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# The labour dimension of remunicipalisation

**PUBLIC SERVICE WORKERS AND TRADE UNIONS IN TRANSITION**

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## PUBLIC SERVICE WORKERS AND TRADE UNIONS IN TRANSITION

by *Daria Cibrario*

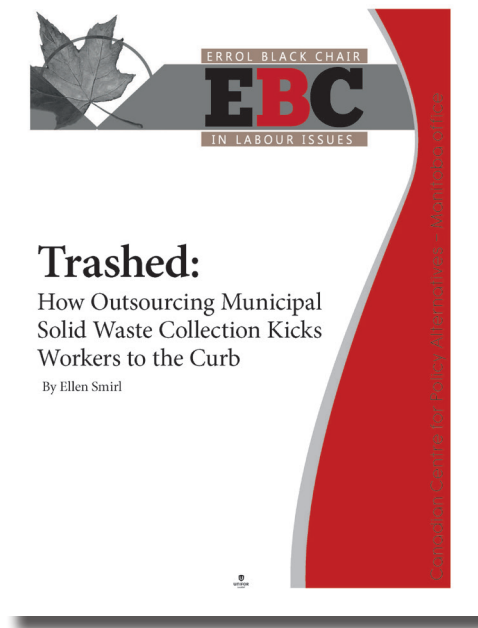
**P**ublic service remunicipalisation involves and affects workers. Trade unions are often key actors in the campaigns to bring municipal services from private management or ownership back into the public domain. By exposing to local authorities, service users and union members the evidence of the human and social costs of privatisation, they frequently lead the discourse in favour of reclaiming public services in the common interest. Labour therefore plays a critical role in remunicipalisation processes, both as a progressive force and key collective actor entrenched in the fabric of the transferring services. However, the specific circumstances and concerns faced by workers and trade unions undergoing private-to-public transitions are yet to be fully addressed.

Remunicipalisation is a complex process, and every case is unique to specific local and national regulations, political and social movement landscapes, and industrial relations systems. Each instance has its specific challenges, which can include issues from the transfer of pay and entitlements such as pension funds, leave and seniority to changes in job descriptions or career development paths from a private to a public organisation. Moving the workforce across sectors can be complicated when different legislations and collective agreements apply, or when the law is silent or unclear. Legal obstacles can stand in the way of transfers, such as rules mandating workers

to win a public competition to do the same job in the public sector. There are also instances where unions are restricted to representing workers only in private or public sector employment, but not in both. This could cause union membership loss in a transition.

While awareness of the strategic importance and human rights imperative of the labour dimension of any remunicipalisation process is increasing,<sup>1</sup> the concrete challenges, workplace stories and lessons learned from completed or ongoing private-to-public transition experiences remain largely under-researched and at times misunderstood. As the number of cases rises across continents and sectors, many public service workers' and trade unions' remunicipalisation stories are waiting to be told.

This paper is part of Public Services International's (PSI) ongoing efforts to shed light on the growing union experience in this field, aiming to lay the groundwork for successful remunicipalisation while avoiding common pitfalls.<sup>2</sup> For the purpose of this publication, it focuses on a limited sample of the many labour actions, challenges and issues that typically remain under the remunicipalisation radar. It is largely based on information obtained during interviews carried out by PSI with union representatives directly involved in remunicipalisation cases.



### Case I: Exposing privatised waste workers' abuse in Winnipeg (Canada)

#### MOBILISING AND BUILDING KNOWLEDGE TO CHALLENGE THE PRO-PRIVATISATION NARRATIVE

Trade unions have actively built and participated in remunicipalisation campaigns by joining forces with civil society organisations to document and expose the impact of privatisation on people and communities, while building a service user and citizen vision for the public services of the future. Due to their workplace and community presence, unions are traditionally strong at grassroots mobilisation. Thanks to their organising capabilities, they can mobilise their membership and use collective action to trigger a discourse shift in some pro-privatisation environments.

The use of reputable research centres, investigative journalism, academia and participatory public hearings, along with the systematic documentation of workers' stories, allows unions to expose the damage caused by privatisation and inform the public and local authorities about the reality behind the gloss – ultimately helping them make informed decisions on the future of the service.

When the **Canadian Union of Public Employees (CUPE)** wanted to make the case for insourcing the city of Winnipeg's municipal waste collection services privatised 13 years earlier, the union approached the province's Manitoba Office of the Canadian Centre for Policy Alternatives to expose the dramatic deterioration of service quality and the abuse endured by municipal waste workers in the privatised services. The private contractor had hired truck drivers to collect refuse, pushing them to accept a 'bogus self-employment' scheme, shifting social security costs and related risks onto them. Meanwhile, to staff the trucks these drivers often hired day labourers who were sometimes paid in cash, could be easily let go, and were subject to substandard working conditions. Even if citizens and users perceived a deterioration of service quality, they did not know what was going on.

The researcher reached out to the workers and many answered the call. The **Trashed**<sup>3</sup> report exposed the precariousness, poverty wages, health and safety risks, and exploitation endured by municipal waste workers in Winnipeg's privatised services. It also shed light on the ethnic and social segregation underlying such exploitation, as most subcontracted workers were Indigenous and/or had a criminal record and faced trouble finding better quality employment. The publication had a serious impact, prompting reactions from Winnipeg City Council and making a strong case for bringing Winnipeg waste services back in house<sup>4</sup>.



*Australia's People's Inquiry: a parent gives evidence to the Inquiry's panel about the impact of privatisation of Aged, Disability and Home Care (ADHC) on social housing and group homes. ©Australia's People's Inquiry's into Privatisation*

## Case II: Australia's 'People's Inquiry into Privatisation'

In 2016, ahead of a looming threat of even more public service privatisation by then-Conservative government, Australian public sector unions joined forces with civil society organisations and launched a national **'People's Inquiry into Privatisation'** – a participatory, transparent, grassroots and democratic assessment of the consequences of 20 years of privatisation for people and communities. Unions and civil society allies approached three independent, highly regarded investigators and launched a public consultation that ran for 18 months across Australia.

Unions and civil society organisations did the grassroots mobilisation through calls, flyers and social media to encourage community participation, applying the same principles used in door-to-door political campaigning and union organising. People wishing to contribute and speak at the public hearings could sign up on the website and at the venue. The inquiry built a participatory vision around a new generation of public services for the people of Australia. It unveiled hard evidence of the ways that privatisation had damaged the lives of service users and workers, as well as entire communities. This was the case for services for children with disabilities, vocational education and training, health services, and power generation and distribution. The inquiry broke the dominant neoliberal pro-privatisation dogma, creating a more favourable context in which to reclaim public service ownership and management in Australia<sup>5</sup>.

### KEEPING COHESION, OVERCOMING UNION FRAGMENTATION

Trade unions are not monolithic, and many factors can affect remunicipalisation outcomes. Depending on the industrial relations system, union membership in public services may be fragmented across several, sometimes competing, unions in the same workplace. In addition, when a service involves multiple facilities, different union branches can coexist at the same workplace. If privatisation and outsourcing only affect parts of a service, membership can cut across public and private status. Workers may be covered by different collective agreements and conditions. Some workers may not be union members or excluded from collective bargaining coverage, as can be the case for temporary or agency workers in some jurisdictions.

A variety of corporate cultures and private company-specific labour conditions and benefits can affect workers' perceptions of remunicipalisation. In some countries, the transition from private to

## BOX I: Behind the scenes of the Paris water remunicipalisation: the challenges of union fragmentation

Prior to remunicipalisation and the creation of **Eau de Paris** as an integrated water utility, Paris water services consisted of four different companies: SAGEP and CRECEP<sup>6</sup> (the water analysis laboratory) were under public control; private companies Veolia and Eau et Force (a Suez subsidiary) provided water distribution services under 25-year lease contracts from the City of Paris. Union membership was spread across 15 different local union branches: CGT, UNSA, CFDT Interco, FO and CFE-CGC<sup>7</sup> were among the unions representing the majority of the workers. These unions had organisational differences: the CGT was mostly present at the workplaces through plant-level union branches (syndicats d'établissement) and could negotiate with a certain autonomy from its national federation. The CFDT Interco, on the other hand, was organised as a sectoral local union (Syndicat des eaux d'Île-de-France) and was typically more closely accompanied by its national federation in negotiations. On the political dimension of remunicipalisation, the national CFDT Interco position was that a public service under private lease contract would be acceptable provided there was effective control by the public authorities. The CGT federation was openly in favour of returning water supply to public ownership and wanted revenues from public water that were no longer paid out to shareholders to be reinvested in the public utility.

Both federations supported workers in the transition, but many were anxious about the remunicipalisation. Some rejected any transfer to the public sector. This can be partially explained by the fact that pay and conditions in French water services were comparatively higher in the private companies at the time. Public sector job security was not a compelling argument because in France workers who transfer from a private to public sector company find themselves under a hybrid private law regime (régie publique) and do not enjoy the same level of job security as full-fledged public servants (fonctionnaires titularisés). Different workplace cultures, as well as how attached certain workers felt to their companies, also played an important role. The union federations produced materials giving employees the facts about the transfer process according to French legislation and described how the service would operate under public ownership, with the aim of reassuring employees and reducing any uncertainty over the employment transitions<sup>8</sup>.

public services can be welcome and bring with it considerably better conditions, stronger employment protection and status. In other countries, it can be perceived negatively as potentially representing a loss of status and lower pay and conditions. Private companies that stand to lose profitable and prestigious contracts will lobby, seeking to influence the political process and the workers. These intricate configurations can create divisive dynamics among workers and unions in the same workplace, but also among different branches of the same unions.

Finally, unions can have different views and political positions over remunicipalisation. Some may support it openly by taking a strong political stance, while others may consider it a policy choice of each individual worker. Interests, positions and strategies over remunicipalisation can diverge among workers on the shop floor and their unions.

Experience shows that in these situations, it is crucial for union federations and local representatives to maintain regular, clear communication and dialogue with workers on the shop floor over the implications of the remunicipalisation process. Unions also need to support non-union workers in the transition, by reaching out to them ahead of remunicipalisation. It is vital to put in place proactive two-way communications and outreach to build maximum cohesion within union ranks. National union federations are well placed to grasp the complexity underpinning such processes, but local unions have a better understanding of how the workplace is organised. National federations can increase the chances of a positive transition by supporting their local branches with strategic advice, resources, legal and communication services, and by reaching out to shop stewards, members, public authorities and the media.



*Fagforbundet local shop stewards approach Vereino workers to organize them into the union ahead of the imminent Oslo waste remunicipalisation. Photo credit: Fagforbundet*

### **Case III: Norwegian municipal workers' union early outreach and organising of transferring workers**

In 2017, when Oslo's decision to remunicipalise waste services was looming, the **Fagforbundet** local union set up a dedicated team and developed a strategy to recruit the workers, many of whom were on temporary contracts. The union team put together a comprehensive list of the workers whose jobs were to be remunicipalised and established a visible local presence. They set up stands in front of the workplace and made representatives available during the work shift. This meant private provider Vereino's workers could approach them, ask questions and join the union. Many Vereino employees were immigrants and there were major language barriers. Fagforbundet hired interpreters and organised personalised meetings with them. The union prepared leaflets and materials in languages the workers spoke, to make sure they were aware of the situation and their rights. This outreach effort was also an opportunity to organise them: out of the 170 Vereino workers, 80 joined the union before the remunicipalisation. When the company went bankrupt and the City of Oslo internalised the service, Fagforbundet had already achieved the power necessary to negotiate a new collective agreement with the municipality<sup>10</sup>.

## ORGANISING THROUGH REMUNICIPALISATION

Public sector workplaces traditionally feature high rates of unionisation, whereas privatisation often means weaker, atomised or no unions due to job loss, outsourcing and the erosion of collective bargaining rights.<sup>9</sup> Privatisation can also force workers into different unions, depending on labour legislation and union demarcations.

By moving from service profitability to service quality and embracing societal goals, remunicipalisation can be an opportunity for unions to increase membership, strengthen bargaining power and (re)build strong union workplaces in public services.

Retaining membership and seizing the opportunity for growth in a transition means that unions have an interest to build a specific organising angle into their remunicipalisation strategy. This is intertwined with the dialogue process and union cohesion approach referred to above, and with the negotiation of a fair transition for all involved workers with the local authorities described in the following section.

In industrial relations systems where remunicipalisation implies a shift in union jurisdiction and collective agreement coverage as workers move from the private to public sector, specific unions may lose members. In such cases, cooperation, solidarity agreements and membership portability mechanisms can be explored as means to minimise or offset adverse impacts and ensure the best possible union representation for the transferred workers.

## NEGOTIATING A FAIR PRIVATE-TO-PUBLIC TRANSITION FOR WORKERS

Regardless of whether there is a clear legal framework underpinning a change from private to public sector, unions must seek to negotiate the terms of any employment transition with the public authorities taking back control of the service. This is not a given, especially in countries where union rights in the public sector are limited or constrained by law or in practice, or where collective agreements

exist at a national level but local government-level bargaining is not enabled or practiced. In some countries, local authorities and mayors have little power over public service resources or do not see themselves as employers. They may favour remunicipalisation as a political decision but will not necessarily see or act on the implications of the labour dimension of the transition process.

Negotiating a fair transition for the workers and their unions is in everyone's interest. It is a fundamental step to ensure that remunicipalisation succeeds. In the immediate aftermath of a private-to-public transition, the priority is to ensure service continuity or (re)establish capacity to deliver. This is a window of vulnerability. Any perception that the remunicipalised service is less efficient than under private management needs to be addressed, and social support needs to stay high until the process is completed. In addition, if workers are to deliver effective public services, they must enjoy decent working conditions. They also need to have a say over how the service will be run, as they have a unique view on its operations and on user and citizen needs and expectations. Frontline workers are usually best placed to know what competences, infrastructure and systems are needed or missing to ensure efficient delivery.<sup>11</sup>

The employment transition requires care, transparency and fairness, which greatly contribute to creating a climate of trust from the moment the insourced service begins to operate under public control. For this reason, if a full re-hiring process is deemed necessary, all job posts for the remunicipalised service should be published as vacant and those already doing the work in the privatised service should be considered as priority candidates.

From the union side, giving a strong and united mandate to representatives at the bargaining table is recommended. This will help offset union fragmentation, reconcile different workplace interests and ensure that negotiations with public authorities are practicable and effective.<sup>12</sup> No transitioning workers should remain excluded from collective agreement coverage or find themselves in a legal limbo, and all workers should receive equitable treatment.<sup>13</sup>

## BOX II:

### Paris water: the challenges of negotiating a fair transition across multiple companies

Prior to their consolidation into the **Eau de Paris** public utility, the four companies had very different pay levels, working conditions and benefits. Harmonising these provisions meant long and hard negotiation of two agreements. The negotiations started in 2009 between the City of Paris and the two pre-existing companies under public control, SAGEP and CRECEP. The City of Paris expected the employees of the various companies to be incorporated into the new public utility as a result of the ownership transfer. However, the city had not fully anticipated the extent of the harmonisation and negotiation process required to ensure a fair transition for all employees. Achieving fairness required the participation of all representative trade unions in the negotiations over the workers' employment transfer with the Paris public authorities. The CGT launched a petition for this approach, collecting more than 500 signatures of employees from all concerned companies. Negotiations were then extended to union representatives of Veolia and Eau et Force. Many different representatives and interests were around the table, and discussions were tense and complex. A critical step was to go through different job descriptions across all four companies, agree on a merged classification system to identify equivalent positions (fiche de transposition) and build a single pay structure for Eau de Paris. The final harmonisation agreement was signed in 2011 and represented a major collective achievement for all parties. The union elections that followed the same year reduced the number of unions from 15 to eight<sup>14</sup>.

## CONCLUSION: PUBLIC SERVICES THAT WORK FOR THE PEOPLE, INCLUDING WORKERS

There is a strong case for public authorities, public service users, citizens and civil society organisations in favour of remunicipalisation to include labour issues from the outset of a campaign; to properly engage at the early stages with service workers and trade unions; and to maintain that relationship throughout the negotiations. Ensuring a fair employment transition for public service workers and negotiating with their elected union representatives should be viewed as an integral part of any remunicipalisation checklist. Getting this right can be a deciding factor in the overall success or failure of a remunicipalisation initiative.

Remunicipalisation is also an opportunity to build an innovative societal vision of quality public services that are participatory, democratic, and work for people and their communities. That vision must include workers and their trade unions. Whenever remunicipalisation of essential public services can lead to a regular stream of income, such as in the case of water services, it presents an unparalleled chance to leverage public ownership to pioneer new, progressive staff management and worker participation practices while creating quality employment in local communities, all while delivering universal access to quality public services.

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6. Société anonyme de gestion de l'eau de Paris and Centre de recherche, d'expertise et de contrôle des eaux de Paris, today Laboratoire de l'eau de Paris.
7. Confédération générale du travail, Union nationale des syndicats autonomes, Confédération française démocratique du travail intérieur et collectivités, Force ouvrière, Confédération française de l'encadrement.
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13. Author's interview with B. Fasola, CFDT Interco Federation, 6 September 2018.
14. Author's interview with R. Montbobier, CGT Eau de Paris, 12 July 2018; and with B. Fasola, CFDT Interco Federation, 6 September 2018.

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Paris Montsouris water reservoirs

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