



# Saskatchewan



# Notes

## Public Services and Community Crowns—It's the Saskatchewan Way!

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— by Don Mitchell

**M**y Saskatchewan includes a broad and responsive public service and progressive, creative, and innovative crown corporations.

Saskatchewan has a century of experience in public service and public enterprise. Education, health, social services, transportation, electrical and telephone utilities, insurance, mining, and forestry were developed through public initiative at the provincial and community level starting in the early 1900s. That is how we overcame the obstacles of sparse population, harsh climate, and long distances from sources of capital and major urban markets. Our public services became an extension of the co-operative and tribal traditions of sharing and depending on each other familiar both to first nations and to the early settlers.

*Now we face the threat of dismantling these services through privatization. More than ever we need to protect what we have and go further to address the needs of a changing economy in the 21<sup>st</sup> century.*

### Why Public; Why Crowns?

Federal, provincial, and municipal services and crown corporations are a large part of our provincial economy. They provide nearly 30 per cent of the province's jobs. There are reasons why so many of our services are provided through government departments or crown corporations rather than through private ownership by profit driven corporations.

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### (1) *Essential services can be provided at a fairer cost to all when not left to the whims of the marketplace.*

Services like schools, healthcare, power, gas, and water utilities, emergency police and fire services, and car insurance have all been considered important enough in Saskatchewan to develop universal public systems so that they could be made available to all families at the lowest possible cost.

In a province like Saskatchewan, with dispersed rural and northern settlements, the only way we could provide affordable services to everybody is to pool our resources through provincial crown corporations or government agencies. This was true for rural electrification, hospital insurance, bus transportation, and telephone services. Where these services are supplied by competing private corporations, to satisfy the need for profit, they either become more expensive or corporations reduce costs by paying low wages and/or cutting corners on safety and environmental protection.

*Inter-provincial comparisons show Saskatchewan residents have below average costs for every service they receive through crown corporations including electrical, gas, and telephone utilities and auto insurance.*

- 5 *Our basic residential telephone rates at \$22 per month are the lowest in Western Canada and we are the only province that provides the same rate for rural and urban households.* (SaskTel, January 2002)
- 5 *Electricity rates are lower on average than other provinces and over 40% below the recently deregulated power utility rates in Alberta and Ontario.* (SaskPower, 2002)
- 5 *Public Auto Insurance on new cars in Saskatchewan is 25% lower than the rate in Vancouver, 40% lower than Calgary, 59% lower than Toronto, 62% lower than Montreal, and 63% lower than St. John's, Newfoundland.* (Rate comparison conducted by Runzheimer Canada, an independent auto insurance analyst)

Our public health and education systems are more accessible and affordable than U.S. style private delivery systems.

- 5 *Per capita private health care cost in the U.S. was more than double that of Canada (U.S.\$5039 vs. \$2100); but the system still denies access to 41.2 million residents who do not have paid-up private insurance.* (Canadian Institute for Health Information and Health Care Financing Administration)
- 5 *Private schools may provide quality service for a few families but they are unaffordable for most families and take away revenues from the public system consequently downgrading standards for most children.*

The most obvious way to avoid the growth of private schools and private health clinics in Saskatchewan is to improve the quality and standards of the public system through progressive taxation and proper funding.

- (2) ***Social and environmental responsibility are part of the bottom line when private profit is not the driving motivation.***

Crown corporations and public agencies contribute more than jobs and direct services to people. They are unionized and consistently return higher wages and benefits to the local economy than comparable private service providers. Crowns lead in safety and environmental initiatives and provide employment equity programs for women, aboriginal, disabled, and minority workers.

Crown corporations generate revenue to fund social programs in health, education, and social services. Provincial revenues from crown corporation dividends totaled \$225 million in 2000 and \$119 million in 2001.

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- (3) ***Full financial accountability is part of the structure of crowns and public services but sadly lacking in major corporations.***

The recent scandals involving Enron and World.com make this point obvious.

Government and crown corporations are subjected to rigorous provincial auditing on an annual basis. Management salaries are not inflated by stock options. Provincial government departments and municipal agencies are fully accountable and their budgets developed and approved by elected representatives at the local or provincial level. No comparable accountability exists for private companies regardless of the service they provide. *It's their business not ours!*

- (4) ***Jobs and other local community economic benefits are better assured with regionally based crowns and public services than with multinationals with distant head offices.***

Because they are accountable to elected governments and publicly appointed boards, crown corporations and public service agencies are more responsive to regional and community needs. Saskatchewan's four largest crown corporations (SaskTel, SaskPower, SaskEnergy and SGI) had local

purchases of \$1.5 billion and capital expenditures of \$569 million in 2001. They provided 8,466 jobs and contributed \$4.4 million in donations to community organizations. All their head offices are in Saskatchewan including their research, planning, legal, and accounting services. Jobs are spread to communities throughout the province with 4,056 positions outside Regina.

(Crown Investments Corporation 2001 Annual Report)

When Alberta Government Telephones was sold to Telus, rural rates became the highest in western Canada. Jobs were lost and rural telephone services declined. For example, rural communities in Alberta or Manitoba still cannot access high speed internet services to the extent they can in Saskatchewan.

## The Privatization Nightmare

Privatization wrecks public services wherever it strikes. In Alberta, Ontario, and now British Columbia, there has been rapid destruction of community infrastructure. In places like Saskatchewan we see slower erosion through contracted services and public-private partnerships. For example, the Regina Public Library recently contracted purchasing, cataloguing, and processing services to private companies in Ontario. Such bleeding must be stopped.

Privatization, the transfer of services and economic activity from public to private sector, takes four main routes:

- [1] Direct selling of assets,
- [2] Contracting out public activity,
- [3] Public-private Partnerships to finance or run public services, and
- [4] Deregulation by reducing the rules and regulations around the marketing and pricing in previously regulated markets such as utilities, transportation, and health.

Privatization around the world is driven by *international trade agreements*. Provisions of NAFTA (North American Free Trade Agreement) and the

GATS (General Agreement on Trade in Services) consider public enterprises and public service spending as “trade distorting”. These agreements may forbid any expansion of the public sector into areas now controlled by private capital. Their position is: “*Anything that can potentially make a*

*profit must be allowed to do so. Governments are inefficient and get in the way of free markets*”.

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the progressive community across Canada, must challenge “free trade” globalization and the values and assumptions of neo-liberal ideology. This is a daunting task. The benefits and advantages of public services and enterprise must be creatively promoted to a public constantly exposed to myths of privatization such as “the private sector is more efficient than the public sector”. Debunking those myths with evidence requires simple repeated messages and examples through coffee-shop chatter, advertising, and community forums. A

prime time to act is during provincial and municipal election campaigns.

## Conclusions

Most Canadians demonstrated through the Romanow Commission that they fully understand the necessity of publicly owned and

controlled health care. The same distortions of the marketplace and principles of private vs. public apply to other public services and enterprise but are less well understood.

Limits to Saskatchewan development remain as they have been throughout our history. We are a small population based in agriculture, resources, and services with long distances to metropolitan markets in North America and overseas. Outside

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investors are more interested in *taking over* public and private services that we have already than in developing new services or industries.

The 1980s produced a new generation of right wing provincial “hybrid” political parties. They form government in Alberta, Ontario, and British Columbia and are waiting in the wings in Saskatchewan. Given opportunity and the support and advice of business and media, the Saskatchewan Party would quickly advance the privatization agenda. Elements in the NDP government also flirt with this agenda.

The values of social democracy and creative public enterprise are still entrenched in the subconscious of Saskatchewan’s political culture. These must be rekindled among Saskatchewan workers and citizens. Space can be created for a new and creative vision for public enterprise. In the end the choices of the past remain those of the present.

*Expansion of Medicare, community-based social housing, alternative energy systems, diversified agricultural processing, sustainable forestry projects, energy-efficient public transportation, and a return to public potash production are all projects ripe for creative public enterprise.*

*Growth based on public enterprise contradicts the corporate competitive model of “free market” globalization. But Saskatchewan has never been served well by those who impose an external agenda. We do best when we innovate and build from within through co-operation and collaboration at the community level. All we need is a clear vision and the will and determination to implement it.* ❖

*Don Mitchell* is a Community Development Coordinator, a long-time community activist, and a Research Associate for the Saskatchewan Office of the Canadian Centre for Policy Alternatives.

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**Canadian Centre for Policy Alternatives – SK**

**2717 Wentz Ave., Saskatoon, SK S7K 4B6**

**Ph: 306-978-5308 — Fax: 306-922-9162**

**Email: [ccpasask@sasktel.net](mailto:ccpasask@sasktel.net)**