

Ontario Health Coalition *Election Update*

October 5, 2007

Approaching \$1 Billion in Cost Overruns at Privatized P3 Hospitals: Coalition Demands Audit, Moratorium on P3 Privatization

The P3 privatization of Ontario's hospitals exploded into the election campaign with yesterday's announcement that the new Sarnia hospital will cost \$214 million, almost double the projected cost of \$140 million. This puts the total cost overruns for Ontario's privatized P3 hospitals climbing towards \$1 billion. Every one of the privatized P3 hospitals is late by months or even years.

The coalition is calling for McGuinty to promise a moratorium on all P3 privatization until the signed deals have been audited by the provincial auditor.

Cost overruns to date:

(All costs the most conservative figures. We have used capital costs alone, excluding interest, service privatization and equipment deals. With those additional costs calculated in, the privatized P3 costs are much higher.)

Community	Projected Costs	Final Costs (After Negotiations Concluded with For- Profit Consortium)	Cost Overrun
Brampton	\$350 million	\$650 million	\$300 million
North Bay	\$218 million	\$551 million	\$333 million
Royal Ottawa	\$100 million	\$146 million	\$46 million
Sarnia	\$140 million	\$214 million	\$74 million
Sault Ste. Marie	\$200 million	\$408 million	\$208 million

TOTAL IN COST OVERRUNS ON CAPITAL ALONE: \$961 million

Current estimates for the P3 hospital projects out for tender in St. Catharines and Woodstock are still secret.

"This has to be Dalton McGuinty's most expensive broken promise from the last election," noted Dora Jeffries coalition co chair. "The whole justification for privatization

was that P3s supposedly came in “on time” and “in budget”. But every single privatized P3 hospital is vastly over budget and every single one is late.”

“The privatized P3 hospital policy is now proven to be a house of cards. While it has enriched a host of well-connected business interests, it has no underlying financial justification and it runs counter to the public interest,” she concluded.

“The McGuinty government has engaged in an inexcusable level of secrecy and obfuscation every step of the way,” noted Natalie Mehra, health coalition director. “McGuinty has managed to keep secret all financial details of the deals in Sault Ste. Marie, Sarnia, North Bay, St. Catharines and Ottawa until after this provincial election. Despite major media attention, McGuinty has never explained why the cost increases have been so massive in every town.”

“Every McGuinty candidate and MPP is repeating the script that these hospitals are public, to obscure the level of new privatization introduced by his government . The government has actually paid consulting firms to conduct essentially fake Value for Money comparisons in which none of the government’s figures are actually tested, and is now claiming that these are audits. In fact, the provincial auditor has not looked at a single one of these privatized P3 deals and no independent party has tested the government’s figures.”

“If there’s nothing to hide, then Dalton McGuinty should not have any problem with a public audit and full public disclosure about the cost overruns,” concluded Ms. Jeffries. “In fact, in the interests of sound governance and public accountability the P3 privatization policy must be revisited and subject to a full review before any more deals are signed.”

In St. Catharines, Sarnia and Sault Ste. Marie, more than 18,000 people have signed pledge forms to make the P3 privatization of their hospitals a key election issue.

More than 300 doctors and nurses have sent letters to McGuinty to ask him to stop the P3 hospitals.

Over 80,000 Ontarians have voted against P3 privatization of their local hospitals in community plebiscites.