

Premier Gordon Campbell
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Let me start by telling you this story. There's a corner in Vancouver. It's 12th and Oak - a major intersection. It's where Vancouver General Hospital sits. The largest single building built in the city through the eighties was for a hospital. It was built by the public sector. It was announced by politicians.

Politicians came and said: "We're going to announce a brand new hospital for you, British Columbia. Here we go." And they built a shell. So when you drove by, if you didn't know what was going on, you'd think: that might be a hospital.

The problem was it was a shell with nothing in it - no equipment, no people, just a shell. The reason was because the politicians of the day had announced that they were going to have a hospital there. They rezoned it and they planned it and they spent money on it. And then they decided: we'd better plan it again. So they planned some more and they tossed more money on it. In 1991-92 they finally decided they were going to build this shell. So the shell stood there, nothing in it, just a shell.

After a little while, the structural engineers came to the people and they said: "You know, you'd better start doing this shell 'cause I actually thought we were building a hospital here. If you don't heat it, the structural integrity of the shell may start to deteriorate." So they started to heat the shell - but still no patients, still no equipment, still no doctors, still no nurses.

This was all done, by the way, with borrowed money. So we're paying interest on the shell and now we're heating the shell. And now there's some homeless people in Vancouver and they think to themselves, "You know, there's a heated shell over there we can go and sleep in instead of standing out in the street." So they went to the heated shell.

The hospital guy said: "Hold it. This is not for people that want shelter. This is a hospital, so we'll have to keep the people that want to use the shelter out, so we'll have to have security." So now we're paying for interest and security to keep people out of the shell. The hospital is now actually a hospital - but it took 20 years between when they announced the shell and when they actually created a

hospital, because hospitals require equipment, and more than equipment, they require people. They require doctors and nurses and physiotherapists and caregivers and licensed practical nurses, nutritionists and dieticians and the works. So it took 20 years between when that hospital was announced and when it was finished.

I like to make a suggestion here. Having been in the private sector in the development business, I think if I had gone and said: "By the way, guys, I'd like to launch this project and put a few hundred million into it and we might start getting the returns you want another 20 years out," there's a good chance my board of directors would have said no. That's not on.

One of the things that public-private partnerships do is actually create a discipline on the public sector. They create the discipline that says: "What do you want, what are you expecting, what is the result that you're going to get out of this, how are we going to measure whether the results are successful or not and does it make sense?" There have been far too many times when those fundamental questions weren't asked on public sector projects.

The one I just went through with you, that hospital, probably cost the taxpayers on the order of \$100 million in terms of just carrying costs over the time. We probably went through five, six or seven iterations of plans because nobody stopped to think what really needed to be done, and how it was accomplished. We have a responsibility to do that. As we do that, I think we will find that those disciplines both in the public and the private sector will deliver better results.

We can look around the world, but I think one of the best examples of this in the UK. Before their P3 initiatives in the UK, 70 per cent of projects were late or over budget. After their P3 initiative, they have driven that number down to 22 per cent of the projects were late or over budget. The main reason for those 22 per cent of projects being over budget was normally budget scope increase driven by the public sector. So, again, you see when the discipline that we try impose on us ourselves as the public sector is a critical component of making P3s successful.

In British Columbia, we created a capital asset management framework that demands of us the disciplines that are critical if we're going to be successful. We ask ourselves: are we being fiscally responsible, are we getting value for money, are we making sure that there's accountability and that we are measuring results, is there transparency throughout the competition process, and are we protecting the public interest? Not every project should actually be put to public-private

partnership, and asking these questions and applying this framework helps us identify the projects best suited to a P3 approach.

Another part of that process is something we call Partnerships B.C. The chair of Partnerships B.C., Rick Mahler, comes from the private sector. He understands the private sector. He understands risk. He understands return. He understands what our public objectives are. And we count on Partnerships B.C. to act as a filter for us, to say to us: this is or isn't a project that we should be moving ahead with as a P3.

Six public-private partnerships are currently on the table in B.C. with a value of almost \$3 billion. There's a \$90 million ambulatory care centre that is going next door to the other example of the hospital that I was telling you about. It's going to be started in 2004 and we're looking to have it complete in about 2006.

There's the \$300-million Abbotsford hospital and cancer centre. It's three times larger than the current facility. The Fraser Valley is one of the fastest growing regions in our province. They have been promised a hospital for over a decade and a half, and we expect to start this project in 2004, with completion in 2007.

I do want to say this about using P3s in our health care system: P3 hospitals are not about privatizing health care; they're about improving health care. They're about recognizing that the pressures we're putting on our health care system because of our aging population, technological advances and pharmaceutical advances demand that we get the most cost-effective use of every dollar that we put into the system. That's exactly what we're trying to do with P3s.

Seventy per cent of health funding goes to salaries and other staffing costs in British Columbia, and I'm sure it's pretty similar across the country. We need to make the most of the remaining 30 per cent.

In the UK they've built 40 new hospitals as public-private partnerships and there are 60 more underway. They've probably learned some stuff in the United Kingdom as they've gone through this exercise, and we have to capture that learning and we have to apply it in our Canadian context.

As well as health care, we're moving forward on transportation initiatives. We're investing about \$1.1 billion in transportation initiatives, and we expect to lever about \$1.7 billion in partnership investments through that activity.

We've just issued a request issued a request for expressions of interest in a \$120-million Okanagan Lake Bridge connecting Kelowna with West Bank. We've got a request for qualifications issued by TransLink for a new bridge across the Fraser River, which has an estimated value of about \$600 million. We had a request for proposal for petitions last August for the Richmond-Airport-Vancouver, or RAV, rapid transit line. That's an estimated capital cost of \$1.5 to \$1.7 billion.

And in the northeast of our province we've done something to help encourage investment and to work with the private sector. It's the Sierra Yoyo Desan Road. It is a public-private partnership where we use some of the royalties from the oil and gas industry to help build transportation infrastructure that directly benefits the industry and supports new exploration. The oil and gas industry said to us: we want to try and open up your province for investment. We need transportation infrastructure to do that. So we're making that happen in partnership with the private sector.

We introduced our oil and gas development strategy last May and we had a 126 per cent increase in the amount of summer drilling activities that took place in British Columbia as a result of that program.

We had the largest single oil and gas lease sale in our history in September – \$418 million. Most of that is because there is a true partnership that is building between the province and the private sector to support that industry.

I couldn't leave today without telling you how proud we are that British Columbia is home to probably the largest single public-private partnership initiative going in Canada right now: the 2010 Olympic Games. We sometimes forget when we talk about the Olympics that that is an enormous public-private partnership. For our investment, about \$600 million in infrastructure, we will get \$2-to-\$3 billion of private-sector investments through broadcast rights, through royalty rights, through development of small business opportunities, and through tourism opportunities that are developed – all as a result of that public-private partnership.

We expect the Olympics to generate over 200,000 new jobs and \$8-to-\$9 billion of new economic activities in the province. Most of that will be done as a result of public-private partnerships.

The world will look dramatically different in 2010 than it does today in 2003. Bill Gates once said that the world won't change as much as we expect in two years,

and it will change much more than we expect in ten years. What you are doing here is building the momentum and the critical mass of understanding that's necessary for us to take full advantage of the public sector and the private sector working together in a true spirit of partnership. That means we talk directly to one another about the challenges that are in front of us and how we may respond. It means that we don't pretend that there's not risk in all of these projects. It means that we understand the resources that we put into these partnership projects require that both sides be able to look at these projects and the results we get out of them and say: yes, we have benefited.

That too, in and of itself, is a big change. That requires leadership. That requires us to demand of ourselves the kind of discipline and rigour that we would demand of others. It requires each of us to set an example in our institutions as we move forward. I believe that's the true opportunity public-private partnerships represent.

It allows us to build a new public vocabulary as well as a new private vocabulary. It allows us to build new understanding, and it allows us to set goals and standards for ourselves higher than we did in the past. I believe that our danger is not in setting our standards too high. It's in setting them too low and then reaching them.

It seems to me our goal is to say that here in Canada, of all places, we can set an example. Here in Canada we can show leadership – we can show the world how we can come together in a way that's open, that's direct, that's accountable, that's democratic, but that delivers the results that citizens want to create a better quality of life for each of them.

By being here today, you commit yourselves to that. On behalf of the citizens of British Columbia, I want to say thank you for your contributions, and I want to say: let's do this together. Let's build an even stronger country. Let's build an even stronger province by learning from one another, listening to one another and creating a new and better country for all Canadians.

Thank you very much.