Sharing Concerns

Sharing Concerns: Country Case Studies in Public-Private Partnerships

Edited by

Julian Teicher, Bernadine Van Gramberg, Marius Profiroiu and Cristina Neesham

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PREFACE

This project arose out of our concern that the field of public-private partnerships (PPPs) was awash with terminological ambiguities and that discussion and analysis was obscured by the differing uses applied to the term across nations. It represents research efforts conducted over almost six years, from December 2007 to November 2012. While this book does not purport to be the final word on the subject we hope that it will stimulate useful and enlightened discussion of the field and encourage a greater focus on the importance of context in future discussions of PPPs.

To reflect the diversity of experience we solicited contributions from scholars in a range of countries. We believe that the richness of these country cases lies in their historical and institutional embeddedness, a point of distinction from the more common economics-based evaluations of PPPs.

We hereby thank all contributors for their significant input in the production of this volume.

The Editors

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LIST OF ABBREVIATIONS

AMF- Association des Maires de France (The Association of Mayors of France)
AOT- transport organising authority
AO2- local organising authorities
BBO- Buy-Build-Operate
BOM- Build-Own-Maintain
BOO- Build-Own-Operate
BOOT- Build-Own-Operate-Transfer
BOT- Build-Own-Transfer
CEE- Central and Eastern Europe
CNT- Conseil national des transports (National Transportation Council)
DBO- Design-Build-Operate
DBFO- Design-Build-Finance-Operate
DG MARKT- Internal Market and Services Directorate General
DoFA- Department of Finance & Administration
DSD- Department of State Development
DTF- Department of Treasury & Finance
EC- European Commission
ENGREF-GEA- École nationale du génie rural, des eaux et des forêts
(ENGREF)- Laboratoire Gestion de l'Eau et de l'Assainissement (GEA) (National School of Rural Engineering, Water Resources and Forestry – Water and Waste Water Management Laboratory)
EU- European Union
Eurostat- European Union Statistics Office
FNCCR- Fédération Nationale des Collectivités Concédantes et Régies (The National Federation of Licensing Collectives and Commissions)
GART- Groupement des autorités responsables de Transport (Grouping of Authorities Responsible for Transport)
GDP- Gross Domestic Product
GEO- Government Emergency Ordinance
GO- Government Ordinance
IPP- Institutul pentru Politici Publice (Institute for Public Policy)
LDO- Lease-Develop-Operate
LOO- Lease-Own-Operate

LOTI- Loi d’Orientation pour les Transports Intérieurs (Framework Law for Internal Transport)
MP- Member of Parliament
MPF- Ministry of Public Finance
NGO- nongovernmental organization
NSW- New South Wales
OECD- Organisation for Economic Co-operation and Development
PFI- Private Finance Initiative
PPP- public-private partnership
PPPs- public-private partnerships
PSC- Public Sector Comparator
P3- public-private partnership
RATP- Régie Autonome des Transports Parisiens (Autonomous Operator of Parisian Transport)
RCTI- Romanian Chamber for Trade and Industry
ROT- Rehabilitate-Operate-Transfer
SPV- Special Purpose Vehicle
TTE- transport tax by the employer
UCCPPP- Unitatea Centrală pentru Coordonarea Parteneriatului Public-Privat (Romanian PPP Central Unit)
VFM- value for money
VIA-GTI- la Générale de Transport et d'Industrie, which became Keolis from 2001

INTRODUCTION

JULIAN TEICHER
AND BERNADINE VAN GRAMBERG

This book has a twofold purpose. First, it brings together a wide span of experiences in planning and implementing public-private partnerships (PPPs) in countries that belong to two different socio-economic regions: Europe and Australia. Secondly, it does so with a view to suggesting new directions for future research in the area of comparative (cross-country) study of PPP practice.

Brief history of public-private partnerships and overview of country experiences

Public-private partnerships (PPPs) are not a recent discovery in public administration. While in France and other parts of continental Europe similar practices can be traced back to the 17th century, in Anglophone countries they have taken a new direction, as a preferred instrument for the New Public Management and its variants to elicit the resources of other sectors of society (of the private sector in particular) to complete complex and enduring projects of national interest.

Thus it can be said that in the Anglophone world the modern history of PPPs begins in the UK, where successive governments of both Right and Left, alarmed by the increasing levels of public debt in the 1970s and 1980s, engaged in one-off collaborative projects with private ventures, in order to accumulate resources and spread risks, while maintaining accountability and control of the service delivery.

In 1992, encouraged by the success of several independent infrastructure projects and by the ideological appeal of the PPP concept, the conservative government led by John Major introduced the Private Finance Initiative (PFI) as the first systematic program offering a framework designed to stimulate PPP practices across public services sectors. Five years later, Tony Blair's Labour government tried to shift focus from the reduction of public debt (a central aim of Major's policy, which did not materialise) to the achievement of "value for money" (VFM) through an appropriate allocation of risk. A typical example of the PFI (of which there are hundreds in the UK) is that of involving a building and construction company, a bank and a project management consultant company in the provision of health services, in a user-pays system (Allen, 2003, cited in Teicher, Alam & Van Gramberg, 2006: 88).

PPP practices have also spread outside the UK. Other countries with a more developed PPP history are Canada, France, Germany, India, Ireland, Japan, the Netherlands, Switzerland and the US. A special case of PPPs is represented by businesses in continental Europe which are jointly owned by the public and private sectors, but with the majority ownership held by the public sector (e.g. water utility companies in France). On the other hand, international health care and aid projects, such as those organised by the United Nations, can also be regarded as examples of PPPs.

In France, PPPs have developed as key elements in a new public policy framework designed to stimulate innovation and responsibility allocation across social sectors. The success of these partnerships largely depends on their structures allowing for effective control mechanisms to ensure that the quality of public services to be delivered is maintained at a publicly acceptable standard and not traded off for cost efficiency (Sadran, 2004, cited in Teicher *et al.*, 2006: 88-89).

Although public sector deficiencies may have suggested otherwise, Switzerland introduced PPPs in a slower, step-by-step process, to allow a thorough mutual understanding of the specific environment in which each partner organisation was operating, as well as the development of long-term trust and commitment relationships on both sides. The Swiss experience indicates that there can be tensions between cost-reduction and value-creation priorities, and that, in order to develop PPP cultures that favour the latter, one should focus on the entrepreneurial and cooperative potential of each partnership as a unified, independent structure (Teicher *et al.*, 2006: 89).

In the Australian State of Victoria PPPs emerged in the 1980s (Maguire & Malinovitch, 2004; Russell, Waterman & Seddon, 2000: vol.3, 24). They have become more popular in Australia (Brumby, 2005), as they provide more capital for major projects, more flexibility for government to employ taxation revenues, better risk allocation and risk sharing, increased efficiencies, stability and accountability (Hodge & Greve, 2007: 545-546). Less obviously, moving service provision away from government might also diminish some perceptions of government failure when delivery is less than desired.

In this context, Australia provides fertile ground for PPP research, in terms of identifying best practices in an increasingly complex socio-economic environment, as well as signalling the more frequent challenges associated with the various forms of partnership between government and business operators.

Definitions

Public-private partnerships have become increasingly practised in several areas of the globe, as an alternative (more complex) solution to public service delivery. In general terms, a public-private partnership (abbreviated as PPP or P3) describes a project for the delivery of public services or goods, funded and operated through a contract-based partnership between government and one or more private business or non-profit enterprises.

A normative definition of PPPs is provided by the Canadian Council for Public-Private Partnerships. According to this organisation, a PPP is "a cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards" (New Brunswick Government, 2007: 1). However, while normative definitions are useful in the sense of establishing performance criteria for PPPs (e.g. public needs must be *clearly defined* and *best met*, and the allocation of resources, risks and rewards must be *appropriate*), they are not so useful in a technical-structural sense. Performance failures of PPP projects do not simply disqualify them from being identified as PPPs. As there is no *a priori*, in-built value in PPP practices, their performance evaluation should be subsequent to (and independent of) their definition.

A brief comparative discussion of meanings of PPP worldwide, provided by Hodge and Greve (2007), distinguishes between (1) PPPs as organisational and financial arrangements, (2) PPPs as policy networks and special arrangements for public-private cooperation, and (3) PPPs as a language game (Hodge & Greve, 2007: 545). In other words, there seems to be some important disagreement as to whether PPPs are a genuinely revolutionary way of delivering public services, or simply some form of New Public Management discourse. And this should not be surprising because the extant definitions of PPPs are wide enough to accommodate simple outsourcing, which became a widespread feature of neo-liberal reforms implemented in countries such as the United Kingdom and Australia.

In (1), the key rationale is that bringing public and private resources in a common project can be beneficial in the most practical and concrete ways, due to the different specific strengths of each sector. In the case of policy networks (2), the basis for cooperation is not a legal contract (as occurs in joint ventures, joint stock companies or joint development projects) but a policy community drawn together by issues of mutual concern. This view also relies on expectations of effective policy outcomes. Finally, the more radical perspective of PPPs as a "language game" (Linder, 1999, cited in Hodge & Greve, 2007: 547) takes a more skeptical (and sometimes even cynical) position on the real value of PPP outcomes. Accordingly, unlike some more adversarial and controversial terms (e.g. "contracting out" or "privatisation"), the collaborative language of PPPs is designed to obscure less acceptable strategies and purposes, such as those offering an increasing public service market share to private organisations in ways that do not necessarily serve the public interest (Hodge & Greve, 2007: 547).

Against the "language game" view, the perspective on PPPs as "business and risk-sharing relationships based on agreed performance criteria to achieve specific public outcomes" (Gerrard, 2001, cited in Teicher *et al.* 2006: 87) is gaining ground, based on solid empirical evidence. We take the view that, while attempts to ideologically reframe old public policy practices may well exist, new forms of public-private partnerships as new contractual arrangements are definitely emerging, and these new phenomena require specific instruments for analysis and evaluation.

In conclusion, what is the *scope* of a public-private partnership? According to Hodge (2004), the operational definition of PPPs in Australia is "that government has a business relationship, it is long term, with risks and returns being shared, and that private business becomes involved in financing, designing, constructing, owning or operating public facilities or services" (Hodge, 2004: 37). Except for its extent, this definition could also encompass much contracting out. PPPs can thus often signify little more than privatisation or sharing of a previously government-owned and operated service (Malone, 2005; Webb & Pulle, 2002: 2). Lehman and Tregoning (2004) suggest that the main characteristics of a PPP are built around the idea that the infrastructure is not directly owned by the public partner but either bought over time or leased from the private partner for a limited period of time, usually stipulated in the contract (Lehman & Tregoning, 2004: 78). More helpfully, the Australian Government defines PPPs in terms of how the partnership, by sharing responsibility for delivery of service or capability, emphasises these two elements rather than the assets involved in the procurement process (DoFA, 2008).

Typology: Salient features of PPPs

Difficulties in determining the common salient features of PPPs (across countries, and even within the same country) demonstrate a lack of basic agreement among specialists (nationally and internationally) regarding what the term PPP refers to, especially in relation to asset ownership structures. However, wider agreement can be identified around the idea of risk sharing as a key consideration for partners in both sectors (Hodge & Greve, 2007: 545).

Indeed, there is great variance among PPP practices, in terms of the source of capital investment, operational obligations, quality control obligations, contractual roles. Accordingly, the investment capital required for a partnership project could be entirely provided by the government (in which case the PPP is often a form of *contracting out* or *outsourcing*, depending on what is actually contracted out or outsourced) or entirely by the private organisation (in which case it is referred to as *private finance initiative* or PFI), or in a combination of contributions from government and the private sector. Each individual contract determines the funding sources and structure for each project.

According to Malone (2005), PPPs may range from instances of full privatisation to a great degree of control and ownership in the hands of government. Research shows that traditional forms of privatisation and public charging of developers to provide infrastructure are relatively straightforward forms of PPP. On the other hand, an increasing variety of arrangements whose central common feature is "the creation of an asset through private sector financing and ownership control for a concession period" have been developed, and their implications are usually more complex and obscure (Malone, 2005: 420).

Other researchers, like Lehman and Tregoning (2004), suggest that the main characteristics of a PPP are built around the idea that the infrastructure is not directly owned by the public partner but either bought over time or leased from the private partner for a limited period of time, usually stipulated in the contract (Lehman & Tregoning, 2004: 78).

Difficulties in determining common salient features of PPPs across countries and even within the same country point to a lack of basic agreement among specialists regarding what PPPs do (and should) generally refer to, especially in terms of asset ownership structures. However, wider agreement can be identified around the idea of risk sharing as a key consideration for partners in both sectors (Hodge & Greve, 2007: 545).

Some of the main advantages of PPPs (in normative interpretations) seem to be: (1) risk sharing and improved risk allocation; (2) efficiencies gained in task allocation of large and complex operations; (3) stability gained through commitment to long-term projects; and (4) accountability established through involvement of a wider range of stakeholders (Hodge & Greve, 2007: 545-546).

The structure of this book

This general introduction into the current problematic of PPPs is followed by five documented country case studies.

The first case presented here is that of Australia, a country whose specific infrastructure issues and sustained embrace of New Public Management practices have taken PPP projects to a level of development which provides a wealth of ideas for anyone wishing to explore this area of public policy and implementation. In this chapter, Teicher, Neesham, Van Gramberg and Keddie summarise the PPP issues specific to Australia in terms of apparent depoliticisation, cost and efficiency – advantages and disadvantages, and short-term versus long-term governance of project management processes. The approach is general, and the examples used are selected from a broad range of industries, such as transport infrastructure and services, health (hospitals) and education.

The second country brought into discussion is France, where historical peculiarities raise a number of issues around PPP planning and implementation in a strongly state-owned public service culture based on universal-egalitarian principles. A closely documented historical account of PPPs in this country is balanced by a succinct analysis of concerns generated by the diffusion of state responsibility towards private providers. Such concerns include corruption, weak competition, lack of transparency, feeble incentive mechanisms, and the need to establish a national regulatory body and involve users in the regulatory process. The cases explored refer to the provision of water and local public transport.

The third country studied in this book is Romania, one of the most recent members of the European Union, whose post-communist transition history is far from over and whose experience of PPPs is in its very early stages. Despite its current limitations, PPP implementation in Romania is tipped to soar in the near- to mid-term future, due to EU pressure and incentives to catch up with EU practices and quality levels by "burning stages" and boosting public service delivery in a resourceful and cost-effective manner. The three very diverse cases briefly presented here are an invitation to watch this new PPP space emerging in conditions where the legislative and regulatory framework is struggling to keep up with rapid changes on the ground.

Finally, an analysis of PPPs in Spain is provided, as an example of another European continental tradition of state-owned, universal-egalitarian public service delivery whose liberalising efforts have reached a lot further than its neighbour, France. A brief analysis of the evolution of key PPP applications in Spain (in particular Valencia and Madrid) emphasises the need for strengthening regulation and delivering more, not just on quality but on social solidarity as well. The main reference points for discussion are the network and health care services.

By bringing together such diverse experiences from a very broad and relatively new phenomenon in public service delivery, this book is designed to fill a gap in the existing PPP analysis literature and to encourage cross-country comparison and mutual learning from project management applications in different contexts.

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CHAPTER ONE

AUSTRALIA: EVALUATING PERFORMANCE IN PUBLIC-PRIVATE PARTNERSHIP PROJECTS[1]

BERNADINE VAN GRAMBERG, JULIAN TEICHER, JEFFREY KEDDIE AND CRISTINA NEESHAM

Introduction

In Australia much of the leadership in the development of PPPs has been in the more populous states, in particular Victoria, and this is where the present chapter focuses. While the content refers to a number of case study examples, largely this is to demonstrate the issues and concerns associated with PPPs. In part the discussion highlights the gaps between the theory and the reality of PPPs but it also reviews the continuing and vigorous debates over PPPs. A major concern that emerges from this discussion is the way in which governments become ensnared in the role of advocate and defender of PPPs even where major problems or failure are patent.

History

Because Australia is a federation where provision and management of services and infrastructure are commonly ensured through sub-national governments (six states and two territories), PPPs have been more widely implemented at this level rather than at a national level (Brumby, 2005).

[1] Parts of this chapter are based on Teicher, J., Van Gramberg, B., Neesham, C. & Keddie, J. (2008) 'Public-Private Partnerships: Silver Bullet or Poison Pill for Transition Economies?', *Administration and Public Management Review*, 11: 66-82.

Teicher, Alam and Van Gramberg (2006) trace the history of this trend. The persuasive and pervasive effect of new models of management in the 1980s contributed to the development of a National Competition Policy in the 1990s, with an accompanying preference for privatisation, contracting out and pursuit of modes of service delivery that moved away from direct government provision to contracted forms of delivery. Nationally, the impetus was to a shift away from public monopolies that had characterised Australian services in favour of a system of purchasing services through the private sector (Hodge, 2004: 37). Reaction to perceived deficits in service delivery and public accountability, especially after a change of government in 1999 in the State of Victoria, for example, led to a refinement of private sector involvement to incorporate more of a "partnership" model.

The *Partnerships Victoria* policy, introduced in 2000, identified opportunities for private sector provision of capital and technical capacity in partnerships. The policy sought to undo blow-outs in the costs of contracting, and, indeed, the costs of associated with the failure of some of the outsourced contracts that were implemented under the previous government (Russell, Waterman & Seddon, 2000). The Labor government elected in 1999 yielded immediate control of any asset created, supplied none or only a proportion of the capital costs of the project and forewent operating profit until, much later, it would resume ownership or re-licence the service (DTF, 2000). "Partnership" became the preferred term to characterise this formal relationship between government and businesses. Viewed in a positive light, "partnerships would shift risks to the private sector while public agencies would gain knowledge, new management skills and innovative best practices" (Teicher *et al.*, 2006: 89).

An important ingredient of the pro-PPP argument in Australia is the focus on attracting private sector finance into public works through a long-term contractual relationship that stimulates superior performance from the private partner (meeting deadlines and budget requirements) and operating infrastructure efficiently. Not surprisingly, government literature on PPPs tends to occupy the field in Australia, with each sub-national government developing its own guidelines and practices, but with the more populous eastern states being particularly keen to promote PPPs and to make available the rationale and mechanisms for using them (see, for example, their websites). Departments of Treasury and Finance tend to be the main sources of information, and they are also the "homes" of the PPP administration in some instances. The national government, while not entirely absent from the area, has been a later, parallel developer of regimes for PPPs (DoFA, 2006a-f, 2008; Brumby, 2005; Maguire &

Malinovitch, 2004). As we shall see, the new national government elected in 2007 considered how (or whether) to proceed with partnerships or return to central funding of major infrastructure projects.

English (2007) shows that *Partnerships Victoria* has had at least five important outcomes for the history of PPP development in Australia: (1) the formal, unified adoption of the term PPP in the public administration discourse; (2) some previously state-subsidised hospital and corrective services were removed from private sector provision; (3) some comprehensive and specific steering mechanisms were developed and then broadly adopted in other Australian states; (4) these steering mechanisms included procedures governing pre- and post-contracting decision-making; and (5) value for money (VFM), defined as obtaining the best possible outcome at the lowest possible price through risk transfer, was promoted as the primary objective of PPPs (English, 2007: 314).

English (2007) also notes that there are two different PPP models operating in Victoria, mainly distinguished by source of revenue stream and nature of government guarantees. The first model (very similar to the British PFI) assumes public services are delivered by government agencies, while infrastructure and ancillary services are ensured by the private partners. The demand risk is borne by the government, which guarantees the private provider a minimum level of revenue by paying this directly. The second model (used in Australia for over 20 years, for utilities and toll roads) transfers demand-based market or revenue risks to the private partners and financial risks to users, while the government does not provide any direct payments or revenue guarantees (English, 2007: 314-315). The language of PPPs typically cites “best value” as its principle, a term adopted from local government in the UK and incorporated into the redesign of local government in Victoria from 1999. In both cases this point marked a shift from compulsory competitive tendering of government services to a more nuanced model that portrayed the State government as more of a partner with local government as well as a guarantor to the community of service focus and quality (Local Government Victoria, 2008).

As with the UK experiences in the 1990s, early Australian PPP experiences were often inferior to the more traditional approach to public procurement through competitive tenders (Harris, 1996; Quiggin, 1996; Russell *et al*., 2000). In response, government agencies developed formal procedures to assess PPPs, and followed the path of the Blair government in the UK, by shifting its focus from reducing public debt to delivering value for money by improving risk allocation. Whether the second-stage PPP experience has been successful is still a matter for debate.

Definitions, typology, specific sectors and services

From the legal-contractual point of view, several classifications of types and structures of Australian PPPs have been proposed. Two examples are presented here.

Hodge & Greve (2007) identify the following types of contractual arrangements to be the most frequent: build-own-transfer (BOT), build-own-operate-transfer (BOOT), and sale-and-lease-back arrangements, whereby local governments sell their buildings and then rent them back on a 20- or 30-year contract from a financial organisation (Hodge & Greve, 2007: 546).

A more comprehensive list of PPP arrangements, generally named to reflect the responsibilities of the private sector partners, is provided by Malone (2005):

a. **Build-Own-Maintain (BOM)**: the government leases the facility and operates it using public sector staff (this applies to social infrastructure such as courts, prisons, police stations, hospitals and schools);
b. **Build-Own-Operate-Transfer (BOOT)**: the facility is returned to the government at the expiration of the specified period;
c. **Build-Own-Operate (BOO)**: the service provider retains ownership of the asset in perpetuity, and the government only agrees to purchase the services produced for a fixed length of time;
d. **Design-Build-Operate (DBO) or Design-Build-Finance-Operate (DBFO)**: the government purchases the asset from the developer for a pre-agreed price prior to (or immediately after) commissioning and takes all ownership risks from that time;
e. **Build-Operate-Transfer (BOT)**: this is similar to concession (see below), but is normally used for greenfield projects (the private sector party receives a fee for the service from the users);
f. **Lease-Own-Operate (LOO) or Lease-Develop-Operate (LDO)**: these are similar to a BOO project, but an existing asset is leased from the government for a specified period of time; and
g. **Concession**: the government owns the asset, which is financed, operated and maintained by the private sector party; while full use rights revert to the government after the specified period of time (Malone, 2005: 421).

According to Webb and Pulle 2002), from the perspective of project financing, PPPs may be (1) self-financing, (2) publicly subsidised, or (3) a combination of (1) and (2). Self-financing usually involves initial investments by the private sector partner and cost recovery through a user-pays system. No government lending or tax levying is needed in this case. On the other hand, public subsidy may involve investment from public funds or raising new government taxes. Finally, combinations of the two approaches can be regulated through contracts on a case-by-case basis. The selection of the appropriate legal and financial structure for each PPP project pursuant to *Partnerships Victoria* depends on the public objectives, the nature of the project, availability of finance, and expertise available in the private sector. "Three criteria for selection are thus being applied: (i) whether any part of the proposed service should be delivered by government itself; (ii) whether involvement of the private sector will deliver value for money and, if so, how to optimise that value; and (iii) whether the project will satisfy the public interest criteria which form part of the policy" (Webb & Pulle, 2002: 5-6).

Despite a great variety of delivery models, there are several common objectives and features of PPP policies across Australia. These include: fostering private sector confidence in the PPP process (including clarity and probity), to encourage competitive bids; value for money determined by the method of selecting the project delivery (by comparing private sector bids with a Public Sector Comparator); inclusion of whole-of-life costing; encouraging innovation; achieving optimal risk allocation to the party best able to manage the risk at least cost (as opposed to maximal risk transfer); emphasis on payment for useful asset-based services; efficient asset utilisation; safeguarding the public interest; and maintaining transparency and accountability in the use of government resources (balanced with protecting private sector commercial confidentiality requirements). Furthermore, the great majority of PPP policies and guidelines distinguish between core services, which are to be retained by the government, and non-core services, which are considered for provision by the private sector (Malone, 2005: 421).

The typical Australian PPP appears to be a form of collaboration in which the private partner takes on the role for designing, building, operating, maintaining and financing the project, while adding risk management skills as well. On the other hand, the government undertakes the strategic planning and regulatory responsibilities, together with paying on behalf of the service users in some cases.

The largest PPPs in Australia and worldwide are usually in transport infrastructure (e.g. airports, toll roads), with social projects for hospitals and schools following suit. Other examples are public transport services, water and sewerage, employment services, local government services, Olympic venues, and prisons.

Key features of infrastructure PPPs

Functional performance (indicators, results, evaluations)

One of the most prominent ongoing debates in Australian public administration literature revolves around the question of whether PPPs do indeed offer better results than traditional public sector delivery practices. Teicher *et al*. (2006) suggest that the role and effectiveness of PPPs can only be properly understood by carefully analysing the horizontal and networked structures in which these partnerships operate.

PPP policies in Victoria and New South Wales include clear requirements regarding public interest criteria used in selecting and evaluating PPPs. The main such criteria are effectiveness, impact on key shareholders, accountability and transparency, public access and equity, consumer rights, security, and privacy.

The main instrument for evaluating VFM, however, remains the Public Sector Comparator (PSC), which is a test designed to establish whether a proposed PPP project can be completed at a lower cost than its counterpart based entirely on public sector funding and delivery (Webb & Pulle, 2002: 4-5).

To outline a general framework for the evaluation of PPP projects in Australia, Grimsey and Lewis (2004) use as a starting point a comparison between PPPs and traditional public procurement of infrastructure. The differences identified in this way form the basis of the evaluation framework. It is observed, for example, that asset ownership by the private sector and the complexities of risk allocation between business and government are the main factors that lead to a profound change in the way PPP monitoring by the contract manager should be carried out. Thus it is suggested that the performance evaluation responsibilities should be distributed between the contract parties as follows: while the private partner must ensure that they put in place adequate performance monitoring, quality management and management information systems, the role of the government as contract manager is to audit these systems both through regular reports stipulated in the contract and through random checks.

Following this analysis, Grimsey and Lewis (2004) identify five categories of information which would be necessary for any PPP evaluation framework: measures to assess the ongoing business viability of the contractor to meet requirements for the term of the contract and the major areas of risk; suggestions on how these indicators should be reported, monitored and assessed; indicators of reporting quality standards to ensure the contractor is meeting performance requirements; aspects that