



Government accountability within infrastructure public–private partnerships

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Abstract

Public–private partnerships (PPPs) have been widely used to deliver infrastructure projects. However, PPPs are being plagued with controversy as some of them were subjected to project overruns and/or poor operations. An underlying issue contributing to unsatisfactory performance of PPPs was a result of an ambiguous accountability of the government. Despite this, limited empirical research has been undertaken to identify the government's accountability within PPPs. Thus, a conceptual framework of the accountability of the government of PPPs is developed in this paper and then examined by conducting a case study of a Chinese PPP project. The findings indicate that the government's accountability in PPPs should shift to enhance the effectiveness of quality services and the efficiency of use of public resources for asset end-users and general population. This paper provides the governments embarking on PPPs with an insight into their accountability, ensuring Value for Money is delivered.

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1. Introduction

Governments across the world have extensively involved private entities for infrastructure development because of their limited public budgets (Glaister, 1999; Jones and Noble, 2008; Reeves, 2003; Liu et al., 2015a). This association between public and private sectors is normally referred to as public–private partnerships (PPPs). A variety of types of PPPs has been used in both developed and developing countries, in which partial or entire delivery of infrastructure projects are contracted to private *Special Purpose Vehicles* (SPVs) for designing, building, financing and/or operating and maintaining the public

assets/facilities while the governments retain ultimate accountability for a provision of the services.

With an introduction of private sector's resources or expertise in project delivery and management, it is expected by the governments in PPPs that a higher quality of the assets and their services would be secured via optimal cost and risk allocation (Savas, 2000; Roehrich et al., 2014; Jin and Zhang, 2011). Nonetheless, PPPs are currently being plagued with controversy (Love et al., 2015), particularly in the United Kingdom (UK) and Australia, whereby a number of unsuccessful cases that were subjected to substantial cost/schedule overruns and/or unsatisfactory operational performance have been reported (for example, Edinburgh Trams in the UK and Sothern Cross Railway Station and Latrobe Regional Hospital in Victoria, Australia) (Liu et al., 2016).

An underlying issue contributing to poor performance of PPPs was a result of obscure accountabilities within the cross-sector

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partnerships, especially that of the government (McAllister and Taylor, 2015). This view is supported by Grossi and Thomasson (2015), who identifies that an explicit understanding of the government’s accountability in PPPs is critical to the life-cycle performance of the projects and however it received limited attention in the literature. Against this contextual backdrop, this paper aims to empirically identify the accountability of the government within the context of PPPs.

2. Government accountability in PPPs

Accountability can be viewed as an answerability for performance (Romzek, 2000). The accountability system of public sector is traditionally underpinned by vertical relationships, such as elector–politician, politician–official and supervisor–subordinate relationship within the governments (Mulgan, 2000). The hybrid arrangements of infrastructure procurement, i.e., PPPs, entangle the traditional system of public-sector accountability owing to an involvement of private entities (Grossi and Thomasson, 2015). As PPPs encompass a sophisticated stakeholder network comprised of public and private sectors, the government has a complex accountability that is based on its triangular relationships with other groups of key stakeholders, e.g., private concessionaire and/or the public (Forrer et al., 2010).

Public authority, as addressed above, is ultimately accountable for a provision of asset services in a PPP project, regardless of what type of contractual arrangement has been selected (e.g., design-build-operate—DBO, design-build-operate-maintain—DBOM, design-build-finance-operate-maintain—DBFOM, or built-own-operate-transfer—BOOT). Hence, the government is pivotal for linking public sector to private entity throughout the life-cycle of a PPP project. Noteworthy, citizens delegate power and resources to the government for providing public services and thus public authority is deemed to be a representative of the public within PPPs (Hodge and Coghill, 2007). Noteworthy, Rwelamila et al. (2015) and Wibowo and Permana (2015) provide for a definition of “the public” within the context of PPPs and define it as an integration of asset end-user and general population.

According to Liu et al. (2015a), the scope of PPP research includes: (1) critical success factors; (2) roles and responsibilities of public sector; (3) selection of concessionaire; (4) risk identification and allocation; (5) cost and time performance under different types of PPP contracts; and (6) PPP project finance. Nevertheless, limited empirical research has been undertaken to interpret and explore the government’s accountability in PPPs from the perspectives of “end-user” and “general population” and, therefore, this study will fill this significant knowledge gap.

3. Conceptual framework of government accountability within PPPs

A study of “accountability” within PPPs is essentially an attempt to answer a question, “who is accountable for whom and for what?” (Grossi and Thomasson, 2015). With this in mind, exploring the accountability of the government involved

with a PPP should take a “standpoint” of identifying “for whom” and “for what” the government has to be accountable during the project’s whole life-cycle.

Government represents the public that involves “end-users” and “general population” within PPPs. In essence, the end-users of a PPP are those whom the project intends to directly serve; thus, it is essential for the government to ensure the expected quality service to be delivered to the asset users effectively (Grossi and Thomasson, 2015). By contrast, there is no direct relationship between general population and the service of the built asset; however, as taxpayers, general population may also be concerned with the efficiency of the project. This is because many PPPs still substantially consume public resources, especially those projects under such popular contractual arrangements as DB, DBO and DBOM, whereby the governments are responsible for financing them by spending public money (Majamaa et al., 2008; Yuan et al., 2010; Liu, 2016).

In summary, the government of PPPs is accountable for satisfying the asset end-users and general population by effectively providing an expected quality service and efficiently consuming public resources, respectively. In fact, effectiveness, efficiency and quality are of the key words of VfM, which emphasizes on strategically delivering public projects in a cost-efficient and quality-effective way to meet key stakeholders’ requirements for social benefits (Office of Government Commerce, 2002; Grimsey and Lewis, 2005). It is acknowledged that VfM acts as a strategic goal of PPPs over the project’s life-cycle. Bearing these perspectives in mind, a conceptual framework of the government’s accountability is proposed within the context of PPPs (see Fig. 1).

As illustrated by Fig. 1, the governments that embark on PPPs should take an accountability in ensuring and enhancing: (1) an effectiveness of quality service for asset end-users; (2) an efficiency of use of public resources; and (3) a life-cycle VfM. To examine this developed conceptual framework, a case study of a Chinese PPP project has been undertaken, which relied on multiple data sources.

4. Research approach and data

Case study is an in-depth examination of the contextual information of an individual sample. It possesses the nature of

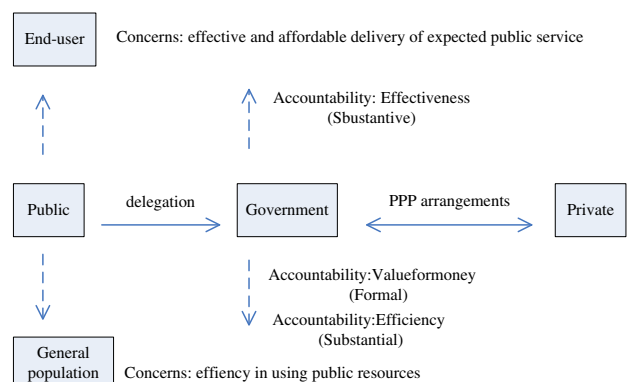


Fig. 1. Conceptual framework of government accountability within PPPs.

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