



Background

Privatization is a world-wide conservative political/economic direction. It comes in various forms and in various jurisdictions as it adapts to different political cultures. Public assets are sometimes sold – like Air Canada, CN, or Petro Canada. One of the newest forms of privatization is Public – Private – Partnerships (P3s), a hybrid economic form which usually places private profit ahead of public service. Recently, Ontario Minister of Infrastructure Renewal, David Caplan released a discussion paper entitled *Building a Better Tomorrow*. The paper clearly contemplates a mixture of infrastructure for Ontario.

Some would remain public while some would be privatized and others would be P3s. The ostensible reason given for this change in direction is the twin problems of a large deficit combined with a backlog of crumbling infrastructure.

Problems With Public – Private – Partnerships

The private sector prefers to take over public assets which have an independent revenue stream – electricity, water and toll roads – because they have cash flow outside government grants. The reality, however, is that schools, hospitals, universities and colleges are also on the table.

Some P3s come in the form of "lease-backs" – like leasing a car. A private company builds a school and leases it to a school board for thirty years to recover its costs and to make a profit. This encourages the company to use materials that may not outlast the lease.

OSSTF opposes privatization and its P3 mutations. Costs will increase because no private entity can borrow money at government rates. Let's not be fooled: these projects will be more expensive in the long run. The long run is not the point, however. With these projects seeming to be off the books, in the short run they appear to improve the government's bottom line.

Making a profit the old way

One way that P3s make profits is by attempting to lower labour costs by contracting out support services such as cleaning, maintenance, and food services, or by using part-time employees. This is a direct threat to unionized workers in the public sector.

The Nova Scotia Debacle

Canada's most famous disaster with P3 schools took place in Nova Scotia from 1997 to 1999. A Liberal government decreed that all new schools would be P3 schools. By 1999 the province had elected a Progressive Conservative government that cancelled the scheme as totally unaffordable. The provincial auditor found that the 38 P3 schools already built, had cost \$32 million more than the traditional public investment approach. Moreover, the schools were plagued with problems from leaky roofs, unfinished playgrounds, high costs for after school use, and even a demand for a share of chocolate bar sales.



Health care

Health care efficiencies often precede changes to education. Although the new government pledged to end P3 hospitals in Brampton and Ottawa, the P3 hospitals went forward. If

institutions as politically sensitive as hospitals are ripe for P3s, can schools be far behind?



LCBO

There are constant rumours of the privatization of the LCBO. Aside from its original intended use, to restrict alcohol sales to minors or those already impaired, the LCBO has become the world's largest single purchaser of alcohol products and can therefore keep prices in check while returning almost \$1 billion annually to the provincial budget. A business case for privatizing the LCBO simply cannot be made.

TVO

The one non-commercial public broadcaster in Ontario is TVO. Popular for children's programs and public affairs, TVO is also up for grabs.



Highways

The incredibly unpopular highway 407 will become the norm if we continue with the

privatization/P3 route. The private company actually controls the public interest by forcing the government to honour its usurious rate increases.

Water

There is a worldwide movement by companies like Vivendi to privatize water systems. Already it has led to riots and the fall of the government in Bolivia. It is wildly unpopular in the UK. With water set to become the petroleum of the 21st century, this is one asset that must not fall into private hands.



Colleges and Universities

Although the core teaching aspect of colleges and universities is likely to

remain public, we already have one private university. If functions such as college residences shift to the private sector, we can expect higher costs which will make access to post secondary education even more difficult for students of modest means.



The new government of Ontario was seen as a progressive and refreshing change from the previous government. However, those of us who believe in public education and in high quality public services, find the trend to privatization and P3s deeply disturbing.

Premier McGuinty vowed to oppose the P3 hospitals introduced into Ontario by the conservatives. We have already seen a U-turn here. The *Building a Better Tomorrow* document increases the concern of whether the McGuinty government will unequivocally oppose Public – Private – Partnerships.

We are quite aware that the Ontario government has a twin problem of a deficit left behind by the previous government and an infrastructure problem based on years of neglect by the three main Ontario parties when in government. The solution is not through privatization or P3s. The solution is to maintain or improve public services built on high quality infrastructure.

Let us commit to a process that has served Ontario well for many years – a process of long, slow deficit reduction, sensible and fair revenue enhancements and careful investments that improve our efficiency, our productivity, and our quality of life.

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EDUCATION WATCH

Privatization and P3 schools

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