

Star-Telegram

Foreign leaders back private development of transportation projects

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LEIPZIG, Germany — Ministers from 54 nations last week opened the door to worldwide expanded private development of toll roads, rail lines and other projects.

It's a potential investment that could amount to several trillion dollars over the next decade or so, several officials said.

But the declaration of support for so-called public-private partnerships also raises many questions about whether corporations will wield too much control over public roads — or whether public entities could be exposed to financial risks in these agreements.

Still, supporters said the declaration approved by representatives of 54 countries — including the United States — during the annual International Transport Forum in Leipzig, Germany was a necessary step to ensure that countries could continue to battle congestion problems on streets and in villages across the globe and meet the needs of a growing and ever more mobile population.

"With both public budgets and private sector resources under constraint, government authorities and industry must together seek new ways of ensuring stable, long-term funding for the sector," a portion of the declaration read.

Norway Transport Minister Marit Amstad, who is serving as 2013 president of the International Transport Forum, said during an open ministers' session that the declaration allows countries to "obtain private sector funding where appropriate."

"Today we should together secure a robust, sustainable funding for transportation infrastructure for our future," she said.

Familiar arrangement

In the Dallas-Fort Worth area, motorists are already experiencing the expansion of road privatization.

The [North Tarrant Express project](#), a \$2.5 billion job that includes expansion of Loop 820 and Texas 121/183 in Northeast Tarrant County, is being financed and managed by a private group that includes the U.S. office of Spain-based Cintra. That group also has reached an agreement with the Texas Department of Transportation to expand Interstate 35W from downtown Fort Worth to the Alliance area as part of its project - a move that kicks the value of the deal over the \$3 billion mark.

But in return, the private company — known as [NTE Mobility Partners](#), will get to keep tolls generated on those Tarrant County roads for 52 years.

A similar consortium of private companies is building LBJ Express on Interstate 635 in Dallas.

\$27 trillion could be spent worldwide

For the handful of global companies that already have some expertise in private development of transportation projects, the approval of the declaration on Thursday signaled a potential windfall of trillions of dollars worldwide.

One of the largest such companies, Australia-based MacQuarie Group Ltd., already manages \$30 billion worth of toll roads, seaports, airports and other transportation assets.

But David Fass, MacQuarie chief executive in Europe, Middle East and Africa, told forum attendees that was "little more than a drop in the bucket" compared to the \$27 trillion that could be spent on infrastructure worldwide.

The money often comes from pension plans, equity investors and others who are willing to invest their dollars for a long-term return. It's an investment for people willing to park their dough for decades at a time, he said.

Several transport ministers and other supporters noted that they'll have to use public-private partnerships carefully, to avoid losing the trust of voters and taxpayers.

Although the concept of such partnerships — often called PPPs — has been around in Europe for nearly three decades, a handful of projects have spectacularly failed, raising questions among the public whether it's worthwhile to lease away a public asset such as a road to make up for a short-term lack of tax-supported transportation funding.

"Transport problems may be very different in different parts of the world, but lessons can be shared," said Jose Viegas of Portugal, secretary general of the International Transport Forum.

The declaration also calls on leaders from the 54 nations to find more stable forms of funding for public-backed projects, and to adopt more strategic transportation planning efforts.

For public-private partnerships, leaders must do a better job explaining the potential liabilities to their respective citizens, and also undertake the efforts necessary to place a monetary value on roads and other transportation “assets” over several decades.

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