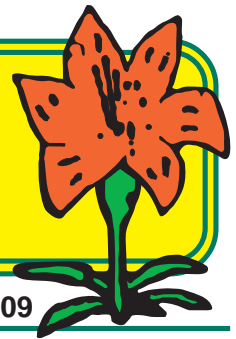


Seniors' Voice



Volume 17: No. 3

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Eternal Vigilance is the price of Liberty. Power is ever stealing from the many to the few.

P3's ... Pay More, Get Less

“A number of P3 projects turn out to be failed experiments. For example, Nova Scotia’s attempt at a P3 school cost the province \$32 million more than if it had been built publically, according to the auditor general. The experience in New Brunswick was similar.” — Tom Graham, CUPE Sask. Pres.

Public-Private-Partnerships (P3’s), they’re all the rage with the Sask. Party government. **It has established a P3 secretariat to explore the possibility of using public-private-partnerships for large-scale infrastructure projects like schools and hospitals.**

Partnerships may sound cozy, but the track record on P3’s tells a different story. CUPE has been following the P3 success rate. The evidence clearly shows that P3 schools and hospitals cost more, and deliver poorer-quality services, than publically-owned and operated facilities. Under the P3 model, private, developers finance, build and operate schools and hospitals and lease them back to the school boards or governments over 25 to 35 years.

P3s Schools result in Massive Cost Overruns A number of P3 projects turn out to be failed experiments. For example, **Nova Scotia’s attempt at a P3 school cost the province \$32 million more than if it had been built publically,** according to the auditor general. **“The experience in New Brunswick was similar.”** says Tom Graham, president of CUPE Sask.

Economist Hugh Mackenzie found shocking cost overruns in Alberta’s plan to establish

18 cookie-cutter P3 schools. His report concluded that, **“For every two schools financed using the P3 model, an additional school could be built if they were all financed using conventional public-sector financing.”**

P3 schools were more expensive because it costs more for the private sector to borrow money than it does for governments. Borrowing rates are even higher for P3 projects. There are also significant legal, accounting and financial analysis costs because P3s are complex and time-consuming to negotiate.

Finally, P3 costs are driven up in order to secure an acceptable profit margin for investors.

The Saskatoon Public School Board has been actively exploring P3 projects. “We’ve raised this evidence with the School Board and with the government. We hope they’re listening.” says Graham.

Quality of education suffers, “Of course P3s, like all forms of privatization, mean less service to students. How do corporations maximise profits in our education system? **They cut corners on construction, preventive**

Continued Page 2

“The price that good people pay, for their indifference to public affairs, is to be ruled by evil men.” — Plato

maintenance and cleaning, and by cutting jobs, reducing staff salaries and benefits. That drive for profit translates into a negative effect on our children's quality of education." explains Graham.

Shoddy work at the P3 Hamptons Primary School in Calgary led to roof damage which threatened the safety of children and staff. **The Calgary Board of Education had to pay more than \$100,000 in yearly maintenance and upgrade costs for its P3 school.** At Ridgecliffe. Middle School, a Halifax-area P3 school, the athletic field sat uncompleted and unusable after the school opened.

P3 hospital costs millions more. The experience in BC and Ontario with P3 hospitals has been abysmal. **The auditor general in Ontario found that Brampton Civic Hospital could have been built publically for \$194 million less than the P3. An additional \$200 million could have been saved over the life of the 25-year lease if the project would have been financed publicly..**

In a 2009 report, forensic chartered accountant Ron Parks and chartered accountant Rosanne Terhart evaluated four BC, P3 projects, including the Abbotsford.P3 Hospital **Their analysis found that the nominal dollar cost of the Abbotsford P3 Hospital exceeded the public sector comparator by \$328 million.**

The P3 experience in Great Britain, where the projects are called Private Financial Initiatives (PFI), should also act as a warning to Saskatchewan.

PFI hospitals have been criticized for construction delays, cost overruns, staff cuts, bed reductions and shoddy quality. **At the PFI hospital in Carlisle, two ceilings collapsed and the sewage system overflowed into the operating theatre. The Edinborough P3 hospital was built over an old mine, which has contributed to a serious rat problem.**

A 2008 report by the UK's largest public sector union bluntly stated, "The reality is

that the Private Finance Initiative and the Public Private Partnerships are costing the country a fortune. It is a case of buying one hospital for the price of two."

"Again, the private sector wants to take profits out of the health care system, and they do that by cutting staff and reducing key services like cleaning and maintenance. Patients receive poorer quality care and dirty hospitals lead to more sickness." adds Graham

What's Harper up to???

Harper is pressuring the provinces to adopt P3s by linking funding for infrastructure projects to the P3 model.

Recipients are only eligible for funding under the Major Infrastructure Component, for witch the federal government contribution would be equal to or exceed \$50 million, if they demonstrate, to the satisfaction of the Federal Minister, that the option of under-taking the project as a P3 has been fully considered.

The Building Canada fund also includes a \$1.25 billion Public-Private Partnership Fund, which can be accessed to subsidize and promote privatization in situations where the federal contribution falls under \$50 million. ■

Editorial question: Is there some way to siphon public funds into political contributions???

A Universal truth.....

"Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has."

Margaret Meed

Save Our Saskatchewan Crown Corporations

— by Jennifer Britton, CEP

It isn't an accident that Saskatchewan is facing less economic strain during this recession. One significant reason is that the Crowns provide services at lower costs, enabling those businesses to be highly competitive.

THE SAVE OUR SASKATCHEWAN CROWNS campaign is a brand new Coalition of concerned citizens with three things in mind, our province, our Crowns, and our futures.

The mandate of Coalition is to inform the people of Saskatchewan on the importance of preserving and growing the Crowns, by ensuring all aspects of these organizations remain in the hands of the public. We have serious concerns regarding the future of our Saskatchewan Crowns under the power of the current Saskatchewan Party government. For more than one hundreds years, Saskatchewan has thrived on affordable and accessible services offered by Crown Corporations. The direction of the Crowns has been very clear by past governments for every citizen in the province to have access to services such as clean water, basic telephone service, safe and reliable power and energy, and affordable insurance.

Thousands of people and families in Saskatchewan prosper due to the employment and benefits that are provided to them because of Crown Corporations. Stable jobs throughout the province ensures that our communities remain alive and sustainable. In June of this year, the national employment rate hovered at a staggering 8.6% while Saskatchewan remained the lowest in the country at 4.6%. We are also the only province in the country to see an upward trend in overall employment since 2008. However, this is not just about our members' jobs; it is about protecting the public services that help make Saskatchewan a better place for us and all our friends and neighbours. The people of Saskatchewan continue to benefit from the prosperity seen annually by our Crown Corporations when millions of dollars are invested back into our towns, cities, schools, charity organizations, and community events. We recognize that it isn't an accident that

Saskatchewan is able to weather this economic storm. In large part it is due to the Crowns and their ability to provide services at lower costs enabling those businesses to be highly competitive. With such a volatile economy, the government should be expanding our Crown Corporations and making it more profitable over time to insure future success.

The Saskatchewan Party cites lack of experience in the current Crowns and access to capital dollars as reasons for inviting private industry to get involved in the emerging products and services that will be instrumental in the future success of the Crowns. There will be serious consequences to the security of our energy resources, our water and our telecommunications if we cede our Crowns to foreign investors through Public-Private Partnerships and privatization. Although the Government's process of piecing away the Crowns has not made it to the public eye, it has certainly already begun. This can be seen in various outsourcing activities involving SaskTel as well as SaskPower pursuing partnerships in power generation with Bruce Power.

This is also shown in the severe investment restrictions that have been presented to the Crowns since the inception of the Saskatchewan First Policy. With the inability to invest outside Saskatchewan coupled with the inability to invest within Saskatchewan unless there is no other interest from private investors, the Crown Corporations that have sustained annual revenue gains in this province will begin to find it difficult to continue offering services. At that point it will be easy for the Sask. Party government to intervene and begin the process of privatization. Perhaps the Sask. Party should be more concerned about the welfare of the citizens of Saskatchewan rather than the profits of private investors.

We recognize that the SOS Crown Campaign is an ambitious strategy but it is also very exciting. Throughout the next few months we will be advertising with various forms of media including online, billboards, television, and radio across the province. This is an excellent example of how citizens of a province or a country can tell their elected representatives when they think that they have gone too far, or not far enough, and are neglecting the best interests of the people they were elected to serve.

This may be the best chance to let our Saskatchewan government know how you feel about the privatization of Saskatchewan's Crown Corporations and the role they play in many and varied communities in our province. Remember that depuration is poor salve for your neck after your head has been cut off.

For more information and to learn how you can get involved, visit us on the web at www.soscrowns.ca or contact Jennifer Briton at 777-0007. ■

Flat Tax: A Lose — Lose Proposition !!!

On the surface, Enterprise Saskatchewan's call for a 10 percent flat tax seems straight forward. Saskatchewan must engage in a "race-to-the-bottom" in order to compete with Alberta. However a cursory glance at other countries that have instituted their own flat tax proposals should be cause for concern.

The so-called "Baltic Tigers - Latvia, Lithuania and Estonia" that were praised by conservative economists for their institution of a flat tax a decade ago are now mired in so much debt that they have been forced to gut social programs and fire off a mass of civil service workers. It is almost a certainty that the institution of a flat tax here in Saskatchewan will drastically reduce government revenues. This will inevitably result in the scaling back of government expenditures, whether in health, education or other social services.

As economist Hugh Mackenzie observes, Canadians get incredible value for their public services, reaping an average annual \$15,000 benefit from the public services their taxes pay for. Any reduction in the quantity and or quality of public services caused by the Institution of a flat tax must be factored into the overall costs of introducing such a tax.

Economic modelling of flat tax proposals in the United States demonstrates that flat proposals shift the tax burden predominantly to the middle class. Similar results have been identified in Alberta. In essence the middle class pays more and receives less, particularly as former exemptions and reductions are eliminated in the name of simplicity. Not exactly the model of "tax fairness" that flat tax proponents claim. ■

More Equal Societies Do Better:

The Bigger the Income Gap, the Worse the Social Problems

— Review by Ruth Latté

The Spirit Level: Why more Equal Societies Almost Always Do Better
London, Richard Wilkinson and Kate Pickett, Allen Lane (Penguin), 2009 \$38.

The left has always claimed that social problems are rooted in equality and that a fair and more equal society would benefit everyone in it. In *The Spirit Level*, two British epidem-iologists, Williamson and Pickett, have analyzed international data to show, "Why equal societies, almost always do better." ■

Boom and Bust:

The Growing Income Gap in Saskatchewan

For the past thirty years, the richest in the province have secured the lion's share of Saskatchewan's economic growth, while those at the lower end of the income spectrum have made few or no gains over the same period.

That is the conclusion of the CCPA's new report: *Boom and Bust: The Growing Income gap in Saskatchewan.*

The report's author - Paul Gingrich, retired professor of Sociology and Social Studies at the University of Regina, finds that the gap between the richest and poorest families in Saskatchewan has increased dramatically over the past generation and has mushroomed since 2000 - during the best of economic times.

In 2006, Saskatchewan's after-tax income gap was the worst in all of Canada.

Mirroring trends in all Canadian provinces, inequality of income increased among Saskatchewan families over the thirty years from 1976 to 2006. Over this period, the richest 10 per cent of Saskatchewan families took home the lion's share of the province's economic growth, increasing its share of earnings from twenty-three to twenty-eight per cent. The bottom half of Saskatchewan families find themselves shut out from economic gains and their share of earnings dropped from twenty-six to twenty-three percent.

There is a growing divide between the top half of Saskatchewan families and those in the bottom half: in the 2003-2006 period, the share of earnings going to the top half was four times greater than the earnings going to the bottom half.

Equally troubling is the income gap experienced by Aboriginal people. By 2005 the income gap

associated with being Aboriginal was very large, with Aboriginal individuals averaging less than sixty per cent of their non-Aboriginal counterparts.

Since Statistics Canada's income surveys excluded the Aboriginal population living on reserves, the findings of the report likely understate overall income inequality in Saskatchewan.

With Canada and the global economy stumbling into the worst recession since the Great Depression, Saskatchewan is not exempt. The bottom half of Saskatchewan families, shut out from past income gains, will face even steeper economic challenges in coming Years. ■

For the full details of this report visit, <http://www.policyalternatives.ca/reports/2009/09/article2298/?pa=bb736485>

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of Regina Inc.**

The Editorial Board is:
Rev. Bob Gay, Wally Coates, Verda Petry
Yvonne Mitchell, Bob Brownridge

Our address is:
116 Chisholm Road
Regina, Sask. S4S 5P1
Ph: (306) 536-0756: Fax 586-8088
Email: wcoates@accesscomm.ca
Senior's Voice Website:
**[http://nonprofits.accesscomm.ca/
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Tax havens help corporations keep many billions untaxed

— The CCPA Monitor, Jul/Aug 2009 by Campbell, Ryan

Both corporations and governments have nurtured a culture of secrecy about tax havens, even though their proliferation has significantly worsened the severity of the current global economic crisis.

Over the last three decades, transnational corporations (TLCs) have massively increased the amounts of revenue they tuck away in the world's tax havens, depriving governments of billions of dollars in taxes that could be used to provide public goods and services.

The world's 81 tax havens include the small but well-known ones such as Andorra, the Bahamas, Belize, Liberia, and Liechtenstein, but not all of them are offshore. Today, most countries, including the United States and Canada, have their own internal equivalents of tax havens (i.e., the financial centres of Wall Street and Bay Street).

Most people are still unaware of the scale of the tax haven scandal. As economist John Christenson reported in *The Monitor* a few months ago, the world's wealthiest individuals have now parked an estimated \$11,500 billion offshore, enabling them to dodge over \$250 billion each year in taxes. But tax evasion by corporations is much worse. Large companies are stowing from \$700 billion to \$1,000 billion in tax havens every year.

Both corporations and governments have nurtured a culture of secrecy about tax havens, even though their proliferation has significantly worsened the severity of the current global economic crisis.

Citizens depend on their governments to ensure the health and viability of national economies. Governments are expected to enforce the tax rules and requirements they have in place at home and to do all they can to stop dishonest financial practices abroad. This means closing tax loopholes and forcing both individuals and business firms to pay their fair share of taxes.

As the global economic boom degenerates into the worst slump since the Great Depression, a crackdown on tax havens has become much more urgent. Government coffers drained by huge bailouts and stimulus packages desperately need the billions of tax-evaded revenue to reduce the size of the large deficits they are incurring.

The gravity of the crisis has been dramatically exposed by the financial meltdown. Institutional casualties of the crisis such as Citigroup and Lehman Brothers were long perceived as pillars of financial stability. Their collapse exposed a slick and avaricious financial system that was no more stable structurally than a house of cards.

If the crisis has taught us anything, it is that a disconnect exists between what corporations want us to believe and what is in fact true. This divergence between appearance and reality has prompted questions about how the entire global financial system has been allowed to operate - and how it should be reformed.

High on the agenda for needed change are the tax havens, which have clearly facilitated the gap between perception and reality. Behind the public image of the upstanding "good corporate citizen" lies the profit-fixated firm that boosts its profits by avoiding or evading the payment of taxes. This is done with the help of unscrupulous partners who reside in the shadowy limbo between legitimate business and criminal enterprise.

"The cancer of tax havens," says Christensen, "has metastasized through the global economy, causing turmoil, increasing inequality, poverty and insecurity, and undermining democracy. Removing this cancerous growth must be made a global priority."

Corporations using tax haven countries generally have dozens of subsidiaries there that are little more than shells - small offices with a few clerical employees - which acquire levels of profit far greater than could come from any goods they may produce or services they may provide. Some quasilegal tax havens simply offer low tax rates to these foreign satellites, which don't usually conduct much real business locally; but the more egregious havens permit, even encourage, the most unethical tax evasion practices.

Major world governments have long tolerated tax avoidance by their most profitable corporations. Even if they wished to be more strict collectors of business taxes, they would find it difficult. Corporations can use their international status as leverage against individual countries. They can channel money through a complex maze of foreign subsidiaries, shifting profits to low-tax countries and costs to high-tax countries. This

practice, known as "transfer-pricing," is illegal, but governments are at a disadvantage when faced with an army of accountants and lawyers charged only with the task of reducing the company's tax bill.

This problem for national governments arises from the fact that 60% of international trade is carried on within the corporations' own supply chains, where prices are set internally. Identifying which firms are skewing the prices of intermediate goods - and hence determining the appropriate tax rates - is almost impossible because there is no established market price for goods not destined to be sold outside the corporation's vast international network.

Research by Kimberley Clausing has shown that a 1% change in a country's corporate tax rate will lead to an almost 2% change in the price of intra-firm traded goods - obviously in the direction that is most beneficial to the company. ■

Harper government is still failing to crack down on tax havens.

A corporation that has operations in many countries can also choose to put its headquarters in any one of them. The profit imperative would seem to dictate that the natural choice would be a low-tax nation, but in practice most of the world's largest TLCs choose to locate their head offices in industrialized countries with relatively higher levels of corporate tax. There are several reasons for this, but the one most closely related to a firm's bottom line is the privilege of being listed on a major stock exchange.

Because of the risks inherent in the stock market, investors don't always buy the stocks that offer the highest yields. But countries with reputable stock exchanges can allay investors' risk aversion and facilitate a level of equity investment that is attractive enough to encourage TLCs to accept higher rates of corporate tax than they otherwise would. Governments accomplish this by demanding openness from their publicly

traded companies and enforcing it with disclosure laws and regulations.

Today, because the world is reeling from a deep recession and stock markets are precarious, many publicly traded companies - even the squeaky clean ones - are failing because they were rife with toxic assets and buried liabilities that were stowed away in subsidiaries that were invisible to investors. For example, Citigroup, the teetering bank that received \$45 billion in U.S. government bailout money, reportedly had 427 subsidiaries in tax haven countries. Much of the securitized debt, whose collapse was a main cause of the current crisis, is housed in tax havens. Of all the U.S. dollar-originated mortgage-backed securities held abroad, almost 40% are held in only four tax havens. Over 20% of them are in the Cayman Islands alone. ■

(To be continued)

“Selfishness, greed and lust for power, are the enemies of a civilized society.”

How to Improve Your “Watcha Call It?”

Many older people worry about becoming forgetful. In the past, memory loss and confusion were considered part of aging. But now scientists know most people remain alert and able as they age; however, it may take a little longer to remember things — normal memory lapses.

Memory lapses have multiple causes, and are often curable. Feeling sad, lonely, worried or bored — or life-changes such as retirement or loss of a spouse — can leave some people feeling confused or forgetful. Prescription or over-the-counter medications can also affect memory, as can poor nutrition, lack of exercise and sleep deprivation.

People concerned about memory problems should see their doctor, who can assess memory loss appropriately. If dementia is not present, or the causes are reversible, then you may simply need to use your memory more efficiently. Two effective techniques for remembering are *association* and *visualization*.

Association means connecting a new piece of information to one already in your memory. For example, if you want to remember your dentist appointment is at 2 p.m., think of the office location. You know that it is on the Second Floor. Floor 2, 2 p.m.— association.

What if you can't think of an association? Use visualization. Visualization means forming pictures in your mind; it is a tried-and-true method

for remembering. Let's say you're planting a garden and want to remember that tomatoes and carrots grow well near each other. Create a mental picture of Bugs Bunny with a carrot in one hand and a tomato in the other.

One memory challenge for people of all ages is meeting new people and remembering their names. Several methods can help us to remember names. When you hear a person's name for the first time, use it right away to address them. Then:

1. If it is 'unusual', ask about it. Is it a family name? How is it spelled? Discussing the name more will help you remember it.
2. If it is a common name, like Bill or Mary, visualize the name floating in the air above the person's head. Or, think up a silly rhyme that ties the name to their appearance or job, like Bill counts pills (he's a pharmacist).
3. Share your intent to practice memorizing names and make a game of it with others.

If you practice memory techniques, you will find those that work best for you. Be confident, keep trying. You'll improve your memory so much you'll surprise yourself!

Submitted compliments of Donna St. Onge, Certified Senior Advisor, Conexus Credit Union, 780-1584.

**Never despair about getting older.
It is a privilege denied to many.**