



**Vol. 3**

**No. 1**

**Report Card, January 15, 2004**

## **How Privatization destroys Pay Equity: the example of Health Care**

Marjorie Griffin Cohen

The B.C. government's actions, through legislation that promoted health care privatization (Bills 29 and 94), are destroying the pay equity gains that women doing support work in the health care sector have made over the past thirty years. The effect on wages and conditions of work has been stunning: wages in the areas that have been privatized have been cut almost in half and most benefits have been either eliminated or drastically reduced. The whole process of wage reduction has been facilitated by the unscrupulous activities of a male-oriented union, the Industrial, Wood and Allied Workers of Canada (IWA), who has taken advantage of the attempts by government to undermine the role of the union representing hospital workers, the Hospital Employees Union. Eighty-five percent of HEU's 46,000 members are women. It is also a union that represents a larger proportion of immigrant women, visible minority women, and older women than is present in B.C.'s working population

In the absence of pay equity legislation, as exists in most other Canadian provinces and territories, pay equity in B.C. has been achieved primarily through the efforts of unions and the requirement, through the NDP government of the 1990s, that pay equity in the public sector be addressed primarily through raising wages of low-wage workers.

These pay equity gains, however, are being reversed through privatization. In 2002 British Columbia's Liberal government passed legislation (Bill 29, The Health and Social Services Delivery Improvement Act) that unilaterally altered signed collective agreements between health care employers and unions and removed essential provisions related to job security protection and contracting out. Bill 94 (The Health Sector Partnerships Agreement Act), passed in 2003,

*This Report Card is the third volume in a series to be developed by Friends of Women & Children in BC, a group of feminist scholars from post-secondary institutions across the province. The series reviews how the legislative, policy, and funding decisions of the BC government affect women and children. These reports may be freely copied and distributed. Further information, including other reports in this series, is available at [www.wmst.ubc.ca](http://www.wmst.ubc.ca).*

strengthened the privatization process by prohibiting collective agreements with private contractors from limiting the ability to contract out.

The legislations' goals were very explicit: to provide new investment and business opportunities for private corporations in the health care sector and to reduce compensation for health care support workers. These changes cleared the way for government and its health authorities to privatize health care support work in hospitals and long-term care facilities and to lay off thousands of health care support workers across the province.

With strong legislation in effect, Health Authorities, primarily in the Lower Mainland, have initiated plans to privatize most or all of their housekeeping, security, laundry, and food services work. More than 5000 HEU members are being affected, most of them women many from immigrant and visible minority backgrounds. The largest out-sourcing contracts, for housekeeping and food services, are with the three largest multi-national service corporations in the world – Compass, Sedexho, and Aramark. None of these corporations are Canadian; all operate internationally with head offices in the U.S., Britain and France, and have various reputations for poor labour relations and/or union bashing.

Multinational companies bidding for health support service contracts are not required to hire HEU workers or recognize the union's successorship rights. To even further limit the possibility that HEU would organize these workers, the multinationals took the unprecedented step of approaching a number of other trade unions to offer them "voluntary recognition agreements." In "voluntary recognition agreements" the terms and conditions of employment are established by mutual agreement between the union and company **prior to hiring the workforce**. The overwhelming majority of the B.C. Federation of Labour affiliates recognized HEU's right to organize this work, and refused to co-operate with the outside contractors. There was, however, one notable exception, Local 1-3567 of the Industrial, Wood and Allied Workers of Canada (IWA).

Local 1-3567 of the IWA has signed "voluntary recognition agreements" with each of the three largest private service providers -- Sedexho, Compass and Aramark. Until this point, the IWA had been primarily a male union with no experience in the hospital sector. Its main role had been to represent workers in forest industries who are overwhelmingly male. The IWA's experience with women's issues, as one might expect, has been very limited.

The severe wage reductions contained in the Aramark /IWA contract are clearly unorthodox, if not exploitative, particularly for workers in a province with such high costs of living. A housekeeper will earn from \$10.25 an hour with no

*This Report Card is the third volume in a series to be developed by Friends of Women & Children in BC, a group of feminist scholars from post-secondary institutions across the province. The series reviews how the legislative, policy, and funding decisions of the BC government affect women and children. These reports may be freely copied and distributed. Further information, including other reports in this series, is available at [www.wmst.ubc.ca](http://www.wmst.ubc.ca).*

guarantee of fulltime work. If a worker manages to work 30 hours a week, her yearly earnings would be \$15,980. If she works 40 hours a week, she would earn about \$21,315.00. Wages for housekeepers (cleaners) have decreased by 44 per cent from what had been bargained under the HEU contract. This is 26 per cent less than the national average for this same work.

Under these new rates, B.C. will drop to the lowest pay scale in the country for every job category in hospital support work – and not by a few percentage points, but by substantial amounts (i.e. between 14 and 39 per cent less than anywhere else in Canada). Even relatively low wage provinces like Newfoundland, PEI, and New Brunswick pay considerably more an hour than the wages negotiated under the Compass/IWA contract. These wages are so low that they place the purchasing power of housekeepers, for example, at about what it was thirty-five years ago.

This represents a tremendous loss for women's work by any standards. It is even more disturbing when one compares the wages negotiated by the IWA under the Aramark contract to current wages for the same occupations under a standard IWA contract for male cleaners. Under the IWA Master Agreement (2000-2003) janitors are paid \$21.92 an hour, which is 2.1 times greater than the wage rate negotiated for hospital cleaners. In this context, the Aramark/IWA agreement is not only a setback for pay equity, it is also a complete rejection of the concept that women and men should be paid equally for the same work – an understanding that has been in place in Canada since the 1950s. Even as far back as the IWA Master Agreement of 1983-1986, wage rates for cleaners were not as low as what has been negotiated for the women working at VGH. In the mid-80s, almost twenty years ago, the IWA negotiated \$13.48 an hour for its janitors (male) – \$3. 23 an hour more than it is willing to negotiate for its cleaners (female) today

While the reduction of wages to about half of their existing levels is the most dramatic and obvious change under the IWA/Aramark contract, additional concessions to the employer radically change other aspects of compensation for health care support work. For example, pensions have been eliminated, vacations are reduced to those mandated by the Employment Standards Act, and there are no provisions for parental or maternity leave.

The government's actions that have set aside pay equity gains for women in traditionally low-wage categories provide a precedent that will have repercussions that go beyond health care workers. When public sector wages and conditions of work deteriorate significantly, as they are doing in this case, it sets the example for the private sector. If the government reduces women's wages, it is a signal to the private sector that they too can set aside arguments

*This Report Card is the third volume in a series to be developed by Friends of Women & Children in BC, a group of feminist scholars from post-secondary institutions across the province. The series reviews how the legislative, policy, and funding decisions of the BC government affect women and children. These reports may be freely copied and distributed. Further information, including other reports in this series, is available at [www.wmst.ubc.ca](http://www.wmst.ubc.ca).*

about the necessity for decent wages for women's work. Actions to roll back pay equity gains, actions that have begun in B.C. by the government, could spread and become endemic around the country.

B.C. has been condemned by a U.N. committee report looking at discrimination against women. It specifically noted the large poverty rates for single mothers, Aboriginal women and women of colour and the negative impact government cuts were having on women and girls. The privatization initiatives such as the ones in health care appear to deepen an already disturbing trend. Not only will women's wages in some sectors deteriorate relative to men, but they are also likely exacerbate an already large and growing gap between different of classes of women workers.

#### Selected Bibliography:

Marjorie Griffin Cohen, *Destroying Pay Equity : The effects of privatizing health care in British Columbia* (Vancouver: HEU, March 2003), [www.marjoriegriffincohen.com](http://www.marjoriegriffincohen.com)

Marjorie Griffin Cohen, *Do Comparisons Between Hospital Support Workers and Hospitality Workers Make Sense?* (Vancouver: HEU, 2001).

Marjorie Griffin Cohen and Marcy Cohen, "Privatization: A Strategy for Eliminating Pay Equity in Health Care," in *Rethinking Social Reproduction*, ed. by Kate Bezanson and Meg Luxton (McGill-Queen, forthcoming).

David Fairey, *An Inter-Provincial Comparison of Pay Equity Strategies and Results Involving Hospital Service & Support Workers*, revised ed. (Vancouver: Trade Union Research Bureau, Jan. 2003).

Sylvia Fuller, *The Case for Pay Equity* (Vancouver: Canadian Centre for Policy Alternatives, B.C., Dec. 2001).

Nitya Iyer, *Working Through the Wage Gap*, Report of the Task Force on Pay Equity (Victoria: BC Government, Feb. 28, 2002).

McIntyre & Mustel Research Ltd., *HEU Member Profile Survey* (Vancouver: McIntyre & Mustel, March 2002).

*This Report Card is the third volume in a series to be developed by Friends of Women & Children in BC, a group of feminist scholars from post-secondary institutions across the province. The series reviews how the legislative, policy, and funding decisions of the BC government affect women and children. These reports may be freely copied and distributed. Further information, including other reports in this series, is available at [www.wmst.ubc.ca](http://www.wmst.ubc.ca).*