

THIRD SESSION - TWENTY-SEVENTH LEGISLATURE

of the

# Legislative Assembly of Saskatchewan

## DEBATES and PROCEEDINGS

(HANSARD) Published under the authority of The Honourable Dan D'Autremont Speaker

N.S. VOL. 56 NO. 17A TUESDAY, NOVEMBER 21, 2013, 10:00

### **Bill No. 605 – Public-Private Partnerships Transparency and Accountability Act, 2013**

**Mr. Forbes:** Thank you very much, Mr. Deputy Speaker. It is a pleasure today to enter into this very important debate on a private member's bill my colleague has introduced, Bill 605, An Act respecting *the Transparency and Accountability of Public-Private Partnerships*.

We think this is a critical, critical piece of legislation that actually we don't think the government should be worried about at all, because from this past debate, just what I was hearing, they're not afraid of facts. They want to do due diligence. They want to make sure they have the research, and that's all this bill really asks for. That's all it really asks for is to make sure that we protect the taxpayers and residents of the province of Saskatchewan and that they do get good value for their tax dollars.

And so I'm not sure what the reluctance is for this government to do that type of thing, but we know that a vote for this is for transparency and accountability. A vote against this is really about secret deals made in backrooms. And the stakes are just too high, just too high when we do have an urgent situation in our schools, in our communities where we do need more schools. And, Mr. Speaker, we think that's what the plan is, that we should be going ahead and getting that job done and not trying to think of these, you know, potential boondoggles of what we've seen in other provinces. And we should be learning from other provinces — the experience in the Maritimes, the experience in Alberta — that it just doesn't work when you bring a cookie-cutter approach to school construction.

Our province is growing. Our population is growing, and many communities need, urgently, new schools. But they don't need to be strapped with financial fiascos because we haven't done our homework. We should do our homework. And I think people expect that when we're elected that we will do our homework and we will get value for money and we will do it in a way that gets the job done quickly, but fair value.

So, Mr. Speaker, I think what we need to do is take a moment to reflect on why schools

are so important in our communities. They're much more than just cookie-cutter buildings that will, you know, serve only a short period of time. They're centres of our communities.

And I think about my school that I grew up in in Mortlach, Saskatchewan, the Mortlach School. And we were proud to see how it developed really from, you know, a four-room school into a multi-room school as the town grew. And it continues to actually do well, but the demographics have changed a bit.

But I think about Caswell School, where I had the pleasure to teach, and my kids go to school, in Saskatoon. That's well over 100 years old now. But it really was the centre of the community. It was really the centre of the community. And people were very proud of it, proud of their kids going to the school. And the kids when they graduated were proud of that school because it really met the needs of that community. And there was a sense of, let's meet the community needs and let's do this job right. Let's do this job right.

And I think when my colleague talked about this, and in fact even the Premier talked about . . . He has the story about — that he told the teachers, I think, in October at the luncheon — about how we should value all input in terms of how do we build great schools in our community. So when people come and they take a look . . . should we move here? Is this the kind of community we want to live in? They say, yes, and look at that school. That's a great school, not just another one of those cookie-cutter schools.

So, Mr. Speaker, I think we want to set the context that schools are important. It's an urgent situation. We should get to work on it. The population is growing and more and more kids are there, and we should make sure we have the best schools. But this kind of approach, I think we can see, is just not the way to go.

So I want to take a moment and take a look at the Act. I think it's a well-written Act and it really speaks to how we should set out the process forward when it comes to making plans of how to build schools.

I want to just take a moment to talk a bit about the preamble, because I think that really sets the stage. And there are six whereases, but let me go through them each. The first one: "Whereas the residents and taxpayers of Saskatchewan have a right to know how their money is spent." And I just think we all have to agree to that. Everybody in this province has a right to know how their money is spent. That's really the case, isn't it? So this kind of bill sets, how will they know how their money is spent? Because they have a right to know how their money is spent.

It goes on to say,

Whereas it is in the best interests of residents and taxpayers of Saskatchewan to receive the best value for their tax dollars in the government procurement of Crown infrastructure, goods or services on their behalf.

And I mean, that goes without saying. It's a fairly obvious statement, but really this is,

again, details. Often people use that code word, value for tax dollars or value for money, VFM, as some sort of . . . Well P3s are automatically in that camp. And we often say, well wait a minute, you know, we want to know more about that. Why is it that we seem to think that you get value for money from P3s automatically? Automatically. It's an automatic fact. Well it's not automatically in any circumstance. You have to do your due diligence and you have to get the job done right. And that means some bargaining and making sure it's done right.

So this really sets out, how will that happen? How will we know we're getting the value for our tax dollars. And so this is why it's so important to get that out there. That's what we want to know, value for tax dollars. The next whereas says,

Whereas cost savings or value for taxpayers' money has not been realized or has been the subject of audit and dispute in other jurisdictions in public-private partnership projects.

So it's saying, you know, the history is not good for P3s particularly when it comes to school projects. And we know in the Maritimes or Alberta, it has a very checkered history in terms of even the auditor saying, you know, we need to really determine, are there the savings that the people are saying that are in favour of this kind of project? Are they really there?

And again, and my colleague really went through so many examples of whether it's in Edmonton or Calgary where there's real questions about the savings, the cost savings or the values . . . you know, we have a situation in Calgary where there is apparently only one bidder on the contract. How can you think you're getting the optimum cost savings when there's only one bidder? So that's an issue. This Act speaks to that situation where we might have only one bidder, actually talks about, minimum is three bids or else it doesn't go ahead. Also talks about:

Whereas public-private partnership arrangements generally require governments to both long-term use of a private facility as well as guaranteed-payment of contracts that last in the range of 30 years.

People often don't realize this. And when we have P3s and the kind of P3s that we're talking about in this Act, these are long long-term commitments. And long after many of us in this House will be here and be gone. And people will just think, there goes the school. It's up and the kids move in and it becomes the property of the school board. That's not the case at all. That's not the case at all.

In fact the ownership could remain with a private company, and that causes all sorts of problems. And in fact some of them are kind of odd. I'm hearing stories about dilemmas about when the ball goes up on the roof, who gets the ball out? You know, you would think, well the janitor used to go up and get the ball. But now because it's private property, the ball has to stay up there. That doesn't make a lot of sense. Or even if you want to install some new wiring, because it's private property, that may be a big deal. Not the school board's property. So that's a big, big issue.

Another issue is, “Whereas up-front independently verified transparency and accountability ensure that public money is not used for contracts or arrangements that are kept secret from the public.” And this really is the crux of the matter before us, Mr. Speaker. We want to make sure that everything is transparent and accountable.

We’re having this debate. We’ve had this debate about CETA, where, you know, we say, in principle we’re in favour. Of course we are. We’re a trading province. That only makes sense. But a good trading province makes sure that the deals are accountable and transparent, and that’s why we have a lot of questions about that deal. And we have questions about P3s. It’s just the way we’ve done that in Saskatchewan. It’s been our way of doing things.

And “Whereas the Government of Saskatchewan is pursuing the public-private partnerships method for major capital projects.” So this government has really announced its intention to go down this road and seriously take a look at . . . And they’ve announced nine school projects. Now there are actually 18. They’re joint-use schools. And so they have made a major commitment to this ideology without laying out the process of how Saskatchewan citizens will be assured that they’re going to get full value for their money and that it will be done in an open and an accountable way and there won’t be secret deals.

So this bill makes a lot of sense, and I think it’s only reasonable that this government get behind this and say, hey, good idea. There’s no problem. We’ll make sure that we are transparent and accountable, and there will be no secret deals. So as I said, a vote for this is for openness and transparency. A vote against this is for secret deals. I don’t know how else you can frame this.

So you know, this bill is actually fairly substantive, and I think that a lot of credit goes to my colleague for doing this. This is not a small piece, but it’s an important piece. And he talks about and defines what public-private partnerships are, or what P3s mean, and lays that out. It’s an arrangement in which:

the private sector entity assumes responsibility for all or substantially all of at least two of the following aspects of the project:

- its design;
- its construction;
- the long-term private sector financing for its construction;
- the activities related to its . . . operation; its long-term maintenance; and

at least one of the aspects of the project for which the private sector entity assumes responsibility is its long-term operation . . . [and] maintenance, or the long-term financing . . . [of] construction.

Because as you know, Mr. Speaker, it has been the practice that we do engage private construction companies to build our schools, to build our hospitals. But this is a little different because there’s a long-term commitment. And whether it’s the ownership or it’s

the maintenance or the financing, that really is a critical difference. And that's where we could see problems in the details. And this is where we had situations in Nova Scotia where they, in the end, had to cancel their long-term projects because they were just getting too expensive. They were just getting too expensive. And they found that, I understand, the savings was about \$2 million a school, that when . . . the remaining schools to be built.

It's good to set out, what are we really talking about? And of course the public sector that would be the partner would either be the Government of Saskatchewan or some agent of it or universities or any institution or body that derives its funds in whole or a large part from the Government of Saskatchewan.

And the other parts I want to touch on quickly is talking about the independent accountability. And that's what's really key, is the Public Accounts Committee of the Legislative Assembly shall select by unanimous vote an external consultant who will do an independent . . . set up an independent accountability mechanism for each capital project. And it talks about what are the steps in the preliminary analysis and public consultation, and then how do we go back to make sure that that's actually being carried out if the P3 model is selected.

So there's a continuous accountability process right off the bat where we're saying we want to make sure we keep track. We want to see where the anticipated value for money is. Where is it really happening? And we want to set up a comparator. That's important. We're not just . . . It's not just a theory that it may save money, but an actual model, and that there will be actual check backs as it goes forward.

And again, one of the sections talks about procurement laws and policies. And there must be a minimum of three bidders on all three projects, and that's hugely important.

And the reporting out is important. The Provincial Auditor's powers and duties are laid out in this Act. And that's really key because we know that it's important, not just by us saying so, but there needs to be a credible source who verifies the independent auditor's work.

So, Mr. Speaker, I'm just really pleased about this Act. I think it's thorough. It makes a lot of sense. And it's in the tradition of this government and this province for decades that we actually do work in an accountable and transparent manner.

And we know that we've seen a government that doesn't have a strong record in terms of contracting out. I just have to think about the portables. And often they talk about it as a bundle of portables. We think it's the bungle of portables. And we think this is a real problem.

And at the end of the day, Mr. Speaker, I just want to say no matter if this is a way to hide debt, this is just not on because we know debt is debt is debt. And that's very important. So, Mr. Speaker, on that note, I would like to adjourn debate on Bill No. 605. Thank you very much.