

Victorian Budget 2015-16

State Capital Program

May 2015

The Victorian Labor Government signalled in the 2015-16 Budget a commitment to engaging with the private sector to deliver infrastructure and services in Victoria’s public interest. The Treasurer the Hon Tim Pallas indicated in his Budget Speech that the Victorian Government will be “sharing the load – in partnership with the private sector” and, “finding ways to work with business to improve the lives of working people.”

The Government outlined its intention to carry out this commitment via the new Market-led Proposals Interim Guideline (unsolicited proposals) and Public Private Partnerships.

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Market-led Proposals Interim Guideline (Unsolicited proposals)

The Victorian Labor Government’s new Market-led Proposals Interim Guideline outlines a transparent and robust process for the private sector to put forward a service or infrastructure proposal with the Victorian Government.

The Guideline is administered by the Victorian Department of Treasury and Finance (DTF) and builds on the previous Coalition’s Unsolicited Proposal Guideline released in February 2014. The assessment process of proposals includes probity standards and disclosure requirements.

New measures have been introduced including permitting interested parties to meet with the DTF at any stage of the proposal, including before a submission and, the creation of a register of proposals.

The five stage assessment process, outlined in the Guideline is as follows:

Stage One: Filtering of proposals received by government. The DTF considers whether a private proponent’s proposal meets requirements and is appropriate for consideration under the guideline.

Stage Two: Strategic assessment and recommendation. Government conducts an assessment whether the proposal meets Government objectives and whether the proposal should proceed. If it is agreed the proposal should proceed, it is determined whether this should be through a competitive tender process

or further developed via exclusive negotiation. The proposal is added to the register of proposals on the DTF website, with the register updated as the proposal progresses.

Stage Three: Investment case and procurement preparation. The Government agrees with the proponent whether the terms of exclusive negotiation or a competitive tender process is undertaken, including document preparation and confirming funding availability.

Stage Four: Negotiation, development and assessment of final offer. The Government conducts an exclusive negotiation or competitive tender process to develop a final offer for Government and decides whether the proposal should proceed to contract award.

Stage Five: Contract award. The Government awards the contract and the contract is published on the Victorian [Tenders](#) website within 90 days of financial close.

Recent projects that are undergoing or have undergone the assessment process, include:

- The Western Distributor, as proposed by Transurban which has reached Stage 3 of the assessment process. This proposal expands the West Gate Freeway to CityLink via a new Maribyrnong River crossing.
- CityLink – Tullamarine Freeway Widening, as proposed by Transurban which received Financial Close on 20 April 2015.

Public Private Partnerships (PPP)

Further to the Labor Government's commitment to working with the private sector, it has signalled the Government is, "actively exploring other opportunities to engage in partnerships with the private sector for the delivery of government services." Partnerships Victoria operates under DTF's high value high risk process for a whole of government approach in providing a high value service or infrastructure for Victorians.

The Government included in its Budget announcements that PPPs will focus on, "whole of life-costing, full consideration of project risks and optimal risk allocation between the public and private sectors."

In accordance with the National Public Private Policy and Guidelines, planned projects for any Victorian Government capital expenditure over \$50 million are to be considered as PPP delivery, as one of the procurement options. Expenditure value could include bundling together similar projects. Proposed projects of less than \$50 million may be considered by the Victorian Government as PPP delivery if the project demonstrates significant value for money and benefits Victorians.

Furthermore, as part of its Budget announcements the Government will invite the private sector to engage in a PPP for the Cranbourne-Pakenham rail corridor. This project will involve manufacturing, maintaining and financing 37 high capacity metro trains.

Partnerships Victoria have already contracted 24 projects worth approximately \$12.4 billion in capital investment.



Further information

The Hawker Britton Occasional Paper on the 2015-16 Victorian Budget is available [here](#).

The Market-led Proposals Interim Guidelines are available [here](#).

Further information on current projects are available [here](#).

Further information about the Victorian Government's announcement on the Cranbourne-Pakenham line is available [here](#).

Specific reference to the use of the Market-led Proposals Interim Guideline and Public Private Partnerships made on pages 7 – 8 of Budget Paper Number 4, available [here](#).