

JV Asia Veolia Transport – RATP Development



Making Public – Private Partnerships Work

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Historically there was different periods

- Private initiative (french railways 19th century beginning of 20th)
- State control of the main public services →
state owned companies
- Return to private model
- PPP with many different meanings

The responsibilities of each partner should be clearly defined

The authorities have to decide on the policy

They are representing citizens and general interest

They should

- decide priorities
- decide which infrastructure develop, where, who will finance them, who will operate
- decide the fare policy

Investments

- Generally, for heavy infrastructures, public support is needed.

There is no possible return on some main investments

- Who is the best investor?

Public financing is cheapest than private one:

- Better signature
- No margin

Operate and maintain public infrastructure is not part of public authorities expertise

- Professional operators are needed
- International experience / local experience
expertise
benchmarck
- HR management / civil servants or SOE employees

Ex Seoul Line 9

Seoul Line 9





Ideal Model : Public investment – delegated management

- Delegation means control

 - Authority decides - the service it wants

 - what means it wants to put in

- Ex. bus lines

 - Some profitable / some non profitable

 - Peak hour / no peak hour

The relationship must be defined in a contract

- Responsibilities of each should be clearly defined
- Financial relationship should be clear
 - Subsidies?
 - Compensations?
- The worse situation is when the operating company has to ask each year for a compensation of loses
 - no incentive

The contract allows

- The authority - to work on the main subject : policy
 - to know in advance how much they have to spend
- The operating company knows how much it will earn
 - possibility to work on long term
 - invest
 - work on organization

What risk sharing?

In some countries to share risks means to invest together

There are other ways

- > industrial risk
- > quality risk (bonus-malus)
- > commercial risk

What about BOT / BTO models?

Delegation of investment
construction

We are part of some BOT projects

- > Barcelona
- > Lyon
- > Mumbai

BARCELONA



When is it useful?

- Difficult financial situation of the public authority → private investment
- Public procedures are too long
public markets very “heavy”. → to “win” time
- Authorities don't have the expertise
to follow the work
to have a global vision of the system
to work with a lot of different suppliers
- To show a political choice
sign that the authority does not want to work with a low performing state
own company

In that case also everything should be contractual

- Investment
- Quality
- Delays
- System
- Operation / service

There is not one model

- There are no miracles
 - public or private can manage public services
 - private companies cannot transform lead in gold
- The best is when every one does what he is done for.
- Every local situation is different

But responsibilities should be clearly defined

An aerial architectural rendering of a transit station. The station features multiple tracks with red-tinted rails, several large white and grey industrial-style buildings, and smaller blue and white office-like structures. The station is situated in a green landscape with a river or canal flowing through it. In the background, there are more green fields and a city skyline with various buildings. The text "Thank you for listening" is overlaid in the center in a large, white, bold font with a black outline.

Thank you for listening