

## **Executive Summary**

### **Lessons Learned on the UK Experience of Privatization of Public Services**

#### **Background**

For some time, the Ontario Liberal government has been getting advice from Britain's Blair government and their consultants on restructuring government services. Last year, one of Blair's key advisors was flown in to make a presentation to the Ontario Cabinet. McGuinty speaks highly of the British experience.

*“The welfare state, which gives us public health care, public education, public systems delivering hydro, water and transportation, is the great-unopened oyster.”*

A delegation from the Ontario Federation of Labour, including OFL leaders along with representatives from CUPE, CUPW, ETFO, OECTA, and OPSEU, studied the “*Transformation of Government*” agenda in Britain firsthand as it became evident that the Ontario Liberals are looking across the ocean for inspiration on restructuring and privatizing important public services.

The study tour included sessions with leading academics, union leaders, and community activists. They all told a part of the story of the fall-out from this restructuring. Briefly, here are some of the lessons learned from this tour.

#### **Setting the Stage for Fragmentation and Privatization**

As aptly put by Professor Allyson Pollock, the welfare state, which gives us public health care, public education, public systems delivering hydro, water and transportation, is the great-unopened oyster. Health and education alone account for up to 20% of western countries' gross domestic profit (GDP). Profit-making companies around the world see this as money for themselves.

*“The only ones who benefit from these schemes are shareholders in the private companies whose purpose is to make money, not give the public quality services.”*

*“The real result is cookie cutter designed services that do not reflect community needs, that are designed without any public accountability, and which cost tax payers billions more dollars.”*

Also, wealthy countries are wrongly convinced that they will have a trade advantage and economic benefit by developing the template for moving to competitive and private models for delivering public services, with a view to making profits from the export of the model.

The ruse is trying to move government debt off the books. Years of neglect of public services infrastructure led to a crisis requiring massive public expenditures. The public spin has been that if you can say the risk is all on the private sector consortium, then it is not on the government books.

In fact, Private Finance Initiative (PFI) financial accounting conceals how much the public is spending for, in the end, fewer services with less staff providing services. The only ones who benefit from these schemes are shareholders in the private companies whose purpose is to make money, not give the public quality services.

The recent philosophy of many western governments is that it does not matter who provides the service so long as it is publicly funded — government’s role is steering, not rowing.

The government reinforces this philosophy by trying to delude the public that competition is a positive force leading to more efficiency in public services along with the assertion that somehow these models provide consumer choice.

The real result is cookie cutter designed services that do not reflect community needs, that are designed without any public accountability, and which cost tax payers billions more dollars.

### **What’s Happened So Far**

The Blair government made the pitch that the public was getting new facilities after years of neglect. The government hid the fact that the profit-making companies were not only financing

the facility, but also running some or all of the associated services.

Private finance initiative deals worth £42.5 billion have been signed for 677 projects. The cost to the government is £135 billion.

One fifth of the United Kingdom's public services, worth £60 billion, will be delivered by the private sector by the year 2006/07.

*“In fact, PFI financial accounting conceals how much the public is spending for, in the end, fewer services with less staff providing services.”*

Experience in the UK shows that risk is not transferred to the private sector. The government still has to bail out projects. All the contracts and how the consortiums are structured ensure they, in fact, bear no risk. In fact, PFI financial accounting conceals how much the public is spending for, in the end, fewer services with less staff providing services.

Compulsive tendering in most sectors expands. Professionals like teachers, doctors, nurses, who had stayed public while administrative staff and payroll and cleaners were sent to the private sector, are now being run by the private sector in the most recent expansion of the privatization and fragmentation of services.

### **The Public's Experience**

Under Blair's reforms, new hospitals built under private consortiums are coming in at five times the cost of publicly built hospitals. These private facilities are putting through 108 patients per bed per year, instead of the usual 54 patients per bed per year. This means people get pushed out sicker and quicker. Social services supports for people recovering at home are needs-tested so most working people and their families have had to expend considerable funds.

New hospitals built by private companies are state-of-the-art, but smaller, with smaller rooms, less space. This also makes the rooms hard to clean

and move emergency equipment around. This puts patients' health in jeopardy with slower response rates. England is fast becoming the "superbug" capital of Europe.

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In this scheme, a private sponsor puts up £2 million toward building a school. The Blair government puts up the rest, usually about £30 million. They are exempt from control by the school board, from delivering national curriculum used by public schools, and exempted from following collective agreements.

In one school, now with a private consortium as landlord, it was a regular occurrence for students to show up Monday morning to find no desks and chairs as the consortium had rented them out over the weekend.

Furthermore, if, for example, a school board or hospital is built under this scheme, you are locked in for the life of the contract. If public needs change over that time, government has no control. It is often prohibited even to affix anything to the walls without paying extra charges.

Historically, Britain had a school food program where all school children were fed nutritious meals, cooked by staff in school kitchens. This was contracted out to profit-making companies who closed the school kitchens. Students in the school food program now get previously frozen sandwiches. Food quality and nutrition have gone down and these students are now stigmatized as the lunch bag meals clearly identify them as being 'needy'.

Britain's students now have an obesity problem and there is no way to ensure students are getting healthy lunches.

Experience with private providers of student residences has been a nightmare. According to a survey published by the National Union of Students, privatizing university halls of residence to private firms had led to problems about who was ultimately responsible for students' accommodation and students were being offered rigid and inflexible contracts. Accommodation costs had rocketed yet the quality of accommodation was poor.

*“Unions and the Trades Union Congress have opposed these transformations of government schemes for three reasons: they destabilize the service, undermine community accountability, and they cost more.”*

### **The Unions' Experience**

Unions and the Trades Union Congress have opposed these transformations of government schemes for three reasons: they destabilize the service, undermine community accountability, and they cost more.

Legislation initially protects existing workers. They are transferred to the private company and get to take with them their union membership and their collective agreement rights. Any new hires are not covered by the union or the collective agreement. Workers in a privatized service who still have a collective agreement keep their heads down. Working conditions can worsen over time.

A two-tier wage and benefit structure exists in many sectors. People working side-by-side, doing the same job, can have vastly different rates of pay and benefits. Pensions are non-existent for many new hires. At the start of privatization, the lowest paid and most vulnerable part of the workforce was hit. Now privatization and competitive bidding is directly affecting all job classifications.

Initially, not all unions were involved in the fight because they did not see how it affected them. As well, not every sector realized that they could be next as the appetite for PFI, competitive bidding,

market models and other forms of privatization ballooned in the UK.

*“The next wave of privatization includes the administration of government services like payroll, tax assessment, and bill payments. There is the capacity to run administration ‘off shore’.”*

Unions in the UK see the next stage looming. The next wave of privatization is occurring with municipal government work going to profit-making companies. This includes the administration of government services like payroll, tax assessment, and bill payments. There is the capacity to run administration “off shore”.

For example, a profit-making company will contract to take over the administration duties of a whole town and can contract that work to be done anywhere in the world, taking advantage of workers in poor countries.

Now UNISON, Britain’s largest public sector union is leading a “Positively Public” campaign. The objectives are to stop privatization, raise awareness, develop support for publicly-delivered services, and lead a public service alliance.

The campaign has a twin track: stop privatization of public services and protect members who are transferred to profit-making employers.

The campaign is also “evidence based”. Researchers provide the evidence, show private sector failures, do critique of methodology, show good practices in public services, and get the information out to members and the public.

## **LESSONS FOR CANADA**

- **Develop Strong Support for Fight Back Campaigns**

Many unions in the UK reflected that it was important to focus on a strong fight back campaign and mobilization of membership at the earliest possible stage.

Sustaining the opposition to these privatization schemes is of critical importance to developing public support for public services and opposition to these privatization schemes.

*“The record of cost over-runs and massive profits made by the corporation needs to be exposed.”*

- **Unions Work Together**

Many unions and sectors within unions initially did not see the importance of this fight to their membership. Now the privatization is reaching all occupational groups in all public sector unions. All working people have now felt the negative impact of the privatization in their daily lives as they are affected by the loss of quality public services.

In addition, more obligations have been downloaded to individuals and families. The fight back needs to be strong and from all unions at the outset of these schemes.

- **Keep a firm focus on the impact on the quality of services and the impact on communities**

Public support can be mobilized when people can understand the potential impact of these schemes on the community. The impact of loss of services, community accountability, and transparency are issues that can foster opposition to privatization.

The record of cost over-runs and massive profits made by the corporations need to be exposed.

Focusing only on job loss and erosion of working conditions is not sufficient.

*“Broaden the opposition - this can be done through working in coalition with diverse social justice groups.”*

- **Work in coalition with community advocates**

Broaden the opposition by working closely with coalition partners. This will strengthen the messages around what these privatization schemes will mean to communities.

It is important to understand how different communities will be impacted and this can be done through working in coalition with diverse social justice groups.

- **Work closely with academic and policy organizations**

The groups have strong credibility in explaining the rhetoric behind the financing and administration of these privatization deals. These schemes are very difficult to explain to the public. Academic and policy work can help expose the deceptive claims by the government.

## **Report of the OFL Delegation on the UK Experience with P3s**

The following union representatives met with key researchers and unions in England and Scotland about their experience fighting against the privatization of public services.

### **Ontario Federation of Labour**

Wayne Samuelson	President
Irene Harris	Executive Vice-President
Flora Clegg	Officers' Secretary

### **Canadian Union of Postal Workers**

Irwin Nanda	National Director
Elaine McMurray	Education and Organization Officer, Ontario Region
Joanne Leader	Grievance Officer

### **Canadian Union of Public Employees**

Janice Folk-Dawson	Chair - Ontario University Workers Co-ordinating Committee (OUWCC)
Frank Ventresca	President, Local 4156, District School Board of Niagara
Margot Young	Researcher, CUPE National
Paul O'Donnell	Researcher, CUPE National

### **Elementary Teachers' Federation of Ontario**

Emily Noble	President
Gene Lewis	General Secretary

### **Ontario English Catholic Teachers Association**

Elaine MacNeil	1 <sup>st</sup> Vice-President
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### **Ontario Public Service Employees Union**

Leah Casselman	President
Jordan Berger	Supervisor, Strategic Planning and Policy Development
Catherine Bowman	Supervisor, Health Care Sector

In particular, our focus was on so-called public-private-partnerships (or Private Finance Initiatives as they are known in England).

The significance of the British experience is two-fold.

First, the country, under Thatcher then continuing in many ways under the Blair “New Labour” Government, is one of the earliest promoters of an increased role for the private sector and for the profit motive in public services.

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Second, Canadian governments have looked to the British experience as a guide for similar privatization here at home.

In Ontario, the provincial government seems to be relying heavily on the experience under Tony Blair. While they claim not to be promoting the P3 model – which they associate with the Rae and Harris Governments – there are clear and disturbing parallels between the McGuinty approach – summed up under the AFP or Alternative Financing and Procurement banner – and the highly negative experience in the UK.

### **Background**

What are we seeing in Ontario?

CUPW reports that post offices are being closed across Canada to be replaced by centralized, completely mechanized operations using no employees.

The post-secondary education sector is seeing the intrusion of profit-oriented “partnerships” at all levels.

Public health care is under attack with the continuing introduction of P3 hospitals and the

deregulation and forced competitive bidding process undermining home-based care.

The provincial and municipal governments are heavily promoting “E-Government” as an improvement in service levels without addressing the fact that many citizens are not technologically literate or lucky enough to have access to a computer.

*“The Government of Ontario, despite being elected to improve our public services, continues to argue that they are not ‘in the business of service delivery’ as if effective and efficient service to the public was not the reason we all pay taxes.”*

And of course, this rhetoric of improving “choice” and “accessibility” is promoted as governments continue to reduce public access to skilled and committed public servants.

The Government of Ontario, despite being elected to improve our public services, continues to argue that it is not “in the business of service delivery” as if effective and efficient service to the public was not the reason we all pay taxes.

There seems to be little, if any, concern with the need to protect and increase government capacity to deal with problems that experience and our struggles have shown can not be met by the private sector alone.

These pressures reverberate throughout the broader public sector as well. A school board in London contracted out its cleaning work only to pick up the pieces and contract it out again when the contractor went bankrupt. At the Waterloo School Board, food services were contracted out but, because of *private sector* inefficiency, were eventually brought back in to the public domain.

Many employers – not to mention employees – are discovering that contractual relationships with the private sector involve *less* control and *higher* expenses.

Why the push to privatize public services?

In Ontario, we see the “business model” being applied to public services: we’re being told the cheapest way is the best way.

But cheapest for whom?

We know that when public services are privatized, like delisting OHIP items, individuals pick up the difference in the cost. At the same time, evidence demonstrates that it costs more to have public services contracted out.

*“Evidence is mounting to demonstrate that it costs more to have a public service contracted out.”*

As we study the situation in Britain, we also need to ask British Unions about their victories in keeping public services in public hands.

- How have they gotten the information to all of their union members?
- How have they shaped the discussion on what public services provide to each of our union members?
- How have they campaigned to raise the issue that our taxes bring more public services than what we can each buy on our own?
- And how have they protected both the public interest and their members, the workers who chose public service in order to serve their communities.

The rest of this report summarizes our discussions with key actors in the British drama to keep public services in public hands.

### **Meeting with UNISON**

Margie Jaffe	Policy Officer, Positively Public Unit
Christine Lewis	National Officer, Education Unit
Keith Birch	Head of Labour Link
Karen Jennings	Head of Health

*“The Blair Government was elected in 1997.”*

UNISON is the largest union in Britain. Eleven years ago, three public sector unions joined to form UNISON. They have 1.3 million members of which almost one million are women; 800,000 members are government employees; 400,000 are education and utility-sector workers and the remainder work for private companies.

The Union has formed a private sector unit to ensure good representation and collective agreement language for those who are now working for private companies.

#### **1. Relationship with the Labour Party**

- The Labour Party is over 100 years old. Of the 65 Trade Unions affiliated to the Trades Union Congress (our CLC equivalent), 21 Unions are affiliated to the Party. Seven out of eight of the largest unions in the TUC are affiliated, but the TUC itself is not affiliated. Unions give their individual members the choice to affiliate or opt out. There is also a political action fund.
- UNISON pays £1.8 million per year for 600,000 memberships as well as election period contributions.
- The Blair Government was elected in 1997 after 18 years of Thatcher neo-conservatism. The new government’s ideological approach was markedly different from previous Labour governments. Blair came in with a

*“The new government’s ideological approach was markedly different from previous Labour governments.”*

commitment to rebuild public services but was obsessed with winning centrist voters. So, a massive increase in money for health and education has been accompanied by endless rhetoric about and reckless experimentation with a greater role for the private sector in the public sector.

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- Despite the many changes taking place within the labour movement, unions are still pigeonholed as “Old Labour” by those surrounding Blair. Some unions are looking forward to the possibility of Gordon Brown succeeding Blair but his policy direction seems to be largely the same. The situation is not entirely negative, however, as there is evidence that companies have dropped – or have learned to better conceal – their anti-union bias because of the continuing importance of unions within the ruling Labour Party.
- Blair felt he needed to show change, improvements and more access to justify more money being spent on public services. According to Birch, the level of reinvestment in public services has exceeded the requests made by the labour movement.
- Blair’s Government has appointed a Political Advisor in each Department to advise the MPs (this was new).
- For lobbying, UNISON has a dual track: meetings with Ministers and their staff occur on a regular basis. At the same time there are local campaigns when members lobby their own MPPs.
- We questioned whether or not UNISON’s position in support of the Labour Party has changed in light of the agenda of the Labour Government to privatize public

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services. There has been a strong push to leave but, after a heated debate, this was rejected. However, it was noted that the Railway Workers and Firefighters have disaffiliated (though one was ejected for donating to another political party).

- UNISON works very closely with the three largest unions affiliated with the Labour Party, namely AMICUS, TGWU, and GMB. They have had considerable success coordinating their actions and agenda within the Labour Party.
- We asked if there is a group of Labour MPs who support public services and are not happy with Blair’s privatizing of services. They noted that at least 40 MPs who are backbenchers, can be relied on to oppose the many schemes put forward which have the effect of turning public services over to the private sector.
- On the other hand, one of the downsides of new infrastructure, especially when traditional procurement is not an option, is that an MP facing the prospect of a new facility in his /her Riding is less likely to oppose a P3 approach.

## **2. P3s and Privatization in Britain**

There are three motives that drive the Government P3 agenda:

- to reduce the size and role of the state as well as that of public sector unions
- more free market and less government in the delivery of services
- cut services and visible borrowing.

*“It is important to note that one of the key sources of ‘savings’ – and thus profits for private companies – is the shedding of generous public pensions for employees.”*

*“Things like gas, hydro, oil, water and coal are now in the private sector as are support services in health care.”*

There are four stages:

- enabling framework (government needed to deregulate services and lower the standards and reduce the number of unions in the sector)
- selling off of state assets
- contracting out, especially support services
- introduction and stabilization of the PFI model.

When spending cuts are added to the mix, the stage is set for opening up public services to private profiteering. It is important to note that one of the key sources of “savings” – and thus profits for private companies – is lowering wages, laying off staff and the shedding of generous public pensions for employees.

Effects:

- The most vulnerable and lowest paid part of the workforce were hit first: manual labourers and women.
- However, the pattern clearly shows that after eliminating public sector employment for these workers, the model has moved up into the professional ranks.
- Very few services in England remain public, certainly the industries privatized after World War II have largely been sold. Things like gas, hydro, oil, water and coal are now in the private sector as are support services in health care.
- Compulsive tendering in many sectors, started by Margaret Thatcher continues. For example, professionals like teachers,

doctors and nurses, stayed public while administrative staff, payroll and cleaners were sent to the private sector. Now the professional groups are moving toward being run by the private sector.

- Then came the Public-Private-Partnerships. The Blair Government made the pitch that the public was getting new facilities. The fact that the profit-making companies were not only doing the financing, but also getting to run some or all of the services associated with the facility, was hidden.

UNISON is currently in negotiations with contractors and the National Health Service (NHS) to implement the Government's commitment to end the two-tier workforce. Ironically, contractors are increasingly worried about excessive competition squeezing their bottom line and they have been working with the union on this as well.

There have been some successes contracting services back in-house. In the NHS, this has been done partly by working with health administrators.

On the transparency front, UNISON has been working with the UK Freedom of Information Commissioner to limit the application of the commercial confidentiality exemption from this legislation.

*Size of Loss of Public Services:* by 2006/07, one fifth of the United Kingdom's public services, worth £60 billion, will be delivered by the private and voluntary sectors.

*Size of Private Sector Involvement:* £42 billion (with £5 billion more still under negotiation) is the estimated cost of 400 buildings constructed under Public-Private-Partnerships. However, the cost to the government in long-term lease payments will be roughly £135 billion.

### **What's New?**

*“UNISON fears that administrative services will eventually be contracted out and the company able to run the services from a different country where wages are cheaper.”*

And now for something completely different, the Blair Government has devised a new programme called the “Strategic Service Delivery Partnership”.

In this programme, a private company is contracted to perform services.

For example, a company may be contracted to run all of the services for one town. Or, all administration services in one town.

In London's Westminster Borough, a private company which has been contracted to run administrative services has found a way to have those services done in a cheaper area: Northern England, where unemployment is higher and wages are lower.

UNISON fears that administrative services will eventually be contracted out and the company able to run the services from a different country where wages are cheaper.

Another new programme is called Building Schools for the Future. It works like this: Local Education Partnerships get formed in which the public/government authority holds 20% of ownership of the company, and the private sector would hold 80%. Such a company may be tendered to do all of the infrastructure for a facility or school board for 15 years. The public is told that the government authority is involved as a co-owner, but clearly in this set up would not have control, but would share some of the risk.

Another strategy initiated by the Blair Government is the “Efficiency Review” of public services. One review led to the sacking of 80,000 public service workers. This review method is now being rolled into all sectors. Government claims are that the review is saving £20 billion which are being directed

to front line workers. Really what is happening is that the market is being brought into all sectors. For example, hospitals now concentrate on the requirement that they balance their books, rather than being focused on giving the amount of health care needed by patients.

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In all of this, the public needs to be reminded that public services make a difference. The Blair Government’s methods cause standards to go down gradually, so that it takes a long time for people to see that private companies may be more efficient but results are not good. For example, when food services for schools were given to the private sector to run, many schools lost their kitchens as private owners used their own companies or acquaintances. One of the most notorious examples was a school in Northern England that was forced to bring in by train every day lunches from the owner’s facility in Southern Wales.

The sorry decline in school lunches has recently been popularized by the “Naked Chef”, Jamie Oliver’s cooking show, and public outrage over this situation has led to a small but symbolic victory – the reinstatement of central standards for lunches.

### **3. Impact on the Education Sector**

The situation in education is somewhat different as the UK has always had a tradition of mixed public and private roles in education. However, the ideological bias towards the private sector has become increasingly entrenched.

This anti-government ideology stressed the concept of failure of the public sector to deliver good services and the value of the excellence of private companies. In other words, the state has failed and we need the private sector to save us. The ideology was directed at disadvantaged areas of the Country. Consequently, Britain has seen whole Government Authorities been deemed to fail and its services

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handed to the private sector to run. For example, City and Technology Colleges were established, focusing on technology and business courses. They received £35 million in sponsorship money.

Under Thatcher, a new *Education Reform Act (1988)* sought diminished power of local school boards and gave parents a greater role. A National Curriculum was introduced; a National Assessment system brought in and grant maintained schools were allowed.

At the end of the 80s when Compulsory Tendering was forced, school cleaning and food services were contracted out.

City Academies were introduced in 2000. These are privately sponsored, are new builds and get £5 million a year in revenue. They can specialize and one day a week have a “trade day” which is a day where they practice stock market trades. There are currently 20 of these academies and are expected to grow to 200 by 2010.

Last year saw a new five-year strategy developed based on rhetoric around “personalized learning”, continuing emphasis on individual choice, and the opening up of service provision to others.

In other words, standard, publicly-delivered education is not wanted. The bias is quite stark, if a local school board authority “fails” (by the standards set by the Government), their responsibilities are transferred to the private sector. If the private sector contractor then fails, the work transfers to another private company, never back into the public sector.

There are 400 contracts in 800 schools and Public Finance Initiatives are seen as the mode of delivery. For example, a School Board had an election and overwhelming numbers were opposed to having a City Academy in the area. The Blair Government

threatened to pull building funding if the Academy model was not used.

*“A ‘target driven’ culture developed. The targets were top heavy and unachievable. Targets were set without adding enough staff.”*

Examples of problems: if you are trying to do something across the country to fight obesity in children, and you are stuck with private sector contracts delivering food in schools, there is no ability for the public to make changes.

Another example, in Brighton, a flashy beautiful school was built, but not enough parents sent their children there, and now the school is closing after two years.

#### **4. Impact on the Health Care System**

When the Labour Party came to power in 1997, the National Health Services (NHS) was on its knees, with bed closures and staff shortages being the order of the day. Part of the Labour Party’s platform in 2000 talked about saving the National Health Services.

*“In Canada we should be mindful of the setting of standards for wait times in the absence of increasing the number of health care staff in our system.”*

After the election victory, an NHS reform plan was laid out. The plan included the *Accord Act*, which called on the private sector to help deal with big waiting lists. This seemed reasonable at the time. Over time, it was clear that the reforms meant privatizing many health services while, at the same time, some good changes for health care staff who could stay in the NHS (for example right to education and training) and a lowering of wages and benefits for others.

From 2001 and onwards, more reforms took place. On the negative side, a “target driven” culture developed. The targets were top heavy and unachievable. Targets were set without adding enough staff. For example, there was a guaranteed reduction in waiting times in emergency rooms.

When a hospital could not meet that target, they would keep patients waiting in the ambulance until

they could be seen in the emergency room (in Canada we should be mindful of the setting of standards for wait times in the absence of increasing the number of health care staff in our system).

*“All of the reforms not only led to more private sector involvement, but a culture which moved away from what is best to the public to what is best for you as an individual.”*

On a positive note, the Government has decreed equal representation by management and unionized workers in examining the issue of restructuring. This was an important victory but is also a drain on union resources, requiring 32 staff and 1000 activists to coordinate at the local level.

As the government led an attack on the public system by setting the targets and constantly criticizing the public sector as a failure, the private sector was let into delivering health care at great cost to the public. The Government initiated hospitals which were “Centres of Excellence”, ones who could show other hospitals how to be better.

Legislation was introduced establishing “Foundation Trust Hospitals”, which were run by the private sector and given preferential borrowing rates which were less than what was available to the NHS. UNISON led a massive campaign that, while not defeating the foundation model, did succeed with help from Gordon Brown to win some important concessions.

Private Sector Diagnostic Treatment Centres (now up to 15) were established to do hip replacements, remove cataracts and other procedures. They were established as centres independent from the NHS. £3 billion a year are to be spent on them.

There has been an announcement that changes will be made to Primary Care, saving £6 billion. Currently, the NHS has a good system. MDs still come to the home and there are good programmes like the Healthy Babies Programme.

All of the reforms not only led to more private sector involvement, but a culture which moved away from

what is best to the public to what is best for you as an individual. UNISON is finding that the public is becoming more violent toward staff and suing more. There is a challenge in health care, as in education. How do you explain that individual choices do not create better services than when we work collectively?

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Now the public is starting to see that this “choice” they were promised did not really lead to real choice and the community backlash is starting.

While UNISON is dealing with their members being sent to private sector companies, and all unions are coping with changes which are leading to more expensive and fewer services, there have been some improvements for health care workers in the NHS. For example, 25,000 more nurses and 7,000 more MDs have been hired.

While the labour movement steadfastly opposes increased privatization, its opposition to the Labour Government has been tempered by some significant gains.

For example, there has been considerable success challenging the elitism of some of the medical professions. Interestingly, doctors were forced to reduce their hours because of the European Work Time Directive. This has forced them to accept a greater role by other medical workers.

In fact, the new pay system is based on jobs performed, rather than qualifications. Nurses’ duties have been extended so that they could do more. Paramedics are doing more call-outs for MDs. This has given more workplace flexibility to meet patients’ needs.

Blair has allowed more time off for training and learning initiatives – and this is now going to all health care workers not just, as in the past, the professionals. These learning opportunities have been inspirational.

*“UNISON has led a ‘Positively Public’ campaign to stop privatization.”*

*“The campaign is ‘evidence based’. Researchers provide the evidence; show private sector failures; and get the information out to members and the public.”*

Another positive development has been separate national tables for each of the professions, a move that has benefited union coordination and strength. Overall, union membership in the NHS has increased by 30% to 1.3 million.

## **5. UNISON Campaigns**

With Blair’s first election and his reforms which allowed the private sector to deliver services, at greater cost, UNISON had to help members being sent to other employers and deal with the loss of publicly-delivered services. By the second election, Blair bragged about taking on public sector workers.

UNISON has led a “Positively Public” campaign. The objectives are to stop privatization, raise awareness, grow support for publicly-delivered services and lead a public service alliance.

The campaign has a twin track: stop privatization of public services and protect members who are transferred to private sector employers. The campaign is “evidence based”. Researchers provide the evidence; show private sector failures; do critique of methodology; show good practice (i.e. examples of public sector services which have been made more efficient) and get the information out to members and the public.

UNISON is building coalitions with communities, users of services and trade unions.

The work is on three levels:

- (i) Internationally – with GATS, ILO and the European Union.
- (ii) Nationally – doing campaigns aimed at MPs, lobbying and building alliances.

- (iii) Locally – building alliances, doing campaigns and pushing for fair wage clauses.

The NHS involves 37 unions, who come to one bargaining table for a National Agreement which includes standards on pay, training and other language covering all classifications.

The campaign is branded under the title “Positively Public”. Any campaigns directed at specific situations or services come under that banner. For example, they have had specific campaigns on: Think Cleaners (more cleaners mean cleaner hospitals); Against the 2Tier Work Force; School Meals and good practices.

*“UNISON has worked to show that publicly-delivered services are better and cheaper than privatized ones.”*

## **6. Outcomes**

UNISON has worked to show that publicly-delivered services are better and cheaper than privatized ones. They have also worked to protect members who are forced to transfer to private companies as the companies take over delivery of public services.

For example, local governments are now allowed to borrow for facilities without being forced to go the public-private-partnership route.

A cleaners’ campaign led to better cleaning standards in a hospital so that eventually it would not appear to be cheaper to contract out.

Workforce protection for members who are transferred to the private sector has allowed some to be “seconded” so that they remain in the NHS pension plan.

In addition, P3-employed staff, outside NHS employment rules, and P3s have had the playing field levelled by having them meet minimum standards which include pensions.

*“Clearly, there are many parallels to what we are seeing being implemented by Ontario’s Liberal Government.”*

*“The talk of establishing targets to reduce wait times is being floated federally and provincially while the Province is allowing extensive layoffs and cuts in hours in health care. Wait times will not improve without more staff.”*

UNISON noted that an ILO convention (#94) calls for a fair wage clause in private contracts. The overall strategy is to increase the costs of public-private partnerships to the Government by making them fairer to staff and more transparent. This, it is hoped, will undermine the P3 model over time.

In conclusion, UNISON has had to work in an environment where a Labour Government has insisted that the public sector is failing and needs to be rescued by the private sector through Public-Private-Partnerships, or all out handing over of delivery of public services to the private sector. As evidence showed that a new ideology was at play, and not a concern about more and better services, UNISON has worked to give evidence to their members and the public.

At the same time, they have lobbied to protect members who are transferred to private companies by establishing minimum standards for those companies to meet.

Clearly, there are many parallels to what we are seeing being implemented by Ontario’s Liberal Government.

For example, the talk of establishing targets to reduce wait times are being floated federally and provincially while the Province is allowing extensive layoffs and cuts in hours in health care. Wait times will not improve without more staff.

As our next speakers explained, the UK is a guinea pig for the businesses in the rest of the world who want to dip into money from taxpayers which, in the UK, represents 20% of the gross domestic product.

**Meeting with  
Prof. Allyson Pollock and David Price  
Centre for International Public Health Policy  
University of Edinburgh**

*“The origins of the P3 was to subsidize an ailing construction industry but the programme has become a key access route for private companies to make profits for the provision of public services.”*

Pollock and Price outlined the origins of the P3 (or, in the UK, Private Finance Initiative or PFI) programme in Britain. One of the original goals was to subsidize an ailing construction industry but the programme has become a key access route for private companies to make profits for the provision of public services.

The Blair Government has been a leading proponent of P3s and made a number of critical legislative and regulatory changes upon its election to enable the programme to blossom.

One of the most important first steps was to pass legislation (the *Residual Liabilities Act*) to protect *private* investments by assuming for the national government ultimate financial liability for local public sector authorities that went bankrupt. This step, which greatly reduced the level of risk for which private companies are supposedly being compensated, led to a rapid expansion of the programme.

Britain, under Thatcher and now under Blair, has become a key proponent of the P3 model and, despite the damage being done to British public services, is actively exporting the model – and business opportunities for consultants, lawyers, accountants, and companies – to the rest of the world.

**How did a Profit-based Market in Public Services Emerge?**

In 1979, the radical neo-conservative government of Margaret Thatcher was elected in Britain. The new Conservative Government began to systematically undermine the post-war consensus in Britain between labour and the corporate sector.

*“While P3s are usually promoted as a method to regain control over public spending, the experience in Britain has been the opposite.”*

The first stage was the privatization of utilities nationalized or created after World War II and progressing through to the various stages of privatization applied to core public services. Many of these stages are familiar to the Canadian labour movement – including contracting out, compulsory tendering, forcing the public sector to “compete” with private suppliers, deregulation, outright cutting of services, and now, public-private-partnerships.

Using the same phraseology as American privatization promoters, Osborne and Gertler, Prime Minister Tony Blair has made it clear that he sees no separate and distinct role for the state in service delivery, “It doesn’t matter who provides the service so long as it is publicly funded ... Government should be the steerer not the provider”.

On the “other” side of Parliament, there is little dissent. Former UK Chancellor Kenneth Clark set out the full P3 agenda, “Under PFI the public sector does not buy any assets, it buys services. The private sector is responsible for deciding how to supply these services and what investment is required to support those services.”

While P3s are usually promoted as a method to regain control over public spending, the experience in Britain has been the opposite. In fact, the British Government is quickly losing track of spending, both on book and off book. Their best estimate is 677 PFI projects worth £42.5 billion with payments, over the average 30-year contract, estimated to exceed £100 billion.

The simplest form of PFI is one in which the designing and building of facilities proceeds along the lines of traditional public sector procurement but the private consortium enters into a long-term contract to maintain the asset. This still has serious repercussions for public policy. First,

*“In the education sector, the introduction of P3s led to school closures and restrictions on the public use of the new facilities. In one school district, 40 schools were consolidated into 30 with the private company as landlord.”*

maintenance staff are usually replaced by or transferred to the private operator, leading to job losses, reduction in benefits, wages, pension entitlement and dirtier facilities. Overall, the British experience shows that the increased funding requirements of these schemes inevitably lead to a restriction rather than an expansion of services.

In the education sector, the introduction of P3s led to school closures and restrictions on the public use of the new facilities. In one school district, 40 schools were consolidated into 30 with the private company as landlord.

In another school, the owner would regularly rent out the children’s desks and chairs on weekends and, because the contract did not specify a duty to restore for school purposes, they would have to be put back by the teachers and custodial staff on Monday mornings.

In short, any use of the school (access to facilities, physical alterations) that is not clearly specified in the contract must be negotiated – at a cost – with the private sector owner. Pollock spoke about a new London hospital in which radiologists were prevented from hanging light tables on the walls because this “use” was not specified in the contract. More generally, the public sector loses a great deal of flexibility to address changing demographic or social trends as it has entered into a multi-decade commitment to these fixed assets.

Perhaps the most troubling aspect of this programme was the zeal with which it was promoted by the Government. As under Thatcher, local government authorities were given no option for new developments, if they wanted new services and facilities – and the funding to provide them – they were forced to enter a private-sector tendering process. In Britain, this approach is known as TINA: “There is no alternative!”

*“To justify this bias against the public sector, there was a strong push to make the case that PFI procurement was cheaper. A number of faulty assumptions are used.”*

To justify this bias against the public sector, there was a strong push to make the case that PFI procurement was cheaper. A number of faulty assumptions are used.

First, the same discount rate used in the private sector is applied against traditional procurement. Second, there is a built-in assumption that public sector procurement will go over schedule and over budget so there is actually a built-in penalty for the public sector comparator, amusingly called “optimism bias”.

These biases fit well with the general, if false, assumption that the private sector is more efficient than the public sector. The British Government has claimed for years that this assumption was backed up by empirical evidence, namely the accusation that, “88% of PFI schemes are delivered on time and all are delivered on budget, while 70% of non-PFI projects are delivered late and 73% over budget.” Unfortunately this same claim has been cited repeatedly by the McGuinty Government as definitive evidence for private-public-partnerships, most recently by Infrastructure Renewal Minister David Caplan in his appearance before the Estimates Committee last month.

Pollock and Price gave us an overview of a newly published research report they authored which completely debunks this quote. After years of fighting for access to the studies that “proved” these figures, it turns out that only one study by a firm that provides P3-related services seems to have been used.

Flaws with the study included the fact that only a handful of the 500 PFI projects to date were selected for comparison purposes and none of the many high profile failures in information technology were included. Furthermore, the vast majority of the PFI contracts were for standard construction, compared to a minority of the traditional procurement projects.

Of the traditional projects, Guy Hospital was chosen – where the public authority had to step in to finish the job after the failure of a PFI consortium – as was the Jubilee subway line, a massive engineering project under the Thames River and one of the world’s largest and oldest cities, London. Experts agreed that the Jubilee line overruns were caused by hydrological and geological constraints, not the choice between public and private procurement.

*“This plan to let private companies build and run services is not being done to save money. It is not being done to provide better services or more services.”*

The Blair Government has argued (as has Premier McGuinty) that cost savings are found by transferring financial and other risks from the public to the private sector where “they can best be assessed and priced.” Part of this argument is true as the private sector has shown a genius in quickly offloading the risks for which governments argue they are being compensated. It is notoriously difficult to assess the risks involved in construction or service delivery contracts and to put a price on them.

In England, the pressure was so intense on civil servants to get the PFI programme going that the value of risk transfer was usually greatly overstated. And, of course, ultimate responsibility lies with the government for any business or project failure overseen by the private sector (as the Guy Hospital example shows).

It becomes evident that this plan to let private companies build and run services that used to be built, controlled and run by the public sector is not being done to save money. It is not being done to provide better services or more services.

The only ones who benefit are shareholders and executives receiving stock options in the private companies whose purpose is to make money, not give the public quality services.

**David Watson**  
**UNISON Regional Representative**  
**in Scotland**

David joined the meeting with Pollock and Price to speak about the consequences of these developments, especially in Scotland.

*“Once it starts to happen in a municipality, school board or hospital, the Union then has to try to help their members not lose wages and benefits or union membership rights.”*

The labour movement has to lobby the Labour Government not to go this route of using private companies to build and deliver public services. However, once it starts to happen in a municipality, school board or hospital, the union then has to try to help their members not lose wages and benefits or union membership rights. It is here that they are more successful in dealing with the Blair Government.

More importantly, however, UNISON has worked to get concessions from the regional government in Scotland that set a pattern for workers in the rest of the United Kingdom to follow.

Watson urged us to use whatever opportunities we could to win concessions from local governments.

In Scotland, in particular, unions have been largely successful in securing successor rights and the development of a “two-tier” workforce. The two-tier workforce emerges when new workers hired by a private company do not receive the same collectively bargained protections as transferred staff – undermining solidarity and workplace fairness over time. In some cases, they have been able to have staff “seconded” to the private company so that they could keep their original terms of employment and remain employed by the public sector.

This two track approach has two benefits.

First, the union meets its legal and moral obligation to protect its members and second, by protecting working conditions and staffing levels, the union is

able to limit the supposed cost-savings – and thus justification for privatization.

The union’s approach has moved beyond fighting within the PFI paradigm and workers are now demanding that local authorities be granted the right to borrow on the marketplace when this would be a cheaper and safer route than proceeding with PFI development.

*“While we must continue to demand the full business case used to justify P3s, we must also focus on the public policy implications of the commercial confidentiality exemption in Freedom of Information legislation.”*

That being said, Watson also noted that private companies are often easier bargaining targets than public authorities in that costs can be transferred back to the public authority quite easily. But what works for some public sector employees in the short term will undermine the entire public sector over the longer term.

In conclusion, we returned to the issue that the Blair Government, in league with the private sector, is scamming the public by claiming that the private sector can deliver facilities and services cheaper than the public sector. This is not the case unless you give the private sector phony “write-offs” so that they can make their costs look cheaper.

Britain is, at least, 10 years ahead of Ontario in this and so we have lots to learn from clear British examples. This highlights the need for detailed research. However, this research in Britain is hampered, as it is in Canada, by the restrictions on sharing contract-related information.

While we must continue to demand the full business case used to justify P3s, we must also focus on the public policy implications of the commercial confidentiality exemption in Freedom of Information legislation.

Simply put, the more services and buildings are transferred or constructed outside the public sphere, the fewer details will be available to the public. This completely undermines the McGuinty

Government's claim that transparency and accountability are being maintained.

Senior civil servants, who are judged on their ability to sign off deals, can not replace the role of the media, elected opposition, labour, and social movements in holding decision-makers accountable for their actions.

**John Lister**  
**Director**  
**London Health Emergency**

*“For example, in fighting privatization of hospital maintenance, the campaigners focused on hygiene issues: ‘cockroaches love privatization,’ and ‘they are only interested in balance sheets, but who will clean your bed sheets?’”*

During the 1980s, the Tory Government started to cut hospital beds and close hospitals. Community Health Councils, which had the mandate to comment on the changes, were scrapped. Local Health Authorities were under pressure to introduce competitive bidding across health care service delivery. Long term care was privatized and the costs for elder care were shifted increasingly on to the citizens. The only rationale was cutting costs, the lowest bid was the winning bid irrespective of the implications it might have had for patient care.

The Tories also moved to stop another possible source of dissent by putting all NHS managers on three-year contracts. This job insecurity effectively stopped those directly involved in managing the health care system from complaining about government policies.

In response, there were active community-based coalitions and campaigns to fight these cuts to health care. These focused on the consequences for the public of privatization, rather than the impact on the workers involved in providing the services.

For example, in fighting privatization of hospital maintenance, the campaigners focused on hygiene issues: “cockroaches love privatization”, and “they are only interested in balance sheets, but who will clean your bed sheets?”

London Health Emergency emerged from these campaigns and does a great deal of the coordination of the fight against health care privatization. And they have had some success in slowing down and changing the privatization agenda. The campaign has, for example, extended the life of hospitals originally slated to close by 20 years or more.

The battle is far from won, however, and Lister encouraged us to develop and use our counter-arguments to the privatization agenda but also to do the difficult research necessary to expose the abuse of taxpayers' money and the loss of public services.

The Labour Party, under Blair, campaigned to put a stop to Thatcher's agenda. However, once in government, they pursued the PFI strategy with enthusiasm. And the implications for the NHS have not been positive.

*“Under Blair’s reforms new hospitals, which would normally cost the public sector £70 million are coming in five times higher under private consortiums.”*

Despite claims of cost efficiency, new PFI hospitals routinely cost four or five times as much as they did under traditional procurement. And the drive to maintain profit levels has ensured constant pressure on public expectations for proper care. For example, PFI hospitals have doubled the rate of patients per bed per year regardless of the impact on patients' health from premature discharge.

As well, decades of internal expertise in hospital design has been thrown away and the private-sector hospitals suffer from a number of serious flaws. Lister told us about hospitals in which the corridors were too narrow to permit two stretchers to pass each other so new equipment has to be purchased – by the hospitals. Rooms are harder to clean and smaller.

Under Blair's reforms new hospitals, which would normally cost the public sector £70 million, are coming in five times higher under private consortiums. The cost escalation has truly been staggering. These hospital companies are, in turn, churning through 108 patients per bed per year, instead of the usual 54 patients per bed per year (means people get pushed out sicker and quicker). Because clinical services are usually protected by the contracts signed, the private corporations look elsewhere to make cuts. As a result of cutbacks to

permanent staff levels, the use of contract staff has increased substantially.

*“To add insult to injury, companies are not being held to account when they do break their contracts. There is little enforcement taking place of these shady contracts.”*

New hospitals built by private companies are state-of-the-art, but usually much smaller with smaller rooms and less space for clinics and emergency facilities. This also makes the rooms hard to clean and restricts the ability of staff to move emergency equipment around. Eventually, standards were set for the size of rooms and space required for hospitals. However, to add insult to injury, companies are not being held to account when they do break their contracts. There is little enforcement taking place of these shady contracts.

Lister also went over a series of changes that has affected long-term care. What was once a right of all British citizens became, under Thatcher, a means-tested system where the elderly are required to liquidate all of their assets (including their homes) to pay for geriatric treatment. The restriction on bed availability in hospitals has further aggravated the situation.

Lister did note that it is possible for health care workers to benefit from privatization as wage and benefit expenses can be passed through to local authorities, giving private companies a strong incentive to settle issues locally. However, of course, this is done at the expense of the public interest and the public system in general. The long-term implications of P3s are not at all positive for public sector workers.

He also warned that the two-track approach unions try to pursue can often revert to one track: protecting the workers rather than attacking the overall program. It is important to keep up the pressure on the overall government policy. He urged us to fight each aspect of the P3/PFI programme on specifics and also on the principle of preserving publicly-financed, publicly-administered, and publicly-delivered universal health care.

Finally, there was little excuse for the mistakes made in Britain as the countries from which this model was borrowed have had horrendous problems and have since, unlike the UK, stopped experimenting with private health care.

*“The driving agenda is to open up a significant part of the nation’s social infrastructure to the private sector profiteering.”*

He offered examples from Spain (failure of the foundation model for hospitals), New Zealand (where hospitals are still paying back charges for privately-obtained funds, long after the programme has officially ended), and Sweden (where the National Government has recently outlawed the privatization of public health care).

It was as if the British Government jumped on examples of experimentation in other countries but refused to continue to monitor whether those experiments failed or succeeded. Similarly, we can not simply repeat the mistakes made in other jurisdictions, we need to learn from other countries to preserve our health care system in Ontario.

In conclusion, Lister agreed with others we met that the driving agenda is to commodify health care – to open up a significant part of the nation’s social infrastructure to the private sector profiteering. It is less about improving health care and more about improving the bottom line.

**Jane Lethbridge**  
**Senior Research Fellow**  
**Public Services International Research Unit**  
**Greenwich University**

*“Private companies have joined together in front groups, the Coalition of Service Industries as an example. We have seen this agenda and their influence at work in the FTA and NAFTA, and it continues in the GATS and FTAA discussions.”*

The Research Unit began to challenge contracting out and privatization in the 1980s as the first wave of public sector workers (maintenance staff in particular) came under attack. The unit provides critical information, from a global perspective, to unions and community partners fighting privatization. They are concentrating now on some of the more critical and controversial targets of the privatizers: water and electricity utilities and health care.

Much of the Blair Government’s agenda is caught up in the rhetoric of public choice. In this model, citizens become consumers and entrepreneurs and government services are transformed from a collective good to be managed in the collective interest to just another basket of goods to be obtained for cost – or through hidden subsidies – on the marketplace. Blair sees the Government as a master contractor of services, not as a service provider. And these changes are driven, in part, by international trade and service agreements.

A common theme of many international trade discussions is the opening up of public services to international private-sector competition. Private companies have joined together in front groups to advance this cause and Lethbridge pointed to the Coalition of Service Industries as an example. We have seen this agenda and their influence at work in the FTA and NAFTA, and it continues in the GATS and FTAA discussions.

A troubling aspect of international trade agreements is the emphasis on protecting intellectual property. Excessive patent protections – extending exclusivity far beyond the period in which a company could reasonably be expected to recoup its costs of research and development – is a

*“The major international players in this drama – the IMF and World Bank – are being forced as a result of public pressure and a litany of failed experiments to recognize the limitations.”*

*“The World Bank has moved from outright arguments for private involvement (“Investment in Health,” 1993) to indifference to private versus public delivery a decade later.”*

common clause being promoted. This has the effect of privatizing public knowledge by taking internal expertise developed within a system like the NHS and converting that into private property, protected by patent law.

The major international players in this drama – the IMF and World Bank – have a long history of forcing spending cutbacks and promoting private sector delivery, ownership, or control of public services. However, there are some promising indications that the two organizations are being forced – as a result of public pressure and a litany of failed experiments – to recognize the limitations.

For example, IMF Directors finally recognized (in April, 2004) that there is a clear link between public infrastructure and economic growth and that short-term fiscal restraints may be undermining that infrastructure.

For its part, the World Bank has moved from outright arguments for private involvement (“Investment in Health” 1993) to indifference to private versus public delivery a decade later. And last year, the World Bank acknowledged that, “a variety of market failures and concerns for equity justify public intervention in financing health and nutritional services.”

Among nation-states, the United States is a major force and they are taking action to promote, on a global scale, their discredited and hugely expensive private-sector health care system. Where multilateral discussions like GATS bog down in the details or in the active resistance of developing countries, the US turns to a strategy of divide and conquer by promoting bilateral deals with individual countries. And of course, the legacy of private health care in the United States includes the emergence of huge American multinational corporations that want to extend their “market-reach” around the world.

*“One of the things they are not challenging is the need for public financing of services.”*

Many of these corporations have been successful at setting themselves up in Britain. Lethbridge cited the example of United Health, an American company offering to reduce the use of hospitals by the elderly. Not only are they directly competing for geriatric services, they are also advising the Government on policy development – policies that, not surprisingly, encourage local health authorities to use their services. The company is also using its extensive resources to pillage voices of authority from the public sector, most recently hiring the respected former editor of the British Medical Journal to be President of their European subsidiary.

*“The private sector companies do not want to be forced to spend money on private insurance schemes, credit checks, and collection of debts.”*

One of the things they are not challenging is the need for public financing of services. From the perspective of the private sector companies, individual-based financing of health care is expensive to administer. They do not want to be forced to spend money on private insurance schemes, credit checks, and collection of debts. Instead, it is far better for the public sector to underwrite the costs and risks. If the public sector bankrupts itself in the process, it will simply increase the costs – and profit opportunities – for the private sector.

Somewhat akin to the situation in Scotland outlined above, Lethbridge reported that the British labour movement has had some success using other jurisdictions to limit the damage caused by their own government. European Union rules require worker participation in tripartite boards and a social dialogue, involving community voices, is emerging in health care.

### **Meetings with Unions at the Trades Union Congress**

*“The Government no longer speaks about its moral obligation to provide for society’s collective needs. Instead, it is about competition. It is the Wal-Mart business model applied to public health, education, social services, water, hydro and public transportation.”*

In addition to our meeting with community activists, academics, and UNISON, we had the opportunity to attend the TUC Convention in Brighton. Here we managed to squeeze in a series of meetings with other unions active in protecting public services. These included: the National Union of Teachers, GMB, AMICUS, the National Association of Schoolmasters and Union of Women Teachers and the Transport and General Workers’ Union. In addition, we had the pleasure of meeting with Rodney Bickerstaffe, former President of UNISON, and currently the Director of War on Want.

Many common concerns and strategies were expressed.

After eighteen years of Thatcherism, the Blair Government was elected to restore Britain’s public services. While Labour has put billions back into public services, it is also obsessed with maintaining political support among those who used to vote for the Conservatives. The modernization rhetoric speaks to this perceived political constituency and is simply another way of promoting private sector interest over public services.

Where has this led? In a nutshell, the Government no longer speaks about its moral obligation to provide for society’s collective needs. Instead, it is about competition. It is about creating a “deserving” and “under-deserving” poor and having them all compete in the marketplace. It is the Wal-Mart business model applied to public health, education, social services, water, hydro and public transportation.

Working people are losing on both ends: they are losing a whole host of quality public services which, at the end of the day, affects their quality of life as much as their collective agreement does. On the

*“As one union official commented, ‘slavery was abolished 100 years ago but now we’ve got it back with staff sold to the lowest bidder along with a 30-year contract to run a school, hospital or other service.’”*

*“Now even the professional staff (for example, teachers, doctors, and nurses) are working for the profit-making companies and fighting the same fight.”*

other end, people who work in publicly-funded but privately-delivered services are either hanging on to their existing collective agreement rights, or are the “new hires” in a two-tier wage and benefit workplace. As one union official commented, “slavery was abolished 100 years ago but now we’ve got it back with staff sold to the lowest bidder along with a 30-year contract to run a school, hospital or other service.”

Canada has an advantage. We can learn what the transformation of government agenda will look like for us in 10 years by looking at what has taken place in Britain.

*“For whom the bell tolls ... it tolls for you too”* is something to consider.

And this point was reinforced by those with whom we met; to tackle the issue as soon as possible. Get as much dialogue with and information from the Government as possible as P3s can be defeated on the details, as well as the level of principled arguments in defence of the public sector.

We were also warned that the public policy and research agenda is critical as it is inconceivable that the programme can be stopped simply through workplace action to protect public sector workers.

In Britain, the struggle continues on three levels: lobbying against the general drive to privatize public services, lobbying for the protection of transferred members, and lobbying for better national labour laws to support union density.

When the Blair Government first began its transformation changes, it started with workers who were in the lowest paid classifications in the public sector: cleaners, custodians, administration staff, payroll clerks, are some. So, when the professional staff saw these groups being sent to work with profit making companies, it did not

matter to them, since the government continued to fund services provided by professional staff.

*“Blair has set up “city academies” which are neighbourhood schools exempt from local control by the school board, from delivering national curriculum used by public schools and from following collective agreement.”*

Now even the professional staff (for example, teachers, doctors, and nurses) are working for the profit-making companies and fighting the same fight. At the same time, another wave of privatization is contracting work which can be done by phone or Internet to being taken over and contracted out to other parts of Britain where wages are lower. There is nothing preventing this same model from being exported overseas.

We heard from teachers and school board workers of the drastic transformation of public education. For example, Blair has set up “city academies” which are neighbourhood schools controlled by private sponsors, and not school boards.

In this scheme, a private sponsor (from Christian Fundamentalist groups to the Church of England) puts up two million pounds toward building a school. The Blair Government puts up the rest, up to 30 million pounds. The new academy is exempt from local control by the school board, from delivering national curriculum used by public schools and from following collective agreements.

The Blair Government has tossed a few bones to the labour movement to cushion the effects of changed working conditions for those who end up working for a profit-making company. Legislatively, when employees are transferred to a company, they get to take with them their union membership and their collective agreement rights (“successor rights”). However, these guarantees do not continue past the first time wages are renegotiated, which can be any time. Any new hires are not covered by the union or the collective agreement.

But the situation is in flux: after our visit to the UK, health care workers succeeded in negotiating an end to the two-tier workforce in the National

Health Service but these protections have not been extended to other public services.

*“For those teachers in the independent schools and who still have a collective agreement, they keep their heads down. Working conditions worsen over time with longer and extra school days. The Blair Government says that they have hired more teachers, but they have not extended the class size limits beyond the current cap which covers students up to seven years old. In conclusion, we were given an education-sector example of how damaging all of this is to working people and their families. Historically, Britain had a school food programme in which all school children were fed nutritious meals, cooked by staff in school kitchens. This was contracted out to private companies who closed the school kitchens. Instead, meals were prepared in one huge central facility and frozen before being sent, often across the entire country, to the schools. The quality of the food served has descended to such a level that the “Naked Chef” Jamie Oliver shamed the government on television. After a few weeks of reintroducing healthy meals into selected schools, officials spoke openly about dramatic increases in attention spans, academic performance and general student health. The Government was forced to reinstate controls over the school lunch program and to assume, once again, responsibility for the collective well-being of the public. Spoiling this seemingly happy ending is the fact that many schools built under PFI schemes in recent years do not have adequate kitchen and/or cafeteria facilities through which to provide a nutritious meal program.*”

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Spoiling this seemingly happy ending is the fact that many schools built under PFI schemes in recent years do not have adequate kitchen and/or cafeteria facilities through which to provide a nutritious meal program.