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Sask Hospital P3 a bad move for the public purse

NORTH BATTLEFORD - The decision to privatize the building of a new Saskatchewan Hospital in North Battleford using a public-private partnership (P3) is a bad move for the public purse, says the Canadian Union of Public Employees (CUPE).

“Just before the 2011 election, the provincial government priced the new building at \$100 million. Now, estimates have already ballooned to \$175 - 250 million. How much more is this going to cost as a P3?,” asked Tom Graham, President of CUPE Saskatchewan.

Calling into question the government’s claim that the combined hospital and correctional centre P3 announced for North Battleford to replace the aging Saskatchewan Hospital facility will save 6.3 per cent, Graham noted no business case has been released to the public. Further still, questions remain to what extent maintenance services of the building will also be privatized through a P3 contract.

“Evidence from around the world and across Canada clearly shows that P3 hospitals have been proven to be a costly mistake,” said Graham.

In 2010, Quebec’s auditor criticized the business case developed for two P3 Montreal area hospitals by the province’s agency created to push P3s, Infrastructure Quebec. The auditor found the P3 business case was based on “unfounded” assumptions and the P3 hospitals wound up costing much more, while the public option would have saved over \$10 million. In 2008, Ontario’s auditor released a report into the Brampton Civic Hospital P3 scheme finding that it cost \$200 million more than if it had been financed and built directly by the government. In addition to the P3’s expensive financing and construction costs, the auditor found the inclusion of other privatized services such as maintenance, security, cleaning and laundry in the 25-year P3 contract added tens of millions more to the final price tag.

“From Quebec to Ontario, the record of P3 hospitals is a failure especially when it comes to the false claims of saving money,” said Graham. “Experience shows the public is always left on the hook to pay more with P3s.”

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