



# P3 Hospitals – Importing a British Failure

## A Closer Look

*In January 2001, Tony Clement was made Health Minister in Ontario. One of his first acts was to take a trip to Britain to investigate the radical changes that were taking place in its National Health Service. He came back with a new model of hospital development - “public private partnerships” (P3s).*

*Currently Ontario’s hospitals are owned and operated by non-profit hospital boards. In the new model, a for-profit group of corporations called a consortium designs, builds, owns & operates the hospital and leases it back to the hospital board for a period of 20 - 60 years. The hospital and its cleaning, dietary and maintenance services are controlled by the consortia and rented to the public. The public still pays for the hospital, but the cost is hidden from the province’s books.*

*Here is a closer look at Britain’s P3 hospitals that are the inspiration & model for Tony Clement’s announced Ontario P3 hospitals in Ottawa, Brampton & Markham-Stouffville.*

### The British Way – Less for More

Journalist George Monbiot reports that as costs for P3 hospitals balloon an average of 72% above initial projections, high costs for the infrastructure lead to cuts in clinical budgets. On average, the British Medical Journal reports, 26 % of hospital beds have been cut in P3 hospitals. Staff has been reduced on average 30% - with 14% of doctors, 11% nurses, and 38% support staff cut. Nurses are replaced by healthcare assistants. New user fees have sparked a fury of complaints from patients who say they have to pay for “absolutely everything”. Volunteer services have to pay rent for office space. The British Medical Journal reports that profit margins for the new private owners range from 15 - 25%. This means that 15 -25 cents of every public hospital dollar is siphoned off for profit.

### Enron-style Accounting

Questionable accounting and massively complex - and usually secret - lease deals are a feature of the British P3s. Consultants for the first 18 British P3s cost over \$110 million alone. The contract for Coventry’s Walsgrave Hospital was 17,000 pages. In Australia, the state auditor in New South Wales found the P3 hospital could have been built twice over if it had been built the public way. The Enron-like accounting for these schemes has similarly been criticized by Auditors General in the UK, in Scotland, in New Brunswick, in PEI and in Nova Scotia. They all note that the public gets stuck with high costs and the majority of the risk. Britain’s auditor-general and deputy controller recently called the accounting systems used to justify these schemes “pseudo-scientific mumbo-jumbo”. He says the accounting exercise, “becomes so complicated that no one, not even experts really understand what’s going on.”

### Nightmare at three P3s

Short cuts and shoddy materials have led to a spate of dramatic disasters. For example:

At the P3 hospital in Carlisle, two ceilings collapsed due to cheap plastic joints in piping and other plumbing faults. One joint narrowly missed patients in the maternity unit. As well, the sewage system overflowed and dumped sewage through the operating theatre. Two windows blew out of their frames, and one of them showered a nurse with glass. Because of design flaws, soiled laundry must be wheeled through wards that are meant to be sterile. A glass-in infirmary with no air conditioning reaches temperatures averaging 33 degrees Celsius in the summer.

The Edinburgh P3 has a rat problem, because it’s built on an old mine. On rainy days when the mine floods, rats head to the surface for shelter. Rat traps have become a new fact of life at the hospital. But that’s not all – the hospital was built without operating theatre lights, and the public system had to negotiate increased payments to get them installed.

In Durham’s P3 hospital, doctors have been forced to ask ambulance drivers to wheel patients right into the wards. Turns out the for-profit consortium deemed that portering patients was not its responsibility. A ceiling caved in, and sewage flooded into the pathology department. The pharmacy is squeezed in next to the mortuary, so patients have to contemplate the bodies going by. The ambulance bay is so small that it gets blocked if four ambulances arrive together. The cold water taps run hot, which means no drinking water in some wings.

*continued on next page...*

## Shifty Land Deals

Land sales are one of the ways that for-profit hospital owners make money. Land deals turn on profit and questionable deals, rather than public need.

Coventry's public hospital lands were sold and the P3 hospital is now more than 30 kilometres away for most residents. Since the city is built on a wheel grid, with the former hospital at the centre of the spokes, all public transit was routed around the circle routes or into the centre of town. The valuable land in the city centre was sold by the consortium and the new hospital was built in the suburbs – virtually inaccessible by public transit and miles away from most residents' homes.

Questions about Edinburgh's P3 land deals are beginning to surface. The hospital land was valued at \$500 million (Can.), but was sold by the consortium to a subsidiary for a mere \$25 million. The new P3 hospital was built on cheaper land (on an old mine shaft that floods when it rains, forcing hundreds of rats to the surface). The difference between the value of the land and the actual sale price could have paid for the entire new hospital -- and kept it public. The land that was sold has been made into dense condominiums valued at over \$700,000 each.

## The "P3 Effect"

Since the new P3 hospitals were built without enough beds and staff for population need, new financing from the government is needed to make the schemes float. This leads to what is now termed the "P3 Effect". Government funding for mental health, homecare and a whole range of community care has been sucked into the re-financing of the hospitals,

### **Ontario Health Coalition**

15 Gervais Drive, Suite 305  
Toronto, Ontario M3C 1Y8  
tel: 416-441-2502 fax: 416-441-4073  
email: [ohc@sympatico.ca](mailto:ohc@sympatico.ca)  
[www.ontariohealthcoalition.ca](http://www.ontariohealthcoalition.ca)

## More British P3 disasters ...

In late February, government inspectors released a damning report about the P3s in Carlisle and Whitehaven. Waits as long as 15 months for scans and cancer treatment were reported due to staff shortages. Fire exits were blocked and patient areas were used for storage because the hospital was built with little storage space. Wards are frequently closed due to infections. Hallways are too small for staff to walk three abreast - a necessity when helping elderly patients down corridors. Staff cannot work in tiny offices. Staff report that sewage bubbles up through Operating Theatre sink drains.

In the Edinburgh P3, staff report that blood and other biological waste migrates through the plumbing system, from patient room to patient room. A physician working on an infant in the neonatal unit had a ceiling fall in on both of them. No one was injured.

Britain's Royal College of Nursing reports that privatization of hospital cleaning services and the rise of infections in hospitals is strongly correlated.

depriving funding for other services.



### For More Information

- ~ "Britain on the road to a very private revolution", The Observer. Sunday, May 27, 2001. Also, "Bed Crisis - in August?" The Observer. Sunday, August 27, 2000. [www.societyguardian.co.uk](http://www.societyguardian.co.uk)
- ~ Carvel, John. "Inspectors slam PFI hospital in report", The Guardian. Thursday, February 27, 2003.
- ~ Gaffney, Declan et al. "NHS capital expenditure and the private finance initiative - expansion or contraction?" British Medical Journal, Vol. 319, 3 July 1999. Also, "The politics of the private finance initiative and the new NHS", same volume. Also, "PFI in the NHS - is there an economic case?", same volume.
- ~ Gorton, Elaine. "Britain: Cash-for-beds scandal in National Health Service". The Observer. 17 January 2002.
- ~ Lawrence, Felicity. "Crisis-hit hospital finds that private finance for NHS comes at a price", Guardian Unlimited, Monday July 23, 2001.
- ~ Monbiot, George. The Captive State.
- ~ Penman, Danny. "PFI failing schools and hospitals", The Guardian, Tuesday, December 10, 2002.
- ~ Pollock, Allyson et al. "Planning the new NHS: downsizing for the 21<sup>st</sup> century", BMJ, Vol. 319, 17 July 1999.

