PPP (P3) : fake solutions

Pierre J. Hamel, Montréal, 2017.06.15
Cost of funding

One thing is sure,

P3 funding is more expensive
Partenariats public-privé (P3) Québec

FAQ
“6- Do PPPs cost the State more than the conventional method?

The private sector's cost of borrowing is indeed invariably higher than that of the public sector; however, this is only one of many factors to take into consideration”.

Private financing =

a poor solution
to a non-existent problem

since traditional municipal financing is simple, relatively easy
and much less costly
2) Is a P3 worth a higher cost?

No one knows for sure, partly because of opacity
January 18th, 2011

PFI in Housing and Hospitals – Public Accounts Committee

Conclusions and recommendations

“1. There is no clear evidence to conclude whether PFI has been demonstrably better or worse value for money for housing and hospitals than other procurement options.”

http://www.publications.parliament.uk/pa/cm201011/cmselect/cmpubacc/631/63104.htm
Why no-one knows if PFI makes sense

PRIVATE HEALTH LOSES FAVOUR
BUILDING SCHOOLS UNDER ATTACK
QUANGO PAY STILL CRAZY
PFI $\cong$ PPP

Why no-one knows if PFI makes sense

UK Dec 2007- Jan 2008
3) The contract covers all the risks. Really? Are you sure?

“a corporation can abandon a municipality, but a municipality can’t cut-and-run on itself.”

*Faulty Pipes, Food and Water Watch, p.6*
Failure

2007

DEPARTMENT FOR TRANSPORT
The failure of Metronet

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 512 Session 2008-2009 | 5 June 2009
£310 million buying up shares in the Tube Lines consortium

May 2010
P3s = Risk Sharing?

London Underground
1863-2017...
154 years and more

2003-2007 = 4 years
2003-2010 = 7 years
3) The contract covers all the risks. Really? Are you sure?

“a corporation can abandon a municipality, but a municipality can’t cut-and-run on itself.”

_Faulty Pipes, Food and Water Watch, p.6_
4) Who will be the private partner?

Wastewater, Hamilton, Ontario
1994-2004

1994:
Wastewater, Hamilton, Ontario

1994:

PHILIP UTILITIES

TEACHERS’ PENSION PLAN

1999:

Azurix
Wastewater, Hamilton, Ontario

1994:

PHILIP UTILITIES

TEACHERS’ PENSION PLAN

1999:

Azurix
Wastewater, Hamilton, Ontario

1994: PHILIP UTILITIES, ONTARIO TEACHERS’ PENSION PLAN

1999: Azurix, ENRON
Wastewater, Hamilton, Ontario

1994:

1999:

Nov. 2001:
Wastewater, Hamilton, Ontario

1994:

1999:

Nov. 2001:

Feb. 2002:
Wastewater, Hamilton, Ontario

1994: PHILIP
Nov. 2001: American Water
Feb. 2002: American Water

Rheinisch-Westfälisches Elektrizitätswerk Aktiengesellschaft
Wastewater, Hamilton, Ontario
Who will be the private partner?

Moral of the story

P3 is like a marriage
Moral of the story

P3 is like a marriage with an armour-plated contract
Moral of the story

P3 is like a marriage
with an armour-plated contract,
a marriage
where you don’t know
who will be in your bed
???
5) Trendy: remunicipalisation

Paris 2009-2010

Italy 2011
Montréal’s MUHC PPP corruption scandal: a record bribe

22,5 M$ CAD
16,7 M$ USD

Record to beat
Pierre J. Hamel

http://www.ucs.inrs.ca/pierre-j-hamel

PPP (P3) Fake Solutions Montréal Hamel INRS 2017.06.15
P3 = fake solutions

1) P3 funding will cost more
2) Is a P3 worth an higher cost?
   No one knows, partly because of opacity
3) The contract covers all the risks, really?
4) Who will be the private partner?
5) Trendy: remunicipalisation