Good evening. My name is Gord Delbridge, and I am the President of CUPE Local 500. Tonight, I have the privilege of speaking to you on behalf of the 5,000+ members of my local.

I am pleased to have the opportunity to speak before committee today.

CUPE 500 represents over 5,000 employees working at the City of Winnipeg, Riverview Health Centre, Assiniboine Park Conservancy, Canlan Ice Sports, Commissionaires (RCMP "D" Division), Emterra Environmental, Gateway Recreation Centre, Historical Museum of St. James Assiniboia, Kirkfield-Westwood Community Centre, Rural Municipality of East St. Paul, St. Boniface Museum, Southdale Community Club, Varsity View Community Centre, Winnipeg Convention Centre, Winnipeg Humane Society, and Winnipeg Regional Health Authority.

On behalf of my fellow workers, I ask that you amend Bill 24, *The Red Tape Reduction and Government Efficiency Act*, and not repeal the existing legislation titled *The Public-Private Partnerships Transparency and Accountability Act*.

This government has said that it wants to make greater use of Public-Private Partnerships.

It seems to be of the belief that P3's are innovative and efficient ways to procure public infrastructure and to deliver public services. My union, the Canadian Union of Public Employees, has been a critic of P3's for a very long time. We have experience with these across Canada, and we have found them to be more expensive, less accountable to the public, and that the public continues to hold significant risk.

But the debate on this issue today isn't about whether we should use public-private partnerships in general or on any particular project – we can save that for another day.

The issue is whether Manitobans are better served with or without *The Public-Private Partnership Transparency and Accountability Act*.

Let's be clear – *The Public-Private Partnership Transparency and Accountability Act* does not stop this province, crown corporations, school divisions, health authorities, or municipal governments from pursuing private-public partnerships.

What it does do is mandate steps be taken to ensure transparency and, hopefully, reduce the likeliness that the public will be fleeced. The existing P3 legislation does do the following:

1. Requires a report be written that compares the P3 project with that of traditional procurement;

2. Ensure that the consultation writing this report has no financial interest in the project;

3. Requires basic public consultation – including making the report above public;

4. Establish a monitor to provide oversight on procurement, make recommendations on public reporting, and prepare a final report on the process. These are to be reviewed and commented on, by the Auditor General; and

5. Requires the public-sector entity to submit reports after construction, during the project, and upon completion of the project. These are to be reviewed and commented on, by the Auditor General.

None of these requirements prevent a P3 from occurring.

All of these actions encourage transparency and accountability. Frankly, we need this legislation. These are enormous, complicated projects, with a terrible history littered with horror stories that as Manitobans we should all want to avoid.

Ontario

In 2014, the Ontario Auditor General released a thorough review of that province's P3 projects. In reviewing 74 projects, the Auditor General concluded that the province could have save $8 billion if those projects had been procured using traditional public methods.

She also questioned existing methods for calculating risk transfers – arguing that there was no justification for the use of unrealistically high-risk transfers which averaged 50% of capital costs. In particular, she found that, quote: "there is no empirical data supporting the key assumptions used by Infrastructure Ontario to assign costs to specific risks"[i]

British Columbia

In 2014, the Auditor General of British Columbia raised major concerns about the high cost of debt through P3 projects. She examined 16 different P3 projects in the province and reported, quote:

> "The interest rates on this $2.3 billion of P3 debt range considerably, from 4.42% to 14.79%, and have a weighted average interest rate of 7.5%. Over the last two years, government had a weighted average interest rate on its taxpayer-supported debt of about 4.0%..."[ii]

Her review shows that P3 projects are creating higher levels of debt than if the government had financed the projects itself, since interest rates are almost double with P3s.

Quebec

In 2010, the provincial auditor of Quebec found that the Montreal University Health Care Centre (MUHC) P3 cost more than the public option, and that the analysis used to compare the P3 model to a conventional public model was extremely faulty.

Instead of the P3 model saving $33 million, the provincial auditor found that the public model would have saved $10 million. The auditor's special report to the National Assembly also found that there was a cost overrun of over $108 million to the original price tag of $5.2 billion. [iii]

Not only that, but a number of the key people involved in the McGill University hospital P3, such as Arthur Porter and the former CEO of SNC Lavalin, have been charged with corruption associated with this project.

Arthur Porter, who was accused of taking $22.5m in bribes for the $1.3 billion construction contract, was arrested by Interpol agents in Panama in 2013. Unfortunately, Porter died in Panama while fighting an extradition order.

His co-accused are still set to stand trial beginning in January of 2019, and the Montreal Gazette suggests it may end up being the longest judicial proceedings in Quebec's history.[iv]

Recently, two researchers from Montreal calculated that the government of Quebec would save up to $4 billion if it bought back the two super hospitals from the P3 consortium.[v]

Conclusion

We point out the Ontario, BC and Quebec experiences for a reason – in all three cases independent government auditors looked after the fact, and in all cases found that P3's were bad deals for the public.

Wouldn't we prefer that a true comparison between a P3 and traditional procurement be completed, and made available to the public, before a project started?

Wouldn't we prefer that the public be consulted with before a project gets approved?

Wouldn't we prefer the Auditor General to point out that the reported risk transfers are unreliable at the start rather than at the end of the project?

Wouldn't we prefer the Auditor General to point out where money could be saved on financing before it's spent, rather than years later like in Ontario and BC?

Wouldn't we rather have Manitoba's Auditor General involved in reviewing these cases from the start, when we may have the ability to change course, rather than well after the fact?

While some may call this red tape – most Manitobans would call this common sense.

Rather than throwing out this legislation, we ask this government to instead turn its mind to improving *The Public-Private Partnerships Transparency and Accountability Act* to ensure even more transparency and better oversight of P3's from the beginning to the end of the end of P3 projects.

Thank you very much.

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[i] Auditor General of Ontario, 2014 Annual Report, Chapter 3.05 Infrastructure Ontario – Alternative Financing and Procurement, p. 203
[ii] Auditor General of British Columbia, The 2014 Summary – Financial Statements and the Auditor General's Findings, October 2014, p. 18.
[iii] Report of the Auditor General of Quebec to the National Assembly for 2010-2011. Special report dealing with the watch over the projects to modernize Montreal's University Health Centres
[iv] Montreal Gazette, "MUHC fraud trial set for January 8, 2019 – six years after arrests", September 27, 2017

[v] Minh Nguyen and Guillaume Hebert, “Devait-on racheter les PPP du CHUM et du CUSM” (English translation: Should we buy back the PPP for the CHUM and the MUHC), Institut de recherche et d’informations socio-économiques (Socioeconomic Research and Information Institute) (IRIS), October 2014.