



HOSPITAL EMPLOYEES' UNION

NEWS RELEASE

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HEU urges B.C. Auditor General to investigate costs of Abbotsford P3 hospital in light of Ontario report

A 'scathing' report by Ontario's auditor general indicates that taxpayers paid a high premium for a P3 hospital in Brampton

The Hospital Employees' Union is calling on B.C. Auditor General John Doyle to launch a value-for-money audit into the costs of building the Abbotsford Regional Hospital and Cancer Centre as a privately financed public-private partnership (P3).

The union says a scathing report released yesterday by Ontario's auditor general revealed that the costs of the Brampton Civic Hospital could have been much lower if it had been traditionally procured and publicly financed, rather than built as a P3 using more expensive private credit.

The Ontario auditor general's independent value-for-money audit also outlined a number of problems with the government's comparison of the forecast costs of a P3 to traditional procurement with public financing – problems that inflated the costs of the latter option.

In B.C., the provincial government has placed its privatization agency – Partnerships BC – in charge of value-for-money audits of P3s, a practice that has been widely criticized.

Now that the construction of the Abbotsford hospital is complete, HEU secretary-business manager Judy Darcy says British Columbians are owed an independent audit of its costs.

"It's not good enough for Partnerships BC to audit its own performance," says Darcy. "That's like putting the wolf in charge of the sheep."

"British Columbians deserve the same care and attention to their public finances as Ontarians," adds Darcy. "Citizens deserve to know what services will be put at risk because of this government's blind faith in the banks and corporations they put in charge of this project."

Darcy notes that capital costs for the Abbotsford hospital P3 rose from \$211 million to \$355 million and that the annual service payments due to the private consortium that financed the hospital doubled to more than \$40 million. There was only one bidder on the project.

In a 2006 report commissioned by HEU and the Canadian Union of Public Employees, forensic auditor Ron Parks recommended that B.C.'s auditor general prepare independent reports on P3s and "adopt a greater degree of skepticism" with regard to P3 projects.

Parks was responding to former Auditor General Wayne Strelieff's attachment of a "review engagement" letter to the Partnerships BC value-for-money report on the Abbotsford hospital and other P3 projects which he said did "not provide assurances that there are going to be real cost savings for the public."

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