

A Speech Presented by The Honourable Lucienne Robillard, President of the Treasury Board and Minister Responsible for Infrastructure, to The Canadian Council for Public-Private Partnerships on February 23, 2001.

1. Introduction: Forging Public-Private Partnerships

It is a pleasure to be with you this morning. I would like to thank Mr. Wilson for his kind introduction.

As President of the Treasury Board I spend a great deal of my time dealing with management reform issues. Ensuring that the Government's human resource needs are being addressed. Working with Cabinet colleagues to ensure that technology is being effectively integrated across the federal system. Examining ways to improve service delivery to Canadians across the country.

It is very clear that the environment in which public policy is developed is becoming increasingly complex. New technologies are allowing us to connect directly with Canadians unlike ever before. This is bringing incredible opportunities, many that we are only just beginning to recognize. It also brings challenges - public expectations and demands are changing.

We are seeing some very interesting changes in the way we work with our partners. Take the voluntary sector, for example. There are concrete efforts taking place right now to build bridges between the Government of Canada and the non-profit sector - to strengthen our relationship with the third pillar of our society, Public and Private being the other two.

Of course the relationship between government and the private sector is evolving as well.

I am sure many of you are familiar with a study entitled Vision 2010: Forging Tomorrow's Public Private Partnerships. It was conducted a few years ago by the Economist Intelligence Unit and the consulting firm Accenture. The study surveyed 700 senior public service officials and politicians in twelve countries around the world, including Canada, the United States, the United Kingdom, New Zealand and Japan.

Approximately 77% of respondents predicted that the nature of government service delivery will change fundamentally within a decade. One of the most visible manifestations of this change will be the emergence of new and innovative relationships between the public and private sectors.

It is very clear why governments around the world are increasingly turning to public-private partnership as a means of cost cutting and alternative service delivery.

It is an effective method for gaining access to capital and for leveraging capital investments.

It is also a way to gain access to specialized, private sector expertise.

The private sector often has more freedom and expertise to respond quickly to market forces - to base decisions about service delivery on sound business principles and local circumstances.

Of course, I believe that Canadians have shown themselves to be a little leery of the move to outright privatization. I share the belief that there are still many functions that are best left in the hands of government. The public and private sectors are different - their raison d'être is different. Government is not a business that must always look to the bottom line.

One of the great challenges we face in government is making sure that when we enter into a Public-Private Partnership arrangement it is the right approach. It all depends on the specific circumstances and whether or not it is the best way to serve the public good.

That being said, there is no question that excellent synergy can be forged between the public and private sectors, recognizing and drawing upon the expertise and legitimate objectives of both parties.

An incredible amount can be accomplished when we manage to dovetail the profit motive with the public policy imperative.

We want to bring this synergy to bear in communities across this country through the Infrastructure

Canada program. We are determined to seek private sector participation in this new program. As such, I am very pleased to have the opportunity to speak to you today about Infrastructure Canada and I hope that I will be able to answer any questions that you may have.

2. Infrastructure Canada

I know that Guy McKenzie, the Assistant Secretary responsible for the Infrastructure National Office, came and spoke to you last June about the program. I am very happy to say that since that time we have managed to sign agreements with all the provinces and with the Yukon Territory. I believe that this represents a very positive step forward. It certainly indicates the level of enthusiasm across the country. There is a tangible recognition that this program is going to be very good for Canadians.

There are two components to the new physical infrastructure program: Infrastructure Canada deals with the municipal component that will account for about \$2 billion in federal spending and there is a highways component which will account for \$600 million.

My colleague the Honourable David Collenette will be pursuing this initiative with his provincial counterparts in the near future.

I am going to focus this morning on the municipal component, Infrastructure Canada.

The new program is based on partnership and cost sharing with all levels of government.

As I mentioned~ the Government of Canada contribution will be \$2 billion. When you factor in the contributions from our provincial, territorial and municipal partners, as well as the private sector, Infrastructure Canada will generate at least \$6 billion in infrastructure investment.

This represents one of the biggest partnership initiatives ever undertaken in this country.

In Ontario, through the Canada-Ontario Infrastructure Program, the federal investment will amount to more than \$680 million and with provincial, municipal and private sector partners, investment will exceed \$2 billion.

Now the question remains, how are we going to spend this money? On what kind of projects?

To answer this, we sat down with partners and stakeholders and identified a very broad range of funding priorities that address local needs.

There is general consensus that we need to focus more attention on green municipal projects such as water and wastewater treatment facilities and recycling. Nothing as more important to the health of our citizens than preserving and protecting the quality of the water we use and the air we breathe.

We need to do more to support local transportation infrastructure and cultural and recreational and sports infrastructure. We need to focus on rural and remote telecommunications and high-speed Internet access. The need for more affordable housing is another common challenge faced by communities across the country.

Now that these general priorities have been identified, the challenge is to translate commitment into action.

That is why, as part of each agreement, we have established Management Committees in each province and territory. These committees will accept and process project applications submitted by municipal governments. The Government of Canada and provincial and territorial governments will have equal representation on these committees. Municipal participation and input will also be sought.

3. The Municipal Voice and Public-Private Partnerships

When we were developing the program we committed to taking a "bottom-up" approach. "One size-fits all" policies simply do not apply in this case. We believe that communities are best positioned to identify

their needs and to set their priorities. That is why we want the municipalities to be the ones making the proposals for funding.

We also want the private sector to have a role in the new Infrastructure Canada program.

We believe that a public-private partnership approach could work very well in the program and so we have opened the door for projects fostering these partnerships.

Although we have refrained from establishing strict criteria for the specific inclusion of these projects, we have developed a number of principles that can be applied according to the specific conditions that exist across Canada.

We believe that the communities are the best positioned to establish the terms and conditions of the partnerships they want with the private sector. I am pleased to tell you that these principles were developed, in part, through our consultations with your Council.

First, we expect that we will have select projects rather than a great volume of public-private partnerships under Infrastructure Canada. It is important that we pick the right projects.

Public-private partnerships potentially offer tremendous public policy benefits. We want Infrastructure Canada to be a place to showcase the best of these benefits. This program, then, can be an important catalyst to "jump start" public-private partnership development in Canada.

Second, these partnerships need to show a clear benefit to the public good. We do not engage in partnerships just because it is a "buzzword." Rather, we engage in partnerships because each party, working together, can achieve more than either could alone. A successful public-private partnership, it seems to me, has to show how private sector participation contributes to the public good. If we can't show benefits to the public good resulting from private sector participation, then the partnership is not really successful.

Third, these partnerships need to have a transparent accountability regime. As the public's funds or the public's interests are involved, it is important that these projects not be understood as being "just another business."

We need to be able to answer some important questions. Questions like:

- "Where is the public interest?"
- "How is it being promoted?"
- "How is it being protected?"

It is important to remember that a public-private partnership does not mean that political responsibility has been passed along to the private sector. Quite the opposite: engaging in these partnerships often makes the political accountability more important, because government still has to answer to the public, but for things which government - in many instances - does not directly control.

To summarize on this point, then, we are eager to engage in public-private partnerships in Infrastructure Canada. But as with all public-private partnerships, only when they make sense and clearly serve the public good. I know that this is also your goal with Infrastructure Canada and I look forward to working with you in achieving our shared objectives.

4. Accountability

As businesspeople, I hope that many of you are seeing some very interesting possibilities emerging here.

I also want to speak to you for a moment as taxpayers. As I said, accountability is really going to be front and centre in our thoughts. You cannot manage \$6 billion in investment without having strong accountability mechanisms in place. Canadians need to know that they are getting value for their money, that their funds are being administered with probity and distributed fairly.

Let me assure you that one of the priorities of the national program and each management committee is

going to be ensuring that regular and thorough audits take place. Furthermore, we will be conducting two national evaluations of the program, one in the program's fourth year, and one at the end of the program.

We are also introducing a single information management system to support all of the various users and stakeholders. In most jurisdictions, the Shared Information Management System for Infrastructure (SIMSI) is now ready to accept on-line applications and all components of the SIMSI will be fully functional this summer.

SIMSI will assist those partners administering the Infrastructure Canada program in managing thousands of projects. It will provide for reporting on all facets of the movement of the project through its lifecycle both to the Infrastructure-National Office, the stakeholders, and the general public, through the web.

We want this program to be as open and transparent as possible. We want Canadians to know how their tax dollars are being spent - and where. SIMSI will help make that happen.

5. National Guide

I should note that we also are anxious to fund innovative cost-saving projects. We recently committed funds for the creation of a National Guide to Sustainable Municipal Infrastructure. The guide will be a compendium of best practices and a source of information for municipalities on infrastructure planning, construction, maintenance and repair. The Treasury Board Secretariat will be working on this project with the National Research Council and the Federation of Canadian Municipalities who will interface with a large number of professional associations across Canada.

We are projecting that the adoption of best practices and innovations will save municipalities across the country anywhere from \$800 million to \$1.5 billion a year on maintenance costs.

6. Conclusion

Ladies and gentlemen, I would like to thank you again for inviting me to have breakfast with you. I always enjoy coming to meetings with business leaders such as you.

I believe that as we enter the 21st century, government has a lot to learn from the private sector. Certainly, as we at the Treasury Board look to improve our management practices we will continue to draw inspiration from you. We must strike a balance - incorporating the best of private and public sector practices into a new management style that serves the public interest better than ever before.

I also think that the public sector has a lot of expertise to offer you in terms of ideas and approach.

The business community has provided a very rich pool of talent from which the government has drawn in recent years. Business leaders have offered leadership as Directors and Deputy Ministers - not to mention a few Finance Ministers and Prime Ministers.

I hope and believe that in the coming years we will see more business professionals lending their considerable talent to the administration of our country.

As I said before, we have a great deal to learn from each other – and a great deal to accomplish together – government and business.

I am confident that as we move forward together we will bring mutual benefit to each other and more importantly, we will help to build something positive for citizens and communities across this country.

Thank you.