

## OP ED

### PPPS PROVIDE BENEFITS TO B.C.

April 8, 2009

As Governor Arnold Schwarzenegger says “It’s like when you look at British Columbia or other places where they have a public-private partnership, where everyone is happy”. At Partnerships BC we are happy with the success of public private partnerships – and here’s why.

All B.C. public private partnerships (PPPs) to date have been delivered on time and on budget. Performance-based, fixed-price contracts ensure that cost and schedule overruns don’t happen and that project risks are transferred to the private partner. Taxpayers don’t pay for a design that doesn’t work or for a service that isn’t provided to the contractually bound standards set by government. And, the public sector owner pays nothing until the project is completed. For example, if the design of a bridge does not work, the private sector must fix it—at no cost to the public—or they don’t get paid. Furthermore, over the course of the project, a successful PPP project is expected to be less expensive than a traditional project.

PPPs are creating new opportunities for construction, engineering and architecture firms across the province. There are many examples of B.C.-based contractors teaming up with international companies in an effort to combine local talent and global expertise that results in innovative design and state-of-the-art facilities. For example, the Canada Line had more than 700 contracts with local businesses, including 483 contracts with local supply firms.

With PPPs the private sector builds infrastructure for British Columbians, which government owns and maintains control over—be it a hospital, a bridge or a road. This is actually the opposite of privatization.

PPPs have an impressive track record in B.C. A total of \$10 billion in projects, across more than 30 public private partnerships have been, or are scheduled to be, delivered on time and on budget in communities across the province. This includes:

The Abbotsford Regional Hospital and Cancer Centre which opened last summer, on time and on budget. B.C.’s Auditor General approved the project report methodology, which stated that almost \$40 million in benefits would be delivered to taxpayers over the project’s life.

The Sea-to-Sky highway upgrade is nearing completion, on time and on budget, ensuring a safe passage for travelers between West Vancouver and Whistler. B.C.’s Auditor General also reviewed and agreed that the report conclusions were fairly and reasonably presented. It showed we will see an additional \$131 million in road safety benefits, including: more passing lanes, more median barriers, reflective road markings and more rumble strips.

The William R. Bennett Bridge in Kelowna, one of the world's few floating bridges, opened in May 2008, on budget and 108 days ahead of schedule.

The Kicking Horse Canyon's new Park Bridge is an engineering marvel through the Rockies. It was delivered on budget and 21 months earlier than if it had been procured traditionally.

Based on this track record of success, jurisdictions from around the world are turning to Partnerships BC to share best practices in the structuring and implementation of public private partnership projects. Partnerships BC works with agencies across Canada and with the federal government to create an effective and attractive pan-Canadian market environment.

PPPs continue to be a viable and popular investment. Private financing is still available and B.C. projects remain attractive. In these times of economic uncertainty, our province is well positioned to continue delivering infrastructure without putting the public taxpayer at risk. In today's economy we are watching our financial numbers closely. We will only enter into partnership agreements where they make sense and serve the public interest.

The PPP model in B.C. is working and delivering benefits to taxpayers. The model has saved money, transferred risk, and has allowed governments to proceed with major capital projects, creating B.C. jobs. It is an excellent way to help this government meet its commitment to ensuring we have the essential infrastructure we need.

Larry Blain  
CEO  
Partnerships BC