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## **Public sewage treatment could be over \$100 million cheaper**

VICTORIA - A new report by B.C.'s most respected forensic accountant, Ron Parks, finds in favour of public operation of sewage treatment in the Capital Regional District (CRD).

Parks' review of the business case in support of provincial funding for sewage treatment finds that the assumed cost of public operation is inflated in a number of ways, including double-counting risk, unjustified assumption of higher public costs, and using a discount rate that is too high.

The business case uses an assumed discount rate of 7.5 per cent, while Parks suggests a more appropriate rate would be 5.19 per cent - linked to the current cost of public borrowing through the Municipal Finance Authority. Using the lower rate, public operation is actually \$116 million cheaper than a full public private partnership (P3) and \$58 million cheaper than the mixed public/P3 (hybrid) option.

Parks says that unsubstantiated estimates of higher construction and operating costs for models that include public operation seem to be based on "the general assumption that the private sector can always do things for less than government can."

This gives elected directors in the CRD a powerful reason to listen to residents who have repeatedly said they want public, not private, sewage treatment according to Barry O'Neill, president of the B.C. division of the Canadian Union of Public Employees. "P3s are a rip-off. I am pretty sure that CRD taxpayers would rather see the tens of millions go to improve parks, recreation, transit and roads, than to pay for what amounts to "privatization premiums," says O'Neill.

The Core Area Liquid Waste Management Committee is scheduled to make a recommendation on project procurement to the CRD board on March 24. The CRD board is scheduled to make a final decision on how the project will be procured at its March 31 meeting.

Ron Parks was asked by the Canadian Union of Public Employees to address ten questions about the business case. He is with the firm Blair Mackay Mynett Valuations Inc.

See the full report <http://www.cupe.bc.ca/campaigns/water-watch/reports-research>

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