



Manitoba Federation of Labour Submission to the Manitoba Standing Committee on Legislative Affairs on Bill 24

The Red Tape Reduction and Government Efficiency Act

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Manitoba Federation of Labour

303-275 BROADWAY, WINNIPEG MG R3C 4M6 | (204)-947-1400

Bill 24: *The Red Tape Reduction and Government Efficiency Act*

The Manitoba Federation of Labour (MFL), Manitoba's central labour body, representing the interests of more than 100,000 unionized workers, opposes this omnibus bill that will weaken water quality testing, ramp up hog barn construction leading to further damage to Lake Winnipeg, and erase taxpayer protections related to the construction of major infrastructure projects, all under the misnomer of 'cutting red tape'. The fact is that all this this Bill will do is cut protections for Manitoba families related to health, our environment, and public funds. And with this government's ideological rule that for every new regulation, two have to be cut, it seems that these cuts are just going to continue.

For a government who came into power preaching more openness and transparency, this omnibus Bill is anything but open or transparent. It is a Harper Government-style approach to legislation, where a number of unrelated issues are lumped together in one bill, and Manitobans will be on the hook for all of the cuts to important fiscal, health, and environmental protections contained in it. This Bill is an attack on regulations that protect workers, our environment, and our communities.

While the Manitoba Federation of Labour joins many others tonight in opposing a number of provisions of this Bill, like reducing restrictions on hog barn construction and weakening monitoring requirements for water quality, I want to focus my comments tonight specifically on the impact that this Bill would have on lifting current taxpayer protections and opening the door to more privatization and costly Public Private Partnership construction projects that serve the interests of private corporations over everyday Manitobans.

Section 14 of the Bill would repeal the *Public-Private Partnership Transparency and Accountability Act*. For those unfamiliar, this *Act* was passed in 2012 to provide Manitoba's taxpayers with greater transparency around proposed public-private partnership projects, more commonly referred to as P3s. It does so by outlining rules for

public sector organizations that take part in P3 agreements for major capital projects having a projected total cost of \$20 Million or more.

P3s are a well-used government phrase for traditionally public assets, like community infrastructure and services, that are privately built, privately owned, and rented by governments, often for much higher amounts over their lifetime than they would have cost to build publicly in the first place. With P3s, governments enter into costly contracts that are essentially rental, lease, or operating schemes, rather than building and maintaining community infrastructure directly for the public benefit.

P3s are just another form of privatization of public assets. Evidence shows that privatization increases costs, and leads to lower quality and a reduction in service levels. Citizens also lose control and accountability with privatization, because making a profit becomes the sole priority of building an asset like a school or a bridge, instead of serving the needs of our communities.

The Public-Private Partnerships Transparency and Accountability Act outlines rules for public sector organizations that take part in P3 agreements. This *Act* improves the transparency and accountability of the decision-making process for P3s, which is something that benefits all Manitobans. By forcing governments to demonstrate to taxpayers what a project would cost under a P3 model, the *Act* forces governments to be open and transparent when they are considering this type of model for building an expensive asset like a school. It does so by requiring:

- A preliminary analysis be produced, outlining the risks, costs and benefits of using a P3 agreement;
- That public consultations be held, including a public meeting, and the release of a report on the public proceedings;
- The appointment of a fairness monitor to oversee purchasing processes and releasing a contract summary;

- That reporting be made to the provincial Auditor General after construction is complete;
- A detailed risk and value-for-money analysis be undertaken to determine if the P3 delivery method creates the best value;
- That further public consultation occurs before starting the bidding process;
- The establishment of an independent fairness monitor to oversee the bidding process for the benefit of all bidders; and
- That the public entity reports on the results of the project and to make terms of the P3 arrangement public.

These are all important protections for taxpayers, because P3 funding models have been found to cost far more in the long-term than traditional public sector delivery models basically anywhere they have been used. This *Act* was a first for Canada, recognizing the serious concerns over accountability that P3s represent.

Auditors General in other provinces have raised a number of concerns about these higher long-term costs. Ontario's Auditor General found in 2014 that P3s had cost Ontario taxpayers nearly \$8-billion more on infrastructure projects over the previous nine years than if the government had built the projects itself. A 2014 report by the Auditor General of British Columbia raised serious concerns about the high costs and high debt of 16 P3 projects examined in that province, reporting that interest rates ranged considerably from 4.42 per cent to 14.79 per cent. An average interest rate of 7.5 per cent was found, meaning that the debt loads of P3 projects were almost double what they would have been had the Province just financed the projects itself.

I find it difficult to understand how this government, who claims to preach fiscal restraint and talk about "value for money," would even consider projects that will cost more to taxpayers than the traditional model, let alone dream of erasing legislation that requires governments to demonstrate to taxpayers that a P3 project would be a good deal.

If this government is adamant about considering P3s for building large capital projects, and they are so confident that they would be of value to taxpayers, then they should be proud to show Manitobans what a deal they would get through a P3 funding model. The fact is, they want to eliminate reporting requirements because they know full well that P3s are a bad deal for taxpayers, and they want to hide the true costs from public scrutiny. For a Premier who claims to be a smart shopper, repealing this *Act* is anything but.

This government has said specifically that it would like to have schools built through the P3 model. Recent evidence from our neighbours in Saskatchewan shows the impact that putting schools in private hands can have on the ability for teachers and students to use their school by putting absurd rules in place. Staff guides at P3 schools in Saskatchewan ban teachers from opening windows for the first year after the schools are open. The staff guide also outlines rules on classroom decoration, including banning mounting anything on walls or doors without written authorization from the owner of the school, including “a penetration permit.” I can’t think of a more glaring example of unnecessary paperwork than requiring teachers to fill out a permit to hang something in their classroom.

Also, unsurprisingly, P3 schools have been found to cost more long-term than traditional publicly financed schools. New Brunswick’s Auditor General found that the P3 Evergreen Park School cost \$900,000 more than if it had been built through conventional public financing. The company that built one of the first P3 schools in Calgary cut costs during construction and used substandard roofing material, meaning that within three years of the school’s opening, the school board had to pay more than \$100,000 in maintenance and upgrades on the roof.

This Act cuts a number of protections for Manitobans, including ones dealing with health, our environment, and public funds. If this government were actually serious about standing up for Manitobans, it would withdraw this Bill immediately.

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