



# International Seminar Saint Petersburg, Russia

Public-Private Partnership projects  
with advanced technical colleges  
in Zurich

Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

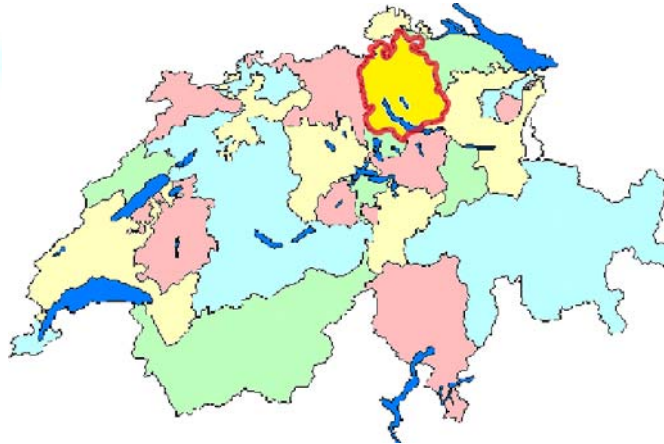
Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015



# Kanton Zürich



- In north-east of Switzerland (1/27)
- 12 districts, 169 municipalities
- 1729 km<sup>2</sup>
  - 25% human settlements
  - 40% agriculture
  - 35% unproductive (forest/water/mountains)

Kanton Zürich [www.zh.ch](http://www.zh.ch)

- 1,4 million inhabitants (most populous canton of Switzerland)
- “the most important and largest” economy of Switzerland
- 2500 business start-ups annually
- Government council: 7 / Parliament: 180



Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)

03.02.2012



Sankt Petersburg, 3. Juni 2015



# Administration of the Canton

7 departments + chancellery

~ 44'000 employees (including schools and hospitals)

Accounting 2014 in accordance with IPSAS

Sales income	~ € 11,5 bn.
Balance sheet	~ € 10,3 bn.
Net investments	~ € 375 Mio.
Net debt	~ € 4,2 bn.
Equity	~ € 7,0 bn.
Self-financing	~ 123%



Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



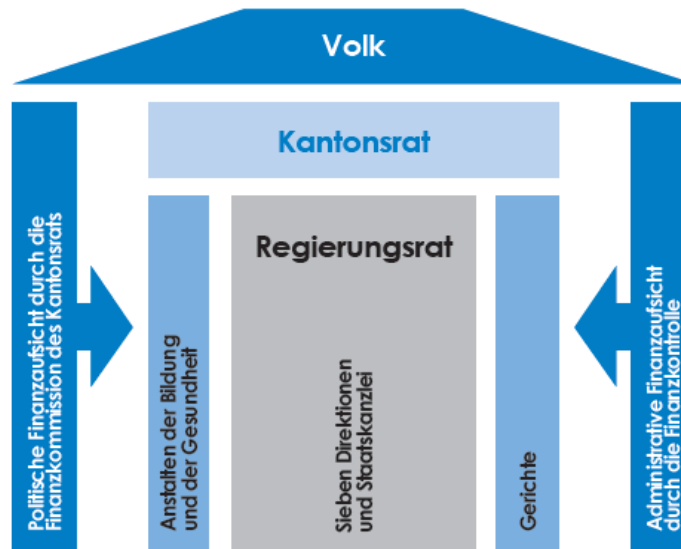
Sankt Petersburg, 3. Juni 2015



# Audit Office of the Canton of Zurich

25 posts / 29 staff  
190 audits

2 × annually report to the government council and the parliament (only essential findings)



1 × annually  
Opinion and report on the state account to the government council and the parliament

Kanton Zürich [www.zh.ch](http://www.zh.ch)

1 × annually  
activities report on our audit work to the public (media conferences and internet)



Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)

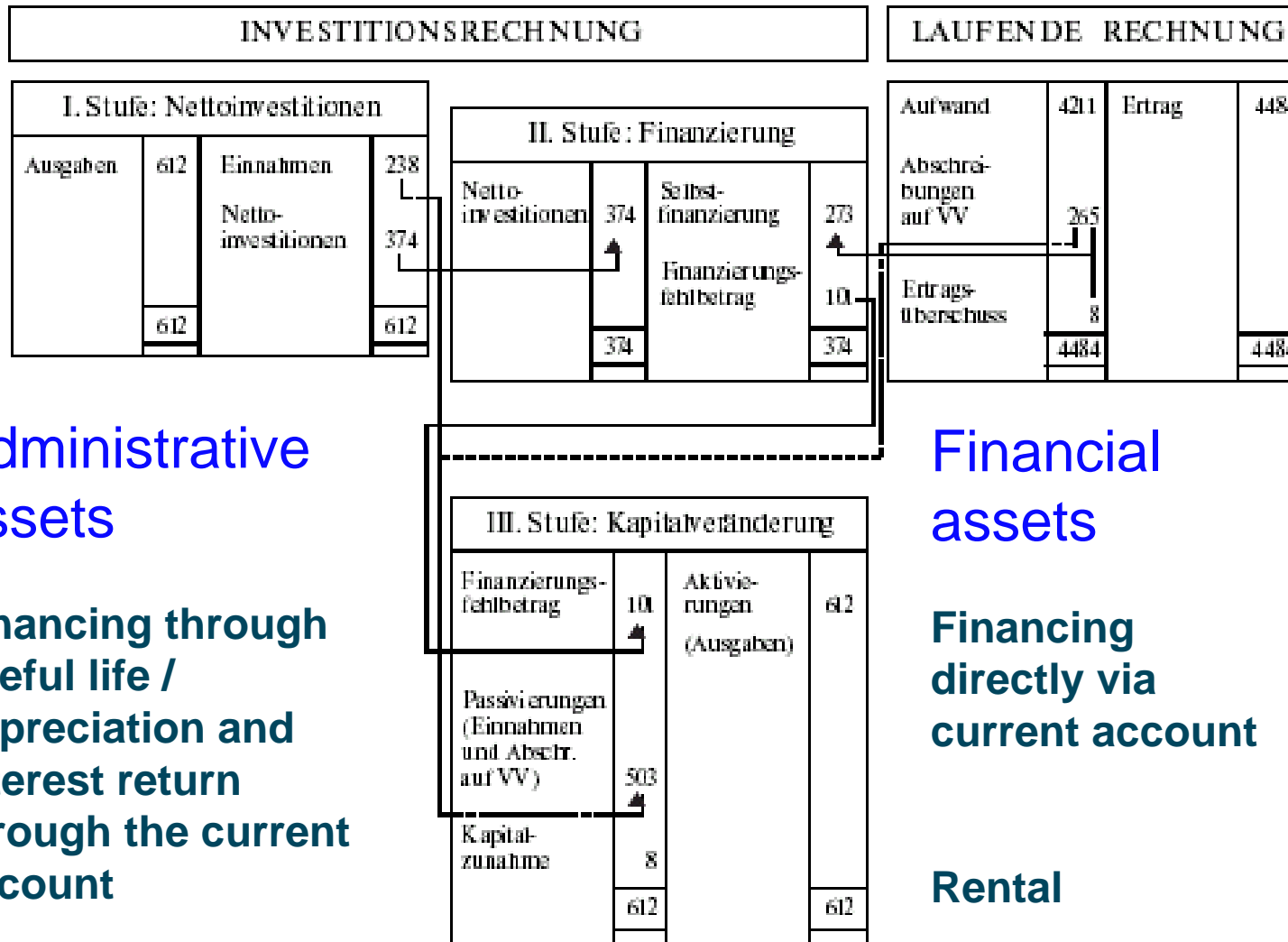
03.02.2012



Sankt Petersburg, 3. Juni 2015



# Features of financial law I



Administrative assets

Financing through useful life / depreciation and interest return through the current account

Financial assets

Financing directly via current account

Rental

Kanton Zürich www.zh.ch



Finance lease  
Finanzkontrolle www.fk.zh.ch



Sankt Petersburg, 3. Juni 2015



# Features of financial law II

## New expenditure

- New constructions
- New tasks
- Renovation
- Finance leasing
- Financial authority exercised by cantonal parliament / citizens

## Bound expenditure

- Replacement / maintenance
- Priority / statutory tasks
- Rental
- Financial authority exercised by cantonal government







# Public-Private-Partnership

For the past ~ 10 years PPP

- **Particularly for education and health:**
  - **Car park for Winterthur cantonal hospital**
  - **Medical Centre of the airport**
  - **Cantonal pharmacy in Schlieren**
  - **Advanced technical colleges:**
    - **University of Applied Sciences**
      - **Winterthur library**
      - **Wädenswil Orchard and viniculture school**
    - **Zurich Pedagogical University**
    - **Zurich University of Arts**
- **Others:**
  - **Test hall for road transport vehicles**

Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015



# Growth of the need of land



- An increase in the population (age structure; immigration)
- Above-average growth of health costs
- Need for university and vocational college facilities
- Land for construction is limited
- Landowners are reluctant to sell; more frequent: assignment of the building right; advantages: reversion (i.e. right of restitution in certain cases)
- The canton has little reserve land
- Land purchases without a specific project do not have a chance
- Parliamentary ratification takes a long time
- **PPP are interesting for big investors – however not necessarily under the name PPP**







# Rental versus finance Lease



Rental  
Finance lease

may be terminated within 12 months  
at least one of the following 4  
conditions:

- Contract duration >75% useful life
- Termination of the contract  
leased property = property lessee
- The lessee can purchase at any time the  
leased object at a lower than the market  
value
- Leased property can be used without  
significant modification only by the lessee

*Principle*

*No external financing through  
organisational units*





# Process PPP Pedagogical University



- SBB (Schweizerische Bundesbahnen AG - Swiss Federal Railways) offers possible use: 34'000 m<sup>2</sup> from the second floor on
- Impossible purchasing; directly adjacent to the main railway station
- The canton shows an interest
- The SBB searches by tender procedure (sole contractor)
- Price negotiations SBB/Canton – Implenia AG
- Lump sum sole contractor-contract for basic construction and tenant improvements (rental contract)
- Lump sum sole contractor-contract for special construction; direct payment
- Controls: service fulfilment, quality, deadlines and approvals in accordance with the contract versus payment in accordance with the payment schedule

Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015

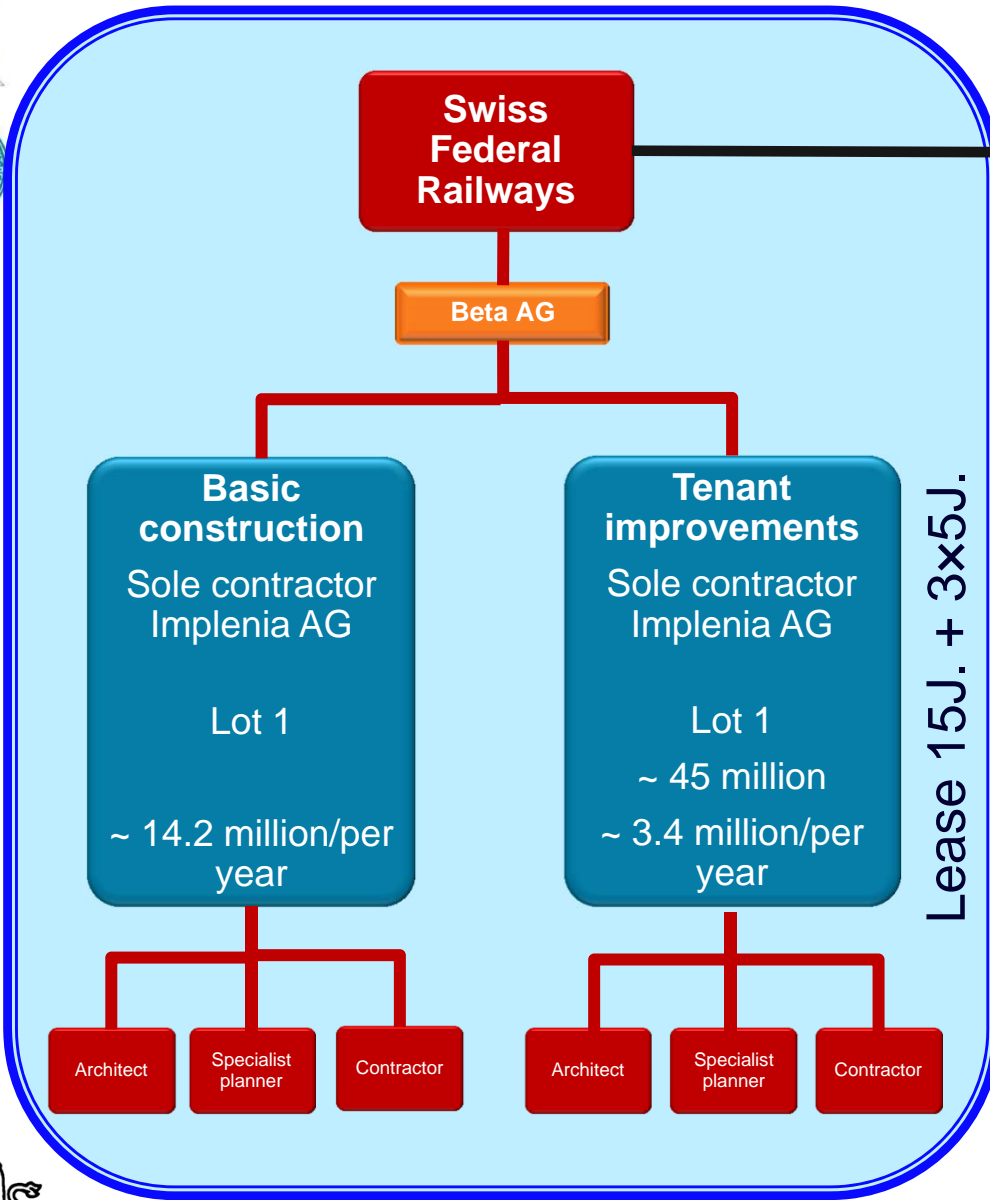


Kanton Zürich [www.zh.ch](http://www.zh.ch)



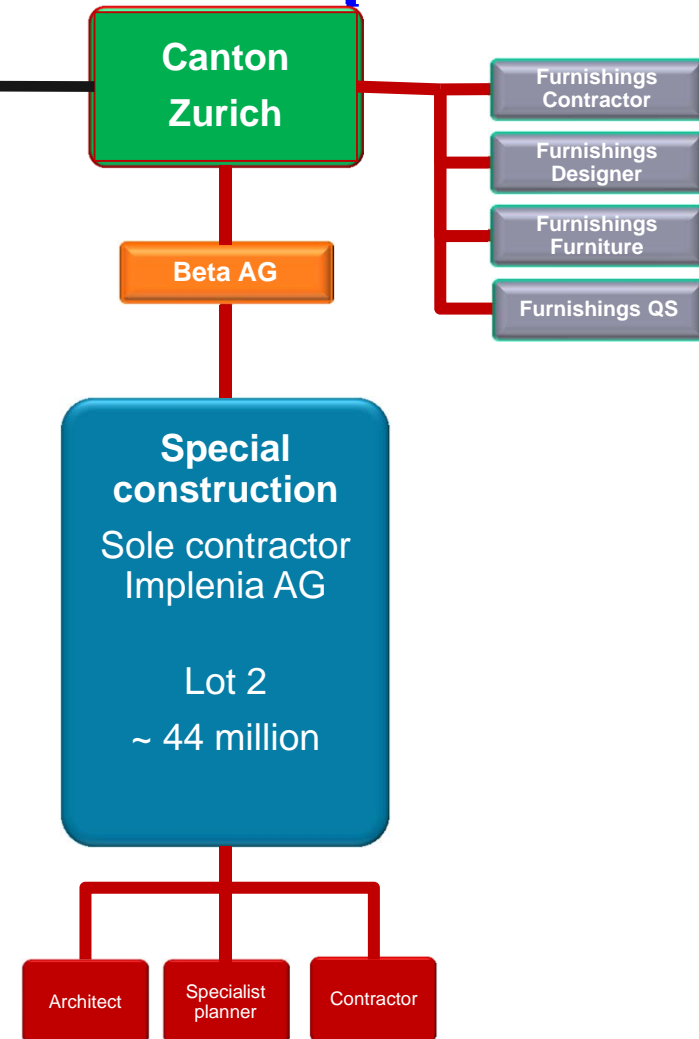
03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Lease 15J. + 3x5J.

# Components



Sankt Petersburg, 3. Juni 2015



# PPP Process University of Arts

- Due to insolvency of Swiss Dairy Food the property is taken over by Cantonal Bank of Zurich (Zürcher Kantonalbank - ZKB)
- Design plan enables utilization for 2 universities with 80'000 m<sup>2</sup> in 9 floors (above there are residential floors)
- The canton participates in feasibility study, evaluation under 7 general contractors and award of the contract to sole contractor (Allreal AG)
- Sole contractor agreement for basic construction and tenant improvements (rental contract) as well as for special construction with open invoicing and ceiling limit of expenses
- Renunciation of financial controls since the ceiling limit of expenses has been exceeded > € 20 Mio. Because of design errors of the sole contractor as well as 1 year delay in commissioning all additional expenses at the sole contractor's expense
- Sale of the property to Allreal-Toni AG (undertaking)



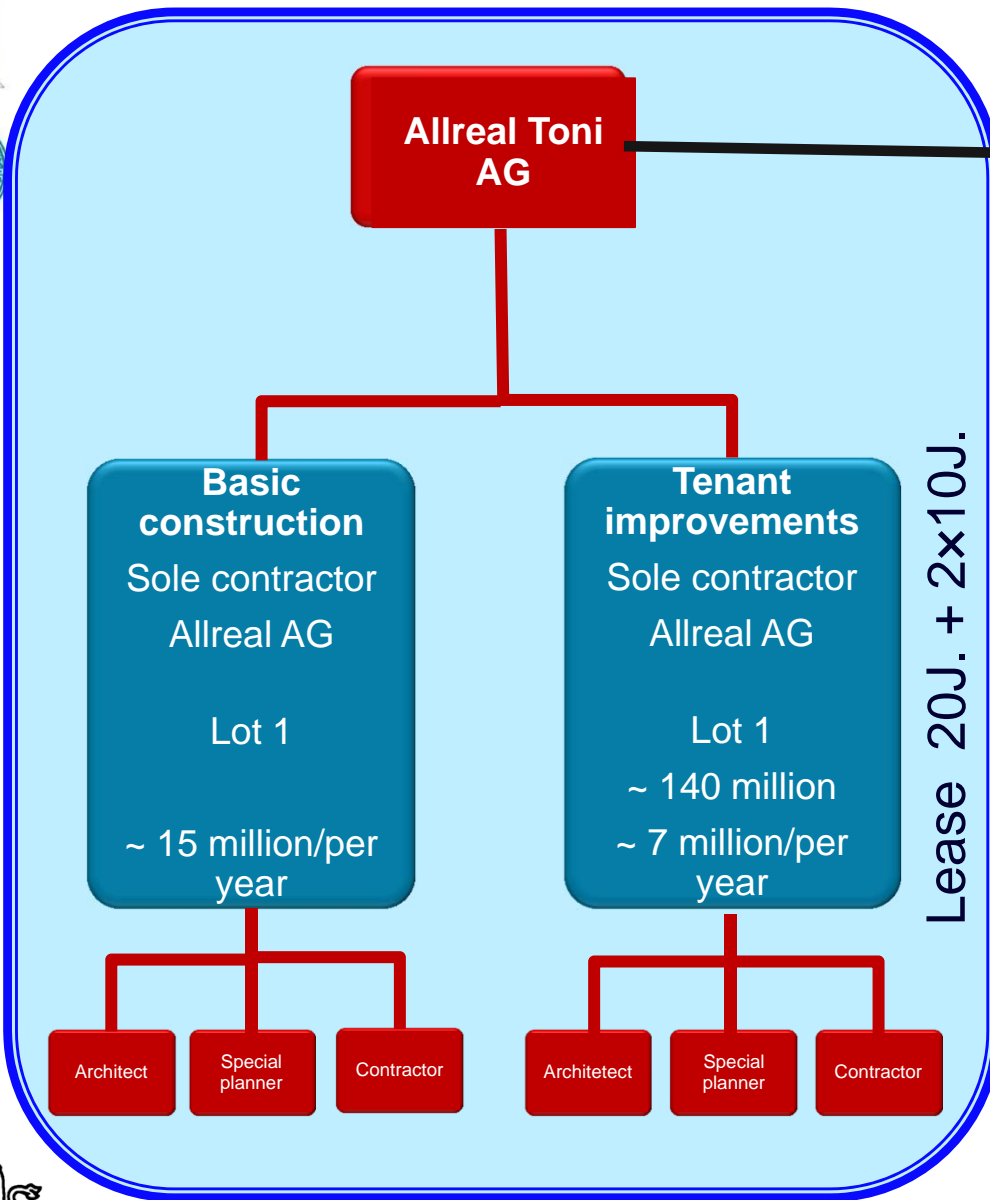


Kanton Zürich [www.zh.ch](http://www.zh.ch)

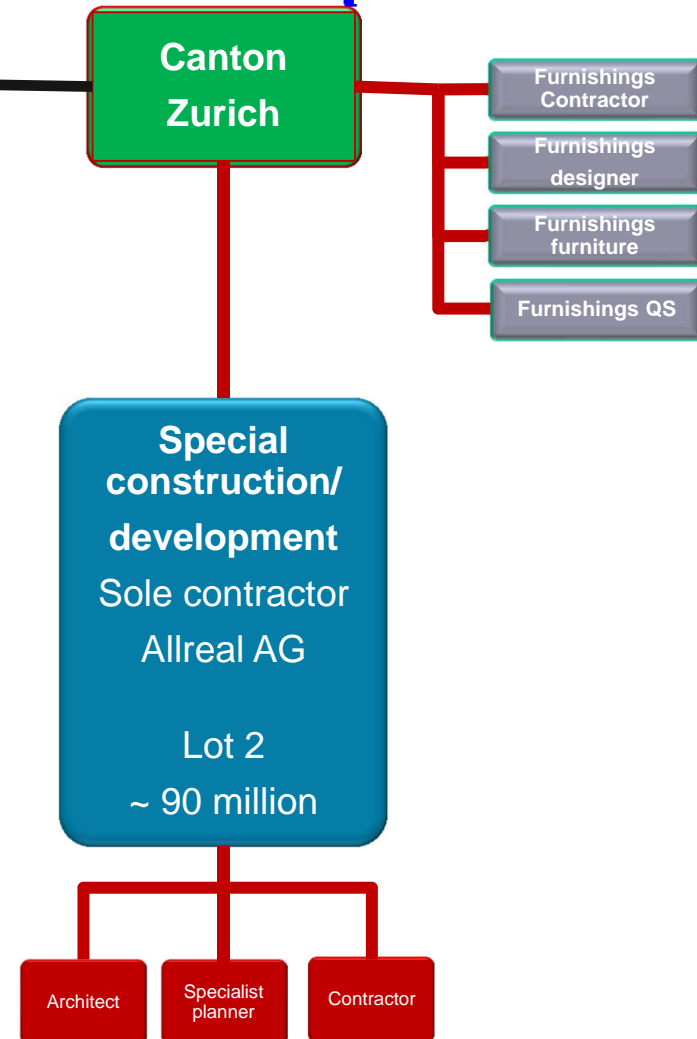


03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



# Components



Sankt Petersburg, 3. Juni 2015



# PPP from the viewpoint of the cantonal government



- The government would like to operate flexibly and respond rapidly in property management
- Parliament's involvement requires considerable time and delays projects
- If possible declare as much bound expenditure as possible basic construction / special construction





# PPP from the viewpoint of the cantonal parliament

- Parliament would like to be involved in finance leaseings not only tenant improvements
- Efficiency is to be audited concerning PPP (short depreciation period 10-20 years)
- Reversion upon expiry of lease term or acquiring the property
- More transparency and disclosure, particularly for companies which act as landowners, investors and general/sole contractors
- Increased purchase of properties rather than rent







# Audits by the Audit Office



- Early detection of financial leasing transactions
- Assessment of competences
- Testing the profitability and review
- Audit of long-term location strategies
- Observance of the public procurement law
- Compliance with general and sole contractor contracts

Service fulfilment, quality, deadlines  
(payments), approvals, project modifications





# Completed audits by the Audit Office



- **Recognizing financial leasing transactions**
- **Assessment of competences**
- Testing the profitability and review
- Audit of long-term location strategies
- **Observance of the public procurement law**
- **Compliance with general and sole contractor contracts**

Service fulfilment, quality, deadlines  
(payments), approvals, project modifications





# Pedagogical University



Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015



# Pedagogical University



Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015





# University of Arts



Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015



# University of Arts

Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015



# University of Arts



Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015





# University of Arts

Kanton Zürich [www.zh.ch](http://www.zh.ch)



03.02.2012

Finanzkontrolle [www.fk.zh.ch](http://www.fk.zh.ch)



Sankt Petersburg, 3. Juni 2015