

Four Privatized P3 Ontario Hospital Projects

Royal Ottawa Mental Health Centre

The P3 **Royal Ottawa Mental Health Centre** opened October 27, 2006. With the Brampton Civic Hospital, the Royal Ottawa was the first hospital in Ontario to be designed, built, *financed and maintained* by the private sector. The hospital was originally designed to hold 284 beds at a cost of \$95 million. It opened two years later as a 188 bed hospital costing \$146 million -- \$51 million over the original target budget and significantly smaller than planned. The hospital CEO has said that the Royal Ottawa has to pay \$1,090,259 monthly over 248 months (22 years and 8 months) at an interest rate of 6.33 per cent. (See attached *Ottawa Citizen* story, January 26, 2009.)

OPSEU has released two reports on the P3 indicating that the problems encountered in the new P3 exceed a tolerable level of errors and omissions, inconvenience and risk. Problems have had a serious impact on operating efficiency. The hospital CEO claimed that most of the "teething" problems had nothing to do with the P3 arrangement for financing the project. Nevertheless he also states: "When I got here, we had 54 major deficiencies that needed to be fixed and all I've been doing is fixing things and making sure the place runs well".

There have been many calls for a review of the project by the auditor general in light of revelations by the auditor concerning the Brampton P3 hospital, but they have been resisted by the hospital. (See attached January 26 *Citizen* story.)

North Bay Regional Health Centre

The Request for Proposals (RFP) for the **North Bay Regional Health Centre** was released March 3 2006. Bids were received October 19, 2006, the final bidder named January 19 2007, with commercial close occurring February 27, 2007. Plenary Health was named as the finalist bidder. The Plenary Health Group is comprised of Plenary Group, Deutsche Bank AG, PCL Constructors Canada, Johnson Controls; and SNC Lavalin – SNC-Lavalin Engineers and Constructors Inc., SNC-Lavalin Investments, SNCLavalin Profac. The RFP dated October 2006 indicated that the facilities were to include 275 acute care beds and 113 mental health beds.

The Ontario government's deal for a privatized, for-profit P3 hospital in North Bay relies on secrecy and dubious accounting to conceal its exorbitant costs, according to the Ontario Health Coalition. The OHC reports that all financial numbers but one were blacked out in the project agreement. Even so, the government admitted the financing and transaction costs for the private hospital

would be \$160 million more than if they had built publicly. The government rationalizes its insistence on the P3 hospital by assigning a value of \$230 million to a dubious 'risk transfer,' without disclosing details about this risk transfer.

Sault Area Hospital

The RFP for **Sault Area Hospital (SAH)** was issued November 9, 2006. The scope of services to be privatized appears to be more extensive than the listing in the North Bay RFP and includes facility management at the core and ancillary sites, maintenance, parking, dispatch, security, management of housekeeping and waste. There are provisions for the for-profit companies to engage in commercial development of the lands. The for-profit consortia can make "innovation" proposals for other privatizations.

St. Catharines General

The **St. Catharines General P3 (part of the Niagara Health System)** was delayed for seven months after its main financial backer pulled out due to the current financial crisis. The McGuinty government and OMERS (the Ontario pension plan for school boards and municipalities) announced a deal on March 31 to save this troubled P3 project. As a result, this public sector pension plan will use deferred public sector wages for a project that will privatize public sector jobs and divert public sector funds into profits. With this deal, shovels were supposed to go into the ground in April, but recent reports indicate demolition of a farm house and barn on the site will occur occur in June. The facility is now supposed to be built as a 970,000-square-foot, 375-bed acute-care hospital, with an open date planned for early 2013.