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## FP Letters: Public sector unaccountability



**LAWRENCE SOLOMON** | 13/06/03 5:24 PM ET  
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File photo of a community center in Walkerton full of thousands of bottles of water that were donated by companies and private citizens.

National Post files

### Public sector unaccountability

#### **Re: Success in P3s lies in public sector's vigilance to hold private sector accountable, May 28**

While I agree with the title you attached to this article, and the general thrust of author Dan Ovsey's comments, he has made several serious errors.

Firstly, he implies that the Walkerton drinking water disaster, wherein about seven people died, was a P3. It was in fact a public sector operation, although after the disaster, Walkerton outsourced its water operation to the private sector, as many cities across Canada have, to reduce risk and improve safety.

Secondly, the concept of the private sector providing services traditionally delivered by the public sector is neither "unorthodox" nor even new. The U.K.'s Eddystone Rocks lighthouse in 1696, the Yonge Street toll road in the 1800's, and the Vancouver Lion's Gate Bridge in 1938 are examples of early P3s.

Thirdly, the potential problems Ovsey describes from failing to monitor P3 performance can be said equally, or more so (since you have no performance contract with them) of operations by your public sector management and employees. Indeed, every drinking water disaster in Canada that I can find (Walkerton, North Battleford, Kelowna, and Princeton) was a public sector operation! Mr. Ovsey might read the May 1999 BC NDP Government PPP Handbook, written on NDP Minister Jenny Kwan's watch, which states "it can be argued that local government has more control, in that it has well-defined contractual remedies in a P3 that it may not have with its own management and staff."

As for the comment that private sector financing costs more, let us remember the following conventional (non-P3) projects:

BC's Fast Ferries had an overrun of 100%, and no business case. It was mothballed and sold at 4% of cost. Montreal Olympics was paid off by a 30-year surcharge to taxpayers; BC's Expo '86 had an overrun of \$700-million. The Vancouver Convention Center had an overrun of \$400-million. Langley Stadium's (overrun was 100%. The federal Maple Reactors had a 600% overrun, was 14 years late, and abandoned after \$680-million.

How long did taxpayers rejoice at the slightly lower cost of debt in these conventional projects? In conventional procurement, the taxpayer carries the can in a failure; in a properly structured P3, the P3 consortium generally does unless the incident was the fault of government as defined in the contract.

Finally, I cannot understand the comment attributed to KPMG that the private sector partner is "not motivated to operate as efficiently as he should." In every P3 I have led or advised on (from \$50-million to \$1.2-billion), the private sector is highly motivated to operate efficiently to avoid performance penalties and to win performance bonuses. It is precisely these factors which drive a P3 to be more efficient than the typical public sector operation.

*John Hunter, President & CEO, J. Hunter & Associates Ltd., North Vancouver*

### **Parliamentarians against corruption**

#### **Re: Corruption's Double Standard, May 28**

Fighting corruption necessarily involves focusing on both the supply side (the bribers) and the demand side (the corrupt ones). It is gratifying to know that the Government of Canada is devoting more resources to the enforcement of Canada's Corruption of Foreign Public Officials Act. This is an important piece of the puzzle where Canada can lead by example – and we are starting to do this.

Another vehicle – the Global Organization of Parliamentarians Against Corruption (GOPAC) – was born in Canada in 2002 and is now operating in 50 countries around the world. We are unique in that GOPAC is the only network of parliamentarians that is focused solely on combating corruption. We assist and support parliamentarians worldwide in their advocacy and legislation initiatives to make governments accountable and transparent. Through our task forces on parliamentary oversight, parliamentary ethics and conduct, anti-money laundering and others, we provide tools, techniques and peer support to colleagues who are deeply troubled by how corruption, especially 'big ticket' corruption, is impeding their citizens from moving out of the ranks of the poor. Should it surprise us when members of the executive branch of a government move slowly to address corruption if they themselves are party to corrupt practices and laundering the corrupt proceeds abroad?

*Hon Roy Cullen, Victoria*

### **Noble retirement?**

#### **Re: "Extreme savers: Working to retire by age 35 takes dedication, planning & compromise", June 1**

If Mr. Knight earns "about \$100,000 gross a year" and the "net earnings for the household" per year are \$104,000, then presumably Ms. Knight, "a high school teacher," contributes. If Ms. Knight is, in fact, employed as a teacher then who is caring for their children (three of them under the age of 5) during the day? Listing monthly "non-essential" childcare expenses of \$80 is disingenuous. Is Grandma Knight providing free babysitting service?

Mr. Knight's "dream involves [his] wife being retired also." How noble. Her indexed, defined-benefit teacher pension will provide, at some point, a secure income stream to add to his projected savings. That was not mentioned in the article.

*Mary-Ellen Bieth, Toronto*



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