



Association for the Improvement  
of American Infrastructure

## Benefits of P3s for Government and Taxpayers

### STEWARDSHIP OF THE PUBLIC TRUST

Public-Private Partnerships (P3s) provide a viable alternative for successfully delivering infrastructure projects to public agency owners, when used appropriately and under the right circumstances. This summary highlights the benefits of P3s for government and taxpayers.

#### P3s provide opportunities to:

**Improve service delivery** by allowing both public and private sector participants to do what they do best. Government agencies' core business is to set policy and serve the public. It is better positioned to do that when the private sector takes responsibility for non-core functions such as operating and maintaining buildings.

**Improve cost-effectiveness.** By leveraging private sector innovation, experience and flexibility, P3s can often deliver services more cost-effectively than traditional approaches. The resulting savings can then be used to fund other needed services.

**Increase private investment in public infrastructure,** including roads, bridges and tunnels, hospitals, schools and courthouses, water and waste water treatment, stormwater systems and other state or municipal assets that have traditionally been funded by tax-advantaged municipal debt and, in many cases, have added to levels of overall debt. P3s can reduce government's life cycle capital costs, helping to bridge the gap between the need for infrastructure and a state's debt capacity.

**Reduce public sector risk** by transferring to the private partner those risks that can be better managed by the private partner. In one example, a company that specializes in operating buildings may be better positioned than the government to manage risks associated with the rapidly evolving adoption of technology and the changing demands of commercial real estate.

**Deliver capital projects faster,** making use of a private partner's increased flexibility and access to financing resources.

**Improve budget certainty.** Transferring risk to the private sector can reduce the potential for government cost overruns from unforeseen circumstances during project development or service delivery. Services are provided at a predictable cost, as set out in contract agreements.

**Make better use of assets.** Private sector partners are motivated to use facilities fully, and to make the most of commercial opportunities to maximize returns on their investments. This results in higher levels of service, greater accessibility, and reduced occupancy costs for the public sector.