PSI Privatization Update: 16 February 2018

“It’s time to put an end to the rip-off privatization policies which have done serious damage to our public services and fleeced the public of billions of pounds” says Jeremy Corbyn, UK Labour leader in a video following the collapse of Carillion. “Privatization is the same story again and again: costly, inefficient, unaccountable corporate feather bedding. Labour will take back control of our public services and build a country that works for the many, not the few”, he said on closing the recent Labour conference “Alternative Models of Ownership Conference"

Read more about the Carillion scandal here:

- John McDonnell, Labour MP for Hayes and Harlington and shadow chancellor: [The Carillion scandal must bury the rip-off PFI dogma for good](#)
- Polly Toynbee: [It’s not just Carillion. The whole privatisation myth has been exposed](#)
- George Monbiot: [The PFI bosses fleeced us all. Now watch them walk away](#)

**PPPs: a misleading Trumpian exaggeration harmful to Agenda 2030**

Manuel F. Montes Senior Advisor on Finance and Development for the South Centre, in his blog post “Public-Private Partnerships as the Answer ... What was the Question?” writes that “In discussions at the UN about achieving Agenda 2030, it has become de rigueur to highlight the role of the private sector. It is often introduced as the discovery of the idea that private sector investment and financing is indispensable to achieving Agenda 2030. For developed country diplomats and their associated experts this new celebrity treatment appears to be an article of faith, at least during negotiations on economic matters in the UN. They are foisting a misleading Trumpian exaggeration that is technically harmful to development policymaking and to Agenda 2030.”
The New York Times ran an op-ed penned by Corporate Accountability President Kelle Louailiier connecting Trump’s infrastructure agenda with the broader push for privatization and the role of the World Bank. The piece exposes the impact Trump’s infrastructure plan could have on water in the U.S. and brings to light what this plan really is: a pro-privatization agenda that would endanger basic services, enrich the private sector and force everyday people to foot the bill. Trump’s budget proposal and infrastructure “principles” released last May and the tenets of the plan leaked last month all point to a plan that would prioritize projects that bring financing and revenue to the table with little consideration of social value. Meaning that infrastructure improvements would mostly likely not go to those who need it most -- black, brown, and low-income communities, who are already bearing the brunt of the impacts from crumbling infrastructure.

This is especially troubling when it comes to water -- private, for-profit water systems have a disastrous track record. Water systems should be in the hands of people, not corporations.

Africa & Arab Countries

The trade union campaign to push back against the Adiyan Phase II Water Scheme which constitutes a major threat on the security of water of Nigeria’s capital, is gaining momentum. Leaders of PSI affiliates in Nigeria and the Environmental Rights Action (ERA), met at a roundtable to discuss the matter in detail and draw up the plan ahead.

Environmental Rights Action/Friends of the Earth Nigeria (ERA/FoEN) had petitioned President Muhammed Buhari on the need to enshrine access to water as a human right in the Nigerian Constitution. “ERA/FoEN Head, Media and Campaigns, Philip Jakpor, [said] the decision to go public with their demands was because the letter sent to the Presidency a month ago was yet to be acknowledged. He said: ‘We are unrelenting in our demands that water as a human right is upheld by government at all levels. Even as we campaign against water privatization in Lagos, we are compelled to demand action at the federal level in form of a constitutional provision on the human right to water.’” ERA/FoEN also “frowned at the World Bank and private water industry, accusing them of being behind the growing proposals for water privatization or PPP plans in
many states, particularly in Lagos where the Lagos State Water Corporation (LWC), is pushing very hard for such PPP model that has failed in other parts of the world.”

**Algeria**: President Bouteflika has issued an order saying that any decision to privatize public enterprises or introduce ‘public private partnerships’ is reserved for him.

**Angola**: Authorities announce the end of privatized services at the “international” clinic, pharmacy, and outpatient services of Benguela General Hospital. The Benguela Provincial Directorate of Health says the proposed privatization of health services within the public hospital violated the norms of ministry regulations.

**Benin**: The Confederation of Workers of Benin (CSTB) have gone out on strike to demand that the government repeal laws that withhold the right to strike of health workers, justice workers, the paramilitary, and magistrates. The union confederation also demands the end of corporate, public and para-public privatization, the reinstatement of the dismissed workers of privatized or liquidated companies and services, an end of the post-2008 dismissal process for staff, and the payout of the remainder of their contracts and wage arrears.

**Kenya/East Africa**: Patrice Fonlladosa, the CEO of Veolia Afrique, will be accompanying Pierre Gattaz, president of the French employers’ association Medef International, on a trip to Nairobi and Addis Ababa from 5-9 March “with the aim of bolstering French business there.” [*Indian Ocean Newsletter*, 9 January 2018]. Veolia Africa is involved in water and waste management and energy projects.

**Nigeria**: The chief executive office of the Nigerian Stock Exchange (NSE), Oscar Onyema, says the exchange will continue to rely on privatization to stimulate trading on the exchange. “In 2018, the NSE will launch Exchange Traded Derivative instruments and continue to engage with the government on the privatization and listing of state-owned enterprises in collaboration with the private sector. We also plan to maintain our role as an advocate for the adoption and implementation of market-friendly policies,” he said.

**Rwanda**: An Energy Network meeting in Kampala, Uganda, has issued a statement on the privatization of the energy sector in Rwanda. Union executives and members have been dismissed after being accused of lending support to the unionists and highlighting the government’s influence on the public in favor of privatization and against the unions’ anti-privatization stance. The Network calls on governments in Africa to provide adequate, reliable and affordable electricity to all citizens and demands for the reversal of all privatized energy utilities.

**Saudi Arabia/France**: The privatization of the Saudi water system “in the next period could generate annual operating revenues ranged between $4 billion to $5 billion for private sector participants.” To prepare for this and other projects in the Middle East and North Africa, Veolia “plans to pump about $200 million into water, energy, and water desalination projects.”

**South Africa**: Citizen activists are organizing for their human right to water, and to resist those bent on using the Cape Town water crisis to drive privatization. “On January 15, more than 60 organizations (residents, workers, small farmers, rights-based) came together to form the Water Crisis Coalition. Our first step forward was to force the City to extend the comment period for their proposed amendments to the water by-law to January 31. (…) Is this crisis being used as a cover for the privatization of water resources and provision?” [*Cape Times*, 26 January 2018]. The WCC says it “seems CoCT is giving in to a bigger strategy to privatize water,” and is also demanding a ban on private consulting on water issues.

**Tunisia**: Thousands of Tunisians poured into the streets to denounce IMF-imposed austerity and privatization measures and demand real change seven years after the toppling of the Ben Ali regime. ‘We aren’t
protesting for the downfall of the existing system—at least not yet,’ said Ms. Douzi. ‘We just want better living conditions, and to stop the privatization of the government. A lot of people are already very needy, even in the middle class, this bill will make things much worse,’ she added.” BMI Research says that “precedent for significant policy reversals exists; the political backlash to the 2017 budget—especially from the powerful Tunisian General Labour Union (UGTT)—prompted the government to backpedal on most of its key fiscal consolidation measures last year. If the protests escalate significantly, or if the UGTT begins to threaten widespread industrial action, we could see the government once again reverse its planned measures or introduce more substantial compensatory mechanisms, such as hiking subsidies or wage spending. [Emerging Markets Monitor, 17 January 2018]. UGTT Secretary General Noureddine Taboubi has reportedly said he considers social and economic dialogue as “an illusion.”

**Uganda:** The tourism industry wants to privatize public museums. Amos Wekesa, CEO of Great Lakes Safaris, says “I think museums should be privatized… We have not tapped into culture yet there is so much potential. When we talk about culture, we mean mountains…”

**Zimbabwe:** The government of the new president, Emmerson Mnangagwa, announces it will privatize at least eight loss-making public enterprises, including the national airline, the country’s electricity company, and the banks ZB Holdings and Agribank.

**Asia Pacific**

The Government of Jakarta, Indonesia is under pressure to comply with a 2017 Supreme Court decision that declares the two 20-year old private water concessions illegal and compels the government to assume public control of water services and manage water under the principles and values of the UN human right to water.

Jakarta vice-governor Sandiaga Uno met with an international delegation including PSI Deputy General Secretary David Boys, Satoko Kishimoto, researcher with the Transnational Institute and former deputy mayor of Paris and former head of Eau de Paris Anne Le Strat. Anne Le Strat explained Paris had made the transition from two private concessions to one integrated public water utility, and outlined the key differences of public management: greater transparency; more public control and better oversight; stronger social policies and reduced tariffs.
“Austerity is an algorithm,” writes Gillian Terzis, who offers an in-depth look at what happened in Australia when the government tried to replace human social services personnel with software. Terzis concludes, “What the scandal shows is that the neutrality of technology is a fallacy. A tool is only as good as the politics that underpin it. It’s not an accident that the Australian government’s attempt at algorithmic governance was inhumane. It was a defining feature of its design.”

Public disability workers discuss “When did you find out that the NSW Government planned to privatize all Public Disability Services?” in a Public Service Association (PSA) video. “Disability services need to be a function of government,” says one worker. “The most vulnerable people in society can’t be left to profit-making organizations.”

PSA General Secretary Stewart Little and POVB Chair Nicole Jess celebrated Correction Day at the official opening of the new rapid build Hunter Correctional Centre. “A state-run correctional system works best to protect the people of NSW and rehabilitate inmates. In the past 12 months, a bid from the public sector kept John Morony in public hands, while the nearby privatized facility at Parklea is to be scrutinised by a parliamentary committee. I would like to congratulate each and every member in every part of Corrective Services for their expertise, dedication and professionalism.”

Health Services Union secretary Gerard Hayes praises the decision that the new Maitland hospital will be fully public, saying it was a “great decision” for members of the HSU, the NSW Nurses and Midwives Association and the Australian Salaried Medical Officers Federation—the union that represents doctors. “The Minister has given his word to listen to the people and indeed he has, not only in Maitland but the other four hospitals that were subject to privatization and this is a very good outcome for the people of regional NSW,” Hayes said.

Political economist John Quiggin proposes to end privatization by moving to a new legal framework for governance of public services. “Crucially, the statutory authority model breaks with the idea that a corporate model, with directors responsible to shareholders is the best way to provide services to the public. In the statutory authority model, the public service objective is built into the governance of the organization, rather than being imposed. Before corporatization, Australia Post was run, not by boards and CEOs but by public commissions, including representatives of customers, workers and the community at large, and charged with meeting “the social, industrial and commercial needs of the Australian people for postal services.” Over the 15 years of operation as a statutory authority, the real cost of postal services was reduced by more than 30%, a reduction that compares favourably with the period since corporatization.”

The former head of the Business Council of Australia says the degradation of the Australian Public Service has gone “too far.” Tony Shepherd told ABC Radio National, “I really think we need to reinvigorate it at the federal and state level in terms of its capacity and its quality. I think we have with outsourcing and privatization, what have you, we have probably run it down a bit too far. I think it needs to be adjusted. Backwards, upwards.”

The mistake of hospital privatization seems to be finally sinking in. James Robertson writes in the Sydney Morning Herald. “The privatization-mad state government has had a look at flogging off or actually sold our school camps, Sydney’s historic sandstones (and the masons who file them down) and even the holders of your title deeds. But there’s one thing it won’t touch, it seems: regional hospitals. Yesterday’s announcement that the government alone would build and run a hospital at Maitland marks the end of one of the slowest, quietest about-faces in recent political history.”
India: The finance minister has unveiled what he calls “the world’s largest healthcare programme,” which will “require the Indian government levering in private sector money.” And Ravi Kant Gupta, an additional commissioner for income tax in the government, said “it would also need tapping of private sector for funds as well as providing the necessary infrastructure to serve such huge unmet needs.”

India: The UP government is offering 10% profit-sharing to power workers in a bid to gain their support for privatization. “The move comes in the wake of power employees threatening to go on strike if the privatization is implemented. (...) The power employees are still on a confrontational path and they accuse the government of introducing privatization through back door channel for the benefit of select private companies. The All India Power Engineers’ Federation (AIPEF) termed it a ‘mega scam’ of government. AIPEF chairman, Shailendra Dubey said that fears of privatization have proved true even before the passage of the Indian Electricity (amendment) Bill 2014 by the Parliament.”

Laos: As a new luxury private hospital goes up in Vientiane, thousands have to go to Thailand for treatment. “Vientiane currently has several state-owned hospitals that provide medical services but a large number of people travel to Thailand for medical treatment, spending millions of dollars on such trips every year. According to a recent update, there are currently 17 private hospitals and more than 1,000 private clinics in Laos, including foreign-owned clinics with a professional Lao health licence that enable them to open premises in Vientiane.”

New Zealand: A wave of privatization of public lands in the high country is being driven by foreign investors. “The capital gain over a decade was roughly 37,000 per cent, none of which was realized by the taxpayer, and has ultimately put a prime piece of land into the private ownership of an America-based billionaire while the public is confined to a thin strip of land circling around it. And because capital gains from property are not generally taxed, the taxpayer sees very little of the money that accumulates like a snowball as the value of magnificent land rises and rises—land it once owned.”

Pakistan: Health department employees are threatening countrywide agitation against the government’s privatization programme. At a packed press conference at Services Hospital, “the different bodies of health officials including, Pakistan Medical Association (PMA) Young Doctors Association (YDA), Punjab Health Alliance, paramedical staff, Lady Health Workers Association and other organizations shouted anti-government slogans and slated the proposed privatization of health department. The leaders of the protest said they have given two weeks to the government to completely give up the policy of privatization and outsourcing. 'Today all employees have set aside their issues, they are united against privatization,' commented Punjab YDA head Dr. Maroof Venice. He said after the privatization, the prices of medical tests and other health facilities would be increased by 300%, which would hurt the already deprived masses of the country. ‘Education and health are the responsibilities of government. How can they privatize these departments?’ he remarked.”

South Korea: The government is pursuing “the complete privatization” of Seoul’s International Taxis. “Fully privatizing the city program that matches International Taxi drivers with foreigners visiting Seoul may not necessarily mean that their jobs would suddenly be at risk, but the service may eventually downsize depending on profitability, the drivers fear.”

Thailand: Contracts to build extensions to the MRT Purple Line in Bangkok from Tao Poon to Rat Burana will be auctioned soon. The Bangkok Post reports that “one of the options includes private companies being allowed to invest in both the construction and operation of the extension line project, in a public-private-partnership (PPP) scheme.”
Barbados: The IMF executive board, which put sustained pressure on Barbados for austerity and privatization, has released its assessment, which says “delayed privatization will contribute to weak reserves.”

Brazil: The privatization of state sanitation assets has been delayed as the Temer government has not finalized its plans for “public private partnerships.” PPPs or privatizations are not expected to occur until 2019. “One of the state-owned sanitation companies, Paraná-based Sanepar, was seeking public-private partnerships to improve its operation when it joined the federal program. “They signaled for PPPs at the beginning of the PPI, but as a result this line was changed to privatization, contrary to the company’s interest. That was when the issue dropped off the agenda,” says João Martinho Cleto Reis Junior, director of investments at Sanepar.”

Brazil: São Paulo Metro workers stage a 24-hour strike to protest privatization plans for six lines. “Later in the day, a city court issued an injunction suspending, though not canceling, the auction. One city judge criticized the plan, calling it ‘a privatization funded with public resources.’ The judge ‘considered the minimum established amount to be paid by the winner of the auction, approximately R$180 million [US$56 million], low in relation to the costs of the construction of the two metro lines of R$7 billion [US$2.2 billion].’”

Brazil: A Superior Court judge has annulled the injunction that suspended the provisional measure to privatize electric power firm Eletrobras and its subsidiaries.

Canada: The insurance giant Fairfax has agreed to buy some key operations of the failed British outsourcing company Carillion, potentially saving about 4,500 jobs. But it’s unclear what will become of Carillion’s other servicing contracts for Ontario highways and the its role in a ‘public private partnership’ building a new mental hospital in North Battleford, Saskatchewan. Workers and the public are demanding that action be taken to save the hospital project and services at other hospitals. “The united call comes from Unifor and the Ontario Council of Hospital Unions (OCHU/CUPE), which represent hundreds of staff at William Osler Health System, The Royal Ottawa Hospital, Halton Healthcare and the Sault Area Hospital, that all have service contracts with Carillion. These hospital workers are among the 6,000 Canadian workers who are affected by the Carillion liquidation.”

In any event, the Carillion collapse has cast a shadow over the P3 model: “At a time when governments in the provinces and nationally are touting the advantages of P3s and privatization more loudly than ever, the demise of Carillion runs directly counter to their arguments.” Ontario NDP says “In 2014, Ontario’s Auditor General reported that risky P3 deals cost Ontario families an extra $8 billion. It’s time to finally learn from the mistakes of privatization, and head down a smarter path.”

Mexico: Morena pre-candidate Claudia Sheinbaum Pardo says the government must veto a new law on water privatization, because it first has to be thoroughly reviewed, especially the part that opens the door to privatization.

United States: “Trump Wants to Sell Our Water to Wall Street,” says Food & Water Watch. “The bulk of this agenda is to raise rates and privatize public systems. Water bills would need to skyrocket to allow Wall Street to profit, leading to unaffordable bills and more water shutoffs. Food & Water Watch has researched the price of privatization: privately owned water systems charge 59% more than publicly owned systems.”

United States/Puerto Rico: Representative Nydia M Velázquez (D-New York) is leading the opposition to plans to privatize the Puerto Rican statistical agency. “In a bipartisan letter to the Office of Management and Budget, the
Members of Congress write that the ongoing humanitarian crisis and economic hardship on the Island requires accurate, reliable data and that removing the independence from the PRIS’ functions could undermine the Institute’s credibility. The Members of Congress also ask that Puerto Rico be included in other federal statistical programs to finally close the data gap that exists for Puerto Rico.

**United States/Puerto Rico:** Only two weeks after announcing that he was moving ahead to privatize the island’s power company, Governor Ricardo Rosselló wants to privatize public schools by bringing in charter schools and introducing vouchers to be spent in private schools. Asociación de Maestros de Puerto Rico President Aida Diaz and American Federation of Teachers President Randi Weingarten, denounced the action. “Gov. Rosselló has it exactly the wrong way around: In the aftermath of hurricanes Irma and Maria, he needs to invest in public schools to support and stabilize kids’ learning, not abandon and privatize schools. You can’t, in one breath, claim to support the things Puerto Rico kids urgently need, such as professional development or materials or a raise, and in the next breath say you’re closing schools, pushing vouchers and diverting cash to charter chains.”

**United States:** States reported spending more than $10 billion a year in federal and state funds on the assisted care industry, “even as it operates under a patchwork of vague standards and limited regulatory supervision by federal and state authorities.” Federal investigators have found “huge gaps in the regulation of assisted living facilities, a shortfall that they say has potentially jeopardized the care of hundreds of thousands of people served by the booming industry,” reports the New York Times. “The federal government lacks even basic information about the quality of assisted living services provided to low-income people on Medicaid, the Government Accountability Office, a nonpartisan investigative arm of Congress, says in a report.” [GAO report] Donald Trump has bragged about how many regulations he’s eliminated, though the Chicago Tribune is nervous about the long term impact.

**United States:** Contractor oversight of juvenile justice facilities falls short, according to a new report by Florida’s Auditor General. “Two of the 10 contracts involved detained youths who were considered ‘high risk,’ requiring contract managers to review the contractor’s performance on-site. The visits never occurred, though, and the contract monitoring entailed only a “desk audit”— a review only of paperwork. The two contracts combined for a total of $36.7 million in state dollars.”

**Europe**

**Greece:** Former finance minister and prominent economist Yanis Varoufakis denounces the privatization of Thessaloniki port. As for the Deputy Minister of Economy and Development, Mr. Stergios Pitsiorlas, Varoufakis writes, “it is interesting that in his festive article for the sale of ThPA, [he] did not say anything about [what makes] the sale beneficial: What is the minimum amount of investment that the buyer undertakes to make within 24 months? What kind of industrial relations is [it] bound to offer employees? What synergies have been secured with privatized OSE and Cosco to which Piraeus was sold? The silence of the Deputy Minister on them has [a] reason: The buyer has not made any of the commitments that would make the privatization of ThPA SA [beneficial for Thessaloniki or] Greece in general.”

**Ireland:** Health Minister Simon Harris’ commitment to use private hospitals to alleviate the critical bed shortage is criticized by lawmakers. “Sinn Féin health spokesman Louise O’Reilly was critical of what she said was privatization of public healthcare. ‘This is a poor reflection on the government and in particular Simon Harris,’ she said. ‘This Fine Gael-led government allowed the crisis in our health sector to reach unprecedented levels and now it seems even more funding will be diverted into the private sector, away from the public sector. Mr. Harris needs to provide us with full details of how much this is costing and what services in the public health..."
service will be cut back to pay for this. It is vital that patients are seen and treated but this should be happening in the public service.”

Malta: The opposition has criticized the privatization process for several hospitals, saying it lacked transparency. “A Memorandum of Understanding, between Vitals and the government, was drawn up in February last year, before the request for proposals for the hospitals was even issued. This is enough to make one think,” Stephen Spiteri, a Nationalist MP and health spokesperson, said. “Moreover, apart from the transparency problem, Vitals had no track record in the health sector and they never administered hospitals. When you grant a tender, you would usually choose someone with experience.”

Spain: Thousands demonstrate in Santiago de Compostela against the privatization of public health services. The march was led by the leaders of the trade union centers CIG, CCOO and UGT in Galicia; the spokespersons of En Marea and BNG, and representatives of the SOS Sanidade Pública platform, who convened of the protest.

Spain: Prime Minister Rajoy gives 60 million Euros to support private, for-profit security services for prisons. “Unions such as the Professional Association of Prison Officials (APFP) denounce the fact that this investment does not solve the crisis of personnel inside the prisons, since private security guards are responsible only for security outside the prisons, a task that is already performed by the Civil Guard and National Police.”

Spain: Budget cuts and underfunding in recent years are undermining the privatization model of social service delivery in Cifuientes, since some companies are staying away from the bidding process, leaving the public service in the lurch. But remunicipalization has also been blocked. “Since 2015, several local and regional administrations are trying, not without difficulties, to recover the direct management of services in areas such as health or water supply. [But] the resistance of the central government and the concessionaires to reversing the privatizations have led these plans to the courts, which are beginning to support these reversals.”

Ukraine: The government intends to involve Indian investors in its privatization program on transportation, green energy, and cooperation on innovation, information technology and the digital economy.

United Kingdom: The Guardian reports on “the four contracts that finished Carillion [which] is a disaster not just for employees and taxpayers, but for public-private partnership policy.” The collapse of the outsourcing and construction company has dealt a hammer blow to a privatization crusade that has eroded public services in Britain since the Thatcher years. “Two were for much-needed new hospitals—and work on both was immediately halted as the company collapsed.” The other two: a Scottish road and a development in Doha.

The Shadow Secretary of State for International Development, Kate Osamor MP has committed Labour to ending the promotion of rip-off PFI projects abroad. “Privatization overseas is a waste of government aid money,” writes Osamor for the New Statesman. Osamor’s commitment increases the pressure on the government to end its hypocrisy.

United Kingdom: UNISON members at three hospitals in Lancashire are set for industrial action over plans to outsource their jobs to a new company in May. UNISON North West regional organiser Sean Gibson said the consultative ballot had shown staff members’ “deep concern” at what he said were damaging proposals. “Good quality catering, cleaning and portering services are all crucial to the efficient operation of the hospitals and to the experience of patients. The staff performing these roles form a key part of the NHS team and they should remain in the direct employment of the Trust - not pushed away into an outsourced separate company. The bosses’ plans are designed to cut costs at the expense of staff and could lead to back door privatization. We don’t want the likes of a Carillion or a Capita to be getting more involved in our NHS.”
United Kingdom: Patients, staff and members of the public staged a protest against the “underfunding and outsourcing” of the NHS at Warrington Hospital. “No-one believes their lies about investment or staffing levels,” said Volunteer Stephen Armstrong. “All across the country ordinary people are coming together to fight for their NHS and say no to privatization and outsourcing. Today is just the beginning.”

United Kingdom: Our buses would be better in public hands says We Own it in their campaign to regain public ownership of UK bus services. 30 years ago, UK bus services were deregulated and privatized. This has been a disaster: fares went up and routes that weren’t profitable were cut. Bus trips outside of London have halved since the privatization. £2.8 billion have been lost to shareholders in the ten years to 2013 due to privatization and fares in England (outside of London) have increased 35% above inflation since 1995.

Public Services International is a global trade union federation representing 20 million working women and men who deliver vital public services in 150 countries. PSI champions human rights, advocates for social justice and promotes universal access to quality public services. PSI works with the United Nations system and in partnership with labour, civil society and other organisations.