



# Managing the PPP Process & Institutional Arrangements

ADVISORY

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# Agenda

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**Introduction**

**Alternative PPP Frameworks**

**Emerging PPP Frameworks**

**Current Trends and Issues**



# KPMG Introduction

# PPP Frameworks

- PPP is a process that typically takes place within an established procedural Framework
- Most of the Frameworks in OECD countries are “borrowed” from the UK
- Many of the UK principles were “borrowed” from business principles established within large global multinationals
- Most of the principles reflect common sense
- The principles are a guide only and do not “give you the answer” – a healthy dose of common sense and judgement is required
- The key to successful application lies in the quality of the client, the project and the practitioners

# A proliferation of frameworks ....

## Northern Territory

- Territory Partnerships Policy Framework, March 2003

## Queensland

- Queensland's PPP Policy May 2002
- Policy updated August 2006

## Western Australia

- Partnerships for Growth, February 2003

## Victoria

- Partnerships Victoria, June 2001
- PV Standard Principles 2003

## New South Wales

- Private Finance (PFP) Guidelines, November 2001
- Updated June 2007

## South Australia

- Partnerships SA , September 2002

## Commonwealth

- Australian Government Policy Principles for the Use of PPPs, January 2007

# And even more guidance material ....

## Australian Government

- Department of Finance and Deregulation:
- Introductory Guide to Public Private Partnerships
- Australian Government Policy Principles for the Use of Public Private Partnerships
- Public Private Partnerships: Business Case Development
- Public Private Partnerships: Risk Management
- Public Private Partnerships: Contract Management
- [http://www.finance.gov.au/procurement/public\\_private\\_partnerships.html#GuidancePublications](http://www.finance.gov.au/procurement/public_private_partnerships.html#GuidancePublications)
- The Department of Prime Minister and Cabinet. March 2004. Cabinet Handbook. 5th edition.
- Parliament of Australia. March 2008. Parliamentary Standing Committee on Public Works.
- Manual of Procedures for Departments and Agencies.

# And even more guidance material ....

## Victorian Government

- Practitioners Guide
- Risk Allocation and Contractual Issues
- Contract Management Guide
- Standard Commercial Principles
- Public Sector Comparator
- Public Sector Comparator Supplementary Technical Note
- Use of Discount Rates in the Partnerships Victoria Process
- Determining the Inflation Rate
- Managing Interest Rate Risk
- Disclosure and Management of conflict of interest
- Interactive Tender Process
- <http://www.partnerships.vic.gov.au/>

# And even more guidance material ....

## NSW Government

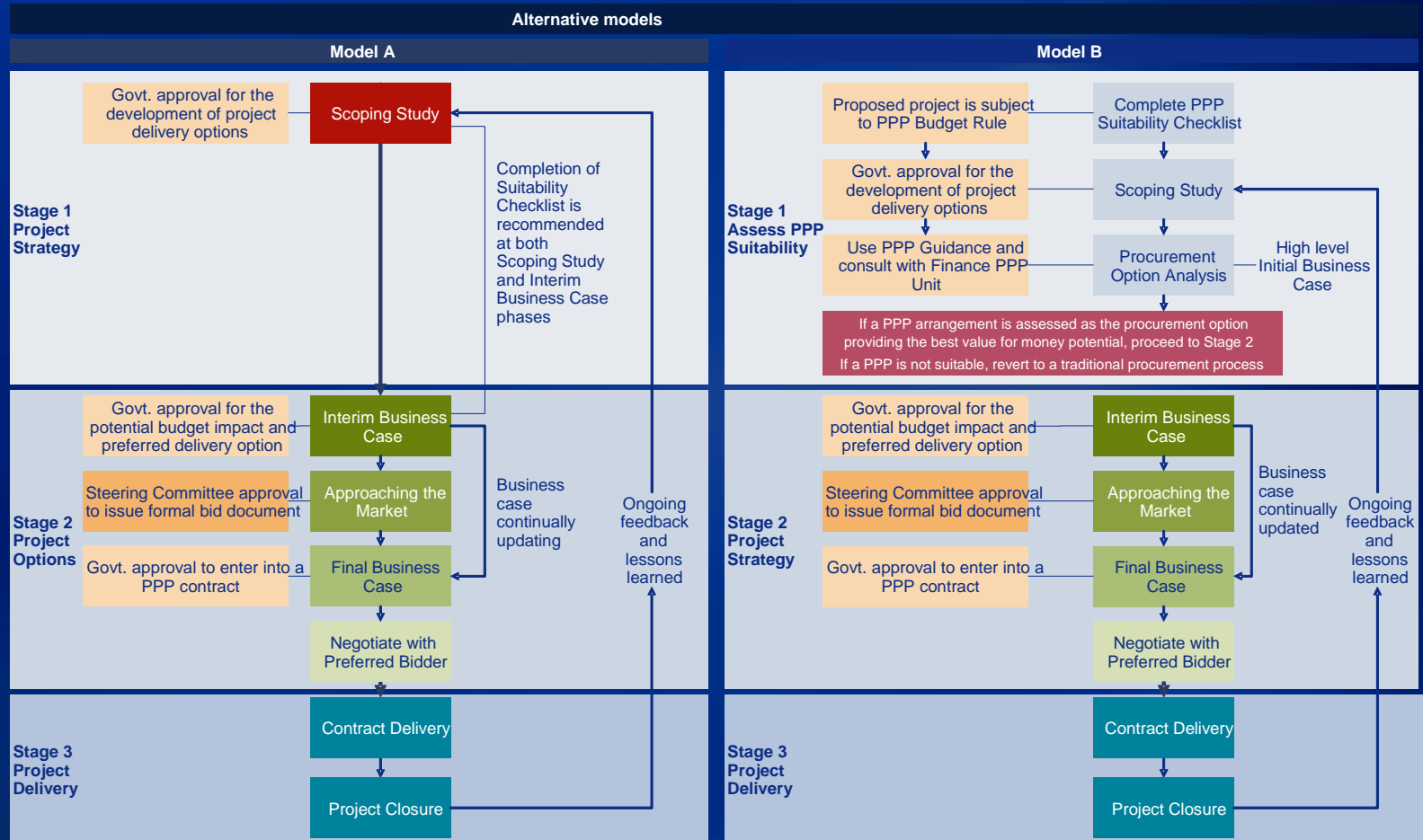
- WWG Guidelines for Privately Financed Projects
- Property Guideline for Unsolicited Private Sector Proposals
- Risk Allocation and Commercial Principles
- Technical Paper on Discount Rates
- State Infrastructure Strategy
- <http://www.treasury.nsw.gov.au/wwg/index>
- TPP07-5 Jul 2007. NSW Government Guidelines for Economic Appraisal
- TPP07-4 July 2007. Commercial Policy Framework: Guidelines for Financial Appraisal.
- [http://www.treasury.nsw.gov.au/\\_\\_data/assets/](http://www.treasury.nsw.gov.au/__data/assets/)

# And even more guidance material ....

## UK Government

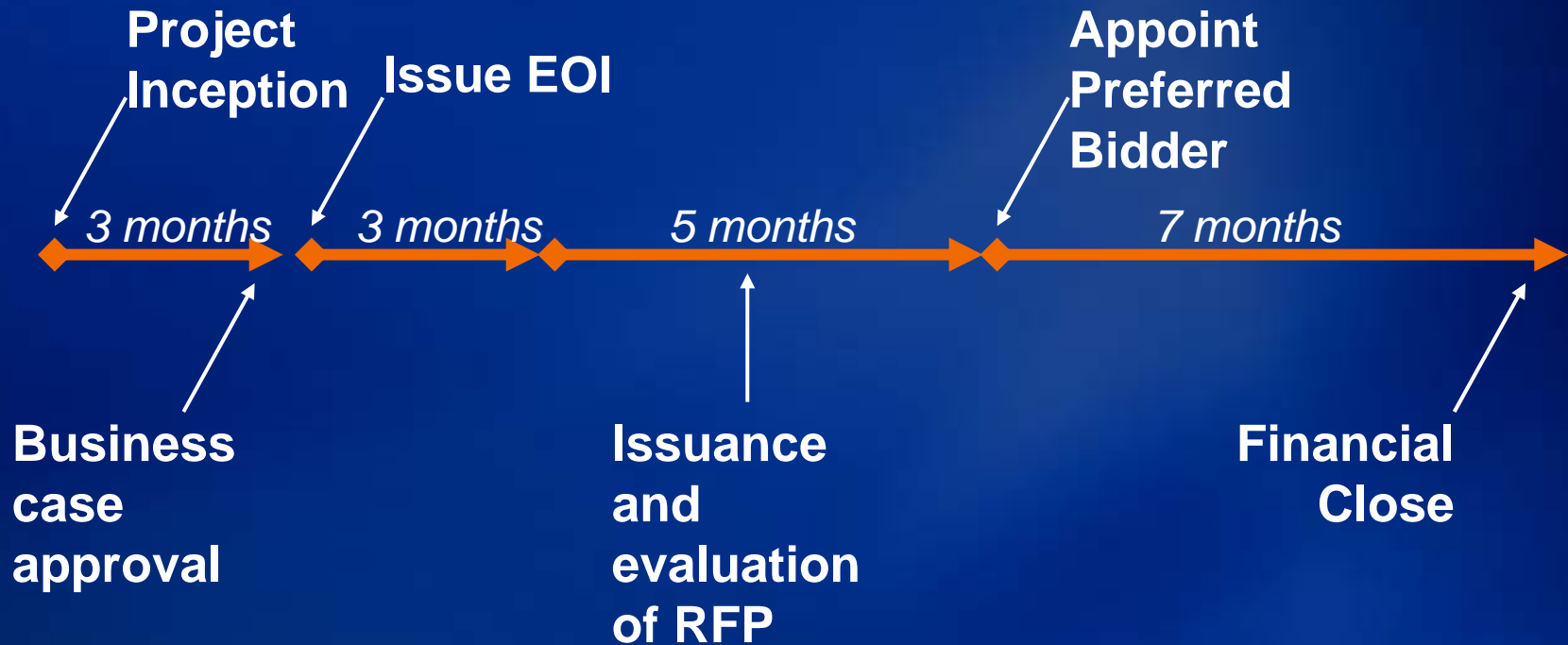
- Department of Finance and Personnel. 2007. Revised Guidance on PFI and PPP VFM Assessment.
- HM Treasury Value for money assessment guidance
- HM Treasury Value for money quantitative assessment user guide
- HM Treasury Value for money quantitative evaluation spreadsheet
- HM Treasury the Green Book – Appraisal and Evaluation in Central Government
- House of Commons – Committee of Public Accounts. PFI Construction Performance. Thirty-fifth Report of Session 2002-03
- National Audit Office. PFI: Construction Performance. Report by the Comptroller and Auditor General. HC 371 Session 2002-2003: 5 February 2003

# And the processes all look much the same ....



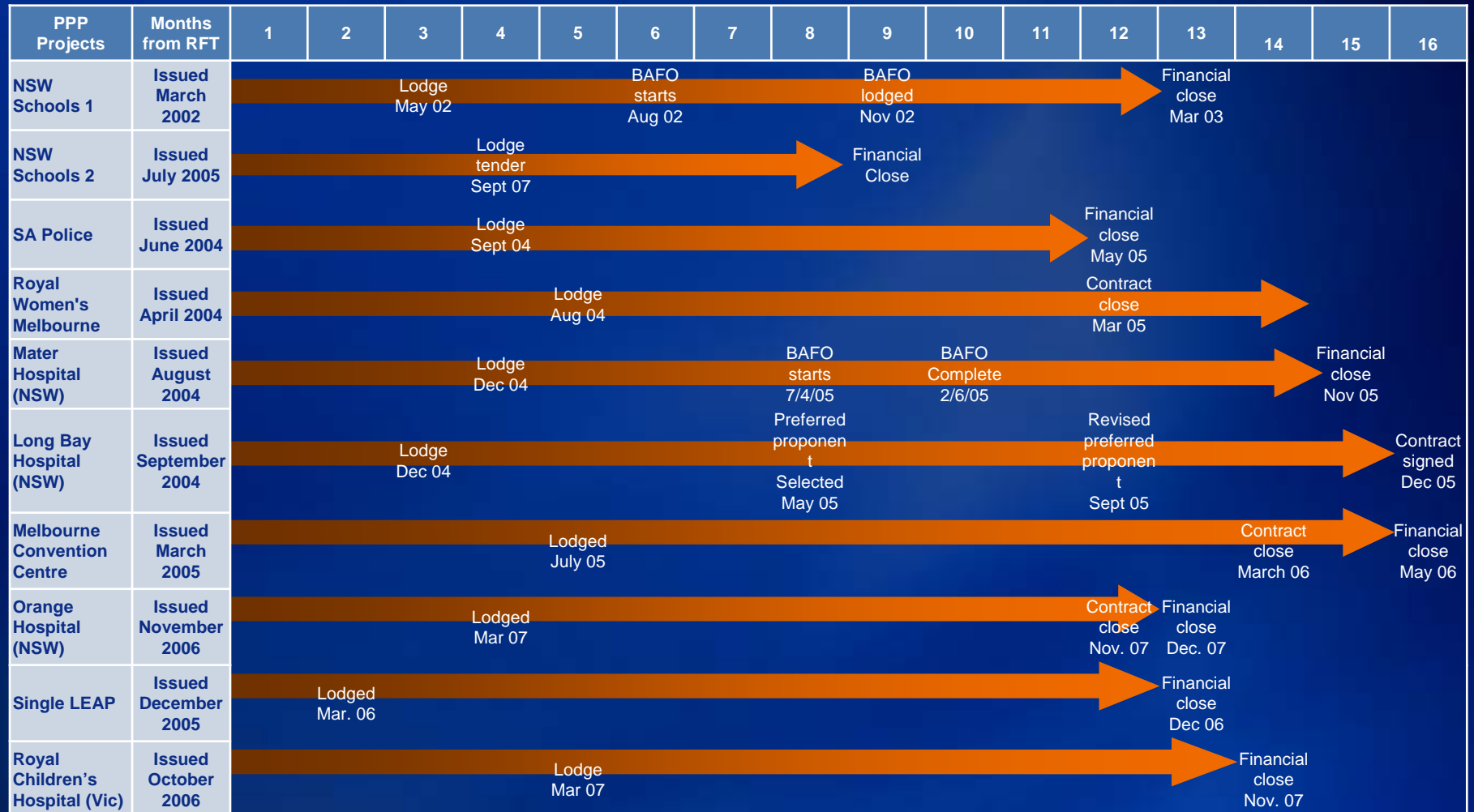
# And they all take about the same time .....

- Procurement timeline – approximately 18 months



# Across all jurisdictions ....

## Comparative indicative timetables for social infrastructure PPP projects



# Emerging Frameworks

- Nationally Consistent PPP Guidelines
- Developed by the States under COAG
- Coordinated by Infrastructure Australia
- Based on Victorian Guidelines
- Schedule of Variations from Core Guidelines to capture differences between the States
- All available on the Infrastructure Australia website

# National PPP Guidelines

- Infrastructure Australia Audit Framework [ [PDF: 12 KB](#) ]
- Infrastructure Australia's Prioritisation Methodology [ [PDF: 133 KB](#) ]
- Introduction to PPP Guidelines [ [PDF: 22 KB](#) ]
- National PPP Guidelines - Overview 2008 [ [PDF: 385 KB](#) ]
- Practitioners Guide [ [PDF: 602 KB](#) ]
- PSC Guidance [ [PDF: 650 KB](#) ]
  - PSC Appendix C - Simple 1 of 5 [ [PDF: 11 KB](#) ]
  - PSC Appendix C - Simple 2 of 5 [ [PDF: 12 KB](#) ]
  - PSC Appendix C - Simple 3 of 5 [ [PDF: 12 KB](#) ]
  - PSC Appendix C - Simple 4 of 5 [ [PDF: 15 KB](#) ]
  - PSC Appendix C - Simple 5 of 5 [ [PDF: 45 KB](#) ]
  - PSC Appendix D - Advanced PSC [ [PDF: 101 KB](#) ]
- National Commercial Principles for Social Infrastructure [ [PDF: 1903 KB](#) ]
- Presentation given by Mr Michael Deegan at the Industry Leaders' Luncheon 9 October 2008 [ [PDF: 526 KB](#) ]

# Some current issues

- Differences still exist between the States
- Some of the differences are philosophical
- Other differences relate to machinery of Government
- All states are facing issues in terms of staffing, resourcing and project governance
- Significant uncertainty on the future of financier-led consortiums
- Emergence of new models such as the supported debt model



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