

# Global Roundtable on Value for Money

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# *When should the methodology be implemented?*

- Initially always, especially for a jurisdiction starting a PPP program
- Potential reasons to deviate:
  - Large numbers of similar projects in the same asset class. For example the 8<sup>th</sup> hospital project in 8 years. Assumes there is good monitoring/reporting of outcomes and results of completed projects.
  - Large number of similar projects in the same asset class procured simultaneously
- If a quantitative analysis is not undertaken a qualitative analysis would still be required.

# *Should the government announce the PSC before the tender?*

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- Not necessary
- Partnerships BC uses an Affordability Ceiling
- Benefits of Affordability Ceiling
  - Transparent
  - Guarantees minimum level of VFM
  - Requires due diligence from Owner to set
  - Usually combined with Scope Ladder
  - Ensures affordability for the Owner

# *What are the lessons and challenges?*

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- There are different methodologies and philosophies. They all require judgment and are open to debate. It is not possible to directly compare different methodologies.
- The biggest benefit of the VFM analysis is the in depth understanding of the project and risk analysis. This needs to be reflected in Project Agreement.
- It is important to have consistency with approach. This is achieved by standardizing risk quantification approach and publishing quantitative analysis methodology. Approach is needed as the jurisdiction will probably do this more than once and across different industries/sectors.

# *What are the lessons and challenges?*

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- Need to for education within government and with external stakeholders on methodology.
- Challenge with the lack of transparency on traditional procurement.
- Methodology has to be adaptable.
  - As an example during the financial crisis Partnerships BC utilized a novel form of financing referred to as wide equity.
  - There are precedents for different approaches - you are not the first!



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