PRIVATIZATION WATCH Produced by Public Services International

PSI Privatisation Update: 2 November 2016

Subscribe to PSI's fortnightly newsletter, view it on-line or download a PDF

Photo: TTIP and CETA demonstrations in September, Vienna, Austria. Photo: Christoph Liebentritt/Global 2000 – Creative Commons.

The European Union (EU) and Canada signed CETA, a free trade deal, on Sunday 30 October. CETA was almost derailed last week by objections from Wallonia, exposing the difficulties of securing agreement from 28 member states. Although the deal will now go into the EU parliament, it still needs to go back to most parliaments in Europe – including Wallonia – before it can be finally ratified. But Wallonia say they will not pass it in its current form. In particular, they will not ratify the corporate court section of the deal. Unless changes are made, something regarded as near impossible, it's difficult to see how the whole deal won't be jettisoned further down the line. What's more, Belgium has now promised to take the whole issue of the corporate court mechanism to the European Court of Justice, for a ruling on whether these special legal systems are really in line with the European constitution.

PSI and many of its affiliated unions are strongly involved in the campaign against CETA, TTIP and TISA and stand with Wallonia and other communities and regions pushing back against regressive trade deals which promote corporate profits over public interest.

A new documentary, released by PSI, titled "Something in the water" reveals the web of special interests, diplomatic ties and corporate influence behind the privatisation of Greece's public services. The film follows the story of the fight for public water in Thessaloniki, where, despite 98.2% of voters choosing to maintain public control, the Troika continues to push for privatisation, with French multinational Suez set to buy a significant share. At the centre of the film is the Greek privatisation fund, TAIPED; a troika imposed institution riddled by corruption scandals, tasked with the fire-sale of a wide range of Greek public services and state assets. On the board of TAIPED sits EU representative Philippe Boin who also doubles as Chief of the Economic Service to the French Embassy in Athens, where his main role is to increase profits for his country's big multinationals such as Suez and Veolia, who look set to benefit from these forced privatisations.

On the eve of the TiSA chief negotiators' meeting in Washington DC, WikiLeaks releases a number of important documents showing that corporations are aggressively pushing for the massive, unaccountable privatisation of public services worldwide, with developing countries being a key target. In response to this attack on democracy and the public sector, a strong coalition of global union federations has called for a halt to the TiSA talks, and for all countries participating in the negotiations to immediately publish information about their position and demands on other countries, including the US, Japan, Turkey, Australia and New Zealand, and begin national consultations with social partners and civil society. "The EU position ignores the potential danger of exporting aggressive privatisation policies to the developing world, which have already been shown to be the cause of social and political instability in many EU countries," said Public Services International (PSI) General Secretary Rosa Pavanelli.

Deborah James of the Center for Economic and Policy Research in Washington gave a detailed rundown of the issues for the Real News Network. James points out that "the leaked EU 'requests' include asks that Costa Rica and Peru subject services offered at the subnational (local) level to the TiSA liberalisation rules. Unless the EU can demonstrate that all services offered in every municipality in these countries are already open to foreign suppliers, these are demands that would lock in any privatisation of public services at the local level and open those services to competition from foreign services providers—which the EU has constantly claimed it is not asking for."

Widespread resistance to the TTIP and CETA draft agreements is forcing some in the private sector to urge a climbdown. *Financial Times* columnist Wolfgang Munchau calls the deals "two of the most toxic political issues of our time," and says, "**I would welcome the demise of CETA and the Transatlantic Trade and Investment Partnership**, a similar US-EU trade deal still under negotiation, for two reasons. First, these agreements **are a focus for anti-globalisation protests**. After Brexit, this is not the best time for Europe's liberal elites to double down. Second, I believe some aspects of the deals, like investor tribunals, **are undemocratic and at odds with European constitutional principles**."

Jomo Kwame Sundaram, renowned economist and former United Nations Assistant Secretary-General for Economic Development, spells out the case against privatisation. "Privatisation in many developing and transition economies has primarily enriched a few with strong political connections who 'captured' lucrative opportunities associated with privatisation, while **the public interest has been increasingly sacrificed to such powerful**

private business interests. This has, in turn, exacerbated problems of corruption, patronage and other related problems."

Africa & Arab Countries

Benin: The government has announced that it will privatise the management of three new hospitals built with public funds. Minister of State Pascal Koupaki told the media the government has decided to entrust the management of Covè and Djidja area hospitals in Zou and the Djougou in Donga, recently built by the state with the help of some of its partners, **to private economic operators**.

Lebanon: Civil society organisations are waging a battle over the legality of privatisation rules now covering the maritime front of Beirut.

Morocco: In conjunction with the Gulf Cooperation Council, the government has held a joint workshop to promote 'public private partnerships' for the infrastructure sector. Assistant director for planning El Moumni told institutional traders that the climate for PPPs in Morocco is favourable because of its **macroeconomic stability, "the privatisation of certain vital sectors," and legal framework for private investment**.

Nigeria: *The Mail & Guardian* looks into the terrible state of labour relations in Nigeria's public health sector, where workers in public sector hospitals have been striking on and off for the last three years. The workers are represented by the **Nigeria Medical Association**, the **National Association of Resident Doctors** and the **Joint Health Sector Unions**, an umbrella trade union that incorporates pharmacists, nurses, midwives, physiotherapists and other non-medics. "There are two reasons health workers are striking. The first is a dispute over the **nonpayment of salaries as well as nonpayment of special allowances that the government had agreed to**. The second relates to **working conditions and the state of Nigerian hospitals**, including equipment and funding. **At the heart of the problem is the fact that the Federal government made several deals with health workers but reneged on its undertakings**. These agreements were reached through collective bargaining. The National Industrial Court of Nigeria ruled in favour of the Joint Health Sector Unions based on the fact that it had reached agreement and secured undertakings from government through collective bargaining."

Nigeria: The **Academic Staff Union of Universities** has criticised the government's economic and educational policies. Addressing a news conference in Abuja, ASUU **National President Prof. Biodun Ogunyemi**, "described as monumental fraud the call for sale of national assets." He said "privatisation and commercialisation of education and other sectors, **sold to them by IMF and World Bank, will only take education beyond the reach of ordinary Nigerians**. What Nigeria needs, instead, is a commitment to mass, functional and qualitative education. That is what we need to develop a nation. He said the union would resist attempts by the Senate to amend the act establishing the Joint Admission and Matriculations Board (JAMB) in a way that contradicts the existing law of university senate in admission of students."

Nigeria: The privatisation of the Abuja Electricity Distribution Company has turned out to be "the worst in the country." But the company "refuses to elaborate and explain to the people why the constant failure in power supply in spite of payment of electricity bills every month. The non-availability of this power supply **has affected many small scale industries**, like barbing salon, grinding engines for basic needs of some homes." Meanwhile the company is praising itself for "the introduction of customer care service."

Nigeria: Uber is partnering with First Bank, one of the country's leading facilitators of privatisation, to offer loans to Nigeria drivers. As Uber has expanded in Africa, protests have mounted. "In Lagos, Nigeria's biggest city where Uber launched in 2014, the service has not caused much controversy, according to BBC Africa. **But this is**

probably because it has yet to rock the boat: in Lagos, it is considered a niche service used by relatively few."

Asia Pacific

Australia: The Health Department outlines a plan to keep the Medicare payment system public. The threat of privatisation nearly cost Malcolm Turnbull the election. But "while stressing that the Government would continue to run the system, [Health Department chief Martin Bowles] said **the new version would be 'co-designed' with the private sector**. The system that delivers Medicare rebates is 30 years old and will be obsolete within three years. Mr Bowles said if the system failed, the Government would not be able to make payments to doctors, patients or other health providers. The Department of Health was consulting stakeholders about how to build the new system, he said."

Australia: The New South Wales government is being accused of underselling a major public asset "in a $16.2 billion back-door deal." The deal, part of NSW's 'poles and wires' privatisation, "has sidelined several other powerful local superannuation funds such as QIC and Hastings Funds Management that were also keen to bid. Foreign investors from Canada and elsewhere that had been specifically courted by the state government and which were expecting the NSW government to relaunch a competitive auction for the 99-year lease of Ausgrid have also been excluded."

India: Privatizing India's water system, which has a history of failure, is a bad idea, says Makarand Purohit. "The state governments and Urban Local Bodies (ULBs) **encourage private parties to come forward** and participate in the water and sanitation sector by opening up several opportunities like Jawaharlal Nehru national urban renewal mission (JNNURM) and urban infrastructure development scheme for small and medium towns (UIDSSMT) under public private partnerships (PPPs) for them. **This is surprising considering the privatisation of the Shivnath river was a big blooper on the government's part**. Though the shortage of government funds to supply water to the industries was cited as the reason for the privatisation of the river water, it didn't really work out that way. In fact, **it not only affected the livelihoods of thousands of people** around the river with RWL restricting the villagers from using the water by fencing it, the arrangement also **resulted in huge financial loss for the government**." A way forward? "**A report by the Transnational Institute (TNI), Public Services International Research Unit (PSRU) and the Multinational Observatory**, a prime international research and advocacy organisation working on international water and other social development issues suggests that 180 cities and communities in 35 countries across the globe have "remunicipalised" their water systems in the last 15 years"

India: **Privatisation is harming rural women's access to education and contributing to inequality**, a one-day seminar at Nagpur University is told. Dr. Shoma Sen "highlighted the problems faced by women in the field of education, including gender biased curriculum, stereotyping of education, lack of women study centres in rural areas, lack of adequate hostels for girls, sanitation, privacy, lack of financial support, counselling etc. **The recent trend of market-oriented courses and privatisation of education has further marginalised women**." [*The Hitavada*, 20 October 2016]

India: **The United Port and Dock Employees' Union**, affiliated to the Centre of Indian Trade Unions (CITU) is strongly opposing the move to hand over the Port Golden Jubilee Hospital to private management. "Referring to the constitution of a committee by the Ministry of Shipping to explore running of hospitals by major ports on PPP mode, **union general secretary V.S. Padmanabha Raju** told reporters here on Monday that **the move would deny healthcare facility to 4,500 officers and staff of Visakhapatnam Port Trust and about 12,000 pensioners**."

India: The opposition party, BJP (Bharatiya Janata Party), is accusing the Delhi government of trying to privatise the city's water supply. "Mr. Gupta said that on the one hand officials of the Delhi Jal Board (DJB) were saying there had been increase in revenue collection due to new water connections and regularisation of unauthorised connections, **but on the other hand were privatising the water bill distribution system claiming that revenue collection was going down**. 'Is the Delhi government **trying to privatise the DJB in the guise of privatising the bill distribution system**? The DJB has privatised the bill distribution system in Rohini, Karol Bagh and two more locations in Delhi and **it is just a matter of time before this policy is implemented throughout the city**,' Mr. Gupta said."

India: As the Punjab Assembly polls approach, four parties issue a joint statement saying "there is a need for the Left and secular parties **to join hands against parties propagating policies in favour of privatisation and corporatisation**."

New Zealand: **The Post Primary Teachers' Association (PPTA)** says it is surprised by the imminent departure of the education minister from her post. "The Educational Institute says the Government has an aggressive work program for education, although it is hard to know how much of it is the minister's work. The PPTA says it is surprised Ms Parata is leaving, given the huge amount of reform she has recently introduced. It says **some of those changes are positive, but others appear to be aimed at fostering privatisation and competition**." [*Radio New Zealand News*, 20 October 2016]. The Minister is departing in the midst of a controversy over **the loss of $4.9 million of public funds from the failure of a Northland charter school that lasted only two years**; and as teachers up and down the country "protested her ideas for 'global funding'—a system that would **allow schools to abandon set student-teacher ratio sizes and effectively 'bulk fund' schools**."

South Korea: Korean workers have embarked on a major wave of strikes "to protest against government 'reform proposals that would make it easier for employers to fire workers, weaken seniority protections won through collective bargaining and privatise some state-owned industries." Tim Shorrock reports in *In These Times* that "**the ITF and Public Services International (PSI), the global federation of public sector workers**, have asked the International Labor Organization (ILO) to intervene to ensure that the Park government respects the rights of workers in South Korea to freedom of association. The strikes in South Korea, the ITF's Cotton said in an email, '**have been triggered by the government ignoring its own laws by imposing drastic new labour practices in the public sector. It is no secret that this is a precursor to the introduction of widespread privatisation**.' Yet, despite labour's objections, 'every attempt by the unions to seek talks with the government has been rejected.'"

Inter-America

Brazil: Sanitation and environmental workers in 16 states and the federal district hold demonstrations against privatisation. To address this threat, they approved the creation of a National Command for the Defense of Sanitation and the Environment, which will gather together the sanitation and environment unions of all states, the unions, Fenatema (the National Federation of Workers in Energy, Water and the Environment) and the Federação Nacional dos Urbanitários (FNU). Their demands and goals are set out in the "Letter of Rio de Janeiro," signed by dozens of organisations.

Canada: Speculation mounts that Quebec may follow the Ontario government's partial privatisation of Hydro One and privatise Hydro-Québec. "The partial privatisation of Hydro-Québec could fetch $3.5 to $4 billion for each 10% of privatisation." But **no political party has dared until now to recommend its privatisation**.

Mexico: The mayor of El Marqués bows to a popular vote and will end efforts to privatise garbage collection.

Mexico: Specialists gathered to discuss the water situation in metro Guadalajara. Alessia Kachadourian, an independent water management consultant, warned participants to be alert to the possible adoption of **a General Water Law promoted by Conagua**, **which would encourage business megaprojects, fracking, exploitation, privatisation and commodification of aqueducts**. The forum concluded with requests to the authorities, including a review of the costs of studies requested by the state executive, a commitment to ensure public participation in water issues, and further studies of how much groundwater exists in Guadalajara.

United States: The day after the U.S. Department of Justice announced it was phasing out the use of private, for-profit prisons, GEO Group made a campaign donation to a Super-PAC backing Donald Trump. "While Hillary Clinton has sharply criticised private prisons, **Trump has expressed support for expanding their use, and his policy proposals, including his plan to deport millions of undocumented immigrants, could be a boon for the industry**. In addition to backing Trump, the company recently brought on three lobbying firms to represent its interests in Washington." **In the Public Interest has published a comprehensive report** on how private prison companies are buying influence to expand their control of the U.S. criminal justice system.

Europe

France: A national conference has been organised for coordinating the defence of hospitals and public health near Montreuil. "**Medical deserts, bed closures, maternity closures, caregiver suicides—the cup is full**." [*L'Humanité Dimanche*, 20 October 2016]

Greece: As the government begins negotiations with its creditors on the second review of its austerity program, among the issues on the agenda are changes in labour law, licensing and the energy market, **public administration, privatisations and staffing for the new privatisation fund**. CNBC is reporting that returns on private investment in the auctioning off of Greek public assets are topping 15%. "We believe that (returns of) 15 percent and above can be achieved and we're talking risk-weighted returns, not just absolute returns," said Odysseas Athanasiou of Lamda Development.

Ireland: The Minister of Health signals a continuing campaign of privatisation. "Responding to a question from Sinn Fein's Health spokesperson, Louise O'Reilly TD, regarding **the escalating spending on private ambulance services**, Minister Simon Harris was clear that **he has no plans to phase out the privatisation of the ambulance service**. Far from standing up for the public service, Minister Harris was very clear that he sees a role for the private sector on an ongoing basis." Deputy O'Reilly said "the Minister **must prioritise the implementation of the capacity review and then examine how the national ambulance service can extend its role and capacity to provide other non-emergency services**."

Malta: **Key sections of contracts** with Vitals Global Healthcare, the new private operator of the Gozo, St Luke's and Karin Grech hospitals, **are blacked out as parliament discusses them**. "The Opposition has long criticised the Labour government for its delay in publishing the contracts since it announced back in 2014 that the Gozo hospital would be used as a campus for a medical degree offered by Queen Mary University London. **The Opposition said that the documents had been tabled with 60 pages missing, a fifth of the entire documentation, and 16 weeks after the contracts were first signed**. "Their publication comes after pressure from the PN, as well as **a judicial protest signed by the Medical Association of Malta and Union Haddiema Maghqudin. As these unions said, the National Audit Office should investigate these contracts.** The PN also reminds the public that the persons who negotiated these contracts, the PM's chief of staff Keith Schembri and minister Konrad Mizzi, were caught opening offshore companies in Panama.'"

Slovenia: Health Minister Milojka Kolar Celarc survives a no confidence vote after almost 15 hours of debate **in which privatisation was a key issue**. She hit back, accusing the opposition of doing the work of lobbies and vested interests in the health sector.

"Slovenia decided in elections that public healthcare is at the core of health services in the country," Celarc said, adding that **she would insist on Slovenia having a just system based on a universal basket of services accessible to all**. "The opposition United Left (ZL) announced they would not back the dismissal motion and accused the entire coalition as well as the opposition SDS and New Slovenia (NSi) of **working for lobbies that favour privatisation of healthcare**."

United Kingdom: A scheme to save money by outsourcing back-office government functions ends up costing even more money. The Commons Public Accounts Committee (PAC) "blamed a 'failure of governance and leadership by the Cabinet Office' and '**the lack of a realistic business case' for the debacle**. 'The result is that the two shared service centers considered as part of this inquiry have only delivered £90 million of 'savings' in the first two-and-a-half years of operation but at a cost of £94 million and, therefore, **a net cost to the taxpayer of £4 million**."

United Kingdom: The National Health Service is going through "the biggest financial squeeze in its history." The King's Fund analysis shows the 10 years up to 2020-21 will see **the largest sustained fall in NHS spending as a share of GDP in any period since 1951**. "The NHS has responded well to these challenges but financial pressures continue to grow, with large numbers of hospitals now in deficit, including Gloucestershire Hospitals NHS Trust. Tendering NHS contracts to private providers add additional costs. This purchaser/provider split has led to an increase in management and administration costs. Research commissioned by the Department of Health, but not published, estimated these to be as high as 14 per cent of total NHS costs. (…) The proposed new models of 'out of hospital care' will also open the door to selling off the NHS estate to fund the NHS deficit, **as well as further privatisation – contracting out for US-style "accountable care partnerships" and for "Multispecialty Community Providers**.'" [*Gloucestershire Echo*, 21 October 2016; see also, **Health Campaigns Together**'s "Challenging the STPs"]

United Kingdom: Concern mounts that northeast Wales patients will suffer if Chester hospital shuts under a planned reorganisation of health services. "Llyr Gruffydd, Plaid Cymru's North Wales AM, said: '**The health service in England is in huge financial difficulties**, with the Mersey and Cheshire NHS facing a £1bn deficit **amid growing privatisation and cuts**. Partly because of that, a super-hospital at Ellesmere Port has been mooted that would lead to the closure of hospitals such as the Countess of Chester and Arrowe Park. My constituents use both and I am deeply concerned by any plans that would take services further away from our communities."

United Kingdom: Thousands of postal workers belonging to the **Communication Workers Union** will walk off the job on October 31 in a dispute over pensions and branch closures. "It will be the second day of strike action by members in a dispute over job losses, the closure of the DB pension scheme, **and the closure and privatisation of Crown post offices**. The union, which has said the Post Office is at a crisis point, is not ruling out further action in the run-up to Christmas. **Dave Ward, CWU general secretary**, said: "The stakes have never been higher for the future of the Post Office, its workers and the communities they serve. The Post Office is at crisis point and the **management and government need to listen to the workforce**. Staff and the public are seeing little more than a glorified closure programme from the Post Office and it cannot survive by simply cutting costs."