



PSI Privatization Update: 3 October 2016

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Australian economist and anti-privatization campaigner John Quiggan says “[face the facts: competition and profit don't work in health, education or prisons,](#)” and [lays out a long list of privatization failures from across the globe.](#) “The issue is not, in the end, one of public versus private. Rather it is the fact that **market competition and the profit motive inevitably associated with it is antithetical to the professional and service orientation that is central to human services of all kinds.** No matter how cleverly market reformers design incentive schemes, competition for profits will always find a way to subvert them. It is time we as a society recognised this, and returned to what actually works.”

New and recent leaks confirm that the top secret Trade in Services Agreement, which is being negotiated behind closed doors, would inhibit governments from prioritizing clean energy technology, like solar and wind, over dirty fossil fuels, [and promote privatization.](#) PSI General Secretary Rosa Pavanelli says “we now know that TISA will undermine COP21, further deregulate the financial sector, [stop failed privatizations being brought back into public hands](#) and undermine data privacy laws. What else are our governments keeping secret from us?”

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The **Civil Society Policy Forum (CSPF)** has become an integral part of the International Monetary Fund and World Bank Group Spring and Annual Meetings, providing an open space for Civil Society Organizations (CSOs) to dialogue and exchange views with World Bank Group and IMF staff, their peers, government delegations, and other stakeholders on a wide range of topics. The CSPF will convene in Washington DC from Tuesday, October 4 to Friday, October 7, 2016. The [program](#) will include an orientation session on the World Bank Group; a roundtable with World Bank Group Executive Directors; a [Town Hall meeting](#) with World Bank Group President Jim Yong Kim and IMF Managing Director Christine Lagarde; a CSO reception with senior management of both institutions; and about 40, mainly CSO-organized, policy dialogue sessions that reflect the diversity of CSO policy concerns.

**Civil society strategy meeting:** “[The big push for Public-Private Partnerships: challenges and perspectives](#)” This strategy meeting, held just prior to the CSPF, aims to bring together Northern and Southern CSOs working on various topics (for example: human rights, debt, climate change, infrastructure finance, transparency & accountability) to discuss the different vulnerabilities behind PPP projects and exchange perspectives on potential joint advocacy activities. The meeting will focus on PPPs in different sectors and some of the cross-cutting implications, including for fiscal sustainability, human rights, and climate change commitments.

## **Africa & Arab Countries**

**Ghana:** [The battle over the privatization of the Electricity Company of Ghana's management is continuing.](#) “**Secretary of the ECG Senior Staff Association Patrick Binyemi** told *Joy News* shortly after the meeting that there has been a **directive for MiDA to halt proceedings until the president gives a directive**. He said as a result of the directive, the first bidder's conference to be organised by MiDA in October to select which concessionaire takes over the management of ECG **has been put on hold because of the directive.**” But “the Millennium Development Authority (MiDA) has denied claims there has been a directive for MiDA to halt all activities in relation to the partial privatization of the Electricity Company of Ghana (ECG) until it receives a directive from the president. Director of Communications and Outreach at MiDA Pamela Djamson-Tettey told Myjoyonline.com the claims attributed to the **Secretary of the ECG Senior Staff Association Patrick Binyemi** are untrue.”

**Mauritius:** The Government of Mauritius signed in February a [Reimbursable Advisory Services \(RAS\)](#) agreement for the improvement of the water supply throughout Mauritius with the World Bank (WB). Further reports in the press suggest that the World Bank is recommending a public-private partnership where [80% of profits would](#) go to the private partner. In a statement to the press the Minister of Energy and Public Utilities, Ivan Collendavello publicly announced that [water rates will be increased](#) stating that “the rise in the price of water is inevitable as Mauritius is one of the countries in the world where water is so cheap.” Ivan Collendavello had already previously stated that that [privatization of the Central Water Authority was “unavoidable”](#).

The increase in water rates could be [as high as 20-30%](#) according to current reports. PSI affiliates in the country: the Government Services Employees Association (GSEA), the Federation of Parastatal Bodies and Other Unions (FPBOU) and the Local Authorities Employees Union (LAEU) have jointly launched a campaign against privatization of water services including an awareness-raising Conference on “Quality Public Services and Water Privatization” on 15 September followed by [a march along the streets of Port Louis](#), the capital city of Mauritius.

**Nigeria:** The Academic Staff Union of Universities (ASUU), Federal University of Technology Akure (FUTA) Chapter, is on a collision course with the administration [over the privatization of the institution's Staff Primary School](#) and the renaming of the school. “These actions, the union protested, **were in contravention to the 1992-2009 Federal Government and ASUU agreements for the welfare of its staff**, which stipulate that children of staff of universities shall be entitled to free tuition in the staff primary school.’ He noted that other federal universities across the country did not take similar steps and said ‘It is only in FUTA that the staff of the primary school has been sacked in Federal Universities in Nigeria”

**Nigeria:** [The Federal Government is planning to hand over the Transmission Company of Nigeria \(TCN\) to private sector concessionaires](#), according to *media reports*. “It was learnt that **a number of local and international investors have been mounting pressure on the government to open TCN to private sector participants.**” But “no government official was willing to speak officially on the development. It was learnt that the final plan would be unveiled when the draft is completed and approved by the National Council on Privatization (NCP).”

## Asia Pacific

**Australia:** [Public health workers are fighting back against plans to privatize five New South Wales hospitals](#). “NSW Nurses and Midwives’ Association general secretary **Brett Holmes** said privately-run health institutions were at higher risk of mismanagement. ‘Private operators rely on shareholders, so are more concerned with profits than standards of care,’ he said. “We’re extremely concerned about patient care in the long run, as no large private hospital operator has been prepared to agree to nurse to patient ratios anywhere in NSW. Without these, patient safety is dependent upon budget, and now profit, to determine staffing levels.’ Mr Holmes warned **nurses and midwives had only been given a two-year guarantee on their working conditions and wages, with no opportunity to negotiate. ‘There was absolutely no warning or consultation with the NSWNMA or our members prior to today’s announcement,’** he said.”

**Australia:** In 2014, the Public Service Association of New South Wales delivered a petition with 25,000 signatures to the NSW parliament opposing the privatization of ageing, disability and home care services (ADHC), **but the current government has refused to discuss it**. Thus [PSA has escalated its defending public services campaign to the next level](#). “The PSA recently launched “Stop the Secret Sell Off” radio ads, billboards, website and petition are all designed to alert the people of NSW to the enormity of the Baird Government’s privatization agenda. You can make a difference by visiting the website and asking your friends and family to do the same. When you are on the website you can hear the radio ad, learn about the other privatizations and sign and share the petition. The website address is: [www.stopthesecretselloff.com.au](http://www.stopthesecretselloff.com.au).”

**Australia:** In a [preliminary report](#), the Productivity Commission has called for the privatization of significant parts of the human services sector, including social housing, public dental services and public hospitals. But “it said the reforms undertaken by the former Labor government to the vocational education and training sector between 2009 and 2012 **were an example of what not to do**. In that instance, it said there was a lack of government oversight of education providers, with **few controls on service users’ access to government funds**. It led to an unsustainable increase in service providers and full fee-paying students, and left individual students with large debts that many are unlikely to ever repay, with the Australian government incurring a large fiscal liability.” Comments on the preliminary report are open until October 27.

**Australia:** [A “wave of legal action” is coming at Centrelink, Australia’s privatized welfare-to-work program](#). “The legal action is being canvassed by **the Australian Unemployed Workers’ Union** and seeks to examine **the behaviour of the private companies** to which the government has given the task of managing employment programs. (...) **The president of the AUWU, Owen Bennett**, said jobseekers were increasingly contacting the union with stories of abrupt suspensions or penalties to their unemployment or disability allowances.”

**Australia:** **A push is on to privatize foster care services in Tasmania**. ““There were a lot of issues (public carers) were dissatisfied with, particularly around support, communication (and) being able to raise concerns.” Dr. Watchorn said he had provided the recommendations to Human Services Minister Jacquie Petrusma months ago, but had heard nothing. Ms Petrusma did not respond to a request for comment. Dr Watchorn also **recommended the Foster and Kinship Carers Association of Tasmania be allowed to advocate on behalf of carers**, and an independent committee be set up to investigate concerns.” [*The Mercury* (Hobart), September 13, 2016]

**Australia:** [Public services privatization hurts rural areas, says The Border Mail](#). “Australia Post is a vital government service provider and needs to remain so. Increased costs and even more delivery time blowouts could be the norm if the government was to privatize it. Privatization puts the focus firmly on profit and service delivery needs to be the priority in some fields, especially for rural and regional Australia.”

**India:** Protests have been mounted against **the privatization of Vuda Central City Park** in Visakhapatnam [to a relative of State Minister for a period of 20 years](#). “The protestors raised slogans and demanded that the government roll back its proposal. They wanted [Visakhapatnam Urban Development Authority] to maintain the park on its own as **the park was achieved after a prolonged struggle by Left parties, mass organisations and voluntary bodies**. It may be recalled here that the BJP MLA P. Vishnukumar Raju also vehemently opposed the privatization of the park.”

**Japan:** The government wants to privatize Kyushu Railway and hopes to raise \$3.8 billion in a share offering. This would make it [the biggest rail privatization since 1997](#). But, says Bloomberg, “Kyushu Railway isn’t really a rail company... [it] has traditionally received 60 percent of its sales and all of its operating profit from alternative activities such as **property development, retail, tourism, financial services and running amusement parks and care homes.**”

**New Zealand:** [The Auckland mayoral election brings up privatization issues](#). Leading Labour candidate Phil Goff says he will not privatize the city’s water system, but is open to “public private partnerships” to “fund growth.”

**Pakistan:** [The Punjab headmasters association is fighting privatization of their schools](#). HMAP have demanded that the provincial government not hand over public sector schools to the Punjab Education Foundation, Punjab Danish Schools and Centres of Excellence Authority. “They alleged that an atmosphere of fear was being created by sending headmasters on disposal, issuing them show-cause notices and proceeding against them under PEEDA Act.”

## **Inter-America**

**Argentina:** Teachers, students and unionists are protesting against mass redundancies in education, “which they say [are part of a process of undermining public education and a move towards a new model based on market needs](#).” The State Employees’ Association (ATE) “complains of an underutilization of the budget for education and the dismantling of areas of teachers’ training, human rights, adult education, statistics, children’s and youth choirs, among others. (...) **The ATE complained about an attempt to ‘privatize’ programmes such as Connect Equality**, aimed at promoting digital inclusion, inherited from the previous government, which this year ‘experienced the influx of international companies such as Microsoft and Google.’ ATE would like to replace these operational programmes with locally produced open-source software—such as Huayra—in the laptops distributed for free to students.”

**Canada:** Two decades ago, a report touted the benefits of municipalities privatizing services. But a new study suggests many are having regrets and in fact decades of outsourcing services have raised, not cut, municipal costs. According to the Columbia Institute’s executive director, Charley Beresford, the report should give pause to governments hoping to save a buck through privatization. Vancouver recently announced it was out-sourcing recycling collection to an industry-operated not-for-profit company, for example. “The main reason services are coming back in-house is because it costs less, which is the opposite of what we’re told,” she told [Metro in a phone interview](#). “There’s been this prevalent dialogue in the mainstream media about public services — there’s been a push toward **efficiency in public services being greater if they’re not being delivered by public employees. That turns out to be wrong.**”

**Canada:** Canadian unions come out in force against the Canada-EU trade agreement (CETA). They “**call for public services to be protected against privatization, believing that CETA puts public services at risk by making it harder to reverse failed privatizations or expand Canadian public services in the future**. The Canadian unions also urge better protection for public services, arguing that, as things stand, any government service or sector not explicitly excluded is swept into CETA. This, they say, **will limit the rights of provinces, municipalities, and other entities to get the most out of their procurement spending** by favouring local goods and services.” [*Bulletin Quotidien Europe*, 17 September 2016; [Joint Canadian Trade Union statement on CETA](#)]

**Canada:** Friends of Public Services, an NGO formed last year to fight austerity, [is taking on Prime Minister Justin Trudeau’s commitment to “public private partnerships](#).” They say “in Public-Private Partnerships, taxpayers take on the risk while the private sector partners reap the rewards. If something goes wrong, taxpayers pick up the tab. If things go right, the public still pays hundreds of millions more.”

**Canada:** Mayor John Tory has launched [an effort to privatize Toronto’s century-old electricity provider](#), a move the majority of Ontarians oppose. **Toronto Hydro paid a \$56 million dividend to the city last year**. “The Society of Energy Professionals said in a news release that selling any part of Toronto’s electricity system is ‘sheer madness.’ The union represents 8,000 Ontario energy sector employees, including Toronto Hydro engineers. “Privatization is not a solution to poor fiscal policy, under investment in infrastructure or increasing hydro bills. Privatization makes all three of those problems worse,” union president Scott Travers said in the release. The union has launched a website, FairHydro.ca, urging the public to tell the mayor and council ‘why hydro privatization is a dangerous idea.’”

**Chile:** [Water privatization is taking an increasing toll on Santiago's citizens](#). Francisca Fernández, spokeswoman for the **Movimiento por la Recuperación del Agua y la Vida**, which campaigns for public ownership of water, says “what we need is a transformation away from the private model of water ownership and to recognise water as a human right.” *The Guardian* reports “a recent protest saw at least 2,000 people take to the capital's streets to demand the repeal of laws that privatized Chile's water supply. At the heart of the protest and others like it in recent years lies frustration that the privatization of water has kept prices unnecessarily high, delivered poor service and done little to address concerns over insufficient supply in the future.”

**Jamaica:** [The Cabinet is to get a long-awaited plan on reorganization of the public sector](#). In a statement to Parliament, Finance and the Public Service Minister Audley Shaw “said the plan would set out time-bound actions to improve efficiency in the public sector, through shared corporate services and the **closure, merger and privatization of some state-owned entities**.”

**Mexico:** A proposed draft constitution for the City of Mexico [considers water a natural resource and a public, social and cultural good](#), with public and communal management, **so it cannot be privatized**, legal advisor Manuel Granados Covarrubias tells the Water Forum. Meanwhile, “members of the Water Association for All called on the Constituent Assembly to ensure that the Constitution of the city include mechanisms for citizen participation and oversight in the water management in order to close off any control by companies or external bodies in the matter.”

**United States:** The city of Hackensack, in New Jersey, [rejects privatization of its sanitation services](#) after determining that all the private bids it received would provide minimal savings. “The idea of privatizing the sanitation department initially was conceived as a cost-cutting measure. It was floated to help offset a cost of more than \$2 million to replace aging garbage trucks, City Manager David Troast said. But the proposal eventually **encountered vehement opposition from residents and employees who feared they would lose their jobs**.”

**United States:** [Evgeny Morozov punctures some myths about the public sector's infatuation with new private technologies such as Uber and Lyft](#), which are being brought in to replace some public transportation services. “The Silicon Valley giants have got public services in their sights. **But is innovation just a euphemism for privatization?**” He concludes, “What happens once the tech firms do become the only game in town? Will they be like those drug companies that, having entered into profitable and seemingly eternal deals with the government, **can charge the public sector exorbitant prices, simply because there's not much competition around?** In the end, welfare by corporations is nothing but welfare for corporations.”

## Europe

**Greece:** Greek water workers of the Athens and Thessaloniki water companies stopped work on 26 September. They went on a 24h strike on the 27<sup>th</sup> in protest of the privatization of the Athens and Thessaloniki Water companies. The Greek government under pressure of the Commission, IMF and ECB included the sell-off of shares in the [Memorandum of Understanding August 2015](#)

**Ireland:** [David Gibney, a communications officer with Mandate Trade Union and a Right2Water coordinator, takes on the issue of water privatization and individualized water charging](#), arguing that it is economically inefficient, wasteful of water, and has a negative social impact. “**Domestic water charges will lead to privatization in the future**. If you doubt that, ask yourself why the Irish government stubbornly refuses to give us a referendum to enshrine ownership of our water in the Constitution. Even if a future government didn't want to privatize, the EU and the IMF have a history of forcing countries to sell off their water in times of economic turbulence, just like they did to Greece and Portugal in recent years. **They couldn't do it to Ireland during our bailout because there was no revenue-raising stream. Instead, they instigated the first step, the installation of meters.**”

**Slovakia:** **The Slovak Trade Union Confederation (KOZ)** has joined the initiative against the signing of CETA. [*Tlacova Agentura Slovenskej Republiky*, 22 September 2016]

**Spain:** [The Public Sanitation Company of Cordoba \(Sadeco\) will incorporate thirteen people into its workforce with permanent contracts](#) for cleaning jobs. "We continue our commitment to recapitalize our public company, after years of neglect by the municipal government of the PP, continue our personnel policy and thus **dispel any doubt about the privatization of it,**" said **the president of Sadeco, Pedro Garcia.**

**Spain:** The **Federation of Associations for the Defence of Public Health (FADSP)** releases a report saying there are [wide regional disparities in health services](#). The **spokesman of the federation, Marciano Sanchez Bayle**, says in recent years a "significant deterioration in the overall health system" in Spain can be explained by three factors: funding areas, the fact that interest in health services varies from community to community, and the degree of privatization "in each region."

**Spain:** Equipping and managing the laboratories of three hospitals— Valdecilla, Sierrallana and Laredo—[is a huge prize for whichever company wins the contract](#). Despite warnings that opening up the process to private bidding would "**open the gates to privatization,**" it was implemented in 2014 and not reversed when power changed hands.

**Spain:** The public firefighters association in Galicia [will appeal next week against the privatization of the Provincial Fire Consortium of Ourense](#) and ask for direct management of the service. They argue that indirect management is "wrong" in "form and substance," besides being "expensive" and "unnecessary."

**Switzerland:** **On November 3 there will be a national day of action in Swiss public hospitals to highlight the ever increasing pressure on health staff.** A 2007 revision of the Law on Health Insurance precipitated the hospital sector privatization process, but improved efficiencies and lower costs have not materialised. The competitive system between public hospitals has put massive pressure on the working conditions of staff. "The shortage of qualified personnel, already considered alarming, could worsen due to the initiative against mass immigration. **The [Public Services Union] intends to assert various claims, especially against wage dumping** and for the protection of the health of workers." [ATS-Agence Télégraphique Suisse, 22 September 2016]

**United Kingdom:** [Workers protest plans to privatize Glasgow's Information and Communication Technology Department](#). "UNISON, which represents many of the staff argue that the switch will lead to higher costs in the long term, a loss of council control over a key council function and warned it posed a threat to members' jobs. **UNISON Branch Secretary Brain Smith argued that the way to ensure quality services to have them remain under the democratic control of the council.** Mr Smith said public money should not be used to increase the profits of global private companies."

**United Kingdom:** Democratic Audit, a UK NGO, shines a light on [the damaging effects of outsourcing on the provision of public administrative justice and services](#) for low income people, such as Britain's privatized tax credit system.

*[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.*