

PUBLIC/PRIVATE PARTNERSHIPS

Background

Public Private Partnerships (P3) represent a basic change in public services. They could involve hospitals, schools, power generation, infrastructure, etc. In the P3 model, the corporation pays for the building of the facilities and receives remuneration through taxes and fees. In December of 2001, two "for-profit" hospitals, in Brampton and in Ottawa, were introduced. The contracts for these hospitals will allow the private corporation or consortium to build and own these hospitals. The private consortium would run all "non-clinical" services. It would mortgage the facility to the provincial government for a profit, with a multi-decade payback agreement. The ultimate cost would be much more expensive to the government, and hence to the taxpayers, because of increased user fees, interest rates, profits, etc.

P3 Models Provide "Services at a Lower Cost" Through:

- Lower wages and staff cuts
- Contracting out of services
- Laying off employees and hiring them back at lower salaries
- User Fees: Claiming that there is "no alternative", fees can be increased, making services inaccessible for many people (Example: MRI-CT Scan)
- Lower quality: Cutting corners and cheaper construction will have a long-term negative effect on public services

Potential Consequences for any P3 Model

- Higher rates to provide public service
- Reduced and substandard service
- Less accountability; information not available to public
- Less attention to infrastructure
- Profits go to the few instead of in the form of reliable, public service
- Higher consulting fees
- Open the door for NAFTA challenges

Position of RTO/ERO

- Public services and facilities should be provided at a reasonable cost
- A set of standard benchmarks should be used for all public services
- Workers should receive a fair wage with appropriate benefits
- A mechanism for public accountability must be employed
- All public services should be protected from NAFTA and WTO agreements

Possible Questions

1. How will your government ensure that the P3 models respect public accountability?
2. What has your government done to avoid the pitfalls experienced by other jurisdictions in establishing P3 hospitals?
3. If requested, how would your government respond to any challenge to the NAFTA agreement as a result of the implementation of a P3 model?
4. What long-term financial planning is being done to minimize escalating costs of any potential P3 project?