

Private Profit at a Public Price

Deciding the Future of the Public-Private
Partnership Schools in Nova Scotia





CCPA

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Schools in Nova Scotia

Summary

The Nova Scotia government is entering a period of decision-making over the future of 39 public-private partnership (P3) schools across the province. Over the next few years, the province must decide whether to purchase the schools, renew the leases or surrender the buildings to the developers. Since the earliest days of the program in the 1990s, the P3s schools have been controversial. Cost overruns, massive private profits, mismanagement, and problems with the construction and management of the schools have all been reported. This report summarizes all these issues with the dual goals of providing a cautionary tale about P3s and making recommendations about the future of the schools.

Public-private partnerships grew in popularity during the 1990s, fueled by the need for public infrastructure projects and government desire to avoid deficits. P3s created an illusion of new public infrastructure being created without governments incurring any costs. Projects included various sorts of construction and property management of buildings, especially hospi-

tals and schools. In more recent times, the problems encountered with the projects led governments to return to the traditional procurement method.

The Auditor General conducted several reviews of the schools. While these reports provide sufficient evidence to the case against using the P3 approach, our evaluation also included key information that has more recently become public, thus permitting a more comprehensive evaluation. We also examined media reports and other government documents, all of which indicate that the schools had a high cost for the government and yielded high profits for the developers. Significantly, there was a lack of any evidence-based decision-making using cost-benefit analysis prior to the initiation of the projects, or at any time since. In addition, there were several examples of mismanagement of the program, ranging from a lack of oversight by the province to safety violations that placed students at risk.

The evaluation led to several recommendations. In general, the P3 schools program was a failure; while the buildings are viewed as satisfactory, they cost tens of millions of dollars more than the traditional procurement system. This result could have been avoided if the government had used appropriate evidence-based decision making processes prior to committing to the P3 approach. The government would be well-advised to learn from this situation and to enhance their efforts to make decisions based on evidence rather than political motivation. There were also considerable problems with the procurement process in general that could be improved.

Regarding the schools, the recommendation is that all 39 schools be purchased as their leases expire. This recommendation is based on three findings; that the schools have already cost considerably more than the traditional procurement model, the schools are of satisfactory quality, the majority of the schools are still needed as schools and those that are not needed should be repurposed as public assets.

Introduction

In the mid-1990s, the government of Nova Scotia entered into public-private partnerships to build 39 schools. The debate over the government's decision has never stopped. At present, the government is entering a new period of decision-making as each of the leases expires over the new few years. This report provides an evaluation of the partnerships, with the aim of providing recommendations for the future of P3 schools in this province.

Public-Private Partnerships

A public-private partnership varies from the traditional design-bid-build approach as the company builds, manages or otherwise provides a public service, such as a large building, and the government pays the private company for the service over several years.¹ The basic problem with P3s is that they are typically used to conceal government expenditures and provide guaranteed long-term profits for contractors. To survive, private companies must make a profit. This motivation is fundamentally in opposition to the public interest across a variety of domains, including environmental and community factors.²

Public-Private Partnerships (P3s) made a resurgence during the 1980s, starting in the United Kingdom and spreading out across the globe.³ This movement was driven by the political emphasis on austerity — a financial strategy based on the assumption that governmental deficits are highly undesirable. Consequences of this perspective, which is contrary to solid evidence, was a dramatic decrease in public service projects, while governments turned to P3s as a means of providing necessary services.⁴ The widespread failures, especially the increased expenditures incurred, led to a recent return to government insourcing.⁵ For example, after many P3 projects failed financially and in quality, the United Kingdom completely overhauled the practices used in these contracts.⁶

These partnerships take many forms, but are most often multi-year contracts in which private companies are presumed to take responsibility for roles previously undertaken by governments.⁷ Responsibilities can include financing of infrastructure development, construction, operation, maintenance and ownership of facilities, although in the case of the schools in Nova Scotia, the province retained most of these responsibilities.⁸

The problem with the purely political motivation is that P3s have repeatedly resulted in the projects costing more than if they had been built by the government itself.⁹ The financing of P3s often involves interest rates higher than those available to governments using traditional public procurement processes.¹⁰ In Nova Scotia, the government avoided seeming to incur a great deal of debt while being able to construct 39 new schools, but this political goal came at a high cost to taxpayers.¹¹ The full cost of the P3s, including the interest rates, transaction costs, and profit margins will likely never be known.

Within any P3 project, the degree to which the government relinquishes control varies. In some cases, the private contractor is given complete con-

trol over an asset and the services provided; in others, the company is limited to construction and property maintenance. Private corporations are primarily concerned with profit and may disregard factors such as social and environmental impacts.¹² In addition, P3 contracts can limit the ability of government to adapt to changes in the project if such possibilities are not built into agreements.¹³ One of the cited advantages of P3 contracts – that the projects are typically delivered on time and on budget – is based on the assumption that government management usually leads to inefficiency and cost overruns, but this is a belief not supported by evidence.¹⁴

Workforce impacts of P3s are complex. Large projects, such as school construction in a rural area, have the potential to bring jobs into a community. However, these positions may not be as secure or as well-paid as government positions. For government employees, the contracts may free up time to engage in other work, although downsizing is a trend that has risen alongside the growth in the popularity of P3 contracts. Another consideration is that expertise in the management of the contracts is required of government staff, but the number of people required to staff these positions is often less than required to complete the project. If a government does not ensure that there are staff competent to oversee P3 contracts, then the project may not be properly conducted, resulting in problems ranging from overspending to failing to meet the needs of the end-user.¹⁵

The larger economic benefits of P3s are dubious. While organizations touting the benefits of such alliances, including the World Bank, claim that there are economic benefits to the partnerships, critical analysis indicates that the impacts are limited, noting that the large conglomerates that typically engage in P3 business often yield huge profits, but do little to contribute to the overall economy when compared with traditional models for big-scale government construction projects, and often cost more than if the government had done the project itself.¹⁶

The biggest assumption of P3 projects is that they cost less than publicly managed construction and property management. However, the evidence for this assumption has been called into question. In particular, inappropriate use and interpretation of *Value-for-money* (VfM) analyses has been cited in various reports.¹⁷ A properly conducted VfM, as part of a *public service comparator* (PSC) analysis, can yield the necessary data for governments to make evidence-based decisions. A PSC analysis should be conducted by an independent evaluator and should contain both the “raw” cost analysis and also the benefit added component that takes into account the potential governmental advantages. Risk should also be specifically quan-

tified¹⁸. Several objective evaluations found that governments in diverse jurisdictions did not engage in this, or any analysis prior to entering into the practice, often with dire results.¹⁹ For example, the Saskatchewan government claimed they would not repeat the mistakes of other provinces, but proceeded to utilize a similar “blue skies” approach where they entered into contracts without first conducting a PSC analysis.²⁰

An emerging danger of P3s are the initiatives of major economic institutions, including the World Bank and the G20 to ‘financialize’ such contracts by accessing the trillions of dollars held by pension funds, insurance companies and other institutional investors.²¹ Finally, there is significant evidence that P3s are “not just a highly questionable deal for the taxpayers; they also have a negative impact on the economy.”²²

The evidence is clear that P3s don’t work; public sector projects are best funded and managed by governments. However, what is clear at the general level may not always hold true for specific areas of the public sector, so we now turn our attention to a summary of P3 schools.

P3 Schools

Public-private partnerships in education represent only a tiny minority of projects in this area of the public sector. The United Kingdom, Germany, Australia and New Zealand all used P3’s, with many problems and higher costs compared to public service development and management. The only beneficiary is often the contractor. While there are varying models for P3 schools, the most common P3 school model in Canada has the contractor responsible for the construction and maintenance of the physical building.

In Canada, controversy seems to accompany P3 schools as it does with most public-private partnerships. The assumption that P3 schools are cheaper to build and maintain has repeatedly been incorrect. In 2014, the Ontario Auditor General reported that P3 infrastructure projects, including schools, cost the province \$8 billion dollars more than if the projects built by the province itself.²³ Also in 2014, the Alberta government scrapped plans to build 19 P3 schools, noting that the government would save \$14 million by doing the construction themselves.²⁴ The P3 schools in Alberta had their share of problems; prior to the plan to build more, one of the developers experienced near financial collapse.²⁵ In Saskatchewan, 18 schools are currently under construction using a P3 model that results in the school districts owning the buildings and providing property management.²⁶ The Saskatchewan

government maintains that this model will save \$100 million, but similar projects in Ontario, Alberta and Nova Scotia have all resulted in greater expenditures than if the projects had been developed and managed by the government itself. The evidence from the United Kingdom, Europe and Canada clearly indicates that P3 schools are not in the best interest of the public.

P3 Schools in Nova Scotia

In Nova Scotia in 1992, the government's Executive Council recommended an increase in the number of schools in the province, setting aside \$30 million in each of the following three years for that purpose.²⁷ In March of 1993 changes to accounting standards required the government to record all of the liabilities held by school boards on the province's balance sheet for the first time, meaning that the cost of new schools could not be transferred to the accounts of individual school boards. This resulted in an additional \$217 million in provincial debt. Moreover, the government had to account for any expenditures related to new school construction as provincial liabilities.²⁸ This new accounting requirement meant that the government could only proceed to meet the public demand for new schools by increasing the province's net debt, which was politically unpalatable. The motivation to avoid doing so by building them via operating leases with private developers was the determining factor, as the Auditor General said: "One major factor here is that accounting classifications should be only one of many factors taken into account and considered when decisions are made about how to provide and finance schools. It should not be the determining factor. However, as a result of the government's policy decision with regard to debt in the construction of schools, *it has become the determining factor.*"²⁹

Proof of the government's commitment to the P3 model without evidence-based decision-making is found in documents of the late 1990s. Examples include the Department of Finance's *Transferring Risk in Public-Private Partnerships*³⁰ and a consultant's report on P3 partnerships that was targeted at municipalities. With scant evidence, this report proposed that public-private partnerships would be cheaper, more efficient and yield better products than the traditional plan-bid-build approach.³¹

The province moved forward to build 39 schools using the P3, or lease-back, approach. The schools would be built by private contractors, four overall, and then the province would pay yearly leases to use the buildings. Property management was to be conducted by the developers. The school

leases were negotiated individually for twenty year periods, with options at the end of each lease to: 1. renew the P3 contracts for an additional five or 10 years, 2. purchase the schools at a discounted rate, or 3. walk away from the schools altogether.

Objective of the Evaluation

This report's main objective is to evaluate the P3 schools program in Nova Scotia and to make recommendations about the future of the buildings.

Nova Scotia P3 Schools Evaluation Methodology

We utilized a mixed methods approach to evaluate the P3 schools program. A structured qualitative review and a quantitative analysis were conducted. This method permits a better understanding of the true costs of P3 projects when compared to purely quantitative value-for-money analyses.³² The advantage of this approach was outlined by the New York State Comptroller:

“The more basic question of the value of the asset not just to the State but to the public itself...in terms of performance, user satisfaction and the overall viability of the project. This type of valuation is sometimes called a ‘qualitative value for money assessment’ because many of the factors have not and cannot be quantified. What is the value of ensuring that a public facility is affordable or available to all? What is the cost of locking the public in to a particular pattern of consumption when alternatives might serve them better in the future? Other concerns, beyond the financial aspects of P3s, should also be considered by policy makers, [including] community issues, labour issues, environmental issues.”³³

The general approach used for the evaluation was influenced by the Performance Prism framework, which has recently been applied to the analysis of P3s³⁴, although in our evaluation we focus entirely on the public sector factors and ignore any analysis of the developer's experience. The Performance Prism approach permits evaluation of both the qualitative and quantitative aspects of a program or project, including perceived value of an asset.

While the evaluation focuses on P3 schools in Nova Scotia, a review of the broader climate of school construction across North America, the United Kingdom and Europe was conducted to situate the results of our project with special emphasis on public-private partnerships. In addition, a review of the broad environment for public-private partnerships was under-

taken as a further means of analysis interpretation. The evaluation of the schools consisted of a structured review of existing information including media scans, peer-reviewed literature, and government documents and reports. All document reviews were conducted on an ongoing basis during the evaluation that used search terms specific to the P3 schools in Nova Scotia and the broader context.

Documents specific to the P3 schools include reports in the public domain and Nova Scotia legislature debates and committee discussions. Key sources of information were the many reports by the Auditor General and a report by KPMG.³⁵ In attempts to obtain information pertaining to the costs of the contracts, specifically a value-for-money analysis, Freedom of Information and Protection of Privacy (FOIPOP) requests were made to the Department of Early Learning and Education (referred to as Department of Education or DOE). In addition, interviews were conducted with key stakeholders, including officials in the DOE and school board and Department of Education officials, between March and July of 2015.

Nova Scotia P3 Schools Evaluation: Document Review

Our structured review of government documents yielded several sources of information, including several reports issued by the Nova Scotia Auditor General and a private consultant's report. In addition, we conducted internet-based searches for practices of other provinces regarding the construction of P3 schools, to situate the government's practices in Nova Scotia.

Auditor General's Reports

The Auditor General conducted several reviews of the P3 schools throughout their delivery and is currently conducting a review of school construction to be released in the Fall of 2016.³⁶ Below is a summary of the findings of each of the reports in chronological order.

Public-Private Partnerships for School Construction (1997)³⁷

The provincial Auditor General released the first report in 1997 after the commitment to build the 39 schools was announced. Key findings from this report include:

1. The Department of Education had potentially acted improperly in appropriating funds to pay for the schools construction.

2. The government failed to compare the relative costs and benefits of P3s with traditional procurement methods.
3. Lease arrangements had not been finalized for any of the P3 schools at the time.
4. As lease arrangements had not been finalized, there was no evidence to suggest the P3 method enabled the province to transfer risk to the private-sector partner.
5. The province's determination to negotiate "operating leases" precluded the negotiation of some potentially advantageous provisions, especially transferring risk to the contractors.
6. The Department of Education incorrectly accounted for certain capital expenditures so as to proceed with the construction of a school without a finalized lease arrangement.
7. The province did not have sufficient resources in place to monitor the projects from the outset, including the initial implementation and subsequent operation of the P3 schools and the performance of the developers.
8. The benchmark analysis conducted by a consultant was not entirely appropriate in comparisons with traditionally built schools.

O'Connell Drive Elementary School Special Report (1998)³⁸

In his review of the first school completed, O'Connell Drive Elementary School, the Auditor General found the province's decision to classify that lease as an operating expense instead of a capital lease was unjustified. This distinction is critical because in an operating lease the contractor is responsible for risk associated with a project and the government must account for only those lease payments made during the specified accounting period (i.e., during a year). Risk is transferred primarily to the government in a capital lease, and a government must fully account for all of the lease payments it is contractually required to make in a multi-year lease, in the first year of the agreement. In other words, accounting rules require that a capital lease and government debt be handled in precisely the same way: with the total liability being posted in year one, and then reduced in each subsequent year, as lease/debt payments reduce the overall amount owing. The Auditor General concluded that the O'Connell Drive contract was a cap-

ital lease, but the province continued to report it as an operating one (as he noted in the follow-up review summarized in the next section).

Public Private Partnerships for School Construction:

Follow up Review (1998)³⁹

In the follow up to the two initial reviews, the Auditor General reported that the province had failed to address the key issues of the original reports. Notably, the province had not engaged in any analysis, such as a Public Sector Comparator, to determine the costs for the projects as either public sector or P3 contracts. The government's response to this criticism was to account for the first four lease agreements as capital leases. However, they did not immediately do so with the additional 35 P3 schools. According to the report, the government made efforts to ensure that sufficient risk transfer was taking place and that total payments made under the leases remained under the 90% of total asset value threshold, beyond which classification as a capital lease was required.

Public-Private Partnerships for School Construction:

Follow-up Review (1999)⁴⁰

The Auditor General issued a follow-up to the three previous reports in 1999. At this time, 11 schools had been completed with 27 under construction and one in the planning stage. The AG had reviewed four of the schools at the time of this report. The government had complied with the earlier recommendation to classify the contracts as capital leases and had sent out a Request for Proposals for a review of the P3 schools.

Private Consultant's Report (1999)

Amidst the Auditor General's series of reports, another report appeared as a result of the RFP in 1999. According to the KPMG report,⁴¹ the government tasked the consultant to evaluate the provincial P3 programs and the concept of P3s in general. Specific to the province's P3 schools, KPMG reported that in terms of value for money: "we are not in a position to say definitively whether the P3 projects undertaken by the province of Nova Scotia did or did not achieve value for money." The consultants found much the same was true of the broader economic benefits the province sought to achieve; there was simply no evidence to suggest the P3 program had any kind of economic advantage beyond that which would be realized by procuring the schools through traditional methods.

Regional School Boards' Property Services Expenditures (2002)⁴²

Subsequent to the earlier reports, the province cancelled the P3 program and announced in 2000 that it would build 17 new schools the traditional way, noting that the P3 schools cost the province 15% more than using the develop-bid-build model.⁴³ However, the existing 39 contracts were in place and the program marched on. In 2002, the Auditor General turned his attention to all of the regional school boards' property services expenditures. Two findings are relevant to the evaluation of the P3 schools:

1. There was a backlog of \$500 million in deferred maintenance on Nova Scotia's publicly owned schools. Recall that the province had promised that the P3 schools program would free up public funds to do the necessary maintenance, but as of 2002 this hadn't happened.
2. That property management policies and practices of the school boards were insufficient in many areas, and lacked formal structure. While the P3 schools were maintained by the private contractor, aspects of the leases required the school boards to maintain responsibility and receive payment from the developers in certain cases. The Auditor General revealed the impact of the lack of satisfactory property management processes by the School Boards in his 2010 report.

Contract Management of the Public-Private Partnership Schools (2010)⁴⁴

In 2010 the Nova Scotia Auditor General conducted a review of 31 schools, representing a cost of \$830 million dollars over the lease terms. The AG concluded that "the magnitude of such contracts requires a very high duty of care which has not been adequately met by the Department of Education."⁴⁵ Key findings of the report include:

1. A long list of health and safety violations, including noncompliance with the required child abuse registry check and criminal record check for staff working at the schools, thus putting children at risk. In addition, safety violations for workers ranged from not having proper emergency training to not following adequate cleaning procedures.
2. A lack of proper policies and monitoring of the P3 contractor by the DOE. The report called for the establishment of adequate contract management processes to determine if services were provided. For example, actual utility bills were not used to bill the school boards;

instead the contractors used “estimates.” The contractors engaged in this activity without repercussions. Another significant problem was that government staff could not produce the supporting documentation for many aspects of the contracts, such as the actual square footage of the schools used to calculate lease payments.

3. Unsatisfactory communication between the DOE, school boards and private contractors resulted in a variety of failures. In particular, the transfer of funds from the contractor back to individual school boards was not occurring properly. In one instance the contractor did not transfer the cost of living adjustment to the Strait Regional School Board (SRSB), representing \$864,000 paid by the province to the developer. The SRSB claimed not to be aware that the amount should have been transferred. The Auditor General noted, “this is another example of lack of clarity in a contract term which could have significant financial consequences...”.
4. The review found that subcontracting of services to individual school boards by developers was questionable, and yielded big profits for the contractors. In one instance, two developers were paid by the province to deliver property management services but subsequently subcontracted this work out to school boards for far less than the government paid, resulting in a profit of \$52 million over the length of the lease.
5. The Department of Education failed to define measurable service levels for almost all aspects of the contracts. The review recommended that all future contracts do so.

Based on these findings, it is not surprising that the Auditor General was reported to have concluded the contracts were “a failure on all fronts”⁴⁶ and cautioned the province to consider these problems prior to renewing the contracts.

In 2012 the Department of Education summarised their actions to remedy the failures detailed by the Auditor General.⁴⁷ The DOE either made changes to fix the problems or put processes in place to avoid problems in the future. There has been no subsequent follow-up evaluation of these actions or of the P3 program by the Auditor General or the Department of Education. However, the Auditor General will be releasing a report on school construction in the Fall of 2016⁴⁸

Stakeholder Interviews

Interviews were conducted with stakeholders, including officials from the Department of Education, politicians, school staff and interested third parties. The information helped guide us with the document reviews, identified key issues, and provided a perspective of the functioning of the schools. Overall, the schools were viewed as being highly satisfactory.

Quantitative Analysis

It was impossible to do our own public service comparator quantitative analyses because the data simply do not seem to exist. We reviewed copies of the developer's contracts provided by the Department of Education, but no specific financial information was included. *Table 1* is a summary of raw data provided by the government. FOIPOP requests provided the costs-to-date of the leases and the buy-out price for the schools (An expanded version of *Table 1* with the list of school districts, developers and key dates is in Appendix A). However, the latter data are incomplete because the FOIPOP information included only three of the four developers used and an explanation that details of the contracts with one of the developers were unavailable to the public. Statistical procedures were considered for use to estimate these missing values. Although the percentage of missing data (30%) is over the recommended proportion for using mean substitution to replace the data⁴⁹, we decided to use this technique after it became clear that any other comparison method (e.g., matching with comparable schools) would not work due to the diversity in the school costs and the nature of the contracts.

We offer up the value (\$206 million) as an estimate only and as a comparator with the province's own projection of \$230 million.⁵⁰ For total buy-out costs, we are using the province's projection and not our estimation. In total, the leases will cost just over \$726 million, with 45% of the total coming from interest payments.⁵¹ This is considerably less than the Auditor General's estimate that the total costs for 31 of the schools over the length of the leases will be \$830 million.⁵² Using mean substitution for the missing data for eight schools brings the total cost to just over \$1 billion. The difference may be attributed to additional costs above and beyond the lease totals, including project development overhead, sinking fund payments and maintenance. We were also unable to determine these costs to do a complete analysis, but it is highly probable that removing tens of millions of dollars in private profit (e.g., the \$52 million profit for two subcontracts) would yield

TABLE 1 Summary of Lease Payments and Buy-Out Prices

District (School)	Total Contract Payments	Total Principal Payments	Total Interest Payments	Buy-Out Price
Annapolis				
Champlain Elementary School	\$10,559,760.00	\$5,679,496.48	\$4,880,263.52	\$2,405,660.00
Horton High	\$47,200,080.00	\$27,500,448.94	\$19,699,631.06	\$13,338,600.00
Northeast Kings Education Centre	\$32,393,412.14	\$17,083,552.70	\$15,309,859.44	\$7,857,612.00
Pine Ridge Elementary School	\$21,401,760.00	\$11,373,851.73	\$10,027,908.27	\$5,173,177.00
Cape Breton				
Cape Smokey Elementary School	\$8,061,556.00	\$4,413,837.01	\$3,647,718.99	\$2,010,659.00
Greenfield Elementary School	\$14,871,876.19	\$8,204,288.51	\$6,667,587.68	\$3,825,306.00
Harbourside Elementary School	\$19,549,372.74	\$10,733,681.87	\$8,815,690.87	\$5,100,544.00
Jubilee Elementary School	\$11,333,273.00	\$6,205,159.25	\$5,128,113.75	\$3,588,338.00
North Highland Elementary School	\$8,013,610.00	\$4,389,370.10	\$3,624,239.90	\$1,993,340.00
Riverside Elementary School	\$11,685,169.03	\$6,467,585.48	\$5,217,583.55	\$3,042,885.00
Sherwood Park Education Centre-Sydney	\$23,715,486.00	\$12,897,884.28	\$10,817,601.72	\$6,600,000.00
Chignecto				
Amherst High School	\$36,492,886.29	\$20,036,603.83	\$16,456,282.46	\$10,000,000.00
Enfield Elementary	\$10,898,400.00	\$5,861,178.73	\$5,037,221.27	\$5,285,301.42
Maple Ridge Elementary School	\$15,619,606.00	\$9,058,736.48	\$6,560,869.52	\$4,550,000.00
Pictou Elementary	\$10,238,160.00	\$5,506,099.77	\$4,732,060.23	\$5,285,301.42
Riverside Education Centre	\$33,497,175.00	\$16,176,430.77	\$17,320,744.23	\$8,950,000.00
Conseil Scolaire				
Ecole Beaubassin	\$14,066,640.00	\$8,050,774.05	\$6,015,865.95	\$5,285,301.42
Ecole Bois Joli	\$14,470,560.00	\$8,281,949.96	\$6,188,610.04	\$5,285,301.42
Halifax				
Bedford South School	\$16,958,880.00	\$9,094,100.95	\$7,864,779.05	\$5,285,301.42
Eastern Passage Education Centre	\$17,949,612.00	\$10,258,718.79	\$7,690,893.21	\$5,285,301.42
Lockview High	\$33,839,040.00	\$19,317,359.50	\$14,521,680.50	\$5,285,301.42
Madeline Symonds Middle School	\$18,055,200.00	\$10,333,552.51	\$7,721,647.49	\$5,285,301.42
O'Connell Drive Elementary School	\$13,038,940.50	\$7,195,256.51	\$5,843,683.99	\$3,950,000.00
Park West School	\$16,959,120.00	\$9,120,645.01	\$7,838,474.99	\$5,285,301.42
Portland Estates School	\$11,706,960.00	\$6,296,024.02	\$5,410,935.98	\$5,285,301.42
Ridgecliff Middle School	\$17,738,820.00	\$10,118,809.59	\$7,620,010.41	\$5,285,301.42
Sackville Heights Elementary School	\$11,706,960.00	\$6,296,024.02	\$5,410,935.98	\$5,285,301.42
St. Margaret's Bay Elementary	\$10,293,120.00	\$5,891,072.31	\$4,402,047.69	\$5,285,301.42

TABLE 1 (CONTINUED) Summary of Lease Payments and Buy-Out Prices

District (School)	Total Contract Payments	Total Principal Payments	Total Interest Payments	Buy-Out Price
South Shore				
Apostogan Consolidated Elementary School	\$8,421,800.40	\$4,614,452.86	\$3,807,347.54	\$2,056,885.00
Bayview Community School	\$19,162,800.00	\$10,333,780.55	\$8,829,019.45	\$4,371,572.00
Strait				
Antigonish Education Centre	\$22,961,874.84	\$12,689,106.09	\$10,272,768.75	\$5,899,606.00
Bayview Education Centre	\$18,414,753.03	\$10,158,765.49	\$8,255,987.54	\$4,819,494.00
Cape Breton Highlands Academy	\$23,477,056.00	\$13,030,296.48	\$10,446,759.52	\$6,061,083.00
Dalbrae Academy	\$20,473,077.35	\$11,312,048.61	\$9,161,028.74	\$5,377,555.00
East Antigonish Academy/Education Centre	\$26,503,880.48	\$14,645,798.07	\$11,858,082.41	\$6,737,971.00
Richmond Academy	\$21,144,849.29	\$11,688,674.67	\$9,456,174.62	\$5,457,355.00
Tamarac Education Centre	\$22,267,646.97	\$12,309,346.05	\$9,958,300.92	\$5,762,940.00
Tri-County				
Forrest Ridge Academy	\$9,913,920.00	\$5,332,136.39	\$4,581,783.61	\$2,287,255.00
Meadowfields Community School	\$21,509,760.00	\$12,398,710.16	\$9,111,049.84	\$6,200,000.00
TOTAL	\$726,566,853.25	\$400,355,608.57	\$326,211,244.68	206,126,755.46

Notes Due to lack of access to the data from Scotia Learning mean substitution was used to estimate the total buy-out cost.

Source for lease costs: http://nsgeu.ca/filemanager/pdf/Foipop/FOI_29ResultEducation.pdf

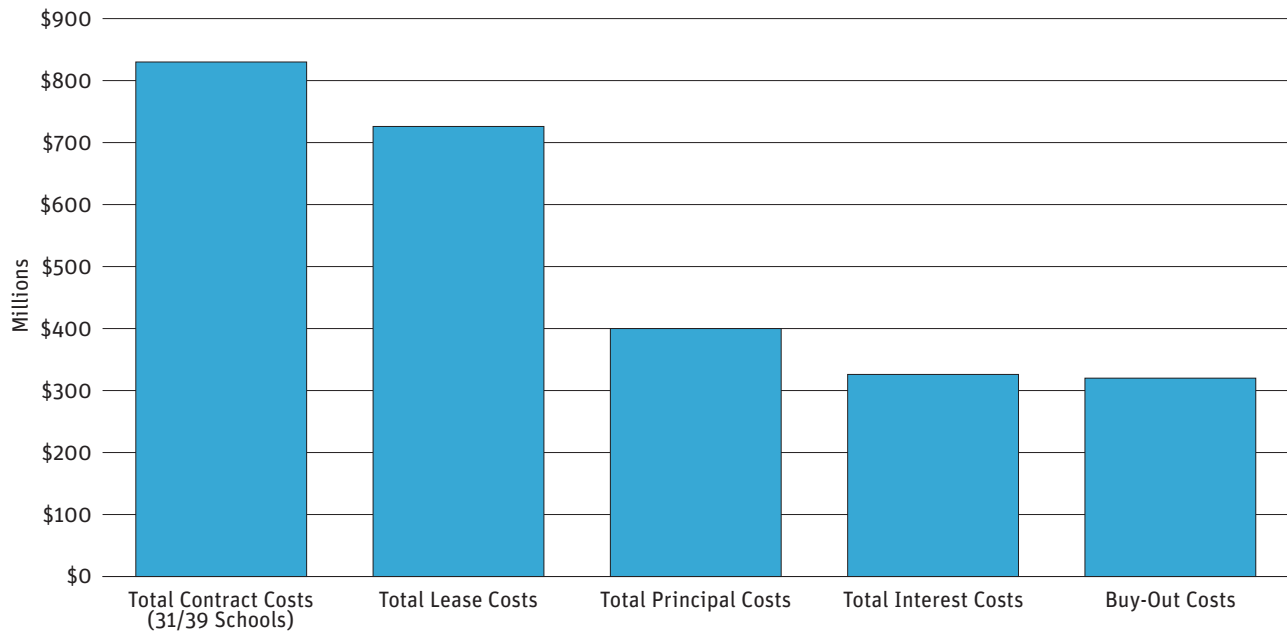
Source for renewal dates: <http://nsndp.ca/wp-content/uploads/2015/10/P3-Schools-Expiry-Dates.pdf>

Source for buy-out costs: FOIPOP document from Department of Education

significant savings for the public. Another source of government expenditure is the various sinking funds associated with the P3 schools, including capital expenses and technology refresh. It is unclear how these funds are calculated into the costs of the contracts, but there are considerable amounts associated with them. For example, the fund had a balance of just under \$3,000,000 as of March, 2015.⁵³

Another means of understanding the total price of the schools is to examine the costs of comparable schools built within the province during roughly the same time frame as the P3 schools. Keep in mind that a true estimation of the P3 costs is impossible because of the missing data. In general, the costs of the traditionally built schools are far less than the P3 ones. For example, Citadel High in Halifax cost about \$21 million to build⁵⁴ while the total lease costs (not including additional costs) for Horton High in the Annapolis School District equal over \$47 million.

FIGURE 1 Nova Scotia P3 Schools Program: Costs in Millions



It should be noted that we did not adjust any figures for true cost differential between the time the buy-out prices were set and the actual pay-out dates. There is no indication that the government has engaged in this exercise, so we cannot compare our figures with those of the province. An additional consideration is that it is unclear whether any of the lease payments will be used to offset the buy-out costs.

Evaluation Results

Our evaluation strongly indicates that the Nova Scotia P3 schools program has been a financial failure for the province, yielded high profits for the developers, but overall the buildings are satisfactory. A summary of our findings is presented in *Table 2* and the detailed discussion follows.

Political Motivation

The P3 schools program appears to have been primarily motivated by political factors from the outset. At the beginning of the projects, the government used the P3 model to get the schools constructed without appearing to

TABLE 2 Summary of Evaluation Results

Category	Summary
Political motivation	The P3 program was politically motivated from the outset: the government wanted to build as many as 53 new schools without adding to the debt and thus, turned to using operating leases with private sector developers. Even when the leases were deemed capital leases, the P3 schools program was only cancelled by a government of a different stripe, which converted the leases, blaming the previous government for the increase in the debt.
Disinterest in evidence	From the outset, the province failed to engage in any significant evidence collection comparing the costs of public procurement versus P3 option. This practice has persisted throughout the program.
Procurement failures	The province lacks adequate procurement policies and procedures to effectively manage assets throughout the process, but this is especially so for complex long-term P3 contracts.
Disregard for policies and procedures	There were failures to adhere to policies and procedures from the earliest stages of the program, ranging from proper cost monitoring to safety violations that put students at risk.
Minimal risk transfer	Although the developers own the schools, the majority of risks associated with both the construction and property maintenance were retained by the province, with at most 11% of risk being assumed by the developer.
Private profit at a public price	While total cost including total private profit, transaction/legal costs, likely exceeds \$1 billion, the totals costs will likely never be known nor how much more these contracts costed compared to public procurement. For example one Auditor General showed that a small portion of the contracts yielded a profit of \$52 million (34% rate of profit). One estimate of the P3 schools concludes that they cost at least \$32 million more than if the traditional model had been used.
Undemocratic	The lack of data available about the school contracts renders democratic accountability very difficult. Evidence-based decision-making can create the necessary transparency and accountability lacking in the P3 school contracts. However, these contracts are by their nature undemocratic when commercial confidentiality and the protection of a private corporation's private interests is used to trump the public interest.
Schools are Valuable Public Assets	The government should exercise the discounted option prices and purchase all of the schools. The cost is likely to be in the \$230 million range depending on market value negotiations. The schools that are needed should not be locked into another 5 or 10 year lease. Hub schools should be facilitated based on full value assessment for schools with low enrollment. Schools that communities declare surplus should be repurposed in the public interest.

incur new debt. The Auditor General revealed the outdated accounting practices the government used to avoid reporting the actual costs of the schools. Shortly after his reports, a new government converted the leases to capital ones, thereby claiming that the former administration had actually run a huge deficit. In 2000, the same government scrapped the P3 schools program claiming it cost \$32 million more than the initial \$350 million price-tag the former government had attached to the program. Minister of Finance, Neil LeBlanc was careful to point out that, “the Liberals turned to P3 to push the

expense of school construction off the province's books, not because it was a good idea."⁵⁵ While the government did not build anymore P3 schools, the existing ones remained a source of political debate focusing on the actual costs of the schools and their future.⁵⁶

Disinterest in Evidence

Apparent throughout our analysis is the lack of any sort of evidence-based decision-making behind the contracts for the schools. The Auditor General's findings tell the story of a government so dedicated to the idea that P3s would yield outstanding results, cost-savings, and definite accounting advantages, that it failed to verify if any of this was true. In fact, the government appeared willing to bend rules around appropriation and take it on faith that advantageous lease agreements could be negotiated down the line (even after schools were occupied). When we were attempting to understand the province's decision-making process, several documents broader in scope were reviewed. We were looking for policies or procedures that specifically outlined the process of conducting a value-for-money (VfM) analysis or how to develop a public service comparator. In no instance could we find policies or procedures of evidence-based decision-making. For example, the Tangible Capital Assets chapter in the Budgeting and Financial Management Manual has no mention of any such analysis.⁵⁷

Where is the Public Service Comparator?

The OECD has outlined the best practices for P3 contracts from the outset to post-completion.⁵⁸ In summary, they recommend that a PSC, including a VfM, be conducted well before the initiation of a project considered for P3, that monitoring continue after completion, and that no project proceed without such an evaluation. Moreover, they recommend that the PSC should be combined with other factors before entering into a public-private contract, much in the same way we conducted this evaluation. The government of Nova Scotia, as reported by the Auditor General and KPMG, did nothing like this.

Procurement

Ontario's Auditor General recently concluded that Infrastructure Ontario does not maintain a sufficiently large complement of staff to properly evaluate public procurement options.⁵⁹ There is no comparable agency in Nova Scotia nor even one employee in the government dedicated to this area of

speciality. Given the concerns raised by Nova Scotia's Auditor General in multiple reviews of these contracts, such specialized staff and more oversight is required. It is notable that the initial call for proposals had language about developing local expertise, but no requirement to report on whether this resulted.

Disregard for Policies and Procedures

From the outset, the province appears to have been in such a hurry to move the projects ahead that policies and procedures were circumvented and the need for evidence ignored. Given all the evidence, it is clear that the potential advantages of P3 contracts were not realized either in terms of the cost-effectiveness of the P3 arrangements or the distribution of risk.⁶⁰ The nature of the leases, as noted repeatedly in the Auditor General's reports, was more than an issue of debt assignment; the province struggled to follow proper accounting practices for the leases. Only in 1999 when there was a political advantage were the leases reclassified as "capital" ones.⁶¹ This classification problem not only had implications for debt, but also the responsibility for risk both in the construction and management of the schools.

Student Safety Violations

The 2010 Auditor General's Report found that several of the developers failed to perform proper criminal background checks on individuals hired to work in the P3 schools, placing students at risk. Since the AG report in 2010, the province has acted to ensure people working in our schools do not pose a threat. However, for the better part of 10 years, the management of the P3 contracts was such that no one had any idea whether newly hired workers in 39 public schools were listed on child abuse and criminal registries.

Minimal Risk Transfer

The idea that the province committed to a 'shared understanding' where the province agreed to compensate the developers for capital expenditures and financing costs without attempting to definitively understand what portion of the maintenance and operating fee was being used for that purpose, is baffling. It further speaks to the limited effort to evaluate the cost-effectiveness of the 39 P3 schools. The same can be said about the allocation of risk: the province made no effort to calculate the risks associated with the capital sinking funds and potential for capital repairs and/or replacement be-

yond the capacity of those funds. In fact, it appears that the province has not even attempted to establish a methodology for costing such risks. The province carries the majority of the risks associated with the maintenance and operation of the 39 P3 schools. To the extent that design- and construction-related risks were carried by the private developers such risk transfer would typically have been included in a public procurement process.⁶²

Our review of the contracts shows the province continues to carry most of the operating risks associated with all 39 of the P3 schools. One of the arguments used in favour of the P3 model is that it appears to be a cheaper alternative to traditional procurement methods because of the transfer of risk to the private sector. However, if the risks associated with things like project delay are not transferred to the private-sector partner, as was the case with the Nova Scotia P3 schools program, then construction tends to be more expensive, often dramatically so.⁶³ In addition to the initial construction risks, there are considerable risks associated with the property maintenance at the schools. Typically, the private developer assumes risk for all maintenance, but the Nova Scotia government carries significant responsibilities for the schools.

Private Profit at a Public Price

Despite our efforts, we failed to come up with a reliable figure for the total profit made by the developers — the information either did not exist or we were denied access to the documents. Prior to the decision to stop building P3 schools in 2000, the Conservative government estimated that construction-related cost overruns for the existing 39 buildings would cost the province at least \$26 million,⁶⁴ an estimate the government subsequently increased to \$32 million.⁶⁵ As with our attempts to determine the actual profitability for the developers, we could not conduct our own quantitative PSC analysis because the raw data for doing so either did not exist or we were denied access to them. Instead, we use the \$32 million estimate, and draw from the Auditor General's reports, government statements, documents obtained through the FOI/POP requests, and media reports.

Additional Costs

To understand the full cost to the province it is necessary to discuss the government's willingness to incur additional costs to appease the developers. There is evidence that site selection was more influenced by factors like the proximity of sites to at least one developer's adjacent housing de-

velopments⁶⁶ than they were by the communities' immediate requirements or the associated costs of building in relatively undeveloped locations.⁶⁷ In addition, there are reports that the government overpaid for the land. For example, the province paid 30 times the assessed value for land for Horton High School.⁶⁸ In another case, site selection was approved by the government before environmental testing was conducted, with the province agreeing to pay \$1 million to the developer if the report resulted in a change of site.

Other secondary costs pertain to the requirements for municipal services, such as water and electricity, and location requirements, such as sidewalks. Problems occurred between developers and municipalities when the contractors were unwilling to pay for services.⁶⁹ In the absence of contractual requirements for the developers to contribute to financing improvements to municipal infrastructure made necessary by the site locations they chose, municipalities were left to deal with unplanned expenses. However, such municipalities were also barred from taxing these for-profit corporations with respect to the schools. After raising the issue to recoup what the Halifax Regional Municipality (HRM) estimated was around \$500,000 in current and back taxes, the province indicated the schools and the land they were situated on were tax-exempt under the *Assessment Act*. Under typical circumstances, private service providers to school boards pay taxes. However, for reasons that have never been entirely clear, developers — making a substantial profit from operating the schools — have never been required to pay such taxes.⁷⁰

In addition to the examples pertaining to construction and the property tax exemption, additional evidence of the high profits comes from the substantial profits gained by the developers. Most striking is the Auditor General's finding that two subcontracts between developers and school boards yielded a profit of \$52 million dollars. The developers sought to maximize their profit in areas beyond those that we have previously discussed. For example, a series of disputes between the province and Scotia Learning ended up in arbitration, with the government losing on all but one count.⁷¹ Among other decisions, the arbitrator ruled that the developer was only responsible for vandalism after-hours; could charge the province if the province chose to place a portable on-site at any P3 schools; and could carry less liability insurance than the province thought necessary. Ultimately, the province and Scotia Learning were able to strike a deal; one that appears to have been at least as beneficial to the developer's bottom line as was the original contract.⁷² In exchange for full rights to concession and fundraising revenue as well as the ability to determine rental rates for community groups, the prov-

ince allowed Scotia Learning to draw down the technology sinking funds for purposes other than those to which the parties had originally agreed.

Yet another example of profit maximizing behaviour resulted when over 800 students from Central Kings Rural High School had to be transported to Horton High (a P3 school) while their own high school was closed. Because the inclusion of the extra students necessitated a longer school day, usage hours increased beyond the 3,000 hrs/year anticipated in the lease agreement forcing the province to pay extra for every additional hour at a higher rate than just the additional operating costs.⁷³

A final point on the private profits at the cost of the public interest pertains to the government claim that the P3 schools program would be better maintained privately at a lower cost,⁷⁴ thus freeing up funds for repairs on existing schools. The arrangements between the province and the developers for the maintenance of the P3 schools required the government to pay into a “capital sinking fund” so developers could remain current on building maintenance. The government was forced to deposit into the sinking funds whether or not repairs were needed at the schools, apparently at the expense of necessary repairs to traditionally built schools. Meanwhile, the rate of expenditure on school maintenance and repair has never increased to the level necessary to clear what the province estimated in 2002 was a backlog of \$500 million in deferred maintenance on Nova Scotia’s publicly owned schools.⁷⁵ For example, the Halifax Regional School Board’s (HRSB) long-range outlook reported that only one of their P3 schools required repairs while 60% of the Board’s publicly owned schools require two or more such repairs, each costing between \$150,000 and \$1 million.⁷⁶

As for property maintenance costs at the schools, there are several examples where the province was forced to pay over-and-above contractual obligations when problems occurred. Water problems were a particular issue. For example, at Larry O’Connell Drive Elementary, one of the first four P3 schools, high levels of arsenic in the school’s well ultimately forced the province to pay \$15,000 for a new filtration system. After receiving legal advice that the P3 lease agreement with Nova Learning made the risk of pollutants in the school’s well-water something that the province carried, government acted to fix the problem, even though the well was dug by the developer as part of the P3 contract.⁷⁷ At Cape Breton Highlands Academy in Terre Noire, primary to grade 8 students were forced to drink bottled water from the time the school opened in October 2000 until well into 2003. For parents of these children, efforts by the developer to remedy the problem proceeded far too slowly and without any attempt by the developer to keep parents informed

of what was happening. Parents, whose complaints were seconded by the local board, also found that the province had not acted quickly enough. Polluted water was not the only problem at the school. Rather than construct a promised second access route, Ashford built only a secondary walkway. And, as with the water issue, the government had apparently not done anything to press the issue towards an appropriate — and safe — resolution.⁷⁸

Recommendations

Our evaluation was designed to provide an account of the P3 schools program in Nova Scotia with the goal of using the results to make evidence-based recommendations regarding the renewal of the lease contracts. Our evaluation demonstrates that the schools cost tens of millions more than a traditional design-bid-build approach and that the developers have reaped massive profits at public expense. However, the real issue is what should be done with the schools as the leases expire over the next few years.

1. Purchase the 39 Schools

The goal of our evaluation was to use evidence to make a recommendation about the future of the schools. The province is entering a phase of lease expiration, requiring a decision for each of the 39 schools over the next few years (a list of the dates is in Appendix A).

The three options are:

1. Purchase the schools at a discounted rate.
2. Renew the lease.
3. Surrender the schools to the developers.

It should be noted that the discounted purchase price option, which has been estimated at an average of 43% of fair market value, is a one-time offer. If the province renews the leases for any length of time, then any future purchase of the schools would be at full market value.

Our evaluation indicates that purchasing the schools is the best option based on these findings:

1. While the costs of the buy-outs is considerable (estimated at \$230 million), this figure is far less than the estimated costs of another series of leases.

2. Even though the schools are perceived as satisfactory and well-maintained, this has come at a high cost both for the schools themselves and for other schools that have gone without necessary renovations because of the requirement of diverting funds to the P3 schools sinking funds.
3. Purchasing the buildings will give the school districts the necessary control over the decision-making process. The lack of control over the schools has been problematic throughout the leases, from the lack of community access to power over school usage.

The evidence we summarize about the developers motivation to maximize profits through a variety of mechanisms demonstrates their sole commitment is to their bottom line not in the public interest. By purchasing the schools, the province will stop all this. Once the schools are purchased, the province will be able to use lease payments previously spent on the P3 schools towards construction and maintenance of existing schools. Indeed, the province is moving ahead with plans to build new schools.

The Department of Education tasked the individual school boards with P3s to determine a list of required and surplus schools.⁷⁹ For example, all ten P3 schools in the Halifax Regional School Board are still required.⁸⁰ However, two P3 schools in Cape Breton are scheduled to close in 2020 due to declining enrolment.⁸¹ It is our recommendation that all the schools be purchased, even the surplus ones. These schools could be used as community centres or repurposed. However, there is merit in the school boards surrendering the unnecessary schools back to the province. The most important step is for the province to purchase the required schools as the options become available.

2. Strengthen Evidence-Based Decision Making Processes

One finding that clearly emerges from the evaluation is that the government could have avoided the millions of dollars in overspending if a better evidence-based decision-making model had been used prior to the outset of the projects. To avoid overspending on future projects, and also to make sound decisions about the future of the schools as the leases expire, the province should engage in evidence-based decision-making, in particular by developing expertise in procurement for capital assets and supporting staff in their efforts by enacting detailed policies.

Other provinces, including British Columbia and Ontario, have specific rules for evaluation, development, procurement and review of public capital projects. These policies are far more explicit than those currently in use in the province. A Capital Asset Management Framework that clearly explains the requirements for a PSC and requiring such evaluations prior to the outset of any project would result in savings.

The issue of using consultants that are also accounting firms in the evaluation of P3 schools has been found to be flawed and biased.⁸² In this analysis, the report by KPMG did not contain a true value-for-money analysis, let alone a PSC. For government to make sound decisions, the consultants they employ must be able to provide the appropriate analysis for the project.

3. Increase Transparency and Democratic Accountability

Throughout our evaluation, the lack of documentation was a limitation. In some cases, such as a PSC for the schools, there was no document to review since it was not done in the first place. The government is spending public funds and should be able to produce information that supports their decisions. Another problem was that requests for information, through FOI/POP, yielded only partial data or that the data didn't exist at all. Governments spending hundreds of millions of dollars of taxpayer's money must be transparent in their decision-making process. Increased transparency leads to increased accountability. The lack of data available about the school contracts rendered it impossible for us to conduct an independent PSC. Evidence-based decision-making requires thorough documentation at each step of the process; this information is then available to the public to interpret on their own. Moving forward with evidence-based decision-making will create the necessary transparency and accountability lacking in the P3 school contracts. There is a serious democratic concern when commercial confidentiality presents us from holding our governments to account. There is a serious democratic concern when commercial confidentiality presents us from holding our governments to account. Should the protection of a private corporation's private interests trump the public's interest? This shield is used as much by governments to avoid accountability for their own actions as to protect private interest.

4. Avoid P3s in the Future

In general P3s have failed to deliver their promised decreased cost, better product promises. As discussed in the introduction, there has been a general move away from these partnerships or to revise approaches to P3s in order to reduce government costs and transfer risk to the private contractors. Our evaluation offers further support for traditional procurement processes over P3 models, and the province's cessation of the P3 school program is evidence of the failure of this approach. Nova Scotia is considering P3s for highway projects.⁸³ Only time will tell if the government has learned from the failed P3 schools program in their approach to procurement.

Conclusion

This evaluation provides further evidence of the serious problems with public-private partnerships. Beyond P3s, the government is also cautioned against engaging in corporatism; the goals of the public sector are fundamentally in opposition with private companies. The province's current school construction plans use a traditional model,⁸⁴ and our evidence suggests that this is a sound decision. As for the future of the P3 schools, we hope that our recommendation for purchasing the buildings is heeded. Schools are vital parts of our communities here in Nova Scotia and they need to belong to the public, not private corporations.

APPENDIX A Overview of Nova Scotia P3 Schools Costs with Decision Dates

School	District	Developer	Total Contract Payments	Total Principal Payments
Amherst High School	Chignecto	Ashford Investments	\$36,492,886.29	\$20,036,603.83
Antigonish Education Centre	Strait	Ashford Investments	\$22,961,874.84	\$12,689,106.09
Apostogan Consolidated Elementary School	South Shore	Ashford Investments	\$8,421,800.40	\$4,614,452.86
Bayview Community School	South Shore	Nova Learning	\$19,162,800.00	\$10,333,780.55
Bayview Education Centre	Strait	Ashford Investments	\$18,414,753.03	\$10,158,765.49
Bedford South School	Halifax	Scotia Learning	\$16,958,880.00	\$9,094,100.95
Cape Breton Highlands Academy	Strait	Ashford Investments	\$23,477,056.00	\$13,030,296.48
Cape Smokey Elementary School	Cape Breton	Ashford Investments	\$8,061,556.00	\$4,413,837.01
Champlain Elementary School	Annapolis	Nova Learning	\$10,559,760.00	\$5,679,496.48
Dalbrae Academy	Strait	Ashford Investments	\$20,473,077.35	\$11,312,048.61
East Antigonish Academy/Education Centre	Strait	Ashford Investments	\$26,503,880.48	\$14,645,798.07
Eastern Passage Education Centre	Halifax	Scotia Learning	\$17,949,612.00	\$10,258,718.79
Ecole Beaubassin	Conseil	Scotia Learning	\$14,066,640.00	\$8,050,774.05
Ecole Bois Joli	Conseil	Scotia Learning	\$14,470,560.00	\$8,281,949.96
Enfield Elementary	Chignecto	Scotia Learning	\$10,898,400.00	\$5,861,178.73
Forrest Ridge Academy	Tri-County	Nova Learning	\$9,913,920.00	\$5,332,136.39
Greenfield Elementary School	Cape Breton	Ashford Investments	\$14,871,876.19	\$8,204,288.51
Harbourside Elementary School	Cape Breton	Ashford Investments	\$19,549,372.74	\$10,733,681.87
Horton High	Annapolis	Hardman Group	\$47,200,080.00	\$27,500,448.94
Jubilee Elementary School	Cape Breton	Ashford Investments	\$11,333,273.00	\$6,205,159.25
Lockview High	Halifax	Scotia Learning	\$33,839,040.00	\$19,317,359.50
Madeline Symonds Middle School	Halifax	Scotia Learning	\$18,055,200.00	\$10,333,552.51
Maple Ridge Elementary School	Chignecto	Nova Learning	\$15,619,606.00	\$9,058,736.48
Meadowfields Community School	Tri-County	Nova Learning	\$21,509,760.00	\$12,398,710.16
North Highland Elementary School	Cape Breton	Ashford Investments	\$8,013,610.00	\$4,389,370.10
Northeast Kings Education Centre	Annapolis	Nova Learning	\$32,393,412.14	\$17,083,552.70
O'Connell Drive Elementary School	Halifax	Nova Learning	\$13,038,940.50	\$7,195,256.51
Park West School	Halifax	Scotia Learning	\$16,959,120.00	\$9,120,645.01
Pictou Elementary	Chignecto	Scotia Learning	\$10,238,160.00	\$5,506,099.77
Pine Ridge Elementary School	Annapolis	Nova Learning	\$21,401,760.00	\$11,373,851.73
Portland Estates School	Halifax	Scotia Learning	\$11,706,960.00	\$6,296,024.02
Richmond Academy	Strait	Ashford Investments	\$21,144,849.29	\$11,688,674.67
Ridgecliff Middle School	Halifax	Scotia Learning	\$17,738,820.00	\$10,118,809.59
Riverside Education Centre	Chignecto	Nova Learning	\$33,497,175.00	\$16,176,430.77
Riverside Elementary School	Cape Breton	Ashford Investments	\$11,685,169.03	\$6,467,585.48
Sackville Heights Elementary School	Halifax	Scotia Learning	\$11,706,960.00	\$6,296,024.02
Sherwood Park Education Centre- Sydney	Cape Breton	Ashford Investments	\$23,715,486.00	\$12,897,884.28
St. Margaret's Bay Elementary	Halifax	Scotia Learning	\$10,293,120.00	\$5,891,072.31
Tamarac Education Centre	Strait	Ashford Investments	\$22,267,646.97	\$12,309,346.05
TOTAL			\$726,566,853.25	\$400,355,608.57

Notes Due to access to the data from Scotia Learning mean substitution was used to estimate the total buy-out cost.
Source for lease costs: http://nsgeu.ca/filemanager/pdf/Foipop/FOI_29ResultEducation.pdf
Source for renewal dates and source for buy-out costs: FOIPOP document from Department of Education

Total Interest Payments	2015-16 Contract Payments	Option Price	Option Price Missing Values Replaced	Decision Date	Lease Expiry
\$16,456,282.46	\$1,776,344.00	\$10,000,000.00	\$10,000,000.00	11/30/2016	11/30/2020
\$10,272,768.75	\$1,138,280.00	\$5,899,606.00	\$5,899,606.00	11/30/2016	11/30/2020
\$3,807,347.54	\$408,330.00	\$2,056,885.00	\$2,056,885.00	11/30/2016	11/30/2020
\$8,829,019.45	\$958,140.00	\$4,371,572.00	\$4,371,572.00	6/16/2016	10/31/2020
\$8,255,987.54	\$908,804.00	\$4,819,494.00	\$4,819,494.00	11/30/2016	11/30/2020
\$7,864,779.05	\$847,944.00	*	\$5,285,301.42	8/31/2016	6/30/2020
\$10,446,759.52	\$1,165,198.00	\$6,061,083.00	\$6,061,083.00	11/30/2016	11/30/2020
\$3,647,718.99	\$388,694.00	\$2,010,659.00	\$2,010,659.00	11/30/2016	11/30/2020
\$4,880,263.52	\$527,988.00	\$2,405,660.00	\$2,405,660.00	6/16/2016	8/31/2020
\$9,161,028.74	\$1,008,406.00	\$5,377,555.00	\$5,377,555.00	11/30/2016	11/30/2020
\$11,858,082.41	\$1,305,284.00	\$6,737,971.00	\$6,737,971.00	11/30/2016	11/30/2020
\$7,690,893.21	\$899,304.00	*	\$5,285,301.42	6/30/2017	8/31/2020
\$6,015,865.95	\$703,332.00	*	\$5,285,301.42	6/30/2017	8/31/2020
\$6,188,610.04	\$723,528.00	*	\$5,285,301.42	6/30/2017	8/31/2020
\$5,037,221.27	\$544,920.00	*	\$5,285,301.42	8/31/2016	6/30/2020
\$4,581,783.61	\$495,696.00	\$2,287,255.00	\$2,287,255.00	6/16/2016	8/31/2020
\$6,667,587.68	\$733,956.00	\$3,825,306.00	\$3,825,306.00	11/30/2016	11/30/2020
\$8,815,690.87	\$951,594.00	\$5,100,544.00	\$5,100,544.00	11/30/2016	11/30/2020
\$19,699,631.06	\$2,360,004.00	\$13,338,600.00	\$13,338,600.00	2/28/2017	2/28/2019
\$5,128,113.75	\$546,442.00	\$3,588,338.00	\$3,588,338.00	11/30/2016	11/30/2020
\$14,521,680.50	\$1,691,952.00	*	\$5,285,301.42	6/30/2017	8/31/2020
\$7,721,647.49	\$902,760.00	*	\$5,285,301.42	6/30/2017	8/31/2020
\$6,560,869.52	\$784,248.00	\$4,550,000.00	\$4,550,000.00	6/16/2016	7/31/2019
\$9,111,049.84	\$1,075,488.00	\$6,200,000.00	\$6,200,000.00	7/31/2017	7/31/2017
\$3,624,239.90	\$388,694.00	\$1,993,340.00	\$1,993,340.00	11/30/2016	11/30/2020
\$15,309,859.44	\$1,619,671.00	\$7,857,612.00	\$7,857,612.00	3/3/2017	8/15/2021
\$5,843,683.99	\$639,948.00	\$3,950,000.00	\$3,950,000.00	7/31/2016	7/31/2018
\$7,838,474.99	\$847,956.00	*	\$5,285,301.42	8/31/2016	6/30/2020
\$4,732,060.23	\$511,908.00	*	\$5,285,301.42	8/31/2016	6/30/2020
\$10,027,908.27	\$1,070,088.00	\$5,173,177.00	\$5,173,177.00	6/16/2016	1/31/2021
\$5,410,935.98	\$585,348.00	*	\$5,285,301.42	8/31/2016	6/30/2020
\$9,456,174.62	\$1,047,792.00	\$5,457,355.00	\$5,457,355.00	11/30/2016	11/30/2020
\$7,620,010.41	\$891,204.00	*	\$5,285,301.42	6/30/2017	8/31/2020
\$17,320,744.23	\$2,930,094.00	\$8,950,000.00	\$8,950,000.00	7/31/2016	7/31/2018
\$5,217,583.55	\$578,124.00	\$3,042,885.00	\$3,042,885.00	11/30/2016	11/30/2020
\$5,410,935.98	\$585,348.00	*	\$5,285,301.42	8/31/2016	6/30/2020
\$10,817,601.72	\$1,113,866.00	\$6,600,000.00	\$6,600,000.00	11/30/2016	11/30/2020
\$4,402,047.69	\$514,656.00	*	\$5,285,301.42	6/30/2017	8/31/2020
\$9,958,300.92	\$1,103,430.00	\$5,762,940.00	\$5,762,940.00	11/30/2016	11/30/2020
\$326,211,244.68	\$37,274,763.00	\$137,417,837.00	206,126,755.46		

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