Public Private Partnerships: Identifying Practical Issues for an Accounting Research Agenda

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Abstract

This article provides a structured framework for research into the accounting implications of Public Private Partnerships (PPPs). PPPs worldwide have taken on increasing significance as a tool that governments can use to develop infrastructure and for the delivery of services. Given the minimal coverage in the literature of the Victorian State Government experience to date regarding the efficacy of PPPs, this report establishes a number of parameters from which academics can conduct research into this strategy and, moreover, make policy recommendations based on those findings. Accounting principles are used to identify whether a PPP will lead to value for money. Consequently, a model is developed to define potential areas of investigation, from which a series of research questions are posed. This is important because, public sector managers need to be aware of the failures and the success stories of particular PPP projects so that lessons can be learned from these experiences. This would inform government officials of any necessary reforms that need to be undertaken for future PPPs.

Introduction

Private Public Partnerships (PPPs/PFI)[1] fall under the ambit of the privatisation of government infrastructure and related services. There is no one authoritative definition of PPPs. For example, the Department of Treasury and Finance (Victoria) defines PPPs as:

> '.... *a contract for a private party to deliver public infrastructure-based services' (DTF 2001, p.3).*

Whereas Broadbent and Laughlin (2003, p.334) refer to PPPs as:

> *'...an approach to delivering public services that involves the private sector, but one that provides for a more direct control relationship between the public and private sector than would be achieved by a simple market-based and arms-length purchase.'*

Further, PPPs are unique in that they utilise private sector finance to design, construct, maintain and operate the infrastructure. They normally involve a capital component and an on-going service delivery component, which is paid for over the long term by a series of payments from the government similar to lease payments and/or in combination with a user-pays regime (Malone 2005).

[1] For the purpose of this article the Australian term Public Private Partnerships (PPPs) is used synonymously with the UK's Private Finance Initiative (PFI).

The continuing blurring of what constitutes 'public services' and the constant debate regarding the 'profit' versus 'service' motives of the private and public sectors, respectively, is set to continue (Broadbent & Laughlin 2003). However, appropriately monitored and managed contracts under the auspices of PPPs may be able to clarify the issues.

It is argued in this paper that privatisation falls *outside* the scope of PPPs because privatisation refers to the case where the government of the day decides to sell off a major asset completely. Examples include the privatisation of telecommunications, airlines, banks and utilities. In these cases, governments believe they have no role in owning the asset and delivering a service but have nevertheless maintained some regulatory control over these important services. In Australia, in the ten years to 2000, approximately $72 billion of public assets were transferred to the private sector. This represents 12% of Australia's infrastructure assets (Earl & Regan 2003, p.528).

PPPs deal with a private sector entity, usually set up as a special purpose vehicle (SPV), designing, financing and building an infrastructure asset. The private sector partner may also provide ancillary services connected with the asset such as security and/or maintenance services (Malone 2005). In return, the government commits to pay the private firm a revenue stream for the duration of the contract.

The origin of PPPs is not clear. However, the UK Government made the first concerted push for the use of private sector financing of its infrastructure projects under the Private Finance Initiative (PFI), which was launched in the UK in 1992 (UK Treasury 1993; Lambert & Lapsley 2006). In Australia the Victorian State Government was viewed as the leading advocate for a partnership approach to the delivery of infrastructure services and other states replicated the principles contained in their policy document (DTF 2000).

The Bracks Labor Government in Victoria introduced its *Partnerships Victoria* policy in 2000 and has made a number of advances on the PFI. These include determining that a project proceeds based on a *public interest* test rather than because the government was committed *per se* towards the partnership method of financing. Whilst there is a wealth of research into PPPs, the Victorian experience deserves further investigation given that they have been the most enthusiastic supporters of this policy in Australia.

PPPs originally fell under the category of 'Build Own Operate' (BOO) or 'Build Own Operate and Transfer' (BOOT) schemes. Strictly speaking, a PPP would involve the design, construction, finance, operation and maintenance of the infrastructure asset. These schemes allowed the private sector to build infrastructure under their ownership, operate the facility for a set period (usually several decades) and then transfer the asset back to the government at the end of the contract period. Some examples of PPP projects across Australia are illustrated in Table 1.

Table 1: Projects Contracted Under PPP Government Policy

Jurisdiction/PPP project

Commonwealth Government of Australia	
Defence Headquarters Joint Operation Command Facility	Single Living & Environment Accommodation Precinct
NSW State Government	
Parramatta Transport Interchange	New Schools Project #1 and #2
Newcastle Community Health Centre	Cross City Tunnel
Newcastle Maternity Hospital	Western Sydney Orbital
Long Bay Prison & Forensic Hospitals	Alternative Waste Technology Facility
Chatswood Transport Interchange	Lane Cove Tunnel
Railcorp Rolling Stock	
Northern Territory Government	Darwin City Waterfront & Convention Centre Project
Queensland State Government	Southbank Education & Training Precinct
North South Bypass Tunnel	Townsville Ocean Terminal
South Australia State Government	Regional Police Stations & Courts Administration
Authority facilities	
Tasmania State Government	Risdon Prison Redevelopment
Victorian State Government	County Court
Film & TV Studios	Campespe Water Reclamation Scheme
Correctional Facilities	Emergency Alerting System Project
Royal Women's Hospital Redevelopment	Melbourne Convention Centre
Wodonga Wastewater Treatment Upgrade Project	Casey Community Hospital
Southern Cross Station	Mobile Data Network
Mobile Metropolitan Radio	Eastlink
Royal Melbourne Showgrounds Redevelopment	Central Highlands Water – Ballarat North Water Reclamation
Western Australia State Government	CBD Courts Complex

Source: http://www.pppforum.gov.au/national_pipeline/projects_contracted

Grimsey and Lewis (2005) argue that with PPPs the government is not contracting with the private sector to secure an asset. Rather the government agency contracts to buy infrastructure (and related ancillary) *services* over the long term (Torres & Pina 2001). This is an important point because it has implications for whether assets and liabilities under the PPP model ought to be accounted for in the balance sheet of the government or the private company. The notion of the party best able to manage risks associated with the design and construction of an infrastructure asset is also integral to how PPPs operate.

PPPs are used worldwide and their use is increasing. Watson (2003) identified two main reasons for their increased use. The first is for government to reduce debt, and the second is to attain value for money (VFM) from these large projects. Lilley and De Giorgio (2004) identify VFM and the timely delivery of new infrastructure as the main reasons for their increased use.

There are a number of potential advantages in adopting the PPP policy for the provision of government services. Value for money appears to be the main rationale for the use of PPPs. This would entail providing the infrastructure asset and any ancillary services at least cost compared to conventional government procurement. This is based on the assumption that quality standards are maintained as per the contract specifications. Risk transfer is another potential benefit. In essence, the party best able to manage risk at least cost should manage it. Some of the major categories of risk include design and construction, financial, operating, legislative and government policy risk. PPPs allow for greater predictability of costs for the government and revenues for the private company since both of these are articulated in the contract. However, it can also be reasoned that, by locking itself into such a long-term agreement, the government faces the risk of not being able to re-negotiate the contract if and when circumstances and needs change over time. Finally, PPPs may be politically attractive to government because it does not actually sell infrastructure assets to the private sector, which may be a more sensitive issue to an apprehensive electorate.

Disadvantages of PPPs include that they can be quite complicated and complex arrangements and the associated process of preparing the contractual documentation and bidding process may lead to judging whether value for money has been achieved problematic. In addition, raising public sector finance is cheaper given that governments have the capacity to levy taxes to repay borrowings. If a private partner develops cash-flow problems and eventually is unable to fulfil its contractual obligations, this may have serious consequences for users of that particular service as well as for government generally. This situation occurred with the failure of the Latrobe Regional Hospital in Victoria. Rather than renegotiating this PPP contract, the State Government of Victoria decided to step in and take over the operations of the hospital due to the financial problems experienced by the private operator (English 2004).

There is a real need to evaluate PPP projects comprehensively to ensure that the expected benefits from adopting this policy are realised. This deficiency was highlighted by an OECD report that concluded that there was a lack of systematic evaluations of the results from PPPs and it was inconclusive to judge whether the potential savings generated from adopted PPPs were maintained in the long run (OECD 2002). Thus, how governments cost and account for PPPs is central for determining the effectiveness of this policy.

In other words, a government adopting PPPs is still accountable for the delivery of services to the public and therefore, is required to demonstrate that the objectives of the project are met. These outcomes could be expressed as a project delivered on time and within budget. If this is not achieved, then a thorough investigation may be warranted to determine what factors led to a less than satisfactory outcome. Unfortunately, there appears to be resistance to 'show the books' to interested parties because of commercial-in-confidence constraints and because access to vital information must come from both partners; the government and the private sector entity (Spackman 2002).

As part of this need to hold governments accountable, and to bring together evidence of successful and unsuccessful PPP projects, a collection of studies focusing on some of the critical areas of PPPs is warranted. Value for money is a driver for the expanded use of PPPs, and thus this aspect needs to be part of a robust research program. Accounting standards and principles adopted by government are important as they establish the parameters that guide the likely savings from adopting PPPs. These principles are also essential to the control and management of PPPs and therefore, a critical appraisal of them is warranted.

The Need for a Structured Framework

Given the many facets of PPPs that can be investigated, it is important to develop a frame of reference so that both specific and general issues regarding the efficacy of PPPs are explored. A plethora of research opportunities should be possible because, ideally, both the government agency and the private company that has won the tender ought to be key sources for data collection. Moreover, the quantum of PPP projects undertaken worldwide has increased providing researchers with a varied selection of examples that can be investigated in more detail. The challenge for researchers however, is in defining and articulating *critical* concepts in the PPP agenda. A framework identifying problems at the decision stage of whether to proceed with a PPP project, how the PPP project was managed and the mechanisms for ensuring the government and private sector party fulfil notions of accountability would be a sound approach to take. These three areas capture the core issues that need to be addressed in any PPP project, however other approaches are readily available.

For example, Lambert and Lapsley (2006) use a four-paradigm framework to analyse how published research articles on PPPs (from 1986 to 2005) and public sector budgeting have been categorised. However, the authors here tend to support a more critical approach to accounting research to develop an argument for or against a public policy stance rather than take PPP as a given. The work of Hood (1991,1995) in highlighting the commercialisation of government via 'New Public Management' (NPM) approach offers another relevant framework. The focus of this research is to offer explanations for the rise of NPM practices in OECD countries rather than investigating a particular government policy in action.

PPPs used as a mechanism to acquire infrastructure offer unique opportunities for researchers to explore various levels of the PPP arrangement. In fact, one of the dangers of investigating PPPs is that, because the investigation covers so many different aspects of organisational and political behaviour, that focusing on one selected problem can become problematical.

Research on PPPs offer opportunities for discipline-based research in accounting, economics, management, political science and law. It is beyond the scope of this article to highlight in depth the range of research possibilities across these disciplines. For example, however, a typical PPP would use a legal team to develop the contractual obligations of the government agency and the private sector consortium. In addition, there are taxations implications regarding PPPs that are yet to be resolved. An important issue is that the Commonwealth denies taxation deductions to the private company on the basis that it does not have *control* of the asset (Grimsey & Lewis 2002, Lehman & Tregoning 2004). Thus, this is a starting point for a range of legal issues that could be investigated.

Economic analyses of whether savings are likely to be made from adopting PPPs would necessarily involve undertaking statistical analysis across various countries. Management scholars may be interested in the inter play between the government and the private sector managers and analyse if and how this relationship differs from other contractual relationships the government has entered into with the private sector. Political scientists may analyse PPPs critically to discuss the origins of this tool and what has led to its increased use worldwide. Finally, accounting is also offered a rich source of research possibilities, including changes to internal and external reporting requirements and regulatory regimes.

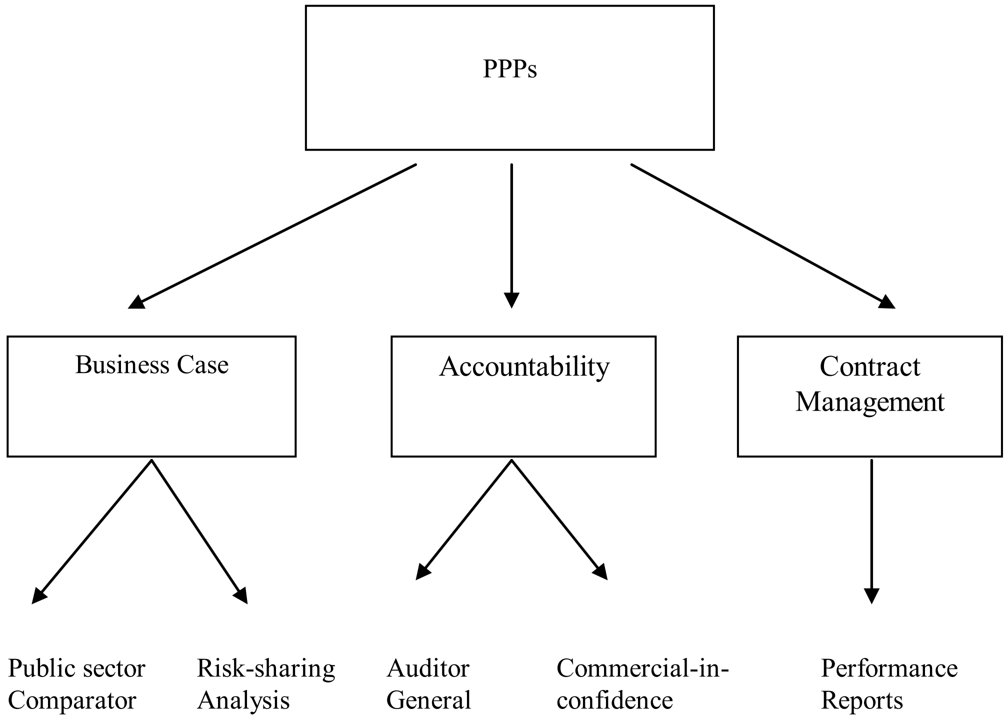
While this article will focus on accounting issues, it should be understood that a complete analysis requires a multidisciplinary approach. Moreover, what emerges from the literature is that the research must be *contextual* and focus on the particulars of a given government policy. In this paper, that focus will be on the accounting implications of PPPs (not on, for example, PFIs). This is the rationale for alluding to a possible research framework on PPPs as illustrated in figure 1.

Accounting Related Research

A starting point for identifying research possibilities in the accounting discipline is suggested in figure one. This framework provides a more practical orientation to research questions than does the questions identified by Broadbent and Laughlin (2004). The framework presented centres on two themes in the context of PPPs, that is, decision making and evaluation. Although decision making is made throughout the life of the PPP project, an analysis of the costs and benefits of a PPP project is undertaken initially and compared with traditional government procurement. Hence, the *business case* is the key driver to be investigated. Responsibilities and the reporting of outcomes fall under the ambit of *accountability* and the conversion of the contract into delivery of the outputs is governed under the *contract management* principles employed. A more detailed discussion of these three concepts is provided in the next section.

The first area that could be investigated is the business case. The purpose of the business case is to ensure that the project corresponds with government policy objectives and that the financial impact to government is such that the benefits outweigh the costs.

Figure 1: A Possible Research Model:



The Business Case

Two critical areas under the business case phase are discussed. They are the public sector comparator (PSC) and risk sharing.

Public Sector Comparator

The PSC is a hypothetical model of what it would cost to deliver the infrastructure asset and services under the traditional government procurement method (Grimsey & Lewis 2005). To evaluate any value for money benefits accruing from using the PPP mechanism, this is then compared with bids from the private sector. The PSC must include all the direct and indirect costs associated with constructing the infrastructure asset and delivering any related ancillary services. To deliver these estimates, it is expected that there would be considerable reliance on the reliability of the department or agency's accounting information system. Further, where costs are not available internally, external support may be required to provide estimated costings. The process of arriving at a raw PSC figure can be perplexing due to unavailability of 'hard' numbers and the process of providing estimates over the long-term (20-30 years). This course of action would necessarily involve a large resource commitment, given that the PSC figure arrived at would determine to a large extent whether the government will achieve VFM and hence, whether the project would proceed under the PPP policy framework. Problems of identifying and allocating indirect costs and differences in costing methodologies across government departments exacerbate this problem (Watson 2003).

Hence, a possible research question with respect to the PSC is:

> *'What problems are encountered in developing the raw public sector comparator and how were they resolved?'*

Risk Sharing

With PPPs the government allocates risks such as design, construction, ownership and operation of the infrastructure asset to the private sector. The notion of risks is significant on two fronts. First, at its inception, PPP policy was developed because it could be used to transfer particular risks to the private sector. However, the question of risks is also intrinsically linked to if and how PPPs are reported in the financial statements of the government and/or the private sector entity (Heald 2003). The latter is discussed under the heading accounting and accountability.

Risk transfer lies at the core of PPP policy (Hodge 2004). The nature and measurement of risks are important because they will ultimately be used in the calculation of the PSC (Broadbent Gill & Laughlin 2003). It is presumed that those entities that are better able to manage particular risks (at lower cost) ought to be responsible for them (DTF 2001, p.55). Under traditional procurement methods, governments had to contend with the risk of significant cost over-runs for large infrastructure projects. This risk is now mitigated under PPPs as the private sector partner assumes this risk. The government also assumes a risk in that the financial stability of the private partner may falter, and the government would be expected to continue to provide the services to the public. This occurred in Victoria when the private railway franchisees threatened to walk away because their profit expectations were not being met (Davidson 2006, p.11). In fact in 2002, the UK company National Express walked away from its contractual obligations in delivering transport services in Melbourne and other franchisees were experiencing financial problems. A new partnership agreement between the government, Connex (trains) and Yarra Trams was established to replace the former franchise agreements and therefore offered more stability to the public transport system (Stanley & Hensher 2004).

Potentially additional risks in a project are not so easily identified such as native title or archaeological and cultural heritage discoveries, some are shared between the government and the private partner, such as the market risk of competition where new suppliers of a contracted service are competing for customers. Other risks can arise from unforseen events through the life of the project such as *force majeure*. The work of Edwards and Shaoul (2003, p.414) suggests that the concept of risk transfer is problematic and that the risks may also be borne by others not party to the contract. It is therefore imperative that the questions of risk and risk transfers feature as part of the development of the business case. For this reason, the following research question is proposed:

'How were the risks associated with this PPP project identified and quantified?'

Although detailed guidelines regarding the adoption of PPPs and the notion of risks have been produced, there are still areas of uncertainty and assumptions made that require further investigation (DTF 2001, 2003). For example, there is no one acceptable method for valuing certain risk-transfers, indirect costs of the government agency and competitive neutrality adjustments.

Accounting and accountability

In the case of PPPs accounting practice has been ahead of the law. The accounting standard setters were simply not ready for the rapid uptake of PPPs by governments resulting in questionable accounting reporting techniques. Australian Accounting Standard (AAS) 17 deals with leasing arrangements and has been utilised to account for PPPs. However, it was never the intention of this standard to deal specifically with PPPs, hence it is less than adequate because a PPP can be structured so that the disclosure of the governments' requirement to make periodic payments to the private sector consortium over the course of the contract remain off the governments' balance sheet (Maguire & Malinovitch 2004).

One of the most significant accounting issues in the context of PPPs, is 'off-balance' sheet financing, whereby the government does not record any increase in debt or asset levels for the required infrastructure (Walker 2003; Baker 2003). This is because the private consortium owns the asset and makes this available to the government over the long-term; being the contract period. Conversely which partner recognises the infrastructure asset and how that asset is to be valued is also an area of contention (Officer 2004). Although it may be argued that the balance-sheet treatment does not drive PPP projects, nevertheless, the government is undertaking long-term projects which will expose the current and future generations of taxpayers to risks that need to be appropriately recorded and reported (Maguire & Malinovitch 2004).

Governments in general have been keen to minimise debt levels and operate budget surpluses, both of which develop a sense that the government is a prudent economic manager. A possible research question under this category is:

> *'What are the external accounting reporting implications of PPPs for both the government and the private sector?'*

A second source of concern is the notion of accountability. On the one hand, PPPs can be structured so that the private consortium simply produces an infrastructure asset and then passes it on to government. On the other, governments are increasingly making use of the private sector for not only producing the asset but also for providing ancillary services, maintenance of the asset and direct service delivery to users. In the past governments would use the terms 'core' and 'non-core'services, denoting that core services are always delivered by government employees, whereas non-core services can be provided by the private sector. However, this can be a case of moving goal posts, as the private sector continues to shift the location of traditional core and non-core services. This has implications for who is accountable for what. In a broad sense being held accountable suggests being able to justify one's actions. In the case of government it can be argued that they continue to be accountable for the delivery of services to the voting public. However, the private sector is governed by different regulatory mechanisms such as the Corporations Act (2001) and, if it is a listed company, by the Australian Stock Exchange Listing requirements and continuous disclosure provisions. In Victoria, the government's main reporting obligations are contained in the *Financial Management Act 1994.*

In general, the private sector would advocate less rather than more transparency in terms of disclosing cost-sensitive information relating to their PPP bid. The term 'commercial-in-confidence' is used to designate information that must not be made available to the public, as it would put the private sector party at a competitive disadvantage. Watson (2003) notes that the freedom of information acts do not override commercial-in-confidence agreements, and there is the perception that the PPP bidding process would not be as competitive because few private sector entities would become involved in a process where they would be obliged to 'open up their books'. It is typical that PPP contracts are not available to the general public. Only the contract process and the level of savings expected from facilitating a PPP project is generally announced (Newberry 2004). What makes evaluating PPPs more complex is their long-term nature. It could take decades to assess whether the expected benefits from this arrangement have been realised. A possible research question therefore is:

> *How are notions such as public accountability and commercial–in-confidence applied in PPP projects?'*

State and Commonwealth auditors general will continue to have a role in scrutinising PPP contracts to report to Parliament whether, and to what extent, notions of efficiency, effectiveness and VFM have been achieved (English & Guthrie 2003). Watson (2004) goes further and argues that public accounts committees must also play a role to ensure that the PPP policy is being implemented as intended.

Contract management

Contextually, the management of contracts under a PPP arrangement is different from say, a government agency simply contracting out security services. This is because under PPPs there is just *one* contract for the construction of the facility *and* for the service agreement, which can include, for example, security, maintenance, cleaning and catering. This process is known as the 'bundling' of services. Thus, it is often the case that the private sector consortium establishes a Special Purpose Vehicle (SPV) to facilitate the design, financing, construction and maintenance of the asset (Grimsey & Lewis 2004).

The crucial area of contract management is entered into once the construction phase is completed. This operational phase of the PPP is critical because it involves the transformation from project inception to project delivery of outputs. Contract management requires appropriate management systems to be put in place as well as a mechanism for their audit. Both the government agency and the private sector entity have an interest in ensuring that the contract specifications are being adhered to. User dissatisfaction, unfavourable audit reports and a possible voter backlash are the possible costs that government could face in the event that the contract specifications are not met. Non-compliance of the contract could ultimately mean that penalties are imposed on the private operator, reduced periodic payments are made or the government refuses to pay the periodic payments completely.

This could have serious cash-flow implications for the private sector entity. The Latrobe Regional Hospital (LRH) in Victoria is an example of a failed BOO, where the underestimation of many costs by the private operator (Latrobe Regional Hospital Pty. Ltd.), and a failure to understand how hospitals in Victoria were funded, resulted in serious financial problems (English 2004). LRH Pty. Ltd. was finally de-registered as a company and the State Government has now assumed total control over the LRH.

One component of contract management is the development of performance reports. The reporting and monitoring system required ought to be set out in the contract. However, the execution of performance needs to be scrutinised to ensure that the objectives of these reporting systems are being met.

A possible research question for this aspect is:

> *'How effective were the reporting and performance monitoring systems used during the operational phase of this PPP project?'*

This question deals with the extent to which the reporting systems met their objectives. This is essential because it confirms whether or not the private sector partner is performing according to the pre-set criteria.

Research Method

Given the possible research questions posed in the previous section, the next step would be to decide what would be the most appropriate research method to conduct an investigation into PPPs. Research questions are what drive the research method to be used (Yin 2003). It can be argued that the research questions developed in the previous section lend themselves to the case study approach. Case studies normally make use of documentation (both internal and externally available), observations in the 'setting' and interviews of which they can be structured or unstructured.

Whilst the limitations of case-based research have received much attention in the literature, the contributions that case-based research has made to accounting thought have at times been treated with contempt (Willmott 1983). It is argued by this researcher that the apparent distaste for certain research methods lies not in the inherent limitations that a research method possesses (and *all* methods have limitations), but that confusion exists amongst researchers because of the failure to understand the *objective* of a particular research method. Suffice to state here that survey-based research is aimed at making generalisations across the sample population, whereas the objective of case-study research is to develop or modify a theory and/or provide the researcher with a basis for developing new or improved research questions.

There are persuasive reasons for conducting case-based research in the context of PPPs. One of the main reasons for the conflicting evidence regarding the overall benefits or costs of PPPs is that generalisability of the empirical results is difficult to obtain because the outcomes generated from entering into PPP contracts are specific to time, function, location and how they were managed. To complicate results further, because decisions regarding the selection of bidders involve, at times, quite a substantial degree of *professional judgement* (such as applying various weightings to qualitative and quantitative criteria*)* then the *management* of PPPs would influence whether the strategy was successful, rather than making claims that PPPs itself causes failure or successes. The sort of relationship that has developed between the government and the private sector entity would also have a bearing on whether strict performance of a contract would be applied, or whether there would be some flexibility provided by either party for mitigating circumstances.

Edwards and Shaoul (2003) for example investigated two unsuccessful UK PPP projects which generated so much controversy that the matters were raised by The National Audit Office (NAO) and the Public Accounts Committee. The projects were the Information Technology systems to handle passport verification and the collection and recording of National Insurance contributions which determine welfare payments. The documentation analysed consisted of NAO reports, Public Accounts Committee investigations, press reports and internal documents. Jamali (2004) undertook an in-depth investigation of a PPP telecommunications project in Lebanon. Again multiple sources of data such as documentation, archival records and interviews with key informants were analysed. The lesson learned in this case was that PPPs require a sound legal and regulatory framework and complete transparency with respect to financial accountability. English (2004) used the case study approach to investigate the failure of the Latrobe Regional Hospital PPP project in Victoria. Reasons given for the failure included that the private operator underestimated staffing requirements, underestimated costs and not understanding the way in which public hospitals in Victoria were funded for acute health services.

Multiple case studies of PPP projects would also be advantageous because they are analogous to multiple experiments where a replication logic is followed rather than a sampling logic. That is, multiple case studies are used for *comparative* as well as *replication* purposes. Comparisons can be made across the individual cases as a whole or when comparing individual units of analysis. This type of analysis provides an insight as to why certain procedures or observations were reported in one, a few or all the cases under investigation. Comparisons are also made to judge whether certain PPP projects were shown to be successful while others were unsuccessful, which will eventually lead to policy recommendations being made.

Conclusion

This report has demonstrated a possible route that researchers may take to advance their knowledge on another public sector management tool known as PPPs. There is currently a dearth of empirical research studies investigating the efficacy of PPPs in the Australian and particularly Victorian context. This may in some part be associated with a lack of desire by government agencies to 'open their books' to academic researchers for fear of any negative findings and consequences. Alternatively, the private sector may also be reluctant to expose any weaknesses in their systems as this also could jeopardise future contracts with governments. This will remain a challenge for academics, however, it is possible that future PPP contracts may include clauses that allow bona fide researchers access to data on a confidential basis.

Governments have signalled their intention to investigate the possibility of using PPP policy for infrastructure assets that are particularly politically sensitive such as schools. The Treasuer of Victoria Mr. John Brumby stated that:

> *There is a place for PPPs in schools; we haven't used them to date because traditional procurement has done the job very successfully. We will be using traditional procurement in this budget but that is not to say at some stage in the future we may not use PPPs (Dowling 2006, p. 6).*

Again, this highlights that the scope of future PPPs may widen in the future and provide further interesting case study possibilities.

Researchers may need to draw attention to government managers of the benefits of this type of research. For example, the research questions are not esoteric and yet they offer a balance between theoretical validity and practical usefulness. Knowledge regarding these research questions could inform government managers of the need to make policy adjustments to the PPP model or that on a more practical level, technical adjustments may be warranted to ensure that the concepts of value-for-money and public interest objectives are met.

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Acknowledgments

The author gratefully acknowledges the financial support provided by Victoria University through its Outside Studies program and the helpful assistance from officials of the Department of Treasury and Finance (Vic) who helped facilitate initial contacts within various departments. Special thanks also to the two anonymous reviewers who made several excellent suggestions on an earlier draft.