

PPP Governance

Departmental and Ministerial Responsibilities

Projects are a result of an asset requirement identified by a government department or agency with service delivery responsibilities. This “Client Agency” may engage a separate delivery team within the same agency, or in another Department (for example, a central government project delivery unit) to manage the project delivery process. The following table lists sample PPP projects and the responsible department or agency.

Projects	Responsible Department or Agency
New Hospital Projects	Department of Health and Human Services
Toll Roads	Department of Economic Development, Jobs, Transport and Resources / VicRoads
Water / Wastewater Treatment	Relevant Water Authority
High Capacity Metro Trains	Public Transport Victoria
Prisons	Department of Justice and Regulation
New Schools	Department of Education and Training

Table 1: Sample PPP projects and responsible agencies in Victoria (Click figure to enlarge).

Source: Foster Infrastructure.

Line agencies are often focused on service delivery outcomes but may be less interested in the fiscal risks of a project. However, the Finance Ministry should always be interested in fiscal risks, and in many economies, the Finance Ministry is also responsible for developing and implementing whole of government procurement and financial management policies.

PPPs also benefit from an overall whole of government approach. This enables both the public and private sectors to develop efficiencies and share lessons across projects, regardless of the sectors in which those projects are delivered.

For these reasons, PPP units have been seen as an important component of overall PPP frameworks, and are often located within the Finance Ministry. PPP units can play a variety of roles, including developing and implementing whole of government policy, developing and sharing best practice, and monitoring risks associated with PPPs.

An example of a PPP unit is the Partnerships Victoria unit in the Victorian Department of Treasury and Finance. This PPP unit has both a policy role

focused on managing the overall PPP framework, and an advisory role assisting government in the management of individual PPP projects. These roles apply across both the project tendering phase and the contract management phase of projects.

	Policy Role	Advisory Role
Project Tendering	<ul style="list-style-type: none"> • Development of policy and guidance material: <ul style="list-style-type: none"> • Process guidance • Standard commercial principles • Liaison with other jurisdictions 	<ul style="list-style-type: none"> • Represented on Project Steering Committee and Working Group • Provide expert commercial advice • Ensure policy issues identified / addressed • Maintain integrity of Partnerships Victoria: <ul style="list-style-type: none"> • Policy positions • Process • Monitor budgetary issues • Facilitate Treasurer’s approvals
Contract Management	<ul style="list-style-type: none"> • Development of policy and guidance material for effective contract management 	<ul style="list-style-type: none"> • Provide expert commercial advice • Ensure policy issues identified / addressed • Maintain integrity of Partnerships Victoria policy positions • Monitor budgetary issues

Table 2: Roles of the Partnerships Victoria Unit (Click figure to enlarge).
Source: Foster Infrastructure.

It can be seen that Partnerships Victoria's role encompasses the management of fiscal risks (budgetary issues), interaction with line agencies delivering projects, (both a “policeman” role and an assistance role) and the development and implementation of whole of government policy.

Project team structure

The following diagram sets out a typical project team structure for a PPP in Australia.

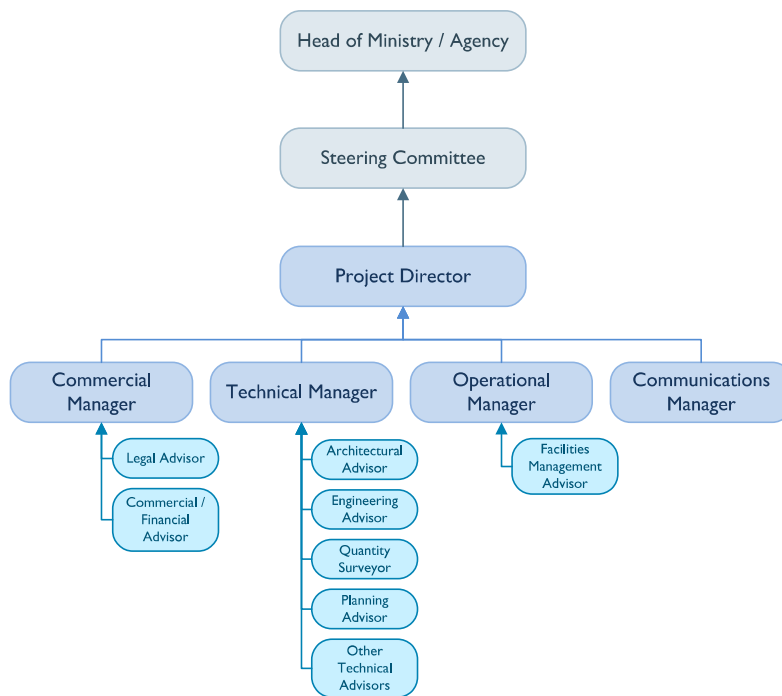


Figure 1: A typical PPP project team structure in Australia (Click figure to enlarge).

Source: Foster Infrastructure; Infrastructure Australia, National PPP Guidelines Volume 2: Practitioners' Guide.

In Australia, the project director is often a consultant or advisor recruited from outside government and appointed on a full-time fixed term contract, but is in many ways equivalent to a permanent public sector employee during the life of the project. The commercial manager and technical manager are often recruited in the same way, whereas the operational manager and the communications manager will often be permanent public sector employees on secondment to the project.

In many developing countries, there is less flexibility in public sector employment practices, and hence less ability to recruit a significant internal project team. In these countries, the role of the project director is often allocated to a permanent public sector employee, along with their normal duties, but much of the project work is led by a transaction manager, which is typically an external consulting firm.