



Privatization: *Not As* Advertised

We all depend on public services every day, from *infrastructure* such as transit, water, electricity, roads, and sewers to *institutions* like hospitals, universities, schools, and libraries to *services* like long-term care, public health, child care, social housing, planning, emergency services, safety standards, and more.

Some governments and corporations call for the privatization of public services and infrastructure, suggesting that privatized services will cost less and be more efficient. CIPP has prepared a series of fact sheets to explain what privatization of public services means, why it is a bad idea, and what the alternatives are.

You can find additional information about each of the topics below in our series.



Privatized Services And Infrastructure Cost More

When public money goes to private companies to deliver public services and infrastructure, funds intended for the service or facility are siphoned off for profit. Private firms are in business to make money. Delivering services and infrastructure for governments is profitable because it essentially guarantees stable, long-term returns for shareholders. That profit comes from cutting corners and at the expense of service quantity or service quality.

It costs more for private companies to borrow money than it does for

any level of government. As a result, big infrastructure projects that include borrowing by private corporations cost more than they would if the government borrowed the money.

It's not true that the private sector always comes in on time and on budget. Auditors general in several provinces and in various countries have reported on the ways in which public-private partnerships cost more.



SERVICES

Privatized Services and Infrastructure Deliver Less

Some of the ways that private companies maximize profit in public services are to cut corners and to deliver less than is optimal or less than is required.

The Phoenix pay roll “system” is a recent and glaring example of poor work by a private contractor. Designed for the federal government by IBM, one of the world’s biggest IT companies, Phoenix cannot reliably process a pay raise or a leave of absence. Similarly, in 1997, Accenture designed a social welfare processing system for Ontario that could not account for changes to welfare payments.

Private companies may also increase their profit in public services by reducing service capacity, cutting back on maintenance, delivering a narrower service, or delivering service only to easy-to-serve recipients. They may take on only the revenue-generating part of the service—for example, the subways but not the buses in a transit system—reduce staffing, pay employees less, and skimp on safety for the public or for workers.

For instance, one waste company in Ontario employs garbage truck drivers but hires the workers for the back of the truck through a temporary labour agency, paying them significantly less. Residents in long-term care receive fewer hours of care in private, for-profit homes than in public and not-for-profit homes.

Meanwhile, the public and governments lose control, accountability, transparency, and expertise with privatization. The public also loses the ability to address broader social objectives, such as climate change and public health, through the design and delivery of public services.



Public Services and Infrastructure are Fundamental to Equality

Accessible, high-quality public services are fundamental to gender equality and equality for those facing discrimination because they are Indigenous or racialized, because they have disabilities or health limitations, because they are LGBTTQIS2, or because of their age.

Women and all people facing barriers in social and economic life rely on education, health care, social services, public transportation, libraries and other public services for equality of opportunity.

Women and their dependents make up the largest group of users of many public services,

such as child care, senior care, public transit, and social housing. Women most often have to take on care work when a public service is not available, such as care for children and those whose health is fragile.

Public services are an important source of employment for women. Women are the majority of employees in public services, especially in traditionally female sectors such as health care, education, social services, and administration. Women have achieved equal representation in leadership roles in public services in Canada, but not in private companies.



Privatization Has Many Guises

Under the guise of keeping money in your pocket, of ending duplication and waste, of greater efficiency and consumer choice, more and more public services and infrastructure will be delivered to the people of Ontario by for-profit companies.

Some forms of privatization, such as contracting out and selling off infrastructure or services, are well known. Other types of privatization have friendly sounding names like “public-private partnerships” or “social investment financing” that imply broader benefits.

Some privatization, such as the use of vouchers, is promoted as consumer choice but actually means people have to buy the service from private providers with some public funding. Some public services—for example, airports, Ontario Hydro and the new Ontario Health agency—have been devolved into quasi-public non-profit institutions, which have little public accountability and are vehicles for further privatization. All channel public funds into private profits and erode public control and accountability.



There Are Better Ways

Ontario's public services and infrastructure were built with public dollars. But the proportion of the provincial budget spent on infrastructure has been declining since the 1960s. Federal and provincial governments have reduced revenue and then reduced spending. The federal government used to borrow from the Canada Pension Plan to fund infrastructure.

In Ontario, some work, such as building roads and infrastructure, has almost always been done by private companies. But historically the public sector controlled and paid for the whole process. Our schools, universities, roads, hospitals, arenas, parks, and civic centres were built as wholly public services.

**Privatization is not necessary or inevitable.
There are alternatives.**



CIPP Fact Sheets On Privatization

This is the introduction to a series of fact sheets on privatization of public services by the Civic Institute of Professional Personnel (CIPP). Others in the series are:

Privatization: What is it?

Privatized public services cost more

Privatized public services deliver less

**Public services underpin equality;
privatization undermines equality**

There are alternatives

Suggestions for further reading will be available on the CIPP web site
<https://www.cipp.on.ca/en/campaigns>

