



PSI Privatization Update: 14 July 2016

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Public Services International released on 18 July a [study on Public Private Partnerships \(PPPs\)](#) which raises significant concerns over the controversial funding mechanism and serves as a clear warning to leaders meeting at [UNCTAD14](#) this week. The research paper, titled [PPPs and the SDGs: Don't believe the hype](#), found that PPPs often contribute to decreased transparency and accountability, increased incentives for corruption and do not attract significant new capital.

PSI welcomes [an historic resolution by the UN Human Rights Council](#) to regulate education providers and invest in public education. The resolution urges all states to “address any negative impacts of the

commercialization of education,” and put in place “a regulatory framework to regulate and monitor education providers, holding accountable providers which negatively impact the right to education, and supporting research.”

Sylvain Aubry, of the Global Initiative for Economic, Social and Cultural Rights, said “in some countries, in particular in the Global South, **private schooling has been multiplied sometimes by ten in the last decade**, with **commercial chains of for-profit private schools targeting poor people** burgeoning in Kenya, Ghana, The Philippines and other countries. This resolution **constitutes a breakthrough because it unambiguously acknowledges that the commercialization of education raises serious human rights concerns that must be dealt with urgently.**”

[The Coordinating Committee for International Staff Unions and Associations of the UN system \(CCISUA\)](#), representing over 60,000 staffers worldwide, is protesting **plans to privatize the \$53 billion UN Joint Staff Pension Fund (UJSPF)**, “which guarantees the economic survival of retirees.” The fund is **considering a proposal for outsourcing some of its assets for investments in Wall Street banks and hedge funds.**

The World Bank has published a set of articles [seeking to take on both critics and supporters of “public private partnerships](#),” arguing that **data can disprove many “myths”** about PPPs, calling for more **“post-transaction data” to support transparency and support**, and advocating **open data and increased disclosure.**

Africa & Arab Countries

Botswana: [The government has beefed up its privatization efforts](#), moving the Public Enterprise Evaluation and Privatisation Agency (PEEPA) to the president’s office. Outsourcing has included **security services, cleaning, landscaping and gardening.**

Ghana: The Public Utility Workers’ Union (PUWU) calls on Ghanaians [to unite in opposition to the 25-year lease of the Electricity Company of Ghana \(ECG\)](#) to a foreign entity. “Thousands of workers would lose their jobs and rural electrification doomed, it added. **Mr. Kwabena Bondzi-Quaye, the General Secretary**, said the Union found it disheartening that Ghana should be bulldozed into consenting to lease the ECG ‘for a mere grant of US\$490 million.’ Addressing their 11th quadrennial delegates’ conference in Kumasi, **he accused the Millennium Development Authority (MiDA), the body implementing the decision, of misleading the people with ‘lies, half-truths and distortion of reality.’”**

Mauritius: Social workers and unionists [launch a campaign to block privatization of the Central Water Authority \(CWA\)](#). Confederation of Workers president Jane Ragoo says “water is a human right and overnight CWA can end up in the hands of the private sector.” **She rejected the “subterfuge” of calling the privatization a “strategic partnership.”**

Nigeria: The Amalgamated Union of Public Corporations, Civil Service Technical and Recreational Services Employees (AUPCTRE) is launching campaigns against water privatization in the states of Delta, Benue, Bauchi, Rivers, Imo, Anambra which are seriously involved in privatization of their water agencies.

Nigeria: [4,000 party members](#) in the Akure North Local Government Area of Ondo State reportedly **defect over the privatization policies** of the All Progressives Congress (APC). “Represented by the states Commissioner for Information, Mr. Kayode Akinmade, Mimiko said the APC was planning to privatize the states facilities provided by

the PDP government to bridge the gap between the rich and the poor. Mentioning the Mother and Child Hospitals, Mega schools and Free Bus Shuttle programme as some already penciled down for privatization if elected to power, Mimiko said if allowed to happen, this would defeat the purpose of establishing them.”

Nigeria: The Oyo state government [has ordered the reopening](#) of some secondary school **after a month of protests “by aggrieved students protesting the planned privatization of some of the schools** by the state government.” However, 17 of the schools that participated in the protests remain shut.

Rwanda: A [new legal framework](#) has been put into place **to promote foreign investment in “public private partnerships” in public services** and infrastructure, including wastewater and tourism. However, “the PPP regulation does not apply to contracts subject to laws governing public procurement, the privatization or divestiture of enterprises, assets and any infrastructure facility owned by government.” The energy union, SYPELGAZ continues to fight the dismissals of its leaders and hundreds of members following the privatization of the energy system, supported by the US Millennium Development Agency.

Tanzania: The [Tanzanian government has recently stopped a 500-million dollar project](#) for sugar and energy production in Bagamoyo. The project was part of a public-private partnership called Southern Agricultural Growth Corridor of Tanzania (SAGCOT), which was founded on the basis of a G7 initiative in order to improve the agro-business in Africa and ease access for foreign investors.

Asia Pacific

Australia: [Selling public assets has created unregulated monopolies that hurt productivity and damage the economy](#)” says Australian Competition and Consumer Commission chairman, Rod Sims. According to Mr Sims, the sale of ports and electricity infrastructure and the opening of vocational education to private companies has caused him and the public to lose faith in privatisation and deregulation. "I've been a very strong advocate of privatisation for probably 30 years; I believe it enhances economic efficiency, [but] I'm now almost at the point of opposing privatisation because it's been done to boost proceeds, it's been done to boost asset sales and I think it's severely damaging our economy," said Mr Sims.

Australia: The opposition Labour party’s highly successful decision to emphasize **the danger of a possible privatization of Medicare services** may pay public interest dividends into the future. Even the *Australian Financial Review* says privatization was “**a totemic issue in the 2016 election campaign,**” and may become “**a toxic political no man’s land**” for years to come. [15 July 2016]

Australia: A [new report](#) commissioned by the Western Australian Prison Officers Union (WAPOU) and carried out by the [University of Sydney Business School](#) finds that there is not sufficient evidence to support claims in favour of prison privatization and recommends that “**no further privatisations should take place before an appropriate level of information is made available to policy makers and the public in order to properly assess the impact of privatisation on the sector.**”

The report explores the distinct nature of prison privatisation across states and the varied nature of their accountability, costs, efficiency and performance. While there is no uniform pattern that describes the experience of all states with regard to these categories, any evidence of performance improvements and efficiency gains remains patchy and opaque; systems of accountability vary significantly; public reporting remains poor; and the total cost of private prisons remains unknown.

Pakistan: The government has received a US\$200 million loan for a “**Public Sector Enterprises Reform Program,**” including a “public sector management” component, from the Asian Development Bank. “The outcome

will be the implementation of [a comprehensive and robust privatization and restructuring program](#),” including “establishing a conditionality framework for fiscal transfers to public sector enterprises.” ADB says there are “no gender elements” in the project.

Sri Lanka: A US\$1.5 billion IMF loan is expected to spur privatization and pave the way for “deeper structural reforms.” BMI View says “a host of reforms and privatizations will allow Sri Lanka to gradually trim its deficits by reducing public expenditure incurred to support large state-owned enterprises.” says. [*Business Monitor Online*, 14 July 2016]

Vietnam: The Ministry of Health has ordered **tighter supervision of privatized services in hospitals**. “The order comes in the wake of some cases reported recently in which medical facilities chose service providers and gave them certain privileges. The services, such as those providing security guards, patient transport, canteen services and solid medical waste treatment, besides dead body preservation and funeral organization, [reportedly affected the prestige of doctors and hospitals](#).”

Vietnam: Binh Duong Province [is inviting private investors to build schools](#) in an attempt to tackle the acute shortage of classrooms for new students. The province has experienced “**a large increase in the number of students every year due to rising numbers of immigrant workers**.” Duong Le Nhat Nam, deputy director of Binh Duong’s Department of Education and Training, said “the greatest problem we face is that the land fund for education is depleting, whereas the number of students is skyrocketing in some localities.”

Inter-America

Argentina: [Cooperative workers block traffic in Buenos Aires to protest the “hollowing out and privatization” of waste recycling](#). Sergio Sanchez, president of the Argentina Federation Cartoneros and Recyclers (FACyR) said the union would ask for a meeting with the Environment Ministry to request **the inclusion of unregistered workers “and demand that cooperatives continue to function as such.”**

Brazil: The [Latin American Campaign for the Right to Education \(CLADE\)](#) has launched a [Manifesto against the proposals of the interim government of Brazil that cut public resources for health and education](#)” calling on the entire educational community and activists for the right to education to vehemently oppose the PEC 241 proposal presented by the interim president of Brazil, Michel Temer, to the National Congress in June. The Proposed Amendment to the Federal Constitution (PEC, by its Portuguese acronym) determines a ceiling on public spending at different administration levels, arguing that it is necessary to create a new tax regime to deal with the current financial crisis.

Canada: Community and labour allies from across Ontario headed to Waterloo [in a “show of solidarity with the striking custodians, groundskeepers and trades at Wilfrid Laurier University](#) (WLU), whom the employer forced out on strike in an effort to protect secure, stable jobs and quality services on campus. **CUPE 926 was forced into strike action July 10, following months of unprecedented threats and bullying by WLU**, which insisted members accept a contract that would give the employer **a virtual ‘carte blanche’ to contract out good, stable jobs and replace them with precariously-employed contractors.**”

Canada: [The Canadian Union of Public Employees is concerned about the reduction of hours for school services assistants](#) forced by underfunding of schools. “**Educational assistants are an integral part of the school-based team,**” said **Karla Sastaunik, president of CUPE Local 4784**. “We feel strongly that all the hours we work make a difference to students and provides a quality learning environment. These reductions of hours will be felt in the classroom, and that is troublesome.”

Honduras: [Anti-privatization activist Lesbia Yaneth is assassinated](#). “Lesbia Yaneth was a **fervent defender of the community rights and opponent of the granting of concessions and privatization of rivers in La Paz**,” a statement by the Civic Council of Popular and Indigenous Organizations of Honduras. The group said Urquia’s killing “confirms that a plan has been put in motion to disappear those who defend nature’s common goods.” The assassination has [generated anger around the world](#).

Mexico: [An anti-privatization movement has erupted](#). The struggle for teachers’ union power in Oaxaca has, according to *Labor Notes*, “exploded into a popular movement **against the privatization of public education and the entire public sector**. (...) The education reform was introduced as part of a package of 11 structural adjustments—retribution for unpaid loans to the International Monetary Fund (IMF)—created by the Organization for Economic Cooperation and Development (OECD) and the World Bank, **aimed at opening public services such as health and energy to private investment**.”

Mexico: Workers demonstrate outside the Congress of Morelos **to protest privatization of the Credit Institute for Public Sector Workers**. [*Mural*, 15 July 2016]

United States: Donald Cohen of In the Public Interest warns that “**market forces are ripping apart school districts nationwide**,” and debunks the rhetoric of “choice” that the for-profit charter school industry is using to camouflage its commercial interests. “All of the rhetoric about ‘school choice’ only [obscures the real choice](#). [Who do we want to control public education?](#)”

United States: *The New York Times* is publishing a series of articles on the role of private equity and hedge funds in [eroding the quality of public services](#), and exercising broad political influence on everything from legislative drafting to infrastructure planning, municipal services, and [shaping the role of government](#).

Europe

Europe: Public sector [unions lobby the European parliament to reject a new Investment Court System](#). They warn that the new system could open governments to court cases costing governments billions of dollars. PSI has sent copies of [Investment Court System \(ICS\): The Wolf in Sheep’s Clothing](#) to all MEPs urging them to reject the EU’s “great corporate rebrand.”

PSI General Secretary Rosa Pavanelli says “the European Commission’s new investment court provides foreign multinational companies with **the right to sue governments for making democratic decisions in the public interest**. **Why are our governments giving rights to foreign corporations that local companies and local workers don’t have?** Allowing the most powerful corporations on the planet to take taxpayers’ money is a recipe for increased austerity and cuts to public services.”

Germany: [In a victory for public sector workers whose government units are privatized](#), a European Union court has ruled that the European Commission has failed to prove that Germany’s contribution to Deutsche Post’s pension scheme constituted illegal state aid that had to be repaid. “Deutsche Post, **created in 1995 after the privatization of Germany’s postal services**, retained the former Postdienst’s civil service post officials and contributed to their pension scheme. However, the federal government also made contributions.”

Ireland: Sligo County Council shoots down **a proposal to bring waste services back into the public sector**. “Cllr O’Boyle had proposed the motion ‘in light of the problems associated with illegal dumping and the rapid increases in private bin charges. It’s all about profit. There’s nothing to protect the environment or carers,’ he said.” Cllr Bree said, “**If ever evidence was required to show how the privatization of a public service leads to**

profiteering and higher prices this is an example." Cllr Healy said, "When it was under the Local Authority we had more control over it." [*Sligo Champion*, July 12, 2016]

Spain: The Unión General de Trabajadores (UGT) protests the **contracting out of psychiatric care by Tajo Hospital**, calling it a new privatization of the mental healthcare of the Madrid-area community. In a statement, the union said the delivery of public facilities and tax money to private third parties is intolerable, and demanded **the immediate termination of the bidding process and the direct public contracting** of health professionals. [*Europa Press*, 16 July 2016]

Spain: The "human recapitalization, social and material" of [the public municipal waste management company Saneamientos of Cordoba \(Sadeco\)](#) is proceeding apace. Pedro Garcia, the company's president, says **the recapitalization is necessary to "clear the privatization shadows left by the previous [Partido Popular] municipal government."**

Spain: The city of Roquetas de Mar hears a motion by You Decide to follow the global trend in which numerous cities are [recovering control of their water systems](#), **even after years of defending privatization**. "The proposal included the accession of Roquetas to a network of municipalities involved in this issue and a social pact for water. The initiative had the support of PSOE and IU, which agreed with a commitment to recover municipal water management."

United Kingdom: [Plans to privatize the East Kilbride Post Office in Scotland are resurrected after being dropped only 18 months ago](#). "Stunned members of the **Communication and Workers Union (CWU)** say franchising would lead to a diminished service for customers and poorer pay and conditions for staff on top of job losses. The last battle to stop East Kilbride's main Post Office becoming a franchise, which rumbled on for over two years and won wide public support, now looks set to begin again. Discussions regarding ballots for strike action are already underway and **CWU national officer Andy Furey** said there was a serious risk of East Kilbride losing the service."

United Kingdom: [UNISON, the public sector union](#), says budget cuts are harming care for older people. "**Decades of underfunding, privatization and recent years of government spending cuts** have led to a crisis in social care funding, making it more difficult for workers to give older people the high quality care that they deserve. (...) UNISON's Save Care Now campaign has revealed the pressures that homecare workers face, including **being forced to limit care visits to 15 minutes, zero-hours contracts and not being paid the national minimum wage**. With more cuts to spending on public services on the horizon, the conditions of social care workers are even more at risk and must be defended from further damage."

[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.