

PPPs

- Advantages
 - Spread the cost of delivering & maintaining an asset over a longer timeframe
 - Shared risks with partners
 - Better asset maintenance & can reduce property burden on school
 - Track record of successful delivery (11 PPP schools)
- Challenges
 - **Market feedback gathered through Expansion Programme signals that construction suppliers are not interested in the PPP model** due to
 - The risk-share expectations on the supplier
 - Onerous performance regime in NZ, e.g. compared to USA
 - High costs of tendering
 - A sufficient pipeline of non-PPP work
 - We are unlikely to achieve the level of risk transfer experienced in previous PPP
 - They are complex commercial arrangements, which take time to establish and require significant involvement from external specialist advisors
 - Generally a higher OpEx cost than a traditional Ministry-delivered project
 - **These challenges can be mitigated or managed through adjustments to PPP model**
- Where would alternative delivery models be beneficial?
 - Alternative delivery models could support effective delivery of new schools
 - It would be challenging to transition complex redevelopment projects that are already partway through design & delivery
 - Introducing further PPP arrangements presents the opportunity for centralised Crown management of PPP opportunities



Te Tāhuhu o
te Mātauranga
Ministry of Education

Existing PPP Schools in our portfolio

- 11 PPP schools currently operating
- Existing PPP School Expansion Programme
 - 1 complete
 - 1 underway
 - 5 in development

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