

A Framework for PPPs in Local Government in NSW



*The Four Seasons Hotel -
Sydney
13 December 2004*

The NSW Department of Local Government

- Vision:** To foster a strong and sustainable local government sector that meets changing community needs
- Role:** We provide a clear policy and legislative foundation to local government in NSW so councils are able to deliver quality services to their communities

Background

- Liverpool Council Inquiry (November 2003)
- Dismissal of Council (March 2004)
- 2nd Report of Inquiry dealt with PPPs (June 2004)
- Government accepted Report (June 2004)
- Circular to Councils (July 2004)
- Bill passed by Parliament (December 2004)

Lessons from Liverpool

- Lack of expertise
- Blinded by vision
- Non existent regulatory framework

The PPP Bill

- Amends Local Government Act 1993
- Defines PPPs
- Sets up a probity and due diligence framework
- Establishes a Project Review Committee chaired by DLG
- Requires guidelines to be followed by councils/proponents

The Committee

- Chaired by DLG
- Agencies represented
 - Treasury
 - Premier's
 - Cabinet Office
 - DIPNR
 - Specialist expertise
- Function is to test against guidelines

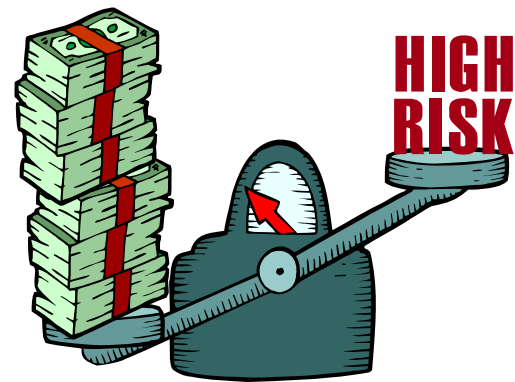


The Committee - continued

- Endorses process, does not approve project
 - Probity
 - Due diligence/risk
 - Financial viability
 - Council capacity
 - Protects councils from risk transfer

Projects for Review

- Total project value \$50 Million or more
- Council contribution/equity is 25% or more of annual revenue
- High risk projects



The Guidelines

- Business Plan
- Public interest evaluation
- Economic appraisal
- Financial appraisal
- Probity Plan

The Guidelines – continued

- Risk Management Plan
- Management Structure
- EOI/Tendering Process