# PRIVATIZATION WATCH
Produced by Public Services International

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**PSI Privatization Update: 24 August 2017**


**While privatization of public goods is being pushed for by governments and the private sector, civil society and trade unions are fighting back. The water and education campaigns in Nigeria and Liberia are growing in terms of support and global visibility. We need more concerted action, at the local, regional and global level to stop privatization and protect the rights of current and future generations. Please let us know about your campaigns so we can mobilize together!**

**Nigeria**: The Lagos government **is moving forward with a public private partnership** which could result in the privatization of water for millions of people. The French giant Veolia, a transnational corporation with an alarming track record of human rights violations, has already submitted an expression of interest! PSI along with Corporate Accountability International and other partners have circulated a letter in support of the Our Water Our Right coalition in Lagos - to show global support for their opposition to a NEW and IMMINENT privatization threat. PSI has been fighting water privatization in Lagos for several years.

**Liberia**: Over 170 unions and civil society organizations from around the world have released a statement calling on investors to cease support for Bridge International Academies, a company running over 500 commercial private schools in the Global South with the support of international donors and investors. This statement comes two years after a similar one that was addressed to the World Bank. It has been signed by a broad range of organizations from 50 different countries, including human rights, development, community-based, and faith-based organizations, as well as trade unions, demonstrating increasing, broad-based, and large-scale concerns regarding the operations of Bridge Academies.

**France**: The Economist is getting impatient with what they regard as the slow pace of Emmanuel Macron's efforts to sell off state assets, and is demanding action. "Privatizing airports only goes so far. The question is what comes next. Mr. Macron's government will soon, probably after the summer, announce its plan for ADP and say which other stakes are to be sold off. A smaller role for the state in business is long overdue," says the publication. "**The state-owned sector in France employs nearly 800,000 people**, the most of all the countries surveyed by the Cour des Comptes. The number of firms in which the state has a majority stake has been rising since around 2006." The Economist Group is owned by Cadbury, Rothschild, Schroder, Agnelli and other interests.

**United Kingdom**: Health Secretary Jeremy Hunt has gotten into a war of words with world renowned physicist **Stephen Hawking, who has warned that the National Health Service is in danger of being privatized under the Tories**. Hawking said "we see the balance of power in the UK is with private healthcare companies, and the direction of change is towards a US-style insurance system," and accused Hunt of cherry-picking favorable evidence to justify service cuts. **"On the other hand," says Hawking, "there is the force of the public, and of democracy.**"

# Africa & Arab Countries

Will African education be further privatized by private equity? Morné van der Merwe, managing partner at Baker McKenzie's Johannesburg office, "says an interesting development has been **the emergence of Dubai** as a hub for specific multinationals seeking investments into Africa. He sees privatization, which has been off the radar for some time, becoming more prominent and could provide a boost for future mergers and acquisitions. Education is another area to watch, as the creation of a growing middle class will increase demand for private education and **could see local companies move cross border into this deal-making space**."

**Egypt**: Knowledge Resources researcher Mukai Jaison asks whether privatization in Egypt provides economic stimulus or is just a form of crony enrichment. "Privatization can lead to natural monopoly, in which a company or a few companies dominate. Regulating such companies **and ensuring that the public interest and not making profit is the objective** can be difficult in a liberal economy. The government by selling its companies forfeits any future revenue from said company in the long term, since any profits generated go to shareholders. In this context, the government of Egypt should ensure that privatization is accompanied by policies that enable smaller firms to compete in the market and thus create employment."

**Ghana**: The Ghana National Association of Teachers (GNAT) says "privatization of education in Ghana requires proper regulation to ensure that basic education remained accessible and affordable to those who chose to patronise their services. The environment and infrastructure of some private schools leaves much to be desired while others existed without the knowledge of the Ghana Education Service (GES) but charge exorbitant fees. (…) It called on the Regional and District Directors of Education **to check recalcitrant and unlicensed Schools' operators who were exploiting parents, students and pupils**."

**Ghana**: Seth Antwi-Boasiako, the district chief executive of Kwaebirem, says "that the Assembly had considered the privatization of its revenue collection in the areas of **property rates, tolls, ticketing and other levies** as a strategy to cover the huge deficits in the revenue collection by using a well captured data of all property." ActionAid Ghana recently released a report on Tax, Education Privatization and the Right to Education, "with a call on government to allocate sufficient resources to the education sector to improve infrastructure and facilities of public schools."

**Guinea**: The government has adopted a new law to facilitate 'public private partnerships,' and hopes to gain "the private sector's assistance to conduct at least 36 major infrastructures PPP projects in Guinea in the next few years," reports the law firm Jones Day, which has a significant PPP business.

**Namibia**: Moody's decision to cut Namibia's long term debt rating to "junk" status has spurred calls for more privatization and a reduction of public sector wages. "In a statement titled 'Blue Monday' … Capricorn Asset Management summed up the feelings by stating that 'the entire country is quite mood(y) this morning because this downgrade just seems a bit unfair after so much has been done to comply with the recommendations given after the last assessment.' The Capricorn statement was followed … by a lengthy analysis and critique of the Moody's verdict by the Economic Association of Namibia (EAN)." The EAN urged "**a 'comprehensive review' of the public sector 'to streamline operations and reduce recurrent expenditure, in particular the wage bill**.'" Finance Minister Calle Schlettwein said "what is also interesting about this rating is that **the wage bill has not changed since December, so we don't understand why it is all of a sudden a risk that justifies a downgrade**."

**Nigeria**: Industry groups and consultants are making a push for the federal Government to adopt the public-private partnership (PPP) model for the development of port infrastructure. But "for the [Nigerian Ports Authority (NPA)] workers, testy times are not yet over as the Nigerian Ports and Harbours Authority (NPHA) Bill, currently before the National Assembly, meant to repeal the Nigerian Ports Authority Act, Cap 126 LFN 2004, has raised the level of anxiety among port workers several notches higher. Consequently, **Maritime workers have raised the alarm**, alleging that the bill as presently drafted, does not protect their interests, in other words, **it is silent on employees' fate on transition from NPA to the new entity**."

**South Africa**: **South African Municipal Workers Union (SAMWU)** members march on Midvaal municipal offices to press their demands about numerous grievances, including irregular bidding and outsourcing. Spokesperson Papikie Mohale "said SAMWU's memorandum of demands would include allegations of maladministration in the municipality, irregular awarding of tenders, irregular appointment of attorneys for the council, racism, sexual harassment, flawed recruitment processes, outsourcing, and the use of labour brokers in the municipality."

**South Africa**: Development Economist Ayabonga Cawe warns that the privatization of large state-owned enterprises will not lead, as some suggest, the black economic empowerment. "The commission's investigation into Eskom's awarding of the Duvha Power Station tender to a Chinese company and Sassa's Cash Paymaster Services saga reveal part of the answer. SOEs in this era represent a vehicle to consolidate personal, narrow and at times geopolitical alliances, rather than sustained domestic and developmental accumulation. To assume that such narrow accumulation would be achieved through large-scale privatization is faulty logic. **The return of the debate over privatization of state assets is an inward-looking feature of this strategic posture for narrow accumulation**, rather than a reform aimed at reviving the economy." [Sub required]

**Tunisia**: Maladministration, unprofitability and "the growing deficit of social security funds" in the public sector **leads to calls for privatization**. "All these anomalies require **a thorough reform of the public service**, both in its vocation [and] in its mode of operation. The state must redefine the areas where it will continue to play its role as funder and others where it will stand down, paving the way for a possible privatization of some institutions," says an unsigned article in La Presse.

**Tunisia**: La Presse calls attention to the plight of women journalists. "Women journalists, like their colleagues, face the **inevitable privatization of their institutions** to which they have given so much. And because of this [they] are facing some uncertainty, a relentless deterioration of their working conditions, and a threat to their right to work."

## Asia Pacific

**Australia**: Free Trade Agreements (FTAs) are driving privatization on a global scale. They pose a very real threat to public sector services and may even prevent attempts to re-nationalize when privatization fails. PSI and AFTINET are hold a "Trading Privatization Forum" on 31 August in Sydney, Australia. This forum will examine how trade agreements like TiSA, the TPP and the RCEP promote deregulation, commercialization and privatization of services ranging from health, education and childcare, care for the elderly and for people with disabilities to public transport, energy and water. It will also discuss strategies to defeat them.

**Australia**: 25,000 Australians petition the New South Wales parliament to stop privatization of their bus service in the Inner West region of Sydney. "This demonstrates the depth of support and love that our local bus drivers have," said one supporter. [Video]

**Australia**: **PSA General Secretary Stewart Little** reports that the latest figures show the government as led by O'Farrell, Baird and now Berejiklian "has privatized $50 billion in public sector assets in a little over six years. This is compared to $6 billion over 16 years under Labor" (p. 10). Speaking of the privatized train-to-airport system, Little also points to media reports saying it "**costs you more than $17 each way; $13.50 of that goes straight to the private consortium; money that could go to child protection, Disability Services, the environment or justice system**" (p. 11).

**Australia**: People are resisting a radical move to privatize government group homes for people with disabilities in New South Wales ahead of the introduction of the National Disability Insurance Scheme. The Public Service Association of New South Wales has produced a podcast segment on the issue. See also this ABC report on **the fears of one family about the privatization of NSW group homes**.

**Australia**: A petition to keep Shellharbour Hospital public hits parliament. "Earlier, Shellharbour MP Anna Watson told the NSW Parliament's Legislative Assembly that Illawarra residents had 'made their feelings undeniably clear. We have evidence from every corner of the community ... **we all stand together and collectively reject this government's privatization agenda**,' Ms. Watson said. 'This is not a political issue. These are people's lives.'" Under public pressure, the government has already shelved "shelved PPPs at Wyong, Bowral and Goulburn hospitals, with a not-for-profit being sought to build and run a new Maitland Hospital."

**Bangladesh**: The United Nations Development Programme (UNDP) and the Dhaka Chamber of Commerce and Industry (DCCI) have signed a Memorandum of Understanding (MOU) to launch a project to facilitate greater of the private sector in development initiatives. "The Project on Public Private Innovation will feature a Data Analytics Hub which will quantify Private Sector contributions to Bangladesh's Social, Economic and Environmental development. The 2017 pilot will be funded by the UNDP Bangkok Regional Bureau for Asia-Pacific." However, as the Spotlight on Sustainable Development 2017 reports (p. 73), **research from Dhaka, Bangladesh and Jakarta, Indonesia shows that privatization "has increased the physical and emotional burden placed on women slum dwellers in those cities**."

**India**: The Kerala government is looking at creating an Uber-style ambulance hailing service, run as a PPP. "The proposal has three components: One, private sector players can be ushered to improve the current system of 108 ambulance service. Two, a technically full-fledged call centre will be set up to coordinate the online ambulance service. Three, more ambulances should be bought to augment the fleet-strength. The Medical Services Corporation has offered to supervise the online ambulance plan."

**India**: The Union Cabinet has approved a metro rail policy that compels the use of 'public private partnerships' before seeking project assistance from the central government. "The states proposing new metro projects **will be required to indicate in [their] project report the proposals and investments that would be made for such services**."

**Indonesia**: The business media is reporting an upsurge of interest in 'public private partnerships' (PPPs). "Most private investors involved in PPP projects with the Indonesian government opt for toll road projects. So far in 2017 a total of four toll road projects reached the financial close. Investors' enthusiasm to develop toll roads is because these projects are regarded as most bankable." The government plans to spend over US$30 billion on infrastructure projects in 2018. Tenders will open in October. **Public Works and Housing Minister Basuki Hadimuljono** says PPP project proposals will be invited.

**Iran**: President Hassan Rouhani criticizes the privatization process, discussing "the process of privatization under Article 44 of the constitution, and the corruption that had ensued."

**Lebanon**: The parliament has approved legislation governing all 'public private partnerships.' "The law will be applied to government and municipality projects, such as infrastructure. This includes electricity production and distribution, **public transport, and trash management, as well as telecom and civil aviation**. The Higher Council for Privatization and Partnership will be the authorized party for **approving, launching, and managing projects**, and it will act as the liaison between the private sector and government bodies. A regulatory authority will be established for each concerned sector to issue, renew, and terminate licenses. The authority will also approve service charges and impose fines."

**New Zealand**: Ian Powell, Executive Director of the Association of Salaried Medical Specialists (ASMS), says **the flawed public private partnership model needs to be ruled out for the new Dunedin Hospital**. "The Government's foreshadowing of a PPP as a real option for Dunedin is part of a wider pattern of privatization by stealth, which we're seeing signs of in both Westport and Christchurch, and this is of great concern to senior doctors and others," Powell said. "If the Government does go down this track in Dunedin, then **it would essentially be handing over the keys for one of the country's biggest public hospitals to private investors to maximize extracting profits for themselves**. Much of these profits would come from repayments Southern DHB would be forced to pay out of its increased annual operating expenses. The winners are private investors through profit extraction and the Government's financial books."

**New Zealand**: The Public Service Association releases a booklet, "Progressive Thinking: Ten Perspectives on Housing." Several authors argue that the private market will not provide affordable housing of the type and volume that we need, and that the government needs to step in to fulfil this function." It includes a chapter by Alan Johnson on "**the soft privatization of state housing**."

**New Zealand**: A ninety-year-old activist is taking the lead in opposing the partial privatization of her local hospital in Buller. Phyl Phipps says the community is "fuming" over the idea. "But she says privatization isn't the town's only concern. 'The people who designed the plan don't live on the coast and didn't consult the community,' she says. 'Their design cuts beds by a fifth, 20 rooms are so small they're below Australasian standards, they want to build it on a swamp, there isn't a helipad despite helicopters visiting up to three times a day, and they want to move the hospital manager 100km away.' Phipps wants a new plan drawn up by the DHB, community and local health workforce. Steve White, a landscape architect supporting Phipps, says HRPG based the new facility designs on 'ideology, not clinical need.' 'I've designed and built things for 30 years,' he says. 'Before this plan, I'd never seen a pre-build proposal that wasn't capable of achieving what it was designed for.'"

**South Korea**: Public sector workers have called on the government to promote a "just energy transition" to renewables. "The **Korean Labour and Social Network on Energy (KLSNE)** and the **Korean Public Service and Transport Workers' Union (KPTU)** support the government's policy of a transition toward a coal-free, nuclear-free energy system." The Moon Jae-in government, which was elected on a pledge to phase out coal and nuclear generation and scale up clean renewables, is now moving quickly to enact these promises.

**Vietnam**: Da Nang lists 68 'public private partnership' projects for investment. "The projects are in the fields of **education and training, healthcare, tourism and services**, trade, infrastructure, hi-tech farms, entertainment and environment. The total investment needed for these projects is estimated at US$1.4 billion."

**Inter-America**

**Argentina:** A new legal framework allows for international arbitration and dispute boards in public-private partnership projects. "Regarding dispute boards permitted under the Law, its Regulatory Decree 118/2017 allows for their use in any dispute of technical, interpretative or patrimonial nature arising during the execution or termination of the PPP Contract, including the review of penalties, must be subject to the decision of the dispute board. Agreeing to dispute boards **exempts private parties from having to make an administrative claim prior to submitting a dispute to the dispute board**."

**Argentina**: Marcos Peña, the chief of staff of President Mauricio Macri, says "regarding the change of the pension system, I am absolutely against it. **I do not agree with a possible privatization**."

**Bahamas**: The Deputy Prime Minister and Minister of Finance, K. Peter Turnquest, meets with representatives of the Bahamas Central Securities Depository (BCSD) and the Bahamas International Securities Exchange (BISX). BISX CEO Keith Davies said after the meeting, that BISX can assist the government "**particularly with the listing and trading of government securities and the government's future privatization plans**."

**Brazil**: New research finds that "given **the overhead costs associated with privately contracted health services, increased private management is one driver of higher expenditures**" in the public Unified Health System (SUS), on which "the poor depend almost exclusively." They say the SUS is "severely underfunded."

**Brazil:** Workers have been left high and dry by airport privatization. "The last wave of privatizations is likely to have an impact in the next few months. The airports of Salvador and Porto Alegre were second and third in the list. Fortaleza and Florianópolis also were among the ten most profitable. All of them had concession contracts signed two weeks ago. The transition period for the new operators takes seven to ten months. Then the airports leave the state-owned company's balance sheet. Infraero will be stuck with a big headache: what to do with 1,148 workers still punching their cards at the four airports. **The new concessionaires absorbed less than 10% of Infraero workers in already privatized airports**." [Sub required]

**Brazil**: The government is moving to privatize São Paulo's Congonhas airport. This has displeased the Civil Aviation Secretary, who wants all of Brazil's airports to be privatized, instead of just Congonhas. Transportation minister Maurício Quintella, "is pushing for the sale of public sector airports in the form of lots in order to ensure investor demand for less profitable and smaller airports." Folha reports that "in addition to the airports, the government is also analyzing the possibility of privatizing railroads that were not in the plan, as well as the branch of electronic bets of **the federal lottery**, which are likely to produce R$ 6 billion (US$ 1.9 billion) in concessions and R$ 4 billion in taxes (US$ 1.25 billion)." It is also looking at privatizing coastal highways. "Companies interested in the privatization will need to invest in a range of improvements, such as widening roads and construction of new bypasses, and not merely spend on maintenance, said Giovannni Pengue Filho, president of state highway regulator Artesp." [Sub required]

**Brazil:** Chinese private companies are looking for investment opportunities in the Brazilian education sector. "The local government has inked a deal with Chinese ICT equipment manufacturer ZTE for the design, deployment and maintenance of two 'smart classrooms' in public schools in the [São Paulo]. A leasing contract was signed by mayor João Dória Jr, who is on a visit to China **to showcase his administration's large privatization and PPP program and foster other partnerships with the Chinese**." [Sub required]

**Canada**: Ontario residents are protesting a proposed Design, Build, Finance, Operate and Maintain (DBFOM) contract for the Hamilton LRT, **and reject claims that because it is a 'public private partnership' the deal is not privatization**. The Hamilton Council has approved a public option for project that would avoid outsourcing, although the province and Metrolinx would also have to sign off on the plan. **Eric Tuck, president of Amalgamated Transit Union (ATU) Local 107**, writes "Can we just agree to call it what it is? When you take what is currently a wholly owned and delivered not-for-profit public service and turn it into a profit-driven service delivered by private corporations, there's a name for that. It's called privatization, and Hamiltonians have had enough of it. There are hundreds of good, well-paid jobs, currently done by HSR staff. The vast majority of our members are Hamiltonians. By contracting out operations and maintenance—by privatizing those jobs—you are guaranteeing that many of those jobs will be done outside of our city. **By privatizing operations and maintenance, you are guaranteeing that those new workers will be paid much less, with fewer benefits**."

**Canada**: The **Prince Edward Island Union of Public Sector Employees (PEIUPSE/NUPGE**) has heard rumours that the provincial government is looking at options for privatizing home care services. But the PEI health minister denies that his department is planning to privatize the services. "**Opposition seniors critic Darlene Compton** says she has heard concerns from Islanders worried they'll soon be forced to pay out-of-pocket for home care, **and from government workers worried their jobs could be at risk**. 'Is the model going to change? Is it going to become private, or remain public? Those are questions I'm hearing,' said Compton. '**It's a concern for the workers**.'"

**Mexico**: As the renegotiation of the North American Free Trade Agreement approaches, **Víctor Suárez, director of the National Association of Commercialization Enterprises** (ANEC), warns that the privatization of land and water may be forced on the Mexican countryside.

**Peru**: Following a news program reporting on the lack of water on the border with Ecuador, PSI affiliate, FENTAP (the Water and Sanitation workers' union), evaluates the results of the privatization of a water company in one of the country's regions.. FENTAP is calling for an immediate solution to the water shortage and for a re-municipalization of the water services.

**Peru**: The Minister of Education, Harvard-educated Marilú Martens, begins a sanctions process for striking teachers. The teachers are demanding budgetary support for education of 10% of GDP, **and a stop to schools' privatization**.

**United States**: Republican Arkansas governor Asa Hutchinson says the state will seek bids from for-profit companies to take over juvenile detention centers. "The governor in January directed the department's Division of Youth Services to run seven of the state's eight centers. Hutchinson made the decision when lawmakers **rejected a $160 million contract with an Indiana company** to replace the contracts of two other organizations that were set to end."

**United States:** A staffing crisis continues to plague the Grand Rapids Home for Veterans since it was privatized in 2013. "Having an adequate number of nurses and supervisors on duty is still an issue at the Grand Rapids home, auditors found. **Out of two months surveyed—December 2016 and January 2017—on 37 days there were not enough competency evaluated nurse assistant (CENA) supervisors on duty, the audit found**. There should be nine supervisors on duty per day, and on average the home was 2.9 supervisors short, the audit found. Also during that two-month period, auditors found **daily problems with the number of CENA staff on duty**. There should have been 115 CENA staff on duty every day—but that targeted level was not met, auditors found."

**United States/Puerto Rico**: The 40,000-member teachers union of Puerto Rico signs an historic agreement to affiliate with the American Federation of Teachers to help "fight against austerity and privatization." **AFT President Randi Weingarten** said "an attack on teachers anywhere is an attack on teachers everywhere. (**Asociación de Maestros de Puerto Rico**) has been battling against austerity and privatization in Puerto Rico and the everyday consequences for the island's people. With this affiliation, the 1.6 million members of the AFT join in that fight." **Asociación de Maestros de Puerto Rico President Aida Diaz** said "teachers are teachers no matter where they work, and we should be treated as professionals and respected by the government and the public as a vital and necessary resource." Prior to the agreement, "the AFT and AMPR worked together for months to oppose the PROMESA control board's attacks on public education and to expose the role of hedge funds in the crisis. Joint trainings have been held to improve communications and member engagement. Separately, the AFT has been assisting AMPR with Puerto Rico bankruptcy issues."

**United States**: The Republican governor of Tennessee's outsourcing plan for state facilities is hurting workers and wasting taxpayer money to the multinational giant JLL, but he refuses to listen to 75 lawmakers who have demanded he halt the program. Other outsourcing experiments in the state have been dismal failures. "Costs to taxpayers more than doubled when the state motor pool was outsourced. We couldn't get students' test scores when we outsourced our TNReady standardized testing services. At UT-Knoxville, outsourcing of custodial services was such a disaster that the university brought the services back in-house."

**Uruguay**: Public sector workers of the **Trade Union Coordinating Committee** pitch a tent in front of the Municipality of Montevideo to protest bad faith bargaining by the government and **prepare a possible general strike** at the beginning of September. "The first objective of our fight is the defense of public companies and the rejection of the privatization of different sectors through outsourcing. To carry out this defense we must count on the greatest support of the population, " said **Georgy Martinez, the coordinator of the Trade Union Coordinating Committee**.

# Europe

**Central and Eastern Europe**: Recent research looks into the problem of corruption in 'public private partnerships' in emerging markets. Most previous studies "analyse projects in developed economies and the few that are focused on emerging economies mostly neglect Central and Eastern European countries (CEECs). This is a shortcoming, given that CEECs constitute an increasingly attractive region for investors and have thus witnessed a significant increase in foreign direct investment (FDI) flows in recent times."

**Finland**: Hundreds of rail conductors went on strike to protest against government plans to privatize parts of the national railroad monopoly.

**Romania**: The government is considering a new PPP law that would give local governments free rein to adopt smaller PPPs while **requiring approval from the central government for larger projects**.

**United Kingdom**: Infrastructure Investor reports that unbridled competition—and regulatory efforts to protect consumers from price gouging—in vital public service sectors such as water provision, can undermine a market-based approach. "UK water is a case in point. A perpetual hive of activity—as recent deals for Thames Water and Affinity Water attest—there are growing signs that **regulator Ofwat is considering changes that may make the sector substantially less attractive for the next five-year regulatory period**, starting 1 April 2020. Driven by 'a steer towards affordable tariffs for customers,' as ratings agency Standard & Poor's put it in a recent note, allowed returns on equity could be reduced to between 3.5 percent and 4.5 percent from today's 5.65 percent. Ofwat is also proposing to link the cost of new debt taken on by companies to an index, exposing it to potential rises in interest rates."

*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.*