Private sector perspective on the development of the Irish PPP Market

Paul Sweetman,
IBEC Transport & PPP Executive
26th June 2007
Success of PPP programme

- NDP 1: Aspiration met
- NDP 2: €13 billion
- System support
- Programme operating successfully?
- PPP can do more:
  - Infrastructural, social deficits
Infrastructural deficits

- Percentage of capital spending on PPP is high
- Ireland vs. countries with historic wealth
- Public investment
- Catch-up
Stock of public capital

Public capital stock per person in thousand $, 2004 (source: OECD)
Ireland’s Public Capital Stock as a % of GDP and per person
(source: Forfas, IMF)
Adequacy of overall infrastructure

(source: Forfas, World Economic Forum)
Addressing the deficits

- Serious deficits remain
- Irish PPP: new and established sectors
- Major role for PPP — why?
Benefits of PPP

- Speed, value, innovation
- Life-long quality
- Best value
  - Public sector comparators
- Accountability & risk transfer
## Benefits of PPP

Source: National Audit Office

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<tr>
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<th>Traditional Procurement</th>
<th>PFI</th>
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<tbody>
<tr>
<td>Projects Over Budget</td>
<td>73%</td>
<td>20%</td>
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<tr>
<td>Projects Late</td>
<td>70%</td>
<td>24%</td>
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International success

UK:

– 230 schools
– 185 hospitals and health facilities
– 43 major transport projects

“we would never have got the largest hospital building programme underway without PFI”

Tony Blair
"our relationship with the PFI partner has been very positive. They recognise the need for flexibility and respond well to our need to change and adapt to the needs of the patients"

Philippa Slinger, Chief Executive, Berkshire Healthcare NHS Trust
Identify institutional & political obstacles

Extensive interviews, areas examined:
- Current status of PPP
- Perceived advantages & disadvantages
- Sector behaviour
- Organisational issues
Obstacles to Irish process

- Lack of full internalisation
- Understandable caution
- Matching sectors’ expectations
- Central focal point
Lifting the barriers

- Public perception:
  - Caution to confidence
  - Show success
  - Private sector role
Structural reforms

- Champion needed

- Department of Finance
  - Development leadership role
  - Identify strategic investment needs
  - Prioritise areas

- NDFA
  - Relationships
  - Skills
  - Support
Summary

- Maintain intellectual and organisational capacity
- Merits of new sectors
- Willingness from private sector
- Meet Ireland’s social and infrastructural deficits