


**23 SEPTEMBER 2025**

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Victoria

# Investing for the long term

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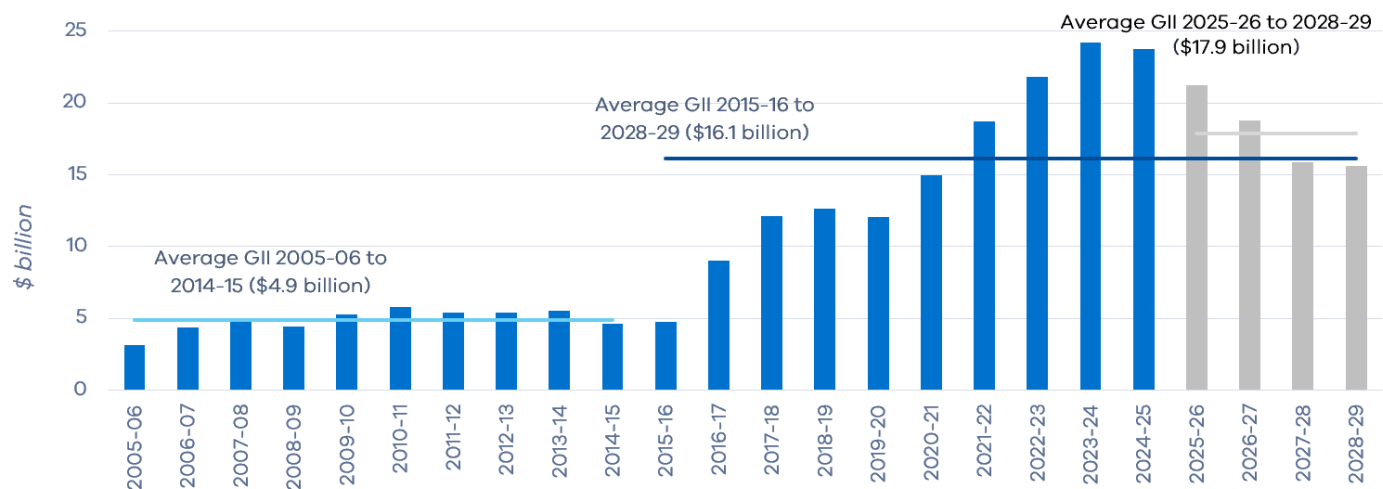
The Victorian experience with PPPs  
over the asset lifecycle

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# **Victoria's capital investment program**

# Victoria's growth in infrastructure investment

## Government infrastructure investment (GII)

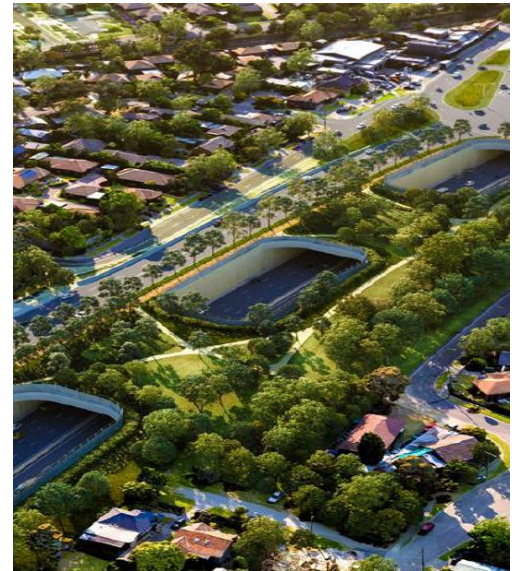


- Government Infrastructure Investment (GII) will average **\$17.9 billion** over the forward estimates.
- Commitment to a **sustainable** pipeline:
  - continue to provide certainty to the construction industry
  - maintain a steady flow of investment in social and economic infrastructure.

Source: 2025-26 Budget

# Victorian PPP Projects

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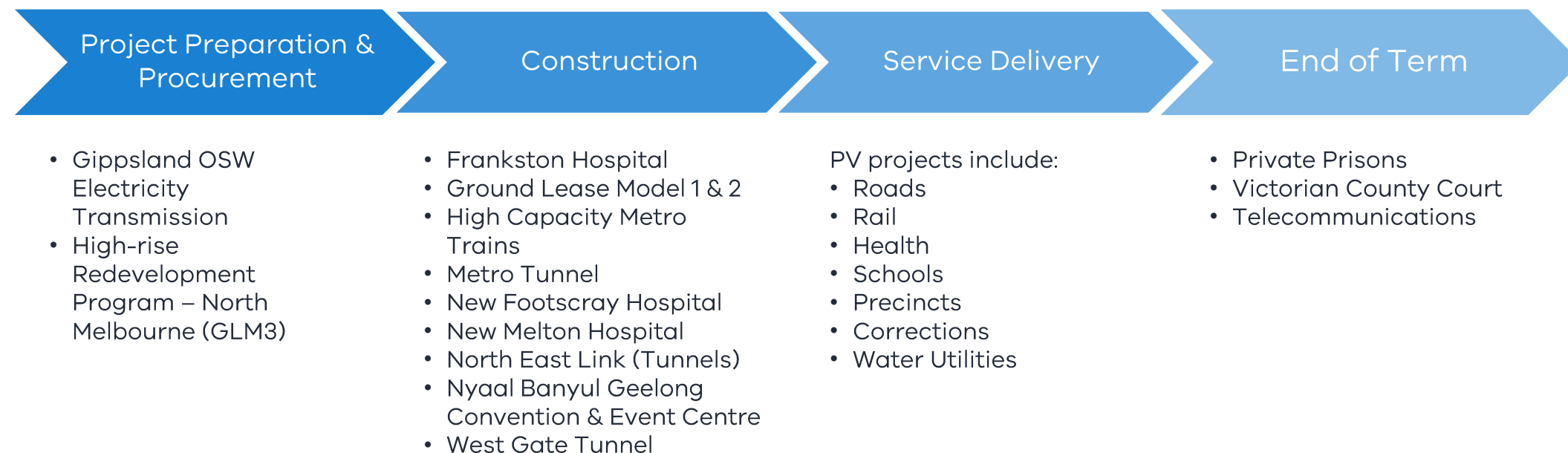


# Victorian PPP pipeline

There are 40 Victorian PPP projects contracted worth more than \$50 billion in capital investment.

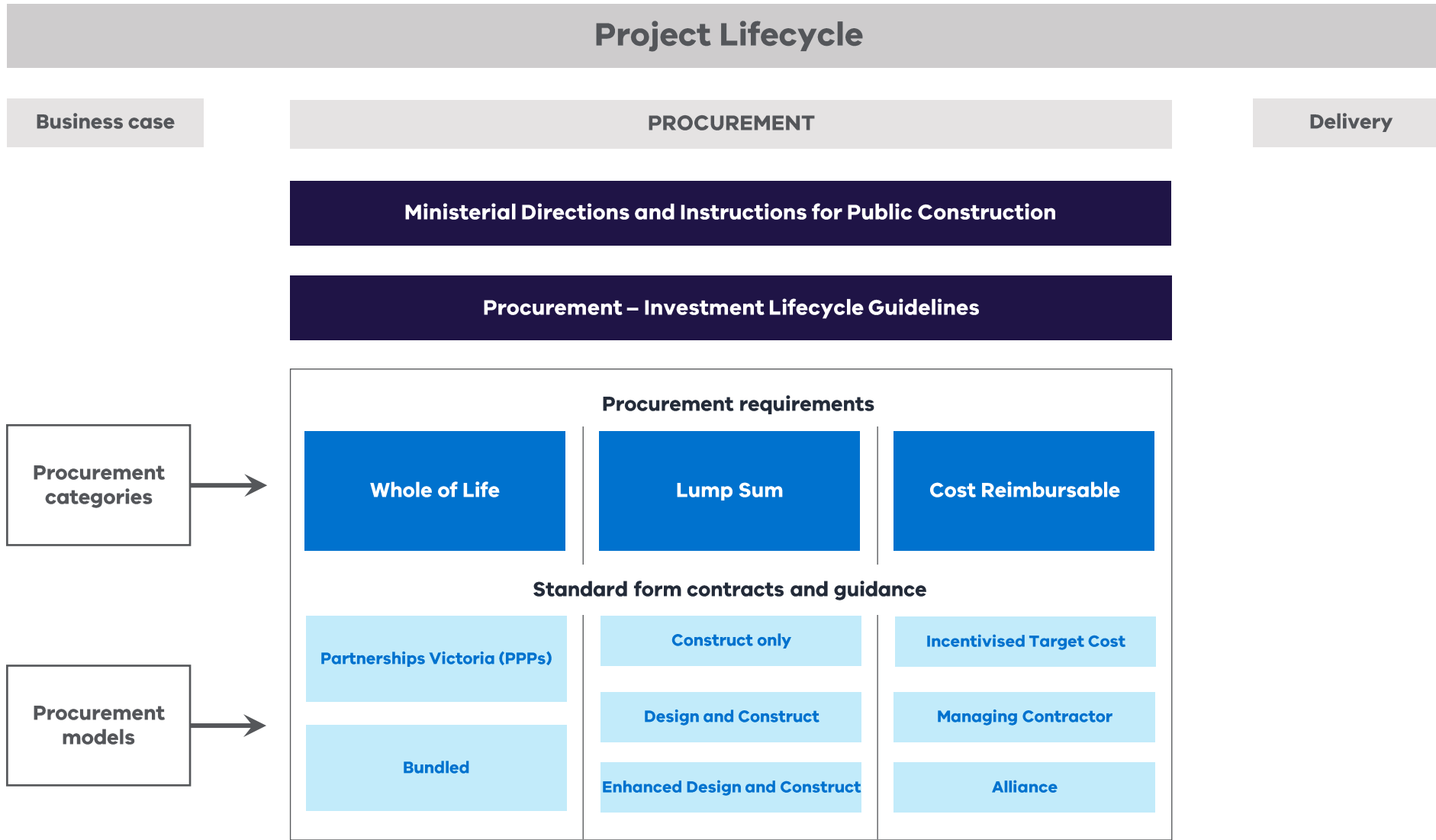
There is an increasing number of complex projects under the Partnerships Victoria framework, resulting in ongoing policy development and innovation.

Other significant Victorian projects include Suburban Rail Loop, Melbourne Airport Rail & Offshore Wind.

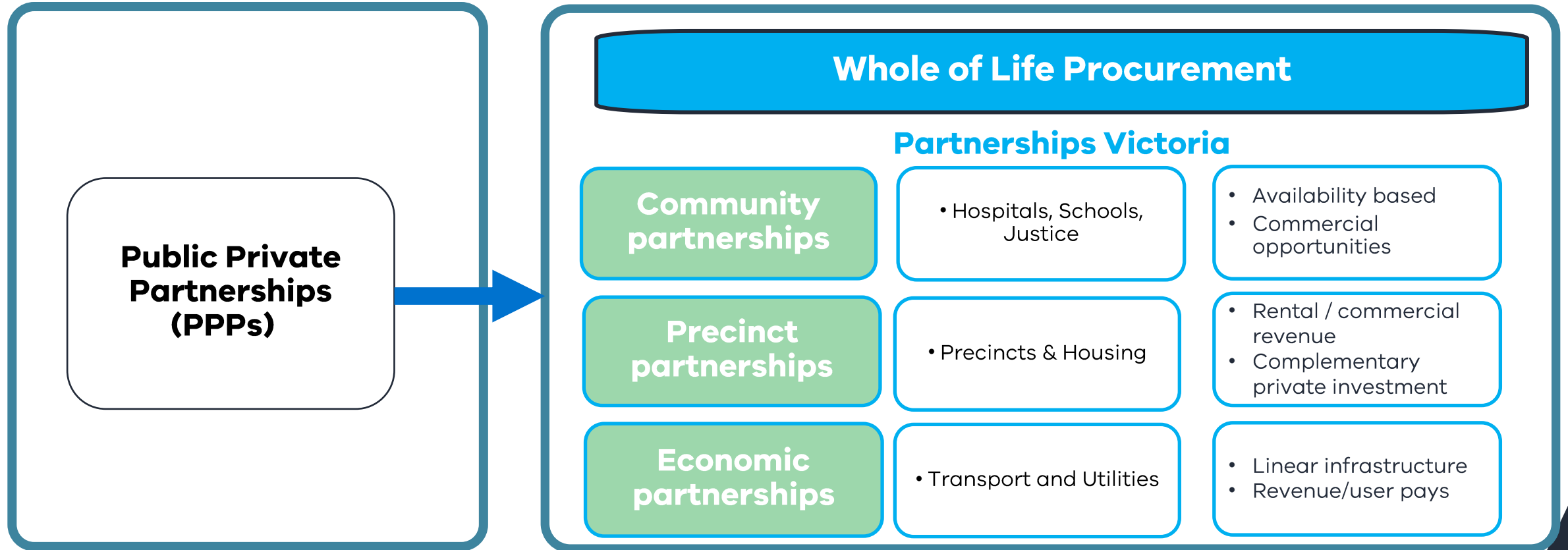


# **Role of DTF and Partnerships Victoria in PPPs**

# Victoria's modernised infrastructure procurement framework



# Whole of life procurement category



# Partnerships Victoria framework

Victorian PPP projects are procured under the **Partnerships Victoria Framework** that requires compliance with both:

- the **National PPP Policy and Guidelines**; and
- the Victorian specific requirements outlined in the **Partnerships Victoria Requirements (November 2016)**.

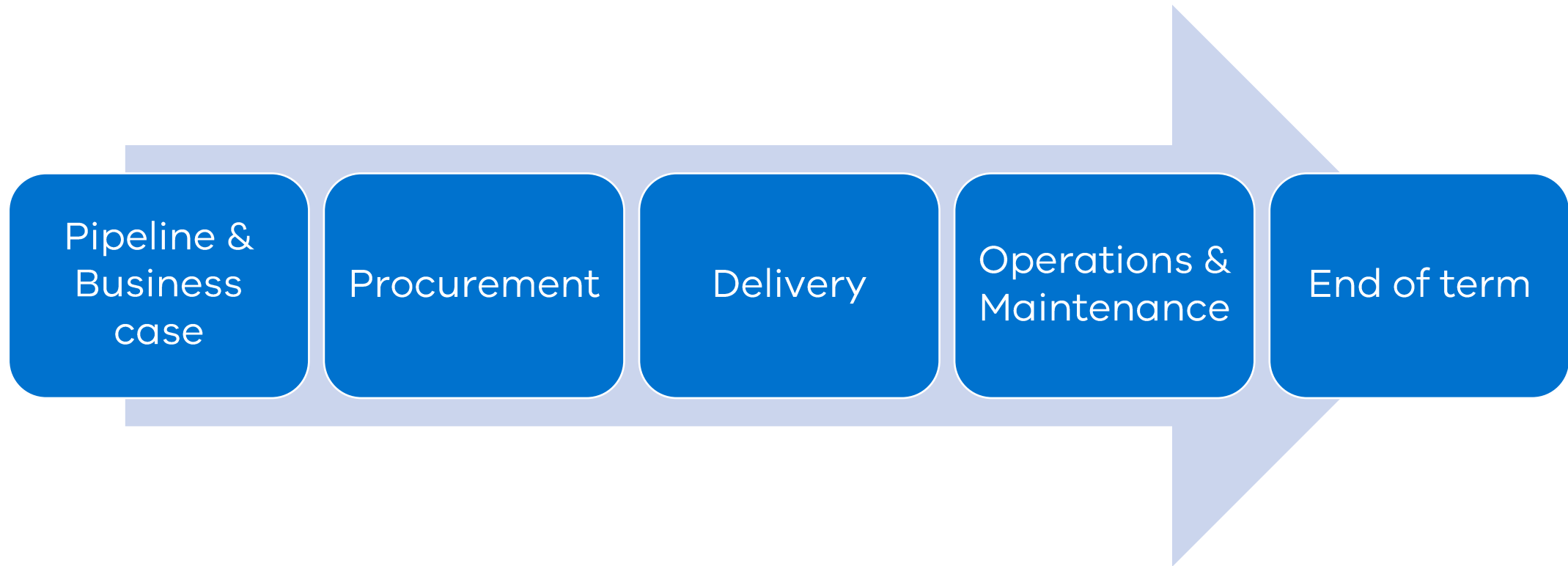
The Treasurer is the responsible Minister for the Partnerships Victoria Requirements.

A range of guidance, template material (including Project Deeds, EOI / RFP docs) and practice notes support the implementation of the Partnerships Victoria Requirements.



# Overview of Asset Lifecycle

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# End of Term Guidance

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- **Current guidance:** Included in the PV Contract Management Guide and each Project Deed (including Standard Form Project Deed).
- **Key considerations:**
  - Due Diligence: contract expiry conditions/options, asset condition, Project Co performance, lessons learnt from the current contract
  - Determining future service need: the specific future role of the project assets in meeting these future service needs (continued use / upgrade / decommissioning)
  - Approvals and Governance: Government approval and funding for a strategy
  - Plan and implementation: Detailed plan and deliver on approved strategy
- **Potential role for Project Co / Private Finance:** to be determined on a project-by-project basis
  - Consider: i) future service need ii) market conditions & iii) potential Value for Money.
- **Best practice observations:** A number of Victorian PPPs are approaching end of term. DTF is working to refine policy requirements and guidance based on early precedents and best practice.



# **Case studies**

**End of term, asset expansion &  
brownfield PPPs**

# Victorian County Court Project – *End of term*

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- **Original project:** First major social infrastructure project under Partnerships Victoria policy.
- **Contract expiry:** 22 May 2022
- **End of term process:** Joint governance between Court Services Victoria, Department, central agencies and Court.
- **Commercial structure:** Options identified, structured negotiations, & assessed for VFM.
- **Outcome:** Ultimately, Government decided to buyback the lease for the site.
- **Post-Term:** Court Services Victoria required to procure various services to ensure continuity of service (i.e. facility maintenance, security, IT services, etc.)



# Melbourne Exhibition Centre Expansion Project – *PPP Expansion*

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- **Original Project:** Melbourne Convention Centre opened in July 2009; included PPP convention centre & significant precinct development opportunities.
- **Expansion Project:** design, construction, commissioning, maintenance and operation of the \$200 million expansion.
- **Commercial Structure:** New Project Co & Deed to manage integration risk and achieve VFM.
- **Outcome:** Contract was executed on 30 May 2016; construction works commenced in June 2016; achieved Commercial Acceptance in July 2018.
- **Commercial Opportunities:** Exhibition Centre complemented by private-financed commercial development (including multi-deck car park and 347-room hotel), involving ~\$150-175 million private sector investment in the precinct.



# Frankston Hospital Redevelopment – *Hybrid Green/Brownfield asset*

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- **Project:** Redevelopment and expansion of the existing Frankston Hospital to deliver:
  - New multi-storey tower with additional bed capacity
  - new operating theatres; oncology services; enhanced mental health, maternity and paediatric services.
- **Commercial structure:** Delivered as an availability PPP, including:
  - Delivery & maintenance of new assets
  - Management of existing facilities (brownfield assets)
- **Outcome:** Construction of the main works is expected to be completed in late 2025.



# Western Roads Upgrade – *Brownfields assets*

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- **Project:** First Australian arterial roads PPP:
  - 8 capital projects & network rehabilitation
  - 20-year maintenance contract over 260kms of roads.
- **Commercial structure:** Availability PPP
  - Delivery of capital works
  - Maintenance of brownfields network on a performance curve, including lifecycle;
  - Critical: asset due diligence & KPIs
- **Outcome:** Works completed 2017-2021; successfully improved asset performance on brownfields network.



# Key lessons learnt

# Key end of term lessons learnt

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- **Strategic approach:** Be strategic in the approach to end of term
- **Informed with data & contract framework:** Use project data, contractual framework, project reviews & lessons learnt to inform future service provision
- **Start early:** End of term planning should commence in the years leading up to contract expiry
- **Robust process:** Allow time for:
  - confirming asset condition & refurbishment (if required)
  - business case processes / approvals in budget cycles
  - robust planning & procurement processes (including “Plan B” options)
- **Decision regarding role for Project Co / Private Finance:** all options should be explored in developing strategy, including the commercial and financing structure

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