



DEPARTMENT OF CIVIL ENGINEERING

SEMINAR

Jointly organized by
Department of Civil Engineering
Institute of Transport Studies
Centre for Infrastructure and Construction Industry Development

Evaluating the cost of PPPs in transport

Professor Jean SHAOUL
Manchester Business School, U.K.

Date: March 1, 2011 (Tuesday)
Time: 6:00 - 7:00 p.m.
Venue: Lecture Theatre C, Chow Yei Ching Building
The University of Hong Kong

ABSTRACT

The turn to private finance via Public Private Partnerships has been justified in terms of providing the additional finance that the state could not provide and/or deliver value for money through the greater efficiency of and the transfer of risk and costs to the private sector. The *ex post facto* financial evidence from transport projects in the UK, in roads, rail and London Underground and road projects in Spain shows that: firstly a significant element of the charges, whether paid by the state or user, represents the cost of finance; secondly the cost of private finance is nearly double the cost of public finance; and thirdly this is underpinned by various forms of public support. Some of these deals have failed or had to be renegotiated. Not only do these findings undermine the arguments used to justify private finance, they also point to the way that transport policy in the future will be governed by the financial needs of the transport providers rather than the needs of the broader public and future generations.

ABOUT THE SPEAKER

Jean Shaoul is professor of public accountability at Manchester Business School, University of Manchester, where she analyses public finance and policy and the implications for taxpayers and the public. She has written and researched widely on the infrastructure industries, privatisation, the use of private finance in public infrastructure under the UK government's Private Finance Initiative and Public Private Partnerships – a policy that is being adopted around the world with a particular focus on healthcare and transport financing. In the context of transport, she has written on the use of private finance in rail: privatisation, rail leasing, post privatisation rail costs, and the London Underground and National Air Traffic PPPs, and the use of private finance in roads: the cost of DBFO road projects in Britain, the cost of private finance in Spain, the Skye Bridge PFI, the M6 Toll Road, etc. Other work has included privatisation, particularly water and rail, healthcare financing: the restructuring of the health service in the 1990s, financing hospitals under PFI, private finance and accountability for public money, food safety, international regulatory reform, eg WTO's GATS, and public expenditure.

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