

## **Auditor's review of flagship B.C. privatization scheme sparks call for contracting-out moratorium**

In a review of one of Victoria's flagship privatization schemes involving the collection of provincial revenue, B.C.'s Auditor General has identified critical lapses by the Campbell Liberals that call into question the financial case to justify privatization in the first place.

"We are almost halfway through more than a billion dollars in long-term privatization deals, and now Auditor General John Doyle suggests that the Campbell government may be making inaccurate or incorrect decisions about outsourcing important services," warns George Heyman, president of the B.C. Government and Service Employees' Union.

"We urgently need an immediate moratorium on any further privatization deals until all of the outsourcing deals inked since the Liberals took office are put under the microscope," Heyman says.

At the heart of Doyle's review is the 2004 deal between the Campbell government and EDS that saw the U.S. multinational take over provincial government revenue collection services. His report offers several key findings:

- lacking even basic baseline financial data, the Campbell government initially entered into a one-sided deal with EDS that gave the U.S. multinational the opportunity to reap windfall profits;
- the lack of basic information "can also lead to the wrong decisions being made on whether to outsource at all";
- Victoria low-balled the costs of negotiating privatization deals and ongoing contract management requirements with the result being the privatization option appeared more appealing; and
- an immediate need for conflict of interest guidelines governing privatization.

"We were greatly alarmed to learn about the windfall profit opportunities," says Heyman, "and shocked to learn for the first time that the Campbell government secretly extended the revenue collection contract for another two years in order to close the windfall profit loophole."

Heyman urged the Auditor General to go one step further and couple his call for tough conflict of interest protections with a similar two-year ban on political contributions from any of the companies involved in the privatization bidding process. Heyman notes that Elections B.C. reports show that the Campbell Liberals have received political contributions from many of the companies that won contracts or that submitted bids.

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