

The Politics of Pay Equity in B.C.'s Health Care System

The Role of Government, Multinational Corporations and Unions

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Cet article décrit la législation du gouvernement de la Colombie-Britannique qui favorise la privatisation des soins de santé (lois 29 et 94) et fait retourner trente ans en arrière les gains en équité salariale des femmes qui travaillent dans les services de santé. Les auteures assurent qu'aussitôt que les corporations multinationales de services sont bien installées dans le secteur, les salaires plus bas et les bénéfices pour les employées sans contrats deviennent la norme, avec le résultat que les salaires des femmes dans certains secteurs dévolus aux hommes vont se détériorer, élargissant ainsi le fossé déjà existant entre les différentes classes de travailleuses.

Legislation introduced by the B.C. Liberal government in 2002 and 2003 (Bill 29 and 94) eliminated job security and prohibitions against contracting out in the health sector in B.C. This legislation has opened up the door for the wholesale privatization of health support work (i.e., housekeeping, food services, security, and laundry in hospital and long term care facilities). The impact of privatization on wages and conditions has been immediate and stunning: wages for privatized support services have been cut almost in half, benefits have been either eliminated or drastically reduced and guaranteed hours of work abolished. Eighty-five per cent of the workers in this sector are women—many of whom

are the primary wage earners for their families. A high proportion of these women are older, visible minority and/or from immigrant backgrounds.¹

The impetus to lower wages through privatization was facilitated by multinational service corporations who were more than willing to provide health support services utilizing a low-paid contingent workforce. These efforts were further realized when one local of the Industrial, Wood and Allied Workers of Canada (IWA), Local 1-3567, with no previous history in representing health support workers, signed an unprecedented six-year agreement with the multinational service corporations, without negotiations and prior to the hiring of the new workforce (i.e., while the unionized, in-house workers were still in place). The actions of local 1-3467 have created deep divisions within the labour movement, and undermined the role of the Hospital Employees' Union (HEU), the union that has represented the vast majority of health support workers for more than 50 years.

Turning the Clock Back on Pay Equity

In the absence of pay equity legislation, as exists in most other Canadian provinces and territories, pay equity in B.C. has been achieved

primarily through the efforts of unions and the requirement, through the NDP government of the 1990s, that pay equity in the public sector be addressed in collective bargaining.

Historically, women working in the health support sector in B.C. were paid significantly less than men doing similar work or work of equivalent value. The struggle of health support workers to redress the wage gap has spanned several decades and in the last 30 years has proved remarkably successful. During the 1970s the union pursued several different strategies to achieve pay equity including bargaining, human rights complaints, lobbying, and arbitrations. Despite these efforts in 1991 there was still a wage gap between men and women of between 10 and 29 per cent (see Table I below). In 1992 shortly after the NDP was elected, the HEU undertook a major strike to make pay equity a reality. As a result of that strike, 90 per cent of the union's membership received pay equity increases on top of general wage increases. As part of this agreement a Job Value Comparison Plan was established with the provision that up to one per cent of payroll per year would be allocated for pay equity implementation until pay equity was achieved in each classification. As a result, by 2001 the wage gap had been reduced from .2 to 11 per cent (see Table 1).

These pay equity gains, however, are being reversed through privatization. In May 2001, a new Liberal government was elected in B.C. In January of 2002 they passed legislation (Bill 29, *The Health and Social Services Delivery Improvement Act*) that unilaterally altered signed collective agreements between health care employers and unions and removed essential provisions related to job-security protection and contracting out. Bill 94 (*The Health Sector Partnerships Agreement Act*), passed in 2003, strengthened the privatization process by prohibiting unions from negotiating any language that would limit the ability of the contractor to sub-contract work in response to union efforts to improve the wages and working conditions.

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

With strong legislation in effect, Health Authorities, primarily in the B.C.'s Lower Mainland and on Vancouver Island, have initiated plans to privatize most or all of their housekeeping, security, laundry, and food services work in hospitals and in many long-term care facilities. More than 10,000 union health care workers have lost their jobs. Most of them are women and many are from immigrant and visible minority backgrounds. The largest out-sourcing contracts, for housekeeping and food services, are with the three largest multinational service corporations in the world—Compass, Sedexho, and Aramark. None of these corporations are Canadian; all operate internationally with head offices in the U.S., Britain and France and have various reputations for poor labour relations and/or union bashing.

The Multinationals and the IWA

Because of government legislation, multinational companies bidding for health support service contracts were not required to hire the existing workers or recognize the union's successorship rights. To even further limit the possibility that the Hospital Employees' Union would organize these workers, the multinational com-

Aramark was signed on July 17, 2003.² Thirteen days later, on July 30, 2003, Aramark was awarded the housekeeping contract for the Vancouver Coastal Health Authority (all sites from Powell River to Vancouver, including Vancouver Hospital, UBC Hospital, Lion's Gate Hospital, St. Paul's Hospital and many long term care and smaller acute care hospitals). Throughout the fall,

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panies took the unprecedented step of approaching a number of other trade unions to offer them "voluntary recognition agreements." In "voluntary recognition agreements" the terms and conditions of employment are established by mutual agreement between the union and company *prior to hiring the workforce*. The overwhelming majority of the B.C. Federation of Labour affiliates recognized HEU's right to organize this work, and refused to co-operate with the outside contractors. There was, however, one notable exception, Local 1-3567 of the Industrial, Wood and Allied Workers of Canada (IWA).

Local 1-3567 of the IWA has signed "voluntary recognition agreements" with each of the three largest private service providers—Sedexho, Compass, and Aramark. Until this point, the IWA had no experience in the health care sector. Its main role had been to represent workers in forest industries who are overwhelmingly male.

The "voluntary recognition partnership agreements" between Local 1-3567 of the IWA and the multinational companies are all very similar. To give one example, the six-year agreement between Local 1-3567 of the Industrial, Wood and Allied Workers of Canada (IWA) and

Aramark advertised job recruitment fairs to hire housekeepers to work at the various facilities in the Vancouver Coastal Health Authority. Representatives of Local 1-3567 were at the job fairs and people interested in working for Aramark were required to sign a union card with the IWA prior to the completion of the hiring process.

Under the Aramark/IWA partnership agreement a housekeeper earns \$10.25 an hour, with no guarantee of how many hours she will work from one week to the next. After six years her hourly rate increases to \$11.38 an hour. These severe wage reductions are clearly unorthodox and exploitative, particularly for workers in a province with such high costs of living.

If a worker manages to work 30 hours a week, her yearly earnings would be \$15,980. If she works 40 hours a week, she would earn about \$21,315. Wages for housekeepers (cleaners) have decreased by 44 per cent from what had been bargained under the Health Facilities Collective Agreement contract. This is 26 per cent less than the national average for this same work (see Table 2).

Under these new rates, B.C. dropped to the lowest pay scale in the country—and not by a few percent-

age points, but by substantial amounts (i.e., between 14 and 39 per cent less than anywhere else in Canada). Even relatively low wage provinces like Newfoundland, Prince Edward Island, and New Brunswick pay considerably more an hour than the wages negotiated under the Aramark/IWA contract. These wages are so low that they place the purchasing power of housekeepers, for example, at about what they were 35 years ago.

This represents a tremendous loss for women's work by any standards. It is even more disturbing when one compares the wages negotiated by the IWA under the Aramark contract to current wages for the same occupations under a standard IWA contract for male cleaners. Under the IWA Master Agreement (2000-2003)

janitors are paid \$21.92 an hour, which is 2.1 times greater than the wage rate negotiated for hospital cleaners. In this context, the Aramark/IWA agreement is not only a setback for pay equity, it is also a complete rejection of the concept that women and men should be paid equally for the same work—an understanding that has been in place in Canada since the 1950s. Even as far back as the IWA Master Agreement of 1983-1986, wage rates for cleaners were not as low as what has been negotiated for the women working at Vancouver Hospital. In the mid-1980s, almost 20 years ago, the IWA negotiated \$13.48 an hour for its janitors (male)—\$3.23 an hour more than it is willing to negotiate for its cleaners (female) today.

While the reduction in wages and the loss of guaranteed hours of work are the most dramatic and obvious changes under the IWA/Aramark contract, additional concessions to the employer radically change other aspects of compensation for health care support work. For example, pensions, long-term disability plans, and maternity leave provisions have been eliminated and vacations are reduced to the two weeks mandated by the *Employment Standards Act*.

The IWA and the Union Movement

The relationship between Aramark and Local 1-3567 of the IWA, as established through this "voluntary recognition agreement," sets an

**Table 1: Gender Based Wage Differences, 1991 and 2001
(Wages in Female-Dominated Jobs as % of Value of Comparable Male Work)**

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

Table 2: Interprovincial Wage Comparison of Hospital and Long Term care Housekeepers' (Union Rates) and Aramark/IWA Rates, April 1, 2003

	IWA/ Aramark Van Coastal Health Authority	HEU BC	AB	SK	MB	ON	QC	NB	NS	PEI	NF	National Average (Union) Wage Rate 2003
Cleaner	10.25	18.32	13.60	13.22	12.74	16.82	14.29	12.73	11.92	13.40	12.28	13.93
% Difference with Aramark/ IWA		44%	24.6%	22.5%	19.5%	39%	28.2%	19.5%	14.0%	23.5%	16.5%	26.4%

alarming precedent for employer/union collusion in the organizing of B.C.'s health care workers. Because the agreement was in place before the employees had worked a single day, they had no opportunity to have a say in their union representation or in negotiating their collective agreement. Union/management collusion is also evident in the "statement of partnership" at the beginning of the

relationship with a different union already exists.

Not surprisingly, the HEU has developed a number of strategies to address their concerns with the role of Local 1-3567 of the IWA. They have, for more than a year, been working through their national union, the Canadian Union of Public Employees (CUPE), to bring these issues to the attention of the labour

sion from the CLC, although it is not clear that this will deter the IWA from organizing in this sector.

At the same time, the HEU has challenged the legality of the "voluntary recognition agreements" before the B.C. Labour Board arguing that there has been collusion between the union and employer, intimidation and coercion of the prospective employees, and irregularities in the "part-

What is clear is that as more time passes, multinational service corporations are becoming firmly entrenched within the health support sector and lower wages and benefits for contracted-out support workers are becoming the norm.

agreement. In this commitment, the IWA accepts "joint responsibility for the profitability and competitiveness of ARAMARK."

Traditionally, trade unions in Canada are independent of employer or government influence. In stark contrast to those countries where "company unions" or employer-dominated unions are typical (such as Mexico), Canadian workers have had the right to choose their own union. They have also had a say in setting the terms and conditions of their collective agreements. Exceptions to this exist in the building trades and in forestry work, where work is short-term and specific trade unions have long established records in protecting workers rights in these industries. In these limited cases setting up a "voluntary recognition agreement" between the employer and the trade union before the work actually begins protects workers from having to build a union from the beginning each time a new short-term job begins. In fact, it guarantees them the wages and benefits already standard in the sector. But this is a very different circumstance from the work in hospitals, where voluntary recognition agreements are undercutting wages in an established sector and where an on-going work rela-

movement and seek sanctions against the IWA Local 1-3567, for violating the constitution of the Canadian Labour Congress (CLC). On Sept 17, 2003, an impartial umpire appointed by the CLC President, Victor Pathe, found that the IWA Local 1-3567 had indeed violated the CLC constitution for not recognizing the established employment relationship between HEU and the health support workforce.³

Following this decision the president of the CLC, Ken Georgetti wrote to the president of the IWA, Dave Haggard, giving him until October 2nd to reply in writing on how he would "come into compliance with the CLC Constitution."⁴ October 2nd passed with no response from the IWA. In November of 2003, the CLC executive council passed a motion directing IWA local 1-3567 not to sign any further voluntary recognition agreements in health care related to Bill 29. Local 1-3567 has, however, ignored this directive and has continued to sign voluntary recognition agreements with the multinationals contracted to provide health support services. Finally, on March 26, 2004, the first level of sanctions were applied against the IWA by the CLC.⁵ These sanctions could be escalated up to and including expul-

nership" agreement.⁶ In May of 2004, the Labour Board agreed with HEU and declared the "partnership agreements" with Aramark and Sedexho as null and void.

Throughout this time period HEU continued to organize the contract workers and has been very successful in their organizing drive. They have submitted union cards from a number of facilities to the Labour Board. However, these votes have been sealed because of a string of new objections filed by the employer with the Labour Board. At this point, it is still unclear how and when these disputes will be resolved.

What is clear, however, is that as more time passes, multinational service corporations are becoming firmly entrenched within the health support sector and lower wages and benefits for contracted-out support workers are becoming the norm. This has put tremendous pressure on the HEU and other established health care unions to negotiate significant concessions as employers use the threat of contracting out or decertification of the union to pressure workers to accept contract concessions.

A Domino Effect

The B.C. government's actions—

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

In fact, the actions by the B.C. government are already influencing legislation in other parts of the country. In both Quebec and Ontario the new Liberal governments have very recently passed legislation modeled on Bill 29. In Ontario, Bill 8, the so-called "Commitment to the Future of Medicare Act" was introduced in November 2003. The third section of this bill gives the health minister broad, binding and unprecedented powers to intervene in health facility administration including the ability to issue directives that override collective agreement language and force facilities to contract-out health support services.⁷ In Quebec, Bill 31, passed by the National Assembly in December of 2003, has an even broader mandate. It covers all unionized workers, overrides job security provisions, removes successorship rights, and eliminates provisions requiring new employers to retain the terms of the existing agreements for a minimum of one year.

While government intervention in labour relations has a long history, legislation aimed at altering collective agreement provisions is rare and where it does occur, it is usually limited to changes in compensation rates.⁸ In an analysis of Bill 29, Joseph Rose, a professor in the Faculty of Business at McMaster University, noted only three other occasions in Canadian history where governments infringed on statutory or collectively bargained job security provisions. In all of these cases government interventions were intended "to limit or

foreclose" future bargaining on job security; they did not "void collective agreement provisions during their term."⁹ In this respect the provisions of Bill 29 are highly unusual, and yet quite clearly they are establishing a new precedent that is taking hold across the country.¹⁰

Conclusion

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

A full explanation of this issue is available through the Canadian Centre of Policy Alternatives—British Columbia at www.policyalternatives.ca. The title of the study by Marjorie Griffin Cohen and Marcy Cohen is A Return of Wage Discrimination: Pay Equity Losses Through the Privatization of Health Care.

Marcy Cohen is the senior researcher at the Hospital Employees Union and has recently published a number of articles on working conditions and work restructuring in long term care in B.C.

Marjorie Griffin Cohen is an economist who is Chair of Women's Studies at Simon Fraser University. Her most recent books are Governing Under Stress (with Stephen Clarkson) (Zed Books, 2004) and Training the Excluded for Work (University of British Columbia Press, 2003).

¹Information for this section comes from McIntyre and Mustel Research

Ltd., *HEU Member Profile Survey*.

²Aramark and IWA Local 1-3567, Partnership Agreement, July 17, 2003

³*Ibid.*, page 11.

⁴Letter from Kenneth Georgetti, at the CLC to Dave Haggard at the IWA, Sept 17, 2003.

⁵Letter from Kenneth Georgetti at the CLC to Dave Haggard at the IWA, March 25, 2004.

⁶Letter to the Labour Relations Board from the HEU Lawyer, David Tarasoff, January 22, 2003.

⁷Sack Goldbalt Mitchell, Memorandum re: Bill 8, the *Commitment to the Future of Medicare Act*, December 15, 2003, page pages 6-7.

⁸Affidavits of Joseph B. Rose in The Supreme Court of British Columbia in reference to Plaintiffs: The Health Services and Support-Facilities Subsector Bargaining Association, The Health Services and Support-Community Health Bargaining Association, The Nurses' Bargaining Association, The Hospital Employees' Union, The British Columbia Government and Service Employees' Union, The British Columbia Nurses' Union, Josephine Chauhan, Janine Brooker, Amaljeet Jhand, Leona Fraser, Marguerite Amy McCrea, Sally Lorrain Stevenson and Sharleen G.V. Decilla; and Defendant: Her Majesty the Queen in Right of the Province of British Columbia., page 15.

⁹*Ibid.*, page 17.

¹⁰Hospital Employees' Union and other unions affected by Bill 29, have launched a Charter of Rights court challenge under three provisions of the Charter: equality rights (Section 15), freedom of association (Section 2) and security of persons (Section 7). This challenge was turned down at the B.C. Supreme Court in September of 2003, but the unions will be taking the case as far as the Supreme Court of Canada. A positive ruling by the Supreme Court would be very significant in that it would establish a legal precedent for the recognition of gender based wage discrimination as a violation of equality rights under the Charter.

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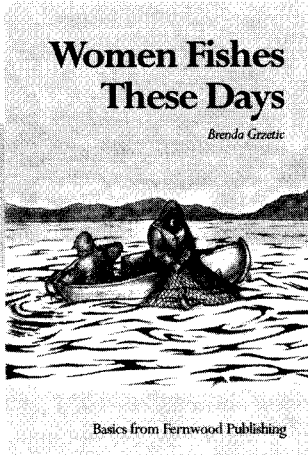
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it is always these things we hold in the skin of our fingers
 white hairs on the face of a beloved
 tissue of a may petal
 cool nubbles of an antique glass jar
 the perforated edge of a stamp on a foreign letter
 or even a duo sepia photograph
 glossy in our palms...
*Each person enters the world called.**
 these things we keep as memory
 these things keep us

*James Hillman

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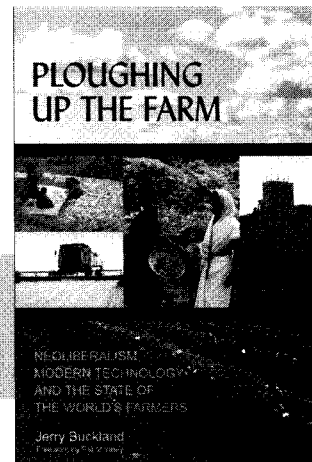
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