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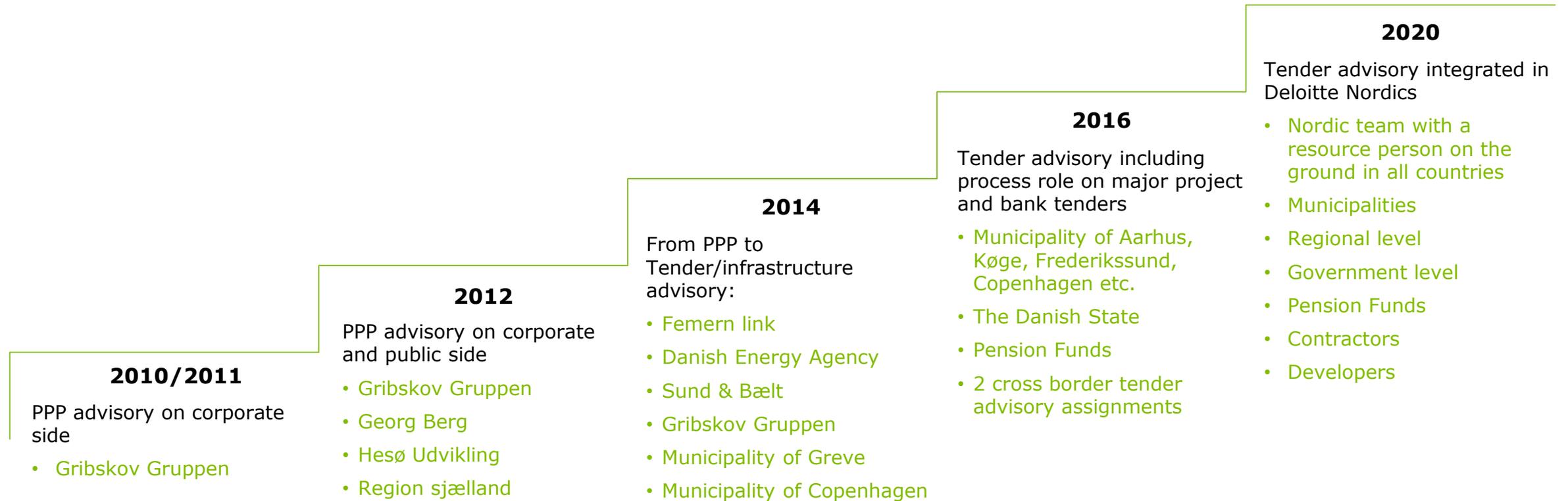


Seminar on PPP
By Rikke Beckmann Danielsen

24 August 2016

My PPP journey

From small scale PPP project to tender advisory using the smart tools from PPP



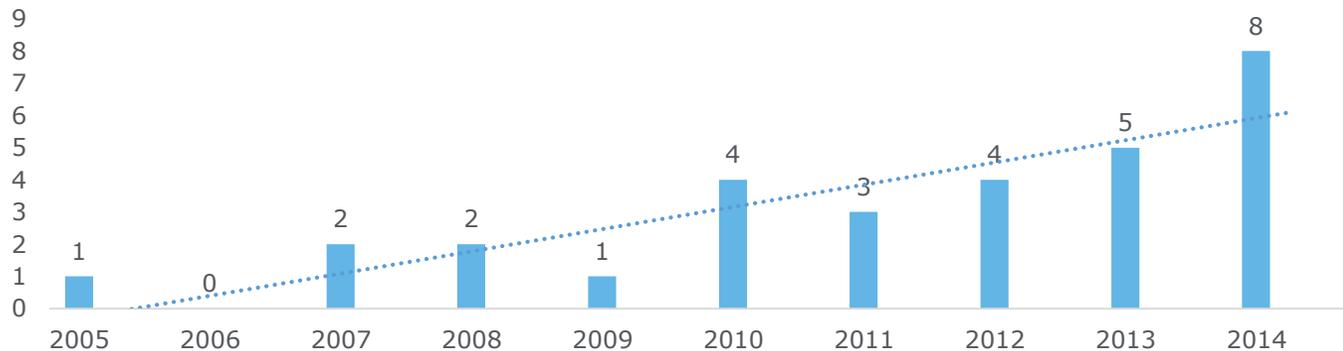
Introduction

A short introduction to main elements in
PPP projects

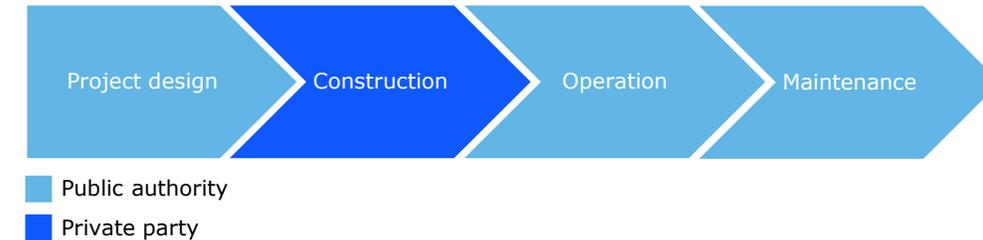
PPP in DK

Less talk - more action

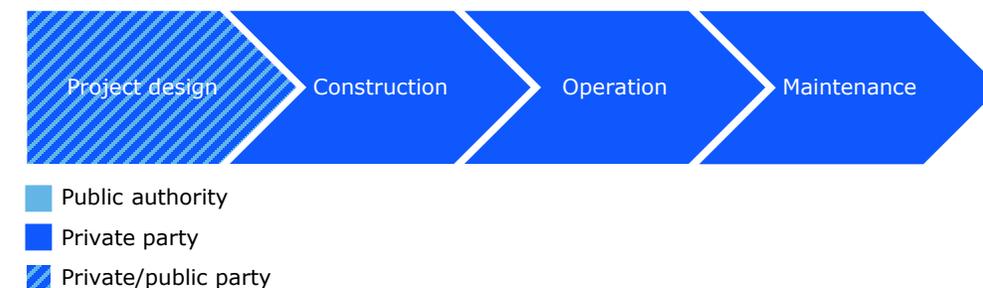
- PPP projects were initially introduced in Denmark in 2005, and the number of projects have steadily increased since then
- **PPP is not just PPP.** PPP is a procurement model used for a wide range of projects:
 - Availability based PPPs
 - Concessions
 - Commercial PPPs
 - Mixed models that are off balance sheet, long term and include financing from a private/commercial entity in different forms
 - PPPs with public financing focusing on life cycle costs



Traditional turnkey contract



PPP contract



Project overview

Some examples and learning points

Project overview

PPP – wide range of different projects

Vinge. En helt ny by - tæt på København

Vinge er en helt ny by, som er under udvikling i Frederikssund Kommune. I Vinge får du det bedste fra byen og naturen på en gang.



I Vinge kan du altid finde en grøn krog, hvor du kan slå dig ned. Du har naturen i baghaven, for Vinge er omgivet af marker og enge, mose og sø - og ligger desuden meget tæt på Roskilde Fjord.

POLITIKEN

Målet er nået: Amager får sin egen skibakke

Takket være nye fondsmidler bliver Bjørke Ingels spektakulære skibakkeprojekt på toppen af Amager Ressource Center en realitet.

OPP-model ind i Femern-byggeriet

25. JUL. 2007

Trafikminister Flemming Hansen udtaler skråsikret, at han er overbevist om, at broen over Femern Bælt vil blive en rigtig god investering for Danmark og, at broen efter ibrugtagning vil være tilbagebetalt over 25 år.

Det lyder godt og meget optimistisk. Men mon det nu holder stik?

Oftentimes må det jo desværre konstateres, at offentlige anlægsinvesteringer bliver væsentligt dyrere end forventet.

For nu ikke at spille hasard skatteborgernes med de mange milliarder, der bliver tale om, er det oplagt at broprojektet udbydes til private foretagere fra starten. Udbud og udlicitering af offentlige opgaver er konservativ politik.

Så tænken burde ikke være fjernt fra ministeren. Mon ikke flere af de buprende pensionselskaber ville være interesserede i en så lukrativ investering, som

Impact that matters

- We work on large scale projects that will impact the Danish society and impact the potential in relation to cooperation between the public and private sector



AARHUS UDBYDER KONTORBYGGERI TIL 500 MILLIONER SOM OPP

11. februar 2014, Piotr Szutowicz: I den nedslåede ghetto-begyndte Gellerup ud i vestlige Aarhus vil Aarhus Kommune nu bygge et 25.000 kvm kontorhus, som skal rumme 900 af kommunens medarbejdere. Byggeriet skal ske som et OPP-projekt - Offentligt Privat-Partnerskab, hvor en privat leverandør ikke blot gennemfører byggeriet, men også driver bygningen efterfølgende. Byggeriet er en del af Høvedsparken for Gellerup, som skal lette området ud af slum-kvælelsen og ind i en mere glædelig fremtid. Der skal renoveres og rydges så der bliver boliger til 14.000 indbyggere, hvilket er det dobbelte af dagens 7.000 indbyggere. Desuden udlægges arealer ud mod Hvide Ringvej til 100.000 kvm erhverv. Samlet lægges der op til 250.000 kvm nybyggeri og 50.000 kvm renovering.

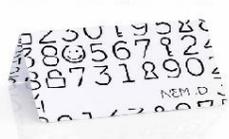
NYHEDER TV, TIPOS

Byggeri af ny Roskilde Fjord-bro er skudt i gang

Ny- og ombygning Slagelse Sygehus (Fase 2)

Slagelse Sygehus udbygges de kommende år, så sygehuset kan blive et fuldt udbygget akutsygehus.

NemID næste generation



NemID er nøglen til hele det digitale Danmark. Kontrakten om NemID udløber i slutningen af 2017 og arbejdet med at finde en afløser er i fuld gang.

BØRSEN.

Randers får Danmarks første OPP-svømmehal

12. JUN. 2014

En ny svømmehal i Randers bliver Danmarks første og største offentlige-private partnerskab, OPP, inden for kultur- og fritidsområdet. Afaalen indeholder opførelse af et 6700 kvadratmeter svømmeland med både 50 m bassin til konkurrence-svømmere og motionister, et separat motionsbassin med to vandtruslebæne og andre legeredskaber, varmtvandsbassin til genopretning, velnessområde

Bygherre fra Grønbak Gruppen Anders Skak, borgmester Jørgen Glentøj og 1. viceborgmester Morten Jung fæste spaderne, da der var første spadestik til den kommende svømmehal på Bernhard Bangs Allé i Jernslags. Foto: Rikke Mølling 25. maj 2014 - 08:50

Spadestik: Første skridt til ny svømmehal

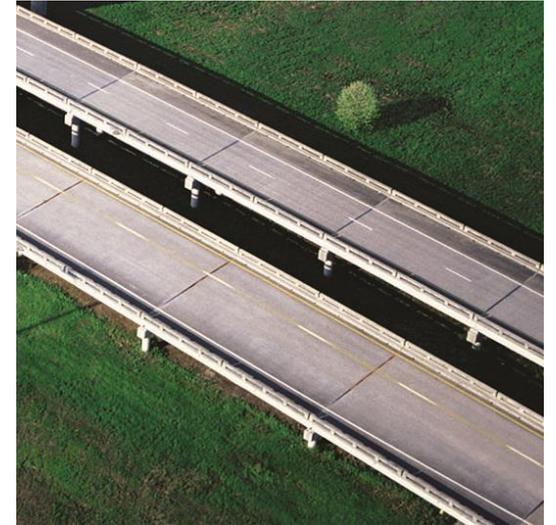
Tre skinnende spader kom på arbejde i jorden på grunden på Bernhard Bangs

The Kliplev-Sønderborg 26 km. highway

The first highway completed as a PPP project

Tender procedure: Competitive dialogue

- Deloitte Denmark advised The Danish Road Directorate (Vejdirektoratet) about financial modelling, development of payment model and general risk analysis as they developed the very first public highway completed as a PPP project in Denmark
- The PPP contract is structured in such a way that the highway is publicly owned throughout the operational phase, whereas the PPP supplier is responsible for financing of construction and construction as well as operation and maintenance for the first 26 years of the projects lifetime
- The PPP structure gives Vejdirektoratet a high degree of certainty about future expenses related to the project and it gives the PPP supplier an incentive to deliver the project on time as payments to the supplier starts with the completion of the project
- The Kliplev-Sønderborg highway was contracted at a price lower than Vejdirektoratet's initial estimated fair price and furthermore the project was delivered approximately 1 year prior to expected delivery and is therefore considered a great succes



P-house

Offered as a concession agreement

Tender procedure: Competitive dialogue

- Region Midtjylland wanted to establish a parking facility at the Regional Hospital in Horsens
- The region wanted to book a number of parking places that the region would provide free of charge to the region's employees. At the same time, it should be possible for patients and relatives to park in the facility for an hourly fee
- The project was offered as a concession agreement in which a supplier had to design, construct, operate and maintain a facility in a 20-year contract in exchange for the right to charge an hourly fee for a pre-specified number of parking places besides the parking places available for free for the region's employees
- Upon expiration of the contract, Region Midtjylland will repurchase the P-house from the PPP supplier for a pre-determined price
- The bidders competed to offer the lowest concession payment to cover the construction and financing costs and operation and maintenance during the contract
- With this structure, the Region had the possibility to engage in a positive or a negative concession payment. A positive concession payment is an expression of the supplier to receive a payment from the region to take on the contract. A negative concession payment is an indication that the supplier will provide a payment to the Region to have the right to charge user fees related to the p-house. This situation will thus be applicable where the supplier sees opportunities for an increased earning potential



Roskilde-Fjord bridge connection

A hybrid of a PPP and a traditional construction

Tender procedure: Competitive dialogue

- In connection with the establishment of the Roskilde Fjord link the minister of transportation has established a state owned vehicle (SOV)
- The state contributes 659.5 mio.kr (2014-price), which are deposited in the SOV, which means the economy of the SOV is separated from the state capital
- The SOV has the following purposes:
 - Promote a main road (4-lane expressway) that are classified as a state road that passed south of Frederikssund and connects the Roskilde Fjord on a high bridge. In addition, taking a 2-lane road that connects the said main road, classified as state road
 - Take out loans to finance the facility via Sund & Bælt
 - Collecting payment for the passage of cars, including establishing, operating and maintaining a payment device



Næstved radiotherapy

The first Danish hospital expansion contracted as a PPP project

Tender procedure: Restricted tender

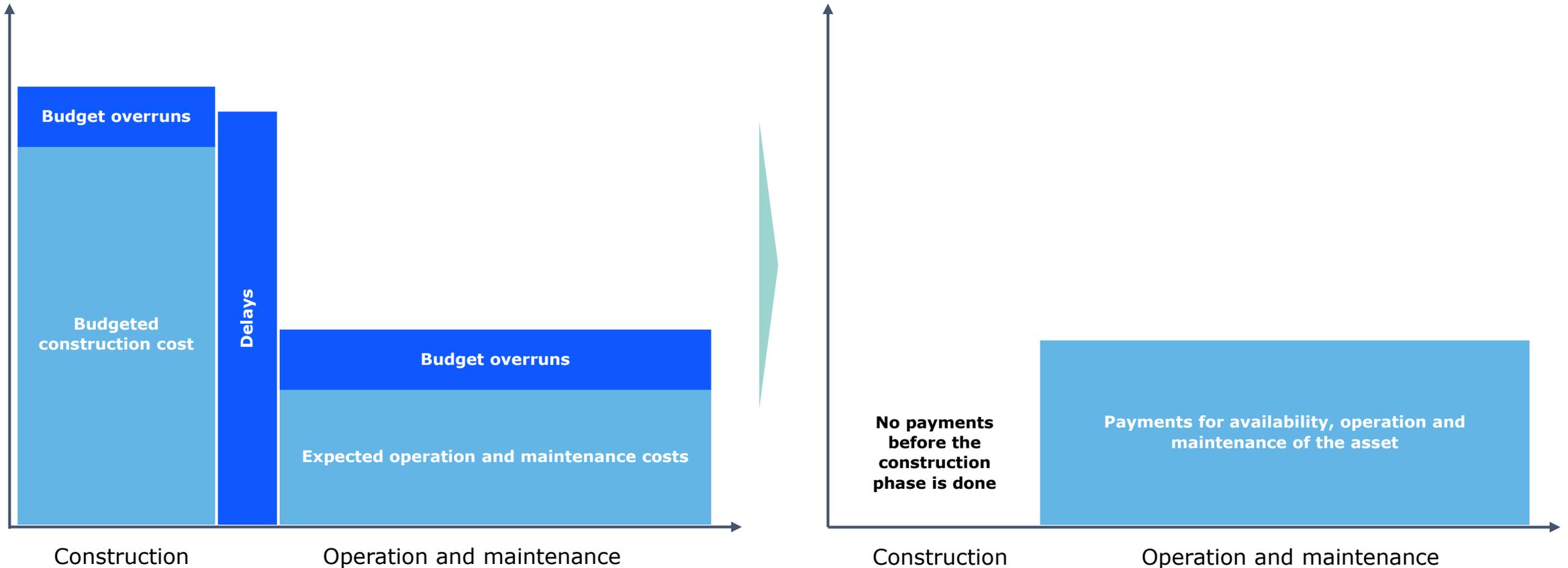
- Deloitte Denmark advised Region Sjælland in their PPP project concerning radiotherapy facilities at Næstved hospital, which was the very first Danish hospital expansion contracted as a PPP project
- In the project the PPP supplier will take over the existing radiotherapy building and also be responsible for projecting and constructing a new interconnected building
- Furthermore the PPP supplier will be financing the new and the existing building and responsible for outer operation and maintenance of the interconnected building
- In return Region Sjælland will be making quarterly availability payments to the PPP supplier and is furthermore obliged to buy back the building at a predetermined price after the operating period is ended. The operating period is initially set at 10 years with an option to extend
- Throughout the operating period the responsibility for treatment of patients, inner operation and maintenance as well as utility supply will remain with Region Sjælland



Introduction

From traditional turnkey contracts to PPP contracts

Cost profiles



Introduction

Main advantages to PPP projects

Enables the public sector to focus in outcomes and core business

Properly structured PPPs enable governments to focus on outcomes, instead of inputs. Governments can focus leadership attention on the outcome-based public value they are trying to create.

Value for money

Transfer of assets/service integration and whole life cost **risk** to the private sector can deliver improved service at reduced cost.

On-time & on-budget delivery

Payments are linked to the delivery of required outputs – thus PPPs have solid track record of on-time or early construction completion.

Ensuring that assets are properly maintained

PPP contracts require the contractor to maintain assets in good condition over the life of the contract.

Attract international contractors/investors

PPP is a globally recognized procurement model. The successful use of this model does attract contractors/investors/lenders as they recognize and understand the model. It can also be seen as the demonstration of a maturing and credible economy.

Focus on service performance

Private-sector infrastructure providers reliant on continuing revenue stream so incentivised to provide good service.

Affordability

When governments can't afford capital costs upfront due to the budgetary constraints, PPP allows the option to spread the costs over the asset's lifetime. This can allow projects to proceed that would otherwise be unaffordable.

Dos and don'ts

Based on our experience

Do's

- Select projects suitable for PPP
- Prepare the tender in a close dialogue with the market
- Dedicate resources to properly structure the tender and the contract, and to manage the process
- Dedicate resources to manage the contract beyond procurement
- Allow enough time for the procurement (preparation and structuring of the tender)
- Concentrate on obtaining and maintaining a good, solid relationship with the selected supplier

Don'ts

- Do not use PPP if you need a lot of flexibility with regard to the asset that you enter into a PPP contract about
- If regulatory framework is expected to change a lot
- If technology is going to change
- Do not set overly ambitious timelines
- If using a commercial PPP model be sure that the commercial market exist

Tender processes

Best practice

Tender processes

Different types of tender processes



Following the EU procurement procedure:

- Market test
- Optimal price
- Innovation in procedures and service
- Lengthy proces
- Time comsuming and costly
- Needs preparation and consideration

Tender processes

Main phases of a tender process





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