

HOW AND WHY PRIVATIZATION IS STILL WIDELY USED AS A POLICY TOOL IN CANADA: A
QUALITATIVE STUDY

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How and why privatization is still widely used as a policy tool in Canada: A qualitative study

Doctor of Philosophy, 2015

Christopher R.G. Redmond, Policy Studies Ph.D. Program, Ryerson University

Abstract

This study explores the policy process surrounding the decision to privatize and its effects on government, the public, labour, and the business community in Canada. Four case studies are looked at in two different sectors (waste collection and public transit) and two municipalities (the Greater Toronto Area (GTA) and the Greater Vancouver Regional District (GVRD)). The results were analyzed through a network/class theoretical framework using open-ended coding. Two main questions were asked: (1) Does privatization create winners and losers? and (2) How and why is privatization still used widely as a policy tool if there now exists a large body of evidence that suggests that it is a poor policy option? The study resulted in a number of findings related to both questions. In particular a number of important and telling variables emerged from the data. For the first question, it became clear that privatization did in fact produce winners and losers. More specifically, it became clear that there were clear winners and clear losers in the privatization equation. For these particular cases it was clear that the government, the public, and organized labour lost, while only the business community won. For the second question, the results showed that a number of factors influence the decision-making process surrounding privatization, and often times these factors are anything but empirical or evidence-based. The results showed that factors like ideology, political reasons, and

network relationships played a key role in influencing policy, while factors like evidence, increased efficiency, and increased productivity were lacking or ignored. Overall, this study represents a contribution to the field of policy studies and the study of privatization. First, this"" dissertation represents a contribution to the small but growing body of critical approach literature that seeks to understand the effects of privatization. Second, it helps build the case for the network/class approach to be included as one of the more insightful approaches to understanding the policy process. Finally, it sheds new light on the policy and decision-making processes that surround privatization, which, for the most part, have been unclear, understudied, and secretive.

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1 CHAPTER 1 – INTRODUCTION: Situating Privatization in the Age of Austerity

Public services are an important part of any democratic regime. Dating back to the early stages of the industrial revolution in the nineteenth century, public services, like post offices, hospitals, and police stations were established as a way to nation build (see Van de Walle and Scott, 2009), and more importantly, to improve the day-to-day conditions for citizens. Public services have endured as a key part of the state apparatus right up until the present day, with public services growing and evolving to a point where they have come to help produce exchange, mobility, standardization, and equity amongst citizens in Western democracies. In other words, citizens have come to depend on public services in order to obtain certain standards of living. Moreover, public services serve as a direct line to government for citizens. And with governance continuing to move away from accountability and transparency, they are one of the last bastions of the state where citizens can interact with their government and provide direct feedback to the state. In Canada, high quality public services have characterized the country's welfare state approach since the post-war period. In fact, universal health care has come to form a major piece of Canadian cultural identity since it was first introduced in 1961. In recent times, public services have been threatened by the changing economic times. In particular, with governments looking to cut costs and balance budgets, they have turned to privatization as a way to offload public services to the private sector. In principle, there is nothing inherently wrong with the idea of government offloading some services to the private sector. However, in practice, mounting evidence shows that privatization in Canada has not saved governments at all levels any major costs, and more importantly, levels of service and quality of services have dropped dramatically.

The goal of my research is to shed light on how and why policy decisions are made regarding the privatization of public services in order to help ensure that the proper policy decisions are being made. This study of the policy process surrounding the decision to privatize in four distinct case studies from the waste collection and public transit in the Greater Toronto Area (GTA) and the Greater Vancouver Regional District (GVRD) involved key informants from each case study. In particular, the study sought to unpack the different network interests and relationships that were in play in each of the case studies and how they impacted the final decision to pursue privatization. Using a comparative approach of all four case studies allowed for differences and similarities between the cases to emerge and helped to identify which factors were most important in decisions regarding privatization. And perhaps most importantly, the comparative approach allowed for generalizations to be made.

1.1 The roots of privatization

At the root of privatization lies the concepts of neoliberalism and austerity. Neoliberalism is an economic paradigm that emerged in the mid-1970s and gained global prominence in the early 1980s. At its most basic, neoliberalism can be thought of as “political economic practices that propose that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” (Harvery, 2007, p. 2). In other words, it is an economic model that strives to eliminate state intervention and replace it with a system that is determined by the free market. The state’s only role is to ensure that the institutional framework is in place in order to allow for the market to govern freely and uninhibited (Harvey, 2007). Steger and Roy (2010) argue that neoliberalism can be distilled further by conceptualizing it as “three intertwined manifestations: (1) an ideology; (2) a mode of governance; (3) a policy package” (p.

11). Most important to this work is neoliberalism's manifestation as a policy package, in which it is expressed in a more concrete and tangible way. Paramount to this policy package is deregulation and liberalization, which is often expressed in austerity policy measures. Austerity is predicated on classical neoliberal ideas of efficiency, cost-cutting, profitability, and market dominance (Pierson, 2001; Harvey, 2005; Elmhirst, 2010). As a result, austerity reveals itself in policies aimed at limiting government intervention, reducing government expenditures and commitments, and balancing government budgets.

The current privatization movement first gained prominence among policymakers during Margaret Thatcher's "right approach" era (Parker, 2009). The "right approach" era emerged in 1976 when Thatcher's Conservative Party published the Right Approach policy statement, a sort of policy manifesto which laid out the aims of the British Conservative Party in contrast to the Labour party, the sitting government at the time. This marked a turn in the Conservative Party's thinking during its time as the opposition party. In particular, the "right approach" era was most concerned with bringing the economy into balance, and decreasing public expenditures was at the fore of government aims (Conservative Party, 1976). In other words, the "right approach" era was a call for fiscal austerity. Privatization emerged as a critical policy tool as a result of this large-scale turn towards austerity that occurred in the wake of the macro-crisis of the 1970s (Parker, 2009). It continued to gain prominence as neoliberalism emerged as the new orthodoxy on a global scale. The process of privatization is intrinsically linked with austerity, and its history over the past 40 years is one marked by waves of favour amongst ruling policymakers. As economies stalled during the economic cycle, austerity – and its subsidiaries like privatization – have been used as solutions to the overarching economic crises that have arisen.

Historically, austerity has largely been aimed at reducing spending through the cutting of social programs and services offered by government. Extensive austerity programs undertaken during the 1980s have helped to reduce Keynesian states around the world as government programs and services have been severely cut back (Huber and Stephens, 1999; Pierson, 2001). With this in mind, it is easy to understand why privatization quickly developed as a primary policy option in the neoliberal toolkit.

1.2 What is privatization?

At its most basic, privatization can be understood as a transfer of assets from the public to the private sphere (Hanke, 1985; Dunleavy, 1986; Hanke, 1987; Savas, 1987; Henig et al., 1988; Ramanadham, 1988; Smith and Stone, 1988; Butler, 1991). Yet, this simplistic understanding of privatization does not capture the important nuances of the process or its often far-reaching consequences. It is important to elucidate further on how the process of privatization is understood and perceived and what it specifically entails. The mainstream understanding of privatization is conceptually framed by economic and fiscal orthodoxy, and it is explained as a transformation of a public service or asset into a commodity (Schott, 2002). Paramount to this transformation is the subjection of the public service or asset to the innovative, productive, and competitive forces of the free market (Posner, 1984; Shackleton, 1984; Kay and Thompson, 1986; Stanbury, 1989). At the core of privatization is the idea that the regulation the market imposes on economic activity is better than any regulation devised by government, and will therefore result in better performing services and assets (Pirie, 1985).

Privatization can be described as having a number of fundamental goals and objectives. Typically, privatization is understood to encompass the policy objectives of efficiency, cost

cutting, profitability, innovation, and economic growth (Jansson, 2000). It can also be said that privatization has more far-reaching aims, such as improving economic performance, solving questions of management and control, raising revenue for government initiatives, disciplining the power of unions, and promoting neoliberal/global capitalism (Kay and Thompson, 1986). Beyond these more broad and abstract objectives, the process of privatization also includes a number of more pragmatic and practical applications. In particular, because the mainstream understanding of privatization is steeped in a positivist epistemology¹, it is understood as a rational process that is able to identify and fix problems of government ineffectiveness and inefficiency (Vernon, 1987; Collyer, 2003). This has led privatization to enjoy a preferred status as a policy tool among policymakers, economists, and the general public (Megginson and Netter, 2000).

In terms of how it is used as a policy tool, privatization can manifest itself in many different forms (Savas, 1987; Pirie, 1988). Because it is a multi-level process that at times involves sub-national, national and supra-national levels of governance, the possibilities are vast. Some of these different forms include fixed price shares, tendering, franchising, subscriptions, contracting-out, outsourcing, open bidding contracts, and management/workforce buyout. As well, privatization can manifest itself in much more broad and all-encompassing ways, such as widespread liberalization, denationalization, de-listing, amalgamation, and international treaties and agreements (Stinson et al., 2005; PSI, 2006; Hermann et al., 2007; Flecker and Hermann, 2007; CUPE, 2007a; Hermann & Verhoest, 2007; Antony et al., 2007). The latest configuration

¹ Epistemology refers to the relationship between “the knower or would-be knower and what can be known” (Lincoln and Guba 1994, p. 108). Positivist epistemology refers to an approach to research that privileges observable evidence (i.e. statistical evidence) over all else. In the case of privatization, this means that evidence based on economic data (and not necessarily correct economic data) is used to evaluate the policy of privatization, while social and political factors are given little importance.

of privatization has begun to take the form of public-private partnerships (P3s), which are best described as a hybrid setup that combines the resources of government and private capital (Skelcher, 2006). The supposed benefit of this setup is that it helps amass the funds needed for large-scale projects while sharing risks and facilitating co-production (Skelcher, 2006; CCPPP, 2012).

1.3 Restructured neoliberalism and austerity

As the most recent economic crisis hit in late 2008, many scholars and economists were quick to declare that we were witnessing the end of capitalism as we knew it. For some, this meant governments once again taking active roles in controlling and governing global economic markets. They pointed to the increased role that states played in regulating the global economy after the crisis and the partial re-nationalization of banking sectors in places like the United Kingdom as proof that the free enterprise system of capitalism was ending (Faiola, 2008). In other words, a new variant of capitalism that, for all intents and purposes, would resemble Keynesian economics from the first half of the twentieth century would replace the neoliberal variant of capitalism, which had begun to emerge in the early 1970s. For others, the crisis was evidence of a larger structural issue at the core of the capitalist system. Immanuel Wallerstein (2009) has been one of the biggest supporters of this view. Drawing on the work of Nikolai Kondratiev (1925), Wallerstein points out that the world capitalist economy is currently in Kondratieff's B Phase², which is the financial capitalism phase or speculation through debt mechanisms of various kinds. Wallerstein argues that we are at the end of the B Phase, meaning a major recession is to follow. This is typical of the capitalist system, as it has experienced

² For a more complete explanation of the Kondratieff Phases see Marchetti, 1988.

periods of major crises in the late 1800s, the 1930s, and most recently in the early 1970s.

Wallerstein argues that the current situation is different, and that we are actually witnessing a “terminal crisis of capitalism.” At this point, it is impossible to continue to make profits from financial speculation, as all of the emerging industries and sectors have been exploited, including the information and telecommunications sector and the biomedical sectors.

As Wallerstein (2009) argues, there are standard modes of getting out of recession, including creating a new, productive leading industry, for instance, and monopolizing it, getting high profits, protecting it very well, and so forth: “You do a little bit of redistribution so that there are markets for these things. But the modes of getting out of it aren’t working this time because it’s too hard. So, we’ve gotten out of it before, but it’s not going to be so easy this time.”

Instead, as Wallerstein (2009) explains, the coming together of the three elements -- the magnitude of the "normal" crash, the real rise in costs of production, and the extra pressure on the system of Chinese (and Asian) growth -- means that, “Humpty Dumpty has fallen off the wall, and the pieces can no longer be put together again.” The system is very, very far from equilibrium, According to Wallerstein the fluctuations are enormous. As a consequence, the short-term predictions have become impossible to make, and this tends to freeze consumption decisions. He continues: “This is what one calls structural crisis ... From here on in, we are living amidst the bifurcation of the systemic process. The question is no longer, ‘how will the capitalist system mend itself, and renew its forward thrust?’ The question is what will replace this system? What order will be chosen out of this chaos?”

Despite this interpretation from a leading scholar, it is now more than seven years on, and the recent global financial crisis has not brought about the end of capitalism or a breaking down of social structures and institutions as suggested by Wallerstein. Nor has it ushered in a new era of

Keynesianism and brought an end to the neoliberal project that has gripped the political, social, and economic institutions within the international community for more than 30 years.

However, the financial crisis has arguably caused a restructuring of neoliberalism (McNally, 2010; Webber, 2010). And while the changes brought about have not been fundamental in nature (the notions of neoclassical economics like open markets, limited government and liberalized trade still underpin neoliberalism), a reconstituted neoliberalism has nonetheless emerged – one that promotes cross-class cooperation and limited social concessions (Webber, 2010). In other words, in order to protect material interests and ideational goals (Clarke, 2005), neoliberalism has been restructured in a way that allows for certain programs and services to be administered by the state, which helps minimize or mitigate some of the harmful outcomes caused by neoliberalism and the recent global economic crisis. This is something that would not have occurred under the old incarnation of neoliberalism, as ideological assumptions were seen as much more important than they are now (Clarke, 2005).

This restructuring is most evident in the massive stimulus packages and bailouts and their subsequent exit strategies that most developed and developing countries around the world have implemented since the beginning of the global financial crisis in mid-2008. The stimulus packages were aimed at reflation economic growth through a combination of tax incentives, infrastructure investment and social spending. But the provisions of the stimulus packages have failed to address unemployment, only superficially addressing the political and economic impact of the financial crisis, and governments have now implemented exit strategies from stimulus. The primary goal of most of the stimulus packages has been a return to economic growth and prosperity. Social benefits and concessions, meanwhile, have been secondary and conditional.

Yet, the stimulus packages have been tempered by a ‘spend now and tighten the purse strings later’ rhetoric. In fact, exit strategies appear to be more important than the packages themselves since austerity measures stemming from the exit strategies look to be in place for a prolonged period of time (in some cases for a decade or more). The call for a return to fiscal austerity has been couched in arguments surrounding classic neoliberal ideas of limited government intervention, market dominance, and a balanced government budget. The recovery process, growing public debt, and social spending have been conflated, and the underlying structural causes of the financial and debt crises have been hidden.

Thus, with states across the globe once again embracing austerity measures to address issues of debt and return to balanced budgets, governments have had to target different areas for cutbacks. The most obvious target has been public sector jobs. This has been evident in countries like Ireland, Greece, Spain, the UK and the United States, where austerity programs have targeted the public sector and resulted in wage cuts, pension plan freezes and large-scale job losses. Compounding this is a growing discourse among politicians, media, and the general public that public sector unions are the biggest obstacles to reigning in government deficits. Recently, *The Economist* went as far as labeling public sector unions as “fattening leviathans” and explicitly promoted an anti-public sector discourse (The Economist, 2011, p. 22).

In Canada, where the effects of the financial crisis have been far less severe, an anti-public sector discourse has gained traction among the general public. Jackson (2010) argues that this has been bolstered by “acute deficit phobia”, a phenomenon constructed by politicians, academics, and the media that spurs on austerity measures. Much like what occurred during the early 1990s when Canada first drastically cut social spending, a doomsday-type discourse has been constructed that imagines Canada in crisis if government debt is not brought under control

immediately. This has brought to the fore of public discourse issues like public service employment, salaries and benefits, each of which were once typically bureaucratic concerns. As a result, the public sector has been subject to budget cuts. Yet, making cuts to the public sector is not as simple as it may seem. For one, any cuts made in public sector employment results in a decrease in the operating capacity of the public service to provide high quality programs and services. Secondly, a majority of public sector employees are protected from dismissal by a public sector union. In fact, estimates for 2009 place union density of public employees in Canada at 71.3 percent (Statistics Canada, 2011). That is not to suggest that unionism in the public sector in Canada protects against job loss after the economic crisis hit in 2008. In fact, the public sector was hit harder by job loss than the private sector in the immediate aftermath of the crisis (Stanford and Macdonald, 2009). That said, it does act as an institutional hurdle for austerity measures in the public sector.

Thus, the government is in need of a policy strategy that circumvents both the power of the public sector unions and the decrease in the quality of programs and services connected to cuts in public sector employment. This strategy has a number of proposed tactics, including public sector job reduction, changes in working conditions (such as expansion or contraction), reduction of public services, reduction in social benefits, increases in taxes, and wide-scale privatization. Of these potential solutions, privatization is one of the options currently gaining the most traction among policymakers.

1.4 Privatization in the post-2008 age of austerity

Privatization has a long history as a policy tool, dating back to the late 1970s, and it has enjoyed waves of favour among policymakers over the past 30-plus years. The first wave came

in the late 1970s, led by the Margaret Thatcher government in the United Kingdom, whose aim was to deal with the problems associated with the macro-crisis of the 1970s – namely, balancing the government books (Harris and Vickers, 1985; Moon et al., 1986; Parker, 2009). This first wave began with the privatizing of oil monopolies beginning in 1979 and culminated with the massive privatization of British Telecom in 1984 (Parker, 2009). The second wave emerged in the mid-1980s, as governments of other developed nations, including Canada, the United States, Britain, Japan and other Western states, turned to privatization to raise funds and deal with growing debt (Naoye, 1994; Henig, 1989; Megginson et al., 2001). It was during this wave that neoliberalism was refined and solidified as the dominant political and economic ideology. This set the stage for future privatization measures aimed at reducing the role of government and closing and controlling budget deficits (Tingle, 1988). The third wave, which was arguably the high point of privatization's popularity as a policy tool, came in the 1990s. This wave saw privatization span across nations around the world – both developed and developing. To put it into perspective, 120 countries engaged in privatization from 1990 to 2003 and raised nearly \$410 billion in proceeds (Kikeri and Kolo, 2005). In developing countries, the majority of privatization projects were focused on infrastructure like telecommunications (Wallsten, 2001), water (Harris, 2003), and energy (Bacon and Besant-Jones, 2001). In developed countries, privatization projects began to move towards the sub-national and local levels with public services being targeted since most of the larger infrastructure and federally-based sectors were already privatized (Smith and Swain, 2001; WSTB, 2002; Boardman and Vining, 2012).

In Canada, privatization has had its biggest impacts in two separate eras: the Mulroney years (1984-1992), when major government assets like Canadair, the Canada Development Corporation, Fishery Products International, CN, Air Canada, and Petro-Canada were sold off,

and the Chretien years (1993-2003), when the Liberal party redefined the role of government. Through significant reduction in federal transfers to provinces, and the implementation of revised financial legislation³, the Chretien years were particularly friendly towards the private sector (in some cases, provincial and municipal governments were *forced* to pursue policies of privatization). More specifically, the reduced federal transfers put provinces with large budgets, like Ontario, British Columbia, Alberta, and Quebec, in a position where they were forced to download costs to the municipal level of government through the process of decentralization.⁴ Most provinces during the early to mid-1990s pursued aggressive neoliberal policies, which included “curbing real wages, razing social programs, and selling off assets, while adhering tightly to a kind of market fundamentalism” (Fanelli and Paulson, 2010, p. 4).

Now, restructured neoliberalism and a return to austerity have helped to further transform the process of privatization and potentially usher in a new wave of privatization. Decreases in federal budgeting have resulted in costs and responsibilities being further downloaded onto local levels of government across Canada. This has once again left local governments in a position where investing in infrastructure, extending or improving benefits, and even continuing to provide adequate social services is difficult. Municipal governments have once again been put in a position where they are forced to find areas where money can be saved in order to reduce expenditures, balance budgets, and hit austerity targets. The solution so far has been to scale back public services even further and privatize when possible.

However, because of decentralization, prior austerity measures, and earlier waves of privatization, public services have already been retrenched considerably – for instance, welfare, childcare, and a number of government assets have already been sold off (Herd, 2002; Collier,

³ These pieces of legislation include: Bankruptcy and Insolvency Act (1996); the Personal Information Protection and Electronic Documents Act (2000); the Canada Business Corporations Act (2000); and the Bank Act (2001).

⁴ For a detailed discussion of decentralization and its effects in Canada see Downey and Williams, 1998.

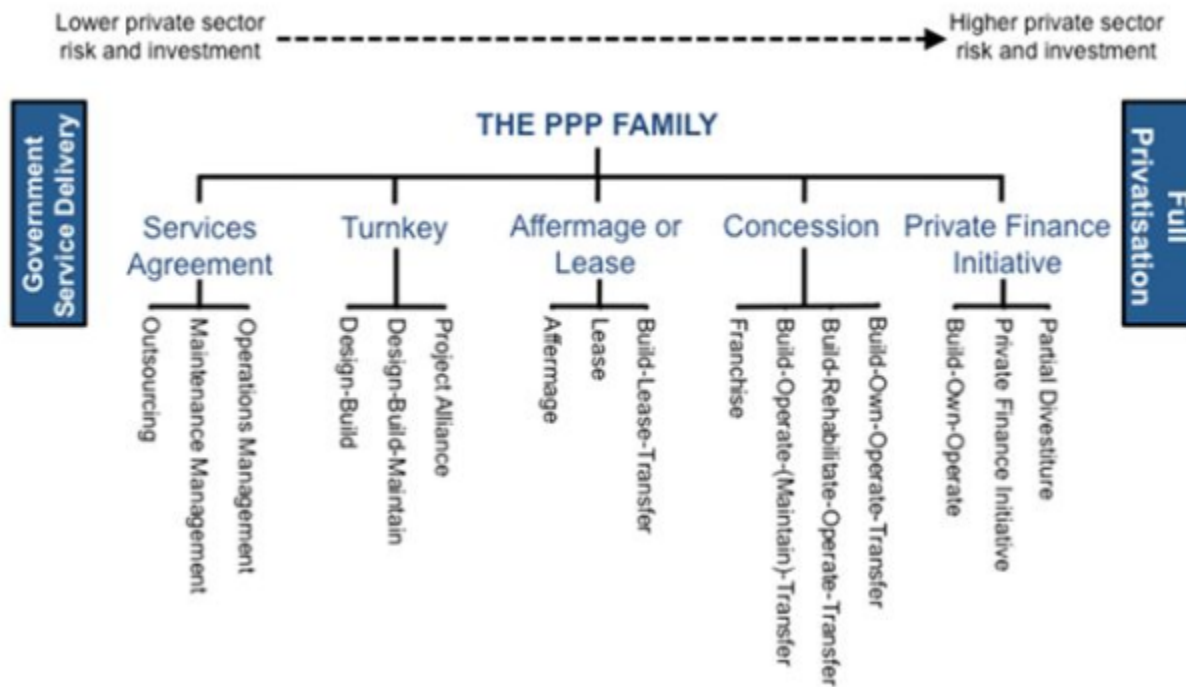
2004; Boardman and Vining, 2012). As Boardman and Vining (2012) put it, “the low hanging fruit has already been privatized” (p. 1). Therefore, municipal governments have been required to search for creative solutions to reduce costs and create new streams of revenue. One common solution is the forming of partnerships (sometimes highly unusual and unlikely) with the private sector to provide public services and government infrastructure. This often results in privatization, as municipal governments enter into public-private partnerships (P3s) with the private sector. More traditional forms of privatization are still being utilized, but the majority of new cases of privatization at the sub-national and local levels can be characterized as P3s (Hebdon and Warner, 2001).

Public-private partnerships (P3s), also known as Alternative Service Delivery (ASD) or Private Finance Initiative (PFI) in the United Kingdom, blur the public-private dichotomy that characterizes more traditional forms of privatization. This is evident in the many different ways that P3s manifest themselves, including the creation of municipal corporations, market management, integrated service delivery, relational contracting out, design-build, finance only, operation and maintenance contract, build-finance, design-build-finance-maintain, design-build-finance-maintain-operate, build-own-operate, or concession (Hebdon and Warner, 2001; CCPPP, 2012). The Canadian Council for Public-Private Partnerships defines the process as: “A cooperative venture between the public and private sectors, built on the expertise of each partner, that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards” (CCPPP, 2012). Chief among the benefits of P3s is their ability to share risks associated with the high cost of delivering public services and developing infrastructure projects. It is argued that risk sharing helps to distribute the costs equally to both the public and private sectors and allows for both to benefit from this arrangement. As mentioned previously, public-

private partnerships span a wide range of possible manifestations, and these span a spectrum of risk sharing (see Figure 1.1). At one end of the P3 spectrum is the process of contracting out that sees the private sector minimally involved with low levels of risk and investment. At the other end of the spectrum is design-build-operate, where the private sector is heavily involved with high risk and investment. In other words, P3s are an extension of privatization; whereas the contracting out of a service was once considered to be full privatization, P3s take this not just a step further, but several steps further. P3s see private contractors not just entering into a contract to provide public services, but instead into agreements that see them design, build, construct, operate, and sometimes own the delivery of public services and the infrastructure that comes along with it. Thus, the privatization is more total as the private sector takes over the public service almost completely, leaving the government with little to no role in the service delivery.

Proponents of P3s argue that as the public and private sectors work closer together, risk for both decreases. Like traditional models of privatization, P3s are also said to maximize efficiencies, productivity and profitability, utilize innovations of private enterprise, and provide capital to budget-strapped governments. With these types of promises, it is no wonder public-private partnerships have become so prevalent since the global financial crisis struck in mid-2008. In Canada, P3s have been especially popular with over 176 P3 projects currently in progress across all provinces and territories, spanning such diverse sectors as transportation, healthcare, energy, education and government services. Canada's commitment to public-private partnerships has only been bolstered in recent years as governments at all levels have established corporations to pursue P3 projects nationally, provincially, and municipally. As austerity measures continue to force governments at all levels to decrease costs and balance budgets, privatization will only continue to gain traction among policymakers.

Figure 1.1: *P3 manifestations and their spectrum of risk sharing*



Source: NWC, 2015.

1.5 Problems associated with privatization

In terms of this study, there are three distinct problems surrounding privatization. First, the literature documenting the shift towards municipal level privatization is somewhat limited, as the literature has failed to keep up with the changing nature of privatization. P3s have thus been largely understudied in comparison to more traditional types of privatization. In fact, since the peak of privatization literature in the 1990s, the issue of P3s has seen a substantial decrease in the analytical attention it has received. Most of the privatization literature that has emerged over the last decade has focused on large-scale privatization at the national level in developing countries (for example Parry, 1997; Kohl 2002). Much of the literature on P3s has been too

econometrically focused and does not provide any social or political insights. This is not to say there is no literature dealing with privatization at these levels, but it is certainly not representative of the shift that has occurred in the manifestations of privatization. Moreover, the literature that does exist tends to fall on the extreme ends of the debate, either produced by private sector advocacy organizations like the Canadian Council for Public-Private Partnerships, or union research groups from the Canadian Union of Public Employees (CUPE) or Public Services International (PSI). Inevitably, this work tends to veer too far into ideological territory and fails to provide a comprehensive understanding of the evidence respecting the economic and social outcomes related to privatization.

Second, there is a lack of concrete evidence that suggests P3s are an effective and efficient policy tool. Much of the existing literature speaks to the potential of P3s or theorizes about its ability to redesign and restructure public sector policy and delivery in beneficial ways. Yet, evidence to support these claims is either unavailable or scarce. As well, there is a small but consistently growing body of literature that rejects the claims associated with P3s and suggests that it is not a suitable policy option to reduce deficits and balance budgets. In particular, critics of public-private partnerships contend that P3s in Canada have not only failed to be efficient and cost saving, but have actually increased costs of operation, decreased levels of accountability, and decreased the quality of employment relationships (Antony et al., 2007). Moreover, critics of P3s claim that risk is almost always unequally shouldered by the public (Boase, 2000; Barlow et al., 2013). Compounding these claims is a growing list of failed P3 projects around the world. In Canada alone, more than 100 failed public-private partnership projects have failed over the past 15 years (Mehra, 2005). All of this brings into question the claims surrounding the ability of P3s to deliver on their promises of value for money or risk transfer.

Finally, there exists no consequential criteria or framework for identifying and evaluating public-private partnerships. This again speaks to the lack of concrete evidence in the case studies documenting P3s, which vary in the types of information being presented and analyzed. This has effects at the conceptual level. Public-private partnerships are complex arrangements, and without a framework that clearly identifies aspects such as financial and legal responsibilities, accountability issues, or control, they are nearly impossible to properly evaluate. As it stands, P3s are in the process of redefining and transforming the role of government without any systematic consideration or evaluation.

1.6 Theoretical frame

The complex and uncertain nature of privatization demands that any analysis must employ an appropriate and sophisticated theoretical framework in order to provide an in-depth and accurate understanding of the effects and consequences of the process. As Collyer (2003) has noted, traditional approaches to the study of policy fail to account for the multipronged makeup of privatization.⁵ In particular, traditional policy approaches tend to have a difficult time accounting for the role that both structure and agency play in the policy process, as well as a tendency to avoid meso-level analyses. Instead, these approaches typically approach the issue from either the macro- or micro-level.

In order to account for these traditional weaknesses, working within the conceptual frame of critical political economy⁶, this study is grounded in a combined approach of network and class analysis. Combining approaches is a somewhat new development in policy studies, as

⁵ See Collyer (2003) for a thorough discussion of why traditional approaches to the study of policy are not appropriate for an analysis of privatization.

⁶ Critical political economy is explained at length in Chapter 4.

historically there has existed a dichotomy between positivism and relativism (and, as an extension, quantitative and qualitative methods). Yet, as Read and Marsh (2002) argue, this is an artificial divide that is limiting the scope of policy research. In particular, they suggest that combining methods and approaches allows researchers to sufficiently address all aspects of the research question, and that a combination only increases the validity of the research – since one method can act as a check on the other.

These two approaches enable the researcher to draw on the best aspects from each. Network analysis reveals the relationships between individuals and groups of the network and their characteristics (Wilks and Wright, 1987; Wright, 1988; Coleman and Skogstad, 1990), while class analysis makes clear the asymmetry in the relationships between capital and labour (Samson, 1994; Collyer et al., 2001; Collyer, 2003; Cooke, 2007).⁷ The result is a policy process theory that operates at both the micro and macro levels and takes into consideration individual and institutional factors. It exposes the process of policy for what it is: a class-based system that involves the intersection of interests from a varied group of stakeholders with benefits and costs being distributed unequally among the different groups. At a more abstract level, the network class analysis combination represents a sophisticated approach to explaining the roles that agency and structure play in social policy change and transformation.

Despite these illuminating qualities, a combined network class analysis is not popular among policy analysts or policymakers. The approach does have a number of shortcomings – most notably, its penchant for veering too far into ideological territory and overstating the ability of the approach to uncover important policy connections. Thus, appropriate research design (which is discussed at length in the coming section) is crucial in order to overcome any weaknesses

⁷ A more thorough understanding of what the network class analysis framework entails will be provided in Chapter II of this dissertation.

attached to this combined approach. But regardless of any drawbacks, the network class analysis combination approach does offer a unique and fruitful approach to the study of privatization.

1.7 Objectives

Overall, this dissertation attempts to provide an explanation as to why privatization continues to endure as a popular policy option amongst policymakers despite mounting evidence that suggests it is not the best policy option in most cases. Another important objective will be to produce policy-relevant conclusions and suggestions. This will include identifying the different stakeholders involved in the process of privatization and accounting for their different needs and requirements. This will ensure that all conclusions and suggestions are inclusive and, most importantly, pragmatic and feasible. Finally, as noted previously, this project will establish the network class analysis framework as a legitimate policy approach for the study of privatization and other policy issues. This dissertation represents the first attempt at employing the combined approach of network and class analysis with original research detailing the process of privatization. The hope is that this will serve as a template for applying the combined network class framework to future work in the area of policy.

1.8 Research questions and hypotheses

Given these substantive and theoretical interests related to privatization, this dissertation seeks to address the following fundamental questions: Does privatization produce winners and losers? How and why is privatization still used widely as a policy tool if there now exists a large body of evidence that suggests that it is a poor policy option?

As well, a number of hypotheses that flow logically from the above research questions are tested within this dissertation, including: (1) privatization is not always the most effective and efficient policy option; (2) privatization decreases the quality of public services and public sector work; and (3) privatization is adopted as a policy option not because of the benefits it can bring, but because of network and class interests.

In effect, this dissertation shows that privatization does, in fact, produce winners and losers. And in particular, it produces more losers than winners, with the government, the public, and organized labour all losing in the equation of privatization and only private interests coming out as winners. Despite this, and a growing body of evidence against its adoption, privatization is still widely used as a policy tool because of a myriad of reasons, none of which are related to good policy making. These factors include network relationships, political reasons, lack of evidence, voices in the policy decision-making, and ideology.

1.9 The cases

Four case studies from the policy areas of waste collection and public transit have been studied in order to answer these research questions and test the hypotheses. The cases are situated in two major metropolitan areas, the Greater Toronto Area (GTA) and the Greater Vancouver Regional District (GVRD), and involve the public transit and waste collection sectors. The GTA, located in Southern Ontario, is the largest metropolitan area in Canada with a population of over six million (Statistics Canada, 2011). The area consists of the City of Toronto, as well as the regional municipalities of Durham, York, Peel and Halton. The GTA was heavily affected by the federal government's decision in the mid-1990s to reduce transfers to provinces through block funding, as provinces were forced to download responsibilities onto

municipalities. This result was drastic in Ontario, and in particular the GTA, as then-Premier Mike Harris downloaded a number of services and responsibilities to municipalities, including the province's income assistance programs. At the same time, the provincial government also introduced legislation that amalgamated a number of municipalities across the province, including the City of Toronto and the surrounding municipalities. This put a further strain on the delivery of public services in the GTA. Municipalities like the GTA were left with major budget shortfalls and an inability to continue to fund public services. As a response, municipal governments were forced to consider privatization as a way to reduce costs and continue to provide citizens with public services.

By the early 2000s, issues in Toronto somewhat stabilized. In 2003, Ontario elected Liberal Premier Dalton McGuinty and the City of Toronto elected a left-leaning mayor in David Miller. Although McGuinty's premiership can be characterized as continuing the neoliberal policies set forth by Harris and Eves (see Evans, 2011; Fanelli and Thomas, 2011), his Liberal government did make investments in healthcare, elder care, education, social assistance, and municipal transfers. Meanwhile, Miller, who has been called the "Billion Dollar Man" by some of his critics, oversaw major spending increases of \$1.3 billion in Toronto over just a three-year period from 2003-06. After Miller was re-elected in 2006, his spending continued on community projects, public transportation plans, and environmental strategies. But while the spending unquestionably helped to improve the city, Toronto found itself with growing debt and a major budget shortfall after the 2008 global economic crisis. In particular, the shortfall reached \$550 million in 2009, and the City's total spending had reached \$8.7 billion by 2010, with spending only continuing to increase. As a result, Toronto is in a precarious position, and privatization is

once again going to be a legitimate option for policymakers and government officials looking to balance the budget and reduce debt.

The Greater Vancouver Regional District (GVRD), located in Southwestern British Columbia, is one of the larger metropolitan areas in Canada (Statistics Canada, 2011) with a population of over two million. The GVRD is made up of 21 different incorporated municipalities, including the City of Vancouver, Anmore, Belcarra, Bowen Island, Burnaby, Coquitlam, Delta, Langley, Lions Bay, Maple Ridge, New Westminster, North Vancouver, Pitt Meadows, Port Coquitlam, Port Moody, Richmond, Surrey, West Vancouver, and White Rock (Metro Vancouver, 2012).

Like the GTA, the GVRD faced major funding issues beginning in the early 1990s after the Liberal government instituted major budgetary cuts and decreased transfers to the provinces through the introduction of block funding. Much like in Ontario, British Columbia saw the election of a fiscally conservative government in the early 2000s, as the Liberal government came to power and implemented austerity budgets in order to deal with the reduction of federal transfers. The streamlined budgets did away with much of the province's social and urban spending and downloaded those responsibilities onto the municipal governments across the province. This left the municipalities – particularly the larger ones in the GVRD – with the burden of picking up the delivery of these services. That, in turn, caused municipalities to run into major budget shortfalls and issues of growing debt. Municipalities were left with no choice but to consider policy options that included privatization or the establishment of public-private partnerships to fund public projects and services.

By the mid-2000s, things in British Columbia began to stabilize and budget shortfalls and issues of debt were not major concerns for municipalities in the GVRD. However, despite this

positive development, the Liberal government of British Columbia, which enjoyed electoral success throughout the 2000s and early 2010s, continued to support a neoliberal and fiscally conservative ideology. In particular, the government was a major supporter of the development of public-private partnerships (P3s), which it promoted through its special agency, Partnerships BC. The agency was used to promote, initiate, and support P3s in the province in all sectors of government. Their influence was bolstered by the fact that the Liberal government was beginning to pursue a policy of funding that saw its financial contribution being contingent on the project being structured through a P3. This staunch commitment to private sector involvement in public projects was only strengthened by the 2008 global economic crisis. With governments at all levels in British Columbia facing major debt issues, once again fiscal austerity was introduced and budgets and spending were slashed dramatically. Privatization and public-private partnerships were once again at the forefront of public policy for the province and the municipal governments of the GVRD.

The waste collection cases in this dissertation consist of a recent case of privatization from west Toronto and a unique case in Port Moody, BC, where waste collection was reverted back to public operations after a period of privatization. More specifically, the GTA case analyzes the recent decision of the City of Toronto to contract out waste collection in the city's west end. In mid-2011, the City of Toronto (in a 32-12 vote) decided to introduce a bidding process in order to award a waste collection contract for the City (Rider and Moloney, 2011). In October 2011, the City approved a \$186.4 million contract to provide waste collection to over 165,000 households between Yonge St. and the Humber River (White and Church, 2011). The company awarded the contract, Green for Life Environmental East Corporate, is now the second private company providing waste collection services in the GTA (waste collection was privatized in the

Etobicoke area of Toronto in 1995). The waste collection contract has put 30 unionized temporary city employees out of work and has forced 210 employees to relocated to other sectors in the city. The privatization is only in the very early stages, but this case study provides much insight into the transition from public to private, and also into the political and economic factors that play a key role in the contracting out process. Meanwhile, the GVRD case analyzes the private waste collection in Port Moody, BC. This is a unique case for study, as Port Moody has recently reverted back to public waste collection. In 1998, the municipality made the decision to contract out their waste collection services to the private sector. However, over the course of the 10-year privatization period, the municipality saw costs of collection soar and the quality of service decline drastically (CUPE, 2008). Service deteriorated to the point where Port Moody was forced to send out public crews to clean up after the private firm, which, not surprisingly, resulted in intense scrutiny to both the firm and the municipality's initial decision to privatize (CUPE, 2008). Waste collection was reverted back to public control in June 2008 as Port Moody city council decided that the capital cost and poor service of private collection was not in the public's interest (CUPE, 2008). This case study is important since it illustrates some of the major flaws associated with privatization and makes clear the fact that it is not always the most effective and efficient policy tool.

For the public transit cases, the evolving VIVA transportation system in the GTA is used as one case, and the recent Canada Line P3 in the GVRD is used as the other case. More specifically, the GTA case involves the public-private partnership that was utilized in order to establish VIVA, a rapid bus transit service operating in York municipal region of the GTA. VIVA is an important part of the transportation system in the GTA, as it links people in the York region to the Toronto Transit Commission's (TTC) subway lines and the GO Bus and Train

lines. As well, VIVA is only the first step in York region's overhaul of its transportation system. Further plans include expanding the P3 VIVA project to include subway extensions and light rail transit systems.⁸ Under the terms of the P3, York region partnered with York Consortium⁹ in order to share the financial risks involved in such a huge infrastructure and services project. York region is responsible for ownership of all assets, establishing fare policies, dictating service levels, and controlling revenues and funding. The York Consortium is responsible for professional staffing, procurement support, assisting with funding, and assuming risk on all approved budgets and schedules (Regional Municipality of York, 2005). Meanwhile, the GVRD case involves the recently completed P3 Project known as the "Canada Line", a rapid transit line that connects the cities of Vancouver and Richmond to the Vancouver International Airport. The public-private partnership in this case is between TransLink BC and SNC-Lavalin, as both parties contributed to the \$1.9 billion final cost of the project. Under the terms of the agreement, SNC-Lavalin has operating control over the line for the first 35 years of the lines existence, at which point it will be turned over to the municipal authorities. It is important to note that the Canada Line represents the first of many P3 projects in the works for transportation in British Columbia. In fact, the planned Evergreen Line, which will link Coquitlam to other areas of the GVRD, is in the process of searching for a privately operated partner.

1.10 Research design

For this dissertation, the data is culled from the case studies over the time period of 2003-2012. This period covers the time in which the privatization of the different sectors took place. The Greater Toronto Area and the Greater Vancouver Regional District were chosen not only

⁸ The next phase is called vivaNext. More information can be found at: yrt.ca

⁹ York Consortium consists of seven private sector firms that have expertise in the transportation sector.

because they are two of the most densely populated and developed metropolises in Canada, but also because they are two areas within the country that have faced stiff austerity measures since the onset of the global financial crisis. The transportation and waste collection sectors were chosen because they are two of the key areas that are straining municipal budgets. These sectors are also particularly illustrative of public-private partnerships at the sub-national and local levels in Canada.

The analysis of these cases involves qualitative data, with some baseline/historical data used to describe the different cases. In particular, the qualitative data consists of in-depth key informant interviews. Interview data has been coded using open-ended coding in order to allow for patterns to emerge and change throughout the process. Methodology is further elaborated upon and explored in depth in Chapter IV of this dissertation.

1.11 The plan of this work

The general goals and research objectives outlined in the above sections can be translated into a very clear plan of work. Following this introductory chapter, **Chapter 2** provides a critical evaluation of the existing literature surrounding privatization in general, as well as more specifically the privatization of transportation and waste collection. In particular, privatization is defined, the major themes and variables are discussed, privatization at the local levels is explored, and the experiences with privatization in the transportation and waste collection sectors are detailed. Similarly, in **Chapter 3**, time is given to fleshing out the theoretical framework of this research, since it is one of the more unique aspects of this study.

Chapter 4 focuses on the methodology employed during this research project. More specifically, this chapter details what type of data has been gathered, how it was gathered, and

how it was analyzed. As well, time is devoted to discussing case selection and the theoretical and practical reasons that went into choosing particular methodologies.

Four distinct case studies make up the bulk of the work done in this dissertation. **Chapters 5 and 6** provide a deep description of each case study, as well as the findings and results from each individual case. Specific attention is given to the individual characteristics of each case and the role they played in producing certain results and findings.

Following this, **Chapters 7 and 8** present the aggregate findings of the research project and provide the results of the data analyses. As well, this chapter explores, interprets, and attempts to explain the findings of the study.

Chapter 9 closes this dissertation with conclusions and recommendations drawn from the findings. Policy-specific recommendations are offered, as well as more pragmatic recommendations of action and practice for future reserach.

2 CHAPTER 2 – LITERATURE REVIEW: The different faces of privatization

2.1 Scope of the literature review

The major challenge of any literature review undertaking an examination of work with such breadth as within the area of privatization is to narrow the scope of the review. The first step in determining the scope is to specify the focus. Copper (1988) identifies four major foci for literature reviews: research outcomes, research methods, theories, and practices or applications. This literature review focuses on exploring and critically analyzing research outcomes and theories pertaining to privatization and its effects. More specifically, the review of research on the outcomes of privatization helps to establish the research rationale and makes clear the lack of and need for information (Randolph, 2009). The review of theories respecting privatization examines the relationships between the existing theories and to what extent any of the theories have been substantiated or challenged (Randolph, 2009).

The second step in determining the scope of the literature review is establishing goals. The goals of this review are twofold: first, to provide a critical analysis of the literature, including identifying weaknesses and proposing remedies for these weaknesses. The second goal is to identify the central issues pertaining to privatization, which helps to establish this specific research project within the larger context of the study of privatization.

The final (and most important) step is determining the scope of coverage that the review will provide. As Randolph explains: “Deciding on how wide of a net to cast is a critical step in conducting a review” (p. 3). Typically, literature reviews take on four different coverage scenarios: exhaustive, exhaustive with selective citation, representative, and central or pivotal (Cooper, 1988). Here, given the theoretical, ideological, methodological and case diversity

characterizing the privatization literature, the review is exhaustive but opts for pragmatic reasons to employ selective citation. Specifically, the review focuses on literature that details the experiences of privatization in the developed Western world. As political, economic, and social conditions in developing nations are much different from those in the developed Western world, the process and effects of privatization are much different. Therefore, in order to avoid skewing the literature review, the experiences of developing nations are precluded from the review.¹⁰

2.2 Historiography of privatization literature

It is important to understand the historical phases marking the development of privatization studies, since doing so clarifies the different links within the literature and how the various perspectives on privatization grew as responses to perceived problems and weaknesses. Like the process of privatization itself, the literature surrounding the policy process has experienced different waves of popularity and analytical attention over the years. Privatization literature first emerged in the late 1970s and early-to-mid 1980s, and almost exclusively came from the United Kingdom and the United States. On the whole, the literature dealt mostly with early examples of privatization in the UK and the US, such as the privatization of British Telecom (Moon et al., 1986) and the privatization of Conrail (Cass, 1988). The literature approached the topic from a broad econometric viewpoint that was highly supportive of the process. Emmanuel Savas (1987) emerged at this time as the most prominent and influential proponent of privatization as a policy tool. His 1987 seminal work, “Privatization: the key to better government”, helped shape the way privatization was perceived by policymakers, as well as the general public. Savas argued that not

¹⁰ Invariably, a few of the larger meta-analyses do include the experiences of some developing nations. However, in cases where the meta-analyses was heavily skewed towards the experiences of developing nations they were precluded from the literature review.

only is privatization the most effective in terms of customer satisfaction, but it is also demonstrably more efficient in terms of costs. Others from this time period, like Hanke (1985, 1987) and Dunleavy (1986), echoed the work of Savas and helped to build a large body of supporting evidence for the process of privatization. The literature during this time period was very important in establishing support for privatization, and for the most part almost no critical work was being done on the subject matter.

This changed as the second wave of privatization literature began to emerge in the 1990s, and two main trends emerged from this time period. First, the literature saw a major increase in analytical attention surrounding privatization experiences in the developing world since the 1990s represented the peak of privatization in the developing world (for example, see Van de Walle, 1989; Adam et al., 1992; Ramamurti, 1992, 1999; Dinavo, 1995). This was also the time period in which communism collapsed. Therefore, there is also a dearth of literature detailing privatization measures involved in the transition from communist states to capitalist ones. However, the experiences of developing nations are precluded from the review to avoid skewing results. The second (and most important) trend that emerged within the privatization literature during this time period was that it showed a newfound propensity for critical insight and analysis into the process in the developed Western world. Much of the literature from the critical approach that first emerged was focused on detailing the failed privatization experiments or the unequal costs that arose as a consequence of privatization (Lighthizer, 1994; Dilger et al., 1997; Van Vugt, 1997). A small number of articles and books also started to emerge questioning and criticizing the ideological assumptions and motivations behind the move to privatization (Wolfe, 1991; Baxter-Moore, 1992; Sclar, 1994; Miller, 1997). It is important to note, however, that the literature from the critical approach did not make up much of the work being published on the

topic. On the contrary, it made up only a very small minority within the literature, and much of what was written during this time period was still highly supportive of the privatization process.

A number of factors¹¹, including the evidence emerging from the critical privatization literature, contributed to forcing the process of privatization to transform and take on new forms in order to remain a relevant policy tool. It was during this third wave that literature began to emerge detailing the benefits of newly emerging forms of privatization, including amalgamation, private companies owned by municipalities¹², deregulation, and most popularly, public-private partnerships (P3s). Once again, Savas (2000) was at the fore of the literature advocating for these new forms of privatization, especially P3s. Public-private partnerships exploded in popularity in the late 1990s and early 2000s. Everyone from the World Bank, the IMF, international and national policy think tanks, to small communities and municipalities were embracing this new form of privatization. Much of the literature praised P3s for their ability to share costs and risks and secure cheaper funding for large undertakings like infrastructure projects (Savas, 2000). However, during this time period, the amount of critical privatization literature increased tenfold, and it can be said that criticisms of privatization reached critical mass at that point.

2.3 Defining privatization

The way in which a term is defined is always important because analytical focus is determined by the parameters of the definition. This is certainly true of privatization. The

¹¹ Other factors include: most national industries have been privatized, restructured capitalism, and the existence of a number of failed privatization experiments. See Chapter I for a more thorough discussion of these factors.

¹² This refers to a Government-owned corporation, which are corporations formed and owned by municipalities to pursue financially driven objectives unlike typical government agencies. For more information see Picot and Kaulmann, 1989.

literature defines the process of privatization in two main ways: the first from a more traditional and economic perspective, and the second from a more critical approach.

2.3.1 *The Orthodox Approach*

The more traditional and economic definition of privatization is the orthodox understanding of the process. The literature that exists within this approach is vast and is mostly sympathetically aligned to neoliberal restructuring. Conceptually, it is framed by economic and fiscal orthodoxy, with the process being simplified to a transfer of assets from the public to the private sector (see Le Grand and Robinson, 1984; Hanke, 1985; Dunleavy, 1986; Hanke, 1987; Savas, 1987; Henig et al., 1988; Ramanadham, 1988; Smith and Stone, 1988; Butler, 1991). As Schott (2002) elaborates, privatization is the transformation of a public service into a commodity, where it is then subject to the “innovative and productive forces of competition” (p. 40). Savas (2000), who spent more than 15 years working on issues dealing with privatization, succinctly defines the process as “the act of reducing the role of government or increasing the role of the private institutions of society in satisfying people’s needs; it means relying more on the private sector and less on government” (p. 2). Beesley and Littlechild (1983) add the crucial element of the market to the definition: “Privatization is generally used to mean the formation of a Companies Act company and the subsequent sale of at least 50 percent of the shares to private shareholders. However, the underlying idea is to improve industry performance by increasing the role of market forces” (p. 1). Pirie (1985) adds, “[...] it is not a policy, but an approach. It is an approach which recognizes that the regulation which the market imposes on economic activity is superior to any regulation which men can devise and operate by law” (2-3). A number of others, including Posner (1984), Kay and Thompson (1986), Stanbury (1989), and Shackleton (1984),

make reference to the fundamental inclusion of market forces and increased competition in the definition of privatization.

Pirie (1988) and Savas (1987) both note that privatization can manifest itself in many different forms, including franchising (government gives a monopoly privilege to a private firm to provide a service that was once public), subscriptions (government makes available shares of a public service to the private sector), contracting-out/outsourcing (a contractual agreement that sees responsibility of providing a service more from government control to the control of a third party, typically from the private sector), open bidding contracts/tendering (government issues a tender for competitive bids from private sector on services that were traditionally provided by public sector), and management/workforce buyout (government service/enterprise is changed from a public to a private good, however employees and management are given the opportunity to purchase shares of the newly private enterprise). Others, such as Heald (1984) and Clementi (1985), describe the process of privatization in much more broad and all-encompassing terms, making reference to widespread liberalization (the relaxing of government restrictions on economic and ownership issues), denationalization (the transfer of ownership of a government owned industry to the private sector), and de-listing (the taking away of services that were once publically offered, and making them only available in the private sector). Savas (2000) argues that privatization is made up of three distinct processes, including delegation (a positive act from government), divestment (the shedding of government responsibilities), and displacement (a gradual withdrawal of government involvement). As well, Savas (2000), Rosenau (2000), Osborne (2000), Skelcher (2006), and the OECD (2008), among others, have added public-private partnerships to the list of manifestations of privatization. As Skelcher (2006) explains, public-private partnerships “combine the resources of government with those of private agents

... creating hybrid organizations for risk sharing and co-production between government and private agents” (p. 347).

Within the orthodox approach’s definition of privatization, there are also a number of objectives that arise in a large portion of the literature. Jansson (2000) notes that the aims and goals of privatization include efficiency, profitability, innovation, and economic growth. Others, such as Kay and Thompson (1986), see the goals of privatization to be more far reaching, with aims of improving economic performance, solving questions of management and control, raising revenue for government initiatives, disciplining the power of unions, and promoting neoliberal/global capitalism. Others see the main goal of privatization to be improved and increased competition in the market (Pirie, 1985). But whatever the objectives, aims, or goals of privatization, it is clear they are bound by the logic and conventions of neoliberalism.

2.3.2 Critical Approach

The critical approach defines privatization in far different terms than the economic approach, though the two definitions are closely linked. As will become clear below, the critical approach defines privatization by making countervailing arguments against the orthodox understanding of the process. In a way, the critical approach’s definition of privatization is very much a negative one.

Generally, the literature is in direct opposition to the idea that privatization is simply a transfer of assets from the public to the private sector. Instead, privatization is defined as a much more overarching process involving a fundamental shift in the delivery of public goods and services (Antony et al., 2007). Antony et al. (2007) and Martin (1993) argue that the state has an important role in protecting and promoting the public interest, and that privatization represents a

rejection of this role, as it is a literal selling off of the principles of universality and collectivity. Prizzia (2001) echoes this point, arguing that any definition must take into consideration the social effects attached to privatization, since the process is often defined narrowly by economic factors with little to no attention given to issues of social justice. Public sector unions warn that privatization is often hidden because it is defined and described in a misleading manner. For example, it has been characterized as a partnership, co-production, and as an alternative service delivery method. Consequently, a redefinition of privatization is argued for where it is expressed as what it really is: a policy process “based on the idea that anything can be turned into a commodity that can be bought or sold” (CUPE, 2007a, p.1). Hermann et al. (2007) bring the idea of the market into their definition, explaining that privatization is a corollary of liberalization, which helps bring about competitive market structures.

As with the economic approach, the critical approach allows for privatization to manifest in many different forms (see Stinson et al., 2005; Hermann et al., 2007; CUPE, 2007a; Hermann & Verhoest, 2007). Others go much further and include such forms and developments as corporate takeover of communities, the misconstruing of accountability, organizational restructuring, de-listing of services, deregulation, federal infrastructure funding, individualized funding, integrated service delivery (ISD), amalgamation, private companies owned by the municipality, and international and investment agreements (PSI, 2006; Antony et al., 2007; Flecker & Hermann, 2007). Most of the literature also identifies public-private partnerships as a form of privatization. In particular, the Canadian Union of Public Employees (CUPE) and Public Services International (PSI) have been instrumental in understanding public-private partnerships as another form of privatization that has failed to deliver on proponents’ claims of value for money or risk transfer (Mehra, 2005; CUPE, 2007b; Hall, 2009).

The critical approach also has a much different conception of the objectives of privatization than the economic approach. Hermann et al. (2007) argue that its main aim is to build “competitive market structures, in which many providers compete with each other on an integrated and easily accessible market” (p. 2). PSI (2006) argues that privatization treats all public services as profit centres that can be exploited for maximum economic growth and profits. Building on that, PSI (2006) argues: “Those who wish to privatize public services are relentless in their pursuit of profits and are ever determined to find new ways to achieve those goals” (p. 16). While most of the literature concerning the critical approach outlines objectives similar to those found in the economic approach (in that it mainly speaks to economic factors), there is a major difference in the way those economic factors are characterized. Instead of praising unlimited growth, maximized profits, and increased efficiency, the critical approach juxtaposes those characteristics with the harsh realities that follow, such as unfettered capitalism, corporate greed, and job losses (PSI, 1995; Stinson et al., 2005).

2.4 Privatization at the municipal level

Because this study is focused on the effects that privatization has had on two sectors in two different municipalities in Canada, it is important to situate it within and comment on the literature that exists documenting experiences of privatization at the municipal level. As mentioned, the third wave of privatization saw the process shift from the national and international levels to the municipal levels. This was a phenomenon that swept across most of the Western developed world beginning in the late 1980s and early 1990s, and Canada was no different (though it developed a little later than most). The literature points to decentralization as being the key factor driving the change (Ammons, 1997; Swyngedouw, 2005; Medas, 2007;

Hebdon, 2006; Bel et al., 2007). The literature is also in agreement that decreases in federal budgeting have resulted in costs and responsibilities being downloaded onto the municipal level of government (Dilger et al., 1997; Medas, 2007; Fitch, 2007; Bel et al., 2007). This has left local governments in a position where investing in social infrastructure, extending or improving benefits, and even continuing to provide adequate social services, is difficult or dubious at best (Ferris and Grady, 1986; Chandler and Feuille, 1994; Hebdon and Warner, 2001). This has been readily apparent at the provincial and municipal levels in Canada since Chretien's restructuring of block funding in the mid 1990s, as governments have had to cut funding and programs drastically in order to balance budgets (Hebdon and Jalette, 2008).

Yet, the emergence of privatization at the municipal level has been under-documented. Much of the literature is focused on privatization at the national level and is mostly concerned with detailing the process as a simple transfer of assets from the public to the private sector. The Canadian literature, for example, details the experiences of privatization during the Mulroney and Chretien years (see Young, 1986; Stanbury, 1988; MacAvoy, 1989; Gillen et al., 1989; Jorgensen and Hafsi, 1993; Levac and Woolridge, 1997), though this is not just limited to Canadian studies. A brief scan of the international privatization literature reveals that a majority of the work being published is focused on the national level. This is particularly clear in the literature detailing the process in the developing world. This is not to say there is no literature addressing privatization at other levels, but it is certainly not representative of the shift that has occurred in the manifestations of privatization. Speaking to the lack of critical literature, Cooke (2008) theorizes that municipal privatization during much of the 1990s was "often but a subplot in a much grander Marxian and heterodox discourse. Whereas 'crisis' and 'deindustrialization'

held the Marxian and heterodox center-stage during the 1970s and 1980s, Neoliberalism and/or globalization increasingly came to occupy it during much of the 1990s” (p. 28).

Nevertheless, this limited body of literature¹³ produces three key themes/trends. First, municipal privatization represents a shift from managerialism to entrepreneurialism in governance at the municipal level. This shift can be characterized as a movement within the new public management (NPM) in the Western developed world, which rose to prominence beginning in the 1980s.¹⁴ Harvey (1989) coined the phrase “managerialism to entrepreneurialism” in his seminal work on the transformation of urban and municipal governance in late capitalism. He explains that in the face of:

widespread erosion of the economic and fiscal base of many large cities in the advanced capitalist world ... urban governments [have] to be much more innovative and entrepreneurial, willing to explore all kinds of avenues through which to alleviate their distressed condition and thereby secure a better future for their populations (p. 4).

Harvey (1989), as well as Gertler (1988) and Sayer (1989), explain that the transformation from managerialism to entrepreneurialism at the municipal level has played a key role in the transition from a “Fordist-Keynesian regime of capital accumulation to a regime of flexible accumulation” (Harvey, 1989, p. 5). More to the point, municipal government was becoming much more amenable to capitalist development, or as Harvey (1989) explains, municipal level governance was primarily focused on using its powers to “attract external sources of funding, new direct investments, or new employment sources” (pg. 7). As Cooke (2008) points out, this is in direct contrast to more traditional forms of managerial governance at the municipal level,

¹³ These are themes/trends aside from the major variables of privatization (which will be discussed below) and mostly unique, or at least typical to privatization at the municipal level.

¹⁴ New public management (NPM) will be explored further at length in Chapter III of this dissertation.

which “focused on various social and economic programs designed to improve the living and working conditions within a particular place” (p. 28).

One theorization posits that privatization is the manifestation of this shift at the municipal level. Savas (2005), in particular, argues that: “Only private enterprise, private capital, neighbourhood empowerment, and a market-based economy can rejuvenate cities” (pg. 3). Savas (2005), along with Andrisani et al. (2002) and Diaz (2004), point to the examples of major cities in the United States like Milwaukee, Indianapolis, Chicago, Denver, Boston, Oakland, Miami, and New York City, which have seen their mayors and city councils work to improve the social and economic conditions through entrepreneurial endeavours. Principal to this shift to entrepreneurialism is the ‘right sizing’ of municipal governments, which entails downsizing and the shedding of responsibilities through the adoption of guiding free market principles (Savas, 2005). More specifically, it entails the widespread adoption of privatization processes like deregulation, contracting out, franchising, divestment, displacement, and the adoption of P3s. Canada has been no different, as municipal governments were forced to take on an entrepreneurial role when services and costs were downloaded onto them in the early 1990s (Downey and Williams, 1998; Graham et al., 1998; Vojnovic, 1998). This process is once again repeating itself as the current federal Conservative government is using pressure tactics to force municipalities to engage in long-term P3 contracts (Loxely, 2012). In particular, funding for municipalities has been allowed to expire or run out entering 2012 under the Conservative Government infrastructure. The federal government has promised to introduce new long-term funding beginning sometime in 2014, but no plans have been made to bridge the funding gap that exists between 2012 and 2014 (FCM, 2012). Therefore, the federally-operated P3 Canada Fund has forced municipalities to enter into long-term P3 contracts in order to continue providing their

citizens with public services and maintain infrastructure projects, as the P3 Canada Fund is the only place for municipalities to turn for funding (Loxley, 2012).

The second key theme that emerges from the literature is the identification of municipal privatization as a reinvention of the government framework. This framework refers to the structure of government, meaning how it is organized, what its roles and responsibilities are, and how and why policy decisions are made. As an extension of the municipal governance shift from managerialism to entrepreneurialism, the idea that privatization has the ability to reinvent the municipal government framework has gained much traction over the past 20 years. The idea first emerged from Osborne and Gaebler's (1993) classic text, Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector. Influenced by the works of Drucker (1985, 1992), and relying heavily on the early work of Savas (1987), Osborne and Gaebler argue that municipal governments need to adopt business-like practices in all facets of government in order to offer efficient and effective public policy and services. Glover (1999) posits that Osborne and Gaebler identify four key characteristics for a reinvented and effective government, including entrepreneurial spirit, enabled service delivery, competitive, and customer-driven. Cooke (2008) builds on this and explains: "This transformation or reinvention, they suggest, involve[s] shifting the focus from the hackneyed question of what government should do to how they operate. The failure of government to date, they claim, is, 'one of means, not ends'" (p. 18).

Although Osborne and Gaebler (1993) are quick to note that "Privatization is *one* answer, not *the* answer"¹⁵, they do spend a great deal of their book championing competition – one of the original forms of privatization – as the key to reinventing the municipal government framework. In particular, they argue: "Competition will not solve all of our problems. But perhaps more than

¹⁵ Emphasis added by author.

any other concept in this book, it holds the key that will unlock bureaucratic gridlock that hamstrings so many public agencies” (Osborne and Gaebler, 1993, quoted in Cooke, 2008, p. 19). The book and Osborne and Gaebler’s ideas had vast appeal across most of the Western developed world, as academics, policymakers, and the general public all embraced the idea of a reinvention of government, and President Clinton and Vice-President Gore even endorsed the ideas in the book (Lynn Jr., 2006). This created not only a huge uptick in literature being written about privatization and competition, but it also meant there was a wide-scale movement toward adopting privatization measures in order to create a more competitive and enterprise-like government environment.

Third, the literature identifies public-private partnerships (P3s) as the leading form of privatization at the municipal level. Hebdon and Warner (2001) argue that local and sub-national government restructuring can no longer be understood as a public-private dichotomy since governments have embraced mixed delivery of services like P3s over the past two decades at a very high frequency. As the literature points out, P3s can manifest themselves in a number of different ways, such as municipal corporations (Hebdon and Warner, 2001; PSI, 2006; Tavares and Camoes, 2007; Hefetz and Warner, 2007; Termes Rife and Alerm Domenech, 2007), market management (PSI, 2006; Dijkraaf and Gradus, 2007), or relational contracting (Warner and Hebdon, 2001; Bel et al., 2007; Brown et al., 2007). A majority of the literature is highly supportive of the adoption of P3s at the local and sub-national levels (Endicott, 1993; Grimsey, and Lewis 2004; Medas, 2007; Hodge and Greve, 2009). Beyond the usual privatization promises of efficiency, productivity, and profitability, most of the literature points to the sharing of risks as the key benefit of P3s, as risk sharing helps to distribute the costs of infrastructure projects and the delivery of services equally to both the public and private sectors (Verma, 2007;

OECD, 2008; Takashima et al., 2010). However, as stated earlier, there does exist a small, but ever-increasing body of literature from the critical perspective that does not see P3s as a suitable policy option (PSI, 2006; Loxley, 2006; Antony et al., 2007; CUPE, 2007, 2009; Sanger and Grawley, 2009).

Privatization at the municipal level has engendered new research questions, invigorated the stale orthodox versus critical approach debate, and questioned the place and role of the public-private divide in today's society. However, more research in the area is still needed, especially from the critical approach. As Cooke (2008) notes, privatization at the municipal level has been mostly ignored by critical scholars, and when it has received attention it has usually been conflated with "larger discussions constructed around more traditional Marxian (and Left) themes: including uneven development; deindustrialization; and the role of government and its relation to capitalist development" (p. 28). With privatization only continuing to intensify at the municipal level, research that sufficiently conceptualizes and analyzes the process is needed in order to inform and shape public policy in a mutually beneficial way.

2.5 Privatization of waste collection and public transit

As this study is focused on the waste collection and transportation sectors at the municipal level, it is necessary to provide an overview of the sectors and what the existing literature says about them. The sectors are discussed and described broadly¹⁶, detailing what makes them unique and the extent to which privatization has affected each sector. Major variables of privatization, however, are not discussed, as this area is fully explored later in this chapter.

¹⁶ Chapter V of this dissertation will provide in depth analysis of the two sectors through the four different case studies.

2.5.1 Waste Collection

The privatization of waste management is one of the most widespread instances of the privatization policy process. In fact, because of the extremely high frequency of privatization within the waste management sector, it has become the classic example of a public service being transferred to the private sector (Bailey, 1987). The privatization of waste management can best be described as load-shedding, with municipal governments offloading service and operation responsibilities onto private firms (Bailey, 1987). However, unlike other public services, like postal or transportation (Hermann et al., 2007), waste management is an important environmental health service with little room for ineffectiveness. Moreover, with a world population that continues to grow and only a finite amount of geographical space, waste management is a service that will only increase in importance in the near future (Ahmed & Ali, 2004). Therefore, changes in waste management services must not only result in economic benefits for the private sector, but also take into consideration issues of public safety, long-term vision, and highly effective service provision.

In general, the privatization of waste management can take on a number of different forms, including open bidding contracts, franchises, subscriptions, and more recently, managed competition and public-private partnerships (Jacobsohn, 2001). In each case, the different labels attached to the process represent a difference in design, regulation and execution. However, each different form of waste management privatization still entails a transferring of public services to the private sector.

Yet, because waste management is a municipal issue and therefore cannot be harmonized nationwide, a number of interesting mixed arrangements have surfaced over the past few decades where public and private waste management services have operated in the same regions and

cities, and in some cases even in the same neighbourhoods (see McDavid, 1985; Miraftab, 2004). This has allowed for some interesting studies to be conducted where public and private services can be compared with highly controlled variables. This has led to some telling insights regarding the process of privatization, which further makes waste collection one of the better industrial sectors to study in order to gauge the effects of privatization.

2.5.2 Public Transit

Like waste collection, the public transit sector is another area that has seen a great deal of privatization activity across the globe in both developed and developing nations (see Gayle and Goodrich, 1990; Poole Jr, 1997; Estache, 2001; Smith and Gihring, 2006; Small and Verhoef, 2007). The examples of public transit privatization run the gauntlet of options, ranging from contracting out to selling off of assets to public-private partnerships. In Canada, the private sector has been actively involved in the transportation sector since the early days of industry (Transport Canada, 2012). In particular, many smaller municipalities across Canada have participated in privatization projects involving public transit. Most of these projects have included privatization measures like contracting out and competitive tendering (Transport Canada, 2012). However, more recently, the public transit sector in Canada has been moving towards embracing public-private partnerships, and these P3s are aimed at larger projects in major cities across Canada (Transport Canada, 2012).

Public transit is somewhat of a unique sector, as privatization plays a key role in both the infrastructure and service delivery aspects. Service delivery has a long-standing history with the process of privatization. Starting in the 1980s, reports from struggling municipal governments began to emerge detailing the high costs and lack of efficiency surrounding public transit

systems (Cervero, 1984; Pickrell, 1985; Bly and Oldfield, 1986). In response, public transit services began to be contracted out and private sector involvement in the sector intensified. Following this, there was a glut of academic literature that emerged praising the benefits of privatization for the public transit sector (Pucher et al., 1983; Morlock and VItton, 1985; Perry and Babitsky, 1988; Gomez-Ibanez and Meyer, 1997). In particular, the literature suggests that privatization helps to reduce operating deficits, increases productivity, and improves the quality of the transportation service (Karlaftis and McCarthy, 1999). Savas (2005) argues that public transit, and specifically bus service, “offers one of the best opportunities for competitive contracting” (p. 202). Others, like Perry and Babitsky (1988), echo this claim, explaining that privately owned and operated transit systems produce more output and greater revenues than any publicly-operated system. Karlaftis and McCarthy (1999) point to the example of Indianapolis where the municipal government was able to reduce their overall operating costs by more than 2.5 percent annually through the privatization of their public transit system. Overall, much of the literature is in agreement about the benefits of privatized transportation. But there does exist a small body of literature unsupportive of the process. Beyond the more general criticisms of privatization, much of the attention is focused on prices for public transit. In particular, it is noted that if uniform fare structures are not put in place, privatization will have unequal effects on inner city and lower-income groups accessing public transport (Meyer Oster, 1987; Darbera, 1993; Paulley et al., 2006).

Public transit infrastructure has also long been an appealing area for privatization. Because these projects tend to run in the billions of dollars, governments typically need to find different ways to raise money to fund them. The predominant perspective in the literature suggests that the best way to do this is for municipal governments to engage in public-private partnerships (Savas,

2000; Grimsey and Lewis, 2004; Koppenjan, 2005; Abel Aziz, 2007; Hodge and Greve, 2007). For the most part, the literature suggests that public transit P3s are mutually beneficial endeavours, with cost and risk being shared equally among the public and private partners. In particular, Payson and Steckler (1996) argue that public transit privatization can help lead to leveraged development, efficient development and operations, project revenue enhancement, increased public-sector revenues, and risk allocation. Building on this, Estache and Serebrisky (2004) argue that public transit P3s are beneficial in four distinct ways: (1) they drastically increase efficiency; (2) they create a positive fiscal impact; (3) they increase the quality of the transport service; and (4) they keep user prices down. There is a small body of literature that criticizes public transit P3s, but most of the criticism revolves around the problems of P3s mentioned above, including the lack of concrete evidence showing their effectiveness and efficiency (Antony et al., 2007). The critical literature also questions the level of risk sharing involved in a P3 (Boase, 2000; Barlow et al., 2010).

Like waste collection, the saturation of privatization research surrounding the public transit sector makes it an ideal area for study. Not only is the sector already highly defined, but it has long standing variables that allow for easy study and analysis. This is even clearer in Canada, where privatization of public transit has a long history and is one of the areas that currently has the most privatization activity.

2.6 Variables associated with privatization

The privatization literature frequently details the variables and themes that are often attributed and associated with the process of privatization, including efficiency, productivity, profitability, industrial relations, quality of work, and the quality of public services after privatization. It

should be noted that the dichotomous nature that characterizes the literature involved in defining privatization also exists in the literature detailing the different variables and themes attributed to informing the process.

2.6.1 Efficiency

Scholars and proponents of privatization, whether through rigorous research or based on ideological assumptions, have claimed that the process is inherently more efficient than the public sector (McDavid, 1985; Savas, 1987; Pirie, 1988; Clements, 1994; Pai, 1994; Brubaker, 2001). In particular, using a large overview of empirical studies surrounding privatization, Megginson and Netter (2001) concluded: “Research now supports the proposition that privately owned firms are more efficient and more profitable than otherwise-comparable state-owned firms” (p. 375). Savas (1985) argues that the evidence for the efficiency of privatization is overwhelming, and Shapiro and Willig (1990) and Beesely and Littlechild (1988) agree, further suggesting that the efficiency is a sort of natural consequence of privatization and the free market. Brubaker (2001) contends that: “Pragmatism, rather than ideology, drives most privatizations,” and that privatization always increases the effectiveness of the public service as well as its overall efficiency.

However, many studies coming from the critical approach reject that claim (Dunsire, 1991; Clarke, 1993; Ohlsson, 2003). In a review of a large number of empirical studies detailing the privatization of water and waste management, Bel and Warner (2008) found that privatization rarely, if ever, offers more efficient service provisions. Instead, they argue that it is ensured competition, and not the type of ownership, that creates efficiency. Cook and Kirkpatrick (1988) come to the same conclusion, suggesting that, “allocative efficiency is a function of market

structure rather than ownership. Thus, in the absence of competition, denationalization is unlikely to result in major gains in efficiency” (p. 240).

2.6.2 Productivity

Like efficiency, productivity is a variable that the orthodox understanding of privatization claims improves as a result of the process. There are a number of studies supporting the contention that higher levels of productivity follow privatization (Gomez-Ibanez et al., 1991; Price & Weyman-Jones, 1996; Nakane & Weintraub, 2005; Bel and Warner, 2008). Ehrlich et al. (1994) argue that empirical evidence shows that there is a significant correlation between type of ownership and productivity growth, with private ownership offering substantial increases in productivity. Studying the effects of privatization on waste management, for example, McDavid (1985) finds that private waste management crews are “95 percent more productive per person than their public counterparts, and are 60 percent more productive than public crews in mixed settings” (p. 604). As well, Megginson et al. (2004) conclude that the majority of empirical cases they surveyed in their major study on privatization indicated that privatization led to a substantial growth in productivity.

Once again, however, studies coming from the critical approach point out that claims that increased productivity is a fundamental consequence of privatization are not realistic. Instead, in most cases increased productivity results in negative costs being shouldered by the workforce (Gomez- Ibanez et al., 1991; Flecker & Hermann, 2007; Jefferys et al., 2007). Hermann (2010) takes the critique of productivity even further, arguing that productivity and efficiency are often conflated and manipulated. As a result, as Hermann (2010) explains, productivity is measured based on profitability rather than output per working hour, which gives a false sense of success

for privatization. If productivity was measured according to output per hour, a much different picture of its relationship with privatization would emerge. Thus, the literature from the critical approach offers a compelling rebuttal to the claims that productivity and privatization are inherently linked.

2.6.3 Profitability

There is plenty of literature claiming that profitability is improved with the adoption of privatization. In particular, there are a number of orthodox studies that show profitability increases (in some cases dramatically) following privatization (Walker, 1988; Megginson et al., 1994; Eckel et al., 1997; La Porta & Lopes-De-Silanes, 1997). Using a large sample of data related to privatization, Dewenter and Malatesta (2001) argue: “The results show a clear tendency for government firms to be less profitable than private ones. The differences in profitability appear to be economically important, as well” (p. 322). In an overarching study looking at both theory and evidence, Sheshinski and Lopez-Calva (2003) found that there is overwhelming evidence from around the world suggesting that, “privatization has strong effects on profitability and efficiency” (p. 440). In a study that broke profitability down into three indicators (price increases, labor reductions, and productivity gains), La Porta and Lopez-de-Silanes (1999) found that profitability increased by 24 percent. Only 10 percent of that increase, however, was due to an increase in price, while 33 percent was due to labour reductions and 57 percent was attributed to an increase in productivity. Proponents of privatization deem this study to be very important since it helps to debunk the notion that privatization only results in increased profitability when large price increases are implemented and workforces are drastically reduced.

Once again, however, there are studies using the critical approach that suggest claims of higher profitability are either over-exaggerated or simply false. In studies looking at economic performance before and after privatization, Haque (1996) and Cook and Kirkpatrick (1988) found that, in most cases, countries and enterprises performed much better during the period of state intervention. As well, Rentoul (1987), Dalal (1991), and Haque (1996) all note that in most cases where privatization *has* been profitable, the privatized industries had been quite successful as a public service before privatization ever occurred.

2.6.4 Industrial Relations

The theme of industrial relations is another area of privatization that has received much attention from scholars and activists. In particular, there is a significant amount of literature detailing the negative effects that privatization has had on industrial relations. Much of this literature details the crippling effect that privatization has had on labour's ability to negotiate advantageous collective bargaining agreements. Brandt and Schulten (2008) contend that flexible employment and outsourcing have caused the emergence of "new labour relation regimes which often have no or only weak links to the old labour relation regime of the public sector. This includes far-reaching changes in collective bargaining, wage levels, and employment conditions" (p. 2). Hermann (2010) explains that privatization has resulted in a transformation of public service, which has stripped labour's ability to provide distinct labour relations benefits to public servants. Colling (1991) and Fairbrother (1994) explain that privatization has caused a reorganization of public services, mostly characterized by devolution, decentralization and divisionalization. This has led, they say, to a "situation where local managers could subject their workforces to de facto market disciplines" (Fairbrother, 1994, p. 342). Tuckman (1993) and

Fairbrother (1994) go further, describing the changes to industrial relations by privatization as an attempt to commodify employment relations and marginalize unions.

Not surprisingly, an extensive body of orthodox privatization literature does not exist explaining ways in which privatization strips unions of their negotiating power. However, implicit in most of the literature that details the supposed profitable and productive nature of privatization is the idea that the process reduces the size of the workforce and lowers labour costs (McDavid, 1985; Megginson et al., 1994; La Porta and Lopez-de-Silanes, 1999). This suggests that privatization creates a smaller, less secure, and less powerful workforce that loses much of its bargaining power in industrial relations.

2.6.5 Quality of Work

In a comprehensive analysis of 54 case studies involving privatization in the state of New York, Hebdon (2006) found that privatization significantly affects the workforce, as the de-unionizing effects alter job security, pay, and benefits. Many others have also noted the largely negative effects that privatization has on the worker and his/her family, including an intensification of work, lower pay, no benefits, no unionization, no job security, part time work, and no autonomy (Ilean et al., 2003; Stinson, 2004; Stinson et al., 2005; Gurstein et al., 2007; Flecker & Hermann, 2007; Brandt & Schuten, 2007; Hermann, 2010; Zuberi and Ptashnick, 2011). Klein (2007) argues that privatization has been “intended as a specific assault on the wages, benefits, and job security earned over a long struggle by public-sector workers” (p. 4). In short, the literature from the critical approach describes the employment relationship under privatization as part-time, precarious, casual, and poor paying. Stinson et al. (2005) even take the

point beyond the work environment, also detailing how privatization affects an employee's family, social and community life.

On more of a macro level, Gurstein et al. (2007) argue that the working conditions that privatization creates “benefits employers more than employees, creating a contingent labour pool that lacks job security, predictability in terms of the knowledge of the conditions under which an event will occur and the expected effects, and control over how and when work is performed” (p. 27). Clarke (1993) also references the negative effects that privatization has on the workforce. In particular, he attacks the idea that privatization has allowed workers to become shareholders in their respective companies, thus leading them to economic prosperity. For instance, describing the unequal situation present with the privatization of British Telecommunications, Clarke (1993) explains: “Though in most privatizations there were facilities for workers to buy shares, and almost all did, the value of the total worker shareholding remained at derisory levels. At BT in 1989, 1 percent of share capital was held in trust for employees. Whereas the top five BT executives held 1.3 million BT shares worth £5 million” (p. 222). Meanwhile, there is also the issue of gender. Stinson (2004) warns that privatization of public services has unequal effects on women, as more labour becomes unpaid and more is transferred to the domestic realm, resulting in more work and less pay for women.

Again, not surprisingly, there is no orthodox privatization literature that details the ways in which the process causes the deterioration of employment relationships, working conditions, and remuneration. In fact, there are a number of different studies claiming that wages remain constant or increase and that working conditions improve as a result of privatization (Haskel and Sanchis, 1995; Feldstein, 1997; Segal and Moore, 2003; Gronblom and Willner, 2008). Based on thousands of cases of privatization, Shleifer et al. (1997) and Shleifer (2011) suggest that it is

clear wages do not fall. Rather, they say, in most cases an increase in the first one to three years is seen after privatization has taken place. Haskel and Szymanski (1993) take a more guarded approach to wages, explaining that when wages decrease after privatization it is a result of the firm's loss of market power and not the change in the employment relationship. In reality, however, as Wolfram (1998) and Cragg and Dyck (2000) explain, privatization almost always results in a decrease in wages. If there is an increase, it is usually only executive level staff who see their wages go up.

2.6.6 Quality of Public Services

Like the themes of efficiency, productivity, and profitability, there exists a strong divide and debate within the literature regarding the quality of public services after privatization. Despite reduced workforces and more attention paid to efficiency and profitability, orthodox privatization literature also claims that the process leads to higher quality public services (Hilke, 1992, 1993; Fumagalli et al., 2007; Flecker and Hermann, 2007; OECD, 2008; Chapman, 2008). In a survey of the experiences of privatization from America's largest cities, Dilger et al. (1997) report that the majority of cities surveyed were able to save considerable amounts of money without sacrificing any service quality. Similarly, in a study of the privatization of prisons in the US, McFarland et al. (2002) found that private prisons in New Mexico showed markedly higher ratings in measures of quality than did public prisons. Meanwhile, in a study detailing the privatization of 31 electricity firms in Italy, Fumagalli et al. (2007) found that "the transfer of shareholdings to private investors does not lead to degradation of quality" (p. 5212). Finally, there are a number of studies that point to the change in management techniques when a service is privatized as a key factor in improving quality of services (Hrab, 2003).

Similar to the other themes in this section, critical privatization literature questions (and, in most cases, flat out denies) the claims that privatization increases the quality of public services (Durant et al., 1998; CUPE, 1999; Hall, 2001; WSTB, 2002; Gleick et al., 2002; Stinson, 2004; Lawther, 2004; PSI, 2006). In particularly convincing fashion, Snider (2004) and McKenzie (2004) use the poisoned water tragedy in Walkerton, Ontario as compelling evidence to suggest that privatization, in fact, deteriorates the quality of public services. In another compelling piece, Ohemeng and Grant (2008) detail the privatization and subsequent de-privatization of water and wastewater services in Hamilton, Ontario. They explain that not only was the privatization a complete failure in terms of efficiency and profitability, but it also caused a drastic decrease in the quality of water services for city residents. In a study of water privatization in the UK and France, Dore et al. (2004) concluded that there was no evidence to suggest that the private sector has the absolute efficiency advantage regarding increasing the quality of services. In a major survey of European consumers, Vael et al. (2008) found that large segments (in some cases as much as 71 percent) of the public were dissatisfied with their public services after privatization in the areas of transportation, postal services, electricity supply, and health services. Klein (2007) goes as far to describe the effects that privatization has had on public services as “an assault on the gains in public goods and services made by citizens and consumers” (p. 4).

2.6.7 Summary of Themes

Much like the literature defining privatization, there is a clear divide within the literature detailing the various themes related to the policy process. Interestingly, much of the literature falling within the orthodox approach is old, with most of it being produced during the 1980s and 1990s. The critical approach literature, however, is much more recent, as most of it has been

published within the last 10 years. In nearly every variable discussed above, the critical approach is much more current with its evidence. Moreover, the critical approach also displays a much more varied and in-depth looks at each variable, taking into consideration not just the purely economic arguments, but also the political and social effects as well. All of this is evident in the shift that has occurred within the literature surrounding privatization. Although the amount of literature on the topic has remained somewhat stagnant, or in some cases even decreased, the critical approach has begun to have a much more central voice in the debate as evidence against privatization and examples of failed privatization experiments have become overwhelming. As such, the debate surrounding privatization has started to shift, and the orthodox claims and arguments have begun to appear more transparently false.

2.7 Measuring the effects of privatization

Finally, another key area in the literature that has received considerable scholarly attention is the ways in which the effects of privatization are measured. Similar to the literature defining privatization and identifying its different variables, there exists a clear dichotomy between the orthodox approach and the critical approach when discussing how the effects of privatization are measured. On the one hand, the orthodox approach employs econometric analyses to gauge the effects of the process of privatization. In particular, results are often derived from large-scale case studies and are aimed at exploring, buttressing or contesting the causal links between privatization and efficiency and cost (see Gomez-Ibanez et al., 1991; Megginson and Netter, 2001). More simply, they aim to provide rational outcomes that support the orthodox understanding of privatization. As a result, studies of privatization coming from the orthodox

understanding almost exclusively deal with economic factors while ignoring the social and political factors, as well as theoretical questions (Hermann, 2010).

On the other hand, the critical approach also tends to use these types of analyses. However, different variables are often used, which results in markedly different findings. The critical approach often challenges the findings of the orthodox approach on issues such as efficiency, productivity, and profitability. In fact, it is argued that the orthodox approach measures the wrong variables. Such is the case with the issue of efficiency where many studies coming from the critical approach claim that efficiency ultimately stems from the function of competition and not ownership (Bel and Warner, 2008). Others take their critique of orthodox measurement further, suggesting that their measurements often conflate and confuse causal linkages. As mentioned above, Hermann (2010) explains that productivity is measured based on profitability rather than output per working hour, which gives a false sense of success for privatization. If productivity was measured according to output per hour, a much different picture would emerge of its relationship with privatization. Yet, Hermann and others do not call for a drastic change in measurement methods. Instead, they call for measurements to be refined within the existing framework for more precise results. Therefore, the orthodox and critical approaches ultimately use similar measuring methods, but they produce different results to contest and attack each other's privatization claims.

Crucial to this dissertation is the idea that the effects of privatization are being measured with tools and methods that are too narrowly focused. Some argue that the literature from the critical approach fails to adequately understand and measure the effects of privatization because of an overarching ontological problem. More specifically, the argument is that a vast majority of this literature works from a reductionist ontological approach. As Cooke (2008) explains:

Despite obvious differences in the policy conclusions drawn, Left-oriented contributions ... shared the reductionist ontological logic that underwrote mainstream contributions. Thus, while privatization proponents presented arguments causally linking privatization with the various outcomes they supported, contributors from the Left (generally privatization opponents) either contested these causal linkages or connected privatizations to outcomes or results they did not support (p. 32).

What this means is that researchers from the critical approach have focused almost exclusively on investigating the process from the ontological starting points of the orthodox approach. This has resulted in a lack of theoretical investigation surrounding privatization and an overreliance on causal links and presumed consequences dictated by the orthodox understanding. Cooke (2008) argues that, “privatization processes have invariably become a dummy or shift variable in a discourse dominated by reductionist understandings of causality” (p. 32). Therefore, in order for the effects of privatization to be understood and measured properly, the process must first be theorized in ways different from the orthodox understanding.

2.8 Current landscape of privatization literature

Currently, privatization literature can be described as somewhat stagnant. A scan of the literature reveals that the volume of work being published on the topic has substantially decreased since its peak in the 1990s.¹⁷ This is not to say that there is nothing currently being published, as there is still a glut of literature detailing the experiences of privatization in the developing world, particularly regarding developing economies (Tangri and Mwenda, 2001), transition economies (Korovilas, 2006; Aslund, 2006; Crivelli, 2012), and newly emerging

¹⁷ This is based on a number of searches of academic databases, including Proquest, Academic Search Premier, Proquest Research, Scopus, IngentaConnect, Canadian Research Index, and Worldwide Political Science Abstracts.

powerful economies (Morris et al., 2002; Ryvkina, 2002; Shi and Mok, 2012; Barbosa et al., 2012). And a smaller, but still significant portion of literature has emerged in the past decade from the orthodox approach dealing with Western developed nations. The majority of this literature is centred on case studies and analyses of privatization that reiterate the positive effects associated with the orthodox understanding of the process (for example see Bonnet et al., 2012). Some of the more popular topics include the privatization of education (Arreman and Holm, 2011), higher education (Jamshidi et al., 2012), healthcare (Collyer and White, 2011), pensions (Leisering, 2012), and municipal projects (Fein, 2012).

In terms of literature from the critical approach, however, the landscape is much more barren, with only a small number of articles emerging in this vein (see Peters, 2012; Popova et al., 2012; Harvey, 2012; Jalette and Hebdon, 2012; Maingard and Virto, 2011; Angotti, 2009; Cooke, 2007; Klein, 2007; Jurik, 2004; Van Slyke, 2003). At the same time, there has been a dramatic increase surrounding privatization and the larger issues of neoliberalism and fiscal austerity from unions and other labour and social justice organizations. In Canada, CUPE has been particularly active in producing and disseminating literature regarding privatization and the negative effects and consequences associated with the policy process (CUPE, 2015). From an overall perspective, however, the current literature from the critical approach is somewhat lacking and has a number of clear gaps.

2.9 Gaps in the literature

From the review of the large body of privatization literature, it became apparent that a number of gaps exist. First and foremost, there is an obvious shortage of literature from the critical approach, although this has begun to shift over the past 10 years. With the orthodox

understanding of privatization still dominating the discourse, the important issues and problems associated with the process are obfuscated. This means that crucial evidence pointing to the pitfalls and overarching problems of privatization are not being seen by policymakers and the public at large. In short, more research from the critical approach is therefore needed to continue to shift the discourse.

Moreover, and even more important to this study, there is a clear gap in the literature regarding privatization at the municipal level, especially literature from the critical approach. With privatization only continuing to intensify at the municipal level, research that sufficiently conceptualizes and analyzes the process is needed in order to inform and shape public policy in a mutually beneficial way. As well, with pressure coming from the federal and provincial governments to embrace P3s, it is vitally important that municipal governments have evidence and information regarding privatization that spans the spectrum of views.

3 CHAPTER 3 — THEORETICAL FRAMEWORK: Network Analysis and Class Analysis: A New Approach

3.1 The importance of the theoretical framework

At its most basic, a theoretical framework can be thought of as an overarching structure that assists in organizing one's research and even one's thoughts on the research. Maxwell (2005) defines a theoretical framework as a system of "concepts, assumptions, expectations, beliefs and theories that supports and informs your research" (p. 33). Others, including Miles and Huberman (1994) and Pearce (2012), describe a theoretical framework as something that identifies the key concepts or variables to be studied and offers up information pertaining to the different relationships between those concepts and variables. But as Jabareen (2009) points out, current usage of the terms theoretical framework and conceptual framework are often "vague and imprecise" (p. 51). Accordingly, he offers up a concrete definition of the terms as: "a network, or a 'plane,' of interlinked concepts that together provide a comprehensive understanding of a phenomenon or phenomena. The concepts that constitute a conceptual framework support one another, articulate their respective phenomena, and establish a framework-specific philosophy" (Jabareen, 2009, p. 51). Thus, for the purpose here, network and class analyses will be thought of as a systematic framework tool that will be used to help organize and refine the research project, as well as provide a structure or a common thread that ties all the aspects of the project together.

Drawing on the seminal methodological work of Kaplan (1964) and Dewey (1938), Shields and Tajalli (2006) contend that a theoretical framework is one of the most important – if not the most important – aspects of a research project. They explain that, as Dewey (1938) stated decades earlier, theoretical frameworks serve as maps for projects, directing research, connecting variables, and producing real consequences. Moreover, Shields and Tajalli (2006) focus on the

connective function of theoretical frameworks, arguing that “frameworks help students [and researchers] connect forward into the problem and give direction on how to collect and analyze data. They also have a connective function backward to the literature and larger theoretical frameworks (i.e. neo-classical; economics; organization theory)” (p. 316). In other words, a theoretical framework is the missing link that helps tie together the many different aspects of the research process from problem formation to data collection to analysis and recommendations. Pearce (2012) echoes this sentiment by stating: “frameworks help us to bring together the various phases of the research process and to link our research to the literature and wider issues” (p. 28). Without an appropriate and adequate theoretical framework, most research projects are destined to run into serious theoretical and methodological problems. Thus, theoretical frameworks are a “critical missing link in successful student empirical research” (Shields and Tajalli, 2006, p. 313). The importance of theoretical frameworks cannot be understated, and it is a topic that has been written about extensively by a number of scholars when explaining the conceptual nature of research projects (see Ennis, 1999).

With such a premium placed on the role of theoretical frameworks in academic research, it is essential to select a theory that is most appropriate for one’s study. Unfortunately, although there are a number of different competing theoretical frameworks attempting to describe and explain privatization, none of them are able to adequately communicate the complexity of privatization from a policy perspective. The following section explores some of the more popular theoretical frameworks surrounding privatization.

3.2 Why a new approach? The shortcomings of other policy theory approaches

There is an expansive body of literature attempting to theorize and explain privatization across the policy approach's continuum, from rationalism to postmodernism.¹⁸ In each case, the literature attempts to explain how privatization arose, why it has been pursued so strongly as a policy option, and whose interests are involved and affected by the policy. Also important to note is that most of the theories mentioned below implicitly subscribe to the notion of embedded neoliberalism. A term that first emerged in the early 1980s (see Ruggie, 1982), embedded neoliberalism has been used more extensively by political economists (see Bohle and Greskovits, 2007; van Apeldoorn, 2008; Lazzarato, 2009; Cahill, 2014) since the 2008 world economic crisis.. Cahill (2014) explains that neoliberalism needs to be understood as embedded since it is so interwoven throughout institutions, class relations, and ideological norms. He goes on to explain that neoliberalism's embeddedness is evident and explains why policymakers continue to use neoliberal tools to solve economic crises that were actually created by decades of neoliberal restructuring. In short, most of the theories below in some way perceive the institutional and ideological neoliberal nature of our political and social environments to be natural even in the absence of proof or evidence of its effectiveness. The following is a summary of the most important debates among different policy theory streams regarding privatization, as well as a brief critique of their shortcomings.

3.2.1 Rationalism

The rationalist approach works within the economic perspective of privatization, viewing the policy as simply a transfer of assets or activities from the public to the private. Domberger and Piggott (1986) use this approach in their definition of privatization, putting little to no emphasis

¹⁸ For a similar discussion see Collyer, 2003.

on the underlying political or social issues at play. As they explain: “Privatization ... can take place through asset sales deregulation, or liberalization of a protected or regulated market, and franchising. Each of these instruments can be used separately or in combination with others” (p. 159). There are others within the rationalist approach, such as Moore (1986), who take a similar simplistic approach, arguing that privatization is a well-thought-out and effective policy option. Domberger (1995) echoes this view, explaining that government has sufficient experience with privatization to ensure its successful implementation. Following from this belief that privatization is coherent, well-planned, and well-executed is the transformation of privatization into a set of stages which rationally flow from one to the next, achieving policy goals of efficiency, profitability, equity, innovation, and choice (see Walshe & Daffern, 1990; Wanasinghe, 1991; Gormley, 1994). Others present privatization as a rational response to market forces or market problems with little to no empirical evidence and even less hesitation from government officials or the public (Bradley & Nejad, 1989). Not surprisingly, much of the literature within the rationalist approach presents privatization as a clear and rational policy solution to an obvious policy problem (Beesley & Littlechild, 1988; Savas, 1987).

Rationalism has long been criticized for its myopic and simplistic approach to explaining outcomes. Its understanding of privatization is particularly flawed, and there are a number of different studies detailing the empirical failings of privatization (along with the negative political and social effects associated with the policy process), which contradicts rationalism’s claims of efficiency as the trumping factor (see Dunsire, 1991; Clarke, 1993; Fairbrother, 1994; Ohlsson, 2003; Bel & Warner, 2008). In fact, there is little evidence in the policy literature that suggests that policymakers actually rely on empirical evidence, let alone evidence suggesting maximum efficiency, when making policy decisions regarding privatization (Collyer, 2007; Jansson, 2000).

Further, in most cases when policymakers actually do use empirical data surrounding privatization, it is often misleading or irrelevant, as the data is usually pulled from ideal cases and conditions rather than the actual parameters of the policy decision. The most damning aspect of rationalism's approach to understanding privatization is its heavy reliance on efficiency as the key factor leading to the rational policy choice of adopting privatization. As Pint (1990) explains, privatization is almost never about efficiency. Instead, it is almost always motivated by political objectives, which oftentimes sacrifices economic efficiency for short-term political benefits. Clearly, a rationalist approach does not include the proper underlying assumptions or tools to provide a comprehensive understanding of privatization as a policy choice.

3.2.2 *Pluralists*

A number of different approaches fall under the pluralist umbrella, including pluralism, corporatism, neo-corporatism, policy communities, and the advocacy coalition framework (ACF). The pluralist model is structured around the "observation that interest groups influence the outcome of government decisions" (Miljan 2008, 33). This focus on the influence of interest groups leads to a much more open and nonlinear conception of the policy process. The key feature of the pluralist model, as Miljan explains, is that "it considers the competition between groups to be essentially open: groups can enter and exit the competition without structural barriers, and influence within the policy process is largely dynamic" (Miljan 2008, 33). In other words, the model explains policy change through the outcome of competition between different interest groups. When any of the pluralist approaches are applied to privatization, it becomes clear that pluralism is intent on identifying the key players and how their interests are affected by the policy process (Pirie, 1988). In particular, a number of pluralist theorists, such as Campo-Flores (1994) and Vernon (1987), attach human characteristics to government – for instance,

desires and objectives. Although this type of reductionism has been criticized within the privatization field (see Ernst, 1998), it does allow for the decisions of government and business leaders to be analyzed in a way that uncovers interests at stake. Related to this is the idea of power and its role in the widespread adoption of privatization. Pluralist theorists have long been interested in the role of power, and the case of privatization is no different, as pluralists seek out “observable acts of power” in order to help understand how the interests of the key players have shaped policies of privatization (Collyer, 2003).

Generally, pluralism is criticized for failing to take into serious consideration any structural, ideational or normative factors. What this means is that the pluralist approach is only able to understand policy based on policy decisions and outcomes, and is unable to account for different motivating factors for the key policy actors involved in situations. As Lukes (1974) points out, policy is almost never a result of a particular individual’s intentions, but is instead almost always dictated by collective forces and social arrangements. This is particularly important for the study of privatization, since there is a plethora of motivating factors animating privatization decisions with no clear individual motivating or beneficial factors in most cases. In terms of the approach’s understanding of power and its relation to privatization, Samson (1994) has criticized pluralists for viewing and understanding power too narrowly, only focusing on issues on the political agenda and ignoring collective action. Collyer (2003) also points out these weaknesses, explaining that pluralism “fails to offer an adequate analysis of privatization because it reduces power to the interaction between public figures, revealing only the ‘public face’ of power” (p. 6). Thus, pluralism is helpful in the sense that it helps to focus the study of privatization on how interests play a role in the development of privatization policies, but it fails to provide a complete

understanding and explanation of how these interests interact with each other and the contextual policy environment.

3.2.3 *Structural Functionalists*

The structural functionalist approach is grounded in the idea that society is a “living organism in which each part of the organism contributes to its survival” (Schaefer and Haaland, 2011, p. 13). In other words, social structures and social phenomena are understood by the outcomes they produce (stability, cohesiveness, etc.), ignoring other contributing factors, issues of causation, or the indirect effects that are produced. Applying this conceptual framework to the policy process, one is left with an approach that views policy as a response to a societal need; a way to move forward that will produce stabilizing effects for the betterment of society. This is exactly what happened when policy scholars with an affliction for structural functionalism examined privatization. In particular, they saw the emergence of privatization as a societal need, a policy response that arose in a time of economic crisis to deal with the needs for government to reduce expenditures and encourage private economic growth (see Vernon, 1987; Savas, 1987; Flora and Heidenheimer, 1984). More to the point, a number of structural functionalists understand privatization as a consequence of the global economic crisis of the 1970s – that it was an unavoidable result and served as a solution to those economic problems (Franzway et al., 1989; Savas, 1985; Savas, 1987).

Closely related to this is the idea of economic determinism, which refers to the idea that social and technical organization of economic life dictates and explains social structure and culture (Appelbaum et al., 2007). Marx was one of the first to ascribe economic determinism to social structure, though this has mostly been done away with by modern day Marxists. However, economic determinism does persist amongst some political economists (see Navarro, 1999). In

particular, since the dawn of neoliberalism in the 1970s, it has become “common sense” for international institutions and national governments to follow the same policies regardless of who is governing because of the “need to be competitive in the globalized economy, where international markets (whether financial or commercial markets) determine what governments can and must do” (Navarro, 1999, p. 2). Thus, neoclassical economics and the principles of neoliberalism are accepted and adopted without question.

These viewpoints result in functionalists treating privatization almost exclusively as an economic policy response while ignoring the social and political aspects. This is one of the major criticisms of structural functionalism in general; as a conceptual framework, it is unable to account for social change or contradictions, but is rather only able to suggest that a “particular social practice occurred because of the outcome that it subsequently produced (or claimed to produce) (Collyer, 2003, p. 8). Moreover, as pointed out by subsequent theories and their scholars, such as critical theory, structuralism, or post-structuralism, structural functionalism fails to address or even acknowledge inequalities such as gender, race, or class. Although structural functionalism has come under attack from a number of different schools of thought in both policy theory and sociology regarding tautological problems, little has been written about this in terms of its understanding of privatization. This may be because most structural functionalist accounts of privatization are more implicit than explicit. Or more generally, because structural functionalism has been thoroughly critiqued and disproved as a useful tool for sociological investigation, let alone the study of the policy process. Despite this, a structural functionalist narrative is evident in the rhetoric of today’s politicians and policymakers regarding the need for privatization, as it has been continually repeated that the global economic crisis has made privatization of public services a necessary step for financial recovery. This is a convenient

narrative for proponents of privatization, and it has been successful up to this point in lobbying public support for privatization measures. However, it makes a number of assumptions, most notably that policy is a function of economic circumstances (Collyer, 2003), while providing little evidence to support these assumptions and no clear explanation as to why this is the case. Being that privatization is such a complex policy issue, any understanding of it must go beyond the basic structural functionalist account and provide a more holistic understanding that takes into consideration more than just historical constructions and allows for social, political, and other related factors to also play a role in shaping and forming policy.

3.2.4 Ideational Theorists

The crux of the ideational approach is that traditional approaches to understanding policy choices and/or change, like structuralism and intentionalism, fail to properly consider the role that ideas play in the policy process. Since the late 1980s, the ideational approach has taken hold as a legitimate tool for policy analysis, especially as ideas have continued to become more important in the policy environment with the advent of policy learning and policy transfer as a key strategy for policymakers and government moving forward. Many ideational theorists view policy change as a reaction to trends, and privatization is no exception according to these theorists (Mansfield, 1987, Walker & Walker, 2000). Ideational theorists understand privatization as a sort of policy fad, something that arises from a shift in ideas, beliefs, and values (Ikenberry, 1990; Martin, 1993; Sclar, 2001). For example, Gupta (1996) argues that the rise of privatization has been a response to the failure of the Soviet Union, while Ernst (1998) argues that it is related to the dominance of neo-classical economics, and Martin (1993) argues that it can be attributed to the rise of neo-liberal ideology.

However, while the ideational approach may help to explain how privatization became so widespread throughout the 1980s and 1990s, it does little to explain who was pushing the privatization agenda and how they benefited from it. This is the major weakness of the ideational approach to understanding privatization; it provides insight into how a policy or policy change came to be popular, or how it came to be the preferred option among policymakers, but it does not offer any tools to unpack why an idea is influential or preferred. Privatization as a policy choice has particularly been influenced by ideas and ideology, but it is not clear why this has been the case. Hay's (2002) constructivist take on the ideational approach attempts to account for things like structure and interests as his approach recognizes that in order to understand the role of ideas one must consider the environment in which they are born and thrive. Relying on Jessop's dialectical understanding of ideas and structure, Hay explains that "actors and context are interdependent as well as dialectical. Political actors act based on their strategic thinking including not only intention toward certain objectives but also understanding of structural factors" (p. 17). However, despite this attempt to explain the role of structure in the ideational approach, one is left with a vague understanding of how one shapes the other or vice versa, as Hay can only describe ideas as a "strategic actor" and structure as "strategically selective context" in the policy process. This leaves the dialectical relation between the two largely unexplained. Thus, to truly unpack the choice to pursue privatization further, a different policy approach – one that also considers things like institutions or interests more clearly – is needed in order to understand the complexity of the policy issue. Therefore, an ideational approach to understanding privatization can be seen as a complimentary tool, but not as an approach that offers a comprehensive understanding.

3.2.5 *Postmodernism*

In general, postmodernism can be seen as a reaction to the modernist project. Broadly speaking, the approach entails a rejection of absolute truths, objectivity and meta-narratives. When applied to policy, postmodernism uncovers contradictions and challenges conventional assumptions surrounding the policy process. As Hay (2002) remarks, “postmodernism is a form of interrogation – a mode of questioning – rather than a perspective in its own right” (p. 226). In particular, it helps to problematize the modernist assumptions underpinning most understandings of the policy process. Instead of viewing policy change as a step in the direction of progress, the postmodern approach cautions policy analysts to be critical of the idea of progress, and argues that all policy must be analyzed with normative values in mind. It reminds analysts of the “context from which [they] write and of the role of contextualization and the socialization it reflects on both the content of what [they] write and on what [they] take for granted and do not feel the need to justify” (Hay, 2002, p. 237). In other words, postmodernism warns that frameworks, theories and models can be self-fulfilling prophecies. As George (1994) pointedly explains, “[t]he extent to which rational choice analysis can become a rigorous science will depend very much on the extent to which people or leaders accept its rules to guide their behaviour” (quoted by Hay, 2002, p. 238). Thus, postmodernism warns against employing meta-narratives, as these accounts “distort and do violence to difference” (Hay, 2002, p. 248). Therefore, it can be said that the postmodernism approach adds an important aspect to the understanding of the policy process and policy change; it forces analysts to acknowledge that they have an ethical responsibility to those disadvantaged groups constrained by the political process. They must realize that their frameworks, theories and models of policy change are self-reflexive and have real consequences for policy, and more importantly, for individuals.

For the study of privatization, postmodern approaches are useful in the sense that they question the foundational assumptions of privatization, which are typically acknowledged as effectiveness and efficiency. As well, they also acknowledge privatization as part of the bigger meta-narrative of neo-liberalism, and warn that the support of privatization by policymakers may result in a self-reflexive response that will only serve to further embed privatization as a necessary aspect of the economy and, more generally, society. This means that a postmodern approach is able to deconstruct privatization, as a concept, and get to the root causes and normative values embedded in the policy. However, this sort of analysis only works at the broadest of levels and only really provides descriptive analysis. Because of its rejection of absolute truths, objectivity, and meta-narratives, postmodernism is unable to provide any sort of concrete framework or theory that provides an explanation or understanding of policy change. For privatization, postmodernism is able to provide meaning to the vague concept and expose its underlying assumptions, though it cannot explain how it operates at the policy level or why a particular policy decision was made to adopt privatization. Like ideational approaches, postmodern approaches work better as complimentary tools for policy analysis.

The theorizing of privatization as a policy tool has occurred on a broad continuum. The many different approaches offer their own unique understanding of privatization as a policy tool, with each bringing to light different aspects of the approach. However, the complexity of privatization makes it difficult for any one policy to explain the policy tool fully.

3.3 Network analysis and privatization

There are, however, two policy theory approaches that do a better job of providing a deeper understanding of privatization than the approaches discussed above. One of these approaches,

policy network analysis, has a long history as a theory of the policy process dating back to the late 1970s and peaking in popularity in the mid-1980s. A survey of the literature reveals that network analysis has been used to analyze a diverse range of policy issues in areas such as agriculture (Smith, 1990; Sciarini, 1996), banking (Coleman, 1991), labour (Pappi and Knoke, 1991), the environment (Daugbjerg, 1998), cohesion (Ansell et al., 1997; Bache, 1998), and telecommunications (Schneider and Werle, 1991), among others. Adam and Kriesi (2007) explain that policy network analysis has such a widespread application because it “conceptualizes policymaking as a process involving a diversity of actors who are mutually interdependent” (p. 146). Still, policy network analysis has been criticized by many as being merely a metaphor for the policy process rather than a theory with any explanatory power (Dowding, 1995, 2001; Pappi and Henning, 1998). Driven by these criticisms, a number of different studies have set out to create different policy network typologies that “supply more refined, exhaustive and mutually exclusive categories through the use of several characteristics of networks” (Thatcher, 1998, p. 394).

The typology that will be used in this study is much more focused on micro-level issues and is based on the initial work of Wilks (1989), Wright (1988), and Wilks and Wright (1987) and further developed by Coleman and Skogstad (1990). Wilks and Wright first developed their approach in order to explain the complex nature of industrial policy formation in the European context. They argue that policy networks are best understood as the personal relations between small groups of actors. This approach has shied away from attempting to use policy networks as a way to explain the wider nature of the modern state in the fashion of a grand theory (Dowding, 1995). Wilks and Wright (1987) focus on government-industry relations and attempt to understand the process of policy. Paramount to their work is their distinction between policy

community and policy network. They identify policy communities as a macro-level grouping of actors or potential actors drawn from the policy universe who share a common policy focus.

Meanwhile, they define a policy network as much more specific, stable, and operating at a more micro level that actually connects different policy communities together. As they explain:

A policy network is a complex of organizations connected to each other by resource dependencies and distinguished from other complexes by breaks in the structure of resource dependencies. A policy network may evolve or be constituted around a discrete policy issue or problem, a set of related issues (e.g. export promotion, health and safety), or around a policy process, such as budgeting or auditing or planning. The members of a network may be drawn from one policy community or several (Wilks and Wright, 1987, p. 299).

Wright (1988) goes on to explain the difference between policy communities and networks in more detail:

... the linking process, the outcome of those exchanges, within a policy community or between a number of policy communities ... A policy network may endure or be constituted around a discrete policy issue or problem, a set of related issues ... or around a policy process, such as budgeting, auditing or planning. The members of a network may be drawn from on policy community or several. A policy network describes the general properties of the process by which some of the members of one or more policy community interest in a structure of dependent relationships (p. 606).

Thus, the Wilks-Wright policy network approach is focused on the relationships between actors within the network rather than arbitrary values or characteristics attached to them. This importance of informal relationships amongst actors within policy networks is one of the key aspects developed by Wilks and Wright. In fact, their claim that most policy networks are “mediated through quite distinct personalized or informal sets of relationships” (Wilks and Wright, 1987, p. 287) triggered a small-scale movement towards studying the informal

relationships between government and industry (see Appleby and Bessant, 1987; Hancher and Reute, 1987; Cawson et al., 1988; Grant et al., 1987; Hancher and Moran, 1989). The ultimate goal of the Wilks-Wright approach is to produce reliable interpretations and valid generalizations about the process of policy formation for government-industry-relations in order to better understand policy substance, outcomes, relative success and failure, and prescriptions (Wilks and Wright, 1987).

But with its close attention to detail and myopic focus on government-industry relations, the Wilks-Wright approach can be somewhat insular. Coleman and Skogstad (1990) bridge this problem by extending the Wilks-Wright approach to encompass a much broader understanding of the policy process. Coleman and Skogstad (1990) employ the conception of policy network developed by Wilks and Wright (1987), but they extend it to take into consideration the impact of macro-political institutions on policy development (which Wilks and Wright only hinted at). In particular, they contend that policy networks emerge in six distinct patterns, including pressure pluralism, clientele pluralism, parentela pluralism, corporatism, concertation, and state-directed (Coleman and Skogstad, 1990, p. 27). Structural state properties and organizational interests influence the development of these policy network patterns, meaning that they may change over time, or in some cases even take on characteristics of two or more types of policy networks. This allows not only for the policy network approach to transcend the limits of the study of government-industry relations, but it also solves the problem of micro-level theories that tend to ignore the impact of broader structural factors (Evans, 2001). This development led to the emergence of a number of studies that focused on both the micro-level personal relationships that greatly shaped the outcome of policy and the macro-level state properties that play a role (see

Coleman, 1990; Skogstad, 1990; Pal, 1992; Coleman, 1994; Lindquist, 1996; Haddow, 1999; Ornstein, 2003).

The result is a policy network analysis approach that utilizes the Wilks-Wright approach's close attention to the relationships within the policy network, while also employing the Coleman-Skogstad approach's more macro focus that helps make sense of activities and relationships between individuals, groups, and structural formations. This type of approach is important for the study of privatization for a few reasons. First, it contributes to demonstrating that privatization is a policy issue in which there are a number of actors involved (each with its own interests and agenda). Second, its penchant for analyzing interpersonal relations between actors and groups within the network allows this type of approach to reveal how and when actors (in this case, corporate and government entities) exercise autonomy or when they form alliances to influence policy decisions and change. Third, it connects the relationships among actors within networks to the larger overarching social structures.

But while policy network analysis is undoubtedly important for the study of privatization, it fails to provide any account of the intentionality or motivation that drives actors and groups within the policy process (Dowding, 1995; Collyer, 2003; Adam & Kriesi, 2007). More to the point, policy network analysis is prone to veer towards a naïve pluralism that views liberal capitalism as an accurate framework in which to understand the policy process (Samson, 1994).

3.4 Class analysis and privatization

The second policy theory approach that provides a deeper understanding of privatization is class analysis. Like policy network analysis, class analysis has a long history as a theory used to understand the policy process. Some of the studies utilizing class analysis have looked at policy

areas such as agriculture (Domhoff, 1996), immigration (Rex and Tomlinson, 1979; Abu-Laban, 1999), employment (Arber, 1991; Crompton, 2010), health (Scambler and Higgs, 1999), voting (van der Waal, et al., 2007), and income inequality (Albertini, 2008; Hermann, 2008). Similar to policy network analysis, class analysis is divided into two different – and highly-fractured – strains, each with a number of different approaches. The first strain, known as occupational class analysis, is focused on using the social occupational structure in order to gain insight into social mobility and relations (see Goldenthorpe, 1987; Erikson and Goldenthorpe, 1992). However, occupational class analysis is not an approach that is typically used to better understand the policy process. Not to mention, critics have pointed out that this approach fails to account for a number of other major stratifying factors like gender, race and age. It also ultimately fails to address the issue of class in a theoretically sophisticated way (see Scott, 1994; Westergard, 1995; Crompton, 1998, 2000). Therefore, it is the second strain of class analysis – the more conventional Marxist approach – that is utilized in this study.

Within this second strain, it is the neo-Marxist approach that is used for this study. At the core of the neo-Marxist approach is the concept of exploitation, and how resources are distributed as a result of this dynamic. The approach understands exploitation as being inherently distributional, with one class oppressively appropriating the product of the labour of another class (Roemer, 1982, 1985; Wright, 1985). This type of understanding of exploitation links the concept closely to notions of domination and power, with exploitation creating and sustaining structural patterns of subordination and coercion. As Wright (1999) explains, class analysis assumes that “the distribution of rights and powers over the basic productive resources of the society have significant, systematic consequences” (p. 9). Importantly, the neo-Marxist approach also incorporates ideology into its understanding of class analysis. Here, threads of Gramsci’s

(1971) notion of common sense and hegemony underscore an understanding of ideology that sees consent obtained by uniting persuasion from above with consent from below. Ideology is used in a variety of ways, such as the parliamentary system (see Eagleton, 1996), to “proclaim the practical and moral desirability of capitalist institutions” (Wright, 2000, p. 29) in order to peacefully and efficiently reproduce capitalist class relations.

With this in mind, when neo-Marxist class analysis is applied to policy analysis, two major political strategies emerge – one of legitimation and one of accumulation (Miljan, 2008).

Legitimation refers to those policies that reduce class conflict, while accumulation refers to those put in place to facilitate capital accumulation for the capitalist class. Following from this, policy and the policy process is centred on and dictated by class interests. Howlett et al. (2009) explain that class analysis identifies and accords “primacy to collective entities, the organized interests and associations that seek to influence policy agendas, policy options and policy outputs” (p. 35). Thus, class analysis aims to expose the motivation and intent that drives policy decisions and change, focusing specifically on the class aspects (for example, capitalist interests versus working class interests) that influence the different actors and groups involved.

While the number of studies of privatization that use class analysis is hardly overwhelming, there is a small but strong body of literature surrounding the topic (see Samson, 1994; Kyer, 2002; Cooke, 2007, 2008; Samson, 2010). The small size may be due to the fact that class analysis, beginning in the mid-1990s, has fallen out of favour among most scholars (see Grusky and Sorensen, 1998; Mooney, 2000). Still, there are two major studies that stand out as prime examples of the appeal that class analysis does hold for understanding privatization as a policy. Both Samson (1994) and Cooke (2007) employ class analysis in order to make interesting and unique insights into the process of privatization and its effects. Samson’s (1994) study is

particularly helpful in understanding the role that ideology plays in privatization by providing a more relational view of it within society. His innovative, class-based approach to understanding the policy process is centred around the idea that privatization is always about class interests, yet is most frequently presented in political and academic discourse as *essentially* a matter of contracting out public services or functions and selling off state assets” (p. 79). What is most striking and intellectually stimulating about Samson’s study is that he introduces a three-tiered (or “faced”, as he refers to it) study of privatization, which is unlike anything done before. It is this further dissection of the policy that helps unearth some of his more poignant insights. The first face of privatization refers to the way in which privatization is presented to the public, which is a characterization dominated by economic and fiscal notions of efficiency, cost-effectiveness, and consumer choice. Privatization is officially acknowledged by the state and the policy actors involved in the policy process as being only about certain state policies and processes like sell-offs or contracting out, and fails to acknowledge that privatization may “deliver new groups of dispossessed, disenfranchised and losers” (Samson, 1994, p. 84). The second face of privatization, then, reveals the hidden agenda of the policy. Samson (1994) explains: “The second face of privatization opens up a more relational vision of society ... It exposes the first face of privatization, advocated by conservative governments and academics, as arbitrarily delimited to certain cases which can only be evaluated positively, while ignoring related processes which have negative associations” (p. 89). The second phase exposes privatization as highly influenced by political interests. Finally, the third face conceptualizes privatization as “a form of hegemony in which the primary medium of transmission is ideology. This ideology may be contested and become the battleground of competing versions of the true definition of privatization” (Samson, 1994, p. 81).

Of particular importance, he conceptualizes privatization as “a form of hegemony in which the primary medium of transmission is ideology. This ideology may be contested and become the battleground of competing versions of the true definition of privatization” (Samson, 1994, p. 81). In other words, ideology works to mask the true nature of privatization, instead of defining it based on the hegemonic interests of the time. Since its inception, privatization has operated within a world dictated by a neo-liberal ideology resulting in privatization being defined and presented as a rational policy response that rectifies a policy problem through the private sector’s more efficient management style, while not mentioning any of the negative effects that it has had on the different interests involved in the policy measure. Samson notes that the shifting nature of ideology and its wide felt effects on societal perception allows for the definition of privatization to remain fluid, and possibly change in the future as the hegemonic landscape changes in international, national, and local politics. As well, various signifiers, such as biological arguments that privatization is part of human nature or nationalistic arguments about economic recovery and increased freedom (see Hall, 1988; Seldon, 1991; Samson, 1994), are used in order to manipulate and alter public consciousness surrounding privatization in an attempt to force the public to accept that privatization has altered class relationships and tipped the capital accumulation scales heavily in the favour of capital.

Cooke’s (2007) study, meanwhile, highlights the major role that exploitation plays in the policy of privatization. He focuses on the privatization of New York City’s Central Park in the late 1990s in order to illustrate the many different class issues and interests in privatization. As Cooke puts it:

From its inception, New York City’s Central Park has reflected, internalized or played host to many of the contradictions characteristic of an urban capitalist environment: uneven and unequal geographic development; intense struggles over class, race/ethnicity, gender, and sexual

orientation; clashes between various forms of capital (e.g. financial and merchant); and conflicts regarding ‘appropriate’ social and political behavior (p. 112).

The overall goal of Cooke’s study is to provide an overarching framework for theorizing progressive privatizations, which he argues are instances of privatization that help encourage non-capitalist production processes. For example, as Cooke explains, “a class analyst could support a privatization in which workers’ wage was observed to decline, but which allowed them to participate in decision regarding how their surplus was distributed” (p. 128).¹⁹ It’s an interesting assertion, to say the least, but not a crucial piece for this project moving forward. More importantly to this research project, the study also highlights the many unique insights and benefits that class analysis brings to the study of privatization. Cooke argues that class analysis yields three benefits for the study of privatization, including that it “serves to underscore the limitations of the hegemonic cost-efficiency calculus that has long informed the municipal privatization discourse ... it prompts important questions regarding the troublesome relationship between democratic principles and capitalist production relations ... [and] it offers an alternative to a wage-led approach” (p. 112).

Of particular importance to this research project, Cooke notes that the focus on exploitation in class analysis helps to uncover the many processes and effects related to privatization that are often disregarded, and more importantly, that the “social effects will endlessly ramify in overlapping and interacting ways” (p. 118). He also makes the point that class analysis exposes the undemocratic nature of privatization, as policy decisions are made with little to no consultation with those groups who will be affected by the privatization measures. He explains that the public had little-to-no say in the ultimate policy decision to privatize, and even worse,

¹⁹ Cooke has since published a book greatly expanding on and developing a framework and model for theorizing and assessing ‘progressive privatizations’. For more information see Cooke, 2008.

information regarding the decision was either not available or suppressed leading up to the decision. This means that a major decision regarding the future operation of arguably the most important park in America was made by a group of policymakers and the potential private consortiums attempting to gain control over it with little input from other interests involved in the policy process, including the public at large and the numerous independent and small businesses that operate within the park. Thus, this would suggest that the most important and influential interest involved in the policy process surrounding the privatization of Central Park was the capitalist interests involved, not the general public who are the prominent users of the park, or the independent and/or small business owners that attract people to the park. Moreover, the effects – whether positive or negative – that the privatization of Central Park will have on any and all groups is ignored in favour of the economic benefit that the policy decision will have for the small group of capital interests. As Cooke (2008) explains, class analysis “considerably widens the field of effects that can be related to [privatization]” (p. 41), and offers new avenues for explication.

While the benefit of neo-Marxist class analysis is clearly evident, it also has its weaknesses. Most notably, class analysis (and more generally, most strands of Marxism) tends to collapse individuals and groups into the institution of the state (Collyer, 2003). Class analysis often assumes that policymakers are unequivocally committed to the reproduction of capitalist social relations. Collyer et al. (2001) make clear that the policy process cannot be broken down into such a simplistic reduction since the policy process is a social struggle, and at different points in history both the capitalist class and working class have benefited. By collapsing and reducing policymakers’ actions into the state, class analysis simplifies the policy process into a logic that only understands policy decisions through a perspective that is structured by the idea of capitalist

accumulation versus working class interests. Ultimately, this has the result of stripping all actors and groups within the policy process of any agency, breaking it down to a process that is only concerned with pursuing the interests of capital.

3.5 Synthesizing approaches

Traditionally, social science research has been organized by a dichotomy separating quantitative and qualitative work. At the root of this dichotomy are the ontological and epistemological differences between foundationalism (positivism and post-positivism) and anti-foundationalism (critical theory, constructivism, and the participatory approach) (Lincoln and Guba, 1994). Foundationalism can be described as being realist and apprehendable, “driven by immutable laws and mechanisms” (Lincoln and Guba, 1994, p. 109), while the anti-foundationalist approach can be described as viewing reality as socially constructed, existing within each individual’s mind with meaning being created by symbols and shaped by historical and contextually specific conditions. Historically, quantitative work has fallen within the foundationalist approach, and qualitative work has fallen within the anti-foundationalist approach. This is not surprising, as quantitative methods tend to be much more rigid and structured, while qualitative methods are much more flexible and fluid.

Yet, despite the rational signifiers and historical tendency towards keeping theoretical approaches separate and distinct, their divorce is artificial and by no means necessary. In fact, scholars such as Bryman (1988, 2012), Williams and May (1996), Morgan (1998) and Read and Marsh (2002) contend that the ‘inherent’ differences between the two approaches have been largely exaggerated. Bryman (2012), in particular, explains that research methods and theoretical frameworks are “much more autonomous than is sometimes supposed”, and that methods, ideas

and theories that are typically associated with quantitative or qualitative research are “often employed together within a single piece of research” (p. 619). He goes on to expand on this idea, explaining: “When the use of research methods in practice is examined, while tendencies may be discernible that link them to certain assumptions, the connections are not absolute” (Bryman, 2012, p. 619). In other words, despite their apparent differences, methods and theoretical approaches can be (and often are) combined in good research design. Read and Marsh (2002) unpack the question of combining methods and theoretical approaches further, suggesting that the combination allows researchers to sufficiently address all aspects of the research question, and that a combination only increases the validity of the research – since one method can act as a check on the other. This growing support for mixed methods and frameworks has spawned a large following amongst academics and researchers, which has contributed to the creation of new journals, handbooks, and guidelines for mixed methods and frameworks. As Creswell (1994) explains, approaches can be combined in three different ways, including the two-phase design approach, the dominant/less dominant design, and the complete mixed-methodology design. Despite the obvious benefits of combining methods and theoretical approaches, most disciplines and fields have been slow to adopt this new approach to research.

Accordingly, synthesizing methods and theoretical approaches is a conceptually new development in policy studies. In fact, up until the early 1990s, policy research – especially research surrounding policy change – was dominated by studies using a ‘single-explanation’ methodology that either focused on internal determinants or policy diffusion (Berry and Berry, 2007). However, with the publication of a number of studies showing these traditional approaches to be flawed and myopic (Berry, 1994), policy research began to shift away from these rigid approaches and adopted new ways of doing research, including the use of mixed

methodologies and frameworks. Brannen and Moss (2012) argue that mixed approaches to policy research is critical because mixed methods research designs can “exploit the potential to see different things, and can precisely recognize the limits as well as the potential that each method offers” (p. 790). Despite these claims, mixing methods and approaches in policy research is still not as widespread and highly utilized as it should be. That said, there are a number of examples of good mixed research within the field of policy studies. One that stands out is a study done by Moss et al. (2007) that focuses on education policy in the United Kingdom. The study brought together and fused a number of different approaches and methods, including economically-based quantitative work, qualitatively-based interview work, and a social interactionist perspective, to name just a few. The study was focused on understanding the impact that the introduction of interactive whiteboards (IWBs) to classrooms in the UK had on learning outcomes and teaching practices of students and teachers. The mixed approach was able to uncover alternative starting points for doing research, which ultimately led to the study coming to some interesting and unique findings that a single approach to the issue would never have been able to uncover. In particular, by using mixed methods, the study was able to avoid findings that merely supported the commonly held view within the field, which believed that IWBs, when available, were used and were beneficial to teaching and learning. To help with this, the study was designed in a way that the quantitative and qualitative approaches were not looking for confirmation of what the other would find. For example, there has long been evidence to suggest that when available, IWBs are used and are beneficial, and there was evidence coming from Moss et al. (2007) study to support this. However, the qualitative approach to the study looked to go beyond this, and what was found was that a number of contextual factors contributed to why and how IWBs were used and the extent to which they

were actually beneficial to teaching and learning. Moreover, they found that there was not an IWB effect. Instead, they found that the use of IWBs was more a “process of professional adaption, rather than a means of directly impacting on teacher practice and pupil attainment” (Moss et al., p. 798). The study also was successful in setting new parameters for research regarding IWBs and introduced new measures and variables for researchers to use when conducting quantitative research on IWBs. Finally, as Brannen and Moss (2012) clearly explain, this study is important for future mixed method policy research:

The quantitative and the qualitative data in this case interact to challenge accepted thinking and re-direct research in this domain. Whilst this can be an uncomfortable message for policy makers intent on finding support for a direction they have set policy in, and where they need to justify the amount of money spent, this kind of research is an important part of knowledge building within a field over the longer term (p. 798).

Thus, the frequency of mixed approaches will continue to increase and solidify as an important approach to the study of policy because of its ability to uncover new and crucial insights into policy and the policy process.

3.6 The Network/Class approach

The combination of network analysis and Marxist class analysis represents a complete mixed-methodology design where the methods of both network analysis and class analysis are utilized to offer a better reflection of research practice (Creswell, 1994). The combination of these two approaches fuses the key aspects from each – the ability of network analysis to reveal the relationships between individuals and groups of the network and their characteristics, and the ability of class analysis to make clear the asymmetry in the relationships between capital and labour. The result is a policy process theory that operates at both the micro and macro levels and

takes into consideration individual and institutional factors. It exposes the process of policy for what it is: a class-based system that involves the intersection of interests from a varied group of stakeholders with benefits and costs being distributed unequally amongst the different groups. At a more abstract level, the network class analysis combination represents a sophisticated approach to explaining the roles that agency and structure play in social policy change and transformation.

This type of combination, however, is not a popular approach to analyzing policy initiatives, especially the process of privatization. In fact, no other studies to date have applied this type of theoretical framework to the study of privatization. Despite this, Collyer (2003) does suggest that the network-class analysis combination would be the perfect vehicle to analyze the process of privatization. He does not conduct any original research using the combined approach, but does briefly apply it to the example of the privatization of the Australian Commonwealth Employment Services (CES) agency, which was fully privatized and dismantled in the mid-1990s at a time when the agency was operating at acceptable levels. The privatization took the form of contracting out, which raised nearly \$AUS 1.7 billion for the government but also resulted in the loss of 90 percent of the public sector jobs associated with CES.

From his brief analysis using the network/class combination, Collyer (2003) was able to ascertain a number of contributing factors and processes that led to the privatization of the CES. In particular, he found that the network and class analysis approach revealed three major findings that other policy approaches were unable to uncover. First, he found that policy networks are highly shaped by the class system. This was clearly evident in the awarding of private contracts that favoured private enterprises. Collyer points to evidence that contracts were awarded to firms in electoral areas held by a member of government. More specifically, it was shown that “private job agency sites granted to safe government seats were double the number of those in safe Labor

seats” (Haslem, 2000 quoted in Collyer, 2003). This clearly points to the ways in which the state and capital work together to “initiate and support the privatization process” (Collyer, 2003).

Secondly, he found that the effects of the class system on the network itself are evident in the alliances formed to pressure the government. More to the point, Collyer points to the fact that large consortiums of agencies (three large consortiums represent more than 400 agencies in Australia) formed after privatization occurred and have used their power to lobby for funding increases and changes to the policy process surrounding employment services. As Collyer notes: “These alliances have enabled particular agencies to monopolize resources, shape the rules and processes for inclusion and exclusion, and ensure that the flow of benefits is toward private capital.” Even more interesting was the fact that Employment National, the public provider, was not included in any of these alliances. Moreover, after receiving about a 40 percent share of government contracts when CES was first privatized, the organization was leveled with heavy criticism from the private lobbies, the media, and the public at large, which resulted in their share of contracts being reduced to about one percent in the second round of contract awarding. These class influences within the network surrounding the CES clearly worked to strip the only public agency working in employment services of its ability to provide services to the public.

Third, Collyer found that the operation of the policy network surrounding the CES clearly favours capital, as it functions to channel public funds to the private sector and articulates the interests of the ruling class more effectively (Collyer, 2003). Here, he points to the fact that over 10 percent of the private enterprises that were successful in winning contracts for employment services, in fact, performed no real services. Instead, these private enterprises subcontracted the contracts – with explicit consent from the government – to other agencies. Thus, a large chunk of government money was funneled directly into the coffers of private enterprise despite their

providing no services. Moreover, it is clear that private enterprises were able to extract large funds of money out of the public welfare budget, leaving the Australian welfare sector with fewer funds to provide more services. As Collyer argues, this combined approach helps to expose privatization as a “unique development in late capitalism which enables capital to secure new sources of funds, expand business opportunities into areas previously prohibited to private capital (such as welfare services), and to expand the commodification process.”

These are the types of insights and understandings of the process of privatization that network analysis or class analysis alone cannot produce (nor can any other theory of the policy process). However, there is a tendency of Collyer (2003) to overstate the network class analysis combination’s ability to uncover connections, and at times his work veers too far into ideological territory. This may be partly due to the fact that Collyer merely applies the combined approach to an example without doing any original research. Nevertheless, it is a shortcoming, and it is addressed and flushed out in the coming chapters.

3.7 Why the Network/Class approach works for this research project

From the information provided above, it is clear that the Network/Class approach, despite its obscure and somewhat untested status among policy researchers, is an obvious choice for research on the process of privatization. It is an especially appropriate choice for this project because of the focus of privatization at the municipal level. An analysis of privatization at the municipal level, as discussed in the previous chapter, brings a new level of complexity in comparison to an analysis at the national or provincial levels. Not only is figuring out the different funding formulas for services at the municipal level difficult, but understanding responsibility and the role of community also complicates the situation further. Compounding

this issue is the fact that most privatizations occurring at the municipal level take the form of public-private partnerships (P3s). The introduction of P3s to the study of privatization over the past 20-plus years has made it much more difficult to access the positive and negative aspects associated with the policy process. More to the point, it is difficult with P3s to assess the impact that privatization has on different classes since the idea of ‘shared costs’ tends to obfuscate the skewed benefits that P3s deliver to capital. Moreover, P3 arrangements introduce new actors, interests, and policy networks into the equation, which means that an approach must be able to make sense of relationships within the policy process, especially those that are complicated and are not entirely clear at first glance. Clearly, the Network/Class approach offers solutions to these issues, as the combination of these two approaches fuses the best aspects from each – the ability of network analysis to reveal the relationships between individuals and groups of the network and their characteristics, and the ability of class analysis to make clear the asymmetry in the relationships between capital and labour.

Aside from these more abstract benefits that the approach offers, it also lines up ideally with the two research questions driving the work of this dissertation. The first question, which seeks to understand if privatization produces winners and losers in the policy process, is tailored for the network/class approach. As we have seen, orthodox understandings of privatization have long pointed to the efficiency and economic benefits of privatization. Whether or not there is any validity to these claims (with the overwhelming amounts of evidence presented in Chapter 2, it is becoming harder to accept these claims), it has been assumed and accepted that the efficiency and economic benefits have been beneficial to public policy and the public at large. This assumption is couched in the neoliberal ideas that pervade public policy at the moment, which claim that reduced government spending and the selling off of public assets are beneficial and

desirable. The network/class approach allows us to probe these assumptions since it helps shed light on who privatization benefits and, subsequently, who does not benefit from it (class), as well as how these benefits are distributed through the different channels of society (network).

The network/class approach is also well suited as a framework to use to answer the second research question driving this dissertation, which asks, ‘if privatization does produce winners and losers (and there is mounting evidence to suggest that it is typically not a useful policy option), then why is it still widely being used as a policy option?’ The network/class approach cuts to the core of this question, as the framework strips the policy process down to a level where interests and relationships are seen to shape policy decisions, often times with class-based interests playing a key role. Moreover, the framework explains the roles that agency and structure play in policy change. Both of these tools of the framework are key to answering this research question. More specifically, if a decision continues to be made that is only benefitting a very small group, with the costs being absorbed by the majority of the public, it is obvious that the policy decision is being shaped by more complex factors than a simple cost-benefit. In fact, it would suggest that a network of interests are using and manipulating structures and institutions in place in order to benefit their own class-based/capital interests.

Further to this point, each individual case study involved in this research project also lends itself well to the use of the Network/Class approach. The specifics of each case study are discussed in Chapters 5 and 6 of this dissertation. These chapters will help to make clearer why the Network/Class approach is the right theoretical framework for this research project. However, before moving on to this, the next chapter provides an in-depth look at the methodology used in this dissertation.

4 CHAPTER 4 — METHODOLOGY: A Qualitative, Case Study Approach

4.1 The role of methodology in research

Like the literature review and theoretical framework, methodology is a crucial component of a dissertation. The main purpose of the methodology chapter is to lay out the exact steps that will be followed in order to address the research project's hypotheses and research questions (Rudestam and Newton, 2007). It also helps the researcher to systematically address the research questions and hypotheses of the project. A systematic approach is especially important because researchers are often faced with many iterations of questions, methods, and data throughout the process, which can make the research process daunting without clear methodological assumptions and practices. In fact, methodological clarity is essential to the success of any research project; without a properly thought-out methodology, a study is most likely destined for failure. As Blaikie (2010) explains: "Planning is vital in any kind of social research. Failure to plan is to run the risk of losing control of the project and failing to complete it successfully" (p. 1).

Many scholars and researchers contend that the most important aspect of one's methodology is research design (see Eckhardt and Ermann, 1977; Berg, 2001; Blaikie, 2010), which is best described as a working plan to guide a dissertation from a percolating idea to a completed research project. Blaikie (2010) explains that it is "the constant point of reference and guide throughout the research. It is necessary to make changes as the research proceeds, or if it is necessary to allow some elements of the research design to evolve in the course of the research ..." (p. 13). Moreover, it is crucial to the development of an empirical research project because "the design is the logical sequence that connects the empirical data to the study's initial research questions and, ultimately, to its conclusions" (Yin, 2009, p. 26). Frankfort-Nachmias and

Nachmias (1992) add to this, explaining that a research design “guides the investigator in the process of collecting, analyzing, and interpreting observations. It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation” (p. 77-78). Clearly, research design is a key component of a successful project. Thus, before moving on to a comprehensive discussion of the methods employed during the gathering of data for this dissertation, the design of the study is addressed in detail.

4.2 Conceptual Frame

This dissertation is informed by the conceptual framework of critical political economy. Before moving on to unpack specifically what critical political economy is, it is important to first situate it within a methodological paradigm. Political economy is found within the critical theory paradigm as described by Lincoln and Guba (1994). Critical theory is best described as anti-foundationalist, and transactional and subjectivist. In other words, it asserts that reality has been, over time, “shaped by a congeries of social, political, cultural, economic, ethnic, and gender factors, and then crystallized (reified) into a series of structures that are now (inappropriately) taken as ‘real’, that is, natural and immutable” (Lincoln and Guba, 1994, p. 110). Moreover, with this understanding of reality in mind, critical theory also sees knowledge as socially constructed and relative, instead of true and objective (Asghar, 2013).

Critical political economy fits into the critical theory paradigm, as critical political economy is based on two key pillars: “the drawing of links between the economic and other areas of social life and the recognition of the need for re-conceptualisation of the economic when such links are drawn” (Browning and Kilmister, 2006, p. 5-6). Critical political economy developed in the late 1960s and early 1970s out of the more classical and post-war versions of political economy

(Dowd, 2004). Classical political economy emerged in the eighteenth century, as Marx and other writers referred to the work being done by physiocrats and Adam Smith, which was very much based on laissez-faire ideas about the state and the market (Browning and Kilmister, 2006). In short, they were the first to think and theorize on the links between society, the state, and the economy. Theorists like Joseph Schumpeter and Friedrich von Hayek, albeit still from a somewhat classical economic approach, helped to move political economy towards the more critical and innovative form that it is today. Their work on things like democratic theory, business cycles, and spontaneous order helped to push political economy toward a more critical approach to understanding social relations (Dowd, 2004). This evolution continued during the post-war period, as Keynesianism took over as the overriding approach to understanding economic and social relations, which was highly entwined with the political economy approach (Stilwell, 2006). However, the golden age of capitalism tended to blunt the growth of political economy, as social, economic, and political relations were balanced better than they had been up until that point (Dowd, 2004). This balance did not last long, though, as cracks began to emerge in the Keynesian approach in the late 1960s and early 1970s, and were completely brought into question as the oil crisis of 1973 sent shocks through Western economies. Moreover, uneven international development forced economists to revisit some of their foundational ideas.

Coming out of this tumultuous time was a new form of political economy that sought a “radical revision of conventional economic concepts in the light of their inadequacy” in light of the economic and social development of the 1970s (Browning and Kilmister, 2006). Browning and Kilmister (2006) explain that critical political economy seeks a complete transformation of the economic rather than another ‘new’ social theory that “simply incorporates economic approaches in an unchanged form, or even is subordinated to such approaches in the sense that

they become its organising principle” (p. 2). They continue: “This transformation does not mean a straightforward rejection of economic ideas, however. These ideas can continue to provide essential insights for social theory, but in order to do so they must be decisively altered from the form in which they appear in conventional economic thought” (Browning and Kilmister, 2006, p. 2). In order to do this, critical political economy injects an economic dimension into social theory concerned with cultural and ideological aspects. The main way that theorists were able to create and expand critical political economy was to incorporate the work of Marx and Hegel into the political economy approach, which allowed for economic insights to be embedded in social and political analysis (Stilwell, 2006). Thus, critical political economy can be thought of as an approach that sees economic life intrinsically linked to social reality, and therefore any political analysis that does not include both economic and social perspectives is incomplete. Moreover, it can be seen as a conceptual framework that focuses on uncovering a deeper understanding of the interests and structural factors at play and how they are linked to the political, economic, and social spheres.

From this, it is clear that critical political economy is an ideal conceptual framework for the study of privatization, which is too often understood only from an economic viewpoint. However, as this dissertation argues, privatization must be analyzed in a way that takes into consideration not only the economic principles (despite their somewhat dubious claims), but also the social and political factors and impacts involved. Thus, what follows is framed within the conceptual framework of critical political economy.

4.3 Design of the Study

This project is primarily qualitatively based. Although qualitative methods are typically associated with disciplines like Sociology and Anthropology, they have played a key role in the development of political science and the study of policy. Epistemologically speaking, qualitative methods are “aligned with an interpretive epistemology that stresses the dynamic, constructed and evolving nature of social reality. In this view, there is no objective science that can establish universal truths or can exist independently of the beliefs, values and concepts created to understand the world” (Devine, 2007, p. 201). In other words, qualitative methods attach importance to the subjective meanings and work to interpret these in ways that help to make sense of social phenomenon (Britten, 1995; Merriam, 1998). As Devine (2007) says, explanation in qualitative methods involves “understanding and interpreting actions rather than drawing conclusions about relationships and regularities between statistical variables” (p.201). Thus, qualitative methods aim to provide explanations to questions that are not easily answered, or that require a more nuanced approach than a simple crunching of numbers.

Qualitative methods are made up of a number of different techniques, including observation, participant observation, intensive individual interviews, and focus group interviews. It is the intensive individual interviews, also typically referred to as key informant interviews that have been the most attractive to political scientists and the study of policy. Examples of qualitative methods and key informant interviews used in policy studies is varied, with examples coming from studies looking at political elites (Peabody et al., 1990; Gelpi and Feaver, 2002; Inwood et al., 2012), immigration (Berry, 2001; Steele et al., 2002; Khan and Watson, 2005), leadership (Barker et al., 2005), and policy change (Goumans and Spingett, 1997), to name a few. Clearly,

qualitative methods – specifically key informant interviews – have a long and diverse history within the field of policy studies.

As Andersen (2010) points out, qualitative research – specifically key informant interviews – offer a number of different advantages over other methods and techniques, including: Issues can be examined in detail and in depth; Interviews are not restricted to specific questions and can be guided/redirected by the researcher in real time; The research framework and direction can be quickly revised as new information emerges; The data based on human experience that is obtained is powerful and sometimes more compelling than quantitative data; Subtleties and complexities about the research subjects and/or topic are discovered that are often missed by more positivistic enquiries; Data usually is collected from a few cases or individuals, so findings cannot be generalized to a larger population. Findings can, however, be transferable to another setting. Devine (2007) adds to this aspect, arguing that “in-depth interview[s] [are] about listening to people talking in order to gain some insights into their world-views and how they see things as they do” (p. 201), while Britten (1995) contends that key informant interviews are a “flexible and powerful tool which can open up many new areas for research” (p.253). It is these reasons why key informant interviews were chosen as the research method for answering the core research questions of this dissertation.

Along with being a qualitatively-based research project, this dissertation is also structured through the use of case studies. The case study approach can be used to accomplish a variety of different research aims and objectives. De Weerd-Nederhof (2001) argues that the use of case studies can accomplish a plethora of purposes, ranging from providing deep and thick description to generating and building theory. As such, the case study approach is used in a number of different disciplines and in a number of different ways, and thus its definition and methods are

often misunderstood or misconstrued. For this project, the case study approach is defined using Yin's (2009) understanding of the approach. Yin, who has spent the better part of the past three-plus decades refining the methodologies associated with case studies, defines a case study as "an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (p. 18). He continues:

The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one results relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis (Yin, 2009, p. 19).

In short, Yin's understanding purports that the case study approach is a capacious research method that goes beyond acting as just a data collection or data analysis tool, and is a method that guides a research project throughout the entire process.

This study draws heavily on the work of the *Privatization Public Services and the Impact on Quality, Employment and Productivity* (PIQUE) project. The PIQUE project was founded and coordinated in 2007 by the Forschungs- und Beratungsstelle Arbeitswelt (FORBA) independent research institute in conjunction with European Union's (EU) European Commission's 6th Framework Programme and the Priority 7, Citizens and the Knowledge Based Society Group in order to investigate the different effects of privatization on different state dimensions. In particular, the project focused on four public service sectors (electricity, postal services, local public transport, and health services/hospitals) within six EU countries (Austria, Belgium, Germany, Poland, Sweden, and the United Kingdom). The goal of the project was to investigate the "relationship between employment, productivity and the quality of public services in the

process of the liberalization and privatization of public services in Europe” (PIQUE, 2007). The PIQUE project culminated in the spring of 2012 with the publication of an edited volume that synthesized all of the project’s findings and came to some interesting conclusions regarding privatization (see Herman and Flecker, 2012). Most important to this dissertation project, the PIQUE project has served as a template for using a case study approach to integrate results from different sectors and municipal areas in a way that produces results that are far-reaching and highly generalizable.

Despite the numerous benefits that the case study approach offers, there is still an overarching view amongst a significant bloc of researchers and academics that the approach is fundamentally flawed and represents incomplete research design. One of the major criticisms that has been leveled against the case study approach for decades is the inherent problem of a very small sample size. Since the publication of Lijphart’s (1971) seminal article, “Comparative Politics and the Comparative Method,” there has been a prevailing idea amongst political scientists (and social scientists more generally) that large-N²⁰ methods and studies are always better and more preferable for research. Still, the case study approach has a number of advantages that make up for the small sample size used in case studies. In addition, there is an ever-growing body of research that suggests large-N studies are, in fact, not inherently better or more reliable than small-N research (see Ebbinghaus, 2005; Flyvbjerg, 2006; Poteete and Ostrom, 2008). Another key criticism of the case study approach is its inability to produce any strong generalizations about casual effects or casual weights (Jensen and Rodgers, 2001; Flyvberg, 2006). Drawing on Galileo’s rejection of Aristotle’s law of gravity²¹, Flyvberg (2006) explains that generalizability is not contingent on a large sample size, but rather can be obtained through careful and

²⁰ Large-N refers to a data set that is made up of a large sample size, while small-N refers to studies with a considerably smaller sample size, sometimes even just one case.

²¹ For more information regarding Galileo’s rejection of Aristotle’s law of gravity see Nowak, 1994.

thoughtful case selection. In some instances, the authors argue, one case can be enough to generalize. Moreover, there is also a growing number of social scientists who argue that too much emphasis is put on the importance of formal generalization (see Blaug, 1980; Kuhn, 1987; Flyvberg, 2006). Finally, case selection is also a key aspect of the case study method, as there are a number of guidelines and precursors that help to identify proper cases to analyze. Critics of the case study approach claim that the case selection, or rather lack thereof, often leads to a lack of representativeness and a lack of independence of cases (George and Bennett, 2005; Flybjerg, 2006). Thus, it is important for a research project employing the case study method to be clear with regards to case selection.

Choosing which sectors to focus on for this project was a difficult and important decision, as the process of privatization is greatly affected by the unique factors associated with different sectors. The choice to examine waste collection and public transportation was made for three key reasons: First, there is a long history of privatization research in both sectors; second, both are relevant areas of study for municipalities within Canada; and third, both take place primarily at the municipal level. Both the waste collection and public transportation sectors have long histories of being studied to determine the effects of privatization. Waste management, in particular, is one of the most widespread instances of privatization in both the developed and developing world, and thus has become arguably the most studied sector within the privatization literature. In fact, waste collection is the subject of Savas' (1987) classic study on the effects of privatization. This large body of literature is important because it both provides a great deal of evidence in which to compare the results of this study, and it helps guide the study in terms of its methodological choices. Though not quite as significant, public transportation also has a rather large body of literature detailing the sector's experiences with privatization. The transportation

sector is somewhat unique, as privatization plays a key role in both the infrastructure and service delivery aspects. Privatization in the sector first began to emerge as municipalities struggled with the high costs associated with providing efficient public transportation. This led to a large surge in the study of the sector's process of privatization, which began in the late 1980s and continues today. As a result, there is extensive literature on the topic.

Of course, it's not only the long history of privatization research in waste collection and public transportation that make both sectors extremely relevant areas of study for municipalities across Canada. Because waste collection is a sector that is labour intensive, there will always be high costs associated with the service. This means that it will always be a relevant topic in privatization literature because it will constantly be a target for municipal governments looking to cut costs or trim expenditures on public services through the process of privatization. This is evident across Canada, as the waste collection sector continually sees new cases of privatization emerge. What is really interesting about the sector in Canada is that not only are municipalities continuing to pursue privatization (like Toronto and Hamilton), but they are also making the decision to bring the services back under control when the initial privatization contract is over (like Port Moody and Peterborough).

Public transportation is another area in which privatization continues to play a large role in the operation and growth of the sector across Canada. In the 1990s and early 2000s, a large number of smaller municipalities privatized their public transportation. Larger cities continued to operate publicly-run public transportation, but since the mid-1980s many of those larger cities – such as Toronto, Montreal and Vancouver – have neglected their public transportation systems, for reasons including budget constraints and/or a changing urban policy. This has led to those cities falling behind the world leaders in public transportation. Recently, there has been a push to

improve public transportation as not only a way to make cities in Canada more ‘green’, but also to improve economic conditions and increase GDP. However, with most municipalities still feeling the effects of the 2008 global economic crisis, not surprisingly there is a lack of funding for costly major public transportation projects. This has opened the door for private companies to get involved in the process.

Finally, because the process of privatization in the developed world is currently taking place mostly at the municipal level, it was important that the sectors chosen for study also take place, for the most part, at the municipal level. Waste collection, in particular, is a service that takes place almost exclusively at the municipal level in most areas of the world. Likewise, public transportation is a service that is provided largely by municipal governments – though it should be noted that, unlike waste collection, there are instances of public transportation being handled by provincial and/or federal levels of government, or sometimes in conjunction with each other.

The issue of case selection has seen a growth in attention since the mid-1990s. Typically, single case studies or studies with only a small number of cases have been criticized for their selections based on the value of the study’s dependent variable. Critics charge that truncating case selection on the dependent variable leads to a flatter regression line (King et al., 1994; Geddes, 2003; George and Bennett, 2005; Bennett and Elman, 2006). However, Bennett and Elman (2006) dispel this critique using four different arguments. They contend that: (1) the critique assumes a pre-constituted population to which the purported causal relationship applies; (2) it does not apply in the same way to inferences drawn from within-case process tracing or causal process observations; (3) it does not apply where cases are selected on the dependent variable in order to test claims of necessity and/or sufficiency; and (4) researchers often use a kind of Bayesian logic to select cases on the basis of the inferential leverage they hope to gain

from prior expectations about the likelihood or unlikelihood of the outcome occurring (Bennett and Elman, 2006, p. 461-62). However, despite this rebuttal, Collier and Mahoney (1996), Bennett and Elman (2006), and George and Bennett (2005) still warn that if cases are selected poorly, a researcher is likely to overgeneralize, overstate the relationship among variables, or even get the sign of the relationship wrong.

In response to this concern, there have been a number of studies that have developed a helpful criterion for selecting cases (Bennett and Elman, 2006; Seawright and Gerring, 2008). Seawright and Gerring (2008) warn that randomly selecting cases does not solve selection bias or truncating case selections because randomly selected cases in studies with a small number of cases will “often produce a sample that is substantially unrepresentative of the population” (p. 295). Instead, case selection literature strongly recommends the utilization of some form of purposive case selection (Lijphart, 1971; Eckstein, 1975; Eisenhardt, 1989; Ragin, 1997; Ebbinghaus, 2005; Bennett and Elman, 2006).

In particular, a number of typologies of case selection are present within the literature, including typical, diverse, extreme, deviant, influential, most similar, and most different (Seawright and Gerring, 2008). Thus, once the type of case study to be employed is determined, there is a set of guidelines that can be used in order to select the most appropriate cases. It is important to note that the goals of these guidelines are to provide a representative sample, a useful variation on the dimensions of theoretical interest, and to help bring about causal inferences.

For this project, case selection was based on the diverse typology, as cases were selected to display the values of the process of privatization. More specifically, the diverse typology was chosen in order to provide representativeness (in the most minimal sense) of the full variation of

the population being studied. In particular, the cases were chosen to illustrate examples of the different categories involved in the study of privatization, including: full privatization, partial privatization, mixed-delivery privatization, and failed privatization. The Toronto public transportation case represents full privatization, the Vancouver public transportation case represents partial privatization, the Toronto waste collection case represents mixed-delivery privatization, and the Vancouver waste collection case represents failed privatization. One of the biggest benefits of selecting cases using the diverse typology is that it provides the best claim to representativeness of any small-N study. It also ensures that all variables are considered in the analysis, which leads to more reliable and salient results, conclusions and recommendations. However, it is important to note that the cases selected for this project do not “mirror the distribution of the variation in the population” (Seawright and Gerring, 2008, p. 297).

The remainder of this chapter focuses on exploring the different methodological choices that were made for this research project and provide justification for these choices. First, the data collection tools used in this research are looked at, with a brief discussion touching on the justification for using each tool and its benefits. Second, the participants of this study are discussed, including how and why they were chosen and the size of the sample. Third, instrumentation and measures are discussed, with specific attention paid to what tools will be used to gather data, why they were chosen, and how they relate to the dissertation’s hypotheses and research questions. Fourth, the research procedures are analyzed in order to make clear when, where, and how the data was collected. Fifth, data analysis is explored, with both quantitative and qualitative analysis tools discussed and their use justified. Finally, the limitations and delimitations are discussed to help contextual the dissertation as well as address

any key issues that result because of the different limitations and delimitation associated with the dissertation.

4.4 Data collection tools

This dissertation centres on the analysis of two major blocks of data, each being derived from a different data collection tool. These two sets of data include baseline/historical data and qualitative in-depth interviews. One of the strengths of the case study approach is that it allows for the use of many different sources of evidence (Yin, 2009). In fact, that is one of the key ways in which the case study method is able to overcome many of the criticisms of the approach discussed above. Therefore, not only does the use of multiple sources of data allow the investigator to address a broader range of historical and behavioural issues, but it also helps to establish converging lines of inquiry and to address potential problems of construct validity (Patton, 2002; Yin, 2009).

Data triangulation is the way in which converging lines of inquiry are established. It occurs when “the events or facts of the case study have been supported by more than a single source of evidence” (Yin, 2009, p. 115). All of the sources of evidence converge to produce a testable and knowable fact. Therefore, triangulation allows for findings to be more generalizable and adds to the knowledge and understanding of the relationships between different phenomena. Data triangulation also addresses the issue of construct validity as “multiple sources of evidence essentially provide multiple measures of the same phenomena” (Yin, 2009, p. 115). Thus, as Yin (1994) concludes, “any case finding or conclusion is likely to be more convincing and accurate if it is based on several different sources of information, following from a corroboratory mode” (p. 92).

The first block of data is historical and outlines baseline data for each case study. The collection of this data is crucial because it allows for changes to be monitored and tracked. It also allows for a clear comparison in terms of outcomes and impacts, and facilitates the setting of future targets and goals. Determinate baseline data²² was collected, with the focus on collecting data surrounding indicators of efficiency, profitability, and productivity in the transportation and waste collection sectors. As well, data was collected around indicators of quality of work and industrial relations like wage rates, unionization rates, size of workforce, and benefit levels. Data detailing the historical development of privatization was also collected in each of the case studies in order to provide contextual information that not only helps with clarity, but also provides insight into the uniqueness of each case study. This data was obtained by consulting key documents and archival records from the different case study municipalities, as well as documents, public records, and websites of private sector companies involved in the privatization processes in the different cases. As well, academic literature was consulted that has dealt with these particular cases or very similar cases and grey literature was also consulted from public advocacy NGOs, unions, and P3 advocates. In particular, for the waste collection case study situated in Toronto, documents and records from the City of Toronto, the Canadian Union of Public Employees Local 416, and the company Green for Life Environmental East Corporate were consulted. For the waste collection case study in Port Moody, British Columbia, data was obtained from the municipality of Port Moody, METRO Vancouver, and the Canadian Union of Public Employees Local 825. Meanwhile, for the transportation case study in the York region of the GTA, documents and records were consulted from the City of Toronto, York region municipality, Metrolinx, the Ontario Government, VIVA/YRT, and the Amalgamated Transit

²² There are two types of baseline data: determinate and indeterminate. For a detailed explanation of the differences of the two see Yin, 2009.

Union Local 113. Finally, for the transportation case study situated in Vancouver, data was obtained from the City of Vancouver, METRO Vancouver, Canada Line Rapid Transit Inc., InTransit BC, TransLink, British Columbia Rapid Transit Company, and the B.C. Government and Service Employees' Union. Primary data like this is a rich source of information and insight into case studies that have, for the most part, had very little if anything written and documented about them. In particular, most of the cases being studied here have not had primary data sources mined and brought together in one report, as is done here. Thus, the use of primary source data not only helps in data triangulation, but also adds to the original nature of the work of this dissertation.

The second block of data is qualitative data that was collected through semi-structured, in-depth interviews with key informants. Interviews are typically one of the most important sources of case study information (Yin, 2009). Semi-structured interviews provide great flexibility and freedom and allow respondents to fully explain their thoughts and highlight areas of particular interest (Horton et al., 2004). Beyond being just another qualitative tool, key informant interviews are also viewed by most social scientists as a source of very high quality data (Tremblay, 1957; Marshall, 1996; Bryman, 2012). Key informants are defined as "individuals who hold positions of authority and respect, and are used to provide intimate knowledge and experience of the subject area" (Kim et al., 2004, p. 149). In comparison to regular informers or general community members, key informants are thought to provide "more information and a deeper insight into what is going on around them (Marshall, 1996, p. 92). Moreover, key informant interviews are more than just a data gathering exercise. Rather they uncover facts and truths, and provide insights into cases that are available nowhere else (Bernard, 2002). Thus, the

key informant interviews are an excellent source of evidence and insight for complex policy issues like privatization.

4.5 Participants

There are typically three key questions surrounding participants in social science research: Which type of sample will you draw? Where will your subjects be located? And how many subjects are necessary for your particular design? (Rudestam and Newton, 2007, p. 90). In other words, the key issues at play when discussing participants for a research project are sampling design, locating participants, and determining the appropriate number of participants.

Purposive sampling is best described as a “deliberate choice of an informant due to the qualities the informant possesses. It is a nonrandom technique that does not need underlying theories or a set number of informants” (Tongco, 2007, p. 147). This was used to create the sample for interviews. Although purposive sampling is often used in quantitative research, it can be used effectively for qualitative research as well (see Zhen et al., 2006). Historically, purposive sampling has been used in case study research since it allows for the researcher to investigate unique cases and to use sampling in order to achieve representativeness and comparability (Teddlie and Yu, 2007). For the purpose of this study, purposive sampling was used to achieve representativeness and comparability between the different cases. The semi-structured, in-depth interviews used a purposive sample. In particular, company executives, company managers, union executives, and municipal and provincial policymakers were identified and targeted for participation in the interviews. These particular individuals were targeted because it was assumed they would have the most knowledge and insight into the policy process and why privatization was adopted as a policy tool in the different municipalities and sectors. This

assumption came from network analysis literature (see Wilks and Wright, 1987; Wright, 1988), which suggests that relationships between actors, both formal and informal, within policy networks are key to understanding how policy is developed and why it is or is not adopted. Therefore, key individuals were identified through historical and archival research of each case study and were approached to participate.

Because this group of individuals is very small and highly specialized, initial results were limited. To address this, the snowball sampling method was used in conjunction with the purposive sampling. Snowball sampling is a type of chain referral sampling that creates a study sample through referrals from those already included in the research sample, or from those who possess a deep knowledge and connection to the research subject (Bowen, 2005). Much like a snowball rolling down a hill, the sample grows and picks up more participants as it continues. In Waldorf and Biernacki's (1981) seminal work on the sampling technique, they explain that: "The use of locators in snowball sampling is akin to the use of significant informants in field studies. Their use assumes that knowledge is differentially distributed and that certain persons, as a result of their past or present situations, have greater accessibility and knowledge about a specific area of life than do others" (p. 152). Thus, participants for this study were asked at the end of each interview session if they could recommend any colleagues, friends, or acquaintances that would be able to provide further insight into the policy process surrounding the adoption of privatization. This sampling technique was very successful, as it helped to add a number of key informants. For each case, there was an attempt to have at least one participant who represented each actor/interest from policy network from each case study.²³ The only issue that came up during sampling was the refusal of a number of the private interests to participate in the study.

²³ The policy networks and the actors on each are discussed in more detail in Chapters 5 and 6 when the four case studies are discussed and described at length.

Most cited proprietary reasons for not wanting to disclose any information regarding their involvement in the various privatization measures. In order to deal with this issue, participants were then sought from the different private interest associations that represented each of the sectors under investigation in order to gain the insights from the private interest perspective. In total, 30 participants were interviewed, with eight coming from the GTA waste collection case, eight from the GVRD waste collection case, seven from the GTA public transit case study, and seven from the GVRD public transit case. The following table is a list of participants that were interviewed for this study and a brief description of their position and/or relationship to the case study:

Table 4.1: *List of Participants*

Pseudonym	Sex	Case Study	Participant Description
P1	Male	GTA waste collection	Longtime environmental activist in the GTA area and former political aide.
P2	Male	GTA waste collection	High-ranking union executive with CUPE 416.
P3	Male	GTA waste collection	Elected official on Toronto city council. Formerly Chair of the Public Works Committee and a known conservative.
P4	Male	GTA waste collection	Elected official on Toronto city council. Former and current member of the Public Works Committee and union supporter.
P5	Male	GTA waste collection	High-ranking executive at Ontario Waste Management Association.
P6	Male	GTA waste collection	High-ranking manager within the City of Toronto Collection and Litter Operations Department.
P7	Male	GTA waste collection	Former high-ranking executive at the City of Toronto.
P8	Male	GTA waste collection	Elected official on Toronto city council and strong supporter of union and other social activism.
P9	Female	GVRD waste collection	Former Port Moody city staff in charge of waste management.
P10	Female	GVRD waste collection	Operations Assistant at City of Port Moody.
P11	Male	GVRD waste collection	Former Port Moody city manager.
P12	Male	GVRD waste collection	Former city councilor, currently holding another elected position at Port Moody city council.
P13	Female	GVRD waste collection	Former CUPE 825 president.

P14	Male	GVRD waste collection	Privatization expert.
P15	Male	GVRD waste collection	Former high-ranking executive at CUPE BC.
P16	Female	GVRD waste collection	Former special projects coordinator at City of Port Moody.
P17	Male	GTA public transit	Public transit expert and current high-ranking executive involved in public transit interests.
P18	Female	GTA public transit	Current high-ranking official at YRTC and YR.
P19	Male	GTA public transit	High-ranking Engineer for YRTC.
P20	Female	GTA public transit	Current executive at YRT/VIVA.
P21	Male	GTA public transit	Consultant and transit expert with over 20 years of experience with public transit in the GTA.
P22	Male	GTA public transit	High-ranking official at ATU 113.
P23	Female	GTA public transit	Official from CCPPP Canada.
P24	Male	GVRD public transit	Former high-ranking BC public servant working in the transportation sector. Now an independent consultant/researcher.
P25	Male	GVRD public transit	High-ranking official at BCGEU.
P26	Male	GVRD public transit	High-ranking executive at BC Rapid Transit Company.
P27	Male	GVRD public transit	Elected official in the GVRD and former member of the TransLink board.
P28	Male	GVRD public transit	Former high-ranking official in BC Ministry of Transportation.
P29	Male	GVRD public transit	CUPE BC researcher.
P30	Male	GVRD public transit	Academic and P3 expert.

4.6 Instrumentation and measures

At its most basic, instrumentation and measures refers to the “particular measures you will employ and how they will measure the variables specified in your research questions and hypotheses” (Rudestam and Newton, 2007, p. 95). For qualitative research, instrumentation and measures are much looser and more broadly defined. Unlike quantitative research, the instrument of choice for qualitative research is human observation, which means that discussions about

instrumentation and measures often focus on the training and abilities of the observer (Rudestam and Newton, 2007).

Because interviews were the tool used for qualitative data collection, it is important to elaborate on the form and function used in this study. In general, interviews are understood as “a pattern of interaction in which the role relationship of the interviewer and respondent is highly specialized, its specific characteristics depending somewhat on the purpose and character of the interviewer” (Kahn and Cannell, 1957 quoted in Mishler, 1986, p. 9). Interviews have always been a popular tool for qualitative researchers, especially those working within the case study approach (Yin, 2009), since they allow for more nuanced and detailed data to emerge (Foddy, 1993; Gubrium and Holstein, 2002). As stated previously, semi-structured, in-depth interviews were utilized and broad and neutral questions were asked in order to allow participants to provide answers that focused on what they felt was most important and prudent to the research at hand. Aberbach and Rockman (2002) explain: “Elites especially – but other highly educated people as well – do not like being put in the straightjacket of close-ended questions. They prefer to articulate their views, explaining why they think what they think” (p. 674).

Questions and prompts were designed in order to draw out pertinent information. But because it was understood from the outset that interview data is predicated on how people construct meaning out of events and situations they have experienced, the questions aimed to draw out information in a patient and nuanced manner. To that end, questions were not created with coding categories in mind, as this is one of the key mistakes made during interview question design (Rennie, 1998). Prompts are also key aspects of the semi-structured interview because participants often do not elaborate on certain issues as much as the interviewer, and in some cases the participant may simply think that certain details are unimportant. Some example

questions from the interviews included: “How would you describe your role throughout the process?” with prompts of “Was this a central role? Did your role change at all during the process? What were your major responsibilities in this role?”; “Who were the major interests involved in the process?” with prompts of “What about private capital? What about organized labour? What levels of government were involved? Was public input sought or involved? Who were the biggest advocates/critics?”; and “Was the entire decision-making process steered by the notion of serving the public, or was it steered by something different?” with prompts of “Was the public good the most important goal of the process? Was there a network of interests playing a key role in the decision-making process?”²⁴ Another key aspect of semi-structured interviews is the interviewer’s ability to read and understand how the conversation is unfolding and also, where appropriate, to ask questions they had not intended to or skip to questions in which they had intended to ask at the beginning of the interview (Weiss, 1994; Rubin, 2004). This happened on numerous occasions throughout data collection, and it was noted in a research journal whenever it occurred. Because of the open-ended nature of the interviews, each one tended to be very different. Questions were often asked in a different order for each interview, as the conversation developed uniquely with each key informant. As well, the open-ended nature also contributed to the duration of each interview varying dramatically. Some interviews, for instance, lasted more than 90 minutes, while others only went for 30 minutes. The average length of the 30 interviews was 44 minutes and 03 seconds (44:03).

²⁴ The full key informant interview script can be found in the appendix (Appendix A).

4.7 Procedures

One of the most important contributing factors for a research project's validity is the ability for replication of the study and its results. If the results of a study are unable to be replicated, the study is typically thought to be lacking validity. While this does not necessarily mean the study is invalid because there are other factors contributing to validity, especially with qualitative key informant interviews, it does play a key role. With replication playing such a major role, it becomes quite obvious that identifying and explaining the procedures followed to collect the data is a step that must be taken in all research projects. There are three major requirements that need to be satisfied in order to properly detail the procedures of a study. First, the basics of when, where, and how the data was collected must be outlined in complete detail. Second, as Rudestam and Newton (2007) explain, it is "important that any information that might potentially affect the number of participants or their characteristics be included" (p. 102). Third, the ethical concerns that apply to the participants must be discussed and explained how they have been communicated to the different participants.

To begin, potential participants were sent introductory emails explaining the research project and extending an invitation to participate. One follow up reminder email was sent one week later, again extending an invitation to participate in the project. For those who responded indicating interest in participating, follow up emails were sent and dates for interviews were scheduled. Interviews took place in person, over the phone, and online using Skype, depending on what was most convenient for the participant. As mentioned, at the end of each interview the participants were asked if there was anyone else they knew that should be contacted to participate in the project. In cases where there were potential participant(s), emails were sent to those individuals and interviews were set up if the individual indicated an interest in

participating. The interviews were recorded using a digital portable recording device and were transcribed at a later date. As well, a research diary was used to record any “impressions, reactions, and other significant [occurrences] during the data collection phase of research” (Rudestam and Newton, 2007, p. 111).

Ethical concerns were clearly communicated to all participants, and confidentiality was guaranteed to all participants. Before the interviews began, participants were read the terms of agreement note and were asked to verbally agree to the terms. If they did not agree to the terms, the interview did not move forward as planned. Moreover, participants were given the ability to stop participating at any point, simply by asking the interviewer to end the interview. Also, a copy of the research consent form was sent to each participant via email or in person, and each participant was asked to sign the consent form and return it to the principal investigator.²⁵ It should be noted that the second requirement of procedures – that the disclosure of any information that might potentially affect the number of participants or their characteristics be included – does not come into play for this research since it has already been noted that purposive sampling was used.

4.8 Data analysis

Data analysis is always a complicated matter requiring detailed explanation in order to avoid any misunderstanding regarding how the data has been used to address the hypotheses and research questions (Rudestam and Newton, 2007). It is not uncommon for a researcher to use a number of different data analysis techniques on one question or hypotheses, and it is definitely not uncommon for data be reanalyzed a number of times. As well, after initial analyses, new

²⁵ The consent forms/scripts can be found in the appendix (Appendix B).

questions tend to arise from the data, which requires further testing and the use of new or different data analysis techniques. Not to mention, some data analysis techniques are very complex and nuanced. Therefore, it is always a good idea to clearly identify, explain, and justify the different techniques that one has used to create and interpret the relationships, patterns, or trends within the data.

Data from semi-structured, in-depth interviews was analyzed using open-ended thematic coding techniques. This sort of approach allowed for patterns to emerge and change throughout the process. As well, this sort of approach also allows the information from qualitative interviews to be transformed into quantitative measures and statistics as well. As Aberbach and Rockman (2002) explain: “Coding procedures assume paramount importance when ... one employs open-ended interviewing techniques to elicit subtle and rich responses and then uses this information in quantitative analysis” (p. 675). However, before official coding took place, each interview was listened to and thoughts and ideas that emerged from these listening sessions were recorded in a research diary. This helped to determine how to best move forward with coding and helped to identify some of the initial and larger themes present in the interview data. The data was coded using two basic types of codes to organize and analyze the data. These included manifest content coding and latent content coding. Maxfield and Babbie (2010) explain that manifest content is best understood as the “visible surface content” (p. 353), while latent content is best understood as the underlying meaning of the communication (p. 353).

4.9 Limitations and delimitations

Limitations are usually beyond the control of the researcher, and identifying them is useful as it acknowledges potential difficulties or errors in analyzing and interpreting the data results. The

one major limitation of this study is the generalizability of the findings. The case study approach is often criticized for its inability to produce findings that are generalizable. It is argued that the approach's insular nature tends to skew findings towards limited applicability. This is particularly important in the case of privatization where each case is different. Therefore, it can be said that each example of privatization gives lessons, but ultimately privatization and the outcomes and effects of the process are highly dictated by contextual factors. However, the study used multiple sources of evidence and all of the findings were corroborated in order to overcome the generalizing problem of the case study approach. It should also be noted that when interviews make up a significant portion of one's data collection, there is always the risk that respondents will not answer with candor, which can render the data an inaccurate reflection of all members of the population studied.

The delimitations are also important to note since it is important to establish the scope of the research project. This study operated within a restricted population, as the effects of privatization within Canada, and more specifically its effects on the municipalities with the Greater Toronto and Vancouver areas, were studied. As well, when compiling literature and baseline data, the search was restricted to Western developed experiences with privatization because the developing world's experiences with the process are much different and distinct. It is also important to note that the limitations and delimitations of the study are revisited in the concluding chapter of this dissertation, where the role that limitations and delimitations played in the research is discussed and suggestions are offered as to how to make a study more comprehensive for future researchers in the area of privatization.

5 CHAPTER 5: THE WASTE COLLECTION SECTOR: The cases of West Toronto and Port Moody

The focus now shifts to exploring the contextual details of the four case studies. This chapter focuses on the two cases detailing privatization of waste collection. More specifically, it provides a deep description and analysis of the events leading up to and surrounding the decision to privatize waste collection in the west end of the City of Toronto and the privatization and the subsequent bringing back in-house of waste collection in Port Moody, BC. Both cases are fairly recent, both speak very clearly to the policy process that surrounds the decision to privatize, and both are clear examples of the traditional privatization measure of contracting out.

The discussion of each case is shaped by the overarching research questions driving this study, which are concerned with understanding if and how privatization creates winners and losers and why, given that there is mounting evidence against privatization, it is still being used so widely as a policy tool. Therefore, specific attention is paid to the different interests involved in each case and how they have been affected by privatization decisions. As well, attention is given to the political levers at work within each case and how this shaped each decision.

5.1 Privatization of waste collection in the GTA

The case study that has been selected to represent the experiences of privatization of waste collection in the GTA is the recent partial privatization of waste collection in the City of Toronto. In 2011, Toronto's city council voted to privatize waste collection in the area of the city west of Yonge Street to the border of Etobicoke (District 2), while leaving the waste collection east of Yonge Street public. Before moving on to discuss the results from this case study, which will be discussed in Chapters 7 and 8, the historical details of the cases will be provided in order

to give clarity and create context for the results. As well, this will help to further clarify why this particular case was selected for analysis in this study. Finally, before moving on to discussing the case of waste collection in the GTA, it is important to note that this case is very much new and current, which means that the information available is neither extensive nor readily available.

Before August 2012, waste collection in the City of Toronto had been operated publicly since the City modernized its public services in the late nineteenth century. But beginning on 7 August 2012, waste collection west of Yonge Street to the border of Etobicoke was contracted out to a private company – Green for Life (GFL). The decision came as somewhat of a surprise, as the numbers surrounding waste collection privatization in the City of Toronto were murky at best. In the lead up to the Toronto municipal elections, with candidates across the board discussing the possibility of privatizing waste collection as part of their respective platforms, the Toronto Board of Trade and the C.D. Howe Institute both published reports suggesting that the privatization of waste collection in Toronto could save the City tens of millions of dollars per year. Prior to that, in May 2010, the Toronto Board of Trade published its report, entitled “*Bridging the Chasm*”, which claimed that the City of Toronto could save over \$100 million dollars in 2014 and 2015 by privatizing waste collection (The Toronto Board of Trade, 2010). A few months later, in September 2010, the C.D. Howe Institute released a report, entitled “*Picking up Savings: the Benefits of Competition in Municipal Waste Services*”, which argued that the City of Toronto could save \$50 million a year if they contracted out all of their residential waste collection services. Yet, not long after these reports were published, detractors began to question not only their results, but also how they went about calculating particular numbers. Sanger (2011) made the most compelling argument of the various critics, showing that the Toronto Board of Trade numbers were in clear contradiction of the numbers provided by the Ontario Ministry of

Municipal Affairs and the Ontario Municipal CAO's Benchmarking Initiative (OMBI), and that the C.D. Howe Report used complicated econometric models that generalized results in a highly-speculative manner (CUPE, 2015). Moreover, Sanger (2011) shows that the City of Toronto has the lowest cost of collection per tonne based on 2009 numbers (\$72.22). In fact, as Sanger (2011) explained, "The real numbers and the experience show that Toronto's waste collection service is one of the most effective in the province and compares favourably to other cities in Ontario" (p. 6). Clearly, overwhelming economic evidence was not the key factor in the decision to privatize. Therefore, it is important to unravel the contextual details to better understand why Toronto City Council decided to partially privatize waste collection in parts of the city.

5.1.1 2009 City of Toronto Inside and Outside Workers' Strike

The most obvious place to start is the City of Toronto inside and outside workers' strike that gripped the city for 39 days in the summer of 2009. The strike was a legal action taken by the Toronto Civic Employees Union, a subsidiary of the Canadian Union of Public Employees (CUPE) – local 416, which represented the outside workers, and local 79, which represented the inside workers. The strike took place during the height of the global financial crisis, which meant that collective agreement negotiations were carried out within the overarching context of austerity and the pressures of balancing the budget. This resulted in the City of Toronto taking a much more hard line during negotiations. Mayor David Miller was quoted as saying that "the City doesn't want a strike, but couldn't accommodate the union requests because of a budget squeeze sparked by the recession" (CBC, 2009). In particular, the City was asking CUPE Local 416 and CUPE 79 to accept new collective agreements that would see major concessions from workers, including ending the banking of sick days, drastically changed rules surrounding

seniority, decreased job security moving forward, and only a very small wage increase (CBC, 2009). Both CUPE locals were unwilling to accept any of these concessions, as they thought it was unfair that the inside and outside workers were being asked to make concessions that other City workers – like police and firefighters – were not forced to make in recent negotiations (CBC, 2009). As negotiations continued to go nowhere, the CUPE membership voted in favour of giving their negotiating committee a strike mandate in late May 2009, and less than a month later, at midnight on 22 June 2009, the strike took effect as 24,000 employees walked off the job (CUPE, 2009).

The strike affected services across the city, and in most cases services were completely halted. Garbage collection was completely stopped at the onset of the strike, leaving city residents to figure out how to dispose of their waste and recyclables. Four days into the strike, the City set up temporary garbage drop-off locations for citizens to drop off residential waste and recycling. Typically, the drop-off locations were city parks and recreation centres, which caused the closure of those parks and created an uproar among local citizens who were angry at both the fact that their recreational areas were being taken away and that the dumping of garbage so close to their neighbourhoods was potentially putting them at risk of serious health issues. For instance, residents in the beaches area were unable to allow their children or dogs to go anywhere near Ted Reeve Park because the City was using rodent-killing chemicals on the trash dumped in and near the park (Ormsby, 2009). Compounding this anger and concern from the public was the practice of the union to disrupt and block garbage dumping at transfer stations and temporary sites throughout the strike. CUPE members set up picket lines in front of all the temporary dumping sites to not only protest the City's unwillingness to bargain in good faith, but also to hand out information to residents so that the public could better understand the reasons

behind the strike. Unlike the 2002 strike, when residents were forced to wait up to four hours to drop off garbage at temporary sites (Kidd, 2009), CUPE went out of its way during the 2009 strike to ensure that the public was not inconvenienced by instituting a ‘no wait policy’ at all transfer stations and temporary dumping sites. However, this changed nearly three weeks into the strike when CUPE 416 used pressure tactics to attempt to force the City back to the negotiating table. These tactics included instituting a 15-minute wait and three-bag limit per car at all transfer stations and temporary dump sites (Kuitenbrouwer, 2009; Weese, 2009). This put citizens at odds with striking CUPE members and created tensions for city politicians.

Yet, despite the rising tensions and the ever-growing public outcry, local and provincial politicians were unwilling to step in and do anything substantial to change the situation. Toronto Mayor David Miller declined to become involved in strike talks, while Ontario Premier Dalton McGuinty refused to force striking workers back to their jobs. The decision by both leaders to not intervene was fueled by political and ideological factors. Both leaders undoubtedly saw the consequences that their predecessors, Premier Ernie Eves and Mayor Mel Lastman, had experienced after they had pushed through legislation that ultimately saw striking CUPE members forced back to work during a similar strike in 2002 (CBC News, 2002). In a rare move, Eves (with the full support of Mayor Lastman) called provincial legislators back to the legislature for an urgent summer session to pass emergency back-to-work legislation. The Ontario New Democrat Party initially staunchly opposed the legislation and threatened to do whatever they could to block or delay it for as long as possible. However, a compromise was reached with Ontario Progressive Conservatives that saw an arbitrator selected to settle the negotiation from a list provided by the striking unions and the City (Krauss, 2002). This proved to be a costly decision, as the back-to-work legislation served as a uniting force for organized

labour and the political left. Spurred on by a lingering anger and mistrust from the Mike Harris era, unions in Ontario – with the teachers’ unions leading the way – pushed hard during the lead-up to the 2003 Ontario election to ensure that Ernie Eves and the Progressive Conservatives would not remain in power. Not all credit can be given to the unions, as the deregulation of electricity and emergency responses were also key election issues, but the results of the 2003 Ontario election made it clear: Ontarians were ready for a change. The Liberals won a majority government with 72 seats, and the Progressive Conservatives captured only 24, down from 59 from the previous election (Elections Ontario, 2013). Moreover, both opposition parties at the time showed little interest or support in enacting any back-to-work legislation, meaning that there was little political will to push anything through. Progressive Conservative leader Tim Hudak was quoted as saying: “First best solution is always to get a local solution, and I do again want to encourage fully the mayor and the bargaining team he has and from the union to get a deal done and to move forward” (Jenkins and Artuso, 2009). Meanwhile, New Democrat house leader Peter Kormos stated: “Public sector employers, including the City of Toronto, have become addicted to legislated solutions to their labour relations issues” (Jenkins and Artuso, 2009).

McGuinty and Miller’s refusal to intervene must also be seen as an ideological decision for both. For McGuinty, organized labour – especially the teachers’ unions – were one of the key backers that helped him defeat Ernie Eves and the Progressive Conservatives in the 2003 provincial elections (Cohn, 2012). As well, throughout his time as premier, McGuinty also relied on friendly relations with unions like CUPE and OPSEU to help garner support for legislation and drum up electoral support (Stinson, 2012). Thus, the support of organized labour was an important part of his early success and the continued success of his majority government over the

next decade of his leadership. For Miller, the ideological factors were even clearer, as he was known as a left-leaning and union-friendly mayor before the strike began. Miller was even endorsed for mayor by CUPE, along with the Toronto and York Region Labour Council, heading into the 2006 Toronto municipal election because one of his key platform issues was stopping the whole-scale privatization of public services across the City of Toronto. Kidd (2007) explains that before the 2009 City of Toronto Inside and Outside Workers' strike, Miller had been "instrumental in a number of collective bargaining negotiations – both for the CUPE locals at City Hall but also for the TTC workers as well. His regime [also] helped to solve some bargaining roadblocks that former Mayor Lastman and the right on Council have never wanted to resolve" (p. 39). Clearly, the mayor's ideological bent was to avoid government intervention and back-to-work legislation. As a result, the strike continued to stretch on into the summer of 2009.

Finally, on 27 July 2009, the two sides began to once again seriously bargain, and by 28 July 2009 it was announced that Toronto City Council had narrowly approved deals with both CUPE Local 416 and Local 79 with a 21-17 vote in favour of accepting the deals. The deal was ratified by CUPE Local 79 a day later, on 29 July 2009, and owing to a few last-minute details to be negotiated, CUPE Local 416 ratified their agreement the following day, 30 July 2009, to end the 39-day strike. The agreements for 416 and 79 were extremely similar, as both saw gains in wages and were able to protect their sick day benefits. In particular, the locals were able to secure two percent wage increases each year over the length of the three-year collective bargaining agreement (six percent in total), which was a win considering that the City was proposing no wage increases at all. However, the increases lagged well behind those of other City of Toronto unions and city councilors, who were awarded 2.4% increases in pay (Barnett and Fanelli, 2009). Under the agreement, existing CUPE members of Locals 416 and 79 were able to keep their Sick

Leave Benefit Program (SLBP), which allowed workers to bank sick days and receive a payout at retirement for any days banked. In fact, members were given the option to keep their SLBP or cash them out for full value and transition into the newly-created Illness and Injury Plan (IIP), which replaced the old Short Term Disability Plan (STD). However, SLBP was eliminated for any new hires within both Locals. The Locals were also able to take all other concessions off the table, which meant that they were able to retain their current seniority system that helped to create better job security.

The reaction to the agreements was varied. The unions saw the financial gains and the doing away with any concessions as a major win. The CUPE Local 416 president described the deal as a major achievement, stating: “I am so proud of my members for holding the line ... [it allowed the union to] fight back all of the concessions the City sought from us” (Lewington and Fenlon, 2009b). Yet, from the union perspective, Barnett and Fanelli (2009) suggest that the strike was a “political failure when it came to mobilizing sustained action and education, garnering public support as well as linking the defense of unionized jobs with fighting for workers in non-unionized jobs, the underemployed and the unemployed” (p. 6). Reaction from Toronto City Council was split, with Miller and his supporters touting the deal as fair, and hardliners on the right seeing the deal as a major misstep for council. For example, while addressing the media after the tentative deal was announced, Miller said the following: “The agreement was within the mandate of council’s employee and labour relations committee and it met the City’s bargaining goals ... It will allow us to effectively deliver public services into the future” (Lewington and Fenlon, 2009a). City councillor Karen Stintz, meanwhile, painted a much different picture regarding the tentative agreement, stating: “There is a huge hole to fill in the City budget next year and affordability is an ongoing concern ... There are still several members of council that

do question if the settlement is affordable” (Lewington and Fenlon, 2009a). The public was much more indifferent. Most were just happy to see the strike over and the return of services like garbage pickup and daycare (see Krahinsky and Yang, 2009). Political and local commentators from both the left and right were much clearer in their disapproval of the tentative agreements. Not surprisingly, right-leaning commentators from news outlets like the National Post and the Toronto Sun were quick to dismiss the agreements as horrible deals for the City. But even much more centrist publications like the Globe and Mail and the Toronto Star were also quick to criticize the agreements. The Globe and Mail’s Robert Silver (2009) was the harshest critic, arguing that Miller completely botched the entire strike:

“David Miller didn’t get any concessions from the union during this strike. It was a completely wasted opportunity. If we were going to have the pain of the strike, at the very least we should have gotten some benefit from it in terms of fiscal sustainability for our city; David Miller didn’t have the authority to settle at the price that he did; and David Miller will either have to raise taxes, cut services or go beg another level of government for money to pay for his rich deal.”

To say that the agreements received considerable criticism from all parties would be an understatement.

It is important to note that when the decision to privatize was announced, CUPE Local 416 president, Mark Ferguson, strongly suggested that the decision was payback for the strike. He stated: “This wasn’t about finances, this wasn’t about good policy decisions, this was about exacting a pound of flesh for a legal strike that was taken in 2009” (Moloney, 2011a). Sitting Toronto Mayor Rob Ford did not deny this claim. In fact, he went on record the day that City Council voted in favour of partially privatizing waste collection as saying: “The strike was a tipping point ... People had enough of having to carry their garbage there and they were mistreated when they went to the transfer stations. So enough’s enough. We can’t have another

situation like that happen” (Maloney, 2011a). The 2009 strike was undoubtedly a key catalyst for the privatization of waste collection in Toronto. But it was not the only contributing issue, as there were a number of other factors that came together and aided the move to embrace privatization.

5.1.2 2010 Toronto Mayoral Race

One of those key factors was the City of Toronto mayoral race that took place in late 2010. Throughout the 39-day strike, Miller’s popularity declined precipitously, especially among the city’s business and political elites. Reportedly, by the end of the strike (which saw the City gain almost nothing in its fight with CUPE Locals 416 and 79), the dislike for Miller was so strong that Toronto’s business and political elites were ready to “galvanize around an ‘anybody-but-Miller’ campaign for the 2010 city elections” (The National Post, 2010). The public also made it known that they were not happy with the job the mayor was doing, as opinion polls showed Miller losing much of his support, as he dropped from 69% in 2005 to only 43% in 2009 (Ipsos, 2009). People were particularly upset about how the 2009 strike was handled, as it affected a number of different services and had real and dramatic effects on the public. One citizen, responding to the 2009 strike, was quoted as saying: “I think David Miller did a horrible job as mayor ... Next time we vote, people will remember this strike” (Krashinsky and Yang, 2009).

As criticism of the mayor continued to mount in the aftermath of the 2009 strike, Miller made the decision to withdraw from the 2010 Mayoral race on 25 September 2009, more than a full year before the upcoming election. The decision was said to have been made all the way back in December 2006, and Miller said it was based on family reasons, but that claim is somewhat dubious since Miller was quoted on 15 September 2009 as saying: “I’m looking forward to the

election ... I enjoy elections. I thrive in them” (Fenlon and Mahoney, 2009). Miller’s decision to withdraw flipped the mayoral race on its head and instantly made the race a wide-open affair. It also made a number of high-profile potential Liberal candidates much more likely to run, and it changed the mayoral race from a referendum on Miller’s tenure as mayor to one where a number of political issues or ideological agendas could become the focal point of the race.

As expected, Miller’s withdrawal brought a number of new candidates into the race. The two major potential candidates to emerge were former Progressive Conservative leader John Tory and Deputy Premier George Smitherman. Yet, it was only Smitherman who wound up joining the race, as Tory announced in early August 2010 that he would, in fact, not run in the October election despite having the support of a number of business leaders, elected officials, and commentators on the right (Peat, 2010a). Smitherman joined a list of 39 other candidates to compete in the 2010 Toronto mayoral election. In reality, though, there were only five strong candidates besides Smitherman who had an actual shot at winning. They included: Joe Pantalone, Rob Ford, Rocco Rossi, Sarah Thomson, and Adam Giambrone.

5.1.3 Campaign Platforms and the Surge of Rob Ford

Transportation and transit were topics at the fore for all five remaining frontrunner candidates. Since the initial fiscal crunch on municipalities in Ontario during the early 1990s, transportation and transit have taken a back seat in Toronto urban planning, which has resulted in the city falling far behind the leading cities in the world in this area. Mayor Miller, upon taking office in 2003, set out to change this. Under the leadership of Miller and TTC chair Adam Giambrone, Toronto’s transportation and transit saw a major improvement, as bus service in Toronto was increased exponentially and TTC ridership grew to record levels. As well, TTC

subway stations underwent renewal projects in order to improve the overall effectiveness of transit in the city. Miller also announced plans for the project Transit City, a long-term 15-year plan worth about \$6 billion that would see a light rail network of about 120 kilometres built along underserved routes in Toronto (Kalinowski and Spears, 2007). The project estimated that, when complete, the light rail network would carry 175 million passengers a year, of which 75 million would be new TTC users (Kalinowski and Spears, 2007). The Transit City plan was a contentious issue from the beginning, though, as the funding and costs of the project were in constant flux. Originally, the provincial government backed the plan and expanded on it by introducing the MoveOntario 2020 plan, pledging to cover two-thirds of the cost (or \$11.5 billion) and asked the federal government to cover the other third (\$6 billion). However, the federal government would not commit to the funding. The project still moved forward despite this, as environmental impact assessments and initial engineering work took place. But in March 2010, the provincial government announced that it would be postponing funding to the MoveOntario 2020 plan, meaning that Transit City would not have sufficient funds to move forward with all planned projects and timelines. This became a major issue for the 2010 mayoral election.

All five remaining candidates had strong opinions on how or if the project should move forward. Smitherman was a supporter of the Transit City plan and suggested that funds could be raised using a variety of different options, including road tolls and public-private partnerships. Pantalone was also a major supporter of the plan, and promised that he would see the Transit City plan through using public-private partnerships (though none of the services would be privatized). Rossi, on the other hand, was not a supporter of the project, and he promised to freeze all work on Transit City and offload the project to the private sector. Thomson was also

not a supporter of Transit City, and she suggested that the plan be cancelled and that a subway expansion should instead be undertaken using a mix of public funds, private funds, and revenue-boosting tools like road tolls or “Subway Bonds”. Finally, like Thomson, Ford also favoured subway expansion over the proposed LRT system in the Transit City plan. He promised to cancel the Transit City plans and move forward with subway expansion plans.

Bike lanes also became a hot topic of discussion around transportation and transit during the lead up to the 2010 election. Three of the five candidates included bike lanes in their official platforms. Rossi and Ford both promised to remove them from major streets in Toronto. Ford went as far as stating that he would “end the war on cars in this city [Toronto]” (Warren, 2011). Thomson took a more measured approach and suggested a compromise, only putting bikes on roads with a sufficient number of cyclists and improving safety around cycling to a point where Toronto would become “the greatest cycling city in North America” (Thomson, 2010).

Like transportation and transit, the City budget and its effects on municipal services was also a key issue for all five of the remaining frontrunner candidates, as the City of Toronto found itself with an estimated budget shortfall of \$550 million in 2009 with spending for the City only continuing to increase. In particular, since 2003, the City’s spending had increased four-fold to reach \$8.7 billion by 2010 (Fanelli, 2009). The budget became a major concern for the citizens of Toronto, especially with most of the Western world entering into an era of scarcity and austerity after the 2008 global economic crisis. This concern increased as the City handed out another expensive contract to public-sector workers to end the 2009 inside and outside workers’ strike, which saw a six percent wage increase over three years for workers in a time when the City was massively in debt. All of the front-running candidates picked up on this concern and focused their campaigns heavily on the idea of decreased spending and deficit reduction.

Smitherman leaned on his experience at controlling budget issues at the provincial level to show his ability to make up the City's budget shortfall. His claim that he would be able to control the budget was somewhat dubious, however, since he also proposed in his campaign to freeze property taxes. This would, of course, make balancing the budget very difficult. Rossi and Thomson took a much more hard-line approach to the budget issues, as both proposed selling off major assets and privatizing public services to make up the budget shortfall. Ford also took a hard-line stance on budget concerns with fiscal conservatism being the cornerstone of his campaign. He leaned heavily on the phrase "stop the gravy train", and promised to put families first, reduce waste, and eliminate unnecessary taxes. However, he was unclear how he would make up the budget shortfall with reduced taxation. The only candidate who did not see the Toronto budgetary shortfall as an emergency was Pantalone, who campaigned on increased and improved public services, which would cost the City hundreds of millions of dollars.

Finally, although not as big of an issue as the previous two items, religion and the role of faith-based politics managed to make its way onto the agendas of most of the front-runners. In fact, four of the five remaining candidates, including Smitherman, Pantalone, Rossi, and Ford, all signed a pledge to give faith-based groups more of a role in municipal politics. In particular, Rossi proclaimed that: "God hasn't left city hall -- city hall has left God," while also adding: "The mayor's door would be open to all faiths ... Whether in affordable housing, whether in the shelter system, whether in assisting the homeless ... faith communities are there" (Rider, 2010). Meanwhile, Smitherman was quoted as saying that as mayor he would "bring together the faith groups, arrive at common goals for social justice and social development, and have them work with the City to help the homeless, the addicted and others on society's fringe" (Rider, 2010). Not wanting to be left out, Rob Ford reminisced about reading the Qur'an with a Muslim man

that lived with his family and stressed his involvement as a catholic high school football coach as proof of his religiosity. Pantalone was the only candidate to take a more measured approach to the idea of the role of faith-based groups in municipal politics by suggesting that civic buildings should have more spaces open for faith groups while also touching on the important need for the City to invest and help grow the volunteerism associated with faith-based groups.

A poll in mid-September 2010 from Ipsos Reid showed that Ford had the lead heading into the final month of the campaign with 34% of the vote, while Smitherman was close behind with 28%. Lagging much further behind was Pantalone at 12%, and Rossi and Thomson at eight percent each. Ford's rise to frontrunner was improbable to say the least, as his campaign was continuously faced with minor scandals and issues like the revelation that he had a DUI conviction in Florida. Yet, it appeared that every scandal or criticism of Ford only helped his popularity grow. For instance, his polling numbers jumped after his apology for the DUI incident, and they jumped every time he was criticized by one of the other candidates. It soon became clear that the mayoral election was going to be a two-horse race between Ford and Smitherman. Rossi pulled out because he saw he had no chance in the race, while Thomson left the race with hopes that her supporters would vote for Smitherman to help defeat Ford. Pantalone remained in the race despite his chances of winning being almost non-existent. He did not go away quietly, though, as he continued to attack both Ford and Smitherman in the days leading up to the election. In fact, Pantalone went on record as suggesting that Smitherman was more dangerous to the City of Toronto than Rob Ford (Peat, 2010b). In the end, Thomson's plan did not work, and on 25 October 2010 the City of Toronto voted in Rob Ford as its 64th mayor. Ford won convincingly, receiving 383,501 votes (just over 47% percent of the popular vote). Smitherman came in second with a respectable 289,832 votes (just over 35% of the popular

vote), while Pantalone finished a distant third, receiving only 95,482 votes (only 11% of the popular vote). Because Rossi and Thomson had dropped out of the mayoral race after the stated deadline, their names remained on the ballot, but neither received even one percent of the popular vote and therefore did not affect the outcome of the race. Upon his election, Ford reiterated his belief that Toronto did not have a revenue problem, but rather it had a spending problem, and he would do everything in his power to end the “gravy train” at city hall (The Canadian Business Journal, 2010).

Ford wasted no time in putting his fiscal conservative team in place at city hall, as he filled his staff with fiscal conservative advisors and staffers, and named his closest ally (and one of the staunchest conservatives in Toronto politics), Doug Holyday²⁶, as Deputy Mayor (Alcoba, 2010). As well, Ford put a number of his other right-leaning allies and supporters in charge of the more important city council committees, including the Executive Committee of City Council. Beyond being a small tent administration with all major appointments going to right-leaning councillors, Ford’s administration is also highly secretive and highly effective at implementing its agenda in a quick way to avoid backlash and debate (Hains, 2014). Thus, the win by Ford was significant, as it marked a changing of the guard at Toronto City Hall. Out was the liberal political climate that dominated from 2003 to 2010, and in was hard-line fiscal conservatism. Moreover, because Ford had campaigned on the promise to take a more combative approach to labour relations with public sector workers in the city, it meant that the new mayoral administration was setting the stage for a battle with the public sector unions in the city. In other words, Ford’s victory was a direct loss for public services in Toronto.

²⁶ The naming of Holyday as Deputy Mayor is also important because it was under the leadership of Holyday as the mayor of Etobicoke, before municipal amalgamation, that garbage collection was contracted out in 1995.

5.1.4 Mayor Ford Pushes for Privatization and the City Council Vote

Another key factor in the partial privatization of waste collection in the City of Toronto was the strong push by Mayor Rob Ford and the effects this had on the ultimate council vote to move forward with privatization of waste collection. As previously noted, Ford wasted no time in putting into motion his agenda. First, he cancelled Miller's Transit City plan in early January 2010, just two months into the job. After doing away with the transit plans, Ford quickly moved on to pursuing his goal of privatizing public services in the City of Toronto.

Just a month after cancelling the Transit City plan, Ford announced on 6 February 2011 that his administration would privatize waste collection west of Yonge Street to the border of Etobicoke as soon as possible. Ford faxed CUPE Local 416 his intentions to contract out waste collection services, and invited the Local to submit a bid to provide the services. Commenting on his plans to privatize waste collection, Ford stated: "We are doing this so we're not going through another 40-day garbage strike like we did last year ... We're going to save millions of dollars and we're going to reduce the size of government. That's what people elected us to do" (Rider and Dale, 2011). The proposed plan to privatize waste collection estimated that 300 City of Toronto jobs would be eliminated, which would save the City close to \$8 million per year. A date in May 2011 was set for city council to vote on the privatization proposal, but before that could take place the Toronto City Council Public Works and Infrastructure Committee would have to approve the privatization plan.

The response from CUPE Local 416 was immediate and strong. CUPE Local 416 president Mark Ferguson promised that members of his local would go door-to-door in proposed privatized waste collection areas to speak to residents about what privatization would really mean for them. As well, the Local took out radio and television ads and sent out mailers deriding

the proposed privatization plan and asking the public to “stand up for public services” (CTV Toronto, 2011a). Ferguson also did a lot of press and community outreach events leading up to the vote in May, culminating in a major press conference that included a number of other CUPE Local presidents whose work had been brought in-house by their respective municipalities. The press conference took place at Toronto City Hall, and it laid out all the negatives associated with the privatization of waste collection. It also drew on the lived experiences from the different CUPE Locals around the county (Ontario Federation of Labour, 2011).

On 25 April 2011, the Toronto City Council Public Works and Infrastructure Committee, made up of six city councillors (most of whom were handpicked by the Ford administration, including the committee Chair -- Denzil Minnan-Wong), voted four to two in favour of approving the City’s plan to move ahead with privatization of waste collection west of Yonge Street. The plan included the loss of 310 City of Toronto jobs and an estimated savings of \$8 million per year for the City (White, 2011). The vote came after a 12-hour committee meeting that was open to the public and which had 70 people speak out against the proposed privatization plan. Ferguson was one of the key speakers registered to speak at the committee meeting, and he took the opportunity to take the Public Works and Infrastructure Committee – and more generally, the Ford Administration – to task for violating the collective agreement between the City and CUPE Local 416, and for withholding key information from the union and the public regarding what privatization would mean for waste collection in Districts 1 and 2 in Toronto, as well as what the actual costs associated with privatization would be. However, members of the Public Works and Infrastructure Committee were unfazed by Ferguson’s criticisms. They responded by recalling the 39-day garbage strike in 2009 and criticizing the union’s service. For example, Frances Nunziata responded to Ferguson by asking: “Is providing good customer

service going on strike for five weeks and having residents with garbage on their lawns?” (White, 2011). Another member of the committee, Giorgio Mammoliti, in response to Ferguson’s comments surrounding the withholding of information, claimed: “We’ve answered over 100 questions. We’re done. What more information do you want?” (White, 2011). But not everyone on the committee was on the same page. In particular, City Councillor Janet Davis was quoted as saying: “We’re going to throw 300 city workers out on the street and I have a hard time doing that for questionable savings ... That is not good governance” (White, 2011). Despite the marathon length of the meeting, the spirited arguments from public service defenders, and the dissention within the committee, the vote ended up passing and the recommendation to privatize waste collection was sent to city council for a vote on May 2011.

Before the final vote took place, two major issues cropped up. First, a controversy arose when a Toronto City Council staff report was released. The report not only estimated the total savings per year to be only \$6 million (\$2 million less than the Public Works and Infrastructure committee had voted on, and \$14 million less than what Mayor Ford had promised), but it also recommended that the winning contract be approved by a bid committee vote and not a council-wide vote. Normal city procedure calls for “any contract that exceeds \$20 million and seven years in length go to council for approval” (CBC News, 2011). Councillor Denzil Minnan-Wong said that this was necessary in order to save more than \$3.3 million in costs and to help the process pass with greater speed. However, many councillors were very critical of this plan, and as Councillor Davis put it: “I’m astounded that a \$20 million contract isn’t going to come back to council. I’ve never seen that ... This is another example of our mayor being completely anti-democratic and taking control away from council and handing it to an administrative committee” (CBC News, 2011).

Second, in the days leading up to the May 2011 Council Vote, a study commissioned by the Toronto Environmental Alliance (TEA), entitled “Look Before You Leap”, was released that brought into question much of the savings and efficiency claims made by the Ford Administration. The crux of the report’s findings was that the City was overlooking the monitoring process needed in order to ensure that private firms were providing acceptable service and adhering to environmental policy and laws. The report estimated that the City would need to spend at least \$4 million to properly monitor the operations of the private firm responsible for waste collection (Toronto Environmental Alliance, 2011). As TEA executive director Franz Hartmann explains: “Without proper monitoring we have no idea if the private sector collection company delivers what it promises ... If you have proper monitoring a lot of the savings disappear” (CTV Toronto, 2011). Beyond monitoring, the report also found that: (1) no existing studies had examined whether privatization has a negative or positive effect on waste diversion rates; (2) significant evidence existed that suggests private firms jeopardize waste diversion; and (3) city staff had seriously overestimated the potential savings that privatization would bring to the City (Toronto Environmental Alliance, 2011). Moreover, like CUPE, the TEA was adamant that city council and the Public Works and Infrastructure committee needed more information before they could make a properly informed vote. In the same time period, forensic accountants Rosen & Associates also released a report questioning the City staff’s reports and estimates. In particular, the report found that the City’s estimated savings were based on cheap labour and lower costs per tonnage waste collection, which – as the report suggests – is seriously flawed:

In our opinion, the financial analysis that has apparently been relied upon to date, and the decision-making process for the proposed contracting out of waste collection, is seriously flawed and grossly inadequate ... Simply stated, the Staff’s cost efficiencies of contracting out would

have to be labeled ‘fictional.’ Available facts do not support Staff’s claims. Claims of cost savings could easily become additional costs for contracting out (Rosen & Associates, 2011).

In summary, the report found that the City Staff’s analysis was “superficial, incomplete and unrealistic. More data, and conceptually sound comparisons, are required” (Rosen & Associates, 2011). The Ford administration was quick to brush off the criticisms from both reports by pointing to the example of Etobicoke, where they claimed the private contractor was actually one percent better at waste diversion and at a cost that was drastically less than the rest of the City of Toronto. That allowed them to sidestep the issues of monitoring and the argument for more information. However, as Fanelli (2011) explains:

... the City Staff report misleadingly compares collection costs in District 1 (Etobicoke) with District 2 (Yonge St to Etobicoke). Differing demographics, such as the mix of residential properties, population density, on-street parking, narrower streets and traffic patterns, among other concerns, makes such a comparison inappropriate. ‘The building types (primarily single-detached homes) in District 4 (Scarborough city collection) are more comparable to District 1, and the collection costs are likewise similar for Districts 1 and 4.

Thus, the Ford administration did not (or could not) answer the questions raised by the two reports and instead used insufficient and stretched data to deflect criticism.

As the vote approached, more issues and questions surrounding privatization of waste collection continued to arise, including: “should council approve the final contract or leave it up to staff; should a company that has hired a senior Toronto solid waste official be barred from bidding; should the union representing current garbage workers submit a bid” (Moloney, 2011b). On 17 August 2011, City Council voted on the proposed privatization plan. In another marathon council session, councillors debated and discussed the plan, and asked questions of city staff regarding their reports and recommendations. In the end, Council voted 31-12 in favour of the

proposed plan to privatize waste collection in Districts 1 and 2 in Toronto. However, the council also passed a number of important amendments to the proposed plan and a number of motions regarding monitoring and environmental issues. Most importantly, a motion was passed in a near unanimous 42-2 vote not to delegate authority to the Bid Committee to award the waste collection contracts. Instead, the motion declared that all bids would be submitted directly to City Council, which would have final say on the awarding of contracts (City of Toronto, 2011a). As well, the Council also passed a number of motions that required city staff to gather and report more information, put in place strict reporting and environmental standards, and ensure the current waste diversion rates. One of the more important motions to pass was put forth by Councillor Ana Bailao, and it directed the City Manager to “conduct an independent review of both the bid/contract numbers and the cost for identical services provided by the City and for those comparisons to be brought forward with the successful bid when the item is considered by Council” (City of Toronto, 2011a). Despite the fact that the overall passing of the motion to privatize waste collection was a major loss for organized labour and public services, many saw the motions and amendments that were passed as a minor victory for labour and environmental groups.

After the plan to privatize passed the City Council vote, the Ford administration’s attention turned to the bidding process. In total, the City received five bids, with one company submitting two bids. The major companies to submit bids were Enterra Environmental, Waste Management Inc., Miller Waste Systems, and Green for Life (formerly Turtle Island and National Waste Services). Progressive Waste Solutions, meanwhile, was barred from submitting a bid because they had hired a former senior Toronto Works official before the bid process began. Although information regarding bids is highly secretive in order to avoid giving away competitive

advantages, the total per-year amounts were released: GFL (\$17,471,352.25); Miller Waste Systems (\$20,978,787.46); Waste Management Inc. (\$23,836,800 or \$25,600,723.20); and Enterra Environmental (\$23,946,565.72) (Rider, 2011). GFL's low bid of nearly \$17.5 million per year for seven years, which would save the City about \$78.4 million, was recommended by City staff and put to City Council to vote on (City of Toronto, 2011b). However, City Council was not told all of the details of the bid, including the number of employees the company would use. They were told, though, that GFL would use only 77 trucks, 30 fewer than what the City used under public collection. City councillors had a number of questions regarding the contract, including how the private company could provide the same service using 30 fewer trucks, and why councillors were not given extensive briefings on the contract as they had under previous mayoral administrations. Some even expressed concern over the possibility that the low bid may be a tool the company uses only to reopen negotiations a few years down the road and lock into a longer and more expensive contract (Maloney, 2011c). However, as some councillors pointed out: "You get the feeling of a stampede towards a decision ... Anybody who asks for information is attacked" (Maloney, 2011c). Others, like city solicitor Anna Kinastowski, worried that "because the bid complied with the City's specifications, council could be inviting a lawsuit if it rejected the bid" (Maloney, 2011a). Finally, after another day-long debate, City Council voted, on 24 October 2011, 26-16 in favour of awarding the contract to the private contractor GFL, which would take over operations in early August 2012.

Yet, even at this point, the controversy surrounding the privatization of waste collection was not over. Emails from the Public Works and Infrastructure Chair, Denzil Minnan-Wong, were unearthed (using a freedom of information request) clearly showing that he had serious doubts about GFL's ability to collect waste properly at the bid price. This, despite the fact that Minnan-

Wong had publicly championed the company and its bid just a day earlier (Dale, 2011). As well, one of Mayor Ford's top advisors, Sunny Petrujkic, sent the City's Solid Waste and Services chief, Vince Sferrazza, an email demanding more information about GFL and its service in Kawartha Lakes, Hamilton, and Durham Region because critics of the GFL contract had pointed out that Kawartha Lakes did not renew their contract with GFL (even though GFL had the lowest bid). When these emails became public in December 2011, it set off another round of criticism aimed at the Ford administration and their decision to privatize waste collection. In particular, critics were once again accusing the administration of making decisions without all the proper information. Councillor Gord Perks questioned Minnan-Wong's role as Chair:

I'm glad to know that the chair of the works committee at least checked. I think he would have served Torontonians better if he had checked before he had gone to the press and said he was satisfied ... I'm surprised that Denzil would tell the public that he was completely satisfied when, clearly, he wasn't. It's not a good way to govern. If you're checking, tell the public, 'Look I'm looking into this', not 'I'm satisfied' (Dale, 2011).

However, not surprisingly, the criticisms did not bother the Ford administration, and without offering any sort of evidence to support their claims, the administration – namely, Minnan-Wong – reiterated that the City was comfortable moving forward with the contract with GFL and that the criticisms being levied were just another example of fear mongering from critics. As well, in a follow up email, Sferrazza, without pointing to any real evidence, told Petrujkic that: “Yes, we are satisfied and confident GFL can do the job” (Dale, 2011). Moreover, City Council was informed that GFL had posted an \$8.5 million performance bond and a \$3.5 million letter of credit to ensure their services, and that the City had received positive references from the other municipalities that the company had serviced, including Kawartha Lakes, Hamilton, and Durham

Region (Dale, 2011). However, again, no real evidence was provided to support those references or the likelihood that the bid was a legitimate estimate of costs.

5.1.5 The Operator: Green For Life (GFL)

Green For Life Environmental (GFL) is a fairly new company among the larger waste collection companies in Canada. It was formed as a number of smaller waste collection companies merged, including Direct Line Environmental Corp., National Waste Services, Enviro West Inc., Turtle Island Recycling, OSS Environmental, Lotto Sanitation, and the Garbage Company Inc. GFL has been recognized as one of the emerging waste and environmental companies in Canada. It employs over 1,000 people across Ontario, Manitoba, Alberta, and British Columbia, and is made up of a number of different divisions, including the Liquid Waste Division, Solid Waste Haulage Division, Solid Waste Transfer Division, and Excavating Corp Division, which has allowed the company to develop a number of different capabilities. As well, GFL has committed itself to being a leader in technology in the waste and environmental sector, utilizing cutting edge technologies to provide high-quality and efficient services. This diversity of skills and advanced technological techniques are the main reasons why GFL has become a major waste collection player in acquiring municipal waste collection and recycling contracts. In particular, GFL has been successful in winning contracts in municipalities like Hamilton, the Kawartha Lakes, Oshawa and, most recently, Toronto (west of Yonge Street). Since 2010, when American private equity firm Roark Capital Group committed \$105 million to GFL in order to help facilitate GFL's growth and ability to acquire other waste management resources, GFL has pursued an aggressive approach to expanding its reach and involvement in waste collection and management services across Canada. The Toronto waste collection contract represents a major

victory for GFL and a step towards becoming a major player in Canadian waste management, including municipal waste collection.

5.1.6 The First Year of Privatized Waste Collection in Districts 1 and 2 of the City of Toronto

As mentioned, privatized waste collection west of Yonge Street to the border of Etobicoke began on 7 August 2012. The private contractor, GFL, got off to a poor start, as waste bins were collected much later than their contractual deadline (six o'clock pm), and some bins in laneways and alleyways were not picked up at all (Dale, 2012a). Videos also surfaced of GFL workers failing to pick up bins, dropping garbage from bins, leaking 'garbage juice' from trucks, and leaving bins scattered and unkempt, sometimes even blocking traffic. CUPE local 416 set up 'waste watchers', a telephone hotline and a website for residents to report problems with GFL waste collection services. CUPE local 416 claimed that the hotline and website were a way for the union to ensure the necessary oversight to hold GFL accountable for poor service (O'Toole, 2012).

City councillors who had opposed the privatization of waste collection were quick to criticize GFL during its first week on the job. Councilors Sarah Doucette and Joe Mihevic noted that they had received a high number of complaints after the first few days of privatized service. For example, there were 163 complaints on the first full day of privatized waste collection in District 2 alone, more than three times what in-house, publicly-operated collection received on a normal day (Di Matteo, 2012). Meanwhile, Councillor Mike Layton went as far as characterizing GFL's customer service over the first few days as "horrendous". Adam Vaughan, a councillor in the Trinity-Spadina area, was a little more forgiving, suggesting that some of the problems were obviously just growing pains. But he also noted, while speaking about the complaints involving

the spilling of ‘garbage juice’, that in some instances there were no excuses for the poor service: “In a place like Kensington Market or Chinatown, it’s putrid. When that spills onto residential streets, the residue remains for days if they don’t get a street washing or a good, strong rainstorm ... It’s either indifference to the rules or else they’re badly trained. Either way, it’s an unacceptable breach of practice” (Kauri and O’Toole, 2012). Proponents of the privatized waste collection were quick to label the problems as mere “growing pains” or an expected “learning curve” (O’Toole, 2012). Jim Harnum, the City of Toronto’s Waste Services general manager, explained that the problems GFL was experiencing the first few days of operation were to be expected:

It’s just new. Everything is new ... There are new operators, new trucks. We cautioned everybody that when you take on 165,000 new houses, it’s not done easily. We knew that it would be slow, and we’ll get better each day – the contractor will get better each day. But it was to be expected, and we didn’t want anyone to have any false hopes that Day 1 would be exactly the same as the last day of in-house operation (Dale, 2012a).

Proponents from City Council also defended GFL’s service, preaching patience and pointing to the company’s sparkling track record collecting waste in Etobicoke and Hamilton (Dale, 2012a). Meanwhile, the president and chief executive officer of GFL, Patrick Dovigi, commented on the company’s somewhat bumpy start to waste collection in Toronto, noting that his company never asked for a grace period but that it usually does take a contractor some time to work out problems and issues: “It takes them [GFL] four to six weeks to get as efficient as guys that have been doing it for 35 years” (Grant and Braga, 2012).

After a month or so, the initial problems plaguing GFL’s service in Toronto did begin to fade, and claims from proponents of “growing pains” and a “learning curve” seemed to hold some weight. Just six weeks into GFL’s seven-year contract with the City of Toronto, the company

was already meeting all of its contractual obligations. By the 12-week mark, some of the City Councillors and executives were ready to call the privatization experiment a success. Harnum even went on record as stating: “Compared with the City’s performance last year ... The contractor’s doing about the same, if not a little better” (Dale, 2012b). The numbers back up these claims, as complaints about service dropped steadily after August, with complaints hitting an average low of 33 per day in mid-October (they trended upwards in November and settled in the 40-range per day by December (Dale, 2012b). A more recent report in June 2013 that went to the City of Toronto Public Works committee found that privatized waste collection in Districts 1 and 2 of the City of Toronto were doing better – in terms of complaints about service – than public waste collection in Districts 3 and 4 (Peat, 2013). In particular, the report found that complaints per week in the publicly-operated Districts 3 and 4 for the first quarter of 2013 were double those in the privately-operated Districts 1 and 2 (Levy, 2013). Public opinion, if not ambivalent, seemed to shift toward passive support for the privatized service. One resident, when asked about the service, simply shrugged and offered: “It’s been very good. Now, everything, it’s fine. Sometimes they were taking a long time to empty the garbage. Now we find it better” (Dale, 2012b).

5.1.7 The Importance of this Case

The importance of this case of privatization cannot be understated. Toronto City Council has not been shy in letting the public know about their plans to pursue further privatization. Speaking about the privatization of waste collection, Denzil Minnan-Wong stated: “If we get data that suggests, over a reasonable length of time, that the service is excellent, then there’s no reason – there are less reasons – we can’t move faster with exploring greater opportunities of outsourcing”

(Dale, 2012b). Moreover, Mayor Ford went on record promising to contract out the rest of waste collection in Toronto if he were to be re-elected as mayor, stating: “I’m going to, in the second term, contract out garbage, like I promised in the first term” (Moloney and Rider, 2013). However, it is not only further privatization of waste collection that is on the table, as other services are likely to be targeted as well. Soon after taking over as mayor, Ford and his administration began openly discussing the idea of strongly pursuing an agenda of privatization of most of the public services in Toronto. Doug Ford, brother of Rob and a fellow City Councillor, told members of the budget committee in early 2011: “We should outsource everything we can” (Rider and Dale, 2011). Deputy Mayor Doug Holyday echoed Ford’s statement, explaining: “There certainly are a lot of things that we could look at, and anything that’s labour-intensive here is very expensive, we know that the cleaning of police stations . . . cutting grass and digging and labour-type work. We pay pretty good pay around here – a lot better than the people who pay the (tax) bills get” (Rider and Dale, 2011). Clearly, the Ford administration had plans to further privatize public services in Toronto in the near future, despite the fact that private waste collection was less than a year old and there is no overwhelming data to suggest that further privatization would be beneficial. As Mark Ferguson and others have noted, this would suggest that the Ford administration’s plans for privatization are based on ideological beliefs rather than efficiency, cost saving, or improved public services. Ultimately, a cancer diagnosis forced Mayor Ford out of the 2014 mayoral race, but further privatization of waste collection was not absent from the mayoral campaigns. In fact, all of the front-runners spoke about the possibility of further privatization, including Olivia Chow, a former NDPer, who would not rule out further privatization. Moreover, John Tory was eventually elected, and it is no secret that he favours private interests over public delivery. As well, as many political

commentators have noted since the 2014 election, the spectre of Ford nation still holds sway amongst council members and will probably continue to do so through the next election as Ford has already declared that he will run again for mayor in 2018. Thus, this case study is important not only because it represents the beginning of the end of public waste collection services in Toronto, but also because it represents the beginning of an ideological onslaught on public services in the GTA.

On a more minor note, this case study also represents a major loss for organized labour in the GTA. Not only was CUPE not able to protect and save jobs for its members (privatization resulted in the loss of 30 temporary union jobs and the redeployment of 210 permanent city staff to other jobs), but the union was also unable to unionize the waste collection staff of the new private waste collection firm, GFL. In particular, the union vote was defeated easily by a margin of 92-23, with 24 other votes not opened because they were challenged by the union. GFL CEO Patrick Dovigi described the results as a major victory for the company, stating: “It is a fantastic result ... The employees spoke and realized what was in the best interests of themselves and the company” (Peat, 2013). For his part, CUPE Local 416 president Mark Ferguson also expressed a positive message after the results were made official, explaining:

We were encouraged that approximately 50% of the employees at the Cherry St. location signed cards to join our union ... Unfortunately we lost the vote because we were up against a hostile employer who scared their employees into submission ... Rest assured we will continue our organizing drive at Cherry St., and will redouble our efforts to organize workers at the other Green for Life locations across the city (Peat, 2013).

Yet, despite whatever spin Ferguson tried to put on the outcome of the vote, it is clear that it represented a major loss to the labour movement in the GTA, as 300 or more jobs became non-

unionized and private workers showed they were not ready or willing to unionize in the private waste collection sector.

5.2 Privatization of waste collection in the GVRD

The case study selected to represent the experiences of privatization of waste collection in the GVRD is the privatization and subsequent contracting back in of public waste collection services in the City of Port Moody, BC. The City initially decided to privatize the services in 1998. But 10 years later, as complaints and issues with private waste collection services continued to grow, the City decided to bring the service back under public control in 2008. Port Moody is a relatively small city within the GVRD with only 27,512 residents. But it is a fully functioning city that offers its residents a range of services from public transportation to sports and recreation. Like other municipalities in the GVRD, Port Moody was hit with a budget shortfall in the mid-to-late 1990s, which forced the City to make a number of difficult decisions regarding municipal services and infrastructure projects.

One of the areas in which Port Moody saw potential savings was waste collection services. On 31 March 1998 Port Moody City Council voted in favour of contracting its waste collection services out to a private firm. The decision was based on a report to the City that suggested privatization would save the City approximately \$125,000 a year (or \$625,000 over the course of the five-year contract). The five-year contract was awarded to Texas-based Browning Ferris, a private waste management company with other experience working within Canadian municipalities. The move was opposed by a number of different groups, including civic workers across Port Moody, CUPE 825 (the union representing the waste collection workers), and two of the six Port Moody City councillors. However, as then-Mayor Rick Marusyk argued, the public

either supported the move or was indifferent to it, as the mayor's office "fielded just three phone calls and received one letter expressing concern since council decided March 31 to transfer garbage collection to the private sector" (Vancouver Sun, 1998, p. B3). Private garbage trucks began servicing the city in late 1998.

5.2.1 Factors Leading to the Privatization of Waste Collection

There were a number of factors that played a key role in Port Moody's City Council electing to privatize waste collection. First and foremost, the decision was partially dictated by the economic realities of the time. As mentioned, the mid-to-late 1990s brought economic hardships onto municipalities, as there was a decrease in federal funding and a subsequent downloading of responsibilities onto municipalities from the provincial government. Meanwhile, the decision to privatize was made before the election of the neoliberal-leaning provincial Liberal government in 2001. In hindsight, this makes the decision seem like more of an inevitability for a municipality like Port Moody, which was looking to decrease costs. Moreover, the City has a long history of being a fiscally responsible municipality in the GVRD. One reason for this is that the mayor of the city also takes on the role of CEO of the municipality when elected. This means that beyond fulfilling his/her civic duty as mayor, he/she is also held responsible for how the City performs fiscally. What this does is force the mayor to provide leadership, guidance, and general direction to both City Council as well as the city manager in a way that is concerned not only with keeping the public content, but also with an eye on the bottom line of city operations. This dual role that the mayor plays in Port Moody has translated, for the most part, into a very fiscally responsible, or fiscally conservative, administration. In fact, in 2008 Port Moody was recognized by the Canadian Federation of Independent Business (CFIB) as the most fiscally responsible and best

performing municipality in the GVRD, or as Rockwell (2012) put it: “the most frugal city in the province.” The CFIB report acknowledged that a large part of this success in performing so well was due to former Port Moody mayor Joe Trasolini always “utilizing principles of fiscal responsibility [to lead] Port Moody through 12 years of unprecedented success, winning provincial, national and international awards” (Rockwell, 2012).

Another factor that contributed to the City’s decision to privatize waste collection services was the escalating costs of maintenance and repair to its fleet of waste collection equipment. Like many municipalities around Canada, Port Moody had been unable to properly service and maintain its waste collection vehicles and equipment because of high costs and budget shortfalls. This meant that the aging fleet of vehicles that Port Moody was employing for waste collection services were prone to mechanical issues and breakdown. Waste collection was often interrupted or delayed by these issues, and sometimes the vehicles were taken off the road for multiple days or even weeks. Mechanical issues got so bad that it became apparent the City would need to replace its fleet of trucks if they were going to be able to continue providing high-quality waste collection services to residents. Waste collection vehicles and equipment are not cheap, and the City knew the purchase or lease of a new fleet of vehicles would represent a major capital expense for the municipality, which at the time was not very tenable.

Compounding the issue was the fact that the City had not properly planned for vehicle and equipment replacement. As Royer and Taylor (2011) explain, the main fund that existed to deal with replacements, the Sanitation Reserve Fund, was “woefully inadequate relative to the size of capital investment needed” (p. 4). Thus, the City was faced with a major capital expense decision at a time when there were budget shortfalls across the board.

Another factor was the deteriorating labour relations and human resource issues between city management and city workers. With their contract set to expire in September 1997, CUPE Local 825 entered into talks with city management about a new three-year contract. Talks did not go far, though, as the City administration demanded major changes to hours of work in the new contract. In particular, the City wanted a contract that would see city staff working on evenings and weekends on a flexible work schedule. CUPE Local 825 rejected this demand and threatened strike action. City administrator Ron Campbell defended the City's demands, explaining:

The package we presented is similar to all the other packages that have been agreed to in Burnaby, Surrey, Langley, Township, et cetera ... I think the one area they are having difficulty with is where we are asking for flexibility in hours of work and days of work ... We are a service business ... and to do it well, we need flexibility ... During tax time, maybe we should be open on Saturday. In the building inspection department, possibly we should be providing inspections on Saturday. If we are going to be doing more work on police cars, maybe we should be having our mechanic's shop open on Saturdays or open in the evening (The Province, 1997, p. A11).

In early September, with the current contract set to expire, the City extended an offer that included the provision of flexible work hours for all new employees, new positions with the City, and for existing employees who moved to jobs with flexible hours. This represented a slight concession to city staff, but CUPE Local 825 opted to reject the offer and serve city management with a 72-hour strike notice. Though the City was adamant that another contract offer would not be forthcoming, in the eleventh hour it did offer a new contract that scaled back its demands on flexible work hours. CUPE Local 825 accepted the new offer and a strike was averted, but major damages to labour relations between the City and union were sustained.

Just two months after the new contract was signed and a city-wide strike was averted, friction between the two sides emerged again. This time the issue was over a human resources decision

on hiring in the waterworks department. The department had been employing two longtime temporary employees, but when time came to fill two full-time permanent positions within the department, the City elected to hire outside candidates instead of two longtime temporary employees. CUPE Local 825 saw this as a direct attack on issues of seniority and hiring practices found in their collective bargaining agreement. On 23 November 1997, over 70 city staff participated in a wildcat strike to protest the hiring decision of the City administration. The strike shut down some city buildings, garbage collection, library buildings, and recreation facilities. It did not last long, and city staff returned to their jobs just days after the strike. But while the effects to services were minimal, the wildcat strike – and the difficult contract negotiations – did damage to the relationship between city management and staff and CUPE Local 825. Although there is no direct evidence that this played a key role in the decision to privatize (no one from the City administration went on record disparaging the union for the negotiations or wildcat strike), issues like these do tend to have some impact in decisions to privatize. In fact, this was evident in two of the four cases discussed here, and in the literature (see Kay and Thompson, 1986).

One issue that was not a factor in the decision to privatize was the level of the waste collection service that the public sector was providing. Waste collection service before privatization was a five-day collection schedule on five different routes, with residents sorting their own trash using standard garbage bags and blue bins and clear bags for recycling. Because residents were responsible for sorting both garbage and recycling, there were a number of complicated instructions to follow to properly sort. Despite this, however, complaints about the services were minimal, and beyond some issues with vehicles and equipment, waste collection services ran smoothly and efficiently in Port Moody. In fact, as Royer and Taylor (2011) explain, a major reason for rising costs of waste collection leading up to privatization was the loyal

service that city waste collection staff provided residents. More specifically, city waste collection staff practiced a “never miss a pickup” ethos, which meant that staff often worked long hours and overtime whenever there was an issue with the vehicles or equipment in order to ensure that residents’ waste and recycling was picked up on the proper day. This above-and-beyond service cost the City significantly, as they were forced to pay city waste collection staff extra hours and overtime. In other words, poor service had nothing to do with the decision to privatize. In fact, it was just the opposite: the costs associated with providing high quality and loyal service was the contributing factor in the decision to privatize waste collection in Port Moody.

5.2.2 Performance of Private Waste Collection

The arrival of privatized waste collection in Port Moody in late 1998 did not mean there were major changes to waste collection and recycling services in the city. Despite complaints from residents (and sometimes their clear inability to follow sorting instructions), the move to privatized service did not bring about an overhaul in the way the City sorted or picked up trash. Residents remained responsible for sorting their own trash and recyclables, which they did using user-provided trash bags and small blue bin recycling containers. Thus, the city was left with bloated and unsightly garbage bags and overflowing recycling bins that not only left a mess, but also attracted animals – including bears. As well, there were no changes to the collection schedule or collection routes. The private operator continued to operate a five-day collection schedule that had previously been heavily impacted by statutory holidays and generated a number of missed pickup complaints. They also continued to operate along the same collection routes that many in city management deemed inefficient as part of the original push for privatization by City Council. Also important to note is that the private contractor did not initiate

any clear waste diversion plan in order to reach goals set by the GVRD. Therefore, the City of Port Moody was left to fall behind other municipalities in the GVRD in terms of waste diversion, and more generally sustainable waste practices. In essence, the private contractor offered the exact same service parameters as the public sector provided, with no clear improvements or detriments. The change to privatized waste collection did, however, bring a drastic decrease in the level of service, and subsequently a major increase in the number of issues and complaints from the public about their waste collection and recycling services. In fact, the service provided by the private contractor “generated a large number of well documented complaints” (Royer and Taylor, 2011, p. 2).

5.2.3 The Operators: Browning-Ferris Industries and International Paper Industries

The first company contracted by Port Moody to privately collect its waste and recycling was Browning-Ferris Industries (BFI), a major waste management company headquartered in Houston, Texas. BFI grew to prominence in the US by buying up a number of local waste management companies across the country and running them from a national platform. The company specialized in delivering services tailored to unique local environmental factors and guaranteed high levels of service. Along with their bid being among the lowest, this was one of the key reasons Port Moody opted to go with BFI for its waste collection and recycling needs. However, only a few years after signing the contract with Port Moody, BFI began to struggle financially, as they were stretched too thin across North America. In 1999, the company was taken over by Allied Waste Industries (AWI), who were also one of the largest waste management companies in the US. Like BFI, AWI was a large company that held contracts for waste management services across both the US and Canada. Their size allowed them to make

low bids on contracts, but as seen in Port Moody, their service records were somewhat dubious. (Royer, 2011). AWI was eventually acquired by Republic Services Inc., a company that now is the second-largest waste management firm in the US, and continues to provide waste collection and recycling to municipalities across North America.

The second company contracted by Port Moody to take over from AWI after service deteriorated to the point that it was completely unacceptable was International Paper Industries, which is part of the Emterra Group, a Canadian-based company offering waste collection, processing, and marketing services to municipal, industrial, commercial, and institutional customers. The Emterra Group is recognized as bringing innovative approaches to waste management services in Canada. International Paper Industries is based in North Vancouver and provides a number of different waste management services, both residential and commercial, across the GVRD. At the time of the contract, International Paper Industries was also responsible for waste collection and recycling services in neighbouring Coquitlam. This was one of the key reasons International Papers Industries was chosen by Port Moody City Council, as amalgamated services between the two municipalities was seen as an obvious efficiency-building move. From the details provided above, it is clear that the amalgamation did not go as planned, and only a few years after Port Moody chose not to renew their contract with International Paper Industries, Coquitlam also parted ways with the company, opting to go with a different private company. Despite this, however, International Paper Industries continues to provide waste management services to municipalities and commercial industries in the GVRD.

5.2.4 2004: Private Collection Gets a Second Chance

The contract with Browning Ferris was not renewed when it expired in late 2003. However, the City still viewed privatized waste collection as the best way to move forward. Once again, the City made a call for bids for its waste and recycling services and they received a number of competitive bids for the service. None, though, could compete with the low bid submitted by International Paper. Not only was International Paper's bid recommended by city staff because it was by far and away the lowest, but the company also (conveniently) provided waste collection services to the neighbouring municipality of Coquitlam. Like Port Moody, Coquitlam had decided two weeks earlier to switch service providers and go with International Paper. Then-Port Moody mayor Joe Trasolini was adamant that Coquitlam's decision to go with International Paper did not influence Port Moody's decision, but he did admit that it made "good business sense for the same company to work in neighbouring municipalities" (Coquitlam Now, 2004). More specifically, the hope among city staff in Port Moody was that harmonizing the two cities' waste collection services would help to "achieve economies of scale and ... make it easier for service providers to amortize their capital investment" (Royer and Taylor, 2011, p. 2).

This harmonization of service providers in both municipalities meant that waste collection services for Port Moody and Coquitlam would be merged and serviced under one system by International Paper. The City signed a five-year contract with International Paper that included a number of conditions, including equipment and performance standards, clearly-defined client expectations, limits on the age of equipment used, and a whole host of accountability measures to avoid some of the service issues that came up during the City's first attempt at private waste collection. As well, the contract was "awarded early, to allow several months for procurement,

staff selection and training. The hope was that a long lead time would facilitate a smoother transition” (Royer and Taylor, 2011, p. 2).

The merge of the two waste collection routes brought a number of changes, some positive and some negative. For one, the change to the merged route with International Paper expanded the recycling program in Port Moody to include No. 6 plastics and pizza boxes. Garbage limits, collections methods, and acceptable recyclables, meanwhile, all remained the same. This is important to note because one of the biggest issues facing the first attempt at privatized waste collection was the fact that trash had to be sorted at home with user-provided containers. This ended up causing a number of issues for both city residents and the service provider. Another major change to waste collection services in Port Moody was reduction in the collection schedule. This change re-zoned the waste collection routes, realigning the city into four collection zones from the previous five zones. This was done so that International Paper could implement a new four-day schedule that would only see waste collection occur Monday through Thursday instead of Monday through Friday. The new provider argued that the reduction in collection days would lead to a more predictable schedule, as statutory holidays would not cause such a drastic change in a four-day schedule as opposed to a five-day schedule. However, the change was viewed by many within the city as a clear reduction in services by the new service provider.

Port Moody’s second attempt at privatization of waste management services ended much like the first attempt. After starting off with a successful transition (residents were seemingly happy with the four-day waste collection schedule), the private operator began to run into a number of problems that adversely affected the level of service provided. In particular, International Paper struggled with high staff turnover and vehicle maintenance problems. It is not clear why staff

turnover was such a problem, although it is important to note that the privatized waste collection jobs were not unionized and offered relatively low pay in comparison to Port Moody city workers. Nevertheless, the high staff turnover rate meant that the private contractor was constantly operating with inexperienced workers who were learning on the job. This led to a drastic decrease in the level of service of waste collection, and there were complaints from residents about messy and loud service, drivers not following traffic laws, contract staff mixing recycling with regular waste, and contract staff being rude to clients. As well, the company had failed to properly maintain old vehicles and invest in new equipment during its time as the service provider for Port Moody, which led to vehicles breaking down and being taken off the street for extended periods. As a result, collection services suffered immensely, with collection in some areas being completely missed for more than three weeks and schedules being changed and reduced constantly to deal with the equipment shortages. By early 2008, the service had become so bad (there were reports of contract staff openly urinating in the streets and extorting illegal payment from residents for pickup of garbage) and complaints from the public had become so loud that the mayor and city council could no longer ignore the issue.

In response to the growing issue of poor service from the private operator, the City moved to take action to help alleviate some of the service challenges and vowed to investigate just how bad the service had become. To address the major problems of waste collection services, the City temporarily assigned a number of city workers to go out along the different waste collection routes and clean up any mess that was left behind or waste collection that was missed by the private operator (CUPE, 2014a). The City ended up spending significant resources doing this, as the private waste collection service continued to deteriorate. In order to assess just how bad service had become and how Port Moody residents felt about their waste collection services, the

City hired an independent firm to administer a telephone survey to find out. The survey, which was carried out by NRG Market & Opinion Poll Research and administered to 500 Port Moody residents, revealed that 80% of the respondents had experienced their waste not being collected on the correct day. Meanwhile, 25% had experienced five or more missed pickups, and 20% had their waste or recycling containers damaged or lost by the private operator. Perhaps the most troubling and telling data from the survey was that more than 20% of respondents were so angry about the service that they had contacted the private operator directly to complain (Royer and Taylor, 2011). Though the private operator was unwilling to share data about the number and type of complaints received, it was clear that Port Moody residents had had enough of the poor waste collection service.

The results from the public survey and the spiraling costs of cleaning up after the private contractor sent the City looking for a different solution for their waste collection problems. One idea that came up repeatedly in the open-ended question portion of the public survey was to bring waste collection services back in-house. Seeing as waste collection services were never a problem prior to privatization, and with the City already spending a large amount of money to deal with complaints related to waste collection services, the City decided to investigate the possibility of contracting waste collection services back in. Unlike the previous occasion when the question of public versus private delivery emerged in 1998, the City did not ask city staff and CUPE 825 to produce competing reports. Instead, looking to avoid a divisive assault on City Council, Port Moody City Manager Gaetan Royer invited the president of CUPE 825 to work alongside city staff and management on a joint task force to investigate the best path forward for the City in regards to waste collection. The task force team was made up of an equal number of management and union representatives, and was mandated to “research the viability of in-house

service delivery based on a detailed analysis of all costs and benefits” (Royer and Taylor, 2011). The decision-making process of the task force was based on a model of consensus, with all task force members having equal say in the final report that was presented to City Council. The two main duties of the task force were to review any quotes the City received in terms of costing future waste collection services and to investigate the costs associated with the life cycle of purchased, leased, and contracted equipment and vehicles. The task force produced a study that was co-presented to City Council by CUPE 825 and city staff, which recommended that the City contract back in waste collection services.

5.2.5 Waste Collection is Contracted Back In

In April 2009, Port Moody City Council voted to approve all the recommendations found in the joint study, and in July 2009 waste collection was once again provided by the public sector. The decision to bring waste collection services back in-house was not a minor one. Because the City had relied on private operators who provided their own equipment, any decision to bring waste collection services back in-house meant a major investment on the City’s part for equipment and vehicles. Based on the recommendations of the joint study, the City purchased three new trucks at a capital expense of \$1.22 million and new recycling totes city-wide for \$1.67 million (Coquitlam Now, 2009). This \$2.89 million investment in vehicles and equipment was equal to what the City would have had to pay to private operators if it had continued to rely on contracted out waste collection. In order to pay for this major investment, the City was able to tap into its Equipment Replacement Reserve instead of taking on more external debt. In particular, the City’s Finance Division created a “five-year repayment plan to replenish the Reserve, including interest. Sufficient revenues from the Garbage & Recycling user fees were

included in the budget to fully offset capital and interest payments” (Royer and Taylor, 2011, p. 4). Moreover, at the end of five years when the debt to the Equipment Replacement Reserve was repaid, the same revenues that were being used to pay off the debt and interest payments would be used to create a new fund for the eventual need to buy new vehicles and equipment for waste collection services in the future. Thus, from the onset of contracting back in waste collection services, the plan made good fiscal sense, especially in comparison to the costs associated with subpar private waste collection services.

The contracting back in of waste collection in Port Moody not only represented a change from private to public, but it also marked a drastic change in the way waste collection services was handled by the City. As former City Manager Gaetan Royer explained: “In a way, there is no better time to change things than when change is happening. If a city is going to hit people with profound change, a little more disruption is unlikely to tip the balance ...” (Royer and Taylor, 2011, p. 5). Thus, Port Moody used the opportunity of changing service providers to totally revamp their waste collection services. They introduced a new collection method, different sorting techniques, improved pick-up routes, and increased frequency of collection. The new trucks were equipped with a mechanical arm that made waste pickup automated. The importance of the move to automated pickup was twofold; not only would it help to reduce risk of injury on the job and the subsequent human resource issues that would follow, but it would also make collection routes much more efficient. In order to facilitate the change to automated pick up, the City provided each resident with three new bins for garbage, recycling, and organic waste. As well, the City used the change from private to public to introduce a new and ambitious waste diversion program. The long-term goal of the City was set to reduce landfill waste by 70% over the following 10 to 15 years (Coquitlam Now, 2009). Although the waste diversion program was

obviously aimed at helping the City embrace a more environmentally-friendly approach to waste collection, it also had an economic element to it. Port Moody was facing a 200 percent increase to its waste dumping costs, as dumping fees in Metro Vancouver were drastically rising at the time to keep up with all the waste that was being produced in the GVRD. In a calculated move, the recycling bins provided by the City to residents were much larger than the garbage or organic waste bins. It was a not-so-subtle attempt to illustrate just how important they viewed waste diversion. A big part of how successful this waste diversion program will be hinges on how the new vehicles and equipment operate and how much residents of Port Moody buy into the new system and diversion plan.

In order to help facilitate the change in waste collection services and promote the new waste diversion program, the City implemented a comprehensive communications plan. The major goals of the plan were to ensure that all citizens were made aware that their waste collection service was changing, to communicate the proper procedures of the new waste collection system, and to develop a feedback mechanism for evaluation. Some of the measures that the City took in order to ensure that their communications plan was effective included,

... a series of public meetings, open houses, and advertising. Print communications included the City Calendar, newspaper advertising, editorial content in local media, articles in the City's newsletter, brochures, informational inserts in the annual Property Tax Newsletter, flyers in the Utility Newsletter, posters and door hangers. Electronic communications included frequent updates to the City website, a FAQ page, the creation of pictograms and an online form, to name a few (Royer and Taylor, 2011, p. 5).

As well, frontline waste collection staff were trained for communication with residents and encouraged to make contact with residents at the curb in the first few weeks of the new service in order to explain how the new system worked, clear up any questions residents might have, and

encourage residents to participate in the new waste diversion goals of the City. In some instances, frontline staff provided residents with handwritten reminders about how to properly sort their waste and recyclables, and stressed the importance of reducing the amount of waste that was making its way to landfills from Port Moody.

5.2.6 Performance of Public Waste Collection

The performance thus far of public waste collection in Port Moody has been nothing short of a major success. The new automated service was embraced quickly by residents, as the system was much more efficient, clean, and easy to understand. The introduction of the garbage, organic waste, and recycling bins not only made sorting waste much easier, but it also got rid of unsightly non-uniform bins in the city and messy trash bags. City management and union management set very high service goals for employees, which meant that frontline waste collection workers were dedicated to providing personalized service to residents in the first few months of the switchover in service. This led to the workers becoming familiar with residents on their routes and allowed for them to interact and answer any questions regarding waste collection. The enthusiasm and dedication of the frontline staff was clear. As one CUPE 825 staff put it: “We’re looking for a fresh start to bring better service to our residents. These trucks are equipped with the top-notch gear we need to do our job” (CUPE, 2009c). All of this helped to dramatically cut the number of complaints the City fielded regarding waste collection. In fact, instead of complaints, the City began to receive emails and letters praising the new waste collection services. For example, one resident wrote to the City explaining just how happy they were with the new service: “One thing I have to say, is that I'm very happy Port Moody has taken back it's garbage pick up. We had a great service which just went down hill when it was

contracted out. So yay! Pt. Moody has taken it back. So much better!” (Royer, 2012). The frontline waste collection staff also spent time before the switch to public service getting to know the new equipment and vehicles and “perfecting the art of the pick up” (Royer, 2012). As well, because the fleet of vehicles and equipment were brand new, there were few mechanical issues and even fewer missed or rescheduled pickups after the switch in service providers.

Beyond improved services, the return of public waste collection dramatically improved the city’s waste diversion rate. As mentioned, Port Moody used the change in service delivery of waste collection as a chance to introduce a new and ambitious waste diversion plan. In particular, the plan was to hit 70 percent for a waste diversion rate by 2015, which was in line with the goals of the GVRD. Port Moody saw immediate success, as its diversion rate shot up nearly 20 percent in the first few months of public service delivery. By the end of 2009, the city’s diversion rate was over 60 percent. After 2009, however, improvements to the diversion rate began to stall and hover around that 60 percent range (CUPE, 2011). In response, the City launched a new waste diversion plan that contained a number of major changes to waste collection services in Port Moody. Some of those changes included: mandatory food recycling, expanded food scrap recycling to multi-family households, and most importantly, a change in the collection schedule that saw recycling and organic waste continue to be picked up on a weekly basis, but garbage collection reduced to collection only once every two weeks (Royer, 2012). That last change was somewhat extreme, but the City used a very aggressive communications plan, as they did during the initial change, and kept the citizens informed while welcoming any feedback or suggestions regarding the new plan. There were some complaints at first, but after the first few months of the new collection schedule the complaints dried up and residents embraced the new waste diversion plan. The change worked, and Port Moody’s waste diversion

rate shot up to 70 percent by the end of 2010, and all the way up to 75 percent by mid-2011 (CUPE, 2011b). The success of the program was unparalleled in the GVRD, as Port Moody was able to reach the region's goal of 70 percent a full five years before the end date goal of 2015. The City now has a goal of reaching 80 percent, which is the GVRD's stated goal for 2020.

This success in waste diversion was recently acknowledged and celebrated by the Solid Waste Association of North America (SWANA), as Port Moody won a bronze medal in the SWANA Award of Excellence competition for its waste reduction program. In particular, the award was given for the communications plan that the City used in order to implement major changes to the delivery of waste collection services. The City has credited CUPE 825 frontline waste collection staff for the award, as they worked as ambassadors for the waste diversion plan (CUPE, 2011). As Port Moody Communications Advisor Leslyn Johnson explained: "the delivery of our relentless campaign required the collaboration of front line staff hosting meetings and truck drivers acting as recycling ambassadors" (CUPE, 2011). The City's success has also garnered much attention in the GVRD, gaining traction in the local, provincial, and national media. Port Moody has been touted as an example for all municipalities (not only in the GVRD, but across Canada) to follow in order to make progress in waste diversion. In fact, the story got so much attention in the GVRD that Port Moody began to experience some negative backlash from larger municipalities in the region, like Vancouver, West Vancouver, and Richmond, who accused Port Moody of 'trash talking' the larger municipalities for their poor waste diversion rates. The negative backlash did not translate into anything more significant, but the amount of exposure and celebration that Port Moody's waste diversion success received was very telling.

5.2.7 *Importance of the Case*

Like in the other cases within this dissertation, the importance of the privatization and subsequent contracting back in of waste collection services in Port Moody cannot be understated – for a few different reasons. First, this case provides concrete evidence that privatization does not always produce improvements in the areas of efficiency or level and quality of service. Privatization has enjoyed decades of popularity among policymakers and economists based on these claims of efficiency, productivity, and quality. But as pointed out in Chapter 2, over the years there have been a number of macro level studies that have brought into question these claims. These studies have mostly fallen on deaf ears with policymakers, though, who have been unwilling to reverse course on privatization initiatives that were clearly failing, or at the very least not producing the cost savings that they had promised. Moreover, there have been few, if any, cases in the North American or Western European context of complete failure of privatization and the subsequent contracting back in. Thus, this case represents somewhat of a milestone, especially within the Canadian context, as it clearly demonstrates the shortcomings of privatization – not only in terms of its ability to cut costs, but also in terms of its significant decrease in the level of service. The privatization of waste collection services in Port Moody ended up costing the City millions of dollars in monitoring and cleanup costs, and it reduced the service to a disastrous level, as residents were very vocal about their distaste for the private operator's waste collection service. This case provides researchers with a clear example and rich data to use in future studies analyzing and critiquing the process of privatization, and it serves as a prime example for opponents to point to in illustrating the false promises of privatization.

Second, this case study is an example of how municipalities can successfully contract back in services that were once privatized. There are few instances of municipalities – especially in the

Canadian context – contracting back in public services. Commenting on the significance of the contracting back in of waste collection services in Port Moody, CUPE National Secretary Treasurer Claude Généreux explained: “Bringing waste collection back in-house controlled by the City, done by City workers, means that it will be completely public and fully accountable ... This is not just a one-off event. The great partnership here translates into reality for citizens and city workers” (Royer and Taylor, 2011, p. 6). Généreux was not overstating the significance of the event, as in the five years since Port Moody contracted back in waste collection services, a number of other municipalities around Canada had begun to consider contracting back in their own waste collection services. Ottawa, most prominently, has followed suit and contracted back in parts of its waste collection services. An audit conducted by the City of Ottawa found that awarding another waste collection zone to the City waste collection staff (represented by CUPE 503) would save the City between \$5 and \$10 million dollars annually (Watson, 2011; Lapointe, 2012). In particular, the audit found that using public employees produced savings for the City, and that “overall financial performance reflects continued operational efficiencies, and the productivity of dedicated and experienced staff” (CUPE, 2014a, p. 1-2). As well, other cities like Winnipeg and Hamilton have begun investigating their current private arrangements to determine if money could be saved by contracting back in parts or all of their waste collection services (Skerritt, 2012). Meanwhile, Conception Bay South, Newfoundland voted in 2012 to fully contract back in their waste collection services (CUPE, 2014a). Interestingly, waste collection has been the sector leading the way in contracting back in, much like it was the sector leading the charge in the 1970s and 1980s in adopting privatization. This is no coincidence, as waste collection now has close to 40 years of experience with the process of privatization, and this has provided a great deal of data to make a measured judgment on the process. Similar to

this case's importance regarding concrete evidence of the negative effects of privatization, the Port Moody case serves as a milestone in the study of privatization in Canada, and an example for other municipalities looking to make a change from underperforming private contractors.

Finally, this case provides a clear road map for city management and union management to work together in order to make key policy decisions and provide high-quality and cost-effective public services. In particular, the joint task force set up between union and city management, which saw both sides have equal say and influence in all decisions and recommendations made in the report presented to City Council, is somewhat of an oddity in labour relations at the municipal level in Canada. Typically, city management and union officials have a somewhat contentious and adversarial relationship because of frequent negotiation and labour disputes at the municipal level. And even if they do have a good working relationship, it seldom takes on a collaborative nature, especially when the issue of privatization or contracting out is being discussed. That is why the joint task force in the Port Moody case is so interesting and important to note. Former City Manager Gaetan Royer went as far as identifying the joint task force and collaborative relationship between city management and union officials as a key factor – if not the most important factor – in helping contract back in waste collection services and save the City of Port Moody substantial financial costs associated with continued privatization. Royer has publicly acknowledged the important role that the joint task force played, and has attempted to promote this collaborative setup as a way for cities and unions to move forward in providing high-quality and cost-efficient public services (see Royer and Taylor, 2011). Recently, Ottawa used a similar collaborative setup between the City and union in its analysis of waste collection, which ultimately led to the contracting back in of more of its waste collection services. Clearly, this is a successful method for city management and union officials to work together to improve

public services, and Port Moody will surely be viewed as one of the pioneering examples in Canada.

5.3 Summary

This chapter provided a description and analysis of the two waste collection cases from the GTA and the GVRD. The overview of each case helped to illuminate a number of similarities and a few differences between the two cases. For one, both cases make clear that privatization of waste collection has unequal affects on the different actors involved in the process. Each saw private companies make large gains as a result of privatization, while labour and the public felt negative effects as a result. As well, both cases demonstrate that the decision-making process surrounding privatization is driven more by ideology rather than evidence. In fact, very little evidence was used in either case in the decision to privatize. Instead, the debate was coloured by neoliberal grandstanding about the role of government and the need to balance budgets. Moreover, both cases showed how specific interests and/or relationships were privileged over others during the decision-making process. This led to a decision that skewed towards a certain group of policy actors.

All of these insights gained from these overviews of the waste collection cases are helpful for a couple of different reasons. First, the insights gained here speak directly to the key questions of this dissertation. Both cases raise issues that relate to the key questions of whether privatization creates winners and/or losers and why, given that there is growing evidence that privatization is not effective, is it still used so widely as a policy tool. Second, these insights helped guide and shape the questions for the key informant interviews. In particular, they helped identify some important areas to explore further with the participants that are not clear from the archival data

available for each case. Third, a number of the insights line up with the literature using the critical approach to understanding privatization. This overlap helps in data triangulation and eventually in making generalizations about the findings.

6 CHAPTER 6: THE PUBLIC TRANSIT SECTOR: The cases of VIVA and the Canada Line

Similar to the Chapter 5, this chapter focuses on exploring the contextual details of the case studies. In particular, this chapter examines the two case studies from the public transit sector – the GTA public transit case study involving the VIVA rapid transit system in the York Region, and the GVRD case study involving the Canada Line in the City of Vancouver. Like the waste collection cases, both public transit cases are very recent and both speak very clearly to the policy process that surrounds the decision to privatize. However, unlike the waste collection cases, the public transit cases that are discussed are examples of the more recent form of privatization known as a public-private partnership (P3).

The discussion of each case is shaped by the overarching research questions driving this study, which are concerned with understanding if and how privatization creates winners and losers and why, if there is mounting evidence against privatization, is it still being used so widely as a policy tool. Therefore, specific attention is paid to the different interests involved in each case and how they have been affected by privatization decisions. As well, attention is given to the political levers at work within each case and how this shaped each decision.

6.1 Privatization of public transit in the GTA

The case study selected to represent the experiences of the privatization of public transportation in the GTA is the fairly recent privatization of rapid bus transit in the York Region of the GTA. In 2005, VIVA, York Region's privately-operated bus rapid transit system, launched in order to help service the growing demand for public transportation in the region. Before moving on to discuss the results of this case study (which is discussed in Chapters 7 and

8), historical details need to be provided in order to help bring clarity and create context for the results. This helps to further clarify why this particular case was selected for analysis. Much like the previous case study, the privatization of rapid bus transit in the York Region is relatively recent, and so information is somewhat scarce on the topic.

York Region, which is made up of a number of smaller municipalities, including Vaughan, Markham, Richmond Hill, Aurora, and Newmarket, was no stranger to private operators before VIVA was launched in 2005. In fact, each of these municipalities has offered their citizens public transportation since the mid-twentieth century with contracted services from the private sector (Wyatt, 2013). Across Canada, since the early days of the public transportation industry, small transit systems have used private operators to provide public transportation through the tendering of service contracts (Transport Canada, 2012). Historically, private operators did play a major role in the larger transit systems in the country's larger municipalities like Toronto. But by the mid-twentieth century, the automobile age had arrived and transit systems were weakened and viewed as unprofitable by the private sector (Transport Canada, 2012). Thus, these larger systems were left to the public sector to operate. However, this is not to say that the private sector had no involvement in public transportation in larger municipalities in Canada, as the private sector is involved in larger-scale projects like train service and, more recently, public-private partnerships for rapid transit projects in larger municipalities. Each of the five municipalities of York Region were small enough that they fit nicely into this public transportation privatization model of contracting out (the largest of the municipalities, Markham, employs only 58 buses and serves a total population of 146,000). However, in 2001, the York Region amalgamated the five transit providers to create York Region Transit (YRT), which sought to serve a ridership of over 15 million annually (Wyatt, 2013).

A plan was needed by the newly-formed public governing transit company to expand and improve on transportation in the area. Unfortunately, a large system like this – with both service and infrastructure expansion needs – does not lend itself well to contract tendering, and the cost of running it publicly is both vastly expensive and unrealistic. YRT’s response was a new rapid transit system, VIVA Rapid Transit, funded by a public-private partnership (P3) that would be integrated with the rest of the transit services in the region in order to create seamless connections between the five municipalities and the City of Toronto. VIVA represents a large and ambitious P3 plan from YRT that will see a major transformation of public transportation in the York Region. The plan includes a number of different phases, varying in their degrees of ambition. The rapid bus service is the first (and fairly ambitious) phase. The remainder of this section is used to provide and unpack important contextual details surrounding this case in order to better understand the decision of YRT to utilize a P3 model to launch their VIVA plans.

6.1.1 Amalgamation

The York Region is an upper-tier municipality, comprised of nine other lower-tier municipalities, including: Richmond Hill, Markham, Vaughan, Aurora, Newmarket, Whitchurch-Stouffville, East Gwillimbury, King, and Georgina. The region is governed by the York Regional Council, a political body established in 1970 that is made up of 20 elected representatives²⁷ and a Regional Chair/CEO. The Council is responsible for providing York Region with most essential services, including policing, children services, housing, water, waste management, and public transportation, to name a few. Unlike most elected political bodies in Canada, the York Region’s top political post is CEO and Regional Chair, and the position is not directly elected by the

²⁷ The elected members are the mayors of each of the nine municipalities that make up the York Region, plus 11 other Regional Councillors from the larger and more populous municipalities.

public. Rather, the CEO, who serves a four-year term, is selected by the 20 elected representatives of the Council, which somewhat sidesteps the traditional public interest/democratic approach to government. The current CEO and Regional Chair of the York Regional Council is Bill Fisch, and he has served as the top executive since 1997. Under Fisch's tenure, the region has experienced unprecedented growth – socially, economically, and in terms of population. This means that the region has been faced with a situation where demands on its services and programs have increased tenfold and have begun to out-strip the region's ability to provide quality public services while maintaining a balanced operating budget. In response, the Council – under the direction of CEO Fisch – has strongly pursued privatized options for a wide range of services, including public transportation.

Prior to 2001, York Region Transit did not exist. Instead, within York Region five different transit companies offered public transportation to the population. The five transit companies included Vaughan Transit, Markham Transit, Richmond Hill Transit, Aurora Transit, and Newmarket Transit. The idea to amalgamate all of the existing transit systems in the York region was first proposed in 1994 by the York Regional Council. The idea gained traction, and later in 1994 the regional council approved in principle an amalgamated transit system with a start date of late 1995. However, implementation of an amalgamated system was continuously put on hold as political debates over the appropriateness of the system were waged at the regional council level. The smaller municipalities were initially opposed to the amalgamation for both political and practical reasons. For these municipalities, the amalgamation represented both a further loss of local control and a potential decrease in (or altered) public transportation services. These debates continued to push the plan for transit amalgamation further away. Finally, in November 1999, despite continued opposition from the municipalities of Markham and Vaughan, Fisch

pushed the new amalgamated system through to a regional council vote. Behind his strong push for the system, the regional council voted 17-2 in favour of amalgamation. Soon after, the York Regional Council announced the amalgamation of the existing transit systems into one system under the name York Region Transit. The reasons for amalgamation were neither complicated nor unclear; an amalgamated system would create a seamless transit system that would increase efficiency within the area, and also ultimately help in the battle against traffic congestion in the GTA. In particular, an amalgamated system does away with transfers and separate fare systems, replacing them with one continuous and single-priced bus system across the region. Also contributing to the region's decision to amalgamate was ongoing pressure from the Ontario provincial government throughout the 1990s to integrate and merge services, as the Harris Conservatives were bent on reducing the size of government across the province at the municipal level. Therefore, the York Regional Council acted on amalgamating services in order to avoid a situation where the provincial government would dictate the future of the region.

However, even after the regional council vote and the announcement of York Region Transit, debates among the different municipalities continued to rage on at York Regional Council. The municipalities of Vaughan, Markham, and Richmond Hill argued that they did not want "transit services amalgamated at the regional level without the additional approval of York's nine municipalities" (Swainson, 2000, B04). At the time, it was thought that the holdup might affect the projected start date of the amalgamated system. However, the issue did not derail the process, and the amalgamated York Region Transit system launched in 2001.

6.1.2 The Move Towards a Public-Private Partnership

In 2002, just a year after amalgamation was finally undertaken, York Region Transit, in conjunction with the York Regional Council, announced its regional transit plan, the “Transportation Master Plan (TMP)”. The TMP was an ambitious 30-year plan to combat growing congestion and transit issues in the York region. As the York Region’s report on transportation, “On the Move”, explains, population continues to grow at a high rate, and this has put major stress on the transit systems in the region, especially on highways and roads in the area. The major congestion on the roadways has had significant effects on growth and productivity in the area. As the report explains: “Clearly, we can no longer rely so heavily on private automobiles for daily trips throughout, into and from York Region” (York Region, 2002, p. 1). From the TMP, 10 categories of improvements emerged that would be undertaken by the region to improve transit. They included: (1) Developing rapid transit services in urban York Region; (2) Expanding GO Transit commuter rail service; (3) Opening as many as 15 additional GO Transit rail stations; (4) Providing key gateways to the transit network; (5) Establishing a grid of supporting bus services; (6) Providing traffic signal priority and reserved lanes for transit; (7) Creating a system of commuter parking lots; (8) Providing rural bus routes; (9) Providing local transit service in outlying communities; and (10) Providing separate services for those unable to use conventional transit (York Region, 2002, p. 5-7). Overall, the TMP was aimed at creating a “transportation system that will accommodate growth by doubling transit use; provide more travel choice in order to better cope with traffic congestion; and slow the degradation of our environment caused by excessive automobile use” (York Region, 2002, p. 12).

As evidenced by positioning it as the first needed category improvement, rapid transit services were key to the regional transit plan. Out of the TMP emerged the York Rapid Transit

Plan (YRTP), which aimed to establish rapid transit throughout the York region (Forsey, 2011). Bus Rapid Transit (BRT) was a core part of the region's plans. In particular, in conjunction with the province, the plan's stated goal was to "increase peak transit ridership from eight to 33 percent by 2021 through the development of 90 kilometres of BRT" (Crowley, 2008). In order for an ambitious plan like this to work, it called for a large number of new BRT stations to be built across the region to connect households to transit in a very easy and efficient manner. In fact, the plan was to have a station placed within a 10-minute walk of 90 percent of all households in the York Region (Crowley, 2008). The YRTP is so ambitious that when completed, it will represent the largest BRT service network in North America.

In order to take on a project of this magnitude, York Regional Council decided to enter into a public-private partnership in order to help fund, construct and operate the proposed rapid transit system. The council set up a rapid transit steering committee and began the search for an ideal partner and setup for a P3. The steering committee released a business case study in early 2003, which gave an overview of the proposed transit plans and the rationale for engaging in a P3 for the project, as well as identified the private partners involved and the reasons why those partners were selected. The transit plans were ambitious²⁸. Along with the establishment of a rapid bus system, the plans also called for rapid transit-only roadways to be constructed, and eventually for light rail rapid transit to replace the rapid bus transit. As well, the plans called for a subway extension that would connect with Highway 7 in Vaughan where most York Region business activity occurs. According to the business case study, beyond the extremely large scope of the plans, a P3 was also sought by the region because it would allow the plans to unfold at a much quicker pace. As well, the private sector would bring a certain level of experience and expertise

²⁸ These plans were different from the Transportation Master Plan, as these were developed through the P3.

to the project. And perhaps most importantly, the private sector would bring more efficiency to the project, which would ultimately keep the costs down. As Michael Roschlau, president of the advocacy group Canadian Urban Transit Alliance, was quoted as saying: “I think the one real hope is it will allow quick action. The public sector tends to get criticized for the time it takes to put projects together ... [as well] [t]here’s a certain kind of level of efficiency that people believe the private sector has that can allow for projects to be built at lower costs...” (McGran, 2003, p. B03). The study also revealed that the Region would be teaming with a consortium of partners on the project (known as the York Consortium), which was initially made up of nine companies, including U.S.-based AECOM Enterprises, Canadian-owned and operated IBI Group and Delcan Corp., German-based Nord/LB and Siemens, Italy's Irisbus, North American construction companies EllisDon and Kiewit, and British-based ATC/National Express. Each of these companies was selected because of their expertise in a particular aspect of rapid transit. For example, AECOM Enterprises, an engineering and planning firm, was selected because it had ample experience in planning and executing rapid transit systems around the world, while ATC/National Express was chosen because the company had expertise in the day-to-day operating of transit systems.

Along with this information, the business case study also laid out the particulars of the public-private partnership. Three different types of P3s were considered for the project: (1) a traditional contractual relationship, where the Region would enter into direct contracts with the Consortium; (2) a share capital corporation, where the Region and the Consortium would each be shareholders and have interests and representation in the corporation; and (3) a non-share capital corporation, where the corporation would be a non-profit entity with members and not shareholders, meaning there would be no equity contributions to the corporation by members

(York Region, 2002). The case study recommended that the Region pursue a share capital corporation for a number of reasons, including that it offered more flexibility, allowed for equity investment by shareholders, permitted independent financing, enabled bringing in other partners into the P3, allowed segregation of projects, provided the ability to integrate existing business over time as appropriate, and most importantly, maximized the risk and benefit sharing amongst the public and private shareholders (York Region, 2002). On this recommendation, the York Regional Council set up a share capital corporation that was a completely separate and independent entity, in which the Region and York Consortium both had interests and representation. In particular, the corporation was set up in a way that allowed the Region to own a majority of the voting share in the corporation, which allowed for the Region to maintain public control over the project. In order for work on the project to move forward, the Region entered into a Concession Agreement with the corporation for the construction, operation, and maintenance of the rapid transit system. In turn, the corporation entered into contracts with York Consortium and individual members of York Consortium for the different aspects of construction, maintenance and operation. In terms of risk allocation and sharing of benefits, the public sector is responsible for ownership of all assets and control of revenues and funding, while the private sector is responsible for assuming risk on all approved budgets and schedules. Forsey (2011) describes the P3 arrangement more simply: “the private sector is responsible for planning, financing, construction, and implementation of the YRTP, while the public sector retains ownership of the infrastructure and control over fare and service policy” (p. 26). The setup of the share capital corporation lined up with the new rules laid out in the Municipal Act, 2001²⁹, and the Ministry of Municipal Affairs and Housing signed off on the corporation in early

²⁹ The Municipal Act, 2001 was introduced under the Harris government in Ontario in 2001. The act was designed to amalgamate municipalities in order to eliminate inefficiencies in public services caused by duplication amongst

2003. This followed closely on the heels of all three levels of government – federal, provincial, and municipal – agreeing to a cost-sharing arrangement that would see each level pay one-third of the overall cost of the plan.

Later in 2003, York Region and York Consortium announced that the transit project would be branded as VIVA. The project was much like the transit plan introduced under the TMP and YRTP; it called for a three-step development process that would unfold over 30 years. The first step was to establish rapid bus transit in mixed traffic with dedicated transit lanes and transit signals, as well as the construction of new stations and stops equipped with technology that allowed users to purchase tickets at the stations/stops and provided precise and up-to-date information on the schedule and timing of the bus routes. The planned start date for step one to be fully operational was early 2005. The second step, which has been labeled VIVAnext, calls for the establishment of rapidways, which are exclusive bus lanes that go in one direction and are located in the roadway median. This gives buses an unobstructed route from one point to another without ever having to enter into traffic. VIVAnext calls for five rapidways in total – one on Davis Drive in Newmarket, one on Highway 7 in Markham, one on Highway 7 in Vaughan, one on Yonge Street in Richmond Hill, and one on Yonge Street in Newmarket. As well, a number of stations would be built along the rapidways, which would be accessed through VIVA-dedicated signaled crosswalks and sidewalks. The VIVA plan calls for the second step to be fully operational with all five rapidways opened by 2020. The third step, which is even more ambitious, would see York Region Transit and VIVA connect with City of Toronto transit services. In particular, the Toronto Spadina subway line would be extended into both Vaughan and Richmond Hill. As well, it calls for light transit lines in the Don Mills and Jane areas.

smaller municipalities. The act also helped introduce the widespread use of municipal share capital corporations, which were to be used by municipalities to make capital investments.

Moreover, the plan would eventually see rapid bus transit in the York Region replaced by light rail transit along the already-established rapidways. No hard date for completion has been set for the third step of the VIVA plan, though the plan does call for the project to be fully completed within the 30-year timeframe. Intent on keeping to the proposed timeline of the VIVA plan, York Region and York Consortium began the planning and implementation processes in 2002 before the official VIVA plan was even announced.

6.1.3 The Operator: Veolia Environment

In terms of management of VIVA's operations, York Region and York Consortium elected to award the transit contract to Veolia Transportation, a business unit of Transdev (which is itself a subsidiary of Veolia Environment). Veolia is a French multinational corporation that has operations in the areas of water supply and water management, waste management, energy, and transport services. In particular, Veolia's expertise is in managing operations in areas that are traditionally managed by public authorities. European countries have been experimenting with private and partially-private public transportation systems for close to 30 years, and this long-term experience with the process has become one of the major services that multinational companies like Veolia have been exporting to North American cities in need of an experienced company to help transition to private or partially-private systems. In fact, Veolia Transportation is actually the largest private provider of multiple modes of transportation (bus, rail, para-transit, taxi, and shuttle service) in North America, with over 200 contracts and over 21,000 employees (Veolia Transportation, 2013). For York Region, Veolia Transportation operates both the VIVA service as well as the bus service in the Southwest Division (mostly routes in the City of Vaughan). Veolia also operates two York region-owned transport yards in Newmarket and

Vaughan that service both VIVA and YRT operations. The company currently has contracts to run the operations of these two areas in York Region until the end of 2015, accounting for the maintenance and operation of nearly 150 vehicles by close to 400 employees (Veolia Transportation, 2013). The VIVA contract is worth approximately \$38 million per year, while the Southwest Division is worth approximately \$28 million per year (York Region, 2012). VIVA, as well as the Southwest Division routes, represent somewhat of a small operation for a company like Veolia. Some have questioned why a company as large as Veolia would bother with contracts so small, but industry insiders have suggested that the VIVA and Southwest Division contracts are Veolia's attempt to get a foot in the door of the massive and largely untapped GTA transportation market. It has been further suggested that Veolia will be a major player in the future plans to expand and further privatize public transportation in the GTA (P12, personal communication, April 1, 2014; P16, personal communication, August 12, 2014; P17, personal communication, February 6, 2014).

6.1.4 Criticism from Other Transit Providers

Despite York Region's enthusiastic approach to the VIVA project, along with strong community and political support, the transit plan did have its detractors. However, unlike most government projects, it was not far right conservatives or taxpayer watchdog organizations criticizing the project for costing too much or subsidizing private industry (there was some of this criticism from these perspectives, but it was nothing major) (see Simone, 2003). Instead, the real criticism and opposition came from other transit providers in the region, namely GO Transit and the Toronto Transit Commission (TTC).

GO Transit was opposed to the development of rapid transit in the York region since the TMP was first released by the regional council in 2002. Their opposition only became stronger as details of the VIVA plan began to emerge. The crux of GO Transit's argument against the VIVA plan was that it would introduce another transit provider into the equation to compete for riders and government funding and subsidies. As GO Chairman Gordon Chong argued: "It's inappropriate for two publicly-subsidized agencies to be competing. That is not a good use of public funds" (McGran, 2004). On top of that, GO Transit officials claimed that the VIVA plan would mirror GO service by providing duplicate services from Richmond to Newmarket on Yonge Street, and from Markham into Toronto. As well, GO officials claimed that York Region was unwilling to spend money to upgrade their interfaces with GO services to better serve users of both systems, and that York wanted to use GO facilities without adding more riders to GO. Officials also claimed that the region wanted its commuters to use GO parking facilities, which would drastically reduce parking for GO users. Moreover, GO suggested that York Region should be improving infrastructure of existing transit systems rather than buying new buses and implementing a new rapid transit system. The friction between the two sides first began when former Transport Minister Frank Klees forced Go Transit to sell two of their more lucrative transit lines to York Region under the Harris/Eves-led conservative government's municipal amalgamation plans. The VIVA plan only increased the tension between the two sides, with both unable to come to any sort of agreement to move forward on issues like parking, bus routes, or future plans. York Region Chair Bill Fisch responded to the criticisms from GO Transit by suggesting:

I think they're missing the complementary nature of the service we're trying to provide in rapid transit, which GO has never provided and doesn't intend to provide. I think they're missing the point ... There's going to be a family of services provided along a major corridor like Yonge

Street ... It's one of our largest corridors and growing dramatically. We'll be doing intensification along that corridor (McGran, 2004).

York Region ended up presenting its case to GO Transit's board, explaining how the VIVA plan would be offering different and complimentary services than GO. Both sides walked away from the meeting, however, still unable to come to any compromises.

TTC criticisms of the VIVA plan were very similar to GO Transit's criticisms. TTC officials claimed that the VIVA plan would provide overlapping service to areas that were already served by GO Transit, and they questioned the cost efficiency of the VIVA plan. TTC Chairman Howard Moscoe questioned the high costs attached to the plan, pointing out the cost of buses in particular while suggesting that York region didn't need to spend \$1.7 million per bus when a \$450,000 bus would provide the same quality of service. Moscoe also compared the VIVA plan to Highway 407, another major infrastructure project in Ontario in which the government poured billions of dollars into (mainly to the benefit of private-sector investors). Asked to comment on the VIVA plan, Moscoe did not hold back, saying: "If I had to put this in the vernacular, I'd say York Region's plan sucks ... It's a simple rip-off to divert funds that should be going into public transit, provided by GO Transit and the TTC, and being diverted off to some hare-brained scheme that would be 10 times more expensive" (McGran, 2003). Although TTC officials offered fair criticisms of the project, it must be noted that the criticisms were somewhat political in nature. When the VIVA plan was announced in 2003, the TTC was in a battle with the federal and provincial governments over more funding dollars. In particular, the TTC was angry that they had been ignored completely in the 2003 federal budget and that their plans for expansion and streetcar-only lanes were bypassed in the 2003 provincial budget (McGran, 2003). Thus, the TTC's harsh criticisms of the VIVA plan must be considered within the political context of the time.

Despite these criticisms and issues, the VIVA plan continued to move forward as the provincial government instructed the transit providers to work out their differences. York Region did not help its case, though, as during the negotiations with GO Transit it was revealed the region had already gone ahead and ordered 77 new buses at a cost of \$48 million before finalizing anything with GO. The move was seen as a breach of good faith negotiating. However, then-provincial Transport Minister Harinder Takhar reminded GO Transit and its executives of their fiduciary responsibilities, and suggested that negotiations be expedited (Green, 2004). An agreement between the two sides was eventually reached in 2004. The agreement saw GO Transit cede two routes to VIVA, as well as agree to allow VIVA riders to use existing GO Transit infrastructure. That paved the way for the VIVA plan to be launched by the region.

6.1.5 VIVA is Launched

Surprisingly, given the propensity for big public projects to face delays or come together slowly, VIVA service launched on time on 6 September 2005. In terms of stations and vehicles, VIVA currently has 70 stations and 116 buses in service. As part of the P3 arrangement, York Region Transit sets and maintains control over fares for VIVA services. The YRT/VIVA's fare policy is based on three guiding principles: ridership growth, revenue optimization, and fair application (Transportation Services Committee, 2011). When VIVA was launched in late 2006, fares were \$2.50 for an adult cash trip. One year later, fares were increased to \$2.75, and this increase was implemented again in 2008 with fares rising to \$3.00. Fares were raised for a third year in a row in 2009 to \$3.25 for an adult cash trip, which, at the time, made YRT/VIVA the most expensive fare in Canada (along with Ottawa's OC Transpo service). Fares stayed constant until 2012 when they were raised to \$3.50. A year later, they were raised yet again, this time to

\$3.75 for an adult cash trip. In late 2013, it was announced that YRT/VIVA would raise fares for the third year in a row to an even \$4.00. This change puts YRT/VIVA well above the average cost of transit in the GTA, which is currently \$3.21 (Pearce, 2013). It also has significant effects on the cost of adult, student and senior passes, which rise nearly 10% with the fare increase. YRT/VIVA general manager Rick Leary has defended the continued increase in fares over the past seven years, explaining that the increases were necessary in order to continue to provide rapid transit service in the area. As Leary explained: “York Region faces unique challenges in that its service area population is the second largest in the GTA, at nearly 1.1 million, and its service area is the largest at 1,776 square km ... as a result, systems with lower populations, smaller service areas, fewer vehicles and comparable or even higher riderships, have been able to achieve higher revenue-to-cost ratios” (Pearce, 2013). With costs of providing transportation to the region only increasing, it is likely that regular fare increases will be necessary for the foreseeable future.

6.1.6 2008 and 2011 Amalgamated Transit Union Local 113 Strikes

Not everything about the VIVA project has operated smoothly. In particular, VIVA experienced tumultuous labour relations during its first seven years of existence. Local 113 of the Amalgamated Transit Union (ATU) represents the bus drivers who operate VIVA services. ATU represents workers in the public transportation sector across Canada (and the United States), including three locals in the GTA. ATU is known for strong negotiating skills and a willingness to strike in order to gain concessions, as well as a commitment to the core values of loyalty, teamwork, compassion, credibility, and accountability (ATU, 2013). These skills and values have been readily apparent in ATU Local 113’s contract negotiations with YRT/VIVA

management, as ATU 113 workers have gone on strike twice already in the short time that VIVA services have been in operation.-- once in 2008, and again in 2011.

The 2008 strike occurred after the initial three-year contract for VIVA drivers expired. At this point, labour relations between the employer and union were not strained, and the two sides entered into negotiations in good faith. The employer, Veolia Transportation, tabled an offer that both parties thought was fair. It included a pay raise to \$21.35 an hour, along with some paid sick time, time-and-a-half for any shift over 13 hours, and the introduction of comprehensive overtime protocol. ATU 113's bargaining team and executive recommended ratifying the proposed agreement to its membership, insisting that the offer was fair and reasonable and, for a variety of reasons, because they feared that any strike would be a long one. However, on 25 September 2008, 61 percent of the 164 VIVA operators rejected the contract and subsequently began a strike action. The VIVA operators thought the offer was substandard, and they believed they deserved something closer in terms of wages and benefits to other operators in the Toronto, Mississauga, and Brampton areas.

The VIVA operators were banking on the strike causing major delays and connection issues for York Region commuters, which would in turn create public pressure on the employer and York Region to reach an agreement with the operators. They believed that the estimated 30,000 riders per day on the weekdays and the 29,000 weekend riders would create enough pressure to force the employer into a weaker bargaining position. However, there was little outrage from VIVA riders as the strike progressed past seven days. The reason for such a tepid response from the public was that York Region riders have a number of different commuting options. In particular, over a third of VIVA riders had the option to take regular York Region Transit services during the strike, as these operators were not on strike. As well, ATU 113 estimated that

over two-thirds of VIVA riders had access to a personal automobile during the strike, which meant that the only real consequence of the strike on VIVA riders would be slightly longer wait times for YRT buses servicing the same routes as VIVA. These were the issues that the ATU bargaining team and executive considered when they recommended ratifying the original deal. Despite this, the strike continued on and entered a second week, although cracks began to show. One operator went on record criticizing her fellow operator colleagues: “I voted in favour of the contract. The way I looked at it, it was a start. Some people think because we have Local 113 we’re going to get the same as the TTC. Grow Up!” (Kalinowski, 2008a). This was a sentiment shared by many of the operators as the strike continued to drag on. The ATU 113 recognized this and approached bargaining with the employer with this fact in mind. Yet, talks stalled and Veolia was unwilling to budge on their initial offer.

It was estimated that the strike cost Veolia Transportation between \$50,000 and \$60,000 per day, which eventually forced the company to take a strong stance and offer ATU 113 an ultimatum. The employer threatened to retract its initial offer and make a tentative agreement retroactive to the strike, which would mean that there would be a decrease to the wage that was offered and that benefits would be rolled back. Making the situation even more strange was the fact that a large number of union members had requested a re-vote on the original contract even before the ultimatum was announced. On 10 October 2008, a vote was held and over 64 percent of the operators voted to accept the initial offer. As a result, the 16-day strike ended the following day (Kalinowski, 2008b). The stoppage was seen as a useless exercise for both the operators and the employees, as it cost each large sums of money and inconvenienced the ridership – though it should be noted that riders came back and service continued as if nothing had happened.

The 2011 strike, meanwhile, was much different in both tone and outcome. For one, as threats of a work stoppage first emerged in the fall of 2011, there was talk of four groups of Transit workers in the York and Toronto regions walking off the job if new contracts were not reached by the end of October 2011. In particular, along with the VIVA operators, York Region Transit (YRT) operators from two other York regional districts (represented by ATU Local 1587), and GO bus operators (also represented by ATU Local 1587) were all threatening to strike. This meant that unlike the 2008 VIVA strike, nearly all commuting options besides a personal vehicle would be affected by a work stoppage. Making the situation even more complex was the fact that each group was negotiating new contracts from different employers: VIVA drivers were once again negotiating with Veolia Transportation, YRT operators were negotiating with Miller Transit, and First Canada and GO operators were negotiating with Metrolinx. A strike deadline was set for 24 October 2011 by all four groups.

Contract talks got off to a slow start for all four groups of operators, as initial deals were rejected by ATU 113 and ATU 1587 memberships in the days leading up to the strike deadline. The initial offers made to YRT and VIVA operators were seen as unsatisfactory, as they did not begin to close the gap between YRT and VIVA operators and their counterparts in Toronto, Mississauga, and Brampton. A particular concern for YRT and VIVA operators was their low wage, as they made more than seven dollars per hour less than their counterparts at the TTC and other regions like Peel. Other issues, such as benefits, sick leave, split-shift scheduling, and break times were also major concerns for the operators. GO operators were in somewhat of a different situation than the YRT and VIVA operators, as their wages and benefits were mostly in line with the other operators in the region and benefits and working conditions had been stable for a number of years – not to mention that GO Transit had never experienced a work stoppage

in its history of operation as a public transit provider. These factors contributed to the last-minute agreement reached between GO operators and Metrolinx on 23 October 2011. The agreement meant that the 37,000 people who used GO Bus services every week would not be affected by a work stoppage. However, the stoppage of YRT and VIVA services went ahead as planned, meaning that the 73,000 rides taken each day on YRT and VIVA buses would have to find alternative options for transportation in the region during the strike.

The strike dragged on for nearly a month, with the sides doing very little negotiating. ATU 113 did have some conversations with Veolia Transportation, but the talks did not lead to much progress. ATU 113 and ATU 1587 both called on York Region to step in and get involved with the negotiations. They claimed that because the region was responsible for setting operating schedules, they should have a role in the negotiations regarding things like break times and split-shift scheduling. However, the Region of York refused to become involved in the negotiations. At this point, some York Region officials began to float the idea of requesting the province to enact back-to-work legislation, while some union officials began to suggest that arbitration might be the best means to end the month-plus long strike. Yet, York Region Chairmen and CEO Bill Fisch refused both of these ideas, stating:

York Region wants a fair deal for bus drivers and mechanics, but not at the expense of our taxpayers ... The reality of the union's current wage demands would mean a \$26 annual increase for the typical York Region property taxpayer or an additional 45-cent fare increase for transit riders. By imposing a great deal of hardship on the ridership and community they serve, the unions have turned on the very people they are asking to foot the bill for their demands (O'Toole, 2011).

Thus, the strike entered into a second month with little to no progress made in negotiations, and little reason to believe that would change any time soon.

As the strike progressed, ATU 113 continued to negotiate with Veolia Transportation, while ATU 1587 ceased negotiating with First Canada and was only barely speaking to Miller Waste. This inaction prompted YRT to take a stand, and on 16 January 2012 they announced a termination of their contract with First Canada, citing the fact that the company had not negotiated with ATU 1587 for over a month (which they deemed unacceptable). The Region also requested a detailed service recovery plan from Miller Waste by the end of January, outlining how the company planned to move forward with negotiations and recover from the work stoppage. This movement from YRT prompted Veolia Transportation to amp up its negotiations with ATU 113, and in mid-January the company presented another offer to the striking VIVA operators. It included a 10.8% increase in wages over four years, but that still put VIVA operators 20 to 30 percent behind other operators in nearby Toronto and Mississauga. As well, the deal did not address many of the working conditions and benefits issues that ATU 113 wanted changed. Not surprisingly, ATU 113 membership rejected the deal in a 133-43 vote. Moreover, ATU 113 President Bob Kinear claimed that YRT attempted to bully his membership into accepting a subpar offer by announcing they had terminated the contract of another YRT bus provider.

Nearing the three-month mark, Veolia Transportation once again presented ATU 113 with a contract offer. This time, the contract was much closer to what ATU 113 had been demanding throughout the negotiations. In particular, the contract included the 10.8% increase in wages over four years that was included in an earlier offer, as well as major increases to health benefits and an increase to the amount of paid sick days for drivers (Connor, 2012). The ATU 113 executive and bargaining team recommended their members accept the offer, and on 24 January 2012 ATU 113 members voted in a secret ballot ratification to accept the deal. ATU 113 President Bob

Kinear was happy that his membership was able to secure a fair contract with the employer, but he remained critical of York Region Chair and CEO Bill Fisch's handling of the strike:

The residents of York Region can thank chairman Bill Fisch for the length of this strike as he inexplicably refused to even ask the private contractors to take the dispute to arbitration ... This strike would have been ancient history by now if Fisch had not let his fantasies that the workers would cave in easily get in the way of a common-sense solution (Baluja, 2012).

Kinear went on to reiterate his disappointment in how the strike was handled by York Region:

We are very happy that this is over but honestly, it could have been resolved three months ago if Bill Fisch, who alone costs the taxpayers about a quarter-million dollars a year, had agreed to the union's offer way back in early November to end the strike immediately through arbitration ... Maybe some York Region councillor will have the guts to ask him what was achieved by unnecessarily prolonging the dispute for months, but I'm not holding my breath on that. I've never seen such a group of spineless politicians (Connor, 2012).

Four days later, ATU 1587 came to an agreement with Miller Transit on a five-year agreement to end the YRT strike as well.

The strike, which lasted just over three months, had drastic effects on workers, employers, the York Region, and riders. Workers and employers both lost significant amounts of money throughout the ordeal. York Region saved millions of dollars by not having to pay a fourth of the year's transportation contract, but at the same time lost a significant amount of its ridership because of the strike. The region estimated that the strike cost 10 percent of its ridership and had a large economic impact on the region, including keeping it from reaching its transit goals. To attempt to combat this loss in ridership and give back to the riders who had to endure the issues related to a long transit strike, YRT announced that it would be using the money it saved during the strike to offer all of its riders free service for two months directly following the strike. In

making this decision, the region hoped that some of the riders would be lured back to using the transit system, which would help make up for the three-month long strike. It is unclear if this tactic accomplished either of these goals, but the initiative was received well by riders and it did help make the transition back to full YRT/VIVA service much smoother.

6.1.7 How Has it Done Thus Far?

In terms of service and ridership, VIVA must be considered a major success for York Region. Since launching in 2006, VIVA services have continued to expand to the point where there are now five separate lines servicing nearly all areas of York Region with buses operating 18 hours a day and arriving as frequently as every two to three minutes during peak times. Not to mention, VIVA has 116 buses in operation, offering service on some of the more high-tech and modern buses in the world. In terms of ridership, 2012 saw a record number of riders for YRT/VIVA despite the lingering effects of the strike that lasted nearly three months (from October 2011 to late January 2012). Specifically, there were 22,156,781 revenue passengers in 2012, up 11.6 percent from 2011. The fourth quarter of 2012 saw the highest revenue ridership ever recorded in the York region, and the largest gains were seen on the VIVA services, especially VIVA Blue, which services the Yonge Street corridor. Meanwhile, the forecasted numbers for 2013 are expected to surpass 23.5 million revenue passengers. Commenting on the record numbers, York Region Chairman and CEO Bill Fisch stated: “This is an historic milestone for transit in York Region ... We have come a long way since January 2001 when York Region Transit was amalgamated from five local transit services and began with six million riders. We have rebounded from a transit strike and will continue to see our transit ridership numbers grow throughout 2013” (York Region, 2013). Chair of the Region’s Transportation Services

Committee, Wayne Emmerson, echoed that sentiment, stating: “This is welcome news ... It shows more residents are recognizing that public transit over driving makes sense to help alleviate traffic congestion, improve air quality and reduce vehicle-related costs for fuel, maintenance and depreciation” (York Region, 2013). In short, expanded service and an increase of 16 million revenue passengers per year in just over 10 years cannot be viewed as anything but a success for the region in terms of service and ridership.

On the other hand, in terms of finances, VIVA has been somewhat of a disaster for York Region (government and citizens). When VIVA was launched in 2006, York Region Transit estimated that the region would need to cover 50 percent of the cost of providing transit through fares, while the remaining cost would be subsidized by property taxes. However, over the first seven years of operation, the revenue-to-cost ratio hovered around the 40 percent mark. This has meant that the Region has had to increase fares four times during the transit service’s brief seven-year existence (Pearce, 2013). With the ratio expected to climb to 42 percent by 2014, it is clear that the Region will not only have to continue to raise the already very high fares for VIVA services, but they will also be forced to cover the costs of VIVA through other revenue streams from the Region’s coffers.

For Veolia Transportation, all signs point to the company making a tidy profit on the project. Although none of the numbers are available to confirm this, a number of transit insiders have suggested that there is no way that the company is losing money on the project (P12, personal communication, April 1, 2014). Moreover, it was suggested by another transit insider that Veolia was doing so well that there was hushed talk that they would be looking to get more heavily involved in transit in Ontario (P16, personal communication, August 12, 2014).

6.1.8 The Importance of this Case

Like the case of privatization of waste collection in the GTA, the importance of the York Region transit case cannot be understated. As mentioned, privately-operated public transportation systems are still somewhat rare in larger metropolitan cities across Canada. The VIVA project represents a major move toward larger metropolitan areas in Canada embracing private involvement in public transportation, and more specifically the use of P3s to finance, build and operate new and improved transportation systems. VIVA is a decades-spanning infrastructure project that is one of the biggest that Canada's transportation sector has ever seen. Not only has the project introduced new rapid bus transit to the GTA, but it also plans to build rapidways, connect subways from Toronto to the outer regions of York region, and eventually introduce light rail transit as well. Unique to many P3 projects, VIVA also allows for some limited public control over aspects with the most public interest, including fare setting and route planning. Moreover, the project has also had a direct effect on development (both residential and commercial) in the area, as the Region is now requiring developers to consider transportation issues when designing and constructing new developments. With the project being one of the pioneering P3 transportation projects in the country, along with its ambitious plans and publicly-controlled aspects, there is no doubt that the VIVA project will serve as a template for other metropolitan areas in Canada in need of improved transportation systems. Thus, it is important to understand the project fully, with all the economic, social, and political impacts explored and analyzed.

As well, shortly after the VIVA project got underway in the York Region, the Ontario government revealed its plans for improved transportation in the Greater Toronto and Hamilton Area (GTHA), the most populous and fastest-growing area in the province. The plan, known as

the Big Move, will see tens of billions of dollars spent on transportation infrastructure over the next 20 years. One of the first steps the government made after announcing the Big Move was to pledge funding for VIVAnext's plan to build rapidways in the York Region. Clearly, the government felt most comfortable moving its plan forward by sponsoring a P3 project that was already well underway. It is no secret that the provincial government in Ontario, along with the federal government, prefers P3 projects over publicly-funded projects, as not only do they view them as helping to share the burden of funding such huge projects, but they also see these projects as an opportunity for private firms to enter into profitable arrangements to deliver public services. Thus, the success or failure of the VIVA project will have a large impact on transportation infrastructure projects in Ontario in the future, especially those associated with the Big Move plan.

Finally, the City of Toronto seems to be focused on contracting out and privatizing as many services in the City of Toronto as possible after moving forward with the partial privatization of waste collection in the city. The City had KPMG conduct an audit of the entire city's services in 2011 in order to determine which were core and which services could be discontinued or contracted out. The TTC was an obvious target of the report, and it was suggested that the TTC needed to – among other things – cut or contract out its overnight services, contract out its maintenance and cleaning contracts, and look to contract out existing bus lines that were unprofitable. The newly-appointed TTC Chair, Karen Stintz, who replaced the ousted former Miller-supporting Chairmen, Adam Giambrone, explained that it might be difficult to contract out existing routes, but that it is something they will definitely look at in the near future. She also explained that privatizing the new routes which are in the planning and constructing process is a definite option: “If we were to look at privatization, we would look at new routes that are being

built ... When the Eglinton Crosstown is complete, that might be a new route that would be delivered in a different way” (Alcoba, 2011). From this, it is clear that privatization of the TTC is on the City’s agenda. Therefore, it is important to understand the effects that privatization has on the transportation sector as seen through the VIVA case so that informed policy decisions can be made regarding the future of the TTC.

6.2 Privatization of public transit in the GVRD

Finally, the case study selected to represent the experiences of the privatization of public transportation in the GVRD is the fairly recent opening of a new privatized sky-train line in the Vancouver region, which was designed, constructed, and now operated as part of a public-private partnership (P3). Before discussing the results of this case study (in Chapters 7 and 8), the historical details of the GVRD case will be provided to offer context for the results. This will also clarify further why this particular case was selected for analysis.

The Canada Line, which was initially known as the Richmond-Airport-Vancouver (RAV) rapid transit line project, was borne out of a perceived need for public transportation improvement in the GVRD. Vancouver was acknowledged as the North American transit system of the year for 1996 by the National Transit Association, and since then the City and the larger GVRD have been focused on continually improving the public transportation system and remaining a global leader in the area. This dedication to improving public transportation led to the area building up an impressive transit network that included two Skytrain automatic light rail lines, a commuter railway, an extensive bus network, and a sea ferry (Siemiatycki, 2005). As well, the GVRD – specifically the City of Vancouver – is a very environmentally conscious municipality. Starting with the creation of the Clouds of Change Task Force in 1990, the City has

worked continuously to reduce its carbon footprint (City of Vancouver, 2012). This movement culminated in the 2012 plan to be the greenest city on earth by 2020 (City of Vancouver, 2012). Needless to say, this has meant that expanding and improving public transportation has always been a key part of the City's attempt to reduce its carbon footprint. And with the city and the municipalities around the GRVD continuing to grow, car use and congestion has become a growing issue. Moreover, growing congestion was not only leading to environmental issues, but it was also beginning to have an effect on economic issues as well. It has long been known that traffic congestion has adverse effects on economic growth and performance dating back to the early 1990s (see Goodwin, 2004), but this was especially true in Vancouver more recently because population growth has intensified and because the city is one of the only major cities in the world that does not have a major highway cutting through its core (City of Vancouver, 2012). This has resulted in the routes around Vancouver and the roadways that do cut into the city becoming more congested and thus stunting economic growth. All of these factors worked together to spur on the region to pursue expanded public transportation.

An obvious need was the stretch between Richmond and Vancouver, which included the Vancouver International Airport. This need was exacerbated by the City's decision to pursue a bid to host the Winter Olympics in 2010, which meant that there would be a need for transportation to take Olympic visitors from the airport into the city. A deal was finalized with SNC-Lavalin in July 2005 to design, build, and operate a new rapid transit line using a public-private partnership (P3) that would connect Richmond, the Vancouver International Airport, and the City of Vancouver. The Canada Line (in which the project became known) was designed and built as a 19-kilometer automated rail-based rapid transit line, and has come to service a daily ridership of over 100,000 people per day (WorkSafeBC, 2007). Construction on the project

began in October 2005, and the line opened in August 2009. What follows for the remainder of this section is a discussion about the important contextual details surrounding the case in order to better understand the decision of TransLink to utilize a P3 model to design, build, and operate the Canada Line.

6.2.1 The Canada Line Timeline

Clearly, the need for public transportation between Richmond and Vancouver had been a long-gestating policy issue within the GVRD. In fact, planning for a project that would link the two municipal areas had been in the works since the early 1990s. BC Transit, the crown corporation responsible for public transportation in British Columbia, hired a consulting company to assess the possibilities of public transportation in the Vancouver-Richmond corridor as part of its “Long Range Transportation Plan for Greater Vancouver”. The initial desire of BC Transit was to create a Rapid Bus Transit (BRT) system to connect the cities of Richmond and Vancouver, as well as connect both of those cities to the Vancouver International Airport. However, the plan was upgraded in 1998 to an Automated Rapid Transit (ART), as Vancouver was attempting to secure a winning bid for the 2010 Olympic Winter Games. Despite the desire for an ART line, the BRT project continued as planned because policymakers recognized that an ART was a long way off and that the BRT would contribute to easy transportation and commuting issues in the Richmond-Vancouver corridor for the time being. By mid-2001, the BRT was ready to begin service, but a four-month strike by bus operators and employees at Coast Mountain Bus Company (CMBC) delayed the launch of the service. By August 2001, the strike had been settled and the BRT service began to operate between Vancouver, Richmond,

and the Vancouver International Airport. The service was instantly successful, carrying over 20,000 passengers within the corridor each day.

Meanwhile, plans for the ART line began to gain steam. Important to note, in 1999 the Greater Vancouver Transportation Authority (TransLink) was formed in order to expand and maintain the region's transportation network (TransLink, 2012). Under the guidance of TransLink, a strategic transportation plan was introduced for the GVRD in April 2000. The plan, dubbed Strategic Transportation Plan 2000-2005, laid out a number of key transportation initiatives that the region aimed to pursue over the next five years. Chief among them was the construction of the Richmond-Airport-Vancouver (RAV) rapid transit line. Later, in 2000, TransLink, in cooperation with Transport Canada, approved an RAV study to determine costs and best possible options for the project. By the end of 2000, Transport Canada released the RAV report, which estimated that it would cost \$1.3 billion as a rail project or \$738 million for a light rail transit project to replace the BRT route. With the initial success of the BRT and the opportunity to increase ridership fivefold from the BRT to the RAV line, the rail project option was favoured by most at TransLink, as well as others within the provincial and federal governments. In 2001, the federal government, under the leadership of then-Prime Minister Jean Chretien, demonstrated its support for the RAV rail project by upping its contribution to the project and by establishing a new fund for supporting large infrastructure projects across Canada. It was known as the Canada Strategic Infrastructure (CSI) Fund.

With funding for the project becoming more concrete, TransLink initiated a third phase study, which aimed to determine if the project could be completed in time for the 2010 Winter Olympics. The report came back with positive news, suggesting that construction of the RAV could be completed with time to spare, meaning that the project would move forward as planned.

In early 2003, TransLink sent out a bid request to private companies or consortia that had an interest in the project. The request garnered 10 proposals, though this number was quickly shortlisted to three since the rest did not meet a number of requirements laid out by TransLink (most notably that their bids not exceed \$1.35 billion). The three remaining consortia included RAVLink Transportation, which was made up of Fluor Canada, a Canadian construction and engineering company, German multinational Siemens AG Canada, MTR Corporation, a Chinese transportation company, and UK multinational Balfour Beatty Capital Projects; RAVxpress, which consisted of Canadian transportation company Bombardier, UK multinational AMEC, Bouygues Travaux Publics, a French industrial company, and German multinational Bilfinger Berger; and SNC-Lavalin/Serco, which was made up of Canada's largest engineering and construction company, SNC-Lavalin, and UK government services company Serco.

With the 2010 Winter Olympics being awarded to Vancouver in mid-2003, and TransLink making significant progress on procuring a winning bid from the private sector, the BC provincial government and the Canadian federal government reinforced their support for the RAV line by increasing the amount of funding they would provide for the project. The federal government increased its funding from \$300 million to \$450 million, while the provincial government upped its funding from \$300 million to \$370 million. As well, with the seemingly successful development of the RAV line, the provincial government sought to expand public transportation further in the province and announced that they were also providing \$170 million in funding to help develop and implement another rail line – to be known as the Evergreen Line³⁰. However, as the three remaining consortia readied their 'best' bids to present to

³⁰ The Evergreen Line is a 10.9-kilometre rapid transit train line that will connect Burnaby to Coquitlam. Construction is currently underway on the new line with an expected completion date of mid-2016. For more information, see <http://www.evergreenline.gov.bc.ca> or <http://www.translink.ca/en/Plans-and-Projects/Rapid-Transit-Projects/Evergreen-Line.aspx>

TransLink, the project hit a major snag. In particular, there were rumblings within TransLink's governing board that the RAV project was becoming too expensive and that none of the original bids were good enough for the project to move forward.

On 7 May 2004, TransLink's board of directors, which consisted of 12 members who were elected to municipal councils across the GVRD and appointed to the TransLink board on one-year terms, met to discuss the final approval stages of the RAV project. At this meeting, the board voted 7-5 against moving forward with the project, which ultimately meant its cancellation. This decision was not received well by the provincial or federal governments, especially by BC Transportation Minister Kevin Falcon. The TransLink board moved to reconsider the project soon after, but on 18 June 2004 the board once again voted against the project in a 6-6 tie. The provincial and federal governments again applied pressure to TransLink to reconsider, as the RAV line was a major project connected to the upcoming 2010 Winter Olympics and was one of the major projects that the federal government was funding with its new CSI Fund. Thus, on 30 June 2004, the TransLink board of directors met again to discuss the Canada Line, and this time the board voted 8-4 in favour of moving forward with the project. At this point, it was obvious that the project was being pushed through by the provincial and federal governments despite TransLink not fully supporting it. Burnaby's mayor (and TransLink director at the time of the votes), Derek Corrigan, referred to the process surrounding the Canada Line as a circus, explaining: "In reality, the board took a long hard look at the financial implications of the Canada Line ... The circus came to town when the provincial government applied all kinds of pressures on the TransLink process ... The provincial government has been pushing TransLink around for four years" (Burrows, 2006).

Following the vote that finally approved the project, the three remaining consortia were asked to submit their best and final bids. On 19 November 2004, it was announced by RAVCO, a subsidiary created after the project was given approval by TransLink to oversee the procurement, design, construction, and implementation of the RAV line, that they were recommending SNC-Lavalin/Serco for the RAV contract. SNC-Lavalin/Serco, which soon after changed its name to InTransitBC, included in its bid the construction of a fully-automated, grade-separated system with a final price tag of roughly \$1.8 billion. TransLink's board of directors met one last time on 1 December 2004 to vote on the InTransitBC bid. As the recommended bid represented a somewhat large increase to the overall budget of the project, the board had to carefully consider the recommendation. Given the last approval vote, there was no real chance of the project being cancelled, but the board did need to come up with ways to mitigate the increase to the budget. In particular, the board voted to accept some changes in the price and scope of the RAV project, which raised the overall budget to \$1.72 billion. With costs still running over the newly-proposed budget, the board also voted to accept other initiatives, including the introduction of a premium fare of \$6 for passengers going to the airport and the sale of a surplus Park & Ride facility that TransLink owned. The initiatives helped to generate approximately \$101 million to help make up the budget shortfall (Smith, 2004). The board also voted to grant RAVCO the authority to negotiate a final contract with SNC-Lavalin/Serco/InTransitBC, with a deadline of 31 March 2005 for a contract to be worked out and signed. Finally, the board also voted to adopt a number of other measures, including: retaining the option of building an additional station at 57th Avenue in Vancouver at a later date; advancing the proposed 2nd Avenue Station in Vancouver to the next stage of cost impact and funding analysis; assessing the feasibility of bike lane design and related issues; and advancing the option of installing gating systems in stations (TransLink,

2003). Also, in order to help with the growing budget, the provincial government agreed to increase its funding commitment by another \$65 million.

Final contract negotiations between RAVCO and InTransitBC ended up dragging out longer than TransLink's initial 31 March 2005 deadline, but a deal was finally signed on 29 July 2005 which finalized the design, building, and operating (including labour relations) details of the project. The contract was a 35-year deal that was to see SNC-Lavalin design, construct, and partially finance the transit system, as well as own the train vehicles, and operate and maintain the transit line under a 35-year agreement with the Greater Vancouver Transportation Authority (Partnerships BC, 2013). However, as it later came out, there were no final design and building details in the contract, as those details were for the most part left up to the private contractor to decide along the way. As well, it is important to note that when the contract was finally signed, the consortium's makeup had changed. SNC-Lavalin continued to be the principle on the project for the consortium, but Serco was out as a partner and in their place was two large pension funds, BC Investment Management Corporation and Caisse de depot et placement du Quebec, to help finance the project from the consortium's end. Meanwhile, a new company, InTransit BC, was created to oversee the entire project. Construction began on the Canada Line in October 2005, with a scheduled completion date of 30 November 2009. Shortly after construction began, with Olympic excitement beginning to build, the federal government announced that part of the funding conditions for the project was that the finished rail line be known as the Canada Line.

6.2.2 The Choice to Pursue a Public-Private Partnership

The choice to pursue a public-private partnership (P3) had support from three separate and significant parties, including the federal government, the BC provincial government, and RAV

project leadership. From the time it was first elected in 1993, PM Jean Chretien's Liberal party had instituted a markedly neo-liberal approach to the federal government and its policies. In the early 2000s, one of the ways in which the government continued to institute a neoliberal approach was to aggressively pursue and promote the use of P3s for major infrastructure projects at the federal, provincial, and municipal levels. In particular, Chretien introduced the Canada Strategic Infrastructure Fund Act in 2002, which established the Canadian Strategic Infrastructure (CSI) Fund. The Fund was created to "promote the use of partnerships between public and private sector bodies" (Government of Canada, 2002), and was specifically targeted at strategic infrastructure projects in the area of highway or rail, local transportation, tourism or urban development, sewage treatment, water infrastructure, and infrastructure prescribed by regulation (Government of Canada, 2002). The fund was established to help finance projects that would contribute to economic growth and/or quality of life in Canada from an infrastructure perspective. Moreover, the fund specifically targets projects that "facilitate the safe and efficient movement of goods and people, ease congestion, or reduce greenhouse gases and airborne pollutants" (Transport Canada, 2015). To date, the fund has helped finance 76 projects at an approximate combined cost of \$4.3 billion to the Canadian federal government (Treasury Board of Canada Secretariat, 2013).

In terms of the Canada Line project, the federal government initially pledged \$300 million with the assumption that the project would be carried out as a P3 (though they did not place any specific conditions or restrictions on the funding). As the project progressed and it became clear that it would be moving forward (and that Vancouver would be hosting the 2010 Winter Olympics), the federal government upped its ante on the project, increasing funding from \$300 to \$450 million. This time, however, the federal government used the CSI Fund to provide

financing, meaning that the funding was contingent on the project moving forward as a P3. With costs associated with the project rapidly rising, the extra \$150 million that the federal government contributed became important to the future of the project, and essentially made certain that the project would be sent along to the TransLink board for approval as a P3. Thus, the federal government played a very key role in the decision to pursue a public-private partnership for the Canada Line.

Similarly, the BC provincial government also played an important role in the choice to pursue a P3. Like the federal government, the provincial government originally pledged \$300 million towards the project, eventually raising its contribution to \$370 million by the time the project was complete. Also similar to the federal government, the provincial government tied its funding to the use of a P3 on the project. Yet, unlike the federal government, the provincial government's demand was not made public. Instead, its demands were made explicit in personal communications between high-ranking government officials and executive members of TransLink. For example, it came out in a personal letter between Deputy Minister of Transportation Dan Doyle and then-TransLink CEO Pat Jacobsen that the RAV line would only be built using a P3 model. As Doyle wrote: "Any project constructed using provincial funding will be a public-private partnership ... Operation of the existing line will be offered as part of the public-private partnership" (Siemiatycki, 2005, p. 70). From this, it was clear that any project involving provincial funding would move forward as a P3.

Beyond the issue of funding, there were a number of other reasons the provincial government was an important factor in the decision to pursue a P3. First was the role that Partnerships BC played throughout the entire Canada Line project. As mentioned, Partnerships BC is a private company, fully owned by the Ministry of Finance of the Government of BC, whose mission is to

“structure and implement partnership solutions which serve the public interest” (Partnerships BC, 2013). In other words, it is a provincial government agency that is in charge of facilitating P3s for upcoming infrastructure projects across the province. Since its inception in 2002, Partnerships BC has been involved in more than 40 projects, with 20 of those being completed and in operation today. Those projects range from hospitals and university redevelopments to biofuel processing facilities and major transportation projects. Partnerships BC acted as the business adviser to the provincial government on the Canada Line. This meant that throughout the conceptualization, design, and procurement process of the Canada Line, a company that solely exists to promote the use of P3s for major public infrastructure projects was advising the provincial government. In other words, every key decision that the provincial government made regarding the project was filtered through an advising process that was staunchly pro-P3. Obviously, this had a major impact on the provincial government’s preference for the project to move forward as a P3.

Second was the oversight and eventual intervention of the government, specifically the Ministry of Transportation, in the TransLink Board’s decision on the future of the Canada Line project. As mentioned, the Canada Line project, then known as RAV, was nearly cancelled twice before it was finally approved. The project was initially cancelled when the TransLink board of directors voted 7-5 against moving forward with it in May 2004. The decision to not move forward with the project was based on the concerns over escalating costs, mediocre bids from private consortiums vying to take on the project as part of a P3, and protests from a number of public groups over the location and scope of the rail line. The cancellation of the project created uproar among all parties involved, and the TransLink board was forced to reconsider its decision. However, once again the project was voted down in a 6-6 tie. This decision again caused uproar,

but this time the provincial government, and namely Transportation Minister Kevin Falcon, pressured and urged the board to reconsider its decision. On 30 June 2004, the TransLink board met again to discuss the RAV project, and this time the board voted 8-4 in favour of moving forward. In particular, two votes changed in order for the project to go ahead. North Vancouver City Mayor Barbara Sharp and Vancouver city councillor Raymond Louie switched their votes in favour of the project. Louie refused to comment on why he changed his, however Sharp divulged that while she still “didn’t believe in RAV”, it was “the only transit proposal on the table” (CBC News, 2004). Sharp also made a motion before the vote that was passed by the TransLink board which called for a cap of \$1.35 billion in public funding for the project and shortened the length of tunneling that would be undertaken for the project. This also helped sway her vote in favour of the project.

Moreover, at the time of the decision, it was thought by many that the change in opinion from the TransLink board was a result of pressure and interference from the provincial government. TransLink board director, and then-mayor of Burnaby, Derek Corrigan, commented at the time of the decision: “Over in Victoria, they’re a bunch of ideologues who bullied and pushed this forward into one decision only, a private-public partnership,” (CBC News, 2004). It became even clearer that the provincial government had played a key role in the decision to move forward with the project when it was announced that the TransLink board of directors’ structure would undergo a review under the direction of the provincial government. CUPE BC president Barry O’Neil claimed that the review was a direct reaction to TransLink not following the wishes of the provincial government, explaining: “Let’s face it ... C.C.’s transportation minister has been furious ever since TransLink voted twice to stop the RAV Public-Private Partnership. Even though the project went through on a third vote, he is determined that won’t happen again”

(Burrows, 2006). However, BC's Transportation Minister denied those claims, explaining that the review was being done to ensure that decisions regarding major government investments were made properly:

Just recognizing that when we're talking about taxpayer dollars on major investments like this, where you've got people from around the world committing huge amounts of dollars and time and people to make commitments to bidding on the process like this, it does not at all help the credibility of the province or the region to have an atmosphere like that taking place. You've got people opposing it for reasons that are not even remotely connected to the actual merits of the project, and people opposing it for issues that are entirely parochial and back-yard local politics in nature, and that's something I said does not do a service to the broader regional needs (Burrows, 2006).

The review resulted in power over TransLink decisions swinging back towards the provincial government, and showed that the provincial government was unwilling to let any institution get in its way the next time it wanted to push a P3 transportation project through. Overall, it is clear that, like the federal government, the provincial government in BC was operating from an ideological perspective that cannot be described as anything other than neoliberal when dealing with issues related to the Canada Line.

Finally, the RAV project leadership also played a key role in the choice to pursue a P3. RAV Project Management Ltd. (RAVCO), the subsidiary created by TransLink to oversee the design, procurement, and building of the line, was organized and affiliated in a way that could only support a P3 model (although it was not explicitly stated this way). TransLink, in consultation with the provincial government, staffed the newly-formed RAVCO with high-ranking senior bureaucrats who were either sympathetic to P3s and free market ideology, or were ideologues who had been involved with a number of P3s in the past. In particular, TransLink brought in Jane

Bird, the former manager of the City of Vancouver Rapid Transit Office to take on the position of CEO of RAVCO. Bird was a long-time ally of both Ken Dobell, then-CEO of TransLink, and soon to be BC Premier Gordon Campbell. Soon after Bird was hired, Dobell left TransLink to take the position of Deputy Minister to the Premier and Cabinet Secretary under Gordon Campbell. Pat Jacobsen, who had been the Deputy Minister of Transportation of Ontario and oversaw the P3 that designed and constructed Highway 407 in Ontario, replaced Dobell as CEO at TransLink. These three bureaucrats, who were in control of the key aspects of the RAV project moving forward, all believed that P3s were “an innovative means of achieving necessary urban infrastructure” (Siemiatycki, 2005, p. 74). As Siemiatycki (2005) explains, the roles of these three bureaucrats were key to the development of the Canada Line as a P3: “Their role as leaders has been important, as these individuals have shaped the legitimate expert discourse within the planning establishment, guided citizen opinion through their public statements and vociferously defended the idea of private involvement against political criticism that could have derailed the project.” (p.74).

Beyond the administration of RAVCO, the subsidiary was also affiliated with a number of consultants and advisers that leaned heavily toward the adoption of P3 methods for infrastructure development. Moreover, not only were the consultants and advisers adamant supporters of P3s, but in some cases they actually stood to benefit financially from the use of a P3 model to finance the Canada Line. For example, RAVCO appointed Macquarie Bank of Australia and Price Waterhouse Coopers as advisers and consultants to report on the financial feasibility of the project. Both of these private companies have major interests in P3 development in Canada. Macquarie, who ended up writing the most influential report supporting the P3 project, at the time had significant holdings in the P3 consortium that operated Ontario’s Highway 407 and was

poised to be involved in the Canada Line bid and any other BC transportation projects in the future if the P3 model was adopted. Price Waterhouse Coopers, meanwhile, who had been involved in many of the early P3 projects in Canada, was a sponsor member of the Canadian Council for Public-Private Partnerships and looked to be a major player in the bid for the Canada Line. As well, there was controversy around the role that the Auditor General of British Columbia played in the adoption of a P3 model for the Canada Line project. In particular, it was purported by Partnerships BC and RAVCO that the Auditor General of BC supported the Canada Line project as a P3, and in fact supported P3s more generally. However, that was somewhat of a misnomer, as the Auditor General only carried out a review of the evaluations that were already done by Partnerships BC and RAVCO rather than an independent audit. Moreover, the Auditor General never came out in support of the project, but rather stated that the financial numbers attached to it were plausible (CUPE, 2009d; Reynolds, 2012). The reason for the Auditor General not doing a full audit on the project, or other P3 projects in the province, points to the institutional push to embrace P3s in BC, as the provincial government cut funding to the office of the Auditor General to the point where full audits were not possible for a number of projects. As well, as some began to question the decision of the AG to only partake in a review rather than a full audit, the members of the legislative committee overseeing infrastructure development refused to fund an independent review and audit by the Auditor General (CUPE, 2009d; Reynolds, 2012). Siemiatycki (2005) summed up the effects that consultants and advisers (which were brought on by RAVCO) had on the decision to adopt a P3 approach to designing, building, and operating the Canada Line:

The result of this widespread outsourcing at critical stages of the planning process was that firms with a vested interest in the proliferation of private–public partnerships were charged with producing the technical reports that shaped the official planning, public and political discourse.

This diminished the role of the local public bureaucracy that has a mandate to protect the public interest, and replaced their expertise with firms who are by their nature profit driven. Firms with competing views on private–public partnerships, and in particular the academic community, were not officially commissioned by TransLink or RAVCO to undertake detailed study of the project (pg. 75).

Clearly, it had a major influence on the decision of RAVCO and the province to move forward with a P3.

6.2.3 The Campaign Against the Canada Line P3

As evidenced by the difficult time that TransLink and its provincial and federal partners had gaining board approval to move forward with the Canada Line, it is clear that the project had a number of critics and detractors from the very beginning stages, not to mention the critics that emerged after construction began and when it was completed. Local politicians and provincial MLAs took centre stage in the TransLink board’s opposition to the project, but there was also grassroots, organized opposition to the line from civil society organizations like organized labour and progressive public policy think tanks. CUPE BC and CUPE Local 7000 played a key role in organizing a wide-ranging campaign against the proposed RAV/Canada Line. CUPE took the lead on this campaign because CUPE Local 7000 represents all the employees working on the different areas of the SkyTrain transit system. As well, organizations like the Canadian Centre for Policy Alternatives (CCPA) helped in organizing the campaign line and producing materials to support the campaign’s position. These organizations were not against the idea of expanded public transportation in the GVRD, but instead were opposed to using a P3 model to design, build, and operate the new transit line. Using past research on P3s and examples from other transit projects, the campaign against the Canada Line P3 raised a number of key criticisms.

In particular, the different reports produced by the campaign hit on five key criticisms, including efficiency claims, capital costs, operating and maintenance costs, unrealistic ridership projections, and risk transfer. In terms of efficiency claims, it was pointed out by some that P3 proponents were claiming upwards of 20 percent savings on the Canada Line project, although very little evidence was provided as to how these savings would be achieved. Loxley (2012) also pointed out that most of the savings being identified by proponents were found in the design and build stages of the project, with none coming from the operation and maintenance of the line. For capital costs, the different reports found that with government covering so much of the costs of the project already (estimated at over \$1 billion), it did not make sense for the project to rely on the private sector to provide \$400 million. In particular, it was pointed out by a number of different critics that private operators can borrow at rates much higher than a public operation can, meaning that the public would be left to service the debt at much higher rates than is actually necessary (Redlin, 2003; CUPE, 2003). As for operating and maintenance costs, TransLink had already looked at privatizing the operating and maintenance of the SkyTrain transit system. However, TransLink found that costs were lower and, thus, did not move forward with any forms of privatization. Therefore, it does not make sense why TransLink would seek a 35-year contract with a private operator for the new transit line. It is also argued by critics that ridership projections, like many other aspects of the Canada Line project, have been grossly overestimated and optimistic. Redlin (2002) argued that, “the attraction of over 37,000 new passengers on the corridor per day will be extremely difficult. Today, there are 35,000 to 40,000 daily rapid/express riders on the corridor, 2,000 daily riders on the airport shuttle, and 40,000 riders on local trolley routes in the corridor” (quoted in Murray, 2006, p. 14-15). Redlin also later noted that overestimated ridership numbers have been a key reason why P3 transit projects have

not worked in other places like Australia (Redlin, 2003). Finally, risk transfer, like efficiency claims, is a classic claim from proponents of privatization and P3s, but it is one that is typically baseless (Redlin, 2003). In the context of the Canada Line, risk transfer is even further unclear than in most P3 cases. In particular, the P3 agreement for the Canada Line had much of the risk put on TransLink, with government agency responsible for risks such as: cost overruns due to changes in design parameters; a share of the risk related to ground conditions for the tunnel; a share of the risk related to relocating utilities; and ridership (i.e. if ridership projections are optimistic and fares do not meet projections, TransLink will make up the shortfall) (CUPE, 2003, p. 7). These are some of the biggest risks of the entire project.

Along with these criticisms of the project, CUPE also commissioned a report from BC's most respected forensic accountant, Ron Parks, and his partner, Rosanne Terhart, to assess the potential risks associated with the Canada Line project as a P3, and more generally major infrastructure projects using P3 models in Canada. The report is damning of P3 projects on the whole, pointing to the practice of government agencies, like Partnerships BC, reworking the actual (nominal) costs, dramatically decreasing the estimated cost of P3s by mainly using "inflated discount rates" (CUPE, 2009d, p. 1). Using discount rates that do not actually exist allows for the project cost to be worked down to unrealistic estimates. For example, the report shows that a healthcare-related P3 project (Diamond Health Centre) cost \$203 million as a P3 (it was originally quoted as costing \$64 million using discount rates), whereas it would have only cost \$89 million through public procurement (CUPE, 2009d). That is a difference of \$114 million between the cost of a P3 versus public procurement. Moreover, the report also found that the process for assessing P3 projects is seriously biased. In particular, they explain that cash flow costs for government are always backloaded in P3 projects, making the savings for government

during the early phases seem much more substantial. Meanwhile, they say, the transfer of risk for P3 projects is double-counted – once during the discount rates that are quoted, and again on its own, which makes the risk transfer seem much larger than it actually is (CUPE, 2009d). Finally, the report also found that P3 projects sorely lack public accountability and transparency. Parks and Terhart (2009) explain that much of the information they requested for the report was denied, and that the government is not releasing enough information to be accountable or transparent. A clear example of this was the refusal of the provincial government to release the Value for Money Report for the Canada Line project when it was completed. The report was finally released to the public after the procurement process was completed and the project was already underway, and only because a Freedom of Information request had been made on the document (Murray, 2006). Clearly, there were some compelling arguments from those campaigning against the project as to why the Canada Line should not move forward as a P3.

Despite all of this overwhelming evidence against P3 arrangements, opposition to the Canada Line project as a P3 did not gain popular support during the procurement and planning stages. Outside of labour, left-leaning think tanks, and a small portion of academia, the use of a P3 model to design, build, and operate the new transit line was either not understood and/or was not seen as a potential problem. And as will become clear, opposition to the line did not hit critical mass until after the line was already under construction, and it really hit its peak after the line opened and the major issues became apparent.

6.2.4 The Operators: InTransitBC and ProTrans BC (SNC-Lavalin Consortium)

SNC-Lavalin is a Canadian-based engineering and construction firm that is one of the largest in the world. The company is involved in work in a number of different sectors, including

transportation, telecommunications, oil and gas, hydroelectricity, mining, aerospace engineering, and pharmaceuticals, among others. Despite legal problems over bribery and fraud charges in 2012 and 2013³¹, SNC-Lavalin is still considered one of the world's top design and construction firms. Over the past 20 years, SNC-Lavalin has also become increasingly involved in public-private partnerships in countries around the world, building up a reputation as one of the leaders in the area. In Canada in particular, SNC-Lavalin has been involved in most of the major P3s that have been developed in the past 20 years. Along with the Canada Line, SNC-Lavalin has also completed other large infrastructure P3s, including McGill University's Health Centre, Montreal Acoustic Concert Hall, Altalink, and the 407 Electronic Toll Road (SNC-Lavalin, 2013), to name a few. These are some of the biggest P3s in Canadian history, and SNC-Lavalin looks like it will continue to be a major player in P3s in Canada for the foreseeable future.

Along with having extensive experience in the designing, constructing, and financing of large P3 projects, SNC-Lavalin also has an expertise in operating and administering systems in a number of different sectors. For example, SNC-Lavalin has contracts to operate and administer 12,000 kilometres of transmission lines and substations in Alberta. As well, they also have a contract with BC Ferries to manage all of the master planning, engineering, and maintenance of BC Ferries terminal facilities (SNC-Lavalin, 2013). These are just two examples of the many contracts that SNC-Lavalin has set up to operate and administer systems in a wide variety of sectors. In most of these cases, SNC-Lavalin has set up subsidiary companies to take care of these contracts, and this was also the case with the Canada Line. Both InTransitBC and ProTrans BC are subsidiaries of SNC-Lavalin. InTransitBC was created to oversee the design and construction of the Canada Line, while ProTrans BC was created to control the day-to-day

³¹ For more information regarding the legal problems facing SNC-Lavalin, please see McArthur and Smith, 2012; McArthur, 2013.

operations of the transit line once it was completed as part of the 35-year contract that was negotiated.

6.2.5 The Completion of the Canada Line

When SNC-Lavalin's final bid was accepted, there were no real design plans in place. However, there were some parameters for the project as outlined in the project definition report that RAVCO released in the winter of 2003. Most importantly, the report established performance standards and design parameters for the project. The performance standards were mostly interested in things like operating hours, travel times, reliability, operating headways, and capacity, while the design parameters dealt mostly with where stations needed to be located and what type of alignment and grade separation would be used at different sections of the transit line (RAVCO, 2003). In particular, specific performance standards were set in each of these areas, most notably that trains would run on the line from roughly 5am to 2am, and that the system would (at a minimum) deliver passengers from Vancouver to Richmond in 30 minutes and from Vancouver to the airport in 25 minutes. Meanwhile, the design parameters identified a list of potential station sites and the grade separation requirements for each based on a number of different criteria, including technical feasibility, traffic impact, urban incompatibility, and environmental impact. Beyond these very vague parameters, the design of the system was left very open, and for the most part it was left open to the private partner to decide. Most notably, the report does not identify a preferred technology for the project. The vagueness and shifting of responsibility to the private sector is made abundantly clear in the report, as it is noted several times that "the opportunity to make decisions on the system will be left to the supplier to propose" (RAVCO, 2003). Moreover, the project definition report also provides the option to the

private sector to change, expand, or contract the parameters set out in the reports, as long as the impacts of those changes – on (urban design, neighbourhood, environmental, business, or project objectives – are taken into consideration (RAVCO, 2003).

What this meant was that there was a lack of information and clarity when construction first began in the fall of 2005 regarding what the Canada Line would eventually look like upon completion. Compounding this was the fact that there was a high degree of secrecy surrounding the project, especially around the procurement and bidding process. Even high-ranking government officials and elected representatives were kept in the dark about the final bids, as RAVCO argued that secrecy around the bid process would ensure the most fair and competitive bids. The validity of this claim remains to be seen, but RAVCO and its consulting and advising partners did do a very good job of keeping most of the key design features of the project under wraps while releasing little bits of information, such as total expected costs, to placate government officials and the public at large. When details did begin to emerge from the eventual winning bid from the SNC-Lavalin consortium, the City of Richmond was blindsided by the design and was very unhappy with it. In particular, the winning bid's designs called for an elevated line through Richmond on one of the more busy and central roads, Road No. 3, whereas the City had assumed the line would be mostly at-grade (at street level) throughout Richmond, especially along Road No. 3. The winning bid went with the elevated option because it would have cost an extra \$90 million to have the line at-grade throughout Richmond (because at-grade would mean extra cars purchased to allow drivers to operate them at-grade, and would also necessitate a number of walls built to protect the line). The extra costs did not deter the City of Richmond from pursuing a change in the design. City staff suggested an alternative route for the elevated track to TransLink that would see the line move further west along a different roadway

in Richmond. However, citizens who lived on or near the new planned site quickly formed a group and petitioned the City to reconsider the revised plans. The City conducted further research and analysis and came to the conclusion that a realignment of the line was not supported by a majority of Richmond citizens. This left the City with the only option of either approving the elevated line along Road No. 3 or turning down the Canada Line development. In a tense bit of negotiating, the City decided to go ahead with the elevated design plans, though they did negotiate a compromise that saw the elevated track along Road No. 3 changed to a single track in order to reduce the visual and aesthetic effects of it. A similar issue arose in Vancouver, but that situation surrounded the construction designs rather than the final product designs. Throughout the entire planning and procurement process, it was assumed that all construction of the line running through Vancouver along Cambie Street would be done by bored tunnel. However, when details of the winning bid finally emerged, it became clear that cut-and-cover construction, where tunnels are dug from above ground and covered over, would be used along Cambie Street, as this was a much cheaper way of doing the construction. The cut-and-cover construction along Cambie Street lasted for over two years and caused significant disruption along the busy street, which did significant damage to the businesses that were located along the construction area. Business owners tried to get compensation from the government and from the private operator, but their attempts were unsuccessful.

There were also a number of other minor design issues that emerged both during the construction and after the line was completed. One of those issues was the size of the stations and their platforms. Stations along the entire line were designed to only be able to service a 45-metre long, two-car train. This means that there is no room for an increase in capacity in any of the stations along the line. Some have suggested that it would be possible to add a third, middle

car to the trains, with part of the other two cars sitting in the tunnels at the station, but this would still create capacity problems (Schwandl, 2012). Moreover, it would seem pragmatic to build a system with the ability to expand its capacity when so much money is being invested in it, especially since the rest of the SkyTrain lines around the GVRD all have larger stations and have been able to increase their capacities over the years. Another issue was the decision by TransLink and InTransitBC to forgo installing turnstiles at all stations as a cost-cutting measure. At the time of design, it was thought that turnstiles were not a necessity and thus it was an obvious area to reduce costs. Yet, before the line even opened, it was announced that TransLink, in partnership with the provincial and federal government, would be funding the installation of turnstiles at all stations of the Canada Line, as well as stations on the Expo and Millennium lines, for an estimated cost of \$100 million. Like the situation surrounding the small stations, it would have seemed like prudent planning for TransLink to include turnstiles as a design parameter for the Canada Line in order to avoid having to fund their installation later and transfer more construction costs onto the private partner. Another particularly puzzling design decision was to install a different operating system in the Canada Line than the ones found in all other transit lines in the SkyTrain network in the GVRD. In particular, as Reynolds (2013) explains: “The Canada Line uses different technology than the rest of the SkyTrains in the lower mainland. Trains cannot run on each other’s tracks and there is a different control system.” Moreover, the Canada Line has its own administration, rather than working within the existing one that services the other transit lines. Thus, not only can the lines in the GVRD not share technology resources, but there is also an entirely separate administration to run one single transit line. All of this looks to be a design flaw that will end up costing resources and efficiency. Finally, it has been noted by a number of transportation specialists that the aesthetics of the Canada Line fail to impress,

especially considering the scope, size, and cost of the transit project (Schwandl, 2012). Both the cars and tracks on the Canada Line rely on old designs similar to the ones already in place on other lines in the GVRD, and they do not take advantage of the technological innovation that the private sector was supposed to have brought to the project. The cars are purely aesthetic, but the choice to construct the tracks in flat cement throughout the line has resulted in a clear lack of superelevation in the curves, which makes the turns in bends in the line bumpy and unpleasant (Schwandl, 2012).

Despite these design issues, the construction of the Canada Line went ahead as scheduled. Beyond some labour relations issues, the construction saw very few problems or impediments, which meant that by mid-2009 the project was actually ahead of schedule. In fact, construction on the line was finished by early August 2009, and the Canada Line opened to the public just a few weeks later, on 17 August 2009. This meant that the Canada Line opened 15 weeks ahead of its scheduled 30 November 2009 date, and more than six months before the 2010 Vancouver Winter Olympics. Not only was the Canada Line finished well ahead of schedule, but it was also completed on budget, albeit at a rather large budget of just over \$2 billion (ProTransBC, 2013). For these reasons, the Canada Line was heralded as a major success by the different levels of government involved in the project, as well as TransLink and InTransitBC, despite its design shortcomings. In fact, a Gold Award for Infrastructure was given to the Canada Line and its partners in December 2010 by the Canadian Council for Public Private Partnerships (CCPPP) in order to recognize the project for finishing on time and remaining on budget (CCPPP, 2010).

6.2.6 *Labour Relations*

Canada Line employees began working a few weeks before the opening of the rail line in the summer of 2009. Ahead of the opening of the line, the workers moved to unionize. Despite the fact that CUPE had organized such a strong and mostly effective campaign against the Canada Line moving forward as a P3 project, and represented transit workers on the other lines in the GVRD, when workers of the new Canada Line decided they would unionize they went to the BC Government and Service Employees' Union (BCGEU) to represent them, instead of CUPE. Although much less severe than the issues existing between SELI and the TFWs working on the Canada Line drilling, the labour relations between ProTrans BC and Canada Line operators could be described as anything but easy and friendly. After a vote that was overwhelmingly in support for joining the union, BCGEU entered into negotiations with ProTrans BC for a first collective agreement for the Canada Line workers. Commenting on the Canada Line workers' decision to join BCGEU and the outlook for negotiations with ProTrans BC, BCGEU president said:

We're excited to have the Canada Line workers on board and extend a warm welcome to them ... We will be working together to ensure they have a voice at their workplace and to negotiate a first contract with fair wages and benefits. Joining a union is a good way to get their relationship with their employer off to a positive start (BCGEU, 2009).

However, despite the seemingly positive view of BCGEU entering into negotiations, things did not progress as hoped. In particular, the employer was not ready to agree to the terms that BCGEU was demanding in initial negotiations, especially since this was the first contract the company would be signing for the Canada Line. Moreover, these negotiations marked BCGEU's first foray into rapid transit collective bargaining, so it was a learning process and a work in progress for both sides. One key area of concern for both sides was the issue of pension benefits.

The negotiations dragged on for most of 2010, with the sides agreeing to have a mediator work on the deal. However, they were unable to come to an agreement.

With negotiations passing the one-year mark, BCGEU decided to turn up the pressure on ProTrans BC by putting a strike vote to its Canada Line members in early January 2011. The membership responded strongly, voting 95 percent in support of strike action if negotiations continued to stall. However, both the employer and union were confident that a deal could still be worked out. ProTrans BC spokesman Jason Chan explained: “It's part of the normal course of labour negotiations ... It's the next logical step for the union. And at ProTrans BC, we are still hopeful that we can negotiate a first collective agreement with our employees” (Stueck, 2011). Meanwhile, BCGEU spokesman Brian Gardner echoed the employer's sentiments, explaining: “At this point, there's no interest in any disruptions or work stoppages, and I think the fact that we have been at the table for a year now, in and out of mediation - we want to get the agreement ... That's our No. 1 objective - but it's important for the employer to realize how important these negotiations are for employees” (Stueck, 2011). The positive outlook did not end up being just rhetoric, as the two parties once again entered into BC Labour Relations Board mediation throughout the first part of 2011. This time, the employer was much more flexible in its demands, and this showed in the recommendations of the mediator. From this, a three-year collective agreement was formed in principal by each side on 17 March 2011. As BCGEU negotiator Gary Bennett explained: “The mediators recommendations show improvements that were not available earlier in the bargaining process” (BCGEU, 2011a). Along with establishing standards for wages, pensions, health benefits, and occupational groupings, the collective agreement also introduced grievance procedures and joint occupational safety language

(BCGEU, 2011a). The Canada Line workers voted to approve the collective agreement, with 87 percent of the 200 workers voting in favour of it.

Beyond the fact that it took nearly 15 months to negotiate the first collective agreement between the two sides, it is difficult to get a read on the labour relations between the two. Because of the mediation process, details of the negotiations and subsequent agreement were kept confidential (BCGEU, 2011b). Thus, there is little to no evidence available to gauge what the labour relations have been like between the two and how employees are being affected by the initial collective agreement.

6.2.7 How Has it Done Thus Far?

In terms of ridership, the Canada Line must be considered a major success for TransLink and its government and private partners. Since its opening a few months before the 2010 Winter Olympics, the line has continued to grow in terms of ridership. When the line first opened, the ridership numbers averaged 92,852 riders per day and occasionally topped 100,000 leading up to the Olympics (Bailey, 2009). During the Games, the Canada Line saw a spike in ridership numbers with the influx of Olympic-related visitors using the line to get from the airport to downtown Vancouver. In fact, during the two-plus weeks that Olympic activities were going on, the Canada Line experienced daily averages of 200,000 riders (Sinoski, 2010a). Beyond the short-term increase in tourist riders, the Olympics also helped build regular ridership numbers because during this time local citizens were forced to take public transit to get to certain venues or to deal with the hugely increased congestion on the roads during the Games. Current TransLink CEO Ian Jarvis echoed this idea, explaining: “The Olympics came at just the right time in terms of building ridership on the Canada Line and the rest of the transit system ... the

Games forced many people to take transit for the first time, and showed them it's not as scary as some folks might think” (Sinoski, 2010a). By August 2010, the line was averaging 104,000 riders a day, a major victory for the line since TransLink did not expect daily ridership numbers to pass 100,000 before 2013. Passing 100,000 riders per day was also an important milestone because, as part of the P3 agreement, TransLink was committed to subsidizing the line until it reached that amount. By mid-2011, TransLink was reporting that the Canada Line was seeing an average of 136,259 boardings per weekday³², with ridership expected to continue increasing over the next few years (TransLink, 2011).

Around this time, reports surfaced suggesting that the Canada Line was very close to reaching its capacity, as the daily ridership numbers continued to grow higher (Sinoski, 2010b). These reports caused outrage from both critics of the Canada Line and the general public. In particular, questions were raised as to how and why a transit line that was not even three years old and that had cost over \$2 billion could already be experiencing capacity issues, and at only 100,000 riders per day. These criticisms were also followed by new reports of crowding, delays, and full trains from transit riders (Sinoski, 2010b). TransLink was quick to dispel these reports, claiming that the Canada Line was not close to reaching full capacity at that point. The company also went on to detail a number of different facts about the line, and the different solutions that could be used to ease crowding and increase capacity in the future. One of the more interesting things to come from TransLink’s list was that the Canada Line currently experiences about 5,000 riders per hour, while its capacity is actually 15,000 riders per hour at its current service levels (TransLink, 2010). As well, it is also suggested that to increase capacity, any of the following can be done quite easily: Canada Line operations can keep an extra train on the ‘tail track’ past the Brighthouse

³² Boardings per weekday is a slightly different way to track ridership numbers that take into account the number of times a transit passenger entered or transferred to the transit line.

terminus station in Richmond and put it into service if necessary to look after peak period demand; total daily service hours can be re-allocated (some mid-day or evening runs can be moved to the morning and/or afternoon peak demand periods); and more of the existing trains can be put into service. Currently, TransLink funds the operation of 14 of the 20 trains; bus routes can be adjusted so that some passengers currently transferring at Brighthouse Station can have their transfer shifted to the Bridgeport Station, where in-bound trains from YVR usually have capacity available. In time, there will be an option to purchase more train sets and add a third car to the trains (TransLink, 2010).

To this point, none of these measures have been taken despite the fact that crowding continues to increase and service levels continue to decrease (Transport Action BC, 2012). Making the situation even worse is the fact that ridership numbers have continued to increase. By mid-2011, TransLink was reporting that the Canada Line was seeing an average of 136,259 boardings per weekday³³, with ridership expected to continue rising over the next few years (TransLink, 2011). In 2013, Metro Vancouver released its numbers for transit ridership in a study that spanned from 1998 until 2012. The report found that the Canada Line had 29,396,173 total passenger trips³⁴ (or 80,537 passenger trips per day) and 40,809,158 total passenger boardings (or 111,806 passenger boardings per day) (Metro Vancouver, 2013). According to TransLink, the Metro Vancouver numbers miss a number of boardings from different transfer points, and they have claimed that the line is actually hovering around 135,000 riders per day at last count (Chan, 2012). TransLink projects that ridership on the Canada Line will continue to grow in the future as more stations are added and new housing and commercial developments

³³ Boardings per weekday is a slightly different way to track ridership numbers that take into account the number of times a transit passenger entered or transferred to the transit line.

³⁴ Passenger trips counts riders on the system by mode where the fare was paid (i.e. number of system users) (Metro Vancouver, 2013).

spring up around the different stops on the line (the Canada Line has a capacity for 300,000 riders per day). It should be mentioned here that critics of the Canada Line have pointed out on numerous occasions that TransLink has manipulated ridership numbers to put a positive spin on the Canada Line. Of note, 40,000 riders that use the Canada Line come from bus riders who are forced onto the transit lines by buses that feed the Canada Line stations instead of taking their old routes (Rail for the Valley, 2010). Therefore, when considering these ridership numbers, it is important to consider the different contextual details.

When the Canada Line is examined through an economic lens, the story is much different, and it's not at all positive like the ridership numbers. More specifically, five key economic issues have emerged since the Canada Line went into service in August 2009. First, the project cost has ballooned to over \$2 billion. Conservative estimates have suggested the project is somewhere in the \$2.1 billion range, while other estimates have the project costing more than \$2.5 billion. This is a far cry from the original estimated costs, and it is a significant increase from the measure that was passed before the beginning of construction that stipulated that public funding could not exceed \$1.35 billion. Second, the cost to service the debt from the funding provided by the private sector will be a constant cost for the life of the 35-year contract. The actual cost of servicing the debt of \$700 million has been estimated in the neighbourhood of \$38 to \$39 million per year, which works out to roughly \$1.3 billion over the course of 35 years. This represents a fairly large cost, especially when considering that governments are typically able to access credit at a much lower rate than private companies (Reynolds, 2013). If credit were available to the different levels of government at the time of planning of the Canada Line, it would stand to reason that TransLink and the different levels of government could have saved a large portion of money over the long term for one upfront cost. Third, the P3 agreement has a clause that requires

TransLink to subsidize the Canada Line any time ridership levels dip below the average of 100,000 riders per day. TransLink has gone on record insisting that 100,000 riders per day is the breakeven point for the Canada Line, though, as noted above, the way TransLink gathers its ridership numbers includes transfers from other services like bus and seabus. Therefore, it is unclear if they include these types of riders in their P3 clause with ProTransBC. Whether they do or not is beside the point, as either way they are still losing revenue and incurring costs. If they do not include these numbers when reporting to ProTransBC, then TransLink is clearly still paying a subsidy as per the P3 agreement. If they do include them, that means they are missing revenue from their other services like bus and seabus, and are therefore incurring costs, meaning that they must make up this revenue in other places. Fourth, and related to the second point, the operating costs of the Canada Line for TransLink are more than double that of its other SkyTrain transit lines. In particular, a recent TransLink Year-End Financial and Performance Report showed that the Canada Line costs TransLink about \$0.25 per passenger/kilometre to operate, while other SkyTrain lines like the Millennium and Expo lines only cost TransLink about \$0.12 to operate (TransLink, 2013). This is a fairly large discrepancy between the two, and it is one that does not look like it will decrease in the near future, at least based on the other financial issues discussed above. Finally, there are significant costs attached to any improvements to the transit line or an increase in capacity. With capacity issues continuing to dog the Canada Line, it is obvious that something will need to be done concerning capacity in the near future. However, all of the options laid out by TransLink above are extremely costly, and a cost that the agency and the government (and not the private operator) would be required to foot. Moreover, TransLink and the government has already spent a large sum of money installing turnstiles at all of the Canada Line stations recently, which suggests that another costly upgrade to the system

may not be on the horizon. The situation is only exacerbated by the fact that the Canada Line is designed on an entirely different system, making it impossible for the line to borrow, use, or appropriate equipment from any of the other SkyTrain lines. Any upgrade or change to the system in the future will represent a major cost for TransLink and the provincial government. Thus, when you look at the Canada line from an economic perspective, it appears much more like a failing project that will cost the government hundreds of millions of dollars over the next 35 years.

6.2.8 Importance of the Case

This case is important for two related – yet starkly different – reasons. On one hand, the Canada Line has established a blueprint for P3 projects in BC. In particular, because the project was completed well ahead of schedule and on budget (even if that budget was just over \$2 billion), the Canada Line was (and still is) viewed by many as a successful project in which to model new jobs moving forward. Accordingly, BC has seen an increase in P3 projects since the successful procurement, design, and construction of the Canada Line. Although this increase can also be attributed to the provincial government's steadfast commitment to growing the use of P3s in the province, there is no doubt that the perceived success of the Canada Line has also played a role in this increase. For example, Partnerships BC currently has 19 projects either in the construction phase or procurement phase, and another 21 complete and operational (Partnerships BC, 2013). The 19 P3 projects currently underway represent a major increase for Partnerships BC, as the organization was only involved with 21 P3 projects through its first 12 years of existence before the recent boom in P3 use in BC.

Moreover, the perceived success of the Canada Line has also made the project a model for other provinces to invest in transportation infrastructure. In particular, Ontario's Metrolinx agency has reportedly looked to the Canada Line to model future public transit expansion in the GTA. One of the key aspects of the Canada Line that makes it so attractive to Metrolinx and other provincial public transit authorities is that it is a free-standing line and not interlined with the rest of the GVRD transit system. This means that bids from the private sector were much more competitive and leveled the playing field. As has been mentioned, there are some major reservations and issues related to the lack of interlining with the Canada Line in the eyes of transit authorities. These lack of connections to the rest of the transit system allow for much flexibility in the procurement, design, and construction phases. When asked if the Canada Line model of a freestanding line could work for Metrolinx in the GTA, former TransLink CEO Jane Bird responded "absolutely", and went on to explain: "We weren't restricted to one technology or one brand, we could have a broad competition between anybody providing technology that would get us the service requirements that we want" (The Truth About Transit, 2014). With Toronto City Council's recent decision to move forward with a new subway line through Scarborough, it will be interesting to see if the freestanding Canada Line model is used or if services are interlined with existing TTC services. Metrolinx recently began the procurement process on the Eglinton Crosstown LRT P3 project, although the decision was made to have the TTC operate the line and the public sector build the stations.

On the other hand, this case is also important because it has exposed some of the key issues and problems related to P3 projects. This can clearly be seen in the decision of the BC government to take a different approach to building the Evergreen Line. As mentioned, the Evergreen Line is very similar to the Canada Line, albeit somewhat smaller. When completed,

the line will run 10.9 kilometers, connecting Burnaby and Coquitlam in the GVRD. As well, the project is being constructed using a P3 model. However, unlike the Canada Line, TransLink has chosen to structure the P3 agreement and design of the line much differently. The three most telling choices made by TransLink on the Evergreen Line were the decision not to finance the P3 agreement long-term, the choice to keep operations of the line as a government function, and the decision to connect the Evergreen Line to the other SkyTrain lines in the GVRD transit system. In particular, the money being provided by the private sector will be significantly smaller than in the case of the Canada Line, and it will be paid back to the private partner by the time the project is complete (three to five years) instead of over a 35-year period like the Canada Line. As well, it was decided that the P3 would only be a Design-Build-Finance (DBF) arrangement rather than a Design-Build-Finance-Operate (DBFO) arrangement, with TransLink staffing the transit line and providing administration and operations capacity. Finally, it was decided that the Evergreen Line would employ the same systems, rail technology, and car technology as the rest of the lines in the SkyTrain transit system, which allowed for the Evergreen to take over parts of the Millennium Line in order to provide more sufficient service (Reynolds, 2013).

Neither TransLink nor Partnerships BC has admitted that the problems and issues resulting from some of the P3 arrangements made on the Canada Line have influenced the direction of the Evergreen project, but it is quite obvious that this is the case based on the fact that nearly all of the changes in the P3 agreement for the Evergreen Line address the major issues that have emerged for the Canada Line over the past three-plus years of operation. Making this point even clearer, the BC Auditor General recently released an audit on the planning stages of the Evergreen Line. The report, entitled “Audit of the Evergreen Rapid Transit Project”, aimed to examine whether “agencies effectively informed government’s decisions about the scope and

method of procurement – essentially, what it should build, and the contractual arrangements it should use” (Auditor General of BC, 2013, p. 2). It goes into a detailed account of the procurement and planning process, analyzes the financial decisions, and provides conclusions and recommendations. The report is generally approving of the Evergreen project, concluding that the government has followed good advice from the different agencies advising on the Evergreen Line. However, it is what is implied about the Canada Line in the report that is most interesting about the audit’s findings. In particular, the Auditor General emphasized how important it was that the Evergreen Line was not a long-term P3, explaining:

The procurement decision was simplified because it did not make economic sense to operate and maintain the Evergreen Line as a long-term ... We found that MOTI (Ministry of Transportation and Infrastructure) and PBC (Partnerships BC) demonstrated that a short-term P3 arrangement, covering the designing, building and financing of the Evergreen Line, best meets government’s policy objectives (Auditor General of BC, 2013, p. 7).

Moreover, the Auditor General also went on to emphasize that it was crucial that the Evergreen Line move forward as an integrated part of the SkyTrain transit system, reiterating that integration had many efficiency and operation benefits. He also noted that a DBF was chosen because the expected costs and risks associated with operating the Evergreen Line as separate from the SkyTrain transit system were too high (Auditor General of BC, 2013). These pointed words toward DBFO P3s came on the heels of the controversy surrounding the lack of a report from the Auditor General on the procurement and planning phases of the Canada Line, as the provincial government refused to provide the funding to undertake one. Reynolds (2013) further illuminated the connection between the Canada Line and the Auditor General’s comments regarding the Evergreen Line when he explained: “Back in 2004 the provincial government pressured the TransLink Board into going with the long term P3 on the Canada Line.

The decision to reject that model today says a lot about how well that is working out for them.”

From this, it is clear that the Canada Line has served as an example of the problems that can arise from a P3 project, and it has uncovered some of the key issues that face P3 projects once they become operational.

6.3 Summary

This chapter provided a description and analysis of the two public transit cases from the GTA and the GVRD. The overview of each case helped to illuminate a number of similarities and some differences between the two cases. Like the waste collection cases, both of these cases also demonstrated that the decision-making process surrounding privatization is driven more by ideology rather than evidence. This was especially true with the GVRD case study, as the P3 project was voted down twice before it was forced through by the neoliberal provincial government of the time. As well, both cases touched on a lack of control and transparency that government and the public are faced with when dealing with P3s. More specifically, both cases illuminated the fact that once a P3 project is signed, the government and public have little say moving forward in design and operation of the project. Fares and station designs were some of the key areas in both cases in which the government and the public lost control. Both cases also helped shed light on the ways in which network relationships and the role of the government played the most important roles in the decision to move forward with privatized public transit projects. In particular, both cases saw the provincial government and its funding formula for projects make it almost certain that both public transit projects would move forward as privatized ones. As well, both cases also demonstrated that private consultants and their close relationship

to government helped to shape the projects that most benefited the private interests involved in each case study.

As with the waste collection cases, all of the insights gained from these overviews of the public transit cases are helpful for a couple of different reasons. First, the insights gained here speak directly to the key questions of this dissertation. Second, the insights helped guide and shape the questions posed in the key informant interviews. In particular, they helped identify some important areas to explore further with the participants that are not clear from the archival data available for each case. Third, a number of the insights line up with the literature (from the critical approach) to understanding privatization, and this overlap helps in data triangulation and eventually in making generalizations about the findings.

7 CHAPTER 7 – RESULTS AND ANALYSIS: Does privatization produce winners and losers?

7.1 Research question and hypotheses

This chapter focuses on reporting the results of the key informant interviews and providing analysis of those results as they relate to one of the key research questions of this dissertation and its related hypotheses. In particular, the question of whether privatization produces winners and losers is considered, and testing of the following hypotheses will be analyzed: first, that privatization is not always the most effective and efficient policy option; and second, that privatization decreases the quality of public services and public sector work.

7.2 Organization of results and analysis

A number of interesting findings emerged from the data throughout the analysis process. In order to best present these findings, this chapter is organized into different sections according to the themes that emerged from the data. Within each of these sections, data is summarized and described – first as a whole, and then by case. This is followed by an analysis in the context of the case studies and the literature surrounding privatization.

7.3 Results and analysis

Speaking about or questioning who the winners and losers are as a result of privatization is somewhat of an abstract exercise. Thus, it is necessary to clarify exactly what is meant by winning and losing. In particular, this discussion around winners and losers is structured through the policy networks (which were discussed in detail in Chapters 5 and 6) that surround each case study. The network-class analysis approach was key to identifying the different actors within

each policy network, as it helped to uncover interests and relationships that were not readily apparent.³⁵ For the most part, this consists of the ways that privatization produces both positive and negative events for policy stakeholders, such as the government, the public at large, labour, and private/business interests. In some instances, the themes that emerged from the data were very clear and exclusive to one particular group. However, in other instances they were more complex and applicable to a number of the different policy network actors. These differences tended to fall along class positions and positions within the structure. For example, in some cases key informants from a labour perspective had very strong opinions on issues, while key informants from government, management, or industry were mostly silent or held contradictory views. In instances where this was thought to be an important distinction, special attention was paid to a respondent or group of respondents' class or structural position. As well, information pertaining to class and structure positions for each participant can be found in Chapter 4. In the end, what became very clear was that privatization does indeed create winners and losers, and the following is what emerged from careful analysis of the data.

7.4 LOSER: Government

The government is one of the more difficult actors within the policy network to evaluate in terms of being a winner or a loser as a result of privatization. The reason is that government has a responsibility to all of the other actors within the policy network in addition to pursuing its own end goals. Moreover, in today's economic climate, governments are expected to provide citizens

³⁵ The network-class analysis approach is used in this chapter mostly to identify the different policy network actors. The approach will be used in more depth in the next chapter as the focus will be more on identifying and understanding the motivations and interests of the different policy networks and how these interact to shape policy decisions regarding privatization.

with the best available services and infrastructure while also expending the least amount of capital possible. For the government to be a winner, it must be able to balance these two goals. Thus, in order to properly evaluate government, the needs of all the different policy actors in the network must be considered as well as the overall goals of the government in the context of privatization. The following findings suggest that the government is not successful in this balancing act, and thus is a loser in the privatization equation.

7.4.1 The variables associated with Privatization

As shown in Chapter 2, a large portion of the literature surrounding privatization involves identifying, quantifying, and analyzing a number of key variables that are attributed to the process. The ones that most often come up are efficiency, productivity, profitability, and flexibility. These variables are seen as important since they are thought to be indicators of the effectiveness and appropriateness of a privatization measure. Not surprisingly, a number of these variables emerged as themes from the data. Some of these key themes appear below, while others (profitability, labour relations, and quality of public services) are discussed later in this chapter and in Chapter 8.

7.4.1.1 Efficiency

Efficiency was a common subject in this study, and participants spoke widely and passionately about the theme, expressing a wide array of opinions about a number of different aspects of efficiency and its relationship to privatization. Overall, 26 of the 30 participants spoke to the idea of efficiency, either in broad terms or very pointedly and with specific reference to the case study at hand. Of those 26, only three felt as though privatization afforded government a

more efficient way to deliver services, whether in the waste collection or public transit sectors. Five others were more equivocal on the issue, instead speaking about the idea in more general terms. They tended to shy away from making any definitive statements, instead explaining that certain cases are “complex” and that efficiency is the “end goal”, but that not every case turns out as expected. Those suggesting that privatization did bring about more efficiency pointed to the potential savings that contracting-in was going to bring the local government. These participants spoke of “projected savings”, “value for money”, and “design matrixes” that pointed to efficiency. The remaining 18 of the 26 participants made strong statements in suggesting that privatization did not necessarily result in more efficiency. In fact, nearly all 18 suggested that privatization was not efficient at all, and that sometimes it was much more inefficient than the public sector involvement. For example, Participant 4 (P4) was clear with their thoughts about the claim that privatization brings about efficiency: “The costs and savings are false ... I can’t foresee better waste diversion from the private sector as it always ends up being more costly.”

There was much variance in the views and the depth of conviction held in the four different case studies. Overall, nine of the 15 participants from the waste collection case studies suggested that privatization did not result in more efficiency, while two of the 15 felt that it did result in greater efficiency. Two of the 15, meanwhile, were equivocal toward the issue, and two did not mention it.

Breaking this down further into individual cases: In the GTA waste collection case, four of the eight participants believed that privatization did not result in more efficiency, while two of the eight felt that it did lead to more efficiency. Two of the eight were unwilling to take a position either way on the issue. The four participants who believed privatization did not lead to improved efficiency were strong in their opinions. This may or may not have had something to

do with the fact that the privatization had happened so recently in that case study, but nevertheless the participants' views were very clear. Also of note, the four who believed that privatization did not lead to improved efficiency had close connections to labour or were active members of city council. Participant 1 (P1) spoke to the idea of increased efficiency through privatization and cautioned: "I think it's a very dangerous game for Torontonians because people ... the narrative, the story right now is, you know, it's saving us \$11 million a year. The number is probably bullshit, but that's the story that's out there, and that's what people believe ... And we could find ourselves having a fully privatized system which costs ratepayers a lot more money." Explaining how contract savings are often misconstrued or overstated in the waste collection sector, Participant 2 (P2) argued: "They lowball their bids, and they hijack you at the end of it, right? They jack up the prices bigtime. And we feel that's going on here. They're not saving \$77 million, or whatever the number is today, with the seven-year contract with GFL." Echoing the thoughts of P1 and P2, P4 stated: "The costs and savings are false ... I can't foresee better waste diversion from the private sector as it always ends up being more costly ... I am worried about escalating costs in the near future." P8 reiterated this point, arguing that private operations always end up being more costly in the long run regardless of if they are cheaper in the very short term.

On the other hand, those who believed that the privatization of waste collection did bring about increased efficiency had similar arguments, and both relied on project savings outlined in a city staff report. Participant 3 (P3), for instance, spoke about the City report that had been completed for this particular case study, and pointed out that it had suggested savings could be found through privatization: "are we going to save money? We did the analysis on saving money. And we believed that we were going to save money. We did an analysis on ... how much

the private sector costs versus the public sector ...” Participant 6 (P6) echoed this line of thinking, explaining: “so we’re going to save \$88 million, or potentially even more. You know, we’re going to save over \$100 million over a 10-year period. In 10 years from now, or nine years from now, do we worry about what’s going to happen then? We don’t.” These sorts of opinions coming from P3 and P6 were not surprising, as P3 is somewhat of a right-wing ideologue councillor, while P6 is speaking from a management perspective.

Meanwhile, the participants who were equivocal toward the issue, Participant 5 (P5) and Participant 7 (P7), made only a broad and non-definitive statements on efficiency in the context of privatization. P5 remarked: “Well, I think it’s the end goal you want. I mean, the end goal you want is a more efficient system. But you need to have the proper oversights in place to make sure you’re getting that.” Similarly, P7 was unwilling to make a definitive statement, instead opting to focus on the issue of overhead costs, explaining that that was where any efficiencies could be found. Again, these responses were not surprising given that P7 approached the topic from a management perspective and P5 is an executive at an industry association.

The GVRD waste collection case study findings were much different. Seven of the eight participants believed that privatization did not result in more efficiency, while only one of the eight did not mention the theme of efficiency. This overwhelming response can be attributed on some level to the fact that this particular case study looked at a municipality that had brought its waste collection services back in-house after having them privatized for more than 10 years. That said, the beliefs found within this case study regarding efficiency were consistent across all participants within the group, which ranged from labour representatives, to city staff, and even to the mayor. Discussing the decision to bring waste collection back in-house, Participant 12 (P12) explained that there is no compelling evidence to suggest that the private sector was any more

efficient, and that the only certainty in this case was that the private sector option was more expensive. Notably, they added that it was clear that “every contractor was performing at about the same level, and the rates for every contractor were going up. And the whole market was in sort of a shift ... So once you had just the facts to deal with, it was very easy for us to make the decision.” Participant 10 (P10) believed that the evidence showed that in-house service was more efficient than the private sector, explaining: “Well, our stats say it all. When I’m at the committees, there’s discussion about how they’re rolling out things and what they’re doing. And they’re still so far behind where we are.” Participant 13 (P13) also made the point that when waste collection was privatized, a number of costs were not taken into consideration when determining efficiency. In particular, P13 pointed out that there were a number of costs and services that the City had yet to incur in order for the waste collection to be performed properly. This drastically cut into the overall efficiency of the decision to privatize. Most notably, they explained that complaint costs and the costs associated were never reported and figured into overall costs by private contracts. This meant that the “true costs” were never really known publicly. Participant 14 (P14) and Participant 16 (P16) echoed these thoughts as well. In particular, P16 also added that the idea of efficiency in the equation of privatization was a “dream” that “never materializes.”

The public transit cases showed similar overall feelings around the idea that privatization is intrinsically linked to efficiency. In particular, seven of the 14 participants felt that privatization did not result in more efficiency. Three of the 14 were unwilling to take a position either way on the issue, while only one (eight percent) believed that privatization led to improved efficiency. The idea did not come up in three of the 14 discussions with public transit participants.

From an individual case standpoint, three of the seven participants in the GTA public transit case believed that privatization did not result in more efficiency, while one participant felt that privatization led to more efficiency. One of the seven was equivocal towards the issue, while two of the seven did not touch on the idea at all. The rather large omission of the discussion of efficiency within this case study, in comparison to the other three cases, is most likely due to the fact that two of the interview subjects were closely connected to VIVA, the private operator. Participant 19 (P19), who was unwilling to take a position either way on the issue, said that efficiency was definitely part of the decision-making process, but that it was not something they were certain was a necessary condition for privatization: “Yeah, the cost is part of it and the control of cost. But I don’t think that’s the only reason, and I don’t think that our ... whether we’re any cheaper per service hour provided, I’m not sure.” The one participant who felt that privatization led to more efficiency, Participant 23 (P23), was very strong in their support of the idea, claiming that the federal government would only fund projects that created efficiencies. However, this was not a surprising response given that the participant was an official from the national agency responsible for promoting and implementing P3s.

Meanwhile, the three participants who felt that privatization did not necessarily lead to increased efficiency were very clear about their beliefs. Participant 17 (P17) said that while there could be truth to the argument that the private sector is more efficient, they weren’t sold on the argument: “I mean, the private operating companies come in all sizes and probably run the spectrum, as well, from good to bad. Just like the public sector entities run the spectrum from good to bad. So I think that generalizing on that point is probably a slippery slope in terms of how valid that argument is ...”

Participant 21 (P21), coming from a very clear labour position, had a particularly strong opinion on the claim that privatization leads to increased efficiency, and offered up a number of different insights, arguing: “So, it is the same thing with transit. If the private operator goes to market for the move to build the system, and operate it, it’s going to cost a lot more than if the government did that.” Speaking to the issue of the cost of financing the VIVA project, P21 also claimed: “They [the private consortium] ended up getting money at 14 percent, which is astronomical. Whereas the government could have got the money at like four percent.” Finally, P21 drove home the issue of a lack of efficiency that the VIVA project has produced by explaining: “What we do know is that the subsidy per ride in the York Region, last I heard, is \$5.11 per ride. And that’s the taxpayer subsidy, which is on top of the \$3.75 single fare. So York Region, the only privatized urban transit system in Canada, has the highest fares, the highest taxpayer subsidy by far.” Echoing this sentiment regarding subsidies and fares associated with VIVA, Participant 22 (P22) explained: “... they have the highest subsidy rates in the GTA. Their fares are the highest in the GTA. Like, it’s \$4 for a child to ride. In Toronto it’s like \$1.”

The results were similar for the GVRD public transit case, as four of the seven participants believed that privatization did not lead to more efficiency, while two of the seven were equivocal toward the issue, and one did not mention efficiency in the context of privatization at all. The two participants who were unwilling to take a position either way on the issue both expressed doubt about efficiency claims, although they couched these doubts in generalized terms and steered clear from discussing the specific case study at hand, instead choosing to speak about other privatized cases. Participant 25 (P25), for example, talked about privatization in more general terms and then made a non-committal statement about the future efficiency of the Canada Line project. In particular, P25 explained that things at the moment are “fine”, although

history does show that P3s tend to “run into a financial bind” or try to “increase the terms or change the terms of the agreement with government” halfway into the P3 contract. P19 also went on to suggest that they could “see that happening” with the Canada Line in the future. Similarly, Participant 26 (P26) sidestepped the topic of efficiency, and instead focused on cost certainty. On a similar note, P26 admitted that, looking back, they probably would have avoided relying so heavily on private investment since it ended up being less efficient. In particular, they argued that the private financing on the Canada Line was less than ideal and that the government was not successful in “optimiz[ing] the private sector financing on this project.” Both P25 and P26 occupy positions that straddle management and worker lines, which makes their ability to be straightforward on some issues very difficult.

Meanwhile, the four participants who believed that privatization did not lead to increased efficiency in the GVRD public transit case held strong opinions and used ample evidence to back up their claims. As well, each of these four participants had close ties to labour and held critical views towards privatization in general. Participant 24 (P24), for instance, pointed to the budget overages and increased costs surrounding the Canada Line as proof that the privatized project was not efficient: “... they’d been told it was \$1.5 to \$1.7 billion, and it’s now changed ... \$300 or \$400 million, it’s real money. So, you know, that kind of thing happens all the time with P3s and it’s because they’re not really driving to save money despite the spin.” Participant 27 (P27) spoke about how privatized projects also take a lot longer to complete: “I mean, realistically, a 3P process takes much, much longer ... years longer ... than it takes to be able to do a regular project. So if you just look at the traditional construction project or design build project even, and you look at the time in order to go from initial concept to delivery, you look at a much shorter period of time than you do for a P3P.” In speaking about the length of time privatized

projects take to complete, P27 offered up a specific reason: “3P has so much more front-end time involved, in looking through all of the potential issues, going through all the bidding. In fact, in 3Ps, often you’re paying money up front to get someone to bid because it’s so expensive to produce those ideas.”

Participant 29 (P29) also had a number of issues with the claim that privatization leads to increased efficiency. In particular, P29 pointed to the overall costs for which the different levels of government are on the hook – for the next 30 years: “Well, yeah, it is a fixed cost. And, yes, it’s higher than it would have been otherwise. Fairly significantly higher as time goes on, looking at their own numbers,” P29 went on to explain that any money that the private company put into the P3 project would end up being paid back by the provincial government at a “higher cost than they would have had they simply borrowed the money and put it in.” P29 also pointed out the fact that what was originally proposed and agreed upon when the project was tendered for bid was drastically reduced by the time ground was broken on the Canada Line. In particular, P29 explained that the number of stations was reduced, the length of each station was reduced, and most importantly, the decision was made to cut and cover rather than tunnel through the city. This stripped a lot of the proposed efficiency and left P29 wondering why they decided to go with a private company if they were getting such an inferior product. P30, being an unbiased academic, was not as strong as some of the other participants on the issue, however they still explained that, simply put, the differences in cost between public and private was negligible: “you can make these projects work and you can do it in such a way that the cost to the public is the same as it would be coming from the public sector. I’m not super convinced that you necessarily can do it fantastically cheaper.”

Table 7.1: *How participants responded to the theme of efficiency*

	Believe privatization leads to increased efficiency	Believe that privatization does not lead to increased efficiency	Equivocal toward the issue (no strong feelings or conflicted)	Did not mention efficiency in the context of privatization
GTA Waste Collection	2	4	2	0
GVRD Waste Collection	0	7	0	1
GTA Public Transit	1	3	1	2
GVRD Public Transit	0	4	2	1
Overall (30 Total)	3	18	5	4

The findings related to the theme of efficiency show that an overwhelming number of participants (26 total participants) spoke to the theme, while only four participants did not mention it at all. Of the participants who did, 18 participants believed that privatization does not lead to increased efficiency. This is a significant percentage that cannot be ignored.

The findings also challenge one of the key notions and proposed benefits of privatization as discussed in the majority of privatization literature. In fact, it can be said that privatization was borne out of the desire to improve efficiency (Savas, 1985). The literature suggests that efficiency is a natural consequence of privatization (Beesely and Littlechild, 1988), and that privatization always improves overall efficiency (Brubaker, 2001). However, the case study findings do not support these notions. In fact, they quite clearly contradict what is found in much of the literature on efficiency. In particular, a majority of the case study participants argued that privatization had not led to increased efficiency. The participants pointed to evidence, which suggested that the private operators “cost more”, that cost savings were “false”, and that “private projects always run over budget.” There were a few participants who were unwilling to take a

position either way on the issue, although it was clear from their statements that they were simply unwilling to go on record as saying that privatization did not lead to efficiency, and instead preferred to sidestep the questions by suggesting that the cases are “complex” and that efficiency was an “end goal”. These findings clearly contradict and challenge the notions on efficiency found in the majority of the privatization literature. In fact, the findings instead support the ideas found in the critical approach literature regarding efficiency, which suggest that privatization rarely, if ever, results in more efficient services (Dunshire, 1991; Ohlsson, 2003; Bel and Warner, 2008), and that efficiency is inherently linked to market structure rather than ownership (Cook and Kirkpatrick, 1988). The few participants who did argue that privatization led to increased efficiency tended to avoid providing specific examples or empirical evidence, instead claiming things like the “design matrixes” pointed to efficiency. In fact, those participants who did claim efficiency provided no compelling statements and/or evidence.

The case study findings squarely position government as a loser in the privatization equation. Efficiency is one of the major pillars of privatization and is arguably the entire reason why privatization is pursued in the first place. Thus, if government is not gaining efficiency from privatization measures, it must be said that they are losing. A lack of efficiency, of course, suggests that government is paying more and receiving less from a private operator. Therefore, it is clear that because of a lack of efficiency resulting from privatization, government is a loser in the privatization equation.

In terms of individual cases, the findings were consistent across all four cases. The majority in each of the four cases were very consistent in their arguments that privatization did not lead to more efficiency. The only area in which there was really any variance was among the participants who argued that privatization did, in fact, lead to more efficiency. These participants

were all found in the GTA waste collection case. This could be explained by the fact that this case was the most recent and evidence has yet to be made public about how the newly privatized service is doing in terms of costs. Other than this, the findings are very consistent across all four cases, which lends credibility and legitimacy to the findings.

Interestingly, the discussion of efficiency went beyond the typical question of costs and value for money, as a number of participants touched on the sub-theme of the flawed way in which efficiency is understood and evaluated in privatization cases. Although this sub-theme was not mentioned in a majority of the participant interviews, it did emerge in enough cases and with enough vigor to make it a significant sub-theme to the idea of efficiency. In particular, 10 of the 30 participants referenced the idea that the way in which efficiency is conceptualized and evaluated is flawed. And it is important to note that this insight was not particular to one case. In fact, at least one participant mentioned it in each of the four case studies (four from the GTA waste collection case, two from the GVRD waste collection case, one from the GTA public transit case, and three from the GVRD public transit case). A number of participants spoke about the way in which efficiency is generally conceptualized. P1 talked about how privatized waste collection in Toronto will have adverse environmental effects since private collectors are paid based on tonnage, and therefore they will not sort or refuse waste. For that reason, P1 explained that there was a problem with how efficiency was conceptualized regarding the privatization of waste collection in the GTA: “If we measure efficiency for ... how much waste did we create? How is it being dealt with? How much is it costing taxpayers? We’re much worse off. But in a market economy, in a capitalist economy, those sort of external costs are rarely measured.” P9, meanwhile, questioned the way efficiency was conceptualized in the context of GVRD waste collection. In particular, P9 insisted that efficiency must take into consideration quality and

customer service, not just low cost: “Like, maybe they can get the job done quicker and get that off the street, and maybe they can cover more areas because they have multiple trucks and they have, let’s say, more backup trucks and all this and that. But, to me, in the public sector our workers ... we look for efficiency, but we also look for the quality and the customer service aspect. You have to account as to how they say that they’re efficient.”

One participant, P21, referred to a “shell game”, arguing that costs were hidden to accentuate efficiencies, while in the end the “money still comes from the public, the users of the transit system are still paying the fares, and the deficit is still being paid for by the government.” Similarly, P24 and P29 talked about how costs were being hidden and efficiencies were being boosted in the GVRD public transit case. In particular, they argued that overall costs of the transit system were being brought down by eliminating other services, in this case “certain bus line cutbacks” in the areas served by the Canada Line. Thus, ridership numbers were being inflated because there were fewer options for transit riders. In other words, the supposed “efficiencies” were being achieved only by drastically reducing services.

Others explained that there were different ways to find efficiencies, and that cutting costs was not always the most effective way. Speaking to the GTA waste collection case, P2 explained that only a few years before the decision to privatize had been made, the City and the union were able to find efficiencies in different districts in the city by switching up routes and schedules: “I remember in ’07, contracting the former York garbage collection back in, right? ... with efficiency, with the City, changing our routes, changing around shift schedules, right? There was no extra manpower and no extra trucks, it was just scheduling. Working with them to, you know, tweak here, tweak there.” Another participant from the GTA waste collection case, P6, also remarked on the ability to create efficiencies in ways other than privatizing and cost cutting:

“...we had enough City assets, both trucks and staff, to pick that material up, that we could provide uniform service sort of right across ... and we got efficiencies through taking away those four municipal boundaries and, you know, dividing the stuff up.” P13 echoed this notion, explaining that they were also able to be flexible with days worked and ended up settling on a “four-day workweek and 10-hour days.” As P13 explained, this allowed public waste collection, going forward, to be “actually cheaper” than private collection.

By no means are the findings overwhelming in the case of the sub-theme of participants re-examining the way in which efficiency is understood and evaluated in privatization cases, as only 10 of the total 30 participants made reference to it. However, of the 26 who spoke to the theme of efficiency, 10 also mentioned this sub-theme of questioning the way in which efficiency is understood and evaluated in privatization cases. Moreover, each of these 10 participants held strong views about the sub-theme and were clear that they thought it was an important aspect of understanding privatization. Efficiency, or potential efficiencies, are typically calculated using very simple formulas. Usually, efficiency is thought of in terms of value for money and total costs, meaning that efficiencies are calculated by looking at public costs to provide a service or infrastructure versus private costs to provide the same service or infrastructure. For example, in the GTA waste collection case, the estimated \$11 million a year in savings was based almost entirely on the low bid amount from the private operator versus what had been budgeted for waste collection in previous years by the City. However, the case study participants who mentioned this sub-theme argued that understanding and evaluating efficiency this way is too simplistic and misses a number of factors that contribute to efficiency. In particular, some of the participants pointed to “external costs” and “lower levels of service quality”, while other participants called the way that efficiency is understood a “shell game”,

where costs are hidden or ignored in order to increase efficiencies. Unfortunately, there is no real literature that focuses on this idea. While there has been a small amount of work done on this sub-theme by union researchers (see CUPE, 2014b), next to no work has been completed from an academic perspective, either from the orthodox approach or the critical approach. The one exception is perhaps a study done by Hermann (2010), although the main focus of that study was reimagining the ways in which productivity is understood and evaluated rather than efficiency. That said, Hermann does touch briefly on the idea of efficiency, explaining that often productivity and efficiency are conflated and manipulated in ways that obscure and exaggerate the actual levels of efficiency that are being attained by privatization. The comments made by case study participants echo and build on what Hermann argues in his study. In other words, these findings identify an important theme that has been underreported and under-explored to this point, and they also help to begin filling the literature gap that exists around this theme.

In terms of individual cases, the number of participants who called into question the way in which efficiency is understood and evaluated in privatization cases was quite low, so it is difficult to take away any real insights on a case-by-case basis. That said, at least one participant from each of the cases spoke to the sub-theme. The case study with the most participants mentioning it was the GTA waste collection case (four participants). Again, this may be explained by the fact that it's a very recent case and the participants still have a fresh sense of the evidence and the data that was used to illustrate efficiency.

Another interesting sub-theme to emerge from the discussion of efficiency was the idea that the original efficiencies found in privatization were often false, and that companies were either taking a loss on the initial contract or making only a very small profit while they “bought” their way into the market. In particular, 13 of the 30 total participants mentioned this when discussing

efficiency in the context of privatization. Like with the sub-theme of conceptualizing efficiency, these participants were found in each of the different case studies. Four came from the GTA waste collection case, three came from the GVRD waste collection case, one came from GTA public transit, and three came from GVRD public transit. A number of participants felt that once the original contract was up, or once enough years had gone by since the original contract, companies were then able to raise contract prices significantly with no recourse because municipalities were in a vulnerable position with no infrastructure (trucks, trains, routes, etc.). This, of course, stripped away any efficiencies that had once existed in the original privatization terms. Not surprisingly, this view was held by most of those participants who were connected to labour or had a critical viewpoint, while nearly none of the management or industry experts weighed in on this topic. P2 spoke directly to this idea when discussing the current situation regarding GTA waste collection: “They lowball their bids, and they hijack you at the end of it, right? They jack up the prices big time. And we feel that’s going on here. They’re not saving \$77 million, or whatever the number is today, with the seven-year contract with GFL.” P4 also worried about “escalating costs” in the near future, while even P3, who supported the notion that privatization led to increased efficiency, admitted that it was possible that the private sector could have the City in a “stranglehold” in the future. That said, P4 noted there were ways for the City to avoid this, including “borrowing and amortizing” or poaching the private sector manager to bring the service back in-house. Participants from the GVRD waste collection case study spoke of experiencing huge increases after privatization, in some cases “15 and 20 percent” increases and even as high as “25 to 35 percent” increases in total costs. P12 summed up what had happened in the GVRD waste collection case by explaining: “I really think they were trying to buy their way into a market, and sometimes you get fairly skeptical that they’re ... you know,

once they buy their way into the market and everybody dismantles their infrastructure, then they can start putting the rates up because you have nowhere else to go.” P22 wondered how the private contractor would be able to deliver public transit in the GTA with a contract so low without eventually raising prices drastically: “How else? Like I said, gas costs the same north of Steeles and south of Steeles, so ... you know, you try to think about it ...” P25, one of the participants who was equivocal toward the issue of efficiency, spoke about the GVRD public transit case study and admitted that oftentimes with P3s, private companies “run into a financial bind.” P25 also went on to suggest that they could “see that potentially happening in this case.” Tellingly, P6 explained that there had been little thought as to what would happen in the near future because the proposed short-term savings were too big for municipalities to ignore: “so we’re going to save \$88 million, or potentially even more. You know, we’re going to save over \$100 million over a 10-year period. In 10 years from now, or nine years from now, do we worry about what’s going to happen then? We don’t.”

Although this sub-theme of false original efficiencies took on a slightly higher significance among case study participants than did the sub-theme related to the way in which efficiency is understood and evaluated in privatization cases, it was still only addressed by 13 of the total 30 participants. However, several participants made strong and compelling comments regarding the idea that the original efficiencies found in privatization were often false, and that companies either took a loss on the initial contract or made only a very small profit as a way of “buying” their way into the market. In particular, participants spoke about “escalating costs in the near future”, “being held hostage by private operators”, and “25 to 35 percent increases to contracts.” There is a small but growing body of literature that addresses these concerns raised by case study participants (see Terris, 1992; Shaoul, 2006; CUPE, 2009d; SGEU, 2014). More specifically, this

literature argues that privatization almost always leads to increased costs in the future for governments and the public either through overstated costs, budget overruns, or drastically increased contract terms (CUPE, 2009d; CUPE, 2014a). Thus, the case study findings help support this growing voice within the privatization literature that suggests original efficiencies are often false.

In terms of individual cases, the number of participants who spoke to the sub-theme of false original efficiencies is simply too low to make any meaningful insights. However, similar to the previous sub-theme, at least one participant from each case study touched on the sub-theme of false original efficiencies. The case study with the most participants speaking to this sub-theme (five participants) was the GTA waste collection case study. This can most likely be explained by the fact that the GTA waste collection study was the only one of the four that had a team explicitly in place to police the contract with the private operator.

7.4.1.2 Productivity

Surprisingly, productivity was not a theme that emerged from the interviews. In fact, as shown in the literature review in Chapter 2, despite the fact that productivity is one of the key variables used to support the adoption of privatization measures, only three of the 30 participants mentioned the theme in the interviews. All three of those participants were in the GTA waste collection case study. Even more surprising, none of those participants spoke about productivity being positively related to privatization. In other words, neither participant suggested that privatization led to increased productivity within the privatized sector. Instead, one participant, P1, suggested that privatization was not an effective way to increase productivity: “I think that if the problem is complacency, the solution isn’t necessarily privatize or through competition ...

there are other ways of doing that.” P1 also suggested that incentives and increases in work conditions could just as easily deal with issues of complacency. Meanwhile, P3, one of the other participants who mentioned productivity in the context of privatization, explained that when the private sector first took over there was in fact a sharp decrease in productivity, so much so that the City had to provide resources in order to help boost it: “we had to send our managers in to help them out. They thought they were geniuses and knew the routes better than we did and were more efficient.” P7 argued that the privatization of waste collection in West Toronto might eventually lead to increased productivity in other areas of the city, though they did not suggest that it was having a direct effect on the area that was actually being privatized. Surprisingly, there was a clear absence of management and industry voices on this theme, which is typically one of the key points that proponents of privatization use to support their claims.

Table 7.2: *How participants responded to the theme of productivity*

	Number of participants who mentioned productivity	Number of Participants who thought productivity increased because of privatization
GTA Waste Collection	3	0
GVRD Waste Collection	0	0
GTA Public Transit	0	0
GVRD Public Transit	0	0
Overall (All 30 Participants)	3	0

These findings related to the theme of productivity are important as they challenge one of the major notions found in the majority of privatization literature: that productivity is one of the key pillars of privatization (Savas, 1985; Price & Weyman-Jones, 1996; Bel et al., 2008). The majority of the privatization literature suggests there is a significant correlation between the type of ownership and productivity growth, with private ownership offering substantial increases in productivity (Ehrlich et al., 1994). However, the findings here do not suggest that this is the case, as only three of the participants even mentioned the theme. Those participants, however, did

contradict the claims, suggesting that privatization “did not lead to an increase in productivity” and that when privatization was introduced there were “sharp decreases” in productivity. These findings align more closely with the critical approach to understanding privatization, which argues that productivity gains from privatizing are grossly exaggerated (Gomez- Ibanez et al., 1991; Flecker & Hermann, 2007). Thus, these findings challenge the notions about productivity held by the majority of the privatization literature and support the small but growing notions from the critical approach literature.

The findings, or lack thereof, also clearly show how the government is a loser in the privatization equation. More specifically, since productivity is one of the main pillars and largest purported benefits of privatization, it must be seen as a loss for government if privatization is not delivering on these claims and promises and government is not receiving the “bill of goods” that they were sold.

The extremely low percentage of participants who mentioned the theme of productivity make it near impossible to gain any real insight on a case-by-case basis. Interestingly, however, both participants who did mention productivity came from the GTA waste collection case. One possible reason for this is the long history of privatization within the waste collection sector. More specifically, because waste collection typically involves manual labour, it lends itself well to the notions of productivity and of privatization’s promise to improve it.

7.4.1.3 Flexibility

Also surprising from the case study data was the lack of discussion regarding flexibility. Like efficiency and productivity, flexibility has long been sold as one of the key benefits to privatization. But overall, only eight of the 30 participants mentioned flexibility in the context of

privatization. Five of these participants came from the GVRD waste collection case study, while one came from the GTA public transit case study, one came from the GVRD public transit case study, and one came from the GTA waste collection case study. The majority of the comments made about flexibility were opposite what is typically found in the literature. Instead of speaking to examples in which privatization had increased flexibility, the participants spoke mostly about how privatization had hindered flexibility. Or, in the case of the GVRD waste collection case study, about how flexibility had increased after waste collection services were brought back in-house. For instance, speaking about how waste collection services have changed since services were brought back in-house, P9 explained: “We have more flexibility, yeah ... and we want to use that flexibility, where a private contractor ... they’re not going to do that. They’ve got schedules, they’ve got, you know, certain manpower, and they’ve gotta get it done.” Another participant, P11, explained that bringing services back in-house allowed for the City to make adjustments to services when needed, which was something that was not possible with a private contractor. P13, P14, and P16 echoed this claim. In particular, P13 suggested that public waste collection was much more flexible and allowed for them to frequently change schedules and work hours when needed, which ultimately led to better service. Speaking to the circumstances surrounding the GVRD public transit case study, P27 suggested that local governments needed to be able to adjust their services according to the changing needs of municipalities. However, P27 doubted that this was possible with private services: “So these private sector arrangements, these ones where you try to anticipate the next 25 years, 30 years, put you in a situation where government is unable to make decisions, or when they do make decisions, they make decisions that are compromised because they’ve got these contractual obligations.” In fact, P27 even claimed that private consortiums did not want any flexibility. They argued that private

consortiums had “investors to think about”, and that they wanted to be able to “tell them exactly what they’re investing in and what to expect ... [and they are] not doing anything that could reduce profitability for investors.” P20, the only participant to speak about privatization increasing flexibility in a positive manner, talked about how the private consortium was more flexible and less restrictive than public procurement. In particular, they argued that “with public dollars ... you know, you can’t bundle as much or there’s so many restrictions or it’s more apt to fail”, while private consortiums are able to “piecemeal” the best contractors for all aspects of the project and end up creating new efficiencies. P20 summed up their argument by remarking: “So that’s where the public-private partnership allowed us a little bit more flexibility and I think saved time, saved money on management fees and things like that, by making it one large global cohesive group that worked together.” P20 also went on to explain that a private consortium allowed for a very flexible workforce, allowing them to avoid “hiring thousands of people and then letting them all go.” Like the theme of productivity, there was a surprising absence of management and industry voices here.

Table 7.3: *How participants responded to the theme of flexibility*

	Number of participants who mentioned flexibility	Number of participants who thought that flexibility increased because of privatization
GTA Waste Collection	1	0
GVRD Waste Collection	5	0
GTA Public Transit	1	1
GVRD Public Transit	1	0
Overall (All 30 Participants)	8	1

The findings related to the theme of flexibility are important, as they challenge one of the major notions of privatization found in the majority of the literature. Flexibility, like productivity, is considered to be one of the beneficial offshoots created by privatization (Osborne

and Gaebler, 1992; Cohen, 1999). The majority of the literature suggests that publicly-run organizations and services are inherently hindered by regulations, collective bargaining agreements, and bureaucratic culture, and that privatization eliminates these problems and allows private operators more flexibility to address necessary system changes, leading to more effective and efficient services (Winston et al., 2002). However, the case study findings challenge these notions. Not only did a very low percentage of participants mention the theme of flexibility, but the majority who did contradicted the notions held by the majority of the literature. In particular, participants explained that flexibility actually decreased as a result of privatization. One participant even suggested that private operators did not like the idea of flexibility and went out of their way to be rigid and inflexible. These findings align more closely with the views on flexibility that come from the critical approach literature, which argue that privatization does not necessarily bring about flexibility, and that when it does it typically favours the interests of the private operator and costs the public since flexibility tends to mean circumvention of necessary protections (Winston et al., 2002). Only one participant spoke to the theme of flexibility in a positive light. This participant explained that privatization afforded the private consortium the ability to “avoid the many restrictions” that come with public procurement.

As with the theme of productivity, these findings also clearly show how government loses in the privatization equation, as privatization fails to deliver on another one of its promises and benefits. In fact, the findings show that privatization often produces the opposite effect of what it promises, creating an inflexible situation for services and infrastructure delivery.

Because so few participants mentioned the theme of flexibility, it is difficult to make any meaningful insights for each individual case. Interestingly, the majority of the participants who did mention the theme came from the GVRD waste collection case study. This may be because

this particular case study had a very negative experience with privatization, especially around inflexible delivery of services.

7.4.2 Accountability

Accountability, from a more general perspective, can be thought of as an attempt to limit corruption, and the waste and incompetence that comes with it, among politicians and public offices (Karl, 1963; Hood, 1995). This forms the basis of the understanding of accountability within the context of public policy literature. Ideas of accountability have changed over the course of time within the public policy discourse, with corruption giving way to NPM's 'accountingization' (Sinclair, 1995) notion, to more recently accountability revolving more around citizen engagement (Carpini et al., 2004) and transparency (Abelson and Gauvin, 2004). However, at the core of all of these iterations of accountability is the notion that government must publicly articulate, explain, and justify all public policy initiatives in order to ensure citizen confidence in elected government and the public service (Carpini et al., 2004). This is especially true when dealing with privatization since government is handing over control of public services to the private sector.

Accountability was a theme that had traction among the majority of case study participants. Overall, 21 of the 30 participants mentioned or spoke to the theme of accountability in the context of privatization. Unpredictably, all 21 opined that privatization led to a decrease in accountability instead of an increase, as most of the literature promises. The tone of the responses from most of the 21 participants was that privatized services lacked any accountability, and that the private sector was much more worried about costs and profit in providing adequate services, whether it be waste collection or public transit. As P20 succinctly said: "Well if it's

private then the bottom line is money.” The remaining nine of the 30 participants did not mention accountability in the context of privatization.

Both the waste collection and the public transit sectors were uniform in their belief that privatization led to a decrease in accountability. The waste collection sector had more respondents mention the theme of accountability. In particular, 13 of the 16 participants felt that privatization led to decreased accountability, while no one felt it led to increased accountability. Three of the 16, meanwhile, did not mention accountability in the context of privatization.

In terms of the individual cases within the sector, the GTA waste collection case study saw six of the eight participants maintain that privatization leads to decreased accountability, while none of the six argued that it leads to increased accountability. Two of the eight participants, meanwhile, did not mention accountability in the context of privatization at all. A number of the participants that did speak to the theme of accountability talked about how local government is unable to hold the private operator accountable for service and contract commitments. Speaking about the fact that waste is now being collected by a private company in the West end of Toronto, P1 explained that it is difficult to get a private company to change the way they do things without incurring costs that cut into efficiencies: “When you work for a private sector company, first of all the management says if you want our guys to do anything more, it’s going to cost you x cents or whatever for any new activity. And there, what’s driving it is money, it’s not civic pride.” P3 and P5 also spoke to the fact that it was typical for private contractors to cut corners and/or avoid activities that would cost the contractor more money. P5 spoke to this in a matter-of-fact manner, insinuating that it is well-known that private operators attempt to shirk their contractual obligations: “Look, I guess there’s been lots of lessons learned over the years, right? And from those lessons, you know, people know what additionally they need to put into

contracts. So whenever you do these things, you need to ensure that the proper protections are in place to ensure you're getting the right kind of servicing." P7 echoed this idea about contractual obligations, arguing that your control was only as "good as the terms and conditions of the contract." P6, explaining how waste management is handled at the city level in the west end of Toronto, made it no secret that they had little say in how the private operator would handle waste collection in terms of staffing levels: "we leave it up to the contractor to determine their staffing levels. So we ask them to provide a service, we don't say you have to have so many vehicles or so many staff, it's more the service they're providing back to us." Interestingly, both the labour perspectives and the government and management perspectives aligned in their views on the theme of accountability.

In the GVRD waste collection case study, seven of the eight participants claimed that privatization led to decreased accountability, while one participant did not mention the theme of accountability. P9 succinctly detailed the issues that the local government had in holding the private operator accountable for waste collection services: "So it was a constant battle, almost right from the beginning of the contract, to get them to fulfill the contract, according to what it was supposed to be." P9 went on to also explain that language in a contract does not mean there will be accountability: "even though we have a contract that says, 'Your workers must' ... And if they don't do that, it's very difficult to get it corrected, if you can ever get it corrected." P10, P14, and P16 all echoed this sentiment. P10 explained that even when trying to hold the private collector accountable, it turned into an even bigger and more expensive issue for the local government. More specifically, they explained that: "there was language in the contract that said, you know, if you don't perform your service like this, or within a certain number of days, we can withhold the money and not pay you. And so there were several episodes where we had to

calculate how much to hold back, and we had to hold back money.” Explaining the decision to bring waste collection services back in-house, P11 explained that accountability was a key factor: “I would say yes. I think some council members were won over by the fact that there would be more control. And that’s not just cost. You know, these kinds of decisions ... it would be easy if it was just, this one is cheaper than that one. But really, the intangibles were the winning factor for several of the council members.” P11 also noted that the issue of accountability with public services is much different than with a private contractor: “As opposed to a contractor who’s going to not care about certain local issues, they don’t necessarily care about recycling and composting and making sure that the city is clean and hitting environmental targets ... they just have a contract, and they’re trying to do it in the most profitable way possible.” P12 agreed with this view, and explained: “our collector that we were using at the time was performing so poorly for us, and it had become such a poor relationship ... they would barely meet the minimum requirements under our contract, and then their answer to anything was, well, you know, we don’t have to do that, so we’re not going to.”

The public transit sector saw slightly fewer participants speak to the theme of accountability, as eight of the 14 participants made mention of it. The other six participants did not mention accountability in the context of privatization. All six who did speak to accountability issues argued that privatization had led to decreased accountability.

Four of the seven participants from the GTA public transit case study talked about accountability, and all three suggested that privatization led to decreased accountability. Meanwhile, the other three participants did not mention accountability in the context of privatization. Like in the waste collection sector, the GTA public transit case study saw participants focus on the fact that it was extremely difficult to ensure that the private operator

held up its end of the contract and delivered effective services. P21 perhaps put it best by explaining that maintenance is one of the key areas of the public transit contract where private operators cut corners. In particular, they explained that maintenance was where “money was made” in contracts, and that it was not unusual for private operators to “have a set budget for maintenance, then skimp on maintenance in order to tweak some more money out of it.”

Moreover, P21 felt that this led to next to no accountability with private operators because there was no way to “police” this sort of practice in the private sector. Those silent on the issue of accountability in this case came from government and management, while labour and activist perspectives were clear with their views.

The GVRD public transit case study also saw four of the seven participants address the theme of accountability, while the other three participants did not mention accountability in the context of privatization. Also similar was the fact that the three GVRD participants who did speak to the theme made the claim that privatization led to decreased accountability. And much like the other cases, the talk from participants in the GVRD public transit case study focused on how difficult it is to make private operators accountable to the contract they have signed, and not surprisingly it came from labour and activist perspectives. P27, speaking to the setup of the Canada Line with regards to the other SkyTrain lines in the GVRD, explained that changes to services or setups are difficult to arrange with a private operator, and that in the end the local government has to pay for any of these changes: “And so here you’ve got this one piece that’s taken out and is operated by the private sector. And, as a result, it means that if you’re making system-wide changes, you’ve always got to be sure that you bring in the private sector company who says, ‘well, I’ve got a contract. And if you’re doing anything outside that contract, then you know it’s going to cost.’”

P26, reflecting on things that the local government would have done differently in the delivery of the Canada Line, reiterated some of what P27 had said in explaining that the accountability of the private operator is something that they wished they would have done better. More specifically, P26 explained: “I think one of the big things is we probably didn’t provide enough guidance in the agreements or structured the agreements to the effect that ... let me take a step back I guess ... some of the things that the private sector does in the operations period.” P29 echoed much of this, adding that there was too much “secrecy” surrounding the delivery of privatized services, and that the secrecy stripped the ability of the local government to hold private operators accountable. P26 also spoke of this lack of “information” and the ability to hold private operators accountable. In particular, they explained that information is delivered to government in a way that is “bundled” and does not allow a real read of the costs associated with the project, while government would prefer to “get more information around things like the true costs of operating so that we’ve got real numbers associated with the operations and maintenance side and split away from the capital side, the debt servicing costs associated with the project, the private sector investment.” P27 explained that this type of information would allow government to “really start comparing and benchmarking the private operation versus the public operation,” which could only lead to better public services in the future.

Table 7.4: *How participants responded to the theme of accountability*

	Privatization increases accountability	Privatization decreases accountability	Did not mention accountability in the context of privatization
GTA Waste Collection	0	6	2
GVRD Waste Collection	0	7	1
GTA Public Transit	0	4	3
GVRD Public Transit	0	4	3

Overall (All 30 Participants)	0	21	9
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Though the findings related to the theme of accountability were not as overwhelming as some of the other themes that emerged from the data, 21 of the total 30 participants did speak to the theme. This is definitely a number that demands attention. Making the findings even more salient is the fact that all of the participants who spoke to the theme believed that privatization had led to a decrease in accountability.

Increased accountability (or a high level of accountability) has never been promises of privatization. Nowhere in the majority of the privatization literature, in fact, is there any work that points to these themes. One could argue that accountability is implied when proponents of privatization claim that it leads to improved services, better efficiency, and more flexibility. One would not expect to have improvements across the board but lose out on accountability, and there is no inherent link that suggests this. However, the case study findings suggest that not only is there an inherent link between privatization and accountability, but that the link is not that privatization leads to increased accountability, but rather that privatization leads to a decrease in accountability. In fact, every participant who mentioned the theme believed that it led to a decrease in accountability. In particular, participants spoke about private operators “cutting corners”, “not fulfilling their contract terms”, and “skimping”. Moreover, the participants argued that there was no way to hold private operators accountable for these transgressions, explaining that it was “difficult to effectively police” the private operators in comparison to when services were publicly operated. These findings align with ideas about privatization and accountability from the critical approach literature. More specifically, this literature suggests that privatization directly affects accountability in a negative way, usually with accountability decreasing (Mulgan,

1997; Hodge and Coghill, 2007; Braithwaite et al., 2011; Headley and Garcia-Zamor, 2014).

Clearly, these findings support the critical approach literature regarding the relationships between privatization and accountability.

With that in mind, these findings certainly suggest that the government is a loser in the privatization equation. Accountability is key to providing effective and efficient services. Without accountability, there is no way for government to ensure that private operators are living up to their contracts and/or providing services at the same level that the public sector did. As the findings show, without accountability, there is clear evidence that private operators have not been living up to the terms in the contracts, and as a result, services and infrastructure delivery have diminished.

There was consistency within each of the four cases regarding accountability, as over half of the participants from each case spoke to the theme, and each of them believed that privatization led to decreased accountability. The waste collection sector saw a slightly higher rate of participants speak to accountability than did the public transit sector, although both had strong responses to the theme. The GVRD waste collection case study had the strongest response, as all participants talked about the theme.

An interesting sub-theme that emerged from the data concerning accountability was the way in which control was conflated with accountability. Of the 21 participants who spoke to accountability, 12 made statements that conflated the idea of control with accountability. These 12 participants were spread across all four case studies (three from the GTA waste collection case study, five from the GVRD waste collection case study, one from the GTA public transit case study, and three from the GVRD public transit case study). Much of the talk on this sub-theme was dominated by government perspectives, as they are typically the ones who

experienced the loss of control when private operators take over. Speaking to the issue of levels of service for waste collection and the need for local government control, P5 explained: “You know, if you were running your own municipal fleet, you’ve got a little bit more control over all of those factors. And when you move to the private sector, you don’t have all of those controls unless you put them into place.” P9 echoed this sentiment, saying: “Well, you know the biggest challenge I have with the private contract is that I had no control of their workers. I was dealing with a route manager, or a supervisor, or a manager. I never dealt with the driver. I couldn’t one-on-one have a chat with the driver and say, ‘hey, you can’t do that.’” P13, who spoke about the city manager that helped bring waste collection services back in-house, also echoed these thoughts and punctuated the difference between public and private operators: “He believed that you needed to control the services, you needed to have control of that. And contracting them out, you lost that control.” P11 took this idea further, elaborating on the importance of control in order to ensure accountability: “I think if you’ve got concern over the level of service, control is really important ... Once you have a contract in place, you’re kind of bound by the rules of that contract. If the rules did not include certain things, you know, you end up with very costly changes to the scope of work ...” Similarly, P7 also spoke about the role that the contract played in maintaining any sort of control or oversight over privatized services: “we still have control of it, but you have only the terms, as good as the terms and conditions of the contract. So you have to have a solid contract.” P11 further expounded on the importance of control, particularly when taking a policy and turning it into the implementation and into action: “If you’ve got more dials in front of you to control the outcome, you’re going to have, hopefully, better outcomes.”

P14 also saw the value in control, and explained that York Region chose to keep control of service in their agreement with the private operator in order to ensure that “the service and the

accountability and the fares and all those sort of things so that it would be transparent to the passenger.” Similarly, P26 expressed regret over not retaining enough control in the contract with the Canada Line private operators: “TransLink would like to be more involved in some of the decisions in those various areas, those functions. So there’s a loss of control by the owner and by TransLink in a public-private partnership.” P27, linking the discussion of control and accountability back to efficiency, made the insight that control is something that is not ever included in efficiency valuations. That is a major oversight, P27 said, since control is crucial to ensuring accountability and effective services: “That’s the conundrum that you face as you move through these kinds of processes, and one of the things that is never accounted for in any of their valuations ... or any of their efforts that are made to try to put a public sector comparator together ... nobody ever quantifies the loss of control.”

Although the sub-theme of the conflation of accountability and control did not gain much attention from a large number of participants, as only 12 participants spoke to it, the sub-theme does represent an interesting finding regardless. In particular, the findings suggest that control is something that is desired from a number of different actors within the policy community. More specifically, a number of participants explained that lack of accountability was related to or was a cause of the lack of control that existed to keep private operators accountable and to influence service and/or infrastructure delivery. This desire for control flies in the face of the majority of the privatization literature, which suggests that one of the key benefits of privatization is that governments are able to relinquish all control and responsibility of delivering a service or infrastructure to a private operator without losing any quality in the delivery (Brubaker, 2001). In most cases, the literature even argues that this relinquishing of control results in increased efficiency and quality (Savas, 2000; Brubaker, 2001). However, the case study findings

challenge this assumption. Participants who spoke to this sub-theme argued that “controls were needed” to ensure that governments were getting what their contract with the private operator promised. Participants also explained that there was a “lack of control” that led to “deteriorated levels of service” and “unaccountable private operators.” Overall, each of the participants who spoke to the sub-theme expressed a desire for control or controls for privatized services. Thus, the findings challenge common notions found in the majority of the privatization literature and suggest that government washing its hands of privatized services may not be the most desirable or appropriate action.

In terms of individual cases, the somewhat low number of participants (12 total) speaking to the sub-theme makes it near impossible to make any compelling insights on a case-by-case basis. That said, at least one participant from each case did mention the sub-theme of control, which suggests some consistency in the theme across all cases.

Another interesting sub-theme that emerged was the idea that privatization necessitated a layer of enforcement or policing of the contract and the operator. In particular, eight of the 21 participants – or eight of the 30 total participants – who spoke to the theme of accountability also touched on the idea of the need for enforcement. These eight participants were from three of the four cases (five from the GTA waste collection case, two from the GVRD waste collection case, and one from the GTA public transit case). Again, many of these voices came from government perspectives. Although there were only eight participants to speak to the sub-theme of oversight and enforcement, there is an overarching sense to what they said. In many cases, the participants explained what oversight and enforcement measures are already in place in each different case study. For example, both P3 and P7 explained very clearly and forthrightly that the City of Toronto has a team in place in order to enforce its contract’s terms – specifically the issue of

comingling waste – with the private operator. In particular, P3 explained: “And we have enforcement officers go to check to make sure there’s no comingling. We’ve structured the contract so there’s no incentive to comingle.” P5 also spoke to the need for enforcement and oversight in place to ensure that waste collection is done properly and that private contractors are held accountable. In fact, P5 mentioned the need for oversights on three separate occasions, including saying: “Maybe not having the right protections in place for that municipality. Maybe not having the right oversights in place”; “But you need to have the proper oversights in place to make sure you’re getting that. And to prevent problems.”; P5 and P8 also mentioned that it was extremely important to have “checks and balances in place” in order to ensure a proper level of service. P6 also spoke about the GTA waste collection case study, explaining that on top of the team of enforcement officers, the City also has staff responsible for compiling tri-monthly reports in order to evaluate and keep the private operator accountable to the contract: “every three months I write a report, or my staff write a report back on how good or how bad the contractor’s doing in this particular area, and we compare that to the other three areas in the city.” Reflecting on past experiences of privatized waste collection, P9 explained that without serious enforcement it is difficult to hold the private operator accountable. P13 and P21 raised an important point regarding the costs associated with enforcement and oversight of private operators. In particular, both complained that these costs are never factored in to the numbers used in determining efficiency. In speaking about when waste collection was initially privatized in Port Moody, P13 explained: “... you know, when they contracted out most of the time, what those reports say by those bureaucrats ... they never figure in administrative costs, they never figure in complaint costs.” P21 echoed and expanded on that point by saying: “Then, when it’s fully handed over, you have to police the contract. You have to somehow be able to determine

that this contractor is living up to the terms of the contract.” And as P13 further explained, “policing” the contract can be a difficult and costly task: “Because the system is so complicated, and has so many components, you have to create, in effect, a parallel management system to simply check on the operation by the private sector of the system ... it’s just too expensive.”

The idea that privatization necessitated a layer of enforcement or policing of the contract and the operator was not a particularly popular sub-theme, as only eight of the total 30 participants spoke to it. Also similar to the previous theme, the findings suggest that participants desired (and had put in place, in some cases) a layer of enforcement in the contract for the operator to ensure that service levels or infrastructure delivery were up to par. Some of the participants explained that there was a “team in place” to enforce contract standards, while others explained that the lack of a layer of enforcement was leading to “poor levels” of service and infrastructure delivery. Like the previous sub-theme, the case study findings challenged the notion that privatization allows for governments to wash their hands of a service when it is privatized. In fact, these findings suggest that government needs to take an active role in order to hold private operators accountable to the contracts signed. As some of the participants also mentioned, this active role means new expenditures for government, which eats away at the overall efficiency of privatization.

The low number of participants speaking about the need for a layer of enforcement or policing of the contract and the operator makes identifying any compelling insights on a case-by-case basis near impossible. The only real insight that can be drawn is the fact that no participants from the GVRD public transit case study spoke to this sub-theme. However, there is no obvious explanation for this.

7.5 LOSER: The Public-at-Large

The public is much easier to evaluate in terms of being a winner or a loser in the equation of privatization. The public expects policy decisions to be made with the public good at the core of the decision-making process, while also having access to the best possible services and infrastructure. The following findings suggest that the public receives neither of these expectations under privatization, and thus, is a loser in the privatization equation.

7.5.1 Quality of public services

Service quality can be defined as the ability of an individual or organization to meet or exceed customer expectations (Ramseook-Munhurrin et al., 2010). However, as Brysland and Curry (2001) point out, public services are held to a higher standard than simply just meeting or exceeding customer expectations. Instead, they are not only expected to meet expressed needs from customers, but their role also includes “finding out unexpressed needs, setting priorities, allocating resources and publicly justifying and accounting for what has been done” (Ramseook-Munhurrin et al., 2010, p. 40). Moreover, because public services also function as a direct connection to government, they are also expected to act as a place for citizens to engage with government. In short, the bar for quality of public services is set extremely high, and for good reason, since they are not just an organization providing a service, but a representative of government serving the will of the citizens. With privatization, this idea of quality is challenged, as government hands over control of public services to the private sector.

The effects that privatization has on the quality of public services was one of the key themes to emerge from the data. Overall, 24 of the 30 participants spoke to the theme. The majority of those participants – 15 of the 24 – believed that privatization led to a decrease in the quality of

public services, while only four believed that privatization led to an increase in the quality of public services. Meanwhile, another five were equivocal toward the issue, and had conflicted feelings on the topic. As well, six of the 30 total participants did not mention quality of public services in the context of privatization.

The majority of the participants from both the waste collection sector and the public transit sector spoke to the theme of the effect that privatization has on the quality of public services. Waste collection saw a few more participants mention the theme, with 15 of the 16 addressing it. Of these 15 participants, 10 felt that privatization led to a decrease in the quality of public services, while three felt that privatization led to an increase in the quality of public services, and two were unwilling to take a position either way on the issue. As well, one of the 16 did not mention the theme.

The GTA waste collection case study saw all eight of the participants speak to the theme of the effects of privatization on the quality of public services. Those participants were mostly split on how they felt about the issue, with three believing that privatization led to decreased quality in public services, three feeling that it led to increased quality, and two unwilling to take a position either way. The three participants, P3, P6, and P7, who believed privatization led to an increase in the quality of public services pointed to the positive results and feedback that they received over the first year of privatization. Two of these three participants came from management positions and thus may have felt obligated to defend waste collection service levels, while the other participant was a very loud proponent of waste collection privatization. P6 was clear about how they perceived the quality of the services under privatization, explaining that the private contractor had improved services markedly: “The contractor in district 2 has done extremely well. He’s brought those complaint numbers down to a number that we never had in

that area. So we pay the contractor per tonne of material collected. And he is collecting almost the exact same amount of material that we had prior to ... my only in-house forces collecting it.” Not only has there been no decrease in terms of what the contractor picks up, P6 said, but this has resulted in a decrease in the number of service requests, thus meaning an increase in customer service. P7 had similarly strong opinions on the ways in which privatization had increased the quality of public services. In particular, P7 declared that: “the public has been served in this exercise [as] it increased the service level both for the east and the west.” P3 was less straightforward on the issue, shying away from making any precise comments on service levels, and instead suggesting that waste collection is a difficult job that is bound to garner some complaints. In particular, P3 said: “The thing about garbage collection is you’re going to have mistakes ... you’re going to see more complaints about that than pretty much any other service the City provides, because there are transactions taking place every single week.” P3 went on to make a very measured and inconclusive statement on quality of services, suggesting: “I think our public service do a decent job, I think our private service does a good job as well.”

Meanwhile, the three participants, P1, P2, and P4, who believed that privatization led to a decrease in the quality of public services, contradicted and challenged much of what P3, P6, and P7 had claimed. P1 said that privatization of waste collection drastically reduced the quality of public services, explaining that private collection misses the fundamental connection to the community that public service has. P1 went on to express the belief that when “you’re a city worker, and you’ve been given your power to kind of speak on behalf of the City, you’re going to perhaps go above and beyond what is in your job description. There’s a sense of pride or whatever.” Whereas, P1 said, it is much different for the private sector where “what’s driving it is money, it’s not civic pride. And I don’t want to say that it’s impossible that a private sector

company could do this, but I think it's much more difficult to create the sort of civic pride attitude that you can get from your own public sector workers." P1 also believed that privatization of waste collection had wider impacts on the environment because of the change in services brought about by private collection. More specifically, they argued that there is "no incentive on the part of GFL to refuse to pick up stuff that's in the wrong bin. They're going to take everything because they get paid per tonne, right?" P1 also went on to explain that it was different when the service was public because City workers would not pick up waste that was not properly sorted. Meanwhile, P2 spoke about the number of complaints that residents have filed since the service was privatized: "it was a big problem when they first started back in August 2011. When it first started, when GFL got that contract, there was all kinds of complaints. But now it's sort of simmered down a bit." P2 noted, though, that the complaints had not decreased because the service was better, but rather they were decreasing because the private operator was "picking up everything" and "diverting nothing", which typically placates residents. P4 also believed that the private operator was "not even" trying to divert waste, but instead picking up everything in order to avoid complaints. P4 even went as far as suggesting that this was something City staff had suggested to the private operator in order to help make the "numbers" look better. P5, the participant who was unwilling to take a definitive stance on the issue of levels of service, expressed optimism about the waste collection services in west Toronto since it was privatized: "Yeah, I mean, generally I think people have been pretty positive about the results, so the City of Toronto has generally been very positive about the results."

Notably, both participants who were equivocal towards the theme of quality of service both alluded to the fact that service levels under privatization were not typically better, although neither was willing to make a clear statement on the topic. P5 also spoke about the fact that the

private contractor does not have “the best track record” in terms of providing services, and that they did have problems in those “first couple of days.” While P8 was uncomfortable speaking to the quality of service because there was no real data available, they did speak “anecdotally”, explaining that they lived in one of the districts that was privatized and that service was “hilariously bad”, and that a mattress they had put out for pickup stayed on their curb for two weeks.

The GVRD waste collection case study was similar in terms of number of respondents, but the participants differed in how they felt about the theme. In particular, seven out of the eight participants spoke to the theme of the effects that privatization has on the quality of public services, and all seven of these participants believed that privatization led to a decrease in the quality of public services. Each provided clear examples from their 10-year experiment with privatized waste collection to make their point. All agreed that the service was “lousy”, “terrible”, “non-existent” and/or a “disaster.” P11 summed up the level of service that the city was receiving quite well: “In the last years of the contract, there was a large number of complaints. The residents were complaining on a variety of issues ... lots of phone calls coming to mayor and council, coming to staff about a variety of things that were taking place ...” Those complaints, P11 says, ran the gamut, and mainly included: “... spilled waste on the sidewalk at the curb, missed pickups, missed streets entirely, delays whenever there was a little bit of snow and things like that. So, a lot of complaints were coming in.” P16 reiterated how happy the community was with the service since it went back in-house: “people are thrilled with the kind of goals that have been reached since inception, they are pretty spectacular.” P9 suggested that private contractors brought in workers that were simply not as good as public sector workers: “I think the type of worker ... you know what I mean ... the type of worker that they’re employing

makes a big difference, because they're coming into our community and if they're not big on customer service ... So they go to dump the recycling and half the paper goes all over the road, oh they just drive away." P10 and P14 echoed this sentiment, and P10 also spoke to the issue of a lack of employee retention in the private sector: "you never saw the same guys on the same trucks all the time in the city. It was always new people coming through the city ... the carts would be set out nicely, and then when they emptied them, they'd throw them all over the place. Quite often they would get into confrontations with the residents." In contrast, P12 described how the service has changed since it was brought back in-house and described the relationship between residents and waste collection staff as "spectacular" and claimed that they had not had "one complaint since we went back in-house with our garbage." P12 went on to explain that the City workers go beyond their jobs to deliver the best possible service and gave a few of examples of how they do this: "we have guys that get out of their truck and walk up and knock on people's doors and say, you know, excuse me, but your car is parked in the cul de sac, so I can't get at your garbage can ... when it snows and they can't get into a cul de sac, they come back the next day, but they phone the people in the cul de sac." Moreover, P12 was very clear in claiming that this type of thing would never happen with a private contractor: "we certainly weren't getting that level from the contractors. You know, they really didn't care, other than getting the job done as quickly as they could so they could maximize their returns. We would never get that relationship if we were contracting out, so that's the biggest sort of non-monetary gain that we have, is the service level and the people."

In terms of the public transit sector, nine of the 14 participants spoke to the theme of the effects that privatization has on the quality of public services. Of those nine, five felt that privatization led to a decrease in the quality of public services, one believed that privatization led

to an increase in the quality of public services, and three were equivocal toward the issue. As well, four of the 14 total participants in the public transit sector did not mention the theme.

For the GTA public transit case study, four of the seven participants spoke to the theme of the effects that privatization has on the quality of public services. Two of those seven felt that privatization led to decreased quality of public services, one of the seven felt that it led to increased quality, and one of the seven was unwilling to take a position either way on the issue. As well, three of the seven participants did not mention the theme. Coming from a management perspective, P19, who felt that privatization had led to an increase in the quality of public services, believed that the setup that VIVA had established allowed for them to contract the best services for the best price, and that this helped bring “everybody else” (all the other transit providers in the GTA) to the “best level of service” that VIVA was providing. However, P19 did not expand on that statement or provide specific details of the “best level of service.” On the other hand, P21 and P22, the two participants who believed that privatization led to a decrease in the quality of public services, were very clear about what they thought was evidence in the decrease of quality. P21, using the TTC as a comparison, explained that levels of service for privatized public transit often depend on the profitability of a route, which means that routes can be eliminated if they are not making money (even if they are needed by a certain portion of the public). P21 also pointed to a recent crash in Belgium, which had resulted from lowered service standards due to privatization, as potential consequences of a privatized system: “And one of the signs of the failure was the tragedy of the crash where hundreds of people died and they had a commission and it was traced back to being a little cheap on training people in the safety procedures ... the private sector trying to squeeze more money out of the system.” Similarly, P22 spoke to the lower levels of service that can be expected from the private sector, including

everything from maintenance of vehicles and equipment to public service, because “they [the private sector] don’t care.” However, speaking to the future of public transit services, P22 was still hopeful that public operators would come out on top because of the better service they provide: “at the end of the day, I think that there’s still the fundamental ... people want the proper service, they want it done properly. And I think that there’s still a chance that it stays public as opposed to private.” Unlike the other three participants, P18 was unwilling to make any definitive statements on how the quality of public services is affected by privatization. In particular, P18 was not certain if level of service was attached to how a service was delivered, which was clear when they stated: “As a part of all of that decision is always the question. If I give up at the minute level, will my constituents be as well-served by this service? I mean, it’s a fundamental question about giving up on anything - are you really giving up and receiving a lower level of service?”

Similarly, the GVRD public transit case study also saw five of the seven participants speak to the theme of the effects that privatization has on the quality of public services. This case was somewhat more clear in the group’s feelings towards the theme, as three of the seven believed that privatization led to decreased quality of public services, while none felt that it increased quality. Two of the participants were unwilling to take a position either way on the issue. As well, two of the seven did not mention the theme. All three of the participants who believed that privatization had led to a decrease in the quality of public services felt that there were fewer services available under privatization and that the quality of those services was “subpar.” Both P24 and P29 spoke to the fact that bus services had been cancelled in order not only to help boost ridership numbers on the Canada Line, but also to save money to deal with the high costs of the Canada Line. As P29 explained, this meant that service quality had dropped drastically for some

transit users as the cancelled bus routes caused “some people from farther regions to actually experience longer transit times.” P27 spoke to the fact that privatized public transit also meant that it was more difficult to change or alter services in order to provide better service to the public: “If you want to change things in order to adjust to make better service, or to improve service for the average citizen, this company asks, ‘well, what’s in it for us? If you want to change anything, what are you going to give us?’ P27 added that if system-wide changes are being made, for instance, bringing in the private sector company can often result in them saying: “Well, I’ve got a contract. And if you’re doing anything outside that contract, then you know it’s going to cost.””

Meanwhile, P25, one of the participants who was equivocal towards the issue, explained that service has been going well during the first five years of operation. However, they were also quick to point out that the contract is for 30 years and there is no guarantee what the service will be like in 10 or more years. In fact, P25 suggested that it is usually 10 years into a project that problems with service typically start to arise: “In the first four or five years, I think the public has received full value for the service, if that’s one of your questions ... it’s got some positives, might even have a few negatives ... I would say the jury is out a little bit here. Like if you look at these P3’s, you need to be doing this eight years from now. Because that’s when these things start to get interesting.” P30 was also apprehensive about making a definitive statement on quality of public services. However, they did state that the Canada Line service had been very good since its inception, though they were unwilling to suggest that this had anything to do with privatization. In fact, P30 was quite certain that a publicly- operated Canada Line could provide just as good service (if not better) as a privately run one.

Table 7.5: *How participants responded to the theme of quality of public services*

	Increased quality of public services	Decreased quality of public services	Equivocal toward the issue (no strong feelings or conflicted)	Did not mention
GTA Waste Collection	3	3	2	0
GVRD Waste Collection	0	7	0	1
GTA Public Transit	1	2	1	3
GVRD Public Transit	0	3	2	2
Total (All 30 Participants)	4	15	5	6

The findings related to the effects that privatization has on the quality of public services are interesting and telling for a number of reasons. First, with 24 of the total 30 participants speaking to the theme, it had major traction among the participants. Moreover, 15 of the participants who spoke to the theme believed that privatization led to a decrease in quality of public services. This represents a sizeable agreement.

The bulk of the privatization literature suggests that privatization leads to higher quality public services (Hilke, 1992, 1993; Fumagalli et al., 2007; Flecker and Hermann, 2007; OECD, 2008; Chapman, 2008). The literature suggests that governments are able to save considerable amounts of money without sacrificing any service quality (McFarland et al., 2002). In particular, the literature suggests that private sector management techniques are a key factor in improving quality of services while lowering overall costs (Hrab, 2003). However, the case study findings contradict and challenge these claims. In fact, the majority of the study participants spoke to decreased quality of public services, with some pointing to “cancelled services”, “services based on how profitable it was”, and “all kinds of complaints.” These findings, in fact, echo and build on the claims made by the critical approach literature, which suggests that privatization only

leads to a decrease in quality of public services (Durant et al., 1998; CUPE, 1999; Hall, 2001; Gleick et al., 2002; Stinson, 2004; Lawther, 2004; PSI, 2006). The literature cites a number of key examples in Ontario, such as the poisoned water tragedy in Walkerton (Snider, 2004; McKenzie, 2004) and the privatization and subsequent de-privatization of water in Hamilton (Ohemeng and Grant, 2008), as proof of a decrease in the quality of public services from privatization. Meanwhile, the small number of participants who believed that privatization led to increased quality of public services spoke mostly in generalities. One participant was more specific, explaining that complaints went down after privatization. However, it was also pointed out by other participants that the private operator has gone out of their way to suppress complaints, particularly by picking up all waste, regardless of whether it is properly sorted and put out on the curb or not. This suggests that the claim of fewer complaints has been manipulated by the private operator in order to make services appear better than they actually are. Clearly, the findings support the literature coming from the critical approach and challenge the claims coming from the majority orthodox approach literature with regards privatization and quality of public services.

The findings also make it clear that the public is a loser in the privatization equation, as it is shown that the quality of public services decreases when services are privatized, leaving the public without access to the best available services. Moreover, when you look at the examples in the literature and analyze the findings, it becomes clear that not only does quality of services decrease, but services are also becoming unregulated to the point where public safety is an issue.

From an individual case standpoint, the findings were fairly consistent across all four cases. Each had at least half of its participants mention the theme, and the majority argued that privatization led to decreased quality of services. The only case that had any real variation was

the GTA waste collection case study, which saw a real split between respondents on the effects that privatization had on quality of public services. This might be explained by the fact that the case only just recently experienced privatization, and evidence suggesting what the effects have been is not yet available. Aside from that, the other three cases were very consistent.

7.5.2 *The public good*

The literature defines the public good as a good or service that is not decided by the individual, but rather is something that applies to society as a whole (Fishman, 1991; CTF, 2013). In other words, the public good refers to “the ways in which we sustain ourselves and the social structures which correspond to this” (Underhill, 2001, p. 2). To strip the definition even further to its core, the public good can be thought of simply as the wellbeing of the general public. Another key idea tied to the notion of the public good is the responsibility of the different levels of government to protect and promote the public good through various services, infrastructure, and institutions (Besley and Ghatak, 2001). Privatization represents a clear challenge to the idea of the public good since the ‘public’ becomes private.

The theme of the effects that privatization has on the public good was also a key theme that emerged from the data. Overall, 23 of the 30 participants spoke to the theme. A majority of those – 17 of 23 – felt that privatization led to a decrease in the public good, five believed that it led to an increase in the public good, and only one participant felt equivocal towards the issue. Meanwhile, seven of the 30 total participants did not mention the theme at all.

The waste collection sector saw slightly more participants speak to the theme of the public good in comparison to the public transit sector. In particular, 14 of the 16 participants from the waste collection sector spoke to the theme, with 12 of them believing that privatization led to a

decrease of the public good. Only two felt that it led to an increase of the public good, while two others did not speak to the theme at all.

The GTA waste collection case study saw all eight participants speak to the theme of the public good. Of those eight, six felt that privatization led to a decrease of the public good, while only two believed that it led to an increase of the public good. P3, one of the only participants who felt privatization led to an increase of the public good, argued that the size of savings for government was the reason: “Well, \$88 million over the life of the contract ... that’s a lot of money. So that was a good piece. The service seems pretty good right now. And that’s what it’s all about.” P7, the other participant who felt that privatization led to an increase in the public good, argued along the same lines, suggesting that the savings created and the increase in service meant that the public good had definitely been served. In particular, P7 stated: “the public has been served in this exercise. I think what it did was ... it did two things: it saved \$11 million a year annually, it increased the service level both for the east and the west ... the whole cycle has taken two or three years, but in the end definitely contracting out that half of the city was in the public’s best interest.”

The six participants (P1, P2, P4, P5, P6, and P8) who believed that privatization led to a decrease of the public good, however, saw things much differently. P1, for instance, pointed to the impact that privatized waste collection has on the environment. In particular, P1 believed that private companies are much more likely to send all of their trash to the landfill since it is a cheaper way to dispose of the waste: “... you know, the companies have just decided, ‘well, screw it. It’s cheaper ... we make more money sending it to landfill than anything else.’ P1 added that the businesses for which they collect also play a role in the degradation of the environment: “[They] say, well, how much are you going to charge us for doing green bin pickup

or recyclables?’ Well, it’s going to be a bit more. ‘Well, fuck it. Forget it. I’m not going to pay that premium, why should I? I’m a business, my job is to maximize my profit. I’m not here to worry about the social good.’”

P2 echoed these concerns about privatized waste collection having a negative impact on the environment, all in the name of profit: “I’ve been in the business 26 years ... it costs more to pick up a mattress from Joe Blow than to bury it. We pick it up, we take it down to a re-use centre ... rip the coils apart and recycle the coils. They don’t do that ... GFL just buries it. Throws it in a regular garbage truck and it gets buried in a landfill site.”

P5 was also concerned that privatized waste collection meant that more waste ended up in the landfills rather than recycled, and explained that the private sector is actively opposed to any regulations regarding waste diversion because it will cost them money: “I mean, I think largely the business community has been opposed to the bill. It adds cost. At some point, if you can move to greater diversion, there’s a cost associated with it and somebody has to pay for that cost. And so those groups have been pretty actively involved in pushing against it.”

Meanwhile, P6 explained that despite the fact that the City has privatized waste collection, in the event of a strike there would still be no place to dump the waste since the landfills are operated by the City. This negates much of the perceived ‘public good’ that the mayor claimed privatization would bring to the city. Moreover, P6 claimed that the private sector was not equipped to handle all of the waste that the city produces: “The private sector could not handle the amount of material that we move to our transfer stations on any given day.” P4 made perhaps the clearest and most powerful statement of the group on the effect that privatization has had on the public good: “I think this is a situation where profit has been put before the public good.”

The GVRD waste collection case study also had a strong response to the theme of the public good, as six of the eight participants spoke to it. All six believed that privatization led to a decrease of the public good. Meanwhile, two of the eight did not mention the theme. The participants all drew on their experiences of bringing waste collection back in-house to explain how public services serve the public good much more than the private sector ever could. P10 and P11 both spoke about the environmental benefits that bringing the waste collection services back in-house had for the community, explaining that the public service introduced “single stream recycling” and other ways that made waste diversion much easier for residents. P11 also described the in-house service that the government provides the City of Port Moody as: “a combination of the public good delivered at the most effective cost to the taxpayers.” Similarly, P13 explained that: “But the solid waste ... the cost of it to the taxpayer has actually gone down”, and described the decision to bring the services back in-house as “the right thing to do for the taxpayers.” P12 also spoke to this, saying: “We haven’t put our utility fee for waste management up for the last three years. In fact, single family is going down this year. So, we can look back and say, ‘you know what, you guys told us we were going to save lots of money, and we did.’”

The public transit sector saw slightly fewer participants speak to the theme of the public good with nine of the 14 participants mentioning it. Of these nine, five felt that privatization led to a decrease of the public good, while three felt that it led to an increase of the public good, and one was equivocal towards the theme. Meanwhile, five of the 14 total participants from the public transit sector did not mention the theme at all.

In the GTA public transit case study, four of the seven participants spoke to the effects that privatization has on the public good, while the other three did not mention the theme. Three of

the participants who spoke to the theme felt that privatization led to a decrease of the public good, while the other participant who mentioned the theme believed that privatization led to an increase of the public good. P21 was very clear about the number of negative ways that privatization has impacted the public good. In particular, P21 explained that the privatized public transit in York region hurts a number of different social groups, including government, the general public, and labour: “York Region, the only privatized urban transit system in Canada, has the highest fares, the highest taxpayer subsidy by far, and also pays the lowest wages of any urban transit system.” Speaking more generally about privatization and the way that projects are affected and shaped by things other than the public good, P17 stated: “The real kind of travesty, as I look at it, is the extent to which politics have been allowed to get in the way of policy and of good decision, of timely decisions, and the extent to which projects are delayed and the extent to which projects are changed for political reasons ...” P17 went on to explain what happens when politics play a role in the decision-making: “[It] ultimately cost[s] you and me, the taxpayer, way more than we would like to know ... I mean, it may benefit the consultants, and it may benefit the lawyers, but it doesn’t benefit the taxpayer. But, we live in a democracy. Sometimes you have to pay a price for that.”

Making a more grounded and micro observation, P22 explained that privatization has had an immense impact on the wellbeing of drivers through deteriorating labour relations and work conditions, putting them under intense stress. This, P22 said, is not a safe way for public transit to be delivered: “These are people out there now for a year and a half operating big vehicles ... if they’re not focused on driving, because they’re possibly focused on looking for another job, they’re not focused on their job ... It plays on the kind of mindset of the employees that they have. And then it could correlate with the safety of the public.”

Meanwhile, the only participant, P23, who felt that privatization led to an increase in the public good was, not surprisingly, the participant representing CCPPP. In particular, P23 argued that as a government agency, it is a necessary component that any P3 project that CCPPP is involved in has a benefit to the public good. They explained: “we advise the public sector. Our advice is about procuring a piece of public infrastructure that serves Canadians in some way shape or form. So there’s always a public benefit to what we look at.” However, P23 did not provide any specifics as to why this was the case or provide any examples of this.

The GVRD public transit case study saw a slightly greater number of participants mention the theme of the public good, with five of the seven speaking to the theme. Unlike the GTA public transit case study, the feelings towards the theme of the public good were much more split for the GVRD case study, as two participants felt that privatization led to a decrease of the public good, two felt that it led to an increase, one was equivocal towards the theme, and the other two participants. P24 and P25, the two participants who believed that privatization led to an increase of the public good, both pointed to the fact that the Canada Line has improved public transit in the GVRD. P9 praised the Canada Line for delivering good service to the public, and suggested that the services being provided are just as good as the public ones on other SkyTrain lines. However, P25 also hinted that the jury might still be out on the public good aspect in the long run: “I mean, it’s been successful ... it does everything as well as the SkyTrain from what I can see ... but four years in, I would say the jury is out a little bit here ... if you look at these P3’s, you need to be doing this 8 years from now. Because that’s when these things start to get interesting.”

Similarly, P24 displayed an aversion to fully endorsing the Canada Line as a major success in terms of the public good. P24 was willing to admit that the SkyTrain has been a success in terms

of bringing more capacity to the public transit system in the GVRD, but pointed out that there are still issues regarding the privatization measures that may end up coming back to hurt the public good of the GVRD. Focusing on one of the major issues, P24 explained that the separation of the Canada Line from the other SkyTrain lines could pose problems in the future: “I’ve always been skeptical of the idea of the Canada Line having an entirely separate control centre and operating as a completely separate entity. I think that it would have been possible and more effective to have its operation done through the SkyTrain control centre that operates the rest of the SkyTrain system.”

Meanwhile, P27 and P29, the two participants who believed that privatization led to a decrease in the public good, pointed to the large costs that have been put on the public as well as the issues that arise as governments near the end of their long contracts with private operators. P29 was quick to admit that the Canada Line had added much-needed capacity to the public transit system in the GVRD, but was unwilling to accept that this was enough of a public good to overlook the massive costs and inefficiencies attached to the project: “Has the public good been increased by having an improved capacity transit system? You know, the answer to that is yes. But I think the question then goes from there to was it done in a way that provided real value for money? And I would say the answer to that is no.” Elaborating further on the issue of whether the public good was worth the cost tradeoff, P29 questioned: “Was it done with a primary eye to economy and efficiency? I would say the answer to that is no as well. I mean, the fact of the matter is if you pay enough money you can get anything you want in terms of providing a public service. But does it provide value for money, publicly?”

Echoing this, P27 argued that private companies cannot be expected to do anything in the name of the public good, but rather only to make a profit: “They do not do it because they think

this is good public policy ... No. I mean, definitely not. You'd have to be an idiot to think that's why they're doing it." P27 expanded on this thought, saying it's important to work backwards from that premise in order to figure out why a private company made a particular decision:

"... why the hell are these guys doing this? Why are they pushing it? Why are they working to persuade government that this is the way they should do things? Is it because all of a sudden all these corporations have suddenly developed an incredibly altruistic nature? That SNC Lavalin, who were corrupt everywhere else in the world, have suddenly said, 'but here in Canada, we just want to do the right thing.'

P27 also spoke about one of the larger criticisms of privatization, which is that private operators tend to allow infrastructure to deteriorate over the life of the contract and often leave the public with degraded infrastructure and facilities while walking away with a tidy profit and no responsibility to the public good: "Almost invariably, one of the things that's always said is, well, when the company fails, the company fails. Well, that's not true, because in the public sector you still have to provide the service. So if the company fails, if it doesn't do what it's supposed to do, you still have to operate that hospital." Elaborating on this example, P27 said that if the company walks away from a project after a number of years, the government has to then take it over. For this reason, P27 said, the private sector is only great when you don't have to have it, but not when it's a critical service, such as a transit line, or garbage pickup, or the operation of a hospital: "We have to continue to operate at the same level. So if we've got degraded facilities that are horrible ... I mean, over and over again we've seen this in smaller projects, where someone will build an ice rink on a 3P, and then they fail because they built it so cheaply that now the costs of maintenance and repairs are overwhelming ..." As a result, P27 says, then you've got a public angry that a rink is being closed down: "People say, 'well, where

am I going to skate?’ So, you have to go in and fix it, right? You have to go in and take it over. So it ends up costing more money than it would have cost you to do it right in the first place.”

The one participant, P30, who was equivocal towards the theme explained that the Canada Line is a very complicated case when it comes to evaluating public good. They argued that on the one hand, it has increased public transit capacity and created a crucial link between the airport and the surrounding areas. However, on the other hand, the P3 brings with it large costs to the public. As well, P23 also explained that certain engineers close to the project believe that the carbon emissions from the Canada Line will outstrip any benefits from increased public transit capacity in terms of environmental impacts.

Table 7.6: *How participants responded to the theme of the public good*

	Increased public good	Decreased public good	Equivocal toward the issue (no strong feelings or conflicted)	Did not mention
GTA Waste Collection	2	6	0	0
GVRD Waste Collection	0	6	0	2
GTA Public Transit	1	3	0	3
GVRD Public Transit	2	2	1	2
Total (All 30 Participants)	5	17	1	7

There are a number of reasons why the findings related to the theme of the public good are telling. First, a majority of the participants spoke to it. And of these participants, 17 agreed that privatization led to a decrease of the public good. These are strong findings, numbers-wise, which cannot be ignored.

The notion of the public good is not something that is explored in the majority of the privatization literature. However, the notion is a key concept of both the public policy literature

and mainstream economic literature. In particular, this literature defines the public good as a good or service that is not decided by the individual, but rather is something that applies to the society as a whole (Fishman, 1991; CTF, 2013). In other words, the public good refers to “the ways in which we sustain ourselves and the social structures which correspond to this” (Underhill, 2001, p. 2). To strip the definition even further to its core, the public good can be thought of simply as the wellbeing of the general public. Another key idea tied to the notion of the public good is the responsibility of the different levels of government to protect and promote the public good through various services, infrastructure, and institutions (Besley and Ghatak, 2001). The case study findings challenge this literature in the sense that they show that the public good actually decreases under privatization, and in most of the cases the findings seem to suggest that the public good has been abandoned by the government. On the other hand, the findings do support the small but growing body of literature coming from the critical approach literature, which argues that privatization is in direct conflict with the public good (Swift and Stewart, 2005; CUPE, 2009d; CUPE, 2010). Moreover, this literature suggests that private interests and the pursuit of profit is at odds with the idea of the public good (CUPE, 2009d). Some of the participants spoke to this idea, explaining that privatization means that things like environmental concerns associated with waste collection would be ignored, while others pointed to the fact that transit services were being changed and/or cancelled based on the profitability of the transit line. Others argued that private operators would be opposed to any changes that cost extra money, even those which promoted the public good. Meanwhile, the participants who argued that privatization led to an increase of the public good mostly pointed to the fact that privatization saved governments “massive amounts of money”, which the participants seemed to conflate with the public good. One participant thought that the Canada Line was good in the sense that it

brought more transit capacity to the lower mainland in BC, but they were also quick to suggest that the costs associated with the project seemed to outweigh any public good that was gained. Thus, it is clear that the findings support the critical approach literature that suggests privatization decreases the public good, and also implicitly reiterates some of the ideas found in public policy and economic literature regarding the public good.

The findings suggest that the public is clearly a loser in the privatization equation. Privatization in all four cases clearly led to a decrease in the public good. As previously stated, the public expects policy decisions to be made with the public good as the focus, which, as the findings from these case studies clearly show, does not happen when privatization measures are adopted.

The findings are fairly consistent across all four cases with at least half of the participants in each case mentioning the theme of the public good. The majority in each of the four cases were also very consistent, with each arguing that privatization led to a decrease in the public good. The only dissent on the theme came from the GTA waste collection case study and the GVRD public transit case study. Both of these cases had participants who felt that privatization led to an increase in the public good. However, in both cases, these participants only made up a small minority of the participants.

7.6 LOSER: Labour

In terms of determining whether it is a winner or a loser in the privatization equation, labour is an easy policy network actor to evaluate. Labour's main goals are to protect and articulate the interests of workers and provide quality services to the public. The following findings suggest

that labour is unsuccessful in achieving either of these goals, and thus, is a loser in the privatization equation.

7.6.1 Labour Relations

Labour relations refers to the collective relations between management and employees. Sometimes labour relations are also referred to as industrial relations. They take place around a collective bargaining agreement, which lays out employment standards and compensation rates. Labour relations can be very procedural in nature, however their importance continues to grow as the rise of flexible labour and non-standard work erode organized labour and its ability to negotiate labour relations (Kalleberg, 2000). Privatization, in particular, has been a major force that has hampered organized labour's ability to engage fruitfully in labour relations with employers, as privatization has tended to bring with it flexible employment relationships and non-union settings (Brandt and Schutlen, 2008).

Although not as significant, in terms of number of participants who touched upon some of the other themes that emerged from the data, the effects that privatization has on labour relations was something that a number of the participants did speak about. Overall, 11 of the 30 participants spoke to the theme, and they were overwhelming in their belief that privatization negatively affected labour relations. In particular, 10 of the 11 participants felt this way, while only one felt that privatization improved (or at the very least did not affect) labour relations. Not surprisingly, many of the strong opinions on labour relations came from the labour and activist perspectives. For the most part, when government, management, and industry perspectives commented on labour relations, it was typically in defense of what workers still retained under privatization and not what they had lost.

The waste collection sector saw drastically fewer participants speak to the theme of labour relations than did the public transit sector. Only three of the 16 total waste collection sector participants spoke to the theme. All three of these participants felt that privatization negatively affected labour relations.

In terms of individual cases, GTA waste collection saw three of the eight participants speak to the theme of labour relations, while the other five did not. Each of the participants (P1, P2, and P8) who did speak to the theme felt that privatization negatively affected labour relations. These two focused on the fact that union representation was lost when waste collection was privatized in west Toronto. P2 mentioned that the new waste collection employees working for the private contractor were not unionized, which has resulted in them making substantially less in wages than their public counterparts. P1 echoed this, and pointed to the fact that privatization meant the loss of “good paying union jobs”, which they believed meant lower wages and benefits for the new waste collection workers without the protection of a union. P2 and P8 both pointed out that the privatization has had rippling effects for waste collectors across the city as they have been forced into bargaining concessions out of fear of further contracting out of waste collection. In particular, P2 explained: “So, we did a written agreement with them [City of Toronto] where new solid waste collectors would start at a lower rate of pay ... They seem to say they’ll be saving \$1.1 million a year ... So every day we work with the City of Toronto, especially solid waste because we know the fear is out there of contracting out east of Yonge ...”

Somewhat surprisingly, none of the participants from the GVRD waste collection spoke to the theme of labour relations. This was one of the only themes where an entire case study remained silent on an issue. This was especially surprising for the GVRD waste collection case study since

most of the respondents held strong views toward labour's place within the privatization equation.

In terms of the public transit sector, eight of the 14 participants spoke to the theme of labour relations. Of these eight, seven felt that privatization negatively affected labour relations, while only one felt that they had improved (or at the very least did not affect) labour relations. The other four participants from the sector did not mention the theme.

For the GTA public transit case study, four of the seven participants spoke to the theme of labour relations. All four participants believed that privatization negatively affected labour relations. P17, speaking to the way in which YRT and VIVA are structured, explained that the region deliberately set up the way in which services were contracted out in a way that stripped workers of much of their leverage: "When they amalgamated to form York Region Transit, which was already pre-VIVA, that model is retained - deliberately. I think, because they saw there were advantages in that. The advantages were multiplied." P17 explained that one of the key advantages was that it strips the politics away from the collective bargaining process, so that the employer of the bus operators and mechanics isn't the region or the municipality or the transit authority, but the private contractor: "So you don't have this temptation for the mayor to say, 'Oh, give them what they want. We don't want a strike.' It creates an arm's length relationship between the public sector body and the operator and the play relations."

Speaking directly to workers' ability to use striking as a labour relations strategy, P17 explained that the system is set up in a way where only half of the workers are able to go on strike at any given time. This takes away a lot of their bargaining power: "I think the other wise decision that YRT made was not to have everything under one roof; to have four or five different divisions that are under different contracts and that any one operator or any one company can

only have two, at maximum two, so they've got different eggs in their basket, and you can't have the whole system go on strike at once."

P20 also made reference to the plan in York Region to divide the VIVA network up into different areas to create greater competition and influence labour relations: "... they thought they were being clever by initially entering into P3s with four different companies ... they felt they would play these four different companies against one another to prevent themselves from being screwed. You know, they could compare the bids ... and make judgments as to whether or not they were fair."

Speaking more specifically about what happens to employees when new contracts are signed, P22 explained that every three to four years when a contract is up, employees have to reapply for their jobs and reestablish their bargaining agent: "... once a new contractor comes in ... all employees have to reapply, and you have to find a bargaining agent or a union ... you're starting from scratch. So it's up to the bargaining agent, like we did with Veolia the second time around, to establish whether we give these former employees who you've rehired ... a bit, not all of them ... seniority rights."

P22 also went on to explain that labour has almost no leverage when it comes to negotiating contracts: "So, we were out on strike, three out of the four unions ... And right near the end of the strike, we're already into three months ... what happened was that suddenly the region said the contract's canceled, and they gave it to TOK. And here's a bunch of people who were on strike ... and they're being told they no longer technically have a job."

P21 echoed some of the hardships associated with working in a privatized job, especially around the issue of negotiating for higher wages: "Where it is privately run, workers make less money. And that's just unfortunately a fact. So the workers have an interest in public transit as

opposed to private transit because the money is better publicly, and also the public sector will tend to build more transit because they're not as concerned with profit as private sector is."

Similarly, four of the seven participants from the GVRD public transit case study spoke to the theme of labour relations. Of these four participants, three believed that privatization negatively affected labour relations, while one felt that labour relations improved, or at the very least were not affected by privatization. The three participants who spoke to the effects that privatization has had on labour relations in the case of the Canada Line were in chorus with regards to the largely negative impact that it has had on workers' ability to negotiate favourable collective bargaining agreements. P27 spoke to the fact that labour had communicated to the government their concern over the negative impacts that privatization would bring to organized labour: "They also thought philosophically that there were massive problems with privatization. Not only in the point of view of the long run, but also they believed it was bad public policy. So they were ideologically opposed to the idea of the privatization of government resources because they anticipated this was going to be difficult for them."

Yet, as P29 explained, these concerns went "unheard" by the many different levels of government involved in the project. P29 also explained that labour relations were poisoned from the beginning as the government and private contractor attempted to silence labour's criticism of the project by offering to guarantee that the workers unionize with CUPE: "...at one point, the head of TransLink came to us and basically said, 'look, if CUPE backs down on this, we'll see to it that you get the workers.' And to the credit of the CUPE leadership, they said we don't buy members. And when it did finally come time to unionize, they went another route. They didn't come with us, they went with the BCGEU."

Reflecting on how the Canada Line ended up unfolding in terms of labour relations, P28 expressed regret that the situation was handled in a way that ended up bringing about “hardships” and “broken relationships”: “Sometimes when you’re in the heat of the battle, particularly a political battle, no one takes the most rational approaches ... I’m sure if we went back and looked at it, we could find ways of improving that process ... I think we maybe had been philosophically hard on that issue when it came up.”

Meanwhile, P25, the only participant who believed that privatization increased, or at the very least did not affect labour relations, explained that the relationship between the private contractor and the Canada Line workers was “fine”. However, P19 also suggested that there have been a number of grievances between the two sides and that tensions did rise around bargaining issues, especially wage and benefit increases, since that would increase costs for the private contractor: “The relationship between the BCGEU and Protrans BC has been fine. It’s an evolving type of relationship. Obviously you start off in the beginning and you are trying to get a sense of each other, how each other works, so there’s been a few bumps in the road; we’ve had a few grievance arbitrations over matters ...” P25 reiterated that the relationship has been fine for the most part, but that around bargaining time it has gotten more tense: “There’s just a little more of a tension around when bargaining is going on because of course we’re trying to seek certain things that perhaps will cost the employer some money. That kind of tension is fairly normal, but it does exist at the moment with the group and their employer.”

Table 7.7: *How participants responded to the theme of labour relations*

	Hurt labour relations	Improved or did not affect labour relations	Did not mention labour relations
GTA Waste Collection	3	0	5
GVRD Waste Collection	0	0	8
GTA Public Transit	4	0	3
GVRD Public Transit	3	1	3
Total (All 30 participants)	10	1	19

Although the overall percentage of participants mentioning labour relations was somewhat low with only 11 of total 30 participants speaking to the theme, 10 of these 11 participants believed that privatization negatively affected labour relations. This high percentage certainly demands attention.

As well, these findings support notions about privatization and its effect on labour relations coming from the critical approach literature. In particular, the literature argues that privatization is an attempt to commodify employment relations and marginalize unions (Tuckman, 1993; Fairbrother, 1994). In other words, privatization has a crippling effect on labour relations since it drastically affects labour's ability to negotiate advantageous collective bargaining agreements (Brandt and Schulten, 2008). Moreover, it creates a situation where labour shares an unequal relationship with employers, as employers hold most of the power in any collective bargaining (Colling, 1991; Fairbrother, 1994). The findings serve to support and build on these claims by the critical approach literature, with most of the participants speaking to workers getting "screwed", private operators intentionally setting up contracts to "avoid all workers going on

strike at one time”, and that “in the long run” privatization “hurt trade unions and unionization.” Not surprisingly, there does not exist a body of literature from the majority orthodox approach that details the ways in which privatization strips labour of its labour relations’ advantage. However, this idea is implicit in most of the literature detailing the ways privatization creates smaller workforces and lower labour costs (McDavid, 1985; Megginson et al., 1994; La Porta and Lopez-de-Silanes, 1999; Nash, 2002). The one participant who believed that privatization improved, or at the very least did not affect labour relations, was very apprehensive in making any strong statement about the subject. Instead, that participant chose to speak about it more broadly, suggesting that labour relations between workers and the private operator were “fine so far.” From this, it is clear that the findings support and build upon the critical approach literature’s claims that privatization hurts labour relations.

It is also clear that the findings show that labour is a loser in the privatization equation. More specifically, the findings show that labour’s ability to negotiate and collectively bargain is drastically reduced under privatization. In turn, this means that labour is unable to protect the interests of workers under privatization, which is the ultimate goal of labour for this particular policy issue. In short, labour is left in an unequal and non-beneficial position in comparison to employers when it comes to labour relations.

In terms of individual cases, there was much variance across the four cases on the theme of labour relations. Compared to the waste collection sector, the public transit sector saw significantly more participants speak to the theme. This was somewhat skewed since none of the participants in the GVRD waste collection case study spoke to labour relations. There is no obvious reason for this, though it could have something to do with the harmonious labour relations that now characterize Port Moody since waste collection services were brought back in-

house. Nevertheless, this was especially surprising for the GVRD waste collection case study since most of the respondents held strong views towards labour's place within the privatization equation. The remaining three case studies were fairly consistent, with at least three participants from each case mentioning the theme.

7.6.2 Quality of Public Sector Work

Quality employment can be described as being full-time, permanent, stable, and well-compensated with benefits. For years, public sector employment was thought of as the 'gold standard of work,' as it ticked off all of the aspects of quality employment (Babad, 2015). However, as public services are continuing to be privatized and public sectors continue to be lost to the private sector, this is becoming less the case with each passing year. In particular, privatization is most often associated with bringing about reductions in employment, including a shift to part-time and temporary work (Flecker and Hermann, 2008). Moreover, the changing nature of private sector work has also put pressure on the public sector to follow suit, and thus public sector unions have been forced to make concessions in recent years regarding pay, pensions, and working conditions.

The theme of the effects that privatization has on the quality of public sector work was also an important piece that emerged from the data. Overall, 18 of the 30 total participants spoke to the theme of the effects that privatization has on the quality of public sector work. Of these 18 participants, 15 felt that privatization led to a decrease in the quality of public sector work, while three felt that it led to an increase in the quality of public sector work. Twelve of the 30 total participants, meanwhile, did not mention the theme at all. Similar to the theme of labour relations, the bulk of respondents who mentioned the theme of the quality of public sector work

came from a labour or activist perspective, while the theme was mostly ignored from government, management, and industry perspectives.

The waste collection sector saw slightly more participants speak to the theme than the public transit sector. Specifically, the waste collection sector saw 12 of the 16 participants address the theme. Of these 12, 10 felt that privatization led to a decrease in the quality of public sector work, while the other two felt that privatization led to an increase in the quality of public sector work. The other four participants in the waste collection sector did not mention the theme.

In terms of individual cases, the GTA waste collection case study saw seven of the eight participants speak to the theme of the effects that privatization has on the quality of public sector work. Five of the seven participants believed that privatization led to a decrease in the quality of public sector work, while two of the seven felt that it led to an increase in the quality of work. The five participants who believed it led to a decrease in the quality of public sector work all pointed to things like lower wages, fewer benefits, fewer opportunities, and a shrinking workforce. P2 explained that because of the threat of privatization, workers across the city have had to make bargaining concessions, especially those in the waste collection sector who have already seen the rate of pay for new employees drop by close to \$4.00. P4 spoke about the difference between wages and benefits, explaining: “GFL is having a hard time recruiting and retaining new employees because of the difference in pay that the private sector is paying.” Reflecting on the decision to privatize waste collection, P6 spoke to the effects that it has and will have on public sector work: “Um, looking at it from an employee perspective ... if I was stepping back and saying, does this make sense for the employees? No, it doesn’t. People didn’t lose their job, but there was no more opportunities for people to get hired.” P1 approached the theme from a more macro perspective while still highlighting the ways in which individual

workers would be affected by the decisions to privatize: "... it's also causing a significant amount of unemployment. And taken away good-paying union jobs, which creates a multiplier effect on a local economy ... and replace that with probably pretty crappy jobs and profits leaving the city ...” P1 went on to add that workers are also affected by equity issues, and that wage levels are forced down: “I think in the end those end up being more destructive than any so-called savings that come to taxpayers.”

P1 also mentioned the fact that the City was now taking a much more “antagonistic” approach to their relationship with public sector workers than in the past, seeing the workers as an “enemy” rather than a “resource we should tap.” Meanwhile, the two participants who believed that privatization led to an increase in the quality of public sector work argued that the private sector offered workers more benefits than their public counterparts. Interestingly, neither talked about specific remuneration or monetary benefits, but instead focused on different aspects. P5 made the argument that private sector equipment is much better than the public sector, which, according to private operators, helps with employee retention: “The advantage is you’ve got different types of trucks that are doing different types of things. So, as your employee ages, and you’re not able to do the type of work where they’re jumping off the truck and throwing it into containers, you can move them onto automated collection systems.” P5 added that what the private sector argues is that there is much better retention for their employees because they can move them up into different trucks as their body starts to give way: “Whereas, because you’re only owning one set of trucks as a municipality, you can’t do that. You can’t offer them a different placement within that organization. So, that’s the argument that certainly the private sector guys will push. And I think that there is some legitimacy to that argument.”

Meanwhile, P3, being a right wing conservative, took a more antagonistic approach to the theme, arguing that waste collection is a job that requires no skill and that automation is something that should be considered in the future: “Garbage is interesting because, as I say, it’s a basic service, it’s not rocket science. Anyone can pick up a garbage can and empty it into a truck. Not even anyone, anything ... now we have mechanical devices that do it.” P3 also made the point that unskilled labour should not be compensated as high as they are, and used “toilet cleaners” to illustrate their point: “Should we be spending \$60,000 on someone who cleans toilets? I’m not disrespecting what they do, but ... that’s a pretty unskilled job. And what do you say to the person in that office building who is making, you know, \$15 an hour? Who’s paying taxes to pay this other person who is making \$25-\$30 an hour? It’s not very fair.” Finally, P3 finished by posing the question: “If it’s going to save us money, do you really care if the guy who picks up the garbage belongs to a union or not?” Of course, that sentiment does not bode well for the future of public sector work.

P8 echoed most of what was said by the others, while also expanding to include workplace health and safety as a key way in which privatization had led to a decrease in the quality of public sector work. In particular, P8 argued that private firms are able to intensify work in ways that the public sector is unable to, which puts workers at higher risk of injury. They explained: “Green for Life can discipline their workforce in ways that we can’t. And say, you know, you have to speed up and place the bins exactly so, in front of people’s houses, and do that without any regard for what the health and safety consequences are, because if someone hurts themselves working on the sped up timetable, they’re just replaced.”

The GVRD waste collection case study saw five of the eight participants mention the theme of the effects of privatization on the quality of public sector work, while the other three

participants did not mention the theme. All five who did mention the theme believed that privatization led to a decrease in the quality of public sector work. They each made reference to the fact that public sector jobs were disappearing and that public sector work was becoming harder to find. P10 and P13 both spoke about how jobs in hospitals and jobs in engineering and infrastructure are disappearing from the public sector. Similarly, P11, P14, and P16 spoke to the fact that “fewer and fewer” jobs associated with delivering public services are being done by public employees and that almost none of these private sector jobs are unionized.

The public transit sector saw slightly fewer participants mention the theme of the effects that privatization has on public sector work, with six of the 14 participants speaking to the theme. Of these six, five believed that privatization led to a decrease in the quality of public sector work, while one believed that it led to an increase in the quality of public sector work. Meanwhile, the other six of the 12 participants did not mention the theme.

For the GTA public transit case study, only two of the six participants spoke to the theme of the effects that privatization has on the quality of public sector work, while the other four did not speak to the theme. Both participants who spoke to the theme felt that privatization led to a decrease in the quality of public sector work. Speaking to the idea that private sector workers earn less than public sector workers, P21 stated: “But where it is privately run, workers make less money. And that’s just unfortunately a fact ... that’s been proven everywhere.” P21 also suggested that the future of public sector work does not look bright since government continues to be “less involved in transit infrastructure.” P21 also spoke to the fact that public sector work that has not been privatized is also experiencing changes as a result of privatization since workers have been forced to make concessions in collective bargaining. This has seen job security dissipate and new hires earning less money. P22 had similar insights into the effects that

privatization has on public sector work. In particular, P22 explained that there is only one way for a private contractor to make money on a low bid contract like the ones that VIVA has: “I tell people, the drivers up there ... tires, gas, buses all cost the same. There’s only one way they can make money ... Payroll or benefits or vacation time. So, if another company bids for that property, the only way they can really underbid is to figure out that we can cut costs here and get the contract.”

Continuing on this idea that privatization has stripped most of the benefits that public sector work once held, P22 explained that job security is one of the biggest issues that has real effects on workers: “...you’ve got a lot of members up at that location that have six, seven years on the job ... you’re a good employee for seven or eight years and then suddenly, by the way, in a year a new company’s coming in and guess what? You’re going to have to reapply for a job you’ve done dutifully now for seven or eight years.” Worse, P22 said, the company may turn around and say that, in fact, they’re not going to hire anybody after all.

The GVRD public transit case study saw more participants mention the theme, as four of the six spoke to the effects privatization has on the quality of public sector work. Of these four participants, three believed that privatization led to a decrease in the quality of public sector work, while one believed it led to an increase in the quality. P27 and P29 both spoke to the idea that privatization is “shrinking” the amount of public sector jobs that are available in the public transit sector in BC. P27 also talked about the tension that existed between public sector unions and private sector unions regarding the Canada line project. In particular, P27 explained that the private sector unions were much more concerned with the here and now, while the public sector unions were more concerned with what the future would look like if privatization continued to replace public projects: “...some of the construction unions were just happy to be building

anything. And they typically react to these things that it's not our business what the public policy is, we don't have the knowledge or the depth to be able to come to an opinion on that. Just build it. You know, we want the jobs. So, if you build it, that's great." But, as P27 pointed out, the public sector unions are more interested in the long game: "... and the picture as far as the eventual ability of those unions to represent the workers ... and the private sector unions are interested in the short game, which is can we get jobs tomorrow? Can we get our guys off of the work boards and out on the job site."

Lending support to these ideas, P28 explained that the government was reluctant to push the idea of unionization on SNC-Lavalin because they feared there would be apprehension from the private contractor. Or that it would have cost the government in another aspect of the project in order to get SNC-Lavalin to agree to take on unionized employees from the onset of the project: "Well, you know, your issue in all of that is ... when you look at your risk matrix and everything else, we put that in as a requirement. It might have cost us. Because the real business case made, it maybe cost us more. Or it might have cost just on their apprehension of their having to move to a unionized environment. So, we just left it opened."

P25, the one participant who felt that privatization had led to an increase in the quality of public sector work, argued that workers are better able to influence and change working conditions and operations when working for a private company. In particular, P19 explained:

We have labour management meetings on a fairly regular basis ... one of the things we've been pretty good at is ... working with employers to try to get solutions that don't require an adversarial mindset in return ... we're always mindful that the employer of these workers is ProTrans BC and it's them that we have to work with to try to get them to change the worst conditions on the ground.

Table 7.8: *How participants responded to the theme of quality of public sector work*

	Decreased quality of public sector work	Increased quality of public sector work	Did not mention quality of public sector work
GTA Waste Collection	5	2	1
GVRD Waste Collection	5	0	3
GTA Public Transit	2	0	5
GVRD Public Transit	3	1	3
Total (All 30 participants)	15	3	12

Although the overall percentage of participants speaking to the theme of the effect that privatization has on the quality of public sector work was not as high as some of the other themes, 18 of the total 30 participants did mention it, which is still a significant number. Moreover, 15 of those participants agreed that privatization led to a decrease in the quality of public sector work, while only one argued that it led to an increase in the quality.

The findings are also significant because they support and build on the small body of literature from the critical approach related to the quality of public sector work. In particular, this literature suggests that privatization significantly affects quality of work by altering job security, pay, levels of benefits, and intensification of work (Stinson, 2004; Hebdon, 2006; Flecker and Hermann, 2007). Moreover, the literature suggests that this deterioration of work benefits employers since it creates an insecure labour pool, which allows employers to further decrease the quality of work through continued erosion of quality of work indicators like wages, job security, and benefits (Clarke, 1993; Gurstein et al., 2007). The case study findings echo and build on these notions that are found in the critical approach literature. Participants talked about “crappy jobs”, “losing good paying union jobs”, “lack of job security”, and “fewer and fewer public sector jobs.” All of these participants mentioned those issues in relation to the

introduction of privatization measures. Not surprisingly, there is no literature within the majority orthodox approach detailing the ways in which privatization causes the deterioration of quality of work. Instead, there are a number of different studies that claim that privatization, in fact, leads to an increase in the quality of work (Haskel and Sanchis, 1995; Feldstein, 1997; Segal and Moore, 2003; Gronblom and Willner, 2008). In particular, the literature focuses on wages, suggesting that wages almost always increase as a result of privatization (Shleifer et al., 1997; Shleifer, 2011). However, the literature is silent on other quality of indicators like work intensification, benefits, and job security. There were a few participants who spoke to the idea that privatization led to increases in quality of work, with some suggesting that private operators had “better equipment”, leading to better health and safety for workers. But others claimed that they had not seen any changes in the quality of work since privatization occurred. The number of participants who did believe that privatization led to increased quality of public sector work was very low. Thus, it can be said that the findings strongly support and build on the literature that suggests privatization leads to decreased quality of public sector work.

Thus, it is clear from the case study findings that labour is a loser in the privatization equation. With privatization leading to a decrease in the overall quality of public sector work in a number of different ways, it must be said that labour is unable to protect the interests of workers under privatization. Moreover, the findings suggest that privatization leaves labour in a very precarious and powerless position in order to fight against the decrease in quality of work.

In terms of individual cases, there was some variation in the rates of participants speaking to the theme of quality of public sector work. In particular, the GTA waste collection case study saw the most participants speak to the theme. The GTA public transit case, meanwhile, only saw two participants speak to the theme. The high level of responses from the GTA waste collection

case study can probably be explained by the fact that of the four cases, it is the only one in which privatized workers have still not unionized. Therefore, the difference between public sector and private sector is much more clear in this case than in the others. As for the low numbers from the GTA public transit case study, there is no obvious reason for this. Overall, the findings were fairly consistent, with at least two participants from each case study speaking to the theme, and with the majority claiming that privatization led to decreased quality of public work.

7.7 WINNER: Private interests/Business interests

Private interests might be the easiest of any of the policy network actors to evaluate in terms of being a winner or a loser in the equation of privatization. The one and only goal of private interests is to make as much profit as possible. The following case study findings suggest that private interests are successful in achieving this goal, and are thus winners in the privatization equation.

7.7.1 Profitability

Making a profit is at the centre of any private sector company. This is especially true of the corporations (usually large and multinational) who win contracts to provide public services or who get involved in operations contracts as part of a P3. Corporate Social Responsibility (CSR) is a somewhat new concept within the business community. At its core, with its focus on social welfare, it is a great policy for a company to follow (Holmes and Watts, 1999). However, what needs to be noted is that CSR is completely voluntary for companies, and when it comes down to the bottom line, profit almost always trumps any notions of CSR. This means that profitability is often put ahead of quality and external factors (like the environment or community). This is

especially true with privatization, where a company has come in to take over from the government because they are seen as someone who can provide the services more efficiently, while also seeing profits from their involvement in service delivery.

The theme of profitability was a major one to emerge from the data. Overall, 24 of the 30 participants spoke to the theme, while only six did not. Shockingly, all 24 participants who mentioned the theme spoke to the idea that private interests profited nicely from privatization. Each participant, though, expressed differing views on the appropriateness of this observation, most likely shaped by their class position. Those from labour and activist positions saw profitability as something that was stripping public services of their quality, while those from government, management, and industry structural positions tended to see profitability as a good thing for all involved. More specifically, some were in clear support of the fact that private interests profit through privatization of public goods and services, while others saw this as a major problem of privatization since profit is said to not go hand in hand with effective public goods and services. Others fell in the middle of this continuum, with mixed feelings on how public policy, public good, and profit fit together.

The waste collection sector and the public transit sector had similar numbers in terms of participants who spoke to the theme of profitability. In particular, 13 of the 16 waste collection sector participants spoke to the theme, while only three did not. All 13 who did speak to the theme said (in some fashion) that private interests profited from privatization.

In terms of individual cases, the GTA waste collection case study saw all eight participants speak to the theme of profitability, and each of the six spoke to the idea that private interests profited from privatization. P1 spoke more generally about the profitability of the waste collection sector, suggesting that there was a lot of profit to be made. P1 also explained that

waste collection will be even more profitable in the future operating as a privatized service since private operators are not mandated to divert waste. In particular, P1 explained that dumping costs are so cheap in the U.S. that privatized firms will undoubtedly choose to dump waste instead of diverting it. This will translate into “huge profits” for the private operators. P2 echoed this, explaining that private operators stand to profit a lot from dumping rather than diverting waste. P2 explained that one of the major costs of public collection was the way in which CUPE went about “diverting every piece of waste it could.” P5 also spoke to this huge potential for profit for the private waste collection operator, explaining that the municipal governments have shouldered most of the cost of recycling in Ontario and this will not change as private operators continue to take over waste collection. P5 explained that because dumping costs are so low in the U.S., it is unlikely that waste diversion will see any sort of improvement in the near future with private operators, meaning that private operators will continue to profit hugely and municipalities will continue to pay for diversion and recycling: “I mean, so we produce about 12 and a half million tonnes of waste ... a little under 25 percent in the province is currently diverted. And we have about 3 to 4 million tonnes of waste that ends up going to Michigan and New York landfills ... because their landfills are cheap.” P5 added that it’s already a struggle to be in the recycling business in southern Ontario currently, let alone accounting for diverted waste: “Municipalities have pushed the majority of the diversion that’s happened in the province, largely because they made a decision ... That it’s in the public interest to pay for this additional servicing. So, in a large degree, they hold up much of what’s happening in the sector right now. I don’t think that will change.”

P3, P6, and P7 admitted that waste collection would be very profitable for the private operator, but both also claimed that it would be a win for the City as well since there would be

huge savings attached to that profit. As P3 put it: “\$88 million is a lot of savings!” P4 also alluded to the profits that the private operator would enjoy as a result of privatization by stating: “I can’t foresee better waste diversion from the private sector, as it is more costly.”

In the GVRD waste collection case study, slightly fewer participants spoke to the theme of profitability, as five of the eight made mention of it. Three of the eight, meanwhile, did not. Each of the five participants who did believe that private interests profited from privatization. All three alluded to the potential profitability of the waste collection contract for Port Moody for private operators. P11 explained that the business community was in an uproar when it became public. This speculation was somewhat validated, as P11 explained that bringing the service back in-house was going to save the City several million dollars. Most, if not all of those savings, represented the profits that the private operator was making on the last private contract. P12 and P14 also spoke about the incredibly high rates the City was paying before the decision was made to bring the services back in-house. P12 could not understand how rates were so much higher than the previous contract; the only explanation was the need for even higher profits. P13 plainly stated: “there’s a lot of money, as you well know, in solid waste.” P13 also went on to explain that there was always a lot of interest from the waste collection and business community for the Port Moody contract because “it was so profitable.”

The public transit sector saw a slightly higher rate of participants speak to the theme of profitability, as 11 of the 14 mentioned it, while only three did not.

Five of the seven participants from the GTA public transit case study touched on the theme of profitability, while only two did not. All five who did believe that private interests profited from privatization. P17 was blunt in their assessment of the potential for profitability for private operators: “companies are always working on the basis of potential opportunity for profit.” P17

also added that they assumed the private operator was making a profit on the VIVA contract, and that they would be surprised if they were not. P18 and P19 both explained that when the VIVA project was first conceptualized, they put out “feelers” to the private sector to see if any consortium was interested in working with the Region on the project. As P18 explained: “And it turned out through that process, which was about a year, that we did identify that there was several consortiums that could come together with global experience to show us how to do something that has never been done before here in the region.” Although neither P18 nor P19 came out and said it, it was clear that they were suggesting there were obvious reasons why there were “several consortiums” interested in the project, and one of the main reasons was the potential for profit. To this point, P19 explained that the region used a \$10 million dollar contract to lure consortiums into helping with the planning of the project. Meanwhile, P21, when discussing the potential profit for the private sector involved in the VIVA transit system, said simply: “It’s greatly profitable.” P22 also spoke about the profit potential for private operators in the VIVA system, and also speculated that the future held even more profit for private operators since VIVA may only be a “first step” or a “foothold” for the private operator and it will eventually lead to bigger and more profitable contracts across the country.

Similarly, for the GVR public transit case study, six of the seven participants spoke to the theme of profitability, while only one did not. Like with the rest of the cases, all six participants who spoke to the theme said that private interests profited from privatization, albeit with varying degrees of indictment. In order to demonstrate how profitable P3s were, especially the Canada Line, P29 compared the interest rates in which the public could borrow and rates in which private companies could borrow. P29 explained that “the public could borrow at much lower rates than the private sector could”, so P3 projects meant that the government was lining the

pockets of lending companies with profit from the high interest rates, and the consortium leading the project was also making a profit since they built in profit to the rates at which they were borrowing. In essence, the government was paying twice on the interest rates. P19 spoke to the fact that the private operator has been difficult to negotiate with from a labour perspective, with the private operator openly stating that they were unwilling to enter into a contract with employees that would interfere with their “structured profit levels demands.” This would suggest that the private operator was clearly profiting and expected to profit at certain guaranteed levels. P28 admitted that TransLink and the provincial government were aware of the massive potential profits that the Canada Line represented for private operators, but argued that it was actually this potential for profit that ensured the project would be successful, including that it would be built on time and built well. The mindset of the private operators, P28 argued, was: “I want to build this thing in the way that delivers the product in the shortest time and the shortest amount of money. That’s how I’m going to make my profit.” P27 was also very clear with regards to the potential profit for private operators: “... there’s a lot of people who make a lot of profit out of these things. We think about lawyers and accountants ... who usually in construction projects are going to have very limited roles. But the idea for P3 for lawyers and accountants is just the gift that keeps giving, because their work suddenly becomes far more crucial and they have far more duties to perform.”

P27 also spoke of “windfall profits” for private operators and the role that lobbying has played in ensuring these profits for private companies through P3 infrastructure projects: “It’s not like we’ve reversed the trend, but I can tell you that it continues to be a position that’s lobbied for on an ongoing basis in Ottawa, because these corporations want to make more profit.” In fact, P27 said, profits are seemingly the only motive: I know, and you know, the

corporations do not spend a huge amount of money on associations, on lobbying, on making sure they get government to establish compulsory policies unless it has to do with their profit.”

Similarly, P24 spoke about the role that Partnerships BC plays in the awarding of P3 contracts. In particular, P24 argued that the fact that Partnerships BC profits financially from awarding P3 contracts not only means there are huge profits being made, but also brings into question the organization’s legitimacy: “... almost like a central agency that all the other ministries and the agencies that deal with infrastructure work [are] compelled to run projects through Partnerships BC, or give Partnerships BC management responsibility for projects or pay fees to Partnerships BC.” Partnerships BC, P24 said, have an inherent conflict in its mandate because it is supposed to be the agency that does reviews and provides independent advice about whether or not something should be a P3: “But ... they were also rewarded if a P3 was done ... the compensation structure for the executive of Partnerships BC, the more P3s they landed the higher their bonuses would be. And the provincial government wanted P3s, so they weren’t really looking for this independent advice. They wanted Partnerships BC to ... drive things so that there would be a P3.”

Table 7.9: *How participants responded to the theme of profitability*

	Private interests profited from privatization	Private interest did not profit from privatization	Did not mention
GTA Waste Collection	8	0	0
GVRD Waste Collection	5	0	3
GTA Public Transit	5	0	2
GVRD Public Transit	6	0	1
Total (All 30 Participants)	24	0	6

The theme of profitability produced findings that are important and telling for a few different reasons. First, with 24 of the total 30 participants speaking to profitability, it can be said that it is

a salient and important theme. Moreover, the fact that all of the participants who did speak to the theme of profitability agreed that privatization leads to large profits for private interests makes the findings that much more important and compelling.

Profitability is another the key pillar of privatization. The majority of the privatization literature suggests that profitability of a service or enterprise significantly improves after privatization (Walker, 1988; Megginson et al., 1994; Eckel et al., 1997; La Porta & Lopes-De-Silanes, 1997). As well, it is argued that government-run services and enterprises are inherently less profitable than private ones (La Porta and Lopez-de-Silanes, 1999; Dewenter and Malatesta, 2001; Sheshinski and Lopez-Calva, 2003). The critical approach literature, meanwhile, also touches on the idea of profitability, but this literature suggests that profitability is either over-exaggerated or simply false (Haque, 1996; Cook and Kirkpatrick, 1988). The literature also suggests that the service or enterprise that is privatized actually performs much better during the period in which it was state-run (Rentoul, 1987; Haque, 1996). However, the case study findings do not support these ideas from the critical approach literature. Instead, they support the ideas from the orthodox approach literature. More specifically, all of the study respondents made reference to how much profit private interests have made or will make from privatization in the difference cases. For example, participants spoke about privatization being “so profitable” or “greatly profitable”, while others spoke about the consortiums being “very interested in helping with a transit system.” Clearly, these findings suggest that privatization is very profitable for private interests, which supports the majority of the literature on the theme of profitability.

The findings above also clearly suggest that private interests are a winner in the privatization equation. The main interest or goal of private interests is to pursue as much profit as possible. The findings clearly show that private interests profit well from each of the four cases, and in

fact, the findings suggest that private interests profit dramatically at the expense of the other actors within the policy network.

In terms of individual cases, the findings were consistent across all four cases with at least two thirds of the participants from each case speaking to the theme of profitability, and every participant agreeing that privatization was profitable for private interests. The only area in which there was any real variance was the GVRD waste collection case, which saw the least amount of participants speak to the theme. There is no obvious reason for this, although it could be explained by the fact that little was known about the private operator's business interests before the City decided to bring the waste collection services back in-house.

7.8 Summary

The findings from the interview data clearly show that privatization does create winners and losers, and that privatization seems to produce more losers than winners. The government, the public, and labour all lose in the privatization equation, while only private interests can be considered a winner.

The government is an interesting case, as the majority of orthodox privatization literature contends that government experiences the most benefits as a result of privatization. However, the findings reveal that most of the promises of privatization are simply false. In particular, the findings show that the promises of efficiency, productivity, and flexibility are not a reality in any of the four case studies, at least in the view of the key informants surveyed here. Efficiency was especially clear, with a majority of the total participants from each case suggesting that privatization did not bring efficiency, and in some cases it actually helped to produce further *inefficiencies*. Productivity and flexibility, on the other hand, were hardly mentioned by any of

the participants, and when they were mentioned it was in a negative light with participants claiming that privatization helped to lower productivity and flexibility. Another key way in which the government loses is the lack of accountability (and as a corollary, a lack of control) that privatization brings about. The findings suggest that privatization strips government of most – if not all – of its control over the public service that has been privatized, which makes holding private contractors or operators accountable nearly impossible.

The public was also shown to lose in the privatization equation. More specifically, the findings suggest that privatization leads to decreased quality of public services and a decrease in the public good. Participants from all four cases suggested that privatization has led to a decrease in the quality of public services. The GVRD public transit case, in particular, was very strong on this point, suggesting that privatization had led to the cancellation of many smaller local public transit routes as a result of the privatized Canada Line. Participants from all four case studies also commented on how privatization had led to a decrease in the public good. Both waste collection cases were very clear on this, explaining that privatized waste collection services would have major impacts on the environment and waste diversion rates in both the GTA and the GVRD.

Likewise, labour was also shown to be a loser in the privatization equation. For labour, privatization meant a decrease in the quality of public sector work and decreased leverage in labour relations. A majority of the total participants spoke of the ways in which privatization had changed the quality of work in all four cases. In each of the cases there was an intensification of work, a decrease in employment, a decrease in pay and benefits, and little to no autonomy in the workplace. Connected to this, the findings also suggested that privatization had negatively impacted labour relations. In particular, the GTA public transit case study was adamant that

privatization had stripped labour's ability to negotiate fair collective bargaining agreements and had created a precarious work environment.

The only winner to come out of privatization was private interests, as profitability for private interests was a major theme in all four case studies. In particular, each case study spoke about not only the large profit windfalls that privatization produced, but also how profit was the motivating factor for decisions made by the private contractors and operators in each of the cases. It was suggested that having profit as the key motivator in delivering public services would result in a decrease in the quality of public services, a decrease in the quality of public sector work, a decrease in the public good, and would hurt labour relations.

8 CHAPTER 8 – RESULTS AND ANALYSIS: How and why is privatization still used as a policy tool?

8.1 Research question

This chapter is focused on reporting the results of the key informant interviews and providing analysis of these to answer the other key questions of this research project and its related hypotheses. In particular, the chapter will consider the question of how and why privatization is still used widely as a policy tool despite the fact there is a large body of evidence that suggests it is a poor policy option.

8.2 Organization of results and analysis

Throughout the analysis process, a number of compelling findings emerged from the interviews. In order to best present these findings, this chapter is organized into different sections according to the themes that emerged from the data. Within each of these sections, data is summarized and described, first as a whole and then on a case-by-case basis. This is followed by an analysis in the context of the case studies and the literature surrounding privatization, and using the network-class analysis framework.

8.3 Results and analysis

Speaking about and questioning how and why something continues to be a popular policy tool when there is mounting evidence that it is ineffective and inequitable is a complex exercise that gets to the core of policy decision-making. At any given time, the policy process is shaped and influenced by a number of factors, and this is certainly no different with privatization. With that

in mind, the discussion of how and why privatization is still used as a policy tool is built in throughout the analysis of the many different factors and themes that affect the policy process surrounding privatization. For each theme, a summary of the research findings from each case is provided, and that is followed by an analysis and discussion of what these findings mean. In some instances, the themes that emerged from the data were very clear and exclusive to one particular group. However, in other instances they were more complex and applicable to a number of the different policy network actors. These differences tended to fall along class positions and positions within the structure. For example, in some cases, key informants from a labour perspective had very strong opinions on something, while key informants from government, management, or industry were mostly silent or held contradictory views. In instances where this was thought to be an important distinction, special attention was paid to a respondent's or group of respondents' class or structural position. As well, information pertaining to class and structure positions for each participant can be found in Chapter 4. The following is what emerged from the data through careful analysis:

8.4 Network relationships

Network relationships are one of the key components of the Wilks-Wright policy network approach. The approach understands the policy process through policy networks. A policy network is specific to certain policy issues, stable, and operates on the micro-level helping to connect larger policy communities together. Policy networks are seen as key components to understanding the policy process through the Wilks-Wright approach, as policy networks are “mediated through quite distinct personalized or informal sets of relationships” (Wilks and Wright, 1987, p. 287). The network relationships themselves are informal connections between

policy actors within the policy network, with these relationships being based on any number of factors, including shared economic interests or even personal biases. These relationships are thought to be some of the more crucial operational factors in how policy is shaped and whether or not it is pursued or ignored.

The theme of network relationships was one of the larger themes to emerge from the interview data. Overall, 25 of the 30 study participants spoke to the theme of network relationships, while only five of the 30 did not mention it. Of the 25 who did, some spoke about it more generally, some explained which network relationships existed in the various case studies, and some spoke about the lack of network relationships that existed for some groups, which hindered their ability to affect policy decision-making.

Both the waste collection and public transit sectors saw a significant number of respondents speak to the theme of network relationships. In particular, the waste collection sector saw 13 of the 16 participants speak to the theme, while only three of the 16 did not mention it.

From an individual case standpoint, the GTA waste collection case study saw six of the eight participants speak to the theme of network relationships. Each of them spoke to the importance of network relationships in the decision-making process. P5 explained that there had been intensive lobbying by waste management business interests leading up to the decision, noting that there was a “long push” for privatization by the lobbying interests, and that this lobbying included “meetings with council members”, “sit downs with the public works commissioner”, and the provision of data to the City. P4 also spoke to the network relationships between council and the waste management lobby, explaining that there was an “intense lobby” from the waste management sector. P4 also claimed that the “lobby happened outside of city hall”, suggesting that the network relationships between the waste management lobby and city council were both

very deep and informal. As well, P4 spoke to the network relationships that the mayor had used in order to get the privatization vote through, alluding to the informal network relationships that existed within city council by suggesting that the mayor “promised favours to get this pushed through.” P2 also spoke to these informal relationships, explaining that it was uncovered that there was a conflict of interest since the former general manager of waste at the City of Toronto had recently moved to a private company that planned to bid on the waste collection contract: “They were able to persuade them to defer the vote for six months because, I don’t know if you remember, but back in 2011 the GM of solid waste had a conflict. He went to BFI ... Geoff Rathbone. So we persuaded them that way. It’s not all what it looks like. There’s something going on here. Why is he going to BFI?” P8 also echoed these claims, suggesting that these network relationships were major determining factors in Committee Chair appointments at City Hall, which played a very large role in pushing privatization through city council.

Meanwhile, P1 and P2 also spoke to the fact that there was a lack of network connections in the policy community surrounding the privatization of waste collection services in Toronto. Moreover, they spoke to the idea of insiders and outsiders in policy networks. The insider/outsider view contends that within each policy network there exists insider policy actors and outsider policy actors. Insiders enjoy a consultative arrangement in policy development that entails direct working relationships with government (Maloney et al., 1994), while outsiders are mostly excluded from any consultative arrangements and are forced to rely on strategies based upon “appeals to the public through the mass media and efforts at the broad-scale mobilization of citizens at 'grass roots'” if they want to affect policy change (Walker, 1991, p. 9). Policy actors’ status as insider or outsider is fluid and changing based on network relationships, broader

contextual factors, and government leadership.³⁶ P1 explained that the only network connection most of the activist community had was with CUPE, and because CUPE had been mostly shut out of the decision-making process and been relegated as an outsider in the policy network, the activist groups lacked any real connection within the policy network. P1 also explained that since privatization has taken place, they are total outsiders in the policy network having completely lost their network connection as they have no relationship with the new private operator: “We’ve had nothing like that from GFL. And, you know, not surprisingly, as any good CEO will tell you, their job is to make money for shareholders. And they have, at this point, come up with no reason why they should spend one moment of staff time to connect with an environmental group to promote waste diversion.”

P2 reiterated the fact that CUPE had become an outsider in the policy network surrounding the decision to privatize waste collection. In the past, CUPE had worked directly with City staff and had an open line to council for discussion involving waste collection. However, as P2 explained, this changed in the lead up to privatization as their connection to council and staff was cut: “... when I sat down with upper management ... it was a shut door. We sat down with them, told them ... we’d go down \$5 an hour, each worker, reduce our benefits somewhat. We figured it was \$4 million a year they would save on that. Easy. Change around the scheduling ... there wouldn’t be as much overtime where they’d have to pay time and a half ...” Alas, P2 said, it was to no avail: “... they listened, but they never took it back to the councilors or to the Fords of the world. They never took it back to them.”

P6 confirmed that CUPE’s network relationship had been severed in the decision-making process leading up to privatization, explaining that CUPE had not been brought in to any

³⁶ For a more thorough distillation of the insider/outsider view related to policy networks, please see the Cavanaugh et al. vs. Jordan et al. debate in *Public Administration* (Maloney et al., 1994; Cavanaugh et al., 1994).

planning or negotiating meetings. Instead, they had merely been given notice that the City was looking to privatize: “we certainly put them on notice that, you know, this is coming, once council made the decision that we’re contracting it out ... there was sort of a formal process built in to the existing agreement here on what information we need to provide them, the timing, that type of stuff ... you know, we fulfilled that.”

In the GVRD waste collection case, meanwhile, seven of the eight participants spoke to the theme of network relationships. P10 and P16 both said there was a real lack of network connections when the services were initially privatized, explaining that the city manager at the time was a real “anti-union type of guy” which led to CUPE being an outsider in the policy network and shut out of the decision-making process entirely. However, P12 also explained that this was much different the second time around as network relationships had been established among all the key interests, and there was no real distinction between insiders and outsiders. P12, P14, and P15 also spoke about the importance of the network relationships that the city manager built with the union, city council, and other interests around the decision to bring waste collection services back in-house. In particular, P12 stated: “We have a very tight relationship with our union here. And I think that goes to being a small town and ... having a lot of small town sort of character here ... if the city manager hadn’t had that relationship, then that report probably never would have been done.” P12 elaborated on the good relationship and spoke about the pitfalls of having a poor relationship with unions: “You know, you can always doctor up the numbers to make them look either way ... that’s why I said I think any council that is doing their job is going to be skeptical of anything ... but the council of Port Moody and the city manager in Port Moody, I think we all have good relationships ... there’s no adversarial starting point there.”

P13 reiterated this point, explaining that the relationships that were built between the city manager, city staff, city council, and the union were key to a positive decision-making process. P13 explained that a “committee” was set up that included “the city manager, staff, CUPE, and independent researchers.” P9 also echoed this point, adding that it was, in fact, the good working relationships between all parties involved that allowed for the decision to bring services back in-house. P11 reiterated much of this, while also explaining the dynamics of the network relationships. In particular, P11 explained that there were a number of informal network relationships that ended up coalescing into a committee that worked together and represented all interests involved in the decision-making process: “... we had agreed on a committee to study this ... a committee with equal participation, and essentially gave a quasi-right of veto to the union as to what the report would be looking like, because I made the commitment that we would have these four people and they would basically edit the report until such time that they were happy with it.”

Compared to the waste collection sector, the public transit sector saw slightly fewer respondents speak to the theme of network relationships, as 12 of the 14 mentioned the theme, while only two of the 14 did not.

In the GTA public transit case, six of the seven participants spoke to the theme of network relationships. P18, P19, and P20 all talked about the importance of the network relationship between York Region and the private consortium that existed when the project was first conceived. In particular, P14 explained that delivering projects as large and complex as the VIVA transit system is extremely difficult, and therefore an emphasis had been put on maintaining strong and communicative network relationships between YRT and the federal and provincial governments. P20 echoed a lot of that, adding that the personal network relationship

of Bill Fisch, former Chair of York Region, was instrumental in the development of the VIVA transit system: “I mean, it’s Chairman Fisch’s job, and he’s been our best and biggest supporter and proponent for advocating for transportation in the York Region. It would not have happened without him, absolutely, and he continues to advocate and he’s the one in those places, meeting with the minister, and the municipalities have gone down to the ministers to put forward their plan.”

P17 identified the public transit private business interests lobby as one of the key players in the decision-making process, while also explaining that there is constantly advocacy work going on that establishes and builds relationships between the lobby, private interests, and the regional government. P21 also spoke to this advocacy and lobbying work, though P21 was very critical of it, even suggesting that a lot of it resulted in the establishment of informal network relationships that unfairly shaped the decision-making process:

... lobbying is something that’s impossible to get your hands on, no matter how much of a disclosure rule you have ... I’ve been to conferences where they’re lavishly laid out ... And mere observers like me, I get into the receptions, I don’t get into the backrooms ... Politics is run mostly behind doors. And then they have whole teams of people whose job it is to make it sound good.

Beyond the lobby, P21 was also critical of the network relationships between private consulting firms and various levels of government. P21 claimed that these relationships played a very key role in shaping decisions regarding privatization and P3s: “And you’ve got a lot of, you know, big-name consulting companies, like Arthur Anderson, now named Accentura, because they threw everybody in with Enron. Another one of those privatizing disasters ... one of the biggest of all-time.” Speaking further about these types of firms, P21 said: “... consultants will come in and explain to the government how much additional transit they need, what it should

cost, what it should look like, and so on. As I said, a big government will have the internal capacity to do that. But even the bigger governments now are hiring consultants, because they get kickbacks on formal campaign contributions.

Meanwhile, P22 spoke to the fact that labour was an outsider in the policy network surrounding the VIVA transit system. In fact, P22 explained that labour is not included in any of the decision-making processes, including those that “directly affect workers.” P18 also discussed the insider/outsider divide within the VIVA transit system policy network, explaining that it was essentially a “vacuum” when the project first began, with only York Region and a private consortium having any sort of network relationship to speak of. P18 did say that has changed slightly with YRT and the provincial and federal government now being involved in the policy network, however there was no mention of labour or other interest/activist groups.

Similar to the GTA public transit case study, the GVRD public transit case study also saw a high number of participants speak to the theme of network relationships. Six of the seven mentioned it, and they all believed that the network relationships that existed within the policy community surrounding the Canada Line had been instrumental in shaping the project and in the decision-making process. P26 and P30 both identified a number of key network relationships in the Canada Line policy community, noting particularly that the business community had a key network relationship with the provincial government and TransLink. In particular, P26 explained: “The business community, in terms of boards of trade, chambers of commerce, those types of groups, the constructors ... they were influential when the project was first being floated. They were all key supporters of the project. They were also key supporters of the delivery model.”

P24 and P29 both explained that the labour community lacked any real network relationships and was essentially a policy outsider in the Canada Line policy network. P24 said that the

provincial government strategically created network relationships with the business community and the building trade unions while severing connections with CUPE, who represented the workers operating the Skytrain system: “And so there was naturally a conflict between the two views, and when the region first voted against it and then second time voted against it, it enraged the provincial government ... So, a campaign was built up in favour of the Canada Line ... there was the coalition that was put together ... they did a public campaign and they put a lot of pressure on politicians.”

Meanwhile, P28 claimed that labour had actually been an insider in the past and had strong network connections in the policy network, noting that most of the municipal mayors are “strongly supported by the unions.” P28 claimed that this was one of the reasons why a number of the mayors had been against the Canada Line P3.

A number of the participants also spoke to some of the more informal network relationships present in the policy community. In particular, they talked about the consulting firms, engineering firms, lawyers, accountants, and other business interests who benefited most from a privatized arrangement. P24 spoke about the “small club” of business interests that are not only involved with creating the reports to support privatization, but are also the same companies who look to profit from the privatization measures:

“I think there have been reports talking about these consulting firms, investment bankers ... auditing companies, accounting firms ... they’re all part of a club together ... I think that is a conflict ... maybe this is because of the way that media covers these issues ... but somehow it is deemed to be more independent if you’ve got KPMG writing a report for you than if public service writes a report for you.”

P27 reiterated most of this, and added: “That you could do much more than simply make the money that you would normally make as a result of doing a construction contract ... you now

had a place where they could all get in bed together, and that everybody could share in windfall profits as a result of it ... the game becomes one in which there are so many private sector economic interests that are fulfilled ...”

P27 also spoke to some of the more personal and informal relationships that existed within the policy community. In particular, P27 explained that a number of personal network relationships existed that had undoubtedly influenced the decision to go ahead with a privatized P3 project. P27 pointed to a member of the BC Premier’s transition team and the former mayor of Vancouver as proof of these relationships: “You have to ask yourself why was Glen Morgan, the former chair of SNC Lavalin, why was he on Christie Clark’s transition team? ... why has SNC Lavalin been so deeply ingrained in British Columbia, job after job after job? Why are they able to continually get these major engineering works here?” On the former Vancouver mayor, Larry Campbell, who pushed for the Canada Line to be put through (and as a 3P), P27 said: “Larry Campbell served one term as mayor and then what did he become? Senator Larry. So, it’s not always cash money. Why would Larry Campbell suddenly become a Senator? Three-year term as mayor? Why would he become a Senator?”

P29 also touched on these personal network relationships that played key roles in the decision-making process around P3s: “That was the time that they also set up Partnerships BC ... And they brought in Larry Blaine, who came out of one of the major consulting firms, and before that had actually worked for the provincial government in the finance ministry. And he was also on Gordon Campbell’s transition team. And they set up Partnerships BC ...” P29 continued, speaking about the “triple mandate” of identifying possible P3 projects, advising the government on whether or not to proceed with them, and in some cases managing the projects: “... there’s a World Bank document that basically talks about public-private partnership agencies, which

basically says that if you do ... certainly more than two of those things ... that you're in a conflict of interest. But in any event, that was the range of power that Partnerships BC had.”

The findings related to the theme of network relationships are important, and for different reasons. First, the overwhelming number of participants who spoke to the theme of network relationships suggests that it is one of the more important findings of this study. Specifically, 25 of the total 30 participants spoke to the theme, while only 5 did not mention it.

Second, the findings echo the literature that details the role that network relationships play in the policy making process. This literature argues that it is the relationships between the policy actors within a policy network or community that influence and shape policy rather than simply the values that each actor represents (Whitely and Winyard, 1987; Coleman and Skogstad, 1990; Saward, 1990). As well, it also echoes and supports the insider/outsider notions that exist within the network analysis literature that suggest policy network relationships are built and dictated by insider/outsider status (see Maloney et al., 1994). However, considering privatization and network analysis in this vein, there is virtually no literature available on the topic, suggesting that a major literature gap exists. Several participants who spoke to the theme of network relationships alluded to the informal relationships that existed among various policy actors and how those relationships influenced the decision-making process involving privatization in each case. Thus, it can be said that this work supports the findings within the network literature while at the same time begins to help fill the gap within the privatization literature.

Third, the findings take on even more importance when viewed and analyzed through the network-class analysis framework. As mentioned, the findings support the notion that network relationships, which are often informal, influence and shape policy decisions. However, these findings take on new meaning when class analysis is injected into the network perspective. Class

helps to highlight the underlying nature of these relationships and to illuminate the motivations that drive these relationships and the decisions they influence. In particular, when looking closer at the network relationships that participants identified, it becomes clear that there are motivations behind these aimed at providing benefits to one group over another. More specifically, we can see that most of the relationships are created and strengthened by class. For example, the findings show that the same consulting companies that are hired to provide unbiased information pertaining to a privatization project are also involved as partners in the proposed P3 project. We also see former executives of private firms involved in the bidding on P3 contracts join government organizations that are involved in the decision-making process of those same P3 contracts. The findings suggest that these relationships are very close between the actors and groups involved. Moreover, the findings show that private interests built and used their relationships within the network in order to gain an advantage and/or gain access to infrastructure projects and public services that are hugely profitable. In other words, network relationships were used in order to channel public funds to the private sector and articulate the interests of private interests more effectively. This echoes what Collyer (2003) identified was happening with the CES in Australia when viewed through the lens of the network-class analysis: “privatization is a unique development in late capitalism which enables capital to secure new sources of funds, expand business opportunities into areas previously prohibited to private capital (such as welfare services), and to expand the commodification process.” A number of participants drove this point home even further in speaking about the lack of network relationships that existed among the policy networks surrounding each case. Not surprisingly, when looking through the network-class analysis lens, the network relationships which are lacking are those between groups representing labour, the public, and activist interests and

groups holding the power in a decision-making process, such as the government and/or private interests. For example, network relationships are lacking between labour and government, between labour and private interests, between activist groups and government, between the public and government, between the public and private interests, and so on. With all that said, however, the findings clearly suggest that the policy networks that surround privatization decision-making are capitalist in nature in the way that they benefit private interests over the general public, labour, and government. This is explained further in the discussion surrounding the theme of ideology.

In terms of individual cases, the findings were pretty consistent across the board. All four cases had at least four-fifths of participants mention the theme of network relationships. And in each case study there was a focus on the informal relationships that existed among the policy network. For the GTA waste collection study, the focus was on the lobby effort and the relationship that the lobby had with council members who had a vote on the privatization decision. For the GVRD waste collection case study, the focus was on the close relationships that existed between city council, city staff, and the union, which allowed for decisions to be made much easier. Meanwhile, the GTA public transit case study focused on the role that the regional chair played in working his relationship with the business community and government to help build the private VIVA transit system. And the GVRD public transit case study focused on the close and informal relationships that existed between the provincial government and the private firms bidding on the Canada Line contract. The fact that all four case studies offered relevant examples lends credibility to the importance of the findings related to the theme of network relationships.

8.5 Ideology

For the purposes of this dissertation, ideology is understood in the more broad sense as a set or body of ideas and beliefs that shape and affect how the world is perceived and understood. Marx and Engels (1848) conceived of ideology as “the ideas of the ruling class”, which could be applied when discussing privatization. However, when the themes were materializing from the interview data, ideology was only conceived in the more broad sense.

Ideology was another major theme that emerged from the interviews. Overall, 24 of the 30 participants spoke to the theme, while only six of the 30 did not mention it. The vast majority of the participants, 23 of 24, believed that ideology played a role in the decision to adopt privatization. Only one participant believed ideology did not play a role.

The waste collection sector had slightly more participants speak to the theme of ideology than did the public transit sector, though both sectors had high rates of respondents speaking on the theme. Specifically, 14 of the 16 respondents from the waste collection sector talked about the theme of ideology, while only two did not mention it. Of the 14 waste collection sector respondents, 13 believed that ideology played a role in the decision to adopt privatization, while only one felt that ideology did not play a role.

In terms of individual cases, the GTA waste collection case study saw all eight participants talk about the theme of ideology. Seven of the eight believed ideology played a role in the decision to adopt privatization, while only one felt that it did not play a role. Both P1 and P2 argued that it was ideology that drove the decision-making process rather than facts or an interest in the public good. P2 explained that the union tried to work with the City to create more savings and avoid privatization, but that City staff and the mayor were not interested in what savings the union could produce: “... it was all about ideology, it wasn’t about ever saving money. I was

across the table with upper management, trying to save that work. But they wouldn't even listen to us on how many millions we could save ... it was a shut door ... they never took it back to the councilors or to the Fords of the world. It was ideology. It was nothing to do about money."

Similarly, P1 and P8 both explained that privatization debates often revolve around ideological issues rather than facts or evidence. In particular, P1 explained: "There has been an ideological predisposition to public/private partnerships and creating private sector opportunities for services that have traditionally been supplied by the public ... privatization debates are always very political. And they are, more often than not, run by ideological pronouncements and commitments."

P1 explained further specifically how ideology affected the decision-making process for that particular case: "You know, evidence-based stuff becomes irrelevant. This was not about facts ... It was an ideological issue. It was a perception of punishing those damn unions who forced us into a strike. It was the anger that existed as a consequence of the garbage strike in 2009 that was put on David Miller ... it was a way of punishing them." P1 continued, explaining just how little they felt the role of facts played in the decision-making process: "... had there been a report that said there was unassailable evidence that privatization harms waste diversion, maybe that might have swung a couple of votes, but I don't think so."

P4, who echoed the thoughts of P1 and P2, clearly explained that ideology was the key driving force in the privatization of waste collection services in the GTA: "It was really ideological, that's all it was. P3 and P7, both proponents of privatization, admitted that ideology played a role in the decision to privatize waste collection, explaining that there is an ideological battle at the municipal level in Toronto which is played out through "proxy wars". As P3 explained: "It's [waste collection services] a proxy for other things, for sure ... So are bike lanes.

They present other things.” Meanwhile, the one participant (P5) who believed ideology did not play a role, argued (ironically and unknowingly) one of the main ideological arguments from proponents of privatization. That is, the claim that privatization is a natural progression for government: “...my sense is this is the natural progression that governments are ... certainly right now, with resources ... are being forced to figure out where they’re going to focus their energies.”

For the GVRD waste collection case study, six of the eight participants spoke to the theme of ideology, while only one did not mention it. All six believed that it played a role in the decision to adopt privatization. P13 explained that ideology was one of the driving forces that caused Port Moody to initially privatize their waste collection services. Specifically, P13 explained that Port Moody’s city manager and the city council at the time made decisions that were ideologically driven:

... the city manager who contracted things out came to Port Moody with an agenda to break the union. And the council we had at the time was extremely right-wing. We were at the labour board a lot, we had 17 grievances filed a day over breaches of the contract. I think I was personally fired at least five times. Never in writing, just when he lost his temper.

P13 elaborated further, explaining how the union also didn’t have a good relationship with the mayor at the time: “... we were on the verge of a major strike because of concessions that they wanted out of the collective agreement. I mean, it was the ideological bent of him, and of council that, you know, the union had too much power, and they needed to break that.” Speaking more generally about privatization, P16 explained that “no one could argue” the fact that ideology plays a key role in the decision to adopt privatization.

Regarding the decision to bring the services back in-house, the other three participants from the GVRD waste collection case study spoke to the lack of ideology that was present during the

decision-making process. P9 claimed that nothing in the reports that went to council was “skewed” by ideology. In fact, P9 said, the reports went out of their way to present all available options from all perspectives. P12 and P14 echoed most of this sentiment. In particular, P12 explained that they actually thought the report to council would be “leaning towards bringing waste collection services back in-house” because of CUPE’s involvement in the gathering of information of the report. However, P12 said they did not think the report held any overtly ideological material and the decision to bring services back in-house was made “pretty quickly”. P11 spoke more specifically about the decision-making process, particularly explaining that the goal of City staff was to leave out all ideological influences and include all perspectives in the report writing process in order to ensure that council members received unbiased information to make their decision:

The information was able to speak for itself, but also the lack of ideological influence from within the organization ... we felt reinforced every step of the way with our union that regardless of the fact, we’re doing this together, and we’re not going to put a comma in that report without them having an opportunity to change it, to be part of it, and sign off on the final report.

The public transit sector also saw many participants speak to the theme of ideology, with 10 of 14 mentioning it, and only four not touching on the subject. All 10 of the participants who spoke to the theme believed that ideology played a role in the decision to adopt privatization.

For the GTA public transit case study, four of the seven participants spoke to the theme of ideology, while three did not. All four who mentioned the theme believed that ideology played a role in the decision to adopt privatization. In fact, P17, P18, and P22, all key informants from a government and/or management perspective, pointed out that the government had a particular ideological bent towards privatization at the time of the inception of the VIVA transit system, and therefore decisions tended to skew towards private options rather than public ones. P18 also

explained that most of the funding that was available from both the federal and provincial levels at the time when the project was getting under way was tied to the notion that it would be a private sector project: "... at that time, the federal government announced Build Canada ... the first funding plan that acknowledged that these large infrastructure projects couldn't be funded just by one level of government, that all parties needed to get involved, and so we put together a business case and submitted it to the Federal, Provincial levels of Government."

P17 also commented on the ideological bent of government and the role that it played in the decision-making process of the VIVA transit system: "... unfortunately the ideology is still there and still plays a role in kind of potentially influencing the decisions that the private companies make ... But even then when those first applications were made for federal funding, it was clear that there was a preference that was going to be given to P3 projects." P17 said they believed the signals coming out of Ottawa at the time favoured P3's and were already a factor in the way the VIVA project was structured: "So those incentives that are probably somewhat ideologically based, recognizing that the current government that put those in place, the Minister of Finance of the day that had a clear preference for P3's, have ideological foundations that are quite different from what an NDP government or maybe even a Liberal government would have had."

Coming from a labour perspective, P22 added that it seems as though government at all levels is supporting privatization further and further as all parties seem to be moving to the right on the political spectrum: "I guess it all depends on who's in power ... But it seems we're getting more into this 'if I don't get it, why should he get it' kind of mentality. And even some of the liberal governments are looking at becoming more ... instead of centre-left, centre-right. They're being way more centre-right."

Similarly, P21 also talked about the role ideology played in the decision-making process for the VIVA transit system. P21 explained that “ideology played a key role” in the decision-making process for both the government and members of the YRT management team. In particular, P21 explained that Bill Fisch (former Chair of York Region) was an “ardent privateer of the York Region Transit System in the first place. And just says all the time, no, no, it’s better if the private sector does it.” P21 also suggested that the government is equally ideologically driven in its pursuit of privatization: “They’re totally committed to privatization, and nothing is going to deter them from it. You could have Jesus Christ come down and say you’re wrong, here’s the figures. And they’d say it doesn’t matter, the private sector does it better.” Elaborating further, P21 said there’s no way to get past the prejudice because they know that most of the public believes that the private sector does it better: They don’t have to convince the public ... because the public already believes it. And I don’t know how, I’ve spent most of my life trying, but I don’t know how to dislodge certain fundamentally broad concepts from the public’s mind.”

P21 suggested that even if those in power do not share the ideological beliefs underpinning privatization, the growing importance that is being put on government debt and the desire to be re-elected has forced politicians of all stripes to adopt privatization measures in an effort to get debt off the government books: “No matter where you go, it’s ideology that is the underpinnings of the political desire to avoid public debt and the criticism that comes with it. So, the people in charge may not share the ideology. But what they do share is the need to get elected again.” P21 said the government is going to whatever they have to do to persuade people that they’re being responsible with their money, are not piling up debt, and are keeping taxes low: “Because if you don’t have more debt, you can keep taxes low, as they say. But they’re also cutting everything

else to keep taxes low ... it's politics, it is not the fact that it is cheaper to run private transit. Because this has been debunked so many times that nobody even claims it anymore.”

In the GVRD public transit case, six of the seven participants spoke to the theme of ideology, while only one did not mention it. Similar to the GVRD waste collection case study and the GTA public transit case study, all six participants in the GVRD public transit case who mentioned the theme believed that ideology played a role in the decision to adopt privatization. P24, P27, and P29 were all adamant that ideology was a driving force in the decision-making process surrounding the Canada Line. P24 questioned the legitimacy and ideology of a government organization like Partnerships BC, which has a “monetary incentive” to push privatization projects for the province’s infrastructure. P24 added that the major politicians involved in the Canada Line project all held strong ideological-based opinions on the effectiveness of privatization: “I think they were a very ideological group. I think Gordon Campbell, the premier, and Kevin Faulken, the minister, were true believers in P3s ... it didn’t matter that ... the accounting profession and the oversight bodies, in terms of accounting policy, had come to the conclusion at that point that you can’t really hide public debt through P3.” P24 continued, pointing out the fact that the long-term, multi-decade obligation is still an obligation: “... they weren’t willing to look at evidence that P3s are actually more costly in the long run, and all of that. They just really believe, I think, in the ideology of it.”

P27 added: “That’s why the provincial government required the project to be privatized. They didn’t give us an option. They didn’t say, ‘look, you can look at privatizations and you can look at public sector, but it is going to be a privatization initiative,’ and that’s why the federal government says we’re not giving you any money unless it’s a 3P.” Continuing, P27 explained that the P3 choice was not about it being a better idea, but because of political ideology:

“Government bad, big business good. That’s as simple as it can get, but it is just the reality. If you have right-wing governments who are determined that they are going to take as much of the services of government away from government as they can, and put it in the hands of the private sector, and they are lobbied consistently to do that ...”

P29 summed up the feelings of all three quite succinctly: “Well, I think it was completely driven by ideology. They designed a process which was designed to kick out the results that they wanted.” For their parts, both P26 and P28 spoke of how they believed ideology played a role at the Board of Director’s level of TransLink. In particular, P26 explained there was both heavy right and left politics at play on the board at the time of the Canada Line vote, which meant that ideology was a driving force for many of the board’s decisions. P28 echoed much of this, and also added that the government was also taking a hard line ideological stance on P3s in order to hold its ground on funding the Canada Line: “... there was a lot of political ideology involved there. And I have to tell you, sitting where I’m sitting today, I would guess that they thought the same of us. They thought that we were on public-private partnership just because it was the politically right thing for us to do.

Table 8.1: *How participants responded to the theme of ideology*

	Ideology played a role in decision to adopt privatization	Ideology did not play a role in the decision to adopt privatization	Did not mention the theme of ideology
GTA Waste Collection	7	1	0
GVRD Waste Collection	6	0	2
GTA Public Transit	4	0	3
GVRD Public Transit	6	0	1
Total (All 23 Participants)	23	1	6

The findings related to the theme of ideology were overwhelming and important in supporting the position that ideology plays a key role in the decision-making process surrounding cases of privatization. First, the sheer number of participants who spoke to the theme is an important finding as it clearly suggests that ideology is an important factor that must be considered when discussing and analyzing privatization. A total of 24 participants spoke about the theme, which is an overwhelming number.

Second, the findings related to the theme of ideology differ fundamentally from most of the privatization literature. While the literature does not speak directly to ideology, it does define privatization from a positivist epistemology as a rational process that is able to identify and fix government ineffectiveness (Collyer, 2003). The literature also claims that privatization is a rational process, and that it is guided by economic, fiscal, and evidence-based notions (Jansson, 2000; Schott, 2002). Moreover, the literature defines and situates privatization as a natural or logical progression for government to undertake (Vernon, 1987). In contrast, ideology is thought of as a set of normative ideas and/or beliefs that constitute a larger framework or worldview (Miljan, 2008). Thus, the normative notion of ideology is in direct contrast with the rational definition of privatization. In other words, the two are not compatible. However, the case study findings clearly showed that a vast majority of the participants who spoke to the theme of ideology believed that it played a role in the decisions to adopt privatization. This was true for each of the four cases. As well, a large number of these participants held very adamant and firm beliefs about the role ideology played, stating things like: “it was all about the ideology”, “It was really ideological, that’s all it was”, and “there was a lot of political ideology involved there.” These findings contradict and challenge the majority of the privatization literature and the orthodox definition of privatization.

A corollary of this contradiction, then, is a discussion of whether or not the definition of privatization put forth by the majority of the literature is actually a product of an ideology itself. Much of the literature from the critical approach argues that privatization and the orthodox understanding of it comes from neoliberal ideology (Hall, 1993; Gupta, 196; Collyer, 2003). Thus, privatization is not a rational response to a policy problem, but is in fact a normative policy tool shaped by neoliberal notions of efficiency, cost-cutting, and profitability (Jansson, 2000). In other words, the concept of privatization is more of a policy tool rooted in larger economic ideas, and is the preferred policy tool for a specific group who share the same ideological beliefs. The findings seem to support this notion. In particular, a number of participants claimed that decision makers were supporting privatization “blindly”, were unwilling to listen to “contradicting facts”, and were “...totally committed to privatization, and nothing [was] going to deter them from it. You could have Jesus Christ come down and say you’re wrong, here’s the figures. And they’d say it doesn’t matter, the private sector does it better.”

Finally, because this study is rooted in and guided by the network-class theoretical framework, the findings also illuminate the class issues at play within the theme of ideology. As the discussion above hinted at, ideology is not static and there are many different ideologies with different understandings of the same process or structure. In this particular case, neoliberalism is the underlying ideology. As discussed earlier in Chapters 1 and 3, neoliberalism is best described as “political economic practices that propose that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” (Harvey, 2007, p. 2). It is an economic model that strives to eliminate state intervention, and instead replace it with

a system that is dictated by the free market. It is suggested by some that neoliberalism is a political ideology that is inequitable, since unfettered capitalism favours the rich and creates high levels of inequality (Pierson, 2001; Harvey, 2007; Steger and Roy, 2010). In other words, it is an ideology steeped in a class perspective. Thus, to think of privatization as an extension or as a policy tool of neoliberal ideology is to think of it as something that creates inequality, benefits one group of people over another, limits the role of government, and creates profits for the private sector. This is exactly what the critical approach to privatization argues, suggesting that it is an overarching process involving a fundamental shift in the delivery of public goods and services (Antony et al., 2007), and that it fundamentally creates inequality (Martin, 1993). Moreover, in order for this ideology to influence and shape policy decisions, it must be shared by a number of policy actors involved in the policy community surrounding privatization decisions. In these cases, it is clear that network relationships exist between private interests and government that are bonded and strengthened in the shared neoliberal ideology. Most of the findings from the theme of ideology align with this critical understanding of privatization, implicitly and explicitly identifying privatization as a policy tool that is being used to benefit one group over another at the cost of the public good and interest. A number of the case study participants pointed to a small group of private interests that have benefited or will benefit from privatization, and a number of participants also pointed to the unequal effects that privatization has on the general public.

In terms of individual cases, the findings were fairly uniform across all cases. Each had at least over half of its participants speak to the theme of ideology. As well, nearly all of the participants were in agreement that ideology played a key role in the decision to privatize. One interesting thing to note was that the only participant to claim that ideology did not play a role

came from the GTA waste collection case study. That fact is interesting because that participant based their argument on the idea that privatization in the sector was a natural and inevitable progression for government to take in regards to waste collection. There is an irony to this claim, as discussed above, because this belief is actually rooted in an ideology itself. Therefore, the participant was in fact reaffirming the role that ideology plays while at the same time actively trying to dismiss the idea.

8.6 Voices in policy decisions

The theme of voices in policy decisions refers to the ability or inability of a particular policy actor or group to have their position and/or interests taken into consideration by policymakers when making policy decisions regarding privatization. The extent to which voices are heard varies, though there is a clear distinction between having your voice heard and not having it heard at all. This is also related to a policy actor or group's position with the policy network and their access to the decision-making process.

The theme of voices in decision-making was something a large number of participants spoke about. Overall, 24 of the 30 participants addressed the theme, while only six did not mention it. Participants who talked about this theme either spoke more generally about who the voices were in the decision-making-process, or they spoke to the fact that some voices were not given access to the decision-making process or that their voices were generally ignored. Unlike some of the other themes, voices in decision-making is less a value-type understanding than it is an exploration of what voices actually influenced the decision to privatize.

Both the waste sector and the public transit sector were similar in their numbers of participants speaking to the theme of voices in decision-making. Specifically, 13 of the 16 participants mentioned the theme, while only three did not.

In terms of individual cases, the GTA waste collection case study saw all eight of the participants speak to the theme of voices in decision-making. P3 explained that the major voices in the decision-making process regarding privatization were “the public service, the general manager of Solid Waste Services, the deputy city manager, and city manager.” P4 echoed this, and added that the mayor and the waste management also had voices: “The mayor, Public Works Committee, and the waste management lobby were the major players at the table ... The mayor was a catalyst in the decision making process, but not a ‘driver’.” P5 also explained that the waste management lobby had a voice in the decision-making process, with the lobby “providing briefings to council”, “data to council”, and “speaking with the public works commissioner.” P6, meanwhile, argued that the public service and city staff had a major voice in the decision-making process as they prepared the reports that helped guide the process.

A number of the participants also spoke about some of the groups and/or interests that did not have much of a voice in the decision-making process. P2 and P8 explained that labour, and more specifically, CUPE 416, the union representing waste collection workers, was not included in any part of the decision-making process. P2 explained that the union attempted to negotiate to save public waste collection services but that their ideas were never taken to council: “Well, when I sat down with upper management ... it was a shut door. We sat down with them, told them we’d ... go down \$5 an hour, each worker, reduce our benefits somewhat. We figured it was \$4 million a year they would save on that. Easy.” P2 added that they would also change scheduling around so that there wouldn’t be as much overtime where the City would have to pay

time and a half: "... they listened, but they never took it back to the councilors or to the Fords of the world. They never took it back to them."

P6 also explained that labour was not given much input in the decision-making process. Instead, they were only provided the information that the City was looking to privatize: "Did we consult with local 416? We certainly put them on notice ... once council made the decision that we're contracting it out ... there was sort of a formal process built in to the existing agreement here on what information we need to provide them, the timing, that type of stuff ... we fulfilled that." Meanwhile, P7 argued that it was not the case that labour did not have a voice in the decision-making process, but rather that their opinion held little sway.

P1 also spoke to the fact that a number of activist organizations were not given much of a voice in the decision-making process. In particular, P1 explained that their particular organization was able to "publish reports, provide briefing notes to councilors, and appeal to the media," but did not have any real voice within council. P4 explained that they attempted to have an active and strong voice in the decision-making process: "I signed up and put public works as my number one request for standing committee ... It wasn't because of cycling ... or because of water, and that's an area I worked in for many, many years. It was because of the privatization. So I knew, as one of two progressive councilors on the committee, that I would be playing a prominent role."

However, as P4 explained, much like labour, the councilors opposing privatization did not have much of a voice in the process: "I was on the public works committee, but there were only two progressive councilors on the committee and we didn't really have a voice. The same can be said of 416 as well."

The GVRD waste collection case saw slightly fewer participants mention the theme, as five of the eight spoke about voices in decision-making. P11 claimed that, in fact, everyone had a voice in the decision-making process and that no one was intentionally shut out. In particular, P11 explained that many interests were represented on council and were able to have a voice through different council members: "... there definitely were some detractors in the community. People who are, you know, pro-privatization, were in contact with some of the council members. The council members were aligned differently. Some had affinity toward the NDP, some had affinity toward the Liberals or the Conservatives." But despite the different lenses, P11 said, the information was "absolutely neutral," and comparable assumptions were listed, how the information was obtained was included, and the presentation of the information was made by the joint team: "I certainly remember the meeting where we presented the early findings, where ... these viewpoints we argued and we agreed to do further research and we had to make sure that everything was considered before we arrived at the conclusion that we both agreed that this is the actual cost of item."

Both P13 and P9 echoed this, explaining that all groups and/or interests were given a voice in the decision-making process and every option was considered equally. P9 also explained that the public was also given a say, as surveys were completed in order to gauge the public's interest in bringing waste collection services back in-house. Meanwhile, P13 and P14 also pointed out that the case was much different than when waste collection services were initially privatized, as there was "no public forum, no public input" the first time around.

Compared with the waste collection sector, the public transit sector saw slightly fewer participants speak to the theme of voices in decision-making, as 11 of the 14 participants mentioned the theme, while only three of the 12 did not.

The GTA public transit case study, meanwhile, saw five of the seven participants speak to the theme of voices in decision-making. Both P18 and P19 explained that the local municipalities making up the York Region each had a voice in the decision-making process. In particular, each municipality had a vote on how the system was to be set up and procured. P20 echoed this point, explaining that the different municipalities each had an “equal say” in decisions in York Region. P20 added that another major voice in the decision-making process was the overarching government transit agency, Metrolinx, which funded a large portion of the VIVA project. Meanwhile, P17 added that there was a large network of advocacy work being done “behind the scenes” in order to push for more privatization measures. P22 spoke to the fact that labour had next to no voice in the decision-making process, explaining that labour is not included on the advisory board, which makes decisions on contracts and transit system issues. As P22 put it: “It’s not like they come and ask us what we want, because obviously we’re not going to get what we want.”

Similarly, the GVRD public transit also saw six of the seven participants speak to the theme of voices in decision-making. Three of the participants, P26, P27, and P28, believed that there were very few voices involved, and they were all in agreement that the major voices were those of the government (both the federal and provincial) as well as TransLink. All other voices, they believed, played a more secondary role. That said, P26 did argue that the municipalities had a voice that was “high on the influence scale.” P27 also added that there were a number of business interests that had voices in the process, arguing: “...when you’re ripping off the taxpayer, there’s a lot of people who want to be at that table.” Speaking more generally about P3s, P24 was also very clear in the belief that there were very few voices in the decision-making process: “It’s almost like there isn’t a policy table with P3 ... the questions become more along

the lines of are you going to do it or not? Are you going to do this P3 infrastructure or not?

That's the public debate. But how, and when it's funded and all of that, becomes a matter of confidentiality." Because the municipalities are desperate for infrastructure improvement, P24 said, they will go with the P3 model if they think it's the only way they can get a project built: "... yeah, it's not like a real public policy engagement process with the community or anything."

Meanwhile, P24 and P29 both also spoke to the fact that labour had very little voice in the decision-making process. P24 explained that typically CUPE has a strong voice and presence around the decision-making process of major infrastructure projects. But for the Canada Line, that did not happen, as labour was mostly shut out: "[Decision-making was done] very much from the inside. Usually CUPE, if it's opposing contracting out, it will build an alliance in the community, it will build a community coalition, have a community campaign, have advertising, have protests, have presentations ... so a lot of that kind of thing was not done in this case."

P29 echoed this idea and expanded the discussion surrounding labour's voice in the decision-making process. In particular, P29 explained that, in fact, some labour interests did have a voice in the decision-making, but those interests were mostly the building trades who wanted the contracts to build the line. In other words, interests who did not care much about how the system would be operated. P29 explained: "For the first large part of the campaign, the labour movement was pretty united in saying we didn't want this to be a public-private partnership. But then the building trades, after about the second vote, switched and said we want to build this thing and we don't care if it is a public-private partnership." In fact, P29 said, they signed on to the business coalition in favour of building it: "So there was something of a split in the labour movement at the time. And as you know, the building trades can take a pretty enthusiastic approach to public-private partnerships."

As with the theme of network relationships, the theme of voices in the decision-making process was mentioned by participants at a very high rate. Specifically, 24 of the total 30 participants spoke to the theme, while only 6 did not mention it. These numbers, similar to the network relationship numbers, make these findings important since they suggest, not surprisingly, that having a voice in the decision-making process is a key factor in deciding what type of policy is chosen.

The idea of the importance of voices in the policy process has been covered ad nauseam by pluralists in the public policy literature (Pross, 1986; Thorburn, 1993; Hill, 2005; Smith, 2005). A very basic understanding of what the pluralist model entails is that policy actors/groups influence policy based on their interests (Miljan, 2008). As such, the stronger the voice of a policy actor (or policy group), the more influence that actor/group has in policy decisions (Hill, 2005). In terms of privatization, the literature coming from a pluralist perspective is very limited, as only a few studies have analyzed privatization from this viewpoint (Vernon, 1987; Campo-Flores, 1994). In fact, the literature is so lacking that it could be argued the majority of privatization literature gives no attention or importance whatsoever to voices in the decision-making process. However, the case study findings challenge this notion, as nearly every participant acknowledged and differentiated between the voices that were involved in the policy-making process around each case. Participants identified actors/groups such as the “provincial government”, the “federal government”, “private consortiums”, and “municipal boards” as having a voice in the decision-making process. Thus, these findings help establish and acknowledge that there are different actors/groups within the policy community surrounding privatization that have varying degrees of influence. As well, these findings help to begin to fill the literature gap that exists within the privatization literature.

Like with the theme of network relationships, the findings related to the theme of voices in the decision-making process become more important and insightful when viewed through the lens of the network-class analysis approach. This framework allows for things like motivations and objectives of policy actors/groups to be taken into consideration to make sense of their “asymmetric relations” (Collyer, 2003). With this in mind, the different voices at the table and their ability to be heard takes on new meaning. In particular, understanding voices like the federal government, provincial government, and municipal government becomes much more complex. Questions arise, such as: why is government so adamant about using its voice to push privatization projects? Or, considering any actor or group with private interests, why are these actors or groups given priority in the policy process? For their part, participants spoke of the closeness that existed between government and private interests, with some suggesting that the two were almost working in tandem to achieve economic goals. In some cases, participants said private interests and governments seemed to be working in tandem, which certainly explains why private interests were given a larger voice in the policy process. Moreover, the lack of voices in the decision-making process, which a number of participants addressed, also takes on new meaning. In particular, participants spoke about labour having its voice shut out of policy discussions and decisions, as well as the public having no input in any decisions, and NGO groups having no access to the policy process for their voices to be heard. With government and private interests sharing such a close relationship within the network, it should be no surprise that labour, the public, and other NGO groups have their voice shut out of the process since these voices are in direct opposition to the government, and more importantly, the private interests. Thus, the findings, as seen through the network-class analysis lens, show that voices in the decision-making process are directly related to network relationships, which in turn are dictated

by class interests. More specifically, in each of the four cases, greater voices in the decision-making process were afforded to government and private interests for economic gain, while labour, the public, and other NGOs were shut out of the process and their interests subservient to private interests.

In terms of individual cases, the findings across all four case studies were very consistent. The voices that were identified were also very consistent across all four cases. Government was mentioned as a major voice in each of the four (federal, provincial, and municipal in the public transit cases, and the municipal government in the waste collection cases). Private interests were also mentioned in all four cases (private operators in the waste collection sector and private consortiums in the public transit sector). The only real outlier was that participants in the GVRD waste collection case study identified the union as a major voice in the decision to bring the services back in-house, though these same voices also pointed out that the union was shut out of the policy process when the services were initially privatized. This, of course, holds consistent with the other cases. Meanwhile, other than the GVRD waste collection case, labour and the public were consistently identified by the four cases as voices that were not included in the policy-decision making process.

An interesting sub-theme also emerged from the data regarding the theme of voices in decision-making. The role of the government was referred to by a number of the participants when speaking about who did or did not have a voice in the decision-making process. Overall, 11 of the 30 participants talked about this sub-theme of the role of government in the context of the theme of voices in decision-making. In terms of sectors, the waste collection sector had four of the 16 participants speak to the sub-theme, while the public transit sector had seven of the 14 participants speak about it. In terms of individual cases, the GVRD public transit case study had

the most participants speaking about this sub-theme, as four of the seven mentioned it.

Meanwhile, the GTA waste collection case study saw two of the eight participants, the GVRD waste collection case study saw two of eight participants, and the GTA public transit saw three of seven participants mention the sub-theme.

For the GTA waste collection case study, both participants who spoke to the sub-theme of the role of government felt that government needed to take on a stronger role in the decision-making process. In particular, both felt that private waste collection raises issues surrounding waste diversion. More specifically, both felt that private collection oftentimes leads to lower rates of waste diversion. This, of course, is a public good concern. P1 argued:

Well, I don't think it can be incentives. I think it's pure and simple legislation and regulation. It's clear that the market has spoken when it comes to dealing with waste, and if you look at the ICNI sector, like why is it that probably, you know, 80 or 90 percent of what gets collected in ICNI sector ends up in landfill? Because, you know, the companies have just decided, well, screw it. It's cheaper ... we make more money sending it to landfill than anything else. And the businesses that they're collecting say, well, how much are you going to charge us for doing green bin pickup or recyclables? Well, it's going to be a bit more. Well, fuck it. Forget it. I'm not going to pay that premium, why should I? I'm a business, my job is to maximize my profit. I'm not here to worry about the social good. So you need legislation.

P5 spoke about the issue a bit more broadly, but still focused on the need for government to intervene and legislate waste diversion rates for private collectors: "Waste diversion is value add, so there's more money that can be made from a waste company's perspective, and most understand that you're not going to be sighting more and more new landfills." In other words, there's a business case to be made, says P5, to start to try to move into that area, and most have diversified their companies and are now "doing a lot of this stuff already." Added P5: "So there's

a push, generally, in that direction. But in order to change that, you need some type of government intervention ... it's all economics, it's all the fact that it's really, really cheap in the U.S. to dispose of this waste. And until you get at that issue, you're going to continue to have a low diversion rate."

In the GVRD waste collection case study, two of the eight participants spoke to the sub-theme. One participant spoke about the role that the government played in the decision-making process. In particular, P9 said that the government had stayed out of the decision-making process for the larger service delivery options (public vs. private), but had been involved in smaller decisions around types of service, levels of service, etc.: "Yes, they wanted to be involved in the cart size ... and then at the last minute they said, 'Oh, let's do food scraps,' and I'm like, 'Whoa, wait a minute. We haven't even thought about food scraps.' ... So next thing you know, I had to quickly come up with a food scraps program, and we had to throw that out there too." P9 added that they had to give council what they wanted, as far as the details of the service, but that some things felt rushed. "We didn't have to do everything right away. We could have just started with our own service and then added these new things, but no, they were just way out there, ambitious-wise, once it got rolling. But it was all good. Everything worked out."

The other participant, P11, spoke about how provincial and federal governments use funding structures to force privatization and P3s on municipalities. Port Moody, however, was able to avoid this: "... the provincial and federal governments are asking for submission of grants, for example, and municipalities have to incorporate into the grant ... to what extent they're going to include the public-private partnership ... or to explain why the public-private partnership would not be the best way to implement the project ... I think that's the wrong approach."

The three participants who spoke to the sub-theme of the role of government for the GTA public transit case study both claimed that the government played a key role and had a strong voice in the decision-making process. In particular, P18 explained that federal and provincial levels of government played a key role in the VIVA transit system, supplying most of the initial funding to the project. P18 also explained that this funding was contingent on the project moving forward with private partners. In other words, that it was moving forward as a P3 or privatized project: "... just about at that time, the federal government announced Build Canada ... the first funding plan that acknowledged that these large infrastructure projects couldn't be funded just by one level of government, that all parties needed to get involved, and so we put together a business case and submitted it to the Federal, Provincial levels of Government." To seek funding, P18 said, a business case was put together for the first generation of Rapid Transit in the region, which was \$150 million worth of investment in vehicles and Rapid Transit Technology: "... we were successful in putting our business case forward and from that moment we were then funded for the first phase of the project."

P17 also spoke about the role of government, both federally and municipally, explaining that the funding structure of the federal government was key and also that the municipal government was determined to see the project through: "But let's not discount the fact that VIVA was one of the first out of the gate to really push for a new rapid transit in York Region and much of the credit goes to Bill Fisch for his vision and for his determination and for his consistency in sticking with it." Fisch and his staff, P17 said, were really the champions that made it happen: "But even then, when those first applications were made for federal funding, it was clear that there was a preference that was going to be given to P3 projects. So I think the signals coming

out of Ottawa at the time that favoured P3's were already a factor in the way in which the VIVA project was structured.”

For the GVRD public transit case study, the four participants who talked about the sub-theme of the role of government expressed the belief that the government played a major role in decision-making and had a disproportionately influential voice in the process surrounding the Canada Line. Three of the participants pointed to the funding structure as the way in which government played a key role in the decision-making process. In particular, as with some of the other cases, the federal and provincial government put a condition on funding whereby the private sector had to be involved in the project. As P26 explained: “At the time, the provincial policymakers were creating policy ... whereby all projects receiving provincial contribution ... I believe at that time it was any contribution in excess of \$25 million, they were assumed to be delivered by a P3 model, unless there was some justification for not considering it a P3.” Given that the province's capital contributions exceeded \$250 million on the Canada Line, P20 explained, that put them well over the \$25 million threshold.

P27 reiterated this and added that the federal government put the same types of restrictions and/or conditions on their funding as well: “They didn't give us an option. They didn't say, ‘look, you can look at privatizations and you can look at public sector, but it is going to be a privatization initiative,’ and that's why the federal government says we're not giving you any money unless it's a 3P, unless it's a privatization initiative.”

P27 and P24 touched on the role that the provincial government had in prioritizing projects. As was laid out in Chapter 2, the provincial government made the Canada Line a priority over other transit lines despite the fact that TransLink had already prioritized other lines. P24 explained that once the Olympics were awarded to Vancouver for 2010, the government changed

its transit focus and “insisted” on the next line being the Canada Line, which linked Vancouver, Richmond, and the Vancouver airport.

It should be noted that the sub-theme of the role of government did not receive attention from a large number of participants (only 11 of the total 30 participants mentioned it), which is why it is a sub-theme. However, each one of these participants who mentioned the sub-theme was clear in their belief that government played a central role in the decision to privatize.

These findings are most interesting because they challenge the orthodox definitions and conceptions of privatization. As discussed at length in other sections of this dissertation, one of privatization’s main goals is to reduce the role of government in the delivery of services and the building of infrastructure (Savas, 2000). It is argued that a reduction in the role of government reduces government expenditure and increases the effectiveness and efficiency of the delivery of services and infrastructure (Beesley and Littlechild, 1983; Savas, 1987; Savas, 2000; Schott, 2002). However, the findings from the case studies challenge these notions of privatization. In particular, every participant who mentioned the sub-theme of the role of government explained that the government had played a large role in the process, from the planning, contracting, designing, and funding, all the way through to the operation side of the projects. This is in contrast to the idea that once government sets a policy of privatization, they are able to wash their hands of the public service. Instead, what happened in all four cases was that the government remained very much involved in all of the stages of privatization, which ended up costing them both economically and politically. In particular, a number of participants spoke about the political capital that was used in order for the federal and provincial governments to push through privatization measures that were unpopular or that looked like they would not pass at the municipal levels. Others talked about the government’s key role in funding, and more

specifically the conditions that they attached to funding in order to force municipalities into privatization measures. Some participants even spoke about the role government had to play in order to clean up after the poor services provided by the private sector. These findings suggest that government does not, in fact, wash its hands of a service or infrastructure project when privatization measures are put in place, but rather its role becomes much more pointed and articulated.

As well, these findings help reiterate the fact that government is influenced by its network relationship with private interests. In particular, some participants spoke about the intense pressure the provincial government put on local municipalities and the provincial transit board in order to approve the Canada Line as a P3. Others spoke about the fact that decisions were “pushed through council” with little debate. In each of these cases, as well as the others found in the findings, government took an active and biased role in pushing for privatization. Moreover, the government was pressuring for a particular outcome (see Chapter 7) that benefited one policy actor/group while hurting the majority of the other actors/groups. In other words, as Collyer (2003) explains, the government “works with capital to initiate and support the privatization process” (p. 20).

In terms of individual cases, the findings were pretty consistent across the board regarding the sub-theme of the role of government, as all four cases had similar numbers of participants mentioning the sub-theme. The only real difference that emerged was the level of government in question. For instance, the waste collection sector’s focus was mostly on the municipal government, while the public transit sector focused most heavily on the provincial government, though the federal government and municipal governments also received mention.

Another interesting sub-theme emerged from the theme of voices in the decision-making process, and that was the sub-theme of public input. In fact, public input was one of the few themes that was important as a result of the *lack* of attention it received from the majority of participants. Overall, only eight of the 30 participants spoke to the theme, while 22 did not mention it whatsoever. Participants in both the waste collection sector and the public transit sector paid a similarly low amount of attention to public input, with only four of the 16 in the waste collection sector touching on the theme and only four of the 14 in the public transit sector speaking about it.

From an individual case study standpoint, only one of the eight participants mentioned the sub-theme of public input for the GTA waste collection case. The one participant who did mention the sub-theme, P8, felt that the public did have input on the situation, as they felt that the city council election was a direct reflection of the public's demand for change to waste collection in the city following the garbage strike. However, P8 did not speak to any sort of institutionalized public input beyond the general election.

In the GVRD waste collection study, meanwhile, three of the eight participants mentioned the theme of public input, which was by far the highest rate from any of the case studies. The three participants that did speak to the theme all talked about the heavy emphasis that was put on public input when the City moved to bring waste collection services back in-house. All three participants made a point to mention that this contrasted with how the service had been privatized 10 years earlier when the public had next to no input on the decision. Each of them spoke about using a survey in order to gauge the public's interest in bringing waste collection back in-house. P13 explained that the questions asked residents directly how they felt about privatization and what their preference was for waste collection: "... we did a really extensive

telephone survey, and in that survey we did about 800 people. And we used a private firm, but the questions were based around ... would you support paying a bit more money if the service was in-house? Or, how do you feel about the garbage service that you have now? So, basically, just questions around contracting out.”

P9 echoed this, and added that the union played a key role in getting this public input included: “We did a survey. The union actually paid for a survey to be done ... we paid the price for it because the union wanted it, they wanted to show it as part of the report that there was public support for it. So, we got that and included excerpts out of the report in our report to council.”

P10 also added that the public input was actually used as part of the business case that was presented to city council, and it was one of the key components that helped convince city council that it was the right decision to bring waste collection back in-house.

As for the GTA public transit case study, only one of the seven participants mentioned the theme of public input. Unlike the GVRD waste collection case study, public input was not sought in order to inform decisions around privatization. Rather, it was gathered in order to choose between two different options within an already privatized public transit system. In particular, P20 explained that public input was sought to decide between LRT and BRT for the VIVA system: “They did a lot of marketing around it, they filled the Markham theatre, I think there were over 400 attendees, and they had transponders. So, it was totally interactive ... each of them presented the argument, and then after each argument and some Q&A, the audience voted.” The vote results showed up instantly on the wall, P20 said, and at the end of the day there was a “51-49 kind of split between LRT and BRT.”

The GVRD saw three of the seven participants mention the sub-theme of public input. P28 argued that there was ample public input in the decision-making process surrounding the Canada Line, and pointed to the fact that a poll showed that more than 70 percent of the public wanted the Canada Line. That said, there was no mention about public input with regards to whether or not the public wanted the Canada Line to be privatized: "... but back then, we had also done public surveys that figured out where the people of the region were at with respect to the Canada Line. And any government today would love to have those kinds of numbers. They were all over 70 percent ... of the people were in favour of it."

Meanwhile, P24 contradicted P28's statement on public input for the Canada Line, explaining that, compared with other public projects, the Canada Line had next to no public input: "... for example, the Vancouver Island highway project, or the Millenium Line, were both publicly managed and publicly operated. They were not P3s ... we did make a point of having a very iterative process of seeking advice from people in the community, and particularly in communities that lie where the highway is running through." That said, P24 continued, if 100 percent of the capital costs of the crown are contributed, "obviously you have the ultimate decision making authority."

P29 also contradicted P28's statements on public input for the Canada Line. In fact, P23 argued that independent research had been done that showed that people were not particularly interested in a privatized SkyTrain line: "I mean, there were some things that came up. Like, we did a poll, for example, that showed that people weren't aware of P3s ... and they didn't particularly want it to be privately operated."

A low percentage of participants spoke to the sub-theme of public input, as only 8 participants mentioned it. In and of itself, that is an interesting finding since it suggests that not only does the

public have little input in decisions regarding privatization, but that public input is not generally thought of as a component of privatization.

Building on that, the majority of the literature surrounding privatization makes almost no mention of public input. In fact, there is no mention that it is part of the process or that it is something that privatization particularly values in the decision-making process. There is some literature from the critical approach that points out that privatization and P3s lead to a lack of public input on public services and infrastructure projects, but much of this is found in the grey literature produced by unions and other interest groups as part of a 'fact sheet' or a talking point in a press release. There is little found in the academic field. Overall, it can be said that there is a real lack of literature detailing public input in the context of privatization. This may explain the lack of mentions of the theme from the participants in the case studies, but public input is a notion that holds an important place within public policy literature. Over the past few decades, there has been a growing debate about the role of the public in policy decision-making. In recent years, it has become clear that public input has become a key part of policy making, with many arguing that it is an essential part of the decision-making process when feasible (Rowe and Frewer, 2000). This has resulted in a dramatic increase in literature interested in ideas of public participation, stakeholder engagement, and public engagement. At the core of these notions is the idea that public input and participation leads to more effective and legitimate policy and decision-making (Rabe, 1994; Halvorsen, 2003). Moreover, the literature also suggests that those affected by policies should be involved and have a say in the decision-making process (Figueredo, 2005; Silverman, 2006).

Taken in this vein, the findings related to the sub-theme of public input become even more important and telling. In particular, the findings make it clear that public input, for the most part,

was missing from each of the cases. A majority of the participants who did speak to the theme claimed that there was a lack of public input in the process, and where there was public input it was only considered if it supported the decision to privatize. The participants who claimed that public input was considered spoke about the theme for options rather than actual public input into decision-making. More specifically, one participant who claimed that public input was considered in the process explained that the public was given the ability to vote on rapid bus transit or light rapid transit, but they had no say in the choice to pursue improved transit or any say in whether the transit system should be publicly or privately operated. In other words, public input was mostly only surface deep. Both the participants who claimed that public input was absent and those who claimed that it was taken into consideration suggest that the findings do not mesh with the public policy literature regarding public input and participation and suggest that public input was missing from each case.

As well, when viewed through a network-class analysis lens, the findings also help reiterate the fact that certain network relationships are stronger and closer than others. This results in some voices being pushed out of the policy discussion. In this particular case, public input, and more generally public good, are suppressed in order to better articulate the objectives of government and private interests.

With so few participants speaking to the theme of public input, it is next to impossible to draw any conclusions or analyze any insights from individual cases. What can be taken from these findings, though, is that across all cases, public input was not present and for the most part was not seen as being very important. The GTA waste collection case, in particular, stands out in this sense. Ironically, given that one of the reasons provided to pursue privatization was a demand from the public, little effort was made to include public input. The GVRD public transit

case, meanwhile, saw the most participants mention the theme of public input. This can most likely be attributed to the fact that the Canada Line saw a great deal of opposition during the planning stage – especially from the publicly-elected TransLink board. This created a conversation around the public’s opinion on the Line and the desire for the project. However, as discussed above, this conversation did not lead to authentic public input and/or participation, as most of the participants in the cases explained that the process lacked public input and in some instances ignored the input from the public entirely.

Finally, another interesting sub-theme that emerged from the data regarding the theme of voices in the decision-making process was the idea that privatization was simply a foregone conclusion and that having or not having a voice in decision-making was ultimately meaningless. Overall, ten of the 23 total participants spoke to this sub-theme. In terms of sectors, the waste collection sector saw six of the 16 participants speak about the sub-theme, while the public transit sector saw slightly fewer (four of 14) participants speak to it. With regards to individual cases, the eight participants who did speak to the sub-theme came only from the GTA waste collection case and the GVRD public transit case. In particular, the GTA waste collection case study saw six of the eight participants speak to the sub-theme, while the GVRD public transit case study saw four of the seven speak to it.

For the GTA waste collection case study, all of the participants spoke about how the process happened so quickly and it seemed as though nothing could stand in the way of the decision being privatization. P4 described the process as a train: “The policy process was like a train on this one. It was going to happen no matter what.” Describing how the decision was made and adopted, P3 simply explained: “We asked for ... they saw it coming, and my recollection is they just prepared a report and it appeared on the agenda. It was adopted.” Speaking about the report

that city staff prepared for council, P6 suggested that it was merely a formality: "... you know, let's face it, it was strictly, it was a protocol decision. You know, the mayor and council directed us to look at contracting out, and it was fairly black and white." This matter of fact description of the process makes sense coming from a government and management perspective, however other key informants came from different class positions and perspectives. For example, P2 echoed all of this, explaining that the union even tried to make major concessions but it still did not stop the process from moving ahead quickly: "There was no stopping it whatsoever ... we even offered them essential service where we couldn't go on strike again. If there was a strike ... we said no, we'll be essential services. Deem us essential services and we'll never have another garbage strike if that's what you're worried about ... to keep the work." P8 reiterated that after the garbage strike, it seemed as though privatization was inevitable once Rob Ford was elected mayor. Meanwhile, P5 suggested that privatization of waste collection services was simply a natural process that could be seen happening "right across the province."

Similarly, for the GVRD public transit case study, all of the participants who mentioned the sub-theme believed that the decision was indeed a foregone conclusion. P27, P29, and P30 all argued that there was never really an opportunity for TransLink or the municipal governments to reject the Canada Line project. They pointed to the fact that the Canada Line was defeated twice by a TransLink board vote, and yet the provincial government kept forcing the board to vote on it until it finally passed. P26 summed up the sub-theme best by explaining what the decision-making process actually looked like: "... well, there was actually little debate afforded the decision. At the time, the provincial policymakers were creating policy ... whereby all projects receiving provincial contribution ... in excess of \$25 million, they were assumed to be delivered by a P3 model, unless there was some justification for not considering it a P3."

It is important to note that the findings related to the sub-theme of foregone conclusion are anything but overwhelming. However, 10 of the 30 total participants did mention it, and it meshed nicely with the larger theme of voices in the decision-making process. At first glance, the sub-theme of foregone conclusion seems to support the literature from the orthodox approach, which argues that privatization is a natural and inevitable occurrence for government (Jansson, 2000). However, if these findings are looked at more closely through a network-class analysis lens, it becomes clear that privatization is not a foregone conclusion or an inevitability at all. Instead, it only seems that way because government and private interests are able to articulate their interests more effectively as a result of network relationships. These findings suggest that the neoliberal ideology shared by government and private interests has created a situation where their interests are dominant in the policy discourse and have created a situation where no other actors or groups are able to articulate their own interests. The findings also suggest that this notion that privatization is a foregone conclusion is a byproduct of the fact that voices of opposition are intentionally shut out of the policy discussion by other network actors/groups. If they were not being shut out, then this feeling of privatization being a foregone conclusion likely would not exist, or at least it would not be as acute as some of the participants have described it.

In terms of individual cases, only a small number of participants spoke to the sub-theme of privatization being a foregone conclusion, so it is hard to glean any insights from the data. One interesting thing to emerge from the findings, though, was that the participants who did mention the sub-theme came only from two of the four cases – in particular, the GTA waste collection case study and the GVRD public transit case study. One possible explanation for this is that the decision to privatize happened very quickly in each case, leaving a number of participants feeling as though they had no chance to affect the policy decision.

8.7 Evidence

The theme of evidence refers to any and all information that was used and/or ignored by policymakers when coming to the decision to privatize in each of the cases. Evidence can be either quantitative or qualitative or even a combination of both. Typically, in the case of privatization, evidence comes in the form of quantitative or economic data pointing to the efficiencies that privatization may bring with it.

Evidence was another strong theme that emerged from the interview data. Overall, 24 of the 30 participants spoke to the theme of evidence, while only six did not. The vast majority of the participants (20 of 24) believed that the evidence used in decisions to adopt privatization was either insufficient or skewed in favour of privatization. Only four believed that the evidence used was sufficient and impartial.

In the waste collection sector, 15 of the 16 participants spoke to the theme of evidence. And in 10 of the 11 instances, the participants believed that the evidence that had been used in the decisions to adopt privatization was insufficient and/or skewed in favour of privatization, with only one of the 11 participants believing that the evidence was sufficient and unbiased.

From an individual case standpoint, the GTA waste collection case study saw all eight of the participants speak to the theme of evidence, and all eight believed the evidence used had been insufficient and/or skewed in favour of privatization. This was an interesting development, as key informants from labour, government, management, and industry perspectives all agreed on the poor quality of evidence used. P4 was very blunt in their assessment of the evidence used in the decision to adopt privation, explaining that they had many “questions and key concerns.” In other words, P4 was not sold on the accuracy or quality of the evidence provided to city council: “I didn’t find the information in the city report overwhelming. In fact, I found the information

provided by 416 to be more compelling.” P1 was also critical of the evidence used in the decision-making process: “... the narrative, the story right now is, you know, it’s saving us \$11 million a year. The number is probably bullshit, but that’s the story that’s out there, and that’s what people believe.” P1 also argued that in that particular case “fact-based stuff was irrelevant”, and that “the administration was completely intent on doing that, and, frankly, they were going to come up with numbers that were going to make their case anyway.” P2 echoed this thought, explaining that the City’s numbers were “all screwed up” and did not make sense, and that the decision was “already made and facts and numbers didn’t matter at that point.” P3 admitted that evidence used in city council decision-making was often skewed: “... they’ll sprinkle it with whatever seasonings they need, depending upon the taste of the new councilor ...” Building on this idea of skewed evidence, P6 explained that City staff were given very specific instructions to provide evidence that would support privatization: “... let’s face it, it was protocol ... You know, the mayor and council directed us to look at contracting out, and it was fairly black and white. Like, we had our marching orders. And the information that we provided council ... you’ve seen it in the report, it wasn’t a bunch of research done.”

P4 also added that there were not many good comparisons to be made in order to produce compelling evidence. This meant that much of the evidence provided was not completely accurate and at times offered what amounted to a guess or a prediction as to what savings would look like: “There is not a lot of that service that is provided by city-like forces. So in southern Ontario, for example, I think Whitby have a little bit, Ottawa have a little bit ... Hamilton have a little bit ... but large-scale cities, aside from Toronto ... like, Vancouver and Calgary, some of it’s done in-house, but the vast majority of it is contracted out.” P4 added that they looked at some U.S. cities: “... you look at New York, you look at Chicago, you look at L.A., a lot of them

are in-house services, but they don't provide the same sort of services that we currently have ... none of them offer curbside organic program. So it's hard to do a comparison ... very few of them offer the same level of services that we do."

P5 was one of the more confident of the participants in the GTA waste collection study about the soundness of the evidence used in decision making, although they even willingly admitted that a lot of the evidence used was American-based and was skewed in some instances. As well, there were connections between those producing evidence and those using the evidence to support a position. In particular, P5 explained: "... very, very different way that the American system tends to contract out their servicing. So, you can't necessarily draw as many comparators, because some municipalities aren't tendering out full municipalities. Sometimes, there's actually smaller contracts that are out there within a municipality. So, bit of a different context." P5 also explained that a lot of the evidence used in the decision-making process outside of the staff report came from the Fraser Institute, which has "some connections to the board" at the Ontario Waste Management Association. Similarly, the only participant who actually believed that the evidence used was sufficient and unbiased, P7, argued that the evidence eventually showed a significant saving, but they were also quick to point out that the original evidence used to make the decision to direct staff to investigate privatization further was lacking.

Similarly, the GVRD waste collection case study saw seven of the eight of its participants speak to the theme of evidence. All seven of the GVRD waste collection study participants believed that the evidence used in decisions to adopt privatization was insufficient and/or skewed in favour of privatization. It should be noted that the GTA waste collection case is somewhat different from the others in this regard, as most of the participants talked about the type of evidence that they compiled in order to bring waste collection back in-house as opposed to the

evidence that was initially used to privatize. As for the decision to initially privatize in the GVRD waste collection case, P11 described the evidence used in this way: "... when the decision was made in 1998, it was a recommendation from the administration, and based on a business case that included the sale of the City's trucks and the expenses of comparing various contracts that were in place in other municipalities." The union got wind of that at the time, P11 said, and was not involved in this: "There were a number of people who were likely to be let go as part of that transition, so they appeared before council and lobbied against the privatization ... at the time, it was a very divided approach, with the administration arguing it would be cheaper, and the union arguing that they were doing a better job."

P11 explained that they used a completely different approach when evaluating waste collection the second time around. This included working closely with all parties with interests in waste collection: "We said we're going to assemble the business case for both sides, and we're going to make sure that we have the best information, it's going to be evidence-based ... for example ... let's make sure that we agree to having the same kind of escalation of fuel costs on the public sector side so that we're really comparing apples to apples." And that's exactly what took place in the report that was assembled, P11 said: "It was a very evidence-based report that looked at the various costs in an impartial way."

P13 further explained the approach to evidence-building: "So, we had a researcher from CUPE, Blair Redlin, who started off the process of looking at it, and we had a city manager, Gaetan Royer, who was very open to bringing the service in-house. So we worked on the report ... we cross-shared a lot of the research, and we cross-shared surveys, etc." P10 echoed most of this and also spoke to the quality of the evidence: "... we sold a really good product." P12 said that the decision to bring waste collection services back in-house was made very quickly because

the case was “so compelling.” P12 also explained that while city council is skeptical about any evidence they receive, in this case it was clear that the evidence was very good: “I think probably every report that we get here on city council, you always come in a little bit skeptical ... I mean, one way or another, especially if it’s a very strong one, you know, you want to look and make sure that you’re getting the right information.” Council obviously knew that CUPE was going to want to bring the service in-house, P12 said, but it was the evidence that was looked at, and it was strong: “... it really was ... again, being a small town, it’s really easy for us to qualify or quantify those things. So we looked at it pretty quickly and went, yeah, well ... the black and blue of it was, here’s how much it costs to buy a truck, here’s how much it costs to buy the containers ...”

Speaking to the impartialness of the evidence used in the decision to bring waste collection back in-house, P9 summed up, rather aptly, how the report had been put together: “I can say, honestly ... because I’ve got very high ethics personally myself ... I never would have been involved in a report that skewed things, that exaggerated something. We just gave them facts.” P9 further explained that, in fact, they always went on the side of being conservative and as objective as possible: “Like, there’s things that you can make it look better, but we never used any of those types of things. It was a very clear, honest report to council.”

Comparatively, the public transit sector did not have as many case study participants speak to the theme of evidence, however nine of the 14 did address it. Five of the 14 made no mention of it. Of the nine participants who spoke to the theme, six believed that the evidence used in decisions to adopt privatization was insufficient and/or skewed in favour of privatization, while only three believed the evidence was sufficient and impartial.

For the GTA public transit case study, five of the seven participants talked about the theme of evidence, while two of the seven did not mention it. Of the five who did mention the theme, three believed that the evidence used in the decisions to adopt privatization was insufficient and/or skewed in favour of privatization, while the other two believed that the evidence was sufficient and impartial. Criticism from P21 focused on the way evidence is produced. In particular, P21 questioned the impartiality of evidence produced by either a commissioned consulting company or a government with a stated purpose to privatize wherever possible: “It’s always a process of first to fall, doing a feasibility study to determine whether or not privatization would be a benefit ... not just feasibility studies, but projection studies ... like, how much additional public transit are we going to need in the years to come?” Somebody will be commissioned, P21 said, to come up with a 20 or 25-year plan, taking into account population growth, environmental factors, how many people will need transit, and so on: “So you start out with the plan ... we need to build more transit ... Do we, as a government, have the money? No. Can we borrow the money to do this? Well, yes we can. But why don’t we look at alternatives to the traditional way of doing these things ... let’s look at a private alternative.”

P22 echoed these concerns, and added that in most cases the decisions to privatize are a “done deal” no matter what the evidence shows. P18 even admitted that very little research, if any, was done before the decision was made to move forward with a privatized VIVA transit system. Instead, York Region decided to create its own “platform”, based on a loosely-created transportation plan, to see if there were any private companies interested in creating a private transit system.

Meanwhile, one of the participants, P20, a manager at VIVA who believed that evidence was sufficient and impartial, argued (in more general terms) that the competition surrounding private

contractors and the private expertise of the consortiums bidding on a project means that they will present their best-case studies: “I think that the people on the delivery teams are seasoned, committed, professionals that don’t have political agendas. That’s their job. They’re professionals to make those recommendations. And I think that at the end of the day it has to be collaborative and they’ll argue it out and they’ll have to do their best case ...” Often, it comes down to money and/or time, P20 said: “... so they have to write good business cases to validate if they want to change anything or why we would do that direction versus this direction? And then it gets negotiated based on good project management principals and it gets agreed or not agreed at the boards.” The other participant who believed that evidence was sufficient and impartial, P23, made a very similar and vague argument that all P3s are based on good business cases. Moreover, P23 went as far to say that CCPPP would never fund or support a project that was not based on “good evidence.”

The GVRD public transit case study saw similar results as the GTA public transit case study with regards to participants speaking on the theme of evidence, as four in seven talked about it, while the other three did not mention it. Of the four participants who mentioned the theme, three believed that the evidence used in decisions to adopt privatization was insufficient and/or skewed in favour of privatization, while only one believed it was sufficient and impartial. The three participants who believed the evidence was insufficient and partial were very critical of the quality of the evidence and the methods used to produce it. P24, for instance, explained that the way in which evidence is gathered and presented is inherently flawed and biased: “... the auditing process ... in BC it’s particularly bogus, because the way Partnerships BC does it is they do their value for money report after the project. And not after the project was built, but after the project has been approved.” In other words, P24 argued, it’s essentially a “justification

report,” as opposed to a more classical approach to public service where a fair discount rate would be chosen which had some relationship to things like projected future inflation and projected future interest rates: “You would have one consistent discount rate for all projects so that you’d be ... comparing apples to apples ... And then decision makers would be able to make an informed decision, based on balanced information ... But that’s not how it’s being done ... Partnerships BC’s approach has been to have a different discount rate for every one ...”

P27 echoed much of this while adding: “... it was one of those cases in which the issue was made intentionally very confusing. It was extremely difficult for politicians ... They were suddenly given very complex explanations about why this would be a better solution than operating under a more traditional construction methodology.” P27 added that then there were all kinds of promises made of how this was going to bring the “best and the brightest in the world” to the table, and they were going to get the best bottom line, and that this would achieve much better results in the long run for them economically: “I mean, there were all kinds of promises being made ... which was fairly typical about these kinds of projects.”

P27 also explained that the politicians making decisions about privatization are often uninformed, misinformed, or do not have the technical expertise to understand the implications of their decisions to privatize: “And most of them, as they are wont to do, have very little research, have looked at few issues, they’re just attracted by the concept, that there’s this partnership between the public and private sector that somehow will magically save everybody a lot of money. And they buy into that very quickly.”

P29 followed similar lines in criticizing the way evidence was produced, explaining that the model was flawed because it was too heavily based on risk: “... here, like everywhere else, the value that says that public-private partnership come out ahead is pretty much exclusively based

on risk. They come up with a risk transfer number which is so high that it's impossible to come up with a different outcome." In Ontario, P29 explained, the total value of the risk transfer is quantified and they come up with "some pretty absurd results," like risk transfer being worth "90 percent of the project is the value that you see on some things." But in BC, there are two different ways which add up to the value of risk: "First is a direct quantification of what they consider the risk transfer to be ... It seems to me that that usually comes out to about 10 to 15 percent of the total value of the project. But the other thing that they do is they use as a discount rate the private sector cost capital, or the internal rate of return." Using a high discount rate over time significantly reduces the value, P29 explained, adding that the government also does very little discounting when calculating numbers for a proposed public project. "But with a public-private partnership, they assume that the cost of capital is borrowed and paid back over the term of the contract, so that in fact there's very little up front capital costs with a public-private partnership."

P29 also argued that the evidence provided to decision makers was skewed in a way to get the results they wanted, which was to have the Canada Line built as a P3: "They designed a process which was designed to kick out the results that they wanted. You know, public-private partnership methodology that is used in British Columbia for the business cases ..." In British Columbia, P29 explained, the methodology is such that "it's really hard to imagine a major project that wouldn't kick out the result that the public-private partnership was the desired outcome."

Meanwhile, the one participant, P28, who believed that the evidence used in deciding to adopt privatization was sufficient and impartial, argued that the business case for the Canada Line was strong. P28 did not, however, go into detail about how and why they believed this to be the case,

but instead they spoke in more general terms: “The business case for this all along was the only thing that the government of British Columbia was interested in looking at. And I’ve been involved in several public-private partnerships, and the business case always has been the determinant.” P28 claimed that about 10 or 20 percent of projects actually end up public-private partnerships: “So, it wasn’t like it was the new flavor of the month and you were trying to move up ourselves all over there to offset risk and that sort of stuff. That wasn’t it. It was a very specific project that met pretty interesting criteria, including having a better value for money.”

Table 8.2: *How participants responded to the theme of evidence*

	Evidence insufficient and/or partial	Evidence sufficient and/or impartial	Did not mention the theme of evidence
GTA Waste Collection	7	1	0
GVRD Waste Collection	7	0	1
GTA Public Transit	3	2	2
GVRD Public Transit	3	1	3
Total (All 30 Participants)	20	4	6

The high overall number of participants that spoke to the theme of evidence makes it an important one to emerge from the data. In particular, 24 of the 30 participants mentioned the theme of evidence, while only 6 did not. Also making the finding particularly important is the fact that, of the 24 participants who did mention the theme, 20 believed that the evidence used in decisions to adopt privatizations was insufficient and/or skewed in favour of privatization. That near unanimous belief among participants makes the findings that much more compelling.

The findings are also important because they challenge the notions of privatization that are found in the majority of the literature. In particular, the orthodox approach, as discussed in various sections within this dissertation, claims that privatization is a “rational policy” based on

“evidence” (Vernon, 1987). Moreover, privatization and P3 projects are often presented as being evidence-based, and often numerous business cases and project outlooks documents are presented at the time in which the project is conceived (see CCPPP, 2013). However, the findings challenge this literature and suggest that this is far from the case. In fact, overwhelmingly, the findings suggest that the evidence used in decisions regarding privatization is inaccurate and insufficient, and (as most of the participants pointed out) is compiled by consulting companies with a bias towards privatization. As some case study participants argued, not only do the decision makers have a bias for privatization, but some of them have a vested economic interest in privatization, since some of the consulting companies also have financial investments in privatization and P3 projects. These findings actually support claims from the critical approach, which argue that privatization is not based on evidence at all (Redlin, 2003; Stinson, 2005). In fact, the critical approach’s claims echo those of the case study participants who mentioned the theme of evidence. This is especially true concerning the questioning of bias in the evidence being used in privatization decision-making (CUPE, 2007; CUPE, 2009d). Clearly, these findings challenge the claims made by the orthodox approach to privatization and they support the claims made by the critical approach regarding evidence.

The findings also raise questions around evidence-based policy, which is best described as public policy informed by the best available and most rigorous evidence (Young, 2013). Nearly all levels of government in Canada have a stated commitment to evidence-based policy (Kiefer et al., 2005). The findings here suggest that governments at all levels in Canada are, in fact, not practicing evidence-based policy making. This raises questions about the appropriateness of policy decisions across all levels of government, especially those concerning privatization.

As well, looking at the theme of evidence through the network-class analysis lens also reveals other important details about the theme. For one, it exposes and explains the issue of consultant-based evidence used in decisions regarding privatization. More specifically, in almost no other situation would it be likely or even possible that a company looking to bid on a contract be allowed to produce the evidence used in making the decision on whether to move forward with privatization. In nearly every case, this would be seen as a significant conflict of interest. However, in the case of privatization, this conflict of interest is ignored and/or deemed unimportant. The findings clearly suggest that this type of conflict of interest is something that happens often in privatization cases. The network-class analysis approach explains this by looking at the network relationships and seeing what binds them together. For government to accept and allow these conflicts of interest means there must be a close relationship between government and private interests. Moreover, by accepting and allowing these conflicts of interest, it becomes clear that government is deliberately hindering its ability to make appropriate policy decisions in order to better articulate the interests of private players. The same can be said for the apparent lack of evidence available and the suppression of evidence that contradicts or challenges privatization measures. This also gets back to the idea that the class system and the relationships that exist within the network have shaped the policy making process in a way that benefits private interests over all others.

In terms of individual cases, the belief that the evidence used in decisions to adopt privatization was insufficient and/or skewed in favour of privatization was mentioned consistently across all four cases. And the reasons for this belief were also very similar, as participants from all cases claimed that the evidence was either inconclusive, partial towards privatization, or simply non-existent. This consistency across all four cases lends credibility and

legitimacy to these findings. However, it should be noted that the frequency with which the theme was mentioned differed across the cases. For instance, the waste collection sector had nearly all of its participants mention the theme (all believed that the evidence had been insufficient and/or partial), while the public transit sector also saw a large majority of participants talk about the theme of evidence. A few of the participants in the public transit sector, meanwhile, felt that the evidence had been sufficient and impartial. Those two participants pointed to the business cases for each privatization proposal as proof of appropriate evidence. However, business cases were unanimously discredited by the other 20 participants who spoke to the theme of evidence. Most of them dismissed the evidence as skewed, incomplete, and overly optimistic in some cases.

An interesting sub-theme that emerged from the theme of evidence was transparency. This was implicitly alluded to by many participants in their discussion of evidence, and it was mentioned directly by a number of participants as well. Overall, 17 of the 30 participants spoke to the theme of transparency. Of these 17, 12 believed that the decision-making process surrounding privatization had lacked transparency. Four believed the opposite, that there was sufficient transparency, while one participant was equivocal toward the issue. Meanwhile, 13 of the 30 total participants did not mention transparency at all.

From a sector standpoint, both the waste collection and public transit sectors had similar rates of participants speak to the theme of transparency. Specifically, the waste collection sector saw nine of its 16 participants touch on the theme, while the other seven did not mention the theme at all. Of those nine participants, seven believed there had been a lack of transparency, one felt there was sufficient transparency, and one was equivocal toward the issue.

In terms of individual cases, the GTA waste collection case study saw six of its eight participants mention the theme of transparency. Four of the six who mentioned the theme felt that there had been a lack of transparency in the decision-making process surrounding privatization, while one felt there had been sufficient transparency, and one was equivocal toward the issue. P4 was blunt in assessing issues of transparency for the GTA waste collection study, suggesting there had been collusion and influencing happening outside of city hall behind closed doors: According to P4: “The lobby happened outside of city hall.” P1 and P8 both echoed this sentiment and suggested that the motives and true costs of privatization were not clear and that the move may come back to hurt the City in the long run. In particular, P1 explained: “I think there’s a lot to this story that we don’t know about. And businesses ... people have a fairly good idea of what the costs are, and if a company comes in significantly lower, you have to ask why ... you have to wonder what’s going on that you’re not being told. You know, is this a loss leader for them?” P1 continued, saying that the result could be the City getting rid of all its trucks and then being forced to renegotiate at a higher level.

P2 also spoke to the idea that the decision to privatize lacked any real transparency and suggested there was probably some collusion happening behind closed doors as the private operators and the City were “all interconnected in some way.” However, the one participant, P3, who felt that transparency had been sufficient, argued that the private contracts were too big and profitable to believe that any private operators would collude with each other and miss out on the chance for the contract: “You give me Peterborough, I’ll give you London ... that’s the collusion ... over a beer ... look it, Toronto is a pretty big contract, right? And I haven’t seen any ... you know, those guys sharpen their pencils, for the money that’s on the table ... I don’t think GFL colluded with anybody to get this business.”

Meanwhile, P5, the participant who was equivocal toward the issue, argued that matters of transparency were constantly improving in the waste collection sector. Although,, at the same time, P5 admitted that in some cases transparency is lacking and that it is needed for “not only tendering to private companies, but also for ensuring you get a level playing field for anyone out there.”

For the GVRD waste collection case study, only three of the seven participants spoke about the theme of transparency. P11 and P14 believed that there had been a lack of transparency when the services were first privatized and the City went about ensuring that this was not the case the second time around. In particular, P11 explained that one of the key goals of the project was to be as transparent as possible when looking at bringing waste collection back in-house. P11 said that they were committed to providing all information pertaining to waste collection and to considering all options: “We analyzed mainly two options. Contracting out, so renewing or re-advertising for the contract of services, with some changes ... we looked at contracting in, purchasing our own vehicles. But within those two options were a number of flavours, a number of sub-options that were looked at.” P11 added that a hybrid system was looked at, which would do collection of recycling and composting only, and allow a contractor to control waste: “So we had, probably, I would say five or six sub-options ... but when we made the presentation to council, and the final report, that was based on the two primary options, contracting out and contracting in.” P11 also explained how this transparency allowed council to make the best possible decision based on the best available evidence. Speaking more generally, P16 made their beliefs regarding privatization and transparency very clear: “the number one problem is of course – it’s a word too often used – is transparency – there is no transparency.”

In the public transit sector cases, a slightly lower percentage of participants spoke to the theme of transparency. Specifically, eight of the 14 talked about the theme, and five of those eight believed there had been a lack of transparency in the decision-making process surrounding privatization. Only three participants felt there had been sufficient transparency. Meanwhile, six of the 14 total participants in the public transit sector cases did not mention the theme of transparency at all.

In the GTA public transit case study, three of the seven participants spoke to the theme of transparency. Two of the participants believed there had been a lack of transparency. Further, they suggested that this lack of transparency has allowed for collusion to take place which has influenced the decision-making process around privatization. In particular, P21 pointed to the role that lobbying plays and the inability to monitor or control illegal lobbying, especially at conferences sponsored and paid for by private interests. Politicians, P21 said, come away impressed with the private company and inspired by, for instance, an animated show that “tells of what your city in the future will look like once we get ahold of your transit system.” Lobbying is impossible to control, P16 argued, pointing to his own experiences at conferences: “... they’re lavishly laid out, you’re just treated like a king if you have a vote in Canada. And mere observers like me, I get into the receptions, I don’t get into the backrooms. So, in other words, business as usual. Politics is run mostly behind doors.”

P22 called the decision-making process “secretive”, and said there have been a number of instances where collusion has occurred: “... there were allegations that the VIVA had had some sort of collusion involved with taking over the contract and working what’s called a sweetheart deal with the bargaining agent.” Initially what he had heard, P22 said, was that they had brought

four or five new employees in: "... they just opened up shop, they said here's your union, here's your contract, sign here, and they were living under those rules over the course of a few years."

Meanwhile, one participant felt that there was sufficient transparency. This participant, P23, argued that transparency is one of the key pillars of a P3 project, especially those funded by the federal government, and thus P3 projects must have a high level of transparency. However, P23 did not provide any concrete examples to support this claim.

The GVRD public transit case study saw more participants speak to the theme of transparency, as five of the seven talked about the theme. Three of those who spoke to the theme believed there had been a lack of transparency in the decision-making process surrounding privatization, while two felt that there was sufficient transparency. One of those participants who felt there was sufficient transparency, P26, argued that all P3s in BC go through a screening process with the provincial Partnerships BC agency, meaning there was ample transparency attached to the Canada Line project: "I think that there's sufficient scrutiny and there's sufficient discipline in the evaluation process. I mean, that's a fairly transparent ... anything that goes through Partnerships BC is audited by the provincial auditor general. So there's involvement of other agencies in scrutinizing these things." The other participant who believed that there was sufficient transparency, P30, also felt there was more than enough transparency throughout the process surrounding the Canada Line. In fact, P30 claimed there was "nearly 100% transparency", and that there was a "ton of information" released related to the P3 project.

However, P24 challenged this notion, and explained that Partnerships BC was anything but an impartial government agency. In fact, P24 said, the agency had major incentives to move forward with privatized projects: "Partnerships BC became a very, very powerful entity under the Campbell administration ... And Partnerships BC always had an inherent conflict in its

mandate because it was supposed to be the agency that did reviews and provide independent advice about whether or not something should be a P3. But at the same time, they were also rewarded if a P3 was done.” The more P3s that Partnerships BC landed, P24 said, the higher their bonuses would be: “And the provincial government wanted P3s, so they weren’t really looking for this independent advice. They wanted Partnerships BC to ... drive things so that there would be a P3.”

P24 also explained the inherent secrecy and lack of transparency attached to privatized projects: “When you talk about a policy table with a P3, it’s inherently secretive. You know, they set up these government structures that include representatives of the different agencies that are contributing money, but they don’t meet in public.” All of the negotiations with these private companies, P24 explained, are very confidential, as are the decisions and the rationale, which is consistently reflected in the response to freedom of information requests: “... they say that certain information about these publicly-funded projects is not able to be made available to the public because it affects the proprietary rights of private companies, private shareholders. I think that’s a fundamental flaw in the structure right there.” Such secrecy and confidentiality and proprietary protection of corporate assets, P24 said, leads them to believe that there is an inherent flaw in the P3 model.

Similarly, P27 explained that there is a general lack of transparency for most privatized projects, and that this was especially true with the Canada Line: “Everything is done behind closed doors. We were told throughout the process that we could not say anything to anybody, we couldn’t even tell our own staff what was going on because these were commercial secrets and that we would destroy the process.” They put the “fear of God” into the local politicians on those issues, P27 said, adding that if they didn’t do as they were asked and keep all of it a deep,

dark secret, that in fact they would destroy the process and be responsible for everything “going to hell in a hand basket.” Because of the lack of transparency, the secrecy, and the commercial trade secrets, P27 said, the resulting situation is one in which “corruption can take hold.”

P29 also discussed the lack of transparency attached to the Canada Line project, explaining that even the politicians who were to vote on the decision to privatize had been kept in the dark: “... there was an extraordinary amount of secrecy involved. I mean, even the elected officials ... were only permitted to see the documentation in a locked room. They had to sign a document saying that they wouldn’t discuss it with anybody.” P29 added that Derrick Corrigan [Mayor of Burnaby] in particular wanted to take the documents and have his own staff at the City of Burnaby review them, but “he was refused permission to do so.”

P29 believed this lack of transparency had a significant effect on decision-making and the policy making process: “From a policy perspective, it’s the secrecy ... If you lay the facts on the table and people make that decision, we might very well agree lots of times with the kinds of things people decide on. At least if you can make it clear what the true implications are. Then at least people can make a legitimate decision.”

Table 8.3: *How participants responded to the sub-theme of transparency*

	Lack of Transparency	Sufficient Transparency	Equivocal toward the issue	Did not mention the theme of transparency
GTA Waste Collection	4	1	1	2
GVRD Waste Collection	3	0	0	5
GTA Public Transit	2	1	0	4
GVRD Public Transit	3		0	2
Total (All 30 Participants)	12	4	1	13

Clearly, the importance of the findings related to transparency does not stem from the percentage of participants who spoke to the theme, as only just over half (17 participants) of the total participants mentioned it. However, among those participants who did talk about the theme, 12 spoke of a lack of transparency surrounding the decision-making process regarding privatization. This suggests that although transparency may not be a theme that holds weight with all participants, the significance it is given by those participants who do speak to it implies that there is indeed a lack of transparency attached to privatization.

To this point, the majority of privatization literature lacks any real mention of the theme of transparency. A scan of the literature, in fact, reveals that the only real mention of transparency in the context of privatization comes from literature dealing with developing parts of the world. As discussed in Chapter 1, those experiences are so much different than those in the developed world and are thus not considered in this research. That said, there is a small (yet growing) body of literature coming from the critical approach that does deal with the issue of the lack of transparency associated with privatization and P3 projects (CUPE, 1999; Armstrong and Armstrong, 2006). Still, most of this is found in the grey literature with none coming from the academic realm. Therefore, these case study findings both identify a gap within the literature and help to begin filling that gap. As well, the findings also align with and support the small (but growing) literature from the critical approach that argues that a lack of transparency is a characteristic of privatization and P3 projects.

Another interesting aspect of the findings is the insight that they provide into motivations. This insight was made possible because of the class-network analysis framework that was employed in this study. Lack of transparency can be explained away as an oversight, a result of the process, or merely as an inadvertent occurrence. In other words, a lack of transparency can be

seen as an unintentional occurrence. In fact, that is typically how the issue is explained away in these situations (Starr, 1988). Another way it is treated as inadvertent is through an explanation that private companies need to keep their operations secret for proprietary purposes, and that the government has actively supported and upheld these actions by private interests (Starr, 1988; CUPE, 1999; Giorno, 2005). This is why, in each of the cases studied during research for this dissertation, it was nearly impossible to track down any detailed contract information or even performance numbers for the private sector parties involved. The findings certainly speak to this issue, as a number of participants claimed they had no access to information because private interests were unwilling to share it – for proprietary reasons. One participant explained that even the politicians involved in the decision-making process had little access to information, and even when they did they had to view it in a “locked room.” These findings provide a clear example of the way network relationships affect and skew the policy decision-making process in a class-based way. More specifically, the relationship that exists between government and private interests sees government use legislative power to legitimize the lack of transparency. This, in turn, benefits private interests in a number of different ways, most importantly economically. As well, a number of case study participants spoke of allegations of collusion during the decision-making process between private sector interests in order to drive contract prices down and increase control in sectors. This is yet another example of the findings showing that network relationships affect the policy process. In this case, private interests use their network relationships to manipulate the competition process in order to bring contract costs down at the expense of government, labour, and the public at large.

In terms of individual cases, the case study results were somewhat similar across three of the four cases, with GTA waste collection GTA public transit, and the GVRD public transit all

seeing about half of their participants speak to the theme of transparency. Ideas of collusion and lack of transparency were present across all cases, which suggests that these findings are fairly consistent. The one outlier of the group was the GVRD waste collection case study, which saw only three of eight participants speak about the theme of transparency, and only about the fact that the process to bring waste collection services back in-house had been completely transparent. The dearth of mentions of the theme of transparency from the GVRD waste collection case can most likely be attributed to the fact that this case study was focused on bringing back in-house services and not about looking at old experiences with privatization.

8.8 Political Reasons

The political or politics can best be described as the competition between interests or individuals for power and leadership in a particular realm. Applied even more generally, it can be thought of as a complex of relations between society in general. When thought about like this, the political can encompass a number of different things. Political reasons is a very broad theme, and this was done on purpose as each case had very different contextual factors that influenced the policy decisions regarding privatization. If each different contextual issue that could be construed as a political factor was coded, there would be very little overlap from case to case. Thus, having political reasons as a broader theme allowed for a number of things of a political nature to be captured under the theme.

The most popular theme to emerge from the interviews was the theme of political reasons. Overall, 27 of the 30 participants spoke to this theme, while only three did not mention it. Meanwhile, all 27 of the participants who spoke to the theme expressed that they believed political reasons had played an important role in the decision to adopt privatization.

Both the waste collection and public transit sectors saw very high rates of their participants speak to the theme of political reasons. In the waste collection sector, 14 of the 16 participants spoke to the theme, while only two did not mention it.

In terms of individual cases, all eight of the participants in the GTA waste collection case study spoke to the theme of political reasons. P1 was certain that the decision to privatize waste collection was politically motivated: “It [privatization of waste collection services] was obviously an election issue and an election promise for Ford ... the administration was completely intent on doing that, and, frankly, they were going to come up with numbers that was going to make their case anyway.” P1 also argued that the garbage strike was a key factor in the decision to privatize since there was a great deal of political fallout from the strike: “But the reality is we work within a political realm, and I think that in 2009 there was a fundamental mistake made by 416 and those that were in power at City Hall ... they should have anticipated what happened and they should have worked against it, and they didn’t.” That was an error in judgment made by both sides, according to P1, who said the strike could have been avoided: “... week after week after week ... people get pissed off at both the union and at Miller and his administration. Had that strike come and gone in a few days, nobody would have noticed it ... ‘yeah, whatever, it’s gone.’ And Ford and the kind of neoliberal stakeholders wouldn’t have been able to kind of beat the progressives with this.”

P2 and P8 also alluded to the fact that the political fallout from the garbage strike in 2009 was a key factor in the decision to privatize. In particular, P2 explained: “Then, all of a sudden in 2009, we had a fallout with the former mayoral administration. We went on a 39-day strike, and the media picked it up as being a garbage strike in 2009. And the residents ... well, the media fed

the residents that it was all about garbage strikes. Mayor Miller decided not to run that year, in 2010, municipal elections.”

As well, P3 also spoke to the role that the garbage strike had in the decision to privatize, explaining that the public was angry about the strike and didn’t want it to happen again. This, P3 said, in turn created political pressure to do something about it: “...there was a political imperative to do this because the public wanted to do this. So, you’ve got the left and you’ve got the right, and you got the middle. There was significant pressure on all members of council to do this because the public wanted it. Especially from the middle. But they had some questions about the details.”

P5 was in agreement that the garbage strike was one of the most significant political factors to influence the decision to privatize, and suggested that further waste collection privatization may be a major factor in the 2014 mayoral election. P6 also pointed to the garbage strike as a key factor in the decision to privatize: “Yeah, I think, from a political perspective, for sure. It had a massive ... you know, that’s what I think gave the current mayor a lot of his political support at the time when the decision was made. People did not want another garbage strike. And, you know, that was a huge factor.”

P6 also added: “... let’s face it, most of the decisions are politically driven. So, we have the current mayor who, I think, his views are fairly well-known. He came from Etobicoke, they privatized that, and, you know, the garbage strike as you mentioned was a huge factor in this ... those are just the realities of the time. But we live in interesting times.”

The only participant that did not accept the garbage strike as being the key political factor was P4, although they did admit that the garbage strike was important: “Garbage strike was important and symbolic, however I don’t think it animated the public. There were not picket lines after the

strike demanding that the service be privatized.” However, P4 said that political reasons did play an important role, suggesting that Mayor Ford promised “a lot of political favours” in order to push privatization through council so quickly.

The GVRD waste collection case study saw six of the eight participants speak to the theme of political reasons. Unlike the other case studies, though, the GVRD waste collection case study participants explained that there was a lack of political interference in the decision to bring waste collection back in-house. P10 spoke about the “straightforward” approach to considering waste collection options that “lacked” any political influence. P11 also spoke about this, and added that comprehensive evidence was provided to council, and then “council was left to make the appropriate decision.” P13 spoke about the “cooperative manner” in which councilors debated bringing the services back in-house. P12, P13, and p14 also spoke about the fact that because political reasons had driven the initial decision to privatize waste collection services, there was a concerted effort to avoid that this time around. P13 argued that the initial decision was “totally political,” and P12 added that there were political factions on city council at the time that wanted to see services privatized. However, this time around, P12 said, political factors did not play a role in the decision to bring services back in-house: “... because all the reports that came in, they were obviously fair and balanced and factual ... we used to contract [out] our cleaning of City Hall ... when we brought that back in-house, it was really clear that half of the argument being made was ... CUPE wanting to have CUPE members doing it. That was not the case with waste collection.”

Compared with waste collection, the public transit sector saw slightly more participants speak to the theme of political reasons, as 13 of the 14 participants mentioned the theme.

In the GTA public transit case study, six of the seven participants spoke to the theme of political reasons. Both P21 and P22 believed that politics played a key role in the decision to move forward with a private VIVA transit system, while P22 added that politicians often feel political pressure to make changes when public services experience a strike or interruption of services. In that vein, P21 believed that one of the major driving forces of the privatized transit system was to “avoid strikes and maintain public political support.” P21 argued also that the decision to privatize is often driven by the desire to maintain political support and be re-elected. P21 said politicians are willing to cut services and privatize in order to keep taxes low and political support high: “... it’s politics, it is not the fact that it is cheaper to run private transit.” Speaking about the decision to move ahead with a privatized transit system, P17 explained: “The decision to go one way or the other often is politically driven ...” Meanwhile, the other three participants spoke about the role that politics plays in more general terms. P18 admitted that Metrolinx and other governing transportation boards in the province can be “political boards”, meaning that decisions are shaped by the ruling politics of the day. P19 also alluded to the role politics plays in major infrastructure projects, though in more general terms: “It’s very hard ... to plan and implement these large infrastructure projects that take from start to finish probably takes 10 years and through numerous different elections at all three levels of government ... and there can be changes in policies every step of the way ... to maintain a consistent plan is very difficult.” P20 echoed this more general sentiment: “I think, you know, you’re always ... Politics will always play at wherever it’s going to play at.”

The GVRD public transit case study also saw all seven of its participants speak to the theme of political reasons. A number of the participants talked about the political pressure that the provincial governments put on the municipalities involved in the decision-making process

surrounding the Canada Line to approve the project as a P3. In particular, P24 talked about the political campaign that the provincial government built in order to support the Canada Line. The underlying message sent to municipalities, P24 said, was that they'd better approve the project or else: "So, a campaign was built up in favour of the Canada Line, and there was the coalition ... they did a public campaign and they put a lot of pressure on politicians, and I think the provincial government behind the scenes was definitely sending messages to these municipalities that they better do it or there would be other consequences."

P27 also addressed the political pressure surrounding the vote to approve the Canada Line project, explaining that the provincial and federal governments eventually were able to politically pressure some members of the TransLink board to change their vote: "The board refused to cede to their request and said, no, we want it to be the northeast sector line. But the province said, yeah, but we're the ones with the money, and the feds are the ones with the money, you're being idiots by not taking the money and doing what we tell you to do." The board continued to be resistant, P27 said, and they twice voted to oppose the Canada Line, at which point the province put on massive pressure: "You know, isolating different mayors, threatening different mayors ... and finally [the province] achieved the result of the mayors shifting their vote."

P29 and P30 echoed this, with P29 elaborating further: "They started bringing in threats, they started upping the ante and bringing in more money. So TransLink voted on it a second time and turned it down again. And again they really stepped up the pressure. And finally, the third time around, two of the TransLink board members switched their votes and it went the other way."

P26 and P28 also spoke about the political factors involved in the TransLink Board's vote to approve the Canada line project. In particular, P28 explained that TransLink favoured a different

rapid transit line over the proposed Canada Line, and that turned the board very political. P26 explained that the board became “very political”, and attempted to “derail” the project until the various levels of government stepped in to force the hand of the board. Clearly, this is a very different version of events than was reported by the other three participants, but it does show that political pressure was indeed used in order to get approval for the Canada Line project. Finally, P25 spoke more broadly about political influences in decision-making, explaining that political reasons and mindsets often dictate decisions: “I mean there’s a practical reality from our point of view because the political mindset is incredibly strong that there’s no interest in ... that they want to privatize the model or they want to take something from being within government and taking it out.”

The findings related to the theme of political reasons was the theme most mentioned in the findings, as 27 of total 30 participants spoke about political reasons. Certainly, this may have something to do with the fact that political reasons is arguably the broadest theme, but this figure is still an overwhelming one that cannot be ignored.

One of the key takeaways from the findings related to the theme of political reasons is that contextual details are important. More specifically, every policy decision is shaped and influenced by the different contextual factors of the time – especially those of a political nature. However, the majority of privatization literature views privatization as a rational response or solution to a problem (Jansson, 2000) as opposed to something that is dictated by the political environment. These study findings, though, challenge that notion, which is found in the majority of the literature, by showing that contextual details played a key role in all four cases. As well, the findings echo and support the small (but growing) literature coming from the critical approach that suggests privatization is almost always politically motivated (Martin, 1993; CUPE,

2007a; CUPE, 2009; Fanelli, 2011). Interestingly, proponents of privatization also argue (even though it contradicts with their more overarching beliefs about the policy process) that privatization is not a “one size fits all” policy solution (Conklin and Hunter, 2001). However, these arguments only tend to arise when proponents attempt to explain away a failed privatization experiment. Nevertheless, these findings do suggest that context is a key factor since each individual case had differing contextual factors that led to the adoption of privatization measures. Therefore, it can be said that privatization certainly is not a “one size fits all” policy solution and that attention must be paid to the contextual factors during the policy decision-making process.

The insight above about political context playing a key role is even more interesting (and important) when viewed through the network-class analysis lens. In particular, the lens helps to better focus the contextual factors and gives meaning to the politics surrounding the decision-making process. More to the point, the contextual factors and political overtures that surround policy decisions are not random or static, but instead are fluid and are dictated by interests involved and/or affected by the policy. The network-class analysis lens shows that the contextual factors and political overtures are actually shaped by the network relationships and the interests that they seek to better articulate. In this case, as with most cases involving privatization, the relationships and interests that they seek to articulate are clearly capitalist and class-based.

For example, one case pointed to a garbage strike that occurred as a key political factor in the decision to adopt privatization. Of course, a garbage strike in and of itself is not an overt political situation. But when viewed through the network-class analysis, we can see interests in the policy network using their relationships in order to politicize an event to pursue their own interests. In other words, private interests used their relationship with the municipal government (specifically

the right-wing, populist, anti-union mayor) in order to politicize the garbage strike and use it as a lightning rod to pursue privatization of waste collection services. At the same time, they undermined union power and created staggering private profits. This is just one example from the findings, and the results above show many similar political and contextual factors being used in this way to bring about privatization. Thus, the findings not only confirm that political and contextual factors play a key role in the decision-making process surrounding privatization, but they also expose these factors as being motivated by class interests of the policy network actors/groups.

In terms of individual cases, the findings were consistent across all four cases. Every participant who mentioned the theme of political reasons believed that politics had played a key role in the decision to privatize. The only differences were in the specific details of the political reasons at play in each case. The GTA waste collection case study, for instance, pointed to a garbage strike and a right-wing, populist mayor as key political contextual factors, while the GVRD waste collection case study featured a sympathetic city council and a cooperative city manager as key factors. Meanwhile, participants from the GTA public transit case study acknowledged transit strikes and an active provincial government as key factors, while the GVRD public transit case study had participants pointing to the provincial government and the 2010 Winter Olympics as key contextual and political factors. Overall, the high level of consistency from all cases regarding the theme of political reasons lends credibility and legitimacy to the findings.

8.9 Variables of privatization

As mentioned in Chapter 2 and Chapter 7, a majority of the literature surrounding privatization involves identifying, quantifying, and analyzing a number of key variables that are attributed to the process.

8.9.1 Competition

The theme of competition was the most common of the three variables, with 12 of the 30 participants speaking to the theme. The waste collection sector and the public transit sector were similar in their numbers, as seven of the 16 participants in the waste collection sector spoke about competition, and five of the 14 participants in the public transit sector did the same.

In terms of individual cases, the GVRD waste collection case study had zero respondents mention the theme of competition. The GTA waste collection study, on the other hand, saw seven of the eight participants talk about competition. These seven participants all spoke in the context of the discussion in the GTA waste collection case study about the ideal competition that is created by having both public and private waste collection in the city. It has been suggested by a number of observers that this creates the best type of competition. However, five of the seven participants who spoke to the theme of competition did not agree with this notion, while only two did. The four participants who disagreed did so for a number of different reasons. P3 and P5 both argued that an entirely private system would offer more competition than the one that has been used to date. In particular, P3, speaking to the idea of public versus private competition, explained: “I’m not necessarily a proponent of that ... we could have different companies all across the city, and what you want to do is compare price and service ... we can compare our

prices based on what Markham or Mississauga or Pickering ... any of those jurisdictions do ... and see if we're getting a good deal."

P2 and P4, meanwhile, both felt not only that the public and private competition idea was overblown, but that the whole idea of competition was something that was not really a factor in the decision to privatize. P4 was very clear in their opinion of competition: "The general manager of waste at the City is happy with the current situation, he thinks there is healthy competition, but I tend to not necessarily feel that way ... I'm not sure that there really is competition in the private sector, as only a few firms even bid on this contract." P2 echoed this thought, and explained that there were already examples of private collection in the city to draw from in terms of comparison and costing: "I think that's a bunch of bunk, myself. Because you already have mixed. They forget 500,000 residents of condo buildings are picked up by private already ... they already have a comparable, between the condo owners and the residential owners. It should be all public. That's my stance on it. Especially residential. And condos too."

One of the participants who agreed with the idea, P6, did not offer any real personal insight into the discussion, but instead supported the idea by referencing the city manager of Toronto's stated position: "But I can tell you ... so our current general manager ... you can research this one ... has publicly stated that the mixture of having some contracted, some in-house is a good mixture. It keeps both parties honest." P7 also agreed with the idea, and explained that it worked so well that new data from the privatization measures will show that further privatization is not needed because the managed competition is working so well:

... by introducing competition and a comparator to make sure that the union was ... and it actually reduced cost in the East End of the city so much so that now when a report goes forward to contract the east side of the city, those cuts were service issues, lost time accidents, health and

safety and costing are all going to be improved so there it will be less of a drive to contract out the east side of the city.

It should be noted that both participants who were supportive of this setup were both from management at the City at the time of privatization, and thus may have been unwilling to criticize the City's new setup.

In the GTA public transit case, three of the seven participants spoke to the theme of competition. Of those three, two believed that competition was not actually present and that it was being used for reasons other than efficiency. The other participant felt that competition was present and that it was beneficial to the VIVA transit system. That participant, P17, simply stated: "I mean, personally, I think it served them well and I think having that separation of responsibility in terms of being able to focus on doing what you do best and having that competitive process in there to pick the best team which provides the best value, has some value, has some validity."

Meanwhile, P21 and P22, the two participants who were critical of the theme of competition, argued that competition was really a way for VIVA and the YRT to control labour and costs. In particular, P22 explained: "The biggest thing that could happen obviously in Toronto if we go on strike and we had the right, we'd paralyze the city. In York Region when all three contracts went on strike, we had more of an effect than the first strike, but not enough. As long as they've got one or two working, they don't care." If a person is waiting 20 minutes, P22 said, they'll wait 30 minutes: "At least they're waiting, and at least they're going to get a bus. And they do that purposely. They'll tell TOK, they'll tell YRT, and they'll tell BRT, make sure when you negotiate your contract, that this one expires in 2016, this one 2018, 2019. That way there's no collusion amongst the unions to paralyze the city."

In the GVRD public transit case study, two of the seven participants spoke to the theme of competition. One of those participants, P28, was adamant that competition was indeed present for the Canada Line and that it was helpful for the overall success of the project. P28 explained that one of the reasons why the Canada Line technology is different than the rest of the SkyTrain system is because the SkyTrain technology relies on Bombardier engineering. Therefore, P28 said, in order to ensure real competition, they had to be open to having different technology for the Canada Line. P27 also went on to explain that this was ultimately good for the “budget and meeting the timelines.” On the other hand, the other participant, P27, felt that competition never really existed in the Canada Line project. P27 argued: “... if you invite the entire world to come in and bid on a project that ended up being a \$2.2 billion project at that time, which is a very high-level project, and the final two opponents end up being Bombardier opposing SNC Lavalin, two separate consortiums, you know that the fix was in.” P27 continued, stating that they were “absolutely confident” that efforts were made to ensure that SNC Lavalin, the Canadian company, won the contract: “Anyone who was coming in with any kind of light rail solution saw the writing on the wall pretty quickly. They invested money and then as they were going through the process, they realized that this process was set in a certain direction and that it would be impossible for them to be successful.”

P27 also argued: “You knew the process was never fair, as the process was always designed to a result and that the reality of actually having a process that would deliver the best value to the public and that would actually utilize creativity to arrive at that was illusory.” It was simply smoke and mirrors put up by the proponents, according to P27, which is often the case in P3s: “... there’s very little in the way of real creativity that arrives in a significant reduction in cost to the public. It is more often that it results in long-term liabilities.”

8.9.2 *Risk transfer*

The theme of risk transfer received considerably less attention than did the theme of competition, as only seven of the 30 participants spoke about it. None of the participants from the waste collection talked about risk transfer, while only seven of the 14 public transit sector participants spoke about it. Of those five, two were from the GTA public transit case study and five were from the GVRD public transit case study. One of the participants from the GTA public transit case study, P17, argued that the VIVA transit system does not represent a real transfer of risk from the public to the private. However, P17 also noted that a project like the Canada Line does represent a transfer of risk, making a clear distinction between the two cases of privatization: “At the moment, they’re actually going out for 15 years, I believe it is ... public-private partnership that includes the construction of a new facility, and an operating contract is actually being partly funded by P3 Canada so it’s a full-fledged P3 as opposed to what we’ve been talking about [VIVA] which is really just operating contracts.” “There isn’t a lot of risk taken on by the private contractors”, P17 said, as they are “basically selling a service and don’t have as much “skin in the game” as when they’re investing their own money.” P23 spoke very broadly about the benefits of P3s, including that they help to share and transfer risk, which helps to “build the asset on time, on budget, and maintain it well over the lifecycle of the asset.”

P26 and P28 echoed this claim in the context of the Canada Line, and both argued that there was significant transfer of risk from the public to the private with the P3 agreement for the Canada Line. In particular, P26 claimed that the risk transfer for the Canada Line came in around cost and schedule, and the proof that the risk transferring was successful was the fact that the Canada Line was completed earlier than planned: “Sure, the big ones I always say are the cost and schedule certainty around the project. Just the very nature of projects like this, which involve

significant portion of tunneling, going through a built up urban area, right through the middle of downtown Vancouver and then up through a major commercial district.” There are a lot of risks associated with that, P26 said, and what the public-private partnership did was provide some costs and schedules certainty: “And the discipline associated with the delivery of the project of the size and scope. I think that’s the biggest advantage ... all of that responsibility was shifted to the private sector with huge penalties in the event they didn’t deliver ... There were no construction claims, it was delivered within the budget set. So from that perspective, it was a success.”

Similarly, P28 made the argument that risk was transferred in the P3 agreement for the Canada Line. However, both P28 and P26 use hypothetical examples to explain the risk transfer, which leaves unclear the issue of how risk was transferred for the Canada Line. According to P28: “Now, all contracting is about the assignment of risk. The risk between the owner and the contractor.” Depending on how you assign that risk, P28 continued, is what price you get in. What they wanted to do was find the right price for the risk to be assigned, and also get paid back over time through a ‘shadow toll’: “... in other words, if it was a highway, using the highway and get paid so much for every car that uses the highway. So, if you think about the Canada Line ... the Canada Line had the opportunity of being a toll thing ... you want to use rapid transit, use toll. So we proposed it being a public-private partnership.”

For their parts, P27, P29, and P30 disputed the claims of risk transfer in the case of the Canada Line. P29 argued that the way in which risk is calculated is flawed and skewed in favour of the private sector and is used by politicians to artificially remove debt from the government ledger for political reasons: “They come up with a risk transfer number which is so high that it’s impossible to come up with a different outcome.” P29 went on to explain: “What they say is that

... look, first of all, one of the sort of ‘aha’ moments for me was when Marvin Shaver once said, ‘if they used the public sector costs of capital, then it would be a wash.’ It wouldn’t matter whether they put the public money up front or not. But they don’t use that, they use the higher discount rate.” The reason they use that, P29 explained, is project risk, which is not necessarily accounted for in the specified risks that are calculated:

So, if you put the two of those together ... you’ll end up to an average value of risks on projects of, you know, 40 percent or more, which is fairly close to the average value risk that you see on Ontario projects. So, what you’re basically doing is you’re building this enormous pillow for the private sector. I mean, they simply ... you can go 40 percent over budget and still come out ahead because of the treatment of risk.

Meanwhile, P27 questioned the whole notion of risk transfer, and suggested that it was an elaborate concept that really only leads to further benefits for the private sector and less control for the public sector: “Who’s protecting your interests? Now what you have to do is go find another engineering company to watch the engineering company and construction company that are producing this, and to try and make sure that you’re actually getting what you bargained for.” What you’re attempting to do, P27 says, is to constantly find ways to protect yourself from the natural avarice of the private sector: “... instead of having clear, delineated rules where people are expected to and obliged to be on your side, you then throw it over to the private sector and say, ultimately the only thing that will determine what I get is profit incentive.”

8.9.3 *Private expertise*

Compared with competition and risk transfer, the theme of private expertise had the fewest participants speak to it, as only three of the 30 total participants mentioned the theme. Like with risk transfer, the three participants who spoke to the theme of private expertise came from the

public transit sector. Meanwhile, none of the 16 participants in the waste collection sector spoke to private expertise, and only three of the 14 from the public transit sector spoke to the theme. Of those two participants, one came from the GTA public transit case study, and two came from the GVRD public transit case study. The participant from the GTA public transit case study, P20, believed that the private sector does in fact bring a level of expertise to projects. P20 explained that the P3 partners involved in VIVA transit allow for YRT to gain institutional knowledge and expertise that would not exist if it were a public project or being done as a one-off by different, unconnected firms: "... by having a partnership, it allows the lessons learned to keep being brought forward. If it's contractor after contractor, the contractor learns the lessons and he goes away."

Meanwhile, speaking about the construction issues that the Canada Line faced, P30 explained that the P3 allowed private expertise to be utilized in order to tunnel around a giant water main that was blocking the way for the Canada Line. In particular, P30 explained:

So there you go, you got some expertise from the private sector. It probably would not have happened if it hadn't been a P3, and maybe the cost of the project would have been more expensive because maybe they would have to dig an extra tunnel or, you know, the tunnel may have had to do some kind of bend, which is extremely expensive to do because normally tunnels are straight.

Compared to P20 and P30, P29 had a much different position on the theme of private expertise. In fact, speaking about the Canada Line, P29 explained that politicians are told that P3s bring about private expertise, but in reality this private expertise either does not exist or is grossly exaggerated: "You know, they were sold a bill of goods throughout the discussions, and for most of them, those [politicians], particularly who didn't have nearly the kind of depth that I had in transit, is that it was pretty easy to do. It was pretty easy to sell them."

Facetiously, P29 also explained that the private expertise for the Canada Line ended up being cut and cover, which has been the way subways and transit have been built for more than 100 years: “You know, but this was the grand innovation of the private sector, was to cut and cover. And to drive a SkyTrain system through.”

The findings related to the aforementioned variables of privatization – competition, risk transfer, and private expertise – are interesting and important for a number of reasons. First, and foremost, the findings show that very few of the participants in any of the cases felt that competition, risk transfer, and private expertise were important variables of privatization. Overall, only 12 participants spoke to the theme of competition, only 7 mentioned the theme of risk transfer, and only 3 talked about the theme of private expertise. This is in direct contrast to the majority of the privatization literature that suggests each of these variables are important aspects in understanding privatization.

Beyond the fact that these variables were not mentioned by the majority of case study participants, the findings are also surprising given that, in many cases, the participants who did mention the variables spoke about them in a much different light than the literature explains them. Competition, for example, is defined in the majority of the literature as a key pillar of privatization. It is described as an “innovative and productive force” (Schott, 2002), and the concept that “holds the key that will unlock bureaucratic gridlock that hamstrings so many public agencies” (Osborne and Gaebler, 1993, quoted in Cooke, 2008, p. 19). The majority of participants who spoke to the theme of competition, however, were much more critical of the concept and its ability to “innovate” or “unlock”. A majority of the participants who mentioned the theme felt it was “overblown”, “false”, or “used for reasons other than efficiency or productivity.” Only a small number of participants felt that competition was present in their

particular case and that it was beneficial to the overall process. As well, all of these participants spoke more generally about the concept and failed to point to any real examples of instances of competition's benefits. For example, P6 said there were benefits to privatization, but did not elaborate or provide specific examples pertaining to the privatization of waste collection in Toronto. P22 also suggested that competition was beneficial, but also contradicted that statement by explaining that competition was the reason why the Canada Line was run on a different system than the rest of the SkyTrain system. In fact, when looking at the overall findings, it seems that aligns much more with the minority of the privatization literature, which comes from the critical approach (Cook and Kirkpatrick, 1988; Clarke, 1993). The critical approach argues that competition is often overemphasized, and that in reality most instances of privatization see very little competition with only a few bids, or in some cases only a single bid (Cook and Kirkpatrick, 1988). This aligns with most of what the participants said in the case studies.

In terms of individual cases, there were no major surprises in the findings. Not surprisingly, the GTA waste collection case study saw a large number of participants speaking to the theme of competition. As was covered in Chapter 2, waste collection is a sector with a long history of privatization, and competition is a theme that is present throughout that history. The surprising thing to emerge from this case study was the fact that there were not more participants supportive of the idea of privatization. As well, it was surprising that much of what came out of the data suggested there was not actually much competition around the bid for the contracted services. It was a bit surprising to see that no participants from the GVRD waste collection case study spoke to the theme of competition, although it does make sense since bringing the service back in-house means that there is an elimination of competition. As well, implicit in the decision to bring the services back in-house is the idea that competition was not successful in improving waste

collection services for Port Moody. For the GTA public transit case study, the major takeaway is the fact that those who spoke about competition all believed that it was used for reasons other than efficiency; namely, to drive wages down and deteriorate labour relations. Meanwhile, the GVRD public transit case study only saw two participants speak to the theme of competition, with one supporting the idea and one critical of it. That basically mirrors the split between the orthodox and critical approaches to understanding privatization.

The majority of the literature also points to risk transfer as one of the key benefits of privatization. This is especially true of the literature surrounding P3s. In particular, the majority of the literature identifies risk transfer as a key benefit of privatization and P3s since risk transfer helps to distribute the costs of infrastructure projects and the delivery of services equally to both the public and private sectors (Verma, 2007; Takashima et al., 2010). As well, the literature suggests that risk transfer helps to protect the public from things like cost overruns, project delays, and project scheduling (OECD, 2008). However, the case study findings suggest that this might not be the case. Instead, the findings suggest that risk transfer either may not be happening or that its benefits are not outweighing its costs. A number of the participants criticized the idea of risk transfer. In particular, one participant suggested that risk was calculated in a way that artificially transferred risk and debt from the public to the private, with the debt and risk ending up back with the public sector in the end. Other participants argued that there was no real risk being transferred since long-operating contract guarantees more than made up for the risk taken on by the private sector. These criticisms of risk transfer echo those found in the minority of the privatization literature, which comes from the critical approach. That approach argues that evidence suggests that governments have not been particularly successful at transferring risk to the private sector (CUPE, 2009). Moreover, evidence suggests that “the willingness of private

sector firms to bear user risk declines with the level of user risk. Private sector firms will not participate in a P3 if it bears cost risk and large revenue risk” (Vining and Boardman, 2006, p. 35). The literature from the critical approach also suggests that the methods used to calculate risk are unclear and not consistent on a case-to-case basis: “in over two thirds of the business cases for hospital PFI schemes the risk could not be identified” (Pollock et al., 2002, p. 1206). The case study participants who did speak to the benefits of risk transfer did so in a way that reiterated a number of points found in the majority of the literature from the orthodox approach. In particular, they talked about how risk transfer allowed for more certainty around cost and schedule. However, neither of the participants who spoke about the benefits of risk transfer were clear about exactly how risk was being transferred. In fact, most of the statements made were very vague and generalized, and in both cases the participants spoke to hypothetical examples rather than explain how risk was actually transferred in the case of the Canada Line. This suggests that either the participants were unclear on how risk was actually transferred or that there was no discernable evidence to suggest that risk had been transferred and that it had benefited the project.

In terms of individual cases, so few participants mentioned the theme of risk transfer that it is impossible to glean any real insights from the cases. However, the majority of the participants that did speak to the theme came from the GVRD public transit case study. This makes sense since the theme of risk transfer is a major part of the supposed appeal of P3s, and the Canada Line is one of the more major examples of P3s in Canada. However, it was surprising that there was not more positive feedback from the participants from the GVRD public transit case study on risk transfer, especially considering that the Canada Line is being billed by many as one of the most successful examples of a P3 project. Instead of praise, however, several participants

questioned the amount of risk that was actually transferred and how that risk was being calculated.

Like competition and risk transfer, private expertise is typically expressed by the majority of the literature as a major benefit produced by privatization. In particular, the majority of the literature suggests that one of the benefits that privatization brings about is that the public sector is able to tap into the expertise of the private sector to better provide services to the public. The Canadian Council for Public-Private Partnerships includes private expertise as part of its main definition of a P3, while other literature also suggests that part of the promise of privatization is that private expertise is more capable and advanced than the public sector (Frydman et al., 1999; Brubaker, 2001). One participant who mentioned the theme of private expertise was very supportive of this notion, explaining that a private project meant that there was ample opportunity to tap into the expertise of each private partner and that the regional government was able to gain institutional knowledge and expertise. However, despite this participant's adamance on this fact, they did not elaborate on how or why this was the case, or even explain why there was such a shortfall in the public's expertise on public transit. The other participant, meanwhile, was much more critical of this notion. In particular, that participant said that the private expertise that had been brought to the Canada Line project was simply the idea to cut and cover through portions of the transit line, which is a practice that has been used by both public and private companies in the public transit sector for the last 100 or more years. In fact, one of the main issues to come out of the Canada Line was the disruption that the cut and cover caused for residents and businesses in those areas, which suggests that private expertise not only did not bring any real benefit, but in fact may have caused more problems. This supports what much of

the literature from the critical approach says about private expertise and privatization, which is that the private sector offers no expertise that the public sector cannot provide (CUPE, 2010).

Like risk transfer, so few participants spoke to the theme of private expertise that it is impossible to take away any real insights for each case. Perhaps the only thing that could be taken away from a theme that garnered only two mentions is that both participants came from the public transit sector. This makes sense since technical skills and processes are involved in public transit far more often than they are in the waste collection sector.

8.10 Summary

These findings suggest that there are a number of different reasons why privatization continues to be a policy tool that is used often despite mounting evidence that it is ineffective. In particular, the findings from the interview data suggest that the role that network relationships, ideology, voices in policy decisions, evidence, and political reasons all played key roles in the four case studies. As well, the findings also suggest typical claims from privatization literature about the role of competition, transfer of risk, and private sector expertise did not play a significant role in the decision-making process of any of the four case studies.

Near unanimously, network relationships were seen as key factors involved in the decision to privatize. In particular, participants from all four case studies spoke to the informal relationships between the different policy actors involved in the decision-making process surrounding privatization, and how these informal relationships made the difference in the question of why or why not privatization was adopted in each case. Of particular interest were the close relationships that existed between the multinational corporations which bid on P3 projects and

private contracts and the different levels of government. Also included in this was the role that consultants from these private companies played when hired by government.

Neoliberal ideology was also one of the key factors involved in the decision to privatize in all four case studies. Nearly all of the participants made it clear that ideology played a key role in the decision to privatize. More specifically, participants from all four cases who were both supporters of and critics of privatization admitted that ideology was driving much of the privatization debate and decision-making.

Voices in policy decisions was also a theme that received attention from the majority of the participants. A majority admitted that certain policy actors were given no opportunity to have their opinions or interests heard in the decision-making process. More specifically, in all four cases, participants spoke about the way that labour, as well as other left leaning organizations like environmental activists, were systematically left out of the decision-making process. This led to their perspective being missed from the final decision to privatize. Interestingly, the GVRD waste collection case told of how labour and other organizations were all involved in the decision to bring waste collection back in-house, and how this has helped to make the transition much more smooth and efficient.

In terms of evidence, the findings suggest that it is actually a lack of evidence that is playing a key role in decisions regarding privatization. In particular, in all four cases there was a clear lack of evidence used in the decision-making process. The evidence that was available to decision-makers was either incomplete or highly biased towards privatization, as it was typically created and distributed from one of the firms submitting a bid for the P3 project or private contract. A number of the participants also called for the need for objective and standardized evidence to avoid this issue in the future.

The findings also suggest that a number of different political factors played key roles in the decision to privatize in each of the four cases. Political factors is somewhat of a broad theme by nature, however each of the four cases did see a number of the participants point to political factors as a determining factor in the decision to privatize. Each case had very different and specific political factors in play, although the effect they had was very similar in each case.

Meanwhile, the typical promises of privatization, like competition, risk transfer, and private expertise were mostly notably absent from the findings. When they were not ignored by participants, they were being disputed by the participants. In particular, the findings suggested that privatization did not lead to increased competition, did not involve a significant transfer of risk from the public sector to the private sector, and did not bring about any private expertise to the projects and services.

Overall, it is clear that a number of factors continue to play a key role in keeping privatization as a common policy tool for policymakers to use in order to reduce costs and balance budgets. The different factors show that failures and false promises of privatization are continuing to be covered up by things like ideology, lack of evidence, political reasons, and network relationships. This allows privatization to continue along without having to answer to its failures and false promises.

9 CHAPTER 9 – CONCLUSIONS AND RECOMMENDATIONS: The future of privatization

9.1 Summary

The overriding purpose of this study was to provide an explanation as to why privatization continues to endure as a popular policy option for policymakers. Privatization has a long history as a policy tool dating back to the early 1970s, and it has taken on renewed importance as a policy tool since the 2008 global economic crisis. In particular, with states across the globe once again embracing austerity measures to address issues of debt and return to balanced budgets, governments have looked to privatization as a way to cut expenditures while still providing services to its citizens. Along with the traditional model of privatization, which saw government assets sell off or contract out to the private sector, privatization has also recently emerged in the form of public-private partnerships (P3s), which can be defined as a cooperative venture between the public and private sectors (CCPPP, 2012). However, there is a real lack of literature detailing experiences with privatization, especially in the P3 form, and what does exist is somewhat dated. Moreover, the literature does not ask the fundamental question that this study has sought to answer: why does privatization continue to endure? Therefore, to accomplish the overriding goal of the project, it was necessary to ask two very different (yet closely connected) research questions (See Chapter 1): (1) Does privatization produce winners and losers?; and (2) How and why is privatization still used widely as a policy tool if there now exists a large body of evidence that suggests it is a poor policy option?

In order to answer these questions, four case studies were selected for analysis. Case selection was based on the diverse typology, as cases were selected to display the values of the process of privatization. More specifically, the diverse typology was chosen in order to provide

representativeness (in the most minimal sense) of the full variation of the population being studied. In particular, the cases were chosen to illustrate examples of the different categories involved in the study of privatization, including: full privatization, partial privatization, mixed-delivery privatization, and failed privatization (See Chapter 4).

After the cases were chosen, a preliminary study of each case was undertaken and the reports were written up in a way that conveyed all necessary contextual details, including timelines, policy networks, and any evidence that existed about the cases. After this preliminary study was completed, semi-structured interviews were conducted in order to better flesh out each case and attempt to answer the two research questions. Participants were recruited from the four case studies using purposive sampling. In particular, an attempt was made to interview participants for each case who represented the different network actors and interests in each of the cases. Each participant was asked the same set of loosely-based questions, although conversations were allowed to develop naturally since this is one of the key strengths of the semi-structured interview (See Chapter 4).

9.2 Findings

The main findings are chapter-specific and were summarized, analyzed, and discussed in Chapters 7 and 8. This section synthesizes the findings to answer the study's two main research questions. The conclusions are organized by the themes that emerged in answering the two major research questions.

(1) Does privatization produce winners and losers?

The findings from this study produced the following conclusions regarding the following research question: does privatization produce winners and losers?

a. Government loses: From analyzing the findings related to the themes of the variables of privatization (efficiency, productivity, and flexibility) and accountability, it was concluded that the government loses in the privatization equation. More specifically, for the theme of the variables of privatization, the majority of the participants believed that privatization did not lead to increased efficiency, as a number of these participants argued that privatization actually increased costs and represented less efficiency than public delivery. For the variables of productivity and flexibility, nearly none of the participants spoke to either, and on the few occasions that they did, they believed that privatization led to decreased productivity and flexibility. Meanwhile, the majority of the participants also believed that privatization led to a lack of accountability. In particular, the majority of participants felt that some sort of control or oversight was needed by government in order to ensure that private operators were living up to their contracts. Thus, with decreased efficiency, productivity, flexibility, and accountability, it is clear that the government is a loser in the privatization equation.

b. The public loses: Analyzing the findings related to the themes of the quality of public services and the public good produced the conclusion that the public loses in the privatization equation. For the theme of quality of public services, the majority of participants believed that privatization had a negative effect on public services and ultimately led to decreased quality. With regards to the public good, the majority of the participants believed that privatization focused too heavily on profits and did not consider things like environmental impact or loss of good-paying jobs, thus leading to a decrease in the public good. With decreased quality of public

services and decreased public good, it is clear that the public is a loser in the privatization equation.

c. Labour loses: Looking at the findings related to the themes of quality of public work and labour relations, it became clear that labour also loses in the privatization equation. More specifically, the theme of quality of public work showed that the majority of participants believed that privatization led to things like lower wages, fewer benefits, and an intensification of work, ultimately leading to a decrease in the quality of public work. For the theme of labour relations, meanwhile, the majority of the participants believed that privatization led to a breaking down of organized labour's power to collectively bargain benefits for workers delivering public services and infrastructure. Thus, with a decrease in the quality of public work and the erosion of labour relations, it is clear that labour is a loser in the privatization equation.

d. Private interests win: Relating to the theme of profitability, analysis of the findings showed that private interests win in the privatization equation. For instance, all of the participants agreed that privatization led to large profits for private interests involved in the service of infrastructure delivery. Moreover, the majority of the participants felt that these profits came at a cost to the other policy actors involved, including the government, the public, and labour. Thus, with profitability being a given, it is clear that private interests are a winner in the privatization equation.

The findings from the interviews are clear. Privatization does, in fact, create winners and losers. In particular, the findings and themes show that the government, the public, and labour all lose in the privatization equation, while private interests can be considered to win in the same equation.

(2) How and why is privatization still used widely as a policy tool if there now exists a large body of evidence that suggests that it is a poor policy option?

The findings from this study produced the following conclusions regarding the research question of how and why privatization is still used widely as a policy tool if there now exists a large body of evidence that suggests it is a poor policy option:

a. Network relationships: The majority of the participants spoke to one or more network relationships that existed within their respective case studies. As well, the majority of these participants believed that the network relationships played a key role in the decision to privatize. The relationship that existed between the various levels of government and private interests was one that came up in discussion repeatedly, while the lack of relationship that labour had with government and other decision makers also came up frequently while speaking to interview participants.

b. Ideology: The majority of the participants spoke to the role that ideology played in the decision-making process that surrounded privatization. In particular, the majority of the participants believed that ideology played a key role in the decision to adopt privatization measures. Many pointed to neoliberal beliefs among the various levels of government, policymakers, and private interests as a guiding principle in the decision to privatize. Moreover, they believed that ideology often overshadowed evidence or past experiences in the decision-making process.

c. Voices in policy decisions: Like network relationships, a majority of the participants spoke to or identified one or more voices that existed with the policy decision-making process within their respective case studies. More specifically, the majority of the participants felt that who had a voice and who did not have a voice played a key role in the decision-making process surrounding

privatization. The majority of the participants noted that the various levels of government and private interests had the biggest and most influential voices, while labour and the public had virtually no say in any of the decisions.

d. Evidence: Evidence was believed to be a crucial factor in the decision to adopt privatization measures. The majority of the participants believed that the evidence used to make decisions about privatization was either incomplete, inaccurate, and/or biased. It was believed that this led to poor policy decisions regarding privatization, which often benefited private interests at the cost of the government, the public, and labour. Related to this, a number of participants also believed that the decision-making process lacked transparency, and kept important information about the privatization or P3 projects from policymakers and the public.

e. Political reasons: The majority of the participants spoke to one or more political reasons or political context that shaped the decision-making process surrounding privatization – more specifically, the important role that political reasons played in the decision-making process. Participants felt that political reasons or political agendas were the driving forces in the decision to privatize. In particular, participants felt that these political reasons influenced and shaped a lot of the other factors in the process, including things like evidence, ideology, voices in decision-making, and others.

f. Variables of privatization: Unlike the other themes mentioned above, the theme of variables of privatization was telling because of the lack of participants who spoke to the theme. In particular, the variables of competition, risk transfer, and private expertise were all mostly ignored as important reasons why privatization was adopted in the different cases. When they *were* mentioned by participants, they were talked about mostly in negative terms with

participants claiming that privatization did not bring about more competition, that it did not transfer risk, and that private expertise was vastly exaggerated.

The findings are also clear regarding the second major research question of this dissertation. A number of factors are at play, which help to shape and influence decisions regarding privatization. In particular, the findings from the interviews suggest that network relationships, ideology, evidence, voices in policy decisions, and political reasons all influence policymakers and obfuscate the true nature of privatization. Thus, it is because of these factors that privatization continues to be a policy tool used by government despite the growing body of evidence that suggests it is a poor policy option.

9.3 Theoretical Implications

This dissertation represents a contribution to the small but growing body of critical approach literature that seeks to understand the effects of privatization (see Stinson et al., 2005; Hermann et al., 2007; CUPE, 2007a; Hermann & Verhoest, 2007). More importantly, this dissertation represents one of the first attempts to use the network-class analysis framework to study privatization (See Chapter 3). It builds on the case that Collyer (2003) made for the approach in regards to the study of privatization. The network-class analysis framework fuses the key aspects from each approach – the ability of network analysis to reveal the relationships between individuals and groups of the network and their characteristics, and the ability of class analysis to make clear the asymmetry in the relationships between capital and labour. The result is a policy process theory that operates at both the micro and macro levels and takes into consideration individual and institutional factors. It exposes the process of policy for what it is: a class-based

system that involves the intersection of interests from a varied group of stakeholders with benefits and costs being distributed unequally among the different groups.

In particular, the framework was used in a couple of key ways to help answer the two major research questions of this study. For the first question regarding whether privatization produces winners or losers, the framework was used in order to identify the policy network that surrounded privatization in each case study, as well as the different policy actors that existed within the policy network. The framework was especially helpful in this regard because not only did it help to identify these, but it also helped to delineate between the different actors. More specifically, it made clear that the different actors also had different interests and goals attached to the decision-making process surrounding privatization, which made each actor very distinct and important (See Chapter 7). For the second question regarding why and how privatization is still a policy option, it helped to expose the different relationships that existed among actors within the policy network, while at the same time also shed light on the motivations underlying and shaping these relationships. This was especially important as it helped to explain why different actors had or did not have relationships, and it helped to identify some key themes that spoke to the motivations and interests of these relationships.

9.4 Recommendations and Future Research

This study used findings from key informant interviews to show that the current propensity for privatization to be used as a policy tool is questionable and in some cases undeserved. The findings suggest that not only are there significant problems around the privatization decision-making process, but also that privatization has unequal effects on different policy actors and social groups. Therefore, if privatization is to continue as a viable policy option for

policymakers, a number of changes around the decision-making process and the regulation of privatization itself must be considered. With this in mind, and working with the conclusions above, a number of recommendations for future research and action are offered below. However, given that these recommendations are completely new topics and need to be fleshed out and researched further, these are by no means directives for policymakers. Instead, they are suggestions to help influence and/or guide privatization policy in the future.

a. Privatization's preferred status: Currently, there are policies in place at the provincial and federal levels of government that make funding for projects contingent on using the P3 model. As well, a number of municipal governments are now doing service reviews in order to identify services and infrastructure that can be privatized. Clearly, there is a preference for privatization at the different levels of government. However, the case study findings suggest that this preference is not based on evidence from past experiences from privatization, as most of this evidence is skeptical at best of privatization and its effects. If anything, the findings suggest that this preference is based more on ideological assumptions rather than evidence. Therefore, one possible course of action could be to have future policy decisions involving privatization or P3s start with no preference from any level of government. This would mean that funding would not be contingent on using private partners and that there would be no pressure on municipal governments to consider privatization as a first option. This would allow for projects to move forward based on actual needs and best practices, rather than being arbitrarily forced into certain privatization structures out of the gate.

b. Standardized evidence: Another issue that came up in the findings was that privatization decisions were often based on evidence provided to city councilors or members of parliament. However, the findings show that this evidence is often incomplete, incorrect, biased, and/or

produced by organizations with a conflict of interest in the privatization or P3 project. Not only is this a major conflict of interest, but it also results in decisions being made on poor and biased evidence, which leads to poor policy. Therefore, a suggestion would be to have all evidence, reviews, and reports produced by an independent research organization that has no ties to government or private interests. This would help ensure quality and unbiased information to make the best possible policy decision on the available evidence.

c. Full transparency: Secrecy and lack of transparency was another issue that came up often in the findings. A suggestion to help deal with this would be to have governments at all levels put an end to the secrecy that surrounds privatization and P3 projects. Lack of transparency is usually allowed on the basis of propriety and competitive advantage for private firms bidding on and operating the services or infrastructure. However, this is not a compelling reason to allow secrecy, as the findings suggest that a lack of transparency is a major concern for both the general public and the other policy actors. Therefore, moving forward, all privatization and P3 projects could be completely transparent with all bids, plans, and designs made public. If all parties are forced to go public with their bids, it will create an equal playing field and ensure that the best and most realistic bid will win. It will also provide the public and any other interested parties access to bid information, which can only result in a more informed and engaged population regarding privatization decisions.

d. Public input included in decisions: Public input is becoming an increasingly important aspect of good policy making. However, the findings suggest that public input is not sought in the decision-making process surrounding privatization, and when it is sought it is usually for very minor issues or to decide between two predetermined options. Lack of public input creates issues surrounding needs and expectations of projects, which often leaves the public unhappy

with the final product of privatization and P3 projects. Public input is becoming a mandatory component of much of public policy decisions, and privatization and P3s should be no different. Public input on privatization decisions would allow the public to become an invested partner of the project and allow for any objections to or suggestions for the projects.

e. Enforcement of Accountability: Accountability was another key concern of many of the participants of this study. Without the ability to hold private operators accountable to the contract terms and levels of service, municipal governments and the general public are often left with poor services and no course of action to rectify this. In response, municipal governments have been forced to set up enforcement and/or policing teams to try and hold the private operator accountable. However, they have found this to be very difficult and costly. Therefore, one option to deal with the issue of accountability would be to set up an enforcement department at the municipal level that would deal with all private contracts and work to enforce the terms of the contracts with private operators. Although this would mean an additional cost for the municipal government, it would help ensure that they receive what they are paying for in the contract. Moreover, the cost of this enforcement department could be reflected and accounted for in the terms of the contract with the private operator.

f. Private interests cannot be valued more than the public good: Another one of the key findings of this study is that private interests were the only real winner in the privatization equation, while others, like the different levels of government, labour, and the general public, were losers. In particular, the findings suggested that profit for private interests were put ahead of the public good. As well, in some of the cases, it was clear that the public good was not even considered when making the decision to privatize. A more systematic approach that takes into consideration the public good and weighs the pros and cons of the public good before

considering the interests of the private sector would help to solve this. The results from this study suggest that privatization projects often times have hidden costs that are not considered during the decision-making process, which results in the government, public, and labour incurring large costs. More specifically, things like quality of services, environmental factors, and macro-economic effects must be considered in any decision.

g. Include Labour in decisions: Finally, the majority of the findings suggest that labour is often left out of the decision-making process surrounding privatization. This is a mistake since labour has invaluable insight into the service or infrastructure that is going to be privatized. Moreover, labour may be able to provide concessions or find efficiencies without privatizing. In fact, in the one case in which labour was involved, the GVRD waste collection case study, a decision was reached that saw waste collection services moved back in-house at a drastically lower cost and with better service. To help to deal with this issue, the decision-making process should be open to all interests in a way that promotes engagement, participation, and input from all parties affected by the decision.

Speaking more generally about future research in this area, there are a few key ways that this research could be improved upon. First, and most importantly, it would benefit from having a stronger quantitative element to it. This could mean a large-scale survey of workers to better understand how privatization is affecting them, or a survey of public users of the services that have been privatized to really gauge their satisfaction or dissatisfaction. This extra level of data would help to further strengthen and support the findings from this study. Second, this study would have benefited from having greater representation of the policy networks in each case. More specifically, as discussed in Chapter 4, private interests were very reluctant to participate in any interviews, citing their need to keep proprietary information secret since it directly affects

their competition in the sector. Accordingly, the study then sought out business association representatives to interview. While this did provide a private interest perspective, it would have made the findings even stronger had it come directly from the private interests involved in the different cases.

There is also a need to expand upon what has been done in this study to look at other sectors in other provinces and major municipalities. In particular, it would be ideal to have a project study five major sectors that experience privatization across five major municipality regions. This would allow for findings to be further generalized across new sectors and regions. As well, it would be helpful if these future studies included the quantitative aspects that were mentioned above. Again, this would provide a deeper and more compelling understanding of privatization and its effects.

A large longitudinal study would be very helpful for a topic such as this. A study following a privatization or P3 project from its initial inception all the way through to 10 years after privatization would provide invaluable data about the process. In particular, it would provide detailed information about how and why the choice to privatize was made, as it would follow all of the budget and planning changes, the labour relations, the initial transition to privatization, and then finally 10 years of privatized data to compare with the 10 previous years of public service or comparable public service. This would go a long way in helping to understand what is at stake with the process of privatization, and would ultimately help with better-informed policy decisions. Obviously, a study like this would be very costly and time-consuming, and would thus need to be undertaken by someone or some organization with proper funding, expertise, and patience to take on a project of this size.

Finally, more studies utilizing the network-class analysis framework in the future would also be very beneficial. As shown in this study, the network-class analysis framework has a lot to offer in terms of new insights into the process of privatization. Therefore, any study utilizing it in the future would add new insights to the literature as well as help to establish and legitimize the network-class analysis framework as a helpful and important policy analysis theoretical framework. However, a study using the network-class analysis framework to look at a successful example of privatization or P3 would be particularly helpful in growing the literature. This would not only allow for an even clearer comparison in terms of successful versus not successful, but it would also illustrate the ways in which the network-class analysis framework is able to detail both the costs and benefits of privatization.

9.5 Limitations and Delimitations

Limitations are usually beyond the control of the researcher, and identifying them is useful as it acknowledges potential difficulties or errors in analyzing and interpreting data results. The one major limitation of this study is the generalizability of the findings. The case study approach is often criticized for its inability to produce findings that are generalizable. It is argued that the approach's insular nature tends to skew findings toward limited applicability. This is particularly important in the case of privatization where each case is different. Therefore, it can be said that each example of privatization provides lessons, but ultimately privatization and the outcomes and effects of the process are highly dictated by contextual factors. That said, this study has used multiple sources of evidence and has corroborated all of the findings in order to overcome the generalizing problem of the case study approach. It should also be noted that when interviews make up a significant portion of one's data collection, there is always the risk that respondents

will not answer with candor, which can render the data an inaccurate reflection of all members of the population studied.

The delimitations are also important to note, since it is important to establish the scope of the research project. This study operated within a restricted population, as the effects of privatization within Canada, and more specifically its effects on the municipalities with the Greater Toronto and Vancouver areas, were studied. As well, when compiling literature and baseline data, the search was restricted to Western developed experiences with privatization because the developing world's experiences with the process are much different and distinct.

9.6 Conclusion

In spite of the overwhelming evidence coming from the majority of the privatization literature, there are some major concerns about the appropriateness and effectiveness of privatization measures. The promises of privatization are certainly vast, but the returns are varied, and as the findings in this dissertation suggest, the policy process creates winners and losers, which often ends up being costly for governments and the public. Moreover, this study has shown that decisions that create these winners and losers are often shaped and influenced by factors other than evidence and past experiences. Instead, things like ideology, political context, and/or network relationships play a key role. Thus, as the findings of this study suggest, it is imperative that any potential privatization or P3 project be thoroughly researched and analyzed from an impartial perspective in order to ensure good policy decision-making and avoid the trappings and failings that were shown throughout the different cases in this study.

APPENDIX A: Key Informant Interview Script

Introduction:

Hello, my name is Christopher Redmond and I am a PhD candidate in the Dept. of Politics and Public Administration at Ryerson University in Toronto. The interview data that I will be collecting here today will be used for my dissertation project. The project is focused on uncovering and analyzing the costs associated with privatization in the sectors of waste collection and public transportation. With the federal and provincial governments pursuing agendas structured by austerity, privatization will only continue to play a key role in current and future government policy. This is especially true in the areas of waste collection and public transportation where elements of privatization are already present. I've asked you here today to speak about your own experiences and knowledge related to the process of privatization.

I will be recording our conversation and transcribing it at a later date. Just a reminder, anonymity and confidentiality are strictly protected by the ethics board of my university. We can stop the interview or skip certain questions at any point if you do not feel comfortable answering them, and at your request, I will delete the interview from my recorder.

Before we begin I just want to ensure that you understand and have signed the consent form. To be clear, this interview will take between 30 and 60 minutes, it will be recorded on an audio recorder and later transcribed to notes, your participation is completely voluntary, you can skip any questions you do not feel comfortable answering, you can end the interview at any time, and your participation in this research is strictly confidential. As well, the data will be stored and secured at Ryerson University on a password protected external hard drive and the data will be encrypted. In the event of a publication or presentation resulting from the research, no personally identifiable information will be shared. After two years all data will be destroyed. Do you understand this and consent to these parameters for the interview? Do you have any questions regarding anything I have just said or anything related to the consent form?

Okay, let's begin.

Question 1:

To begin, I was hoping that you could speak about how you came to be involved in the process of privatization (specific case study will be inserted here). **Prompt:**

- (a) Was this something that you had prior interest in?
- (b) Did you have any knowledge of the situation before becoming involved?

Question 2:

What would you describe your role as throughout the process?

Prompt:

- (a) Was this a central role?
- (b) Did your role change at all during the process?

(c) What were your major responsibilities in this role?

Question 3:

Could you speak to the timeline of the process and describe about how the outcome came to be?

Prompt:

- (a) When did the process first become a policy option?
- (b) Were there other options on the table?
- (c) When did it become clear that this was going to work/not work for this policy issue?

Question 4:

Who were the major interests involved in this process?

Prompt:

- (a) What about private capital?
- (b) What about organized labour?
- (c) What levels of government were involved?
- (d) Was public input sought or involved?
- (e) Who were the biggest advocates/critics?

Question 5:

How was the final decision about adopting privatization finally made?

Prompt:

- (a) Was the decision based on statistical information or past case studies?
- (b) Was there a vote?
- (c) Did any one interest have an unequal say in the decision?
- (d) Were any interests excluded from the final decision?

Question 6:

What has the impact of the decision been on the sector (specific case study will be inserted here)?

Prompt:

- (a) Has it elicited positive effects?
- (b) Has it elicited negative effects?
- (c) Have the effects been equally distributed to both business interests and labour interests?

Question 7:

Were any of these effects foreseen or discussed in the led up to the decision to adopt privatization measures?

Prompt:

- (a) Did you (or everyone involved) have ample information to base your decision on?
- (b) If they were foreseen or discussed, how were they explained away or disregarded?

Question 8:

Was the entire decision making process steered by the notion of serving the public, or was it steered by something different?

Prompt:

- (a) Was the public good the most important goal of the process?
- (b) Was there a network of interests playing a key role in the decision making process?

Question 9:

With the hindsight that time provides, do you think that the adoption decision was the most correct and beneficial decision to be made?

Prompt:

- (a) Do you think anything could have been done differently?
- (b) Does information you have now change how you view the decision?
- (c) Was another decision even an option?

Question 10:

Do you know of anyone else who should be interviewed for this project?

Prompt:

- (a) Do you have contact details for this person?

Question 11:

Would you like to add anything else?

End interview:

Thank you for participating in this research project. I will be making the results of this research available when my dissertation is complete.

APPENDIX B: Consent Forms



Informed Consent for Social Science Research

Ryerson University

Title of Project: "How and why privatization is still a widely used policy tool in Canada: A qualitative study"

Principal Investigator: Christopher Redmond, PhD Candidate, Department of Politics and Public Administration, Ryerson University.

Contact Information: 3-260 Bay Street South, Hamilton, Ontario, L8P3J4

Email: christopher.redmond@ryerson.ca

Advisor: Dr. Bryan Evans, Associate Professor, Department of Politics and Public Administration, Ryerson University

Contact Information: Phone: (office) 416 979-5000 x4199

Email: blevans@ryerson.ca

1. Purpose of Study: The purpose of this study is to gain insights into the process of privatization. One of the main objectives is to better understand why privatization is such a popular policy choice. In particular, these interviews have been designed to gain insight how and why or why not privatization has been chosen as a policy tool.

2. Procedures to be followed: You will be involved in a open-ended interview with the principal investigator. You will be asked broad questions about your experiences with the process of privatization. For example: "Could you speak to the timeline of the process and describe about how the outcome came to be?", "What has the impact of the decision been on the sector?", or "With the hindsight that time provides, do you think that the adoption decision was the most correct and beneficial decision to be made?". Your answers can be short and non-descriptive or long and very descriptive depending on how you feel is the appropriate way to answer any of the questions. You are not required to answer any of the questions and you can skip questions at any point during the interview. As well, the interview will be recorded on a tape recorder and later transcribed into notes. You may end the interview at any time.

3. Duration/Time: The interviews are open-ended exercises therefore there is not a precise amount of time that each will take. On average each interview will take roughly anywhere from 30-60 minutes in length.

4. Statement of Confidentiality: Your participation in this research is confidential. The data will be stored and secured at Ryerson University on a password protected external hard drive and the data will be encrypted. In the event of a publication or presentation resulting from the

research, no personally identifiable information will be shared. After two years all data will be destroyed.

5. Right to Ask Questions: Please contact Christopher Redmond at (905) 746-1753 or Bryan Evans at (416) 979-5000 ext. 2199 with questions or concerns about this study. If you have any specific questions about the research ethics involved with this study please contact Toni Fletcher, REB Coordinator, toni.fletcher@ryerson.ca 416-979-5000 x. 7112.

6. Potential Risk and Potential Benefits:

7. Voluntary Participation: Your decision to be in this research is voluntary. You can stop at any time. You do not have to answer any questions you do not want to answer.

8. Access to Study Results: The results of this study will be made available to all participants as soon as the project concludes. The information will be available on a website that will be set up at the conclusion of the project. As well, if participants would like an individual report they can provide their email or mailing address below and copies of all results will be sent out.

Email or Mailing address for results: _____

You must be 18 years of age or older to consent to take part in this research study. If you agree to take part in this research study and the information outlined above, please sign your name and indicate the date below.

You will be given a copy of this form for your records.

Participant Signature

Date

Principal Investigator Signature

Date

As mentioned previously, this interview will be recorded on a tape recorder and transcribed into notes at a later date. If you agree to have your interview recorded on an audio tape, please sign your name and indicate the date below.

Participant Signature

Date

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