

Market-led proposals

(Report 12: 2018–19).
Tabled 13 December 2018.

Slide 1: Welcome

Welcome to our presentation summarising our performance audit report on market-led proposals. Please note that this is a summary. The full report can be read on our website.

Slide 2: Audit objective

In this audit, we examined the extent to which the market-led proposals initiative is meeting its objectives of creating jobs and stimulating the economy.

We assessed how well agencies have designed and applied the market-led proposals process.

Our audit included:

- Queensland Treasury
- Department of State Development, Manufacturing, Infrastructure and Planning.

Slide 3: Context—what are market-led proposals?

Market-led proposals are proposals from the private sector that seek an exclusive commercial arrangement with government to deliver a service or infrastructure. Such proposals are suited to projects that can be funded by the private sector. They always include a role for government, and in return, the proposals are expected to provide benefits to government and/or the Queensland community.

Slide 4: Benefits

Market-led proposals provide benefits for those who propose them (the proponents) because:

- they result in government contracting directly with proponents, rather than through the government's usual competitive tender process
- the proponent receives some level of assistance from government for the project.

Market-led proposals also offer several benefits to governments. They enable the delivery of innovative solutions to service and infrastructure challenges usually at no or low cost to taxpayers. In some cases, they may allow for planned future projects to occur earlier.

Slide 5: Challenges

In addition to the benefits, market-led proposals pose some challenges. Governments need to demonstrate that they are protecting public and private interests by presenting a clear case for directly negotiating with proponents rather than opening the project up to the broader competitive market.

Slide 6: Our conclusions

We concluded the market-led proposals initiative is a valuable initiative for the Queensland Government to have, but the Department of State Development, Manufacturing, Infrastructure and Planning cannot yet demonstrate that value is being realised.

Queensland's market-led proposal initiative has been appropriately designed to provide a means of attracting and objectively assessing private sector proposals. While Queensland Treasury has refined this process over time, other improvements can be made to further enhance the design.

Slide 7: Areas for improvement

We concluded some of these proposals could have been referred to a competitive or other procurement process rather than be considered a market-led proposal.

Assessment against the criteria and justification for including or progressing some of the proposals we examined was unclear or weak.

The threshold required to meet assessment criteria at each stage of the process is unclear and local government (where relevant) could be consulted earlier in the process. Establishing quality assurance processes, and clearly identifying and assessing the government's expectations of benefits would also strengthen the process.

Slide 8: What we recommend

We made six recommendations to the Department of State Development, Manufacturing, Infrastructure and Planning aimed at:

- ensuring proponents are better informed about the market-led proposals process
- strengthening assessment, decision making and quality assurance processes
- ensuring local government is consulted early in the process (where relevant)
- ensuring market-led proposal announcements occur only once sufficient assessment has determined the project is suitable and sufficiently viable
- improving the performance evaluation and reporting framework.

Slide 9: For more information

For more information on the issues, opportunities and recommendations highlighted in this summary presentation, please see the full report on our website.

Please note, on 30 November, 2018, two weeks before we tabled our report, the Minister for State Development, Manufacturing, Infrastructure and Planning announced changes that effect the market-led proposals initiative. This included the establishment of a new unit called the Investment Facilitation and Partnerships Group to manage future major proposals, including market-led proposals. Given the recency of the announcement, we have not audited or formed an opinion on the proposed changes.

Thank you.