



report

Privatization Researchers Conference Call

April 6, 2020

The National Union of Public and General Employees (NUPGE) is a family of 11 Component and 3 affiliate unions. Taken together, we are one of the largest unions in Canada. Most of our 390,000 members work to deliver public services of every kind to the citizens of their home provinces. We also have a large and growing number of members who work for private businesses.

Larry Brown, President

Bert Blundon, Secretary-Treasurer

**Privatization Researchers Conference Call
April 6, 2020
1:00 pm Eastern Time**

PARTICIPANTS

HSABC	Andy Longhurst
HSAA	Gaetan Drapeau Amanda Freistadt
SGEU	Taylor Bendig
MGEU	Kim Hes Andy Regier
OPSEU	Christian Down Megan Park
NBU	Andrew McGilligan
PEI UPSE	Karen Jackson Mark Barrett
NUPGE	Bert Blundon, Secretary-Treasurer Len Bush, Managing Director Andrew McNeill, National Representative Anil Naidoo, National Representative

1. Introductions

Participants introduced themselves.

Bert Blundon, Secretary-Treasurer of NUPGE, spoke about how we're seeing the impact of contracting out, privatization, and the ability of how different places are able to respond to COVID-19. In many places where health care is private or contracted out, the health care system is on the point of collapse. We need to be prepared for the end of the health care crisis as there may be a financial crisis which in turn, could lead to a push to privatize more public services.

2. Component Reports

HSABC

British Columbia is ground zero for the privatization of surgical and diagnostic services. Both contracting out and private delivery are potential threats.

Recently there have been troubling developments. While the British Columbia government had passed legislation to ban private pay diagnostic imaging facilities, that prohibition was removed by an order in council. The reason given was the expected backlog once the COVID-19 crisis is over. This was done in spite of the fact that private pay for procedures covered by medicare is a violation of the Canada Health Act and could have a potential impact on federal transfer payments for health care.

The British Columbia health minister has also announced that surgeries will be contracted out to deal with back log. A report that Andy Longhurst co-authored with CCPA outlines the problems this will cause. There may be a short-term reduction in wait times, but over the medium and longer term nothing is solved and the public system will have less capacity. Instead, the government should be looking at proposals to increase capacity in the public system.

While private clinics are currently doing surgeries that are high volume and low complexity, there is a push to move more complex surgeries to private clinics. This would mean a shift toward there being private hospitals. US multinational and larger hospital conglomerates are interested in seeing that happen.

Private clinics like to argue that they're only doing cases permitted by Canada Health Act, but history has shown that they are likely to abuse the process and extra bill.

Virtual health is another area where health services risk being privatized. British Columbia was the province where Telus launched its Babylon app. The Babylon app and other private services function as a virtual walk-in clinic where the GP doesn't have

access to a person's electronic health record or clinical history. This means there is no chance of the longitudinal relationship between patient and health care provider which allows for much better health care provision.

The Alberta government has signed a contract with Telus to launch the Babylon app in that province.

Companies trying to privatize virtual health are also making moves into bricks and mortar health care. Telus is purchasing clinics including *Copeman Healthcare* and *Medisys*. *Well Health* has acquired several clinics and electronic records services.

HSABC is trying to address the privatization of virtual health through its work with health coalitions. Provincial governments need to ensure there are virtual care options that GPs within the public system can use.

HSA

While the previous Alberta government was committed to keeping lab services public, that's not the case with the current government. At end of October, the current government changed name of the public labs from *Alberta Public Laboratories* to *Alberta Precision Laboratories* and served notice that they were seeking interest from private sector to take over the labs.

This affects up to 850 people who are currently in the public sector, as well as, people working for *Dynalife*.

An announcement had been expected on privatizing lab services, but it appears that the government has delayed making an announcement because of the COVID-19 pandemic.

The Alberta government is also looking at privatizing emergency and non-emergency hospital transfer services. Already quite a few of these services are private, but 2,000 workers currently work for Alberta Health Services (AHS). The main goal of privatization appears to be eliminating FTEs.

It is expected that more surgeries will be performed in private clinics. The Alberta government claimed that private surgeries would increase by 15%, but HSA discovered that the number of private surgeries actually projected to increase from 45,000 to over 90,000 (a 50% increase).

Ernst Young (EY) were contracted to do a review of healthcare operations with report released last February and there are hints that there will be quite a bit more contracting out.

Long-term care facilities where HSAA members work are potential targets for privatization. The Alberta government is also looking at privatizing some women's health services, which has a particular impact on vulnerable populations. Abortion services and some reproductive health services are already privatized.

The Telus Babylon app is now being used in Alberta and Telus is getting paid more for the same service than AMA doctors are who had launched own app.

The Alberta government is also looking at privatizing hospital laundry and food services and using P3 privatization schemes for new schools.

SGEU

Liquor stores in Saskatchewan are being privatized by a 1000 cuts. In 2016, half of the public stores were closed and replaced by private stores.

Last year, when a moratorium on the sale of liquor permits was lifted, large corporations started buying up permits so they could open new private stores. Many of the new private stores were next to public ones. This pushed up the value of liquor permits to six or seven figures.

The Saskatchewan government has also increased the number of private permits. Public revenues from liquor sales are flat so there is nothing to indicate that it's reducing government revenues.

There is some suggestion that the Saskatchewan government is starting to recognize it would be a mistake to shut down lucrative public stores. The lease for one store that was supposed to shut down was renewed, and other stores are being renovated.

One thing that has worked well when fighting the privatization of liquor stores is SGEU's price check app. The app gets a couple of thousand monthly users and companies are wanting to advertise deals.

Care homes are also being targeted for privatization. The Saskatchewan government is failing to invest in existing facilities and, when they get run down, is replacing them with outsourced facilities. There are two new facilities run by private companies in Regina.

There will be a new \$200 million hospital in Prince Albert and it looks like it will be P3—there has been an RFP for “procurement options analysis.”

SaskBuilds used to be responsible for recommending that the government use P3s (like Partnerships BC and Infrastructure Ontario), but now its work has been privatized with consultants making the recommendation to privatize infrastructure.

Privatization by donation is a problem in education, particularly at Saskatchewan Polytechnic. Donations of equipment are needed to maintain accreditation. In exchange for donations, donors get signage recognizing their contribution and control over how the equipment they donate used. Effectively, because programs need donations, donors are able to increasingly decide what programs are offered by where they donate.

MGEU

Under the Progressive Conservative government in Manitoba, no sector has been untouched by plans to privatize services and there are plans for more services to be privatized.

There are 10 areas of direct concern to MGEU:

1. Manitoba Government Air Services has been one of the more high profile privatizations. As part of this privatization, water bomber service was contracted out to Babcock and transports for cabinet ministers and court officials were contracted out to Exchange Income Corporation, run by former Progressive Conservative premier Gary Filmon.
2. The provincially owned Pineland Forest Nursery, which grew seedlings for reforestation, was shut down and sold to a hemp company.
3. Manitoba Housing is selling off buildings and property and contracting out management of its units.
4. A pilot project that gave private companies contracts for home care services is seen as the first step towards more privatization of home care.
5. Cadham Provincial Laboratory, which is doing testing for COVID-19, has been using Dynacare to deal with the backlog and there are fears Dynacare's role could expand after the crisis is over.
6. The Infrastructure Department is under review.
7. Highway maintenance services are being steadily privatized.
8. IT services within government are contracted out by stealth, using attrition.
9. There is a slow expansion of private liquor sales with staff at public stores being cut and planned renovations to the stores being cancelled.
10. Whether online insurance sales will continue to be operated by Manitoba Public Insurance or taken over by private brokers.

The one piece of good news is that the Manitoba government has abandoned plans to use P3 privatization schemes for 7 schools after finding out that the cost of building 7 schools using a P3 was the same as building 8 schools using public procurement.

OPSEU

On privatization of liquor sales in Ontario, licensed bars and restaurants are being allowed to sell alcohol for take-out until December 31, 2020. 450 grocery stores sell beer and, of those, 150 also sell wine. There are 200 new privately run agency liquor stores—meaning there are now over 400 agency stores in total.

The Ontario government laid the legislative ground work in December for widespread privatization of liquor sales. Convenience stores, particularly the Ontario Convenience Stores Association, have ear of government.

Bricks and mortar cannabis stores, which are privately owned in Ontario, closed yesterday, but people can buy cannabis online through Ontario cannabis store, which is public. The Ontario government is looking at allowing more private bricks and mortar cannabis stores and allowing more private control over distribution.

In the community college system there is concern about the expansion of digital online learning. This is also a concern for elementary and secondary schools.

The Ontario government is using COVID to justify providing more contracts for online courses. At least one college has contracts with three curriculum design firms. The reason colleges are hiring private curriculum design firms is to attract international students, whose highly inflated tuition provides the funds needed to keep the system afloat.

Before COVID, colleges outside Toronto were contracting out curriculum development to private colleges in Toronto—again with goal of attracting international students.

The introduction of multinational corporations into employment and training services will also affect colleges. Many colleges provide employment and training services and that role is under threat. A pilot project using a private company has started and the fear is that Ontario will end up copying the Australian model where huge international companies provide a significant amount of training.

Within the public sector, call centres risk having simpler calls moved to private sector call centres. Temp agencies and recruiters being used to staff positions in public sector.

For the social service sector, fee for service for families with children with autism is a concern, with job losses expected at agencies that currently provide services. Individualized funding will also lead to the privatization of service delivery.

A large chunk of the long-term care sector is already private. For-profit companies are posting huge numbers, while nickel and diming workers. Big issues resulting from private control over long-term care are staffing and not enough staff to deal with patients' needs.

Health care services that are being contracted out include hospital lab work, physiotherapy and occupational therapy, and much of the maintenance of health care facilities.

The provincial government's decision to get rid of the Local Health Integration Networks (LHINs) appears likely to mean greater private control over the allocation of health care funding. Decisions around allocating funding are supposed to be made by health teams which will include private, for-profit companies.

NBU

Both the current New Brunswick government and previous governments have contracted out management of medical services to Medavie. Medavie manages telehealth, ambulance, and the extra-mural program.

Medavie has been very good at using courts to prevent information on the services it provides from being released, even though those services are publicly funded.

There have been numerous deaths due to ambulance response times—this is due to the way the ambulance fleet is deployed, not the actions of paramedics. Medavie has blocked the release of information by claiming information on ambulance deployment is proprietary.

For the extra mural program, the number of visits has been reduced. People who are more than a certain distance from centres now have to travel to a hospital to see extra mural care workers, which defeats the purpose of the program.

The New Brunswick government doing another study of problem that 40% of lab and med workforce is due to retire. While the government promised the privatization of labs is not an option, the study is looking at consolidating lab services in major centres and shutting down smaller facilities.

Two potential threats are a result of New Brunswick having a minority government that relies on the support of a very conservative party called the Peoples' Alliance. The leader of the Peoples' Alliance wants to privatize both Cannabis NB and NB Liquor.

It looks like Cannabis NB will be privatized. NBU tried to organize Cannabis stores and had 3 ready to go when the labour board said that the whole sector had to be organized.

Originally the New Brunswick government tried to use the fact that Cannabis NB was losing money to justify privatization. However, since introduction of edibles the stores are profitable so that excuse is gone.

When cannabis was first legalized, the New Brunswick government made no move to shut down illegal cannabis stores. That changed when the RFP for companies willing to take over Cannabis NB was announced.

In last two years the New Brunswick government has started to allow grocery stores to sell beer and wine. It hasn't affected public stores—two large NB Liquor stores were opened recently. There is no financial reason for privatizing liquor sales, just ideology.

PEIUPSE

Medavie have taken over some of the home care system in PEI and are doing some of work that was done by members. However, the PEI government has backed off slightly on that issue.

Liquor stores in PEI were closed when the COVID-19 crisis began, which meant agency stores did a lot more business. There was a danger that more agency stores would be opened and that sales of beer and wine would be allowed in grocery stores. Under an agreement approved by the chief health officer, some stores have reopened.

The health requirements in place in liquor stores go beyond what grocery stores are doing. Clerks are bringing products to the cash for people instead of allowing the public to roam stores. PEIUPSE offered to provide a copy of the requirements so they can be shared with liquor store workers in other provinces.

3. Canada Infrastructure Bank

When the Canada Infrastructure Bank was first proposed during the 2015 federal election, the federal Liberals said that it would be used to provide low cost financing for infrastructure projects. That has changed dramatically. Instead, the role of the Canada Infrastructure Bank appears to be funding and encouraging P3 privatization schemes.

Most of the projects announced so far have been for water systems or public transit. One in particular—the Réseau express métropolitain (REM) in Montreal—takes privatization of infrastructure to a new level. Almost all decisions, including the route and the technology to be used, were made by the private investor. The result is billions of dollars are being spent on a transit route that seems designed to leech riders from public services instead of attract new riders.

4. Social Impact Bonds

The first social impact bond (SIB) project in Saskatchewan, Sweet Dreams, wrapped up in 2019. The project exceeded targets and got a lot of good publicity, however, it seemed to be designed to build public support for SIBs rather than serve as a model for future SIBs. The interest rate investors received was low and the investors had a good reputation. There has also been a commitment of \$120,000 in annual funding from the provincial government to allow the project to continue.

The second SIB project in Saskatchewan is more troublesome. It funds services for students from low-income families that are provided through a private Catholic school in Regina.

The project is supposed to run until July 2022. Like a lot of SIBs, the bar for success is absurdly low. Of the 82 students being measured, 34 will graduate without having used services funded by the SIB. Under the terms of the SIB contract, the corporation investing in the SIB has direct power over the project and access to the school.

There have been no additional SIBs in Saskatchewan. A position responsible for encouraging more SIBs became vacant and wasn't filled.

In Manitoba the current premier really likes SIBs, but it appears harder to set them up than he hoped. The Manitoba government has funded an intermediary organization that is co-ordinating SIBs. The government is getting support from MaRS in Ontario. A lot of social service agencies opposed to SIBs. The business community is split on SIBs and there isn't a big appetite for putting up capital for them.

The two year pilot project in Manitoba is similar to the first Saskatchewan SIB. MGEU did freedom of information requests on the pilot project, but were denied access to information on the SIB.

In Ontario, OPSEU represented workers at Mainstay, which was delivering a project that was cancelled after the 2018 election. The agreement for the SIB was signed in 2017 and was cancelled. However, a review by Ernst & Young (EY) in September 2018 seemed sympathetic to SIBs.

Even if governments don't make widespread use of SIBs, they may still be used to divert attention away from cuts to public services. SIB announcements receive a lot of attention that gives a misleading impression about the level of funding they provide.

5. Social Assistance

In Ontario, the main concern around social assistance is that provincial government reforms could drive people from ODSP to general welfare, which provides far less to live on. However, there is also a concern that people on both social assistance programs would be driven into the labour force with no supports.

What the government has done so far is a very complicated privatization scheme involving training services for people on social assistance. Both the management and delivery of services are being contracted out.

There are three pilot projects that integrate training services for people on social assistance with training for the rest of population. One company or agency is managing funding envelope for each pilot project. One funding envelope is managed by a private provider, one by a public sector provider, and the other by a non-profit provider. These pilot projects could pave the way for both management of funding envelope and delivery of services to be private.

Currently there is a mix of public and private training. More privatization could open the door to large multi-national companies.

FOLLOW-UPS

ISSUE	NUPGE Responsibility	Component Responsibility	Task Completed
Share information on health requirements for PEI liquor stores.	✓	✓	✓



NATIONAL UNION OF PUBLIC AND GENERAL EMPLOYEES

- B. C. Government and Service Employees' Union (BCGEU)
- Health Sciences Association of British Columbia (HSABC)
- Health Sciences Association of Alberta (HSAA)
- Saskatchewan Government and General Employees' Union (SGEU)
- Manitoba Government and General Employees' Union (MGEU)
- Ontario Public Service Employees Union (OPSEU)
- Canadian Union of Brewery and General Workers (CUBGW)
- New Brunswick Union of Public and Private Employees (NBU)
- Nova Scotia Government and General Employees Union (NSGEU)
- PEI Union of Public Sector Employees (PEI UPSE)
- Newfoundland & Labrador Association of Public and Private Employees (NAPE)

The National Union of Public and General Employees is an affiliate of the Canadian Labour Congress and a member of Public Services International.

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