



PCI ALLIANCE SERVICES PTY LTD

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Department of Treasury & Finance
Level 5, 1 Treasury Place
East Melbourne VIC 3002

Guidance Note No. 4 – Reporting VFM Outcomes in Alliance Contracting – PCI comments

Thank you for the invitation to comment on the Exposure Draft of Guidance Note No 4 on reporting value for money outcomes.

The document provides valuable insight into Government decision-making processes and will assist in demonstrating value for money for Alliance contracts.

We have provided detailed comments in the attached table.

We would like to highlight one significant issue that may have an impact on the approach to estimating value for money. The proposed approach outlined in the document suggests that the 'owner' prepare a value for money statement independently of the Alliance partners. We believe that this approach limits the potential benefits of using an Alliance in several ways:

- The owner's information at this point in the process will be incomplete
- The process does not make use of the major benefit of the 'Project Development Phase' which allows for detailed scoping and costing, and exploration of potential innovations
- The process does not effectively utilise the knowledge and skills of the Alliance partners in framing the value for money proposition of the project

The Project Development Phase, where the owner and private sector partners work together in the formative stages of the project, is one of the components of the Alliance model that contribute to the success of Alliances and we suggest that the guidance note would be more effective if the PDP process were included in the proposed model.

Again, thank you for the opportunity to respond to the draft and we would be happy to discuss further with you any of the issues that we have raised.

Yours sincerely,

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