

A 230-mile high-speed rail project linking Los Angeles and Las Vegas is to be undertaken through a US joint venture with China Railway International to build and operate the railway. This was reported in the Los Angeles Time on September 17, 2015 by Julie Makinen. *“China has built the most extensive high-speed railway network in the world. It has about 10,000 miles of high-speed rail in operation, and Chinese train makers and railroad builders are eager to expand overseas now that China’s network is somewhat built-out and the country’s domestic economy is slowing ... As China’s first high-speed railway project in the United States, the project will be a landmark in overseas investment for the Chinese railway sector and serve as a model of international cooperation ... the train is expected to transport passengers between Vegas and Victorville in 80 minutes, with fares set at US\$89.”*

The article indicated that *“China Railway International was established this summer by a Chinese consortium led by national railway operator China Railway...”*

Our Administrations over the last 12 years or so have become attracted to the finance-design-build model promoted by the Chinese—basically, a one-stop shop that includes low-rate financing with our Government guarantee, while being totally under their own control in our country.

The Government policy document (formerly their campaign manifesto) states that high priority will be given to *“development of an immediate implementation plan, in conjunction with international agencies, for an appropriate and feasible railway system linking East, West and South Trinidad.”*

In the book, Financing Transport Infrastructure, with Sheila Farrell as editor, Richard Scurfield laments that risks are rarely addressed in the preparation of

public sector construction contracts. Considerable risks are associated with mega-projects like the Trinidad Rapid Rail Project (TRRP), particularly in countries where there is limited experience, like ours, including: (i) absence of alternative uses for a railway if demand proves to be insufficient; (ii) the limited value of a partially constructed railway system; (iii) the possibility that revenue over the life of a concession will be lower than expected, and thus resulting in high subsidies; (iv) the risk of higher than expected construction or financing costs; (v) Will the project receive the necessary legislative and regulatory authorizations to be permitted to proceed? (vi) Will the facility be operated as required, provide the expected level-of-service, be adequately maintained so that its continued operation is assured, incur costs within budget and revenue forecasts? (vii) Will inflation and the general economic environment over the life of the concession affect project cost, project demand and project revenues? Is there adequate protection against inflation? (viii) Will there be political commitment to procurement up to award of a contract and then afterwards, will subsequent regulatory and legislative initiatives adversely affect the viability of the project? If there is a change in political administration, will the project continue?

I attended an international seminar on management of the risk of corruption in the transportation sector. It was explained that corruption is an outcome—a consequence of weak or bad governance, and that governance reform, or the strengthening of capacity and accountability, helps to combat corruption by addressing its underlying causes. Also, poor governance leads to: (i) lack of transparency; (ii) weak voice and accountability; (iii) monopoly

power; (iv) wide discretion; and, (v) Inefficiency—these all lead to Corruption.

All the presenters focussed on strategies for minimising corruption through prevention, detection, deterrence, and reform of sector, entities, and incentives, with particular reference to public officers. When comments and questions were requested near the end of the session, an attendee presented a scenario which had not been addressed by any of the speakers. She said a principal from a top consulting firm from a developed country met secretly in another foreign country with an agent of the government administration of a small developing nation with significant financial resources. The purpose of the meeting was to plan the implementation of a major project in the transport sector.

The two of them agreed that the best way forward was the establishment of a special purpose company with its own bid procedures and processes that would avoid the existing central government procedures, and more importantly the prying eyes of public servants. In order to maintain transparency, it was agreed to invite selected firms to tender. Accountability was perceived to be complete by the Government presenting the overall strategy to its Parliament.

The question was asked of the facilitators, was there an international watch group who could intervene in the absence of any internal independent knowledge of this major investment in order to protect the interests of the citizens? The facilitators advised that the only thing that could be done is the education and active participation by the public in the process.

I then immediately reflected on our own (imminent???) rapid rail project, and thought *“do we know enough?”* But then I breathed a sigh

of hope, *“I’m sure we have strong
governance!”*

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September 24, 2015