



Federal Election 2004

PAUL MARTIN – THE P3 PM

Paul Martin is a strong advocate for so-called public private partnerships (P3s). While he has tried to divert attention from this plank in the Liberal platform, his record makes his agenda clear.

When Martin was finance minister in the 1990s, the federal Liberal government slashed social spending and transfer payments to the provinces. This set the stage for a push to look to the private sector to deliver public services.

P3s are projects that transfer some combination of ownership, financing, operation and maintenance to the private sector.¹ Often, the terms of the arrangement are fixed in a long-term contract.

P3s turn public services into profit-making opportunities for business.

The PM's P3 Tsar

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Among his first acts as prime minister, Paul Martin created a new position of Parliamentary Secretary for Public-Private Partnerships and named MP John McKay to the job. McKay says he is “astounded at the amount of P3 activity which is actually going on, which I frankly wasn’t aware of...”

McKay, who thinks government should use call centres to deliver many public services, went on to say:

The sewer, water, all of that stuff can all be P3ed. Why does the government have to run a sewage system? ...The choice is P3 or nothing and Canadians are going to have to face the issue: Why does a public entity have to own the hospital? Why does a public entity have to finance a hospital?²



Restructuring government to push P3s

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But Paul Martin and the federal Liberals have been promoting P3s for years.

- Industry Canada has a Public-Private Partnership (P3) Office and a website filled with pro-privatization resources. It offers training on P3s by corporate partners.
- Infrastructure Works allocated \$2 billion between 1994/5 and 1998/9 for partnerships between the federal, provincial and municipal governments and the private sector.³
- Treasury Board promotes P3s and privatization through its Alternative Service Delivery policy.⁴
- Canada Mortgage and Housing Corporation, in a joint project with the Canadian Council for Public-Private Partnerships, provides grants to private developers wishing to get into the affordable housing business.⁵
- Veterans Affairs Canada and Atlantic Blue Cross Care have formed a P3 to administer and process health claims.
- The Department of Foreign Affairs funds Canadian municipalities to search for foreign investors in P3s, encouraging communities to sell off their assets to global corporations.⁶
- The Liberals provide funds to the Canadian Council for Public-Private Partnerships through six federal departments that are members of the Council.

As prime-minister-in waiting, Paul Martin co-chaired the United Nations Commission on the Private Sector and Development. Paul Martin's role on the global stage is to push P3s in energy and water, just as he does at home.⁷

The federal Liberals have surrounded themselves with advocates for P3s from the private sector. For example, Jean-Claude Villiard, the deputy minister of Industry Canada, spent three years in the late 1990s at the World Bank as a member of the bank's Council on Infrastructure and Private Sector Development. Prior to that, Villiard was president of SNC-Lavalin Capital Inc. Public Works deputy minister David Marshall is also a strong advocate of P3s. Prior to re-joining the public service in 2002, Marshall was a vice-chairman at CIBC. As well, Kevin Lynch, the deputy minister of Finance, is a proponent of P3s.⁸



Turning ill health into profits

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As the federal share of provincial/territorial health spending fell to just under 10 per cent in the late 1990s, some provinces turned to P3 hospitals.

What is the result? Two P3 hospitals are going ahead in Ontario under the Liberal provincial government. Another P3 hospital is well underway in BC thanks to another Liberal government. P3 hospitals are being touted in Quebec under a third Liberal government, and Alberta is planning one for Calgary as well. Meanwhile, the federal Liberals do nothing to enforce the principles of the *Canada Health Act*, principles that are not compatible with for-profit delivery and P3 hospitals.

Building business through building infrastructure

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Paul Martin has structured the Canadian Strategic Infrastructure Fund to promote P3s. In many instances, funding is tied to the participation of a private sector partner.

Federal/provincial infrastructure funding agreements (except for Quebec) prohibit local governments from using their own employees to deliver projects. This puts direct pressure on municipalities to contract out, even if their own crews can do the work more efficiently.

The federal Liberals entered into a P3 to build Confederation Bridge, the fixed link from New Brunswick to Prince Edward Island. The auditor general has found that the government paid \$45 million extra because they used the private sector to finance the project, rather than finance the project themselves.⁹ The auditor general also criticized attempts to keep annual payments of \$42 million to bond holders “off the books.”

Paul Martin’s Liberal government pledged \$450 million to the proposed Richmond-Airport-Vancouver rapid transit P3. The provincial Liberals pledged \$300 million, but have insisted their money is only available if the project is a P3. Now, the TransLink directors (representing local government) have rejected the scheme because under the P3, the risks still rest with the public. The project is already over budget and the secrecy required to protect “commercial confidentiality” under a P3 means the directors are denied access to vital information. But working hand in hand with Gordon Campbell’s Liberals, Martin’s Liberals continue to pressure local government to accept this fundamentally flawed P3.



In southern Ontario, York Region has recently agreed to a public private partnership in rapid transit with York Consortium 2000.¹⁰ The federal government has made an initial contribution of \$50 million from the Canada Strategic Infrastructure Fund.

On the eve of this election, the federal Liberals agreed to support the redevelopment of Highway 30 in Quebec as a P3.¹¹

In April 2001, Transport Canada indicated it would ask a private company to finance, design, build and operate a rapid transit service from Pearson International Airport to Union Station in downtown Toronto.

Ontario is considering P3s for new rapid transit projects in Waterloo and Ottawa, and a high-speed rail project along the Quebec-Windsor corridor.¹² The role of federal funding has not yet been clarified.

Why the Conservatives are no better

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The Conservative Party is the Reform-Alliance in disguise. Stephen Harper's Conservatives believe the role of government is to deliver "services that cannot be offered in a more efficient and effective way by the private sector."¹³ Only when the market fails, do they see a role for public services.

Harper says his support for private delivery of public health care is not different from that of the Liberals. "The difference is that we've been honest about this and they've lied about it".¹⁴

Harper wants to push government even further along the corporate path. This is the same goal he had as a Reform MP, president of the National Citizens' Coalition, and leader of the Reform Alliance.

Harper says, "I don't worship the marketplace, but it is a proven mechanism for providing the highest opportunities for personal choice and prosperity."¹⁵ He recently spoke in favour of "commercializing" CBC radio and television.¹⁶

Randy White, Conservative candidate in Abbotsford BC, once asked in the House of Commons:

Perhaps I can help the Liberal government. Why not look for new ways of doing things? Why not look at privatization of a couple of the prisons? What is wrong with double bunking?¹⁷



When Saskatchewan Conservative candidate Garry Breitkreuz was a Reform MP, he endorsed the privatization of CN Rail with no limits on foreign investment,¹⁸ as well as a privatized UI system where women who take leave from work to have children would not receive benefits.¹⁹

Kootenay-Columbia Conservative MP Jim Abbott found the Romanow Report to be “extremely disappointing” because the Report “slammed the door on taking a look at possible alternatives to the delivery of health care services ... which could have sent the Medicare system in a new direction.”²⁰ Privatization was the “new direction” Abbott was referring to.

What the NDP says

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The New Democrats reject privatization and are clearly opposed to P3s and for-profit delivery in health care. The NDP believes the federal government should play a strong role in promoting green jobs, and energy self-sufficiency. The NDP would establish a new crown corporation to support alternative energy sources.

“The Martin P3 privatization agenda is absolutely the wrong track for our cities,” says party leader Jack Layton. “We won’t tackle safe water, homelessness, public transit, public safety and other city issues by focusing on how stock brokers and private investors can get a piece of the action.”²¹

In the introduction to their detailed platform for the protection of public health care, the New Democrats argue:

Jack Layton and Canada’s NDP challenge the belief that privatizing health care and ushering in a for-profit or P3 model is inevitable or desirable. Simply because Liberals have refused to respond to technological and demographic trends does not mean Canadians should abandon public health care. It means we should elect MPs who want to protect public health care through innovation, as Roy Romanow’s solutions illustrate.²²

What we need

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We need to make social needs the priority. The economy should serve the needs of the people, not the other way around. We need to reinvest in public services and public infrastructure, and strengthen our public institutions with more democracy, instead of privatization. The federal government must enforce the *Canada Health Act* to protect public health care. We need the surplus to be used to fully fund our communities’ priority needs. We need a fair tax system. We need a fully supported public education system. We need to promote equality and opportunity in our society by strengthening public services.



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