

Ontario Health Coalition

15 Gervais Drive, Suite 604, Toronto, Ontario M3C 1Y8

tel: 416-441-2502 email: ohc@sympatico.ca www.ontariohealthcoalition.ca

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Attn: Assignment Editor

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Privatized P3 Hospitals & Projects Cost \$8 Billion More Ontario Auditor General's Report Vindicates More than 10-Years of Work by Health Coalition: Government Must Stop P3 Privatization Now

Toronto -- All justifications are now stripped away. Ontario's government must stop the P3 privatization of public infrastructure projects including hospitals, and put the billions in savings that result towards needed care and services. In a shocking revelation today Ontario's Auditor General found \$8 billion in higher costs due to the P3 privatization of Ontario's hospitals and other public infrastructure, as follows:

- For 74 privatized P3 projects that are either completed or under way, "tangible costs, such as construction, finance and professional services, were estimated to be nearly \$8 billion higher" under the privatized P3 program than estimated if the projects had been delivered by the public sector. \$6.5 billion of these higher costs come from higher financing costs alone.
- The total liabilities, debts and commitments that Ontarians will have to pay, accruing from these projects totals more than \$28.5 billion.
- There is no empirical evidence to support the claims and valuation of "risk transfer" under these schemes. "Risk transfer" is used by Infrastructure Ontario to justify the extraordinary costs of the privatized P3s. The British Auditor General once famously called it "pseudo-scientific mumbo-jumbo", and the Ontario Health Coalition has repeatedly tried to get the government to place a moratorium on P3 projects pending an audit of these claims. Today Ontario's Auditor General noted that there was no evidence to support the costing of the risk transfer used by Infrastructure Ontario. Without this, the entire financial case for these schemes crumbles. She further pointed out concrete instances in which risks amounting to \$350 million in 18 P3 schemes had been included in the valuations. This amount is about the cost of an entire public community hospital. The inclusion of these inappropriate costs helped to make the P3 schemes look like they showed value for money. Such inappropriate risk valuations have been found in P3 schemes around the world.

It has been a long road and it has taken us – a citizens' group – a Herculean effort, but Ontario's Auditor General finally audited the province's privatized P3 projects, something for which the Ontario Health Coalition has called for years. We have done province-wide tours, issued repeated reports, analysed costs, asked economists' to speak out, pointed out the shortfalls in the so-called "value-for-money" reports from the government, and even went so far as to hold city-wide referendums in seven cities across Ontario. In total more than 91,700 people voted in these volunteer-held referendums. More than 98% voted against P3 privatization of their local hospitals.

The Health Coalition has been deeply concerned that the high costs of the privatized P3s would siphon public money away from health care budgets to multinational financiers and consortia, leading to health care cuts and privatization. This is exactly what has happened in Ontario.

"Ontario's government is closing hospitals and throwing people off of home care, saying they cannot afford it," said Ross Sutherland, R.N., M.A., chair of the Ontario Health Coalition. "At the same time, they are paying billions to multinational private financial corporations in higher costs than necessary."

"The very worst hospital cuts in Ontario have happened and continue to happen in communities that have been saddled with the extraordinary costs of privatized P3 hospitals," noted Natalie Mehra, OHC director. "In North Bay, 60 hospital beds are being cut in the brand new P3 hospital. In Niagara, where a new P3 hospital has been built costing more than a billion dollars, entire hospitals in four communities are under threat of total closure. While the multinational consortia rake in their money, people in these communities are losing needed care services."

To put it in context, if the \$8 billion in higher costs resulting from P3 privatization were spent on actual public health care services rather than multinational for-profit financial companies and their consortia, Ontarians would have:

- 8,200 more nurses
- 27 more entire community hospitals
or
- 20,000 more hospital beds operating year-round.

Ontario's entire provincial health care budget is approximately \$50 billion.

For more information: Natalie Mehra or Ross Sutherland 416-441-2502.