



Public-Private Partnerships World In Review

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World in Review

Outcomes of the P3 Movement

- Relationships between the private and public sectors becoming “apolitical” supported by all parties
- Service improvements are the key driver replacing the need to reduce costs
- Governments are less risk averse in the innovation of new deal structures
- Governments are developing deal makers with highly developed negotiating skills
- Technology demands will forge new partnerships as governments enter the world of the Internet

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Australia and New Zealand

Australia

- ⊕ Drivers of change are budget and policy beliefs
- ⊕ Focus on performance outcomes for the public service
- ⊕ Use private sector as comparator
- ⊕ Health care privatised for both clinical and non clinical services
- ⊕ International pressures to compete forcing change

New Zealand

- ⊕ One of the earliest adopters due to financial crises of the '80s
- ⊕ Overall 60% reduction in size of public service
- ⊕ Separated concepts of policy advice and service delivery
- ⊕ Focus on productivity gains, performance contracts and benchmarks
- ⊕ Tech change key driver

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Ireland

Impetus for change:

- ⊕ Privatisation of Telecom Eirann
- ⊕ Corporate strengths in technology threaten to leave government behind
- ⊕ Need to develop “Western Digital Corridor” and Cork regional area
- ⊕ Demands from a well educated and youthful population

Outcomes:

- ⊕ Information Society Commission (oversee as P3 the development of It in Ireland)
- ⊕ Strategic Management Initiative to identify the privatisation opportunities in Ireland

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United Kingdom

Began in the 1980's under Thatcher and continued by present "New Labour" government

- **Started as a cost cutting initiative to meet budget constraints**
- **Public demands for enhanced services (IT)**
- **Private Finance Initiative (PFI) under Adrian Montague ensures private investment to support capital projects**
- **Health has been targeted as requiring further privatisation including Blair's announcement to include clinical services**
- **Government needs to work ways to integrate the PFI and P3 processes into public sector culture**

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Japan

Ongoing economic crises is driving the changes in attitude toward the P3 concept, drivers include:

- ⊕ **Citizen expectations**
- ⊕ **Productivity pressures**
- ⊕ **Budgetary constraints**

Japanese PFI leaders state:

“Japan must undo the government’s influence and intervention by by transferring as much of the economy as possible from the public realm to the private arena.”

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United States

Impetus for change:

- ⊕ **Continuous budgetary freezes are forcing state and federal governments to look for options in the delivery of programs and services**
- ⊕ **Citizen demands**

Outcomes:

- ⊕ **Municipal P3s in water and other services**
- ⊕ **States have moved to P3s in welfare reform, prisons and education**
- ⊕ **IT initiatives across the system are more easily moved to the P3 model as large operations have not developed or need to be dismantled**

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Canada

Impetus for change:

- **Initially was driven by budget crises**
- **Continuous budget freezes have forced the evaluation of service delivery in particular at the provincial and municipal levels**
- **Driven by crises not by policy changes**

Outcomes:

- **Lack of serious commitment by governments**
- **Private sector is frustrated by changing rules**
- **Some excellent examples of best in class solutions:**
 - **Schools, roads, non-clinical health care services, IT**

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Summary

Where do we go from here?

- ⊕ **Require further understanding of the wins possible for political leaders, citizens and bureaucrats**
- ⊕ **Need policy commitment at all levels of government**
- ⊕ **Must be seen as a service delivery and continuous improvement opportunity not as a means to cut expenses from capital investment**
- ⊕ **Canada in particular has a huge need for investment in basic infrastructure such as:**
 - ⊕ **roads, water delivery standards, communications and health care**