

## JOHNSTONE: To P3 or not to P3? That's the question

BY **BRUCE JOHNSTONE, LEADER-POST** OCTOBER 25, 2013

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In Edmonton, Florence Hallock School which opened in September 2010, was built through a public-private partnership. The Alberta government opened 18 P3 schools in 2010 and another 10 in 2011, with 12 more to be opened in the 2014-15 school year.

Photograph by: Bruce Edwards, Edmonton Journal

Public-private partnerships (P3s) are seen in certain political and business circles as the be-all and end-all.

While many public sector-financed projects come in over-budget or overdue, P3 supporters say private sector contractors with "skin in the game" can be trusted to deliver projects on time and on budget, or pay large penalties for missed targets and deadlines.

In other words, P3s are seen as the panacea to all of our infrastructure problems.

However, P3s are not the perfect model for every infrastructure project. Sometimes, as was the case with the new waste water treatment plant or the new stadium, P3s are the right solution. But the proposed bundling of nine elementary schools in one big P3 project, as announced in Wednesday's throne speech may not necessarily be the best use of the P3 model.

What's the difference?

First of all, P3s work best for large-scale (\$100 million to \$200 million projects or more) and ones that require specialized skills, state-of-the art technology and a proven track record of delivering projects of similar size and type on time and on budget.

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Do you want contractors learning on the job, while they're building a stadium or a waste water treatment plant for the first time? No. You want companies of sufficient scale and competence to build large projects that are technically challenging and financially daunting.

But schools are another matter altogether. Most large or even medium-sized contractors in the province can build a school. Many Saskatchewan-based construction firms, in fact, have built schools in this very city recently.

But nine of them? Probably not.

Education Minister Don Morgan said the government plans to hire one big contractor to oversee the "synchronous design and financing of all nine schools," although smaller contractors can bid on parts of the construction work. Morgan added the government doesn't want to do anything to shut out local contractors and wants to involve local companies in the P3 process.

But the head of the Saskatchewan Construction Association, which represents large and small contractors in the province, worries that its members could be shut out of the P3 bidding process by size alone. Only three companies in the province could bid on a P3 contract of this size, so smaller or mid-size companies could be out in the cold, says Mark Cooper, president of the SCA. "We don't think it's the right move, because it has an impact on smaller and mid-sized businesses."

Interestingly enough, the Sask. Party government looked at using P3s to build schools in 2008 and didn't like what it saw. Then-education minister Ken Krawetz toured a P3-built school in New Brunswick and the government of the Maritime province was not keen to repeat the experience.

Of course, Morgan says things have changed in the past five years and that the "bundling" of about 40 P3 schools in Alberta has proven to be a "tremendous success" and saved "hundreds of millions of dollars."

That may well be the case. But there's also ample evidence that the "cookie cutter" approach to building P3 schools, while cost-effective, may not be the best model for the schools' users — local communities.

Let's look at Alberta's experience. The Alberta government opened 18 P3 schools in 2010 and another 10 in 2011, with 12 more to be opened in the 2014-15 school year.

The first batch of schools were built using a "bare bones" design that provided space for classrooms, but little else. Daycare centres, community associations and other extracurricular activities were effectively shut out of the facilities. Subsequent P3 schools have been redesigned to accommodate these uses, but at what cost?

Remember that each community is different, with different needs and different levels of infrastructure, like churches, community halls, etc. A school built for suburban Regina or Saskatoon may not require the same facilities as one built for Warman or Martensville. Can one elementary school design meet these all of communities' different needs? I'm skeptical.

I'm not saying the province shouldn't consider the P3 model for these nine schools in Saskatchewan. By all means, do your due diligence.

But the government must approach the process with an open mind, remembering the object is to educate future generations, not just save money.

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Keith Lee · Top Commenter · Minot State University

The Public-Private Partnership (P3) is yet another ruse of big government to steal your wealth and private property from the productive members of society. A P3 is the essence of fascism and crony capitalism, elected government official political agenda of the ruling class, so both can profit at the expense of our individual freedom.

Reply · 4 Likes · October 26 at 1:10pm



Wayne McGregor · Moose Jaw, Saskatchewan

Ahh...governments waste; what better example than the waste facing us now! There will be more Senators on the If waste is the cost of labour, surely that makes as much sense as corporate profits! Besides, I find it hard to understand directly or indirectly over the schools operations?!

Reply · 2 Likes · October 29 at 8:47am



Wayne McGregor · Moose Jaw, Saskatchewan

A P3 has to make a profit on "x" dollars, where a publically owned school does not! How does it make sense that a PHD to figure out why P3 s were instigated !

Reply · 1 Like · October 28 at 5:37am



Jason Klein

Profit is just revenue exceeding expenditure. Just because a public entity wastes money or has no handle...opposite in fact.

Reply · 1 Like · October 28 at 11:22pm



Keith Lee · Top Commenter · Minot State University

You're right Wayne.... It sure doesn't take a PhD to figure it out that P3's are bad for everyone.

Reply · 1 Like · October 29 at 6:53pm

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