

Public Private Partnerships

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Themes from the past - still relevant today

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1. Quality information for decision-making
2. Governance and effective oversight
3. Planning and delivery of services and infrastructure
4. Measuring and communicating performance
5. Managing information accountably and securely
- 6. Procurement and contract management**
7. Services for citizens with complex needs

6. Procurement and contract management

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Choosing the right procurement approach

- Inadequate consideration of risks/benefits of different models options (alliances, PPPs, contracts)

Victorian Life Sciences Computation Initiative (2011)

Performance-based contract design and management

- Contracts lacked key elements e.g. incentives and penalties

Delivery of Nurse-on-call (2010)

- Agencies sometimes failed to enforce performance provisions in contracts e.g. rights for inspections, penalties for under performance.

Operating Water Infrastructure Using Public Private Partnerships (August 2013)

Management of Prison Accommodation Using Public Private Partnerships (2010)

Findings: Service delivery outcomes

- For the post-2001 contracts, DOJ did not fully nor consistently exercised its rights in the management of contractor performance.
- Inadequate documentation supporting most decisions about the application of abatements and how identified faults were managed.
- Monitoring and evaluating service performance needed to be strengthened.

Findings: Contract administration

- Contract management structure is overly complex.
- No risk management plans.
- Contract administration manuals did not comply with DTF guidance material.
- Rationale for decisions not consistently documented.
- DTF support focused on procurement phase.

The benefits of PPPs – observations from audits

- PPPs have delivered good assets and planned benefits
- Users are very satisfied with the results and the costs are of benefit to the public purse
- Structured risk sharing to provide optimum outcome works when done thoughtfully
- Jurisdictions have used PPPs to fill gaps in funding and to provide quality services/assets

A note of caution

- “When you only have a hammer everything looks like a nail”
- Essential ingredients:
 - Good management
 - Knowledgeable parties
 - Good outcome analysis models
 - Complexity of approach understood
- Discretionary spending impact

When things go wrong

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- Some recent examples
- Typical responses by government
 - British Columbia
 - Victoria – gateway process, HVHR
- Public reaction

Risk transfer is not a panacea

- This is not a “set and forget” exercise
- New skills and processes required
- Risks and rewards allocation
- Constant monitoring and reporting
- Things will go wrong – response?
- Demonstrating value for money
- Continuity and adapting

The good, the bad and the ugly

- Auditors will report what they find
- Usually against the original project plan
- Value for money focus
- Need “Follow the \$ powers” in Victoria

Conclusion

- Used well PPPs can be a valuable tool to enhance public assets and services
- Planned poorly - they can be a financial and reputational disaster
- Skills required to do them well are in short supply but available

Questions?

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