THE RISE AND RISE OF PUBLIC PRIVATE PARTNERSHIPS: CHALLENGES FOR PUBLIC ACCOUNTABI
Watson, David
Australian Accounting Review; Nov 2003; 13, 3; ProQuest Central
pg. 2

DAVID WATSON

The Rise and Rise of Public Private Partnerships: Challenges for Public Accountability

The increasing popularity of public private partnerships (PPPs) thrusts on to centre stage the inherent tension between accountability and transparency on the one hand, and efficiency and commerciality on the other. This paper explores a number of accountability issues that are exacerbated by a public private partnership structure. The organisational structure of a PPP, where much of the activity associated with the delivery of a public service is embedded in a private-sector entity, increases the likelihood that public scrutiny of decisions and actions is significantly inhibited.

The public private partnership, while it has a long and varied history, has risen to prominence in relatively recent times.[1] This prominence can be traced to the enthusiasm of the Blair government in the United Kingdom, city governments in Europe and, more recently, state and local governments in the US (Peters and Pierre 1998).

Today more than a dozen countries, including Australia, are using this organisational mechanism for the delivery of government services (Middleton 2001). Recently, the UK Office of Government Commerce reported that 569 Private Finance Initiative (PFI) contracts had been entered into since the first in 1987, with a combined value of £52.671 billion. The Scottish parliament's finance committee reported that some 90 Scottish PFI projects valued at £3 billion were operational by mid-2002.

The Victorian government has been the most active government in Australia in promoting the concept (Partnerships Victoria website), although New South Wales can boast a number of PPPs. In May 2003, some 15 projects could be identified as PPPs in Victoria and as many as 26 in NSW, with more in the pipeline. Queensland completed its policy framework and published its "Public Private Partnership Guidance Material" in August 2002 and is currently evaluating two projects, the duplication of the Gateway Bridge and the Southbank Education and Training Precinct.[2]

Most other Australian governments have undertaken similar exercises in establishing PPPs when entering contracts with private enterprises variously described as Design and Construct (D & C), Build Own Operate (BOO) and Build Own Operate and Transfer (BOOT) schemes.[3]

The importance of PPPs can also be judged from the recent academic interest demonstrated not only by an increasing number of published articles, but also from the fact that prestigious journals have allocated a complete issue or special section to the topic. The *American Behavioural Scientist* devoted its September 1999 issue to the topic of "Public-Private

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

Policy Partnerships" and *The Economic Journal* published a special section in its March 2003 issue to the topic "Private Provision of Public Services". One article in that issue was by Oliver Hart, a noted Harvard economist, who has developed a preliminary economic model of public private partnerships based on the theoretical developments in incomplete contracting theories of the firm. *The Australian Accounting Review* also devoted its July 2003 issue to accounting change in the public sector, including PPPs.

In May 2003, Melbourne University Private, through its Australian Centre for Public Infrastructure, announced a master's degree (by research) in public private partnerships.

Finally, the topic is receiving increasing emphasis in a parliamentary sense. As well as receiving attention from auditors-general, PPPs have been the subject of inquiries conducted by the parliaments of the UK, Scotland, NSW and Victoria. The biennial conference of the Australasian Council of Public Accounts Committees (ACPAC) in February 2003 also devoted a major session to the topic. The conference was attended by Australian and New Zealand public accounts committee members, as well as many representatives from public accounts or similar committees in other commonwealth countries.

THE RATIONALE FOR GROWTH IN PPP

That PPPs are becoming more popular is not in dispute. The real rationale for this growth is less clear. Two main motivations (and various sub-theories within these) have been advanced as explanations for the renewed interest in PPPs:

- reductions in measured or reported government debt levels; and
- the failure of traditional methods of service delivery to produce value-for-money outcomes for taxpayers and the search for alternative means of providing value for money.

The reduction in reported debt argument

In a paper presented to the 2003 Australasian Council of Public Accounts Committees Conference, John Quiggin argued that privatisation and private participation in the provision of public infrastructure (PPPs or PFI) were two fiscal expedients adopted in response to the chronic fiscal crisis of the 1970s (Quiggin 2003).

He argues that the motivation of the Thatcher government in the UK to introduce the original version of the PFI (the "first generation" PPPs) was to reduce the Public Sector Borrowing Requirement (PSBR). Quiggin states: "In nearly all cases, these schemes involved devices which shifted debt off the public balance sheet, while leaving the real obligations of the government largely unchanged. In most cases, this cosmetic adjustment to the balance sheets was the dominant characteristic of the scheme."

> THE EARLY PFI WERE CRITICISED BECAUSE OF THE INCREASED COSTS BORNE BY THE PUBLIC SECTOR WITH NO COMMENSURATE REDUCTION IN RISK.

This view is supported by the Institute for Public Policy Research (IPPR), self-described as the United Kingdom's leading independent centre-left think tank. In a fact sheet on "The Private Finance Initiative" they state: "This so-called 'off balance sheet financing' is still a driver behind the PFI even though it is based on flawed logic. The Government's strict public sector borrowing rules mean that, in many cases, projects will not be given the funds to go ahead unless it is done via the PFI."

The early PFIs were criticised because of the increased costs borne by the public sector with no commensurate reduction in risk. Consequently, the second generation of PPPs has concentrated on risk-sharing as a central plank.

Quiggin, however, is not convinced. He argues (2003, p. 2): "Despite a rhetoric concerned exclusively with risk transfer, reductions on measured debt levels remain central to the political motivation for the use of PPPs. In these circumstances, the achievement of a risk transfer is not a method of improving the efficiency of resource allocation but a hurdle that must be achieved in order to shift a project 'off budget'."

Quiggin asserts that his analysis applies equally to the Australian states, even to NSW which has little net debt, and to Queensland, which has a negative net debt position because it fully funds the state superannuation liability. Further, he suggests that the current Labor governments in Victoria, South Australia and Western Australia have an aversion to greater public debt following the collapses of debt-burdened state banks in the 1980s and Labor's subsequent election losses.

The force of this argument has to be juxtaposed with the financial strength of the Australian states, as

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

judged by the external rating agencies, and the ability of the rating agencies to fully evaluate the states' actual or real financial position.

As judged by Standard and Poor's, each of the Australian states has a very strong financial position, with most having AAA ratings and Tasmania and South Australia having AA and AA+ ratings. These ratings are widely reported in the national media and any significant downgrading would have a detrimental impact on a government's electoral standing.

In addition, the rating agencies have access to the internal treasury figures for each state. They are quite capable of evaluating actual debt situations, even when that debt is off-balance-sheet in government-owned corporations or in public private partnerships.

Consequently, in today's rating environment, it could be argued that the political benefit in putting debt off-balance-sheet in this manner is marginal. Further, given the negative sentiment generated by the Enron collapse, with its limited partnerships structure and off-balance-sheet financing, it could be argued that such debt arrangements solely for political purposes are short-sighted and unlikely.

Value-for-money arrangements

A common argument is that the traditional methods of service delivery by governments are inefficient and costly. While there is anecdotal evidence on this issue, little rigorous statistical evidence is available.

Flyvberg *et al* (2002) provide some statistical evidence on actual and estimated costs in transport infrastructure. They looked at 258 projects undertaken in 20 nations between 1910 and 1998 in rail, fixed link (tunnels and bridges) and road infrastructure. The major findings, all highly significant, were:

- in nine out of ten transportation infrastructure projects, costs are underestimated;
- for all project types, actual costs are on average 28% higher than estimated costs (rail projects 45% higher; fixed-link projects 34% higher; road projects 20% higher); and
- cost underestimation has not decreased over time.

The public debate that surrounds the delivery of government projects, particularly large infrastructure projects, usually revolves around costs and whether outsourcing saves money. The debate normally takes place in the absence of reliable cost data. Most studies have concentrated on transport infrastructure projects, mainly highways and fixed-link projects. Evidence from other critical infrastructure areas such as water projects, public buildings and facilities, prisons and the like is largely absent. Further, obtaining consistency in costing methodology has proven extremely difficult. Moore *et al* (2002) outline the problems: "First, it is virtually impossible to properly calculate overhead costs for in-house projects . . . Second, comparing in-house projects to consultant projects is like comparing apples to oranges: the two use different methods of service delivery and cost accounting among other things. Third, rarely do comparisons go beyond the grossest level of project comparison."

However, cost alone is usually not the driver for outsourcing. Moore *et al* (2002) cite US Council of State Governments data which indicate flexibility, access to personnel or skills not available in-house, increasing political support for outsourcing and tapping of private-sector innovation are all important reasons for outsourcing. They state: "Government procurement and service contracting are steadily moving toward 'best-value' techniques . . . With infrastructure, a range of issues are central to best value selections, starting with quality but including flexibility, speed, expertise, efficiency, innovation and risk management."

Public private partnerships are conceived, under this argument, as an organisational mechanism for achieving value-for-money results in the delivery of government services or projects.[4] The objective of the partnership is to import private-sector discipline to the delivery of a government service or project.

The emergence of PPPs has coincided with a new model of government operations referred to as the New Public Management (NPM) model. Hood (1991) observed that the rise of the NPM seems to be linked with other administrative "megatrends" including the shift toward privatisation and quasi-privatisation and away from core government institutions. Consistent with this trend is the NPM emphasis on better management producing better results.

WHY IS ACCOUNTABILITY AN ISSUE?

The infusion of a private-sector entity into the delivery of government services creates an accountability dilemma. When public functions are delegated to the non-government sector, it is not only the organisational arrangements that are altered. Gilmour and Jensen (1998) considered this issue when looking at privatisation of government functions: "Because private actors are not subject to the same constitutional, statutory and oversight restrictions as governmental actors, delegation of public functions outside the bounds of government profoundly challenges traditional notions of accountability, making it all the more difficult, as James Madison put it, to 'oblige "government" to control itself'.

The concept of traditional accountability was captured by Australia's auditor-general when he defined accountability as being taken to mean "the direct relationship of authority by which one party accounts to a person or body for the performance of tasks or functions conferred, or able to be conferred, by that person or body" (Barrett 2003).

For executive government, this is done in two ways. First, it is held accountable by the parliament and by the voting public. Appointed public servants are accountable to their ministers and through them to the parliament. Second, executive government is held

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

accountable legally by an independent judiciary or other independent quasi-judicial bodies.

However, the private sector is governed by a different set of rules. While general legal rules govern some behaviour (eg, contract law, the corporations law, the criminal code), accountability for most private action is left to the marketplace. Here, individual pecuniary interests and maximising the return on shareholders' funds take precedence over concerns such as equity or procedural fairness to citizens.

Consequently, if private citizens are not subject to the same set of rules as government employees, delegating responsibility for the delivery of a government service to the private sector may permit the avoidance by public servants of public (traditional) accountability for the decisions made or actions undertaken.

In this new and evolving environment we need to ask "what do we mean by accountability?" Can we delegate public functions to private-sector organisations without losing the sense that public services are not merely individual transactions with individual customers, but have a larger public purpose?

In a thought-provoking book, *Rethinking Democratic Accountability,* Behn (2001) suggests that when we talk about holding people accountable, we usually mean accountability for one of three things: accountability for finances, accountability for fairness or accountability for performance.[5]

Accountability for finances embodies the traditional concept of accountability — how the books are kept and how the money is spent. Parliament approves the rules and procedures for constraining behaviour in this area and has established the statutory position of auditor-general to check that the executive adheres to appropriate financial standards.

Accountability for fairness recognises that democratically elected governments are responsible for more than using taxes in an appropriate fashion. Citizens need to be treated in an equitable manner. Governments need to be fair when dealing with individuals — whether that is when taxing them, providing services to them, or as only the state can legitimately do, punishing them for violating the law. While the concept of fairness is less precise than that of financial accountability, we have established norms for appropriate behaviour for public servants such as procedural fairness, natural justice and non-discrimination. We have mechanisms for ensuring fairness through such public offices as the ombudsman, specialised appeals commissions or tribunals and judicial review.

Behn (2001) argues that accountability for finances and accountability for fairness "reflect concerns for how government does what it does". He goes on to say "we also care what government does — what it actually accomplishes". Behn then introduces his third concept, accountability for performance, in these terms: "Our expectations for the performance of public agencies cover more than keeping customers happy. Accountability for performance ought to mean achieving performance standards that are set at a higher level than a seller-buyer, provider-customer exchange . . . Accountability for performance ought to cover the expectations of citizens; it ought to mean accountability to the entire citizenry."

Attempting simultaneously to satisfy the three aspects of accountability promotes, according to Behn, a form of the classic dilemma of public administration - the trade-off between accountability for finances and fairness and the accountability for performance.

ACCOUNTABILITY ISSUES

Four issues related to the public accountability of public private partnerships are:

- the diffusion of disclosure;
- whole-of-government accountability;
- risk allocation and management; and
- commercial-in-confidence.

The diffusion of disclosure

It may seem paradoxical that disclosure can inhibit public accountability rather than enhance it. But this is precisely the outcome where disclosure is diffuse — that is, information is made available, but only in small increments in multiple locations.

Consider a simple PPP that involves one government agency and one private-sector public company partner. In this situation there are potentially three reporting entities: the government agency, the private-sector company and the partnership entity, be that a tollway, hospital, building or school. Consequently, there are potentially three avenues for disclosing any relevant piece of information.

Each of these entities may produce financial reports, but each is subject to different reporting standards: the public company to corporations law and generally accepted accounting standards; the government agency to government reporting requirements; and the partnership entity to, perhaps, proprietary company reporting requirements.[6] In addition, for each of the partners, the relative importance of their specific investment will differ and may be small in comparison to their portfolio of projects. Finally, the public announcements or press releases may be governed by significantly different sets of rules, for example ASX or ASIC requirements for the public company against parliamentary or political constraints for the government agency.

This diffusion of disclosure is exemplified in the Queensland government's support for the Australian Magnesium Corporation (AMC) which has recently received media coverage. While previous governments, formed from each of the major political parties, had also supported the project, the current government's financial commitment in October 2001 is of particular interest.

On 15 October 2001, AMC issued a prospectus to raise $525 million from the public through what was

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

termed "distribution entitled securities" or DES. The prospectus announced the following commitments by the Queensland government:

- a $100 million subordinated loan from the state to be used to fund distributions, together with a distribution support facility to a maximum of $28 million;
- $50 million from the state to establish infrastructure in the proposed Stanwell Energy Park; and
- $70 million from Stanwell Corporation Limited, the principal energy provider to the project and operator of the Stanwell power station, to provide additional contingent cost overrun reserves.

This was confirmed by the premier in parliament the next day in the following terms:

"I believe it is important that we inform honourable members and the people of Queensland of the involvement of governments and their agencies in this project. Stanwell Corporation has provided a $70 million cost overrun facility repayable on a fully commercial basis, and an $8 million working capital injection to be repaid on completion of the raising. If the raising is not successful, Stanwell will have recourse to AMC assets, including the pilot-plant and its unique technology.

"The state government has supported the project in the following ways:

- a $50 million infrastructure package, recovered through user charges;
- a subordinated loan of up to $100 million to be recovered on a fully commercial basis;
- a further facility of up to $28 million to be immediately recovered through underwritten oversubscriptions, proceeds from the reinvestment of distribution payments and a number of other avenues."

In November 2001, the premier and the minister for state development confirmed the decision of the AMC board to proceed formally with the development of the plant following the close of the public offer.

What was not disclosed in any of these statements was the significant support given by the Queensland Investment Corporation (QIC) through its purchase of 28,241,263 distribution entitled securities.[7] These had an issue price of 80 cents per DES, payable in instalments of 50 cents (November 2001) and 30 cents (31 January 2003).

This contribution was only disclosed in the AMC 2002 annual report, where QIC is listed second in the list of 20 largest DES holders. This report also disclosed that at 9 September 2002, QIC had 3,522,028 options and 6,533,055 ordinary shares.

On 9 July 2002, the minister for state development disclosed, almost as an aside and quite incidental to the thrust of a question from an opposition member, that a stamp duty concession of $5 million had been granted to AMC. In addition, the Stanwell Corporation Limited 2002 annual report disclosed the start of preliminary work on the supply of services to Stanwell, although no financial figure was provided. Perhaps of more concern was the fact that the $70 million "contingent cost overrun reserve" committed to AMC was not disclosed as a contingent liability.

Given the government's support for AMC and the potential exposure of the Queensland taxpayers, in one way or another, to the tune of $250-300 million, it would not have been unreasonable to expect that the consolidated financial report for the year ended 30 June 2002 may have made some reference to the project.

This is particularly so, since this is the only document which considers simultaneously the three government departments involved (premier and cabinet, state development and treasury), the public trading enterprise involved (Stanwell Corporation Ltd) and the public financial enterprise involved (QIC).

However, no mention is made of this project or the potential total exposure of the Queensland taxpayer. All the other disclosures were diffuse. They required a person to be aware of information in ministerial statements, answers to questions in a parliamentary committee, a public company prospectus and a public company annual report.

The accountability questions this poses are:

- Is there public accountability where individual citizens, including members of parliament, have to search diffuse sources to discover relevant information?
- Is there public accountability where citizens must search private-sector sources to discover information relevant to the evaluation of public-sector entities or activities?

While these questions are reasonable in dealing with any government activity, they are central to the accountability of PPPs which, by their very nature, involve a significant element of private-sector participation, and thus the opportunity for the release of information through non-traditional channels.

Whole-of-government accountability

The previous example was a PPP between a single government agency and a single private-sector firm. Future arrangements are likely to be multi-agency and multi-firm, adding to the complexity of possible sources for the disclosure of information. This also compounds the difficulty of pinpointing responsibility for the achievement of outcomes and thus the difficulty of accountability.

Barrett (2003) observed that "the trend toward 'networked' or cross-agency approaches is one that is likely to continue" and, in the context of PPPs, "responsibility is shared across public and private sector entities". However, a further trend exacerbates the network problem. In Australia, there is increasing pressure to coordinate government responses across levels of government (federal/state/local) and between governments at the same level (eg, state/state). We see, for example, increasing demands from the federal government for states to deliver appropriate health, educational and transport infrastructure outcomes in order to obtain funds sourced from federal taxation revenue.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

In these circumstances, we should expect the evolution of inter-jurisdictional PPPs (which will further compound the problem of accountability).

Returning to the example of the public investment in AMC, this was not, in fact, limited to the Queensland government. As the AMC prospectus showed, the federal government committed:

- a guarantee facility to assist AMC in obtaining total funding of $100 million[8]; and
- $50 million from the CSIRO to assist in future research and development of the AMC processing technology aimed at optimising the Stanwell plant.

In addition, the AMC annual report disclosed that at 9 September 2002, the CSIRO was the 11th largest option-holder in AMC with 159,089 options, and the 14th largest shareholder in AMC with 318,178 shares.

Consequently, the Australian taxpayer was exposed to more than $150 million, in addition to the $250 million-plus exposure in Queensland. It is likely that most Australians would consider $400 million an amount worth paying some attention to. Presumably, someone or some agency should be accountable for a commitment of this size.

When it comes to multi-government operations, most governments are reluctant to share the glory associated with success (although they become much more "sharing" if projects fail). When confirming Queensland's participation in the AMC funding package on 16 October 2001, the Queensland premier devoted only two lines to the commonwealth government: "The Commonwealth Government has provided $50 million through a CSIRO facility towards commercialisation of the technology and a $100 million loan guarantee."

In the federal parliament there seems to have been even less emphasis placed on the proposal and certainly no examination of the commitment in October 2001. So questions remain about projects or PPPs that are multi-jurisdictional: Who is accountable for the whole package? To whom are they accountable? And what accountability mechanism is available to report on compliance or non-compliance?

Risk allocation and risk management

The essence of a PPP is risk-sharing. In fact, without some significant transfer of risk from the public sector to the private sector, it is doubtful whether a government contract with the private sector should be classed as a PPP.

The Scottish parliament's finance committee in its "Report on Public Private Partnerships" (October 2002), found that one factor required for a successful PPP was a genuine and appropriate transfer of risk to the private sector. This observation is repeated in most analyses of PPP arrangements and represents a critical element in most government guidelines for establishing PPPs.

Despite this recognition, there continues to be uncertainty about the mechanics of risk allocation. In a recent paper, Watson (2003) examined the concept of risk-sharing and suggested a taxonomy for classifying risks. The framework not only provides a structured method of examining the critical issue of risk-sharing in PPP arrangements, but also provides a number of critical questions to be answered in assessing whether taxpayers' money has been used efficiently and effectively.

Establishing the initial risk-sharing arrangement and ensuring there is appropriate transparency and accountability for the decision reached is fundamental in any PPP contract. There are numerous examples of the initial risk allocation being inappropriate. Most of the examples are in the UK; the Royal Armouries is a classic example (UK National Audit Office 2001). But there are later examples in Australia (for example, the Latrobe Regional Hospital in Victoria, the Airport Rail Link in Sydney and the Robina Hospital in Queensland). In each of these cases the operational risk was initially allocated to the private sector but, after the PPP ran into financial difficulties, cost overruns and the associated risk were absorbed by the public sector.

PPPs, particularly those involving service provision, are generally entered into for a lengthy period, usually 20 to 30 years. They are established in an environment of uncertainty. As Hart (2003) has suggested, they exhibit the characteristics of "incomplete" contracts. In this situation, it would be unusual if, as Williamson (1975) says, "opportunistic behaviour" was not an issue.

When considering opportunistic behaviour in a public sector/private sector relationship, we naturally think of the private sector operating opportunistically to the detriment of the public sector because of issues such as moral hazard or the asymmetric distribution of information and negotiations taking place among a small number of participants.[9] However, the public sector can also act opportunistically. Shifting risks after the initial contract is one example.

A recent example of subtle risk shifts in Queensland has been in the funding of superannuation for state employees. One of the financial strengths of Queensland, and source of its attractiveness, has been the fact that the state fully funds its superannuation and long-service leave entitlements. Naturally, this places pressure on the state's budget, so there is an advantage if the government can effectively shift some of that yearly burden to future generations.[10]

The Queensland government has effectively done this in two stages. First, in September 1999, the government obtained agreement from public-sector unions to lower its contribution from 14.5% to a maximum of 12.75% of annual salaries because, actuarially, the super funds were in surplus.[11] Second, in November 2001, the treasurer and the trustees of the superannuation funds approved a change to the strategic asset allocation (SAA) formula to increase exposure to the growth asset classes of equities and property.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

There was no public disclosure of these changes in the SAA, except for the treasurer's announcement on 6 November 2002 that the state actuary had completed his valuation of the QSuper fund for the three years to 30 June 2001 and that the results indicated "the continued financial strength of the fund". The actuary's report was not tabled in parliament, although it was available if it was sought from treasury.

The changes have, at the margin, effectively shifted the funding of superannuation liabilities from the present generation to the future and, at the same time, increased the riskiness associated with the liability. The government has been able to do this by negotiating with a small number of private individuals (representing the public service unions) and relatively free from public (ie, taxpayer) scrutiny. This kind of process can easily be repeated with PPPs, creating a potentially significant accountability issue.

Commercial-in-confidence

The purpose of a PPP is to import private-sector discipline to the delivery of a service that has previously been accepted as the responsibility of government. The private sector is governed by the preferences of firm owners exercising their property rights (Stiglitz and Wallsten 1999). These property rights include the use of proprietary information to obtain a competitive advantage.

While it is recognised that proprietary or confidential information is used to obtain commercial returns, it does not follow that all information used to obtain commercial returns has the characteristics necessary to classify it as confidential. The difficulty is to differentiate between information that should be retained as commercially sensitive and thus confidential and information which is simply conveniently classified as confidential.

THE DIFFICULTY IS TO DIFFERENTIATE BETWEEN INFORMATION THAT SHOULD BE RETAINED AS COMMERCIALLY SENSITIVE AND THUS CONFIDENTIAL AND INFORMATION WHICH IS SIMPLY CONVENIENTLY CLASSIFIED AS CONFIDENTIAL.

Despite recent changes designed to provide the public with broader access to information held by Westminster-style governments through the enactment of freedom of information legislation, there remains widespread suspicion that freedom from information disclosure remains the dominant mindset of government agencies. This is particularly the case when it comes to "commercial" activities of governments. These are routinely exempted from public disclosure by "commercial-in-confidence" agreements.

The Queensland parliament public accounts committee, for example, found the term was used extensively and, in many cases, agencies simply used standard pro-forma confidentiality clauses in contract arrangements (Public Accounts Committee 2002). The Victorian parliament public accounts and estimates committee found that commercial-in-confidence clauses were initiated by the public sector rather than the contracting party (Public Accounts and Estimates Committee 2000). Finally, the Australian National Audit Office also found that much information was being treated as confidential simply because it was related to or was contained in a contract (ANOA 2001).

In a submission to the Queensland parliament's public accounts committee inquiry into commercial-in-confidence, the Queensland ombudsman and information commissioner stated: "To some extent the recent emphasis on accountability has been impeded by the tendency of governments to privatise, outsource and contractualise government functions, blurring the boundaries between the public and private sectors. In turn, this has resulted in a broadening of the interpretation and common usage of the term 'commercial-in-confidence', and a consequent expansion of the scope of claims for commercial confidentiality (most often through the use of contractual provisions) that goes beyond the scope of protection of genuinely confidential information that would ordinarily be warranted under existing legal tests."

The tendency for public-sector bodies, particularly those engaged in commercial activities as corporatised entities, to argue that their commercial objectives provide a sound basis for commercial-in-confidence arrangements is exemplified by the following comments contained in submissions to the committee from two Queensland government-owned corporations, SunWater and Ergon Energy. In its submission SunWater stated: "Thus, SunWater submits that, in accordance with the principles of the Government Owned Corporations Act 1993, GOCs need the flexibility inherent in the principles of competitive neutrality to operate in a prudent commercial manner. The decision to use commercial-in-confidence arrangements should be left to the GOC to determine on a case-by-case basis, with the corporate gover-

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

nance procedures of the GOC Board ensuring probity in such dealings."

Similarly, Ergon Energy presented the following argument: "Section 19 of the GOC Act sets out the key principles of corporatisation (ie, why government entities were corporatised in the first place). They provide for clarity of objectives, management autonomy and authority, strict accountability for performance and competitive neutrality. Those broad objectives include the following specific objectives

- wherever possible, ensuring that GOCs compete on equal terms with other entities carrying on business with any special advantages or disadvantages of public ownership being removed, minimised or made apparent;
- the board is given the autonomy and authority to make commercial decisions; and
- the GOC will be appropriately compensated for any 'community service' obligations.

"It would be inconsistent with these objectives for a company GOC to be subject to restrictions that do not apply to the private sector or restrictions that affect the way it carries on business, if those same restrictions are not also applied to its competitors (both privately owned and owned by other state governments)."

These viewpoints are in stark contrast with the position expressed by the Victorian parliament's public accounts and estimates committee. It concluded that even where a public-sector entity participates in a competitive market, there remains involuntary ownership by taxpayers which means that the government, for as long as it controls that entity, should be obliged to account to parliament for its management. Further, it agreed with the Australasian Council of Auditors-General that "there is an expectation that the accountability for government activities will be more acute than for the voluntary transactions between individuals that occur in the private sector".

A number of Australian jurisdictions, such as the Senate and the Victorian, Tasmanian, Western Australian and ACT governments, have in the past few years adopted measures to enhance accountability in this area (Barrett 2003, pp. 40-2).[12] However, most of the legislation addresses private-sector contracts with traditional government departments and not contracts between the private sector and various commercialised forms of public administration.

The opportunities for using expedient commercial-in-confidence are multiplied when real private-sector entities are imported into a public-sector environment in PPPs. Consequently, as the Victorian Audit Review of Government Contracts in 2000 stated: "Those who may be tempted to use confidentiality as a screen to their activities make it very easy to over-use contractual confidentiality by the simple expedient of declaring everything to be 'commercial-in-confidence'."

ENHANCING ACCOUNTABILITY OF PPP

Behn (2001) suggests that the basic question of democratic accountability is: "*How* do we hold *who* accountable for *what*?"

The traditional government department in a Westminster system of democracy is an organisation with mixed objectives (one in which commercial or service-delivery objectives, regulatory requirements and community or social objectives are interwoven). The Westminster system of accountability has evolved in line with this governmental framework.

The answer to Behn's question is that, traditionally, the executive is accountable to the parliament for producing results broadly approved in the budget processes, in legislation and in policy resolutions. The principle accountability mechanism is the parliament, particularly through questions of ministers during designated question time or in other formal debates.

Parliament's role is augmented by other mechanisms. In accountability for finances there are the auditor-general, public accounts committees and the appropriations process including estimates committees. In accountability for fairness, there are judicial review and the parliamentary ombudsman. These main mechanisms have been further enhanced by special appeals tribunals and specialised ombudsmen (such as the telecommunications ombudsman).

Accountability for performance falls principally to the parliament and the political process. This is supplemented by performance audits by auditors-general in those jurisdictions that permit this type of audit and to the estimates committee process during debates on appropriations bills.

However, the ability of parliaments to satisfactorily fulfil their role is being strained by developments associated with corporatisation of government functions, including the rise of PPPs. The reason is perhaps captured by Behn (p. 63) when he suggests that the new public management paradigm, of which corporatisation of government functions and public private partnerships are manifestations, requires an answer to a far more complex question when addressing the issue of democratic accountability for performance: "How will who hold whom accountable for *whose* results?" Identifying each of these elements uniquely becomes extremely difficult in a public private partnership arrangement.

However, if the rise in the number of PPPs is justified by their alleged competitive advantage in delivering government services more efficiently and effectively (that is, better value for money for the taxpayer), then it is a question which deserves to be answered if public accountability for the delivery of the services is to be maintained and an evaluation of the performance of a PPP is to be made. We address the four accountability issues explored earlier in the paper within Behn's accountability framework.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

The following suggestions do not replace the existing accountability structure but rather augment, modify or enhance the structure. Parliament remains the central accountability mechanism, supported by its officers (eg, auditor-general and ombudsman) and committees (eg, public accounts).

Enhanced accountability for finances

When considering accountability, most people think first of financial accountability, which underpins virtually every aspect of the Westminster system of government. The challenge here is to modify the existing accountability mechanisms to address the accountability issues raised earlier. The key to achieving this is ensuring information is disclosed in an appropriate form and place. Consequently, auditors-general will need to play an increasingly important role in the monitoring of PPPs, as will public accounts committees.

The obvious mechanism for dealing with the issue of the diffusion of disclosure from a financial perspective is the Consolidated Financial Report. I suggest there should be a footnote in the accounts which puts in one place all the financial implications to a government of a project, no matter how many of that government's agencies are involved. This would place the management responsibility on treasury. This is appropriate because treasury is generally the one central agency with the financial expertise and access to the relevant information. The auditor-general would then undertake the traditional validating role. In addition, the absolute size of the aggregate commitment should be the governing factor in determining materiality, not the size relative to the asset or revenue and expense base of the government.

An alternative mechanism could be special reports to parliament by the auditor-general. The auditor-general of Queensland already does this routinely, for example through reports on local government audits, statutory authorities and government-owned corporations. These special reports could report on the PPPs individually or collectively, depending on their significance. In this manner, the parliament, probably through its public accounts committee, could monitor the extent of government commitments. Of course, this presupposes the auditor-general has a mandate to audit all PPPs.

In many respects, these proposals are similar to the solution proposed by Quiggin (2003) for addressing the "off balance sheet" financing issue. He suggests that all income streams associated with PPP projects be included in measures of government debt, including all obligations to make payments under leases and service contracts and all alienated revenue streams such as tolls.[13] His proposal requires a change in accounting standards, whereas the above proposals simply require the disclosure of the relevant information in one central place.

If cross-jurisdictional PPPs arise, they will present particular accountability issues. However, some obvious mechanisms exist for dealing with the issues. First, the respective auditors-general could perform a joint audit on the PPP and table the report in their respective parliaments. Second, the public accounts committees of the parliament could undertake a joint inquiry. This has been done once in Australia, when the Queensland parliament public accounts committee and the Federal Joint Committee of Public Accounts inquired into the financial reporting requirements of Aboriginal councils and Torres Strait Island councils. This required appropriate parallel resolutions in the House of Representatives, the Senate and the Queensland Legislative Assembly to establish joint procedural ground rules. The joint report can then be tabled in the respective parliaments and the recommendations acted upon.[14]

The proposition that disclosure of information is the key to achieving accountability for finances is clearly challenged by the use of commercial-in-confidence clauses in contracts.

The wish of a private-sector partner to protect trade secrets, intellectual property or internal costing or pricing information would be legitimate and not controversial. However, since PPPs are usually undertaken for the delivery of a public good or service through a government-mandated monopoly, it is difficult to imagine many competitive reasons for a legitimate claim of commercial confidentiality.

The Queensland parliament public accounts committee, in its 2002 report "Commercial-in-Confidence Arrangements", recognised that corporatisation of government services and interactions with the private sector are changing the way public services are delivered. However, the committee believed that "irrespective of how public sector entities deliver their services, there is a need to ensure that they comply with the principles of public accountability". The committee developed a set of principles to be used in developing commercial-in-confidence guidelines.

Fundamentally, it should be presumed that information in contracts is publicly available, unless there is a justifiable commercial or legal reason for it not to be. The justification must be consistent with a set of principles similar to that produced by the Queensland parliament public accounts committee.

Claims for commercial-in-confidence can then be objectively judged by an independent arbitrator such as the auditor-general or by parliament through its public accounts committee.[15]

If legitimate claims for commercial-in-confidence exemptions are made and the non-disclosure of information limits public accountability, then alternative means of meeting accountability requirements should be developed. Given that disclosure of information is the key to public accountability, the non-disclosure of information should not be a means of avoiding accountability. The veracity of these alternative means can be evaluated by the auditor-general.

The most difficult accountability issue to deal with is monitoring changes to the PPP arrangement over time. Since the sharing of risks is critical in PPPs,

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

monitoring changes in risk-sharing arrangements is also critical.[16]

To monitor changes over time, the first element has to be the enumeration of the starting position and an initial evaluation of the PPP. Subsequent significant changes need to be documented, highlighted and evaluated.

The auditor-general is the obvious agency for this function. This points to the importance of having an initial special audit soon after the establishment of the PPP, with a report going to parliament or its public accounts committee. It also points to the importance of the evaluation of changes in risk-sharing arrangements as part of the normal audit program. Any changes to these arrangements need to be accentuated in audit reports.

There will, of course, be the allegation that a detailed audit report on the establishment of a PPP will place the PPP at a commercial disadvantage. However, the use of taxpayers' money demands a higher level of accountability and transparency. Provided this is made clear to the potential private-sector partner in the tender process, the conduct and publication of the audit should not affect adversely the resulting PPP arrangement.

Enhanced accountability for fairness

Accountability for fairness now takes place in a number of ways. First, questions of the equitable treatment of citizens are part of the normal parliamentary and political process. Second, at an administrative level these questions are dealt with by mechanisms such as the parliamentary ombudsman, special tribunals and judicial review.

With the advent of corporatisation another set of mechanisms has been added to deal with this issue. Community Service Obligation payments to government-owned corporations are designed explicitly to deal with equity issues on a global basis and these are subject to normal parliamentary examination. In addition, specialist ombudsmen or tribunals have been established in some industries to deal with individual citizens' grievances, funded by either the state or the regulated industry.

None of the above involves private-sector partners so any implications of addressing equity considerations can be absorbed in the normal processes of government. This is not the case with PPPs.

There appear to be two distinct times at which the question of fairness, and the accountability for it, arises in relation to PPPs.

The first occasion is when the initial tender process begins. Presumably, all the expectations, including equity expectations, which the government wants in the service delivery, are specified in the tender documents. However, issues can be omitted, not anticipated, or not fully specified at this point (the incomplete contracts issue).

I am not aware of any jurisdiction that has a system for establishing and demanding accountability at this point. A possible mechanism would be a parliamentary select committee established to consider proposed PPPs and to invite public input.

The second point at which the issue arises is when service delivery takes place. Non-equitable outcomes can arise because of a failure to initially anticipate the situation or a failure on the part of the PPP to fulfil its obligations. In this case, some form of ombudsman may be needed to investigate these outcomes, to determine the reasons and to issue a periodic report.

Enhanced accountability for performance

The infusion of the private-sector ethos into the management of the public sector not only creates an accountability dilemma, but also evokes the most emotive reaction among scholars of public administration. Bellone and Goerl (1992) suggest that the underlying values of entrepreneurship in the public sector (autonomy, a personal vision for the future, secrecy and risk-taking) can be reconciled with the values of democratic politics and administration (accountability, citizen participation, open policy-making processes and stewardship behaviour) providing the public entrepreneurship is "civic regarding".

On the other hand, Terry (1993) , in response, suggests this is misconceived. He states that "we should abandon the misconceived quest to reconcile public entrepreneurship with democracy".

This argument is central to the shift away from traditional public administration and toward the new public management paradigm. However, despite the consternation of many public administration scholars, new forms of management, in terms of PPPs, are continuing to grow and because they have public funds attached to their operations, they need to be evaluated.

Evaluating performance requires two elements. First, benchmarks, or goals, need to be established with respect to the performance required. Second, actual outcomes need to be measured and compared with the established benchmarks.

Benchmarks or goals can be established for PPPs at two points in time. The first is when the PPP is initially established. When Behn (2001) suggests that "accountability for performance ought to cover the expectations of citizens", it is at the point of initially establishing the PPP that the "expectations of citizens" and the "expectations for the PPPs" ought to be reconciled. The question is: "Does this PPP fulfil the expectations that citizens have of the government in this particular area?"

Again, as with accountability for fairness, the only possible mechanism for establishing this accountability is the parliament or a select committee of parliament. I suspect, however, few PPPs have had this kind of scrutiny.[17]

The second point where benchmarks can be established is at the beginning of any reporting period. These would be operational goals and benchmarks for the period concerned. Government-owned corporations already produce statements of corporate

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

intent which need to be approved by the shareholding ministers. In Queensland, these are made public by tabling in parliament with a one-year time lag. Again, these benchmarks could be evaluated by a parliamentary committee or through a performance audit conducted by the auditor-general.

This latter type of accountability is fairly familiar and, obviously, auditors-general are gaining a fair degree of experience in this area in those jurisdictions in which they have such a mandate. While this kind of audit can readily measure outcomes and compare these with the operational benchmarks for the reporting period, in order to fully answer Behn's question, the results need to be related to the initial expectations for the PPP.[18]

CONCLUSION

The central thesis of the paper is that a public private partnership structure exacerbates issues already existing in public-sector reporting. This proposition is one manifestation of the central accountability issues raised by Behn: "How do we hold who accountable for what?", and "How will who hold whom accountable for whose result?" Behn's questions are particularly challenging questions to answer when considering the public accountability of public private partnerships.

This central thesis is developed by examining four accountability issues, namely, the diffusion of disclosure, whole-of-government accountability, risk allocation and management, and commercial in confidence, in the context of a public private partnership structure and Behn's accountability framework. This framework is employed to suggest ways of enhancing traditional accountability mechanisms to address accountability deficiencies.

The suggestions contained in the paper do not guarantee adequate responses to accountability lapses. Accountability in a Westminster democracy is tied necessarily to parliament and thus to the ebb and flow of political debate and attention. However, a necessary, if not sufficient, condition for adequate responses is the proper public disclosure of information at the appropriate time and place. The enhancements to the traditional accountability mechanisms suggested are aimed at ensuring the public disclosure of information at the appropriate time and place.

Dr David Watson is deputy chairman of the public accounts committee of the Queensland parliament. This article is an edited version of a paper delivered at the CPA Australia Public Sector Congress, 15-17 September 2003. *The author thanks Leanne Clare and Debbie Jeffrey, research officers of the public accounts committee, for identifying Australian PPPs and those that have been subject to audit reports; Wendy O'Connor and Ruth Forrest from his electorate office and the Queensland parliamentary library for research of the federal and Queensland parliamentary debates; and Allan Barton for reference to The Economic Journal articles.*

NOTES

1 Kent (1998), when describing problems with privatisation during the reign of Elizabeth I, states: "Even public private partnerships failed," and quotes Andrews (1985) who describes "the joint-stock naval enterprises financed by the Crown and syndicates of private subscribers investing for profit."

2 Other projects such as the Inala redevelopment and the Robina and Noosa hospitals were structured as PPPs before the current guidelines were finalised. Recently, the South Australian (at www.treasury.sa.gov.au/ppp/index.html) and Western Australian (at www.dtf.wa.gov.au) governments have also completed policy documents and the Northern Territory chief minister is preparing that government's policy.

3 Moore *et al* (2000) identify five major project delivery types (and many variations within some types), each involving the outsourcing of the delivery of public works. These are: Design-Bid-Build (DBB); Construction Manager at Risk (CMR); Design Build (DB); Design Build Operate Maintain (DBOM) and Design Build Finance Operate Maintain (DBFOM). They report extensive use of these delivery modes in the US. Only the DBFOM mode would strictly be considered a PPP.

4 There is little systematic empirical evidence available to support this proposition, particularly in relation to whether PFI schemes (PPPs) deliver expected benefits once they are under way. See, for example, Institute for Public Policy Research, "IPPR Calls for Review of PFI" at www.ippr.org.uk, December 2002. In July 2003, the UK treasury did suggest PPPs delivered most projects on time, within public-sector budgets, and met initial expectations. The research also compared PFI project experience with previous non-PFI government project experience and concluded that the PFI projects were, on average, superior in these categories. See www.hm-treasury.gov.uk/documents /enterprise_and_productivity/PFI.cfm

5 Later Behn adds a fourth form of accountability: accountability for personal probity.

6 The different financial reporting standards may converge once the International Financial Reporting Standards (IFRS) are introduced and operating from 1 January 2005.

7 The Queensland Investment Corporation is a Queensland government-owned corporation (GOC) charged with investing government employees' superannuation contributions and the state contributions for superannuation from consolidated revenue each financial year.

8 It should be noted this facility was conditional on AMC obtaining bank finance, which was not forthcoming.

9 The type of services provided can be usefully separated into core and non-core services. Core ser-

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

vices are those where there is direct interface between the public sector and citizens. For example, in a hospital, medical services provided to patients by doctors and nurses would be core services whereas laundry services would be classified as non-core. If the government retains responsibility for the core services, this significantly reduces the ability for private-sector participants to act opportunistically in these potentially contentious areas. This distinction was drawn to my attention by commercial participants in the PPP industry.

10 The federal government and other states have virtually shifted all of the funding to future generations by not currently funding existing superannuation liabilities.

11 It should be noted that the previous coalition National/Liberal government, in which I was a cabinet minister, also attempted this aspect but failed to reach agreement with the public-sector unions.

12 Clover Moore MP, independent member for Bligh, has introduced a private member's bill into the NSW parliament which requires all public authorities to make government contracts freely available for public inspection with any exemption for commercial-in-confidence requiring the concurrence of the ombudsman.

13 Quiggin (2003) also proposes that obligations for service delivery by the PPP could appear as an asset in the public accounts.

14 This suggestion only partially addresses the accountability issues. It leaves unanswered the question: "Who is accountable for the whole package?" This deficiency is a product of our federalist system of government, which seems unlikely to change in the near future.

15 Variations on this theme are already being practised in the Australian Capital Territory, New South Wales and federally through the Senate. For an excellent summary of these mechanisms see Barrett (2003).

16 It is possible for capital changes (either further injections or withdrawals) to occur without altering the agreed IRR and thereby not altering the risk-sharing arrangements.

17 The Queensland parliament public works committee did, in fact, evaluate the Robina and Noosa hospital projects which were PPPs. The committee concluded in August 1999, before the hospitals opened, that it "is satisfied with the purpose of and need to construct the Noosa and Robina Hospitals" (Report No. 59).

18 The proposed accountability enhancements do not deal with the issue that the expectations of citizens may change over time. Since PPPs are expected to operate over a 20-30-year time span, during which rapid changes in technology, demographics and national and international events can be assumed, it would be surprising if citizens' expectations for performance or fairness remained constant.

REFERENCES

Andrews, K.R., 1985, "Elizabethan Privateering" in Joyce Youings (ed.), *Raleigh in Exeter: Privateering and Colonisation in the Reign of Elizabeth I*, University of Exeter, 1985.

Australian Magnesium Corporation Prospectus, 15 October 2001.

Australian Magnesium Corporation Limited, 2002, annual report at www.austmg.com/documents/2002AnnualReport.pdf.

Australian Accounting Review 13, 2, 2003, Issue 30.

Australian National Audit Office (ANOA), 2001, Report No. 38, "The Use of Confidentiality Provisions in Commonwealth Contracts".

Barrett, P., 2003, "Public Private Partnerships — Are There Gaps in Public Sector Accountability?", paper prepared for Australasian Council of Public Accounts Committees 7th Biennial Conference, Melbourne.

Behn, R.D., 2001, *Rethinking Democratic Accountability*, The Brookings Institution Press, Washington.

Bellone, C.J., and G.F. Goerl, 1992, "Reconciling Public Entrepreneurship and Democracy", *Public Administration Review* 52, 2: 130–4.

Flyvbjerg, B., M.S. Holm and S. Buhl, 2002, "Underestimating Costs in Public Works Projects — Error or Lie?", *Journal of the American Planning Association* 68, 3: 279–95.

Gilmour, R.S., and L.S. Jensen, 1998, "Reinventing Government Accountability: Public Functions, Privatization, and the Meaning of 'State Action'", *Public Administration Review* 58, 3: 247–59.

Hart, O., 2003, "Incomplete Contracts and Public Ownership: Remarks, and an Application to Public-Private Partnerships", *The Economic Journal*, March: C69–76.

Hood, C., 1991, "A Public Management for all Seasons?", *Public Administration* 69, Spring: 3–19.

House of Commons Public Accounts Select Committee, 2002, 42nd Report "Managing the Relationship to Secure a Successful Partnership in PFI Projects", July, at www.publications.parliament.uk.

Institute for Public Policy Research, 2002, "Factsheet: The Private Finance Initiative", at www.ippr.org.uk.

Institute for Public Policy Research, 2002, Press Release, "IPPR Calls for Review of PFI", December, at www.ippr.org.uk.

Kent, J.D., 1998, "Elizabeth I and the Limits of Privatization", *Public Administration Review.*

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com

Middleton, N., 2001, "Public Private Partnerships: Argument Turns to Action", PricewaterhouseCoopers, 2001 at www.pwcglobal.com.

Moore, A.T., G.F. Segal and J. McCormally, 2000, "Infrastructure Outsourcing: Leveraging Concrete, Steel, and Asphalt with Public-Private Partnerships", Reason Public Policy Institute Policy Study No 272, September, at www.rppi.org/water.html.

Peters, B.G., and J. Pierre, 1998, "Governance Without Government? Rethinking Public Administration", *Journal of Public Administration Research and Theory* 8, 2: 223–44.

Queensland Government, Department of State Development, 2002, "Public Private Partnership Guidance Material: Achieving Value for Money in Delivering Infrastructure Services", April, at www.sd.qld.gov.au.

Queensland Government, State Actuary's Office, 2001, "Actuarial Investigation of the State Public Sector Superannuation Scheme (QSuper)", June.

Public Accounts Committee, Queensland, 2002, Report No. 61, "Inquiry into Commercial-in-Confidence Arrangements", November.

Public Accounts and Estimates Committee, Victoria, 2000, Report No. 35, "Inquiry into Commercial in Confidence Material and the Public Interest", March.

Queensland Investment Corporation, 2002, Annual Report, "Finding Effective Solutions to Complex Investment Challenges".

Quiggin, J, 2003, " Accounting for PPPs: The Gap Between Rhetoric and Reality", paper prepared as part of an Australian Research Council Senior Fellowship and Australian Research Council Large Grant.

Spoehr, J, 2003, "Partnerships, Privatisation and the Public Interest" at http://evatt.labor.net.au/publications/papers/62.html, accessed on 11 August.

Stanwell Corporation Limited, 2002, annual report.

Stiglitz, J.E., and S.J. Wallsten, 1999, "Public Private Technological Partnerships: Promises and Pitfalls", *American Behavioral Scientist* 43, 1: 52–73.

Terry, L.D., 1993, "Why We Should Abandon the Misconceived Quest to Reconcile Public Entrepreneurship with Democracy: A Response to Bellone and Goerl's 'Reconciling Public Entrepreneurship and Democracy'", *Public Administration Review* 53, 4: 393–5.

UK National Audit Office, 2001, "The Re-negotiation of the PFI-type Deal for the Royal Armouries Museum in Leeds", report by the Comptroller and Auditor-General, 18 January.

Watson, D.J.H., "Public Accountability in the New Millennium: The Challenge for Public Accounts Committees in Evaluating Public-Private Partnerships", paper prepared for the Australasian Council of Public Accounts Committees 7th Biennial Conference, Melbourne, February 2003.

Williamson, O.E., 1975, *Markets and Hierarchies: Analysis and Antitrust Implications. A Study in the Economics of Internal Organization,* The Free Press, New York.

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission. www.manaraa.com