

*******UNDER EMBARGO UNTIL OCTOBER 20, 2004*******

\$175 Million Wasted in Controversial P3 Hospital: Economist recommends public options

Ottawa, Toronto – According to independent economist Hugh Mackenzie, Canada's hospitals are threatened with unnecessary and expensive privatization. In a report released today, titled "Financing Canada's Hospitals: Public Alternatives to P3s", Mackenzie outlines the genesis of the current backlog in hospital construction and the history of hospital finance in Canada. He concludes with 17 recommendations that federal and provincial governments can use to rebuild the nation's hospitals and keep them public. In an addendum to the report, Mackenzie reveals that Brampton's controversial private P3 hospital deal will cost at least \$175 million more than if the hospital were to be built publicly.

This report comes on the heels of two major blows to hospital privateers across the country. In August, the Calgary Regional Health Authority – normally known for spearheading privatization - cancelled Calgary's planned P3 hospital and replaced it with plans to build the hospital publicly. In British Columbia, as in Brampton, an accountant's report has found that costs have almost doubled at the planned Abbotsford P3 hospital. Nonetheless, Quebec's Charest government just announced the building of two P3 superhospitals in Montreal, and Ontario's government is attempting to complete contracts for P3 hospitals in Brampton and Ottawa. The Brampton hospital board has announced that construction will start on the country's first P3 hospital this Friday despite the fact that the financial deal, already at least a year behind, is not yet completed. Ontario's Public Infrastructure Minister David Caplan has said that he intends to release a full plan for the redevelopment of the province's infrastructure, including hospitals, this fall.

"Even without considering troubling questions about loss of public control and accountability, private P3 hospitals are extremely expensive, much more so than public hospitals," said Mr. Mackenzie. "There is no magic to dealing with our infrastructure gap. We need more investment. And we can deliver that investment through direct public programs at a substantially lower cost than through the P3 schemes that are being touted as the only option."

"This report discredits claims that we can no longer afford to build publicly what we built when we had far fewer resources but greater vision. Paul Martin Senior – the Prime Minister's father – established the National Health Grants program that built a sizeable portion of our public hospitals, the foundation for Canada's Medicare system. Ironically, our research has found that the current Paul Martin's fiscal policy has contributed to the dismantling of his father's achievement," noted Kathleen Connors, chairperson of the Canadian Health Coalition

"We have provided irrefutable evidence of higher cost for private P3 hospitals and a practical template for public finance of hospitals," concluded National Mehra, coordinator of the Ontario Health Coalition "There is no excuse to continue with the privatization of our hospitals in defiance of election promises and the public interest. The Ontario government's upcoming infrastructure development plan must contain a clear plan for a stable, consistent, public hospital capital financing."

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