

being of people and communities. P3s cannot and will not support this kind of Canada.

Building the alternative

The National Union is committed to proactively developing alternatives to the P3 model that will ensure the future infrastructure needs of our communities are met. We will be posting these alternatives at www.nupge.ca and www.p3watch.ca and we encourage you to visit these websites regularly.

What you can do

Stay informed – for a more in-depth look at P3s, where they've gone wrong and what the alternatives are, you can check out these websites: www.nupge.ca and www.p3watch.ca.

Get connected – contact your union to share your ideas and concerns and to find out how you can help expose and oppose P3 projects in your workplace and community.

Spread the word – order and distribute copies of this leaflet to your co-workers, neighbours and friends.

Sign up – join a community coalition fighting P3s.

Speak out – call or write your government officials and tell them you don't support P3s.



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**NATIONAL UNION OF PUBLIC
AND GENERAL EMPLOYEES**

- B. C. Government and Service Employees' Union
- Health Sciences Association of British Columbia
- Health Sciences Association of Alberta
- Saskatchewan Government and General Employees' Union
- Manitoba Government and General Employees' Union
- Ontario Public Service Employees Union
- Canadian Union of Brewery and General Workers
- New Brunswick Union of Public and Private Employees
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The National Union of Public and General Employees is an affiliate of the Canadian Labour Congress and a member of the Public Services International



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P3s Public-Private Partnerships

What they are
Why they're a bad idea

P3s

Public-Private Partnerships

Canada has an infrastructure deficit

Our communities are faced with the need for massive public infrastructure renewal in such crucial areas as: hospitals, schools, water and sewer systems, roads, bridges and social housing. The Federation of Canadian Municipalities has estimated there is a \$60-billion infrastructure “deficit” in our communities – and it’s growing every year.

Our communities will lose their effectiveness and vibrancy if their infrastructure continues to crumble. This would have serious implications for our national economy, identity and quality of life. Action is required. Many governments in Canada are testing out a new strategy called Public-Private Partnerships (P3s). But the evidence suggests matters could very well be worse with P3s. We believe P3s are not the right or smart strategy to pursue.

What are Public-Private Partnerships?

Traditionally, the private sector has played a role in the building of public infrastructure, while governments financed the project from their revenues and the services remained within the public sector. But P3s are very different. They are privatization by stealth.

In a typical P3 deal, a consortium of for-profit corporations wins a contract to finance, design, build, own and operate infrastructure and services. The contract commits the government to lease the infrastructure and services from the corporate consortium over a period of 30-60 years. When the lease is finished, the consortium still owns the infrastructure and services.

P3s are the perfect scam for governments and corporations. Governments like the P3 approach because it allows them to keep the costs of new infrastructure off their balance sheet and fool people into believing the budget is balanced. Of course, corporations favour these sweetheart deals because they guarantee a long-term, stable source of profits without accountability or risk.

Six reasons why P3s are a bad idea

1. We’ll pay more

a) In the long run, it’s more expensive to lease assets than to purchase them up front.

b) Shareholders expect a profit.

c) The private sector pays higher interest rates on borrowed money.

d) The private sector must put down some equity in order to borrow large sums of money.

e) Procurement costs are a lot higher with P3s due to the added layers of legal, financial and administrative bureaucracy involved in negotiating and administering the contracts.

f) Corporations are obliged to meet the letter of the P3 contract and nothing more. The government is on the hook for all unanticipated expenses, costly overruns or mistakes and, if the P3 project ever collapses, the government is left holding the bag.

The price tag for these extra costs is ultimately picked up by the public as the corporations charge direct user fees and/or roll the costs into the lease payments made by governments.

2. Debt is not avoided

Lease payments don’t help governments avoid debt, only defer it. P3s are an inter-generational shell game. Future generations will inherit expensive lease agreements instead of publicly-owned infrastructure and services. The P3 legacy to our children will be nothing but endless rental charges.

3. We’ll get less

There is no uncontested evidence that P3s provide higher quality assets and services than the public sector. But there is ample evidence that the pressures of having to generate higher profits every year for investors lead to choices that compromise the quality of service and client safety. Whenever something is being run for private profit, the overwhelming temptation is to cut corners and dilute the service to increase the profit.

4. Workers abandoned

The evidence is clear that when public assets and services are transferred into corporate hands, revenues and profits are often gained at the expense of workers. Several of the global corporate players in P3s have well-earned reputations for their anti-union actions, job cuts, bare minimum wages and benefits, and poor working conditions.

5. A larger democratic deficit

A functioning democracy requires political accountability to the public and it’s not there with P3s. Public accountability is lost because of the excessive secrecy surrounding P3 deals. There’s no requirement for the government or the corporation to release any data at all, including financial, operational, service quality, fraud or contract violations. It is next to impossible for taxpayers to know how their money is being spent, to judge whether it has been invested wisely, and to hold the company and government accountable.

6. Canadian values at risk

Public infrastructure and services are not simply commodities with a commercial value and potential for profit. Their purpose is to enhance the public good. They are a hallmark of Canadian society which fundamentally values a collective responsibility for the well-

