

21 January 2014

Mr Steve Mill
Assistant Coordinator-General
PO Box 15517
City East QLD 4002

Attn: Doug Carey

Dear Steve

Coordinator General Proposal to Vary Reporting Requirements

We refer to your letter 22 October 2013 (DEPC13/511) in relation to BrisConnection's six monthly compliance audit report.

In your letter the Coordinator General offers to undertake an administrative amendment to the imposed conditions that apply to the Airport Link project. The amendment proposed is to replace the 6-monthly Operations Phase Compliance Report required by condition 17(b)(vii) to an annual obligation to verify the proponent's compliance with all conditions imposed by the Coordinator-General.

On 28 October 2013 we wrote to BrisConnections requesting their agreement with the Coordinator General's proposal and process. On 1 November 2013 our Mark Williams, your Doug Carey and Chris Dando from BrisConnections met to discuss this proposal in more detail.

Consequently, BrisConnections responded to us on 10 December 2013 about our letter of 28 October 2013. In this letter BrisConnections indicated that they accept the proposal by the Coordinator General on the basis that no fees would apply, public consultation would not be required and no additional conditions would be imposed. A copy of this letter is attached for your information and records.


As you would be aware, only the proponent or the Coordinator-General can request a project change. For the Airport Link the proponent is the State of Queensland. As such, we note that the Project Deed for Airport Link allocates the risk of compliance with changes to a planning approval between either the State or BrisConnections. While we understand the proposed change only extends to condition 17(b)(vii), should the Coordinator General decide to amend other conditions, impose fees or require public notice then under the Project Deed there is a risk that the State will be obliged to provide BrisConnections relief.

So, while the proposed administrative amendment has the potential to reduce costs for both BrisConnections and the Office of the Co-ordinator General there is a risk, albeit low, to the State in proceeding with the proposed administrative amendment. Nonetheless, recognising the Queensland Government's commitment to streamlining regulatory and approval processes, we request that you initiate the change report process in relation to condition 17 (b) (vii).

In particular, in making your evaluation, we note that:

- in relation to Brisconnections' letter 10 December 2013, that in formulating the final condition in our view it is preferable the Coordinator General not reference the Project Deed or terms within it directly. This may cause uncertainty and issues where the Project Deed is amended at a later date by agreement between the State and BrisConnections.
- there is some inconsistency between the conditions proposed by the Co-ordinator General and that proposed by BrisConnections in their letter 10 December 2013. Consistent with our advice above, we believe the final condition should reference the Coordinator-General's conditions rather than any requirements of the Project Deed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Lynch', written over the typed name and title.

David Lynch
State Representative
Airport Link Project

Enc. (1)



BRISCONNECTIONS

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12313/09.01.02

10 DEC 2013

Mr David Lynch
Chief Executive Officer
City North Infrastructure Pty Ltd (CNI)
Level 30, Comalco Place
12 Creek Street
Brisbane Qld 4000

Dear David

Re Coordinator General Proposal to Vary Reporting Requirements

I refer to your letter dated 28 October 2013 (Reference 13/8103) which relates to the above referenced subject. Your letter included a letter from the Office of the Coordinator General dated 22 October 2013 which, in pursuit of streamlining regulatory processes within the Coordinator General's department, proposed that the six month compliance audit process for AirportlinkM7 be aligned with an annual third party audit cycle. The Coordinator General noted that any change to the reporting requirements would be achieved via the change report process, the change report fees would likely be waived and that given the change was not considered complex, public consultation would not be required.

The details of the Coordinator General's proposal was discussed at a subsequent meeting between representatives from BrisConnections, CNI and the Coordinator General. It was agreed that the annual management plans audit requirement of the Project Deed Clause 7.4(a)(i), specifically the Environment Management Plan, was an appropriate annual audit to adopt in lieu of the six monthly compliance reporting requirement. It was noted that the Project Deed Clause 7.4 (a)(i) required an independent auditor who was acceptable to the State be engaged to carry out the annual audit. This would provide the Coordinator General with confidence that a suitably qualified external auditor would conduct the annual audit.

The current six monthly compliance audit report obligation is delivered by BrisConnections via a back to back obligation on our O&M Contractor in accordance with our O&M Agreement. BrisConnections has sought and gained our O&M Contractor's acceptance that their current six monthly compliance audit obligation would be replaced by the annual audit of their Operations Environment Management Plan (OEMP). The OEMP is a documentation requirement of the Project Deed and must meet the requirements of Coordinator General's condition 17(a). A copy of the OEMP has been submitted to the State as part of the O&M Manuals. The provisions of Project Deed Clause 7.4 (a)(i) also apply to the annual audit of the OEMP.

BrisConnections Operations Pty Limited

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(Receivers and Managers Appointed)

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BrisConnections is of the view that the proposal by the Coordinator General is a positive improvement that will streamline administration processes. BrisConnections accepts the proposal by the Coordinator General on the basis that:

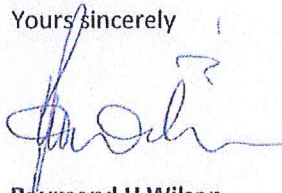
- No fees would apply
- Public consultation would not be required
- No additional conditions would be imposed

Specifically, we accept that our obligation in Exhibit B, Planning Approval, Appendix 1, Schedule 3, condition 17(vii) to provide the six monthly operations compliance report be replaced with an obligation to provide the State with a separate report of the annual audit of the O&M Contractor's OEMP. The annual audit report would be provided in accordance with the provisions of the Project Deed, Clause 7.4 (a)(i), 7.4 (a)(ii) and 7.4 (a)(iii). An extract of this section of the Project Deed is attached. A revised potential amendment to the Coordinator General's condition 17 (viii) is also attached.

BrisConnections proposes that the revised arrangements come into effect as from 25 January 2014, i.e. the six monthly compliance report due at this time would not be provided and would be replaced by the report of the O&M Contractor's OEMP audit due in August 2014, and then annually from that time on.

BrisConnections requests that CNI, in line with the Coordinator General's proposal and the discussion above, initiate the necessary change report process with the Coordinator General.

Yours sincerely



Raymond H Wilson
Chief Executive Officer

Attachments:

- Extract of Project Deed, Clause 7.4 (a)(i), 7.4 (a)(ii) and 7.4 (a)(iii).
- A Revised potential amendment of the Coordinator General's Condition 17 (vii)

cc: Darryl Coalter, IV
Sue Balkin, TJHMS

Revised potential amendment of the Coordinator General's Condition 17(viii)

Exhibit B, Planning Approval, Appendix 1, Schedule 3, Condition 17(vii)

Table 6: Operations – Reporting on Compliance and Performance

Current:-

Report	Frequency and Scope
Operations Phase Compliance Report	<p>Six-monthly</p> <ul style="list-style-type: none">• Undertaken by suitably qualified person;• Compliance with Coordinator General's Conditions;• Satisfaction of environmental objectives and EMP requirements;• Response to incidents of non-conformance, including where necessary corrective actions, revised operations practices, responsibility and timing; and• All other matters pertaining to environmental performance during operations.

Proposed:-

Report	Frequency and Scope
Operations Phase Compliance Report	<p>Annually</p> <ul style="list-style-type: none">• Provide a report of the annual audit of the Operations Environmental Management Plan• Report in accordance with the provisions of the Project Deed Clause 7.4 (a)(i), 7.4 (a)(ii) and 7.4 (a)(iii).

Extract of Project Deed, Clause 7.4 (a)(i), 7.4 (a)(ii) and 7.4 (a)(iii).

"7.4 Monitoring and audits

(a) (Regular audits): Each PPP Co must:

(i) have its compliance with the Quality Management Plan, Design and Construction Environmental Management Plan, Community and Consultation Management Plan and Health and Safety Management Plan audited at intervals not exceeding 6 months during the D&C Phase and not exceeding 12 months thereafter at its cost by an independent auditor who is acceptable to the State;

(ii) permit representatives of the State and the Independent Verifier to be present during such audits; and

(iii) deliver 2 copies of each audit report to the State and the Independent Verifier within 5 Business Days of its completion."

Note: during the operations phase the OEMP replaces the Design and Construction Environmental Management Plan