

Ontario Health Coalition

BRIEFING NOTE

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Briefing Note on Liberal P3 Announcement

What is a P3 hospital?

The hospital is designed, built, owned and operated by private for-profit corporations. A consortium (group) of for-profit corporations including banks or financiers, architects, property management corporations, and private health services corporations forms and makes a bid to build a new hospital. All of the corporations build their profit margins into the project, including the ongoing privatization of huge parts of the hospital management and services over the life of the deal. The public leases-back the hospital from the consortium over the period of the agreement. The costs are paid out of the operating budget of the hospital. In Brampton's P3, the deal is approximately 30 years long. In Ottawa, it is over 60 years long.

What did the Liberals announce on Friday, November 21?

The Liberals announced that the projects in Brampton & Ottawa will go ahead with one change. Instead of paying a lease-back arrangement, we will pay a mortgage for the hospital. This allows the new government to portray the hospital as public without making significant changes to the deals that are in negotiations. However, the P3 model is still intact, complete with privatization of the finance, privatization of the services, the commercial land deals, the payments out of the operating budgets of the hospitals, the consortium of for-profit corporations and all the levels of profit-taking from the hospital.

Conservatives are "thrilled"

"The private sector will build the hospital at its costs and we will finance the hospital with operating grants over an extended period of time not unlike a mortgage" Dalton McGuinty to reporters on Friday, November 21.

"Dalton's tie might be red, but his whole suit is blue. I'm just happy to see our plan go forward" said former Conservative Cabinet Minister John Baird. He added "Despite the Orwellian doublespeak...on first glance it looks pretty identical to the deal that Ernie Eves announced here two months ago, so from that standpoint we're thrilled."

"It's the same deal that we made ... so it appears to be yet another broken promise" said Conservative Health Critic Elizabeth Witmer.

What is a public hospital?

Until now, our hospitals have been built by capital grants from government with additional fundraising in the community. The hospital is owned publicly, it is paid for publicly through capital grants — not out of the operating budget, and is operated as a public service, not a commercial entity. There is no for-profit consortium in charge of great sections of the hospital, they are clearly financed, owned and operated publicly. There have been attempts to diminish this by privatizing some services in some hospitals. In some cases they have succeeded. In others, privatization of the services has been stopped. The OHC and its member groups have actively fought to keep all hospital services non-profit. In no case, has the privatization of the hospital services been as deep or as broad as is being proposed now.

So what does this mean?

The government has reneged on its promise to make these public hospitals. The government announcement means that the Brampton & Ottawa deals in negotiation are still P3 hospitals with significant commercialization and privatization built into the deals that are being negotiated.

Why are we fighting this?

The introduction of more and more private for-profit ownership and operation in the health system is a dangerous threat to the future of Medicare. By introducing profit-taking and the higher costs associated with for-profit healthcare, new competing interests pull money out of patient care. The scope of services offered under the public system is reduced, beds and staff are cut, and healthcare workers face increasing pressure for de-unionization and declines in working conditions. As more for-profit corporations get into the public health system, the risk of a challenge under the free trade agreements increases, threatening to open up the entire system to profit-taking and privatization. The for-profit companies look for new sources of revenue including new out-of-pocket charges, user fees and two tier services that allow the wealthy to jump the queue. If we don't stop the first for-profit hospitals in Ontario, we will face a barrage of for-profit hospital redevelopments over the next few years. At stake is the future control and operation of our hospital and healthcare system.

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