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FAST FACTS

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From Prisons to Parking: The Story of G4S

Last week it was reported that the Winnipeg Parking Authority has contracted with a company called G4S to hand out parking tickets to meter violators. This tiny portion of the total city budget is worth bothering with because it is illustrative of some serious flaws in the contracting ideology.

Two issues to be considered in relation to contracting out of services traditionally performed by city staff are **why** and **with whom**. In relation to the first question, many governments which rushed to contract out public services as part of a more general program of privatization are having second thoughts. For example, the UK government has recently rescinded the compulsory contracting legislation of its predecessor. It has halted, and pledged to reverse, contracting out of cleaning, laundry and food services in hospitals because of the alarming rise in infections. Closer to home, Toronto has just taken back its garbage collection from private contractors, Port Moody its recycling and solid waste disposal, and Hamilton its water system maintenance because these jurisdictions found it more cost-effective to deliver these in-house, as well as easier to control quality. A recent study of 100 so-called P3's (a way to contract out financing of public capital projects) found huge cost overruns, failures to meet

deadlines, lengthy legal battles, contractors walking away from half finished projects, and outright fraud. Several Canadian jurisdictions, earlier embracing P3's, are now backing away from them; most recently Saskatchewan. Generally speaking the evidence is piling up that the claims of greater efficiencies and better quality are not justified.

So why would the City of Winnipeg persist in its present course of contracting out? Why deny the evidence? The reason seems to be that Mayor Katz and his inner circle, have heard the mantras of "privatization is good", "government is the problem and the market is the solution" so repeatedly deafeningly, that it simply has become a self-evident truth. The mantra continues to be chanted in the Chamber of Commerce and surfaces in such C of C inspired documents as the *Report of the Economic Opportunities Commission*, which recommended yet more contracting out for the City, claiming cost savings based on nothing more than faith. In the case of parking meter surveillance, for many years the contract had been awarded to the non-profit Canadian Corps of Commissionaires. This was terminated sometime this year, apparently because of some compliance issues. This would have been a golden opportunity to ask if it would be more cost-effective to **contract in** the service to City hired staff. How



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many workers would be needed to perform the service in-house? What would a union wage and benefits for these workers cost? How might that compare with the contract awarded to G4S costing \$2.03m? I don't know the answer to these questions. **The point is they were never asked. It is simply taken for granted that contracting out is the way to go.**

In regard to the second issue, G4S is a UK-based multinational claiming nearly 500,000 employees worldwide. In 1994, the Home Office contracted out construction, maintenance, and daily running of several prisons to G4S. Among other difficulties, there were almost daily episodes of inmates hopping over the walls. Later there were several incidents of cash-carrying vans operated by G4S going missing. A locked facility to detain asylum seekers experienced a disastrous fire in 2002. G4S claims that it has learned some lessons since, but the saga has continued. A series of thefts of computers in Nashville and the more astonishing theft of transit buses in Miami Dade County in 2008 has been attributed to lax security provided by G4S. There have been instances of fraud, mostly involving billing for shifts which never occurred, but also other corner cutting practices, as evidenced by complaints about poor food and diet, health care and sanitation, in addition to alleged punitive and undignified treatment of the residents in locked facilities.

Contracting out has usually resulted in much reduced remuneration for workers even when there has been no cost saving to taxpayers - and G4S appears to be yet another case in point. In 2005 representatives of G4S workers from four continents staged a massive protest at the G4S annual general meeting, accusing it of driving down wages and conditions and denying workers basic rights in the countries in which it operates. G4S had vigorously opposed attempts at unionization of many of its workplaces, and was currently at that time embroiled in dozens of claims of

violations of US labour laws. Enforced month-to-month contracts which denied workers access to benefits was said to be commonplace. Regardless of geography and regardless of the presence or absence of a union (organizing efforts have been successful in some G4S workplaces), G4S has experienced, and continues to experience, an unusually high incidence of labour-management strife.

Right from the start of the contracting out craze, critics were questioning the logic behind it. Now that the theory has been empirically tested and found wanting in so many cases, it is difficult to see how the contract between the WPA and G4S will deliver a less costly and better quality service than if delivered by WPA staff. It is, of course, possible. The point is, we will never know, because the questions that need to be asked are so rarely asked at the current Winnipeg City Hall. When they are asked, the questioners are faced with attacks upon their intelligence and their credentials.

We all still hope that if G4S is found wanting, or when the contract expires, whichever comes first, any evaluation would include the possibility of the alternative of contracting in - as should be the case with all such contracts. In the meantime, when I see the new parking police in their "customer friendly" uniforms, handing out tickets one minute and being "ambassadors" for the City the next, I will find it difficult not to think of a good portion of the UK prison population enjoying the delights of the English countryside from the other side of the wall. If you get a ticket, check it twice.

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