

# Access Health Abbotsford

## ACCESS HEALTH ABBOTSFORD CONSISTS OF:

- Brookfield Lepage Johnson Controls (BLJC)
- ABN Amro Bank N.V.
- PCL Construction Group

**A**CCESS HEALTH ABBOTSFORD consists of *Brookfield Lepage Johnson Controls (BLJC)*, the Canadian branch of *ABN Amro Bank, N.V.*, and *PCL Construction Group*.

**BROOKFIELD LEPAGE JOHNSON CONTROLS** appears to be the key privatizing component of Access Health Abbotsford. Their main contribution will be workplace management, sometimes also referred to as coordination of workplace provisioning, outsourcing of personnel or transitioning employees. They will also deal with real estate and physical plant issues.

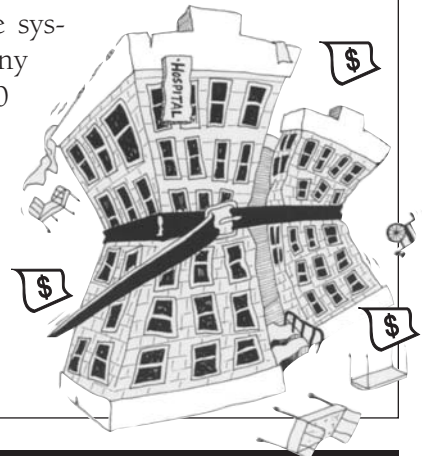
### Joint venture partnership

BLJC is a joint venture partnership between Milwaukee-based **Johnson Controls** and **Brookfield Properties of Toronto**, although the BLJC website <<http://www.bljc.com/>> refers to Johnson Control as the parent company. An outsourcing specialist, BLJC has 1,500 employees.

BLJC has proven adept at winning tens of millions of dollars of contracts from the federal government. For example, Public Works and Government Services Canada hands over some \$219 million per year to BLJC through contracts for property and facility management of over 280 Crown buildings across Canada.

### From batteries to real estate

Parent company Johnson Controls is a major automotive systems, facilities management and system controls company with over US\$20 billion in revenue in 2002 and 113,000 employees worldwide. Their diverse business includes manufacture of Die Hard batteries and management of the 1,500-unit real estate operations of the Royal Bank of Canada. Johnson Controls' involvement in over 2,000 different hospitals is structured through its controls group division.



## ABBOTSFORD PRIVATE HOSPITAL CONSORTIA

According to U.S. sources, Johnson Controls board chair James H. Keyes received US\$15,880,076 in total compensation in 2002. This includes a cash-out of \$6,208,097 in stock option grants. Keyes is still sitting on a gold mine of options granted in previous years. His windfall is estimated to be roughly \$26 million at current stock prices.

### **Brookfield Properties**

Brookfield Properties Corporation of Toronto is the other major partner of BLJC. The company is a major player in the North American commercial real estate market and owns a variety of high-profile properties such as the World Financial Centre and One Liberty Plaza in New York (both damaged but not destroyed in the Sept. 11th attacks), BCE Place in Toronto and the Royal Centre in Vancouver.

Brookfield's CEO is Richard Clark, who received total 2002 compensation of Can\$2.16 million, consisting of \$1.53 million in salary plus shares valued at \$628,160.

**ABN AMRO BANK N.V.** is the world's 14th largest bank measured by total assets and based in Amsterdam. Its Canadian arm is considered a "branch" of the main company and although registered as a chartered bank in this country, is not even listed or referenced in the bank's international reports.

**ABN and its consortium partners began to lose money on Latrobe Hospital almost from day one**

### **Corporate news**

The largest shareholder in ABN Amro is the **ING Group**, likewise a Dutch bank that's more active in Canada. ABN Amro enjoys an AA3 credit rating from Moody's and an AA credit rating from Standard and Poor's, despite being hit hard through the WorldCom telecom scandal.

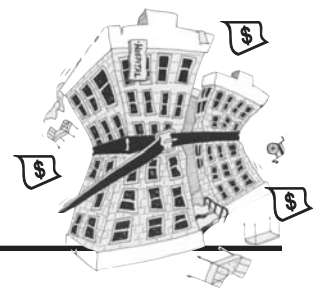
At the time when significant accounting irregularities were exposed and WorldCom went bust, ABN Amro was owed US\$203.2 million.

The chair of the managing board of ABN Amro is Rijkman Groenink. In 2002, he was paid 1.594 million Euros plus 229,000 Euros in pension costs (app. Can\$3.6 million). Groenink and his senior ABN colleagues also enjoyed significant perks: 24-hour chauffeur-driven limos, stock options, subsidized loans and private health coverage to name a few.

### **Australian private hospital flatlines**

Australia offers some insights into ABN's track record on private health care delivery. Seeking to cash in on a controversial experiment with private hospitals down under, the Dutch bank is linked to the failed privatization of the Latrobe Regional Hospital in Traralgon, 100 kilometers from Melbourne. Despite its pledge of significant cost savings, ABN and its consortium partners began to lose money on the project almost from day one when the new private facility opened in 1999.

As the losses mounted into the millions, hospital operators twice approached the state government for new funding and were twice denied. Six months later the consortium launched a lawsuit against the state government. By 2001/2002 the partnership was unwound, the state government took the hospital back into public hands and transferred the hospital staff into the public sector.



Despite that stunning setback, ABN Amro has moved aggressively on the privatization front in Australia. They've helped finance the Burnie Hospital in Tasmania, the Mount Gambier Hospital in South Australia, the Port Augusta Hospital in South Australia and the Mildura Base Hospital in Victoria. The most recent is the Berwick Community Hospital in Victoria through a consortium called **Progress Health**, which has won a 25-year design/build/maintain and finance contract.

**PCL CONSTRUCTION GROUP INC.** of Edmonton is one of Canada's most successful construction companies. In 2001 it racked up Can\$3.2 billion (Canadian) in billings.

### Liberal donors

The vast majority of PCL construction contracts are conventional lump sum arrangements, or guaranteed maximum price contracts.

A few of the many prominent projects they've won include controversial private/public partnership (P3) schools in Nova Scotia, the new Critical Services Redevelopment Project in Winnipeg, phase two of the private Cambie Surgical Centre in Vancouver, the Children's Hospital of Eastern Ontario and the Surrey City Centre development.

**The company employs both union and non-union construction workers depending on the circumstances of the project**

For the Vancouver Island Highway Project, they partnered with **Ledcor, HCL** and an aboriginal construction company (**YMC**) to implement an innovative joint venture demonstration project which employed and trained many local First Nations people. (PCL was also the general contractor hired by the Hospital Employees' Union, CUPE, for the construction of its new Provincial Office in Burnaby.)

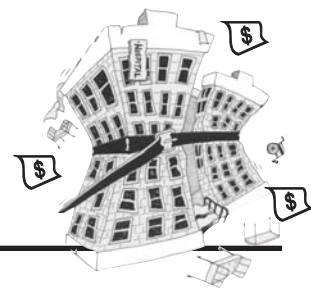
The company employs both union and non-union construction workers depending on the circumstances of the project. They are not a member of the Construction Labour Relations Association, which is the organization for unionized construction firms in B.C.

In 2002, PCL donated \$33,740.00 to the B.C. Liberal Party.

### Ontario link

The same companies are part of the **Access Health Ottawa** consortium that was shortlisted for the P3 contract to design/build/operate/own and maintain the Royal Ottawa Hospital redevelopment. The Health Care Infrastructure Company of Canada – also bidding on the Abbotsford hospital – was awarded the Ottawa P3 deal in early September 2003

Access Health Ottawa member BLJC was awarded a five-year contract in 1996 to manage all so-called “non health care related delivery services” such as housekeeping, dietary and stores at the Royal Ottawa. It's claimed that BLJC saved \$6 million over the five-year contract by cutting 30 per cent of the staff.



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