

P3s = Private Profits, Public Pays

“This is the first threat in the privatization of health care, part of a plethora of policies aimed at breaking up the Canadian health care system... We always thought you Canadians were more savvy...”

– Dr. Allyson Pollock, Head of the Centre for International Health Policy, University of Edinburgh

BY THE NUMBERS:

\$46 million

The cost overrun of Ottawa, Ontario's P3 Royal Ottawa Mental Health Centre. Original estimate: \$100 million. Actual cost: \$146 million.

72%

The cost overrun of Brampton, Ontario's P3 hospital. Original estimate: \$357 million. Actual cost: \$614 million.

-96

Reduction in beds at the Royal Ottawa Mental Health Centre. Original promise: 284 beds. Opened at: 188 beds. Costs increased by \$46 million in spite of the smaller number of beds.

10 Fewer Nurses

Every \$1 million paid on P3 debt charges will result in the loss of 10 nurses.

-241

Loss of beds in Brampton community as a result of P3. Promised beds: 720. Delivered: 479

200 million

The increase in cost for the Brampton P3 as a result of higher private borrowing rates.

What P3s really mean for Canada's public health care: **Pay More, Get Less**

P3 is the name given to a method of privatizing health services and facilities. It stands for public-private partnership. In a typical P3 deal, the government allows for-profit private corporations to finance, design, build and operate health facilities. The government commits to lease the facility and use certain services for a period of as much as 30 years or more.

Some provinces enter into P3 arrangements to build needed hospitals, promising that the P3s will save money and be more efficient. The reality is very different. P3s cost more to build and operate, take private profits from the public health budget, hide their costs and erode the quality of services.

P3s = Higher Costs

Every P3 hospital project in Ontario has experienced huge cost overruns. The North Bay P3 was estimated to cost \$551 million, but actual costs came in at \$1 billion. The Sarnia P3 was more than double its estimate of \$140 million, coming in at \$320 million.

The Brampton, Ontario P3 hospital is estimated to cost the public an additional \$600 million over the life of the project. If the Brampton experience is repeated in the 12 P3s now underway or planned in Ontario, the public will pay an additional \$7.2 billion.

The Royal Ottawa Mental Health (ROMH) Centre was promised to cost \$100 million but really cost \$146 million.

So far, costs for the four P3s – Sarnia, Brampton, Ottawa and North Bay - are \$2.1 billion, instead of the estimated \$1.2 billion. That's an overrun of 75%.

P3s = Private Profit

P3 projects expect a profit that is worked into lease payments made by government. Public money directly subsidizes private corporate profits.

P3 projects are more costly because the private sector always pays higher interest rates on borrowing money than the public sector.

P3 projects have extra layers of bureaucracy - legal, financial and administrative. This diverts funds away from patient care.

P3s = Public Pays

In public facilities, most services – cleaning, hospital records, security - are run on a non-profit basis under the control of hospital management. While some services may be privatized, contracts are usually cancelable on 6 months notice. However, in P3s, patient support services are run for profit by private corporations for 25 years. This is a disaster for quality services. At Ottawa's P3 ROMH, there have been severe breakdowns in all areas.

Lewis Auerbach, formerly with the Office of the Auditor General of Canada, recently analyzed the Brampton P3 and concluded that the astonishing costs of the project represented poor value for money, and that the cost of the project was significantly more than having the project done in the public sector.

Mr. Auerbach said: "So far, the Brampton P3 has had cost increases, space decreases, flexibility decreases – and all of this with little transparency...Indeed the Brampton P3 hospital may not only cost more, it may also end up providing a lower level of service, a risk that will increase in the latter stages of this 25 year project."

P3s = Corporate Privacy

P3s are only accountable to their shareholders. They have no obligation to release information to the public – or to elected officials – about their finances, operations, service quality or contract costs. Corporate privacy is more important than patient care and public interest. In public hospitals, the Hospital Board is in charge. Its mandate is to provide quality health care to the community it serves.

P3 hospitals are jointly managed by the Hospital Board and the P3 corporation. The corporation's mandate is to achieve profit for investors. If quality problems come up, the public board has to follow a legal process set out in the P3 contract to resolve the issue. The costs of these legal proceedings come out of the hospital budget, and ultimately out of patient care.

The Ottawa P3 remains shrouded in secrecy. Because hospitals are exempt from Freedom of Information, costly legal action is the only way to get information.

A private for-profit clinic that charges patients \$7,000 for services was set up within the Ottawa P3. These services are available only to those patients who can pay directly for the costs, creating two-tier medicine in a public facility.

P3s vs. Public Hospitals

The Peterborough hospital in Ontario was the last public hospital approved before Ontario began building P3 hospitals. The Brampton hospital and the North Bay hospital are both P3s built shortly after the Peterborough hospital.

The chart below compares the three hospitals, their costs and services. It clearly shows that the public hospital saves money and delivers on the promise of beds.

Public hospitals are cheaper, more efficient and more accountable.

BY THE NUMBERS ...

Hospital Construction costs:

Brampton P3	\$650 million
North Bay P3	\$1 billion
Peterborough	\$197 million

Number of beds:

Brampton P3	479 beds
North Bay P3	388 beds
Peterborough	400 beds

Costs per bed & equipment

Brampton P3	\$1.4 million
North Bay P3	\$2.7 million
Peterborough	\$0.5 million

The public Peterborough hospital has more bed capacity than the North Bay P3 (400 compared to 388), but at only a fifth of the per bed cost. Compared with the Brampton P3, the public Peterborough hospital has 85% of the beds but at less than a third of the construction costs.

As Canadian comic and aspiring politician Greg Malone has said bitinglly: "P3s should be called P12s - Public Private Partnerships to Plunder the Public Purse to Pursue Policies of Peril to People and the Planet for all Posterity."

About the Canadian Health Coalition:

The Canadian Health Coalition is a not-for-profit, non-partisan organization dedicated to protecting and expanding Canada's public health system for the benefit of all Canadians. It includes organizations representing seniors, women, churches, nurses, health care workers and anti-poverty activists from across Canada. For more information: www.medicare.ca

