# BUILDING CANADA:
# A P3 Push?

*Paul Moist*

The federal government unveiled its Building Canada infrastructure plan last fall to a well-orchestrated fanfare of impressive words. Sweeping terms like "historic" and "unprecedented" entered the lexicon of all government spokespeople.

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Behind the spin, there is little new money in the Building Canada plan. There is, however, an unprecedented and unwarranted push to privatization through public private partnerships.

The government claims the plan is investing a "record" amount of money – more than before, and over a longer time frame. While this may be technically true, the plan only provides more funding than previous initiatives because it has rolled different programs into one plan, and extended that funding for more years.

In fact, Building Canada doesn't provide the increased funding required to meet our country's growing infrastructure demands. Major increases had already come with previous governments, and Building Canada announces very little new money – outside of the *Provincial-Territorial Base Funding*, part of the fiscal rebalancing deal with the provinces that gives each province and territory $25 million. While that sum may assist a smaller province, it won't go far in Ontario or British Columbia.

All other Building Canada infrastructure funds are previous announcements that are being extended or repackaged. In fact, over time, the Conservative plan will mean a declining level of federal support for infrastructure.

While the federal government hasn't delivered the additional cash required to make a dent of historical proportions in our infrastructure deficit, it has imposed new requirements that force P3s on provinces and municipalities.

Building Canada includes a mandatory P3 review for any project receiving more than $50 million in federal funds. The plan also includes a $1.25 billion P3 fund, which will subsidize private sector projects and privatization with tax dollars. The final element of the plan was announced in Budget 2008: a federal crown corporation to promote P3s, PPP Canada Inc.

This major policy move comes as evidence mounts that P3s are bad public policy that waste tax dollars. One of the first decisions the head of PPP Canada Inc. should take once in office is to make public the evidence on which the government based its decision to pursue P3s so aggressively.

If BC's experience with a public agency promoting P3s is typical, Canadians shouldn't expect balance from PPP Canada Inc. The Canadian Centre for Policy Alternatives has concluded that Partnerships BC "is

Paul Moist is national president of the 570,000-member Canadian Union of Public Employees.

unable to adequately protect the public interest due to its inherent conflict of interest."

Taxpayers shouldn't expect much transparency or accountability from the P3s being promoted by Stephen Harper's government. In fact, P3s run counter to the Harper government's pledge to increase openness, transparency, and oversight in government. Far from being open to public scrutiny, P3s are shrouded in secrecy – leaving elected officials and concerned citizens in the dark and out of the loop.

The corporate commercial confidentiality built into P3 procurement makes public scrutiny of these projects – including an independent value for money comparison and effective oversight – impossible. The Conservative government and opposition Liberals, rejected CUPE's proposals to increase the transparency and accountability of contracts and P3 deals as part of their *Federal Accountability Act*.

When P3 deals do see the light of day, they are revealed for what they really are: more expensive ways to deliver lower-quality services and facilities.

The simple fact is that the private sector cannot borrow as cheaply as governments. PEI's Confederation Bridge, cited as a successful P3, cost $45 million more because it was financed privately. Multiply that added cost by the number of bridges and highways needing repair or awaiting construction and the result is a staggering misuse of tax dollars that could instead be going directly into infrastructure.

Having lost the cost argument, P3 proponents have shifted the goalposts, arguing the higher cost delivers better service. Experience tells another story – from the number of beds lost in Canadian and British P3 hospitals, to Hamilton, Ontario's failed water P3.

If the Conservative government wanted to do something historic and unprecedented, it could have created a plan with permanent, stable, and sustainable sources of revenue for cities and towns to eliminate the municipal infrastructure deficit and reduce their reliance on regressive property taxes. City mayors asked Harper for one percent of the tax annually for infrastructure funding, or $6 billion per year. Instead, the government cut the GST to five percent, a move that leaves less cash on the table for this or any other government.

Rather than alleviate the infrastructure crisis, the government has opted to continue to cash-starve municipalities, while introducing new measures promoting P3s. If I were a conspiracy theorist, I'd wonder whether the two were connected. *MW*

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