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Le Conseil Canadien pour
les Partenariats Public-Privé

Public-Private Partnerships in Canada

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PPP in Canada: An Historical Overview

An Historical Overview: The 1980s & 1990s

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1988

- Terminal 3, Pearson Airport

1991

- Teranet

1992

- Algonquin-Peel Energy from Waste Facility
- Vancouver International Airport

1993

- Confederation Bridge

1995

- Charleswood Bridge

1996

- Highway 104
- Govt. of Nunavut Bldgs.
- NAV CANADA

1997

- Waterloo Landfill Gas Power Project
- Powerade Centre
- Centracare Psychiatric Facility
- Nova Scotia Schools

1998

- Prospera Place
- Fredericton-Moncton Highway
- Moncton Water Treatment Plant
- Leo Hayes High School
- University Health Network

1999

- 407 ETR
- Central NS Correctional Facility & Forensic Hospital
- Enwave

An Historical Overview: The 1990s

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- Characterized by individual projects (i.e. no coordinated program)
- Some significant pioneering projects:
 - Confederation Bridge (12.9 kms)
 - Nova Scotia Schools (39)
 - 407 ETR Toll Highway (108 kms)

An Historical Overview: The 2000s (Selected Projects)

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2000

- Port Hardy Water & Wastewater Treatment System
- Canmore Water & Wastewater System
- Devonshire Care Centre
- Goderich Water & Wastewater System

2001

- Calgary Transit Ride the Wind Project
- Five Corners Project
- Bruce Nuclear Power Plant
- John Labatt Centre

2002

- Cook Chill Food Production Centre
- SHOAL Centre
- Connecting Small Schools
- Viva
- Britannia Landfill Gas to Electricity Project

2003

- Vancouver Landfill Gas Cogeneration Project
- DriveTest: Ontario Driver Examination Services

An Historical Overview: The 2000s (Selected Projects)

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2004

- Bell Sensplex
- Sooke Wastewater
- Ottawa Paramedic Service Station
- Sierra Yoyo Desan Road
- Gordon & Leslie Diamond Health Care Centre
- Brampton Civic Hospital
- Abbotsford Reg. Hospital
- Royal Ottawa Mental Health Centre

2005

- Edmonton Southeast Leg Ring Road
- Britannia Mine Water Treatment
- Trans-Canada Highway (NB)
- Okotoks Water & Wastewater
- Sea-to-Sky Highway
- William R. Bennett Bridge
- Canada Line
- Kicking Horse Canyon – Phase 2

2006

- Golden Ears Bridge
- Brockton Water & Wastewater
- BC Long Term Care

2007

- Orléans Arts & Town Centre
- North Bay Regional Health Centre
- Durham Consolidated Courthouse
- Autoroute 25
- Calgary Northeast Ring Road
- Sudbury Regional Hospital
- Youth Justice Facility

An Historical Overview: The 2000s

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- Activity started to ramp up
- Provincial programs emerged
- Dominant models (Build-Finance & DBFO)

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The Infrastructure Need

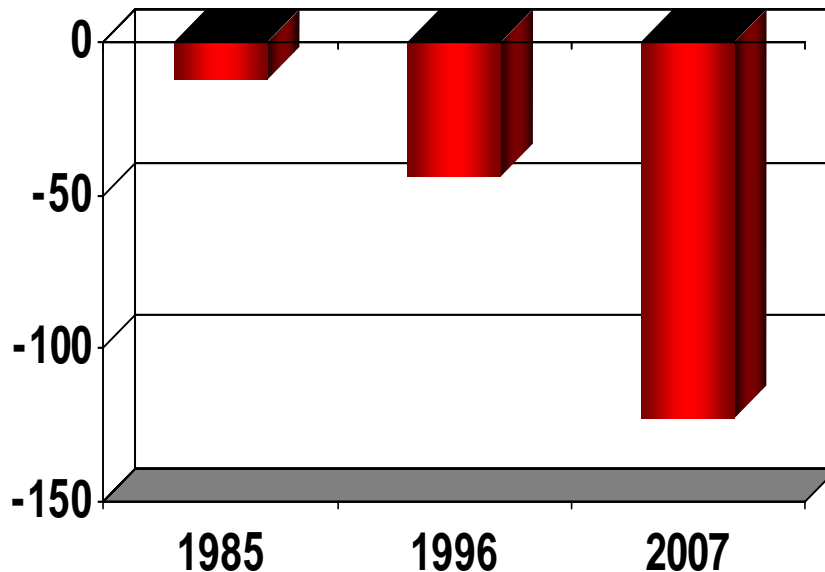
Canada's Infrastructure Backlog

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Municipal Infrastructure Backlog (\$CAD Billions)*



- Current municipal backlog at \$123 billion*
- \$115 billion in new municipal infrastructure needed*
- Total national public infrastructure deficit estimated to be \$400 billion by 2020**
- Similar need to Governors' estimate of California requirements of \$500 billion

*Federation of Canadian Municipalities, *Danger Ahead: The Coming Collapse of Canada's Municipal Infrastructure* (November 2007)

** M. Saeed Mirza and M. Murtaza Haider, *The State of Infrastructure Policy in Canada* (2003)

Sectors Requiring Investment

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- Transportation (roads, bridges)
- Transit (urban & inter-city)
- Water & wastewater (including distribution & collection)
- Hospitals
- Schools
- Long term care facilities
- Recreation
- Courthouses

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Public Support for PPP

Public Support for PPP in Canada

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- Canadians see need for private sector involvement in infrastructure renewal
- 88% agree that governments are having trouble keeping up with required investments*
- 63% agree that it is time to engage the private sector more fully*

* The Canadian Council for Public-Private Partnerships, *Trends in Canadian Support for Public-Private Partnerships* (November 2007)

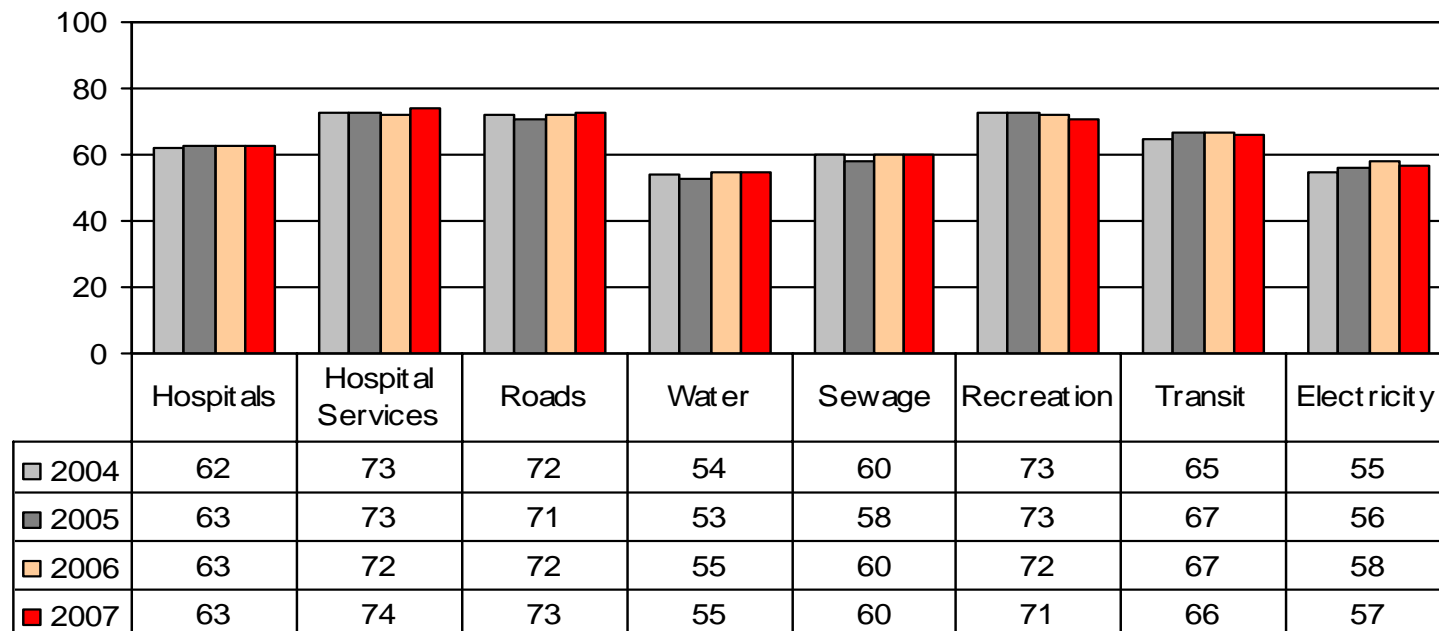
Public Support for PPP in Canada

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In 2007, non-clinical hospital services, roads and recreation facilities were the most-favoured sectors for PPP



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PPP in Canada: Government Activity

PPP in Canada: Government Support

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- Provincial Governments
 - British Columbia
 - Partnerships BC (arms' length, province-owned company)
 - 4 projects operational; 9 under construction; 4 in procurement
 - Alberta
 - Dedicated PPP office within Treasury Board
 - 1 project operational; 1 under construction; 1 in procurement; 1 road & 1 bundle (18 schools) in procurement; 1 bundle (14 schools) announced

PPP in Canada: Government Support

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- Provincial Governments (continued)
 - Ontario
 - David Livingston to cover
 - Quebec
 - PPP Québec (government agency)
 - 1 project under construction; 5 projects in procurement; 3 planned

PPP in Canada: Government Support

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- Federal Government:
 - \$1.26 B National Fund for Public-Private Partnerships (up to 25% of the cost of project)*
 - \$8.8 B Building Canada Fund (recipients must consider PPPs)*
 - \$2.1 B National Fund for Gateways and Border Crossings (recipients must consider PPPs)*
 - PPP Canada Inc. (Crown Corporation) – identify federal PPPs, assess PPP projects seeking federal infrastructure funding**

* “Budget 2007”, approved by House of Commons on March 27, 2007

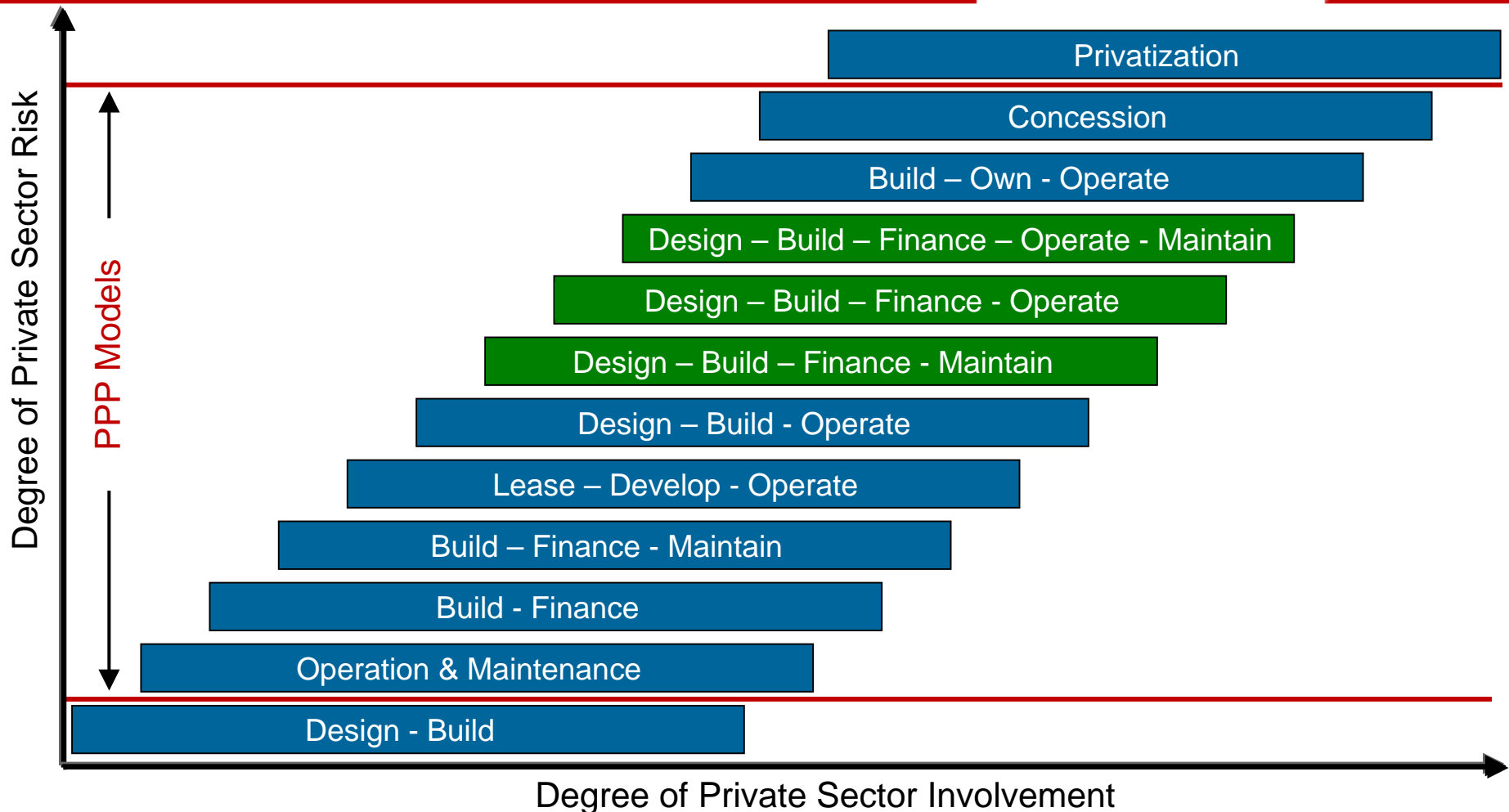
** Budget 2008

Models of PPP in Canada

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Government Ramp-Up

Government Ramp-Up: The Rationale

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- Canadian governments increasingly support PPPs because:
 - Address the infrastructure backlog
 - Are on-time and on-budget versus traditional delivery (e.g. Abbotsford Hospital vs Vancouver Convention Center)
 - Transfer significant risks to private sector
 - Lifecycle maintenance built into project cost

Government Ramp-Up: The Rationale

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- Its not about finance
 - Particularly important in the US with tax exempt finance
 - Focus on long term performance
 - Maximizing value / opportunity of asset
- Paradigm shift in procurement
- Focus on core activities

Government Ramp-Up

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- Why would P3 work in US?
 - Limitations from tax exempt finance
 - Commercial use
 - Procedural / legislative
 - Maximizing value of assets
 - Significant back log



- Challenges with P3 in US
 - Unions
 - Political system
 - Funding
 - Construction market

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Sectoral Overview

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- Hospitals
 - 5 hospitals operational (\$840 M); 14 under construction (\$2.5 B); 17 in procurement; 9 planned
- Water & Wastewater
 - 19+ projects operational; 1 major being studied (Victoria); several planned



Royal Ottawa Mental Health Centre



Abbotsford Hospital & Regional Cancer Centre



Britannia Mine Water Treatment Facility

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- Justice & Corrections
 - 3 projects operational (\$369 M); 2 under construction; several planned

- Recreation & Culture
 - 12+ projects operational (\$230 M); 1 under construction; 1 in procurement; several planned



Chilliwack, BC Law Courts



Prospera Place, Kelowna, BC



John Labatt Centre, London, ON

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- Airports & Civil Navigation
 - Several major airports under long-term lease; privatized civil air navigation (NAV CANADA)
- Public-Transit
 - Several small projects operational (e.g. bussing); 1 major project under construction (Canada Line – \$2 B)



Canada Line, Vancouver, BC

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- Roads & Bridges
 - 7 roads operational (\$3.37 B); 3 under construction (\$1.37 B); 3 in procurement
 - 2 bridges operational (\$749 M); 2 under construction (\$952 M)
- Ports
 - Port Authority model ripe for PPP
 - \$1 B capital investment over next 5 years
 - Success stories from other countries show PPP potential



Kicking Horse Canyon Phase 2, BC



Fredericton-Moncton Highway, New Brunswick



Confederation Bridge, New Brunswick - PEI

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- Schools
 - 39 operational in Nova Scotia; 2 operational in New Brunswick; 1 bundle of 18 in procurement (Alberta); 1 bundle of 14 announced (Alberta)
- Other Sectors
 - **Energy** – Bruce Nuclear Power Facility; several district energy & small generation projects
 - **Government Services** – Ontario Driver Examination
 - **Property Management** – Government of Nunavut Housing & Offices

What's Working in Canada

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- Attracting international players
- No shortage of private sector capital (e.g. pension funds, life insurance funds, private equity), but need to attract more players
- Growing government (non-partisan) & public support
- Public sector union opposition diminishing
- Strong senior political leadership

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Questions?