

THINKING

# PPP Trips and Traps

Our experiences to date



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[www.aurecongroup.com](http://www.aurecongroup.com)

# Advisory

18 multi disciplined  
professionals

Located in Auckland, Wellington,  
Tauranga and Christchurch



## Initiation

- Feasibility
- Business cases
- Due diligence

## Strategy

- Transitions
- Procurement
- Stakeholder engagement
- Assurance

## Delivery

- Strategic project and programme management
- Asset and facilities management
- Engineer to contract
- Site acquisition / lease management
- Independent reviewer / financial certifier



# Advisory team PPP project experience

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## Aurecon projects

### Transmission Gully PPP road project

- Independent and Sub Independent Reviewer roles

### Ministry of Education

- PPP1 - Hobsonville Schools Technical Advisor
- PPP2 – A further 4 schools Technical Advisor

### Other

- Hospitals, prisons, schools, convention centres, Roading



# Advisory team PPP project experience

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## Non-Aurecon PPP projects

### Wiri Prison

- Facilities Management Mobilisation (FC-OC)

### Western Australia Eastern Goldfields Prison

- D & C and FM Bid Preparation

### South Australia Correctional Facilities

- D & C and FM Bid Preparation

### Victoria – John Hopkins Correctional Centre (Ararat)

- D & C and FM Bid preparation and early stages of project delivery

# Contractual relationships



**Contractual relationships and functions within a PPP need to be fully understood by all. It is not 'just another D & C'.**

## **Public sector**

- Has a requirement for major infrastructure

## **Private entity (SPV/PPP Contractor)**

- Delivers the project

## **Builder (subcontractor to the SPV)**

- Constructs the project

## **Operator/FM provider**

- Operates and maintains the project for the duration of the PPP operating term (NB: not always operate)



# Contractual relationships

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**Our experience to date would suggest that insufficient members of the project teams understand these relationships.**



# Contract documents

**Contract documents need to be fully understood, together with the associated schedules.**

## **Project Agreement (PA)**

The contract between the Public sector and the Private sector (SPV)

## **D&C Agreement**

The contract between the SPV and the Builder (as the key subcontractor)

## **Operator/FM Agreement**

The contract between the SPV and the Operator/FM Provider (as the key sub-contractor)

## **Interface Agreement**

The contract between the above 3 entities – an important document for the Operator/FM provider allowing review of the design and completion activities

**It is important to understand and map out the notification periods within each of the documents to avoid being ‘time barred’.**

# Design and Operative documents submission and review



The requirements for the completion, submission and review of the Design and Operative documents needs to be clearly understood by all parties.

- Scope of each stage of documents for review, to be agreed between all parties
- Review period for documents typically 20 BD then 5 BD for response to comments. (This can be a rolling process until agreement or 'no comment' status is achieved)
- Lack of response within the required time frames can result in becoming time barred
- Don't under resource this activity



# Works completion / operational readiness

Preparation for this activity needs to commence very early in the project delivery phase.



- ITP preparation – client review requirements can occupy a great deal of time.
- Independent Reviewer to be involved/informed during ITP preparation – whereas the IR acts in a truly independent manner, it is best that the individuals who will be involved in attending Works Completion Tests are aware of how such tests shall be undertaken.
- Collaborative agreement required as to which tests are witness testing and which are a compilation of ITP's or other paper work.
- IR needs to be a technically competent person.
- Operational readiness involves the Operator having access to the facility, in order to confirm and finalise standard operating procedures and undertake staff training in a near operational situation.



Read more on  
our [website!](#)

**Contact:**  
Mark Evitts  
Advisory Team Leader  
[Mark.Evitts@aurecongroup.com](mailto:Mark.Evitts@aurecongroup.com)