

The Privatization Industry at the Provincial Level



Privatization is now an industry

- Different groups are working together to promote privatization
- They share a vested interest in privatizing public services
- It is more about money than ideology



Key players in the privatization industry ³

- Companies wanting to run privatized services
- Businesses profiting from the privatization process
- Business associations
- Lobbyists
- Politicians and former politicians
- Senior managers

Ontario Chamber of Commerce report on Alternative Service Delivery

- Report sponsors and “advisory panel” show key players in the privatization industry
- Together they act as a privatization industry that profits from privatization and wants more of it



MAXIMUS Canada

- US-based company operating in US, Canada, Australia, Saudi Arabia, and UK
- In British Columbia, MAXIMUS runs the Medical Services Plan, Pharmacare program and child support enforcement
- In other countries, it operates medical and so-called welfare to work programs



MAXIMUS problems

- MAXIMUS had to pay a \$43 million settlement in the US as a result of a fraud investigation
- In 2007, MAXIMUS had to pay the Ontario government a \$2.5 million penalty after a contract for new technology for the Family Responsibility Office was terminated
- The BC Auditor General found significant problems with the privatization of the Medical Services Plan and the Pharmacare program – but the BC government still renewed MAXIMUS's contract

How MAXIMUS pushes privatization

- While MAXIMUS has hired lobbyists and donated to political campaigns, sponsoring an Ontario Chamber of Commerce report is a lot more effective
- A report from the Ontario Chamber of Commerce comes with an illusion of objectivity
- MAXIMUS was able to get two former Ontario Finance Ministers to be hucksters for its Chamber of Commerce report

KPMG also sponsored the report – and profits indirectly from privatization

- While KPMG may not run a lot of privatized services, it does profit from privatization
- Whether it's preparing the reports used to justify privatization, or advising companies wanting to run privatized services, there are plenty of ways for firms like KPMG to make money

Like Maximus, KPMG actively promotes privatization

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- Internationally, KPMG sponsors things like the “Privatisation Barometer”
- Nationally, KPMG belongs to groups like the Canadian Council for Public-Private Partnerships
- Locally, KPMG hosts information sessions to encourage non-profit organizations to get involved in Social Impact Bonds



Advisory committee privateers

- Complex legal agreements that come with privatization are good news for large law firms like McCarthy Tetrault and McMillan
- For RBC, opportunities for profit range from consulting to underwriting stock offerings, as it did when the Saskatchewan government privatized the Information Services Corporation (ISC)

Faking credibility

- While the Chartered Professional Accountants of Ontario and Certified General Accountants of Ontario sound like they should be impartial, their governing council includes people from accounting firms profiting from privatization like PricewaterhouseCoopers and Deloitte
- When people hear Chamber of Commerce, they think of community level groups made up of small businesses, but the board of the Ontario Chamber of Commerce includes representatives from some of the largest corporations in Ontario
- Many of those corporations profit from privatizing public services

Fleishman-Hillard lobbies for privatization

- While not as notorious as some lobbying firms, it has a long association with KPMG
- People associated with the company include Monte Solberg, who worked for them just after stepping down as a cabinet minister

Dwight Duncan's career shows role politicians and former politicians play

- As Ontario Finance Minister, he cut taxes for corporations and was part of a government that became the leading user of privatization schemes in Canada
- Now, as a “strategic advisor” for a Bay Street law firm, he wants to “solve” the provincial governments’ “revenue problem” with privatization

Bureaucrats turned privateers

- Leslie Wolfe is the President of International Health Operations & Central United States for MAXIMUS
- She runs privatized health care services for MAXIMUS and was a member of the advisory committee for the Ontario Chamber of Commerce report on outsourcing
- Before that she was Executive Contract Manager for the Ministry of Health Services for the Government of British Columbia
- In other words, she was responsible for protecting the governments interests when dealing with a firm for whom she is now a senior executive

Right-wing think tanks

- They get their funding from corporations profiting from privatization
- The reports they produce reflect that
- Examples: the Fraser Institute and the Macdonald – Laurier Institute

Pushing for transparency and accountability – best way to fight privatization industry

- Privatization industry thrives on secrecy
- Links between the different players and the revolving door between government and the corporate sector are kept hidden
- Focusing on transparency and accountability attacks the privatization industry where it is most vulnerable
- And polling shows over 90% of Canadians are on our side