

Partnerships British Columbia: Status Update and Accountability Measures

May 30, 2003

Summary

- BC's Infrastructure Challenges
- Benefits of P3s
- Successful P3 Implementation
- PBC's Accountability Measures
- Project Update

BC's Infrastructure Challenges



- Investment in new infrastructure has not kept up with economic growth
- BC's population is increasing and getting older
- Significant deferred maintenance deficits have been accumulating
- BC urgently needs new and improved health care and education facilities, and transportation infrastructure



A Strategic Shift in Thinking

From ...

Lack of competition and innovation

Government bears most risks

Public borrowing for new assets

Assets paid for by taxpayers

Procurement process inefficient

Government responsible to protect public interest



To ...

More private sector involvement

Share risk with private sector

More private capital

More reliance on user fees

“On-time delivery” of assets

Government continues to protect public interest

Benefits of BC's P3 Initiative

- More capital projects, sooner
- New investment and economic growth in BC
- Better capital asset management and procurement
 - Meet customer needs at minimum life cycle cost
 - Optimal risk transfer
- Establish Best Practices
- Develop and export our P3 expertise worldwide

UK Experience

Improved Project Delivery Under PFIs

	Before PFIs <i>(1999 Government Survey)</i>	After PFIs <i>(2002 NAO census)</i>
Projects over budget	73%	22%
Projects late	70%	24%

Source: UK National Audit Office

Successful P3 Implementation

Partnerships BC is focused on:

- Developing the capacity and skills in both public and private sectors for P3s
- Identifying candidate P3 projects founded on sound business cases, management and procurement strategies
- Managing transaction costs
- Handling project specific implementation challenges
- Increasing public understanding and awareness of the potential benefits of P3s

Challenges

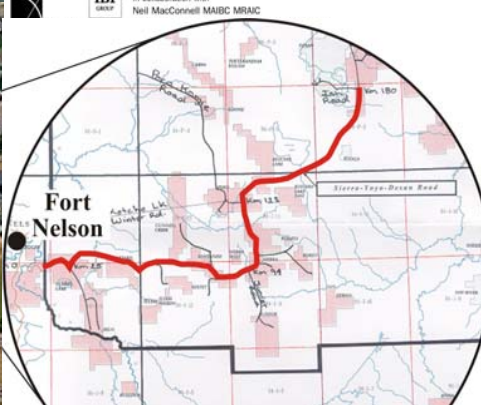
We have the opportunity to do it right in BC

- High expectations – P3s are not a panacea
- Change can be threatening
- Lack of understanding of the process and the benefits
- Competitive international market
- Maximize the appeal of the BC market

PBC Accountability Measures

- Successful Projects
- Satisfied Clients
- Commercially Viable
- Centre of Expertise and Excellence

Project Update



Active Projects

Project	Status	Expected Start Date	Expected Completion
Abbotsford Hospital and Cancer Centre	RFP issued in June 2003	2004	2007
Academic Ambulatory Care Centre	RFP to be issued in June 2003	TBD	2006
RAV Rapid Transit Project	RFP to be issued in Summer 2003	2005	2009

Active Projects cont'd...

Project	Status	Expected Start Date	Expected Completion
Fraser Crossing	RFQ to be issued in Fall 2003	2004	2007
Coquihalla	RFQ to be issued in Summer 2003	Preferred bidder selected in late 2003	

Other Projects

Potential Projects Under Development

- Gateway Projects
- Sea to Sky Highway
- Okanagan Lake Bridge
- Providence Health Care
- Sierra-Yoyo-Desan Road

Other Projects

Other Core Review Related Transition and Strategic Asset Disposition Projects

- Bridge Studios
- Open Learning Agency/Knowledge Network
- PNE Transition to City of Vancouver
- Burns Bog Negotiations

Conclusion

Seek approval to proceed:

- Endorse direction of business plan
- Approve accountability measures in plan

partnerships
British Columbia



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