

The Private Finance Initiative (PFI) is the British equivalent of a public-private partnership (P3). The Canadian P3 hospital projects are modeled after the PFI.

PFI's: Perfidious Financial Idiocy

The British Medical Journal says that the acronym PFI (private finance initiative) really stands for "Perfidious Financial Idiocy" as the private hospitals have proved to be costlier and offered shoddier service than their fully public counterparts.

Higher costs, cuts in services

According to author George Monbiot in his book *Captive State: the Corporate Takeover of Britain*, costs for PFI hospitals have been an average of 72% above initial projections and these high costs in infrastructure lead to cuts in clinical budgets. The British Medical Journal reports that, on average, 26% of hospital beds have been cut and staff reduced by 30% (14% doctors, 11% nurses and 38% support staff). New user fees have caused patients to complain that they have to pay for "absolutely everything;" even volunteer services have to pay rent for office space. However, profit margins for the new private owners range from 15-25%.

Complicated and expensive deals

Consultants for the first 18 British P3s cost over \$110 million alone. The contract for Coventry's Walsgrave Hospital was 17,000 pages long. Britain's auditor-general and deputy controller recently called the accounting systems used to justify these schemes "pseudo-scientific mumbo-jumbo." *The AG said* that no one, not even experts really understand what's going on.

Land deals are one way the consortium makes a profit.

In Edinburgh, the hospital land was valued at \$500 million but was sold by the consortium to a subsidiary for only \$25 million to build condominiums valued at more than \$700,000 each. The new hospital was built on cheaper land – on an old mine shaft that floods when it rains, forcing hundreds of rats to the surface.

In Coventry, the valuable land that the old public hospital was built on was sold by the consortium and the new hospital built 30 kilometres away from the city centre, inaccessible by public transit and miles away from most resident's homes.

Shoddy building and bad design:

Cumberland Infirmary in Carlisle: Two ceilings collapsed due to cheap plastic joints in piping and other plumbing faults. The sewage system overflowed and dumped sewage into the operating theatre. Because of facility design flaws, soiled laundry must be wheeled through wards that are meant to be sterile. And a glassed-in infirmary with no air conditioning reaches temperatures averaging 30 degrees Celsius in the summer.

Royal Infirmary of Edinburgh: Besides the rat problem due to being build on an old mine shaft, the hospital was build without operating theatre lights. The public sector had to negotiate increased payments to get lights installed.

Durham Hospital: A ceiling caved in and sewage flooded into the pathology department. The pharmacy is beside the mortuary so patients have to watch the bodies going by. The ambulance bay is so small that it gets blocked if four ambulances arrive together. And cold water taps run hot which means no drinking water in some wings.

Carlisle and Whitehaven hospitals: Government inspectors for the Commission for Health Improvement released a report in July 2003 stating that due to staff shortages, there were reported waits of up to 15 months for scans and cancer treatment. Fire exits were blocked and patient areas were used for storage space. Wards were frequently closed due to infections. Hallways and offices are too small.

For More Information:

British Medical Journal articles on the impact of the Private Finance Initiative (the British version of P3s):

Private finance and "value for money" in NHS hospitals: a policy in search of a rationale? By A. Pollock, J. Shaoul and N. Vickers. (May 18, 2002)

How private finance is moving primary care into corporate ownership by A. Pollock and S. Player and S. Godden (April 21, 2001)

The private finance initiative: The politics of the private finance initiative and the new NHS by D. Gaffney, A. Pollock, D. Price and J. (July 3, 1999)

Private Finance Initiative: Analysis

Series of reports from Britain's *Guardian* newspaper examining that country's version of P3s. See: www.society.guardian.co.uk/privatefinance/

