



Riksrevisjonen

Public Private Partnerships: Norwegian challenges

Kjersti Semlitsch

Senior Audit Advisor

Office of the Auditor General of Norway

PPP in Norway

- The Parliament approved three trial PPP-projects in 2001
- The first Norwegian PPP-contract was signed in April 2003
- Some activity in the transport sector, defence and in health sector.
- More PPP- projects at the local level
- PPP is mainly used in investment-projects

AUDITING PPP-PROJECTS:

The road construction projects:

- The first route opened for traffic in June 2005.
- A preliminary evaluation is done by the Norwegian Public Roads Administration.
- Not yet done a financial audit, but plans to do so.
- Main challenges:
 - An audit will be time-consuming.
 - Do we have the skill and competence?
 - There is no official guidance on PPPs in Norway?

The hospital trust projects:

- The organisation of the Norwegian health sector.
- Health legislation prohibit financial lease and the Ministry is responsible for granting investment funding.
- An audit has been carried out:
 - When denied investment funding the Regional Health Authorities turned their effort into PPP-agreements
 - Some of the PPP-agreements looked like operating lease, but the audit revealed the the agreement contained several financial elements.

- Increased future commitment on budgets. To what extent should budgets of future Parliaments be tied up?
- Are PPP-projects better than traditional projects when it comes to construction time, user satisfaction and long term maintenance?
- Badly managed PPP-contracts at the local level discourage politicians
- We notice that politicians are reluctant to endorse PPP-agreements.

Summary:

- Auditing PPP-agreements requires skill and competence.
- The Parliament has not taken a clear stand on PPPs, and there are no official directions on PPPs.
- Municipalities have to a large extent given up maintaining school-buildings. Is a public private partnership an easy solution?