



“Building the economy of Saskatchewan’s future is going to take a lot of investment and ingenuity. Through the greater use of the P3 model, we will be able to use the experience and efficiency found in the private sector to help us get large infrastructure projects done a lot sooner and cheaper than we would have by going with a traditional model.”

**Gord Gillespie**  
President & CEO, WestWind Aviation

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# Public-Private Partnerships

In order to keep Saskatchewan’s economy growing, we need investments into large infrastructure projects such as roads, hospitals, airports, and rail.

The traditional way of funding these projects meant having the government shoulder the burden on their own. With a Public-Private Partnership model (P3), the taxpayers of Saskatchewan can be shielded against the risk and potential cost overruns, while being able to benefit from innovation, expertise and efficiencies that can be found in the private sector, without losing ownership of the assets.

While P3s aren’t the model for every project, the Saskatchewan Chamber feels that education, and having a well-informed conversation are essential to forming opinions on this valuable infrastructure model, and understanding the benefits it can bring for Saskatchewan.

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# ***Public-Private Partnerships (P3s)***

## **Backgrounder**

Saskatchewan and Canada are facing an infrastructure deficit and public-private partnerships (P3) offer an innovative infrastructure financing and operation model that can help governments better utilize their limited resources by accessing the efficiencies, innovations, and expertise offered by the private sector. Since the early 1990s there have been over 100 P3 projects in Canada, including bridges, roads, and other large infrastructure projects.

Generally, a P3 is a venture which involves the public and private sectors working in co-operation to meet a clearly defined public need through the appropriate allocation of resources, risks, and rewards. A P3 is not the privatization of public infrastructure. Under a P3 arrangement the ownership of infrastructure either remains with the public sector or is transferred back to the public sector at the end of the contract term.

P3s are not inherently good or bad, they are a policy tool that fit some circumstances but not others. P3s are most successful when a clearly identified public need can be combined with a well-defined private interest. The benefits of P3 procurement do not always outweigh the costs, which is why almost all jurisdictions undertake an early screening of projects to determine if a project is suitable for the P3 procurement process. This valuation process has become quite refined throughout Canada.

Of the Canadian P3 projects completed since 2004 that were studied by the Conference Board of Canada, none had experienced construction cost overruns that were borne by the public sector (unless the cost overruns were related to items where the public sector retained the risks such as amendments to the proposals) and amounted to savings between 0.8% and 61.2% per project.

Saskatchewan's significant infrastructure deficit and growing economy means the government has to start undertaking innovative approaches to infrastructure development to ensure timely and necessary service delivery. To date, Saskatchewan has had little experience with P3s, but the formation of SaskBuilds and the provincial government's commitment to doing multiple projects throughout the province as P3s is helping to quickly expand our province's local expertise both within government and the private sector.

The provinces of British Columbia, Ontario, Alberta, and Quebec, early adopters of P3s, have also set up specialized infrastructure agencies (as in the case of British Columbia, Ontario, and Quebec) or have established an equivalent office within their central government agencies (Alberta) specifically to address P3s. Additionally, New Brunswick and Nova Scotia are more frequently utilizing P3s, so SaskBuilds will help Saskatchewan remain competitive in the ways that it finances its current and future infrastructure projects.

## **Saskatchewan Chamber's Steps Toward Success**

- Worked with PPP Canada and the Canadian Council for Public-Private Partnerships to raise awareness within Saskatchewan of the cost and time benefits of doing projects as P3s.
- Encouraged the provincial government to explore additional ways of using P3s or modified P3s to fund multiple infrastructure projects while achieving an economy of scale, such as schools, hospitals, and water treatment plants.
- 18 new schools including 10 in Saskatoon, 2 in Martensville, 2 in Warman
- Regina wastewater treatment plant
- A long-term care facility in Swift Current
- New Saskatchewan Hospital in North Battleford
- A new highway bypass in Regina
- Transit facility and permanent snow storage decontamination facility in Saskatoon