# Destroying Pay Equity:

## The effects of privatizing health care in British Columbia

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## Executive Summary

Historically, women working in B.C.'s health care sector have experienced profound wage discrimination.

When the Hospital Employees' Union was founded in the mid-1940s, men and women doing the same work in the health care sector were paid substantially different wage rates. The subsequent struggle of front-line health care workers to redress those gender-based wage gaps has spanned several decades and, in the last 30 years, has proved remarkably successful. Pay equity gains in the health care sector have not only raised the wages of women workers, but just as importantly, have affirmed the value, skill and responsibility involved in the work they perform.

In the absence of pay equity legislation, as exists in most other Canadian provinces and territories, HEU members have played a significant leadership role in their efforts to bring about equal pay for work of equal value in B.C. Pay equity settlements achieved by this predominantly female workforce demonstrate an important recognition on the part of employers and arbitrators that work performed by women in the health care sector commands wages equal to comparable work performed by male health care workers, as well as other employees working directly for the provincial government.

But those pay equity gains, along with the long-held understanding that women and men performing the same work should be paid equally, are now in jeopardy. The passage of Bill 29 in January 2002 altered signed collective agreements between health care employers and unions, and cleared the way for private corporations to take over the management and delivery of health care support services in hospitals and long-term care facilities. This legislation has profound implications for health care support workers, the value of women's work, pay equity achievements, and the quality of work performed in B.C.'s health care facilities.

Currently, regional health authorities are preparing to lay off thousands of health care workers in communities throughout the province, enabling private companies to hire a new workforce at significantly reduced wages with few benefits and no job security. Although the contracting out process is still in its early stages, there are some recent indications of the extent to which privatization could impact health care support workers.

At Vancouver General Hospital, where Compass Group Ltd. has entered into a 'voluntary recognition agreement' with Local 1-3567 of the Industrial, Wood and Allied Workers of Canada (IWA), wages have been reduced to $9.50 an hour. This dramatic reduction in wages for "women's work" not only eliminates pay equity, but disregards an understanding that has been in place since the 1950s: women should be paid equally for performing the *same* work as men. In the IWA master agreement male cleaners earn $21.92 an hour – more than twice the wage female hospital cleaners will earn under the Compass/IWA contract.

Government and its health authorities justify their intention to cut back wages in this sector by characterizing B.C.'s health care workers as considerably more expensive than health care workers in other parts of Canada. While it is true that wage rates in B.C.'s health care sector are higher than in other provinces, it is important to recognize they are in line with B.C.'s higher general labour costs and higher costs of living. For example, a dietary aide in B.C. is paid 29 per cent more than her counterpart in Alberta, but B.C.'s housing costs are 34 per cent higher.

The precedent set by the Compass/IWA Agreement has implications that extend far beyond these health care workers workers. A pay rollback of the magnitude established in that agreement establishes a new low-wage standard that is likely to have negative repercussions for workers in both the private and public sectors in B.C. and across Canada. And because low-wage work tends to elicit high staff turnover, which in turn destablilizes the workforce, the quality of work performed in the health care sector is also likely to deteriorate. In this respect, privatizing health care support work in B.C. not only eradicates the advances women workers in this sector have made over the past thirty years, but jeopardizes patient health and safety.

## Introduction

On January 28, 2002 British Columbia's Liberal government passed legislation (Bill 29) that unilaterally altered signed collective agreements between health care employers and unions and removed essential provisions related to job security protection and contracting out. The legislation's 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 and lay off thousands of health care support workers across the province.

The overwhelming majority of these workers are women – many of whom are the primary wage earners for their families. A high proportion are older, visible minority or immigrant women. These women have benefited from HEU's efforts to win pay equity settlements that recognize the value of women's work as being equal to comparable work performed by men and other workers in the public sector. As this paper illustrates, government's actions to facilitate the privatization of health care support work not only undermines these equal pay wage gains, but will place many of these women workers and their families in precarious economic circumstances.

The reversal of pay equity gains in the health care sector also has serious implications for the economic security of all workers. Traditionally, the public sector has taken the lead in recognizing the value of women's work and providing women with fair compensation for their labour. As this paper will show, the Hospital Employees' Union (HEU), over the past 30 years, has led the country in achieving pay equity for women workers. Should this provincial government succeed in establishing a new low wage precedent for health care support workers, there are likely to be very negative repercussions for women working in similar public and private sector jobs throughout B.C. and across Canada.

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## Pay Equity

The under-valuation of women's work, particularly in areas where it closely resembles domestic work (i.e. the work that women do at home), is both well documented and acknowledged by governments. According to the B.C. Government's 2002 Pay Equity Task Force, "there is no dispute that substantial sex-based wage disparities (also referred to as gender pay gaps) exist in British Columbia and across Canada, or that they adversely affect women in a number of ways."[1]

The feminist revival of the 1970s made "equal pay for work of equal value" (or pay equity in current parlance) an important issue for very good reason. Most provinces in Canada had laws on the books from the 1950s stating employers had to pay women the same as men when they did the same work. However these laws had little effect on changing the entrenched practice of paying men higher wages than women. This was because employers tended to segregate work into male-specific and female-specific jobs, which allowed them to continue the practice of paying less for women's jobs.

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In contrast, pay equity initiatives and laws that were first initiated in the 1970s focused on the value of the work performed and demanded that if the value of the work performed by a woman is the same as the value of the work performed by a man, they should be paid equally. By evaluating work on the basis of the knowledge, skill, effort, responsibility and working conditions required to do a job, comparisons between different kinds of work can be made, making it possible to determine where wage inequalities exist.

The idea of pay equity, or "equal pay for work of equal value" is really nothing new. It was a feature of the Treaty of Versailles early in the 20th century, which became the basis for its inclusion in the Treaty of Rome and which established the European Union's approach to pay equity. The International Labour Organization (ILO) had a 1951 convention on pay equity signed by Canada. And in 1977 Canada included equal pay for work of equal value in the Canadian Human Rights Act. It is also the law in Quebec (1975), Ontario (1987), Manitoba (1985), New Brunswick (1989), Nova Scotia (1988), Saskatchewan (1997), and Yukon (1985).

While the term "pay equity" focuses on wage differentials between males and females doing comparable work, it can also include an ability to examine other areas where different treatment in compensation seriously disadvantages women. Women in public sector employment in particular have benefited by the inclusion of benefit packages in pay equity considerations (i.e. pensions, sick leave, medical and dental coverage, disability provisions, and vacation pay - that go beyond minimum employment standard regulations)[2].

## HEU and Pay Equity

Although pay equity is the law in most jurisdictions in Canada, it is not the law in B.C. In the absence of a specific law to protect women, individual trade unions in the public sector have taken on the responsibility to bargain for pay equity with government. The HEU, in particular, has a long history of working toward greater wage equality within the health care sector, and has used several different negotiating strategies over time to advance that goal.

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In the 1960s, the first steps toward pay equity were made when wage rates for similar jobs were standardized across the province and discriminatory 'male' and 'female' job classifications were eliminated.[3] Although these changes were important, they were not sufficient to end the bias against female dominated jobs. During the 1970s HEU pursued several different strategies in its efforts to achieve pay equity. Of particular significance was a Human Rights Complaint filed on behalf of radiology attendants at Vancouver General Hospital, which was ultimately upheld by the Human Rights Commission. At the time, one commissioner questioned the union as to why it had not negotiated equal wage rates in the first place.[4] This was an important point that indicated such action was not only logical, but one that the Human Rights officials expected the union to undertake.

Over the course of the next two decades HEU continued to make progress on the pay equity issue through such avenues as the bargaining process, human rights complaints, representations to government, and arbitration. Bargaining successes

included winning equal pay for specific classes of workers, (i.e. between female practical nurses and male general orderlies) as well as a specific monthly anti-discrimination adjustment for the more than 8,000 hospital workers earning less than the cleaner rate. Despite this, the struggle to bring hospital workers' pay into line with comparable work performed in the public sector, and to raise the value of work deemed 'women's work', was constant and rigorous. Even when issues were won, there was an ensuing struggle to ensure they were enforced.[5]

By the early 1990s it had become increasingly clear to HEU members that health care support work was devalued primarily because it was women's work, and that achieving pay equity for women would also improve wages and working conditions for all health care support workers – men as well as women. In 1992 a major breakthrough occurred when members decided pay equity could not be achieved without a major strike. HEU's primary demands were: a general neutral base rate for all workers to be established at the male entry level rate; across-the-board, rather than percentage wage increases; and an industry-wide pay adjustment for all hospital workers as a recognition that even men in the sector were underpaid because the work had been undervalued. Supplementary demands included on-site childcare, paid maternity leave, and a ban on wage reductions resulting from pay equity for any employee. That strike resulted in about 90 per cent of HEU's membership receiving pay equity increases on top of general wage increases. Although this did not establish full pay equity, it was a solid beginning that was gradually improved upon throughout the 1990s.

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Pay equity adjustments resulting from the strike were based on a Job Value Comparison Plan that showed the wage gap in specific job classifications. Table I is a sample of the kinds of differences that were found to exist in 1991: even after twenty years of concerted efforts to reduce the wage gap between men and women, differentials of between 10 per cent and 29 per cent remained.

## TABLE I: Gender Based Wage Differences, 1991 and 2001

(Wages in Female-Dominated Jobs as % of Value of Comparable Male Work)

| Job Classification | Gender Based Wage Differential | |
|---|---|---|
| | 1991 | 2001 |
| Housekeeping Aide | 16% | 3.7% |
| Nursing Assistant | 29% | 11% |
| Food Service Worker | 10% | 0.2% |
| Laundry Worker | 14% | 1.9% |
| Clerk II, Medical Records | 14% | 1.1% |

Since 1995 pay equity in B.C. has been mandated in the public sector through the Public Sector Employers' Council Pay Equity Policy Framework (1995). This policy requires all public sector employers to develop pay equity plans with each bargaining unit and employee representatives (for non-union employees) in the workplace. The important point is that it was HEU's responsibility to bargain for pay equity and only after very long and difficult negotiations did the union succeed in raising the rates of health care worker job classifications to rates that were similar to provincial government employees. And by 2001 the wage differentials for comparable male and female work in the health care sector had declined significantly. [See Table I]

**As other studies have shown, collective bargaining proved more effective in achieving pay equity gains than did the pay equity legislation that had been passed in other provinces.**

It is notable, as other studies have shown, that collective bargaining proved more effective in achieving pay equity gains than did the pay equity legislation that had been passed in other provinces.[6] A comparison with Ontario, for example, shows that pay equity adjustments in B.C. are greater in all categories, ranging from changes of 2.5 times greater for food service workers to ten times greater for nurse aides. And the over-all average improvement in pay equity in B.C. is almost five times greater than in Ontario.[7]

## HEU Members:

Hospital work is primarily women's work and HEU is primarily a women's 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.[8] [See Table II] These groups are recognized as being especially disadvantaged in the labour force and therefore most likely to benefit from pay equity initiatives. HEU's success in winning pay equity adjustments has enabled these workers to achieve reasonable incomes, job security, and benefits that they would not likely have achieved in comparable private sector work.

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## TABLE II: Ethnicity, Gender and Age

(Proportion of B.C. Population and HEU membership)

| Category | B.C. | HEU |
|---|---|---|
| Visible Minority | 19% | 27% |
| Immigrants* | 20% | 31% |
| Women | 50% | 85% |
| Average Age of Workers | 39 yrs. | 47 yrs. |

***This category designates people born outside Canada**
**Source: McIntyre & Mustel Research, HEU Member Profile Survey, March 2002.**

Job security is an important provision for older workers in general. For HEU members it has special significance because the average age of workers in B.C.'s hospitals and long-term care facilities is greater than the general working population. [See Table II] Fifty-seven per cent of HEU workers are 45 years old or older and two-thirds of them support dependent children and/or adults. A large proportion of these workers are in families where their partners' jobs and incomes are insecure, making their stable jobs at decent wages especially significant for the security of the entire family. Only 20 per cent of HEU members have a partner who works full-time

and has extended health benefits. Only 12 per cent report living with someone whose employment was "very secure." The availability of steady work at reasonable wages combined with benefits, including pension benefits, provides a stable workforce for the hospital sector. Two-thirds of HEU members are employed full-time and all workers tend to stay at their jobs for lengthy periods. Full time employees have held their jobs for an average of 11.6 years, while part-time employees have been in the same positions for an average of 6.1 years. These membership characteristics indicate that the B.C. government's decision to nullify the HEU contract will leave many women workers and their families in precarious economic circumstances. These workers, along with others who have lost their jobs through public sector cuts, will be forced to compete for non-union jobs at much lower wages with few or no benefits. This is occurring at a time when other costs are rising. Ironically, some of these higher costs are associated with increased user fees in health care.

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## Privatization Initiatives

Health care support work in B.C. has primarily been in the public sector and covered by collective agreements negotiated by the Hospital Employees' Union. As stated at the outset, government unilaterally changed collective agreements that had been negotiated between employers and workers in the health and social service sectors when it passed Bill 29 in January 2002.[9]

In effect, this legislation removed key rights and protections for about 100,000 health care workers during the life of the contracts. In particular, it eliminated HEU's claims to follow the work, should it be contracted out to a private employer. It also facilitated hospital closures and the privatization of support services within the health care sector by making it possible for employers to lay off employees with only sixty days notice, and to restructure the workplace with new employees, as well as new and inferior conditions of work.

With Bill 29 in effect, health authorities have initiated plans to privatize most or all of their housekeeping, security, laundry, and food services work. Should they

be successful, more than 4000 HEU members, most of them women, stand to lose their jobs. K-Bro Linen Systems, a U.S. company based in Alberta, has already taken over laundry services at Chilliwack and Abbotsford hospitals. And Compass Group, a multinational services company with operations in more than 80 countries, has won the contract to provide housekeeping services in non-patient areas at Vancouver Hospital. In addition, Compass has been contracted by two long-term care facilities – Beacon Hill, Victoria and Renfrew Place, Vancouver – to provide housekeeping, laundry, and dietary services.

According to the Vancouver Coastal Health Authority, the primary reason for contracting out health care support services is to save money on labour costs. It claims that health care support workers in B.C. are considerably more expensive than hospital workers in other provinces. As Tables III and IV show, while the wage rates in B.C. are higher, they are in line with B.C.'s higher general labour costs and higher costs of living. For example, while a hospital cleaner in B.C. is paid almost 9 per cent more than a hospital cleaner in Ontario, housing costs are more than 12 per cent higher in B.C. than in Ontario. [See Tables III & IV] Similarly, while a dietary aide in B.C. is paid 29 per cent more than her counterpart in Alberta, B.C. housing costs are 34% higher.

**While the wage rates for health care support workers are higher than otherprovinces, they are in line with B.C.'s higher general labour costs and higher costs of living.**

Although the stated reason for cutting wages is to save money, it is unlikely that actual savings will be realized in each health authority. This is because any "savings" arising from reduced wages will go to the private companies – primarily large multi-national corporations – and to lawyers, accountants, and managers responsible for overseeing these contracts for the health authorities.

## TABLE III:

### Wages, Minimum Wage and Housing Costs Comparisons 2001 – 2002

(B.C.'s percentage above other provinces)

| | Ontario | Alberta | Canada |
|---|---|---|---|
| Housing Costs | 12.6% | 33.5% | 26.3% |
| Median Wage (FT) | 3.8% | 11.8% | 9.1% |
| Median Wage (PT) | 15.4% | 35.6% | 10.5% |
| Minimum Wage | 16.8% | 35.6% | 24.6% |
| **Note: See Appendix I for detailed figures for dollar amounts and percentages for all provinces and sources for figures.** | | | |

## TABLE IV:

### Inter-provincial Wage Comparisons of Hospital Workers Wages, Jan. 2003

(B.C.'s percentage above other provinces)

| Job Category | Ontario | Alberta | Canada |
|---|---|---|---|
| Cleaner | 8.9% | 34.7% | 31.5% |
| Cook | 14.8% | 26.8% | 28.7% |
| Laundry Worker | 11.2% | 45.1% | 31.5% |
| Dietary Aide | 5.0% | 29.0% | 27.4% |
| Note: See Appendix II for detail and complete inter-provincial comparison in dollar amounts and percentage differences from B.C.'s rates, including wage rate sources. | | | |

In the new context of privatization pay equity is simply eliminated. There is nothing in Bill 29 that directs health care facilities to continue with pay equity – or other equal pay initiatives within the health sector – and there is no directive compelling private employers to maintain pay equity gains or to hire the people who have been performing this work for years.

## Compass/IWA Contract

On December 6, 2002, Local 1-3567 of the Industrial, Wood and Allied Workers of Canada (IWA) signed a collective agreement with Compass Group Canada Ltd. for non-clinical housekeeping work at Vancouver General Hospital (VGH). This agreement – which is known as a voluntary recognition agreement – was put in place three days prior to the workers' actual start date. Given this, workers hired by Compass had no opportunity to choose a union to represent them, or to have any say in the terms of the agreement itself. In addition, this contract established substandard wage rates for these women workers – rates that the IWA would not tolerate for its core, male membership. And although the number of workers included in the contract was small (23 part-time staff), it can be expanded to cover not only all HEU housekeeping, food services and security staff in the Vancouver Coastal Health Authority (more than 2000 people), but potentially all non-clinical nursing and para-medical staff as well.

**Under these new rates, B.C. will drop to the lowest pay scale in the country for every job category – and not by a few percentage points, but by substantial amounts.**

The severe wage reductions contained in the Compass/IWA contract are clearly unorthodox, if not exploitative, particularly for workers in a province with such high costs of living. For example, wages for housekeepers (cleaners) have decreased by 48 per cent from what had been bargained under the HEU contract, which is 32 per cent less than the national average for this same work. (see Appendix II) Under these new rates, B.C. will drop to the lowest pay scale in the country for every job category – and not by a few percentage points, but by substantial amounts (i.e. between 11 and 44 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. [See Appendix I] These wages are so low that they place the purchasing power of housekeepers, for example, at about what it was thirty-five

## TABLE V.

## Interprovincial Wage Comparison of Hospital and Long Term Care Workers' (Union Rates) and Compass Group (Non-Union) for Support Services, Jan 1, 2003

| | HEU Pay Code | Compass Group at Beacon Hill, Renfrew and Non-patient areas at VGH (Non-Union) | BC | Alberta | Sask | Manitoba | Ontario | Quebec | New Brunswick | Nova Scotia | PEI | Nfld | National Average (Union) Wage Rate 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cleaner | BMW1 | 9.50 | 18.32 | 13.60 | 13.22 | 12.74 | 16.82 | 14.29 | 12.73 | 11.92 | 13.40 | 12.28 | 13.93 |
| Cook | Cook 1 | 12.25 | 20.71 | 16.33 | 15.93 | 14.77 | 18.04 | 17.87 | 13.74 | 15.54 | 14.67 | 13.32 | 16.09 |
| Laundry Worker | LW1 | 9.50 | 18.10 | 12.47 | 13.30 | 12.70 | 16.27 | 13.88 | 12.73 | 12.47 | 13.40 | 12.28 | 13.76 |
| Dietary Aide | FSW1 | 9.50 | 17.54 | 13.60 | 13.04 | 12.74 | 16.71 | 14.29 | 12.73 | 11.13 | 13.57 | 12.28 | 13.76 |

***Top step rate used**
**More details in Appendix II**

years ago. It is estimated that 1968 was the last time a member of HEU earned the equivalent of what the IWA/Compass contract pays workers today.

**TABLE VI: Measuring the current value of past HEU housekeeping wages**

| | HEU housekeeping wage* | In 2002 dollars |
|---|---|---|
| 1954 | $ 0.83 | $ 5.88 |
| 1964 | $ 1.15 | $ 6.98 |
| 1968 | $ 1.76 | $ 9.35 |
| 1974 | $ 3.53 | $ 13.46 |
| 1984 | $ 9.48 | $ 15.59 |
| 1994 | $ 14.90 | $ 17.32 |
| **See Appendix III for more details.** | | |

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 Compass contract for these women workers 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 2.3 times greater than the wage rate negotiated for hospital cleaners. In this context, the Compass/IWA agreement is not only a setback for pay equity (Table 111). It is 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) – $3.98 an hour more than it is willing to negotiate for its cleaners (female) today. As Table VI shows, the wage rate negotiated with Compass is also substantially lower than current wages for these categories of work in B.C.'s hospitality sector.

Unfortunately, these substandard wages are not indicative of how low wages could actually sink under the Compass/IWA contract. In fact, workers may well see their wages fall below $9.50 an hour. That's because this collective agreement specifically

states that should the IWA anywhere, under any circumstances, negotiate a contract that has provisions that "are of lower cost or superior benefit to" another employer in B.C., these arrangements will immediately apply to the Compass contract as well. [Article 15, Section 6] It is hard to believe that any workers, under any circumstances, would agree to such a vague and dangerous future for their wages.

The Compass/IWA contract also raises other concerns indicating a serious backwards movement for the rights of women workers. As stated earlier, HEU made important advances in the 1960s that standardized wage rates throughout the province. Under this contract, standard wages can now be ignored at the employer's discretion. The employer is not only paying housekeepers different wage rates (Article 13, Section 1) but is specifically allowed, at its "sole discretion" to raise the wages for individual workers. Historically, this is the type of activity that has undermined women's wages, particularly in circumstances where the employer wants to reward certain workers or punish others, or when an employer simply has a 'preference' for some workers over others.

In addition, the Compass/IWA contract introduces the possibility of a union operated "hiring hall," a practice most commonly associated with temporary construction work, not hospital work. This "hiring hall" will allow the IWA to refer up to three candidates to Compass for a particular job. Compass requires that when possible the referred candidates have previous experience working for Compass. The criteria for hiring, which are to be supplied "in confidence" by Compass, are not open to scrutiny. In addition, the contract states that 'preference shall be given to candidates who are former or current members of a bargaining unit represented by the union." [Article 4, 1] This could be used to shut out former HEU members from employment in the newly privatized system.

## Other Contract Changes

While the reduction of wages to about half of their existing levels is the most dramatic and obvious change under the IWA/Compass contract, additional concessions to the employer radically change other aspects of compensation for health care support work. It eliminates many of the hard-won gains that are significant for all employees, but

## Table VII

**Private Industry Wage Comparisons: Service Occupations Pay Rate Comparison* - January 1, 2003**

| Union & Employer Name | Housekeeping Aide / Cleaner | Laundry Worker I | Food Service Worker I | Cook I | Security Worker |
|---|---|---|---|---|---|
| CEP Pulp & Paper Master | 21.92 | | | | 24.32 |
| IWA Master Agreement 2000-2003 | 21.92 | | | | |
| BCGEU - Coast Canadian In | 14.47 | 13.33 | 10.47 | 14.82 | |
| CAW Local 3000 – Pacific Palisades | 15.29 | 15.13 | | 17.56 | |
| CAW Local 4234 - Coast Inn & Ramada Hotel | 13.21 | 13.01 | 10.74 | 14.50 | |
| Local 40 - Hyatt Regency Vancouver | 15.02 | 15.02 | 10.97 | 17.52 | |
| Local 40 - Westin Bayshore Hotel | 15.42 | 15.47 | 11.09 | 17.39 | |
| Compass Group at Beacon Hill, Renfrew, and Non-patient cleaning at VGH ** | 9.25 to 11.00 | 9.25 to 11.00 | 9.25 to 11.00 | 12.25 to 13.25 | |

*** Top step rate used**

****non-union support work contracted to Compass Group**

are particularly significant for keeping women workers out of poverty, both when they are working and when they retire.

*Pensions:* The HEU contract provides for pensions for all full- and part-time regular employees. Employees and the employer both contribute to the plan. The Compass/IWA contract has no pension plan.

*Vacations:* The HEU contract provides twenty days vacation and after five years of service one day is added for each year of additional service. The Compass/IWA contract offers no more vacation than is mandated under the Employment Standards Act – two weeks after one year and three weeks after five years.

*Parental Leave:* HEU has provisions for 17 weeks of paid parental leave and up to forty-two weeks of unpaid parental leave. There are no provisions for parental or maternity leave under the IWA contract.

*Benefits:* Under the HEU contract all employees, regardless of hours worked, are eligible for benefits. Under the Compass/IWA contract, employees who work less than twenty hours a week on a regular basis are not eligible for benefits. The HEU contract provides for medical, dental, long-term disability, injury on duty pay, vision care, and Pharmacare. The premiums for these benefits are fully paid by the employer. The Compass/IWA contract does not offer long-term disability or injury-on-duty benefits. For benefits that are included, the employee pays a significant portion of the premiums.

*Sick Leave:* Under the HEU contract all regular full-time employees receive 1.5 sick leave days a month and can accumulate sick leave benefits up to 156 days. Sick time is pro-rated for part-time employees. Under the Compass/IWA contract employees receive two paid sick days every six months, but there is no ability to accumulate sick days beyond a six-month period.

*Scheduling:* Under the HEU contract employees must be given fourteen days notice of schedules. Scheduling preferences are based on seniority and position. If for some reason fourteen days notice is not given, overtime pay is required. The

Compass/IWA contract states that the employer "does not guarantee hours of work to any employee and reserves the right to schedule work, including overtime work."

*Posting:* Under the HEU contract all new jobs must be posted internally prior to any external hiring. Under the IWA/Compass contract there is no internal posting process.

Taken together, these changes in benefits and working conditions make work in hospitals and other health care facilities significantly more precarious than it was under the HEU contract. Workers cannot count on a specific number of hours of work a week and they cannot be sure of just when the work will take place. This is an intolerable work situation for women and men who have family obligations.

## Unfair Labour Practices:

The relationship between Compass and Local 1-3567 of the IWA, as established through this "voluntary recognition agreement," sets an alarming precedent for employer/union collusion in the organizing of B.C.'s health care workers. At VGH, the "collective agreement" between Compass and the IWA was in place before the employees had worked a single day. There is no evidence that employees knew about the existence of a collective agreement when they were hired or that they had any input into the contents of the agreement itself.[10]

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Traditionally, unionism in Canada is independent of employer or government influence. In stark contrast to those countries where "company unions" or employer-dominated unions are typical, Canadian workers have had the right to choose their own union. They have also had a say in setting the terms and conditions of their collective agreements. The very sweeping nature of the contract between Compass and Local 1-3567 of the IWA, however, will prevent other workers in the Vancouver Coastal Health Authority who are hired into newly privatized health care facilities from choosing their own trade union as well. This is because the IWA will be the

bargaining unit for any future contract that Compass receives, regardless of the workers' wishes. (Article 2,1). This means that health care workers, who are most likely to be women, will be bound to a union that has little experience with their work.

Within the current context of privatization there have been other initiatives by private contractors to set the terms for trade union representation. In the past year, multinational companies providing health care support services have approached a number of trade unions to offer them "voluntary recognition agreements."[11] The overwhelming majority of the federation affiliates have recognized HEU's right to this work, and have refused to co-operate with the outside contracts.

## Women and the IWA

The IWA is primarily a male union. Its primary purpose is to represent workers in forest industries who are overwhelmingly male. In this respect, the IWA's experiences with women's issues are very limited, although it is beginning to represent women in some areas. In B.C. it represents one clerical group at the B.C. Teacher's Federation, which recently voted to leave the IWA because of the IWA/Compass Agreement.

At the IWA's national convention in 2000 the existence of a Women's Committee was recognized for the first time by the constitution. Until 2002, when a woman became the first president of a local, Local 324 in Manitoba, no woman had ever been elected to a position that would entitle her to serve on the National Executive Board. While there was a resolution passed at the 2002 convention related to women, it was an organizational-type of resolution. There were none that dealt with substantive issues that are significant for women, such as pay equity or childcare.[12] The Women's Committee's objectives for 2000-01 were also related to IWA organizational goals:[13] what is conspicuously absent from these goals is any recognition of women's issues that should be included as bargaining issues.

## Implications for health care

It is well documented that employees generally are far more effective in their jobs when they are fairly compensated, enjoy reasonable job security and are treated with respect. In B.C.'s health sector, the availability of steady work at reasonable wages, combined with pension and other benefits, has built a stable workforce that contributes positively to the overall quality of care patients receive.

One of the strongest arguments against privatizing work in hospitals and long-term care facilities is the potential it has to adversely affect health care outcomes for B.C.'s population as a whole. This is largely due to new conditions of work that cannot help but compromise the quality of the work performed. Hospital cleaning is a good example. Because of the unique requirements and dangers inherent in a hospital setting, this type of cleaning requires a level of knowledge and skill that is acquired through years of on-the-job experience as well as special training.[14] This kind of training is not typically offered by the private sector, however, and a workforce that is destabilized by low wages and working conditions is unlikely to build specialized knowledge over time.

**One of the strongest arguments against privatizing work in hospitals and long-term care facilities is the potential it has to adversely affect health care outcomes for B.C.'s population as a whole.**

The extremely low wages being offered by the IWA/Compass contract are almost guaranteed to ensure that few employees remain in the job very long. Under this contract, a housekeeper will earn from $9.50 an hour with no guarantee of full-time work. If a worker manages to work 30 hours a week, her yearly earnings would be $14,820. If she works 40 hours a week, she would earn about $19,760. These are extraordinarily low wages for workers anywhere in the country, but they are particularly problematic in B.C., where living costs are high. Examinations elsewhere of the relationship between wage levels and turnover rates confirm what most people would suspect: very low-wage work has much higher turnover rates than does work that is well paid. In the health care sector this is especially true. In

California, for example, where the hourly average wage for nursing assistants is about $11.56 ($7.50 U.S.) an hour, the turnover rate is close to 80 per cent.[15] In Alberta the direct relationship between wage and turnover rates was established by the experience with community-based rehabilitation staff. For people who earned less than $10,000 a year, the turnover rate was about 200%. When workers earned between $15,000 to $20,000 the turnover rate decreased to 32%, but if they earned between $35,000 to $40,000 the turnover rate declined to 11%.[16]

**Examinations elsewhere of the relationship between wage levels and turnover rates confirm that very low-wage work has much higher turnover rates than does work that is well paid.**

The turnover rates in hospitals and long-term care facilities, coupled with fewer numbers of people employed and the unstable conditions of their work, will certainly have an impact on the quality of the work performed. In many other jurisdictions the experiences of privatizing health care support services has resulted in much lower standards of cleanliness. This was the case in Scotland where the Auditor General noted that under privatized conditions "hospital cleanliness was adversely affected by poor staff retention and problems recruiting staff."[17]

Adequate health care is as much an issue of cleanliness as it is of direct patient care. This is increasingly understood by hospital administrators, particularly as hospital-acquired infections increase.[18] With the proliferation of new drug-resistant infections, hospital cleanliness becomes more important because it is the only effective way to prevent the spread of infections. In Britain, serious problems have arisen with cleanliness in hospitals following the contracting out of publicly-run services to private contractors. The attempt to reduce costs through privatization resulted in reduced staff levels and an over-all deterioration in cleaning levels.[19] Similarly with food services, higher costs[20] and poorer nutrition[21] have been attributed to the contracting-out of food service production.

The Vancouver Coastal Health Authority Bulletin announcing the privatization initiatives states that the new initiatives will not only mean doing things differently, but that 'it will also mean improvements in quality to our health care

consumers and improvements in the working environment for our clinical staff." These claims are highly unlikely, given the experiences with worsening conditions that have accompanied privatization of hospital services elsewhere.

## Conclusions:

The privatization experiment in B.C. hospitals jeopardizes patient health and safety, as well as the advances women have made over the past thirty years. Achieving pay equity in the health care sector not only raised the wages of these women workers, but affirmed the value, skill and responsibility involved in the work they performed. It also reflected a recognition on the part of employers, through a series of negotiated agreements, and arbitrators that this work commanded wages equal to comparable work performed by both males in the hospital sector and other employees working directly for the provincial government.

**This process is a direct attack on the pay equity initiatives won earlier, and it is one where government is complicit in the downward spiral of women's working conditions.**

The wholesale replacement of HEU's support workers is a direct result of government initiatives to remove the protections HEU had gained through the collective bargaining process. The private corporations who will now do the work will pay wages that are about one-half the wages reached through collective bargaining and will provide almost none of the benefits (such as a pension or even guaranteed hours of work) that are essential for women to maintain economic security. Clearly, this process is a direct attack on the pay equity initiatives won earlier, and it is one where government is complicit in the downward spiral of women's working conditions. Claims that the women who do health care support work receive excessive wages are subjective and unproven. As this paper shows, these wages can only be considered excessive if they are compared to discriminatory wages; they are not excessive when compared to the wages paid to men for similar work or to the wages of other workers in the public sector.[22]

People in Canada understand that in B.C. things are often done differently. The main difference now will be that B.C. will be at the very bottom of the scale when it comes to compensation for women's work in the health care sector. The pay equity gains won by HEU for women were remarkable, but fair. It appears that this very success has attracted the government's ire and has encouraged them not simply to reduce wages, but to reduce them to a point where they are the very lowest for this category of work in the country.

The government's actions that have set aside pay equity gains for women in traditionally low-wage categories is 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 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.

**Appendix I**

## An Inter-Provincial Comparison of Wages, Minimum Wage, and Housing Cost

| | Original Data | | | | BC's Percentage Above Other Province | | | |
|---|---|---|---|---|---|---|---|---|
| Province | Median Wage FT | Median Wage PT | Minimum Wage | Housing Cost (a) | Median Wage FT | Median Wage PT | Minimum Wage | Housing Cost (a) |
| BC | $18.17 | $10.50 | $8.00 | $1,538 | 0.0% | 0.0% | 0.0% | 0.0% |
| Alberta | $16.25 | $9.25 | $5.90 | $1,152 | 11.8% | 13.5% | 35.6% | 33.5% |
| Saskatchewan (b) | $15.00 | $8.05 | $6.35 | $980 | 21.1% | 30.4% | 26.0% | 56.9% |
| Manitoba | $14.50 | $8.53 | $6.50 | $1,022 | 25.3% | 23.1% | 23.1% | 50.5% |
| Ontario | $17.50 | $9.10 | $6.85 | $1,366 | 3.8% | 15.4% | 16.8% | 12.6% |
| Quebec | $15.71 | $10.00 | $7.00 | $995 | 15.7% | 5.0% | 14.3% | 54.6% |
| New Brunswick (c) | $13.27 | $7.25 | $6.00 | $891 | 36.9% | 44.8% | 33.3% | 72.6% |
| Nova Scotia (c) | $13.73 | $7.69 | $5.80 | $891 | 32.3% | 36.5% | 37.9% | 72.6% |
| PEI (c) | $12.26 | $8.00 | $6.00 | $891 | 48.2% | 31.3% | 33.3% | 72.6% |
| Newfoundland (c) | $13.39 | $6.75 | $5.75 | $891 | 35.7% | 55.6% | 39.1% | 72.6% |
| Canada | $16.65 | $9.50 | $6.42 | $1,218 | 9.1% | 10.5% | 24.6% | 26.3% |

**Notes:**
**"Median Wage" for full-time (FT) and part-time (PT) workers reflect the median wage of all workers (both sexes) over age 15 in all industrial sectors.**
**(a) Housing costs are monthly**
**(b) Saskatchewan figures are an estimate based on the report's bar charts.**
**(c) Atlantic housing costs are aggregated. One figure corresponds with all Atlantic provinces.**

**Sources:**
**1. Wages data from the Labour Force Historical Review 2001(R) CD-ROM, Statistics Canada, Ref: 71F0004XCB.**
**2. Minimum wages are from CCH Canadian Ltd. Canadian Labour Law Reports. Effective July, 2002.**
**3. Housing cost data is from Leiato, Carlos. Housing Affordability Index. RBC Financial Group - Economics Department, June 2002.**

**Appendix II**

# Interprovincial Comparison of Support Workers' Wage Rates, Jan 1, 2003, and Compass Group/IWA,

Non-Patient areas at VGH (with Province as the dominator)

| | | IWA/Compass Group at Non-patient areas at VGH | BC | Alberta | Sask | Manitoba | Ontario | Quebec | New Brunswick | Nova Scotia | PEI | Nfld | National Average Wage Rate 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cleaner | Hourly Rate | 9.50 | 18.32 | 13.60 | 13.22 | 12.74 | 16.82 | 14.29 | 12.73 | 11.92 | 13.40 | 12.28 | 13.93 |
| | % Difference with BC | | 48.1% | 30.1% | 28.1% | 25.4% | 43.5% | 33.5% | 25.4% | 20.3% | 29.1% | 22.6% | 31.8% |
| Cook | Hourly Rate | 12.25 | 20.71 | 16.33 | 15.93 | 14.77 | 18.04 | 17.87 | 13.74 | 15.54 | 14.67 | 13.32 | 16.09 |
| | % Difference with BC | | 40.8% | 25.0% | 23.1% | 17.1% | 32.1% | 31.4% | 10.8% | 21.2% | 16.5% | 8.0% | 23.9% |
| Laundry Worker | Hourly Rate | 9.50 | 18.10 | 12.47 | 13.30 | 12.70 | 16.27 | 13.88 | 12.73 | 12.47 | 13.40 | 12.28 | 13.76 |
| | % Difference with BC | | 47.5% | 23.8% | 28.6% | 25.2% | 41.6% | 31.6% | 25.4% | 23.8% | 29.1% | 22.6% | 31.0% |
| Dietary Aide | Hourly Rate | 9.50 | 17.54 | 13.60 | 13.04 | 12.74 | 16.71 | 14.29 | 12.73 | 11.13 | 13.57 | 12.28 | 13.76 |
| | % Difference with BC | | 45.8% | 30.1% | 27.1% | 25.4% | 43.1% | 33.5% | 25.4% | 14.6% | 30.0% | 22.6% | 31.0% |

Note: Wage rates as of Jan, 2003

Compass Group Compared to Provincial Rates Jan 1, 2003 Province as dominator/2/23/2003

**APPENDIX III**

Measuring the current value of past HEU housekeeping wages:

| | | HEU hskpg wage* | today's value of wage | HEU kitchen wage | today's value of kitchen |
|---|---|---|---|---|---|
| **1954** | **16.8** | **$ 0.83** | **$ 5.88** | **$ 0.95** | **$ 6.73** |
| **1960** | **18.5** | **$ 0.98** | **$ 6.30** | **$ 1.04** | **$ 6.69** |
| **1964** | **19.6** | **$ 1.15** | **$ 6.98** | **$ 1.27** | **$ 7.71** |
| **1968** | **22.4** | **$ 1.76** | **$ 9.35** | **$ 1.89** | **$10.04** |
| **1972** | **26.1** | | **$ -** | | **$ -** |
| **1976** | **37.1** | **$ 4.92** | **$ 15.73** | | **$ -** |
| **1980** | **52.4** | **$ 7.37** | **$ 16.68** | | **$ -** |
| **1984** | **72.1** | **$ 9.48** | **$ 15.59** | | **$ -** |
| **1988** | **84.8** | **$ 10.93** | **$ 15.29** | | **$ -** |
| **1992** | **100** | **$ 13.78** | **$ 16.34** | **$13.78** | **$16.34** |
| **1996** | **105.9** | **$ 15.93** | **$ 17.84** | | **$ -** |
| **2000** | **113.5** | **$ 16.80** | **$ 17.55** | | **$ -** |
| **2002** | **118.6** | **$ 17.77** | | | |

***118.6 is used as the CPI reference for years 1971-2002 because theCPI #s used are local (Vancouver)**

****119 is used as the CPI 2002 reference for calculating 1954-1970 as the CPI #s used are national (CDN)**

Note: **in 1974 the hours of work decreased to 37.5 hours/week from 40 hours/week**

Note: i**n 1993, the hours of work decreased to 36 hours per week**

Note**: prior to 1964 a "housekeeper" was called a "maid" and is now classified as a BMW1**

*Note: **the starting first year rate was selected for the wage rates**

## Notes

[1] Nitya Iyer, *Working Through the Wage Gap*, Report of the Task Force on Pay Equity, February 28, 2002., p. i.

[2] Ernest B. Akyeampong, "Unionization and Fringe Benefits," *Perspectives on Labour and Income*, Augumn 2002.

[3] Information for the historical information comes from David B. Fairey, "HEU's Wage Equity Bargaining History," unpublished paper and Patricia G. Webb, *The Heart of Health Care: The First 50 Years* (Vancouver: Hospital Employees' Union, 1994).

[4] Webb, p. 67.

[5] For a chronology of the struggle to achieve HEU demands see Affidavits of Christopher Alnutt and Jack Gerow in The Supreme Court of British Columbia in reference to Plaintiffs: The Health Services and Support-Facilities Subsector Bargaining Association, The Health Serices and Suport-Community Health Bargaining Association, The Nurses' Bargaining Association, The Hospital Employees' Union, The British Columbia Government and Service Employees' Union, The British Columbia Nurses' Union, Josephine Chauhan, Janine Brooker, Amaljeet Jhand, Leona Fraser, Marguerite Amy McCrea, Sally Lorrain Stevenson and Sharleen G.V. Decilla; and Defendant: Her Majesty the Queen in Right of the Province of British Columbia.

[6] The implementation of pay equity legislation in Ontario, for example, experienced some serious obstacles that prevented it from achieving its full potential. For a discussion of this see Jane Stinston, "Ontario Pay Equity Results for CUPE Services Workers in Ontario Hospitals: A Study of Uneven Benefits," unpublished paper, Carleton University. For a comparison between the effectiveness of Ontario and B.C. approaches see David B. 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.)

[7] Fairey, op. cit.

[8] Information for this section comes from McIntyre & Mustel Research Ltd., *HEU Member Profile Survey* (Vancouver: McIntyre & Mustel, March 2002).

[9] The most significant changes are in Bill 29, "The Health and Social Service Delivery Improvement Act," January 28, 2002.

[10] Letter from David Tarasoff, Granville & Pender Labour Law Office, to the Labour Relations Board, January 22, 2003.

[11] Trade unions who have been approached to enter into a 'voluntary recognition agreement' in the hospital sector include BCGEU, UFCW Local 1518, Hotel and Restaurant Employees' Local 40, United Steelworkers, CAW, SEIU, and RWU. None of these trade unions agreed to do this.

[12] The resolution that passed was that that each "Local Union should designate or elect a woman to act as a liaison between the National Women's Committee and their Local Union."

[13] These goals included the following: Get more women involved; develop a National Network of Women in the IWA; provide education about the union to enable women to expand their roles to participate more fully in their locals; promote women Instructors; improve communications, including providing a regular column on women's issues in The Lumberworker and distribution of committee minutes to each local; provide organizing courses for women and ensure that there is a component of the organizing course that speaks to the needs of women in the workplace and in the union.

The IWA website address is *http://www.iwa.ca/hubpage.htm*

[14] For details on the skills, effort, responsibilities and working conditions of hospital support work see Marjorie Griffin Cohen, *Do Comparisons Between Hospital Support Workers and Hospitality Workers Make Sense?* (Vancouver: HEU, 2001).

[15] California Advocates for Nursing Home Reform, *The Advocate: Staffing in California Nursing Homes: A Crisis in Care*, 2001. http://www.canhr.org/publications.

[16] Sonpal-Valia, Nilima, "Staff Turnover in Rehabilitation Services in Alberta for 2001," *Rehabilitation Review* 13 (5), pg. 1.

[17] Auditor General of Scotland, "A clean bill of health? A review o domestic services in Scottish hospitals." Audit Scotland, www.audit-scotland.gov.uk. The Auditor General found that the average staff turnover was higher among external contractors (40%) compared with in-house staff (23%).

[18] Janice Murphy, *Literature Review on Relationship between Cleaning and Hospital Acquired Infections* (Vancouver: HEU, 2002).

[19] Dancer, S.J. "Mopping up hospital infection," *Journal of Hospital Infection* 43: 85-100, p. 86.

[20] For information on an integrated approach to hospital food services see, *The Public Assistance – Paris Hospital Experience (France): Situation, outlooks and lessons learned.* 11995 Poincare Street, Suite 19 Montreal, Que., H3L 3L6, May 1997. Aos, Lauzon, L. P., & Poirier, M. *Socio-economic analysis: Streamlining food services in the Quebec hospital system.* Accounting Department, University of Montreal, April 199.

[21] Singleton, J. W. "Urban Shared Services Corporation: Implementation of shared food services". *Manitoba Provincial Auditor's Value-For-Money Audits.* June 2000: 1-37.

[22] Allnut, op.cit.