



Duncan Pescod
Head, Efficiency Unit



PECC Workshop on PPPs
13 December 2004

Capacity building and transparency



Topics

- ◆ PPPs in HK
- ◆ Issues
- ◆ Role of EU
- ◆ Projects
- ◆ Looking Ahead



Private Sector Involvement

Public Private Partnerships

- ◆ Partnership companies
- ◆ Private finance initiatives
- ◆ Joint ventures
- ◆ Partnership investments
- ◆ Franchises

Purchaser / Provider Agreements

- ◆ Contracting in
- ◆ Contracting out / Outsourcing
- ◆ Grants and subventions

Privatization / Private Sector Provision

- ◆ Asset sales
- ◆ Sales of businesses
- ◆ Management Buy Outs
- ◆ Market provision of services
- ◆ Withdrawal of public services

Level of private sector involvement



What are PPPs?

Partnership approach

- ◆ Government
 - Political responsibility
 - Define requirements
- ◆ Private sector
 - Finance
 - Service delivery

Risk sharing



Government Policy

Make use of the market to provide better and more efficient services to the public



PPPs in HK

History

- ◆ Extensively used for development of economic infrastructure
 - BOTs (tunnels)
 - DBOs (solid waste facilities)
 - Long term relationship
 - Enabled by dedicated legislation
 - Some financially free-standing, e.g. tunnels
 - Price level subject to public scrutiny



PPPs in HK

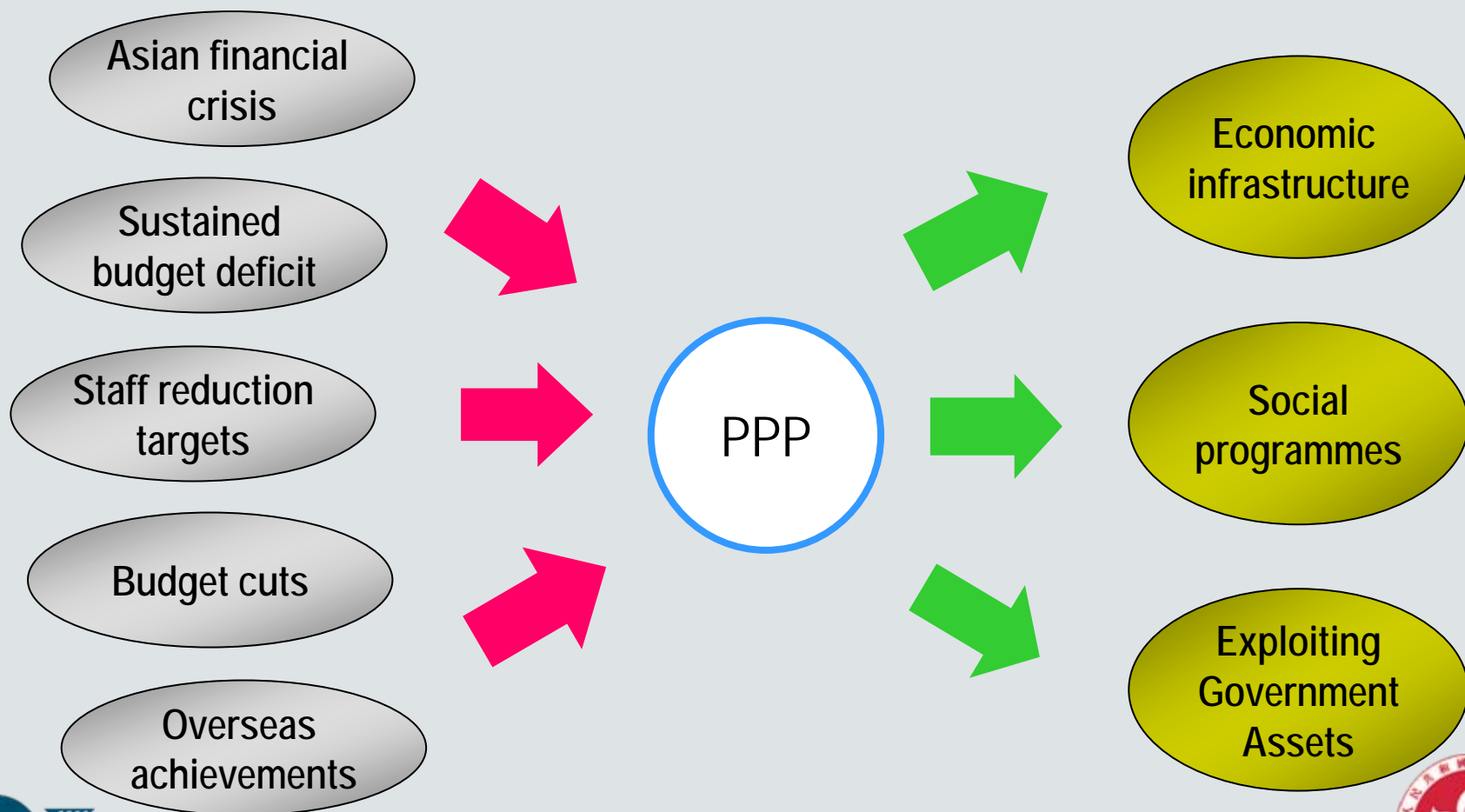
Overview

- ◆ Many services never part of public sector
- ◆ Long outsourcing history
- ◆ Public and private sector complement each other



PPPs in HK

Recent focus on PPPs



Issues

Public support

◆ Public debate



Issues

Public support

- ♦ Public debate
- ♦ Legislative Council buy-in



Issues

Fair, open and transparent procurement

- ◆ Proper procedures and mechanisms for –
 - Market testing
 - EOI / Pre-qualification exercise
 - Request for Proposals
 - Evaluation of proposals
 - Negotiation with bidders
- ◆ Access to information
 - Policy and practical guides
 - Project development



Role of EU

To equip the civil service with the necessary tools



Role of EU

Internal seminars

- ◆ Concepts and actions
- ◆ General issues and benefits



Role of EU

Tapping private sector expertise

- ◆ Project Finance
- ◆ Public Sector Comparator
- ◆ Overseas case studies



Role of EU

Exchanges with the private sector (locally and overseas)

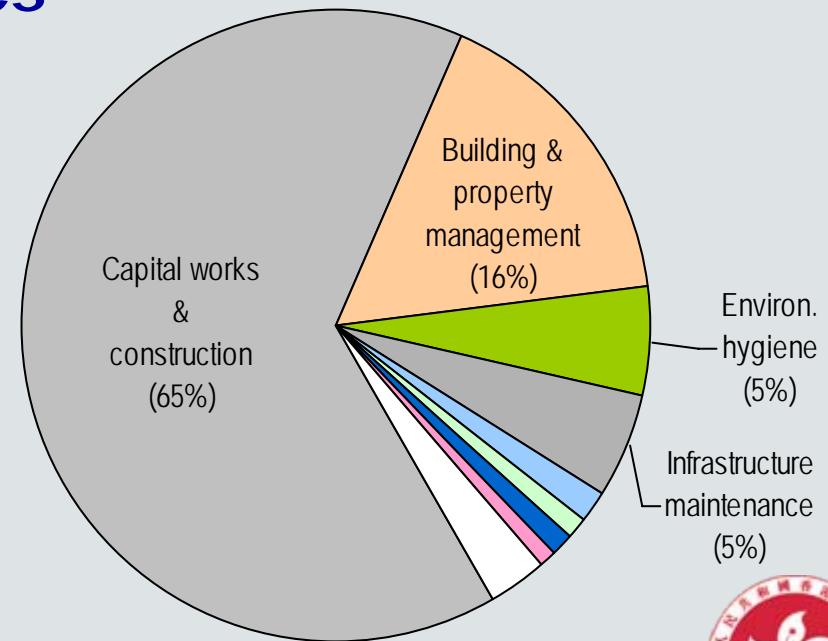
- ◆ Regular discussions
- ◆ Attend meetings / seminars
- ◆ PPP duty visits to Melbourne (June 2004)
- ◆ Visit facilities
- ◆ Meet officials, contractors, practitioners, consultants and academia



Role of EU

Biennial Outsourcing Surveys

- ◆ State of outsourcing
- ◆ Improvement opportunities
- ◆ Training need
- ◆ Potential projects

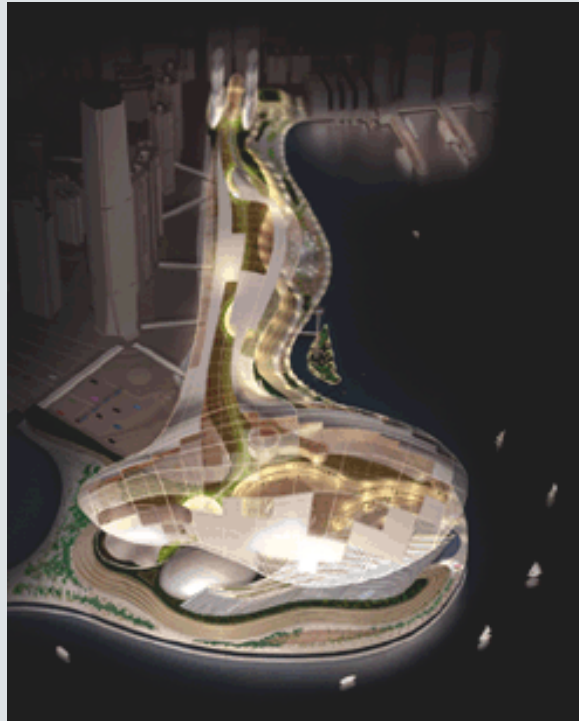


PPP Projects

- ◆ Tung Chung Cable Car
- ◆ Hong Kong Disneyland
- ◆ AsiaWorld-Expo
- ◆ Marine Police Headquarters



PPP Projects



New projects

- ◆ West Kowloon Cultural District
- ◆ Central Police Station



PPP Projects – Looking Ahead

Potential PPPs

- ◆ Sha Tin Water Treatment Plant
- ◆ Regional poultry slaughterhouse(s)
- ◆ Central hospital catering
- ◆ Solid waste management
- ◆ Sewage treatment
- ◆ Prison clusters
- ◆ Crematoria / columbaria
- ◆ Highways
- ◆ Sports and recreation



Looking Ahead

Challenges

- ◆ Patchy awareness of opportunities
- ◆ Staffing
- ◆ Cross departmental opportunities
- ◆ Sharing benefits / costs

Opportunities / Potential



Asia's world city

HONG
KONG

