

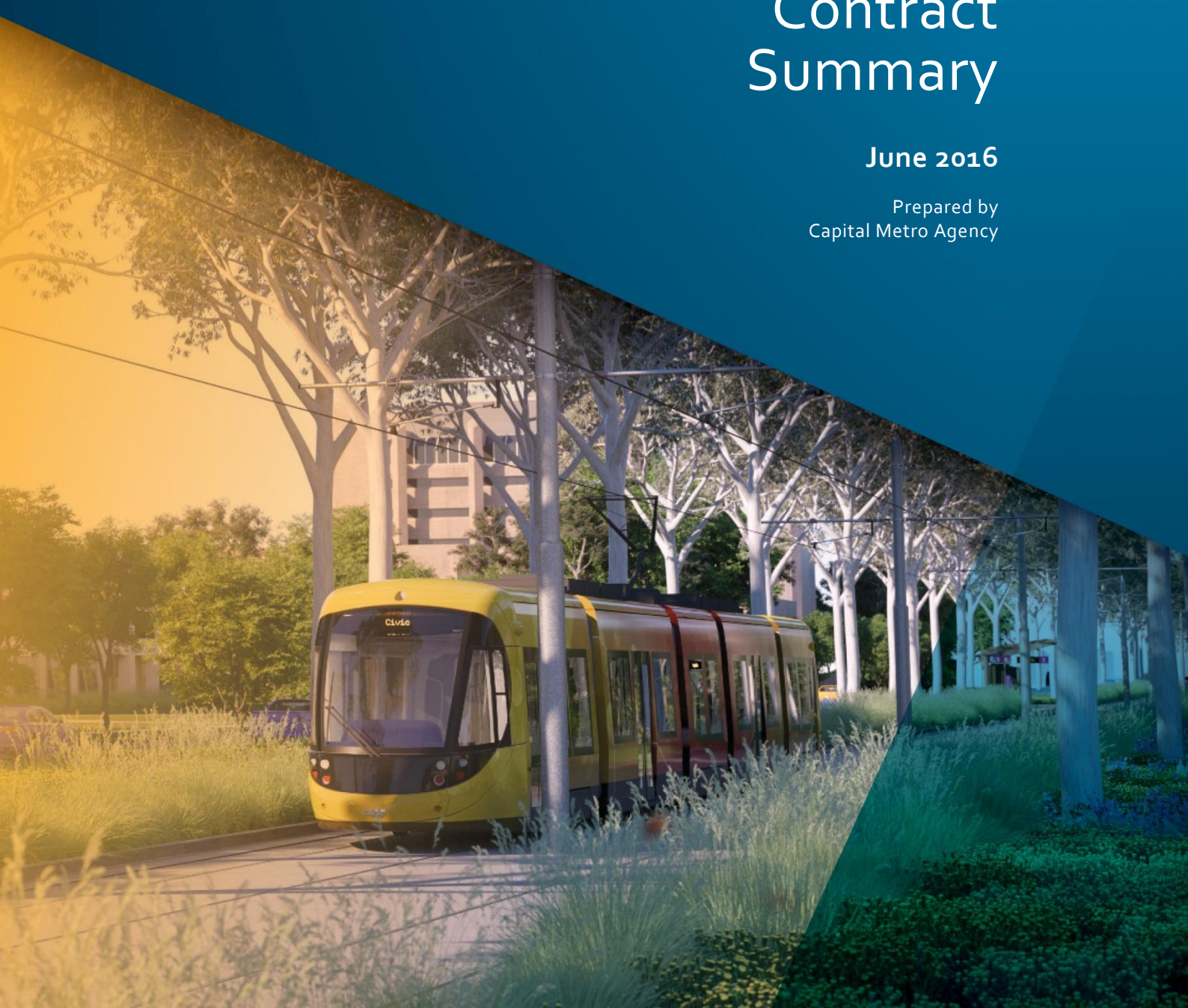


Capital
Metro

Contract Summary

June 2016

Prepared by
Capital Metro Agency



Foreword

This Contract Summary provides information about the contractual nature of the Capital Metro Project (Project) as at the point of Financial Close.

The first part of this summary provides a broad overview of the Project, including the rationale for undertaking it as a Public Private Partnership (PPP), a summary of the tender process and the Project timetable. The second part focuses in more detail on the key commercial features of the Project, including the main parties and their general obligations, the value-for-money calculation for the Project, the broad allocation of risk between the public and private sectors and the treatment of various key Project issues.

The ACT government is committed to providing better services by expanding and improving the Territory's public infrastructure and, where appropriate, using private sector expertise to design, finance, build, operate and maintain infrastructure projects. To achieve this objective the Territory has developed *The Partnerships Framework – Guidelines for Public Private Partnerships* to provide a transparent framework for the development and delivery of PPP projects. The Partnerships Framework supports the *National Public Private Partnerships Guidelines* and links with existing government policy on capital procurement and funding. Further information on the framework is available at <http://apps.treasury.act.gov.au/partnerships-framework>.

This summary should not be relied on as a complete description of the rights and obligations of the parties in respect of the Project which are governed by the Capital Metro Project Agreement and associated Project documentation. The Project Agreement is available online at www.procurement.act.gov.au/contracts.



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1.0 Project Overview

1.1 The Capital Metro Project

1.1.1 Overview

On 17 May 2016, the government of the Australian Capital Territory (Territory) entered into an Agreement with Canberra Metro PC Pty Ltd (Canberra Metro) for the design, construction and financing of a 12 kilometre light rail service from Gungahlin to the City. The Agreement also includes for the operation and maintenance of the light rail system over a 20-year period.

The Project is the first stage of a light rail network that will have a transformative effect on Canberra. It represents a substantial financial investment by both the ACT Government and the private sector in our city. The light rail system will redefine the entrance to the nation's capital and will play a vital role in ensuring Canberra's future as a vibrant, sustainable city.

The Capital Metro Project is the most significant transportation infrastructure project ever undertaken by the Territory. As well as establishing a world-class public transportation system befitting Australia's capital city, the project will promote urban regeneration and provide social benefits to the local community.

The Project is the largest public private partnership (PPP) being undertaken by the Territory. The Territory elected to procure the Project as an availability based PPP having assessed the Project in accordance with the Territory's *The Capital Framework*. The PPP procurement approach was selected for this Project on the basis of it providing for:

- Cost certainty to the Territory;
- A transfer of risks to parties best suited to manage those risks; and
- An enhanced scope for innovation compared to other delivery models.

1.1.2 The Consortium

The Canberra Metro consortium chosen to deliver the Capital Metro Project comprises Pacific Partnerships (operator and equity investor), CPB Contractors (builder), John Holland (builder, operator and equity investor), Mitsubishi Corporation (equity investor), Aberdeen Infrastructure (equity investor), Deutsche Bahn Engineering and Consulting (operations consultant) and CAF (light rail vehicle supplier). These consortium members all have national and international experience in delivering social infrastructure PPPs.

1.1.3 The Project

1.1.3.1 Key features

Encompassing the design, construction, light rail vehicle supply, operations, maintenance and financing of a light rail route from Canberra's central business district to the Gungahlin town centre, Canberra Metro will deliver 12 kilometres of light rail track, 13 stops, 14 light rail vehicles, a maintenance depot and 20-years of operations.

The light rail stops and termini will be safe, functional, highly visible, accessible and demonstrate design excellence. The stops and termini will comply with the requirements of the Project Agreement, including:

- being consistent with a modern, efficient and rapid transport system
- offering an attractive and comfortable journey experience
- providing a safe, seamless, easy to use and high quality transport system
- being innovative in concept, elegant and contemporary in expression and functional

1.1.3.2 Key stages

The Project comprises two key phases:

- the delivery phase during which the rail alignment, road modifications and associated stops and buildings will be designed, constructed, commissioned and completed
- the operating phase during which the light rail system will be in operation and will be maintained by Canberra Metro for a 20-year period

1.1.3.3 Delivery Phase

Canberra Metro must design and construct the system in accordance with the Project Agreement and in accordance with relevant planning requirements. Canberra Metro must also comply with all prescribed standards, including standards prepared by the Territory and Municipal Services directorate.

In addition to the construction of the light rail track and stops, the scope of the Project during the Delivery Phase includes the following:

- Relocation and/or protection of relevant utilities
- Undertaking of all necessary preparatory works
- Provision of power supply and transmission systems, including necessary substations
- Provision of light rail vehicles
- Design and construction of a depot, including stabling yard and operations centre
- Design, construction and provision of signalling systems
- Provision of way-finding and customer information systems
- Urban design and landscaping
- Design and provision of supporting infrastructure for Electronic Ticketing System (ETS) equipment
- Community engagement and stakeholder management activities
- System commissioning

Canberra Metro has already commenced its design of the system and will begin substantial construction in the coming months. Construction will start in Gungahlin and work its way along Flemington Road and down Northbourne Avenue to the City. It is anticipated that construction of the system will be complete in late 2018.

The Delivery Phase will end on the Date of Services Completion, being when the Works (certain specified work not required for the operation of the System and minor defects) are completed and certified by the Independent Certifier for the Project as having passed all specified completion tests and met all specified completion requirements.

1.1.3.4 Operations Phase

Canberra Metro will design and supply 14 modern electrically powered light rail vehicles that will operate on fixed track at road level. The light rail vehicles will be separated from traffic, will be designed and built to international standards and will be capable of carrying a minimum of 200 people at any one time.

During the Operations Phase, Canberra Metro will maintain the light rail vehicles at a new maintenance facility off Flemington Road. Canberra Metro will also be responsible for maintaining all the stops and associated infrastructure.

In addition to basic operation requirements, Canberra Metro will undertake the following:

- Light rail vehicle maintenance and whole of life management
- Track and systems maintenance and whole of life management
- Depot operations and management
- Provision of customer service
- Management of revenue protection
- Corridor maintenance
- First line and aesthetic maintenance of Electronic Ticketing System (ETS) equipment
- Community engagement and stakeholder management activities
- Adherence to Project plans and ongoing reporting requirements
- End-of-term Handover

The Operating Phase is expected to commence by early 2019 and will run for 20 years. Canberra Metro will operate the system 365 days a year. The first and last service for each day is shown in Table 1. The required service frequency of the system is shown in Table 2.

Table 1: First and Last Required Services – Initial Timetable

Day	Departure time from Gungahlin Place Stop		Departure time from Alinga Street Stop	
	First service	Last service	First service	Last service
Monday to Thursday	0600	2300	0600	2330
Friday	0600	0030 Saturday	0600	0100 Saturday
Saturday	0600	0030 Sunday	0600	0100 Sunday
Sunday	0800	2300	0830	2330

Table 2: Required Service Frequency – Initial Timetable

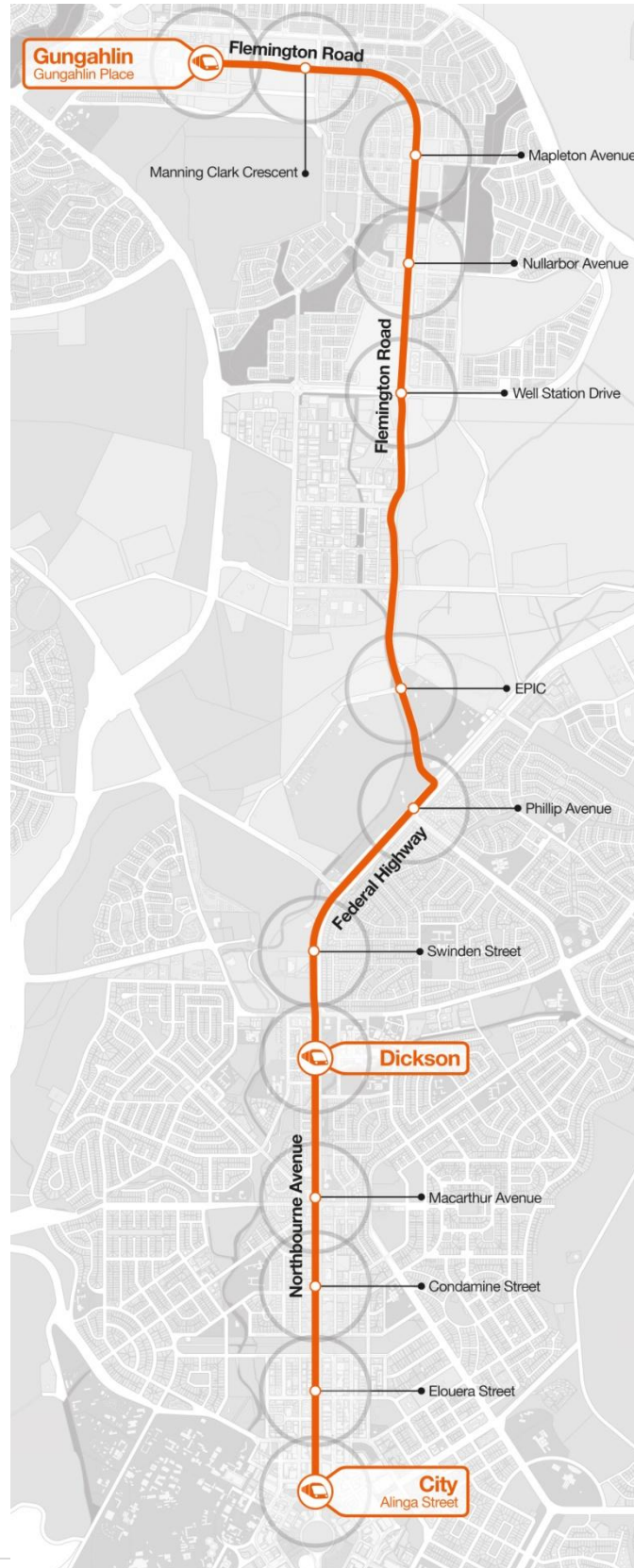
Day	Departure time from Gungahlin Place Stop		Departure time from Alinga Street Stop	
	Departure Time	Interval	Departure Time	Interval
Monday to Friday	0600 - 0700	15 minutes	0600 - 0700	15 minutes
Monday to Friday	0700 - 0730	6 minutes	0700 - 0730	10 minutes
Monday to Friday	0730 - 0900	6 minutes	0730 - 0900	6 minutes
Monday to Friday	0900 - 1600	10 minutes	0900 - 1600	10 minutes
Monday to Friday	1600 - 1730	6 minutes	1600 - 1730	6 minutes
Monday to Friday	1730 - 1800	10 minutes	1730 - 1800	6 minutes
Monday to Friday	1800 - last	15 minutes	1800 - last	15 minutes
Saturday	All day	15 minutes	All day	15 minutes

Note: The journey time between the City and Gungahlin will generally take 24 minutes or less.

1.1.4 The Project site

The Project will link Canberra's northern suburbs with Canberra's central business district. As generally shown in Figure 1, the route for the Project commences in Hibberson Street and travels east along Flemington Road before turning to the south. There, it travels along Canberra's primary approach route via the Federal Highway and Northbourne Avenue

Figure 1: Route for Capital Metro



Along the Project route, the light rail system will:

- comprise standard gauge, double track;
- be embedded track form except between Well Station Drive to Randwick Road and raised embedded track between Gungahlin Place to Kate Crace Street; and
- have a median alignment, except along Flemington Road between Sanford Street and the Federal Highway where it will be aligned to the western verge.

On Hibberson Street in Gungahlin the median alignment will run through a pedestrian and light rail vehicle (LRV) only zone between Gungahlin Place East to Kate Crace Street.

During the Delivery Phase Canberra Metro will integrate the light rail network into Canberra's existing infrastructure, which will necessitate changes to the road network, particularly at intersections. Kerb widening, lane adjustments and existing intersection modifications will be required to accommodate the alignment. Modifications will generally comprise:

- modifications to intersection layouts
- modifications to traffic signal phasing
- installation of new traffic signals
- removal of a number of right-turns (i.e. across the median)
- widening of the road carriageway
- lane duplications and removals
- relocation and/or protection of relevant Utilities
- changes to property access.

1.1.5 Integration

Once complete, the light rail system will form the backbone of public transport services in the City to Gungahlin corridor, with bus routes modified to integrate with the light rail. Optimised integration with the bus network is essential to achieving the desired customer experience. In this regard:

- the main interchange locations for passenger transfers between bus and light rail will be Gungahlin Town Centre, Dickson and the City. The light rail stops and associated facilities at these locations will provide for convenient, smart and seamless transfers
- the light rail ticketing system will be fully integrated into an overall Territory public transport ticketing system
- the passenger information system will be fully integrated with the NXTBUS real-time information system to provide light rail passengers with full information on connecting buses, and bus passengers with full information on connecting light rail services. Passenger information displays will be provided at all light rail stops and onboard all light rail vehicles
- effective integration with other connecting transport will be required, noting the Territory's commitment to active travel.

1.2 Aspirations and Objectives

1.2.1 Project Aspirations

The Territory's vision for this Project is that Capital Metro shall boost Canberra's sustainable development by changing and improving transport options, settlement patterns and employment opportunities. To support the delivery of this vision in Canberra, the Territory has four key aspirations for the Project. These aspirations, which guide all elements of the design and procurement of the project, revolve around customer experience, urban design, the community and affordability.

1.2.1.1 Customer experience

To attract Canberrans to public transport through frequent, reliable, easy to use, seamless, safe, clean and modern light rail services:

- **Mode Share:** Increase the mode share of public transport
- **Frequency:** Optimise frequency and service reliability

The travel time on light rail is 24 minutes from Gungahlin to the City. High reliability of travel time will be facilitated by fully segregating light rail from road traffic between intersections, providing effective light rail priority at all intersections and ensuring that all road and light rail interfaces are fully controlled by traffic lights.

1.2.1.2 Urban design

To provide a light rail system that demonstrates excellence in urban design befitting its prominent location in the primary gateway to Australia's capital city. The system will exhibit exemplary and creative integration with the built environment and stimulate urban renewal.

- Stimulate sustainable urban redevelopment along the corridor
- Revitalise the Northbourne Avenue corridor

1.2.1.3 Community

To engage local industry, minimise disruption and reflect the Territory's environmental focus in the Project's delivery and operations:

- Grow a more diversified Canberra economy
- Increase social and economic participation
- Reduce carbon and other emissions

1.2.1.4 Affordability

To procure a light rail system that is affordable for the ACT community:

- Affordable capital and operational costs

1.2.2 Project Objectives

The Project's primary objective is to provide the Territory with a light rail system that has the capacity and contemporary technologies to meet the needs of the community for the next period of Canberra's growth. A number of key objectives for the Project (as noted above) include:

1.2.2.1 Increase the mode share of public transport

- When complete the Capital Metro system will increase the number of trips taken using public transport. The main focus is to move people from car-based trips to Capital Metro. In addition, a new, legible and

easy to use service will generate trips, particularly into the central retail and commercial precinct of the City

- The service will be safe, convenient, attractive, frequent, reliable, affordable and integrated with a modified bus and pedestrian network.

I.2.2.2 Optimise frequency and service reliability

- Light rail on dedicated track is one of the most reliable forms of public transport service. Capital Metro will provide commuters and other users with high levels of on-time running

I.2.2.3 Stimulate sustainable, urban re-development along the corridor

- The Northbourne Avenue corridor is ear-marked for significant growth via re-development. Capital Metro is a complementary project that supports higher density land use, which in turn increases patronage on the service.

I.2.2.4 Grow a more diversified Canberra economy

- Capital Metro will be a direct and indirect stimulus to a Canberra economy that needs to diversify its base to reduce its reliance on government administration and defence
- A world-class transport service will support economic activity in many ways. It will improve vital connections between people, stimulate business innovation, and assist in attracting and retaining skilled workers, enterprising businesses and students to Canberra.

I.2.2.5 Affordable capital and operational costs

- The service will be developed with financial prudence and value for money outcomes for the Territory

I.2.2.6 Revitalise the Northbourne Avenue corridor

- The Northbourne Avenue corridor is a gateway to Canberra for residents entering the City or visitors entering from the north. Revitalisation will make it a more active and socially connected precinct for all types of Canberrans and a fitting gateway to the nation's capital.
- Capital Metro will increase activity at ground level and boost the image of the City.

I.2.2.7 Increase social and economic participation

- The service will provide greater opportunities for people who do not own a motor vehicle to access jobs, education, health services and other social activities.

I.2.2.8 Reduce carbon and other emissions

- The additional passenger capacity and demand will replace trips by motor vehicle and consequently reduce greenhouse emissions. In addition, other motor vehicle emissions such as particulate matter, nitric oxides and carbon monoxide would also be reduced.
- The economic benefits taken into consideration in the *Full Business Case* cover operational emissions and take into account increased fuel efficiency over time.

I.3 The Capital Framework

I.3.1 Procurement assessment

During the business case development phase, the Territory considered a range of procurement models and identified several delivery methods for detailed assessment, such as:

- Unbundled construction based models that separate the procurement of the design and construction of the system from its ongoing operation and maintenance
- A DCMO (Design, Construct, Maintain and Operate) procurement model involving a Designer, Constructor, Maintainer and Operator (and potentially rolling stock and other contractors) entering into a long term contract to provide the infrastructure services, where the risk of delivery is jointly held by all parties over the contract term
- A PPP (Availability) procurement model that involves private sector finance and ownership of the project over the concession term. An Availability PPP transfers the risk of providing the infrastructure as required services over the term but does not include transfer of patronage risk (i.e. how many people use the infrastructure)

A range of key procurement drivers were considered in evaluating different procurement models including ensuring the achievement of:

- price certainty and certainty of costs over the life of the asset
- optimal risk allocation
- providing whole of life incentives for innovations in design and operations
- timely delivery of the Project, including greater certainty and a reduction in time to delivery
- optimal whole-of-life costs and value for money
- an efficient and appropriate system design (including safe and secure)
- service and maintenance standards over the life of the asset
- flexibility in operations over the life of the asset
- a competitive outcome.

After a detailed assessment of the various delivery models, a PPP procurement model was identified as the preferred option. This was assessed as the preferred procurement model on the basis that:

- risk transfer under a PPP approach would allow the Territory to retain an acceptable level of risk on the complex design and construction of the Project, as a brown-field development across 12 kilometres of key Territory infrastructure
- PPP delivery transfers maintenance and facilities management risk, site risk, asset capability risk and interface risk to the private sector in an integrated manner
- PPP delivery provides optimal whole-of-life costs as the private sector is responsible for long-term maintenance and facilities management in addition to design and construction, which should drive an optimal whole-of-life outcome
- there is sufficient market depth to allow the Territory to achieve a competitive outcome through this model

1.3.2 The Partnership Framework

As the Project is being delivered as a PPP, the ACT Government's *Partnerships Framework* is of relevance to the Project. *The Partnerships Framework* seeks to achieve better value for money by capturing the expertise and efficiencies of the private sector in designing, financing, building and maintaining infrastructure projects and providing services on a whole-of-life basis where appropriate.

The Partnerships Framework sets out Territory specific policy requirements, but otherwise requires compliance with the National PPP Policy and Guidelines (National PPP Guidance) that apply across all State, Territory and Commonwealth arrangements.

Details of the National PPP Guidance and *The Partnerships Framework* are available at: <http://www.infrastructureaustralia.gov.au/> and <http://apps.treasury.act.gov.au/partnerships-framework> respectively.

1.4 Tender Process

The Territory conducted a competitive tender process to identify the private sector party to deliver the Project. The tender process was implemented in accordance with *The Partnerships Framework* to ensure that the Territory received the best value-for-money outcome.

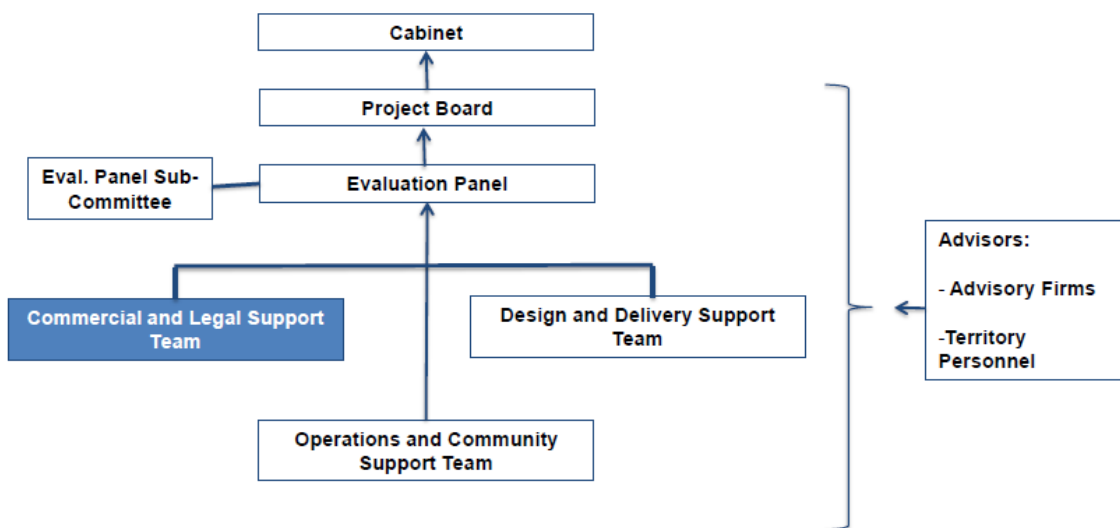
The tender process involved a call for registrations of capability from the market (through the issue of the Expressions of Interest (EOI) document); receipt of EOI submissions; the subsequent issuing of a Request for Proposal (RFP) to short-listed respondents; receipt of Proposals from short-listed respondents; and an evaluation, clarification and pre-preferred negotiations phase followed by the appointment of a preferred respondent and finalisation of contractual documentation for execution.

Table 3: Key procurement milestones

Date	Tender Stage
31 October 2014	Invitation for EOI issued
19 December 2014	EOI proposals submitted
18 March 2015	Announcement of Shortlisted Respondents
April 2015	Release of RFP
4 September 2015	Submission of Proposals
1 February 2016	Announcement of Preferred Respondent
17 May 2016	Contract Close
24 May 2016	Financial Close

A formal project governance structure was put in place to oversee the tender process including the evaluation of the detailed RFP process. The governance structure is represented diagrammatically in Figure 2 below.

Figure 2: Project evaluation structure



EOIs were received from four interested consortia and two were selected to proceed to the RFP stage. Proposals were received from the two shortlisted bidders on 4 September 2015.

The RFP evaluations (including the impact of the clarification process) were conducted by an Evaluation Panel, which was supported by an Evaluation Panel Sub-Committee and three discipline-based evaluation sub-panels:

- Design and Delivery
- Commercial and Legal; and
- Operations, Performance, Partnerships and Engagement.

The Evaluation Panel and sub-panel membership was selected based on stakeholder representation (including the Capital Metro Agency, Treasury, the Environment and Planning Directorate, the Territory and Municipal Services Directorate (TAMS) and an independent member) and requirements for appropriate and relevant skills and experience. The sub-panels were supported by specialist advisers as required. The key selection criteria used in the assessment of those proposals is represented in Appendix D.

As part of the extensive RFP evaluation process, both bidders were asked to respond to clarifications about how their Proposals might address a number of issues highlighted during the evaluation process. A pre-preferred negotiation process was also conducted to seek to resolve select commercial and technical matters.

At the completion of the evaluation, clarification and initial negotiation process, Canberra Metro's Proposal was considered to represent best value-for-money. Accordingly, the Territory appointed Canberra Metro as the preferred respondent and proceeded to negotiate the final form Project documents and executed the Project Agreement and ancillary contracts that govern the Project.

The major strengths of Canberra Metro's proposal were:

- Strong alignment with the Territory's objectives and aspirations for the Project, particularly in respect of its customer experience, urban design and affordability aspirations
- An effective customer experience approach, with a strong focus on transport mode shift and incorporating a whole-of-organisation customer experience focus that will foster continuous improvement and promote patronage growth on the system
- A strong urban design outcome that will meet community expectations, enhance the urban environment and ensure the optimum integration of the light rail with the landscape and built form, recognising the location of the system along the gateway to the National Capital
- A high quality light rail vehicle providing an excellent customer experience, including a greater carrying capacity, 100% flat floors and reduced trip hazards
- A design proposal that provides significant amenity to customers, including via stop canopies offering effective weather protection as passengers board and alight and wider platforms offering superior cross-platform windbreaks
- A strategy and approach to construction and delivery that minimises disruption and impact on the community during delivery and provides the Territory with reduced risk and greater certainty over timeframes
- A highly competitive, risk adjusted whole of life cost
- The inclusion of active strategies to engage with and provide opportunities for local industry
- An appropriate allocation of project risk between parties

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

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

1.5 Project Milestones

As indicated in Table 4, the construction phase for the Capital Metro Project will be complete by late 2018 and operations will begin by early 2019.

Table 4: Key Project Milestones

Milestones	Date
Contractual Close	17 May 2016
Financial Close	24 May 2016
Commencement of design and construction	25 May 2016
Completion of construction	By late 2018*
Commence operations	By early 2019*
End of Project Term	2039*

* Indicative

2.0 Commercial Features

Part Two of this document outlines the contractual relationships between the parties involved in the Project, including the broad allocation of risk and the obligations of both Canberra Metro and the Territory. Capitalised terms used in this Part Two are defined in the Project Agreement unless otherwise noted.

2.1 Project Documents

On 17 May 2016, the Director General of the Capital Metro Agency, on behalf of the Territory, executed the Project Agreement with Canberra Metro to design, construct and finance the Project and to operate and maintain the Project over a 20 year period. Financial Close was subsequently achieved on 24 May 2016, whereby remaining contractual and funding arrangements were finalised between the Territory, Canberra Metro, its key subcontractors and debt and equity providers. The Project Agreement came into full force on achieving Financial Close.

2.1.1 Project Parties

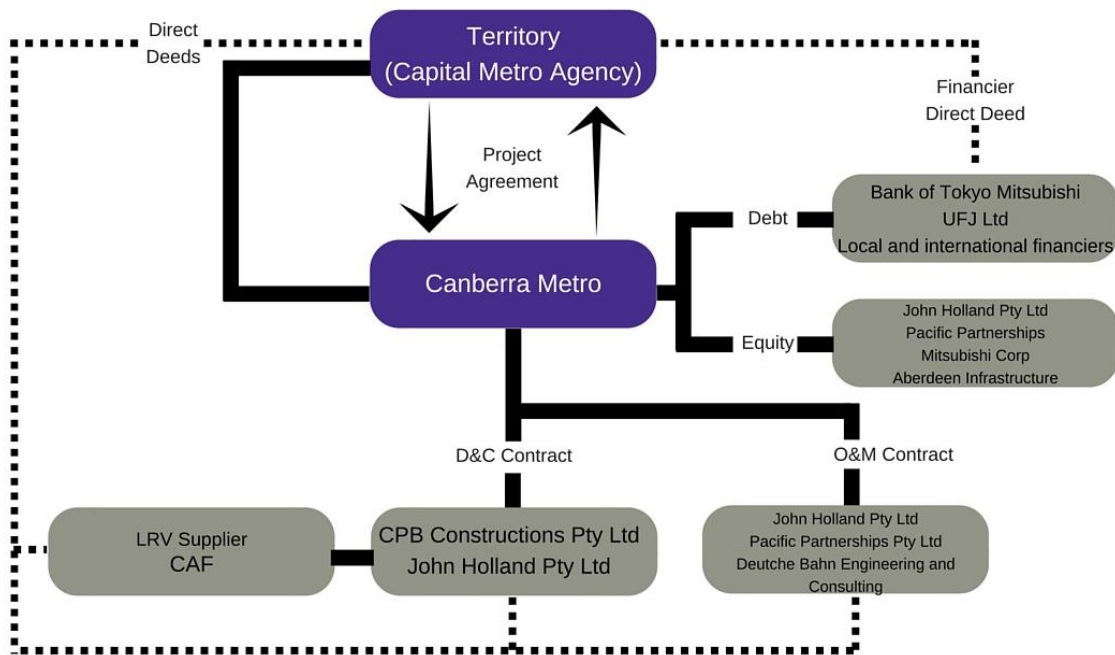
The relevant parties under the contractual arrangements are:

- **CMA:** The Capital Metro Agency representing the Australian Capital Territory. CMA is the Territory Government authority that has responsibility for leading the delivery of the Project on behalf of the Territory
- **Canberra Metro:** Canberra Metro PC Pty Limited in its personal capacity and as trustee for the Capital Metro Trust is the main contracting party with the Territory. Canberra Metro has in turn entered into a range of contractual relationships with its consortium partners to deliver elements of the Project. Canberra Metro will be ultimately responsible for project delivery and will, among other things, provide overarching management for the duration of the Project.
- **Equity Providers:** John Holland Pty Ltd, Pacific Partnerships, Mitsubishi Corporation and Aberdeen Infrastructure have committed to and will provide the equity required for the Project by Canberra Metro
- **Debt Financiers:** Canberra Metro has arranged its project debt funding through the involvement of a number of financiers (including Bank of Tokyo-Mitsubishi UFJ Ltd and local and international banks)
- **D&C Contractor:** An unincorporated joint venture between John Holland Pty Ltd and CPB Constructions Pty Ltd have been engaged by Canberra Metro to design, construct and commission the Capital Metro Project on behalf of Canberra Metro
- **O&M Contractor:** Canberra Metro Operations Pty Ltd, a joint venture between John Holland Pty Ltd and with Pacific Partnerships Pty Ltd, will operate and maintain the light rail system for the 20 year term in association with Deutsche Bahn Engineering and Consulting
- **LRV Supplier:** Construcciones y Auxiliar de Ferrocarriles S.A. (CAF) will provide the LRVs under a subcontract with the D&C Contractor
- **Independent Certifier:** The Capital Metro Agency and Canberra Metro have jointly engaged APP Corporation Pty Ltd to act as the independent reviewer in respect of the Project

2.1.2 Project Contractual Relationships

The relationship between the Territory, Canberra Metro and other related parties is detailed in the Project Agreement and associated documentation. The structure and principal contracts required for the delivery of the Project are outlined in Figure 3 below.

Figure 3: Contractual relationships under the Project Agreement



2.2 Project Costs and Value for Money

2.2.1 Background

Three key cost figures are associated with the project:

- **The project’s construction costs:** Under a PPP project, the Territory is not ‘out of pocket’ for the Project’s initial construction costs during the Project’s construction phase. Notwithstanding this, jurisdictions around Australia typically use a project’s construction cost as a key metric in publicly describing the size of a project;
- **Availability payments:** Once light rail services have commenced, the Territory will make regular monthly payments to Canberra Metro over 20 years. These payments cover Canberra Metro’s construction, operational, maintenance, life-cycle and financing costs; and
- **The project’s Net Present Cost:** This is the total net present cost to the Territory of the availability payments, Territory project contribution and the value of Territory-retained risks over the entire term of the contract.

2.2.2 The Project’s Construction Costs

The project’s design and construction costs are \$707 million. This includes both Canberra Metro’s design and construction costs and the value of a contingency applied to the project by the Territory in respect of Territory-retained risks. This contingency may or may not be incurred. The anticipated construction cost (i.e. including the contingency) is \$76 million, or 9.7%, better than had been estimated in the project’s *Full Business Case*.

Table 5: Project Construction Costs

Cost Component	Cost (\$ million, nominal)
D&C Costs	589
Territory-retained Risk Contingency	117
Total D&C Cost	707
Previous Business Case Estimate	783
Difference to Business Case	(76) or (9.7)%

2.2.3 Availability Payments

As noted above, once light rail services have commenced, the Territory will make regular monthly payments to Canberra Metro over 20 years. These payments cover Canberra Metro’s construction, operational, maintenance, life-cycle and financing costs.

This section sets out the expected availability payment profile as at the time of this summary. The project’s availability payment profile may change over time for reasons which include:

- The Territory ‘abating’ payments for Canberra Metro’s failure to meet service quality and on time running standards;
- The occurrence of Territory-retained risk events which are financed through the availability payment regime; and
- Periodic debt refinancing throughout the term of the contract.

In the first 12 months of operations (which falls across financial years), availability payments to be made by the Territory are \$47 million. In the last 12 months of operations, availability payments to be made by the Territory are \$75 million. As at Financial Close, the project’s availability payment profile (annualised) is as follows (\$million, nominal):

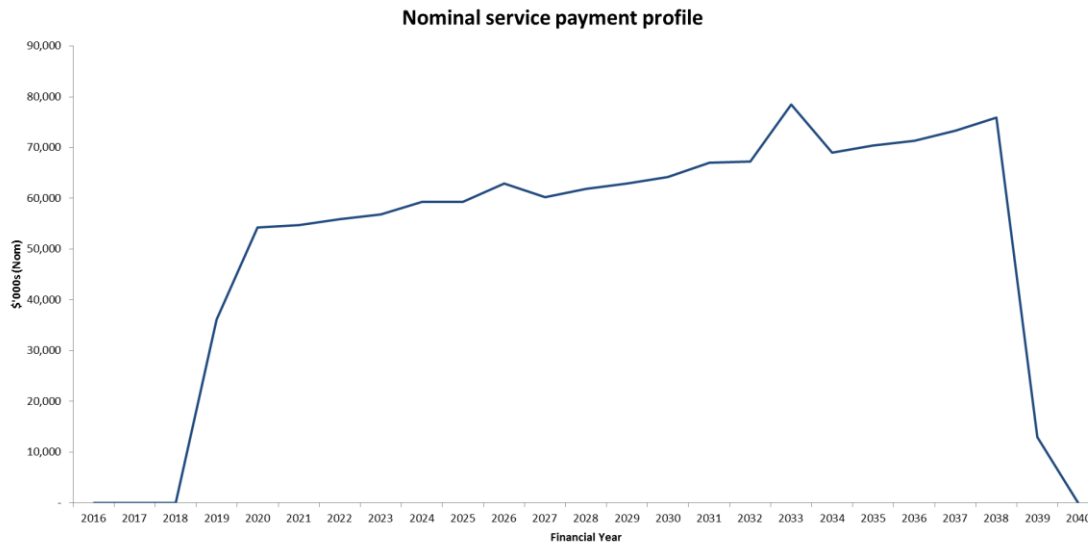
Table 6: Availability Payments

Financial Year Ended 30 June:	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Availability Payments (\$'000s) ¹	36,061	54,269	54,719	55,841	56,811	59,240	59,316	62,970	60,237	61,870	62,954
Financial Year Ended 30 June:	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Availability Payments (\$'000s) ¹	64,257	67,025	67,296	78,534	68,971	70,461	71,370	73,329	75,884	12,937	0

Note 1: Figures in Table 6 are in nominal (future) dollars

The Availability Payments are graphically represented in Figure 4 below:

Figure 4: Availability Payments



The availability payment figures listed above:

- Are not ‘smooth’ over the term. This reflects different asset refurbishment activities occurring throughout the term;
- Do not include the Territory contribution to the project of \$375 million, which will be made upon services commencement; and
- Do not include a contingency amount for Territory-retained risks.

2.2.4 Net Present Cost

The project’s net present cost (NPC) is \$939 million (measured as at 1 January 2016). That figure includes:

- The NPC of all availability payments made by the Territory over the contract’s 20 year operating term;
- The NPC of the Territory contribution to the project; and
- The NPC of the value of the contingency applied to the project by the Territory in respect of Territory-retained risks.

Table 7: Net Present Cost

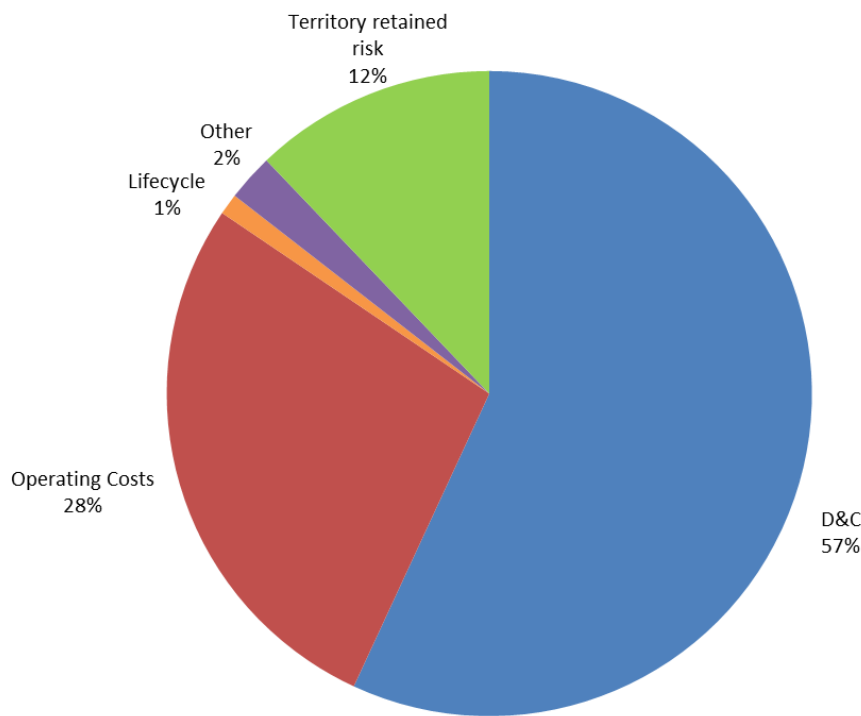
Cost Component	Net Present Cost (\$ million) Territory Payments	Net Present Cost (\$ million) Direct Cost Breakdown
Availability Payments	520	-
Territory Contribution	305	-
D&C	-	534
Operating Costs and Lifecycle	-	269
Financing, SPV and Other	-	22
Territory-retained Risk Contingency	114	114
Net Present Cost (7.52% discount rate)¹	939	939
For comparison – 8.52% discount rate	879	879

For comparison – 6.52% discount rate (Territory Contribution only)	948	948
For comparison – 6.52% discount rate	1,007	1,007

Note 1: The discount rate was calculated in accordance with methodology set forth in the Australian Government National Public Private Partnership Guidelines, Volume 5.

The graph in Figure 5 provides an indication of components of the total net present cost:

Figure 5: Net Present Costs Component



The project’s net present cost is 10.7% better than the ‘public sector comparator’ contained in the project’s *Full Business Case* once adjusted to a common measurement date of 1 January 2016 (\$ million):

Table 8: Net Present Cost Comparator

Cost Component	Business Case Estimated PSC NPC (1 July 2014)	Business Case Estimated PSC NPC (1 January 2016)	Actual Project NPC (1 January 2016)	Difference
Net Present Cost	970	1,051	939	(112) or (10.7)%

Note 1: Public Sector Comparator discount rate of 5.52%

2.2.5 Securitised Licence Structure

Canberra Metro will undertake the Project pursuant to a Securitised Licence Structure. Securitised licence arrangements are a common, tax effective feature in PPP transactions and are a means of transferring funding from the financing arm of the consortia to the construction and operating arm of the consortia.

Under the Securitised Licence Structure for the Project, Canberra Metro will be responsible for the following activities:

- The design and construction of the Works and any other item, goods or services pursuant to the Project Agreement, in return for the Territory agreeing to pay Canberra Metro a series of Construction Payments (including the Territory Contribution)
- Obtaining a Delivery Phase Licence and Operating Phase Licence from the Territory to access the land and (during operations) the constructed light rail assets
- Making Licence Payments to the Territory pursuant to the Operating Phase Licence;
- The provision of the Operations and Maintenance Activities to the Territory during the Operating Phase and the provision of maintenance on the Maintained Assets during the Operating Phase
- The provision of committed financing for the Project.

A Finance Company has been established solely for the purpose of securitising assets and providing financing for the Project. In this regard, the Finance Company is contractually restricted by the transaction documents and/or its constituent documents to activities necessary to perform that role.

The Finance Company will purchase the Territory's right to receive future Licence Payments (payable by Project Trust to the Territory) by making a Receivables Instalment Payment to the Territory in amounts equivalent of the Construction Payments to be made by the Territory to Canberra Metro. The result of this is that:

- With the exception of the Territory Contribution, the Territory will not be required to pay any Construction Payment to Canberra Metro in excess of the amounts paid to it by the Finance Company;
- Over the Delivery Phase, the Finance Company will pay the Receivables Instalment Payment directly to Canberra Metro instead of the Territory;
- Over the Operating Phase, Canberra Metro will pay the Licence Payments to the Finance Company instead of the Territory. The Finance Company will use the Licence Payments to pay principal and interest in respect of the Senior Debt Facility.

2.3 Risk Transfer

The risk allocation in the Project Agreement is consistent with *The Partnerships Framework* under which the Territory seeks to achieve best value for money by allocating risks to the party best able to manage them. This process results in various risks being:

- retained by the Territory
- transferred to the private sector, and/or
- shared between the parties.

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

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

2.4 General Obligations of Canberra Metro

Canberra Metro has contracted with the Territory to finance, design and construct the Capital Metro Project and provide related operations and maintenance to the light rail system over a 20-year term. The Project Agreement details Canberra Metro's minimum obligations, including:

- **Delivery Phase Obligations:**
 - Coordinate and manage the design and construction of the Project in accordance with the Project Agreement and design requirements so that the assets, when manufactured or constructed, will be fit for their purpose and will comply with all relevant standards
 - Ensure the safety of people and property in the vicinity of the Project and minimise obstruction, interference and nuisance during the course of delivery
 - Liaise with all relevant government agencies and utilities providers to coordinate its activities and ensure the provision and integration of all utility and external infrastructure in the vicinity of the Project
 - Satisfy the requirements of and comply with all key planning approvals, including all conditions and requirements of such key planning approvals
 - Comply with all environmental requirements; the delivery phase program and the delivery phase licence
 - Procurement of necessary debt and equity to fund the delivery of the Project
 - Take out a range of insurances and ensure that all insurance proceeds received under the contract works policy or the industrial special risks policy be deposited into the Insurance Proceeds Account
 - Undertake commissioning of the Project in accordance with the requirements of the National Rail Safety legislation
 - Undertake the balance of the works required to achieve final completion including rectifying defects
- **Operating Phase Obligations:**
 - Perform the operations and maintenance requirements in accordance with the operating and maintenance requirements in the Project Agreement throughout the 20-year operating phase
 - Carry out asset management activities (including scheduled refurbishments) so the system meets the fitness for purpose requirements in the Project Agreement
 - Undertake all necessary tasks to ensure that the Project assets are handed back to the Territory on expiry of the Operating Phase in accordance with the requirements set out in the Project Agreement

The full array of Canberra Metro's obligations is contained in the Project Agreement and ancillary contracts.

2.5 General Obligations of the Territory

Under the terms of the Project Agreement the Territory has retained certain obligations. The following is a summary of some of the key Territory obligations:

- Acquire the necessary Development and Works approvals for all permanent works
- Procure the grant of licences to allow Canberra Metro to access Territory land required for the construction of those works
- Establish and facilitate a community advisory group to seek to ensure stakeholder and community involvement in the Project

- Review and endorse design documentation and other material that will be submitted by Canberra Metro in accordance with the Project Agreement
- Make services payments to Canberra Metro during the operating phase of the Project (subject to abatement that may apply if the services are not delivered to the required standards)

The full array of the Territory's obligations is contained in the Project Agreement.

2.6 Payment Mechanism and Abatement Regime

The Territory will make a one-off Territory contribution payment to Canberra Metro once the works have been certified as complete in accordance with the Project Agreement. The Territory Contribution amount is \$375million. In addition to the Territory Contribution, the Territory will make monthly service payments to Canberra Metro on commencement of the Operations Phase.

During the operating phase, the Territory will make monthly service payments to Canberra Metro (in arrears) in accordance with the payment mechanism set out in the Project Agreement. This payment mechanism has been structured to establish financial incentives for Canberra Metro to deliver the services required.

2.6.1 Abatement regime

As part of the payment mechanism, an abatement regime applies to Canberra Metro for any sub-standard performance in the provision of the services. The intention of this regime is to ensure that payments to Canberra Metro reflect its performance in providing the required number of light rail services each day, and that services arrive and depart at times consistent with the agreed timetable.

Abatements may also be made in relation to Canberra Metro's performance in relation to Key Performance Indicators (KPIs) including those which measure the quality of the assets, corridor condition, customer satisfaction and Asset availability during the Term.

A summary of the abatements for which there will be a reduction in the monthly service payment made are:

- **Availability adjustment** – a reduction in availability of the service during the previous month
- **On time running adjustment** – early or late running of the service during the previous month and
- **Service quality deduction** – a reduction in quality of service provided during the previous month – the KPIs for service quality fall into the following categories:
 - Passenger service and communications
 - Passenger comfort
 - Asset condition and cleanliness
 - Systems availability (eg. passenger information displays, public announcements, emergency help points)
 - Minimising fare evasion

2.6.2 Changes in costs incurred by Canberra Metro (including Modifications and Changes in Law)

The Territory may propose a modification to the Project activities at any time during the Project term. This includes an ability to remove works or services from the Project scope. Under the modifications regime, Canberra Metro is required to provide an estimate of the cost impacts of any modifications proposed by the Territory, in a manner that complies with the requirements of the Project Agreement.

The Territory will pay for this modification either by way of lump sum, milestone payments, or an adjustment to the monthly service payment (if the modification is to be financed by Canberra Metro). To provide greater transparency and certainty regarding the cost of modifications, the Project Agreement specifies a range of pre-agreed margins as being applicable. A regime has also been established that will enable the Territory to request Canberra Metro to perform additional minor works without the need to invoke the modifications regime.

In addition to Territory-initiated modifications, the Territory must pay for cost increases arising from certain changes in law and policy above certain dollar thresholds outlined in the Project Agreement.

Canberra Metro can propose a modification which does not adversely affect its ability to carry out the Project activities in accordance with the Project Agreement. The Territory may approve or reject the proposed modification. Canberra Metro will bear all risk and cost associated with carrying out such a modification.

In addition, and subject to certain conditions, Canberra Metro may be entitled to performance relief under the Project Agreement and to payment by the Territory where it incurs additional costs and expenses as a result of the following events:

- Breach by the Territory of any Project Documents
- During the Delivery Phase, any act or omission of the Territory or relevant Territory-related parties in connection with the Project other than any act or omission which is authorised or permitted under the Project Agreement
- During the Delivery Phase, remediation of contamination for which the Territory is responsible under the Project Agreement
- During the Delivery Phase, the suspension or revocation of any planning approvals, including as a result of legal proceedings
- The Territory making changes to the signalling system along the light rail corridor
- During operations, a fraudulent, unlawful, malicious or reckless act or omission by the Territory or relevant Territory-related parties in respect of the Project.
- Industrial action which directly affects the Project and which Canberra Metro can demonstrate is a direct result of an act or omission of the Territory or a Territory-related party other than any act or omission which is authorised or permitted under any Project Document.
- Suspension of any works or the delivery of the Services required by law or the Territory because of a native title claim or the discovery of artefacts that is not caused by an act or omission of Canberra Metro.

2.7 Proximate Territory Works

The Territory may, at any time during the Project Term, construct, operate, maintain or repair any road or other means of vehicle, public transport, pedestrian or bicycle access under, on, above or adjacent to the Project land. This can include providing signalling infrastructure or any other infrastructure or other improvements, connecting any track, road or other means of vehicle, public transport, pedestrian or bicycle access to light rail system or implementing a future stage of the light rail network. Where the Territory exercises these rights, it must compensate Canberra Metro for the following where they are caused by the Territory undertaking such Proximate Territory Works:

- Costs arising from any damage caused to the system;
- Its incremental costs arising from any unreasonable disruption and delay to Canberra Metro's delivery or operations activities

2.8 Default, Termination and Step-In Regimes

2.8.1 Default

A default by Canberra Metro under the Project Agreement will entitle the Territory to various remedies. Where a default has occurred, the Territory will in most circumstances be required to give Canberra Metro an opportunity to remedy the default. If the default is not remedied by Canberra Metro within the required cure period, it will escalate to a Major Default.

The Project Agreement also states that a number of events are automatically classified as a Major Default (e.g. when there are persistent breaches or frequent service failures).

In respect of Major Defaults, Canberra Metro will be given the opportunity to agree a plan to remedy the default (if the default is capable of remedying) or agree a prevention plan to prevent the default from recurring (in circumstances where the default is not capable of remedy). Where Canberra Metro fails to remedy the Major Default within the required period or fails to comply with an agreed remedy or a prevention plan (as applicable), this will generally, subject to Financier step-in rights, give rise to the Territory's right to terminate the Project Agreement.

Certain events of default are so severe that they are not subject to a remedy regime. They give rise to a Territory termination right immediately upon their occurrence (e.g. insolvency of Canberra Metro). These events are called Default Termination Events.

2.8.2 Step-In

If an event of default occurs, or an incident occurs which requires an urgent response to protect or repair the Capital Metro Project, or the Project activities are suspended following a force majeure event, the Territory can step-in to remedy the situation.

In stepping-in, the Territory temporarily assumes total or partial management and control of the Project activities and can access the site and take such steps as are necessary in the reasonable opinion of the Territory to perform any Project activities as required to minimise the effect of the step in event.

During step-in the Territory has its costs reimbursed via a reduction in the monthly service payment. Canberra Metro must recommence performance of its obligations under the Project Agreement when the Territory steps out.

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

- a major default or default termination event occurs.
- an emergency occurs.
- the Territory is entitled by law to act to discharge a statutory power or duty
- any project activities are suspended following the occurrence of an intervening event (e.g. flood, fire, explosion, earthquake, natural disaster, bushfire, landslide or earthquake).

2.8.3 Termination

The Project Agreement can be terminated under a number of scenarios. Where it is terminated before expiry of the 20 year operating phase, Canberra Metro may be entitled to a termination payment (depending on the reason for termination). The three types of termination payments set out in the Project Agreement are summarised below:

- **Termination for convenience** - The Territory may terminate the Project Agreement at any time by giving not less than 60 Business Days notice in writing to Canberra Metro. If the Project Agreement is terminated for convenience, the Territory will pay Canberra Metro a termination for convenience payment. This amount is generally calculated as Canberra Metro's outstanding Project debt, plus the

fair market value of Canberra Metro’s equity, plus any other reasonable costs incurred by Canberra Metro as a result of the termination.

- **Force Majeure Termination Event** - Where the Project Agreement is terminated for force majeure (e.g. earthquake, bushfire, landslide), or the Capital Metro Project is wholly or substantially damaged or destroyed upon the occurrence of an uninsurable risk, the Territory will pay Canberra Metro the general termination event payment. This amount is generally calculated as Canberra Metro’s outstanding project debt plus any other reasonable costs incurred by Canberra Metro as a result of the termination, less any insurance proceeds.
- **Termination for Canberra Metro default** - Where the Project Agreement is terminated for Canberra Metro’s default, the Territory will pay Canberra Metro the fair market value of the Project determined by an independent expert or as a result of a re-tender of the contract to the market. In either case, the Territory recovers its costs and if the calculation results in a negative number, it will be deemed to be zero.

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

Table 9: Termination options

Event	Trigger	Termination Payments
Termination for Convenience	The Territory may at any time, for reasons of its own choosing, unilaterally elect to terminate the Project Agreement for convenience.	The outstanding debt as at termination date plus the fair market value of the equity as assessed by the Independent Expert together with other reasonable costs.
Termination for Force Majeure	The occurrence of a Force Majeure Termination Event (including an uninsurable event for which the Territory does not act as the insurer of last resort).	The outstanding debt as at the termination date plus other agreed costs.
Default Termination Event	The Territory may terminate the Project Agreement if certain events of default have occurred and not been remediated in accordance with the Project Agreement.	The Project’s fair market value determined by tendering or an Independent Expert. An Independent Expert must be used in certain circumstances including where there is no liquid market.

The termination provisions contained in the Project Agreement are consistent with the specific guidelines for termination payments by government, as set out in the *National PPP Guidelines*, and consistent with recent market precedent.

2.9 Finance

2.9.1 Initial Financing

Canberra Metro is responsible for the provision of debt and equity finance for the Project. Its financing for the Project comprises senior debt and equity as follows:

- Senior debt comprises a capitalising construction system which converts to a term loan on commencement of the operating phase
- Equity provided by John Holland Pty Ltd, Pacific Partnerships, Mitsubishi Corporation and Aberdeen Infrastructure and will provide the equity required for the Project

The Territory and Canberra Metro's financiers hold a range of security over the Project's assets in order to secure their interest in the Project.

2.9.2 Future Refinancing

Canberra Metro's debt may be refinanced during the Project term. In accordance with the Project Agreement, the Territory is entitled to a specific share of future refinancing gains. The Territory is not exposed to any future refinancing losses: these will be borne by Canberra Metro. This was seen as a positive risk allocation outcome for the Territory.

2.10 Territory Rights at Expiry of Contract

At the end of the Operating Phase, the Capital Metro assets will revert back to the Territory at no cost.

Starting from 2 years prior to the expiry of the Operating Phase, Canberra Metro and the Territory will carry out periodic joint inspections of the Capital Metro facilities, including the maintenance depot, to determine the maintenance and repair work required before handover. Canberra Metro must then undertake this work in order to achieve the asset condition required under the Project Agreement.

If Canberra Metro does not complete certain works before handover, the Territory may issue a notice specifying matters requiring rectification and setting out the amounts which the Territory considers it will spend to rectify those matters. This amount will be a debt due and payable by Canberra Metro to the Territory.

2.11 Current Version

This document may be updated from time to time. Please check with the contacts listed at Appendix B for the current edition.

Appendix A – Useful references

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

www.procurement.act.gov.au/contracts.

ACT Government Treasury policy guidance and Project information is available at:

<http://apps.treasury.act.gov.au/partnerships-framework>.

The Capital Metro: www.capitalmetro.act.gov.au

The Project website: <http://actlawcourtsproject.com.au>

Appendix B – Key contact details

Capital Metro Agency – Director-General

Website: www.capitalmetro.act.gov.au

Director-General, Capital Metro Agency
Level 1, 490 Northbourne Avenue
Canberra ACT 2601

Phone (02) 6207 8658

Infrastructure Finance Advisory Division

Website: www.treasury.act.gov.au

Executive Director, Infrastructure Finance and Advisory
Chief Minister, Treasury and Economic Development Directorate
Nara Centre, 1 Constitution Avenue
Canberra ACT 2601

Phone: (02) 6207 5650

Appendix C – RFP Evaluation Criteria

The Territory evaluated each Proposal against the following Evaluation Criteria:

Evaluation Criteria	
Criteria	Description
Customer Experience	The Territory will evaluate the extent to which the Proposal will maximise positive Customer experience, promote patronage growth and deliver continuous improvement throughout the organisation.
Operations and systems Performance	The Territory will evaluate the extent to which the Proposal: <ul style="list-style-type: none"> • Delivers efficient and high quality operations, performance reliability; is responsive to Incidents; and presents a secure and attractive System to Customers; • Provides a competitive journey time; and • Delivers consistently high levels of asset performance and optimised whole of life outcomes.
Accreditation	The Territory will evaluate the extent to which the Proposal [includes]: <ul style="list-style-type: none"> • A rail safety Accredited Safety Management System for the effective control and management of Delivery Phase and Operations
Safety	The Territory will evaluate the extent to which the Proposal will deliver adherence to all applicable, relevant, and necessary requirements in relation to Work Health and Safety (WH&S) Legislation (including relevant Commonwealth Funding Conditions) throughout the Term.
Integrated Design and Technical Solutions	The Territory will evaluate the extent to which the design and technical solutions support the delivery of an integrated, sustainable and high quality public transport system that will enhance the urban environment, promote sustainability, allow for future growth and stimulate urban renewal. The design and technical solution is to ensure an optimal and innovative integration of the light rail with both the landscape and built form recognising the prime location along the gateway to the national capital.
Delivery	The Territory will evaluate how the Respondent intends to deliver the Works, with respect to the: <ul style="list-style-type: none"> • Disruption to residents, business owners and existing road and transport networks; • The risks of delivery in terms of time, cost and performance; • The methods to assure the performance of the Light Rail System through design, construction, testing, commissioning and completion; • Meeting the Sustainability Requirements of the Territory; and • The Delivery Program and Date for Services Completion having paid cognisance to the above.
Visions, Values and	The Territory will evaluate the extent to which the Shortlisted Respondent's vision for the Project is robust and achievable and includes a commitment to developing and

Evaluation Criteria	
Criteria	Description
Partnership	maintaining a co-operative and responsive relationship with the Territory and its key Stakeholders.
Communication and Engagement	<p>The Territory will evaluate the extent to which the Proposal:</p> <ul style="list-style-type: none"> • Demonstrates leading industry practice and innovative approaches to delivering partnership and engaging with the community and stakeholders during the Delivery and Operations Phases; and • Demonstrates a high level of understanding of current community expectations and stakeholders within the Territory and delivers a media and marketing methodology and social media campaign that gives confidence in effective delivery.
Commercial and Financing	<p>The Territory will evaluate the extent to which commercial and financing arrangements proposed by Shortlisted Respondents support the Project Objectives of the Territory. In evaluating this Evaluation Criteria, the Territory will have regard, including but not limited, to:</p> <ul style="list-style-type: none"> • The financial capacity of the Shortlisted Respondent Members, and Parent Company Guarantors, if applicable; • The proposed role of the equity providers over the Term; • The proposed Financing Plan; • The proposed financial support and security arrangements; • The proposed Commercial Opportunities; and • The information provided within the Local Industry Participation Plan.
Legal and risk allocation	<p>The Territory will evaluate the commercial solution proposed by Shortlisted Respondents for the delivery of the Project including the downstream arrangements of Shortlisted Respondents and the extent to which the Shortlisted Respondents' accept the Territory's preferred risk allocation for the Project. In evaluating this Evaluation Criteria, the Territory will have regard, including but not limited, to:</p> <ul style="list-style-type: none"> • The proposed consortium structure including the appropriateness of the proposed commercial and legal relationships of the Shortlisted Respondent Members; • The proposed contractual arrangements between Project Co and its subcontractors; • The resultant risks to the Territory, including: <ul style="list-style-type: none"> - as a consequence of any departures to the Draft Territory Project Documents; - contract execution risk; - any risk of delay in achieving Contract Close and Financial Close; and - compliance with the Territory's insurance requirements.

Evaluation Criteria	
Criteria	Description
Risk-Adjusted cost	<p>The Territory will evaluate the whole-of-life, risk-adjusted cost of each Proposal. In this regards, the Territory's considerations will include adjustments to reflect any departures in regards to, but not limited to:</p> <ul style="list-style-type: none"> • The proposed technical solution; • The proposed risk allocation and contractual arrangements; • The proposed financial arrangements; • The proposed basis of escalation; and • The proposed commercial opportunities. <p>In evaluating this Evaluation Criteria, the Territory will have regard to how the Proposal compares to the Territory's stated affordability bound, component parts of the whole-of-life risk-adjusted cost of each Proposal and competing Proposals.</p>

Appendix D – General Risk Profile

Risk Category	Description	Territory	Canberra Metro
Land, Site and Planning			
Access	Risk of not acquiring agreed site and making it available to the Consortium	✓	
Obtaining Works Approval	Risk of not obtaining NCA Works Approval	✓	
Obtaining other planning approvals	Risk of not obtaining planning and other building approvals	✓	✓
Additional approvals	Risk of design changes during implementation requiring further planning approvals	✓	✓
Geotechnical and Environmental issues	Risk of dealing with identified geotechnical and environmental issues and other site conditions		✓
Environmental Impacts	Risk of environmental impacts from the Consortium's activities		✓
Native Title	Risk of unexpected native title claims, artefacts discovery, and/or declaration of a heritage site	✓	
Accreditation			
Rail Safety Regulator	Risk of not obtaining accreditation from the Rail Safety Regulator		✓
Design, Construction and Commissioning			
Utilities	Risk related to adequacy of utilities relocation and other enabling works	✓	✓
Design interface	Risk related to the overall management of design interfaces		✓
Design interface (third parties)	Risk of design interfaces with third parties, including Territory specified technologies		✓
Design risk	Risk that the detailed design doesn't meet the requirements		✓
Construction risk	Risk related to the overall management of construction interface		✓
Access	Risk of the Territory not providing the access as agreed in the construction schedule	✓	
Public liability	Public liability risk arising out of the project (including personal injury and property damage) and work health and safety risk		✓
Design risk	The risk that the design development activities cannot be completed on time		✓

Risk Category	Description	Territory	Canberra Metro
	and/or to budget and the design does not allow the delivery of the Services to in accordance with the Scope and Performance Requirements		
Construction risk	The risk that construction activities cannot be completed on time and/or to budget		✓
Defects risk	The risk that defects are identified following completion of construction		✓
Equipment	Responsibility for the selection, procurement and maintenance of equipment		✓
Fit for purpose (commissioning)	Risk that the light rail system is not constructed so as to be fit for purpose or do not comply with contractual obligations		✓
Modification	If the Territory elects to make a significant variation to the light rail system	✓	
Commissioning and Completion	Risk that the New System cannot be commissioned in accordance with the agreed commissioning criteria		✓
Operational Risks			
Fit for purpose (operating)	Risk that the light rail system is not able to deliver the Services and/or is not fit for purpose at the required levels		✓
Interface	Risk that the light rail system does not interface with third party systems and utilities.		✓
Operational costs	Risk that operational costs exceed Canberra Metro's budgeted cost over the operating phase		✓
Lifecycle costs	Risks associated with the replacement and refurbishment of light rail facilities over the operating phase of the Project		✓
Safety	Safety risks of passengers, staff and road users.		✓
Change in Law or Policy Risks			
Changes in Law and Policy (General)	Risk that a change in legislation / regulations, Territory policy or quality standard, which applies generally, will impact on the design or construction of the New System or provision of the Services	✓	✓
Changes in Law and Policy (Project Specific)	Risk that a change in legislation / regulations, Territory policy or quality standard, which expressly and exclusively applies to the Project, will impact on the design or construction of the New System or provision of the Services	✓	
Tax risk	Risk of changes in income tax, GST or the		✓

Risk Category	Description	Territory	Canberra Metro
	introduction of a tax affecting companies generally		
Finance Risk			
Funding risk	Risk of providing funds to meet design and construction costs		✓
Foreign exchange	Risk of foreign exchange movements after Financial Close		✓
Interest rate	Risk of movements in base interest rates from Financial Close to the first refinancing point		✓
Refinancing	Risk of losses on debt financing		✓
Commercial			
Ticketing	Risk related to the implementation of any ticketing and revenue protection responsibilities	✓	✓
Patronage	Patronage risk	✓	