



On the edge Fear factors still surround P3 procurements

by Richard Bray

Many governments in Canada still aren't using public-private partnerships (P3s) to deliver facilities and services. An experienced public servant herself, Jane Peach, executive director of the Canadian Council for Public-Private Partnerships (CCPPP), believes one obstacle is inherent in governments themselves.

"Within government there is no culture that suggests you are a better civil servant and doing your job better if you have a perspective of innovation," she said. "This is not a criticism of government. We grew our governments that way for a reason, but at the end of the day, the impact is that even those constantly striving to make things better might consider P3s a little bit out on the edge."

But innovation is exactly what is needed to renew Canada's decaying infrastructure and deliver a widening range of services to a changing population.

Lucien Bradet, director general of Industry Canada's Service Industries Branch said, "Because we don't have a lot of experience in the P3 field, the credibility of the business case is not always there. People don't always believe what they see or what they hear."

He said elected officials and bureaucrats worry about governance issues. "People don't exactly know, at the municipal level, or even the provincial level, what the role of the public sector versus the private sector is when entering such arrangements."

Jacques Huot, a project and infrastructure finance specialist who served as Ontario SuperBuild's vice-president for P3s, identified two obstacles to getting P3s done.

"First, the federal and provincial governments need to create a legal environment that allows and encourages P3s to proceed." Legislation is necessary, he said, to ensure that P3s are not seen as a violation of the Canada Health Act, for example. "They certainly aren't now, but it needs to be clarified, because unions are out there saying this is the thin edge of the wedge."

He also thinks the federal government should revise its sharing agreements to earmark a certain amount of its funding for P3s. "Let's get serious about this. It is question of saying, 'if you want my money, you've got to make my money work efficiently.'"

For Huot, education is a close second. When P3 proponents use the word education it can have two meanings: first, the practical mechanics of doing a project – hiring consultants, negotiating agreements, drafting the contract; and second, a counterweight to anti-P3 information put forth by its opponents.

"The only way you can eliminate misrepresentation is education and research," Huot said.

Jonathan Huggett, a Victoria, BC-based P3 consultant said, "You know, one of the easiest propaganda tools is to get up and say, 'here is what they really plan, here is what the real agenda is.' Whether it's true or not is completely irrelevant. It generally scares people. Therefore, projects generally don't get done because of that."

Efforts are underway to support public servants and politicians in their efforts to promote P3s.

"What you have in Canada, at every order of government, is a truly professional civil service that doesn't take a long time to get up to speed on the concepts needed to manage a P3," Peach said. "We have great P3 advisors in this country. Our professionals working as consultants in this area are extraordinarily reasonable by international standards."

As part of its educational work, Peach said, CCPPP produces affordable P3 documents, the latest of which is *Public-Private Partnerships and Trade Agreements: Guidance for Municipalities*, by Robert Paterson of the University of British Columbia law faculty.

"There isn't a municipality in Canada that can't afford [the small CCPPP membership fee]," Peach said, "and if you do belong, you get publications in any given year worth more than the membership rate."

Bradet's department has produced two new documents, a *Public Sector Readiness Assessment Tool* and a *P3 Communications Toolkit*, designed to elevate the level of credibility and confidence in the process. "We are discovering that there are still some basic things that need to be done. Those are two very important tools," he said.

At a new Ottawa company called P3 Advisors, veteran consultant Abraham Akkawi advises municipalities on the design of P3s. "Smaller and medium-sized municipalities face a challenge because they usually don't have the budgets to go outside for significant help. Unfortunately we have seen that the more help you need, the more costly that help becomes," he said. As one practical solution, Akkawi said smaller governments could ask consulting companies to work on a contingency basis. "In other words, 'just pay us fifty cents on the dollar. Pay the other fifty cents when we deliver.'" That has the potential to create conflicts of interest, Akkawi acknowledged, but nothing that a good procurement process cannot overcome.

The other way to finance essential consulting services, Akkawi said, is to factor it into the cost of the process.

The experts interviewed for this article believe Canada's construction companies are capable of building and running the projects.

As Jonathan Huggett said, competency is not the issue. "It sounds odd, but building a \$600 million dollar bridge over the Fraser River is easy. Getting public buy-in is an entirely different thing."

P3s can be an innovative and effective way to deliver public services, but many potential projects are waiting for the political will. *MB*

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