

## RESOURCE H

# A Guide to Developing a Municipal Comparator

There is mounting worldwide evidence that partnerships between municipalities and non-public entities can result in win-win results for both project participants. In response to the growth in the sheer volume of non-traditional partnerships, governments and government agencies are actively developing tools to assist municipalities in creating partnerships with the best chance of positive results for both the public, private or not-for-profit participants. Whether for the development of infrastructure and ancillary services or for the delivery of existing public services by private or not-for-profit partners, these tools are specifically aimed at government administrators who need to assess options and make decisions which result in the most effective and efficient deployment of public monies, taking into account both financial and non-financial considerations<sup>1</sup>.

What is required to create successful public/private/not-for-profit partnerships has been well studied in both the United Kingdom and Australia. Organizations responsible for partnership development in both countries recognize the importance of addressing the key policy issue of how to ensure that value for money is achieved when a partnership is developed. These investigations have concluded that the development of a “comparator”, based on the fair and accurate valuation of internal or in-house costs, establishes a benchmark against which options can be compared and decisions can be made with respect to ensuring value is achieved for the taxpayer.

A Public Sector Comparator (PSC) can be used by any level of government to make decisions, by testing whether a non-government investment proposal offers value for money in comparison with the most efficient form of public procurement or delivery. The rationale for using a comparator to assess various delivery options extends to the assessment of delivery alternatives presented by a group of internal staff, submissions by not-for-profit organizations, propositions by other levels of government or proposals from private sector proponents (either solicited or unsolicited). The best and most fulsome assessments analyze financial and nonfinancial factors. In this way, the PSC assists governments in determining whether or not to use internal

public resources for the development of infrastructure and ancillary services or to pursue alternative delivery methodologies involving a partner.

Typically, the PSC begins and ends with a rigorous examination of the “in-house” costs of implementing the project and assigning the various types of risks to the appropriate party that can best handle them. The development of a “comparator” results in a benchmark against which options are compared and value for money is assessed. Therefore, the PSC is a critical piece of the puzzle when embarking on an assessment of partnership options for infrastructure and/or service delivery.



1. The Public Sector Comparator, Best Practices Guide, Industry Canada, 2003

