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Public-private partnerships in Canadian health care: A case study of the Brampton Civic Hospital

by

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In recent years, the cost of delivering health care in developed and developing countries has been rising exponentially. Governments around the world are searching for alternative mechanisms to reduce costs while increasing the capacity of social programmes with significant investments in infrastructure. A number of jurisdictions have begun to utilise public-private partnerships (PPPs) as a means of achieving these objectives. The use of PPPs in the Canadian health system is a relatively new phenomenon. Generally, the success of PPP projects is evaluated on the basis of the qualitative outcomes of the project, most commonly in a value-for-money analysis.

In this article, we explore whether quantitative elements are sufficient to measure PPPs in politically sensitive areas of public policy, such as health care. We propose that the best way to evaluate the outcomes of PPPs in public health system projects requires both quantitative and qualitative criteria. We use a framework developed from neo-institutional economics that contextualises outcomes through a balance of quantitative and qualitative assessment criteria. We apply this evaluation framework to a specific Canadian case study in order to determine key success factors for future PPP health infrastructure projects. The analysis concludes that, given the complex and politically sensitive nature of health care, particular attention must be paid to communications and public relations and to design and post-construction planning in order to deliver a successful PPP.

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PPP relationships differ in a fundamental way from conventional procurement contracting. In conventional procurement, risks are assumed to be contained in a contract focused on a short-term infrastructure deliverable, such as construction of a road, airport, water and sewer facility, or hospital. In PPPs, developing risk-sharing mechanisms is key to enhancing the returns to both the public and private sector. PPPs are based upon a stewardship model in which the private sector takes a more aggressive role in aspects of the project from which it had previously been excluded in the conventional procurement approach, such as design, financing, operations and maintenance. The hypothesis is that when the private sector assumes greater responsibility in the project, there will be incentives to ensure a steady stream of revenue for the private sector over the life of the project. For example, the private sector will design and build a better facility if it is responsible for the ongoing operation and maintenance for the next 25 years. This ongoing relationship is part of the return on investment calculation and is expected to result in better upfront design-and-build considerations and more effective operations over the life of the project, benefiting the public sector.

The purpose of this study is to examine PPPs in Canada with specific reference to a case study of the Brampton Civic Hospital in the province of Ontario. The methodology is based upon a detailed literature review, in-depth interviews with selected knowledge leaders in the field, a review of the Ontario Auditor General's report and a survey of health-care professionals in the province of Ontario. Conclusions and recommendations are then drawn with respect to our findings that will be of value for future PPPs in Canada and to colleagues in other countries.

1. Introduction and main concepts

1.1. Traditional evaluation of PPPs

There are a number of approaches to assessing the success of a PPP project, including:

- clarity of goals and responsibilities;
- efficient and fair sharing of risk;
- public sector cost reduction;
- incentives;
- monitoring mechanisms and dispute resolution; and
- political support within any enabling regulatory environment.

For the purposes of this article, international best practices were assessed. One key consideration in a PPP project is the value-for-money proposition – that is, the proposed PPP should yield economic benefits that exceed a public sector comparator (PSC). There are a number of contentious accounting issues. Many critics argue that the PPP model presents a distorted view of public sector financing. This is due to the fact that with a conventional contracting relationship the debts are on the books of the government, whereas in a PPP the liabilities may be off the books. Jurisdictions, such as Ontario, which utilise fully

allocated accounting principles would not experience such difficulties. Cameral accounting would also ensure that the assets and liabilities appear on the books of the government. The adoption in 2012 of International Financial Reporting Standards (IFRS) in Canada and other OECD countries will reduce this concern.

1.2. PPPs in health care

Governments in both developed and developing countries are facing the dual burden of rising health-care costs and enhanced expectations for health service delivery. As well, developed countries are experiencing growth in their elderly population.

1.3. The Canadian health-care system

The Canadian health-care system is nominally a public programme. However, this is primarily the case with respect to physician treatment and hospital care. Many other aspects of the Canadian health-care system are privately delivered, including the fastest-growing component of health expenditures, drug therapies. The sustainability of the current system is under threat due to the rising proportion of provincial budgets that are apportioned to the health-care component. In the province of Ontario, the health-care component is currently 40% of the entire provincial budget and is expected to rise to an unsustainable 70% within the next 20 years if current trends continue. It is for this reason that there have been attempts to utilise the PPP methodology to deal with budget and infrastructure imperatives and to enhance efficiency and effectiveness by utilising the specific skills of the private sector. In the past, PPP projects have been restricted to less sensitive policy areas such as road building and water and sewage facilities, but this is no longer the case.

1.4. Methodology

This study examines public-private partnerships in the context of the Canadian health-care system with specific reference to a case study of the Brampton Civic Hospital in the province of Ontario. The methodology is based upon:

1. identification of a PPP hospital capital project (Brampton Civic Hospital);
2. a detailed literature review;
3. a survey of over 2 300 health-care professionals in the province of Ontario (response rate approximately 10%);
4. interviews with selected knowledge leaders in the field;
5. a review of the report of the Auditor General of Ontario;
6. benchmarking key health indicators in Ontario; and
7. a factor analysis based upon the survey responses regarding risk.

Our research and analysis resulted in the identification of emerging critical issues. We then drew conclusions and recommendations with respect to our findings that will be of value for future PPPs in Canada and to colleagues in other jurisdictions and countries.

2. Case study

2.1. Purpose/aim of the study

Given the recent interest in public-private partnerships as a mechanism to meet infrastructure needs in the public sector while managing government deficits, this case study examined what the critical success factors are for provincial governments to

effectively capture the theoretical value of PPP arrangements in the execution of infrastructure projects in the health sector. To explore these questions, a pilot project was chosen in Ontario, Canada, where a public-private partnership arrangement was used to build a hospital. It is our hope that the information collected as part of this case study will inform the execution of PPP arrangements and/or development of associated policies in other OECD countries and will be a mechanism for disseminating lessons learned to inform future similar endeavours in the province of Ontario. Finally, the case study was also used to conduct an analysis of the perceptions of health-care stakeholders affected by, or with the potential to affect, the outcomes of PPP projects in order to better understand current views and perceptions of PPP arrangements among stakeholders in the health-care community in Canada.

2.2. About Brampton, Ontario, Canada

The Brampton Civic Hospital is located in Brampton, Ontario, Canada – a growing suburb of Toronto. With a population of approximately 433 806 people in 2006, Brampton was Canada's 11th largest city (Brampton Economic Development Office, 2009). A comparison of key socio-economic indicators for Brampton reveals that the population is growing primarily through immigration, particularly from the South Asian community; in fact, between 1996 and 2001 the South Asian population, particularly Punjabi Sikhs, grew from 34 000 to 63 000 (CityDirect, 2010).

Table 1. **Key indicators**

Per cent

	Brampton	Ontario
Percentage of the population who are recent immigrants	7.4	4.8
Percentage of the population who are visible minorities	38.8	19.1
Population growth (2006)	3.3	1.5

Source: Government of Ontario (2006), *Socio-Economic Indicators Atlas: Central West Local Health Integration Network, Health System Intelligence Project*, Queen's Printer for Ontario.

The need for a new hospital in the area was identified in the early 1990s, as steady population growth in Brampton was stressing the system's ability to provide necessary health services to the region. As such, in the late 1990s the Ontario government announced that a new hospital would be built in the Brampton area to fulfil these needs. In May 2001, the provincial Minister of Finance announced that the hospital would be built using a PPP model (Auditor General of Ontario, 2008).

2.3. The Brampton Civic Hospital project

The Brampton Civic Hospital is an infrastructure project that began in the late 1990s in response to the need for a new hospital in the Brampton region. Brampton Civic Hospital is part of the William Osler Health Centre (WOHC), one of Ontario's largest hospital corporations serving the Etobicoke, Brampton and surrounding areas in Ontario (Auditor General of Ontario, 2008). The project timeline can be split into three major phases:

- decision to build, and contractor procurement;
- building; and
- initial operation.

Decision to build, and contractor procurement

The initial decision to build the Brampton Civic Hospital was made by the Health Services Restructuring Commission. This commission was established in 1996 with a four-year mandate to make decisions regarding restructuring Ontario's hospitals and to make recommendations to the Ontario Ministry of Health and Long-Term Care on reinvestment and restructuring of other parts of the health system (Government of Ontario, 2000). From the time the decision to build the hospital was made, there were two major leadership changes in the Ontario government. The decision to build the hospital was made under the leadership of the New Democratic Party. In 2001, the Progressive Conservative party formed a new government. Finally, in 2003, the Ontario Liberal Party was elected to power. The timeline below depicts the changes in government, the key decisions and the cost estimates for the project from the late 1990s to 2003 when the contract to design, build and provide non-clinical services for the hospital over a 28-year period was awarded to the successful vendor, the Health Infrastructure Consortium of Canada (HICC).

Building/construction

The physical construction of the hospital occurred over the three-year period 2004-07. During that time, there were two key changes relating to governance. The first was the creation of Infrastructure Ontario, a Crown agency with the mandate to oversee all alternative financing and procurement (AFP) projects in the province; AFP was a term developed by the Ontario government to describe various types of PPPs. The second major change was the passing of the Local Health Integration Network Act in March 2006. The legislation established 14 regional bodies in the province to oversee the funding, planning and integration of health services in Ontario. The Brampton Civic Hospital fell under the mandate of the Central West LHIN.

Throughout the building period, the cost estimates for the hospital construction changed. Initially, following the finalisation of a contract with the HICC of CAD 467 million for design, construction and provision of non-clinical services over a 28-year period, the WOHC updated the cost estimates to build the facility under the traditional approach to CAD 525 million. This amount included CAD 67 million in design and construction risks that the hospital estimated could be transferred to the private sector under the PPP arrangement, amounting to a 13% cost overrun with respect to the government procurement model.

Initial operation

The hospital initially opened with 479 funded beds in December 2007. The government intended to phase in the remaining beds over the years as demand for services grew in the Brampton community. Prior to the opening of the hospital, the William Osler Health Centre decided to temporarily close another site, the Peel Memorial Hospital. The decision to close the other site was made on the basis of discussion in the months leading up to the opening of the Brampton Civic Hospital regarding resource availability, both human and financial. In the weekend leading up to the hospital's opening, a "flash cut" was undertaken to move patients, staff, records and equipment from the Peel Memorial Hospital to the new Brampton Civic campus. In total, 234 patients were transferred to the new facility (CBC, 2007).

In December, following the deaths of two patients who were admitted through the emergency room at the Brampton Civic Hospital (BCH), concern in the community began to grow. The patients' families and the media speculated that the long waits and lack of sufficient staff in the emergency room had led to medical errors in the deaths of the two patients. The concerns of the community peaked in December 2007 when over 1 500 people marched in protest through the streets of Brampton, demanding that the government take action. The political opposition and the community advocacy groups blamed the PPP arrangement for the medical issues at BCH.

In late December 2007, the Premier of Ontario appointed a hospital supervisor. Provision for the appointment of a hospital supervisor is given in an article in the 1990 Public Hospitals Act of Ontario. Under the Act, a hospital supervisor can only be appointed on the recommendation of the Minister of Health and Long-Term Care when it is considered in the public's best interest to do so. The Lieutenant Governor in Council must approve the appointment and the government must give 14 days notice to the hospital board before the appointment. When in place, the supervisor has the exclusive rights to exercise all the powers of the board and chief executive officer (Service Ontario, 2010).

The Brampton Civic Hospital was the first health capital PPP in Ontario. Due to some of the issues and concerns with respect to the PPP exercise in the development of Brampton Civic Hospital, it provides an excellent opportunity for a detailed case study analysis.

3. Framework for analysis

3.1. Neo-institutional economic framework

We have adapted the neo-institutional economic (NIE) framework of analysis to examine the advantages and disadvantages of the PPP model. The framework includes quantitative and qualitative elements.

Qualitative elements include:

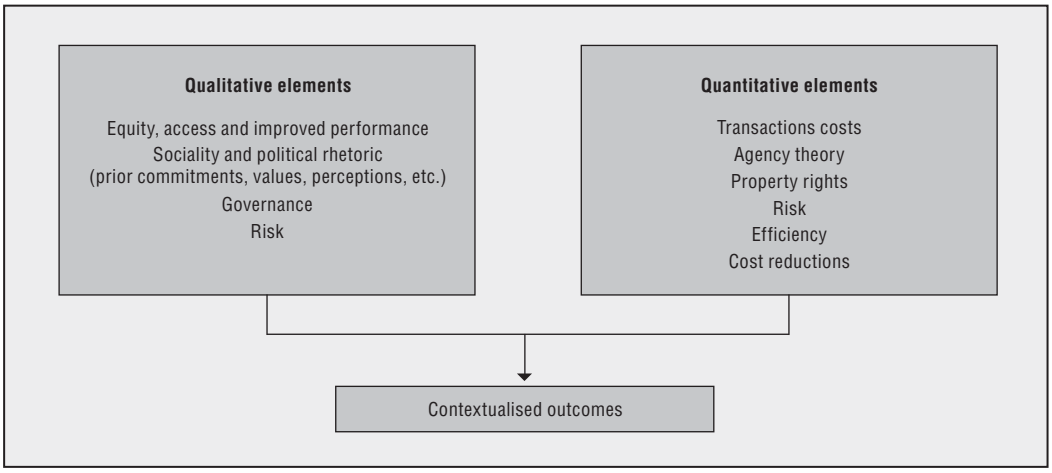
- equity, access and improved performance;
- sociality and political rhetoric;
- governance.

Quantitative elements include:

- transactions costs;
- agency theory;
- property rights.

For example, in this study we have utilised the quantitative elements presented in a report conducted by the province's Auditor General, and we have examined qualitative outcomes such as sociality and political rhetoric through stakeholder interviews. This framework allowed the contextualisation of the outcomes of the PPP project beyond the traditional quantitative analysis. The framework is presented in Figure 1.

Figure 1. **Neo-institutional economic framework**



3.2. Applying the NIE framework to Brampton Civic Hospital

The sociology of institutions utilises such variables as organisational structure, governance models, values and perceptions. In addition, agency theory and property rights are important considerations. The analysis of the case led to the conclusion that although all aspects of the NIE framework could be applied to the project, there were areas that were more problematic than others in this specific case study. In order of magnitude, these areas were:

- sociality and political rhetoric;
- risk;
- cost reductions and efficiency;
- equity, access and improved performance;
- governance;
- agency theory.

Transactions costs, efficiency and property rights were analysed to a lesser extent due to a lack of publically available information and/or applicability to the Brampton Civic Hospital case. However, when applying an NIE framework to analyse PPPs, it is important to apply all factors to the case study.

The Auditor General's report, stakeholder interviews and the survey

In 2008, the province of Ontario's Auditor General published an in-depth report reviewing the building of Brampton Civic Hospital. The focus of the Auditor General's review was on the value-for-money outcomes and the choice to employ a PPP. This was the government's official assessment of the project and was used to inform our analysis surrounding quantitative elements of the NIE framework.

To inform the qualitative components of the model and further understand some of the nuances of the Auditor General's report, we conducted detailed interviews with knowledgeable stakeholders. These interviews were conducted with:

- academics in the health-care field;
- health-care professionals;

- government officials;
- officials from other provinces;
- consultants.

These interviews were utilised to create a survey instrument administered to over 2 300 health-care professionals in the province of Ontario. This group provided a knowledgeable cohort, allowing us to draw strong conclusions with respect to the use of the PPP model in general in the health-care field as well as specifics with respect to the Brampton Civic Hospital project.

Finally, a factor analysis was conducted. The factor analysis was based on the risk component questions in the survey.

Results based on the NIE framework

Sociality and political rhetoric. Issues of sociality and political rhetoric cannot be addressed in the contractual elements of the PPP model. However, they are important aspects of the "public" component of the PPP model.

Our in-depth discussions with stakeholders suggested that even within the knowledgeable health-care community, the meaning and purpose of the PPP model is not well understood. For example, there is a perception that the public asset(s) is/are being sold to the private sector from which it will then make a profit. Among the general Ontario population, the majority perception with respect to private sector participation in health care is one of concern.

The survey results indicated that health-care professionals in the province of Ontario were generally positive with respect to the design-and-build component of the PPP model. This also included the provision of selected non-clinical activities. As well, there was receptivity to the utilisation of a design-build-finance-maintain (DBFM) approach. With specific reference to the Brampton Civic Hospital case study, stakeholders identified the lack of a formal plan to manage communications and to promote transparency among project participants and within the broader community. This was especially evident with the closure of the existing Peel Memorial Hospital, as it was unanticipated and was not properly communicated to the community. Hospitals are an integral component of the community, and the unexpected closure of the Peel Memorial Hospital caused great anxiety especially given the fact that the Brampton Civic Hospital opened with far fewer beds than the general public had anticipated. Therefore, there was a significant perception from the beginning that the community would receive a reduced level of service. These perceptual issues became so acute that the Ontario Ministry of Health and Long-Term Care placed Brampton Civic Hospital under supervision. Supervision is a sweeping administrative power where the authority of the board of directors and senior management is placed entirely with the supervisor. This intervention is employed only in cases deemed to be very serious. In addition to providing a supervisor, the provincial government undertook significant expenditures to address the perceived issues that had arisen.

Risk. The successful development of risk-sharing techniques is critical to the long-term success of any PPP project. Incentives in the DBFM model are intended to stimulate creative behaviour by the private sector in order to gain profitability over the course of the project. Our discussions with key stakeholders indicated that appropriate risk transfer is one of the

key benefits in determining the life-cycle value of a PPP project. Our stakeholder discussions suggested that clinical care provided by nurses, physicians and other allied health professionals remain in the public realm.

The survey indicated that public opinion must be adequately addressed with respect to the transfer of risk. The survey indicated that knowledgeable health-care professionals were prepared to transfer design, construction and parking services to the private sector. There was considerable concern with respect to transferring nursing services, non-nursing clinical services and hospital operations. This was surprising, as Ontario hospitals have routinely employed private sector agencies for the provision of nursing services when a shortfall occurs. Additionally, clinical services such as diagnostic imaging and laboratory services have also been contracted out in some hospitals for many years. Survey results indicated that governance structures, property rights and construction quality were critical components of risk transfer. Again, this is surprising, as hospitals must, by law, remain public institutions. Therefore, the concern with respect to property rights appears unfounded.

The Auditor General of Ontario (AG) conducted a detailed analysis of the Brampton Civic Hospital project. The focus of this report was on risk and value for money. The AG concluded that the initial public sector comparator, which included a 13% cost overrun valued at CAD 67 million, was excessive. The report also questioned the degree of competition in the Canadian marketplace at that time. As this was the first PPP health capital project, the AG report suggested that very few contractors in the province of Ontario were capable of bidding on this type of contract. Therefore, procurement would have been restricted to a small group regardless of the procurement approach used. From the Auditor General's report, it is clear that best practice as articulated in the literature was not followed in this case, as the public sector comparator (PSC) was conducted after the project had been approved.

Stakeholders indicated that the public sector was not fully prepared to transfer key elements of the project to the private sector. As a result, it is argued that the public did not receive the full benefits of the PPP model due to the inability to effectively transfer risks from the public to the private sector.

Cost reductions and efficiency. Cost reductions are one of the key benefits of the PPP model. These reductions should arise due to embedded knowledge and economies of scale in the private sector and due to the ability to extract margins via a competitive bidding process. Stakeholders indicated that there was, indeed, a lack of competition in the bidding process for the Brampton Civic Hospital project. A comparison with the PPP project in Abbotsford, British Columbia, Canada, indicated that the utilisation of international firms enhanced significantly the capacity to capture best practices as well as to gain cost efficiencies. Survey results confirm the views of stakeholders. Only 10% of survey respondents indicated that there was sufficient competitiveness due to a lack of qualified bidders for Brampton Civic Hospital. The report of the Auditor General of Ontario questioned the rationale for a significant difference in cost estimates provided by two independent consultants. There was concern that the PSC was not adequately addressed. At that time, the cost of public sector borrowing was significantly lower than the weighted average cost of capital of the firms bidding on the project. As a result, the Auditor General estimated that there would have been savings of CAD 200 million over the life of the project if the public sector contracting model had been utilised instead of the PPP model. It is the

norm in most developed countries that the cost of capital for the public sector will be lower than that of the private sector. However, our analysis suggests that this is not the definitive rationale for assessing cost reductions and efficiencies. It is important to assess the project over its entire life cycle to fully determine the benefits that will be attained through the PPP model. This is specifically true with respect to the characteristics of a DBFM model, which should give the private sector the incentive to achieve cost efficiencies over the life of the project.

Equity, access and improved performance. Performance does not exist in a vacuum. To adequately assess performance, it is necessary to benchmark against best practices both domestically and internationally. For the purposes of this exercise, we have focused our best practice research on the performance of Ontario hospitals. Stakeholders indicated that the media-driven perceptions with respect to the quality of care were important in determining public acceptance of the Brampton Civic Hospital project. The occurrence of a number of deaths and other adverse events during the opening of the hospital suggested that there were significant performance issues and that these issues were the direct result of the utilisation of a PPP model. We compared standardised hospital mortality ratios for the William Osler Health Centre, of which the Brampton Civic Hospital is a component. The data indicate that the risk-adjusted experience at the William Osler Health Centre is better than the benchmark with respect to the expected number of deaths. With respect to metrics of patient satisfaction, the William Osler Health Centre had been performing below provincial average prior to the establishment of the Brampton Civic Hospital.

The survey of health-care professionals in the province of Ontario indicated that almost 60% believed that the involvement of the private sector resulted in issues with respect to the delivery of care. A number of respondents expressed concern with respect to the potential privatisation of health-care services in the province. This, of course, represents a fundamental misunderstanding of the PPP model used in the Brampton Civic Hospital project. A deeper meaning may be that health-care professionals are concerned that private sector participation in the PPP model represents the beginning of a long-term movement towards private, for-profit health care.

Governance. Critical to the successful execution of a PPP project is the governance structure specified in the contracts. A comparison of the Brampton Civic Hospital contract agreement with current best practice in the province of Ontario revealed several areas of difference, including more complexity in the contracting mechanisms, a lack of robust dispute resolution mechanisms and more apparent protection for the private sector partner.

Stakeholders confirmed that contract complexity was a key issue with respect to the governance of the project. The vast number of schedules and agreements created an arrangement that was complex and difficult to manage by the public sector. Clearly defining accountability structures in the formal contract agreement is important to the successful execution of PPP projects.

3.3. Factor analysis

One area in the survey focused on risk. There were a number of specific questions with respect to risk transfer in the Brampton Civic Hospital case. In the absence of longitudinal data, it was not possible to conduct trend analysis. As such, we utilised an exploratory

factor analysis to determine whether or not risk transfer grouped to underlying constructs. This methodology allowed us to group issues and characteristics by a common set of themes.

Based on statistical significance, we identified 12 key variables from the analysis. The risk factors identified are as follows:

- control or attest function;
- goal alignment;
- issues of complexity and governance.

We then constructed a factor matrix in order to determine the key themes that emerged from the statistical analysis. The three key themes were:

- communications based on well-articulated goals;
- public sector control of the key risk factors;
- timing, flexibility, best practice and governance in the four stages of design, build, finance, maintain.

4. NIE analysis and key implications

There was considerable concern within the community with respect to the efficiency and effectiveness of the new hospital. These concerns were exacerbated when a number of deaths occurred at the time of its opening. Key interest groups in the community suggested in the media that these deaths were the result of private participation in the design, development and building of the hospital. The private contractor was also responsible for many of the non-clinical services and certain operating and maintenance provisions. A media review indicated that there was considerable concern with respect to the operations of the hospital and the role of the private sector in the perceived poor clinical outcomes. We have summarised the results by NIE element.

4.1. Sociality and political rhetoric

In politically sensitive areas, such as health care, the case presents a very strong argument for the need to have a robust communications plan. The communications plan engages the public to clarify the goals and structure of the PPP. As the PPP model is new in Canada, and not well understood, a robust communications plan can also serve as a mechanism to educate the public on the elements of the PPP, including clarification of ownership of public assets. In the case of Brampton Civic Hospital, community management was poorly done, including communications and stakeholder engagement. The unique needs of the Brampton community were neither met nor well managed. In particular, the unique demographics were not considered, such as selection of media that targeted the cultural make-up of the Brampton community.

4.2. Risk

A vast body of literature and sound methodology exist for transferring risks in PPPs. The case study suggests that project-specific implementation of best practice, however, is challenging and that actualisation of theory was difficult in the case of the Brampton Civic Hospital. It is clear that best practice was not followed and that risk was not effectively transferred in this case. Factors that appeared to limit the optimisation of risk transfer included a lack of availability of knowledgeable and experienced participants. These

participants are not readily available in the health system but must be involved to assist in accurate risk estimation and the assurance of transfer.

To effectively transfer risk, control over key elements must be relinquished by the public sector. Guidance and education for public sector participants on these key elements will be important to assure the success of future PPP projects in the health sector.

The project experienced a prolonged process from design to build, finance and maintain. The process did not provide sufficient flexibility to address emerging issues, such as:

- population growth;
- changes in capital cost estimates;
- inability to transfer risk;
- building modifications to incorporate new technologies;
- a difficult transition with the weekend closure of the Peel Memorial Hospital and the opening of the Brampton Civic Hospital.

4.3. *Equity, access and improved performance*

The perception of access and delivery issues in the Brampton Civic Hospital PPP project was not supported by an analysis of mortality rates and patient satisfaction, two key measures of performance for Ontario hospitals. A review of this data reveals that, in fact, the William Osler Health Centre's patient satisfaction outcomes remained consistent prior and subsequent to the opening of the BCH. Our analysis suggests that there were no privatisation effects on equity and access as a result of use of the PPP model. The public perception is that the PPP model is a precursor to private health care, and therefore PPPs are not well received or understood in Ontario. Using quantitative measures for access, quality and equity of care as part of the measurement of the success of PPP projects in health capital can help to hedge against public perception that private sector involvement negatively impacts those elements in the public system.

4.4. *Cost reductions*

The use of the public sector comparator (PSC) and value-for-money (VFM) analysis were not done in line with best practice for the Brampton Civic Hospital. The cost of capital in developed countries is always less for the public sector. However, over a 25-year time frame the efficiencies of the private sector in the operations and maintenance of the facility may result in lower costs. Cost overruns associated with changes in the design of the facility due to technology enhancements were not adequately considered. In future PPP health capital projects, contracts should incorporate more flexibility to allow for design revisions closer to the construction date. This must also include the involvement of clinicians in order to ensure that the design meets the practical needs of modern care.

Our analysis also revealed that the current literature makes the presumption that public sector time is "free" and therefore not considered in the PSC. A redesign of the PSC process to incorporate the time of public participants in the traditional procurement approach would enhance the comparability of the PSC for the purposes of VFM analysis.

Finally, in the case of Canada, proper accounting ensures that projects are appropriately reflected in government accounts. In Ontario, current accounting practices are full-cost and therefore liability is represented, thus eliminating this criticism of PPPs in Canada.

4.5. *Governance*

A lack of in-house resource expertise at the hospital appears to have led to poor application of best practice PPP methodologies in the case of the Brampton Civic Hospital. At the time, no government agency existed to provide expertise or oversight to the PPP project. Subsequently, the Ontario government has created Infrastructure Ontario. This agency provides oversight and expertise to PPP projects in the province today. This agency is encouraged to expand its mandate to include the provision of guidance beyond the traditional quantitative elements. Health capital projects also require expertise and guidance on best practice in qualitative elements such as the nature of contracts, dispute resolution, communications and stakeholder engagement.

4.6. *Agency theory*

Our research suggests that the DBFM model is the most appropriate PPP model to hedge against the issues of agency theory. This model integrates the best interests of the public and private sector, given incomplete contracts.

5. Conclusions

There were undoubtedly a number of serious issues with respect to the Brampton Civic Hospital PPP project. Our conclusion is that none of these problems were the direct result of private sector participation in this project through a PPP approach. This conclusion was confirmed by an assessment of the benchmark metrics provided by the various data-gathering agencies. The metrics indicate that deaths and negative clinical outcomes were no different at Brampton Civic Hospital than what would be expected in a large, general (non-teaching) hospital.

The obvious conclusion is that there was a major breakdown in communications and application of best practice PPP methodologies at every stage of the project. Design changes were not adequately taken into account to reflect technological change from the original design parameters to the final requirements for a modern hospital. Project participants did not adequately inform the community with respect to the closure of the Peel Memorial Hospital prior to the opening of the Brampton Civic Hospital. As a result, the community was unprepared for the initial outcome, which resulted in fewer beds added to the regional capacity. It is apparent that a number of stakeholders took the opportunity derived from this lack of communication to present a negative picture with respect to the involvement of the private sector in health care.

6. Recommendations

Based upon our analysis and conclusions, we propose the following recommendations:

- A formal communications and engagement plan for managing public perceptions, particularly in Canada given the sensitivity of "privatisation" of health services, will assist in the management of critical issues in a timely manner.
- As the PPP model evolves into more sensitive policy areas such as health care, care must be taken to clarify the nuances of the PPP model in order to effectively manage the elements of sociality and political rhetoric that can have significant influence on PPP project outcomes.
- Opportunities to enhance the current model include additional support to health service providers post-construction and better communications with the public to improve PPP project outcomes.

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