

CUPE researcher warns of dangers inherent in public-private projects Bill Cleverley, Times Colonist

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Any financial case for building a sewage-treatment plant as a public-private partnership will have to be examined closely, Capital Regional District directors were told yesterday.

Blair Redlin, a researcher with the Canadian Union of Public Employees, said a growing number of P3 projects locally and abroad have cost far more than projected and there's mounting evidence P3s are not the most cost-effective choice for taxpayers.

"Our experience with P3s around B.C. and internationally is that things often become done deals and then people often regret the results later," Redlin said.

"It's worth remembering the vast majority of water and wastewater sewer projects -- the vast majority in Canada -- have been done and are done still with public procurement and public operation and maintenance. The P3 option is a risky and experimental choice. It's not the conventional way of doing things and it needs to be inspected very thoroughly."

Redlin's comments come as the CRD continues to firm up plans for sewage treatment for Greater Victoria, estimated to cost \$1.2 billion.

The federal, provincial and municipal governments have agreed to share costs, but the B.C. government said any capital project in which its share is more than \$20 million must be considered for a private/public partnership.

The CRD has contracted Ernst and Young Orenda Corporate Finance to provide a financial analysis of the sewage-treatment project, including options for private-sector involvement.

Redlin called the financial review being conducted by Ernst and Young Orenda secretive, adding the company is an advocate for private-public partnerships. "We would love to be proved wrong, but we're apprehensive that a report will come before you, in final form this next February, that will make the case for public-private partnership. He urged CRD directors to "create the same level of transparency and public engagement" in the business case as it has in other aspects of the proposal development.

Redlin presented the directors with 10 questions CUPE believes should be asked in examining the business plan. Questions include whether a draft report will be made available for public input before the final Ernst Young and Orenda report is presented, whether there will be a public report on projections for full costs of P3 procurements and what role Partnerships B.C. has played in developing the business analysis.

He cited several examples of projects where actual costs after contracts are negotiated are far higher than what decision-makers were told when they set budgets and agreed to use the P3 model.

They include: Abbotsford Hospital with a budget of \$211 million and a current cost estimate of \$355 million; Golden Ears Bridge with an original budget of \$600 million and a current estimate of \$808 million; the Sea to Sky Highway project, which is now estimated at \$789 million compared to the original \$600 million; and the Bennett Bridge in Kelowna, with a current estimated cost of \$170 million compared to the \$100 million original estimate.

CRD directors referred the questions to staff for a report.