

LISBOA 2010
MAY 25/28

16th World Meeting

PT ROADS. REGULATORY & FINANCING MODEL





PT ROADS. REGULATORY & FINANCING MODEL

1. **FUNDAMENTALS**
2. PORTUGUESE MODEL
3. INTERNATIONAL DESIGNS
4. CONCLUSIONS



FUNDAMENTALS

- Network: International, National
- Planning. Objectives, Decision Making Criteria
- Financial Management Tools (CNIR/NARI).
UNITE project
- Concession Contracts

FUNDAMENTALS

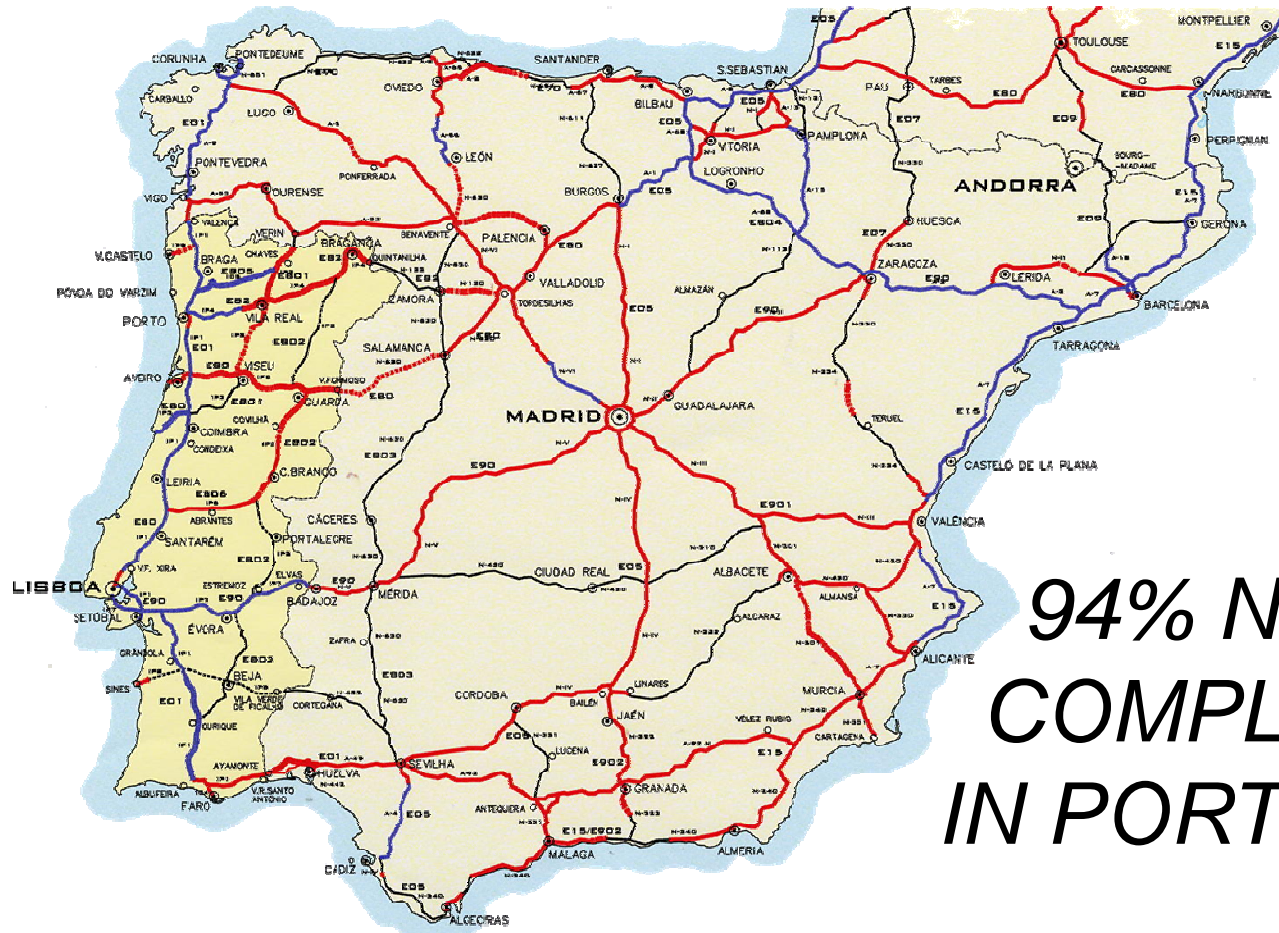
- Road Non-Price Factors:
 - ✓ Quality + Safety + Environmental
- Road User Charges
- Institutional Design
- Contract Enforcement Systems

PT ROADS. REGULATORY & FINANCING MODEL

1. FUNDAMENTALS
- 2. PORTUGUESE MODEL**
3. INTERNATIONAL DESIGNS
4. CONCLUSIONS

PORTUGUESE MODEL

TRANSEUROPEAN NETWORK (TERN)



**94% NOW
COMPLETED
IN PORTUGAL**

PORTUGUESE MODEL

NATIONAL ROAD PLAN (PRN 2000)



75% COMPLETED

BY 2013

UNDER PRESENT

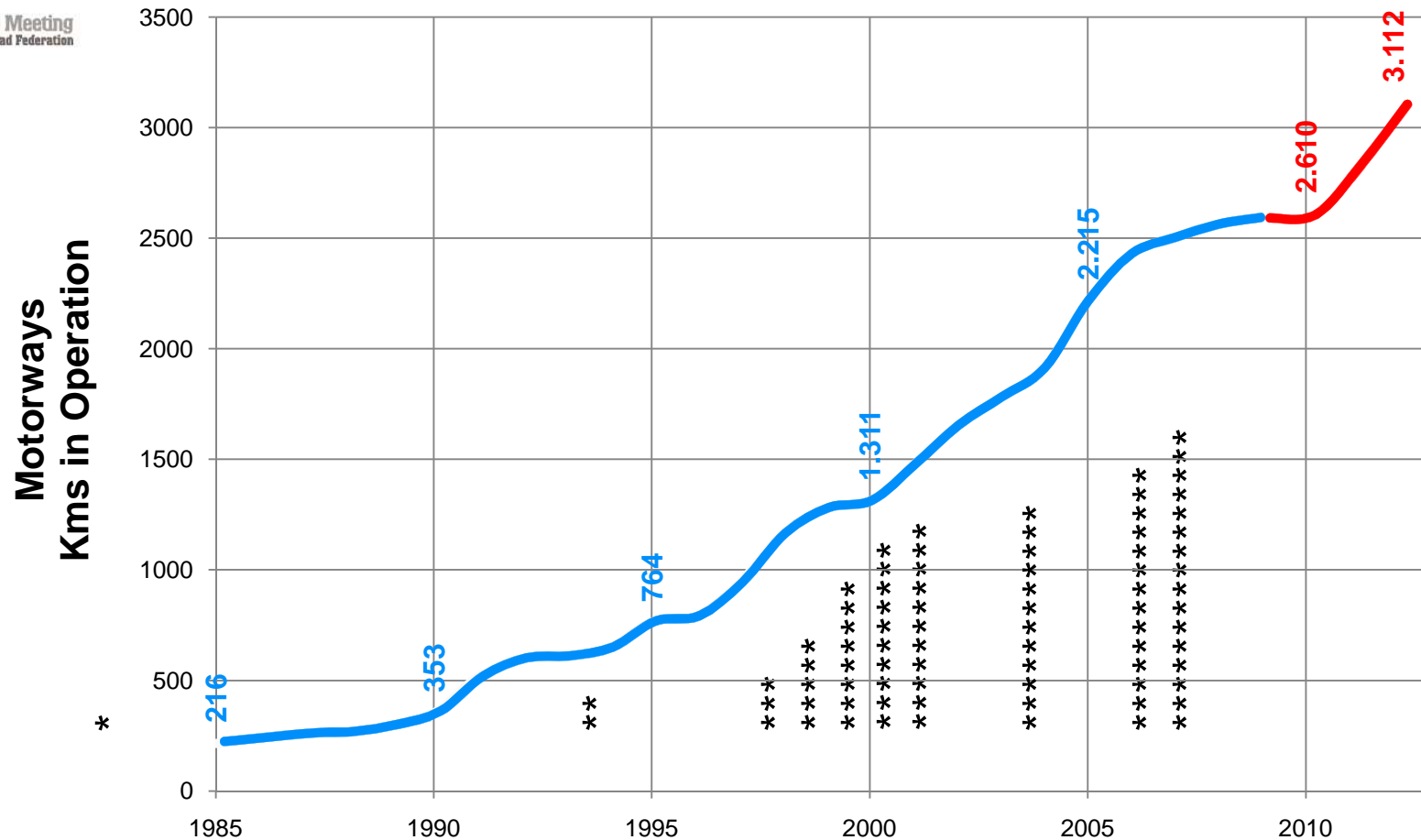
CONTRACTS

PORTUGUESE MODEL

2005 – 2009

- PPP perceived as an effective way for the rapid delivery of infrastructure and for the improvement of service to end-users
- Intensive PPP Program to anticipate the conclusion of PRN Plan

PORTUGUESE MODEL



* = Concession Contracts

PORTUGUESE MODEL

PRINCIPLES

- Social cohesion
- Intergenerational solidarity
- Long-term contracting
- Set up a global price of service
- Private sector participation
- Environmental efficiency incentives
- Road safety incentives



PORTUGUESE MODEL

InIR,IP – ROAD REGULATORY INSTITUTE

- Created in 2008
- Management of 16 State concessions
- Supervises user service levels
- Establishes technical standards
- Strategic network planning
- Income: Regulation Tax (vehicle . Km)
- *Out of Government Budget*



PORTUGUESE MODEL

ESTRADAS DE PORTUGAL - EP, SA

- Incorporated in 2008
- 100% State owned shares
- 75-year general concession
- Incentives related to quality & safety levels
- Contracts Subconcessions
- Future holding of State Concessions and total PRN 2000 Network





PORTUGUESE MODEL

EP,SA SOURCES OF FINANCING

- CSR - % of Fuel Tax (annual 570 M€)
- Real tolls (part of network)
- Long-term bank loans
- Subconcessions grant payments
- European Community Funds
- Other EP,SA revenues
- *Out of Government Budget*

PORTUGUESE MODEL

EP,SA SUB-CONCESSIONS *BIDDING EVALUATION CRITERIA*

- Net Financial Effort
 - NPV toll revenues
 - NPV Fixed Availability payments (€/km) + NPV Variable Service payments (€/traffic)
- Quality of Technical Proposal

PORTUGUESE MODEL

OTHER STATE CONCESSIONS & EP,SA SUBCONCESSIONS

- 30 yrs design, build, finance & operate
- Completion, operation, financing & traffic risk transferred to private partner
- State assumes force majeure risk
- State may reclaim early, paying off financiers
- Assets revert to State in good repair
- Environmental risk shared/minimised

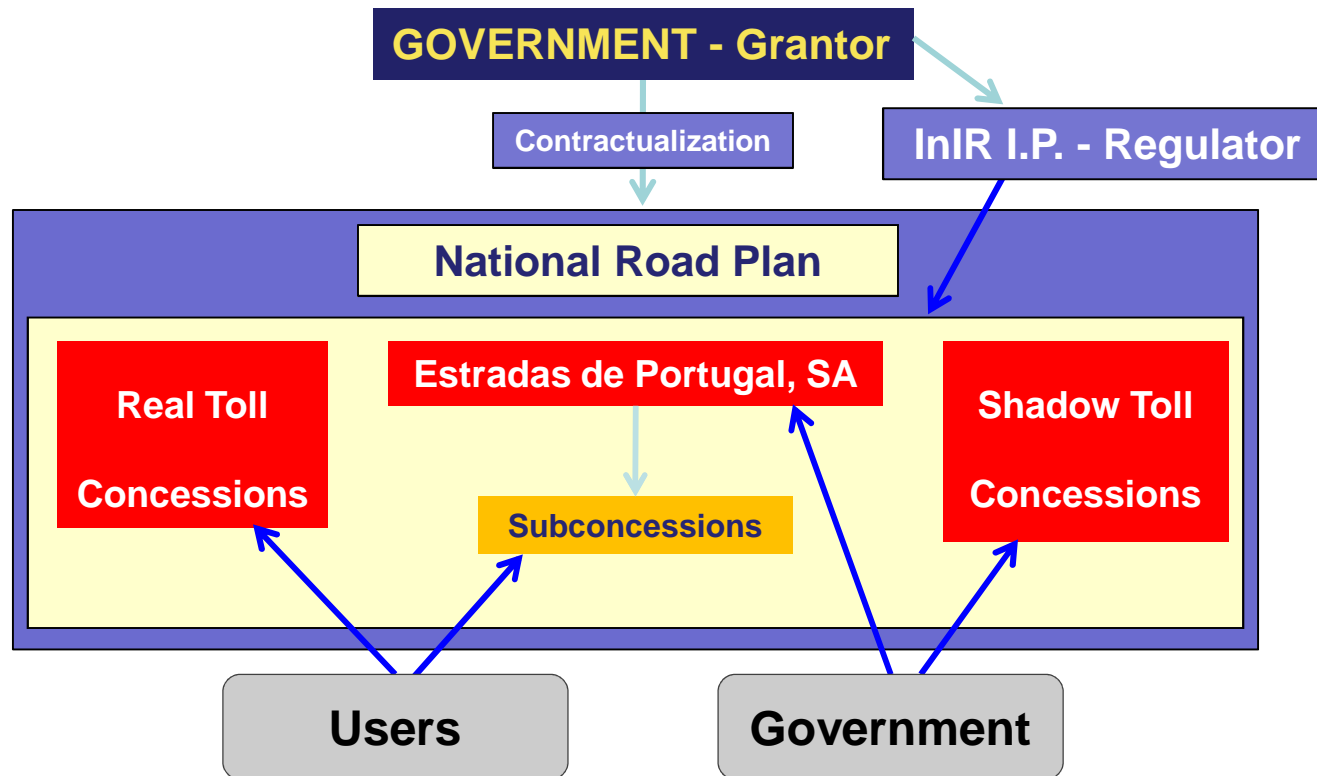
PORTUGUESE MODEL

RISK MATRICES

RISKS	ASSIGNMENT TO:			
	STATE	STATE CONCESSIONS	EP, SA	EP, SA SUBCONCESSIONS
Planning	●		●	
Project		●		●
Environment		●		●
Expropriations		●		●
Construction		●		●
O&M		●		●
Traffic	●	●	●	●
Legislative		●		●
Force Majeure	●			

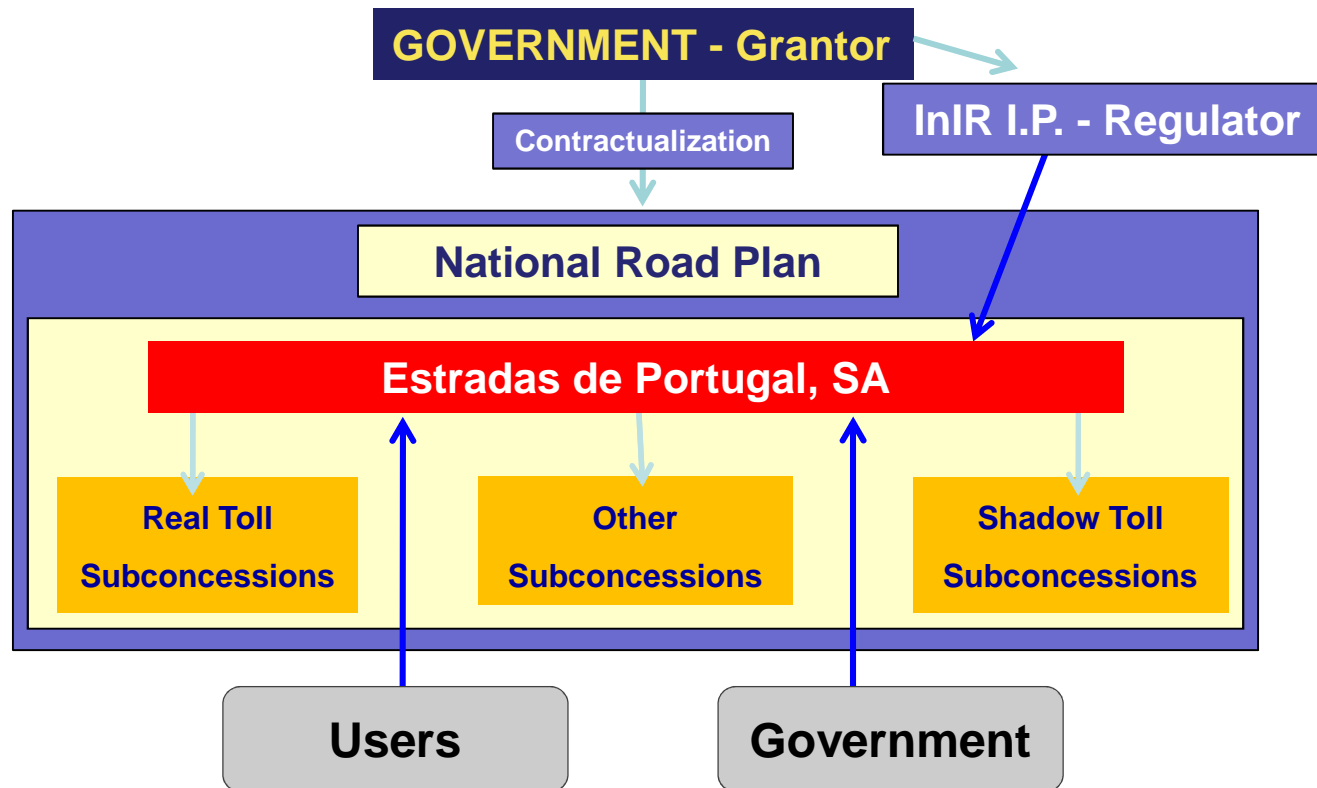
PORTUGUESE MODEL

Present Structure



PORTUGUESE MODEL

Future Structure





PORTUGUESE MODEL

Present Concessions and Pricing System

	<u>REAL TOLL</u>	<u>EP TOLL</u>	<u>SHADOW TOLL</u>
<u>State Concessions</u>	BRISA BRISAL A.E.ATLANTICO LUSOPONTE	AENOR G.LISBOA G.PORTO C.PRATA EUROSCUT NORTE BEIRA LITORAL E ALTA	NORSCUT EUROSCUT ALGARVE BEIRA INTERIOR
<u>EP Subconcessions</u>	D.LITORAL	TÚNEL DO MARÃO EP + 7 Subconcessions	

PORTUGUESE MODEL

PPP'S BENEFITS

- Earlier availability of infrastructures
- Attend EU's strict debt criteria ➡ solution through Project Finance (*before crisis*)
- Adoption of White Book recommendations
- Awareness of cost of use of public services & goods (*Public Comparator*)

PORTUGUESE MODEL

CRISIS EFECTS

- Increased financial costs
- Reevaluation of new concessions calendar
- Introduction of real tolls in shadow toll concessions
- Reassessment of PRN 2000



PORTUGUESE MODEL

CNIR/NARI (NATIONAL ACCOUNT FOR ROAD INFRASTRUCTURES)

- Assess all socio-economic costs & benefits of the road sector
- UNITE project principles (DG TREN, EU)
- Annual structure: 2008, reference year
- Finalizing “pilot account”, to be updated annually

PORTUGUESE MODEL

CNIR/NARI OBJECTIVES

- Accurate accounting of all costs & benefits (including external)
- Infrastructure costs compared to user charges
- Support of decision making in pricing & planning policies
- Enhanced monitoring of concessionaries financial performance

PORTUGUESE MODEL

CNIR/NARI Cost categories

- Infrastructure costs = O&M + depreciation (historic) + financial + others
- User costs = tolls + vehicle operation + travel time
- Environmental costs = global warming + noise + air pollution
- Accident costs

PORTUGUESE MODEL

CNIR/NARI

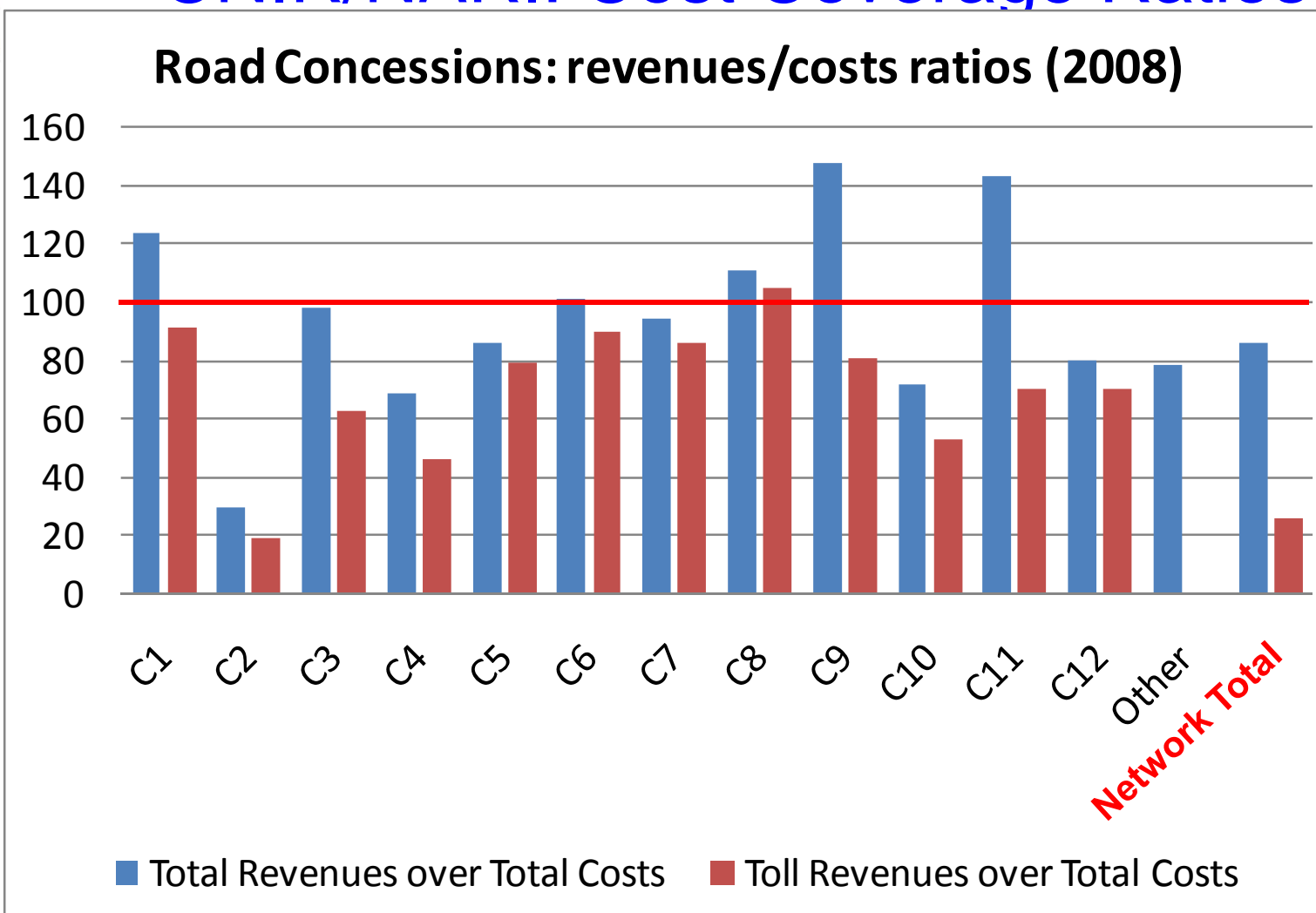
Identification of other financial flows in/out and within the road sector

- Real and shadow tolls paid to concessionaires
- Fuel and vehicle taxes paid by road users
- VAT over tolls and fuels
- Taxes over concessionaires' revenues
- Earmarked taxes (Road Service Tax, CSR)
- Subsidies, fines, etc

PORTUGUESE MODEL

CNIR/NARI: Cost Coverage Ratios

Road Concessions: revenues/costs ratios (2008)

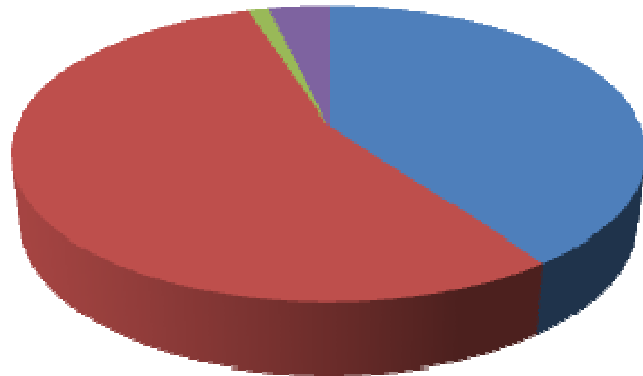


PORTUGUESE MODEL

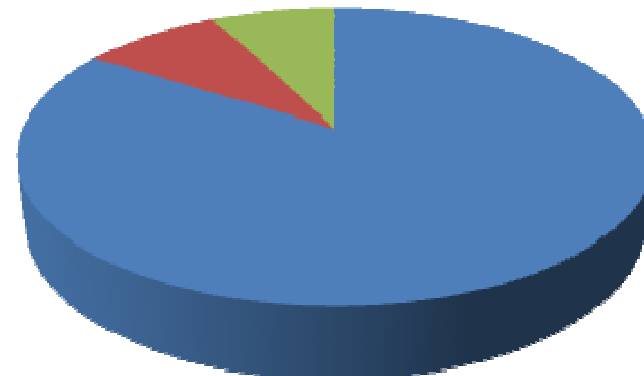
CNIR/NARI: Concessionaires Balance

2008 Costs = 2.8 B €

2008 Revenues = 2.5 B €



- Operational Costs
- Capital Costs (depreciation + financial costs)
- Provisions & Other Costs
- Revenue Taxes

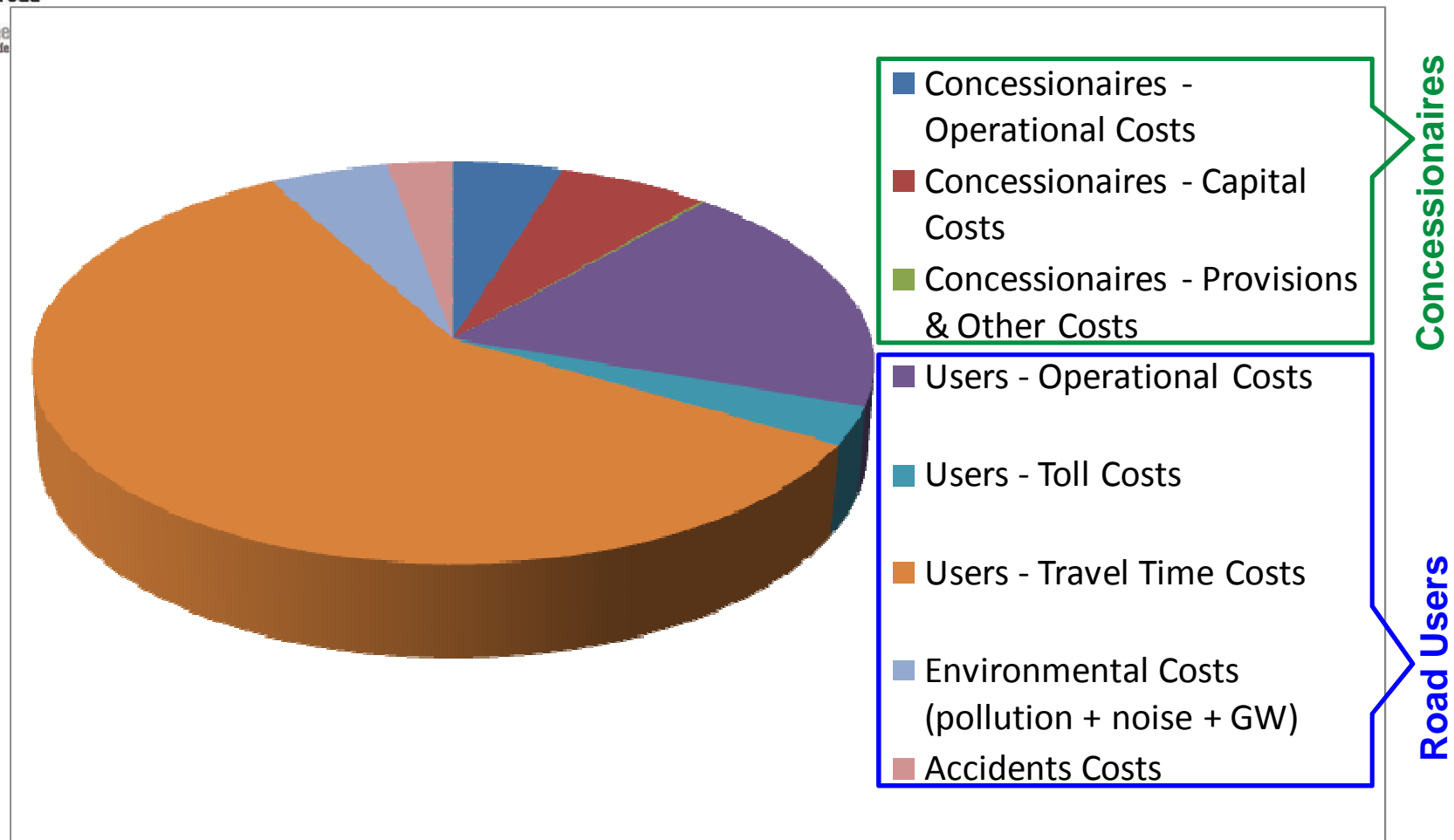


- Operational Revenues
- Capital Revenues
- Extraordinary Income

2008 Balance = - 0.3 Billion €

PORTUGUESE MODEL

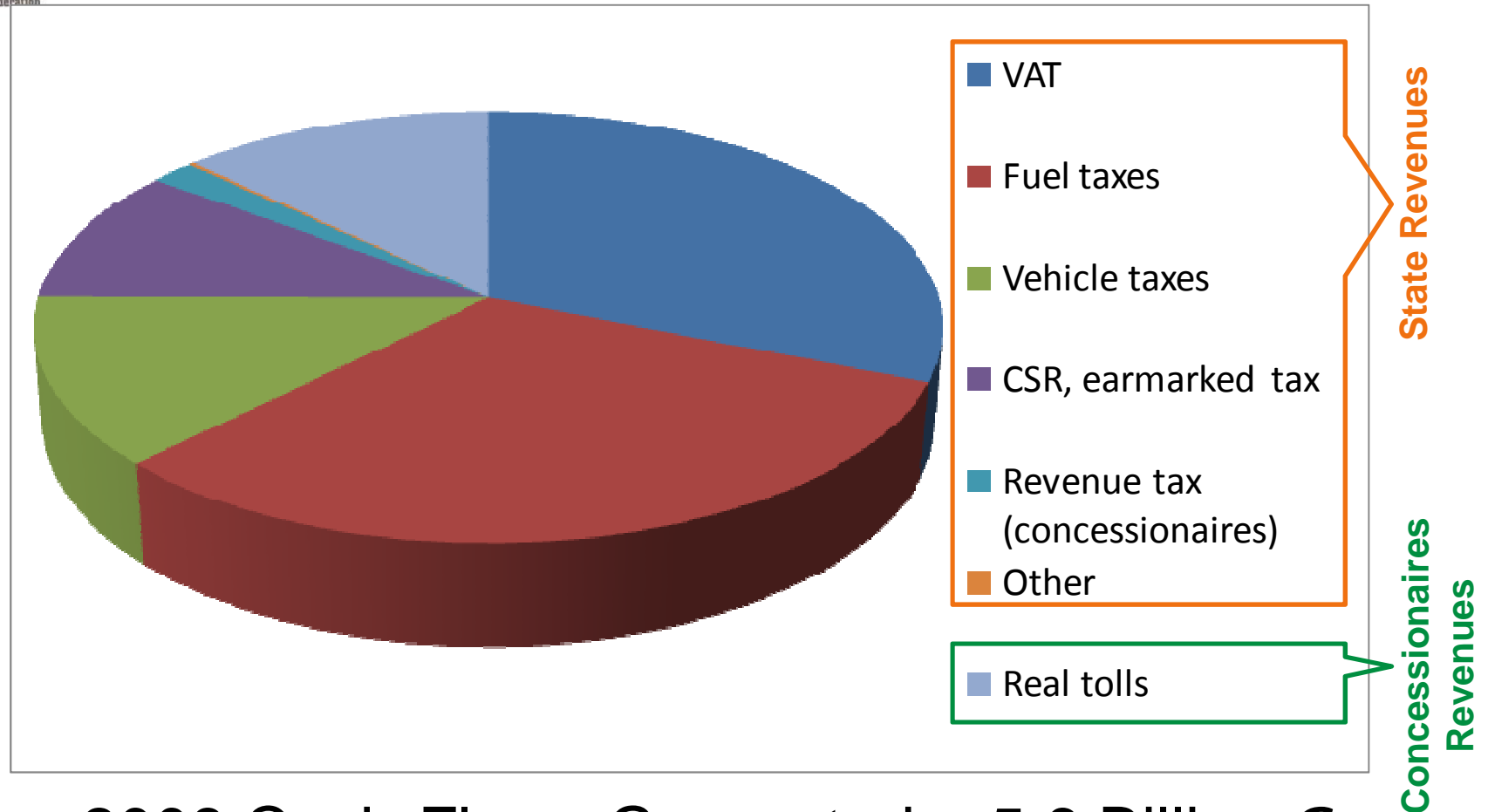
CNIR/NARI: Annual Network Costs



2008 Total Network Costs = 23.7 Billion €

PORTUGUESE MODEL

CNIR/NARI: Annual Cash-Flows Generated



2008 Cash-Flows Generated = 5.6 Billion €

PT ROADS. REGULATORY & FINANCING MODEL

1. FUNDAMENTALS
2. PORTUGUESE MODEL
- 3. INTERNATIONAL DESIGNS**
4. CONCLUSIONS

INTERNATIONAL DESIGNS

Financing & Management

Country	Financing Model	Management Model
Portugal	<ul style="list-style-type: none"> • PPPs • General concessionaire (EP) <ul style="list-style-type: none"> - Own revenues + loans - PPPs (sub-concessionaires) 	Centralised: General concessionaire (EP)
Spain	Public funding + PPPs	Decentralised: Central Government & Regional Governments
France	Public funding + PPPs	Decentralised
Italy	Public funding + PPPs	Decentralised: ANAS & regions
Austria	Public funding + PPPs + ASFINAG debt	Centralised: ASFINAG for non concessioned roads
Brasil	Public funding + PPPs (growing)	Decentralised: regions & municipal
Australia	Public funding + PPPs (smaller scale)	Decentralised: whole network

INTERNATIONAL DESIGNS

Regulatory Model

Country	Government Branch	Public Administration Body	Independent Regulator
Portugal	-	Public institute	-
Spain	Road Directorate, Ministry of Infrastructures	-	-
France	Road Department, Infrastructures Directorate	-	-
Italy	-	ANAS department	-
Austria	Road Department, Infrast.Directorate	-	-
Brasil	-	Public agency	-
Australia	-	Public agency	-

INTERNATIONAL DESIGNS

Regulatory Scope (Sectors)

Country	Transport	Land Transport	Road Transport
Portugal	-	-	Road infrastructures
Spain	-	-	Road toll concessions
France	Road, rail & maritime transport sectors	-	-
Italy	-	-	Road toll concessions
Austria	Road, rail, maritime & air transport sectors	-	-
Brasil	-	Road & rail transport sectors	-
Australia	Road, rail, intermodal transport sectors	-	-

INTERNATIONAL DESIGNS

Regulatory Scope (Competences)

Country	Policy Definition & Planning	Standardisation	Safety & Quality	Supervision & Enforcement	Technical Dissemination & International Representation	Competition; Arbitration of Conflicts
Portugal	X X X	X X	X X	X X	X	X
Spain	X	X X	X	X X X	X X	X X X
France	X X X	X	X X	X X	X	X
Italy	X	X	X X X	X X X	X	X X X
Austria	X X	X	X X	X	X X X	X
Brasil	X	X X	X	X X X	X X	X X
Australia	X	X	X X X	X	X	X

PT ROADS. REGULATORY & FINANCING MODEL

1. FUNDAMENTALS
2. PORTUGUESE MODEL
3. INTERNATIONAL DESIGNS
- 4. CONCLUSIONS**

CONCLUSIONS

- Whole network under Concession Contracts
- PPP ➡ Previous acceleration (1998-2005-09)
- Technical Regulation
 - ✓ Quality, safety & environment enforcement
 - ✓ *Same indicators for all contracts: benchmarking*

CONCLUSIONS

- Reevaluation of PRN (2009...)
- Economic Regulation
 - ✓ Tools for Social economic costs & road pricing management

Thank you for your attention



alberto.moreno@inir.pt