

Privatization

What's in the budget?

Privatization and P3s were not explicitly discussed and PPP Canada Inc. did not receive additional funds from the 2010 budget. Privatization and P3s were however discretely referred to throughout the document.

- Year 2 stimulus funds, many with built-in P3 incentives through their matching fund requirement, were renewed until March 2011.
- \$10 million was provided to support the legal, financial and technical work required to push through the Windsor–Detroit P3 bridge.
- Extension of the First Nations Water and Waste Water Plan for 2 years. The funding commitment is undeclared and it appears the government may be considering options other than public financing stating they are looking for “ways to more effectively support access by First Nations to alternative sources of financing, and approaches to improve the life-cycle management of capital assets”

What does this mean?

Government inaction in the 2010 budget is as much a warning sign of increasing privatization and P3s as is their explicit support. Without providing additional funding to address the crisis facing First Nations communities; the municipal infrastructure deficit; the crisis in our

education and health systems; the need for national child care and early childhood education, long term care, and affordable housing and transit strategies, this budget could be considered a gateway for increasing privatization and the use of contracting out and P3s as funding “solutions”.

Extending the First Nations Water and Waste Water Plan for 2 years without committing funding illustrates the point above. The public health crisis facing First Nations communities cannot be underestimated and genuine federal commitment to address this issue is long overdue. Claims that “alternative sources of funding” are being sought by the government raise alarm bells that signal to us that our governments is attempting to place our water and the health of First Nations’ communities in the hands of the private sector.

Commitment to Year 2 stimulus spending is welcome but the fact remains that many of these projects require matching funds. Underfunded municipalities and universities, for example, may only be able to avail of these funds through P3s. Stimulus funds are heavily weighted towards infrastructure projects such as roads, bridges and buildings and neglect important social infrastructure such as education, child care, health and social services. In the absence of genuine support, the latter become vulnerable to corporatization and contracting out. This

has a greater impact on women who are overrepresented in these jobs.

It is no secret that P3s and contracting out cost taxpayers more, are responsible for deteriorating working conditions, reduce the quality of services, increase the time required to complete projects, and are far less democratic and transparent than public financing. The \$10 million provided specifically to support the legal, financial and technical work required to push through the Windsor–Detroit P3 bridge is a case in point. Lengthy, expensive legal and administrative processes are a characteristic feature of P3s, and one that waste taxpayer's money.

Commitment to equalization payments and to the CST and CHT are welcome but must be tempered by the impending threats to slash public funding in the next few years, potentially leading to increased privatization. The public assets review process currently underway considers divestment as a viable option and illustrates the scope of the privatization agenda of this government.

Support for PPP Canada Inc. continues unabated. An update provided by the Federal Government claims 2010 support for P3 procurement will exceed \$100 million for provincial, territorial and municipal projects. It can only be in the interest of drumming up business for the private sector that the government continues to support and fund the PPP Canada Inc.

What would be better choices?

This budget could have recognized our communities as the backbone of our economy and our citizens as the real generators of wealth. In doing so, the government could have chosen to:

- Prioritize communities' interest over corporations;
- Recognize the need to support public provision of services, public procurement and local economic development;
- Increase federal transfer payments and directed funds to provinces and municipalities after years of underfunding.
- Commit to funding that is long term and sustainable and stop creating incentives for P3s;
- Invest in social infrastructure and support national strategies in childcare and early childhood education, long term care, affordable housing and transit.
- Publically fund our municipal infrastructure and provide a plan to ensure all repairs, upgrades and new buildings support green initiatives and green jobs;
- Promote Public–Public Partnerships (PUPS) instead; and
- Turn the PPP Canada Inc. and the PPP Fund into the Public Assets and Financing Agency and a Public Assets Fund.

For more information, visit <http://cupe.ca/budget>

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