

Jan, C. (2010). Taiwan's High Speed Rail: A Public Private Partnership Hits a Speed Bump HKS671 Case Number 1910.0, Harvard Kennedy School (21 pages)

A suggested teaching plan, by Prof Swappnil Garg

TENSIONS to be explored in class:

- NEED for the asset
- PREPAREDNESS
- FINANCIAL VIABILITY

Class Discussion:

- **Did Taiwan need a HiSpeed train?**
 - Infrastructure Gap -- One day Society
 - A dream for long -- Since 1974 -- Aspirational
 - Social Cost Benefit Analysis (10% vs 20%)
 - Something between expensive & fast (air) and cheap & slow (train)
- **Did the decision makers have the correct mindset for a PPP?**
 - Partnership (government responsibilities vague)
 - Government guarantee for a public asset
 - Monitoring (intrusive/ public asset construction)
 - Allowed train set change (***)
 - Bid decided on merit (***)/ Aggressive bid
- **Was Taiwan financially ready for such an expensive asset?**
 - Economic Downturn
 - Low ridership – demand was overestimated
 - Land could not be sold
 - Operationally great but financially wreck!
- **What could be done?**
 - Debt refinance
 - Depreciation – Year based or as per utilization
 - Rework the roles and responsibilities