



News Release

THE HOSPITAL EMPLOYEES' UNION

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"Public interest" not the primary goal of Abbotsford P3 hospital plan, says second independent review

Private hospital project may cost more than current estimates and 30-year agreement is unreasonably long, may result in extra costs to taxpayers – Lewis Auerbach

The government should revise its plan to adopt a public-private partnership (P3) option for the Abbotsford Hospital and Cancer Centre, concludes a new report commissioned by the Hospital Employees' Union and released today.

The report's author, independent researcher and consultant Lewis Auerbach, a former director with the Office of the Auditor General of Canada, raises several issues suggesting that the public interest may not be paramount in a P3 arrangement. Issues include:

- The government's only shareholder, Partnerships British Columbia, has a mandate to pursue only public-private partnerships and not publicly owned and operated facilities – even if the latter are less expensive;
- The 30-year operational contract is far too long and places too much burden on a private sector manager to decide what sorts of technology, upkeep and maintenance tasks would be undertaken, how and by whom ("the necessity to pay the obligations in a 30-year contract might at some point crowd out needed expenses for other health care services, and in other parts of the region"); and
- The length of the contract ignores the possible impact and expenses created by a change in government and/or legislation.

Auerbach argues that the contract provisions for increased payments for inflation, contingencies, and bonuses creates a real danger for excess and unwarranted additional payments which should be subject to an independent audit by a third party. He observes that while the estimated cost of the hospital operations will increase over the life of the contract, the RFP does not indicate how adequate monitoring and audit will take place, nor if these will take place, nor who will bear the costs. He is concerned that, if the project fails, the public sector would have to assume the risk it already paid the private sector to assume.

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Auerbach concludes that more disclosure is needed for the bidding stage, that cost savings are by no means guaranteed in a P3 arrangement and that the current criteria for P3s do not clearly have the public interest as the primary goal. Indeed some of the cost “savings” to government may come out of the pockets of patients and taxpayers in the form of payments and increased fees.

“This may not really be a savings overall – it may even be more expensive – but rather a transfer of costs from the P3 parties to patients. Supporters of a public health care system might not find this outcome desirable,” Auerbach says.

Auerbach’s report comes one week after forensic accountant Ron Parks released his review of the RFP, which concluded that further assessment of a P3 arrangement was needed.

HEU secretary-business manager says that Auerbach’s report and Parks’ review together further strengthens the case for a public hospital.

“The government should drop the idea of a private health facility under a public-private partnership and give the residents of the Fraser Valley a public hospital,” he says. “P3s didn’t work for the Coquihalla and they won’t work for the Abbotsford hospital.”

An electronic version of Lewis Auerbach’s report can be downloaded after 8:30 am today from HEU’s website at www.heu.org.

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