



For the Record

Bringing labour on side in PPP arrangements

A summary of remarks by Lew Adams, former Secretary General of the Train Drivers Union (ASLEF) in the United Kingdom

After a constant decline in the service being offered on Britain's national rail system, the government embarked on a path to privatize it in the mid-1990's. Starved for capital investment, the system had deteriorated to a state where ridership was declining and service levels were unacceptably low. As the British government moved into the new era of privatization, a backlash from the public sector unions was expected. Among those opposing the move was Lew Adams, then General Secretary of the train drivers union (ASLEF).

Five years out of his job representing the union, CCPPP asked Mr. Adams to look back on those days and describe the personal journey he took from opposing privatization to becoming a strong advocate of PPP in Britain. Having transitioned 17,000 employees from the public sector to their private sector employers, we thought his story was a compelling one that may provide some important lessons for Canada about labour relations and what it takes for all parties to find common ground. Mr. Adams' comments are reflected in the following synopsis of his speech.

Mr. Adams began his remarks by noting, when it comes to public-private partnerships (P3s), he has often been credited with adding a fourth "P" to the acronym – people – those who work on the project, those that use it and those that pay for it. Although his union was accustomed to exercising its traditional rights to oppose government actions through protests and strikes, Mr. Adams began to wonder what it was really achieving at the end of the day. They often returned to work with little more than what they had left with. And the system was not getting any better - in fact it had continued to decline.

Eventually Mr. Adams says he became a pragmatist, recognizing that union resistance was getting the country no where and there were not going to be any new jobs created if they did not start working together. His unconventional approach to labour-employer relations earned him the title of the "black prince".

When they went to the negotiating table leading up to the privatization of the UK rail system, he surprised the management by not simply going on strike in response to their offer. Instead, he decided to state what his union wanted and stay at the table until an amicable

contract was negotiated. He was initially opposed to the privatization of any public services or utilities. He had real concerns about redundancy, working conditions, vacation, pensions, sick pay and safety, and that they would all be compromised with the private sector's need for performance. But their biggest concern, job security, was not necessarily any more favourable under a public sector employer. During his lifetime in the rail industry (Mr. Adams began his career at the age of 15 in 1954) he saw the size of the rolling stock and the workforce cut in half, all under a public system. He also noted that his union was often used as a political pawn; election promises of reinvestment were often reversed when the party came into office.

But Mr. Adams said that the results achieved since privatization began in 1995 are compelling. Over 1,700 trains per day have been added to the service and one billion passengers are being carried per year – more than in 1946. Instead of just increasing funding or cutting services, the private sector has used a different approach to address weaknesses and is bringing in vital new sources of capital. The investment over the next ten years is estimated at CDN\$136 billion, most of

which will come from private finance.

Recognizing that there are many different views on the benefits of P3s, Mr. Adams sees them as a viable alternative to privatization. In P3s, the government dictates the strategy of where it wants to go and the private sector provides it through a partnership. Unlike privatization, a P3 is for a fixed duration similar to a mortgage, where it is better to pay the debt off over a number of years than buy it all up front. He adds that P3s improve the assets over a number of years, raise new sources of capital and incorporate competitive tendering, where the government gets the best – not necessarily the cheapest – deal.

He admits that not all of the trade union leaders in his country agree with his opinion, nor would all of the union leaders in Canada. But he does question the rationale of those wanting to keep projects like the London Underground “free from privatization”. He said opponents are blind to the cost of the interest on a £2.5 billion loan and the state of repair in which it will be kept. The better plan would be to let the government dictate the goals for the subway and allow the private sector to finance and perhaps operate the system.

In what Mr. Adams refers to as “the honest approach” when it comes to P3s, he recommends the following:

1. Get the trade unions involved
- consult the workforce and their representatives.
2. Be honest about the challenges and ensure there are no surprises.

3. Explain the reasons why the P3 makes sense. e.g. the government cannot afford to finance the project alone.
4. Develop and discuss the long term strategy and how the project will evolve.
5. Talk about how productivity improvements will affect things like redundancy and pensions.
6. If the parties can't agree, then go to a body that can help, such as an independent arbitrator

Mr. Adams also articulated what the trade unions usually require in P3s:

1. Job security, and where possible, no redundancy
2. Protection of conditions - holiday, pensions, benefits, and safety procedures
3. Uniform conditions for existing and new union members so wages and benefits are not unbalanced.
4. Good governance - where everyone is treated openly, honestly and above board.

Mr. Adams firmly believes that governments, the private sector and trade unions can achieve a winning condition for all parties involved in P3s. In his equations, more business equals more jobs and more profits equal more pay. He says that due to better wages and holidays, drivers now “come to work to work”. If a vote was taken today, he predicts that the train drivers, despite what some union leaders claim, would oppose the renationalization of the railway.

While there has been opposition to P3s in the UK, Mr. Adams notes that the facts speak for themselves. There are more schools, where new facilities and a new approach have dramatically reduced the truancy rates in places like Glasgow. There are now 4,500 more vehicles (worth £4.2 billion) on the tracks since the introduction of privatization. And while he does not support P3s in all respects, he strongly believes that if everyone is honest in their dealings, P3s can be a winning combination for everyone.

Lew Adams spoke at a Council-sponsored event on April 30, 2004 in Toronto. He is currently on the board of the Strategic Rail Authority, which is mandated to provide strategic direction and leadership to Britain's railways, oversee passenger franchises, develop infrastructure, manage freight grants and provide consumer protection.

For more information:

Strategic Rail Authority:
www.sra.gov.uk

Train Drivers Union (ASLEF):
www.aslef.org.uk



The Canadian Council for Public-Private Partnerships
40 King Street West, Scotia Plaza, Suite 5800, Toronto, ON M5H 3Z7
Tel: 416.861.0500 Fax: 416.369.7250
Email: partners@pppcouncil.ca
Website: www.pppcouncil.ca