

# NIUE PUBLIC PRIVATE PARTNERSHIP POLICY



**Ministry of Finance**

**Alofi, Niue**

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## Foreword

The Government of Niue believes in allocating the equitable benefits that the Public Private Partnership (PPP) model brings to align with the Constitutional principles of good governance, transparency and accountability. It means establishing by formal agreement the identification, determination and shifting to the private sector and civil society mutual and just responsibility for providing public goods and services to the people of Niue.

Recognizing the small population and human resource development challenges, the PPP can bring enormous benefits that constraints effective and efficient social and economic benefits the public sector continuously struggles with to fulfill, given capacity, capability and resourcing issues.

By far, Niue in fact long applied the PPP model to help overcome cost savings, efficiency and effective utilisation of skilled expertise which the public sector lacks to build, maintain and restore its national infrastructure, asset management, social and economic services and supply of goods.

What lacks is a clear policy framework, updated laws and formal arrangements, guide anticipated efficiency gains, improve service quality, transparency and cost savings opportunity.

Furthermore, building trust in the private sector capability prescribed as pillar.. of the national plan to complement the gaps where public sector capacity and skills are lacking.

Niue's unique bilateral relationship with New Zealand, Australia, other countries, regional and multi-lateral partners enable foreign investors and contractors to bid for local contracts that development partners continue to invest substantially in our national infrastructure and development goals. Such flexibility is further expanded with strict qualifications and formal registration criteria for member countries under the PACER Plus agreement.

Universally, there is no 'one size fits all' PPP model, other than understanding the shared goals, building trust and benefits from all stakeholders contributing towards dedicated nation building. The future benefits of establishing a PPP policy can far outweigh the drawbacks if we keep the status quo. Hence, it is important Niue take advantage of the present financial management and economic reforms to help build our credibility and integrity in pursuing the national goals, Sustainable Development Goals and Blue Pacific obligations.

I trust, the PPP policy needs good leadership, transparency, accountability, and justice to succeed.

Let's make this work.

Hon Crossley Tatui  
Minister of Finance and Ministry of Infrastructure

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## **I. Policy Statement**

1. Forty-eight years of internal self-government, lessons learnt locally and globally taught us, the Public Private Partnership model, in order to enable economic development and growth should go parallel with the state of infrastructure development. Niue's historic dilemma of under developed and deprived infrastructure maintenance was due to scarce resources and diminishing population that stifle economic growth and important social development services.
2. Government's financial and human resource constraints call for innovative means to enhance productivity and growth by engaging private sector resources and expertise to complement and address these inefficiencies. The advanced Information, Communication and Technology opportunities provide the platform for better collaboration of key stakeholders to achieve our national goals.
3. The PPP for many years applies at various services and levels ranging from outsourcing major infrastructure capital construction projects, maintenance, building renovations to technical services, such as, national rubbish collection, catering services, language translation services to roadside cleaning and trades services. However, these practices avail without a PPP policy to ensure good governance, transparency and accountability principles adopted in early 1990s when the main Government Administration Block was transformed, renovated and transferred to the Niue Development Bank management that is now, the icon Commercial Centre.
4. The Government aims through this policy to re-establish a collaborative commitment of expertise that best meets clearly defined goals and public needs through fair allocation of resources, risks and rewards to benefit all. It will ensure PPP guarantees Value for Money goals that are affordable and sustainable.
5. The Government knows the PPP approved entities that are economically and socially beneficial to the people but which are financially not feasible. Traditionally and politically, Niue is built to this moment with ongoing support from New Zealand and its own domestic revenue generated efforts by recurrent and capitalization grants, subsidies and other essential support to make the partnership alive.
6. The Government will manage and make adjustments to the PPP arrangements to improve the quality of goods and service delivery for Niue. Interest of the public are essential and paramount.

## **II. Niue Public Private Partnership (NPPP) Framework**

### **DEVELOPING THE NIUE PUBLIC PRIVATE PARTNERSHIP (NPPP) POLICY FRAMEWORK**

#### **Introduction**

In pursuit of the Niue National Strategic Plan (NNSP) 2016-2026 development goals and priorities, planning summits were conducted in September 2020 and November 2021 for the Mid-Term Review that culminated in the revised Niue Integrated Strategic Plan 2021-2026. The meeting enabled constructive consultations with the various stakeholders of the government, private sector, Village Councils and Civil Society. It was clear, the specific groups were facing difficulties understanding the Government approach to the PPP model on how to maintain quality service deliveries to the people.

#### **Covid-19 Pandemic**

The Covid-19 pandemic affects the whole economy, leaving many businesses vulnerable. The government revenues were significantly reduced from the previous high pace when tourism related activities grew to real shortfall problems. The Covid-19 Response Plan considered it important to strike a balance between keeping and developing the economy against safeguarding peoples' wellbeing. For three consecutive years, the annual budget has fiscal deficits.

#### **Russia Invasion of Ukraine Impacts**

The Russian inflicted war since February 2022 triggers worldwide impacts on national economies causing fuel price increases, high inflation and continuous budget deficits. In these trying times, the government is committed to applying whole of government reforms and making adjustments to how we make decisions, formulate policies, adopt universal good practices and fiscal discipline as part of our economic recovery response.

#### **Government Wage Subsidy**

The Government wage subsidy assistance was administered for the private sector businesses whose employees were registered as either under or unemployed.

While it was priority to continue to intensify the Government efforts and desire to keep the wage subsidy going, realistically we cannot make further promises to do so beyond our financial means. The costs for maintaining the wage subsidy indefinitely due to the pandemic uncertainty was unaffordable. It requires the review of the WS to mitigate those with dual businesses and employment. The major issues revealed are to ascertain clarity of the roles and relationships between how the public sector and private sector can contribute to economic development and what the private sector is capable of or can do better than the government to provide good and services for the people.

### **Government Core Role**

The Government continues to explore new revenue earning prospects to keep the economy running. It focuses on maintaining the public services, education, health, improving the infrastructure, assisting in the export of taros, cassava, fish and drinking coconuts, prioritize travel for medical referral patients, keeping the borders secured, enabling domestic tourism and income distribution. At the same time, government keeps restraint spending within the limits of our real income levels, reviewing the financial reports, and actively adjust the structure of fiscal expenditure to contain the current deficit. Such as, the Government have a list of urgent approved capital assets with no funding identified. These were previous decisions made on the basis of dilapidated capital assets against rapid growth of revenue before Covid-19.

### **Enhancing the PPP model**

With the pandemic, the Government is finding it hard keeping some of the key public services running effectively due to capacity constraints and the high maintenance cost. For example, the road maintenance and improvement, land clearance, building construction, heavy machinery repairs and invasive plants programs. Government considers solving these gaps from a sustainability perspective, where the Government must engage and grow the Public Private Partnership model.

In the present trying economic times, government should ensure that every aspect and opportunity available to are covered. It cannot continue to keep practicing the same traditional ways of doing things at the expense of the peoples' livelihood. The Private Sector, Village Councils and Non-Government Organizations are vibrant and active partners of development and nation building if unified to build strong partnerships.

### **Nation Building Partnership**

The Private Sector, Village Councils and Civil Society inherently have fundamental obligations to complement voluntary assistance towards public infrastructure projects, asset maintenance and community charity activities like keeping the environment clean and green initiatives.

The PPP have existed and applied for in Niue prior to and during internal self-government in 1974. Universally, there are numerous models and formulation on the nature and scale of PPE composition required depending on the country situation.

The nature and scale of the PPP model already in place needs to be documented and reviewed. Potential PPP business cases on trial be formalized and strengthened. Government activities lacking efficiency and capacity challenges need change to quantify, approve and transfer government services which the Private Sector can perform to fulfill effective public service. Monitoring, evaluation and reporting requirements must be strengthened to ensure value for money, transparency and accountability.

PPP are already practiced with construction, maintenance and building renovation of government infrastructure, waste collection and disposal, airline, shipping, food catering,

public health pest control and others. Roads are a major asset which government cannot cope to maintain and improve that must be addressed through the PPP model.

The Government, Chamber of Commerce and Civil Society organisations needs to advance formal dialogue and engagement to accept the initiative and try to make it work. Importantly, rationalize the best use of the limited available resources of the country.

## **V: Institutional Strengthening**

### **Regulatory Oversight**

The PPP model cannot work without effective checks and balance mechanisms in place. The modern Niue needs the PPP to work by getting every partner and the people to understand what nation building requires to progress within the context of the Constitution, laws and what people deserve during these challenging times.

Lack of supervisory, inspection and regulatory oversight of capital projects in the past had cost the government considerably through expenditure overruns, contingent variation charges and non-compliance of existing laws and building codes, and absence of proper policy guidelines.

### **Way Forward**

Looking to the future, the Government wants to see the same standard of development for all, which is why the PPP model needs growing to the next level of the discussions and adoption. The fact, practically poverty does not exist in Niue and has high per capita income, everyone has access to infrastructure, access to public services and accepts reasonable quality of life reflects on the commitment and tenacity of the people to survive in tough times. To achieve and adapt to the 'Niue Ke Monuina vision' and to achieve the global Sustainable Development Goals obligations, the government needs to strengthen the existing relationships, develop new partnership for the better delivery of goods and services for the people.

### **New Approach**

The new approach requires we must assess, plan, implement and review our development goals. We must guard and calculate our risks and to strengthen our capacity for minimizing and preventing future risks in all areas of our development. If not, if we keep the status quo of doing things, the next 5 to 10 years will become problematic as these risks accumulate.

The Treasury Department is being restructured into Ministry state to best define its core functional roles, strengthen leadership, management and operational efficiencies and effectiveness at all levels. The Public Revenue Act 1959 is being reviewed ready for Cabinet approval and processing by the Niue Assembly. Cabinet has endorsed the State-Owned Enterprises policy with the following key policies pending; Fraud Policy, Internal Audit Policy, Procurement policy, Cash Management policy, Internal Control policy and others.

However, competitive tendering and bidding processes and procedures needs improvement. The PPP should see vast enhancement in road maintenance and roadside clearing standards and quality. It is the best execution strategy and approach to solving the iteration of problems, public complaints, improving safety standards and enabling cost saving benefits.

This policy framework will set out the principles for implementing the growing number of projects in the various sectors, including the hire of local consultants and experts. The PPP

policy will be inclusive, capitalizing on the ‘Niue Ko Kaina’ national development philosophy of the government and the CAN I-I CAN project concept.

It will expand and formalize the use of PPP in a fair, consistent and transparent manner through;

- a) Defined principles for pursuing the PPP
- b) Enabling framework for identifying, awarding and managing PPP projects and activities.
- c) Structuring and defining project planning, assessment and allocation of project obligations.
- d) Setting clear contractual terms and agreements for implementing the PPP.
- e) Monitoring, evaluating and reviewing the PPP effectiveness and emerging issues to better streamline future scenarios.
- f) The PPP policy will help the Government, Private Sector, Village Councils and Civil Society, development partners better understand the co-sharing of national development goals and projects in nation building.
- g) Ensuring value for money objectives are achieved for the whole project life-cycle phases.
- h) Ensuring the Procurement Policy and laws are adhered to.
- i) Attaining oversight and audit roles to satisfy the public interest and tax payer’s money.
- j) There shall be a PPP plan outlining

### **III. DEFINING THE PUBLIC PRIVATE PARTNERSHIPS**

Public Private Partnership means a formal arrangement between the Government/SOE and the Private Sector or Village Council/ Non-Government Organizations for the performance of public projects and activities. The Ministry of Finance shall be responsible for organizing, managing and accounting for the performance standards, payments and reporting for the PPP to the Minister of Finance and Cabinet.

The Government will purchase the asset for leasing to the service provider on the terms and conditions to be designed and adopted by the Crown Law Office. The same principle applies to the leasing of property or building.

The Government will identify those public services that are necessary to improve the quality of services to the people of Niue and visitors. Asset leasing remains the property of the Government until the purchase value is fully repaid by the lessee or as determined by the Cabinet according to law.

The PPP arrangement and duration shall be determined by the Government based on the compliance of and quality of services rendered.

Outcomes for the PPP projects are pre-determined by contractual measurable Key Performance Indicators.

Priority shall be granted to the local service providers in the first instance, before outside or overseas bidders and investors.

Government is committed to the spirit of goodwill to ensure the PPP model works well to benefit all stakeholders and people.

#### **IV. NPPP PRINCIPLES**

The Government is committed to engage with the Private Sector to build and develop mutual bona fides relationship towards sustainable growth of the economy. The objectives of the PPP are;

- a. Enabling Private Sector participation, achieve efficiencies and growth through goods and service delivery.
- b. Avail opportunities to enable innovation and technological knowledge and skills transfer.
- c. Enable fair, affordable and improved services to the users/people in a professional and sustainable manner.
- d. Ensure that the projects or contracts are fair and transparent to make the PPP feasible and successful.
- e. The overall goal of the PPP is to improve the quality-of-service delivery to the people and achieve the national development goals in the Private Sector Pillar.

#### **ENHANCING TRANSPARENCY OF PPP PROJECTS**

Transparency is utmost in keeping the trust of the people in the PPP and Government of the day. The Government needs to adhere to the financial management laws and regulations to gain the confidence of the public in their leadership and decision making. The Ministry of Finance and accounting officers in the departments are bestowed the authority and trust to follow the Treasury laws if procurement and payment processes and procedures are breached.

All project bidders be well informed of the tender decisions and outcomes. As well, public notice on the bidding decision be disclosed for public knowledge. The media mode can include modern government and department web sites for public scrutiny.

The Government through the Crown Law Office shall provide dispute mediation resolution mechanism related to bidding and award decisions.

The PPP policy prohibits project bidders if they have an existing project pending full and satisfactory completion.

All assets and building, plumbing and electrical materials purchased for the project remains the property of the Government if funded from the project funds.

#### **NPPP PROCESS**

The NPPP Process shall have 5 phases; planning and identification, assessment and awarding, contract management, procurement, monitoring and reporting.

\*There shall be a NPPP plan outlining the project strategy, mission objectives and resourcing requirements. For each financial year the NPPP plan, be included in the budget document which highlights the NPPP Program and cost estimates.

### **NPPP LEGISLATION**

The PPP Policy framework shall be used to guide and develop the appropriate legislation into law.

## **VI ENABLING FRAMEWORKS AND FINANCING**

The Government is committed to develop an enabling environment for PPPs in Niue through strategic planning, financing, institutional structure and processes. All PPP projects shall be considered and approved by Cabinet based on merits, utilising Cost Benefit Analysis, Cost Volume Profit analysis and other financial and economic oriented tools and mechanisms.

The Government can provide support and facilitate policies for the Niue Development Bank to leverage investment business loans for procurement of assets and repayment terms.

The Government will decide to form a Steering Committee or Board to oversee the PPP structure and operations.

### **SCOPE**

### **GOALS AND OBJECTIVES**

### **INSTITUTIONAL STRUCTURE**

### **NPPP UNIT**

## **Scope**

1. The policy aims to cover largely major capital infrastructure, goods and services providers that the private sector and Civil Society can perform and results in cost savings efficiency and effectiveness through contract and commitment for the common good.
2. Other category of services listed (as appendix) to this policy merit equal importance.
3. The policy shall comply with existing laws, regulations and policies to ensure good governance, transparency and accountability. Further, focusing on modernizing regional and international conventions obligations and best practices.

## **Goals and Objectives**

1. PPP arrangements shall be transparent and follow the laws of Niue.
2. The PPPs shall be identified, analysed, negotiated and approved prior to implementation.
3. The PPP aims to improve goods and service delivery to the people at fair and justified compensation rates and conditions, and harmonious working relationship of the parties.
4. The PPP aims to create employment opportunities for the private sector, civil society and people.

## **Institutional Structure**

1. The PPP policy shall ensure that identified Government services delivery which are not fulfilled for the public good efficiently and effectively are let out to or shared with the private sector and civil society.
2. Proper feasibility study, risk assessment, project analysis, procurement and contract arrangements are followed.
3. The Government, Chamber of Commerce, development partners and existing and potential contractors shall conduct consultations and training for capacity building.
4. The Government shall lead and improve the PPP model.

## **Public Private Partnership Unit**

1. The Government has initiated and will establish a PPP Unit and the Ministry of Finance to enhance the management and accountability of the PPP arrangement.
2. The Minister of Finance and PPP, Public Service Commission and Ministry of Finance shall ensure proper guidelines, processes and resourcing needs are being met.

## **NPPP Advisory and Monitoring Board**

1. Cabinet shall select and establish a PPP advisory and Monitoring Board to govern, monitor and report the PPP policy implementation.

## **VII. Role of Ministry of Finance**

1. The Ministry of Finance shall ensure that the PPPS are run responsibly and resourced.
2. The Ministry of Finance shall ensure effective internal control rules are developed, adopted and complied.
3. All information and performance reports shall be timely, relevant and transparent to the Minister of Finance, Cabinet, Assembly, the public and development partners.
4. The Financial Secretary shall manage the PPP agreements, disbursement and accountability of performance and expenditure reports.

Further, ensure the departments concerned undertake timely monitoring site visits to comply with the PPP agreement.





