

Public-Private Partnerships The Canadian Experience

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The Expanding World of Overseas PPP: New
Opportunities for Japanese Investors/Participants
Tokyo, May 22, 2014

The Canadian Council for
Public-Private Partnerships



Le Conseil Canadien pour
les Partenariats Public-Privé



Infrastructure Investment The Global Challenge

Global Infrastructure Deficit

\$57 trillion

Roads	\$16.6 TN
Power	\$12.2 TN
Water	\$11.7 TN
Telecommunications	\$9.5 TN
Rail	\$4.5 TN
Airports	\$2.0 TN
Ports	\$0.7 TN

- **Drives Jobs**
- **Drives Growth + Prosperity**
- **Drives Global Competitiveness**

But some realities....

Infrastructure Challenge

Infrastructure Deficit

+

Fiscal Reality

≈

P3



Canadian PPP Market

Canadian PPP Overview

- **20 year history**
- **209 projects**
- **\$64.7+ Billion**

PPP Projects by Location

Province	Number
Alberta	17
British Columbia	35
Manitoba	4
New Brunswick	10
Newfoundland & Labrador	1
Northwest Territories	1
Nova Scotia	3
Nunavut	2
Ontario	104
Québec	18
Saskatchewan	5
Federal	9
Total	209

PPP Projects by Sector

Sector	Number*	Value (\$B) **
Transportation	46	28.7
Hospitals & Healthcare	79	20.3
Justice/Corrections	19	5.4
Energy	6	4.3
Education	11	1.7
Recreation & Culture	17	1.4
Real Estate	3	0.9
Defence	1	0.9
Environmental	21	0.6
Government Services	4	0.5
IT Infrastructure	2	0.0
Total	209	64.7+

* Includes projects with committed PPP Canada funding that have not gone to RFQ yet.

** Includes only actual cost figures released after financial close.

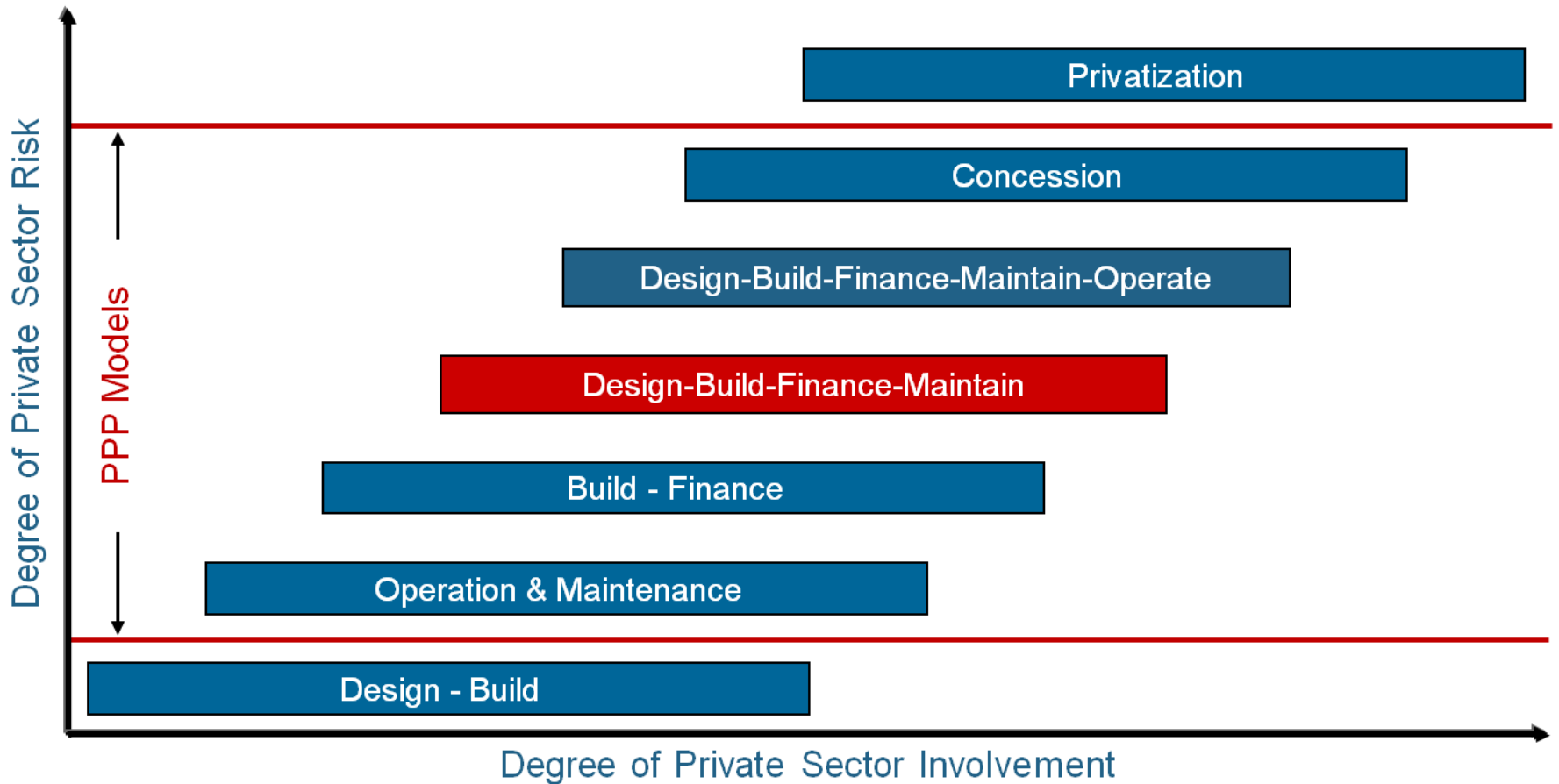
PPP's: What Are They?

What is a PPP?

It goes by many names (P3, PFI, AFP)

- **PPP's are alternative procurement model for government infrastructure to traditional design / construction**
- **A single entity ("Project Co") contracts with government and in turn contracts with consortium partners**
- **The private sector accepts responsibility for Design, Construction, Financing, Maintenance and in some cases Operations**
- **The facilities management component covers a long term concession period (25 – 35 years) with pre-defined hand back conditions**
- **Contracting arrangements are performance based**
 - **Payment from Government only begins upon completion of construction**
 - **On-going payments remain subject to deduction for failures in service delivery**

Models of PPP in Canada



Source: The Canadian Council for Public Private Partnerships

Top Ten P3 Myths

- 1. P3s mean privatisation**
- 2. P3s mean loss of public control**
- 3. P3s are more expensive**
- 4. P3s are bad for small contractors**
- 5. P3s are bad for local contractors**

Top Ten P3 Myths

- 6. P3s are secretive**
- 7. P3s maximise private sector profits**
- 8. The public sector is on the hook if things go wrong**
- 9. Unions do not like P3s**
- 10. The general public does not like P3s**



Canada's P3 Model – Best in Class

Canadian P3 Results

- **On Time**
- **On Budget**
- **\$9.9B Cost Savings**
- **290,680 Direct Jobs**
- **\$25.1B Contribution to GDP**
- **\$7.5B Tax Revenue**

Canadian P3 Agencies

- **Federal**
 - **PPP Canada Inc.**
- **Provincial**
 - **Infrastructure Ontario**
 - **Partnerships BC**
 - **Alberta Infrastructure**
 - **Infrastructure Québec**
 - **Partnerships New Brunswick**
 - **SaskBuilds**

The Canadian Model – Best in Class

- **Political & Public Sector Champions**
- **Favourable Legislative Environment**
- **Value for Money**
- **Risk Identification and Sharing**
- **Whole of Life Costing**
- **Lifecycle Maintenance**
- **Performance-based Contract**

The Canadian Model – Best in Class

- **Fixed Price/Non Performance Penalties**
- **Competitive Procurement**
- **Procurement Process Efficiencies**
- **Transparency & Fairness**
- **Reliability - Commitment to the Model**
- **Well Developed Bond Market/Deep Capital Markets**
- **Labour Transition Provisions**

Labour Transition Best Practices

- **Early, Open & Honest Dialogue**
- **Meaningful Engagement**
- **Successor Rights Protocol**
- **Local Knowledge Criteria**

Canadian P3 Projects



Confederation Bridge, New Brunswick - PEI



Canada Line, Vancouver, BC



Bridgepoint Health, Toronto, Ontario



**AHD Southeast Leg
Ring Road**

Anthony Henday Drive Southeast, Edmonton, Alberta



Goderich Water & Wastewater System, Ontario



Durham Courthouse, Oshawa, Ontario



Autoroute 25, Québec



Disraeli Bridges, Winnipeg, Manitoba



John Hart Generating Station Replacement, Campbell River, BC



Montréal Concert Hall – Maison Symphonique, Québec



Pan Am Athletes' Village, Toronto, Ontario



**Communications Security Establishment Canada –
Long-Term Accommodation Project, Ottawa, Ontario**

The Next Generation of P3 in Canada

Sectors

- **Urban Transit**
- **Water/Wastewater**
- **Social Housing**
- **Green Energy**
- **Broadband**
- **Government Services**

Taking Partnerships Global

Taking Partnerships Global



Location:

Melbourne, Victoria, Australia

Value (NPV): A\$1 billion

Financial Close:

16 December, 2011

Completion Date: Early 2016

Duration: 25 years

Public partner

Victorian Government

Private Partner

Plenary Group (sponsor and investor)

Grocon and PCL (Construction JV)

Honeywell (facilities/ maintenance manager)

The Victorian Comprehensive Cancer Centre (VCCC)

About CCPPP

**To promote innovative approaches to
infrastructure development and service
delivery through public-private
partnerships with all levels of government**

Who We Are

- **Founded in 1993**
- **Non-profit**
- **Non-partisan (Public and Private Sectors)**
- **Member-sponsored**
- **National Representation**
- **International Members**

What We Do

- **Promote collaborative partnerships between public sector agencies/departments and industry**
- **Educate stakeholders and the community on the economic and social benefits of P3s**
- **Advocate for evidence-based public policy in support of P3s**
- **Facilitate the adoption of international best practices**
- **Promote Canada's P3 model and expertise globally**

- **Strategic Partnerships**
- **Education & Training**
- **Research Program**
- **Cross-Canada Events**
- **Annual Conference**

- **National Awards for Innovation & Excellence in PPPs**
- **Case Studies**
- **Next Generation Leaders (YLI, WIN)**
- **Project Database**
- **Opinion Poll**



CCPPP National Conference

Mark your calendars:

P3 2014

November 3 & 4, 2014

Toronto



Canadian P3: Building the Global Standard



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