PRIVATE EQUITY INVOLVEMENT IN PUBLIC TRANSPORT SERVICES

UNIVERSITY of GREENWICH
Public Services International Research Unit

OUR PUBLIC TRANSPORT

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OUR PUBLIC TRANSPORT

The International Transport Workers' Federation (ITF) is a democratic, affiliate-led federation recognised as the world's leading transport authority. We fight passionately to improve workers' lives, connecting more than 760 affiliated trade unions from over 150 countries to secure rights, equality and justice for workers globally. We are the voice for more than 16.6 million transport workers across the world.

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UNIVERSITY of GREENWICH

Public Services International Research Unit

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EXECUTIVE SUMMARY

Private equity is not the only problem. Privatisation creates downward pressure on jobs and pay and standards of service, upward pressure on fares and prices, and undermines democratic accountability and planning, whether the private companies are owned by multinationals, or local firms, or private equity (PE) groups.

PE's distinct features – debt-financed acquisitions, rapid profit extraction and exits – do encourage more aggressive reduction of costs, cutting employment by 4% compared with other forms of ownership, and undermining services. PE's separation of investors from companies obscures ownership and responsibility. Its global growth has levelled off, and it is finding exits more difficult, which may increase pressure for higher returns.

Direct provision of public transport services by the public sector remains the dominant form of ownership globally, but privatisations of the public sector are growing, with the usual damaging consequences, led by groups based in France and the UK, including some owned by PE. Projects under China's Belt and Road Initiative (BRI) are often similar to public-private partnerships (PPPs), dominated by Chinese state-owned construction firms, but there is no PE presence.

PE is now entering public transport not only through privatisation of operations but also through other parts of the supply chain. This involves some of the biggest PE groups in the world, but also smaller, national-based PE firms. The biggest area is the leasing of electric trains and buses, where there is a big growth in demand due to climate change policies. Leasing can be used to extract continuing high profits, which puts pressure on labour costs and fares of actual operations, as well as destroying crucial public sector capacity and skills in maintaining and designing e-buses and trains.

International financial institutions (IFIs), such as the World Bank Group, and national development financial institutions (DFIs), play a key role in promoting and participating in PE investment in e-bus programmes, and railways, port and airports construction. They also channel development and climate funds through PPPs to ensure that they support private companies, including PE firms, using public and development finance to guarantee investor returns.

Public ownership remains a better and more cost-effective option, not only for operation but also investment in new systems, e-buses etc. Successful public-led cases, such as Madrid's metro system, achieve world-class outcomes through in-house expertise, public ownership, and public finance, demonstrating the power of public economics which outperforms privatised approaches.

Unions, social movements and progressive political parties should continue to prioritise resistance to privatisation of transport services at local, national and international level, and resistance to all forms of PPPs and blended finance. This should include pressure on IFIs and DFIs to channel financial support to public sector. It should also include targeting PE as a particularly damaging and anti-democratic form of privatisation, but not as the main issue.

Campaigns should also address the problem of leasing, calling for governments to support e-bus and e-locomotive purchases through cost-effective and accountable public finance mechanisms, combined with local manufacturing of these vehicles. The whole sector and supply chain should become a focus for national economic policy in order to develop sustainable, skilled employment in socially useful production. In addition, wherever privatisation exists, there should be demands to eliminate public subsidies or guarantees to private operators or leasers, and to limit the extraction of dividends and interest payments.

INTRODUCTION

Overview

This report, commissioned by the International Transport Workers' Federation (ITF) and carried out by the Public Services International Research Unit (PSIRU) at the University of Greenwich, aims to critically analyse the increasing role of private equity in public transport systems worldwide. It identifies the extent and forms of PE involvement in public transport; the impact of PE ownership on the finance, governance, workers and service outcomes; what extent these impacts differ from the general impact of privatisation; and the structural drivers enabling this trend, including the role of development finance institutions (DFIs), national procurement frameworks, and climate finance instruments. It includes a selective bibliography of academic research, reports from international organisations, and specialist media.

The report uses case studies to illustrate the corporate strategies, local institutional frameworks and impacts of PE involvement and privatisation.[1]

A final discussion and conclusion draws on the review with recommendations for strengthening the role of the public sector in financing, managing and operating public transport service and infrastructure, and for strengthening regulatory regimes, and for attention to problems in the supply chain, especially from leasing.

Impacts of public transport (PT) privatisation: on jobs, workers, services, prices, and safety

This report is specifically concerned with the impact of PE companies on PT, but this must start by setting out the damaging effects of privatisation of PT. These broader impacts of privatisation were summarised in the PSIRU report on public financing for the ITF[2] as follows:

- **Service failures** stemming from unrealistically low 'loss leader' bids, resulting in financial losses, fragmented and inefficient rail systems, and public authorities being forced to subsidise or rescue failing services.
- **Higher costs** associated with privately financed systems, driven by the extraction of dividends for shareholders, underinvestment, and eventual public bailouts or renationalisation.
- **Loss of democratic control** and ability to coherently plan services, including loss of information and loss of professional capacity, deliberately misleading reports by contractors, and weaker accountability for equality, with casual and migrant workers most affected.
- **Social costs for workers and public** due to deteriorating working conditions, cuts in numbers employed, reduced health and safety standards, the sub-contracting of infrastructure often
- **Safety and deaths:** the nature of public transport means that the problems of underinvestment and worsening of safety standards often result in deaths.

Two case studies show how general and common these effects are. In Mumbai, virtually all the above problems are experienced. The case study on deaths shows how the systematic behaviour of private operators in avoiding training, procedures or reporting repeatedly results in the worst possible outcome of deaths for workers and the public.

CASE STUDY A: **Mumbai**

These impacts are seen repeatedly when public transport is privatised. For example, a November 2025 public meeting in Mumbai discussed problems of privatisation in rail, bus, and metro systems:

> "The meeting referred to how Mumbai's public transport system is eroding under privatisation. Riya Sawant (Kamgar Ekta Committee) spoke of the suburban railway, the city's backbone, which suffers from extreme overcrowding and aging infrastructure, while maintenance has been outsourced to private contractors, leading to lower accountability and compromised safety. Hussain Indorewala (KRVIA) referred to the BEST (Brihanmumbai Electric Supply and Transport Undertaking) bus system [formerly a dynamic exemplar of public transport] that has largely shifted to a "wet-leasing" model where private companies own and operate buses. This has resulted in a shrinking fleet, deteriorating service quality, and exploitative work conditions for drivers, even as the municipality retains financial risk. Paresh Rawal referred to the challenges of the new **metro system**, built on a PPP model, suggesting that the design and outlay had key issues. He referred to how a multi-modal transport system, with suburban railways, buses and metros currently operate in siloes, with no unified planning, integration or ticketing, and the commuter ends up bearing the cost." [3]

CASE STUDY B: **Deaths**

PSIRU has compiled cases of privatisation being connected with deaths of various kinds, across all public service sectors. Most examples come from the public transport sector.

Annexe C includes tables showing the cases and relevant factors. The first table lists cases of deaths in privatised rail and ferries. All of these cases involved privatised systems. None of them involved a PE-owned firm, but the factors identified as causing these accidents apply to PE firms as much as other owners of privatised companies. As the notes show, the recurring factors include:

- Inadequate regulation, or even self-regulation;
- Lack of training, due to cutting costs;
- Unsafe working practices; and
- Loss of responsible oversight by a public body.

The second table shows a series of lethal accidents on various contracts of the multi-sectoral outsourcing firm Serco, together with the clear themes emerging from the enquiries into these deaths. Serco is not itself a private equity firm, so these cases do not show risks which are distinctive to PE. But the lethal risk factors identified are linked to all forms of privatised services, including PE. The four main themes are similar:

- Inadequate procedures;
- Lack of training;
- Lack of communication between Serco and public agencies; and
- Lying to regulators.

These recurring themes in the agency reports and inquests show a repeated and consistent pattern of additional, systematic risks of outsourcing and privatising public transport services.

> PRIVATE CONTRACTORS HAVE A PERMANENT INCENTIVE TO REDUCE INDIRECT OVERHEAD COSTS SUCH AS TRAINING, SAFETY PROCEDURES AND COMMUNICATIONS PROTOCOLS, AS A WAY OF INCREASING PROFIT MARGINS. THEY ALSO HAVE INCENTIVES TO MISREPRESENT THEIR PERFORMANCE TO AVOID PENALTIES OR BAD PUBLICITY, ESPECIALLY WHERE THE RISKS OF DETECTION ARE FAR LOWER THAN THE GAINS FROM DETECTION.

These incentives repeatedly lead to behaviour which official reports consider contributed to the deaths.

Two points should be added. Firstly, public sector bodies may often be under pressure to cut costs, for example due to austerity policies, but they are not intrinsic incentives in the way that they are for private contractors. Secondly, the results do not show that other contractors would be better than Serco – culpable deaths have also occurred under other companies, for example deaths of prisoners and detainees in contracts run by G4S. If this pattern emerges on Serco's contracts, it is at least as likely to recur with other contractors. The probability of deaths in these services is thus systematically increased by outsourcing, including outsourcing to PE-owned companies.

Identifying the distinctive impact of PE

These negative outcomes are common across all forms of privatisation of PT: the evidence shows that this does not only happen under private equity. Identifying PE as the main cause of these problems can generate misleading strategies that see eliminating PE ownership as the key issue, and implicitly accepting privatisation carried out by private or PE ownership – equally damaging.

> THE EXPECTATION SHOULD RATHER BE THAT THESE SYSTEMIC PROBLEMS OF PRIVATISATION MAY BE MORE ACUTE UNDER PRIVATE EQUITY OWNERSHIP, DUE TO THE SPECIFIC FINANCIAL STRATEGIES THAT DRIVE PEI INVESTMENTS.

The report is thus structured to identify what is different and additional about PE-owned involvement in privatisation of PT, and so draw conclusions about how to deal with both the general problems of privatisation and the specific problems with PE companies in privatised elements of PT.

The next two chapters set out what makes PE investment distinctive, in general, shows the scale of PE activity, including in transport, and lists the largest PE firms, alongside general evidence of the comparative effect of PE activity, in all sectors, on employment, in contrast with other owners.

PRIVATE EQUITY: DISTINCTIVE FEATURES, SCALE AND LARGEST FIRMS

PE difference: investing in intermediate funds

Private equity (PE) groups emerged in the 1990s. For the previous 200 years, the main source of equity for large companies was through listing shares on stock exchanges, which were bought and sold by anyone, and were thus known as 'public' companies. Smaller companies could use the savings of individuals who created them, and anyone else they could persuade to join them, and so remained 'private'.

Under both of those systems, people or funds invest their money directly into the company by buying shares (known as 'equity'). The shareholders then depend on the company to produce and sell goods and services profitably so it can pay dividends, and this return also affects the price at which the investors can sell those shares to others. The competence and performance of the company in its business is the key factor.

Under PE, people and funds do not invest directly in the companies. Instead, the PE firm, known as the 'general partner', creates large pools of finance capital, by persuading investors – known as 'limited partners' – to allocate their money to funds with very general titles, e.g., 'Infrastructure Greenfield I'. These pooled funds are then used by the PE firm to acquire shares in selected companies: either new start-up companies (e.g., a new metro, or a new bus company), in which case the PE investment is categorised as 'venture capital', or 'buyouts' of the shares of existing companies which were privately owned or listed on stock exchanges.

As a result, the investors have no direct relationship with the companies in which the funds invest. Their returns are determined by the success or otherwise of the PE group in getting returns from the companies they select. The PE firm itself has no long-term commitment to the companies, and no sectoral knowledge or expertise: simply a focus on getting the company to deliver returns and increase in value over five–seven years.

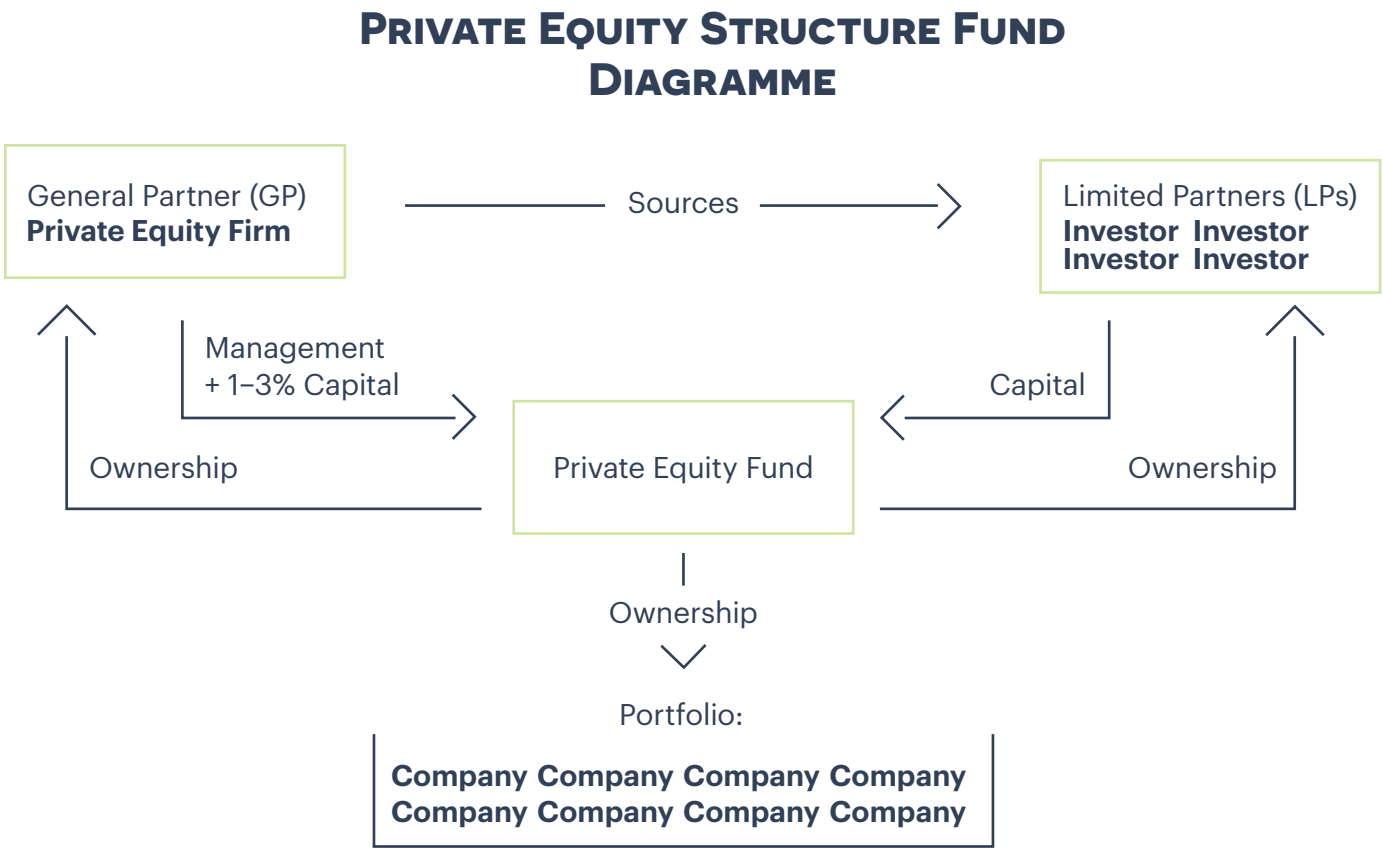
Distance from the Operating Companies

This reinforces the distance of PE owners from the actual operating companies and minimises accountability of the PE owners by making them invisible. This matters in public services, where damage to a firm's reputation in one sector could affect its reputation in other public service sectors as well. The Antin Group (see below) provides a good illustration of this, where the shocking practices of its UK care homes are not attached to the group's name, and even less so to companies it owns in other sectors.

PE investors sometimes do not even mention the names of the companies they own in their reports, especially where holdings are shared with other investors. Foresight Group, for example, which owns 30% of the Australian public transport group Kinetic, does not even mention the transport company in its latest reports, simply recording that 16% of its 'infrastructure' assets are in transport.[4] The Canadian pension fund OP Trust, which (until November 2025) owned half of the company, similarly does not mention Kinetic on its website, but describes its investments in private equity and infrastructure simply as providing "attractive long-term returns with a high degree of active management": in this context, this clearly means managing the investments to yield the highest possible returns.

This 'distancing' is additional to the distancing and loss of accountability involved in any form of privatisation. It is thus not unique to PE ownership, but is intensified by it.

TABLE/CHART 1:
The structure of private equity funds and investment[5]



There are three features of PE group behaviour which differ from the other investment channels:

- There is an expectation that the PE fund will exit its investment in any particular company after five–seven years, either by selling it to another investment group, or by floating it on the stock exchange in an 'initial public offering' (IPO). This has three important consequences
    - Firstly, the PE group has strong incentives to ensure that the company in which it invested looks attractively profitable for potential buyers, for example by cutting labour costs or dropping unprofitable routes.
    - Secondly, it means that PE funds do not accumulate commitments to any particular company or even sector, and PEI groups themselves have very few employees, and no sectoral expertise – unlike public sector operators, or even traditional multinationals.
    - Thirdly, it means that companies which are currently owned by a PE firm will probably not be owned by that firm in a few years time, and may not be owned by another PE firm, either: they might have become listed on a stock exchange, or bought by a multinational company.

There are strong incentives for PE fund managers to deliver high returns, both for themselves and for the investors in the PE firm's funds. PE groups follow a '2 & 20' principle under which (a) 2% of returns extracted from the profits of captured companies go to the partners of the PE company itself, and (b) investors in the funds are told to expect returns of a certain level, e.g., 8% rather than the normal 6% yielded by stock market investments, and the PE firm can then take 20% of returns above that expected level.

PE groups use debt to deliver value to the financial investors, creating extra burdens on the captured companies. The PE fund may take out large loans to finance the initial purchase

and then transfer those loans to the captured company itself, expecting to be able to manage the target company to finance that debt, as well as the returns to investors. During ownership, the captured companies may be required to take out more debt solely in order to pay out higher dividends, a technique known as 'dividend recapitalisation'.[6] Both of these strategies are particularly used in public services, where revenues are more reliable and less vulnerable to competition.

These features are very rewarding for the partners in PE groups, and create incentives to extract greater returns, but the promise is not always fulfilled for pension funds and others who put their money in the hands of PE firms. Studies repeatedly find that the actual returns to investors in PE funds are no better than others: "The large majority of buy-out [PE] funds fail to add sufficient value to overcome a grossly unreasonable fee structure... investors find it difficult to understand what is really happening to the PE funds in which they invest, but do not want to miss out on an investment opportunity which is so widely publicised as successful."[7] Ultimately, higher returns have to be created by increased revenues – including through price rises – or reduced costs, typically labour costs. So, it is unsurprising that PE ownership more often leads to price rises, cuts in pay and/or jobs (see below).

Problems with exits

PE firms do not always find it easy to exit investments in specific companies. In recent years, it has become increasingly difficult to find buyers at the price the PE owners are aiming to get. McKinsey's report:

> "The global backlog of sponsor-owned assets in their divestment period, awaiting an exit, is bigger than at any point in the past two decades – in terms of value, count, and as a share of total portfolio companies... In 2024, more than 18,000 companies had been under PE ownership for more than four years – more than six times the number in 2005. This means that 61 percent of buyout-backed portfolio companies have been held beyond the four-year mark by sponsors. The average hold time for buyout assets was 6.7 years in 2024, a full year more than the 20-year average of 5.7 years. In 2024, we saw a mismatch in valuation expectations between buyers and sellers that led to several sales processes being halted. Many sponsors informally communicated to the market about the potential sale of several long-in-the-tooth assets, avoiding formal auction processes for fear that they would fail."[8]

This creates problems with the 'limited partners' – pension funds etc. – who give their money to PE funds expecting to see the proceeds of 'exits' after a few years. If the PE group has to hold the asset for longer, these investors expect higher annual returns, so, "placing a greater value creation burden on operators", in McKinsey's words. Or pressure for higher profits and dividends, which means greater pressure to cut staffing costs, increase prices or reduce standards.

Pension funds (PF), infrastructure, and private equity and infrastructure (PEI) groups

Financial groups may also make investments in infrastructure as an asset class, either by buying shares in companies which operate major public infrastructure such as ports, airports, telecoms networks, or by investing in PPPs created by governments or IFIs to build and operate new infrastructure. Such infrastructure investment does not normally commit to an 'exit' after five–seven years, but may be held for a longer-term reliable income stream. Private equity and infrastructure investment (PEI) groups are treated together because the same groups often include divisions doing both kinds of investment. In either case, the investment group is focused on maximising financial returns from the public transport (or other) service and infrastructure, with similar impacts in terms of the extraction of money and downward pressure on costs.

Pension funds (PFs) with active PE and/or infrastructure divisions are also treated as PEI funds. Some of them have specific PE divisions, which may act as PE funds in their own right, buying companies with a view to exiting in five–seven years, or by investing pension fund money in specific funds set up by PEI groups. For long-term secure and reliable revenue, they may also invest in public service infrastructure, which are particularly important for pension funds to cover their future liabilities to pay pensions. Before the neoliberal wave of privatisation and PPS in the public sector, PFs used to invest directly in bonds issued by governments and public sector bodies, which delivered both the finance for the infrastructure needed by governments, and the reliable returns sought by PFs, without the extraction of profit by an intermediate PEI group. The current PF investments in PT and other privatised public services can be seen as another financial inefficiency of privatisation.

These PFs have been some of the most active financial investors in public services and infrastructure. They include the Canadian funds, OMERS and OP Trust, the Dutch fund, PFZW/PGGM, and the UK fund, USS. All of these have trade union representatives on their boards, but despite efforts, e.g., by Unison, the largest public sector union in the UK, and CUPE, the Canadian public sector union, these union representatives have not been able to influence strategies away from investment in privatised public transport.

Private equity (PE): scale

Private equity represents a large amount of finance capital, with investments ('assets under management' (AUM)) of about US$10.5 trillion in 2024. But its growth has now flatlined.

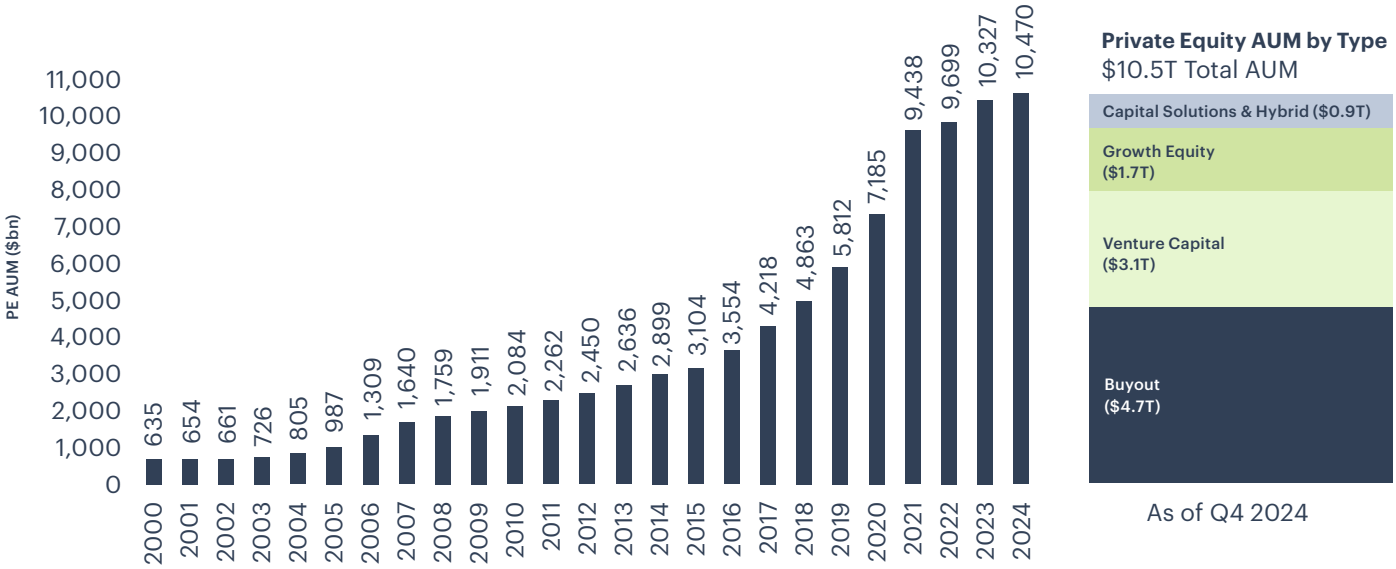
It is important to note that PE funds are not just interested in investing in privatised transport services, or just public services, or just infrastructure. They can and do buy companies in every and any sector, including retail and manufacturing, but they do not commit to any company or sector beyond the five–seven year horizon.

However, public services are of specific interest for PE investors because of the reliable and growing revenue streams. Such services usually grow at least in line with population growth, and are accelerated by GDP growth and specific public policies. Thus, water and sewerage services are essential, and payments grow as households grow, with no competition. Waste collection and management have similar features, in addition to prominent public policies for developing a 'circular economy' based on recycling, which means that governments support and pay for whatever supports these policies. Energy is the same, with public finance for climate change increasing opportunities and higher margins. Public transport benefits from the growth factors, plus the range of economic, environmental and climate benefits which governments are prepared to pay for. This makes revenues safe, especially where politicians and regulators can be captured.

The summary data published by consultants and others usually uses 'infrastructure' as a category, which includes both major construction projects such as airports, and also operation or other supplies to public service systems.

According to McKinsey's report, PEI Investment in infrastructure has fallen by about 25% since 2022, and the share of that going to transport has fallen steadily from 46% in 2015 to 22% in 2024. But transport, which includes ports, airports and roads, as well as public transport, still has a larger share of infrastructure deal value than any other sector (roughly 22 percent, the same as energy).[9]

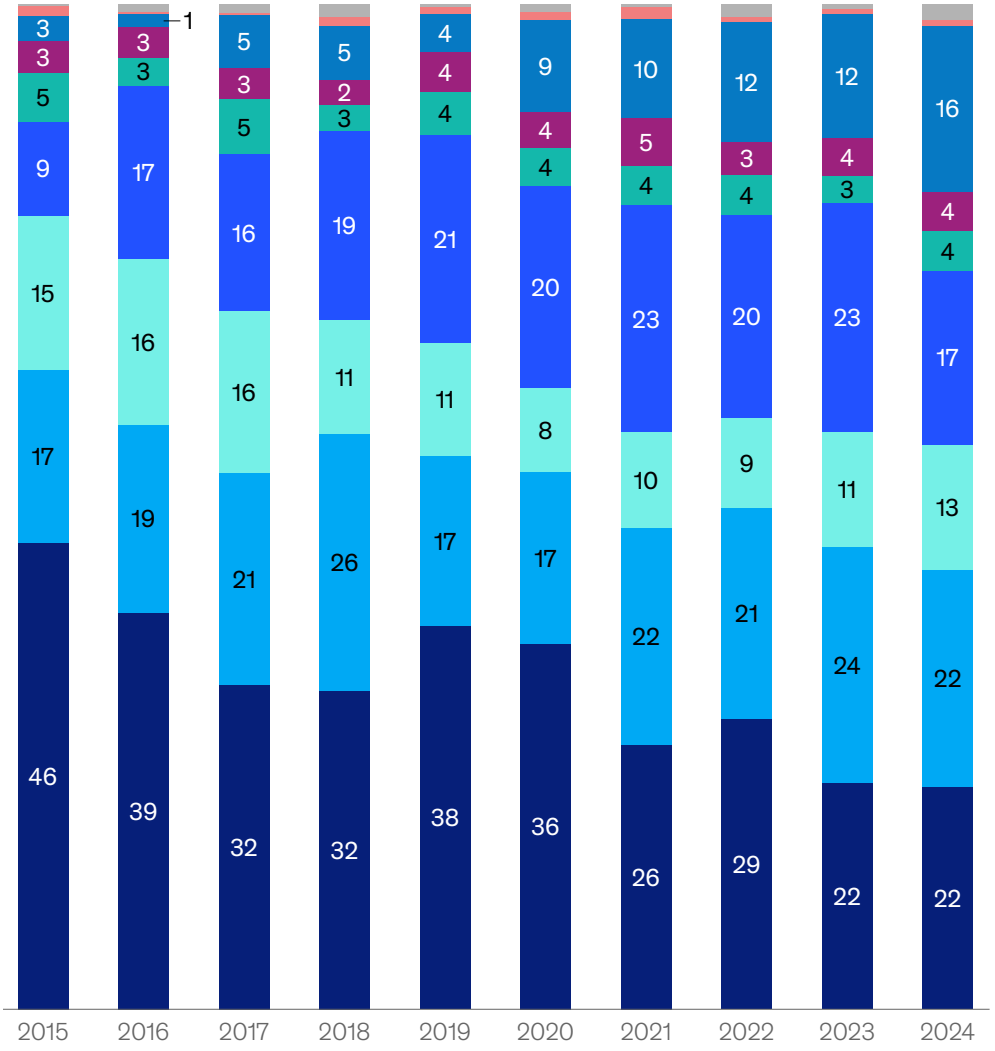
TABLE/CHART 2:
Global total of private equity assets under management[10]



KKR Solutions analysis as of August 2025. **Source:** Prequin Pro.

TABLE/CHART 3:
Infrastructure deals by sector 2024[11]

Global infrastructure deals, by sector, % of total deal value



	2023–24 growth, %
Other	265.9
Commodities	36.7
Telecommunications	**58.6**
Environment	21.4
Social	75.2
Energy	–10.5
Power	29.9
Renewables	8.1
Transport	16.0

Note: Figures may not sum to 100%, because of rounding.
Source: Infralogic database, ION, accessed March 2025

Largest firms

PEI groups include large international firms such as KKR, but also relatively small groups that may operate mainly at the national level, e.g., Capman, in Finland, or Tcha, in South Korea.

The 10 largest PE groups globally, according to Private Equity International, are set out in the table below. Three of these have invested in public transport businesses, according to our research:

- KKR, which is now a joint majority owner of the e-bus and battery leasing company, Zenobe;
- EQT, which bought the largest school bus firm in the USA in 2021; and
- TPG, which in November 2025 bought a controlling share of Kinetic, the Australia-based transport group.[12]

The published table runs to the largest 300 firms, but we have not found any of the others with current investments in the public transport sector.

TABLE/CHART 4:
Largest PE firms in the world, 2025

RANK	PE GROUP	BASE	AMOUNT RAISED 2020-24 US$ BILLIONS
1	KKR	USA	118
2	EQT	Sweden	113
3	Blackstone	USA	96
4	Thoma Bravo	USA	88
5	TPG	USA	73
6	CVC Capital Partners	Luxembourg	72
7	Hg	UK	72
8	Hellman & Friedman	USA	50
9	Clayton, Dubilier & Rice	USA	50
10	Insight Partners	USA	48

Source: Private Equity International 2025 https://www.privateequityinternational.com/pei-300/

PRIVATE EQUITY: GENERAL IMPACT ON EMPLOYMENT AND SERVICES

Impact of PE on employment and wages

The impact of PE on employment and working conditions has been a matter of general concern for unions and workers across the world, in all sectors, including manufacturing. Unions correctly identified that buyouts by PE firms were systematically followed by greater job losses than in companies which are under other forms of ownership, and so have resisted PE buyouts.

PE groups rejected this analysis and produced reports claiming that the employment effects were neutral.

However, reliable academic studies of the impact of PE takeovers have repeatedly shown that there is a significant loss of jobs compared with similar firms not taken over by the PE, across all sectors of the economy.

The largest studies have been carried out in the USA.

- A comprehensive study was undertaken by Harvard University in 2008 for the World Economic Forum, comparing all PE buyouts in the USA with other similar firms. It found that:

- Workplaces of firms taken over by PE have 10% fewer employees five years after the takeover, than if they had developed like similar workplaces not bought by PE: "the net impact on existing establishments is negative and substantial" (p.54).

- Firms taken over by PE have 3.6%–4.5% fewer employees two years after the takeover than if they had developed similar workplaces not bought by PE (even after including the net effect of creating, buying, closing and selling new workplaces):

> "FOR A SAMPLE OF SURVIVING FIRMS, WE OBSERVE... A NEGATIVE NET IMPACT ON EMPLOYMENT THAT IS SUBSTANTIAL."[13]

The graph below shows these results clearly. Any sample of workplaces at a given time will show a subsequent overall decline in jobs, even in times of economic growth, because much of that growth occurs in new workplaces. But the decline is significantly greater under PE ownership.

TABLE/CHART 5:
Employment levels in PE buyouts (blue) and in other similar firms (red)

Source:
WEF/Harvard 2008,
PSIRU 2008

This result has been confirmed by more recent studies in the USA, showing that the effect on individual workers can damage their employment prospects for a long time:

- A 2018 study of 180,000 firms in the USA employing over 7 million workers found that PE buyouts cut employment by 4.4% compared with other similar firms.[14] This confirmed the results of an earlier study (see below).

- The effect on individual workers extends beyond those remaining in the firm itself. A recent study, which followed individual workers who had been employed in a firm immediately before a PE takeover, compared them with employees at comparable firms not taken over by PE: these workers were 2% more likely to be unemployed three years after a PE takeover, and had earnings 18% lower – mainly because workers who left the firm experienced a big fall in wages.[15]

Studies in other countries find similar or worse impacts, again across sectors.

- A study in the UK looked at the effect on jobs and pay of private equity takeovers compared with similar firms that were not taken over by private equity. It found: "... a significant loss in employment in firms subject to an IBO in the year immediately following the acquisition as well as lower wage rates, when compared to either of the two control groups. Furthermore, we find no evidence of a subsequent improvement either in productivity or profitability in the acquired businesses."[16]

- A cross-sectoral study of 152,000 workers in 511 firms taken over by PE found that, compared with a similar group of other firms, the PE buyouts were followed by a 9% reduction in overall employment, an increase in employee turnover, and a comparative earnings decline equivalent to 2.8% of median earnings.[17]

Workers are also exposed to a much higher risk of losing jobs through the PE company going bankrupt. A US study tracked 484 companies for 10 years after they were purchased by private equity through a leveraged buyout (LBO), and found a bankruptcy rate of 20% — much higher than the level of 2% recorded by comparable companies which had not been bought by PE.[18]

- Specific undermining of workers' rights and working conditions is also widespread. A report on the largest PE firm in the world has found, "unsafe working conditions, anti-union activity, and wage violations at major KKR portfolio companies."[19]

Impact on services: healthcare, childcare

There is evidence confirming that PE companies have the usual impact seen under privatisation in general:

- A global review of 55 studies spanning different types of health care providers found PE ownership was consistently associated with increases in costs to patients or payers, mixed with harmful impacts on quality, including reduced nursing staff levels. No consistently beneficial impacts were identified.[20]

Reports of PE activity in healthcare in the USA, which is mostly private, also highlight how PE-owned companies can generate worse problems than other companies:

- Other impacts are visible in studies in the USA, where nursing homes owned by private equity, on average, have higher Medicare costs and worse outcomes for patients. Research that analysed Medicare data for more than 7 million patients found that the patient mortality rate is 10% higher at nursing homes owned by private equity fund managers. Patients at private equity-controlled facilities also experience a greater decline in mobility and increased levels of pain while paying charges that are more than 10% higher.[21]

- U.S. Anesthesia Partners, a PE-owned company selling anaesthetic services to hospitals, was forced to cancel its contracts with five major hospitals in the state of Colorado, and stop its "nefarious business model" in which the company bought as many Colorado anesthesiology practices as it could, locked in doctors with non-compete agreements and signed exclusive contracts with hospitals. The doctors involved can now leave USAP and work directly for the hospitals.[22]

PUBLIC TRANSPORT: PRIVATISATION, TRENDS AND ROLE OF PE

Public sector remains dominant

The great majority of public transport services around the world remain in public hands. The SIA Partners report estimated that in the USA, for example, only about 10% of PT services are privately run: "... local operators remain the predominant option by far". Even where there is some private presence: "... public transport is mainly characterized by a lack of competition between the major PTOs, the lack of public transport services or the dominance of local companies." [23]

Section 2 above listed the largest PE groups in the world, and identified which ones had investments in PT. This section looks at the reverse relationship, listing the largest privatised PT groups, and identifying which ones are owned, whether wholly or partly, by PE groups.

Largest globally active groups in privatised PT operations

The table below sets out the nine largest groups operating privatised public transport services, globally. Collectively, these groups have annual revenues of around US$50 billion and employ 380,000 transport workers around the world.

- Four of the groups – three French, one Chinese – are owned by public sector parents, but invariably such groups behave like other private owners outside their home countries (and sometimes within their home countries). Two such groups have minority private shareholders.
- Three groups – two in UK, one in Singapore – are private companies listed on stock exchanges.
- Two groups - the UK-based Arriva, and the Australia-based Kinetic group – are owned by a private equity/PEI owner.

The problems of privatisation have been seen with all these groups – not only those owned by PE.

TABLE/CHART 6:
Largest groups in privatised public transport operations

COMPANY	HQ	OWNERSHIP	EMP	REVENUE	OPERATES IN
Keolis	FR	Public : SNCF 70%, Caisse Quebec 30%.	70,000	€7.7bn	13 countries
RATP	FR	Public: RATP Paris	71,000	€7.1bn.	15 countries
Transdev	FR	Public CDC 66%; priv Rethmann 34%	85,000	€7.7bn.	19 countries
MTR	CN/HK	Public > 50%/private: listed	31,822	US$7.5bn.	
First Group	UK	Private: stock exchange listed	29,339	£4.7bn.	
Mobico Group	UK	Private: stock exchange listed	33,000	€3.4bn.	11 countries
ComfortDelGro	SG	Private: stock exchange listed	24,500	US$3.4bn.	13 countries
Arriva	UK	Private PE: I-Squared Capital	35,500	£5.4bn.	11 countries
Kinetic	Australia	Private PE: TPG	36,000		
Smaller groups					
Go-ahead	UK	Kinetic and Globalvia			
Globalvia	Spain				
Stagecoach	UK				
Mobigo	UK				
MV Transportation	USA				

Source: 'Urban Mobility Giants Study'. SIA Partners March 2024., plus PSIRU research

Lack of competition

These groups may jointly own other public transport firms that are large operators in their own right.

For example, the Singapore transport group Comfortdelgro partnered with Go-Ahead group to get the Stockholm Metro operating contract, and with RATP to operate the Jurong Line in Singapore. The pension fund/PEI group OP Trust was the largest shareholder of two internationally active groups, Kinetic and Globalvia; and Kinetic and Globalvia in turn jointly own the large UK Go-Ahead Group.

Another form of non-competitive behaviour is when two companies with the same owner agree to a big contract which is ultimately funded by public fares or taxes. KKR owns Ritchies Buses in New Zealand, and in September 2025 bought half of the leasing company Zenobe: by the end of October 2025, it announced that Ritchie's buses had given a huge new long-term leasing deal to Zeonobe for buses and batteries (see below).

As a result, it is misleading to view the public transport groups as 'competing'. They are becoming more like a variegated operating front, owned by overlapping shareholders, which may include other public transport groups and PEI investors.

Belt and Road Initiative (BRI) and China: no PE, but problems with PPPs

China's Belt and Road Initiative (BRI) has a big impact on the financing of public transport (and other sectors) in much of the global south. Cumulatively, Chinese BRI engagement totals US$ 1.308 trillion since 2013 of which US$ 775 billion in construction and US$533 billion in investments. Overall, BRI investment is higher than ever. The first half of 2025, or "2025 H1" saw the highest BRI engagement ever for any 6-month period, with US$66.2 billion in construction contracts and about US$ 57.1 billion in investments. This total of US$123 billion for the first half of 2025 compares with total global FDI of US$867 billion in developing countries in 2024.

Transport actually receives a declining share of total BRI investment: in the first half of 2025, the transport sector dropped to its lowest level of only a 7.2% share of BRI engagement (compared to, e.g., 28% in 2018 and 17.7% in 2023). But the overall rise in BRI investment means that China's engagement in transport-related projects remained stable at about US$15 billion – mainly through construction contracts, notably the US$5.7 billion Standard Gauge Railway extension in Tanzania, and the US$152 million Punta Verte International Airport in Nicaragua. There are also rolling stock leasing contracts in Malaysia and Mexico (see below).[24]

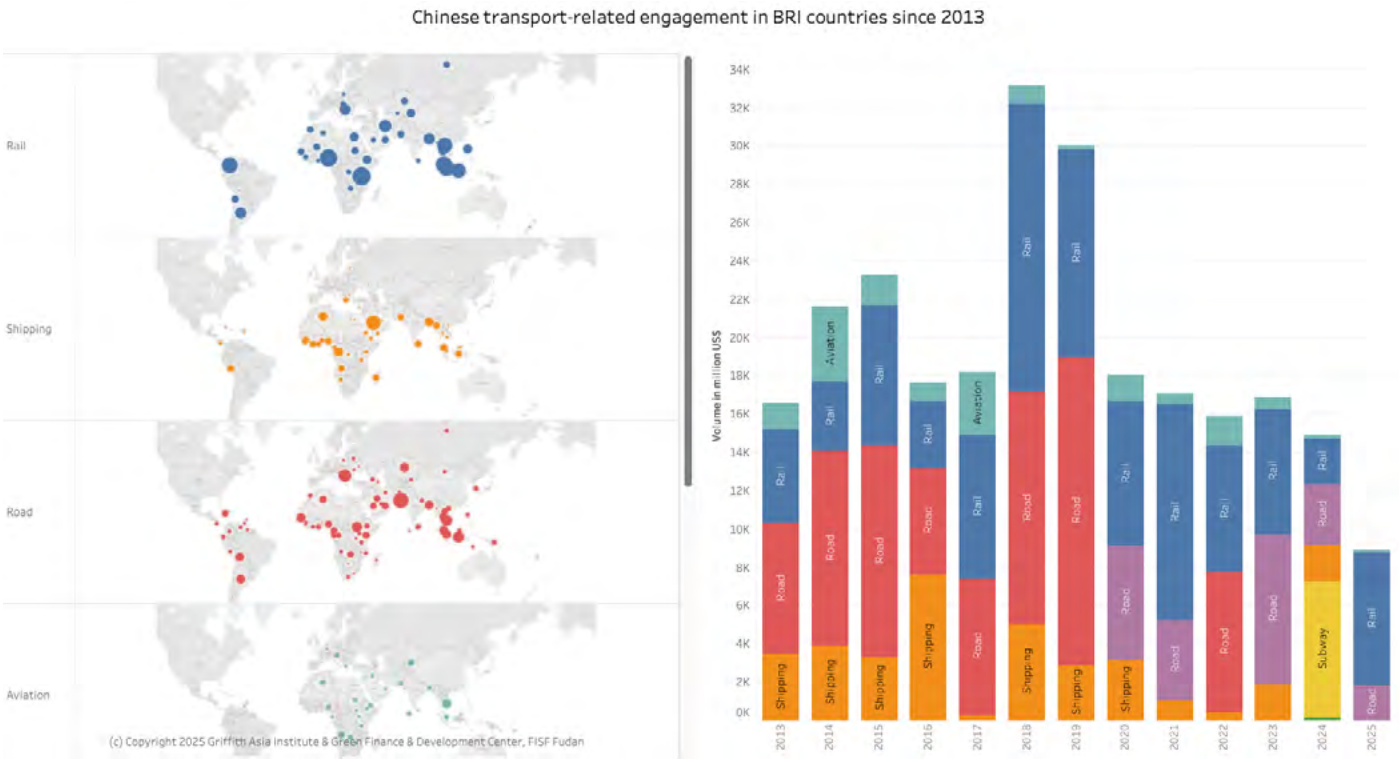
Despite repeated expressions of interest,[25] there is no evidence of any Western PEI fund contribution to the BRI, in transport or other sectors. Half of the BRI investment is in the form of direct construction contracts, which does not necessarily involve the creation of PPPs, the finance can be provided separately through traditional channels, e.g., government debt, aid from China.

The BRI does use PPPs as vehicles for the financial investments, but as with all PPPs, the actual delivery of private finance is very scarce, despite the conventional rhetoric. A comparative study of BRI and the European Union's (EU) use of PPPs in Africa found that there was relatively little involvement of private sector finance in either case – the BRI overwhelmingly used Chinese state-owned companies as partners, and, "... the involvement of private sector actors based in the EU in these [EU Golden Gateway] projects is scarce, in stark contrast with the narrative disseminated from Brussels" – and that both suffered from lack of transparency, delays and cost overruns.[26] A review of the impacts of BRI in Uganda, Kenya, Djibouti, Mozambique and Egypt found that the BRI had made a real contribution to transport and other infrastructure, but with repeated problems of procurement corruption, lack of public participation, excessive costs, labour violations, increasing public debt, and environmental damage – a catalogue which is also very similar to the problems found with infrastructure PPPs of the EU and IFIs.[27]

Another study of the financial actors in the BRI's energy investments in Africa shows that a framework driven by public policy has the best chance of succeeding. The study found that China's commercially oriented CDB bank has financed much coal-fuelled power generation because it made best commercial sense for the companies building and operating the plants. Projects financed by the Eximbank, whose decision-making involves close coordination with state actors, have been overwhelmingly financing renewable energy generation. It concludes that: "It is imperative to consider the potential for leveraging Eximbank's capacity in concessional lending. This avenue could serve as a continuing source of new green finance, which remains essential for the development aspirations of recipient countries."[28]

The evidence from the BRI thus supports the view that the problems of BRI investment in public services are not due to the presence of private equity, nor from the involvement of China, but are fundamental problems of the use of PPPs and privatisation in these sectors – which should be replaced by transparent public sector institutions.

TABLE/CHART 7:
BRI transport-related investment 2013-2025 H1



Wang, Christoph Nedopil. China Belt and Road Initiative (BRI) Investment Report 2025 H1 – Green Finance & Development Center. 17 July 2025. https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2025-h1/.

PE GROUPS IN PT OPERATIONS

PT system and supply chain: Operation, leasing, software, infrastructure

Private companies including PE-owned companies may be involved in PT systems at a number of points. Operation of actual public transport services, such as trains, buses and ferries, is the most obvious.

But there are other forms of private presence in the supply chain which can also have damaging consequences, because the pricing and structure of the contracts may act as an unnecessarily large burden to the service, and workers in the supply chain may be affected.

This can be classified under four headings:

- **Operation:** The most direct form of PEI (and other) investment is ownership of bus, rail and metro operators. The companies collect fare revenues and employ workers to provide the service.

This area is covered in this chapter.

But PEI (and others) are also investing in other elements of the supply chain which support these operations.

- **Leasing** vehicles to operators is the largest of these sub-sectors. It has happened with railways, with rolling stock leasing, and is now becoming a big area of investment in buses, where new fleets of e-buses are being bought to reduce emissions.

This area is covered in the next chapter.

There are two other parts of the system with PEI and other private investors:

- **Software:** Development of software systems for managing and controlling bus services and PT systems more generally. This can directly affect workers and passengers through the way it controls the system.

- **Infrastructure:** Investing in new physical infrastructure and assets, typically through PPPs. This has been done extensively in railways, especially where the network itself is not owned by a vertically integrated public sector railway company.

These two areas are covered in the chapter after next.

Each chapter maps the involvement of PE by:

- Listing and examining the main PE groups involved.

- Providing details and case studies of their Involvement PEI groups investing in PT operations.

The table below shows the main examples of PE groups investing in companies operating in PT in one or more of the sub-sectors shown above. The table identifies the sub-sectors and the main companies owned by the PE groups.

Note that these PE companies do not necessarily continue for many years as dominant owners. Their financial practice is to ‘cash in’ investments after four–five years. So, a PE group listed below as a big owner of private PT operating companies may disappear completely, or partly, in a few years. It may sell to another PE group, or a multinational, or float the subsidiaries on the stock exchange.

TABLE/CHART 8:
PEI companies with investments in public transport

PEI GROUP	BASE COUNTRY	O[perations], L[easing], S[oftware], I[nfrastructure]	PT INVESTMENTS
Antin	FR	OLS	Proxima, Porterbrook, Matawan
Capman	Finland	O	Koiviston Auto (buses)
EQT	Sweden	O	First Student
Fiera Infrastructure	Canada	OI	Wightlink
Foresight Group	UK	O	Kinetic (30%)
I Squared Capital	USA	OI	Arriva, National Express School
Infracapital	UK	L	Zenobe, GBrailfreight
KKR	USA	OL	Zenobe, Ritchies Bus
PFZW/PGGM	NL	O	Globalvia
Pitango	Israel	S	Via Transportation, Optibus (<100%)
Qalaa	Egypt	O	RVR
Sumitomo	Japan	O	LRT 1, MRT 3 Metro in Manila
Tcha Partners	Korea	O	Owns 17 bus cos in Korea, now selling.
TPG	USA	O	Kinetic (70%)

Profiles of main PE groups activities in PT

KKR

KKR is the largest PE firm in the world. In 2021, it bought Ritchies, a large, private New Zealand bus company, saying that it was attracted by the prospects of an expansion of public transport in the country, and of 'greener transport solutions'. In September 2025, it made a further, larger investment in The Greener Possibilities Fund by buying half of Zenobe, a company very actively expanding its battery storage and electric bus-leasing businesses (see below).[29]

KKR took advantage of this dual ownership in October 2025, when Xenobe announced a huge bus and battery leasing deal – with Ritchies. Zenobe will supply 172 new buses over the next nine months, and design, build and deliver six new electric bus depots by August 2026, in addition to financing and managing the lifecycle of the batteries on the buses through its 'Battery as a Service' contract.[30]

Zenobe's press release did not mention that this long-term triple deal was between two KKR companies, nor did it mention any competitive tendering process. Both stand to benefit from it, more so if Ritchie's can persuade the Auckland public authorities to agree to more generous payments.

Antin Infrastructure

The French PE group Antin Infrastructure Partners, listed on the Paris stock market since 2021, but still majority-owned by its partners, has over €33 billion in assets. It invests in energy, environment, digital, transport and social infrastructure sectors. This includes various parts of railway systems in a number of countries.

In 2024, it invested €1 billion in Proxima in 2024, a new rail company set up to compete with SNCF on rail services inside France. In 2025, it bought a majority stake in Matawan, a French company which provides ticketing, and information systems– including integration across different transport modes – to public transport companies in a number of European countries.[31] It also has investments in station retail leasing in Italy.

It already has a stake in the train leasing company, Porterbrook, in Britain, as well as in solar and wind energy, and children's homes – see below. Antin will initially fund the Proxima investment through its own funds but is also lining up a pool of banks for financing.

It is always one level away from the operating companies, which enables it to avoid responsibility or reputational damage for problems, even if they have resulted from their search for "operational improvements". An example of this was Antin's investments in a UK children's care home business, Hesley Group. In 2023, a report found that, "children at three of Hesley's homes in Doncaster had been subjected to severe physical and emotional neglect... [with] evidence of 'physical abuse and violence, neglect, emotional abuse and sexual harm'... medication was misused and maladministered... an overuse of restraints, and unsafe and inappropriate use of temporary confinement, and the education regulator OFSTED closed of two of the three homes.[32] But neither Hesley Group, nor its management, nor Antin were charged with any offences, and Antin was able to sell the group to another PE firm, Blandford Investments. Antin still owns Kisimul, another UK company which runs four boarding schools for people with autism and complex learning difficulties: Kisimul faced a police investigation at one of its homes in 2019, but no criminal proceedings followed.

Capman Infrastructure

CapMan Infra, a PEI company listed on the stock market in Finland, has investments in all the Nordic companies, including some transport companies. In 2021, it bought 100% of the shares of Koiviston Auto, the largest bus operating company in Finland.[33]

Fiera Infrastructure: Agreement with union

Fiera Infrastructure in a Canadian infrastructure investment group with C$2.8 billion investments across North America and Europe, in energy grids, transport, telecoms and social infrastructure.

In public transport, it has a partial shareholding in Wightlink, a ferry company in the UK which is criticised for increasing prices (see below).[34]

Remarkably, in September 2025 it signed a collaboration agreement with a USA/Canadian trade union, The United Brotherhood of Carpenters and Joiners of America.[35] According to the company:

> "The Canadian Built Opportunities Platform is a new real assets investment strategy with a dual mandate aimed at generating attractive risk-adjusted returns on capital while supporting jobs for UBC union members. The platform launches with an initial commitment of over C$800 million, divided equally between infrastructure and real estate investments, and aims to reach over C$1 billion in assets within three years.
>
> "The Canadian Built Opportunities Platform is designed to deliver stable risk-adjusted returns for investors while creating meaningful and long-lasting opportunities for UBC's skilled tradespeople. All projects developed by the platform will use union labour, ensuring high standards for wages, workplace safety and benefits for union members from the Canadian District of the UBC. This partnership aims to strengthen local economies and support long-term employment in the skilled trades.
>
> "The infrastructure and real estate strategy is about building more than just infrastructure and real estate—it's about building opportunity for union members and delivering lasting value to our communities. By investing directly in union-built projects, we're creating good-paying jobs, supporting apprenticeships and ensuring that the benefits of development stay with the workers who make it possible," said Jason Rowe, Canadian District Vice-President, United Brotherhood of Carpenters and Joiners of America.
>
> Infrastructure investments will be managed by Fiera Infrastructure Inc. ("Fiera Infrastructure") under the leadership of Jamie Crotin, Managing Director. The mandate will focus on social and civil infrastructure, transportation and renewable energy projects that strengthen Canada's economy and deliver lasting benefits to its communities.
>
> Real estate investments will be managed by Fiera Real Estate Investments Limited ("Fiera Real Estate"), led by Pierre Pelletier, Senior Managing Director and Head of Development and Debt, with a strategic focus on urban and multi-residential developments and industrial projects.
>
> Investments will prioritise greenfield projects in multi-residential housing and essential public infrastructure."

I Squared

I Squared Capital is an American private equity firm created in 2012, specialising in public infrastructure services, including energy, utilities, transport and telecom. The company's first investments used funds from public sector bodies – the Rhode Island State Investment Commission, the New Mexico Educational Retirement Board – and a Japanese multinational company, Mitsubishi.

It has more than US$50 billion in assets in Asia, Europe, and the Americas, and employs 300 people in offices in Miami, London, Singapore, Sydney, Taipei, New Delhi, Abu Dhabi, Munich and Sao Paulo.[36]

In 2023, it bought the Arriva Group and reportedly committed €2bn to expand and electrify Arriva's fleet, mainly on its UK operations.[37] In 2025, it bought National Express School, a leading school bus operator in the USA. Its global transport sector investments also include companies in road building, logistics, and ports.

In energy, it has invested in a number of renewable energy-generating companies, but also co-owns Aggreko, a UK company that sells and rents diesel-fuelled power generators. In telecoms it owns EXA Infrastructure, which controls 103,000 km (64,000 miles) of fibre optic cable, and eight subsea cables, connecting 300 cities and 14 data centers.

Infracapital

Infracapital was set up as the infrastructure investment arm of M&G, a large UK insurance company. It invested in various sectors in the UK, including ports (ABP) and water (Yorkshire Water), then expanded into financing greenfield companies, and extending to other sectors, including fibre, and other countries, including Germany.

It has a major investment in the bus leasing and battery storage company Zenobe (see below), and has invested in rolling stock leasing, including GB Railfreight, and three deals in Germany in partnership with Rock Rail, mainly through its Marble platform.

In 2025 it held about £6bn of assets but had experienced a loss of over €250 million in a fibre company in Germany. Financial investors in Infracapital funds – mostly public sector pension funds, and parent group M&G – are critical of the way Infracapital values its assets. In response, the CEO stated that transport is its main focus and main success: "My three pillars of the future are going to be: transport of all types; energy generation and infrastructure; and decarbonisation of industry."[38]

TPG Inc

TPG Inc is an American private equity firm based in Texas, with assets of US$10.5 billion and annual revenues of US$3.5 billion. It invests in a range of industries including consumer/retail, media, telecoms, industrials, technology, travel, and health care.[39]

In November 2025, it bought a 70% controlling stake in Kinetic, the largest public transport operations company in Australasia (see below). This is TPG's first investment in a company involved in public transport, reportedly because of, "the predictability of mass transit cash flows and the growth in electrification capex", and also because of the potential for future expansion into India.

Pitango

Pitango VC, established in 1993, is Israel's largest and longest standing venture capital fund, with over US$3 billion under management as of 2025. It invests in a wide range of tech and software companies including AI and HealthTech, but also has a focus on TransitTech, systems for managing transport. The transport investments include two of the big transport tech firms: Via Transportation and Optibus.

Sumitomo

Japanese company, Sumitomo Corporation, has made a series of investments in the rail/metro systems of Manila (see below). It also has a 35% stake in GTS Rail Operations – the other 65% is owned by Go-Ahead, which is itself owned by Globalvia and Kinetic – which has been given a seven-year concession to operate the new Elizabeth Line in London's metro system.[40]

In Manila, in 1997, Sumitomo Corporation and Mitsubishi Heavy Industries (MHI) secured a full turnkey contract covering civil works, rolling stock and systems for MRT-3. It was completed in 2000 and went into service the same year. The project was implemented through a Public Private Partnership (PPP), with private companies responsible for construction and maintenance.

There were then problems, of which Sumitomo says:

> "After completion, Sumitomo Corporation and the MHI Group were contracted to provide maintenance services on the line for 12 years. But following a change in administration, the contract was handed off to local firms. Maintenance providers changed three times, and each change brought a decline in service quality. The trains and systems deteriorated – top speeds fell from 60 km/h to 30 km/h, trains stalled between stations, and in some cases the trains even emitted smoke. Frequently, passengers were forced to walk along elevated tracks. Commuting in Metro Manila meant an average round trip of about six hours at the time. With service frequency and train speeds cut in half, MRT-3 became severely overcrowded. Station wait times ballooned, adding massive stress to daily life. The estimated economic loss due to traffic congestion was around 6 to 7 billion yen per day. Public criticism of the government was mounting, and in 2017 the Department of Transportation formally requested that Sumitomo Corporation return... With full support from the Japanese government, we managed to secure yen loan funding in under a year, an extremely fast turnaround, and signed the contract at the end of 2018... we finished the rehabilitation work six months ahead of schedule at the end of 2021... Even after the rehabilitation work was completed, there were still incidents like small fires breaking out inside trains and malfunctions in the signalling equipment causing service disruptions. These were due to the design and service life of the system, aspects that we didn't have any control over. Still, public expectations were sky-high, and every issue sparked criticism of the government on social media. Accordingly, we took it upon ourselves to be transparent, accountable and proactive in sharing updates, including negative developments. Passenger numbers jumped from 31 million in 2020 to 135 million in 2024 – a more than fourfold increase ... The relationship of trust that was strengthened through this project led to new orders, including renewed maintenance contracts, involvement in other lines, and the supply of rolling stock for new large-scale projects. In 2020, Sumitomo Corporation acquired shares in the LRT-1 project and began co-managing it. We've partnered with Japan's Hankyu Corporation – renowned for its customer satisfaction rating – and JICA, which has long supported Manila's railway development. We're also in talks with the Philippine government regarding our involvement in the management of MRT-3, which is scheduled for privatization. Moving forward, we aim to expand into station-front development and related areas to make Manila even more livable."[41]

Tcha Infrastructure

The Korean private equity firm Tcha Infra bought 17 bus companies operating in Seoul and other major cities including Incheon, Daejeon and Jeju. It started selling them in 2024, expecting to exit with a profit. The privatised bus system in Korea works on the basis of local governments guaranteeing to cover any losses made by the companies. [42]

PE in operations: case studies

The impact of PE as owner of PT operations can be seen in the three case studies below: in buses, rail, and ferries.

CASE STUDY C: **PE exploiting buses in Seoul**

The ITF's report on Private Equity Funds in The Korean Bus industry [43] shows the problems that emerged when PE funds took over public transport companies. It found that:

- Sizeable government subsidies are used to guarantee the operation of bus systems as a public service, which can end up becoming a source for the realisation of high profits for PEF investors.
- Structural factors built into the operation of quasi-public bus systems induce PEF investment in bus services, and these funds have sought to maximise profits and minimise costs.
- The PEFs have been attracted by three elements of the regulatory system: the guaranteed profitability and ease of expansion of bus operations under this quasi-public system; the reimbursement of actual costs by local governments; and the difficulty of limiting PEFs' entry into the bus market and regulating their operations.
- Private equity funds (PEFs) have been actively buying into bus operations under quasi-public regimes in Seoul. Cha Partners and three other Korean PEFs are currently active in the Korean bus industry, operating a combined total fleet of roughly 3,500 vehicles.
- The PEFs have sought to reduce their costs by relocating and merging garages, delaying the replacement of necessary parts, cutting maintenance personnel, and reducing or cancelling services on unprofitable routes.
- The investment in the bus industry by PEFs makes little contribution to the development of bus operations as a public service.
- Cha is now selling its companies to other PEFs, but this leaves the problems unresolved.

It concluded that the regulatory system should be fundamentally changed:

- To improve this situation in the short term, local governments should establish rigorous internal criteria for paying dividends, regulate and curtail leveraged buyouts of bus companies by PEFs, enforce strict sanctions against the sale of garages, and require PEFs to publish their investment strategies and plans. There are legal problems with regulating just PEFs, but the same regulations should apply to all private operators.
- In the long run, strengthening the public operation of buses would reduce the expected return on investment, and thus lead to a reduction in the involvement of PEFs in the bus industry.
- From this perspective, a full and complete overhaul of the quasi-public model is necessary, with a transition to fully public bus service operations.

CASE STUDY D: **Rail: failure of privatised operations in UK**

All the privatised rail services of the UK have performed very badly, which is why the Labour Government is now in the process of renationalising them all.

Arriva, a company which operates in rail, bus and other services, not only in the UK but around the world, is now owned by the PE group I Squared (and was owned by another PE group in previous years). Arriva has held three rail-operating concessions, all of which are being renationalised. The cross-country concession service was subject to frequent industrial action,

due to disputes over rostering and pay, and withdrawal of union recognition, and repeatedly failed to run services reliably due to its failure to train enough drivers. In 2024, it was singled out for strong criticism by the government for "breaching your contractual targets for cancellations in the coming months. I do not find this level of service provision acceptable, nor do I find a three-month reduced timetable to be a satisfactory response". The service has now been renationalised.[44]

Other companies performed as badly. Mobico (formerly known as National Express) was not owned by PE, but performed so badly on its rail concession that it was the first service to be re-nationalised in 2009. The company had resorted to cost-cutting, reducing service levels, and introducing new charges, such as £2.50 for seat reservations, and when the government refused to give extra subsidies, it defaulted on its contract, at the cost of losing £72million of performance bonds.[45]

CASE STUDY E: **Ferries: PE drives up prices in Isle of Wight (England) and across Europe**

The Isle of Wight's ferry connection to mainland England has become a textbook example of how private equity ownership can undermine the affordability of public transport services. Wightlink, one of the island's main ferry operators, is now controlled by a chain of holding companies ultimately owned by the Canadian firm Fiera Infrastructure, through its Eaglecrest unit. This company focuses on buying businesses that have little competition and are hard for others to enter. Wightlink is a good example, because it provides an essential service with few alternatives, making it appealing to private equity investors.[46]

Since its acquisition, Wightlink's financial structure has been heavily geared towards maximising returns to investors. Investigations show that, on some routes, ticket prices have gone up twice as fast as inflation over the last ten years. These increases are not solely the result of operating cost pressures, but are also directly linked to the debt-financed acquisition strategy employed by its private equity owners.[47]

- A 2018 UK parliamentary debate noted that Isle of Wight ferry fares are "among the most expensive per mile in Europe" and that a lack of public service obligation has enabled this pricing structure to persist.[48]
- In 2022–23, Wightlink reported income of £78.7 million and a profit of £15.2 million. However, this entire profit was absorbed by interest payments totalling £16.8 million, much of which flowed back to shareholders through shareholder loans charging interest rates as high as 9.25%. In effect, debt servicing to investors has become a central financial priority. The pattern reflects broader findings from a 2009 study of European ferry privatisations, which identified a tendency under private equity ownership "to increase ferry service prices in order to raise profits".[49]
- While Wightlink's profitability for investors has not translated into public benefit, executive remuneration remains high, with the company's CEO reportedly earning £377,000 in 2022/23.[50] In 2019, directors were paid a £1,875,000 bonus for the sale of 50 per cent of the company's share and 50 per cent of shareholder debt.[51]

This is in line with the results of a 2009 survey of PEI investments in European ferry services,[52] which found a series of impacts which did or could distort the sustainability of the services. It found that PEIs tend to pay high prices to acquire ferry lines, creating greater incentives for governments to privatise the service. PEIs have an immediate/intense focus on profits/dividends and so, "There therefore seems to be a tendency to increase ferry service prices in order to raise profits". PEIs have limited focus on new investments:

> "Once a PEI has made a significant investment in the acquisition of a ferry operator, it will not be too keen to spend further large amounts of money on new assets. Hence there is less focus on buying new ships, or making expensive outlays in terminal upgrades, or in start-up of new routes. The key emphasis for the PEI is to sweat the existing assets and routes, for which a premium will normally have been paid."

PE IN LEASING BUSES AND TRAINS

The following sections examine the extent and impact of PE presence in leasing of buses and trains.

This has become a huge growth area for PE involvement. Climate change policies are demanding a shift from diesel to electric buses, which requires considerable capital expenditure upfront. With many government and local governments under pressure to cut spending and borrowing, private equity firms can offer to make the investment, making profits through multi-year leasing agreements.

This business can extract a considerable proportion of fare revenues for the PE companies, secured under long-term contracts. The firms are effectively protected against the risks of operating services, and their profitable leases can therefore create a fixed cost burden on the PT services themselves. This places downward pressure on operating expenditure, including wage and salary bills.

PE in Leasing of electric buses (e-buses)

As part of climate change policies, there is a global move to replace petrol/diesel fuelled buses and trains with electric 'e-buses', which also provide more comfortable rides. As a result, a lot of money is available to switch to e-buses now and in the coming period:

- A 2025 WRI report states that this was led by China,[53] but other countries are catching up:

> **"More than 90% of the world's electric buses are located in China – nearly 700,000 in total... Outside of China, Santiago, Chile, is the city with the highest electric bus sales. The European Union is home to 17,000 electric buses... India, South Korea and the United States are each home to more than 10,000 electric buses."**

- GMI says that the global electric bus market was US$54.1 billion in 2025, expected to be US$64.6 billion in 2026, rising to US$255.1 billion in 2035, driven by a "Rise in government mandates for zero-emission public transportation; surge in public funding and subsidies for electric bus procurement".

- All regions now show fast growth, with e-bus registrations in the EU rising by 49% in 2025.

Other countries have ambitious targets:

- Colombia has a target for 100% of new public transport sales to be electric by 2035.

- Ecuador has a target for 100% electric new public transport vehicles by 2030.

- Jakarta, Indonesia, has bought 100 e-buses, and aims for 100% – 10,000 e-buses by 2030.

- Dakar, Senegal, has launched Africa's first all-electric bus rapid transit system, expected to carry 300,000 passengers per day.

TABLE/CHART 9:
E-buses 2024

The vast majority of the world's electric buses are in China

Top 12 economies with the most electric buses on the road in 2024

Sources: Author; IEA EV Data Explorer 2025.
*Data for Chile as of April 2025 from E-bus Radar. Notes: Includes battery electric, plug-in hybrid, and fuel cell electric buses.

SYSTEMS CHANGE LAB

The simplest way to develop use of e-buses is for bus operators to buy them. This is cheaper because there is no intermediary, and more efficient because the operator is best placed to formulate needs.

But PEI groups and other private investors are creating intermediate companies which buy fleets from manufacturers and then lease them to operators, similar to the practice of leasing rolling stock to railway companies[54], and aircraft to airlines.[55] PEI and other investors can exploit this to extract a significant proportion of the revenues of (public or private) bus operators as payments for the lease. This creates upward pressure on fares, downward pressure on costs, including wages, and makes the bus operators dependent on the leasing companies' expertise in the long-term.

The attraction for operators is that they do not have to find the capital cost upfront, especially if there are constraints on the ability of public authorities, and public sector companies, to borrow. Leasing can also include the creation and management of charging infrastructure. Leasing models can thus reduce the investment to an operating charge.

Three big examples are in Chile and Sub-Saharan Africa (see below), and the investment of 'billions of dollars' in e-buses by PEI group EQT in First Student, the largest school-bus operator in North America:

CASE STUDY F: **Chile's E-Buses: Private Equity facilitated by IFIs**

In recent years, Chile has emerged as a key site for international investment in electric public transport, particularly in Santiago's Red Metropolitana de Movilidad (RED) system. While the shift to e-buses is promoted as a major step towards decarbonising urban mobility, the financial and ownership models underpinning this transition reveal a significant and growing role for private equity (PE) firms, asset managers, and development finance institutions. These actors are reshaping the landscape of public transport in Chile through new forms of financialisation and privatisation.[56]

At the heart of Chile's e-bus expansion is a concession model that separates fleet ownership from bus operation. In other words, infrastructure investors own vehicles and lease them to operators under contracts with the state. A prominent example is the project signed in 2023 and led by the special purpose vehicle, Suministradora de Buses K Cuatro SpA (SPV), established to finance, purchase, supply, and maintain 992 electric buses for use in Santiago's RED system. The SPV is owned by Sociedad de Inversiones K Cuatro SpA (99%), Infrabridge EBUS CHILE SpA (0.5%), and Comercial Motores de Los Andes SpA (0.5%). In turn, Sociedad de Inversiones K Cuatro SpA is jointly held by Inversiones Kaufmann Chile S.A. and Infrabridge EBUS CHILE SpA, each with a 50% stake.

The electric buses will operate under a 14-year bus supply contract awarded as part of the ongoing fleet renewal and expansion programme tendered by Chile's Ministry of Transport and Telecommunications (MTT). The total project cost is estimated at US$396 million (excluding VAT), financed through an IDB Invest senior loan of up to US$120 million, while co-lenders include the International Finance Corporation (IFC), which is part of the World Bank Group, and Chile's state-owned bank, BancoEstado. In total, IFC, IDB Invest and BancoEstado are jointly mobilising an additional US$217 million in parallel loans, reinforcing the central role of development finance institutions in structuring and enabling this model of private sector participation in public transport.[57]

This debt-financed PE financing structure is promoted as a model for resilient, climate-friendly public transport. However, it also reflects a shift away from direct public provision and ownership, and towards a financialised infrastructure model where investment funds, PE vehicles and institutional investors are key beneficiaries. These arrangements are designed to guarantee investor returns over concession periods, raising questions about long-term costs to the public purse, and about the public sector's ability to retain control over essential transport services.

Another example of PE-linked infrastructure investment is the acquisition of key public transport terminals by CMB-Prime Administradora General de Fondos S.A., a leading Chilean infrastructure fund manager. In 2023, CMB-Prime acquired three major bus terminals located in Peñalolén and Puente Alto from Inversiones Costa Azul. These terminals, strategically located and under long-term lease to the Ministry of Transport, are being converted into electro-terminals that will host more than 540 e-buses. The acquisition was facilitated through a competitive sale process involving insurance firms, infrastructure funds and investment funds, highlighting the growing appetite for stable, publicly backed infrastructure assets in the transport sector. Inversiones Costa Azul is linked to STP Santiago, one of the major private operators in the RED system, suggesting that the lines between real estate investment, service operation and financial engineering are increasingly blurred.[58]

Santiago de Chile is now:

> "... THE LEADING CITY FOR ELECTRIC PUBLIC TRANSPORT OUTSIDE OF CHINA, WITH 4,406 ELECTRIC BUSES EXPECTED TO BE IN OPERATION BY THE END OF 2025. THIS FIGURE REPRESENTS 68% OF THE CAPITAL'S PUBLIC TRANSPORT FLEET, UP FROM THE CURRENT 2,550 UNITS ALREADY IN CIRCULATION. THE DEPLOYMENT OF AN ADDITIONAL 1,800 BUSES THIS YEAR MARKS A KEY MILESTONE IN CHILE'S BROADER STRATEGY TO ACHIEVE CARBON NEUTRALITY BY 2050.
>
> IN MID-DECEMBER 2023 A TENDER WAS ISSUED IN THE CITY TO RENEW 30 PERCENT OF THE PUBLIC TRANSPORT SYSTEM RED MOVILIDAD. THE TENDER PROVIDED FOR THE INTRODUCTION IN THE NETWORK OF 1,200 ZERO EMISSION BUSES (OUT OF 2,100 NEW BUSES) AND 'EMBRACES' 121 ROUTES. IN AUGUST 2024 CHINESE OEM YUTONG DELIVERED 214 E-BUSES IN SANTIAGO. AS OF MARCH 2025, ACCORDING TO THE FIGURES FROM E-BUS RADAR, BACKED BY ZEBRA ALLIANCE, THE MAJORITY OF THE E-BUSES RUNNING IN SANTIAGO ARE BY FOTON (1,388, MEANING A 54% SHARE). BYD FOLLOWS WITH 811, THEN YUTONG STANDING AT 315." [59]

CASE STUDY G: **Brazil**

A similar approach was unveiled for Brazil at the COP30 Local Leaders Forum in November 2025. An EUR 80 million Brazil E-Bus Credit Enhancement Fund, aiming to introduce more than 1,700 vehicles and associated charging infrastructure by 2030. Bus transport accounts for nearly 90% of urban public transport in Brazil. It is also aiming to support the development of local manufacturing capabilities and municipal policy frameworks. Rio de Janeiro, Salvador, Curitiba, and Belo Horizonte, are expected to be early participants.[60]

The fund, launched by Bloomberg Philanthropies in partnership with Brazil's Ministry of Cities and Ministry of Environment and Climate Change, BTG Pactual, the Mitigation Action Facility (MAF), and WRI Brasil., is hoped to mobilize roughly €450 million in private lending, "by providing first-loss support and credit enhancement to senior investors". The fund is designed as a replicable model for other countries seeking to unlock private finance for urban decarbonisation.

As of end September 2025, Brazil had 1,290 electric buses in operation (including 333 trolleybuses), with local company Eletra covering a 65% share with 848 vehicles. São Paulo surpassed the mark of 1,000 zero-emission buses in its municipal fleet (the city Transit Agency SPTrans – over 13,000 buses – had already banned the procurement of new diesel buses in 2022).

CASE STUDY H: **Zenobe**

Zenobe was created in the UK in 2017 to develop battery storage for electricity grids. It has subsequently expanded into e-bus fleet leasing, combined with charging infrastructure. It was initially owned by the PEI company Infracapital, with smaller shareholdings owned by the Japanese electricity utility for Tokyo, TEPCO (which is actively expanding the use of battery storage systems in collaboration with Toyota, and looking to expand in Asia[61]), and Jera.

In 2023, the largest PE group in the world, KKR, invested about £600 million with Infracapital injecting a further £270 million of equity: KKR and Infracapital are now joint majority shareholders.

Zenobe has already established itself as a major provider of battery storage capacity to electricity transmission grids, including three projects providing 1GW of storage capacity in Scotland. It describe its combined e-bus leasing and charging deals as: "Electric transport as a service (ETaaS) [means that] we're able to finance and manage complete solutions including new vehicles, battery replacement, charging and grid infrastructure, depot-based second-life battery systems, smart charging software, spare parts, and full operational support. All for a monthly fee." It claims to be the market leader in e-bus and charging leasing in UK, Australia and New Zealand, supporting 3,400 buses and 122 depots in total.[62]

KKR described the strategic thinking behind its investment in Zenobe as tapping into the global commitment to financing net zero: "This is a rare opportunity to support a clear leader in transport decarbonisation and battery storage, two sectors which are critical in driving the transition to a net zero world. We believe Zenobe will continue to benefit from strong secular tail winds including stricter emission regulation in urban and regional areas, and the greater use of low carbon generation in the energy mix driving a need for grid balancing solutions. We see significant growth opportunities within Zenobe's existing customer base, as well as huge potential in new markets globally."[63]

CASE STUDY I: **EQT and First Student school bus**

The Wall Street Journal has reported that private-equity firm EQT AB is making a significant bet on electric school buses, planning to invest billions of dollars in electrifying First Student's fleet. First Student, the largest school-bus operator in North America, currently operates about 44,000 buses across more than 1,100 school districts, serving 2.5 million students in the U.S. and Canada. EQT, that has taken over First Student in 2021, believes that government incentives and increasing demand for eco-friendly student transportation will make this investment profitable. At the time of the takeover, EQT underlined that it, "... intends to help future-proof the Company by investing in the electrification of its fleet and accelerating its transition to renewable fuel sources in order to support passenger health and reduce environmental impact".

North American school bus transportation provider First Student announced last year that it won grants in California, Rhode Island, Missouri, Illinois, Oregon, and Montana to expand school bus electrification. In May 2021, First Student announced the largest zero-emission school bus order in North America of 260 buses.

On the topic of school bus electrification, for instance, Boston plans to switch all its vehicles to electricity by 2030. It is no mystery that Biden Administration is accelerating on this. According to the U.S. Environmental Protection Agency (EPA), it is projected that 30 percent of all school buses manufactured in 2027 will be electric-powered. This percentage is expected to rise to 45 percent by 2032, based on the EPA's proposed greenhouse gas emissions standards for heavy-duty vehicles, according to figures presented by Blue Bird.

First Student, according to figures quoted in the newspaper, already deployed or ordered around 500 electric buses, and its goal is to have 30,000 of these vehicles on the road by 2035.

Crosby Cook, an EQT partner who focuses on infrastructure and related transactions, is quoted as stating: "The risk would be that adoption happens slower than expected. But we think the combination of First Student as the largest operator with EQT's expertise gives the industry a good chance of moving as fast as possible. As First Student owns its entire fleet, we think we can really influence the pace of electrification.

> "While an electric bus can cost as much as US$400,000, or four times the price of one that runs on diesel fuel, that cost is expected to come down over time, Cook said. Also, he said, government incentives can help lower the final outlay for school districts or operators that use the vehicles", the Wall Street Journal reports. Incentives are in place. On top of these, "First Student will also seek to generate ancillary revenue by injecting into the grid electricity stored in bus batteries during periods when the vehicles aren't in use, Cook said. Overall, U.S. schools already use or are committed to putting 5,986 electric buses on the road, including 3,218 buses added last year, according to WRI data".[64]

PE in leasing of railway rolling stock

The unbundling and liberalisation of state-owned, vertically integrated railway companies in the 1990s, especially in the UK and Europe, separated ownership of track and enabled separate companies to compete for concessions to operate rail services for a fixed period. It was risky for short-term operators to invest large amounts of capital in their own trains, and so the unbundling also created companies specialising in owning and leasing rolling stock – engines and carriages – to the operating companies. The manufacture of rolling stock, which was also often done by integrated public sector railways, was also then outsourced to private companies.

The role of these companies then increased again when climate change commitments increased demand for new electrically powered to replace diesel locomotives. By 2023, the global passenger rolling stock leasing market size was valued at approximately US$15 billion, and is projected to reach around US$24 billion by 2032. [65]

If railway systems are publicly-owned and vertically integrated, there is no role for such leasing companies. Public sector rail companies can own and manufacture their own rolling stock, using public finance through loans, charges or taxation.

The table below shows the major companies – private equity and other – involved in leasing rolling stock to the operators. The presence of China's state-owned rolling stock manufacturer is worth noting, as it has the great advantage of supplying the whole Chinese rail system, and so can both sell – or lease – its products to operators in other countries which do not have their own manufacturers.

TABLE/CHART 10:
Rail rolling stock leasing companies: PE and others

COMPANY	LOCATION(S) OF CONTRACTS	OWNER(S)	TYPE
Akiem	Europe	Caisse (CDPQ)	PEI
Northrail	Europe	RIVE	PEI
Ontrain	Poland	Marguerite	PEI
Eversholt	UK	CK Hutchinson	Multinational
Angel Trains	UK	PSP Investments, Amber	PE
Porterbrook	UK	Antin	PE
China Railway Rolling Stock Corporation (CRRC)	Malaysia, Mexico, Czechia	China	State-owned

Akiem

Akiem, based in France, claims to be the leading European rolling stock leasing company in Europe, with a 25% market share. It has over 790 locomotives and 42 passenger trains, had annual revenues of €238 million in 2024, and employs 450 people, including both office and finance staff and technical maintenance engineers. It was created by French national rail operator SNCF in 2008, part sold to German PEI firm DWS, and in 2022 was sold to the public sector finance investor Caisse/CPDQ of Quebec, Canada.[66]

RIVE

PE firm RIVE, is active in this sub-sector through its investment in Northrail, which has 430 vehicles leased to rail operators in nine European countries, Austria, Denmark, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland: "PE firm RIVE has increased its investment in Northrail, a rolling stock leasing company. It is raising €570 million from various finance groups including public sectors institutions such as KfW and La Banque Postale, to buy over 100 engines from manufacturers such as Siemens, Alstom and Vossloh, for leasing by Northrail to rail freight operators across Europe."[67]

Ontraing

Another rolling stock leasing company, Ontrain, was created in 2024 by Luxembourg PEI Group Marguerite, specifically targeted at providing electric locomotives to Poland and other central European rail systems, under short and long-term deals, including maintenance. It has ordered engines from Alstom and Polish manufacturer Newag.[68] By contrast, a Polish rail freight company, Orlen Kolej, has ordered 40 electric locomotives from Newag and another Polish manufacturer, PESA. This appears to be a direct order, worth PLN 800 million (€190 million), treated as capex by the company, which states firmly that: "It will give ORLEN Kolej full capability to handle transport operations using its own fleet, significantly reducing operating costs associated with leasing locomotives." However, it is reported that, "the project is financed through an operating lease provided by PKO Leasing" (which is a general hire purchase company).[69]

CRRC

The state-owned China Railway Rolling Stock Corporation (CRRC), the world's largest rolling stock manufacturer in terms of revenue – bigger than either Alstom or Siemens, with over 183,000 employees[70] – has also moved into the rolling stock leasing market in other countries.

This includes:

- Malaysia acquiring 62 new passenger train sets at an estimated cost of RM 10.7 billion (US$ 2.4 billion). The cost is calculated over 30 years, and CRRC will be responsible for the maintenance and repair of all trains throughout the duration of the contract. The deal is being done through a government-to-government (G2G) mechanism, under which, "the majority of the trains are being built locally at the CRRC plant in Batu Gajah. The Malaysian government will also acquire a stake in the factory".[71]

- Renting three trains to Czechia railway system, which will be built with 20% locally produced parts from Czech manufacturers.[72]

- A contract to supply 17 electric units to a light rail system in Mexico City.[73]

CASE STUDY J:
UK rail rolling stock leasing: Eversholt, Porterbrook and Angel Trains

Rolling stock leasing was part of the UK rail unbundling and privatisation in 1994, when the rolling stock companies were sold separately, at prices which were subsequently found to be scandalously low, while the leasing companies have been able to make high profits and extract high dividends from leases, thus taking money away from the service operations.

In 2024, after 30 years of the system, the Guardian reported:

> "Profits of UK's private train-leasing firms treble in a year. More than £400m paid in dividends in 2022–23 while rest of railway faced cuts and salary freezes... The rolling stock companies paid out a total of £409.7m to shareholders and profit margins rose to 41.6% in 2022–23, according to the Office of Rail and Road, as the rest of the railway was told to make swingeing cuts and salaries were frozen... Train operators' contracts are now structured for the government to make up the shortfall between revenue and costs, meaning taxpayers are now effectively paying the £3.1bn spent last year on leasing trains, almost a quarter of total industry costs."Hell and high water" clauses protect lease contracts on rolling stock despite passenger revenue virtually disappearing in 2020 during the pandemic. According to well-placed sources, the Department for Transport did not attempt to renegotiate or reschedule lease payments to rolling stock companies, despite demanding Network Rail and train operators find huge savings. The three rolling stock companies are Eversholt, Porterbrook and Angel Trains. They were created at privatisation with the controversial sell-off of state-owned British Rail trains, and still lease the majority of UK trains. They have paid cumulative dividends of around £2bn in the last decade." [74]

Despite that, these three companies have remained outside the new 2025 nationalisation of the railways in Britain, and so remain owned and run by private owners leasing rolling stock to the newly nationalised railway group. The Eversholt Group is owned by the Chinese group CK Hutchinson (which also owns privatised water and energy companies in the UK and elsewhere), Porterbrook, owned by the French private equity group Antin, which has also just taken a stake in Matawan, which sells rail and metro management and ticketing systems (see below).

PE IN PT SOFTWARE CONTROL SYSTEMS, PHYSICAL INFRASTRUCTURE

PE in management, information and control systems

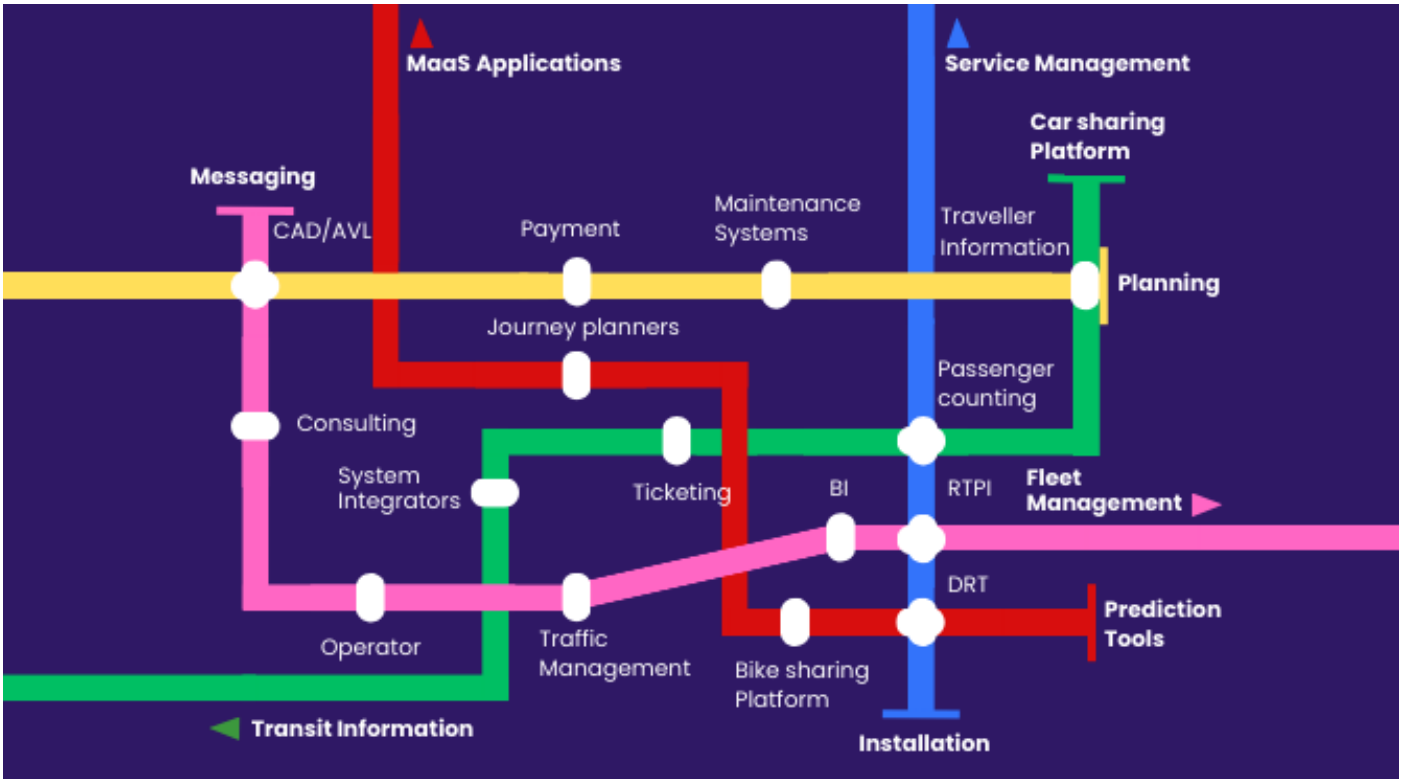
Computerised management, information and control systems are becoming an important part of running public transport services. The management systems aim to make operations more efficient for passengers and can also be used to plan the systems themselves, reflecting public policy priorities such as sustainability. These systems can also have a significant impact on workers, such as the development of IT-controlled working patterns and practices.

A number of companies have developed such software packages, some very local, some large and operating internationally. Private equity groups have significant stakes in several, partly as a result of PE 'venture capital' funding of startups, but also through buying into established companies. Some of these companies originated as state-funded tech startups.

CASE STUDY K:
PE-owned control software: Matawan, Optibus, Via T, Prospective labs

Matawan

TABLE/CHART 11:
Matawan's public transport management services



French company Matawan was established in 2023 by absorbing Ubitransport, which had established itself as a leading provider of cloud solutions for the management of public transport in all urban and rural areas of France. Matawan has expanded across Europe, including management of ticketing, information systems, and integration across different transport modes.[75] It is now being taken over by French PE group, Antin (see below), which expects to expand the business into other countries beyond Europe.

Optibus

Optibus is owned by its founders, Amos Haggiag and Eitan Yanovsky, who are CEO and CTO, respectively, employees, and a group of investors including Pitango, Insight Partners, and Tencent (a big Chinese group). It provides a software platform for public transportation planning, scheduling, rostering, operations, real-time control, and passenger information. Agencies and operators in 7,000 cities worldwide use Optibus in more than 35 countries in North and South America, Europe, the Middle East, Africa, and Asia Pacific.[76]

The potential impact of such TransTech systems on workers is illustrated by Optibus' 'Driver app', which it describes as "a groundbreaking native mobile app and web tool designed to improve communication between drivers and the depot, leading to a better driver work experience and more dynamic operations".[77] Optibus says it was designed in partnership with drivers, for drivers: "The job is overshadowed by difficult work conditions, such as long hours and inconvenient shifts, and evolving workforce demands that make it increasingly hard to recruit and retain drivers."[78]

Via Transportation, Inc.

Via Transportation is a technology company that provides software as a service (SaaS) for public transportation networks for cities, transit agencies, schools and universities, healthcare providers, and corporations around the world. Via offers fully managed transit services as well as transportation planning tools, consulting services, operational support, and navigation. Customers include Transport for London, Transport for New South Wales in Australia, King County Metro in Seattle, and Berliner Verkehrsbetriebe in Germany. Via promotes itself as making transportation more equitable and accessible for all populations including school-aged children, elderly populations, physically disabled, and low-income riders. It also owns the Citymapper app. [79]

It is listed on the New York Stock Exchange, but it raises finance from PE and other financial investors, including Exor N.V., Pitango, Janus Henderson (a company which has been fined by regulators for various offences[80]), CF Private Equity, Planven Entrepreneur Ventures, Riverpark Ventures, and ION Crossover Partners.[81]

Prospective Labs

Prospective Labs is a small tech company with 12 employees, based in London, which has not yet filed any audited accounts, as is permitted for small companies in the UK. Prospective's software system, FlowOS Live, has nevertheless been adopted by Arriva, Metroline, and First Group for their bus operations in London.[82]

FlowOS Live is described as:

> "The software uses GPS data and vehicle telematics to create a live digital model of each bus route. Within this virtual environment, it can simulate thousands of operating scenarios per second to determine the most effective set of control instructions for regulating headways and mitigating the impact of congestion or service disruption. The system can adjust departure times, manage driver and vehicle changeovers, and support service controllers in maintaining even intervals between buses. By automating routine administrative and reporting tasks, FlowOS Live also allows control room teams to focus more on service performance."

Bus user groups, however, have warned that: "... the method used to compile timetables is less important than ensuring the information put out is accurate, up to date and available .... What matters even more is that the timetables themselves are based on the transport needs of the communities they serve." And that, "It is vital

that bus operators communicate any changes effectively with passengers who rely on their service."[83]

Infrastructure: the failure of PPPs and blended finance

PPPs and blended finance have been relentlessly promoted by consultants and IFIs for decades, but they have repeatedly failed to deliver on promises, whether PE is involved or not.

PPPs were promoted globally as a way to mobilise private finance to pay for public infrastructure, but even the IFIs promoting them recognised that it failed to deliver. A 2006 World Bank research paper, reviewing actual private investment from 1983 to 2004, bluntly concluded that: "PPI [private participation in infrastructure] has disappointed – playing a far less significant role in financing infrastructure in cities than was hoped for, and which might be expected given the attention it has received and continues to receive in strategies to mobilize financing for infrastructure... PPI is inherently limited in scope for financing urban infrastructure."[84]

A 2013 OECD report found the same result: "PPPs account for a relatively small part of total public infrastructure investment". Even in OECD countries, two-thirds had zero or less than 5% of investment financed by PPPs, and no country reached more than 15%.[85]

By that stage, the UK had already rejected the terrible performance of PPPs on both rail and metro services, and renationalised both. After fatal accidents due to cost-cutting and outsourcing, the national rail network was taken back into public ownership in 2002 as Network Rail, with very little compensation. Transport for London (TfL) originally set up nearly one-quarter of the UK's entire PPP programme, but terminated nearly all of them for bad performance – thanks to the existence of 'break clauses' allowing termination for bad performance. The three largest PPPs were set up in 2003, for the renovation and maintenance of the entire London underground railway system. These were awarded to two large private consortia, Metronet and Tubelines, under PPP contracts worth over £17 billion (US$ 26 billion). TfL and the government guaranteed 95% of all the debt raised by the consortia. The PPPs were set up despite strong opposition from the elected London mayor and assembly and their advisers, who wanted the work to be done by direct labour, financed by issuing bonds. A parliamentary committee concluded that the companies: "... inability to operate efficiently or economically proves that the private sector can fail to deliver on a spectacular scale."[86]

OECD in 2013 still claimed that, "access to domestic private equity... is essential to mobilise long-term finance for transport infrastructure".[87] But the OECD's 2025 guidance on blended finance, intended to attract PE participation, highlights the failure of this approach for actually obtaining private finance. The promotional effort by IFIs and consultants resulted in 198 collective investment vehicles (CIVs) with US$75 billion, but: "... private commercial investors [contributed] less than 6% of the total capital in CIVs."[88] The OECD apologetically notes that, "... blended finance has not scaled as rapidly as hoped and has mobilised relatively limited private finance. It has remained a cottage industry."[89]

DRIVERS AND STRATEGIES BEHIND THE INCREASING ROLE OF PEI FIRMS IN PUBLIC TRANSPORT

Stitching up PE solutions: the role of the development finance organisations (IFIs and DFIs)

Public resources and international institutions facilitate the growth of private equity: International financial institutions (IFIs) such as the World Bank Group (via the IFC), along with development financial institutions (DFIs) from the EU and other countries, have played a key role in advancing private equity investment (see the examples below of Chile's e-bus programme, the Kenya-Uganda railways line and Malaysia's airport restructuring).

These institutions help structure development and climate funds through PPPs to ensure that they support private companies, including PE firms. The DFIs themselves inject public funds into the chosen PE groups, and public and development finance then helps to guarantee investor returns.

The European Investment Bank, which can and does invest directly in public services and infrastructure of all kinds, also funds PE groups. It has just provided €20 million of public sector finance for the PE fund, Amethis, which was created in 2011 specifically to assist European companies to become active in Africa. Amethis now has funds of €143 million, financed by five previous injections from the EIB and also other public agencies including Bpifrance and Cofides, Spain's development finance agency.[90]

CASE STUDY L: **Basigo: chosen to lease e-buses in Africa**

A PE firm, Basigo, has been effectively created by support and DFI money from the UK and USA, and Toyota, to finance and provide e-buses throughout Africa.

> "BasiGo, a provider of electric bus solutions in Ssub-Saharan Africa, has raised US$42 million in new capital. The funding round consists of US$24 million in Series A equity funding along with US$17.5 million in debt facilities from British International Investment (BII) and the U.S. Development Finance Corporation (DFC). The equity funding round was led by Africa50, together with co-investments from Novastar Ventures, CFAO Kenya, Mobility54, SBI Investment, Trucks VC, Moxxie Ventures, and Susquehanna Foundation."
>
> Jit Bhattacharya, CEO of BasiGo remarked: "Since we founded BasiGo in 2021, our mission has been to create the future of clean, electric public transport in Africa. We are thrilled to have Africa50, a premier African infrastructure investment fund, recognise the potential of our mission. The combined equity and debt investment into BasiGo validates our business model and enables BasiGo to focus on scale and profitability. With BII's support to expand our e-bus model in Rwanda, we are ready to deliver hundreds of modern, emissions-free electric buses across East Africa."

The capital raised by BasiGo will be put towards the company's core objective of delivering 1,000 electric buses in East Africa within the next three years. In Kenya, the funds will specifically be used to increase manufacturing capacity at BasiGo's dedicated e-bus assembly line located at Kenya Vehicle Manufacturers. The investment will also support the expansion of BasiGo's pay-as-you-drive offering to new vehicle types, and to improve BasiGo's technology platforms, such as Jani, which make electric buses more accessible and convenient for passengers.

> "We are delighted to conclude Africa50's first investment in the e-mobility space to support the greening of the public transport sector in Kenya and Rwanda. We believe BasiGo is well positioned to scale in East Africa and beyond given its world class engineering and operations teams, strong value proposition to transport operators and the calibre of strategic and financial partners assembled by the founders," said Raza Hasnani, managing director and head of infrastructure investments at Africa50.
>
> "As the largest investment to date by an African fund in an e-mobility company, we are proud to support innovation that drives green growth and development in the region," added Hasnani.

In December 2023, BasiGo expanded its operations to Rwanda where it is currently operating six pilot electric buses on routes inside Kigali as well as inter-city routes serving nearby towns. The newest debt facility from BII will be put towards launching commercial deliveries of e-buses in Rwanda, where BasiGo has already received over 300 reservations from bus operators.

Seema Dhanani, BII's coverage director for East Africa said: "We are delighted to support BasiGo as it expands into Rwanda.[91]

Basigo has formed a US$3 million partnership with a PE firm, CFAO, which was set up by Japanese multinational, Toyota. CFAO operates in 40 African countries and is an established player in sectors such as mobility, renewable energy, consumer and healthcare. BasiGo and CFAO stated that they, "are committed to building a complete green value chain in Africa, from renewable energy generation to clean, electric vehicles providing low carbon transport to Africa's growing cities. With the backing of a market leader like CFAO, our customers and partners can trust that BasiGo is ready to deliver high quality vehicles and services at scale." [92]

CASE STUDY M:
The Kenya-Uganda railways: Private Equity, Debt, and the Exit Game

The privatisation of the Kenya-Uganda railways line in 2006 via a 25-year concession was one of the most prominent to have attracted heavy capital investment from both private equity and DFIs. The company which emerged after privatisation was known as Rift Valley Railways (RVR). At the time of its contract termination, the Egyptian private equity firm Qalaa held a 85% stake in Rift Valley Railways (RVR),[93] which was signed in November 2006 as a result of the privatisation of Kenyan Railways (AfDB, 2015). See Table 7 for the evolution of the shareholders of this company. They raised a debt financing of US$287 million, most of which came from six DFIs. The table below presents the amounts each contributed:

TABLE/CHART 12:
RVR Shareholders 2017

NAME OF SHAREHOLDERS	(%)
Qalaa (Egypt)	85%
Bomi Holdings (Uganda)	15%
Total	100%

Source: PSIRU 2025 data from various source including AfDB[94] and Business Daily[95]

TABLE/CHART 13:
DFIs financing of RVR

NO.	NAME OF DFI	AMOUNT
1	African Development Bank (AfDB	US$40 million
2	Germany's KfW Bankengruppe	US$32 million
3	International Finance Corporation (IFC)	US$22 million
4	FMO (the Dutch development bank)	US$20 million
5	IFC Debt Pool	US$20 million
6	Belgian Investment Company for Developing Countries (BIO)	US$10 million
Total		US$144million

Source: PSIRU 2025 data from AfDB 2015 and Tom Minney 2011.

In 2017, the Kenya government got the courts to terminate the concession based on poor performance of RVR in terms of missing cargo, and the failure of RVR to pay the Kenyan government their concession fee of US$4.6million.[96] The World Bank audit of RVR indicated that corruption was rife in the company.[97]

The table below shows the changes in shareholding of this company over time. Before the concession was terminated, two private equity firms made money by selling their shares to Qalaa. In 2014, TransCentury sold its 34% shares to Qalaa for US$43.7million, this off the back of Centum selling its 10% shares to Qalaa for US$4.5million.[98] This is a typical *modus operandi* of private equity. It is not there for the long haul, it cashes out when it senses that the company's outlook is good. The story of RVR cannot be told without adding Roy Puffet, an investor from South Africa who is the ultimate owner of Sheltam Grindrod (Pty)Ltd and Rift Valley Railways Kenya Ltd. Through these shell companies registered in Mauritius, which he later sold to Qalaa holdings.[99] Reports by the The Nation show that Mr Puffet conned his way into the consortium without contributing a penny and exited with millions.[100]

Local policies and regulation

The regulatory framework and practice affect the ability of private owners to extract money at the expense of services and workers. The privatised bus system in South Korea is one example of this, but similar problems can be seen in the deregulated bus sector in the UK, and the experience with buses in Shanghai (see below for all these cases).

Green finance and climate financing

For decades, public transport systems have used public finance instruments to fund climate-related measures. These include the use of tax revenue to enable fare reductions and so encourage people to use public transport instead of cars, thus reducing emissions. It also includes the use of public finance and cross-subsidisation to finance investment in renewable energy capacity, for example: "Munich's electricity company has promoted renewable energy in metro systems, trams and electro buses via cross financing." [101] But, "... the high initial costs and low profit margins involved do not attract the private sector to finance zero-emission transport". [102]

It is thus unlikely that PEI firms are investing their own money into public transport services because of their contribution to dealing with climate change. Rather, when governments use public finance to strengthen public transport systems as part of 'green' climate policies, this strengthens the future security and growth prospects of the revenues of the public transport companies. This attracts PEI and firms, who are mostly buying companies or concessions from which they can extract bigger profits as a result of the public finance invested into the systems, rather than injecting their own money into new green infrastructure. So, there has been a "huge investment appetite for infrastructure like public bus companies all over Europe, including in Denmark, where investors are riding a green wave." [103] But that is a wave of public finance, not private capital.

Green bonds are another category of green finance, issued by both governments and companies, which are supposedly tied to their 'end use' of financing environmentally worthy projects. 104 In 2024 they totalled about US$1 trillion, 14% of all bonds.[105] Green bonds issued by public service or infrastructure companies may be attractive to PE&I groups for similar reasons, because they are debt--backed by secure long-term income streams, and give a positive 'green' image. OP Trust, for example, describes its climate change strategy as, "building a portfolio that addresses the risks and seizes the opportunities presented by the global transition to net-zero". It invested US$400 million in green bonds in 2024.[106]

Public transport is one of the sectors making greatest use of green bonds. In 2023, green bonds were being used in Asia Pacific mainly for transport or housing: "Asia-Pacific social bond issuance grew 43%. The region had the highest proportion of social bonds in 2023 globally. Many of the largest issuances in this region focused on affordable housing or transportation. Issuers from Japan, Korea, and Hong Kong accounted for most of the total value." [107] Many of these bonds were issued by public sector companies or agencies, so can be seen as a different form of regular government bonds, borrowing money from investors without privatising ownership. In Korea, for example, instead of providing financial support to transportation corporations, local governments have traditionally funded infrastructure investments through issuing corporation bonds, and this practice has simply been rebranded as green finance. This makes it difficult to view it as new investment.

In the UK, the first wave of green bonds issued by the public sector raised £23 billion, almost half of which was for 'green' transport, mostly rail. The cost to the government was slightly lower than conventional bonds, because of the 'green' premium – despite the fact that the UK has no clear policy strategy for public transport, nor, according to Rail Technology, "a serious strategy to cut emissions".[108]

In general, there are no clear criteria, and no clear evidence provided, either before or after the bonds are issued, to show that they are used to finance environmentally responsible investment which has a positive effect on climate change. In practice, Lam and and Wurgler have shown that the vast majority of green bond proceeds are used for refinancing ordinary debt, continuing ongoing projects, or initiating projects without green aspects, while only 2% of corporate and municipal green bond proceeds initiate projects with clearly novel green features.[109]

Green bonds are issued even by private companies with terrible environmental records, such as the English water companies with their well-publicised record of constant sewage pollution of rivers. Thames Water managed to sell over £3.6 billion of green bonds since 2018, making it the third highest corporate issuer of green bonds in the UK: when Thames Water's credit rating was down-rated because of its financial problems, it affected the entire UK market for green bonds.[110] Another polluting water company, Severn Trent, has also issued green bonds, glowingly endorsed by Fitch's sustainable ratings[111] and in January 2025 it raised €4.75 billion in 10-year sustainability bonds.[112]

Strategies

The privatised section of the market is not growing rapidly. Rather, the main groups are seeking to consolidate their position in their home countries, and are simultaneouslu withdrawing from unprofitable markets: for example, Keolis has ceased its activities in Germany. The individual groups are still expanding through buyouts of smaller, private PT operators.[113]

As summarised by SIA partners: "PTOs mainly adopt three strategic orientations: sustainability of the existing services, development through new solutions, and focusing on profitable markets. The sustainability of operations in the domestic market remains important (notably in France) as it highlights the operator's capabilities." SIA sees the expansion into software as part of this consolidation: "This is evident through digital innovation and enhancement of customer experience."

This also suggests that developing strong regulation that actually cuts companies' profit margins could be a rewarding counter-strategy.

There is also a clear strategic shift towards leasing, especially of e-buses, because of the surge in demand created by climate policies and the opportunity for substantial profit margins. This is particularly attractive for PE groups.

PUBLIC SECTOR ALTERNATIVES

This survey of the impact of PE and privatisation should be contrasted with the positive cases of direct public sector activity in all these elements. This shows good examples that can be followed as an alternatve to use of privatisation, including PE-owned companies.

CASE STUDY N: **Madrid metro: Building large metro with public ownership and control**

Madrid offers a lesson on the benefits of public ownership and in-house capacity in delivering affordable, high-quality urban transport. Through public investment and in-house expertise, the city transformed its metro into one of the most extensive and efficient networks in the world – at a fraction of the cost seen in cities reliant on privatised models, such as London.[114]

In 1995, the Madrid Metro was a modest 114 km (71 miles) long, ranking 51st globally in size. At the time, this seemed proportionate to the city's population, then the 57th largest in the world. However, the following twelve years marked a period of rapid expansion: the metro added an additional 203 km (126 miles), nearly tripling in length. This made Madrid's network one of the fastest-growing metro systems globally, comparable with the rapid developments in megacities like Beijing and Shanghai. Today, the Madrid Metro stands as the sixth longest metro outside China and the third longest in Europe (after London and Moscow). Crucially, this achievement was not the product of PPPs or outsourcing, but rather of comprehensive public control.[115]

In Madrid, the regional government retained control over planning, construction, and operation. Instead of relying on private consultants or contractors to deliver critical infrastructure, the city drew on experienced engineers and managers working in-house.[116] These public professionals oversaw the technical design and managed the construction process, maintaining control over quality, costs, and timelines. This in-house approach contrasts sharply with privatised or outsourced models, where costs often balloon and accountability is diluted.

This model of public sector-led development allowed Madrid to keep costs exceptionally low. While London's Jubilee Line Extension, which was built in the same period, cost nearly ten times more per mile, Madrid's expansion was completed at a fraction of the price. Since the 1990s, both Madrid and Spain as a whole have continued to build infrastructure at some of the lowest costs in Europe.[117] Yet, this critical aspect of state capacity and public ownership is often overlooked in the academic literature. For example, in their otherwise detailed comparative study of London's Jubilee Line Extension and Madrid's Metrosur, Mejia-Dorantes and Lucas almost entirely ignore the financing sources and institutional arrangements that made Madrid's metro expansion possible. The paper focuses primarily on land use patterns and regeneration outcomes, but fails to address how the economic model of infrastructure provision, namely public in Madrid, and a failed PPP in London,[118] shaped the projects' cost structures, delivery timelines, and long-term affordability.

Madrid's public control over the metro has also delivered significant affordability benefits to its residents. A single fare in Zone A of Madrid costs just €1.50, nearly half the price of a comparable Zone 1 journey on the London Underground, which stands at £2.50.[119] Madrid is not completely inhouse, however: suburban bus routes are operated by private companies.

CASE STUDY O:
Shanghai: bringing buses back into public sector

From 1949, public bus transport in Shanghai was run by a municipal company, the Shanghai Public Transport Company, which had 20 operating subsidiaries. From 1996, the subsidiaries were separated as independent entities, with no subsidy available from the municipality. This had the effect of creating competition between the companies to expand on the basis of raising revenues through fares, but meant the city government took no responsibility for delivering bus services in the public interest. Ownership of the companies became a mixture of public and private.

By 2000, however, the city government decided that the system was not working. Private companies in particular would not extend services – by 2007 they accounted for 77% of the companies but only 35% of the services, and had actually cut the number of buses despite a growth in the population and the economy. There were many problems with the service in suburban areas – low frequencies, poor buses, fewer lines, long waiting. Workers' pay fell behind the city average, even after working 18–20% overtime, and as a result the number of drivers had fallen to 27,400 by 2008, with 4,500 unfilled vacancies. It was very difficult to achieve scale economies because of the problems of co-ordinating so many companies. An opinion poll showed poor levels of customer satisfaction, and workers' unions campaigned for a return to public ownership.

As a result, in 2009 the city decided to take back all bus operations under a single municipal transport company, with a number of operating subsidiaries, and workers' pay is linked to average earnings in Shanghai. These are supervised by the municipality's transport authority, including a quarterly evaluation of the company's performance through a Customer Evaluation Centre (CEC), run by a social organisation. The number of routes and buses increased, public satisfaction improved, and average fares fell by 13% between 2008 and 2012.[120]

Before the privatisation reversal, China's urban bus markets were mixed, with public and private ownerships. In other words, both purely public firms and purely private firms deliver bus services within one jurisdiction. This competition may leave more choices for local governments. If private operators cannot have a better performance than the public ones, local governments will buy-back-in. Shanghai public bus service has a history of engaging in privatisation and remunicipalisation. We chose Shanghai as the case study area for the following reasons. Firstly, Shanghai is one of the most economically developed cities in the Eastern coastal region in China. The political and economic reforms over the last three decades, including decentralisation, privatisation, commercialisation and marketisation, were initially implemented in Shanghai, and thus Shanghai has the most abundant experience of having the private sector deliver of public services. Therefore, people would not imagine a reversal of privatisation in Shanghai.

However, the reality can often go against the expectation. Shanghai underwent a number of unsatisfactory events during public bus privatisation and the future for deepening privatisation is bleak. It is against this backdrop that even Shanghai could not accomplish privatisation, let alone the other cities with lower levels of urban economy, policy openness and availability of technical professionals. Furthermore, for those cities in central and west China that have not implemented privatisation at an initial stage, Shanghai's lessons are important with regards to whether these small-to-medium-sized cities should continue to carry out privatisation while facing a lot of uncertainties and risks, and potentially high transaction costs in privatisation.

CASE STUDY P:
UK Bus services – TFL regulation vs rest

In the UK, most bus services were privatised and deregulated in 1985. Private companies could provide – and withdraw – services as they pleased, except in London, where the public authority TfL retains strategic control of public transport provision but outsources operations by tender. The deregulated system has:

> "... UNDERPERFORMED COMPARABLE SYSTEMS, BOTH IN LONDON AND ABROAD, IN TERMS OF AFFORDABILITY AND SUPPLY OF SERVICES, DETERIORATION OF SERVICE PROVISION DUE TO 'FRAGMENTATION EFFECTS', AND RESULTING NEGATIVE IMPACTS ON SOCIAL INCLUSION FOR LOW-INCOME HOUSEHOLDS... IN LOCAL PUBLIC TRANSPORT, THE BRITISH MODEL OF 'QUANTITY DEREGULATION' IS AN OUTLIER AMONG OECD COUNTRIES." [121]

Following de-regulation, the initial growth in new, small operators was rapidly consolidated into the control of large, listed companies which are often de facto monopolists in local areas. Larger companies were able to use cross-subsidies, not to support social objectives, but to undercut competitors with low, loss-making fares. Companies pay high dividends and high salaries to directors, extracting rents, which "translates into systemic upward pressure on prices and downward pressure on standards .... with a collective failure of the state to protect end users". By 2025, five big operating companies controlled 70% of all bus services.

The companies were not set up by PE or infrastructure funds, but two out of five are now PE-controlled.

TABLE/CHART 14:
UK bus operating companies: PE and listed ownership

UK BUS COMPANY	OWNED BY	TYPE
Arriva	**I Squared**	**PE**
First Group	*Listed on LSE*	**Listed**
Go-ahead	**Kinetic & Globalvia, both PE owned**	**PE**
Mobico/National Express	*Listed on LSE*	**Listed**
Stagecoach	*DWS Infrastructure*	**Listed**

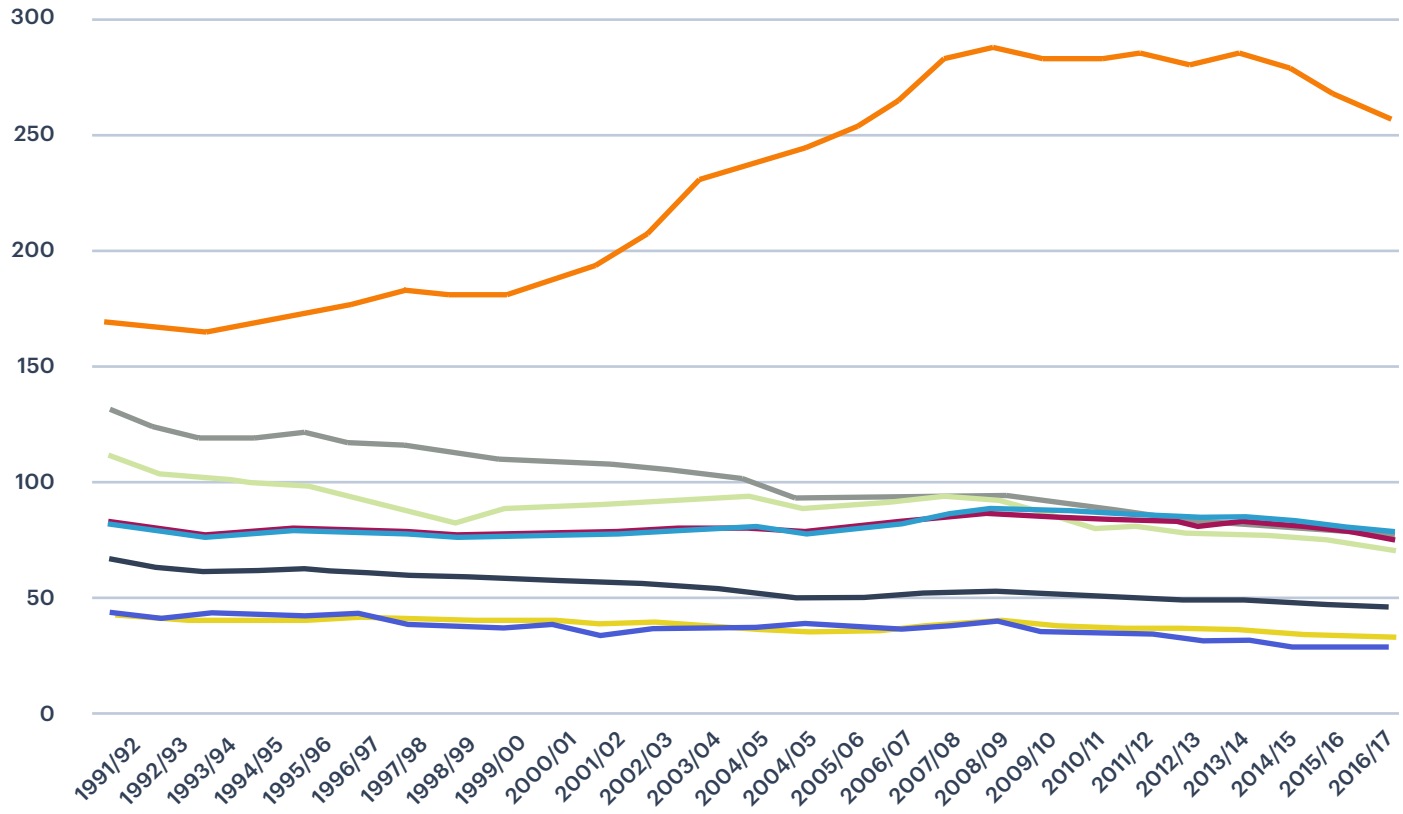
Bus journeys have fallen, partly because the real cost of public transport has increased more rapidly than other items of expenditure (with a 71% increase in fares since 2005), and partly because e-bus companies cut peripheral unprofitable services, and partly because bus routes are not coordinated with other transport modes. This has increased car dependence, with even low-income households forced to own cars because of the lack of public transport services: the National Travel Survey showed that cars per household in England increased from 0.82 in 1985 to 1.22 in 2017. [122]

Local and national government subsidise bus use through a fuel duty rebate and free travel for the elderly and disabled, which effectively subsidises the private operators. Bus operating revenue coming from concessionary bus fare reimbursement rose from £0.63 billion to £1 billion between 2004–2005 and 2017–2018, accounting for as much as for45% of some bus operators' revenues.

The problems in Britain have evolved because of ideological commitment to privatisation rather than equity and public service, and active political pressure from private companies. Thie means public transport is treated as a consumer service to individuals, rather than a system for delivering the public benefits of affordable mobility and reduced emissions.

Public ownership and control is clearly a better alternative. Unlike the rest of the country, London

TABLE/CHART 15:
Growth in passenger journeys in regulated London

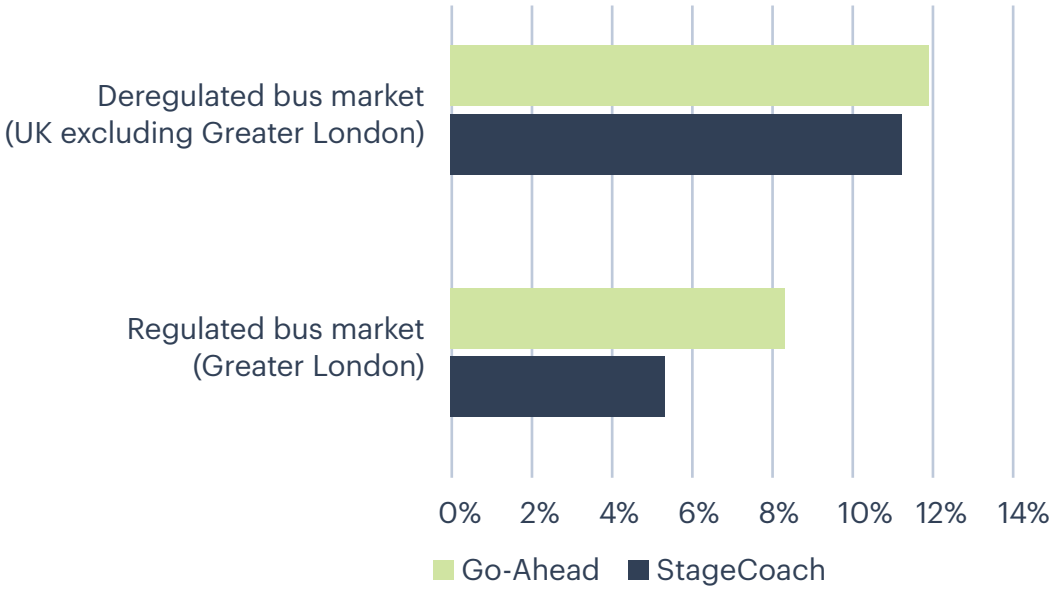


Passenger journeys on local bus services by metropolitan area status and country per head of population 1991 – 2017.
Source: DfT Bus Statistics Table BUS0103

bus routes are established through coordinated public planning by TfL, with far better outcomes, even though operations are still outsourced through competitive tendering. Between 1990–2010, bus travel per capita increased in London, but declined in other cities.

The profits generated from operating in London's publicly controlled tendering system are much lower than in the deregulated environment in the rest of the UK.

TABLE/CHART 16:
Lower profits for private bus operators in regulated London



Operating profit margins of two majr bus operators in the regulated and deregulated markets in the UK in 2018.
Source: StageCoach (2018: 2), Go–Ahead (2018: 38).

The campaign group We Own It estimates that public ownership would save over £500 million per year. Over the last 40 years, nine municipally-owned bus companies had survived and thrived in England, Scotland and Wales, while most of Northern Ireland's buses are run by the regional government's company, Translink. Opinion polls have consistently shown massive support for public ownership of bus companies: in July 2024 a YouGov poll found 66% in favour of public ownership of bus companies.

DISCUSSION AND CONCLUSIONS

Discussion

The evidence in this report confirms the results of the ITF's report on Private Equity Funds in The Korean Bus Industry[123] and the PSIRU reports on private equity involvement in French Early Child Education and Care Companies, for the European Federation of Public Service Unions, and in The Privatisation Playbook, for Public Services International (PSI). A clear pattern emerges in which the involvement of private equity is used to increase the priority given to shareholder returns over service quality, worker conditions and public interest.

Once privatisation of any kind is in place, it is hard to exercise effective public control to protect against the consequences. In Korea's public bus system, for instance, regulators have had little impact on a system allowing PE funds to leverage public subsidies while gutting worker protections. TfL in London makes a difference to the performance of buses, but through a public sector transport agency, and leaving private contractors as employers. The collective union agreement between Fiera Infrastructure and the Carpenters Union in Canada strengthens the regulation of employment in one company, but does not impose a new rule on the system of construction contracts and PPPs.

International financial institutions, including the World Bank Group, have played a key enabling role in this expansion. By de-risking investments and mobilising public and development finance, IFIs blur the public-private boundary. In Chile, the IFC helped structure a public-private framework for e-bus procurement that ultimately facilitated rapid PE-led consolidation. In Malaysia, the state's own sovereign wealth fund backed airport restructuring, only to see the system exposed to opaque ownership and debt-fuelled strategies. These cases illustrate how public resources and policy frameworks are being repurposed to serve PE logic rather than public need.

This trajectory raises profound questions about democratic control, social equity and public value. The evidence shows that PE ownership leads not only to declining service quality and deteriorating labour conditions but also to structural fragility, as seen in the greater prevalence of bankruptcies – like Estro in Dutch childcare – and rising debt burdens in privatised transport.

Yet, alternatives do exist. Public-led, in-house models such as Madrid's metro system demonstrate the viability of publicly-owned and operated services rooted in democratic governance, cost-efficiency, and social mission. These examples offer a compelling counterpoint to the PE model, reminding us that public services can and should be delivered in ways that prioritise long-term public value over short-term investor profit.

Conclusions

Four main underlying principles emerge:

- Firstly, that the fundamental problem is with all forms of privatisation. The damaging effects are intensified by PE involvement, but focussing on eliminating PE while tolerating other forms of privatisation is a misleading diversion.
- Secondly, the way PE and other forms of private capital enter the public transport systems includes not only operations, but also elements of the supply chain, including vehicle leasing and PPP construction projects.
- Thirdly, while regulation of systems which have been privatised is a necessary focus of attempts to protect workers and the public, demands on regulation should be seen strategically, to make privatisation economically less attractive for companies. Sector-wide collective agreements with unions and national 'fair wages' regulations are a much stronger approach than deals with individual private operators.

- Fourthly, public ownership remains a better and more cost-effective option, not only for operation but also for investment in new systems, e-buses etc. Successful public-led cases, such as Madrid's metro system, achieve world-class outcomes through in-house expertise, public ownership, and finance, demonstrating the power of public economics to outperform privatised approaches.

A strategic response involves a number of elements:

- Unions, social movements and progressive political parties should continue to prioritise resistance to privatisation of transport services at local, national and international level. The central method should continue to be insisting on public debate and involvement in evaluation of all proposals for private operation or leasing or construction, against the permanent preferable alternative of direct public procurement, government finance for capex costs and local manufacture.
- This should include pressure on IFIs and DFIs to channel financial support to public sector, as well as targeting PE as a particularly damaging and anti-democratic form of privatisation, but not as the main issue.
- Campaigns should also address the problem of leasing, calling for governments to support e-bus and e-locomotive purchases through cost-effective and accountable public finance mechanisms, combined with local manufacturing of these vehicles. The whole sector and supply chain should become a focus for national economic policy to develop sustainable skilled employment in socially useful production.
- In addition, wherever privatisation exists, there should be demands to eliminate public subsidies or guarantees to private operators or leasers, and to limit the extraction of dividends and interest payments.

ANNEXES

ANNEXE A: Methodology, bibliography, and Lexis-Nexus

Methodology

The research carried out for this paper drew on the existing expertise and knowledge of PSIRU staff, and a range of searches for existing research and primary evidence from press reports and elsewhere. These included:

- Internet-wide Google searches for relevant publications and reports.
- Google scholar searches for academic publications.
- Lexis-Nexis searches for media reports – the headline results are set out below.

Press and academic sources identified by these searches – including Wikipedia, especially for companies – were treated as reliable.

- Zotero was then used to store all references and generate a bibliography, set out below.

AI was asked to respond to general questions, but these responses were not treated as reliable sources. They were used mainly to check if other searches had missed some companies or case studies. In every case where AI suggested something additional, it was checked by other searches to find a reliable source: if not, the AI statements were disregarded. AI reports were requested from both Chat-GPT and Deepseek.

Selected sources

To continue monitoring the penetration of PE and its impact, the authors have found the following freely open online resources on private equity, BRI and public transport privatisation most useful:

- Private Equity International https://www.privateequityinternational.com/
- Africa Private Equity News https://www.africaprivateequitynews.com/
- Private Equity Stakeholder Project https://pestakeholder.org/
- Sustainable Bus https://www.sustainable-bus.com/news/
- International Railway Gazette https://www.railwaygazette.com
- Green Finance and Development Centre https://greenfdc.org/

Zotero bibliography

The references for the sources used in this report have been stored in a Zotero system. A complete bibliography listing all these references is attached. These items are also referenced in the footnotes in the text of this report.

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ANNEXE B: PE and large transport infrastructure

Malaysia Airports: Private equity and the financialisation of strategic infrastructure

The case of Malaysia Airports illustrates how strategic national infrastructure is increasingly shaped and controlled by global private equity capital. This shows private equity (PE) penetration into public transport systems also through state-led but profit-driven financial strategies thereby blurring the lines between public and private. Malaysia Airports Holdings Berhad (MAHB) operates nearly all commercial airports in the country, including Kuala Lumpur International Airport (KLIA), the main international gateway. In 1999, MAHB became the first major airport operator in Southeast Asia to be listed on a stock exchange. This move marked an early experiment in partial privatisation aimed at accessing capital markets while retaining public control. Until 2023, more than 54% of MAHB's shares were held by three state-owned investment vehicles: Khazanah Nasional (Malaysia's sovereign wealth fund), the Employees Provident Fund (EPF), and KWAP (the civil service pension fund).[124]

This ownership structure shifted dramatically with the proposed takeover by the Gateway Development Alliance (GDA), a consortium of four entities. The bid is led by UEM Group Bhd (a subsidiary of Khazanah) and the EPF, both of which were already major shareholders in MAHB. They are joined by two foreign investment giants: the Abu Dhabi Investment Authority (ADIA) and Global Infrastructure Partners (GIP), a US-based infrastructure fund. GIP specialises in infrastructure assets across sectors such as energy, digital networks, and transport. It had approximately US$100 billion in assets under management by 2024. Just before GIP's involvement in MAHB the American asset management giant BlackRock completed a US$12.5 billion acquisition of GIP, consolidating its position as a global infrastructure powerhouse with over US$150 billion in infrastructure assets.[125]

While two of the dominant partners (Khazanah and EPF) are public investment funds, the inclusion of GIP-BlackRock marks a significant entry point for global PE into Malaysian airport infrastructure. This deal reflects a broader regional trend: using sovereign wealth to anchor investment consortia that attract foreign capital while maintaining the appearance of national control.

MAHB's transformation from a publicly listed entity to a privately held company under this consortium exemplifies how private equity can gain access to essential infrastructure not through outright privatisation, but through strategic partnerships with state capital. The case underscores the need to interrogate how financial logics and global capital reshape governance, financial structuring, and potentially the labour and service dynamics of public transport systems.

India ports: From PPPs to PE

PPPs in India's port sector:

India's port infrastructure has become a key site for privatisation. In India, there are 12 major ports and over 200 non-major ports, with the sector currently handling around 95% of India's trade by volume and 70% by value.126 Government policy has actively encouraged private sector involvement, particularly through PPPs, opening the door to growing interest from infrastructure investors and PE funds.

Since the late 1990s, the Indian government has incrementally shifted towards a 'landlord model' of port governance. In this arrangement, the state retains ownership of land and oversight responsibilities, while private operators finance, build, and run port terminals under long-term concessions.[127] As of April 2022, 123 PPP projects with an estimated investment of INR 2.63 trillion (approximately US$ 31.16 billion) had been implemented.[128]

Pro-private sector policy tools such as 100% foreign direct investment (FDI) under the automatic route, ten-year tax holidays, and restructured concession agreements have facilitated the growing role of private investors. Notably, the updated Model Concession Agreement (2021) permits incumbent concessionaires to bid for renewals with preferential rights, while also introducing provisions for business revival plans in cases of declining cargo volume. These mechanisms reflect a shift toward investor-friendly regulation designed to attract private capital (including global infrastructure and private equity funds) into national port infrastructure.

The Sagarmala Programme and the Maritime India Vision 2030 illustrate how the state plays a central role in shaping the investment environment. Under Sagarmala alone, 45 projects valued at Rs. 47,166 crore (US$5.69 billion) have been launched at non-major ports, with 31 of them proceeding under PPP arrangements. In June 2024, the government approved the establishment of a new major port at Vadhavan, Maharashtra, with a projected cost of Rs. 76,220 crore (US$ 9.14 billion), also to be delivered as a PPP.[129]

One of the most significant corporate actors in India's port landscape is Adani Ports and Special Economic Zone (APSEZ). With a rapidly expanding portfolio, APSEZ has declared ambitions to become the world's largest private port operator by 2030 and carbon-neutral by 2025. Its presence exemplifies how local conglomerates, often backed by private capital and global investment funds, are reshaping port governance in India through aggressive acquisition and infrastructure development strategies.[130]

While these developments have strengthened port capacity and enhanced trade flows, they have also generated significant friction with labour unions. Port workers have repeatedly voiced concern that privatisation compromises job security, working conditions and collective bargaining rights. In 2017, a nationwide port strike was called to protest against the proposed Port Authority Bill and wider privatisation moves, although it was eventually postponed following government talks. Nonetheless, the event highlighted persistent tensions between labour and capital in this sector.[131]

The government's plan to monetise Rs 10,000 crore worth of port assets through PPPs in the next fiscal year, and its broader aim to raise private participation in state-owned ports to 80% by the end of the decade, indicate a deeper institutional commitment to private sector-led development.[132]

However, without stronger protections for labour and mechanisms for democratic oversight, such strategies risk entrenching inequality within port economies.

PE in India's port sector

While India's ports have been significantly reshaped through PPPs, private equity (PE) investors are playing an increasingly important role in financing and governing port infrastructure. The long-term, stable returns offered by port assets, combined with the high capital intensity and relatively low risk, make the sector an attractive proposition for both domestic and foreign PE funds.

PE firms typically enter the sector via Special Purpose Vehicles (SPVs), often formed to execute PPP projects. These structures allow PE investors to co-own port infrastructure with developers, bringing not only financial capital but also strategic oversight and global expertise. In greenfield projects, PE participation may begin at the pre-bid stage, contributing to financial eligibility and enhancing the consortium's credibility. In brownfield investments, PE firms may buy into already operational ports, using their capital to support expansion and modernisation.

The appeal of the sector to PE is underscored by robust financial performance and predictability. For example, cargo traffic at Indian ports grew steadily through the early 2000s, with private container terminals in ports such as Mundra, Chennai, and Tuticorin offering demonstrable profitability.

As competition among PE firms to secure port assets has intensified, the concept of a "premium model" has emerged to guide negotiations between promoters and PE investors. This model quantifies both positive (e.g., strategic alignment, past experience, regulatory clearances) and negative (e.g., investor networks, financial strength) factors to calculate the final price of a stake, often resulting in significant mark-ups over intrinsic valuations.

Without safeguards on public accountability and workers' rights, the increasing dominance of financial actors may entrench unequal outcomes within an already privatised landscape.[133]

Panama Canal: Global politics, PE and infrastructure

In March 2025, a consortium backed by BlackRock, including Global Infrastructure Partners (GIP) and Terminal Investment, agreed to acquire an 80% stake in Hutchison Ports for an equity value of US$14.21 billion. This transaction, involving the Hong Kong-based conglomerate CK Hutchison, delivers control over 43 ports across 23 countries, including the Panama's Balboa and Cristobal terminals which are located at either end of the Panama Canal.

The deal marks BlackRock's largest infrastructure investment to date and follows its 2024 acquisition of GIP for US$12.5 billion. Strategically, the purchase has been framed as a geopolitical victory for the USA. Over 75% of vessels transiting the Panama Canal are tied to U.S. trade, and pressure from the White House (including direct briefings by BlackRock) played a key role in facilitating the deal. President Trump had pledged during his second inaugural speech to "wrest control" of the canal's surrounding infrastructure from Chinese interests, despite the canal itself being operated by the Panama Canal Authority.

While the canal remains under Panamanian control, the ports on either side are now effectively under U.S. private equity influence. The acquisition has political significance but also reflects the growing role of financial capital in securing infrastructure assets tied to global trade.[134]

ANNEXE C: Deaths in privatised public transport and other services

The long table below was created in response to a request from the Open University to provide an overview of deaths linked to various forms of privatisation. The majority of these cases involved the transport sector.

The first two tables show a number of fatal cases involving the company Serco – some of which were in the transport sector – which showed a common set of factors.

Serco is a major group whose entire business consists of various forms of government contracts, concessions, PPPs and outsourced work in general. It operates worldwide in a wide range of sectors: railways, ferries, security guards, roads maintenance, health care, social care, and prisons – also airports, general administrative tasks, laboratories, military actions, waste management,

Serco was criticised and/or fined by regulators, inquests, and official safety agencies, or have agreed to compensate families of the deceased, for failings in relation to all these deaths.

(Hall, David. 2020. 'Deaths and Outsourcing: Lessons from the Serco Cases'. Working Paper. PSIRU. https://gala.gre.ac.uk/id/eprint/28612/)

TABLE/CHART 17:
Serco and deaths: UK cases with Serco found responsible

Date	Sector		Sanctions and enquiries	Public agency
2006	Road	M5 motorway, Bristol. Maintenance worker killed by fall	£300,000 fine: "Serco did not plan, manage and monitor the work properly."	HSE Case 42170500 fatality
2007	Rail	Docklands light railway, London. Passenger on line killed by train	£450,000 fine: "found guilty of breaching its heath and safety duties."	ORR ORR COIN Case 4146863
2011	Ferry	Woolwich free ferry, London. Worker killed while mooring	"The unmooring operation was a routine task, but it had not been captured by the company's safety management system."	MAIB MAIB Very Serious Marine Casualty Report No 22/2012 August 2012
2011	Health care	Cornwall: boy dies during 'after hours' medical services contract	"Short of staff, provided inadequate training, left patients facing long waits and manipulated its results."	CQC Review of Compliance July 2012
2013	Social care	Woman dies after fall at care home.	"Questions still remain over the extent a head injury suffered by Ipswich woman Joy Saunders, 76, had on her death."	Inquest
2004-2014	Detention centres	Seven deaths of inmates in Colnbrook, Dungavel, Yarls Wood	e.g., Man transferred to hospital without medical notes.	Prisons & Probation Ombudsman (PPO) Learning lessons bulletin Mar 2014
2015	Custody	Man dies in cell at Thames Magistrates Court while in Serco custody	Inquest found that, "failures by the police, SERCO and Forensic Medical Examiner contributed to the death of Sivaraj Tharmalingam. A SERCO computer operator marked that cell checks were completed on time despite having no knowledge of whether the checks had been done at all, or by whom. She informed the jury that this was how she had been trained. SERCO's Head of Service Improvement accepted that the computer recording of cell checks was a "work of fiction".	Inquest Mar 2016

TABLE/CHART 18:
Serco: thematic factors in cross-sectoral deaths

	Problem	
1	Inadequate procedures.	Serco was criticised for not planning and managing its motorway maintenance work properly; for not including the basic routine of unmooring a ferry in its safety management system; for not having an adequate procedure for stopping trains in an emergency; for not having systems to record falls by patients in care homes; and for lack of effective systems for communicating medical emergencies in detention centres. This continued over time, despite statements after each case that Serco would put in place procedures to ensure that such deaths would not happen again.
2	Lack of training.	Serco was criticised for inadequate training of staff on its after-hours medical care contract, for its inadequate training of its security and healthcare staff in detention centres, and for failing to make its construction workers aware of risks.
3	Lack of communication between Serco and public agencies.	This was identified as a specific problem in relation to detention centre deaths in the UK and Australia, the death of the passenger on the DLR, and the death of the construction worker.
4	Lying: deliberate misrepresentation of actual performance in Serco reports to monitoring systems.	On the out-of-hours medical services contract, Serco was criticised by the NAO for 'manipulating its results' by lying: "Serco staff fiddled the figures on an astonishing 252 occasions between January and June 2012." For the death of a man in custody in 2015 Serco admitted that it trained its operators to invent times of checks on prisoners and names of staff, and that the records were 'a work of fiction'.9 Serco has also been found deliberately misrepresenting the number of prisoners tagged under a contract. Serco has also been fined for deliberately misrepresenting its performance on a contract with central government for electronic tagging of prisoners.

TABLE/CHART 18:
Deaths in privatised transport systems

Sector	date	country	deaths	
Ferries	1987	UK	193	In the UK in March 1987, 193 people died when a ferry capsized on its way from the Netherlands to the UK, for the simple reason that the ferry had left port while the doors for loading cars were still wide open. The ferries had been privatised by Mrs Thatcher 3 years earlier. The ship was called "The Herald of Free Enterprise" - a horrible irony. An inquest jury found that the cause of death was "unlawful killing". The company was charged with 'corporate manslaughter'.
	1994	Sweden	900	A Swedish ferry, the Estonia, sank with 900 deaths, because its car doors opened while it was it was at sea.
	2011	UK	1	Worker killed on Serco-operated ferry (see below).
	2014	S Korea	304	304 died when the MV Sewoln sank, after a violent sudden turn. The KPTU union said: "Safety experts are now pointing to excessive deregulations, privatisation of public transport and emergency services, the use of precarious work arrangements and the corrupt appointment of officials in oversight agencies as causes of the Sewol tragedy."
Rail	1997	UK	7	In September 1997, at Southall, West London, a Great Western Trains passenger train collided with a freight train, killing seven and injuring 139. The inquiry found that the Automatic Train Protection (ATP) equipment had been switched off due to problems with the system and a lack of driver training in its operation. Teams of two drivers had been replaced by a single driver the previous year in an effort to cut costs. Great Western Trains were fined £1.5 million for violations of health and safety law.
	1999	UK	31	Paddington: in October 1999, near Paddington in London, 31 people were killed when two passenger trains collided head-on. Problems with driver training were identified. Fitting of an ATP system had been rejected due to cost. Thames Trains was ultimately fined £2 million, while Network Rail (the successor to Railtrack) received a fine of £4 million. The inquiry report explicitly pointed to a number of problems with the way privatisation had been carried out: fragmentation created management problems, safety leadership had become inconsistent, performance targets had weakened the safety culture, franchises were too short with inadequate consideration of safety, and too many contractors were insufficiently supervised by Railtrack.

	2000	UK	4	Fragmentation was at the heart of the fatal rail crash at Hatfield in the UK in 2000. Four people were killed and over 70 injured when a GNER train derailed outside of Hatfield station in Hertfordshire. 33 The derailment was caused by a fractured rail. The problem with the rail had been identified over a year earlier, but requests to address the problem from the regulator were passed between Railtrack and its contractors. Charges of manslaughter brought against the companies and their executives were ultimately dropped.
	2002	UK	7	Poor maintenance was to blame for another deadly derailment in May 2002 at Potter's Bar just north of Greater London. Seven were killed and 76 injured when a West Anglia Great Northern train derailed as a result of points which had been poorly maintained due to inappropriate training for maintenance workers. Private contractor Jarvis Rail ultimately accepted responsibility for the accident. However, the long-term impact of this and the preceding accidents on Network Rail culminated in a decision to take all maintenance work back in-house in 2003.
	1993-2003	New Zealand	11	State-owned New Zealand Rail (NZR) was sold in 1993 to Tranz Rail, which managed to get its employees exempted from the national Health and Safety Act, and was left instead to devise and inspect its own safety systems. In the five years after privatisation, between 1995 and 2000, eleven Tranz Rail employees were killed. Armstrong (2013, 25–6) argues that several of these deaths were a direct result of staffing cutbacks and Tranz Rail's failure to comply with its own safety systems. The loss of life only ended with the successful call by the rail workers' union for an independent inquiry in 2000. After the inquiry, the number of derailments, injuries and deaths fell precipitously. In 2003 the exemption of rail employees from the Health and Safety Act was repealed.
	2013	Canada	47	A freight train carrying crude oil was parked overnight on a main line, but the brakes failed and the runaway train derailed, setting off a fire and explosion that destroyed the town centre of Lac-Mégantic in the province of Quebec, with 47 lives lost. An investigation identified insufficient training, 'weak safety culture', and inadequate regulation.

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