

Ontario Health Coalition

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Attn: Assignment Editor, Queen's Park Media

Billions in Public Taxes Risked by P3 Hospital Privatization: 100 Failed, Flawed and Abandoned Projects Used to Warn Politicians

Toronto- As Ontario's government is making plans to privatize hospitals, roads and schools under controversial long term deals with private finance and service corporations, a group of citizens' organizations has issued a warning that the projects run the risk of being billion-dollar failures. Last July, Ontario's Ministry of Infrastructure Renewal announced it would bring in a ten-year infrastructure plan, but the plan has not materialized. However, it has been confirmed that the government is considering private finance deals (P3s) for all new infrastructure projects in Ontario.

A new report, released today by health coalitions across Canada, outlines 100 failed, flawed or abandoned infrastructure projects undertaken using the controversial P3 privatization model. The report finds many troubling aspects to P3s, including:

- * cost overruns & delays
- * secrecy
- * design and construction flaws
- * quality problems & service cuts
- * legal disputes
- * failed contracts & bankruptcies

The report details complex privatization deals worth millions of dollars that have fallen apart, have been subject to lengthy delays and cost overruns, or have been abandoned as the expensive terms required by the for-profit companies become clear.

"We stand at the brink of perhaps the biggest transfer of public assets to private for-profit companies in the history of our country," stated Natalie Mehra, Ontario Health Coalition coordinator and author of the report. "Yet the record of P3 projects is one of spectacular bankruptcies, environmental and construction disasters, legal disputes and service cuts. This policy must be subject to public scrutiny and debate, not brought in through the back door."

"Our governments have a duty to look beyond the rosy picture painted for them by the companies that stand to make extraordinary profits from these deals," added Dora Jeffries coalition co chair. "We have provided 100 examples that show P3s to be a risky waste of taxpayers money. Dalton McGuinty must make an unequivocal commitment to public services and stop taking foolhardy risks with services that are vital for our lives."

"P3", which stands for "public-private partnership" is a new term for a wave of deep and long-term privatization that is spreading across Canada. The schemes are promoted by a lobby group comprised of financial companies and private service providers. The country's first two privatized P3 hospitals in Brampton and Ottawa were signed into being by Ontario's Liberal government last autumn, despite election promises to the contrary. Governments in Quebec and BC are currently pursuing P3 hospital deals in Montreal, Vancouver and Abbotsford. In Calgary, Alberta, a proposed P3 hospital project has been abandoned. A P3 long term care facility was considered, then dropped in Cornerbrook, Newfoundland.

Plans have sparked protests in which thousands of people have marched and disrupted meetings of the private corporations in Toronto and Montreal. Patient groups, health professionals and unions are opposing the P3s as they result in bed cuts, clinical budget reductions and diminished access while paying hefty profits to the private sector out of public tax dollars.

The report, detailing a litany of cost overruns, legal disputes, bankruptcies, environmental disasters, and shoddy construction, is available at: www.ontariohealthcoalition.ca

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100 P3s - Failed, Flawed and Abandoned

Backgrounder

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The report details a litany of cost overruns, legal disputes, bankruptcies, environmental disasters, and shoddy construction. Some examples include:

CANADIAN P3s FLAWED, FAILED OR ABANDONED:

Abbotsford, British Columbia: costs for the planned P3 hospital have increased from \$210 to \$424 million.

Brampton, Ontario: capital costs for the P3 hospital have increased from \$350 to \$550 million.

Calgary, Alberta: The Calgary Health Region recently cancelled plans for a P3 hospital. Ralph Klein was forced to pull back a proposed P3 courthouse when costs skyrocketed from \$300 to \$500 million and the flawed design met the needs of the developer, but not those of the justices.

Maple Ridge, British Columbia: a downtown redevelopment P3 deal was cancelled after the community voted to dissolve the P3 contract. The move has saved taxpayers between \$9 and \$11 million.

Nova Scotia: the provincial auditor found the deals for 30 P3 schools to be \$32 million more expensive than if they had been built publicly. The province abandoned the P3 program.

Quebec City, Quebec: A government-commissioned study has found that a proposed P3 long term care facility will cost \$14 million more than it would to build the facility publicly.

INTERNATIONAL P3s FLAWED, FAILED OR ABANDONED:

Edinburgh, Scotland: The high costs of the P3 have been born by reducing beds in a false estimation of patient "throughput". Beds have been reduced by 24% across the health district and community services have also been cut. Further cuts may be required to meet the hospital deficit, primarily due to the high costs of the P3s.

La Trobe, Australia: The Victoria government had to buy back the hospital from the private company after the consortium lost \$10 million and announced it was suing the government.

London, England: The London Underground P3 has added 455 million pounds to the cost of the subway project, according to a report by the National Audit Office. Costs for the contracts rose by 590 million pounds through the negotiation of the contract and the project was more than two years behind schedule. The Paddington Hospital P3 costs have increased from 360 million to 800 million pounds.

United Kingdom: The Network Rail P3 was re-publicized after faulty maintenance resulted in a rail crash that killed seven people and injured 76. The contract has been plagued with lengthy legal disputes.

Norfolk, England: A P3 contract for 6 schools in Norfolk collapsed as P3 company Jarvis, facing financial difficulties, was 26 months behind schedule and was unable to find a local subcontractor.