

Approaches on PPP in City and Regional Logistics in Austria

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E C O N S U L T

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Introduction

ECONSULT

established: 1980

legal form: private limited company

certification: EN ISO 9001 since 1995

workforce: 32 employees in Austria

locations: Vienna

services: logistics, organization - information: management information systems (MIS), company management and - administration, finance, marketing, quality management,

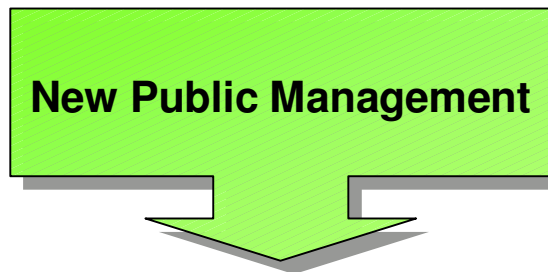
Presentation

Based on the report of Mr. Peter Erlach, chairman and partner of Styria Log, styrialog@erlachconsulting.at

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Approach



More services performed by private enterprises

More cooperation between private and public sector

Reasons for PPP

- 1. Tightening of public budgets has resulted in growing constraints on financing, and**
- 2. Increasing acceptance of economic policy notions at the national, regional and communal levels of government;**
there is growing understanding that cooperation with private companies in providing hitherto public services will help to
 - achieve efficiency improvements faster and**
 - ease the pressure on public budgets**

Definitions of PPP

Extent to which the cooperation is formalised

- Informal cooperation
- Cooperation on contractual basis
- Public-private joint venture company

Contracting out

- Relationship between the partners is formalised only to some extent or not at all
- Partners retain control of the resources they provide
- Coordination through network structures

- Formalised cooperation in a joint venture
- Resources made available by both partners are put at the disposal and under control of the JV company
- Coordination through the JV company hierarchy

Complementarity of objectives

PPP in the broader sense

PPP in the narrower sense

Conflict of objectives

pluralistic balancing of interests

simple and complex contracting out

- External service provision involves little risk for achievement of the organisation's objectives
- Public side is responsible for planning, ordering, supervision, coordination and evaluation of results
- Relationship is coordinated by supply and demand

European pioneers of PPP

UK

Private Finance Initiative – for developing and managing infrastructure projects and providing public services

Make or buy decisions have to be done by the public government

Problem: delays in the progress of projects

France

PPPs in the industrial and financial sector

- **Licences for companies to safeguard the public interest and ensure competition**
- **Initial planning by the government – detailed design by private companies**
- **Facilities remain public property – private companies run the business**

Requirements: project-relevant expertise of the public authorities

Austria

Four different models used:

- **Facilities management model**
Public Facility run by a private operator
- **Development and management model**
Same as facility management model but more incorporation of the private partner
- **Licensing model**
Private developer acquires a government license for construction (infrastructure). After completion the facility is transferred to public ownership and payment received.
- **Cooperation model**
Public private JV

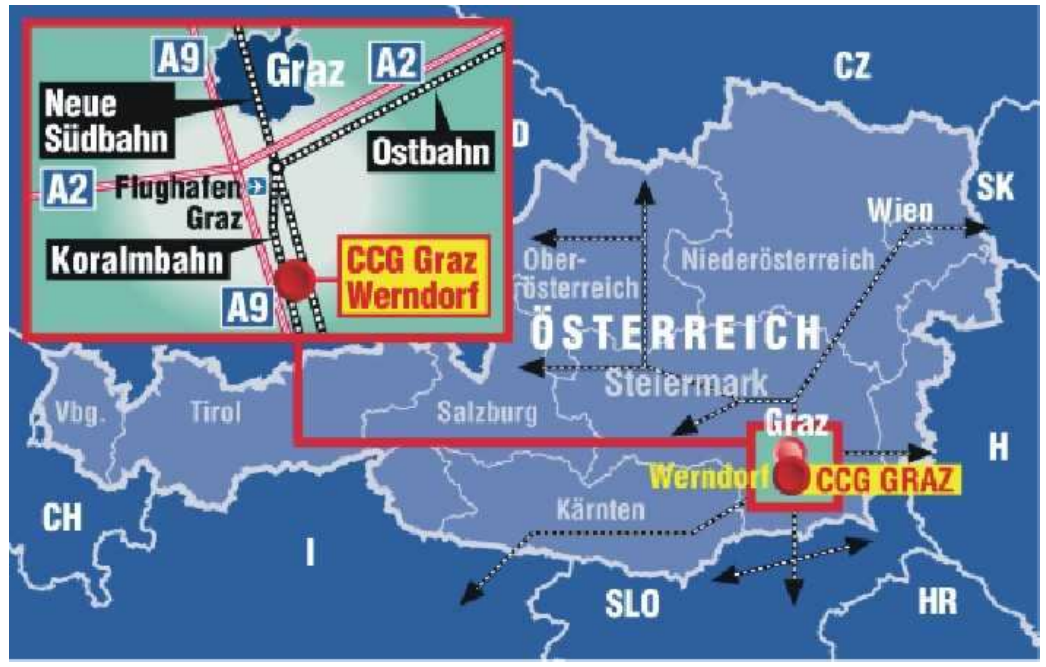
Austrian examples of PPP

- **Freight village Cargo Center Graz**
- **STYRIA LOG Logistic platform for city and regional logistics**

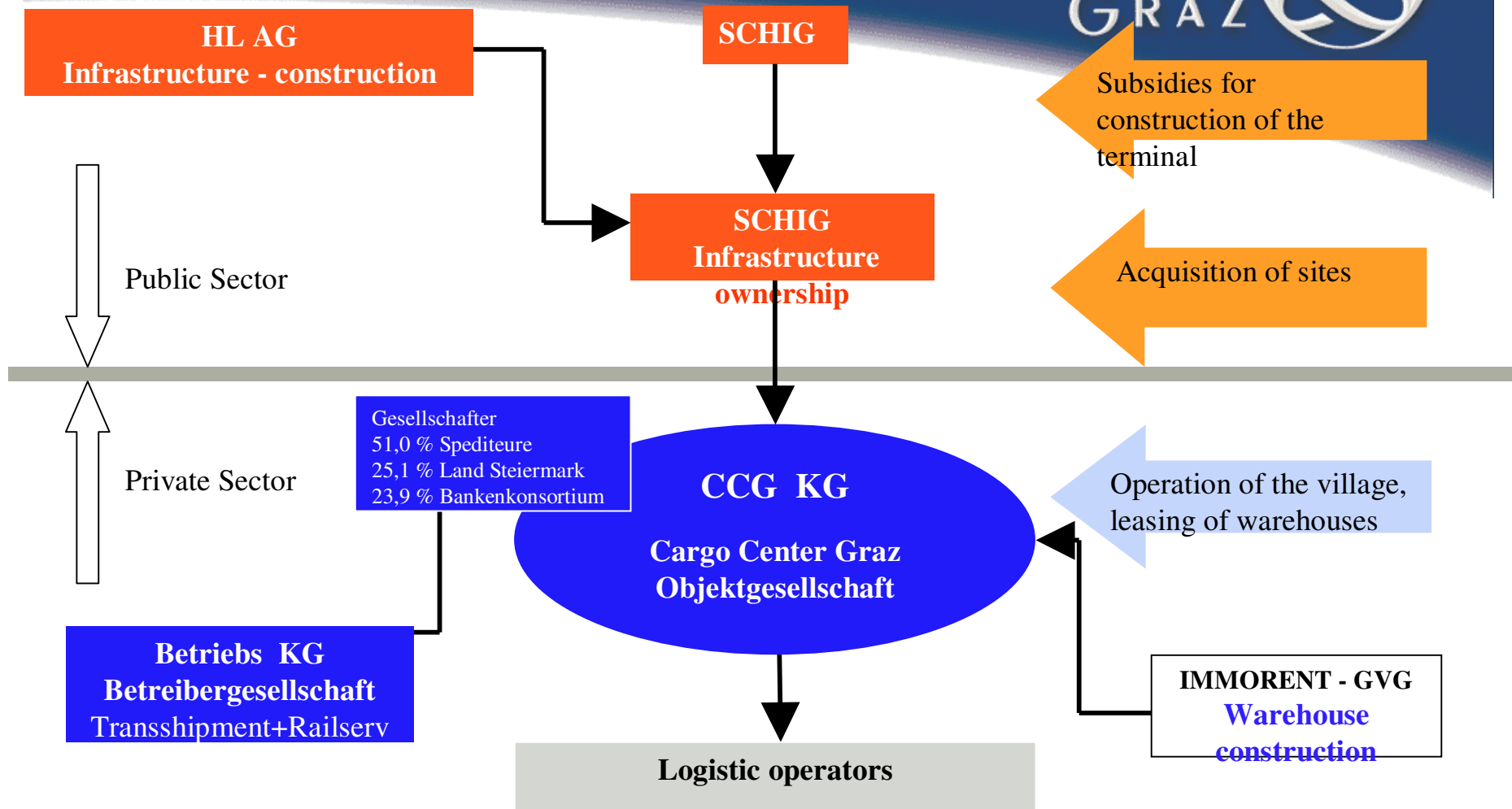
Freight Village Cargo Center Graz



Freight village located near Graz – capital of the Styria province
 Surface: 50 ha, warehouses and transshipment facilities – 2 cranes
 Investment: 130 mn EUR
 Capacity: 100 containers p.a.



Cargo Center Graz – functional diagram



Cargo Center Graz - Services



With containers, craneable semitrailers and swap bodies

Unaccompanied combined transport

Carloads in block trains, groups of freight cars or individual freight cars
Shuttle trains; specials trains for the automotive industry
Traction cooperations with other rail customers

Rolling highway (ROLA)

Carload transport

Rental of transshipment areas and halls
Rental of uncovered areas for the loading of automobiles
Storage of containers and swap bodies
Rental of craneable containers, of swap bodies and craneable semitrailers

Rental of equipment and space

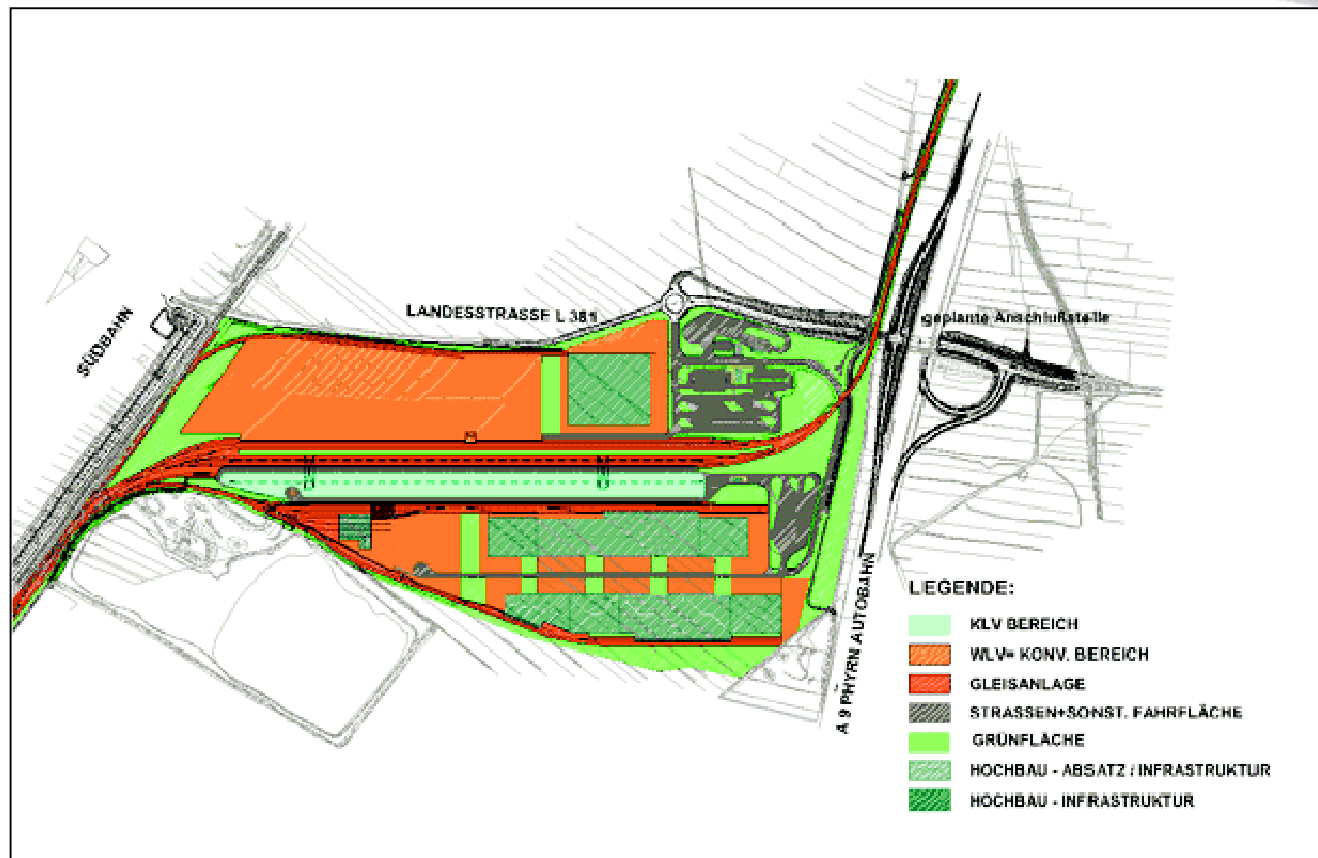
Development of logistic solutions for individual clients and branches
City-logistics
Regional logistics
Setup of a communication- & information platform (E-logistics)
Training- and instruction-center for special subjects

Services

Service facilities

Customs office
Container depot
Support base and service facilities for locomotives and freight cars
Maintenance of transport vehicles and containers
Filling station and washing bays
Restaurant and catering

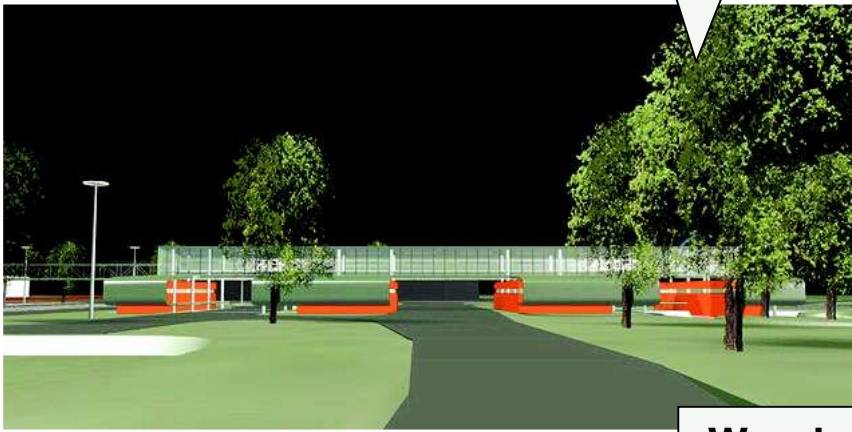
Cargo Center Graz - Map



Cargo Center Graz – some views



Gate



Overview



Warehouses



City and Regional logistics: **STYRIA - LOG**

Logistic platform company formed by logistic providers and supported by the province Styria in connection with the freight village Cargo Center Graz



Partners:

- **Jöbstl Holding GmbH – forwarding company**
- **Danzas GmbH - forwarding company**
- **Econsult Betriebsberatungs GmbH – consulting company**
- **Jöbstl KG - forwarding company**
- **Wenzel GmbH - forwarding company**
- **LTE-Logistik-und Transort GmbH – rail based operator**
- **ECE-Erlach Consulting & Engineering – consulting company**

Styria - Log

Objectives:

- Bundling of goods for better usage of capacities
- Reduction of transaction costs – fewer lorry trips
- Reduction of number of lorries on the roads – improvement of environmental situation

Results:

Design and implementation of a project containing deliveries for 15 hospitals in urban structures (ongoing)

Conclusions

- The use of independent consultation services by the public partner is particularly important for the success of PPP projects.
- Clearly defined objectives on the part of the involved public bodies and precise definition of the different areas of responsibility of the partners are crucial.
- Selection of the right partners is difficult, since private partners are competitors in their core business – the PPP company may be affected by external problems.
- Submission of a business plan
- Check on financial standing of the private partners
- Neutral management of the PPP company
- Controlling is required throughout implementation
- Drafting of contracts by legal experts with experience in the field
- Define exit strategy in case one partner should cease to meet his obligations under the partnership.