# Public-Private Partnerships (P3s); a summary

Public-Private Partnerships in Canada are a form of alternative service delivery that involves a formal collaborative arrangement between the public and private sectors, in order to develop and manage larger capital projects. The rationale of P3s is to provide quality infrastructure without creating more direct public debt. P3s work in theory because they make use of the expertise and innovation of the private sector and sometimes the incentive of capital markets to enhance public projects.

In some situations, the private sector has better means than the public sector of delivering a service with efficiency. Having P3s are meant to produce more gain than loss, whether economic or societal. A lot of the risk involved in different projects, one being financial responsibility can either be shared or put upon the private sector.

In British Columbia, P3s have been initiated and managed by Partnership BC. Since 2002, Partnership BC has participated in 52 projects with a combined capital value of almost $18Billion Dollars, in healthcare, accommodation, transportation, energy and utilities. A few examples of such partnerships are the William R. Bennett Bridge, Interior Heart and Surgical Building, and the Kelowna and Vernon Hospital projects. Two smaller, but successful local examples are Prospera Place and the Okanagan Innovation Centre.

Several types of P3 arrangements have been developed, over the years. These are usually distinguished by the extent of private sector involvement in the major phases of the particular project. Generally, as private sector involvement increases, so does the assumption of risk and responsibility. These arrangements can be customized, from just service or management contracts, all the way up to private sector Build-Own-Operate, and outright privatization, upon completion.

In summary, projects completed under P3 arrangements offer potential overall cost savings, design and construction quality enhancements, and service delivery efficiencies. At the same time, there are a number of risks associated with utilizing a P3 arrangement. Detailed analysis must therefore be performed at the beginning and end of the project to ensure that the efficiencies sought with a P3 are met.

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