

Canadian Labour Congress

# **For the Public Good: The growing threat of privatization and workers' proposals to protect our future**









The Canadian Labour Congress (CLC) Task Force on New Forms of Privatization has released a new report, titled *For the Public Good: The growing threat of privatization and workers' proposals to protect our future*. Mandated by the CLC's 2017 Convention to monitor, analyze and report on new forms of privatization, the report summarizes the Task Force's findings.

Over the past three years, the Task Force examined the rise of new forms of privatization, including social impact bonds (SIBs) and new federal agencies that facilitate privatization, such as the federal government's Canada Infrastructure Bank (CIB), FinDev Canada and the Social Finance Fund, as well as the role of pension fund and other investor participation in privatized infrastructure. The report documents the harmful impacts of for-profit service delivery and private, for-profit ownership and operation of infrastructure while highlighting the value of strong, well-funded public services, programs and facilities. *For the Public Good* outlines a path forward, with recommendations that are particularly timely as governments start planning a recovery from the COVID-19 pandemic.

## A solid public foundation



### Public sector workers are doing such things as:

- Cleaning and sanitizing public facilities to help stop the spread of the virus;
- Providing safe drinking water;
- Collecting our waste;
- Operating public transit so essential workers can get to their jobs;
- Keeping shelters open for people experiencing homelessness;
- Inspecting our food and transport systems to keep them safe; and
- Supporting people with mental health issues, women and children fleeing domestic violence, workers needing emergency child care and students in public schools; etc.

As Canadians weather the COVID-19 pandemic, the importance of the public sector and public services has never been clearer. Public sector workers have kept the day-to-day foundation of our communities strong.

These workers are on the front lines of the pandemic in countless ways. Health care workers are caring for sick people, seniors, persons with

disabilities and other vulnerable people in long-term care facilities, hospitals and people's homes, and paramedics are providing emergency medical care.

While public health workers continue to provide us with the best advice on how to stay safe and public researchers are working to develop a vaccine, other public service workers moved at unimaginable speed to design and implement the Canada Emergency Response Benefit. These workers ensured that three million workers who were laid-off due to COVID-19 received immediate financial support so they could pay their bills and put food on the table.

Public sector workers have stepped up and delivered in the face of multiple challenges.

### **Consequences of privatization and cuts to public services**



The significance of public services has taken centre stage since the pandemic hit. The crisis has also exposed the damage done by years of government underfunding, budget cuts, deregulation and moves to privatize. Our critical public services and facilities are under growing pressure, including from corporations and from the financial sector's drive for profit

The ongoing tragedy in long-term care confirms what unions and care workers have been saying for decades – the sector is in crisis.

The shameful and heart-breaking state of long-term care is the result of decades of budget cuts and privatization that have placed downward pressure on costs, harming workers and residents. More than ever, it's clear there's no room for profit in long-term care and that it should be [made public and regulated under the Canada Health Act](#).

Deaths and illnesses at long-term care facilities run by Revera Inc., a wholly owned subsidiary of PSP Investments (PSPI), have renewed concerns about how our pensions are being invested, and unions are speaking out. The [Public Service Alliance of Canada has called for PSPI to divest from Revera](#) and for the government to immediately begin the process of bringing the centres under public management and control. The pandemic has also forced major investors including pension funds to rethink the risks of investing in privatized infrastructure, as airports, marine ports and toll roads see reduced traffic, which, in turn, affects profits. Infrastructure privatization can lead to higher user fees and utility bills for the public, which may be difficult to pay in the context of high unemployment and economic insecurity.

The pandemic has confirmed the importance of many other public systems and supports, including public health care and the urgent need for universal public pharmacare. Before the pandemic 3.7 million Canadians could not afford their medications. Now, millions of laid-off workers [have lost their workplace drug coverage](#).





## The fork in the road



Despite widespread and renewed appreciation and support for public services, the same players that already profit from tax cuts and privatization have renewed their attacks, calling for budget cuts and looking for new ways to profit from the provision of critical services.

The Government of Canada chose to award a \$5 million personal protective equipment (PPE) distribution contract to Amazon, in the face of reports detailing Amazon's horrendous working conditions, attempts to bust unions, use of tax havens and high-profile firing of whistleblowers. Rather than ensuring that our response and recovery creates public-sector jobs that are unionized and offer decent wages and working conditions, the government chose a route that will rely on thousands of low-paid, precarious jobs and privatize part of this essential supply chain.

Despite evidence outlining the [high cost of privatized financing schemes like public-private partnerships \(P3s\)](#) and the recent revelations surrounding the CIB's [executive kickbacks and lack of transparency and accountability](#), the federal government [continues to promote the CIB's role](#) in privatizing our economic recovery. The [call to abandon the CIB](#), by either transforming it into a truly public infrastructure bank or by returning to public sources of financing, could not be more relevant, as the federal government aims to ramp up infrastructure spending as part of a post-COVID-19 economic stimulus plan.

Some SIBs are already shifting project payout outcomes and timelines because of COVID-19, showing that investors' profits are all but guaranteed. The federal government must ensure the COVID-19 recovery supports public service users through high quality publicly-funded programs, rather than lining the pockets of SIB investors.

At the provincial level, some governments have already begun the [process of clawing back funding to service providers](#), including to non-profit organizations that deliver social programs and health care services. This raises concerns that these cuts may open the door to new privatization schemes like [SIBs](#).

If governments adopt deep and permanent cuts, and further privatize our public services, our economic recovery will stall, unemployment and poverty will rise, good public sector jobs will disappear, and the health, well-being and sustainability of our communities will suffer. The federal government must commit to fiscal expansion and set conditions on funding that protect our public sector, guarantee decent wages and working conditions, and enhance the quality and accessibility of public services and facilities. This includes publicly funding efforts to combat climate change and transition to a green economy and abandoning schemes that privatize international assistance.

A fairer tax system will be key to rebuilding and recovery, ending decades of tax policy that have stripped governments of billions of dollars in revenue that could fund vital public services and infrastructure. This means reversing the cuts made to the income tax rates of large corporations and the wealthy, closing tax loopholes and cracking down on tax avoidance. Fortunately, the pandemic has pulled the curtain back on the injustice of our tax system, and [public support for tax fairness has never been so high](#).



As we collectively respond to and recover from this crisis, we must acknowledge and address the fact that equity-seeking groups have been among the hardest hit by the pandemic. Low-wage workers who work on the [pandemic's front line are disproportionately racialized](#). [New immigrants, precarious and young workers have borne the brunt of layoffs](#). Indigenous communities are at higher risk because of the chronic pattern of underfunding of services and infrastructure, including housing and drinking water systems. We must also acknowledge that these are the same groups who have been disproportionately harmed by decades of cuts to public services and privatization and who have been struggling in precarious and low wage work prior to the COVID-19 pandemic.

The involvement of working people, their unions and our communities will be absolutely crucial to a just reopening and recovery. Human rights and reconciliation with Indigenous peoples must also be central to a collective response to this crisis.

## **Towards a strong public sector and a just society**



The COVID-19 pandemic and economic crisis have highlighted that a strong, equitable and accessible public sector is essential in responding to emergencies and will be absolutely critical in the months and years ahead as we strive for a prosperous, sustainable and just economic

recovery. The Task Force's recommendations on how to strengthen, enhance and expand public services and infrastructure provide immediate actions to address urgent threats to our public sector, while pointing to a long-term vision to build the public services, programs and facilities that ensure a sustainable and equitable society.

### **The report calls governments to, among other things:**

- Strengthen and expand public services and infrastructure;
- Expand public revenue;
- Expand and enhance public services;
- End the financialization of and the facilitation of privatization globally; and
- Expand public control over infrastructure development.

### **The task force report also recommends that unions:**

- Monitor, analyze, report on and provide education about the new forms of privatization;
- Amplify the Task Force recommendations to governments for publicly-controlled infrastructure, expanded and enhanced public services and an end to privatization of international aid; and
- Work to keep our pensions out of privatization.

Read the detailed recommendations on page 50 [here](#).







