



PSI Privatization Update: 11 May 2016

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As we look forward from May Day and the [World Day for Safety and Health at Work](#), PSI General Secretary Rosa Pavanelli reminds us that **the fight against privatization** is not only to protect jobs, but for [universal access to quality public services, health services, energy, and clean water](#). “And for the same reasons we also want tax justice, not for some to pay more and others less, but because we must all be co-responsible for the prosperity and wellbeing of our society.”

Africa & Arab Countries

1) Egypt: The Egyptian Doctors Syndicate expresses concern that Gulf-based companies are [investing in the health sector as privatization of public health services looms](#). Mohamed Hassan, head of the Committee for Defending People's Rights to Health, “said the deal is part of a government plan to privatize the public health sector in Egypt, which is in turn part of an agreement signed with the World Bank and USAID for the promotion of the private sector. ‘To stop privatization, we need public pressure, and if that does not happen, then the country will face a crisis,’ he said.”

2) Ivory Coast: Amid price rises, the government **will privatize energy and water monopolies**. “This situation reminds us of the need to open up the water and electricity sectors to competition,” President Alassane Ouattara, a former senior International Monetary Fund official, [said in a Labour Day speech on national television](#).”

3) Kuwait: Financial and economic reforms **do not entail any plans to privatize the health or educational sectors**, according to Deputy Prime Minister and Finance Minister Ana Saleh. “The minister said that there has been much chatter about the subject of privatizing basic public services, noting that the government has no plans to abdicate [its obligation to provide the public with all the basic benefits and services](#).”

4) Liberia: A religious group says the government should privatize [the John F. Kennedy Medical Center](#), and indeed “**should privatize the health sector** as it is being done with the education sector.”

5) Liberia: Historian C. Patrick Burrowes calls for [an international campaign to block the outsourcing of Liberian schools](#). “As with most of the policies implemented in Liberia over the past decade, they are part of a neo-liberal framework that is being pushed by the World Bank and other international actors. The World Bank has been wrong before, as it is wrong on this issue.”

6) Nigeria: In a May Day address, [Nigeria Labour Congress President Ayuba Wabba](#) warned that “**the privatization of health, education, water** and the underfunding of health and education by the state was responsible for the seeming intractable crisis in the sectors.”

Asia Pacific

7) Australia: Community and Public Sector Union national secretary Nadine Flood says the latest blueprint for Australian Public Service reform [will hurt female workers more](#). “Among the most concerning suggestions,” she said, “are to water down safeguards to ensure workers are promoted on the basis of merit which would be a dangerous step back down the path towards the boys’ club of the past in the management ranks. (...) **Moving towards further outsourcing** and allowing loyal and competent workers to be denied a permanent job for even longer than the three years currently allowed are also steps that would have a negative impact on the quality and reliability of public services, and on the lives of the people working to provide them. It’s a lose-lose for the Australian community.”

8) Australia: One of the largest privatization programs in New South Wales will be completed soon when **the jobs of 6,000 disability services workers will be moved to the private sector**. “The Eol will open in the middle of May and will anger the unions, [especially the Public Sector Association which has long campaigned against the transfer of services](#).”

9) Australia: The battle over the New South Wales government’s plans to bring a “**market based model**” to public **vocational education provider TAFE** intensifies. The Public Service Association [reports that](#) “a NSW Upper House committee report on TAFE shows the dismantling of an old funding set-up, in favour of a market-based model, is favoured by ideologues on Macquarie Street.” According to the *Sydney Morning Herald*, the [NSW government’s case rests on “the business results of a collapsed private college network](#)” whose headquarters were raided last week during a fraud investigation by the Australian Federal Police.” At the end of last month, **non-teaching TAFE staff**, members of PSA, [held a three-hour statewide strike](#) to protest a state government proposal that “**slashes**” **wages, hours and conditions and threatens to outsource their jobs**. David Stonebridge explains “[three things you need to know about the government’s TAFE report](#)” (video).

10) Australia: The [Australian Nursing and Midwifery Federation \(ANMF\) called on the Turnbull Government to](#) “restore the \$57 billion from Australia’s public health system; reverse cuts to Medicare services such as pathology and diagnostic imaging; **stop plans to privatize Medicare payments**; stop further cuts to preventative health programs and services; protect the penalty rates of nurses and midwives; ensure funding and resources are invested into the depleted aged care sector.” The ANMF says the government is “continuing to reduce rebates for a range of services [and privatising parts of Medicare—cynically shifting the cost burden onto consumers](#).”

11) Australia: Lawmaker warns that [corruption risks have increased](#) in recent years due to increased privatization of government services.

12) India: Sarika Malhotra reports on “the real cost of water,” and points out that “**there is also the possibility of privatization of water supply**, which was tried in Karnataka’s Mysuru and Huballi districts, albeit without much success. Kshitij Urs, Co-founder of NGO People’s Campaign for Right to Water, says that [harnessing available water for better and more equitable distribution is the solution rather than privatising it.](#)”

13) New Zealand: Lisa Owen interviews Lance Norman on “The Nation” TV programme [on “social impact bonds,”](#) in which **private investors are paid a percentage profit for providing government social services.** Owen asks “why not just give proper funding to state agencies and have them do it themselves? Because this sounds awfully complicated, so why not just stick with state agencies and give them the funding they need? (...) So you have no fundamental issue with basically putting a price on these kids’ heads, in essence?”

14) South Korea: In the wake of parliamentary elections in which the government lost its majority, [domestic issues will present “the greatest hurdles” for President Park Geun-hye.](#) Both opposition parties oppose “efforts to overhaul the medical insurance system, which critics say will lead to **the privatization of health care services.**”

Inter-America

15) Argentina: [Thousands of public sector workers, including healthcare workers and judicial employees,](#) went on strike last month. Among their concerns are that the “Macri administration has let loose the ‘freedom of enterprise,’ utilizing public resources **without restraint or auditing in order to hand over contracts** to corporate friends and colleagues.” They have demanded “full, direct government employment of all subcontracted workers.”

16) Canada: The Ontario Health Coalition, citing **a previous successful referendum blocking health services privatization,** calls for a referendum [to make it “politically impossible” to close hospitals.](#) Doug Allan, a coalition board member, “said the most recent referendum the Ontario coalition organized pertained to allowing private clinics to conduct some hospital surgeries, ‘and we collected 100,000 votes on an issue that I don’t think is quite as well known as the cuts to our hospitals.’”

17) Canada: The president of CUPE Ontario, Fred Hahn, says the North Bay city council “has been trying to hide information from the public about a **‘secret deal’ that would turn Cassellholme Home for the Aged from a municipal facility into a privatized one.**” Hahn says “that CUPE [asked all nine contributing municipalities for information on the plan, but were denied.](#) That’s when Freedom of Information requests were filed. ‘It seems that city council has been engaged for some time, behind closed doors in a secretive way, in converting Cassellholme to a not-for-profit model. We think city council should be open and transparent with the people of this community on what they intend to do.’”

18) Colombia: The government **plans to privatize the public telecommunication company,** ETB, just weeks after the privatization of an energy company [caused major protests.](#) “The move infuriated Colombians, and was particularly suspicious as five of the original six bidders retreated, enabling Brookfields to acquire the share for the minimal bidding price.” [The ETB administration board is citing recurrent losses.](#)

19) Jamaica/Costa Rica: Writing in the *Jamaica Observer*, columnist William Saunders analyses the politics and economics of **municipal waste-to-energy projects** in developing countries. He looks at the role of public authorities and municipal regulation vs. private contracting, [and advocates outsourcing.](#) “A necessary step toward returning the authority to its core functions is the need to wind up these subsidiaries and placing all collection operations in the hands of private contractors.”

20) Mexico: The governor of Querétaro was run off the stage at a May Day event [by public services workers.](#) “**Municipal garbage workers, protesting the privatization of the service, also participated in the demonstration,** while teachers expressed their opposition to education reforms and the dismissal of teachers who had failed evaluation tests. Governor Domínguez Servián told a press conference later he had instructed his cabinet members to open a dialogue with those workers who had legitimate demands.”

21) United States: The first week in May was celebrated around the country as [Public Service Recognition Week](#). “Now in its 31st year, the week—which is organized by the Public Employees Roundtable, a group of federal employee unions and associations — puts a spotlight on the importance of the service that public sector workers do for the common good. ‘It’s great to be a public servant, and I think it is nice, at least once a year that we recognize all of those folks and the great work that they do,’ **American Federation of Government Employees President J. David Cox said.**”

22) United States: In the Public Interest releases comprehensive reports on how **private government contractors cut corners across a variety of public goods and services** and at every level of American government, [harming employees, the public, service users and recipients, and the environment](#). By providing an array of case studies from across the country, *Cutting Corners: How Government Contractors Harm the Public in Pursuit of Profit*, shows that Americans’ negative firsthand experiences of government contractors cutting corners are a systemic and widespread result of privatization. Includes recommendations.

23) United States: The city council in Northampton, Massachusetts, [considers an ordinance that would prohibit the city’s water system from being privatized](#). “More than three quarters of U.S. cities and towns had water systems run solely by public employees in 2011, according to the International City/County Management Association.” Concern has increased that the private water industry will try to take advantage of the Flint, Michigan, lead poisoning scandal [to launch an aggressive effort to privatize public water services](#).

24) United States: Concern rises that **if Portland, Maine, closes a municipal public health facility, “lives will almost certainly be lost.”** The clinic is the only public facility “that provides overdose antidote prescriptions, sexually transmitted infection testing, a needle-exchange program and an HIV positive primary health care clinic that even the local government acknowledges has a stellar track record.” Some councilors “are justifying putting this clinic on the austerity chopping block by trumpeting their simultaneous pursuit of a privatization scheme.” Michael Lighty, policy director for National Nurses United, says “it’s severely detrimental to public health when you have a public crisis like the opioid epidemic and then privatize services in response. That can only mean less access.” [Alternet reports that “like many stories of privatization and austerity, this one starts with an unelected city manager, Jon Jennings.”](#)

25) United States: [A contract impasse between Illinois Governor Bruce Rauner and public sector workers has turned bitter](#), with Rauner turning to the state labor board to force through an arbitration bill. The state’s contract with the American Federation of State, County and Municipal Employees (AFSCME) expired in June 2015. “An AFSCME statement says that in asking the Illinois Labor Relations Board to declare the contract at impasse, Rauner is seeking to unilaterally impose demands ‘including doubling what employees must pay for health care, freezing their wages for four years **and eliminating protections that prevent irresponsible privatization schemes.**’”

26) United States: [Public sector unions are preparing to fight a number of bills in state legislatures aimed at limiting the setting of labor standards in municipalities](#). A key strategy of the pro-corporate American Legislative Exchange Council is to promote “state ‘preemption’ measures that override the authority of local governments to enact progressive policy initiatives.”

27) United States: Opposition grows to **plans to privatize Providence, Rhode Island’s water supply**. “Privatizing Providence Water was included in the City’s list of possible actions to take to resolve its budgetary pressures. We want the City to know from the start that selling the Providence Water System assets is a non-starter with Rhode Island residents,’ [said Georgia Hollister Isman, the State Director for Rhode Island Working Families](#), who started a MoveOn.org petition entitled [‘Providence City Hall: Don’t Privatize Our Water!’](#)”

Europe

28) France: Parents in Corbeil-Essonnes **reject the city council’s privatization of their children’s school lunchrooms by Sodexo**. The company has been providing meals, but now “will take over everything, distribution, service, billing, from the 2016 school year.” The parents have denounced the lack of consultation, saying [“democracy is not just elections. It is a dialogue.”](#) An indignant mother said their children have complained about being hungry for four years but no one reached out

to them. Another said [“it's been four years that we have negative feedback about Sodexo,”](#) asking why they chose the company.

29) Germany: **Public sector workers reach agreement on a pay rise** with the federal and local governments. “More than two million workers [are to receive a pay increase of 4.75 percent over two years](#), Interior Minister Thomas de Maiziere said after a third round of talks with Germany's biggest services sector union, Verdi.” In addition to wage demands, public sector workers **also have concerns about outsourcing**. “Due to the so-called debt brake—which mandates spending cuts when the debt-to GDP ratio rises above 60 percent—and Finance Minister Wolfgang Schäuble's ‘balanced budget’ dictate, [staff cuts and privatization have been accelerated](#). Routes on public transport networks have been handed to private bus companies and hospitals have been merged into larger associations and privatized. In every case, washing, catering, cleaning and other services have been outsourced to sub-contractors.”

30) Norway: [At a May Day rally](#), workers call for “the reopening of Aker Sykehus (Hospital) in Oslo **and a halt to privatization.**”

31) Norway: May-Britt Sundal, vice-president of the Norwegian Union of Municipal and General Employees—Fagforbundet division for church, culture, children and youth, discusses [education support and cultural workers in Norway](#). She explains that “the cleaning workers’ division in Fagforbundet is the most affected by **privatization**, but in the sector I represent, **privatization also presents a threat to kindergartens, where private investors are eager to obtain their share of public funding.**”

32) United Kingdom: Campaigners point to leaked TTIP documents to bolster their case that the trade and financial services agreement **could spur the privatization of the National Health Service and make it difficult to reverse private contracting**. “Campaigners, unions and legal experts claim safeguards to protect services from private interests do not go far enough. They say [the treaty could increase creeping NHS privatization by making outsourcing to companies like Virgin Care difficult to reverse](#). Top British barrister Michael Bowsher QC warned in February that TTIP ‘does pose a threat to future governments wishing to take the NHS back into public hand.’ He added the draft treaty ‘could not be relied on to protect the UK Government from cases brought under TTIP if it wanted to cancel or take back NHS contracts.’”

33) United Kingdom: Anger grows over the East Staffordshire Borough Council's idea of **privatising leisure facilities**. The council “has launched a review into the future management of Meadowside Leisure Centre, Shobnall Leisure Complex, the Brewhouse arts centre, the civic function suite at Burton Town Hall and Burton Market Hall.” The sale would lead to a loss of public control: “While it said privatization would reduce the council's financial burden, the authority [admitted it would mean a reduction in the council's control over day-to-day operations of the venues, and the risk of prioritising commercialisation.](#)”

34) United Kingdom: [UNISON's branch secretary for Ceredigion, Owain Davies](#), **denounces plans for major job cuts and privatization**. He said “these proposals, if carried through, would see the wholesale privatization of the refuse, fleet maintenance, parking management and street lighting services. In addition to the obvious detrimental impact upon our members who work in those services, these proposals would also, we believe, result in the long-term costs of those services increasing, sharp reductions in service standards and a loss of democratic accountability and control.”

35) United Kingdom: The National Audit Office says **the privatization of probation services has been “half baked and reckless.”** The “rushed nature” of the scheme also meant that Ministry of Justice staff struggled to cope with the demands: “Ministry teams appeared stretched in dealing with so many bidders with relatively junior staff sometimes fielding complex commercial, operational or legal questions,” the report says. It also notes that [“many junior staff in the National Probation Service thought that their \[Community Rehabilitation Companies\] contracts were often not providing them with necessary information”.](#)”

36) United Kingdom: Local residents are angry about the suggestion by a private consulting firm, PricewaterhouseCooper (PwC), that **parking fines be privatized to a for-profit company** and that the Ceredigion council could “take a share of profits.” *Cambrian News* reports that “efforts are now being made to improve the system. However, [PwC, which receives a cut of savings it helps identify, has said privatization of the service could see the council better off.](#)” Cllr Euros Davies asked: “Why was this looked at by PwC? What came from scrutiny was that PwC was not to look at it. If all the machines were

working properly we'd be making more than the savings here." The parking spaces privatization issue has emerged after another controversy over "**draconian**" **private enforcement companies** [taking over at the city's public parking garages](#).

37) United Kingdom: Neil Clark looks at **The Panama Papers and privatization**. "We must also add into the equation [the higher bills and fares that the public have had to pay to private providers for services that were cheaper before privatization](#)."

[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.