

Assigning Public Sector Responsibilities to create enabling environments

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UNECE People First PPP Workshops

Urban Transit Session

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Source: Courtesy Mitsubishi Heavy Industries

Presentation Topics

Public Sector Obligations & Challenges

People First Outcomes

Smart Solutions

Public Sector Responsibilities

Public Sector Obligations & Challenges

OBLIGATIONS

- Manage economies
- Plan the 'public commons' in urban spaces
- Security & safety in communities
- Healthy, safe & clean living environment

CHALLENGES

- Complex physical needs
- Congestion, air & noise pollution
- Urgent solutions requiring fast starts
- Huge funding challenges



Source: Malaysia National Physical Plan

→ People at the centre of the communities

People First Objectives/Outcomes

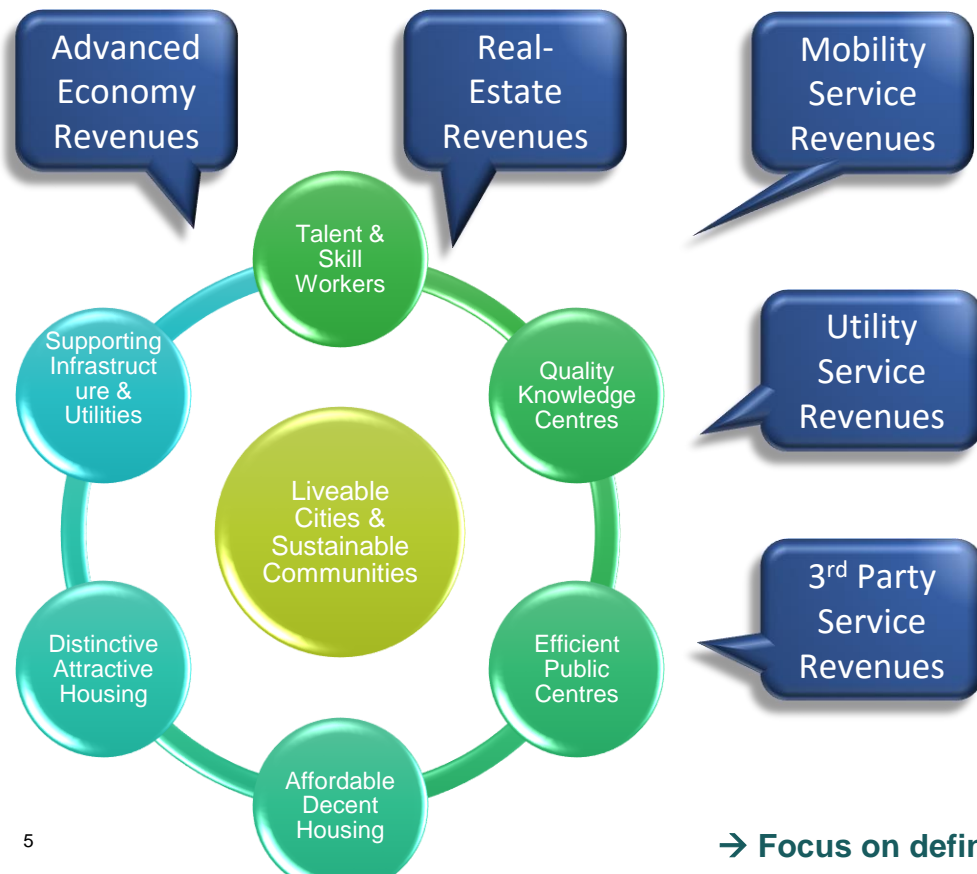


People First Outcomes

- Advanced economies providing employment
- affordable decent housing
- Security & safety in communities
- Healthy, safe & clean living environment
- Enhanced mobility giving freedom of movement
- Integrated supporting infrastructure & services
- More free time & less taxes

→ People first outcomes will provide sustainable communities

Smart solutions match real demand for services with revenues

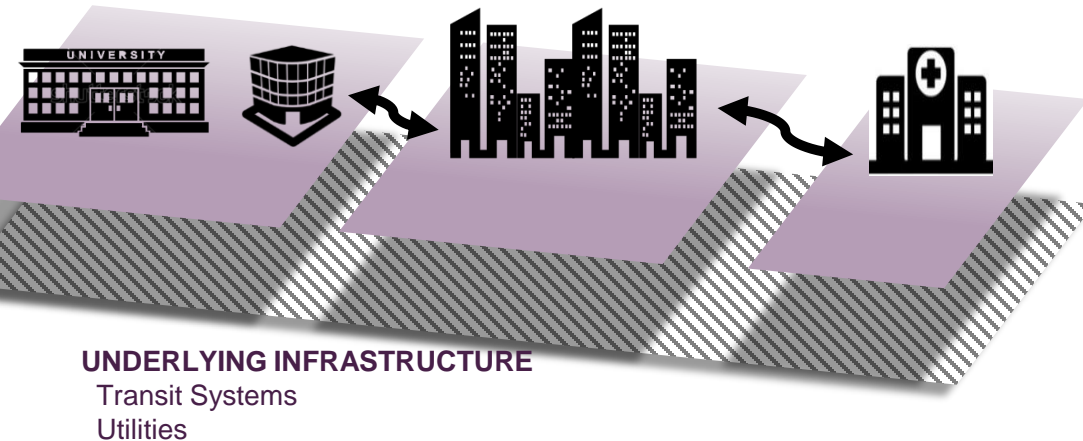


→ Community requirements need to be mapped against associated revenues

→ Consumers are smart and will only pay for services that provide value

→ Focus on defining the real services that will generate sustainable revenues

Smart solutions for Urban Transit



CREATING REAL VALUE

- Real demand for real-estate that is well connected to economic centres
- Urban transit systems create virtuous value loops for real estate by linking economic centres

CAPTURING THE VALUE

- Real-estate developer contributions
eg Real-estate premiums; Air Rights
- Hypothecation (ring-fencing) of taxes for cross-financing
eg Land taxes; congestion charging

→ Transit Systems create tangible value for real-estate developers

Public Sector Responsibilities

SOCIAL REAL-ESTATE

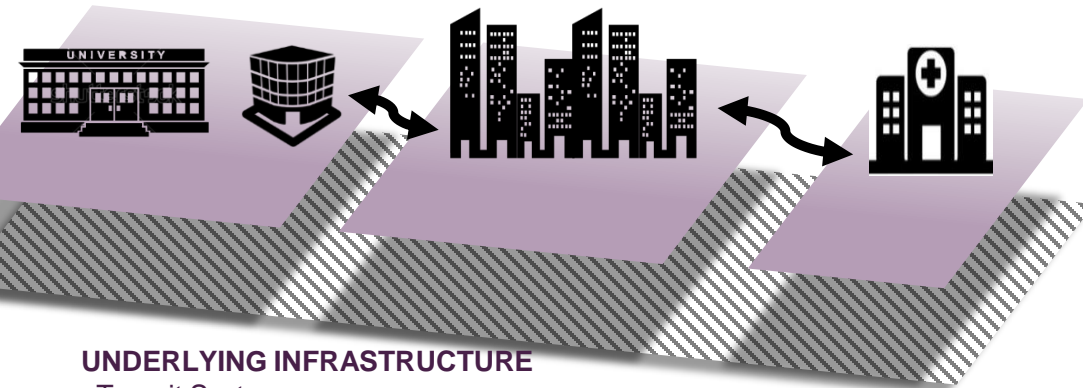
Social Housing
Government Offices

Education Campuses Hospitals
Military Bases & Airports Data Centres

PRIVATE REAL-ESTATE

Residential Real-Estate
Commercial Real-Estate

Hotel, Conference & Catering
Retail, Car-parking



UNDERLYING INFRASTRUCTURE

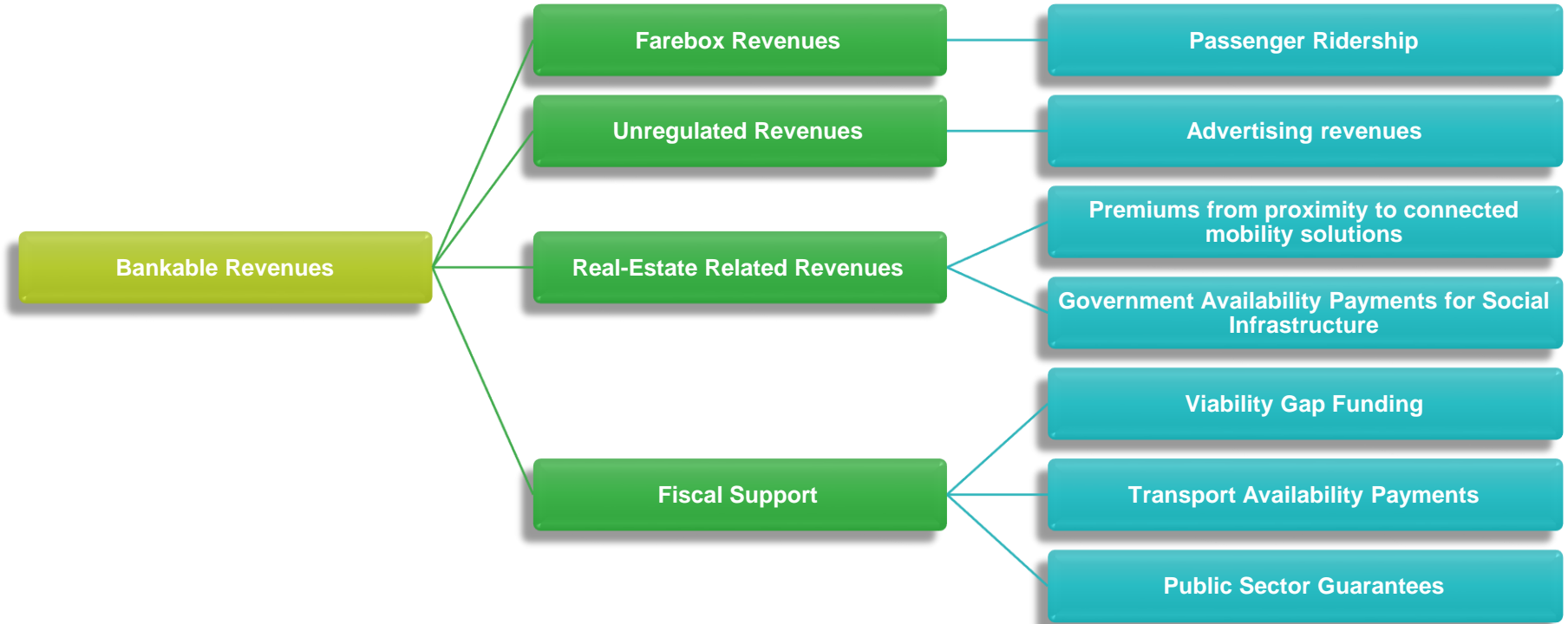
Transit Systems
Utilities

CREATING REAL VALUE

- Public sector planning to embed social services at urban transit systems will create employment & anchor demand
- Using fiscal resources for social services commitments to leverage private investor funds

- Public sector must provide incentive for creating real-estate value and regulate to capture economic value
- Public sector can leverage fiscal resources to create value for transit systems & real-estate

Public Sector Responsibilities – define business case



→ Public Sector Obligation to establish the business case to demonstrate commercial viability & bankability

Public Sector Responsibilities – manage public sector risk

Challenges

- × Ridership & 3rd party revenue risks
- × Land acquisition risk
- × Interface risks
- × Stakeholder engagement risks
- × Insufficient skilled workforce

Sustainable Risk Allocation

- Allocate & use budget for planning out public sector obligations & public sector risks
- Use People First Objectives to show win-win benefits to other ministries & stakeholders
- Use private-sector tools in public sector: eg contracts & management systems

Consequences of Failure

- × Failed tenders
- × Insufficient project revenues resulting in public-sector bail-out
- × Public Sector default requiring pay-out from public sector guarantees
- × Shortfalls in economic growth

Thank you

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