A study on collaboration between government and enterprises in building and operation of China’s highway

**Author:** GuangJian Xu

**Title:** Vice Dean, Professor and Doctoral Advisor

**Affiliation:** School of Public Administration and Policy, Renmin University of China

**Co-author name:** Yin Wu

**Affiliation:** School of Public Administration and Policy, Renmin University of China
Abstract

For over 30 years of reform and opening up, China has made remarkable improvements in the public infrastructure sectors, and in particular, in the construction of highways system, which effectively promotes the development of national economy and society. In expressway construction and operation, the public-private partnership mode (PPP mode) has been widely adopted. Through application of PPP mode, the expressways construction has been speeded up and tremendous results achieved. However, there has been also some problems and challenges in the application of PPP in the expressways sector, such as the high level of tolls and weak public welfare.

As a general view, PPP mode should be adopted in the future Chinese public infrastructure construction, while the direction of adjustment should be lay upon strengthening public welfare, building a more reasonable public-private sharing mechanism, reducing financial burdens on users, and improving the utilization of highways. Giving a reference to the introduction and development course of PPP mode in China’s expressway sector, this paper discusses the relationship between government and enterprises in China's infrastructure sector as well as analyzes the cooperation and supervision mechanism of PPP mode in expressways construction and operation.

Keywords: Public-Private Partnership, Public Infrastructure, expressways, China
Ever since the beginning of 1980s, the United Kingdom and the United States have carried out a bold privatization reform, which encouraged the private sector to participate in traditional areas of public goods provided by the government, thus triggered a worldwide wave of public-private partnership mode. The practices of private and public sector cooperating to provide public goods, on the one hand eases lack of public finance resources, helps the public sector to provide more public goods; on the other hand, provision of public goods by private sector encourages competitions in the public infrastructure sector, thus the efficiency of public goods supply is enhanced. However, there are also some problems in the cooperation of private and public sectors, which leads to public-private partnership mode changing from gloom to doom.

There are some questions in the public infrastructure sector, such as what is the relationship between public sector and private sector, and how to provide public goods more efficiently. What role the Government and market should play in the provision of public goods, how the public sector provides protection for smooth implementation of the project, how the private sector provides public goods more efficiently, how cooperation mechanism solves the contradiction between the public welfare of the provision of public goods and the profit-generating of private sector, as well as how the public sector provides effective supervision measures. This paper will sets PPP mode in China expressway construction and operations as an example to explore above-mentioned issues so as to expound the cooperation and supervision between government and the market on theory and practices public infrastructure.
1. PPP mode and its application

PPP mode, that is Public-Private Partnership, was first proposed by Reymont (1992). The academic circles have no unified understanding about the definition of PPP, and various countries and international organizations have different definitions on PPP. United Nations Development Programme defines PPP mode as "Public-Private-Partnership covers ownership cooperative method between advocates of different social systems with the purpose to solve some local or regional complex issues. Public-Private-Partnership has two meanings, one of which is the various partnerships between public and private advocates established to meet the needs of public goods; the second is to meet the supply of public good, public-private sectors set up partnerships for the implementation of large-scale public projects."

European Commission released the Green Paper on Public Private Partnership and Community Law on public Contracts and Concessions in April, 2004. In that document, public-private partnership is defined as forms of cooperation between public institutions and the business community in order to ensure the financing, construction, innovation, management and maintenance of infrastructure as well as services to be provided.

The German Federal Department of Transportation, Construction and Real Estate （BMVBW） defines PPP mode as “The term PPP refers to a long-term, contractually regulated co-operation between the public and private sector for the efficient fulfilment of public tasks in combining the necessary resources(e.g. Know-how, operational funds. capital, personnel) of the partners and distributing existing project
risks appropriately according to risk management competence of the project partners.”

E.S.Savas(2002) believes that PPP mode contains three aspects meanings: from the first aspect meaning, PPP is a contractual arrangement of public and private sectors to participate in the production and provision of public goods or services; the second aspect meaning refers to infrastructure projects which are under a number of more complex environments, participated by many parties as well as with characteristics of privatization; the third aspect meaning is a formal mode of cooperation between enterprises, society, and local government officials to provide high-quality public goods and services.

Wan Dongjun (2006) holds the idea that the concept of PPP has both a broad and narrow meaning. The broad meaning of PPP is a conceptual category, which generally refers to the generic terms of a series of modes on private sector's participation in financing infrastructure projects, including BOT, BOOT, DBFT, DBFO, TOT, privatization, and so on. While in the narrow sense, PPP refers to a specific mode of financing, and in the article the narrow conception is used. Ke Yongjian (2008) believes that "PPP is a mode for provision of public infrastructure and services, and the financing and construction of projects are supported by private sector, and in the next 25 to 30 years they are in charge of operating those projects." Zhang Zhe (2008) thinks that Chinese academic circles understand the concept of PPP from three levels, which are respectively, from the publicity degree of the goods, PPP is the contractual relation between public sector and private sector to make long-term cooperation and co-production of public goods; from the publicity and measurability degree of goods,
PPP is the sum of various contract types between the public and private sectors to cooperate and provide infrastructure; from the operational degree of the infrastructure, PPP is a particular type of contract form to provide infrastructure.

To sum up the above mentioned definitions of institutions and scholars with PPP, this paper argues that PPP mode is a kind of cooperation mode between public sector and private sector so as to form partnership and jointly build and operate public infrastructure. The implementation of PPP projects in China consists of several elements, first of all, it is the separation of ownership and operating license, public sector has the ownership, while the private sector has the operating license; secondly, it is the cooperation cycle of public sector with private sector, and the long-time private sector participation in public infrastructure construction and operation; thirdly, the public and private sectors share the benefits and risks of infrastructure construction projects; fourthly, private not necessarily refers to private sector and private enterprises, including state-owned or mixed-ownership enterprises, such as joint-stock company. Therefore, the social capital or private capital is usually cited in Chinese official documents, rather than the private sector or private capital. The diverse nature of PPP contracts includes SC, OMC, CBO, BTO, TOT, BOT, WA, BBO, BOOT and other forms.

PPP mode as a concept was first appeared in the UK in 1992, afterwards it has been widely applied and promoted around the world, and it reached a peak in number of projects and the level of investment in the year of 1997. However, after 1997, actual results and investment value of PPP toll expressway projects has been
questioned. Only about 55% projects is implemented, and the project’s financial rate
of return is unsatisfactory, thus result in the decrease of the number and scale of
privatized expressway projects. In 2006, the high tide of private sector participation in
road construction in a global scale was welcomed in, and afterwards PPP projects
reduced again. According to the Asian Development Bank statistics, from 1990 to
2011, the number of countries or economies involving in road construction
participated by private sector reached 32, and the regional distribution were mainly
concentrated in Latin America, Caribbean area, South Africa, East Asia and Pacific
region.

The fields of PPP mode application vary from countries or regions according to
specific situations. United Nations Development Programme (UNDP) makes
classification on the scope of application of PPP mode, including 13 categories of
water supply and treatment, solid waste disposal, energy, public works, parks and
recreational facilities, public transport, bridges and roads, regional economic
development, public housing construction, communication services, health care,
educational services, and other municipal services. This paper sets PPP mode in China
expressway construction and operations as an example to explore the cooperation and
supervision between government and the market on theory and practices public
infrastructure.

2. Evolutions of toll highway system as well as introduction and development of

PPP mode

The introduction of PPP mode into the field of expressway is closely related to
the expressway toll system. Expressway is legally entitled to enjoy fee interests, and private sector is willing to participate in public-private partnership projects, undertake the risk of project construction and operation, as well as enjoy the revenue of expressway projects. Therefore, this paper will retrospect the evolution of China’s expressway toll system.

Based on interrelated data, in China (refers to Mainland China, excluding Hong Kong, Macao and Taiwan, the same below), expressway toll system was first introduced into Guangdong Province in the early 80s of the last century. In early 1980s, in order to solve difficulties such as slow road transportation and serious shortage of funds for construction, Guangdong Province first made the breakthrough on the long-established conventional mode of expressway construction which is totally dependent on government investment under the planned economic system, adopted loans or self-financing mode in Guangzhou-Zhuhai Highway, Guangzhou-Shenzhen highway and built six bridges, and the implemented the practice of collecting tolls, which achieved good results and created a precedent for mainland China to charge tolls on the highway and bridge. Summing up the experiences of Guangdong pilot implementation on highway and bridge construction as well as charging tolls, the China’s State Council determined in December 1984 to implement policies of “loans-lent for construction, charging-tolls for repaying” and introduced four incentive policies. After that, Chinese government implemented “building highways with loans and charging-tolls for repaying” in part of the construction and operation of highways, and on this basis, high-grade highways
including highways and secondary roads throughout the country gradually began to adopt this mode for construction.

In October 1987, State Council issued "Highway Management Regulations of the People's Republic of China", which clearly stipulates the introduction of fee repayment of highway and bridges built by funding and loans, which indicates that China has legally established the toll system. In order to standardize charges, Ministry of Transportation and Communications, Ministry of Finance, and State Administration for Commodity Prices jointly issued Provisions on loans to the construction of high-grade highways, large bridges, and tunnels as well as on charging tolls in January 1988, which standardized the toll management of high-grade roads, large bridges and tunnels. However, on the whole, in late 1980s, due to the limitations of traditional planned economic system, the reform on highway investment and financing system as well as construction of toll highways were still in the exploratory stage. The main form taken is government loan highways, which are funded by government and traffic authorities or domestic and foreign loans, and the loans are repaid by government through charging tolls.

In the 1990s, with the establishment of socialist market economic system, highway investment and financing system gradually speeds up and toll roads have a new form in the development course, which is the so-called commercial highway, with investment of domestic and international economic organizations to construct highway and through tolls the costs are compensated and reasonable profits are received. In 1992, the establishment of Jiangsu Shanghai-Nanjing Expressway co.,
LTD marked the commercial highways come into being. After that, a lot of companies are set up around China whose main business is to operate highways. Currently, there is a total of 23 road listed companies on China's domestic and foreign securities markets, among which 19 companies are in the territory of Shanghai and Shenzhen markets. These companies are principally engaged in operating highways or high-grade highways and by charging tolls to cover costs and receive profits.

In order to better adapt to the development and improvement requirements of socialist market economic system, and manage roads by law, Standing Committee of the National People's Congress passed Highway Law of the People's Republic of China in July 1997, in which it stipulates that "raising funds for highway construction, in addition to financial provisions of governments at all levels, including road construction special funds from tax-collecting into the financial appropriation, can refer to domestic and foreign financial institutions or foreign government for loans." State encourages domestic and foreign economic organizations to invest in highway construction. Companies which develop and operate roads can issue stock and bonds to raise funds in accordance with the laws, administrative regulations. "Highway Law" stipulates that the state allows the establishment of toll roads in accordance with law, and at the same time to control the number of toll roads. Toll roads can be divided into two kinds, one is the government loan roads, which use loans or raise capital from businesses, individuals by local people's governments above the county level or traffic authorities; the other is commercial highway which includes two types, one is toll roads with loans to be repaid by government imposed by domestic and
foreign economic organizations in accordance with laws, the other is roads built by
domestic and foreign economic organizations in accordance with laws. Highway law
brings the concept of commercial highway toll collection period, and defines that the
toll collection period is determined by provinces, autonomous regions and
municipalities in accordance with the requirements of Department of Transportation.

In order to standardize the franchising activities of municipal public utilities and
strengthen the supervision of municipal public utilities, the former Ministry of
Construction (now the Ministry of Housing) began to implement municipal utilities
franchise management approaches in May 1, 2004, which stipulates applicable
provisions of municipal utilities franchise industry, basic principles, and limits
participation qualifications of bidders. It stipulates legal proceedings of franchise
operation for selecting investors or operators, signs basic contents of the proceedings,
which makes details on rights and obligations of relevant departments and investors or
operators, standardizes the specific operation and implementation of franchise
management, as well as protects the public welfare of public utilities. On February 24,
2005, Several Opinions of State Council on Encouraging, Supporting and Guiding the
development of non-public economy was issued, and it allows non-public capital to
participate in various municipal infrastructure.

Since then, a large number of PPP projects emerged, such as
Guangzhou-Shenzhen-Zhuhai Expressway. It was opened to traffic in 1999, with the
highway mileage of 122.8 kilometers and the total investment of 3.8 billion yuan, as
well as a concession period of 30 years. Jiangmen-Zhujiang Expressway (Jiangmen)
was built in 2005, with a total investment of 994.5 million yuan, highway mileage of 20.6 kilometers, as well as the concession period of 25 years. Beijing-Chengde expressway (Gaosha) was completed in 2006, with the highway mileage of 6.7 km, project investment of 3.92 billion yuan, as well as the concession period of 30 years. PPP highway projects were opened to traffic in 2005, including Jingping Expressway, Guilin-BELT Expressway, Guilin-Yangshuo highway, Xiang Jing Expressway, Jiangxi-Hubei Expressway, Shanghai-Nanzhu highway. PPP Highway projects were built in 2010 including Lok Yi Expressway, Qionglai-Ya'an Expressway, Leshan-Yibin Expressway, Wuyishan-Shaowu Expressway, with a maximum concession period of 30 years. Although PPP toll expressways in China have always been firmly supported, the number and size of investment in projects have declined since 2011.

In order to rationally and effectively regulate the management of road charges, State Council on November 1, 2004 implemented Management Regulations of People's Republic of China Toll Road which first explicitly provides the longest charging period for two types of toll roads. In August 2008, Ministry of Transport, National Development and Reform Commission and Ministry of Finance jointly issued Measures on Assignment of Interests of Toll Roads, which made clear specification on toll roads assignment. On January 1, 2009, China officially implemented tax reform program on refined oil prices, and abolished road toll and six other charges, and decided to phase out government secondary roads repayment charges. According to relevant data, from 2009 till now, 19 provinces have completely
abolished government secondary roads repayment fees, with a total revocation of 2072 highway toll stations and toll road mileage of 107,000 km. Reducing 182 items of toll charges and charging mileage of 3706 km to some extent reduces economic burdens of road users.

In order to further reflect public welfares of highways, Ministry of Transport issued *Embodiment Notification of State Council on Waiving the Toll of Small Passenger Car on Major Festivals*, which provides that China will implement free toll to minibus less than 7 seats on future Spring Festival, Tomb Sweeping Day, Labor Day, National Day and consecutive holidays. The policy of benefiting people was first implemented in 2012 National Day, and achieved good social effects.

The construction of commercial highways and PPP mode in the field of highway greatly promotes highway construction. Highways are high-grade roads, and its open to traffic will benefit residents for shorten travel time, improve efficiency of road transport, cut down the transport distance, and reduce transportation costs. The data shows that compared with ordinary roads, highway transportation can save about 50% of time, and unit cost of transportation will be lowered by about 30%. Before 1988, there is no highway in mainland China. As of the end of 2012, China's highway mileage reaches 95,600 km. The achievements made in China's highway construction are highly praised by World Bank, and its research report *China's expressway: connect the community with market, achieve equitable development* points out that, “No other country can largely increase its highway assets in such a short time.”

3. Cooperative mechanism of PPP mode

3.1 The basis of public-private partnerships

The reason why public and private sectors can work together and participate in the PPP expression projects is that they have a basis for cooperation.

Firstly, the expansion of public expenditure responsibilities and limited financial income

With the social development, Government's public expenditure responsibilities continue to expand, which increases pressure on public finances, while the government revenue is limited. The contradiction between the expansion of public expenditure responsibilities and revenue capacity constraints is the premise for the prevalence of PPP mode. Between the mid-1980s to mid-1990s, the main direction of economic reform is to grant power and allow a bigger share of profits to businesses and local government, the trend of two proportions decreasing appears in national
income distribution, namely the decrease of fiscal revenue in the national income and the decrease of central income in the total fiscal revenue. In this context, the use of fiscal funds to build roads, expressways and high-grade highways is very difficult. While utilizing bank loans and equity financing and various forms of fund-raising has become main channels for highway construction, and the government was forced by financial pressure to actively seek cooperation with the private sector in construction and operation of highways.

Secondly, companies providing public goods will be beneficial to improve efficiency, create competition, save costs of projects construction and operation.

Relative to public sector, private sector has a better understanding of market conditions and can provide public goods more effectively, save infrastructure investment and reduce the total amount of investment, which makes highway toll more reasonable, thus shorten the term of concession period. The cooperation of public and private sectors in infrastructure areas can also create competition between private sectors, competition between public sector and private sector, as well as the competition between public sectors. The public sector in choosing private sector as infrastructure builders will compare different operational efficiency and quality of construction of private sectors, thus creating competitions between private sectors. In China, different expressways apply different modes, some with government loans, some apply PPP mode. Different sections of expressway construction may vary in quality; highway users will find the actual circumstances in different sections, so as to promote competition between public sector and private sector in providing public
goods. If the public sector in a specific region applies PPP mode to construct expressways and the adjacent areas does not construct expressways, or in other words financing the construction of expressways with other modes, highway users will compare road construction and operation in two areas so as to form competitions of public sectors in different regions or at different levels.

Thirdly, expressway is a club with congestion point, thus appropriate fees should be charged.

In accordance with point of view of 1994 World Bank infrastructure report, expressway is not a pure public goods, but quasi-public goods, or club goods. The highway toll will be beneficial to maintain a reasonable size of users. The characteristics of club goods are non-competitive and exclusionary. expressway as a quasi-public goods, has an important characteristic of "congestion point", that is when the number of consumers reached the congestion point, the marginal cost is positive. Increasing the number of consumer will reduce the effectiveness of original consumers. Buchanan believes that due to the characteristics of club goods, a distinction should be made between the peak point and non-peak point to charge tolls.

3.2 Cooperative mechanism

There is an inevitable difference of interests demand between public sector and private sector in PPP highway projects. The main target of public sector is to complete highways as much as possible, maintain the smooth flow of highways, make reasonable regulations of highway tolls, control highway toll chargeable time, maximize social welfare, and solve the problem of traffic congestion. For the private
sector, the low-level target of PPP projects is to realize the maximum of profits, and the higher-level goal is to create a good corporate image, maintain close contacts with the public sector, maximize the long-term profits and more projects opportunities. Although short-term interest objectives conflicts between public sector and private sector, the long-term goals and interests of public and private sectors is consistent, which became the basis of public-private partnership mechanism.

The cooperation PPP projects can be horizontal or vertical, which is shown in the following figure. Either by vertical cooperation or through PPP contracts or franchise agreements with public sector, private sector can provide services. PPP projects can essentially realize horizontal cooperation in the PPP expressway projects. The public sector and private sector both become shareholders, and jointly participate in the governance of the company.

![Diagram of Horizontal and Vertical Partnerships]

Figure 2 Horizontal and vertical Partnerships
Prerequisite for cooperation of public and private sectors in infrastructure is the market access mechanism, and state laws and regulations clearly define that relevant fields can take privatization mode in construction and operation, and the enterprises can engage in fair competition in the project construction and operation. On February 19, 2005, *Several Opinions of State Council on Encouraging, Supporting and Guiding the development of non-public economy* was issued, in which it clearly defined the lighten of the non-public economic market access, implementation of equal access, fair treatment principles. Improve government franchise system, standardize the bidding behaviors, support non-public capital to actively participate in the investment, construction, and operation of urban water supply, gas supply, heating, public transport, sewage and garbage disposal and other municipal utilities and infrastructure. Under the premise of standardize transfer behaviors, public utilities and infrastructure projects which are satisfied the requirements may transfer of property rights or the right to operate non-public enterprises. Encourage non-public enterprises to participate in municipal public enterprises, and reform of property rights system and mode of operation public institutions. Provide a good market access premise for the application of PPP mode.

Mechanisms of cooperation between public sector and private sector also include risk-sharing mechanism, which pays attention to public and private sectors to jointly analyze project stakeholders, including central government, local government, project company, supply company, construction company, lending institutions, policy analysis
and screening projects may face risk, macroeconomic risk, operational risk, construction risk, income risk, force majeure risk, and improves the ability and ability of PPP mode to resist risks.

Mechanisms of cooperation between public sector and private sector include government incentives. And the public sector can take many forms, and encourage private sector's participation in PPP projects, such as tax breaks, government subsidies, facilities, preferential land policies, adjust the public through a variety of ways and private sector profit-sharing ratio to achieve mutually beneficial and win-win cooperation.

The smooth implementation of PPP projects is entitled by explicit support of Government, and protection of laws. PPP projects with complex investment and financing relationships and flexible scheduling, requires a set of well-designed laws, regulations, and protection. The important problem of Public-private partnership mode is the lack of legal protection, although the Highway Law is good, it has only been departmental rules and regulations in the field of municipal utilities(the Ministry of Housing), not laws or regulations

4. Regulations mechanism of PPP mode

4.1 The necessity for regulation

Project objectives differ from public and private sectors. Governments providing public goods with the goal to achieve maximization of social welfare, it focuses on the public welfare of expressway projects. While the private sector with the goal to achieve maximum profits, it focus on the profit-generating. Although from the
long-term interests, private sectors, with the purpose of maintaining corporate social reputation, will seek to maintain long-term relationship with governments, thus abandon the interests of short-term projects, and take into account the quality of projects, social reputation, and governments' view of cooperative enterprise. However, inconsistencies of interests between public sector and private sector lead to the existence of PPP project supervision. With the lack of effective supervision, the pricing level and the length of charging duration of PPP projects will be manipulated by private sectors through way of rent-seeking.

The objective differential between expression of the contradiction between public and private sectors is expressed as the contradiction of public welfare with profit-generating, while specific to the practice in the field of highway, the main problems are express as high tolls and long charging period. Local governments at all levels have become accustomed to use the mode of "loans-lent for construction, charging tolls for repaying", and formed a relatively fixed pattern of interests and behaviors; it would be difficult to take the initiative to change. Some local governments even treats highway as "cash cow" or "cash dispenser", creating a variety of reasons and doing everything possible to extend tolling period, still charge tolls in those roads or bridges and tunnels built in the 1990s, while the loans have long been paid off; some local governments with various reasons set up more toll stations, inflate operating costs and charge high tolls which ultimately are transferred to users and consumers. Based on data, in 2008, the Audit Commission audit the operation and management of toll roads in 18 provinces and cities, check randomly with 35
commercial highways in Shandong and other 12 provinces and cities, while the results show that toll revenue in these roads are many times higher or even ten times higher than costs of investment.

Just like the other public utilities and public welfare service, highway toll need to reflect public welfare-oriented. During the period after 1990s, due to the excessive emphasis on the use of market mechanisms in expressway construction, more than 20 Co., Ltd. was set up whose main business was to operate highway financing through stock market. Practice has proved that this mode may not only help to quickly raise funds for expressway construction, but also conducive to enhance the management efficiency. However, other factors should be considered that these companies in order to give shareholders a higher return on investment, it will from the internal driving force to formulate and adjust charges as well as improve the level of charges, which tend to ignore the public welfare of highways. As shown in a research report made by traffic management system Research Group in the National School of Administration, packaging highways to form the highway company will strip out the best assets from the transportation industry. The stripping of good assets only values the highway as a toll behavior, ignoring its public property as public goods. It seems clear that the investment and financing mode cannot be fully separated from the construction mode. If the majority of toll roads are constructed and operated by listed companies, the high level of highway tolls will be inevitable. In other words, to ensure the rationalization of the level of charges, the main body of highway construction and operation should be state-owned enterprises or state-holding enterprises. If taken the way of franchising,
effective supervision and restraint mechanisms should be established.

4.2 Supervision mechanism

In order to solve the contradiction between public welfare and profit-generating in expressway PPP projects, the regulation and supervision mechanisms in expressway are mainly reflected in the following four aspects.

Firstly, expressway projects should also have characteristics of information transparence, which is expressway project information provided should be comprehensive, relevance and timeliness, reliability, comparability and materiality. Ensure that projects information can timely and accurately reflect the investment, company's operating and financial information, fully expose expressway project revenue, profits and opportunities that has been formed or are likely to be formed, as well as completely be understood by the public, thus implement effective supervision on expressway projects.

Secondly, adhering to public welfare-oriented is specifically expressed in the profit level of toll roads. Government loan roads should adhere to the principle of capital preservation. Commercial toll roads should adhere to the principle of capital preservation and meager profit, and the level of operating profit should be roughly at the same level with other utilities, taken the market competition into consideration.

Thirdly, form reasonable toll standard, which must examine and verify costs of the operation and management of toll roads. In accordance with the requirements of the "Price Law" and the relevant laws and regulations, as well as the government price department, the operators should accurately check and ratify costs involved in
determining price, may not include other uses and facilities which have nothing to do with costs into the price. Government departments must follow the normal operating needs to check and ratify construction and operating costs, preventing road operators free to increase investment randomly in order to make excuses for improving the level of tolls.

Finally, in addition to supervision of governments on PPP projects, public and other stakeholders paying attention and supervision on PPP projects PPP projects will also achieve an important guarantee of realizing public welfare and profit-generating. An important feature of PPP mode is the partnership of public and private sectors, which means there should not be the supreme status of a particular sector, but the public and private sectors public infrastructure cooperation and competition. In recent years, with the rise of the concept of civil society and non-traditional media such as the Internet, public participation enthusiasm in PPP projects supervision grows rapidly, and they call for to reduce highway tolls, against the extension of tolling period. The public is closely related to PPP projects, and public participation in the supervision of PPP projects can effectively prevent private sectors through rent-seeking, "offer a bride" to officials of public sector as well as reduce the public welfare risk of PPP projects.
References:


