

## **Who does it hurt?**

### **Loss to employees and to the community**

*User fees would mean that most single-parent families, most students, many young people and the working poor would just have to do without. Even if we can pay user fees, the quality of our services and the income we get from those jobs (provided we aren't blacklisted for being union workers) will decline... If they get their way and lead us down the P3 garden path, things will only get worse for working families.– Adrienne Smith, a municipal worker in Burnaby (Local 23)*

Employees are the most obvious and direct losers when public bodies privatize services and enter into P3 agreements. Workers with well-paid jobs and benefit packages find themselves either unemployed or paid much less by a private company.

Under the Campbell government legislation, they will also lose their union, since successorship, at least in the health sector, has been eliminated. A major firm seeking to provide custodial services in the health sector has even suggested it would blacklist former employees.

But employees are not the only losers in this situation. Communities lose when well-paid jobs disappear and are replaced by close to minimum wage jobs. People buy less in their communities. Communities, already hard hit by the threatened loss of schools and hospitals, will be hit again by the loss of jobs and incomes.

More money flows out of the community with the corporate profits flowing to places like France (Sodexo) and Portland (ServiceMaster).

### **Competition not the only issue**

In some cases, the problems are larger than a lack of competition. A municipality should think twice about who it does business with. The following quote is taken from the Globe and Mail, Nov. 13, 2000, page 1:

“A secret police study recommended that Ontario close its border to imported waste – whether they are hazardous or not – to curb the mob’s potential grip on the industry. The Criminal Intelligence Service of Ontario was so concerned that organized crime would deepen its inroads into the fast growing business that it called on Queen’s Park to set up a broad task force to investigate mob links to waste disposal...”

Organized crime isn't the only problem. In March 2002 U.S. Securities regulators announced they were suing six former executives of WMI for masterminding a “massive financial fraud” in which investors lost more than \$US 6 billion. The company’s long-term auditor, Arthur Andersen, familiar from their work with Enron, was also named for

entering into an agreement to cover up past fraud.<sup>7</sup>

Another example is Azurix, one of the companies short-listed for the Greater Vancouver Regional District's design/build/operate Seymour filtration project. Azurix was owned by Enron, the American company which crashed and burned so spectacularly taking with it billions of dollars in investors' money.

### **Negotiating a contract - No level playing field**

*The Community Charter suppresses democracy and give our local government carte blanche to behave like the most unaccountable corporate bully. It grants powers to the city council to enter into P3's without public consultation and that threatens not only the immediate livelihood of working people in Prince George, but also the future of the community as decisions will be made with a very short-term vision. - **Carlene Keddie, a city inside worker in Prince George (Local 1048)***

P3 negotiators will find themselves sitting across the table from some of the most sophisticated business people in the world. International organizations like Sodexo, ServiceMaster and Laidlaw have tens of thousands of employees and operate in many countries. They have the legal and technical services to make sure that any contract they negotiate works in their best interests.

Many public sector organizations in B.C. are not so large or sophisticated. For example, there are 70 municipalities with populations of less than 5,000. Health regions and school districts will also find themselves overmatched in any negotiations. The province's guide on P3s has acknowledged this problem.

The PPP guide says,

“Depending on the size of the local government, it may not have many of the areas of expertise required for a public private partnership. In such cases, it is important to secure trusted advisors from outside the organization.”

The guide identifies the following types of expertise: overall expertise in public private partnerships; process management; public finance, including cost recovery; private finance; taxation policy and regulations; accounting; contract law; engineering; architecture; facility operations; real estate appraisal; real estate development; asset evaluation; quantity surveying; communications and public involvement.

As well, the PPP guide calls for the following in-house expertise: negotiation skills, mediation, arbitration, contract law, project management, performance auditing and quality control, public process, private sector finance and risk management.

Even B.C.'s auditor general has warned that there are complications involved in dealing with P3s:

“Alternative service delivery methods such as contracting out and public/private partnerships also require managers to acquire new skills to deal with risks associated with these new arrangements – to ensure public policy goals are efficiently achieved.”<sup>8</sup>

With all these skills, it is unclear why we would hand control of service delivery to the private sector rather than doing it ourselves.

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