

For Immediate Release
Friday, July 18, 2014

P3 Model Bad for Alberta Taxpayers

Lukaszuk's Appointed P3 Board Idea a 'Recipe for Corruption'

Edmonton - PC leadership candidate Thomas Lukaszuk's proposal to create a "secretariat" that would oversee negotiations of Private-Public Partnerships (P3s) ignores the reality that P3s cost more, deliver less, and could open the door to corruption.

In [comments made to the Edmonton Journal](#), the former deputy premier admitted that P3 deals concerned him, and that he saw the potential for Albertans to be "taken for a ride." His proposed solution is to create a special cabinet-appointed board to oversee Private-Public Partnerships, and to negotiate on behalf of the province.

"I'm heartened to hear Mr. Lukaszuk expressing concerns over P3 funding — as I was heartened when [the province decided](#) to fund new school projects through traditional design-and-build financing," Alberta Federation of Labour president Gil McGowan said. "But his proposed solution could be a recipe for corruption, making it harder for the public to find out the details of the deals. It also gives a small group of appointed individuals — likely partisan political loyalists — the ability to sign off on multi-million dollar projects. I suspect that anyone who serves on this 'secretariat' would find a very comfortable landing in the private sector when they've served their term."

The P3 financing model has been repeatedly shown to be a bad deal for government and taxpayers. The Canadian Centre for Policy Alternatives has found they [carry significant risk to taxpayers, while also carrying higher costs than traditional financing](#). When the Alberta government hired an outside firm to conduct an analysis of P3s school construction, they found that [the model was not in the best interest of Albertans](#).

Since 2003, the government has used the financing method to build large sections of Edmonton and Calgary's ring roads, as well as 41 schools and a water and sewer treatment plan in Kananaskis.

Under a P3 model, government signs a contract with a private partner who agrees to design, build, maintain, and sometimes operate, the project over a period of time. That private company finances some or all of the project, and the government repays the company, with interest, over a set term of several years.

.../2

“Bringing in a for-profit partner on these projects doesn’t create efficiencies, it just adds a pit to shovel tax dollars into,” McGowan said. “It’s only through secrecy, misdirection and shady accounting that they ever appear to be in the public interest. Creating a ‘secretariat’ to oversee P3 negotiations will just create more bureaucracy and less transparency.”

Link to Thomas Lukaszuk’s Comments:

<http://www2.canada.com/edmontonjournal/news/story.html?id=55f32292-01f7-4d85-b3cf-27dc94da35a2>

Unifor445/cope458

File: G:\Communications\NEWS\AFL\2014\Fact Check_P3 Model Bad for Alberta Taxpayers_2014Jul18.doc