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Cost of infrastructure private-public contracts impossible to track Study finds privatization reduces accountability and transparency

EDMONTON – A new fact sheet from the Parkland Institute says that contracting out infrastructure maintenance to the private sector in Alberta has resulted in reduced accountability and transparency, misleading figures on the condition of infrastructure, and increased risk to tax dollars.

The report, entitled *Delivery Matters: Infrastructure privatization and accountability*, looks at the exponential growth in outsourcing of maintenance work for government owned facilities to private ‘property management’ companies in recent years. Between 2006 and 2009, payments to the top five contractors increased from \$6.3 million to nearly \$64 million.

Parkland originally set out to do a thorough cost-benefit analysis of outsourcing versus the costs of managing the facilities in-house. This objective was seriously hampered, however, when Alberta’s privacy office denied Parkland’s request for details of the contract costs.

“This lack of transparency is the reason that the Centre for Law and Democracy recently placed Alberta last in a new study comparing access to information in various provinces,” says Parkland’s research director Diana Gibson. “When public dollars are given to private for-profit companies, there is pressure on the government to provide confidentiality and as a result, Alberta’s freedom of information legislation is now designed and interpreted to keep those contracts secret, even from the Albertans whose tax dollars paid for them. This degree of secrecy, combined with the explosive growth in tax dollars being spent this way, should be a huge concern for Albertans.”

It isn’t just the costs that Albertans can’t see. The study also uncovered that when the maintenance of a building is contracted out, that building is no longer covered by the Ministry’s report of facility conditions. As a result, Albertans get incomplete, and often misleading, information about the condition of taxpayer-funded infrastructure and the provincial infrastructure deficit.

The study also touches on legal and professional issues faced by key executives of both Edon Property Management and SNC Lavalin, two of the largest recipients of Alberta Infrastructure contracts, and highlights the potential risk involved in entering multi-million dollar contracts with private companies.

“Some of the parties that have talked the most about increasing accountability and transparency during this provincial election are the same ones that are advocating for increased contracting out and privatization,” states Gibson. “Our report shows that you can’t have it both ways—private-public contracts mean less transparency in every instance.”

The Parkland Institute is a non-partisan public policy research institute in the Faculty of Arts at the University of Alberta. *Delivery Matters* is available on the Parkland web site at parklandinstitute.ca or in hard copy from the Parkland Institute at 780-492-8558.

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