



The Hon. René Legacy
Minister of Finance and Treasury Board
P.O. Box 6000
Fredericton, N.B.
E3B 5H1

February 14, 2025

Subject: Canadian Council for Public-Private Partnerships Submission of Recommendations for the Government of New Brunswick's Budget 2025 Consultation

Dear Minister Legacy,

On behalf of the [Canadian Council for Public-Private Partnerships](#) (CCPPP) and our members, I extend our sincere congratulations on your appointment as Minister of Finance for the Province of New Brunswick. We are pleased to submit our recommendations as part of the Government's Budget 2025 consultation process.

CCPPP represents virtually all major players in New Brunswick's infrastructure sector, including the workers responsible for building Public-Private Partnership (P3) hospitals, schools, highways, bridges, water and wastewater treatment facilities, and more over the last three decades. Our members encompass leading firms in construction, engineering, legal, advisory services, banking, finance, operations, and facilities maintenance, all with extensive experience in delivering, operating, and maintaining New Brunswick's public infrastructure projects. CCPPP is uniquely positioned as the only organization that brings together all facets of the infrastructure industry to support the Government of New Brunswick in achieving its infrastructure financing and procurement objectives.

The Canadian infrastructure funding landscape has evolved significantly. Amid growing government deficits and the absence of a new federal infrastructure program, the Council is encouraging provincial governments and the private sector to consider how they can effectively work together to solve the infrastructure gap. Our recent public opinion polling indicates that more than 66 percent of Atlantic Canadians lack confidence that governments can cover the costs of infrastructure repairs and upgrades without raising taxes. Additionally, over 56 percent prefer approaches that leverage both government and private investments to build, fund, operate, and maintain public infrastructure. These findings highlight clear public support for governments to consider partnership models such as P3s as a tool in their procurement and investment toolbox.

Over the past 30 years, Canadian governments have partnered with the private sector on more than 300 P3 projects valued at over \$139 billion. These projects have delivered essential infrastructure, including hospitals, courthouses, schools, highways and community-enabling

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infrastructure and support like roads, bridges and water and wastewater. New Brunswick has experienced the benefits of P3 projects firsthand, including the Fredericton-Moncton Highway, the Trans-Canada Highway, and the notable Saint John Drinking Water Project. Completed in 2020, the initiative is one of the province's largest municipal infrastructure investments and Canada's first large-scale drinking water P3. It showcases how innovative P3 models can modernize water treatment and distribution systems while ensuring high-quality service and significant cost savings. This project serves as a model for future water infrastructure initiatives and other asset classes.

To this end, the Council is putting forward the following recommendation: The Council strongly recommends that the Government of New Brunswick make greater use of the tried and tested P3 model to deliver critical infrastructure across the province.

There is an opportunity for the Government of New Brunswick **to achieve more with existing financial resources** by harnessing the discipline and expertise of private capital through P3s.

P3s offer unique advantages, including private capital at risk in performance-based contracts and the ability to amortize the province's investment over the life of the project. These benefits are in the best interests of New Brunswickers, ensuring greater efficiency, oversight, and long-term value for taxpayers. In a time of shrinking government revenues and public reluctance to accept higher taxes, it is an opportune moment to do more with public funds by using private capital to stretch those scarce tax dollars further.

Key Considerations:

- **Modernizing Procurement Approaches to Ensure Early Private Sector Engagement -** There is a significant opportunity to enhance transparency and modernize procurement approaches for major projects to foster early engagement with private sector proponents, promote competition, cultivate a pipeline of market-ready projects, share best practices and elevate quality infrastructure solutions, which will foster a solutions-oriented delivery environment.
- **Enhancing Competition and Reducing Risk in Large-Scale Projects -** Where possible, governments should consider breaking large projects (exceeding \$500 million) into phases to attract greater competition, producing greater market tension, greater certainty in execution, and cost savings for taxpayers. Scaling P3 projects back to past levels (\$500 million) will also significantly reduce risks for the private sector, which risks having too many eggs in one basket in a \$1-billion-plus project.
- **Maximizing Economies of Scale with P3 Project Bundling -** Over the years, experts have debated the minimum capital cost threshold above which a P3 can generate

Value-for-Money (VfM) for the public sector. Historically, Canadian provinces have set this threshold at \$40 million in capital costs before requiring a VfM analysis. Smaller projects may struggle to realize the full benefits of the P3 model due to higher upfront transaction costs relative to their overall value and potentially less interest from market-leading consortia. In such cases, bundling multiple smaller projects into a single procurement can create a more advantageous P3 structure. This approach can be applied to similar assets across multiple sites, different assets at a single site, or diverse assets across various locations. Bundling represents an important opportunity for community-enabling infrastructure such as roads and bridges, which are key investment priorities in the Government of New Brunswick's 2025-2026 capital expenditures. This approach can deliver significant cost advantages through economies of scale, appropriate risk transfer, expedited delivery, secure ongoing funding, and reduced design, construction, operation, and maintenance expenses.

- **Ensuring Asset Quality and Life Cycle Maintenance** - P3 models integrate ongoing maintenance, life cycle renewal, and O&M costs into project planning. This ensures infrastructure is protected from budgetary constraints, its lifespan is extended, and communities receive high-quality services. By embedding these long-term considerations into procurement, P3s deliver significant value to taxpayers, avoiding deferred maintenance costs and ensuring the sustainability of public assets.
- **Fostering Competition and Local Economic Benefits** - P3 procurements foster competition, leading to more competitive pricing outcomes. Additionally, these models often engage local contractors and suppliers, generating economic benefits and creating jobs within the province. For example, Alberta's P3 school bundle achieved significant cost efficiencies, with 99% of the work awarded to locally based businesses. New Brunswick can replicate this approach to realize similar economic benefits.
- **Accelerating Project Delivery Timelines** - Addressing New Brunswick's infrastructure needs requires adopting delivery models that ensure efficiency. Traditional procurement methods are unlikely to meet the timelines demanded by large-scale projects. P3s align incentives to ensure projects are delivered on time and within budget, helping the province meet its ambitious infrastructure commitments.

The Council is committed to helping governments harness the full potential of P3s to deliver transformative infrastructure. We invite you to explore our mission and learn more about how P3s can support Budget 2025 priorities by reading our latest series of recommendations for federal, provincial and territorial government on [Modernizing Canada's Approach to P3s](#).



We would welcome the opportunity to discuss scenarios where P3s may provide unique advantages for the people of New Brunswick. If you have questions or wish to explore these recommendations further, the Council's staff and membership are readily available at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Lisa Mitchell". The signature is written in a cursive, flowing style.

Lisa Mitchell
President and CEO