

## Victorian Government Market-led Proposals Guideline

November 2015

The Victorian Government has released a revised *Market-Led Proposals Guideline* that includes priority areas where the Victorian Government would most welcome private sector proposals.

The revised guideline includes a strengthened five-stage process to ensure the Victorian Government only pursues proposals that offer to deliver Victorian Government priorities.

The Victorian Government has highlighted an interest in market-led infrastructure proposals relating to six high-growth sectors it has identified:

- medical technology and pharmaceuticals;
- new energy technology;
- food and fibre;
- transport, defence and construction technology; and
- international education.

Within these sectors, the following types of infrastructure project proposals are nominated Victorian Government priorities:

- stronger road and rail linkages;
- reducing congestion;
- enhancing efficiency in connecting our cities and towns; and
- enhancing the capability of regions.

The Victorian Government has also expressed its interest in innovative ideas around level crossing removals, congested corridors and/or regional and arterial upgrades.

Upon request from the Victorian Government, Infrastructure Victoria - which was formed in September 2015 - would provide advice to the Victorian Government on how a proposal would fit within the overall infrastructure priorities of Victoria and the comprehensiveness of the business case.

The revised guideline also introduces the opportunity for the private sector to submit innovative ideas without the need for a full proposal, and also includes provisions that will allow for payments, where appropriate, for proposals that contain genuine intellectual property.



In August 2015, the Victorian Auditor-General released its report into market-led proposals *Applying the High Value High Risk Process to Unsolicited Proposals* and key findings of this report have been incorporated into the revised guideline.

The revised guideline builds on the Victorian Government's *Market-led Proposals Interim Guideline* released in February 2015.

### **The five stage Market-led Proposal Guideline**

The five stage assessment process outlines the private sector and public sector proponent in the revised guideline as follows:

#### **Pre-submission meeting**

A private sector proponent has the opportunity to meet with the Department of Treasury and Finance (DTF) to discuss the proposal and gain a better understanding of the assessment process.

#### **Stage one: Preliminary assessment of ideas or proposals**

Private proponent: The proponent is required to submit a comprehensive proposal that addresses the key evaluation criteria and information in the pre-submission checklist. There is an option to submit an innovative idea that has value and benefit for Victorians which the proponent does not intend to fully develop into a commercial proposal.

Public sector: DTF determines whether the proposal provides sufficient information and if so, DTF in conjunction with relevant Victorian Government Departments, conduct a preliminary assessment to determine whether the proposal advances to Stage two.

#### **Stage two: Strategic assessment, interim due diligence and recommendation**

Private proponent: The proponent has the opportunity to give a presentation to DTF on the proposal, however, the proposer is not required to provide further documentation, unless upon request by DTF.

Public sector: Further assessment is undertaken by DTF, including a review of the strategic merits of the proposal. Should DTF advise the proposal advance to stage three, DTF will recommend whether the proposal should proceed through a tailored tender process, further developed via an exclusive negotiation or referred outside of the guideline to a traditional procurement process.

#### **Stage three: Detailed due diligence, investment case and procurements preparation**

Private proponent: The proponent will engage with DTF and agree on a process to develop proposal via terms of exclusive negotiation or a competitive tender process.

Public sector: A lead Victorian Government Department has emerged as the most relevant to work with DTF to provide the Victorian Government with information that allows the Government to decide whether to advance the proposal to stage four of the process. The Victorian Government would need to be informed about procurement, the process for agreements and confirming investment rational and funding availability. This process could also involve the development of a business case.



#### **Stage four: Negotiation and assessment of final offer**

Private proponent: The proponent to discuss with DTF and the lead Victorian Government Department to develop and submit a final offer.

Public sector: DTF and lead Victorian Government Department finalise negotiations, assess and benchmark final offer or offers and provide recommendations to the Victorian Government as to whether the proposal should proceed to stage five.

#### **Stage five: Award contract**

The Victorian Government considers final contract terms and awards the contract.

#### **Further information**

To view the full *Market-led Proposals Guideline*, click [here](#).

To view the Auditor-General's Report *Applying the High Value High Risk Process to Unsolicited Proposals*, click [here](#).

To Hawker Britton's Occasional Paper on Infrastructure Victoria, click [here](#).