

Public and union trust of P3s a winding road: panel

by [LINDSEY COLE](#) May 21, 2015

During the recent Transport Futures P3s in Motion Conference, a question was posed to a panel asking if the public-private partnership traffic light was red, yellow or green.



Depending on who was asked, it was almost at a full stop, for others, it was definitively a go.

The panel was on gaining public and union trust, and featured Bob Kinnear, president of the Amalgamated Transit Union Local 113, Hugh Mackenzie of Hugh Mackenzie and Associates, Mark Romoff, president and CEO of the Canadian Council for Public-Private Partnerships and Mike Yorke, president of Carpenters Local 27 of the Carpenters District Council of Ontario.

"There's no lights on at all at the moment," stated Mackenzie about the use of P3s. "How can you convince people that the government is capable of protecting the public interest in P3 agreements, when we've got a fist load of significant examples in Ontario where that's failed."

Mackenzie pointed to the previous sale of Hwy. 407 in the late '90s and the failed gas plants as some examples.

"Every one of the so-called Liberal scandals that we've experienced over the last 10 years, every one of them can be linked to what amounts to a failed P3 contract," he added.

However, both Yorke and Romoff were quick to defend the P3 model, stating it has obvious benefits.

"We do believe that P3s have worked well. There's been no deterioration on our collective bargaining, our working conditions or our wages," Yorke explained.

"In fact, P3s have generated real jobs and real investment. Here in Ontario, 175,000 full time equivalent jobs...\$10 billion in total income, wages and benefits, \$15 billion in total GDP. These are numbers that are valued to our members and our communities."

Romoff stated P3s need to be a tool in the toolbox in order to move needed infrastructure along.

"This is an approach that has to be looked at seriously," he said. "These projects continue to deliver and furthermore with every project they get better."

He stated Infrastructure Ontario has a strong reputation in managing P3s with 97 per cent of the 37 Alternative Financing and Procurement (AFP) projects recently reviewed delivered on or under budget and 27 completed on time.

"The argument is very very compelling," he added.

"I think that the government of Ontario would say categorically a number of projects, particularly hospitals in Ontario, would never have gone ahead had it not been for access to the AFP approach."

However, from a transit perspective, Kinnear wasn't optimistic about P3s.

"Honestly, I'd like to learn of an example of a transit privatization success because otherwise it means that the people at the very top have absolutely no idea what they're talking about when they recommend transit P3s," he stated.

When the panel was asked about the potential for municipalities to move into the AFP realm more prominently, several panelists expressed concern as to how that would be carried out.

"The municipalities, generally the scope of work...may not meet the scope of major investors," explained Kinnear.

"In general I think that municipalities are operating at too close and too small at the end of the spectrum of P3 investment," added Mackenzie.

"I think it would be a mistake."

Yorke stated each project would have to be looked at carefully, so that if elements were bundled to make the project more appealing, it wouldn't exclude smaller businesses from trying to compete.

"The industry needs growth. If you bundle everything, then you exclude a lot of the smaller players," he said.

"You have to be pretty careful in how you approach it."

Romoff, however, said it shouldn't be completely ruled out.

"What I will say about municipalities is that they have a pretty dismal track record of delivering projects using traditional procurement," he stated, pointing to several Toronto projects like the Spadina subway extension, and the Queens Quay revitalization, which have both come in significantly over budget.

"These are clear examples of projects that have not brought the discipline that P3 demands you bring to these projects."

Mackenzie said more discussion needs to be had around P3s and their effectiveness.

"A lot of the discussion we get into about P3s...makes the implicit assumption that if there isn't a P3, there aren't going to be any infrastructure projects," he said.

But Yorke said for his members, the use of P3s was pivotal during the recession, ensuring there was work.

"Is the P3 model perfect? No. Does it work? I would say yes," he added.

"Has it helped to keep the economy going and our people working? Absolutely."