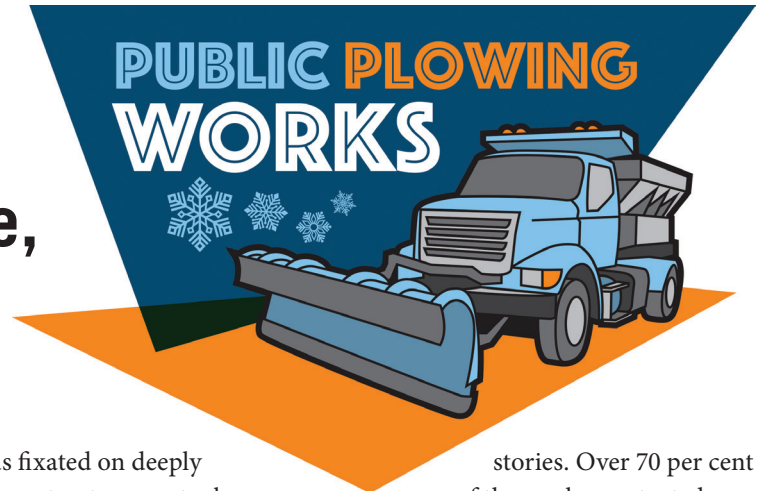


LOCAL CAMPAIGNS **PRIVATIZATION**

Public plowing works: CUPE 500 uses hotline, expert evidence to tackle contracting out



Like many municipalities, the City of Winnipeg has attempted to contract out work to the private sector, hoping to find “cost savings.” The result has been nothing short of a disaster, and CUPE 500 has been leading the fight for better, publicly owned and operated city services.

For decades Winnipeg has been moving towards a greater reliance on private contractors to clear snow and ice from municipal roads and sidewalks. City plows used to perform the bulk of snow/ice removal, but today 80 per cent of snow clearing is done by private contractors.

As private plowing grows, public dissatisfaction grows with it. The winters of 2013 and 2014 were particularly nasty in Winnipeg, and were made worse by sub-par snow clearing. For weeks at a time

local media was fixated on deeply rutted and frozen streets, cars stuck in back lanes, and windrows that made seniors prisoners in their own homes. Members of city council, including the newly elected conservative mayor Brian Bowman publicly mused about moving more snow clearing back in house.

CUPE 500, representing Winnipeg civic employees, has a strong public profile in Winnipeg built over decades of active participation in public debates around city services. After receiving numerous phone calls from the public about issues with private snow clearing contractors, the local established a hotline, a website, and ran advertisements asking for people to call in with their stories. The results were overwhelming.

In only two months over 400 Winnipeggers called or wrote in to tell their

stories. Over 70 per cent of those who contacted CUPE were dissatisfied with snow clearing in Winnipeg, and wanted plowing brought back under public control.

CUPE 500 publicly presented its Public Plowing Works report, and commissioned the former Chief Operating Officer of Winnipeg’s fleet services to present a comprehensive plan to bring both snow clearing and road construction work back in house. While the city is deeply resistant to change, the local is forcing administrators to face tough questions about their broken system, and has put politicians on the hot seat. They know that so long as it snows, this issue isn’t going away. And neither will CUPE.

■ **Matt McLean**

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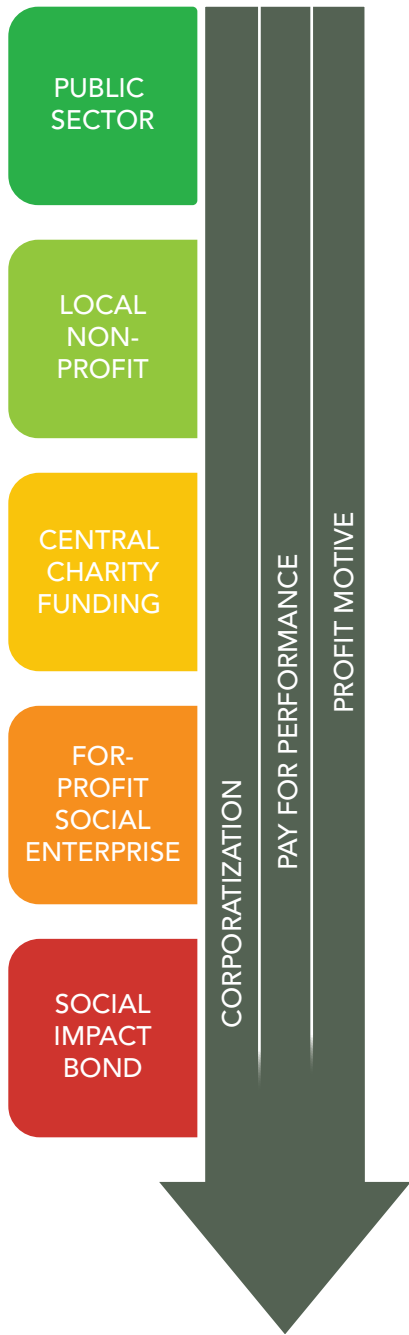
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**SOCIAL FINANCE
STRUCTURES**



SOCIAL IMPACT BONDS: The next horizon of privatization

Social Impact Bonds (SIBs), a new form of privatization, are gathering steam in Canada. Despite the name, SIBs are not actually bonds but rather a structure to outsource the financing, planning and evaluation of social programs to third parties while providing profits to private investors. They're also known as Pay for Success Bonds or Social Benefit Bonds under the larger umbrella of social enterprise and social finance.

In the SIB model, investment firms provide upfront money for social programs. If particular outcomes are met, the government pays back the private investor with a profit. The model involves a whole slew of third party consultants who help negotiate the contract, manage the project and evaluate the outcomes.

This new model comes out of the United Kingdom and has been used in the United States, Australia and Canada. Most of the projects have applied to prison recidivism, early childhood education and care, and homelessness.

SIBs in Canada

SIBs are being promoted in many areas of the country:

- The 2015 federal budget included a social finance initiative that will help new social finance projects become 'investment ready.'
- The government of Saskatchewan has one functioning SIB and is

developing four new ones.

- The Ontario Liberal government is going to pilot at least one SIB project in 2016. They also support the MaRS corporation, which is actively promoting SIBs.
- The Liberal government in British Columbia has introduced Community Contribution Companies, which are for-profit companies operating in areas that were previously public or not-for-profit.

Problems with SIBs

Private profit: Investors can make as much as a 15 per cent return on their investment from taxpayer-funded social programs. Adding profit as an additional financial hurdle only puts more pressure on already tightly funded programs. And it's just not right that private investors make a profit off of services and supports for the most vulnerable in our society.

Calculating success: SIBs have an evaluation process that determines whether and how much investors are paid by the government. Often the evaluation focuses on simplified outcomes that lose sight of quality. The profit motive can also affect who can access social program SIBs because service providers may cherry pick clients with fewer needs to maximize profit.

Tabletalk is published four times a year to provide CUPE bargaining committees and servicing representatives useful information for preparing and negotiating bargaining demands.

Find past issues of Tabletalk online at cupe.ca/tabletalk

An email edition of Tabletalk is available. Subscribe at cupe.ca/subscribe

Please email Margot Young at research@cupe.ca with corrections, questions, suggestions, or contributions.



CUPE / Canadian Union
of Public Employees

Stop contracting-out: A strategic planning approach to bargaining in Toronto



Impact on workers: SIBs can foster a lack of stability and security because it is unknown whether the project funding will continue. They can also put significant pressure on workers to achieve particular narrow and measurable outcomes with a detrimental impact on overall quality.

Risk: Like public-private partnership advocates, SIB advocates speak of transferring risk from the public sector to the private sector. However, in the majority of cases SIBs are developed for approaches that already have a proven track record. Rather than attracting investment in new projects, SIBs just privatize and weaken successful public and not-for-profit programs.

Alternatives to SIBs

The best alternative to the SIB funding model is also the simplest and most obvious one: traditional public funding. Many social programs have been underfunded for years under successive liberal and conservative governments. Adequate funding with reasonable targets for high quality outcomes can strengthen and improve public services without introducing a profit motive.

What can you do?

Educate: Learn about SIBs. Visit cupe.ca for more info. Talk to other CUPE members and employers about this issue.

Bargain: If you work in a sector that may be affected by SIBs, be sure to strengthen collective agreement language on job security and technological change.

Mobilize: If you find out a SIB is being considered in your workplace, mobilize members and allies against the project. CUPE can help your local develop a plan.

■ Sarah Ryan

CUPE 416, Toronto's outside workers, were recently successful in resisting yet another attempt to privatize residential solid waste collection. The local's critique of the private sector's poor performance in the already privatized west-end collection zones, along with an effective communications and lobbying plan, resulted in the city deferring the decision for over a year.

Many CUPE members face job security threats due to privatization. CUPE 416's experience shows that a long-term strategic plan can give power to members at the bargaining table.

The local understood that privatization was linked to bargaining, so their timeline to resist it mirrored the timeline for bargaining preparation.

City of Toronto workers' job security language has always been a flashpoint in Toronto bargaining. These collective agreement articles have prohibited mass contracting-out in the city. The city has sought to weaken this language, and meanwhile solid waste collection has become a preoccupation of the Toronto public and media. The 2014 municipal election underscored this issue as Mayor John Tory made it clear the

city would push ahead with further privatization.

With their timeline set, the local began executing a plan that included member engagement, research, communication, ally recruitment and city hall activity. The message was simple: further privatization will give Toronto residents worse service.

The facts were on our side as the eastern districts (where garbage collection is publicly provided) proved to be cheaper, had improved service and better met environmental diversion goals. Leading up to an important September 22 Toronto Public Works and Infrastructure Committee vote, we had changed opinions. The committee voted to delay discussions about further privatization. Even the Toronto Star editorial board supported the local's position that increased privatization was not in the city's best interests.

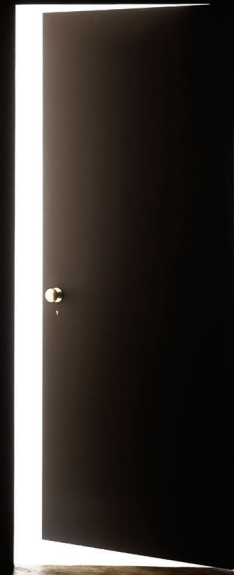
This victory achieved several goals. If the issue comes back to city hall during this term, it will be well after bargaining, removing the pressure of a major privatization and potential loss of up to 500 jobs. It also changed the discourse at city hall. Now, the debate was about how well CUPE members had been performing on the job and not the efficiency of the private sector.

We will always have to resist privatization of public services, but we can win by managing timelines and the agenda with a comprehensive long-term approach.

For more information visit keepTObpublic.ca.

■ Simon Collins

Liberal government opens door to more privatization—and the source might be your pension



Canadian municipalities and provinces are dealing with a significant infrastructure deficit: our transportation and water systems are simply too old and inadequate for our growing population. CUPE has been calling on governments to address this deficit through publicly-owned and operated infrastructure. We know this approach will deliver the highest quality infrastructure at the best price for Canadians.

The election of a majority federal Liberal government raises the serious prospect that future infrastructure development will be built and run as public-private partnerships, and that the quality, cost and accessibility of these projects will all suffer.

At the 2014 convention of the federal Liberal party, a policy resolution was passed entitled “Sustainable and Transformative Canadian Infrastructure Investment.” The resolution called for new infrastructure development by “unlocking untapped sources of non-government investment, including from pension funds and public-private partnerships.” In the leadup to the recent federal election, key Liberal MPs repeatedly stated that the party would be looking to Canadian pension plans to

design, build, own and operate future infrastructure projects. The Liberal infrastructure platform referenced “alternative financing” – another pseudonym for privatization. The Liberals are clearly hoping that Canadian pension funds could become

members sit as trustees on pension plans across the country, including some of the largest funds. They can exercise influence on these boards. Pension funds already invest in government bonds and can continue to do so, which can be used to fund

CUPE members can fight these changes politically. We can and should challenge any level of government that seeks to sell existing public infrastructure to pension funds, or that tries to use pension funds to develop new private infrastructure.

privatizers of infrastructure.

Liberal provincial governments in Ontario and Quebec are moving on similar ideas.

CUPE strongly opposes this concept. Privately-owned and operated infrastructure will result in more expensive, lower quality, less accessible services for Canadians. We are strongly opposed to privatization, whether the private owner of the infrastructure is a profit-seeking corporation or a worker’s pension plan. In either case it is wrong; if future infrastructure improvement and development is to truly benefit all Canadians, it must be publicly owned and run.

There are different ways we can resist this push to privatization. CUPE

quality, public infrastructure.

CUPE members can also fight these changes politically. We can and should challenge any level of government that seeks to sell existing public infrastructure to pension funds, or that tries to use pension funds to develop new private infrastructure.

Learn more about strategies for fighting privatization by looking at the “Our Best Line of Defense” guide available on the CUPE website.

With a massive infrastructure deficit that needs to be balanced, the prospect of huge waves of privatizations with pension funds is very real and CUPE must be on the frontline of this fight.

■ **Mark Janson**