

**Canadian Council of Public-Private
Partnerships
Infrastructure Minister Ray Danyluk
Monday, November 22, 2010**

Introduction

- Good morning and thank you for inviting me here to speak today.
- It is a privilege to join so many infrastructure leaders and experts from across Canada and around the world.
- This is a tremendous opportunity to learn.
 - And to share Alberta's story with you.
- I am happy to be here in Toronto.
 - Flying into this city, it seems to stretch all the way to the horizon.
 - There is city as far as you can see out of both windows of the airplane.
 - And the physical infrastructure is truly impressive.
- It is a much different experience than flying in to Calgary or Edmonton which seem to rise suddenly out of the middle of the prairie.

- They are growing rapidly, but they are still urban islands in a mostly rural province.
- That's why I might start to get a bit claustrophobic if I stay in downtown Toronto too long.
- I have been involved in politics for over 20 years.
 - On school boards, municipal councils, and at the provincial level.
- But I have always been a rancher at heart and always will be.
- I have a place about two hours northeast of Edmonton, along the banks of the North Saskatchewan River.
- Let me put it this way when I became Minister of Infrastructure and had to start touring construction sites across the province, I didn't have to go out and buy a brand new pair of steel-toed boots though I did have to clean mine up a bit.
- Although I spend a lot of time in Edmonton and in Calgary, I return home to my ranch each and every week.
 - Where there are big skies and wide open spaces.
- That sense of openness is what Alberta is all about.

Alberta's Open Door

- We are a province of only 3.4 million people fewer than greater Toronto.
- But Alberta's economy is growing more and more important for Canada, and all of North America.
- We are a young province still developing our infrastructure.
- But we have a deep tradition of openness and entrepreneurial spirit.
- One of the municipalities in my constituency Lac La Biche is home to the second mosque ever built in Canada.
- This town of only 2,000 plus people has vibrant communities of Italians, Lebanese, French Canadians, Chinese, Ukrainians, Aboriginals, Russians, Poles, and Metis.
- And it has always been this diverse and dynamic ever since it was founded over a hundred years ago.
- It is the second oldest community in Alberta, next to Fort Chipewan – older than Edmonton and Calgary.

- You may have heard that Calgary elected Canada's first Muslim mayor last month.
- That raised a few eyebrows across Canada, particularly in the media.
- But Albertans weren't surprised.
- We have always been welcoming to people from other provinces and other countries.
- We are ready to learn from others and share our opportunities with them.
- And we are always ready to partner with others to make our province an even better place to live.
- Alberta has learned a lot about public-private partnerships from other jurisdictions including British Columbia and Ontario.
- I want to thank those of you who are here from other provinces.
 - For your leadership in P3s.
 - For expanding the possibilities for how infrastructure is financed and built in Canada.

- You did the hard work of clearing the land, and preparing the ground.
- The work of organizations such as the *Canadian Council for Public-Private Partnerships* have helped make this a fertile area of growth.

P3s in Alberta

- It is true that when it comes to P3s Alberta is relatively new to the game.
- Currently, we are using P3s to build major segments of the ring roads for our two major cities, Edmonton and Calgary.
- We are also using P3s as one part of our strategy to deliver new schools in growing areas across the province.
 - We have built 59 schools in the past 5 years.
 - 18 of them were delivered through a public private partnership.
 - They opened this September, two years earlier than possible through traditional procurement.
- We recently began construction on a second bundle of 14 schools 10 of them as a P3.

- We carefully evaluate and assess each infrastructure project to determine the best way to deliver it.
 - P3s are always on the table in these deliberations, along with other procurement methods.
- Alberta's P3 procurement process has been designed in close partnership with industry.
 - It is open, transparent, and predictable.
- Our process includes a lot of careful scrutiny up-front.
 - So when we close an RFP, we can confidently choose the lowest bid.
 - Because we already know that each submission meets our clearly-articulated standards.
 - And every bidder on the shortlist has already been determined to be well-qualified and experienced.
- We have had very good results with our P3 process.
- We are confident that in the right circumstances P3s deliver good value for money.
- The Conference Board of Canada recognized this in a recent study.

- Our provincial Auditor General has acknowledged this as well.
- In fact he encouraged us to do even more to communicate this value to taxpayers.
- As everyone in this room knows, P3s
 - Promote optimal transfer of risk.
 - Provide cost and time certainty.
 - Incorporate lifecycle costs into the project from the start.
- Most importantly from our perspective, P3s encourage innovation, efficiency, and collaboration throughout the design and construction process.

Future Opportunities for P3s

- Creative partnership is what building in Alberta is all about.
- Because building public infrastructure is about more than value for money.
- It is about value for communities.

- The public infrastructure we build will be there long after we are gone.
- Of course we should deliver value for taxpayers and the private sector has to deliver return on investment.
- At the same time, we must be futurists, and we must have vision.
- We have a responsibility to deliver buildings that work
 - for those who use them,
 - for the entire community,
 - and for future generations.
- A brand new, single-purpose facility is not always the answer especially in these economic times.
- We need to find infrastructure solutions that are:
 - cost-effective,
 - designed to meet the needs of the broader community,
 - and flexible enough to adapt to the needs of the future – whatever they may be.
- In Alberta, we are very interested in exploring how P3 models can help to meet these new challenges.

- We have infrastructure needs not only in our major cities, but in smaller centres and rural areas as well.
 - We want to investigate whether there is an opportunity to use P3s to bundle these smaller projects and deliver them more quickly and cost-effectively.

- Municipalities in Alberta also have their own pressing infrastructure needs.
 - We need to consider whether we as a province can enable and assist municipal governments to use P3s for local projects like recreation centres and water treatment plants.

- As I mentioned, we also need to ensure our buildings meet the needs of the wider community to the fullest extent possible.
 - So we are interested in looking for ways to incorporate even broader collaboration into our procurement processes including P3s.

- We also have many aging facilities in the province as there are in every jurisdiction.
 - As we go forward, we will need to balance the need for new construction with the opportunity to renovate, re-purpose, and revitalize our existing infrastructure.

- We would like to explore whether P3 models can be adapted to meet this need.
- These are a few of the future directions we are starting to explore in Alberta.
 - We have incredible expertise and experience among our engineers, architects, and construction professionals.
 - We also welcome your ideas and knowledge as we move forward with public-private partnerships.
- P3s have recently become an important part of the infrastructure picture in Alberta and they will remain an important tool for our province as we work to meet future needs.

The Bigger Picture – Infrastructure Investment in Alberta

- The bigger picture for capital investment in Alberta is also looking very bright.
- At a time when many jurisdictions in the world are experiencing a slowdown in building projects, we are forging ahead.
- There are currently \$192 billion worth of public and private sector construction projects underway in our province.

- We counted there are more than 150 tower cranes at work right now across Alberta. There are four outside my window at the Legislature.
- This is a direct reflection of Premier Stelmach's vision for our province.
- Our Premier firmly believes that developing our infrastructure is essential to Alberta's growing economy, and to our quality of life.
- And he believes that we need to have stable and consistent capital spending not only during these tough economic times, but as an ongoing investment in our future.
- Alberta has learned the hard way about the roller coaster of commodity prices.
- We have learned that good, long term planning is essential.
- That's why we have a 20 year strategic capital plan.
- And we have our sights set on the roads and buildings our province will need
 - Not just 5 or 10 years from now but decades into the future.

- A crucial component of this planning is our Sustainability Fund – currently worth about \$17 billion.
- It is essentially a savings account that we can use to smooth out the dramatic hills and valleys of our resource-based economy.
- It is specifically intended to support capital investment not our operating budgets.
- And it is a key reason why our government is able to invest over \$7 billion in infrastructure this year, and more than \$20 billion over the next three years.

Alberta's Oil Sands

- The Sustainability Fund and our stable capital spending is possible in large part because of Alberta's energy sector, and particularly the oil sands.
- We are fortunate to have this resource.
- We are fortunate that innovation, investment and expertise from Alberta and around the world has enabled us to develop the oilsands for the benefit of our province and the entire country.
- And it is a resource for all of us.

- Sometimes when I talk about my ranch, I tell people that I own about 3,000 acres of land.
 - And I own about 300 head of cattle.
 - And there are also a few oil wells on my property.
- I always emphasize that I don't own those oil wells they belong to everyone.
- In the same way, the oil sands are a resource for all of Canada not just Alberta.
- If all you have heard about the oil sands is exaggerated rhetoric about tailings ponds and so-called "dirty oil" you haven't heard the full story.
- There are environmental impacts to developing the oil sands just as there are with any resource industry.
 - Just as there are with urban development and sprawl.
 - Just as there are with moving people and goods on our highways and through the air.
- We must all work together to minimize those impacts, just as we do for oil sands development.

- I live on the land.
 - And the oil sands are being developed in my back yard.

- As Albertans, we take the stewardship of our land and water very seriously.
 - It is our heritage and our legacy for future generations.
 - We want to protect it.
 - And we are.

- You may not hear much about it, but Alberta has extremely stringent environmental protections in place.

- We have policies that protect our air, water and land from the cumulative effects of development.

- We have North America's first levy on industrial carbon emitters.

- We are investing \$2 billion in carbon capture and storage.

- And we have regulations that will eliminate tailings ponds over time.

- We owe it to the land and we owe it to our children and grandchildren to develop the oil sands responsibly.
- As we do that, we will all benefit.
- Most people think that Saudi Arabia, Venezuela, or Mexico is the largest supplier of oil to the United States.
- But it is actually Alberta.
- More importantly, every dollar invested in our energy sector creates three dollars worth of spin-off economic activity outside the province.
- An estimated 450,000 jobs across Canada are expected to be created from Alberta's oil sands development over the next 25 years.
- Over that time, the oil sands will generate more than \$300 billion in tax revenue for the federal government.
 - And \$1.7 trillion dollars in GDP for Canada as a whole.
- It is clear that the oil sands are a critical resource for all of us.

- Canadians deserve to be assured that we are developing the oil sands in a way we can all be proud of.
 - In a way that reflects well on all Canadians.
- So I invite you to come and see for yourselves the progress that is being made.
- Those who visit Alberta or take the time to learn the facts for themselves often come away with a very different perspective.
 - (Whether they are US Senators, EU diplomats, or famous Hollywood directors.)
- We want them to keep coming.
- Thousands of people from other provinces and other countries have helped us develop our energy industry.
 - Scientists, engineers and technicians have contributed their talents and expertise.
 - Skilled workers have come to work in our oil patch.
 - And we've applied innovations and technologies developed across the world.
- We are open to constructive criticism and dialogue.
- We are ready for scrutiny.

- And we want to work together.
- Because Alberta's energy industry isn't just an economic driver for Canada.
- It has been built by people from across Canada.
- It is a true Canadian success story – and we are Canadians first, Albertans second.

Conclusion

- Ladies and gentlemen, Alberta is a young province.
- But we are growing.
- We are a place of optimism and opportunity.
- We are committed to building the roads, schools, hospitals and other infrastructure that will prepare us to take advantage of that opportunity.
- We are an open province
 - Open for investment.
 - Open to learn from others.
 - And open for partnership.

- That is why P3s are so critical, and why this conference is so valuable.
- Once again, thank you for the opportunity to be here and share some of our story with you.