Public-private partnerships (P3s) – or “cooperative ventures between the state and private business” (Linder, 1999, p.35) – are now commonly used in Canada to deliver public infrastructure such as hospitals, highways, water treatment facilities, and schools. However, despite their growing popularity, P3 arrangements are seldom able to provide better value for money than traditional public procurement given the higher costs associated with private financing and for-profit service delivery. Problems of this sort were only further compounded during the recent global financial crisis as private financing became more expensive and difficult to secure, leading to several project delays and cancellations across the country (Mackenzie, 2009). With the onset of a new round of fiscal austerity as of late, one might reasonably expect that this policy would be scrapped in favour of lower cost public procurement. Instead, as of 2010, the P3 model is flourishing once again. This is particularly problematic given that these arrangements link important public services to highly volatile global financial markets and poorer value for money leads to additional unnecessary costs over the long run.

The relatively quick recovery of the P3 model in the face of recent and longstanding concerns requires explanation. One obvious driver is neoliberal ideology and its dogged commitment to privatization. Yet however accurate this explanation may be, on its own it is inadequate since it tells us very little about the specific policy forms that these normative commitments take. To this end, attention is paid here to the changes in public infrastructure decision-making that have occurred

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over the past decade which shore up the ideological underpinnings of privatization via P3. This is not to suggest that the normatively-based preference for P3s has disappeared, but it does point to its normalization within a public sector reoriented toward greater market dependence. This has helped to promote P3s over the long run and to stabilize their use more recently despite the growing list of drawbacks.

This article makes two interrelated arguments. First, in Canadian jurisdictions most enthusiastic for P3s—Ontario and British Columbia—P3 proliferation is encouraged through important changes within government made to capital planning procedures and bureaucratic decision-making, and new forms of institutional support for privatization. This constellation of new arrangements will be referred to here as a ‘P3 enabling field’. These provincial enabling fields normalize P3 use through the routinization, institutionalization, and depoliticization of this policy. Routinizing P3 implementation involves the creation of infrastructure planning protocols and routines that deeply embed the language and calculus of the private for-profit sector into the heart of public policy making. Institutionalizing support for P3s has been advanced through the creation of new capital planning procedures and public authorities, both of which create an air of permanency for this policy. Finally, depoliticization through provincial P3 enabling fields helps to obscure the normative basis of P3 use by making it appear as though privatization is merely a pragmatic decision. Depoliticization also occurs through the actual shift from public to private authority, making it both a strategy and a reality.

However, given that P3 markets are vulnerable to the volatility of global finance, existing problems with the model (such as poor value for money) are exacerbated during times of crisis which can readily lead to collapsed/abandoned deals and crises of faith on the part of policy makers. This recently occurred when newly initiated projects—those in the high risk bidding or construction stages—were hard hit in 2008/9 when access to capital markets narrowed significantly. Thus the second argument made here flows from the first: the subsequent stabilization and recovery of P3 use in Canada after 2009 relates in large part to the routinizing, insti-

2 The use of this term has been inspired by, though differs from, Jooste and Scott’s (2012) discussion of P3 enabling fields. For them an enabling field is composed of a “network of new ‘enabling organizations’ (public, private, nonprofit)” (2012, p.151). These organizations include specialized P3 units, Auditors General, private consultants, and advocacy organizations. While these actors are no doubt crucial to the maturation of P3 markets, by focusing only on organizations (essentially the ‘institutional support’ category of the enabling field as conceptualized here) their concept of an enabling field ignores legislation, capital planning frameworks, and supportive secondary reforms which are particularly important for P3s in Canada.
tutionalizing, and depoliticizing effects of provincial P3 enabling fields. This has led to the curious condition that P3s are now increasingly the new ‘traditional’ mode of public infrastructure procurement despite their longstanding inability to live up to the promises made by proponents.\(^3\)

These arguments will be substantiated through a series of steps. First, the article discusses the (misleading) basis on which P3s are often justified in Canada, and how problems with the private financing component in particular were compounded by the recent financial crisis. Second, it describes the principal features of the P3 enabling fields that have been set up in Ontario and BC, and examines how they routinize, institutionalize, and depoliticize privatization policy.

**PUBLIC-PRIVATE PARTNERSHIPS**

The Canadian public sector is becoming increasingly reliant upon capitalist markets to deliver ‘public’ infrastructure and support services at all levels of government, and P3s are a leading way in which this occurs. P3 policy is typically passed off as a new and innovative approach to ‘alternative service delivery’ (e.g., see Hodge and Greve, 2005, p.7-8), as though partnering with for-profit partners is simply one innocuous option among many. However, P3s contribute to a transformation in the social relations of power, and therefore they should be more precisely understood to be a form of what David Harvey (2003) calls ‘accumulation by dispossession’.

Reminiscent of ‘original accumulation’ as described by Marx, dispossession involves the expansion of capitalist market relations in a number of ways, namely through the creation of new opportunities for profit making and by redistributing assets, thereby enhancing the breadth and depth of capitalist accumulation (Harvey, 2003). This form of market expansion is achieved by incorporating into the realm of private accumulation that which has come to exist ‘outside’ of these circuits of capital (ibid). Through this predatory mechanism, privatization opens up new investment and profit-making opportunities in three distinct ways.

As discussed by Ashman and Callinicos (2006), privatization can involve commodification, recommodification, and/or state restructuring. Their qualification of Harvey’s argument is an important contribution as

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\(^3\) This applies to hospital re/development in particular. Though the numbers fluctuate over time, hospital P3s make up the majority of all P3 projects in BC and Ontario, particularly with projects that cost in excess of $50 million (for up-to-date project lists see Partnerships BC, n.d.; Infrastructure Ontario, n.d.). This has been relatively consistent over the past decade due to the strategic targeting of health care infrastructure in provincial infrastructure renewal plans.
privatization is not a homogenous process. Commodification turns assets that were not previously commodities into private property which can be bought and sold in capitalist markets; recommodification converts what was once produced privately but subsequently taken over by the state back into a commodity; and restructuring creates a reliance upon private for-profit provision (ibid, p.121-123). P3s can involve commodification and/or recommodification, depending on the project, as well as state restructuring. The latter feature is of principal interest here and its key elements (routinization, institutionalization, and depoliticization) will be examined in subsequent sections.4

Like other forms of privatization (e.g., selling state assets), P3s create new markets for capital through re/commodification. Restructuring via P3s intensifies market dependence and awards greater authority and decision-making over public policy to private for-profit investors. Sometimes labeled ‘privatization by stealth’ (e.g., CUPE, 2003), P3s also allow for dispossession within potentially unprofitable or especially sensitive areas which would not otherwise be suitable candidates for more overt privatization initiatives. However, an important distinguishing characteristic of the P3 model is that while it features dispossession, state obligations to provide that particular good or service are not severed (Grimsey and Lewis, 2004, p.55). In other words, should the purported benefits of a P3 project fail to materialize, the public sector (i.e., taxpayer) ultimately remains on the hook.

Policy makers make several misleading claims to justify P3 use. Transferring projects risks away from taxpayers and onto the shoulders of private partners is often touted as the central advantage of the P3 model (Hodge and Greve, 2005). The most common risks attributed to infrastructure projects are those relating to the site (tenure, access, suitability), design and construction (delays, weather, cost overruns), operation and maintenance (cost overruns), and financing (interest rate fluctuation, inflation). While these are indeed important concerns, the risks addressed in P3 contracts are restricted to those which can be insured against through market actors, thus excluding other forms of risk relevant to the public sector.5 For instance, this involves ignoring social concerns related to privatization (e.g., more precarious working conditions and lower quality services) and the creation of long run risk when the public sector is locked in to more

4 Other aspects of P3s as accumulation by dispossession, particularly as this relates to the Canadian public health care system, are addressed in Whiteside, forthcoming 2013.
5 Furthermore, the Auditor General of Ontario argues that a well-designed public procurement contract can adequately protect the public from many of these risks (especially cost overruns, delays, and design flaws). See Ontario Auditor General, 2008.
expensive, inflexible, multi-decade P3 agreements. Further, in practice risk transfer is often illusory given that private consortia build these costs into the price of their bids, and thus acceptance of risk translates into the anticipated profit margin of the private partner. This essentially cancels out public sector gains whilst the private partner is fully compensated by the state (Cohn, 2004, p.8). Risk transfer is a very lucrative arrangement for the private partner, with investors earning real rates of return of roughly 15-25 percent per year (Gaffney et al., 1999, p.116; Hodge, 2004, p.162).

Financial risk transfer played a large role in the justification of early P3s in Canada (see Loxley, 2010). These arguments rely on the belief that infrastructure ought to be funded by private firms, and financed by loans, particularly when government funds are scarce. In Canada this rationale is in part ideological (i.e., the perception of public debt as a sign of mismanagement) and in part practical due to fiscal austerity. However P3s cannot actually reduce the financial obligations of the state, they are only able to mask costs since traditional infrastructure tends to be paid for upfront while P3s tend to be structured as lease arrangements, spreading payments out over time. Whether or not P3s can actually deliver value for money and cost savings over the long run therefore becomes of primary concern.

Proponents base value for money (VfM) arguments on risk transfer as well as the neoclassical assumption that competition (in this case for the P3 contract) combined with the profit-maximizing behaviour of the private sector will result in lower overall project costs (Loxley, 2010, p.2-3).⁶ There are a number of problems with these claims, the most important being the suggestion that private sector cost superiority will actually lead to lower public sector costs rather than being absorbed by the private partner in the form of higher profit (Vining and Boardman, 2008, p.15). These arguments also do not take into account social concerns produced by reducing labour costs and through a relaxation of standards (e.g., environmental, design, hiring and training). Finally, claims that value for money is achieved through ‘on time’ and ‘on budget’ delivery must, of course, be confirmed through the empirical record. In Canada like elsewhere many P3s have been delivered late and there have been serious cost overruns (e.g., see Edwards and Shaoul, 2002; McKee et al., 2006; Mehra, 2005).

Compounding these more straightforward financial concerns is the methodological deception that occurs with VfM calculations. A central component of any VfM assessment is a comparison between the cost

⁶ See Spronk, 2010 for a discussion of the normative assumptions used to justify privatization on the basis of ‘economic efficiency’.
of a P3 in relation to a public sector comparator (PSC) – a hypothetical model created to represent the traditional delivery method. A key part of this process involves the application of a discount rate to the project costs in order to estimate the “cost of capital over time” which allows for considerations such as interest and inflation (Partnerships BC, 2005, p.19). Yet the choice of which discount rate to use is not a neutral decision, it is both political and controversial. The higher the discount rate, the more attractive the P3 option becomes since it favours expenditure in later years relative to that which is spent now (Gaffney et al., 1999, p.117). As Loxley (2012; 2010) indicates, even though there is no universally agreed upon discount rate, rates used to calculate VfM in Ontario and BC are well above the UK’s best practice rate of 3.5%, often by 1-3 percent respectively. This practice makes it appear as though a P3 offers better value even in cases where cost savings fail to materialize.

PUBLIC-PRIVATE PARTNERSHIPS AND THE 2008/9 GLOBAL FINANCIAL CRISIS

Many of the long-standing problems that accompany P3 projects were made even worse by the recent global financial crisis. The most obvious impact was the ratcheting up of costs associated with the private finance portion of newly initiated partnerships. Prior to 2007 government borrowers in Canada were able to secure interest rates that were, on average, 2 percent lower than those charged to private borrowers, but between 2007 and 2009 this increased to an average of 3 or 4 percent – making P3s nearly 70 percent more expensive than publicly funded infrastructure (when measured in present value terms) (Mackenzie, 2009, p.2). Transaction costs also increased as the timeframe for negotiations was lengthened due to financial market instability (Drapak, 2009). This impacted P3 value for money as any unbiased assessment would have to favour the traditional procurement model on these grounds alone.

Along with increased costs came the implications of the credit crunch and changes in financial market dynamics. When the option to secure monoline wrapped bonds disappeared during the subprime meltdown, the main source of private financing used by P3s was suddenly eliminated. Together these developments posed serious challenges for newly initiated projects (those that were in the bidding and construction stages) and led to a series of delays, renegotiations, and collapsed deals in 2008/9.

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7 A monoline wrapped bond refers to when companies take out insurance against the risk that they will default on their debt (‘monoline’), and by using a high quality insurance group (‘wrapped’) debtors are able to secure very high credit ratings, leading to lower interest rates (see Tett, 2007 for further detail).
In Canada the effects of the financial crisis began to show in mid-2008 and most projects that reached financial close at this time were smaller in scope and required only short term financing (Canadian Council for Public-Private Partnerships [CCPPP], 2009, p.1). Several high profile and high cost deals also faced serious challenges during this time. With the Port Mann Bridge P3, one of the private partners (Macquarie Infrastructure Group) was unable to come up with the requisite $700 million and as a result the Province of British Columbia was forced to renegotiate the agreement in order to keep the project going (Hunter, 2009). This renegotiation occurred just weeks before construction was scheduled to begin. With the Fort St. John Hospital P3 project, also in BC, financial market instability meant that a new private partner was needed to bailout the original private equity partner that had been contracted to finance the $268 million hospital (Mackenzie, 2009, p.11). Further, although the BC provincial government remained committed to actively pursuing P3 projects throughout the crisis, stimulus fund spending targeted speedier traditional infrastructure projects and decision makers suspended the requirement that P3s be first considered for all large infrastructure projects (Mackenzie, 2009, p.10).8

Other pro-P3 provinces faced similar problems. In Ontario, for example, the Niagara Health Systems P3 project, originally scheduled to begin construction in spring 2009, was delayed for several months when the private financing portion fell through (Mackenzie, 2009, p.12). A new private financing partner then stepped in. Rather than abandon P3 policy altogether, the province temporarily moved away from partnerships which relied on private financing.

Equally troublesome were the problems posed for operational projects. Based on the assumption that projects could be refinanced periodically at projected rates, many existing P3s have secured financing for a shorter term than the life of the project. As Mackenzie (2009) suggests, the rationale underpinning privately financed P3s therefore had a built-in expectation that the credit-fueled bubble would continue indefinitely. There was little prudence demonstrated despite P3-proponents often justifying partnerships on the basis of fiscal austerity, and promoters ignored the possibility of a looming financial crisis. Fiscal recklessness such as this led Scotland’s Finance Minister John Swinney to label the use of private financing associated with P3s “one of the worst excesses of the age of financial irresponsibility” (Fraser, 2009).

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8 The requirement that P3s must be first considered for all large infrastructure projects has since been re-imposed.
Great Recession-Proof?: Shattering the Myth of Canadian Exceptionalism

Crises of faith began to emerge in Canada’s public sector as well. While labour unions and public service advocacy groups have long been vocal and determined opponents of P3s, the global financial crisis and its immediate aftermath also led several policy makers to publicly question their use. For instance, Quebec Health Minister Yves Bolduc stated in 2009 that “P3s were not a religion” for his party (Canadian Union of Public Employees, 2009). The Treasury Board President, Minister of Transport, and Minister of Municipal Affairs also cast doubt on the future of P3s in that province, and several proposed P3s were scrapped in favour of public procurement (ibid).

Altogether, the new and longstanding problems and widening opposition could have easily nurtured a movement away from the P3 model. That it has since rebounded was never inevitable, but rather the legacy of the P3 enabling fields created nearly a decade earlier. This constellation of initiatives stabilized the P3 model during the darkest days of the financial crisis and helped it subsequently recover given the reorientation of public policy and public sector decision-making that had been initiated several years earlier.

P3 ENABLING FIELDS

In light of their troubled track record, governments seeking not to abandon P3 policy but to normalize its use have restructured and reoriented certain key elements of their public sectors. In addition to the expansion of, and enhanced public sector dependence on, capitalist markets that accompanies dispossession, P3s have also come to entail the application of private sector logic and rationale to public infrastructure and service delivery. These new rules, and the institutions that have been created to enforce and promote them, are conceptualized here as forming a ‘P3 enabling field’. Over the long run, enabling fields promote dispossession through state restructuring, and on a more immediate level they help stabilize P3 policy during times of crisis – as witnessed in the wake of the 2008 global financial crisis.

The P3 enabling fields set up by Canada’s key P3 enthusiasts – the BC and Ontario provincial governments – are composed of several crucial elements, including new capital planning frameworks, and new forms of institutional support for privatization.⁹ The capital planning changes relevant to these provinces are: BC’s Capital Asset Management Frame-

⁹ There are other legislative and supportive secondary reforms which have also been implemented although these contain elements unique to particular sectors (e.g., transportation and health) and therefore will not be addressed here.
work (CAMF) and Ontario’s Infrastructure Planning, Financing and Procurement Framework (IPFP) and Alternative Financing and Procurement (AFP) model. New institutional support for P3s is now provided by specialized P3 units, named Partnerships BC and Infrastructure Ontario.

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<th>P3 Enabling Fields</th>
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**CAPITAL PLANNING FRAMEWORKS**

In May 2002, the Capital Asset Management Framework (CAMF) was introduced in BC to serve as new “rules of the road” for public infrastructure development, governed by five best-practice principles: sound fiscal management, strong accountability, value for money, protecting the public interest, and competition and transparency (BC Ministry of Finance, 2002, p.1-2). The CAMF applies province-wide and all ministries, public sector agencies, and public organizations must now comply with these rules when seeking approval and funding for infrastructure projects.

When it was first introduced, the Ministry of Finance made an effort to present the CAMF as being pragmatic, claiming that it “does not predetermine that every project will be a public-private partnership” (BC Ministry of Finance, 2002, p.1). The Value for Money CAMF document furthermore states that: “the framework does not assume that any one sector [public or private] is inherently more efficient in building and operating public assets. Instead, it emphasizes that capital decisions will be based on a practical, project-specific assessment of a full range of options” (BC Ministry of Finance, n.d., p.5). Yet pragmatism is more rhetorical than real since the CAMF also dictates that all capital project proposals in excess of $50 million must first be considered as P3s. Cohn (2008, p.89) suggests that the CAMF shifts the bias away from traditional public procurement by “chang[ing] the terms of debate regarding P3s. Instead of explaining why a P3 was justified, it [is now] necessary to explain why a P3 (or some other form of alternative service delivery) [is] not being employed”.

Less obvious but equally important are the implications of its focus on market-oriented notions of risk and the heavy emphasis placed on

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10 From 2002-2008 this stipulation applied to all proposals above an even lower threshold of $20 million (since 2008 those in the $20-$50 million range are subject to a P3 screen which is used to determine whether a more comprehensive P3 evaluation should proceed) (BC Ministry of Finance, 2008).
identifying and valuating risk throughout the CAMF procedures. Before a project can move beyond the initial proposal stage it is subjected to a risk-based assessment which assumes that additional responsibilities bring greater risks, and thus risk can be mitigated and minimized through partnership agreements. This creates an innate bias against public financing and ownership given that any new infrastructure project taken on by a public sector agency is assumed to generate risk. Risks are then monetized and added onto publicly delivered projects, penalizing public procurement even though these risks may be entirely hypothetical. Reliance upon the private sector to reduce risk also ignores the potential for cost savings that can be achieved through risk pooling (i.e., publicly financing a large number of projects), which can amount to a huge loss for the citizen and taxpayer. Mackenzie’s (2007, p.iv) study of Alberta P3 schools found that “for every two schools financed using the P3 model, an additional school could be built if they were all financed using conventional public sector financing.”

The CAMF also enshrines a market-based notion of what defines the public interest. Under the CAMF this feature of policy making is to be determined through criteria such as assessing service outcomes (mediated by monetary relations) and monitoring the performance of service providers (using market-based contracts). This is an extremely narrow conception of the public interest and does not take into consideration other concerns such as the contradiction that exists between profit-making and commercial confidentiality on the one hand, and democratic oversight and local control on the other (see Wood 1995 for more on this tension).

Initiated in July 2004, Ontario’s Infrastructure Planning, Financing and Procurement Framework (IPFP) is similar to BC’s CAMF given that it outlines the strategies that will be used when developing (planning, building, financing and managing) new public infrastructure projects across the province. Like the CAMF, the IPFP framework enshrines five key principles in the planning, financing, and approval of project proposals submitted by Ministries, municipalities, and other public sector entities: the public interest is paramount, value for money must be demonstrated, appropriate public ownership/control must be preserved, accountability must be maintained, all processes must be fair, transparent, and efficient (Ontario Ministry of Public Infrastructure Renewal [MPIR], 2004, p.9). These are presented as a pragmatic, technocratic approach to infrastructure investment but there is an explicit emphasis on “innovative engagement of the private sector to leverage expertise and capital” (MPIR, 2004, p.17); and P3s must be considered
for all projects over $20 million. Of the nine infrastructure and procurement models discussed in the IFPF, eight are P3s (MPIR, 2004, p.21-22), and the public procurement option is only recommended for very minor investments (MPIR, 2004, p.24). A risk-focus is present here too, as is an emphasis on value for money which incentivizes private financing and procurement.

In 2003 Dalton McGuinty, while campaigning for Premier of Ontario, vowed to scrap the province’s first P3 hospitals which had been recently initiated by his predecessor Mike Harris. However, not only did these particular deals go forward (although some renegotiation did take place), but attempts to depoliticize P3s were soon initiated when the newly elected McGuinty government rebranded them as ‘Alternative Financing and Procurement’ (AFP) projects. Though improvements have been made when compared to how P3s were previously developed (e.g., see Ontario Auditor General, 2008), there is no specific legislation in place to ensure that IPFP principles are upheld and in practice AFP projects are still P3s. Both involve partnering with for-profit private consortia for the design, construction, financing, and operation of public infrastructure and support services. P3 industry insiders and advocates also confirm that they see no substantial difference between the P3 and AFP models (e.g., see Ontario Standing Committee on Government Agencies, 2008, p. 1530), as did the Minister of Health when initially presenting AFP to the private sector (CCPPP, 2005).

An important feature of AFP as it applies specifically to Ontario’s health sector which is worth highlighting here is the 2006 decision by the Ministry of Health and Long Term Care to exclude what they call ‘soft support services’ from future hospital deals (Block, 2008, p.2). This means that P3 hospitals in Ontario now involve only hard facility services such as maintenance, security, and operation of the physical plant but not care-related services like housekeeping, dietary, and laundry services. There is no such exemption in BC though some recent P3 hospital deals have excluded cleaning services.

Why exactly soft services were excluded in Ontario is a multifaceted issue. The Canadian Union of Public Employees (CUPE) and the Ontario Health Coalition (OHC) claim that this was largely the result of a series of community-initiated plebiscites organized by the OHC which indicated overwhelming community support for the proposition that new hospital projects be kept fully public. A plebiscite in Hamilton, for example, returned a vote of 98% in favour of this proposition (OHC, 2006). From a more cynical perspective, soft support services may have been exempted
from P3 hospital project agreements not due to community activism but instead because of the serious and ongoing problems that have resulted from their incorporation within early project agreements in that province (see Ontario Standing Committee on Public Accounts, 2009, p.1340). It is therefore likely that this exemption serves two purposes: assuaging some public concerns whilst helping to make P3s run smoother in the future. By serving as both a concession offered to opponents and a pragmatic modification to the P3 model, overall this development has helped ensure the longevity of the P3 model in Ontario’s public health care sector. There is also no guarantee that this exemption of soft services will be maintained in the future.

**NEW FORMS OF INSTITUTIONAL SUPPORT**

New forms of institutional support for P3s are the backbone of the enabling field. The creation of specialized government agencies, or ‘P3 units’, best exemplifies this component. P3 units promote and evaluate these projects and act as repositories of knowledge which facilitates policy learning by building government expertise surrounding the complex bidding, negotiation, and operational phase of P3 projects (Rachwalski and Ross, 2010). The presence of these P3 units has been essential to the entrenchment of privatization within the public sector. The role of the P3 unit extends beyond the more prosaic activities outlined on their websites and in policy documents as they must translate global policy models and dispossession imperatives, ensuring that this unfolds in ways which meet local needs whilst simultaneously ensuring profitability for global investors.

Without the institutional support that P3 units provide, problems experienced with individual projects would not readily transform into a sophistication of the local P3 model but instead could easily lead to its abandonment. Dispossession via P3s is relatively unique from other types of privatization since even though individual projects are locked in through multi-decade contracts, the model itself must be continually renewed through new projects and thus it contains a future-oriented component. This means that committed policy makers must take into consideration the long run implications of decisions made today. P3 units are currently the central way to ensure that this happens in BC and Ontario. As Jooste and Scott (2012, p.150) put it: “The move toward private participation in infrastructure does not simply substitute private sector capacity for public sector capacity, it requires new forms of public sector capacity to be developed to overcome [P3] challenges” (emphasis added).
The need for new forms of public sector capacity to facilitate dispossession was resolved in BC and Ontario through the creation of Crown corporations (in 2002 and 2006, respectively). This organizational form is significant given that in some countries greater political control is retained through the development of expertise and P3 unit-like roles within line departments (e.g., Mission d’Appui aux PPP in France and Parapublica in Portugal; see Farrugia et al., 2008). The use of Crown corporations, an arm’s length quasi-public organizational form, has a long history in Canada and has been used for many different purposes ranging from economic development to cultural preservation (Whiteside, 2012). Yet something entirely new appears to have occurred in the past decade with P3 units: the use of Crown corporations to facilitate dispossession. This occurs not through their sale but through their very existence – they are developed by the state to manage and encourage privatization in other areas of the public sector. Thus the Crown corporation is now being used to extend market-led restructuring in Canada’s public sector.

These Crown corporations also help root market rules and norms within the public sector, and this is role appears to be expanding as their purview grows. With Partnerships BC this expansion is both internal and external to the province. Within the province, greater use of P3s means that Partnerships BC has been gradually taking over the roles previously played by the BC Building Corporation (BCBC) (McKellar, 2006). Created in 1977 to manage public sector real estate, land, and infrastructure, BCBC is thus being increasingly replaced with a commercialized Crown corporation oriented toward privatization. Further, as indicated in its 2011 annual report (Partnerships BC, 2011), its future strategy includes diversifying its client base. This involves selling its expertise to other jurisdictions without P3 units and pushing the P3 model into new sectors within the province.

The roles assigned to Infrastructure Ontario have also been greatly expanded over the years and it is now responsible for many different aspects of infrastructure and land development in the province: from large P3 infrastructure development and operation in 2005 to small infrastructure loans (offered to municipal borrowers only) in 2006 when it absorbed the Ontario Strategic Infrastructure Financing Authority (OSIFA), and more recently in 2011 it took on the responsibilities of the Ontario Reality Corporation (ORC) (the manager of government owned and occupied land and buildings) (see Infrastructure Ontario, 2011). This has not only given Infrastructure Ontario a greater degree of permanence within the province but it also means that its P3-specific tasks are increasingly normalized within the day-to-day operations of government.
In order to assist jurisdictions without a P3 unit, in 2007 the federal government has also increased its commitment to P3s through the creation of PPP Canada Inc. as a way of promoting and assisting P3 development across the country (especially at the municipal level). Once the P3 market deteriorated sharply with the financial crisis in 2008, PPP Canada Inc. also began to engage in ‘extensive discussions’ throughout 2008/9 with the provinces/territories, private sector stakeholders and other federal organizations to gauge the nature and extent of public sector support needed to ensure that new projects were started and that recently initiated projects reached financial close. Through these efforts PPP Canada determined its priority would be to help ease the “significant roadblock” to P3 projects posed by the financial crisis (PPP Canada, 2009). In furtherance of its mandate to “develop the Canadian market for public-private partnerships,” it has received funding commitments from the federal government of $2.8 billion per annum for 2011-2013 (PPP Canada, 2009). PPP Canada also teamed up with Export Development Canada to provide surety, bonding support, and co-lending to enable troubled P3 projects to proceed (ibid). In contrast, fiscal austerity is making a comeback in most other areas of government.

Enabling field support cannot ultimately resolve all the problems associated with P3s but it does make them easier to implement, smoothes out and regularizes the process, and promotes privatization. And to the degree that some policy learning takes place then P3s may in fact perform slightly better – or at least appear to. The real significance of the enabling field is thus the way in which it creates a ‘common sense’ that permeates public sector processes and decision-making. This insulates the P3 model from crises through routinization, institutionalization, and depoliticization.

**ROUTINIZATION**

Routinizing dispossession within the public sector involves the development and normalization of protocols which facilitate the selection of P3s. There are two important components here: the language of the enabling field (and an entrenchment of risk, derived through calculations of relatively short term costs and value for money, as the primary focus of decision-making) and the normalization of a market-based and market-reliant view of how the ‘public interest’ is to be conceptualized and upheld. This is accomplished not through grand overt offenses but instead through mundane, technocratic procedures.

Given the market-oriented nature of this form of decision-making, the language of the enabling field is part rhetoric and part reality. The rhetoric of public provision as being inherently riskier and of poorer value
for money demonizes traditional projects and incentivizes privatization. For this reason P3 development remains a highly normative process as adherence to, and support for, logics of dispossession require a strong ideological commitment to privatization. However, even though the establishment of routines surrounding P3 selection may initially be normatively-based, once enabling fields are up and running normalization can proceed through its everyday routines. Thus normalized and normative processes are not mutually exclusive. Rhetoric is further transformed into reality when, as Larner (2000, p.33) describes, discourse comes to constitute the institutions and practices of decision makers. After nearly a decade of developing most/many large infrastructure projects as P3s, and of placing an importance on particular conceptions of risk, the public interest, and value for money, the normative basis of the P3 option is shored up in ways that transcend narrow ideological dogma.

Self-referentiality also characterizes P3 policy as assumptions and biases are recirculated and used to justify future P3 selection. This is paradoxical given that P3s remain, on the face of it, superior only when judged against a public sector comparator (PSC). Yet since a PSC is merely a hypothetical scenario and values alien to privatization policy (such as public provision in order to allow for collective decision-making and democratic accountability) are inherently penalized, the role of the PSC is not actually that of engaging with alternatives to P3s – instead it is often a device used to mask these normative aspects through technocratic procedures. Reinforcing this is the presumption that large infrastructure projects ought to be first considered as a P3. Even when improvements are made to overcome past problems, P3 policy innovations (e.g., exempting some services, standardizing contracts and bidding procedures) involve moving the privatization agenda forward, not searching for public alternatives.

INSTITUTIONALIZATION

An important element in the shift to P3s as the new ‘traditional’ is the institutionalization of this model as the de facto standard way in which large infrastructure projects are delivered in BC and Ontario (especially hospital projects). The term ‘institutionalization’ is used here to denote a number of different things. First, the root word – institution – should be taken to literally represent the creation of new public sector agencies (P3 units) which act as centres of expertise for P3 development protocols. Another way to think of institutionalization is the way in which new ‘rules of the game’ are formalized through the enabling field and come to shape future decisions, connoting a new system of action and a reori-
entation of standards and decision-making. P3 units and new capital planning procedures tailored to privatization therefore lead to a change in the rules of the game, the norms of the public sector, and the social processes and actions repeated by decision-makers.

An increasing permanence is also suggested by the use of the term institutionalization: these agencies and protocols are no longer expendable and temporary, but are indicative of a regulatory shift. As captured by Selznick (1957, p.16-17), “institutionalization is a process... to ‘institutionalize’ is to infuse with value beyond the technical requirements of the task at hand”. When P3 development begins to shed its reliance upon external validation through reference to previous traditional methods, it begins to take on a life of its own (as the new ‘traditional’). Institutionalization should therefore be conceptualized in process-based terms. In Selznick’s (1957) description, institutionalization is something which happens to an organization over time but with the enabling field it is obvious that increasing permanence can also be sped up by state policy. In fact both evolution and entrenchment are visible with P3 units and the norms and procedures they embody and reproduce.

This is not to say that processes relating to the evolution of the enabling field are unidirectional and heading ineluctably toward a situation where P3s are the hegemonic model for all public sector infrastructure projects. This category of institutionalization equally captures how different moments of P3 policy are crystallized (i.e., the ways in which challenges are dealt with, created, and absorbed). These challenges come from many directions: neutralizing and accommodating P3 opponents; making good on election promises (or at least appearing to – i.e., AFP in Ontario); dealing with the inherent problems and conflicts associated with privatization and economic crises; and adjusting to the tensions associated with marketized state restructuring. As Larner (2000, p.20) suggests, “the emergence of new forms of political power does not simply involve the imposition of a new understanding on top of the old ... [it] involves the complex linking of various domains of practice, is ongoingly contested, and the result is not a foregone conclusion”. In other words, P3 development and the ‘lock-in’ of the privatization model is not a foregone conclusion by any stretch; the argument being made here is that the whole purpose behind enabling fields and institutionalization is to provide for some semblance of permanency even though dispossession via P3s requires constant renewal and therefore ongoing political/ideo-

11 See Burnham, 1999 on rules-based forms of state management and depoliticization.
logical commitment. As mentioned above, efforts by CUPE and the OHC to politicize P3 use in Ontario’s public health care sector clearly stand out as an example of how effective, targeted resistance can lead to tangible changes in P3 policy.

DEPOLITICIZATION

Depoliticizing privatization policy, or how dispossession now proceeds largely through technocratic decision-making rather than grand normative gestures, is another key implication of the P3 enabling fields in BC and Ontario. Peter Burnham (2001, p.127) connects depoliticization to a particular governing strategy which “plac[es] at one remove the political character of decision-making”. This benefits state managers by redirecting blame and dampening expectations whilst still allowing them to retain control. More than merely rhetoric, depoliticization also relies on new bureaucratic practices and a shift from discretion-based to rules-based regimes in particular (Burnham, 2001, p.130-1). The routines of the new capital planning and procurement frameworks and P3 units correspond to this conceptualization. It is also suited to describing the P3 enabling field as it deals with the internal transformations that occur with state restructuring, and indicates that depoliticized decision-making remains simultaneously political in nature.

In addition to Burnham’s (2001) version of depoliticization (which deals mainly with internal state restructuring) we must specifically add the privatization dimension. Colin Hay (2007, p.80-87) provides this in his description of three forms of depoliticization: when issues are demoted from the governmental to the public sphere, from the public sphere to the private sphere, and from the private sphere to the realm of necessity. Depoliticization is therefore a process with many faces.

Changes that have occurred with P3s and the creation of enabling fields generally fall within the first two categories of depoliticization. Most obviously it involves shifting decision-making from the public sphere into the profit-oriented private sphere. This moment captures the new authority and influence awarded to the private consortia representatives who now influence individual projects, and the private consultants, accountants, auditors which form the private technocracy that informs policy and evaluates projects. In addition, when issues are demoted from the governmental sphere to the public sphere it means that public infrastructure and service decisions are no longer primarily managed through the formal democratic arena (where decision-makers are accountable and public deliberation takes place), but instead are
shifted into the far less transparent realm of bureaucratic management (conducted by public or quasi-public agencies). This is the realm of the public technocracy and where officials become fairly insulated from public accountability (i.e., P3 units).

Like with routinization, depoliticization can become a reality in the sense that decisions are actually shifted into the private sphere, however it is also remains a powerful rhetorical tactic used by policy makers attempting to duck responsibility for, or reduce the visibility of, privatization. As Ascoli and Ranci (2002, p.14) suggest, marketization will always remain politicized since it “changes the direction in which [government] policies are developing” making it “an eminently political process, which redistributes rights and power, modifies policy networks and the institutional context in which [public] policy is made, and influences the ways in which welfare needs are defined.” Furthermore, since public infrastructure delivered via a P3 remains a political responsibility (with the governmental sphere ultimately on the hook for funding, procuring, and broadly overseeing the operation of new public infrastructure and support services), this form of privatization cannot be truly depoliticized given that issues are never entirely demoted to the private sphere.

**CONCLUSION**

Routinizing, institutionalizing, and depoliticizing P3 development is an ongoing process, not a stationary state. It is increasingly ‘locked-in’ through various changes and innovations in the P3 enabling field. Provincial enabling fields have become more sophisticated over time, leading to P3 project proliferation and the entrenchment of privatization particularly in the area of large infrastructure projects. Since this process requires policy learning and P3 program evolution, elements of these P3 enabling fields in Ontario and BC have been altered in response to market changes and community activism. However, so long as this involves changes made to how P3s proceed and not whether P3s proceed, adaptations have ultimately strengthened the model overall.

Nothing presented here should be taken to suggest that jurisdictions without enabling fields are not, or have not been, developing P3s. Whether at the provincial or municipal level, most provinces in Canada have developed at least one P3 in the past, although outside of BC and Ontario these efforts have been far more sporadic. At the federal level there are also several operational P3s and the Harper Conservatives have implemented a P3 screen (federal funding through the Building
Canada initiative is tied to the use of P3s) and a P3 unit (PPP Canada). However, due to the constitutional division of powers, the sectors with projects most suitable for partnership agreements are mainly located within provincial jurisdiction (e.g., hospitals, schools, highways, water treatment facilities) which inherently limits the number of federal P3s.

Furthermore, the argument made here is not that enabling fields unequivocally force Ministries and other public authorities to choose the P3 procurement model. Mainly what enabling fields do, as the name would suggest, is *enable* P3s by simplifying processes, and encouraging, supporting and promoting their use. Some items compel public authorities to consider P3s (i.e., CAMF and IPFP) but even these are mere frameworks which could be easily altered, transcended, or ignored if the political will to do so existed. Instead it is the sheer bulk of the enabling field which acts as a form of soft lock-in by shifting the bias away from traditional public procurement. Soft lock-in also helps depoliticize these activities just as P3s themselves depoliticize dispossession through technocratic decision-making.

Enabling fields also help P3s weather crises, whether the crisis is related to financial market volatility or a loss of faith in the model. We have recently seen this in action as routinizing and institutionalizing P3 adoption played an important role in helping to avert widespread P3 abandonment after the 2008/9 crisis. This has allowed the P3 model to retain its privileged policy position in Ontario and BC, despite all of its drawbacks.

Changes in P3 markets and policy have nonetheless occurred over the past five years. It is likely that the global volume of annual P3 deals will not return to the heyday of 2002-7 given that this was an era of cheap credit and euphoric financialization (CCPPP, 2009, p.1). Concerns around debt refinancing have also led to the inclusion of clauses within Ontario’s P3 hospital project agreements which stipulate that financial gains reaped through debt refinancing must now be shared with the relevant public hospital board (Loxley, 2010, p.110). A reversal of some elements of privatization enabling legislation has also occurred. Most notably, in 2007 the Supreme Court of Canada sided with BC’s Hospital Employees Union, and other health sector unions, in their fight against BC Bill 29-2002 (the *Health and Social Services Delivery Improvement Act*) which unilaterally rescinded provisions in signed collective agreements and paved the way for unprecedented privatization of health care support staff in the province. This forced changes to similar unconstitutional provisions in P3-related legislation (BC Bill 94-2003 *The Health Sector
Partnerships Agreement Act) as well. More recently, in 2011/12 the Province of Manitoba took an important step toward expanding protections for the public with its Bill 34 (The Public-Private Partnerships Transparency and Accountability Act) which requires greater public consultation and involvement of officials such as the provincial Auditor General and fairness monitors.

These victories and initiatives help dampen the more deleterious effects of dispossession but they do not entirely counter it, nor do they root out the specific elements of privatization-driven state restructuring that have occurred over the past decade. A greater focus on P3 enabling fields would be useful for opponents as it helps to uncover the ways in which privatization by stealth proceeds through the support of even more obscure changes being made to public sector decision-making in some jurisdictions. Resistance must therefore be not only directed at the outcomes of P3 use (i.e., dispossession) but also at the processes encouraging and supporting P3 selection (i.e., enabling fields). This includes politicizing the institutionalization, routinization and normalization of the market-based rationale that informs P3 policy and reorients public sector decision-making.
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