an adjustment to the Commercial Framework. Directions that do not amount to Scope Variations will not result in any adjustment to the Commercial Framework.

### **Defects Correction Period**

The Defects Corrections Period for the Works is 24 months commencing on the Date of Completion.

### **Intellectual Property**

It is currently contemplated that Intellectual Property Rights will be dealt with as follows:

- existing Intellectual Property Rights of an Alliance Participant, and enhancements to those rights, are the property of that Alliance Participant;
- all Intellectual Property Rights created by or on behalf of the Alliance Participants under the D&C Alliance Agreement vest in the Corporation; and
- Alliance Participants grant each other irrevocable, perpetual, royalty free, world wide licences (with right to sub-licence) to use their respective Intellectual Property Rights for the purposes of the Project.

### **Insurance**

The Corporation has extensive experience in developing insurance regimes for alliance arrangements like the D&C Alliance Agreement. Full details will be provided in the Alliance Development Stage. The Legal Services Branch of the Corporation will work with the shortlisted Proponents during the Alliance Development Stage to finalise the insurance requirements.

### **Termination for Convenience**

The Corporation will be entitled to terminate the D&C Alliance Agreement without cause and for any reason at any time. A compensation amount will become payable to the NOPs if the Corporation terminates the D&C Alliance Agreement in this manner.

The D&C Alliance Agreement will set out the mechanism for determining the compensation amount payable to the NOPs in these circumstances.

### **Termination for Cause**

If a NOP (a Defaulting NOP) commits a Wilful Default which is not rectified or an Act of Insolvency, the non-defaulting Alliance Participants may:

- wholly or partially suspend payment to the Defaulting NOP;
- exclude the Defaulting NOP from further participation in the D&C Alliance Agreement; and/or
- terminate any future entitlement to payment to the Defaulting NOP (in the case of Wilful Default, the entitlement to payment will be terminated until the Wilful Default is remedied), and
- the Defaulting NOP indemnifies the non-defaulting Alliance Participants against any loss or damage suffered in connection with the Wilful Default or Act of Insolvency (as the case may be).
- If the Corporation commits a Wilful Default, the Corporation indemnifies the NOPs against any loss or damage suffered in connection with the Wilful Default.

## **F3 Operations and Maintenance Agreement**

### **F3.1 General**

The structure of the Operations and Maintenance Alliance Agreement (**O&M Alliance Agreement**) will be consistent with those previously established by the Corporation.

### **F3.2 Alliance Principles**

The behavioural commitments and obligations of Alliance Participants under the O&M Alliance Agreement will be developed during the Alliance Development Stage. It is anticipated that those Alliance Principles will be similar to those seen in alliance arrangements of this kind.

### **F3.3 Services**

- The O&M Alliance Agreement will provide for the operations and maintenance of the SSDP through the delivery by the Alliance Participants of the Mobilisation Services and Term Services (collectively 'the Services').
- The Mobilisation Services will be provided by the Alliance Participants from the commencement of the D&C Alliance Agreement until the Date of Completion of the Works under the D&C Alliance Agreement.
- The Term Services will be provided by the Alliance Participants from the Date of Completion of the Works under the D&C Alliance Agreement and for a period of 25 years.

### **F3.4 Shared Responsibility**

- As with the D&C Alliance Agreement, the O&M Alliance Agreement will be structured on the basis that all the Alliance Participants assume responsibility for the delivery of the Project Objectives, insofar as those objectives relate to the operation and maintenance of the SSDP. In addition, the Alliance Participants will equitably share the risks or rewards that are realised in the operation and maintenance of the SSDP in accordance with the Commercial Framework.

- The O&M Alliance Agreement will not assign risk of delivery of the Services to any one Alliance Participant – all of the Alliance Participants jointly assume and manage that risk within the terms of the O&M Alliance Agreement.

### **F3.5 No Litigation**

As with the D&C Alliance Agreement, the O&M Alliance Agreement will incorporate the principle of 'no litigation.'

### **F3.6 Leadership Structure**

The O&M Alliance will be executed and managed in accordance with the same structure adopted for the D&C Alliance Agreement.

### **F3.7 Commercial Positions**

The O&M Alliance Agreement also sets out the Corporation's commercial position on issues such as:

#### **Payment**

The payment structure is reflected in the Commercial Framework.

#### **Directions/Scope Variations**

The Corporation may direct the Alliance Participants in writing to carry out changes to the Services.

Scope Variations will be a subset of the directions of the type described above. Scope Variations are directions that involve a substantial and material change to the Services.

Directions that amount to Scope Variations may result in an adjustment to the Commercial Framework. Directions that do not amount to Scope Variations will not result in any adjustment to the Commercial Framework

#### **Provision of Services**

The O&M Alliance Agreement will provide, amongst other things, that the Alliance Participants must provide the Services:

- in a manner consistent with, and as often as is required in accordance with, all relevant equipment manufacturers' instructions and Good Utility Practice;
- in accordance with the O&M Plan, the Basis for D&C of the SSDP and all Laws; and
- in a manner sufficient to ensure that:
  - Seawater is converted into Drinking Water;
  - the Annual Water Delivery Target or Drinking Water Production Target (whichever is lesser) is met; and
  - the Performance Guarantee Data are met.

#### **Intellectual Property**

The position for Intellectual Property will be the same as adopted for the D&C Alliance Agreement.

#### **Insurance**

The Corporation has extensive experience in developing insurance regimes for alliance arrangements like the O&M Alliance Agreement. Full details will be provided in the agreement. The Legal Services Branch of the Corporation will work with the shortlisted Proponents during the ADA Stage to finalise the insurance requirements.

#### **Shutdowns by the Corporation**

The Corporation has an unlimited right to shutdown the SSDP. Shutdowns of the SSDP during the term and the duration of those shutdowns, will be developed with the short-listed proponents during the ADA Stage.

**Termination**

The position for termination will be the same as adopted for the D&C Alliance Agreement.

## **APPENDIX G: Draft Alliance Development Agreement**

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This document will be available for download from the Corporation's website [www.watercorporation.com.au/tenders](http://www.watercorporation.com.au/tenders) during the latter part of week commencing 1 October 2007.