

Twynstra Gudde

ADVISEURS EN MANAGERS

the Dutch HSL South project

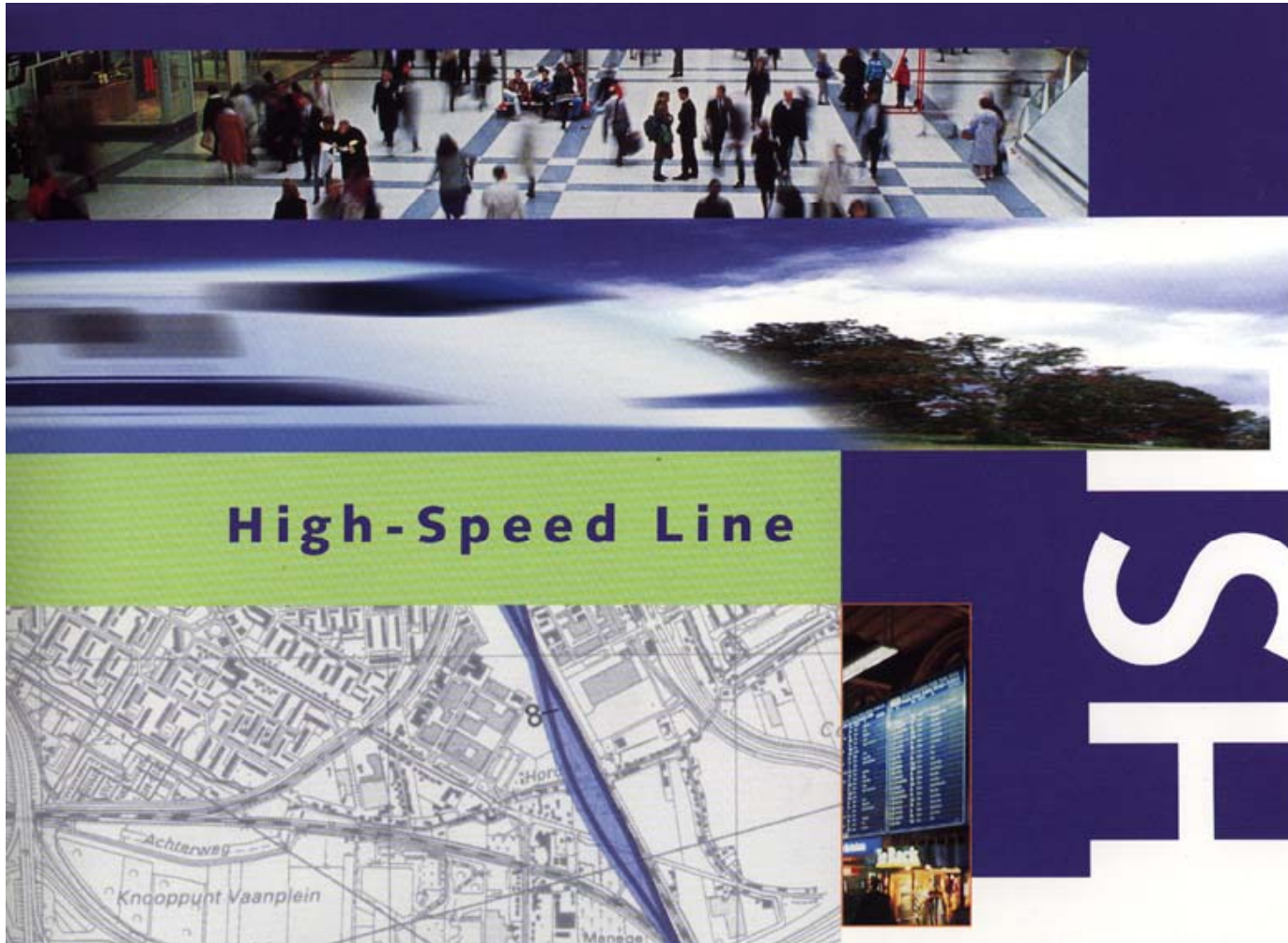
Lessons learned from a PPP pioneer

Moscow
1 April 2010
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HSR: a total system





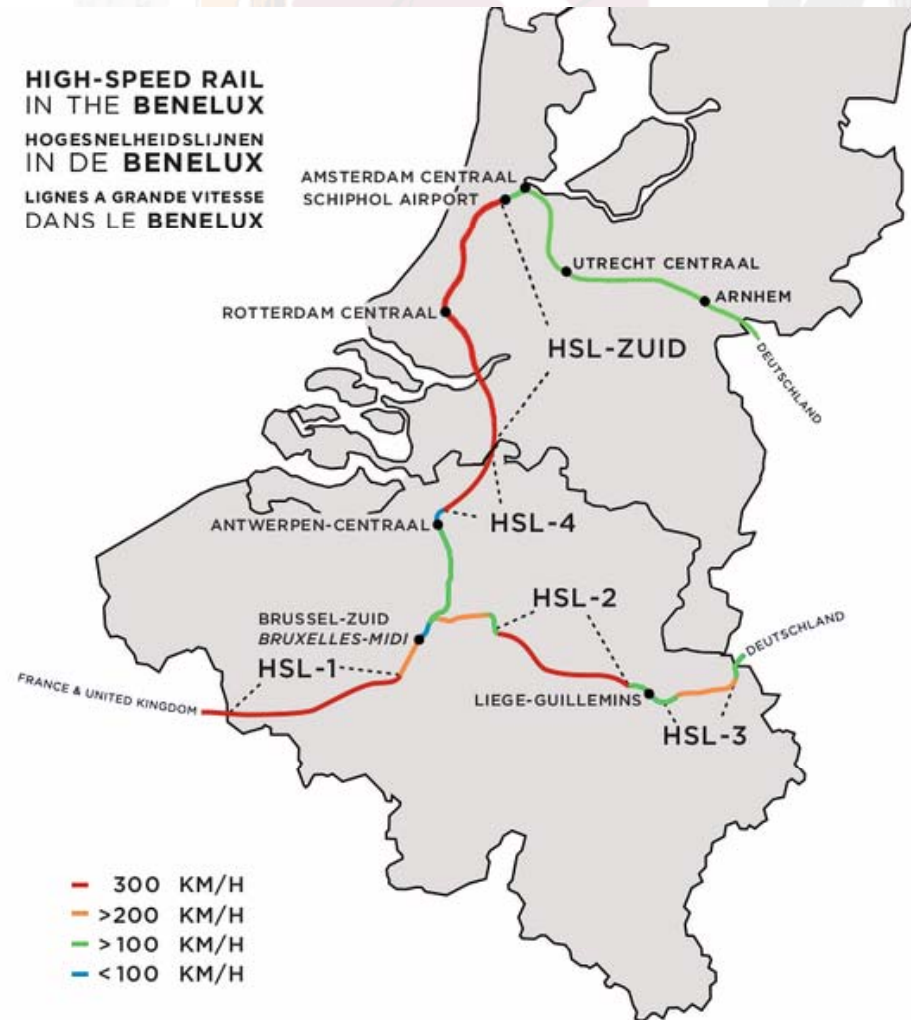
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The HSR network in North Western Europe

1989

Agreement between Belgium, France, Germany, UK, Luxembourg and the Netherlands to realise high speed rail network in Northwest Europe





Why did we decide to build a HSR?

- Dutch Government favoured the realisation of the High Speed Rail Link Amsterdam - Brussels – Paris / London. It's reasons:
- Agreement of European Transport Ministers to realise a High Speed rail network in Northwestern Europe
- Government considered realisation of High Speed Raillink of national strategic importance:
 - To improve connectivity of Dutch economic centres with integrated European city network (create favourable settlement conditions for international businesses)
 - To achieve modal shift from car / plane to train for journeys (<1.000 km), in order to reduce air and roads congestion and emissions
 - To achieve additional economic growth, mainly in the service industry, according to government's 1996 estimate worth of € 4,5 up to € 6 bln. up to 2030



Financial “justification” (€ bln, NPV)

	Government's investment	Commercial Business Case	Benefits to Society		Macro economic impact
			Reduced costs of travel to society	€ 0.3	
			Reduction of CO ₂ emissions and accidents	€ 0.1	
			Efficiency, time savings and transport surpluses	€ 1 ----- +	
Totals 1994	€ 1	-/- € 1		€ 1.4	€ 3.2 - € 4.5
Totals 1996	€ 3,4	-/- € 2.8		€ 3.9	€ 4.5 - € 6.1
Totals 2009	€ 7,2	-/- € 6.2		na	€ 6.3 - € 8.0
Return on Government's investment (2009)		-/- 85%		na	0% - +30%

Source: 1994 and 1996 figures derived from HSL South Policy Document; 2009 Macro economic estimate based on 2,5% inflation since 1996



It takes time ...

- HSL considered since 1975
- Govt decision to go ahead 1990
- Parliament approval, incl. PPP target 1995
- Start tendering 1999
- Contract close 2001
- Construction completed 2007
- Start of commercial operation 2009

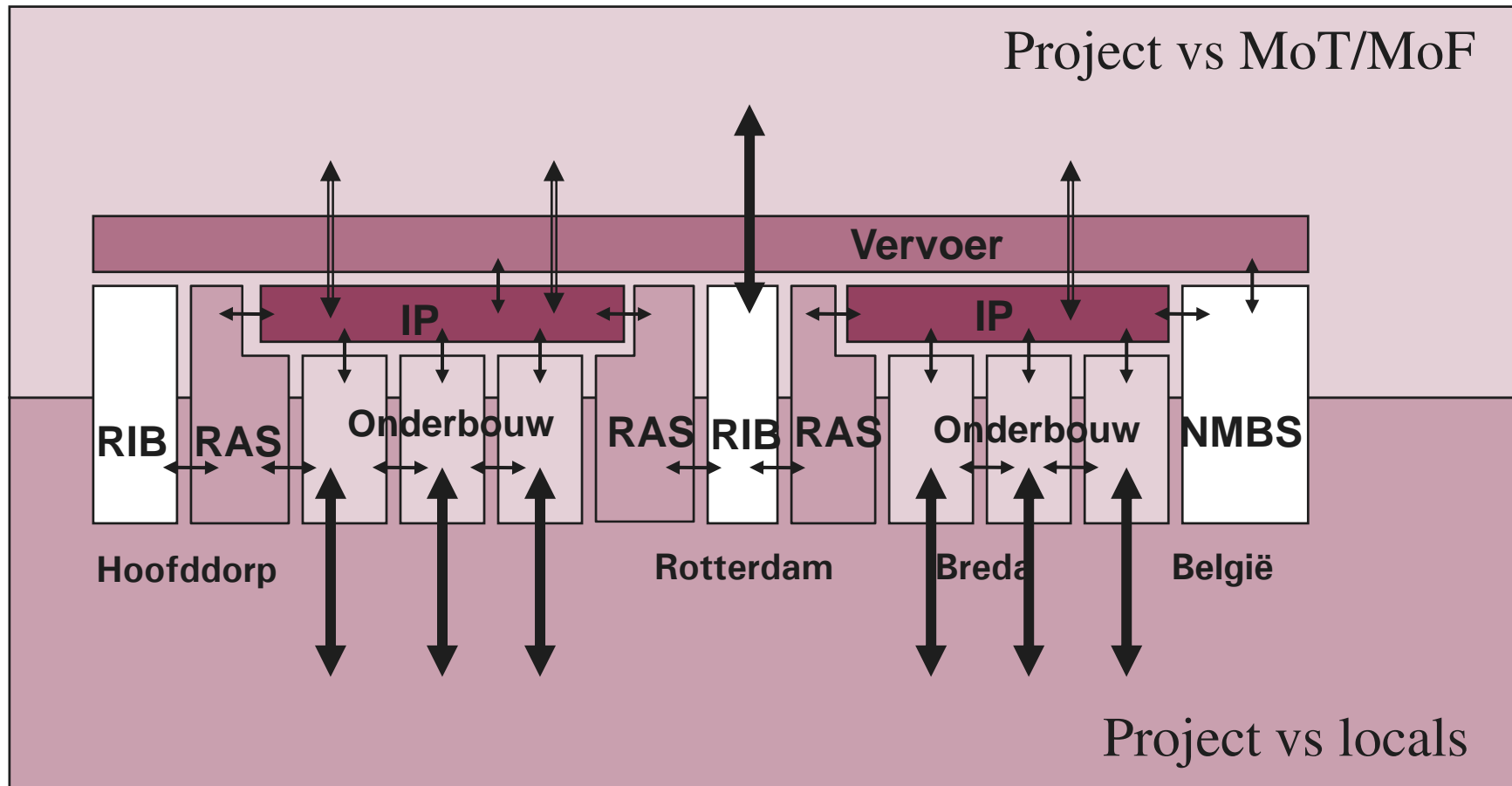


Unforeseen events

- 1992: opposition against route decision
- 1997: MoT takes over the initiative from Dutch Railways
- 1999: Initial bids for D&C substructure 25% above budget
- 2000: Initial bids for DBFM superstructure 60% above budget
- 2001: Contract close DBFM 5% below budget
- 2001: Transportation concession won by Dutch railways, in commercial competition
- 2003: Substructure about 1 year behind schedule
- 2005: Rolling Stock about 2 years behind schedule
- 2007: ERTMS implementation problems
- 2009: All problems solved, start commercial operations

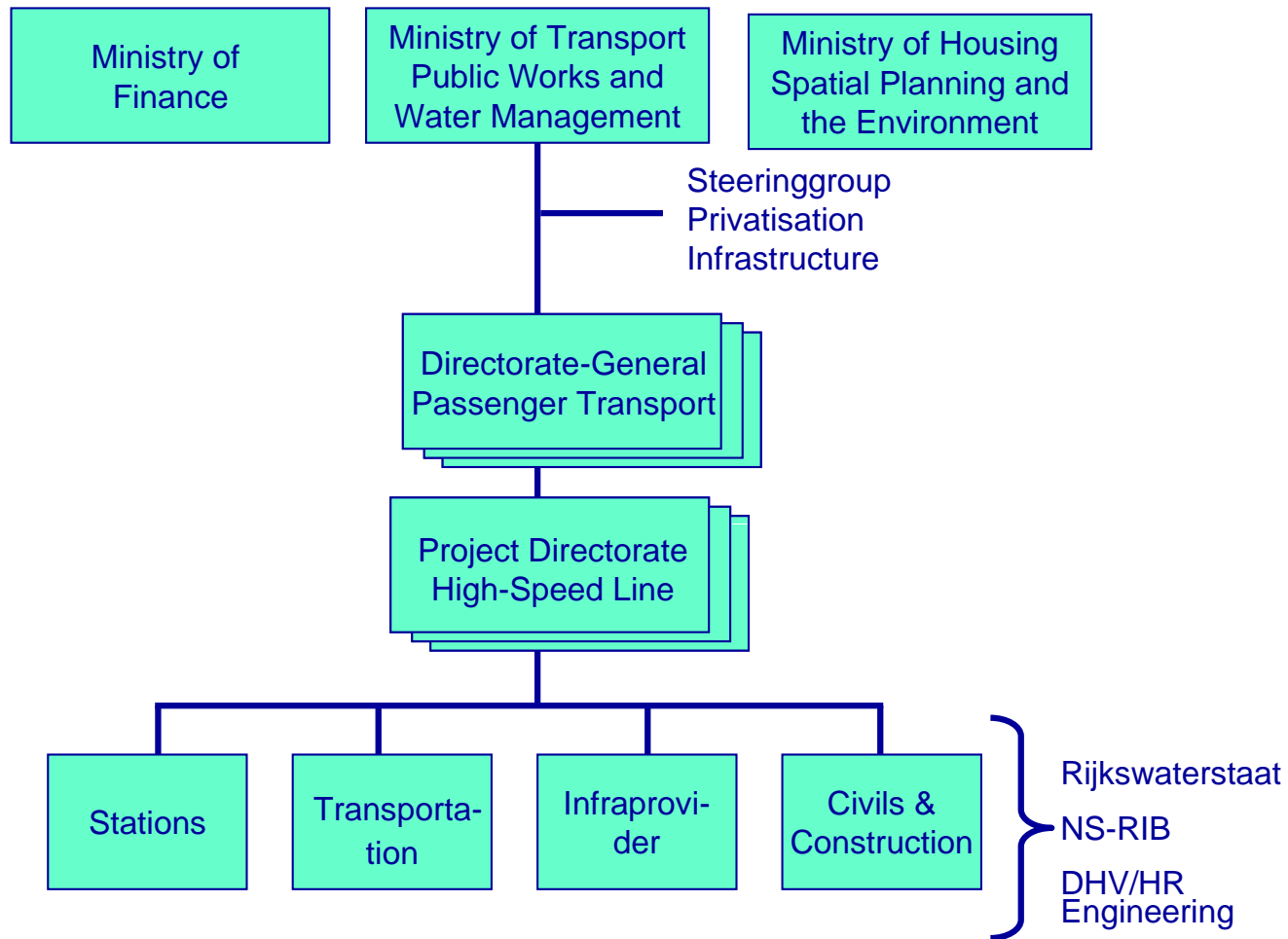


One system, but many interfaces ...





And some organisational interfaces ...



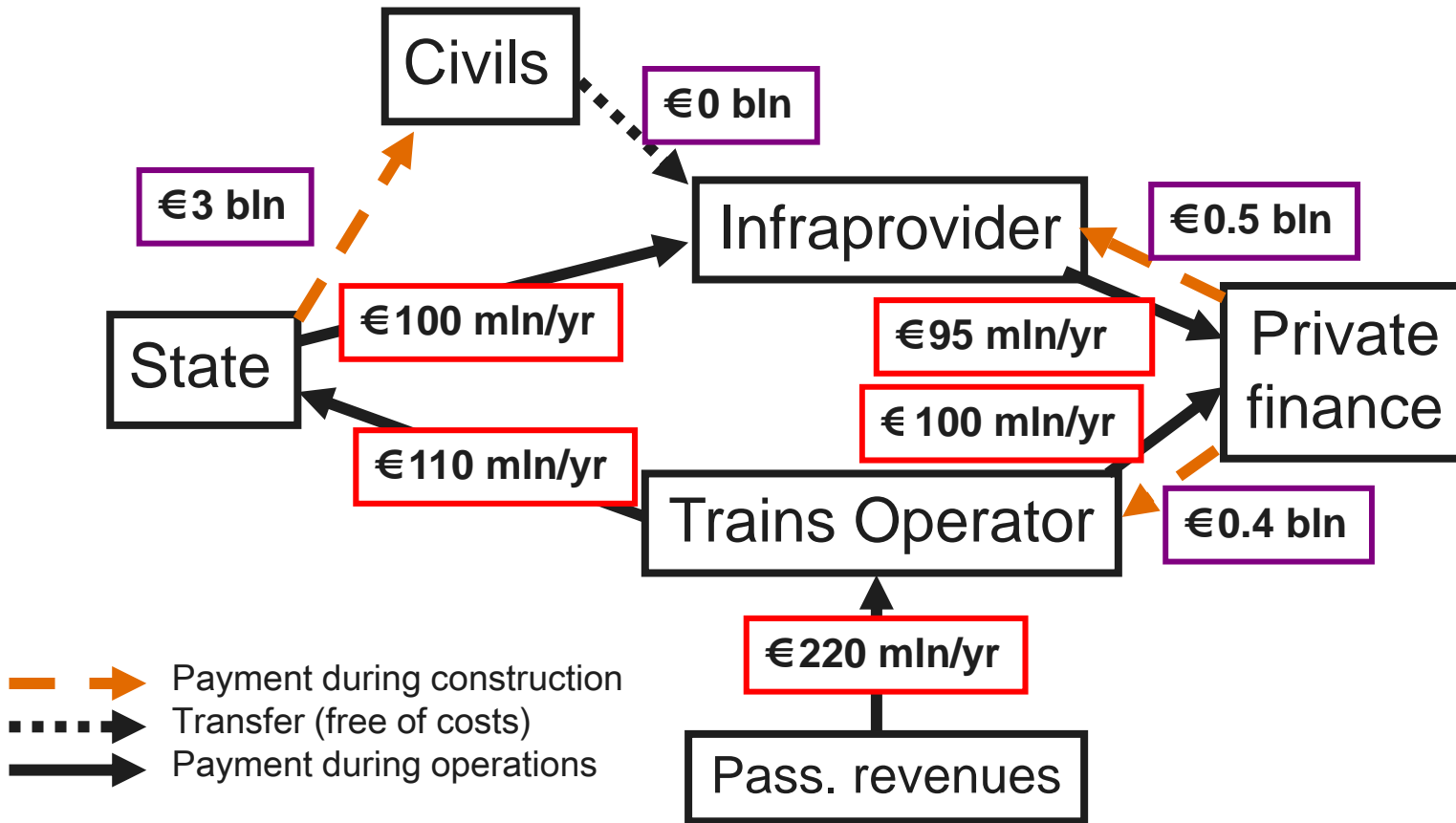


A continuous puzzle!

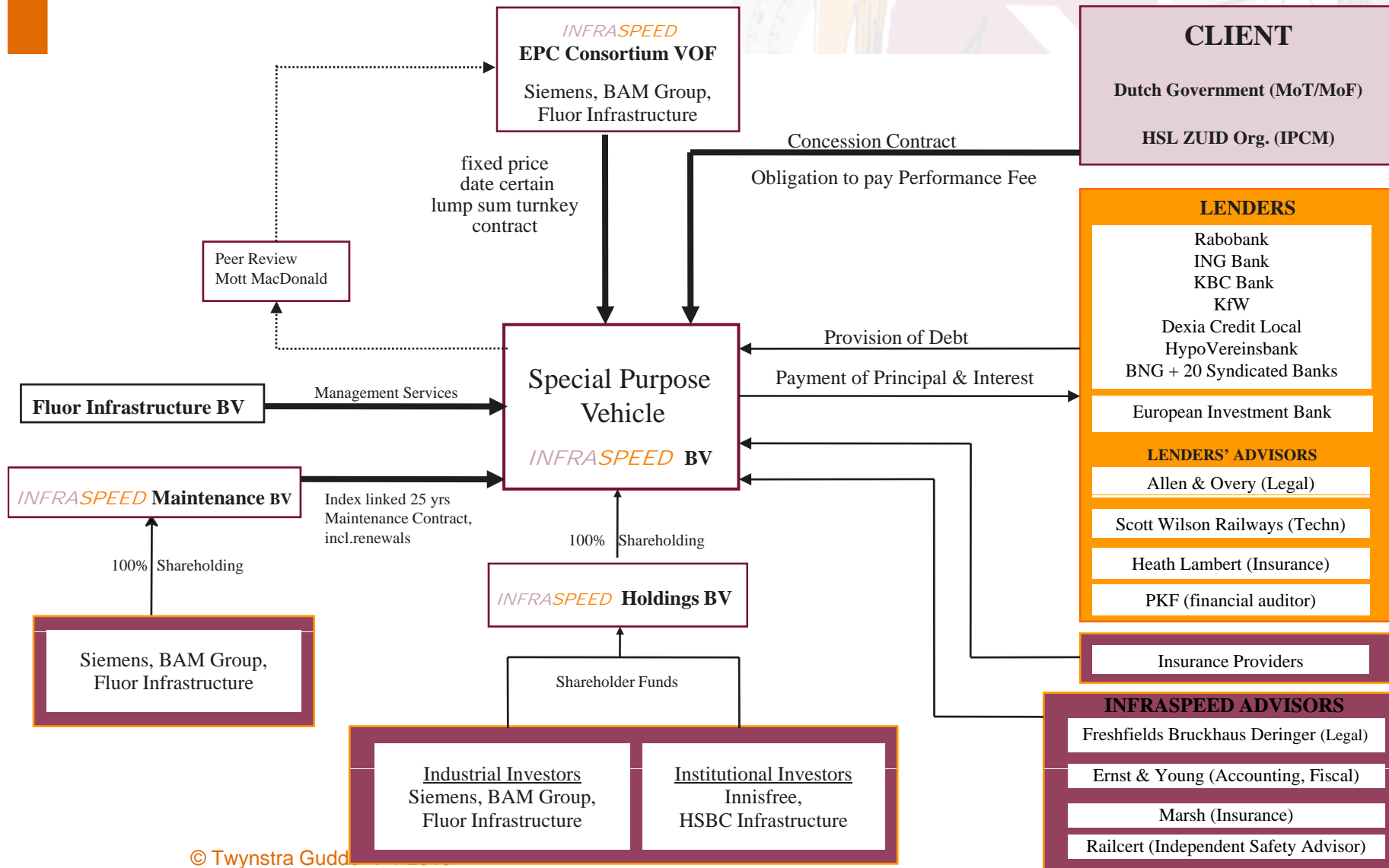




Payment flows around ...



DBFM project finance is complex ...





Lessons Learned

- PPP is a powerful option to achieve public goals, but still requires a competent project organisation
- Strive to mobilise all knowledge and experience available, both the national railways knowledge base and international expertise; be alert of knowledge transfer by matching foreign experts with national project members
- Within a total system many interfaces exist, both internally in the Client organisation (Railways and Ministries) and between contractors; balance interface risks against monopolist or cartel behaviour
- PPP leads to (painful) transparency, of benefits and problems
- Despite proper preparation, still unforeseen events have happened, but in the end we got the trains running!

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