

## It's costing us our rights

It's not just a question of dollars and sense. It goes deeper than the bottom line. It's really about community and citizenship, about belonging and having a voice.

Advocates for privatization have always shied away from a discussion of values. They preferred to talk about savings and efficiencies. They pretended you could cut staff without cutting corners.

But a decade later, it has been clearly demonstrated that privatization costs more. So now they no longer pretend it's about saving money. Now they pretend it's about expertise, and global competitiveness, and ensuring that regulators can enforce regulations.

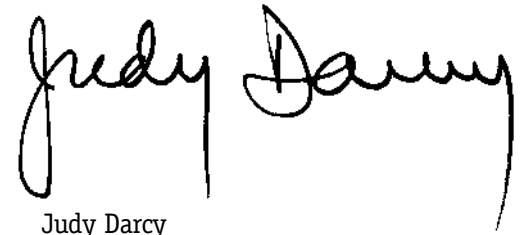
In fact, it's about what it's always been about. Reducing the role of government in order to increase corporate power and profits.

This year's *Annual Report on Privatization* again documents how contracting out and public private 'partnerships' cost consumers, taxpayers and communities more money. It demonstrates how access, safety and accountability are threatened when the private sector and the profit motive replace the public sector and the common good.

But it goes beyond the facts and figures to highlight the fundamental threat that increased privatization represents to our quality of life and our democratic future. And it underlines the federal role – through its actions and its inaction – in promoting privatization.

CUPE joins with the Canadians interviewed in this report in calling on our governments to govern in the public interest. We reject moves to convert vital public services into commercial transactions that treat our rights as goods. And we pledge our continued efforts to ensure that every resident of Canada – and every citizen of this planet – can count on high quality public services that will allow them to fully participate in shaping our collective future.

It's called democracy.



Judy Darcy  
National President  
Canadian Union of Public Employees

**CUPE National President  
Judy Darcy**

Photo: Paul Couvrette

Ce rapport est aussi disponible en français.

The Canadian Union of Public Employees is Canada's largest union, representing one half million women and men who work in health care, education, municipalities, social services, libraries, child care, utilities, transportation, emergency services and airlines.

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March 2001

Cover photo credits: Cindy Moleski, Brian Willer, Dan Zubkoff, Phil MacCallum, Wanita Bates, Ian Jackson

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**Methodological Note on Polling Data**

CUPE commissioned EKOS Research to conduct a Survey of Canadian Attitudes to Privatization. A telephone survey of 1014 Canadians randomly selected was undertaken between January 12 and 29, 2001. A sample of this size yields a maximum error estimate of 3.1 per cent, 19 times out of 20.

The Vector Poll (cited on page 69) was conducted from December 27, 2000 to January 10, 2001, with 1007 adults responding and a maximum error estimate of 3.1 per cent, 19 times out of 20.

# Report Highlights

## The high cost of privatization

The tally sheet keeps getting longer.

As the bills come due for sold-off services, Canadians are feeling the pinch. Not just in their wallets – although privatization almost always costs taxpayers more. As this report shows, Canadians are also paying the price of public services privatization in many other ways. Community safety nets erode, access to services is limited, environmental and public health is compromised and the services that bridge the gaps collapse, diminishing equity and democracy. Those who rely most on public services are hit hardest, including women, people of colour, Aboriginal communities, people with disabilities and others pushed to the margins.

Pocketing the windfall profits are corporations pushing hard to get in on the services 'market' by pitching phony public private 'partnerships' or all-out privatization.

What seems to be a shifting target has firm corporate roots. Older Canadians tend to see privatization as the threat. For younger Canadians, it's globalization. In fact, it's two sides of the same coin, leading to increased corporate control and a reduced role for governments, for citizens and for local communities.

Some governments, backed into a financial corner, see privatization as the only way out of budgetary belt-tightening. Other governments dive eagerly into privatization schemes, even if they're swimming in surplus. Mounting evidence from home and abroad shows elected leaders have been sold a bill of goods about 'government getting out of the way,' 'cutting red tape,' 'private sector efficiency and expertise', topped off by promised savings. The sell-off starts at the federal level.

## Federal pushers

The federal retreat from government's role as funder, provider and promoter of public services is unprecedented. Directly and indirectly, the federal government is paving the way for privatization at all levels. Deep funding cuts for health, education and social assistance have left provincial budgets with shortfalls that open the door to private takeovers of services. The cuts hand pro-privatization provinces the perfect excuse to sell off services or download them to municipalities ill-equipped to pay.

At the same time, the federal Liberals are unabashedly privatizing services and promoting privateers, giving corporations a role in water infrastructure plans and putting the private sector in charge of student loans and university research, while sitting on the sidelines as private health care encroaches on *Canada Health Act* guarantees.

## Trade disagreement

The Liberals are using international trade as a further vehicle to push privatization. Corporate access to public services is driving negotiations for the *General Agreement on Trade in Services* and the Free Trade Area of the Americas. The *North American Free Trade Agreement's* investor state provisions entrench unheard of business power to challenge government's ability to regulate in the public interest and provide public services. The FTAA is being built with similar investor state rules.

The Canadian government's promises that health and education are not on the GATS table do not reflect the reality of talks behind closed doors. New analysis indicates crucial components of Medicare – including public health insurance – aren't being shielded from the corporate predators, leaving Canadians to wonder what else is being traded away.

## Corporate U

The education 'industry' is high on corporate shopping lists, and Ontario's private university law lets them set up their own shop. A growing number of private education businesses are setting up campuses both virtual and real. New Brunswick has also opened its doors, and Alberta businesses are gaining degree-granting powers. These moves threaten an already-weakened public post-secondary system.

Despite corporate and government claims, public funds will be diverted into private institutions – everything from student loans to research grants and tax breaks. These funds will prop up institutions that charge exorbitant tuition fees to provide a narrow niche of business-oriented programs that won't meet the growing need for quality education.

## Profiting from care

Canada's aging population is going to need increasing amounts of care. Long-term care corporations see this as a bonanza. The private sector role in long-term care is steadily increasing, with a handful of corporations playing a large role. Those corporations want to get in on the guaranteed stream of public funding that comes with long-term care.

Private long-term care scores lower than public care on almost every count. Private care costs more and delivers poor-quality patient care. Extremely low wages in private care facilities lead to high staff turnover, threatening continuity and quality of care. Redirecting government funding into publicly owned and operated facilities and expanding the network of continuing care would provide a better future for Canada's seniors.

## Electrical utilities

Deregulation of electrical utilities has sparked a storm of problems across North America and in Britain. Promises that competition will make electricity generation and delivery more efficient, which in turn will lead to lower electricity prices and greater consumer choice, have evaporated as consumers confront skyrocketing bills. Price rigging was rampant in the deregulated British market and in California deregulation has led to blackouts and price hikes.

These and other failed deregulation experiments show electricity is not a commodity that can be stored, bought and sold like others. Yet Alberta, Ontario and other Canadian provinces forge ahead with deregulation schemes. Equally dangerous, deregulation exposes public utilities to privatization, as a handful of huge multinational corporations make their move to cash in on higher prices. Public utilities, many of which invest dividends back in the community, will be converted into profit-making ventures.

## Child care

A growing body of undisputed evidence shows non-profit child care consistently delivers much higher quality care than private, for-profit providers. Study after study demonstrates the widespread social and economic benefits of quality child care. Yet the Canadian government persists in breaking its promise for a national, public child care program. Québec's public program and new innovations in British Columbia are models of accessible, high quality care. Meanwhile, Alberta and Ontario are venturing ever further down the for-profit road.

Canada's patchwork system means quality of care suffers when there's no coherent plan and inadequate funding. A recent national study shows the links between poor quality and for-profit care. The highest quality of care is found in not-for-profit facilities with better paid staff, with quality also linked to higher funding levels and at least two years of specialized staff training.

## UK water exposed

Privatization pushers have long argued privatized British water is the ideal model, with its allegedly high level of infrastructure investment and strong regulation. New research shows that the British companies underinvested in infrastructure, while overpaying shareholders. The vastly undervalued sale price of Britain's water system provided a solid foundation for further profit. The companies were able to slip through successive price hikes by overstating their investment plans, then failing to deliver.

While the water regulator has finally clamped down, it is only because of the enormous problems with privatization. Price caps introduced in 1999 have spurred some water companies to get out of the business, as their profit margins shrink. Cities in the United States are also turning down or driving out water corporations, leaving privatization advocates on shaky ground. Yet the corporations continue to attempt to break into the Canadian market, with limited success.

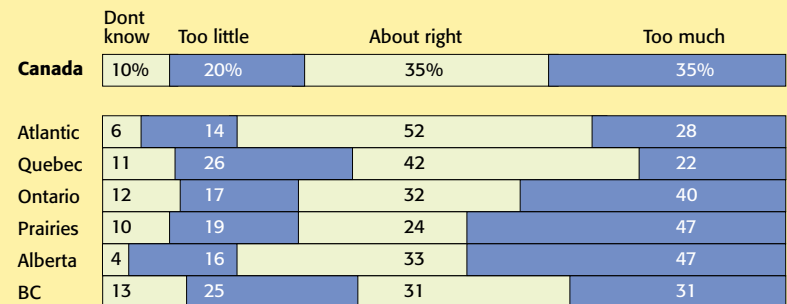
## To know it is to oppose it

The greater your experience with privatization, the less your support for more of it. That's the conclusion of a poll conducted for CUPE by EKOS Research.

Whatever the *National Post* might have you believe, it's clear that Canadians have little appetite for increased privatization of public services. In fact, in most provinces, those who think we've seen too much privatization outnumber those who would support more by a margin of more than two to one. And the Canadians that have the greatest exposure to privatization are the strongest in their opposition.

In Ontario, 40 per cent of respondents indicate there is too much privatization in Canada. In Alberta, the margin of those concerned about the level of privatization is three to one over those who would welcome more.

Thinking about current level of privatization of services that used to be delivered by the public sector, do you think there has been too little, too much or about the right level of privatization in Canada?



EKOS Research  
January 2001

## Public dividends

Canadians are confronting the high cost of privatization every day, on many fronts. Governments at all levels must strengthen, not sell off, public services. Action now will stop the harm privatization causes to Canadians' quality of life. Costly privatization experiments from around the globe show for-profit services don't work.

Reinvestment in public services and public infrastructure must start immediately, with guarantees of adequate funding. Public investments must be directed to public sector delivery, ending the public subsidization of corporate profits and assuring access to and accountability of public services. Workers, on the front lines in countless services, must play a key role in strengthening public services and must know their rights are protected.

Democratic, healthy communities are what public services are all about. Investing in public services pays dividends – a cleaner environment, sustainable jobs, a stronger social safety net, a healthy economy and a vibrant democracy. It's time Canadians were able to reap those benefits, instead of paying privatization's price.