



USDOT PPP Trip to Sydney and Melbourne



Delegation/Purpose

- Traveled with Michigan, California, Florida and Georgia
- Undersecretary of Policy- Tyler Duvall
- U.S. Consulate General's Office and the U.S. Embassy
- Purpose of the Trip was to gain a better understanding of P3 – successes and failures



Contacts/Meetings

- U.S. Consulate General- Judith Fergin
- Port of Sydney Administrator
- Lord Mayor of Sydney
- Private Partners
 - Babcock and Brown
 - Transurban
 - Macquarie
 - Ernst and Young

Many levels of Government were Examined

- NSW Minister of Transport- John Watkins
- Premier for NSW- Bob Carr
- Victoria's Minister of Roads and Ports- Melbourne- Tim Pallas
- Victoria's Treasury Officials- John Fitzgerald
- Federal Australian Secretary for Infrastructure and Transport- Michael Taylor
- Toured
 - M7 Toll Road, TMC, Ports of Sydney and Melbourne, M5 Toll Road, Eastern Distributor, Airport in Sydney

Lesson Learned

- Very Similar Governmental Structure to U.S.
 - Separate ministers for Transit and Roads
 - Higher funding levels
- Little Federal Involvement- Block Grants to States
- Bipartisan support for the P3
- Mostly greenfields projects- 2 tunnel projects
- First P3 was in 1920- Harbor Bridge
- Centralized privatization of road projects
- About to embark on their first P3 transit project

Lessons Learned

- Do not have constitutional constraint of “tying hands” of future legislators or local governments
- 10 years to get through political system to initiate P3s
- Political argument for support of toll roads
 - Wait 10 years for the project or toll it
 - Cost of capital versus risk
 - Congestion relief
 - Minimize tolls with no upfront payments
 - Do you want a tax or a toll?
 - Tolls will produce future projects

Lessons Learned

- Confidence in process and transparency
- Risk sharing analysis and who and why will risk be shifted
- No hybrid models to date
- Involved Treasury from beginning and treasury did review of cost analysis for them
- Hire experienced staff
- Have a plan- tolling and transportation

Lessons Learned

- Design innovation is critical to success
- KPIs should be established up front
- Created a group within each state to handle with key positions
- Flexibility with the environmental process- no flexibility= no innovation
- Privacy policy
- Enforcement means revenue
- Where do we negotiate a deal?

Lessons Learned

- Outcomes versus in-put decision making- knew what they wanted to solve
- Know the objective
- Protocols on conflict of interest- probity advisor for each project
- 18 month average prep time
- 2 years average time to close the deal
- Standard contract across Australia
- T and Rs not very reliable

QUESTIONS?

