

FOR IMMEDIATE RELEASE

TAXPAYERS MISS OUT ON POTENTIAL \$250 MILLION SAVINGS FOR REGINA BYPASS PROJECT

November 24, 2015

While the Wall Government is touting massive savings by choosing the P3 option for the Regina Bypass Project, the real numbers tell a very different story. As they say, the devil is in the details, and anyone who looks at the detailed report from Ernst & Young will quickly realize that a significant portion of these alleged savings are due to a common aspect within P3 projects, and that being “Risk Transfer”. Maligned by industry experts, risk transfer is a completely fictional figure that the P3 Private Partner feels the ‘risk’ of potential cost overruns and unforeseen circumstances is worth.

Based on the numbers in the report, the Headlines should be reading “P3 REGINA BYPASS PROJECT TO COST \$250M MORE THAN TRADITIONAL BUILD”, because that is the true impact being felt by taxpayers because of this P3 project design. As an extra hit to the taxpayer, the cost of construction within a typical bid already provides a cushion for overruns in the form of a ‘contingency’. This results in the taxpayer effectively paying twice for cost overruns that may not even happen, allowing the private P3 consortium to realize a 100% profit margin on potentially a HALF BILLION DOLLARS.

As has been supported by numerous government studies over the past two decades – *which are slowly being released on the Government website* - the cost to construct a Bypass around Regina has exploded from \$63 Million in 2007, to \$400 Million in 2013, to the now infamous \$1.88 Billion price tag because of the P3 Aspect. Allowing private partners to profit so heavily off of only the *potential* for unforeseen circumstances is unfair to taxpayers, and it also prevents taxpayers from reaping the rewards if the project were to come in on time and on (*or under*) budget. “Having cost overruns already built into the P3 budget is a sneaky way for the Province to claim the project won’t have cost overruns.” Why Tower Road Spokesperson Nestor Mryglod insisted, “What it doesn’t do, however, is give the full picture to taxpayers on what it could cost them – *or more importantly, save them* – if this project were done using the traditional construction model.”

If the P3 Consortium are able to complete the project on time and on budget, they get to keep the \$250 Million that is being considered for Risk Transfer. If this wasn’t a P3 Project, that \$250 Million would go back into the government coffers, resulting in tremendous savings for Saskatchewan Taxpayers.

-30-

For media enquiries, please contact:

Chad Novak, Saskatchewan Taxpayers Advocacy Group

Phone: (306) 596-7685

Email: chadnovak2012@gmail.com

**A Joint Press Release by
The Committee for An Alternative Bypass: Why Tower Road? and the Saskatchewan Taxpayers Advocacy Group**