



HOSPITAL EMPLOYEES' UNION

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No case for privatizing IHA laundry – expert says

The Interior Health Authority (IHA) has failed to establish a valid business case for privatizing hospital laundry services, according to a Simon Fraser University economist.

SFU School of Public Policy economist Marvin Shaffer reviewed two IHA documents from 2010 that were recently obtained through a Freedom of Information media request.

Last year, IHA announced that it would seek bids from the private sector to take over all or part of its laundry operations at five major hospitals in Kelowna, Vernon, Kamloops, Penticton and Nelson, along with services in six smaller communities. An announcement on IHA's plans for the laundry is expected before year's end.

In its 2010 documents, IHA concludes that outsourcing laundry would yield savings as compared to keeping the service in-house. But according to Shaffer, no valid financial analysis of these options is provided.

And significantly, there are some unexplained discrepancies in the cost of building a new centralized laundry facility – one of the options contemplated in the documents.

In one document, the cost of building the facility using a public-private partnership arrangement was estimated at \$20 million. Another document pegged the cost at \$10 million, if it was built by the private sector.

“There is no explanation of why there should be such a discrepancy, particularly given that in both cases the facility would be built by the private sector,” says Shaffer.

Shaffer's analysis was commissioned by the Hospital Employees' Union, which represents 175 laundry workers who would be impacted by the contracting-out initiative.

The health authority has publicly acknowledged that the current in-house laundry service is run efficiently, but can't afford to maintain its operations over the next decade.

In recent months, councils in Nelson, Kamloops, Williams Lake, Summerland, Vernon, and 100 Mile House have passed motions opposing the privatization scheme, and more than 12,800 concerned citizens signed a petition speaking out against the loss of this public service and family-supporting jobs in their communities.

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