

## Fact: private financing costs more

There are a lot of numbers going around about Regina's waste water treatment plant. As a voter, you're entitled to the facts.

**Claim:** The City of Regina is claiming that a P3 privatization model will save money.

## Fact: Private financing costs more than public sector borrowing.

How can it be cheaper to pay a private company to borrow money at a much higher cost than it would cost the city to borrow the money? The city admits that private financing is more expensive but refuses to reveal how much higher private financing would be.



**GET ALL THE FACTS**  
**ReginaWaterWatch.ca**  
**(306) 988-1754**

## Water is not a commodity.

Water is:

- a human right
- a common good
- a public service
- an essential human need

Water is a shared resource and a shared responsibility. That's why we must keep our entire water cycle – including waste water – public.

Future generations are depending on us.



# Vote YES!

**SEPTEMBER 25**  
**Keep water public!**

*We all share responsibility for our water resources. P3 privatization is a short-sighted, 30-year secret deal that puts corporate profit ahead of public accountability. Vote YES to keep Regina's entire water system public for future generations.*



**Get the facts at ReginaWaterWatch.ca**  
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## Here's why P3 privatization will cost more

The city won't say what private sector borrowing will cost or what profit margin the private corporation will receive.

Because we can't get these numbers, economist Hugh Mackenzie has made a number of calculations about the possible cost of private borrowing. His most conservative assumption is that private financing under **P3 privatization will cost \$95.9 million more than public financing**, before federal funding. Even after receiving the \$58.5 million federal P3 grant\*, the cost will be a whopping \$37.4 million more for private financing.

Mackenzie also made calculations based on assumptions of PPP Canada, the federal agency that promotes P3s. **Using PPP Canada's own assumptions, the P3 privatization model is even more expensive: \$135.7 million more before the P3 Canada grant and \$77.2 million after taking the federal grant into account.**

In other words, it would be significantly cheaper to say "no thanks" to the federal grant and keep the wastewater treatment plant public, saving taxpayers \$37.4 to \$77.2 million.

*\*In nominal dollars. Mackenzie's original calculations in the report "Flushing Money Away" were based on net present value figures in the Deloitte summary report which showed the value of the P3 Canada grant as \$44.3 million. The city of Regina is using the nominal figure of \$58.5 million for the federal grant, so Mackenzie has revised his analysis to show his calculations in nominal dollars.*

The Process	Regina Water Watch (Public)	City of Regina (P3 Privatization)
Design	Consulting engineer	P3 corporation*
Construction	Private construction	P3 corporation
Finance	City	P3 corporation
Operation	City control	P3 corporation (30 years)
Maintenance	City	P3 corporation (30 years)
Ownership	City	City

*\*Over the course of these long term contracts, projects often go to a consortium and change hands several times.*

## Canadian Auditor Generals on P3s

When the Ontario provincial government cancelled a private corporate deal for the Mississauga gas plant project, Ontario's Auditor General found that cancelling the project cost the province over \$275 million – almost four times the actual construction cost. In part this was because the project was privately financed paying 14% rates of interest to hedge funds, based in the United States and the Cayman Islands tax haven.

In Quebec, not only did the provincial auditor find the McGill University Health Centre (MUHC) P3 cost more than the public option, but a number of the key people involved have been charged with corruption associated with this project.

And closer to home, BC's most-respected forensic accountant, Ron Parks, found that P3 privatization projects have higher costs, bias and secrecy. Parks evaluated four P3 projects: the Abbotsford Regional Hospital and Cancer Centre, the Sea-to-Sky Highway Improvement, the Academic Ambulatory Care Centre (Diamond Centre) and the Canada Line. Developing the projects as P3s was more expensive than if done publicly. In fact, the actual nominal cost of the Diamond Centre was more than double that of a publicly-procured project. ●

*“Let's not burden our children and grandchildren with the high cost of paying corporate profits for 30 years. Future generations will end up paying for this secret P3 deal.”*

**Edith Mountjoy**  
Regina grandmother

