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DEVELOPMENTS IN PRIVATIZATION OF PUBLIC SERVICES

*A background paper prepared for the
Public Services International Workshop on
Trade Union Responses to New Forms of Privatization*

*March 14 –16, 2006
Ottawa, Canada*

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Setting the stage: Downloading, Cuts and Under-investment

While there are always attacks on public services by those who see them as profit centres, the last decade has also seen an increase in privatization by stealth. Neo-liberal policies such as reducing transfer payments to local governments while downloading responsibilities, and cutting funding for critical social services, are starving the public system just enough to give the impression that governments cannot afford to keep services public thus making privatization appear inevitable.

Governments and employers have neglected investment and maintenance of quality, sustainable social and physical infrastructure and services. In many cases they are ensuring that public sector workers will not continue to have the training and skills required to keep work in-house. It is in this context that the many interconnected forms of privatization discussed here have proliferated.

This document provides a sense of the range and scope of developments in privatization in Canadian public services and beyond, but is not exhaustive.

Accountability

Attention to lack of accountability within governments is being manipulated and misconstrued to justify a reduction in public spending on essential programs and services. Opponents of public services would like to “shrink government” while expanding the role of the private sector through outsourcing and downloading to private companies, or to voluntary and community groups without comprehensive plans and standards for services. This merits significant concern about accountability and transparency in public decision-making and spending.

¹ CUPE Research prepared this paper in consultation with NUPGE and PSAC.

Attrition

Many employers in the public sector would like to contract out work, but job security provisions in collective agreements prevent them from doing it. The aging “baby boom” generation is preparing to retire, and a gap expected in labour supply is expected to occur. Without strategic organizing, this turnover will result in a shift to greater outsourcing and privatization in many sectors. This has significant implications for union density, working conditions and the quality of public services.

Competitive Bidding

Governments are now issuing tenders for competitive bids on the procurement of services that have traditionally been provided by public sector or non-profit service providers. Private for-profit providers are most likely to have their low bids selected. They offer big box services to replace community-based ones, in all areas, from child care to waste collection. This usually does not bode well for workers or service users.

- In Ontario’s Community Care Access Centres (CCACs) that manage home care services, the introduction of competitive bidding has virtually pushed out the Victorian Order of Nurses, a non-profit group that has been servicing Ontario communities for decades along with many other community-based home care agencies.
- Reorganization with competitive bidding brought a 200% increase in the proportion of private services (from 25% to 48%). Now, when they are able to get care, clients of CCACs receive patchwork services with reduced attention and quality of care from a high turnover in providers.
- In community employment support services across Canada, competitive bidding is being introduced alongside major funding cuts.
- In home care in Ontario, competitive bidding resulted in rapid and large-scale privatization of the sector, and a fragmented, bottom-line focused approach.

Contracting Out / Outsourcing

Outsourcing is not new, but it is proliferating with experiments in new areas such as the management of social welfare programs and information technology in the health sector.

- In B.C., a 10-year, \$324-million contract with Maximus, the private U.S. firm it has hired to manage provincial health records have been plagued with

problems. The company has failed to meet service targets in its operation of the province's Medical Services Plan and its Pharmacare program.²

- Coincidental with outsourcing is the use of technology to downsize the workforce. In public services, where human relationships and personal judgement are often central to the job, this has a significant impact on quality of services.
- Companies like U.S.-based Accenture and Emergis, a Canadian company, are moving into managing electronic health records and workers' compensation in B.C. and Ontario. Public sector workers who currently spend time engaged in face-to-face case management, will be trouble shooting glitches as they stare at a computer screen all day administering impersonal social services.

Corporate Takeover of Communities

Smaller firms are less likely to be able to compete in the context of public private partnerships, contracting out and competitive bidding. The cost of bidding, lack of access to economies of scale, global equity and financial institutions, and their unwillingness to compromise on labour standards, are all barriers for local providers. This leads to the corporate takeover of community services, with potentially devastating effects on local economies and resulting in loss of local control.

De-listing and Private Health Insurance

In Canada, provincial health plans cover a list of health care products and services. De-listing means removing items or services from that list so that individuals have to find another way to pay.

- De-listing invites an expanded role for the private sector increasing the need for private insurance, and contributing to greater inequality of access based on ability to pay.
- Lengthy patent protection for pharmaceutical products limits options for production of affordable generic alternatives, encouraging employers and governments to de-list items from provincial or company formularies that allow for bulk purchasing.

² NUPGE, "The Maximus rivatization deal is a flop – cancel it "
<http://www.nupge.ca/news%5F2005/n21se05a.htm>

- Health Spending Accounts, or Medical Savings Accounts are among the options put forward by employers to meet increasing costs from de-listing drugs and services from government formularies and the increasing cost of drugs. These accounts are touted as a “tax effective” means of making people more responsible with their health spending, but really just shift costs onto workers and their families.

Deregulation

Deregulation is the process by which governments remove restrictions on business in order to encourage (in theory) the efficient operation of markets. In public services this means liberalization of services to encourage greater competition among private players, and less regulation to protect the public interest.

- The development of an integrated North American energy market is official U.S. policy. This will mean transforming Canada’s system that is based primarily on public utilities, into a competitive market based model where price determines access, privatization is encouraged and energy production and transmission systems are deregulated.³
- Governments around the world are deregulating their post offices at an alarming rate. To date, Canada's federal government has not privatized or deregulated its post office. Nevertheless, it has undermined the public nature of the post office over the last decade and a half. In order to make profits, Canada Post has focused on commercial objectives rather than public interest objectives leaving the corporation to make cuts and close post offices, outlets and plants.⁴
- Another manifestation of deregulation is a move to greater self-regulation by workers and their professional associations in social work and other areas. Greater self-regulation, with competitive bidding and individualized funding, opens the door to government divestiture of the responsibility to deliver social services.
- Public accountability for ensuring comprehensive programs and adequate funding will fade into the background as individual workers face crushing workloads, and funding shortages while bearing all responsibility for quality of services.

³ CCPA Monitor, February 2006, “Why Canada Needs a National Energy Plan”, Marjorie Griffin Cohen (<http://www.policyalternatives.ca/MonitorIssues/2006/02/MonitorIssue1287/index.cfm?pa=DDC3F905>)

⁴ Canadian Union of Postal Workers, February 2006, www.cupw-sttp.org

Divestiture

In the interest of the so-called “efficiencies” of smaller government, public spaces are increasingly being privatized through the sell-off of public assets.

- A proposal has been on the table for several months to sell off and lease back federal government buildings and real estate assets held by Public Works Canada.
- Crown corporations have also been divested in recent years including Petro Canada, an oil and gas company that was established as a crown corporation 1975. The federal government’s final stakes in the company were sold off in 2004.
- Threats regarding the sell-off of Canadian public parks and historical sites, to be managed by the private sector are also ever present.

Federal Infrastructure Funding

Like international financing agencies, agreements between federal and other governments in Canada increasingly require competitive bidding, contracting out, and other forms of privatization by communities in order to access federal support.

Individualized Funding

In this model, funding is provided directly to individuals who must purchase services based on the virtues of a so-called “person-centred planning approach” e.g., a person with a disability would hire his/her own attendant caregiver instead of being provided with care from a public agency. Individualized funding leads to erosion of services, greater privatization, a market-based model resulting in greater inequality with no guarantee of a network of services and downward pressure on wages in what are already low-wage sectors.

“Integrated Service Delivery” (ISD) / Amalgamation / Shared Services

Under the guise of local control, proposals for regionalization, amalgamation or ISD represent a privatization threat, usually in the health and social services sectors. The move to what is sometimes called “shared services” often involves the creation of quasi public sector bodies to oversee requests for bids, replacing elected boards with appointed ones and introducing contracting out and competitive bidding as part of rationalization of work.

- In B.C., ISD has been used to take support services in public schools out of the government's purview. Forced school board amalgamations, for instance, bring larger economies of scale that make contracting out more affordable and cost-effective.
- Recent legislation introduced in Ontario to create 'Local Health Integration Networks' (LHINs) will promote privatization. LHINs will be run by provincially appointed local bodies who will decide how primary health care, home care, long term care and social services such as mental health services will be delivered – either public or private, for-profit. LHINs are about service consolidation and elimination of services in the name of cost reduction. LHINS introduce a purchaser/provider split into the delivery of health care services for the first time in Canada and promote a competitive bidding model that includes for-profit providers.

International Finance, Development and Privatization

Infrastructure funding comes with strings attached. In the 1990s and into the early 2000s, development agencies and international institutions have vigorously promoted private sector involvement in infrastructure. World Bank and International Monetary Fund development funding for infrastructure continues to favour privatization of utilities for funding, despite public statements admitting that public private partnerships in infrastructure for developing countries has rarely paid off for anyone involved.⁵

International Trade and Investment Agreements

Trade rules create international pressure to deregulate and privatize, giving corporations the right to sue governments for actions that might restrict business operations. Corporations have already started to sue governments in order to gain access to domestic water sources. Trade deals limit public control in service areas such as child care services, health records, hospitals, pharmaceutical insurance, IT, and so on. The entry of profits into these service areas resulting from privatization means public initiatives to regulate in the public interest can trigger investor rights provisions contained in agreements. These provisions allow companies to sue governments through undemocratic international tribunals for loss of profits (real or imagined).

⁵ David Hall, Emanuele Lobina, and Robin de la Motte, "Public resistance to privatization in water and energy", *Development in Practice*, Volume 15, Numbers 3 & 4, June 2005. Routledge.

‘Citizen-Led’ Local Privatization

With growth in urban sprawl and gated communities within cities and suburbs comes a growth in a ‘citizen-led’ privatization of services traditionally delivered by municipalities. The resulting two-tier systems means deteriorating quality of public services, and a growing resistance among property owners to paying local taxes that will help improve and maintain essential services for all.

“Payment by Results”

Payment by results has recently been implemented in the U.K.’s National Health Service (NHS) wherein providers are paid for the volume and type of work that they do, instead of by block contracts with fixed payments.

The new payment system aims to reduce waiting lists and facilitate patient choice by allowing the money to follow the patient, but it also allows for competitive bidding that puts quality of care at risk.

A similar model is likely to be built into Ontario’s LHINs health care purchasing program, with local boards purchasing on a per service basis.

The U.K. audit commission published a report of early findings from the new scheme and found that payment by results creates significant financial risk for primary care trusts (PCTs) and risks bringing financial instability across the system as a whole.⁶

Legislation to Bust Unions

In 2002, Bill 29 *The Health and Social Services Delivery Improvement Act* shredded legally negotiated collective agreements in British Columbia, regardless of job protection language, clearing the way for the firing of 8,000 health care workers. Some of those workers were hired back by the successful private sector bidder with a 50% wage cut and loss of benefits, hours of work, and more. HEU, along with the B.C. Government and Service Employees’ Union (BCGEU/NUPGE) and the B.C. Nurses Union have been challenging the law in the courts ever since.⁷

⁶ October 2005, “Early Lessons from Payment by Results,” UK Audit Commission, <http://www.audit-commission.gov.uk/reports/NATIONAL-REPORT.asp?CategoryID=ENGLISH^574^SUBJECT^4700&ProdID=B502F0FC-E007-4925-AD24-529C4889AD02&SectionID=sect1#>

⁷ Hospital Employees’ Union/CUPE, “Supreme Court of Canada to hear unions’ challenge of B.C. law on Wednesday,” February 2006, http://www.heu.org/2006/NR_SupremeCourtFeb7.pdf

Private Company Owned by Municipality

EPCOR Utilities Inc. is a private, for-profit company governed by an independent board of directors, whose sole shareholder is a municipal government: the City of Edmonton, Alberta. This model has been called a “corporatized, public utility service model”.

- EPCOR is active in the energy and water and wastewater sectors in Alberta, Ontario, B.C. and the U.S. Pacific Northwest. The company builds, owns and operates power plants, electrical transmission and distribution networks, water and wastewater treatment facilities, and infrastructure. It has over \$4 billion in assets.⁸
- EPCOR is seeking to expand its operations into ‘drainage’. While the proposal is not strictly privatization, it does encompass many of the biggest disadvantages of a privatization model, including loss of direct control, oversight and accountability to the taxpayer.
- Similar proposals to expand the EPCOR role have been defeated by municipal councils because of the increased likelihood of privatization in the future. Also, there are concerns that commercial interests will take precedence over the community’s interests.⁹

Public Private Partnerships (P3s)¹⁰

Otherwise known as Alternative Service Delivery (ASD); Private Finance Initiative or PFI (U.K.); Comprehensive Development Agreements or CDAs (Texas, U.S.); among other names. P3s are a popular form of privatization in public services.

In typical P3s, a group of private companies including a financier and a developer form a consortium to bid on government projects. They are characterized by long-term deals with costly lease payments in exchange for upfront capital obtained by the private sector to finance, design, build and operate public facilities and associated services.

Public Policy Developments

- Provincial infrastructure funding for municipalities is conditional on trying P3s
- Some governments are pushing for a single unified market in Canada and North America

⁸ EPCOR Utilities Inc., ‘FastFacts’, <http://www.epcor.ca/About/WhoWeAre/FastFacts.htm>

⁹ Drainage to Epcor – control, service, performance: Down the Drain. A Presentation by CUPE Local 30. September 27th, 2005. CUPE Research – Alberta.

¹⁰ Based on notes from the Canadian Council on Public Private Partnerships, Toronto, November 2005.

- Governments are setting up independent, or “arm’s length” bodies that are publicly funded, to facilitate and promote P3s in their jurisdictions. They include Partnerships U.K., Partnerships Victoria (Australia), and in Canada Partnerships B.C., and a similar agency in Quebec. Other provinces are building their P3 promotion units right into infrastructure ministries.

Process Related Developments

- While some governments are looking for ways to increase accountability in the early stages of the P3 projects, others in the private sector are looking for ways to shorten the process by consolidating the Request for Proposals and Request for Qualifications processes. They are concerned about public unrest that can arise during these long waiting periods with complex negotiations and costs incurred by all parties.
- In some cases the RFP process is being circumvented altogether. Open-ended invitations for proposals have been issued to the private sector by some government agencies.
- Unsolicited proposals for huge multiplex recreation facilities are increasingly common. Communities need more access to recreation services, and private sector companies with plans for huge P3 multiplex facilities see an opening to make profits. But proposals from the private sector offer something very different from what communities set out to achieve, leaving municipalities with huge for-profit multiplex facilities, expensive long-term deals, little access and higher user fees for the community.

Developments in Financing

- Private investors are beginning to look only at projects valued at \$50 million or more because cost and bureaucracy make smaller projects less lucrative.
- Toll roads are gaining increasing popularity as low-risk investments for P3s with high returns.
- In the United States, P3 toll road groups can issue tax-exempt toll revenue bonds. As a result, there is a rise in the number of toll roads and the cost of the tolls.
- Monoline Insurance companies are a new player in P3s, not yet active or legal in Canada. MI is a form of insurance for private sector debt that allows P3 financiers to access AAA borrowing rates by issuing a bond for the P3 investment with a AAA rating.
- Pensions (workers’ deferred wages) are becoming a tool for private companies to use for infrastructure financing. Pension funds provide all the

benefits of low, public sector-style borrowing rates. According to a representative from P3 financier McQuarrie North America, Canadian pension funds are viewed by trans-national companies as among the most sophisticated investment lenders in the world¹¹. Meanwhile, as a result, some public sector workers' pension funds are being used to privatize public sector services and jobs.

Sectoral Developments

- New sectors for P3s include border crossings, trade corridors, ports and energy.
- In the energy sector, power purchase agreements are being treated as tradeable assets, gaining the attention of private sector investors.
- The government of Quebec is going ahead with plans for P3 water and wastewater facilities on the Island of Montreal, despite promises from the current government that water would be protected from privatization.
- P3s have been tried, resisted and cancelled in Canada thanks to well researched and diligent campaigns including in one district of the City of Montreal's public transportation system.
- The battle to oppose P3 hospitals is being lost in Ontario. A recent announcement shared the government's plans for dozens of new hospitals all to be developed through P3s. Official announcements have been made for 26 Ontario hospitals with a handful more under consideration.
- The two earliest P3 hospitals in Ontario and one in Abbotsford, B.C. are underway. The latter was planned to open in 2005, but has seen major delays and has already incurred millions in unforeseen legal costs just to set up the deal - \$24.5 million to be exact.

U.K. Private Finance Initiatives¹²

P3s in Canada and around the world are modeled on the U.K.'s private finance initiative (PFI) model that dominates in the health sector there.

- Recent reports have concluded that PFI schemes are a major factor contributing to the significant financial problems facing NHS trusts. The reports conclude that the PFI model is inflexible, and does not allow the government to realize its objectives of 'patient choice'.

¹¹ Speaking at the Canadian Council for Public Private Partnership Conference, Toronto, Ontario, November 28th, 2005

¹² With notes from Margie Jaffe, UNISON. January/February, 2006.

- PFI building schemes are costing billions more than original projections with hospital building costs increasing in some cases by up to 425% of original estimates. Meanwhile, the PFI consortia have continued to make exorbitant profits, at the expense of the public system.¹³

U.K. Local Improvement Finance Trusts¹⁴

A new form of P3 has emerged in the U.K.'s National Health Services (NHS) in the last four or five years. In Local Improvement Finance Trusts, or LIFTS, Primary Care Trusts (PCTs), local health care purchasing groups, join with a private sector partner to form a LIFT company (LIFTco) that builds, owns and maintains new buildings. First launched in 2001, there are now 51 LIFTcos in England involving more than half of PCTs and they are under consideration in Scotland, Wales and in Northern Ireland.

- LIFTS have similar problems as PFI with conflicts of interest, higher costs, prioritizing profits, impacts on staffing (contracting-out), inflexibility for governments, additional unnecessary bureaucracy and lack of value for money.
- Unlike PFI projects that are 100% owned by the private sector, LIFTS involve some public sector shareholding and a greater blend of the public and private sectors. A representative from the private sector sits on the NHS Strategic Partnering Board and an NHS representative sitting on the LIFT company (LIFTco) board.
- The LIFTco has exclusive rights over development of primary care facilities in its area and at the end of an agreement; hospitals remain owned by the LIFT company. Under PFI, hospitals revert to the public sector at the end of the lease.
- Under PFIs, calls for tender do not require the privatization of support services, but often result in contracting out. Tenders for LIFT projects now specifically include “ancillary” services such as cafeteria, cleaning and security, and have recently added clinical services such as nursing and physician services.
- In some communities, LIFTs are expanding to privatize social services, sports, leisure and recreation facilities and libraries.

¹³ With notes from Margie Jaffe, UNISON. January/February, 2006.

¹⁴ Aldred, Rachel, January 2006, “In the Interest of Profit, At the Expense of Patients: An Examination of the NHS Local Improvement Finance Trust (LIFT) Model, analyzing six key disadvantages.”, Researched and Written for UNISON.

Public Sector Accounting

Canada's system of public sector accounting has provided a strong incentive for private financing, sale-leaseback arrangements and other forms of privatization because public capital spending has traditionally not been amortized, while private corporations can amortize their capital spending (spreading the cost over the useful life of the project as it depreciates). Public sector accounting rules in Canada are finally changing in ways that should remove these incentives for privatization, but governments are taking some time to shift to this "full accrual system" for the whole public sector.

Public Pensions

Changes to federal public pension plan investment regulations and parallel growth of personal retirement savings plans are tools for downloading and privatizing security in retirement.

Privatization of investment by Canada's public pension plan (CPP) has led to less low-cost funds being available for government financing and more capital being poured into private markets. This, in turn, has created a strong private sector demand for the type of secure returns that P3 projects provide.

Restructuring & "Smart Regulation"

State restructuring also known as "creeping privatization" in public services includes a variety of privatization strategies including amalgamation of services, outsourcing and reorganization of work that leads to larger scale outsourcing. This often-surreptitious process is on the rise in non-traditional privatization sectors like social services, and jurisdictions such as the province of Manitoba.

One way that this occurs is through non-governmental agencies whose community boards begin to act more like for-profit companies.

Sometimes using the discourse of "social economy" in social service agencies, for instance, we are seeing an increasing reliance on volunteers in the non-profit sector.

- New governance and accountability models are being introduced and contract relationships based on "deliverables" are being developed between governments and non-profit agencies.
- Community organizations are less and less capable of fulfilling their role as advocates for service users, providing community support and promoting equality. Instead they are being forced to adopt a 'smart regulation model' with accountability only to funders instead of to the community.

Tax Policies and Allowances

Canada's new Conservative government came to power on a platform that promised tax credits and individual allowances as substitutes for public programs.

- Most significantly, this includes the promise of a "Child Care Allowance" (with no stipulations about where the money is spent) as justification for eliminating Canada's nascent national child care program.
- Conservative policies also include a federal tax credit to cover the cost of public transit passes, while reducing funds available to directly support public transit programs; and tax incentives for private sector builders instead of direct funding for affordable public housing.
- Tax cuts for corporative income and capital income make private ventures more profitable, while reducing revenues available for public services.

Wait Time Guarantees and Private Clinics

So that governments can guarantee that certain medical procedures will be done within specified time limits, patients will be allowed to access care in other jurisdictions or in for-profit clinics, paid for by the public system.

- In February 2006, legislation to this effect was passed by in the province of Quebec. Similar intentions were announced in Alberta and British Columbia. LHINs plans in Ontario (Bill 36) may also facilitate a greater role for private clinics.
- A company called Copeman Healthcare Inc. has recently announced plans to open private clinics in Ottawa, London and Toronto. Private clinics are costly and inefficient and take health care providers out of the public system. These clinics will charge patients \$1,200 out of pocket initially and \$2,300 per year for enhanced services. These clinics violate the Canada Health Act and its affirmation of equal access based on need and not ability to pay.¹⁵ Private clinics do not in fact reduce wait times, they simply reorganize the cue and siphon resources from the public sector, allowing those who can pay to get better, faster service. Evidence supports solutions that can be found within the public system.¹⁶

¹⁵ Ontario Health Coalition, Press Release, "Private Clinics Announced Today Violate Principles of Medicare," January 11th 2006.

¹⁶ Public Solutions to Health Care Waitlists
(<http://www.policyalternatives.ca/Reports/2005/12/HealthCareWaitlists/index.cfm?pa=BB736455>)

Water Privatization

Thirsty communities, corporate hunger for profits, neo-liberal trade policies and governments more committed to the free market than to environmental and human health, threaten privatization of public water by treating it as a commodity rather than a public good.

Bottled Water

- In Canada, many for-profit corporations exploit publicly treated water supplies, paid for by taxpayers and delivered by municipal governments, by filling up their bottles for resale.
- Around the world, bottled water companies are depleting community water sources. When clean water is scarce, municipalities or those individuals who can afford it purchase expensive bottled water.¹⁷

Water Diversion and Exports

The North American Free Trade Agreement (NAFTA) prohibits Canada from imposing limits on water takings and bulk water diversion.

- Sun Belt Water Inc, a California company, sued the government of Canada under NAFTA because British Columbia banned water exports several years ago. The company claims that B.C.'s law violates several NAFTA-based investor rights and therefore is claiming US\$10 billion in compensation for lost profits. The mere fact that this suit has not been summarily dismissed illustrates the far-reaching effects of NAFTA. A patchwork legislation from province to province makes Canada vulnerable to such claims.
- The magnificent Great Lakes are under threat of diversion from thirsty communities in neighbouring areas who would rather deplete the Lakes than invest in infrastructure. Long and complex negotiations around the Great Lakes Annex agreement, have left those concerned about protecting public water disappointed. The final stewardship agreement, signed in late 2005, continues to allow large withdrawals and the threat of an eventual trade challenge under NAFTA as water becomes available to corporate investors remains very real.¹⁸

¹⁷ Bottled Water: Pouring Resources Down The Drain <http://www.earth-policy.org/Updates/2006/Update51.htm>

¹⁸ Council of Canadians, "New Agreement Will Weaken Canadian Control and Protection of Great Lakes", http://www.canadians.org/display_document.htm?COC_token=23@@a4b42bd56c343de3fce29b95fa268ea3&id=1290&isdoc=1&catid=68

Water and Wastewater Facilities & Services

In Canada and around the world, corporations are seeking to profit from the delivery of drinking water to the public and from wastewater treatment.

- Many local governments are not fulfilling their duties as stewards of public water when they experiment with privatization through public private partnerships for community water services.
- Contracting-out of water treatment and delivery, part and parcel of P3s, puts water quality at risk, as workers with less training and experience are hired to do the work of public employees.
- The introduction of water meters in communities around the world, especially in poor areas, means access to this essential public service is at risk for those who can afford it the least. Metering has been proven to be costly and ineffective at reducing consumption, even though this is the justification for their installation.
- The first ever water P3 in Canada was recently brought back in-house in Hamilton, Ontario. The decision came after ten long years of problems including high costs, sewage spills, lack of accountability and concerns about public access to information about the deal.

Conclusion

Public sector workers and their unions have always been on the forefront of defending public services. As frontline workers we know first hand the value of those services to our communities. We also know the cost to our communities when public services are privatized. Quality of service declines, workers' wages and benefits are diminished as local economies lose good-paying jobs to low wage contract work, and quality of life in communities deteriorates.

Those who wish to privatize public services are relentless in their pursuit of profits and are ever determined to find new ways to achieve those goals. This paper has outlined a number of these new forms of privatization as background to the main tasks with which we are faced at this workshop: to share research and other information; to develop new and creative responses; to share successful strategies, campaigns and victories; and to develop new ways of cooperation and coordination among unions and community allies across international boundaries with a continuing objective to provide quality public services to build strong communities.