

43. Improving Canada's Infrastructure Through Public-Private Partnerships (P3s)

Issue

As Governments face the reality of shrinking budgets and rising debt, they need to consider more efficient ways to deliver public services to taxpayers. P3s are one tool to have in the tool box. However, governments must have the capacity to manage and deliver P3s effectively and efficiently.

Recently the federal government has removed P3 screening for municipal projects making it incumbent on municipalities to have the knowledge and expertise to know when to use and when not to use the P3 model. Now more than ever municipalities need to have the ability and technical expertise to manage P3 projects effectively.

According to the Federation of Canadian Municipalities, costly business cases, excessive program application processes, and up-front legal fees can discourage municipalities from pursuing the P3 option.¹ Current programs do not provide the support that municipalities require to do this work.

Without this support, increasing the use of P3s in Canada will continue to be a challenge. Support for building this capacity will maximize federal investments by empowering municipalities and other levels of government to make the best choices for future infrastructure requirements.

Background

When chosen for the right projects, P3s can improve the delivery of public infrastructure and provide better value for money. The advantages of a P3 model include:

- Achieving value for money
- On-time and on-budget delivery
- Allocating risks to the partner best able to manage them
- Supporting innovation through performance-based contracts and competitive bidding.

Canada is a P3 global leader. In fact, according to research the world comes to Canada to learn how to develop P3 projects.² To date there have been 236 P3 projects in Canada, 49 at the municipal level. In 2015 a record of 22 projects reached financial close.³

Through organizations such as the Canadian Council for Public Private Partnerships and PPP Canada Inc.⁴, all levels of government and the private sector can avail of supports to become better at delivering P3s.

Recommendations

That the federal government:

1. Provide technical support as needed to assist municipalities and provinces/territories on developing business cases to analyze the most effective financing model for a particular project.
2. Work with municipalities and provinces/territories to ensure that all relevant public sector employees are able to efficiently manage P3s and deliver quality P3 investment in a timely manner.
3. Promote, with provincial/territorial and municipal governments, the viability of P3 projects in mid-sized urban centres across Canada.

¹ <http://www.fcm.ca/home.htm>

² http://www.pppcouncil.ca/web/pdf/canada_p3_white_paper_swg.pdf

³ <http://www.cpppp.ca/>

⁴ <http://www.p3canada.ca/en/about-p3s/>