



## BRIEFING NOTES

### **Why is privatization such a large and looming threat here in Ontario?**

The Harris Conservative government in the mid-1990s had a very strong privatization agenda and a lot of hardships we are still feeling today are a direct result of the push for deregulation, business-model government policies and the abandonment of social programs and public services.

Remember Walkerton, hospital closings, private super jails, schools starved of adequate funding and resources.

When the Harris government dumped \$800 million in new expenses on to Ontario municipalities he created a crisis so long-lasting that rebuilding is still a daunting task.

Municipalities were left on their own to cope with transit, police services, fire services, sewer and water, social housing, libraries and ambulance. Our municipalities still share the costs of other responsibilities with the province – child care, Ontario Disability Support Program.

The McGuinty government is no different than the Harris government.

It is with dismay that we see the current McGuinty government carrying on with the steady and stealthy push to privatize key areas of public services and public infrastructure renewal. The deals are called public-private partnerships (P3s). You should be aware of them and municipalities must beware of them.

Your city and town will end up paying the price of this ongoing downloading over and over again.

### **What are Public-Private Partnerships (P3s)?**

Public-private partnerships are a way to borrow money for public capital projects without appearing to be spending money and thereby showing a deficit. The problem is that while this looks good on Budget Day, borrowing from the private sector costs more. So the taxpayer – that's you and I – end up paying much more in the long run.

These 'partnerships' can crop up anywhere there is a profit to be made by private corporations – construction of a new hospital, upgrading roads and bridges, building a new arena or school, the operation of the local water and sewage system – any part of our public services and public infrastructure. Municipal governments across Ontario are being pressured to allow the private sector into the bidding process.

**Here are some examples of why privatizing public services using public-private partnerships (P3s) are not the answer.**

Here's what happens when public services, publicly-delivered, are handed over to private profit-seeking corporations.

Take, for example, what has happened to home care, a service that is vital to seniors and persons with disabilities. For-profit companies have taken over a majority of home care services, replacing trusted not-for-profits, such as the Red Cross and the Victorian Order of Nurses (VON). The result is a dramatic escalation in cost, forcing government to make deep cuts to housekeeping and personal support – measures that have long kept patients in their homes and out of more expensive institutional beds. As taxpayers, we are denied access to any information on how much these companies are paid for these services.

The privatization of public services not only destroys existing services but builds services to suit the needs of private investors not the needs of the people. This is what happened in Brampton at the new William Osler Health Centre. The building of this Centre is a public-private partnership deal. The details of the 'deal' were a secret that you and I, the taxpayer, were not allowed to know. Once completed the Brampton hospital was over a year late, it is smaller than planned, has fewer beds and ran over budget by \$174 million.

It has been proven time and time again that privatizing public services won't make them more efficient or cheaper. Costs will go up and quality will go down. User fees will increase.

Some municipalities are beginning to learn from their mistakes. Hamilton City Council voted to return its water system to public hands in 2004 after the city and its residents suffered through a decade of high costs, risk avoidance by private operators, environmental damage and secrecy.

In 1996 the government built two new super jails. One in Penetanguishene and one in Lindsay, Ontario. Penetanguishene got an American-style private jail and Lindsay's jail was publicly run by the province. A Price Waterhouse review of the two jails resulted in Monty Kwinter (now the Corrections Minister) announcing this year that the province will take over the private super jail in Penetanguishene. The Price Waterhouse review stated that any cost savings using the private model were offset by poor health care for the inmates, unacceptably lower security and a higher repeat offender rate than the publicly run jail.

## **Why we don't agree with privatizing public services using public-private partnerships (P3s)**

The Ontario Federation of Labour believes strongly that these privatization schemes will lead to lost jobs, reduced access to and quality of public services, health and safety problems, de-unionization, corporatization, no democratic control or transparency.

Privatization and P3 funding models have led to huge cost overruns, increased public sector debt in the long term, project failures and bankruptcies, project delays and construction flaws and quality problems.

The P3 deals are a secret. We don't know what we are giving up or what these deals really cost. Secret privatization won't make public services better.

## **Alternatives to privatizing public services using public-private partnerships**

### **The key issues are:**

- The value of social services
- Government control over public policy and public assets
- The role of government in providing social services
- The public good as opposed to corporate profits or private gain
- Democracy and good governance

### **Public services must be:**

- Publicly-funded
- Publicly-delivered
- Publicly-owned, and
- 100% not-for-profit in character