



INTERNATIONAL CONFERENCE

NEW FORMS OF PRIVATIZATION

WHAT THEY ARE. HOW WE FIGHT THEM.

OCTOBER 28-30, 2014 OTTAWA, CANADA



NUPGE
CANADA

Public Services
Foundation
of Canada



Conference Report



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 PRIVATIZATION**
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International Conference on New Forms of Privatization: What They Are. How To Fight Them.

Oct. 28–30, 2014 | Chateau Laurier, Ottawa, Canada

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“We know how dangerous the privatization industry is, and we have a responsibility to stop it at every turn”

Privatization started a generation ago as sporadic but unsuccessful attempts by tax-starved governments to provide crucial public services. But as delegates to the International Conference on New Forms of Privatization learned in the fall of 2014, a **global “privatization industry” has now developed.**

Made up of wealthy business owners, corporate CEOs, lawyers, accountants, and former politicians, the privatization industry is using secrecy and sleaze to dupe citizens into privatizing more and more of their public services. If left unchecked, it will strip Canadians of our common wealth, our common values, and our democratic control of our health care, education, infrastructure, and even of our government.

“We know how dangerous the privatization industry is, and we have a responsibility to our members and to all Canadians to stop it at every turn,” said James Clancy, National President of the National Union of Public and General





Employees (NUPGE) during the conference. “The National Union is opposed fundamentally to privatization.”

From October 28 to 30, 2014, the conference gathered more than 100 trade union leaders, academics, and researchers to compare notes and talk strategy about facing off with the well-funded privatization industry.

It won't be easy said Public Services Foundation of Canada President Duncan Cameron. “When I worked in the public service, it still enjoyed the respect of Canadians,” he said. “**As we all know, attitudes about the public service have been poisoned,**” helping to fuel an appetite for privatization despite an ever-growing list of schemes gone terribly wrong.

Internationally recognized policy expert Dexter Whitfield agreed. The Director of the European Services Strategy Unit, Whitfield has closely monitored privatization in the UK and around the world. He's found very few examples of privatization schemes that delivered on their promises, and that nearly a quarter end in disaster. “**If you're told a car has a 22 per cent failure rate, you would never buy it,**” he said.

And yet, Whitfield said that the industry has succeeded in one key area: hiding its failures and seducing politicians of all political stripes. “There is now, unfortunately, political consensus about privatization,” he told the conference. “**And the speed of privatizations is increasing.**”

The faces of the privatization industry

NUPGE National Representative Andrew McNeill walked the conference through some of the ways the privatization industry disguises its schemes as something other than privatization. The current favourite is “**public-private partnerships,**” a.k.a. P3s or PPPs, but McNeill noted the privatization industry is

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Secrets & Lies: Recent Canadian Privatizations

As internationally recognized policy expert Dexter Whitfield noted during the International Conference on New Forms of Privatization, the speed of privatizations is increasing and there is plenty of evidence of that from coast to coast:

- NSGEU/NUPGE President Joan Jessome told the conference that Nova Scotia's former NDP government made a secret deal in 2012 to privatize its payroll service to IBM. The multinational said that in return for the contract, it would hire more Nova Scotians—potentially many more Nova Scotians. Jessome said IBM is now wringing profits from Nova Scotia, but has shown no sign of keeping its promise to hire anybody else.
- HSAA/NUPGE President Elisabeth Ballermann told delegates that in Alberta, CBC reporters uncovered a secret deal made by the province's Conservative government to privatize Edmonton medical lab services. "The contract has been signed and the government didn't tell anybody about it," said Ballermann. In the contract, which was negotiated in complete secrecy, Prentice agreed to send \$3 billion to an Australia-based multinational over 15 years.
- OPSEU/NUPGE political economist Randy Robinson reminded the conference of the corruption in the boardroom of Ontario's privatized air ambulance system, Ornge, which cost Ontarians millions and at least four employees their lives.
- MGEU/NUPGE negotiator Miranda Lawrence talked about the Manitoba government's decision to mandate that half of the managers at its public insurance branch be consultants. "By relying so heavily on outside consultants, they're essentially privatizing public policy itself," she said.
- BCGEU/NUPGE President Stephanie Smith told the conference her union has seen first-hand how insidious schemes such as social impact bonds can be. "People are more accepting of them because they trust charities," she said. "In our province, seniors' home care was privatized to charitable organizations. Charities administer the service, but they contract out all the work to private companies."
- OPSEU/NUPGE Developmental Services Sector Chair Patti Markland said the province has privatized services by giving money to families that need support, leaving them to find the care they need. Markland says few families can bear, or even want, that level of responsibility, and often end up hiring low-wage workers who aren't qualified.
- NUPGE National Representative Andrew McNeill warned about another danger of privatizing services to non-profits: they may be wolves in sheep's clothing. He pointed to Newfoundland and Labrador where, in March of this year, the government privatized residential care for children to a local organization called Key Assets. "Key Assets was described as a 'non-profit' organization," McNeill said. "And while it is registered as a non-profit in Newfoundland and Labrador, it's 100 per cent owned by Core Assets, a for-profit multinational based in the UK that operates in Europe, Asia, Australia, and North America."



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also using other disguises such as “**asset recycling**” and “**social impact bonds**.” But no matter the name, McNeill said the schemes all put control of public services into the hands of organizations over which the public has no control.

Jordana Feist, a researcher with the Canadian Union of Public Employees, has kept a close eye on the privatization industry and has examined many of the service-delivery studies that municipal governments have commissioned from such accounting firms as **KPMG**, **Grant Thornton**, and **PricewaterhouseCoopers**. Although these companies promise governments unbiased analysis of the costs and benefits of a specific privatization scheme, Feist has found that much of their “analysis” is actually just “cut-and-paste” privatization propaganda.

“A KPMG report for Prince George recommending privatization was nearly word-for-word the same as a KPMG report for Toronto,” she told the conference. “It looks like they just did a cut-and-paste.”

Other key players in the privatization industry are lawyers such as those at the Toronto firm **McCarthy Tetrault and McMillan**, financiers such as the **Royal Bank of Canada**, and engineering firms such as **SNC Lavalin**. These companies bring on-board former politicians such as former Ontario Finance Minister Dwight Duncan and former federal Conservative Party Cabinet Minister Monte Solberg to lend credibility and drum up potential sales.

It’s easier to see what motivates service-providing multinationals such as **MAXIMUS** (which profits from British Columbia’s health insurance and drug benefits program), **Serco** (which profits from CFB Goose Bay’s security services), **Morrison Services** (which profits from food services in hospitals across the country), and **First Student** (which profits from school busing). Many of these companies engage in dubious activities—Serco and SNC Lavalin currently face fraud investigations stemming from the privatized services they provide, while



MAXIMUS's actions led to a \$43 million settlement with the U.S. Department of Justice to resolve a criminal investigation—but politicians remain tempted to privatize their services to them.

Privatization thrives under tax cuts

According to the former Clerk of Canada's Privy Council, the reason for that temptation is simple: politicians' obsession with tax cuts. Alex Himelfarb told the conference that massive tax cuts over the past 30 years have left governments at all levels desperate to find ways to deliver the services Canadians rely upon.

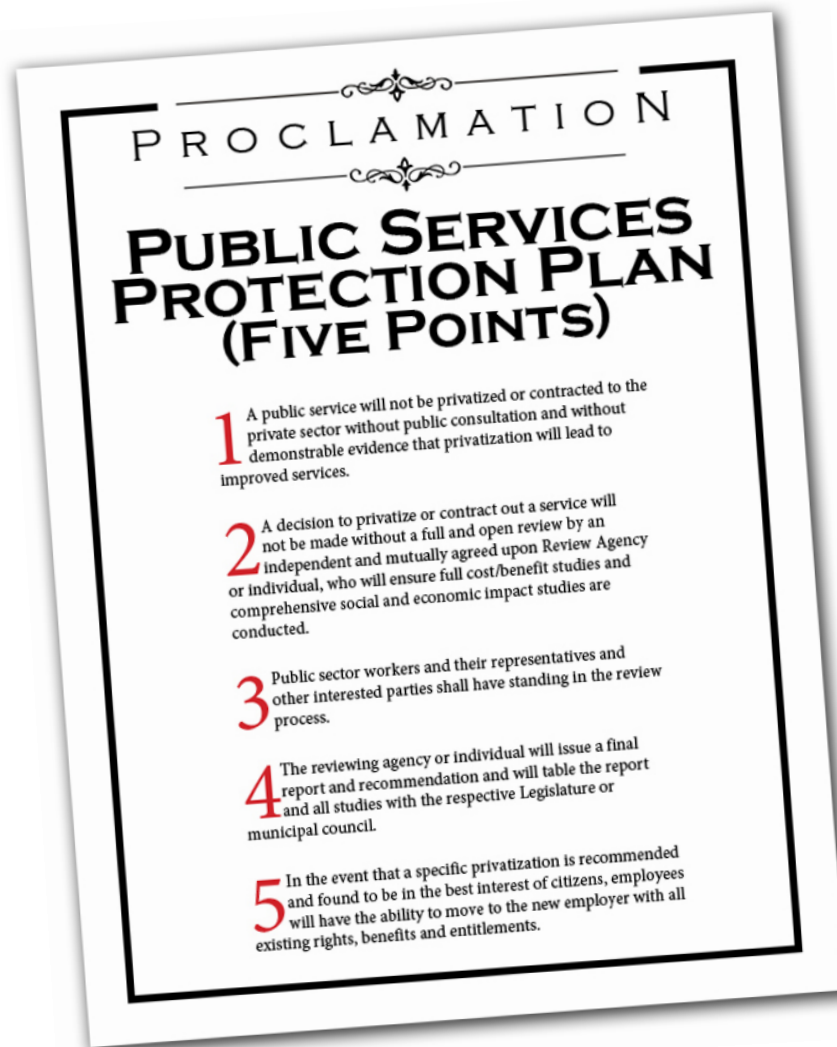
"How we talk about taxes has become dangerously distorted," Himelfarb told the conference. "We think of them now as a burden and we're happy when they're cut, but we never think about what we are giving up."

What we're giving up, said Debi Daviau, President of the Professional Institute of the Public Service of Canada (PIPSC), are strong services delivered by people who earn an appropriate wage and whose primary motivation is the public good. **"Good public jobs don't turn into good private jobs with privatization,"** she said.

Instead, they turn into low-wage, insecure jobs in which the primary motivation isn't the public good but ensuring profit for the wealthy few. Daviau said that's not the kind of Canada most Canadians want and encouraged delegates to speak about privatization in that light. **"We need to appeal to Canadians' values."**

The delegates left the conference ready to do just that. NUPGE's Component leaders, for example, agreed to make privatization its bargaining priority.

"The public is waiting for somebody to start talking about the way forward," said Clancy in his closing remarks. "We're the ones to do it."



Fighting Privatization in Public and at the Bargaining Table

Privatization always strips citizens of control over their public services, and during The International Conference on New Forms of Privatization in Ottawa in October 2014, the leaders of the unions that make up that National Union of Public and General Employees (NUPGE) recommitted to fight privatization at every turn.

“They’re our public services. We all pay for them. We all rely on them. We all benefit from them,” said NUPGE National President James Clancy. “Privatization violates the principles of equality and empathy and openness that we share with the vast majority of Canadians.”

“We will continue to fight for Canadians’ right to complete information about privatizations. With true transparency and public accountability, Canadians will say no to every privatization scheme out there.”

Twin-track strategy to fight privatization industry

During The International Conference on the New Forms of Privatization (link is external), Clancy and more than 100 other provincial public sector union leaders and staff sketched out a twin-track strategy to counter the secretive industry driving privatization.

The first track will focus on empowering Canadians to get the full story on any privatization before it happens. It will be a broad-based campaign for transparency and public accountability drawing on the support of people, politicians and organizations across the political spectrum.

At its core will be **The Public Services Protection Plan** which, in five simple points, will ensure that all privatization proposals are subject to meaningful scrutiny by all the stakeholders. Politicians signing on to the plan will be committing to

- providing demonstrable evidence that privatization will lead to improved service
- engaging an independent agency to perform a credible social and economic cost/benefit review
- ensuring that Canadians currently providing the service or overseeing the asset have standing during the review
- ensuring that the review is tabled for public debate in the relevant legislature or council
- guaranteeing that if, after public debate on the independent review, politicians choose to privatize a service, the employees currently providing that service retain their wages and benefits.

Privatization needs to be top priority at the bargaining table

The second track of the strategy focuses on the bargaining table. Clancy called on all of the bargaining units in NUPGE to make privatization their top bargaining priority.

“Wages are always important,” he told the conference delegates. “But it’s now more important to make sure that every one of our contracts has clauses that protect public services, our members, and the public interest. If privatization is being contemplated, we want to ensure that any proposals provide for complete transparency, public accountability, and meaningful public consultation before any service can be privatized.”

OPSEU/NUPGE President Warren (Smokey) Thomas rose after Clancy’s remarks and told the conference: “OPSEU and our 130,000 members are in 1,000 per cent.”

He said that 34,000 of his members working for the Ontario Public Service were preparing to go to the table, and that their top priority will be achieving language that protects the public and members against privatization.

“We can’t wait on this anymore, folks,” said Thomas. “We’re starting now.”

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Conference Sponsors

National Union of Public and General Employees | www.nupge.ca

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Participating Unions & Organizations

BCGEU, B.C. Government and Service Employees' Union/NUPGE

HSABC, Health Sciences Association of British Columbia/NUPGE

HSAA, Health Sciences Association of Alberta/NUPGE

SGEU, Saskatchewan Government and General Employees' Union/NUPGE

MGEU, Manitoba Government and General Employees' Union/NUPGE

OPSEU, Ontario Public Service Employees Union/NUPGE

NBU, New Brunswick Union of Public and Private Employees/NUPGE

PEIUPSE, PEI Union of Public Sector Employees/NUPGE

NSGEU, Nova Scotia Government and General Employees Union/NUPGE

NAPE, Newfoundland and Labrador Association of Public and Private Employees/NUPGE

NUPGE, National Union of Public and General Employees

CUPE, Canadian Union of Public Employees

Broadbent Institute

PIPSC, The Professional Institute of the Public Service of Canada

European Services Strategy Unit

AFSCME, American Federation of State, County, and Municipal Employees

We Own It

Conference Speakers

Alex Himelfarb, former Clerk of the Privy Council and Secretary to the Cabinet, and co-editor of *Tax Is Not a Four-Letter Word*.

James Clancy, National President of the National Union of Public and General Employees

Dexter Whitfield, Director of European Services Strategy Unit and Adjunct Professor, Australian Workplace Innovation & Social Research Centre

Joan Jessome, President, Nova Scotia Government and General Employees Union/NUPGE

Randy Robinson, Political Economist, Ontario Public Service Employees Union/NUPGE

Elisabeth Ballermann, President, Health Sciences Association of Alberta/NUPGE

Patti Markland, Chair, Developmental Services Sector, Ontario Public Service Employees Union/NUPGE

Andrew McNeill, National Representative, National Union of Public and General Employees

Debi Daviau, President, Professional Institute of the Public Service

Larry Brown, National Secretary-Treasurer, National Union of Public and General Employees

Jordana Feist, Senior Research Officer, Canadian Union of Public Employees

Cat Hobbs, founder of UK-based We Own It campaign

Jane Carter, Labor Economist III, American Federation of State, County, and Municipal Employees (AFSCME)

Andy Pedersen, National Representative, National Union of Public and General Employees

David Vipond, Director of Negotiations & Human Resources, B.C. Government and Service Employees Union/NUPGE

Duncan Cameron, Board Member, Public Services Foundation of Canada

To see the presentation slides and materials provided by some of these speakers, please visit www.nupge.ca/content/privatizationconference

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