

# MLP Supplementary Guidance: What to expect in Stage 2

*This supplementary guidance note provides an overview of what to expect if your proposal is approved to proceed to Stage 2: Detailed Proposal of the Market-led Proposal (MLP) Framework. Don't hesitate to get in touch with the MLP team if you have questions which are not answered below.*

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## Q. When will I know that my proposal has made it to Stage 2?

**A.** The MLP Team will notify you in the first instance, after which you will receive a formal letter from Queensland Treasury. This letter will provide you with a high level overview of the process, key government contacts and conditions you must meet in order for your proposal to progress to Stage 2.

In most cases, the invitation to Stage 2 may include an offer to the proponent of an exclusive mandate for the Stage 2 period. An exclusive mandate may be granted to further develop the proposal, negotiate an agreement with government and/or to deliver and operate the project or service itself. While an exclusive mandate is in effect, government will not seek other similar proposals (e.g. through a competitive process) or grant similar rights to another proponent for a similar service, infrastructure or outcome, as determined under the agreement with government.

During Stage 2 we will help you focus on the information that government needs to assess your detailed proposal.

## Q. Who can I talk to about Stage 2 requirements?

**A.** If you have been invited to progress your proposal to Stage 2, these details will be contained in your formal letter of invitation. If you are still in the preliminary assessment phase or Stage 1 and you have questions about Stage 2 requirements, please talk to the MLP Team for an informal discussion. You can get in touch by phone +61 (7) 3035 3133 or email [marketledproposals@treasury.qld.gov.au](mailto:marketledproposals@treasury.qld.gov.au).

## Q. How does the Stage 2 process work?

**A.** If you have been invited to progress your proposal to Stage 2, you are likely to be invited to negotiate the following:

### Process deed

To help guide the process, you will usually enter into a process deed with the government on commencement of Stage 2, the terms of which will be agreed with you. These terms may include:

- the nature and terms of the arrangement, including a program for you to prepare your detailed proposal and the basis on which the government will engage with you and any other potential proponents during that period (i.e. defining the terms of exclusivity, if any)
- milestones at key stages of the development process, at which times the parties will review the progress made and reach a mutual view of the ongoing viability of the proposal
- the basis of reimbursement by you of the government's reasonable costs incurred in conducting the detailed proposal stage

- protocols addressing confidentiality, communication and probity requirements.

### Commercial principles

We will negotiate the key commercial principles which will be recorded in a document similar in form to a commercial heads of terms document. The key commercial principles will outline the primary commercial elements of the relationship between the State and proponent in relation to the delivery of the proposal, including the risk allocation and proposed funding and financing strategies.

You can elect to identify stage gates (or milestones) for the negotiation of the key commercial principles. This ensures that you can invest in the proposal with confidence and avoid significant proposal development costs in the event that agreement on the key commercial principles cannot be reached.

### Competitive tendering

Depending on the nature of the proposal, you may elect to undertake competitive tendering processes for key elements (e.g. design and construction) to inform the development of your detailed proposal.

### Contract documentation

Where necessary, you and the State may also commence some aspects of work relevant to *Stage 3: Final Binding Offer*, such as the drafting of contract documentation. If this occurs, it **does not** represent **any** commitment on the part of government that your proposal will progress to Stage 3.

## **Q. What are the assessment criteria?**

**A.** Final assessment of your proposal will be rigorous and independent.

All Stage 2 proposals will be assessed against the MLP criteria:

- Government policy, priority and community need
- Justification for direct negotiation
- Value for money
- Capacity and capability
- Risk and cost allocation
- Feasibility of the proposal

The State may also establish project specific sub-criteria to assist in this process, which will be shared with you, to inform the development of your detailed proposal.

Representatives from State government agencies and, in some cases, relevant non-government stakeholders will also be involved in the assessment process.

During the assessment process, we may issue you with requests for clarification or additional information to assist us to assess your proposal.

More information about how the criteria are applied in practice, including examples, is provided in the [Supplementary Guidance Note: Assessment Criteria](#).

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## **Q. How detailed does my Stage 2 proposal need to be?**

**A.** During the detailed proposal stage, you will be required to comprehensively demonstrate how your proposal satisfies all of the MLP assessment criteria.

Stage 2 is designed to be interactive. You can test ideas with us and regularly talk to us about issues relating to your proposal. It also enables us to provide iterative feedback and highlight any issues or concerns we have during the development of the detailed proposal.

The output of this stage is a comprehensive final proposal (detailed proposal), the content of which is similar to a detailed business case and a detailed bid in a competitive process.

Your detailed proposal will inform our decision as to whether the government will invite you to progress to *Stage 3: Final binding offer* to negotiate contracts to progress to contract close, and, ultimately the final stage being delivery of your proposal (Stage 4).

### **Q. What timeframes apply to Stage 2 proposals?**

**A.** The development and assessment of your Stage 2 proposal will vary depending on its complexity and the amount of time you require to further develop the high-level concept you proposed at Stage 1.

We'll regularly keep in touch with you during Stage 2 to keep you informed about specific timeframes.

### **Q. How much does Stage 2 cost?**

**A.** As noted in the MLP Guidelines, it is expected that you will meet your own costs, in addition to those reasonable costs incurred by the government in conducting Stages 2 and 3.

The State will provide an initial estimate of its costs to you at the commencement of Stage 2, and discuss requirements for, and engagement of, advisers to avoid duplication of analysis and minimise costs.

Expected and actual costs will be reported regularly by the State and proponent through project governance arrangements.

### **Q. What are the governance arrangements during Stage 2?**

**A.** During the development and assessment of your proposal, you will be required to provide additional information, participate in meetings and workshops and respond to any requests for clarification to assist in our assessment of your proposal.

#### Single point of contact

The State will establish appropriate governance arrangements to oversee Stage 2 interactions with you. You will have access to a single point of contact for all interactions with the State, and we will consult key agencies to ensure they are involved in the assessment of your detailed proposal and included in the process of making recommendations to government about it.

#### Governance committee

Depending on the nature of your proposal, we may establish other governance committees to provide input to the development of the detailed proposal. This may include joint governance committees between you and the State to oversee and guide the detailed proposal phase. These will be agreed as part of the development of the process deed.

#### Communication and stakeholder management plan

You will also be expected to prepare a communications and stakeholder management plan in consultation with the State, and then implement that strategy in accordance with its terms.

### **Q. What outcomes can I expect from Stage 2?**

**A.** At the end of the detailed proposal phase, Government will decide whether:

- to invite you to progress to *Stage 3: Final Binding Offer*, subject to any specific terms to be agreed with government; **or**
- your proposal is not considered suitable to progress to *Stage 3: Final Binding Offer*, but is considered to have merit and so the concept will be further developed by government; **or**
- your proposal is not considered suitable for further consideration.

At the conclusion of Stage 2, you will receive a written summary of the government's assessment findings, and you can discuss the outcome with officers from relevant government agencies, including Queensland Treasury. [Back to top](#)